

CITY OF WATERTOWN, NEW YORK
AGENDA
Tuesday, January 16, 2018

This shall serve as notice that the next regularly scheduled meeting of the City Council will be held on Tuesday, January 16, 2018, at 7:00 p.m. in the City Council Chambers, 245 Washington Street, Watertown, New York.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

ROLL CALL

ADOPTION OF MINUTES

COMMUNICATIONS

PRESENTATION

Independent Auditors' Report for the Fiscal Year Ending June 30, 2017
Liz Bush, CPA, Bowers & Company CPAs PLLC

PRIVILEGE OF THE FLOOR

RESOLUTIONS

- Resolution No. 1 - Reappointment to the Roswell P. Flower Memorial Library Board of Trustees – Keith Caughlin
- Resolution No. 2 - Approving Salary Structure and Annual Pay Increase for Watertown Housing Authority Employees
- Resolution No. 3 - Authorizing Application for Assistance to Firefighters Grant (AFG)
- Resolution No. 4 - Authorizing the Sale of Four Surplus Emergency Light Bars, Police Department
- Resolution No. 5 - Authorizing the Sale of Surplus Vehicle, Police Car No. 1524, Police Department
- Resolution No. 6 - Authorizing the Sale of Surplus Vehicle, Police Car No. 4416, Police Department
- Resolution No. 7 - Authorizing the Sale of Surplus Vehicle, Police Car No. 6759, Police Department

- Resolution No. 8 - Designating the City Manager as the Authorized Representative for the Western Outfall Trunk Sewer Surcharging Engineering Project
- Resolution No. 9 - Recognizing a Type II Action Under the State Environmental Quality Review Act (SEQRA) for the Western Outfall Trunk Sewer Surcharging Engineering Project
- Resolution No. 10 - Authorizing the City Manager to Execute the Grant Disbursement Agreement for the State and Municipal Facilities Program Grant for Renovations to the Roswell P. Flower Memorial Library

ORDINANCES

LOCAL LAW

PUBLIC HEARING

OLD BUSINESS

- Tabled Resolution Readopting Fiscal Year 2017-18 Water and Sewer Fund Budgets

STAFF REPORTS

1. Public Hearing to Amend the City of Watertown's 2015 Community Development Block Grant Annual Action Plan
2. 29th Annual Local Government Conference
3. Sale of Surplus Hydro-electricity – December 2017
4. Sales Tax Revenue – December 2017

NEW BUSINESS

EXECUTIVE SESSION

1. To Discuss Collective Bargaining
2. To Discuss the Employment History of a Particular Individual

WORK SESSION

ADJOURNMENT

NEXT REGULARLY SCHEDULED CITY COUNCIL MEETING IS MONDAY, FEBRUARY 5, 2018.

January 9, 2018

To: The Honorable Mayor and City Council
From: James E. Mills, City Comptroller
Subject: Fiscal Year 2016-17 Audit Report

Attached for your review is a copy of the independent audit report for the fiscal year ended June 30, 2017 as prepared by Bowers & Company CPAs PLLC. The audit report is also available on the City Comptroller's web page.

CITY OF WATERTOWN, NEW YORK

FINANCIAL STATEMENTS

June 30, 2017

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BOWERS & COMPANY
CPAs PLLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

**SENIOR MANAGEMENT, MAYOR AND
MEMBERS OF THE CITY COUNCIL OF
THE CITY OF WATERTOWN, NEW YORK**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the **CITY OF WATERTOWN, NEW YORK**, as of and for the year ended June 30, 2017, 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.

Auditors' 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 auditors' 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Watertown, New York as of June 30, 2017, 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 16 to the financial statements, the June 30, 2016 net position has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

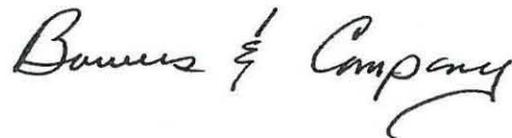
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-20, the schedule of the funding progress of the post employment healthcare benefit plan on page 83, budgetary comparison schedule – general fund on page 84, the Schedule of City's Proportionate Share of the Net Pension Liability – NYSLRS Pension Plan on page 85, and the Schedule of the City's Contributions – NYSLRS Pension Plan on page 86 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Watertown, New York's basic financial statements. The accompanying schedule of expenditures of federal awards on page 93 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards on page 93 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 January 4, 2018, on our consideration of the City of Watertown, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Watertown, New York's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Banner & Company". The signature is written in dark ink and is positioned to the right of the date and location text.

Watertown, New York
January 4, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

As management of the City of Watertown (the "City") we offer this overview and analysis of the financial activities of the City of Watertown for the fiscal year ended June 30, 2017. This discussion and analysis is designed to (a) assist the reader in focusing on the significant financial issues, (b) provide an overview of the financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the approved budget, and (e) identify individual fund issues or concerns. Since management's discussion and analysis is designed to focus on the current year's activities, resulting changes, and known facts, readers are encouraged to consider the information presented here in conjunction with the financial statements that follow.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at June 30, 2017 by \$85,806,513 (net position).
- The City's total net position increased \$1,393,811 in fiscal year 2016-17, which does not include a prior period adjustment of \$331,942 in business-type activities related to the correction of prior year charges for water and wastewater services.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,766,879.
- General Fund revenues of \$43,933,260 on a budgetary basis exceeded budgeted revenues by \$809,945 or 1.88% while budgetary basis expenditures finished \$1,885,000 lower than budgeted expenditures. These results reduced the need to use the full \$1,550,028 in appropriated fund balance budgeted for in the 2016-17 General Fund budget.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,098,964 or 24.93% of total General Fund expenditures.
- The City issued \$5,130,000 in serial bonds dated June 15, 2017 maturing June 15, 2032 at interest rates ranging from 2.00% through 3.00% (priced to yield 2.12%) to provide financing for various capital projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The financial statements' focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow users to address relevant questions, broaden a basis for comparison (inter-period or intergovernmental) and enhance the City's accountability. This report also contains supplementary information in addition to the basic financial statements, which further explains and supports the information presented in these statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. All of the activities of the City, except of a fiduciary nature, are included in these statements. The government-wide statements provide short-term and long-term information about the City's financial status as a whole.

The Statement of Net Position presents information on all the City's assets (including capital assets) and liabilities (including long-term debt), with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City, other indicators, including non-financial indicators like the City's property tax base, bond ratings, the condition of its infrastructure, and the County's sales tax base, should also be considered.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. Since full accrual accounting is used for the government-wide statements, all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and interest payments on debt). This statement also focuses on both the gross and net costs of the various functions of the City, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions are self-supporting and/or dependent on general taxes and other revenues for support.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Government-Wide Financial Statements - Continued

Both of 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 include most of the City's basic services such as the City's fire and police services, public works, parks and recreation, the bus system, library and general government support. Sales tax, property taxes, and State Aid finance most of these services. The business-type activities of the City include the water and sewer utilities. User fees support these activities.

The government-wide financial statements include not only the City of Watertown itself (known as the primary government), but also the Watertown Empire Zone as a blended component unit as it is not a legally separate entity and the Roswell P. Flower Memorial Library Board of Trustees as a discretely presented component unit.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. These statements provide more detailed information about the City's most significant funds (major funds) and not the City as a whole. All of the funds of the City can be divided into three categories: (1) governmental funds, (2) proprietary funds and (3) fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term sources and uses of available resources. These funds are reported using the modified accrual method of accounting that measures cash and all other financial assets that can be readily converted to cash.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Fund Financial Statements - Continued

The governmental funds statements provide a more detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because the focus (current financial resources) of governmental funds is narrower than that of the government-wide financial statements (total economic resources), it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Watertown maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balance for the General, Capital Projects and Community Development Funds, which are considered to be the City's major governmental funds. Data for the other governmental funds is combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for all governmental funds. To demonstrate compliance with the budget, a Budgetary Comparison Schedule for the General Fund has been provided as Required Supplemental Information following the Basic Financial Statements.

Proprietary Funds

Proprietary funds are generally used to account for services for which the City charges customers (both external and internal). These funds use accrual accounting, which is the same method used by the private sector. The City of Watertown has two proprietary or enterprise funds. The City's proprietary funds are the Water and Sewer Funds. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds, both of which are considered to be major funds of the City.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. While these funds represent trust responsibilities of the City, these assets are restricted in purpose and do not represent discretionary assets of the City. Therefore, these assets are not reflected in the government-wide financial statements. These funds are reported using the accrual accounting method.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

Following the basic financial statements is additional required supplementary information that further explains and supports the information in the financial statements. This section includes the budgetary comparison schedule for the General Fund.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2017, the City's assets exceeded liabilities by \$85,806,513 compared to \$84,412,702 at June 30, 2016 which represents an increase of \$1,393,811. By far the largest portion of the City's net position reflects its investment in capital assets (e.g. land, building, equipment, improvements, construction in progress and infrastructure), less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$2,701,854 or 3.15% of the net position represents resources that are subject to external restrictions on how they may be used. Currently, the amount of restricted net position represents the net position of the Watertown Empire Zone, Alex T. Duffy Fairgrounds Stadium Repair Reserve Fund, Capital Reserve Fund, Tourism Fund, Community Development Fund, Capital Projects Fund, Workers Compensation Fund, Insurance Liability Fund and Debt Service Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Government-Wide Financial Analysis – Continued

City of Watertown's Net Position						
	Governmental Activities		Business-type Activities		Total	
	6/30/17	6/30/16	6/30/17	6/30/16	6/30/17	6/30/16
Current and other assets	\$23,524,354	\$23,491,423	\$10,298,635	\$9,669,837	\$33,822,989	\$33,161,260
Capital Assets	82,126,942	78,091,051	43,261,230	43,394,199	125,388,172	121,485,250
Total Assets	<u>\$105,651,296</u>	<u>\$101,582,474</u>	<u>\$53,559,865</u>	<u>\$53,064,036</u>	<u>\$159,211,161</u>	<u>\$154,646,510</u>
Deferred Outflows	6,953,864	13,714,936	616,834	1,491,039	7,570,698	15,205,975
Long-term liabilities outstanding	\$49,831,358	\$51,240,980	\$17,155,327	\$17,753,994	\$66,986,685	\$68,994,974
Other liabilities	9,308,097	10,692,559	2,304,061	2,985,907	11,612,158	13,678,466
Total liabilities	<u>\$59,139,455</u>	<u>\$61,933,539</u>	<u>\$19,459,388</u>	<u>\$20,739,901</u>	<u>\$78,598,843</u>	<u>\$82,673,440</u>
Deferred Inflows	2,185,316	2,521,792	191,187	244,551	2,376,503	2,766,343
Net Position:						
Net Investment in Capital Assets	\$59,990,116	\$57,539,511	\$30,939,018	\$29,804,923	\$90,929,134	\$87,344,434
Restricted	2,701,854	2,858,542	-	-	2,701,854	2,858,542
Unrestricted	<u>(11,411,581)</u>	<u>(9,555,974)</u>	3,587,106	3,765,700	<u>(7,824,475)</u>	<u>(5,790,274)</u>
Total Net Position	<u>\$51,280,389</u>	<u>\$50,842,079</u>	<u>\$34,526,124</u>	<u>\$33,570,623</u>	<u>\$85,806,513</u>	<u>\$84,412,702</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Government-Wide Financial Analysis - Continued

The following table provides a summary of the City's operations for the year ended June 30, 2017.

City of Watertown's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	6/30/17	6/30/16	6/30/17	6/30/16	6/30/17	6/30/16
Revenues:						
Program Revenues:						
Charges for services	\$10,025,497	\$8,967,746	\$11,492,637	\$10,706,635	\$21,518,134	\$19,674,381
Operating grants and contributions	1,397,143	1,363,099	-	-	1,397,143	1,363,099
Capital grants and contributions	5,235,324	2,478,134	417,727	1,006,997	5,653,051	3,485,131
General revenues:						
Property taxes	9,014,893	8,744,809	-	-	9,014,893	8,744,809
Sales tax	17,816,807	17,068,193	-	-	17,816,807	17,068,193
Utilities gross receipts tax	274,504	273,758	-	-	274,504	273,758
Franchise tax	365,158	370,114	-	-	365,158	370,114
Mortgage tax	263,961	294,932	-	-	263,961	294,932
Hotel occupancy tax	206,055	213,573	-	-	206,055	213,573
Grants and Entitlements not restricted to specific programs	4,703,208	4,703,208	-	-	4,703,208	4,703,208
Investment earnings	48,324	26,570	17,938	9,156	66,262	35,726
Total revenues	\$49,350,874	\$44,504,136	\$11,928,302	\$11,722,788	\$61,279,176	\$56,226,924
Expenses:						
General government support	\$16,771,994	\$15,804,752	-	-	\$16,771,994	\$15,804,752
Hydroelectric production	610,319	632,464	-	-	610,319	632,464
Fire	9,885,290	9,013,662	-	-	9,885,290	9,013,662
Police	8,041,669	7,687,458	-	-	8,041,669	7,687,458
Other Public Safety	570,436	671,157	-	-	570,436	671,157
Public Works	6,502,654	6,610,200	-	-	6,502,654	6,610,200
Bus	935,097	895,370	-	-	935,097	895,370
Watertown Empire Zone	3,542	4,318	-	-	3,542	4,318
Other Economic Assistance	19,378	49,438	-	-	19,378	49,438
Library	1,263,382	1,189,023	-	-	1,263,382	1,189,023
Other Culture and Recreation	2,185,979	1,938,157	-	-	2,185,979	1,938,157
Refuse and Recycling	871,404	772,603	-	-	871,404	772,603
Other Home and Community Serv.	561,849	411,603	-	-	561,849	411,603
Interest on Debt Service	719,571	686,626	-	-	719,571	686,626
Water	-	-	5,156,293	5,301,767	5,156,293	5,301,767
Sewer	-	-	5,786,508	5,570,686	5,786,508	5,570,686
Total Expenses	\$48,942,564	\$46,366,831	\$10,942,801	\$10,872,453	\$59,885,365	\$57,239,284
Excess of Revenues over Expenses	408,310	(1,862,695)	985,501	850,335	1,393,811	(1,012,360)
Transfers	30,000	30,000	(30,000)	(30,000)	-	-
Change in Net Position	438,310	(1,832,695)	955,501	820,335	1,393,811	(1,012,360)
Net Position - Beginning, Restated	50,842,079	52,674,774	33,570,623	32,750,288	84,412,702	85,425,062
Net Position - Ending	\$51,280,389	\$50,842,079	\$34,526,124	\$33,570,623	\$85,806,513	\$84,412,702

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Government-Wide Financial Analysis - Continued

Governmental activities. Governmental activities increased the City's net position by a total \$438,310 compared to last year's decrease of \$1,832,695.

The major factors contributing to the overall revenue increase of \$4,846,738 were:

- Charges for services increased by \$1,057,751 primarily due to an increase of \$762,916 for the sale of the City's excess hydro-electricity, an increase of \$574,653 for stop loss insurance policy recoveries related to the City's health plan, and an increase of \$213,066 in Arena skating fees as well as an increase of \$117,480 in Arena concessions due to the reconstruction being materially completed. Offsetting these increases was a decrease of \$743,449 for insurance recoveries due to the insurance proceeds received in the previous year for the fire at 424 Vanduzee Street.
- Revenue from the City's sales tax distribution agreement with Jefferson County is the City's largest revenue source. Sales tax totaled \$17,816,807 for the year which was an increase of \$748,614 or 4.39% over last year's total of \$17,068,193. A large portion of the increase can be attributed to the fact that effective December 1, 2015 Jefferson County increased its sales tax rate from 3.75% to 4.00% or an increase of 6.67%. Sales tax revenue represented 36.10% of the governmental activities' revenue in FY 16/17 compared to 38.35% in FY 15/16.
- Revenues from property tax related items increased \$268,535 or 3.07% due to the levy being increased \$336,587 or 4.00% and a decrease of \$87,146 to the allowance for uncollectible property taxes on certain parcels that were in bankruptcy or slated to be demolished.
- Operating grants increased minimally by \$34,044 or 2.50%. The base level of New York State Aid to Municipalities (AIM) has remained unchanged since the FY 2013-14 level of \$4,703,208.
- Capital grants received by the City increased by \$2,757,190. The City did receive \$5,120,226 in Federal and State Aid for various projects. Some of the major capital projects receiving aid include the Consolidated Local Street and Highway Improvement Program for various streets (\$201,384), the Factory Street reconstruction project (\$4,555,697) and the Western Boulevard construction project (\$153,117).
- Revenues received from the mortgage tax decreased by \$30,971 or 10.50% from last year to \$263,961.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Government-Wide Financial Analysis - Continued

The major factors contributing to the overall expense increase of \$2,575,733 were:

- General government support increased \$967,242 primarily due to an increase of \$1,617,054 for non-pharmacy health insurance claim costs, an increase of \$281,920 for pharmacy health insurance claim costs, and an increase in legal expenses of \$147,054 related primarily to the expired collective bargaining agreement with the Watertown Professional Fire Fighters' Association. A decrease in expenditures was realized in the property acquired expenses of \$729,112 due to the one-time expenditure in the previous year for the demolition and tipping costs of the structure fire at 424 Vanduzee Street.
- Fire expenses increased \$871,628 due to an increase in the department's net pension obligation of \$612,606, an increase in their liability for Other Post-Employment Benefits (OPEB) of \$336,808, an increase in overtime of \$231,175 and an increase of \$156,136 in their long-term workers compensation liability. Decreases were realized in wages (\$39,157) and equipment purchases (\$154,779).
- Police expenses increased \$354,211 due to an increase in the department's net pension obligation of \$541,602, an increase in their liability for OPEB of \$268,717 and an increase in wages of \$191,175. Decreases were realized in compensated absences (\$157,032), line-up pay (\$29,879) and equipment purchases (\$18,116).
- Expenses related to the City's culture and recreation activities increased \$247,822 due to the Arena's expenses (\$435,085) in its first full year of operating post-rehabilitation, decrease in the Fairgrounds expenses (\$62,074) and a decrease (\$112,384) in the Athletics department expenses.

Business-type activities. Business-type activities increased the City's net position by \$955,501 compared to \$820,335 last year. Key elements for this year are as follows:

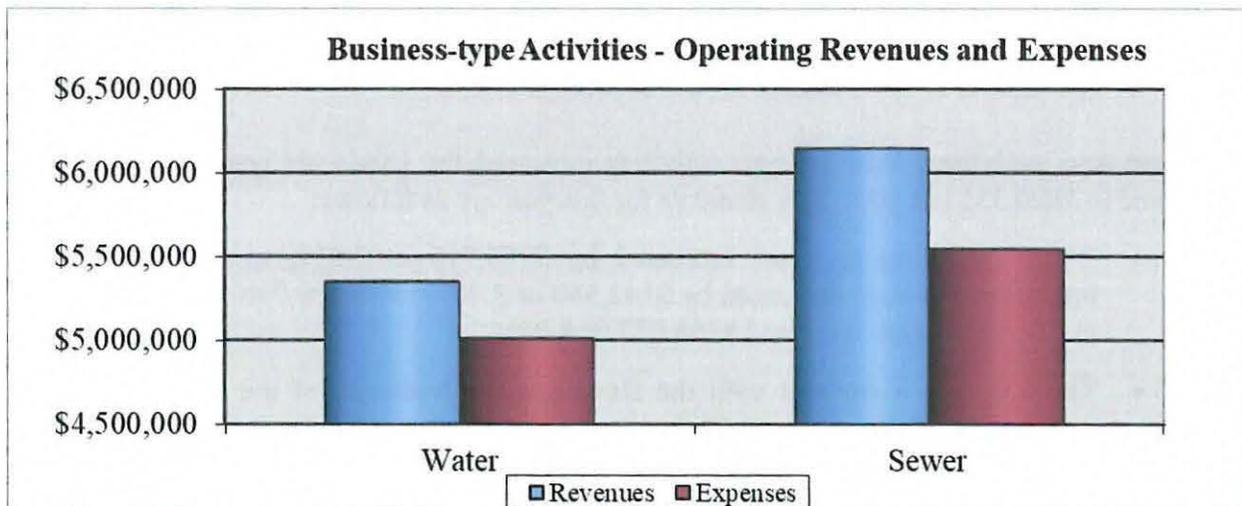
- Water operating revenues increased by \$373,715 or 7.51% to \$5,348,396 while operating expenses decreased by \$142,560 or 2.77% to \$5,009,796. Revenues related to City customers increased \$260,027 or 8.05%.
- The City has a contract with the Development Authority of the North Country to produce and deliver treated fresh water to Fort Drum as well as other outside water districts connected to the Development Authority of the North Country's water distribution line. In the current fiscal year, the revenue derived from this agreement was \$712,721 or an increase of \$33,295 or 4.90% over last year's total of \$675,923. Water revenues from this agreement accounted for 13.33% of the total water revenues compared to 13.66% last year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Government-Wide Financial Analysis - Continued

- Total revenues from water sales to outside of the City customers such as the Development Authority of the North Country and Town of Watertown water districts was \$1,541,172 or an increase of \$102,303 or 7.15% over last year's total of \$1,438,303. Water revenues to outside of the City customers represented 28.82% of the water operating revenues compared to 28.91% last year.
- Sewer operating revenues increased by \$412,287 or 7.19% to \$6,144,241 and operating expenses increased by \$231,583 or 4.36% to \$5,544,053. Revenues related to City customers increased \$26,220 or 1.06%.
- The City has a contract with the Development Authority of the North Country to provide wastewater treatment services to Fort Drum as well as other outside sewer districts. In the current fiscal year, the revenue derived from this agreement was \$1,060,453 or an increase of \$174,099 or 20.98% over last year's total of \$979,709. Sewer revenues from this agreement accounted for 17.26% of the total sewer revenues compared to 17.09% last year.
- Total sewer revenues from outside of the City customers such as the Development Authority of the North Country and Town of Watertown districts was \$2,132,080 or an increase of \$249,580 or 13.26% over last year's total of \$1,882,500. Sewer revenues to outside of the City customers represented 34.70% of the sewer operating revenues compared to 32.84% last year.



MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Financial Analysis of the Government's Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2017 the City's governmental funds reported combined ending fund balances of \$16,766,879 representing an increase of \$1,686,398 or 16.65% in comparison with the prior year. Approximately 66% or \$11,098,964 represents the unassigned fund balance which is available for spending at the City's discretion. The remainder of fund balance is 1) *non-spendable* to indicate that it is not available for new spending because it must be maintained intact for prepaid expenditures (\$24,615), and 2) *restricted* to indicate limitations on its use imposed by grants, debt or legislation (\$2,701,854).

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,098,964 while the total General Fund balance equaled \$14,767,778 compared to \$15,251,353 in the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures and other financing uses. Unassigned fund balance represents 24.93% of total General Fund expenditures and other financing uses compared to 24.39% last year, while total fund balance represents 33.17% of that same amount compared to 36.13% last year.

During the current fiscal year, the fund balance of the City's General Fund decreased by \$587,583 compared to last year's decrease of \$487,737.

Capital projects fund. The capital projects fund accounts for the construction and acquisition of the capital assets of the City. At the end of the current fiscal year, the fund balance was \$1,382,466 compared to (\$779,954) in the previous year. Within the current year \$179,674 is considered restricted due to debt financing and \$1,202,792 is considered assigned due to the funding being from operating fund transfers.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at the end of the fiscal year of the Water Fund was \$1,407,253 compared to a restated \$1,002,932 in the prior fiscal year. The water fund had an increase in net position in the amount of \$392,866 compared to an increase of \$586,625 in the previous year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Financial Analysis of the Government's Funds - Continued

Unrestricted net position at the end of the fiscal year of the Sewer Fund was \$2,179,853 compared to a restated \$2,762,768 in the prior year. The Sewer Fund had an increase in net position in the amount of \$562,635 compared to an increase of \$233,710 in the prior fiscal year. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The Risk Retention Fund budget was re-adopted once during the fiscal year to add \$500 to cover higher than anticipated expenses. The Self-Funded Health Insurance Fund was re-adopted to add \$1,732,000 to cover higher than anticipated health claim costs. Additionally, other routine budget amendments between departmental expenditure accounts did occur.

General Fund revenues of \$43,933,260 on a budgetary basis exceeded final budgeted revenues of \$43,123,315 by \$809,945 or 1.88% while budgetary basis expenditures of \$44,520,843 were \$1,885,000 or 4.06% lower than the final budgeted expenditures of \$46,405,843. Areas where actual revenues to budgeted revenues fell short were sales tax revenue (\$213,193), mortgage tax (\$61,039), Department of Public Works' charges (\$28,021), refuse stickers (\$21,986), Arena fees (\$79,666), bus fares (\$18,817) and Federal transportation assistance (\$450,000) due to the transition of the City's bus system from a Section 5311 program to a Section 5307 program. Revenues that did exceed budgetary expectations were the sale of hydro-electric power (\$796,904), insurance recoveries from the City health plan's stop loss policy (\$595,174), health plan prescription rebates (\$70,616) and Arena ice rink charges (\$79,146). Actual expenditures were lower than the budgeted expenditures due mostly to personal services (\$405,081), contracted services (\$399,425), vehicle expenses (\$88,966), materials and supplies (\$150,939), health insurance premiums (\$170,761), and retirement costs (\$106,116). These combined results reduced the use of \$1,550,028 in appropriated fund balance that was budgeted in the 2016-17 General Fund original adopted budget to \$587,583.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Capital Assets and Debt Administration

The City's investment in capital assets, net of related debt, for its governmental and business-type activities as of June 30, 2017, amounts to \$90,929,134. This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, traffic signals and other infrastructure.

City of Watertown's Capital Assets, Net of Accumulated Depreciation						
	Governmental Activities		Business-type Activities		Total	
	6/30/17	6/30/16	6/30/17	6/30/16	6/30/17	6/30/16
Land	\$2,621,285	\$2,621,285	\$ -	\$ -	\$2,621,285	\$2,621,285
Construction in Progress	21,131,035	14,631,279	4,420,020	3,306,309	25,551,055	17,937,588
Land Improvements	2,653,999	2,905,152	-	-	2,653,999	2,905,152
Building and Improvements	18,116,108	18,862,276	17,226,109	17,811,745	35,342,217	36,674,021
Infrastructure	32,874,288	34,798,601	18,535,775	18,926,545	51,410,063	53,725,146
Machinery and Equipment	2,644,839	2,487,611	2,893,020	3,122,292	5,537,859	5,609,903
Vehicles	2,085,388	1,784,847	186,306	227,308	2,271,694	2,012,155
Total Capital Assets	\$82,126,942	\$78,091,051	\$43,261,230	\$43,394,199	\$125,388,172	\$121,485,250

Major capital asset events during the current fiscal year included the following projects:

- Installed a new playground in Thompson Park at a cost of \$383,145.
- Continued construction of the Factory Street reconstruction project which is estimated to cost approximately \$14,125,000 and include the reconstruction of 2,600 linear feet of street as well as the replacement of the sidewalks, curbs, water main and sanitary sewer. Construction in progress at year-end was \$12,424,763.
- Continued with the design of renovating and expanding the Watertown City Court which is estimated to cost \$2,000,000. Construction in progress at year-end was \$68,056.
- Continued the construction on the Arena rehabilitation project which is estimated to cost over \$10,900,000 and include the roof repair, floor replacement, fire suppression system upgrade, locker and restroom renovations and vestibule and office expansions. Construction in progress at year-end was \$10,679,718.
- Began designing the Western Boulevard extension which is estimated to cost approximately \$6,500,000 and include the construction of 1,500 linear feet of street as well as sidewalks and curbs. Construction in progress at year-end was \$153,593.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Capital Assets and Debt Administration - Continued

- Continued with the design of the sludge modification project for the wastewater treatment plant. The project is being segmented into Phases 1a and 1b. Phase 1a achieves a significant carbon footprint reduction through the elimination of the use of fuel oil as an auxiliary fuel as well as a reduction in electrical consumption and enables the discontinuance of sewage sludge incineration. Phase 1b enables biogas conditioning and beneficial reuse which will enable a further reduction of the plant's electrical demand. The project is estimated to cost \$9,850,000. The City was awarded a grant from the New York State Energy and Research Authority in the amount of \$585,646. The City has also been awarded a New York State Environmental Facilities Corporation grant of the lesser of 25% of the project cost or \$2,306,840. Additionally, the City has qualified for a zero percent loan for the project balance through the New York State Environmental Facilities Corporation. Construction in progress at fiscal year-end was \$673,898.
- Began work on replacing the heating and ventilation system at the Roswell P. Flower Memorial Library which is estimated to cost approximately \$1,200,000. Construction in progress at year-end was \$1,152,129.

Additional information on the City's capital assets can be found in the Notes to the Financial Statements.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$35,925,000. This entire amount is backed by the full faith and credit of the City of Watertown. Following is a comparative statement of outstanding debt:

City of Watertown's Outstanding Debt						
	Governmental Activities		Business-type Activities		Total	
	6/30/17	6/30/16	6/30/17	6/30/16	6/30/17	6/30/16
General obligation bonds	\$22,207,810	\$20,638,182	\$13,717,190	\$13,891,818	\$35,925,000	\$34,530,000
	<u>\$22,207,810</u>	<u>\$20,638,182</u>	<u>\$13,717,190</u>	<u>\$13,891,818</u>	<u>\$35,925,000</u>	<u>\$34,530,000</u>

The New York State Constitution restricts the City's level of indebtedness to an amount no greater than 7% of the average full valuation of taxable real property for the most recent five years. Water debt, sewer debt, self-sustaining debt and refunded debt are excluded from the debt limit calculation. Accordingly, as of June 30, 2017, the City's NYS Constitutional debt limit was \$81,530,122 with total net indebtedness of \$21,061,560 after statutory exclusions thus exhausting 25.83% of the City's debt limit.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Capital Assets and Debt Administration - Continued

The City issued serial bonds in the amount of \$5,130,000 on June 15, 2017 to finance various projects. The serial bonds are reflected in the capital projects fund and enterprise funds. The interest rates range from 2.00% – 3.00% with an effective net interest cost of 2.12% and the maturity date of the note is June 15, 2032. The serial bonds are backed by the full faith and credit of the City of Watertown.

Additional information on the City's capital debt can be found in the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when adopting the fiscal year 2017-18 budget, most importantly the state and local economy.

The City of Watertown is the county seat of Jefferson County. The unemployment rates in June 2017 were 5.4% for the Watertown-Fort Drum area, 5.4% for Jefferson County, 4.5% for New York State and 4.4% for the United States. The unemployment rates in June 2016 were 5.2% for the Watertown-Fort Drum area, 5.2% for Jefferson County, 4.7% for New York State and 4.9% for the United States.

Budget factors considered during the preparation of the FY 2017-18 budget included the national and state economies, low interest rates, high unemployment and high NYS Retirement System contribution rates. With the continued uncertainties overseas, it was difficult to predict how many of the 15,069 soldiers of the 10th Mountain Division at Fort Drum would be deployed and for how long they would be gone fighting the War on Terrorism.

The City increased its estimate for sales tax revenue, the largest General Fund revenue source, by \$245,000 or 1.36% over the FY 2016-17 budgeted amount due FY 2016-17 not performing as expected especially considering the increased Jefferson County sales tax rate of 4.00% which represented a 6.67% increase from the previous 3.75% County sales tax rate. The City has a sales tax revenue sharing agreement with Jefferson County whereby it receives 24% of the total County sales tax revenue.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Economic Factors and Next Year's Budgets and Rates - Continued

Like most local governments, the City's 2017-18 budget continued to be impacted by the high costs for retirement benefits although FY 2017-18 was the fourth year in a row that saw the retirement rates decrease. The contribution to the Employees' Retirement System will range from 9.3% to 19.7% of salaries, down slightly from a range of 9.3% to 19.8% in the previous year. The contribution rate for the Police and Fire Retirement System will range from 14.8% to 24.6% of salaries, up from 14.5% to 24.1% of salaries in the previous year. Due to the dramatic drop in the stock market from April 2008 to April 2009 the State Pension Fund lost approximately 40% of its value. Due to the NYS Retirement System's smoothing techniques the retirement rates are now starting to decline after years of increases to keep the pension fund adequately funded.

Due to significant increases in health claim costs in FY 2016-17 the self-insurance fund required premiums be increased 18.38% over the FY 2016-17 premiums as compared to last year's 3.92% increase.

The City voted to over-ride the NYS Property tax cap and thus increased its property tax levy by \$355,793 or 4.04%. The NYS property tax cap would have only allowed for a property tax levy increase of \$144,114 or 1.64%. The City saw an increase of only \$5,970,737 or 0.56% in taxable assessed value. Accordingly, the property tax rate increased 3.55% to \$8.5135 per \$1,000 of taxable assessed valuation.

The City's FY 2017-18 General Fund operating costs increased by \$746,611 or 1.78% to \$42,705,845 in light of a significant increase to health insurance contributions. Reductions were realized in transfers to the Capital Fund for pay-as-you-go projects, equipment purchases, retirement expense and workers compensation. The City appropriated \$1,000,000 of fund balance, an increase of \$353,782 over FY 2016-17. The sales tax revenue budget was increased to \$18,275,000 which represented an increase of \$245,000 or 1.36% above the sales tax budget for FY 2016-17 due to its recent flat performance. The State Aid revenue budget remained at the City's base amount of \$4,703,208.

Appropriations for the Water Fund increased by \$150,500 or 2.82%. The Water Fund was not able to appropriate any fund balance and required a 5.20% increase to water rates. The Sewer Fund appropriations increased \$630,130 or 11.06% while revenues increased \$657,207 or 11.82%. Revenues from sewer charges for sludge and leachate haulers increased \$386,000 or 57.78% while revenue from other governments increased \$260,207 or 13.75%. The Sewer Fund also was able to keep the sewer rates unchanged and to do so appropriated \$112,971 of fund balance.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Requests for Information

The financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the City Comptroller, City of Watertown, Municipal Building, 245 Washington Street, Watertown, New York 13601.

AUDITED BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

June 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	The Trustees of the Roswell P. Flower Memorial Library
ASSETS				
Unrestricted Cash and Cash Equivalents	\$ 13,526,869	\$ 6,006,299	\$ 19,533,168	\$ 121,723
Restricted Cash and Cash Equivalents	3,972,255	1,907,465	5,879,720	141,376
Investments	-	-	-	57,734
Receivables (Net of Allowance for Uncollectibles)				
Accounts	2,858,172	1,854,108	4,712,280	-
Taxes	252,963	-	252,963	-
Due from Other Governments	1,938,447	309,451	2,247,898	-
State and Federal Aid Receivables	981,920	190,425	1,172,345	-
Prepaid Expenses	24,615	-	24,615	181
Internal Balances	(30,887)	30,887	-	-
	<u>23,524,354</u>	<u>10,298,635</u>	<u>33,822,989</u>	<u>321,014</u>
Capital Assets				
Non-Depreciable	23,752,320	4,420,019	28,172,339	14,516
Depreciable, Net	58,374,622	38,841,211	97,215,833	25,645
Total Capital Assets	<u>82,126,942</u>	<u>43,261,230</u>	<u>125,388,172</u>	<u>40,161</u>
TOTAL ASSETS	<u>105,651,296</u>	<u>53,559,865</u>	<u>159,211,161</u>	<u>361,175</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount from Debt Refundings	70,984	-	70,984	-
Deferred Outflows of Resources, Pensions	6,882,880	616,834	7,499,714	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>6,953,864</u>	<u>616,834</u>	<u>7,570,698</u>	<u>-</u>
LIABILITIES				
Accounts Payable	\$ 1,691,155	\$ 446,573	\$ 2,137,728	\$ 2,647
Accrued Interest Payable	64,765	61,807	126,572	-
Accrued Liabilities	1,871,212	56,787	1,927,999	-
Current Debt Obligations Due Within One Year	2,485,857	1,637,143	4,123,000	-
Compensated Absences	13,563	-	13,563	-
Other Liabilities	8,829	10,978	19,807	-
Due to Other Governments	208,569	368	208,937	-
Due to Retirement System	1,031,275	90,405	1,121,680	-
Unearned Revenue	1,932,872	-	1,932,872	-
Accrued Post Employment Benefits	18,757,877	3,660,656	22,418,533	-
Other Long-Term Liabilities	1,083,511	105,605	1,189,116	-
Net Pension Liability - Proportionate Share	8,437,846	923,294	9,361,140	-
Workers Compensation Liability	1,812,171	385,725	2,197,896	-
Serial Bonds Due and Payable After One Year	19,739,953	12,080,047	31,820,000	-
TOTAL LIABILITIES	<u>59,139,455</u>	<u>19,459,388</u>	<u>78,598,843</u>	<u>2,647</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources, Pensions	2,185,316	191,187	2,376,503	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,185,316</u>	<u>191,187</u>	<u>2,376,503</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	59,990,116	30,939,018	90,929,134	-
Restricted for:				
Capital Reserves	836,296	-	836,296	-
Workers Compensation Reserve	230,659	-	230,659	-
Insurance Reserve - General	651,586	-	651,586	-
Tourism Reserve	19,513	-	19,513	-
Economic Development and Assistance	219,248	-	219,248	-
Community Development	303,479	-	303,479	-
Capital Projects	179,674	-	179,674	-
Debt Service	261,399	-	261,399	-
Library	-	-	-	164,626
Unrestricted	(11,411,581)	3,587,106	(7,824,475)	193,902
TOTAL NET POSITION	<u>\$ 51,280,389</u>	<u>\$ 34,526,124</u>	<u>\$ 85,806,513</u>	<u>\$ 358,528</u>

See notes to audited basic financial statements.

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
 Year Ended June 30, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit The Trustees of the Roswell P. Flower Memorial Library
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental Activities								
General Government Support								
General Government Support	\$ 16,771,994	\$ 3,410,665	\$ 73,124	\$ 4,265	\$ (13,283,940)	\$ -	\$ (13,283,940)	\$ -
Hydroelectric Production	610,319	4,756,904	-	-	4,146,585	-	4,146,585	-
Public Safety								
Fire	9,885,290	-	-	-	(9,885,290)	-	(9,885,290)	-
Police	8,041,669	103,510	331,154	-	(7,607,005)	-	(7,607,005)	-
Other Public Safety	570,436	149,977	-	-	(420,459)	-	(420,459)	-
Public Works	6,502,654	85,336	266,410	5,010,156	(1,140,752)	-	(1,140,752)	-
Transportation								
Bus	935,097	146,133	285,526	-	(503,438)	-	(503,438)	-
Economic Opportunity and Development								
Other Economic Assistance	19,378	-	-	-	(19,378)	-	(19,378)	-
Empire Zone	3,542	-	-	-	(3,542)	-	(3,542)	-
Culture and Recreation								
Library	1,263,382	21,355	46,105	105,333	(1,090,589)	-	(1,090,589)	-
Other Culture and Recreation	2,185,979	483,928	-	115,570	(1,586,481)	-	(1,586,481)	-
Home and Community Services								
Refuse and Recycle	871,404	827,556	-	-	(43,848)	-	(43,848)	-
Other Home and Community Services	561,849	40,133	394,824	-	(126,892)	-	(126,892)	-
Interest on Debt	719,571	-	-	-	(719,571)	-	(719,571)	-
Total Governmental Activities	<u>48,942,564</u>	<u>10,025,497</u>	<u>1,397,143</u>	<u>5,235,324</u>	<u>(32,284,600)</u>	<u>-</u>	<u>(32,284,600)</u>	<u>-</u>
Business-Type Activities								
Water	5,156,293	5,348,396	-	208,156	-	400,259	400,259	-
Sewer	5,786,508	6,144,241	-	209,571	-	567,304	567,304	-
Total Business-Type Activities	<u>10,942,801</u>	<u>11,492,637</u>	<u>-</u>	<u>417,727</u>	<u>-</u>	<u>967,563</u>	<u>967,563</u>	<u>-</u>
Total Primary Government	<u>\$ 59,885,365</u>	<u>\$ 21,518,134</u>	<u>\$ 1,397,143</u>	<u>\$ 5,653,051</u>	<u>(32,284,600)</u>	<u>967,563</u>	<u>(31,317,037)</u>	<u>-</u>
Component Unit								
The Trustees of the R.P. Flower Memorial Library	\$ 79,204	\$ -	\$ 76,668	\$ -	-	-	-	(2,536)
Total Component Unit	<u>\$ 79,204</u>	<u>\$ -</u>	<u>\$ 76,668</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,536)</u>
Net (Expense) Revenue and Changes in Net Position Brought Forward					<u>(32,284,600)</u>	<u>967,563</u>	<u>(31,317,037)</u>	<u>(2,536)</u>
				GENERAL REVENUES				
				Property Taxes	9,014,893	-	9,014,893	-
				Sales Taxes	17,816,807	-	17,816,807	-
				Utilities Gross Receipts Tax	274,504	-	274,504	-
				Franchise Tax	365,158	-	365,158	-
				Hotel Occupancy Tax	206,055	-	206,055	-
				Mortgage Tax	263,961	-	263,961	-
				Grants and Entitlements Not Restricted to Specific Programs	4,703,208	-	4,703,208	-
				Investment Earnings	48,324	17,938	66,262	572
				Total General Revenues	<u>32,692,910</u>	<u>17,938</u>	<u>32,710,848</u>	<u>572</u>
				Transfers	30,000	(30,000)	-	-
				Change in Net Position	438,310	955,501	1,393,811	(1,964)
				Total Net Position - Beginning of Year, Restated	<u>50,842,079</u>	<u>33,570,623</u>	<u>84,412,702</u>	<u>360,492</u>
				Total Net Position - End of Year	<u>\$ 51,280,389</u>	<u>\$ 34,526,124</u>	<u>\$ 85,806,513</u>	<u>\$ 358,528</u>

See notes to audited basic financial statements.

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2017

	General	Capital Projects	Community Development	Non Major Funds	Total Governmental Funds
ASSETS					
Unrestricted Cash and Cash Equivalents	\$ 13,521,565	\$ -	\$ -	\$ 5,304	\$ 13,526,869
Restricted Cash and Cash Equivalents	1,745,222	1,659,030	303,479	264,524	3,972,255
Receivables (Net of Allowance for Uncollectibles)					
Accounts	1,339,471	5,780	1,511,604	1,317	2,858,172
Taxes	252,963	-	-	-	252,963
Due from Other Governments	1,938,447	-	-	-	1,938,447
State and Federal Aid Receivables	133,944	754,158	86,386	7,432	981,920
Prepaid Expenses	24,615	-	-	-	24,615
Due from Other Funds	417,228	50,675	36,700	75,000	579,603
TOTAL ASSETS	\$ 19,373,455	\$ 2,469,643	\$ 1,938,169	\$ 353,577	\$ 24,134,844
LIABILITIES					
Accounts Payable	\$ 978,191	\$ 695,829	\$ 10,551	\$ 6,584	\$ 1,691,155
Accrued Liabilities	1,855,330	4,046	303	11,533	1,871,212
Compensated Absences	13,563	-	-	-	13,563
Other Liabilities	8,829	-	-	-	8,829
Due to Other Funds	127,108	370,859	112,233	290	610,490
Due to Other Governments	208,569	-	-	-	208,569
Due to Retirement System	1,008,779	2,581	-	19,915	1,031,275
Unearned Revenue	405,308	13,862	1,511,603	2,099	1,932,872
Total Liabilities	4,605,677	1,087,177	1,634,690	40,421	7,367,965
Nonspendable					
Prepaid Expenses	24,615	-	-	-	24,615
Restricted for					
Capital Reserve - General	833,280	-	-	-	833,280
Capital Reserve - Fairgrounds	3,016	-	-	-	3,016
Workers Compensation Reserve	230,659	-	-	-	230,659
Insurance Reserve - General	651,586	-	-	-	651,586
Tourism Reserve	19,513	-	-	-	19,513
Debt Service Reserve	216,122	-	-	45,277	261,399
Community Development Reserve	-	-	303,479	-	303,479
Economic Development Reserve	-	-	-	219,248	219,248
Capital Projects	-	179,674	-	-	179,674
Assigned to					
Self-Funded Health Insurance Plan	303,061	-	-	-	303,061
General Government Support	79,146	-	-	-	79,146
Fire	51,355	-	-	-	51,355
Police	9,414	-	-	-	9,414
Other Public Safety	61,510	-	-	-	61,510
Public Works	133,733	-	-	-	133,733
Bus	969	-	-	-	969
Other Culture and Recreation	8,614	-	-	-	8,614
Hydroelectric Production	31,608	-	-	-	31,608
Refuse and Recycle	894	-	-	-	894
Other Home and Community Services	9,719	-	-	-	9,719
Library	-	-	-	7,749	7,749
Capital Projects	-	1,202,792	-	-	1,202,792
Subsequent Year's Expenditures	1,000,000	-	-	40,882	1,040,882
Unassigned	11,098,964	-	-	-	11,098,964
Total Fund Balances	14,767,778	1,382,466	303,479	313,156	16,766,879
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,373,455	\$ 2,469,643	\$ 1,938,169	\$ 353,577	\$ 24,134,844

See notes to audited basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION**

June 30, 2017

TOTAL GOVERNMENTAL FUND BALANCES	\$ 16,766,879
<p>Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:</p>	
The Cost of Capital Assets is	161,533,307
Accumulated Depreciation is	(79,406,365)
	82,126,942
Deferred Amount on Advance Refunding of Bonds	70,984
Deferred Outflows of Resources, Pensions	6,882,880
<p>Long-term liabilities, including serial bonds and other Long-term debt, are not due and payable in the current period and therefore not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>	
Bonds Payable	(22,207,810)
Accrued Interest on Bonds Payable	(64,765)
Compensated Absences	(975,511)
Workers Compensation Liability	(1,812,171)
Landfill Post-Closure Liability	(126,000)
Pension Liability	(8,437,846)
Accrued Post-Employment Benefits	(18,757,877)
	(52,381,980)
Deferred Inflows of Resources, Pensions	(2,185,316)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 51,280,389

CITY OF WATERTOWN, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

Year Ended June 30, 2017

	<u>General</u>	<u>Capital Projects</u>	<u>Community Development</u>	<u>Non Major Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Real Property Taxes	\$ 8,687,919	\$ -	\$ -	\$ -	\$ 8,687,919
Real Property Tax Items	331,240	-	-	-	331,240
Nonproperty Taxes	18,662,524	-	-	-	18,662,524
Departmental Income	6,493,238	-	-	-	6,493,238
Intergovernmental Charges	138,141	-	-	-	138,141
Use of Money and Property	91,555	176	64	758	92,553
Licenses and Permits	126,730	-	-	-	126,730
Fines and Forfeitures	117,388	-	-	20,808	138,196
Sale of Property and Compensation for Loss	742,783	-	-	-	742,783
Miscellaneous Local Sources	1,059,426	105,501	36,158	78,457	1,279,542
Interfund Revenue	1,236,883	-	-	-	1,236,883
State Sources	5,614,313	1,317,003	-	5,333	6,936,649
Federal Sources	542,062	3,803,223	367,140	-	4,712,425
Total Revenues	43,844,202	5,225,903	403,362	105,356	49,578,823
EXPENDITURES					
General Government Support	4,984,350	27,394	-	-	5,011,744
Public Safety	16,505,135	7,000	-	-	16,512,135
Transportation	4,217,042	6,102,256	-	-	10,319,298
Economic Assistance and Opportunity	19,378	-	-	3,542	22,920
Culture and Recreation	1,833,349	1,616,819	-	853,322	4,303,490
Home and Community Services	1,226,881	330	294,713	-	1,521,924
Employee Benefits	10,722,981	-	-	367,668	11,090,649
Debt Service	2,979,644	-	-	44,121	3,023,765
Total Expenditures	42,488,760	7,753,799	294,713	1,268,653	51,805,925
Excess (Deficiency) of Revenues Over Expenditures	1,355,442	(2,527,896)	108,649	(1,163,297)	(2,227,102)
OTHER FINANCING SOURCES AND (USES)					
Serial Bonds	-	3,762,500	-	-	3,762,500
Interfund Transfers In	89,058	967,912	-	1,148,599	2,205,569
Interfund Transfers Out	(2,032,083)	(57,088)	(78,150)	(8,248)	(2,175,569)
BANS Redeemed from Appropriations	-	121,000	-	-	121,000
Total Other Financing Sources (Uses)	(1,943,025)	4,794,324	(78,150)	1,140,351	3,913,500
Net Change in Fund Balances	(587,583)	2,266,428	30,499	(22,946)	1,686,398
Fund Balances, Beginning of Year	15,251,353	(779,954)	272,980	336,102	15,080,481
Fund Equity Transfer	104,008	(104,008)	-	-	-
Fund Balances, End of Year	\$ 14,767,778	\$ 1,382,466	\$ 303,479	\$ 313,156	\$ 16,766,879

See notes to audited basic financial statements.

RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds \$ 1,686,398

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded the capital outlays in the period.

	Capital Outlays	\$ 8,010,476	
	Depreciation Expense	<u>(3,974,585)</u>	4,035,891

Governmental funds report bond principal as an expenditure. However, in the Statement of Net Position, the principal payments reduce the liability and do not result in an expense in the Statement of Activities. 2,192,872

Governmental funds report bond proceeds as a source of funding. However bond proceeds are not revenues in the Statement of Activities, but long-term liabilities in the Statement of Net Position. (3,762,500)

Increase in proportionate share of net pension liability and related deferred outflows/inflows reported in Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

	Employees' Retirement System	\$ (372,746)	
	Police and Fire Employees' Retirement System	<u>(1,145,651)</u>	(1,518,397)

Amortization of advanced refunding issuance costs (15,658)

Interest expenditures are reported when paid in the governmental funds, however, the total amount of interest incurred for the period is accrued and recognized in the government-wide financial statements. The net change in accrued interest is recognized as interest expense in the Statement of Activities. 5,980

In the Statement of Activities, certain operating expenses - compensated absences (vacations and sick pay), special early termination benefits (early retirement) and OPEB costs - are measured by the amounts earned during the current period. In the governmental funds, however, expenditures for these items are measured by the amount of current financial resources used. (2,166,709)

Long-term portions of accrued claims and judgments, and landfill monitoring liability are included in the outstanding liability in the Statement of Net Position. Accordingly, the net change in the long-term portion is reported as a reduction to that liability rather than an expense in the Statement of Activities. (19,567)

Change in Net Position of Governmental Activities \$ 438,310

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2017

	Business - Type Activities Enterprise Funds		
	Water	Sewer	Total
ASSETS			
CURRENT ASSETS			
Unrestricted Cash and Cash Equivalents	\$ 3,008,009	\$ 2,998,290	\$ 6,006,299
Accounts Receivable, Net of Allowance for Uncollectible Accounts	1,029,364	824,744	1,854,108
Due from Governmental Funds	24,827	65,090	89,917
Due from Other Governments	-	309,451	309,451
State and Federal Aid Receivables	21,293	169,132	190,425
Total Current Assets	<u>4,083,493</u>	<u>4,366,707</u>	<u>8,450,200</u>
NON-CURRENT ASSETS			
Restricted Cash and Cash Equivalents	364,012	1,543,453	1,907,465
Capital Assets, Net of Accumulated Depreciation	20,289,817	22,971,413	43,261,230
Total Non-Current Assets	<u>20,653,829</u>	<u>24,514,866</u>	<u>45,168,695</u>
TOTAL ASSETS	<u>24,737,322</u>	<u>28,881,573</u>	<u>53,618,895</u>
Deferred Outflow of Resources			
Deferred Outflow of Resources, Pensions	327,172	289,662	616,834
Total Deferred Outflows of Resources	<u>327,172</u>	<u>289,662</u>	<u>616,834</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	\$ 164,785	\$ 281,788	\$ 446,573
Accrued Interest Payable	17,400	44,407	61,807
Accrued Liabilities	31,570	25,217	56,787
Due to Retirement System	48,790	41,615	90,405
Due to Governmental Funds	47,160	11,870	59,030
Due to Other Governments	368	-	368
Other Liabilities	10,978	-	10,978
Current Portion of Long-term Liabilities	735,479	901,664	1,637,143
Total Current Liabilities	<u>1,056,530</u>	<u>1,306,561</u>	<u>2,363,091</u>
LONG-TERM LIABILITIES			
Workers Compensation Liability	292,193	93,532	385,725
Compensated Absences	57,398	48,207	105,605
Net Pension Liability	488,249	435,045	923,294
Other Post Employment Benefits Liability	2,095,269	1,565,387	3,660,656
Serial Bonds Payable	4,477,249	7,602,798	12,080,047
Total Long-Term Liabilities	<u>7,410,358</u>	<u>9,744,969</u>	<u>17,155,327</u>
Total Liabilities	<u>8,466,888</u>	<u>11,051,530</u>	<u>19,518,418</u>
Deferred Inflows of Resources			
Deferred Inflows of Resources, Pensions	101,102	90,085	191,187
Total Deferred Inflows of Resources	<u>101,102</u>	<u>90,085</u>	<u>191,187</u>
NET POSITION			
Net Investment in Capital Assets	15,089,251	15,849,767	30,939,018
Unrestricted	1,407,253	2,179,853	3,587,106
TOTAL NET POSITION	<u>\$ 16,496,504</u>	<u>\$ 18,029,620</u>	<u>\$ 34,526,124</u>

See notes to audited basic financial statements.

CITY OF WATERTOWN, NEW YORK

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS**

Year Ended June 30, 2017

	Business - Type Activities		
	Enterprise funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	\$ 3,778,404	\$ 4,002,758	\$ 7,781,162
Intergovernmental Charges	1,541,172	2,132,080	3,673,252
Other Operating Revenue	28,820	9,403	38,223
Total Operating Revenues	<u>5,348,396</u>	<u>6,144,241</u>	<u>11,492,637</u>
OPERATING EXPENSES			
Salaries, Wages and Employee Benefits	2,490,892	2,228,369	4,719,261
Contractual Services	1,789,307	2,569,799	4,359,106
Depreciation	717,093	745,885	1,462,978
Loss on Disposal of Fixed Assets	12,504	-	12,504
Total Operating Expenses	<u>5,009,796</u>	<u>5,544,053</u>	<u>10,553,849</u>
Income from Operations	<u>338,600</u>	<u>600,188</u>	<u>938,788</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Revenue	7,607	10,331	17,938
Interest Expense	(146,497)	(242,455)	(388,952)
Total Non-Operating Revenue (Expenses)	<u>(138,890)</u>	<u>(232,124)</u>	<u>(371,014)</u>
Income Before Contributions and Transfers	199,710	368,064	567,774
Capital Contributions	208,156	209,571	417,727
Transfers Out	(15,000)	(15,000)	(30,000)
Change in Net Position	<u>392,866</u>	<u>562,635</u>	<u>955,501</u>
Net Position, Beginning of Year, Restated	<u>16,103,638</u>	<u>17,466,985</u>	<u>33,570,623</u>
Net Position, End of Year	<u>\$ 16,496,504</u>	<u>\$ 18,029,620</u>	<u>\$ 34,526,124</u>

See notes to audited basic financial statements.

CITY OF WATERTOWN, NEW YORK

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended June 30, 2017

	Business - Type Activities		
	Enterprise Funds		
	Water	Sewer	Total
Cash Flows from Operating Activities			
Cash Received from Providing Services	\$ 5,188,364	\$ 6,643,766	\$ 11,832,130
Cash Payments for Contractual Expense	(1,781,102)	(2,573,928)	(4,355,030)
Cash Payments for Personal Services and Benefits	(2,328,997)	(2,003,009)	(4,332,006)
Other Operating Revenue	30,710	9,403	40,113
Net Cash Provided by Operating Activities	<u>1,108,975</u>	<u>2,076,232</u>	<u>3,185,207</u>
Cash Flows from Non-Capital Financing Activities			
Transfers to Other Funds	(15,000)	(15,000)	(30,000)
Cash Flows from Capital and Related Financing Activities			
Proceeds of Capital Debt	617,500	750,000	1,367,500
Premium Received on Bond Refunding	5,220	6,340	11,560
Principal Paid on Capital Debt	(997,099)	(1,195,029)	(2,192,128)
Interest Paid on Capital Debt	(152,448)	(246,618)	(399,066)
Capital Grants	222,847	209,570	432,417
Net Cash Used In Capital and Related Financing Activities	<u>(303,980)</u>	<u>(475,737)</u>	<u>(779,717)</u>
Cash Flows from Investing Activities			
Purchase of Capital Assets	(344,558)	(1,004,627)	(1,349,185)
Interest Income	2,387	3,991	6,378
Net Cash Used In Investing Activities	<u>(342,171)</u>	<u>(1,000,636)</u>	<u>(1,342,807)</u>
Net Increase in Cash and Cash Equivalents	447,824	584,859	1,032,683
Cash and Cash Equivalents, Beginning of Year	2,924,197	3,956,884	6,881,081
Cash and Cash Equivalents, End of Year	<u>\$ 3,372,021</u>	<u>\$ 4,541,743</u>	<u>\$ 7,913,764</u>
Reconciliation of Income from Operations to Net			
Cash Provided By Operating Activities			
Income from Operations	\$ 338,600	\$ 600,188	\$ 938,788
Depreciation	717,093	745,885	1,462,978
Loss on Disposal of Fixed Assets	12,504	-	12,504
Change in Operating Assets			
Accounts Receivable	(131,519)	525,520	394,001
Due from Other Governments	17,381	(2,656)	14,725
Due from Other Funds	(12,385)	(13,933)	(26,318)
Due from Federal and State Governments	1,891	-	1,891
Deferred Outflows of Resources, Pensions	465,481	408,724	874,205
Change in Operating Liabilities			
Accounts Payable	8,330	(9,409)	(1,079)
Accrued Liabilities	(51,504)	(50,593)	(102,097)
Compensated Absences	(2,082)	1,111	(971)
Due to Retirement System	(330)	(2,138)	(2,468)
Due to Other Governments	266	-	266
Other Liabilities	(112,015)	(12,873)	(124,888)
Net Pension Liability	(369,130)	(320,370)	(689,500)
OPEB Liability	260,379	225,958	486,337
Customer Deposits and Overpayments	(4,693)	-	(4,693)
Due to Other Funds	(388)	5,278	4,890
Deferred Inflows of Resources, Pensions	(28,904)	(24,460)	(53,364)
Net Cash Provided By Operating Activities	<u>\$ 1,108,975</u>	<u>\$ 2,076,232</u>	<u>\$ 3,185,207</u>
Reconciliation of Total Cash and Cash Equivalents			
Current Assets - Unrestricted Cash and Cash Equivalents	\$ 3,008,009	\$ 2,998,290	\$ 6,006,299
Non-Current Assets - Restricted Cash and Cash Equivalents	364,012	1,543,453	1,907,465
Total Cash and Cash Equivalents	<u>\$ 3,372,021</u>	<u>\$ 4,541,743</u>	<u>\$ 7,913,764</u>

See notes to audited basic financial statements.

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2017

	Private Purpose Trusts	Agency Funds	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Cash Equivalents	\$ 37,790	\$ 338,096	\$ 375,886
TOTAL ASSETS	<u>\$ 37,790</u>	<u>\$ 338,096</u>	<u>\$ 375,886</u>
LIABILITIES			
Deposits Held and Due to Others	\$ -	\$ 293,365	\$ 293,365
Cafeteria Plan	-	40,826	40,826
Other Accrued Liabilities	-	3,905	3,905
Total Liabilities	<u>-</u>	<u>338,096</u>	<u>338,096</u>
NET POSITION			
Held in Trust for Other Purposes	7,825	-	7,825
Held in Trust for Scholarships	29,965	-	29,965
Total Net Position	<u>37,790</u>	<u>-</u>	<u>37,790</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 37,790</u>	<u>\$ 338,096</u>	<u>\$ 375,886</u>

See notes to audited basic financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2017

	Private Purpose Trusts
	<u> </u>
ADDITIONS	
Interest Revenue	\$ 21
	<u> </u>
Total Additions	21
	<u> </u>
Change in Net Position	21
Net Position, Beginning of Year	37,769
	<u> </u>
Net Position, End of Year	<u><u> \$ 37,790</u></u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Watertown, New York (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the City are discussed below.

Financial Reporting Entity

The City was incorporated in 1869. The Charter of the City of Watertown, City law and other general laws of the State of New York, govern the City. The City Council, which is the governing body of the City, consists of the Mayor and four Councilpersons. The City Manager serves as Chief Executive Officer of the City and is appointed by the Council. The City Comptroller serves as the Chief Fiscal Officer of the City and is appointed by the City Manager.

The City provides the following basic services: public safety (police and fire), water and sewer, library, recreation, refuse collection, economic assistance, street maintenance, snow removal, and general administrative services.

The financial reporting entity consists of:

1. The primary government which is the City of Watertown.
2. Organizations for which the primary government is financially accountable.
3. Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement 14, *The Financial Reporting Entity*, as amended by both GASB Statement 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement 61, *The Financial Reporting Entity: Omnibus*.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial Reporting Entity - Continued

Based on the forgoing criteria and the significant factors presented below, the following organizations are included in the reporting entity:

Watertown Empire Zone

Portions of the City of Watertown were designated as an Economic Development Zone on July 27, 1994. The program is designed to attract new businesses to the area and to enable existing businesses to expand and create jobs by offering a variety of financial incentives and economic benefits. The City Council appoints a voting majority of the Program's governing body and significantly influences the activities of the Watertown Empire Zone Program. The City includes the Watertown Empire Zone as a blended component unit.

The Trustees of Roswell P. Flower Memorial Library

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, provides additional guidance to determine whether certain organizations for which the City is not financially accountable should be reported as component units based on the nature and significance of their relationship with the City. The decision to include a potential component unit in the City's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Trustees of the Roswell P. Flower Memorial Library is included as a discretely presented component unit. Copies of their financial statements may be obtained at 229 Washington Street, Watertown, New York 13601.

Only footnote disclosures relating to the primary government are included in the basic financial statements. The footnote disclosures relating to the Trustees of the Roswell P. Flower Memorial Library are not included.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

New Accounting Standards

The City has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2017, the City implemented, as applicable, the following new standards issued by GASB:

- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the fiscal year ending June 30, 2017
- Statement No. 77, *Tax Abatement Disclosures*, effective for the year ending June 30, 2017
- Statement No. 82, *Pension Issues – an Amendment of GASB Statement No. 67, No. 68 and No. 73*, effective for the year ending June 30, 2017

Future New Accounting Standards

GASB has issued the following new statements for which the City is reviewing and plans on adopting as required.

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending June 30, 2018
- Statement No. 83, *Certain Asset Retirement Obligations* effective for the year ending June 30, 2019
- Statement No. 84, *Fiduciary Activities* effective for the year ending June 30, 2020
- Statement No. 85, *Omnibus 2017* effective for the year ending June 30, 2018
- Statement No. 86, *Certain Debt Extinguishments* effective for the year ending June 30, 2018
- Statement No. 87 *Leases* effective for the year ending June 30, 2021

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide statements and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, parks, library and recreation, public works, sports arena, and general administrative services are classified as governmental activities. The City's water and sewer services are classified as business-type activities.

The government-wide statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the primary government (governmental and business-type). The focus of the government-wide statements addresses the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The Statement of Activities reports both the gross and net cost for each of the City's functions or programs. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, public works, community and youth services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc.).

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Government-Wide and Fund Financial Statements - Continued

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The City records its transactions in the fund types described below:

1. Governmental Funds

The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. In addition, risk based activities and central garage activities have been recorded in the General Fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of special revenue sources that are legally restricted for specified purposes. The City maintains the following special revenue funds:

Community Development Fund - to account for the use of Federal monies received under Community Development Act and any other economic development project. The Community Development Fund is considered a major fund for reporting purposes.

Public Library Fund - to account for the operation of the Roswell P. Flower Memorial Library.

Debt Service Fund - to account for the accumulation of resources for and the payment of general long-term debt principal and interest for the mandatory reserve fund. The debt service fund also accumulates interest earned on borrowed money.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund Financial Statements - Continued

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital expenditures. The Capital Projects Fund is considered a major fund for reporting purposes.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Enterprise Funds - used to account for water and sewer operations.

Water Enterprise Fund - established by law to account for revenues derived from charges for water consumption and the application of such revenues toward related operating expenses and revenues derived from benefited assessments used for debt retirement.

Sewer Enterprise Fund - established by law to account for revenues derived from charges for sewer usage and benefited assessments, and the application of such revenues toward related operating expenses and debt retirement.

3. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (private purpose or agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund Financial Statements - Continued

Basis of Accounting / Measurement Focus

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e., expenditures or expenses.

Accrual Basis - The government-wide financial statements and the proprietary fund financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual Basis - The governmental fund financial statements are prepared using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. Expenditures are recorded when incurred except for prepaid expenditures and inventory items, which are recognized at the time of purchase; principal and interest on indebtedness, which are not recognized as expenditures until due; and compensated absences, such as vacation, which vests or accumulates and is charged as expenditures when paid.

Property Taxes

Real property tax levies are fully accrued at the beginning of the fiscal year and are received and accounted for in the general fund. Accruals for "due to other funds" are recorded in the general fund for the portion of the tax revenue allocated to other funds. The current year's property taxes are levied, and the prior year's unpaid water and sewer bills are re-levied on a warrant to collect taxes due as of July 5 based on the assessed value of real property within the City. The City also levies and collects property taxes on behalf of Jefferson County, which become due as of January 15, and enforces collection of unpaid City school taxes transmitted by the school district to the City in December of each year.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Property Taxes - Continued

Uncollected property taxes assumed by the City as a result of the settlement proceedings are reported as receivables in the general fund to maintain central control and provide for tax settlement and enforcement proceedings. The amount owed to the School District for uncollected school taxes is \$145,934 and is included in "Due to other Governments". A portion of the total property taxes receivable, \$235,796, is considered unavailable and is included in liabilities as unearned revenues.

An allowance for uncollectible taxes of \$600,040 has been included in the General Fund accounts receivable balance at June 30, 2017. Amounts considered to be uncollectible are based on historical trends and specific knowledge related to particular parcels.

The City is permitted by the Constitution of New York State to levy property taxes up to 2% of the five-year average full-assessed valuation for general governmental services other than the payment of debt service and capital expenditures. For the year ended June 30, 2017, the City had exhausted 16.17% of its tax limit and had a constitutional margin of \$19,217,464.

Budget Policies

The budget policies are as follows:

1. Prior to April 30 of each year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the sources of financing.
2. Public hearings are conducted to obtain taxpayers' comments.
3. At the last regular or special meeting in May the budget is adopted by the City Council through the adoption of various resolutions.
4. City taxes included in the budget are levied on July 5. The collection period is July 5 through August 5.
5. The Comptroller is authorized to approve certain budget transfer requests within departments or within a fund; however, any revisions that alter total expenditures of any department or fund must be approved by the City Council.
6. For year-end financial reporting, adjustments are made to actual results to conform to modified budget classifications and reflect year-end encumbrances.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Budget Policies - Continued

The City prepares a legally adopted annual operating budget for the General Fund. The City's budget is adopted using a basis of accounting consistent with generally accepted accounting principles (GAAP). The City's actual amounts in the financial statements are presented on a GAAP basis; therefore, no reconciliation is necessary.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are defined as short-term investments with original maturities of three months or less.

Receivables

Receivables are stated net of the estimated allowance for uncollectible amounts. Amounts considered to be uncollectible are based on collection experience. Amounts due from state and federal governments represent amounts owed to the City to reimburse it for expenditures incurred pursuant to state and federal programs. Other receivables represent amounts owed to the City, which include sewer rents, water rents, rehabilitation loans, and assessments.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is calculated on the straight-line basis over the following estimated useful lives:

Buildings	50 years
Water and Sewer System	60 - 65 years
Machinery and Equipment	5 - 30 years
Building Improvements	5 - 25 years
Land Improvements	20 - 50 years
Other Infrastructure	10 - 50 years

Compensated Absences

Employees are granted the following compensated absences each year:

Sick Leave	12 days
Vacation	10 - 30 days

Sick leave may be accumulated from year-to-year, up to 180 days. Upon retirement or other termination, no payment is made for accumulated sick time except for police, firemen and electrical workers who may receive a portion of their sick leave at retirement. The liability for sick leave is recorded in the Statement of Net Position since it is anticipated that none of the liability will be liquidated with expendable available financial resources. Vacation time vests and may be accumulated from year-to year up to 10 days for management, civil service employee's association members, police and electrical workers and 5 days for all other employees. The liability will be liquidated with expendable available financial resources; therefore, it is accounted for in the respective governmental fund type. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Insurance and Risk Management

In accordance with New York State guidelines and GASB 10, *"Accounting and Financial Reports for Risk Financing and Related Insurance Issues"*, the City self-insures for the following:

1. General Liability - The City has a self-insurance program for general liability insurance. The reserved fund balance is recorded within the General Fund.
2. Workers' Compensation - On May 10, 1920 the City became self-insured for the purposes of providing benefits under the Workers Compensation Law of the State of New York. The City recognizes workers compensation expenditures when paid. Annual estimates are appropriated from the General and Enterprise funds, as determined by the City Council. An estimated liability of \$2,197,896 as of June 30, 2017 has been recorded on the Statement of Net Position representing the long-term liability of open workers compensation cases.
3. Unemployment Insurance - The City has a self-insurance program for unemployment, but has not established a reserve for claims. Expenditures are recorded as claims are submitted. Total unemployment insurance expenditures for the year ended June 30, 2017 were \$15,630.
4. Health Care Benefits - On July 1, 1992, the City became self-insured for health care benefits for all eligible City employees and retirees. A third-party administrator selected by the City manages this self-insurance plan. A stop loss policy was also purchased to protect and insure this plan against major claims in excess of \$175,000. The City has calculated a monthly premium equivalent based upon historical experience and projected costs that are billed to the respective funds on a monthly basis. An estimated liability of \$633,835 has been recorded in the self-insurance fund for claims incurred as of June 30, 2017 but not reported based upon historical experience.

Operating Revenue and Expenses

The City's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the City's water and sewer funds consist of charges for services and the costs of providing those services, including depreciation and excluding interest costs. All other revenues and expenses are reported as nonoperating.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt. The second item is related to pensions reported in the government-wide Statement of Net Position. This represents the effect of the net change in the City's proportion of the collective net pension asset or liability and difference during the measurement period between the City's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. The City has one item that qualifies for reporting in this category. The item is related to pensions reported in the government-wide Statement of Net Position. This represents the effect or the net change in the City's proportion of the collective net pension asset or liability and difference during the measurement periods between the City's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

Fund Balance

The City previously implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 is intended to enhance the usefulness of the financial statements prepared by governmental entities specifically with regard to their reporting of fund balances. The standard establishes a hierarchy of fund balance classifications based primarily on the extent to which a government must observe spending constraints imposed upon how resources reported in governmental funds can be used. The City Council adopted a fund balance policy on June 20, 2011.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund Balance - Continued

Fund balance is the excess of assets over liabilities in a governmental fund. There are five separate components of fund balance, each of which identifies to what extent the City is bound to honor constraints on the specific purpose for which amounts can be spent. The five components are:

1. Nonspendable Fund Balance - The portion of a fund balance that cannot be spent because they are either: (a) not in a spendable form, such as prepaid items, inventories of supplies, or loans receivable; or (b) legally or contractually required to be maintained intact, such as the principal portion of an endowment.
2. Restricted Fund Balance - The portion of a fund balance that has constraints placed on the use of resources that are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed Fund Balance - The portion of a fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council and remain binding unless removed in the same manner.
4. Assigned Fund Balance - The portion of a fund balance that includes amounts that are constrained by the government's intent to be used for specific purposes, but that are neither restricted nor committed. Such intent needs to be established either by the City Council or by an official designated for that purpose.
5. Unassigned Fund Balance - The portion of a fund balance that includes amounts that do not fall into one of the above four categories.

The City considers restricted fund balances to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be used first, followed by assigned amounts and then unassigned amounts.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund Balance - Continued

The City does not currently have a formal minimum fund balance policy. The City Council shall approve all commitments by formal action. The action to commit funds must occur prior to fiscal year-end to report such commitments in the balance sheet of the respective period, even though the amount may be determined subsequent to fiscal year-end. A commitment can only be modified or removed by the same formal action.

When it is appropriate for fund balance to be assigned for items such as encumbrance amounts, the City Council delegates the responsibility to assign funds to the City Comptroller. Assignments may occur subsequent to fiscal year-end.

NOTE 2 –CASH AND INVESTMENTS

State statutes govern the City investment policies. In addition, the City has its own written investment policy. City monies must be deposited in FDIC insured commercial banks or trust companies located within the state. The City Comptroller is authorized to use demand accounts, certificates of deposits and permissible investments. Permissible investments include obligations of the U.S. Government and its agencies, repurchase agreements, and obligations of the State of New York, obligations issued by any municipality, school district or corporation other than the City of Watertown and obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the State authorizes such investments. During the fiscal year ended June 30, 2017, the City limited its investments to demand and savings accounts and certificates of deposit.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. While the City does not have a specific policy for custodial credit risk, New York State statutes govern the City's investment policies, as discussed above.

The City does not typically purchase investments and is not exposed to material interest rate risk.

The City does not typically purchase investments denominated in foreign currency and is not exposed to foreign currency risk.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 – CASH AND INVESTMENTS - Continued

Collateral is required for demand and savings deposits and certificates of deposit for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State, its municipalities and school districts, treasury strips and other obligations as outlined in the City's investment policy.

Separate bank accounts are not maintained for all City funds. Instead, the majority of the cash is deposited in pooled checking and savings accounts with accounting records maintained to show the portion of the balance attributable to each fund.

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Deposits - Governmental Accounting Standards Board Statement No. 40 directs that deposits be disclosed as to custodial risk if they are not covered by depository insurance, and the deposits are either:

- a) Insured by Federal Deposit Insurance Corporation (FDIC) or by collateral held by the City or by the City's agent in the City's name; or
- b) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
- c) Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, its trust department, or agent but not in the entity's name.)

Total financial institution (bank) balances at June 30, 2017 per the banks were \$26,873,102. These deposits are categorized as follows:

	(a)	(b)	(c)
\$	787,183	\$ 26,085,919	-

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 – CASH AND INVESTMENTS - Continued

As of June 30, 2017, the City had the following investments:

Certificates of Deposit-Trust & Agency Funds	\$	25,955
State and Local Government Series Securities		13,415
Total	<u>\$</u>	<u>39,370</u>

NOTE 3 – CAPITAL ASSETS

A summary of the changes in capital assets for the fiscal year ended June 30, 2017 follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2017</u>
Non-Depreciable Capital Assets:				
Land	\$ 2,621,285	\$ -	\$ -	\$ 2,621,285
Construction in Progress	14,631,279	7,619,248	(1,119,492)	21,131,035
Total	<u>17,252,564</u>	<u>7,619,248</u>	<u>(1,119,492)</u>	<u>23,752,320</u>
Depreciable Capital Assets:				
Land Improvements	9,564,403	-	-	9,564,403
Buildings and Improvements	33,670,372	17,070	-	33,687,442
Infrastructure	69,501,632	177,794	-	69,679,426
Machinery and Equipment	12,825,087	528,427	(18,746)	13,334,768
Vehicles	10,879,684	787,429	(152,165)	11,514,948
Total	<u>136,441,178</u>	<u>1,510,720</u>	<u>(170,911)</u>	<u>137,780,987</u>
Less: Accumulated Depreciation:				
Land Improvements	6,659,251	251,153	-	6,910,404
Buildings and Improvements	14,808,096	763,238	-	15,571,334
Infrastructure	34,703,031	2,102,107	-	36,805,138
Machinery and Equipment	10,337,476	371,199	(18,746)	10,689,929
Vehicles	9,094,837	486,888	(152,165)	9,429,560
Total	<u>75,602,691</u>	<u>3,974,585</u>	<u>(170,911)</u>	<u>79,406,365</u>
Depreciable Capital Assets, Net	<u>60,838,487</u>	<u>(2,463,865)</u>	<u>-</u>	<u>58,374,622</u>
Total	<u>\$ 78,091,051</u>	<u>\$ 5,155,383</u>	<u>\$ (1,119,492)</u>	<u>\$ 82,126,942</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 3 – CAPITAL ASSETS - Continued

Depreciation expense was charged to governmental activities as follows:

General government support	\$	91,180
Hydroelectric production		264,466
Police		111,881
Fire		176,571
Public Works		2,666,810
Bus		87,035
Library		140,472
Other culture and recreation		358,383
Refuse and recycling		77,787
Total	\$	3,974,585

<u>Business-Type Activities</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2017</u>
Non-Depreciable Capital Assets:				
Construction in Progress	\$ 3,306,309	\$ 1,179,710	\$ (66,000)	\$ 4,420,019
Total	<u>3,306,309</u>	<u>1,179,710</u>	<u>(66,000)</u>	<u>4,420,019</u>
Depreciable Capital Assets:				
Land Improvements	250,568	-	-	250,568
Buildings and Improvements	34,560,056	112,800	-	34,672,856
Infrastructure	26,277,170	-	-	26,277,170
Machinery and Equipment	17,189,455	89,755	(56,030)	17,223,180
Vehicles	946,983	26,248	(18,948)	954,283
Total	<u>79,224,232</u>	<u>228,803</u>	<u>(74,978)</u>	<u>79,378,057</u>
Less: Accumulated Depreciation:				
Land Improvements	250,568	-	-	250,568
Buildings and Improvements	16,748,311	698,436	-	17,446,747
Infrastructure	7,350,625	390,770	-	7,741,395
Machinery and Equipment	14,067,163	306,522	(43,526)	14,330,159
Vehicles	719,675	67,250	(18,948)	767,977
Total	<u>39,136,342</u>	<u>1,462,978</u>	<u>(62,474)</u>	<u>40,536,846</u>
Depreciable Capital Assets, Net	<u>40,087,890</u>	<u>(1,234,175)</u>	<u>(12,504)</u>	<u>38,841,211</u>
Total	<u>\$ 43,394,199</u>	<u>\$ (54,465)</u>	<u>\$ (78,504)</u>	<u>\$ 43,261,230</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 3 – CAPITAL ASSETS - Continued

Depreciation expense was charged to business-type activities as follows:

Water	\$	717,093
Sewer		745,885
Total	\$	1,462,978

NOTE 4 – RESTRICTIONS ON ASSETS

Restricted Cash, Cash Equivalents and Investments

Restricted assets consist of cash, cash equivalents and investments for the following funds:

Fund	Restricted Balance	Restriction
General - Cash	\$ 3,016	Reserve for Duffy Fairgrounds Stadium repairs
General - Cash	\$ 833,280	Reserve for capital projects
General - Cash	\$ 25,506	Reserve for special assessment sidewalk program debt
General – Cash	\$ 230,659	Reserve for workers compensation claims
General – Cash	\$ 652,761	Reserve for workers general liability claims
Special Revenue - Cash	\$ 303,479	Federal and State community development grants
Special Revenue - Cash	\$ 13,472	Reserve for airport debt service
Capital - Cash	\$ 1,659,030	Reserve for capital project acquisitions and construction
Water - Cash	\$ 364,012	Reserve for capital project acquisitions and construction
Sewer - Cash	\$ 1,543,453	Reserve for capital project acquisitions and construction
Debt Service - Cash	\$ 31,805	Reserve for debt service
Empire Zone - Cash	\$ 219,247	Reserve for Empire Zone

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 5 – NOTES RECEIVABLE

To assist in the rehabilitation of homes and apartments of low and moderate-income persons, the City has been awarded various grants for its "Housing Improvement Program" from the CDBG Small Cities Program and the North Country HOME Consortium. The purpose of this program is to improve living conditions in Watertown by promoting repair and rehabilitation of the local housing stock. The primary objective is to eliminate conditions that might become hazardous to the health or safety of local residents. Energy conservation improvements, historic preservation and other necessary repairs will also be encouraged whenever assistance is provided under this program. Grants are subject to repayment if the owner moves or sells the property within the number of years established by the grant, prorated equally per year. Loans are repaid in monthly installments ranging from five to thirty years and are subject to immediate repayment if the owner moves or sells the property. The loans are collateralized by a mortgage on the home. The grants are not collateralized. The balance of the grants subject to repayment at June 30, 2017 was \$789,757. The balance of the loans subject to repayment at June 30, 2017 was \$ 721,847.

The following table summarizes notes receivable at June 30, 2017:

Grant Source	Grant Purpose	Grant	Loan Terms	Loan Balance
NYS Rental Rehabilitation Section 17 Program -1989	Rehabilitate apartment building	\$ -	Loan is subordinate to existing mortgages, maturing 2024 and bearing interest at 6.25%. All accrued interest and principal are payable at maturity. Deferred revenue has also been recorded equivalent to the amount of the loan outstanding	\$ 71,500
CDBG Small Cities - 2005	Single purpose home ownership	\$ -	Loans not to exceed \$20,000 to be repaid at 0% interest in monthly installments over 20 - 30 years	\$ 177,640
CDBG Small Cities - 2006	Single purpose housing rehabilitations	\$ -	Over 5 years in monthly installments at a rate of \$18 per \$1,000	\$ 3,715
CDBG Small Cities - 2008	Rental rehabilitations and downtown apartments	\$ -	Over 5-10 years in monthly installments at a rate of \$18 per \$1,000	\$ 63,526
CDBG Small Cities - 2009	Rental rehabilitations and downtown apartments	\$ 4,212	Up to 20 years at 0% interest for downtown apartments and up to 10 years at 0% for rental rehabilitations	\$ 120,625
CDBG Small Cities -2011	Rental rehabilitations and downtown apartments	\$ 12,055	Up to 20 years at 0% interest for newly developed rental apartments and up to 10 years at 0% for rental rehabilitations	\$ 125,685

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 5 – NOTES RECEIVABLE - Continued

CDBG Small Cities - 2012	Rental rehabilitations and downtown apartments	\$ 149,820	Up to 20 years at 0% interest for newly developed rental apartments and up to 10 years at 0% for rental rehabilitations	\$ 159,156
CDBG Small Cities - 2013	City-wide housing rehabilitations	\$ 305,956	5 years - 20 years at 0% interest for newly developed rental apartments and 5 – 10 years at 0% for City-wide rehabilitations	N/A
North Country HOME	Repair and rehabilitate the local housing stock	\$ 162,374	N/A	N/A
Program Income - CDBG Small Cities	Repair and rehabilitate the local housing stock	\$ 155,340	Loan repayments received from recipients of previous CDBG Small Cities grant awards	N/A
	Total	\$ 789,757	Total	\$ 721,847

NOTE 6 – SHORT-TERM DEBT

The City issued a bond anticipation note in the amount of \$1,875,000 on June 28, 2016 maturing on June 28, 2017 to finance various projects. At maturity excess funds of \$340,000 were returned, \$153,500 was paid toward the first year’s principal and the remaining amount of \$1,381,500 was refinanced through the issuance of a serial bond dated June 15, 2017.

Governmental Activities	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
Bond Anticipation Note	\$ 1,225,000	\$ -	\$ (1,225,000)	\$ -
Total	<u>\$ 1,225,000</u>	<u>\$ -</u>	<u>\$ (1,225,000)</u>	<u>\$ -</u>

Business-Type Activities	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
Bond Anticipation Note	\$ 650,000	\$ -	\$ (650,000)	\$ -
Total	<u>\$ 650,000</u>	<u>\$ -</u>	<u>\$ (650,000)</u>	<u>\$ -</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 7 – LONG-TERM DEBT

During the year ended June 30, 2017, the following changes occurred in long-term obligations:

Governmental Activities

Governmental Activities	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 20,638,182	\$ 3,762,500	\$ (2,192,872)	\$ 22,207,810	\$ 2,467,857
Total	<u>\$ 20,638,182</u>	<u>\$ 3,762,500</u>	<u>\$ (2,192,872)</u>	<u>\$ 22,207,810</u>	<u>\$ 2,467,857</u>
Compensated Absences	\$ 1,085,744	\$ -	\$ (110,233)	\$ 975,511	\$ -
Workers Compensation	1,774,604	37,567	-	1,812,171	-
Landfill Monitoring	144,000	-	(18,000)	126,000	18,000
Total	<u>\$ 3,004,348</u>	<u>\$ 37,567</u>	<u>\$ (128,233)</u>	<u>\$ 2,913,682</u>	<u>\$ 18,000</u>

The Statement of Net Position at June 30, 2017 includes a deferred amount of \$70,984 on the advance refunding of bonds.

Business-Type Activities

Business-Type Activities	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
General Obligation Bonds					
Water	\$ 5,267,327	\$ 617,500	\$ (672,099)	\$ 5,212,728	\$ 735,479
Sewer	8,624,491	750,000	(870,029)	8,504,462	901,664
Total	<u>\$ 13,891,818</u>	<u>\$ 1,367,500</u>	<u>\$ (1,542,128)</u>	<u>\$ 13,717,190</u>	<u>\$ 1,637,143</u>
Workers Compensation					
Water	\$ 404,209	\$ -	\$ (112,016)	\$ 292,193	\$ -
Sewer	106,405	-	(12,873)	93,532	-
Total	<u>\$ 510,614</u>	<u>\$ -</u>	<u>\$ (124,889)</u>	<u>\$ 385,725</u>	<u>\$ -</u>
Compensated Absences					
Water	\$ 59,480	\$ -	\$ (2,082)	\$ 57,398	\$ -
Sewer	47,096	1,111	-	48,207	-
Total	<u>\$ 106,576</u>	<u>\$ 1,111</u>	<u>\$ (2,082)</u>	<u>\$ 105,605</u>	<u>\$ -</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 7 – LONG-TERM DEBT - Continued

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 10 to 30 year serial bonds with equal amounts of principal maturing each year. General obligation bonds at June 30, 2017 are as follows:

	Interest Rate	Original Amount	Paid June 30, 2017	Outstanding June 30, 2017	Maturity Date
Sanitary and Storm Sewers	9.60%	\$ 2,330,000	\$ 50,000	\$ 25,000	12/1/2017
Public Improvements	4.00-5.00%	2,310,000	5,000	15,000	5/15/2021
Public Improvements	3.25-4.00%	7,345,000	475,000	2,100,000	2/15/2023
Public Improvements	2.50-3.25%	3,220,000	325,000	650,000	9/15/2018
Public Improvements	3.125-4.00%	2,225,000	150,000	825,000	12/15/2024
Public Imp. Refunding, Ser.A	2.00-4.00%	2,175,000	130,000	1,425,000	11/15/2025
Public Imp. Refunding, Ser.B	2.00-3.75%	1,635,000	80,000	105,000	5/15/2020
Public Imp. Refunding, Ser.C	2.00-6.00%	3,695,000	290,000	2,090,000	11/15/2022
Public Improvements	2.00-3.00%	2,035,000	175,000	700,000	6/15/2021
Public Improvements	3.00-3.50%	1,645,000	125,000	1,125,000	10/15/2027
Public Imp. Refunding	1.00- 2.625%	4,485,000	800,000	2,305,000	11/15/2022
Public Improvements, Ser.A	1.50-2.75%	1,195,000	150,000	750,000	4/1/2024
Public Improvements, Ser.B	2.00-3.25%	5,110,000	290,000	4,260,000	4/1/2029
Public Improvements, Ser.A	3.00-3.50%	10,000,000	265,000	9,470,000	6/15/2040
Public Improvements, Ser.B	2.00-3.125%	5,810,000	425,000	4,950,000	6/15/2030
Public Improvements	2.00-3.00%	5,130,000	-	5,130,000	6/15/2032
Total Serial Bonds		\$ 60,345,000	\$ 3,735,000	\$ 35,925,000	

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 7 – LONG-TERM DEBT - Continued

General Obligation Bonds - Continued

Annual debt service requirements to maturity for general obligation bonds for fiscal year ending June 30, 2017 are as follows:

Governmental Activities

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,467,857	\$ 699,887	\$ 3,167,744
2019	2,351,612	629,802	2,981,414
2020	1,886,441	564,224	2,450,665
2021	1,806,300	504,045	2,310,345
2022	1,550,800	443,857	1,994,657
2023 – 2027	5,295,300	1,570,670	6,865,970
2028 – 2032	2,629,500	996,238	3,625,738
2033 – 2037	2,495,000	569,975	3,064,975
2038 – 2040	1,725,000	122,150	1,847,150
Totals	<u>\$ 22,207,810</u>	<u>\$ 6,100,848</u>	<u>\$ 28,308,658</u>

Business-type Activities

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,637,143	\$ 375,927	\$ 2,013,070
2019	1,568,388	334,856	1,903,244
2020	1,408,559	297,720	1,706,279
2021	1,363,700	263,295	1,626,995
2022	1,119,200	230,405	1,349,605
2023 – 2027	4,564,700	693,864	5,258,564
2028 – 2032	2,055,500	121,187	2,176,687
Totals	<u>\$ 13,717,190</u>	<u>\$ 2,317,254</u>	<u>\$ 16,034,444</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 7 – LONG-TERM DEBT - Continued

Airport Debt

The City transferred ownership of the Watertown International Airport to Jefferson County on March 1, 2006. In accordance with the transfer agreement, Jefferson County provided the City with the necessary funds to retire all outstanding general obligation bonds as they mature. The City invested \$301,168 in State and Local Government Series securities with the proceeds received from Jefferson County in various amounts and at various interest rates, which will produce the funds necessary to meet the principal and interest obligations of the outstanding airport debt. The outstanding principal balance of airport debt at June 30, 2017 was \$ 13,250.

Advance Refunding

On April 15, 2011, the City issued \$2,175,000 in general obligation bonds (Series A) with an average interest rate of 3.64% to advance refund \$2,140,000 of outstanding November 15, 1997 serial bonds with an average interest rate of 5.03%. The net proceeds (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent and used to redeem all of the outstanding 1997 series bonds on May 15, 2011. A difference in cash flow requirements of \$225,831 and a net present value savings of \$175,826 were a result of this advance refunding by the City.

On April 15, 2011, the City issued \$1,635,000 in general obligation bonds (Series B) with an average interest rate of 2.37% to advance refund \$1,575,000 of outstanding April 15, 2000 serial bonds (\$1,015,000) with an average interest rate of 5.19% and May 15, 2002 serial bonds (\$560,000) with an average interest rate of 4.30%. The net proceeds (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent and used to redeem the 2000 and 2002 series bonds on May 15, 2011. All but \$40,000 of the April 15, 2000 serial bonds and \$23,750 of the May 15, 2002 serial bonds were redeemed on May 15, 2011. A difference in cash flow requirements of \$91,825 and a net present value savings of \$84,907 were a result of this advance refunding by the City.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 7 – LONG-TERM DEBT - Continued

Advance Refunding - Continued

On April 15, 2011, the City issued \$3,695,000 in general obligation bonds (Series C) with an average interest rate of 5.19% to advance refund \$3,625,000 of outstanding November 15, 1997 taxable serial bonds with an average interest rate of 7.09%. The net proceeds (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent and used to redeem the 1997 series bonds on May 15, 2011. Additionally, the City used \$1,000,000 of General Fund Balance to increase the amount of outstanding November 15, 1997 taxable serial bonds redeemed to \$4,625,000. Accordingly, all of the outstanding 1997 taxable serial bonds were redeemed on May 15, 2011. A combined difference in cash flow requirements of \$2,552,088 and a net present value savings of \$543,580 were the result of the advance refunding and use of fund balance by the City.

On April 14, 2011, the City elected to call in and redeem on June 15, 2011 the outstanding \$110,000 aggregate principal amount of its Hydroelectric Plant (Serial) Bonds, 2002 (Federally Taxable Series) dated May 15, 2002, and maturing on May 15 and November 15 in each of the years 2012 to 2021, both inclusive, at par plus accrued interest to the redemption date, as specified on the face of the bonds. The bonds were part of an original issue of \$190,000.

On June 18, 2014, the City issued \$4,485,000 in general obligation bonds with an average interest rate of 1.29% to refund \$2,400,000 of outstanding January 15, 2005 serial bonds with an average interest rate of 3.67% and an advance refund \$2,100,000 of outstanding November 15, 2005 serial bonds with an average interest rate of 4.15%. The net proceeds (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent and used to redeem all of the outstanding January 2005 series bonds on July 21, 2014 and the November 2005 series bonds will be refunded on November 15, 2014. A difference in cash flow requirements of \$346,783 and a net present value savings of \$327,420 were a result of this advance refunding by the City.

NOTE 8 – UNEARNED REVENUE

General Fund:

Unearned Property Tax Revenue, Refuse Tote Revenue and Prepaid Interest Installments on Special Assessments	\$ 405,308
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Capital Projects Fund:

Unearned State Aid and Other Miscellaneous Sources	\$ 13,862
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Special Revenue Fund:

Notes Receivable Funded from Grant Proceeds	\$ 1,511,603
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NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 9 – RETIREMENT BENEFITS

Plan Description

The City of Watertown participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the System). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund, which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. Dinapoli has served as Comptroller since February 7, 2007. In November 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The City of Watertown 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, New York 12244.

Benefits Provided

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

Tiers 1 and 2

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 9 – RETIREMENT BENEFITS- Continued

Benefits Provided - Continued

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

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

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 9 – RETIREMENT BENEFITS- Continued

Benefits Provided - Continued

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

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

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain police and fire retirement system members.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after 10 years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 9 – RETIREMENT BENEFITS- Continued

Benefits Provided - Continued

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for 10 years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

Funding Policy

The ERS system is contributory except for employees who joined the New York State and Local Employees' Retirement System before July 26, 1976. Employees hired between July 27, 1976 and December 31, 2009 contribute 3% of their salary and after ten years of service become noncontributory as well. Employees hired between January 1, 2010 and March 31, 2012 contribute 3% of their salary for all years of public service and there is a limitation on the amount of overtime that can be included as wages. Employees hired after April 1, 2012 contributed 3% of their salary through March 31, 2013 and thereafter the percentage of salary contributed ranges from 3.0% to 6.0% depending on annual wages.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 9 – RETIREMENT BENEFITS- Continued

Funding Policy - Continued

The PFRS system is contributory except for employees who joined the New York State and Local Employees' Retirement System before June 30, 2009. Employees hired between July 1, 2009 and January 8, 2010 contribute 3% of their salary for 25 years or until retirement. Employees hired between January 9, 2010 and March 31, 2012 contribute 3% of their salary for all years of public service and there is a limitation on the amount of overtime that can be included as wages. Employees hired after April 1, 2012 contributed 3% of their salary through March 31, 2013 and thereafter the percentage of salary contributed ranges from 3.0% to 6.0% depending on annual wages.

Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The City of Watertown is required to contribute at an actuarially determined rate. The required contributions for New York State's current year ended March 31, 2017 and two preceding years were:

	<u>FYE 6/30/17</u>		<u>FYE 6/30/16</u>		<u>FYE 6/30/15</u>
Employer Contributions					
ERS	\$ 1,305,395	\$	1,343,922	\$	1,657,173
PFRS	\$ 2,276,464	\$	2,136,795	\$	2,494,595
Employee Contributions					
ERS	\$ 131,687	\$	124,882	\$	118,259
PFRS	\$ 41,595	\$	51,341	\$	26,724

The City's contributions made to the Systems were equal to 100 percent of the contributions required for each year. Each retirement system issues a publicly available financial report that includes financial statements and supplementary information. The reports may be obtained by writing to: New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 9 – RETIREMENT BENEFITS- Continued

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

At June 30, 2017, the City of Watertown reported a liability of \$3,244,181 for its proportionate share of the Employees' Retirement System net pension liability and a liability of \$6,116,959 for its proportionate share of the Police and Fire Employees' Retirement System net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2016. 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 June 30, 2017, the City's proportionate share was 0.0345264 percent for the Employees' Retirement System and 0.2951272 percent for the Police and Fire Employees' Retirement System.

For the year ended June 30, 2017, the City recognized a pension expense of \$1,800,204 for the Employees' Retirement System and a pension expense of \$3,441,733 for the Police and Fire Employees' Retirement System. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Employees' Retirement System</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 81,296	\$ 492,647
Changes of Assumption	1,108,331	-
Net Difference Between Projected and Actual Earnings on Plan Investments	647,994	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	12,095	179,126
City Contributions Subsequent to Measurement Date	317,061	-
Total	<u>\$ 2,166,777</u>	<u>\$ 671,773</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 9 – RETIREMENT BENEFITS- Continued

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

<u>Police and Fire Retirement System</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 802,440	\$ 1,056,875
Changes of Assumption	3,013,569	-
Net Difference Between Projected and Actual Earnings on Plan Investments	913,559	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	14,638	647,855
City Contributions Subsequent to Measurement Date	588,731	-
Total	<u>\$ 5,332,937</u>	<u>\$ 1,704,730</u>

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

	<u>Employees' Retirement System</u>	<u>Police and Fire Retirement System</u>
2018	\$ 555,921	\$ 1,056,617
2019	555,921	1,056,617
2020	510,337	988,433
2021	(444,236)	(160,396)
2022	-	98,203
Thereafter	-	-

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 9 – RETIREMENT BENEFITS- Continued

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

Governmental Activities	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
Net Pension Liability – Proportionate Share	\$ 13,328,387	\$ -	\$ (4,890,541)	\$ 8,437,846
Total	<u>\$ 13,328,387</u>	<u>\$ -</u>	<u>\$ (4,890,541)</u>	<u>\$ 8,437,846</u>

Business-Type Activities	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
Net Pension Liability – Proportionate Share				
Water	\$ 857,379	\$ -	\$ (369,130)	\$ 488,249
Sewer	755,415	-	(320,370)	435,045
Total	<u>\$ 1,612,794</u>	<u>\$ -</u>	<u>\$ (689,500)</u>	<u>\$ 923,294</u>

Payables to the Pension Plan

For ERS and PFRS pension plans, employer contributions are paid annually based on the System’s fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2017 represent the projected employer contributions for the period April 1, 2017 through June 30, 2017 based on ERS and PFRS wages multiplied by the employer’s rate, by tier. The accrued ERS retirement contributions as of June 30, 2017 were \$226,656 for governmental activities and \$90,405 for business-type activities. The accrued PFRS retirement contribution as of June 30, 2017 was \$804,619 for governmental activities.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 9 – RETIREMENT BENEFITS- Continued

Actuarial Assumptions

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

Significant actuarial assumptions used in the April 1, 2016 valuation were as follows:

	<u>Employees'</u> <u>Retirement System</u>	<u>Police and Fire</u> <u>Retirement System</u>
Inflation Rate	2.50%	2.50%
Salary Increases	3.80%	4.50%
Investment Rate or Return (Net of Investment Expense Including Inflation)	7.00%	7.00%
Cost of living Adjustments	1.30%	1.30%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 system experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumption used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – 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, 2017 are summarized on the next page.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 9 – RETIREMENT BENEFITS- Continued

Actuarial Assumptions - Continued

Asset Type	Long-Term Expected Real Rate of Return
Domestic Equity	4.55%
International Equity	6.35%
Private Equity	7.75%
Real Estate	5.80%
Absolute Return	4.00%
Opportunistic Portfolio	5.89%
Real Assets	5.54%
Bonds and Mortgages	1.31%
Cash	-0.25%
Inflation - Indexed Bonds	1.50%

Discount Rate

The discount rate used to calculate the total pension liability was 7.0 percent. 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 percent, as well as the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 9 – RETIREMENT BENEFITS- Continued

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

<u>Employees' Retirement System</u>	<u>1% Decrease</u> <u>-6.0%</u>	<u>Current Assumption</u> <u>-7.0%</u>	<u>1% Increase</u> <u>-8.0%</u>
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,361,272	\$ 3,244,181	\$ (2,773,306)

<u>Police and Fire Employees' Retirement System</u>	<u>1% Decrease</u> <u>-6.0%</u>	<u>Current Assumption</u> <u>-7.0%</u>	<u>1% Increase</u> <u>-8.0%</u>
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,341,225	\$ 6,116,959	\$ (3,297,452)

Pension Plan Fiduciary Net Position

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

	<u>Employees' Retirement System</u>	<u>Police and Fire Retirement System</u>	<u>Total</u>
	(In Thousands)		
Employers' Total Pension Liability	\$ 177,400,586	\$ 31,670,483	\$ 209,071,069
Plan Net Pension	(168,004,363)	(29,597,831)	(197,602,194)
Employers' Net Pension Liability	<u>\$ 9,396,223</u>	<u>\$ 2,072,652</u>	<u>\$ 11,468,875</u>
Ratio of Plan Net Position to the Employers' Total Plan Pension Liability	94.7%	93.5%	94.5%

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 9 – RETIREMENT BENEFITS- Continued

Bonus Retirement Plan

Under the terms of the police and fire union contracts, the City also made available a bonus retirement plan to all eligible employees. To be eligible, the employee must have accumulated 20 years of service within the retirement system and must retire within 3 years from that date. The following is a schedule of the benefits paid based upon the retirement date:

1 st Year	\$	5,000
2 nd Year	\$	4,000
3 rd Year	\$	3,000

The City has reported \$36,000 relating to this bonus retirement plan as part of the accrued compensated absences balance in the General Fund.

NOTE 10 – POST EMPLOYMENT BENEFITS

During the year ended June 30, 2009, the City adopted Governmental Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, on a prospective basis. This statement establishes standards for the measurement, recognition, and display of other postemployment benefit (OPEB) expenses/expenditures and related OPEB assets and liabilities, note disclosures, and required supplementary information. The objective of this statement is to improve the faithfulness of representations and usefulness of information included in the financial reports of state and local governments regarding OPEB.

Plan Description

The City administers its Health Plan (the plan) as a single-employer, self-insured benefit plan. The City provides postemployment healthcare benefits to certain employees that are eligible to retire under the New York State Retirement Systems. The plan provides medical and prescription drug coverage to certain retirees and their dependents based upon the City's collective bargaining agreements with its various unions. The financial information for the City's plan is contained solely within these basic financial statements.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 10 – POST EMPLOYMENT BENEFITS - Continued

Funding Policy

The contribution requirements of the members and the City are established by the City's collective bargaining agreements with its various unions. The required contribution rate of the City and the members varies depending on the applicable agreement covering the retiree and retiree's date of hire. Contribution rates for retirees range from 0% to 25% of the monthly premium cost. The City currently pays for postemployment healthcare benefits on a pay-as-you-go basis. For the year ended June 30, 2017, the City contributed approximately \$7,563,799 to the plan for its share of the health insurance premiums while plan members receiving benefits contributed \$706,627.

Annual OPEB Cost and Net Obligation

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

	Governmental Activities	Business-type Activities - Water Fund	Business-type Activities - Sewer Fund	Total
Annual Required Contribution (ARC)	\$ 6,252,147	\$ 467,388	\$ 431,701	\$ 7,151,236
Interest on Net OPEB Obligation	576,833	64,221	46,880	687,934
Adjustment to ARC	(673,491)	(74,982)	(54,736)	(803,209)
Annual OPEB Cost	6,155,489	456,627	423,845	7,035,961
Contributions Made	(3,878,547)	(196,248)	(197,888)	(4,272,683)
Change in Net OPEB Obligation	2,276,942	260,379	225,957	2,763,278
Net OPEB Obligation - Beginning of Year	16,480,935	1,834,890	1,339,430	19,655,255
Net OPEB Obligation - End of Year	<u>\$ 18,757,877</u>	<u>\$ 2,095,269</u>	<u>\$ 1,565,387</u>	<u>\$ 22,418,533</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 10 – POST EMPLOYMENT BENEFITS - Continued

Annual OPEB Cost and Net Obligation - Continued

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation was as follows:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
FYE 6/30/17			
Governmental Activities	\$ 6,155,489	63.00%	\$ 18,757,877
Business-type Activities - Water Fund	\$ 456,627	42.98%	\$ 2,095,269
Business-type Activities - Sewer Fund	\$ 423,845	46.69%	\$ 1,565,387
FYE 6/30/16			
Governmental Activities	\$ 6,303,152	60.67%	\$ 16,480,935
Business-type Activities – Water Fund	\$ 448,169	42.16%	\$ 1,834,890
Business-type Activities – Sewer Fund	\$ 428,871	39.14%	\$ 1,339,430
FYE 6/30/15			
Governmental Activities	\$ 6,132,186	59.72%	\$ 14,001,963
Business-type Activities – Water Fund	\$ 432,306	40.65%	\$ 1,575,665
Business-type Activities – Sewer Fund	\$ 412,633	35.03%	\$ 1,078,439

Funded Status and Funding Progress

As of September 1, 2016, the most recent actuarial valuation date, the City's actuarial accrued liability for benefits was \$129,312,602 and there were no plan assets. Actuarial valuations of an ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multi-year trend information about the value of plan assets relative to the actuarial accrued liability.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 10 – POST EMPLOYMENT BENEFITS - Continued

Actuarial Methods and Assumptions

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

In the September 1, 2016 actuarial valuation, the entry age normal actuarial cost method was used. The plan's unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of projected payrolls on an open basis. The actuarial assumptions include 3.5% investment rate of return and an inflation rate of 2.0%. The annual healthcare cost trend rate was estimated at 6.5% for the next fiscal year and decreasing each fiscal year thereafter until reaching 5.86% for the fiscal year ending June 30, 2022. The rate was then adjusted every five years through 2087 at 3.84%.

NOTE 11 – FUND BALANCES

Nonspendable Fund Balances

Non-spendable fund balance consists of prepaid stop loss insurance on the City's health insurance plan.

Restricted Fund Balances

Restricted fund balances consist of the following:

General Fund

Capital Reserve - Pursuant to Section 6-c of the General Municipal Law of the State of New York, the City established a capital reserve fund to finance future capital improvement projects.

Workers Compensation - An amount reserved to pay workers' compensation claims.

Insurance - An amount reserved to pay claims and judgments for the City's general liability and the cost of providing health care benefits to eligible employees and retirees.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 11 – FUND BALANCES - Continued

Restricted Fund Balances - Continued

Tourism - Balance of City's share of the hotel occupancy tax enacted by Jefferson County which must be used to promote and develop tourism in the City.

Debt Service - Balance of debt issued on behalf of property owners who elected to participate in the City's ten-year special assessment program for sidewalk replacements.

Community Development Fund

Community Development – An amount restricted as to use for providing decent housing, a suitable living environment, and opportunities to expand economic opportunities, principally for low- and moderate-income persons.

Other Governmental Funds

Mandatory Reserve for Indebtedness - Pursuant to Section 165.00 of the Local Finance Law of the State of New York, the proceeds, which will not be used for the specific purpose of the borrowing, plus any interest earned or capital gain realized on these proceeds must be used only for payment of principal and/or interest from which these proceeds were derived.

Economic Development – An amount which represents the net position of the Watertown Empire Zone.

Other Fund Balance Disclosures

Deficit Fund Balance

No funds as of June 30, 2017 had a deficit fund balance.

Excess of Expenditures over Appropriations

No funds as of June 30, 2017 had excess expenditures over appropriations.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 12 – INTERFUND TRANSACTIONS

Operating Transfers

During the course of normal operations, the City records numerous transactions between funds including expenditures for services as well as transfers to finance various projects and debt payments.

Inter-fund receivable and payable balances arising from these transactions as of June 30, 2017 were as follows:

	Inter-fund Receivable	Inter-fund Payable
General Fund	\$ 417,228	\$ 101,006
Special Revenue Fund	36,700	112,233
Water Fund	24,827	47,160
Sewer Fund	65,090	11,870
Library Fund	75,000	290
Capital Project Funds	50,675	370,859
Tourism	-	26,102
Total	\$ 669,520	\$ 669,520

Interfund Eliminations

For financial statement purposes, the following inter-fund balances have been eliminated:

	General Fund	Self-funded Health Insurance Fund
Revenues	\$ -	\$ 6,408,070
Expenditures	6,408,070	-
Total	\$ 6,408,070	\$ 6,408,070

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 13 – OPERATING LEASES

State Street Parking Lot

The City leases a parking lot located at 250-270 State Street from Washington Street Properties (purchased from the previous lessor Wilson Rusho and Terry MacAdam). The term of the original lease was for a five-year period from October 22, 2011 through October 21, 2016. The annual rent for the current fiscal year is \$3,000. The lease payment is payable in advance by September 15th of the previous year. On April 19, 2016, the City Council approved a new lease for the period from October 22, 2016 through October 21, 2021.

Minimum future rentals to be paid over the term of the lease for fiscal year ended June 30 are as follows:

2018	\$	3,100
2019		3,200
2020		3,300
2021		3,400
Thereafter		-
Total	<u>\$</u>	<u>13,000</u>

Fairgrounds Property Lease

The City is the lessor of a portion of the Fairgrounds property to the Watertown Family YMCA. The lease dated July 9, 2009 is for a term of twenty-five years with an option to renew by Watertown Family YMCA for an additional fifteen years if such renewal is approved by the New York State Legislature.

Minimum future rentals on the lease as of June 30 are as follows:

2018	\$	25,800
2019		26,768
2020		27,735
2021		27,735
2022		27,735
Thereafter		350,934
Total	<u>\$</u>	<u>486,707</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 13 – OPERATING LEASES - Continued

Public Safety Building Lease

The City has entered into an amended Inter-municipal Agreement with the County of Jefferson, New York, for the joint operation and maintenance of a County/City Public Safety Building. Minimum annual lease payments are calculated on a pro rata basis of square footage utilized by the City and consist of the costs incurred for debt service, operation and maintenance expenses. These lease payments are offset by a percentage of the costs incurred by the City for the construction of the facility. Furthermore, the City is liable for a portion of the debt regardless of the City continuing the lease or not. Total rental expenditures for the year ended June 30, 2017 were \$240,039. The final debt service payment on the initial construction was made in the fiscal year ended June 30, 2014.

Equipment Leases

The City is the lessor of certain office equipment. The lease dated August 13, 2013 is for a term of five years. Minimum future rentals on the lease as of June 30 are as follows:

2018	\$	2,606
2019		434
Total	\$	<u>3,040</u>

CITY OF WATERTOWN, NEW YORK

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 14 – TAX ABATEMENTS

The City receives revenue through numerous Payment in Lieu of Taxes (PILOT) agreements with various local businesses and housing developments. The PILOT agreements were granted by either the Jefferson County Industrial Agency or by the City itself.

<u>Owner Name</u>	<u>Assessed Value</u>	<u>City Taxable</u>	<u>PILOT Payment</u>	<u>City Abatement</u>	<u>% Abated</u>	<u>Start Date</u>	<u>End Date</u>
JCIDA - WICLDC	\$ 1,374,000	\$ -	\$ 8,010	\$ 3,287	29.10%	2017	2025
JCIDA - Stream	4,488,600	-	36,905	-	0.00%	2003	2017
JCIDA - Roth Industries	1,794,300	-	11,064	3,688	25.00%	2006	2020
JCIDA - Woolworth Watertown LLC	2,708,800	-	2,661	19,610	88.05%	2015	2029
JCIDA - New York Airbrake	2,876,000	-	23,646	-	0.00%	2016	2031
JCIDA - Current Applications	435,700	-	896	2,687	75.00%	2016	2030
JCIDA - Stebbins Engineering	307,100	-	1,894	631	25.00%	1997	2016
Watertown Housing Authority	19,873,900	66,700	45,600	117,253	71.76%	various	none
Brighton Apartments	871,900	-	3,882	3,287	45.85%	1991	2016
Bugbee Housing	1,589,200	-	-	13,066	100.00%	1987	2016
Olympic Apartments	1,457,300	-	3,774	8,208	68.50%	1991	2016
Creekwood Housing Development Fund Company Inc	3,024,200	186,600	-	23,330	93.83%	2013	2022
Creekwood II Housing Development Fund Company Inc	5,809,800	226,000	-	45,909	96.11%	2014	2023
Creekwood Housing Development Fund Company Inc	2,188,300	183,700	-	16,482	91.61%	2013	2022
Curtis Apartments Assoc	2,121,300	-	6,338	11,103	63.66%	1978	2018
Watertown Associates	4,887,350	-	17,430	22,754	56.63%	1982	2021
	<u>\$ 55,807,750</u>	<u>\$ 663,000</u>	<u>\$ 162,100</u>	<u>\$ 291,295</u>			

The Jefferson County Industrial Agency also has the authority to exempt sales tax and mortgage recording taxes which could lower City tax revenues. For the fiscal year ended June 30, 2017 there were no sales tax or mortgage recording tax abatement agreements entered into by the Jefferson County Industrial Agency that reduced these City tax revenues.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Litigation

The City has been named in several claims arising out of the conduct of its business, including claims for property damage, personnel practices, personal injury, false arrest, and disputes over contracts and suits contesting assessments. These claims, in the opinion of City officials, will not result in material judgments against the City, and, therefore, are not expected to have a material effect on the general-purpose financial statements. Additionally, as of June 30, 2017, the financial impact of these claims, if any, cannot be determined. Accordingly, the general-purpose financial statements have not been adjusted to reflect the potential result of these claims. However, the City has accumulated a reserve of \$651,586 as of June 30, 2017 for un-funded general liability claims.

Grant Programs

The City participates in a number of Federal and State grant programs. These programs are subject to financial and compliance audits by the grantors of their representatives. The City believes, based upon its review of current activity and prior experience, the amount of disallowances resulting from these audits, if any, will not be significant to the City's financial position or results of operations.

Environmental Concerns

On April 27, 2007, the City acquired several parcels of property from Black Clawson known as Sewall's Island. On December 26, 2006, the City received a grant under the Environmental Restoration Program (ERP) from the New York State Department of Conservation for the investigation of the Sewall's Island project site. The ERP grant will provide \$705,540 towards the investigation phase of the project. The City's local share to the ERP grant will be funded from a U.S. Environmental Protection Agency Brownfields Pilot Program grant. The City Council has spent \$900,545 for a professional services contract with Lu Engineers to prepare the investigation phase of the Environmental Restoration Program. As of June 30, 2017, the City is not expected to have any liability for this potential environmental clean-up due to the "safe harbor" provisions of the ERP grant.

The City is engaged in many activities (i.e. water and sewer service, refuse collection, and gasoline storage) in the normal course of operations that are potentially hazardous to the environment. As of June 30, 2017, the City is not aware of any significant environmental problems that should be disclosed in the financial statements.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 15 – COMMITMENTS AND CONTINGENCIES - Continued

Landfill Closure

State and federal laws and regulations required the City to close its landfill site in 1993. Although the closure has been completed, the City must continue to perform certain maintenance and monitoring functions at the site for thirty years after closure. The costs incurred during the closure were expensed as incurred. The post-closure monitoring occurs three times a year at an estimated annual expenditure of \$18,000. At June 30, 2017, an estimated \$126,000 in post-closure care cost will be incurred over the remaining 7-year period. This liability is recorded as long-term debt in the Statement of Net Position and is amortized in the General Fund at approximately \$18,000 each year.

The current landfill-monitoring contract expired in 2000. The estimated total liability was computed assuming future contracts monitoring costs would be comparable.

Black River Fund

The City of Watertown owns a hydroelectric facility on the Black River. On November 21, 1994, the City Council approved an agreement between the City and New York Rivers United, an environmental group, for the establishment of a Black River Fund. On June 16, 1995, the Federal Energy Regulatory Agency (FERC) issued the City a hydroelectric generation license.

This Fund is established in consideration of the immitigable impacts of the Watertown Project and for the purpose of financing projects and facilities that enhance the natural resources and human values of the Black River within the City's boundaries. This Fund will be used to finance projects and facilities which conserve and enhance the fish, plant and wildlife resources of the Black River, improve water quality, educate the public about the river and its uses, and provide for recreation.

This Fund is being administered by a Black River Fund Committee, which shall determine the distribution of funding each year. If able to demonstrate that their proposal provides a clear public benefit, governmental agencies, non-profit organizations, education institutions, and individuals shall be eligible to receive funding from the Black River Fund. On December 16, 2006, the Committee allocated \$20,000 to New York Rivers United to document the river's ecology in terms of quality, water quantity, general biodiversity and ecological status since the passage of the 1977 Federal Clean Water Act. The Committee contributed \$80,000 to the City for its Hold Brothers Access Improvement Project between 2008 and 2009.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 15 – COMMITMENTS AND CONTINGENCIES - Continued

Black River Fund - Continued

Under the terms of the agreement, within sixty (60) days of the City's acceptance of a new FERC license, the City agreed to contribute \$30,000 to cover the first three (3) years of the license's forty (40) year term. The City started to contribute \$10,000 annually beginning in the fiscal year ending June 30, 2003, for a total agreed contribution of \$400,000. The balance in the fund as of June 30, 2017 was \$88,311.

Additionally, the City agreed to establish a replacement reserve to accumulate funds towards the anticipated cost of repairing, replacing, or retiring of energy generation equipment at the facility.

Electrical Distribution System Agreement

The City approved a sale of its Electrical Distribution System in March 1991. In connection with the sale, the parties agreed to the following:

1. National Grid was to operate the existing municipal hydro plant at no cost to the City beginning January 1, 1991 and extending until removal of the plant from service for reconstruction.
2. The City would proceed in the process of undertaking re-licensing of the hydro plant in accordance with the Federal Energy Regulatory Commission (FERC) rules and regulations, and would undertake the refurbishing of the plant.
3. The City will lease all of its surplus power to National Grid for a term not exceeding forty years.

The City commenced reconstruction of the hydroelectric plant on June 2, 1997. The project, which cost \$9,075,000, was completed in January 2000.

Metropolitan Planning Organization

After the 2010 Census was completed, the U.S. Census Bureau delineated an Urbanized Area that includes the City of Watertown. The Urbanized Area designation set in motion changes to the City's relationship with several federal programs.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 15 – COMMITMENTS AND CONTINGENCIES - Continued

Metropolitan Planning Organization – Continued

A Metropolitan Planning Organization (MPO) was formed to plan for the expenditure of federal highway and transit funds within a Metropolitan Planning Area (MPA) that was delineated around the Urbanized Area. The Watertown-Jefferson County Transportation Council was designated as the MPO on September 19, 2014 by the Commissioner of the NYS Department of Transportation on behalf of the Governor. The MPO is governed by a Memorandum of Understanding between the City, Jefferson County and NYS Department of Transportation.

The federal Office of Management and Budget used the Urbanized Area to create the Watertown-Fort Drum, NY Metropolitan Statistical Area (MSA) on February 28, 2013. As a Principal City in the MSA, Watertown became an Entitlement Community under U.S. Housing and Urban Development's Community Development Block Grant program. This means the City will be receive an annual allocation of community development funds.

The City will also become responsible for enforcing U. S. Environmental Protection Agency storm water regulations under the Municipal Separate Storm Sewer System (MS4) program.

Agreements Between The Development Authority of the North Country and the City

The City has an agreement with the Development Authority of the North Country (DANC), who in turn has an agreement with the United States Army, to produce and deliver treated fresh water to Fort Drum and other outside water districts. The City, DANC and the Army have a similar agreement for the provision of wastewater treatment services whereby sewage from Fort Drum and other outlying communities is delivered to the City's wastewater treatment plant.

DANC is routinely audited by the Defense Contract Audit Agency (DCAA) for its charges to the United States Army. As the contracts between the Army and DANC as well as the sub-agreement between the City and DANC are considered cost-based contracts, DCAA is also able to audit the costs of the City's water and wastewater treatment plants.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 15 – COMMITMENTS AND CONTINGENCIES - Continued

Agreements Between The Development Authority of the North Country and the City - Continued

DCAA completed in October 2017 the audit of DANC’s Fiscal Years ending March 31, 2014, 2015 and 2016. The General Fund charges all non-General Fund departments (Water, Sewer and Library) for all of their electric consumption based upon the rates established by the Power Purchase Agreement with National Grid. DCAA’s review of the City’s electricity costs charged from the General Fund’s hydro-electric plant concluded that the charges were not actual costs and therefore not compliant with the agreements. DCAA has calculated the amounts overcharged as \$267,122 for the Water Fund and \$457,252 for the Sewer Fund for the three years audited. These amounts were calculated under the context that because the City’s hydro-electric facility receives more from its sales of excess electricity to National Grid than its operating costs there is actually no cost to the City for the electricity used by the water and wastewater treatment plants. DCAA’s audits are advisory and non-binding. As part of the final report to the Army the City was permitted to submit an explanation of its position on the methodology it uses and has used for other fiscal years that were previously audited by DCAA. The City is awaiting a copy of the final report as well as any communication from the Army that it is going to pursue a refund.

NOTE 16 – RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2016, a prior year restatement of \$170,435 and \$161,507 was made in the Water and Sewer Funds respectively to correct revenues applicable to the fiscal year ended June 30, 2016.

Statement of Activities and Changes in Net Position

	Business-Type
Net Position Beginning of Year, as Previously Stated	\$ 33,238,681
Reclassification of prior year water and sewer charges	331,942
Net Position Beginning of Year, as Restated	\$ 33,570,623

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 16 – RESTATEMENT OF NET POSITION - Continued

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds

	<u>Water</u>	<u>Sewer</u>
Net Position Beginning of Year, as Previously Stated	\$ 15,933,203	\$ 17,305,478
Reclassification of prior year water and sewer charges	<u>170,435</u>	<u>161,507</u>
Net Position Beginning of Year, as Restated	<u>\$ 16,103,638</u>	<u>\$ 17,466,985</u>

NOTE 17 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 4, 2018, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE FUNDING PROGRESS OF THE POST EMPLOYMENT HEALTHCARE
BENEFIT PLAN**

Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2017	\$ -	\$ 129,312,602	\$ 129,312,602	0%	\$ 19,297,415	670%
6/30/2016	\$ -	130,233,084	130,233,084	0%	18,669,336	698%
6/30/2015	\$ -	127,195,942	127,195,942	0%	18,105,641	703%

 See paragraph on supplementary schedules included in independent auditors' report.

CITY OF WATERTOWN, NEW YORK

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Resources (Inflows)				
Real Property Taxes	\$ 8,743,906	\$ 8,743,906	\$ 8,687,919	\$ (55,987)
Real Property Tax Items	327,500	327,500	331,240	3,740
Non-Property Taxes	18,879,000	18,879,000	18,662,524	(216,476)
Departmental Income	5,682,370	5,682,370	6,493,238	810,868
Intergovernmental Charges	117,800	117,800	138,141	20,341
Use of Money and Property	93,635	93,635	91,555	(2,080)
Licenses and Permits	93,250	93,250	126,730	33,480
Fines and Forfeitures	132,000	132,000	117,388	(14,612)
Sale of Property and Compensation for Loss	152,000	152,000	742,783	590,783
Miscellaneous Local Sources	1,008,790	1,008,790	1,059,426	50,636
Interfund Revenue	1,268,754	1,268,754	1,236,883	(31,871)
State Source	5,576,410	5,576,410	5,614,313	37,903
Federal Sources	991,900	991,900	542,062	(449,838)
Transfers from Other Funds	56,000	56,000	89,058	33,058
Amounts Available for Appropriation	<u>43,123,315</u>	<u>43,123,315</u>	<u>43,933,260</u>	<u>809,945</u>
Charges to Appropriations (Outflows)				
General Government Support	6,531,287	5,522,437	4,984,350	538,087
Public Safety	15,815,172	16,685,897	16,505,135	180,762
Transportation	4,940,877	4,884,302	4,217,042	667,260
Economic Assistance and Development	18,500	20,325	19,378	947
Culture and Recreation	1,833,824	2,039,724	1,833,349	206,375
Home and Community Services	1,488,130	1,433,505	1,226,881	206,624
Employee Benefits	9,018,310	10,774,910	10,722,981	51,929
Debt Service	2,962,144	2,979,644	2,979,644	-
Transfers to Other Funds	2,065,099	2,065,099	2,032,083	33,016
Total Charges to Appropriations	<u>44,673,343</u>	<u>46,405,843</u>	<u>44,520,843</u>	<u>1,885,000</u>
Excess (Deficiency) of Resources Over Charges to Appropriations	(1,550,028)	(3,282,528)	(587,583)	2,694,945
Appropriation of Prior Year Fund Balance	<u>1,550,028</u>	<u>3,282,528</u>	-	<u>(3,282,528)</u>
Excess / (Deficiency) of Resources Over Charges to Appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>(587,583)</u>	<u>\$ (587,583)</u>
Fund Balance, Beginning of Year			15,251,353	
Fund Equity Transfer			<u>104,008</u>	
Fund Balance, End of Year			<u>\$ 14,767,778</u>	

See paragraph on supplementary schedules included in independent auditors' report.

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – NYSLRS PENSION PLAN

Year Ended June 30, 2017

	2017	2016	2015
Employees' Retirement System (ERS)			
City's Proportion of the Net Pension Liability	0.03452640%	0.03415490%	0.03534050%
City's Proportionate Share of the Net Pension Liability	\$ 3,244,181	\$ 5,481,964	\$ 1,193,889
City's Covered Payroll	\$ 8,906,648	\$ 8,685,504	\$ 8,549,403
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	<u>36.42%</u>	<u>63.12%</u>	<u>13.96%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.70%	90.70%	97.90%
Police and Fire Retirement System (PFRS)			
City's Proportion of the Net Pension Liability	0.29512720%	0.31948320%	0.30481120%
City's Proportionate Share of the Net Pension Liability	\$ 6,116,959	\$ 9,459,217	\$ 839,022
City's Covered Payroll	\$ 10,390,767	\$ 9,983,832	\$ 9,556,238
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	<u>58.87%</u>	<u>94.75%</u>	<u>8.78%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.50%	90.20%	99.00%

10 years of historical data was not available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

See paragraph on supplementary schedules included in independent auditors' report.

SCHEDULE OF THE CITY'S CONTRIBUTIONS – NYSLRS PENSION PLAN

Year Ended June 30, 2017

	2017	2016	2015
Employees' Retirement System (ERS)			
Contractually Required Contribution	\$ 1,305,395	\$ 1,343,922	\$ 1,657,173
Contributions in Relation to the Contractually Required Contribution	<u>1,305,395</u>	<u>1,343,922</u>	<u>1,657,173</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Employee Payroll	\$ 8,906,648	\$ 8,685,504	\$ 8,549,403
Contributions as a Percentage of Covered Employee Payroll	14.66%	15.47%	19.38%
Police and Fire Retirement System (PFRS)			
Contractually Required Contribution	\$ 2,276,464	\$ 2,136,795	\$ 2,494,595
Contributions in Relation to the Contractually Required Contribution	<u>2,276,464</u>	<u>2,136,795</u>	<u>2,494,595</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Employee Payroll	\$ 10,390,767	\$ 9,983,832	\$ 9,556,238
Contributions as a Percentage of Covered Employee Payroll	21.91%	21.40%	26.11%

10 years of historical data was not available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

See paragraph on supplementary schedules included in independent auditors' report.

FEDERAL AWARDS PROGRAM INFORMATION



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CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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

**SENIOR MANAGEMENT, MAYOR AND
MEMBERS OF THE CITY COUNCIL OF
THE CITY OF WATERTOWN, NEW YORK**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the **CITY OF WATERTOWN, NEW YORK**, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City of Watertown, New York's basic financial statements, and have issued our report thereon dated January 4, 2018.

Internal Control Over Financial Reporting

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

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

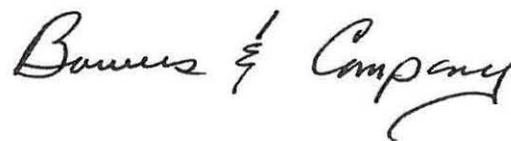
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in dark ink and is positioned to the right of the main text block.

Watertown, New York
January 4, 2018



**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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

**SENIOR MANAGEMENT, MAYOR AND
MEMBERS OF THE CITY COUNCIL OF
THE CITY OF WATERTOWN, NEW YORK**

Report on Compliance for Each Major Federal Program

We have audited the City of Watertown, New York's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Watertown, New York's major federal programs for the year ended June 30, 2017. The City of Watertown, New York's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Watertown, New York's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Watertown, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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1120 Commerce Park Drive East, Watertown, NY 13601 Phone: 315.788.7690 • Fax: 315.788.0966

www.bcpllc.com

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

Opinion on Each Major Federal Program

In our opinion, City of Watertown, New York, complied, in all material respects, with the types of compliance requirements referred to above that could have direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Banner & Company

Watertown, New York
January 4, 2018

CITY OF WATERTOWN, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2017

Federal Grantor/Program Title	CFDA Number	Pass-Through Grant #	Federal Expenditures
US Department of Housing & Urban Development			
Direct Award:			
Community Development Block Grant / Entitlement Grant	14.218	B-14-MC-36-0121	\$ 46,116
Community Development Block Grant / Entitlement Grant	14.218	B-15-MC-36-0121	85,577
Community Development Block Grant / Entitlement Grant	14.218	B-16-MC-36-0121	235,447
Total Community Development Block Grant /Entitlement Grant Cluster			<u>367,140</u>
Passed Through New York State Homes & Community Renewal:			
Community Development Block Grant / Program Income	14.228		5,724
Total Community Development Block Grant / State's Loan			<u>5,724</u>
Total Department of Housing & Urban Development			<u>372,864</u>
US Department of Transportation			
Passed Through New York State:			
State and Community Highway Safety	20.600	PD-00173-(023)	7,803
Highway Planning and Construction	20.205	PIN 7753.15.121	4,082,827
Total Department of Transportation			<u>4,090,630</u>
US Department of Homeland Security			
Direct Award:			
Assistance to Firefighters Grant	97.044	EMW-2015-FO-00104	297,615
Passed Through New York State Division of Homeland Security and Emergency Services:			
Homeland Security Grant Program	97.067	T173750	1,570
			<u>1,570</u>
Total Department of Homeland Security			<u>299,185</u>
US Department of Justice			
Direct Award:			
Bullet Proof Vest Partnership	16.607		2,700
FY 16 JAG Equipment	16.738	2016-DJ-BX-0600	11,466
Passed Through New York State Division of Criminal Justice Services:			
Livescan Equipment Program	16.738	T637356	10,000
Total Department of Justice			<u>24,166</u>
TOTAL FEDERAL ASSISTANCE			<u><u>\$ 4,786,845</u></u>

See paragraph on supplementary schedules included in independent auditors' report and accompanying notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2017

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as a source of the data presented. The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures.

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

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

NOTE 2 - COMMUNITY DEVELOPMENT BLOCK GRANT LOANS

Loan activity for the Community Development Block grant loans is as follows:

CFDA #	Balance at July 1, 2016	Issuance	Forgiveness	Balance at June 30, 2017
14.228	\$ 975,175	\$ -	\$ 185,418	\$ 789,757

NOTE 3 - SUBRECIPIENTS

No amounts were provided to subrecipients.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2017

NOTE A - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of City of Watertown, New York.
2. No significant deficiencies related to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Watertown, New York were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs of the City of Watertown, New York expresses an unmodified opinion on all major federal programs.
6. No audit findings that are required to be reported in accordance with the Uniform Guidance are reported in this Schedule.
7. The program tested as a major federal program was – Highway Planning and Construction – CFDA #20.205.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The City of Watertown, New York was determined to be a low-risk auditee.

NOTE B - FINANCIAL STATEMENT AUDIT FINDINGS

There were no findings to report.

NOTE C - MAJOR FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS

There were no findings to report.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2017

NOTE A – FINANCIAL STATEMENT AUDIT FINDINGS

There were no prior year audit findings.

NOTE B – MAJOR FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS

There were no prior year audit findings.

STATE TRANSPORTATION ASSISTANCE PROGRAMS



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL
CONTROL OVER STATE TRANSPORTATION ASSISTANCE EXPENDED BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

**SENIOR MANAGEMENT, MAYOR AND
MEMBERS OF THE CITY COUNCIL OF
THE CITY OF WATERTOWN, NEW YORK**

Report on Compliance for State Transportation Assistance Programs

We have audited the City of Watertown, New York's compliance with the types of compliance requirements described in Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that are applicable to each state transportation assistance program tested for the year ended June 30, 2017. The programs tested are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for state transportation assistance expended.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state transportation assistance programs.

Auditors' Responsibility

Our responsibility is to express an opinion on City of Watertown, New York's compliance for each state transportation assistance program tested based on our audit of compliance. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Part 43 of NYCRR. Those standards and Part 43 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, that could have a direct and material effect on the state transportation assistance programs tested, has occurred. An audit includes examining, on a test basis, evidence about City of Watertown, New York's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each state transportation assistance program tested. However, our audit does not provide a legal determination of City of Watertown, New York's compliance with those requirements.

Opinion on Each State Transportation Assistance Program Tested

In our opinion, City of Watertown, New York complied, in all material respects, with the requirements referred to above that are applicable to each of its state transportation assistance programs tested for the year ended June 30, 2017.

Report on Internal Control Over Compliance

The management of City of Watertown, New York is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state transportation assistance programs tested. In planning and performing our audit of compliance, we considered City of Watertown, New York's internal control over compliance with requirements that could have a direct and material effect on state transportation assistance programs tested in order to determine our auditing procedures that are appropriate for the purpose of expressing an opinion on compliance for each state transportation assistance program tested and to test and report on the internal control over compliance in accordance with Part 43 of NYCRR, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Watertown, New York's internal control over compliance.

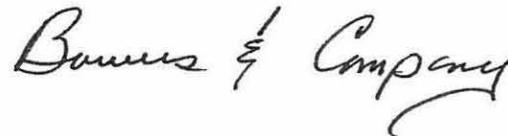
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management of employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a state transportation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

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

Report on Schedule of State Transportation Assistance Expended

We have audited the financial statements of City of Watertown, New York as of and for the year ended June 30, 2017, and have issued our report thereon dated January 4, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on City of Watertown, New York's financial statements taken as a whole. The accompanying schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Part 43 of NYCRR, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state transportation assistance expended is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Part 43 of NYCRR. Accordingly, this report is not suitable for any other purpose.



Watertown, New York
January 4, 2018

SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED

June 30, 2017

Program Title	Ref. Number	Expenditures
Consolidated Local Street and Highway Improvement Program Capital - Reimbursement / CHIPS	732059	\$ 473,184
Marchiselli Match For Federal Aid Highway Projects	D032467	804,901
State Aid	D035315,D035316	153,117
Bus Transit Operating Assistance		<u>279,926</u>
Total		<u>\$ 1,711,128</u>

See accompanying notes to schedule of state transportation assistance expended.

NOTES TO SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED

June 30, 2017

NOTE A - GENERAL

The Schedule of State Transportation Assistance Expended of the City of Watertown, New York, presents the activity of all major financial assistance programs provided by the New York State Department of Transportation.

NOTE B - BASIS OF ACCOUNTING

The Schedule of State Transportation Assistance Expended is presented using the accrual basis of accounting.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR STATE
TRANSPORTATION ASSISTANCE EXPENDED**

June 30, 2017

Summary of Auditors' Results

Internal control over state transportation assistance expended:

Material weaknesses identified None reported

Significant deficiencies identified that are not
considered to be material weaknesses None reported

Type of auditors' report issued on compliance for
Program tested: Unmodified

Summary of Audit Findings: N/A

Identification of State Transportation Assistance
Programs tested: Consolidated Local
Street & Highway
Improvement Program
Capital Reimbursement-
CHIPS Contract# 732059

Marchiselli Match for
Federal Aid Highway
Projects #D032467

Compliance Findings and Questioned Costs

No matters were reported.



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January 4, 2018

Senior Management, Mayor
And Members of the City Council
The City of Watertown
Watertown, NY 13601

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Watertown, New York for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 23, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Watertown, New York are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by City of Watertown, New York during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the City of Watertown, New York's financial statements was:

Management's estimate of the depreciation of fixed assets is based on estimated useful lives. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of post-employment benefits in Note 10 to the financial statements was developed by an actuarial firm hired by the City. These estimates are based on projected salaries and life expectancies of the various participants.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes material misstatements as a result of audit procedures that were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 4, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to City of Watertown, New York's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as City of Watertown, New York's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the schedule of the funding progress of the post employment healthcare benefit plan and the budgetary comparison schedule – general fund, schedule of the City's share of the net pension liability – NYSLRS Pension Plan, and the schedule of the City's Contributions – NYSLRS Pension Plan which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of management, the Mayor and members of the City Council of the City of Watertown, New York and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bowers & Company

Material Journal Entries:

Sewer Fund

Adjusting Journal Entries JE # 102		06-C.01		
Client prepared sewer billing adjustment to receivables.				
G.0000.0360	SEWER RENTS RECEIVABLE		151,663.02	
G.0000.2120	SEWER RENTS			151,663.02
Total			<u>151,663.02</u>	<u>151,663.02</u>

Adjusting Journal Entries JE # 103		06-05.02		
Sewer receivable prior period adjustment				
G.0000.2120	SEWER RENTS		161,507.00	
G.0000.0909	FUND BALANCE			161,507.00
Total			<u>161,507.00</u>	<u>161,507.00</u>

Water Fund

Adjusting Journal Entries JE # 102		07-C.01		
Client prepared adjustment for water billing receivables				
F.0000.0350	WATER RENT RECEIVABLE		167,759.52	
F.0000.2140	METERED WATER SALES			167,759.52
Total			<u>167,759.52</u>	<u>167,759.52</u>

Adjusting Journal Entries JE # 103		07-05.02		
Prior period adjustment for water receivables/meter sales				
F.0000.2140	METERED WATER SALES		170,435.00	
F.0000.0909	FUND BALANCE			170,435.00
Total			<u>170,435.00</u>	<u>170,435.00</u>

Res No. 1

January 5, 2018

To: City Council Members
From: Joseph M. Butler, Jr., Mayor
Subject: Reappointment to the Roswell P. Flower Memorial Library
Board of Trustees – Keith Caughlin

The term for the Chair of the Flower Memorial Library Board of Trustees expired December 31, 2017. We have reached out to Mr. Keith Caughlin, and he is agreeable to serve an 11-year term.

I feel Mr. Caughlin's familiarity with the Library, his current leadership role, and his strong willingness to work with City Hall on a range of issues warrants his continued service.

Therefore, I am nominating Mr. Keith Caughlin to serve an 11-year term commencing January 1, 2018, and respectfully submit his name to City Council for their consideration.

RESOLUTION

Reappointment to the Roswell P. Flower Memorial Library Board of Trustees – Keith Caughlin

Page 1 of 1

Council Member HENRY-WILKINSON, Ryan J.

Council Member HORBACZ, Cody J.

Council Member RUGGIERO, Lisa L.

Council Member WALCZYK, Mark C.

Mayor BUTLER, Jr., Joseph M.

Total

YEA	NAY

Introduced by

BE IT RESOLVED by the City Council of the City of Watertown, New York, that Keith Caughlin, 134 Elm Street, Watertown, New York, is hereby reappointed to the Roswell P. Flower Memorial Library Board of Trustees for an 11-year term, such term expiring on December 31, 2028.

Seconded by

Res No. 2

January 4, 2018

To: The Honorable Mayor and City Council

From: Sharon Addison, City Manager

Subject: Approving Salary Structure and Annual Increase for Watertown Housing Authority Employees

In conformity with the requirements of the New York State Housing Law and the United States Housing Act, the City Council of the City of Watertown is being asked to approve salary increases for the employees of the Watertown Housing Authority (WHA). By correspondence dated December 22, 2017, the City was notified that the Watertown Housing Authority Board adopted a resolution establishing the cost of living increase for all employees at two and one-half percent (2.5%) for calendar year 2018. Their Board of Commissioners has approved salary range changes for the following positions: Maintenance Mechanic, Public Housing Specialist, Senior Public Housing specialist and Stock Attendant.

A resolution approving the recommended two and one-half percent (2.5%) cost of living increase for all employees of the Watertown Housing Authority is attached for City Council consideration. A copy of the 2018 salary structure for the WHA is attached for your review. Mr. Robare will be present at Tuesday's City Council meeting should the Council have any further questions regarding the WHA's recommendations.

RESOLUTION

Page 1 of 1

Approving Salary Structure and Annual Pay Increase for Watertown Housing Authority Employees

- Council Member HENRY-WILKINSON, Ryan J.
- Council Member HORBACZ, Cody J.
- Council Member RUGGIERO, Lisa A.
- Council Member WALCZYK, Mark C.
- Mayor BUTLER, Jr., Joseph M.

Total

YEA	NAY

Introduced by

WHEREAS in conformity with the requirements of the New York State Public Housing Law § Section 32, Sub Division 1, compensation for Watertown Housing Authority employees can be fixed only upon the approval of the local legislative body, which is the City Council of the City of Watertown, and

WHEREAS the Watertown Housing Authority has reported that based on a comparability review of salaries for their employees with prevailing local government salaries, it is the desire of the Watertown Housing Authority Board to authorize a two and one-half percent (2.5%) cost of living increase for all employees effective January 1, 2018, and

WHEREAS by resolution adopted on December 21, 2017, the Watertown Housing Authority Board approved a two and one-half percent (2.5%) cost of living increase for all employees, effective January 1, 2018, by modification to its existing salary structure,

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Watertown hereby approves the 2018 salary structure for all employees of the Watertown Housing Authority which contains a two and one-half percent (2.5%) cost of living increase, effective January 1, 2018, salary structures are attached and made part of this resolution, along with salary range changes for the following positions: Maintenance Mechanic, Public Housing Specialist, Senior Public Housing specialist and Stock Attendant, and

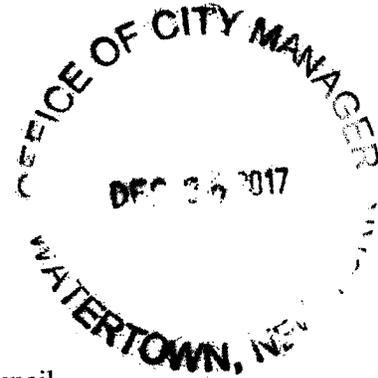
BE IT FURTHER RESOLVED that City Manager Sharon Addison is hereby authorized and directed to forward a certified copy of the resolution to the Watertown Housing Authority.

Seconded by

Watertown Housing



A U T H O R I T Y



December 22, 2017

East Hills

Maywood
Terrace

Skyline
Apartments

Hilltop
Towers

Midtown
Towers

LeRay St.
Apartments

Meadowbrook
Apartments

Ms. Sharon Addison
City Manager
Watertown Municipal Building
245 Washington Street
Watertown, New York 13601

Re: Annual Salary Comparability Approval by City Council

Dear Ms. Addison:

In conformity with the requirements of the New York State Public Housing Law Section 32, Sub Division 1, compensation for the Watertown Housing Authority (WHA) employees can be fixed only upon approval of the local legislative body, which is the City Council of the City of Watertown. Recently at its regular meeting that was held at Midtown Towers, 142 Mechanic Street, Watertown, New York on Thursday, December 21, 2017, the WHA Board of Commissioners approved a 2.5% cost of living adjustment effective January 1, 2018. You will also see that the Board of Commissioners approved salary range changes for the following positions: Maintenance Mechanic, Public Housing Specialist, Senior Public Housing Specialist and Stock Attendant.

The WHA Board is requesting a resolution by the City Council of Watertown approving the 2.5% cost of living adjustment for all positions and the range changes as stated above. These changes will be effective January 1, 2018. A copy of the WHA's Board resolution and salary structure are enclosed for your review.

If you have any questions, you can contact me at the address or number below.

Sincerely,

Michael Robare
Executive Director



Providing Decent, Safe and Affordable Housing

142 Mechanic St. • Watertown, NY 13601 • 315-782-1251
FAX:315-782-9394 • www.WHANY.org

Step System (Administration) that will become effective January 1, 2018

Watertown Housing Authority

Each year the steps will be adjusted accordingly with the cost of living adjustment (COLA) approved by the WHA Board, then by the City Council.

2018 COLA = 2.50%

POSITION	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
<u>MANAGEMENT EMPLOYEES</u>								
<u>Confidential Assist to Exec. Director</u>								
Confidential Assist. To Exec. Dir. (Salary)	\$49,684	\$51,423	\$53,222	\$55,085	\$57,013	\$59,009	\$61,074	\$63,212
Confidential Assist to Exec. Dir (Hourly)	\$27.30	\$28.25	\$29.24	\$30.27	\$31.33	\$32.42	\$33.56	\$34.73
<u>Modernization Manager</u>								
Mod Manager (Salary)	\$52,622	\$54,463	\$56,370	\$58,343	\$60,385	\$62,498	\$64,686	\$66,950
Mod. Manager (Hourly)	\$28.91	\$29.92	\$30.97	\$32.06	\$33.18	\$34.34	\$35.54	\$36.79
<u>Maintenance Supervisor</u>								
Maint. Supervisor (Salary)	\$51,628	\$53,435	\$55,306	\$57,241	\$59,245	\$61,318	\$63,464	\$65,686
Maint. Supervisor (Hourly)	\$28.37	\$29.36	\$30.39	\$31.45	\$32.55	\$33.69	\$34.87	\$36.09
<u>Occupancy Supervisor</u>								
Occ. Supervisor (Salary)	\$50,615	\$52,387	\$54,221	\$56,118	\$58,082	\$60,115	\$62,221	\$64,399
Occ. Supervisor (Hourly)	\$27.81	\$28.78	\$29.79	\$30.83	\$31.91	\$33.03	\$34.19	\$35.38
<u>Accounting Supervisor</u>								
Accounting Supervisor (Salary)	\$55,626	\$57,573	\$59,588	\$61,674	\$63,833	\$66,067	\$68,378	\$70,772
Accounting Supervisor (Hourly)	\$30.56	\$31.63	\$32.74	\$33.89	\$35.07	\$36.30	\$37.57	\$38.89
<u>NON - MANAGEMENT EMPLOYEES</u>								
<u>Public Housing Specialist</u>								
Public Housing Specialist (Salary)	\$28,297	\$29,287	\$30,312	\$31,373	\$32,471	\$33,608	\$34,784	\$36,001
Public Housing Specialist (Hourly)	\$15.55	\$16.09	\$16.66	\$17.24	\$17.84	\$18.47	\$19.11	\$19.78
<u>Senior Public Housing Specialist</u>								
Sr. Public Housing Specialist (Salary)	\$31,302	\$32,398	\$33,532	\$34,705	\$35,920	\$37,177	\$38,479	\$39,825
Sr Public Housing Specialist (Hourly)	\$17.20	\$17.80	\$18.42	\$19.07	\$19.74	\$20.43	\$21.14	\$21.88
<u>Account Clerk</u>								
Acct. Clerk (Salary)	\$30,031	\$31,082	\$32,170	\$33,296	\$34,461	\$35,667	\$36,916	\$38,208
Acct. Clerk (Hourly)	\$16.50	\$17.08	\$17.68	\$18.29	\$18.93	\$19.60	\$20.28	\$20.99
<u>Senior Account Clerk</u>								
Senior Account Clerk (Salary)	\$34,802	\$36,020	\$37,281	\$38,586	\$39,936	\$41,334	\$42,781	\$44,278
Senior Account Clerk (Hourly)	\$19.12	\$19.79	\$20.48	\$21.20	\$21.94	\$22.71	\$23.51	\$24.33
<u>Tenant Relations Coord.</u>								
Ten. Rel. Coord. (Salary)	\$31,880	\$32,996	\$34,152	\$35,347	\$36,585	\$37,865	\$39,190	\$40,562
Ten. Rel. Coord. (Hourly)	\$17.52	\$18.13	\$18.76	\$19.42	\$20.10	\$20.80	\$21.53	\$22.29
<u>Administrative Assistant</u>								
Administrative Assistant (Salary)	\$32,529	\$33,668	\$34,846	\$36,066	\$37,328	\$38,635	\$39,987	\$41,387
Administrative Assistant (Hourly)	\$17.87	\$18.50	\$19.15	\$19.82	\$20.51	\$21.23	\$21.97	\$22.74
<u>Information Tech. Specialist</u>								
Info. Tech. Specialist (Salary)	\$40,234	\$41,642	\$43,100	\$44,608	\$46,171	\$47,787	\$49,459	\$51,189
Info. Tech. Specialist (Hourly)	\$22.11	\$22.88	\$23.68	\$24.51	\$25.37	\$26.26	\$27.18	\$28.13

Step System (Maintenance) that will become effective January 1, 2018

Watertown Housing Authority

2018 COLA = 2.50%

POSITION	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
Maintenance Workers										
Maintenance Workers (Salary)	\$27,080	\$28,028	\$29,009	\$30,024	\$31,075	\$32,162	\$33,288	\$34,453	\$35,659	\$36,907
Maintenance Workers (Hourly)	\$13.02	\$13.47	\$13.95	\$14.43	\$14.94	\$15.46	\$16.00	\$16.56	\$17.14	\$17.74
Facility Maintenance Workers										
Facility Maintenance Worker (Salary)	\$29,765	\$30,805	\$31,883	\$32,999	\$34,154	\$35,350	\$36,587	\$37,868	\$39,193	\$40,564
Facility Maintenance Worker (Hourly)	\$14.31	\$14.81	\$15.33	\$15.87	\$16.42	\$17.00	\$17.59	\$18.21	\$18.84	\$19.50
Maintenance Mechanic										
Maintenance Mechanic (Salary)	\$35,350	\$36,587	\$37,868	\$39,193	\$40,565	\$41,985	\$43,454	\$44,975	\$46,549	\$48,178
Maintenance Mechanic (Hourly)	\$17.00	\$17.59	\$18.21	\$18.84	\$19.50	\$20.18	\$20.89	\$21.62	\$22.38	\$23.16
Crew Chief										
Crew Chief (Salary)	\$38,054	\$39,386	\$40,764	\$42,191	\$43,668	\$45,196	\$46,778	\$48,415	\$50,110	\$51,864
Crew Chief (Hourly)	\$18.30	\$18.94	\$19.60	\$20.28	\$20.99	\$21.73	\$22.49	\$23.28	\$24.09	\$24.93
Stock Attendant										
Stock Attendant (Salary)	\$31,692	\$32,801	\$33,949	\$35,137	\$36,367	\$37,643	\$38,960	\$40,325	\$41,736	\$43,197
Stock Attendant (Hourly)	\$15.24	\$15.77	\$16.32	\$16.89	\$17.48	\$18.10	\$18.73	\$19.39	\$20.07	\$20.77

Watertown Housing Authority

Administrative Office
142 Mechanic Street
Watertown, NY 13601

Resolution #2017-28

The following Resolution was moved by Gerard Pacifici, seconded by Jason Burto. Lisa L'Hullier and Michelle Holder abstained due to conflicts of interest. Motion carried:

BE IT RESOLVED that the Board of Commissioners of the Watertown Housing Authority hereby approve the following salary structure changes for the WHA that will become effective January 1, 2018:

- A 2.50 % Cost of Living increase for all positions in addition to salary range changes for the following positions: Maintenance Mechanic, Public Housing Specialist, Senior Public Housing Specialist and Stock Attendant.

I hereby certify that the foregoing is a true copy and the whole of said Resolution adopted by the Watertown Housing Authority on December 21, 2017, and that said meeting was regularly called and duly constituted.

Witness my hand and seal of the Watertown Housing Authority this 21st day of December 2017.




Michael Robare, Executive Director

Res No. 3

January 4, 2018

To: The Honorable Mayor and City Council
From: Sharon Addison, City Manager
Subject: FEMA's Assistance to Firefighters Grant (AFG) Program

The City of Watertown Fire Department has actively participated in FEMA's Assistance to Firefighters Grant (FG) program since its inception. As detailed in Fire Chief Dale C. Herman's attached report, the equipment needs he would purchase total \$57,489. If approved for this grant, the City of Watertown would be required to fund 10% of the requested amount, which would come from the next fiscal year's budget.

Although we were unsuccessful in last year's grant application, Chief Herman feels that we should apply for this grant, closing on February 2, 2018.

Attached for City Council consideration is a resolution authorizing Fire Chief Dale C. Herman to sign and submit the grant application on behalf of the City of Watertown.

RESOLUTION

Page 1 of 1

Authorizing Application for Assistance to Firefighters Grant (AFG)

Council Member HENRY-WILKINSON, Ryan J.
 Council Member HORBACZ, Cody J.
 Council Member RUGGIERO, Lisa A.
 Council Member WALCZYK, Mark C.
 Mayor BUTLER, Jr., Joseph M.

Total

YEA	NAY

Introduced by

WHEREAS the City of Watertown Fire Department is seeking City Council approval to apply for grant funding under FEMA’s Assistance to Firefighters Grant (AFG) Program, and

WHEREAS the purpose of this program is for acquiring additional equipment, including gear washer/extractor and dryer for each of our three fire stations, and

WHEREAS the application, in the amount of \$57,489, with the City match being \$5,750, would provide funding for much needed equipment,

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Watertown hereby authorizes the Fire Department to submit a grant application under FEMA’s Assistance to Firefighters Grant (AFG) Program, and

BE IT FURTHER RESOLVED that Fire Chief Dale C. Herman is hereby authorized and directed to execute the grant application on behalf of the City of Watertown.

Seconded by



CITY OF WATERTOWN, NEW YORK

FIRE DEPARTMENT
224 South Massey Street
Watertown, New York 13601
(315) 785-7800
Fax: (315) 785-7821
Dale C. Herman, Fire Chief
dherman@watertown-ny.gov



To: S. Addison, City Manager
From: D. Herman, Fire Chief *DC H*
Date: December 27, 2017
Subject: Assistance to Firefighter Grant Opportunity

The 2017 Assistance to Firefighter Grant application period has been announced to open today with a closing date of February 2nd, 2018. The department had previously applied for personal protective gear washer and dryer for each of the City's three fire stations, however, we were not awarded funding for the project last year.

Studies have shown that routine cleaning of turnout gear after firefighting activities reduces levels of byproducts of combustion remaining on the gear worn by our members. This best practice reduces the exposure of carcinogens to the citizens of the City and our members. Reducing exposure to carcinogens not only makes for a safer work environment, but may provide long range savings to both the health care and workman's compensation plans. As such FEMA places the purchase of such equipment as a high priority. It is also possible that doing routine washing of our gear may extend the life of it. We are currently replacing gear at a 4 to 5 year replacement cycle.

We are currently relying on washing machines that are over 15 years old to perform this critical task and have no gear dryers in any of our stations.

NFPA recommends machine cleaning as the most effective method for cleaning the ensemble elements such as coat, trousers and coveralls. They go on to recommend front load washer/extractors that ensure correct water temperature and can monitor and adjust the g forces of the spinning/extraction cycle. The recommended drying method is not to use heat, as this will deteriorate the flame resistance of the turnout gear as does the drying of these garments in sunlight.

Option 1 would be to apply for a micro-grant option for a 40 pound capacity washer/extractor and dryer. The estimated cost of one (1) 40 pound washer/extractor and one (1) gear dryer is \$23,837, which includes installation to connections within the fire station and a 3 year parts warranty. We would request some additional funding of \$1,100 to modify the station for the new equipment. A match of 10% is required for this grant application.

It is preferred that each station have their own gear washing and drying equipment. Option 2 is to purchase three (3) 30 pound washer/extractor and three (3) gear dryers. The



CITY OF WATERTOWN, NEW YORK

FIRE DEPARTMENT
224 South Massey Street
Watertown, New York 13601
(315) 785-7800



Fax: (315) 785-7821
Dale C. Herman, Fire Chief
dherman@watertown-ny.gov

estimated cost of this proposal is \$51,489. There would need to be some additional funds allocated to locate both water and power within the fire station to accommodate this new equipment. Last year we estimated that cost at \$6,000. The total estimated cost of this option is \$57,489 with a local match of \$5,750.

The department is seeking Council approval to make application for this needed equipment using option 2. This was a good plan for last year and we should re-apply for the same equipment.

To ensure that we are adequately cleaning and drying our personal protective equipment and after consulting with Mr. Mills, the recommendation is that we apply for the AFG requesting option #2. We should also complete the department budget build with enough funding for option #1. This will allow for contingencies of using department budget to either meet the local match for the grant if accepted or purchase the needed washer dryer if the grant application is not funded or declined.

If you have any questions, please feel free to contact me.

CITY OF WATERTOWN FIRE DEPARTMENT

Res No. 4

January 5, 2018

To: The Honorable Mayor and City Council

From: Sharon Addison, City Manager

Subject: Authorizing the Sale of Four Emergency Light Bars,
Police Department

The Police Department has four surplus emergency light bars that were removed from decommissioned vehicles prior to their sale. They are no longer useful and therefore no longer of value to the City. As stated in the attached report of City Purchasing Manager Amy M. Pastuf, these light bars could be sold through Auctions International's online website.

A Resolution is attached for City Council consideration.

RESOLUTION

Page 1 of 1

Authorizing the Sale of Four Surplus
Emergency Light Bars,
Police Department

Council Member HENRY-WILKINSON, Ryan J.

Council Member HORBACZ, Cody J.

Council Member RUGGIERO, Lisa A.

Council Member WALCZYK, Mark C.

Mayor BUTLER, Jr., Joseph M.

Total

YEA	NAY

Introduced by

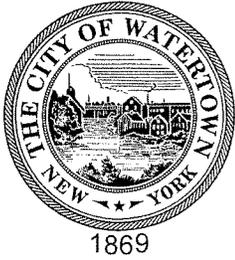
WHEREAS the City of Watertown has four surplus emergency light bars that are no longer of value to the City, the description of which is attached and made a part of this resolution, and

WHEREAS these light bars may have some value best determined by on-line auction,

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Watertown, New York, that it hereby authorizes the sale, by on-line auction, of four surplus emergency light bars from the Police Department, and

BE IT FURTHER RESOLVED that final acceptance of such bids shall constitute acceptance of the same by the City Council.

Seconded by



CITY OF WATERTOWN, NEW YORK

ROOM 205, CITY HALL
245 WASHINGTON STREET
WATERTOWN, NEW YORK 13601-3380
E-MAIL APastuf@watertown-ny.gov
☎(315) 785-7749 📠(315) 785-7752

Amy M. Pastuf
Purchasing Manager

MEMORANDUM

TO: Sharon Addison, City Manager
FROM: Amy M. Pastuf, Purchasing Manager
SUBJECT: Surplus Sale of Police Department Light Bars
DATE: 12/29/2017

The Purchasing Department is requesting City Council's permission to auction four (4) surplus emergency light bars from the City of Watertown Police Department. These light bars were removed from decommissioned vehicles prior to their sale. The Department has determined that the items are no longer useful and therefore no longer of value to the City. This request is for the City Council to authorize the Purchasing Department to accept the highest offer at time of sale.

Thank you for your consideration in this matter.

Copy: Jim Mills, City Comptroller
Police Chief Chip Donoghue

Enclosures

SURPLUS ITEMS

The following items are surplus to the City's needs. The items are located at the Public Safety Building.

DESCRIPTION	Department
Surplus emergency light bars	Police Department



Res No. 5

January 10, 2018

To: The Honorable Mayor and City Council

From: Sharon Addison, City Manager

Subject: Authorizing the Sale of Surplus Vehicle, Police Car No. 1524,
Police Department

The Police Department has a surplus police car that is beyond repair and no longer of value to the City. As stated in the attached report of City Purchasing Manager Amy M. Pastuf, this vehicle could be sold through Auctions International's online website.

A Resolution is attached for City Council consideration.

RESOLUTION

Page 1 of 1

Authorizing the Sale of Surplus Vehicle,
Police Car No. 1524,
Police Department

Council Member HENRY-WILKINSON, Ryan J.

Council Member HORBACZ, Cody J.

Council Member RUGGIERO, Lisa A.

Council Member WALCZYK, Mark C.

Mayor BUTLER, Jr., Joseph M.

Total

YEA	NAY

Introduced by

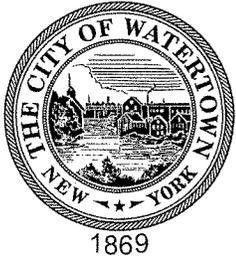
WHEREAS the City of Watertown has a surplus police car that is beyond repair and no longer of value to the City, the description of which is attached and made a part of this resolution, and

WHEREAS this vehicle may have some value best determined by on-line auction,

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Watertown, New York, that it hereby authorizes the sale, by on-line auction, of a surplus vehicle, Police Car No. 1524, from the Police Department, and

BE IT FURTHER RESOLVED that final acceptance of such bids shall constitute acceptance of the same by the City Council.

Seconded by



CITY OF WATERTOWN, NEW YORK

ROOM 205, CITY HALL
245 WASHINGTON STREET
WATERTOWN, NEW YORK 13601-3380
E-MAIL APastuf@watertown-ny.gov
☎ (315) 785-7749 📠 (315) 785-7752

Amy M. Pastuf
Purchasing Manager

MEMORANDUM

TO: Sharon Addison, City Manager
FROM: Amy M. Pastuf, Purchasing Manager
SUBJECT: Surplus Sale of Police Car #1524
DATE: 1/10/2018

The Purchasing Department is requesting City Council's permission to auction one surplus vehicle from the Police Department. The Department has determined that the vehicle is no longer useful and beyond repair and therefore no longer of value to the City. This request is for the City Council to authorize the Purchasing Department to accept the highest offer at time of sale provided the offer meets or exceeds the estimated scrap value.

Thank you for your consideration in this matter.

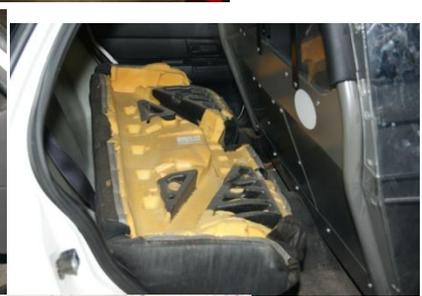
Copy: Jim Mills, City Comptroller
Chief Charles Donoghue

Enclosures

SURPLUS ITEMS

The following item is surplus to the City's needs. This vehicle is located at the City Police Department.

DESCRIPTION	Department
2009 Ford Crown Victoria, VIN# 2FAHP71VX9X131524, Mileage 120,000+	Police Department



Res No. 6

January 10, 2018

To: The Honorable Mayor and City Council
From: Sharon Addison, City Manager
Subject: Authorizing the Sale of Surplus Vehicle, Police Car No. 4416,
Police Department

The Police Department has a surplus police car that is beyond repair and no longer of value to the City. As stated in the attached report of City Purchasing Manager Amy M. Pastuf, this vehicle could be sold through Auctions International's online website.

A Resolution is attached for City Council consideration.

RESOLUTION

Page 1 of 1

Authorizing the Sale of Surplus Vehicle,
Police Car No. 4416,
Police Department

Council Member HENRY-WILKINSON, Ryan J.

Council Member HORBACZ, Cody J.

Council Member RUGGIERO, Lisa A.

Council Member WALCZYK, Mark C.

Mayor BUTLER, Jr., Joseph M.

Total

YEA	NAY

Introduced by

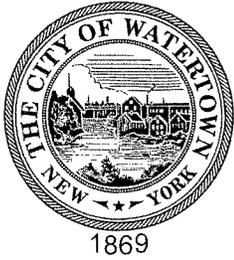
WHEREAS the City of Watertown has a surplus police car that is beyond repair and no longer of value to the City, the description of which is attached and made a part of this resolution, and

WHEREAS this vehicle may have some value best determined by on-line auction,

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Watertown, New York, that it hereby authorizes the sale, by on-line auction, of a surplus vehicle, Police Car No. 4416, from the Police Department, and

BE IT FURTHER RESOLVED that final acceptance of such bids shall constitute acceptance of the same by the City Council.

Seconded by



CITY OF WATERTOWN, NEW YORK

ROOM 205, CITY HALL
245 WASHINGTON STREET
WATERTOWN, NEW YORK 13601-3380
E-MAIL APastuf@watertown-ny.gov
☎ (315) 785-7749 📠 (315) 785-7752

Amy M. Pastuf
Purchasing Manager

MEMORANDUM

TO: Sharon Addison, City Manager
FROM: Amy M. Pastuf, Purchasing Manager
SUBJECT: Surplus Sale of Police Car #4416
DATE: 1/10/2018

The Purchasing Department is requesting City Council's permission to auction one surplus vehicle from the Police Department. The Department has determined that the vehicle is no longer useful and beyond repair and therefore no longer of value to the City. This request is for the City Council to authorize the Purchasing Department to accept the highest offer at time of sale provided the offer meets or exceeds the estimated scrap value.

Thank you for your consideration in this matter.

Copy: Jim Mills, City Comptroller
Chief Charles Donoghue

Enclosures

SURPLUS ITEMS

The following item is surplus to the City's needs. This vehicle is located at the City Police Department.

DESCRIPTION	Department
2011 Ford Crown Victoria, VIN# 2FABP7BV2BX124416, Mileage 120,000+	Police Department



Res No. 7

January 10, 2018

To: The Honorable Mayor and City Council

From: Sharon Addison, City Manager

Subject: Authorizing the Sale of Surplus Vehicle, Police Car No. 6759,
Police Department

The Police Department has a surplus police car that is beyond repair and no longer of value to the City. As stated in the attached report of City Purchasing Manager Amy M. Pastuf, this vehicle could be sold through Auctions International's online website.

A Resolution is attached for City Council consideration.

RESOLUTION

Page 1 of 1

Authorizing the Sale of Surplus Vehicle,
Police Car No. 6759,
Police Department

Council Member HENRY-WILKINSON, Ryan J.

Council Member HORBACZ, Cody J.

Council Member RUGGIERO, Lisa A.

Council Member WALCZYK, Mark C.

Mayor BUTLER, Jr., Joseph M.

Total

YEA	NAY

Introduced by

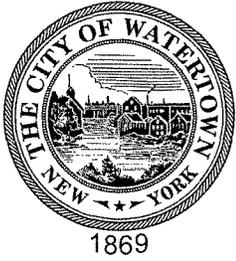
WHEREAS the City of Watertown has a surplus police car that is beyond repair and no longer of value to the City, the description of which is attached and made a part of this resolution, and

WHEREAS this vehicle may have some value best determined by on-line auction,

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Watertown, New York, that it hereby authorizes the sale, by on-line auction, of a surplus vehicle, Police Car No. 6759, from the Police Department, and

BE IT FURTHER RESOLVED that final acceptance of such bids shall constitute acceptance of the same by the City Council.

Seconded by



CITY OF WATERTOWN, NEW YORK

ROOM 205, CITY HALL
245 WASHINGTON STREET
WATERTOWN, NEW YORK 13601-3380
E-MAIL APastuf@watertown-ny.gov
☎(315) 785-7749 📠(315) 785-7752

Amy M. Pastuf
Purchasing Manager

MEMORANDUM

TO: Sharon Addison, City Manager
FROM: Amy M. Pastuf, Purchasing Manager
SUBJECT: Surplus Sale of Police Car #6759
DATE: 1/10/2018

The Purchasing Department is requesting City Council's permission to auction one surplus vehicle from the Police Department. The Department has determined that the vehicle is no longer useful and beyond repair and therefore no longer of value to the City. This request is for the City Council to authorize the Purchasing Department to accept the highest offer at time of sale provided the offer meets or exceeds the estimated scrap value.

Thank you for your consideration in this matter.

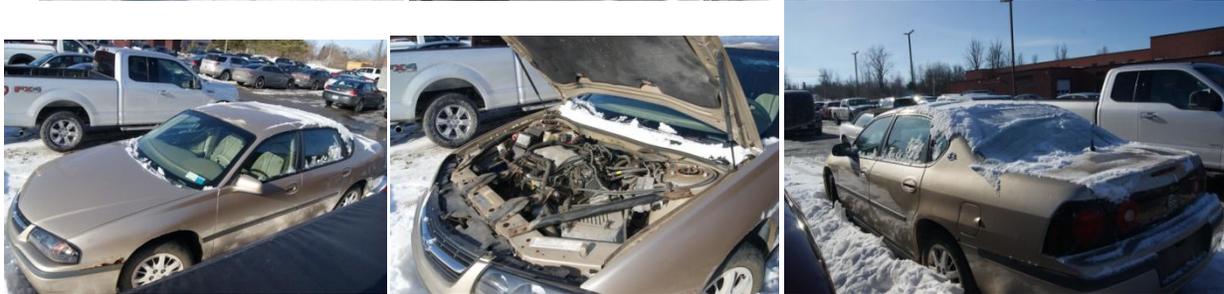
Copy: Jim Mills, City Comptroller
Chief Charles Donoghue

Enclosures

SURPLUS ITEMS

The following item is surplus to the City's needs. This vehicle is located at the City Police Department.

DESCRIPTION	Department
2004 Chevrolet Impala, VIN# 2G1WF52E549376759, Mileage 80,000+	Police Department



Res No. 8

January 2, 2018

To: The Honorable Mayor and City Council

From: Vicky L. Murphy, Water Superintendent

Subject: Designating the City Manager as the Authorized Representative for the Western Outfall Trunk Sewer Surcharging Engineering Project

In July of last year, the City submitted a Consolidated Funding Application (CFA) for the Western Outfall Trunk Sewer Surcharging Engineering Project.

On December 13, 2017, Governor Cuomo announced that the City of Watertown had been awarded a New York Clean Water State Revolving Fund Engineering and Planning Grant for the above Project in an amount not to exceed \$60,000.

The attached Resolution for City Council consideration designates the City Manager, Sharon Addison, as the Authorized Representative on behalf of the City.

RESOLUTION

Page 1 of 1

Designating the City Manager as the Authorized Representative and Authorizing the Local Match for the Western Outfall Trunk Sewer Surcharging Engineering Project Grant

- Council Member HENRY-WILKINSON, Ryan J.
- Council Member HORBACZ, Cody J.
- Council Member RUGGIERO, Lisa A.
- Council Member WALCZYK, Mark C.
- Mayor BUTLER, Jr., Joseph M.

Total

YEA	NAY

Introduced by

WHEREAS the City of Watertown, New York, has included in its Fiscal Year 2017-18 Capital Budget \$75,000 for the Engineering of the Western Outfall Trunk Sewer Rehabilitation Project, and

WHEREAS the New York State Clean Water State Revolving Fund (CWSRF) program of 2017 provides resources to assist municipalities for projects focused on community development and job creation, tourism, waterfront revitalization, energy and environmental improvements, and

WHEREAS eligible projects may receive a CWSRF grant award for 80% of net eligible costs, and

WHEREAS the City Council desires to seek funding for the Western Outfall Trunk Surcharging Project through a Grant from the New York Clean Water State Revolving Fund program, and

WHEREAS the Grant Agreement requires that the municipality designate an Authorized Representative for the project, and

WHEREAS the Grant Agreement requires that the municipality authorize and appropriate the required local match to the grant,

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Watertown hereby authorizes the City Manager to execute a Grant Agreement with the NYS Environmental Facilities Corporation and any and all other contracts, documents and instruments necessary to bring about the Project and to fulfill the City of Watertown’s obligations under the engineering Planning Grant Agreement, and

BE IT FURTHER RESOLVED that the City of Watertown authorizes and appropriates \$75,000 as its local match as required by the Engineering Planning Grant Program for the Western Outfall Trunk Sewer Surcharging project.

Seconded by

NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION

NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION

625 Broadway
Albany, New York 12233-1010
www.dec.ny.gov

625 Broadway
Albany, New York 12207-2997
www.efc.ny.gov

DEC 13 2017

Web Murphy

OFFICE OF CITY MANAGER
DEC 21 2017
WATERTOWN, NEW YORK

Ms. Sharon Addison
City Manager
City of Watertown
245 Washington Street
Watertown NY, 13601

Re: Planning Grant: #74539
Western Trunk Surcharging

Dear Ms. Addison:

In 2011, Governor Cuomo launched the Regional Economic Development Councils and the Consolidated Funding Application (CFA) to provide each region with the tools to create and implement their own roadmap for economic prosperity and job creation. This community-based model uses local assets to drive local economic growth and has resulted in unprecedented partnerships and collaboration that are building a reinvigorated economy.

After six successful rounds, the 2017 CFA made over \$800 million in economic development resources available from over thirty programs across twelve State agencies. The Agency's programs provide resources for projects focused on community development and job creation, tourism, waterfront revitalization, energy and environmental improvements, as well as sustainability and low-cost financing. The Department of Environmental Conservation (DEC) and Environmental Facilities Corporation (EFC) are proud to have contributed \$3,200,000 to this year's CFA.

We are pleased to inform you that the City of Watertown project has been selected to receive up to \$60,000 for the Engineering Planning Grant through the New York Clean Water State Revolving Fund program. The actual amount of funding you will receive will be reflected in your grant agreement. On behalf of our partners at the federal, State, and local levels of government, please accept our gratitude for taking the initiative to participate in this program. If you applied for funding from other programs or other State agencies, you will receive information from those programs/agencies separately.

We are ready to begin working on this project, but before proceeding we would like to confirm that you are interested in using this funding for your project. Within two weeks of the date on this letter, please send your confirmation (or declination) and the name and contact information of the municipality's authorized project representative to

EFC at epg@efc.ny.gov. If we do not hear from you within this timeframe, we may withdraw the funding.

For your information, the *Project Checklist of Supporting Documents Needed for Grant Agreement with EFC* is attached. It is important to review this information carefully in order for you to remain on schedule and enter into a grant agreement with EFC to access these funds. There are several steps that must be completed by your municipality and we suggest that you begin working immediately on the procurement of engineering services for the preparation of the Engineering Report. If you have already procured engineering services, please forward the contract documents to EFC and begin working on the supporting documentation.

Please be aware that the grant requires that you make good faith efforts to obtain 30 percent participation by New York State certified Minority and/or Women Owned Business Enterprises and 6 percent participation from Service-Disabled Veteran-Owned Business Enterprises for contracted work that exceeds \$25,000. Additionally, this award requires that you provide a 20 percent minimum local match of the requested grant amount. For more information, visit www.efc.ny.gov/epg.

Your project coordinator, Terry Deuel, will be reaching out to you shortly to assist with completing all the required submittals necessary to execute a grant agreement with EFC.

We look forward to working with you on this important water quality project. If you should have any questions, please contact EFC at epg@efc.ny.gov or call (518)-402-7396.



Basil Seggos
Commissioner

Sincerely,



Sabrina M. Ty
President and CEO

Enclosure



CWSRF Engineering Planning Grants Checklist of Supporting Documents Needed for Grant Agreement

<input checked="" type="checkbox"/> <u>Supporting Documentation Submitted to NYSEFC</u>	<u>Date of Document</u>
<input type="checkbox"/> Board Resolutions Board resolutions designating the Authorized Representative, Local Match, and SEQR Determination. See the Model Resolution Language at www.efc.ny.gov/epg .	
<input type="checkbox"/> Authorized Representative Resolution Board resolution designating an Authorized Representative for the project.	_____
<input type="checkbox"/> Local Match Resolution Board resolution authorizing and obligating local match funds.	_____
<input type="checkbox"/> State Environmental Quality Review (SEQR) Act Resolution Completion of Environmental Quality Review (SEQR) Act requirements and Board resolution declaring SEQR findings or determinations.	_____
<input type="checkbox"/> Executed Engineering Agreement	_____
<input type="checkbox"/> Required Contract Language from State Financial Assistance Programs – Non-Construction Bid Packet Inclusion of the "State Financial Assistance Programs – Non-Construction Bid Packet" Required Contract Language for professional service contracts over \$25,000. The Bid Packet can be found at www.efc.ny.gov/bid-packets .	
<input type="checkbox"/> Compliance with the New York State's Minority/Women-owned Business Enterprises (MWBE) Requirements All professional service contracts with a value greater than \$25,000 must submit an MWBE Workplan and approvable Utilization Plan/Waiver Request. The combined MWBE goal will be 30%.	_____
<input type="checkbox"/> Compliance with the New York State's Service-Disabled Veteran-Owned Business (SDVOB) Requirements All professional service contracts with a value greater than \$25,000 must submit an SDVOB Workplan and approvable Utilization Plan/Waiver Request. The SDVOB goal will be 6%.	_____
<input type="checkbox"/> Budget & Plan of Finance Detailed final budget and plan of finance including all third party funding agreements, and satisfaction of the minimum 20% local match requirement. Use the Budget and Plan of Finance Form at www.efc.ny.gov/epg .	_____

FISCAL YEAR 2017-2018
 CAPITAL BUDGET
 INFRASTRUCTURE
 SANITARY SEWER

PROJECT DESCRIPTION	COST
<p>WOTS Rehabilitation:</p> <p>This project involves field investigations, flow metering, smoke testing, hydraulic modeling, development of preliminary design plans and a long term capital improvement plan to reduce infiltration and inflow (I&I) on the Western Outfall Trunk Sewer (WOTS). During heavy rain events, the WOTS experiences surcharging at manholes and backups into the basement of homes in the Butterfield Avenue and Sherman Street neighborhoods. This project will provide the data to develop priority I&I reducing projects, which will minimize the frequency and severity of surcharging and basement backups, help the City comply with MS4 regulations, and provide capacity for future sewer connections as growth continues in the southern edge of the City and Town of Watertown.</p> 	\$75,000
<p>Funding to support this project will be through a transfer from the Sewer Fund (G.9950.0900).</p>	
TOTAL	\$75,000

Res No. 9

January 2, 2018

To: The Honorable Mayor and City Council
From: Sharon Addison, City Manager
Subject: Finding That the Engineering for the Western Outfall Trunk Sewer Surcharging Project Is a Type II Action Under SEQRA

Funding in the amount of \$75,0000 for the Western Outfall Trunk Sewer Surcharging Project is included in the Fiscal Year 2017-2018 Capital Budget.

The proposed project has been awarded up \$60,000 for the Engineering Planning Grant through the New York Clean Water State Revolving Fund (CWSRF) program. CWSRF Engineering Planning Grants require that the City review the action pursuant to SEQRA.

As the engineering for the project does not include any construction or changes in existing structures or facilities, the project is considered a Type II Action under SEQRA. Type II Actions are not subject to review under SEQRA as they have been determined not to have a significant impact on the environment.

The attached Resolution for Council consideration states that the project is a Type II Action and is not subject to review under SEQRA.

RESOLUTION

Page 1 of 1

Recognizing a Type II Action Under the State Environmental Quality Review Act (SEQRA) for the Western Outfall Trunk Sewer Surcharging Engineering Project

- Council Member HENRY-WILKINSON, Ryan J.
- Council Member HORBACZ, Cody J.
- Council Member RUGGIERO, Lisa A.
- Council Member WALCZYK, Mark C.
- Mayor BUTLER, Jr., Joseph M.

Total

YEA	NAY

Introduced by

WHEREAS the City of Watertown, New York, has included in its Capital Budget the engineering of the Western Outfall Trunk Sewer Surcharging project, and

WHEREAS the City Council must evaluate all proposed actions submitted for its consideration in light of the State Environmental Quality Review Act (SEQRA), and the regulations promulgated thereto, and

WHEREAS the engineering for the Western Outfall Trunk Sewer Surcharging project would constitute such an "Action," and

WHEREAS the City Council has determined that the engineering for the Western Outfall Trunk Sewer Surcharging has been found categorically to not have significant adverse impacts on the environment and is classified as a "Type II" action under SEQRA regulations, 617.5(c)(2),

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Watertown hereby determines that the proposed Western Outfall Trunk Sewer Surcharging project is a Type II action in accordance with 6 NYCRR Section 617.5(c) which constitutes the project has been determined not to have a significant impact on the environment and is not subject to further review under 6 NYCRR Part 617.

Seconded by

Res No. 10

January 10, 2018

To: The Honorable Mayor and City Council

From: Yvonne Reff, Director of the Roswell P. Flower Memorial Library

Subject: Authorizing the City Manager to Execute the Grant Disbursement Agreement for the State and Municipal Facilities Program Grant for Renovations to the Roswell P. Flower Memorial Library

As the City Council will recall, State Senator Patty Ritchie requested that the City of Watertown receive a \$100,000 State and Municipal Facilities Program (SAM) Grant for HVAC Renovations to the Roswell P. Flower Memorial Library. This grant was secured to help pay for the new HVAC system.

The Dormitory Authority of the State of New York (DASNY) has approved the City's formal grant application and associated documents, and the City has fulfilled all the criteria necessary to receive the SAM grant. DASNY has sent the attached Grant Disbursement Agreement for the City to execute. Upon formally executing the grant agreement, the City will be able to submit a requisition for reimbursement for grant funds.

The attached Resolution authorizes the City Manager, Sharon Addison, to enter into and execute the Grant Disbursement Agreement on behalf of the City.

RESOLUTION

Page 1 of 1

Authorizing the City Manager to Execute the Grant Disbursement Agreement for the State and Municipal Facilities Program Grant for Renovations to the Roswell P. Flower Memorial Library

Council Member HENRY-WILKINSON, Ryan J.

Council Member HORBACZ, Cody J.

Council Member RUGGIERO, Lisa A.

Council Member WALCZYK, Mark C.

Mayor BUTLER, Jr., Joseph M.

Total

YEA	NAY

Introduced by

WHEREAS New York State Senator Patty Ritchie requested that the City of Watertown receive a \$100,000 State and Municipal Facilities Program (SAM) Grant for HVAC Renovations to the Roswell P. Flower Memorial Library, and

WHEREAS the grant was secured to pay for the cost of replacement of the heating, ventilating and air conditioning equipment with new equipment, and

WHEREAS the Dormitory Authority of the State of New York (DASNY) has approved the City’s formal grant application and the City has fulfilled all of the criteria necessary to receive the SAM grant, and

WHEREAS the City must enter into and execute a Grant Disbursement Agreement with DASNY for the project,

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Watertown approves the Grant Disbursement Agreement with the Dormitory Authority of the State of New York for HVAC Renovations to the Roswell P. Flower Memorial Library (Project ID # 9025), a copy of which is attached and made a part of this resolution, and

BE IT FURTHER RESOLVED that the City Manager, Sharon Addison, is hereby authorized and directed to enter into and execute the Grant Disbursement Agreement on behalf of the City of Watertown.

Seconded by

This **GRANT DISBURSEMENT AGREEMENT** includes all exhibits and attachments hereto and is made on the terms and by the parties listed below and relates to the Project described below:

DORMITORY AUTHORITY OF THE STATE OF NEW YORK ("DASNY"):

515 Broadway
Albany, New York 12207
Contact: Sara Richards, Esq.
Phone: (518) 257-3177
Fax: (518) 257-3475
E-mail: grants@dasny.org

THE GRANTEE:

City of Watertown
245 Washington Street, Suite 302
Watertown, NY 13601
Contact: Ms. Yvonne Reff

Phone: (315) 785-7701
Fax: (315) 788-2584

THE PROJECT:

Renovations to Roswell P. Flower Memorial Library

PROJECT LOCATION:

Roswell P. Flower Memorial Library

GRANT AMOUNT:

\$100,000

FUNDING SOURCE:

State and Municipal Facilities Program ("SAM")

For Office Use Only:

PRELIMINARY APPLICATION OR PROJECT INFORMATION SHEET DATE:

04/11/17

DATE GDA SENT TO GRANTEE:

12/06/2017

DATE AGREEMENT SIGNED BY GRANTEE:

DATE AGREEMENT SIGNED BY DASNY:

EXPIRATION DATE OF THIS AGREEMENT:

PROJECT ID #: 9025
FMS#: 136593
GranteeID: 205
GrantID: 10119

TERMS AND CONDITIONS

1. The Project

The Project description, including tasks and a timeline with respect thereto, is set forth in Exhibit A. The Grantee will perform the tasks on the schedule and as described in Exhibit A to this Agreement.

2. Project Budget and Use of Funds

- a) The Grantee will undertake the Project in accordance with the overall Project budget, which includes the Grant funds, as set forth in Exhibit A to this Agreement. The Grant will be applied only to Eligible Expenses, which are separately identified, as described in the Preliminary Application or Project Information Sheet and in Exhibit A hereto.
- b) Grantee agrees and covenants to apply the Grant proceeds only to capital works or purposes, which shall consist of the following:
 - (i) the acquisition, construction, demolition, or replacement of a fixed asset or assets;
 - (ii) the major repair or renovation of a fixed asset, or assets, which materially extends its useful life or materially improves or increases its capacity; or
 - (iii) the planning or design of the acquisition, construction, demolition, replacement, major repair or renovation of a fixed asset or assets, including the preparation and review of plans and specifications including engineering and other services, field surveys and sub-surface investigations incidental thereto.
- c) Grantee agrees and covenants that the Grant proceeds shall not be used for costs that are not capital in nature, which include, but shall not be limited to working capital, rent, utilities, salaries, supplies, administrative expenses, or to pay down debt incurred to undertake the Project.

3. Books and Records

The Grantee will maintain accurate books and records concerning the Project for six (6) years from the date the Project is completed and will make those books and records available to DASNY, its agents, officers and employees during Grantee's business hours upon reasonable request. In the event of earlier termination of this Agreement, such documentation shall be made available to DASNY, its agents, officers and employees for six (6) years following the date of such early termination.

4. Conditions Precedent to Disbursement of the Grant

No Grant funds shall be disbursed until the following conditions have been satisfied:

- (a) DASNY has received a description of the Project, budget and timeline in the form of Exhibit A, and an opinion of Grantee's counsel, in substantially the form appended to this Agreement as Exhibit B; and
- (b) The requirements of the SAM Program have been met; and
- (c) The monies required to fund the Grant have been received by DASNY; and
- (d) In the event of disbursement pursuant to paragraph 5(b) below, the Grantee has provided DASNY with documentation evidencing that a segregated account has been established by the Grantee into which Grant funds will be deposited (the "Segregated Account"). Eligible Expenses incurred in connection with the Project to be financed with Grant proceeds that are to be paid on invoice shall be paid out of the Segregated Account. The funds in such account shall not be used for any other purpose.
- (e) The Grantee certifies that it is in compliance with the provisions of the SAM and this Agreement and that the Grant will only be used for the Project set forth in the Preliminary Application or Project Information Sheet and in Exhibit A hereto.
- (f) Not-for-profit organizations are required to register and prequalify on the New York State Grants Gateway (www.grantsreform.ny.gov) in order to receive Grant funds. The Grantee's Document Vault must be in prequalification status prior to any disbursements of the grant funds.

5. Disbursement

Subject to the terms and conditions contained in this Agreement, DASNY shall disburse the Grant to the Grantee, in the manner set forth in Exhibit D, as follows:

- (a) Reimbursement: DASNY shall make payment directly to the Grantee in the amount of Eligible Expenses actually incurred and paid for by the Grantee, upon presentation to DASNY of (i) the Payment Requisition Forms attached to this Agreement as Exhibit E and its attachments; (ii) copies of invoices for Eligible Expenses from the Grantee's contractor and/or vendor and proof of payment from the Grantee to the contractor and/or vendor in a form acceptable to DASNY; and (iii) such additional supporting documentation as DASNY may require in order to clearly demonstrate that Eligible Expenses were incurred and paid by the Grantee in connection with the Project described herein; or
- (b) Payment on Invoice:
 - (1) DASNY may make payment directly to the Grantee in the amount of Eligible Expenses actually incurred by the Grantee, upon presentation to DASNY of (i) the Payment Requisition Forms attached to this Agreement as Exhibit E and its attachments; (ii) copies of invoices for Eligible Expenses from the Grantee's contractor and/or vendor in a form acceptable to DASNY evidencing the completion of work; and (iii) such additional supporting documentation as DASNY may require in order to clearly demonstrate that Eligible Expenses were incurred by the Grantee in connection with the Project described herein.

(2) The Grantee must deposit all Grant proceeds paid on invoice pursuant to this paragraph (b) into the Segregated Account established pursuant to Paragraph 4(d). All Eligible Expenses incurred in connection with the Project to be financed with Grant funds that are to be paid on invoice must be paid out of this account. The account shall not be used for any other purpose.

(3) The Grantee must provide proof of disbursement of Grant funds to the respective contractor and/or vendor in a form acceptable to DASNY, within sixty (60) days of the date that Grant funds are disbursed to the Grantee to pay for such costs. DASNY will not make any additional disbursements from Grant funds until such time as proof of payment is provided.

(4) Utilizing the Grant funds paid to the Grantee pursuant to this section for any purpose other than paying the contractors and/or vendors identified in the requisition documentation in the amounts set forth in the requisition shall constitute a default under this Agreement and shall, at a minimum, result in the denial of payment on invoice for subsequent requisitions.

(5) DASNY may deny payment on invoice at its sole and absolute discretion, thereby restricting the method of payment pursuant to this contract to reimbursement subject to the terms of Section 5(a).

- (c) Electronic Payments Program: DASNY reserves the right to implement an electronic payment program ("Electronic Payment Program") for all payments to be made to the Grantee thereunder. Prior to implementing an Electronic Payment Program, DASNY shall provide the Grantee written notice one hundred twenty days prior to the effective date of such Electronic Payment Program ("Electronic Payment Effective Date"). Commencing on or after the Electronic Payment Effective Date, all payments due hereunder by the Grantee shall only be rendered electronically, unless payment by paper check is expressly authorized by DASNY. Commencing on or after the Electronic Payment Effective Date the Grantee further acknowledges and agrees that DASNY may withhold any request for payment hereunder, if the Grantee has not complied with DASNY's Policies and Procedures relating to its Electronic Payment Program in effect at such time, unless payment by paper check is expressly authorized by DASNY.
- (d) In no event will DASNY make any payment which would cause DASNY's aggregate disbursements to exceed the Grant amount.
- (e) The Grant, or a portion thereof, may be subject to recapture by DASNY as provided in Section 9(c) hereof.

6. Non Discrimination and Affirmative Action

The Grantee shall make its best effort to comply with DASNY's Non-Discrimination and Affirmative Action policies set forth in Exhibit F to this Agreement.

7. No Liability of DASNY or the State

DASNY shall not in any event whatsoever be liable for any injury or damage, cost or expense of any nature whatsoever that occurs as a result of or in any way in connection with the Project and the Grantee hereby agrees to indemnify and hold harmless DASNY, the State and their respective agents, officers, employees and directors (collectively, the "Indemnitees") from and against any and all such liability and any other liability for injury or damage, cost or expense resulting from the payment of the Grant by DASNY to the Grantee or use of the Project in any manner, including in a manner which, if the bonds are issued on a tax-exempt basis, (i) results in the interest on the bonds issued by DASNY the proceeds of which were used to fund the Grant (the "Bonds") to be includable in gross income for federal income tax purposes or (ii) gives rise to an allegation against DASNY by a governmental agency or authority, which DASNY defends that the interest on the Bonds is includable in gross income for federal income tax purposes, other than that caused by the gross negligence or the willful misconduct of the Indemnitees.

8. Warranties and Covenants

The Grantee warrants and covenants that:

- (a) The Grant shall be used solely for Eligible Expenses in accordance with the terms and conditions of this Agreement.
- (b) No materials, if any, purchased with the Grant will be used for any purpose other than the eligible Project costs as identified in Exhibit A.
- (c) The Grantee agrees to utilize all funds disbursed in accordance with this Agreement in accordance with the terms of the SAM Program.
- (d) The Grantee is solely responsible for all Project costs in excess of the Grant. The Grantee will incur and pay Project costs and submit requisitions for reimbursement in connection with such costs.
- (e) The Grantee has sufficient, secured funding for all Project costs in excess of the Grant, and will complete the Project as described in the Preliminary Application or Project Information Sheet and in this Agreement.
- (f) The Grantee agrees to use its best efforts to utilize the Project for substantially the same purpose set forth in this Agreement until such time as the Grantee determines that the Project is no longer reasonably necessary or useful in furthering the public purpose for which the grant was made.
- (g) There has been no material adverse change in the financial condition of the Grantee since the date of submission of the Preliminary Application or Project Information Sheet to DASNY.
- (h) No part of the Grant will be applied to any expenses paid or payable from any other external funding source, including State or Federal grants, or grants from any other public or private source.

- (i) The Grantee owns, leases, or otherwise has control over the site where the Project will be located. If the Project includes removable equipment or furnishings including but not limited to, computer hardware and software, air conditioning units, lab equipment, office furniture and telephone systems, Grantee will develop, implement and maintain an inventory system for tracking such removable equipment and furnishings.
- (j) The Project to be funded by the Grant will be located in the State of New York. If the Grant will fund all or a portion of the purchase of any type of vehicle, such vehicle will be registered in the State of New York and a copy of the New York State Vehicle Registration documents will be provided to DASNY's Accounts Payable Department at the time of requisition.
- (k) Grantee is in compliance with, and shall continue to comply in all material respects, with all applicable laws, rules, regulations and orders affecting the Grantee and the Project including but not limited to maintaining the Grantee's document vault on the New York State Grants Reform Gateway (www.grantsreform.ny.gov).
- (l) The Grantee has obtained all necessary consents and approvals from the property owner in connection with any work to be undertaken in connection with the Project.
- (m) All contractors and vendors retained to perform services in connection with the Project shall be authorized to do business in the State of New York and shall possess and maintain all professional licenses and/or certifications required to perform the tasks undertaken in connection with the Project.
- (n) Neither the Grantee nor any of the members of its Board of Directors or other governing body or its employees have given or will give anything of value to anyone to procure the Grant or to influence any official act or the judgment of any person in the performance of any of the terms of this Agreement.
- (o) The Grant shall not be used in any manner for any of the following purposes:
 - (i) political activities of any kind or nature, including, but not limited to, furthering the election or defeat of any candidate for public, political or party office, or for providing a forum for such candidate activity to promote the passage, defeat, or repeal of any proposed or enacted legislation;
 - (ii) religious worship, instruction or proselytizing as part of, or in connection with, the performance of this Agreement;
 - (iii) payments to any firm, company, association, corporation or organization in which a member of the Grantee's Board of Directors or other governing body, or any officer or employee of the Grantee, or a member of the immediate family of any member of the Grantee's Board of Directors or other governing body, officer, or employee of the Grantee has any ownership, control or financial interest, including but not limited to an officer or employee directly or indirectly responsible for the preparation or

the determination of the terms of the contract or other arrangement pursuant to which the proceeds of the Grant are to be disbursed. For purposes of this paragraph, "ownership" means ownership, directly or indirectly, of more than five percent (5%) of the assets, stock, bonds or other dividend or interest bearing securities; and "control" means serving as a member of the board of directors or other governing body, or as an officer in any of the above; and

- (iv) payment to any member of Grantee's Board of Directors or other governing body of any fee, salary or stipend for employment or services, except as may be expressly provided for in this Agreement.

- (p) The relationship of the Grantee (including, for purposes of this paragraph, its officers, employees, agents and representatives) to DASNY arising out of this Agreement shall be that of an independent contractor. The Grantee covenants and agrees that it will conduct itself in a manner consistent with such status, that it will neither hold itself out as, nor claim to be, an officer, employee, agent or representative of DASNY or the State by reason hereof, and that it will not by reason thereof, make any claim, demand or application for any right or privilege applicable to an officer, employee, agent or representative of DASNY or the State, including without limitation, worker's compensation coverage, unemployment insurance benefits, social security coverage or retirement membership or credit.

- (q) The information contained in the Preliminary Application or Project Information Sheet submitted by the Grantee in connection with the Project and the Grant, as such may have been amended or supplemented and any supplemental documentation requested by the State or DASNY in connection with the Grant, is incorporated herein by reference in its entirety. In the event of an inconsistency between the descriptions, conditions, and terms of this Agreement and those contained in the Preliminary Application or Project Information Sheet, the provisions of this Agreement shall govern. The Grantee hereby acknowledges that DASNY has relied on the statements and representations made by the Grantee in the Preliminary Application or Project Information Sheet and any supplemental information in making the Grant. The Grantee hereby represents and warrants that it has made no material misstatement or omission of fact in the Preliminary Application or Project Information Sheet, supplemental information, or otherwise in connection with the Grant and that the information contained in the Preliminary Application or Project Information Sheet and supplemental information continues on the date hereof to be materially correct and complete.

- (r) The Grantee hereby represents and warrants that it has made no material misstatement or omission of fact in the Grantee Questionnaire ("GQ"), attached hereto as Exhibit C, or the Grantee's document vault in the New York State's Grants Reform Gateway completed by the Grantee in connection with the Project and the Grant, and that the responses in the GQ and the document vault continue on the date hereof to be materially correct and complete. The Grantee hereby acknowledges that DASNY has relied on the statements and representations made by the Grantee in the GQ in making the Grant, and that the

Grantee will be required to reaffirm the information therein each time a requisition for grant funds is presented to DASNY.

- (s) The Grantee is duly organized, validly existing and in good standing under the laws of the State of New York, or is duly organized and validly existing under the laws of another jurisdiction and is authorized to do business and is in good standing in the State of New York and shall maintain its corporate existence in good standing in each such jurisdiction for the term of this Agreement, and has full power and authority to execute and deliver the Agreement and to perform its obligations thereunder;
- (t) The Grantee agrees to provide such documentation to DASNY as may be requested by DASNY in its sole and absolute discretion to support a requisition for payment, to determine compliance by the Grantee with the terms of this Agreement or otherwise reasonably requested by DASNY in connection with the Grant, and further acknowledges that if documentation requested in connection with a requisition for payment does not, in the sole and absolute discretion of DASNY, provide adequate support for the costs requested, that such requisition request shall be denied and payment shall not be made to the Grantee.
- (u) The Agreement was duly authorized, executed and delivered by the Grantee and is binding on and enforceable against the Grantee in accordance with its terms.

9. Default and Remedies

(a) Each of the following shall constitute a default by the Grantee under this Agreement:

- (i) Failure to perform or observe any obligation, warranty or covenant of the Grantee contained herein, or the failure by the Grantee to perform the requirements herein to the reasonable satisfaction of DASNY and within the time frames established therefor under this Agreement.
- (ii) Failure to comply with any request for information reasonably made by DASNY to determine compliance by the Grantee with the terms of this Agreement or otherwise reasonably requested by DASNY in connection with the Grant.
- (iii) The making by the Grantee of any false statement or the omission by the Grantee to state any material fact in or in connection with this Agreement or the Grant, including information provided in the Preliminary Application or Project Information Sheet or in any supplemental information that may be requested by the State or DASNY.
- (iv) The Grantee shall (A) be generally not paying its debts as they become due, (B) file, or consent by answer or otherwise to the filing against it of, a petition under the United States Bankruptcy Code or under any other bankruptcy or insolvency law of any jurisdiction, (C) make a general assignment for the benefit of its general creditors, (D) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any substantial part of its property, (E) be

adjudicated insolvent or be liquidated or (F) take corporate action for the purpose of any of the foregoing.

- (v) An order of a court having jurisdiction shall be made directing the sale, disposition or distribution of all or substantially all of the property belonging to the Grantee, which order shall remain undismissed or unstayed for an aggregate of thirty (30) days.
 - (vi) The Grantee abandons the Project prior to its completion.
 - (vii) The Grantee is found to have falsified or modified any documents submitted in connection with this grant, including but not limited to invoice, contract or payment documents submitted in connection with a Grantee's request for payment/reimbursement.
 - (viii) Utilizing the Grant funds paid to the Grantee pursuant to Section 5(b) for any purpose other than paying the contractors and/or vendors identified in the requisition documentation in the amounts set forth in the requisition.
- (b) Upon the occurrence of a default by the Grantee and written notice by DASNY indicating the nature of the default, DASNY shall have the right to terminate this Agreement.
 - (c) Upon any such termination, DASNY may withhold any Grant proceeds not yet disbursed and may require repayment of Grant proceeds already disbursed. If DASNY determines that any Grant proceeds had previously been released based upon fraudulent representations or other willful misconduct, DASNY may require repayment of those funds and may refer the matter to the appropriate authorities for prosecution. DASNY shall be entitled to exercise any other rights and seek any other remedies provided by law.

10. Term of Agreement

Notwithstanding the provisions of Section 9 hereof, this Agreement shall terminate three (3) years after the latest date set forth on the front page hereof without any further notice to the Grantee. DASNY, in its sole discretion, may extend the term of this Agreement upon a showing by the Grantee that the Project is under construction and is expected to be completed within the succeeding twelve (12) months. All requisitions must be submitted to DASNY in proper form prior to the termination date in order to be reimbursed.

11. Project Audit

DASNY shall, upon reasonable notice, have the right to conduct, or cause to be conducted, one or more audits, including field inspections, of the Grantee to assure that the Grantee is in compliance with this Agreement. This right to audit shall continue for six (6) years following the completion of the Project or earlier termination of this Agreement.

12. Survival of Provisions

The provisions of Sections 3, 7, 8(n), 8(o) and 11 shall survive the expiration or earlier termination of this Agreement.

13. Notices

Each notice, demand, request or other communication required or otherwise permitted hereunder shall be in writing and shall be effective upon receipt if personally delivered or sent by any overnight service or three (3) days after dispatch by certified mail, return receipt requested, to the addresses set forth on this document's cover page.

14. Assignment

The Grantee may not assign or transfer this Agreement or any of its rights hereunder.

15. Modification

This Agreement may be modified only by a written instrument executed by the party against whom enforcement of such modification is sought.

16. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York. This Agreement shall be construed without the aid of any presumption or other rule of law regarding construction against the party drafting this Agreement or any part of it. In case any one or more of the provisions of this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such provision(s) had never been contained herein.

17. Confidentiality of Information

Any information contained in reports made to DASNY or obtained by DASNY as a result of any audit or examination of Grantee's documents or relating to trade secrets, operations and commercial or financial information, including but not limited to the nature, amount or source of income, profits, losses, financial condition, marketing plans, manufacturing processes, production costs, productivity rates, or customer lists, provided that such information is clearly marked "confidential" by the Grantee that concerns or relates to trade secrets, operations and commercial or financial information, including but not limited to the nature, amount or source of income, profits, losses or expenditures, financial condition, marketing plans, manufacturing processes, production costs, productivity rates, or customer lists, which is determined by DASNY to be exempt from public disclosure under the Freedom of Information Law, shall be considered business confidential and is not to be released to anyone, except DASNY and staff directly involved in assisting the Grantee, without prior written authorization from the Grantee, as applicable. Notwithstanding the foregoing, DASNY will not be liable for any information disclosed, in DASNY's sole discretion, pursuant to the Freedom of Information Law, or which DASNY is required to disclose pursuant to legal process.

18. Executory Clause

This Agreement shall be deemed executory to the extent of monies available for the SAM Program to DASNY.

City of Watertown
Renovations to Roswell P. Flower Memorial Library
Project ID 9025

This agreement is entered into as of the latest date written below:

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

Authorized Officer

(Printed Name)

Date:

GRANTEE: CITY OF WATERTOWN

(Signature)

(Printed name and title)

Date:

GRANT DISBURSEMENT AGREEMENT

EXHIBITS

EXHIBIT A	Project Budget
EXHIBIT B	Opinion of Counsel
EXHIBIT C	Grantee Questionnaire
EXHIBIT D	Disbursement Terms
EXHIBIT E	Payment Requisition Form and Dual Certification
EXHIBIT E-1	Payment Requisition Cover Letter
EXHIBIT E-2	Payment Requisition Back-up Summary
EXHIBIT F	Non-Discrimination and Affirmative Action Policy

EXHIBIT A: Project Budget

City of Watertown
Renovations to Roswell P. Flower Memorial Library
Project ID 9025

USE OF FUNDS	TIMELINE		SOURCES				TOTAL	
	Anticipated Dates		DASNY Share	In-Kind/Equity/Sponsor		Other Sources		
	Start	End	Amount	Source Name	Amount	Entity Name		Amount
Renovations to Roswell P. Flower Memorial Library			\$100,000	City of Watertown	\$1,132,770		\$1,232,770	
	Total Project Cost		\$100,000		\$1,132,770		\$1,232,770	

* Please note that the tasks set forth in this column must be those for which reimbursement or payment on invoice will be sought. Please ensure that the task list is complete and includes all the tasks for which you will be submitting requisitions. The failure to do so may delay payment.

EXHIBIT B: Opinion of Counsel

[Letterhead of Counsel to the Grantee]

[Date]

DASNY
515 Broadway
Albany, New York 12207

Attn: Michael E. Cusack, General Counsel

*Re: State and Municipal Facilities Program ("SAM") Grant
Renovations to Roswell P. Flower Memorial Library
Project ID 9025*

Ladies and Gentlemen:

I have acted as counsel to City of Watertown (the "Grantee") in connection with the Project referenced above. In so acting, I have reviewed a certain Grant Disbursement Agreement between you and the Grantee, executed by the Grantee on ***[Insert date Agreement executed by Grantee]*** (the "Agreement") and such other documents as I consider necessary to render the opinion expressed hereby.

Based on the foregoing, I am of the opinion that:

1. the Grantee is duly organized, validly existing and in good standing under the laws of the State of New York **[or, is duly organized and validly existing under the laws of another jurisdiction and is authorized to do business and is in good standing in the State of New York]** and has full power and authority to execute and deliver the Agreement and to perform its obligations thereunder; and
2. the Agreement was duly authorized, executed and delivered by the Grantee and is binding on and enforceable against the Grantee in accordance with its terms.

Very truly yours,

EXHIBIT C: Grantee Questionnaire



DASNY

SAM GRANT # 9025 reff

Grant Programs Grantee Questionnaire

THIS QUESTIONNAIRE MUST BE COMPLETED IN FULL BEFORE DASNY WILL PROCESS YOUR GRANT APPLICATION

If you have previously submitted a Grantee Questionnaire in the past six (6) months and there are no changes since your last submission, please attach a signed and notarized Affidavit of No Change Form along with your most recent copy of the previously submitted Grantee Questionnaire. The Form is attached to the back of this document.

SECTION I: GENERAL INFORMATION

- 1. GRANTEE (LEGALLY INC. NAME): City of Watertown
2. FEDERAL EMPLOYER ID NO. (FEIN): 15-6000419
3. D/B/A - DOING BUSINESS AS (IF APPLICABLE):
COUNTY FILED:
4. WEBSITE ADDRESS (IF APPLICABLE): www.watertown-ny.gov
5. BUSINESS E-MAIL ADDRESS: yreff@ncls.org
6. PRINCIPAL PLACE OF BUSINESS ADDRESS: 245 Washington Street, Watertown, NY 13601
7. TELEPHONE NUMBER: 315-785-7701 7. FAX NUMBER: 315-788-2584
8. DOES THE GRANTEE USE, OR HAS IT USED IN THE PAST FIVE (5) YEARS, ANY OTHER BUSINESS NAME, FEIN, OR D/B/A OTHER THAN WHAT IS LISTED IN QUESTIONS 1-4 ABOVE? [] YES [X] NO

If yes, provide the name(s), FEIN(s) and d/b/a(s) and the address for each such entity on a separate piece of paper and attach to this questionnaire.

- 9. AUTHORIZED CONTACT:
NAME: Yvonne Reff
TITLE: Library Director
TELEPHONE NUMBER: 315-785-7701 FAX NUMBER: 315-788-2584
E-MAIL: yreff@ncls.org

10. HOW MANY YEARS HAS THIS GRANTEE BEEN IN BUSINESS? 148

Grantee FEIN: 15-6000419

11. TYPE OF BUSINESS (PLEASE CHECK APPROPRIATE BOX):

- a) BUSINESS CORPORATION
- b) PUBLIC RESEARCH INSTITUTION
- c) ACADEMIC RESEARCH INSTITUTION
- d) NOT-FOR-PROFIT RESEARCH INSTITUTION
- e) NOT-FOR-PROFIT CORPORATION CREATED ON BEHALF OF
A PUBLIC, NOT-FOR-PROFIT PRIVATE OR ACADEMIC RESEARCH INSTITUTION
- f) NOT-FOR-PROFIT CORPORATION CHARITIES REGISTRATION NUMBER: _____
- g) LOCAL DEVELOPMENT CORPORATION OR INDUSTRIAL DEVELOPMENT AGENCY
- h) MUNICIPALITY
- i) UNIVERSITY/EDUCATIONAL ORGANIZATION
- j) OTHER – SPECIFY

12. PLEASE INDICATE WHETHER YOU BELIEVE THAT ANY OF THE INFORMATION SUPPLIED HEREIN IS
CONFIDENTIAL AND SHOULD BE EXEMPT FROM DISCLOSURE UNDER THE FREEDOM OF INFORMATION LAW:
 YES NO

IF YOU CHECKED "YES" YOU MUST IDENTIFY THE INFORMATION YOU FEEL IS CONFIDENTIAL BY
PLACING AN ASTERISK IN FRONT OF THE APPROPRIATE QUESTION NUMBER(S) AND YOU ARE
REQUESTED TO ATTACH AN ADDITIONAL SHEET(S) UPON WHICH THE BASIS FOR SUCH CLAIM(S) IS
EXPLAINED.

YOU MAY ALSO REQUEST THAT THE CONFIDENTIAL DOCUMENTATION BE REVIEWED AND RETURNED
TO YOU AND NOT RETAINED BY THE AUTHORITY. PLEASE BE ADVISED, HOWEVER, THAT THE
AUTHORITY MUST COMPLY IN ALL RESPECTS WITH THE FREEDOM OF INFORMATION LAW.

SECTION II: GRANTEE CERTIFICATION AS TO PUBLIC PURPOSE

A. DEFINITIONS

AS USED HEREIN IN THIS *GRANT PROGRAMS* GRANTEE QUESTIONNAIRE:

1. "AFFILIATE" MEANS ANY PERSON OR ENTITY THAT DIRECTLY OR INDIRECTLY CONTROLS OR IS CONTROLLED BY OR IS UNDER COMMON CONTROL OR OWNERSHIP WITH THE GRANTEE.
2. "GRANTEE" MEANS THE PARTY OR PARTIES RECEIVING FUNDS PURSUANT TO THE TERMS OF A GRANT DISBURSEMENT AGREEMENT ("GDA") TO BE ENTERED INTO BETWEEN THE GRANTEE AND DASNY OR THEIR EMPLOYEES AND AFFILIATES.
3. "GRANT-FUNDED PROJECT" MEANS THE WORK THAT WILL BE FULLY OR PARTIALLY PAID FOR WITH THE PROCEEDS OF THE GRANT, AS DESCRIBED IN THE PRELIMINARY APPLICATION, PROJECT INFORMATION SHEET AND THE GDA, AND INCLUDES, BUT IS NOT LIMITED TO, ARCHITECTURAL, ENGINEERING AND OTHER PRELIMINARY PLANNING COSTS, CONSTRUCTION, FURNISHINGS AND EQUIPMENT.
4. "RELATED PARTY" MEANS: (I) THE PARTY'S SPOUSE, (II) NATURAL OR ADOPTED DESCENDANTS OR STEP-CHILDREN OF THE PARTY OR OF THE SPOUSE, (III) ANY NATURAL OR ADOPTED PARENT OR STEP-PARENT OR ANY NATURAL, ADOPTED, OR STEP-SIBLING OF THE PARTY OR OF THE SPOUSE, (IV) THE SON-IN-LAW, DAUGHTER-IN-LAW, BROTHER-IN-LAW, SISTER-IN-LAW, FATHER-IN-LAW OR MOTHER-IN-LAW OF THE PARTY OR OF THE SPOUSE, (V) ANY PERSON SHARING THE HOME OF ANY OF THE PARTY OR OF THE SPOUSE, (VI) ANY PERSON WHO HAS BEEN A STAFF MEMBER, EMPLOYEE, DIRECTOR, OFFICER OR AGENT OF THE PARTY WITHIN TWO (2) YEARS OF THE DATE OF THIS GRANTEE QUESTIONNAIRE, AND (VII) AFFILIATES OR SUBCONTRACTORS OF THE PARTY.
5. "SPONSORING MEMBER(S)" MEANS THE ASSEMBLY MEMBER OR STATE SENATOR WHO SPONSORED, ARRANGED FOR AND/OR PROCURED THE GRANT. IN ADDITION, "SPONSORING MEMBER(S)" SHALL INCLUDE THE GOVERNOR WHEN APPROPRIATE AS LISTED HEREIN.

B. GRANT AWARD

1. HAS THE GRANTEE OR ANY OF THE GRANTEE'S RELATED PARTIES PAID ANY THIRD PARTY OR AGENT, EITHER DIRECTLY OR INDIRECTLY, TO AID IN THE SECURING OF THIS GRANT? YES NO

IF ANSWER IS "YES", PLEASE EXPLAIN:

2. HAS THE GRANTEE OR ANY OF THE GRANTEE'S RELATED PARTIES AGREED TO SELECT SPECIFIC CONSULTANTS, CONTRACTORS, SUPPLIERS OR VENDORS TO PROVIDE GOODS OR SERVICES IN CONNECTION WITH THE GRANT-FUNDED PROJECT AS A CONDITION OF RECEIVING THE GRANT? YES NO

IF ANSWER IS "YES", PLEASE EXPLAIN:

3. WILL ALL CONSULTANTS, CONTRACTORS, SUPPLIERS AND VENDORS SELECTED TO PROVIDE GOODS OR SERVICES IN CONNECTION WITH THE GRANT FUNDED PROJECT BE CHOSEN IN ACCORDANCE WITH THE GRANTEE'S CONFLICT OF INTERESTS POLICY, OR IF CONSULTANTS, SUPPLIERS AND VENDORS RETAINED IN CONNECTION WITH THE GRANT FUNDED PROJECT HAVE ALREADY BEEN SELECTED, WAS THE SELECTION UNDERTAKEN IN ACCORDANCE WITH THE GRANTEE'S CONFLICT OF INTEREST POLICY? YES NO

IF GRANTEE'S GOVERNING BOARD HAS NOT ADOPTED A CONFLICT OF INTERESTS POLICY, PLEASE STATE NONE. None

IF ANSWER IS "NO", PLEASE EXPLAIN:

The City of Watertown has not yet adopted a conflict of interest policy.

4. DOES THE SPONSORING MEMBER(S) OR ANY RELATED PARTIES TO SPONSORING MEMBER(S) HAVE ANY FINANCIAL INTEREST, DIRECT OR INDIRECT, IN THE GRANTEE OR IN ANY OF THE GRANTEE'S EQUITY OWNERS, OR WILL THE SPONSORING MEMBERS OR ANY RELATED PARTIES TO SPONSORING MEMBERS RECEIVE ANY FINANCIAL BENEFIT, EITHER DIRECTLY OR INDIRECTLY, FROM THE PROJECT FUNDED IN WHOLE OR IN PART WITH GRANT PROCEEDS? YES NO

IF THE ANSWER IS "Yes", PLEASE PROVIDE DETAILS IN SEPARATE APPENDIX ATTACHED TO THIS CERTIFICATION.

SECTION III: DUE DILIGENCE QUESTIONS

1. DOES THE GRANTEE POSSESS ALL CERTIFICATIONS, LICENSES, PERMITS, APPROVALS, OR OTHER AUTHORIZATIONS ISSUED BY ANY LOCAL, STATE, OR FEDERAL GOVERNMENTAL ENTITY IN CONNECTION WITH THE PROJECT, GRANTEE'S SERVICES, OPERATIONS, BUSINESS, OR ABILITY TO CONDUCT ITS ACTIVITIES? PLEASE NOTE THIS DOES NOT INCLUDE CONSTRUCTION RELATED ACTIVITIES SUCH AS BUILDING PERMITS AND CERTIFICATES OF OCCUPANCY.

Yes No

IF THE ANSWER IS "No", PLEASE SET FORTH ON A SEPARATE DOCUMENT ATTACHED HERETO THE CERTIFICATIONS, LICENSES, PERMITS, APPROVALS, OR OTHER AUTHORIZATIONS THAT ARE REQUIRED AND THE DATE(S) THAT SUCH CERTIFICATIONS, LICENSES, PERMITS, APPROVALS, OR OTHER AUTHORIZATION IS EXPECTED.

2. ON A SEPARATE DOCUMENT ATTACHED HERETO, LIST ALL CONTRACTS THE GRANTEE HAS ENTERED INTO WITH ANY NEW YORK STATE AGENCY, PUBLIC AUTHORITY, OR OTHER QUASI-STATE ENTITY, IN THE PAST FIVE (5) YEARS. PLEASE LIST THE NAME, ADDRESS AND CONTACT PERSON FOR THE CONTRACTING ENTITY, AS WELL AS THE CONTRACT EFFECTIVE DATES. ALSO PROVIDE STATE CONTRACT IDENTIFICATION NUMBER, IF KNOWN. N/A

3. ON A SEPARATE DOCUMENT ATTACHED HERETO, LIST ALL GRANTS RECEIVED FROM FEDERAL, STATE, AND LOCAL ENTITIES TO FUND ALL OR A PORTION OF ANY COMPONENT OF THE PROJECT WITHIN THE PAST 5 YEARS. N/A

4. WITHIN THE PAST FIVE (5) YEARS, HAS THE GRANTEE, ANY PRINCIPAL, OWNER, DIRECTOR, OFFICER, MAJOR STOCKHOLDER (10% OR MORE OF THE VOTING SHARES FOR PUBLICLY TRADED COMPANIES, 25% OR MORE OF THE SHARES FOR ALL OTHER COMPANIES), RELATED COMPANY OR AFFILIATE BEEN THE SUBJECT OF ANY OF THE FOLLOWING:

(a) A JUDGMENT OR CONVICTION FOR ANY BUSINESS RELATED CONDUCT CONSTITUTING A CRIME UNDER FEDERAL, STATE OR LOCAL GOVERNMENT LAW? YES NO

(b) BEEN SUSPENDED, DEBARRED OR TERMINATED BY A LOCAL, STATE OR FEDERAL AUTHORITY IN CONNECTION WITH A CONTRACT OR CONTRACTING PROCESS? YES NO

(c) BEEN DENIED AN AWARD OF A LOCAL, STATE OR FEDERAL GOVERNMENT CONTRACT, HAD A CONTRACT SUSPENDED OR HAD A CONTRACT TERMINATED FOR NON-RESPONSIBILITY? YES NO

(d) HAD A LOCAL, STATE, OR FEDERAL GOVERNMENT CONTRACT SUSPENDED OR TERMINATED FOR CAUSE PRIOR TO THE COMPLETION OF THE TERM OF THE CONTRACT? YES NO

(e) A CRIMINAL INVESTIGATION OR INDICTMENT FOR ANY BUSINESS RELATED CONDUCT CONSTITUTING A CRIME UNDER FEDERAL, STATE OR LOCAL GOVERNMENT? YES NO

(f) AN INVESTIGATION FOR A CIVIL VIOLATION FOR ANY BUSINESS RELATED CONDUCT BY ANY FEDERAL, STATE OR LOCAL AGENCY? YES NO

- (g) AN UNSATISFIED JUDGMENT, INJUNCTION OR LIEN FOR ANY BUSINESS RELATED CONDUCT OBTAINED BY ANY FEDERAL STATE OR LOCAL GOVERNMENT AGENCY INCLUDING, BUT NOT LIMITED TO, JUDGMENTS BASED ON TAXES OWED AND FINES AND PENALTIES ASSESSED BY ANY FEDERAL, STATE OR LOCAL GOVERNMENT AGENCY? YES NO
- (h) A GRANT OF IMMUNITY FOR ANY BUSINESS-RELATED CONDUCT CONSTITUTING A CRIME UNDER FEDERAL, STATE OR LOCAL LAW INCLUDING, BUT NOT LIMITED TO ANY CRIME RELATED TO TRUTHFULNESS AND/OR BUSINESS CONDUCT? YES NO
- (i) AN ADMINISTRATIVE PROCEEDING OR CIVIL ACTION SEEKING SPECIFIC PERFORMANCE OR RESTITUTION IN CONNECTION WITH ANY FEDERAL, STATE OR LOCAL CONTRACT OR LEASE? YES NO
- (j) THE WITHDRAWAL, TERMINATION OR SUSPENSION OF ANY GRANT OR OTHER FINANCIAL SUPPORT BY ANY FEDERAL, STATE, OR LOCAL AGENCY, ORGANIZATION OR FOUNDATION? YES NO
- (k) A SUSPENSION OR REVOCATION OF ANY BUSINESS OR PROFESSIONAL LICENSE HELD BY THE GRANTEE, A CURRENT OR FORMER PRINCIPAL, DIRECTOR, OR OFFICER OF THE GRANTEE, OR ANY MEMBER OF THE ANY CURRENT OR FORMER STAFF OF THE GRANTEE? YES NO
- (l) A SANCTION IMPOSED AS A RESULT OF JUDICIAL OR ADMINISTRATIVE PROCEEDINGS RELATIVE TO ANY BUSINESS OR PROFESSIONAL LICENSE? YES NO
- (m) A CONSENT ORDER WITH THE NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION, OR A FEDERAL, STATE OR LOCAL GOVERNMENT ENFORCEMENT DETERMINATION INVOLVING A VIOLATION OF FEDERAL, STATE OR LOCAL LAWS? YES NO
- (n) A CITATION, NOTICE, VIOLATION ORDER, PENDING ADMINISTRATIVE HEARING OR PROCEEDING OR DETERMINATION FOR VIOLATIONS OF:
- FEDERAL, STATE OR LOCAL HEALTH LAWS, RULES OR REGULATIONS YES NO
 - UNEMPLOYMENT INSURANCE OR WORKERS' COMPENSATION YES NO
 - COVERAGE OR CLAIM REQUIREMENTS YES NO
 - ERISA (EMPLOYEE RETIREMENT INCOME SECURITY ACT) YES NO
 - FEDERAL, STATE OR LOCAL HUMAN RIGHTS LAWS YES NO
 - FEDERAL INS (IMMIGRATION AND NATURALIZATION SERVICE) AND ALIENAGE LAWS, SHERMAN ACT OR OTHER FEDERAL ANTI-TRUST LAWS YES NO
 - A FEDERAL, STATE, OR LOCAL DETERMINATION OF A WILLFUL VIOLATION OF ANY PUBLIC WORKS OR LABOR LAW OR REGULATION? YES NO
 - AN OCCUPATIONAL SAFETY AND HEALTH ACT CITATION AND NOTIFICATION OF PENALTY CONTAINING A VIOLATION CLASSIFIED AS SERIOUS OR WILLFUL? YES NO

FOR EACH YES ANSWER TO QUESTIONS 4 A-N, PROVIDE DETAILS ON ADDITIONAL SHEETS REGARDING THE FINDING, INCLUDING BUT NOT LIMITED TO CAUSE, CURRENT STATUS, RESOLUTION, ETC.

5. DURING THE PAST THREE (3) YEARS, HAS THE GRANTEE FAILED TO:

(a-1) FILE ANY RETURNS, INCLUDING, IF APPLICABLE, FEDERAL FORM 990, WITH ANY FEDERAL, STATE OR LOCAL GOVERNMENT ENTITY? YES NO

IF YES, IDENTIFY THE RETURN THAT WAS NOT FILED, THE TYPE OF FORM, THE YEAR(S) IN WHICH THE REQUIRED RETURN WAS NOT FILED, AND THE REASON WHY THE RETURN WAS NOT FILED: _____

(a-2) PAY ANY APPLICABLE FEDERAL, STATE, OR LOCAL GOVERNMENT TAXES? YES NO

IF YES, IDENTIFY THE TAXING JURISDICTION, TYPE OF TAX, LIABILITY YEAR(S) AND TAX LIABILITY AMOUNT THE GRANTEE FAILED TO PAY AND THE CURRENT STATUS OF THE LIABILITY: _____

(b) FILE RETURNS OR PAY NEW YORK STATE UNEMPLOYMENT INSURANCE? YES NO

IF YES, INDICATE THE YEARS THE GRANTEE FAILED TO FILE/PAY THE INSURANCE AND THE CURRENT STATUS OF THE LIABILITY: _____

(c) FILE DOCUMENTATION REQUESTED BY ANY REGULATING ENTITY SET FORTH IN SECTION III, QUESTION 1 ABOVE, WITH THE ATTORNEY GENERAL OF THE STATE OF NEW YORK, OR WITH ANY OTHER LOCAL, STATE, OR FEDERAL ENTITY THAT HAS MADE A FORMAL REQUEST FOR INFORMATION? YES NO

IF YES, INDICATE THE YEARS THE GRANTEE FAILED TO FILE THE REQUESTED INFORMATION AND THE CURRENT STATUS OF THE MATTER: _____

6. HAVE ANY BANKRUPTCY PROCEEDINGS BEEN INITIATED BY OR AGAINST THE GRANTEE, RELATED ORGANIZATIONS, ENTITIES OR ITS AFFILIATES WITHIN THE PAST SEVEN (7) YEARS (WHETHER OR NOT CLOSED) OR IS ANY BANKRUPTCY PROCEEDING PENDING BY OR AGAINST THE GRANTEE, RELATED ORGANIZATIONS, ENTITIES OR ITS AFFILIATES, REGARDLESS OF THE DATE OF FILING? YES NO

IF YES, INDICATE IF THIS IS APPLICABLE TO THE SUBMITTING GRANTEE OR ONE OF ITS AFFILIATES:

IF IT IS AN AFFILIATE, RELATED ORGANIZATION OR ENTITY, INCLUDE THE AFFILIATE'S NAME AND FEIN: _____

PROVIDE THE COURT NAME, ADDRESS AND DOCKET NUMBER: _____

INDICATE IF THE PROCEEDINGS HAVE BEEN INITIATED, REMAIN PENDING OR HAVE BEEN CLOSED: _____

IF CLOSED, PROVIDE THE DATE CLOSED: _____

7. DOES GRANTEE HAVE THE FINANCIAL RESOURCES (IN EXCESS OF THE GRANT) TO FULFILL THE REQUIREMENTS OF THE PROJECT DESCRIBED IN THE PRELIMINARY APPLICATION OR PROJECT INFORMATION SHEET? YES NO N/A, PROJECT IS FULLY FUNDED BY GRANT.

IF YES, PLEASE SET FORTH ON A SEPARATE DOCUMENT ATTACHED HERETO THE SOURCE(S) OF THE ADDITIONAL FUNDS NECESSARY TO COMPLETE THE PROJECT, THE TIMING OF THE AVAILABILITY OF THE FUNDING, AND A CONTACT PERSON FOR EACH SOURCE. PLEASE BE ADVISED THAT DASNY MAY CONTACT ONE OR MORE OF THE LISTED SOURCES TO VERIFY FUNDING AVAILABILITY.

IF NO, INDICATE HOW THE GRANTEE WILL FULFILL THE REQUIREMENTS OF THE PROJECT DESCRIBED IN THE PRELIMINARY APPLICATION OR PROJECT INFORMATION SHEET AND THE TERMS OF THE GRANT DISBURSEMENT AGREEMENT.

CERTIFICATION

THE GRANTEE CERTIFIES THAT ALL FUNDS THAT WILL BE EXPENDED PURSUANT TO THE TERMS OF THE GDA TO BE ENTERED INTO BETWEEN DASNY AND THE GRANTEE ARE TO BE USED SOLELY AND DIRECTLY FOR THE PUBLIC PURPOSE OR PUBLIC PURPOSES DESCRIBED IN THE PRELIMINARY APPLICATION, PROJECT INFORMATION SHEET AND GDA. THE GRANTEE FURTHER CERTIFIES THAT ALL SUCH FUNDS WILL BE USED SOLELY IN THE MANNER DESCRIBED IN THE PRELIMINARY APPLICATION, PROJECT INFORMATION SHEET, AND GDA. THE GRANTEE FURTHER CERTIFIES THAT IT WILL UTILIZE THE REAL PROPERTY, EQUIPMENT, FURNISHINGS, AND OTHER CAPITAL COSTS PAID FOR WITH GRANT PROCEEDS UNTIL SUCH TIME AS THE GRANTEE REASONABLY DETERMINES THAT SUCH REAL PROPERTY, EQUIPMENT, FURNISHINGS AND OTHER CAPITAL COSTS ARE NO LONGER REASONABLY NECESSARY OR USEFUL TO FURTHER THE PUBLIC PURPOSE FOR WHICH THE GRANT WAS MADE.

THE UNDERSIGNED RECOGNIZES THAT THIS QUESTIONNAIRE IS SUBMITTED FOR THE EXPRESS PURPOSE OF INDUCING DASNY TO MAKE PAYMENT TO THE GRANTEE FOR SERVICES RENDERED BY THE UNDERSIGNED AND THAT DASNY MAY IN ITS DISCRETION, BY MEANS WHICH IT MAY CHOOSE, DETERMINE THE TRUTH AND ACCURACY OF ALL STATEMENTS MADE HEREIN. THE UNDERSIGNED FURTHER ACKNOWLEDGES THAT INTENTIONAL SUBMISSION OF FALSE OR MISLEADING INFORMATION MAY CONSTITUTE A FELONY UNDER PENAL LAW SECTION 210.40 OR A MISDEMEANOR UNDER PENAL LAW SECTION 210.35 OR SECTION 210.45, AND MAY ALSO BE PUNISHABLE BY A FINE OF UP TO \$10,000 OR IMPRISONMENT OF UP TO FIVE YEARS UNDER 18 U.S.C. SECTION 1001; AND STATES THAT THE INFORMATION SUBMITTED IN THIS QUESTIONNAIRE AND ANY ATTACHED PAGES IS TRUE, ACCURATE AND COMPLETE.

THE UNDERSIGNED ALSO CERTIFIES THAT S/HE HAS NOT ALTERED THE CONTENT OF THE QUESTIONS IN THE QUESTIONNAIRE IN ANY MANNER; HAS READ AND UNDERSTANDS ALL OF THE ITEMS CONTAINED IN THE QUESTIONNAIRE AND ANY ATTACHED PAGES; HAS SUPPLIED FULL AND COMPLETE RESPONSES TO EACH ITEM THEREIN TO THE BEST OF HIS/HER KNOWLEDGE, INFORMATION AND BELIEF; IS KNOWLEDGEABLE ABOUT THE SUBMITTING GRANTEE'S BUSINESS AND OPERATIONS; UNDERSTANDS THAT DASNY WILL RELY ON THE INFORMATION SUPPLIED IN THIS QUESTIONNAIRE WHEN ENTERING INTO A CONTRACT WITH THE GRANTEE; AND IS UNDER DUTY TO NOTIFY DASNY OF ANY MATERIAL CHANGES TO THE GRANTEE'S RESPONSES HEREIN UNTIL SUCH TIME AS THE GRANT PROCEEDS HAVE BEEN FULLY PAID OUT TO GRANTEE.

Sharon Addison
Signature of Authorized Officer

Kath [Signature] PRES.
Signature of Chair of the Board of Grantee
(or other Authorized Officer)

Sharon Addison
Printed Name of Authorized Officer

KEITH B. CAUGHLIN, PRESIDENT
Print Name of Chair of the Board of Grantee
(or other Authorized Officer)

City Manager
Title of Authorized Officer

Sworn to before me this 28 day
of June, 2017.

Sworn to before me this 28 day
of June, 2017.

Elaine Giso
Notary Public

Elaine Giso
Notary Public

ELAINE GISO
Notary Public, State of New York
Qualified in Jefferson County
No. 01G14619507
Commission Expires 1/31/17

ELAINE GISO
Notary Public, State of New York
Qualified in Jefferson County
No. 01G14619507
Commission Expires 1/31/17

Supporting Documentation for Section III: Due Diligence Questions

Question #2, Contracts: Below is the requested list of contracts that the grantee has entered into with any New York State agency, public authority, or quasi-State entity in the past (5) years.

- Rural Urban Public Transportation (Department of Transportation)
Contract Effective Dates: 07/01/2012 – 06/30/2018
Contact: Michael LaBello, Office of Integrated Modal Services, Public Transportation Bureau, 50 Wolf Road, POD 54, Albany, NY 12232
Contract ID number: C003930
- Court Cleaning & Minor Repairs Chapter 686 (Inter-Government)
Contract Effective Dates: 04/01/2013 – 03/31/2018
Contact: James P. Shanahan, Principal Administrative Assistant, State of New York Unified Court System, Fifth Judicial District, Onondaga County Courthouse, 600 State Street, Syracuse, NY 13202-3099
Contract ID number: C300305
- Urban Grant Round 12 Street Trees (Department of Environmental Conservation)
Contract Effective Dates: 06/01/2014 – 05/31/2017
Contact: Debra Gorka, Forester, NYS DEC, 270 Michigan Avenue, Buffalo, NY 14203
Contract ID number: T305101

In addition, all of the City of Watertown's active contracts are listed on the attached printout from Open Book New York.



Question #4(j): This question asks if the grantee has, within the last five (5) years, been the subject of the withdrawal, termination or suspension of any grant or other financial support by any Federal, State or local agency, organization or foundation.

In 2015, the City of Watertown was awarded a Staffing for Adequate Fire and Emergency Response (SAFER) Grant. Following the award, the City Council voted not to accept the grant due to pending unresolved labor negotiations with the City Fire Department.

Attached is a letter written by Watertown Mayor Joseph M. Butler, Jr. to United States Senator Charles E. Schumer that further explains the cause and current status of the City's decision to decline this grant.

As of the time of this writing, labor negotiations with the Fire Department are still ongoing.

SECTION III #7 - FINANCIAL RESOURCES

February 6, 2017

Ordinance No. 2

ORDINANCE

Page 1 of 7

An Ordinance Authorizing the Issuance of \$1,200,000 Bonds of the City of Watertown, Jefferson County, New York, to Pay the Cost of the Replacement of Heating, Ventilating and Air Conditioning Equipment With New Equipment at the City's Flower Memorial Library, in and for Said City

Council Member HORBACZ, Cody J.
Council Member JENNINGS, Stephen A.
Council Member MACALUSO, Teresa R.
Council Member WALCZYK, Mark. C.
Mayor BUTLER, Jr., Joseph M.
Total

Table with 2 columns: YEA, NAY. Rows for each council member and Mayor, with 'X' marks in the YEA column and '0' in the NAY column for the total row.

Introduced by

Council Member Teresa R. Macaluso

At a regular meeting of the Council of the City of Watertown, Jefferson County, New York, held at the Municipal Building, in Watertown, New York, in said City, on February 6, 2017, at 7:00 o'clock P.M., Prevailing Time.

The meeting was called to order by Mayor Joseph M. Butler Jr., and upon roll being called, the following were

- PRESENT: Council Member Cody J. Horbacz, Council Member Stephen A. Jennings, Council Member Teresa R. Macaluso, Council Member Mark C. Walczyk, Mayor Joseph M. Butler Jr.
ABSENT: N/A

The following ordinance was offered by Council Member Macaluso, who moved its adoption, seconded by Council Member Jennings, to wit:

BOND ORDINANCE DATED FEBRUARY 6, 2017.

WHEREAS, all conditions precedent to the financing of the capital purposes hereinafter described, including compliance with the provisions of the State Environmental Quality Review Act to the extent required, have been performed; and

WHEREAS, it is now desired to authorize the financing of such capital project; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of Watertown, Jefferson County, New York, as follows:

ORDINANCE

Page 2 of 7

An Ordinance Authorizing the Issuance of \$1,200,000 Bonds of the City of Watertown, Jefferson County, New York, to Pay the Cost of the Replacement of Heating, Ventilating and Air Conditioning Equipment With New Equipment at the City's Flower Memorial Library, in and for Said City

Council Member HORBACZ, Cody J.
Council Member JENNINGS, Stephen A.
Council Member MACALUSO, Teresa R.
Council Member WALCZYK, Mark. C.
Mayor BUTLER, Jr., Joseph M.
Total

Table with 2 columns: YEA, NAY. Rows correspond to council members and a total row.

Section 1. For the class of objects or purposes of paying the cost of the replacement of heating, ventilating and air conditioning equipment with new equipment at the City's Flower Memorial Library, in and for the City of Watertown, Jefferson County, New York, including incidental expenses in connection therewith, there are hereby authorized to be issued \$1,200,000 bonds of said City pursuant to the provisions of the Local Finance Law.

Section 2. It is hereby determined that the estimated maximum cost of the aforesaid class of objects or purposes is \$1,200,000 and that the plan for the financing thereof is by the issuance of the \$1,200,000 bonds of said City authorized to be issued pursuant to this bond ordinance; provided, however, that the amount of bonds ultimately to be issued will be reduced by the amount of any State and, or Federal aid or any other revenue received by the City from other sources for such class of objects or purposes, which monies are hereby appropriated therefor.

Section 3. It is hereby determined that the Flower Memorial Library building is a class "A" or class "B" building and that the period of probable usefulness of the aforesaid class of objects or purposes is ten years, pursuant to subdivision thirteen of paragraph a of Section 11.00 of the Local Finance Law.

Section 4. Subject to the provisions of the Local Finance Law, the power to authorize the issuance of and to sell bond anticipation notes in anticipation of the issuance and sale of the bonds herein authorized, including renewals of such notes, is hereby delegated to the City Comptroller, the chief fiscal officer. Such notes shall be of such terms, form and contents, and shall be sold in such manner, as may be prescribed by said City Comptroller, consistent with the provisions of the Local Finance Law.

Section 5. The faith and credit of said City of Watertown, Jefferson County, New York, are hereby irrevocably pledged for the payment of the principal of and interest on such obligations as the same respectively become due and payable. An annual appropriation shall be made in each year sufficient to pay the principal of and interest on such obligations becoming due and payable in such year.

ORDINANCE

Page 3 of 7

An Ordinance Authorizing the Issuance of \$1,200,000 Bonds of the City of Watertown, Jefferson County, New York, to Pay the Cost of the Replacement of Heating, Ventilating and Air Conditioning Equipment With New Equipment at the City's Flower Memorial Library, in and for Said City

Council Member HORBACZ, Cody J.
 Council Member JENNINGS, Stephen A.
 Council Member MACALUSO, Teresa R.
 Council Member WALCZYK, Mark. C.
 Mayor BUTLER, Jr., Joseph M.
 Total

YEA	NAY

Section 6. Such bonds shall be in fully registered form and shall be signed in the name of the City of Watertown, Jefferson County, New York, by the manual or facsimile signature of the City Comptroller and a facsimile of its corporate seal shall be imprinted thereon and may be attested by the manual or facsimile signature of the City Clerk.

Section 7. The powers and duties of advertising such bonds for sale, conducting the sale and awarding the bonds, are hereby delegated to the City Comptroller, who shall advertise such bonds for sale, conduct the sale, and award the bonds in such manner as he shall deem best for the interests of the City, including, but not limited to, the power to sell said bonds to the New York State Environmental Facilities Corporation; provided, however, that in the exercise of these delegated powers, he shall comply fully with the provisions of the Local Finance Law and any order or rule of the State Comptroller applicable to the sale of municipal bonds. The receipt of the City Comptroller shall be a full acquittance to the purchaser of such bonds, who shall not be obliged to see to the application of the purchase money.

Section 8. The power to issue and sell notes to the New York State Environmental Facilities Corporation pursuant to Section 169.00 of the Local Finance Law is hereby delegated to the City Comptroller. Such notes shall be of such terms, form and contents as may be prescribed by said City Comptroller consistent with the provisions of the Local Finance Law.

Section 9. The City Comptroller is hereby further authorized, at his or her sole discretion, to execute a project financing agreement, and any other agreements with the New York State Department of Environmental Conservation and/or the New York State Environmental Facilities Corporation, including amendments thereto, and including any instruments (or amendments thereto) in the effectuation thereof, in order to effect the financing or refinancing of the class of objects or purposes described in Section 1 hereof, or a portion thereof, by a bond, and, or note issue of said City in the event of the sale of same to the New York State Environmental Facilities Corporation.

Section 10. The intent of this resolution is to give the City Comptroller sufficient authority to execute those applications, agreements, instruments or to do any similar acts necessary to effect the issuance of the aforesaid bonds and, or notes, without resorting to further action of the City Comptroller.

ORDINANCE

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An Ordinance Authorizing the Issuance of \$1,200,000 Bonds of the City of Watertown, Jefferson County, New York, to Pay the Cost of the Replacement of Heating, Ventilating and Air Conditioning Equipment With New Equipment at the City's Flower Memorial Library, in and for Said City

Council Member HORBACZ, Cody J.
Council Member JENNINGS, Stephen A.
Council Member MACALUSO, Teresa R.
Council Member WALCZYK, Mark. C.
Mayor BUTLER, Jr., Joseph M.
Total

YEA	NAY

Section 11. All other matters, except as provided herein relating to such bonds, including determining whether to issue such bonds having substantially level or declining annual debt service and all matters related thereto, prescribing whether manual or facsimile signatures shall appear on said bonds, prescribing the method for the recording of ownership of said bonds, appointing the fiscal agent or agents for said bonds, providing for the printing and delivery of said bonds (and if said bonds are to be executed in the name of the City by the facsimile signature of its City Comptroller, providing for the manual countersignature of a fiscal agent or of a designated official of the City), the date, denominations, maturities and interest payment dates, place or places of payment, and also including the consolidation with other issues, shall be determined by the City Comptroller. It is hereby determined that it is to the financial advantage of the City not to impose and collect from registered owners of such bonds any charges for mailing, shipping and insuring bonds transferred or exchanged by the fiscal agent, and, accordingly, pursuant to paragraph c of Section 70.00 of the Local Finance Law, no such charges shall be so collected by the fiscal agent. Such bonds shall contain substantially the recital of validity clause provided for in Section 52.00 of the Local Finance Law and shall otherwise be in such form and contain such recitals in addition to those required by Section 52.00 of the Local Finance Law, as the City Comptroller shall determine.

Section 12. The validity of such bonds and bond anticipation notes may be contested only if:

- (1) Such obligations are authorized for an object or purpose for which said City is not authorized to expend money, or
- (2) The provisions of law which should be complied with at the date of publication of this resolution are not substantially complied with, and an action, suit or proceeding contesting such validity is commenced within twenty days after the date of such publication, or
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

Section 13. This resolution shall constitute a statement of official intent for purposes of Treasury Regulations Section 1.150 2. Other than as specified in this resolution, no monies are, or are reasonably expected to be, reserved, allocated on a long term basis, or otherwise set aside with respect to the permanent funding of the object or purpose described herein.

ORDINANCE

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An Ordinance Authorizing the Issuance of \$1,200,000 Bonds of the City of Watertown, Jefferson County, New York, to Pay the Cost of the Replacement of Heating, Ventilating and Air Conditioning Equipment With New Equipment at the City's Flower Memorial Library, in and for Said City

Council Member HORBACZ, Cody J.
Council Member JENNINGS, Stephen A.
Council Member MACALUSO, Teresa R.
Council Member WALCZYK, Mark. C.
Mayor BUTLER, Jr., Joseph M.
Total

Table with 2 columns: YEA, NAY. Rows correspond to council members and a total row.

Section 14. This ordinance, which takes effect immediately, shall be published in summary in the Watertown Daily Times the official newspaper, together with a notice of the City Clerk in substantially the form provided in Section 81.00 of the Local Finance Law.

Unanimous consent moved by Council Member Macaluso, seconded by Council Member Jennings, with all voting "AYE".

The question of the adoption of the foregoing ordinance was duly put to a vote on roll call, which resulted as follows:

Table with 3 columns: Name, VOTING, YEA. Lists Council Member Horbacz, Council Member Jennings, Council Member Macaluso, Council Member Walczyk, and Mayor Butler.

The ordinance was thereupon declared duly adopted.

* * * * *
APPROVED BY THE MAYOR
Joseph M. Butler 2017
Mayor

STATE OF NEW YORK)
) ss.:
COUNTY OF JEFFERSON)

I, the undersigned Clerk of the City of Watertown, Jefferson County, New York, DO HEREBY CERTIFY:

ORDINANCE

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An Ordinance Authorizing the Issuance of \$1,200,000 Bonds of the City of Watertown, Jefferson County, New York, to Pay the Cost of the Replacement of Heating, Ventilating and Air Conditioning Equipment With New Equipment at the City's Flower Memorial Library, in and for Said City

Council Member HORBACZ, Cody J.
Council Member JENNINGS, Stephen A.
Council Member MACALUSO, Teresa R.
Council Member WALCZYK, Mark. C.
Mayor BUTLER, Jr., Joseph M.
Total

YEA	NAY

That I have compared the annexed extract of the minutes of the meeting of the Council of said City, including the ordinance contained therein, held on February 6, 2017, with the original thereof on file in my office, and that the same is a true and correct transcript therefrom and of the whole of said original so far as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that all members of said Council had due notice of said meeting.

I FURTHER CERTIFY that, pursuant to Section 103 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public.

I FURTHER CERTIFY that, PRIOR to the time of said meeting, I duly caused a public notice of the time and place of said meeting to be given to the following newspapers and/or other news media as follows:

Newspaper and/or other news media Date given

Regular meeting of the City Council held in accordance with Section 14-1 of the Municipal Code

I FURTHER CERTIFY that PRIOR to the time of said meeting, I duly caused public notice of the time and place of said meeting to be conspicuously posted in the following designated public location(s) on the following dates:

Designated Location(s) of Posted Notice Date of Posting

Regular meeting of the City Council held in accordance with Section 14-1 of the Municipal Code

February 6, 2017

ORDINANCE

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An Ordinance Authorizing the Issuance of \$1,200,000 Bonds of the City of Watertown, Jefferson County, New York, to Pay the Cost of the Replacement of Heating, Ventilating and Air Conditioning Equipment With New Equipment at the City's Flower Memorial Library, in and for Said City

- Council Member HORBACZ, Cody J.
- Council Member JENNINGS, Stephen A.
- Council Member MACALUSO, Teresa R.
- Council Member WALCZYK, Mark. C.
- Mayor BUTLER, Jr., Joseph M.
- Total

YEA	NAY

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said City on February 06, 2017.

Ann M. Saunders
 City Clerk
 (CORPORATE SEAL)

Seconded by Council Member Stephen A. Jennings

EXHIBIT D: Disbursement Terms

City of Watertown
Renovations to Roswell P. Flower Memorial Library
Project ID 9025

Subject to the terms and conditions contained in this Agreement, DASNY shall disburse the Grant to the Grantee as follows:

Standard Reimbursement

DASNY shall make payment to the Grantee, no more frequently than monthly, based upon Eligible Expenses (as set forth and in accordance with the budget in Exhibit A) actually incurred by the Grantee, in compliance with Exhibit A and upon presentation to DASNY of the Payment Requisition Forms attached to this Agreement as Exhibit E and its attachments, together with such supporting documentation as DASNY may require in order to clearly demonstrate that Eligible Expenses were actually incurred by the Grantee in connection with the Project described herein. Payment shall be made by reimbursement, subject to the terms and conditions of Sections 4 and 5(a) of this Agreement or by payment on invoice subject to the terms and conditions of Sections 4 and 5(b) of this Agreement.

Supporting documentation acceptable to DASNY must be provided prior to payment, including invoices and proof of payment in a form acceptable to DASNY. If the fronts and backs of canceled checks cannot be obtained from the Grantee's financial institution, a copy of the front of the check must be provided, along with a copy of a bank statement clearly showing that payment was made by the Grantee to the contractor. DASNY reserves the right to request additional supporting documentation in connection with requests for payment, including the backs of canceled checks, certifications from contractors or vendors, or other documentation to verify that grant funds are properly expended. *Please note that quotes, proposals, estimates, purchase orders, and other such documentation do NOT qualify as invoices.*

The Grantee agrees to provide such documentation to DASNY as may be requested by DASNY in its sole and absolute discretion to support a requisition for payment, to determine compliance by the Grantee with the terms of this Agreement or otherwise reasonably requested by DASNY in connection with the Grant, and further acknowledges that if documentation requested in connection with a requisition for payment does not, in the sole and absolute discretion of DASNY, provide adequate support for the costs requested, that such requisition request shall be denied and payment shall not be made to the Grantee.

All expenses submitted for reimbursement or payment on invoice must be for work completed at the approved project location(s) and/or items received at the approved project location(s) prior to the date of the request for reimbursement/payment. In addition, if funds are requisitioned for the purchase of a vehicle, the New York State Vehicle Registration Documents and title must be submitted along with the requisition forms.

EXHIBIT E: Payment Requisition Form and Dual Certification

City of Watertown
Renovations to Roswell P. Flower Memorial Library
Project ID 9025

For Office Use Only:		
FMS#: 136593	GranteeID: 205	GrantID: 10119

Payment Request # _____

For work completed between ____ / ____ / ____ and ____ / ____ / ____

THIS REQUEST:

A: TASK #*	B: DASNY SHARE*	C: THIS REQUEST	D: TOTAL REQUESTED PRIOR TO THIS REQUEST	E: B-C-D BALANCE
TOTAL:				

* Please note that the task numbers and DASNY Share amounts set forth in columns A and B respectively must correspond to the tasks and DASNY Share amounts set forth in Exhibit A. When submitting a requisition for payment, please remember that DASNY can reimburse you for capital expenditures made by and invoiced to the Grantee set forth on the cover page of this Agreement only. Capital expenditures include the costs of acquisition, design, construction, reconstruction, rehabilitation, preservation, development, improvement, modernization and equipping of a State and Municipal Facilities Program facility.

DASNY may not reimburse Grantees or make payments on invoice for costs including, but not limited to, the following: working capital, rent, utilities, salaries, supplies and other administrative expenses.

EXHIBIT E: Payment Requisition Form and Dual Certification

DUAL CERTIFICATION

This certification must be signed by two Authorized Officers of the City of Watertown, for Project # 9025.

We hereby warrant and represent to DASNY that:

1. To the best of our knowledge, information and belief, the expenditures described in Payment Requisition Request # _____ attached hereto in the amount of \$ _____ for which City of Watertown, is seeking payment and/or reimbursement comply with the requirements of the Agreement between DASNY and City of Watertown (the "Agreement"), are Eligible Expenses, and that the payment and/or reimbursement of expenditures for which it is seeking payment and/or reimbursement from DASNY does not duplicate reimbursement or disbursement of costs and/or expenses from any other source.
2. The warranties and covenants contained in Section 8 of the Agreement are true and correct as if made on the date hereof.
3. The Eligible Expenses for which reimbursement is sought in connection with this requisition were actually incurred by the Grantee named on the cover page of this Agreement, and/or will be paid by the Grantee solely from the Segregated Account established pursuant to paragraph 4(d) of the Grant Disbursement Agreement to the contractor named on the invoices submitted in connection with this requisition and shall not be used for any other purpose.
4. All Project costs described in any contractor/vendor invoice submitted pursuant the payment requisition form have been completely and fully performed prior to the date hereof.
5. Proof of disposition of funds from the Segregated Account to the contractor and/or vendors that are being paid on invoice, if any, will be provided to DASNY within sixty (60) days of the date that Grant funds are disbursed to the Grantee to pay for such costs. We understand that in the event that acceptable proof of payment is not provided, DASNY will not make any additional disbursements from Grant funds until such time as such proof of payment is provided.
6. We have the authority to submit this requisition on behalf of City of Watertown. The tasks have been completed in the manner outlined in the Agreement.
7. The following documents are hereby attached for DASNY approval, in support of this requisition, and are accurate images of the original documents **(Please check off all that apply):**
 - Readable copies of both front and back of canceled checks.
 - Readable copies of the front of the checks and copies of bank statements showing that the checks have cleared.
 - Copy of New York State Vehicle Registration and Title documents for all vehicles purchased with Grant funds.
 - Invoices/receipts for eligible goods/services that have been received/performed at the approved project location(s) and a completed Exhibit E-2: Payment Requisition Back-up Summary.
 - Other:

Authorized Officer Signature: _____

Date: _____

Print Name: _____

Title: _____

Authorized Officer Signature: _____

Date _____

Print Name: _____

Title: _____

EXHIBIT E-I: Payment Requisition Cover Letter
ON GRANTEE'S LETTERHEAD

Date

Attention: Accounts Payable - Grants
DASNY
515 Broadway
Albany, New York 12207

*Re: State and Municipal Facilities Program ("SAM") Grant
Renovations to Roswell P. Flower Memorial Library
Project No. 9025*

To Whom it May Concern:

Enclosed please find our request for payment/reimbursement. The package includes completed Exhibits E and E-2, including a Dual Certification with original signatures from two authorized officers. I have also included supporting documentation and invoices, as summarized in Exhibit E-2.

Below I have checked off the relevant payment option and completed the required payment information. This information is complete and accurate as of the date of this letter:

1) <input type="checkbox"/>	We would like to be paid by reimbursement pursuant to section 5(a) of the grant disbursement agreement. Proof of payment is enclosed for all invoices submitted in this request. Please remit payment by check.
OR	
2) <input type="checkbox"/>	We would like to be paid by reimbursement pursuant to section 5(a) of the grant disbursement agreement. Proof of payment is enclosed for all invoices submitted in this request. Please remit payment by wire. The wire instructions for our account are as follows: BANK NAME: _____ ACCOUNT #: _____ ACCOUNT NAME: _____ ABA #: _____
OR	
3) <input type="checkbox"/>	We would like to be paid on invoice pursuant to Section 5(b) of the grant disbursement agreement. We have not paid the invoice(s) included in this request. We have established a segregated account to be used solely for accepting and disbursing funds from DASNY for this grant and for no other purpose. The wire instructions for this account are as follows: BANK NAME: _____ ACCOUNT #: _____ ACCOUNT NAME: _____ ABA #: _____

If any further information is needed, please contact me at () _____.

Signature: _____

Print Name: _____ Title: _____

EXHIBIT E-2: Payment Requisition Back-up Summary

Please list below all invoice amounts totaling the amount for which you are seeking reimbursement in this request. Invoices should be organized and subtotaled by task #. Please use additional sheets if necessary.

Task #: 11 **Task Description:** ANALYSIS OF MAINTENANCE DEFICIENCIES

VENDOR/ CONTRACTOR NAME	INVOICE/ APPLICATION #	AMOUNT REQUESTED FROM GRANT FUNDS	COMMENT
TOTAL Requested for Task:			(Transfer to Exhibit E)

Task #: 12 **Task Description:** ANALYSIS OF MAINTENANCE DEFICIENCIES

VENDOR/ CONTRACTOR NAME	INVOICE/ APPLICATION #	AMOUNT REQUESTED FROM GRANT FUNDS	COMMENT
TOTAL Requested for task:			(Transfer to Exhibit E)

Task #: 13 **Task Description:** ANALYSIS OF MAINTENANCE DEFICIENCIES

VENDOR/ CONTRACTOR NAME	INVOICE/ APPLICATION #	AMOUNT REQUESTED FROM GRANT FUNDS	COMMENT
TOTAL Requested for task:			(Transfer to Exhibit E)

EXHIBIT F

NON-DISCRIMINATION AND AFFIRMATIVE ACTION POLICY FOR THE PROJECT

It is the policy of the State of New York and DASNY, to comply with all federal, State and local law, policy, orders, rules and regulations which prohibit unlawful discrimination because of race, creed, color, national origin, sex, sexual orientation, age, disability or marital status, and to take affirmative action to ensure that Minority and Women-owned Business Enterprises (M/WBEs), Minorities Group Members and women share in the economic opportunities generated by DASNY's participation in projects or initiatives, and/or the use of DASNY funds.

- 1) The recipient of State funds represents that its equal employment opportunity policy statement incorporates, at a minimum, the policies and practices set forth below:
 - a) Grantee shall (i) not unlawfully discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, sexual orientation, age, disability or marital status, (ii) undertake or continue existing programs of affirmative action to ensure that Minority Group Members and women are afforded equal employment opportunities, and (iii) make and document its conscientious and active efforts to employ and utilize M/WBEs, Minority Group Members and women in its workforce on contracts. Such action shall be taken with reference to, but not limited to, solicitations or advertisements for employment, recruitment, job assignment, promotion, upgrading, demotion, transfer, layoff or termination, rates of pay or other forms of compensation, and selection for training or retraining, including apprenticeship and on-the-job training.
 - b) At the request of the AAO, the Grantee shall request each employment agency, labor union, or authorized representative of workers with whom it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, labor union, or representative does not unlawfully discriminate, and that such union or representative will affirmatively cooperate in the implementation of the Grantee's obligations herein.
- 2) The Grantee is encouraged to include minorities and women in any job opportunities created by the Project; and to solicit and utilize M/WBE firms for any contractual opportunities generated in connection with the Project.
- 3) Grantee represents and warrants that, for the duration of the Agreement, it shall furnish all information and reports required by the AAO and shall permit access to its books and records by DASNY, or its designee, for the purpose of ascertaining compliance with provisions hereof.
- 4) Grantee shall include or cause to be included, paragraphs (1) through (3) herein, in every contract, subcontract or purchase order with a Contracting Party executed in connection with the Project, in such a manner that said provisions shall be binding upon each Contracting Party as to its obligations incurred in connection with the Project.

NON-DISCRIMINATION AND AFFIRMATIVE ACTION DEFINITIONS

Affirmative Action

Shall mean the actions to be undertaken by the Borrower, Grantee and any Contracting Party in connection with any project or initiative to ensure non-discrimination and Minority/Women-owned Business Enterprise and minority/female workforce participation, as set forth in paragraph 2) herein, and developed by DASNY.

Affirmative Action Officer (“AAO”)

Shall mean DASNY’s Affirmative Action Officer or his/her designee, managing the affirmative action program for DASNY.

Contracting Party

Shall mean (i) any contractor, subcontractor, consultant, subconsultant or vendor supplying goods or services, pursuant to a contract or purchase order in excess of \$1,500, in connection with any projects or initiatives funded in whole or in part by DASNY and (ii) **any borrower or Grantee** receiving funds from DASNY pursuant to a loan or Grant document.

Minority Business Enterprise (“MBE”)

Shall mean a business enterprise, including a sole proprietorship, partnership or corporation that is (i) a least fifty-one percent (51%) owned by one or more Minority Group Members; (ii) an enterprise in which such minority ownership is real, substantial and continuing, (iii) an enterprise in which such minority ownership has and exercises DASNY to control and operate, independently, the day-to-day business decisions of the enterprise; (iv) an enterprise authorized to do business in the State of New York and is independently owned and operated; and (v) an enterprise certified by New York State as a minority business.

Minority Group Member

Shall mean a United States citizen or permanent resident alien who is and can demonstrate membership in one of the following groups: (i) Black persons having origins in any of the Black African racial groups; (ii) Hispanic persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American descent of either Indian or Hispanic origin, regardless of race; (iii) Asian and Pacific Islander persons having origins in any of the Far East countries, South East Asia, the Indian subcontinent or the Pacific Islands; and (iv) Native American or Alaskan native persons having origins in any of the original peoples of North America.

Minority and Women-Owned Business Enterprise Participation

Minority and Women-owned Business Enterprise participation efforts are not limited to the efforts suggested herein, and the role of M/WBE firms should not be restricted to that of a subcontractor/subconsultant. Where applicable, M/WBE firms should be considered for roles as prime contractors. Such efforts may include but not be limited to:

- (a) Dividing the contract work into smaller portions in such a manner as to permit subcontracting to the extent that it is economically and technically feasible to do so;
- (b) Actively and affirmatively soliciting bids from qualified M/WBEs, including circulation of solicitations to Minority and Women's trade associations;
- (c) Making plans and specifications for prospective work available to M/WBEs in sufficient time for review;
- (d) Utilizing the services and cooperating with those organizations providing technical assistance to the Contracting Party in connection with potential M/WBE participation on DASNY contract;
- (e) Utilizing the resources of DASNY Affirmative Action Unit to identify New York State certified M/WBE firms for the purpose of soliciting bids and subcontracts;
- (f) Encouraging the formation of join ventures, associations, partnerships, or other similar entities with M/WBE firms, where appropriate, and
- (g) The Contracting Party shall remit payment in a timely fashion.

Women-owned Business Enterprise (“WBE”)

Shall mean a business enterprise, including a sole proprietorship, partnership or corporation that is: (i) at least fifty-one percent (51%) owned by one or more citizens or permanent resident aliens who are women; (ii) an enterprise in which the ownership interest of such women is real, substantial and continuing, (iii) an enterprise in which such women ownership has and exercises DASNY to control and operate, independently, the day-to-day business decisions of the enterprise; (iv) an enterprise authorized to do business in the State of New York and is independently owned and operated; and (v) an enterprise certified by New York State as woman-owned.

Tabled

January 10, 2018

To: The Honorable Mayor and City Council
From: Sharon Addison, City Manager
Subject: Re-adoption of the Fiscal Year 2017-18 Water and Sewer Funds Budgets

The attached resolution was tabled at the January 3, 2018 Council Meeting. This resolution re-adopts the Fiscal Year 2017-18 Water and Sewer Funds Budgets to abolish the Water Meter Reader position and add an Account Clerk Typist position, as well as transfer the salary to the appropriate expense line item. The following information is provided as additional background to answer Council's questions regarding these actions.

Prior to fiscal year 2013/2014, the City of Watertown decided to replace all manually read water meters (approximately 9000) with auto read meters, which would eliminate the need for Water Meter Reader positions. Records show that in late 2013, the new meters were being installed and the Department, at that time, had two Water Meter Reader positions. By the end of calendar year 2014, approximately 60% of the meters had been replaced and one Water Meter Reader position was eliminated in December 2014.

By the end of 2016, more than 85% of the manual meters had been replaced with the auto readers and by the end of 2017, 95% have been replaced. Eventually, all water meters will be converted to auto reads and based on the efficiencies gained to date, it is my recommendation to abolish the Water Meter Reader position.

The auto read of more than 2800 meters is performed monthly and accomplished within 5 hours by the administrative staff or others in the Water Department. The manual read of approximately 185 meters monthly is accomplished within 2.5 days by Meter Service or Building Maintenance. Since January 2017, both auto and manual reads have been performed by others in a more efficient manner than that by the Water Meter Reader. Out of title pay was never paid to the Senior Account Clerk Typist on the occasions when the Principal Account Clerk performed the auto reads.

The request to add a full-time Account Clerk Typist position results from an examination of the work required to be performed in the Water Department administrative unit. The job duties and position title have been reviewed and confirmed by Amie Davis, Executive Secretary to the Civil Service Commission. The Account

Clerk Typist position is a Grade 11 as is the Water Meter Reader position and therefore is not more costly for the department. In fact, it is very likely that the new hire will replace a Grade 11 F Step with a Grade 11 A Step saving \$7,000 in wages. The creation of the position will also eliminate the need for Temporary labor, saving the City an additional \$5,000. Furthermore, this position will establish a succession plan to ensure continuity of accounting principals in the Water Department into the future.

RESOLUTION

Page 1 of 1

Readopting Fiscal Year 2017-18
Water and Sewer Fund Budgets

Council Member HENRY-WILKINSON, Ryan J.
Council Member HORBACZ, Cody J.
Council Member RUGGIERO, Lisa A.
Council Member WALCZYK, Mark C.
Mayor BUTLER, Jr., Joseph M.
Total

YEA	NAY

Introduced by

Council Member Cody J. Horbacz

WHEREAS on June 5, 2017 the City Council passed a resolution adopting the Budget for Fiscal Year 2017-18, of which \$5,483,000 was appropriated for the Water Fund and \$6,329,971 was appropriated for the Sewer Fund, and

WHEREAS the Water Meter Reader position is being abolished and replaced with an Account Clerk Typist position,

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Watertown hereby re-adopts the Water and Sewer Fund Budgets for Fiscal Year 2017-18 to add the position of an Account Clerk Typist and delete the Water Meter Reader position, and

BE IT FURTHER RESOLVED by the City Council of the City of Watertown that the following adjustments be included in the re-adopted Water and Sewer Fund Budgets:

<u>Expenditures</u>		
F.8310.0120	Clerical	\$ 7,500
F.8310.0130	Wages	(\$ 7,500)
	Total Expenditures	<u>\$ -</u>
G.8110.0120	Clerical	\$ 7,500
G.8110.0130	Wages	(\$ 7,500)
	Total Expenditures	<u>\$ -</u>

Seconded by Council Member Ryan Henry-Wilkinson

January 9, 2018

To: The Honorable Mayor and City Council

From: Michael A. Lumbis, Planning and Community Development Director

Subject: Public Hearing to Amend the City of Watertown's 2015 Community Development Block Grant Annual Action Plan

On May 4, 2015, the City Council adopted the City's 2015 Community Development Block Grant (CDBG) Annual Action Plan. The plan included various projects for the 2015-2016 fiscal year including an owner occupied housing rehabilitation program, a rental housing rehabilitation program, sidewalk and ADA ramp construction projects, a tree planting project and a playground improvement project. Many of the projects have been completed or are near completion, however, there have been changes in the cost of several projects that necessitate an amendment to the plan to reflect the various budget changes.

The list of projects and their associated budgets are listed in the table on the left. The list of projects and their revised budgets are shown in the table on the right.

Project	Original Budget
Owner Occupied Rehab	\$370,000.00
Rental Rehab	\$120,000.00
Near East Sidewalk	\$90,000.00
Near East Playground	\$90,000.00
Huntington Tree Planting	\$8,000.00
ADA Ramps Phase 1	\$52,000.00
Planning & Admin.	\$54,662.00
Total	\$784,662.00

Project	Proposed Budget
Owner Occupied Rehab	\$370,000.00
Rental Rehab	\$120,000.00
Near East Sidewalk	\$111,259.72
Near East Playground	\$53,153.58
Huntington Tree Planting	\$4,177.79
ADA Ramps Phase 1	\$71,408.91
Planning & Admin.	\$54,662.00
Total	\$784,662.00

As you can see, the costs of the Near East Sidewalk Project and the ADA Sidewalk Ramp Phase 1 Project were higher than originally estimated while the tree planting project came in under budget. Since our annual funding allocation from HUD is fixed, the overruns in the sidewalk and ramp projects have to be made up by reducing line items elsewhere in the budget.

CDBG regulations and our Citizen Participation Plan allow some flexibility for changes in project costs during the implementation of the various programs and projects. Individual budget line items can be increased or decreased up to 25% without amending the Annual Action Plan. In the case of the ADA Ramp Project, the

actual costs have increased by 37 %, thereby necessitating the amendment. In order to make up the shortfall in both the ADA Ramp Project and Sidewalk Project, Staff is proposing to decrease the budget in the Playground Project from \$90,000 to \$53,153.58. Decreasing the budget for the project obviously means that we will not be able to complete the improvements as originally proposed. The scope of the Near East Playground Project originally included new playground equipment and associated site improvements at the North Hamilton Street Playground and the Academy Street Playground. With this proposed amendment, we are proposing to only complete improvements at the North Hamilton Street Playground and eliminate the improvements at the Academy Street Playground.

However, realizing that the Academy Street Playground Project is an important project and very much needed for the neighborhood, we are proposing to include it in the proposed 2018-2019 Annual Action Plan that will be presented to the City Council in the coming months.

Amending an annual action plan requires several steps including drafting a narrative that describes the amendment and making it available for the public to review during a 30-day public comment period, and holding a public hearing. In order to start the amendment process, Staff is requesting that the City Council schedule a public hearing.

It is therefore recommended that the City Council schedule a public hearing on **February 5, 2017 at 7:30 p.m.** to hear public comment on the proposed amendment to the City's 2015 CDBG Annual Action Plan.

January 10, 2018

To: The Honorable Mayor and City Council
From: Sharon Addison, City Manager
Subject: 29th Annual Local Government Conference

The NYS Tug Hill Commission is again offering their Annual Local Government Conference to be held on March 29, 2018 at Jefferson Community College.

Please review the Conference Sessions and let us know if you would like to attend, noting the Workshop for each session for which you would like to join. So that we are able to process the payment, I ask that you return the Registration Information page by the next regular Council Meeting.

\$50 Registration postmarked by March 8th
\$100 Registration postmarked March 9th through March 19th
\$150 Registration postmarked March 20th until day of event

No refunds will be issued after March 8th. No registrations by phone, fax, or email.

Please join us for this opportunity to interact with associates and other local government of from across the state as we work together to find solutions to problems and issues that chal our communities. Jefferson Community College in Watertown, NY continues to be a wonde host for our conference. Over 30 vendors will be showcased in the gym where you will regis the morning, have lunch at noon and a reception at 4 p.m. Please join us for the day!

Overview of the Day

- 7:30 a.m. – 8:30 a.m. Registration & Breakfast w/ Exhibitors
- 8:30 a.m. – 10:15 a.m. Welcoming Remarks & Keynote Speaker
- 10:30 a.m. – Noon 1st Concurrent Session
- Noon – 1:00 p.m. ~ Lunch
- 1:15 p.m. – 2:30 p.m. 2nd Concurrent Session
- 2:45 p.m. – 4:00 p.m. 3rd Concurrent Session
- 4:00 p.m. ~ Reception

SEARCH

NYS TUG HILL COMMISSION

Dulles State Office Building
317 Washington Street
Watertown, NY 13601-3782

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LINKS

Local Government Conference 2018

Registration is now open!

**NYS Tug Hill Commission
29th Annual Local Government Conference
Thursday, March 29, 2018**

Jefferson Community College, 1220 Coffeen Street, Watertown, NY 13601

TWO EASY WAYS TO REGISTER

- 1. Online:** Go to <https://lgc2018.eventbrite.com> to pay electronically until March 19th
- 2. Mail:** Complete and print the registration form to pay with a check or voucher.

The form is a fillable pdf, which can be typed in, printed, and mailed to the office with payment. Alternatively, the blank form can be printed and filled in by hand, and then mailed to the office with payment.

Detailed session descriptions are available [here](#).

Please call our office toll-free in the region at 888-785-2380 with questions about the event or if you have a problem registering.

March 29, 2018 Conference Sessions

Town Boards ~ Village Boards ~ Clerks ~ Planning Boards ~ Zoning Boards ~ Highway Departments ~ Assessors

Breakfast w/Exhibitors
7:30 - 8:30 a.m.

Welcome & Keynote
8:30 - 10:15 a.m.



Keynote Speaker
Regina Clark, CSP

Creative Performance Solutions
www.reginaclark.com

Regina is the author of five books, an international speaker, and founder of Creative Performance Solutions, a management development consulting firm that was started in 1994 when Regina left the corporate world. She has spoken to corporate and association audiences in 40 states, Canada, and Europe about creating exceptional customer experiences.

Regina will be speaking about "The Seven C's of Leadership". During this program, Regina will share seven characteristics that local officials must have to succeed in today's fast paced, demanding, ever changing environment. Learn how local officials lead by connecting with others, being committed, modeling courage and being able to champion change.



Registration Opens: 7:30 a.m.

Lunch: Noon - 1:00 p.m.

Reception: 4:00 - 5:00 p.m.

Assessor Training - 8:30 a.m. - 4:00 p.m.

A full six hours of certified training for all assessors attending the Local Government Conference will be provided beginning at 8:30 a.m. and running through 4:00 p.m. The training topic will be posted at www.tughill.org/lgc2018 after the first of the year. The session will allow plenty of time for questions and answers.

Session 1

10:30 a.m - Noon

1A. Policies & Procedures for Board Members

This session will discuss mandated and recommended policies local governments need to adopt. The presentation will focus on the need for local governing bodies to adopt appropriate policies, see that they are implemented, and enforce them as need be.

1Ba. Cemetery Management Overview: Legal Responsibilities and Obstacles Towns & Villages Face in Preserving Cemeteries

NYS is home to thousands of neglected or abandoned cemeteries, many of which are technically the responsibility of their surrounding communities. Legal responsibilities and obstacles that communities face when they attempt to preserve or restore abandoned local cemeteries will be discussed in this session.

1Bb. Solar Guidebook

NYSERDA's new initiative provides support and resources to local governments across the state to help ease the implementation of solar in their jurisdictions. This session will focus on the latest version of the Solar Guidebook and available free technical assistance to local governments.

1C. Scope & Content of Site Plan Reviews

This session will give an overview of the statutory authority local governments have to review site plans. It will address the scope and content of a site plan and the role of the site plan in municipal review of development projects.

1D. How To Make Your PB or ZBA Case Article 78-Proof

Article 78 of NYS Civil Practice Law and Rules provides an opportunity for anyone to challenge decisions made by approving agencies or government or municipal officers. The focus of this session will be common procedure pitfalls that may lead to legal challenges, and ways in which your community can avoid them.

1E. Ethics for Highways

Knowing and understanding what municipal ethics really refers to will not only help maintain integrity and public confidence in town government, but can also help the town avoid potential litigation. This session will review what the law says about ethics and public officials, discuss tools towns can use to address ethics issues, and explain how to analyze situations to ensure compliance with the law.

1F. Q&A with Bob Freeman

Bob Freeman will be available to answer any and all questions related to the Freedom of Information Law as well as the Open Meetings Law.

1G. Amish - Codes & Law Enforcement

As more and more Amish relocate to the North Country, an increasing number of concerns have arisen. This session will discuss cases related to code enforcement that have involved the Amish and a presentation on how state police handle complaints and accidents involving the Amish

Session 2

1:15 - 2:30 p.m.

2A. Strategies for Meeting Rural Community Water & Wastewater Needs

Visioning and long-term strategizing; dealing with immediate issues; thinking outside the tank; choosing an engineering firm; the Preliminary Engineering Report and Environmental Review; financing improvements now and in the future; and documenting low-interest loan and grant eligibility will all be discussed in this session.

2B. We've Got the Numbers! Data, Tables & Maps from the Census Bureau.

A demonstration of the American Community Survey and the Census Bureau's "American Fact Finder" portal will show attendees how to learn more about their own community. There will be an explanation of the differences between the 2020 Census and the American Community Survey, how to search for data, create a table, download information, and create on-line maps.

2C. Planning for Complete Streets

Learn how to build support for complete streets, adopt a policy, and integrate complete street concepts into local plans, processes, and standards. Gain insight into design issues, handling costs, and working with various stakeholders.

2D. Tests for Use & Area Variances

This session will focus on the statutory tests the zoning board of appeals must follow in order to grant use and area variances and proper handling of zoning interpretations.

2E. Beware the Invaders - Invasive Species & What Highway Departments/DPW's Need to Know

A discussion of the various terrestrial plants that can invade roadsides and public, riparian, and forested locations. Threats, keys to identification, and management options for the most common species will be discussed.

2Fa. Ethics for Municipal Clerks

Covered topics will include: conflicts of interest in contracts, conflicts of interest under common law, nepotism and members of the same family working for the local government, when a person can hold more than one office, gifts, and what constitutes impermissible bias.

2Fb. Finance Officers' Round Table

The NYS Society of Municipal Finance Officers is a membership organization representing and supporting city and village finance officers from across NYS. Join representatives to learn more about this organization and join a round-table discussion. Bring questions related to financial management to discuss. Topics can include budgeting, tax cap, fund balance, audits, and cash management.

2G. What is Resiliency Planning & Why Should Communities Consider it?

This session will help communities plan for an uncertain future. Attendees will gain an understanding of potential extreme weather impacts, and other environmental and economic threats, in their region

Session 3

2:45 - 4:00 p.m.

3A. FOIL & the Open Meetings Law

This session will include discussion about the scope of the Open Meetings Law (OML), the procedure for entering into an executive session, public participation and recorded meetings, the meaning of "confidential," and many other hot button applications of both FOIL and the OML.

3B. Community Resiliency: Tools Financing & Funding

We will discuss ways decision makers can think about/plan for resiliency, some related funding opportunities, and learn about tools to help identify risks as well as manage and plan for impacts.

3C. Preparing for Successful PB & ZBA Meetings

A number of measures can be undertaken prior to a board meeting to ensure all parties involved have an understanding of the project; the regulations in place that govern the project; and the review approval process. This session will focus on those measures that planning boards and ZBAs can undertake to ensure their review and approval procedures are run more efficiently and effectively.

3D. Q&A For Planning & Zoning Boards with Scott Chatfield

This is your chance to ask the expert you're burning legal questions. Back by popular demand, for the seventh year in a row, this session is an open floor format for questions on planning and zoning issues with land use attorney Scott Chatfield.

3E. Capital Planning for Highway Assets

A local government's inventory of capital assets often represents its most significant investment of municipal resources. To ensure that essential operations continue uninterrupted, local governments must effectively plan for the acquisition and replacement of them. Capital planning allows officials to coordinate projects and acquisitions and schedule orderly replacement of existing assets by helping them establish priorities and determine needs.

3F. Reporting Elected & Appointed Officials

Correctly reporting the number of days worked during a reporting period helps ensure the benefits your employees receive are accurate. But, since elected and appointed officials usually do not work a fixed schedule or have preset hours, determining the number of days they've worked requires a different process. This session will cover Regulation 315.4 and the procedures for completing a Record of Activities and the Standard Workday and Reporting Resolution.

3G. Liabilities & Pitfalls of Social Media

Municipalities face a challenging landscape with the rise of Facebook, Twitter, and other social media forums. Issues impacting governments include transparency, reputation, acceptable use by municipal employees, law enforcement and general liability. Learn to navigate this terrain in a way which enhances your ability to govern as well as control the way this new and powerful force effects communication in your community.

LGC Registration Information

Please complete this registration form and mail it with your check or voucher.

*** Only completed vouchers will be accepted.**

Payable to: NYS Tug Hill Commission, 317 Washington Street, Watertown, NY 13601

Registration forms will not be accepted by phone, fax or email.

- Amount Paid \$50 (postmarked by March 8, 2018)
 \$100 (postmarked March 9 - 19, 2018)
 \$150 after March 19, 2018

No refunds will be issued after March 8, 2018.

First Name	<input type="text"/>	Last Name	<input type="text"/>
E-mail	<input type="text"/>	Phone	<input type="text"/>
Title	<input type="text"/>	Organization	<input type="text"/>
Address	<input type="text"/>		
City	<input type="text"/>	State	<input type="text"/>
		Zip Code	<input type="text"/>
Town/Village	<input type="text"/>	County	<input type="text"/>

Session 1

Session 2

Session 3

Assessors AM
Session PM

Complete session descriptions at www.tughill.org/LGC2018.
Questions please call (315) 785-2380.

Attendees will receive a certificate of attendance for 5-1/2 hours of training.



January 3, 2018

To: The Honorable Mayor and City Council
From: James E. Mills, City Comptroller
Subject: Sale of Surplus Hydro-electricity – December 2017

The City has received the monthly hydro-electricity production and consumption data from National Grid. In comparison to last December, the sale of surplus hydro-electric power on an actual to actual basis was down \$137,916 or 29.33%. In comparison to the original budget projection for the month, revenue was down \$52,701 or 13.69%.

The year-to-date actual revenue is up \$794,997 or 54.82% while the year-to-date revenue on a budget basis is up \$750,512 or 50.21%. Year-to-date revenue is at \$2,245,140.

The attached spreadsheet shows the monthly revenues for this year and last year along with the budgeted amounts. Revenues for the Fiscal Years' 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 have been included for historical perspective.

	<u>Actual 2012-13</u>	<u>Actual 2013-14</u>	<u>Actual 2014-15</u>	<u>Actual 2015-16</u>	<u>Actual 2016-17</u>	<u>Actual 2017-18</u>	<u>Variance</u>	<u>% Inc/(Dec)to Prior Year</u>
July	\$ 821	\$ 382,759	\$ 286,952	\$ 321,539	\$ 73,815	\$ 644,519	\$ 570,704	773.16%
August	\$ 2,060	\$ 115,769	\$ 293,338	\$ 11,805	\$ 278,611	\$ 308,911	\$ 30,300	10.88%
September	\$ 17,605	\$ 48,478	\$ 38,778	\$ 14,857	\$ 22,118	\$ 129,629	\$ 107,511	486.08%
October	\$ 261,082	\$ 237,797	\$ 296,432	\$ 260,804	\$ 208,586	\$ 219,082	\$ 10,495	5.03%
November	\$ 105,694	\$ 473,459	\$ 331,977	\$ 393,589	\$ 396,753	\$ 610,656	\$ 213,903	53.91%
December	\$ 356,383	\$ 323,081	\$ 502,018	\$ 542,231	\$ 470,259	\$ 332,344	\$ (137,916)	-29.33%
January	\$ 179,469	\$ 240,183	\$ 246,137	\$ 380,018	\$ 481,938	\$ -	\$ -	0.00%
February	\$ 160,026	\$ 225,629	\$ 158,920	\$ 440,304	\$ 325,684	\$ -	\$ -	0.00%
March	\$ 338,154	\$ 232,743	\$ 154,182	\$ 634,598	\$ 418,328	\$ -	\$ -	0.00%
April	\$ 551,360	\$ 468,075	\$ 577,742	\$ 555,833	\$ 688,018	\$ -	\$ -	0.00%
May	\$ 324,167	\$ 660,449	\$ 192,410	\$ 275,751	\$ 711,278	\$ -	\$ -	0.00%
June	\$ 474,813	\$ 421,856	\$ 638,045	\$ 162,659	\$ 681,514	\$ -	\$ -	0.00%
YTD	<u>\$ 2,771,633</u>	<u>\$ 3,830,277</u>	<u>\$ 3,716,931</u>	<u>\$ 3,993,988</u>	<u>\$ 4,756,903</u>	<u>\$ 2,245,140</u>	<u>\$ 794,997</u>	<u>54.82%</u>

	<u>Original Budget</u>		<u>Variance</u>	<u>%</u>
	<u>2017-18</u>	<u>Actual 2017-18</u>		
July	\$ 178,702	\$ 644,519	\$ 465,817	260.67%
August	\$ 151,717	\$ 308,911	\$ 157,194	103.61%
September	\$ 23,080	\$ 129,629	\$ 106,549	461.65%
October	\$ 334,194	\$ 219,082	\$ (115,112)	-34.44%
November	\$ 421,890	\$ 610,656	\$ 188,766	44.74%
December	\$ 385,045	\$ 332,344	\$ (52,701)	-13.69%
January	\$ 306,729	\$ -	\$ -	0.00%
February	\$ 230,890	\$ -	\$ -	0.00%
March	\$ 411,019	\$ -	\$ -	0.00%
April	\$ 589,841	\$ -	\$ -	0.00%
May	\$ 466,713	\$ -	\$ -	0.00%
June	\$ 320,180	\$ -	\$ -	0.00%
YTD	<u>\$ 3,820,000</u>	<u>\$ 2,245,140</u>	<u>\$ 750,512</u>	<u>50.21%</u>

January 16, 2018

To: The Honorable Mayor and City Council
From: James E. Mills, City Comptroller
Subject: Sales Tax Revenue – December 2017

The City has received the monthly sales tax revenue amount from Jefferson County. In comparison to last December, sales tax revenue on an actual to actual basis was up \$1,856 or 0.11%. In comparison to the original budget projection for the month, sales tax was down \$43,207 or 2.40%.

The year-to-date actual receipts are up \$203,954 or 2.18% while the year-to-date receipts on a budget basis are down \$36,696 or 0.38%. Year-to-date sales tax revenue finished at \$9,561,578.

The attached spreadsheet shows the detail collections for this year and last year along with the budgeted amounts. Collections for the Fiscal Years' 2013-14, 2014-15, 2015-16 and 2016-17 have been included for historical perspective.

	<u>Actual 2013-14</u>	<u>Actual 2014-15</u>	<u>Actual 2015-16</u>	<u>Actual 2016-17</u>	<u>Actual 2017-18</u>	<u>Variance</u>	<u>% Inc/(Dec)to Prior Year</u>	<u>Quarterly Variance</u>	<u>% Inc/(Dec) to Prior Quarter</u>
July	\$ 1,492,579	\$ 1,412,829	\$ 1,509,325	\$ 1,536,214	\$ 1,573,554	\$ 37,340	2.43%		
August	\$ 1,463,877	\$ 1,247,954	\$ 1,494,788	\$ 1,435,666	\$ 1,498,230	\$ 62,564	4.36%		
September	\$ 1,760,254	\$ 2,206,655	\$ 1,683,486	\$ 1,982,777	\$ 1,918,505	\$ (64,272)	-3.24%	35,631	0.72%
October	\$ 1,584,174	\$ 1,405,774	\$ 1,339,731	\$ 1,295,166	\$ 1,381,534	\$ 86,368	6.67%		
November	\$ 1,116,784	\$ 1,398,402	\$ 1,375,619	\$ 1,355,551	\$ 1,435,650	\$ 80,099	5.91%		
December	\$ 1,543,425	\$ 1,540,727	\$ 1,351,562	\$ 1,752,250	\$ 1,754,106	\$ 1,856	0.11%	168,323	3.82%
January	\$ 1,238,468	\$ 1,261,235	\$ 1,332,286	\$ 1,363,372	\$ -				
February	\$ 1,076,005	\$ 1,059,321	\$ 1,084,467	\$ 1,087,663	\$ -				
March	\$ 1,471,964	\$ 1,295,074	\$ 1,426,339	\$ 1,548,314	\$ -			-	0.00%
April	\$ 1,271,765	\$ 1,286,204	\$ 1,333,096	\$ 1,313,100	\$ -				
May	\$ 1,298,653	\$ 1,288,547	\$ 1,348,173	\$ 1,325,536	\$ -				
June	\$ 1,699,052	\$ 1,726,963	\$ 1,789,321	\$ 1,821,198	\$ -			-	0.00%
YTD	<u>\$ 17,017,001</u>	<u>\$ 17,129,685</u>	<u>\$ 17,068,193</u>	<u>\$ 17,816,807</u>	<u>\$ 9,561,578</u>	<u>\$ 203,954</u>	<u>2.18%</u>		

	<u>Original Budget</u>		<u>Variance</u>	<u>%</u>	<u>Quarterly Variance</u>	<u>% Inc/(Dec) to Prior Quarter</u>
	<u>2017-18</u>	<u>Actual 2017-18</u>				
July	\$ 1,575,721	\$ 1,573,554	\$ (2,167)	-0.14%		
August	\$ 1,472,587	\$ 1,498,230	\$ 25,643	1.74%		
September	\$ 2,033,768	\$ 1,918,505	\$ (115,263)	-5.67%	(91,787)	-1.81%
October	\$ 1,328,473	\$ 1,381,534	\$ 53,061	3.99%		
November	\$ 1,390,412	\$ 1,435,650	\$ 45,238	3.25%		
December	\$ 1,797,313	\$ 1,754,106	\$ (43,207)	-2.40%	55,091	1.22%
January	\$ 1,398,434	\$ -				
February	\$ 1,115,634	\$ -				
March	\$ 1,588,132	\$ -			-	0.00%
April	\$ 1,346,868	\$ -				
May	\$ 1,359,625	\$ -				
June	\$ 1,868,033	\$ -			-	0.00%
YTD	<u>\$ 18,275,000</u>	<u>\$ 9,561,578</u>	<u>\$ (36,696)</u>	<u>-0.38%</u>		