



City of Elmira Financial Condition

Report of Examination

Period Covered:

January 1, 2013 — March 1, 2017

2017M-90



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

August 2017

Dear City Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and City governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of the City of Elmira, entitled Financial Condition. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

This audit's results and recommendations are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*



State of New York Office of the State Comptroller

EXECUTIVE SUMMARY

The City of Elmira (City) is located in Chemung County and has a population of approximately 28,200. The City is governed by its charter and State and local laws. The elected seven-member City Council (Council) is the City's legislative branch, which is composed of six Council members and the Mayor. The City Manager (Manager) is the chief executive officer and is responsible for the day-to-day administration of City affairs. The City Chamberlain (Chamberlain) is the chief fiscal officer and responsible for oversight and accountability of all City financial activity.

The City's general fund budgeted appropriations for the 2017 fiscal year are approximately \$31.7 million, funded primarily with revenues from real property taxes, sales tax and State aid. The City experienced significant turnover in key positions and had three Managers and four Chamberlains during our audit period.

Scope and Objective

The objective of our audit was to examine the City's financial condition for the period January 1, 2013 through March 1, 2017. Our audit addressed the following related question:

- Did the Council and City officials effectively manage the City's financial condition?

Audit Results

The Council and City officials did not effectively manage the City's financial condition. The City incurred operating deficits from 2013 through 2015 totaling \$4.5 million. As a result, unassigned fund balance that totaled \$1.8 million at the end of 2013 declined to a deficiency of more than \$1.6 million at the end of 2015.

To fund the cash needed for operations, the Chamberlain issued revenue anticipation notes (RANs) of \$3 million in 2014 and \$4 million in 2015, based on the anticipated receipt of State aid. However, the State aid revenue was not appropriately restricted for RAN repayment as statutorily required. As a result, the RANs were not repaid until the subsequent years.¹

¹ A \$3 million RAN (issued in January 2014) was repaid in October 2014, reissued in October 2014 and repaid in May 2015. A \$4 million RAN (issued in August 2015) was repaid in May 2016. A \$4 million RAN (issued in June 2016) is due to be repaid in 2017.

To help offset revenue losses, the City entered into agreements with the County to consolidate personnel costs for the street and buildings and grounds departments and agreements with the County and surrounding municipalities to share services for animal control, code enforcement and assessment services. In addition, the City increased real property taxes by 12 percent over the past three years and joined the County's medical insurance plan in 2016. Although the Chamberlain projects an operating surplus for 2016 of \$167,000, the City's operating plan does not include a provision to retire the outstanding \$4 million RAN.

Finally, because City officials failed to maintain accurate, complete and timely accounting records, we identified significant inaccuracies in the year-end 2015 account balances. Furthermore, financial information was not timely. Fiscal year 2015 information was unavailable until August 2016. In addition, repeated turnover in the Chamberlain's position resulted in the 2014 annual financial report (AUD) being filed with the State Comptroller's office more than one year late and the 2015 AUD was not filed as of May 2, 2017.

Comments of City Officials

The results of our audit and recommendations have been discussed with City officials, and their comments, which appear in Appendix A, have been considered in preparing this report. City officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

Introduction

Background

The City of Elmira (City) is located in Chemung County (County) and has a population of approximately 28,200. The City is governed by its charter and State and local laws. The elected seven-member City Council (Council) is the City's legislative branch, which is composed of six Council members and the Mayor. The City Manager (Manager) is the chief executive officer and is responsible for the day-to-day administration of City affairs. The City Chamberlain (Chamberlain) is the chief fiscal officer responsible for oversight and accountability of all City financial activity.

The City employs approximately 220 full- and part-time employees and shares services with the County and surrounding communities. The City provides services including general government support, sanitation, cemetery, animal control, parks and recreation programs and police and fire protection. The City's general fund budgeted appropriations for the 2017 fiscal year are approximately \$31.7 million, funded primarily with real property taxes, sales tax and State aid. The City experienced significant turnover in key positions and had three Managers and four Chamberlains during our audit period.

Objective

The objective of our audit was to examine the City's financial condition. Our audit addressed the following related question:

- Did the Council and City officials effectively manage the City's financial condition?

Scope and Methodology

We reviewed the City's financial condition for the period January 1, 2013 through March 1, 2017.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

Comments of City Officials and Corrective Action

The results of our audit and recommendations have been discussed with City officials, and their comments, which appear in Appendix A, have been considered in preparing this report. City officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

The Council has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Council to make this plan available for public review in the City Clerk's office.

Financial Condition

The Mayor, Council, Manager and Chamberlain have a shared responsibility for managing and maintaining the City's fiscal health. City officials should actively monitor available fund balance and cash balances to ensure neither is depleted to dangerously low levels. This includes developing policies to govern reasonable levels of fund balance to be maintained to ensure that a financial cushion is available for unanticipated expenditures, revenue shortfalls or cash flow purposes.

To adequately evaluate financial condition, it is essential that complete, accurate and timely accounting records are maintained to properly account for and report the City's activities. The Chamberlain, as chief fiscal officer, is responsible for performing basic accounting functions including maintaining detailed accounting records, providing periodic financial reports to the Manager and Council and filing the annual financial report (AUD) with the Office of the State Comptroller (OSC).

The Council and City officials did not effectively manage the City's financial condition. The City incurred operating deficits from 2013 through 2015 totaling \$4.5 million. As a result, unassigned fund balance that totaled \$1.8 million at the end of 2013 declined to a deficiency of more than \$1.6 million at the end of 2015.

To fund the cash needed for operations, the Chamberlain issued revenue anticipation notes (RANs) of \$3 million in 2014 and \$4 million in 2015, based on the anticipated receipt of State aid.² However, the State aid revenue was not appropriately restricted in a special bank account when received, as statutorily required. As a result, the City used RAN proceeds to fund City operations and the RANs were not repaid until the subsequent years because reducing general fund balance would have created a \$2.5 million cash deficiency as of December 31, 2015.

To help offset revenue losses, the City entered into agreements with the County to consolidate personnel costs for the street and buildings and grounds departments and agreements with the County and other surrounding municipalities to share services for animal control, code enforcement and assessment enforcement services. In addition, the City increased real property taxes by 12 percent over the past three years and joined the County's medical insurance plan in 2016.

² The \$3 million RAN (issued in January 2014) was repaid in October 2014. The \$4 million RAN (issued in 2015) was repaid in 2016. A \$4 million RAN (issued in 2016) is due to be repaid in 2017.

Although the Chamberlain projects an operating surplus for 2016 of \$167,000, the City's operating plan does not include a provision to retire the outstanding \$4 million RAN.

Because City officials failed to maintain accurate, complete and timely accounting records, the year-end 2015 balance sheet account balances were not available until August 2016, and included significant inaccuracies. Additionally, the 2014 AUD was filed more than one year late and the 2015 AUD was not filed as of May 2, 2017.

Fund Balance

City officials are responsible for the financial planning and management necessary to maintain the City's fiscal health. To maintain good fiscal health, it is essential for the adoption of structurally balanced budgets, management of both fund balance and cash balance levels and to identify and adjust to long-term challenges. It is important for the Council to adopt a fund balance policy that addresses the appropriate level of unassigned fund balance it desires to maintain from year-to-year which in turn provides guidance during the budget process. In addition, monitoring operations by reviewing periodic reports of budget against actual activity throughout the year provides necessary oversight of operations.

A continuous decline in fund balance indicates a deteriorating financial condition. While the City can appropriate fund balance in the budget to help finance operations, doing so each year instead of planning to use recurring revenue sources can deplete fund balance to levels that are not sufficient for unanticipated expenditures and can necessitate the need for short-term borrowing to sustain operations.

The Council did not have a written fund balance policy that addresses reasonable levels of fund balance to be maintained or receive budget-to-actual reports. The lack of guidance and monitoring weakened the Council's ability to effectively manage the City's financial condition.

At the beginning of 2013 the City's unassigned fund balance totaled \$2.4 million and decreased by \$4.1 million or approximately 170 percent over the past three years. This was primarily the result of planned operating deficits from 2013 through 2015, for which City officials appropriated about \$2.3 million of unassigned fund balance, and unanticipated expenditures totaling \$2.2 million (primarily for their self-funded insurance medical plan).

Figure 1: Unassigned Fund Balance			
	2013	2014^b	2015
Other Fund Balance Categories (Assigned, Restricted, and Nonspendable)	\$1,679,407	\$1,412,819	\$2,436,143
Unassigned Fund Balance (Deficiency)	\$2,413,105	\$1,824,195	(\$233,711)
Total Beginning Fund Balance	\$4,092,512	\$3,237,014	\$2,202,432
Less: Operating Deficit	(\$845,282)	(\$1,034,582)	(\$2,634,974)
Total Ending Fund Balance (Deficiency)	\$3,247,230	\$2,202,432	(\$432,542)
Less: Reserve for Insurance ^a	\$323,440	\$313,224	\$312,599
Less: Assigned Unappropriated Fund Balance	\$202,944	\$0	\$97,583
Less: Nonspendable Fund Balance	\$634,470	\$769,794	\$835,686
Less: Assigned Appropriated Fund Balance for Next Year	\$251,965	\$1,353,125	\$0
Unassigned Fund Balance (Deficiency)	\$1,834,411	(\$233,711)	(\$1,678,410)
^a City officials were unable to provide a resolution supporting the creation of this reserve. ^b The 2014 beginning fund balance included a small prior period adjustment of \$10,216.			

The modified accrual basis of accounting used for financial presentation of fund statements, recognizes increases and decreases in financial resources only to the extent they reflect near-term inflows or outflows of cash. Because of the short-term financing necessary to support sufficient cash flow for City operations, we reviewed the support, amount and current collectability or payment of assets and liabilities as of December 31, 2015.

We found that the Chamberlain overstated and understated certain assets and liabilities as of December 31, 2015, which resulted in an additional negative effect on fund balance of \$857,700. This occurred because he failed to maintain accurate and complete accounting records.

The Chamberlain overstated assets by more than \$927,200, which included about \$1,047,400 from interfund transfers, accounts receivable and a payment in lieu of taxes (PILOT) receivable that should not have been recorded because they were currently uncollectable, approximately \$5,700 accrued for federal aid that was unsupported and about \$125,900 that should have been recorded as due from the County.

In addition, the Chamberlain overstated liabilities by nearly \$69,500, which included about \$62,100 in unsupported legal fees, pet adoption program fees and deposits for parking card holders; approximately \$45,600 for a PILOT that was uncollectable; and an accounts payable totaling more than \$38,200 that should have been recorded. Without a thorough review of balance sheet accounts to determine accuracy,

collectability or availability to pay for liabilities in the current period the current effect on the amount of fund balance available to budget is compromised.

Figure 2: Overstated and Understated Assets and Liabilities as of December 31, 2015

Description	Assets Overstated (Understated)	Liabilities Overstated (Understated)
Uncollectable Accounts Receivable	\$503,375	
Uncollectable Interfund Transfers	\$468,234	
Unsupported Federal Aid Receivable	\$5,682	
Unrecorded Payment Due from the County	(\$125,918)	
Uncollectable PILOT ^a	\$75,850	\$45,570
Unsupported Legal Fees		\$33,303
Unsupported Miscellaneous Payables		\$28,840
Unrecorded Accounts Payable		(\$38,229)
Totals	\$927,223	\$69,484

^a The City was entitled to receive a PILOT payment under dispute of which portions were owed to the Elmira City School District and the County.

Sales Tax Revenue – The City faced additional fiscal challenges from this major revenue source. For 2013 and 2014, the City received 23 percent of its total revenues from sales tax and 20 percent in 2015. In December 2013, the County notified the City that starting in 2015, the sales tax allocation would be reduced from the 50 percent allocation (from the County to the City and surrounding towns and villages) to 42.5 percent and gradually reduced to 34.4 percent in 2018. The amount of sales tax revenue received by the City has declined from \$6.9 million in 2013 to \$6.3 million in 2015. The City reduced budgeted sales tax revenue to \$6.1 million for 2016 and \$5.5 million for 2017 to reflect this new allocation.

To help offset sales tax revenue losses, the City entered into two agreements with the County to consolidate personnel from the street department in 2015 and the buildings and grounds department in 2016. Consolidating these costs totaling \$3.2 million would result in a progressive reduction of \$400,000 in personnel expenditures each year (over about 8 years) until these cost are completely eliminated.

The City has also entered into other municipal agreements to share services for animal control, code enforcement and assessment enforcement services with the County and surrounding towns and villages. In addition, the City increased real property taxes by 12 percent over the past three years and discontinued its self-funded

insurance plan for employee medical and vision benefits and joined the County's insurance plan in 2016.

Cash Flow

Short-term borrowing such as RANs may be used to alleviate temporary cash flow shortages. RANs should not be routinely relied upon to finance City operations. Additionally, unless a budgetary provision has been made to redeem the RANs (when the amount outstanding equals the amount of revenue yet to be collected) the remaining revenues collected must be set aside in a special bank account and dedicated to pay the RAN principal.

The City's decline in unassigned fund balance created an increasing cash flow shortage. In an attempt to improve cash flow the City entered into an intermunicipal agreement with the County (effective January 1, 2015) to receive cash equivalent to its real property tax revenues in a planned manner. This agreement guarantees the City receives 5 percent of its real property tax revenue in January, 10 percent from February through September and 5 percent from October through December each year, funded by a County loan³ for the difference between actual collections and the cumulative percentages.

However, these measures were not enough to eliminate the City's cash flow problems. City officials increasingly relied on annual short-term borrowing by issuing RANs for the anticipated receipt of State aid to meet the City's cash needs. The City receives State aid totaling about \$4.6 million (15 percent of total revenue) each year (\$400,000 in September and \$4.2 million in December). The Chamberlain issued a \$2.5 million RAN in 2013 and a \$3 million RAN in 2014. The amount borrowed increased to \$4 million in 2015. The issuance and interest costs related to these RANs was approximately \$96,000 for 2013 through 2015 and is estimated to be \$31,600 for 2016 if the \$4 million is not redeemed.

The Chamberlain did not include a budget appropriation for RAN repayment in the City's 2015, 2016 or 2017 budgets or place the dedicated 2015 State aid revenue, when received, in a special bank account, as statutorily required. This allowed City officials to use funds for general fund operations that should have been restricted for debt service. At the end of 2015, after receipt of the \$4 million in State aid, the general fund had \$1.5 million in unrestricted cash that was insufficient to meet the RAN's repayment provisions. If the

³ The City is responsible for paying the County on a quarterly basis for lost investment income based on the last competitively bid interest rate received by the County. If the County has to issue a RAN to fund the loan, the City will pay all RAN related accrued interest and expenditures within 15 days after the RAN is due.

State aid had been properly restricted the City would have shown an unrestricted cash deficiency of \$2.5 million.

Setting aside restricted revenues when they are ultimately collected helps ensure that expenditures will not exceed the actual resources available to finance operations. Because City officials used the cash subject to this restriction for purposes other than the redemption, there is an increased risk that resources will not be available for the RANs redemption when it becomes due.

Multiyear Planning

Multiyear planning can be a vital tool for cities struggling with difficult financial conditions. It allows decision-makers to set long-term priorities and work toward goals, rather than making choices based on current needs. This is important when resources are limited, as they are in many fiscally strained cities, but can also be beneficial to all communities in avoiding future stress.

We reviewed the City's operating plan for the period 2015 through 2021. The plan included the actual results for 2015, most recent projections for 2016 as of September 30, 2016 (with an estimated operating surplus of about \$167,000) and the 2017 budget, which anticipates an operating surplus of \$4,000. The operating plan includes an annual 2.5 percent real property tax increase from 2018 through 2021 and an estimated ending fund balance for 2021 of \$1.3 million. However, the plan did not include a provision to retire the \$4 million RAN.⁴ Because the \$1.3 million of fund balance is sufficient to only cover funds that are restricted, assigned or nonspendable, the City will be left with an unassigned fund balance deficiency.

Financial Reports

The Manager should keep the Council fully advised of the City's financial condition and its future financial needs. The Council should receive and review financial reports on a periodic basis. It is essential that the Chamberlain submit periodic financial reports to the Manager for presentation to the Council so it can make informed financial decisions. Financial reports should also be shared with department heads so they can effectively manage the resources they are responsible for. The Chamberlain is further required to file an annual AUD with OSC within 120 days after the close of the year. This report provides the Council and City officials with the City's financial position at a specific point in time and provides the public and other stakeholders with a complete summary of the City's financial activities.

The previous Manager told us that she did not receive any reports and instead relied on a weekly conversation with the Chamberlain. Although the Chamberlain prepared quarterly projections of budget

⁴ A \$4 million RAN (issued in August 2015) was repaid in May 2016. A \$4 million RAN (issued in June 2016) is due to be repaid in 2017.

versus actual results to estimate whether revenues and expenditures were adequate, the Council and department heads did not receive any financial reports.

The Chamberlain's process for closing the books at year-end was to wait until receiving the final adjusting entries from the City's independent auditors before filing required reports. The independent auditors completed their 2014 report in May 2015. However, the prior Chamberlain told us that the 2014 AUD was not filed until August 2016 (more than a year late) because the previous Chamberlain resigned, which in turn delayed the independent auditors in completing the 2015 audit until September 2016.

Because of another turnover in the Chamberlain position in November 2016, as of May 2, 2017, the 2015 AUD has yet to be filed. Although these reports were filed late and not available for use by the Council we found no indication that the Council had taken steps to address the lack of financial information available to them to manage City finances.

The failure to file AUDs in a timely manner denies the Council and public access to a primary tool for monitoring the City's fiscal affairs and precludes efforts to monitor the City's financial condition.

Recommendations

The Mayor, Council and City officials should:

1. Require routine financial reporting during the year and timely AUD filings at year-end.
2. Closely monitor the City's finances, including available fund balance and cash balances, to prevent further decline in financial condition.
3. Including appropriations in the subsequent year's budget to redeem RANs or require that that revenues are restricted for repayment.
4. Adopt a policy setting forth the reasonable amounts of fund balance that the City should maintain to ensure that a financial cushion is available for unanticipated expenditures, revenue shortfalls or cash flow purposes.
5. Develop a comprehensive written multiyear financial plan that includes realistic measures for rebuilding fund balance levels, limiting or eliminating the reliance on RANs and restoring the City's long-term fiscal health.

The Chamberlain should:

6. Correct the accounting record inaccuracies identified in this report to ensure general fund assets and liabilities are recorded, supported and currently collectable.
7. Use a separate bank account for revenues collected to secure short-term financing, as statutory required, to repay the related debt unless repayments are included in the budget.
8. Ensure the Manager, Council and department heads receive the financial information needed to carry out their responsibilities.
9. File the required AUDs in a timely manner.

APPENDIX A
RESPONSE FROM CITY OFFICIALS

The City officials' response to this audit can be found on the following pages.



CITY OF ELMIRA NEW YORK

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Mayor

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July 28, 2017

Office of the State Comptroller
Public Information Office
110 State Street, 15th Floor
Albany, NY 12236

Dear Sir/Madam:

Below is the City of Elmira's response to the draft audit report.

RESPONSE TO NYS OSC AUDIT

- The stated objective of the state audit was to examine the City's financial condition for January 1, 2013 – December 31, 2015.
- Please note that the percentage of sales tax revenue distributed to the City was reduced, effective 2014. This resulted in the following sales tax revenue impact:

	<u>Actual</u>	<u>YoY Change Higher/(Lower)</u>
2013	\$6,907,295	(\$408,678)
2014	\$7,248,757	\$341,462
2015	\$6,261,275	(\$987,482)
2016	\$5,759,122	(\$502,153)

- Through January 2016, with regard to employee medical health insurance, the City was a self-insured employer. In 2016, the City of Elmira ceased to be self-insured and became a part of the Chemung County Employee Health Care Plan. With the changes that health care has seen over the last few years, the annual employer medical care costs are indicated below:

	<u>Actual</u>	<u>YoY Change (Higher)/Lower</u>
2013	\$4,485,890	(\$492,594)
2014	\$5,296,652	(\$810,762)
2015	\$5,311,807	(\$15,156)
2016	\$4,303,457	\$1,008,351

- The annual impact of the sales tax decrease coupled with the change in medical insurance costs was:

	<u>Favorable / (Unfavorable) Change *</u>
2013	(\$901,272)
2014	(\$469,300)
2015	(\$1,002,638)
2016	\$506,198

***Note:**

Higher sales tax revenues = Favorable change | Lower sales tax revenues = Unfavorable change
 Higher employee medical health insurance expense = Unfavorable change | Lower employee medical health insurance expense = Favorable change

- Please note that mid-2016, the projection was for \$167K operating surplus. However, there was a significant change in operating conditions that led the City to fill vacant public safety positions. The positions were vacant due to retirements and were originally slated for attrition.
- The Chamberlain position has seen turnover from 2014 – 2016 for a number of reasons:
 - In early 2014, the Chamberlain who had been in place since 2007 resigned due to illness.
 - The new Chamberlain hired to fill the position resigned after 20 months on the job.
 - In July 2015, the City promoted the Deputy Chamberlain to the position of Chamberlain, and he delayed his already-planned retirement to accommodate the City’s request.
 - The City hired a new Chamberlain in November 2016.
- The Chamberlain’s Department has experienced significant changes as well:
 - At the close of 2015, the City eliminated the Deputy Chamberlain position and a clerical position in an effort to achieve cost savings.
 - In addition, at the start of 2016, the City transferred two positions to the County as part of a plan to outsource the Chamberlain Department function. The City planned to purchase accounting services from the County.

- This partnership effort was unsuccessful, and the County transferred the two positions back to the City at the end of 2016. One of the two employees elected to remain with the County and the other returned to the City.
- In the first few months of 2017, the City recruited to fill vacant positions, prepared for the 2016 Audit, and supported daily operations.
- The City continues to examine measures to strengthen its financial position:
 - It is updating fees charged for services performed.
 - It has commenced a restructuring effort to improve cash flow.
 - All bargaining unit contracts expire in 2017. Negotiations will focus on improving the City's position.

Thank you.

Sincerely,

Daniel J. Mandell, Jr.
Mayor

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We reviewed the charter and any policies and procedures for information relevant to financial and budget activities and fund balance management, including a determination of City officials' fiscal responsibilities.
- We interviewed City officials to gain an understanding of the City's financial condition and to determine whether processes were in place for fiscal monitoring, budgeting, managing fund balance and providing financial oversight.
- We reviewed the City's accounting records for governmental operating funds to assess whether they were accurate by determining whether balance sheet accounts as of December 31, 2015 (significant current assets and liabilities) were properly recorded, supported and currently collectable in accordance with the modified accrual basis of accounting.
- We analyzed changes in fund balance within the governmental operating funds as a result of operations. For any funds in fiscal decline, we identified factors contributing to the decline.
- We analyzed short-term financing to determine whether RANs were properly authorized and statutory requirements were followed to segregate revenue when received for repayment of the debt.
- We analyzed actual revenue and expenditure trends for 2013 through 2015 and projected 2016 operating results using historical trends and other pertinent information provided by City officials.
- We compared budget estimates to actual results for 2013 through 2015 and reviewed the 2016 and 2017 budgets to determine whether revenue and appropriation estimates were reasonable.
- We reviewed real property tax levy documentation and analyzed changes in the tax levy to determine whether they appeared reasonable and sufficient to support the adopted budgets.
- We reviewed the 2015 thorough 2021 long-term operating plan to determine whether it was sufficient to alleviate cash flow deficiencies and repay short-term debt.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX C

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