

**CITY OF PLATTSBURGH**

**FINANCIAL REPORT**

**DECEMBER 31, 2018**

## CONTENTS

|  |         |
|--|---------|
| <b>Independent Auditor's Report</b>  | 1-2     |
| <b>Management's Discussion and Analysis (Unaudited)</b>  | 3-16    |
| <b>Basic Financial Statements</b>  |         |
| Government-wide Financial Statements:  | Exhibit |
| Statement of Net Position  | A 17-18 |
| Statement of Activities  | B 19-20 |
| Fund Financial Statements:   |         |
| Balance Sheet - Governmental Funds   | C 21    |
| Reconciliation of the Balance Sheet of Governmental Funds to the<br>Statement of Net Position  | 22      |
| Statement of Revenues, Expenditures and Changes in Fund Balances-<br>Governmental Funds  | D 23    |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in<br>Fund Balances to the Statement of Activities   | 24      |
| Combining Balance Sheet - Special Revenue Funds  | E 25    |
| Combining Statement of Revenues, Expenditures and Changes in Fund<br>Balances - Special Revenue Funds  | F 26    |
| Statement of Revenues, Expenditures and Changes in Fund Balances-<br>Budget and Actual- General Fund   | G 27    |
| Statement of Revenues, Expenditures and Changes in Fund Balances-<br>Budget and Actual- Special Revenue Funds  | H 28    |
| Statement of Revenues, Expenditures and Changes in Fund Balances-<br>Budget and Actual- Debt Service Fund  | I 29    |
| Statement of Net Position - Proprietary Funds  | J 30    |
| Statement of Revenues, Expenses and Changes in Fund Net Position -<br>Proprietary Funds  | K 31    |
| Statement of Cash Flows - Proprietary Fund   | L 32    |
| Statement of Fiduciary Net Position  | M 33    |
| Notes to Financial Statements  | 34-66   |
| <b>Other Supplemental Information</b>  |         |
| Schedule of City's Proportionate Share of the Net Pension Liability- NYSERS  | 67      |
| Schedule of the City's Contributions- NYSERS   | 68      |
| Schedule of City's Proportionate Share of the Net Pension Liability- NYSPFRS   | 69      |
| Schedule of the City's Contributions- NYSPFRS  | 70      |
| Schedule of Changes in the City's Total OPEB Liability and Related Ratios  | 71      |
| <b>Compliance Section</b>  |         |
| Independent Auditor's Report on Internal Control Over Financial Reporting<br>and on Compliance and Other Matters Based On An Audit of Financial Statements<br>Performed in Accordance With Government Auditing Standards | 72-73   |
| Schedule of findings and responses   | 74      |

# ***BOULRICE & WOOD CPAS, P.C.***

---

## ***Certified Public Accountants***

***MICHAEL L. BOULRICE, CPA***

***STEPHEN P. WOOD, CPA***

### **INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Common Council  
City of Plattsburgh, 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 units, each major fund and the aggregate remaining fund information of the City of Plattsburgh, New York, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

## **Opinions**

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

## **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 through 16), budgetary comparison information (pages 27 through 29) and Schedule of Changes in the City's Total OPEB Liability and Related Ratios (page 71) and Schedules of City's Proportionate Share of the Net Pension Liability – ERS and PFRS, and Schedules of the City's Contributions – ERS and PFRS (pages 67-70) 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2019, on our consideration of the City of Plattsburgh 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 the 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 City of Plattsburgh New York's internal control over financial reporting and compliance.

*Boulrice & Wood CPAs, PC*

August 2, 2019

The City of Plattsburgh offers this discussion and analysis in conjunction with the audit of financial statements for the fiscal year ended December 31, 2018.

Unless otherwise stated, all amounts are expressed in thousands of dollars.

## 1. FINANCIAL HIGHLIGHTS

Total liabilities of the City exceeded total assets by \$44,094. The net position of business-type activities was \$11,422 and net position of governmental activities was \$(55,516).

For the year, total revenues for the City were \$55,925 while total expenses were \$43,712. The net of the revenues and expenses leaves the City with a net profit of \$12,213.

At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$15,191 a decrease of \$2,691 from the prior year.

At the end of the year, total unassigned fund balance for the general fund was \$826, up \$590 from the prior year.

Total outstanding long-term indebtedness for the City at the end of the year was \$24,880 down from \$28,049 at the end of 2017.

## 2. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as a commentary to the financial statements for the City of Plattsburgh. The financial statements are comprised of the following three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other information in addition to the financial statements, such as budgetary comparisons.

**Government-wide financial statements** – The government wide financial statements are intended to provide the reader with a broad overview of the financial condition of the City that closely matches the reporting format of most private-sector companies. The Statement of Net Position provides comparisons that will assist in answering the question of whether the City's financial condition has improved or deteriorated during the year.

The Statement of Net Position provides the reader with a snapshot in time of the assets, liabilities and resulting net position (or equity as stated with private sector reporting) of the City. Over time, increases or decreases in the net position of the City may provide an indicator of the trend in the City's financial condition. Other forward-looking indicators will also assist the reader to assess the overall financial health of the City.

The Statement of Activities provides the reader with the sources of revenue for the City, the sources of expenses and the net balance between the two which directly impacts the resulting net position at year-end. Reporting of revenues and expenses is done using the full accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This means that transactions are recorded when they are realizable and measurable and not when cash flows into or out of the City.

The governmental-wide financial statements of the City separate functions into three components. First, governmental activities of the City are primarily supported by taxes and intergovernmental revenues. Second, business-type activities are intended to support all or a large portion of their expenses through user fees and charges and receive no direct support from other funds. The governmental activities include: general government, public safety (mostly police & fire protection), street construction & maintenance, economic development, water & sewer utility, downtown parking lot & maintenance, refuse collection, and culture and recreation. The only business-type activity in the City is the Municipal Lighting Department. Third, the City includes a separate legal entity in its report—Lake City Local Development Corporation. While it represents a legally separate entity, its operational or financial relationship with the City makes the City financially accountable for this entity.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the Basic Financial Statements.

**Fund financial statements** – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Plattsburgh, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Plattsburgh can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- a. Governmental funds – Most of the City’s basic services are reported in governmental funds, which focus on near term inflows and outflows of expendable resources as well as on the balance of expendable resources *available* at the end of the year. Expendable resources are measured using the modified accrual method of accounting. Under this method, resources are considered available if they can be readily converted to cash, generally in 90 days or less. Reviewing governmental funds may be useful in assessing the City’s near term financing requirements.

The main difference between governmental funds and the government-wide financial statements is, respectively, short-term view versus long-term view; it is useful to compare the information presented in both. By doing so, readers may better understand the long-term impact of the government’s short-term financing decisions.

The City of Plattsburgh maintains nine governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, and the special revenue fund, all of which are considered to be major funds. The special revenue fund aggregates data from the other six subsidiary funds into a single major fund. Individual fund data for each of these subsidiary governmental funds is provided in the form of combining statements elsewhere in this report.

The financial statements for governmental funds can be found in the Basic Financial Statements, which is in the following section.

- b. Proprietary funds – The City of Plattsburgh maintains only one type of proprietary fund, the Municipal Lighting Department. Other funds such as water, sewer, parking lot, library and recreation are considered governmental funds. The City’s enterprise fund is the same as business-type activities reported in the government-wide statements but provide more detail such as cash flows.
- c. Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the City cannot use any assets in these funds to

finance the City's operations. It is the City's responsibility to ensure the assets in these funds are used for their intended purposes.

**Notes to financial statements** – The notes to the financial statements provide additional information that the reader of this report may require to fully understand all aspects of this report. The notes to the financial statements can be found following the Basic Financial Statements section of this report.

### 3. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – Net position may serve as a useful indicator of a government's financial position over time. For the year ending December 31, 2018, the City of Plattsburgh's liabilities exceeded assets by \$44,094.

The majority of the City's net position is capital assets (e.g. land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these assets to provide services to citizens (e.g. public water, sewer, recreational facilities, electric power distribution, roads, etc.). Since these assets are not liquid and are not intended to be sold, they are not available for future spending. Although the City's investment in its capital assets is 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.

#### City of Plattsburgh Net Position (000's Omitted)

|   | Governmental activities |                   | Business-type activities |                  | Total Primary Government |                  |
|---|-------------------------|-------------------|--------------------------|------------------|--------------------------|------------------|
|   | 2018                    | Restated 2017     | 2018                     | Restated 2017    | 2018                     | Restated 2017    |
| Current Assets  | \$ 17,909               | \$ 20,954         | \$ 6,370                 | \$ 6,266         | \$ 24,279                | \$ 27,220        |
| Noncurrent Assets                                     | 103,569                 | 103,620           | 33,923                   | 33,883           | 137,492                  | 137,503          |
| <b>Total Assets</b>                                   | <b>121,478</b>          | <b>124,574</b>    | <b>40,293</b>            | <b>40,149</b>    | <b>161,771</b>           | <b>164,723</b>   |
| Deferred Outflows of Resources                        |                         |                   |                          |                  |                          |                  |
| Pensions  | 7,013                   | 5,865             | 980                      | 663              | 7,993                    | 6,528            |
| OPEB (GASB 75)  | 1,125                   | 147               | 215                      | 111              | 1,340                    | 258              |
| Total Deferred Outflows of resources                  | 8,138                   | 6,012             | 1,195                    | 774              | 9,333                    | 6,786            |
| <b>Total assets and deferred outflow of resources</b> | <b>\$129,616</b>        | <b>\$ 130,586</b> | <b>\$ 41,488</b>         | <b>\$ 40,923</b> | <b>\$ 171,104</b>        | <b>\$171,509</b> |
| Current Liabilities                                   | \$ 4,977                | \$ 5,034          | \$ 3,190                 | \$ 3,190         | \$ 8,167                 | \$ 8,224         |
| Noncurrent Liabilities                                | 169,066                 | 180,769           | 25,481                   | 27,562           | 194,547                  | 208,331          |
| <b>Total Liabilities</b>                              | <b>174,043</b>          | <b>185,803</b>    | <b>28,671</b>            | <b>30,752</b>    | <b>202,714</b>           | <b>216,555</b>   |
| Deferred Inflows of Resources                         | 2                       | 339               | -                        | 41               | 2                        | 380              |
| Pensions  | 5,903                   | 1,198             | 908                      | 114              | 6,811                    | 1,312            |
| OPEB (GASB 75)  | 5,184                   | 8,639             | 487                      | 929              | 5,671                    | 9,568            |
| Total Deferred Inflows of resources                   | 11,089                  | 10,176            | 1,395                    | 1,084            | 12,484                   | 11,260           |
| Net Position:   |                         |                   |                          |                  |                          |                  |
| Net investment in capital assets                      | 85,914                  | 87,019            | 26,699                   | 25,751           | 112,613                  | 112,770          |
| Restricted  | 10,814                  | 10,290            | 2,781                    | 3,014            | 13,595                   | 13,304           |
| Unrestricted  | (152,244)               | (162,702)         | (18,058)                 | (19,678)         | (170,302)                | (182,380)        |
| <b>Total Net Position</b>                             | <b>(55,516)</b>         | <b>(65,393)</b>   | <b>11,422</b>            | <b>9,087</b>     | <b>(44,094)</b>          | <b>(56,306)</b>  |
| <b>Total Liabilities and Net Position</b>             | <b>\$129,616</b>        | <b>\$ 130,586</b> | <b>\$ 41,488</b>         | <b>\$ 40,923</b> | <b>\$171,104</b>         | <b>\$171,509</b> |

An additional portion of the City's total assets, \$13,595, represents resources that are subject to external restrictions on how they may be used and are reported as *restricted* net position. The remaining category of total net position, *unrestricted* net position may be used to meet the government's ongoing obligations and services to creditors and citizens, especially in the future.

- **Governmental activities**

Total net position of the City's governmental activities for the year ended December 31, 2018 was \$(55,516). The majority of the net position, \$85,914, is tied up in net investment of capital assets.

Restricted assets for the end of the year were \$10,814. Restricted assets include, but are not limited to: debt reserves, water and sewer capital reserves, and asset forfeitures. The restricted assets were higher at the end of the year due to the amount of water reserves of \$806 and sewer reserves of \$7,125.

Unrestricted assets at year-end for governmental activities were negative \$152,244, an increase of \$10,458 from the prior year.

- **Business-type activities**

The total net position of our business-type activities was \$11,422 at year-end. Like the governmental-type activities, capital assets net of related debt were \$26,699 and made up the majority of the net position.

Restricted assets at year-end were \$2,781 and were primarily made up of the capital projects reserve \$1,731 and debt reserve \$203. Unrestricted net position was \$(18,058). In addition, net position of the business-type activities cannot be used to support any of the activities in the governmental-type activities. The City can only use this net position to finance the continuing operations of the Municipal Lighting Department.

The change in net position during the most recent fiscal year is reported in the Statement of Activities found on pages 19-20. Key elements of this change are illustrated in the following table.



**City of Plattsburgh  
Change in Net Position  
(000's Omitted)**

|                                     | Governmental<br>activities |                  | Business-type<br>activities |                  | Total Primary<br>Government |                   |
|-------------------------------------|----------------------------|------------------|-----------------------------|------------------|-----------------------------|-------------------|
|                                     | 2018                       | 2017             | 2018                        | 2017             | 2018                        | 2017              |
| <b>Revenues</b>                     |                            |                  |                             |                  |                             |                   |
| Program Revenues:                   |                            |                  |                             |                  |                             |                   |
| Charges for Services                | \$ 10,352                  | \$ 10,689        | \$ 21,679                   | \$ 17,856        | \$ 32,031                   | \$ 28,545         |
| Operating Grants and contributions  | 74                         | 28               | -                           | -                | 74                          | 28                |
| Capital Grants and contributions    | 583                        | 2,546            | -                           | -                | 583                         | 2,546             |
| General revenues:                   |                            |                  |                             |                  |                             |                   |
| Property Taxes                      | 11,543                     | 11,059           | -                           | -                | 11,543                      | 11,059            |
| Sales and Other Taxes               | 4,572                      | 4,363            | -                           | -                | 4,572                       | 4,363             |
| Government Aid                      | 3,560                      | 3,523            | -                           | -                | 3,560                       | 3,523             |
| Other                               | 3,140                      | 3,132            | 422                         | 691              | 3,562                       | 3,823             |
| <b>Total Revenues</b>               | <b>33,824</b>              | <b>35,340</b>    | <b>22,101</b>               | <b>18,547</b>    | <b>55,925</b>               | <b>53,887</b>     |
| <b>Expenses</b>                     |                            |                  |                             |                  |                             |                   |
| General Government                  | 3,392                      | 4,313            | -                           | -                | 3,392                       | 4,313             |
| Public Safety                       | 8,355                      | 7,859            | -                           | -                | 8,355                       | 7,859             |
| Transportation                      | 2,507                      | 2,119            | -                           | -                | 2,507                       | 2,119             |
| Economic assistance & opportunity   | 533                        | 132              | -                           | -                | 533                         | 132               |
| Culture and recreation              | 1,805                      | 1,960            | -                           | -                | 1,805                       | 1,960             |
| Home and community                  | 8,362                      | 8,051            | -                           | -                | 8,362                       | 8,051             |
| Employee Benefits                   | (855)                      | 12,460           | -                           | -                | (855)                       | 12,460            |
| Debt Service                        | 500                        | 535              | 298                         | 324              | 798                         | 859               |
| Municipal Lighting                  | -                          | -                | 18,815                      | 18,103           | 18,815                      | 18,103            |
| <b>Total Expenses</b>               | <b>24,599</b>              | <b>37,429</b>    | <b>19,113</b>               | <b>18,427</b>    | <b>43,712</b>               | <b>55,856</b>     |
| Excess of revenues over expenses    | 9,225                      | (2,089)          | 2,988                       | 120              | 12,213                      | (1,969)           |
| Transfers                           | 653                        | 653              | (653)                       | (653)            | -                           | -                 |
| Increase (decrease) in Net Position | 9,878                      | (1,436)          | 2,335                       | (533)            | 12,213                      | (1,969)           |
| <b>Net Position - beginning</b>     | <b>85,610</b>              | <b>87,046</b>    | <b>28,216</b>               | <b>28,749</b>    | <b>113,826</b>              | <b>115,795</b>    |
| Prior period adjustment (Note 18)   | (151,004)                  | -                | (19,129)                    | -                | (170,133)                   | -                 |
| <b>Net Position - ending</b>        | <b>\$ (55,516)</b>         | <b>\$ 85,610</b> | <b>\$ 11,422</b>            | <b>\$ 28,216</b> | <b>\$ (44,094)</b>          | <b>\$ 113,826</b> |

The City's total revenues for the 2018 year were \$55,925 versus total expenses of \$43,712. For the year, the City's net position increased by \$12,212 to bring total net position of the primary government of the City to \$(44,094). The following analysis separately considers the operations of governmental and business-type activities.

### Governmental Activities

Revenues for the City's governmental activities for the year were \$33,824 while total expenses were \$24,599 which yielded an increase in net position of \$9,878. The drivers of revenues for the year were charges for services, which is mostly made up of water and sewer charges for services. Property taxes comprised 34.1% of the total revenues while sales taxes were 13.5% of revenues. Revenues were down from the prior year by \$1,516.

On the expense side, public safety, home and community and employee benefits made up the majority of the cost of the governmental activities. In public safety, the police department and fire department expenses for the year totaled \$4,249 (50.9%) and \$3,474 (41.6%), of the total for public safety of \$8,355, respectively.

Home and community total expenses for the year were \$8,362. Costs associated with operating the water fund were \$1,631 or 19.5% of the total while the sewer fund costs were \$3,696 or 44.2% of the total.

### **Business-type Activities**

Revenues for the Municipal Lighting Department for the year were \$22,101, while total expenses for the operation were \$19,766. The resulting total net position for the business-type activities for the year increased by \$2,335.

For the Municipal Lighting Department, revenues are heavily influenced by winter temperatures, business activity, local development and any changes in rates granted by the Public Service Commission. The charges for services part of total revenues were up by over \$3,823 or 21.4%.

On the expense side, demand for electric power drives demand to purchase power. Since MLD does not generate its own power but only distributes what it purchases, the cost of purchase power is a large cost factor in operating the business. In 2018, the total cost of purchased power increased by \$712 or 3.9%.

### **THE CITY'S FUNDS:**

#### Governmental Funds

- 1) General fund – The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance was \$826 and the total fund equity was \$1,629. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to fund expenditures. For the current year ended December 31, 2018, unassigned fund balances represent 3.52% of total fund expenditures (including transfers out), while total fund balance was 6.94% of the same amount. The total fund balance of the City's General Fund increased by \$478 during the current fiscal year.
- 2) Debt service fund – The debt service fund is the fund from which all debt payments for the City are made. The fund balance at the end of the year of \$977 is reserved for the repayment of debt. The decrease in total fund balance from year-to-year was \$255.
- 3) Capital Projects Fund – The Capital Projects Fund accounts for the construction and reconstruction of general public improvements and major asset purchases, including projects related to business-type activities. At the end of the current fiscal year, the fund balance was \$(207).
- 4) Special revenue fund – The special revenue fund for the City is made up of the following individual funds: Community Development Fund, Parking Lot Fund, Recreation Complex Fund, Water Fund, Sewer Fund, and Library Fund. The Community Development Fund is a special revenue fund used to account for the programs and projects primarily funded by the U.S. Department of Housing and Urban Development as well as other federal and state grant programs. At the end of the current fiscal year, the total special revenue fund balance was \$12,791. Components of the December 31, 2018 fund balance are as follows:

|                              | <u>2018</u>      | <u>2017</u>      |
|------------------------------|------------------|------------------|
| <b>Nonspendable</b>          |                  |                  |
| Prepays                      | \$ 188           | \$ 193           |
| Long-term loans & receivable | 451              | 771              |
| <b>Restricted</b>            |                  |                  |
| Capital reserve              | 7,707            | 6,658            |
| Other restricted             | 1,862            | 2,103            |
| <b>Assigned</b>              |                  |                  |
| Encumbrances                 | 32               | 81               |
| Appropriated                 | -                | -                |
| Unappropriated fund balance  | 2,618            | 2,414            |
| <b>Unassigned</b>            | <u>(67)</u>      | <u>(37)</u>      |
| <b>Total Fund Balances</b>   | <u>\$ 12,791</u> | <u>\$ 12,183</u> |

The other restricted Community Development amount represents funds that can be loaned under the City of Plattsburgh's Housing and Economic revolving loan programs.

- 5) Proprietary fund – the only proprietary fund for the City is the Municipal Lighting Department (MLD). This department purchases all of its power from the New York Power Authority and the New York Municipal Power Agency and distributes it on a system owned by the City of Plattsburgh. For the fiscal year ended December 31, 2018, fund balance was \$11,422, up \$2,335 from the same time in the previous year fund.

#### 4. BUDGETARY HIGHLIGHTS

The City Charter requires the Mayor to submit a budget with an accompanying written budget report to the Common Council on or before October 1<sup>st</sup> for the next fiscal year which begins January 1st. The budget shall provide a complete financial plan of all City funds and activities for the ensuing fiscal year. The final 2019 budget included a 2.24% property tax levy increase including a .47% increase in the total assessed value of the City properties with a corresponding increase of 1.77% in the property tax rate. There were 0% increases for water, sewer, electricity and refuse rates.

A summary of the proposed budget, a notice of when and where the budget and budget report are available for public inspection, and the time and place of a public hearing on the proposed budget shall be published on or before October 8<sup>th</sup>. A public hearing shall be held on the proposed budget no sooner than October 15<sup>th</sup> nor later than October 22<sup>nd</sup>. The Council may then review the budget and make amendments as they see fit, but must adopt a final budget along with necessary implementing ordinances no later than 14 days after the start of the fiscal year.

If the Common Council fails to adopt a budget within 14 days of the start of the fiscal year, the budget submitted to the Council by the mayor and all necessary implementing ordinances shall take effect.

The City's annual budget includes estimated revenues and appropriations for the General Fund, the Proprietary Fund and the Debt Service Fund. The Parking Lot Fund, Recreation Complex Fund, Water Fund, Sewer Fund and Library Fund, which are special revenue funds, are also included in the budgetary process. The Community Development Fund does not have an annual budget even though it is a special revenue fund. A five-year capital plan is also included in the annual budget.

The actual change in fund balance of the general fund (budgetary basis) resulted in an increase for the current year of \$468 compared to an adopted budget with an excess of \$811.

The City's budget should contain reasonable revenue and expenditure estimates and be structurally balanced so that recurring costs are financed with recurring revenues. The budget formula for operating funds is: estimated revenues plus appropriated fund balance equals total amount available to finance operations.

The General Fund depends on recovering the cost for services and administration provided to the Water, Sewer and Municipal Lighting Funds. Inter-fund revenues from those funds are comprised of the following:

1. Reimbursement for administrative costs from the Water, Sewer and Municipal Lighting Funds.
2. Payments in lieu of property tax from the Municipal Lighting Department for its tax exempt real property infrastructure.
3. Reimbursement for services performed for the Water, Sewer and Municipal Lighting Department (For example, police surveillance for property security, code enforcement and civil service and legal functions).

In 2018, the General fund inter-fund transfers were as follows (in whole dollars):

|                 |                     |
|-----------------|---------------------|
| Library Fund    | \$ 751,458          |
| Recreation Fund | 487,918             |
| Water Fund      | 5,263               |
| Sewer Fund      | 6,698               |
| Debt Service    | 1,835,250           |
|                 | <u>\$ 3,086,587</u> |

The following two paragraphs are in whole dollars:

The transfers from these funds were reduced a cumulative \$833,049 between 2009 and 2014. These reductions eliminated the need for annual rate increases to maintain the level of cost reimbursement established for the General Fund. The annual reductions, an average of \$139,000, were pursuant to the results of an audit conducted by the NYS Office of the State Comptroller requiring documented support of the amounts transferred from the Water and Sewer Funds for General Fund support services.

Based on 2008 expense levels in the General Fund, the documented support to the Water and Sewer funds reached about \$377,000, leaving \$800,000 as the excess transfers that were reduced ratably over the five year period. The 2015 level of support grew to \$459,463 due to cost increases for labor, employee benefits and recurring expense items. The transfer payments from the Water and Sewer Funds increased another \$60,196 during 2016 to a level of \$519,659, reflective of the General Fund operating and employee costs increasing above the 2015 levels.

## 5. CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2018 amounted to \$137,492 (net of accumulated depreciation). The amount as of December 31, 2017 was \$137,503 or a

decrease of \$11. The investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress (CIP).

Major capital asset events during the current fiscal year included:

- Total capital expenditures for governmental activities for the year were \$4,270.
- Depreciation expense for the year was \$4,321.

City of Plattsburgh Capital Assets  
(000's Omitted)

|                           | Governmental activities |                   | Business-type activities |                  | Total             |                   |
|---------------------------|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
|                           | 2018                    | 2017              | 2018                     | 2017             | 2018              | 2017              |
| Land                      | \$ 20,906               | \$ 18,671         | \$ 1,851                 | \$ 517           | \$ 22,757         | \$ 19,188         |
| Infrastructure            | 86,228                  | 85,775            | 1,270                    | 1,271            | 87,498            | 87,046            |
| Buildings & Improvements  | 54,985                  | 54,890            | 65,278                   | 64,400           | 120,263           | 119,290           |
| Machinery & Equipment     | 14,377                  | 13,971            | 10,953                   | 10,877           | 25,330            | 24,848            |
| Construction in Progress  | 9,700                   | 8,619             | 175                      | 56               | 9,875             | 8,675             |
| <b>Total</b>              | <b>186,196</b>          | <b>181,926</b>    | <b>79,527</b>            | <b>77,121</b>    | <b>265,723</b>    | <b>259,047</b>    |
| Less: Acc. Depreciation   | (82,627)                | (78,306)          | (45,604)                 | (43,238)         | (128,231)         | (121,544)         |
| <b>Net Capital Assets</b> | <b>\$ 103,569</b>       | <b>\$ 103,620</b> | <b>\$ 33,923</b>         | <b>\$ 33,883</b> | <b>\$ 137,492</b> | <b>\$ 137,503</b> |

Long-term Debt

For the year, total debt decreased by \$3,169 or 11.3% to \$24,880.

Moody's Investors Service has downgraded their rating of the City of Plattsburgh's general obligation limited tax debt from A2 to Baa1 with a stable outlook (previously rated as A3 prior to the bond market two step rating increase in 2011) on the City's \$24.9 million outstanding general obligation long-term debt. The bonds are secured by the City's general obligation, unlimited tax pledge.

Moody's goes on to say the downgrade to Baa1 from A2 of the City's long-term general obligation rating reflects the City's weak financial position with a sharply negative trend. The rating also takes into account the City's modest but growing tax base, above-average debt burden, and below-average wealth and income metrics. The revision of the outlook to stable from negative reflects Moody's expectations that the City's finances have stabilized and that the plan the new administration has put in place for the beginning of 2018 can be a path to a stronger financial position.

More detailed information on the City's capital assets and long-term debt activity is provided in the Notes to the Financial Statements.

**City of Plattsburgh Outstanding Debt  
(000's Omitted)**

|                          | Governmental<br>activities |           | Business-type<br>activities |          | Total     |           |
|--------------------------|----------------------------|-----------|-----------------------------|----------|-----------|-----------|
|                          | 2018                       | 2017      | 2018                        | 2017     | 2018      | 2017      |
| General Obligation Bonds | \$ 17,655                  | \$ 19,917 | \$ 7,225                    | \$ 8,132 | \$ 24,880 | \$ 28,049 |

**6. ECONOMIC FACTORS**

Major economic developments in the City itself as well as the outlying areas will have a major impact on the economic climate of the region as well as the City. All the developments listed are expected to increase the taxable base of the City significantly. Descriptions of the major developments are listed below:

**United Group - Redevelopment of the St. John's School Property**

This project is complete and located adjacent to the Plattsburgh State University College property on Broad Street and involved the development of the St. John's parochial school property, previously tax exempt, as 'for profit' college student housing fully assessed at \$12,000,000 in 2011. Sale of City property in the form of parking and green area was accomplished in 2008 for approximately \$12,000 to enhance the development parking for students and thereby reduce the City's obligation to maintain the property. The annual increase to property tax revenue in 2011 was \$182,500 based on the 2009 and 2010 partially assessed value (AV) property tax collections. The owner of the property, Plattsburgh Suites LLC, filed a petition for a tax assessment reduction of \$3,000,000 against the City of Plattsburgh. A settlement was agreed to on September 18<sup>th</sup>, 2015, to reduce the assessment by \$6,700,000 to \$5,300,000 for the tax roll years of 2015, 2016 and 2017, and then allow the assessment to increase 2.5% per year for the tax roll years of 2018, 2019 and 2020, and beginning with the 2021 tax roll, allow the City Assessor to set the assessed value of the property at the appropriate rate allowable by law. In addition to the assessment changes, the City was awarded \$840,000 of the delinquent property taxes and interest due on the property, payable in the amount of \$500,000 within 15 days of the court's award, with the balance of \$340,000 payable in four installments of \$85,000 with the last payment due in October of 2019.

**Redevelopment of the Durkee Street Municipal Parking Lot and Adjoining Lands**

This project is located in the heart of downtown Plattsburgh and involves development of a 3.30 +/- acre parcel of land between Broad Street and Bridge Street and north of an existing development consisting of a four-story office building and a two-story parking garage. A 0.20 +/- acre parcel of land between Margaret and Durkee streets which is the walkway between these two streets, and three contiguous parcels of land totaling 0.37 +/- acres along the southern edge of the walkway will also be developed. Streetscape improvements to Durkee Street are also planned as well as an expansion of the City's municipal parking lot adjoining the Saranac River immediately south of Broad Street.

Continued public input into use of this area resulted in the City earning a \$10 million Downtown Revitalization Initiative (DRI) award in July 2016. The successful concept includes converting the remaining surface parking lot into a mixed-use development with increased river access. The specific project list for the DRI are:

- 1) Develop the Durkee Street Site via an RFEI/RFP, support public infrastructure investments, and provide vertical development gap financing to incentivize development. (\$4.3 Million)
- 2) Improve riverfront access to increase recreational opportunities highlighting Plattsburgh's natural assets. (\$1.6 million)
- 3) Enhance downtown's streetscapes to improve the downtown appearance and the pedestrian experience with investments to key streets and walkable areas. (\$1.3 million)
- 4) Build the Dock Street Waterfront District to develop the waterfront via an RFEI/RFP and support key infrastructure improvements to incentivize development. (\$290K)
- 5) Establish a fund for downtown residential, retail and hotel improvements to support and incentivize development by providing a new funding mechanism with greater flexibility targeting upper floor residential, store-front commercial and hotel development along with façade improvements and retail space redevelopment and also provide small business support. (\$1 million)
- 6) Implement a cohesive marketing, branding, signage strategy that strengthens downtown Plattsburgh's identity and visibility and increases visitation. (\$250K)

As part of the Durkee Street development project, an RFP process in the summer of 2018 resulted in the hiring of an economic development consultant, White & Burke Real Estate Investment Advisors of Burlington, Vermont, to assist the City in crafting an RFP for developers and in management of the eventual development project. The RFP for developers was released in the fall of 2018 and Prime Companies of Cohoes, NY was awarded the opportunity to develop the lot. A development agreement between the City and Prime was signed in the spring of 2019. Several iterations of the development plans were presented for public comment and a final concept was settled on during the summer of 2019. The project is current making its way through the environmental review and permitting process with groundbreaking tentatively scheduled for the spring or summer of 2020.

The DRI's riverfront access and streetscape improvement projects are underway. Saratoga Associates of Saratoga Springs, New York, has been hired as the project's primary contractor and several rounds of public outreach have been completed. Renovation of the City's Westelcom Park will likely be the first project to begin construction in 2020 once an environmental review has been completed. Plans for a public riverwalk along the Durkee lot development site and improvements to Durkee Street itself are also planned

The application process for the downtown residential and retail improvement fund has been completed and 9 projects chosen to receive grant awards of varying amounts. Several projects have completed the design and environmental review phases and the City expects construction on a few projects to begin during the fall of 2019 with several more progressing to construction during the 2020 construction season.

The DRI's marketing, branding, and signage project is also underway. Boire Benner Group of Plattsburgh, New York has been hired as the project's primary contractor. A series of events banners were designed and fabricated and will be used for major City events. Several designs for more permanent banners are currently under consideration.

#### **Development of waterfront hotel and conference center**

The City had entered into a lease agreement to move forward with Monahan Development of Syracuse, New York, to build a waterfront hotel and conference center where the former Canadian-Pacific Railway yard is located off Bridge Street and within walking distance from the municipal parking lot development described above.

The \$11 million development was to consist of a hotel and a 450-to-600 person conference center. The hotel was to feature rooms and suites with window views of the lake. A restaurant and full-service spa was also to be included. This development would tie in with a public boat launch and picnic area on the waterfront.

Construction of the hotel facility was delayed due to default by the developer to perform on the construction contract although the site development for the water distribution, storm and sewer drainage, and parking lot with related lighting was completed by the City at a cost of approximately \$4.4 Million. The dispute over the default by the developer to perform under the lease agreement was settled in April of 2015, at a cost of \$15,500, paid to Valcour Island LLC, for the relinquishment of all right and title in the leased property to the City for future development. The DRI plans include incentivizing development of the waterfront area to promote use of the lakefront property and take advantage of the development that took place for the previous plans to have a hotel and conference center.

### **Air Force Base redevelopment projects**

The former ROTC property located on the “old base” was purchased by Larkin Realty out of Burlington, Vermont in 2004. They are the largest apartment and hotel owner in Vermont and planned to renovate the existing building into 60 condo/apartments. The property also includes 5 acres of vacant land to the north of the existing building. Current plans for this site are for construction of 32 additional apartments. Larkin Realty also purchased an additional 5.91 acres of land adjoining the ROTC property for future development for \$350,000 in September 2006. Both of these properties are lakefront properties and are expected to command the highest rental rates of any apartments in the county, but the vacant land has not seen any development progress during 2013. However, the former ROTC building completed Phase 3 in 2010 which includes 45 apartments and an AV of \$2,389,200 for 2011 up from \$2,068,400 in 2010.

Larkin completed the final Phase 4 in 2011, which includes a total of 60 apartments with a completed AV of \$3,515,800 increased in 2012, up from \$2,389,200 in 2011. The current assessment is at \$4,853,900 reflecting a city wide apartment revaluation in 2013.

Pyramid Realty Corporation of Syracuse, New York, had attempted to purchase the unoccupied base hospital located at the intersection of US Route 9 and New York Avenue, but never completed the purchase from the Plattsburgh Airbase Redevelopment Corporation (PARC). The property consists of 90,000 square feet of building space and land totaling 25 acres. Full demolition of the hospital building was completed in 2007 by PARC, but no further development has occurred during 2018. PARC still owns this property and it became fully taxable in 2012 and as of 2018, there are no plans to develop this lot and it remains on the market for sale.

In 2010, Harborview Condominiums completed construction of Phase 1 including 18 lake view condominium units. The addition was \$3,741,400 in AV to the 2012 tax roll. Phase 2 included 15 condo units completed in 2011 and added \$3,212,000 in AV to the 2013 tax roll. Phase 3 was being constructed with a completion date estimated sometime in 2014 and is comparable to Phase 2 by adding another 15 units with an estimated AV of \$3,345,300 to the 2015 tax roll. All 3 phases of Harborview have been completed and are occupied as of the end of 2016.

Directly across the street from Harborview Condominiums is another project that is under construction. Gregory Heights is a 20-unit apartment building that was completed in 2013 and the 2014 tax roll reflects an assessed value of \$1,352,700.

Four new apartment buildings, all side-by-side, were completed in 2012 in the residential west end neighborhood. Each apartment building has five units, for a total of 20 units in the project. The completed project added \$1,420,600 to the 2014 tax roll.



Recently, a 27-lot subdivision on the former Air force Base was transferred to a few local developers planning to develop the lots with residential homes and multi-family properties over a period of several. This is currently the largest tract of subdivided vacant land in the city. The 27 lot subdivision on the former air force base is currently under construction with about 85% of the lots either completed or under construction with residential housing. Most are single family homes, but there are also a few duplexes and multi-family residential units.

Bombardier Transportation, an international railcar manufacturer located in the City of Plattsburgh, announced that it plans to build an 80,000 square foot addition to its existing 150,000 square foot plant in 2013. Bombardier has recently been awarded two large contracts that will keep many more employees working at the plant and the need for more space is evident. Construction was completed adding 94,851 square feet to the existing plant and the AV was increased in 2014 to \$10,500,000.

A group of local developers are exploring the idea of redeveloping the City Beach recreational area. The redevelopment would include a hotel, restaurants, retail space, historical center, and hiking trails that all tie in with the beach on Lake Champlain. The developers are in the process of having a feasibility study completed.

On December 10, 2010 an announcement was made that Laurentian Aerospace Corporation had finally secured the lead-investor needed to move forward with the construction of the aircraft maintenance, repair and overhaul facility on the former Plattsburgh Air Force Base property owned by PARC within the Town of Plattsburgh, just outside the City limits. This 2-bay hangar facility will be constructed at a cost of about \$175 million and will contain approximately 262,000 square feet of production space. Employment estimates range from 900-1,200 jobs (900 to overhaul jets and 300 administrative staff) that will be created within five years. The facility would be in full operation about 18 months after construction begins, creating 200-300 new construction jobs. The financial closing is still in the process of being arranged, and Laurentian remains optimistic that funding should be secured in the near future. However, local optimism regarding the project has dwindled since the Clinton County IDA authorized issuance of millions of dollars in tax-exempt bonds to finance the project in June of 2007 and it is uncertain whether the project will ever come to fruition.

If the Laurentian project ever becomes a reality, there will most likely be a large influx of jobs, with many out-of-town people moving to the area. This will result in a large amount of new residential construction needed to accommodate all the new people that will be living in the area. Most of this new residential development would probably take place outside the City due to the minimal amount of vacant residential land within the City. However, the effects of this project would be extremely positive for the local economy due to the job creation and development of support companies for Laurentian.

Tall Pine Estates LLC completed Phase 1 of a two phase construction plan to build apartment complexes with garage units in 2016, which included 32 apartment units valued at \$2,318,600. Construction has begun on Phase 2 in 2018 to complete another 24 apartment units with the clubhouse and the first of three more eight unit buildings of this phase being finished for a total taxable value of \$3,633,500 appearing on the 2019 tax roll.

A 46 unit residential complex approved for construction at 4897 US Avenue, Enclave Estates, was completed in 2018, and is valued at \$2,000,000 in the 2019 tax roll.

Valcour Brewing Company re-developed the former soldiers' barracks built during the War of 1812 into a micro-brewery serving beer and food accompanied by some retail space and six hotel room type overnight accommodations valued at \$862,000 in the 2016 tax roll.

Maplefields constructed a large convenience store and gas station adjacent to US Avenue that was completed before the end of 2017, and is valued at \$1,525,000 on the 2019 tax roll.

### **Commercial development and redevelopment projects**

The former Lakeside Apartment complex located on North Margaret Street was deemed uninhabitable after the 2011 Lake Champlain flood and it currently remains vacant. There are 120 apartment units in the complex. The property owner had been working to demolish and redevelop the site, but the timeframe was unknown during 2016. The old apartment complex was demolished and re-development began during 2018 which has led to one of several units being completed. The plans include 31 residential units to be constructed along with commercial space for retail and restaurant facilities which is estimated to be 25% complete at this time.

Meadowbrook Nursing Facility completed an 87 bed addition to their existing 200 bed nursing home facility on Prospect Avenue in 2016 making for a total facility assessed value of \$16,400,000 as of the 2019 tax roll.

A 25 unit apartment complex was constructed in 2016 at 78 South Peru Street with a projected increase of \$1,346,900 in the 2017 property tax assessment roll.

A large residential property was developed during 2016 at 46 Cumberland Avenue adding an increase of \$873,600 in the 2017 property tax assessment roll.

Homes & Community Renewal Main Street Anchor Project: the City Received \$216,867 to assist in the renovation of the first floor of the North Country Food Co-op (NCFC) located at 25 Bridge Street in the downtown district. The NCFC will offer complete handicapped access as well as local healthy grocery options for residents and visitors to the downtown area.

National park Service Battlefield Protection Program: the City received a \$54,000 grant to study Historical sites around the city and region in order to better develop City Tourism.

ESD Restore NY awarded the City a \$54,000 grant to demolish the former Highway Oil gas station and building at 40 Bridge Street in the downtown district as part of the preparation work for the Durkee Street development segment of the DRI projects.

An AHC Housing Grant for \$300,000 has been awarded to the City to renovate 12 existing low to moderate income single family homes in the City downtown area.

County sales tax, which makes up a significant portion of the general fund revenue, is also expected to be enhanced by virtue of the above developments.

## **7. REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Plattsburgh's finances to our citizens, taxpayers, customers, investors and creditors. If you need any additional copies of this report or have any additional questions, please contact our offices at the following address: City of Plattsburgh, Finance Office, 41 City Hall Place, Plattsburgh, NY 12901.

## CITY OF PLATTSBURGH

Exhibit A

STATEMENT OF NET POSITION  
December 31, 2018

| ASSETS   | Governmental<br>Activities | Business-type<br>Activities | Total<br>Primary<br>Government | Lake City LDC    | Total<br>Reporting<br>Unit |
|--|----------------------------|-----------------------------|--------------------------------|------------------|----------------------------|
| Current assets   |                            |                             |                                |                  |                            |
| Cash and equivalents   | \$ 3,668,083               | \$ 187,743                  | \$ 3,855,826                   | \$ 12,348        | \$ 3,868,174               |
| Restricted assets-cash and cash in time<br>deposits          | 9,185,865                  | 2,781,357                   | 11,967,222                     | -                | 11,967,222                 |
| Taxes receivable, net of allowance<br>of \$101,143           | 928,160                    | -                           | 928,160                        | -                | 928,160                    |
| Other receivable   | 1,408,975                  | 1,639,005                   | 3,047,980                      | -                | 3,047,980                  |
| State and federal receivables                                | 329,032                    | -                           | 329,032                        | -                | 329,032                    |
| Economic development loans, net of allowance<br>of \$126,363 | 513,896                    | -                           | 513,896                        | -                | 513,896                    |
| Due from other governments                                   | 1,334,898                  | -                           | 1,334,898                      | -                | 1,334,898                  |
| Internal balances  | (99,597)                   | 140,779                     | 41,182                         | -                | 41,182                     |
| Inventories  | -                          | 1,469,926                   | 1,469,926                      | -                | 1,469,926                  |
| Prepaid expenses   | 639,949                    | 150,779                     | 790,728                        | -                | 790,728                    |
| Total current assets   | <u>17,909,261</u>          | <u>6,369,589</u>            | <u>24,278,850</u>              | <u>12,348</u>    | <u>24,291,198</u>          |
| Noncurrent assets  |                            |                             |                                |                  |                            |
| Capital assets, net<br>of accumulated depreciation           | <u>103,569,354</u>         | <u>33,923,370</u>           | <u>137,492,724</u>             | <u>-</u>         | <u>137,492,724</u>         |
| Total noncurrent assets                                      | <u>103,569,354</u>         | <u>33,923,370</u>           | <u>137,492,724</u>             | <u>-</u>         | <u>137,492,724</u>         |
| Total assets   | <u>121,478,615</u>         | <u>40,292,959</u>           | <u>161,771,574</u>             | <u>12,348</u>    | <u>161,783,922</u>         |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                        |                            |                             |                                |                  |                            |
| Pension  | 7,012,715                  | 979,632                     | 7,992,347                      | -                | 7,992,347                  |
| OPEB (GASB 75)   | 1,124,631                  | 215,188                     | 1,339,819                      | -                | 1,339,819                  |
| Total deferred outflows of resources                         | <u>8,137,346</u>           | <u>1,194,820</u>            | <u>9,332,166</u>               | <u>-</u>         | <u>9,332,166</u>           |
| Total assets and deferred outflow of resources               | <u>\$ 129,615,961</u>      | <u>\$ 41,487,779</u>        | <u>\$ 171,103,740</u>          | <u>\$ 12,348</u> | <u>\$ 171,116,088</u>      |

**LIABILITIES**

## Current liabilities

|                                     |                  |                  |                  |          |                  |
|-------------------------------------|------------------|------------------|------------------|----------|------------------|
| Accounts payable                    | \$ 757,311       | \$ 1,662,145     | \$ 2,419,456     | \$ -     | \$ 2,419,456     |
| Accrued liabilities                 | 1,570,982        | 193,253          | 1,764,235        | -        | 1,764,235        |
| Due to other governments            | 71               | -                | 71               | -        | 71               |
| Due to school districts             | 423,134          | -                | 423,134          | -        | 423,134          |
| Customer deposits                   | -                | 429,909          | 429,909          | -        | 429,909          |
| Bonds outstanding - current portion | <u>2,225,425</u> | <u>904,575</u>   | <u>3,130,000</u> | <u>-</u> | <u>3,130,000</u> |
| Total current liabilities           | <u>4,976,923</u> | <u>3,189,882</u> | <u>8,166,805</u> | <u>-</u> | <u>8,166,805</u> |

## Noncurrent liabilities

|   |                    |                   |                    |          |                    |
|---|--------------------|-------------------|--------------------|----------|--------------------|
| Bonds outstanding, less current portion     | 15,429,772         | 6,320,228         | 21,750,000         | -        | 21,750,000         |
| Compensated absences                        | 3,222,876          | 539,677           | 3,762,553          | -        | 3,762,553          |
| Other post employment benefits              | 147,944,037        | 18,335,840        | 166,279,877        | -        | 166,279,877        |
| Net pension liability - proportionate share | <u>2,469,280</u>   | <u>285,691</u>    | <u>2,754,971</u>   | <u>-</u> | <u>2,754,971</u>   |
| Total noncurrent liabilities                | <u>169,065,965</u> | <u>25,481,436</u> | <u>194,547,401</u> | <u>-</u> | <u>194,547,401</u> |
| Total liabilities                           | <u>174,042,888</u> | <u>28,671,318</u> | <u>202,714,206</u> | <u>-</u> | <u>202,714,206</u> |

**DEFERRED INFLOWS OF RESOURCES**

|                                     |                   |                  |                   |          |                   |
|-------------------------------------|-------------------|------------------|-------------------|----------|-------------------|
| Deferred inflows of resources       | 2,112             | -                | 2,112             | -        | 2,112             |
| Pensions                            | 5,903,164         | 908,289          | 6,811,453         | -        | 6,811,453         |
| OPEB (GASB 75)                      | <u>5,183,553</u>  | <u>486,560</u>   | <u>5,670,113</u>  | <u>-</u> | <u>5,670,113</u>  |
| Total deferred inflows of resources | <u>11,088,829</u> | <u>1,394,849</u> | <u>12,483,678</u> | <u>-</u> | <u>12,483,678</u> |

**NET POSITION**

|   |                       |                      |                       |                  |                       |
|---|-----------------------|----------------------|-----------------------|------------------|-----------------------|
| Net investment in capital assets                        | 85,914,157            | 26,698,567           | 112,612,724           | -                | 112,612,724           |
| Restricted  | 10,814,092            | 2,781,356            | 13,595,448            | -                | 13,595,448            |
| Unrestricted  | <u>(152,244,005)</u>  | <u>(18,058,311)</u>  | <u>(170,302,316)</u>  | <u>12,348</u>    | <u>(170,289,968)</u>  |
| Total net position                                      | <u>(55,515,756)</u>   | <u>11,421,612</u>    | <u>(44,094,144)</u>   | <u>12,348</u>    | <u>(44,081,796)</u>   |
| Total liabilities, deferred inflows<br>and net position | <u>\$ 129,615,961</u> | <u>\$ 41,487,779</u> | <u>\$ 171,103,740</u> | <u>\$ 12,348</u> | <u>\$ 171,116,088</u> |

See accompanying notes and independent auditor's report.

**CITY OF PLATTSBURGH**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2018**

| Functions/Programs                  | Expenses             | Program Revenues     |                                    |                                  |
|-------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                     |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary government:</b>          |                      |                      |                                    |                                  |
| Governmental activities:            |                      |                      |                                    |                                  |
| General government                  | \$ 3,392,026         | \$ 200,951           | \$ -                               | \$ -                             |
| Public safety                       | 8,354,652            | 865,278              | 47,753                             | -                                |
| Transportation                      | 2,506,910            | 10,900               | -                                  | -                                |
| Economic assistance and opportunity | 533,446              | 496                  | 21,500                             | -                                |
| Culture and recreation              | 1,805,381            | 550,446              | 4,428                              | 103,482                          |
| Home and community services         | 8,362,264            | 8,723,735            | -                                  | 479,370                          |
| Employee benefits                   | (855,207)            | -                    | -                                  | -                                |
| Debt service                        | 499,531              | -                    | -                                  | -                                |
| Total governmental activities       | <u>24,599,003</u>    | <u>10,351,806</u>    | <u>73,681</u>                      | <u>582,852</u>                   |
| Business-type activities:           |                      |                      |                                    |                                  |
| Municipal Lighting                  | 19,112,839           | 21,679,271           | -                                  | -                                |
| Total business-type activities      | <u>19,112,839</u>    | <u>21,679,271</u>    | <u>-</u>                           | <u>-</u>                         |
| Total primary government            | <u>\$ 43,711,842</u> | <u>\$ 32,031,077</u> | <u>\$ 73,681</u>                   | <u>\$ 582,852</u>                |
| <b>Component units:</b>             |                      |                      |                                    |                                  |
| Lake City LDC                       | -                    | -                    | -                                  | -                                |
| Total component units               | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>                        | <u>\$ -</u>                      |

General revenues:  
Property taxes  
Property tax items  
Non-property tax items  
Interest and earnings  
Fines and penalties  
Intergovernmental  
Sales of property and compensation for loss  
Miscellaneous  
Interfund revenues  
State sources  
Operating transfers  
Total general revenues and operating transfers  
Changes in net assets  
Net assets, beginning  
Prior period adjustment (Note 19)  
Net assets, ending

See accompanying notes and independent auditor's report.

Exhibit B

| Net (Expense) Revenue and Changes in Net Position |                             |                        |                    |                            |
|---|-----------------------------|------------------------|--------------------|----------------------------|
| Primary Government                                |                             |                        | Component<br>Units | Total<br>Reporting<br>Unit |
| Governmental<br>Activities                        | Business-type<br>Activities | Total                  |                    |                            |
| \$ (3,191,075)                                    | \$ -                        | \$ (3,191,075)         | \$ -               | \$ (3,191,075)             |
| (7,441,621)                                       | -                           | (7,441,621)            | -                  | (7,441,621)                |
| (2,496,010)                                       | -                           | (2,496,010)            | -                  | (2,496,010)                |
| (511,450)   | -                           | (511,450)              | -                  | (511,450)                  |
| (1,147,025)                                       | -                           | (1,147,025)            | -                  | (1,147,025)                |
| 840,841   | -                           | 840,841                | -                  | 840,841                    |
| 855,207   | -                           | 855,207                | -                  | 855,207                    |
| (499,531)   | -                           | (499,531)              | -                  | (499,531)                  |
| <u>(13,590,664)</u>                               | <u>-</u>                    | <u>(13,590,664)</u>    | <u>-</u>           | <u>(13,590,664)</u>        |
| -   | 2,566,432                   | 2,566,432              | -                  | 2,566,432                  |
| -   | 2,566,432                   | 2,566,432              | -                  | 2,566,432                  |
| <u>(13,590,664)</u>                               | <u>2,566,432</u>            | <u>(11,024,232)</u>    | <u>-</u>           | <u>(11,024,232)</u>        |
| -   | -                           | -                      | -                  | -                          |
| -   | -                           | -                      | -                  | -                          |
| 11,542,944  | -                           | 11,542,944             | -                  | 11,542,944                 |
| 364,957   | 71,685                      | 436,642                | -                  | 436,642                    |
| 4,571,798   | -                           | 4,571,798              | -                  | 4,571,798                  |
| 58,297  | 14,090                      | 72,387                 | 2                  | 72,389                     |
| 215,859   | -                           | 215,859                | -                  | 215,859                    |
| 1,342,176   | -                           | 1,342,176              | -                  | 1,342,176                  |
| 35,152  | -                           | 35,152                 | -                  | 35,152                     |
| 194,015   | 103,941                     | 297,956                | 1                  | 297,957                    |
| 929,990   | 231,868                     | 1,161,858              | -                  | 1,161,858                  |
| 3,560,020   | -                           | 3,560,020              | -                  | 3,560,020                  |
| 652,997   | (652,997)                   | -                      | -                  | -                          |
| <u>23,468,205</u>                                 | <u>(231,413)</u>            | <u>23,236,792</u>      | <u>3</u>           | <u>23,236,795</u>          |
| 9,877,541   | 2,335,019                   | 12,212,560             | 3                  | 12,212,563                 |
| 85,610,824  | 28,215,961                  | 113,826,785            | 12,345             | 113,839,130                |
| <u>(151,004,121)</u>                              | <u>(19,129,368)</u>         | <u>(170,133,489)</u>   | <u>-</u>           | <u>(170,133,489)</u>       |
| <u>\$ (55,515,756)</u>                            | <u>\$ 11,421,612</u>        | <u>\$ (44,094,144)</u> | <u>\$ 12,348</u>   | <u>\$ (44,081,796)</u>     |

See accompanying notes and independent auditor's report.

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2018**

| <b>ASSETS</b>  | General             | Special<br>Revenue   | Capital<br>Projects | Debt Service      | Total                |
|--|---------------------|----------------------|---------------------|-------------------|----------------------|
| Cash and equivalents   | \$ (438,270)        | \$ 3,808,730         | \$ 297,623          | \$ -              | \$ 3,668,083         |
| Taxes receivable, net of allowance<br>of \$101,143               | 928,160             | -                    | -                   | -                 | 928,160              |
| Other receivable   | 249,628             | 986,015              | 173,332             | -                 | 1,408,975            |
| State and federal receivables                                    | 313,852             | 1,152                | 14,028              | -                 | 329,032              |
| Economic development loans, net of allowance<br>of \$126,363     | -                   | 513,896              | -                   | -                 | 513,896              |
| Due from other funds   | 1,024,264           | 603,872              | 74,954              | -                 | 1,703,090            |
| Due from other governments                                       | 1,334,193           | 705                  | -                   | -                 | 1,334,898            |
| Inventories  | -                   | -                    | -                   | -                 | -                    |
| Other current assets   | -                   | -                    | -                   | -                 | -                    |
| Restricted assets-cash and cash in time<br>deposits              | 267,718             | 7,940,901            | -                   | 977,246           | 9,185,865            |
| Prepaid expenses   | 451,461             | 188,488              | -                   | -                 | 639,949              |
| <b>Total assets</b>  | <b>\$ 4,131,006</b> | <b>\$ 14,043,759</b> | <b>\$ 559,937</b>   | <b>\$ 977,246</b> | <b>\$ 19,711,948</b> |
| <b>LIABILITIES</b>   |                     |                      |                     |                   |                      |
| Accounts payable   | \$ 518,598          | \$ 218,509           | \$ 20,204           | \$ -              | \$ 757,311           |
| Accrued liabilities  | 1,362,479           | 173,034              | -                   | -                 | 1,535,513            |
| Bonds anticipation note  | -                   | -                    | -                   | -                 | -                    |
| Due to other funds   | 197,322             | 858,790              | 746,575             | -                 | 1,802,687            |
| Due to other governments   | -                   | 71                   | -                   | -                 | 71                   |
| Due to school districts  | 423,134             | -                    | -                   | -                 | 423,134              |
| <b>Total liabilities</b>   | <b>2,501,533</b>    | <b>1,250,404</b>     | <b>766,779</b>      | <b>-</b>          | <b>4,518,716</b>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                             |                     |                      |                     |                   |                      |
| Deferred inflows of resources                                    | -                   | 2,112                | -                   | -                 | 2,112                |
| <b>FUND BALANCES</b>   |                     |                      |                     |                   |                      |
| Nonspendable:  |                     |                      |                     |                   |                      |
| Prepays  | 525,044             | 188,488              | -                   | -                 | 713,532              |
| Long term loans & receivable                                     | -                   | 451,158              | -                   | -                 | 451,158              |
| Restricted:  |                     |                      |                     |                   |                      |
| Capital reserve  | -                   | 7,706,859            | -                   | -                 | 7,706,859            |
| Retirement of LTD  | -                   | 234,042              | -                   | 977,246           | 1,211,288            |
| Aerial fire equip reserve  | 114,095             | -                    | -                   | -                 | 114,095              |
| Asset seizure reserve  | 153,623             | -                    | -                   | -                 | 153,623              |
| Other restricted   | -                   | 1,628,227            | -                   | -                 | 1,628,227            |
| Assigned:  |                     |                      |                     |                   |                      |
| Encumbrances (Note 14)   | 10,275              | 32,323               | -                   | -                 | 42,598               |
| Appropriated fund balance  |                     |                      |                     |                   |                      |
| Designated for subsequent<br>year's expenditures                 | -                   | -                    | -                   | -                 | -                    |
| Unappropriated fund balance                                      | -                   | 2,617,728            | -                   | -                 | 2,617,728            |
| Unassigned   | 826,436             | (67,582)             | (206,842)           | -                 | 552,012              |
| <b>Total fund balances</b>                                       | <b>1,629,473</b>    | <b>12,791,243</b>    | <b>(206,842)</b>    | <b>977,246</b>    | <b>15,191,120</b>    |
| <b>Total liabilities, deferred inflows<br/>and fund balances</b> | <b>\$ 4,131,006</b> | <b>\$ 14,043,759</b> | <b>\$ 559,937</b>   | <b>\$ 977,246</b> | <b>\$ 19,711,948</b> |

See accompanying notes and independent auditor's report.

**CITY OF PLATTSBURGH**

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

**December 31, 2018**

Amounts reported for governmental activities in the statement of net position are different because:

|   |    |                     |
|---|----|---------------------|
| Total fund balance - governmental funds   | \$ | 15,191,120          |
| Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.   |    | 103,569,354         |
| Deferred outflows:  |    |                     |
| Pensions  |    | 7,012,715           |
| OPEB (GASB 75)  |    | 1,124,631           |
| Long-term liabilities, including bonds payable, compensated absences, and other post employment benefits are not due and payable in the current period and therefore are not reported in the funds. |    |                     |
| Bonds payable   |    | (17,655,197)        |
| Compensated absences  |    | (3,222,876)         |
| Other post employment benefits  |    | (147,944,037)       |
| Net pension liability   |    | (2,469,280)         |
| Accrued bond interest is reflected in the statement of net position but not in the governmental funds.  |    | (35,469)            |
| Deferred outflows:  |    |                     |
| Pensions  |    | (5,903,164)         |
| OPEB (GASB 75)  |    | (5,183,553)         |
| Net position of governmental activities   | \$ | <u>(55,515,756)</u> |

See accompanying notes and independent auditor's report.



**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2018**

|   | General             | Special<br>Revenue   | Capital<br>Projects | Debt<br>Service   | Total<br>Governmental<br>Funds |
|---|---------------------|----------------------|---------------------|-------------------|--------------------------------|
| <b>Revenues</b>   |                     |                      |                     |                   |                                |
| Real property taxes                                       | \$ 11,457,934       | \$ 85,010            | \$ -                | \$ -              | \$ 11,542,944                  |
| Real property tax items                                   | 364,957             | -                    | -                   | -                 | 364,957                        |
| Non-property tax items                                    | 4,571,798           | -                    | -                   | -                 | 4,571,798                      |
| Departmental income                                       | 1,671,030           | 8,560,156            | -                   | -                 | 10,231,186                     |
| Intergovernmental charges                                 | -                   | 1,342,176            | -                   | -                 | 1,342,176                      |
| Use of money and property                                 | 20,651              | 54,067               | 4,640               | 458               | 79,816                         |
| Licenses and permits                                      | 120,620             | -                    | -                   | -                 | 120,620                        |
| Fines and forfeitures                                     | 215,859             | -                    | -                   | -                 | 215,859                        |
| Sales of property & compensation for loss                 | 20,647              | 14,505               | -                   | -                 | 35,152                         |
| Miscellaneous local sources                               | 150,455             | 43,541               | -                   | -                 | 193,996                        |
| Interfund   | 818,859             | 111,131              | -                   | -                 | 929,990                        |
| State aid   | 3,297,923           | 365,579              | 352,027             | -                 | 4,015,529                      |
| Federal aid   | 47,753              | 4,428                | 127,343             | -                 | 179,524                        |
| <b>Total revenues</b>                                     | <b>22,758,486</b>   | <b>10,580,593</b>    | <b>484,010</b>      | <b>458</b>        | <b>33,823,547</b>              |
| <b>Expenditures</b>                                       |                     |                      |                     |                   |                                |
| General governmental support                              | 2,279,344           | 530,996              | -                   | -                 | 2,810,340                      |
| Public safety   | 8,077,156           | -                    | 3,600               | -                 | 8,080,756                      |
| Transportation  | 1,410,960           | 65,090               | 3,004,910           | -                 | 4,480,960                      |
| Economic assistance and opportunity                       | 546,146             | -                    | 48,745              | -                 | 594,891                        |
| Culture and recreation                                    | 206,275             | 1,354,186            | 559,435             | -                 | 2,119,896                      |
| Home and community services                               | 652,024             | 5,775,345            | 390,131             | -                 | 6,817,500                      |
| Employee benefits   | 7,226,309           | 2,271,967            | -                   | -                 | 9,498,276                      |
| Debt service  | -                   | -                    | -                   | 2,764,494         | 2,764,494                      |
| <b>Total expenditures</b>                                 | <b>20,398,214</b>   | <b>9,997,584</b>     | <b>4,006,821</b>    | <b>2,764,494</b>  | <b>37,167,113</b>              |
| Excess (deficit) of revenues<br>over (under) expenditures | 2,360,272           | 583,009              | (3,522,811)         | (2,764,036)       | (3,343,566)                    |
| <b>Other financing sources (uses)</b>                     |                     |                      |                     |                   |                                |
| Operating transfers in                                    | 1,204,769           | 1,251,337            | -                   | 2,509,415         | 4,965,521                      |
| Operating transfers out                                   | (3,086,587)         | (1,225,937)          | -                   | -                 | (4,312,524)                    |
| BANS redeemed from appropriations                         | -                   | -                    | -                   | -                 | -                              |
| Proceeds from issuance of bonds                           | -                   | -                    | -                   | -                 | -                              |
| Bond premium received                                     | -                   | -                    | -                   | -                 | -                              |
| <b>Total other financing sources (uses)</b>               | <b>(1,881,818)</b>  | <b>25,400</b>        | <b>-</b>            | <b>2,509,415</b>  | <b>652,997</b>                 |
| Net change in fund balances                               | 478,454             | 608,409              | (3,522,811)         | (254,621)         | (2,690,569)                    |
| <b>Fund Balances, Beginning of Year</b>                   | <b>1,151,019</b>    | <b>12,182,834</b>    | <b>3,315,969</b>    | <b>1,231,867</b>  | <b>17,881,689</b>              |
| <b>Fund Balances, End of Year</b>                         | <b>\$ 1,629,473</b> | <b>\$ 12,791,243</b> | <b>\$ (206,842)</b> | <b>\$ 977,246</b> | <b>\$ 15,191,120</b>           |

See accompanying notes and independent auditor's report.

**CITY OF PLATTSBURGH**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2018**

Amounts reported for *governmental activities* in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ (2,690,569)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the detail of the two components:

|                      |             |
|----------------------|-------------|
| Capital outlay       | 4,271,158   |
| Depreciation expense | (4,321,494) |

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts.

|                                       |           |
|---------------------------------------|-----------|
| Repayment of principal long-term debt | 2,261,837 |
| Proceeds of issuance of bonds         | -         |

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.

|  |            |
|--|------------|
| Compensated absences used exceeded the amount earned during the year           | 494,749    |
| Other post employment benefits used exceeded the amount earned during the year | 10,156,203 |
| Accrued bond interest  | 3,126      |

Payments of BAN principal are an expenditure in the Debt Service Fund and other income in the capital projects fund. A reclassifying entry to offset these amounts reduces both expenditures and other sources of income on the Statement of Activities.

|                                    |   |
|------------------------------------|---|
| Principal reduction - BAN          | - |
| BAN's redeemed from appropriations | - |

(Increases) decreases in proportionate share of net pension asset/liability reported in the 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 governmental funds.

|                              |                  |
|------------------------------|------------------|
| Employees' Retirement System | <u>(297,469)</u> |
|------------------------------|------------------|

|   |                            |
|---|----------------------------|
| Change in net position of governmental activities | <u><u>\$ 9,877,541</u></u> |
|---|----------------------------|

See accompanying notes and independent auditor's report.

CITY OF PLATTSBURGH

Exhibit E

COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS  
December 31, 2018

|  | Special<br>Grants   | Parking<br>Authority | Recreation        | Water               | Sewer               | Library           | Total<br>Special<br>Revenue |
|--|---------------------|----------------------|-------------------|---------------------|---------------------|-------------------|-----------------------------|
| <b>ASSETS</b>  |                     |                      |                   |                     |                     |                   |                             |
| Cash   | \$ 2,184,176        | \$ 91,053            | \$ (31,706)       | \$ 143,816          | \$ 1,040,244        | \$ 381,147        | \$ 3,808,730                |
| Other receivables  | 23,345              | 4,126                | 3,036             | 338,386             | 615,524             | 1,598             | 986,015                     |
| Prepaid expenses   | -                   | 1,178                | 19,960            | 54,701              | 94,247              | 18,402            | 188,488                     |
| Economic development loans,<br>net of allowance of \$126,363 | 513,896             | -                    | -                 | -                   | -                   | -                 | 513,896                     |
| Due from other funds   | -                   | 500,000              | -                 | 5,263               | 98,609              | -                 | 603,872                     |
| Due from other governments                                   | -                   | -                    | -                 | -                   | -                   | 705               | 705                         |
| Restricted assets - cash                                     | -                   | -                    | -                 | 805,603             | 7,125,179           | 10,119            | 7,940,901                   |
| State & federal receivables                                  | 1,152               | -                    | -                 | -                   | -                   | -                 | 1,152                       |
| <b>Total assets</b>  | <b>\$ 2,722,569</b> | <b>\$ 596,357</b>    | <b>\$ (8,710)</b> | <b>\$ 1,347,769</b> | <b>\$ 8,973,803</b> | <b>\$ 411,971</b> | <b>\$ 14,043,759</b>        |
| <b>LIABILITIES</b>   |                     |                      |                   |                     |                     |                   |                             |
| Accounts payable   | \$ 4,722            | \$ 596               | \$ 24,447         | \$ 54,237           | \$ 120,597          | \$ 13,910         | \$ 218,509                  |
| Accrued liabilities  | -                   | 1,702                | 14,465            | 53,634              | 77,985              | 25,248            | 173,034                     |
| Due to other funds   | -                   | 500,000              | -                 | 155,984             | 202,806             | -                 | 858,790                     |
| Due to other governments                                     | -                   | -                    | -                 | 71                  | -                   | -                 | 71                          |
| <b>Total liabilities</b>                                     | <b>4,722</b>        | <b>502,298</b>       | <b>38,912</b>     | <b>263,926</b>      | <b>401,388</b>      | <b>39,158</b>     | <b>1,250,404</b>            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                         |                     |                      |                   |                     |                     |                   |                             |
| Deferred inflows of resources                                | 2,112               | -                    | -                 | -                   | -                   | -                 | 2,112                       |
| <b>FUND BALANCES</b>   |                     |                      |                   |                     |                     |                   |                             |
| Nonspendable:  |                     |                      |                   |                     |                     |                   |                             |
| Prepays  | -                   | 1,178                | 19,960            | 54,701              | 94,247              | 18,402            | 188,488                     |
| Long term loans & receivable                                 | 451,158             | -                    | -                 | -                   | -                   | -                 | 451,158                     |
| Restricted:  |                     |                      |                   |                     |                     |                   |                             |
| Capital reserve  | -                   | -                    | -                 | 571,561             | 7,125,179           | 10,119            | 7,706,859                   |
| Retirement of LTD  | -                   | -                    | -                 | 234,042             | -                   | -                 | 234,042                     |
| Other restricted   | 1,628,227           | -                    | -                 | -                   | -                   | -                 | 1,628,227                   |
| Assigned:  |                     |                      |                   |                     |                     |                   |                             |
| Encumbrances (Note 15)                                       | -                   | 629                  | -                 | 3,224               | 28,470              | -                 | 32,323                      |
| Appropriated fund balance                                    | -                   | -                    | -                 | -                   | -                   | -                 | -                           |
| Unappropriated fund balance                                  | 636,350             | 92,252               | -                 | 220,315             | 1,324,519           | 344,292           | 2,617,728                   |
| Unassigned   | -                   | -                    | (67,582)          | -                   | -                   | -                 | (67,582)                    |
| <b>Total fund balances</b>                                   | <b>2,715,735</b>    | <b>94,059</b>        | <b>(47,622)</b>   | <b>1,083,843</b>    | <b>8,572,415</b>    | <b>372,813</b>    | <b>12,791,243</b>           |
| <b>Total liabilities and fund balances</b>                   | <b>\$ 2,722,569</b> | <b>\$ 596,357</b>    | <b>\$ (8,710)</b> | <b>\$ 1,347,769</b> | <b>\$ 8,973,803</b> | <b>\$ 411,971</b> | <b>\$ 14,043,759</b>        |

See accompanying notes and independent auditor's report.

CITY OF PLATTSBURGH

Exhibit F

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - SPECIAL REVENUE FUNDS

Year Ended December 31, 2018

|   | Special<br>Grants | Parking<br>Authority | Recreation  | Water       | Sewer      | Library    | Total<br>Special<br>Revenue |
|---|-------------------|----------------------|-------------|-------------|------------|------------|-----------------------------|
| <b>Revenues</b>   |                   |                      |             |             |            |            |                             |
| Real property taxes   | \$ -              | \$ 85,010            | \$ -        | \$ -        | \$ -       | \$ -       | \$ 85,010                   |
| Departmental income   | 496               | -                    | 540,449     | 2,927,211   | 5,082,003  | 9,997      | 8,560,156                   |
| Intergovernmental charges   | -                 | -                    | -           | 281,119     | 1,061,057  | -          | 1,342,176                   |
| Use of money and property   | 20,885            | 15,524               | (66)        | 1,351       | 13,197     | 3,176      | 54,067                      |
| Sales of property and compensation for loss                       | -                 | -                    | 4,589       | -           | 428        | 9,488      | 14,505                      |
| Miscellaneous local sources                                       | 3,150             | 68                   | 168         | 3,841       | 4,457      | 31,857     | 43,541                      |
| Interfund Revenues  | -                 | -                    | -           | 84,911      | 26,220     | -          | 111,131                     |
| State aid   | 262,097           | -                    | -           | -           | -          | 103,482    | 365,579                     |
| Federal aid   | -                 | -                    | -           | -           | -          | 4,428      | 4,428                       |
| Total revenues  | 286,628           | 100,602              | 545,140     | 3,298,433   | 6,187,362  | 162,428    | 10,580,593                  |
| <b>Expenditures</b>   |                   |                      |             |             |            |            |                             |
| General governmental support                                      | -                 | -                    | 37,122      | 344,332     | 146,555    | 2,987      | 530,996                     |
| Transportation  | -                 | 65,090               | -           | -           | -          | -          | 65,090                      |
| Culture and recreation  | -                 | -                    | 679,375     | -           | -          | 674,811    | 1,354,186                   |
| Home and community services                                       | 448,654           | -                    | -           | 1,630,706   | 3,695,985  | -          | 5,775,345                   |
| Employee benefits   | -                 | 17,197               | 111,252     | 745,970     | 1,164,242  | 233,306    | 2,271,967                   |
| Total expenditures  | 448,654           | 82,287               | 827,749     | 2,721,008   | 5,006,782  | 911,104    | 9,997,584                   |
| <b>Excess (deficit) of revenues<br/>over (under) expenditures</b> | (162,026)         | 18,315               | (282,609)   | 577,425     | 1,180,580  | (748,676)  | 583,009                     |
| <b>Other financing sources (uses)</b>                             |                   |                      |             |             |            |            |                             |
| Operating transfers in  | -                 | -                    | 487,918     | 5,263       | 6,698      | 751,458    | 1,251,337                   |
| Operating transfers out   | -                 | (1,730)              | (239,324)   | (638,570)   | (339,813)  | (6,500)    | (1,225,937)                 |
| <b>Total other financing sources (uses)</b>                       | -                 | (1,730)              | 248,594     | (633,307)   | (333,115)  | 744,958    | 25,400                      |
| <b>Net change in fund balances</b>                                | \$ (162,026)      | \$ 16,585            | \$ (34,015) | \$ (55,882) | \$ 847,465 | \$ (3,718) | \$ 608,409                  |

See accompanying notes and independent auditor's report.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE- BUDGET AND ACTUAL - GENERAL FUND**

Year Ended December 31, 2018

|   | <u>Budgeted Amounts</u> |                   | <u>Actual<br/>Amounts<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|-------------------|---|---|
|   | <u>Original</u>         | <u>Final</u>      |   |   |
| <b>Revenues</b>   |                         |                   |   |   |
| Real property taxes                                       | \$ 11,407,689           | \$ 11,407,689     | \$ 11,457,934                                     | \$ 50,245   |
| Real property tax items                                   | 297,833                 | 443,972           | 364,957   | (79,015)  |
| Non-property tax items                                    | 4,298,581               | 4,550,135         | 4,571,798   | 21,663  |
| Departmental income                                       | 1,468,000               | 1,603,594         | 1,671,030   | 67,436  |
| Use of money and property                                 | 12,905                  | 12,905            | 20,651  | 7,746   |
| Licenses and permits                                      | 101,660                 | 115,488           | 120,620   | 5,132   |
| Fines and forfeitures                                     | 293,000                 | 293,000           | 215,859   | (77,141)  |
| Sales of property and compensation for loss               | 42,000                  | 42,000            | 20,647  | (21,353)  |
| Miscellaneous local sources                               | 113,625                 | 138,852           | 150,455   | 11,603  |
| Interfund   | 816,000                 | 816,000           | 818,859   | 2,859   |
| State aid   | 2,967,680               | 3,031,260         | 3,297,923   | 266,663   |
| Federal aid   | 5,000                   | 52,753            | 47,753  | (5,000)   |
|   |                         |                   |   |   |
| Total revenues  | 21,823,973              | 22,507,648        | 22,758,486  | 250,838   |
| <b>Expenditures</b>                                       |                         |                   |   |   |
| General governmental support                              | 1,979,693               | 2,199,827         | 2,289,619   | (89,792)  |
| Public Safety   | 7,581,092               | 8,103,759         | 8,077,156   | 26,603  |
| Transportation  | 1,265,524               | 1,385,235         | 1,410,960   | (25,725)  |
| Economic assistance and opportunity                       | 295,655                 | 295,466           | 546,146   | (250,680)   |
| Culture and recreation                                    | 94,346                  | 197,857           | 206,275   | (8,418)   |
| Home and community services                               | 652,572                 | 698,201           | 652,024   | 46,177  |
| Employee benefits   | 7,288,522               | 7,281,368         | 7,226,309   | 55,059  |
|   |                         |                   |   |   |
| Total expenditures  | 19,157,404              | 20,161,713        | 20,408,489  | (246,776)   |
|   |                         |                   |   |   |
| Excess (deficit) of revenues<br>over (under) expenditures | 2,666,569               | 2,345,935         | 2,349,997   | 4,062   |
| <b>Other financing sources (uses)</b>                     |                         |                   |   |   |
| Operating transfers in                                    | 1,204,769               | 1,204,769         | 1,204,769   | -   |
| Operating transfers out                                   | (3,060,428)             | (3,015,500)       | (3,086,587)                                       | (71,087)  |
|   |                         |                   |   |   |
| Total other financing sources (uses)                      | (1,855,659)             | (1,810,731)       | (1,881,818)                                       | (71,087)  |
|   |                         |                   |   |   |
| <b>Net Change in Fund Balance</b>                         | <b>\$ 810,910</b>       | <b>\$ 535,204</b> | <b>\$ 468,179</b>                                 | <b>\$ (67,025)</b>  |

See accompanying notes and independent auditor's report.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE- BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS  
Year Ended December 31, 2018**

|   | <u>Budgeted Amounts</u> |                   |                   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|-------------------|-------------------|---|
|   | <b>Original</b>         | <b>Final</b>      | <b>Actual</b>     |   |
| <b>Revenues</b>   |                         |                   |                   |   |
| Real property taxes                                       | \$ 85,010               | \$ 85,010         | \$ 85,010         | \$ -  |
| Departmental income                                       | 9,420,150               | 9,314,419         | 8,559,660         | (754,759)   |
| Intergovernmental charges                                 | 1,246,450               | 1,246,450         | 1,342,176         | 95,726  |
| Use of money and property                                 | 39,100                  | 39,100            | 33,182            | (5,918)   |
| Sales of property and compensation for loss               | 10,300                  | 10,300            | 14,505            | 4,205   |
| Miscellaneous local sources                               | 27,180                  | 32,180            | 40,391            | 8,211   |
| Interfund revenues  | 177,725                 | 177,725           | 111,131           | (66,594)  |
| State aid   | 97,988                  | 97,988            | 103,482           | 5,494   |
| Federal aid   | 5,877                   | 5,877             | 4,428             | (1,449)   |
| <b>Total revenues</b>                                     | <b>11,109,780</b>       | <b>11,009,049</b> | <b>10,293,965</b> | <b>(715,084)</b>  |
| <b>Expenditures</b>                                       |                         |                   |                   |   |
| General governmental support                              | 535,296                 | 535,296           | 530,996           | 4,300   |
| Transportation  | 63,412                  | 87,221            | 65,719            | 21,502  |
| Culture and recreation                                    | 1,283,402               | 1,312,540         | 1,354,186         | (41,646)  |
| Home and community services                               | 6,016,493               | 6,062,391         | 5,358,385         | 704,006   |
| Employee benefits   | 2,256,988               | 2,417,510         | 2,271,967         | 145,543   |
| <b>Total expenditures</b>                                 | <b>10,155,591</b>       | <b>10,414,958</b> | <b>9,581,253</b>  | <b>833,705</b>  |
| Excess (deficit) of revenues<br>over (under) expenditures | 954,189                 | 594,091           | 712,712           | 118,621   |
| <b>Other financing sources (uses)</b>                     |                         |                   |                   |   |
| Operating transfers in                                    | 1,012,987               | 1,239,376         | 1,251,337         | 11,961  |
| Operating transfers out                                   | (1,265,287)             | (1,260,423)       | (1,225,937)       | 34,486  |
| <b>Total other financing sources (uses)</b>               | <b>(252,300)</b>        | <b>(21,047)</b>   | <b>25,400</b>     | <b>46,447</b>   |
| <b>Net Change in Fund Balance</b>                         | <b>\$ 701,889</b>       | <b>\$ 573,044</b> | <b>\$ 738,112</b> | <b>\$ 165,068</b>   |

See accompanying notes and independent auditor's report.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND**

Year Ended December 31, 2018

|   | <u>Budgeted Amounts</u> |                     |                     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|---------------------|---------------------|---|
|   | <b>Original</b>         | <b>Final</b>        | <b>Actual</b>       |   |
| <b>Revenues</b>   |                         |                     |                     |   |
| Use of money and property                                 | \$ 2,229                | \$ 2,229            | \$ 458              | \$ (1,771)  |
| Total revenues  | <u>2,229</u>            | <u>2,229</u>        | <u>458</u>          | <u>(1,771)</u>  |
| <b>Expenditures</b>                                       |                         |                     |                     |   |
| Debt service (principal and interest)                     | <u>2,876,926</u>        | <u>2,876,926</u>    | <u>2,764,494</u>    | <u>112,432</u>  |
| Total expenditures  | <u>2,876,926</u>        | <u>2,876,926</u>    | <u>2,764,494</u>    | <u>112,432</u>  |
| Excess (deficit) of revenues<br>over (under) expenditures | <u>(2,874,697)</u>      | <u>(2,874,697)</u>  | <u>(2,764,036)</u>  | <u>110,661</u>  |
| <b>Other financing sources (uses)</b>                     |                         |                     |                     |   |
| Operating transfers in                                    | <u>2,715,847</u>        | <u>2,715,847</u>    | <u>2,509,415</u>    | <u>(206,432)</u>  |
| Total other financing sources (uses)                      | <u>2,715,847</u>        | <u>2,715,847</u>    | <u>2,509,415</u>    | <u>(206,432)</u>  |
| <b>Net Change in Fund Balance</b>                         | <u>\$ (158,850)</u>     | <u>\$ (158,850)</u> | <u>\$ (254,621)</u> | <u>\$ (95,771)</u>  |

See accompanying notes and independent auditor's report.

**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
**December 31, 2018**

|   | <u>2018</u>          |
|---|----------------------|
| <b><u>ASSETS</u></b>  |                      |
| Cash and equivalents  | \$ 187,743           |
| Accounts receivable, net of allowance<br>of \$65,000        | 1,639,005            |
| Inventories   | 1,469,926            |
| Prepaid expenses  | 150,779              |
| Restricted assets-cash and cash in time deposits            | 2,781,357            |
| Due from other funds  | 140,859              |
| Fixed assets, net of accumulated depreciation               | 33,923,370           |
| <b>Total assets</b>   | <u>40,293,039</u>    |
| <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>                |                      |
| Pension   | 979,632              |
| OPEB (GASB 75)  | 215,188              |
| <b>Total deferred outflows of resources</b>                 | <u>1,194,820</u>     |
| <b>Total assets and deferred outflows of resources</b>      | <u>\$ 41,487,859</u> |
| <b><u>LIABILITIES</u></b>                                   |                      |
| Current liabilities:  |                      |
| Accounts payable  | \$ 1,662,145         |
| Accrued liabilities   | 193,253              |
| Due to other funds  | 80                   |
| Customer deposits   | 429,909              |
| Bonds payable, current portion                              | 904,575              |
| <b>Total current liabilities</b>                            | <u>3,189,962</u>     |
| Non-current liabilities:                                    |                      |
| Compensated absences  | 539,677              |
| Other post employment benefits                              | 18,335,840           |
| Bonds payable   | 6,320,228            |
| Net pension liability- proportionate share                  | 285,691              |
| <b>Total non-current liabilities</b>                        | <u>25,481,436</u>    |
| <b>Total liabilities</b>                                    | <u>28,671,398</u>    |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                 |                      |
| OPEB (GASB 75)  | 486,560              |
| Pensions  | 908,289              |
| <b>Total deferred inflows of resources</b>                  | <u>1,394,849</u>     |
| <b><u>NET POSITION</u></b>                                  |                      |
| Net investment in capital assets                            | 26,698,567           |
| Restricted for capital projects                             | 1,731,366            |
| Restricted for debt service                                 | 203,375              |
| Restricted for other purposes                               | 846,615              |
| Unrestricted  | (18,058,311)         |
| <b>Total net position</b>                                   | <u>11,421,612</u>    |
| <b>Total liabilities, deferred inflows and net position</b> | <u>\$ 41,487,859</u> |

See accompanying notes and independent auditor's report.



**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION - PROPRIETARY FUND**  
Year ended December 31, 2018

|   | <u>2018</u>          |
|---|----------------------|
| Charges for services:                           |                      |
| Municipal charges                               | \$ 21,679,271        |
| Interfund charges                               | 231,868              |
| Miscellaneous income                            | 103,941              |
| Total charges for services                      | <u>22,015,080</u>    |
| Operating expenses:                             |                      |
| Salaries and wages                              | 1,930,985            |
| Fringe benefits                                 | 374,227              |
| Electric and power                              | 14,194,782           |
| Real property taxes                             | 60,085               |
| Bad debts                                       | 33,524               |
| Depreciation                                    | 2,221,239            |
| Total operating expenses                        | <u>18,814,842</u>    |
| Net operating income                            | <u>3,200,238</u>     |
| Nonoperating income (expenses)                  |                      |
| Payments in lieu of taxes                       | 71,685               |
| Use of money and property                       | 14,090               |
| Interest expense                                | (297,997)            |
| Total nonoperating income (expense)             | <u>(212,222)</u>     |
| Change in net position before transfers         | 2,988,016            |
| Transfers                                       |                      |
| Payments in lieu of taxes                       | (421,129)            |
| Contributions to municipality                   | (231,868)            |
| Total transfers                                 | <u>(652,997)</u>     |
| Change in net position                          | 2,335,019            |
| Net position and required reserves, January 1   | 28,215,961           |
| Prior period adjustment (Note 19)               | <u>(19,129,368)</u>  |
| Net position and required reserves, December 31 | <u>\$ 11,421,612</u> |

See accompanying notes and independent auditor's report.

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**Year Ended December 31, 2018**

|  | <u>2018</u>         |
|--|---------------------|
| Net cash provided (used) by operating activities   |                     |
| Cash received from customers   | \$ 21,595,363       |
| Cash paid to suppliers and other vendors   | (15,075,330)        |
| Cash paid for salaries and employee benefits   | (3,590,698)         |
| Other revenue  | 275,204             |
| Net cash provided by operating activities  | <u>3,204,539</u>    |
| Net cash provided (used) by non-capital and financing activities                               |                     |
| Real property taxes  | (60,085)            |
| Payments in lieu of taxes  | 71,685              |
| Net cash provided by non-capital and financing activities                                      | <u>11,600</u>       |
| Net cash provided (used) by investing activities   |                     |
| Purchase of investments  | 232,172             |
| Interest income  | 6,914               |
| Net cash provided by investing activities  | <u>239,086</u>      |
| Net cash provided (used) by capital and related financing activities                           |                     |
| Principal payments on debt   | (907,258)           |
| Interest expense on debt   | (297,997)           |
| Payments to contractors  | (2,262,246)         |
| Net cash used by capital and related financing activities                                      | <u>(3,467,501)</u>  |
| Net decrease in cash and cash equivalents  | (12,276)            |
| Cash and cash equivalents, beginning of year   | <u>200,019</u>      |
| Cash and cash equivalents, end of year   | <u>\$ 187,743</u>   |
| Reconciliation of operating income to net cash provided (used) by operating activities:        |                     |
| Operating income   | \$ 3,200,238        |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |                     |
| Contributions to municipality  | (652,997)           |
| Real property taxes  | 60,085              |
| Rental of real property  | 7,176               |
| GASB 68 pension adjustments  | (889,186)           |
| Other post employment benefits   | (245,764)           |
| Bad debts  | 33,524              |
| Depreciation   | 2,221,239           |
| (Increase) decrease in assets:   |                     |
| Account receivable   | (315,776)           |
| Due from other funds   | (18,871)            |
| Inventories  | (40,412)            |
| Prepaid expenses   | (5,796)             |
| Increase (decrease) in liabilities:  |                     |
| Accounts payable   | (260,202)           |
| Accrued liabilities  | 98,456              |
| Due to other funds   | (726)               |
| Customer deposits  | 164,087             |
| Compensated absences   | (150,536)           |
| Net cash provided by operating activities  | <u>\$ 3,204,539</u> |

See accompanying notes and independent auditor's report.

CITY OF PLATTSBURGH, NEW YORK

Exhibit M

STATEMENT OF FIDUCIARY NET POSITION  
December 31, 2018

**ASSETS**

**2018**

Restricted cash

\$ 2,567,640

**Total assets**

\$ 2,567,640

**LIABILITIES**

Due to other funds

\$ 41,182

Other liabilities

2,526,459

**Total liabilities**

2,567,641

**NET POSITION**

Trust

-

**Total net position**

-

**Total liabilities and net position**

\$ 2,567,641

See accompanying notes and independent auditor's report.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**INTRODUCTION**

The City of Plattsburgh, New York, was established and is governed pursuant to Section 163 and 164 of Chapter 269 of the New York State Laws of 1902, as amended. The Common Council, which is the Legislative Body responsible for the overall operation of the City, consists of the Mayor and six councilors. The Mayor serves as Chief Executive Officer, and the Chamberlain, a non-elected official, serves as Chief Fiscal Officer of the City.

The City provides the following basic services as provided by its Charter and other state laws: public safety (Police and Fire), highways and streets, refuse collection, public improvements, planning and zoning, general administrative services, water, sewer and utility services (all primarily supported by user charges) and recreation (including a multi-purpose recreation center, beach and library).

**FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION**

COMPONENT UNITS

The financial reporting entity consists of (a) the primary government which is the City of Plattsburgh, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement 61.

The decision to include a potential component unit in the City's reporting entity is based on several criteria set forth in Statement No. 61 of the Governmental Accounting Standards Board including legal standing, fiscal dependency, financial accountability and overall materiality to the primary government. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the City of Plattsburgh reporting entity.

1. The Lake City Local Development Corporation (LCLDC) is related to the City of Plattsburgh and is a component unit under the criteria set forth in GASB Statement 61. The discrete component unit column in the Statement of Net Position and the Statement of Activities includes the financial data of the LDC. It is discretely presented in a separate column to emphasize that it is legally separate from the City. The Corporation provides administrative and technical support to potential employers of city residents.

The principal office of the Corporation is located at:

Community Development Office  
Second Floor  
City Hall  
41 City Hall Place  
Plattsburgh, NY 12901

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION (continued)**

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

*Government-wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities such as employee pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

*Fund Financial Statements*

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). All applicable GASB Statements have been implemented including GASB Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, which the City was required to implement effective fiscal year ended December 31, 2003. The government-wide, proprietary fund, and component unit financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principal Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Proprietary and fiduciary fund financial statements and financial statements of component units also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the City has made a

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION (continued)**

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "Available" means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers property taxes to be available if they are collected within sixty (60) days of the end of the fiscal year. A ninety (90) day availability period is used for recognition of all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, franchise taxes, special assessments, and licenses, charges for service, interest income and intergovernmental revenues. In general, other revenues are recognized when cash is received. Sales taxes collected and held by the State of New York at year end on behalf of the government are accrued based on anticipated sales tax revenue due to the City.

Operating income reported in proprietary fund financial statements includes revenues and expense related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charged to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

FUND TYPES AND MAJOR FUNDS

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances/retained earnings, revenues, and expenditures/expenses. The various funds are summarized by type in the financial statements.

*Governmental Funds*

The City reports the following major governmental funds:

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.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources which are required by law or regulation to be accounted for in separate funds. The City maintains the following special revenue funds:

Special Grant Fund - to account for the use of Federal and State monies received under the Community Development Act and other Housing and Economic Development Projects.

Sewer Fund - to account for the operations, including debt service, of the sewer district. The City has elected not to account for this activity as an enterprise fund type.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION (continued)**

FUND TYPES AND MAJOR FUNDS (continued)

Municipal Parking Fund - to account for the operations and maintenance of City parking within the downtown business district and the Oval Parking District in accordance with New York State laws. The City has elected not to account for this activity as an enterprise fund type.

Water Fund - to account for the operations, including debt service, of the water district. The City has elected not to account for this activity as an enterprise fund type.

Recreation Complex Fund - to account for the operations and maintenance of recreation facilities of the City in accordance with New York State laws.

Public Library Fund - to account for the operation of the City's Library.

Capital Projects Fund - The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital expenditures (other than those reported in the fund type).

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Notes and the debts of the proprietary fund are not accounted for in this fund.

*Proprietary Fund*

The City reports the following major proprietary fund:

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains one enterprise fund to account for the operations of the City's municipal lighting department.

*Fiduciary Fund*

The Trust and Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units, and/or other funds.

PERVASIVENESS OF ESTIMATES

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

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**BUDGETARY DATA**

BUDGET POLICY AND PRACTICE

On or before October 1 of each year, the Mayor submits to the Common Council a proposed tentative operating budget for the fiscal year commencing the following January 1. The operating budget includes expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers' comments on or before October 22. Prior to January 15, the budget is adopted by the Common Council. The Budget Committee is authorized to approve certain budget transfer requests within departments, within a fund; however, the Common Council must approve any revisions that alter total expenditures of any department or fund. For year-end financial reporting, adjustments are made to actual results to conform to modified budget classifications and reflect year-end encumbrances.

The City does not prepare an operating budget for the Community Development Fund. Therefore, this fund's activities have been eliminated in the Statement of Revenues and Expenditures - Budget and Actual - Special Revenue Fund for year-end financial reporting.

For purposes of comparing current period amounts expended and encumbered with current period budgeted amounts, encumbrances are included with expenditures on Exhibits G, H, and I - Statement of Revenues and Expenditures - Budget and Actual - General Fund, Special Revenue Fund and Debt Service Fund.

A reconciliation of revenues and expenditures for the General Fund, Special Revenue Fund, and Debt Service Fund on Exhibits G, H, and I - Statement of Revenues and Expenditures - Budget and Actual - General Fund, Special Revenue Fund, and Debt Service Fund to revenues and expenditures for the respective funds on Exhibit D - Combined Statement of Revenues and Expenditures and Changes In Fund Balances – Governmental Funds:

| Revenues   | General<br>Fund             | Special<br>Revenue Fund     | Debt Service<br>Fund        |
|--|-----------------------------|-----------------------------|-----------------------------|
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| Revenues included in budget comparison - Exhibits G, H and I               | \$ 22,758,486               | \$ 10,293,965               | \$ 458                      |
| Plus revenues from Special Revenue funds excluded in budget comparison     | -                           | 286,628                     | -                           |
| Revenues per Exhibit D   | <u>\$ 22,758,486</u>        | <u>\$ 10,580,593</u>        | <u>\$ 458</u>               |
| <br>Expenditures   |                             |                             |                             |
| Expenditures included in budget comparison - Exhibits G, H, and I          | \$ 20,408,489               | \$ 9,581,253                | \$ 2,764,494                |
| Plus Expenditures from Special Revenue Funds excluded in budget comparison | -                           | 448,654                     | -                           |
| Less Encumbrances included in budget comparison                            | (10,275)                    | (32,323)                    | -                           |
| Expenditures per Exhibit D   | <u>\$ 20,398,214</u>        | <u>\$ 9,997,584</u>         | <u>\$ 2,764,494</u>         |



CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**BUDGETARY DATA (continued)**

BUDGETARY CONTROL

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, equipment and capital outlay, contractual expense, employee benefits, transfers and debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to the approval of the City Council. Revisions to the budget were made throughout the year.

BUDGET BASIS OF ACCOUNTING

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental fund types. For budgetary purposes, appropriations lapse at fiscal year-end except for that portion related to encumbered amounts. Open encumbrances at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

CASH

For purposes of the statement of cash flows, the City includes all cash accounts, which are not subject to withdrawal restrictions, as cash on the accompanying balance sheet.

RECEIVABLES

Receivables are presented net of allowances for doubtful accounts. The amounts of these allowances by fund follow:

| <u>Fund</u>     | <u>Taxes<br/>Receivable</u> | <u>Other<br/>Receivables</u> | <u>Economic Development<br/>Loans</u> |
|-----------------|-----------------------------|------------------------------|---------------------------------------|
| General         | \$ 101,143                  | \$ -                         | \$ -                                  |
| Special revenue | -                           | -                            | 126,363                               |
| Enterprise      | -                           | 65,000                       | -                                     |
|                 | <u>\$ 101,143</u>           | <u>\$ 65,000</u>             | <u>\$ 126,363</u>                     |

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

INVENTORIES

Inventories, which are comprised of materials and supplies (enterprise fund), are valued at the lower of average cost or market.

CAPITAL ASSETS, DEPRECIATION, AND AMORTIZATION

*Governmental funds*

The City's land, buildings, improvements, and machinery and equipment with useful lives of 5-75 years are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary and component unit capital assets are also reported in their respective fund and combining component units' financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

|                            |               |
|----------------------------|---------------|
| Buildings and Improvements | 20 - 75 years |
| Machinery and Equipment    | 5-10 years    |

*Proprietary fund*

Fixed assets are stated at cost. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Construction in progress represents numerous projects that will be transferred to the appropriate fixed asset category and depreciated upon their completion. Depreciation is computed on the group method over the estimated useful lives of the assets as follows:

|  |               |
|--|---------------|
| Buildings                                | 50 - 75 years |
| Transmissions and distribution equipment | 30 - 36 years |
| Machinery                                | 10 years      |
| Office Equipment                         | 25 years      |

Equity Classifications

City-wide Statements:

In the city-wide statements there are three classes of net position:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Restricted net position - reports net position when constraints placed on those assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these notes.

Fund statements:

In the fund basis statements there are five classifications of fund balance:

**Non-spendable** fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes prepaids for \$713,532 and long-term loans & receivables for \$451,158.

**Restricted** – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance.

General Fund

Asset Forfeiture Reserve – An amount reserved to purchase equipment for police department. Reserve balance at December 31, 2018 was \$153,623.

Aerial Fire Equipment Reserve - An amount reserved for the future purchase of, or payment on, an Aerial Fire Truck. Reserve balance at December 31, 2018 was \$114,095.

Retirement Reserve - An amount reserved for future retirement costs. Reserve balance at December 31, 2018 was \$0.

Special Revenue Fund

Sewer

Capital Reserve - Established June 28, 1979, pursuant to Section 6(c) of the General Municipal Law for the acquisition, construction and reconstruction of the City's Sewer System. Reserve balance at December 31, 2018 was \$7,125,179.

Water

Capital Reserve - Established June 28, 1979, pursuant to Section 6(c) of the General Municipal Law for the acquisition, construction and reconstruction of the City's Water System. Reserve balance at December 31, 2018 was \$571,561.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Library

Capital Reserve - Established October 22, 2013, pursuant to Section 6(c) of the General Municipal Law for the construction and/or reconstruction of the City's Library. Reserve balance at December 31, 2018 was \$10,119.

Debt Service Fund

Mandatory Reserve for Indebtedness - Pursuant to Section 165.00 of the Local Finance Law of the State of New York, the proceeds, inclusive of premium of generally all indebtedness incurred by the City, which will not be used for the specific purposes of the borrowing, plus any interest earned or capital gain realized on these proceeds or gain must be used only for payment of the principal and/or interest of the indebtedness from which these proceeds were derived. Reserve balance at December 31, 2018 was \$977,246.

Enterprise Fund

Electric Distribution System Bond Reserve Fund - Established July 27, 1978, pursuant to Section 6(h) of the General Municipal Law for the payment of bonded indebtedness. Maximum allowed accumulation is up to two years of debt service. Reserve balance at December 31, 2018 was \$203,375.

Reserve for Capital Projects (Municipal Lighting) - Required to be maintained by Section 6(k) of the General Municipal Law. These monies can only be used for improvements, extension, or replacement of electric services or for payment of indebtedness incurred for such purposes. Reserve balance at December 31, 2018 was \$1,731,366.

Retirement Reserve – Established to provide resources for future required retirement payments.

**Committed** – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's level of decision making authority, i.e., the Mayor and common council. The City has no committed fund balances as of December 31, 2018.

**Assigned** – Includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$10,275 and Special Revenue Fund amounted to \$31,694.

**Unassigned** – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the City.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Order of Use of Fund Balance:

The City's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

PROGRAM REVENUES

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes.

PROPRIETARY FUNDS OPERATING AND NONOPERATING REVENUES AND EXPENSES

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

COMPENSATED ABSENCES

City employees are granted vacation and sick leave in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and may be entitled to payment for sick leave at various rates subject to certain maximum limitations.

Estimated vacation and sick leave accumulated by governmental fund type employees have been recorded in the general long-term debt account group except for the portion to be paid with current financial resources which has been recorded in the general fund and the portion related to proprietary fund which has been recorded as an expense when earned in the proprietary fund type.

Payment of vacation and sick leave recorded in the general long-term debt account group is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation and sick leave when such payments become due.

POST-EMPLOYMENT BENEFITS

The City of Plattsburgh, New York, provides certain health care benefits for retired employees. Health care costs include a prescription plan with co-payment of \$0 minimum to \$40 maximum depending on the plan chosen per participant, 20% coinsurance participant cost to a maximum of \$500 for major medical costs, and reimbursement to retiree and spouse for Medicare Part B insurance of between \$104.90 minimum to \$335.70 maximum per month. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City. As of April 1, 1991, all present full time and equivalent City employees must serve for 20 years for the City to pay health care coverage unless otherwise prohibited by bargaining contract. All new hires will not be accorded any retirement health care coverage unless otherwise given in contract. The City accrues these costs when incurred. Segregation of these costs from ordinary employee benefits is not feasible at this time.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Additionally, under General Municipal Law, the City is responsible for post-employment benefits to City firefighters who become disabled as a result of an injury or illness incurred in the line of duty. This post-employment benefit is the difference between the amount received from the pension system and regular salary. The City accounts for this post-employment benefit on a pay-as-you-go basis and the cost recognized in 2018 amounted to \$156,524 for 5 individuals.

EVENTS OCCURRING AFTER THE REPORTING DATE

The City has evaluated events and transactions that occurred between December 31, 2018 and August 2, 2019, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NEW ACCOUNTING STANDARDS:

For the year ended December 31, 2018, the City implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable.

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**NOTE 2. CASH AND INVESTMENTS**

The City's investment policies are governed by State statutes. City monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. The City Chamberlain is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Government and its agencies and obligations of the State of New York.

The carrying amount of cash and cash in time deposits at December 31, 2018, is comprised as follows:

|                               | Non-restricted<br>Cash | Restricted<br>Cash   |
|-------------------------------|------------------------|----------------------|
| Petty cash funds              | \$ 7,275               | \$ -                 |
| Non-interest bearing accounts | 27,647                 | -                    |
| Interest bearing accounts     | 3,820,904              | 14,534,862           |
|                               | <u>\$ 3,855,826</u>    | <u>\$ 14,534,862</u> |

Collateral is required for demand 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 and obligations of the State, its municipalities and school districts.

Deposits and investments at year-end were entirely covered by either the FDIC or by collateral held by the City's designated third-party custodial banks in the City's name. The City's bank balances totaled \$19,856,281 of which, \$500,000 was covered by Federal depository insurance and \$19,356,281 was covered by collateral.

Pooled Bank Accounts - Separate bank accounts are not maintained for all of the City's funds. Instead, most 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. At December 31, 2018 the City's funds had the book balances shown in the following schedule in the pooled bank accounts:

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

---

**NOTE 2. CASH AND INVESTMENTS (continued)**

| Fund         | Cash                |
|--------------|---------------------|
| General      | \$ (444,945)        |
| Water        | 949,369             |
| Sewer        | 1,040,194           |
| Library      | 380,947             |
| Rec. Complex | (31,906)            |
| Debt Service | 977,246             |
| Parking      | 91,052              |
|              | <u>\$ 2,961,957</u> |

**NOTE 3. 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. Taxes for City purposes are based on City budget requirements. The City also bills and collects taxes levied by Clinton County. The City guarantees the collection of the county levies. Any properties with unpaid taxes for more than two years are seized through the foreclosure process in accordance with article 11 of the New York State Real Property Tax Law. Additionally, the City enforces collection of unpaid City school taxes transmitted by the school district to the City in December of each year.

Uncollected property taxes assumed by the City as a result of the settlement proceedings are reported as receivable in the general fund to maintain central control and provide for tax settlement and enforcement proceedings. An allowance for uncollectible accounts has been established. The City may not levy taxes in excess of 2% of the average full valuation for the previous five years.

The following calendar pertains to City real property taxes as provided for by Title XIV of the City Charter:

- Taxable Status Date - March 1
- Levy Date - On or before January 30
- Lien Date - January 1
- Date taxes due - March 15, April 15, May 15 and June 15 or the next business day after these dates
- Date penalty period begins - Taxes remaining unpaid at the end of 30 days after each respective due date.

**NOTE 4. ECONOMIC DEVELOPMENT LOANS**

The City has established an economic development revolving loan program to create new employment opportunities for low or moderate income residents of the City through the expansion of existing or creation of new business in the City. Community Development Block Grant funds were used to issue the loans and as repayments are received, the City will provide additional economic development assistance to residents of the City. The balance of these loans at December 31, 2018 was \$261,836 maturing at various dates, bearing interest from 2.44% to 6.38%, collateralized by various property liens.

During 1998, the City established the Facade III Program which provided loans to business owners in the Central Business District for building facade rehabilitation. Dollars for this program are part of the Economic Development Loan Fund. Loans are \$10,000 per store front or \$24 per square foot whichever is greater to qualifying property owners. The loans are over seven years at 3% interest. The balance of these loans at December 31, 2018 was \$23,345.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

**NOTE 5. INTERFUND BALANCES AND ACTIVITY**

Interfund balances at December 31, 2018 were as follows:

|                  | Interfund<br>Receivables | Interfund<br>Payables | Interfund<br>Transfers In | Interfund<br>Transfers Out |
|------------------|--------------------------|-----------------------|---------------------------|----------------------------|
| General          | \$ 1,024,264             | \$ 197,322            | \$ 1,204,769              | \$ 3,086,587               |
| Special Revenue  | 603,872                  | 858,790               | 1,251,337                 | 1,225,937                  |
| Capital Projects | 74,954                   | 746,575               | -                         | -                          |
| Debt Service     | -                        | -                     | 2,509,415                 | -                          |
| Trust & Agency   | -                        | 41,182                | -                         | -                          |
| Enterprise Fund  | 140,859                  | 80                    | -                         | 652,997                    |
| Total            | <u>\$ 1,843,949</u>      | <u>\$ 1,843,949</u>   | <u>\$ 4,965,521</u>       | <u>\$ 4,965,521</u>        |

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The City typically transfers money from the General and Special Revenue Funds to the Debt Service Fund, where it makes principal and interest payments on the City's bonds.

The City typically transfers money from the General Fund to the Special Revenue Fund to supplement certain programs and activities.

**NOTE 6. RESTRICTED CASH**

Restricted cash consists of the following:

| Fund                 | Restricted<br>Cash Balance | Restriction                                    |
|----------------------|----------------------------|--|
| General              | \$ 114,095                 | Fire equipment purchases                       |
|                      | 153,623                    | Police equipment purchases                     |
| Total General        | <u>\$ 267,718</u>          |  |
| Special Revenue      | <u>\$ 7,940,901</u>        | Water, Sewer and Library fund capital reserves |
| Debt Service         | <u>\$ 977,246</u>          | Bond Debt Reserve - Time Deposit               |
| Enterprise           | \$ 203,376                 | Bond Debt Reserve - Time Deposit               |
|                      | 1,731,366                  | Depreciation Reserve                           |
|                      | 846,615                    | Other Deposits                                 |
| Total Enterprise     | <u>\$ 2,781,357</u>        |  |
| Trust & Agency       | \$ 2,324,619               | Escrow compost                                 |
|                      | 62,556                     | Clyde Lewis Park                               |
|                      | 180,465                    | Other  |
| Total Trust & Agency | <u>\$ 2,567,640</u>        |  |



CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

**NOTE 7. CAPITAL ASSETS**

A summary of changes in the City's capital assets for governmental activities is as follows:

|                               | <b>Balance<br/>December 31,<br/>2017</b> | <b>Additions</b>    | <b>Deletions</b>    | <b>Balance<br/>December 31,<br/>2018</b> |
|-------------------------------|--|---------------------|---------------------|--|
| Land                          | \$ 18,670,981                            | \$ 2,235,287        | \$ -                | \$ 20,906,268                            |
| Infrastructure                | 85,774,483                               | 453,858             | -                   | 86,228,341                               |
| Buildings & improvements      | 54,889,785                               | 95,246              | -                   | 54,985,031                               |
| Machinery and equipment       | 13,971,088                               | 406,281             | -                   | 14,377,369                               |
| Construction in progress      | 8,619,172                                | 4,006,818           | 2,926,332           | 9,699,658                                |
| Total                         | <u>181,925,509</u>                       | <u>\$ 7,197,490</u> | <u>\$ 2,926,332</u> | <u>186,196,667</u>                       |
| Less accumulated depreciation | <u>78,305,819</u>                        |                     |                     | <u>82,627,313</u>                        |
|                               | <u>\$ 103,619,690</u>                    |                     |                     | <u>\$ 103,569,354</u>                    |

Depreciation was charged to governmental functions as follows:

|                                     | <b>12/31/2018</b>   |
|-------------------------------------|---------------------|
| General governmental support        | \$ 666,354          |
| Public safety                       | 318,084             |
| Transportation                      | 1,030,857           |
| Economic assistance and opportunity | 7,004               |
| Culture and recreation              | 269,058             |
| Home and community services         | 2,030,137           |
|                                     | <u>\$ 4,321,494</u> |

A detail of the City's capital assets for business type activities is as follows:

| <b>FIXED ASSETS</b>           |                      |                     |                     |                      |
|-------------------------------|----------------------|---------------------|---------------------|----------------------|
| <b>DESCRIPTION</b>            | <b>12/31/2017</b>    | <b>ADDITIONS</b>    | <b>DELETIONS</b>    | <b>12/31/2018</b>    |
| Land                          | \$ 516,477           | \$ 1,334,679        | \$ -                | \$ 1,851,156         |
| Buildings                     | 1,270,650            | 1,000               | 1,000               | 1,270,650            |
| Improvements                  | 64,399,902           | 906,245             | 28,499              | 65,277,648           |
| Machinery and equipment       | 10,877,680           | 102,662             | 27,394              | 10,952,948           |
| Construction in progress      | 56,246               | 1,096,290           | 977,416             | 175,120              |
| Total                         | <u>77,120,955</u>    | <u>\$ 3,440,876</u> | <u>\$ 1,034,309</u> | <u>79,527,522</u>    |
| Less accumulated depreciation | <u>43,238,333</u>    |                     |                     | <u>45,604,152</u>    |
|                               | <u>\$ 33,882,622</u> |                     |                     | <u>\$ 33,923,370</u> |

:

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

---

**NOTE 8. BONDS**

Changes in bonds for the year ended December 31, 2018 follow:

|                                     | Governmental<br>Activities | Business-type<br>Activities | Totals               |
|-------------------------------------|----------------------------|-----------------------------|----------------------|
| Amount payable at January 1, 2018   | \$ 19,917,034              | \$ 8,132,061                | \$ 28,049,095        |
| Bonds Issued                        | -                          | -                           | -                    |
| Bonds Retired                       | (2,261,837)                | (907,258)                   | (3,169,095)          |
| Amount payable at December 31, 2018 | <u>\$ 17,655,197</u>       | <u>\$ 7,224,803</u>         | <u>\$ 24,880,000</u> |

Total interest expenditures for the year ended December 31, 2018, were \$799,045. The following details the interest expense by function:

|                              | Governmental<br>Activities | Business-type<br>Activities | Totals            |
|------------------------------|----------------------------|-----------------------------|-------------------|
| General governmental support | \$ 502,657                 | \$ -                        | \$ 502,657        |
| Home and community services  | -                          | 296,388                     | 296,388           |
|                              | <u>\$ 502,657</u>          | <u>\$ 296,388</u>           | <u>\$ 799,045</u> |

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

---

**NOTE 8. BONDS (continued)**

The annual debt service requirements relating to bonds are as follows:

| Year      | Principal                  |                             | Total<br>Principal   |
|-----------|----------------------------|-----------------------------|----------------------|
|           | Governmental<br>Activities | Business-type<br>Activities |                      |
| 2019      | \$ 2,225,425               | \$ 904,575                  | \$ 3,130,000         |
| 2020      | 2,009,416                  | 910,584                     | 2,920,000            |
| 2021      | 1,914,005                  | 685,995                     | 2,600,000            |
| 2022      | 1,858,436                  | 691,564                     | 2,550,000            |
| 2023      | 1,893,436                  | 691,564                     | 2,585,000            |
| 2024-2028 | 6,944,479                  | 2,815,521                   | 9,760,000            |
| 2029-2033 | 810,000                    | 525,000                     | 1,335,000            |
|           | <u>\$ 17,655,197</u>       | <u>\$ 7,224,803</u>         | <u>\$ 24,880,000</u> |

  

| Year      | Interest                   |                             | Total<br>Interest   |
|-----------|----------------------------|-----------------------------|---------------------|
|           | Governmental<br>Activities | Business-type<br>Activities |                     |
| 2019      | \$ 447,374                 | \$ 263,805                  | \$ 711,179          |
| 2020      | 395,667                    | 230,150                     | 625,817             |
| 2021      | 346,333                    | 195,884                     | 542,217             |
| 2022      | 300,995                    | 170,261                     | 471,256             |
| 2023      | 254,658                    | 144,504                     | 399,162             |
| 2024-2028 | 572,035                    | 370,313                     | 942,348             |
| 2029-2033 | 32,407                     | 10,500                      | 42,907              |
|           | <u>\$ 2,349,469</u>        | <u>\$ 1,385,417</u>         | <u>\$ 3,734,886</u> |

Debt service expenditures are recorded in the fund that benefited from the capital project financed by the bonds or notes, i.e. the general fund, the appropriate special revenue fund or the enterprise fund.

At December 31, 2018, there were no capital leases.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

---

**NOTE 8. BONDS (continued)**

General obligation bonds consist of the following:

**Governmental funds**

|  |                   |
|--|-------------------|
| \$8,839,095, Public Improvement Serial Bond of 2017, due in annual installments of \$875,000 to \$924,095 , interest variable at 2.00%-3.00%.                      | \$ 7,915,000      |
| \$1,870,200, Public Improvement Refunding Serial Bonds, variable principal payments through 2026, interest variable at 2.00%-3.00%.                                | 1,162,397         |
| \$5,190,905 Refunding Serial Bonds of 2009 due in annual installments of \$81,900 to \$827,675 through 2020, interest rate at 4.25%                                | 163,800           |
| \$3,629,000 Public Improvements Serial Bonds of 2009 due in annual installments of \$25,000 to \$282,000 through 2029, interest rate at 3.75% to 4.0%              | 1,479,000         |
| \$8,735,000 Public Improvements Serial Bonds of 2011 due in annual installments of \$315,000 to \$550,000 through 2030, interest rate at 2.0% to 3.250%            | 5,360,000         |
| \$2,369,771 NYS Environmental Facilities Bond of 2012, due in annual installments of \$130,000 to \$155,000 through 2029 with an interest rate at 1.255% to 3.468% | 1,575,000         |
| <b>Total Governmental Activities</b>   | <u>17,655,197</u> |

**Business-type Activities**

|   |                  |
|---|------------------|
| \$1,584,800 Public Improvement Refunding Serial Bonds, variable principal payments through 2024, interest variable at 2.00%-3.00%.                | 1,167,603        |
| \$2,444,095 Refunding Serial Bonds of 2009, due in annual installments of \$171,880 to \$221,735 through 2020, interest at 4.25%                  | 436,200          |
| \$9,600,000 Public Improvement Serial Bonds of 2009, due in annual installments of \$354,000 to \$525,000 through 2029, interest at 3.75% to 4.0% | 5,621,000        |
| <b>Total Business-type Activities</b>   | <u>7,224,803</u> |

|                                       |                      |
|---------------------------------------|----------------------|
| <b>Total General Obligation Bonds</b> | <u>\$ 24,880,000</u> |
|---------------------------------------|----------------------|

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

---

**NOTE 9. DEFERRED INFLOWS OF RESOURCES**

Special Revenue Fund - In the Community Development Fund, deferred inflows consist of loans currently outstanding to business and individuals which when repaid will be recognized as income. At December 31, 2018, this amount was \$2,112.

**NOTE 10. POSTCLOSURE CARE COST**

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the Altona Sludge lagoon for thirty years after closure plan acceptance in 1991. The City reports post closure care costs as an operating expense for each year in the Sewer Fund. For December 31, 2018, this amount was \$1,739.

**NOTE 11. RETIREMENT BENEFITS**

**Employees' Retirement System (ERS)**

Plan Description

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

Benefits Provided

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

*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.

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

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

---

**NOTE 11. RETIREMENT BENEFITS (continued)**

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 ten 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 ten 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.

*Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten 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 year 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 ten 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.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

---

**NOTE 11. RETIREMENT BENEFITS (continued)**

*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 PFRS members, sheriffs, and correction officers.

*Ordinary Disability Benefits*

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten 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.

*Ordinary Death Benefits*

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set for by law. The first \$50,000 of ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the members' 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 ten 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 of the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met 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 of exceed 3 percent.

Contributions

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3.0 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employer's contributions base on salaries paid during the Systems' fiscal year ending March 31.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

---

**NOTE 11. RETIREMENT BENEFITS (continued)**

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

Contributions:

|      | ERS |           | PFRS |           |
|------|-----|-----------|------|-----------|
| 2018 | \$  | 1,210,750 | \$   | 1,289,550 |
| 2017 | \$  | 1,288,179 | \$   | 1,421,943 |
| 2016 | \$  | 1,208,988 | \$   | 1,387,189 |

ERS and PFRS has provided additional disclosures for entities that elected to participate in Chapter 260, 57, and 105.

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

At December 31, 2018 the City reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2018 for ERS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. 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 System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS Systems in reports provided to the City.

|  | ERS |             | PFRS |             |
|--|-----|-------------|------|-------------|
| Actuarial Valuation Date                                 |     | 4/1/2017    |      | 4/1/2017    |
| Net Pension liability                                    | \$  | (1,058,113) | \$   | (1,696,858) |
| City's portion of the Plan's total net pension liability |     | 0.0327848%  |      | -0.1678800% |

For the year ended December 31, 2018, the City's recognized pension expense of \$1,317,255 for ERS and \$1,572,672 for PFRS. At December 31, 2018 the City's reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:



CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

**NOTE 11. RETIREMENT BENEFITS (continued)**

|   | Governmental Activities |                     |                     | Business-type Activities | Total Primary Government |
|---|-------------------------|---------------------|---------------------|--------------------------|--------------------------|
|   | <u>ERS</u>              | <u>PFRS</u>         | <u>Total</u>        | <u>ERS</u>               | <u>ERS &amp; PFRS</u>    |
| Deferred Outflows of Resources:   |                         |                     |                     |                          |                          |
| Differences between expected and actual experience  | \$ 275,498              | \$ 698,410          | \$ 973,908          | \$ 101,896               | \$ 1,075,804             |
| Changes of assumptions  | 512,180                 | 1,285,677           | 1,797,857           | 189,436                  | 1,987,293                |
| Net difference between projected and actual earnings on pension plan investments                                | 1,121,882               | 1,373,408           | 2,495,290           | 414,943                  | 2,910,233                |
| Changes in proportion and differences between the City's contributions and proportionate share of contributions | 75,942                  | 39,760              | 115,702             | 28,089                   | 143,791                  |
| District's contributions subsequent to the measurement date   | 662,796                 | 967,162             | 1,629,958           | 245,268                  | 1,875,226                |
| Total   | <u>\$ 2,648,298</u>     | <u>\$ 4,364,417</u> | <u>\$ 7,012,715</u> | <u>\$ 979,632</u>        | <u>\$ 7,992,347</u>      |
| Deferred Inflows of Resources:  |                         |                     |                     |                          |                          |
| Differences between expected and actual experience  | \$ 227,661              | \$ 450,894          | \$ 678,555          | \$ 84,204                | \$ 762,759               |
| Net difference between projected and actual investment earning on pension plan invest                           | 2,214,483               | 2,765,969           | 4,980,452           | 819,055                  | 5,799,507                |
| Changes in proportion and differences between the City's contributions and proportionate share of contributions | 13,601                  | 230,556             | 244,157             | 5,030                    | 249,187                  |
| Total   | <u>\$ 2,455,745</u>     | <u>\$ 3,447,419</u> | <u>\$ 5,903,164</u> | <u>\$ 908,289</u>        | <u>\$ 6,811,453</u>      |

The City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follow:

|             | <u>ERS</u>          | <u>PFRS</u>        |
|-------------|---------------------|--------------------|
| Year ended: |                     |                    |
| 2019        | \$ 264,561          | \$ 299,185         |
| 2020        | 188,439             | 260,399            |
| 2021        | (757,581)           | (382,673)          |
| 2022        | (339,587)           | (284,229)          |
| 2023        | -                   | 57,153             |
| Thereafter  | -                   | -                  |
| Total       | <u>\$ (644,168)</u> | <u>\$ (50,165)</u> |

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

---

**NOTE 11. RETIREMENT BENEFITS (continued)**

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

|                          | <u>ERS</u>   | <u>PFRS</u>  |
|--------------------------|--|--|
| Measurement date         | 3/31/2018  | 3/31/2018  |
| Actuarial valuation date | 4/1/2017   | 4/1/2017   |
| Interest rate            | 7.0%   | 7.0%   |
| Salary scale             | 3.8%   | 3.8%   |
| Decrement tables         | April 1, 2010-<br>March 31, 2015<br>System's<br>Experience | April 1, 2010-<br>March 31, 2015<br>System's<br>Experience |
| Inflation rate           | 2.5%   | 2.5%   |

For ERS and PFRS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014.

For ERS and PFRS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The Long term rate of return on pension plan investments was determined using a build 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 each target asset allocation percentage and by adding expected inflation.

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

**NOTE 11. RETIREMENT BENEFITS (continued)**

|                            | <b>Long-Term<br/>Expected Real<br/>Rate of Return</b> |
|----------------------------|---|
| Measurement Date           | 3/31/2018   |
| Asset Type:                | %   |
| Domestic equity            | 4.55  |
| International equity       | 6.35  |
| Private equity             | 7.50  |
| Real estate                | 5.55  |
| Absolute return strategies | 3.75  |
| Mortgages and bonds        | 1.31  |
| Opportunistic portfolio    | 5.68  |
| Real assets                | 5.29  |
| Cash                       | -0.25   |
| Inflation-indexed bonds    | 1.25  |

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for ERS and PFRS. 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 Systems' 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 for 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% for ERS and PFRS, as well as what the City's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1% lower (6.0% for ERS and PFRS) or 1% higher (8.0% for ERS and PFRS) than the current rate:

| ERS  | 1%<br>Decrease | Current<br>Assumption | 1%<br>Increase |
|--|----------------|-----------------------|----------------|
|  | 6.0%           | 7.0%                  | 8.0%           |
| Employer's proportionate share<br>of the net pension asset (liability) | \$ (8,005,966) | \$ (1,058,113)        | \$ 4,819,493   |
|  | 6.0%           | 7.0%                  | 8.0%           |
| PFRS   | 1%<br>Decrease | Current<br>Assumption | 1%<br>Increase |
|  | 6.0%           | 7.0%                  | 8.0%           |
| Employer's proportionate share<br>of the net pension asset (liability) | \$ (8,311,672) | \$ (1,696,858)        | \$ 3,851,418   |

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

**NOTE 11. RETIREMENT BENEFITS (continued)**

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

|  | (Dollars in Thousands) |                       |                       |
|--|------------------------|-----------------------|-----------------------|
|  | ERS                    | PFRS                  | Total                 |
| Valuation date   | 3/31/2018              | 3/31/2018             |                       |
| Employers' total pension asset/(liability)                                       | \$ (183,400,590)       | \$ (32,914,423)       | \$ (216,315,013)      |
| Plan Net Position  | 180,173,145            | 31,903,666            | 212,076,811           |
| Employers' net pension asset/(liability)   | <u>\$ (3,227,445)</u>  | <u>\$ (1,010,757)</u> | <u>\$ (4,238,202)</u> |
| Ratio of plan net position to the<br>Employers' total pension asset/ (liability) | -98.24%                | -96.93%               | -98.0%                |

Payables to the Pension Plan

For ERS and PFRS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of December 31, 2018 represent the projected employer contribution for the period of April 1, 2018 through December 31, 2018 based on paid ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions as of December 31, 2018 amounted to \$0. The ERS premium of \$1,210,750 was paid December 15, 2018, generating a prepaid expense of \$302,686 at December 31, 2018. The PFRS premium of \$1,289,550 was paid December 15, 2018, generating a prepaid expense of \$322,388 at December 31, 2018.

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

**NOTE 12. POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS**

The City provides post-employment (health insurance, etc) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the City's contractual agreements.

A. General Information about the OPEB Plan

*Plan Description* – The City's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the City. The plan is a single-employer defined benefit OPEB plan administered by the City. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Benefits Provided* – The City provides healthcare benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the City offices and are available upon request.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

**NOTE 12. POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (continued)**

*Employees Covered by Benefit Terms* – At December 31, 2018, the following employees were covered by the benefit terms:

|   |                   |
|---|-------------------|
| Active not eligible to retire   | 163               |
| Actives eligible to retire  | 26                |
| Inactive employees entitled to but not yet receiving benefit payments | -                 |
| Retired and surviving spouses   | 231               |
| Retire spouses covered  | <u>162</u>        |
|   | <u><u>582</u></u> |

B. Total OPEB Liability

The City's total OPEB liability of \$166,279,877 was measured as of January 1, 2018, and was determined by an actuarial valuation as of January 1, 2017.

*Actuarial Assumptions and Other Inputs* – The total OPEB liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|                            |  |
|----------------------------|--|
| Inflation                  | 2.36 percent   |
| Salary Increases           | 3.36 percent   |
| Discount Rate              | 3.83 percent   |
| Healthcare Cost Trend Rate | 6.2 percent for 2018, decreasing to a rate of 4.23 percent for later years |

The discount rate was based on Fidelity Municipal Go AA 20-year Bond..

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, as appropriate, with generational mortality using scale MP-2018.

C. Changes in the Total OPEB Liability

|  |                              |
|--|------------------------------|
| Balance at December 31, 2017                       | <u>\$ 172,589,924</u>        |
| <u>Changes for the Year-</u>                       |                              |
| Service Cost                                       | 1,783,951                    |
| Interest   | 5,937,823                    |
| Changes of benefit terms                           | -                            |
| Differences between expected and actual experience | 258,117                      |
| Changes in assumptions or other inputs             | (9,568,143)                  |
| Benefit payments                                   | <u>(4,721,795)</u>           |
| Net Changes  | <u>(6,310,047)</u>           |
| Balance at June 30, 2018                           | <u><u>\$ 166,279,877</u></u> |

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**NOTE 12. POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (continued)**

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% in 2017 to 3.83% in 2018.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* – The following presents the total OPEB liability of the District, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.83 percent) or 1 percentage point higher (4.83 percent) than the current discount rate:

|                      | 1%<br>Decrease<br>2.83% | Discount<br>Rate<br>3.83% | 1%<br>Increase<br>4.83% |
|----------------------|-------------------------|---------------------------|-------------------------|
| Total OPEB Liability | <u>\$ 198,592,183</u>   | <u>\$ 166,279,877</u>     | <u>\$ 141,294,449</u>   |

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates* – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

|                      | 1%<br>Decrease        | Healthcare<br>Cost Trend<br>Rates | 1%<br>Increase        |
|----------------------|-----------------------|-----------------------------------|-----------------------|
| Total OPEB Liability | <u>\$ 136,055,421</u> | <u>\$ 166,279,877</u>             | <u>\$ 205,718,362</u> |

**D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2018, the City recognized OPEB expense of \$3,935,462. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 146,399                           | \$ -                                |
| Changes of assumptions or other inputs             | -                                    | (5,670,113)                         |
| Contributions subsequent to the measurement period | <u>1,193,420</u>                     | <u>-</u>                            |
| Total  | <u>\$ 1,339,819</u>                  | <u>\$ (5,670,113)</u>               |

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

---

**NOTE 12. POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (continued)**

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

| <u>Fiscal Year Ending December 31,</u> | <u>Amount</u>         |
|--|-----------------------|
| 2019                                   | \$ (3,786,312)        |
| 2020                                   | (1,737,402)           |
| 2021 and Thereafter                    | <u>-</u>              |
|  | <u>\$ (5,523,714)</u> |

**NOTE 13. FRANCHISE FEE REVENUE**

The City has a cable contract with Charter Communications and the City receives 5% of total gross revenue. Included in non-property tax items in the General Fund on Exhibit D franchise fee revenue was \$242,941 based on gross revenue of \$4,858,820.

**Note 14. ASSIGNED FUND BALANCE – ENCUMBRANCES**

Assigned Fund Balance – Includes year end encumbrances as follows:

| <u>December 31, 2018</u>  | <u>General</u>   | <u>Special<br/>Revenue</u> | <u>Total</u>     |
|---------------------------|------------------|----------------------------|------------------|
| General                   | \$ 10,275        | \$ -                       | \$ 10,275        |
| Public safety             | -                | -                          | -                |
| Home & community services | -                | 32,323                     | 32,323           |
|                           | <u>\$ 10,275</u> | <u>\$ 32,323</u>           | <u>\$ 42,598</u> |

**NOTE 15. COMMITMENTS AND CONTINGENCIES**

Purchase of Electricity

The Plattsburgh Municipal Lighting Department (PMLD) is now a partial requirements service customer of the Power Authority of the State of New York (NYPA), receiving electric service under St. Lawrence Contract S-3 which originally expired in the year 2013 but has been extended to 2025. Effective May, 1998, PMLD is billed under Service Tariffs 39A and 39B. PMLD will receive incremental power from the New York Municipal Power Agency (NYMPA) pursuant to NYPA Service Tariff No. 39B.

Durkee Street Lease

A 99 year commercial lease was signed in May 2006 between the City of Plattsburgh and ICV-New York, LLC for the use of land. Rent is \$1,000 per year for the first five years with a CPI increase measured for the previous year or 3% increase, whichever is less, beginning in the second year and continuing through year five. The rent increases to \$5,000 for years six through ten, to \$15,000 for years eleven through fifteen and to \$20,000 for years sixteen through ninety-nine. Each incremental rent increase will have a similar CPI increase or a 3% increase applied, whichever is less, during the second year of that incremental rent change and continuing each year of that incremental period until the next incremental rent increase is reached or until the last year of the agreement.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

---

**NOTE 15. COMMITMENTS AND CONTINGENCIES (Continued)**

Clyde Lewis Park Trust

In June 2008, the City entered into an agreement with Plattsburgh Airbase Redevelopment Corp. (PARC) to be the caretaker of two aircraft (an FB-111A and B-47) on display at Clyde Lewis Park. The City is responsible for the maintenance and upkeep of the Aircraft. As part of the agreement, PARC made a grant to the City amounting to \$50,000 which the City shall invest and apply the earned interest toward the annual maintenance and upkeep. The principal amount of the Grant proceeds may be applied toward the cost of returning the aircraft to the United States Air Force Museum (USAFM) or the cost to repair the Aircraft should catastrophic damage occur as a result of a natural disaster or other unforeseen event. In the event the City is in default under this agreement, the City shall be obligated to repay to PARC, the full amount of the Grant.

Law Suits

The City has been named, in the normal course of operations, as a defendant in numerous claims according to its insurance carrier. In the opinion of the City, after considering all relevant facts, except as stated below, the ultimate losses not covered by insurance resulting from such litigation could have the potential to be in the range of \$165,000 to \$464,180 taken as a whole.

The City is subject to the following types of risk: general liability and property damage; theft, dishonesty and forgery; special hauling; disability; ambulance errors and omissions; accidental death; and legal enforcement liability. For these kinds of risks, the City has purchased commercial insurance which is significant in amount to risk exposure. All claims are routinely turned over to the insurance carriers.

There are several real property tax cases pending against the City. Historically many cases are abandoned, settled by modest reductions in assessed value in future years or negotiated settlements are agreed upon. In the opinion of the City, the potential liability that may arise would be \$636,800.

Sewage Treatment Facilities

The City of Plattsburgh has a long-term contract covering the period of indebtedness for its Water Pollution Plant with Georgia Pacific and Tenneco Packaging, which guarantee a significant portion of the capital indebtedness outstanding for this project.

Other significant users who pay or have paid a significant part of the capital investment in these facilities are the Plattsburgh State University of New York and the City of Plattsburgh. Operations and maintenance costs are billed on a monthly usage basis.

Grant Programs

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

Environmental Concerns

In the normal course of operations, the City is engaged in many activities (i.e. utility service, refuse disposal, and gasoline storage) that are potentially hazardous to the environment. As of December 31, 2018 the City has not disclosed any significant environmental problems in the financial statements.

In 1997, leachate from a closed municipal landfill was discovered and found to contain hazardous substances. The City has acted on a request from the DEC to determine the nature of the substances and the measures necessary to resolve the problem.



**NOTE 15. COMMITMENTS AND CONTINGENCIES (Continued)**

The enforcement proceeding has been settled by a consent order. The City agreed to re-close the landfill at an estimated cost of \$4,691,000. The City has been awarded a grant to pay approximately 50% of the cost, or \$2,336,492. The cost to the City is \$2,369,771 and has been paid with proceeds from a loan from the Environmental Facilities Corporation. On November 1<sup>st</sup>, 2016, the City became eligible to make a grant application to the NYS DEC under the Landfill Closure State Assistance Program for the potential cost recovery of \$1,292,366, representing one-half of the unfunded landfill project cost qualified under the grant program and which amount was received on May 8<sup>th</sup>, 2017, and will be applied to the debt service for the NYS EFC serial bonds issued in 2012 noted above.

On May 1, 2003, the New York State Department of Environmental Conservation notified the City that it was issuing a modified State Pollutant Discharge Elimination System (SPDES) permit that contained a number of permit changes including, but not limited to, increased limitations on the discharge of four pollutants. The City is currently taking an administrative action to challenge the modified SPDES permit. The outcome of the administrative action is indeterminable at present.

City Court Lease

On July 1, 2003 the City entered into a 99 year lease agreement with Oval Development, LLC to lease the City Court at 22 US Oval. The lease expires July 1, 2102. All rent was paid in advance upon signing of lease.

Dock Street Landing Property Lease

On December 2, 2010, the City entered into a 10 year lease agreement with the Lake City Local Development Corporation (LDC) to provide the LDC with a source of funds to continue its community development activities through sub-leasing of the Dock Street Landing Property for use as a restaurant, a retail outlet or a recreation center. The lease was surrendered to the City for cancellation on June 23, 2011, along with the transfer of the value of the leasehold improvements made to the restaurant building by the LDC subsequent to the building becoming unusable after suffering extensive damage during the flooding of Lake Champlain in April and May of 2011. The City restored the flood damaged building to a usable status for an approximate cost of \$320,000 as part of the 2015 capital expenditure plan in conjunction with the development of a City Marina for an additional cost of \$554,000 intended as the beginning of a significant development project for the City's waterfront.

Contract Negotiations

The City's contract with Local 788 and New York Council 66 of the American Federation of State, County and Municipal Employees, AFL-CIO, expired on June 30<sup>th</sup>, 2018. Negotiations have commenced and the financial outcome from those negotiations cannot be determined at this time.

The City's contract with Local 2421 of The International Association of Firefighters expired on December 31<sup>st</sup>, 2007, and has gone through impasse and reached interest arbitration of the mediation process in order to establish an agreement several times between the years 2008 and 2017. The contract was settled during 2018 establishing increases for the years 2014 through 2020, with retro-active payroll costs paid at the end of 2018 amounting to approximately \$435,000. There was an arbitration award handed down in May of 2017 for the years 2012 and 2013 of the open contract period for a 2% payroll increase per year, which was challenged by the City, and affirmed by the courts of New York State early in 2019 for the award to be followed as ordered by the arbitration panel.

The financial effect of those payroll changes from the retroactive payroll accumulations allowed under NYS Labor Law for payments to be made following 2018 is approximately \$607,000 in payroll cost. An accrual for the combined cost of the payroll and all related benefits was recognized at the end of 2017 for \$777,114 and increased at the end of 2018 to \$1,093,187 to recognize the City's total liability from this arbitration award for the years 2012 and 2013.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

---

**NOTE 15. COMMITMENTS AND CONTINGENCIES (Continued)**

The City's contract with Local 812 of the Plattsburgh Police Officers Union and New York Council 82 of the American Federation of State, County and Municipal Employees, AFL-CIO, expired on December 31<sup>st</sup>, 2016. Negotiations have commenced and the financial outcome from those negotiations cannot be determined at this time.

The City's contract with Local 1249 of the International Brotherhood of Electrical Workers, AFL-CIO, expired on June 30<sup>th</sup>, 2017, and was renewed through June 30<sup>th</sup>, 2022, with a maximum payroll increase per year of 1.5% provided the annualized CPI increase for the prior 12 month period is 1.5% or higher. If the CPI increase is lower than 1.5% for the prior 12 month period, then the payroll increase for the contract period will be the CPI percentage change for the previous 12 month period, unless the CPI percentage change is less than zero, then the payroll change will not be less than zero. The financial effect of those payroll changes from the retroactive payroll accumulations allowed under NYS Labor Law for payments to be made following 2018 is approximately \$69,000 in payroll cost.

The City's contract with Local 788 and New York Council 66 of the American Federation of State, County and Municipal Employees, AFL-CIO for the Plattsburgh Public Library, expired on June 30, 2019. Negotiations have commenced and the financial outcome from those negotiations cannot be determined at this time.

**NOTE 16. RELATED PARTY**

The Plattsburgh Housing Authority (the "Authority") was created in 1951 by the New York State Legislature. Even though five out of seven members of the board are appointed by the Mayor, the City is not financially accountable for the Authority and, therefore, does not meet the requirements of GASB 61 for discrete component unit presentation.

**NOTE 17. STEWARDSHIP, COMPLIANCE and ACCOUNTABILITY**

The Capital Projects Fund had a deficit fund balance of \$206,842. This will be funded when the City receives funding from the state and federal governments for advance spending on the capital projects for road improvements and flood repair work, respectively.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

**NOTE 18. TAX ABATEMENTS**

The City negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with the following entities as of December 31, 2018:

| PILOT Entity                   | Authority                               | Dated                     | Governing Law   | Basis  | Abatement           | Amount Received   |
|--------------------------------|---|---------------------------|---|--|---------------------|-------------------|
| Saranac Power Partners         | Clinton County &<br>Town of Plattsburgh | 12/1/2009                 | GML Article 18-a<br>Chapter 1030 1969                         | PILOT Mortgage   | \$ 383,727          | \$7,644           |
| Plattsburgh Housing Authority  | State of New York<br><br>Amended        | 4/17/1951<br><br>3/4/2010 | Consolidated Laws<br>Chapter 44-A                             | Income PILOT   | 303,979             | 86,836            |
| Beekman Towers                 | Beekman Towers<br>Partnership LLP       | 3/30/1972                 | Article 4 Section 93<br>of the Private Housing<br>Finance Law | Income PILOT   | 53,755              | 56,338            |
| Plattsburgh Municipal Lighting | NYSPSC                                  |                           | Order 06-E-1496   | Valuation PILOT plus<br>service payment for<br>street lighting | 421,128             | 652,997           |
| 2018 Total                     |   |                           |   |  | <u>\$ 1,162,589</u> | <u>\$ 803,815</u> |

The City received payment in Lieu of Tax (PILOT) payments totaling \$150,818.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

**NOTE 19. CHANGE IN ACCOUNTING PRINCIPLES**

For the year ended December 31, 2018 the City implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of Statement No. 75 requires the City to report Other Postemployment Benefits (OPEB), liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. The City's net position has been restated as follows:

|   | Governmental<br>Activities | Business-type<br>Activities | Total Primary<br>Government |
|---|----------------------------|-----------------------------|-----------------------------|
| Net position beginning of year, as previously stated                            | \$ 85,610,824              | \$ 28,215,961               | \$ 113,826,785              |
| GASB Statement no. 75 implementation:   |                            |                             |                             |
| OPEB Liability 12/31/17, as previously stated                                   | 11,155,041                 | 611,679                     | 11,766,720                  |
| OPEB Liability 12/31/17, restated   | <u>153,666,833</u>         | <u>18,923,091</u>           | <u>172,589,924</u>          |
| Increase in liability   | <u>(142,511,792)</u>       | <u>(18,311,412)</u>         | <u>(160,823,204)</u>        |
| Deferred inflow of resources:   |                            |                             |                             |
| 12/31/17, as previously stated  | -                          | -                           | -                           |
| 12/31/17, restated  | <u>8,639,255</u>           | <u>928,888</u>              | <u>9,568,143</u>            |
| Increase in deferred inflow   | <u>(8,639,255)</u>         | <u>(928,888)</u>            | <u>(9,568,143)</u>          |
| Deferred outflow of resources for contributions subsequent to measurement date, |                            |                             |                             |
| 12/31/17, as previously stated  | -                          | -                           | -                           |
| 12/31/17, restated  | <u>146,926</u>             | <u>111,191</u>              | <u>258,117</u>              |
| Increase in deferred outflow  | <u>146,926</u>             | <u>111,191</u>              | <u>258,117</u>              |
| Other Miscellaneous Adjustments   | <u>-</u>                   | <u>(259)</u>                | <u>(259)</u>                |
| Total prior period adjustment   | <u>(151,004,121)</u>       | <u>(19,129,368)</u>         | <u>(170,133,489)</u>        |
| Net position beginning of year, restated  | <u>\$ (65,393,297)</u>     | <u>\$ 9,086,593</u>         | <u>\$ (56,306,704)</u>      |

## **Other Supplemental Information**

**City of Plattsburgh**

**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Year Ended December 31, 2018**

NYSERS Pension Plan  
Last 10 Fiscal Years\*

|   | 2018         | 2017         | 2016         | 2015         | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|--------------|--------------|--------------|--------------|------|------|------|------|------|------|
| City's proportion of the net pension liability  | 0.0327848%   | 0.0311668%   | 0.0311625%   | 0.0309069%   |      |      |      |      |      |      |
| City's proportionate share of the net pension liability   | \$ 1,058,113 | \$ 2,928,503 | \$ 5,001,661 | \$ 1,044,110 |      |      |      |      |      |      |
| City's covered- employee payroll  | \$ 8,679,482 | \$ 9,995,629 | \$ 9,639,080 | \$ 8,818,736 |      |      |      |      |      |      |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 12.19%       | 29.30%       | 51.89%       | 11.84%       |      |      |      |      |      |      |
| Plan fiduciary net position as a percentage of the total pension liability                              | 98.24%       | 94.70%       | 90.70%       | 97.95%       |      |      |      |      |      |      |

\* The amounts presented for each fiscal year were determined as of 12/31

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the City is presenting information for those years for which information is available.

**City of Plattsburgh**

**SCHEDULE OF THE CITY'S CONTRIBUTIONS  
Year Ended December 31, 2018**

NYSERS Pension Plan  
Last 10 Fiscal Years

|  | 2018         | 2017         | 2016         | 2015         | 2014         | 2013         | 2012         | 2011 | 2010 | 2009 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------|------|------|
| Contractually required contribution                                  | \$ 1,210,750 | \$ 1,288,179 | \$ 1,208,988 | \$ 1,381,855 | \$ 1,608,062 | \$ 1,509,264 | \$ 1,367,269 | -    | -    | -    |
| Contributions in relation to the contractually required contribution | \$ 1,210,750 | \$ 1,288,179 | \$ 1,208,988 | \$ 1,381,855 | \$ 1,608,062 | \$ 1,509,264 | \$ 1,367,269 | -    | -    | -    |
| Contribution deficiency (excess)                                     | -            | -            | -            | -            | -            | -            | -            | -    | -    | -    |
| City's covered-employee payroll                                      | \$ 8,679,482 | \$ 9,995,629 | \$ 9,639,080 | \$ 8,818,736 |              |              |              |      |      |      |
| Contributions as a percentage of covered employee payroll            | 13.9%        | 12.9%        | 12.5%        | 15.7%        |              |              |              |      |      |      |

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the City is presenting information for those years for which information is available.

City of Plattsburgh

**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Year Ended December 31, 2018**

NYSPPRS Pension Plan  
 Last 10 Fiscal Years\*

|  | 2018         | 2017         | 2016         | 2015         | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|--------------|--------------|--------------|--------------|------|------|------|------|------|------|
| City's proportion of the net pension liability   | 0.1678800%   | 0.1700469%   | 0.1981158%   | 0.1815705%   |      |      |      |      |      |      |
| City's proportionate share of the net pension liability  | \$ 1,696,858 | \$ 3,524,479 | \$ 5,865,786 | \$ 499,790   |      |      |      |      |      |      |
| City's covered- employee payroll   | \$ 6,850,120 | \$ 5,523,240 | \$ 5,760,314 | \$ 6,607,279 |      |      |      |      |      |      |
| Citys proportionate share of the net pension liability as a percentage of its covered-employee payroll | 24.77%       | 63.81%       | 101.83%      | 7.56%        |      |      |      |      |      |      |
| Plan fiduciary net position as a percentage of the total pension liability                             | 96.93%       | 93.50%       | 90.20%       | 99.03%       |      |      |      |      |      |      |

\* The amounts presented for each fiscal year were determined as of 12/31

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the City is presenting information for those years for which information is available.



City of Plattsburgh

**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**Year Ended December 31, 2018**

NYSPPRS Pension Plan  
 Last 10 Fiscal Years

|  | 2018         | 2017         | 2016         | 2015         | 2014         | 2013         | 2012         | 2011 | 2010 | 2009 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------|------|------|
| Contractually required contribution                                  | \$ 1,289,550 | \$ 1,421,943 | \$ 1,387,189 | \$ 1,624,997 | \$ 1,430,757 | \$ 1,697,869 | \$ 1,455,711 | -    | -    | -    |
| Contributions in relation to the contractually required contribution | \$ 1,289,550 | \$ 1,421,943 | \$ 1,387,189 | \$ 1,624,997 | \$ 1,430,757 | \$ 1,697,869 | \$ 1,455,711 | -    | -    | -    |
| Contribution deficiency (excess)                                     | -            | -            | -            | -            | -            | -            | -            | -    | -    | -    |
| City's covered-employee payroll                                      | \$ 6,850,120 | \$ 5,523,240 | \$ 5,760,314 | \$ 6,607,279 |              |              |              |      |      |      |
| Contributions as a percentage of covered-employee payroll            | 18.8%        | 25.7%        | 24.1%        | 24.6%        |              |              |              |      |      |      |

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the City is presenting information for those years for which information is available.

**CITY OF PLATTSBURGH**

**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
Year Ended December 31, 2018**

|  | <u>2018</u>                  |
|--|------------------------------|
| Measurement Date   | January 1, 2018              |
| Service Cost   | \$ 1,783,951                 |
| Interest   | 5,937,823                    |
| Changes in benefit terms   | -                            |
| Differences between expected and actual experience in the<br>Measurement of the total OPEB liability | 258,117                      |
| Changes of assumption or other inputs  | (9,568,143)                  |
| Benefit payments   | <u>(4,721,795)</u>           |
| Net change in total OPEB liability   | (6,310,047)                  |
| Total OPEB liability - beginning   | <u>172,589,924</u>           |
| Total OPEB liability - Ending  | <u><u>\$ 166,279,877</u></u> |
| Covered payroll  | <u><u>\$ 15,094,830</u></u>  |
| Total OPEB liability as a percentage of covered payroll  | 1101.57%                     |

10 years of historical information will not be 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.

## **Compliance Section**

# ***BOULRICE & WOOD CPAS, P.C.***

***Certified Public Accountants***

---

***MICHAEL L. BOULRICE, CPA***

***STEPHEN P. WOOD, CPA***

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

To the Mayor and Common Council  
City of Plattsburgh, 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 units, each major fund and the aggregate remaining fund information of City of Plattsburgh, New York as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise City of Plattsburgh's basic financial statements and have issued our report thereon dated August 2, 2019.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Plattsburgh, New York's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Plattsburgh, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Plattsburgh, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Plattsburgh, New York'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 the 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies, item 18-1.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Plattsburgh, 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*.

## **City's Response to Findings**

City of Plattsburgh's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Plattsburgh's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on

## **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.

*Boulrice & Wood CPAs, PC*

August 2, 2019

**CITY OF PLATTSBURGH  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended December 31, 2018**

**SECTION II - FINANCIAL STATEMENTS**

**18-1 Budget Adjustments and Amendments**

Condition: Within the General Fund, appropriation expense exceeds budgeted amounts on four line items and in total. Within the Special Revenue Fund, appropriation expense exceeds budgeted amounts on one line item.

Effect: Expenditures exceeded amounts budgeted.

Cause: Budget Status Reports were monitored; however final budget adjustments or amendments were not made as part of the closing process before year-end 2018.

Criteria: Budget modifications must be authorized by City Council resolution, and the resolution must stipulate both the appropriation accounts to be increased and financing sources to support the modification. Budget adjustments must have Council approval.

Recommendation: We recommend the City Council continue to monitor the Budget Status Reports for all funds and approve all budget adjustments and/or amendments throughout the year and the City Chamberlain perform a closing budget entry before year-end.

Corrective Action: Total expense exceeded the total budgeted amount in the General Fund mainly due to an audit adjustment made after year end. This adjustment increased expenditures and increased the corresponding revenues. Had we been aware of the adjustment in advance, Council approval for the adjustments would have been obtained. With that being said, the Council of the City of Plattsburgh will continue to monitor and approve all budget adjustments and or amendments throughout the year and the City Chamberlain will resume the practice of compiling closing budget adjustments/transfers as has been the practice in past years, however, he will complete that budget process prior to the actual year-end date.