

**CITY OF PORT JERVIS INDUSTRIAL DEVELOPMENT
AGENCY**

**(A Discretely Presented Component Unit of City of Port
Jervis, New York)**

**Financial Statements as of
December 31, 2020
Together with Independent
Auditor's Reports**

Bonadio & Co., LLP
Certified Public Accountants

CITY OF PORT JERVIS INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of City of Port Jervis, New York)
December 31, 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Basic Financial Statements	
Statement of Net Position	3
Statement of Revenues, Expenses, and Change in Net Position	4
Statement of Cash Flows	5
Notes to Basic Financial Statements	6
Other Required Report	
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 <i>Government Auditing Standards</i>	9

INDEPENDENT AUDITOR'S REPORT

April 7, 2021

The Board of Trustees of
City of Port Jervis Industrial Development Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Port Jervis Industrial Development Agency (CPJIDA) (a discretely presented component unit of City of Port Jervis, New York), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise CPJIDA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

6 Wembley Court
Albany, New York 12205
p (518) 464-4080
f (518) 464-4087

www.bonadio.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the City of Port Jervis Industrial Development Agency, as of December 31, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis, that accounting principles generally accepted in the United States of America requires to be presented to supplement the financial statements. Such missing 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. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2021 on our consideration of CPJIDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CPJIDA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CPJIDA's internal control over financial reporting and compliance.

CITY OF PORT JERVIS INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of City of Port Jervis, New York)

Statement of Net Position

December 31, 2020

ASSETS

Cash	\$ 26,844
Total Assets	<u>26,844</u>

LIABILITIES

Unearned revenue	<u>2,512</u>
------------------	--------------

NET POSITION

Unrestricted	<u>24,332</u>
Total Net Position	<u>\$ 24,332</u>

The accompanying notes are an integral part of these statements.

CITY OF PORT JERVIS INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of City of Port Jervis, New York)

Statement of Revenue, Expenses, and Change in Net Position
For the Year Ended December 31, 2020

OPERATING REVENUE:

Rental income	\$ 12
Operating income	12

OTHER INCOME:

Interest income	<u>78</u>
-----------------	-----------

CHANGE IN NET POSITION	90
------------------------	----

NET POSITION - beginning of year	<u>24,242</u>
----------------------------------	---------------

NET POSITION - end of year	<u>\$ 24,332</u>
----------------------------	------------------

The accompanying notes are an integral part of these statements.

CITY OF PORT JERVIS INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of City of Port Jervis, New York)

Statement of Cash Flows
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$	12
Payments to vendors		12
Net Cash Provided by Operating Activities		<u>24</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income		<u>78</u>
Net increase in cash		<u>102</u>
Cash, Beginning of Year		<u>26,742</u>
Cash, End of Year	\$	<u>26,844</u>

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:**

Operating income	\$	12
Changes in operating assets and liabilities:		
Unearned revenue		<u>12</u>
Net Cash Provided by Operating Activities	\$	<u>24</u>

The accompanying notes are an integral part of these statements.

CITY OF PORT JERVIS INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of City of Port Jervis, New York)

Notes to Financial Statements
December 31, 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Port Jervis Industrial Development Agency (CPJIDA) was created in 1969 by the New York State Legislature under the provisions of Chapter 632 of the Laws of New York State. CPJIDA was established for the purpose of encouraging economic growth in City of Port Jervis, New York (City). Members of the governing board of CPJIDA are appointed by the City Council of the City. CPJIDA is exempt from Federal, State and local income taxes.

Financial Reporting Entity

CPJIDA is a component unit of the City. In accordance with accounting principles generally accepted in the United States of America, CPJIDA's financial statements are discretely presented in the City's financial statements. CPJIDA shares management personnel with the City.

Basis of Accounting

The accounting policies of CPJIDA conform to generally accepted accounting principles as applicable to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. CPJIDA reports its operations on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Deposits and Risk Disclosure

CPJIDA's investment policies are governed by State statutes. CPJIDA has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. CPJIDA is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Custodial credit risk is the risk that in the event of a bank failure, CPJIDA's deposits may not be returned to it.

GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Agency's name.

CPJIDA was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate or credit risk.

Notes to Financial Statements
December 31, 2020

Net Position

Net position represents the difference between the assets/deferred outflows of resources, and liabilities/and deferred inflows of resources. Net position is reported as restricted only when there are limitations imposed on its use. The Net position of CPJIDA is classified as unrestricted.

Fee Income

CPJIDA charges a service fee for each qualified project tax-exempt bond financing it issues, which is intended to be used for CPJIDA's expenses and to fund continuing operations.

Use of Estimates

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

2. INDUSTRIAL REVENUE BOND AND NOTE TRANSACTIONS

Certain industrial development revenue bonds and notes are secured by property which is leased to companies and the bonds are retired by lease payments. The bonds and notes are not obligations of CPJIDA or the State of New York. CPJIDA does not record the assets or liabilities resulting from completed bond and note issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, CPJIDA receives bond administration fees from the borrowing companies. The fee received by CPJIDA is one-half of one percent on the first \$10 million of loans and one-eighth of one percent for any amount of borrowing in excess of \$10 million. Such administrative fee income is recognized immediately upon the issuance of bonds and/or notes.

3. RELATED PARTY TRANSACTIONS

The City of Port Jervis provides staff support and office space to CPJIDA without compensation.

4. COVID 19 PANDEMIC

As of the date of this report, the United States is in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID – 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on CPJIDA and its future results and financial position is not presently determinable.

OTHER REQUIRED REPORT

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

April 7, 2021

To the Board of Trustees of the
City of Port Jervis Industrial Development Agency

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 City of Port Jervis Industrial Development Agency (CPJIDA), a discretely presented component unit of City of Port Jervis, New York, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise CPJIDA's basic financial statements, and have issued our report thereon dated April 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CPJIDA's internal control over financial reporting (internal control) as a basis for designing 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 CPJIDA's internal control. Accordingly, we do not express an opinion on the effectiveness of CPJIDA's internal control.

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

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

6 Wembley Court
Albany, New York 12205
p (518) 464-4080
f (518) 464-4087

www.bonadio.com

Compliance and Other Matters

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

Purpose of this Report

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