

# **Port Jervis Industrial Development Agency**

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

Financial Statements

Year Ended December 31, 2023

**Port Jervis Industrial Development Agency**

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

Table of Contents

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	<u>Page No.</u>
Independent Auditors' Report	1
Statement of Net Position	3
Statement of Revenues, Expenses and Changes in Net Position	4
Statement of Cash Flows	5
Notes to Financial Statements	6
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>	10

## Independent Auditors' Report

**The Board of Directors of the  
Port Jervis Industrial Development Agency**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Port Jervis Industrial Development Agency (a discretely presented component unit of the City of Port Jervis, New York) ("Agency"), as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of December 31, 2023 and the 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.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 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 September 27, 2024 on our consideration of the Agency'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 Agency'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 Agency's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

September 27, 2024

**Port Jervis Industrial Development Agency**

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

Statement of Net Position

December 31, 2023

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**ASSETS**

Cash and equivalents \$ 30,124

**LIABILITIES**

Due to Primary Government 2,249

**NET POSITION**

Unrestricted \$ 27,875

**Port Jervis Industrial Development Agency**

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

Statement of Revenues, Expenses and Changes in Net Position

Year Ended December 31, 2023

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**NON-OPERATING REVENUES**

Interest Income	<u>\$ 808</u>
Change in Net Position	808

**NET POSITION**

Beginning of year	<u>27,067</u>
End of year	<u><u>\$ 27,875</u></u>

See notes to financial statements.

**Port Jervis Industrial Development Agency**

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

Statement of Cash Flows  
Year Ended December 31, 2023

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**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	\$ 808
Interest income received from Primary Government	<u>2,249</u>
Net Change in Cash and Cash Equivalents	3,057

**CASH AND EQUIVALENTS**

Beginning of year	<u>27,067</u>
End of year	<u><u>\$ 30,124</u></u>

See notes to financial statements.

## **Port Jervis Industrial Development Agency**

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

Notes to Financial Statements

December 31, 2023

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### **Note 1 - Organization**

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

### **Note 2 - Summary of Significant Accounting Policies**

#### **A. Financial Reporting Entity**

The Agency has been identified as an organization related to the City. In accordance with the criteria enumerated in Governmental Accounting Standards Board ("GASB") Statement No. 61, the Agency's financial statements have been discretely presented in the City's financial statements.

#### **B. Basis of Accounting**

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Agency 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.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Agency's principal ongoing operation. The principle operating revenue of the Agency is administration fees. Operating expenses include personnel services and benefits, professional fees and planning services. All revenue and expenses not meeting the definition are reported as non-operating revenues and expenses.

#### **C. Assets and Net Position**

##### **Cash and Equivalents, Investments and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The Agency's deposits and investment policies are governed by State statutes. Agency monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The Agency is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

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. The Agency has entered into custodial agreements with the various banks which hold their deposits. These



## Port Jervis Industrial Development Agency

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

Notes to Financial Statements (Continued)

December 31, 2023

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### **Note 2 - Summary of Significant Accounting Policies** (Continued)

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.

**Investments** - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The Agency follows the provisions of GASB Statement No. 72, "*Fair Value Measurement and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

#### **Risk Disclosure**

**Interest Rate Risk** - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Agency does not invest in any long-term investment obligations.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", 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. All of the Agency's aggregate bank balances were covered by depository insurance and accordingly were not exposed to custodial credit risk at December 31, 2023.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Agency does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

**Concentration of Credit Risk** - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Agency's investment policy limits the amount on deposit at each of its banking institutions.

## Port Jervis Industrial Development Agency

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

Notes to Financial Statements (Continued)

December 31, 2023

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### **Note 2 - Summary of Significant Accounting Policies** (Continued)

#### **Revenue Recognition**

The Agency receives closing fees for bond and note issues as well as straight lease transactions expected savings on mortgage recording and sales and use taxes exemptions. These closing fees are recognized as revenue upon issuance of bonds and notes or closing on straight leases. Application and other administrative fees are recognized when services are rendered.

**Net Position** - represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

*Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the Agency or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

*Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

#### **D. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles 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 these estimates.

#### **E. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 27, 2024.

**Port Jervis Industrial Development Agency**

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

Notes to Financial Statements (Concluded)

December 31, 2023

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**Note 3 - New Accounting Pronouncement**

GASB Statement No. 96, “*Subscription-Based Information Technology Arrangements (SBITA’s)*”, established a single model for SBITA accounting based on the concept that SBITA’s are a financing of a “right-to-use” underlying asset. This statement requires a subscriber to recognize a subscription liability and an intangible right-to-use subscription asset and a subscriber to recognize a subscription receivable and a deferred inflow of resources. The requirements of GASB Statement No. 96 are effective for the Agency’s fiscal year ended December 31, 2023. The Agency has completed its evaluation of the financial impact of GASB Statement No. 96 and determined that the implementation of this standard was not required as it did not have a material impact on its financial statements.

**Note 4 - Recently Issued GASB Pronouncements**

GASB Statement No. 102, “*Certain Risk Disclosures*”, provides parameters on disclosing within government financial statements risks related to a government’s vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the Agency believes will most impact its financial statements. The Agency will evaluate the impact of this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

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**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***

**Independent Auditors' Report**

**The Board of Directors of the  
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 governmental activities and the discretely presented component unit of the City of Port Jervis Industrial Development Agency (a discretely presented component unit of the City of Port Jervis, New York) ("Agency"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Agency basic financial statements, and have issued our report thereon dated September 27, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency'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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

September 27, 2024