

City of Port Jervis, New York

Financial Statements and
Supplementary Information

Year Ended December 31, 2022

City of Port Jervis, New York

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Independent Auditors' Report

**The Honorable Mayor and City Council
of the City of Port Jervis, New York**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Port Jervis, New York ("City") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City'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 governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Water funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 City, 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 opinions.

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 City'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 opinions. 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 City'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 City'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

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2023 on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 22, 2023

City of Port Jervis, New York

Management's Discussion and Analysis
December 31, 2022

Introduction

The following Management's Discussion and Analysis ("MD&A") of the City of Port Jervis, New York ("City") provides an overview of the financial activities for the fiscal year ended December 31, 2022. This MD&A should be read in conjunction with the basic financial statements that immediately follow this section to enhance understanding of the City's financial performance.

Financial Highlights

The key financial highlights for fiscal year 2022 are as follows:

- The City of Peekskill has a negative net position of \$7,075,256, a decrease from a negative \$6,760,320 at the end of 2021. The negative position is due to a cumulative effect of the change in other postemployment benefits liability during the year.
- The City's governmental fund financial statements reported a combined fund balance of \$11,764,365 at December 31, 2022, as compared to \$11,204,890 at December 31, 2021 as restated. The increase was primarily due to the Capital Projects Fund and General Fund which reported increases of \$688,556 and \$239,036, respectively. These increases were offset by decreases in the Water Fund, Small Cities Fund and the non-major governmental funds by \$15,211, \$313,443 and \$39,463, respectively.
- The City's General fund balance was \$3,278,785 at the close of 2022, an increase of \$239,036 compared to the prior year fund balance. The unassigned fund balance for the General Fund was \$2,947,076 or 17.9% of total General Fund actual expenditures and other financing uses.
- The City's long-term debt, consisting of bonds payable totaled \$15,497,000 at December 31, 2022 and \$16,592,000 at December 31, 2021. Decrease is due to the principal payments of \$1,095,000.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains combined and individual fund statements and schedules in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets may

serve as a useful indicator as to whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information reflecting how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the City include general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services, employee benefits and interest.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains seven individual 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, Water, Small Cities and Capital Projects Funds, which are considered to be major funds. The Section 8 Housing Assistance Payment Program Fund, Sewer Fund and Debt Service Fund are grouped together as non-major governmental funds. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts annual appropriated budgets for its General, Water and Sewer Funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the respective budgets.

The governmental fund financial statements can be found in the basic financial statements section of this report.

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 statement because the resources of those funds are *not* available to support the City's own programs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are located following the basic financial statements section of this report.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the City's other post employment benefit obligations, City's proportionate share of the net pension liability (asset) for the New York State and Local Employees' Retirement System as well as the New York State and Local Police and Fire Retirement System, the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, liabilities exceeded assets by \$7,075,256 at the close of the current fiscal year.

	<u>2022</u>	<u>2021</u>	<u>% Change</u>
Current Assets	\$ 17,482,385	\$ 17,619,309	-0.8%
Capital Assets, net of depreciation	<u>55,004,757</u>	<u>54,846,315</u>	0.3%
Total Assets	<u>72,487,142</u>	<u>72,465,624</u>	0.0%
Deferred Outflows of Resources	<u>19,806,604</u>	<u>22,865,985</u>	-13.4%
Current Liabilities	3,826,919	4,370,103	-12.4%
Long-term Liabilities	<u>70,110,456</u>	<u>86,071,433</u>	-18.5%
Total Liabilities	<u>73,937,375</u>	<u>90,441,536</u>	-18.2%
Deferred Inflows of Resources	<u>25,431,627</u>	<u>11,650,393</u>	118.3%
Net Position:			
Net Investment in capital assets	37,093,505	39,883,443	-7.0%
Restricted	6,744,683	8,872,083	-24.0%
Unrestricted	<u>(50,913,444)</u>	<u>(55,515,846)</u>	-8.3%
Total Net Position	<u>\$ (7,075,256)</u>	<u>\$ (6,760,320)</u>	4.7%

One of the largest components of the City's net position reflects its investment in capital assets, net of related debt, amounting to \$37,093,505. The City uses these capital assets to provide services to its citizens and consequently, these assets 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 utilized to liquidate these liabilities.

Restricted net assets of \$6,744,683 represent resources that are subject to external restrictions on how they may be used.

Changes in Net Position

	2022	2021	% Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 5,077,427	\$ 5,254,364	-3.4%
Operating Grants and Contributions	2,561,190	2,509,067	2.1%
Capital Grants and Contributions	2,735,400	420,951	549.8%
	<u>10,374,017</u>	<u>8,184,382</u>	26.8%
General Revenues:			
Real Property Taxes	6,390,996	6,649,700	-3.9%
Other tax items	508,948	243,190	109.3%
Non-property taxes	5,106,358	4,404,106	15.9%
Unrestricted State aid	1,654,213	1,665,593	-0.7%
Other	337,873	186,617	81.1%
	<u>13,998,388</u>	<u>13,149,206</u>	6.5%
Total Governmental Revenues	<u>24,372,405</u>	<u>21,333,588</u>	14.2%
Expenses:			
Program Expenses:			
General Government Support	3,295,925	3,613,742	-8.8%
Public Safety	9,874,412	11,291,596	-12.6%
Health	66	-	100.0%
Transportation	2,174,494	3,153,001	-31.0%
Economic Opportunity and Development	543,117	186,682	190.9%
Culture and Recreation	895,655	1,143,817	-21.7%
Home and Community Services	6,561,652	7,297,309	-10.1%
Interest on Debt	498,337	402,325	23.9%
Total Governmental Expenses	<u>23,843,658</u>	<u>27,088,472</u>	-12.0%
Change in Net Position	<u>528,747</u>	<u>(5,754,884)</u>	-109.2%
Net Position - Beginning, as Reported	(6,760,320)	(1,005,436)	572.4%
Prior Period Adjustment	<u>(843,683)</u>	-	-100.0%
Net Position - Ending	<u>\$ (7,075,256)</u>	<u>\$ (6,760,320)</u>	4.7%

Governmental activities increased the City's net position by \$528,747 in 2022. A prior period of adjustment of \$843,683 decreased it for various reasons as described in Note 2.C. The total City governmental activities revenues in 2022 and 2021 were \$24,372,405 and \$21,333,588, respectively. Real property taxes provided 20.8% of total revenues in 2022. Charges for services, operating grants and contributions, and capital grants and contributions provided 42.6% in 2022 and 38.4% in 2021. State aid provided 6.8% and 7.8% of total revenues for the fiscal years ended December 31, 2022 and 2021, respectively.

Governmental activities expenses of the City for the year totaled \$23,843,658 in 2022 and \$27,088,472 in 2021. Public Safety expenses accounted for the largest portion (\$9,874,412 or 41.4% in 2022 and \$11,291,596 or 41.7% in 2021), followed by Home and Community Services (\$6,561,652 or 27.5% in 2022 and \$7,297,309 or 26.9% in 2021) of total expenses.

The cost of each of the City’s governmental programs and each program’s net cost of services (total cost less revenue generated by activities) is presented in the table below. The net cost shows the financial burden that was placed on the City’s taxpayers by each of these functions.

	Total Cost of Services		Program Revenue		Net Cost of Services	
	2022	2021	2022	2021	2022	2021
General government support	\$ 3,295,925	\$ 3,613,742	\$ 1,021,331	\$ 2,594,432	\$ 2,274,594	\$ 1,019,310
Public safety	9,874,412	11,291,596	539,643	742,512	9,334,769	10,549,084
Health	66	-	-	-	66	-
Transportation	2,174,494	3,153,001	2,491,504	300,495	(317,010)	2,852,506
Economic assistance and opportunity	543,117	186,682	625,054	-	(81,937)	186,682
Culture and recreation	895,655	1,143,817	73,171	23,334	822,484	1,120,483
Home and community services	6,561,652	7,297,309	5,623,314	6,189,202	938,338	1,108,107
Interest on debt	498,337	402,325	-	-	498,337	402,325
	<u>\$ 23,843,658</u>	<u>\$ 27,088,472</u>	<u>\$ 10,374,017</u>	<u>\$ 9,849,975</u>	<u>\$ 13,469,641</u>	<u>\$ 17,238,497</u>

Financial Analysis of the City’s Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$11,764,365 as compared to the restated balance of \$11,204,890 in 2021, an increase of \$559,475. The primary reason for the increase was due to increased revenues and increased control of operational expenses in the general and water funds.

The General, Water and Sewer Funds are the primary operating funds of the City. At the end of the current fiscal year, the total fund balance of the General, Water and Sewer funds was \$5,196,228 as compared to 2021 at \$5,093,427.

At the end of 2022, the total fund balance of the Small Cities Fund was \$727,141 as compared to 2021 at \$1,040,584. This entire amount is restricted for community development purposes. The decrease in fund balance is due to an increase in spending for the metro loan program.

At the end of 2022, the total fund balance of the Capital Projects Fund was \$5,303,045 as compared to 2021, as restated, at \$4,614,489. This entire amount is restricted for capital projects. The balance increased in the capital projects fund by \$688,556 during the year primarily due to monies transferred in from the General Fund to fund ongoing projects within the City.

The results for these funds do not include the expenses charged for change in other postemployment benefits as it does not use current funds.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental activities as of December 31, 2022 and 2021 amounted to \$55,004,757 and \$54,846,315 (net of accumulated depreciation) respectively. This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment, infrastructure and construction-in-progress.

Capital Assets, Net of Accumulated Depreciation

	<u>2022</u>	<u>2021</u>
Land	\$ 765,351	\$ 781,035
Construction in progress	223,526	223,526
Land improvements	2,086,534	2,307,664
Buildings and improvements	6,079,972	6,289,968
Machinery and equipment	4,225,488	4,689,201
Infrastructure	<u>41,623,886</u>	<u>40,554,921</u>
Total	<u>\$ 55,004,757</u>	<u>\$ 54,846,315</u>

Additional information on the City's capital assets can be found in Note 3.D of this report.

Long-Term Debt

At the end of the current fiscal year, the City had total bond payable debt outstanding of \$15,497,000. All of this debt is backed by the full faith and credit of the City.

Outstanding General Obligation Serial Bonds

	<u>2022</u>	<u>2021</u>
General obligation bonds	<u>\$ 15,497,000</u>	<u>\$ 16,592,000</u>

More detailed information about the City's long-term liabilities is presented in Note 3.F in the notes to financial statements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the:

City Clerk/Treasurer
City of Port Jervis
PO Box 1002
Port Jervis, New York 12771

City of Port Jervis, New York

Statement of Net Position
December 31, 2022

	Primary Government	Component Unit
	Governmental Activities	Port Jervis Industrial Development Agency
ASSETS		
Cash and equivalents	\$ 11,295,026	\$ 27,067
Investments	112,605	-
Receivables		
Taxes, net	591,232	-
Accounts	198,941	-
Water rents	369,823	-
Sewer rents	170,110	-
State and Federal aid	1,827,337	-
Due from other governments	1,190,393	-
Loans	557,072	-
Prepaid expenses	199,470	-
Net pension asset - ERS	970,376	-
Capital assets		
Not being depreciated	988,877	-
Being depreciated, net	54,015,880	-
Total Assets	<u>72,487,142</u>	<u>27,067</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding bonds	27,899	-
Pension related	6,103,588	-
OPEB related	13,675,117	-
Total Deferred Outflows of Resources	<u>19,806,604</u>	<u>-</u>
LIABILITIES		
Accounts payable and accrued liabilities	571,957	-
Due to retirement systems	986,582	-
Due to other governments	41,372	-
Deposits payable	753,101	-
Unearned revenues	1,333,194	-
Accrued interest payable	140,713	-
Non-current liabilities		
Due within one year	1,549,770	-
Due in more than one year	68,560,686	-
Total Liabilities	<u>73,937,375</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related	7,704,099	-
OPEB related	17,727,528	-
Total Deferred Inflows of Resources	<u>25,431,627</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	37,093,505	-
Restricted for		
Capital projects	5,303,045	-
Debt service	190,815	-
Section 8 housing	537,387	-
Small cities	713,436	-
Unrestricted	(50,913,444)	27,067
Total Net Position	<u>\$ (7,075,256)</u>	<u>\$ 27,067</u>

The notes to financial statements are an integral part of this statement.

City of Port Jervis, New York

Statement of Activities
Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government support	\$ 3,295,925	\$ 979,958	\$ 41,373	\$ -
Public safety	9,874,412	160,047	379,596	-
Health	66	-	-	-
Transportation	2,174,494	-	150,887	2,340,617
Economic opportunity and development	543,117	230,271	-	394,783
Culture and recreation	895,655	42,966	30,205	-
Home and community services	6,561,652	3,664,185	1,959,129	-
Interest	498,337	-	-	-
Total Governmental Activities	<u>\$ 23,843,658</u>	<u>\$ 5,077,427</u>	<u>\$ 2,561,190</u>	<u>\$ 2,735,400</u>
General revenues				
Real property taxes				
Other tax items				
Interest and penalties on real property taxes				
Gain on sale of tax acquired property				
Payments in lieu of taxes				
Non-property taxes				
Non-property tax distribution from County				
Utilities gross receipts taxes				
Hotel tax				
Cable television franchise fees				
Unrestricted use of money and property				
Sale of property and compensation for loss				
Unrestricted State aid				
Gain on sale of capital assets				
Insurance recoveries				
Miscellaneous				
Total General Revenues				
Change in Net Position				
NET POSITION				
Beginning, as Reported				
Prior Period Adjustment				
Beginning, as Restated				
Ending				

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position	
Primary Government	Component Unit
Governmental Activities	Port Jervis Industrial Development Agency
\$ (2,274,594)	\$ -
(9,334,769)	-
(66)	-
317,010	-
81,937	-
(822,484)	-
(938,338)	-
(498,337)	-
<u>\$ (13,469,641)</u>	<u>\$ -</u>
6,390,996	-
318,834	-
66,917	-
123,197	-
4,354,434	-
615,568	-
1,114	-
135,242	-
45,741	189
194,182	-
1,654,213	-
69,021	-
28,929	-
<u>13,998,388</u>	<u>189</u>
<u>528,747</u>	<u>189</u>
(6,760,320)	24,378
<u>(843,683)</u>	<u>2,500</u>
<u>(7,604,003)</u>	<u>26,878</u>
<u>\$ (7,075,256)</u>	<u>\$ 27,067</u>

City of Port Jervis, New York

Balance Sheet
 Governmental Funds
 December 31, 2022

	General	Water	Small Cities
ASSETS			
Cash and equivalents	\$ 6,057,612	\$ 741,429	\$ 763,612
Investments	-	90,901	-
Taxes receivable, net	591,232	-	-
Other receivables			
Accounts	143,433	-	9,035
Water rents	-	369,823	-
Sewer rents	-	-	-
State and Federal aid	49,499	-	-
Due from other governments	1,190,393	-	-
Due from other funds	-	105,025	51,906
Loans	-	-	557,072
	<u>1,383,325</u>	<u>474,848</u>	<u>618,013</u>
Prepaid expenditures	140,894	46,290	-
Total Assets	<u>\$ 8,173,063</u>	<u>\$ 1,353,468</u>	<u>\$ 1,381,625</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 296,529	\$ 25,968	\$ 45,506
Due to retirement systems	878,726	75,499	-
Due to other funds	1,952,510	-	-
Due to other governments	41,357	-	-
Deposits payable	753,101	-	-
Unearned revenues	467,689	-	-
Total Liabilities	<u>4,389,912</u>	<u>101,467</u>	<u>45,506</u>
Deferred inflows of resources			
Property taxes	504,366	-	-
Loans	-	-	557,072
Total Deferred Inflows of Resources	<u>504,366</u>	<u>-</u>	<u>557,072</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,894,278</u>	<u>101,467</u>	<u>602,578</u>
Fund balances			
Nonspendable	140,894	46,290	-
Restricted	190,815	192,232	779,047
Assigned	-	1,013,479	-
Unassigned	2,947,076	-	-
Total Fund Balances	<u>3,278,785</u>	<u>1,252,001</u>	<u>779,047</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,173,063</u>	<u>\$ 1,353,468</u>	<u>\$ 1,381,625</u>

The notes to financial statements are an integral part of this statement.

Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 2,274,882	\$ 1,457,491	\$ 11,295,026
-	21,704	112,605
-	-	591,232
-	46,473	198,941
-	-	369,823
-	170,110	170,110
1,777,838	-	1,827,337
-	-	1,190,393
2,264,505	-	2,421,436
-	-	557,072
4,042,343	216,583	6,735,112
-	12,286	199,470
<u>\$ 6,317,225</u>	<u>\$ 1,708,064</u>	<u>\$ 18,933,445</u>
\$ 148,675	\$ 55,279	\$ 571,957
-	32,357	986,582
-	468,926	2,421,436
-	15	41,372
-	-	753,101
865,505	-	1,333,194
1,014,180	556,577	6,107,642
-	-	504,366
-	-	557,072
-	-	1,061,438
1,014,180	556,577	7,169,080
-	12,286	199,470
5,303,045	486,045	6,951,184
-	653,156	1,666,635
-	-	2,947,076
5,303,045	1,151,487	11,764,365
<u>\$ 6,317,225</u>	<u>\$ 1,708,064</u>	<u>\$ 18,933,445</u>

City of Port Jervis, New YorkReconciliation of Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position
December 31, 2022

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balances - Governmental Funds	\$ 11,764,365
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	988,877
Capital assets - depreciable	101,104,572
Accumulated depreciation	<u>(47,088,692)</u>
	<u>55,004,757</u>
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds.	
Net pension asset - ERS	970,376
Real property taxes	504,366
Loans	<u>557,072</u>
	<u>2,031,814</u>
Differences between actual and expected experiences, assumptions changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflow of resources on the statement of net position.	
Deferred outflows - pension related	6,103,588
Deferred outflows - OPEB related	13,675,117
Deferred inflows - pension related	(7,704,099)
Deferred inflows - OPEB related	<u>(17,727,528)</u>
	<u>(5,652,922)</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(140,713)
General obligation bonds payable	(15,497,000)
Capital lease payable	(1,282,780)
Retirement incentives and other pension obligations	(47,486)
Compensated absences	(1,819,761)
Net pension liability - PFRS	(497,972)
Total OPEB liability	<u>(49,909,916)</u>
	<u>(69,195,628)</u>
Governmental funds report the effect of premiums, discounts, and refunding and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities	
Deferred amounts on refunding	27,899
Premium on general obligation of bonds	<u>(1,055,541)</u>
	<u>(1,027,642)</u>
Net Position of Governmental Activities	<u>\$ (7,075,256)</u>

The notes to financial statements are an integral part of this statement.

City of Port Jervis, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances
Governmental Funds
Year Ended December 31, 2022

	General	Water	Small Cities
REVENUES			
Real property taxes	\$ 7,098,970	\$ -	\$ -
Other tax items	442,031	-	-
Non-property taxes	5,106,358	-	-
Departmental income	1,225,856	2,495,627	-
Intergovernmental charges	56,347	-	-
Use of money and property	70,150	-	3,925
Licenses and permits	127,179	-	-
Fines and forfeitures	80,525	-	-
Sale of property and compensation for loss	194,182	-	-
State aid	1,822,645	-	-
Federal aid	320,114	-	147,182
Miscellaneous	31,957	5,046	79,164
Total Revenues	16,576,314	2,500,673	230,271
EXPENDITURES			
Current			
General government support	1,687,658	131,928	-
Public safety	5,411,305	-	-
Health	66	-	-
Transportation	855,467	-	-
Economic opportunity and development	50,901	-	491,808
Culture and recreation	427,758	-	-
Home and community services	772,970	1,093,086	-
Employee benefits	4,626,639	730,517	-
Debt service			
Principal	1,015,248	418,757	-
Interest	416,937	111,218	-
Capital outlay	-	-	-
Total Expenditures	15,264,949	2,485,506	491,808
Excess (Deficiency) of Revenues Over Expenditures	1,311,365	15,167	(261,537)
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	135,938	-	-
Transfers in	-	-	-
Transfers out	(1,208,267)	(30,378)	-
Total Other Financing Sources (Uses)	(1,072,329)	(30,378)	-
Net Change in Fund Balances	239,036	(15,211)	(261,537)
FUND BALANCES			
Beginning of Year, as Reported	3,039,749	1,727,068	1,010,451
Prior Period Adjustment	-	(459,856)	30,133
Beginning of Year, as Restated	3,039,749	1,267,212	1,040,584
End of Year	<u>\$ 3,278,785</u>	<u>\$ 1,252,001</u>	<u>\$ 779,047</u>

The notes to financial statements are an integral part of this statement.

Capital Projects	Non-Major Governmental	Total Governmental Funds
\$ -	\$ -	\$ 7,098,970
-	-	442,031
-	-	5,106,358
-	1,161,998	4,883,481
-	-	56,347
-	61	74,136
-	-	127,179
-	-	80,525
-	-	194,182
1,662,970	-	3,485,615
457,789	1,956,547	2,881,632
-	3,035	119,202
<u>2,120,759</u>	<u>3,121,641</u>	<u>24,549,658</u>
-	31,178	1,850,764
-	-	5,411,305
-	-	66
-	-	855,467
-	-	542,709
-	-	427,758
-	2,516,249	4,382,305
-	227,944	5,585,100
-	11,165	1,445,170
-	3,844	531,999
<u>3,093,478</u>	<u>-</u>	<u>3,093,478</u>
<u>3,093,478</u>	<u>2,790,380</u>	<u>24,126,121</u>
<u>(972,719)</u>	<u>331,261</u>	<u>423,537</u>
-	-	135,938
1,661,275	-	1,661,275
-	(422,630)	(1,661,275)
<u>1,661,275</u>	<u>(422,630)</u>	<u>135,938</u>
<u>688,556</u>	<u>(91,369)</u>	<u>559,475</u>
4,759,062	1,253,985	11,790,315
<u>(144,573)</u>	<u>(11,129)</u>	<u>(585,425)</u>
<u>4,614,489</u>	<u>1,242,856</u>	<u>11,204,890</u>
<u>\$ 5,303,045</u>	<u>\$ 1,151,487</u>	<u>\$ 11,764,365</u>

City of Port Jervis, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2022

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 559,475</u>
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.	
Capital outlay expenditures	2,231,200
Depreciation expense	<u>(2,126,669)</u>
	<u>104,531</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	(707,974)
Loans	<u>394,783</u>
	<u>(313,191)</u>
Long-term debt proceeds provide current financial resources to governmental funds but issuing debt increase long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal paid on general obligation bonds	1,095,000
Principal paid on notes	106,750
Principal paid on financed purchases	<u>243,420</u>
	<u>1,445,170</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	6,046
Retirement incentives and other pension liabilities	97,612
Compensated absences	(202,122)
Changes in pension liabilities and related deferred outflows and inflows of resources	819,670
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(2,016,060)
Amortization of premium and loss on refunding	<u>27,616</u>
	<u>(1,267,238)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 528,747</u></u>

The notes to financial statements are an integral part of this statement.

City of Port Jervis, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
General and Water Funds
Year Ended December 31, 2022

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 6,821,509	\$ 6,782,168	\$ 7,098,970	\$ 316,802
Other tax items	266,330	442,031	442,031	-
Non-property taxes	5,221,084	5,106,358	5,106,358	-
Departmental income	896,374	1,215,217	1,225,856	10,639
Intergovernmental charges	80,784	56,347	56,347	-
Use of money and property	42,250	70,151	70,150	(1)
Licenses and permits	199,500	127,179	127,179	-
Fines and forfeitures	90,000	80,525	80,525	-
Sale of property and compensation for loss	20,000	194,182	194,182	-
State aid	1,566,450	1,822,645	1,822,645	-
Federal aid	54,500	100,256	320,114	219,858
Miscellaneous	-	3,030	31,957	28,927
Total Revenues	15,258,781	16,000,089	16,576,314	576,225
EXPENDITURES				
Current				
General government support	2,037,308	2,640,161	1,687,658	952,503
Public safety	4,943,021	5,369,358	5,411,305	(41,947)
Health	4,000	66	66	-
Transportation	797,688	866,342	855,467	10,875
Economic opportunity and development	51,000	50,901	50,901	-
Culture and recreation	393,314	427,758	427,758	-
Home and community services	784,920	772,970	772,970	-
Employee benefits	4,947,298	4,619,955	4,626,639	(6,684)
Debt service				
Principal	985,570	1,015,248	1,015,248	-
Interest	395,829	416,937	416,937	-
Total Expenditures	15,339,948	16,179,696	15,264,949	914,747
Excess (Deficiency) of Revenues Over Expenditures	(81,167)	(179,607)	1,311,365	1,490,972
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	80,000	135,938	135,938	-
Transfers out	-	-	(1,208,267)	(1,208,267)
Total Other Financing Sources (Uses)	80,000	135,938	(1,072,329)	(1,208,267)
Net Change in Fund Balances	(1,167)	(43,669)	239,036	282,705
FUND BALANCES				
Beginning of Year, as Reported	1,167	43,669	3,039,749	2,996,080
Prior Period Adjustment	-	-	-	-
Beginning of Year, as Restated	1,167	43,669	3,039,749	2,996,080
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,278,785</u>	<u>\$ 3,278,785</u>

The notes to financial statements are an integral part of this statement.

Water Fund

Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
2,475,000	2,493,959	2,495,627	1,668
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	3,533	5,046	1,513
<u>2,475,000</u>	<u>2,497,492</u>	<u>2,500,673</u>	<u>3,181</u>
20,000	134,029	131,928	2,101
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,101,982	1,100,657	1,093,086	7,571
554,425	729,264	730,517	(1,253)
639,317	418,757	418,757	-
148,209	111,218	111,218	-
<u>2,463,933</u>	<u>2,493,925</u>	<u>2,485,506</u>	<u>8,419</u>
<u>11,067</u>	<u>3,567</u>	<u>15,167</u>	<u>11,600</u>
-	-	-	-
-	-	(30,378)	(30,378)
-	-	(30,378)	(30,378)
<u>11,067</u>	<u>3,567</u>	<u>(15,211)</u>	<u>(18,778)</u>
(11,067)	(3,567)	1,727,068	1,730,635
-	-	(459,856)	(459,856)
<u>(11,067)</u>	<u>(3,567)</u>	<u>1,267,212</u>	<u>1,270,779</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,252,001</u>	<u>\$ 1,252,001</u>

City of Port Jervis, New York

Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2022

	<u>Custodial Fund</u>
ASSETS	
Cash and equivalents	\$ 56,167
Real property taxes receivable for other governments	<u>696,431</u>
Total Assets	<u>\$ 752,598</u>
LIABILITIES	
Due to other governments	<u>\$ 752,598</u>

The notes to financial statements are an integral part of this statement.

City of Port Jervis, New York

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended December 31, 2022

	<u>Custodial Fund</u>
ADDITIONS	
Real property taxes collected for other governments	\$ 1,642,418
DEDUCTIONS	
Payments of real property taxes to other governments	<u>1,642,418</u>
Net Change in Fiduciary Net Position	-
NET POSITION	
Beginning of Year	<u>-</u>
End of Year	<u><u>\$ -</u></u>

The notes to financial statements are an integral part of this statement.

City of Port Jervis, New York

Notes to Financial Statements
December 31, 2022

Note 1 - Summary of Significant Accounting Policies

The City of Port Jervis, New York ("City") was incorporated in 1907 and operates in accordance with its Charter and the various applicable laws of the State of New York. The City functions under a City Council/Mayor form of government. The City Council serves as the legislative body responsible for overall operation. The Mayor serves as the chief executive officer and the City Treasurer serves as the chief financial officer. The City provides the following services to its residents; public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below:

A. Financial Reporting Entity

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

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the City's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, the following component unit is included in the City's reporting entity because of its operational relationship with the City.

The Port Jervis Industrial Development Agency ("Agency") is a public benefit corporation created by State legislation to promote the economic welfare, recreation opportunities and prosperity of the City's inhabitants. Agency Board members are appointed by the City Council of the City and have complete responsibility for management of the Agency and accountability for fiscal matters. The City is not liable for Agency bonds or notes. The governing board of the Agency serves at the pleasure of the City Council and, therefore, the primary government is considered able to impose its will on the Agency. Since the Agency does not provide services entirely or almost entirely to the City, the financial statements of the Agency have been reflected as a discretely presented component unit.

Complete financial statements of the component unit can be obtained from its administrative office at the address indicated below.

Port Jervis Industrial Development Agency
20 Hammond Street
Port Jervis, New York 12771

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. The primary government is reported separately from the legally separate component unit.

The Statement of Net Position presents the financial position of the City at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The City does not allocate indirect expenses to functions in the Statement of Activities.

While separate government-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/ net position, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The City maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The City's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the City's major governmental funds:

General Fund - The General Fund constitutes the primary operating fund of the City and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue funds of the City are as follows:

Water Fund - The Water Fund is used to record the water utility operations of the City, which render services on a user charge basis to the general public. The major revenue of this fund is departmental income.

Small Cities Fund – The Small Cities Fund is used to account for projects financed by entitlements from the U.S. Department of Housing and Urban Development. The major revenue of this fund is the repayment of loans that originated from Federal Aid.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

The City also reports the following non-major governmental funds.

Special Revenue Funds:

Section 8 Housing Fund - The Section 8 Housing Fund is used to account for resources received and used for housing assistance payment purposes. The major revenue of this fund is Federal aid.

Sewer Fund – The Sewer Fund is used to record the sewer operations of the City. The major revenue of this fund is departmental income.

Debt Service Fund - The Debt Service Fund is used to account for and report the financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

- b. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the City on behalf of others. The Custodial Fund is used to account for real property taxes collected for other governments.

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the Fiduciary Fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to retirement incentives and other pension liabilities, compensated absences, net pension liability, and other postemployment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Component Unit

The component unit is presented on the basis of accounting that most accurately reflects its activities. The Agency is accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

The City's deposits and investment policies are governed by State statutes. The City 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. The City 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 City has entered into custodial agreements with the various banks which hold their deposits. 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.

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 City 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 City 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 City 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 City's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosure – 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 City's name. The City's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2022.

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 City does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

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 City's investment policy limits the amount on deposit at each of its banking institutions.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The City collects City, County and school district taxes. City taxes are payable in two installments, with the first installment payable until April 30th and the second installment due by June 30th. County taxes are due January 1st and are payable without penalty until January 31st. School district taxes for the period July 1st through June 30th are collected by the City School District through November 1st at which time the City assumes the responsibility for the collection of the taxes. The City guarantees the full payment of the school district tax levy in November of the following year. The City also has the responsibility for conducting in-rem foreclosure proceedings.

The City functions in both a fiduciary and guarantor relationship with the County of Orange and the City School District with respect to the collection and payment of real property taxes levied by such jurisdictions. County taxes are payable in accordance with the tax calendar disclosed above. School district taxes are levied on July 1st and are due on September 1st, payable without penalty until September 30th. The City remits to the respective jurisdictions all taxes as collected. County taxes which are uncollected at September 30th are funded by tax anticipation notes. The proceeds from the notes are used to satisfy the City's obligation to the County. In January, the amount of the tax anticipation note is added to the County's tax levy. The City, during the subsequent County collection period, retains sufficient amounts to redeem the tax anticipation note. With respect to school district taxes, the City is required to satisfy the warrant in November of the next succeeding year. Thus, the City retains a fiduciary relationship with the City School District for fourteen months, at which time the City must satisfy the warrant. The collection of school district taxes is deemed a financing transaction until the warrant is satisfied. County and school districts taxes collected prior to the satisfaction of the respective warrants are considered a fiduciary activity under the provisions of GASB Statement No. 84, "*Fiduciary Activities*", and therefore have been accounted for within the Custodial Fund.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the City. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the City has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2022, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Loans Receivable - Loans receivable consist of residential and commercial loans made by the City through the Community Development Program. The loans have various interest rates and maturities.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the

Note 1 - Summary of Significant Accounting Policies (Continued)

government wide and fund financial statements. Prepaid expenses/expenditures consist of costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and/or will benefit such periods. Reported amounts in the fund financial statements are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Inventories – There are no inventory values presented in the balance sheets of the respective funds of the City. Purchases of inventoriable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

Capital Assets - Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure of the City are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Land Improvements	20
Buildings and Improvements	20-50
Machinery and Equipment	5-20
Infrastructure	15-40

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

Note 1 - Summary of Significant Accounting Policies (Continued)

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City has reported unearned revenues of \$467,689 in American Rescue Plan Act funds received in advance in the General Fund and \$865,505 of unspent state aid in the Capital Projects Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The City reported deferred inflows of resources of \$504,366 for real property taxes not expected to be collected within the first sixty days of the subsequent fiscal year in the General Fund and \$557,072 for long-term receivables in the Small Cities Fund. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City reported deferred amounts on refunding bonds resulting from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is being deferred and amortized over the shorter of the life of the refunded or refunding debt.

The City also reported deferred outflows of resources and deferred inflows of resources in relation to its pension and other postemployment benefit liabilities. These amounts are detailed in the discussion of the City's pension and other postemployment benefit liabilities in Note 3F.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects or Debt Service funds expenditures.

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability (Asset) - The net pension liability (asset) represents the City's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68.*"

Other Postemployment Benefit Liability ("OPEB") - In addition to providing pension benefits, the City provides health care benefits for certain retired employees and their survivors. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*".

Net Position - 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 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 City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the City includes restricted for capital projects, debt service, Section 8 housing and small cities.

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.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Note 1 - Summary of Significant Accounting Policies (Continued)

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The City Council is the highest level of decision making authority for the City that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the City Council.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the City Council for amounts assigned for balancing the subsequent year's budget or the City Treasurer for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported as unassigned.

In order to calculate the amounts to report as restricted and unrestricted fund balance in governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: committed, assigned, and unassigned.

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, Water and Sewer funds. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. 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, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. 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 22, 2023.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The City generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) Prior to October 1st, the head of each administrative unit shall submit to the budget officer an estimate of expenditures for such administrative unit for the ensuing year.
- b) The budget officer, upon completion of the review of the estimates, shall prepare a tentative budget and file such budget in the office of the Mayor on or before October 15th.
- c) The Mayor shall review the tentative budget and may make such changes, alterations and revisions as are considered advisable and which are consistent with law. Upon completion of such review, the tentative budget and any modifications as approved by the Mayor shall become the preliminary budget.
- d) On or before November 15th, the Mayor shall present to the City Council a preliminary budget.
- e) On or before November 30th, a public hearing shall be held on the preliminary budget.

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2022

Note 2 - Stewardship, Compliance and Accountability (Continued)

- f) After the public hearing, the City Council may further change, alter and revise the preliminary budget subject to provisions of the law.
- g) The preliminary budget as submitted or amended shall be adopted by resolution not later than December 31st.
- h) Formal budgetary integration is employed during the year as a management control device for General, Water and Sewer funds.
- g) Budgets for General, Water and Sewer funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. Annual budgets are not adopted for the Section 8 Housing Assistance Payment Program and Small Cities since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.
- h) The City Council has established legal control of the budget at the function level of expenditures. All transfers between appropriation accounts, at the function level, require approval by the City Council. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the City Council.
- i) Appropriations in General, Water and Sewer funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the City Council.

B. Property Tax Limitations

The amount that may be raised by the City for real property taxes in any fiscal year for purposes other than for debt service on City indebtedness, is limited by the Constitution of the State of New York, to two percent of the five year average full valuation of taxable real estate located within the City. For 2022, the maximum amount which could have been raised was \$8,728,096, which exceeded the levy by \$1,986,287.

In addition to this constitutional tax limitation, Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes a local government may levy. The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof. The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the City to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2022

Note 2 - Stewardship, Compliance and Accountability (Continued)

six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor with the result expressed as a decimal to four places. The City is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the City, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the City. The City Council may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the City Council first enacts, by a vote of at least sixty percent of the total voting power of the City Council, a local law to override such limit for such coming fiscal year.

C. Prior Period Adjustments

Beginning fund balance of the City as of December 31, 2021 was restated for a prior period adjustment decreasing fund balance and net position by the amounts enumerated below. There were monies received in advance in the Water and Capital Projects funds that were recorded as revenue instead of unearned revenue. There was also amounts incorrectly recorded in the Debt Service Fund that should have been recorded in the Capital Projects Fund. Lastly, there was compensated absences reported within the funds of Section 8 Housing Assistance Payment Program and Small Cities funds that should have been reported only in the governmental activities.

Beginning net position as of December 31, 2021 was restated for a prior period adjustment decreasing net position by \$168,656. Capital assets and retirement incentives and other pension liabilities were not properly stated based on the analysis of the supporting documentation. Further, accrued interest payable on the general obligation bonds payable was not reported in the prior period.

The composition of the prior period adjustments were as follows:

	Governmental Activities	Water Fund	Small Cities	Capital Projects Fund	Non-Major Governmental Funds	
					Section 8 Housing Assistance Payment Program	Debt Service
Unearned revenues	\$ (679,134)	\$ (459,856)	\$ -	\$ (158,066)	\$ -	\$ -
Premium revenue	-	-	-	13,493	-	(13,493)
Compensated absences	4,107	-	30,133	-	2,364	-
Capital assets	59,251	-	-	-	-	-
Retirement incentives and other pension liabilities	(81,148)	-	-	-	-	-
Accrued interest	(146,759)	-	-	-	-	-
	<u>\$ (843,683)</u>	<u>\$ (459,856)</u>	<u>\$ 30,133</u>	<u>\$ (144,573)</u>	<u>\$ 2,364</u>	<u>\$ (13,493)</u>

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2022

Note 2 - Stewardship, Compliance and Accountability (Continued)

D. Expenditures in Excess of Budget

The following functional expenditure categories exceed their budgetary authorization by the amounts indicated:

	<u>Amount</u>
General Fund	
General Government Support	
City Manager	\$ 902
Building Maintenance	7,682
Special items	
Unallocated insurance	35,346
Public Safety	
Fire Department	13,731
Civil defense	28,218
Employee Benefits	
Workers' compensation benefits	6,684
Transfers out	
Capital Projects Fund	1,208,267
Water Fund	
Employee Benefits	1,253
Transfers out	30,378
Sewer Fund	
Employee Benefits	418
Transfers out	422,630

E. New Accounting Pronouncement

GASB Statement No. 87, "Leases", established a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. This statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset and a lessor to recognize a lease receivable and a deferred inflow of resources. The requirements of GASB Statement No. 87 are effective for the City's fiscal year ended December 31, 2022. The City has completed its evaluation of the financial impact of GASB Statement No. 87 and determined that the implementation of this standard was not required as it did not have a material impact on its financial statements.

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2022

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at December 31, 2022 consisted of the following:

City taxes - current	\$	253,875
Overdue taxes		57,414
Tax Liens		525,588
Property acquired for taxes		<u>455,662</u>
		1,292,539
Allowance for Uncollectible Taxes		<u>(701,307)</u>
	\$	<u>591,232</u>

Taxes in the fund financial statements are also partially offset by deferred tax revenues of \$504,366, which represents an estimate of the taxes that will not be collected within the first sixty days of the subsequent year.

B. Loans Receivable

Loans receivable of \$557,072 reported in the Small Cities Fund as of December 31, 2022 represent various loans issued to qualifying recipients under the Federal Home Investment Partnership Program and Commercial Loan Program. The repayment terms and interest rates of each loan vary.

In the Small Cities Fund, the above amount has been reflected as deferred inflows of resources since the amount applied to a future period and so will not be recognized as an inflow of resources until that time.

C. Due From/To Other Funds

The composition of due from/to other funds at December 31, 2022 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ -	\$ 1,952,510
Water	105,025	-
Small Cities	51,906	-
Capital Projects	2,264,505	-
Non-Major Governmental	-	<u>468,926</u>
	<u>\$ 2,421,436</u>	<u>\$ 2,421,436</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2022

Note 3 - Detailed Notes on All Funds (Continued)

D. Capital Assets

Changes in the City's capital assets are as follows:

Class	Balance, as Reported January 1, 2022	Prior Period Adjustment	Balance, as Restated January 1, 2022	Additions	Deletions	Balance December 31, 2022
Capital Assets, not being depreciated:						
Land	\$ 781,035	\$ -	\$ 781,035	\$ 33,000	\$ 48,684	\$ 765,351
Construction-in-progress	223,526	-	223,526	-	-	223,526
Total Capital Assets, Not Being Depreciated	\$ 1,004,561	\$ -	\$ 1,004,561	\$ 33,000	\$ 48,684	\$ 988,877
Capital Assets, being depreciated:						
Land improvements	\$ 4,825,887	\$ -	\$ 4,825,887	\$ 47,890	\$ -	\$ 4,873,777
Buildings and improvements	12,409,198	-	12,409,198	-	-	12,409,198
Machinery and equipment	14,394,972	399,468	14,794,440	405,530	-	15,199,970
Infrastructure	66,828,163	-	66,828,163	1,793,464	-	68,621,627
Total Capital Assets, Being Depreciated	98,458,220	399,468	98,857,688	2,246,884	-	101,104,572
Less Accumulated Depreciation for:						
Land improvements	2,518,223	-	2,518,223	269,020	-	2,787,243
Buildings and improvements	6,119,230	-	6,119,230	209,996	-	6,329,226
Machinery and equipment	9,705,771	665,185	10,370,956	603,526	-	10,974,482
Infrastructure	26,273,242	(319,628)	25,953,614	1,044,127	-	26,997,741
Total Accumulated Depreciation	44,616,466	345,557	44,962,023	2,126,669	-	47,088,692
Total Capital Assets, Being Depreciated, Net	\$ 53,841,754	\$ 53,911	\$ 53,895,665	\$ 120,215	\$ -	\$ 54,015,880
Capital Assets, Net	\$ 54,846,315	\$ 53,911	\$ 54,900,226	\$ 153,215	\$ 48,684	\$ 55,004,757

Depreciation expense was charged to City functions and programs as follows:

General Government Support	\$ 144,966
Public Safety	297,194
Transportation	885,659
Economic opportunity and development	408
Culture and Recreation	144,800
Home and Community Services	653,642
Total Depreciation Expense	\$ 2,126,669

E. Short-Term Non-Capital Borrowings

The schedule below details the changes in short-term non-capital borrowings. This borrowing consisted of a note issued in anticipation of collection of real property taxes and certain other revenues.

Purpose	Year of Original Issue	Maturity Date	Rate of Interest	Balance January 1, 2022	New Issues	Redemptions	Balance December 31, 2022
Tax Anticipation Note	2021	03/01/22	2.00 %	\$ 76,777	\$ -	\$ 76,777	\$ -

Interest expense of \$383 was recorded in the government-wide financial statements.

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2022

Note 3 - Detailed Notes on All Funds (Continued)

F. Long-Term Liabilities

The following table summarizes changes in the City's long-term liabilities for the year ended December 31, 2022:

	Balance as Reported January 1, 2022	Prior Period Adjustment	Balance as Restated January 1, 2022	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2022	Due Within One Year
Governmental Activities:							
General Obligation Bonds Payable Plus Unamortized Premium on Bonds	\$ 16,592,000	\$ -	\$ 16,592,000	\$ -	\$ 1,095,000	\$ 15,497,000	\$ 1,148,000
	1,097,106	-	1,097,106	-	41,565	1,055,541	-
	<u>17,689,106</u>	<u>-</u>	<u>17,689,106</u>	<u>-</u>	<u>1,136,565</u>	<u>16,552,541</u>	<u>1,148,000</u>
Notes Payable	106,750	-	106,750	-	106,750	-	-
Capital Leases Payable	1,526,200	-	1,526,200	-	243,420	1,282,780	196,395
Other Non-Current Liabilities:							
Retirement Incentives and Other Pension Liabilities	63,950	81,148	145,098	-	97,612	47,486	23,375
Compensated Absences	1,617,639	-	1,617,639	202,122	-	1,819,761	182,000
Net Pension Liability - ERS	10,635	-	10,635	-	10,635	-	-
Net Pension Liability - PFRS	1,473,268	-	1,473,268	-	975,296	497,972	-
Other Postemployment Benefit Liability	63,583,885	-	63,583,885	-	13,673,969	49,909,916	-
Total Other Non- Current Liabilities	<u>66,749,377</u>	<u>81,148</u>	<u>66,830,525</u>	<u>202,122</u>	<u>14,757,512</u>	<u>52,275,135</u>	<u>205,375</u>
Governmental Activities Long-Term Liabilities	<u>\$ 86,071,433</u>	<u>\$ 81,148</u>	<u>\$ 86,152,581</u>	<u>\$ 202,122</u>	<u>\$ 16,244,247</u>	<u>\$ 70,110,456</u>	<u>\$ 1,549,770</u>

Each governmental fund's liability for bonds, notes, capital leases, retirement incentives and other pension liabilities, compensated absences, net pension liability and other postemployment benefit liability is liquidated by the General, Water and Sewer funds.

General Obligation Bonds Payable

General obligation bonds payable at December 31, 2022 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at December 31, 2022
Refunding Serial Bonds	2005	\$ 2,895,000	March, 2024	4.10 %	\$ 490,000
Various Purposes Serial Bonds	2009	1,408,320	September, 2024	4.20-4.30	255,000
Statutory Installment Bond 2016A - Filtration Facility	2016	3,620,000	June, 2054	1.375	3,050,000
Statutory Installment Bond 2016B - Filtration Facility	2016	500,000	June, 2054	1.375	422,000
Various Purposes Serial Bonds	2017	4,694,285	September, 2035	2.50-3.00	3,595,000
Various Purposes Serial Bonds	2021	6,080,000	October, 2036	2.00-5.00	5,785,000
Refunding Serial Bonds	2021	2,035,000	September, 2033	2.00-5.00	1,900,000
					<u>\$ 15,497,000</u>

Interest expenditures of \$365,087, \$110,194 and \$2,783 were recorded in the fund financial statements in the General, Water and Sewer funds, respectively. Interest expense of \$444,402 was recorded in the government-wide financial statements.

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2022

Note 3 - Detailed Notes on All Funds (Continued)

Notes Payable

During 2021, the City entered into an agreement to finance various capital improvements and the acquisition of equipment. The terms of the agreement provided for the repayment of the principal amount of \$173,500, with average installments of \$56,750, including interest, with maturity in 2022. The notes were paid off in full during the year ended December 31, 2022.

Interest expenditures/expenses of \$2,119 were recorded in the General Fund financial statements and the government-wide financial statements.

Financed Purchases Payable

During 2011 fiscal year, the City entered into a \$866,751 financed purchases payable agreement to acquire energy equipment for the City. The agreement provides for semi-annual payments of \$37,655, including interest at 3.10% through September 2026. The balance due at December 31, 2022 was \$281,273.

During the 2015 fiscal year, the City entered into a \$180,528 financed purchases payable agreement to acquire a case wheel loader for the City. The agreement provides for annual payments of \$25,790, including interest at 6.11% through December 2022. The balance due at December 31, 2022 was \$25,790.

During the 2017 fiscal year, the City entered into a \$258,000 financed purchases payable agreement to acquire several vehicles for the City. The agreement provides for annual payments of \$56,440, including interest at 3.023% through August 2022. The capital lease was fully paid off in full during the year ended December 31, 2022.

During the 2020 fiscal year, the City entered into a \$405,211 financed purchases payable agreement to acquire several vehicles for the City. The agreement provides for annual payments of \$88,379, including interest at 2.92% through July 2025. The balance due at December 31, 2022 was \$249,931.

During the 2021 fiscal year, the City entered into a \$732,431 financed purchases payable agreement to acquire energy savings equipment for the City. The agreement provides for quarterly payments of amounts ranging from \$10,200 to \$16,050, including interest at 2.6042% through March 2040. The balance due at December 31, 2022 was \$725,786

Interest expenditures/expense of \$23,558, \$1,024 and \$1,061 were recorded in the fund financial statements and the government-wide financial statements in the General Fund, Water Fund, and Sewer Fund, respectively.

Payments to Maturity

The annual requirements to amortize all bonds and notes outstanding as of December 31, 2022 including interest payments of \$3,661,723 are as follows:

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2022

Note 3 - Detailed Notes on All Funds (Continued)

Year Ending December 31,	General Obligation Bonds		Financed Purchases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,148,000	\$ 452,145	\$ 196,395	\$ 34,185	\$ 1,344,395	\$ 486,330
2024	1,188,000	407,604	176,064	29,128	1,364,064	436,732
2025	838,000	366,501	184,515	23,889	1,022,515	390,390
2026	868,000	334,845	104,506	18,405	972,506	353,250
2027	903,000	301,796	32,736	15,864	935,736	317,660
2028-2032	5,045,000	982,090	195,345	65,155	5,240,345	1,047,245
2033-2037	3,655,000	326,104	255,425	36,126	3,910,425	362,230
2038-2042	540,000	127,594	137,794	4,557	677,794	132,151
2043-2047	543,000	87,155	-	-	543,000	87,155
2048-2052	549,000	43,848	-	-	549,000	43,848
2053-2054	220,000	4,732	-	-	220,000	4,732
	<u>\$ 15,497,000</u>	<u>\$ 3,434,414</u>	<u>\$ 1,282,780</u>	<u>\$ 227,309</u>	<u>\$ 16,779,780</u>	<u>\$ 3,661,723</u>

The above general obligation bonds and capital leases are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the City.

Legal Debt Margin

The City is subject to legal limitations on the amount of debt that it may issue. The City legal debt margin is 10% of the most recent full valuation of taxable real property.

Retirement Incentives and Other Pension Liabilities

The State Legislature enacted Chapter 57 of the Laws of 2010. This chapter authorized local governments, at their option, to amortize a portion of their respective New York State and Local Employees' Retirement System ("ERS") and New York State and Local Police and Fire Retirement System ("PFRS") contributions beginning in 2010. The maximum amortization amount each year going forward will be determined by the difference between each employer's effective contribution rate as compared to the System's overall graded rate. The amortized amounts are to be paid in equal annual installments over a ten year period, although amounts may be prepaid at any time. Interest will be charged at rates which approximate a market rate of return on taxable fixed rate securities of a comparable duration and will be adjusted annually. The City has elected to amortize the maximum allowable ERS and PFRS contributions in each fiscal year beginning in 2012 through 2015.

	Original Amount Amortized	Current Year Payments	Balance Due	Due Within One Year
2015 ERS	\$ 188,442	\$ 64,763	\$ -	\$ -
2015 PFRS	210,538	24,871	47,486	23,375
2016 ERS	27,761	12,557	-	-
	<u>\$ 426,741</u>	<u>\$ 102,191</u>	<u>\$ 47,486</u>	<u>\$ 23,375</u>

The current year payments, including interest, were charged to retirement expenditures in the General Fund.

Note 3 - Detailed Notes on All Funds (Continued)

Compensated Absences

In accordance with existing collective bargaining agreements, all employees are entitled to accumulate a maximum of one hundred eighty days of sick leave. Upon retirement, death or permanent disability, employees will be compensated for accumulated leave at current pay rates. Employees will be compensated for vacation leave earned the year of retirement. The City's liability for accumulated sick and vacation leave has been reflected in the government-wide financial statements.

Pension Plans

New York State and Local Employees' Retirement System

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 the New York State and Local Retirement System ("System"). These are cost-sharing, multiple-employer defined benefit pension plans. 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 ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The City also participates in the Public Employees' Group Life Insurance Plan, 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/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2022 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	4 A15	18.2%
	5 A15	15.2
	6 A15 41J100	10.6
	6 A15 41J165	10.7

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2022

Note 3 - Detailed Notes on All Funds (Continued)

	<u>Tier/Plan</u>	<u>Rate</u>
PFRS	2 384D	30.4%
	5 384D	28.9
	6 384D	19.8

At December 31, 2022, the City reported the following for its proportionate share of the net pension liability (asset) for ERS and PFRS:

	<u>ERS</u>	<u>PFRS</u>
Measurement date	March 31, 2022	March 31, 2022
Net pension liability (asset)	\$ (970,376)	\$ 497,972
City's proportion of the net pension liability (asset)	0.0118706%	0.0876642%
Change in proportion since the prior measurement date	0.0011901%	0.0028120%

The net pension liability (asset) was measured as of March 31, 2022 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability (asset) was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members.

For the year ended December 31, 2022, the City recognized its proportionate share of pension expense in the government-wide financial statements of \$423,981 ((\$9,684) for ERS and \$433,665 for PFRS). Pension expenditures of \$420,661 for ERS and \$822,990 for PFRS were recorded in the fund financial statements and were charged to the following funds:

<u>Fund</u>	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
General	\$ 297,371	\$ 822,990	\$ 1,120,361
Water	81,152	-	81,152
Sewer	39,191	-	39,191
Section 8 Housing	2,947	-	2,947
Total	<u>\$ 420,661</u>	<u>\$ 822,990</u>	<u>\$ 1,243,651</u>

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2022

Note 3 - Detailed Notes on All Funds (Continued)

At December 31, 2022, the City reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		PFRS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 73,488	\$ 95,318	\$ 268,460	\$ -	\$ 341,948	\$ 95,318
Changes of assumptions	1,619,449	27,326	2,980,469	-	4,599,918	27,326
Net difference between projected and actual earnings on pension plan investments	-	3,177,575	-	4,184,264	-	7,361,839
Changes in proportion and differences between City contributions and proportionate share of contributions	100,041	45,949	75,099	173,667	175,140	219,616
City contributions subsequent to the measurement date	359,521	-	627,061	-	986,582	-
	<u>\$ 2,152,499</u>	<u>\$ 3,346,168</u>	<u>\$ 3,951,089</u>	<u>\$ 4,357,931</u>	<u>\$ 6,103,588</u>	<u>\$ 7,704,099</u>

\$359,521 and \$627,061 reported as deferred outflows of resources related to ERS and PFRS, respectively, resulting from the City's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended March 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and PFRS will be recognized in pension expense as follows:

Year Ended		
March 31,	ERS	PFRS
2023	\$ (236,296)	\$ (225,370)
2024	(344,686)	(358,031)
2025	(814,596)	(1,001,349)
2026	(157,612)	545,119
2027	-	5,728
	<u>\$ (1,553,190)</u>	<u>\$ (1,033,903)</u>

The total pension liability for the ERS and PFRS measurement date was determined by using an actuarial valuation date as noted below, with update procedures used to roll forward the total pension liabilities to that measurement date. Significant actuarial assumptions used in the valuation were as follows:

	ERS	PFRS
Measurement date	March 31, 2022	March 31, 2022
Actuarial valuation date	April 1, 2021	April 1, 2021
Investment rate of return	5.9% *	5.9% *
Salary scale	4.4%	6.2%
Inflation rate	2.7%	2.7%
Cost of living adjustments	1.4%	1.4%

*Compounded annually, net of pension plan investment expenses, including inflation.

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2022

Note 3 - Detailed Notes on All Funds (Continued)

Annuitant mortality rates are based on the System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table.

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	32 %	3.30 %
International Equity	15	5.85
Private Equity	10	6.50
Real Estate	9	5.00
Opportunistic/ARS Portfolio	3	4.10
Credit	4	3.78
Real Assets	3	5.80
Fixed Income	23	0.00
Cash	<u>1</u>	(1.00)
	<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.7%

The discount rate used to calculate the total pension liability was 5.9%. 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 determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9%) or 1 percentage point higher (6.9%) than the current rate:

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2022

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
City's proportionate share of the ERS net pension liability (asset)	\$ 2,497,738	\$ (970,376)	\$ (3,871,286)
City's proportionate share of the PFRS net pension liability (asset)	\$ 5,539,168	\$ 497,972	\$ (3,674,800)

The components of the collective net pension liability (asset) as of the March 31, 2022 measurement date were as follows:

	ERS	PFRS	Total
Total pension liability	\$ 223,874,888,000	\$ 42,237,292,000	\$ 266,112,180,000
Fiduciary net position	232,049,473,000	41,669,250,000	273,718,723,000
Employers' net pension liability (asset)	\$ (8,174,585,000)	\$ 568,042,000	\$ (7,606,543,000)
Fiduciary net position as a percentage of total pension liability	103.65%	98.66%	102.86%

Employer contributions to ERS and PFRS are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Retirement contributions as of December 31, 2022 represent the employer contribution for the period of April 1, 2022 through December 31, 2022 based on prior year ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS and PFRS for the nine months ended December 31, 2022 were \$359,521 and \$627,061, respectively.

Voluntary Defined Contribution Plan

The City can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the City will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Other Postemployment Benefit Liability ("OPEB")

In addition to providing pension benefits, the City provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the City may vary according to length of service. The cost of providing Postemployment health care benefits is shared between the City and the retired employee as noted below. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2022

Note 3 - Detailed Notes on All Funds (Continued)

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	59
Active employees	<u>78</u>
	<u><u>137</u></u>

The City's total OPEB liability of \$49,909,916 was measured as of December 31, 2022, and was determined by an actuarial valuation as of January 1, 2021.

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50%
Discount rate	3.72%
Healthcare cost trend rates	6.0% for 2023, decreasing by up to .5% per year to an ultimate rate of 5.0% for 2025
Retirees' share of benefit-related costs	Varies from 0% to 100%, depending on applicable retirement year and bargaining unit

The discount rate was based on the Bond Buyer's 20-year Bond Index.

Mortality rates were based on unisex pre-retirement mortality rates and the post-retirement mortality rates for healthy participants using projection scale MP-2021.

The City's change in the total OPEB liability for the year ended December 31, 2022 is as follows:

Total OPEB Liability - Beginning of Year	\$ 63,583,885
Service cost	2,477,120
Interest	1,347,423
Changes in assumptions or other inputs	(16,187,520)
Benefit payments	<u>(1,310,992)</u>
Total OPEB Liability - End of Year	<u><u>\$ 49,909,916</u></u>

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 a discount rate that is 1 percentage point lower (2.72%) or 1 percentage point higher (4.72%) than the current discount rate:

	1% Decrease (2.72%)	Current Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB Liability	<u>\$ 57,757,914</u>	<u>\$ 49,909,916</u>	<u>\$ 43,932,120</u>

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2022

Note 3 - Detailed Notes on All Funds (Continued)

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 (5.5% decreasing to 4.0%) or 1 percentage point higher (7.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (5.5% decreasing to 4.0%)	Current Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Total OPEB Liability	<u>\$ 41,465,389</u>	<u>\$ 49,909,916</u>	<u>\$ 61,001,826</u>

For the year ended December 31, 2022, the City recognized OPEB expense of \$3,327,052 in the government-wide financial statements. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ 7,327,024	\$ 16,295,156
Differences between expected and actual experience	<u>6,348,093</u>	<u>1,432,372</u>
	<u>\$ 13,675,117</u>	<u>\$ 17,727,528</u>

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

<u>Year Ended December 31,</u>	
2023	\$ (497,491)
2024	(497,491)
2025	(497,491)
2026	(146,276)
2027	51,281
Thereafter	<u>(2,464,943)</u>
	<u>\$ (4,052,411)</u>

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2022

Note 3 - Detailed Notes on All Funds (Continued)

G. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

<u>Transfers Out</u>	<u>Transfers In</u> Capital Projects Fund
General Fund	\$ 1,208,267
Water Fund	30,378
Non-Major Governmental Funds	<u>422,630</u>
	<u>\$ 1,661,275</u>

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for the Capital Projects Fund expenditures.

H. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund with constraints placed on their use by Local Finance Law.

Restricted for Section 8 Housing - the component of net position that reports the difference between assets and liabilities for the Section 8 Housing Assistance Payment Program Fund with constraints placed on their use by the United States Department of Housing and Urban Development.

Restricted for Small Cities - the component of net position that reports the difference between assets and liabilities of certain programs with constraints placed on their use by the United States Department of Housing and Urban Development.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2022

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balance

	General Fund	Water Fund	Small Cities	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable						
Prepaid expenditures	\$ 140,894	\$ 46,290	\$ -	\$ -	\$ 12,286	\$ 199,470
Restricted						
Capital projects	-	80,961	-	5,303,045	-	5,384,006
Compensated absences	-	111,271	-	-	-	111,271
Section 8 housing	-	-	-	-	486,045	486,045
Small cities	-	-	779,047	-	-	779,047
Debt service	190,815	-	-	-	-	190,815
Total Restricted	190,815	192,232	779,047	5,303,045	486,045	6,951,184
Assigned						
Major funds	-	1,013,479	-	-	-	1,013,479
Non-major funds						
Sewer	-	-	-	-	653,156	653,156
Total Assigned	-	1,013,479	-	-	653,156	1,666,635
Unassigned	2,947,076	-	-	-	-	2,947,076
Total Fund Balances	\$ 3,278,785	\$ 1,252,001	\$ 779,047	\$ 5,303,045	\$ 1,151,487	\$ 11,764,365

Certain elements of fund balance are described above. Those additional elements which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Prepaid Expenditures has been established to account for retirement, insurance and certain other payments made in advance. The amount is classified as nonspendable to indicate that funds are not “available” for appropriation or expenditure even though they are a component of current assets.

Restricted for compensated absences has been established pursuant to the General Municipal Law of the State of New York to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination or separation from service.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The City is a defendant in numerous pending tax certiorari proceedings, the results of which cannot be determined at this time. Any future refunds resulting from adverse settlements will be funded in the year in which the payments are made.

The City, in common with other municipalities, receives numerous notices of claims for money damages arising from false arrest, property damage or personal injury. Of the claims pending, none are expected to have a material effect on the City, if adversely settled.

City of Port Jervis, New York

Notes to Financial Statements (Concluded)
December 31, 2022

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

B. Risk Management

The City purchases various conventional liability insurance policies to provide against potential losses. The general liability policy provides coverage of \$1 million per occurrence and \$2 million in the aggregate. The police professional liability policy provides coverage of \$1 million per occurrence and the public officials and employee’s liability policy provides coverage with limits up to \$1 million. The City also maintains an excess liability policy with an additional \$10 million of coverage. Conventional health and workers compensation insurance for City employees is provided by various carriers. Settles claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Note 5 - Recently Issued GASB Pronouncements

GASB Statement No. 96, “*Subscription-Based Information Technology Arrangements*” provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (“SBITAs”) for government end users. This Statement defines a SBITA and establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding liability. The Statement also provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, as well as detailing the requirements for note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

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

Note 6 - Tax Abatements

The City has four real property tax abatement agreements entered into by the City of Port Jervis IDA (IDA) under Article 18-A of the real property tax law. These agreements provide for abatement of real estate property taxes in exchange for a payment in lieu of taxes (PILOT) in compliance with the IDA’s Uniform Tax Exemption Policy. In accordance with the policy, the IDA grants PILOTs in accordance with various activities such as new construction, purchasing of an existing facility, or the improvement or expansion of an existing facility. The IDA also has policies for recapture of PILOTs should the applicant not meet certain criteria. All policies are available from the IDA.

The following information relates to the PILOT agreements entered into under the agreements for the year ended December 31, 2022:

<u>Agreement</u>	<u>Taxable Assessed Value</u>	<u>City Tax Rate</u>	<u>City Tax Value</u>	<u>City PILOT Received</u>	<u>City Taxes Abated</u>
2008 The Skydyne Company	\$ 765,000	\$ 48.82660	\$ 37,352	\$ 13,492	\$ 23,860
2011 3312 Group, LLC	1,046,500	48.82660	51,097	48,259	2,838
2015 Waters Edge	3,650,900	48.82660	178,261	35,600	142,661
P J Housing Authority	<u>1,554,100</u>	48.82660	<u>75,882</u>	<u>33,068</u>	<u>42,814</u>
Total	<u>\$ 7,016,500</u>		<u>\$ 342,594</u>	<u>\$ 130,419</u>	<u>\$ 212,174</u>

City of Port Jervis, New York

Required Supplementary Information - Schedule of Changes in the
City's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years (1)(2)

	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service cost	\$ 2,477,120	\$ 2,373,244	\$ 1,718,521	\$ 1,225,623	\$ 1,749,536
Interest	1,347,423	1,318,312	1,227,122	1,448,350	1,459,138
Changes of benefit terms	-	1,030,152	-	381,825	-
Differences between expected and actual experience	-	8,071,557	-	(2,457,324)	-
Changes of assumptions or other inputs	(16,187,520)	1,215,853	5,207,386	4,822,967	(4,587,733)
Benefit payments	(1,310,992)	(1,204,295)	(875,955)	(814,107)	(780,473)
Net Change in Total OPEB Liability	(13,673,969)	12,804,823	7,277,074	4,607,334	(2,159,532)
Total OPEB Liability – Beginning of Year	63,583,885	50,779,062	43,501,988	38,894,654	41,054,186 (3)
Total OPEB Liability – End of Year	<u>\$ 49,909,916</u>	<u>\$ 63,583,885</u>	<u>\$ 50,779,062</u>	<u>\$ 43,501,988</u>	<u>\$ 38,894,654</u>
City's covered-employee payroll	<u>\$ 5,807,217</u>	<u>\$ 5,665,578</u>	<u>\$ 5,923,745</u>	<u>\$ 5,779,263</u>	<u>\$ 5,779,263</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>859.45%</u>	<u>1122.28%</u>	<u>857.21%</u>	<u>752.73%</u>	<u>673.00%</u>
Discount rate	<u>3.72%</u>	<u>2.06%</u>	<u>2.12%</u>	<u>2.74%</u>	<u>4.10%</u>

Notes to Schedule:

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

See independent auditors' report.

City of Port Jervis, New York

Required Supplementary Information
 New York State and Local Employees' Retirement System
 Last Ten Fiscal Years (1)

Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) (2)

	2022 (5)	2021 (5)	2020 (3)(4)	2019 (3)	2018 (3)	2017 (3)	2016 (3)	2015 (3)
City's proportion of the net pension liability (asset)	<u>0.0118706%</u>	<u>0.0106805%</u>	<u>0.0106217%</u>	<u>0.0105573%</u>	<u>0.0112142%</u>	<u>0.0108845%</u>	<u>0.0110030%</u>	<u>0.0110160%</u>
City's proportionate share of the net pension liability (asset)	<u>\$ (970,376)</u>	<u>\$ 10,635</u>	<u>\$ 2,813</u>	<u>\$ 748</u>	<u>\$ 362</u>	<u>\$ 1,023</u>	<u>\$ 1,766</u>	<u>\$ 372</u>
City's covered payroll	<u>\$ 2,509,913</u>	<u>\$ 3,430,645</u>	<u>\$ 3,136</u>	<u>\$ 3,073</u>	<u>\$ 3,031</u>	<u>\$ 3,047</u>	<u>\$ 2,946</u>	<u>\$ 2,754</u>
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>-38.66%</u>	<u>0.31%</u>	<u>89.70%</u>	<u>24.34%</u>	<u>11.94%</u>	<u>33.57%</u>	<u>59.95%</u>	<u>13.51%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>103.65%</u>	<u>99.95%</u>	<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>
Discount rate	<u>5.90%</u>	<u>5.90%</u>	<u>6.80%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.50%</u>

Schedule of Contributions

	2022	2021 (3)	2020 (3)	2019 (3)	2018 (3)	2017 (3)	2016 (3)	2015 (3)
Contractually required contribution	<u>\$ 479,361</u>	<u>\$ 551</u>	<u>\$ 467</u>	<u>\$ 466</u>	<u>\$ 473</u>	<u>\$ 468</u>	<u>\$ 463</u>	<u>\$ 569</u>
Contributions in relation to the contractually required contribution	<u>(479,361)</u>	<u>(551)</u>	<u>(467)</u>	<u>(466)</u>	<u>(473)</u>	<u>(468)</u>	<u>(463)</u>	<u>(569)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	<u>\$ 2,548,368</u>	<u>\$ 3,396</u>	<u>\$ 3,136</u>	<u>\$ 3,073</u>	<u>\$ 3,031</u>	<u>\$ 3,047</u>	<u>\$ 2,946</u>	<u>\$ 2,754</u>
Contributions as a percentage of covered payroll	<u>18.81%</u>	<u>16.22%</u>	<u>14.89%</u>	<u>15.16%</u>	<u>15.61%</u>	<u>15.36%</u>	<u>15.72%</u>	<u>20.66%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(3) Dollar amounts displayed in thousands.

(4) Increase in the City's proportionate share of the net pension liability (asset) mainly attributable to decrease in plan fiduciary net position due to investment losses.

(5) Decrease in the City's proportionate share of the net pension liability (asset) mainly attributable to increase in plan fiduciary net position due to investment gains.

See independent auditors' report.

City of Port Jervis, New York

Required Supplementary Information
 New York State and Local Police and Fire Retirement System
 Last Ten Fiscal Years (1)

Schedule of the City's Proportionate Share of the Net Pension Liability (2)

	2022 (5)	2021 (5)	2020 (3)(4)	2019 (3)	2018 (3)	2017 (3)	2016 (3)	2015 (3)
City's proportion of the net pension liability	<u>0.0876642%</u>	<u>0.0848522%</u>	<u>0.0841810%</u>	<u>0.0857294%</u>	<u>0.0816596%</u>	<u>0.0807322%</u>	<u>0.0808970%</u>	<u>0.0828524%</u>
City's proportionate share of the net pension liability	<u>\$ 497,972</u>	<u>\$ 1,473,268</u>	<u>\$ 4,499</u>	<u>\$ 1,438</u>	<u>\$ 825</u>	<u>\$ 1,673</u>	<u>\$ 2,395</u>	<u>\$ 228</u>
City's covered payroll	<u>\$ 3,263,823</u>	<u>\$ 3,339,986</u>	<u>\$ 3,357</u>	<u>\$ 3,278</u>	<u>\$ 3,182</u>	<u>\$ 3,182</u>	<u>\$ 3,067</u>	<u>\$ 2,873</u>
City's proportionate share of the net pension liability as a percentage of its covered payroll	<u>15.26%</u>	<u>44.11%</u>	<u>134.02%</u>	<u>43.87%</u>	<u>25.93%</u>	<u>52.58%</u>	<u>78.09%</u>	<u>7.94%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>98.66%</u>	<u>95.79%</u>	<u>84.90%</u>	<u>95.10%</u>	<u>96.90%</u>	<u>93.50%</u>	<u>90.20%</u>	<u>99.00%</u>
Discount rate	<u>5.90%</u>	<u>5.90%</u>	<u>6.80%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.50%</u>

Schedule of Contributions

	2022	2021 (3)	2020 (3)	2019 (3)	2018 (3)	2017 (3)	2016 (3)	2015 (3)
Contractually required contribution	<u>\$ 836,081</u>	<u>\$ 892</u>	<u>\$ 776</u>	<u>\$ 747</u>	<u>\$ 740</u>	<u>\$ 740</u>	<u>\$ 715</u>	<u>\$ 811</u>
Contributions in relation to the contractually required contribution	<u>(836,081)</u>	<u>(892)</u>	<u>(776)</u>	<u>(747)</u>	<u>(740)</u>	<u>(740)</u>	<u>(715)</u>	<u>(811)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	<u>\$ 3,315,251</u>	<u>\$ 3,340</u>	<u>\$ 3,357</u>	<u>\$ 3,278</u>	<u>\$ 3,182</u>	<u>\$ 3,182</u>	<u>\$ 3,067</u>	<u>\$ 2,873</u>
Contributions as a percentage of covered payroll	<u>25.22%</u>	<u>26.71%</u>	<u>23.12%</u>	<u>22.79%</u>	<u>23.26%</u>	<u>23.26%</u>	<u>23.31%</u>	<u>28.23%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(3) Dollar amounts displayed in thousands.

(4) Increase in the City's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(5) Decrease in the City's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

See independent auditors' report.

City of Port Jervis, New York

General Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 6,821,509	\$ 6,782,168	\$ 7,098,970	\$ 316,802
Other tax items	266,330	442,031	442,031	-
Non-property taxes	5,221,084	5,106,358	5,106,358	-
Departmental income	896,374	1,215,217	1,225,856	10,639
Intergovernmental charges	80,784	56,347	56,347	-
Use of money and property	42,250	70,151	70,150	(1)
Licenses and permits	199,500	127,179	127,179	-
Fines and forfeitures	90,000	80,525	80,525	-
Sale of property and compensation for loss	20,000	194,182	194,182	-
State aid	1,566,450	1,822,645	1,822,645	-
Federal aid	54,500	100,256	320,114	219,858
Miscellaneous	-	3,030	31,957	28,927
Total Revenues	15,258,781	16,000,089	16,576,314	576,225
EXPENDITURES				
Current				
General government support	2,037,308	2,640,161	1,687,658	952,503
Public safety	4,943,021	5,369,358	5,411,305	(41,947)
Health	4,000	66	66	-
Transportation	797,688	866,342	855,467	10,875
Economic opportunity and development	51,000	50,901	50,901	-
Culture and recreation	393,314	427,758	427,758	-
Home and community services	784,920	772,970	772,970	-
Employee benefits	4,947,298	4,619,955	4,626,639	(6,684)
Debt service				
Principal	985,570	1,015,248	1,015,248	-
Interest	395,829	416,937	416,937	-
Total Expenditures	15,339,948	16,179,696	15,264,949	914,747
Excess (Deficiency) of Revenues Over Expenditures	(81,167)	(179,607)	1,311,365	1,490,972
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	80,000	135,938	135,938	-
Transfers out	-	-	(1,208,267)	(1,208,267)
Total Other Financing Sources (Uses)	80,000	135,938	(1,072,329)	(1,208,267)
Net Change in Fund Balance	(1,167)	(43,669)	239,036	282,705
FUND BALANCE				
Beginning of Year	1,167	43,669	3,039,749	2,996,080
End of Year	\$ -	\$ -	\$ 3,278,785	\$ 3,278,785

See independent auditors' report.

City of Port Jervis, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget
 Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REAL PROPERTY TAXES	\$ 6,821,509	\$ 6,782,168	\$ 7,098,970	\$ 316,802
OTHER TAX ITEMS				
Interest and penalties on real property taxes	160,000	318,834	318,834	-
Payments in lieu of taxes	106,330	123,197	123,197	-
	266,330	442,031	442,031	-
NON-PROPERTY TAXES				
Non-property tax distribution from County	4,609,084	4,354,434	4,354,434	-
Utilities gross receipts taxes	477,000	615,568	615,568	-
Hotel tax	-	1,114	1,114	-
Cable television franchise fees	135,000	135,242	135,242	-
	5,221,084	5,106,358	5,106,358	-
DEPARTMENTAL INCOME				
Treasurer fees	140,000	157,987	157,986	(1)
City Clerk fees	240,000	447,694	458,334	10,640
Police fees	319,524	290,275	290,275	-
Dog control	900	550	550	-
Safety inspection	45,000	62,790	62,790	-
Demolition fee	-	1,210	1,210	-
Parks and recreation charges	5,500	36,516	36,516	-
Zoning and Planning Board fees	11,650	4,043	4,043	-
Vacant building fees	133,800	198,920	198,920	-
Other	-	15,232	15,232	-
	896,374	1,215,217	1,225,856	10,639
INTERGOVERNMENTAL CHARGES				
Services for other governments	80,784	56,347	56,347	-

USE OF MONEY AND PROPERTY

Earnings on investments	6,250	45,773	45,772	(1)
Rentals of real property	36,000	24,378	24,378	-
	<u>42,250</u>	<u>70,151</u>	<u>70,150</u>	<u>(1)</u>

LICENSES AND PERMITS

Dog licenses and apportionment	5,000	2,933	2,933	-
Marriage licenses	14,600	25,680	25,680	-
Public safety permits	-	100	100	-
Building permits	167,900	82,616	82,616	-
Plumbing permits	12,000	15,850	15,850	-
	<u>199,500</u>	<u>127,179</u>	<u>127,179</u>	<u>-</u>

FINES AND FORFEITURES

Fines and forfeited bail	<u>90,000</u>	<u>80,525</u>	<u>80,525</u>	<u>-</u>
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SALE OF PROPERTY AND COMPENSATION FOR LOSS

Sale of scrap and excess materials	20,000	6,982	6,982	-
Sale of real property	-	187,200	187,200	-
	<u>20,000</u>	<u>194,182</u>	<u>194,182</u>	<u>-</u>

STATE AID

Mortgage tax	100,000	247,950	247,950	-
Unified Court	35,000	28,083	28,083	-
Bus and other mass transit	57,000	53,737	53,737	-
Youth programs	28,500	38,564	38,564	-
Per capita	1,335,950	1,406,263	1,406,263	-
Public safety grants	10,000	48,048	48,048	-
	<u>1,566,450</u>	<u>1,822,645</u>	<u>1,822,645</u>	<u>-</u>

FEDERAL AID

Transportation	51,000	97,150	317,008	219,858
Summer lunch program	3,500	3,106	3,106	-
	<u>54,500</u>	<u>100,256</u>	<u>320,114</u>	<u>219,858</u>

(Continued)

City of Port Jervis, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)

Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
MISCELLANEOUS				
Gifts and donations	\$ -	\$ 3,030	\$ 3,028	\$ (2)
Other	-	-	28,929	28,929
	<u>-</u>	<u>3,030</u>	<u>31,957</u>	<u>28,927</u>
TOTAL REVENUES	<u>15,258,781</u>	<u>16,000,089</u>	<u>16,576,314</u>	<u>576,225</u>
OTHER FINANCING SOURCES				
Insurance recoveries	<u>80,000</u>	<u>135,938</u>	<u>135,938</u>	<u>-</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u><u>\$ 15,338,781</u></u>	<u><u>\$ 16,136,027</u></u>	<u><u>\$ 16,712,252</u></u>	<u><u>\$ 576,225</u></u>

See independent auditors' report.

City of Port Jervis, New York

General Fund
 Schedule of Expenditures and Other Financing Uses Compared to Budget
 Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT SUPPORT				
Common Council	\$ 167,250	\$ 213,318	\$ 213,318	\$ -
Mayor	55,390	53,866	53,866	-
City Manager	324,149	330,301	331,203	(902)
Assessment	154,035	148,585	148,585	-
Tax Arrears	1,500	550	550	-
Law	85,000	93,480	93,480	-
Personnel	25,390	24,015	24,015	-
Public Works administration	209,006	215,433	215,433	-
Building maintenance	407,588	382,306	389,988	(7,682)
Special items				-
Unallocated insurance	260,000	102,490	137,836	(35,346)
Municipal association dues	4,200	-	-	-
Taxes on City property	91,000	56,291	56,291	-
Metropolitan transportation and mobility tax	2,800	23,093	23,093	-
Contingency	250,000	996,433	-	996,433
	<u>2,037,308</u>	<u>2,640,161</u>	<u>1,687,658</u>	<u>952,503</u>
PUBLIC SAFETY				
Police department	3,979,533	4,498,592	4,498,590	2
Juvenile detention	106,627	99,085	99,085	-
Traffic control	14,000	15,164	15,164	-
Off-street parking	22,000	21,798	21,798	-
Fire department	463,120	452,137	465,868	(13,731)
Control of animals	32,714	29,299	29,299	-
Safety inspection	309,757	249,004	249,004	-
Civil defense	15,270	4,279	32,497	(28,218)
	<u>4,943,021</u>	<u>5,369,358</u>	<u>5,411,305</u>	<u>(41,947)</u>

HEALTH

Other	4,000	66	66	-
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TRANSPORTATION

Street maintenance	460,900	530,764	530,764	-
Street lighting	128,600	120,528	120,528	-
Snow removal	75,000	80,781	80,781	-
Bus operations	133,188	134,269	123,394	10,875
	<u>797,688</u>	<u>866,342</u>	<u>855,467</u>	<u>10,875</u>

ECONOMIC OPPORTUNITY AND DEVELOPMENT

Other	51,000	50,901	50,901	-
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CULTURE AND RECREATION

Recreation administration	142,396	166,858	166,858	-
Parks maintenance	176,921	190,380	190,380	-
Playgrounds	66,697	63,520	63,520	-
Historian	1,300	1,000	1,000	-
Historical property	3,500	3,500	3,500	-
Celebrations	2,500	2,500	2,500	-
	<u>393,314</u>	<u>427,758</u>	<u>427,758</u>	<u>-</u>

HOME AND COMMUNITY SERVICES

Zoning Board of Appeals	13,650	3,594	3,594	-
Planning Commission	9,600	7,628	7,628	-
Storm sewers	9,000	8,139	8,139	-
Refuse collection and disposal	708,670	713,747	713,747	-
Street cleaning	11,000	8,897	8,897	-
Emergency disaster	33,000	30,965	30,965	-
	<u>784,920</u>	<u>772,970</u>	<u>772,970</u>	<u>-</u>

(Continued)

City of Port Jervis, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
EMPLOYEE BENEFITS				
State retirement	\$ 261,743	\$ 349,949	\$ 349,949	\$ -
Police retirement	1,020,372	847,861	847,861	-
Social security	464,258	482,256	482,256	-
Workers' compensation benefits	186,799	212,621	219,305	(6,684)
Unemployment benefits	5,000	54	54	-
Disability insurance	12,440	4,630	4,630	-
Life, health and dental insurance	2,796,686	2,722,584	2,722,584	-
Retirement payout	200,000	-	-	-
	<u>4,947,298</u>	<u>4,619,955</u>	<u>4,626,639</u>	<u>(6,684)</u>
DEBT SERVICE				
Principal				
Serial bonds	646,800	682,750	682,750	-
Capital leases	298,515	225,748	225,748	-
Notes	40,255	106,750	106,750	-
	<u>985,570</u>	<u>1,015,248</u>	<u>1,015,248</u>	<u>-</u>
Interest				
Serial bonds	334,644	365,087	365,087	-
Capital leases	57,995	49,348	49,348	-
Notes	3,190	2,119	2,119	-
Tax anticipation notes	-	383	383	-
	<u>395,829</u>	<u>416,937</u>	<u>416,937</u>	<u>-</u>
	<u>1,381,399</u>	<u>1,432,185</u>	<u>1,432,185</u>	<u>-</u>
TOTAL EXPENDITURES	<u>15,339,948</u>	<u>16,179,696</u>	<u>15,264,949</u>	<u>914,747</u>

OTHER FINANCING USES

Transfers out

Capital Projects Fund

-	-	1,208,267	(1,208,267)
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**TOTAL EXPENDITURES AND OTHER
FINANCING USES**

<u>\$ 15,339,948</u>	<u>\$ 16,179,696</u>	<u>\$ 16,473,216</u>	<u>\$ (293,520)</u>
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See independent auditors' report.

City of Port Jervis, New York

Water Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Departmental income	\$ 2,475,000	\$ 2,493,959	\$ 2,495,627	\$ 1,668
Miscellaneous	-	3,533	5,046	1,513
Total Revenues	<u>2,475,000</u>	<u>2,497,492</u>	<u>2,500,673</u>	<u>3,181</u>
EXPENDITURES				
Current				
General government support	20,000	134,029	131,928	2,101
Home and community services	1,101,982	1,100,657	1,093,086	7,571
Employee benefits	554,425	729,264	730,517	(1,253)
Debt service				
Principal	639,317	418,757	418,757	-
Interest	148,209	111,218	111,218	-
Total Expenditures	<u>2,463,933</u>	<u>2,493,925</u>	<u>2,485,506</u>	<u>8,419</u>
Excess of Revenues Over Expenditures	11,067	3,567	15,167	11,600
OTHER FINANCING USES				
Transfers out	-	-	(30,378)	(30,378)
Net Change in Fund Balance	<u>11,067</u>	<u>3,567</u>	<u>(15,211)</u>	<u>(18,778)</u>
FUND BALANCE				
Beginning of Year, as Reported	(11,067)	(3,567)	1,727,068	1,730,635
Prior Period Adjustment	-	-	(459,856)	(459,856)
Beginning of Year, as Restated	<u>(11,067)</u>	<u>(3,567)</u>	<u>1,267,212</u>	<u>1,270,779</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,252,001</u>	<u>\$ 1,252,001</u>

See independent auditors' report.

City of Port Jervis, New York

Non-Major Governmental Funds
 Combining Balance Sheet
 December 31, 2022

	Section 8 Housing Assistance Payment Program	Sewer	Total Non-Major Governmental Funds
ASSETS			
Cash and equivalents	\$ 514,797	\$ 942,694	\$ 1,457,491
Investments	21,704	-	21,704
Receivables			
Accounts	46,149	324	46,473
Sewer rents	-	170,110	170,110
Prepaid expenditures	-	12,286	12,286
	<u>\$ 582,650</u>	<u>\$ 1,125,414</u>	<u>\$ 1,708,064</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 44,699	\$ 10,580	\$ 55,279
Due to retirement systems	-	32,357	32,357
Due to other funds	51,906	417,020	468,926
Due to other governments	-	15	15
	<u>96,605</u>	<u>459,972</u>	<u>556,577</u>
Fund balances			
Nonspendable	-	12,286	12,286
Restricted	486,045	-	486,045
Assigned	-	653,156	653,156
	<u>486,045</u>	<u>665,442</u>	<u>1,151,487</u>
	<u>\$ 582,650</u>	<u>\$ 1,125,414</u>	<u>\$ 1,708,064</u>

See independent auditors' report.

City of Port Jervis, New York

Non-Major Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes
 in Fund Balances
 Year Ended December 31, 2022

	Section 8 Housing Assistance Payment Program	Sewer	Debt Service	Total Non-Major Governmental Funds
REVENUES				
Departmental income	\$ -	\$ 1,161,998	\$ -	\$ 1,161,998
Use of money and property	61	-	-	61
Federal Aid	1,956,547	-	-	1,956,547
Miscellaneous	1,521	1,514	-	3,035
	<u>1,958,129</u>	<u>1,163,512</u>	<u>-</u>	<u>3,121,641</u>
EXPENDITURES				
Current				
General government support	-	31,178	-	31,178
Home and community services	1,928,474	587,775	-	2,516,249
Employee benefits	-	227,944	-	227,944
Debt service				
Principal	-	11,165	-	11,165
Interest	-	3,844	-	3,844
	<u>1,928,474</u>	<u>861,906</u>	<u>-</u>	<u>2,790,380</u>
Excess (Deficiency) of Revenues Over Expenditures	29,655	301,606	-	331,261
OTHER FINANCING USES				
Transfers out	-	(422,630)	-	(422,630)
Net Change in Fund Balances	<u>29,655</u>	<u>(121,024)</u>	<u>-</u>	<u>(91,369)</u>
FUND BALANCES				
Beginning of Year, as Reported	454,026	786,466	13,493	1,253,985
Prior Period Adjustment	2,364	-	(13,493)	(11,129)
Beginning of Year, as Restated	<u>456,390</u>	<u>786,466</u>	<u>-</u>	<u>1,242,856</u>
End of Year	<u>\$ 486,045</u>	<u>\$ 665,442</u>	<u>\$ -</u>	<u>\$ 1,151,487</u>

See independent auditors' report.

City of Port Jervis, New York

Sewer Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Departmental income	\$ 1,125,852	\$ 1,277,431	\$ 1,161,998	\$ (115,433)
Miscellaneous income	-	1,009	1,514	505
Total Revenues	<u>1,125,852</u>	<u>1,278,440</u>	<u>1,163,512</u>	<u>(114,928)</u>
EXPENDITURES				
Current				
General government support	163,484	446,738	31,178	415,560
Home and community services	681,087	589,167	587,775	1,392
Employee benefit	281,281	227,526	227,944	(418)
Debt service				
Principal	-	11,165	11,165	-
Interest	-	3,844	3,844	-
Total Expenditures	<u>1,125,852</u>	<u>1,278,440</u>	<u>861,906</u>	<u>416,534</u>
Excess of Revenues Over Expenditures	-	-	301,606	301,606
OTHER FINANCING USES				
Transfers out	-	-	(422,630)	(422,630)
Net Change in Fund Balance	-	-	(121,024)	(121,024)
FUND BALANCE				
Beginning of Year	-	-	786,466	786,466
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 665,442</u>	<u>\$ 665,442</u>

See independent auditors' report.



**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 Honorable Mayor and City Council
of the City of Port Jervis, 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 discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Port Jervis, New York ("City") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 22, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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 City'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 City'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 City'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 22, 2023



Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

**The Honorable Mayor and the City Council
of the City of Port Jervis, New York**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Port Jervis, New York's ("City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error; as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 22, 2023

City of Port Jervis, New York

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Sub- recipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Direct Program				
<i>Child Nutrition Cluster</i>				
Summer Food Service Program for Children	10.559	N/A	\$ -	\$ 3,106
Total U.S. Department of Agriculture			-	3,106
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs				
<i>Housing Voucher Cluster</i>				
Section 8 Housing Choice Vouchers Program	14.871	N/A	-	1,612,015
COVID-19 Section 8 Housing Choice Vouchers	14.HCC	N/A	-	3,000
			-	1,615,015
Mainstream Voucher Program	14.879	N/A	-	322,032
COVID-19 Mainstream Voucher Program			-	19,500
CARES Act Funding	14.MSC	N/A	-	341,532
Total U.S. Department of Housing and Urban Development - Housing Voucher Cluster			-	1,956,547
<u>U.S. Department of Transportation</u>				
Direct Programs				
Formula Grants for Rural Areas	20.509	N/A	-	97,150
Total U.S. Department of Transportation			-	97,150
<u>U.S. Department of the Treasury</u>				
Direct Programs				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	219,858
Total U.S. Department of Treasury			-	219,858
<u>U.S. Department of Homeland Security</u>				
Indirect Program - Passed Through New York State Homeland Security and Emergency Services				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	-	457,789
Total U.S. Department of Homeland Security			-	457,789
Total			\$ -	\$ 2,734,450

N/A - Information not available

The accompanying notes are an integral part of this schedule.

City of Port Jervis, New York

Notes to Schedule of Expenditures of Federal Awards
December 31, 2022

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (“Schedule”) includes the federal award activity of the City of Port Jervis (“City”) under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in net position of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of Port Jervis, New York

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Yes No
 Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal Control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Yes No
 Yes None reported

Type of auditor's report issued on compliance for major federal programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of major federal programs:

Assistance

Listing Number(s)

Name of Federal Program or Cluster

14.871
21.027

Section 8 Housing Choice Voucher Program
Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes No

City of Port Jervis, New York

Schedule of Findings and Questioned Costs (Concluded)
Year Ended December 31, 2022

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

City of Port Jervis, New York

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2022

None