

City of Port Jervis, New York

Financial Statements and
Supplementary Information

Year Ended December 31, 2023

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, 2023, 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, 2023, 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 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 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 July 30, 2025 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

July 30, 2025

City of Port Jervis, New York

Management's Discussion and Analysis December 31, 2023

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, 2023. 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 2023 are as follows:

- The City of Port Jervis has a negative net position of \$6,825,546, a decrease from a negative \$7,075,256 at the end of 2022. 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 \$10,845,399 at December 31, 2023, as compared to \$11,764,365 at December 31, 2022. The decrease was primarily due to the Capital Projects Fund which reported a decrease of \$2,069,264, which was offset by increases in the General Fund and the non-major governmental funds by \$475,567 and \$654,771, respectively.
- The City's General fund balance was \$3,754,352 at the close of 2023, an increase of \$475,567 compared to the prior year fund balance. The unassigned fund balance for the General Fund was \$3,344,663 or 20.6% of total General Fund actual expenditures.
- The City's long-term debt, consisting of bonds payable totaled \$14,349,000 at December 31, 2023 and \$15,497,000 at December 31, 2022. Decrease is due to the principal payments of \$1,148,000.

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 \$6,825,546 at the close of the current fiscal year.

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Current Assets	\$ 15,516,121	\$ 17,482,385	-11.2%
Capital Assets, net of depreciation	<u>57,400,131</u>	<u>55,004,757</u>	4.4%
Total Assets	<u>72,916,252</u>	<u>72,487,142</u>	0.6%
Deferred Outflows of Resources	<u>22,829,768</u>	<u>19,806,604</u>	15.3%
Current Liabilities	3,449,694	3,826,919	-9.9%
Long-term Liabilities	<u>78,775,862</u>	<u>70,110,456</u>	12.4%
Total Liabilities	<u>82,225,556</u>	<u>73,937,375</u>	11.2%
Deferred Inflows of Resources	<u>20,346,010</u>	<u>25,431,627</u>	-20.0%
Net Position:			
Net Investment in capital assets	41,003,831	37,093,505	10.5%
Restricted	5,049,002	6,744,683	-25.1%
Unrestricted	<u>(52,878,379)</u>	<u>(50,913,444)</u>	3.9%
Total Net Position	<u>\$ (6,825,546)</u>	<u>\$ (7,075,256)</u>	-3.5%

One of the largest components of the City's net position reflects its investment in capital assets, net of related debt, amounting to \$41,003,831. 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 \$5,049,002 represent resources that are subject to external restrictions on how they may be used.

Changes in Net Position

	2023	2022	% Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 5,606,143	\$ 5,077,427	10.4%
Operating Grants and Contributions	2,853,704	2,561,190	11.4%
Capital Grants and Contributions	2,605,685	2,735,400	-4.7%
	<u>11,065,532</u>	<u>10,374,017</u>	6.7%
General Revenues:			
Real Property Taxes	7,503,064	6,390,996	17.4%
Other tax items	211,091	508,948	-58.5%
Non-property taxes	5,267,167	5,106,358	3.1%
Unrestricted State aid	1,656,897	1,654,213	0.2%
Other	266,789	337,873	-21.0%
	<u>14,905,008</u>	<u>13,998,388</u>	6.5%
Total Governmental Revenues	<u>25,970,540</u>	<u>24,372,405</u>	6.6%
Expenses:			
Program Expenses:			
General Government Support	3,485,741	3,295,925	5.8%
Public Safety	11,418,129	9,874,412	15.6%
Health	12	66	100.0%
Transportation	2,098,366	2,174,494	-3.5%
Economic Opportunity and Development	154,288	543,117	-71.6%
Culture and Recreation	973,961	895,655	8.7%
Home and Community Services	7,186,674	6,561,652	9.5%
Interest on Debt	403,659	498,337	-19.0%
Total Governmental Expenses	<u>25,720,830</u>	<u>23,843,658</u>	7.9%
Change in Net Position	<u>249,710</u>	<u>528,747</u>	-52.8%
Net Position - Beginning, as Reported	(7,075,256)	(6,760,320)	4.7%
Prior Period Adjustment	-	(843,683)	-100.0%
Net Position - Ending	<u>\$ (6,825,546)</u>	<u>\$ (7,075,256)</u>	-3.5%

Governmental activities increased the City's net position by \$249,710 in 2023. The total City governmental activities revenues in 2023 and 2022 were \$25,970,540 and \$24,372,405, respectively. Real property taxes provided 28.9% of total revenues in 2023. Charges for services, operating grants and contributions, and capital grants and contributions provided 42.6% in 2023 and 42.6% in 2022. State aid provided 6.4% and 6.8% of total revenues for the fiscal years ended December 31, 2023 and 2022, respectively.

Governmental activities expenses of the City for the year totaled \$25,720,830 in 2023 and \$23,843,658 in 2022. Public Safety expenses accounted for the largest portion (\$11,418,129 or 44.4% in 2023 and \$9,874,412 or 41.4% in 2022), followed by Home and Community Services (\$7,186,674 or 27.9% in 2023 and \$6,561,652 or 27.5% in 2022) 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	
	2023	2022	2023	2022	2023	2022
General government support	\$ 3,485,741	\$ 3,295,925	\$ 929,630	\$ 1,021,331	\$ 2,556,111	\$ 2,274,594
Public safety	11,418,129	9,874,412	495,051	539,643	10,923,078	9,334,769
Health	12	66	-	-	12	66
Transportation	2,098,366	2,174,494	2,811,193	2,491,504	(712,827)	(317,010)
Economic assistance and opportunity	154,288	543,117	317,617	625,054	(163,329)	(81,937)
Culture and recreation	973,961	895,655	169,069	73,171	804,892	822,484
Home and community services	7,186,674	6,561,652	6,342,972	5,623,314	843,702	938,338
Interest on debt	403,659	498,337	-	-	403,659	498,337
	<u>\$ 25,720,830</u>	<u>\$ 23,843,658</u>	<u>\$ 11,065,532</u>	<u>\$ 10,374,017</u>	<u>\$ 14,655,298</u>	<u>\$ 13,469,641</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 \$10,845,399 as compared to prior balance of \$11,764,365 in 2022, a decrease of \$918,966. The primary reason for the decrease was due to increased expenditures on ongoing projects within the City.

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 \$6,080,968 as compared to 2022 at \$5,196,228.

At the end of 2023, the total fund balance of the Small Cities Fund was \$1,007,747 as compared to 2022 at \$779,047. This entire amount is restricted for community development purposes. The increase in fund balance is due to an increase in loan repayments.

At the end of 2023, the total fund balance of the Capital Projects Fund was \$3,233,781 as compared to 2021 at \$5,303,045. This entire amount is restricted for capital projects. The balance decreased in the capital projects fund by \$2,069,264 during the year primarily due to increased expenditures on 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, 2023 and 2022 amounted to \$57,400,131 and \$55,004,757 (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>2023</u>	<u>2022</u>
Land	\$ 765,351	\$ 765,351
Construction in progress	1,239,569	223,526
Land improvements	2,039,397	2,086,534
Buildings and improvements	5,869,976	6,079,972
Machinery and equipment	3,964,164	4,225,488
Infrastructure	<u>43,521,674</u>	<u>41,623,886</u>
Total	<u>\$ 57,400,131</u>	<u>\$ 55,004,757</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 \$14,349,000. All of this debt is backed by the full faith and credit of the City.

Outstanding General Obligation Serial Bonds

	<u>2023</u>	<u>2022</u>
General obligation bonds	<u>\$ 14,349,000</u>	<u>\$ 15,497,000</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, 2023

	Primary Government	Component Unit
	Governmental Activities	Port Jervis Industrial Development Agency
ASSETS		
Cash and equivalents	\$ 7,970,815	\$ 30,124
Receivables		
Taxes, net	1,028,941	-
Accounts	276,085	-
Water rents	432,749	-
Sewer rents	222,368	-
State and Federal aid	2,785,104	-
Due from other governments	1,324,559	-
Loans	396,435	-
Prepaid expenses	358,920	-
Due from fiduciary fund	720,145	-
Capital assets		
Not being depreciated	2,004,920	-
Being depreciated, net	55,395,211	-
Total Assets	72,916,252	30,124
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding bonds	13,950	-
Pension related	5,623,063	-
OPEB related	17,192,755	-
Total Deferred Outflows of Resources	22,829,768	-
LIABILITIES		
Accounts payable and accrued liabilities	886,632	-
Due to retirement systems	1,072,073	-
Due to other governments	15	2,249
Deposits payable	522,548	-
Unearned revenues	840,725	-
Accrued interest payable	127,701	-
Non-current liabilities		
Due within one year	2,882,281	-
Due in more than one year	75,893,581	-
Total Liabilities	82,225,556	2,249
DEFERRED INFLOWS OF RESOURCES		
Pension related	426,659	-
OPEB related	19,919,351	-
Total Deferred Inflows of Resources	20,346,010	-
NET POSITION		
Net investment in capital assets	41,003,831	-
Restricted for		
Capital projects	3,327,422	-
Debt service	190,930	-
Section 8 housing	522,903	-
Small cities	1,007,747	-
Unrestricted	(52,878,379)	27,875
Total Net Position	\$ (6,825,546)	\$ 27,875

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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government support	\$ 3,485,741	\$ 890,294	\$ 39,336	\$ -
Public safety	11,418,129	132,451	362,600	-
Health	12	-	-	-
Transportation	2,098,366	-	205,508	2,605,685
Economic opportunity and development	154,288	317,617	-	-
Culture and recreation	973,961	83,472	85,597	-
Home and community services	7,186,674	4,182,309	2,160,663	-
Interest	403,659	-	-	-
Total Governmental Activities	<u>\$ 25,720,830</u>	<u>\$ 5,606,143</u>	<u>\$ 2,853,704</u>	<u>\$ 2,605,685</u>
General revenues				
Real property taxes				
Other tax items				
Interest and penalties on real property taxes				
Gain/(Loss) 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				
Insurance recoveries				
Miscellaneous				
Total General Revenues				
Change in Net Position				
NET POSITION				
Beginning				
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
\$ (2,556,111)	\$ -
(10,923,078)	-
(12)	-
712,827	-
163,329	-
(804,892)	-
(843,702)	-
(403,659)	-
<u>\$ (14,655,298)</u>	<u>\$ -</u>
7,503,064	-
	-
136,926	-
(57,961)	-
132,126	-
4,525,811	-
613,936	-
1,616	-
125,804	-
133,773	808
24,960	-
1,656,897	-
51,984	-
56,072	-
<u>14,905,008</u>	<u>808</u>
<u>249,710</u>	<u>808</u>
<u>(7,075,256)</u>	<u>27,067</u>
<u>\$ (6,825,546)</u>	<u>\$ 27,875</u>

City of Port Jervis, New York

Balance Sheet
Governmental Funds
December 31, 2023

	General	Water	Small Cities
ASSETS			
Cash and equivalents	\$ 1,331,868	\$ 2,695,712	\$ 1,020,155
Taxes receivable, net	1,028,941	-	-
Other receivables			
Accounts	260,779	7,002	-
Water rents	-	432,749	-
Sewer rents	-	-	-
State and Federal aid	62,041	-	-
Due from other governments	1,324,559	-	-
Due from other funds	3,097,901	-	-
Due from fiduciary fund	448,403	-	-
Loans	-	-	396,435
	5,193,683	439,751	396,435
Prepaid expenditures	218,759	111,456	-
Total Assets	<u>\$ 7,773,251</u>	<u>\$ 3,246,919</u>	<u>\$ 1,416,590</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 507,622	\$ 36,630	\$ 12,408
Due to retirement systems	968,815	72,281	-
Due to other funds	1,067,620	2,094,747	-
Due to other governments	-	-	-
Deposits payable	522,548	-	-
Unearned revenues	-	-	-
Total Liabilities	<u>3,066,605</u>	<u>2,203,658</u>	<u>12,408</u>
Deferred inflows of resources			
Property taxes	952,294	-	-
Loans	-	-	396,435
Total Deferred Inflows of Resources	<u>952,294</u>	<u>-</u>	<u>396,435</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,018,899</u>	<u>2,203,658</u>	<u>408,843</u>
Fund balances			
Nonspendable	218,759	111,456	-
Restricted	190,930	204,912	1,007,747
Assigned	-	726,893	-
Unassigned	3,344,663	-	-
Total Fund Balances	<u>3,754,352</u>	<u>1,043,261</u>	<u>1,007,747</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,773,251</u>	<u>\$ 3,246,919</u>	<u>\$ 1,416,590</u>

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

Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,270,399	\$ 1,652,681	\$ 7,970,815
-	-	1,028,941
-	8,304	276,085
-	-	432,749
-	222,368	222,368
2,723,063	-	2,785,104
-	-	1,324,559
2,139,521	227,733	5,465,155
271,742	-	720,145
-	-	396,435
5,134,326	458,405	11,622,600
-	28,705	358,920
<u>\$ 6,404,725</u>	<u>\$ 2,139,791</u>	<u>\$ 20,981,276</u>
\$ 274,621	\$ 55,351	\$ 886,632
-	30,977	1,072,073
2,055,598	247,190	5,465,155
-	15	15
-	-	522,548
840,725	-	840,725
3,170,944	333,533	8,787,148
-	-	952,294
-	-	396,435
-	-	1,348,729
3,170,944	333,533	10,135,877
-	28,705	358,920
3,233,781	522,903	5,160,273
-	1,254,650	1,981,543
-	-	3,344,663
3,233,781	1,806,258	10,845,399
<u>\$ 6,404,725</u>	<u>\$ 2,139,791</u>	<u>\$ 20,981,276</u>

City of Port Jervis, New YorkReconciliation of Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position
December 31, 2023

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

Total Fund Balances - Governmental Funds	\$ 10,845,399
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	2,004,920
Capital assets - depreciable	104,532,935
Accumulated depreciation	<u>(49,137,724)</u>
	57,400,131
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.	
Real property taxes	952,294
Loans	<u>396,435</u>
	1,348,729
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	5,623,063
Deferred outflows - OPEB related	17,192,755
Deferred inflows - pension related	(426,659)
Deferred inflows - OPEB related	<u>(19,919,351)</u>
	2,469,808
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(127,701)
General obligation bonds payable	(14,349,000)
Financed purchase payable	(1,086,385)
Retirement incentives and other pension obligations	(24,111)
Compensated absences	(2,080,591)
Net pension liability - ERS	(2,415,935)
Net pension liability - PFRS	(5,021,260)
Total OPEB liability	<u>(52,823,715)</u>
	(77,928,698)
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	13,950
Premium on general obligation of bonds	<u>(974,865)</u>
	(960,915)
Net Position of Governmental Activities	<u>\$ (6,825,546)</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, 2023

	General	Water	Small Cities
REVENUES			
Real property taxes	\$ 7,055,136	\$ -	\$ -
Other tax items	211,091	-	-
Non-property taxes	5,267,167	-	-
Departmental income	1,090,057	2,476,360	-
Intergovernmental charges	67,894	-	-
Use of money and property	154,641	-	11,262
Licenses and permits	125,691	-	-
Fines and forfeitures	61,871	-	-
Sale of property and compensation for loss	8,963	-	-
State aid	1,935,361	-	-
Federal aid	632,763	-	55,282
Miscellaneous	57,786	35,803	251,073
Total Revenues	16,668,421	2,512,163	317,617
EXPENDITURES			
Current			
General government support	1,969,642	155,592	-
Public safety	5,937,421	-	-
Health	12	-	-
Transportation	827,223	-	-
Economic opportunity and development	1,000	-	88,917
Culture and recreation	502,445	-	-
Home and community services	887,689	1,181,127	-
Employee benefits	4,940,871	777,719	-
Debt service			
Principal	815,284	491,603	-
Interest	363,251	114,862	-
Capital outlay	-	-	-
Total Expenditures	16,244,838	2,720,903	88,917
Excess (Deficiency) of Revenues Over Expenditures	423,583	(208,740)	228,700
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	51,984	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	51,984	-	-
Net Change in Fund Balances	475,567	(208,740)	228,700
FUND BALANCES			
Beginning of Year	3,278,785	1,252,001	779,047
End of Year	\$ 3,754,352	\$ 1,043,261	\$ 1,007,747

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

Capital Projects	Non-Major Governmental	Total Governmental Funds
\$ -	\$ -	\$ 7,055,136
-	-	211,091
-	-	5,267,167
-	1,651,468	5,217,885
-	-	67,894
-	63	165,966
-	-	125,691
-	-	61,871
-	-	8,963
2,298,633	-	4,233,994
-	2,156,189	2,844,234
15,997	10,714	371,373
2,314,630	3,818,434	25,631,265
-	34,075	2,159,309
-	-	5,937,421
-	-	12
-	-	827,223
-	-	89,917
-	-	502,445
-	2,707,539	4,776,355
-	232,928	5,951,518
-	37,508	1,344,395
-	5,285	483,398
4,530,222	-	4,530,222
4,530,222	3,017,335	26,602,215
(2,215,592)	801,099	(970,950)
-	-	51,984
146,328	-	146,328
-	(146,328)	(146,328)
146,328	(146,328)	51,984
(2,069,264)	654,771	(918,966)
5,303,045	1,151,487	11,764,365
\$ 3,233,781	\$ 1,806,258	\$ 10,845,399

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, 2023

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

Net Change in Fund Balances - Total Governmental Funds	\$ (918,966)
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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	4,444,406
Depreciation expense	<u>(2,049,032)</u>
	<u>2,395,374</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	447,928
Loans	<u>(160,637)</u>
	<u>287,291</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	1,148,000
Principal paid on financed purchases	<u>196,395</u>
	<u>1,344,395</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	13,012
Retirement incentives and other pension liabilities	23,375
Compensated absences	(260,830)
Changes in pension liabilities and related deferred outflows and inflows of resources	(1,112,684)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(1,587,984)
Amortization of premium and loss on refunding	<u>66,727</u>
	<u>(2,858,384)</u>

Change in Net Position of Governmental Activities	<u>\$ 249,710</u>
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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, 2023

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 7,339,221	\$ 7,357,228	\$ 7,055,136	\$ (302,092)
Other tax items	502,717	434,629	211,091	(223,538)
Non-property taxes	5,423,730	5,423,730	5,267,167	(156,563)
Departmental income	997,203	997,203	1,090,057	92,854
Intergovernmental charges	76,695	76,695	67,894	(8,801)
Use of money and property	36,800	36,800	154,641	117,841
Licenses and permits	106,625	106,625	125,691	19,066
Fines and forfeitures	75,000	75,000	61,871	(13,129)
Sale of property and compensation for loss	6,000	6,000	8,963	2,963
State aid	1,648,180	1,648,180	1,935,361	287,181
Federal aid	100,373	100,373	632,763	532,390
Miscellaneous	-	-	57,786	57,786
Total Revenues	16,312,544	16,262,463	16,668,421	405,958
EXPENDITURES				
Current				
General government support	2,218,584	1,965,708	1,969,642	(3,934)
Public safety	5,321,957	5,321,957	5,937,421	(615,464)
Health	4,000	4,000	12	3,988
Transportation	1,080,803	1,080,803	827,223	253,580
Economic opportunity and development	1,000	1,000	1,000	-
Culture and recreation	454,962	454,962	502,445	(47,483)
Home and community services	862,027	862,030	887,689	(25,659)
Employee benefits	5,255,297	5,255,297	4,940,871	314,426
Debt service				
Principal	797,577	899,577	815,284	84,293
Interest	376,337	477,129	363,251	113,878
Total Expenditures	16,372,544	16,322,463	16,244,838	77,625
Excess (Deficiency) of Revenues Over Expenditures	(60,000)	(60,000)	423,583	483,583
OTHER FINANCING SOURCES				
Insurance recoveries	60,000	60,000	51,984	(8,016)
Net Change in Fund Balances	-	-	475,567	475,567
FUND BALANCES				
Beginning of Year	-	-	3,278,785	3,278,785
End of Year	\$ -	\$ -	\$ 3,754,352	\$ 3,754,352

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

Water Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
2,478,500	2,478,500	2,476,360	(2,140)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
44,665	44,665	35,803	(8,862)
2,523,165	2,523,165	2,512,163	(11,002)
399,731	399,731	155,592	244,139
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,026,831	1,026,831	1,181,127	(154,296)
473,929	473,929	777,719	(303,790)
473,533	473,533	491,603	(18,070)
149,141	149,141	114,862	34,279
2,523,165	2,523,165	2,720,903	(197,738)
-	-	(208,740)	(208,740)
-	-	-	-
-	-	(208,740)	(208,740)
-	-	1,252,001	1,252,001
\$ -	\$ -	\$ 1,043,261	\$ 1,043,261

City of Port Jervis, New York

Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2023

	Custodial Fund
ASSETS	
Cash and equivalents	\$ 961,551
Real property taxes receivable for other governments	<u>521,532</u>
Total Assets	<u><u>\$ 1,483,083</u></u>
LIABILITIES	
Accounts payable	\$ 3,975
Due to other funds	720,145
Due to other governments	<u>758,963</u>
Total Liabilities	<u><u>\$ 1,483,083</u></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, 2023

	Custodial Fund
ADDITIONS	
Real property taxes collected for other governments	\$ 1,566,516
DEDUCTIONS	
Payments of real property taxes to other governments	<u>1,566,516</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, 2023

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.

- 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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2023.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The 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.

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

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2023, 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 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

unearned revenues of \$840,725 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 \$952,294 for real property taxes not expected to be collected within the first sixty days of the subsequent fiscal year in the General Fund and \$396,435 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 3E.

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 Fund expenditures.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied

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 July 30, 2025.

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.

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 2023, the maximum amount which could have been raised was \$9,428,066, which exceeded the levy by \$2,088,845.

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, 2023

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. 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	
Common council	\$ 43,023
Building maintenance	45,728
Special items	
Unallocated insurance	74,614
Public Safety	
Police department	647,619
Fire department	27,505
Civil defense	4,925
Transportation	
Street lighting	5,567
Economic Opportunity and Development	
Other	4,167
Culture and Recreation	
Recreation administration	25,385
Parks maintenance	35,143
Celebrations	564
Home and Community Services	
Zoning board of appeals	2,823
Planning Commission	250
Storm sewers	9,710
Refuse collection and disposal	16,391
Emergency disaster	1,356
Other	1,131

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2023

Note 2 - Stewardship, Compliance and Accountability (Continued)

	<u>Amount</u>
General Fund <i>(continued)</i>	
Employee Benefits	
Police retirement	\$ 114,173
Social security	6,478
Water Fund	
Home and Community Services	154,296
Employee Benefits	303,790
Debt Service - principal	18,070
Sewer Fund	
Debt Service - principal	37,508
Debt Service - interest	5,285

D. New Accounting Pronouncement

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

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at December 31, 2023 consisted of the following:

City taxes - current	\$ 348,360
Overdue taxes	39,117
Tax Liens	882,731
Property acquired for taxes	<u>315,005</u>
	1,585,213
Allowance for Uncollectible Taxes	<u>(556,272)</u>
	<u><u>\$ 1,028,941</u></u>

Taxes in the fund financial statements are also partially offset by deferred tax revenues of \$952,294, which represents an estimate of the taxes that will not be collected within the first sixty days of the subsequent year.

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2023

Note 3 - Detailed Notes on All Funds (Continued)

B. Loans Receivable

Loans receivable of \$396,435 reported in the Small Cities Fund as of December 31, 2023 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. Interfund Receivables/Payables

The composition of due from/to other funds at December 31, 2023 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 3,097,901	\$ 1,067,620
Water	-	2,094,747
Capital Projects	2,139,521	2,055,598
Non-Major Governmental	227,733	247,190
	<u>\$ 5,465,155</u>	<u>\$ 5,465,155</u>

The composition of due to/from fiduciary fund at December 31, 2023 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 448,403	\$
Capital Projects	271,742	
Fiduciary Fund		720,145
	<u>\$ 720,145</u>	<u>\$ 720,145</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, 2023

Note 3 - Detailed Notes on All Funds (Continued)

D. Capital Assets

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

Class	Balance, January 1, 2023	Additions	Deletions	Balance December 31, 2023
Capital Assets, not being depreciated:				
Land	\$ 765,351	\$ -	\$ -	\$ 765,351
Construction-in-progress	223,526	1,016,043	-	1,239,569
Total Capital Assets, Not Being Depreciated	<u>\$ 988,877</u>	<u>\$ 1,016,043</u>	<u>\$ -</u>	<u>\$ 2,004,920</u>
Capital Assets, being depreciated:				
Land improvements	\$ 4,873,777	\$ 219,179	\$ -	\$ 5,092,956
Buildings and improvements	12,409,198	-	-	12,409,198
Machinery and equipment	15,199,970	272,234	-	15,472,204
Infrastructure	68,621,627	2,936,950	-	71,558,577
Total Capital Assets, Being Depreciated	<u>101,104,572</u>	<u>3,428,363</u>	<u>-</u>	<u>104,532,935</u>
Less Accumulated Depreciation for:				
Land improvements	2,787,243	266,316	-	3,053,559
Buildings and improvements	6,329,226	209,996	-	6,539,222
Machinery and equipment	10,974,482	533,558	-	11,508,040
Infrastructure	26,997,741	1,039,162	-	28,036,903
Total Accumulated Depreciation	<u>47,088,692</u>	<u>2,049,032</u>	<u>-</u>	<u>49,137,724</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 54,015,880</u>	<u>\$ 1,379,331</u>	<u>\$ -</u>	<u>\$ 55,395,211</u>
Capital Assets, Net	<u>\$ 55,004,757</u>	<u>\$ 2,395,374</u>	<u>\$ -</u>	<u>\$ 57,400,131</u>

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

General Government Support	\$ 143,552
Public Safety	262,894
Transportation	851,627
Economic opportunity and development	204
Culture and Recreation	140,855
Home and Community Services	<u>649,900</u>
Total Depreciation Expense	<u>\$ 2,049,032</u>

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2023

Note 3 - Detailed Notes on All Funds (Continued)

E. Long-Term Liabilities

The following table summarizes changes in the City's long-term liabilities for the year ended December 31, 2023:

	Balance January 1, 2023	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2023	Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable	\$ 15,497,000	\$ -	\$ 1,148,000	\$ 14,349,000	\$ 1,188,000
Plus Unamortized Premium on Bonds	1,055,541	-	80,676	974,865	-
	16,552,541	-	1,228,676	15,323,865	1,188,000
Financed Purposes Payable	1,282,780	-	196,395	1,086,385	176,064
Other Non-Current Liabilities:					
Retirement Incentives and Other Pension Liabilities	47,486	-	23,375	24,111	24,111
Compensated Absences	1,819,761	442,830	182,000	2,080,591	208,000
Net Pension Liability - ERS	-	2,415,935	-	2,415,935	-
Net Pension Liability - PFRS	497,972	4,523,288	-	5,021,260	-
Other Postemployment Benefit Liability	49,909,916	2,913,799	-	52,823,715	1,286,106
Total Other Non- Current Liabilities	52,275,135	10,295,852	205,375	62,365,612	1,518,217
Governmental Activities Long-Term Liabilities	<u>\$ 70,110,456</u>	<u>\$ 10,295,852</u>	<u>\$ 1,630,446</u>	<u>\$ 78,775,862</u>	<u>\$ 2,882,281</u>

Each governmental fund's liability for bonds, notes, financed purchases, 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, 2023 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at December 31, 2023
Refunding Serial Bonds	2005	\$ 2,895,000	March, 2024	4.10 %	\$ 250,000
Various Purposes Serial Bonds	2009	1,408,320	September, 2024	4.3	130,000
Statutory Installment Bond 2016A - Filtration Facility	2016	3,620,000	June, 2054	1.375	2,955,000
Statutory Installment Bond 2016B - Filtration Facility	2016	500,000	June, 2054	1.375	409,000
Various Purposes Serial Bonds	2017	4,694,285	September, 2035	2.50-3.00	3,365,000
Various Purposes Serial Bonds	2021	6,080,000	October, 2036	2.00-5.00	5,475,000
Refunding Serial Bonds	2021	2,035,000	September, 2033	2.00-5.00	1,765,000
					<u>\$ 14,349,000</u>

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2023

Note 3 - Detailed Notes on All Funds (Continued)

Interest expenditures of \$332,479, \$112,174 and \$4,555 were recorded in the fund financial statements in the General, Water and Sewer funds, respectively. Interest expense of \$369,469 was recorded in 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, 2023 was \$214,165.

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 was paid in full during the year ended December 31, 2023.

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, 2023 was \$168,850.

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, 2023 was \$703,370.

Interest expenditures/expense of \$30,772, \$2,688 and \$730 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, 2023 including interest payments of \$3,175,393 are as follows:

Year Ending December 31,	General Obligation Bonds		Financed Purchases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	943,000	267,104	34,707	14,993	977,707	282,097
2029-2033	5,200,000	822,955	206,541	59,959	5,406,541	882,914
2034-2038	2,665,000	246,758	268,957	29,344	2,933,957	276,102
2039-2043	540,000	119,726	78,359	1,542	618,359	121,268
2044-2048	544,000	78,729	-	-	544,000	78,729
2049-2053	550,000	34,825	-	-	550,000	34,825
2054	110,000	1,426	-	-	110,000	1,426
	<u>\$ 14,349,000</u>	<u>\$ 2,982,269</u>	<u>\$ 1,086,385</u>	<u>\$ 193,124</u>	<u>\$ 15,435,385</u>	<u>\$ 3,175,393</u>

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2023

Note 3 - Detailed Notes on All Funds (Continued)

The above general obligation bonds and financed purchases 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 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 PFRS contributions the fiscal year ending 2015.

	<u>Original Amount Amortized</u>	<u>Current Year Payments</u>	<u>Balance Due</u>	<u>Due Within One Year</u>
2015 PFRS	<u>\$ 210,538</u>	<u>\$ 23,375</u>	<u>\$ 24,111</u>	<u>\$ 24,111</u>

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

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

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2023

Note 3 - Detailed Notes on All Funds (Continued)

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 ERS and PFRS plan's year ending in 2023 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	4 A15	13.0%
	5 A15	11.1
	6 A15 41J100	8.2
	6 A15 41J165	8.2
PFRS	2 384D	29.0%
	5 384D	27.6
	6 384D	20.2

At December 31, 2023, the City reported the following for its proportionate share of the net pension liability for ERS and PFRS:

	<u>ERS</u>	<u>PFRS</u>
Measurement date	March 31, 2023	March 31, 2023
Net pension liability	\$ 2,415,935	\$ 5,021,260
City's proportion of the net pension liability	0.0112662%	0.0911221%
Change in proportion since the prior measurement date	-0.0006044%	0.0034579%

The net pension liability was measured as of March 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a computation of the actuarially

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2023

Note 3 - Detailed Notes on All Funds (Continued)

determined indexed present value of future compensation by employer relative to the total of all participating members.

For the year ended December 31, 2023, the City recognized its proportionate share of pension expense in the government-wide financial statements of \$2,497,605 (\$958,522 for ERS and \$1,539,083 for PFRS). Pension expenditures of \$463,930 for ERS and \$920,991 for PFRS were recorded in the fund financial statements and were charged to the following funds:

Fund	ERS	PFRS	Total
General	\$ 317,357	\$ 920,991	\$ 1,238,348
Water	97,446	-	97,446
Sewer	41,763	-	41,763
Section 8 Housing	7,364	-	7,364
Total	<u>\$ 463,930</u>	<u>\$ 920,991</u>	<u>\$ 1,384,921</u>

At December 31, 2023, 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	\$ 257,316	\$ 67,849	\$ 490,778	\$ -	\$ 748,094	\$ 67,849
Changes of assumptions	1,173,334	12,968	2,446,847	-	3,620,181	12,968
Net difference between projected and actual earnings on pension plan investments	-	14,194	8,877	-	8,877	14,194
Changes in proportion and differences between City contributions and proportionate share of contributions	71,937	53,719	101,901	277,929	173,838	331,648
City contributions subsequent to the measurement date	344,193	-	727,880	-	1,072,073	-
	<u>\$ 1,846,780</u>	<u>\$ 148,730</u>	<u>\$ 3,776,283</u>	<u>\$ 277,929</u>	<u>\$ 5,623,063</u>	<u>\$ 426,659</u>

\$344,193 and \$727,880 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 in the year ended March 31, 2024. 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
2024	\$ 324,185	\$ 513,323
2025	(121,864)	(155,337)
2026	501,752	1,451,880
2027	649,784	890,753
2028	-	69,855
	<u>\$ 1,353,857</u>	<u>\$ 2,770,474</u>

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2023

Note 3 - Detailed Notes on All Funds (Continued)

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, 2023	March 31, 2023
Actuarial valuation date	April 1, 2022	April 1, 2022
Investment rate of return	5.9% *	5.9% *
Salary scale	4.4%	6.2%
Inflation rate	2.9%	2.9%
Cost of living adjustments	1.5%	1.5%

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

Annuitant mortality rates are based on the System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

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.

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32 %	4.30 %
International Equity	15	6.85
Private Equity	10	7.50
Real Estate	9	4.60
Opportunistic/ARS Portfolio	3	5.38
Credit	4	5.43
Real Assets	3	5.84
Fixed Income	23	1.50
Cash	1	0.00
	<u>100 %</u>	

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2023

Note 3 - Detailed Notes on All Funds (Continued)

The real rate of return is net of the long-term inflation assumption of 2.9%

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:

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
City's proportionate share of the ERS net pension liability (asset)	<u>\$ 5,838,278</u>	<u>\$ 2,415,935</u>	<u>\$ (443,831)</u>
City's proportionate share of the PFRS net pension liability (asset)	<u>\$ 10,467,051</u>	<u>\$ 5,021,260</u>	<u>\$ 511,818</u>

The components of the collective net pension liability (asset) as of the March 31, 2023 measurement date were as follows:

	ERS	PFRS	Total
Total pension liability	\$ 232,627,259,000	\$ 43,835,333,000	\$ 276,462,592,000
Fiduciary net position	<u>211,183,223,000</u>	<u>38,324,863,000</u>	<u>249,508,086,000</u>
Employers' net pension liability	<u>\$ 21,444,036,000</u>	<u>\$ 5,510,470,000</u>	<u>\$ 26,954,506,000</u>
Fiduciary net position as a percentage of total pension liability	<u>90.78%</u>	<u>87.43%</u>	<u>90.25%</u>

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, 2023 represent the employer contribution for the period of April 1, 2023 through December 31, 2023 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, 2023 were \$344,193 and \$727,880, 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

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2023

Note 3 - Detailed Notes on All Funds (Continued)

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.

At December 31, 2023, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	63
Active employees	<u>78</u>
	<u>141</u>

The City's total OPEB liability of \$52,823,715 was measured as of December 31, 2023, and was determined by an actuarial valuation as of January 1, 2023.

The total OPEB liability in the January 1, 2023 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	2.50%
Discount rate	3.26%
Healthcare cost trend rates	8.0% for 2023, decreasing by up to .5% per year to an ultimate rate of 5.0% for 2029
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 demographic assumptions were updated to be consistent with the rates developed in the report, "Development of Recommended Actuarial Assumptions" for New York/SUNY GASB 75 Valuation prepared by the AON Hewitt dated August 2022.

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2023

Note 3 - Detailed Notes on All Funds (Continued)

The City's change in the total OPEB liability for the year ended December 31, 2023 is as follows:

Total OPEB Liability - Beginning of Year	\$ 49,909,916
Service cost	1,448,157
Interest	1,779,033
Changes of benefit terms	-
Differences between expected and actual experience	(5,558,126)
Changes in assumptions or other inputs	6,530,841
Benefit payments	<u>(1,286,106)</u>
Total OPEB Liability - End of Year	<u>\$ 52,823,715</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 (2.26%) or 1 percentage point higher (4.26%) than the current discount rate:

	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
Total OPEB Liability	<u>\$ 62,949,124</u>	<u>\$ 52,823,715</u>	<u>\$ 44,927,849</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 healthcare cost trend rates that are 1 percentage point lower (7.0% decreasing to 4.0%) or 1 percentage point higher (9.0% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (7.0% decreasing to 4.0%)	Current Healthcare Cost Trend Rates (8.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
Total OPEB Liability	<u>\$ 44,239,104</u>	<u>\$ 52,823,715</u>	<u>\$ 64,104,376</u>

For the year ended December 31, 2023, the City recognized OPEB expense of \$2,874,090 in the government-wide financial statements. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 11,706,394	\$ 14,010,147
Differences between expected and actual experience	<u>5,486,361</u>	<u>5,909,204</u>
	<u>\$ 17,192,755</u>	<u>\$ 19,919,351</u>

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2023

Note 3 - Detailed Notes on All Funds (Continued)

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

<u>Year Ended December 31,</u>	
2024	\$ (353,100)
2025	(353,100)
2026	(1,885)
2027	195,672
2028	94,535
Thereafter	<u>(2,308,718)</u>
	<u>\$ (2,726,596)</u>

F. 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 Capital Projects Fund</u>
Non-Major Governmental Funds	<u>\$ 146,328</u>

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

G. 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.

City of Port Jervis, New York

Notes to Financial Statements (Continued)
December 31, 2023

Note 3 - Detailed Notes on All Funds (Continued)

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".

H. Fund Balance

	General Fund	Water Fund	Small Cities	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable						
Prepaid expenditures	\$ 218,759	\$ 111,456	\$ -	\$ -	\$ 28,705	\$ 358,920
Restricted						
Capital projects	-	93,641	-	3,233,781	-	3,327,422
Compensated absences	-	111,271	-	-	-	111,271
Section 8 housing	-	-	-	-	522,903	522,903
Small cities	-	-	1,007,747	-	-	1,007,747
Debt service	190,930	-	-	-	-	190,930
Total Restricted	190,930	204,912	1,007,747	3,233,781	522,903	5,160,273
Assigned						
Major funds	-	726,893	-	-	-	726,893
Non-major funds						
Sewer	-	-	-	-	1,254,650	1,254,650
Total Assigned	-	726,893	-	-	1,254,650	1,981,543
Unassigned	3,344,663	-	-	-	-	3,344,663
Total Fund Balances	\$ 3,754,352	\$ 1,043,261	\$ 1,007,747	\$ 3,233,781	\$ 1,806,258	\$ 10,845,399

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.

Note 3 - Detailed Notes on All Funds (Continued)

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.

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. 101, "*Compensated Absences*" provides guidance on the accounting and financial reporting for compensated absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

GASB Statement No. 102, "*Certain Risk Disclosures*", the objective of this Statement is to disclose within government financial statements risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

Under this Statement, a government is required to assess whether an event or events associated with a concentration or constraint that could cause substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

City of Port Jervis, New York

Notes to Financial Statements (Concluded)
December 31, 2023

Note 5 - Recently Issued GASB Pronouncements (Continued)

GASB Statement No. 103, "*Financial Reporting Model Improvements*", has been issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

GASB Statement No. 104, "*Disclosure of Certain Capital Assets*", has been issued to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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 of this and other pronouncements may have on its financial statements and will implement them if 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, 2023:

<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	\$ 51.31500	\$ 39,256	\$ 13,492	\$ 25,764
2011 3312 Group, LLC	1,046,500	51.31500	53,701	49,966	3,735
2015 Waters Edge	3,650,900	51.31500	187,346	35,600	151,746
P J Housing Authority	<u>1,554,100</u>	51.31500	<u>79,750</u>	<u>33,068</u>	<u>46,682</u>
Total	<u>\$ 7,016,500</u>		<u>\$ 360,054</u>	<u>\$ 132,126</u>	<u>\$ 227,927</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)

	2023	2022	2021
Total OPEB Liability:			
Service cost	\$ 1,448,157	\$ 2,477,120	\$ 2,373,244
Interest	1,779,033	1,347,423	1,318,312
Changes of benefit terms	-	-	1,030,152
Differences between expected and actual experience	(5,558,126)	-	8,071,557
Changes of assumptions or other inputs	6,530,841	(16,187,520)	1,215,853
Benefit payments	(1,286,106)	(1,310,992)	(1,204,295)
Net Change in Total OPEB Liability	2,913,799	(13,673,969)	12,804,823
Total OPEB Liability – Beginning of Year	49,909,916	63,583,885	50,779,062
Total OPEB Liability – End of Year	<u>\$ 52,823,715</u>	<u>\$ 49,909,916</u>	<u>\$ 63,583,885</u>
City's covered-employee payroll	<u>\$ 5,833,947</u>	<u>\$ 5,807,217</u>	<u>\$ 5,665,578</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>905.45%</u>	<u>859.45%</u>	<u>1122.28%</u>
Discount rate	<u>3.26%</u>	<u>3.72%</u>	<u>2.06%</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.

2020	2019	2018
\$ 1,718,521	\$ 1,225,623	\$ 1,749,536
1,227,122	1,448,350	1,459,138
-	381,825	-
-	(2,457,324)	-
5,207,386	4,822,967	(4,587,733)
(875,955)	(814,107)	(780,473)
7,277,074	4,607,334	(2,159,532)
43,501,988	38,894,654	41,054,186 (3)
<u>\$ 50,779,062</u>	<u>\$ 43,501,988</u>	<u>\$ 38,894,654</u>
<u>\$ 5,923,745</u>	<u>\$ 5,779,263</u>	<u>\$ 5,779,263</u>
<u>857.21%</u>	<u>752.73%</u>	<u>673.00%</u>
<u>2.12%</u>	<u>2.74%</u>	<u>4.10%</u>

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)

	2023 (4)	2022 (5)	2021 (5)	2020 (3)(4)
City's proportion of the net pension liability (asset)	<u>0.0112662%</u>	<u>0.0118706%</u>	<u>0.0106805%</u>	<u>0.0106217%</u>
City's proportionate share of the net pension liability (asset)	<u>\$ 2,415,935</u>	<u>\$ (970,376)</u>	<u>\$ 10,635</u>	<u>\$ 2,813</u>
City's covered payroll	<u>\$ 2,768,425</u>	<u>\$ 2,509,913</u>	<u>\$ 3,430,645</u>	<u>\$ 3,136</u>
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>87.27%</u>	<u>-38.66%</u>	<u>0.31%</u>	<u>89.70%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>103.65%</u>	<u>103.65%</u>	<u>99.95%</u>	<u>86.39%</u>
Discount rate	<u>5.90%</u>	<u>5.90%</u>	<u>5.90%</u>	<u>6.80%</u>

Schedule of Contributions

	2023	2022	2021 (3)	2020 (3)
Contractually required contribution	<u>\$ 458,924</u>	<u>\$ 479,361</u>	<u>\$ 551</u>	<u>\$ 467</u>
Contributions in relation to the contractually required contribution	<u>(458,924)</u>	<u>(479,361)</u>	<u>(551)</u>	<u>(467)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	<u>\$ 3,454,649</u>	<u>\$ 2,548,368</u>	<u>\$ 3,396</u>	<u>\$ 3,136</u>
Contributions as a percentage of covered payroll	<u>13.28%</u>	<u>18.81%</u>	<u>16.22%</u>	<u>14.89%</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.

<u>2019 (3)</u>	<u>2018 (3)</u>	<u>2017 (3)</u>	<u>2016 (3)</u>	<u>2015 (3)</u>
<u>0.0105573%</u>	<u>0.0112142%</u>	<u>0.0108845%</u>	<u>0.0110030%</u>	<u>0.0110160%</u>
<u>\$ 748</u>	<u>\$ 362</u>	<u>\$ 1,023</u>	<u>\$ 1,766</u>	<u>\$ 372</u>
<u>\$ 3,073</u>	<u>\$ 3,031</u>	<u>\$ 3,047</u>	<u>\$ 2,946</u>	<u>\$ 2,754</u>
<u>24.34%</u>	<u>11.94%</u>	<u>33.57%</u>	<u>59.95%</u>	<u>13.51%</u>
<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>
<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.50%</u>
<u>2019 (3)</u>	<u>2018 (3)</u>	<u>2017 (3)</u>	<u>2016 (3)</u>	<u>2015 (3)</u>
<u>\$ 466</u>	<u>\$ 473</u>	<u>\$ 468</u>	<u>\$ 463</u>	<u>\$ 569</u>
<u>(466)</u>	<u>(473)</u>	<u>(468)</u>	<u>(463)</u>	<u>(569)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 3,073</u>	<u>\$ 3,031</u>	<u>\$ 3,047</u>	<u>\$ 2,946</u>	<u>\$ 2,754</u>
<u>15.16%</u>	<u>15.61%</u>	<u>15.36%</u>	<u>15.72%</u>	<u>20.66%</u>

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)

	2023 (4)	2022 (5)	2021 (5)	2020 (3)(4)
City's proportion of the net pension liability	<u>0.0911221%</u>	<u>0.0876642%</u>	<u>0.0848522%</u>	<u>0.0841810%</u>
City's proportionate share of the net pension liability	<u>\$ 5,021,260</u>	<u>\$ 497,972</u>	<u>\$ 1,473,268</u>	<u>\$ 4,499</u>
City's covered payroll	<u>\$ 3,542,440</u>	<u>\$ 3,263,823</u>	<u>\$ 3,339,986</u>	<u>\$ 3,357</u>
City's proportionate share of the net pension liability as a percentage of its covered payroll	<u>141.75%</u>	<u>15.26%</u>	<u>44.11%</u>	<u>134.02%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>87.43%</u>	<u>98.66%</u>	<u>95.79%</u>	<u>84.90%</u>
Discount rate	<u>5.90%</u>	<u>5.90%</u>	<u>5.90%</u>	<u>6.80%</u>

Schedule of Contributions

	2023	2022	2021 (3)	2020 (3)
Contractually required contribution	\$ 970,507	\$ 836,081	\$ 892	\$ 776
Contributions in relation to the contractually required contribution	<u>(970,507)</u>	<u>(836,081)</u>	<u>(892)</u>	<u>(776)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	<u>\$ 3,740,923</u>	<u>\$ 3,315,251</u>	<u>\$ 3,340</u>	<u>\$ 3,357</u>
Contributions as a percentage of covered payroll	<u>25.94%</u>	<u>25.22%</u>	<u>26.71%</u>	<u>23.12%</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.

<u>2019 (3)</u>	<u>2018 (3)</u>	<u>2017 (3)</u>	<u>2016 (3)</u>	<u>2015 (3)</u>
<u>0.0857294%</u>	<u>0.0816596%</u>	<u>0.0807322%</u>	<u>0.0808970%</u>	<u>0.0828524%</u>
<u>\$ 1,438</u>	<u>\$ 825</u>	<u>\$ 1,673</u>	<u>\$ 2,395</u>	<u>\$ 228</u>
<u>\$ 3,278</u>	<u>\$ 3,182</u>	<u>\$ 3,182</u>	<u>\$ 3,067</u>	<u>\$ 2,873</u>
<u>43.87%</u>	<u>25.93%</u>	<u>52.58%</u>	<u>78.09%</u>	<u>7.94%</u>
<u>95.10%</u>	<u>96.90%</u>	<u>93.50%</u>	<u>90.20%</u>	<u>99.00%</u>
<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.50%</u>
<u>2019 (3)</u>	<u>2018 (3)</u>	<u>2017 (3)</u>	<u>2016 (3)</u>	<u>2015 (3)</u>
<u>\$ 747</u>	<u>\$ 740</u>	<u>\$ 740</u>	<u>\$ 715</u>	<u>\$ 811</u>
<u>(747)</u>	<u>(740)</u>	<u>(740)</u>	<u>(715)</u>	<u>(811)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 3,278</u>	<u>\$ 3,182</u>	<u>\$ 3,182</u>	<u>\$ 3,067</u>	<u>\$ 2,873</u>
<u>22.79%</u>	<u>23.26%</u>	<u>23.26%</u>	<u>23.31%</u>	<u>28.23%</u>

City of Port Jervis, New York

General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 7,339,221	\$ 7,357,228	\$ 7,055,136	\$ (302,092)
Other tax items	502,717	434,629	211,091	(223,538)
Non-property taxes	5,423,730	5,423,730	5,267,167	(156,563)
Departmental income	997,203	997,203	1,090,057	92,854
Intergovernmental charges	76,695	76,695	67,894	(8,801)
Use of money and property	36,800	36,800	154,641	117,841
Licenses and permits	106,625	106,625	125,691	19,066
Fines and forfeitures	75,000	75,000	61,871	(13,129)
Sale of property and compensation for loss	6,000	6,000	8,963	2,963
State aid	1,648,180	1,648,180	1,935,361	287,181
Federal aid	100,373	100,373	632,763	532,390
Miscellaneous	-	-	57,786	57,786
Total Revenues	16,312,544	16,262,463	16,668,421	405,958
EXPENDITURES				
Current				
General government support	2,218,584	1,965,708	1,969,642	(3,934)
Public safety	5,321,957	5,321,957	5,937,421	(615,464)
Health	4,000	4,000	12	3,988
Transportation	1,080,803	1,080,803	827,223	253,580
Economic opportunity and development	1,000	1,000	1,000	-
Culture and recreation	454,962	454,962	502,445	(47,483)
Home and community services	862,027	862,030	887,689	(25,659)
Employee benefits	5,255,297	5,255,297	4,940,871	314,426
Debt service				
Principal	797,577	899,577	815,284	84,293
Interest	376,337	477,129	363,251	113,878
Total Expenditures	16,372,544	16,322,463	16,244,838	77,625
Excess (Deficiency) of Revenues Over Expenditures	(60,000)	(60,000)	423,583	483,583
OTHER FINANCING SOURCES				
Insurance recoveries	60,000	60,000	51,984	(8,016)
Net Change in Fund Balance	-	-	475,567	475,567
FUND BALANCE				
Beginning of Year	-	-	3,278,785	3,278,785
End of Year	\$ -	\$ -	\$ 3,754,352	\$ 3,754,352

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REAL PROPERTY TAXES	\$ 7,339,221	\$ 7,357,228	\$ 7,055,136	\$ (302,092)
OTHER TAX ITEMS				
Interest and penalties on real property taxes	300,000	300,000	136,926	(163,074)
Payments in lieu of taxes	202,717	134,629	132,126	(2,503)
Gain/(Loss) on sale of tax acquired property	-	-	(57,961)	(57,961)
	502,717	434,629	211,091	(223,538)
NON-PROPERTY TAXES				
Non-property tax distribution from County	4,688,730	4,688,730	4,525,811	(162,919)
Utilities gross receipts taxes	600,000	600,000	613,936	13,936
Hotel tax	1,000	1,000	1,616	616
Cable television franchise fees	134,000	134,000	125,804	(8,196)
	5,423,730	5,423,730	5,267,167	(156,563)
DEPARTMENTAL INCOME				
Treasurer fees	140,000	140,000	137,065	(2,935)
City Clerk fees	331,694	331,694	348,285	16,591
Police fees	221,009	221,009	209,017	(11,992)
Dog control	500	500	1,675	1,175
Safety inspection	66,500	66,500	55,347	(11,153)
Demolition fee	1,000	1,000	1,955	955
Parks and recreation charges	9,000	9,000	80,572	71,572
Zoning and Planning Board fees	5,000	5,000	32,486	27,486
Vacant building fees	190,000	190,000	195,218	5,218
Refuse and garbage charges	7,500	7,500	12,375	4,875
Other	25,000	25,000	16,062	(8,938)
	997,203	997,203	1,090,057	92,854
INTERGOVERNMENTAL CHARGES				
Services for other governments	76,695	76,695	67,894	(8,801)

USE OF MONEY AND PROPERTY

Earnings on investments	16,300	16,300	133,773	117,473
Rentals of real property	20,500	20,500	20,868	368
	<u>36,800</u>	<u>36,800</u>	<u>154,641</u>	<u>117,841</u>

LICENSES AND PERMITS

Dog licenses and apportionment	3,125	3,125	3,294	169
Marriage licenses	12,000	12,000	18,591	6,591
Public safety permits	100	100	500	400
Building permits	75,000	75,000	95,735	20,735
Plumbing permits	16,400	16,400	7,571	(8,829)
	<u>106,625</u>	<u>106,625</u>	<u>125,691</u>	<u>19,066</u>

FINES AND FORFEITURES

Fines and forfeited bail	<u>75,000</u>	<u>75,000</u>	<u>61,871</u>	<u>(13,129)</u>
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SALE OF PROPERTY AND COMPENSATION FOR LOSS

Sale of scrap and excess materials	<u>6,000</u>	<u>6,000</u>	<u>8,963</u>	<u>2,963</u>
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STATE AID

Mortgage tax	100,000	100,000	250,634	150,634
Unified Court	35,000	35,000	28,151	(6,849)
Bus and other mass transit	57,000	57,000	92,591	35,591
Youth programs	28,000	28,000	40,200	12,200
Per capita	1,405,680	1,405,680	1,406,263	583
Public safety grants	22,500	22,500	117,522	95,022
	<u>1,648,180</u>	<u>1,648,180</u>	<u>1,935,361</u>	<u>287,181</u>

FEDERAL AID

American Rescue Plan Act	-	-	467,689	467,689
Transportation	97,000	97,000	113,343	16,343
Project safe neighborhoods	-	-	48,154	48,154
Summer lunch program	3,373	3,373	3,577	204
	<u>100,373</u>	<u>100,373</u>	<u>632,763</u>	<u>532,390</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
MISCELLANEOUS				
Gifts and donations	\$ -	\$ -	\$ 1,714	\$ 1,714
Other	-	-	56,072	56,072
	<u>-</u>	<u>-</u>	<u>57,786</u>	<u>57,786</u>
TOTAL REVENUES	<u>16,312,544</u>	<u>16,262,463</u>	<u>16,668,421</u>	<u>405,958</u>
OTHER FINANCING SOURCES				
Insurance recoveries	<u>60,000</u>	<u>60,000</u>	<u>51,984</u>	<u>(8,016)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 16,372,544</u>	<u>\$ 16,322,463</u>	<u>\$ 16,720,405</u>	<u>\$ 397,942</u>

See independent auditors' report.

City of Port Jervis, New York

General Fund

Schedule of Expenditures Compared to Budget

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT SUPPORT				
Common Council	\$ 190,000	\$ 190,000	\$ 233,023	\$ (43,023)
Mayor	146,120	146,120	127,703	18,417
City Manager	415,246	415,246	413,259	1,987
Assessment	158,064	158,064	156,018	2,046
Tax Arrears	1,500	1,500	730	770
Law	85,000	85,000	70,466	14,534
Personnel	59,990	59,990	46,296	13,694
Public Works administration	224,068	224,068	256,028	(31,960)
Building maintenance	371,860	371,860	432,048	(60,188)
Special items				
Unallocated insurance	116,825	116,825	191,439	(74,614)
Municipal association dues	4,200	4,200	-	4,200
Taxes on City property	70,000	70,000	20,622	49,378
Metropolitan transportation and mobility tax	23,000	23,000	22,010	990
Contingency	352,711	99,835	-	99,835
	<u>2,218,584</u>	<u>1,965,708</u>	<u>1,969,642</u>	<u>(3,934)</u>
PUBLIC SAFETY				
Police department	4,329,807	4,329,807	4,977,825	(648,018)
Juvenile detention	115,742	115,742	105,979	9,763
Traffic control	25,000	25,000	17,010	7,990
Off-street parking	23,000	23,000	17,856	5,144
Fire department	443,454	443,454	470,959	(27,505)
Fire inspector	74,027	74,027	49,906	24,121
Control of animals	34,512	34,512	32,047	2,465
Safety inspection	262,102	262,102	246,601	15,501
Civil defense	14,313	14,313	19,238	(4,925)
	<u>5,321,957</u>	<u>5,321,957</u>	<u>5,937,421</u>	<u>(615,464)</u>

HEALTH

Other	4,000	4,000	12	3,988
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TRANSPORTATION

Street maintenance	604,324	604,324	460,610	143,714
Street lighting	128,600	128,600	134,167	(5,567)
Snow removal	190,000	190,000	97,502	92,498
Bus operations	157,879	157,879	134,944	22,935
	<u>1,080,803</u>	<u>1,080,803</u>	<u>827,223</u>	<u>253,580</u>

ECONOMIC OPPORTUNITY AND DEVELOPMENT

Other	1,000	1,000	1,000	-
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CULTURE AND RECREATION

Recreation administration	152,711	152,711	178,096	(25,385)
Parks maintenance	212,954	212,954	248,097	(35,143)
Playgrounds	81,997	81,997	68,688	13,309
Historian	1,300	1,300	1,000	300
Historical property	3,500	3,500	3,500	-
Celebrations	2,500	2,500	3,064	(564)
	<u>454,962</u>	<u>454,962</u>	<u>502,445</u>	<u>(47,483)</u>

HOME AND COMMUNITY SERVICES

Zoning Board of Appeals	12,150	12,150	14,973	(2,823)
Planning Commission	8,897	8,900	9,150	(250)
Storm sewers	11,000	11,000	20,710	(9,710)
Refuse collection and disposal	808,980	808,980	825,371	(16,391)
Street cleaning	18,000	18,000	11,998	6,002
Emergency disaster	3,000	3,000	4,356	(1,356)
Other	-	-	1,131	(1,131)
	<u>862,027</u>	<u>862,030</u>	<u>887,689</u>	<u>(25,659)</u>

(Continued)

City of Port Jervis, New York

General Fund

Schedule of Expenditures Compared to Budget (Continued)

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
EMPLOYEE BENEFITS				
State retirement	\$ 333,641	\$ 333,641	\$ 317,357	\$ 16,284
Police retirement	830,193	830,193	944,366	(114,173)
Social security	480,783	480,783	487,261	(6,478)
Workers' compensation benefits	220,000	220,000	185,047	34,953
Unemployment benefits	5,000	5,000	2,195	2,805
Disability insurance	7,881	7,881	5,863	2,018
Life, health and dental insurance	3,277,799	3,277,799	2,998,782	279,017
Retirement payout	100,000	100,000	-	100,000
	<u>5,255,297</u>	<u>5,255,297</u>	<u>4,940,871</u>	<u>314,426</u>
DEBT SERVICE				
Principal				
Serial bonds	580,000	682,000	635,950	46,050
Capital leases	217,577	217,577	179,334	38,243
	<u>797,577</u>	<u>899,577</u>	<u>815,284</u>	<u>84,293</u>
Interest				
Serial bonds	334,644	435,436	332,479	102,957
Financed Purchases	41,693	41,693	30,772	10,921
	<u>376,337</u>	<u>477,129</u>	<u>363,251</u>	<u>113,878</u>
	<u>1,173,914</u>	<u>1,376,706</u>	<u>1,178,535</u>	<u>198,171</u>
TOTAL EXPENDITURES	<u>\$ 16,372,544</u>	<u>\$ 16,322,463</u>	<u>\$ 16,244,838</u>	<u>\$ 77,625</u>

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Departmental income	\$ 2,478,500	\$ 2,478,500	\$ 2,476,360	\$ (2,140)
Miscellaneous	44,665	44,665	35,803	(8,862)
Total Revenues	2,523,165	2,523,165	2,512,163	(11,002)
EXPENDITURES				
Current				
General government support	399,731	399,731	155,592	244,139
Home and community services	1,026,831	1,026,831	1,181,127	(154,296)
Employee benefits	473,929	473,929	777,719	(303,790)
Debt service				
Principal	473,533	473,533	491,603	(18,070)
Interest	149,141	149,141	114,862	34,279
Total Expenditures	2,523,165	2,523,165	2,720,903	(197,738)
Deficiency of Revenues Over Expenditures	-	-	(208,740)	(208,740)
FUND BALANCE				
Beginning of Year	-	-	1,252,001	1,252,001
End of Year	\$ -	\$ -	\$ 1,043,261	\$ 1,043,261

See independent auditors' report.

City of Port Jervis, New York

Non-Major Governmental Funds
Combining Balance Sheet
December 31, 2023

	Section 8 Housing Assistance Payment Program	Sewer	Total Non-Major Governmental Funds
ASSETS			
Cash and equivalents	\$ 553,008	\$ 1,099,673	\$ 1,652,681
Receivables			
Accounts	8,304	-	8,304
Sewer rents	-	222,368	222,368
Due from other funds	-	227,733	227,733
Prepaid expenditures	-	28,705	28,705
Total Assets	<u>\$ 561,312</u>	<u>\$ 1,578,479</u>	<u>\$ 2,139,791</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 38,409	\$ 16,942	\$ 55,351
Due to retirement systems	-	30,977	30,977
Due to other funds	-	247,190	247,190
Due to other governments	-	15	15
Total Liabilities	38,409	295,124	333,533
Fund balances			
Nonspendable	-	28,705	28,705
Restricted	522,903	-	522,903
Assigned	-	1,254,650	1,254,650
Total Fund Balances	<u>522,903</u>	<u>1,283,355</u>	<u>1,806,258</u>
Total Liabilities and Fund Balances	<u>\$ 561,312</u>	<u>\$ 1,578,479</u>	<u>\$ 2,139,791</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, 2023

	Section 8 Housing Assistance Payment Program	Sewer	Total Non-Major Governmental Funds
REVENUES			
Departmental income	\$ -	\$ 1,651,468	\$ 1,651,468
Use of money and property	63	-	63
Federal Aid	2,156,189	-	2,156,189
Miscellaneous	4,411	6,303	10,714
Total Revenues	2,160,663	1,657,771	3,818,434
EXPENDITURES			
Current			
General government support	-	34,075	34,075
Home and community services	2,123,805	583,734	2,707,539
Employee benefits	-	232,928	232,928
Debt service			
Principal	-	37,508	37,508
Interest	-	5,285	5,285
Total Expenditures	2,123,805	893,530	3,017,335
Excess of Revenues Over Expenditures	36,858	764,241	801,099
OTHER FINANCING USES			
Transfers out	-	(146,328)	(146,328)
Net Change in Fund Balances	36,858	617,913	654,771
FUND BALANCES			
Beginning of Year	486,045	665,442	1,151,487
End of Year	\$ 522,903	\$ 1,283,355	\$ 1,806,258

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Departmental income	\$ 1,602,232	\$ 1,602,232	\$ 1,651,468	\$ 49,236
Miscellaneous income	43,327	43,327	6,303	(37,024)
Total Revenues	1,645,559	1,645,559	1,657,771	12,212
EXPENDITURES				
Current				
General government support	329,396	329,396	34,075	295,321
Home and community services	987,741	987,741	583,734	404,007
Employee benefit	328,422	328,422	232,928	95,494
Debt service				
Principal	-	-	37,508	(37,508)
Interest	-	-	5,285	(5,285)
Total Expenditures	1,645,559	1,645,559	893,530	752,029
Excess of Revenues Over Expenditures	-	-	764,241	764,241
OTHER FINANCING USES				
Transfers out	-	-	(146,328)	(146,328)
Net Change in Fund Balance	-	-	617,913	617,913
FUND BALANCE				
Beginning of Year	-	-	665,442	665,442
End of Year	\$ -	\$ -	\$ 1,283,355	\$ 1,283,355

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 30, 2025.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

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*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
July 30, 2025

City of Port Jervis, New York

Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

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(es) identified?

_____ Yes X No
 X Yes _____ No

Noncompliance material to financial
statements noted?

_____ Yes X No

Section II - Financial Statement Findings

Finding 2023-001: Timely and Periodic Reconciliation of Accounts (*Significant Deficiency*)

Criteria: The year-end closing process should result in a complete and accurate record that supports the financial statements and supporting schedules in accordance with Generally Accepted Accounting Principles ("GAAP").

Condition: We were required to post numerous corrections as part of our auditor identified journal entries. In addition, certain bank account reconciliations were incomplete, and water sewer billings were not reconciled.

Cause: The City had turnover in the Clerk-Treasurer role before and during the time of the audit. In addition, the City implemented a new accounting system with minimal training provided to the accounting personnel..

Effect or Potential Effect: The financial statements might not provide a complete and accurate record of the City's financial statements and supporting schedules in accordance with GAAP.

Recommendation: The City should establish more effective review and reconciliation policies and procedures as a customary part of the accounting process, including monthly reconciliations being performed throughout the fiscal year.

Management's Response: See corrective action plan.

Finding 2023-002: Physical Inventory of Capital Assets and Maintenance of Records (*Significant Deficiency*)

Criteria: According to the New York State Office of the State Comptroller *Financial Management Guide for Local Governments*, as part of any capital asset inventory control system, the City should see to it that a physical inventory is conducted of each department and the results of the inventory should be reconciled with the property records on file in the City Clerk Treasurer's Office.

City of Port Jervis, New York

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2023

Condition: Our discussions with management and review of the detailed capital asset records revealed that the City has machinery and equipment dating back to 1980 still on the books. This indicates the need for a complete physical inventory of fixed assets, which would be the best and most efficient method for developing an accurate listing of all capital assets.

Cause: The City had turnover in the Clerk-Treasurer role before and during the time of the audit. In addition, the City implemented a new accounting system with minimal training provided to the accounting personnel.

Effect or Potential Effect: The capital assets reported in the financial statements might include assets that are no long in use by the City.

Recommendation: There should be a physical inventory of capital assets that is conducted of each department and the results of the inventory should be reconciled with the property records on file in the City Clerk Treasurer's Office. The City might also consider having an outside current appraisal of its capital assets.

Management's Response: See corrective action plan.