

CITY OF PLATTSBURGH, NEW YORK
Financial Statements
Year Ended December 31, 2022

TABLE OF CONTENTS

| | |
|---|-------|
| Independent Auditor’s Report | 1-3 |
| Management’s Discussion and Analysis | 4-15 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Position..... | 16 |
| Statement of Activities..... | 17 |
| Fund Financial Statements: | |
| Governmental Funds: | |
| Balance Sheet – Governmental Funds..... | 18 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position..... | 19 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds..... | 20 |
| Reconciliation of the Governmental Funds Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities..... | 21 |
| Proprietary Funds: | |
| Statement of Net Position – Proprietary Fund..... | 22 |
| Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund..... | 23 |
| Statement of Cash Flows – Proprietary Fund..... | 24 |
| Fiduciary Funds: | |
| Statement of Fiduciary Net Position – Fiduciary Funds..... | 25 |
| Statement of Changes in Fiduciary Net Position – Fiduciary Funds..... | 25 |
| Notes to the Financial Statements | 26-58 |
| Required Supplementary Information: | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund..... | 59 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund..... | 60 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund..... | 61 |

| | |
|---|--------------|
| Schedule of Proportionate Share of Net Pension Liabilities – NYSERS Defined Benefit Plan..... | 62 |
| Schedule of Contributions – NYSERS Defined Benefit Plan..... | 62 |
| Schedule of Proportionate Share of Net Pension Liabilities – NYSPRFS Defined Benefit Plan..... | 63 |
| Schedule of Contributions – NYSPFRS Defined Benefit Plan..... | 63 |
| Schedule of Changes in Total OPEB Liability and Related Ratios..... | 64 |
| Supplementary Information: | |
| Combining Balance Sheet – Special Revenue Funds..... | 65 |
| Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance –Special Revenue Funds..... | 66 |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>..... | 67-68 |
| Schedule of Findings..... | 69 |

Independent Auditor's Report

To the Mayor and Common Council
City of Plattsburgh
Plattsburgh, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Plattsburgh, New York as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Plattsburgh, New York's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Plattsburgh, New York, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Plattsburgh, New York 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 of Plattsburgh, New York'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.

Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards 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 of Plattsburgh, New York'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Plattsburgh, New York'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 the management's discussion and analysis, budgetary comparison information, and pension and other post-employment benefit information on pages 4-15 and 59-64 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 of Plattsburgh, New York's basic financial statements. The combining fund financial statements 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 fund financial statements 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 June 21, 2023, on our consideration of the City of Plattsburgh, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Plattsburgh, New York'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 of Plattsburgh, New York's internal control over financial reporting and compliance.

Telling & Hillman, P.C.

Telling & Hillman P.C.
License # 092.0131564
Middlebury, Vermont
June 21, 2023

CITY OF PLATTSBURGH, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2022

As management of the City of Plattsburgh, New York, we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. Other forward-looking indicators will also assist the reader to assess the overall financial health of the City.

The Statement of Activities presents information showing 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 only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The government-wide financial statements are divided into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the police, fire, building and facilities departments, and general administration. Property taxes, franchise fees, and state and federal grants finance most of these activities.
- Business-type activities – The City charges a fees to customers to help it cover all or most of the cost of certain services it provides. The City's Municipal Lighting Department is reported here.

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City uses three categories of funds - governmental, proprietary, and fiduciary.

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 financial requirements.

Because the focus of the 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 change in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

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

The general fund, debt services fund, parking authority fund, recreation fund, water fund, sewer fund, and library fund all legally adopt a budget. The Schedules of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual provide comparisons of the original and final budget and the actual expenditures for the current year.

Proprietary funds

The City maintains one proprietary fund that is an enterprise funds. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for the Municipal Lighting Department. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the City. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. Fiduciary funds use the accrual basis of accounting and are reported using the economic resources measurement focus.

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 provide explanations of the accounting principles followed and include tables with more detailed analyses of accounts requiring further clarification. The notes to the financial statements can be found immediately following the basic financial statements.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America. The required supplementary information can be found immediately after the notes to the financial statements.

Supplementary information

Supplementary information includes financial statements and schedules that are not a required part of the basic financial statements but are presented for purposes of additional analysis. The supplementary information is presented following the required supplementary information.

FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources in the statement of net position by \$33,254,335 (i.e., net position), a change of \$3,066,993 in comparison to the prior year. The net position of governmental activities was \$(44,251,353) and net position of business-type activities was \$10,997,018.
- As of the close of the current fiscal year, the governmental activities reported total revenue in the statement of activities of \$37,465,459, a change of \$(2,979,592) in comparison to the prior year.
- As of the close of the current fiscal year, the business-type activities reported total revenue in the statement of activities of \$22,574,928, a change of \$2,330,550 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total expenses in the statement of activities of \$35,901,935 a change of \$(11,950,251) in comparison to the prior year.
- As of the close of the current fiscal year, the business-type activities reported total expenses in the statement of activities of \$21,071,459 a change of \$104,919 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported a combined ending fund balance of \$28,570,803, a change of \$3,981,596 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental funds reported total revenue of \$37,465,459, a change of \$(2,979,589) in comparison to the prior year.
- As of the close of the current fiscal year, the governmental funds reported total expenses of \$49,735,919, a change of \$6,172,823 in comparison to the prior year.
- As of the close of the current fiscal year, the unassigned fund balance for the general fund was \$5,737,992, a change of \$71,036 in comparison to the prior year.
- As of the close of the current fiscal year, proprietary funds reported a combined ending net position of \$10,997,018, a change of \$850,472 in comparison to the prior year.
- As of the close of the current fiscal year, the proprietary funds reported total revenue of \$22,574,928, a change of \$2,330,550 in comparison to the prior year.
- As of the close of the current fiscal year, the proprietary funds reported total expenses of \$21,071,459, a change of \$(190,435) in comparison to the prior year.
- As of the close of the current fiscal year, the City reported total outstanding long-term indebtedness of \$35,365,361, a change of \$9,662,565 in comparison to the prior year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

Net Position

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--|-------------------------|-----------------------|--------------------------|----------------------|--------------------------|-----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Assets | | | | | | |
| Current and other assets | \$ 20,959,400 | \$ 26,899,866 | \$ 3,301,149 | \$ 6,369,092 | \$ 24,260,549 | \$ 33,268,958 |
| Noncurrent assets | 135,559,222 | 114,392,255 | 33,999,551 | 30,630,198 | 169,558,773 | 145,022,453 |
| Total assets | <u>156,518,622</u> | <u>141,292,121</u> | <u>37,300,700</u> | <u>36,999,290</u> | <u>193,819,322</u> | <u>178,291,411</u> |
| Deferred outflows of resources | <u>14,012,459</u> | <u>28,949,767</u> | <u>1,373,114</u> | <u>2,911,836</u> | <u>15,385,573</u> | <u>31,861,603</u> |
| Total assets and deferred outflows of resources | <u>\$ 170,531,081</u> | <u>\$ 170,241,888</u> | <u>\$ 38,673,814</u> | <u>\$ 39,911,126</u> | <u>\$ 209,204,895</u> | <u>\$ 210,153,014</u> |
| Liabilities | | | | | | |
| Current liabilities | \$ 16,823,914 | \$ 4,766,509 | \$ 3,426,169 | \$ 3,180,584 | \$ 20,250,083 | \$ 7,947,093 |
| Long-term liabilities | 130,866,034 | 197,138,689 | 17,647,052 | 24,254,985 | 148,513,086 | 221,393,674 |
| Total liabilities | <u>147,689,948</u> | <u>201,905,198</u> | <u>21,073,221</u> | <u>27,435,569</u> | <u>168,763,169</u> | <u>229,340,767</u> |
| Deferred inflows of resources | <u>67,092,486</u> | <u>14,804,564</u> | <u>6,603,575</u> | <u>2,329,011</u> | <u>73,696,061</u> | <u>17,133,575</u> |
| Net position | | | | | | |
| Net investment in capital assets | 90,746,828 | 93,319,972 | 25,289,403 | 25,999,685 | 116,036,231 | 119,319,657 |
| Restricted | 18,523,178 | 14,500,953 | 3,172,443 | 3,180,338 | 21,695,621 | 17,681,291 |
| Unrestricted | (153,521,359) | (154,288,799) | (17,464,828) | (19,033,477) | (170,986,187) | (173,322,276) |
| Total net position | <u>(44,251,353)</u> | <u>(46,467,874)</u> | <u>10,997,018</u> | <u>10,146,546</u> | <u>(33,254,335)</u> | <u>(36,321,328)</u> |
| Total liabilities, deferred inflows, and net position | <u>\$ 170,531,081</u> | <u>\$ 170,241,888</u> | <u>\$ 38,673,814</u> | <u>\$ 39,911,126</u> | <u>\$ 209,204,895</u> | <u>\$ 210,153,014</u> |

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$(33,254,335), a change of \$3,066,993 from the prior year.

The majority of the City's net position, \$116,036,231, reflects our investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$21,695,621, represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net position \$170,986,187 is a deficit, primarily resulting for the City's unfunded net pension liability and OPEB (Other Post-Employment Benefit) liability.

Change in Net Position

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|----------------------------------|-------------------------|-------------------|--------------------------|-------------------|--------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 11,291,558 | \$ 10,755,073 | \$ 22,107,540 | \$ 19,850,316 | \$ 33,399,098 | \$ 30,605,389 |
| Operating grants | 69,642 | 31,939 | - | - | 69,642 | 31,939 |
| Capital grants & contributions | 1,927,742 | 6,113,856 | - | - | 1,927,742 | 6,113,856 |
| General revenues: | | | | | | |
| Property taxes | 11,747,991 | 11,468,743 | - | - | 11,747,991 | 11,468,743 |
| Sales and other taxes | 5,616,063 | 5,127,185 | - | - | 5,616,063 | 5,127,185 |
| Government aid | 3,342,045 | 3,783,076 | - | - | 3,342,045 | 3,783,076 |
| Other | 3,470,418 | 3,165,179 | 467,388 | 394,062 | 3,937,806 | 3,559,241 |
| Total revenues | 37,465,459 | 40,445,051 | 22,574,928 | 20,244,378 | 60,040,387 | 60,689,429 |
| Program expenses: | | | | | | |
| Governmental activities: | | | | | | |
| General government | 3,210,860 | 3,130,558 | - | - | 3,210,860 | 3,130,558 |
| Public safety | 8,794,503 | 8,280,944 | - | - | 8,794,503 | 8,280,944 |
| Transportation | 2,972,897 | 2,758,664 | - | - | 2,972,897 | 2,758,664 |
| Economic assist. & opp. | 946,759 | 588,339 | - | - | 946,759 | 588,339 |
| Culture and recreation | 1,524,468 | 1,492,445 | - | - | 1,524,468 | 1,492,445 |
| Home and community services | 8,190,243 | 7,556,475 | - | - | 8,190,243 | 7,556,475 |
| Employee benefits | 9,811,548 | 23,640,434 | - | - | 9,811,548 | 23,640,434 |
| Interest | 450,657 | 404,327 | - | - | 450,657 | 404,327 |
| Municipal lighting | - | - | 21,071,459 | 21,261,894 | 21,071,459 | 21,261,894 |
| Total expenses | 35,901,935 | 47,852,186 | 21,071,459 | 21,261,894 | 56,973,394 | 69,114,080 |
| Excess of revenues over expenses | 1,563,524 | (7,407,135) | 1,503,469 | (1,017,516) | 3,066,993 | (8,424,651) |
| Transfers in (out) | 652,997 | 652,997 | (652,997) | (652,997) | - | - |
| Change in net position | 2,216,521 | (6,754,138) | 850,472 | (1,670,513) | 3,066,993 | (8,424,651) |
| Net position - beginning of year | (46,467,874) | (39,713,736) | 10,146,546 | 11,817,059 | (36,321,328) | (27,896,677) |
| Net position - end of year | \$ (44,251,353) | \$ (46,467,874) | \$ 10,997,018 | \$ 10,146,546 | \$ (33,254,335) | \$ (36,321,328) |

The City's total revenues for the 2022 year were \$60,040,387 versus expenses of \$56,973,394. For the year, the City's net position increased by \$3,066,993 to bring the total net position of the primary government to \$(33,254,335). The following analysis separately considers the operations of governmental and business-type activities.

Governmental activities

Revenues and transfers in for the City's governmental activities for the year were \$38,118,456 while total expenses were \$35,901,935 which yielded an increase in net position of \$2,216,521. The drivers of revenues for the year were charges for services, which consists mostly of water and sewer charges for services. Property taxes comprised 31.6% of total revenues while sales taxes were 15.0% of total revenues. Revenues were down from the prior year by \$2,979,592.

For expenses, public safety, home and community services, and employee benefits made up a majority of the costs of the governmental activities. Total expenses for public safety were \$8,794,503. Costs associated with the police department totaled \$4,790,897 or 54.5% of the total while the fire department expenses for the year totaled \$3,387,200 or 38.5% of the total.

Home and community services total expenses for the year were \$8,190,243. Costs associated with operating the water fund were \$1,757,095 or 21.5% of the total while sewer funds were \$3,615,378 or 44.1% of the total.

Business-type activities

Revenues for the Municipal Lighting Department for the year were \$22,574,928 while total expenditures and transfer out were \$21,724,456. The resulting total net position for the business-type activities for the year increased by \$850,472.

For the Municipal Lighting Department, revenues are heavily influenced by winter temperatures, business activity, local development, and any changes in rates granted by the Public Service Commission. The charges for services part of total revenue increased by \$2,257,224 compared to the prior year.

For expenses, demand for electric power drives demand to purchase power. Since the Municipal Lighting Department does not generate its own power but distributes what it purchases, the cost of purchase power is a large cost factor in operating the business. In 2022, the total cost of purchased power increased by \$1,766,242 compared to the prior year.

Governmental funds

General Fund – the general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance was \$5,737,991 and the total fund equity was \$7,456,322. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to fund expenditures. For the current year, unassigned fund balance represents 22.7% of total expenditures (including transfers out), while total fund balance was 29.5% of the same amount. The total fund balance of the City's general fund increased by \$204,964 during the current fiscal year.

Debt service fund – the debt service fund is the fund from which all debt payments for the City are made. The fund balance at the end of the year of \$1,075,440 is reserved for the repayment of debt. The fund balance of the City's debt service fund increased by \$561,287 during the current fiscal year.

Capital projects fund – the capital projects fund accounts for the construction and reconstruction of general public improvements and major asset purchases, including projects related to business-type activities. The fund balance at the end of the year was \$6,697,209. The fund balance of the City's capital projects fund increased by \$5,640,614 during the current fiscal year.

Special revenue fund – the special revenue fund for the City is made up of the following individual funds: community development fund, parking lot fund, recreation complex fund, water fund, sewer fund, and library fund. The community development fund is a special revenue fund used to account for the programs and projects primarily funded by the U.S. Department of Housing and Urban Development as well as other federal and state grant programs. At the end of the current fiscal year, the total special revenue fund balance was \$13,341,832.

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

Proprietary fund

Municipal lighting department - this department purchases all of its power from the New York Power Authority and the New York Municipal Power Agency and distributes it on a system owned by the City of Plattsburgh. For the fiscal year ended December 31, 2022, net position was \$10,997,018, up \$850,472 from the previous year.

BUDGETARY HIGHLIGHTS

The City Charter requires the Mayor to submit a budget with an accompanying written budget report to the Common Council on or before October 1st for the next fiscal year which begins January 1st. The budget shall provide a complete financial plan of all City funds and activities for the ensuing fiscal year. The final 2022 budget included a 2.42% property tax levy increase including a 2.43% increase in the total assessed value of the City properties with a corresponding decrease of 0.01% in the property tax rate. There were 0.00% increases in the water, sewer, electricity, and refuse rates.

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

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

The City’s annual budget includes estimated revenue and appropriations for the general fund, proprietary fund, and debt service fund. The parking authority fund, recreation complex fund, water fund, sewer fund and library fund, which are special revenue funds, are also included in the budgetary process. The special grants fund does not have an annual budget even though it is a special revenue fund. A five year capital plan is also included in the annual budget.

The actual change in fund balance of the general fund (budgetary basis) resulted in an increase for the current year of \$204,964 compared to an adopted budget with an increase of \$0.

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

The general fund depends on recovering the cost for services and administration provided to the water, sewer and municipal lighting funds. Inter-fund revenues from those funds are comprised of the following:

- Reimbursement for administrative costs for the water, sewer, and municipal lighting funds.
- Payments in lieu of property taxes from the municipal lighting department for its tax exempt real property infrastructure.
- Reimbursement for services performed for the water, sewer, and municipal lighting funds (for example, police surveillance for property security, code enforcement and civil service and legal functions).

In 2022, inter-fund transfers were as follows:

| Fund | Interfund | |
|------------------|----------------------|----------------------|
| | Transfers in | Transfers out |
| General | \$ 1,279,031 | \$ 3,626,819 |
| Special Revenue | 1,516,096 | 5,347,054 |
| Capital Projects | 4,330,910 | 3,533,774 |
| Debt Service | 6,034,607 | - |
| Enterprise | - | 652,997 |
| Total | \$ <u>13,160,644</u> | \$ <u>13,160,644</u> |

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

Total investment in capital assets for governmental and business-type activities at year end amounted to \$151,401,592 (net of accumulated depreciation) consisting of \$122,200,349 in governmental activities and \$29,201,243 in business-type activities. This investment in capital assets includes land, buildings and system improvements, construction in progress, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

- Total capital expenditures additions, net of disposals, for the governmental activities for the year were \$13,077,840.
- Depreciation expense in the governmental activities for the year was \$5,269,746.

Additional information on capital assets can be found in the Notes to the Financial Statements.

Debt Administration

At December 31, 2022, the City's long-term debt balance consisting of bonds and notes payable totaling \$35,365,361.

The City's other long-term liabilities include accrued compensated absences, net pension liability, and other post-employment benefits.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

ECONOMIC FACTORS

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

Redevelopment of the Durkee Street Municipal Parking Lot and Adjoining Lands

This project is located in the heart of downtown Plattsburgh and involves development of a 3.30 +/- acre parcel of land between Broad Street and Bridge Street and north of an existing development consisting of a four-story office building and a two-story parking garage. A 0.20 +/- acre parcel of land between Margaret and Durkee streets which is the walkway between these two streets, and three contiguous parcels of land totaling 0.37 +/- acres along the southern edge of the walkway will also be developed. Streetscape improvements to Durkee Street are also planned. A significant expansion of the City's municipal parking lot adjoining the Saranac River immediately south of Broad Street was completed in the fall of 2020 as well as construction of a new municipal parking lot with over 100 spaces on the former site of Glens Falls National Bank on Margaret Street.

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

- 1) Develop the Durkee Street Site via an RFEI/RFP, support public infrastructure investments, and provide vertical development gap financing to incentivize development (\$4.3 Million). A developer was selected in 2018, an extended environmental review for the proposed \$20 million mixed-use development was completed in 2020, and final board approval for the projects was obtained in 2021. An Article 78 challenge was filed shortly after and an unfavorable judicial ruling annulled the project approvals in early 2022. The City has appealed that decision and awaits a final ruling from the NYS Appellate Division.
- 2) Improve riverfront access to increase recreational opportunities highlighting Plattsburgh's natural assets (\$1.6 million). Construction of a new pedestrian trail along the bank of the Saranac River between Bridge and Broad Streets begun in May 2023 with completion expected by September 2023.
- 3) Enhance downtown's streetscapes to improve the downtown appearance and the pedestrian experience with investments to key streets and walkable areas (\$1.3 million). A new public park in the center of downtown was constructed in 2021 and features a splash pad and a series of public art installations.
- 4) Improve the Dock Street Waterfront District by developing the City's lakefront via an RFEI/RFP process to attract developers and supporting key infrastructure improvements, namely the demolition of a former lakefront industrial site, to incentivize development (\$290K). A highest and best study for the Dock Street District was completed in 2018 and the City is currently in negotiations with a developer for construction of a waterfront hotel. Demolition of the former PMLD industrial site on Green Street was completed in 2020.
- 5) Establish a fund for downtown residential, retail and hotel improvements to support and incentivize development by providing a new funding mechanism with greater flexibility targeting upper floor residential, store-front commercial and hotel development along with façade improvements and retail space redevelopment and also provide small business support (\$1.205 million). As of 2023, seven properties have been improved via this initiative.
- 6) Implement a cohesive marketing, branding, signage strategy that strengthens downtown Plattsburgh's identity and visibility and increases visitation (\$250K). New signage and wayfinding has been installed throughout the downtown and this initiative has been completed.

As part of the Durkee Street development project, an RFP process in the summer of 2018 resulted in the hiring of an economic development consultant, White & Burke Real Estate Investment Advisors of Burlington, Vermont, to assist the City in crafting an RFP for developers and in management of the eventual development project. The RFP for developers was released in the fall of 2018 and Prime Companies of Cohoes, NY was awarded the opportunity to develop the lot. A development agreement between the City and Prime was signed in the spring of 2019. Several iterations of the development plans were presented for public comment and a final concept was settled on during the summer of 2019. A comprehensive environmental review in the form of a Generic Environmental Impact Statement which evaluated eight City-sponsored projects was completed in early 2020 and the project has undergone an extensive permitting process resulting in significant changes to site design over the course of 2020. Resolution of this permitting process was completed during the winter of 2020-2021. An adverse court ruling in February 2022 annulled the project's prior approvals. The City has appealed that ruling and is awaiting a decision from the appellate court.

The DRI's riverfront access and streetscape improvement projects are underway. Saratoga Associates of Saratoga Springs, New York, has been hired as the project's primary contractor and several rounds of public outreach completed. Construction of improvements to the City's Betty Little Arts Park, formerly known as the Westelcom Park, are complete through all phases of construction and aspects of improvements. Construction of a new pedestrian trail along the bank of the Saranac River between Bridge and Broad Streets begun in May of 2023 with completion expected by September 2023.

Two rounds of applications for the downtown residential and retail improvement fund have been completed with 8 projects being chosen to receive grant awards of varying amounts. Construction on six of these projects has been completed and one more are currently under construction. The eighth project has experienced substantial delays and may not be completed.

In coordination with the NYS agency overseeing the downtown residential and retail improvement fund, the City awarded a large grant to facilitate the relocation of the Plattsburgh Farmers' and Crafters' Market (PFCM) to a new location within a former industrial site on the City's lakefront. An existing building on that site was rehabilitated and multiple other improvements were completed on the site during the 2021 construction season. Construction of additional improvements to enhance the building and the site were completed in 2022.

The DRI's marketing, branding, and signage project is also underway. Boire Benner Group of Plattsburgh, New York was hired as the project's primary contractor. A series of event banners were designed and fabricated and will be used for major City events. Several designs for more permanent banners were evaluated and fabrication was completed in 2020. A new series of historic themed street signs were also fabricated in 2020. Both the banners and street signs have been installed and have improved the look and feel of downtown.

Development of waterfront hotel and conference center

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

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

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

During the summer of 2020, the City reissued an RFP to attract a developer to the waterfront site and, on the basis of their submitted proposal, the City elected to seek a development agreement with Skyward Hospitality of Lake Placid, NY. Discussions with Skyward representatives on an agreement to build a new hotel on the site are ongoing. A subdivision of the hotel development site was completed in 2023 to facilitate creation of a suitable parcel for construction of a new hotel.

Commercial development and redevelopment projects

The City of Plattsburgh has successfully annexed developable properties near Interstate Route 187 and plans to bring inexpensive power to the area to incentivize development. The value of these properties should in aggregate add \$1 to \$2 million to city property tax revenues and, upon development, perhaps \$100 million to the property tax base, and potentially hundreds of jobs. The City is in discussions with various engineers and consultants to prepare the area for future development.

The former Lakeside Apartment complex located on North Margaret Street was deemed uninhabitable after the 2011 Lake Champlain flood and it currently remains vacant. There are 120 apartment units in the complex. The property owner had been working to demolish and redevelop the site, but the timeframe was unknown during 2016. The old apartment complex was demolished and re-development began during 2018 which has led to one of several units being completed. The plans include 31 residential units to be constructed along with commercial space for retail and restaurant facilities which is estimated to be 50% complete at this time.

A 5,900 sq. ft. Musculoskeletal Center addition was constructed in 2019 at the Champlain Valley Physician's Hospital.

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

National park Service Battlefield Protection Program: the City received a \$54,000 grant to study Historical sites around the city and region in order to better develop City Tourism. This study was completed in 2019 and submitted to the relevant agencies.

ESD Restore NY awarded the City a \$54,000 grant to demolish the former Highway Oil gas station and building at 40 Bridge Street in the downtown district as part of the preparation work for the Durkee Street development segment of the DRI projects. Demolition work was completed in 2017.

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

The Samuel F. Vilas Home is located at 61 Beekman St. in the City of Plattsburgh next door to CVPH Medical Center. The Home was originally constructed as a home for elderly women in 1888. The property is on the National Register of Historic Places and had an addition constructed in 1994. Operated by a not-for-profit organization for over 130 years, the Home was recently sold to Eli & Emily Schwartzberg, who are a family organization that converted the former Willsboro School into an 81-bed assisted living & memory care community in 2012. The previous not-for-profit Vilas Home Board of Directors worked with the Schwartzberg's to acquire the Vilas Home because they wanted someone who could bring the current Vilas Home to a new level of competitiveness in the current market. Approximately 30 of the current 42 Vilas Home rooms are the size of a college dorm room and residents are required to share a bathroom. In addition, the current license is considerably "basic", and many residents are required to move onto higher levels of care (services) once their needs exceed that which the Vilas Home can currently provide. Eli and Emily Schwartzberg have exciting plans to not only do a historic renovation of the current Vilas Home, adding bathrooms, expanding rooms, and updating the building in accordance with the Secretary of the Interior, but they also plan to add a 65 unit addition that will include a light secure memory care wing, a heavier dementia memory care wing, and additional enhanced limited nursing beds to the community. There is currently a shortage of assisted living in the region and most notably there are only 21 assisted living memory care beds in all of Clinton County. The \$14.3M expansion will allow the current Vilas Home to continue its mission to meet the needs of our areas aging population and will provide a much-needed service to seniors in the region. During the construction phase, the investment of \$14.3M generates a total of 116 jobs and output in Clinton County valued at \$19.1 million. During the operations phase, annual payments of \$450K accrues through employment and income taxes, but this includes shared revenue between the state and local governments of \$238K on property, motor vehicles, and sales tax.

The proposed project will directly invest in community vitality and revitalization through construction activities and operational actions that preserve an important historic structure, expand physical health care services and facilities with growing demand, and provide essential health care supportive services in a centralized location near the hospital, colleges, essential services, and county seat.

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

REQUESTS FOR INFORMATION

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

CITY OF PLATTSBURGH, NEW YORK
Statement of Net Position
December 31, 2022

| | Primary Government | | |
|---|------------------------------------|-------------------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 13,942,119 | \$ 116,025 | \$ 14,058,144 |
| Taxes receivable, net of allowance of \$46,983 | 545,198 | - | 545,198 |
| Other receivable | 1,737,275 | 1,518,599 | 3,255,874 |
| State and federal receivables | 1,865,532 | - | 1,865,532 |
| Economic development loans, net of allowance of \$2,002 | 330,996 | - | 330,996 |
| Due from other governments | 1,808,810 | - | 1,808,810 |
| Due from other funds | 96,403 | 67,438 | 163,841 |
| Inventories | - | 1,473,587 | 1,473,587 |
| Prepaid expenses | 633,067 | 125,500 | 758,567 |
| Total current assets | <u>20,959,400</u> | <u>3,301,149</u> | <u>24,260,549</u> |
| Non-current assets: | | | |
| Restricted cash | 11,844,346 | 4,221,813 | 16,066,159 |
| Net pension asset - proportionate share | 1,514,527 | 576,495 | 2,091,022 |
| Capital assets, net of accumulated depreciation | 122,200,349 | 29,201,243 | 151,401,592 |
| Total noncurrent assets | <u>135,559,222</u> | <u>33,999,551</u> | <u>169,558,773</u> |
| Total assets | <u>156,518,622</u> | <u>37,300,700</u> | <u>193,819,322</u> |
| Deferred outflows of resources | | | |
| Pensions | 10,032,616 | 1,200,539 | 11,233,155 |
| Other post employment benefits | 3,944,452 | 172,575 | 4,117,027 |
| Defeasement loss | 35,391 | - | 35,391 |
| Total deferred outflows of resources | <u>14,012,459</u> | <u>1,373,114</u> | <u>15,385,573</u> |
| Total assets and deferred outflows of resources | <u>\$ 170,531,081</u> | <u>\$ 38,673,814</u> | <u>\$ 209,204,895</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 1,430,839 | \$ 1,488,298 | \$ 2,919,137 |
| Accrued liabilities | 531,598 | 123,038 | 654,636 |
| Due to other funds | 67,438 | 59,642 | 127,080 |
| Due to other governments | 261,469 | - | 261,469 |
| Other liabilities | 97,147 | - | 97,147 |
| Customer deposits | - | 1,043,674 | 1,043,674 |
| Bonds and notes payable, current portion | 14,435,423 | 711,517 | 15,146,940 |
| Total current liabilities | <u>16,823,914</u> | <u>3,426,169</u> | <u>20,250,083</u> |
| Long term liabilities: | | | |
| Bonds and notes payable, less current portion | 17,018,098 | 3,200,323 | 20,218,421 |
| Compensated absences | 2,988,142 | 589,844 | 3,577,986 |
| Net pension liability - proportionate share | 866,371 | - | 866,371 |
| Other post employment benefits | 109,993,423 | 13,856,885 | 123,850,308 |
| Total long-term liabilities | <u>130,866,034</u> | <u>17,647,052</u> | <u>148,513,086</u> |
| Total liabilities | <u>147,689,948</u> | <u>21,073,221</u> | <u>168,763,169</u> |
| Deferred inflows of resources | | | |
| Unearned federal aid | 1,938,382 | - | 1,938,382 |
| Pensions | 13,422,489 | 2,064,868 | 15,487,357 |
| Other post employment benefits | 51,731,615 | 4,538,707 | 56,270,322 |
| Total deferred inflows of resources | <u>67,092,486</u> | <u>6,603,575</u> | <u>73,696,061</u> |
| Net Position | | | |
| Net investment in capital assets | 90,746,828 | 25,289,403 | 116,036,231 |
| Restricted | 18,523,178 | 3,172,443 | 21,695,621 |
| Unrestricted | (153,521,359) | (17,464,828) | (170,986,187) |
| Total net position | <u>(44,251,353)</u> | <u>10,997,018</u> | <u>(33,254,335)</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 170,531,081</u> | <u>\$ 38,673,814</u> | <u>\$ 209,204,895</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF PLATTSBURGH, NEW YORK
Statement of Activities
Year Ended December 31, 2022

| Function/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|----------------------|----------------------|------------------|---------------------|--|-----------------------------|------------------------|
| | | Charges for | Operating | Capital | Primary Government | | |
| | | Services | Grants | Grants | Governmental Activities | Business-type Activities | Total |
| Primary government | | | | | | | |
| Governmental activities | | | | | | | |
| General government | \$ 3,210,860 | \$ 226,503 | \$ - | \$ 36,775 | \$ (2,947,582) | \$ - | \$ (2,947,582) |
| Public safety | 8,794,503 | 1,114,255 | - | - | (7,680,248) | - | (7,680,248) |
| Transportation | 2,972,897 | 21,996 | - | 377,464 | (2,573,437) | - | (2,573,437) |
| Economic assistance and opportunity | 946,759 | - | 21,500 | - | (925,259) | - | (925,259) |
| Culture and recreation | 1,524,468 | 165,394 | 6,892 | 135,000 | (1,217,182) | - | (1,217,182) |
| Home community services | 8,190,243 | 9,763,410 | - | 1,378,503 | 2,951,670 | - | 2,951,670 |
| Employee benefits | 9,811,548 | - | - | - | (9,811,548) | - | (9,811,548) |
| Debt service (interest) | 450,657 | - | 41,250 | - | (409,407) | - | (409,407) |
| Total governmental activities | 35,901,935 | 11,291,558 | 69,642 | 1,927,742 | (22,612,993) | - | (22,612,993) |
| Business-type activities | | | | | | | |
| Municipal lighting | 21,071,459 | 22,107,540 | - | - | - | 1,036,081 | 1,036,081 |
| Total business-type activities | 21,071,459 | 22,107,540 | - | - | - | 1,036,081 | 1,036,081 |
| Total primary government | \$ 56,973,394 | \$ 33,399,098 | \$ 69,642 | \$ 1,927,742 | (22,612,993) | 1,036,081 | (21,576,912) |
| General revenues | | | | | | | |
| Real property taxes | | | | | 11,747,991 | - | 11,747,991 |
| Real property tax items | | | | | 221,365 | 54,781 | 276,146 |
| Non-property tax items | | | | | 5,616,063 | - | 5,616,063 |
| Investment earnings | | | | | 395,213 | 72,325 | 467,538 |
| Fines and penalties | | | | | 257,872 | - | 257,872 |
| Intergovernmental | | | | | 1,419,224 | - | 1,419,224 |
| Sales of property and compensation for loss | | | | | 109,118 | - | 109,118 |
| Miscellaneous | | | | | 109,017 | 103,793 | 212,810 |
| Interfund revenues | | | | | 958,609 | 236,489 | 1,195,098 |
| State sources | | | | | 3,342,045 | - | 3,342,045 |
| Operating transfers | | | | | 652,997 | (652,997) | - |
| Total general revenues | | | | | 24,829,514 | (185,609) | 24,643,905 |
| Change in net position | | | | | 2,216,521 | 850,472 | 3,066,993 |
| Net position - beginning of year | | | | | (46,467,874) | 10,146,546 | (36,321,328) |
| Net position - end of year | | | | | \$ (44,251,353) | \$ 10,997,018 | \$ (33,254,335) |

The accompanying notes are an integral part of the financial statements.

CITY OF PLATTSBURGH, NEW YORK
Balance Sheet - Governmental Funds
December 31, 2022

| | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|--------------------------------------|--------------------------------------|----------------------------------|---|
| Assets | | | | | |
| Cash and cash equivalents | \$ 2,872,572 | \$ 1,898,338 | \$ 9,171,209 | \$ - | \$ 13,942,119 |
| Taxes receivable, net of allowance of \$46,983 | 545,198 | - | - | - | 545,198 |
| Other receivable | 282,549 | 1,299,893 | 154,833 | - | 1,737,275 |
| State and federal receivables | 1,841,447 | 24,085 | - | - | 1,865,532 |
| Economic development loans, net of allowance of \$2,002 | - | 330,996 | - | - | 330,996 |
| Due from other funds | 2,405,942 | - | - | 13,261 | 2,419,203 |
| Due from other governments | 1,808,810 | - | - | - | 1,808,810 |
| Restricted cash | 373,594 | 10,408,573 | - | 1,062,179 | 11,844,346 |
| Prepaid expenses | 478,356 | 154,711 | - | - | 633,067 |
| Total assets | \$ 10,608,468 | \$ 14,116,596 | \$ 9,326,042 | \$ 1,075,440 | \$ 35,126,546 |
| Liabilities | | | | | |
| Accounts payable | \$ 535,244 | \$ 260,727 | \$ 634,868 | \$ - | \$ 1,430,839 |
| Accrued liabilities | 297,709 | 139,959 | - | - | 437,668 |
| Due to other funds | 22,195 | 374,078 | 1,993,965 | - | 2,390,238 |
| Due to other governments | 261,469 | - | - | - | 261,469 |
| Other liabilities | 97,147 | - | - | - | 97,147 |
| Total liabilities | <u>1,213,764</u> | <u>774,764</u> | <u>2,628,833</u> | <u>-</u> | <u>4,617,361</u> |
| Deferred inflows of resources | | | | | |
| Unearned federal aid | <u>1,938,382</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,938,382</u> |
| Total deferred inflows of resources | <u>1,938,382</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,938,382</u> |
| Fund Balance | | | | | |
| Nonspendable | | | | | |
| Prepaid expenses | 478,356 | 154,711 | - | - | 633,067 |
| Long-term loan and receivables | 55,583 | 195,233 | 154,833 | - | 405,649 |
| Restricted | | | | | |
| Capital projects | - | 8,027,058 | 6,542,376 | - | 14,569,434 |
| Retirement of long-term debt | - | - | - | 1,062,179 | 1,062,179 |
| Aerial fire equipment reserve | 107,246 | - | - | - | 107,246 |
| Asset seizure reserve | 239,509 | - | - | - | 239,509 |
| Clyde Lewis aircraft park reserve | 26,839 | - | - | - | 26,839 |
| Other | - | 2,517,971 | - | - | 2,517,971 |
| Assigned | | | | | |
| Encumbrances | 402,758 | 39,098 | - | - | 441,856 |
| Appropriated | 408,039 | - | - | 13,261 | 421,300 |
| Unappropriated | - | 2,478,641 | - | - | 2,478,641 |
| Unassigned | <u>5,737,992</u> | <u>(70,880)</u> | <u>-</u> | <u>-</u> | <u>5,667,112</u> |
| Total fund balance | <u>7,456,322</u> | <u>13,341,832</u> | <u>6,697,209</u> | <u>1,075,440</u> | <u>28,570,803</u> |
| Total liabilities, deferred inflows of resources, and fund balance | \$ 10,608,468 | \$ 14,116,596 | \$ 9,326,042 | \$ 1,075,440 | \$ 35,126,546 |

The accompanying notes are an integral part of the financial statements.

CITY OF PLATTSBURGH, NEW YORK
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2022

| | <u>Total Governmental Funds</u> | <u>Long-term Assets, Liabilities</u> | <u>Reclassifications and Eliminations</u> | <u>Statement of Net Position</u> |
|--|---|--|---|--------------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 13,942,119 | \$ - | \$ - | \$ 13,942,119 |
| Taxes receivable, net of allowance of \$46,983 | 545,198 | - | - | 545,198 |
| Other receivable | 1,737,275 | - | - | 1,737,275 |
| State and federal receivables | 1,865,532 | - | - | 1,865,532 |
| Economic development loans, net of allowance of \$2,002 | 330,996 | - | - | 330,996 |
| Due from other funds | 2,419,203 | - | (2,322,800) | 96,403 |
| Due from other governments | 1,808,810 | - | - | 1,808,810 |
| Restricted cash | 11,844,346 | - | - | 11,844,346 |
| Prepaid expenses | 633,067 | - | - | 633,067 |
| Net pension asset - proportionate share | - | 1,514,527 | - | 1,514,527 |
| Capital assets, net of accumulated depreciation | - | 122,200,349 | - | 122,200,349 |
| Total assets | <u>35,126,546</u> | <u>123,714,876</u> | <u>(2,322,800)</u> | <u>156,518,622</u> |
| Deferred outflows of resources | | | | |
| Pensions | - | 10,032,616 | - | 10,032,616 |
| Other post employment benefits | - | 3,944,452 | - | 3,944,452 |
| Defeasement loss | - | 35,391 | - | 35,391 |
| Total deferred outflows of resources | <u>-</u> | <u>14,012,459</u> | <u>-</u> | <u>14,012,459</u> |
| Total assets and deferred outflows of resources | <u>\$ 35,126,546</u> | <u>\$ 137,727,335</u> | <u>\$ (2,322,800)</u> | <u>\$ 170,531,081</u> |
| Liabilities | | | | |
| Accounts payable | \$ 1,430,839 | \$ - | \$ - | \$ 1,430,839 |
| Accrued liabilities | 437,668 | 93,930 | - | 531,598 |
| Due to other funds | 2,390,238 | - | (2,322,800) | 67,438 |
| Due to other governments | 261,469 | - | - | 261,469 |
| Other liabilities | 97,147 | - | - | 97,147 |
| Bonds payable and notes payable | - | 31,453,521 | - | 31,453,521 |
| Compensated absences | - | 2,988,142 | - | 2,988,142 |
| Net pension liability - proportionate share | - | 866,371 | - | 866,371 |
| Other post employment benefits | - | 109,993,423 | - | 109,993,423 |
| Total liabilities | <u>4,617,361</u> | <u>145,395,387</u> | <u>(2,322,800)</u> | <u>147,689,948</u> |
| Deferred inflows of resources | | | | |
| Unearned federal aid | 1,938,382 | - | - | 1,938,382 |
| Pensions | - | 13,422,489 | - | 13,422,489 |
| Other post employment benefits | - | 51,731,615 | - | 51,731,615 |
| Total deferred inflows or resources | <u>1,938,382</u> | <u>65,154,104</u> | <u>-</u> | <u>67,092,486</u> |
| Fund balance/net position | | | | |
| Total fund balance/net position | <u>28,570,803</u> | <u>(72,822,156)</u> | <u>-</u> | <u>(44,251,353)</u> |
| Total liabilities, deferred inflows of resources, and fund balance/net position | <u>\$ 35,126,546</u> | <u>\$ 137,727,335</u> | <u>\$ (2,322,800)</u> | <u>\$ 170,531,081</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF PLATTSBURGH, NEW YORK
Statement of Revenues, Expenditures,
And Changes in Fund Balance - Governmental Funds
Year Ended December 31, 2022

| | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|--------------------------------------|--------------------------------------|----------------------------------|---|
| Revenues | | | | | |
| Real property taxes | \$ 11,662,981 | \$ 85,010 | \$ - | \$ - | \$ 11,747,991 |
| Real property tax items | 221,365 | - | - | - | 221,365 |
| Non-property tax items | 5,616,063 | - | - | - | 5,616,063 |
| Departmental income | 1,873,836 | 9,310,420 | - | - | 11,184,256 |
| Intergovernmental charges | - | 1,419,224 | - | - | 1,419,224 |
| Use of money and property | 103,445 | 160,597 | 68,535 | 97,051 | 429,628 |
| Licenses and permits | 178,719 | - | - | - | 178,719 |
| Fines and forfeitures | 186,455 | - | - | - | 186,455 |
| Sale of property and compensation for loss | 86,132 | 22,986 | - | - | 109,118 |
| Miscellaneous local sources | 29,242 | 66,859 | 36,776 | - | 132,877 |
| Interfund | 863,442 | 95,167 | - | - | 958,609 |
| State aid | 3,342,045 | 104,675 | 1,588,142 | 41,250 | 5,076,112 |
| Federal aid | - | 141,892 | 63,150 | - | 205,042 |
| Total revenues | <u>24,163,725</u> | <u>11,406,830</u> | <u>1,756,603</u> | <u>138,301</u> | <u>37,465,459</u> |
| Expenditures | | | | | |
| General government | 2,072,616 | 435,899 | 400,829 | - | 2,909,344 |
| Public safety | 8,605,041 | - | - | - | 8,605,041 |
| Transportation | 1,329,174 | 161,575 | 2,721,268 | - | 4,212,017 |
| Economic assistance and opportunity | 632,317 | - | - | - | 632,317 |
| Culture and recreation | 223,031 | 1,477,500 | - | - | 1,700,531 |
| Home community services | 481,594 | 5,516,893 | 9,390,087 | - | 15,388,574 |
| Employee benefits | 8,267,200 | 2,409,274 | - | - | 10,676,474 |
| Debt service: | | | | | |
| Principal | - | - | - | 5,113,206 | 5,113,206 |
| Interest | - | - | - | 498,415 | 498,415 |
| Total expenditures | <u>21,610,973</u> | <u>10,001,141</u> | <u>12,512,184</u> | <u>5,611,621</u> | <u>49,735,919</u> |
| Excess/(deficiency) of revenues over/(under) expenditures | <u>2,552,752</u> | <u>1,405,689</u> | <u>(10,755,581)</u> | <u>(5,473,320)</u> | <u>(12,270,460)</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 1,279,031 | 1,516,096 | 4,330,910 | 6,034,607 | 13,160,644 |
| Transfers (out) | (3,626,819) | (5,347,054) | (3,533,774) | - | (12,507,647) |
| Proceeds from long term debt | - | - | 15,599,059 | - | 15,599,059 |
| Total other financing sources (uses) | <u>(2,347,788)</u> | <u>(3,830,958)</u> | <u>16,396,195</u> | <u>6,034,607</u> | <u>16,252,056</u> |
| Change in fund balance | 204,964 | (2,425,269) | 5,640,614 | 561,287 | 3,981,596 |
| Fund balance - beginning of year | <u>7,251,358</u> | <u>15,767,101</u> | <u>1,056,595</u> | <u>514,153</u> | <u>24,589,207</u> |
| Fund balance - end of year | <u>\$ 7,456,322</u> | <u>\$ 13,341,832</u> | <u>\$ 6,697,209</u> | <u>\$ 1,075,440</u> | <u>\$ 28,570,803</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF PLATTSBURGH, NEW YORK
Reconciliation of Governmental Funds Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities
Year Ended December 31, 2022

| | <u>Total Governmental Funds</u> | <u>Long-term Revenues, Expenses</u> | <u>Capital Related Funds</u> | <u>Long-term Debt Transactions</u> | <u>Statement of Activities Totals</u> |
|--|---|---|--------------------------------------|--|---|
| Revenues | | | | | |
| Real property taxes | \$ 11,747,991 | \$ - | \$ - | \$ - | \$ 11,747,991 |
| Real property tax items | 221,365 | - | - | - | 221,365 |
| Non-property tax items | 5,616,063 | - | - | - | 5,616,063 |
| Departmental income | 11,184,256 | - | - | - | 11,184,256 |
| Intergovernmental charges | 1,419,224 | - | - | - | 1,419,224 |
| Use of money and property | 429,628 | - | - | - | 429,628 |
| Licenses and permits | 178,719 | - | - | - | 178,719 |
| Fines and forfeitures | 186,455 | - | - | - | 186,455 |
| Sale of property and compensation for | 109,118 | - | - | - | 109,118 |
| Miscellaneous local sources | 132,877 | - | - | - | 132,877 |
| Interfund | 958,609 | - | - | - | 958,609 |
| State aid | 5,076,112 | - | - | - | 5,076,112 |
| Federal aid | 205,042 | - | - | - | 205,042 |
| Total revenues | <u>37,465,459</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>37,465,459</u> |
| Expenditures/Expenses | | | | | |
| General government | 2,909,344 | 702,345 | (400,829) | - | 3,210,860 |
| Public safety | 8,605,041 | 325,416 | (135,954) | - | 8,794,503 |
| Transportation | 4,212,017 | 1,482,148 | (2,721,268) | - | 2,972,897 |
| Economic assistance and opportunity | 632,317 | 314,442 | - | - | 946,759 |
| Culture and recreation | 1,700,531 | 257,213 | (433,276) | - | 1,524,468 |
| Home community services | 15,388,574 | 2,188,182 | (9,386,513) | - | 8,190,243 |
| Employee benefits | 10,676,474 | (864,926) | - | - | 9,811,548 |
| Debt service: | | | | | |
| Principal | 5,113,206 | - | - | (5,113,206) | - |
| Interest | 498,415 | - | - | (47,758) | 450,657 |
| Total expenditures/expenses | <u>49,735,919</u> | <u>4,404,820</u> | <u>(13,077,840)</u> | <u>(5,160,964)</u> | <u>35,901,935</u> |
| Excess/(deficiency) of revenues over/(under) expenditures | <u>(12,270,460)</u> | <u>(4,404,820)</u> | <u>13,077,840</u> | <u>5,160,964</u> | <u>1,563,524</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 13,160,644 | (12,507,647) | - | - | 652,997 |
| Transfers (out) | (12,507,647) | 12,507,647 | - | - | - |
| Proceeds from long term debt | 15,599,059 | - | - | (15,599,059) | - |
| | <u>16,252,056</u> | <u>-</u> | <u>-</u> | <u>(15,599,059)</u> | <u>652,997</u> |
| Net change for the year | <u>\$ 3,981,596</u> | <u>\$ (4,404,820)</u> | <u>\$ 13,077,840</u> | <u>\$ (10,438,095)</u> | <u>\$ 2,216,521</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF PLATTSBURGH, NEW YORK
Statement of Net Position
Proprietary Fund
December 31, 2022

| | <u>Municipal Lighting Department</u> |
|---|---|
| Assets | |
| Current assets: | |
| Cash and cash equivalents | \$ 116,025 |
| Accounts receivable, net of allowance of \$65,000 | 1,518,599 |
| Inventories | 1,473,587 |
| Prepaid expenses | 125,500 |
| Due from other funds | 67,438 |
| Total current assets | <u>3,301,149</u> |
| Noncurrent assets: | |
| Restricted cash | 4,221,813 |
| Net pension asset - proportionate share | 576,495 |
| Capital assets, net of accumulated depreciation | 29,201,243 |
| Total noncurrent assets | <u>33,999,551</u> |
| Total assets | <u>37,300,700</u> |
| Deferred outflows of resources | |
| Pensions | 1,200,539 |
| Other post employment benefits | 172,575 |
| Total deferred outflows of resources | <u>1,373,114</u> |
| Total assets and deferred outflows of resources | \$ <u>38,673,814</u> |
| Liabilities | |
| Current liabilities: | |
| Accounts payable | \$ 1,488,298 |
| Accrued liabilities | 123,038 |
| Due to other funds | 59,642 |
| Customer deposits | 1,043,674 |
| Bonds and notes payable, current portion | 711,517 |
| Total noncurrent liabilities | <u>3,426,169</u> |
| Noncurrent liabilities: | |
| Bonds and notes payable, less current portion | 3,200,323 |
| Compensated absences | 589,844 |
| Other post employment benefits | 13,856,885 |
| Total noncurrent liabilities | <u>17,647,052</u> |
| Total liabilities | <u>21,073,221</u> |
| Deferred inflows of resources | |
| Other post employment benefits | 4,538,707 |
| Pensions | 2,064,868 |
| Total deferred inflows of resources | <u>6,603,575</u> |
| Net position | |
| Invested in capital assets | 25,289,403 |
| Restricted for capital projects | 841,761 |
| Restricted for debt service | 205,925 |
| Restricted for other purposes | 2,124,757 |
| Unrestricted | <u>(17,464,828)</u> |
| Total net position | <u>10,997,018</u> |
| Total liabilities, deferred inflows of resources, and net position | \$ <u>38,673,814</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF PLATTSBURGH, NEW YORK
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended December 31, 2022

| | <u>Municipal Lighting Department</u> |
|---|---|
| Operating revenues | |
| Charges for services: | |
| Municipal charges | \$ 22,107,540 |
| Interfund charges | 236,489 |
| Miscellaneous income | 103,793 |
| Total operating revenues | <u>22,447,822</u> |
| Operating expenses | |
| Salaries and wages | 1,887,875 |
| Fringe benefits | 1,050,305 |
| Electric and power | 15,734,944 |
| Real property taxes | 93,933 |
| Bad debts | 25,241 |
| Depreciation | 2,182,155 |
| Total operating expenses | <u>20,974,453</u> |
| Income from operations | <u>1,473,369</u> |
| Nonoperating revenues (expenses) | |
| Payments in lieu of taxes | 54,781 |
| Use of money and property | 72,325 |
| Interest expense | (97,006) |
| Total nonoperating revenues | <u>30,100</u> |
| Change in net position before transfers | 1,503,469 |
| Transfers | |
| Payments in lieu of taxes | (416,508) |
| Contributions to municipality | (236,489) |
| Total transfers | <u>(652,997)</u> |
| Change in net position | 850,472 |
| Net position - beginning of year | <u>10,146,546</u> |
| Net position - end of year | <u><u>\$ 10,997,018</u></u> |

The accompanying notes are an integral part of the financial statements.

CITY OF PLATTSBURGH, NEW YORK
Statement of Cash Flows
Proprietary Fund
December 31, 2022

| | <u>Municipal Lighting Department</u> |
|--|---|
| Cash flows provided by (used in) operating activities: | |
| Cash received from customers | \$ 22,735,484 |
| Cash payments to suppliers for goods and services | (15,991,417) |
| Cash payments to employees for services and benefits | (3,497,080) |
| Net cash provided by (used in) operating activities | <u>3,246,987</u> |
| Cash flows provided by (used in) noncapital financing activities: | |
| Real property taxes | (93,933) |
| Payments in lieu of taxes | 54,781 |
| Contributions to municipality | (652,997) |
| Net cash provided by (used in) noncapital financing activities | <u>(692,149)</u> |
| Cash flows provided by (used in) capital and related financing activities: | |
| Principal payments on debt | (718,673) |
| Interest expense on debt | (97,006) |
| Payments to contractors | (753,110) |
| Net cash provided by (used in) capital and related financing activities | <u>(1,568,789)</u> |
| Cash flows provided by (used in) investing activities: | |
| Purchase of investments | (1,041,475) |
| Rental of real property | 9,210 |
| Interest income | 63,115 |
| Net cash provided by (used in) investing activities | <u>(969,150)</u> |
| Net increase (decrease) in cash and cash equivalents | 16,899 |
| Cash and cash equivalents - beginning of year | <u>99,126</u> |
| Cash and cash equivalents - end of year | <u>\$ 116,025</u> |
| Reconciliation of income from operations to net cash from operating activities: | |
| Income (loss) from operations | \$ 1,473,369 |
| Adjustments to reconcile income from operations to net cash flow provided by (used in) operating activities: | |
| Real property taxes | 93,933 |
| GASB 68 pension adjustments | (272,093) |
| Other post employment benefits | (360,105) |
| Bad debts | 25,241 |
| Depreciation | 2,182,155 |
| (Increase) decrease in assets: | |
| Accounts receivable | 22,506 |
| Due from other funds | 12,872 |
| Inventories | (106,326) |
| Prepaid expenses | 27,201 |
| Increase (decrease) in liabilities: | |
| Accounts payable | (173,656) |
| Accrued liabilities | 21,551 |
| Due to other funds | (17,438) |
| Customer deposits | 269,722 |
| Compensated absences | 48,055 |
| Net cash provided by (used in) operating activities | <u>\$ 3,246,987</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF PLATTSBURGH, NEW YORK
Statements of Fiduciary Net Position - Fiduciary Funds
December 31, 2022

| | Custodial Fund |
|---|---------------------------|
| Assets | |
| Cash | \$ 54,031 |
| Total assets | \$ 54,031 |
| Liabilities | |
| Accounts payable | \$ 159 |
| Due to other funds | 36,761 |
| Total liabilities | 36,920 |
| Net position | |
| Held in trust for others | 17,111 |
| Total net position | 17,111 |
| Total liabilities and net position | \$ 54,031 |

CITY OF PLATTSBURGH, NEW YORK
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
Year Ended December 31, 2022

| | Custodial Fund |
|---|---------------------------|
| Additions | |
| Member contributions | \$ 89,926 |
| Total additions | 89,926 |
| Deductions | |
| Program expenses | 85,548 |
| Total deductions | 85,548 |
| Change in net position | 4,378 |
| Net position - beginning of year | 12,733 |
| Net position - end of year | \$ 17,111 |

The accompanying notes are an integral part of the financial statements.

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

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

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

Note 1. Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the City are described below:

a) Reporting Entity

This report includes all of the funds of the City. The financial reporting entity consist of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Based on the application of these criteria, there are no entities that should be combined with the financial statements of the City.

b) Basis of Presentation

Government-wide statements

The Statement of Net Position and the Statement of Activities present financial information about the City's governmental activities and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the City at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function.

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

b) Basis of Presentation (continued)

Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Statements

The fund statements provide information about the City's governmental, proprietary, and fiduciary funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds

The City reports the following major governmental funds:

General Fund: the general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

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

Special Grant Fund – to account for the use of federal and state monies received under the Community Development Act and other Housing and Economic Development Projects.

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

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

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

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

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

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

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

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

b) Basis of Presentation (continued)

Proprietary Funds

The City reports the following proprietary fund:

Enterprise Funds – Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise – where the intent of the governing body is that of the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. All revenue and expense not meeting this definition are reported as non-operating revenue and expenses. The City reports the following major enterprise funds:

Municipal Lighting Department: this fund is used to account for the operations of the municipal lighting department.

Fiduciary Fund - Fiduciary activities are those in which the City acts as trustee or agent for resources that belong to others. These activities are not included in the government-wide financial statements, because their resources do not belong to the City, and are not available to be used. The City reports the following fiduciary fund:

Custodial Fund: this fund is used to account for assets held by the City as an agent for individuals, private organizations or other governmental units.

c) Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources be measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide, proprietary funds, and fiduciary fund financial statements are reported using economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activities (between or within funds). However, internal eliminations do not include utility services provided to City departments. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers property taxes to be available if they are collected 60 days after the end of the fiscal year. A 90 day availability period is used for recognition of all other governmental funds revenues.

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

c) Measurement Focus and Basis of Accounting (continued)

In the governmental fund statements, expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences and pensions, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease liabilities are reported as other financing sources.

d) Restricted Resources

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

e) Interfund Transactions

The operations of the City include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowing. The City typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities, fiduciary funds and business-type activities). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the proprietary fund and the fiduciary fund.

The fund financial statements report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the City's practice to settle these amounts at a net balance based upon the right of legal offset. Refer to Note 7 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

f) Estimates

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

g) Cash and Cash Equivalents

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

h) Accounts Receivable

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

i) Inventories

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

j) Capital Assets

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not capitalized. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of general fixed assets reported in the financial statements are as follows:

| | <u>Capitalization Threshold</u> | <u>Depreciation Method</u> | <u>Estimated Useful Life</u> |
|---------------------------------------|-------------------------------------|--------------------------------|----------------------------------|
| Governmental activities: | | | |
| Buildings and Improvements | \$ 5,000 | Straight line | 20-75 years |
| Machinery and Equipment | \$ 5,000 | Straight line | 5-10 years |
| Infrastructure | \$ 5,000 | Straight line | 10-75 years |
| Business-type activities: | | | |
| Buildings | \$ 5,000 | Straight line | 50-75 years |
| Transmission & Distribution Equipment | \$ 5,000 | Straight line | 30-36 years |
| Machinery | \$ 5,000 | Straight line | 10 years |
| Office Equipment | \$ 5,000 | Straight line | 25 years |

k) Deferred Outflows Resources

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

The City has three items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide and proprietary statements of net position. This represents the effect of the net change in City's proportion of the collective net pension asset or liability and difference during the measurement period between the City's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. This includes the City's contribution to the pension systems (NYSERS and PFRS Systems) subsequent to the measurement date.

The second item relates to OPEB reporting in the government wide Statement of Net Position. This represents the effects of the net change in the actual and expected experience as well as the City's contribution to the OPEB plant subsequent to the measurement date.

The third item is related to defeasement losses in the government wide financial statements.

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

l) Deferred Inflows Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category.

The first item is related to unearned revenue. Unearned revenue arises when resources are received by the City before it has legal claim to them, as when grant monies or property taxes are received prior to incurrence of qualifying expenditures. The City reports unearned on its governmental funds balance sheet and Statement of Net Position as a deferral related to a future period.

The second item is related to pensions reported in the government wide Statement of Net Position. This represents the effect of the net change in the City's proportion of the collective net pension liability (NYSERS and PFRS) and differences during the measurement periods between the City's contributions and its proportion share of total contributions to the pension system not included in the pension expense.

The third item is related to OPEB reported in the government wide Statement of Net Position. This represents the effect of net changes of assumption or other inputs.

m) Compensated Absences

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

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

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

n) Other Benefits

Eligible City employees participate in the New York State Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS).

In addition to providing pension benefits, the City provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with provisions of various employment contracts in effect at the time of retirement. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The City recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

n) Other Benefits (continued)

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

o) Long-term Liabilities

Long-term liabilities include bonds payables, notes payable, and other obligations such as compensated absences payable, net pension liability, and other post-employment benefits. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those funds use the current financial resources measurement focus and only include current liabilities on their balance sheet.

p) Equity Classifications

Government-wide statements:

In the government-wide statements and proprietary funds financial statements there are three classes of net position:

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

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

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

Fund statements

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

Non-spendable fund balance – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes prepaids for \$633,067 and long-term loans and receivables for \$405,649.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

At December 31, 2022 the City's restricted fund balance consisted of the following:

General fund

Asset forfeiture reserve – an amount reserved to purchase equipment for the police department. The reserve balance at December 31, 2022 was \$239,509.

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

p) Equity Classifications (continued)

Aerial fire equipment reserve – an amount reserved for the future purchase of, or payment on, an aerial fire truck. The reserve balance at December 31, 2022 was \$107,246.

Clyde Lewis aircraft park reserve – an amount reserved for annual maintenance and upkeep of the aircraft. The reserve balance at December 31, 2022 was \$26,839.

Special revenue fund

Sewer

Capital reserve – this reserve was established on June 28, 1979, pursuant to Section 6(c) of the General Municipal Law for the acquisition, construction and reconstruction of the City's sewer system. The reserve balance at December 31, 2022 was \$7,814,187.

Water

Capital reserve – this reserve was established on June 28, 1979, pursuant to Section 6(c) of the General Municipal Law for the acquisition, construction and reconstruction of the City's water system. The reserve balance at December 31, 2022 was \$61,776.

Library

Capital reserve - this reserve was established on October 22, 2013, pursuant to Section 6(c) of the General Municipal Law for the acquisition, construction and reconstruction of the City's library. The reserve balance at December 31, 2022 was \$2.

Recreation

Capital reserve - this reserve was established on October 7, 2021, pursuant to Section 6(c) of the General Municipal Law for the acquisition, construction and reconstruction of the City's recreation complex facilities. The reserve balance at December 31, 2022 was \$151,093.

Special Grants

Other restricted reserve – an amount reserved for community development. The reserve balance at December 31, 2022 was \$2,517,971.

Debt service fund

Mandatory reserve for indebtedness – pursuant to Section 165.00 of the Local Finance Law of the State of New York, the proceeds, inclusive of premium of generally all indebtedness incurred by the City, which will not be used for the specific purpose of the borrowing, plus any interest earned or capital gain realized on these proceeds or gain must be used only for payment of the principal of and/or interest of the indebtedness from which these proceeds were derived. The reserve balance at December 31, 2022 was \$1,062,179.

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

p) Equity Classifications (continued)

Enterprise fund

Electric distribution system bond reserve fund - established on July 27, 1978 pursuant to Section 6(h) of the General Municipal Law for the payment of bonded indebtedness. Maximum allowed accumulation up to two years of debt service. The reserve balance at December 31, 2022 was \$205,925.

Reserve for capital projects (Municipal Lighting) – this reserve is required to be maintained by Section 6(k) of the General Municipal Law. These monies can only be used for improvements, extensions, or replacements of electric services or for payments of indebtedness incurred for such purposes. The reserve balance at December 31, 2022 was \$841,761.

Retirement reserve – this reserve includes the amount of cash specifically set aside for the purpose of financing retirement contributions to the NYS and local employees retirement system pursuant to section 17 or 317 of the retirement and social security law. The reserve balance at December 31, 2022 was \$78,139.

High density load service reserve – this reserve includes the amount of cash specifically set aside for the purpose of funding the Purchase Price Adjustment Charge (PPAC) generated monthly by high-density electric accounts involved in the Crypto-Currency mining business when that usage is determined to cause the City’s utility to exceed the monthly hydro-electric power allocation being resold to commercial and residential customers resulting in customer’s being invoiced at a higher cost than the hydro-electric rate. The reserve balance at December 31, 2022 was \$2,046,618.

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority, i.e., the Mayor and common council. The City has no committed fund balances as of December 31, 2022.

Assigned – Includes amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, the assigned fund balance represents the residual amount of fund balance. The assigned fund balance also includes an amount appropriated to partially fund the subsequent year’s budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the general fund are classified as assigned fund balance. Appropriated fund balance in the general fund amounted to \$408,039. Encumbrances consisted of the following at December 31, 2022:

| | <u>General</u> | <u>Special Revenue</u> | <u>Total</u> |
|-------------------------------------|-------------------|----------------------------|-------------------|
| General government | \$ 91,077 | - | 91,077 |
| Public safety | 158,169 | - | 158,169 |
| Transportation | 106,957 | - | 106,957 |
| Economic assistance and opportunity | 46,555 | - | 46,555 |
| Home and community services | - | 39,098 | 39,098 |
| Total | \$ <u>402,758</u> | \$ <u>39,098</u> | \$ <u>441,856</u> |

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

p) Equity Classifications (continued)

Unassigned – Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the City. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

Net Position/Fund Balance

Net position flow assumption: Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to be reported 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.

Fund balance flow assumption: Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to be reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

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

Note 2. Explanation of Differences Between Governmental Fund Statements and Government-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the governmental funds statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

Total fund balances of the City's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 2. Explanation of Differences Between Governmental Fund Statements and Government-wide Statements (continued)

Explanation of difference between Governmental Fund Balance and Government-wide Net Position

| | |
|---|-------------------------------|
| Ending fund balance reported on governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance | \$ 28,570,803 |
| Assets | |
| Long-term: | |
| Net pension asset – proportionate share | 1,514,527 |
| Capital assets, net of related depreciation | 122,200,349 |
| Deferred outflows of resources: | |
| Pensions | 10,032,616 |
| Other post employment benefits | 3,944,452 |
| Defeasement loss | 35,391 |
| Liabilities: | |
| Long-term: | |
| Bonds and notes payable | (31,453,521) |
| Compensated absences | (2,988,142) |
| Net pension liability – proportionate share | (866,371) |
| Other post employment benefits | (109,993,423) |
| Accrued interest | (93,930) |
| Deferred inflows of resources: | |
| Pensions | (13,422,489) |
| Other post employment benefits | <u>(51,731,615)</u> |
| Ending net position reported in Statement of Position for governmental activities | \$ <u><u>(44,251,353)</u></u> |

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five categories. The amounts shown below represent:

- i) Long-term revenue and expense differences:
Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.
- ii) Capital related differences:
Capital related differences include the difference between proceeds for the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- iii) Long-term debt transaction differences:
Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 2. Explanation of Differences Between Governmental Fund Statements and Government-wide Statements (continued)

iv) Pension differences:

Pension differences occur as a result of changes in the City's proportion of the collective net pension asset/liability and difference between the City's contributions and its proportionate share of the total contributions to the pension system.

v) Other post-employment benefits:

Other post-employment benefits differences occur as a result of changes in the City's OPEB liability and differences between the City's contributions and OPEB expenses.

Explanation of Differences Between the Governmental Funds Operating Statements and the Government-wide Statement of Activities

| | |
|--|----------------------|
| Total revenues and other funding sources of governmental funds | \$ 53,064,518 |
| Proceeds from long-term debt | <u>(15,599,059)</u> |
| Total revenues of governmental activities in the Statement of Activities | <u>\$ 37,465,459</u> |
| Total expenditures reported in governmental funds | \$ 49,735,919 |
| <p>In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences earned were greater than the amount used during the year.</p> | |
| | 38,898 |
| <p>When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statements of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> | |
| Current year additions | (13,077,840) |
| Current year depreciation | 5,269,746 |
| <p>Repayment of bond and capital lease principal is an expenditure in the governmental funds but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.</p> | |
| Principal | (5,113,206) |
| Accrued interest | 44,889 |
| Amortization of bond premium | (104,615) |
| Amortization of defeasement loss | 11,968 |
| <p>The payment of other post-employment benefits (OPEB) is recorded in the governmental funds as expenditures when incurred. However, in the Statement of Activities, the current cost plus the actuarial cost of future benefits are combined and recognized as an expense. This is the amount by which the annual OPEB cost exceeded the premiums paid.</p> | |
| | 601,128 |
| <p>Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p> | |
| | <u>(1,504,952)</u> |
| Total expenses of governmental activities in the Statement of Activities | <u>\$ 35,901,935</u> |

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 3. Stewardship, Compliance and Accountability

Budgetary data

Budgetary policy and practice

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

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

Budget/GAAP reconciliation

The budgetary data for is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations are presented in accordance with budgetary accounting principles to provide a meaningful comparison to the budgetary data.

The following is a summary of adjustments made to the special revenue funds actual revenues and expenditures to conform to the budgetary basis of accounting:

| | <u>Special Revenue Fund</u> |
|---|---------------------------------|
| <u>Revenues</u> | |
| Revenues included in budget comparison | \$ 11,240,781 |
| Add: revenues from the community development fund | 166,049 |
| Total revenues (GAAP basis) | <u>\$ 11,406,830</u> |
| <u>Expenditures</u> | |
| Expenditures included in budget comparison | \$ 9,856,721 |
| Add: Expenditures from the community development fund | 144,420 |
| Total expenditures (GAAP basis) | <u>\$ 10,001,141</u> |

Budgetary controls

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

Budget basis of accounting

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

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 3. Stewardship, Compliance and Accountability (continued)

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

Fund balance/net position deficits

The parking authority fund has a fund deficit at December 31, 2022 of \$15,922. This will be liquidated through transfer from the general fund in future years.

The City has a net position deficit in the governmental activities of \$44,251,353 at December 31, 2022. This is a result of the other post-employment benefits being fully unfunded.

Note 4. Deposits and Investments

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

The carrying amount of cash and cash in time deposits at December 31, 2022, is comprised as follows:

| | Non-Restricted Cash | Restricted Cash |
|-------------------------------|------------------------|----------------------|
| Petty cash funds | \$ 6,970 | \$ - |
| Non-interest bearing accounts | 102,136 | - |
| Interest bearing accounts | 13,949,038 | 16,120,190 |
| | <u>\$ 14,058,144</u> | <u>\$ 16,120,190</u> |

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits.

Collateral is required for demand deposits and certificates of deposit for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State, its municipalities and school districts.

Deposits and investments at year-end were entirely covered by either the FDIC or by collateral held by the City's designated third-party custodial banks in the City's name. The City's bank balances totaled \$31,171,365 of which, \$500,000 was covered by Federal depository insurance and \$30,739,302 was covered by collateral.

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 4. Deposits and Investments (continued)

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required to be reserved for various purposes. Restricted consists of the following at December 31, 2022:

| Fund | Restricted Cash Balance | Restriction |
|------------------|----------------------------|--|
| General | \$ 107,246 | Fire equipment purchases |
| | 239,509 | Police equipment purchases |
| | 26,839 | Clyde Lewis aircraft park maintenance |
| Total General | <u>373,594</u> | |
| Special Revenue | <u>10,408,573</u> | Water, Sewer, Recreation, & Library capital reserves |
| Debt Service | <u>1,062,179</u> | Bond Debt Reserve – Time Deposit |
| Enterprise | 10 | Bond Debt Reserve – Time Deposit |
| | 10 | Depreciation Reserve |
| | 4,221,793 | Other Deposits |
| Total Enterprise | <u>4,221,813</u> | |
| Custodial | <u>54,031</u> | Other |
| | <u>16,120,190</u> | |

Note 5. Economic Development Loans

The City has established an economic development revolving loan program to create new employment opportunities for low or moderate-income residents of the City through the expansion of existing or creation of new business in the City. Community Development Block Grant funds were used to issue the loans and as repayments are received, the City will provide additional economic development assistance to residents of the City. The balance of these loans at December 31, 2022 was \$101,960 maturing at various dates, bearing interest from 2.44% to 6.38%, collateralized by various property liens.

During 1998, the City established the Facade III Program which provided loans to business owners in the Central Business District for building facade rehabilitation. Dollars for this program are part of the Economic Development Loan Fund. Loans are \$10,000 per store front or \$24 per square foot whichever is greater to qualifying property owners. The loans are over seven years at 3% interest. The balance of these loans at December 31, 2022 was \$3,268.

Note 6. Accounts Receivable

Receivables at year-end for individual funds are as follows:

| Description | General Fund | Special Revenue Funds | Capital Project Fund | Total |
|---------------------------------|---------------------|-----------------------------|----------------------------|---------------------|
| Taxes receivable, net | \$ 545,198 | \$ - | \$ - | \$ 545,198 |
| Other receivable | 282,549 | 1,299,893 | 154,833 | 1,737,275 |
| State and federal receivable | 1,841,447 | 24,085 | - | 1,865,532 |
| Economic development loans, net | - | 330,996 | - | 330,996 |
| Due from other governments | 1,808,810 | - | - | 1,808,810 |
| Total | <u>\$ 4,478,004</u> | <u>\$ 1,654,974</u> | <u>\$ 154,833</u> | <u>\$ 6,287,811</u> |

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 7. Interfund Balances and Activity

Interfund balances and activity at December 31, 2022 and for the fiscal year then ended, were as follows:

| Fund | Interfund | | Interfund | |
|------------------|---------------------|---------------------|----------------------|----------------------|
| | Receivable | Payable | Transfers in | Transfers out |
| General | \$ 2,405,942 | \$ 22,195 | \$ 1,279,031 | \$ 3,626,819 |
| Special Revenue | - | 374,078 | 1,516,096 | 5,347,054 |
| Capital Projects | - | 1,993,965 | 4,330,910 | 3,533,774 |
| Debt Service | 13,261 | - | 6,034,607 | - |
| Enterprise | 67,438 | 59,642 | - | 652,997 |
| Custodial | - | 36,761 | - | - |
| Total | <u>\$ 2,486,641</u> | <u>\$ 2,486,641</u> | <u>\$ 13,160,644</u> | <u>\$ 13,160,644</u> |

Governmental fund interfund receivables and payables are eliminated on the Statement of Net Position.

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

Note 8. Capital Assets

Governmental activities capital assets for the year ended December 31, 2022 was as follows:

| | 12/31/21 Balance | Additions | Retirements Reclassify | 12/31/22 Balance |
|---|-----------------------|---------------------|---------------------------|-----------------------|
| Capital assets that are not depreciated: | | | | |
| Land | \$ 22,846,772 | \$ - | \$ - | \$ 22,846,772 |
| Construction in progress | 1,354,131 | 63,150 | 1,254,250 | 163,031 |
| Total | <u>24,200,903</u> | <u>63,150</u> | <u>1,254,250</u> | <u>23,009,803</u> |
| Capital assets that are depreciated: | | | | |
| Infrastructure | 105,846,373 | 9,337,267 | - | 115,183,640 |
| Buildings & improvements | 58,998,329 | 4,283,124 | - | 63,281,453 |
| Machinery & equipment | 21,445,475 | 648,549 | 129,864 | 21,964,160 |
| Total | <u>186,290,177</u> | <u>14,268,940</u> | <u>129,864</u> | <u>200,429,253</u> |
| Less accumulated depreciation: | | | | |
| Infrastructure | 42,889,697 | 2,669,545 | - | 45,559,242 |
| Buildings & improvements | 40,919,422 | 1,475,763 | - | 42,395,185 |
| Machinery & Equipment | 12,289,706 | 1,124,438 | 129,864 | 13,284,280 |
| Total | <u>96,098,825</u> | <u>5,269,746</u> | <u>129,864</u> | <u>101,238,707</u> |
| Governmental activities capital assets, net | <u>\$ 114,392,255</u> | <u>\$ 9,062,344</u> | <u>\$ (1,254,250)</u> | <u>\$ 122,200,349</u> |

Depreciation was charged to governmental functions as follows:

| | |
|-------------------------------------|---------------------|
| General government | \$ 702,345 |
| Public safety | 325,416 |
| Transportation | 1,482,148 |
| Economic assistance and opportunity | 314,442 |
| Culture and recreation | 257,213 |
| Home community services | 2,188,182 |
| | <u>\$ 5,269,746</u> |

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 8. Capital Assets (continued)

Business-type activities capital assets activities for the year ended December, 2022 was as follows:

| | 12/31/21 Balance | Additions | Retirements Reclassify | 12/31/22 Balance |
|--|----------------------|---------------------|---------------------------|----------------------|
| Capital assets that are not depreciated: | | | | |
| Land | \$ 703,561 | \$ - | \$ - | \$ 703,561 |
| Construction in progress | 146,273 | 1,010,700 | 1,070,166 | 86,807 |
| Total | <u>849,834</u> | <u>1,010,700</u> | <u>1,070,166</u> | <u>790,368</u> |
| Capital assets that are depreciated: | | | | |
| Buildings | 2,329,321 | - | - | 2,329,321 |
| Improvements | 67,437,155 | 712,126 | 73,618 | 68,075,663 |
| Machinery & equipment | 11,572,099 | 224,552 | 238,567 | 11,558,084 |
| Total | <u>81,338,575</u> | <u>936,678</u> | <u>312,185</u> | <u>81,963,068</u> |
| Less accumulated depreciation: | | | | |
| Buildings | 296,528 | 29,450 | - | 325,978 |
| Improvements | 40,510,387 | 1,927,935 | 134,343 | 42,303,979 |
| Equipment and vehicles | 10,751,296 | 224,770 | 53,831 | 10,922,235 |
| Total | <u>51,558,211</u> | <u>2,182,155</u> | <u>188,174</u> | <u>53,552,192</u> |
| Business-type activities capital assets, net | \$ <u>30,630,198</u> | \$ <u>(234,777)</u> | \$ <u>1,194,177</u> | \$ <u>29,201,244</u> |

Note 9. Indebtedness

Long-term debt

Long-term liability balances and activity for the year ended December 31, 2022 are summarized below:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|----------------------------|-----------------------|----------------------|----------------------|-----------------------|
| Governmental activities: | | | | |
| General obligation bonds | \$ 20,686,876 | \$ 15,599,059 | \$ 5,113,206 | \$ 31,172,729 |
| Bond premium, net of amort | 385,407 | - | 104,615 | 280,792 |
| Other liabilities: | | | | |
| Net OPEB liabilities | 172,821,615 | - | 62,828,192 | 109,993,423 |
| Net pension liability | 2,702,356 | - | 1,835,985 | 866,371 |
| Compensated absences | 2,949,244 | 38,898 | - | 2,988,142 |
| Total | \$ <u>199,545,498</u> | \$ <u>15,637,957</u> | \$ <u>69,881,998</u> | \$ <u>145,301,457</u> |
| Business-type activities: | | | | |
| General obligation bonds | \$ 4,321,805 | \$ - | \$ 643,191 | \$ 3,678,614 |
| Bond premium, net of amort | 308,708 | - | 75,482 | 233,226 |
| Other liabilities: | | | | |
| Net OPEB liabilities | 19,718,017 | - | 5,861,132 | 13,856,885 |
| Net pension liability | 7,857 | - | 7,857 | - |
| Compensated absences | 541,789 | 48,055 | - | 589,844 |
| Total | \$ <u>24,898,176</u> | \$ <u>48,055</u> | \$ <u>6,587,662</u> | \$ <u>18,358,569</u> |

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 9. Indebtedness (continued)

Total interest expenditures for the year ended December 31, 2022, were as follows:

| | Governmental Activities | Business Type Activities |
|---|----------------------------|-----------------------------|
| Interest paid | \$ 498,418 | \$ 176,176 |
| Increase (decrease) in accrued interest | 44,889 | (3,688) |
| Amortization – defeasement | 11,968 | - |
| Amortization – bond premium | (104,615) | (75,482) |
| Totals | \$ <u>450,660</u> | \$ <u>97,006</u> |

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Further, unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

In the governmental activities, a bond premium of \$687,987 is amortized over 10 years (life of the bond) using the interest method. Amortization of the premium was \$104,615 for the year ended December 31, 2022 and is included in interest expense. In the business-type activities, a bond premium of \$507,701 is amortized over 10 years (life of the bond) using the interest method. Amortization of the premium was \$75,482 for the year ended December 31, 2022 and is included in interest expense.

Long-term liabilities outstanding were comprised of the following at December 31, 2022:

Governmental activities

| Description of Issue | Issue date | Final maturity | Interest rate | Original amount | Balance |
|----------------------|------------|----------------|-----------------|-----------------|----------------------|
| Serial bond | 6/1/17 | 2026 | 2.125% - 3.000% | \$ 1,870,200 | \$ 324,915 |
| Serial bond | 11/1/17 | 2029 | 2.250% - 3.000% | 8,839,095 | 4,460,000 |
| Serial bond | 8/8/19 | 2029 | 4.000% - 5.000% | 1,252,073 | 566,530 |
| Serial bond | 8/8/19 | 2030 | 3.000% - 5.000% | 5,512,615 | 3,277,855 |
| Serial bond | 10/29/20 | 2030 | 1.000% - 2.000% | 6,488,519 | 5,245,000 |
| BAN | 5/1/12 | 2029 | 1.955% - 3.468% | 2,369,771 | 1,030,000 |
| BAN | 8/5/21 | 2024 | 0.000% | 3,656,559 | 4,691,990 |
| BAN | 11/17/22 | 2023 | 4.750% | 11,857,231 | 11,857,231 |
| | | | | | <u>31,453,521</u> |
| Less current portion | | | | | <u>(14,435,423)</u> |
| Long-term portion | | | | | \$ <u>17,018,098</u> |

Business-type activities

| Description of Issue | Issue date | Final maturity | Interest rate | Original amount | Balance |
|----------------------|------------|----------------|-----------------|-----------------|---------------------|
| Serial bond | 6/1/16 | 2026 | 3.000% | \$ 1,584,800 | \$ 390,085 |
| Serial bond | 8/8/19 | 2029 | 4.000% - 5.000% | 5,131,000 | 3,521,755 |
| | | | | | <u>3,911,840</u> |
| Less current portion | | | | | <u>(711,517)</u> |
| Long-term portion | | | | | \$ <u>3,200,323</u> |

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 9. Indebtedness (continued)

The following is a summary of maturing debt service requirements:

| | Governmental Activities | | | Business-type Activities | | |
|-------|-------------------------|---------------------|----------------------|--------------------------|-------------------|---------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2023 | \$ 14,435,423 | \$ 319,922 | \$ 14,755,345 | \$ 711,517 | \$ 81,313 | \$ 792,830 |
| 2024 | 7,264,042 | 271,734 | 7,535,776 | 728,244 | 57,307 | 785,551 |
| 2025 | 2,249,468 | 214,978 | 2,464,446 | 515,443 | 39,897 | 555,340 |
| 2026 | 2,166,851 | 156,554 | 2,323,405 | 504,409 | 29,646 | 534,055 |
| 2027 | 2,023,009 | 106,726 | 2,129,735 | 494,479 | 20,419 | 514,898 |
| 2028- | | | | | | |
| 2032 | <u>3,314,728</u> | <u>115,429</u> | <u>3,430,157</u> | <u>957,748</u> | <u>16,277</u> | <u>974,025</u> |
| | <u>\$ 31,453,521</u> | <u>\$ 1,185,343</u> | <u>\$ 32,638,864</u> | <u>\$ 3,911,840</u> | <u>\$ 244,859</u> | <u>\$ 4,156,699</u> |

Note 10. Property Taxes

Real property tax levies are fully accrued at the beginning of the fiscal year and are received and accounted for in the general fund. Accruals for "due to other funds" are recorded in the general fund for the portion of the tax revenue allocated to other funds. Taxes for City purposes are based on City budget requirements. The City also bills and collects taxes levied by Clinton County. The City guarantees the collection of the county levies.

Any properties with unpaid taxes for more than two years are seized through the foreclosure process in accordance with article 11 of the New York State Real Property Tax Law. Additionally, the City enforces collection of unpaid City school taxes transmitted by the school district to the City in December of each year.

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

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

- Taxable Status Date - March 1
- Levy Date - On or before January 14
- Lien Date - January 1
- Date taxes due - March 15, April 15, May 15 and June 15 or the next business day after these dates
- Date penalty period begins - Taxes remaining unpaid at the end of 30 days after each respective due date.

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 11. Pension Plans

New York State and Local Employees' Retirement System (ERS) and the New York State Police and Fire Retirement System (PFRS)

Plan description

The City participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which is collectively referred to as New York State and Local Retirement System (the System).

This is a cost-sharing multiple employer retirement system. The System provides retirement benefits, as well as, death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provision of 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 (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at: www.osc.state.ny.us/retire/publications/index.php or by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Benefits provided

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

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 11. Pension Plans (continued)

Tiers 3, 4 and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 year of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25-year plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 11. Pension Plans (continued)

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half of the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set for by law. The first \$50,000 of ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the members' annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Contributions

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

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

| | <u>ERS</u> | <u>PFRS</u> |
|------|------------|--------------|
| 2022 | \$ 933,656 | \$ 1,401,363 |
| 2021 | 1,102,243 | 1,566,308 |
| 2020 | 1,126,889 | 1,331,867 |

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 11. Pension Plans (continued)

Pension Liabilities, Pension Expense (Credit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the City reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for the System. The net pension asset/(liability) was measured as of March 31, 2022 for ERS and PFRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation.

The City's proportion of the net pension asset/(liability) was based on a projection of the City's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and PFRS System in reports provided to the District.

| | <u>ERS</u> | <u>PFRS</u> |
|--|--------------|--------------|
| Measurement date | 3/31/22 | 3/31/22 |
| Net pension asset/(liability) | \$ 2,091,022 | \$ (866,371) |
| District's portion of the Plan's total net pension asset/(liability) | 0.0255795% | 0.1525181% |
| Change in proportion since prior measurement date | 2,119,522 | 1,815,342 |

For the year ended December 31, 2022 the City's recognized pension expense (income) of \$(11,125) for ERS and \$664,522 for PFRS. At December 31, 2022, the District's reported deferred outflows of and deferred inflows of resources related to pensions from the following sources:

| | <u>Governmental Activities</u> | | | <u>Business-type Activities</u> | <u>Total Primary Government</u> |
|---|--------------------------------|---------------------|----------------------|---------------------------------|---------------------------------|
| Deferred outflows of resources: | <u>ERS</u> | <u>PFRS</u> | <u>Total</u> | <u>ERS</u> | <u>ERS and PFRS</u> |
| Differences between expected and actual experiences | \$ 114,698 | \$ 467,067 | \$ 581,765 | \$ 43,658 | \$ 625,423 |
| Changes of assumptions | 2,527,576 | 5,185,418 | 7,712,994 | 962,105 | 8,675,099 |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | 4,467 | 175,201 | 179,668 | 1,701 | 181,369 |
| District's contributions subsequent to the measurement date | <u>507,167</u> | <u>1,051,022</u> | <u>1,558,189</u> | <u>193,075</u> | <u>1,751,264</u> |
| Total | <u>\$ 3,153,908</u> | <u>\$ 6,878,708</u> | <u>\$ 10,032,616</u> | <u>\$ 1,200,539</u> | <u>\$ 11,233,155</u> |

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 11. Pension Plans (continued)

| | Governmental Activities | | | Business-type Activities | Total Primary Government |
|---|-------------------------|--------------|---------------|--------------------------|--------------------------|
| | ERS | PFRS | Total | ERS | ERS and PFRS |
| Deferred inflows of resources: | | | | | |
| Differences between expected and actual experiences | \$ 148,770 | \$ - | \$ 148,770 | \$ 56,627 | \$ 205,397 |
| Changes of assumptions | 42,650 | - | 42,650 | 16,235 | 58,885 |
| Net difference between projected and actual earnings on pension plan benefits | 4,959,442 | 7,279,779 | 12,239,221 | 1,887,779 | 14,127,000 |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | 273,818 | 718,030 | 991,848 | 104,227 | 1,096,075 |
| Total | \$ 5,424,680 | \$ 7,997,809 | \$ 13,422,489 | \$ 2,064,868 | \$ 15,487,357 |

The City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended: | ERS | PFRS |
|-------------|--------------|--------------|
| 2023 | \$ (653,928) | \$ (488,388) |
| 2024 | (876,233) | (708,752) |
| 2025 | (1,863,549) | (1,800,501) |
| 2026 | (441,631) | 829,024 |
| 2027 | - | (1,506) |
| Thereafter | - | - |

Actuarial Assumptions

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

| | ERS | PFRS |
|---------------------------|--|--|
| Measurement date | March 31, 2022 | March 31, 2022 |
| Actuarial valuation date | April 1, 2021 | April 1, 2021 |
| Investment rate of return | 5.90% | 5.90% |
| Salary scale | 4.40% | 6.20% |
| Decrement tables | April 1, 2015 - March 31, 2020 System's Experience | April 1, 2015 - March 31, 2020 System's Experience |
| Inflation rate | 2.70% | 2.70% |
| Cost of living adjustment | 1.40% | 1.40% |

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 11. Pension Plans (continued)

For ERS and PFRS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP 2020.

For ERS and PFRS, the actuarial assumption used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long-term 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 returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation.

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

| | Target allocation | Long-term expected real rate of return |
|----------------------------|----------------------|---|
| Asset type | | |
| Domestic equity | 32.0% | 4.05% |
| International equity | 15.0 | 6.30 |
| Private equity | 10.0 | 6.75 |
| Real estate | 9.0 | 4.95 |
| Absolute return strategies | 3.0 | 4.50 |
| Credit | 4.0 | 3.63 |
| Real assets | 3.0 | 5.95 |
| Fixed income | 23.0 | 0.00 |
| Cash | 1.0 | 0.50 |
| | 100.0% | |

Real rates of return are net of the long-term inflation assumption of 2.70% for 2021.

Discount rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and PFRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and PFRS, as well as what the City's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (4.90% for ERS and PFRS) or 1 percentage point higher (6.90% for ERS and PFRS) than the current rate:

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 11. Pension Plans (continued)

| ERS | 1% Decrease (4.90%) | Current discount rate (5.90%) | 1% Increase (6.90%) |
|--|---------------------------|-------------------------------------|---------------------------|
| Employer's proportionate share of the net pension asset (liability) | \$ (5,382,268) | \$ 2,091,022 | \$ 8,432,068 |
| PFRS | 1% Decrease (4.90%) | Current discount rate (5.90%) | 1% Increase (6.90%) |
| Employer's proportionate share of the net pension asset (liability) | \$ (9,637,040) | \$ (866,371) | \$ 6,393,414 |

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension asset (liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended December 31, 2022 is \$(11,125) for ERS and \$ 664,522 for PFRS.

Pension Plan Fiduciary Net Position

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

| | (Dollars in Thousands) | | |
|--|------------------------|---------------|----------------|
| | ERS | PFRS | Total |
| Employers' total pension liability | \$ 223,874,888 | \$ 42,237,292 | \$ 266,112,180 |
| Fiduciary net position | 232,049,473 | 41,669,250 | 273,718,723 |
| Employers' net pension liability (asset) | \$ (8,174,585) | \$ 568,042 | \$ (7,606,543) |
| Ratio of fiduciary net position to the Employers' total pension liability | 103.65% | 98.66% | 102.86% |

Payables to the Pension Plan

For ERS and PFRS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of December 31, 2022 represent the projected employer contributions for the period of April 1, 2022 through December 31, 2022 based on paid ERS and PFRS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2022 amounted to \$0.

The ERS premium of \$933,656 was paid in December of 2022, resulting in a prepaid expense of \$233,414 at December 31, 2022. THE PFRS premium of \$1,401,363 was paid in December of 2022, resulting in a prepaid expense of \$350,341 at December 31, 2022.

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 12. Post-Employment Benefits

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

General information about the OPEB plan

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

Funding Policy - The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

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

Employee Covered by Benefit Terms – At December 31, 2022, the following employees were covered by the benefit terms:

| | |
|---|------------|
| Active not eligible to retire | 173 |
| Actives eligible to retire | 28 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Retired and surviving spouses | 246 |
| Retiree spouses covered | 168 |
| Total plan members | <u>615</u> |

Net OPEB liability

The City's total OPEB liability of \$123,508,308 was measured as January 1, 2022 and was determined by an actuarial valuation as of January 1, 2021.

Actuarial assumptions and other inputs – The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|---|
| Inflation | 2.44% |
| Salary Increases | 3.53% |
| Discount Rate | 4.40% |
| Healthcare Cost Trend Rates | |
| Medical | 6.50% for 2022, decreasing varies per year to an ultimate rate of 4.23% for later years |

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, as appropriate, with generational mortality using scale MP-2021.

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 12. Post-Employment Benefits (continued)

Retirement rates only apply upon retirement eligibility. Upon retirement eligibility the retirement rate is the greater of withdrawal and retirement rates. Employees that do not meet the retirement eligibility by age 70 are assumed not to receive benefits under the plan.

Termination rates are based on the 2003 society of actuaries small plan withdrawal. Rates are assumed to continue until retirement eligibility. Upon retirement eligibility rates are assumed to be zero.

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

Changes in the Total OPEB Liability

Changes in the District's net OPEB liability were as follows:

| | |
|--|-----------------------|
| Balance at December 31, 2021 | \$ <u>192,539,632</u> |
| <u>Changes for the Year -</u> | |
| Service Cost | 1,986,061 |
| Interest | 4,145,721 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | (13,193,655) |
| Changes in assumptions or other inputs | (56,404,048) |
| Benefits payments | <u>(5,223,403)</u> |
| Net Changes | <u>(68,689,324)</u> |
| Balance at December 31, 2022 | \$ <u>123,850,308</u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 2.19% in 2021 to 4.40% in 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.40%) or 1 percentage point higher (5.50%) than the current discount rate:

| | <u>1%</u> <u>Decrease</u> <u>(3.40%)</u> | <u>Discount</u> <u>rate</u> <u>(4.40%)</u> | <u>1%</u> <u>Increase</u> <u>(5.40%)</u> |
|----------------------|--|--|--|
| Total OPEB Liability | \$ <u>142,869,881</u> | \$ <u>123,850,308</u> | \$ <u>108,657,880</u> |

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

| | <u>1%</u> <u>Decrease</u> | <u>Current</u> <u>Trend</u> <u>Rates</u> | <u>1%</u> <u>Increase</u> |
|----------------------|------------------------------|--|------------------------------|
| Total OPEB Liability | \$ <u>108,115,429</u> | \$ <u>123,850,308</u> | \$ <u>143,428,334</u> |

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 12. Post-Employment Benefits (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the City recognized an OPEB expense of \$5,443,035. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 1,663,525 | \$ 10,679,769 |
| Changes of assumptions or other inputs | 1,133,302 | 45,590,553 |
| Employer contribution subsequent to the measurement date (Expected employer contribution including implicit subsidy) | <u>1,320,200</u> | <u>-</u> |
| Total | <u>\$ 4,117,027</u> | <u>\$ 56,270,322</u> |

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

| <u>Fiscal Year Ended:</u> | |
|---------------------------|-----------------|
| 2023 | \$ (10,530,554) |
| 2024 | (13,327,381) |
| 2025 | (13,327,381) |
| 2026 | (12,678,996) |
| 2027 | (3,609,183) |
| Thereafter | - |

Note 13. Franchise Fee Revenue

The City has a cable contract with Charter Communications and the City receives 5% of total gross revenue. Included in non-property tax items in the General Fund franchise fee revenue was \$220,999 based on gross revenue of \$4,419,980.

Note 14. Risk Management

The City is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets, errors and omissions, and injuries to employees. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settle claims have not exceeded this commercial coverage in any of the past three (3) fiscal years.

Note 15. Commitments and Contingencies

Purchase of Electricity

The Plattsburgh Municipal Lighting Department (PMLD) is now a partial requirements service customer of the Power Authority of the State of New York (NYPA), receiving electric service under St. Lawrence Contract S-3 which originally expired in the year 2013 but has been extended to 2025. Effective May, 1998, PMLD is billed under Service Tariffs 39A and 39B.

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 15. Commitments and Contingencies (continued)

PMLD will receive incremental power from the New York Municipal Power Agency (NYMPA) pursuant to NYPA Service Tariff No. 39B.

Durkee Street Lease

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

Clyde Lewis Park Trust

In June 2008, the City entered into an agreement with Plattsburgh Airbase Redevelopment Corp. (PARC) to be the caretaker of two aircraft (an FB-111A and B-47) on display at Clyde Lewis Park. The City is responsible for the maintenance and upkeep of the Aircraft. As part of the agreement, PARC made a grant to the City amounting to \$50,000 which the City shall invest and apply the earned interest toward the annual maintenance and upkeep. The principal amount of the Grant proceeds may be applied toward the cost of returning the aircraft to the United States Air Force Museum (USAFM) or the cost to repair the Aircraft should catastrophic damage occur as a result of a natural disaster or other unforeseen event. In the event the City is in default under this agreement, the City shall be obligated to repay to PARC the full amount of the Grant. The reserve balance was \$26,839 at the end of 2022 after repair costs of \$36,000 were paid during 2017, 2018 and 2021 for weather and nature related damages to the aircraft net of the interest earnings from the inception of the reserve through the end of 2022 totaling \$12,839.

Law Suits

The City has been named, in the normal course of operations, as a defendant in numerous claims according to its insurance carrier. In the opinion of the City, after considering all relevant facts, except as stated below, the ultimate losses not covered by insurance resulting from such litigation could have the potential to be in the range of \$25,000 to \$100,000 taken as a whole.

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

There are several real property tax cases pending against the City. Historically, many cases are abandoned and settled by modest reductions in assessed value in future years or negotiated settlements are agreed upon. In the opinion of the City, the potential liability that may arise would be \$263,500.

Sewage Treatment Facilities

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

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

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 15. Commitments and Contingencies (continued)

Grant Programs

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

Environmental Concerns

In the normal course of operations, the City is engaged in many activities (i.e. utility service, refuse disposal, and gasoline storage) that are potentially hazardous to the environment. As of December 31, 2022, the City has not disclosed any significant environmental problems in the financial statements.

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

The enforcement proceeding has been settled by a consent order. The City agreed to re-close the landfill at an estimated cost of \$4,691,000. The City has been awarded a grant to pay approximately 50% of the cost, or \$2,336,492. The cost to the City is \$2,369,771 and has been paid with proceeds from a loan from the Environmental Facilities Corporation. On November 1st, 2016, the City became eligible to make a grant application to the NYS DEC under the Landfill Closure State Assistance Program for the potential cost recovery of \$1,292,366, representing one-half of the unfunded landfill project cost qualified under the grant program. The cost recovery grant amount was received on May 8th, 2017, and was used to establish a debt service reserve, and has been applied to the debt service for the NYS EFC serial bonds issued in 2012 from 2017 forward. At the end of 2022, the reserve balance of the NYS DEC funding was \$1,062,179.

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

City Court Lease

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

Contract Negotiations

The City's contract with Local 788 and New York Council 66 of the American Federation of State, County and Municipal Employees, AFL-CIO, expired on June 30th, 2018. Negotiations concluded on August 5th, 2021, with a contract renewal covering the period from July 1st, 2018 through June 30th, 2024. Payroll increases under the new agreement begin with four \$.50 per hour pay rate hike each occurring on 7/1/2018, 1/1/2019, 1/1/2020 and 1/1/2021, after which, three 1.5% pay rate increases will take effect each occurring on 1/1/2022, 1/1/2023 and finally on 1/1/2024.

The City's contract with Local 2421 of The International Association of Firefighters was settled during 2018 establishing pay increases for the years 2014 through 2020, and that renewed contract has been extended through a Memorandum of Understanding (MOU) for the years 2021 and 2022, expired on December 31, 2022. The fire union contract has been extended through 2026.

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 15. Commitments and Contingencies (continued)

The City's contract with Local 812 of the Plattsburgh Police Officers Union and New York Council 82 of the American Federation of State, County and Municipal Employees, AFL-CIO, expired on December 31st, 2016. Negotiations have concluded and have reached a settlement to renew the contract through December 31st, 2025, with 1.5% compounded pay rate increases for retro-active pay for the years beginning January 1st, 2017, 2018, 2019, 2020, 2021 and 2022 through July 6th, 2022, and annual compounded pay increases forward for January 1st, 2023, 2024 and 2025. The economic impact of the retro-active pay increases amounts to roughly \$872,433 for payroll and \$311,860 for corresponding benefits, for a total economic impact of an estimated \$1,184,292. There are specific pay rate increases for new hires that raise the starting pay from \$15.27 per hour to \$19.00 per hour, or a 24.43% increase, for year one of employment beginning July 8th, 2022, and effective January 1st, 2023, that rate changes to \$20.00 per hour for year one of employment, \$21.50 per hour for year two, \$24.50 for year 3, \$27.00 for year 4, \$31.24 for year 5 and then that wage schedule increase by 1.5% beginning on January 1st, 2024 and again on January 1st, 2025. In addition, the pay schedule for officers employed during years 8 through 23, will increase by \$1,000 annually beginning on January 1st, 2023 and on January 1st, 2024 and then increase \$250 annually beginning on January 1st, 2025.

The City's contract with Local 1249 of the International Brotherhood of Electrical Workers, AFL-CIO, expired on June 30th, 2022, and was tentatively renewed by the local union and the City council, through June 30th, 2027, with a basic payroll increase per year of 1.5% for all workers, except that line personnel will receive an additional pay increase of 3% in year one, an additional 1.25% in year two, an additional 1.25% in year three and finally just 1.5% increases in years four and five, as with the non-line personnel, in years four and five. That translates into compounded increases of 4.5%, 2.75%, 2.75%, 1.5% and 1.5% for all line personnel, with all other employee rates increasing 1.5% compounded for five years. The international office of the IBEW union has not ratified the contract to date so any changes have not been implemented as of the date of these statements.

The City's contract with Local 788 and New York Council 66 of the American Federation of State, County and Municipal Employees, AFL-CIO for the Plattsburgh Public Library, expired on June 30, 2019, and was renewed on December 19th, 2019, for three years through June 30, 2022, with a 2% increases per contract year in 2019 and 2020 and a 1.5% increase in 2021 per employee except for the Library Pages. Library Pages were increased to \$12.75 per hour July 1st, 2019, \$13.25 per hour July 1st, 2020, and \$13.75 per hour on July 1st, 2021. The Plattsburgh Public Library contract has been extended through 2026.

Note 16. Related Party

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

CITY OF PLATTSBURGH, NEW YORK

Notes to the Financial Statements

Note 17. Tax Abatements

The City negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with the following entities as of December 31, 2022:

| PILOT Entity | Authority | Dated | Governing Law | Basis | Abatement | Received |
|--------------------------------|--|-----------------------|------------------------------------|---|---------------------|-------------------|
| Saranac Power Partners | Clinton County & Town of Plattsburgh Amended | 12/1/2009 2018 | GML Article 18-a Chapter 1030 1969 | PILOT Mortgage | \$ 363,867 | \$ 6,370 |
| Plattsburgh Housing Authority | State of New York Amended | 4/17/1951 3/4/2010 | Consolidation Laws Chapter 44-A | Income PILOT | 290,268 | 81,316 |
| Plattsburgh Municipal Lighting | NYSPSC | | Order 06-E-1496 | Valuation PILOT plus service payment for stree lighting | 414,343 | 652,997 |
| Total 2022 | | | | | <u>\$ 1,068,478</u> | <u>\$ 740,683</u> |

Note 18. Subsequent Events

The City has evaluated events and transactions that occurred between December 31, 2022 and June 21, 2023 which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

CITY OF PLATTSBURGH, NEW YORK
Schedule of Revenues and Expenditures
Budget and Actual - General Fund
Year Ended December 31, 2022

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Year-end Encumbrances</u> | <u>Variance, Favorable (Unfavorable)</u> |
|--|----------------------------|-------------------------|---|----------------------------------|--|
| Revenues | | | | | |
| Real property taxes | \$ 11,701,733 | \$ 11,701,733 | \$ 11,662,981 | \$ - | \$ (38,752) |
| Real property tax items | 160,234 | 178,328 | 221,365 | - | 43,037 |
| Non-property tax items | 4,627,303 | 4,627,303 | 5,616,063 | - | 988,760 |
| Departmental income | 1,894,620 | 1,896,140 | 1,873,836 | - | (22,304) |
| Use of money and property | 14,380 | 80,042 | 103,445 | - | 23,403 |
| Licenses and permits | 132,475 | 190,330 | 178,719 | - | (11,611) |
| Fines and forfeitures | 273,950 | 273,950 | 186,455 | - | (87,495) |
| Sale of property and compensation for loss | 64,500 | 99,165 | 86,132 | - | (13,033) |
| Miscellaneous local sources | 43,300 | 43,300 | 29,242 | - | (14,058) |
| Interfund | 797,000 | 797,000 | 863,442 | - | 66,442 |
| State aid | 3,014,151 | 3,310,987 | 3,342,045 | - | 31,058 |
| Federal aid | 5,000 | 5,000 | - | - | (5,000) |
| Appropriated fund balance | 220,000 | 147,658 | - | - | (147,658) |
| Total revenue | <u>22,948,646</u> | <u>23,350,936</u> | <u>24,163,725</u> | <u>-</u> | <u>812,789</u> |
| Expenditures | | | | | |
| General government | 2,458,736 | 2,165,499 | 2,072,616 | 91,077 | 1,806 |
| Public safety | 8,127,706 | 8,806,013 | 8,605,041 | 158,169 | 42,803 |
| Transportation | 1,489,253 | 1,419,136 | 1,329,174 | 106,957 | (16,995) |
| Economic assistance and opportunity | 449,971 | 751,692 | 632,317 | 46,555 | 72,820 |
| Culture and recreation | 86,800 | 215,310 | 223,031 | - | (7,721) |
| Home community services | 639,258 | 510,489 | 481,594 | - | 28,895 |
| Employee benefits | 7,523,401 | 8,275,980 | 8,267,200 | - | 8,780 |
| Total expenditures | <u>20,775,125</u> | <u>22,144,119</u> | <u>21,610,973</u> | <u>402,758</u> | <u>130,388</u> |
| Excess of revenues over expenditures | <u>2,173,521</u> | <u>1,206,817</u> | <u>2,552,752</u> | <u>(402,758)</u> | <u>943,177</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 1,215,984 | 1,380,031 | 1,279,031 | - | (101,000) |
| Transfers (out) | <u>(3,389,505)</u> | <u>(3,640,407)</u> | <u>(3,626,819)</u> | <u>-</u> | <u>13,588</u> |
| Total other financing sources (uses) | <u>(2,173,521)</u> | <u>(2,260,376)</u> | <u>(2,347,788)</u> | <u>-</u> | <u>(87,412)</u> |
| Change in fund balance | <u>\$ -</u> | <u>\$ (1,053,559)</u> | <u>\$ 204,964</u> | <u>\$ (402,758)</u> | <u>\$ 855,765</u> |

See the independent auditor's report

CITY OF PLATTSBURGH, NEW YORK
Schedule of Revenues and Expenditures
Budget and Actual - Special Revenue Funds
Year Ended December 31, 2022

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Year-end Encumbrances</u> | <u>Variance, Favorable (Unfavorable)</u> |
|--|----------------------------|-------------------------|---|----------------------------------|--|
| Revenues | | | | | |
| Real property taxes | \$ 85,010 | \$ 85,010 | \$ 85,010 | \$ - | \$ - |
| Departmental income | 8,884,450 | 8,980,046 | 9,310,420 | - | 330,374 |
| Intergovernmental charges | 1,344,598 | 1,344,598 | 1,419,224 | - | 74,626 |
| Use of money and property | 189,870 | 189,870 | 129,548 | - | (60,322) |
| Sale of property and compensation for loss | 5,300 | 5,300 | 22,986 | - | 17,686 |
| Miscellaneous local sources | 71,200 | 71,200 | 66,859 | - | (4,341) |
| Interfund | 125,725 | 125,725 | 95,167 | - | (30,558) |
| State aid | 97,557 | 97,557 | 104,675 | - | 7,118 |
| Federal aid | 10,000 | 10,000 | 6,892 | - | (3,108) |
| Total revenue | <u>10,813,710</u> | <u>10,909,306</u> | <u>11,240,781</u> | <u>-</u> | <u>331,475</u> |
| Expenditures | | | | | |
| General government | 558,749 | 436,932 | 435,899 | - | 1,033 |
| Transportation | 185,716 | 184,651 | 161,575 | - | 23,076 |
| Culture and recreation | 1,295,029 | 1,852,566 | 1,477,500 | - | 375,066 |
| Home community services | 6,022,072 | 5,751,170 | 5,372,473 | 39,098 | 339,599 |
| Employee benefits | 2,123,045 | 2,436,932 | 2,409,274 | - | 27,658 |
| Total expenditures | <u>10,184,611</u> | <u>10,662,251</u> | <u>9,856,721</u> | <u>39,098</u> | <u>766,432</u> |
| Excess of revenues over expenditures | <u>629,099</u> | <u>247,055</u> | <u>1,384,060</u> | <u>(39,098)</u> | <u>1,097,907</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 1,444,126 | 1,990,097 | 1,516,096 | - | (474,001) |
| Transfers (out) | (1,332,549) | (3,006,450) | (5,347,054) | - | (2,340,604) |
| Total other financing sources (uses) | <u>111,577</u> | <u>(1,016,353)</u> | <u>(3,830,958)</u> | <u>-</u> | <u>(2,814,605)</u> |
| Change in fund balance | <u>\$ 740,676</u> | <u>\$ (769,298)</u> | <u>\$ (2,446,898)</u> | <u>\$ (39,098)</u> | <u>\$ (1,716,698)</u> |

See the independent auditor's report

CITY OF PLATTSBURGH, NEW YORK
Statement of Revenues and Expenditures
Budget and Actual - Debt Service Fund
Year Ended December 31, 2022

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Year-end Encumbrances</u> | <u>Variance, Favorable (Unfavorable)</u> |
|---------------------------------------|----------------------------|-------------------------|---|----------------------------------|--|
| Revenues | | | | | |
| Use of money and property | \$ - | \$ - | \$ 97,051 | \$ - | \$ 97,051 |
| State aid | - | - | 41,250 | - | 41,250 |
| Total revenue | <u>-</u> | <u>-</u> | <u>138,301</u> | <u>-</u> | <u>138,301</u> |
| Expenditures | | | | | |
| Debt service | <u>2,868,688</u> | <u>2,868,688</u> | <u>5,611,621</u> | <u>-</u> | <u>(2,742,933)</u> |
| Total expenditures | <u>2,868,688</u> | <u>2,868,688</u> | <u>5,611,621</u> | <u>-</u> | <u>(2,742,933)</u> |
| Excess of revenues over expenditures | <u>(2,868,688)</u> | <u>(2,868,688)</u> | <u>(5,473,320)</u> | <u>-</u> | <u>(2,604,632)</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | <u>2,868,688</u> | <u>2,868,688</u> | <u>6,034,607</u> | <u>-</u> | <u>3,165,919</u> |
| Total other financing sources (uses) | <u>2,868,688</u> | <u>2,868,688</u> | <u>6,034,607</u> | <u>-</u> | <u>3,165,919</u> |
| Change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 561,287</u> | <u>\$ -</u> | <u>\$ 561,287</u> |

See the independent auditor's report

CITY OF PLATTSBURGH, NEW YORK
Schedule of Proportionate Share of the Net Pension Liability
Year Ended December 31, 2022

NYSERS

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|----------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|
| Measurement date | 12/31/2021 | 12/31/2020 | 12/31/2019 | 12/31/2018 | 12/31/2017 | 12/31/2016 | 12/31/2015 | 12/31/2014 |
| City's proportion of the net pension liability (asset) | 0.0255795% | 0.0286220% | 0.0287414% | 0.0303305% | 0.0327848% | 0.0311668% | 0.0311625% | 0.0309069% |
| City's proportionate share of the net pension liability (asset) | \$ (2,901,022) | \$ 28,500 | \$ 70,610,889 | \$ 2,149,005 | \$ 1,058,113 | \$ 2,928,503 | \$ 5,001,661 | \$ 1,044,110 |
| City's covered-employee payroll | \$ 8,521,623 | \$ 8,621,159 | \$ 8,055,019 | \$ 8,408,105 | \$ 8,679,482 | \$ 9,995,629 | \$ 9,639,080 | \$ 8,818,736 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 34.04% | 0.33% | 876.61% | 25.56% | 12.19% | 29.30% | 51.89% | 11.84% |
| Plan fiduciary net position as a percentage of the total pension liability | 103.65% | 99.95% | 86.39% | 96.27% | 98.24% | 94.70% | 90.70% | 97.95% |

CITY OF PLATTSBURGH, NEW YORK
Schedule of the City's Pension Contributions
Year Ended December 31, 2022

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contributions | 933,656 | \$ 1,102,243 | \$ 1,126,889 | \$ 1,112,298 | \$ 1,210,750 | \$ 1,288,179 | \$ 1,208,988 | \$ 1,381,855 |
| Contributions in relation to the contractually required contribution | <u>933,656</u> | <u>1,102,243</u> | <u>1,126,889</u> | <u>1,112,298</u> | <u>1,210,750</u> | <u>1,288,179</u> | <u>1,208,988</u> | <u>1,381,855</u> |
| Contribution deficiency (excess) | <u>-</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | 8,521,623 | \$ 8,621,159 | \$ 8,055,019 | \$ 8,408,105 | \$ 8,679,482 | \$ 9,995,629 | \$ 9,639,080 | \$ 8,818,736 |
| Contributions as a percentage of covered-employee payroll | 10.96% | 12.79% | 13.99% | 13.23% | 13.95% | 12.89% | 12.54% | 15.67% |

See Independent Auditor's Report

CITY OF PLATTSBURGH, NEW YORK
Schedule of Proportionate Share of the Net Pension Liability
Year Ended December 31, 2022

NYSPPRS

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Measurement date | 12/31/2021 | 12/31/2020 | 12/31/2019 | 12/31/2018 | 12/31/2017 | 12/31/2016 | 12/31/2015 | 12/31/2014 |
| City's proportion of the net pension liability (asset) | 0.1525181% | 0.154452% | 0.1818352% | 0.152022% | 0.167880% | 0.1700469% | 0.1981158% | 0.1815705% |
| City's proportionate share of the net pension liability (asset) | \$ (866,371.00) | \$ 2,681,713 | \$ 9,718,975 | \$ 2,549,479 | \$ 1,696,858 | \$ 3,524,479 | \$ 5,865,786 | \$ 499,790 |
| City's covered-employee payroll | \$ 6,973,570 | \$ 6,489,548 | \$ 6,386,405 | \$ 6,914,715 | \$ 6,850,120 | \$ 5,523,240 | \$ 5,760,314 | \$ 6,607,279 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | -12.42% | 41.32% | 152.18% | 36.87% | 24.77% | 63.81% | 101.83% | 7.56% |
| Plan fiduciary net position as a percentage of the total pension liability | 98.66% | 95.79% | 84.86% | 95.09% | 96.93% | 93.50% | 80.20% | 99.03% |

CITY OF PLATTSBURGH, NEW YORK
Schedule of the City's Pension Contributions
Year Ended December 31, 2022

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contributions | 1,401,363 | \$ 1,566,308 | \$ 1,331,867 | \$ 1,519,740 | \$ 1,289,550 | \$ 1,421,943 | \$ 1,387,189 | \$ 1,381,855 |
| Contributions in relation to the contractually required contribution | <u>1,401,363</u> | <u>1,566,308</u> | <u>1,331,867</u> | <u>1,519,740</u> | <u>1,289,550</u> | <u>1,421,943</u> | <u>1,387,189</u> | <u>1,381,855</u> |
| Contribution deficiency (excess) | <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |
| Covered-employee payroll | 6,973,570 | \$ 6,489,548 | \$ 6,386,405 | \$ 6,914,715 | \$ 6,850,120 | \$ 5,523,240 | \$ 5,760,314 | \$ 6,607,279 |
| Contributions as a percentage of covered-employee payroll | 20.10% | 24.14% | 20.85% | 21.98% | 18.83% | 25.74% | 24.08% | 20.91% |

See Independent Auditor's Report

CITY OF PLATTSBURGH, NEW YORK
Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ended December 31, 2022

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Measurement date | 1/1/2022 | 1/1/2021 | 1/1/2020 | 1/1/2019 | 1/1/2018 |
| Total OPEB liability | | | | | |
| Service cost | \$ 1,986,061 | \$ 1,690,766 | \$ 1,645,489 | \$ 1,626,885 | \$ 1,783,951 |
| Interest | 4,145,721 | 3,979,043 | 4,079,231 | 6,242,084 | 5,937,823 |
| Changes in benefit terms | - | (23,052) | (3,107,122) | - | - |
| Difference between expected and actual experience in the measurement of the total OPEB liability | (13,193,655) | 14,176,285.00 | 6,907,552 | (51,709,706) | 258,117 |
| Changes of assumption or other inputs | (56,404,048) | 9,301,832 | 12,507,441 | 33,982,045 | (9,568,143) |
| Benefit payments | <u>(5,223,403)</u> | <u>(5,308,034)</u> | <u>(4,802,901)</u> | <u>(4,928,083)</u> | <u>(4,721,795)</u> |
| Net change in total OPEB liability | (68,689,324) | 23,816,840 | 17,229,690 | (14,786,775) | (6,310,047) |
| Total OPEB liability - beginning | <u>192,539,632</u> | <u>168,722,792</u> | <u>151,493,102</u> | <u>166,279,877</u> | <u>172,589,924</u> |
| Total OPEB liability - ending | <u><u>123,850,308</u></u> | <u><u>192,539,632</u></u> | <u><u>168,722,792</u></u> | <u><u>151,493,102</u></u> | <u><u>166,279,877</u></u> |
| Covered payroll | \$ 15,495,193 | \$ 14,938,209 | \$ 14,441,424 | \$ 15,580,884 | \$ 15,094,830 |
| Total OPEB liability as a percentage of covered payroll | 799.28% | 1288.91% | 1168.33% | 972.30% | 1101.57% |

See Independent Auditor's Report.

CITY OF PLATTSBURGH, NEW YORK
Combining Balance Sheet - Special Revenue Funds
Year Ended December 31, 2022

| | <u>Special Grants</u> | <u>Parking Authority</u> | <u>Recreation</u> | <u>Water</u> | <u>Sewer</u> | <u>Library</u> | <u>Total</u> |
|--|---------------------------|------------------------------|-------------------|---------------------|---------------------|-------------------|----------------------|
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 693 | \$ 1,106 | \$ 265 | \$ 632,478 | \$ 962,949 | \$ 300,847 | \$ 1,898,338 |
| Restricted cash | 2,381,515 | - | 151,093 | 61,776 | 7,814,187 | 2 | 10,408,573 |
| Other receivables | - | 1,539 | 788 | 443,389 | 853,283 | 894 | 1,299,893 |
| Prepaid expenses | - | 2,254 | 6,819 | 46,703 | 81,702 | 17,233 | 154,711 |
| Economic development loans, net of allowance of \$2,002 | 330,996 | - | - | - | - | - | 330,996 |
| State and federal receivables | - | - | - | - | - | 24,085 | 24,085 |
| Total assets | \$ 2,713,204 | \$ 4,899 | \$ 158,965 | \$ 1,184,346 | \$ 9,712,121 | \$ 343,061 | \$ 14,116,596 |
| Liabilities | | | | | | | |
| Accounts payable | \$ - | \$ 2,782 | \$ 10,736 | \$ 80,195 | \$ 133,154 | \$ 33,860 | \$ 260,727 |
| Accrued liabilities | - | 6,195 | 3,091 | 49,305 | 63,442 | 17,926 | 139,959 |
| Due to other funds | - | 11,844 | 39,930 | 164,481 | 157,823 | - | 374,078 |
| Total liabilities | - | 20,821 | 53,757 | 293,981 | 354,419 | 51,786 | 774,764 |
| Fund balance | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepays | - | 2,254 | 6,819 | 46,703 | 81,702 | 17,233 | 154,711 |
| Long term loans and receivables | 195,233 | - | - | - | - | - | 195,233 |
| Restricted: | | | | | | | |
| Capital reserve | - | - | 151,093 | 61,776 | 7,814,187 | 2 | 8,027,058 |
| Other restricted | 2,517,971 | - | - | - | - | - | 2,517,971 |
| Assigned: | | | | | | | |
| Encumbrances | - | - | - | 3,894 | 35,204 | - | 39,098 |
| Unappropriated fund balance | - | - | - | 777,992 | 1,426,609 | 274,040 | 2,478,641 |
| Unassigned | - | (18,176) | (52,704) | - | - | - | (70,880) |
| Total fund balance | 2,713,204 | (15,922) | 105,208 | 890,365 | 9,357,702 | 291,275 | 13,341,832 |
| Total liabilities and fund balance | \$ 2,713,204 | \$ 4,899 | \$ 158,965 | \$ 1,184,346 | \$ 9,712,121 | \$ 343,061 | \$ 14,116,596 |

See Independent Auditor's Report.

CITY OF PLATTSBURGH, NEW YORK
Combining Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Special Revenue Funds
Year Ended December 31, 2022

| | <u>Special Grants</u> | <u>Parking Authority</u> | <u>Recreation</u> | <u>Water</u> | <u>Sewer</u> | <u>Library</u> | <u>Total</u> |
|--|---------------------------|------------------------------|-------------------|-------------------|---------------------|-------------------|----------------------|
| Revenues | | | | | | | |
| Real property taxes | \$ - | \$ 85,010 | \$ - | \$ - | \$ - | \$ - | \$ 85,010 |
| Departmental income | - | 71,417 | 164,876 | 3,450,900 | 5,622,949 | 278 | 9,310,420 |
| Intergovernmental charges | - | - | - | 378,489 | 1,040,735 | - | 1,419,224 |
| Use of money and property | 31,049 | 21,758 | 587 | (5,649) | 107,589 | 5,263 | 160,597 |
| Sale of property and compensation for loss | - | - | 16,307 | - | 1,594 | 5,085 | 22,986 |
| Miscellaneous local sources | - | 42,157 | - | - | - | 24,702 | 66,859 |
| Interfund revenue | - | - | - | 66,151 | 29,016 | - | 95,167 |
| State aid | - | - | - | - | - | 104,675 | 104,675 |
| Federal aid | 135,000 | - | - | - | - | 6,892 | 141,892 |
| Total revenues | <u>166,049</u> | <u>220,342</u> | <u>181,770</u> | <u>3,889,891</u> | <u>6,801,883</u> | <u>146,895</u> | <u>11,406,830</u> |
| Expenditures | | | | | | | |
| General governmental support | - | - | 30,958 | 300,816 | 96,753 | 7,372 | 435,899 |
| Transportation | - | 161,575 | - | - | - | - | 161,575 |
| Culture and recreation | - | - | 397,188 | - | - | 1,080,312 | 1,477,500 |
| Home and community services | 144,420 | - | - | 1,757,095 | 3,615,378 | - | 5,516,893 |
| Employee benefits | - | 31,370 | 54,575 | 799,856 | 1,256,008 | 267,465 | 2,409,274 |
| Total expenditures | <u>144,420</u> | <u>192,945</u> | <u>482,721</u> | <u>2,857,767</u> | <u>4,968,139</u> | <u>1,355,149</u> | <u>10,001,141</u> |
| Excess (deficiency) of revenues over expenditures | 21,629 | 27,397 | (300,951) | 1,032,124 | 1,833,744 | (1,208,254) | 1,405,689 |
| Other financing sources (uses) | | | | | | | |
| Transfers in | - | 122,970 | 586,142 | 1,333 | 79,915 | 725,736 | 1,516,096 |
| Transfers (out) | - | (131,165) | (190,893) | (882,287) | (4,137,414) | (5,295) | (5,347,054) |
| Total other financing sources (uses) | <u>-</u> | <u>(8,195)</u> | <u>395,249</u> | <u>(880,954)</u> | <u>(4,057,499)</u> | <u>720,441</u> | <u>(3,830,958)</u> |
| Change in fund balance | 21,629 | 19,202 | 94,298 | 151,170 | (2,223,755) | (487,813) | (2,425,269) |
| Fund balance - beginning of year | <u>2,691,575</u> | <u>(35,124)</u> | <u>10,910</u> | <u>739,195</u> | <u>11,581,457</u> | <u>779,088</u> | <u>15,767,101</u> |
| Fund balance - end of year | <u>\$ 2,713,204</u> | <u>\$ (15,922)</u> | <u>\$ 105,208</u> | <u>\$ 890,365</u> | <u>\$ 9,357,702</u> | <u>\$ 291,275</u> | <u>\$ 13,341,832</u> |

See Independent Auditor's 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 Auditor's Report

To the Mayor and Common Council
City of Plattsburgh, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Plattsburgh, New York, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Plattsburgh, New York's basic financial statements, and have issued our report thereon dated June 21, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Plattsburgh, New York'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 of Plattsburgh, New York’s Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Plattsburgh, New York’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Plattsburgh, New York’s response was not subjected to 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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Telling & Hillman, P.C.

Telling & Hillman, P.C.
License # 092.0131564
Middlebury, Vermont
June 21, 2023

CITY OF PLATTSBURGH, NEW YORK
Schedule of Findings
Year Ended December 31, 2022

2022-001 Budget Adjustments and Amendments

Condition: Certain appropriation expenses within the General Fund exceeded the approved budget amounts.

Effect: Expenditures exceeded amounts budgeted without City Council approval.

Cause: Unknown.

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

Recommendation: We recommend the City Council continue to monitor the Budget Status Reports for all funds and approve all budget adjustments and/or amendments throughout the year.

Corrective Action: The Council of the City of Plattsburgh will continue to monitor and approve all budget adjustments and or amendments throughout the year and the City Chamberlain will strengthen the practice of compiling closing budget adjustments/transfers as has been the practice in past years.