

**CITY OF PLATTSBURGH**

**FINANCIAL REPORT**

**DECEMBER 31, 2017**

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# ***BOULRICE & WOOD CPAS, P.C.***

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## ***Certified Public Accountants***

***MICHAEL L. BOULRICE, CPA***

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### **INDEPENDENT AUDITOR'S REPORT**

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

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

## **Opinions**

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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Plattsburgh, New York as of December 31, 2017, 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.

## **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 through 17), budgetary comparison information (pages 28 through 30) and Schedule of Funding Progress Other Post-Employment Benefits Plan (page 70) and Schedules of City's Proportionate Share of the Net Pension Liability – ERS and PFRS, and Schedules of the City's Contributions – ERS and PFRS (pages 66-69) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

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 as a whole. The schedules of expenditures of federal awards and state transportation assistance expended are presented for purposes of additional analysis and are not a required part of the basic financial statements of City of Plattsburgh, New York. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedules of expenditures of federal awards and state transportation assistance expended are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018, 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 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 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 City of Plattsburgh New York's internal control over financial reporting and compliance.

*Boutrice & Wood CPAs, PC*

December 19, 2018

The City of Plattsburgh offers this discussion and analysis in conjunction with the audit of financial statements for the fiscal year ended December 31, 2017.

Unless otherwise stated, all amounts are expressed in thousands of dollars.

## 1. FINANCIAL HIGHLIGHTS

Total assets of the City exceeded total liabilities by \$113,827, a decrease of \$1,969 from the prior year. The net position of business-type activities was \$28,215 and net position of governmental activities was \$85,611.

For the year, total revenues for the City were \$53,887 while total expenses were \$55,856. The net of the revenues and expenses leaves the City with a net loss of \$1,969.

At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$17,882 an increase of \$9,142 from the prior year.

At the end of the year, total unassigned fund balance for the general fund was \$236, down \$481 from the prior year.

Total outstanding long-term indebtedness for the City at the end of the year was \$28,049 up from \$21,430 at the end of 2016.

## 2. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as a commentary to the financial statements for the City of Plattsburgh. The financial statements are comprised of the following three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other information in addition to the financial statements, such as budgetary comparisons.

**Government-wide financial statements** – The government wide financial statements are intended to provide the reader with a broad overview of the financial condition of the City that closely matches the reporting format of most private-sector companies. The Statement of Net Position provides comparisons that will assist in answering the question of whether the City's financial condition has improved or deteriorated during the year.

The Statement of Net Position provides the reader with a snapshot in time of the assets, liabilities and resulting net position (or equity as stated with private sector reporting) of the City. Over time, increases or decreases in the net position of the City may provide an indicator of the trend in the City's financial condition. Other forward-looking indicators will also assist the reader to assess the overall financial health of the City.

The statement of activities provides the reader with the sources of revenue for the City, the sources of expenses and the net balance between the two which directly impacts the resulting net position at year-end. Reporting of revenues and expenses is done using the full accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This means that transactions are recorded when they are realizable and measurable and not when cash flows into or out of the City.

The governmental-wide financial statements of the City separate functions into three components. First, governmental activities of the City are primarily supported by taxes and intergovernmental revenues. Second, business-type activities are intended to support all or a large portion of their expenses through user fees and charges and receive no direct support from other funds. The governmental activities include: general government, public safety (mostly police & fire protection), street construction & maintenance, economic development, water & sewer utility, downtown parking lot & maintenance, refuse collection, and culture and recreation. The only business-type activity in the City is the Municipal Lighting Department. Third, the City includes a separate legal entity in its report—Lake City Local Development Corporation. While it represents a legally separate entity, its operational or financial relationship with the City makes the City financially accountable for this entity.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the Basic Financial Statements.

**Fund financial statements** – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Plattsburgh, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Plattsburgh can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- a. Governmental funds – Most of the City’s basic services are reported in governmental funds, which focus on near term inflows and outflows of expendable resources as well as on the balance of expendable resources *available* at the end of the year. Expendable resources are measured using the modified accrual method of accounting. Under this method, resources are considered available if they can be readily converted to cash, generally in 30 days or less. Reviewing governmental funds may be useful in assessing the City’s near term financing requirements.

The main difference between governmental funds and the government-wide financial statements is, respectively, short-term view versus long-term view; it is useful to compare the information presented in both. By doing so, readers may better understand the long-term impact of the government’s short-term financing decisions.

The City of Plattsburgh 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 balances for the general fund, debt service fund, capital projects fund, and the special revenue fund, all of which are considered to be major funds. The special revenue fund aggregates data from the other six subsidiary funds into a single major fund. Individual fund data for each of these subsidiary governmental funds is provided in the form of combining statements elsewhere in this report.

The financial statements for governmental funds can be found in the Basic Financial Statements, which is in the following section.

- b. Proprietary funds – The City of Plattsburgh maintains only one type of proprietary fund, the Municipal Lighting Department. Other funds such as water, sewer, parking lot, library and recreation are considered governmental funds. The City’s enterprise fund is the same as business-type activities reported in the government-wide statements but provide more detail such as cash flows.
- c. 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 City cannot use any assets in these funds to

finance the City's operations. It is the City's responsibility to ensure the assets in these funds are used for their intended purposes.

**Notes to financial statements** – The notes to the financial statements provide additional information that the reader of this report may require to fully understand all aspects of this report. The notes to the financial statements can be found following the Basic Financial Statements section of this report.

### **3. GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net Position – Net position may serve as a useful indicator of a government's financial position over time. For the year ending December 31, 2017, the City of Plattsburgh's assets exceeded liabilities by \$113,827.

The majority of the City's net position is capital assets (e.g. land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these assets to provide services to citizens (e.g. public water, sewer, recreational facilities, electric power distribution, roads, etc.). Since these assets are not liquid and are not intended to be sold, they are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Plattsburgh Net Position**  
(000's Omitted)

	Governmental activities		Business-type activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current Assets	\$ 20,954	\$ 20,589	\$ 6,266	\$ 5,591	\$ 27,220	\$ 26,180
Noncurrent Assets	103,620	103,962	33,883	34,822	137,503	138,784
<b>Total Assets</b>	<b>124,574</b>	<b>124,551</b>	<b>40,149</b>	<b>40,413</b>	<b>164,723</b>	<b>164,964</b>
Deferred Outflows of Resources						
Pensions	5,865	10,948	663	1,345	6,528	12,293
<b>Total assets and deferred outflow of resources</b>	<b>\$ 130,439</b>	<b>\$ 135,499</b>	<b>\$ 40,812</b>	<b>\$ 41,758</b>	<b>\$ 171,251</b>	<b>\$ 177,257</b>
Current Liabilities	\$ 5,034	\$ 13,070	\$ 3,190	\$ 2,404	\$ 8,224	\$ 15,474
Noncurrent Liabilities	38,257	33,794	9,250	10,455	47,507	44,249
<b>Total Liabilities</b>	<b>43,291</b>	<b>46,864</b>	<b>12,440</b>	<b>12,859</b>	<b>55,731</b>	<b>59,723</b>
Deferred Inflows of Resources						
Pensions	339	118	41	-	380	118
Total Deferred Inflows of resources	1,198	1,471	114	150	1,312	1,621
	<b>1,537</b>	<b>1,589</b>	<b>155</b>	<b>150</b>	<b>1,692</b>	<b>1,739</b>
Net Position:						
Net investment in capital assets	87,019	87,490	25,751	25,742	112,770	113,232
Restricted	10,290	3,870	3,014	2,346	13,304	6,216
Unrestricted	(11,698)	(4,314)	(548)	661	(12,246)	(3,653)
<b>Total Net Position</b>	<b>85,611</b>	<b>87,046</b>	<b>28,217</b>	<b>28,749</b>	<b>113,828</b>	<b>115,795</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 130,439</b>	<b>\$ 135,499</b>	<b>\$ 40,812</b>	<b>\$ 41,758</b>	<b>\$ 171,251</b>	<b>\$ 177,257</b>

An additional portion of the City's total assets, \$13,304, represents resources that are subject to external restrictions on how they may be used and are reported as *restricted* net position. The remaining category of total net position, *unrestricted* net position may be used to meet the government's ongoing obligations and services to creditors and citizens, especially in the future.

- **Governmental activities**

Total net position of the City's governmental activities for the year ended December 31, 2017 was \$85,611. The majority of the net position, \$87,019 or 101.64%, is tied up in net investment of capital assets.

Restricted assets for the end of the year were \$10,290. Restricted assets include, but are not limited to: debt reserves, water and sewer capital reserves, and asset forfeitures. The restricted assets were higher at the end of the year due to the amount of water reserves of \$883 and sewer reserves of \$6,054.

Unrestricted assets at year-end for governmental activities were negative \$11,698, a decrease of \$7,384 from the prior year.

- **Business-type activities**

The total net position of our business-type activities was \$28,216 at year-end. Like the governmental-type activities, capital assets net of related debt were \$25,751 and made up the majority of the net position.

Restricted assets at year-end were \$3,014 and were primarily made up of the capital projects reserve \$2,002 and debt reserve \$746. Unrestricted net position was \$(548). In addition, net position of the business-type activities cannot be used to support any of the activities in the governmental-type activities. The City can only use this net position to finance the continuing operations of the Municipal Lighting Department.

The change in net position during the most recent fiscal year is reported in the Statement of Activities found on pages 20-21. Key elements of this change are illustrated in the following table.

	<b>Change in Net Position (000's Omitted)</b>					
	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total Primary Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 10,689	\$ 9,693	\$17,856	\$16,500	\$ 28,545	\$ 26,193
Operating Grants and contributions	28	33	-	-	28	33
Capital Grants and contributions	2,546	253	-	-	2,546	253
General revenues:						
Property Taxes	11,059	10,379	-	-	11,059	10,379
Sales and Other Taxes	4,363	4,244	-	-	4,363	4,244
Government Aid	3,523	3,766	-	-	3,523	3,766
Other	3,132	3,121	691	386	3,823	3,507
<b>Total Revenues</b>	<b>35,340</b>	<b>31,489</b>	<b>18,547</b>	<b>16,886</b>	<b>53,887</b>	<b>48,375</b>
<b>Expenses</b>						
General Government	4,313	3,530	-	-	4,313	3,530
Public Safety	7,859	8,140	-	-	7,859	8,140
Transportation	2,119	2,067	-	-	2,119	2,067
Economic assistance & opportunity	132	146	-	-	132	146
Culture and recreation	1,960	2,092	-	-	1,960	2,092
Home and community	8,051	8,499	-	-	8,051	8,499
Employee Benefits	12,460	13,291	-	-	12,460	13,291
Debt Service	535	511	324	338	859	849
Municipal Lighting	-	-	18,103	16,711	18,103	16,711
<b>Total Expenses</b>	<b>37,429</b>	<b>38,276</b>	<b>18,427</b>	<b>17,049</b>	<b>55,856</b>	<b>55,325</b>
Excess of revenues over expenses	(2,089)	(6,787)	120	(163)	(1,969)	(6,950)
Transfers	653	626	(653)	(626)	-	-
Increase (decrease) in Net Position	(1,436)	(6,161)	(533)	(789)	(1,969)	(6,950)
<b>Net Position - beginning</b>	<b>87,046</b>	<b>93,207</b>	<b>28,749</b>	<b>29,538</b>	<b>115,795</b>	<b>122,745</b>
<b>Net Position - ending</b>	<b>\$ 85,610</b>	<b>\$ 87,046</b>	<b>\$28,216</b>	<b>\$28,749</b>	<b>\$113,826</b>	<b>\$ 115,795</b>

The City's total revenues for the 2017 year were \$53,887 versus total expenses of \$55,856. For the year, the City's net position decreased by \$1,969 or 1.7%, to bring total net position of the primary government of the City to \$113,826. The following analysis separately considers the operations of governmental and business-type activities.

## **Governmental Activities**

Revenues for the City's governmental activities for the year were \$35,340 while total expenses were \$37,429 which yielded a decrease in net position of \$1,436, or 1.6%. The drivers of revenues for the year were charges for services, which is mostly made up of water and sewer charges for services. Property taxes comprised 31.3% of the total revenues while sales taxes were 12.3% of revenues. Revenues were up from the prior year by \$3,851.

On the expense side, public safety, home and community and employee benefits made up the majority of the cost of the governmental activities. In public safety, the police department and fire department expenses for the year totaled \$4,480 (57.0%) and \$2,791 (35.5%), of the total for public safety of \$7,859, respectively.

Home and community total expenses for the year were \$8,051. Costs associated with operating the water fund were \$1,491 or 18.5% of the total while the sewer fund costs were \$3,642 or 45.2% of the total.

Finally, employee benefits for the year were \$12,460, or 33.3% of total governmental activity expenses. Of this total, health insurance cost was \$5,685, or 45.6% of the total employee benefits.

## **Business-type Activities**

Revenues for the Municipal Lighting Department for the year were \$18,547, while total expenses for the operation were \$19,080. The resulting total net position for the business-type activities for the year decreased by \$533, or 1.9%.

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 revenues were up by over \$1,356 or 8.2%.

On the expense side, demand for electric power drives demand to purchase power. Since MLD does not generate its own power but only distributes what it purchases, the cost of purchase power is a large cost factor in operating the business. In 2017, the total cost of purchased power increased by \$1,273 or 11.7%.

## **THE CITY'S FUNDS:**

### Governmental Funds

- 1) 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 \$236 and the total fund equity was \$1,151. 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 ended December 31, 2017, unassigned fund balances represent 1.01% of total fund expenditures (including transfers out), while total fund balance was 4.94% of the same amount. The total fund balance of the City's General Fund decreased by \$307 during the current fiscal year.
- 2) 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 \$1,232 is reserved for the repayment of debt. The increase in total fund balance from year-to-year was \$1,161.
- 3) 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. At the end of the current fiscal year, the fund balance was \$3,316.

- 4) 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 \$12,183. Components of the December 31, 2017 fund balance are as follows:

	<u>2017</u>	<u>2016</u>
<b>Nonspendable</b>		
Prepays	\$ 193	\$ 236
Long-term loans & receivable	771	855
<b>Restricted</b>		
Capital reserve	6,658	1,958
Other restricted	2,103	1,656
<b>Assigned</b>		
Encumbrances	81	17
Appropriated	-	485
Unappropriated fund balance	2,414	6,204
<b>Unassigned</b>	<u>(37)</u>	<u>(142)</u>
<b>Total Fund Balances</b>	<u>\$ 12,183</u>	<u>\$ 11,269</u>

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

- 5) Proprietary fund – the only proprietary fund for the City is the Municipal Lighting Department (MLD). 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, 2017, fund balance was \$28,216, down \$533 from the same time in the previous year fund.

#### 4. 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 1<sup>st</sup> 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 2018 budget included a 4.35% property tax levy increase including a 1.5% increase in the total assessed value of the City properties with a corresponding increase of 2.81% in the property tax rate. There were 0% increases for 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 8<sup>th</sup>. A public hearing shall be held on the proposed budget no sooner than October 15th nor later than October 22<sup>nd</sup>. 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 revenues and appropriations for the General Fund, the Proprietary Fund and the Debt Service Fund. The Parking Lot Fund, Recreation Complex Fund, Water Fund, Sewer Fund and Library Fund, which are special revenue funds, are also included in the budgetary process. The Community Development 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 a decrease for the current year of \$423 compared to an adopted budget with a deficit 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 balance 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:

1. Reimbursement for administrative costs from the Water, Sewer and Municipal Lighting Funds.
2. Payments in lieu of property tax from the Municipal Lighting Department for its tax exempt real property infrastructure.
3. Reimbursement for services performed for the Water, Sewer and Municipal Lighting Department (For example, police surveillance for property security, code enforcement and civil service and legal functions).

In 2017, the General fund inter-fund transfers were as follows (in whole dollars):

Library Fund	\$ 751,458
Recreation Fund	570,317
Capital Projects	17,940
Debt Service	1,544,209
	<u>\$ 2,883,924</u>

The following two paragraphs are in whole dollars:

The transfers from these funds were reduced a cumulative \$833,049 between 2009 and 2014. These reductions eliminated the need for annual rate increases to maintain the level of cost reimbursement established for the General Fund. The annual reductions, an average of \$139,000, were pursuant to the results of an audit conducted by the NYS Office of the State Comptroller requiring documented support of the amounts transferred from the Water and Sewer Funds for General Fund support services.

Based on 2008 expense levels in the General Fund, the documented support to the Water and Sewer funds reached about \$377,000, leaving \$800,000 as the excess transfers that were reduced ratably over the five year period. The 2015 level of support grew to \$459,463 due to cost increases for labor, employee benefits and recurring expense items. The transfer payments from the Water and Sewer Funds increased another \$60,196 during 2016 to a level of \$519,659, reflective of the General Fund operating and employee costs increasing above the 2015 levels.

## 5. CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounted to \$137,503 (net of accumulated depreciation). The amount as of December 31, 2016 was \$138,784 or a decrease of \$1,281, or .9%. The investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress (CIP).

Major capital asset events during the current fiscal year included:

- Total capital expenditures for governmental activities for the year were \$3,729.
- Depreciation expense for the year was \$4,071.

#### City of Plattsburgh Capital Assets (000's Omitted)

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 18,671	\$ 18,671	\$ 517	\$ 517	\$ 19,188	\$ 19,188
Infrastructure	85,775	78,190	1,271	1,271	87,046	79,461
Buildings & Improvements	54,890	52,867	64,400	63,399	119,290	116,266
Machinery & Equipment	13,971	12,439	10,877	10,619	24,848	23,058
Construction in Progress	8,619	16,030	56	40	8,675	16,070
<b>Total</b>	<b>181,926</b>	<b>178,197</b>	<b>77,121</b>	<b>75,846</b>	<b>259,047</b>	<b>254,043</b>
Less: Acc. Depreciation	<b>(78,306)</b>	(74,235)	<b>(43,238)</b>	(41,024)	<b>(121,544)</b>	(115,259)
<b>Net Capital Assets</b>	<b>\$ 103,620</b>	\$ 103,962	<b>\$ 33,883</b>	\$ 34,822	<b>\$ 137,503</b>	\$ 138,784

### Long-term Debt

For the year, total debt increased by \$6,619 or 30.9% to \$28,049.

Moody's Investors Service has downgraded their rating of the City of Plattsburgh's general obligation limited tax debt from Aa3 to A2 with a negative outlook (previously rated as A3 prior to the bond market two step rating increase in 2011) on the City's \$28.1 million outstanding general obligation long-term debt. The bonds are secured by the City's general obligation, unlimited tax pledge.

Moody's goes on to say the downgrade to A2 from Aa3 of the City's long-term general obligation rating reflects the City's weakened financial position following several years of reserve draws. The rating also incorporates the City's limited, but growing tax base stabilized by a strong institutional presence, below average socioeconomic indices, and elevated debt and pension burdens.

More detailed information on the City's capital assets and long-term debt activity is provided in the Notes to the Financial Statements.

**City of Plattsburgh Outstanding Debt  
(000's Omitted)**

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 19,917	\$ 12,413	\$ 8,132	\$ 9,017	\$ 28,049	\$ 21,430

**6. 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. Descriptions of the major developments are listed below:

**United Group - Redevelopment of the St. John's School Property**

This project is complete and located adjacent to the Plattsburgh State University College property on Broad Street and involved the development of the St. John's parochial school property, previously tax exempt, as 'for profit' college student housing fully assessed at \$12,000,000 in 2011. Sale of City property in the form of parking and green area was accomplished in 2008 for approximately \$12,000 to enhance the development parking for students and thereby reduce the City's obligation to maintain the property. The annual increase to property tax revenue in 2011 was \$182,500 based on the 2009 and 2010 partially assessed value (AV) property tax collections. The owner of the property, Plattsburgh Suites LLC, filed a petition for a tax assessment reduction of \$3,000,000 against the City of Plattsburgh. A settlement was agreed to on September 18<sup>th</sup>, 2015, to reduce the assessment to \$5,300,000 for the tax roll years of 2015, 2016 and 2017, and then allow the assessment to increase 2.5% per year for the tax roll years of 2018, 2019 and 2020, and beginning with the 2021 tax roll, allow the City Assessor to set the assessed value of the property at the appropriate rate allowable by law. In addition to the assessment changes, the City was awarded \$840,000 of the delinquent property taxes and interest due on the property, payable in the amount of \$500,000 within 15 days of the court's award, with the balance of \$340,000 payable in equal amounts of \$85,000 due in October of 2016, 2017, 2018 and 2019.

**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 4.37 +/- acre parcel of land between Broad Street and Bridge street, a 0.70 +/- acre parcel of land south of Broad Street along the western edge of the Saranac River, 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 and a 0.28 +/- acre parcel of land located on the most northeast corner of the municipal parking lot along the western edge of the Saranac River.

Approximately 3 +/- acres of land in the project will be dedicated to public use. Current plans call for development in three phases. Phase I involves construction of a two-story parking garage on the southernmost end of the municipal parking lot that will accommodate 146 vehicles.

Also part of Phase I, is construction of a 44,452 sq. ft. structure for retail and office use along with a second adjoining two-story parking structure for approximately 180 spaces. Phase II includes a multi-tiered public parking structure, ribbon retail space and development of improved public space that will occupy approximately 4 +/- acres of land. The third phase includes construction of a second 50,000-60,000 sq. ft. building for office and retail use.

Phase I was complete as of December 31, 2007, the office space occupancy rate is at 100% at year-end 2015, and the restaurant space on the first floor is under renovation for repurposing. As the rental commitments continued and the occupancy grew, the remaining phases of the construction became more feasible for completion of the project, although no work on the remaining phases had begun by year-end 2015.

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 City Center, comprised of open, green, gather space, mixed use housing, increased retail shops, and river access. The specific project list for the DRI are:

- 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)
- 2) Improve riverfront access to increase recreational opportunities highlighting Plattsburgh's natural assets. (\$1.6 million)
- 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)
- 4) Build the Dock Street Waterfront District to develop the waterfront via an RFEI/RFP and support key infrastructure improvements to incentivize development. (\$290K)
- 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 million)
- 6) Implement a cohesive marketing, branding, signage strategy that strengthens downtown Plattsburgh's identity and visibility and increases visitation. (\$250K)

### **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 of 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.

### **Air Force Base redevelopment projects**

The former ROTC property located on the “old base” was purchased by Larkin Realty out of Burlington, Vermont in 2004. They are the largest apartment and hotel owner in Vermont and planned to renovate the existing building into 60 condo/apartments. The property also includes 5 acres of vacant land to the north of the existing building. Current plans for this site are for construction of 32 additional apartments. Larkin Realty also purchased an additional 5.91 acres of land adjoining the ROTC property for future development for \$350,000 in September 2006. Both of these properties are lakefront properties and are expected to command the highest rental rates of any apartments in the county, but the vacant land has not seen any development progress during 2013. However, the former ROTC building completed Phase 3 in 2010 which includes 45 apartments and an AV of \$2,389,200 for 2011 up from \$2,068,400 in 2010.

Larkin completed the final Phase 4 in 2011, which includes a total of 60 apartments with a completed AV of \$3,515,800 increased in 2012, up from \$2,389,200 in 2011. The current assessment is at \$4,853,900 reflecting a city wide apartment revaluation in 2013.

Pyramid Realty Corporation of Syracuse, New York, had attempted to purchase the unoccupied base hospital located at the intersection of US Route 9 and New York Avenue, but never completed the purchase from the Plattsburgh Airbase Redevelopment Corporation (PARC). The property consists of 90,000 square feet of building space and land totaling 25 acres. Full demolition of the hospital building was completed in 2007 by PARC, but no further development has occurred during 2016. PARC still owns this property and it became fully taxable in 2012 and as of 2016, there are no plans to develop this lot and it remains on the market for sale.

All the developments listed above are expected to increase the taxable base of the City significantly. All of these developments were expected to be completed by the end of 2007, but delays in development due to changes in the economy continue to make it more likely that these projects will continue on into 2017 and beyond.

In 2010, Harborview Condominiums completed construction of Phase 1 including 18 lake view condominium units. The addition was \$3,741,400 in AV to the 2012 tax roll. Phase 2 included 15 condo units completed in 2011 and added \$3,212,000 in AV to the 2013 tax roll. Phase 3 was being constructed with a completion date estimated sometime in 2014 and is comparable to Phase 2 by adding another 15 units with an estimated AV of \$3,345,300 to the 2015 tax roll. All 3 phases of Harborview have been completed and are occupied as of the end of 2016.

Directly across the street from Harborview Condominiums is another project that is under construction. Gregory Heights is a 20-unit apartment building that was completed in 2013 and the 2014 tax roll reflects an assessed value of \$1,352,700.

Four new apartment buildings, all side-by-side, were completed in 2012 in the residential west end neighborhood. Each apartment building has five units, for a total of 20 units in the project. The completed project added \$1,420,600 to the 2014 tax roll.

Recently, a 27-lot subdivision on the former Air force Base was transferred to a few local developers planning to develop the lots with residential homes and multi-family properties over a period of several. This is currently the largest tract of subdivided vacant land in the city. The 27 lot subdivision on the former air force base is currently under construction with about 75% of the lots either completed or under construction with residential housing. Most are single family homes, but there are also a few duplexes and multi-family residential units.

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 has been working to demolish and

redevelop the site, but the timeframe was unknown during 2016. As of the end of 2016, the complex is scheduled for demolition and re-development during 2017. The plans include 31 residential units to be constructed along with commercial space for retail and restaurant facilities.

Bombardier Transportation, an international railcar manufacturer located in the City of Plattsburgh, announced that it plans to build an 80,000 square foot addition to its existing 150,000 square foot plant in 2013. Bombardier has recently been awarded two large contracts that will keep many more employees working at the plant and the need for more space is evident. Construction was completed adding 94,851 square feet to the existing plant and the AV was increased in 2014 to \$10,500,000.

A group of local developers are exploring the idea of redeveloping the City Beach recreational area. The redevelopment would include a hotel, restaurants, retail space, historical center, and hiking trails that all tie in with the beach on Lake Champlain. The developers are in the process of having a feasibility study completed.

On December 10, 2010 an announcement was made that Laurentian Aerospace Corporation had finally secured the lead-investor needed to move forward with the construction of the aircraft maintenance, repair and overhaul facility on the former Plattsburgh Air Force Base property owned by PARC within the Town of Plattsburgh, just outside the City limits. This 2-bay hangar facility will be constructed at a cost of about \$175 million and will contain approximately 262,000 square feet of production space. Employment estimates range from 900-1,200 jobs (900 to overhaul jets and 300 administrative staff) that will be created within five years. The facility would be in full operation about 18 months after construction begins, creating 200-300 new construction jobs. The financial closing is still in the process of being arranged, and Laurentian remains optimistic that funding should be secured in the near future. However, local optimism regarding the project has dwindled since the Clinton County IDA authorized issuance of millions of dollars in tax-exempt bonds to finance the project in June of 2007 and it is uncertain whether the project will ever come to fruition.

If the Laurentian project ever becomes a reality, there will most likely be a large influx of jobs, with many out-of-town people moving to the area. This will result in a large amount of new residential construction needed to accommodate all the new people that will be living in the area. Most of this new residential development would probably take place outside the City due to the minimal amount of vacant residential land within the City. However, the effects of this project would be extremely positive for the local economy due to the job creation and development of support companies for Laurentian.

Tall Pine Estates LLC completed Phase 1 of a two phase construction plan to build apartment complexes with garage units in 2016 which included 32 apartment units valued at \$2,318,600. Phase 2 proposes constructing another 24 apartment units and is scheduled to begin in the spring of 2018.

Valcour Brewing Company re-developed the former soldiers' barracks built during the War of 1812 into a micro-brewery serving beer and food accompanied by some retail space and six hotel room type overnight accommodations valued at \$862,000 in the 2016 tax roll.

Maplefields plans to construct a large convenience store and gas station adjacent to US Avenue for completion before the end of 2017.

### **Commercial development and redevelopment projects**

Meadowbrook Nursing Facility completed an 87 bed addition to their existing 200 bed nursing home facility on Prospect Avenue in 2016.

A 46 unit residential complex has been approved for construction on US Avenue and is in the beginning stages of site work. Enclave Estates is scheduled to be completed sometime in 2018.

A 25 unit apartment complex was constructed in 2016 at 78 South Peru Street with a projected increase of \$1,346,900 in the 2017 property tax assessment roll.

A large residential property was developed during 2016 at 46 Cumberland Avenue adding an increase of \$873,600 in the 2017 property tax assessment roll.

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.

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.

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.

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.

## **7. REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Plattsburgh'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

Exhibit A

## STATEMENT OF NET POSITION

December 31, 2017

ASSETS	Governmental Activities	Business-type Activities	Total Primary Government	Lake City LDC	Total Reporting Unit
Current assets					
Cash and equivalents	\$ 6,559,349	\$ 200,019	\$ 6,759,368	\$ 12,345	\$ 6,771,713
Restricted assets-cash and cash in time deposits	8,557,947	3,013,529	11,571,476	-	11,571,476
Taxes receivable, net of allowance of \$151,387	840,142	-	840,142	-	840,142
Other receivable, net of allowance of \$798,783	1,608,073	1,356,753	2,964,826	-	2,964,826
State and federal receivables	792,310	-	792,310	-	792,310
Economic development loans	720,514	-	720,514	-	720,514
Due from other governments	1,301,511	-	1,301,511	-	1,301,511
Internal balances	(121,143)	121,182	39	-	39
Inventories	-	1,429,514	1,429,514	-	1,429,514
Prepaid expenses	695,495	144,983	840,478	-	840,478
Total current assets	<u>20,954,198</u>	<u>6,265,980</u>	<u>27,220,178</u>	<u>12,345</u>	<u>27,232,523</u>
Noncurrent assets					
Capital assets, net of accumulated depreciation	<u>103,619,690</u>	<u>33,882,622</u>	<u>137,502,312</u>	<u>-</u>	<u>137,502,312</u>
Total noncurrent assets	<u>103,619,690</u>	<u>33,882,622</u>	<u>137,502,312</u>	<u>-</u>	<u>137,502,312</u>
Total assets	124,573,888	40,148,602	164,722,490	12,345	164,734,835
Deferred outflow of Resources					
Pension	<u>5,865,426</u>	<u>662,887</u>	<u>6,528,313</u>	<u>-</u>	<u>6,528,313</u>
Total assets and deferred outflow of resources	<u>\$ 130,439,314</u>	<u>\$ 40,811,489</u>	<u>\$ 171,250,803</u>	<u>\$ 12,345</u>	<u>\$ 171,263,148</u>

**LIABILITIES**

## Current liabilities

Accounts payable	\$ 1,157,967	\$ 1,922,347	\$ 3,080,314	\$ -	\$ 3,080,314
Accrued liabilities	1,288,316	94,797	1,383,113	-	1,383,113
Due to other governments	2,188	-	2,188	-	2,188
Due to school districts	323,380	-	323,380	-	323,380
Customer deposits	-	265,822	265,822	-	265,822
Bonds outstanding - current portion	<u>2,261,837</u>	<u>907,258</u>	<u>3,169,095</u>	<u>-</u>	<u>3,169,095</u>
Total current liabilities	<u>5,033,688</u>	<u>3,190,224</u>	<u>8,223,912</u>	<u>-</u>	<u>8,223,912</u>

## Noncurrent liabilities

Bonds outstanding, less current portion	17,655,197	7,224,803	24,880,000	-	24,880,000
Compensated absences	3,717,625	690,213	4,407,838	-	4,407,838
Other post employment benefits	11,155,041	611,679	11,766,720	-	11,766,720
Net pension liability - proportionate share	<u>5,729,642</u>	<u>723,340</u>	<u>6,452,982</u>	<u>-</u>	<u>6,452,982</u>
Total noncurrent liabilities	<u>38,257,505</u>	<u>9,250,035</u>	<u>47,507,540</u>	<u>-</u>	<u>47,507,540</u>
Total liabilities	<u>43,291,193</u>	<u>12,440,259</u>	<u>55,731,452</u>	<u>-</u>	<u>55,731,452</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources	339,253	41,076	380,329	-	380,329
Pensions	<u>1,198,044</u>	<u>114,193</u>	<u>1,312,237</u>	<u>-</u>	<u>1,312,237</u>
Total deferred inflows of resources	<u>1,537,297</u>	<u>155,269</u>	<u>1,692,566</u>	<u>-</u>	<u>1,692,566</u>

**NET POSITION**

Net investment in capital assets	87,018,625	25,750,560	112,769,185	-	112,769,185
Restricted	10,290,403	3,013,530	13,303,933	-	13,303,933
Unrestricted	<u>(11,698,204)</u>	<u>(548,129)</u>	<u>(12,246,333)</u>	<u>12,345</u>	<u>(12,233,988)</u>
Total net position	<u>85,610,824</u>	<u>28,215,961</u>	<u>113,826,785</u>	<u>12,345</u>	<u>113,839,130</u>
Total liabilities, deferred inflows and net position	<u>\$ 130,439,314</u>	<u>\$ 40,811,489</u>	<u>\$ 171,250,803</u>	<u>\$ 12,345</u>	<u>\$ 171,263,148</u>

See accompanying notes and independent auditor's report.

**CITY OF PLATTSBURGH**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2017**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 4,313,036	\$ 212,345	\$ -	\$ -
Public safety	7,859,520	857,180	-	-
Transportation	2,118,641	13,983	-	408,000
Economic assistance and opportunity	132,035	48	21,500	-
Culture and recreation	1,959,534	581,807	6,380	158,660
Home and community services	8,050,969	9,023,269	-	1,979,710
Employee benefits	12,460,148	-	-	-
Debt service	534,748	-	-	-
Total governmental activities	<u>37,428,631</u>	<u>10,688,632</u>	<u>27,880</u>	<u>2,546,370</u>
Business-type activities:				
Municipal Lighting	18,427,226	17,855,422	-	-
Total business-type activities	<u>18,427,226</u>	<u>17,855,422</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 55,855,857</u>	<u>\$ 28,544,054</u>	<u>\$ 27,880</u>	<u>\$ 2,546,370</u>
<b>Component units:</b>				
Lake City LDC	1,416	-	-	-
Total component units	<u>\$ 1,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:  
Property taxes  
Property tax items  
Non-property tax items  
Interest and earnings  
Fines and penalties  
Intergovernmental  
Sales of property and compensation for loss  
Miscellaneous  
Interfund revenues  
State sources  
Operating transfers  
Total general revenues and operating transfers  
Changes in net assets  
Net assets, beginning  
Net assets, ending

See accompanying notes and independent auditor's report.

**Exhibit B**

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	Total Reporting Unit
Governmental Activities	Business-type Activities	Total		
\$ (4,100,691)	\$ -	\$ (4,100,691)	\$ -	\$ (4,100,691)
(7,002,340)	-	(7,002,340)	-	(7,002,340)
(1,696,658)	-	(1,696,658)	-	(1,696,658)
(110,487)	-	(110,487)	-	(110,487)
(1,212,687)	-	(1,212,687)	-	(1,212,687)
2,952,010	-	2,952,010	-	2,952,010
(12,460,148)	-	(12,460,148)	-	(12,460,148)
(534,748)	-	(534,748)	-	(534,748)
<u>(24,165,749)</u>	<u>-</u>	<u>(24,165,749)</u>	<u>-</u>	<u>(24,165,749)</u>
-	(571,804)	(571,804)	-	(571,804)
-	(571,804)	(571,804)	-	(571,804)
<u>(24,165,749)</u>	<u>(571,804)</u>	<u>(24,737,553)</u>	<u>-</u>	<u>(24,737,553)</u>
-	-	-	(1,416)	(1,416)
-	-	-	(1,416)	(1,416)
11,058,918	-	11,058,918	-	11,058,918
340,886	277,641	618,527	-	618,527
4,363,155	-	4,363,155	-	4,363,155
75,622	47,755	123,377	13	123,390
312,291	-	312,291	-	312,291
1,102,627	-	1,102,627	-	1,102,627
107,491	-	107,491	-	107,491
297,396	137,783	435,179	18	435,197
896,028	227,855	1,123,883	-	1,123,883
3,523,326	-	3,523,326	-	3,523,326
652,997	(652,997)	-	-	-
<u>22,730,737</u>	<u>38,037</u>	<u>22,768,774</u>	<u>31</u>	<u>22,768,805</u>
(1,435,012)	(533,767)	(1,968,779)	(1,385)	(1,970,164)
<u>87,045,836</u>	<u>28,749,728</u>	<u>115,795,564</u>	<u>13,730</u>	<u>115,809,294</u>
<u>\$ 85,610,824</u>	<u>\$ 28,215,961</u>	<u>\$ 113,826,785</u>	<u>\$ 12,345</u>	<u>\$ 113,839,130</u>

See accompanying notes and independent auditor's report.

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2017**

<b>ASSETS</b>	General	Special Revenue	Capital Projects	Debt Service	Total
Cash and equivalents	\$ (562,115)	\$ 3,772,931	\$ 3,348,533	\$ -	\$ 6,559,349
Taxes receivable, net of allowance of \$151,387	840,142	-	-	-	840,142
Other receivable, net of allowance of \$733,783	453,198	981,542	173,333	-	1,608,073
State and federal receivables	10,288	94,677	687,345	-	792,310
Economic development loans	-	720,514	-	-	720,514
Due from other funds	720,671	178,401	74,937	541	974,550
Due from other governments	1,300,806	705	-	-	1,301,511
Inventories	-	-	-	-	-
Other current assets	-	-	-	-	-
Restricted assets-cash and cash in time deposits	297,154	7,029,467	-	1,231,326	8,557,947
Prepaid expenses	502,485	193,010	-	-	695,495
<b>Total assets</b>	<b>\$ 3,562,629</b>	<b>\$ 12,971,247</b>	<b>\$ 4,284,148</b>	<b>\$ 1,231,867</b>	<b>\$ 22,049,891</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 478,673	\$ 197,191	\$ 482,103	\$ -	\$ 1,157,967
Accrued liabilities	1,020,529	229,192	-	-	1,249,721
Bonds anticipation note	-	-	-	-	-
Due to other funds	250,695	358,922	486,076	-	1,095,693
Due to other governments	1,192	996	-	-	2,188
Due to school districts	323,380	-	-	-	323,380
<b>Total liabilities</b>	<b>2,074,469</b>	<b>786,301</b>	<b>968,179</b>	<b>-</b>	<b>3,828,949</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources	337,141	2,112	-	-	339,253
<b>FUND BALANCES</b>					
Nonspendable:					
Prepays	502,485	193,010	-	-	695,495
Long term loans & receivable	-	771,392	-	-	771,392
Restricted:					
Capital reserve	-	6,658,322	-	-	6,658,322
Retirement of LTD	-	312,807	-	1,231,867	1,544,674
Aerial fire equip reserve	129,976	-	-	-	129,976
Asset seizure reserve	167,178	-	-	-	167,178
Other restricted	-	1,790,253	-	-	1,790,253
Assigned:					
Capital projects	-	-	3,315,969	-	3,315,969
Encumbrances (Note 15)	115,303	80,897	-	-	196,200
Appropriated fund balance Designated for subsequent year's expenditures	-	-	-	-	-
Unappropriated fund balance	-	2,413,656	-	-	2,413,656
Unassigned	236,077	(37,503)	-	-	198,574
<b>Total fund balances</b>	<b>1,151,019</b>	<b>12,182,834</b>	<b>3,315,969</b>	<b>1,231,867</b>	<b>17,881,689</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 3,562,629</b>	<b>\$ 12,971,247</b>	<b>\$ 4,284,148</b>	<b>\$ 1,231,867</b>	<b>\$ 22,049,891</b>

See accompanying notes and independent auditor's report.

**CITY OF PLATTSBURGH**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION**

**December 31, 2017**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds	\$ 17,881,689
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	103,619,690
Long-term liabilities, including bonds payable, compensated absences, and other post employment benefits are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	(19,917,034)
Compensated absences	(3,717,625)
Other post employment benefits	(11,155,041)
Accrued bond interest is reflected in the statement of net position but not in the governmental funds.	(38,595)
Pension differences occur as a result of changes in the City's proportion of the collective net pension asset/liability and differences between the City's contributions and its proportionate share of the total contributions to the pension system.	<u>(1,062,260)</u>
Net position of governmental activities	<u><u>\$ 85,610,824</u></u>

See accompanying notes and independent auditor's report.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2017**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Real property taxes	\$ 10,973,908	\$ 85,010	\$ -	\$ -	\$ 11,058,918
Real property tax items	340,886	-	-	-	340,886
Non-property tax items	4,363,155	-	-	-	4,363,155
Departmental income	1,679,908	8,881,930	-	-	10,561,838
Intergovernmental charges	-	1,102,627	-	-	1,102,627
Use of money and property	13,694	80,878	602	5,021	100,195
Licenses and permits	126,794	-	-	-	126,794
Fines and forfeitures	312,291	-	-	-	312,291
Sales of property & compensation for loss	89,011	18,480	-	-	107,491
Miscellaneous local sources	112,501	88,552	4,450	-	205,503
Interfund	786,793	109,235	-	-	896,028
State aid	3,036,024	621,170	1,798,558	-	5,455,752
Federal aid	-	6,380	609,494	-	615,874
<b>Total revenues</b>	<b>21,834,965</b>	<b>10,994,262</b>	<b>2,413,104</b>	<b>5,021</b>	<b>35,247,352</b>
<b>Expenditures</b>					
General governmental support	3,109,529	530,712	-	-	3,640,241
Public safety	7,601,063	-	39,910	-	7,640,973
Transportation	1,193,488	80,250	3,102,720	-	4,376,458
Economic assistance and opportunity	124,731	-	-	-	124,731
Culture and recreation	410,730	1,428,725	25,424	-	1,864,879
Home and community services	557,453	5,583,665	302,699	-	6,443,817
Employee benefits	7,420,826	2,344,519	-	-	9,765,345
Debt service	-	-	-	2,448,840	2,448,840
<b>Total expenditures</b>	<b>20,417,820</b>	<b>9,967,871</b>	<b>3,470,753</b>	<b>2,448,840</b>	<b>36,305,284</b>
Excess (deficit) of revenues over (under) expenditures	1,417,145	1,026,391	(1,057,649)	(2,443,819)	(1,057,932)
<b>Other financing sources (uses)</b>					
Operating transfers in	1,159,239	1,468,775	419,274	3,510,939	6,558,227
Operating transfers out	(2,883,924)	(1,581,940)	(1,439,366)	-	(5,905,230)
BANS redeemed from appropriations	-	-	614,058	-	614,058
Proceeds from issuance of bonds	-	-	8,839,095	-	8,839,095
Bond premium received	-	-	-	93,270	93,270
<b>Total other financing sources (uses)</b>	<b>(1,724,685)</b>	<b>(113,165)</b>	<b>8,433,061</b>	<b>3,604,209</b>	<b>10,199,420</b>
Net change in fund balances	(307,540)	913,226	7,375,412	1,160,390	9,141,488
<b>Fund Balances, Beginning of Year</b>	<b>1,458,559</b>	<b>11,269,608</b>	<b>(4,059,443)</b>	<b>71,477</b>	<b>8,740,201</b>
<b>Fund Balances, End of Year</b>	<b>\$ 1,151,019</b>	<b>\$ 12,182,834</b>	<b>\$ 3,315,969</b>	<b>\$ 1,231,867</b>	<b>\$ 17,881,689</b>

See accompanying notes and independent auditor's report.

**CITY OF PLATTSBURGH**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2017**

Amounts reported for *governmental activities* in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ 9,141,488

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the detail of the two components:

Capital outlay	3,728,183
Depreciation expense	(4,070,819)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts.

Repayment of principal long-term debt	1,334,896
Proceeds of issuance of bonds	(8,839,095)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.

Compensated absences used exceeded the amount earned during the year	415,929
Other post employment benefits earned exceeded the amount used during the year	(2,174,146)
Accrued bond interest	(34,862)

Payments of BAN principal are an expenditure in the Debt Service Fund and other income in the capital projects fund. A reclassifying entry to offset these amounts reduces both expenditures and other sources of income on the Statement of Activities.

Principal reduction - BAN	614,058
BAN's redeemed from appropriations	(614,058)

(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds.

Employees' Retirement System	(936,586)
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Change in net position of governmental activities	\$ (1,435,012)
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See accompanying notes and independent auditor's report.

## COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS

December 31, 2017

	Special Grants	Parking Authority	Recreation	Water	Sewer	Library	Total Special Revenue
<b>ASSETS</b>							
Cash	\$ 2,038,594	\$ 87,621	\$ (5,093)	\$ 145,323	\$ 1,155,543	\$ 350,943	\$ 3,772,931
Other receivables	43,718	(31)	3,247	292,082	622,679	19,847	981,542
Prepaid expenses	-	1,178	23,897	53,829	96,418	17,688	193,010
Economic development loans	720,514	-	-	-	-	-	720,514
Due from other funds	-	-	-	35	178,366	-	178,401
Due from other governments	-	-	-	-	-	705	705
Restricted assets - cash	-	-	-	883,200	6,112,050	34,217	7,029,467
State & federal receivables	94,677	-	-	-	-	-	94,677
<b>Total assets</b>	<b>\$ 2,897,503</b>	<b>\$ 88,768</b>	<b>\$ 22,051</b>	<b>\$ 1,374,469</b>	<b>\$ 8,165,056</b>	<b>\$ 423,400</b>	<b>\$ 12,971,247</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 6,000	\$ 9,800	\$ 24,681	\$ 31,425	\$ 100,553	\$ 24,732	\$ 197,191
Accrued liabilities	-	1,494	10,976	51,578	143,006	22,138	229,192
Due to other funds	10,667	-	-	151,708	196,547	-	358,922
Due to other governments	962	-	-	34	-	-	996
<b>Total liabilities</b>	<b>17,629</b>	<b>11,294</b>	<b>35,657</b>	<b>234,745</b>	<b>440,106</b>	<b>46,870</b>	<b>786,301</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred inflows of resources	2,112	-	-	-	-	-	2,112
<b>FUND BALANCES</b>							
Nonspendable:							
Prepays	-	1,178	23,897	53,829	96,418	17,688	193,010
Long term loans & receivable	771,392	-	-	-	-	-	771,392
Restricted:							
Capital reserve	-	-	-	570,393	6,053,712	34,217	6,658,322
Retirement of LTD	-	-	-	312,807	-	-	312,807
Other restricted	1,790,253	-	-	-	-	-	1,790,253
Assigned:							
Encumbrances (Note 15)	-	-	-	6,210	74,687	-	80,897
Appropriated fund balance	-	-	-	-	-	-	-
Unappropriated fund balance	316,117	76,296	-	196,485	1,500,133	324,625	2,413,656
Unassigned	-	-	(37,503)	-	-	-	(37,503)
<b>Total fund balances</b>	<b>2,877,762</b>	<b>77,474</b>	<b>(13,606)</b>	<b>1,139,724</b>	<b>7,724,950</b>	<b>376,530</b>	<b>12,182,834</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,897,503</b>	<b>\$ 88,768</b>	<b>\$ 22,051</b>	<b>\$ 1,374,469</b>	<b>\$ 8,165,056</b>	<b>\$ 423,400</b>	<b>\$ 12,971,247</b>

See accompanying notes and independent auditor's report.

CITY OF PLATTSBURGH

Exhibit F

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - SPECIAL REVENUE FUNDS  
Year Ended December 31, 2017**

	Special Grants	Parking Authority	Recreation	Water	Sewer	Library	Total Special Revenue
<b>Revenues</b>							
Real property taxes	\$ -	\$ 85,010	\$ -	\$ -	\$ -	\$ -	\$ 85,010
Departmental income	48	-	568,650	2,854,661	5,446,217	12,354	8,881,930
Intergovernmental charges	-	-	-	296,840	805,787	-	1,102,627
Use of money and property	40,570	15,979	1,271	2,252	18,255	2,551	80,878
Sales of property and compensation for loss	-	-	-	6,534	2,825	9,121	18,480
Miscellaneous local sources	4,100	53	50,340	2,804	4,514	26,741	88,552
Interfund Revenues	-	-	-	78,854	30,381	-	109,235
State aid	487,302	-	-	-	-	133,868	621,170
Federal aid	-	-	-	-	-	6,380	6,380
Total revenues	532,020	101,042	620,261	3,241,945	6,307,979	191,015	10,994,262
<b>Expenditures</b>							
General governmental support	-	-	39,749	342,511	145,457	2,995	530,712
Transportation	-	80,250	-	-	-	-	80,250
Culture and recreation	-	-	719,572	-	-	709,153	1,428,725
Home and community services	449,813	-	-	1,491,201	3,642,651	-	5,583,665
Employee benefits	-	14,141	165,216	752,625	1,185,180	227,357	2,344,519
Total expenditures	449,813	94,391	924,537	2,586,337	4,973,288	939,505	9,967,871
<b>Excess (deficit) of revenues over (under) expenditures</b>	82,207	6,651	(304,276)	655,608	1,334,691	(748,490)	1,026,391
<b>Other financing sources (uses)</b>							
Operating transfers in	-	-	570,317	147,000	-	751,458	1,468,775
Operating transfers out	-	(124,204)	(210,334)	(523,664)	(717,138)	(6,600)	(1,581,940)
<b>Total other financing sources (uses)</b>	-	(124,204)	359,983	(376,664)	(717,138)	744,858	(113,165)
<b>Net change in fund balances</b>	\$ 82,207	\$ (117,553)	\$ 55,707	\$ 278,944	\$ 617,553	\$ (3,632)	\$ 913,226

See accompanying notes and independent auditor's report.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE- BUDGET AND ACTUAL - GENERAL FUND**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Real property taxes	\$ 10,938,953	\$ 10,938,953	\$ 10,973,908	\$ 34,955
Real property tax items	278,333	278,333	340,886	62,553
Non-property tax items	4,223,910	4,223,910	4,363,155	139,245
Departmental income	1,456,995	1,458,495	1,679,908	221,413
Use of money and property	11,053	11,053	13,694	2,641
Licenses and permits	100,655	100,655	126,794	26,139
Fines and forfeitures	303,000	303,000	312,291	9,291
Sales of property and compensation for loss	37,000	53,653	89,011	35,358
Miscellaneous local sources	175,800	175,800	112,501	(63,299)
Interfund	742,000	742,000	786,793	44,793
State aid	2,999,380	3,099,380	3,036,024	(63,356)
Federal aid	12,000	12,000	-	(12,000)
Total revenues	21,279,079	21,397,232	21,834,965	437,733
<b>Expenditures</b>				
General governmental support	2,406,732	3,221,911	3,194,332	27,579
Public Safety	7,760,542	7,732,137	7,603,563	128,574
Transportation	1,376,783	1,329,742	1,193,488	136,254
Economic assistance and opportunity	139,142	138,864	124,731	14,133
Culture and recreation	425,636	418,180	410,730	7,450
Home and community services	641,719	701,994	585,453	116,541
Employee benefits	6,888,319	7,388,788	7,420,826	(32,038)
Total expenditures	19,638,873	20,931,616	20,533,123	398,493
Excess (deficit) of revenues over (under) expenditures	1,640,206	465,616	1,301,842	836,226
<b>Other financing sources (uses)</b>				
Operating transfers in	1,106,242	1,149,242	1,159,239	9,997
Operating transfers out	(2,746,448)	(2,909,814)	(2,883,924)	25,890
Total other financing sources (uses)	(1,640,206)	(1,760,572)	(1,724,685)	35,887
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (1,294,956)</b>	<b>\$ (422,843)</b>	<b>\$ 872,113</b>

See accompanying notes and independent auditor's report.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE- BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Real property taxes	\$ 85,010	\$ 85,010	\$ 85,010	\$ -
Departmental income	8,311,079	8,311,079	8,881,882	570,803
Intergovernmental charges	1,224,186	1,224,186	1,102,627	(121,559)
Use of money and property	38,475	38,475	40,308	1,833
Sales of property and compensation for loss	10,559	60,559	18,480	(42,079)
Miscellaneous local sources	22,700	28,550	84,452	55,902
Interfund revenues	117,325	151,501	109,235	(42,266)
State aid	101,020	155,196	133,868	(21,328)
Federal aid	4,621	4,621	6,380	1,759
<b>Total revenues</b>	<b>9,914,975</b>	<b>10,059,177</b>	<b>10,462,242</b>	<b>403,065</b>
<b>Expenditures</b>				
General governmental support	535,224	540,429	530,712	9,717
Transportation	68,965	140,526	80,250	60,276
Culture and recreation	1,370,824	1,487,534	1,428,725	58,809
Home and community services	6,223,308	6,176,519	5,214,749	961,770
Employee benefits	2,302,941	2,472,263	2,344,519	127,744
<b>Total expenditures</b>	<b>10,501,262</b>	<b>10,817,271</b>	<b>9,598,955</b>	<b>1,218,316</b>
Excess (deficit) of revenues over (under) expenditures	(586,287)	(758,094)	863,287	1,621,381
<b>Other financing sources (uses)</b>				
Operating transfers in	1,176,349	1,321,775	1,468,775	147,000
Operating transfers out	(1,074,938)	(1,624,117)	(1,581,940)	42,177
<b>Total other financing sources (uses)</b>	<b>101,411</b>	<b>(302,342)</b>	<b>(113,165)</b>	<b>189,177</b>
<b>Net Change in Fund Balance</b>	<b>\$ (484,876)</b>	<b>\$ (1,060,436)</b>	<b>\$ 750,122</b>	<b>\$ 1,810,558</b>

See accompanying notes and independent auditor's report.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 5,021	\$ 5,021
Total revenues	<u>-</u>	<u>-</u>	<u>5,021</u>	<u>5,021</u>
<b>Expenditures</b>				
Debt service (principal and interest)	<u>2,344,171</u>	<u>2,344,171</u>	<u>2,448,840</u>	<u>(104,669)</u>
Total expenditures	<u>2,344,171</u>	<u>2,344,171</u>	<u>2,448,840</u>	<u>(104,669)</u>
Excess (deficit) of revenues over (under) expenditures	<u>(2,344,171)</u>	<u>(2,344,171)</u>	<u>(2,443,819)</u>	<u>(99,648)</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	2,117,295	2,117,295	3,510,939	1,393,644
BAN premium received	-	-	93,270	93,270
Total other financing sources (uses)	<u>2,117,295</u>	<u>2,117,295</u>	<u>3,604,209</u>	<u>1,486,914</u>
<b>Net Change in Fund Balance</b>	<u>\$ (226,876)</u>	<u>\$ (226,876)</u>	<u>\$ 1,160,390</u>	<u>\$ 1,387,266</u>

See accompanying notes and independent auditor's report.

**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
**December 31, 2017**

	<u>2017</u>
<b><u>ASSETS</u></b>	
Cash and equivalents	\$ 200,019
Accounts receivable, net of allowance of \$65,000	1,356,753
Inventories	1,429,514
Prepaid expenses	144,983
Restricted assets-cash and cash in time deposits	3,013,529
Due from other funds	121,988
Fixed assets, net of accumulated depreciation	<u>33,882,622</u>
<b>Total assets</b>	<b>40,149,408</b>
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Pension	<u>662,887</u>
 <b>Total assets and deferred outflows of resources</b>	 <b><u><u>\$ 40,812,295</u></u></b>
 <b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	\$ 1,922,347
Accrued liabilities	94,797
Due to other funds	806
Customer deposits	265,822
Bonds payable, current portion	<u>907,258</u>
<b>Total current liabilities</b>	<b><u>3,191,030</u></b>
Non-current liabilities:	
Compensated absences	690,213
Other post employment benefits	611,679
Bonds payable	7,224,803
Net pension liability- proportionate share	<u>723,340</u>
<b>Total non-current liabilities</b>	<b><u>9,250,035</u></b>
<b>Total liabilities</b>	<b><u>12,441,065</u></b>
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Deferred inflows of resources	41,076
Deferred inflows of resources - pensions	<u>114,193</u>
<b>Total deferred inflows of resources</b>	<b><u>155,269</u></b>
 <b><u>NET POSITION</u></b>	
Net investment in capital assets	25,750,560
Restricted for capital projects	2,001,980
Restricted for debt service	745,710
Restricted for other purposes	265,840
Unrestricted	<u>(548,129)</u>
<b>Total net position</b>	<b><u>28,215,961</u></b>
<b>Total liabilities, deferred inflows and net position</b>	<b><u><u>\$ 40,812,295</u></u></b>

See accompanying notes and independent auditor's report.

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION - PROPRIETARY FUND**  
Year ended December 31, 2017

	<u>2017</u>
Charges for services:	
Municipal charges	\$ 17,855,422
Interfund charges	227,855
Miscellaneous income	137,783
Total charges for services	<u>18,221,060</u>
Operating expenses:	
Salaries and wages	1,892,426
Fringe benefits	1,804,682
Electric and power	12,116,794
Real property taxes	58,541
Bad debts	37,929
Depreciation	2,193,134
Total operating expenses	<u>18,103,506</u>
Net operating income	<u>117,554</u>
Nonoperating income (expenses)	
Payments in lieu of taxes	277,641
Use of money and property	47,755
Interest expense	(323,720)
Total nonoperating income (expense)	<u>1,676</u>
Change in net position before transfers	119,230
Transfers	
Payments in lieu of taxes	(425,142)
Contributions to municipality	(227,855)
Total transfers	<u>(652,997)</u>
Change in net position	(533,767)
Net position and required reserves, January 1	<u>28,749,728</u>
Net position and required reserves, December 31	<u>\$ 28,215,961</u>

See accompanying notes and independent auditor's report.

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**Year Ended December 31, 2017**

	<u>2017</u>
Net cash provided (used) by operating activities	
Cash received from customers	\$ 17,874,622
Cash paid to suppliers and other vendors	(11,804,868)
Cash paid for salaries and employee benefits	(3,312,041)
Other revenue	252,809
Net cash provided by operating activities	<u>3,010,522</u>
Net cash provided (used) by non-capital and financing activities	
Real property taxes	(58,541)
Payments in lieu of taxes	277,641
Net cash provided by non-capital and financing activities	<u>219,100</u>
Net cash provided (used) by investing activities	
Purchase of investments	(667,124)
Interest income	7,354
Net cash used by investing activities	<u>(659,770)</u>
Net cash provided (used) by capital and related financing activities	
Principal payments on debt	(885,104)
Interest expense on debt	(323,720)
Payments to contractors	(1,253,418)
Net cash used by capital and related financing activities	<u>(2,462,242)</u>
Net increase in cash and cash equivalents	107,610
Cash and cash equivalents, beginning of year	<u>92,409</u>
Cash and cash equivalents, end of year	<u>\$ 200,019</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income	\$ 117,554
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Contributions to municipality	(652,997)
Real property taxes	58,541
Rental of real property	40,401
GASB 68 pension adjustments	140,406
Bad debts	37,929
Depreciation	2,193,134
(Increase) decrease in assets:	
Account receivable	(249,731)
Due from other funds	88,150
Inventories	60,337
Prepaid expenses	194,573
Increase (decrease) in liabilities:	
Accounts payable	659,168
Accrued liabilities	(5,940)
Due to other funds	(31,365)
Customer deposits	110,427
Compensated absences	(21,431)
Other post employment benefits	266,092
Deferred inflow of resources	41,076
Net cash provided by operating activities	<u>\$ 3,010,522</u>

See accompanying notes and independent auditor's report.

CITY OF PLATTSBURGH, NEW YORK

Exhibit M

STATEMENT OF FIDUCIARY NET POSITION  
December 31, 2017

**ASSETS**

**2017**

Restricted cash

\$ 2,615,223

**Total assets**

\$ 2,615,223

**LIABILITIES**

Due to other funds

\$ 39

Other liabilities

2,615,184

**Total liabilities**

2,615,223

**NET POSITION**

Trust

-

**Total net position**

-

**Total liabilities and net position**

\$ 2,615,223

See accompanying notes and independent auditor's report.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**INTRODUCTION**

The City of Plattsburgh, New York, was established and is governed pursuant to Section 163 and 164 of Chapter 269 of the New York State Laws of 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 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 recreation (including a multi-purpose recreation center, beach and library).

**FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION**

COMPONENT UNITS

The financial reporting entity consists of (a) the primary government which is the City of Plattsburgh, (b) organizations for which the primary government is financially accountable, and (c) 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 as set forth in GASB Statement 61.

The decision to include a potential component unit in the City's reporting entity is based on several criteria set forth in Statement No. 61 of the Governmental Accounting Standards Board including legal standing, fiscal dependency, financial accountability and overall materiality to the primary government. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the City of Plattsburgh reporting entity.

1. The Lake City Local Development Corporation (LCLDC) is related to the City of Plattsburgh and is a component unit under the criteria set forth in GASB Statement 61. The discrete component unit column in the Statement of Net Position and the Statement of Activities includes the financial data of the LDC. It is discretely presented in a separate column to emphasize that it is legally separate from the City. The Corporation provides administrative and technical support to potential employers of city residents.

The principal office of the Corporation is located at:

Community Development Office  
Second Floor  
City Hall  
41 City Hall Place  
Plattsburgh, NY 12901

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION (continued)**

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

*Government-wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities such as employee pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

*Fund Financial Statements*

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). All applicable GASB Statements have been implemented including GASB Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, which the City was required to implement effective fiscal year ended December 31, 2003. The government-wide, proprietary fund, and component unit financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principal Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Proprietary and fiduciary fund financial statements and financial statements of component units also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the City has made a

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION (continued)**

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both 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 within sixty (60) days of the end of the fiscal year. A ninety (90) day availability period is used for recognition of all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, franchise taxes, special assessments, and licenses, charges for service, interest income and intergovernmental revenues. In general, other revenues are recognized when cash is received. Sales taxes collected and held by the State of New York at year end on behalf of the government are accrued based on anticipated sales tax revenue due to the City.

Operating income reported in proprietary fund financial statements includes revenues and expense related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charged to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

FUND TYPES AND MAJOR FUNDS

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances/retained earnings, revenues, and expenditures/expenses. The various funds are summarized by type in the financial statements.

*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.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION (continued)**

FUND TYPES AND MAJOR FUNDS (continued)

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 Projects Fund - The capital projects 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 - The debt service 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.

*Proprietary Fund*

The City reports the following major proprietary fund:

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains one enterprise fund to account for the operations of the City's municipal lighting department.

*Fiduciary Fund*

The Trust and Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units, and/or other funds.

PERVASIVENESS OF ESTIMATES

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

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**BUDGETARY DATA**

BUDGET 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.

For purposes of comparing current period amounts expended and encumbered with current period budgeted amounts, encumbrances are included with expenditures on Exhibits G, H, and I - Statement of Revenues and Expenditures - Budget and Actual - General Fund, Special Revenue Fund and Debt Service Fund.

A reconciliation of revenues and expenditures for the General Fund, Special Revenue Fund, and Debt Service Fund on Exhibits G, H, and I - Statement of Revenues and Expenditures - Budget and Actual - General Fund, Special Revenue Fund, and Debt Service Fund to revenues and expenditures for the respective funds on Exhibit D - Combined Statement of Revenues and Expenditures and Changes In Fund Balances – Governmental Funds:

Revenues	General Fund	Special Revenue Fund	Debt Service Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues included in budget comparison - Exhibits G, H and I	\$ 21,834,965	\$ 10,462,242	\$ 5,021
Plus revenues from Special Revenue funds excluded in budget comparison	-	532,020	-
Revenues per Exhibit D	<u>\$ 21,834,965</u>	<u>\$ 10,994,262</u>	<u>\$ 5,021</u>
 Expenditures			
Expenditures included in budget comparison - Exhibits G, H, and I	\$ 20,533,123	\$ 9,598,955	\$ 2,448,840
Plus Expenditures from Special Revenue Funds excluded in budget comparison	-	449,813	-
Less Encumbrances included in budget comparison	(115,303)	(80,897)	-
Expenditures per Exhibit D	<u>\$ 20,417,820</u>	<u>\$ 9,967,871</u>	<u>\$ 2,448,840</u>

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**BUDGETARY DATA (continued)**

BUDGETARY CONTROL

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.

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.

CASH

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.

RECEIVABLES

Receivables are presented net of allowances for doubtful accounts. The amounts of these allowances by fund follow:

Fund	Taxes Receivable	Other Receivables
General	\$ 151,387	\$ 733,783
Enterprise	-	65,000
	\$ 151,387	\$ 798,783

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

INVENTORIES

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

CAPITAL ASSETS, DEPRECIATION, AND AMORTIZATION

*Governmental funds*

The City's land, buildings, improvements, and machinery and equipment with useful lives of 5-75 years are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary and component unit capital assets are also reported in their respective fund and combining component units' financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 - 75 years
Machinery and Equipment	5-10 years

*Proprietary fund*

Fixed assets are stated at cost. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Construction in progress represents numerous projects that will be transferred to the appropriate fixed asset category and depreciated upon their completion. Depreciation is computed on the group method over the estimated useful lives of the assets as follows:

Buildings	50 - 75 years
Transmissions and distribution equipment	30 - 36 years
Machinery	10 years
Office Equipment	25 years

Equity Classifications

City-wide Statements:

In the city-wide 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, constructions or improvements of those assets.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Restricted net position - reports net position when constraints placed on those assets 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 are deemed to be available for general use by the District.

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.

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 \$695,495 and long-term loans & receivables for \$771,392.

**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. All encumbrances of funds other than the General fund are classified as restricted fund balance.

General Fund

Asset Forfeiture Reserve – An amount reserved to purchase equipment for police department. Reserve balance at December 31, 2017 was \$167,178.

Aerial Fire Equipment Reserve - An amount reserved for the future purchase of, or payment on, an Aerial Fire Truck. Reserve balance at December 31, 2017 was \$129,976.

Retirement Reserve - An amount reserved for future retirement costs. Reserve balance at December 31, 2017 was \$0.

Special Revenue Fund

Sewer

Capital Reserve - Established 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. Reserve balance at December 31, 2017 was \$6,053,712.

Water

Capital Reserve - Established 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. Reserve balance at December 31, 2017 was \$570,393.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Library

Capital Reserve - Established October 22, 2013, pursuant to Section 6(c) of the General Municipal Law for the construction and/or reconstruction of the City's Library. Reserve balance at December 31, 2017 was \$34,217.

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 purposes 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 and/or interest of the indebtedness from which these proceeds were derived. Reserve balance at December 31, 2017 was \$1,231,867.

Enterprise Fund

Electric Distribution System Bond Reserve Fund - Established July 27, 1978, pursuant to Section 6(h) of the General Municipal Law for the payment of bonded indebtedness. Maximum allowed accumulation is up to two years of debt service. Reserve balance at December 31, 2017 was \$745,710.

Reserve for Capital Projects (Municipal Lighting) - Required to be maintained by Section 6(k) of the General Municipal Law. These monies can only be used for improvements, extension, or replacement of electric services or for payment of indebtedness incurred for such purposes. Reserve balance at December 31, 2017 was \$2,001,980.

Retirement Reserve – Established to provide resources for future required retirement payments.

**Committed** – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's level of decision making authority, i.e., the Mayor and common council. The City has no committed fund balances as of December 31, 2017.

**Assigned** – Includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$115,303 and Special Revenue Fund amounted to \$80,897.

**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.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Order of Use of Fund Balance:

The City's policy is to apply expenditures against nonspendable 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, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are 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. Assignments of fund balance cannot cause a negative unassigned fund balance.

PROGRAM REVENUES

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes.

PROPRIETARY FUNDS OPERATING AND NONOPERATING REVENUES AND EXPENSES

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

POST-EMPLOYMENT BENEFITS

The City of Plattsburgh, New York, provides certain health care benefits for retired employees. Health care costs include a prescription plan with co-payment of \$0 minimum to \$40 maximum depending on the plan chosen per participant, 20% coinsurance participant cost to a maximum of \$500 for major medical costs, and reimbursement to retiree and spouse for Medicare Part B insurance of between \$104.90 minimum to \$335.70 maximum per month. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City. As of April 1, 1991, all present full time and equivalent City employees must serve for 20 years for the City to pay health care coverage unless otherwise prohibited by bargaining contract. All new hires will not be accorded any retirement health care coverage unless otherwise given in contract. The City accrues these costs when incurred. Segregation of these costs from ordinary employee benefits is not feasible at this time. Additionally, under General

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Municipal Law, the City is responsible for post-employment benefits to City firefighters who become disabled as a result of an injury or illness incurred in the line of duty. This post-employment benefit is the difference between the amount received from the pension system and regular salary. The City accounts for this post-employment benefit on a pay-as-you-go basis and the cost recognized in 2017 amounted to \$196,637 for 7 individuals.

EVENTS OCCURRING AFTER THE REPORTING DATE

The City has evaluated events and transactions that occurred between December 31, 2017 and December 19, 2018, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NEW ACCOUNTING STANDARDS:

For the year ended December 31, 2017, the City implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable.

**NOTE 2. CASH 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, 2017, is comprised as follows:

	Non-restricted Cash	Restricted Cash
Petty cash funds	\$ 7,275	\$ -
Non-interest bearing accounts	11,013	-
Interest bearing accounts	6,741,080	14,186,699
	<u>\$ 6,759,368</u>	<u>\$ 14,186,699</u>

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 \$21,502,651 of which, \$250,000 was covered by Federal depository insurance and \$21,252,651 was covered by collateral.

Pooled Bank Accounts - Separate bank accounts are not maintained for all of the City's funds. Instead, most of the cash is deposited in pooled checking and savings accounts with accounting records maintained to show the portion of the balance attributable to each fund. At December 31, 2017 the City's funds had the book balances shown in the following schedule in the pooled bank accounts:

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

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**NOTE 2. CASH AND INVESTMENTS (continued)**

Fund	Cash
General	\$ (271,636)
Water	145,273
Sewer	1,155,493
Library	350,743
Rec. Complex	(5,293)
Debt Service	1,231,326
	<u>\$ 2,605,906</u>

**NOTE 3. 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 30
- 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.

**NOTE 4. 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, 2017 was \$281,087 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, 2017 was \$43,718.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 5. INTERFUND BALANCES AND ACTIVITY**

Interfund balances at December 31, 2017 were as follows:

	Interfund Receivables	Interfund Payables	Interfund Transfers In	Interfund Transfers Out
General	\$ 720,671	\$ 250,695	\$ 1,159,239	\$ 2,883,924
Special Revenue	178,401	358,922	1,468,775	1,581,940
Capital Projects	74,937	486,076	419,274	1,439,366
Debt Service	541	-	3,510,939	-
Trust & Agency	-	39	-	-
Enterprise Fund	121,988	806	-	652,997
Total	<u>\$ 1,096,538</u>	<u>\$ 1,096,538</u>	<u>\$ 6,558,227</u>	<u>\$ 6,558,227</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, 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 6. RESTRICTED CASH**

Restricted cash consists of the following:

Fund	Restricted Cash Balance	Restriction
General	\$ 129,976	Fire equipment purchases
	167,178	Police equipment purchases
Total General	<u>\$ 297,154</u>	
Special Revenue	<u>\$ 7,029,467</u>	Water, Sewer and Library fund capital reserves
Debt Service	<u>\$ 1,231,326</u>	Bond Debt Reserve - Time Deposit
Enterprise	\$ 745,728	Bond Debt Reserve - Time Deposit
	2,001,979	Depreciation Reserve
	265,822	Other Deposits
Total Enterprise	<u>\$ 3,013,529</u>	
Trust & Agency	\$ 2,319,975	Escrow compost
	62,431	Clyde Lewis Park
	232,817	Other
Total Trust & Agency	<u>\$ 2,615,223</u>	

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 7. CAPITAL ASSETS**

A summary of changes in the City's capital assets for governmental activities is as follows:

	<b>Balance December 31, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2017</b>
Land	\$ 18,670,981	\$ -	\$ -	\$ 18,670,981
Infrastructure	78,189,910	7,584,573	-	85,774,483
Buildings & improvements	52,867,091	2,022,694	-	54,889,785
Machinery and equipment	12,438,838	1,532,250	-	13,971,088
Construction in progress	16,030,506	3,470,754	10,882,088	8,619,172
Total	<u>178,197,326</u>	<u>\$ 14,610,271</u>	<u>\$ 10,882,088</u>	<u>181,925,509</u>
Less accumulated depreciation	<u>74,235,000</u>			<u>78,305,819</u>
	<u>\$ 103,962,326</u>			<u>\$ 103,619,690</u>

Depreciation was charged to governmental functions as follows:

	<b>12/31/2017</b>
General governmental support	\$ 672,795
Public safety	326,110
Transportation	878,892
Economic assistance and opportunity	7,303
Culture and recreation	244,016
Home and community services	1,941,703
	<u>\$ 4,070,819</u>

A detail of the City's capital assets for business type activities is as follows:

<b>FIXED ASSETS</b>				
<b>DESCRIPTION</b>	<b>12/31/2016</b>	<b>ADDITIONS</b>	<b>DELETIONS</b>	<b>12/31/2017</b>
Land	\$ 516,477	\$ -	\$ -	\$ 516,477
Buildings	1,270,650	-	-	1,270,650
Improvements	63,399,242	1,102,411	101,751	64,399,902
Machinery and equipment	10,619,536	293,515	35,371	10,877,680
Construction in progress	40,546	1,717,752	1,702,052	56,246
Total	<u>75,846,451</u>	<u>\$ 3,113,678</u>	<u>\$ 1,839,174</u>	<u>77,120,955</u>
Less accumulated depreciation	<u>41,024,113</u>			<u>43,238,333</u>
	<u>\$ 34,822,338</u>			<u>\$ 33,882,622</u>

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

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**NOTE 8. BONDS**

Changes in bonds for the year ended December 31, 2017 follow:

	Governmental Activities	Business-type Activities	Totals
Amount payable at January 1, 2017	\$ 12,412,835	\$ 9,017,165	\$ 21,430,000
Bonds Issued	8,839,095	-	8,839,095
Bonds Retired	(1,334,896)	(885,104)	\$ (2,220,000)
Amount payable at December 31, 2017	<u>\$ 19,917,034</u>	<u>\$ 8,132,061</u>	<u>\$ 28,049,095</u>

Total interest expenditures for the year ended December 31, 2017, were \$827,459, which includes interest paid on a BAN of \$176,100. The following details the interest expense by function:

	Governmental Activities	Business-type Activities	Totals
General governmental support	\$ 499,885	\$ -	\$ 499,885
Home and community services	-	327,574	327,574
	<u>\$ 499,885</u>	<u>\$ 327,574</u>	<u>\$ 827,459</u>

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

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**NOTE 8. BONDS (continued)**

The annual debt service requirements relating to bonds are as follows:

Year	Principal		Total Principal
	Governmental Activities	Business-type Activities	
2018	\$ 2,261,837	\$ 907,258	\$ 3,169,095
2019	2,225,425	904,575	3,130,000
2020	2,009,416	910,584	2,920,000
2021	1,914,005	685,995	2,600,000
2022	1,858,436	691,564	2,550,000
2023-2027	8,342,915	2,982,085	11,325,000
2028-2032	1,305,000	1,050,000	2,355,000
	<u>\$ 19,917,034</u>	<u>\$ 8,132,061</u>	<u>\$ 28,049,095</u>

Year	Interest		Total Interest
	Governmental Activities	Business-type Activities	
2018	\$ 498,383	\$ 296,388	\$ 794,771
2019	447,374	263,805	711,179
2020	395,667	230,150	625,817
2021	346,333	195,884	542,217
2022	300,995	170,261	471,256
2023-2027	790,746	483,317	1,274,063
2028-2032	68,355	42,000	110,355
	<u>\$ 2,847,853</u>	<u>\$ 1,681,805</u>	<u>\$ 4,529,658</u>

Debt service expenditures are recorded in the fund that benefited from the capital project financed by the bonds or notes, i.e. the general fund, the appropriate special revenue fund or the enterprise fund.

At December 31, 2017, there were no capital leases.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

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**NOTE 8. BONDS (continued)**

General obligation bonds consist of the following:

**Governmental funds**

\$8,839,095, Public Improvement Serial Bond of 2017, due in annual installments of \$875,000 to \$924,095 , interest variable at 2.00%-3.00%.	\$ 8,839,095
\$1,870,200, Public Improvement Refunding Serial Bonds, variable principal payments through 2026, interest variable at 2.00%-3.00%.	1,503,239
\$5,190,905 Refunding Serial Bonds of 2009 due in annual installments of \$81,900 to \$827,675 through 2020, interest rate at 4.25%	245,700
\$3,629,000 Public Improvements Serial Bonds of 2009 due in annual installments of \$25,000 to \$282,000 through 2029, interest rate at 3.75% to 4.0%	1,739,000
\$8,735,000 Public Improvements Serial Bonds of 2011 due in annual installments of \$315,000 to \$550,000 through 2030, interest rate at 2.0% to 3.250%	5,880,000
\$2,369,771 NYS Environmental Facilities Bond of 2012, due in annual installments of \$130,000 to \$155,000 through 2029 with an interest rate at 1.255% to 3.468%	1,710,000
<b>Total Governmental Activities</b>	<u>19,917,034</u>

**Business-type Activities**

\$1,584,800 Public Improvement Refunding Serial Bonds, variable principal payments through 2024, interest variable at 2.00%-3.00%.	1,366,761
\$2,444,095 Refunding Serial Bonds of 2009, due in annual installments of \$171,880 to \$221,735 through 2020, interest at 4.25%	654,300
\$9,600,000 Public Improvement Serial Bonds of 2009, due in annual installments of \$354,000 to \$525,000 through 2029, interest at 3.75% to 4.0%	6,111,000
<b>Total Business-type Activities</b>	<u>8,132,061</u>

<b>Total General Obligation Bonds</b>	<u><u>\$ 28,049,095</u></u>
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In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

**NOTE 9. DEFERRED INFLOWS OF RESOURCES**

Special Revenue Fund - In the Community Development Fund, deferred inflows consist of loans currently outstanding to business and individuals which when repaid will be recognized as income. At December 31, 2017, this amount was \$2,112.

**NOTE 10. POSTCLOSURE CARE COST**

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the Altona Sludge lagoon for thirty years after closure plan acceptance in 1991. The City reports post closure care costs as an operating expense for each year in the Sewer Fund. For December 31, 2017, this amount was \$2,857.

**NOTE 11. RETIREMENT BENEFITS**

**Employees' Retirement System (ERS)**

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 are 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 net 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 provisions of the New York State Retirement and Social Security Law (RSSL). 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 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](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 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 age 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

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

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**NOTE 11. RETIREMENT BENEFITS (continued)**

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.

*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.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

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**NOTE 11. RETIREMENT BENEFITS (continued)**

*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.

*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.

*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.

*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 of exceed 3 percent.

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 base on salaries paid during the Systems' fiscal year ending March 31.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

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**NOTE 11. RETIREMENT BENEFITS (continued)**

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

Contributions:

	ERS		PFRS	
2017	\$	1,288,179	\$	1,421,943
2016	\$	1,208,988	\$	1,387,189
2015	\$	1,381,855	\$	1,624,997

ERS and PFRS has provided additional disclosures for entities that elected to participate in Chapter 260, 57, and 105.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017 the City reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2017 for ERS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The City's proportion of the net pension 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 Systems in reports provided to the City.

	ERS		PFRS	
Actuarial Valuation Date	3/31/2017		3/31/2017	
Net Pension liability	\$	(2,928,503)	\$	(3,524,479)
City's portion of the Plan's total net pension liability		0.0311668%		-0.1700469%

For the year ended December 31, 2017, the City's recognized pension expense of \$1,698,603 for ERS and \$2,024,224 for PFRS. At December 31, 2017 the City's reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 11. RETIREMENT BENEFITS (continued)**

Deferred Outflows of Resources:	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>	<u>ERS</u>	<u>ERS &amp; PFRS</u>
Differences between expected and actual experience	\$ 55,260	\$ 462,351	\$ 517,611	\$ 18,126	\$ 535,737
Changes of assumptions	753,364	1,736,363	2,489,727	247,120	2,736,847
Net difference between projected and actual earnings on pension plan investments	440,461	526,376	966,837	144,480	1,111,317
Changes in proportion and differences between the City's contributions and proportionate share of contributions	44,282	53,013	97,295	14,525	111,820
District's contributions subsequent to the measurement date	727,499	1,066,457	1,793,956	238,635	2,032,591
Total	<u>\$ 2,020,866</u>	<u>\$ 3,844,560</u>	<u>\$ 5,865,426</u>	<u>\$ 662,886</u>	<u>\$ 6,528,312</u>
Deferred Inflows of Resources:					
Differences between expected and actual experience	\$ 334,867	\$ 608,952	\$ 943,819	\$ 109,843	\$ 1,053,662
Changes in proportion and differences between the City's contributions and proportionate share of contributions	13,260	240,966	254,226	4,349	258,575
Total	<u>\$ 348,127</u>	<u>\$ 849,918</u>	<u>\$ 1,198,045</u>	<u>\$ 114,192</u>	<u>\$ 1,312,237</u>

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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follow:

2018	\$ 575,396	\$ 649,964
2019	575,396	649,964
2020	502,085	610,677
2022	-	58,734
Thereafter	-	-
Total	<u>\$ 1,652,877</u>	<u>\$ 1,969,339</u>

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

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**NOTE 11. RETIREMENT BENEFITS (continued)**

Actuarial Assumptions

The total pension 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 liability to the measurement date. The actuarial valuation used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

Actuarial valuation date	4/1/2016	4/1/2016
Interest rate	7.0%	7.0%
Salary scale	3.8%	3.8%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience	April 1, 2010- March 31, 2015 System's Experience
Inflation rate	2.5%	2.5%

For ERS and PFRS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014.

For ERS and PFRS, the actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 are summarized below:

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

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**NOTE 11. RETIREMENT BENEFITS (continued)**

	<b>Long-Term Expected Real Rate of Return</b>
Measurement date	3/31/2017
Asset Type:	%
Domestic equity	4.55
International equity	6.35
Private equity	7.75
Real estate	5.80
Absolute return strategies	4.00
Mortgages and bonds	1.31
Opportunistic portfolio	5.89
Real assets	5.54
Cash	(0.25)
Inflation-indexed bonds	1.50

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% 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 for 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 7.0% 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% lower (6.0% for ERS and PFRS) or 1% higher (8.0% for ERS and PFRS) than the current rate:

ERS	1% Decrease	Current Assumption	1% Increase
	6.0%	7.0%	8.0%
Employer's proportionate share of the net pension asset (liability)	\$ (9,353,058)	\$ (2,928,503)	\$ 2,503,446
	1% Decrease	Current Assumption	1% Increase
	6.0%	7.0%	8.0%
Employer's proportionate share of the net pension asset (liability)	\$ (9,991,695)	\$ (3,525,479)	\$ 1,899,931

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 11. RETIREMENT BENEFITS (continued)**

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
Valuation date	3/31/2017	3/31/2017	
Employers' total pension asset/(liability)	\$ (177,400,586)	\$ (31,670,483)	\$ (209,071,069)
Plan Net Position	168,004,363	29,597,830	197,602,193
Employers' net pension asset/(liability)	<u>\$ (9,396,223)</u>	<u>\$ (2,072,653)</u>	<u>\$ (11,468,876)</u>
Ratio of plan net position to the Employers' total pension asset/ (liability)	-94.7%	-93.5%	-94.5%

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 31<sup>st</sup>. Accrued retirement contributions as of December 31, 2017 represent the projected employer contribution for the period of April 1, 2017 through December 31, 2017 based on paid ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions as of December 31, 2017 amounted to \$0. The ERS premium of \$1,288,179 was paid December 15, 2017, generating a prepaid expense of \$322,045 at December 31, 2017. The PFRS premium of \$1,421,943 was paid December 15, 2017, generating a prepaid expense of \$355,486 at December 31, 2017.

Deferred Compensation Plan - Employees of the City of Plattsburgh 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.

**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.

The City implemented GASB Statement #45, Accounting and Financial Reporting by employers for Post-employment Benefits Other than Pensions, in the year ended December 31, 2008. This required the City to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The City has obtained an interim actuarial valuation report as of December 31, 2017 which indicates that the total liability for other post-employment benefits is \$11,766,720 which is reflected in the Statement of Net Position.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 12. POST-EMPLOYMENT BENEFITS (continued)**

any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	12/31/2017			12/31/2016			12/31/2015		
	City	MLD	Total	City	MLD	Total	City	MLD	Total
Annual required contribution	\$ 5,984,192	\$ 807,749	\$ 6,791,941	\$ 6,090,365	\$ 832,696	\$ 6,923,061	\$ 3,660,095	\$ 412,663	\$ 4,072,758
Interest on net OPEB obligation	359,236	13,823	373,059	263,021	2,253	265,274	240,750	5,048	245,798
Adjustment to annual required contribution	(387,952)	(14,928)	(402,880)	(284,046)	(2,433)	(286,479)	(249,318)	(5,227)	(254,545)
Annual OPEB cost (expense)	5,955,476	806,644	6,762,120	6,069,340	832,516	6,901,856	3,651,527	412,484	4,064,011
Contributions made (estimated)	(3,781,330)	(540,552)	(4,321,882)	(3,663,970)	(543,245)	(4,207,215)	(3,094,746)	(482,363)	(3,577,109)
Increase (decrease) in net OPEB obligation	2,174,146	266,092	2,440,238	2,405,370	289,271	2,694,641	556,781	(69,879)	486,902
Net OPEB obligation - beginning of year	8,980,895	345,587	9,326,482	6,575,525	56,316	6,631,841	6,018,744	126,195	6,144,939
Net OPEB obligation - end of year	\$ 11,155,041	\$ 611,679	\$ 11,766,720	\$ 8,980,895	\$ 345,587	\$ 9,326,482	\$ 6,575,525	\$ 56,316	\$ 6,631,841
Annual OPEB Cost	\$ 5,955,476	\$ 806,644	\$ 6,762,120	\$ 6,069,340	\$ 832,516	\$ 6,901,856	\$ 3,651,527	\$ 412,484	\$ 4,064,011
Percentage of Annual OPEB Cost Contributed	63.5%	67.0%	63.9%	60.4%	65.3%	61.0%	84.8%	116.9%	88.0%
Net OPEB Obligation at end of year	\$ 11,155,041	\$ 611,679	\$ 11,766,720	\$ 8,980,895	\$ 345,587	\$ 9,326,482	\$ 6,575,525	\$ 56,316	\$ 6,631,841

**Funding Status and Funding Progress:** As of December 31, 2017, the actuarial accrued liability for benefits was \$134,957,736, all of which was unfunded. The covered payroll for all active employees was \$15,518,869 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 869.64%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financials statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

**Actuarial Methods and Assumptions:** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees – Retirement age was based on historical trends.

Marital status – It is assumed that 70% of retirees will be married at the time of their retirement.

Mortality – Life expectancies were based on The RP-2014 Mortality Table for males and females.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

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**NOTE 12. POST-EMPLOYMENT BENEFITS (continued)**

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was initially set at 5.5%.

Discount rate – A 4.0% discount was used.

The unfunded actuarial accrued liability is being amortized over a level period of 30 years. The remaining amortization period at December 31, 2017 was 20 years.

**NOTE 13. BOND ANTICIPATION NOTE**

Bond anticipation note payable dated November 3, 2016 with a scheduled maturity date of November 3, 2017 with interest 2.00%. Proceeds of the BAN were used to fund various capital projects. The balance at December 31, 2017 was \$0.

**NOTE 14. 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 on Exhibit D franchise fee revenue was \$252,933 based on gross revenue of \$5,058,660.

**Note 15. ASSIGNED FUND BALANCE – ENCUMBRANCES**

Assigned Fund Balance – Includes year end encumbrances as follows:

<u>December 31, 2017</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
General	\$ 84,803	\$ -	\$ 84,803
Public safety	2,500	-	2,500
Home & community services	28,000	80,897	108,897
	<u>\$ 115,303</u>	<u>\$ 80,897</u>	<u>\$ 196,200</u>

**NOTE 16. 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. 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.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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**NOTE 16. COMMITMENTS AND CONTINGENCIES (Continued)**

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.

Lawsuits

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 \$240,000 to \$460,000 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, 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 \$776,300.

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.

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, 2017 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.

**NOTE 16. COMMITMENTS AND CONTINGENCIES (Continued)**

The enforcement proceeding has been settled by a consent order. The City has 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 1<sup>st</sup>, 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 and which amount was received on May 8<sup>th</sup>, 2017, and will be applied to the debt service for the NYS EFC serial bonds issued in 2012 noted above.

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 an 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.

Dock Street Landing Property Lease

On December 2, 2010, the City entered into a 10 year lease agreement with the Lake City Local Development Corporation (LDC) to provide the LDC with a source of funds to continue its community development activities through sub-leasing of the Dock Street Landing Property for use as a restaurant, a retail outlet or a recreation center. The lease was surrendered to the City for cancellation on June 23, 2011, along with the transfer of the value of the leasehold improvements made to the restaurant building by the LDC subsequent to the building becoming unusable after suffering extensive damage during the flooding of Lake Champlain in April and May of 2011. The City restored the flood damaged building to a usable status for an approximate cost of \$320,000 as part of the 2015 capital expenditure plan in conjunction with the development of a City Marina for an additional cost of \$554,000 intended as the beginning of a significant development project for the City's waterfront.

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 30<sup>th</sup>, 2015, and has gone through negotiations in an attempt to reach an agreement. No agreement was reached for the period July 1<sup>st</sup>, 2015, through December 31<sup>st</sup>, 2015, resulting in no pay increase in 2015 for that period. Negotiations resumed for the period beginning July 1<sup>st</sup>, 2015, and the contract was settled May 18<sup>th</sup>, 2016, providing for pay increases of 2% per year for two years and 1.5% for the last year and remains in effect until June 30, 2018.

The City's contract with Local 2421 of The International Association of Firefighters expired on December 31<sup>st</sup>, 2007, and has gone through impasse and reached interest arbitration of the mediation process to establish an agreement. The interest arbitrator issued a report in October of 2012 detailing the wage and benefit changes being ordered for the affected employee group as follows: effective January 1<sup>st</sup>, 2008, a 2.9% pay increase with a \$150.00 addition to the employee uniform allowance and effective January 1<sup>st</sup>, 2009, a 3% pay increase with another \$150.00 addition to the employee uniform allowance.

**NOTE 16. COMMITMENTS AND CONTINGENCIES (Continued)**

The financial effect of these changes from the retroactive payroll accumulations allowed under NYS Labor Law from payments made in 2012 is \$735,427.

The interest arbitrator issued a second report in August of 2013 in response to a union grievance detailing the wage and benefit changes being ordered for the affected employee group as follows: the \$150.00 increase in the uniform allowance for 2008 will be added retroactively to Schedule A wages, effective January 1<sup>st</sup>, 2008, whereupon such wages will be increased by 2.9% per the interest award; and the \$150.00 increase in the uniform allowance for 2009 will be added retroactively to Schedule A wages, effective January 1<sup>st</sup>, 2009, whereupon such wages will be increased by 3%, per the interest award.

The financial effect of these changes from the retroactive payroll accumulations allowed under NYS Labor Law from payments made in 2013 is \$65,980.

Following another period of contract negotiations during 2013 and 2014, which went through impasse and reached interest arbitration of the mediation process in 2014, the interest arbitrator issued a report on June 2, 2014, detailing the wage and benefit changes being ordered for the affected employee group as follows: effective January 1<sup>st</sup>, 2010, a 2% pay increase and effective January 1<sup>st</sup>, 2011, a 2% pay increase. The financial effect of these changes from the retroactive payroll accumulations allowed under NYS Labor Law from payments made in 2014 is \$539,547.

Following another period of contract negotiations during 2015 through 2017, which went through impasse and reached interest arbitration of the mediation process in 2017, the interest arbitrator issued a report on May 11<sup>th</sup>, 2017, detailing the wage and benefit changes being ordered for the affected employee group as follows: effective January 1<sup>st</sup>, 2012, a 2% pay increase and effective January 1<sup>st</sup>, 2013, a 2% pay increase. The financial effect of these changes from the retroactive payroll accumulations allowed under NYS Labor Law from payments made in 2017 has been accrued as a liability for payroll and related benefits, which would result in a total cost including all benefits and interest included at 9%, in the amount of approximately \$777,000 as of the end of 2017. The financial outcome for the negotiations that have continued for periods forward from January 1<sup>st</sup>, 2014, were settled in a memorandum of understanding dated November 2018. The agreement provides for raises for years 2014 – 2020 with retroactive pay approximating \$485,000 to be paid during calendar year 2018. Annual raises of 1.5% are effective beginning 1/1/19 and 1/1/20.

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 31<sup>st</sup>, 2016. Negotiations were scheduled to commence in 2017 and the financial outcome for those negotiations cannot be determined at this time.

The City's contract with Local 1249 of the International Brotherhood of Electrical Workers, AFL-CIO, expired on June 30<sup>th</sup>, 2012, and during 2013 went through impasse and entered the fact-finding stage of mediation in an attempt to reach an agreement, which was settled on September 3<sup>rd</sup>, 2014, for the period July 1<sup>st</sup>, 2012, through June 30<sup>th</sup>, 2017. The agreement provides for pay increases of 0% for July 1<sup>st</sup>, 2012, 1.5% for July 1<sup>st</sup>, 2013, 1.5% for July 1<sup>st</sup>, 2014, 1.5% for July 1<sup>st</sup>, 2015 and 1.5% for July 1<sup>st</sup>, 2016. The financial effect of these changes from the retroactive payroll accumulations allowed under NYS Labor Law from payments made in 2014 is \$60,285.

The City's contract with Local 1249 of the International Brotherhood of Electrical Workers, AFL-CIO, expired on June 30<sup>th</sup>, 2017, and during 2017 went through a period of negotiations in an attempt to reach an agreement, which was not settled by December 31<sup>st</sup>, 2017, and for which negotiations were scheduled to reconvene in 2018 and the financial outcome for those negotiations cannot be determined at this time.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 16. COMMITMENTS AND CONTINGENCIES (Continued)**

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<sup>th</sup>, 2015, and has gone through negotiations in an attempt to reach an agreement. No agreement was reached for the period July 1<sup>st</sup>, 2015, through December 31<sup>st</sup>, 2015, resulting in no pay increase in 2015 for that period. Negotiations resumed for the period beginning July 1<sup>st</sup>, 2015, and the contract was settled May 24<sup>th</sup>, 2016 providing for pay increases of 3% for the first year of the contract and 2% per year for the last three years of the contract, which remains in effect until June 30, 2019.

**NOTE 17. 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.

**NOTE 18. 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, 2017:

PILOT Entity	Authority	Dated	Governing Law	Basis	Abatement	Amount Received
Saranac Power Partners	Clinton County & Town of Plattsburgh	12/1/2009	GML Article 18-a Chapter 1030 1969	PILOT Mortgage	\$ 373,256	\$93,333
Plattsburgh Housing Authority	State of New York Amended	4/17/1951 3/4/2010	Consolidated Laws Chapter 44-A	Income PILOT	295,684	82,162
Beekman Towers	Beekman Towers Partnership LLP	3/30/1972	Article 4 Section 93 of the Private Housing Finance Law	Income PILOT	52,289	56,020
Plattsburgh Municipal Lighting	NYSPSC		Order 06-E-1496	Valuation PILOT plus service payment for street lighting	424,965	652,997
2017 Total					<u>\$ 1,146,194</u>	<u>\$ 884,512</u>

The City received payment in Lieu of Tax (PILOT) payments totaling \$231,515.

**NOTE 19. SUBSEQUENT EVENT**

The City's contract with Local 2421 of The International Association of Firefighters was settled in November 2018. Retroactive pay approximating \$485,000 for years 2014-2018 will be paid by the end of 2018. See Note 16 for details.

## **Other Supplemental Information**

**City of Plattsburgh**

**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Year Ended December 31, 2017**

NYSERS Pension Plan  
Last 10 Fiscal Years\*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
City's proportion of the net pension liability	0.0311668%	0.0311625%	0.0309069%							
City's proportionate share of the net pension liability	\$ 2,928,503	\$ 5,001,661	\$ 1,044,110							
City's covered- employee payroll	\$ 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	29.30%	51.89%	11.84%							
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.95%							

\* The amounts presented for each fiscal year were determined as of 12/31

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the City is presenting information for those years for which information is available.

City of Plattsburgh

**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**Year Ended December 31, 2017**

NYSERS Pension Plan  
 Last 10 Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 1,288,179	\$ 1,208,988	\$ 1,381,855	\$ 1,608,062	\$ 1,509,264	\$ 1,367,269	-	-	-	-
Contributions in relation to the contractually required contribution	\$ 1,288,179	\$ 1,208,988	\$ 1,381,855	\$ 1,608,062	\$ 1,509,264	\$ 1,367,269	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 9,995,629	\$ 9,639,080	\$ 8,818,736							
Contributions as a percentage of covered employee payroll	12.9%	12.5%	15.7%							

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the City is presenting information for those years for which information is available.

**City of Plattsburgh**

**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Year Ended December 31, 2017**

NYSPPRS Pension Plan  
Last 10 Fiscal Years\*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
City's proportion of the net pension liability	0.1700469%	0.1981158%	0.1815705%							
City's proportionate share of the net pension liability	\$ 3,524,479	\$ 5,865,786	\$ 499,790							
City's covered- employee payroll	\$ 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	63.81%	101.83%	7.56%							
Plan fiduciary net position as a percentage of the total pension liability	93.50%	90.20%	99.03%							

\* The amounts presented for each fiscal year were determined as of 12/31

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the City is presenting information for those years for which information is available.

**City of Plattsburgh**

**SCHEDULE OF THE CITY'S CONTRIBUTIONS  
Year Ended December 31, 2017**

NYSPPRS Pension Plan  
Last 10 Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 1,421,943	\$ 1,387,189	\$ 1,624,997	\$ 1,430,757	\$ 1,697,869	\$ 1,455,711	-	-	-	-
Contributions in relation to the contractually required contribution	\$ 1,421,943	\$ 1,387,189	\$ 1,624,997	\$ 1,430,757	\$ 1,697,869	\$ 1,455,711	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 5,523,240	\$ 5,760,314	\$ 6,607,279							
Contributions as a percentage of covered-employee payroll	25.7%	24.1%	24.6%							

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the City is presenting information for those years for which information is available.

CITY OF PLATTSBURGH

SCHEDULE OF FUNDING PROGRESS OTHER POST EMPLOYMENT BENEFITS PLAN

Year Ended December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UALL as a Percentage of Covered Payroll
12/31/2017	\$ -	\$ 134,957,736	\$ 134,957,736	0%	\$ 15,518,869	869.64%
12/31/2016	\$ -	\$ 134,792,413	\$ 134,792,413	0%	\$ 12,133,207	1110.94%
12/31/2015	\$ -	\$ 83,724,993	\$ 83,724,993	0%	\$ 14,102,763	593.68%
12/31/2014	\$ -	\$ 79,909,382	\$ 79,909,382	0%	\$ 13,692,003	583.62%
12/31/2013	\$ -	\$ 79,176,105	\$ 79,176,105	0%	\$ 13,821,357	572.85%
12/31/2012	\$ -	\$ 75,697,431	\$ 75,697,431	0%	\$ 14,024,783	539.74%
12/31/2011	\$ -	\$ 95,154,104	\$ 95,154,104	0%	\$ 13,984,552	680.42%
12/31/2010	\$ -	\$ 102,948,784	\$ 102,948,784	0%	\$ 13,446,685	765.61%
12/31/2009	\$ -	\$ 91,417,377	\$ 91,417,377	0%	\$ 12,929,505	707.04%
12/31/2008	\$ -	\$ 91,512,247	\$ 91,512,247	0%	\$ 12,939,761	707.22%

**CITY OF PLATTSBURGH**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2017**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	
Federal Highway Administration New York State Department of Transportation - Highway Planning and Construction Saranac River Trail	20.205	DO34636	<u>\$ 16,193</u>
U.S. Department of Homeland Security NYS Division of Homeland Security and Emergency Services Disaster Grants - Public Assistance Oklahoma Avenue Slope Stabilization	97.036	1993-DR-NY	921,491
Severe Winter Storm	97.036	4322-DR-NY	<u>47,753</u>
			<u>969,244</u>
Department of Justice Equitable Sharing Funds	16.922	N/A	<u>31,319</u>
Total expenditures of federal awards			<u><u>\$ 1,016,756</u></u>

**CITY OF PLATTSBURGH**

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2017**

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**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of federal financial assistance includes the federal grant activity of the City of Plattsburgh, New York and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Plattsburgh, New York, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Plattsburgh, New York.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**CITY OF PLATTSBURGH**

**SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED  
Year Ended December 31, 2017**

Program Title	NYSDOT Contract/ Ref. Number	
Consolidated Local Streets and Highway Improvement Program (CHIPS)		
2014 General Street Resurfacing	712044	\$ 33,470
2016 General Street Resurfacing	712044	612,769
2017 General Street Resurfacing	712044	<u>122,180</u>
Total expenditures of state transportation assistance awards		<u><u>\$ 768,419</u></u>

**CITY OF PLATTSBURGH**

**NOTE TO SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED**  
**December 31, 2017**

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**BASIS OF PRESENTATION**

The accompanying schedule of State Transportation Assistance Expended of City of Plattsburgh presents the activity of all financial assistance programs provided by the New York State Department of Transportation and is presented on the accrual basis of accounting.

## **Compliance Section**

# ***BOULRICE & WOOD CPAS, P.C.***

***Certified Public Accountants***

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***MICHAEL L. BOULRICE, CPA***

***STEPHEN P. WOOD, CPA***

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of City of Plattsburgh, New York as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise City of Plattsburgh's basic financial statements and have issued our report thereon dated December 19, 2018.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Plattsburgh, New York's internal control over financial reporting (internal control) to determine the 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 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Plattsburgh, New York'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned cost that we consider to be significant deficiencies, item 17-1.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Plattsburgh, New York's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government *Auditing Standards*.

## **City's Response to Findings**

City of Plattsburgh's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned cost. City of Plattsburgh's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on

## **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.

*Boulrice & Wood CPAs, PC*

December 19, 2018

# ***BOULRICE & WOOD CPAS, P.C.***

## ***Certified Public Accountants***

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***MICHAEL L. BOULRICE, CPA***

***STEPHEN P. WOOD, CPA***

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

#### **Report on Compliance for Each Major Federal Program**

We have audited City of Plattsburgh, New York's compliance with the types of compliance requirements described in OMB Circular Compliance Supplement that could have a direct and material effect on City of Plattsburgh, New York's major federal programs for the year ended December 31, 2017. City of Plattsburgh's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of City of Plattsburgh, New York's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Plattsburgh, New York's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Plattsburgh, New York's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, City of Plattsburgh, New York complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

## **Report on Internal Control Over Compliance**

Management of City of Plattsburgh, New York is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Plattsburgh, New York's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Plattsburgh, New York's internal control over compliance.

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

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

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

*Boulrice & Wood CPAs, PC*

December 19, 2018

# ***BOULRICE & WOOD CPAS, P.C.***

## ***Certified Public Accountants***

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***MICHAEL L. BOULRICE, CPA***

***STEPHEN P. WOOD, CPA***

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND CONTROLS OVER STATE TRANSPORTATION ASSISTANCE EXPENDED BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

#### **Compliance**

We have audited the compliance of City of Plattsburgh, New York with the types of compliance requirements described in the preliminary Draft Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that are applicable to each state transportation assistance program tested for the year ended December 31, 2017. The programs tested are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts and grants applicable to each program tested is the responsibility of City of Plattsburgh, New York's management. Our responsibility is to express an opinion on City of Plattsburgh, New York's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States; and Draft Part 43 of NYCRR. Those standards and Draft Part 43 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above, that could have a direct and material effect on the state transportation assistance programs tested, has occurred. An audit includes examining, on a test basis, evidence about the City of Plattsburgh, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Plattsburgh, New York's compliance with those requirements.

In our opinion, City of Plattsburgh, New York complied in all material respects with the requirements referred to above that are applicable to each of its state transportation assistance programs tested for the year ended December 31, 2017.

#### **Internal Control Over Compliance**

The management of City of Plattsburgh, New York is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state transportation assistance programs tested. In planning and performing our audit, we considered City of Plattsburgh, New York's internal control over compliance with requirements that could have a direct and material effect on state transportation assistance programs tested in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on the internal control over compliance in accordance with Draft Part 43 of NYCRR.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grants, that would be material in relation to state transportation assistance programs tested, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### Schedule of State Transportation Assistance Expended

We have audited the financial statements of City of Plattsburgh, New York as of December 31, 2017 and for the year then ended and have issued our report thereon dated December 19, 2018. Our audit was performed for the purpose of forming an opinion on City of Plattsburgh, New York's financial statements taken as a whole. The accompanying schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Draft Part 43 of NCRR, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of City of Plattsburgh, New York's management and the New York State Department of Transportation. However, this report is a matter of public record and its distribution is not limited.

*Boulrice & Wood CPAs, PC*

December 19, 2018

**CITY OF PLATTSBURGH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2017**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

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Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)?  yes  none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)  yes  no

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants - Public Assistance
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk Auditee?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no



**CITY OF PLATTSBURGH**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2017**  
**(Continued)**

**SECTION II - FINANCIAL STATEMENTS**

**17-1 Budget Adjustments and Amendments**

Condition: Within the General Fund, appropriation expense exceeds budgeted amounts on one line item. Within the Debt Service Fund, appropriation expense exceeds budgeted amounts on one line item.

Effect: Expenditures exceeded amounts budgeted.

Cause: Budget Status Reports were monitored; however final budget adjustments or amendments were not made as part of the closing process before year-end 2017.

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

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, and the City Chamberlain perform a closing budget entry before year-end.

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 resume the practice of compiling closing budget adjustments/transfers as has been the practice in past years, however, he will complete that budget process prior to the actual year-end date.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**SECTION IV – STATE TRANSPORTATION ASSISTANCE EXPENDED FINDING AND QUESTIONED COSTS**

None