

**CITY OF PLATTSBURGH**

**FINANCIAL REPORT**

**DECEMBER 31, 2011**

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**INDEPENDENT AUDITOR'S REPORT**

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

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Plattsburgh's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Plattsburgh Housing Authority whose statements reflect total assets constituting 8.5% and total revenues constituting 9.1% of the related totals. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Plattsburgh Housing Authority is based solely on the reports of the other auditors.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 13, 2012, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 15 and 26 through 28 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 Schedule of Funding Progress for the Retiree Health Plan is presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state transportation assistance expended is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and NYS Code of Rules and Regulations (NYCRR 17 NYCRR 43.1 et. Seq.) and is also not a required part of the financial statements. The Schedule of Funding Progress for the Retiree Health Plan, schedule 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. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements as a whole.

*Conroy, Boulrice, Telling & Trombley, P.C.*

Conroy, Boulrice, Telling & Trombley, PC  
September 13, 2012

The City of Plattsburgh offers this discussion and analysis in conjunction with the audit of financial statements for the fiscal year ended December 31, 2011.

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

## **1. FINANCIAL HIGHLIGHTS**

Total assets of the City exceeded total liabilities by \$131,499, an increase of \$2,608 from the prior year. Net assets of business-type activities were \$26,442 and net assets of governmental activities were \$90,621.

For the year, total revenues for the City were \$54,645, while total expenses were \$52,037. The net of the revenues and expenses leaves the City with a net surplus of \$2,608.

At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$22,363, a increase of \$8,346 over the prior year.

At the end of the year, total unassigned fund balance for the general fund was \$3,353, down \$1,818 from the prior year.

Total outstanding long-term indebtedness for the City at the end of the year was \$32,249, up from \$25,742 at the end of 2010.

## **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 Assets 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 assets provides the reader with a snapshot in time of the assets, liabilities and resulting nets assets (or equity as stated with private sector reporting) of the City. Over time, increases or decreases in the net assets 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 of the sources of revenue for the City, the sources of expenses and the net balance between the two which directly impacts the resulting net assets 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 ten 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 seven 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 Assets** – Net assets may serve as a useful indicator of a government's financial position over time. For the year ending December 31, 2011, the City of Plattsburgh's assets exceeded liabilities by \$131,499.

The majority of the City's net assets are 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 Assets**  
(000's Omitted)

	Governmental activities		Business-type activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current Assets	\$ 30,161	\$ 29,345	\$ 7,713	\$ 7,148	\$ 37,874	\$ 36,493
Noncurrent Assets	95,580	94,053	34,092	34,171	129,672	128,224
<b>Total Assets</b>	<b>\$125,741</b>	<b>\$ 123,398</b>	<b>\$ 41,805</b>	<b>\$ 41,319</b>	<b>\$167,546</b>	<b>\$164,717</b>
Current Liabilities	\$ 9,645	\$ 12,789	\$ 2,023	\$ 1,965	\$ 11,668	\$ 14,754
Noncurrent Liabilities	25,475	21,566	13,340	14,162	38,815	35,728
<b>Total Liabilities</b>	<b>35,120</b>	<b>34,355</b>	<b>15,363</b>	<b>16,127</b>	<b>50,483</b>	<b>50,482</b>
Net Assets:						
Invested in capital assets, net of related debt	71,887	71,281	20,914	20,233	92,801	91,514
Restricted	6,859	5,793	4,957	3,703	11,816	9,496
Unrestricted	11,875	11,969	571	1,256	12,446	13,225
<b>Total Net Assets</b>	<b>90,621</b>	<b>89,043</b>	<b>26,442</b>	<b>25,192</b>	<b>117,063</b>	<b>114,235</b>
<b>Total Liabilities and Net Assets</b>	<b>\$125,741</b>	<b>\$ 123,398</b>	<b>\$ 41,805</b>	<b>\$ 41,319</b>	<b>\$167,546</b>	<b>\$164,717</b>

An additional portion of the City's total assets, \$11,816, represents resources that are subject to external restrictions on how they may be used and are reported as *restricted* net assets. The remaining category of total net assets, *unrestricted* net assets may be used to meet the government's ongoing obligations and services to creditors and citizens, especially in the future.

- Governmental activities**

Total net assets of the City's governmental activities for the year ended December 31, 2011 were \$90,621. The majority of the net assets, \$71,887 or 79.3%, are tied up in capital assets (net of related debt).

Restricted assets for the end of the year were \$6,859. Restricted assets include, but are not limited to: debt reserves, water and sewer capital reserves, and asset forfeitures. The restricted assets were lower at the end of the year due to the amount of water reserves of \$432 and sewer reserves of \$3,997.

Unrestricted assets at year-end for governmental activities were \$11,875, a decrease of \$94 from the prior year.



- **Business-type activities**

The total net assets of our business-type activities were \$26,442 at year-end. Like the governmental-type activities, capital assets net of related debt were \$20,914 and made up the majority of the net assets.

Restricted assets at year-end were \$4,957 and were primarily made up of the capital projects reserve \$3,745 and debt reserve \$1,158. Unrestricted net assets were \$1,256. In addition, net assets of the business-type activities cannot be used to support any of the activities in the governmental-type activities. The City can only use these net assets to finance the continuing operations of the Municipal Lighting Department.

The change in net assets during the most recent fiscal year is reported in the Statement of Activities found on pages 18-19. Key elements of this change are illustrated in the following table.

City of Plattsburgh Change in Net Assets (000's Omitted)						
	Governmental activities		Business-type activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$10,008	\$ 9,589	\$16,213	\$16,129	\$ 26,221	\$ 25,718
Operating Grants and contributions	2,004	1,778	-	-	2,004	1,778
General revenues:						
Property Taxes	9,781	9,465	-	-	9,781	9,465
Sales and Other Taxes	4,070	3,806	-	-	4,070	3,806
Government Aid	3,338	3,810	33	-	3,371	3,810
Other	3,635	4,305	613	590	4,248	4,895
<b>Total Revenues</b>	<b>32,836</b>	<b>32,753</b>	<b>16,859</b>	<b>16,719</b>	<b>49,695</b>	<b>49,472</b>
<b>Expenses</b>						
General Government	2,842	1,678	-	-	2,842	1,678
Public Safety	7,718	7,541	-	-	7,718	7,541
Transportation	1,810	1,522	-	-	1,810	1,522
Economic assistance & opportunity	115	136	-	-	115	136
Culture and recreation	1,941	1,942	-	-	1,941	1,942
Home and community	7,301	8,092	-	-	7,301	8,092
Employee Benefits	9,611	9,963	-	-	9,611	9,963
Debt Service	520	585	-	-	520	585
Municipal Lighting	-	-	15,009	14,458	15,009	14,458
<b>Total Expenses</b>	<b>31,858</b>	<b>31,459</b>	<b>15,009</b>	<b>14,458</b>	<b>46,867</b>	<b>45,917</b>
Excess of revenues over expenses	978	1,294	1,850	2,261	2,828	3,555
Transfers	600	-	(600)	(600)	-	(600)
Increase (decrease) in Net Assets	1,578	1,294	1,250	1,661	2,828	2,955
<b>Net Assets - beginning</b>	<b>89,043</b>	<b>87,749</b>	<b>25,192</b>	<b>23,531</b>	<b>114,235</b>	<b>111,280</b>
<b>Net Assets - ending</b>	<b>\$90,621</b>	<b>\$ 89,043</b>	<b>\$26,442</b>	<b>\$25,192</b>	<b>\$117,063</b>	<b>\$ 114,235</b>

The City's total revenues for the 2011 year were \$49,695 versus total expenses of \$46,867. For the year, the City's net assets increased by \$2,828 or 2.5%, to bring total net assets of the primary government of the City to \$117,063. 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 \$32,836 while total expenses were \$31,858 which yielded an increase in net assets of \$1,578, or 1.8%. 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 29.8% of the total revenues while sales taxes were 12.4% of revenues. Revenues were up from the prior year by \$83.

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 \$4,661 (60.4%) and \$2,544 (33.0%), of the total for public safety, respectively.

Home and community total expenses for the year were \$7,301. Costs associated with operating the water fund were \$1,408 or 19.3% of the total while the sewer fund costs were \$3,423 or 46.9% of the total.

Finally, employee benefits for the year were \$9,611, or 30.2% of total governmental activity expenses. Of this total, health insurance cost was \$5,006, or 52.1% of the total.

## **Business-type Activities**

Revenues for the Municipal Lighting Department for the year were \$16,859, while total expenses for the operation were \$15,009. The resulting total net assets for the business-type activities for the year increased by \$1,250, or 5.0%.

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 \$84 or 0.5%.

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 2011, the total cost of purchased power increased by \$92 or 6.4%.

## **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 \$3,353 and the total fund equity was \$6,803. 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, 2011, unassigned fund balances represent 15.7% of total fund expenditures (including transfers out), while total fund balance was 32.0% of the same amount. The total fund balance of the City's General Fund increased by \$427 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 \$67 is reserved for the repayment of debt. The decrease in total fund balance from year-to-year was \$60.
- 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 \$2,291.
- 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, Library Fund and Self Insurance Fund. The Community Development Fund is a special revenue fund used to account for the programs and projects primarily funded by the U.S. Department of Housing and Urban Development as well as other federal and state grant programs. At the end of the current fiscal year, the total special revenue fund balance was \$13,201. Components of the December 31, 2011 fund balance are as follows:

	<u>2011</u>	<u>2010</u>
<b>Nonspendable</b>		
Prepays	\$ 172	\$ 179
Long-term loans & receivable	1,176	1,786
<b>Restricted</b>		
Capital reserve	4,429	5,083
Retirement reserve	1	1
Other restricted	1,252	-
<b>Assigned</b>		
Encumbrances:		
Home & community services	17	22
Culture and recreation	-	6
Unappropriated fund balance	6,164	6,372
<b>Unassigned</b>	<u>(10)</u>	<u>(8)</u>
<b>Total Fund Balances</b>	<u><u>\$ 13,201</u></u>	<u><u>\$ 13,441</u></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, 2011, fund balance was \$26,442, up \$1,250 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 2012 budget included a 1.01% property tax increase, with no increase to the property tax rate, 0% increases in water and sewer rates, a 0% increase in electric rates and an addition to the existing flat rate infrastructure charge to water customers for the new water storage tanks installed in 2010 based on the size of their main water service line service from the City. The additional charge is for required and necessary repairs for the City's three water reservoir dams.

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. Self- insurance and the Community Development Fund do not have an annual budget even though they are special revenue funds. A five-year capital plan is also included in the annual budget.

The actual change in fund balance of the general fund resulted in an increase for the current year of \$427 compared to an adopted budget with a deficit of \$1,607.

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 has become dependent on the Water, Sewer and Municipal Lighting Funds for financial assistance. Inter-fund revenues are comprised of the following:

1. Reimbursement for administrative costs.
2. Contributions and/or payments in lieu of tax.
3. Contribution of services from the Municipal Lighting Department.  
(For example, street lighting, traffic signals, and electricity of municipal buildings).

In 2011, the General fund inter-fund transfers were as follows:

Library Fund	\$ 811,000
Recreation Fund	366,411
Capital Projects	170,358
Debt Service	1,785,570
	<u>\$ 3,133,339</u>

The payments from the water and sewer funds have been reduced \$58,061 or 17.1% and \$90,761 or 17.6%, respectively, during 2011, thereby relieving some of the stress placed on these funds to provide support to the General Fund. The transfers from these funds will be reduced a cumulative \$800,000 over the succeeding five years of 2009 through 2013. These reductions will help eliminate the need for annual rate increases in order to maintain the level of support established for the General Fund.

This annual reduction of \$160,000 is pursuant to the results of an audit conducted by the NYS Office of the State Comptroller that required documented support of the amounts being transferred from the water and sewer funds to support General Fund 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 to be reduced ratably over the next five years.

## 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, 2011 amounted to \$129,672 (net of accumulated depreciation). The amount as of December 31, 2010 was \$128,224 or an increase of \$1,448, or 1.1%. 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 \$4,587.
- Depreciation expense for the year was \$3,060.

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 18,637	\$ 18,637	\$ 516	\$ 516	\$ 19,153	\$ 19,153
Infrastructure	73,269	60,526	853	853	74,122	61,379
Buildings & Improvements	45,923	45,229	53,870	52,001	99,793	97,230
Machinery & Equipment	8,319	7,608	9,709	9,701	18,028	17,309
Construction in Progress	6,854	16,415	227	345	7,081	16,760
<b>Total</b>	<b>153,002</b>	<b>148,415</b>	<b>65,175</b>	<b>63,416</b>	<b>218,177</b>	<b>211,831</b>
Less: Acc. Depreciation	(57,422)	(54,362)	(31,083)	(29,245)	(88,505)	(83,607)
<b>Net Capital Assets</b>	<b>\$ 95,580</b>	<b>\$ 94,053</b>	<b>\$ 34,092</b>	<b>\$ 34,171</b>	<b>\$ 129,672</b>	<b>\$ 128,224</b>

## Long-term Debt

For the year, total debt increased by \$6,506 or 25.3% to \$32,249.

Moody's Investors Service has assigned an Aa3 rating to the City of Plattsburgh's (NY) \$8.74 million Public Improvement Serial Bonds, 2011. Concurrently, Moody's has upgraded the rating to Aa3 from A1 (previously rated as A3 prior to the bond market two step rating increase in 2011) on the city's \$25.7 million outstanding parity general obligation debt. The bonds are secured by the city's general obligation, unlimited tax pledge.

Moody's goes on to say the upgrade to Aa3 from A1 of the city's long-term general obligation rating reflects the city's diverse, moderately growing tax base, below average socioeconomic indicators, satisfactory financial flexibility marked by healthy reserve levels and a five-year track record of operating surpluses, as well as an above-average, but manageable debt burden.

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	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 19,071	\$ 11,804	\$ 13,178	\$ 13,938	\$ 32,249	\$ 25,742

## 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 property tax collections. The owner of the property, Plattsburgh Suites LLC, has filed a petition for a tax assessment reduction of \$3,000,000 against the City of Plattsburgh, for which the outcome is uncertain as of December 31<sup>st</sup>, 2011.

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

Meadowbrook Nursing Facility proposed a 2009 development on the PAFB Old Base property to be completed by tax roll date in 2010, but the Project did not advance during 2010 or in 2011.

### **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 130 vehicles. Also part of phase I is construction of a 50,000-60,000 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, and the occupancy rate is at 100% at year-end 2011. As the rental commitments continue and the occupancy grows, the remaining phases of the construction will become more feasible for completion of the project, although no work on the remaining phases has begun by year-end 2011.

### **Development of waterfront hotel and conference center**

The City has 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 will feature rooms and suites with window views of the lake. A restaurant and full-service spa will also be included. This development will tie in with a public boat launch and picnic area on the waterfront.

Construction of the hotel facility has been 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 has been completed by the City at a cost of approximately \$1.8 Million. There has been no activity regarding the solution to this problem during 2011.

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

The former ROTC property located on the "old base" was purchased by Larkin Realty out of Burlington, Vermont in 2005. They are the largest apartment and hotel owner in Vermont and have plans 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 acres of land adjoining the ROTC property for future development for \$340,000 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 2011. However, the former ROTC building completed Phase 3 in 2010 which includes 45 apartments and an AV of \$2,068,400 up from \$1,442,800 in 2009. Larkin has completed Phase 4 in 2011, the final phase, which includes a total of 60 apartments and an AV of \$3,515,800 in 2012 up from \$2,389,200 in 2011.

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 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 2011. PARC still owns this property and it became fully taxable in 2011 and as of 2011, there are no solid 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 2012 and beyond.

In 2010, Harborview Condominiums completed construction of Phase 1 which included 18 lake view condominium units. This property added \$3,700,000 in assessed value to the 2010 tax roll. Phase 2 includes 15 condo units and was completed in 2011 and added \$3,212,000 in assessed value to the 2012 tax roll. . Currently, Phase 3 is being constructed with a completion date sometime in 2013 and will comparable to Phase 2.

Directly across the street from Harborview Condominiums is another project that is under construction. Gregory Heights is a 20-unit apartment building that will be completed sometime in early 2013 and is estimated to add over \$1,000,000 to the 2013 tax roll.

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 estimated 2013 AV of the project will be about \$1,000,000.

Recently, a 27-lot subdivision on the former Air force Base was transferred to a few local developers who plan to develop the lots with residential homes and multi-family properties over the next few years. This is currently the largest tract of subdivided vacant land in the city.

The former Lakeside Apartment complex located on North Margaret Street was deemed uninhabitable after the 2011 flood and it currently remains vacant. There are 120



apartment units in the project. The project owner is working to possibly demolish and redevelop the site, but the timeframe is unknown at this point.

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.

A group of local developers are exploring the idea of redeveloping the City Beach recreational area. The redevelopment would include a hotel, restaurants, retail, 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 (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 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.

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, City Chamberlain's Office, 6 Miller Street, Plattsburgh, NY 12901.

## CITY OF PLATTSBURGH

Exhibit A

STATEMENT OF NET ASSETS  
December 31, 2011

## ASSETS

	Governmental Activities	Business-type Activities	Total Primary Government	Plattsburgh Housing Authority	Lake City LDC	Total Reporting Unit
Current assets						
Cash and equivalents	\$ 13,005,838	\$ 73,453	\$ 13,079,291	\$ 671,433	\$ 16,806	\$ 13,767,530
Restricted assets-cash and cash in time deposits	9,395,666	5,041,280	14,436,946	241,131	-	14,678,077
Investments	-	-	-	1,163,562	-	1,163,562
Taxes receivable, net of allowance for uncollectibles of \$322,101	1,701,265	-	1,701,265	-	-	1,701,265
Other receivable, net of allowance for uncollectibles of \$757,326	1,584,550	664,484	2,249,034	284,959	-	2,533,993
State and federal receivable	2,365,358	32,656	2,398,014	-	-	2,398,014
Economic development loans	1,587,896	-	1,587,896	-	-	1,587,896
Due from other government	22,205	-	22,205	-	-	22,205
Internal balances	(131,442)	132,253	811	-	-	811
Inventories	-	1,415,453	1,415,453	120,673	-	1,536,126
Prepaid expenses	629,720	353,490	983,210	80,303	-	1,063,513
Total current assets	30,161,056	7,713,069	37,874,125	2,562,061	16,806	40,452,992
Noncurrent assets						
Capital assets, net of accumulated depreciation	95,579,798	34,091,924	129,671,722	12,916,481	-	142,588,203
Total noncurrent assets	95,579,798	34,091,924	129,671,722	12,916,481	-	142,588,203
Total assets	\$ 125,740,854	\$ 41,804,993	\$ 167,545,847	\$ 15,478,542	\$ 16,806	\$ 183,041,195

# LIABILITIES AND NET ASSETS

Current liabilities										
Accounts payable	\$	1,331,348	\$	1,041,937	\$	2,373,285	\$	40,518	\$	2,413,803
Accrued liabilities		271,753		115,221		386,974		96,459		483,433
Bond anticipation note payable		4,622,000		-		4,622,000		-		4,622,000
Due to other governments		5,466		-		5,466		154,043		159,509
Due to school districts		1,266,300		-		1,266,300		-		1,266,300
Deferred revenues		301,474		-		301,474		48,995		350,469
Customer deposits		-		83,950		83,950		148,634		232,584
Bonds outstanding -current portion		1,846,800		781,825		2,628,625		-		2,628,625
Total current liabilities		9,645,141		2,022,933		11,668,074		488,649		12,156,723
Noncurrent liabilities										
Bonds outstanding, less current portion		17,224,285		12,395,715		29,620,000		-		29,620,000
Compensated absences		4,163,836		662,947		4,826,783		39,667		4,866,450
Other post employment benefits		4,086,246		281,386		4,367,632		489,698		4,857,330
Other liabilities		-		-		-		42,146		42,146
Total noncurrent liabilities		25,474,367		13,340,048		38,814,415		571,511		39,385,926
Total liabilities		35,119,508		15,362,981		50,482,489		1,060,160		51,542,649
Net assets										
Investment in Capital Assets, net of related debt		71,886,713		20,914,384		92,801,097		12,903,765		105,704,862
Restricted		6,859,471		4,957,180		11,816,651		92,497		11,909,148
Unrestricted		11,875,162		570,448		12,445,610		1,422,120		13,884,536
Total net assets		90,621,346		26,442,012		117,063,358		14,418,382		131,498,546
Total liabilities and net assets		\$ 125,740,854		\$ 41,804,993		\$ 167,545,847		\$ 15,478,542		\$ 183,041,195

## CITY OF PLATTSBURGH

## STATEMENT OF ACTIVITIES

Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 2,841,632	\$ 264,894	\$ -	\$ -
Public Safety	7,718,219	732,027	-	-
Transportation	1,810,206	3,906	1,391,965	-
Economic assistance and opportunity	115,111	34,614	309,895	-
Culture and recreation	1,941,078	399,962	100,182	-
Home and community services	7,300,948	8,572,319	201,773	-
Employee benefits	9,610,833	-	-	-
Debt service	520,184	-	-	-
Total governmental activities	<u>31,858,211</u>	<u>10,007,722</u>	<u>2,003,815</u>	<u>-</u>
Business-type activities:				
Municipal Lighting	15,008,955	16,213,095	-	-
Total business-type activities	<u>15,008,955</u>	<u>16,213,095</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 46,867,166</u>	<u>\$ 26,220,817</u>	<u>\$ 2,003,815</u>	<u>\$ -</u>
<b>Component units:</b>				
Plattsburgh Housing Authority (PHA):				
Operations	\$ 4,900,417	\$ 4,248,970	\$ -	\$ -
Administrative & Other	-	-	-	683,626
Total PHA	<u>4,900,417</u>	<u>4,248,970</u>	<u>-</u>	<u>683,626</u>
Lake City LDC	269,544	482	16,174	-
Total component units	<u>\$ 5,169,961</u>	<u>\$ 4,249,452</u>	<u>\$ 16,174</u>	<u>\$ 683,626</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  
 Industrial payments  
 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 Assets				
Primary Government			Component Units	Total Reporting Unit
Governmental Activities	Business-type Activities	Total		
\$ (2,576,738)	\$ -	\$ (2,576,738)	\$ -	\$ (2,576,738)
(6,986,192)	-	(6,986,192)	-	(6,986,192)
(414,335)	-	(414,335)	-	(414,335)
229,398	-	229,398	-	229,398
(1,440,934)	-	(1,440,934)	-	(1,440,934)
1,473,144	-	1,473,144	-	1,473,144
(9,610,833)	-	(9,610,833)	-	(9,610,833)
(520,184)	-	(520,184)	-	(520,184)
(19,846,674)	-	(19,846,674)	-	(19,846,674)
-	1,204,140	1,204,140	-	1,204,140
-	1,204,140	1,204,140	-	1,204,140
(19,846,674)	1,204,140	(18,642,534)	-	(18,642,534)
-	-	-	(651,447)	(651,447)
-	-	-	683,626	683,626
-	-	-	32,179	32,179
-	-	-	(252,888)	(252,888)
-	-	-	(220,709)	(220,709)
9,396,926	-	9,396,926	-	9,396,926
364,179	-	364,179	-	364,179
4,069,861	-	4,069,861	-	4,069,861
559,967	183,216	743,183	-	743,183
632,534	-	632,534	-	632,534
300,516	-	300,516	-	300,516
270,369	-	270,369	-	270,369
131,343	92,034	223,377	-	223,377
1,760,581	219,309	1,979,890	-	1,979,890
3,338,276	32,653	3,370,929	-	3,370,929
-	119,050	119,050	-	119,050
600,000	(600,000)	-	-	-
21,424,552	46,262	21,470,814	-	21,470,814
1,577,878	1,250,402	2,828,280	(220,709)	2,607,571
89,043,468	25,191,610	114,235,078	14,655,897	128,890,975
\$ 90,621,346	\$ 26,442,012	\$ 117,063,358	\$ 14,435,188	\$ 131,498,546

## CITY OF PLATTSBURGH

Exhibit C

BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2011

<b>ASSETS</b>	General	Special Revenue	Capital Projects	Debt Service	Total
Cash and equivalents	\$ 3,906,735	\$ 7,158,286	\$ 1,940,817	\$ -	\$ 13,005,838
Taxes receivable, net of allowance for uncollectibles of \$322,101	1,701,265	-	-	-	1,701,265
Other receivable, net of allowance for uncollectible of \$757,326	399,813	1,181,297	3,440	-	1,584,550
State and federal receivable	1,344,735	157,936	862,687	-	2,365,358
Economic development loans	-	1,587,896	-	-	1,587,896
Due from other funds	517,451	-	4,588,180	20,296	5,125,927
Due from other government	21,500	705	-	-	22,205
Restricted assets-cash and cash in time deposits	968,284	8,380,487	-	46,895	9,395,666
Prepaid expenses	458,087	171,633	-	-	629,720
<b>Total assets</b>	<b>\$ 9,317,870</b>	<b>\$ 18,638,240</b>	<b>\$ 7,395,124</b>	<b>\$ 67,191</b>	<b>\$ 35,418,425</b>
<b>LIABILITIES and FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 788,532	\$ 359,699	\$ 183,117	\$ -	\$ 1,331,348
Accrued liabilities	132,748	118,336	20,669	-	271,753
Bonds Anticipation Note	-	-	4,622,000	-	4,622,000
Due to other funds	93,422	4,885,712	278,235	-	5,257,369
Due to other governments	1,811	3,655	-	-	5,466
Due to school districts	1,266,300	-	-	-	1,266,300
Deferred revenues	231,734	69,740	-	-	301,474
Note Payable - EFC Clean Water Facility	-	-	-	-	-
<b>Total liabilities</b>	<b>2,514,547</b>	<b>5,437,142</b>	<b>5,104,021</b>	<b>-</b>	<b>13,055,710</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepays	458,087	171,633	-	-	629,720
Long term loans & receivable	-	1,176,120	-	-	1,176,120
Restricted:					
Capital reserve	-	4,429,281	-	-	4,429,281
Retirement of LTD	-	-	-	67,191	67,191
Aerial fire equip reserve	157,279	-	-	-	157,279
Asset seizure reserve	444,356	-	-	-	444,356
Retirement reserve	508,544	461	-	-	509,005
Other restricted	-	1,252,359	-	-	1,252,359
Assigned:					
Capital Projects	-	-	2,291,103	-	2,291,103
Encumbrances:					
General governmental support	9,426	-	-	-	9,426
Public safety	27,785	-	-	-	27,785
Transportation	1,752	-	-	-	1,752
Economic assistance and opportunity	558	-	-	-	558
Home & community services	-	16,597	-	-	16,597
Appropriated fund balance					
Designated for subsequent year's expenditures	1,842,358	-	-	-	1,842,358
Unappropriated fund balance	-	6,164,458	-	-	6,164,458
Unassigned	3,353,178	(9,811)	-	-	3,343,367
<b>Total fund balances</b>	<b>6,803,323</b>	<b>13,201,098</b>	<b>2,291,103</b>	<b>67,191</b>	<b>22,362,715</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,317,870</b>	<b>\$ 18,638,240</b>	<b>\$ 7,395,124</b>	<b>\$ 67,191</b>	<b>\$ 35,418,425</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 ASSETS**

**December 31, 2011**

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

Total fund balance - governmental funds	\$ 22,362,715
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	95,579,798
Long-term liabilities, including bonds payable, compensated absences, claims and judgements, and other post employment benefits are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	(19,071,085)
Compensated absences	(4,163,836)
Other post employment benefits	<u>(4,086,246)</u>
Net assets of governmental activities	<u>\$ 90,621,346</u>

See accompanying notes and independent auditor's report.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2011**

**Exhibit D**

	<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	\$9,311,916	\$ 85,010	\$ -	\$ -	\$ 9,396,926
Real property tax items	364,179	-	-	-	364,179
Non-property tax items	4,069,861	-	-	-	4,069,861
Departmental income	1,580,886	8,231,440	-	-	9,812,326
Intergovernmental charges	-	1,171,954	-	-	1,171,954
Use of money and property	147,202	376,866	942	42,630	567,640
Licenses and permits	126,255	-	-	-	126,255
Fines and forfeitures	632,534	-	-	-	632,534
Sales of property & compensation for loss	252,382	17,987	-	-	270,369
Miscellaneous local sources	95,333	79,229	39,749	-	214,311
Interfund	799,332	89,811	-	-	889,143
State aid	2,940,586	420,867	1,131,821	-	4,493,274
Federal aid	154,108	421,205	252,004	-	827,317
<b>Total revenues</b>	<b>20,474,574</b>	<b>10,894,369</b>	<b>1,424,516</b>	<b>42,630</b>	<b>32,836,089</b>
<b>Expenditures</b>					
General governmental support	1,874,546	409,734	92,550	-	2,376,830
Public Safety	7,510,833	-	84,504	-	7,595,337
Transportation	1,111,851	42,782	2,785,996	-	3,940,629
Economic assistance and opportunity	112,050	-	-	-	112,050
Culture and recreation	391,292	1,413,006	110,531	-	1,914,829
Home and community services	503,336	5,679,372	1,131,743	-	7,314,451
Employee benefits	6,717,971	1,865,538	-	-	8,583,509
Debt service	-	-	-	2,317,179	2,317,179
<b>Total expenditures</b>	<b>18,221,879</b>	<b>9,410,432</b>	<b>4,205,324</b>	<b>2,317,179</b>	<b>34,154,814</b>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>2,252,695</b>	<b>1,483,937</b>	<b>(2,780,808)</b>	<b>(2,274,549)</b>	<b>(1,318,725)</b>
<b>Other financing sources (uses)</b>					
Operating transfers in	1,307,650	1,177,411	1,959,477	2,214,205	6,658,743
Serial bonds	-	-	8,735,000	-	8,735,000
BAN's redeemed from appropriations	-	-	329,000	-	329,000
Operating transfers out	(3,133,339)	(2,900,843)	(24,561)	-	(6,058,743)
<b>Total other financing sources (uses)</b>	<b>(1,825,689)</b>	<b>(1,723,432)</b>	<b>10,998,916</b>	<b>2,214,205</b>	<b>9,664,000</b>
<b>Net change in fund balances</b>	<b>427,006</b>	<b>(239,495)</b>	<b>8,218,108</b>	<b>(60,344)</b>	<b>8,345,275</b>
<b>Fund Balances, Beginning of Year</b>	<b>6,376,317</b>	<b>13,440,593</b>	<b>(5,927,005)</b>	<b>127,535</b>	<b>14,017,440</b>
<b>Fund Balance, End of Year</b>	<b>\$6,803,323</b>	<b>\$13,201,098</b>	<b>\$ 2,291,103</b>	<b>\$ 67,191</b>	<b>\$ 22,362,715</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, 2011**

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

Net change in fund balances - total governmental funds \$ 8,345,275

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	4,587,137
Depreciation expense	(3,060,205)

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 assets. 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	1,467,995
Issuance of principal long-term debt	(8,735,000)

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 earned exceeded the amount used during the year	(190,932)
Other post employment benefits earned exceeded the amount used during the year	(836,392)

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	329,000
BAN's redeemed from appropriations	(329,000)

Change in net assets of governmental activities	<u><u>\$ 1,577,878</u></u>
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## CITY OF PLATTSBURGH

Exhibit E

COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS  
December 31, 2011

	Special Grants	Parking Authority	Recreation	Water	Sewer	Library	Total Special Revenue
<b>ASSETS</b>							
Cash	\$ 1,047,683	\$ 236,761	\$ 42,107	\$ 1,950,082	\$ 3,852,404	\$ 29,249	\$ 7,158,286
Other receivables	117,655	-	7,769	281,718	772,957	1,198	1,181,297
Prepaid expenses	-	1,269	14,090	50,186	86,120	19,968	171,633
Economic development loans	1,587,896	-	-	-	-	-	1,587,896
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	705	705
Restricted Assets - cash	-	-	-	906,661	7,473,826	-	8,380,487
State & Federal receivables	56,006	-	9,086	5,666	44,233	42,945	157,936
<b>Total assets</b>	<b>\$ 2,809,240</b>	<b>\$ 238,030</b>	<b>\$ 73,052</b>	<b>\$ 3,194,313</b>	<b>\$ 12,229,540</b>	<b>\$ 94,065</b>	<b>\$ 18,638,240</b>
<b>LIABILITIES and FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 22,781	\$ 251	\$ 38,327	\$ 71,621	\$ 188,112	\$ 38,607	\$ 359,699
Accrued liabilities	-	1,030	5,789	23,655	74,007	13,855	118,336
Due to other funds	23,420	-	24,638	1,226,222	3,611,432	-	4,885,712
Due to other governments	3,624	-	-	31	-	-	3,655
Deferred revenues	66,032	-	-	-	-	3,708	69,740
<b>Total liabilities</b>	<b>115,857</b>	<b>1,281</b>	<b>68,754</b>	<b>1,321,529</b>	<b>3,873,551</b>	<b>56,170</b>	<b>5,437,142</b>
<b>FUND BALANCES</b>							
Nonspendable:							
Prepaids	-	1,269	14,090	50,186	86,120	19,968	171,633
Long term loans & receivable	1,176,120	-	-	-	-	-	1,176,120
Restricted:							
Capital reserve	-	-	-	431,968	3,997,313	-	4,429,281
Retirement reserve	-	5	19	87	283	67	461
Other restricted	1,252,359	-	-	-	-	-	1,252,359
Assigned:							
Encumbrances:							
Home & community services	-	-	-	6,550	10,047	-	16,597
Unappropriated fund balance	264,904	235,475	-	1,383,993	4,262,226	17,860	6,164,458
Unassigned	-	-	(9,811)	-	-	-	(9,811)
<b>Total fund balances</b>	<b>2,693,383</b>	<b>236,749</b>	<b>4,298</b>	<b>1,872,784</b>	<b>8,355,989</b>	<b>37,895</b>	<b>13,201,098</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,809,240</b>	<b>\$ 238,030</b>	<b>\$ 73,052</b>	<b>\$ 3,194,313</b>	<b>\$ 12,229,540</b>	<b>\$ 94,065</b>	<b>\$ 18,638,240</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, 2011

	Special Grants	Parking Authority	Recreation	Water	Sewer	Library	Total Special Revenue
<b>Revenues</b>							
Real property taxes	\$ -	\$ 85,010	\$ -	\$ -	\$ -	\$ -	\$ 85,010
Departmental income	34,614	-	383,819	2,722,055	5,074,809	16,143	8,231,440
Intergovernmental charges	-	-	-	271,252	900,702	-	1,171,954
Use of money and property	68,979	10,076	838	69,278	226,318	1,377	376,866
Sales of property and compensation for loss	-	-	5,246	2,485	8,771	1,485	17,987
Miscellaneous local sources	-	-	41,526	5,713	9,208	22,782	79,229
Interfund Revenues	-	-	-	60,547	29,264	-	89,811
State aid	305,067	-	10,367	727	4,670	100,036	420,867
Federal aid	288,395	-	-	4,361	38,634	89,815	421,205
Total revenues	697,055	95,086	441,796	3,136,418	6,292,376	231,638	10,894,369
<b>Expenditures</b>							
General governmental support	-	-	13,673	306,264	87,150	2,647	409,734
Transportation	-	42,782	-	-	-	-	42,782
Home and community services	848,211	-	-	1,408,157	3,423,004	-	5,679,372
Employee benefits	-	7,016	70,402	594,478	938,556	255,086	1,865,538
Culture and recreation	-	-	616,684	-	-	796,322	1,413,006
Total expenditures	848,211	49,798	700,759	2,308,899	4,448,710	1,054,055	9,410,432
<b>Excess (deficit) of revenues over (under) expenditures</b>	(151,156)	45,288	(258,963)	827,519	1,843,666	(822,417)	1,483,937
<b>Other financing sources (uses)</b>							
Operating transfers in	-	-	366,411	-	-	811,000	1,177,411
Operating transfers out	(13,561)	(1,792)	(108,187)	(1,207,593)	(1,523,753)	(45,957)	(2,900,843)
<b>Total other financing sources (uses)</b>	(13,561)	(1,792)	258,224	(1,207,593)	(1,523,753)	765,043	(1,723,432)
<b>Net change in fund balances</b>	<u>\$ (164,717)</u>	<u>\$ 43,496</u>	<u>\$ (739)</u>	<u>\$ (380,074)</u>	<u>\$ 319,913</u>	<u>\$ (57,374)</u>	<u>\$ (239,495)</u>

See accompanying notes and independent auditor's report.

## CITY OF PLATTSBURGH

Exhibit G

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE- BUDGET AND ACTUAL - GENERAL FUND  
Year Ended December 31, 2011**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Real property taxes	\$ 9,022,211	\$ 9,022,211	\$ 9,311,891	\$ 289,680
Real property tax items	489,333	489,333	364,179	(125,154)
Non-property tax items	3,782,000	3,782,000	4,069,861	287,861
Departmental income	1,401,210	1,432,395	1,580,911	148,516
Use of money and property	107,200	107,200	147,202	40,002
Licenses and permits	95,391	95,391	126,255	30,864
Fines and forfeitures	556,550	689,270	632,534	(56,736)
Sales of property and compensation for loss	70,350	88,823	252,382	163,559
Miscellaneous local sources	65,600	65,600	95,333	29,733
Interfund	817,527	817,527	799,332	(18,195)
State aid	3,006,107	3,006,107	2,940,586	(65,521)
Federal aid	20,000	106,961	154,108	47,147
<b>Total revenues</b>	<b>19,433,479</b>	<b>19,702,818</b>	<b>20,474,574</b>	<b>771,756</b>
<b>Expenditures</b>				
General governmental support	2,235,986	2,075,469	1,883,972	191,497
Public Safety	7,483,309	8,037,188	7,538,618	498,570
Transportation	1,241,827	1,271,022	1,113,603	157,419
Economic assistance and opportunity	169,626	171,320	112,608	58,712
Culture and recreation	352,072	450,427	391,292	59,135
Home and community services	628,583	633,520	503,336	130,184
Employee benefits	7,186,056	6,974,534	6,717,971	256,563
<b>Total expenditures</b>	<b>19,297,459</b>	<b>19,613,480</b>	<b>18,261,400</b>	<b>1,352,080</b>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>136,020</b>	<b>89,338</b>	<b>2,213,174</b>	<b>2,123,836</b>
<b>Other financing sources (uses)</b>				
Operating transfers in	1,307,650	1,307,650	1,307,650	-
Operating transfers out	(3,050,791)	(3,133,339)	(3,133,339)	-
<b>Total other financing sources (uses)</b>	<b>(1,743,141)</b>	<b>(1,825,689)</b>	<b>(1,825,689)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (1,607,121)</b>	<b>\$ (1,736,351)</b>	<b>\$ 387,485</b>	<b>\$ 2,123,836</b>

See accompanying notes and independent auditor's report.

## CITY OF PLATTSBURGH

Exhibit H

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE- BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS  
Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Real property taxes	\$ 85,010	\$ 85,010	\$ 85,010	\$ -
Departmental income	7,894,000	7,919,333	8,196,826	277,493
Intergovernmental charges	1,051,300	1,051,300	1,171,954	120,654
Use of money and property	266,900	266,900	307,887	40,987
Sales of property and compensation for loss	525	525	17,987	17,462
Miscellaneous local sources	30,950	33,038	79,229	46,191
Interfund revenues	86,033	86,033	89,811	3,778
State aid	97,876	97,876	115,800	17,924
Federal aid	133,509	133,509	132,810	(699)
Total revenues	9,646,103	9,673,524	10,197,314	523,790
<b>Expenditures</b>				
General governmental support	481,086	481,086	409,734	71,352
Transportation	70,938	70,938	42,782	28,156
Culture and recreation	1,461,935	1,470,237	1,413,006	57,231
Home and community services	5,490,439	5,512,379	4,847,758	664,621
Employee benefits	2,035,136	2,035,136	1,865,538	169,598
Total expenditures	9,539,534	9,569,776	8,578,818	990,958
Excess (deficit) of revenues over (under) expenditures	106,569	103,748	1,618,496	1,514,748
<b>Other financing sources (uses)</b>				
Operating transfers in	1,177,411	1,177,411	1,177,411	-
Operating transfers out	(1,395,399)	(3,233,732)	(2,887,282)	346,450
Total other financing sources (uses)	(217,988)	(2,056,321)	(1,709,871)	346,450
Net change in fund balances	\$ (111,419)	\$ (1,952,573)	\$ (91,375)	\$ 1,861,198

See accompanying notes and independent auditor's report.

## CITY OF PLATTSBURGH

Exhibit I

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND  
Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 42,630	\$ 42,630
Total revenues	-	-	42,630	42,630
<b>Expenditures</b>				
Debt service (principal and interest)	2,044,257	2,113,257	2,317,179	(203,922)
Total expenditures	2,044,257	2,113,257	2,317,179	(203,922)
Excess (deficit) of revenues over (under) expenditures	(2,044,257)	(2,113,257)	(2,274,549)	(161,292)
<b>Other financing sources (uses)</b>				
Operating transfers in	2,044,257	2,113,257	2,214,205	100,948
Total other financing sources (uses)	2,044,257	2,113,257	2,214,205	100,948
Net change in fund balances	\$ -	\$ -	\$ (60,344)	\$ (60,344)

See accompanying notes and independent auditor's report.

## CITY OF PLATTSBURGH

Exhibit J

**STATEMENT OF NET ASSETS - PROPRIETARY FUND**  
**December 31, 2011**

	<u>2011</u>
<b><u>ASSETS</u></b>	
Cash and equivalents	\$ 73,453
Accounts receivable, net of allowance for receivables of \$138,600	664,484
State and Federal aid receivables	32,656
Inventories	1,415,453
Prepaid expenses	353,490
Restricted assets-cash and cash in time deposits	5,041,280
Due from other funds	152,944
Fixed assets, net of accumulated depreciation	34,091,924
<b>Total assets</b>	<b><u>\$ 41,825,684</u></b>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	\$ 1,041,937
Accrued liabilities	115,221
Due to other funds	20,691
Customer deposits	83,950
Bonds payable, current portion	781,825
<b>Total current liabilities</b>	<b><u>2,043,624</u></b>
Non-current liabilities:	
Compensated absences	662,947
Other post employment benefits	281,386
Bonds payable	12,395,715
<b>Total non-current liabilities</b>	<b><u>13,340,048</u></b>
<b>Total liabilities</b>	<b><u>15,383,672</u></b>
<b><u>NET ASSETS</u></b>	
Invested in capital assets, net of related debt	20,914,384
Restricted for capital projects	3,744,671
Restricted for debt service	1,158,401
Restricted for other purposes	54,108
Unrestricted	570,448
<b>Total net assets</b>	<b><u>26,442,012</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 41,825,684</u></b>

See accompanying notes and independent auditor's report.

## CITY OF PLATTSBURGH

Exhibit K

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS - PROPRIETARY FUND  
Year ended December 31, 2011**

	<u>2011</u>
Charges for services:	
Municipal charges	\$ 16,213,095
Interfund charges	219,309
Miscellaneous income	<u>92,034</u>
Total charges for services	<u>16,524,438</u>
Operating expenses:	
Salaries and wages	1,525,506
Fringe benefits	1,127,284
Electric and power	9,849,780
Real property taxes	79,633
Provision for uncollectible accounts receivable	32,244
Depreciation	<u>1,871,170</u>
Total operating expenses	<u>14,485,617</u>
Net Operating income	<u>2,038,821</u>
Nonoperating Income (Expenses)	
Use of money and property	183,216
Interest expense	(523,338)
Industrial payments	119,050
State aid	<u>32,653</u>
Total Nonoperating Income (Expense)	<u>(188,419)</u>
Change in net assets before transfers	1,850,402
Transfers	
Payments in lieu of taxes	(380,691)
Contributions to municipality	<u>(219,309)</u>
Total transfers	<u>(600,000)</u>
Change in net assets	1,250,402
Net assets and required reserves, January 1	<u>25,191,610</u>
Net assets and required reserves, December 31	<u><u>\$ 26,442,012</u></u>

See accompanying notes and independent auditor's report.



## CITY OF PLATTSBURGH

## Exhibit L

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**Year Ended December 31, 2011**

	<u>2011</u>
Net cash provided (used) by operating activities	
Cash received from customers	\$ 16,700,696
Cash paid to suppliers and other vendors	(10,505,979)
Cash paid for salaries and employee benefits	(2,693,497)
Net cash provided by operating activities	<u>3,501,220</u>
Net cash used by non-capital and financing activities	
Real property taxes	(79,633)
Net cash used by non-capital and financing activities	<u>(79,633)</u>
Net cash provided (used) by investing activities	
Purchase of investments	(1,239,291)
Interest income	126,375
Net cash used by investing activities	<u>(1,112,916)</u>
Net cash provided (used) by capital and related financing activities	
Industrial payments	119,050
Principal payments on debt	(760,630)
Interest expense on debt	(523,338)
Payments to contractors	(1,792,427)
Net cash used by capital and related financing activities	<u>(2,957,345)</u>
Net decrease in cash and cash equivalents	(648,674)
Cash and cash equivalents, beginning of year	<u>722,127</u>
Cash and cash equivalents, end of year	<u>\$ 73,453</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income	\$ 2,038,821
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Contributions to municipality	(600,000)
Real property taxes	79,633
Rental of real property	56,841
Depreciation	1,871,170
(Increase) decrease in assets:	
Account receivable	(47,434)
Due from other funds	47,802
State and Federal aid receivables	(32,656)
Inventories	90,433
Prepaid expenses	(12,928)
Increase (decrease) in liabilities:	
Accounts payable	26,531
Accrued liabilities	(1,183)
Due to other funds	9,920
Customer deposits	14,778
Compensated absences	14,261
Other post employment benefits	(54,769)
Net cash provided by operating activities	<u>\$ 3,501,220</u>

See accompanying notes and independent auditor's report.

## CITY OF PLATTSBURGH

## Exhibit M

**STATEMENT OF CASH FLOWS - PLATTSBURGH HOUSING AUTHORITY**  
**Year Ended December 31, 2011**

	6/30/11
Cash flows from operating activities:	
Cash received from providing services	\$ 2,232,435
Cash operating grants received from other governments	1,624,490
Cash received for tenant security deposits	6,295
Cash payments for goods and services	(2,113,843)
Cash payments to employees and benefits	(1,889,276)
Cash payments in lieu of property taxes	(162,405)
Net Cash provided by operating activities	<u>(302,304)</u>
Cash flows from capital and related financing activities:	
Capital grants received from other governments	683,626
Payments for capital acquisitions	(997,709)
Cash received from sale of scrap materials/reimbursements	7,386
Principal repayments	(19,020)
Interest paid	(11,968)
Net cash used by capital and related financing activities	<u>(337,685)</u>
Cash flows from investing activities:	
Cash received from investments	233,037
Receipts of interest	21,181
Net cash provided by investing activities	<u>254,218</u>
Net decrease in cash and cash equivalents	(385,771)
Cash and cash equivalents, beginning of year	<u>1,298,335</u>
Cash and cash equivalents, end of year	<u>\$ 912,564</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (916,286)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	512,644
Increase in receivables	(100,531)
Increase in prepaid expenses	(3,321)
Increase in inventories	(29,514)
Decrease in other assets	21,942
Decrease in accounts payable	(31,106)
Increase in accrued wages / taxes payable	18,761
Increase in accrued compensated absences	16,144
Decrease in PILOT payable	(1,065)
Increase in security deposits payable	6,295
Increase in deferred revenues	11,766
Decrease in other current liabilities	(73,796)
Increase in other non-current liabilities	28,753
Increase in pension & OPEB liabilities	<u>237,010</u>
Total adjustments	<u>613,982</u>
Net cash provided by operating activities	<u>\$ (302,304)</u>

See accompanying notes and independent auditor's report.

## CITY OF PLATTSBURGH, NEW YORK

Exhibit N

STATEMENT OF FIDUCIARY NET ASSETS  
December 31, 2011**ASSETS**

	<u>12/31/11</u>
Cash and equivalents	\$ 10,124
Restricted cash	<u>2,284,052</u>
<b>Total assets</b>	<b><u>\$ 2,294,176</u></b>

**LIABILITIES**

Due to other funds	\$ 811
Due to other governments	15
Other liabilities	<u>2,283,226</u>
<b>Total liabilities</b>	<b><u>2,284,052</u></b>

**NET ASSETS**

Trust	<u>10,124</u>
<b>Total net assets</b>	<b><u>10,124</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 2,294,176</u></b>

See accompanying notes and independent auditor's report.

## CITY OF PLATTSBURGH

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

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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 14.

The decision to include a potential component unit in the City's reporting entity is based on several criteria set forth in Statement No. 14 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 Plattsburgh Housing Authority (the "Authority") was created in 1951 by the New York State Legislature. Five members of the board are appointed by the Mayor and two members are elected by the tenants. The Authority is considered a major component unit of the City. The Plattsburgh Housing Authority's fiscal year end is June 30, 2011.

Basis of Accounting – The Authority prepares its financial statements in accordance with generally accepted accounting principles using the full accrual method of accounting. The Authority has adopted the Enterprise Method of accounting. The Authority applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting and Research bulletins (ARBs) of the Committee on Accounting Procedure.

The Authority is a non-profit corporation which is subsidized by the federal government.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

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

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

COMPONENT UNITS (continued)

Complete audited financial statements can be obtained from its administrative offices:

Plattsburgh Housing Authority  
39 Oak Street  
Plattsburgh, NY 12901

2. 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 14. The blended component unit column in the Statement of Net Assets 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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

*Government-wide Financial Statements*

The government-wide financial statements include the statement of net assets 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.

## CITY OF PLATTSBURGH

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

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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 (continued)

###### *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 report 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 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 report 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 one-year availability period is used for recognition of all other governmental fund revenues. Expenditures are recorded when 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, 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.

## CITY OF PLATTSBURGH

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

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#### 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)

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.

Municipal Parking Fund - to account for the operations and maintenance of City parking within the downtown business 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.

Risk Retention Fund - to account for the operations of the unemployment self-insurance program.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2011

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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)**

Insurance Reserve Fund - to account for the payment of insurance deductibles.

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, 2011

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 and Risk Retention Funds. Therefore, these funds' 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
Revenues included in budget comparison - Exhibits G, H and I	\$ 20,474,574	\$ 10,197,314	\$ 42,630
Plus revenues from Special Revenue funds excluded in budget comparison	-	697,055	-
Revenues per Exhibit D	<u>\$ 20,474,574</u>	<u>\$ 10,894,369</u>	<u>\$ 42,630</u>
Expenditures			
Expenditures included in budget comparison - Exhibits G, H, and I	\$ 18,261,400	\$ 8,578,818	\$ 2,317,179
Plus Expenditures from Special Revenue Funds excluded in budget comparison	-	848,211	-
Less Encumbrances included in budget comparison	(39,521)	(16,597)	-
Expenditures per Exhibit D	<u>\$ 18,221,879</u>	<u>\$ 9,410,432</u>	<u>\$ 2,317,179</u>

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

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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:

<u>Fund</u>	<u>Taxes Receivable</u>	<u>Other Receivables</u>
General	\$ 322,101	\$ 757,326
Enterprise	-	138,600
	<u>\$ 322,101</u>	<u>\$ 895,926</u>

## CITY OF PLATTSBURGH

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

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

##### INVENTORIES AND PREPAIDS

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 assets:

Invested in capital assets, net of related debt – 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.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

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

Restricted net assets - reports net assets 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 assets - reports all other net assets that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

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 \$629,720 and long-term loans & receivables for \$1,176,120.

**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, 2011 was \$444,356.

Aerial Fire Equipment Reserve - An amount reserved for the future purchase of an Aerial Fire Truck. Reserve balance at December 31, 2011 was \$157,279.

Retirement Reserve - An amount reserved for future retirement costs. Reserve balance at December 31, 2011 was \$508,544.

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, 2011 was \$3,997,313.

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, 2011 was \$431,968.

## CITY OF PLATTSBURGH

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

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#### 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. Such funds were set aside for Water Pollution Plant Bonds of 1976, Various Purpose Bonds of 1986, and Various Purpose Bonds of 1988. Reserve balance at December 31, 2011 was \$67,191.

#### 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, 2011 was \$1,158,401.

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, 2011 was \$3,744,671.

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 school districts. The highest level of decision making authority, i.e., the Mayor and common council. The City has no committed fund balances as of December 31, 2011.

**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 \$39,521 and Special Revenue Fund amounted to \$16,597.

**Unassigned** - Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the city.

#### 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.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

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

**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 \$3 - \$40 per participant, 80% of major medical costs, and reimbursement to retiree and spouse for Medicare Part B insurance of \$93.50 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 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 2011 amounted to \$366,244 for 14 individuals.

**EVENTS OCCURRING AFTER THE REPORTING DATE**

The City has evaluated events and transactions that occurred between December 31, 2012 and September 13, 2012, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

**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, 2011, is comprised as follows:

	Non-restricted Cash	Restricted Cash
Petty cash funds	\$ 7,240	\$ -
Non-interest bearing accounts	7,265	-
Interest bearing accounts	13,074,910	16,720,998
	<u>\$ 13,089,415</u>	<u>\$ 16,720,998</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 \$30,704,725 of which, \$582,554 was covered by Federal depository insurance and \$30,122,171 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, 2011 the City's funds had the book balances shown in the following schedule in the pooled bank accounts:

Fund	Cash
General	\$ 4,868,379
Water	1,950,032
Sewer	3,852,354
Library	29,049
Parking	236,761
Rec. Complex	41,907
Debt Service	46,895
	<u>\$ 11,025,377</u>

## CITY OF PLATTSBURGH

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

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#### 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, 2011 was \$340,136 maturing at various dates, bearing interest from 3% to 6.38%, collateralized by various property liens.

As a result of the positive impact of the Facade I Program, the City provided funds from the economic and community development reserve for the Facade II Program. Those funds were loaned to qualifying business owners up to a maximum of \$10,000 per store front or \$18 per square foot, whichever is greater, at zero (0%) percent interest for a term of no more than seven (7) years. The repayments are now used for the Façade III Loan Fund Program. As of December 31, 2011 the balance of the Façade II loan was \$0.

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 Revolving 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, 2011 was \$117,613.



CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2011

**NOTE 5. INTERFUND BALANCES AND ACTIVITY**

Interfund balances at December 31, 2011 were as follows:

	Interfund Receivables	Interfund Payables	Interfund Transfers In	Interfund Transfers Out
General	\$ 517,451	\$ 93,422	\$ 1,307,650	\$ 3,133,339
Special Revenue	-	4,885,712	1,177,411	2,900,843
Capital Projects	4,588,180	278,235	1,959,477	24,561
Debt Service	20,296	-	2,214,205	-
Trust & Agency	-	811	-	-
Enterprise Fund	152,944	20,691	-	600,000
Total	<u>\$ 5,278,871</u>	<u>\$ 5,278,871</u>	<u>\$ 6,658,743</u>	<u>\$ 6,658,743</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Assets.

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	\$ 135,778	Fire equipment purchases
	463,962	Police equipment purchases
	368,544	Retirement reserve
Total General	<u>\$ 968,284</u>	
Special Revenue	<u>\$ 8,380,487</u>	Water and Sewer fund capital reserves
Debt Service	<u>\$ 46,895</u>	Bond Debt Reserve - Time Deposit
Enterprise	\$ 1,158,401	Bond Debt Reserve - Time Deposit
	3,744,671	Depreciation Reserve
	54,108	Retirement Reserve
	84,100	Other Deposits
Total Enterprise	<u>\$ 5,041,280</u>	
Trust & Agency	\$ 2,196,107	Escrow compost
	58,530	Clyde Lewis Park
	29,415	Other
Total Trust & Agency	<u>\$ 2,284,052</u>	

## CITY OF PLATTSBURGH

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

## NOTE 7. CAPITAL ASSETS

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

	Balance December 31, 2010	Additions	Deletions	Balance December 31, 2011
Land	\$ 18,636,924	\$ -	\$ -	\$ 18,636,924
Infrastructure	60,525,819	12,742,840	-	73,268,659
Buildings & improvements	45,229,225	693,803	-	45,923,028
Machinery and equipment	7,607,465	712,051	-	8,319,516
Construction in progress	16,415,212	4,174,485	13,736,042	6,853,655
Total	148,414,645	\$ 18,323,179	\$ 13,736,042	153,001,782
Less accumulated depreciation	54,361,779			57,421,984
	<u>\$ 94,052,866</u>			<u>\$ 95,579,798</u>

Depreciation was charged to governmental functions as follows:

Depreciation charged to governmental functions:

	12/31/11
General governmental support	\$ 541,656
Public Safety	260,117
Transportation	391,706
Economic assistance and opportunity	3,061
Culture and recreation	168,311
Home and community services	1,695,354
	<u>\$ 3,060,205</u>

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

FIXED ASSETS				
DESCRIPTION	12/31/10	ADDITIONS	DELETIONS	12/31/11
Land	\$ 516,477	\$ -	\$ -	\$ 516,477
Buildings	852,583	-	-	852,583
Improvements	52,000,898	1,921,392	52,047	53,870,243
Machinery and equipment	9,700,431	143,814	135,510	9,708,735
Construction in progress	344,952	1,753,477	1,871,054	227,375
Total	63,415,341	\$ 3,818,683	\$ 2,058,611	65,175,413
Less accumulated depreciation	29,244,674			31,083,489
	<u>\$ 34,170,667</u>			<u>\$ 34,091,924</u>

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2011

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**NOTE 8. BONDS**

Changes in bonds for the year ended December 31, 2011 follow:

	Business-type Activities	Governmental Activities	Totals
Amount payable at January 1, 2011	\$ 13,938,170	\$ 11,804,080	\$ 25,742,250
Bonds Issued	-	8,735,000	8,735,000
Bonds Retired	(760,630)	(1,467,995)	(2,228,625)
Amount payable at December 31, 2011	<u>\$ 13,177,540</u>	<u>\$ 19,071,085</u>	<u>\$ 32,248,625</u>

Total interest expenditures for the year ended December 31, 2011, were \$957,507. The following details the interest expense by function:

	Business-type Activities	Governmental Activities	Totals
General governmental support	\$ -	\$ 433,184	\$ 433,184
Home and community services	524,323	-	524,323
	<u>\$ 524,323</u>	<u>\$ 433,184</u>	<u>\$ 957,507</u>

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

**NOTE 8. BONDS (continued)**

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

Year	Principal		Total Principal
	Governmental Activities	Business-type Activities	
2012	\$ 1,846,800	\$ 781,825	\$ 2,628,625
2013	1,847,190	827,810	2,675,000
2014	1,862,330	817,670	2,680,000
2015	1,751,900	848,100	2,600,000
2016	1,166,065	868,935	2,035,000
2017-2021	5,531,640	4,283,360	9,815,000
2022-2026	3,755,160	3,174,840	6,930,000
2027-2031	1,310,000	1,575,000	2,885,000
	<u>\$ 19,071,085</u>	<u>\$ 13,177,540</u>	<u>\$ 32,248,625</u>

  

Year	Interest		Total Interest
	Governmental Activities	Business-type Activities	
2012	\$ 583,105	\$ 497,833	\$ 1,080,938
2013	529,986	468,979	998,965
2014	470,460	438,466	908,926
2015	422,354	410,841	833,195
2016	358,787	377,849	736,636
2017-2021	1,264,938	1,375,896	2,640,834
2022-2026	529,159	612,760	1,141,919
2027-2031	105,700	94,500	200,200
	<u>\$ 4,264,489</u>	<u>\$ 4,277,124</u>	<u>\$ 8,541,613</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, 2011, there were no capital leases.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

**NOTE 8. BONDS (continued)**

General obligation bonds consist of the following:

**Governmental funds**

\$2,761,000, Public Improvement Serial Bonds, variable principal payments through 2024, interest variable at 3.25%-4.15%.	\$ 1,531,200
\$3,650,000 Various Purpose Serial Bonds of 1997 due in annual installments of \$225,000 to \$250,000 through 2012, interest rate at 4.9%	250,000
\$5,190,905 Refunding Serial Bonds of 2009 due in annual installments of \$81,900 to \$827,675 through 2020, interest rate at 2.375% to 4.750%	3,084,260
\$94,500 General Obligation Bond of 2008 due in annual installments of \$23,625 through 2012, interest at 4.1%	23,625
\$2,865,000 Public Improvements Serial Bonds of 2006 due in annual installments of \$75,000 to \$175,000 through 2026, interest rate at 4.0%	2,100,000
\$3,629,000 Public Improvements Serial Bonds of 2009 due in annual installments of \$25,000 to \$282,000 through 2029, interest rate at 3.625% to 4.0%	3,347,000
\$8,735,000 Public Improvements Serial Bonds of 2011 due in annual installments of \$315,000 to \$550,000 through 2030, interest rate at 1.250% to 3.250%	8,735,000

**Total Governmental Activities**

19,071,085

**Business-type Activities**

\$3,560,000 Public improvement Serial Bonds, variable principal payments through 2024, interest variable at 3.2%-4.15%.	2,463,800
\$2,444,095 Refunding Serial Bonds of 2009, due in annual installments of \$171,880 to \$221,735 through 2020, interest at 2.375% to 4.750%	1,885,740
\$9,600,000 Public Improvement Serial Bonds of 2009, due in annual installments of \$354,000 to \$525,000 through 2029, interest at 3.625% to 4.0%	8,828,000

**Total Business-type Activities**

13,177,540

**Total General Obligation Bonds**

\$ 32,248,625

## CITY OF PLATTSBURGH

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

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#### NOTE 9. DEFERRED REVENUES

Special Revenue Fund - In the Community Development Fund, deferred revenues consist of loans currently outstanding to business and individuals which when repaid will be recognized as income. At December 31, 2011, this amount was \$66,032.

General Fund - Uncollected property taxes assumed by the City, as a result of settlement proceedings related to the sale of tax liens to the State of New York MMBA, are reported as receivable in the general fund to maintain central control and provide for tax settlement and enforcement proceedings.

The City settled a lawsuit during 2002 arising from a dispute relating to obligations under a certain employment contract. This settlement is a result of inaccurate language placed in an employment contract with the City. As a result of this inaccurate language, the City has incurred a liability for approximately \$750,000 in wages to supplement the disability payments of two former employees. A lawsuit against the City's former labor relations attorney was settled in favor of the City in the amount of \$750,000, which is reflected as deferred revenue. The expense for these additional wages and the related deferred revenue will be recognized as paid. At December 31, 2011 the balance in deferred revenues is \$228,859.

#### 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. At December 31, 2011, this amount was \$2,676.

#### NOTE 11. RETIREMENT BENEFITS

The City of Plattsburgh 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) and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

Funding Policy - The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

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

The City of Plattsburgh is required to contribute at an actuarial determined rate. The required contributions for the current year and two preceding years were:

	ERS	PFRS
2011	\$ 1,021,920	\$ 1,103,100
2010	\$ 757,325	\$ 902,045
2009	\$ 491,272	\$ 742,946

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, 2011 which indicates that the total liability for other post employment benefits is \$4,367,632, which is reflected in the Statement of Net Assets.

**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 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:

## CITY OF PLATTSBURGH

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2011

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

	12/31/11			12/31/10			12/31/09		
	City	MLD	Total	City	MLD	Total	City	MLD	Total
Annual required contribution	\$ 4,141,042	\$ 467,483	\$ 4,608,525	\$ 4,513,063	\$ 521,288	\$ 5,034,351	\$ 4,370,412	\$ 285,685	\$ 4,656,097
Interest on net OPEB obligation	146,243	15,127	161,370	93,369	16,016	109,385	58,125	9,144	67,269
Adjustment to annual required contribution	(134,485)	(13,911)	(148,396)	(85,862)	(14,728)	(100,590)	(51,491)	(8,100)	(59,591)
Annual OPEB cost (expense)	4,152,800	468,699	4,621,499	4,520,570	522,576	5,043,146	4,377,046	286,729	4,663,775
Contributions made	(3,316,408)	(523,468)	(3,839,876)	(3,345,573)	(542,337)	(3,887,910)	(3,484,662)	(63,693)	(3,558,355)
Increase in net OPEB obligation	836,392	(54,769)	781,623	1,174,997	(19,761)	1,155,236	912,354	173,036	1,085,390
Net OPEB obligation - beginning of year	3,249,854	336,155	3,586,009	2,074,857	355,916	2,430,773	1,162,503	182,880	1,345,383
Net OPEB obligation - end of year	\$ 4,086,246	\$ 281,386	\$ 4,367,632	\$ 3,249,854	\$ 336,155	\$ 3,586,009	\$ 2,074,857	\$ 355,916	\$ 2,430,773
Annual OPEB Cost	\$ 4,152,800	\$ 468,699	\$ 4,621,499	\$ 4,520,570	\$ 522,576	\$ 5,043,146	\$ 4,377,046	\$ 286,729	\$ 4,663,775
Percentage of Annual OPEB Cost Contributed	79.9%	111.7%	83.1%	74.0%	103.6%	77.1%	79.2%	35.1%	76.6%
Net OPEB Obligation at end of year	\$ 4,086,246	\$ 281,386	\$ 4,367,632	\$ 3,249,854	\$ 336,155	\$ 3,586,009	\$ 2,074,857	\$ 355,916	\$ 2,430,773

**Funding Status and Funding Progress:** As of December 31, 2011, the actuarial accrued liability for benefits was \$95,154,104, all of which was unfunded. The covered payroll for all active employees was \$13,984,552, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 680.42%. 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-2000 Mortality Table for males and females.

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was initially set at 10.0% and reduced to 5.0% after 10 years.



## CITY OF PLATTSBURGH

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

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

Discount rate – A 4.5% 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, 2011 was 26 years.

#### **NOTE 13. BOND ANTICIPATION NOTE – EFC CLEAN WATER FACILITY**

Bond anticipation note payable to New York State Environmental Facilities Corporation dated August 27, 2009, maximum borrowing of \$4,691,000, scheduled maturity date of August 27, 2012 with interest rate of 0%. Proceeds of the BAN were used to fund the Capital Project "2007 Akey Road Landfill Site Closure Plan Design and Construction Prep Project". The balance at December 31, 2011 was \$4,622,000.

The City is eligible for Principal Forgiveness up to an amount equal to 50% of the principal amount of all Advances of ARRA Project Costs made hereunder provided that New York State Environmental Facilities Corporation has determined that the City has complied with all of the terms of this agreement. The amount of such Principal Forgiveness shall be applied at the time specified by New York State Environmental Facilities Corporation.

#### **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 \$234,811 based on gross revenue of \$4,696,220.

#### **NOTE 15. COMMITMENTS AND CONTINGENCIES**

##### Purchase of Electricity

The Plattsburgh Municipal Lighting Department (PMLD) is now a partial requirements service customer of the Power Authority of the State of New York (NYPA), receiving electric service under St. Lawrence Contract S-3 which originally expired in the year 2013 but has been extended to 2025. Effective May, 1998, PMLD is billed under Service Tariffs 39A and 39B. 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, 2011

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#### NOTE 15. 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.

##### Law Suits

The City has been named, in the normal course of operations, as a defendant in numerous claims according to its insurance carrier. In the opinion of the City, after considering all relevant facts, except as stated below, the ultimate losses not covered by insurance resulting from such litigation would be immaterial in relation to the financial statements 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.

The City has several employment related claims. It is not possible to evaluate the likelihood of the claimants prevailing on their claims at this time. If the claimants prevail the range of possible additional liability is estimated to be from \$25,000 to \$75,000.

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 \$686,000.

##### 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 Town 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.

## CITY OF PLATTSBURGH

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

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#### NOTE 15. COMMITMENTS AND CONTINGENCIES (Continued)

##### 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, 2011 the City has not disclosed any significant environmental problems in the financial statements.

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

The enforcement proceeding has been settled by a consent order. The City 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 will be \$2,354,508 and will be paid with proceeds from a loan from the Environmental Facilities Corporation.

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.

##### 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>, 2009, and has gone through impasse and reached the fact-finding stage of mediation in an attempt to reach an agreement. The Fact-finder has issued a report dated August 27<sup>th</sup>, 2012, that details his suggestions for wage and benefit changes for the affected employee group, but the report has not been adopted by either party to date of these statements and the financial outcome of any decision based on the report cannot be determined at this time.

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 has reached interest arbitration of the mediation process to establish an agreement. The interest arbitrator has not issued a report to date detailing the wage and benefit changes that he would order for the affected employee group, therefore, the financial outcome of any decision cannot be determined at this time.

## **Other Supplemental Information**

**CITY OF PLATTSBURGH**

**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN**  
**Year Ended December 31, 2011**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UALL as a Percentage of Covered Payroll</b>
12/31/11	\$ -	\$ 95,154,104	\$ 95,154,104	0%	\$ 13,984,552	680.42%
12/31/10	\$ -	\$ 102,948,784	\$ 102,948,784	0%	\$ 13,446,685	765.61%
12/31/09	\$ -	\$ 91,417,377	\$ 91,417,377	0%	\$ 12,929,505	707.04%
12/31/08	\$ -	\$ 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, 2011**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	
Department of Housing and Urban Development			
Community Development Block Grants	14.228	N/A	\$ 118,568
Home Investment Partnership	14.239	N/A	169,827
Department of Environmental Protection Agency			
ARRA - Clean Water State Revolving Funds	66.458	N/A	263,867
Department of Justice			
Bulletproof Vest Partnership	16.607	N/A	13,136
Federal Highway Administration			
New York State Department of Transportation - Highway Planning and Construction	20.205	N/A	185,062
Homeland Security			
Assistance to Fire Fighters	97.044	N/A	86,961
Disasters Grants	97.036	N/A	105,632
Department of Commerce			
ARRA - Broadband Technology Opportunities Grant	11.557	N/A	<u>89,815</u>
Total expenditures of federal awards			<u><u>\$ 1,032,868</u></u>

See note to Schedule of Expenditures of Federal Awards.

**CITY OF PLATTSBURGH**

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**December 31, 2011**

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**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 the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**CITY OF PLATTSBURGH**

**SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED  
Year Ended December 31, 2011**

Program Title	NYSDOT Contract/ Ref. Number	
Consolidated Local Streets and Highway Improvement Program (CHIPS)		
2010 St. Construction	712044	\$ 235,600
2011 St. Construction	D032301	280,000
2010 St. Construction (So.Catherine)	D032301	32,505
2007 Multi-Use Path	DO27467	<u>725,187</u>
Total expenditures of state transportation assistance awards		<u><u>\$ 1,273,292</u></u>



**CITY OF PLATTSBURGH**

**NOTE TO SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED**  
**December 31, 2011**

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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**

CBTT

*Conroy, Boulrice, Telling & Trombley, PC*

*Certified Public Accountants*

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MICHAEL L. BOULRICE, CPA

THOMAS R. TELLING, CPA

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Plattsburgh as of and for the year ended December 31, 2011, which collectively comprise the City of Plattsburgh's basic financial statements and have issued our report thereon dated September 13, 2012. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Plattsburgh's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Plattsburgh's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Plattsburgh's internal control over financial reporting.

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's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and question costs 11-1 that we consider to be a significant deficiency in internal control over financial reporting. 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.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Plattsburgh'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and question costs as item 11-1.

We noted certain matters that we reported to management of the City of Plattsburgh in a separate letter dated September 13, 2012.

The City of Plattsburgh's response to the findings identified in our audit are described in the accompanying schedule of findings and question costs. We did not audit the City of Plattsburgh's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Common Council, and federal awarding agencies and pass-through entities and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Conroy, Boulrice, Telling & Trombley, PC  
September 13, 2012

CBTT

*Conroy, Boulrice, Telling & Trombley, PC*

*Certified Public Accountants*

JACK L. CONROY, CPA  
MICHAEL L. BOULRICE, CPA

THOMAS R. TELLING, CPA  
LEO P. TROMBLEY, CPA

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the compliance of the City of Plattsburgh with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of The City of Plattsburgh's management. Our responsibility is to express an opinion on City of Plattsburgh's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the City of Plattsburgh'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. Our audit does not provide a legal determination of the City of Plattsburgh's compliance with those requirements.

In our opinion, the City of Plattsburgh complied, in all material respects with the 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, 2011.

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

### **Internal Control Over Compliance**

The management of the City of Plattsburgh is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs and grants funded whole or in part with state transportation assistance funds. In planning and performing our audit, we considered the City of Plattsburgh's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB A-133, 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 the City of Plattsburgh's internal control over compliance.

A deficiency in internal control over compliance 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of management, Common Council and federal awarding agencies and pass-through agencies and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Conroy, Boulrice, Telling & Trombley, P.C.*

Conroy, Boulrice, Telling & Trombley, PC  
September 13, 2012

CBTT

*Conroy, Boulrice, Telling & Trombley, PC*

*Certified Public Accountants*

JACK L. CONROY, CPA

MICHAEL L. BOULRICE, CPA

THOMAS R. TELLING, CPA

LEO P. TROMBLEY, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

Compliance

We have audited the compliance of City of Plattsburgh 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, 2011. 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's management. Our responsibility is to express an opinion on City of Plattsburgh'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'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's compliance with those requirements.

In our opinion, City of Plattsburgh 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, 2011.

Internal Control Over Compliance

The management of City of Plattsburgh 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'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 as of December 31, 2011 and for the year then ended and have issued our report thereon dated September 13, 2012. Our audit was performed for the purpose of forming an opinion on City of Plattsburgh'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 NCCR, 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'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.

*Conroy, Boulrice, Telling & Trombley P.C.*

Conroy, Boulrice, Telling & Trombley, PC  
September 13, 2012



**CITY OF PLATTSBURGH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2011**

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

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Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

· Material weakness(es) identified? \_\_\_\_\_ yes      X   no

· Significant deficiency(ies) identified that are not considered to be material weaknesses?   X   yes    \_\_\_\_\_ none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

Federal Awards

Internal control over major programs:

· Material weakness(es) identified? \_\_\_\_\_ yes      X   no

· Significant deficiency(ies) identified that are not considered to be a material weakness(es)? \_\_\_\_\_ yes      X   none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes      X   no

Identification of Major Programs

CFDA Number(s)

Name of Federal Program or Cluster

14.228  
14.239  
64.458

Community Development Block Grants  
HOME Investment Partnerships Program  
Department of Environmental Protection Agency  
ARRA - Clean Water State Revolving Funds

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

\$300,000

Auditee qualified as low-risk Auditee?

\_\_\_\_\_ yes      X   no

**CITY OF PLATTSBURGH**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2011**  
**(Continued)**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS (CONTINUED)**

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State Department of Transportation awards

Internal control over state transportation assistance expended:

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

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

Any audit findings disclosed that are required  
to be reported.    \_\_\_\_\_ yes        X   no

Identification of State Transportation Assistance Program Tested;

Name

State-aid Multi Modal Program  
2007 Multi-Use Path

**CITY OF PLATTSBURGH**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2011**  
**(Continued)**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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**11-1 Expenditures Exceed Budgeted Amounts**

**Condition:** The City's expenditures in the Debt Service Fund and one special revenue fund (Recreation) exceeded budgeted amounts.

**Effect:** Every governmental unit in New York State is required to prepare an annual operating budget for its governmental and proprietary funds. The Budget is maintained to assist in controlling expenditures and tracking revenues. The budgeting process ensures expenditures do not exceed amounts approved by the Board.

**Cause:** Management's main focus revolves around the General Fund budget due to its direct impact on the property tax levy. Management does request Board approval to modify this budget when changes are required. Management attributes the over expenditure in the Recreation fund to be the post year end recording of accounts payable. The over expenditure was not flagged so Board approval was not obtained.

**Criteria:** Statutory laws of New York State and charters of cities require expenditures staying within appropriated budgets. Before any function appropriation can be exceeded, board approval must be obtained.

**Recommendation:** We recommend Management continue to monitor expenditures vs budgeted amounts and be sure to obtain necessary board approvals to modify budgets for all governmental and proprietary funds.

**Corrective Action:** The City is aware of the legal requirement to stay within budgeted amounts in all funds. Management deems this oversight to be a Finance processing problem and will implement procedures to prevent this from happening in the future.

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

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None

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**SECTION IV - STATE TRANSPORTATION ASSISTANCE EXPENDED FINDINGS AND QUESTIONED COSTS**

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None