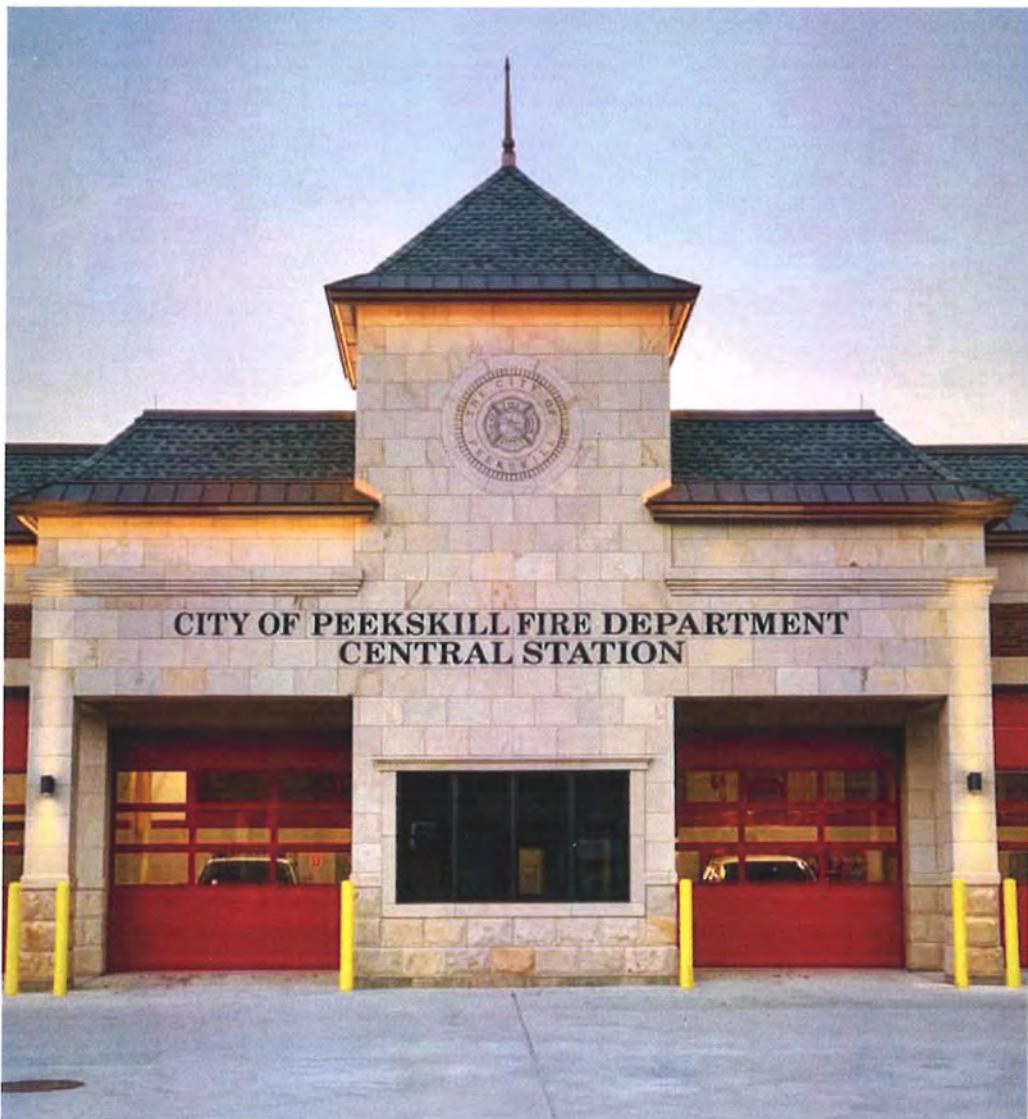


COMPREHENSIVE ANNUAL FINANCIAL REPORT 2018

City of Peekskill, New York

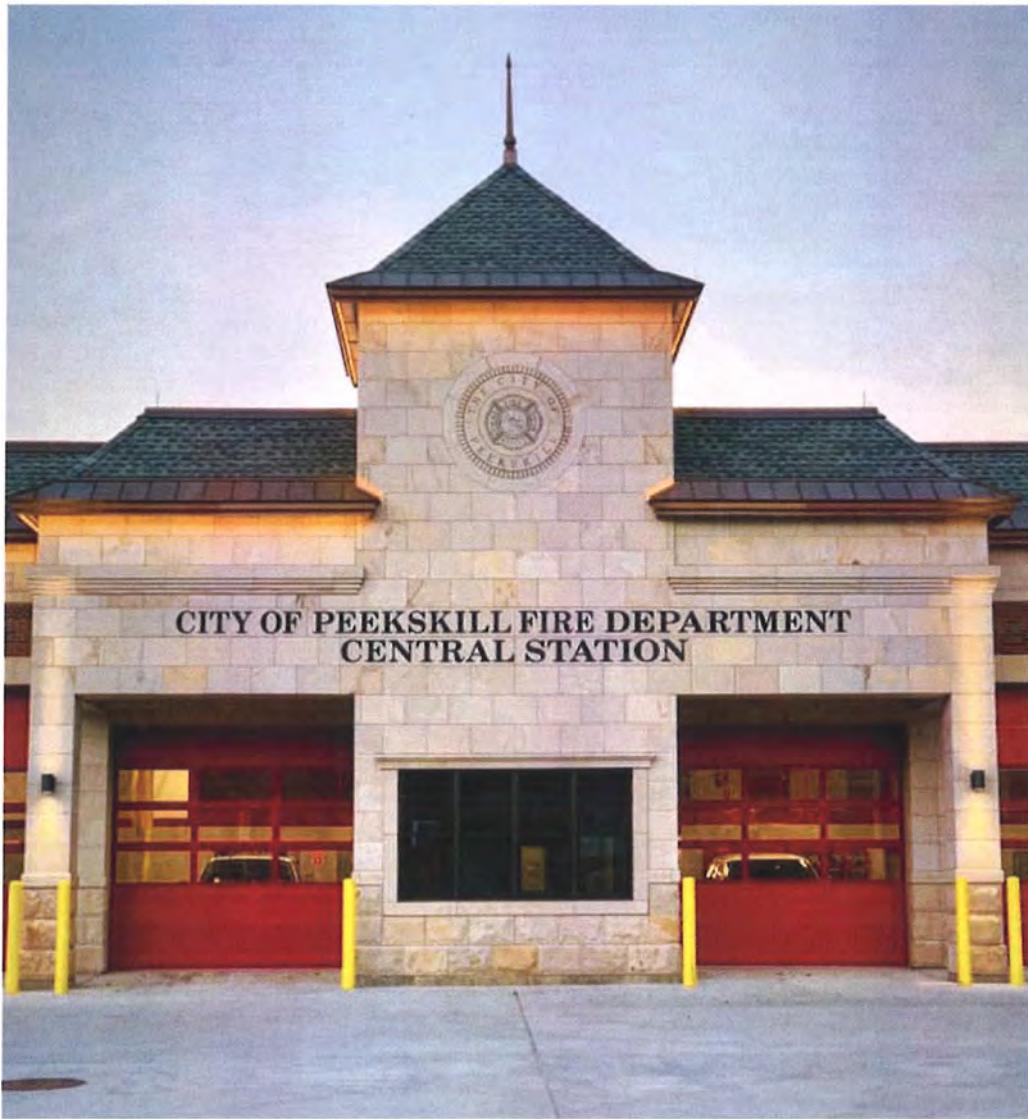
For the year ending December 31, 2018



COMPREHENSIVE ANNUAL FINANCIAL REPORT 2018

City of Peekskill, New York

For the year ending December 31, 2018



Prepared by
Ann Scaglione
City Comptroller

City of Peekskill, New York

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**INTRODUCTORY
SECTION**

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City of Peekskill List of City Officials

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Kathleen Talbot, Deputy Mayor
ktalbot@cityofpeekskill.com

Vanessa Agudelo, Councilwoman
vagudelo@cityofpeekskill.com

Ramon Fernandez, Councilman
rfernandez@cityofpeekskill.com

Vivian McKenzie, Councilwoman
vmckenzie@cityofpeekskill.com

Patricia Riley, Councilwoman
priley@cityofpeekskill.com

Colin Smith, Councilman
csmith@cityofpeekskill.com

Richard A. Leins, City Manager
Email: RLeins@cityofpeekskill.com Phone: (914) 734-4246

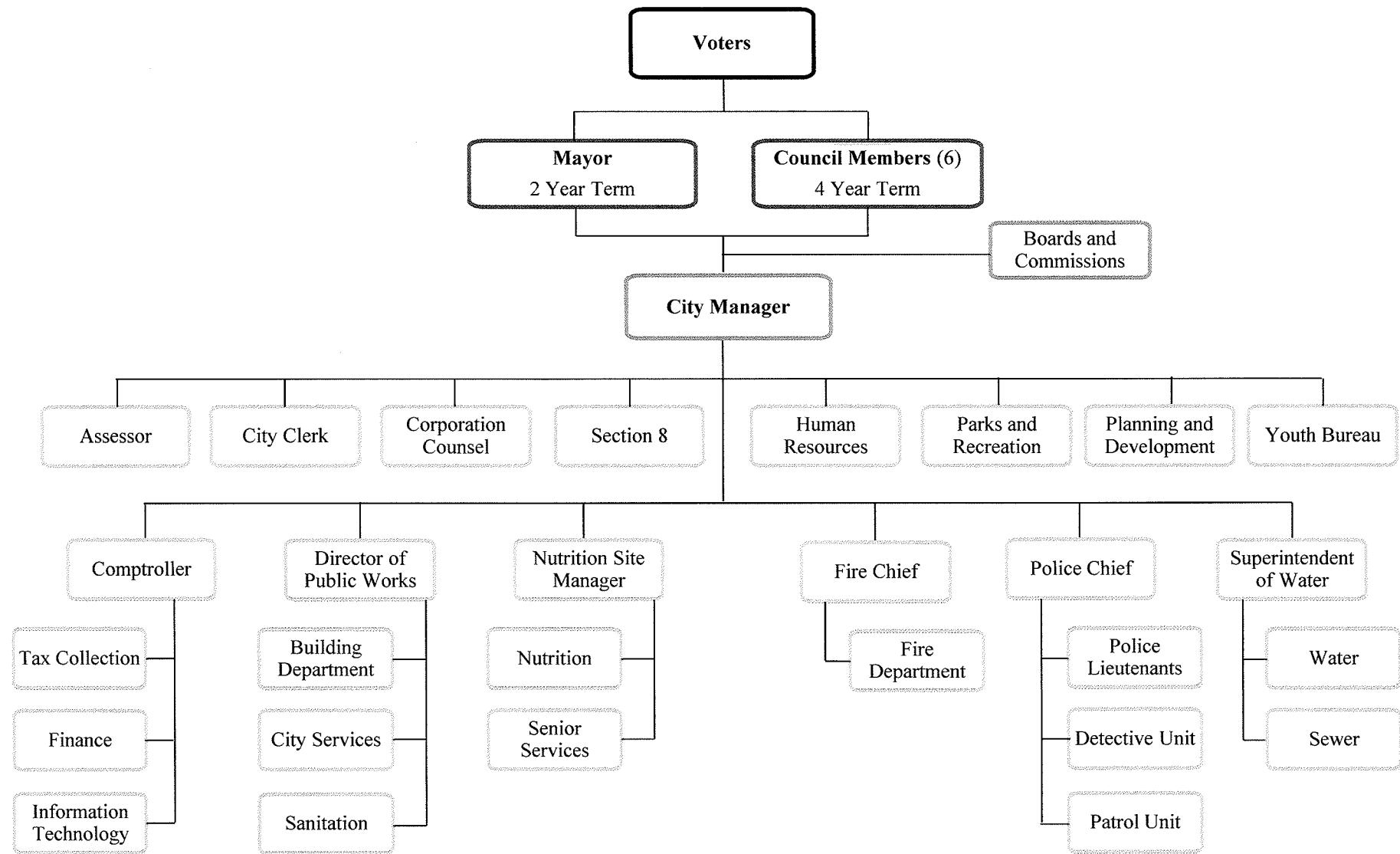
Ann Scaglione, City Comptroller
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Melissa Gilbon Ferraro, Corporation Counsel
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Michele Jordan, Assessor
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City of Peekskill Organization Chart





**City of Peekskill
Finance Department
840 Main Street, Peekskill, NY 10566**

Ann Scaglione, CPA
Comptroller

Jessie Boyd
Deputy Comptroller

May 7, 2019

To the Honorable Mayor and Members of the
City Council of the City of Peekskill, NY:

The Comprehensive Annual Financial Report (CAFR) for the City of Peekskill, New York (the City) for the fiscal year ended December 31, 2018 is herewith submitted. The report is submitted pursuant to the requirements of Section 59 of the City Charter and prepared in compliance with both the Governmental Accounting Standards Board Statement No. 34 – Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments, Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, and Statement No. 65 – Items Previously Reported as Assets and Liabilities.

This report consists of management’s representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to both protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City’s financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City’s comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. Management asserts that, to the best of our knowledge and belief, this comprehensive annual financial report is complete and reliable in all material respects.

The City’s financial statements have been audited by PFK O’Connor Davies, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and

significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City's basic financial statements for the fiscal year ended December 31, 2018 are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City

The City is situated in the northwestern corner of the County of Westchester along the banks of the Hudson River, approximately 35 miles north of New York City. The City encompasses a land area of 4.5 square miles and is essentially residential in nature. However, the City serves as a financial and commercial center for northern portions of the County as well as southern Putnam County.

The City has three miles of shoreline, a culturally diverse population, a vibrant downtown with exciting restaurants and entertainment, a thriving school system, extensive recreation and entertainment facilities, easy access to New York City and a full range of housing options, making Peekskill a great place to live, work, relax and enjoy life. Within its 4.5 square miles, over 106 miles of streets and roads, 52 miles of sanitary sewer lines, 59 storm drains, 31 traffic signals and 1,600 streetlights are maintained. The present city hall is a historic building, built in 1936. The City also has a police station, six fire stations, 19 park and recreation facilities encompassing over 300 acres, a senior citizens center, a commuter railroad station, 17 public parking structures or lots, a water plant, and a central maintenance garage.

The City of Peekskill has a population of 24,250 and a per capita income of \$30,805, according to the United States Census Bureau. Based on the most recent sales data, the median sales price of homes in Peekskill is \$257,600, just below the state-wide average of \$271,642.

The City was incorporated in 1940 and has the powers and responsibilities inherent in the operation of a municipal government, including independent taxing and debt issuance authority. Subject to the provisions of the State Constitution, the City operates under a charter adopted on March 29, 1938, and in accordance with the statutes, including General City Law, General Municipal Law, the Local Finance Law and the Real Property Tax Law, to the extent that these statutes apply to a City operating with a charter. In its charter, the City has elected to have a managerial form of government. The City Manager serves as the chief executive officer of the City. The Common Council is vested with all legislative authority.

The Common Council is the legislative body of the City and consists of six members elected at large for a term of four years, plus the Mayor. It is the responsibility of the Common Council to approve, by resolution, all legislation, including ordinances and local laws, adopt and modify; as required, operating and capital budgets, levy real property taxes and authorize the issuance of all indebtedness.

The Mayor, elected at a general election for a two year term and eligible to succeed himself or herself, is the presiding member of the Common Council, and is eligible to vote on all matters.

The City Manager is appointed by the Common Council and serves at its pleasure. The City Manager is the chief executive officer and responsible for the City's day to day operations. In addition, the City Manager is an ex-officio, non-voting member of the Common Council. The City Manager appoints all department heads, some subject to approval of the Common Council. Under the City's Charter, the City Manager is designated as the City budget officer responsible for preparing annual operating budgets and the City's capital program.

The City Comptroller, who is appointed by the City Manager, is the chief fiscal officer, has custody of all City funds and is responsible for the collection of taxes. Accounting records are maintained by the Comptroller's office and budgetary control is the joint responsibility of the City Manager and City Comptroller. Pursuant to the City Charter, and as provided in the Local Finance Law, the Comptroller coordinates the issuance of all City indebtedness.

The City Manager also serves as an advisor to the City Council and develops recommendations and alternatives leading toward the preservation and enhancement of the City's physical and economic conditions as well as its social, recreational and cultural vitality.

The City provides a full range of services. General government services include vital statistics (birth and death certificates), business, occupational and other licenses, elections, tax collection services for the Peekskill and Hendrick Hudson School Districts, Peekskill Library and Westchester County as well as the City, and a myriad of administrative functions. Public safety is provided through full-time police and full-time/volunteer fire departments. Community environment services include community planning, engineering, building inspection, office of emergency management, street maintenance, snow removal, street lighting, off-street parking, maintenance of sewers and drains, street cleaning, solid waste and recycling, and street tree maintenance. Recreational services include recreation activities (camps, athletics, tennis, youth and senior activities), parks and playgrounds and a municipal pool. The City also operates a Youth Bureau servicing all of Peekskill and senior activity and nutrition programs.

There are four independent, although related, organizations for which the City is financially accountable. The Peekskill Industrial Development Agency ("PIDA") is a public benefit corporation created under Section 908-b of the New York State General Municipal Law. Its governing board serves at the pleasure of the City Council. The City Manager acts as the IDA's Executive Director and the City provides staff services on a contractual basis to the IDA.

The Peekskill Community Development Agency was established initially as an urban renewal agency in 1964. In 1976 the City assumed full responsibility of this Agency; however this Agency has perpetual existence and continues as a legal entity, but is otherwise inactive. All housing and community development related activities, except public housing, are now run by the City's Department of Planning and Development.

The Peekskill Housing Authority (the "Authority") is an independent government agency responsible for public housing in the City. The Authority is governed by a seven member board of trustees. To which the City Manager appoints five members to five-year terms. The remaining two board members are elected by local tenants for two-year terms. An executive director is appointed by the board and manages the day-to-day activities of the Authority. The Authority, which is federally subsidized, administers 282 safe, decent and affordable housing units for moderate/low income families. Programs are designed to provide safe and decent shelter at reasonable prices.

The City of Peekskill Local Development Corporation (“LDC”) is a Not-for-Profit corporation created under Sections 102 and 1411 of the New York Not-for-Profit Corporation Law for the purposes of coordinating and executing programs in the City of Peekskill aimed at improving the quality of life of the City residents. The LDC has an Executive Director, who has the general supervision over the administration of the business and affairs of the LDC, and also serves as the Compliance Officer. Members of the corporation are the City of Peekskill Industrial Development Corporation seven member board. As such, the LDC members have complete responsibility for management of the Corporation and accountability for all fiscal matters.

The Peekskill Business Improvement District (“BID”) is an entity established by the Common Council to encourage and promote business development in the downtown area. Associate members have complete responsibility for management and accountability for fiscal matters. The City levies a tax on properties within the BID to pay various expenses of operating the BID, but does not issue debt on its behalf.

The annual budget serves as the foundation for the City’s financial planning and control. When adopted, it becomes an operational and fiscal guideline for the ensuing year. It is prepared pursuant to City Charter requirements, policy direction from the Mayor and City Council and a set of budget strategies developed by the City Manager and his administrative staff.

The City’s budget is based on a calendar year cycle composed of the following major components:

July - August	Budget Preparation Package distributed to operating departments; process of developing departmental requests commences.
Aug. – Sept.	City Manager and Comptroller meet with all departments to review budget requests for both operating and capital items
October 1st	In accordance with Section 60 of the City Charter, the City Manager files tentative budget for ensuing fiscal year and accompanying budget message with the City Clerk, who then notifies Common Council in writing of such filing.
October - November	Common Council reviews budget, budget workshops are held with presentations from department heads, and public hearing on tentative budget.
December 1	Budget and tax levy adopted.

Following adoption of the budget, the City Charter establishes procedures for amendments during the fiscal year and processing transfers between appropriations. Amendments to the budget which increase overall spending must be formally adopted by ordinance of the City Council. Transfers from the contingent fund, or from one budget unit to another budget unit, must be approved by the unanimous consent of the City Council. Transfers from one item to another item in the same budget unit may be made by the City Manager, except that the City Manager does not have the authority to transfer any item that increases the authorized salary amounts.

Factors Affecting Financial Condition

The City continues to control costs and identify operational revenue in an effort to remain New York State tax cap compliant. Consistent with the experience of municipalities across New York State, the City remains challenged by the increasing cost of doing business with rising expenses in the face of revenues either declining or staying flat. There are several areas which remain chronic issues for municipalities going forward which show no sign of abatement. Health insurance costs, union-negotiated wage and benefit increases, infrastructure demands and the need to replace aging vehicles and equipment will place on-going burdens on the budget. City buildings, including City Hall, the Police Station and theater are getting older and are in need of more constant attention. The gap between anticipated revenue and the cost of maintaining both existing levels of service and our physical assets endures.

The City is subject to the provisions of the New York State so-called “tax cap” legislation enacted in 2012, whose formula restricts the increase in the property tax levy to no more than 2% or the rate of inflation, whichever is less (subject to override by at least 5 of the 7 voting councilmembers). This restriction on property tax growth places an additional burden on the ability to provide services and maintain facilities within available resources.

The City has been focused on improving its financial position by conservative, yet realistic budgeting of income and expenses, allowing the City to maintain services to its residents and businesses, while strengthening the City’s fiscal standing. The City must respond to this adversity by creating a financial plan that will maintain the delivery of our basic services without placing an onerous burden on our taxpayers. Thus, the information presented in the financial statements is best understood when it is considered in light of the specific environment in which the City operates.

Long-term Financial Planning

Dramatic changes have been taking place in Peekskill, with a focus on economic development, which represent significant public and private investments, including:

- The construction of Our Central Fire House was completed in 2018, an \$18M project that consolidated six stand-alone fire houses and improve services offered to our community.
- Development projects completed in recent years, making Peekskill a destination for entertainment and dining, including Dramatic Hall, a 250 seat setting for live performances on Main Street and La Factoria at Charles Point Marina which includes a unique family entertainment, a 250-person catering facility and a micro-distillery.
- The Lofts on Main, a \$20M housing project with 25 market rate rental units and 50 dedicated artist lofts, four retail spaces and an artist gallery; located in the heart of downtown was completed in 2018.
- Art continues to be a focus of the Peekskill revival, with artist lofts, studios and galleries throughout the downtown, including the 28 unit co-op offering artist’s affordable home ownership. Several downtown businesses showcase local art, including the Peekskill Coffee House and Studio No 9 Gallery.
- \$55 million 10-story mixed use development is under construction with 181 market rate residential units and 5 retail stores.
- Fort Hill Residential Development, a \$65 million, 178 unit project is under construction, which

includes renovating an historic building into a destination spa, 42 room inn and premier restaurant opened two of their three rental buildings in 2018

- A new \$12.5M facility with 53 affordable units with jitney service under construction at the eastern edge of downtown with Westchester County investing over \$2M in infrastructure.
- 82 units of new subsidized workforce housing on the Central Avenue route with an investment of \$47 million including an infusion of Westchester County funds for the parking garage and infrastructure. Peekskill is requiring the developer to include an apprenticeship program for skilled career training.
- The City received \$200,000 of CDBG Microenterprise grant funds to assist seven downtown businesses with startup or expansion. Additional jobs for low to moderate income persons were created and private funds leveraged from this public investment

While the above efforts strengthen the City's economic base, the City also recognizes the need to protect its long-term physical health. In addition to maintaining operating budget projections, the City annually updates its five-year capital improvement program. The preservation of the City's infrastructure, equipment and capital assets is as critical to a community as are its daily operational functions. A separate capital program budget, delineating proposed projects to be undertaken during a five-year period, the estimated cost and proposed method of financing, is submitted to the City Council annually as part of the budget process.

Relevant Financial Policies

The City's annual budget document incorporates a series of financial policies designed to ensure the continued fiscal health of the City. Included in this document are guidelines on staffing levels, expenditure growth, debt management, fund balance and property tax rates.

The City also maintains separate documented policy guidelines for cash management/investments under Sections 10 and 11 of the New York State General Municipal Law, procurement in accordance with Section 104-b of the New York State General Municipal Law, capital assets and a five-year capital improvement program. These policies are reviewed on an annual basis, and updated if warranted.

The City procures conventional insurance policies for workers compensation, general liability, excess liability, law enforcement liability, public official's liability, employment practices liability, commercial automobile, crime and property coverage, all with deductible or self-insured retentions. The City continually assesses its risks to determine the appropriate mix of self-insurance retention and policy coverage.

The City prepares its budgets with these financial policies in mind and maintains aggressive and effective budgetary controls to ensure compliance with these documents. Quarterly financial updates are presented to the City Council to apprise elected officials of any major variances that may arise. The City does not foresee any issues with its ability to comply with the current guidelines in the implementation of its near and long term initiatives.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2017. This was the third consecutive year the City prepared a CAFR, and we were honored to receive this recognition both years from the GFOA.

In order to be awarded a certificate of achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents must conform to GFOA standards. This report must satisfy both generally acceptable accounting principles and applicable legal requirements. A certificate of achievement is valid for a period of one year only. We believe that our current report continues to meet the certificates of achievement program's requirements and we are submitting this report to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated service of the staff of the entire Finance Department which processes records and analyzes the thousands of transactions summarized herein. The assistance of all City departments, which provided information specific to their operations, is likewise appreciated. Our gratitude is extended to the City Manager, Mayor and City Council for their continued support in enhancing the financial integrity of the City. Finally, we wish to thank our independent auditor, PFK O'Connor Davies, LLP, for their suggestions and input in preparing this report.

Respectfully submitted,



Ann Scaglione

Comptroller

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Peekskill
New York**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

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**FINANCIAL
SECTION**

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Independent Auditors' Report

**The Honorable Mayor and Common Council
of the City of Peekskill, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Peekskill, New York ("City") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2018, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General and Water funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 2E and 3G in the notes to financial statements which disclose the effects of the City's adoption of the provisions of Governmental Accounting Standards Board Statement ("GASB") No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under the Required Supplementary Information in the accompanying table of contents 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.

Supplementary and Other Information

Our audit for the year ended December 31, 2018 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and the introductory and statistical sections for the year ended December 31, 2018 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2018 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2018.

We previously audited, 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, the basic financial statements of the City as of and for the year ended December 31, 2017 (not presented herein) and have issued our report thereon dated May 30, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended December 31, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2017 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those 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 the relation to the basic financial statements as a whole for the year ended December 31, 2017.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2018 and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

May 13, 2019

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City of Peekskill, New York

Management's Discussion and Analysis

December 31, 2018

Introduction

On behalf of the management of the City of Peekskill, I am submitting this Management's Discussion and Analysis ("MD&A") as required by the Governmental Accounting Standards Board. The MD&A gives the City's Comptroller an opportunity to summarize the City's financial activity for the fiscal year ended December 31, 2018. This MD&A should be read in conjunction with the basic financial statements that immediately follow this section to enhance understanding of the City's financial performance.

Financial Highlights

The key financial highlights for fiscal year 2018 are as follows:

- The City of Peekskill has a negative net position of \$91.47 million, a decrease from \$32.94 million at the end of 2017, resulting primarily due to a cumulative effect of change in accounting principle in reporting Post Employment Benefits other than Pensions ("OPEB"). Note 2-E has further detail of this this adjustment.
- Included in government-wide financial statements are liabilities that represent estimates for post employment benefit obligations of \$153.53 million, net pension liabilities of \$7.73 million, future liability and workers compensation claims of \$2.42 million and landfill closure costs of \$1 million related to the former city dump. These amounts are required to be included in the government-wide statement of net position but are not treated as liabilities in the City's governmental fund financial statements. The unrestricted deficit at December 31, 2018 of \$155.54 million represents a substantial change from the deficit of \$18.34 million at December 31, 2017 due to the OPEB change in accounting principle.
- The City's governmental fund financial statements reported a combined fund balance of \$23.62 million at December 31, 2018; as compared to \$30.38 million at December 31, 2017. The Capital Fund is accountable for \$6.9 million of the \$6.76 million decrease in fund balance, as bond proceeds were used in the construction of the Central Fire House.
- The City's long-term debt, consisting of bonds and notes payable, for all government activities totaled \$58.41 million at December 31, 2018 and \$63.15 million at December 31, 2017. The decrease of \$4.74 million is the result of the principal payments due on debt.
- Included in the governmental fund balances at December 31, 2018 is an assigned portion of the Water Fund of \$2.24 million and the Sewer Fund of \$1.9 million. As a prudent measure these funds are relied on as a cushion to maintain a stable tax levy and for unexpected emergencies.

- At December 31, 2018 the City has earmarked a portion of its General Fund fund balance for specific purposes such as: New York State Retirement System expenditures, tax rate stabilization and tax certiorari payments. These earmarks enable management to meet unexpected increases in state mandated costs. The total amount of the General Fund earmarks is \$1.2 million, 3% of total operating expenses. In addition, the City restricts all Transfer Tax revenue for the Debt Service of the Central Fire House, with a balance at the end of 2018 at \$5.06 million.
- The City's General Fund operating expenses are \$39.6 million for 2018 and \$37.23 million for 2017. Expenses for 2018 are \$163,000 less than budgeted.
- The City's General Fund revenues are \$40.34 million for 2018 and \$38.86 million for 2017 exclusive of other financing sources. Revenue for 2018 exceeded budget by \$2.29 million.
- The City realized \$571,344 from sale of tax acquitted property in 2018. Building permits issued again exceeded budget, resulting in a \$211,000 favorable revenue variance in 2018. Transfer tax revenues continue to exceed budget, with a 2018 total of \$950,932.
- Real property taxes, payments in lieu of taxes and penalty and interest on taxes totaled \$23.3 million and \$22.76 for 2018 and 2017, respectively.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Capital Projects, Water and Section 8 Housing Funds, which are considered to be major funds. The Sewer Fund, Recreation Fund, Special Purpose Fund, Community Development, Debt Service Fund and Permanent Fund are grouped together as non-major governmental funds. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs.

Notes to the Financial Statements

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

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the City's other post employment benefit obligations, fire service awards funding progress, ambulance service awards funding progress, the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, liabilities exceeded assets by \$91.47 million at the close of the current fiscal year.

Net Position (in thousands)

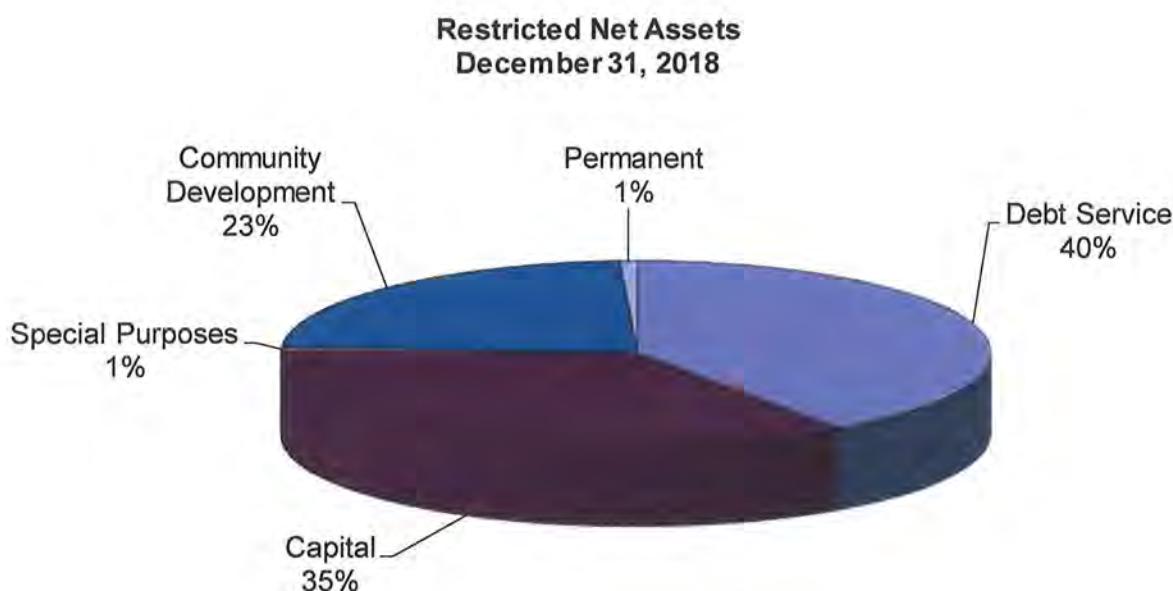
	December 31,	
	2018	2017
Current Assets	\$ 47,618	\$ 50,708
Capital Assets, net	106,265	97,553
Total Assets	153,883	148,261
Deferred Outflows of Resources	11,872	9,659
Current Liabilities	21,609	18,729
Long-term Liabilities	227,301	104,299
Total Liabilities	248,910	123,028
Deferred Inflows of Resources	8,319	1,949
NET POSITION		
Net Investment in Capital Assets	51,480	39,200
Restricted	12,590	12,085
Unrestricted	(155,544)	(18,342)
Total Net Position	\$ (91,474)	\$ 32,943

One of the largest components of the City's net position reflects its investment in capital assets, net of related debt, amounting to \$51.48 million. The City uses these capital assets to provide services to its citizens and consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be

noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be utilized to liquidate these liabilities.

Restricted net assets of \$12.59 million, represent resources that are subject to external restrictions on how they may be used. The restrictions are for the following purposes (in thousands):

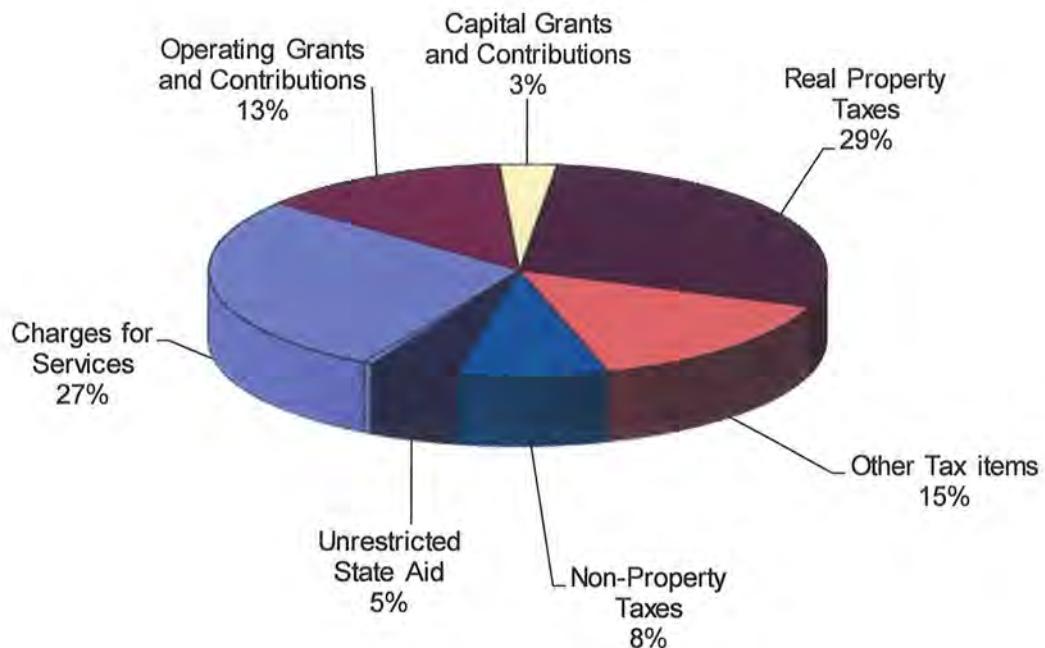
	December 31,	
	2018	2017
Debt Service	\$ 5,087	\$ 4,715
Special Revenue Fund		
Water	-	1,771
Sewer	-	1,571
Recreation Purposes	-	866
Special Purposes	70	73
Community Development	2,930	2,987
Capital	4,401	-
Permanent	102	102
Pension Benefits	-	-
	<hr/>	<hr/>
	\$ 12,590	\$ 12,085



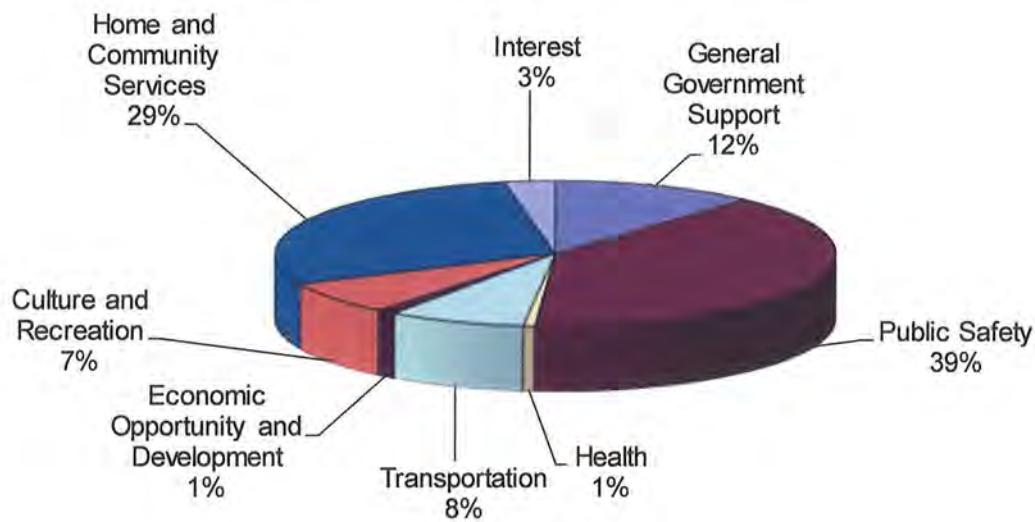
Changes in Net Position
(in thousands)

	December 31,	
	2018	2017
Program Revenues		
Charges for Services	\$ 16,151	\$ 15,114
Operating Grants and Contributions	7,669	7,774
Capital Grants and Contributions	1,761	1,769
General Revenues		
Real Property Taxes	16,800	16,189
Other Tax items	8,614	8,464
Non-Property Taxes	4,657	4,222
Unrestricted Use of Money and Property	29	8
Unrestricted State Aid	2,731	2,614
Sale of Property and Compensation for Loss	26	12
Insurance Recoveries	131	75
Miscellaneous	83	279
 Total Revenues	 58,652	 56,520
 Program Expenses		
General Government Support	6,489	7,310
Public Safety	21,921	21,404
Health	373	210
Transportation	4,398	3,774
Economic Opportunity and Development	621	503
Culture and Recreation	4,004	5,170
Home and Community Services	16,108	16,038
Interest	1,626	1,669
 Total Expenses	 55,540	 56,078
 Change in Net Position	 3,112	 442
 NET POSITION		
Beginning, as reported	32,942	36,490
Prior Period Adjustment	508	-
Cumulative Effect of Change in Accounting Principle	(128,035)	(3,990)
Beginning, as restated	(94,585)	32,500
Ending	<u>\$ (91,473)</u>	<u>\$ 32,942</u>

Sources of Revenue for Fiscal Year 2018 Governmental Activities



Source of Expense for Fiscal Year 2018 Governmental Activities



Governmental activities increased the City's net position by \$3.1 million in 2018. The total City governmental activities revenues in 2018 and 2017 were \$58.65 million and \$56.52 million, respectively. Real property taxes provided 29% of total revenues in 2018. Charges for services, operating grants and contributions, and capital grants and contributions provided

43.61% in 2018 and 43.63% in 2017. State aid provided 4.66% and 4.62% of total revenues for the fiscal year ended December 31, 2018 and 2017, respectively.

Governmental activities expenses of the City for the year totaled \$55.54 million in 2018 and \$56.08 million in 2017. Public Safety expenses accounted for the largest portion (\$21.92 million or 39.5% in 2018 and \$21.4 million or 38.2% in 2017), followed by Home and Community Services (\$16.12 million or 29% in 2018 and \$16.04 million or 28.6% in 2017) of total expenses.

Financial Analysis of the City's Funds

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

Fund Balance Reporting

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in February 2009. The requirements of GASB Statement No. 54 became effective for financial statements for the City's fiscal period ending December 31, 2011. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

Nonspendable – consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale and principal of endowments.

Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned – represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. This pronouncement should result in an improvement in the usefulness of fund balance information.

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23.62 million, a decrease of \$6.7 million, with the majority of this decrease being reported in the Capital Fund as a result of expenditures for the construction of the Central Fire House.

The revenue categories that reflected positive variances as compared to the budget were: Real Property Taxes (\$60,244), Other Tax Items (\$1.04 million) primarily due to the real estate activity and resulting Transfer Tax requirement; Licenses and Permits (\$421,471), Non-Property Taxes (\$346,721) due to increase in Sales Tax revenue; Departmental Income (\$138,554), Use of money and property (\$58,109), Fines and Forfeitures (\$228,346), State Aid (\$122,478) and Miscellaneous (\$109,995). The revenue categories that reflected a negative variance as compared to the budget were Charges for Services (\$57,894), Sale of property and compensation for loss (\$4,531) and Federal Aid (\$253,750).

The expense categories that reflected positive variances as compared to the budget were: Culture and Recreation (\$212,143), Health, General Government Support, Public Safety, Health, Transportation Economic Opportunity and Development, Home and Community Services, Employee Benefits and Debt Service.

Water Fund

The City owns two reservoir's and provides 1.5 billion gallons of water annually to residents. The City has a water treatment facility that operates around the clock to provide the highest quality water, at a reasonable cost, to its residents.

The City has approximately 4,700 water account that are billed on a quarterly basis. Metered Water revenue for 2018 was \$6.8 million, which represented no change from 2017. Water rates are reviewed on an annual basis and compared to area averages.

Fund expenses form 2018 were \$6.48 million, increased from 2017 of \$6,071 primarily due to increase staff and materials. In 2017 the City started implementing a city wide advanced metering system, which included replacing over half of the water meters and installing electric monitors on all meters.

At December 31, 2018, the Assigned Fund Balance of the Water Fund was \$2.24 million, increased from the 2017 balance of \$2.09 million.

Section 8 Housing Fund

Assigned Fund Balance

Section 8 actual units in which administrative fees were earned amounted to 598 units (559 units throughout City and 39 units Peekskill Plaza). Excess funds disbursed by the budget authority to PHAs that is not utilized to pay Housing Assistance Payments (HAP) will become part of the Assigned fund balance account in accordance with GAAP and may only be used to assist additional families up to the number of units under contract. HUD will closely monitor both overutilization and underutilization of funds and will take appropriate action to ensure

appropriated funds are being used to serve as many families up to the number of vouchers authorized under the program.

Administrative fees in excess of administrative expenses in calendar year 2018 are also part of the unassigned fund balance account. These funds are still considered to be administrative fee reserves, and are subject to all requirements applicable to administrative fee reserves including, but not limited to, 24 CFR 982.155. For calendar year 2018, these funds must be used for activities related to the provision of tenant-based rental assistance authorized under Section 8 of the United States Housing Act of 1937, including related development activities.

The assigned fund balance account also includes monies previously maintained in the ACC Reserve account including, but not limited to, interest income on HAP investments, and certain recoveries.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental activities as of December 31, 2018 and 2017 amounted to \$106.27 million and \$97.55 million (net of accumulated depreciation) respectively. This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment, infrastructure and construction-in-progress. The total increase in the City's investment in capital assets for the current fiscal year was \$8.7 million.

Capital Assets, Net of Accumulated Depreciation (In thousands)

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Capital Assets not being depreciated		
Land	\$ 11,202	\$ 11,202
Construction-in-Progress	42,756	33,480
Capital Assets being depreciated		
Land Improvements	4,683	5,152
Buildings and improvements	41,688	41,745
Machinery and Equipment	2,740	3,250
Infrastructure	3,196	2,723
Total	\$ 106,265	\$ 97,552

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

Long-Term Debt

At the end of the current fiscal year, the City had total bond and note payable debt outstanding of \$57.81 million. All of this debt is backed by the full faith and credit of the City.

**Outstanding General Obligation Serial Bonds
(In thousands)**

Fund	2018	2017
General	\$ 32,960	\$ 35,449
Water	24,220	26,155
Sewer	625	741
Total	\$ 57,805	\$ 62,345

In February 2019 Moody's Investors Service ("Moody's") upgraded the City's bond rating from A1 to Aa3.

The State Constitution limits the amount of indebtedness, both long-term and short-term, which the City may incur. The State Constitution provides that the City may not contract indebtedness in an amount greater than seven percent of the average full value of taxable real property in the City for the most recent five years. Certain indebtedness is excluded in ascertaining the City's authority to contract indebtedness within the constitutional limits; accordingly, debt of this kind, commonly referred to as "excluded debt", may be issued without regard to the constitutional limit and without affecting the City's authority to issue debt subject to the limit. At December 31, 2018, the City of Peekskill had used \$24.06 million or 29.1% of the constitutional debt limit leaving 70.9% remaining to be used.

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

Requests for Information

This report is intended to provide a broad overview of the City of Peekskill's finances to its citizens and other stakeholders. If you desire additional information or have suggestions for improving this report, please contact:

Ann Scaglione, Comptroller
City of Peekskill
840 Main Street
Peekskill, New York 10566
Or e-mail ascaglione@cityofpeekskill.com

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**BASIC FINANCIAL
STATEMENTS**

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City of Peekskill, New York

Statement of Net Position
December 31, 2018

	Primary Government	Component Unit
		Industrial Development
		Agency
ASSETS		
Cash and equivalents	\$ 17,876,862	\$ 1,097,740
Investments	2,953,837	-
Receivables		
Taxes, net	18,488,993	-
Accounts	1,419,695	-
Water rents	1,946,411	-
Sewer rents	439,867	-
State and Federal aid	989,671	-
Due from other governments	758,779	-
Loans	1,103,504	-
Prepaid expenses	1,426,357	-
Inventories	214,370	-
Capital assets		
Not being depreciated	53,958,266	-
Being depreciated, net	52,307,252	308,750
 Total Assets	 153,883,864	 1,406,490
DEFERRED OUTFLOWS OF RESOURCES		
 11,872,187	 -	 -
LIABILITIES		
Accounts payable	869,441	-
Accrued liabilities	262,805	-
Retainages payable	589,709	-
Bond anticipation notes payable	410,000	-
Due to other governments	50,694	-
Due to school districts	19,013,284	-
Unearned revenues	121,001	-
Accrued interest payable	291,376	-
Non-current liabilities		
Due within one year	5,517,916	-
Due in more than one year	221,783,888	-
 Total Liabilities	 248,910,114	 -
DEFERRED INFLOWS OF RESOURCES		
 8,319,986	 -	 -
NET POSITION		
Net investment in capital assets	51,480,424	308,750
Restricted for		
Capital projects	4,400,810	-
Debt service	5,060,452	-
Special Purpose	70,322	-
Community Development	2,929,649	-
Permanent Fund	2,176	-
Permanent Fund - Nonexpendable	100,000	-
Unrestricted	(155,517,882)	1,097,740
 Total Net Position	 \$ (91,474,049)	 \$ 1,406,490

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

City of Peekskill, New York

Statement of Activities

Year Ended December 31, 2018

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government support	\$ 6,489,230	\$ 2,625,479	\$ 1,750	\$ 41,695	
Public safety	21,920,857	1,332,334	290,938	-	
Health	372,518	11,918	82,259	-	
Transportation	4,398,478	1,259,735	-	705,897	
Economic opportunity and development	621,237	134,526	106,226	-	
Culture and recreation	4,003,911	1,294,312	132,371	56,599	
Home and community services	16,107,984	9,492,715	7,055,822	916,935	
Interest	1,626,388	-	-	39,620	
Total Governmental Activities - Primary Government	<u>\$ 55,540,603</u>	<u>\$ 16,151,019</u>	<u>\$ 7,669,366</u>	<u>\$ 1,760,746</u>	
Component Unit - Industrial Development Agency	<u>\$ 100,863</u>	<u>\$ 30,000</u>	<u>\$ 82,422</u>	<u>\$ -</u>	
General revenues					
Real property taxes					
Other tax items					
Interest and penalties on real property taxes					
Gain on sale of tax acquired property					
Payments in lieu of taxes					
Real estate transfer tax					
Non-property taxes					
Non-property tax distribution from County					
Utilities gross receipts taxes					
Hotel tax					
Cable television franchise fees					
Unrestricted use of money and property					
Sale of property and compensation for loss					
Unrestricted State aid					
Miscellaneous					
Insurance recoveries					
Total General Revenues					
Change in Net Position					
NET POSITION					
Beginning, as reported					
Prior Period Adjustment					
Cumulative Effect of Change in Accounting Principle					
Beginning, as restated					
Ending					

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government	Component Unit	
Governmental Activities	Industrial Development Agency	
\$ (3,820,306)	\$ -	
(20,297,585)	-	
(278,341)	-	
(2,432,846)	-	
	(380,485)	-
	(2,520,629)	-
	1,357,488	-
	(1,586,768)	-
	(29,959,472)	-
		11,559
16,800,462	-	
354,854	-	
571,355	-	
6,236,721	-	
1,450,932	-	
3,775,765	-	
321,471	-	
154,548	-	
404,937	-	
29,080	7,265	
25,469	-	
2,731,477	-	
83,308	-	
130,608	-	
33,070,987	7,265	
3,111,515	18,824	
32,942,803	1,387,666	
508,395	-	
(128,036,762)	-	
(94,585,564)	1,387,666	
\$ (91,474,049)	\$ 1,406,490	

City of Peekskill, New York

Balance Sheet
Governmental Funds
December 31, 2018

	General	Capital Projects	Water
ASSETS			
Cash and equivalents	\$ 11,572,026	\$ 1,732,454	\$ 483,755
Investments	2,953,837	-	-
Taxes receivable, net of allowance for uncollectible taxes	18,488,993	-	-
Other receivables			
Accounts	419,695	-	-
Water rents	-	-	1,946,411
Sewer rents	-	-	-
State and Federal aid	989,671	-	-
Due from other governments	758,779	-	-
Loans	-	-	-
Due from other funds	554,867	-	-
	2,723,012	-	1,946,411
Prepaid expenditures	1,306,067	-	63,314
Inventories	-	-	214,370
Total Assets	\$ 37,043,935	\$ 1,732,454	\$ 2,707,850
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 736,457	\$ 6,954	\$ 106,982
Accrued liabilities	232,320	-	20,884
Retainages payable	-	589,709	-
Bond anticipation notes payable	-	410,000	-
Due to other governments	50,694	-	-
Due to school districts	19,013,284	-	-
Due to other funds	-	1,005,867	58,450
Unearned revenues	121,001	-	-
Total Liabilities	20,153,756	2,012,530	186,316
Deferred inflows of resources			
Deferred tax revenues	577,214	-	-
Total Liabilities and Deferred Inflows of Resources	20,730,970	2,012,530	186,316
Fund balances (deficits)			
Nonspendable	1,535,350	-	277,684
Restricted	8,609,430	-	-
Committed	873,975	-	-
Assigned	1,954,746	-	2,243,850
Unassigned	3,339,464	(280,076)	-
Total Fund Balances (Deficits)	16,312,965	(280,076)	2,521,534
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 37,043,935	\$ 1,732,454	\$ 2,707,850

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

Section 8 Housing	Other Governmental Funds	Total Governmental Funds
\$ 68,044	\$ 4,020,583	\$ 17,876,862
-	-	2,953,837
-	-	18,488,993
-	-	419,695
-	-	1,946,411
-	439,867	439,867
-	-	989,671
-	-	758,779
-	1,103,504	1,103,504
-	920,387	1,475,254
-	2,463,758	7,133,181
22,147	34,829	1,426,357
-	-	214,370
\$ 90,191	\$ 6,519,170	\$ 48,093,600

\$ 313	\$ 18,735	\$ 869,441
9,601	-	262,805
-	-	589,709
-	-	410,000
-	-	50,694
-	-	19,013,284
210,937	200,000	1,475,254
-	1,103,504	1,224,505
220,851	1,322,239	23,895,692
-	-	577,214
220,851	1,322,239	24,472,906
22,147	134,829	1,970,010
-	72,498	8,681,928
-	1,270,801	2,144,776
-	3,718,803	7,917,399
(152,807)	-	2,906,581
(130,660)	5,196,931	23,620,694
\$ 90,191	\$ 6,519,170	\$ 48,093,600

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City of Peekskill, New York

Reconciliation of Governmental Funds Balance Sheet to

the Government - Wide Statement of Net Position

December 31, 2018

Fund Balances - Total Governmental Funds

\$ 23,620,694

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

106,265,518

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Accounts receivable	1,000,000
Real property taxes	577,214
Loans	1,103,504
	2,680,718

Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities.

Deferred amounts on net pension assets (liabilities)

New York State Police and Firemen's Retirement System	1,609,166
New York State Local Employees' Retirement System	405,609
Length of Service Awards Program - Fire	174,761
Length of Service Awards program - Ambulance	(14,001)
	2,175,535

Total deferred amounts on net pension assets (liabilities)

Deferred amounts on refunding bonds

1,376,666

Long-term liabilities that are not due and payable in the current period are not reported in the funds.

Accrued interest payable	(291,376)
Bonds payable	(58,091,880)
Notes payable	(314,880)
Retirement incentives and other pension obligations	(2,565,430)
Compensated absences	(1,654,504)
Net pension liability	(3,385,392)
Total pension liability	(4,340,071)
Landfill closure costs	(1,000,000)
Claims payable	(2,423,780)
Other post employment benefit obligations payable	(153,525,867)
	(227,593,180)

Net Position of Governmental Activities

\$ (91,474,049)

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

City of Peekskill, New York

**Statement of Revenues, Expenditures and Changes
in Fund Balances
Governmental Funds
Year Ended December 31, 2018**

	<u>General</u>	<u>Capital Projects</u>	<u>Water</u>	<u>Section 8 Housing</u>
REVENUES				
Real property taxes	\$ 16,710,244	\$ -	\$ -	\$ -
Other tax items	8,613,862	-	-	-
Non-property taxes	4,656,721	-	-	-
Departmental income	4,431,316	-	6,882,153	-
Charges for services	172,106	-	-	-
Use of money and property	193,421	-	-	144
Licenses and permits	924,471	-	-	-
Fines and forfeitures	1,083,346	-	-	-
Sale of property and compensation for loss	25,469	-	-	-
State aid	2,831,478	1,679,431	-	-
Federal aid	276,416	-	-	6,958,791
Miscellaneous	275,995	-	14,245	41,775
Total Revenues	40,194,845	1,679,431	6,896,398	7,000,710
EXPENDITURES				
Current				
General government support	4,256,940	-	-	-
Public safety	13,088,165	-	-	-
Health	297,125	-	-	-
Transportation	2,579,699	-	-	-
Economic opportunity and development	553,459	-	-	-
Culture and recreation	2,505,753	-	-	-
Home and community services	2,236,010	-	3,955,835	7,281,403
Employee benefits	10,527,985	-	-	-
Debt service				
Principal	2,667,904	-	1,935,000	-
Interest	936,790	-	590,410	-
Capital outlay	-	9,925,091	-	-
Total Expenditures	39,649,830	9,925,091	6,481,245	7,281,403
Excess (Deficiency) of Revenues Over Expenditures	545,015	(8,245,660)	415,153	(280,693)
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	130,608	-	-	-
Transfers in	893,835	1,286,007	-	-
Transfers out	(700,000)	-	(240,000)	(130,000)
Total Other Financing Sources (Uses)	324,443	1,286,007	(240,000)	(130,000)
Net Change in Fund Balances	869,458	(6,959,653)	175,153	(410,693)
FUND BALANCES (DEFICITS)				
Beginning of Year	15,443,507	6,679,577	2,346,381	280,033
End of Year	\$ 16,312,965	\$ (280,076)	\$ 2,521,534	\$ (130,660)

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

Other Governmental	Total Governmental Funds
\$ -	\$ 16,710,244
-	8,613,862
-	4,656,721
2,348,599	13,662,068
-	172,106
80,399	273,964
-	924,471
-	1,083,346
-	25,469
-	4,510,909
(690,459)	6,544,748
108,316	440,331
<u>1,846,855</u>	<u>57,618,239</u>
-	4,256,940
-	13,088,165
-	297,125
-	2,579,699
-	553,459
46,617	2,552,370
990,385	14,463,633
-	10,527,985
119,000	4,721,904
16,057	1,543,257
<u>-</u>	<u>9,925,091</u>
<u>1,172,059</u>	<u>64,509,628</u>
674,796	(6,891,389)
-	130,608
-	2,179,842
<u>(1,109,842)</u>	<u>(2,179,842)</u>
<u>(1,109,842)</u>	<u>130,608</u>
(435,046)	(6,760,781)
<u>5,631,977</u>	<u>30,381,475</u>
<u>\$ 5,196,931</u>	<u>\$ 23,620,694</u>

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City of Peekskill, New York

**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2018**

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

Net Change in Fund Balances - Total Governmental Funds	\$ <u>(6,760,781)</u>
--	-----------------------

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

Capital outlay expenditures	9,429,863
Depreciation expense	<u>(1,225,690)</u>
	<u>8,204,173</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Real property taxes	90,218
Departmental income	<u>668,366</u>
	<u>758,584</u>

Long-term debt proceeds provide current financial resources to governmental funds but issuing debt increase long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal paid on bonds	4,540,000
Principal paid on notes	181,904
Amortization of premium and loss on refunding	<u>(115,975)</u>
	<u>4,605,929</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	32,844
Retirement incentives and other pension obligations	341,838
Compensated absences	<u>(851,174)</u>
Pension liabilities	<u>(103,509)</u>
Claims	199,487
Other post employment benefit obligations	<u>(3,315,876)</u>
	<u>(3,696,390)</u>

Change in Net Position of Governmental Activities	\$ <u>3,111,515</u>
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The notes to the financial statements are an integral part of this statement.

City of Peekskill, New York

Statement of Revenues, Expenditures and Changes

in Fund Balances - Budget and Actual

General and Water Funds

Year Ended December 31, 2018

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 16,650,000	\$ 16,650,000	\$ 16,710,244	\$ 60,244
Other tax items	7,570,985	7,570,985	8,613,862	1,042,877
Non-property taxes	4,310,000	4,310,000	4,656,721	346,721
Departmental income	4,210,765	4,292,762	4,431,316	138,554
Charges for services	230,000	230,000	172,106	(57,894)
Use of money and property	280,000	279,999	193,421	(86,578)
Licenses and permits	503,000	503,000	924,471	421,471
Fines and forfeitures	855,000	855,000	1,083,346	228,346
Sale of property and compensation for loss	30,000	30,000	25,469	(4,531)
State aid	2,721,000	2,709,000	2,831,478	122,478
Federal aid	212,750	530,166	276,416	(253,750)
Miscellaneous	166,000	166,000	275,995	109,995
Total Revenues	37,739,500	38,126,912	40,194,845	2,067,933
EXPENDITURES				
Current				
General government support	4,739,362	4,256,995	4,256,940	55
Public safety	13,144,839	13,037,650	13,088,165	(50,515)
Health	366,000	298,220	297,125	1,095
Transportation	2,454,127	2,579,722	2,579,699	23
Economic opportunity and development	542,502	553,479	553,459	20
Culture and recreation	2,400,816	2,717,896	2,505,753	212,143
Home and community services	2,264,838	2,236,030	2,236,010	20
Employee benefits	9,891,591	10,527,986	10,527,985	1
Debt service				
Principal	2,718,000	2,667,904	2,667,904	-
Interest	923,327	936,791	936,790	1
Total Expenditures	39,445,402	39,812,673	39,649,830	162,843
Excess (Deficiency) of Revenues Over Expenditures				
	(1,705,902)	(1,685,761)	545,015	2,230,776
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	50,000	50,000	130,608	80,608
Transfers in	898,000	898,000	893,835	(4,165)
Transfers out	(700,000)	(700,000)	(700,000)	-
Total Other Financing Sources (Uses)	248,000	248,000	324,443	76,443
Net Change in Fund Balances	(1,457,902)	(1,437,761)	869,458	2,307,219
FUND BALANCES				
Beginning of Year	1,457,902	1,437,761	15,443,507	14,005,746
End of Year	\$ -	\$ -	\$ 16,312,965	\$ 16,312,965

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

Water Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$	\$	\$	\$
-	-	-	-
7,060,000	7,060,000	6,882,153	(177,847)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
5,250	5,250	14,245	8,995
<u>7,065,250</u>	<u>7,065,250</u>	<u>6,896,398</u>	<u>(168,852)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
4,247,077	4,381,030	3,955,835	425,195
-	-	-	-
1,935,000	1,935,000	1,935,000	-
724,363	590,410	590,410	-
<u>6,906,440</u>	<u>6,906,440</u>	<u>6,481,245</u>	<u>425,195</u>
158,810	158,810	415,153	256,343
-	-	-	-
(240,000)	(240,000)	(240,000)	-
(240,000)	(240,000)	(240,000)	-
(81,190)	(81,190)	175,153	256,343
81,190	81,190	2,346,381	2,265,191
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,521,534</u>	<u>\$ 2,521,534</u>

City of Peekskill, New York

Statement of Assets and Liabilities
Fiduciary Fund
December 31, 2018

	<u>Agency</u>
ASSETS	
Cash and equivalents	<u>\$ 1,096,075</u>
LIABILITIES	
Accounts payable	7,382
Deposits	827,543
Employee payroll deductions	<u>261,150</u>
Total Liabilities	<u>\$ 1,096,075</u>

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

City of Peekskill, New York

Notes to Financial Statements **December 31, 2018**

Note 1 - Summary of Significant Accounting Policies

The City of Peekskill, New York ("City") was incorporated in 1940 and operates in accordance with its Charter and the various applicable laws of the State of New York. The City functions under a Common Council/Manager form of government. The Common Council serves as the legislative body responsible for overall operation. The City Manager serves as the chief executive officer and the City Comptroller serves as the chief financial officer. The City provides the following services to its residents; public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City's more significant accounting policies:

A. Financial Reporting Entity

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

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

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

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

City of Peekskill Industrial Development Agency
840 Main Street
Peekskill, New York 10566

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

The following organizations are related to the City:

The Peekskill Local Development Corporation (“Corporation”) is a public benefit corporation created to promote, coordinate and execute programs in the City aimed at improving the quality of life for the City's inhabitants. Members of the Corporation are appointed by the Common Council for a specified term. Corporation members have complete responsibility for management of the Corporation and accountability for fiscal matters. The City is not liable for Corporation bonds or notes.

The Peekskill Business Improvement District is an entity established by the Common Council to encourage and promote business development in the downtown area. A district management association is appointed by the Common Council for a specified term. Association members have complete responsibility for management and accountability for fiscal matters.

B. Government-Wide Financial Statements

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

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

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

C. Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The City maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The City's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

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

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

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

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

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

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

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

Special Revenue Funds:

Sewer Fund - The Sewer Fund is used to record the sewer utility operations of the City, which render services on a user charge basis to the general public.

Recreation Fund - The Recreation Fund is established to account for fees received from local developers to be used for recreational facilities and park improvements.

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the Village in accordance with the terms of a trust agreement.

Community Development Funds - The Community Development Funds are used to account for projects financed by entitlements from the U.S. Department of Housing and Urban Development.

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

Permanent Fund - The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

b. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the City in an agency capacity on behalf of others. The Agency Fund is used to account for employer payroll tax withholdings and various other deposits that are payable to other jurisdictions or individuals.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to retirement

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

incentives and other pension obligations, compensated absences, net pension liability, certain claims, landfill closure costs and other post-employment benefits obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Component Unit

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

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

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The City's deposits and investment policies are governed by State statutes. The City has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The City is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The City has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The City follows the provisions of GASB Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

Length of Service Awards Program Investments

Fire Service Awards Program - The program policy allows investments in the following: (1) fixed income mutual funds; (2) international equities; (3) United States government obligations; and (4) mixed assets. These investments are measured using level 1 inputs.

Ambulance Service Awards Program - The program policy allows investments in the following: (1) United States Treasuries; (2) common stock; and (3) mutual funds, these investments are measured using level 1 inputs. The investments in corporate bonds are measured using level 2 inputs.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the City does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the City's name. The City's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2018.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The City does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The City's investment policy limits the amount on deposit at each of its banking institutions

Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. City and County taxes are due on April 1st with the first half payable without penalty until April 30th and the second half payable without penalty until October 31st. The City School District of Peekskill and Hendrick Hudson Central School District taxes for the period July 1st to June 30th are levied on July 1st and are due on July 1st with the first half payable without penalty until July 31st and the second half payable without penalty until February 28th. The City guarantees the full payment of the County and school districts warrants and assumes the responsibility for uncollected taxes. The City also has the responsibility for conducting in-rem foreclosure proceedings.

The City functions in both a fiduciary and guarantor relationship with the County of Westchester and the school districts with respect to the collection and payment of real property taxes levied by such

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

jurisdictions. The County Charter provides for the City to collect County taxes and remit them as collected. However, the City must remit to the County sixty percent of the amount levied by May 25th and the balance of forty percent on October 15th. With respect to school districts taxes, New York State law and the County charter provide that the City satisfy the warrants of the school districts by August 31st of the fiscal year following that year for which such taxes were levied. Thus, the City's fiduciary responsibility for school districts taxes is from the date of the levy until the respective due dates, at which time the City will satisfy its obligations to the school districts, regardless of the amounts collected.

Since the County tax warrant must be paid in full by October, uncollected County taxes have been accounted for in a manner similar to City taxes. The collection of school districts taxes is deemed a financing transaction until the warrants are satisfied.

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

Due From/To Other Funds - During the course of its operations, the City has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2018, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government wide and fund financial statements. Prepaid expenses/expenditures consist of costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and/or will benefit such periods. Reported amounts in the fund financial statements are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Inventories - Inventories in the Water Fund are recorded at cost on a first-in, first-out basis and consist of materials and supplies for use by the Water Department. The cost is recorded as inventory at the time individual inventory items are purchased. The City uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and year-end balances are not material.

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

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

<u>Class</u>	<u>Life in Years</u>
Land Improvements	5-50
Buildings and Improvements	5-50
Machinery and Equipment	3-10
Infrastructure	5-50

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

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

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City has reported unearned revenues of \$121,001 for parking permits and grants received in advance in the General Fund and \$1,103,504 for loans receivable in the Community Development Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred outflows and inflows of resources have been reported on the government-wide Statement of Net Position for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
New York State and Local Police and Fire Retirement System	\$ 6,296,688	\$ 4,687,522
New York State and Local Employees' Retirement System	3,722,597	3,316,988
Length of Service Awards Program - Fire	352,888	178,127
Length of Service Awards Program - Ambulance	123,348	137,349
Deferred loss on bond refunding	1,376,666	-
	<u>\$ 11,872,187</u>	<u>\$ 8,319,986</u>

The City reported deferred outflows of resources of \$1,376,666 for a deferred loss on refunding bonds in the government-wide Statement of Net Position. This amount results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The City reported deferred inflows of resources of \$577,214 for real property taxes in the General Fund. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

The City also reported deferred outflows of resources and deferred inflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the City's pension plans in Note 3G.

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

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

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

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Total Pension Liability - Length of Service Award Programs - The total pension liabilities for the Fire Service Awards Program and the Ambulance Service Awards Program are presented in accordance with the provisions of GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68".

Net Position - Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for capital, debt service, Special Purpose, Community Development and the Permanent Fund. The balance is classified as unrestricted.

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

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

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

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

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

used to establish the commitment. This classification includes certain amounts established and approved by the Common Council.

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

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

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

F. Encumbrances

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

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

City of Peekskill, New York

Notes to Financial Statements (Continued)
December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is May 13, 2019.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) The various operating departments generally submit their requests for the ensuing year's appropriations in August.
- b) During August and September, these requests are reviewed by the City Manager and Comptroller.
- c) The Charter requires the budget to be presented to the Common Council by October 1st.
- d) The Common Council sets a date for a public hearing, which is generally in November.
- e) After the public hearing, the Common Council adopts the budget, which may not be later than December 1st.
- f) Formal budgetary integration is employed during the year as a management control device for General, Water, Sewer and Debt Service funds.
- g) Budgets for General, Water, Sewer and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. Capital Projects funds are budgeted on a project basis. Annual budgets are not adopted for the Recreation, Special Purpose, Community Development, Section 8 Housing and Permanent funds.
- h) The City Charter has established legislative legal control of the budget at the function level of expenditures. All transfers between appropriation accounts, at the function level, require approval by the Common Council. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Common Council.
- i) Appropriations in General, Water, Sewer and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

City of Peekskill, New York

Notes to Financial Statements (Continued) **December 31, 2018**

Note 2 - Stewardship, Compliance and Accountability (Continued)

B. Property Tax Limitation

The amount that may be raised by the City for real property taxes in any fiscal year for purposes other than for debt service on City indebtedness, is limited by the Constitution of the State of New York, to two percent of the five year average full valuation of taxable real estate located within the City. For 2018, the maximum amount which could have been raised was \$32,684,008, which exceeded the levy by \$16,034,008.

On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This applies to all local governments.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a City in a particular year. The original legislation that established the Tax Levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the City to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor with the result expressed as a decimal to four places. The City is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the City, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the City. The Common Council may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Common Council first enacts, by a vote of at least sixty percent of the total voting power of the Common Council, a local law to override such limit for such coming fiscal year.

City of Peekskill, New York

Notes to Financial Statements (Continued) **December 31, 2018**

Note 2 - Stewardship, Compliance and Accountability (Continued)

C. Expenditures in Excess of Budget

The following capital projects exceeded their budgetary authorizations by the amounts indicated:

Street Paving	\$ 494,642
Lincoln Train Station - Visitor's Center	1,133,709
Lincoln Plaza Design	5,596
Water Meter Upgrade	75,721
Central Firehouse	2,333,715
Purchase Lower South Street	1,970
Hollowbrook Pump Station	11,398
LWRP Update Blue Plan	8,305
Peekskill Multi Use Waterfront	17,019
Feasibility Study - White Plains Linen Complex	103,500
Oakwood Drive Reconstruction	15,993

D. Capital Projects Fund Deficits

The deficits in various individual projects arise in-part because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. This deficit will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing. Other deficits, where no bond anticipation notes were issued or outstanding to the extent of the project deficit, arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipts or issuance of authorized financing.

E. Cumulative Effect of Change in Accounting Principle

For the year ended December 31, 2018, the City implemented GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB")"*. This statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governments by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. As a result of adopting these standards, the district-wide financial statements reflect a cumulative effect for the change in accounting principle of \$(128,036,762).

F. Prior Period Adjustment

The City during the current fiscal year, conducted an extensive analysis of capital assets for impairment, existence and classifications. As a result of these adjustments, an increase of \$508,395 was required on the government-wide for governmental activities.

City of Peekskill, New York

Notes to Financial Statements (Continued) **December 31, 2018**

Note 3 - Detailed Notes on All Funds

A. Property Taxes Receivable

Taxes receivable at December 31, 2018 consisted of the following:

City and County Taxes - Current	\$ 495,547
City and County Taxes - Delinquent	159,291
School Districts Taxes - Current	17,227,000
School Districts Taxes - Delinquent	444,184
Installment agreements	162,971
	<hr/>
	\$ 18,488,993

School districts taxes are offset by liabilities to the school districts, which will be paid no later than August 31st of the fiscal year following the year for which such taxes were levied. City taxes in the fund financial statements are also partially offset by deferred tax revenues of \$577,214, which is an estimate of the taxes that will not be collected within the first sixty days of the subsequent year. School and County taxes are also reflected as nonspendable in the fund financial statements as long-term receivables of \$229,283, which represents an estimate of the taxes receivable which will not be collected within the subsequent year.

B. Loans Receivable

Loans receivable of \$1,103,504 reported in the Community Development Fund as of December 31, 2018 represent various loans issued to qualifying recipients under the Federal Home Investment Partnership Program and Commercial Loan Program. The repayment terms and interest rates of each loan vary.

C. Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2018 were as follows:

Fund	Due From	Due To
General	\$ 554,867	\$ -
Capital Projects	-	1,005,867
Water	-	58,450
Section 8 Housing	-	210,937
Non-Major Governmental	920,387	200,000
	<hr/>	<hr/>
	\$ 1,475,254	\$ 1,475,254

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

City of Peekskill, New York

Notes to Financial Statements (Continued)
December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

D. Capital Assets

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

Class	Balance at January 1, 2018 as reported	Prior Period Adjustment	Balance at December 31, 2018 as restated	Additions	Deletions	Balance December 31, 2018
Capital Assets, not being depreciated:						
Land	\$ 11,201,915	\$ -	\$ 11,201,915	\$ -	\$ -	\$ 11,201,915
Construction-in-progress	33,480,224	-	33,480,224	9,276,127	-	42,756,351
Total Capital Assets, Not Being Depreciated	\$ 44,682,139	\$ -	\$ 44,682,139	\$ 9,276,127	\$ -	\$ 53,958,266
Capital Assets, being depreciated:						
Land improvements	\$ 11,401,838	\$ (148,747)	\$ 11,253,091	\$ -	\$ -	\$ 11,253,091
Buildings and improvements	47,434,921	148,747	47,583,668	-	-	47,583,668
Machinery and equipment	11,219,439	-	11,219,439	153,736	611,000	10,762,175
Infrastructure	16,378,204	-	16,378,204	-	-	16,378,204
Total Capital Assets, Being Depreciated	86,434,402	-	86,434,402	153,736	611,000	85,977,138
Less Accumulated Depreciation for:						
Land improvements	6,249,360	(96,098)	6,153,262	417,090	-	6,570,352
Buildings and improvements	5,689,897	-	5,689,897	205,677	-	5,895,574
Machinery and equipment	7,969,375	245,600	8,214,975	417,977	611,000	8,021,952
Infrastructure	13,654,959	(657,897)	12,997,062	184,946	-	13,182,008
Total Accumulated Depreciation	33,563,591	(508,395)	33,055,196	1,225,690	611,000	33,669,886
Total Capital Assets, Being Depreciated, Net	\$ 52,870,811	\$ 508,395	\$ 53,379,206	\$ (1,071,954)	\$ -	\$ 52,307,252
Capital Assets, Net	\$ 97,552,950	\$ 508,395	\$ 98,061,345	\$ 8,204,173	\$ -	\$ 106,265,518

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

General Government Support	\$ 165,773
Public Safety	240,644
Transportation	487,159
Culture and Recreation	274,824
Home and Community Services	57,290
Total Depreciation Expense	\$ 1,225,690

E. Accrued Liabilities

Accrued liabilities at December 31, 2018 were as follows:

	General Fund	Water	Section 8 Housing	Total
Payroll and Employee Benefits	\$ 139,479	\$ 20,884	\$ 9,601	\$ 169,964
Other	92,841	-	-	92,841
	\$ 232,320	\$ 20,884	\$ 9,601	\$ 262,805

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

F. Short-Term Capital Borrowings

The schedule below details the changes in short-term capital borrowings.

Purpose	Year of Original Issue	Maturity Date	Rate of Interest	Balance January 1, 2018	Redemptions	Balance December 31, 2018
Capital Projects Fund - Various Capital Projects	2015	09/20/19	2.32 %	\$ 610,000	\$ 200,000	\$ 410,000

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of \$13,725 were recorded in the fund financial statements in the General Fund. Interest expense of \$12,997 was recorded in the government-wide financial statements for governmental activities.

G. Long-Term Liabilities

The following table summarizes changes in the City's long-term liabilities for the year ended December 31, 2018:

	Balance as Reported January 1, 2018	Cumulative Effect of Change in Accounting Principle*	Balance as Restated January 1, 2018	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2018	Due Within One Year
Bonds Payable							
Bonds Payable							
Capital construction	\$ 58,945,000	\$ -	\$ 58,945,000	\$ -	\$ 3,795,000	\$ 55,150,000	\$ 3,885,000
Other	3,400,000	-	3,400,000	-	745,000	2,655,000	770,000
	62,345,000	-	62,345,000	-	4,540,000	57,805,000	4,655,000
Plus							
Unamortized premium on bonds	311,422	-	311,422	-	24,542	286,880	-
	62,656,422	-	62,656,422	-	4,564,542	58,091,880	4,655,000
Notes Payable	496,784	-	496,784	-	181,904	314,880	102,535
Other Non-Current Liabilities							
Retirement Incentives and							
Other Pension Obligations	2,907,268	-	2,907,268	-	341,838	2,565,430	353,381
Compensated Absences	803,330	-	803,330	931,174	80,000	1,654,504	165,000
Total Pension Liability - Length of service awards program	3,979,166	-	3,979,166	360,905	-	4,340,071	-
Net Pension Liability	7,660,175	-	7,660,175	-	4,274,783	3,385,392	-
Landfill Closure Costs	1,000,000	-	1,000,000	-	-	1,000,000	-
Claims Payable	2,623,267	-	2,623,267	351,667	551,154	2,423,780	242,000
Other Post Employment Benefit Obligations Payable	22,173,229	128,036,762	150,209,991	7,030,197	3,714,321	153,525,867	-
Total Other Non-Current Liabilities	41,146,435	128,036,762	169,183,197	8,673,943	8,962,096	168,895,044	760,381
Total Long-Term Liabilities	\$ 104,299,641	\$ 128,036,762	\$ 232,336,403	\$ 8,673,943	\$ 13,708,542	\$ 227,301,804	\$ 5,517,916

*See Note 2E.

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Each governmental fund's liability for bonds, notes, retirement incentives and other pension obligation, compensated absences, net pension liability, landfill closure costs, certain claims and other post employment benefit obligations is liquidated by the General, Water and Sewer funds.

Bonds Payable

Bonds payable at December 31, 2018 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at December 31, 2018
Tax Certiorari	2011	\$ 1,870,000	December, 2021	2.000 %	\$ 600,000
Other Purpose	2013	1,820,700	June, 2024	2.000-3.250	1,125,000
Public Improvements	2013	8,465,000	June, 2033	2.000-3.000	6,945,000
Tax Certiorari	2013	1,428,000	June, 2022	2.000	680,000
Tax Certiorari	2014	1,100,000	June, 2019	1.500	250,000
Public Improvements Refunding Bonds	2014	3,270,000	May, 2023	2.000-2.750	1,895,000
NYS Environmental Facilities Corporation - Refunding Bonds	2015	16,390,000	October, 2028	4.545-4.805	12,400,000
NYS Environmental Facilities Corporation - Refunding Bonds	2015	9,735,000	March, 2028	4.382-4.754	7,775,000
Public Improvements	2017	14,610,000	September, 2037	2.125-3.000	13,905,000
Public Improvements Refunding Bonds	2017	12,810,000	December, 2040	2.250-3.000	<u>12,230,000</u>
					<u>\$ 57,805,000</u>

Interest expenditures of \$912,127, \$590,410 and \$16,057 were recorded in the fund financial statements in the General, Water and Sewer funds, respectively. Interest expense of \$1,602,453 was recorded in the government-wide financial statements.

Notes Payable

During 2012, the City entered into a lease agreement to finance the purchase of trucks. The terms of this agreement provided for the repayment of the principal amount of \$597,518, with monthly installments of \$9,213, including interest, to maturity in 2018. This note payable was satisfied during the 2018 fiscal year.

During 2017, the City entered into a lease agreement to finance the purchase of a fire truck. The terms of this agreement provided for the repayment of the principal amount of \$524,989, with annual installments of \$109,925, including interest, with maturity in 2021.

Interest expenses/expenditures of \$10,938 were recorded in the General Fund financial statements and the government-wide financial statements.

City of Peekskill, New York

Notes to Financial Statements (Continued) **December 31, 2018**

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 2018 including interest payments of \$10,879,882 are as follows:

Year Ending December 31,	Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 4,655,000	\$ 1,358,381	\$ 102,535	\$ 7,390	\$ 4,757,535	\$ 1,365,771
2020	4,495,000	1,244,709	104,941	4,983	4,599,941	1,249,692
2021	4,600,000	1,136,804	107,404	2,521	4,707,404	1,139,325
2022	4,480,000	1,023,050	-	-	4,480,000	1,023,050
2023	4,415,000	898,868	-	-	4,415,000	898,868
2024-2028	20,405,000	3,026,300	-	-	20,405,000	3,026,300
2029-2033	8,485,000	1,593,601	-	-	8,485,000	1,593,601
2034-2038	5,235,000	552,000	-	-	5,235,000	552,000
2039-2040	1,035,000	31,275	-	-	1,035,000	31,275
	<u>\$ 57,805,000</u>	<u>\$ 10,864,988</u>	<u>\$ 314,880</u>	<u>\$ 14,894</u>	<u>\$ 58,119,880</u>	<u>\$ 10,879,882</u>

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

Prior Year Defeasance of Debt

In the prior year, the City defeased certain public improvement bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2018, \$2,030,000 of outstanding public improvement serial improvement serial bonds are considered defeased.

Retirement Incentives and Other Pension Obligations

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

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

	Original Amount Amortized	Current Year Payments	Balance Due	Due Within One Year
2012 ERS	\$ 574,934	\$ 67,400	\$ 250,533	\$ 59,884
2012 PFRS	564,252	66,148	245,877	58,771
2013 ERS	512,112	53,809	325,852	41,557
2013 PFRS	760,826	79,943	484,105	61,740
2014 ERS	533,602	55,219	379,575	41,934
2014 PFRS	424,594	43,939	302,032	33,368
2015 ERS	412,640	42,226	324,070	31,499
2015 PFRS	322,636	33,015	253,386	24,628
	<u>\$ 4,105,596</u>	<u>\$ 441,699</u>	<u>\$ 2,565,430</u>	<u>\$ 353,381</u>

The current year payments, including interest, were charged to retirement expenditures in the funds identified below:

Fund	ERS	PFRS	Total
General	\$ 171,162	\$ 223,045	\$ 394,207
Water	28,622	-	28,622
Sewer	8,965	-	8,965
Section 8 Housing	9,905	-	9,905
	<u>\$ 218,654</u>	<u>\$ 223,045</u>	<u>\$ 441,699</u>

Compensated Absences

City employees earn vacation leave based upon the terms of their respective collective bargaining agreements. Vacation leave is accumulated monthly and is payable upon termination to those who have completed one full year of service. No vacation leave may be carried over or accrued without the written authorization of the City Manager. Sick days are allowed to be accumulated up to 200 days. Employees of the City, upon separation of service, who have accumulated a minimum 50 sick days, are compensated for 30% of their accumulated unused sick days above 50 days, computed at the employee's current rate of pay at the time of separation. The value of the compensated absences has been reflected in the government-wide financial statements.

H. Defined Benefit - Fire Service Awards Program

The City's financial statements are for the year ended December 31, 2018. The information contained in this note is based on information for the City of Peekskill Volunteer Fire Department Length of Service Award Program for the program year ending on December 31, 2017, which is the most recent program year for which complete information is available. The Program is accounted for in the City's financial statements within the Fire Service Fund.

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Plan description

The Peekskill Volunteer Fire Department established a defined benefit Service Award Program (referred to as a "LOSAP" - Length Of Service Award Program - under Section 457(e)(11) of the Internal Revenue Code) effective January 1, 2000 for the active volunteer firefighter members of the City of Peekskill Volunteer Fire Department. This is a single employer defined benefit plan. The Program was established pursuant to Article 11-A of the New York State General Municipal Law. The Program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The City of Peekskill Volunteer Fire Department is the Sponsor of the Program and the Program administrator.

An eligible Program Participant is defined to be an active volunteer firefighter who is at least 18 years of age and upon earning 50 or more points in a calendar year after 2000 under the provisions of the Program point system, is eligible to become a participant in the Program. Points are granted for the performance of certain activities in accordance with a system established by the City on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the Program. Participants are fully vested upon attainment of entitlement age, upon death or upon general disablement and after earning five years of service credit. A participant, upon attainment of entitlement age (the later of age 62 or the participant's age after earning 50 program points), shall be able to receive their service award, payable in the form of a ten-year certain and continuous monthly payment life annuity.

Benefits provided

The monthly benefits are \$20 for each year of service credit, up to a maximum of 40 years. The benefits and refunds of the plan are recognized when due and payable in accordance with the terms of the plan. The Program also provides disability and death benefits. The trustees of the Program, which are the members of the City Council, are authorized to invest the funds in authorized investment vehicles. Administrative costs are paid by the City from the General Fund. Separate financial statements are not issued by the Program.

Participants covered by the benefit terms.

At the December 31, 2017 measurement date, the following participants were covered by the benefit terms.

Inactive participants currently receiving benefits payments	39
Inactive participants entitled to but not yet receiving benefits payments	32
Active participants	62
Total	133

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Contributions

New York State General Municipal Law §219(d) requires the City Board to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the City Board.

Measurement of Total Pension Liability

The total pension liability at the December 31, 2017 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method: Entry Age Normal

Inflation: 2.25%

Salary Scale: None assumed

Mortality rates were based on RP-2014 Male Mortality Table without projection for mortality improvement.

Discount Rate. The discount rate used to measure the total pension liability was 3.16%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Services, AA by Fitch or AA by Standard & Poor's Rating Services.

Changes in the Total Pension Liability

Balance as of 12/31/16 measurement date	\$ 3,288,640
Service cost	55,650
Interest	121,566
Changes in assumptions or other inputs	258,867
Differences between expected and actual experience	(28,447)
Benefit payments	<u>(135,171)</u>
Balance as of 12/31/17 measurement date	<u>\$ 3,561,105</u>

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Sensitivity of the Total Pension Liability to changes in the discount rate. The following presents the total pension liability of the City as of the December 31, 2017 measurement date, calculated using the discount rate of 3.16%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.16%) or 1-percentage point higher (4.16%) than the current rate:

	1% Decrease (2.16%)	Current Assumption (3.16%)	1% Increase (4.16%)
Total Pension Liability	\$ 4,121,648	\$ 3,561,105	\$ 3,111,981

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the City recognized pension expense of \$52,916 in the Fire Service Award Fund. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,908	\$ 22,263
Changes of assumptions or other inputs	202,592	155,864
Benefit payments & administrative expenses subsequent to the measurement date	139,388	-
	<u>\$ 352,888</u>	<u>\$ 178,127</u>

\$139,388 reported as deferred outflows of resources related to pensions resulting from City transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2019	\$ 8,678
2020	8,675
2021	8,675
2022	9,345
2023	-
Thereafter	-

City of Peekskill, New York

Notes to Financial Statements (Continued) **December 31, 2018**

Note 3 - Detailed Notes on All Funds (Continued)

Defined Benefit - Ambulance Service Awards Program

The City's financial statements are for the year ended December 31, 2018. The information contained in this note is based on information for the Peekskill Community Volunteer Ambulance Corps, Inc. Service Award Program for the program year ending on December 31, 2017, which is the most recent program year for which complete information is available. The Program is accounted for in the City's financial statements within the Ambulance Service Fund.

Plan description

The City, pursuant to Article 11-AAA of General Municipal Law and legislative resolution, established a Service Awards Program (Program) for volunteer members of the Peekskill Community Volunteer Ambulance Corporation effective January 1, 2003 for active volunteer ambulance members. This Program is a single employer defined benefit plan.

Participants are fully vested upon attainment of entitlement age, upon death or upon general disablement and after earning five years of service credit. A participant upon attainment of entitlement age (the later of age 65 or the participant's age after earning five years of service credit) shall be able to receive their service award, payable in the form of a ten-year monthly payment life annuity.

Benefits provided

The monthly benefits are \$20 for each year of service credit, up to a maximum of 40 years. The Program also provides disability and death benefits.

Participants covered by the benefit terms.

At the December 31, 2017 measurement date, the following participants were covered by the benefit terms.

Inactive participants currently receiving benefits payments	0
Inactive participants entitled to but not yet receiving benefits payments	12
Active participants	44
Total	56

Contributions

New York State General Municipal Law §219(d) requires the City Board to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the City Board.

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Measurement of Total Pension Liability

The total pension liability at the December 31, 2017 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method: Entry Age Normal

Inflation: 2.25%

Salary Scale: None assumed

Mortality rates were based on RP-2014 Male Mortality Table without projection for mortality improvement.

Discount Rate. The discount rate used to measure the total pension liability was 3.16%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Services, AA by Fitch or AA by Standard & Poor's Rating Services.

Changes in the Total Pension Liability

Balance as of 12/31/16 measurement date	\$ 690,526
Service cost	54,562
Interest	27,643
Changes in assumptions or other inputs	78,468
Differences between expected and actual experience	(72,233)
Benefit payments	-
Balance as of 12/31/17 measurement date	<u>\$ 778,966</u>

Sensitivity of the Total Pension Liability to changes in the discount rate. The following presents the total pension liability of the City as of the December 31, 2017 measurement date, calculated using the discount rate of 3.16%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.16%) or 1-percentage point higher (4.16%) than the current rate:

	1% Decrease (2.16%)	Current Assumption (3.16%)	1% Increase (4.16%)
Total Pension Liability	\$ 961,976	\$ 778,966	\$ 637,012

City of Peekskill, New York

Notes to Financial Statements (Continued) **December 31, 2018**

Note 3 - Detailed Notes on All Funds (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2018, the City recognized pension expense of \$53,342 in the Ambulance Service Award Fund. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,770	\$ 68,220
Changes of assumptions or other inputs	74,109	69,129
Benefit payments & administrative expenses subsequent to the measurement date	<u>29,469</u>	-
	<u>\$ 123,348</u>	<u>\$ 137,349</u>

\$29,469 reported as deferred outflows of resources related to pensions resulting from City transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>
2019
2020
2021
2022
2023
Thereafter

\$ (2,778)
(2,778)
(2,778)
(2,778)
(2,778)
(29,580)

Pension Plans

New York State and Local Retirement System

The City participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as the New York State and Local Retirement System ("System"). These are cost-sharing, multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The City also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2018 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	21.6%
	3 A14	15.8
	4 A15	15.8
	5 A15	13.0
	6 A15	9.3
PFRS	2 384D	24.0%
	2 384E	24.9
	3 384D	23.7
	5 384D	19.4
	6 375I	8.7
	6 384D	14.4
	6 384E	15.2

At December 31, 2018, the City reported the following for its proportionate share of the net pension liability for ERS and PFRS:

	<u>ERS</u>	<u>PFRS</u>
Measurement date	March 31, 2018	March 31, 2018
Net pension liability	\$ 1,015,381	\$ 2,370,011
City's proportion of the net pension liability	0.0314608%	0.2344788%
Change in proportion since the prior measurement date	(0.0009985%)	(0.0029941%)

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

The net pension liability was measured as of March 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members.

For the year ended December 31, 2018, the City recognized pension expense in the government-wide financial statements of \$1,257,134 for ERS and \$2,225,626 for PFRS. Pension expenditures of \$1,391,352 for ERS and \$2,094,157 for PFRS were recorded in the fund financial statements and were charged to the following funds:

Fund	ERS	PFRS
General	\$ 937,031	\$ 2,094,153
Water	262,752	-
Sewer	120,534	-
Section 8 Housing	71,032	-
Total	\$ 1,391,349	\$ 2,094,153

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		PFRS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 362,153	\$ 299,270	\$ 975,473	\$ 629,766	\$ 1,337,626	\$ 929,036
Changes of assumptions	673,281	-	1,795,712	-	2,468,993	-
Net difference between projected and actual earnings on pension plan investments	1,474,760	2,911,029	1,918,246	3,863,243	3,393,006	6,774,272
Changes in proportion and differences between City contributions and proportionate share of contributions	216,997	106,689	82,151	194,513	299,148	301,202
City contributions subsequent to the measurement date	995,406	-	1,525,106	-	2,520,512	-
	\$ 3,722,597	\$ 3,316,988	\$ 6,296,688	\$ 4,687,522	\$ 10,019,285	\$ 8,004,510

\$995,406 and \$1,525,106 reported as deferred outflows of resources related to ERS and PFRS, respectively, resulting from the City's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and PFRS will be recognized in pension expense as follows:

Year Ended March 31,	ERS	PFRS
2019	\$ 241,378	\$ 452,925
2020	198,154	398,752
2021	(719,054)	(513,724)
2022	(310,275)	(357,389)
2023	-	103,496
Thereafter	-	-

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

The total pension liability for the March 31, 2018 measurement date was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liabilities to March 31, 2018. Significant actuarial assumptions used in the April 1, 2017 valuation were as follows:

Inflation	2.5%
Salary scale	3.8% in ERS, 4.5% in PFRS indexed by service
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.3% annually

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

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.55 %
International Equity	14	6.35
Private Equity	10	7.50
Real Estate	10	5.55
Absolute Return Strategies	2	3.75
Opportunistic Portfolio	3	5.68
Real Assets	3	5.29
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	4	1.25
	<hr/> <u>100 %</u>	

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
City's proportionate share of the ERS net pension liability (asset)	\$ 7,682,645	\$ 1,015,381	\$ (4,624,858)
City's proportionate share of the PFRS net pension liability (asset)	\$ 11,608,955	\$ 2,370,011	\$ (5,379,296)

The components of the collective net pension liability as of the March 31, 2018 measurement date were as follows:

	ERS	PFRS	Total
Total pension liability	\$ 183,400,590,000	\$ 32,914,423,000	\$ 216,315,013,000
Fiduciary net position	180,173,145,000	31,903,666,000	212,076,811,000
Employers' net pension liability	\$ 3,227,445,000	\$ 1,010,757,000	\$ 4,238,202,000
Fiduciary net position as a percentage of total pension liability	98.24%	96.93%	98.04%

Employer contributions to ERS and PFRS are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Retirement contributions as of December 31, 2018 represent the employer contribution for the period of April 1, 2018 through December 31, 2018 based on prior year ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS and PFRS for the nine months ended December 31, 2018 were \$995,406 and \$1,525,106, respectively.

Voluntary Defined Contribution Plan

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

City of Peekskill, New York

Notes to Financial Statements (Continued) **December 31, 2018**

Note 3 - Detailed Notes on All Funds (Continued)

Landfill Closure Costs

State and Federal laws and regulations require the closure of the former City landfill site. The amount of \$1,000,000 reported as a landfill closure costs liability in the government-wide financial statements at December 31, 2018. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Claims Payable

The government-wide financial statements reflects general and casualty and workers' compensation liabilities which are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported (IBNR's). The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of the activity of unpaid claim liabilities is as follows:

	Year Ended December 31, 2018		Year Ended December 31, 2017	
	General Liability and Casualty	Workers' Compensation	General Liability and Casualty	Workers' Compensation
Balance - Beginning of Year	\$ 1,345,570	\$ 1,277,697	\$ 1,505,781	\$ 1,564,194
Provision for Claims and Claims Adjustment Expenses	348,258	3,409	376,106	(57,193)
Claims and Claims Adjustment Expenses Paid	(322,439)	(228,715)	(536,317)	(229,304)
Balance - End of Year	<u>\$ 1,371,389</u>	<u>\$ 1,052,391</u>	<u>\$ 1,345,570</u>	<u>\$ 1,277,697</u>
Due Within One Year	<u>\$ 137,000</u>	<u>\$ 105,000</u>	<u>\$ 135,000</u>	<u>\$ 127,000</u>

Other Post Employment Benefit Obligations ("OPEB")

In addition to providing pension benefits, the City provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the City may vary according to length of service. The cost of providing post employment health care benefits is shared between the City and the retired employee as noted below. Substantially all

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	180
Active employees	<u>201</u>
	<u>381</u>

The City's total OPEB liability of \$153,525,867 was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2017.

The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	3.00%
Discount rate	3.80%
Healthcare cost trend rates	8.0% for 2019, decreasing by up to .5% per year to an ultimate rate of 5.0% for 2026
Retirees' share of benefit-related costs	Varies from 0% to 100%, depending on applicable retirement year and bargaining unit

The discount rate was based on the average of the Bond Buyer 20 year Bond GO, S&P Municipal Bond 20 year High Grade Rate Index, and Fidelity General Obligation 20-year AA Municipal Bond Index.

Mortality rates were based on the sex-distinct RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2014, and then adjusted for mortality improvements with scale MP-2018 mortality improvement scale on a fully generational basis.

The actuarial assumptions used in the January 1, 2017 valuation for turnover and retirement for ERS and PFRS were based on the April 1, 2010 to March 31, 2015 experience study released by the Retirement Systems Actuary and published in their August 2015 report.

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

The City's change in the total OPEB liability for the year ended December 31, 2018 is as follows:

Total OPEB Liability - Beginning of Year	\$ 150,209,991
Service cost	1,392,789
Interest	5,637,408
Changes in assumptions or other inputs	-
Benefit payments	(3,714,321)
 Total OPEB Liability - End of Year	 <u>\$ 153,525,867</u>

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.80%) or 1 percentage point higher (4.80%) than the current discount rate:

	1% Decrease (2.80%)	Current Assumption	1% Increase (4.80%)
Total OPEB Liability	\$ 195,946,785	\$ 153,525,867	\$ 124,101,649

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower(7.0% decreasing to 4.0%) or 1 percentage point higher (9.0% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (7.00% decreasing to 4.00%)	Healthcare Cost Trend Rates (8.00% decreasing to 5.00%)	1% Increase (9.00% decreasing to 6.00%)
Total OPEB Liability	\$ 122,379,141	\$ 153,525,867	\$ 200,935,107

For the year ended December 31, 2018, the City recognized OPEB expense of \$3,315,876 in the government-wide financial statements. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

H. Revenues and Expenditures

Interfund Transfers

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

City of Peekskill, New York

Notes to Financial Statements (Continued)
December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Transfers Out	Transfers In			Total
	General Fund	Capital Projects Fund		
General Fund	\$ -	\$ 700,000		\$ 700,000
Water Fund	240,000	-		240,000
Section 8 Housing	130,000			130,000
Non-Major Governmental Funds	523,835	586,007		1,109,842
	<u>\$ 893,835</u>	<u>\$ 1,286,007</u>		<u>\$ 2,179,842</u>

Transfers are used to 1) move revenues from the Debt Service Fund to the General Fund as debt service principal and interest payments become due, 2) move amount earmarked in the Water Fund to fulfill commitments budgeted in the General Fund, 3) move amounts earmarked in the operating funds to fulfill commitments for the Capital Projects Fund and 4) move funds from the Section 8 Fund to reimburse the General Fund for administrative costs.

I. Net Position

The components of net position are detailed below:

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

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

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

Restricted for Special Purpose - the component of net position that reports the difference between assets and liabilities of certain programs with constraints placed on their use by either external parties and/or statute.

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

Restricted for Permanent Fund - the component of net position that reports the non-spendable, or principal, portion of a non-expendable trust.

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

City of Peekskill, New York

Notes to Financial Statements (Continued) December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

J. Fund Balance

	2018						2017					
	General Fund	Capital Projects Fund	Water Fund	Section 8 Housing Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Water Fund	Section 8 Housing Fund	Non-Major Governmental Funds	Total
Nonspendable												
Prepaid expenditures	\$ 1,306,067	\$ -	\$ 63,314	\$ 22,147	\$ 34,829	\$ 1,426,357	\$ 1,299,302	\$ -	\$ 73,237	\$ 22,147	\$ 42,164	\$ 1,436,850
Inventories	-	-	214,370	-	-	214,370	-	-	105,430	-	-	105,430
Permanent fund	-	-	-	-	100,000	100,000	-	-	-	-	100,000	100,000
Long-term receivables	229,283	-	-	-	-	229,283	364,001	-	-	-	-	364,001
Total Nonspendable	1,535,350	-	277,684	22,147	134,829	1,970,010	1,663,303	-	178,667	22,147	142,164	2,006,281
Restricted												
Liability and casualty claims	349,972	-	-	-	-	349,972	348,231	-	-	-	-	348,231
Workers compensation	245,169	-	-	-	-	245,169	243,949	-	-	-	-	243,949
Debt service - Fire House	5,060,452	-	-	-	-	5,060,452	4,670,290	-	-	-	-	4,670,290
Capital Projects Fund	-	-	-	-	-	-	-	6,679,577	-	-	-	6,679,577
Section 8 Housing Fund	-	-	-	-	-	-	-	-	-	257,886	-	257,886
Permanent	-	-	-	-	2,176	2,176	-	-	-	-	2,071	2,071
Special purpose	-	-	-	-	70,322	70,322	-	-	-	-	72,611	72,611
Fire service award program	2,371,639	-	-	-	-	2,371,639	2,544,818	-	-	-	-	2,544,818
Ambulance service award program	582,198	-	-	-	-	582,198	603,154	-	-	-	-	603,154
Total Restricted	8,609,430	-	-	-	72,498	8,681,928	8,410,442	6,679,577	-	257,886	74,682	15,422,587
Committed												
State retirement systems expenditures	300,000	-	-	-	-	300,000	300,000	-	-	-	-	300,000
Tax stabilization	573,975	-	-	-	-	573,975	573,975	-	-	-	-	573,975
Capital improvements in City parks	-	-	-	-	1,270,801	1,270,801	-	-	-	-	865,921	865,921
Total Committed	873,975	-	-	-	1,270,801	2,144,776	873,975	-	-	-	865,921	1,739,896
Assigned												
Purchases on order												
General government support	20,433	-	-	-	-	20,433	2,150	-	-	-	-	2,150
Public safety	4,370	-	-	-	-	4,370	17,912	-	-	-	-	17,912
Transportation	24,108	-	-	-	-	24,108	-	-	-	-	-	-
Economic opportunity and development	2,210	-	-	-	-	2,210	-	-	-	-	-	-
Culture and recreation	5,154	-	-	-	-	5,154	2,950	-	-	-	-	2,950
Home and community services	35,429	-	-	-	-	35,429	9,890	-	81,190	-	29,736	120,816
	91,704	-	-	-	-	91,704	32,902	-	81,190	-	29,736	143,828
Subsequent year's expenditures	1,527,000	-	-	-	100,000	1,627,000	1,425,000	-	-	-	100,000	1,525,000
Tax certiorari payments	336,042	-	-	-	-	336,042	211,373	-	-	-	-	211,373
Major funds	-	-	2,243,850	-	-	2,243,850	-	-	2,086,524	-	-	2,086,524
Non-major funds												
Sewer	-	-	-	-	1,866,085	1,866,085	-	-	-	-	1,922,572	1,922,572
Debt service	-	-	-	-	(73,427)	(73,427)	-	-	-	-	(54,742)	(54,742)
Community Development	-	-	-	-	1,826,145	1,826,145	-	-	-	-	2,551,644	2,551,644
Total Assigned	1,954,746	-	2,243,850	-	3,718,803	7,917,399	1,669,275	-	2,167,714	-	4,549,210	8,386,199
Unassigned	3,339,464	(280,076)	\$ 2,521,534	\$ (130,660)	\$ 5,196,931	\$ 23,620,694	\$ 15,443,507	\$ 6,679,577	\$ 2,346,381	\$ 280,033	\$ 5,631,977	\$ 30,381,475
Total Fund Balances (Deficits)	\$ 16,312,965	\$ (280,076)	\$ 2,521,534	\$ (130,660)	\$ 5,196,931	\$ 23,620,694	\$ 15,443,507	\$ 6,679,577	\$ 2,346,381	\$ 280,033	\$ 5,631,977	\$ 30,381,475

City of Peekskill, New York

Notes to Financial Statements (Concluded) December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

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

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

Inventories in the Water Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the City anticipates utilizing them in the normal course of operations.

Long-Term Receivables represents funds set aside to indicate the long-term nature of taxes receivable collected for other governments. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Restricted for Liability and Casualty Claims represents funds set aside by the City in accordance with section 6-n of the General Municipal Law of the State of New York to provide for payment of self-insured general liability and casualty claims.

Restricted for Workers' Compensation Benefits represents funds to be used for a specific purpose in accordance with Section 6-j of New York State General Municipal Law.

Restricted for pension benefits represents funds set aside to be used for LOSAP pension benefits in accordance with Article 11-A and Article 11-AAA of the General Municipal Law of the State of New York.

The commitment for the State retirement systems expenditures has been established by the City to set aside funds to be used for contributions to the New York state retirement systems.

The commitment for tax stabilization has been established by the City to set aside funds to be used to balance future budgets, revenue shortfalls and unanticipated expenditures.

The commitment for future capital projects has been established by the City to set aside funds to be used for various capital projects around the City.

The commitment for capital improvements in City parks has been established by the City to set aside a portion of developer fees for capital improvements in the parks around the City.

Purchases on order represent the City's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transactions. The amounts are reflected as assigned fund balance except where the assignment would cause a negative unassigned fund balance.

Subsequent year's expenditures represent that at December 31, 2018 the City Council has assigned the above amounts to be appropriated for the ensuing year's budget.

City of Peekskill, New York

Notes to Financial Statements (Concluded) **December 31, 2018**

Note 3 - Detailed Notes on All Funds (Continued)

Assignment for tax certiorari payments has been established by the City to put aside unexpended bond proceeds to be used for the payment of future tax certiorari refunds.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned. Unassigned fund balance in the Capital Projects Fund represents the deficits in the projects.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The City is a defendant in a claim involving a Police Officer. This is a claim on appeal heard in January 2018 on whether or not to grant a Police Officer's request for General Municipal Law ("GML") 207-c benefits. The Police officer filed a revised application for GML 207-c benefits December 2018. The new Chief of Police, after reviewing the revised application, the record in the earlier proceedings and discussing the matter with the previous Chief of Police, issued a new determination on February 4, 2019. The Police Officer now has until June 4, 2019, to commence an Article 78 proceeding in the Westchester County Supreme Court challenging the February 4, 2019 determination. The potential liability would be four (4) years of back pay and benefits plus interest. It is likely that the Court will affirm the lower court's earlier determination and reject the Police Officer's claim. No accruals have been made for an unfavorable outcome, if any, in these financial statements

The nature of this claim is a claim for personal injuries sustained by the claimant arising from a pedestrian motor vehicle accident when the claimant was struck by a vehicle being operated by a City of Peekskill Police Officer on his way to work. The Police Officer was not operating his vehicle during his course of employment at the time of the accident. Paper discovery has been exchanged and the deposition of the plaintiff has been held. No other depositions have occurred to date. The plaintiff sustained serious personal injuries well in excess of \$100,000. The City intends to contest this case vigorously. No accruals have been made for an unfavorable outcome, if any, in these financial statements.

This is a claim for personal injuries sustained by the claimant as a result of a trip and fall on a sidewalk in the City of Peekskill as a result of a tree root on the sidewalk that is owned by the City. All discovery is complete. The City intends to contest this case vigorously and recently filed a motion for summary judgement on the issue of liability on the grounds that the City never received prior written notice regarding the tree. The plaintiff claims that she sustained injuries to her back as a result of the accident which resulted in surgery. The causation/necessity of the surgery is questionable. However, given the surgery, if liability is found on the part of the City, there is a chance that the injuries could be in excess of \$100,000. No accruals have been made for an unfavorable outcome, if any, in these financial statements

The City is also defendant in various claims by taxpayers for redetermination of assessed valuation and special franchises. The settlement of such claims could result in the payment of refunds by the City. However, the amount of the possible refunds cannot be determined at the present time. Any judgments will be funded in the year the payment is made.

City of Peekskill, New York

Notes to Financial Statements (Concluded) **December 31, 2018**

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

B. Risk Management

The City purchases various conventional insurance policies to reduce its exposure to loss. The general liability, auto liability, law enforcement, public officials and employment practices liability policies provide for coverage with an annual aggregate limit of \$3 million. The City also maintains an excess liability policy with a limit of \$10 million. The City also purchases health insurance and conventional workers' compensation insurance with coverage at statutory levels.

C. Compliance with Grant Requirements

The City participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Single Audit Act. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, to be immaterial.

D. Related Party Transactions

The City participates in the HUD section 8 program whereby landlords are paid by HUD for certain eligible tenants. A City Council member is a landlord of a Section 8 eligible property and as such has an indirect financial relationship with the City. In addition, there is another member of the City Council who is a Section 8 tenant. Therefore, that member has an indirect financial relationship with the City.

Note 5 - Tax Abatements

The City has ten real property tax abatement agreements with housing development and redevelopment companies organized pursuant to Article V or Article XI of the Private Housing Finance Law of the State of New York ("PHFL") for the purpose of creating or preserving affordable housing in the City.

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on a percentage of shelter rents, and continue until the property no longer provides the required affordable housing or no longer complies with the requirements of the PHFL.

Copies of the agreements may be obtained from Ann Scaglione, Comptroller, 840 Main Street, Peekskill, NY 10566, ascaglione@cityofpeekskill.com. Information relevant to disclosure of these agreements for the year ended December 31, 2018 is as follows:

SBL	Agreement	Taxable Assessed Value	City Tax Rate	City Tax Value	City PILOT Received	City Taxes Abated
2009 32.19.1-6	64 JWB LLC	\$ 247,300	\$ 266.555	\$ 65,919	\$ 65,919	\$ -
2010 33.29.4-17	Barham House LLC	360,000	266.555	95,960	12,287	83,673
2005 33.29-4-16./1	Courtyard Housing LLC	501,750	266.555	133,744	40,000	93,744
2014 32.19.1-2	DP49 LLC	257,800	266.555	68,718	32,643	36,075
1998 33.37-1-36	Drum Hill Senior Living Project	210,900	266.555	56,216	56,216	-
2012 32.19-1-4.2	Hotel LLC	300,000	266.555	79,967	6,799	73,168
1981 33.29-3-16	Peekskill Housing	792,000	266.555	211,112	40,521	170,591
1985 32.19-1-3.2	Resco (HHSD)	17,746,000	266.555	4,730,285	2,106,660	2,623,625
1985 32.19-1-3.1	Resco (PCSD)	28,954,000	266.555	7,717,833	3,437,124	4,280,709
2007 23.15-1-2	Stuhr Gardens Associates LLC	516,022	266.555	137,548	51,853	85,695
2008 33.37-2-19	Wesley Hall Apartments	433,600	266.555	115,578	15,167	100,411
Total		\$ 50,319,372		\$ 13,412,880	\$ 5,865,189	\$ 7,547,691

**REQUIRED SUPPLEMENTARY
INFORMATION**

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City of Peekskill, New York

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

	<u>2018</u>
Total OPEB Liability:	
Service cost	\$ 1,392,789
Interest	5,637,408
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	-
Benefit payments	<u>(3,714,321)</u>
Net Change in Total OPEB Liability	3,315,876
Total OPEB Liability – Beginning of Year	<u>150,209,991</u> (3)
Total OPEB Liability – End of Year	<u>\$ 153,525,867</u>
City's covered-employee payroll	<u>\$ 16,436,040</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>934.08%</u>

Notes to Schedule:

- (1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*.
- (2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.
- (3) Restated for the implementation of the provisions of GASB Statement No. 75.

See independent auditors' report.

City of Peekskill, New York

Required Supplementary Information - Schedule of the
 City's Proportionate Share of the Net Pension Liability
 New York State and Local Employees' Retirement System
 Last Ten Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016 (2)</u>	<u>2015</u>
City's proportion of the net pension liability	<u>0.0314608%</u>	<u>0.0304623%</u>	<u>0.0343634%</u>	<u>0.0337201%</u>
City's proportionate share of the net pension liability	<u>\$ 1,015,381</u>	<u>\$ 2,862,302</u>	<u>\$ 5,515,425</u>	<u>\$ 1,139,149</u>
City's covered payroll	<u>\$ 9,354,125</u>	<u>\$ 8,810,715</u>	<u>\$ 8,226,192</u>	<u>\$ 8,387,391</u>
City's proportionate share of the net pension liability as a percentage of its covered payroll	<u>10.85%</u>	<u>32.49%</u>	<u>67.05%</u>	<u>13.58%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

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

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

City of Peekskill, New York

Required Supplementary Information - Schedule of Contributions

New York State and Local Employees' Retirement System

Last Ten Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,618,743	\$ 1,563,876	\$ 1,521,851	\$ 1,320,000
Contributions in relation to the contractually required contribution	<u>(1,618,743)</u>	<u>(1,563,876)</u>	<u>(1,521,851)</u>	<u>(1,320,000)</u>
Contribution excess	\$ -	\$ -	\$ -	\$ -
City's covered payroll	<u>\$ 9,298,358</u>	<u>\$ 9,306,418</u>	<u>\$ 8,590,577</u>	<u>\$ 8,515,855</u>
Contributions as a percentage of covered payroll	<u>17.41%</u>	<u>16.80%</u>	<u>17.72%</u>	<u>15.50%</u>

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

City of Peekskill, New York

**Required Supplementary Information - Schedule of the
City's Proportionate Share of the Net Pension Liability
New York State and Local Police and Fire Retirement System
Last Ten Fiscal Years (1)**

	<u>2018</u>	<u>2017</u>	<u>2016 (2)</u>	<u>2015</u>
City's proportion of the net pension liability	<u>0.2344788%</u>	<u>0.2314847%</u>	<u>0.2700003%</u>	<u>0.2583584%</u>
City's proportionate share of the net pension liability	<u>\$ 2,370,011</u>	<u>\$ 4,797,873</u>	<u>\$ 7,994,133</u>	<u>\$ 711,156</u>
City's covered payroll	<u>\$ 9,262,166</u>	<u>\$ 8,615,754</u>	<u>\$ 8,377,415</u>	<u>\$ 8,609,537</u>
City's proportionate share of the net pension liability as a percentage of its covered payroll	<u>25.59%</u>	<u>55.69%</u>	<u>95.42%</u>	<u>8.26%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>96.93%</u>	<u>93.50%</u>	<u>90.20%</u>	<u>99.00%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2016 implementation of Governmental Accounting Standards Board Statement No. 68, *"Accounting and Financial Reporting for Pensions"*.

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

City of Peekskill, New York

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,330,862	\$ 2,301,594	\$ 2,202,962	\$ 1,988,000
Contributions in relation to the contractually required contribution	<u>(2,330,862)</u>	<u>(2,301,594)</u>	<u>(2,202,962)</u>	<u>(1,988,000)</u>
Contribution excess	\$ -	\$ -	\$ -	\$ -
City's covered payroll	<u>\$ 9,336,993</u>	<u>\$ 9,114,808</u>	<u>\$ 8,543,817</u>	<u>\$ 8,666,097</u>
Contributions as a percentage of covered payroll	<u>24.96%</u>	<u>25.25%</u>	<u>25.78%</u>	<u>22.94%</u>

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

See independent auditors' report.

City of Peekskill, New York

Required Supplementary Information - Schedule of Changes in the City's Total Pension Liability - Fire Service Awards Program Last Ten Fiscal Years

Schedule of Changes in the City's Total Pension Liability

	* 2017	* 2016
Total Pension Liability		
Service Cost	\$ 55,650	\$ 74,287
Interest	121,566	110,747
Changes of assumptions or other inputs	258,867	(244,929)
Differences between expected and actual experience	(28,447)	17,141
Benefit payments	(135,171)	(110,300)
Net change in total pension liability	272,465	(153,054)
Total pension liability – beginning	3,288,640	3,441,694
Total pension liability – ending	3,561,105	3,288,640
 Covered payroll	 N/A	 N/A
 Total pension liability as a percentage of covered payroll	 N/A	 N/A

* Schedule is intended to show information for 10 years. Additional information will be displayed as it becomes available.

Notes to Required Supplementary information

Changes in assumptions or other inputs. The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was as follows:

December 31, 2016: 3.71%
December 31, 2017: 3.16%

Trust Assets. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of the GASB No. 73 to pay related benefits.

City of Peekskill, New York

Required Supplementary Information - Schedule of Changes in the City's Total Pension Liability - Ambulance Service Awards Program Last Ten Fiscal Years

Schedule of Changes in the City's Total Pension Liability

	* 2017	* 2016
Total Pension Liability		
Service Cost	\$ 54,562	\$ 58,901
Interest	27,643	23,136
Changes of assumptions or other inputs	78,468	(77,880)
Differences between expected and actual experience	(72,233)	22,272
Benefit payments	-	-
Net change in total pension liability	88,440	26,429
Total pension liability – beginning	690,526	664,097
Total pension liability – ending	778,966	690,526
 Covered payroll	 N/A	 N/A
 Total pension liability as a percentage of covered payroll	 N/A	 N/A

* Schedule is intended to show information for 10 years. Additional information will be displayed as it becomes available.

Notes to Required Supplementary Information

Changes in assumptions or other inputs. The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was as follows:

December 31, 2016: 3.71%
December 31, 2017: 3.16%

Trust Assets. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of the GASB No. 73 to pay related benefits.

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MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

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

CAPITAL PROJECTS FUND

- The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned for capital outlay, including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds.

WATER FUND

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

COMMUNITY DEVELOPMENT AND SECTION 8 HOUSING ASSISTANCE FUNDS

- The Community Development and Section 8 Housing Assistance funds are used to account for projects and subsidies financed by entitlements from the United States Department of Housing and Urban Development.

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City of Peekskill, New York

General Fund
 Combining Balance Sheet - Sub-Funds
 December 31, 2018
 (With Comparative Totals for 2017)

	General	Fire Service Awards Program	Ambulance Service Awards Program	Totals	
				2018	2017
ASSETS					
Cash and equivalents	\$ 11,572,026	\$ -	\$ -	\$ 11,572,026	\$ 7,436,692
Investments	-	2,371,639	582,198	2,953,837	3,138,162
Taxes receivable					
City taxes	483,007	-	-	483,007	535,443
County taxes	171,831	-	-	171,831	148,250
School districts taxes	17,671,184	-	-	17,671,184	16,501,052
Installment agreements	162,971	-	-	162,971	245,712
Property acquired for taxes	-	-	-	-	119,418
	18,488,993	-	-	18,488,993	17,549,875
Allowance for uncollectible taxes	-	-	-	-	(119,418)
	18,488,993	-	-	18,488,993	17,430,457
Other receivables					
Accounts	419,695	-	-	419,695	749,030
State and Federal aid	989,671	-	-	989,671	944,555
Due from other governments	758,779	-	-	758,779	753,325
Due from other funds	554,867	-	-	554,867	442,343
	2,723,012	-	-	2,723,012	2,889,253
Prepaid expenditures	1,306,067	-	-	1,306,067	1,299,302
Total Assets	\$ 34,090,098	\$ 2,371,639	\$ 582,198	\$ 37,043,935	\$ 32,193,866
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 736,457	\$ -	\$ -	\$ 736,457	\$ 417,370
Accrued liabilities	232,320	-	-	232,320	86,150
Due to other governments	50,694	-	-	50,694	9
Due to school districts	19,013,284	-	-	19,013,284	15,694,774
Unearned revenues	121,001	-	-	121,001	65,060
Total Liabilities	20,153,756	-	-	20,153,756	16,263,363
Deferred inflows of resources					
Deferred tax revenues	577,214	-	-	577,214	486,996
Total Liabilities and Deferred Inflows of Resources	20,730,970	-	-	20,730,970	16,750,359
Fund balances					
Nonspendable	1,535,350	-	-	1,535,350	1,663,303
Restricted	5,655,593	2,371,639	582,198	8,609,430	8,410,442
Committed	873,975	-	-	873,975	873,975
Assigned	1,954,746	-	-	1,954,746	1,669,275
Unassigned	3,339,464	-	-	3,339,464	2,826,512
Total Fund Balances	13,359,128	2,371,639	582,198	16,312,965	15,443,507
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 34,090,098	\$ 2,371,639	\$ 582,198	\$ 37,043,935	\$ 32,193,866

See independent auditors' report.

City of Peekskill, New York

General Fund

Combining Schedule of Revenues, Expenditures and

Changes in Fund Balances - Sub-Funds

Year Ended December 31, 2018

(With Comparative Totals for 2017)

	General	Fire Service Awards Program	Ambulance Service Awards Program	Eliminations
REVENUES				
Real property taxes	\$ 16,710,244	\$ -	\$ -	\$ -
Other tax items	8,613,862	-	-	-
Non-property taxes	4,656,721	-	-	-
Departmental income	4,431,316	96,309	30,564	(126,873)
Charges for services	172,106	-	-	-
Use of money and property	338,108	(122,636)	(22,051)	-
Licenses and permits	924,471	-	-	-
Fines and forfeitures	1,083,346	-	-	-
Sale of property and compensation for loss	25,469	-	-	-
State aid	2,831,478	-	-	-
Federal aid	276,416	-	-	-
Miscellaneous	275,995	-	-	-
Total Revenues	40,339,532	(26,327)	8,513	(126,873)
EXPENDITURES				
Current				
General government support	4,256,940	-	-	-
Public safety	13,037,622	146,852	-	(96,309)
Health	298,220	-	29,469	(30,564)
Transportation	2,579,699	-	-	-
Economic opportunity and development	553,459	-	-	-
Culture and recreation	2,505,753	-	-	-
Home and community services	2,236,010	-	-	-
Employee benefits	10,527,985	-	-	-
Debt service				
Principal	2,667,904	-	-	-
Interest	936,790	-	-	-
Total Expenditures	39,600,382	146,852	29,469	(126,873)
Excess (Deficiency) of Revenues Over Expenditures	739,150	(173,179)	(20,956)	-
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	130,608	-	-	-
Transfers in	893,835	-	-	-
Transfers out	(700,000)	-	-	-
Total Other Financing Sources (Uses)	324,443	-	-	-
Net Change in Fund Balances	1,063,593	(173,179)	(20,956)	-
FUND BALANCES				
Beginning of Year	12,295,535	2,544,818	603,154	-
End of Year	\$ 13,359,128	\$ 2,371,639	\$ 582,198	\$ -

See independent auditors' report.

Totals

2018	2017
\$ 16,710,244	\$ 16,285,502
8,613,862	8,463,366
4,656,721	4,223,139
4,431,316	4,254,559
172,106	177,452
193,421	637,904
924,471	915,930
1,083,346	870,796
25,469	12,903
2,831,478	2,724,116
276,416	232,810
275,995	400,792
<hr/>	<hr/>
40,194,845	39,199,269

4,256,940	4,310,310
13,088,165	12,726,377
297,125	209,569
2,579,699	2,386,106
553,459	435,518
2,505,753	2,510,121
2,236,010	1,881,500
10,527,985	9,895,700
2,667,904	2,029,518
936,790	855,988
<hr/>	<hr/>
39,649,830	37,240,707
<hr/>	<hr/>
545,015	1,958,562

130,608	74,516
893,835	707,400
(700,000)	(1,431,399)
<hr/>	<hr/>
324,443	(649,483)
869,458	1,309,079
<hr/>	<hr/>
15,443,507	14,134,428
<hr/>	<hr/>
\$ 16,312,965	\$ 15,443,507

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City of Peekskill, New York

General Fund

Comparative Balance Sheet - Sub-Fund

December 31,

	2018	2017
ASSETS		
Cash and equivalents	\$ 11,572,026	\$ 7,436,692
Taxes receivable		
City taxes	483,007	535,443
County taxes	171,831	148,250
School districts taxes	17,671,184	16,501,052
Installment agreements	162,971	245,712
Property acquired for taxes	-	119,418
	18,488,993	17,549,875
Allowance for uncollectible taxes	-	(119,418)
	18,488,993	17,430,457
Other receivables		
Accounts	419,695	739,220
State and Federal aid	989,671	944,555
Due from other governments	758,779	753,325
Due from other funds	554,867	442,343
	2,723,012	2,879,443
Prepaid expenditures	1,306,067	1,299,302
Total Assets	\$ 34,090,098	\$ 29,045,894
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 736,457	\$ 417,370
Accrued liabilities	232,320	86,150
Due to other governments	50,694	9
Due to school districts	19,013,284	15,694,774
Unearned revenues	121,001	65,060
Total Liabilities	20,153,756	16,263,363
Deferred inflows of resources		
Deferred tax revenues	577,214	486,996
Total Liabilities and Deferred Inflows of Resources	20,730,970	16,750,359
Fund balance		
Nonspendable	1,535,350	1,663,303
Restricted	5,655,593	5,262,470
Committed	873,975	873,975
Assigned	1,954,746	1,669,275
Unassigned	3,339,464	2,826,512
Total Fund Balance	13,359,128	12,295,535
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 34,090,098	\$ 29,045,894

See independent auditors' report.

City of Peekskill, New York

General Fund

Comparative Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Sub-Fund
Years Ended December 31,

	2018			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 16,650,000	\$ 16,650,000	\$ 16,710,244	\$ 60,244
Other tax items	7,570,985	7,570,985	8,613,862	1,042,877
Non-property taxes	4,310,000	4,310,000	4,656,721	346,721
Departmental income	4,210,765	4,292,762	4,431,316	138,554
Charges for services	230,000	230,000	172,106	(57,894)
Use of money and property	280,000	279,999	338,108	58,109
Licenses and permits	503,000	503,000	924,471	421,471
Fines and forfeitures	855,000	855,000	1,083,346	228,346
Sale of property and compensation for loss	30,000	30,000	25,469	(4,531)
State aid	2,721,000	2,709,000	2,831,478	122,478
Federal aid	212,750	530,166	276,416	(253,750)
Miscellaneous	166,000	166,000	275,995	109,995
Total Revenues	<u>37,739,500</u>	<u>38,126,912</u>	<u>40,339,532</u>	<u>2,212,620</u>
EXPENDITURES				
Current				
General government support	4,739,362	4,256,995	4,256,940	55
Public safety	13,144,839	13,037,650	13,037,622	28
Health	366,000	298,220	298,220	-
Transportation	2,454,127	2,579,722	2,579,699	23
Economic opportunity and development	542,502	553,479	553,459	20
Culture and recreation	2,400,816	2,717,896	2,505,753	212,143
Home and community services	2,264,838	2,236,030	2,236,010	20
Employee benefits	9,891,591	10,527,986	10,527,985	1
Debt service				
Principal	2,718,000	2,667,904	2,667,904	-
Interest	<u>923,327</u>	<u>936,791</u>	<u>936,790</u>	<u>1</u>
Total Expenditures	<u>39,445,402</u>	<u>39,812,673</u>	<u>39,600,382</u>	<u>212,291</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,705,902)</u>	<u>(1,685,761)</u>	<u>739,150</u>	<u>2,424,911</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	50,000	50,000	130,608	80,608
Transfers in	898,000	898,000	893,835	(4,165)
Transfers out	<u>(700,000)</u>	<u>(700,000)</u>	<u>(700,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>248,000</u>	<u>248,000</u>	<u>324,443</u>	<u>76,443</u>
Net Change in Fund Balance	<u>(1,457,902)</u>	<u>(1,437,761)</u>	<u>1,063,593</u>	<u>2,501,354</u>
FUND BALANCE				
Beginning of Year	<u>1,457,902</u>	<u>1,437,761</u>	<u>12,295,535</u>	<u>10,857,774</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,359,128</u>	<u>\$ 13,359,128</u>

See independent auditors' report.

2017					
Original Budget	Final Budget	Actual	Variance with Final Budget		
			Positive (Negative)		
\$ 16,152,000	\$ 16,152,000	\$ 16,285,502	\$ 133,502		
7,298,900	7,298,900	8,463,366	1,164,466		
4,250,000	4,250,000	4,223,139	(26,861)		
4,335,600	4,452,407	4,254,559	(197,848)		
230,000	230,000	177,452	(52,548)		
277,500	277,500	299,822	22,322		
402,500	402,500	915,930	513,430		
965,000	965,000	870,796	(94,204)		
30,000	30,000	12,903	(17,097)		
2,660,000	2,666,321	2,724,116	57,795		
205,000	439,087	232,810	(206,277)		
146,000	146,000	400,792	254,792		
36,952,500	37,309,715	38,861,187	1,551,472		
4,568,167	4,326,228	4,310,310	15,918		
12,807,265	12,796,160	12,692,187	103,973		
272,000	237,065	237,065	-		
2,529,109	2,387,598	2,386,106	1,492		
531,632	452,868	435,518	17,350		
2,324,927	2,775,921	2,510,121	265,800		
2,023,197	1,907,368	1,881,500	25,868		
9,439,000	9,895,702	9,895,700	2		
1,986,000	2,029,518	2,029,518	-		
821,230	855,988	855,988	-		
37,302,527	37,664,416	37,234,013	430,403		
(350,027)	(354,701)	1,627,174	1,981,875		
125,000	125,000	74,516	(50,484)		
698,000	707,400	707,400	-		
(748,000)	(1,717,705)	(1,431,399)	286,306		
75,000	(885,305)	(649,483)	235,822		
(275,027)	(1,240,006)	977,691	2,217,697		
275,027	1,240,006	11,317,844	10,077,838		
\$ -	\$ -	\$ 12,295,535	\$ 12,295,535		

City of Peekskill, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget - Sub-Fund

Year Ended December 31, 2018

(With Comparative Actuals for 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2017 Actual
REAL PROPERTY TAXES	\$ 16,650,000	\$ 16,650,000	\$ 16,710,244	\$ 60,244	\$ 16,285,502
OTHER TAX ITEMS					
Interest and penalties on real property taxes	530,000	530,000	354,854	(175,146)	418,474
Gain on sale of tax acquired property	300,000	300,000	571,355	271,355	679,200
Payments in lieu of taxes	6,240,985	6,240,985	6,236,721	(4,264)	6,056,752
Real estate transfer tax	500,000	500,000	1,450,932	950,932	1,308,940
	7,570,985	7,570,985	8,613,862	1,042,877	8,463,366
NON-PROPERTY TAXES					
Non-property tax distribution from County	3,550,000	3,550,000	3,775,765	225,765	3,598,176
Utilities gross receipts taxes	300,000	300,000	321,471	21,471	234,032
Hotel tax	160,000	160,000	154,548	(5,452)	157,323
Cable television franchise fees	300,000	300,000	404,937	104,937	233,608
	4,310,000	4,310,000	4,656,721	346,721	4,223,139
DEPARTMENTAL INCOME					
Charges for tax advertising	4,000	4,000	4,414	414	3,153
Comptroller's fees	50,000	50,000	56,009	6,009	98,666
Assessor's fees	500	500	397	(103)	260
City Clerk fees	4,500	4,500	8,330	3,830	4,358
Police fees	63,200	63,200	56,681	(6,519)	55,881
Vital statistics	8,000	8,000	9,506	1,506	6,566
Ambulance charges	15,000	15,000	11,918	(3,082)	21,525
Public works fees	26,000	26,000	34,241	8,241	18,370
Parking lots and garages	1,101,865	1,101,865	1,241,213	139,348	1,040,777
Parks and recreation charges	292,000	292,000	260,880	(31,120)	275,364
Concessions and rentals	57,200	69,200	47,431	(21,769)	68,020
Pool and marina charges	98,000	98,000	101,947	3,947	98,887
Other recreation income	22,000	22,000	21,392	(608)	20,046

Zoning and Planning Board fees	36,500	36,500	58,040	21,540	39,925
Sale of electric power	1,885,000	1,885,000	1,885,000	-	1,885,000
Dumpster fees	350,000	350,000	406,252	56,252	321,148
Recycling fees	110,000	110,000	110,000	-	110,000
Participant's contributions - Nutrition programs	60,000	60,000	64,471	4,471	71,584
Youth programs - Westchester County L.I.F.T. grant	-	69,997	20,476	(49,521)	58,761
Youth programs - Various	-	-	-	-	6,363
Other departmental income	27,000	27,000	32,718	5,718	49,905
CHARGES FOR SERVICES	4,210,765	4,292,762	4,431,316	138,554	4,254,559
County prisoner transportation	200,000	200,000	172,106	(27,894)	147,452
Snow removal	30,000	30,000	-	(30,000)	30,000
USE OF MONEY AND PROPERTY	230,000	230,000	172,106	(57,894)	177,452
Earnings on investments	5,000	4,999	29,080	24,081	8,556
Rentals of real property	275,000	275,000	309,028	34,028	291,266
	280,000	279,999	338,108	58,109	299,822
LICENSES AND PERMITS					
Business and occupational licenses	47,000	47,000	70,055	23,055	49,900
Bingo licenses	1,500	1,500	2,434	934	1,082
Dog licenses and apportionment	5,500	5,500	6,479	979	4,847
Marriage licenses	7,000	7,000	6,558	(442)	5,674
Other licenses	1,000	1,000	546	(454)	92
Public safety permits	2,500	2,500	10,695	8,195	5,507
Building permits	200,000	200,000	411,050	211,050	406,511
Street opening permits	60,000	60,000	18,522	(41,478)	171,025
Plumbing permits	50,000	50,000	69,095	19,095	103,922
Other permits	128,500	128,500	329,037	200,537	167,370
	503,000	503,000	924,471	421,471	915,930

(Continued)

City of Peekskill, New York

General Fund

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

Year Ended December 31, 2018

(With Comparative Actuals for 2017)

				Variance with Final Budget	
	Original Budget	Final Budget	Actual	Positive (Negative)	2017 Actual
FINES AND FORFEITURES	\$ 855,000	\$ 855,000	\$ 1,083,346	\$ 228,346	\$ 870,796
SALE OF PROPERTY AND COMPENSATION FOR LOSS					
Sale of equipment	30,000	30,000	25,469	(4,531)	12,903
STATE AID					
Per capita	2,219,000	2,219,000	2,219,384	384	2,219,384
Mortgage tax	400,000	400,000	512,093	112,093	394,676
Court facilities aid	85,000	85,000	92,265	7,265	94,045
Public safety grants	17,000	5,000	7,736	2,736	7,256
Youth programs	-	-	-	-	8,755
	2,721,000	2,709,000	2,831,478	122,478	2,724,116
FEDERAL AID					
Community Development Block Grant	4,000	4,000	-	(4,000)	-
Mental Health	-	300,826	82,259	(218,567)	83,202
Workforce Investment Act	28,750	45,340	87,931	42,591	70,499
Nutrition for the Elderly - Title IIIC	180,000	180,000	106,226	(73,774)	79,109
	212,750	530,166	276,416	(253,750)	232,810
MISCELLANEOUS					
Gifts and donations	-	-	1,750	1,750	6,900
Police overtime reimbursement	75,000	75,000	190,937	115,937	111,130
Other	91,000	91,000	83,308	(7,692)	282,762
	166,000	166,000	275,995	109,995	400,792
TOTAL REVENUES	37,739,500	38,126,912	40,339,532	2,212,620	38,861,187

OTHER FINANCING SOURCES

Insurance recoveries	50,000	50,000	130,608	80,608	74,516
Transfers in					
Water Fund	240,000	240,000	240,000	-	225,000
Section 8 Housing Fund	130,000	130,000	130,000	-	170,000
Sewer Fund	290,000	290,000	290,000	-	105,000
Recreation Fund	40,000	40,000	35,835	(4,165)	9,400
Community Development Fund	98,000	98,000	98,000	-	98,000
Debt Service Fund	100,000	100,000	100,000	-	100,000
	898,000	898,000	893,835	(4,165)	707,400
TOTAL OTHER FINANCING SOURCES	948,000	948,000	1,024,443	76,443	781,916
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 38,687,500	\$ 39,074,912	\$ 41,363,975	\$ 2,289,063	\$ 39,643,103

City of Peekskill, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget - Sub-Fund

Year Ended December 31, 2018

(With Comparative Actuals for 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget		2017 Actual
				Positive (Negative)		
GENERAL GOVERNMENT SUPPORT						
Common Council	\$ 58,116	\$ 60,974	\$ 60,967	\$ 7	\$ 56,127	
Unified Court	70,930	69,240	69,237	3	64,974	
Mayor	17,665	15,694	15,693	1	16,437	
City Manager	290,313	287,817	287,815	2	280,118	
Comptroller	592,495	583,556	583,555	1	525,744	
Assessment	253,921	214,387	214,384	3	206,499	
Tax Review Board	2,100	2,091	2,090	1	2,114	
Expenses on property acquired for taxes	10,000	7,442	7,441	1	1,714	
City Clerk	346,229	295,569	295,563	6	279,515	
Law	444,855	416,626	416,619	7	428,916	
Personnel	173,841	182,422	182,418	4	182,369	
Elections	38,625	40,335	40,334	1	39,913	
Parking Violations Bureau	158,541	87,855	87,855	-	166,222	
Public works administration	315,241	330,533	330,530	3	318,088	
Building maintenance	594,074	526,823	526,815	8	591,904	
Central data processing	248,916	219,617	219,613	4	267,438	
Central printing and mailing	40,000	25,199	25,198	1	24,290	
Special items						
Unallocated insurance	430,000	553,368	553,368	-	390,250	
Municipal association dues	6,500	6,239	6,239	-	6,239	
Judgments and claims	200,000	137,629	137,629	-	228,524	
Taxes on City property	25,000	114,469	114,469	-	42,012	
Metropolitan transportation and mobility tax	62,000	61,265	61,264	1	60,453	
Miscellaneous services	150,000	17,845	17,844	1	130,450	
Contingency	210,000	-	-	-	-	
	4,739,362	4,256,995	4,256,940	55	4,310,310	

PUBLIC SAFETY

Police Department	8,790,530	8,730,413	8,730,402	11	8,458,262
Traffic control	103,077	92,943	92,941	2	79,751
Fire Department	3,368,612	3,450,119	3,450,112	7	3,366,147
Control of animals	123,984	117,136	117,134	2	130,206
Building and plumbing	597,968	481,722	481,720	2	504,400
Civil defense	160,668	165,317	165,313	4	153,421
	<u>13,144,839</u>	<u>13,037,650</u>	<u>13,037,622</u>	<u>28</u>	<u>12,692,187</u>

HEALTH

Ambulance	366,000	298,220	298,220	-	237,065
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TRANSPORTATION

Street maintenance	1,283,652	1,425,920	1,425,910	10	1,415,793
Central garage	402,271	408,567	408,560	7	356,568
Snow removal	272,000	290,104	290,103	1	255,882
Street lighting	319,000	269,571	269,567	4	181,487
Off-street parking	177,204	185,560	185,559	1	176,376
	<u>2,454,127</u>	<u>2,579,722</u>	<u>2,579,699</u>	<u>23</u>	<u>2,386,106</u>

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ECONOMIC OPPORTUNITY AND DEVELOPMENT

Youth Board - Job training	-	57,934	57,933	1	-
Nutrition program for the elderly	542,502	495,545	495,526	19	435,518
	<u>542,502</u>	<u>553,479</u>	<u>553,459</u>	<u>20</u>	<u>435,518</u>

CULTURE AND RECREATION

Recreation administration	355,296	357,108	357,105	3	355,729
Parks maintenance	591,351	561,911	561,900	11	630,481
Playgrounds	370,300	371,657	371,656	1	343,620
Kiley sports program	215,286	215,758	215,755	3	215,200
Youth bureau	236,577	565,813	353,700	212,113	319,443
Summer recreation programs	91,491	87,122	87,118	4	139,160
Pool	145,125	143,811	143,805	6	145,998
Marina	14,300	13,468	13,468	-	13,119
Riverfront programs	17,000	16,904	16,904	-	10,000

(Continued)

City of Peekskill, New York

General Fund

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

Year Ended December 31, 2018

(With Comparative Actuals for 2017)

					Variance with Final Budget	
	Original Budget	Final Budget	Actual		Positive (Negative)	2017 Actual
CULTURE AND RECREATION (Continued)						
Civic theatres	\$ 109,000	\$ 135,277	\$ 135,277	\$ -	\$ 125,278	
Celebrations	75,000	49,135	49,135		-	2,285
Senior citizen club	130,090	149,932	149,930	2		167,308
Norwest program	50,000	50,000	50,000	-		42,500
	<u>2,400,816</u>	<u>2,717,896</u>	<u>2,505,753</u>	<u>212,143</u>		<u>2,510,121</u>
HOME AND COMMUNITY SERVICES						
Refuse collection and disposal	1,460,741	1,486,990	1,486,979	11		1,124,493
Street cleaning	98,059	104,560	104,560	-		107,022
Shade trees	-	254	254	-		244
Planning and development	706,038	644,226	644,217	9		649,741
	<u>2,264,838</u>	<u>2,236,030</u>	<u>2,236,010</u>	<u>20</u>		<u>1,881,500</u>
EMPLOYEE BENEFITS						
State retirement	1,190,000	1,108,193	1,108,193	-		1,106,561
Police retirement	2,210,000	2,317,198	2,317,198	-		2,301,594
Life, health and dental insurance	5,471,591	6,265,264	6,265,264	-		5,550,915
Unemployment benefits	15,000	10,746	10,746	-		3,590
Workers' compensation benefits	1,005,000	826,585	826,584	1		933,040
	<u>9,891,591</u>	<u>10,527,986</u>	<u>10,527,985</u>	<u>1</u>		<u>9,895,700</u>

DEBT SERVICE

Principal

Serial bonds

Notes

2,486,000	2,486,000	2,486,000	-	1,791,000
232,000	181,904	181,904	-	238,518

2,718,000	2,667,904	2,667,904	-	2,029,518
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Interest

Serial bonds

Bond anticipation notes

Notes

912,127	912,128	912,127	1	777,030
10,000	13,725	13,725	-	73,860
1,200	10,938	10,938	-	5,098

923,327	936,791	936,790	1	855,988
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3,641,327	3,604,695	3,604,694	1	2,885,506
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TOTAL EXPENDITURES

39,445,402	39,812,673	39,600,382	212,291	37,234,013
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OTHER FINANCING USES

Transfers out

CP Capital Projects Fund

700,000	700,000	700,000	-	1,431,399
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TOTAL EXPENDITURES AND OTHER FINANCING USES

<u>\$ 40,145,402</u>	<u>\$ 40,512,673</u>	<u>\$ 40,300,382</u>	<u>\$ 212,291</u>	<u>\$ 38,665,412</u>
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City of Peekskill, New York

Capital Projects Fund
Comparative Balance Sheet
December 31,

	2018	2017
ASSETS		
Cash and equivalents	<u>\$ 1,732,454</u>	<u>\$ 8,979,140</u>
Receivables		
Accounts	-	52,322
State and Federal aid	-	516,383
	<u>-</u>	<u>568,705</u>
Total Assets	<u>\$ 1,732,454</u>	<u>\$ 9,547,845</u>
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Accounts payable	<u>\$ 6,954</u>	<u>\$ 956,996</u>
Retainages payable	<u>589,709</u>	<u>519,439</u>
Bond anticipation notes payable	<u>410,000</u>	<u>610,000</u>
Due to other funds	<u>1,005,867</u>	<u>781,833</u>
	<u>2,012,530</u>	<u>2,868,268</u>
Total Liabilities		
Fund balance (deficit)		
Restricted	-	6,679,577
Unassigned	<u>(280,076)</u>	<u>-</u>
	<u>(280,076)</u>	<u>6,679,577</u>
Total Fund Balance (Deficit)		
Total Liabilities and Fund Balance (Deficit)	<u>\$ 1,732,454</u>	<u>\$ 9,547,845</u>

See independent auditors' report.

City of Peekskill, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31,

	<u>2018</u>	<u>2017</u>
REVENUES		
State aid	\$ 1,679,431	\$ 1,296,918
Miscellaneous	<u>-</u>	<u>452,911</u>
 Total Revenues	 1,679,431	 1,749,829
EXPENDITURES		
Capital outlay	<u>9,925,091</u>	<u>11,531,935</u>
 Deficiency of Revenues	 <u>(8,245,660)</u>	 <u>(9,782,106)</u>
OTHER FINANCING SOURCES		
Notes issued	- 524,989	
Bonds issued	- 14,610,000	
Transfers in	<u>1,286,007</u>	<u>1,866,349</u>
 Total Other Financing Sources	 <u>1,286,007</u>	 <u>17,001,338</u>
 Net Change in Fund Balance	 <u>(6,959,653)</u>	 7,219,232
FUND BALANCE (DEFICIT)		
Beginning of Year	<u>6,679,577</u>	<u>(539,655)</u>
 End of Year	 <u>\$ (280,076)</u>	 <u>\$ 6,679,577</u>

See independent auditors' report.

City of Peekskill, New York

Capital Projects Fund
 Project-Length Schedule
 Inception of Project through December 31, 2018

Project	Project Number	Project Budget	Expenditures and Transfers To Date	Unexpended Balance
City Hall - Computer Upgrade	131	\$ 2,180,684	\$ 1,732,196	\$ 448,488
City Hall - 2015 Equipment	135	1,313,061	1,186,831	126,230
City Maps	178	57,500	47,020	10,480
Repainting of Water Tanks	189	1,869,782	1,744,758	125,024
Fort Hill Park	195	250,000	10,015	239,985
Broad Street Improvements	197	23,000	-	23,000
Brown/Ester Streetscape	198	643,007	643,007	-
South Division Streetscape	199	1,030,251	940,656	89,595
Park Maintenance	500	326,347	280,201	46,146
Park Maintenance - Lepore Park Lighting	500-7	11,500	10,778	722
Park Maintenance - Tennis Court Lighting	500-14	29,000	2,136	26,864
Street Paving	502-2012	2,409,958	2,904,600	(494,642)
Nelson Parking Garage	504-2012	2,490,522	2,354,145	136,377
Public Works Equipment	505	2,174,793	2,174,793	-
Lincoln Train Station - Visitor's Center	541-1	783,096	1,916,805	(1,133,709)
Lincoln Plaza Design	541-2	817,976	823,572	(5,596)
Insurance Reserve Paramount	548	678,059	547,345	130,714
5 Corporate Drive	552	581,000	540,732	40,268
Firehouse Building Maintenance	570	247,771	247,771	-
Construction DPW Garage	571	87,884	78,822	9,062
Water Meter Upgrade	592	1,918,111	1,993,832	(75,721)
Neighborhood Center Roof	601	588,714	329,417	259,297
Parks Pool Bathhouse	602	313,900	313,721	179
Louisa Street Ballfield	617	556,747	256,327	300,420
Volleyball Court Lighting	619	4,000	-	4,000
Blight Study	623-2	5,801	4,750	1,051
Downtown Redevelopment - RFP	623-3	40,196	32,045	8,151
City Hall Repairs	628	504,972	504,972	-
Neighborhood Center	628-27,30	464,900	414,441	50,459
Police Department Courthouse	628-32	154,600	106,510	48,090
Lights and Signs - Welcome Signs	634-2	30,000	4,570	25,430
Plantings	636	54,070	18,245	35,825
Central Firehouse	638	14,967,481	17,301,196	(2,333,715)
James Street Parking Ramp	642	2,859,712	2,854,972	4,740
Purchase Lower South Street	647	6,479,094	6,481,063	(1,969)
Salt Shed	649	231,309	221,109	10,200
Hays Plaza	654	95,830	24,546	71,284
Infrastructure Improvements Route 6/East Main	656	1,023,376	896,412	126,964
Hollowbrook Pump Station	661	64,902	76,300	(11,398)
LWRP Update Blue Plan	663	89,078	97,383	(8,305)
Peekskill Multi Use Waterfront	664	226,288	243,307	(17,019)
Brownfield Clean-Up LLS Sites	665	140,000	97,948	42,052
Feasibility Study - White Plains Linen Complex	667	105,000	208,500	(103,500)
Fleischchman Pier	668	304,850	200,900	103,950
Peekskill Multi Use Trail	669	950,000	-	950,000
Sewer Maintenance	670	800,000	-	800,000
Zombie Grant	672	100,000	49,962	50,038
Oakwood Drive Reconstruction	673	47,582	63,575	(15,993)
Parking Analysis	674	46,492	46,492	-
Louisa Street CDBG	675	699,547	661,285	38,262
Microenterprise Assistant Program	678	152,500	152,500	-
Clean Water Grant	679	50,000	15,849	34,151
Vehicle Charging Stations	680	45,548	22,282	23,266
Bond Issuance Costs	BOND	837,025	823,713	13,312
Totals		\$ 52,956,816	\$ 52,704,307	\$ 252,509

See independent auditors' report.

				Bond Anticipation Notes
	Revenues	Fund Balance (Deficit) At December 31, 2018		Outstanding at December 31, 2018
\$	2,180,684	\$ 448,488	\$	-
1,313,061		126,230		-
57,500		10,480		-
1,869,782		125,024		-
250,000		239,985		-
23,000		23,000		-
643,007		-		-
1,030,251		89,595		-
326,347		46,146		-
11,500		722		-
29,000		26,864		-
2,409,958		(494,642)		-
2,490,522		136,377		-
2,174,793		-		-
783,096		(1,133,709)		-
817,976		(5,596)		-
678,059		130,714		-
581,000		40,268		-
85,771		(162,000)	162,000	
87,884		9,062		-
1,918,111		(75,721)		-
588,714		259,297		-
230,900		(82,821)	83,000	
556,747		300,420		-
4,000		4,000		-
5,801		1,051		-
40,196		8,151		-
339,427		(165,545)	165,000	
464,900		50,459		-
154,600		48,090		-
30,000		25,430		-
54,070		35,825		-
14,967,481		(2,333,715)		-
2,859,712		4,740		-
6,479,094		(1,969)		-
231,309		10,200		-
95,830		71,284		-
1,023,376		126,964		-
64,902		(11,398)		-
89,078		(8,305)		-
226,288		(17,019)		-
140,000		42,052		-
105,000		(103,500)		-
304,850		103,950		-
950,000		950,000		-
800,000		800,000		-
100,000		50,038		-
47,582		(15,993)		-
		(46,492)		-
669,547		8,262		-
152,500		-		-
50,000		34,151		-
		(22,282)		-
837,025		13,312		-
\$	52,424,231	\$ (280,076)	\$	410,000

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City of Peekskill, New York

Water Fund
Comparative Balance Sheet
December 31,

	2018	2017
ASSETS		
Cash and equivalents	\$ 483,755	\$ 207,555
Water rents receivable	1,946,411	2,012,876
Prepaid expenditures	63,314	73,237
Inventories	<u>214,370</u>	<u>105,430</u>
 Total Assets	 <u>\$ 2,707,850</u>	 <u>\$ 2,399,098</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 106,982	\$ 52,044
Accrued liabilities	20,884	-
Due to other funds	<u>58,450</u>	<u>673</u>
 Total Liabilities	 <u>186,316</u>	 <u>52,717</u>
Fund balance		
Nonspendable	277,684	178,667
Assigned	<u>2,243,850</u>	<u>2,167,714</u>
 Total Fund Balance	 <u>2,521,534</u>	 <u>2,346,381</u>
 Total Liabilities and Fund Balance	 <u>\$ 2,707,850</u>	 <u>\$ 2,399,098</u>

See independent auditors' report.

City of Peekskill, New York

Water Fund

**Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**
Years Ended December 31,

2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Departmental income	\$ 7,060,000	\$ 7,060,000	\$ 6,882,153	\$ (177,847)
Miscellaneous	5,250	5,250	14,245	8,995
Total Revenues	7,065,250	7,065,250	6,896,398	(168,852)
EXPENDITURES				
Current				
Home and community services	4,247,077	4,381,030	3,955,835	425,195
Debt service				
Principal	1,935,000	1,935,000	1,935,000	-
Interest	724,363	590,410	590,410	-
Total Expenditures	6,906,440	6,906,440	6,481,245	425,195
Excess of Revenues Over Expenditures	158,810	158,810	415,153	256,343
OTHER FINANCING USES				
Transfers out	(240,000)	(240,000)	(240,000)	-
Net Change in Fund Balance	(81,190)	(81,190)	175,153	256,343
FUND BALANCE				
Beginning of Year	81,190	81,190	2,346,381	2,265,191
End of Year	\$ -	\$ -	\$ 2,521,534	\$ 2,521,534

See independent auditors' report.

2017			
Original Budget	Final Budget	Actual	Variance with Final Budget
			Positive (Negative)
\$ 6,900,000 25,250	\$ 6,900,000 25,250	\$ 6,893,431 45,103	\$ (6,569) 19,853
<u>6,925,250</u>	<u>6,925,250</u>	<u>6,938,534</u>	<u>13,284</u>
4,195,307	4,178,140	3,540,107	638,033
1,890,000 775,432	1,890,000 775,432	1,890,000 641,219	- 134,213
<u>6,860,739</u>	<u>6,843,572</u>	<u>6,071,326</u>	<u>772,246</u>
64,511	81,678	867,208	785,530
<u>(225,000)</u>	<u>(225,000)</u>	<u>(225,000)</u>	-
(160,489)	(143,322)	642,208	785,530
<u>160,489</u>	<u>143,322</u>	<u>1,704,173</u>	<u>1,560,851</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,346,381</u>	<u>\$ 2,346,381</u>

City of Peekskill, New York

Section 8 Housing Fund
Comparative Balance Sheet
December 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and equivalents	\$ 68,044	\$ 257,965
Prepaid expenditures	<u>22,147</u>	<u>22,147</u>
 Total Assets	 <u>\$ 90,191</u>	 <u>\$ 280,112</u>
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Accounts payable	\$ 313	\$ 22
Accrued liabilities	9,601	-
Due to other funds	<u>210,937</u>	<u>57</u>
 Total Liabilities	 <u>220,851</u>	 <u>79</u>
 Fund balance (deficit)		
Nonspendable	22,147	22,147
Restricted	-	257,886
Unassigned	<u>(152,807)</u>	<u>-</u>
 Total Fund Balance (Deficit)	 <u>(130,660)</u>	 <u>280,033</u>
 Total Liabilities and Fund Balance (Deficit)	 <u>\$ 90,191</u>	 <u>\$ 280,112</u>

See independent auditors' report.

City of Peekskill, New York

Section 8 Housing Fund
Comparative Statement of Revenues, Expenditures and Changes
In Fund Balance
Years Ended December 31,

	<u>2018</u>	<u>2017</u>
REVENUES		
Use of money and property	\$ 144	\$ 253
Federal aid	6,958,791	6,814,643
Miscellaneous	<u>41,775</u>	<u>24,459</u>
Total Revenues	7,000,710	6,839,355
EXPENDITURES		
Current		
Home and community services	<u>7,281,403</u>	<u>7,154,564</u>
Deficiency of Revenues		
Over Expenditures	(280,693)	(315,209)
OTHER FINANCING USES		
Transfers out	<u>(130,000)</u>	<u>(170,000)</u>
Net Change in Fund Balance	(410,693)	(485,209)
FUND BALANCE (DEFICIT)		
Beginning of Year	<u>280,033</u>	<u>765,242</u>
End of Year	<u>\$ (130,660)</u>	<u>\$ 280,033</u>

See independent auditors' report.

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NON-MAJOR GOVERNMENTAL FUNDS

- **Sewer Fund** - The Sewer fund is used to record the sewer utility operations of the City, which render services on a user charge basis to the general public.
- **Recreation Fund** - The Recreation fund is established to account for fees received from local developers to be used for recreational facilities and park improvements.
- **Special Purpose Fund** - The Special Purpose Fund is used to account for assets held by the City in accordance with the terms of a trust agreement.
- **Community Development Funds** - The Community Development funds are used to account for projects financed by entitlements from the U.S. Department of Housing and Urban Development.
- **Debt Service Fund** - The Debt Service Fund is used to account for and report the financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.
- **Permanent Fund** - The Permanent fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

City of Peekskill, New York

Non-Major Governmental Funds
Combining Balance Sheet
December 31, 2018
(With Comparative Totals for 2017)

	<u>Sewer</u>	<u>Recreation</u>	<u>Special Purpose</u>	<u>Community Development</u>
ASSETS				
Cash and equivalents	\$ 1,644,953	\$ 365,676	\$ 70,322	\$ 1,826,145
Receivables				
Sewer rents	439,867	-	-	-
Loans	-	-	-	1,103,504
Due from other funds	-	905,125	-	-
	439,867	905,125	-	1,103,504
Prepaid expenditures	34,829	-	-	-
Total Assets	\$ 2,119,649	\$ 1,270,801	\$ 70,322	\$ 2,929,649
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 18,735	\$ -	\$ -	\$ -
Due to other funds	200,000	-	-	-
Unearned revenues	-	-	-	1,103,504
Total Liabilities	218,735	-	-	1,103,504
Fund balances				
Nonspendable	34,829	-	-	-
Restricted	-	-	70,322	-
Committed	-	1,270,801	-	-
Assigned	1,866,085	-	-	1,826,145
Total Fund Balances	1,900,914	1,270,801	70,322	1,826,145
Total Liabilities and Fund Balances	\$ 2,119,649	\$ 1,270,801	\$ 70,322	\$ 2,929,649

See independent auditors' report.

		Total Non-Major Governmental Funds		
Debt Service	Permanent	2018	2017	
\$ 11,311	\$ 102,176	\$ 4,020,583	\$ 4,118,330	
-	-	439,867	428,405	
-	-	1,103,504	1,140,657	
15,262	-	920,387	340,893	
15,262	-	2,463,758	1,909,955	
-	-	34,829	42,164	
\$ 26,573	\$ 102,176	\$ 6,519,170	\$ 6,070,449	
<hr/>				
\$ -	\$ -	\$ 18,735	\$ 2,661	
-	-	200,000	673	
-	-	1,103,504	435,138	
-	-	1,322,239	438,472	
<hr/>				
-	100,000	134,829	142,164	
-	2,176	72,498	74,682	
-	-	1,270,801	865,921	
26,573	-	3,718,803	4,549,210	
26,573	102,176	5,196,931	5,631,977	
<hr/>				
\$ 26,573	\$ 102,176	\$ 6,519,170	\$ 6,070,449	

City of Peekskill, New York

Non-Major Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes
in Fund Balances**

Year Ended December 31, 2018

(With Comparative Totals for 2017)

	<u>Sewer</u>	<u>Recreation</u>	<u>Special Purpose</u>	<u>Community Development</u>
REVENUES				
Federal aid	\$ -	\$ -	\$ -	\$ (690,459)
Departmental income	1,521,884	826,715	-	-
Use of money and property	-	7	-	40,667
Miscellaneous	-	-	44,328	22,293
 Total Revenues	 1,521,884	 826,722	 44,328	 (627,499)
EXPENDITURES				
Current				
Culture and recreation	-	-	46,617	-
Home and community services	990,385	-	-	-
Debt service				
Principal	119,000	-	-	-
Interest	16,057	-	-	-
Refunding bond issuance costs	-	-	-	-
 Total Expenditures	 1,125,442	 -	 46,617	 -
 Excess (Deficiency) of Revenues Over Expenditures	 396,442	 826,722	 (2,289)	 (627,499)
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Issuance premium	-	-	-	-
Transfers out	(490,000)	(421,842)	-	(98,000)
 Total Other Financing Uses	 (490,000)	 (421,842)	 -	 (98,000)
 Net Change in Fund Balances	 (93,558)	 404,880	 (2,289)	 (725,499)
FUND BALANCES				
Beginning of Year	1,994,472	865,921	72,611	2,551,644
End of Year	\$ 1,900,914	\$ 1,270,801	\$ 70,322	\$ 1,826,145

See independent auditors' report.

Debt Service	Permanent	Total Non-Major Governmental Funds	
		2018	2017
\$ -	\$ -	\$ (690,459)	\$ -
-	-	2,348,599	1,741,766
39,620	105	80,399	47,924
<u>41,695</u>	<u>-</u>	<u>108,316</u>	<u>47,964</u>
<u>81,315</u>	<u>105</u>	<u>1,846,855</u>	<u>1,837,654</u>
-	-	46,617	41,401
-	-	990,385	902,395
-	-	119,000	132,380
-	-	16,057	18,573
<u>-</u>	<u>-</u>	<u>-</u>	<u>388,148</u>
<u>-</u>	<u>-</u>	<u>1,172,059</u>	<u>1,482,897</u>
<u>81,315</u>	<u>105</u>	<u>674,796</u>	<u>354,757</u>
-	-	-	12,810,000
-	-	-	(12,663,805)
-	-	-	241,953
<u>(100,000)</u>	<u>-</u>	<u>(1,109,842)</u>	<u>(747,350)</u>
<u>(100,000)</u>	<u>-</u>	<u>(1,109,842)</u>	<u>(359,202)</u>
<u>(18,685)</u>	<u>105</u>	<u>(435,046)</u>	<u>(4,445)</u>
<u>45,258</u>	<u>102,071</u>	<u>5,631,977</u>	<u>5,636,422</u>
<u>\$ 26,573</u>	<u>\$ 102,176</u>	<u>\$ 5,196,931</u>	<u>\$ 5,631,977</u>

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City of Peekskill, New York

Sewer Fund
Comparative Balance Sheet
December 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and equivalents	\$ 1,644,953	\$ 1,527,237
Sewer rents receivables	439,867	428,405
Prepaid expenditures	34,829	42,164
 Total Assets	 <u>\$ 2,119,649</u>	 <u>\$ 1,997,806</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 18,735	\$ 2,661
Due to other funds	200,000	673
 Total Liabilities	 <u>218,735</u>	 <u>3,334</u>
Fund balance		
Nonspendable	34,829	42,164
Assigned	1,866,085	1,952,308
 Total Fund Balance	 <u>1,900,914</u>	 <u>1,994,472</u>
 Total Liabilities and Fund Balance	 <u>\$ 2,119,649</u>	 <u>\$ 1,997,806</u>

See independent auditors' report.

City of Peekskill, New York

Sewer Fund

**Comparative Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual**

Years Ended December 31,

2018				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Departmental income	<u>\$ 1,650,000</u>	<u>\$ 1,650,000</u>	<u>\$ 1,521,884</u>	<u>\$ (128,116)</u>
EXPENDITURES				
Current				
Home and community services	1,054,679	1,054,679	990,385	64,294
Debt service				
Principal	119,000	119,000	119,000	-
Interest	<u>16,057</u>	<u>16,057</u>	<u>16,057</u>	<u>-</u>
Total Expenditures	<u>1,189,736</u>	<u>1,189,736</u>	<u>1,125,442</u>	<u>64,294</u>
Excess of Revenues Over Expenditures	460,264	460,264	396,442	(63,822)
OTHER FINANCING USES				
Transfers out	<u>(490,000)</u>	<u>(490,000)</u>	<u>(490,000)</u>	<u>-</u>
Net Change in Fund Balance	(29,736)	(29,736)	(93,558)	(63,822)
FUND BALANCE				
Beginning of Year	<u>29,736</u>	<u>29,736</u>	<u>1,994,472</u>	<u>1,964,736</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,900,914</u>	<u>\$ 1,900,914</u>

See independent auditors' report.

2017

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 1,611,000	\$ 1,611,000	\$ 1,508,891	\$ (102,109)
1,046,563	1,046,563	902,395	144,168
139,000	139,000	132,380	6,620
20,437	20,437	18,573	1,864
1,206,000	1,206,000	1,053,348	152,652
405,000	405,000	455,543	50,543
(405,000)	(405,000)	(405,000)	-
-	-	50,543	50,543
-	-	1,943,929	1,943,929
\$ -	\$ -	\$ 1,994,472	\$ 1,994,472

City of Peekskill, New York

Recreation Fund
Comparative Balance Sheet
December 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and equivalents	\$ 365,676	\$ 544,511
Due from other funds	<u>905,125</u>	<u>321,410</u>
Total Assets	<u>\$ 1,270,801</u>	<u>\$ 865,921</u>
FUND BALANCE		
Committed	<u>\$ 1,270,801</u>	<u>\$ 865,921</u>

See independent auditors' report.

City of Peekskill, New York

Recreation Fund

**Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance**
Years Ended December 31,

	<u>2018</u>	<u>2017</u>
REVENUES		
Departmental income	\$ 826,715	\$ 232,875
Use of money and property	<u>7</u>	<u>6</u>
Total Revenues	826,722	232,881
EXPENDITURES	-	-
Excess of Revenues Over Expenditures	826,722	232,881
OTHER FINANCING USES		
Transfers out	<u>(421,842)</u>	<u>(144,350)</u>
Net Change in Fund Balance	404,880	88,531
FUND BALANCE		
Beginning of Year	<u>865,921</u>	<u>777,390</u>
End of Year	<u>\$ 1,270,801</u>	<u>\$ 865,921</u>

See independent auditors' report.

City of Peekskill, New York

Special Purpose Fund
Comparative Balance Sheet
December 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and equivalents	<u>\$ 70,322</u>	<u>\$ 72,611</u>
FUND BALANCE		
Restricted	<u>\$ 70,322</u>	<u>\$ 72,611</u>

City of Peekskill, New York

Special Purpose Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31,

	<u>2018</u>	<u>2017</u>
REVENUES		
Miscellaneous	\$ 44,328	\$ 26,636
EXPENDITURES		
Current		
Culture and recreation	<u>46,617</u>	<u>41,401</u>
Deficiency of Revenues		
Over Expenditures	(2,289)	(14,765)
FUND BALANCE		
Beginning of Year	<u>72,611</u>	<u>87,376</u>
End of Year	<u>\$ 70,322</u>	<u>\$ 72,611</u>

See independent auditors' report.

City of Peekskill, New York

Community Development Funds
 Combining Balance Sheet - Sub-Funds
 December 31, 2018
(With Comparative Totals for 2017)

	Community Development	Urban County Consortium	Totals	
			2018	2017
ASSETS				
Cash and equivalents	\$ 1,626,886	\$ 199,259	\$ 1,826,145	\$ 1,846,125
Receivables				
Loans	1,103,504	-	1,103,504	1,140,657
Total Assets	<u>\$ 2,730,390</u>	<u>\$ 199,259</u>	<u>\$ 2,929,649</u>	<u>\$ 2,986,782</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Unearned revenues	\$ 1,103,504	\$ -	\$ 1,103,504	\$ 435,138
Fund balances				
Assigned	1,626,886	199,259	1,826,145	2,551,644
Total Liabilities and Fund Balances	<u>\$ 2,730,390</u>	<u>\$ 199,259</u>	<u>\$ 2,929,649</u>	<u>\$ 2,986,782</u>

City of Peekskill, New York

Community Development Funds

**Combining Schedule of Revenues, Expenditures and Changes
in Fund Balances - Sub-Funds
Year Ended December 31, 2018
(With Comparative Totals for 2017)**

	Community Development	Urban County Consortium	Totals	
			2018	2017
REVENUES				
Federal aid	\$ (690,459)	\$ -	\$ (690,459)	\$ -
Use of money and property	40,281	386	40,667	28,830
Miscellaneous	<u>22,293</u>	<u>-</u>	<u>22,293</u>	<u>21,328</u>
Total Revenues	(627,885)	386	(627,499)	50,158
EXPENDITURES				
Excess (Deficiency) of Revenues Over Expenditures	(627,885)	386	(627,499)	50,158
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>(98,000)</u>	<u>(98,000)</u>	<u>(98,000)</u>
Net Change in Fund Balances	(627,885)	(97,614)	(725,499)	(47,842)
FUND BALANCES				
Beginning of Year	<u>2,254,771</u>	<u>296,873</u>	<u>2,551,644</u>	<u>2,599,486</u>
End of Year	<u>\$ 1,626,886</u>	<u>\$ 199,259</u>	<u>\$ 1,826,145</u>	<u>\$ 2,551,644</u>

See independent auditors' report.

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City of Peekskill, New York

Debt Service Fund
Comparative Balance Sheet
December 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and equivalents	\$ 11,311	\$ 25,775
Due from other funds	<u>15,262</u>	<u>19,483</u>
Total Assets	<u>\$ 26,573</u>	<u>\$ 45,258</u>
FUND BALANCE		
Assigned	<u>\$ 26,573</u>	<u>\$ 45,258</u>

See independent auditors' report.

City of Peekskill, New York

Debt Service Fund

**Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**
Years Ended December 31,

2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Use of money and property	\$ -	\$ -	\$ 39,620	\$ 39,620
Miscellaneous	-	-	41,695	41,695
Total Revenues	-	-	81,315	81,315
EXPENDITURES				
Debt service				
Refunding bond issuance costs	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	81,315	81,315
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Issuance premium	-	-	-	-
Transfers out	(100,000)	(100,000)	(100,000)	-
Total Other Financing Sources (Uses)	(100,000)	(100,000)	(100,000)	-
Net Change in Fund Balance	(100,000)	(100,000)	(18,685)	81,315
FUND BALANCE				
Beginning of Year	100,000	100,000	45,258	(54,742)
End of Year	\$ -	\$ -	\$ 26,573	\$ 26,573

See independent auditors' report.

2017

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ 18,974	\$ 18,974
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		18,974	18,974
<u>-</u>	<u>388,148</u>	<u>388,148</u>	<u>-</u>
<u>-</u>	<u>(388,148)</u>	<u>(369,174)</u>	<u>18,974</u>
<u>-</u>	<u>12,810,000</u>	<u>12,810,000</u>	<u>-</u>
<u>-</u>	<u>(12,663,805)</u>	<u>(12,663,805)</u>	<u>-</u>
<u>-</u>	<u>241,953</u>	<u>241,953</u>	<u>-</u>
<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
<u>(100,000)</u>	<u>288,148</u>	<u>288,148</u>	<u>-</u>
(100,000)	(100,000)	(81,026)	18,974
<u>100,000</u>	<u>100,000</u>	<u>126,284</u>	<u>26,284</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,258</u>	<u>\$ 45,258</u>

City of Peekskill, New York

Permanent Fund
Comparative Balance Sheet
December 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and equivalents	<u>\$ 102,176</u>	<u>\$ 102,071</u>
FUND BALANCE		
Nonspendable	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Restricted	<u>2,176</u>	<u>2,071</u>
Total Fund Balance	<u>\$ 102,176</u>	<u>\$ 102,071</u>

See independent auditors' report.

City of Peekskill, New York

Permanent Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31,

	<u>2018</u>	<u>2017</u>
REVENUES		
Use of money and property	\$ 105	\$ 114
EXPENDITURES	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	105	114
FUND BALANCE		
Beginning of Year	<u>102,071</u>	<u>101,957</u>
End of Year	<u>\$ 102,176</u>	<u>\$ 102,071</u>

See independent auditors' report.

City of Peekskill, New York

Fiduciary Fund - Agency Fund

Statement of Changes in Assets and Liabilities

Year Ended December 31, 2018

	<u>Balance January 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2018</u>
ASSETS				
Cash and equivalents	<u>\$ 788,753</u>	<u>\$ 66,936,367</u>	<u>\$ 66,629,045</u>	<u>\$ 1,096,075</u>
LIABILITIES				
Accounts payable	\$ 50,654	\$ 7,952,989	\$ 7,996,261	\$ 7,382
Deposits	497,977	1,924,509	1,594,943	827,543
Employee payroll deductions	<u>240,122</u>	<u>16,018,851</u>	<u>15,997,823</u>	<u>261,150</u>
Total Liabilities	<u>\$ 788,753</u>	<u>\$ 25,896,349</u>	<u>\$ 25,589,027</u>	<u>\$ 1,096,075</u>

See independent auditors' report.

**STATISTICAL SECTION
(UNAUDITED)**

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Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. These schedules include:

Net Position by Component

Changes in Net Position

Fund Balances of Governmental Funds

Changes in Fund Balances of Governmental Funds

City of Peekskill, New York

**Net Position by Component
Last Ten Fiscal Years**

	2009	2010	2011	2012
Governmental Activities				
Net Investment in Capital Assets	\$ 15,316,286	\$ 17,290,136	\$ 18,282,052	\$ 23,747,284
Restricted	19,101,747	16,812,761	15,801,388	11,663,272
Unrestricted	1,112,804	(2,046,306)	(9,023,866)	(14,225,278)
Total Governmental Activities				
Net Position	<u>\$ 35,530,837</u>	<u>\$ 32,056,591</u>	<u>\$ 25,059,574</u>	<u>\$ 21,185,278</u>

2013	2014	2015	2016	2017	2018
\$ 26,472,465	\$ 33,093,116	\$ 39,962,538	\$ 40,538,429	\$ 39,200,050	\$ 51,480,424
9,870,336	10,388,723	8,960,394	11,808,737	12,084,931	15,247,464
(19,108,958)	(24,047,541)	(17,426,533)	(15,856,956)	(18,342,178)	(158,201,937)
<u>\$ 17,233,843</u>	<u>\$ 19,434,298</u>	<u>\$ 31,496,399</u>	<u>\$ 36,490,210</u>	<u>\$ 32,942,803</u>	<u>\$ (91,474,049)</u>

City of Peekskill, New York

Changes In Net Position
Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
EXPENSES				
Government activities				
General government support	\$ 5,833,645	\$ 6,477,712	\$ 7,038,267	\$ 6,292,403
Public safety	17,324,855	17,824,340	19,506,458	19,232,215
Health	202,341	273,034	279,184	264,979
Transportation	3,719,237	4,528,859	4,650,520	3,953,086
Economic opportunity and development	654,174	662,433	688,606	629,777
Culture and recreation	5,268,016	5,586,624	4,622,774	4,614,755
Home and community services	14,069,029	16,018,049	17,670,033	17,174,960
Interest	<u>1,778,928</u>	<u>1,696,693</u>	<u>1,889,294</u>	<u>1,946,318</u>
Total Governmental Activities Expenses	<u>\$ 48,850,225</u>	<u>\$ 53,067,744</u>	<u>\$ 56,345,136</u>	<u>\$ 54,108,493</u>
PROGRAM REVENUES				
Charges for Services				
General government support	494,827	394,100	647,337	573,704
Public safety	1,110,861	1,024,649	854,709	847,964
Health	15,000	7,460	23,003	-
Transportation	682,697	957,771	941,783	1,065,133
Economic opportunity and development	70,222	-	-	-
Culture and recreation	354,652	365,662	387,889	420,920
Home and community services	9,114,724	10,238,539	9,554,843	10,807,097
Operating Grants and Contributions	7,875,882	9,428,899	9,061,281	8,941,043
Capital Grants and Contributions	<u>2,730,319</u>	<u>1,775,559</u>	<u>1,949,358</u>	<u>372,919</u>
Total Program Revenues	<u>22,449,184</u>	<u>24,192,639</u>	<u>23,420,203</u>	<u>23,028,780</u>
Governmental Activities Net Expense	<u>\$ (26,401,041)</u>	<u>\$ (28,875,105)</u>	<u>\$ (32,924,933)</u>	<u>\$ (31,079,713)</u>
GENERAL REVENUES				
Real property taxes	13,388,121	13,409,454	13,601,023	14,128,658
Other tax items				
Interest and penalties on real property taxes	390,111	247,311	789,802	546,492
Gain on sale of tax acquired property	60,896	-	-	900
Payments in lieu of taxes	4,495,611	5,175,648	4,883,554	5,460,776
Real estate transfer tax	-	-	235,285	518,233
Non-property taxes	3,266,850	3,562,223	3,728,611	3,707,160
Unrestricted Use of Money and Property	52,564	32,374	34,160	3,726
Sale of property and compensation for loss	10,763	4,351	20,976	16,458
Unrestricted State aid	2,856,870	2,612,869	2,455,379	2,527,137
Miscellaneous	184,547	186,097	6,352	103,378
Insurance recoveries	<u>229,479</u>	<u>170,532</u>	<u>172,774</u>	<u>192,499</u>
Total General Revenue	<u>24,935,812</u>	<u>25,400,859</u>	<u>25,927,916</u>	<u>27,205,417</u>
Change in Net Position	<u>\$ (1,465,229)</u>	<u>\$ (3,474,246)</u>	<u>\$ (6,997,017)</u>	<u>\$ (3,874,296)</u>

2013	2014	2015	2016	2017	2018
\$ 7,856,347	\$ 6,062,692	\$ 5,140,331	\$ 6,002,382	\$ 7,310,424	\$ 6,489,230
18,202,444	18,292,112	16,733,521	18,784,621	21,404,266	21,920,857
209,327	252,607	225,287	141,690	209,569	372,518
3,182,830	3,205,170	3,275,094	3,623,895	3,773,902	4,398,478
598,444	511,833	506,821	509,346	502,648	621,237
3,791,401	4,167,688	3,660,152	4,051,246	5,170,211	4,003,911
15,666,450	15,456,148	15,989,104	16,993,080	16,038,191	16,107,984
1,986,412	2,048,315	1,763,417	1,620,308	1,669,286	1,626,388
<u>\$ 51,493,655</u>	<u>\$ 49,996,565</u>	<u>\$ 47,293,727</u>	<u>\$ 51,726,568</u>	<u>\$ 56,078,497</u>	<u>\$ 55,540,603</u>
553,420	578,462	775,078	574,543	622,453	2,625,479
861,232	952,023	978,547	1,874,969	1,882,298	1,332,334
36,907	6,334	14,425	31,912	102,334	11,918
968,734	951,587	1,004,950	1,226,441	1,218,229	1,259,735
-	-	-	-	-	134,526
462,710	431,161	432,777	466,175	463,799	1,294,312
8,376,435	9,992,915	10,293,121	10,518,265	10,824,586	9,492,715
8,154,088	7,099,885	7,924,609	7,341,583	7,774,164	7,669,366
550,326	3,442,307	7,184,087	1,831,080	1,768,803	1,760,746
<u>19,963,852</u>	<u>23,454,674</u>	<u>28,607,594</u>	<u>23,864,968</u>	<u>24,656,666</u>	<u>25,581,131</u>
<u>\$ (31,529,803)</u>	<u>\$ (26,541,891)</u>	<u>\$ (18,686,133)</u>	<u>\$ (27,861,600)</u>	<u>\$ (31,421,831)</u>	<u>\$ (29,959,472)</u>
14,676,951	14,764,723	15,221,101	15,929,281	16,188,524	16,800,462
298,658	321,244	881,081	343,896	418,474	354,854
-	312,227	63,240	-	679,200	571,355
5,411,748	5,672,087	5,657,336	5,832,758	6,056,752	6,236,721
510,277	593,583	1,389,828	964,177	1,308,940	1,450,932
3,953,649	4,163,848	4,156,767	4,221,507	4,223,139	4,656,721
4,023	4,286	3,436	3,650	8,556	29,080
28,238	28,130	65,656	30,173	12,903	25,469
2,556,653	2,486,837	2,629,272	2,571,742	2,614,060	2,731,477
34,405	180,357	300,781	107,105	279,221	83,308
103,766	215,024	193,316	197,548	74,516	130,608
<u>27,578,368</u>	<u>28,742,346</u>	<u>30,561,814</u>	<u>30,201,837</u>	<u>31,864,285</u>	<u>33,070,987</u>
<u>\$ (3,951,435)</u>	<u>\$ 2,200,455</u>	<u>\$ 11,875,681</u>	<u>\$ 2,340,237</u>	<u>\$ 442,454</u>	<u>\$ 3,111,515</u>

City of Peekskill, New York

**Fund Balances of Governmental Funds
Last Ten Fiscal Years**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund					
Nonspendable	\$ -	\$ -	\$ 1,034,576	\$ 1,691,825	\$ 2,100,922
Restricted	-	-	1,645,184	2,310,128	3,096,163
Committed	-	-	973,975	973,975	937,975
Assigned	-	-	2,300,864	2,213,264	261,911
Unassigned	-	-	2,762,856	7,556	803,192
Reserved	2,615,039	3,527,591	-	-	-
Unreserved	<u>7,620,852</u>	<u>6,820,810</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fund	<u><u>\$ 10,235,891</u></u>	<u><u>\$ 10,348,401</u></u>	<u><u>\$ 8,717,455</u></u>	<u><u>\$ 7,196,748</u></u>	<u><u>\$ 7,200,163</u></u>
All Other Governmental Funds					
Nonspendable	-	-	247,342	207,192	181,930
Restricted	-	-	10,146,736	8,927,043	14,414,786
Committed	-	-	598,180	552,961	500,789
Assigned	-	-	510,470	43,980	216,600
Unassigned	-	-	-	-	-
Reserved	4,823,389	800,073	-	-	-
Unreserved, Reported in Major Funds	4,737,897	7,387,164	5,490,025	5,674,688	3,963,513
Non Major Funds	4,962,959	6,334,369	4,870,062	4,595,222	4,339,966
Capital Projects Fund	<u>3,330,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u><u>\$ 17,854,355</u></u>	<u><u>\$ 14,521,606</u></u>	<u><u>\$ 21,862,815</u></u>	<u><u>\$ 20,001,086</u></u>	<u><u>\$ 23,617,584</u></u>
Total Governmental Funds	<u><u>\$ 28,090,246</u></u>	<u><u>\$ 24,870,007</u></u>	<u><u>\$ 30,580,270</u></u>	<u><u>\$ 27,197,834</u></u>	<u><u>\$ 30,817,747</u></u>

(1) Components of fund balance were reclassified with the December 31, 2011 implementation of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

2014	2015	2016	2017	2018
\$ 2,078,498	\$ 1,634,045	\$ 1,309,354	\$ 1,663,303	\$ 1,535,350
3,115,738	3,098,483	6,882,176	8,410,442	8,609,430
937,975	1,783,975	2,783,975	873,975	873,975
705,097	969,224	533,141	1,669,275	1,954,746
496,988	1,590,953	2,625,782	2,826,512	3,339,464
-	-	-	-	-
-	-	-	-	-
<u>\$ 7,334,296</u>	<u>\$ 9,076,680</u>	<u>\$ 14,134,428</u>	<u>\$ 15,443,507</u>	<u>\$ 16,312,965</u>
184,321	232,374	193,809	342,978	434,660
9,762,026	4,063,447	115,617	6,754,259	72,498
500,793	493,891	777,390	865,921	1,270,801
351,700	194,465	7,019,021	6,974,810	5,962,653
-	-	(539,655)	-	(432,883)
-	-	-	-	-
3,271,799	3,164,483	-	-	-
4,550,695	4,601,609	-	-	-
-	-	-	-	-
<u>\$ 18,621,334</u>	<u>\$ 12,750,269</u>	<u>\$ 7,566,182</u>	<u>\$ 14,937,968</u>	<u>\$ 7,307,729</u>
<u>\$ 25,955,630</u>	<u>\$ 21,826,949</u>	<u>\$ 21,700,610</u>	<u>\$ 30,381,475</u>	<u>\$ 23,620,694</u>

City of Peekskill, New York

**Changes In Fund Balances of Governmental Funds
Last Ten Fiscal Years**

	2009	2010	2011	2012
REVENUES				
Real property taxes	\$ 13,261,820	\$ 12,954,313	\$ 14,350,057	\$ 14,264,604
Other tax items	4,946,618	5,422,959	5,908,641	6,526,401
Non-property taxes	3,266,850	3,562,223	3,728,611	3,707,160
Departmental income	10,387,869	11,540,858	11,233,705	12,364,268
Charges for Service	102,528	257,621	200,912	303,200
Use of money and property	444,517	350,839	338,865	299,247
Changes in Fair Value of Investments	-	-	-	-
Licenses and permits	293,901	293,778	203,966	314,315
Fines and forfeitures	802,005	802,977	685,307	626,699
Sale of property and compensation for loss	10,763	14,551	20,976	16,458
State aid	5,861,022	4,826,933	3,965,616	2,914,047
Federal aid	7,094,727	8,316,944	8,594,991	7,655,429
Miscellaneous	560,904	616,675	701,544	685,816
Total Revenues	47,033,524	48,960,671	49,933,191	49,677,644
EXPENDITURES				
Current				
General government support	4,767,341	4,646,607	5,977,400	5,816,433
Public safety	15,389,065	15,055,446	16,979,712	15,887,617
Health	199,403	238,962	279,164	264,979
Transportation	2,793,395	2,968,700	2,840,950	2,750,260
Economic opportunity and development	654,174	662,433	688,606	556,599
Culture and recreation	4,071,352	4,725,001	3,741,239	3,356,754
Home and community services	12,962,935	13,988,335	15,738,481	16,024,415
Employee benefits	248,196	285,367	916,913	2,390,021
Debt service				
Principal	2,964,493	3,217,070	3,312,173	3,780,621
Interest	1,770,408	1,772,755	1,910,597	1,978,578
Refunding bond issuance costs	-	90,772	-	-
Advance refunding escrow	-	-	-	-
Capital outlay	13,496,817	5,289,727	3,690,967	2,577,432
Total Expenditures	59,317,579	52,941,175	56,076,202	55,383,709
Excess (Deficiency) of Revenues Over Expenditures	(12,284,055)	(3,980,504)	(6,143,011)	(5,706,065)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,802,701	4,597,224	2,244,572	1,077,032
Transfers out	(1,802,701)	(4,597,224)	(2,244,572)	(1,077,032)
Insurance recoveries	229,479	170,532	172,774	192,499
Bonds issued	3,412,575	-	11,680,500	-
Refunding bonds issued	-	3,705,000	-	-
Payment to refunded bond escrow agent	-	(3,823,601)	-	-
Issuance premium	-	209,373	-	-
Notes issued	-	498,961	-	703,130
Bond anticipation notes issued	-	-	-	1,428,000
Total Other Financing Sources (Uses)	3,642,054	760,265	11,853,274	2,323,629
Net Change in Fund Balances	\$ (8,642,001)	\$ (3,220,239)	\$ 5,710,263	\$ (3,382,436)
Debt Service as a Percentage of Non-Capital Expenditures	11.2%	10.9%	10.3%	11.9%

	2013	2014	2015	2016	2017	2018
\$	14,614,316	\$ 14,057,239	\$ 15,496,328	\$ 16,328,161	\$ 16,285,502	\$ 16,710,244
6,220,683	6,899,141	7,991,485	7,140,831	8,463,366	8,613,862	
3,953,649	4,163,848	4,156,767	4,221,507	4,223,139	4,656,721	
9,899,512	11,420,772	11,969,556	12,738,828	12,889,756	13,662,068	
222,949	195,000	235,000	230,000	177,452	172,106	
389,504	384,863	357,041	413,543	422,429	273,964	
			77,152	263,652		
308,719	372,919	466,504	1,035,930	915,930	924,471	
654,355	712,212	674,840	875,113	870,796	1,083,346	
28,238	28,130	65,656	30,173	12,903	25,469	
2,999,878	6,008,711	7,510,427	4,362,086	4,021,034	4,510,909	
7,401,063	6,407,808	7,276,203	6,301,710	7,047,453	6,544,748	
670,438	557,520	3,086,869	503,400	971,229	440,331	
47,363,304	51,208,163	59,286,676	54,258,434	56,564,641	57,618,239	
6,692,018	4,428,898	3,981,018	3,785,707	4,310,310	4,256,940	
15,269,053	12,129,990	11,999,014	12,300,725	12,726,377	13,088,165	
209,327	252,607	225,287	136,060	209,569	297,125	
2,423,946	2,196,806	2,370,074	2,226,156	2,386,106	2,579,699	
544,093	450,117	431,911	428,847	435,518	553,459	
2,977,768	2,630,915	2,580,986	2,374,962	2,551,522	2,552,370	
14,424,989	13,106,985	13,165,156	13,519,608	13,478,566	14,463,633	
2,517,379	8,324,724	8,786,602	9,472,407	9,895,700	10,527,985	
5,123,745	3,916,797	4,779,256	3,921,776	4,051,898	4,721,904	
1,897,021	2,189,428	1,783,212	1,578,945	1,515,780	1,543,257	
-	80,137	416,888	-	388,148	-	
		1,963,950	-	-	-	
3,481,518	8,042,065	11,542,207	7,520,802	11,531,935	9,925,091	
55,560,857	57,749,469	64,025,561	57,265,995	63,481,429	64,509,628	
(8,197,553)	(6,541,306)	(4,738,885)	(3,007,561)	(6,916,788)	(6,891,389)	
918,218	1,445,166	1,754,939	1,841,758	2,573,749	2,179,842	
(918,218)	(1,445,166)	(1,754,939)	(1,841,758)	(2,573,749)	(2,179,842)	
103,766	309,787	193,316	197,548	74,516	130,608	
11,713,700	-	-	-	14,610,000	-	
-	3,270,000	26,125,000	-	12,810,000	-	
-	(3,298,007)	(25,708,112)	-	(12,663,805)	-	
-	108,144	-	30,100	241,953	-	
-	189,265	-	-	524,989	-	
-	1,100,000	-	-	-	-	
11,817,466	1,679,189	610,204	227,648	15,597,653	130,608	
\$ 3,619,913	\$ (4,862,117)	\$ (4,128,681)	\$ (2,779,913)	\$ 8,680,865	\$ (6,760,781)	

15.5% 13.8% 14.2% 10.8% 10.3% 11.4%

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Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. These schedules include:

Assessed Value and Estimated Actual Value
of Taxable Property

Direct and Overlapping Property Tax Rates,
Per \$1,000 of Assessed Valuation

Principal Taxpayers

Property Tax Levies and Collections

City of Peekskill, New York

Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

Year	Total Taxable Assessed Value	State Special Equalization Rate (1)	Estimated Actual Taxable Value	Total Direct Tax Rate
2009	\$ 63,825,100	3.00	2,127,503,333	248.75 %
2010	63,807,367	3.50	1,823,067,629	247.82
2011	62,582,709	3.72	1,682,330,887	248.28
2012	62,499,541	3.85	1,623,364,701	254.19
2013	61,883,593	4.28	1,445,878,341	261.15
2014	62,230,640	3.97	1,567,522,418	272.97
2015	61,684,149	3.73	1,653,730,536	277.82
2016	61,858,233	3.65	1,694,746,110	299.31
2017	61,954,468	3.48	1,780,300,805	301.85
2018	62,695,197	3.56	1,761,101,039	309.35

(1) Provided by the New York State Office of Real Property Services.

Note: Estimated actual taxable value is calculated by dividing taxable assessed value by the state special equalization rate. Tax rates are per \$1,000 of assessed value.

City of Peekskill, New York

Direct and Overlapping Property Tax Rates, per \$1,000 of Assessed Valuation
 Last Ten Fiscal Years

Year	Total Direct Rate (3)	Overlapping Rates					
		Westchester County			Peekskill School District	Hendrick Hudson School District	Hudson School Library
		Operating	Sewer Districts (1)	Refuse Disposal District			
2009	248.75	101.32	12.63	9.79	531.43	341.44	6.87
2010	247.82	97.51	12.62	9.22	562.49	473.14	9.61
2011	248.28	102.11	13.21	9.76	583.37	495.24	9.78
2012	254.19	96.60	12.75	9.38	598.13	494.87	9.78
2013	261.15	95.95	12.77	9.47	660.22	472.35	9.33
2014	272.97	93.70	13.58	9.13	668.78	468.95	9.41
2015	277.82	86.01	14.88	8.04	688.51	468.44	9.57
2016	299.31	89.94	18.88	8.22	698.82	486.10	10.08
2017	301.85	89.64	18.83	8.08	703.75	476.69	10.28

City of Peekskill, New York

Principal Taxpayers

Current Year and Nine Years Ago

2018					
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Taxable Assessed Valuation	
1	Consolidated Edison	Utility	\$ 3,420,798	5.52 %	
2	Beach Improvements	Shopping Center	960,000	1.55	
3	Crompond Apt Owners	Co-Op Apartments	563,600	0.91	
4	Crossroads Assoc LLC	Apts & Vac Land	515,600	0.83	
5	Peekskill Towers Corp	Co-Op Apartments	485,790	0.78	
6	River Ridge Owners Corp	Co-Op Apartments	390,000	0.63	
7	Hudson Fee LLC	Co-Op Apartments	345,000	0.56	
8	Hampton Oaks, Inc	Apartments	330,000	0.53	
9	Commons Owner Corp	Co-Op Apartments	276,600	0.45	
10	1201 Main Street	Shopping Center	308,000	0.50	
			\$ 7,595,388		12.26 %

2009					
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Taxable Assessed Valuation	
1	Consolidated Edison	Utility	\$ 2,627,134	4.10 %	
2	Mearl Corp	Manufacturer	1,462,000	2.28	
3	Beach Improvements	Shopping Center	960,000	1.50	
4	Crompond Apt Owners	Co-Op Apartments	895,277	1.40	
5	Crossroads Assoc LLC	Apts & Vac Land	782,520	1.22	
6	Hampton Oaks, Inc	Apartments	480,000	0.75	
7	Peekskill Towers Corp	Co-Op Apartments	454,606	0.71	
8	Morgan Patricia Gardens, LLC	Co-Op Apartments	310,000	0.48	
9	Commons Owner Corp	Co-Op Apartments	308,380	0.48	
10	River Ridge Owners Corp	Co-Op Apartments	310,000	0.48	
			\$ 8,589,917		13.40 %

Source: City of Peekskill, Assessor's Office.

City of Peekskill, New York

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Year	City Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 13,471,730	12,790,414	94.94	681,316	13,471,730	100.00 %
2010	13,496,730	12,695,393	94.06	801,337	13,496,730	100.00
2011	13,631,697	13,150,387	96.47	481,310	13,631,697	100.00
2012	13,966,276	13,502,720	96.68	463,556	13,966,276	100.00
2013	14,500,000	14,050,614	96.90	449,386	14,500,000	100.00
2014	14,740,700	14,283,138	96.90	457,562	14,740,700	100.00
2015	15,170,000	14,840,182	97.83	329,818	15,149,900	99.87
2016	16,000,000	15,621,802	97.64	378,198	15,788,800	98.68
2017	16,152,000	15,781,281	97.70	370,719	15,618,984	96.70
2018	16,650,000	16,064,479	96.48	585,521	15,834,150	95.10

Source: City of Peekskill Finance Department; collections as of April 19, 2018

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Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. These schedules include:

Ratios of Outstanding Debt by Type

Direct and Overlapping Governmental Activities Debt

Legal Debt Margin Information

City of Peekskill, New York

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Bond Anticipation Notes	Capital Leases	Total Primary Government	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (1)	Percentage Personal Income (1)
2009	\$ 51,847,575	264,000	-	52,111,575	2.45	2,210	7.43 %
2010	48,795,000	176,000	447,466	49,418,466	2.71	2,096	7.05
2011	57,315,000	88,000	383,293	57,786,293	3.43	2,402	8.08
2012	53,715,000	1,428,000	994,302	56,137,302	3.46	2,333	7.85
2013	61,928,000	-	798,557	62,726,557	4.34	2,615	8.80
2014	59,355,700	-	790,025	60,145,725	3.84	2,500	8.42
2015	55,015,951	-	445,469	55,461,420	3.35	2,272	7.65
2016	51,274,025	-	223,693	51,497,718	3.04	2,142	7.09
2017	62,345,000	610,000	496,784	63,451,784	3.56	2,638	8.58
2018	57,805,000	410,000	314,880	58,529,880	3.32	2,411	7.83

(1) Population and personal income data can be found in the schedules of demographic and economic statistics

(2) Value of property can be found in the revenue capacity statistic section

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

City of Peekskill, New York

Direct and Overlapping Governmental Activities Debt
December 31, 2018

<u>Government Unit</u>		<u>Net Long-Term Debt Outstanding (1)</u>	<u>Percentage Applicable to City of Peekskill (1)</u>	<u>Amount Applicable to City of Peekskill (1)</u>
County of Westchester	\$	1,211,674,651	64.4%	\$ 18,826,349
School Districts (June 30, 2018)				
Peekskill School District		55,870,357	100%	55,870,357
Hendrick Hudson School District		7,832,368	8%	626,589
Net Overlapping Debt				75,323,295
City Direct Debt				<u>63,451,784</u>
Net Direct and Overlapping Debt	\$			<u>\$ 138,775,079</u>

(1) The percentage of overlapping debt applicable is estimated using taxable assessed values.

Source: Peekskill School and Hendrick Hudson School Districts and Westchester County Finance

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of

City of Peekskill, New York

**Legal Debt Margin Information
Last Ten Fiscal Years**

	2009	2010	2011	2012
Debt Limit	\$ 144,363,891	\$ 145,835,058	\$ 141,369,834	\$ 131,461,917
Total Net Debt Applicable to Limit	<u>52,111,575</u>	<u>49,418,466</u>	<u>57,786,293</u>	<u>56,137,302</u>
Legal Debt Margin	<u>\$ 92,252,316</u>	<u>\$ 96,416,592</u>	<u>\$ 83,583,541</u>	<u>\$ 75,324,615</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	36.10%	33.89%	40.88%	42.70%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessment Roll			State Special Equalization Ratio	Full Valuation
Year	Budget Year	Assessed Valuation		
2017	2018	\$ 62,695,197	3.56	\$ 1,761,101,039
2016	2017	61,954,468	3.48	1,780,300,805
2015	2016	61,858,233	3.65	1,694,746,110
2014	2015	61,684,149	3.73	1,653,730,536
2013	2014	62,230,640	3.97	<u>1,567,522,418</u>
Total Five Year Full Valuation				<u>\$ 8,457,400,908</u>
Five Year Average Full Valuation of Taxable Real Property				<u>1,691,480,182</u>
Debt Limit - 7% of Five Year Average Full Valuation				<u>118,403,613</u>
Outstanding City Debt				
Serial Bonds				57,805,000
Bond Anticipation Notes				<u>410,000</u>
Net Indebtedness Subject to Debt Limit				<u>58,215,000</u>
Net Debt Contracting Margin				<u>\$ 60,188,613</u>

2013	2014	2015	2016	2017	2018
\$ 121,756,966	\$ 114,144,271	\$ 111,619,576	\$ 111,793,389	113,580,495	118,403,613
62,726,557	60,145,725	55,461,420	54,853,000	62,955,000	58,215,000
<u>\$ 59,030,409</u>	<u>\$ 53,998,546</u>	<u>\$ 56,158,156</u>	<u>\$ 56,940,389</u>	<u>\$ 50,625,495</u>	<u>\$ 60,188,613</u>
51.52%	52.69%	49.69%	49.07%	55.43%	49.17%

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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. These schedules include:

Demographic Statistics

Principal Employers

City of Peekskill, New York

**Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year Ended Dec. 31,	Population (1)	Median Age (1)	Personal Income	Per Capita Income (1)	Median Household Income (1)	Median Family Income (1)	Unemployment Rate (2)
2009	23,583	35.0	700,957,509	29,723	51,961	51,961	7.2 %
2010	23,583	35.0	700,957,509	29,723	51,961	51,961	7.0
2011	24,058	35.0	715,075,934	29,723	51,961	51,961	6.8
2012	24,058	35.0	715,075,934	29,723	51,961	51,961	4.6
2013	23,988	35.0	712,995,324	29,723	51,961	51,961	5.2
2014	24,058	35.0	714,570,716	29,702	51,961	51,961	4.6
2015	24,409	35.0	724,996,118	29,702	51,961	51,961	4.0
2016	24,043	35.0	726,098,600	30,200	52,125	52,125	4.9
2017	24,053	35.0	738,293,008	30,736	55,453	55,453	4.7
2018	24,272	35.0	747,698,960	30,805	54,839	54,839	6

Sources: (1) U.S. Bureau of Census (2000 Census for 2004-2009; 2010 Census for 2010-2014)
(2) New York State Department of Labor - unemployment rates not seasonally adjusted.

City of Peekskill, New York

Major Private Sector Employers in the Area

Current Year and Nine Years Ago

2018			
Taxpayer	Type of Business	Employees	Percentage of Total Employment
NY Presbyterian - Hudson Valley	Health Services	1,300	16.64 %
Entergy Northeast	Indian Point Power Plant	950	11.52
White Plains Linen	Linen Rental	550	7.68
BASF Corp	Manufacturer	193	2.38
Cortland Health Care	Health Services	173	1.6
Emerald Peek Rehabilitation	Health Services	135	1.95
Mines Press	Commercial Printing	127	1.41
Hudson Hospitality Group	Food and Beverage	125	1.47
D. Bertolini & Sons Inc	Food and Beverage	110	1.28
Continental Buchannan	Manufacturing	100	46.58
		3,638	92.51
2009			
Taxpayer	Type of Business	Employees	Percentage of Total Employment
Entergy Northeast	Indian Point Power Plant	1,400	18.55 %
Hudson Valley Hospital Center	Health Services	700	9.28
White Plains Linen	Linen Rental	450	5.96
BASF Corp	Manufacturer	250	3.31
Hudson River Health Care	Health Services	200	2.65
West Ledge Nursing Home	Health Services	150	1.99
Mines Press	Commercial Printing	120	1.59
D. Bertoline & Sons, Inc	Food and Beverage	105	1.39
Frank & Lindy Plumbing	Plumbing Contractor	85	1.13
Wheelabrator Westchester LLP	Solid Waste Disposal	66	0.87
		3,526	47

Source: City of Peekskill Finance Department

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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. These schedules include:

Full-Time Equivalent City Government Employees by Function

Operating Indicators by Function/Program

Capital Asset Statistics by Function/Program

City of Peekskill, New York

Full-Time Equivalent City Government Employees By Function Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of December 31,				
	2009	2010	2011	2012	2013
General Government	96	96	93	96	84
Public Safety	98	95	92	95	86
Transportation	14	14	14	14	12
Economic Opportunity and Development	10	9	9	9	7
Culture and Recreation	21	20	21	21	19
Home and Community Services	24	24	23	24	19
Central Garage	6	6	5	6	4
Total	269	264	257	265	231

Source: City of Peekskill Finance Department

2014	2015	2016	2017	2018
84	84	83	80	80
84	84	84	83	83
12	12	12	12	13
7	7	7	7	7
19	19	19	18	19
19	19	19	17	18
4	4	4	4	4
229	229	228	221	224

City of Peekskill, New York

**Operating Indicators By Function/Program
Last Ten Fiscal Years**

	2009	2010	2011	2012
GENERAL GOVERNMENT SUPPORT				
Basic STAR applications	3,547	3,700	3,548	3,541
Enhanced STAR applications	534	599	658	652
Vital statistic certificates issued	N/A	N/A	1,012	1,068
PUBLIC SAFETY				
Police				
Calls for service	27,262	23,690	22,284	22,816
Part I crimes	258	263	253	258
Physical arrests	1,769	1,836	1,320	1,570
Parking summonses issued	11,700	12,162	9,752	11,027
Traffic violations issued	3,769	2,760	3,017	3,906
Fire				
Calls for service	3,372	3,418	3,271	3,310
Transportation				
Street lights replaced	20	20	20	16
Street signs replaced	150	150	125	125
ECONOMIC OPPORTUNITY AND DEVELOPMENT				
Elderly nutrition meals served	37,276	36,907	37,279	36,910
CULTURE AND RECREATION				
Playgrounds	7	7	7	7
Baseball/Softball	5	5	5	5
Basketball courts	4	4	4	4
Tennis courts	5	5	5	5
Pool passes issued	1,312	1,237	2,359	1,796
Summer youth employment workers	143	155	145	146
HOME AND COMMUNITY SERVICES				
Tons of trash collected	8,987	8,674	8,592	7,931
Tons of material recycled	1,660	1,620	1,574	1,552
Tons of leaves/yard waste recycled	1,569	1,326	2,084	1,298
Storm water catch basins cleaned	400	350	400	350
Building, plumbing and related permits issued	900	950	960	900
Building inspections conducted	4,226	2,056	2,970	2,574
Number of sewer pumping stations	8	8	8	8
Miles of sanitary sewers	52	52	52	52

Sources: Various City departments

2013	2014	2015	2016	2017	2018
3,521	3,090	3,080	2,934	2,766	2,353
648	647	650	655	622	605
1,084	914	1,051	1,920	1,094	1,250
24,549	25,494	27,650	29,236	32,416	34,394
278	241	322	197	210	272
1,507	1,499	1,345	1,531	1,313	1,257
8,190	9,210	10,905	19,369	15,461	17,348
4,779	4,220	4,542	4,587	4,666	4,121
3,269	3,162	2,978	3,162	2,732	2,389
18	18	20	1,100	20	12
550	325	275	300	250	275
37,283	36,914	37,667	37,294	37,671	38,682
7	7	7	7	7	7
5	5	5	5	5	5
4	4	4	4	4	4
5	5	5	5	5	5
1,551	1,189	1,707	1,764	1,990	2,115
144	131	134	147	134	145
7,535	7,657	7,289	7,851	8,113	7,761
1,201	1,369	1,351	2,808	4,112	4,344
1,622	3,652	2,159	1,041	1,298	1,644
365	325	345	300	275	475
1,000	1,000	1,100	1,128	1,228	1,341
1,934	2,196	3,945	3,678	2,907	3,125
8	8	8	8	8	8
52	52	52	52	52	52

City of Peekskill, New York

**Capital Assets Statistics By Function/Program
Last Ten Fiscal Years**

	2009	2010	2011	2012
GENERAL GOVERNMENT SUPPORT				
Number of general government buildings	15	15	15	15
PUBLIC SAFETY				
Number of police stations	1	1	1	1
Number of fire stations	6	6	6	6
Number of traffic signals	31	31	31	31
TRANSPORTATION				
Miles of streets (paved)	106	106	106	106
Number of street lights	1,600	1,600	1,600	1,600
ECONOMIC OPPORTUNITY AND DEVELOPMENT				
Number of Senior Citizen Centers	1	1	1	1
CULTURE AND RECREATION				
Number of parks	19	19	19	19
Acres of parks and recreation area	300	300	300	300
Number of swimming pools	1	1	1	1
HOME AND COMMUNITY SERVICES				
Number of fire hydrants	575	575	575	575
Miles of sanitary sewers	52	52	52	52
Miles of storm drains	48	48	48	48
Water mains	59	59	59	59
PARKING FACILITIES				
Number of parking structures	2	2	2	2
Number of parking lots	14	14	14	14
Parking permits issued	N/A	4,988	6,856	7,013

Sources: Various City departments

N/A - Information not available

2013	2014	2015	2016	2017	2018
15	15	15	15	15	15
1	1	1	1	1	1
6	6	6	6	6	6
31	31	31	31	31	31
106	106	106	110	110	110
1,600	1,600	1,600	1,589	1,589	1,609
1	1	1	1	1	1
19	19	19	19	19	19
300	300	300	300	300	300
1	1	1	1	1	1
575	575	575	575	575	580
52	52	52	52	52	52
48	48	48	48	48	48
59	59	59	59	59	59
2	2	2	2	2	2
14	14	14	14	15	15
6,903	6,682	7,085	7,215	5,937	6,054

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FEDERAL AWARDS

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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**

Independent Auditors' Report

**The Honorable Mayor and Common Council
of the City of Peekskill, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Peekskill, New York ("City") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 13, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the City in a separate letter.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

May 13, 2019

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

Independent Auditor's Report

**The Honorable Mayor and the Common Council
of the City of Peekskill, New York**

Report on Compliance for Each Major Federal Program

We have audited the City of Peekskill, New York's ("City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2018. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

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

We noted certain other matters that we reported to the management of the City in a separate letter.

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

May 13, 2019

City of Peekskill, New York

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Sub- recipients</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct Program				
Section 8 Housing Choice Vouchers Program	14.871	N/A	\$ -	\$ 7,411,403
<u>U.S. Department of Health and Human Services</u>				
Direct Program				
Drug Free Communities Support Program Grants	93.276	N/A	-	48,076
Indirect Program - Passed through Westchester County				
Special Programs for the Aging, Title III - Part C - Nutrition Services	93.045	N/A	-	106,226
Total U.S. Department of Health and Human Services			-	154,302
<u>U.S. Department of Labor</u>				
Indirect Program - Passed through Westchester County				
YouthBuild	17.274	N/A	-	59,423
Total			\$ -	\$ 7,625,128

(1) Catalog of Federal Domestic Assistance Number.
N/A - Information not available.

City of Peekskill, New York

Notes to Schedule of Expenditures of Federal Awards December 31, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Peekskill ("City") under programs of the federal government for the year ended December 31, 2018. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of Peekskill, New York

Summary Schedule of Prior Audit Findings
December 31, 2018

None

City of Peekskill, New York

Schedule of Findings and Questioned Costs Year Ended December 31, 2018

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses?

Yes No

Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal Control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?

Yes No

Yes None reported

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

Unmodified

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

Yes No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

14.871

Section 8 Housing Choice Voucher Program

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

\$ 750,000

Auditee qualified as low-risk auditee?

Yes No

City of Peekskill, New York

Schedule of Findings and Questioned Costs Year Ended December 31, 2018

Finding 18-01: Financial Reporting

Federal Agency: U.S Department of Housing and Urban Development
CFDA 14.871, Section 8 Housing Choice Vouchers
Award year: January 1, 2017 through December 31, 2017

Criteria:

The Financial Assessment Sub-system, FASS-PH. The (24 CFR section 5.801) require PHAs to submit timely GAAP-based unaudited and audited financial information electronically to HUD. The FASS-PH system is one of HUD's main monitoring and oversight systems for the Housing Choice Voucher Program ("HCVP").

Condition:

Management has not filed audited information for 2017 year.

Cause:

The City uses an outside accounting service to submit the required information to the Financial Assessment Sub-system.

Effect:

As the required information has not been submitted to the FASS-PH System we are not able to trace amounts reported to accounting records that support the audited financial statements and the schedule of Expenditures and Federal Awards and verify agreement or perform alternative procedures to verify the accuracy and completeness of the reports and that they agree with the accounting records.

Recommendation:

Management must immediately comply with the requirements to submit timely GAAP-based audited financial information to the FASS-PH system.

Management's Response:

This is due to a change in staff the City did not file their 2017 in a timely manner. The City is working with their accounting firm to complete this reporting and expect this to be completed by the end of May 2019.

Finding 18-02: Inspections

Federal Agency: U.S Department of Housing and Urban Development
CFDA 14.871, Section 8 Housing Choice Vouchers
Award year: January 1, 2018 through December 31, 2018

Criteria:

For units under HAP contract that fail to meet HQS, the PHA must require the owner to correct any life threatening HQS deficiencies within 24 hours after the inspections and all other HQS deficiencies within 30 calendar days or within a specified PHA-approved extension.

Condition:

Auditor noted six individuals did not pass their inspection within 30 days of the initial failure.

City of Peekskill, New York

Schedule of Findings and Questioned Costs (Concluded) Year Ended December 31, 2018

Cause:

The City did not follow up after initial inspection failures due to lack of oversight over failed inspection log.

Effect:

The City does not comply with the Uniform Grant Guidance.

Recommendation:

Management must immediately comply with the Uniform Grant Guidance requirements in order to receive Federal aid.

Management's Response:

This is due to a change in staff, there was a lack of focus on the inspections. In December 2018, the City hired a full time manager for this area and since then there has been a diligent focus on management of this process.