

SUPPLEMENT DATED JANUARY 14, 2025

**SUPPLEMENT TO THE
PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 9, 2025**



**\$6,402,981
CITY OF TROY
RENSSELAER COUNTY, NEW YORK
CUSIP BASE: 897574**

**\$6,402,981 Bond Anticipation Notes, 2025 (Renewals)
(the "Notes")**

Dated: January 30, 2025

Due: January 30, 2026

PLEASE BE ADVISED that the section entitled "DISCLOSURE COMPLIANCE HISTORY" has been revised to read as follows:

Except as noted below, the City has in the previous five years complied, in all material respects, with any prior undertakings pursuant to the Rule. Pursuant to a previous continuing disclosure undertaking, the City's annual information and audited financial statements are required to be filed within 120 days of the end of each fiscal year; provided that if audited financial statements are not then available, unaudited financial statements shall be filed on the Electronic Municipal Market Access System ("EMMA") of the Municipal Securities Rulemaking Board and thereafter audited financial statements shall be filed on EMMA when available.

The City failed to file its unaudited financial statements for the fiscal year ending December 31, 2020 within 120 days of the end of the fiscal year as required by the continuing disclosure undertaking for serial bonds issued through the Corporation.

The unaudited financial statements for the fiscal year ending December 31, 2020 are dated as of May 19, 2021 and were filed to EMMA on June 25, 2021. A material event notice was filed to EMMA on April 29, 2021 disclosing the late filing.

The City was one day late in filing the unaudited financial statements for the fiscal year ending December 31, 2023, the unaudited financial statements were due to be filed on June 30, 2024 and were filed on July 1, 2024. A material Event notice was filed on July 12, 2024.

The City was also late in filing the Annual Financial Information and Operating Data (AFIOD) for the fiscal year ending December 31, 2023. The AFIOD was due to be filed on June 30, 2024. A material event, failure to file notice was filed on July 12, 2024, the AFIOD was then filed on November 13, 2024.

The City failed to file the audited financial statements for the fiscal year ending December 31, 2023, the audited financial statements were due to be filed no later than December 31, 2024. A material Event notice was filed on January 14, 2025. The audited financial statements for the fiscal year ended December 31, 2023 are currently not available, however, will be filed promptly upon completion.

PRELIMINARY OFFICIAL STATEMENT

NEW/RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel, assuming continuing compliance by the City with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Notes is not an "item of tax preference" for purposes of the alternative minimum tax imposed by the Code on individuals; however, interest on the Notes that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision therein (including The City of New York). See "TAX MATTERS" herein for discussion of certain Federal taxes applicable to corporate owners of the Notes.

The Notes will NOT be designated, or deemed designated, as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.



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CITY OF TROY
RENSSELAER COUNTY, NEW YORK

CUSIP BASE: 897574

\$6,402,981 Bond Anticipation Notes, 2025 (Renewals)
(the "Notes")

Dated: January 30, 2025

Due: January 30, 2026

The Notes are general obligations of the City of Troy, Rensselaer County, New York (the "City"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limits imposed by Chapter 97 of the Laws of 2011 of the State of New York. See "TAX INFORMATION – Tax Cap Law" herein.

The Notes are not subject to redemption prior to maturity.

At the option of the successful bidder(s), the Notes will be issued registered in the name of the purchaser in the denominations of \$5,000 or multiples thereof, except for one necessary odd denomination.

If the Notes are issued registered in the name of the purchaser(s), a single note certificate will be issued for those Notes of an issue bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the City.

Alternatively, at the option of the successful bidder(s), the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (DTC), New York, New York, which will act as the securities depository for the Notes. In such case, Noteholders will not receive certificates representing their ownership interest in the Notes purchased. In such case, under this option, payment of the principal of and interest on the Notes to the Beneficial Owner of the Notes will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of the DTC, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinions as to the validity of the Notes of Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery in New York, New York, or as may be agreed upon, on or about January 30, 2025.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on January 16, 2025 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the City, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

January 9, 2025

THE CITY DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE CITY WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE WITH RESPECT TO THE NOTES. SEE "APPENDIX C-MATERIAL EVENT NOTICES" HEREIN.

CITY OF TROY
RENSSELAER COUNTY, NEW YORK



CITY OFFICIALS

CARMELLA MANTELLO

Mayor

SEAMUS DONNELLY

Deputy Mayor

CITY COUNCIL

SUE STEELE

City Council President

BILL KEAL
RYAN BROSNAN
KATIE SPAIN-MCLAREN
AARON VERA
IRENE SORRIENTO
THOMAS CASEY

* * * * *

GABRIELLE MAHONEY

City Treasurer

MARIA DEBONIS

City Clerk

RICHARD T. MORRISSEY

Corporation Counsel



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor

BOND **SCHOENECK**
& KING
Bond Counsel

No person has been authorized by the City to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City.

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT OF THE
CITY OF TROY
RENSSELAER COUNTY, NEW YORK**

Relating To

\$6,402,981 Bond Anticipation Notes, 2025 (Renewals)

This Official Statement, which includes the cover page and appendices, has been prepared by the City of Troy, Rensselaer County, New York (the "City," "County," and "State," respectively) in connection with the sale by the City of \$6,402,981 Bond Anticipation Notes, 2025 (Renewals) (referred to herein as the "Notes").

The factors affecting the City's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the City's tax base, revenues, and expenditures, this Official Statement should be read in its entirety.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the City contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

DESCRIPTION OF THE NOTES

The Notes are general obligations of the City, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the City is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to certain statutory limits imposed by Chapter 97 of the Laws of 2011, as amended. See "TAX INFORMATION –Tax Cap Law" herein.

The Notes are dated January 30, 2025 and mature on January 30, 2026. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form at the option of the Purchaser(s) either (i) requested in the name of the purchaser, in denominations of \$5,000 or integral multiples thereof except for one necessary odd denomination; or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the City Law, the Local Finance Law and various bond resolutions.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

A \$5,139,428 portion of the proceeds of the Notes, along with \$330,000 available funds of the City, will partially redeem and renew \$5,469,428 bond anticipation notes maturing on January 31, 2025, a \$1,263,553 portion of the proceeds of the Notes will fully redeem and renew \$1,263,553 bond anticipation notes also maturing January 31, 2025. The projects associated with the outstanding bond anticipation notes being redeemed with the proceeds of the Notes are as follows.

Project	Principal Outstanding	Principal Paydown	Proceeds of the Notes
South Troy Roadway	\$ 997,428	\$ 65,000	\$ 932,428
South Troy Roadway Phase II	1,885,000	115,000	1,770,000
Congress Street & Ferry Street Improvements	620,000	35,000	585,000
Campbell Avenue Bridge	222,000	10,000	212,000
Department of Public Works Fuel Storage Tank Replacement	890,000	60,000	830,000
Riverwalk Trail	660,000	40,000	620,000
2022 Capital Plan - Police - Building Improvements	195,000	5,000	190,000
Fire Ambulance & Fire Pumper Truck	1,263,553	-	1,263,553
	<u>\$ 6,732,981</u>	<u>\$ 330,000</u>	<u>\$ 6,402,981</u>

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes, if requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for Notes bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC or the City subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the City; disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE NOTES, (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES, OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE CITY MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF

Certificated Notes

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply:

The Notes will be issued in registered form registered in the name of the Purchaser in denominations of \$5,000 or integral multiples thereof except for one necessary odd denomination. Principal of and interest on the Notes will be payable at the City. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE CITY

General Information

The City which is the County Seat of Rensselaer County (the "County") has a land area of approximately 11 square miles and an estimated population of 50,394 (2021 U.S. Census estimate). With a picturesque river waterfront, the City is located several miles north of the City of Albany near the juncture of the Erie and Champlain canals, via the Hudson River and is the terminus of the New York Barge Canal. It is the distributing center for a large area.

The City is south of Washington County and is situated in the center of beautiful surrounding countryside. On the east are the Berkshire Hills of western Massachusetts, south is the valley of the Hudson, west the Valley of the Mohawk, and on the north the Adirondack Mountains.

Airline service is provided at the Albany International Airport. Railway service is provided by Amtrak. An extensive network of highways includes U.S. Route Number 4 and New York State Routes Number 2 and Number 7 which connect Troy with the Albany-Schenectady area.

Source: City officials.

Selected Wealth and Income Indicators

Per capita income statistics are available for the City, County and State, and are listed below.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
City of:						
Troy	\$ 20,736	\$ 27,529	\$ 35,780	\$ 44,750	\$ 61,167	\$ 72,811
County of:						
Rensselaer	27,457	37,011	45,113	68,390	91,355	111,952
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

Note: 2020-2024 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2006-2010, 2016-2020, and 2019-2023 American Community Survey data.

Major Employers

Some of the major employers located within the City are as follows:

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Number Employed</u>
St. Peter's Health	Healthcare/Hospital	2,855
Rensselaer Polytechnic Institute	Higher Education	1,830
Rensselaer County	Government	1,200
Troy City School District	Education	840
Hudson Valley Community College	Higher Education	943
State of New York	Government	500
City of Troy	Government	489
Lansingburgh Central School District	Education	563
Unity House of Troy	Human Services	289
The Sage Colleges	Education	246
Commission on Economic Opportunity	Community Service Provider	219
Tech Valley Center of Gravity	Co-working space	240
Rensselaer County ARC	Health Care	175
DeepBlue, a Comcast Business Company	Computer Hardware/Software	120
Troy Innovation Garage	Co-working space	125
Express Scripts	Health Care	108
National Grid	Utility	100
Velan Ventures/Velan Studios	Computer Gaming	120
kW Mission Critical Engineering	Engineering	173
Old World Provision	Food Processing	113
Greco Construction	Construction	72
Gurley Precision Instruments	Instrumentation	50
Ross Valve Manufacturing Company Inc.	Manufacturer	59
C.D. Perry & Sons Inc.	Marine & Civil Construction Services	55
Architecture Plus	Architects	42
RW Gate Manufacturing Company Inc.	Manufacturer	35
Capital Produce	Food Distribution	40

Source: City Officials.

Unemployment Rate Statistics

Unemployment statistics are available for the City, County and State as follows:

	<u>Annual Averages</u>							
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Troy City	5.5%	5.6%	4.9%	4.8%	9.5	5.9%	4.1%	4.3%
Rensselaer County	4.3	4.4	3.9	3.8	7.0	4.4	3.1	3.3
New York State	4.9	4.7	4.1	4.0	10.0	6.9	4.3	4.2

	<u>2024 Monthly Figures</u>											
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Troy City	5.0%	5.0%	4.6%	4.2%	4.9%	4.8%	5.3%	5.2%	3.9%	4.0%	N/A	N/A
Rensselaer County	4.0	4.1	3.9	3.3	3.5	3.4	3.8	3.8	2.9	3.0	N/A	N/A
New York State	4.3	4.5	4.2	3.9	4.2	4.3	4.9	4.9	4.0	4.1	N/A	N/A

Note: Unemployment rates for November and December 2024 are not available as of the date of this Official Statement.

Source: Department of Labor, State of New York. Figures not seasonally adjusted.

Education and Cultural Facilities

The City has two public school systems serving the residents. The Enlarged Troy City School District serves the majority of the city's population and the Lansingburgh Central School District serves the northern portion of the city. Both school districts also provide educational services to surrounding communities.

The City also has seven parochial elementary schools and two parochial high schools providing educational services along with the Emma Willard School, a boarding school for girls in grades 9-12, and a charter school.

In 2009, Uncommon Schools opened Troy Prep Charter School in South Troy, offering a rigorous college prep public elementary school program to prepare all students to enter and succeed in college. In 2017, the school expanded to an additional facility in North Central Troy to reorganize and provide secondary education.

There are three colleges located within the City made up of:

1. Rensselaer Polytechnic Institute, with a campus extending over 275 acres in the eastern elevated region of the city;
2. Sage Colleges, occupying ten blocks in the central part of the city
3. Hudson Valley Community College, occupying a 70-acre campus in the southern portion of the city.

Cultural assets include the Troy Savings Bank Music Hall, the Schacht Fine Arts Center Theater Institute at Russell Sage College, the Rensselaer Newman Chapel and Cultural Center, the Curtis R. Priem Experimental Media and Performing Arts Center, the Post Contemporary, Collar Works Art Space, the Arts Center of the Capital Region, the Hart Cluett Museum, the Hudson-Mohawk Industrial Gateway, the Gardner Earl Chapel, Troy Public Library and the Troy Chromatics Society.

Recent Economic Developments

Regionally, the city has seen population growth from the 2010 Census to the 2020 Census. The city has a tight housing market with owner-vacancy of 1.7% (down 30% since 2010) and renter vacancy of 3.2% (down 50 %.) Since 2000, median home value has risen over 70% to \$177,100 and median rent has risen 63% to \$1,400. The city's tax base downtown has grown by 13.5% in the past five years and the number of City residents living in poverty has declined by 3.2% over the same period.

These trends are in part due to the diverse entities that make up the economy in the city including mainstays in higher education and health care, a vibrant restaurant and entertainment scene, local and regionally centered not-for-profits, and a strong housing market attracting growing numbers of individuals seeking to live, work, and play in the city.

Pro-Housing

Increasing the residential population in downtown Troy is key to its continued renaissance. The City's updated Comprehensive Plan encourages development of new downtown housing. There are many benefits to a robust downtown residential population, including an increased demand for retail, commercial (including restaurants), and other service businesses; mitigation of the 'after 5 p.m. ghost town' effect; and the contribution residents make to the vitality of a downtown. In early 2024, the city notified the State of its intent to apply for certification as a Pro-Housing community.

The City showed growth in housing to demonstrate its commitment to the policy objectives of the State's Pro-Housing initiative. The city provided the Division of Housing and Community Renewal (DHCR) with data showing that its housing stock increased by 1,319 units during the 2018-2022 period. Troy had a total of 25,540 housing units in 2022, a 0.57% increase from 2021 and a 2.34% increase from 2019. These increases exceed the DHCR threshold requirements for upstate communities to be certified.

Troy will continue its commitment to add to its housing stock. Preliminary data shows that these increases will be sustained. Already, for 2023 and 2024, there are 17 projects in various stages of planning and permitting that, if completed, will add another 1,485 housing units in the city.

Partnering to Support "Live in Troy": The city is supporting mixed-use housing to accommodate the needs of residents no matter their income level. City Commissions are busier now than at any time in the last eight years, with significant projects currently working their way through permitting. In addition, with City support, the Troy Housing Authority and Penrose Development demolished the long vacant Taylor Apartment buildings 1 and 2. A new apartment building with 141 affordable apartments is under construction and will be completed in early 2025. Demolition of buildings 3&4 will be demolished and are expected to be rebuilt beginning in 2025. In conjunction with phase 2 of the Taylor Apartments redevelopment, the city is in Design Phase for an \$11.2M Transportation Project funded primarily through State and Federal sources that includes reintroduction of a 4-way intersection at the base of the Congress St. bridge with River St. The area at the base of the bridge is currently obstructed by thruway-styled ramps. Removing the ramps and recreating the original grid street pattern recreates a critical gateway into the city. over 200 acres of former industrial land along the Hudson River to the south will be remediated and redeveloped in multiple phases beginning in 2025. The Lion Factory Building is being converted into 151 apartments breathing life into a long-underutilized building and providing modern apartments in the north end of the city. Redevelopment of the former City Hall site will transform a currently underutilized waterfront property into a vibrant destination and serve to strengthen the city's unique and dynamic waterfront.

Anchor Tenants Support "Work in Troy": Colleges, Universities, and Healthcare employ over 5,000 individuals and higher education has an enrolled student population of over 20,000. These are significant drivers of the economy that support local businesses. These anchor tenants also continue to invest in their infrastructure with St. Peter's Health Care recently completing a \$5 million capital investment project in 2023. With a new president in position at RPI and Russell Sage, new relationships have been created and there is a renewed focus to connect students to the downtown. This relationship is one that will help foster a love of the city and encourage students to live and work in our city.

Cultural Entities and Businesses Support "Play in Troy": Cultural entities continue to see a resurgence in attendance and are now focusing on preservation and upgrades of their facilities with financial support received through programs such as New York State's *Alive Downtowns!* Program. One recipient, the Troy Savings Bank Music Hall, is undertaking the largest renovation in the facilities 150-year-old history. The funding will allow them to expand programming for music education and hold events year-round. The city's well preserved historic Victorian downtown is the headquarters and main location for HBO Studio's third season of filming of the period series, *The Gilded Age*. Each season of filming invigorates the downtown businesses each time they film, visiting downtown eateries, establishments and retail shops. The series has brought Troy to the forefront for location scouts and production companies.

The city is fortunate to have a broad array of small businesses from restaurants to retail. In the heart of the city, the downtown Business Improvement District (BID) contains 600 businesses. Signature activities such as the Troy Waterfront Farmers' Market, Troy Night Out, Riverfest, Pig Out, Chowder Fest, Victorian Stroll and the summer long "Rockin' on the River" music series are a major draw. The Farmer's market is thriving and has recently been voted Best Farmers Market in NY, Number 1 in the Northeast and Number 5 in the Nation by America's Farmers Market Trust. The market brings nearly 15,000 visitors to the city each Saturday. In late 2023, partnered with the Arts Center of the Capital Region, a new public art program was created to give visitors a distinctive urban art experience in a two-block stretch in Troy's historic alleys. The 28 murals created a unique destination for art lovers throughout the region. As the first open-air gallery in the Capital Region, Troy Art Block was voted "Best New Festival" by USA Today. Another repeat public art installation, Troy Glow, was back illuminating the streets of Downtown Troy. Partnerships between the Downtown BID, Art Center of the Capital Region and City of Troy have helped activate all areas of our walkable downtown and attract visitors to Troy's locally-owned businesses while showcases talent from our wonderful creative community. Small business is also thriving in other portions of the city on upper Congress Street and Pawling Ave. Focus in upcoming years will be on reinvigorating the business district located in the Lansingburgh neighborhood.

The city has continued outdoor dining to support the local economy, and the city continues to build on successes by investing millions into outdoor spaces, parks, street scape improvements, and new public spaces. In the Little Italy neighborhood just south of the Downtown and through a partnership with CDTA, Liberty Square mobility hub was recently completed. The mobility hub aims to enhance connectivity and accessibility for all residents while integrating the hub into the streetscape. Upgraded landscaping and seating have been introduced as well as safety improvements creating a new public space in the neighborhood. Through a Department of State grant, we will begin designing the Marina Riverwalk Extension allowing visitors and residents to continue north along the waterfront from our existing waterfront trail located in downtown Troy. The city's goal is to one day connect the trail along the entire waterfront. Active and passive recreation opportunities are a key component of neighborhood quality of life and the city is investing millions of dollars in improvements to parks, mainly within lower income neighborhoods. In 2024, the city has completed several of the park improvement projects as listed in the 2022 Proposed Park Improvements Master Plan

Zoning: In the Spring of 2023, the city adopted a new Zoning Ordinance to replace a suburban-style zoning ordinance with an appropriate urban oriented document that is user friendly, and streamlines the development process, while at the same time adding additional protection for all our neighborhoods.

A City of Neighborhoods: New developments have expanded beyond the city's Downtown area. North Central, Lansingburgh, and South Troy neighborhoods are now seeing a much-improved real estate investment climate.

Accessibility and Connectiveness: The city is focused on accessibility for our residents and businesses in the city and beyond. ADA compliant accessible ramps continue to be installed throughout the city. The city is in on-going conversations with CDTA regarding bus line access and is partnering with CDTA to create a new mobility hub in South Central with bus, bike, and car share access. Regionally, the city is accessed by two major highways leading to regional city centers. The State Capitol is less than 15 minutes away, the city of Saratoga Springs and its famed thoroughbred racetrack are 30 minutes away, and the city of Schenectady with General Electric is 30 minutes away. Leading high tech economic engines are accessible such as the Colleges of Nanoscale Science & Engineering, Regeneron Pharmaceuticals, and Global Foundries semiconductor facility, all with local workforces in the thousands.

Waterfront: The waterfront is an important commercial and tourism asset, and we are building on the historic investment supported by the \$26 million Hudson River seawall renovation project. The completed project paved the way for a 1.5-mile Hudson Riverwalk running the length of the city's Historic Downtown in addition to the installation of almost 900 linear feet of docks for a state-of-the-art marina. Improved commercial tie-ups and Marina management have helped to facilitate dockage by large tour boats and enabled the city to forge strong relationships with destination cruise lines. In 2024, we began conversations with American Cruise lines to establish the city of Troy as a turnaround city, utilizing our hotels and increasing the time they have exploring our city.

The Riverwalk continues to expand North and South from downtown to its eventual 7-mile Hudson River Frontage with the conversion of one-mile of 1st Avenue in Lansingburgh, to a shared use trail between 111th Street and 123rd Street. The Hudson Riverwalk provides a quality-of-life improvement that will help the city's growing technology business cluster to attract and retain employees as they continue to add to the workforce. The city will complete an additional 1.6 miles. In between 2023 and 2025, and the city, working with the NYSDOT and the Hudson River Valley Greenway, will install a mixed-use trail on the Green Island bridge in 2023. This trail will connect Troy's Riverwalk to the Cross-state Empire State Trail network.

Recently Completed Projects:

Stretching from North Troy down to South Central Troy and up to the hillside neighborhoods, over \$76 million has been invested in the development of over 317 new apartments, along with retail and commercial spaces.

- In North Troy, a \$4,000,000 project to create 31 market-rate apartments through the conversion of a former School.
- Between the city's Downtown and North-Central neighborhoods:
 - \$11,000,000 renovation to create 74 market-rate and affordable rental apartments. The project at 444 River Street renovated an 88,000 square foot former manufacturing building overlooking the Hudson River.
 - \$13,500,000 to create commercial and apartment space through the renovation at 701 River Street. 80 apartments and first floor commercial space were created during the renovation.
 - \$12,862,462 construction of new market-rate apartments. Located at 12-14 King Street, 52 market-rate apartments, tenant amenity spaces, and 41 covered parking spaces were created.
 - \$1,500,000 renovation to create a new self-service storage facility in a former historic warehouse and brewery at 494 River St to meet the needs of urban residents.

- In South Central Troy, a \$13,508,827 renovation to create 80 market-rate rental apartments at the former Old Brick building involving the conversion of an existing 4.5 story masonry warehouse.
- In the Hillside North neighborhood, a \$20,000,000 initiative created new affordable housing including 8 scattered site locations completed by Troy Rehabilitation & Improvement Program (TRIP) and Unity House.
- \$20,000,000 to redevelop a vacant Catholic school and gym into 100 market rate apartments by the Redburn Development Partners.
- \$5,500,000 renovation to increase food access. Bargain Block Grocery on River Street in North Central neighborhood that created a 15,000 sf mid-size grocery store in an area now considered a food desert.

Recent Grants

During the last year, the city received and is moving forward with the following grants:

- \$100,000 grant to support development of a comprehensive local waterfront revitalization plan.
- \$200,000 grant to implement building renovations and façade improvements in a two-block section of the historic district of Lansingburgh; and
- \$317,600; Community Forest Management Plan Implementation
- As part of the Congress/Ferry Street Corridor Improvements Project, a \$2.4 Million “Bridge New York” award was received to rehabilitate the street bridges over 1st and 2nd Streets (Sage Tunnel). This grant is consolidated with the Congress/Ferry Corridor Improvements transportation project that includes removal of high-speed ramps from the Congress Street Bridge through recreation of a traditional intersection at Ferry and River Streets, and general transportation improvements and Complete Street enhancements to the Congress/Ferry corridor between 11th Street and the Congress Street Bridge.
- The city was awarded federal ARPA funding for Economic Development including:
 - \$1 million for local businesses. The Local Development Corporation has disbursed 50% of its awarded capital grant funding to local small businesses throughout the City
 - \$1 million to redevelop a long-vacant theater downtown.
 - \$1 million for improvements in 5 parks.
 - Over \$500,000 for public art projects, beautification, and tourism.
- Following the State designation of the Central Lansingburgh Historic District in 2023, investment in this neighborhood has continued. In 2024, the city was awarded \$20,000 in New York Main Street Technical Assistance funds to hire a consultant to do a building assessment along the 2nd Avenue business corridor between 115th and 117th Streets. The assessment was completed and allowed for a CFA application in the same year for building renovations. Continued investment in this corridor and the surrounding area is planned as part of the focus on improving neighborhoods throughout the city
- Passage of a new 485 tax abatement program, targeting investment into 1-4 family, and mixed-use buildings in areas of the city currently stagnating from decades of neighborhood disinvestment.
- \$600,000 Brownfields Assessment grant from the U.S. E.P.A. to assess, characterize and develop remedial plans for properties primarily along the South Troy waterfront to encourage redevelopment of real estate potentially negatively impacted by historic industrial activity.

Downtown Revitalization Initiative (DRI)

The city was awarded the \$10,000,000 competitive Downtown Revitalization Initiative (“DRI”) award in December 2021. Following a lengthy public engagement effort and open solicitation for projects within the defined DRI area, the New York Department of State selected the final list of projects, and the contracts are being executed. The first set of DRI funded projects will begin in 2023. Projects include:

- \$1,000,000 for creation of a Congress Street Bridge Gateway into the city in conjunction with the Federally funded Congress/Ferry Corridor Improvements transportation project.

- \$3,000,000 for the Marina North Riverwalk to continue the successful downtown Riverwalk north, connecting to the North Central Neighborhood. When combined with two additional sections in Lansingburgh – a one-mile stretch anticipated in 2023, and a section between 101st and 104th Street (with anticipated support from CDBG funds) – 2024-2025 will see the most significant growth of the popular Riverwalk yet, accounting for nearly 3-miles of the planned 7-mile riverfront trail.
- \$363,000 to implement a wayfinding signage in the downtown area and along the Riverwalk.
- \$1,600,000 to develop approximately 141 units of permanently affordable apartments and mixed use and community space as the first phase of the Taylor Apartments reconstruction project.
- \$1,000,000 to decommission the Congress Street bridge on and off-ramps, landscape the area on top of the ramps to beautify the area as part of the reconstruction of the intersection of the bridge and River St to create a throughway that better connects the Core Downtown with South Central and South Troy.
- \$1,500,000 to construct a net-zero greenhouse facility at 2525 Fifth Avenue to support a job readiness program for long-term unemployed people. The installation of the greenhouse will add job training to the long list of services offered by the Capital Roots Urban Grow Center in North Central Troy.
- \$500,000 to the restoration of the American Theater converting the vacant theater into a performing arts venue/theater in Central Business District by Proctors.
- \$625,000 was awarded to the Troy Library for HVAC improvements to update the historic building's services and programming to meet changing needs.
- \$380,000 to support HVAC and access improvements at the Hart Cluett Museum and to areas of the museum currently non-compliant with ADA requirements and difficult for public access to cultural events.
- \$270,000 for Public Art in the downtown area to revitalize spaces and attract visitors.

Projects in Planning or Underway 2023 -2025

About \$400 million in proposed projects are in planning or already underway with investments to create new cultural, office, and commercial spaces, over 500 new apartments, and a community center along with a new proposed grocery store to increase food access.

- \$18,000,000 investment in a new apartment building at 1818 5th Avenue in the city's downtown, which includes demolition of a 3,000 square foot suburban style drive-thru banking facility to make way for the city's first zero-emission, 55,000 square foot market rate apartment building with 72 units that is estimated to generate \$2.34 million or greater of novel annual spending.
- \$9,000,000 for new commercial space with the addition of one-floor to 504 Broadway to home Phinney Design Group, a leading regional architectural firm. The building will demonstrate the latest design and construction practices to retrofit an existing structure to achieve Net Zero status and provide most of the renewable energy on-site. A farm-to-table restaurant focused on sustainable food systems and preparation will be located on the ground floor.
- \$4,000,000 to renovate a downtown theater, vacant for over a decade, as part of the regional Proctors Collaborative, providing a much-needed movie theater and music venue.
- \$38,700,000 to construction new class A office space and apartments at 141 Congress Street – College Station North. The project's financing closed in May 2023 and construction started in 2024.
- \$195,000,000 multi-year investment in the complete redevelopment of the Taylor Apartments – a Public Private Partnership project between the Troy Housing Authority, the city, and Penrose Development. Phase 1 of the project is underway with the demolition of towers 1 & 2 complete and the first new building currently under construction. Upon completion of the new building, the demolition and redevelopment of the remaining two towers will begin, as will the creation of 2 acres of open space and riverfront amenities for the public. Phase 2 design is currently underway with construction anticipated to begin in 2024-2025.

- \$3,750,000 CEO Community Center in the North Central neighborhood. Creation of new classroom space, community amenities, daycare, and training facilities to support youth and afterschool programming. The project will allow the CEO Community Center to engage in more effective community outreach efforts and host new workforce development programs in a neighborhood that has historically experienced higher crime rates and violence. The project is underway and close to completion.
- \$14,000,000 construction of 5-story mixed use building with 53 apartments and 4,000 square feet of commercial space on 5th Avenue, at the Federal Street Gateway, (Kings I) has been completed. A companion project (Kings II) for 62 additional units received approval and is under construction.
- \$2,000,000 restaurant/banquet space renovation of vacant historic building at 214-216 4th Street in the Little Italy neighborhood of the city. Project is the vision of a multi-generational local restaurant, Defazio's. The anticipated completion of the project is the summer of 2025.
- \$6,000,000 mixed-use restoration at 171 River Street. The project is underway.
- King Fuels Remediation – In 2021, the Troy Local Development Corporation completed an asbestos remediation of a 32-acre former Ironworks site. This paved the way for National Grid to begin a \$39 million remediation of the site per global Consent Order for former MGP plant contamination. Phase 1a (gas line relocation) was completed in 2022. Phase 1b (excavation and soil replacement) concluded September 2024. Phase 2 (ISS) commenced November 2024. Remediation of the large industrial site will encourage the establishment of new industrial operations or relocation of, industrial sites currently occupying waterfront land adjacent to the downtown area along the Hudson River. The city is working with landowners and a developer to ensure an equitable deployment of investment along the entire 200+ acre former industrial area.
- \$50,000,000 renovation of the 6-story Standard Manufacturing Building for commercial and apartment space. The project retains one floor of manufacturing and commercial space and creates 151 apartments. The project has been completed.
- \$8,000,000 expansion of the Capital Roots Urban Grow Center nearing completion.
- South Troy Industrial Park Road Phase II construction. \$3.6 million new access/bypass road to ultimately connect Monroe Street to Adams Street. To be substantially completed by the end of 2024. The area from Poestenkill creek to Adams Street will be finalized between 2027-2029, if not sooner, to accommodate a continued operation of current rail user, Phase 1, Main Street to Monroe Street was completed in 2021. Completed Phases of the project provide access to over 60 acres of under-utilized riverfront land for new development.
- \$4,300,000 new construction of 17,000 square foot recreation center and rock-climbing gym at 545 River St, continuing the Downtown expansion north into the North Central neighborhood. The project is underway.
- \$4,500,000 renovation of the historic Troy Music Hall. Improvements include complete replacement of the outdated and inefficient HVAC system, energy efficiency improvements, a grand marquis, and other appointments that are anticipated to double the concert season attendance and generate an estimated over 50,000 additional visitors to the Downtown neighborhood of the city each year.

Pre-Planning Projects of Significance

Several projects have not come before planning but are expected to have a significant impact on the city from a new geothermal network, mixed-use development, and renovated park space.

- The city has positioned itself as a state-wide leader in the transition towards renewable energy and meeting the goals set in the New York's Climate Leadership and Community Protection Act. The city is working towards becoming home to the nation's first municipal District Geothermal Heating and Cooling network. With financial support from NYSERDA and National Grid, the project is under review by the State's Public Service Commission. The proposed downtown loop would provide renewable heating and cooling energy to support over 400,000 SF of downtown commercial and residential space.
 - An additional workforce development program will be developed in partnership with Questar III, a regional workforce training center. The program will provide hands-on training with financial support for companies that hire certificate holders for careers in HVAC installation and repair, automated smart controls, and other green-energy and infrastructure related jobs.

- Renovation of Riverfront Park. Following demolition of the existing surface parking lot, Riverfront Park will be drilled with over 125 geothermal wells to provide heating and cooling energy to surrounding buildings. The infrastructure will all remain hidden underground while a new destination playground, active playing fields, gardens and Riverwalk section will be constructed above.
- \$11,500,000 reconfiguration of the Congress St Bridge. A joint effort with the city of Watervliet, existing ramps would be abandoned and replaced with a 4-way intersection at the convergence of River and Ferry St. Lanes along the bridge would be converted to a greenbelt pedestrian trail over the river, connecting the city’s Riverwalk with the Mohawk-Hudson River Bike Trail in Watervliet. Entitled the Route 2 Multi-Modal Connectivity Project, the concept received Community Project Funding through Representative Paul Tonko in 2024 for \$2.16M. Additional funding for this project continues to be sought after by Troy and Watervliet.

The city has four studies aimed at improving its business environment, community space and gateways to the city. Studies include:

- Comprehensive Plan Implementation – designing gateway and riverfront enhancements to the city at Riverfront Park, the Green Island Bridge, the Hudson Riverwalk, and Lansingburgh’s waterfront. The city is now applying for grants to implement projects.
- Located just north of the downtown, a new Marina North Riverwalk is being planned with construction documents for the expansion of the Riverwalk north from City Hall.
- Brownfield Opportunity Area Nomination – Identifying opportunities and creating tax credits for redevelopment of nearly 200 acres of under-utilized riverfront in South Troy. The nomination has been completed and has been submitted to the NYS DOS for review and potential award.
- Transition Plan update – with a Technical Assistance Grant from the Capital District Transportation Committee, the city created an inventory of sidewalks and access ramps, to develop a plan for corrective action.

Form of City Government

In accordance with its Charter, the City of Troy has a strong Mayor – City Council form of government consisting of an Executive Branch, a Legislative Branch, and a Judicial Branch.

The Mayor is elected by the voters of the City to serve a four-year term. As the Chief Executive Officer of the City, the Mayor is the official charged with the broadest responsibility for the administration of City government. The Mayor exercises supervision and control over all the executive departments of City government to ensure that the policies of the administration are executed faithfully and that the laws of the State of New York and the local laws and ordinances of the City Council are uniformly enforced within the City.

The City Council is the Legislative Branch of government and is composed of six (6) elected members serving two-year terms who are elected by the residents of each of the six Council districts within the City. One (1) Council Member, who is elected by the entire City electorate, represents the City at large and serves as the Council President for a four-year term. The City Council works with the Executive Branch of City government to enact laws and other legislation that serve as the framework for the ongoing operations and future direction of the City. Citizen input is vital to this process and Council members strive to be responsive to their constituents while acting in the best interests of the City as a whole. Much of the work of the City Council is conducted through the committee process and monthly meetings with department heads throughout the City. Taxpayers and residents are always afforded a formal opportunity to voice their opinions at regularly scheduled Council meetings and at required public hearings before Council members vote on local laws which change the City Charter, as well as for other local laws, ordinances, and resolutions. City Council members are entrusted with the privilege and challenge of helping to improve the City for the betterment of all its residents.

The Judicial Branch of City government is the Troy City Court. It currently consists of two full time City Court Judges and one part time City Court Judge. The operations of the Court are conducted in accordance with the procedures and requirements of New York State law as well as the rules and regulations of the New York State Office of Court Administration.

Financial Organization

The City Comptroller, or in the absence thereof, the Deputy City Comptroller, is the chief fiscal officer of the City whose responsibility it is to receive, disburse and account for all financial transactions of the City. The chief fiscal officer keeps and maintains the financial records of the City. The chief fiscal officer may, with the Mayor's approval, appoint: the City Treasurer, who is responsible for receiving and disbursing all City funds and collection of all taxes; the City Assessor, who is responsible for the preparation of the assessment rolls of eighteen City wards in the form prescribed and approved by the New York Office and Real Property Services; and the City Purchasing Agent, who is responsible for all purchases of materials, supplies, equipment or professional services needed by the City.

Under the Local Finance Law, if a city does not have a Comptroller, the City Treasurer may act as the chief fiscal officer for purposes of executing bonds, notes, and other city obligations, and for other purposes described in the Local Finance Law. Under the City Charter, the Treasurer also serves as the Deputy Comptroller. The City Comptroller position became vacant effective July 9, 2024. Accordingly, the City Treasurer is presently chief fiscal officer of the City for purposes of taking actions prescribed under the Local Finance Law.

Budgetary Procedures

The City Mayor submits a proposed operating budget by October 10 for the fiscal year commencing the following January 1. The City Council must adopt or amend and adopt the budget by December 1st preceeding the start of the new fiscal year. Between October 10th and December 1st, committees of the City Council hold multiple meetings and public hearings to review the proposed budget. During the fiscal year, pursuant to the City Charter, any amendments made to the budget equaling or greater than \$500 requires legislative approval from the City Council.

The below table shows the last four fiscal year budgets City Council approval date, if the property tax cap was exceeded and the percentage increase of the property tax levy from the previous year.

Year	Budget Approval Date	Property Tax Cap Exceeded Or Not	Tax Levy Percentage Increase
2022	11/30/2021	Not Exceeded	2.35%
2023	11/30/2022	Not Exceeded	1.67%
2024	11/30/2023	Not Exceeded	3.57%
2025	11/30/2024	Not Exceeded	2.12%

Investment Policy

Pursuant to the statutes of the State of New York, the City is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the City; (6) obligations of a New York public corporation which are made lawful investments by the City pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of City moneys held in certain reserve funds established pursuant to law, obligations issued by the City. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the City's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America, (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America or (4) obligations of the State of New York. In the case of obligations of the United States government, the City may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third-party custodian.

Employees

The City provides services through approximately 461 employees which are represented by bargaining units as listed below. There are also 77 employees not represented by any employee union, 15 being full-time employees, 34 being part-time employees, 1 being seasonal employees, and 27 being board, commission, or city council members.

<u>Bargaining Unit</u>	<u>Number Employed</u>	<u>Expiration Date</u>
Civil Service Employees Association (CSEA)	213	December 31, 2024 ⁽¹⁾
Fire (UFA)	113	December 31, 2024 ⁽¹⁾
Police (PBA)	114	December 31, 2026
Administrative Unit (UPSEU)	7	December 31, 2023 ⁽¹⁾
Police Captains (COATS)	8	December 31, 2022 ⁽¹⁾
Fire Chiefs (UFCA)	6	December 31, 2022 ⁽¹⁾

⁽¹⁾ Negotiations for a new collective bargaining agreements have commenced.

Source: City officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the City are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS is generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. Overtime pay in excess of \$15,000 will not be subject to ERS either in contribution from the City or the employee.

The ERS is non-contributory with respect to members hired prior to July 27, 1976 (Tier 1 & 2); members hired from July 27, 1976 through December 31, 2009 (Tier 3 & 4) contribute 3% for the first 10 years of service and then become non-contributory; members hired from January 1, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

The PFRS is non-contributory with respect to members hired prior to January 8, 2010 (Tier 1, 2 & 3); members hired from January 9, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

For both ERS & PFRS, Tier 5 provides for:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police & firefighters at 15% of non-overtime wages.

For both ERS & PFRS, Tier 6 provides for:

- Increase in contribution rates of between 3% and 6% base on annual wage
- Increase in the retirement age from 62 years to 63 years
- A readjustment of the pension multiplier
- A change in the period for final average salary calculation from 3 years to 5 years

For the years 2018 through 2023 and budgeted for the year 2024 and 2025, the City's contributions to the ERS and PFRS were:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2018	\$ 2,144,773	\$ 5,779,731
2019	2,106,693	5,971,231
2020	2,163,444	6,152,270
2021	2,296,493	7,092,900
2022	2,091,928	7,306,622
2023	1,972,501	7,428,215
2024 (Budgeted)	2,110,102	8,602,230
2025 (Budgeted)	2,335,980	9,735,297

Note: The City has opted to amortize their contribution through the Employer Contribution Stabilization Program. The amount amortized for 2010-2011 is \$156,607 for ERS and \$314,411 for PFRS. The amount amortized for 2011-2012 is \$639,484 for ERS and \$964,234 for PFRS. The amount amortized for 2012-2013 is \$811,575 for ERS and \$1,680,810 for PFRS. The amount amortized for 2013-14 is \$851,877 for ERS and \$2,134,072 for PFRS. The amount amortized for 2014-2015 is \$718,270 for ERS and \$1,581,263 for PFRS. For 2015-2016, the City amortized \$248,667 for ERS and \$613,213 for PFRS. For 2016-2017, the City amortized \$634,895 for PFRS. The City did not amortize its ERS or PFRS contributions for 2018 through 2023. Furthermore, the 2024 City budget does not include any pension amortization. As of the date of this Official Statement the City has fully paid all amortized ERS and PFRS contributions.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The City does not have any early retirement incentives outstanding.

Historical Trends and Contribution Rates. Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and PFRS rates (2019 to 2023) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2019	14.9%	23.5%
2020	14.6	23.5
2021	14.6	24.4
2022	16.2	28.3
2023	11.6	27.0
2024	13.1	27.8
2025	15.2	31.2

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates.

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Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use. In previous fiscal years the City amortized a portion of its pension costs as described above. The City did not amortize its ERS or PFRS contributions for 2018 and 2019. The City does not anticipate amortizing its pension contributions in the future.

Stable Rate Pension Contribution Option. The 2013-14 Adopted State Budget included a provision that authorized local governments, including the City, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The City has not participated in the Stable Rate Pension Contribution Option in the past but may consider to do so in the future.

The investment of monies and assumptions underlying same, of the Retirement Systems covering the City’s employees is not subject to the direction of the City. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the City which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

Other Post-Employment Benefits

Healthcare Benefits. School districts and boards of cooperative educational services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

OPEB. Other Post-Employment Benefits (“OPEB”) refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75. GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending December 31, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

Summary of Changes from the Last Valuation. The City has contracted with the Nyhart Company, an actuarial firm to calculate its actuarial valuation under GASB 75 as of December 31, for the fiscal years 2022 and 2023.

The following outlines the changes to the Total OPEB Liability during the below fiscal years, by source.

Balance beginning at December 31:	2021	2022
<u>Changes for the year:</u>	<u>\$ 164,488,287</u>	<u>\$ 135,676,576</u>
Service cost	4,328,550	3,103,436
Interest	3,726,420	5,837,329
Differences between expected and actual experience	9,356,068	(897,067)
Changes in assumptions or other inputs	(37,870,505)	8,838,069
Changes of benefit terms	(1,920,124)	-
Benefit payments	<u>(6,432,120)</u>	<u>(6,757,581)</u>
Net Changes	<u>\$ (28,811,711)</u>	<u>\$ 10,124,186</u>
Balance ending at December 31:	2022	2023
	<u>\$ 135,676,576</u>	<u>\$ 145,800,762</u>

Note: The above table is not audited. For additional information see "APPENDIX - E" attached hereto.

There is no authority in current State law to establish a trust account or reserve fund for this liability. As such, the City has reserved \$0 towards its OPEB liability and meets this liability on a pay-as-you-go basis.

Actuarial Valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

The City's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the City's finances and could force the City to reduce services, raise taxes or both.

Financial Statements

The City retains the services of The Bonadio Group, certified public accountants, as its independent auditor. Also, the State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the City has complied with the requirements of various State and Federal statutes. The last available audited report, covering the period ending December 31, 2022, is available on the MSRB Electronic Municipal Market Access (EMMA) website and is attached hereto as "APPENDIX - E". The audited report covering the period ending December 31, 2023 is not available as of the date of this Official Statement however is expected to be complete in the first quarter of 2025 and will be filed to EMMA promptly upon completion.

The City's unaudited Annual Financial Report (AFR) for the period ending December 31, 2023 (the "2023 AFR") was filed with the State Comptroller on April 30, 2024, and was posted on EMMA on July 1, 2024, and was also posted on the City's web site. After filing and posting the 2023 AFR, the City identified inaccuracies in the 2023 AFR, including, but not limited to, information in the "Status of Indebtedness" section. On July 8, 2024, the Office of the State Comptroller also provided comments on the 2023 AFR. The City has since addressed the inaccuracies as well as the comments provided by the office of the State Comptroller and has completed and filed a new, revised AFR. The AFR for the period ending December 31, 2023 is also available on EMMA.

The City complies with the Uniform System of Accounts as prescribed for Cities in New York State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Bonadio & Co., LLP, the independent auditor for the City, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Bonadio & Co., LLP also has not performed any procedures relating to this Official Statement.

The State Comptroller’s Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State’s school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System (“FSMS”) to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State’s school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district’s ST-3 report filed with the State Education Department annually, and each municipality’s annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in “significant fiscal stress”, in “moderate fiscal stress,” as “susceptible to fiscal stress” or “no designation”. Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of “no designation.” This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity’s financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of the State Comptroller for the past four years for the City are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2023	Inconclusive	N/A
2022	No Designation	3.3
2021	No Designation	25.4
2020	No Designation	24.2

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein. Information for the fiscal year ending December 31, 2024 is not available as of the date of this Official Statement.

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New York State Comptroller Report of Examination

The State Comptroller's Office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the City has complied with the requirements of various State and Federal statutes. These audits can be found on the website of the Office of the New York State Comptroller.

The City was previously subject to annual budget reviews by State Comptroller's Office. Due to the termination of the Supervisory Board on June 27, 2023, the City is no longer subject to annual budget reviews by the State Comptroller's Office. See "MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF TROY" hereto for more information regarding the Supervisory Board and its termination effective June 27, 2023.

The New York State Comptroller's office released a budget review of the City on November 4, 2022. The purpose of the review was to determine whether significant revenue and expenditure projections in the City's proposed budget for the 2023 fiscal year are reasonable.

The City of Troy, located in Rensselaer County, is authorized to issue debt not to exceed \$24,706,000 to liquidate cumulative deficits in the City's general fund for the years ending December 31, 1993, 1994 and 1995. New York State Local Finance Law requires all municipalities that have been authorized to issue obligations to fund operating deficits to submit their proposed budgets for the next fiscal year to the State Comptroller for review while the deficit obligations are outstanding.

Key Findings:

- Based on the results of our review of the 2023 proposed budget, we identified certain revenue and expenditure projections and other matters that should be reviewed by the Mayor and Council.
- The proposed water fund budget includes estimated revenues for metered water rents that were approximately \$240,000 higher than our projections.
- The proposed water fund budget includes estimated revenues of \$1.6 million for water rents assessed to the Town of Halfmoon and Water Commissioners of the Town of Waterford that, if the City realizes revenues in 2023 similar to 2021 and 2022, could be overestimated by approximately \$350,000.
- The proposed general fund budget includes fire department overtime appropriations which could be underestimated by approximately \$900,000.
- The City's proposed budget's capital plan includes unfunded equipment and vehicle purchases totaling \$2,912,500.
- The City will issue debt to cover any general and refuse fund equipment and vehicle expenditures that are incurred and not financed through the proposed budget.
- Three of the City's six collective bargaining agreements will expire on December 31, 2022. When the agreements are settled, the City faces potential increased salary and wage costs.
- The City's proposed budget includes a tax levy of \$28,015,018

Key Recommendations:

- Closely monitor water fund revenue estimates throughout 2023 and develop a plan to balance the budget in the event the revenue projections are not fully realized.
- Closely monitor fire department overtime appropriations throughout 2023 and modify the budget as necessary.
- Identify additional financing sources and to include them in the budget instead of continuing to rely on the issuance of debt to finance equipment and vehicle purchases.
- Consider the potential financial impact in the event that any of the collective bargaining agreements are settled in 2023.
- Be mindful of the legal requirement to maintain the tax levy increase to no more than the tax levy limit as permitted by law, unless it properly overrides the tax levy limit.

A copy of the complete report can be found via the website of the Office of the New York State Comptroller.

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The New York State Comptroller's office released a budget review of the City on November 4, 2021. The purpose of the review was to determine whether significant revenue and expenditure projections in the City's proposed budget for the 2022 fiscal year are reasonable.

This examination was issued after the proposed budget was submitted and prior to the adoption of the budget by the City Council on November 30, 2021. As part of the amendments approved in the 2022 operating budget, the City administration presented an option, which was approved by the City Council, which opted to fund the purchase of various capital assets in the amount of \$956,500 rather than acquiring them through debt issuance. The assets were determined based on their estimated cost and the period of probable usefulness for each specific item.

Key Findings:

- The significant revenue and expenditure projections in the proposed budget are reasonable.
- The proposed water fund budget includes estimated revenues for metered water rents contingent on Council approval of a proposed rate increase to be fully realized.
- The proposed water fund budget includes estimated revenues of \$1.7 million for water rents assessed to the Town of Halfmoon and Water Commissioners of the Town of Waterford that we project will only realize approximately \$1.2 million, a potential shortfall of \$700,000.
- The City's capital plan in the proposed budget includes the purchase of equipment and/or vehicles for the general fund totaling \$3,354,500. However, only \$453,000 of appropriations correspond to included expenditures, resulting in \$2,901,500 (86 percent) of the City's 2022 capital plan for the purchase of equipment and vehicles for the general fund remaining unfunded through the proposed budget.
- The City's capital plan in the proposed budget includes the purchase of equipment and/or vehicles for the water fund totaling \$220,000. However, although the proposed water fund budget includes appropriations for the purchase of equipment of \$8,500, these appropriations do not correspond to the expenditures included in the water fund capital plan and therefore the purchase of equipment and vehicles for the water fund remains unfunded through the proposed budget.
- The City's capital plan in the proposed budget includes the purchase of equipment and/or vehicles for the refuse fund totaling \$655,000. However, the proposed refuse fund budget does not include appropriations for equipment and capital outlay and therefore the purchase of equipment and vehicles for the refuse fund remains unfunded through the proposed budget.
- The City's capital plan outlines that any general, water and refuse fund expenditures that are incurred for the purchase of equipment and vehicles by the City in 2022 that are not currently financed through the proposed budget will be financed by issuing debt.
- The City's proposed budget includes a tax levy of \$27,732,411.

Key Recommendations:

- City officials should be mindful of, and closely monitor water fund revenue estimates throughout 2022 and develop a plan to balance the budget in the event the revenue projections are not fully realized.
- City officials should identify additional financing sources and to include them in the budget instead of continuing to rely on the issuance of debt to finance these purchases.
- The City Council should be mindful of the legal requirement to maintain the tax levy increase to no more than the tax levy limit as permitted by law, unless it properly overrides the tax levy limit.

A copy of the complete report can be found via the website of the Office of the New York State Comptroller.

The New York State Comptroller's office released a budget review of the City on December 30, 2020. The purpose of the review was to determine whether City of Troy (City) officials used resources to meet certain ethics oversight standards.

Key Findings:

- Receive or provide for ethics training, including making educational materials available, to officers and employees, as required by the code of ethics.
- Adequately administer the City's disclosure system that is intended to foster transparency and help identify conflicts of interest.
 - Four City Council (Council) member, 53 officer and employee and 47 other required filer annual statements of financial disclosure (disclosure statements) were not filed, filed late or had questions left blank
- Review disclosure statements for potential conflicts of interest and completeness, review the code of ethics or prepare an annual report of its activities, as required.

Key Recommendations:

- Ensure the Ethics Board provides for ethics training and education, and verifies all annual financial disclosure filers file complete and timely disclosure statements that are carefully reviewed for potential conflicts of interest.
- Adopt procedures to ensure the Mayor's and Ethics Board's responsibilities are followed, as required.

A copy of the complete report can be found via the website of the Office of the New York State Comptroller.

The New York State Comptroller's office released a budget review of the City on November 6, 2020. The purpose of the review was to determine whether the significant revenue and expenditure projections in the City's proposed budget for the 2021 fiscal year are reasonable.

Key Findings:

- The significant revenue and expenditure projections in the proposed budget are reasonable.
- The proposed budgeted revenues for State AIM funding and traffic and parking ticket fines may not be fully realized.
- City officials project the general fund having an unassigned fund balance of approximately \$3 million at the end of 2020 or the same amount as the recorded unassigned fund balance at the end of 2019. However, the 2019 amount of unassigned fund balance has not been verified.
- The proposed refuse fund budget includes a change to the revenue model that the City has not previously assessed and the potential realization of this revenue is contingent upon the Council's authorization and approval of the new fees.
- The minimal contingency appropriation in the proposed refuse fund budget provides the City with a limited amount of flexibility in the event of unforeseen circumstances that may require additional funds.
- Two of the City's six collective bargaining agreements (CBA) have expired and another CBA is set to expire at the end of 2020 which could result in potential increased salary and wage costs in the event that the CBAs are settled in 2021.
- The City's proposed budget includes a tax levy of \$26,922,132.

Key Recommendations:

- City officials should closely monitor the revenue estimates for State AIM funding and traffic and parking ticket fines throughout 2021 and develop a plan to balance the budget in the event these revenue projections are not fully realized.
- City officials should closely monitor the general fund's results of operations for the remainder of 2020 to ensure that the amount of appropriated fund balance included in the 2021 proposed budget is available to finance the general fund's operations in 2021.
- The Council should make the appropriate modifications to the City Code prior to adopting the budget if it decides to implement the new refuse fees.
- City officials should closely monitor the refuse fund through 2021 and make modifications as necessary.
- City officials should consider the potential financial impact in the event that any of the CBAs are settled in 2021.
- The City Council should be mindful of the legal requirement to maintain the tax levy increase to no more than the tax levy limit as permitted by law, unless it properly overrides the tax levy limit.

A copy of the complete report can be found via the website of the Office of the New York State Comptroller.

The New York State Comptroller's office released a budget review of the City on November 7, 2019. The purpose of the review was to determine whether the significant revenue and expenditure projections in the City's proposed budget for the 2020 fiscal year are reasonable.

Key Findings

- Significant revenue and expenditure projections in the proposed budget are reasonable.
- While the estimated revenues for the proposed refuse fund budget appear reasonable, they include \$250,000 in estimated revenues for fees that the City has not previously assessed.
- The minimal contingency appropriation in the proposed refuse fund budget provides the City with a limited amount of flexibility in the event of unforeseen circumstances that may require additional funds.
- The City's capital plan for the purchase of equipment and vehicles for the general and refuse funds remains unfunded through the proposed budget and instead will be financed by issuing debt.
- One of the City's collective bargaining agreements (CBA) is expired and the City faces potential significant increased salary and wage costs in the event that the CBA is settled in 2020.
- The City's proposed budget includes a tax levy of \$26,304,399.

Key Recommendations

- City officials should closely monitor the refuse fund through 2020 and make modifications as necessary. City officials should closely monitor the refuse fund throughout 2019 and make modifications as necessary.
- We encourage City officials to identify current financing sources for the purchase of equipment and vehicles instead of relying on the issuance of debt to finance these purchases.
- City officials should consider the potential financial impact in the event that the City's one expired CBA is settled in 2020.
- The City Council should be mindful of the legal requirement to maintain the tax levy increase to no more than the tax levy limit as permitted by law, unless it properly overrides the tax levy limit.

A copy of the complete report can be found via the website of the Office of the New York State Comptroller.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF TROY
(the “Corporation”)

In June 1994, the State enacted Chapter 721 of the Laws of 1994 (the “Original Financial Control Act”) which authorized the City to issue bonds for the purpose of liquidating cumulative deficits and deficits projected for fiscal year 1994 in the City’s General Fund. The Original Financial Control Act also established a supervisory board consisting of five members chaired by the State Comptroller (the “Supervisory Board”) to review and make recommendations of the City’s financial condition.

The City’s financial condition further deteriorated even after the protections and oversight of the Original Financial Control Act were established. As a result, in July 1995, the State created the Municipal Assistance Corporation for the City of Troy (the “Corporation”) in order to provide funds for the repayment of certain of the City’s obligations and lease agreements to ensure maintenance of essential services within the City and to restore investor confidence in the City’s obligations. Through Chapter 187 of the Laws of 1995 the State also amended the Original Financial Control Act in order to provide the Supervisory Board with additional control and oversight powers with respect to the City’s finances. Among the powers granted to the Supervisory Board are the ability, if necessary, to prepare and implement a financial plan based on revenue and expense estimates established by the Board to direct all City revenues into the Supervisory Board Fund and to control all expenditures from the Supervisory Board Fund.

In July 1996, the State enacted Chapters 444 and 445 of the Laws of 1996 which among other things further amended the Original Financial Control Act. The principal purposes of Chapters 444 and 445 of the Laws of 1996 were to allow the City to restructure its annual debt service requirements to reinforce existing controls over the City’s authority to contract indebtedness or enter into other long-term financing arrangements and to provide additional sources of payment for obligations of the Corporation. The Original Financial Control Act as amended by Chapter 187 of the Laws of 1995 and Chapters 444 and 445 of the Laws of 1996 is hereinafter referred to as the “Financial Control Act.”

Under the Financial Control Act, the Corporation is authorized to issue, no later than December 31, 1999, bonds and/or notes in an amount not to exceed \$71 million (exclusive of amounts necessary to pay the costs of issuance, to fund debt service reserves, and to refund bonds or notes) as follows: (i) to liquidate all or a portion of the City’s deficits for fiscal years 1993 through 1995, (ii) to acquire or cause to be acquired real or personal property leased by the City to the Troy Local Development Corporation (including the financing of any judgments against the City or settlements relating thereto), (iii) to pay at maturity or prior redemption date previously issued obligations of the City and (iv) to pay for the costs of the closure of the City’s landfill (\$48.4 million of this authority has been used, leaving \$22.6 million of such issuance authority remaining.) In addition, the Corporation is authorized (i) until December 31, 1999 to issue notes in an aggregate principal amount outstanding at any time not to exceed \$2 million (exclusive of amounts necessary to pay costs of issuance and fund a debt service reserve fund) to pay operating expenses of the City, which notes may be issued for a term of no more than one year and renewed from time to time for up to one-year terms up to a final maturity no later than December 31, 2000 and (ii) until December 31, 1998 to issue bonds or notes in an aggregate principal amount not to exceed \$2 million (exclusive of amounts necessary to pay cost of issuance and fund debt service reserve funds and to refund any such bonds or notes) for the purpose of funding capital projects within the City.

In November 1996, the Corporation issued its Series 1996A Bonds (Current Interest) in the initial aggregate principal amount of \$26,985,000 (the “Series 1996A Bonds”), its Series 1996B Bonds (Capital Appreciation) in the initial aggregate principal amount of \$27,739,661.45 (the “Series 1996B Bonds”) and its Series 1996C Bonds in the initial aggregate principal amount of \$864,600.25 (the “Series 1996C Bonds”). The issuance of the foregoing series of Bonds enable the Corporation to retire Bond Anticipation Notes it had previously issued to refinance City notes issued primarily to finance settlement of tax certiorari claims, street improvements and the City’s deficits accumulated during 1993 and 1994 and to provide funds to retire the outstanding amount of \$35,145,000 Lease Revenue Bonds (City of Troy Project) Series 1992 issued by the City of Troy Industrial Development Authority (the “1992 Lease Revenue Bonds”).

In November 2010, the Corporation refunded the Series 1996A (\$14,080,000) and Series 1999B (\$1,955,000) Serial Bonds with Series 2010A General Resolution Bonds in the principal amount of \$15,620,000.

The Corporation’s obligations are secured by a portion of the City’s share of certain sales and compensating use taxes collected within the County and amounts to be derived from State aid designated for the City. Amounts derived from the sales tax and State aid are deposited by the New York State Comptroller into the Municipal Assistance Tax Fund (the “Tax Fund”) and Municipal Assistance State Aid Fund (the “State Aid Fund”). Monies in the Tax Fund and the State Aid Fund are to be paid to the Corporation annually so as to meet the Corporation’s cash requirements and maintain a 1.5:1 debt service coverage ratio for the Corporation’s notes and bonds. Excess monies in the State Aid Fund and the Tax Fund are paid quarterly by the New York State Comptroller to the City.

Pursuant to the Financial Control Act, upon final payment of the Corporation’s debt as described above, the final payment on the bonds issued by the Municipal Assistance Corporation for the City of Troy was made on January 18, 2022. After this payment, the debt was fully retired.

The existence of the Corporation, and the Supervisory Board, were terminated effective as of June 27, 2023.

TAX INFORMATION

Valuations

<u>Fiscal Year Ending December 31:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Assessed Valuations	\$ 1,796,231,819	\$ 1,810,960,448	\$ 1,802,470,300	\$ 1,810,509,959	\$ 1,814,431,618
New York State					
Equalization Rate	89.90%	84.50%	76.00%	70.00%	65.00%
Total Taxable Full Valuation	\$ 1,998,033,169	\$ 2,143,148,459	\$ 2,371,671,447	\$ 2,586,442,799	\$ 2,791,433,258

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending December 31:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	\$ 14.88	\$ 15.11	\$ 15.43	\$ 15.91	\$ 16.22

Tax Collection Procedure

The City’s property taxes are levied annually on January 1. The annual City tax levy consists of taxes levied for City purposes based on City budget requirements, County taxes levied within the City for County budget requirements, and relieved unpaid City water rents, City sewer rents, County sewer rents, garbage bills, garbage fines, bulk pickup bills and vacant building fees. Taxes are due and payable in bi-annual installments on January 1 and July 1 with all relieved items due in their entirety in the first installment. Taxes become delinquent on February 1 and August 1.

Effective January 1, 1995, the City adopted a foreclosure process in accordance with Article 11 of the Real Property Tax Law, as amended by Chapter 602 of the Laws of 1993 and Chapter 532 of the Laws of 1994, whereby unpaid property taxes are allowed to be processed through in-rem and formal foreclosure proceedings.

Tax Collection Record

<u>Fiscal Year Ending December 31:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Tax Levy	\$ 26,734,209	\$ 27,362,458	\$ 27,818,898	\$ 28,810,799	\$ 29,421,145
% Uncollected ⁽¹⁾	3.14%	2.85%	4.74%	3.70%	N/A

⁽¹⁾ The City holds tax sales annually. See "Tax Collection Procedure" herein.

Sales Tax Revenue

The following chart displays the actual amount of Sales Tax Revenue received by the City in the 2012 through 2023 fiscal years, and the amounts budgeted to be received for 2024 and 2025:

<u>Year</u>	<u>Sales Tax Received</u>
2012	\$ 14,827,491
2013	15,072,696
2014	15,583,166
2015	15,558,580
2016	15,824,237
2017	16,301,340
2018	16,757,597
2019	17,315,615
2020	17,161,563
2021	18,432,808
2022	19,459,654
2023	19,070,702
2024 (Budgeted)	20,250,000
2025 (Budgeted)	21,250,000

Source: City officials.

Sales and Use Tax Commitments and Contingencies

On October 1, 2021, the City and the County renewed their current agreement that was in effect for the period March 1, 2015 through February 29, 2021. Under the terms of the agreement the County will pay the City 19.65% of the first \$80,000,000 in annual sales tax receipts plus 9.00% for the sales tax receipts in excess of \$80,000,000 for the term of March 1, 2021 through February 28, 2027. The receipts are calculated on a sales tax year basis covering March 1st through February 28th.

Larger Taxpayers – 2024-2025 Assessment Roll

Name	Type	Taxable Assessed Value
National Grid	Utility	\$ 90,785,741
Stoneledge LLVP, LLC	Apartments	14,600,000
Center for Albany Associates	Apartments	14,349,100
Regency Realty Associates	Apartments	12,391,143
Cottage Street Apartments	Apartments	12,298,800
Troy SRALP	Shopping Center	9,920,000
Country Gardens Acres Ltd	Apartments	7,158,600
Troy Plaza SC, L.P.	Shopping Center	6,887,000
Cedar Park Realty	Apartments	6,350,000
Churchill Property Portfolio Owner LLC	Apartments	6,050,000
EP Troy Realty, LLC	Apartments	5,610,000
Towers on the Hudson, LLC	Apartments	5,425,000

The largest taxpayers listed above have a total assessed valuation of \$191,825,384, which represents 10.57% of the City's tax base for the fiscal year ending December 31, 2025.

The City experiences tax certiorari cases in the process of its normal operations. The City does not believe that the outstanding tax certioraris will have a material impact on the City.

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31, 2023-2025:

Fiscal Year Ending December 31:	<u>2023</u>	<u>2024</u>	<u>2025</u>
Five Year Average Full Valuation.....	\$ 2,040,951,206	\$ 2,203,511,531	\$ 2,378,279,539
Tax Limit - 2% Five Year Average.....	40,819,024	44,070,231	47,565,591
Add: Exclusions from Tax Limit.....	4,495,305	4,771,210	4,890,665
Total Taking Power.....	\$ 45,314,329	\$ 48,841,441	\$ 52,456,256
Less: Total Levy.....	27,948,788	29,025,661	29,421,145
Constitutional Tax Margin.....	<u>\$ 17,365,541</u>	<u>\$ 19,815,780</u>	<u>\$ 23,035,111</u>

Source: City officials.

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Additional Tax Information

Real property located within the City boundaries is assessed by the City Assessor's Office. Veterans, senior citizens' and disability exemptions as well as the STAR Program for school taxes are offered to those who qualify.

The estimated total 2023 annual property tax bill of a \$100,000 market value residential property located in the City is approximately \$4,618 (without benefit of any exemptions or STAR) including City, County, Troy School District and Library taxes.

The estimated total 2024 annual property tax bill of a \$100,000 market value residential property located in the City is approximately \$4,480 (without benefit of any exemptions or STAR) including City, County, Lansingburgh School District and Library taxes.

The City assessment roll is estimated to be constituted as follows: 83% residential; 17% commercial and less than 1% industrial.

Tax Cap Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor ("Chapter 97" or the "Tax Cap Law"). The Tax Cap Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers, the latter four of which are indirectly affected by applicability to their respective city.)

The Tax Cap Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. Pursuant to the Tax Cap Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Cap Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such fiscal year.

The Tax Cap Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Cap Law (June 24, 2011).

Article 8 Section 2 of the State Constitution requires every issuer of general obligation notes and bonds in the State to pledge its faith and credit for the payment of the principal thereof and the interest thereon. This has been interpreted by the Court of Appeals, the State's highest court, in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), as follows:

"A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the city's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit", are used and they are not tautological. That is what the words say and that is what the courts have held them to mean."

Article 8 Section 12 of the State Constitution specifically provides as follows:

"It shall be the duty of the legislature, subject to the provision of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted."

On the relationship of the Article 8 Section 2 requirements to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the *Flushing National Bank* case stated:

“So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted....While phrased in permissive language, these provisions, when read together with the requirement of the pledge of faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the *Flushing National Bank* case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of municipalities.

Therefore, while the Tax Cap Law may constrict an issuer’s power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Cap Law, it is clear that no statute is able (1) to limit an issuer’s pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer’s levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Cap Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

It is likely that the Tax Cap Law will be subject to judicial review to resolve the constitutional issues raised by its adoption. Although Courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, the outcome of any such challenge cannot be predicted.

CITY INDEBTEDNESS

Constitutional Requirements

The State Constitution limits the power of the City (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the City and the Notes include the following:

Purpose and Pledge. Subject to certain enumerated exceptions, the City shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The City may contract indebtedness only for a City purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose or, in the alternative (in the use of level debt service described below), the weighted average period of probable usefulness of the several purposes, for which it is contracted and in no event may this period exceed forty years. No installment may be more than fifty per centum in excess of the smallest prior installment unless the City authorizes and determines to issue debt amortizing on the basis of substantially level or declining annual debt service. The City is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its bonds and bond anticipation notes.

Debt Limit. The City has the power to contract indebtedness for any City purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real estate of the City and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the City to borrow and incur indebtedness by the enactment of the Local Finance Laws, subject to the provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the City Charter, the General City Law and the General Municipal Law.

Pursuant to the Local Finance Law and the City Charter, the City authorizes the issuance of bonds by the adoption of a bond ordinance approved by at least two-thirds of the members of the Common Council, the finance board of the City. Customarily, the Common Council has delegated to the City Comptroller, as chief fiscal officer of the City, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds. Under the Local Finance Law, if a city does not have a Comptroller, the City Treasurer may act as the chief fiscal officer for purposes of executing bonds, notes, and other city obligations, and for other purposes described in the Local Finance Law. Under the City Charter, the Treasurer also serves as the Deputy Comptroller. The City Comptroller position became vacant effective December 30, 2023. Accordingly, the City Treasurer is presently chief fiscal officer of the City for purposes of taking actions prescribed under the Local Finance Law.

The Local Finance Law also provides that where a bond ordinance is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the City is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication, or,
- (3) Such obligations are authorized in violation of the provisions of the State Constitution.

Except on rare occasions the City complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

Each bond ordinance usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (State Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto. The City has authorized bonds for a variety of City objects or purposes.

Statutory law in New York permits bond anticipation notes to be issued or renewed from time to time provided annual principal installments are made in reduction of the total amount of such bond anticipation notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such notes or renewals do not exceed five years beyond the original date of borrowing. See "Payment and Maturity" under "Constitutional Requirements" herein.

In general, the Local Finance Law contains provisions providing the City with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget and capital notes.

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Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending December 31:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bonds	\$ 17,236,733	\$ 16,070,695	\$ 25,104,614	\$ 38,412,432	\$ 41,713,772
M.A.C. Repayment Agreement	10,565,000	4,635,000	0	0	0
Capital Leases	8,752,677	8,394,741	8,179,150	7,551,455	6,901,539
Bond Anticipation Notes	41,424,422	59,502,975	69,502,925	51,956,010	56,135,627
Revenue Anticipation Notes	<u>3,300,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	\$ 81,278,832	\$ 88,603,411	\$ 102,786,689	\$ 97,919,897	\$ 103,883,362

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City as of January 9, 2025:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2024-2045	\$ 41,713,772
Bond Anticipation Notes		
Various Projects	January 31, 2025	5,469,428 ⁽¹⁾
Fire Ambulance & Fire Pumper Truck	January 31, 2025	1,263,553 ⁽¹⁾
Various Projects	July 25, 2025	18,091,812 ⁽²⁾
EFC Short Term Notes		
Water Treatment Plant Project	May 21, 2025	16,731,496
Water Transmission Lines	November 12, 2025	13,711,762
Clean Water Facility Note	March 17, 2027	<u>867,576</u>
Total Indebtedness		\$ 97,849,399

⁽¹⁾ To be redeemed with the proceeds of the Notes and available funds of the City.

⁽²⁾ To be redeemed with the proceeds of a future serial bond and bond anticipation note issue and available funds of the City.

Debt Statement Summary

Statement of Indebtedness as of January 9, 2025:

Average Full Valuation of Taxable Real Property	\$ 2,378,145,827
Debt Limit – 7% thereof	166,470,208

Inclusions:

Bonds.....	\$ 41,713,772	
EFC Short Term Notes.....	31,310,834	
Bond Anticipation Notes.....	<u>24,824,793</u>	
Total Inclusions.....		\$ 97,849,399

Exclusions:

Water Indebtedness ⁽¹⁾	\$ 20,159,072	
Appropriations.....	<u>2,505,200</u>	
Total Exclusions.....		\$ <u>22,664,272</u>

Total Net Indebtedness Subject to Debt Limit.....	\$ <u>75,185,127</u>
Net Debt-Contracting Margin.....	\$ <u>91,285,081</u>
The percent of debt contracting power exhausted is.....	45.16%

⁽¹⁾ Excluded pursuant to Article VIII of the New York State Constitution.

Bonded Debt Service

A schedule of Bonded Debt may be found in “APPENDIX – B” to this Official Statement.

Capital Lease

Lease Purchase Agreement/Installment Purchase Contracts

The City has entered into lease purchase agreements and installment purchase contracts for various improvements to City facilities as well as equipment purchases. As of December 31, 2023 \$7,551,455 is currently outstanding on the above mentioned lease purchase agreements and installment purchase contracts. For additional information see “APPENDIX - E” attached hereto.

Estimate of Obligations to be Issued

Bond and Note Issuances:

Pursuant to various bond resolution adopted by the City Council, the City issues bond anticipation notes and/or serial bonds annually in February and July to finance various projects and improvement needs of the City. The projects, along with the bond and bond anticipation note financings issued by the City in February and July of 2024 are displayed below:

<u>Project</u>	<u>July 2024 BAN Issuance</u>
Streetlight Purchase and Conversion	\$ 410,000
2022 Street Paving	422,812
South Troy Roadway	3,000,000
2023 Street Paving Program	6,259,000
2024 Street Paving Program	7,500,000
Congress/Ferry Street	500,000
	<u>\$ 18,091,812</u>

Cash Flow Borrowing

The City, historically, did not issue tax anticipation notes or revenue anticipation notes. Due to the impact of the COVID-19 pandemic the City issued \$3,300,000 revenue anticipation notes on November 25, 2020, maturing on November 25, 2021. The revenue anticipation notes were issued in anticipation of the receipt of certain revenues expected to be received by the City for the 2020 fiscal year from the State of New York, the United States government, and/or from Rensselaer County as a portion of the distribution of the County sales and compensating use tax (collectively, the “Revenues”).

Statutory Installment Bond

On June 10, 2020, the City issued a Statutory Installment Bond, 2020 in the principal amount of \$850,000 at a 1.73% annual interest rate. Annual installments are payable on the 10th day of June in years 2021 through 2025, both inclusive, in the following amounts:

<u>Year</u>	<u>Amount</u>
2021	\$ 170,000
2022	170,000
2023	170,000
2024	170,000
2025	170,000

New York State Environmental Facilities Corporation (EFC) Debt

This section outlines the City’s bond resolutions pertaining to debt issuances through the New York State Environmental Facilities Corporation.

On February 15, 2015, March 28, 2016 and July 6, 2017 the City Council adopted bond resolutions authorizing the issuance of, in total, \$27,784,993 serial bonds to finance the City’s share of the cost of certain joint capital projects (the “CSO Projects”) being undertaken by the City of Troy, the City of Albany, the City of Cohoes, the Village of Green Island, the City of Rensselaer and the City of Watervliet (the “Albany Pool Communities”) in furtherance of a Combined Sewer Overflow Long-Term Control Plan being implemented by the Albany Pool Communities to mitigate combined sewer overflows tributary to the Hudson River. As of December 31, 2024, the City has \$13,711,762 outstanding principal amount of short-term direct EFC obligations under the CSO Bond Resolutions. The City expects to issue its \$13,522,544 principal amount serial bonds to EFC on February 25, 2025 to refinance this outstanding short-term indebtedness.

On March 17, 2022, the City issued \$6,179,184 Clean Water Facility Note, 2022 through the New York State Environmental Facilities Corporation. The Clean Water Facility Note is issued pursuant to bond resolutions of the City adopted on February 5, 2015, March 28, 2016, July 6, 2017, August 6, 2020 and July 8, 2021 for a project(s) in support of the Albany Pool Combined Sewer Overflow Long Term Control Plan. As of December 31, 2024, the City has \$867,576 outstanding against the short-term market rate financing.

The City has been approved for a \$40 million project to replace the water transmission lines from the Tomhannock Reservoir to the John P. Buckley Water Treatment Plant within the City. Associated with this project is a \$10 million grant that will be used to offset debt issuances through EFC. On May 21, 2020 the City entered into a short term market rate bond anticipation note with EFC in the maximum principal amount of \$29,343,000. As of December 31, 2024, the outstanding principal balance of this short-term market rate financing is 16,731,496. The City expects to issue its \$14,569,691 principal amount serial bonds to EFC on February 25, 2025 to refinance this outstanding short-term indebtedness.

On November 18, 2021 the City Council approved a supplemental bond resolution for \$25,000,000 to finance the cost of the second phase of water transmission lines project. The City has submitted a grant application to EFC to offset potential debt issuance and the bond resolution was a requirement of the grant application. The City is optimistic that a grant will be awarded for the second phase of the project. As of the date of this official statement, no funds have been dispersed.

The City is in the planning process of a \$17.6 million project for improvements to a water facility. It is anticipated that \$15.6 million will be issued through EFC short term and long term financing for the improvements. An additional maximum amount of \$2 million in short term and long term financing may be issued by the City, dependent on cash flow needs and available fund balance, for the purchase of adjacent property to the water treatment facility to enhance security at the water facility.

On September 5, 2024, the City Council adopted a bond resolution authorizing the issuance of not to exceed \$12,823,000 serial bonds of the City to finance the replacement of lead water service lines in the City. The City expects to issue its short-term notes to EFC in 2025 to provide temporary funding for this project. The City has been awarded \$12,823,000 of federal and New York State grants to provide permanent funding for this project.

Estimated Overlapping Indebtedness

In addition to the City, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the City. Estimated bonds and bond anticipation notes are listed as of the close of the respective fiscal year of the municipalities, not adjusted to include subsequent bond issues.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>City Share</u>	<u>Applicable Net Indebtedness</u>
County of:						
Rensselaer	6/28/2024	\$ 56,276,000 ⁽³⁾	\$ 7,732,000 ⁽²⁾	\$ 48,544,000	18.04%	\$ 8,757,338
School District:						
Troy City School	12/20/2024	81,990,000 ⁽³⁾	73,872,990 ⁽⁴⁾	8,117,010	81.14%	6,586,142
Lansingburgh CSD	11/26/2024	33,497,658 ⁽³⁾	3,105,233 ⁽⁴⁾	30,392,425	57.87%	17,588,096
Total:						<u>\$ 32,931,576</u>

(1) Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.

(2) Water debt, sewer debt and budgeted appropriations as applicable to the respective municipality. Water Indebtedness excluded pursuant to Article VIII, Section 5B of the New York State Constitution. Sewer Indebtedness excluded pursuant to Article VIII, Section 5E of the New York State Constitution, as further prescribed under section 124.10 of the Local Finance Law. Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

(3) Gross Indebtedness, Exclusions, and Net Indebtedness sourced from annual financial information & operating data filings and/or official statements of the respective municipality.

(4) Estimated State Building Aid

Source: Comptroller’s Special Report on Municipal Affairs for Local Finance Year Ended in 2020 for the County and 2021 for the Districts listed above.

Debt Ratios

The following table sets forth certain ratios relating to the City's indebtedness as of January 9, 2025.

	<u>Amount of Indebtedness</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Valuation</u> ^(b)
Gross Direct Indebtedness ^(c)	\$ 96,981,823	\$ 1,916.37	3.47%
Net Direct Indebtedness ^(c)	75,185,127	1,485.67	2.69
Gross Direct Plus Net Overlapping Indebtedness ^(d)	129,913,399	2,567.10	4.65
Net Direct Plus Net Overlapping Indebtedness ^(d)	108,116,703	2,136.40	3.87

Note: ^(a) The City's 2023 estimated population is 50,607. (See "THE CITY – General Information" herein.)

^(b) The City's full valuation of taxable real estate for 2024 is \$2,791,433,258. (See "TAX INFORMATION – Taxable Valuations" herein.)

^(c) See "Debt Statement Summary" herein.

^(d) The City's estimated applicable share of net underlying indebtedness is \$32,931,576. (See "Estimated Overlapping Indebtedness" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the City upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of or interest on the Notes.

In accordance with the general rule with respect to municipalities, judgments against the City may not be enforced by levy and execution against property owned by the City.

The Federal Bankruptcy Code allows public bodies recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of the City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any city, county, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the City.

There is in the State Constitution, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness."

This provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

MARKET AND RISK FACTORS

The financial and economic condition of the City as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the City's control. There can be no assurance that adverse events in the State and in other jurisdictions in the Country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the City to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The City is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the City, in any year, the City may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the City. In several recent years, the City has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "STATE AID").

Cybersecurity: The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

In both 2017 and 2019 the City was subjected to ransomware that had an impact to the City's accounting systems. The City's BIS department was able to resolve the issue with technical support from the system's provider which resulted in no financial impact to the City and no compromised data. Subsequent to the 2019 event the City engaged with a consulting firm whom reviewed the City's technology infrastructure and recommended improvements to be made.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the City will enter into a Material Event Notices Certificate with respect to the Notes, the form of which is attached hereto as "APPENDIX – C."

DISCLOSURE COMPLIANCE HISTORY

Except as noted below, the City has in the previous five years complied, in all material respects, with any prior undertakings pursuant to the Rule. Pursuant to a previous continuing disclosure undertaking, the City's annual information and audited financial statements are required to be filed within 120 days of the end of each fiscal year; provided that if audited financial statements are not then available, unaudited financial statements shall be filed on the Electronic Municipal Market Access System ("EMMA") of the Municipal Securities Rulemaking Board and thereafter audited financial statements shall be filed on EMMA when available.

The City failed to file its unaudited financial statements for the fiscal year ending December 31, 2020 within 120 days of the end of the fiscal year as required by the continuing disclosure undertaking for serial bonds issued through the Corporation.

The unaudited financial statements for the fiscal year ending December 31, 2020 are dated as of May 19, 2021 and were filed to EMMA on June 25, 2021. A material event notice was filed to EMMA on April 29, 2021 disclosing the late filing.

The City was one day late in filing the unaudited financial statements for the fiscal year ending December 31, 2023, the unaudited financial statements were due to be filed on June 30, 2024 and were filed on July 1, 2024. A material Event notice was filed on July 12, 2024.

The City was also late in filing the Annual Financial Information and Operating Data (AFIOD) for the fiscal year ending December 31, 2023. The AFIOD was due to be filed on June 30, 2024. A material event, failure to file notice was filed on July 12, 2024, the AFIOD was then filed on November 13, 2024.

STATE AID

The City receives financial assistance from the State. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the City, in this year or future years, the City may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the City may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the City. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the City requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes. These requirements include provisions, which prescribe yield and other limits relative to the investment and expenditures of the proceeds of the Notes and other amounts and require that certain earnings be rebated to the federal government. The City will agree to comply with certain provisions and procedures, pursuant to which such requirements can be satisfied. Non-compliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to the date of issuance thereof, irrespective of the date on which non-compliance is ascertained.

The Code imposes a 30% branch profits tax on the earnings and profits of a United States branch of certain foreign corporations attributable to its income effectively connected (or treated as effectively connected) with a United States trade or business. Included in the earnings and profits of the United States branch of a foreign corporation is income that would be effectively connected with the United States trade or business if such income were taxable, such as the interest on the Notes. Existing United States income tax treaties may modify, reduce, or eliminate the branch profits tax, except in cases of treaty shopping.

The Code further provides that interest on the Notes is included in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement benefits is to be included in taxable income of individuals. In addition, certain S Corporations may have a tax imposed on passive income, including tax-exempt interest, such as interest on the Notes.

Prospective purchasers should consult their tax advisors with respect to the calculations of the alternative minimum tax or foreign branch profits tax liability, and the tax on passive income of S Corporations or the inclusion of Social Security or other retirement payments in taxable income.

In the opinion of Bond Counsel, assuming compliance with certain requirements of the Code, under existing laws, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Notes that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code.

The opinion of Bond Counsel described herein with respect to the federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code. There can be no assurance that the Code will not be amended in the future so as to reduce or eliminate such favorable federal income tax treatment on the Notes. Any such future legislation would have an adverse effect on the market value of the Notes.

In addition, in the opinion of Bond Counsel, under existing laws, interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, including The City of New York.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Bond, Schoeneck & King, PLLC, Bond Counsel, Syracuse, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the City, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to the statutory limitation imposed by the Tax Cap Law, (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City of New York; and (iii) interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Notes that is included in the adjusted financial statement of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. The opinions of Bond Counsel set forth in (iii) above are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes. It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be also subject to exercise of judicial discretion in appropriate cases. See "TAX INFORMATION- Tax Cap Law" herein.

Bond Counsel has not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement (except to the extent, if any, stated in the Official Statement) or any other offering material relating to the Notes, and Bond Counsel expresses no opinion relating thereto (excepting only matters set forth as Bond Counsel's opinion in the Official Statement).

LITIGATION

Like most municipalities, the City is subject to lawsuits in the ordinary conduct of its affairs. Many claims are without merit. However, the City recognizes that some of these suits could potentially have an adverse effect on the financial condition of the City.

Prior to January 1, 2022, the City was self-insured for the first \$500,000 of any occurrence, including defense costs, and carried excess general liability insurance coverage of \$5.0 million per occurrence above the self-insured retention (\$10.0 million aggregate). In the 2022 fiscal year, the City was self-insured for the first \$1.0 million of any occurrence, including defense costs, and carried excess general liability insurance coverage of \$5.0 million per occurrence above the self-insured retention (\$5.0 million aggregate). In 2023, the City became self-insured for the first \$750,000 of any occurrence, including defense costs, and carried excess general liability insurance coverage of \$5.0 million per occurrence above the self-insured limit (\$5.0 million aggregate). In 2024, the City remained self-insured for the first \$750,000 of any occurrence, including defense costs, and carried excess general liability insurance coverage of \$3.0 million per occurrence above the self-insured limit (\$3.0 million aggregate).

There are currently four claims where the alleged damages exceed the City's self-insured retention. But the City is litigating each of these claims and has meritorious defenses that may result in dismissals. Two of these claims were filed prior to January 1, 2022, thus carrying a self-insured limit of \$500,000. Two recent cases are subject to the \$750,000 retention. In each instance, a settlement could be reached for less than \$500,000.

There is no action, suit, proceeding, or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the City, threatened against or affecting the City, to restrain or enjoin the issuance, sale, or delivery of the Bonds or Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or Notes or any proceedings or authority of the City taken with respect to the authorization, issuance, or sale of the Notes, or contesting the corporate existence or boundaries of the City.

RATING

The Notes are not rated. Subject to the approval of the City, the purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the City, as such rating action will result in a material event notification to be posted to EMMA which is required by the City.

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC assigned their rating of "A+" with a stable outlook to the Bonds. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Any desired explanation of the significance of such ratings should be obtained from Standard & Poor's Credit Market Services, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 553-0038, Fax: (212) 553-1390.

Moody's Investors Service assigned its rating of "A1" to the City's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-1653.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the Notes.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the City on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the City and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the City or the information set forth in this Official Statement or any other information available to the City with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the City to Fiscal Advisors are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds and Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the City provided, however; the City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the City management's beliefs as well as assumptions made by, and information currently available to, the City's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the City's files with the repositories. When used in City documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Any statements made in this Official Statement and indicated to involve matters of opinion or estimates are represented to be opinions or estimates in good faith. No assurance can be given, however, that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

The Municipal Advisor may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on its website is included by specific reference or constitutes a part of this Official Statement. The Municipal Advisor has prepared its website information for your convenience, but you should not make any decision in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and the Financial Advisor assumes no liability or responsibility for errors or omissions on its website. Further, the Financial Advisor disclaims any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on its website. The Financial Advisor also assumes no liability or responsibility for any errors or omissions or for any updates to dated website information.

The City will act as Paying Agent for the Notes.

The City contact information is as follows: Ms. Gabrielle Mahoney, City Treasurer, City Hall, 433 River Street, Troy, New York 12180, Phone: (518) 279-7103, Fax: (518) 268-1682, Email: Gabrielle.Mahoney@troyny.gov.

This Official Statement has been duly executed and delivered by the City Treasurer of the City of Troy.

CITY OF TROY

Dated: January 9, 2025

GABRIELLE MAHONEY
City Treasurer

GENERAL FUND

Balance Sheets

Fiscal Years Ending	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 12,075,965	\$ 14,452,044	\$ 14,021,801	\$ 21,895,991	\$ 60,500,683
Cash with Fiscal Agent	12,157,967	10,793,314	10,847,419	5,966,110	461,069
Taxes Receivable, Net	5,166,309	5,258,056	3,356,888	2,130,595	1,553,079
Other Receivables	3,202,939	2,838,660	1,518,436	1,450,344	1,312,165
Due from Other Funds	1,258,931	2,642,527	2,078,360	653,672	1,217,392
Leases Receivable	-	-	-	-	163,264
Due From Other Governments	7,063,816	5,405,174	7,694,535	3,335,964	3,599,386
Prepaid and Other Assets	270,391	71,745	308,273	378,007	1,392,034
Restricted Cash	-	1,140,118	1,140,118	1,140,118	5,000,028
TOTAL ASSETS	\$ 41,196,318	\$ 42,601,638	\$ 40,965,830	\$ 36,950,801	\$ 75,199,100
<u>DEFERRED OUTFLOWS</u>	\$ -	\$ -	\$ -	\$ 19,806,679	\$ -
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 41,196,318	\$ 42,601,638	\$ 40,965,830	\$ 56,757,480	\$ 75,199,100
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 2,286,300	\$ 3,161,587	\$ 2,210,113	\$ 3,304,726	\$ 2,830,089
Accrued Liabilities	7,081,772	7,263,552	7,966,490	8,872,398	8,338,445
Notes and Loans payable	-	-	3,300,000	-	-
Compensated Absences	201,968	180,176	107,444	47,448	37,070
Due to Other Funds	335,618	1,836,543	878,991	848,521	3,482,669
Due to Other Governments	7,437,360	7,224,740	1,853,010	1,308,399	1,389,708
Unearned Revenue - American Rescue Plan	-	-	-	21,213,737	37,270,450
Unearned Revenue	2,269,776	1,604,122	92,116	47,271	19,044
Other Liabilities	662,319	215,550	951,268	1,048,388	1,123,102
TOTAL LIABILITIES	20,275,113	21,486,270	17,359,432	36,690,888	54,490,577
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Inflows	\$ -	\$ -	\$ 5,532,321	\$ 1,848,245	\$ -
Deferred Inflows - property taxes	2,457,517	2,532,957	-	-	1,226,120
Deferred Inflows - deferred revenue	-	-	-	-	500,170
Deferred Inflows - leases	-	-	-	-	154,053
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 2,457,517	\$ 2,532,957	\$ 5,532,321	\$ 1,848,245	\$ 1,880,343
<u>FUND EQUITY</u>					
Nonspendable	\$ 270,391	\$ 71,745	\$ 308,273	\$ 378,007	\$ 1,392,034
Restricted	15,821,917	15,375,807	15,200,438	11,918,957	5,194,370
Assigned	356,687	117,736	1,868,240	1,861,908	2,118,737
Unassigned	2,014,693	3,017,123	697,126	4,059,475	10,123,039
TOTAL FUND EQUITY	18,463,688	18,582,411	18,074,077	18,218,347	18,828,180
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY	\$ 41,196,318	\$ 42,601,638	\$ 40,965,830	\$ 56,757,480	\$ 75,199,100

Source: Audited financial reports of the City.
This Appendix itself is not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
REVENUES					
Real Property Taxes and Tax Items	\$ 25,985,375	\$ 26,874,561	\$ 26,938,398	\$ 26,887,561	\$ 28,750,383
Non-Property Tax Items	17,360,384	17,864,946	18,407,667	18,390,090	19,551,906
Intergovernmental Charges	105,291	150,808	218,918	299,281	375,847
Departmental Income	5,486,830	7,283,485	4,945,866	4,062,143	5,685,974
Use of Money & Property	244,950	249,915	351,178	88,148	41,744
Licenses and Permits	814,086	1,031,283	914,504	632,126	688,972
Fines and Forfeitures	1,333,438	1,755,785	1,682,454	629,618	712,457
Sale of Property and Compensation for Loss	105,071	135,819	266,038	226,817	393,866
Miscellaneous	1,525,316	1,499,778	2,080,308	1,530,419	2,024,243
Interfund	1,602,133	1,608,195	1,671,221	2,669,624	2,774,856
Revenues from State Sources	14,352,843	14,749,018	12,400,425	11,869,168	16,030,978
Revenues from Federal Sources	1,250,310	905,291	408,949	196,761	879,917
Total Revenues	<u>\$70,166,027</u>	<u>\$74,108,884</u>	<u>\$70,285,926</u>	<u>\$67,481,756</u>	<u>\$77,911,143</u>
EXPENDITURES					
General Government Support	\$ 7,918,772	\$ 8,729,491	\$ 8,375,384	\$ 8,812,731	\$ 10,186,591
Public Safety	35,513,826	37,024,110	38,058,467	39,588,467	43,734,037
Health	3,908,319	4,141,562	4,671,024	193,227	222,258
Transportation	180,954	186,731	190,622	3,582,107	4,206,215
Culture and Recreation	1,847,883	2,135,749	1,991,716	2,052,761	2,336,706
Home and Community Services	3,975,919	4,279,099	1,098,624	1,060,784	1,061,828
Employee Benefits	6,454,869	7,005,062	6,507,695	6,254,734	7,873,726
Debt Service	7,316,564	7,670,538	9,243,509	8,760,887	8,969,539
Total Expenditures	<u>\$ 67,117,106</u>	<u>\$ 71,172,342</u>	<u>\$ 70,137,041</u>	<u>\$ 70,305,698</u>	<u>\$ 78,590,900</u>
Excess of Revenues Over (Under) Expenditures	<u>\$3,048,921</u>	<u>\$2,936,542</u>	<u>\$148,885</u>	<u>(\$2,823,942)</u>	<u>(\$679,757)</u>
Other Financing Sources (Uses):					
Bond Proceeds	-	-	-	850,000	-
Operating Transfers In	881,742	424,303	2,141,087	2,759,546	2,089,641
Operating Transfers Out	(3,090,455)	(2,030,924)	(2,171,249)	(1,293,938)	(1,265,614)
Total Other Financing	<u>(2,208,713)</u>	<u>(1,606,621)</u>	<u>(30,162)</u>	<u>2,315,608</u>	<u>824,027</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$840,208</u>	<u>\$1,329,921</u>	<u>\$118,723</u>	<u>(\$508,334)</u>	<u>\$144,270</u>
FUND BALANCE					
Fund Balance - Beginning of Year	16,293,559	17,133,767	18,463,688	18,582,411	18,074,077
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 17,133,767</u>	<u>\$ 18,463,688</u>	<u>\$ 18,582,411</u>	<u>\$ 18,074,077</u>	<u>\$ 18,218,347</u>

Source: Audited financial statements of the City. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending	2022			2023	2024
	Original Budget	Final Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes & Tax Items	\$ 28,571,721	\$ 28,571,721	\$ 29,991,996	\$ 29,503,898	\$ 30,562,102
Non-Property Tax Items	18,300,000	19,100,000	20,627,050	19,625,000	21,450,000
Departmental Income	5,571,817	5,621,817	6,128,202	5,995,367	6,292,723
Use of Money and Property	95,500	95,500	202,121	90,000	355,000
Intergovernmental Charges	310,000	310,000	103,063	267,500	830,000
Licenses and Permits	1,530,000	1,530,000	1,011,205	1,362,000	1,676,000
Fines and Forfeitures	1,651,000	1,651,000	1,048,671	1,430,000	1,165,000
Sale of Property and Compensation for Loss	30,000	83,513	3,901	50,000	40,000
Interfund Revenues	2,987,120	2,987,120	2,885,241	3,024,353	3,000,832
Miscellaneous	1,628,819	1,701,119	2,002,746	1,905,462	2,021,078
Revenues from State Sources	13,103,169	13,320,535	13,967,486	13,069,463	13,179,463
Revenues from Federal Sources	26,800	36,563,700	5,609,759	2,000,000	15,000
Total Revenues	\$ 73,805,946	\$ 111,536,025	\$ 83,581,441	\$ 78,323,043	\$ 80,587,198
EXPENDITURES					
General Government Support	\$ 10,562,770	\$ 10,926,558	\$ 10,177,238	\$ 11,259,806	\$ 11,632,146
Public Safety	45,311,623	45,436,354	44,865,870	46,446,515	48,656,682
Transportation	3,675,024	3,664,579	3,706,846	3,561,890	3,371,190
Health	207,701	216,058	209,818	209,152	216,922
Culture and Recreation	2,803,945	2,903,284	2,570,008	2,909,676	3,036,095
Home and Community Services	1,246,234	1,247,234	1,154,170	1,265,071	1,330,854
Employee Benefits	7,091,564	7,252,564	7,272,226	7,351,058	8,034,857
Debt Service	6,206,165	-	489,106	6,103,061	5,783,452
Total Expenditures	\$ 77,105,026	\$ 71,646,631	\$ 70,445,282	\$ 79,106,229	\$ 82,062,198
Excess of Revenues Over (Under) Expenditures	(3,299,080)	39,889,394	13,136,159	(783,186)	(1,475,000)
Other Financing Sources (Uses):					
Bond and Note Proceeds	-	-	-	-	-
Operating Transfers In	3,984,039	2,179,476	1,354,967	1,475,000	1,475,000
Operating Transfers Out	(1,641,474)	(44,413,242)	(13,881,293)	(691,814)	-
Total Other Financing	2,342,565	(42,233,766)	(12,526,326)	783,186	1,475,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(956,515)	(2,344,372)	609,833	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	956,515	2,344,372	18,218,347	-	-
Prior Period Adjustment	-	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ 18,828,180	\$ -	\$ -

Source: 2022 Audited financial statement and 2023 & 2024 budgets (unaudited) of the City.
This Appendix itself is not audited.

City of Troy
APPENDIX - B

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	Principal	Interest	Total
2025	\$ 2,645,200	1,367,830.75	4,013,030.75
2026	2,656,780	1,173,588.36	3,830,368.36
2027	2,748,162	1,091,576.22	3,839,738.22
2028	2,830,070	1,006,135.12	3,836,205.12
2029	2,786,790	917,671.55	3,704,461.55
2030	2,868,540	830,414.59	3,698,954.59
2031	2,955,340	739,568.67	3,694,908.67
2032	3,047,190	646,876.08	3,694,066.08
2033	3,144,090	550,318.71	3,694,408.71
2034	3,241,040	450,430.23	3,691,470.23
2035	2,810,030	348,019.61	3,158,049.61
2036	2,900,030	253,303.01	3,153,333.01
2037	1,565,030	155,197.90	1,720,227.90
2038	1,605,030	112,189.80	1,717,219.80
2039	875,030	76,327.48	951,357.48
2040	375,030	58,342.55	433,372.55
2041	380,030	50,044.60	430,074.60
2042	395,030	41,390.40	436,420.40
2043	400,030	32,183.65	432,213.65
2044	410,030	22,667.53	432,697.53
2045	420,030	12,770.73	432,800.73
2046	115,030	6,671.00	121,701.00
2047	120,030	4,574.40	124,604.40
2048	120,030	2,287.20	122,317.20
2049	60,030	-	60,030.00
2050	60,030	-	60,030.00
2051	60,030	-	60,030.00
2052	60,030	-	60,030.00
2053	60,030	-	60,030.00
TOTALS	\$ 41,713,772	\$ 9,950,380.12	\$ 51,664,152.12

MATERIAL EVENT NOTICES

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, the City has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Notes
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the City
- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Notes.

With respect to event (d) the City does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

With respect to event (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The City may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the City determines that any such other event is material with respect to the Note; but the City does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The City reserves the right to terminate its obligations to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, and notices of events, as set forth above, if and when the City no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The City acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the City's obligations under its continuing disclosure undertaking and any failure by the City to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City; provided that the City agrees that any such modification will be done in a manner consistent with the Rule, with the approving opinion of nationally recognized bond counsel.

An "Undertaking to Provide Notice of Material Events" to this effect shall be provided to the purchaser(s) at closing.

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**CITY OF TROY
RENSSELAER COUNTY, NEW YORK**

AUDITED FINANCIAL REPORT

For the Year Ended December 31, 2022

Such Financial Statement and opinion were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

CITY OF TROY, NEW YORK

**Basic Financial Statements
as of
December 31, 2022
Together with
Independent Auditor's Reports**

Bonadio & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

July 27, 2023

To the City Council of the
City of Troy, New York:

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Troy, New York (City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

We did not audit the financial statements of the Troy Industrial Development Authority, Troy Local Development Corporation, and Troy Capital Resource Corporation, which represent 79%, 83%, and 43%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of December 31, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the report of the other auditors.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Capital Projects Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Aggregate Discretely Presented Component Units	Unmodified

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse and Unmodified Opinions* section of our report, the financial statements referred to above do not present fairly the financial position of the governmental activities of the City as of December 31, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Unmodified Opinions on Each Major Fund, Aggregate Remaining Fund Information, and Aggregate Discretely Presented Component Units

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of the City as of December 31, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and adverse audit opinions.

Matter Giving Rise to Adverse Opinion on Governmental Activities

As discussed in Note 1 to the financial statements, the City records and tracks capital assets at cost or estimated historical cost with no allowance for depreciation. Accounting principles generally accepted in the United States of America require that capital assets be recorded at cost and depreciated over their estimated useful lives which would decrease the assets and net position while increasing expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities has not been determined.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 16 to the financial statements, during the year ended December 31, 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87-*Leases*. Our opinions are not modified in respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, and schedules of contributions – pension plans and proportionate share of the net pension liability (asset) 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.

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Required Supplementary Information (Continued)

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report July 27, 2023, on our consideration of the City of Troy, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Troy, New York's internal control over financial reporting and compliance.

CITY OF TROY, NEW YORK

MANAGEMENTS DISCUSSION AND ANALYSIS DECEMBER 31, 2022

The Management's Discussion and Analysis (MD&A) of the City of Troy, New York (City) provides a financial performance overview of the City's activities for the year ended December 31, 2022. This document should be read in conjunction with the City's financial statements which immediately follow.

The City has a land area of approximately 11.5 square miles and a population of approximately 50,000 and is located in the Capital Region of New York State.

Financial Highlights

- The City's governmental net position increased approximately \$41.5 million as a result of this year's governmental activity, which is illustrated in the Statement of Activities.
- The City's \$79.7 million in governmental expenses were funded by charges for services, grants, and general revenue as illustrated in the Statement of Activities.
- The general fund ended the year with a surplus of approximately \$610,000, Total general fund balance end of year was approximately \$18.8 million.

Using This Report

This annual report consists of financial statements and accompanying notes. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements begin thereafter. For governmental funds, these statements tell how these services were financed in the short-term, as well as what remains for future spending from a major and nonmajor perspective. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government and for the City's component units.

Reporting the City as a Whole

Our analysis of the City as a whole begins with the Statement of Net Position. One of the most important questions asked about the City's finances is, *Is the City, as a whole, better off or worse off as a result of the year's activities?* The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a manner that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position - the difference between assets and liabilities - as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

Reporting the City as a Whole (Continued)

In the Statement of Net Position and the Statement of Activities, we report on the City's basic services, including police, fire, DPW, DPU, recreation, and economic development. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.

The financial statements also include the discretely presented component units of the City, Troy Industrial Development Authority, Troy Local Development Corporation, Troy Capital Resource Corporation, and Troy Community Land Bank Corporation. The separately issued financial statements of the component units can be obtained from each respective component unit.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds provides detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law or by bond covenants. Additionally, the City Common Council may establish other funds to help it control and manage resources for particular purposes. The City has two types of funds, Governmental and Proprietary.

- Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for expenditure. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash, as well as liabilities that will be paid using these resources. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be expended in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations to the fund financial statements.
- Fiduciary funds - Used to account for assets held by the City as an agent for individuals, private organizations, other governmental units, and/or other funds.

The City as a Whole

The City's combined net position was \$154.5 million as of December 31, 2022. Net position may serve over time as one useful indicator of a government's financial condition. A significant portion of the City's net position is invested in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently, these assets are not available or future spending.

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental activities.

The City as a Whole (Continued)

Table 1
Net Position (In Thousands)

	2022	2021	% Change
Current Assets	\$ 130,287	\$ 128,161	1.7%
Noncurrent Assets, Net	<u>393,497</u>	<u>340,862</u>	15.4%
Total Assets	<u>523,784</u>	<u>469,023</u>	11.7%
Deferred Outflows of Resources	62,086	84,610	-26.6%
Current Liabilities	129,379	133,716	-3.2%
Non-current Liabilities	<u>182,074</u>	<u>208,759</u>	-12.8%
Total Liabilities	<u>311,453</u>	<u>342,475</u>	-9.1%
Deferred Inflows of Resources	<u>119,951</u>	<u>98,246</u>	22.1%
Net Position			
Net investment in capital assets	303,980	295,360	2.9%
Restricted	-	23,568	-100.0%
Unrestricted	<u>(170,081)</u>	<u>(206,016)</u>	-17.4%
Total Net Position	<u>\$ 133,899</u>	<u>\$ 112,912</u>	18.6%

The Current Assets of City are comprised primarily of Cash (totaling \$88.6 million) and Due From Other Governments (totaling \$22.8 million). The funds due to the City as of December 31, 2022 are fourth quarter sales tax revenues collected in March 2023 and the reimbursement of grant funding for various capital projects. Noncurrent Assets are materially the undepreciated value of capital assets citywide (totaling \$388.7 million).

Current Liabilities include the outstanding balance of bond anticipation notes (\$69.5 million) and the unspent American Rescue Plan funds (\$37.2 million).

Changes within the actuarial valuation of the City's OPEB plan resulted in the change within the Long-term Liabilities and Deferred Inflows Of Resources.

The City as a Whole (Continued)

**Table 2
Changes in Net Position (In Thousands)**

	2022	2021	% Change
Program Revenue:			
Charges for services	\$ 30,736	\$ 29,297	4.9%
Operating grants	12,005	5,878	104.2%
Capital Grants	12,772	9,906	28.9%
General Revenue:			
Real property taxes	28,783	25,057	14.9%
Nonproperty tax items	20,627	19,552	5.5%
General State Aid	12,349	14,735	-16.2%
Sale of property and compensation for loss	298	410	-27.3%
Use of money and property	697	632	10.4%
Miscellaneous	2,953	3,110	-5.0%
Total Revenues	<u>121,221</u>	<u>108,576</u>	11.6%
Expenses:			
General government support	11,253	10,031	12.2%
Public safety	38,782	40,916	-5.2%
Health	170	212	-19.7%
Transportation	3,247	4,103	-20.9%
Culture and recreation	2,325	2,249	3.4%
Home and community services	22,260	22,552	-1.3%
Debt service interest	1,630	1,873	-13.0%
Total Expenses	<u>79,667</u>	<u>81,936</u>	-2.8%
Change in Net Position	<u>\$ 41,553</u>	<u>\$ 26,640</u>	56.0%

Net position of the City increased from increased revenue in charges for services, operating grants, and capital grants.

Grants fluctuate year to year depending upon receipt of funding. The 2022 fiscal year was the first year where American Rescue Plan monies were expended, causing an increase in both operating and capital grants.

The significant increase in property tax revenues collections were derived from an increased collection percentage of current year taxes and increased collection of prior year taxes. In 2022, 97.26% of the real property tax levy were collected, the highest percentage in comparison to the prior ten (10) fiscal years.

Nonproperty tax items increased 5.5% driven by an increase in sales tax receipts within Rensselaer County.

The City as a Whole (Continued)

Table 3 presents the cost of each of the City's governmental functions, as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

**Table 3
Governmental Activities (In Thousands)**

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
General Government Support	\$ 11,253	\$ 1,935	\$ 10,031	\$ (5,277)
Public safety	38,782	(32,584)	40,916	(34,762)
Health	170	(94)	212	(136)
Transportation	3,247	7,574	4,103	2,280
Culture and Recreation	2,325	(1,114)	2,249	(1,292)
Home and Community Services	22,260	1,759	22,552	4,205
Interest	1,630	(1,630)	1,873	(1,873)
	<u>\$ 79,667</u>	<u>\$ (24,155)</u>	<u>\$ 81,936</u>	<u>\$ (36,856)</u>

Consistent with prior fiscal years, the largest burden placed on the residents relates to public safety; however, the net cost decreased 6.3% from the prior fiscal year.

The City's Funds

As the City completed the year, its governmental funds (as presented in the balance sheet) reported a combined fund deficit of approximately \$1.4 million which was a decrease of approximately \$17.4 million. This decrease was the result of increased expenditures in the capital projects fund.

An overview of the governmental funds results for 2022 and 2021 are as follows. This includes more detailed information about sources and uses of funds.

**Table 4
Funds (In Thousands)**

	2022	2021	\$ Change	% Change
<u>General Fund</u>				
Total assets	<u>\$ 75,199</u>	<u>\$ 36,951</u>	<u>\$ 38,248</u>	104%
Total deferred outflows	<u>\$ -</u>	<u>\$ 19,807</u>	<u>\$ (19,807)</u>	-100%
Total liabilities	<u>\$ 54,491</u>	<u>\$ 36,691</u>	<u>\$ 17,800</u>	49%
Total deferred inflows	<u>\$ 1,880</u>	<u>\$ 1,848</u>	<u>\$ 32</u>	2%
Total fund balance	<u>\$ 18,828</u>	<u>\$ 18,218</u>	<u>\$ 610</u>	3%
Surplus/(deficit)	<u>\$ 610</u>	<u>\$ 144</u>	<u>\$ 466</u>	323%

The City's Funds (Continued)

**Table 4 (Continued)
Funds (In Thousands)**

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Capital Projects Fund</u>				
Total assets	\$ 42,018	\$ 65,585	\$ (23,568)	-36%
Total liabilities	\$ 74,973	\$ 78,829	\$ (3,855)	-5%
Total deferred inflows	\$ 2,767	\$ 698	\$ 2,068	296%
Total fund balance	\$ (35,722)	\$ (13,942)	\$ (21,781)	156%
Surplus/(deficit)	\$ (21,781)	\$ (13,753)	\$ (8,027)	58%
<u>Nonmajor Funds</u>				
Total assets	\$ 22,891	\$ 18,989	\$ 3,902	21%
Total liabilities	\$ 6,498	\$ 7,242	\$ (745)	-10%
Total deferred inflows	\$ 879	\$ -	\$ 879	NA
Total fund balance	\$ 15,514	\$ 11,747	\$ 3,767	32%
Surplus/(deficit)	\$ 3,767	\$ (115)	\$ 3,882	3375%

The change in General Fund Total assets and Total deferred outflows was caused by a change in the balance sheet accounting of American Rescue Plan related funding.

The negative Total fund balance in the Capital Projects Fund is caused by projects financed via bond anticipation notes that have yet to be redeemed or converted to long-term debt.

As a result of a surplus in the Water Fund and Debt Service Fund, the total fund balance of Nonmajor Funds increased from the 2021 fiscal year.

General Fund Budgetary Highlights

Table 5 presents a summary of the general fund budget for 2022.

**Table 5
General Fund Budgetary Highlights (In Thousands)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
Revenue	\$ 111,536	\$ 83,581	\$ (27,955)	Variance pertains to recognition of ARPA funding
Expenditures	(71,647)	(70,445)	1,201	
Transfers in	2,179	1,355	(825)	
Transfers (out)	(44,413)	(13,881)	30,532	Variance pertains to recognition of ARPA funding
Total	\$ (2,344)	\$ 610	\$ 2,954	

Capital Assets

As of December 31, 2022, the City had \$388.8 million invested in a broad range of capital assets, including buildings, roads, and bridges. The City does not depreciate capital assets, which is a departure from Generally Accepted Accounting Principles and is the exclusive reason for the Adverse Opinion for Governmental Activities within the Independent Auditor's Report.

Table 6
Capital Assets (In Thousands)

	December 31, 2022	December 31, 2021
Land	\$ 3,246	\$ 2,251
Buildings and land improvements	69,831	67,537
Machinery and equipment	40,906	38,896
Infrastructure	269,199	228,853
Construction in progress	3,716	3,325
Lease assets, net of accumulated amortization	1,864	-
Total	<u>\$ 388,762</u>	<u>\$ 340,862</u>

Debt

The City's long-term debt activity is as follows:

Table 7
Debt (In Thousands)

	December 31, 2022	December 31, 2021
Bonds and notes payable	\$ 33,356	\$ 27,411
NYS Employee Retirement System loans payable	1,332	2,781
Compensated absences	7,073	6,958
Lease liability	1,885	-
Net pension liability - ERS	-	47
Net pension liability - PFRS	3,544	9,820
Workers' compensation	1,718	1,572
Total other postretirement benefits	135,677	164,488
Total	<u>\$ 184,584</u>	<u>\$ 213,077</u>

Due to the change in discount rates, the City's actuarial valuation for OPEB and net pension liability both significantly decreased from the prior fiscal year.

The increase in debt issued in 2022 was attributable to bond anticipation notes. A material portion of the \$5.9 million increase was for cash-flow purposes as the City will receive reimbursement and redeem the outstanding notes.

City Credit Rating

Moody's Investor Services' latest credit rating for the City, issued in January 2022, is A1 (with no outlook).

Economic Factors and Next Year's Budget

The City weighs a multitude of factors when preparing budget estimates and setting fees for services, many of which deal with the costs of service and the economy.

The Administration's top economic development priority is the development of One Monument Square. The City is working with a private developer to redevelop the parcel in a public private partnership to create a long-lasting impact on the downtown economy. The project includes commercial and residential development with the reconstruction of Riverfront Park. The project was awarded \$19.0 million as part of the 2023-24 New York State budget.

The City established the TroyNow initiative as a response to receiving \$42.8 million from the American Rescue Plan Act of 2021. The purpose of creating TroyNow was an avenue to engage with the community and develop funding sources that would create a long lasting and sustainable impact on Troy's quality of life and economy. To date, investments have been made for projects including but not limited to:

1. Funding for city businesses for capital improvements
2. Neighborhood revitalization
3. Park improvements
4. Affordable housing in multiple neighborhoods
5. Public art
6. Lead service line replacement
7. Demolition of derelict properties

The 2023 budget was the seventh consecutive year in which it was balanced with recurring revenues equaling recurring expenditures. The tax levy increase adopted was under the New York State Property Tax Cap and no fund balance was appropriated. operating expenditure increases, caused by inflation, rising health insurance and pension costs, and other commonly seen factors in local government, were evaluated based on need and offset by revenue estimate increases particularly in sales tax. Sales tax growth within Rensselaer County has increased quarterly in the last several years.

The prudent budgeting and financial philosophies employed in the last seven years has resulted in multiple fiscal years with a surplus in the General Fund. As a result, the total fund balance of the General Fund has increased 32.08% and the unassigned fund balance has increased 789.37% since fiscal year ending December 31, 2015.

In January 2022, the final principal and interest was made for the outstanding Troy Municipal Assistance Corporation ("MAC") debt, and in June 2023, the Troy MAC was terminated, and the Troy Supervisory Board was dissolved. This debt, after 25 years of payments, allows the City to invest in infrastructure needs that have been set aside for years. Further, the dissolution of the Troy Supervisory Board results in operational changes within the Comptroller's Office and ends the oversight the City has been faced with for over two decades.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the:

Troy City Hall
Office of the Comptroller
433 River Street
Troy, New York
(518) 279-7103

CITY OF TROY, NEW YORK

STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Component Units
ASSETS:		
CURRENT ASSETS:		
Cash	\$ 88,616,480	\$ 1,849,285
Restricted cash	10,107,126	-
Restricted cash with fiscal agent	495,209	-
Taxes receivable, net of allowance for doubtful accounts	1,553,079	-
Accounts receivable	4,388,538	17,180
Accrued interest receivable - leases	6,345	-
Grants receivable	-	41,614
Due from other governments	22,879,111	215,000
Prepaid expenses	1,991,740	14,327
Leases receivable, current portion	249,356	252,111
Loans receivable, current portion	-	12,331
	<u>130,286,984</u>	<u>2,401,848</u>
Total current assets		
NONCURRENT ASSETS:		
Capital assets, net	388,762,207	530,125
Net pension asset - ERS	4,005,520	-
Real property held for resale or development	-	2,876,761
Leases receivable, net	729,247	822,023
Loan receivable, net	-	17,752
Other noncurrent assets	-	614
	<u>393,496,974</u>	<u>4,247,275</u>
Total noncurrent assets		
Total assets	<u>523,783,958</u>	<u>6,649,123</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources - ERS	8,756,608	-
Deferred outflows of resources - PFRS	29,648,203	-
Deferred outflows of resources - OPEB	23,680,782	-
	<u>62,085,593</u>	<u>-</u>
Total deferred outflows of resources		
Total assets and deferred outflows of resources	<u>585,869,551</u>	<u>6,649,123</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	\$ 6,930,818	\$ 98,096
Accrued expenses	11,038,814	-
Due to other governments	1,399,264	231,664
Unearned revenue - American Rescue Plan	37,270,450	-
Unearned revenue	726,512	495,401
Construction loan	-	120,000
Bond anticipation notes payable	69,502,925	-
Leases payable, current portion	448,312	-
Bonds and loans payable, current portion	2,062,329	167,000
	<u>129,379,424</u>	<u>1,112,161</u>
Total current liabilities		
LONG-TERM LIABILITIES:		
Bonds and loans payable, net of current portion	31,293,235	495,000
Leases payable, net of current portion	1,436,254	-
NYS Employee Retirement System loans payable	1,331,937	-
Compensated absences	7,073,393	-
Net pension liability - PFRS	3,543,934	-
Workers' compensation	1,718,230	-
Total other post employment benefits	135,676,576	-
	<u>182,073,559</u>	<u>495,000</u>
Total long-term liabilities		
Total liabilities	<u>311,452,983</u>	<u>1,607,161</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources - ERS	13,933,421	-
Deferred inflows of resources - PFRS	30,779,030	-
Deferred inflows of resources - OPEB	71,438,556	-
Deferred inflows of resources - deferred revenue	2,833,167	-
Deferred inflows of resources - leases	966,783	1,008,229
	<u>119,950,957</u>	<u>1,008,229</u>
Total deferred inflows of resources		
Total liabilities and deferred inflows or resources	<u>431,403,940</u>	<u>2,615,390</u>
NET POSITION:		
Net investment in capital assets	303,979,690	530,125
Restricted	20,566,469	-
Unrestricted	(170,080,548)	3,503,608
	<u>\$ 154,465,611</u>	<u>\$ 4,033,733</u>
TOTAL NET POSITION		

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Revenue				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Component Units
PRIMARY GOVERNMENT:						
Governmental activities:						
General governmental support	\$ 11,252,954	\$ 3,855,033	\$ 8,493,324	\$ 839,243	\$ 1,934,646	\$ -
Public safety	38,781,678	5,234,657	962,756	-	(32,584,265)	-
Health	170,150	76,038	-	-	(94,112)	-
Transportation	3,246,660	1,095,894	-	9,724,524	7,573,758	-
Culture and recreation	2,325,101	1,211,180	-	-	(1,113,921)	-
Home and community services	22,260,385	19,262,722	2,549,170	2,207,877	1,759,384	-
Interest on debt	1,630,298	-	-	-	(1,630,298)	-
Total governmental activities	<u>\$ 79,667,226</u>	<u>\$ 30,735,524</u>	<u>\$ 12,005,250</u>	<u>\$ 12,771,644</u>	<u>\$ (24,154,808)</u>	<u>-</u>
COMPONENT UNITS:						
Troy Industrial Development Authority	\$ 251,794	\$ -	\$ -	\$ -	-	(251,794)
Troy Local Development Corporation	138,341	-	-	-	-	(138,341)
Troy Capital Resource Corporation	82,333	-	-	-	-	(82,333)
Troy Community Land Bank Corporation	958,597	-	850,921	-	-	(107,676)
Total component units	<u>\$ 1,431,065</u>	<u>\$ -</u>	<u>\$ 850,921</u>	<u>\$ -</u>	<u>-</u>	<u>(580,144)</u>
GENERAL REVENUE:						
Real property taxes and tax items					28,783,209	-
Nonproperty tax items					20,627,050	-
General state aid					12,349,463	-
Gain of sale of asset					-	285,301
Donation of property for sale					-	60,930
Sale of property and compensation for loss					298,095	543,300
Use of money and property					697,049	282,426
Miscellaneous					2,953,380	508,854
Total general revenue					<u>65,708,246</u>	<u>1,680,811</u>
Change in net position					41,553,438	1,100,667
Net position - beginning of year					<u>112,912,173</u>	<u>2,933,066</u>
Net position - end of year					<u>\$ 154,465,611</u>	<u>\$ 4,033,733</u>

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Capital Projects Fund	Nonmajor Funds	Total
ASSETS				
Cash	\$ 60,500,683	\$ 19,960,538	\$ 8,155,259	\$ 88,616,480
Restricted cash	5,000,028	-	5,107,098	10,107,126
Restricted cash with fiscal agent	461,069	-	34,140	495,209
Due from other governments	3,599,386	15,979,510	3,300,215	22,879,111
Taxes receivable, net	1,553,079	-	-	1,553,079
Accounts receivables	1,312,165	6,262	3,070,111	4,388,538
Due from other funds	1,217,392	5,866,336	2,014,009	9,097,737
Leases receivable	163,264	-	815,339	978,603
Prepaid and other assets	1,392,034	205,075	394,631	1,991,740
Total assets	<u>\$ 75,199,100</u>	<u>\$ 42,017,721</u>	<u>\$ 22,890,802</u>	<u>\$ 140,107,623</u>
LIABILITIES				
Accounts payable	\$ 2,830,089	\$ 2,976,518	\$ 1,124,211	\$ 6,930,818
Accrued liabilities	8,338,445	245,375	1,248,736	9,832,556
Other liabilities	1,123,102	-	41,365	1,164,467
Due to other governments	1,389,708	9,556	-	1,399,264
Due to other funds	3,482,669	2,239,119	3,375,949	9,097,737
Unearned revenue - American Rescue Plan	37,270,450	-	-	37,270,450
Unearned revenue	19,044	-	707,468	726,512
BANs payable	-	69,502,925	-	69,502,925
Compensated absences	37,070	-	-	37,070
Total liabilities	<u>54,490,577</u>	<u>74,973,493</u>	<u>6,497,729</u>	<u>135,961,799</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - property taxes	1,226,120	-	-	1,226,120
Deferred inflows - deferred revenue	500,170	2,766,667	66,500	3,333,337
Deferred inflows - leases	154,053	-	812,730	966,783
Total deferred inflows of resources	<u>1,880,343</u>	<u>2,766,667</u>	<u>879,230</u>	<u>5,526,240</u>
FUND BALANCE				
Nonspendable	1,392,034	205,075	102,744	1,699,853
Restricted	5,194,370	-	15,372,099	20,566,469
Assigned - Other uses	450,790	-	-	450,790
Assigned - Appropriated for subsequent year's expenditures	1,667,947	-	39,000	1,706,947
Unassigned	10,123,039	(35,927,514)	-	(25,804,475)
Total Fund Balance	<u>18,828,180</u>	<u>(35,722,439)</u>	<u>15,513,843</u>	<u>(1,380,416)</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 75,199,100</u>	<u>\$ 42,017,721</u>	<u>\$ 22,890,802</u>	<u>\$ 140,107,623</u>

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Fund balance, all governmental funds	\$ (1,380,416)
Amounts reported for governmental activities in the Statement of Net Position are different due to the following:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	388,762,207
Pension related government-wide activity:	
Deferred outflows of resources - ERS	8,756,608
Deferred outflows of resources - PFRS	29,648,203
Net pension asset - ERS	4,005,520
Net pension liability - PFRS	(3,543,934)
Deferred inflows of resources - ERS	(13,933,421)
Deferred inflows of resources - PFRS	(30,779,030)
Long-term liabilities are not due and payable in the current period and are, therefore not reported in the funds:	
Bonds and notes payable	(33,355,564)
NYS Employee Retirement System loans payable	(1,331,937)
Compensated absences	(7,073,393)
Workers' compensation liability	(1,718,230)
Leases payable	(1,884,566)
Other post-employment benefits related government-wide activity:	
Total other postemployment benefits	(135,676,576)
Deferred outflows of resources - OPEB	23,680,782
Deferred inflows of resources - OPEB	(71,438,556)
Accrued interest receivable on leases receivable	6,345
Accrued interest payable on leases payable	(4,721)
Deferred inflows are recognized as revenue under the accrual basis of accounting	<u>1,726,290</u>
Net position of governmental activities	<u>\$ 154,465,611</u>

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General Fund	Capital Projects Fund	Nonmajor Funds	Total
REVENUES				
Real property taxes and tax items	\$ 29,991,996	\$ -	\$ 9,151	\$ 30,001,147
Nonproperty tax items	20,627,050	-	-	20,627,050
Departmental income	6,128,202	-	12,158,527	18,286,729
Intergovernmental charges	103,063	-	6,931,112	7,034,175
Use of money and property	202,121	11,459	477,124	690,704
Licenses and permits	1,011,205	-	10,065	1,021,270
Fines and forfeitures	1,048,671	-	-	1,048,671
Interfund revenue	2,885,241	-	327,000	3,212,241
Sale of property and compensation for loss	3,901	-	111,194	115,095
Miscellaneous	2,002,746	31,262	452,690	2,486,698
State aid	13,967,486	7,059,706	2,005,646	23,032,838
Federal aid	<u>5,609,759</u>	<u>5,711,938</u>	<u>2,771,822</u>	<u>14,093,519</u>
Total revenues	<u>83,581,441</u>	<u>12,814,365</u>	<u>25,254,331</u>	<u>121,650,137</u>
EXPENDITURES				
General governmental support	10,177,238	-	2,072,902	12,250,140
Public safety	44,865,870	-	2,902,915	47,768,785
Public health	209,818	-	-	209,818
Transportation	3,706,846	-	-	3,706,846
Culture and recreation	2,570,008	-	33,319	2,603,327
Home and community services	1,154,170	-	22,811,215	23,965,385
Employee benefits	7,272,226	-	80,735	7,352,961
Capital outlays	-	45,410,209	-	45,410,209
Debt Service				
Principal	443,083	-	4,471,159	4,914,242
Interest	<u>46,023</u>	<u>-</u>	<u>3,184,971</u>	<u>3,230,994</u>
Total expenditures	<u>70,445,282</u>	<u>45,410,209</u>	<u>35,557,216</u>	<u>151,412,707</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>13,136,159</u>	<u>(32,595,844)</u>	<u>(10,302,885)</u>	<u>(29,762,570)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	10,262,504	-	10,262,504
Bond premium	-	-	384,387	384,387
BANs redeemed from appropriations	-	1,712,005	-	1,712,005
Operating transfers - in	1,354,967	5,645,068	17,909,728	24,909,763
Operating transfers - out	<u>(13,881,293)</u>	<u>(6,804,290)</u>	<u>(4,224,180)</u>	<u>(24,909,763)</u>
Total other financing sources (uses)	<u>(12,526,326)</u>	<u>10,815,287</u>	<u>14,069,935</u>	<u>12,358,896</u>
CHANGE IN FUND BALANCE	609,833	(21,780,557)	3,767,050	(17,403,674)
FUND BALANCE - beginning of year	<u>18,218,347</u>	<u>(13,941,882)</u>	<u>11,746,793</u>	<u>16,023,258</u>
FUND BALANCE - end of year	<u>\$ 18,828,180</u>	<u>\$ (35,722,439)</u>	<u>\$ 15,513,843</u>	<u>\$ (1,380,416)</u>

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

Net changes in fund balance - Total governmental funds	\$ (17,403,674)
Capital outlays, net of disposals, are expenditures in governmental funds, but are capitalized in the statement of net position	46,035,918
Amortization of right to use assets is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities	(463,340)
Pension income resulting from pension related reporting is not recorded as revenue in the government funds but is recorded in the statement of activities	5,080,204
Compensated absences do not require the expenditure of current resources and are, therefore, are not reported as expenditures in the governmental funds	(115,119)
Proceeds from issuance of debt is not reported as revenue in government-wide financial statements	(10,308,834)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position	4,471,159
Repayments of leases are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position	443,083
Proceeds from BANs redeemed from appropriations recorded as revenue in the governmental funds are not recognized as revenue in the statement of activities	(1,712,005)
Bond accretion on MAC debt decreases the principal balance and decreases interest expense in the government-wide financial statements	1,605,417
Repayments of ERS and TRS loan payables are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position	1,448,733
Accrued postemployment benefits do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds	13,437,047
Accrued workers' compensation liability does not require the expenditure of current resources and therefore, is not reported as expenditures in the governmental funds	(146,570)
Accrued interest receivable on lease assets is not recorded in the governmental funds, but is recorded in the statement of activities	6,345
Accrued interest on lease liabilities is not recorded in the governmental funds, but is recorded in the statement of activities	(4,721)
Property tax and other revenue is recorded to the extent it is received within 60 days of year-end for governmental funds, but in the statement of activities this revenue is recorded as earned upon levy	<u>(820,205)</u>
Change in net position - governmental activities	<u>\$ 41,553,438</u>

CITY OF TROY, NEW YORK

**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2022**

	<u>Custodial Funds</u>
ASSETS:	
Cash	\$ 1,159,711
Cash with fiscal agent	498,608
Receivables:	
Taxes for other governments	2,138,845
Other receivables	1,583,487
Due from governmental funds	<u>-</u>
 Total Assets	 <u>5,380,651</u>
LIABILITIES:	
Due to other governments	5,337,867
Accrued liabilities	<u>42,784</u>
 Total Liabilities	 <u>5,380,651</u>
 NET POSITION	 <u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2022**

	<u>Custodial Funds</u>
ADDITIONS	
Property tax collections for other governments	\$ <u>15,955,733</u>
Total additions	<u>15,955,733</u>
DEDUCTIONS	
Payments of property taxes to other governments	<u>15,955,733</u>
Total deductions	<u>15,955,733</u>
Net change in fiduciary net position	-
Net position, beginning of year	<u>-</u>
Net position, end of year	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

**STATEMENT OF NET POSITION - COMPONENT UNITS
DECEMBER 31, 2022**

	Troy Industrial Development Authority	Troy Local Development Corporation	Troy Capital Resource Corporation	Troy Community Land Bank Corporation	Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 736,009	\$ 264,674	\$ 224,992	\$ 623,610	\$ 1,849,285
Accounts receivable, net of allowance for doubtful accounts	16,664	516	-	-	17,180
Grants receivable	-	-	-	41,614	41,614
Due from other government	-	-	215,000	-	215,000
Prepaid expenses	1,812	7,002	-	5,513	14,327
Leases receivable, current portion	-	252,111	-	-	252,111
Loans receivable, current portion	-	12,331	-	-	12,331
Total current assets	754,485	536,634	439,992	670,737	2,401,848
NONCURRENT ASSETS					
Capital assets, net	-	524,321	-	5,804	530,125
Real property held for resale or development	80,000	2,108,728	-	688,033	2,876,761
Leases receivable, net	-	822,023	-	-	822,023
Loan receivable, net	-	17,752	-	-	17,752
Other noncurrent assets	-	614	-	-	614
Total noncurrent assets	80,000	3,473,438	-	693,837	4,247,275
Total assets	834,485	4,010,072	439,992	1,364,574	6,649,123
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	-	16,585	-	81,511	98,096
Loan payable, current portion	-	167,000	-	-	167,000
Due to other governments	16,664	215,000	-	-	231,664
Construction loan	-	-	-	120,000	120,000
Unearned revenue	-	-	-	495,401	495,401
Total current liabilities	16,664	398,585	-	696,912	1,112,161
Long-term liabilities					
Loan payable, long-term portion	-	495,000	-	-	495,000
Total long-term liabilities	-	495,000	-	-	495,000
Total liabilities	16,664	893,585	-	696,912	1,607,161
DEFERRED INFLOWS OF RESOURCES					
Leases	-	1,008,229	-	-	1,008,229
NET POSITION					
Net investment in capital assets	-	524,321	-	5,804	530,125
Unrestricted	817,821	1,583,937	439,992	661,858	3,503,608
	\$ 817,821	\$ 2,108,258	\$ 439,992	\$ 667,662	\$ 4,033,733

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Troy Industrial Development Authority	Troy Local Development Corporation	Troy Capital Resource Corporation	Troy Community Land Bank Corporation	Total
Operating Revenues					
Sale of property	\$ -	\$ -	\$ -	\$ 543,300	\$ 543,300
Grant revenue	-	-	-	850,921	850,921
Other income	457,536	36,818	14,500	-	508,854
Donated properties	-	-	-	60,930	60,930
Use of money and property	25,000	209,591	-	-	234,591
Total Operating Revenue	482,536	246,409	14,500	1,455,151	2,198,596
Operating Expenses					
Economic assistance	251,794	95,154	82,333	916,680	1,345,961
Depreciation	-	3,308	-	1,933	5,241
Total Operating Expenses	251,794	98,462	82,333	918,613	1,351,202
Operating Income (Loss)	230,742	147,947	(67,833)	536,538	847,394
Nonoperating Revenues					
Gain on sale of asset	285,301	-	-	-	285,301
Interest income	2,520	44,329	626	360	47,835
Total Nonoperating Revenue	287,821	44,329	626	360	333,136
Nonoperating Expenses					
Debt service - interest	-	39,879	-	39,984	79,863
Total Nonoperating Expenses	-	39,879	-	39,984	79,863
Change in net position	518,563	152,397	(67,207)	496,914	1,100,667
NET POSITION - beginning of year, restated	299,258	1,955,861	507,199	170,748	2,933,066
NET POSITION - end of year	\$ 817,821	\$ 2,108,258	\$ 439,992	\$ 667,662	\$ 4,033,733

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

**STATEMENT OF CASH FLOWS - COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Troy Industrial Development Authority	Troy Local Development Corporation	Troy Capital Resource Corporation	Troy Community Land Bank Corporation	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ -	\$ 40,253	\$ -	\$ -	\$ 40,253
Proceeds from grants	-	-	-	1,304,708	1,304,708
Payments to vendors for goods and services	(240,406)	(99,430)	(86,513)	(899,773)	(1,326,122)
Payments to employees for salaries and benefits	-	-	-	(82,988)	(82,988)
Proceeds from loan repayments	-	14,343	-	-	14,343
Receipts from property sales	-	-	-	543,300	543,300
Other receipts	468,294	-	14,500	180	482,974
Net cash flows provided by (used in) operating activities	<u>227,888</u>	<u>(44,834)</u>	<u>(72,013)</u>	<u>865,427</u>	<u>976,468</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING					
Proceeds from loan from related party loan	-	215,000	-	-	215,000
Payment on construction loan	-	-	-	(245,026)	(245,026)
Interest expense paid	-	-	-	(39,984)	(39,984)
Net cash flows provided by non-capital and related financing activities	<u>-</u>	<u>215,000</u>	<u>-</u>	<u>(285,010)</u>	<u>(70,010)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING					
Proceeds from sale of land held for development	<u>375,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from interest income	2,520	-	626	360	3,506
Payment on loan payable	-	(167,000)	-	-	(167,000)
Payment for loan advanced to other government	-	-	(215,000)	-	(215,000)
Interest paid	-	(43,448)	-	-	(43,448)
Proceeds from lease principal	-	157,149	-	-	157,149
Proceeds from lease interest	-	44,329	-	-	44,329
Net cash provided by (used in) investing activities	<u>2,520</u>	<u>(8,970)</u>	<u>(214,374)</u>	<u>360</u>	<u>(220,464)</u>
Net increase (decrease) in cash and cash equivalents	605,408	161,196	(286,387)	580,777	1,060,994
Cash and cash equivalents - beginning of year	<u>130,601</u>	<u>103,478</u>	<u>511,379</u>	<u>42,833</u>	<u>788,291</u>
Cash and cash equivalents - end of year	<u>\$ 736,009</u>	<u>\$ 264,674</u>	<u>\$ 224,992</u>	<u>\$ 623,610</u>	<u>\$ 1,849,285</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (loss)	\$ 230,742	\$ 147,947	\$ (67,833)	\$ 536,538	\$ 847,394
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	3,308	-	1,933	5,241
Donated property	-	-	-	(60,750)	(60,750)
Bad debts	-	5,416	-	-	5,416
Changes in operating assets and liabilities:					
Accounts receivable	(12,242)	(516)	-	-	(12,758)
Grants receivable	-	-	-	264,594	264,594
Property held for resale	-	-	-	(21,230)	(21,230)
Loans receivable	-	14,343	-	-	14,343
Prepaid expenses	(661)	285	-	3,461	3,085
Accounts payable and accrued expenses	(2,193)	(9,977)	(4,180)	(48,312)	(64,662)
Due to other governments	12,242	-	-	-	12,242
Unearned grant revenue	-	-	-	189,193	189,193
Deferred inflow of resources - leases	-	(205,640)	-	-	(205,640)
Net cash flows provided by (used in) operating activities	<u>\$ 227,888</u>	<u>\$ (44,834)</u>	<u>\$ (72,013)</u>	<u>\$ 865,427</u>	<u>\$ 976,468</u>

The accompanying notes are an integral part of these statements.

CITY OF TROY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

The City of Troy, New York (City) was established during 1789 within the County of Rensselaer (County); was incorporated during 1816; and is governed by its Charter, General City Law, other general laws of the State of New York, and various local laws. The Mayor is responsible for overall operations and serves as Chief Executive Officer. The City Comptroller serves as Chief Fiscal Officer. All legislative power of the City is vested in the City Council, whose powers are specified in Section 2.08 of the City Charter.

The City provides various services, including general government support, police and fire protection, refuse and garbage collection, water distribution, sewer disposal, and recreation facilities.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles (GAAP). The following is a summary of the City's significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, which is the City of Troy, New York, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth 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 is based upon several criteria set forth in GAAP, including legal standing, fiscal dependency, financial accountability, selection of governing authority, ability to significantly influence operations, and the primary government's economic benefit from resources of the affiliated entity.

Based on the application of these criteria, the City has determined that the Troy Industrial Development Authority, the Troy Local Development Corporation, the Troy Capital Resource Corporation, and the Troy Community Land Bank Corporation are discretely presented component units and their activities have been included in the financial reporting entity.

Troy Industrial Development Authority (IDA)

The IDA is a Public Benefit Corporation created by State legislation to promote the economic welfare, recreational opportunities and prosperity of the City of Troy's inhabitants. Audited financial statements are available upon request from the IDA's office.

Troy Local Development Corporation (LDC)

The LDC was established in 1987 for the purposes of constructing, acquiring, rehabilitating, and improving buildings or sites in the City of Troy, or to assist financially in the construction, acquisition, rehabilitation, and improvement of buildings or sites within the City, and to foster employment opportunities for City residents, including business retention. The LDC is formed and operates consistent with Section 2827-a of the NYS Public Authorities Law. Audited financial statements are available upon request from the LDC's office.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity – Continued

Troy Capital Resource Corporation (CRC)

The CRC was created during 2009 under Section 1411 of the New York State Not-For-Profit Corporation Law. The CRC, although established by the City Council of the City of Troy is a separate public benefit corporation and operates independently of the City. The CRC was established to promote community and economic development for the citizens of the City. Audited financial statements are available upon request from the CRC's office.

Troy Community Land Bank Corporation (CLBC)

The CLBC was organized in 2014, and is governed by its articles of incorporation, bylaws and the laws of the State of New York. The Corporation was established to facilitate the process of acquiring, improving and redistributing vacant and abandoned properties in the City of Troy. The CLBC's Board of Directors is comprised of a majority of individuals appointed by the City. Audited financial statements are available upon request from the CLBC's office.

Although the following organizations, functions, or activities are related to the City, they are not included in the City reporting entity for the reasons noted:

Municipal Assistance Corporation for the City of Troy (MAC)

The Municipal Assistance Corporation for the City of Troy was created during 1995 under the provisions of Section 3053 of the Financial Control Act (see Note I). The MAC is an authority of the State of New York. The members of the authority have complete responsibility for managing the MAC and are not presumed to be a component unit of the City. The enabling legislation creating the MAC was amended June 29, 1995, with an effective date of July 19, 1995, and was again amended September 5, 1996.

City of Troy Supervisory Board

Per the provision of Chapter 721 of the Laws of 1994 as amended by Chapters 187 and 188 of the Laws of 1995 and Chapters 444 and 445 of the Laws of 1996 (see Note I), the State Legislature created the City of Troy Supervisory Board. Per the legislation, the City is to establish a general debt service fund to be overseen by the New York State Office of the State Comptroller. The City does not have any oversight responsibility over the Supervisory Board.

Troy Business Improvement District

The Troy Business Improvement District (BID) was formed in 2010 with the mission to cultivate economic growth and development in Downtown Troy. The BID is organized as a non-profit corporation. Revenue is raised through assessment which are collected by the City and passed through to the BID. The BID is not a component unit of the City because the City does not control the BID's activities, nor does a financial benefit or burden exist.

B. Government-Wide Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the City's services are classified as governmental activities.

In the government-wide statement of net position, the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The City first uses restricted resources to finance qualifying activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide Financial Statements – Continued

The government-wide statement of activities reports both the gross and net cost of each of the City's functions, i.e., public safety and transportation, etc. The functions are also supported by general government revenues (property, sales taxes, mortgage tax, state revenue sharing, and investment earnings, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's 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 as funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures. 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 authoritative pronouncements. Each major fund is presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Because 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 which explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Financial Statements – Continued

The City's resources are reflected in the fund financial statements, in fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

Governmental Funds – Governmental funds are those through which most governmental 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 is the principal operating fund of the City and accounts for general tax revenues, miscellaneous receipts not allocated by law or contractual agreement to another fund, risk retention operations, and general operating expenditures. This fund operates within the financial limits of an annual budget adopted by the City Council.

Capital Projects Fund – The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital assets for governmental activities. Financing is generally provided from proceeds of bonds, notes, federal and state grants, and transfers from other governmental funds.

The following are the City's nonmajor governmental funds:

Miscellaneous Special Revenue Fund – The miscellaneous special revenue fund is used to account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditure for specified purposes. The legal restrictions may be imposed either by the governments that provide the funds or, by outside parties.

Special Grant Fund – The special grant fund is used principally to account for the use of federal monies received under Community Development and other Department of Housing and Urban Development Funds.

Water Fund - The water fund is used to report operations of the City's water treatment and supply facilities that provide drinking water to all City residents, as well as to certain other local communities outside the City's corporate boundaries.

Sewer Fund – The sewer fund is used to report operations of the City's wastewater treatment facilities and sanitary sewer system that is provided to all City residents.

Garbage Fund – The garbage fund is used to report operations of the City's trash disposal services that are provided to all City residents.

Debt Service Fund – The debt service fund is used to account for the accumulation of resources reserved for future debt payments. Unexpended balances of proceeds and earnings on proceeds of borrowings for capital projects are transferred from the Capital Projects Fund and held until appropriated.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Financial Statements – Continued

Fund Categories – Continued

The City's resources are reflected in the fund financial statements, in fund categories, in accordance with generally accepted accounting principles as follows:

Fiduciary Funds (Not included in Government-Wide Financial Statements) - are used to account for assets held by the City in a fiduciary capacity on behalf of others. The City's fiduciary fund is used to account for tax collections on behalf of other governments. The City has one fiduciary fund, the Custodial Fund.

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.

Accrual Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources focus means all assets and all liabilities associated with the operation (whether current or non-current) of the City are included in the statement of net position and the statement of activities presents increases (revenues) and decreases (expenses) in total assets. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions in which the City gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Modified Accrual Basis of Accounting

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. 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. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Modified Accrual Basis of Accounting (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, retirement incentives and other pension obligations and other post-employment benefit obligations are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

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

Deposits and Risk Disclosure

The City's investment policies are governed by State statutes. In addition, the City has its own written investment policy. City monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The City Comptroller is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the United States Treasury and United States agencies, repurchase agreements, and obligations of New York State or its localities.

All deposits shall be fully secured by insurance of the FDIC or by obligations of New York State, or obligations of federal agencies, the principal and interest of which is guaranteed by the United States or obligations of New York State local governments.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government. Underlying securities shall be valued to market at periodic intervals by the City Comptroller or his/her designee.

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Property Taxes

The City's property taxes are levied annually on January 1. The annual City tax levy consists of taxes levied for City purposes based on City budget requirements, County taxes levied within the City for County budget requirements, and Library taxes levied within the City. In addition there are also levied unpaid water rents, sewer rents, garbage fees, and vacant building fees. Taxes are due and payable in bi-annual installments on January 1 and July 1. Taxes become delinquent on February 1 and September 1. On November 1, unpaid City and County taxes are enforced through tax liens. Effective January 1, 1995, the City adopted a foreclosure process in accordance with Article 11 of the Real Property Tax Law, as amended by Chapter 602 of the Laws of 1993 and Chapter 532 of the Laws of 1994, whereby unpaid property taxes are allowed to be processed through In-Rem and formal foreclosure proceedings.

The City has established a \$3,167,762 allowance for doubtful accounts based on collection history and a review of accounts by management.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance – Continued**

Property Taxes – Continued

In addition to the City tax levy, the City is responsible for collecting the Troy City School District's taxes levied on property within the City that has been certified as being uncollected by School District authorities.

The School Districts are paid annually by the City for their portion of school taxes which are more than two years old. The General Fund annually reimburses the Water, Sewer, and Garbage Special Revenue Funds in full for uncollected rents or fees. The City only reimburses the County for taxes collected. In the event the City sells any property it has acquired as a result of the nonpayment of taxes in accordance with the Charter of the City, the City will share with the County, Library and BID all losses and gains proportionate to the liens outstanding.

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, 2022, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Prepaid Expenses/Prepaid Expenditures

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

Leases

Lease-related amounts are recognized at the inception of leases in which the City is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Capital Assets

Capital assets, which include property, plant, 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

In regard to 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 has estimated the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance – Continued**

Capital Assets – Continued

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.

Capital assets also include lease assets with a term greater than one year. The City does not implement a capitalization threshold for lease assets. Lease assets are amortized on a straight-line basis over the term of the lease.

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.

Capital assets are not depreciated (this is a GAAP departure).

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 amounts received in advance and/or grants received before the eligibility requirements have been met. Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts have been deemed to be measurable but not available pursuant to accounting principles generally accepted in the United States of America.

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 expended 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 General, Water, or Capital Projects funds expenditures.

Compensated Absences

The City recognizes a liability for compensatory absences and additional salary-related items as the benefits are earned by the employees based on the rendering of past service and the probability that the employees will be compensated for the benefits through paid time off or some other means. This includes compensatory absences that were earned but not used during the current or prior periods and for which employees can receive compensation in a future period.

In addition, the City recognizes a liability for vesting sick leave and additional salary-related items as employees earn benefits and to the extent it is probable that the City will compensate the employees for the benefits through cash payments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences – Continued

Payment of sick leave and compensatory absences recorded in the statement of net position is dependent upon many factors; therefore, timing of future payments is not readily determinable.

However, management believes that sufficient resources will be made available for the payment of sick leave and compensatory absences when such payment becomes due.

Deferred Outflows/Inflows of Resources

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

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

Net Position and Fund Balance Classifications

Government Wide Statements

In the government-wide statements, there are three classes of net position:

- a) *Net Investment in capital assets* - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) *Restricted net position* - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations for other governments; or (2) law through constitutional provisions or enabling legislation.

Restricted net position and fund balance includes the following:

<u>General Fund</u>		
Debt service	\$	44,055
Capital		3,816,474
Insurance		338,192
Snow and Ice		617,517
Unemployment Insurance		309,798
Workers Compensation		68,334
		\$ 5,194,370
<u>Debt Service Fund</u>		
Debt service		5,107,098
<u>Special Revenue Funds</u>		
Special Grant Fund		271,578
Water Fund		9,015,803
Sewer Fund		890,842
Garbage Fund		86,778
		\$ 20,566,469

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position and Fund Balance Classifications (Continued)

The City's policy is to use restricted resources prior to utilizing unrestricted funds.

Governmental Fund Statements

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

- a) *Nonspendable fund balance* - Includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at December 31, 2022 by the City are nonspendable in form.
- b) *Restricted fund balance* - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The City has available the following restricted fund balances:

Workers' Compensation

Workers' compensation reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve, or the excess applied to the appropriations of the next succeeding fiscal year's budget.

Insurance

Insurance reserve is used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance).

The reserve may be established by board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated.

There is no limit on the amount that may be accumulated in the insurance reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000, or 5%, of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

Snow and Ice Removal

Snow and ice removal reserve (GML §6-f) is used to finance the costs of removal of snow and ice from public thoroughfares and for the repair and maintenance of roadways damaged by the removal of snow and ice.

Capital

Capital reserve (GML §6-c) is used to finance the cost of the purchasing equipment, vehicles, apparatus or other capital assets for the use of the City and the reconstruction, rehabilitation or renovation of City owned buildings and facilities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position and Fund Balance Classifications (Continued)

Governmental Fund Statements (Continued)

b) *Restricted fund balance* (Continued)

Debt Service

Reserve for debt was established for the purpose of paying MAC debt service becoming due in the current fiscal year and subsequent fiscal years as required pursuant to the agreement of the MAC made with the holders of the bonds or notes issued pursuant to section three thousand fifty-three of the Financial Control Act.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the general fund since they do not constitute expenditures of liabilities and will be honored through budget appropriations in the subsequent year.

- c) *Committed fund balance* - Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority, i.e., the City Council. The City has no committed fund balances as of December 31, 2022.
- d) *Assigned fund balance* - Includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance in the general fund.
- e) *Unassigned fund balance* - Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the City.

Order of Fund Balance Spending Policy

The City policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Fund Deficit

The Capital Projects Fund has a fund deficit of \$35,722,439 relating to ongoing capital projects financed by bond anticipation notes (BANs). The deficit will be eliminated as BANs are redeemed from appropriations and/or are replaced by permanent financing.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Data

The City's procedures for establishing the budgetary data reflected in the accompanying financial statements are as follows:

- a. No later than October 10, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1.
- b. The operating budget includes proposed expenditures and the means of financing them.
- c. Public hearings are conducted to obtain taxpayer comments.
- d. No later than December 1, the budget is legally enacted through the passage of a legislative resolution.

Budgetary controls for certain special grants are established in accordance with the applicable grant agreements, which may cover a period other than the City's fiscal year.

The Mayor is authorized to approve all budget transfer requests not exceeding \$500 between the major fund codes within individual departments. Additionally, the Mayor may authorize all budget transfers within major fund codes. All other modifications to the budget must be approved by the City Council.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgeting control purposes to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances at year-end are recorded as reservations of fund balances since the commitments do not constitute expenditures or liabilities. Open encumbrances, after review by the City Council, are added to the subsequent year's budget to provide the modified budget presented in the combining financial statements. Expenditures for such commitments are recorded in the period in which the liability is incurred.

Budgetary controls for the Special Grant Fund are established in accordance with the applicable grant agreements, which cover periods different from the City's fiscal year.

G. Use of Estimates

In preparing financial statements in conformity with the accounting principles described above, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

H. Operating Revenues

The component units distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with their principal on-going operations. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses.

NOTE 2 – CASH

The City’s cash balance includes both unrestricted and restricted amounts. Restricted balances represent amounts required by statute to be reserved for various purposes. The use of restricted cash is limited by legal requirements. The cash balance as of December 31, 2022 is as follows:

Unrestricted Cash

Governmental Funds

General Fund		\$ 60,500,683
Special Revenue Funds:		
Special Grant Fund	\$ 517,271	
Water Fund	5,543,565	
Sewer Fund	1,572,093	
Garbage Fund	503,222	
Miscellaneous Special Revenue Fund	19,108	8,155,259
Capital Projects Fund		19,960,538
<i>Total Governmental Funds</i>		<u>88,616,480</u>

Fiduciary Funds

Custodial Fund		<u>1,159,711</u>
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Restricted Cash

General Fund		5,000,028
Debt Service Fund		<u>5,107,098</u>
Total Restricted Cash		<u>10,107,126</u>

Total Cash		<u>\$ 99,883,317</u>
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In addition to the cash balances noted above, the City also maintains cash balances with a fiscal agent in the amount of \$495,209. This represents amounts held for the payment of principal and interest on outstanding obligations held by the Municipal Assistance Corporation for the City of Troy (MAC) in the general and debt service funds. This amount is excluded from the City’s cash balance subject to collateralization requirements.

At December 31, 2022, the City’s cash balances were either insured or collateralized with securities held by the pledging financial institution’s trust department in the City’s name.

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash, including fiduciary funds	<u>\$101,763,088</u>	<u>\$ 99,877,992</u>
Collateralized with securities held by the financial institution's trust department or agent in the City's name	\$101,263,088	
Covered by FDIC insurance	<u>500,000</u>	
Total	<u>\$101,763,088</u>	

NOTE 3 - CAPITAL ASSETS

The following schedule identifies changes to the City's capital assets for the year ended December 31, 2022:

	January 01, 2022 Balance (Restated)	Additions	Deletions	December 31, 2022 Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 2,251,198	\$ 995,250	\$ -	\$ 3,246,448
Buildings and land improvements	67,536,517	2,294,397	-	69,830,914
Machinery and equipment	38,895,760	2,010,503	-	40,906,263
Infrastructure	228,853,318	40,345,384	-	269,198,702
Construction in progress	<u>3,325,187</u>	<u>45,410,210</u>	<u>45,019,826</u>	<u>3,715,571</u>
Total assets that are not depreciated	<u>340,861,980</u>	<u>91,055,744</u>	<u>45,019,826</u>	<u>386,897,898</u>
Lease assets being amortized:				
Land	1,087,486	-	-	1,087,486
Buildings and land improvements	1,053,767	-	-	1,053,767
Machinery and equipment	<u>186,396</u>	<u>-</u>	<u>-</u>	<u>186,396</u>
Total lease assets being amortized	<u>2,327,649</u>	<u>-</u>	<u>-</u>	<u>2,327,649</u>
Less accumulated amortization:				
Land	-	46,774	-	46,774
Buildings and land improvements	-	351,256	-	351,256
Machinery and equipment	<u>-</u>	<u>65,310</u>	<u>-</u>	<u>65,310</u>
Total accumulated amortization	<u>-</u>	<u>463,340</u>	<u>-</u>	<u>463,340</u>
Total lease assets being amortized, net	<u>2,327,649</u>	<u>(463,340)</u>	<u>-</u>	<u>1,864,309</u>
Total governmental activities capital assets, net	<u>\$ 343,189,629</u>	<u>\$ 90,592,404</u>	<u>\$ 45,019,826</u>	<u>\$ 388,762,207</u>

In a departure from general accepted accounting principles, capital assets are not depreciated.

Amortization expense for the year ended December 31, 2022 was allocated to specific functions as follows:

General government support	\$ 352,268
Culture and recreation	<u>111,072</u>
Total	<u>\$ 463,340</u>

NOTE 4 – SHORT-TERM DEBT

Bond Anticipation Notes

Liabilities for Bond Anticipation Notes (BANs) are generally accounted for in the capital projects fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date.

The City had the following BANs outstanding at December 31, 2022:

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN - Riverfront North Extension	2/04/2022	1.50%	\$ 960,000	\$ -	\$ 960,000	\$ -
BAN - Bike Trail	2/04/2022	1.50%	378,400	-	378,400	-
BAN - Powers Park Renovation	2/04/2022	1.50%	394,000	-	394,000	-
BAN - 2018 Water Fund Capital Plan	2/04/2022	1.50%	760,000	-	760,000	-
BAN - Ingalls Avenue Boat Launch	2/04/2022	1.50%	116,914	-	116,914	-
BAN - 2018 General Fund Capital Plan	2/04/2022	1.50%	170,000	-	170,000	-
BAN - 2019 Garbage Fund Capital Plan	2/04/2022	1.50%	335,000	-	335,000	-
BAN - Knickerbocker Pool Reconstruction	2/04/2022	1.50%	475,000	-	475,000	-
BAN - Sea Wall	2/04/2022	1.00%	5,420,000	-	5,420,000	-
BAN - Riverfront North Extension	2/04/2022	1.50%	900,000	-	900,000	-
BAN - Sea Wall	2/04/2022	1.50%	1,998,000	-	1,998,000	-
BAN - 2019 General Fund Capital Plan	2/04/2022	1.50%	205,000	-	205,000	-
BAN - Building Demolition	2/04/2022	1.50%	200,000	-	200,000	-
BAN - Pickups with Plow/Salter	2/04/2022	1.50%	140,000	-	140,000	-
BAN - Mini Dump Truck with Plow	2/04/2022	1.50%	65,000	-	65,000	-
BAN - New Holland Skid Steer Loader	2/04/2022	1.50%	75,000	-	75,000	-
BAN - Facility Renovations	2/04/2022	1.50%	200,000	-	200,000	-
BAN - Golf Equipment	2/04/2022	1.50%	126,000	-	126,000	-
BAN - Tropical Storm Irene	2/04/2022	1.50%	2,443,000	-	2,443,000	-
BAN - 2019 General Fund Capital Plan - DPW/Recreation	2/04/2022	1.50%	329,000	-	329,000	-
BAN - South Troy Industrial Roadway	2/04/2022	1.50%	250,000	-	250,000	-
BAN - 2019 General Fund Capital Plan	2/04/2022	1.50%	346,500	-	346,500	-
BAN - Tropical Storm Irene	2/04/2022	1.50%	240,000	-	240,000	-
BAN - Fire Specialty Equipment	2/04/2022	1.50%	90,000	-	90,000	-
BAN - Recreation Pickup Truck	2/04/2022	1.50%	30,000	-	30,000	-
BAN - Garbage - Mini Dump Truck with Plow	2/04/2022	1.50%	32,500	-	32,500	-
BAN - DPW Façade & Roof Replacement	2/04/2022	1.00%	1,265,000	-	1,265,000	-
BAN - Building Demolition	7/29/2022	1.50%	220,000	-	220,000	-
BAN - 2017 General Fund Capital Plan	7/29/2022	1.50%	84,295	-	84,295	-
BAN - Ingalls Avenue Boat Launch	7/29/2022	1.50%	35,000	-	35,000	-
BAN - Tropical Storm Irene	7/29/2022	1.50%	440,000	-	440,000	-
BAN - Marina/Boat Launch Reconstruction	7/29/2022	1.50%	67,000	-	67,000	-
BAN - CSO Project	5/12/2022	0.68%	1,183,005	-	1,183,005	-
BAN - Sewer Fund CSO Project	5/21/2022	0.68%	1,188,976	-	1,188,976	-
BAN - Sewer Fund CSO Project	2/04/2022	1.50%	306,134	-	306,134	-
BAN - Bridges	2/02/2023	3.43%	-	1,672,000	-	1,672,000
Subtotal			<u>21,468,724</u>	<u>1,672,000</u>	<u>21,468,724</u>	<u>1,672,000</u>

NOTE 4 – SHORT-TERM DEBT (Continued)

Bond Anticipation Notes (Continued)

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Subtotal from Previous Page			\$ 21,468,724	\$ 1,672,000	\$ 21,468,724	\$ 1,672,000
BAN - South Troy Industrial Roadway	2/03/2023	1.00%	935,000	-	500,000	435,000
BAN - 2017 General Fund Capital Plan	2/03/2023	1.00%	158,000	-	73,698	84,302
BAN - Building Demolition	2/03/2023	1.00%	165,000	-	45,000	120,000
BAN - South Troy Industrial Roadway	2/03/2023	1.00%	955,000	-	50,000	905,000
BAN - South Troy Industrial Roadway	2/03/2023	1.00%	1,335,000	-	1,230,000	105,000
BAN - Evidence Technician Vehicle	2/03/2023	1.00%	32,000	-	16,000	16,000
BAN - Fire Facilities Upgrade	2/03/2023	1.00%	50,000	-	2,000	48,000
BAN - Campbell Avenue Bridge	2/03/2023	1.00%	505,000	-	400,000	105,000
BAN - Pickup Truck	2/03/2023	1.00%	30,000	-	4,029	25,971
BAN - Crew Cab Pickup with Plow	2/03/2023	1.00%	45,000	-	2,000	43,000
BAN - Service Truck with Platform	2/03/2023	1.00%	50,000	-	2,000	48,000
BAN - Asphalt Hot Box Trailer	2/03/2023	1.00%	40,000	-	2,000	38,000
BAN - Ventrac Mower	2/03/2023	1.00%	30,000	-	1,000	29,000
BAN - Golf - Ventrac Mower	2/03/2023	1.00%	34,000	-	1,000	33,000
BAN - Paving/Sidewalks	2/03/2023	1.00%	350,000	-	20,000	330,000
BAN - Recreation Mini Dump Truck	2/03/2023	1.00%	62,500	-	3,000	59,500
BAN - Recreation - Ventrac Mower	2/03/2023	1.00%	30,000	-	1,000	29,000
BAN - Recreation - Facility Renovation	2/03/2023	1.00%	300,000	-	210,000	90,000
BAN - South Troy Pool	2/03/2023	1.00%	150,000	-	5,000	145,000
BAN - 2020 Capital Plan - Police Vehicle	2/03/2023	1.00%	65,215	-	-	65,215
BAN - South Troy Roadway	2/03/2023	1.00%	1,210,416	-	-	1,210,416
BAN - Frear Park Golf Course Improvements	2/03/2023	1.00%	725,000	-	-	725,000
BAN - Park Improvements	2/03/2023	1.00%	1,000,000	-	-	1,000,000
BAN - Campbell Avenue Bridge	2/03/2023	1.00%	1,600,000	-	-	1,600,000
BAN - DPW Fuel Storage Tank Replacement	2/03/2023	1.00%	1,000,000	-	-	1,000,000
BAN - Street Lighting	2/03/2023	1.00%	645,000	-	500,000	145,000
BAN - New DPW Building	2/03/2023	1.00%	3,370,000	-	2,750,000	620,000
BAN - Salt Shed	2/03/2023	1.00%	620,000	-	-	620,000
BAN - 2020 Capital Plan - Police Vehicles	2/03/2023	1.00%	-	228,285	-	228,285
BAN - 2022 Capital Plan - Fire - Building Improvements	2/03/2023	1.00%	-	875,000	-	875,000
BAN - Congress Street & Ferry Street Improvements	2/03/2023	1.00%	-	700,000	-	700,000
BAN - 2022 Capital Plan - Police - Building Improvements	2/03/2023	1.00%	-	200,000	-	200,000
BAN - 2022 Capital Plan - DPW - Pickup Trucks	2/03/2023	1.00%	-	200,000	-	200,000
BAN - 2022 Capital Plan - DPW - Street Sweeper	2/03/2023	1.00%	-	280,000	-	280,000
BAN - 2022 Capital Plan - Garbage Fund - Rear Load Garbage Trucks	2/03/2023	1.00%	-	475,000	-	475,000
BAN - 2022 Capital Plan - Garbage Fund - Pickup Trucks	2/03/2023	1.00%	-	120,000	-	120,000
BAN - 2022 Capital Plan - Garbage Fund - Mini Dumptruck	2/03/2023	1.00%	-	60,000	-	60,000
BAN - Riverwalk Trail	2/03/2023	1.00%	-	700,000	-	700,000
BAN - South Troy Roadway Phase II	2/03/2023	1.00%	-	2,000,000	-	2,000,000
Subtotal			<u>36,960,855</u>	<u>7,510,285</u>	<u>27,286,451</u>	<u>17,184,689</u>

NOTE 4 – SHORT-TERM DEBT (Continued)

Bond Anticipation Notes (Continued)

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
Subtotal from Previous Page			\$ 36,960,855	\$ 7,510,285	\$ 27,286,451	\$ 17,184,689
BAN - Leonard Hospital Demolition	7/28/2023	4.00%	2,240,000	-	412,701	1,827,299
BAN - Tropical Storm Irene	7/28/2023	4.00%	540,000	-	179,971	360,029
BAN - 2019 General Fund Capital Plan - DPW/Recreation	7/28/2023	4.00%	573,000	-	208,082	364,918
BAN - 2019 General Fund Capital Plan - Fire	7/28/2023	4.00%	640,000	-	77,136	562,864
BAN - DPW Dump Truck	7/28/2023	4.00%	190,000	-	10,000	180,000
BAN - Fire Pumper	7/28/2023	4.00%	660,000	-	20,000	640,000
BAN - Automated Garbage Truck	7/28/2023	4.00%	250,000	-	10,000	240,000
BAN - Rear Load Garbage Truck	7/28/2023	4.00%	175,000	-	15,940	159,060
BAN - Peterson Claw Truck	7/28/2023	4.00%	190,000	-	10,000	180,000
BAN - Police Impound Building	7/28/2023	4.00%	180,000	-	5,000	175,000
BAN - Police Cameras on City Streets	7/28/2023	4.00%	275,000	-	40,000	235,000
BAN - Firehouse Improvements	7/28/2023	4.00%	165,000	-	55,000	110,000
BAN - 7th Ave/Ingalls Ave Park	7/28/2023	4.00%	655,000	-	132,100	522,900
BAN - Campbell Ave/Springe Ave Intersection	7/28/2023	4.00%	350,000	-	47,204	302,796
BAN - State Street Garage	7/28/2023	4.00%	1,600,000	-	75,000	1,525,000
BAN - South Troy Industrial Roadway	7/28/2023	4.00%	1,416,280	-	416,280	1,000,000
BAN - Streetlight Purchase and Conversion	7/28/2023	4.00%	8,250,000	-	-	8,250,000
BAN - 2021 Street Paving Program	7/28/2023	4.00%	5,430,955	-	1,600,000	3,830,955
BAN - Siemens Phase III Streetlights	7/28/2023	4.00%	240,000	-	-	240,000
BAN - Siemens Phase III DPW Building	7/28/2023	4.00%	200,000	-	-	200,000
BAN - 2022 Street Paving	7/28/2023	4.00%	-	4,000,000	-	4,000,000
BAN - Golf Course Improvements	7/28/2023	4.00%	-	1,750,000	-	1,750,000
BAN - Ambulance	7/28/2023	4.00%	-	225,000	-	225,000
BAN - Police Department Building Upgrade	7/28/2023	4.00%	-	300,000	-	300,000
BAN - Water Transmission Project	5/21/2023	1.02%	6,848,118	7,565,548	-	14,413,666
BAN - Sewer Fund CSO Project	5/12/2023	0.00%	431,937	10,354,312	62,500	10,723,749
Total			<u>\$ 68,461,145</u>	<u>\$ 31,705,145</u>	<u>\$ 30,663,365</u>	<u>\$ 69,502,925</u>

NOTE 5 – LONG-TERM LIABILITIES

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Increase/ Adjustments	Decrease	Ending Balance	Due within One Year
Government activities					
Bonds and notes payable:					
General obligation debt:					
NYS EFC payable - Water Fund	\$ 227,925	\$ -	\$ 227,925	\$ -	\$ -
NYS EFC payable - Water Fund	1,860,000	-	105,000	1,755,000	110,000
NYS EFC payable - Sewer Fund	849,570	-	55,660	793,910	57,130
Serial bonds payable - General Fund	815,000	-	105,000	710,000	110,000
Serial bonds payable - General Fund	4,658,980	-	325,160	4,333,820	330,010
Serial bonds payable - Garbage Fund	311,020	-	9,840	301,180	9,990
Serial bonds payable - Water Fund	1,115,000	-	30,000	1,085,000	30,000
Serial bonds payable - General Fund	680,000	-	170,000	510,000	170,000
Serial bonds payable - General Fund	5,600,000	-	175,000	5,425,000	180,000
Serial bonds payable - General Fund	-	10,262,504	-	10,262,504	437,504
	<u>16,117,495</u>	<u>10,262,504</u>	<u>1,203,585</u>	<u>25,176,414</u>	<u>1,434,634</u>
Installment Purchase Agreements:					
Installment Purchase Agreement - General Fund	351,058	-	52,641	298,417	54,860
Installment Purchase Agreement - General Fund	947,228	-	104,401	842,827	109,229
Installment Purchase Agreement - Water Fund	477,795	-	73,315	404,480	78,481
Installment Purchase Agreement - General Fund	6,567,394	-	275,429	6,291,965	283,463
Installment Purchase Agreement - General Fund	211,440	-	50,394	161,046	52,003
Installment Purchase Agreement - General Fund	-	46,330	46,330	-	-
Installment Purchase Agreement - General Fund	228,608	-	48,193	180,415	49,659
	<u>8,783,523</u>	<u>46,330</u>	<u>650,703</u>	<u>8,179,150</u>	<u>627,695</u>
Total bonds and installment purchase agreements payable	<u>24,901,018</u>	<u>10,308,834</u>	<u>1,854,288</u>	<u>33,355,564</u>	<u>2,062,329</u>
Repayment agreements - MAC debt	<u>2,510,283</u>	-	<u>2,510,283</u>	-	-
Total bonds and notes payable	<u>27,411,301</u>	<u>10,308,834</u>	<u>4,364,571</u>	<u>33,355,564</u>	<u>2,062,329</u>
Other liabilities:					
Retirement debt	2,780,670	-	1,448,733	1,331,937	-
Compensated absences	6,958,274	115,119	-	7,073,393	-
Net pension liability - ERS	47,057	-	47,057	-	-
Net pension liability - PFRS	9,820,176	-	6,276,242	3,543,934	-
Total other post employment benefits	<u>164,488,287</u>	-	<u>28,811,711</u>	<u>135,676,576</u>	-
Total other liabilities	<u>184,094,464</u>	<u>115,119</u>	<u>36,583,743</u>	<u>147,625,840</u>	-
Total long-term liabilities	<u>\$211,505,765</u>	<u>\$ 10,423,953</u>	<u>\$ 40,948,314</u>	<u>\$180,981,404</u>	<u>\$ 2,062,329</u>

NOTE 5 – LONG-TERM LIABILITIES (Continued)

The details of bonds, notes and installment purchase agreements payable are as follows:

Installment Purchase Agreement – Energy Performance Contracts

On June 2, 2011 the City Council passed a resolution authorizing the City under Article 8 of the New York Energy Law which authorizes municipalities and school districts to enter into contracts (Energy Performance Contracts) for the provisions of energy service, including but not limited to, electricity, heating, ventilation, cooling, steam or hot water, in which a person agrees to install, maintain or manage energy systems or equipment to improve efficiency of, or produce energy in connection with building or facility in exchange for a portion of the energy saving and revenues.

As per Section 9-103 of the Energy Law, the City has evaluated and executed two master agreements with Siemens Building Technologies to develop and implement a performance-based energy savings and operation plan. Siemens will provide equipment, capital improvements, repairs, ongoing preventative maintenance and other service to improve the efficiency of various City buildings and to improve the efficiency of the Water Treatment Plant as described in the Energy Audit Report.

This master agreement (purchase) for the City buildings indicates a principal payment of \$1,648,598 at an interest rate of 4.547% with annual payments to commence on October 1, 2012 and end on July 1, 2029. The master agreement (purchase) for the Water Treatment Plant calls for a principal payment of \$946,746 at an interest rate of 4.288% with annual payments to, also, commence on October 1, 2012 and ending July 1, 2027. The master agreement also provides an assurance guarantee that if energy savings do not meet the annual payment then the City would not be liable for the annual payment for the year.

Installment Purchase Agreement – Purchase of Fire Equipment

On December 1, 2011, the City Council passed a resolution authorizing the execution and delivery of an installment purchase agreement to finance the cost of the purchase of a new fire ladder truck for the City of Troy in the amount not to exceed \$888,648.

The purchase contract obligated the City to expend a \$150,000 down payment to be paid from the 2012 City Budget and to pay \$738,648 at an interest rate of 4.23% with repayments to commence on March 1, 2013 and end March 1, 2027.

State Clean Water Program

The City has entered into loan agreements with the New York State Environmental Facilities Corporation (EFC) to finance the cost of improvements to the City's sewer system which were necessary to eliminate the discharge of untreated sewage into the Hudson River. The general obligation serial bonds shown under the Sewer Fund represent the unpaid balance of these bonds at December 31, 2022.

State Drinking Water Program

The City has also entered into loan agreements with EFC to help finance recent improvements to the City's water system. The general obligation serial bonds shown under Water Fund represent the unpaid balance of these bonds at December 31, 2022.

NOTE 5 – LONG-TERM LIABILITIES (Continued)

Issue dates, maturities, and interest rates on bonds, notes and installment purchase agreements payable are as follows:

	Year of Issue	Original Balance	Interest Rate	Final Maturity	December 31, 2022
<u>General Fund</u>					
Installment Purchase Agreement	2011	\$ 1,648,598	4.55%	07/2029	\$ 842,827
Installment Purchase Agreement	2012	\$ 738,648	4.23%	03/2027	298,417
Installment Purchase Agreement	2019	\$ 6,503,198	2.90%	07/2040	6,291,965
Installment Purchase Agreement	2020	\$ 260,274	3.19%	05/2025	161,046
Installment Purchase Agreement	2021	\$ 252,901	3.00%	08/2026	180,415
General Obligation	2010	\$ 1,121,888	3.00%	08/2028	710,000
General Obligation	2019	\$ 5,286,000	2.00%	08/2034	4,333,820
General Obligation	2020	\$ 850,000	1.73%	06/2025	510,000
General Obligation	2020	\$ 5,709,490	2.25%	Various	5,425,000
General Obligation	14-Jul	\$ 10,262,504	2.00%-2.25%	02/2038	10,262,504
					29,015,994
<u>Water Fund</u>					
General Obligation	2019	\$ 1,233,200	1.30%	08/2048	1,085,000
NYS EFC Obligation	2001	\$ 3,390,000	3.25%	12/2022	-
NYS EFC Obligation	2007	\$ 3,136,180	4.63%	09/2036	1,755,000
Capital Lease	2011	\$ 946,746	4.29%	07/2027	404,480
					3,244,480
<u>Sewer Fund</u>					
NYS EFC Obligation	2004	\$ 1,625,890		04/2034	793,910
<u>Garbage Fund</u>					
General Obligation	2019	\$ 330,000	2.00%	08/2034	301,180
Total general obligation bonds and leases payable					\$ 33,355,564

NOTE 5 – LONG-TERM LIABILITIES (Continued)

The annual debt service requirements to maturity, including principal and interest, for bonds, notes and installment purchase agreements payable as of December 31, 2022, are as follows:

<u>Fiscal Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,062,329	\$ 982,360	\$ 3,044,689
2024	2,223,549	831,952	3,055,501
2025	2,273,133	754,820	3,027,953
2026	2,073,990	693,165	2,767,155
2027	2,086,418	635,126	2,721,544
2028-2032	9,438,756	2,384,504	11,823,260
2033-2037	8,382,673	1,191,848	9,574,521
2038-2042	3,589,716	362,389	3,952,105
2043-2047	1,165,000	78,869	1,243,869
2048	60,000	2,288	62,288
	<u>\$ 33,355,564</u>	<u>\$ 7,917,321</u>	<u>\$ 41,272,885</u>

Total interest paid, net of bond accretion, on debt in 2022 was \$1,630,298.

NOTE 6 – LEASE AGREEMENTS**City as Lessee**

The City leases a building, land, and various equipment. The leases have various inception dates and remaining terms of 12 – 267 months. The leases do not contain renewal options. Lease agreements are summarized as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>
Knickerbacker Park	2.25%	\$ 1,049,504
City Hall	2.25%	709,048
Golf Carts	4.60%	122,800
Copier	2.25%	3,214
		<u>\$ 1,884,566</u>

Lease activity for the year ended December 31, 2022 is summarized as follows:

<u>Beginning Balance (Restated)</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
<u>\$ 2,327,649</u>	<u>\$ -</u>	<u>\$ 443,083</u>	<u>\$ 1,884,566</u>	<u>\$ 448,312</u>

NOTE 6 – LEASE AGREEMENTS (Continued)**City as Lessee**

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 448,312	\$ 40,794	\$ 489,106
2024	459,958	29,147	489,105
2025	39,519	21,561	61,080
2026	39,418	20,672	60,090
2027	40,223	19,777	60,000
2028-2032	215,252	84,748	300,000
2033-2037	240,857	59,143	300,000
2037-2042	269,508	30,492	300,000
2042-2047	131,519	3,481	135,000
Total	\$ 1,884,566	\$ 309,815	\$ 2,194,381

City as Lessor

The City is the lessor of various land and buildings. The leases have various inception dates and remaining terms of 39 – 80 months. The leases agreements are summarized as follows:

Land - Various Lessees	\$ 972,337
Building - Redburn Infrastructure	<u>6,266</u>
	<u>\$ 978,603</u>

Activity of lease inflows for the year ended December 31, 2022 is summarized as follows:

<u>Lease-related Revenue:</u>	
Lease revenue	\$ 264,353
Interest revenue	<u>25,932</u>
Total	<u>\$ 290,285</u>

Future minimum lease payments due the City are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 249,356	\$ 19,458	\$ 268,814
2024	259,171	18,639	277,810
2025	277,906	8,628	286,534
2026	148,289	2,486	150,775
2027	16,684	816	17,500
2028-2032	27,197	513	27,710
Total	\$ 978,603	\$ 50,540	\$ 1,029,143

NOTE 7 – PENSION PLANS

Plan Description

The City participates in the New York State and Local Employees' Retirement System (NYSERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL).

As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required other information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

Funding Policy

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, and prior to January 1, 2010, who contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For employees who joined after January 1, 2010, employees in NYSERS contribute 3% of their salary throughout their active membership. All employees hired on or after April 1, 2012 are in Tier 6. Tier 6 requires all employees to contribute 3% of gross earnings during fiscal year 2012-13. On April 1, 2013, they will be required to contribute a specific percentage on gross income ranging from 3% to 6% for all years of public service after date of membership. Under authority of the NYSRSSL, the New York State Comptroller annually certifies the rates expressed used in computing the employers' contributions. The required contributions for the current year and two preceding years were:

	ERS	PFRS
2022	\$ 2,011,379	\$ 7,283,029
2021	\$ 2,333,576	\$ 7,377,402
2020	\$ 2,185,241	\$ 6,239,393

The City of Troy has elected to participate in the Employer Contribution Stabilization Program per Part II of Chapter 57, Laws of 2010, which was signed into law on September 11, 2010. This program gives localities the option to amortize a portion of their annual pension cost. The amortized amount will be paid in equal installments over a ten-year period and may be prepaid at any time. The following summarizes the balances by retirement plan and plan year:

Plan Year	ERS		PFRS	
	Amount Amortized	Balance at 12/31/22	Amount Amortized	Balance at 12/31/22
2014	\$ -	\$ -	\$ 2,143,706	\$ 250,772
2015	721,059	162,633	1,587,404	358,034
2016	249,650	83,337	615,638	205,509
2017	-	-	634,895	271,652
Total	<u>\$ 970,709</u>	<u>\$ 245,970</u>	<u>\$ 4,981,643</u>	<u>\$ 1,085,967</u>

NOTE 7 – PENSION PLANS (Continued)

Pension Asset/Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, 2022, the City reported a net pension asset of \$4,005,520 and a net pension liability of \$3,543,934 for its proportionate share of the ERS net pension asset and PFRS net pension liability, respectively. The net pension asset/liability was measured as of March 31, 2022, and the total pension asset/liability used to calculate the net pension asset/liability was determined by the actuarial valuation as April 1, 2021. The City's proportion of the net pension asset/liability was based on a projection of The City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2022, the City's proportionate share was .0489997% and .6238831% for ERS and PFRS, respectively, which was an increase from the proportionate share at December 31, 2021 of .0017410% for ERS and .0582946% for PFRS. At December 31, 2022, the City recognized deferred outflows of resources and deferred inflows of resources from the following sources:

ERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 303,344	\$ 393,454
Changes of assumptions	6,684,764	112,798
Net difference between projected and actual earnings on pension plan investments	-	13,116,401
Changes in proportion and differences between employer contributions and proportionate share of contributions	259,966	310,768
Contributions subsequent to the measurement date	<u>1,508,534</u>	<u>-</u>
Total	<u>\$ 8,756,608</u>	<u>\$ 13,933,421</u>

\$1,580,534 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date of March 31, 2022 will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for ERS as follows:

Plan's Year Ended March 31:	
2023	\$ (1,056,531)
2024	(1,501,064)
2025	(3,407,756)
2026	(719,996)
2027	-
Thereafter	-
	<u>\$ (6,685,347)</u>

NOTE 7 – PENSION PLANS (Continued)

Pension Asset/Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
PFRS		
Differences between expected and actual experience	\$ 1,910,561	\$ -
Changes of assumptions	21,211,211	-
Net difference between projected and actual earnings on pension plan investments	-	29,778,300
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,064,159	1,000,730
Contributions subsequent to the measurement date	5,462,272	-
Total	<u>\$ 29,648,203</u>	<u>\$ 30,779,030</u>

\$5,462,272 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date of March 31, 2022 will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for PFRS as follows:

Plan's Year Ended March 31:

2023	\$ (1,564,095)
2024	(2,425,929)
2025	(6,935,168)
2026	4,061,657
2027	270,436
Thereafter	-
	<u>\$ (6,593,099)</u>

For the year ended December 31, 2022, the City recognized pension expense of \$145,881 and \$3,297,752 for ERS and PFRS, respectively.

Actuarial Assumptions

The total pension liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022.

The actuarial valuation used the following actuarial assumptions for both the ERS and PFRS:

Inflation	2.70%
Salary increases	4.4% ERS, 6.2% PFRS, indexed by service
Projected COLAs	1.4% annually
Decrement	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement:	Society of Actuaries Scale MP-2020
Investment Rate of Return	5.90% compounded annually, net of investment expenses

NOTE 7 – PENSION PLANS (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the 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 weighing 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 of real rates of return for each major asset class are summarized as of March 31, 2022 in the following table:

Asset Type	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	32%	3.30%
International Equity	15%	5.85%
Private Equity	10%	6.50%
Real Estate	9%	5.00%
Opportunistic/ARS Portfolio	3%	4.10%
Credit	4%	3.78%
Real Assets	3%	5.80%
Fixed Income	23%	0.00%
Cash	1%	-1.00%
	100%	

Discount Rate

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

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

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

	1% Decrease (4.90%)	Current Discount (5.90%)	1% Increase (6.90%)
ERS			
Proportionate Share of Net Pension Liability (Asset)	\$ 10,310,166	\$ (4,005,520)	\$ (15,979,901)
PFRS			
Proportionate Share of Net Pension Liability (Asset)	\$ 39,420,794	\$ 3,543,934	\$ (26,152,581)

NOTE 7 – PENSION PLANS (Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employer as of March 31, 2022, were as follows:

	Pension Plan's Fiduciary Net Position
ERS	
Total pension liability	\$ 223,874,888,000
Net position	<u>(232,049,473,000)</u>
Net pension liability (asset)	<u>\$ (8,174,585,000)</u>
ERS net position as a percentage of total pension liability	103.65%
PFRS	
Total pension liability	\$ 42,237,292,000
Net position	<u>(41,669,250,000)</u>
Net pension liability (asset)	<u>\$ 568,042,000</u>
ERS net position as a percentage of total pension liability	98.66%

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City's single employer defined benefit OPEB plan (the Plan) provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the City subject to applicable collective bargaining and employment agreements. Employees covered include the employees of the CSEA, UFA, PBA, Command and non-represented employees. The Plan is open to new entrants. The Plan is subject to good faith collective bargaining between the City and these covered employees. The Plan does not issue a standalone financial report because there are no assets legally segregated for the sole purpose of paying benefits under the Plan and there are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The City provides healthcare benefits for eligible retirees and their spouses. The benefit terms are dependent on which contract an employee falls under. The specifics of each contract are on file at City Hall and are available upon request.

Employees Covered by Benefit Terms

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefits	586
Inactive employees or beneficiaries	
entitled to but not yet receiving benefits	-
Active employees	<u>436</u>
Total participants	<u><u>1,022</u></u>

Total OPEB Liability

The City's total OPEB liability of \$135,676,576 was measured as of December 31, 2022 and was determined by an actuarial valuation as of January 1, 2022.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs

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

Actuarial Cost Method	Entry Age
Inflation	NYSERS - 2.7%; NYSPFRS - 2.5%
Discount Rate	4.31%
Salary Scale	The salary scale for Police and Fire employees is based on the NYSPFRS valuation as of August 2022. Payroll growth for all other employees is based on the NYERS valuation as of August 2022. Sample annual increases are as shown below:

<u>Years of Service</u>	<u>NYSERS</u>	<u>NYSPFRS</u>
0	8.80%	29.70%
5	4.95%	8.25%
10	4.18%	4.51%
15	3.63%	3.96%
20+	3.30%	3.63%

Healthcare Cost Trend Rates 7.50% for the current year decreasing to an ultimate rate of 4.50% by 2029.

Share of Benefit-Related Costs Varies based on applicable bargaining unit.

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Mortality assumptions are set to reflect general population trends based upon Pub-2010 Mortality tables and the most recent generational projection scale MP-2021 released by the Society Of Actuaries for future mortality improvements.

Changes in the Total OPEB Liability

Balance at December 31, 2021	<u>\$ 164,488,287</u>
Changes for the Year	
Service cost	4,328,550
Interest	3,726,420
Changes of benefit terms	(1,920,124)
Changes in assumptions or other inputs	(37,870,505)
Differences between expected and actual experience	9,356,068
Benefit payments	<u>(6,432,120)</u>
Net changes	<u>(28,811,711)</u>
Balance at December 31, 2022	<u>\$ 135,676,576</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.25% as of December 31, 2021 to 4.31% at December 31, 2022.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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 (3.31%) and 1 percentage point higher (5.31%) than the current discount rate:

	1% Decrease (3.31%)	Current Discount (4.31%)	1% Increase (5.31%)
Total OPEB Liability	<u>\$ 154,392,266</u>	<u>\$ 135,676,576</u>	<u>\$ 120,292,246</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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 healthcare cost trend rate that is 1 percentage point lower (6.50%) and 1 percentage point higher 8.50%) than the current healthcare cost trend rate:

	Healthcare		
	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Total OPEB Liability	<u>\$ 118,799,663</u>	<u>\$ 135,676,576</u>	<u>\$ 156,793,147</u>

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

For the year ended December 31, 2022, the City recognized OPEB income of \$13,437,047. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 15,661,295	\$ 37,833,333
Difference between expected and actual experience	<u>8,019,487</u>	<u>33,605,223</u>
Total	<u>\$ 23,680,782</u>	<u>\$ 71,438,556</u>

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

Fiscal Year Ending December 31,	Amount
2023	\$ (13,139,773)
2024	(10,006,553)
2025	(11,321,909)
2026	(4,608,023)
2027	(4,608,025)
Thereafter	<u>(4,073,491)</u>
	<u>\$ (47,757,774)</u>

NOTE 9 – INTERFUND TRANSACTIONS

Interfund transactions for the period ended December 31, 2022 are as follows:

	Interfund Activity			
	Due From	Due To	Revenue	Expenditures
Governmental Funds:				
General	\$ 1,217,392	\$ 3,482,669	\$ 1,354,967	\$ 13,881,293
Capital Projects	5,866,336	2,239,119	5,645,068	6,804,290
Miscellaneous Special Revenue	14,392	41,066	5,019,017	-
Special Grant	48,115	494,856	92,380	620,928
Water	1,944,157	1,036,314	1,747,758	845,641
Sewer	-	1,418,999	-	1,555,384
Garbage	7,345	384,714	985,677	67,313
Debt Service	-	-	10,064,896	1,134,914
	<u>\$ 9,097,737</u>	<u>\$ 9,097,737</u>	<u>\$ 24,909,763</u>	<u>\$ 24,909,763</u>

NOTE 10 - CITY AND STATE ACTIONS

During 1994, State legislation (1994 Act) was adopted which allowed the City to sell notes or bonds for the purpose of liquidating cumulative and projected deficits in the City's General Fund under certain conditions contained in the 1994 Act. The 1994 Act also created a Supervisory Board to review and make recommendations on certain financial practices of the City. The five-member Board is headed by the State Comptroller.

The State Legislature amended the 1994 Act (the 1994 Act, as amended during 1995, is referred to as the "Original Financial Control Act") to provide the Supervisory Board with control over the City's financial situation.

During July 1996, the State Legislature adopted Chapters 444 and 445 of the Laws of 1996, which further amended the Original Financial Control Act. The principal purposes of Chapters 444 and 445 were to allow the City to restructure its annual debt services requirements, to reinforce existing controls over the City's authority to contract indebtedness or enter into other long-term financing arrangements, and to strengthen the credit of the MAC. The Original Financial Control Act, as amended by Chapters 444 and 445 of the Laws of 1996, is hereinafter referred to as the "Financial Control Act."

During 1995, the State Legislature created the MAC.

1. The MAC is a corporate governmental agency and instrumentality of the state constituting a public benefit corporation. The MAC Board is made up of five members, three appointed by the Governor, one by the Senate Majority Leader, and one by the Speaker of the State Assembly.

NOTE 10 - CITY AND STATE ACTIONS (Continued)

2. The MAC was established for the purpose of providing financing assistance and fiscal monitoring for the City. The Financial Control Act authorized the MAC to provide financing assistance to the City if the Mayor certified to the MAC that funds are required by the City to enable it (1) to pay for any item which is permitted by law to be included in the City's capital budget for the fiscal year for which such certification is made, including payments to reimburse the General Fund for monies advanced and expended for any such item, (2) to pay operating expenses, (3) to liquidate all or a portion of the City's deficits for the years 1993 through 1995, both inclusive, or to pay, at maturity, or on the redemption date the principal of and interest on obligations of the City issued for such purposes, (4) to acquire, or cause to be acquired, all or a portion of the real or personal property leased by the City pursuant to one or more lease agreements between the City and the LDC, including the financing of the payment of any judgments or comprised or settled claims against the City relating to such real or personal property, (5) to pay at maturity, or on the redemption date, the principal and interest of obligations of the City previously issued to finance any item in the current or any prior fiscal year, and (6) to pay for the costs of the closure of the City's landfill. The Financial Control Act authorized the MAC to issue bonds and notes in an aggregate principal amount of up to \$71 million for the purposes set forth in items (1), (3), (4), (5), and (6) just mentioned.
3. The refinancing obligations were general obligations of the MAC payable from the sources described below. Amounts will be subject to a lien including the following:
 - a. Amounts derived from the sales tax, after those amounts have been appropriated by the state from the Municipal Assistance Tax Fund where they are first deposited, and transferred to the MAC or a trustee;
 - b. Amounts derived from state aid, after those amounts have been appropriated by the state from the Municipal Assistance State Aid Fund (State Aid Fund) where they are first deposited, and transferred to the MAC or a trustee;
 - c. Amounts derived from payments made by the State for the purpose of providing a minimum debt coverage ratio of 1.5 to 1, after those amounts have been appropriated by the State from the State Aid Fund where they are first deposited, and transferred to the MAC or a trustee; and,
 - d. Any monies or securities held in the funds established under a general resolution (other than (i) the operating fund and (ii) the rebate fund).

The amounts described in a., b., and c. above were required to be paid to the MAC from two special funds established under the State Finance Law and held in the custody of the Comptroller, the Municipal Assistance Tax Fund, and the State Aid Fund. The Financial Control Act required the Comptroller to make payments from those special funds to the MAC, in accordance with a schedule that was delivered by the MAC annually, as required under the Act and the General Resolution. That schedule set forth the MAC's cash requirements, including debt service payments and amounts required to meet the 1.5:1 debt-service-coverage requirement.

On January 18, 2022, the MAC retired the last of its outstanding refinancing obligations. In connection with the retirement of these obligations, the MAC transferred funds remaining on deposit to the City. Under the terms of the 1994 Act, upon payment of all outstanding obligations of the MAC, payment of all operating expenses and other liabilities of the MAC, receipt of rebate refund from the Internal Revenue Service, the transfer of all assets and other remaining amounts on deposit in any funds or accounts of the MAC to the City, and the delivery to the MAC of an audit or other certification by an independent certified public accountant, the MAC may be terminated by resolution of the Board of Directors of the MAC. On June 27, 2023, all requirements for termination of the MAC were met and the MAC was terminated.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Sales and Use Tax

On October 1, 2021, the City and the County renewed their current agreement that was in effect for the period March 1, 2015 through February 29, 2021. Under the terms of the agreement the County will pay the City 19.65% of the first \$80,000,000 in annual sales tax receipts plus 9.00% for the sales tax receipts in excess of \$80,000,000 for the term of March 1, 2021 through February 28, 2027. The receipts are calculated on a sales tax year basis covering March 1st through February 28th.

Workers' Compensation Plan

The City is self-insured for workers' compensation benefits on a cost-reimbursement basis. Under the program, the City is responsible for claim payments.

Any excess funding received over claims paid and accrued is held in the workers' compensation reserve, restricted for future claim payments.

Health Insurance / Workers' Compensation Plans

The City's non-Medicare Advantage health insurance plan is self-insured with stop loss insurance limiting its liability to \$150,000 per insured.

Claims liabilities are recomputed annually using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims 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 on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to the liability in the periods in which they are made.

All known claims filed and an estimate of all incurred, but not reported claims existing at December 31, 2022, have been recorded as accrued liabilities in the general fund and as long-term debt. The City establishes health insurance claims liabilities based on estimates of the ultimate cost of claims. Claims under this plan are paid during the year or in the subsequent year. The length of time that claims may be submitted is limited to sixty days after year-end.

The City establishes Workers' Compensation and unemployment claims liabilities based on 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. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on complex factors, such as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount.

The following represents changes in those aggregate liabilities for the City during 2022:

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u>
Unpaid claims and claim adjustment - beginning of year	\$ 1,595,457	\$ 858,060
Incurred claims and claim adjustment expenses:		
Provision for incurred claim expenses for events of the current year	<u>1,121,366</u>	<u>6,323,612</u>
Total incurred claims and claim adjustment expenses	2,716,823	7,181,672
Payments made for claims arising during the current year	<u>(841,817)</u>	<u>(6,461,070)</u>
Total unpaid claims and claim adjustment expenses - end of year	<u>\$ 1,875,006</u>	<u>\$ 720,602</u>

NOTE 11 - COMMITMENTS AND CONTINGENCIES (Continued)

Lawsuits

The City is party to various legal proceedings which normally occur in governmental operations. These proceedings include tax certiorari claims as well as lawsuits in which the City is a defendant. A review of the pending litigation against the City by the City's attorney indicates in all cases that an estimate of liability is not possible. Management of the City believes that the loss reserves it has accrued are adequate.

Grant Programs

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

Housing Trust Fund Corporation

The City has several program agreements with the State of New York Housing Trust Fund Corporation (HTFC). Under these program agreements, HTFC funds are awarded to the City on a conditional basis. The City and its subrecipients must satisfy certain conditions prior to HTFC granting a forgiveness of these conditional awards. Until HTFC grants this forgiveness, a contingent liability exists. The City believes that the conditions set forth in the program agreement will be satisfied, resulting in no significant adverse effects on the City's financial position or results of operations.

Federal Loan Guarantee Program

The City has obtained funds from the United States Department of Housing and Urban Development (HUD) under a federally-sponsored loan guarantee program. The City has loaned these funds for the purpose of community development activities and expects to receive repayment in the future. The City is responsible for repayment to HUD and has pledged future community development block grants to secure repayment.

NOTE 12 – COMBINED SEWER OVERFLOW PROJECT

The City of Troy, along with five other Capital Region municipalities, is a party to an agreement known as the Albany Pool – Long-Term Control Plan (LTCP). The LTCP project, which was developed under a consent order with the New York State Department of Environmental Conservation, is intended to address combined sewer overflow discharges into the Hudson River and improve overall water quality. Construction projects associated with the LTCP began in 2015 and are expected to be completed by 2027. The Albany CSO Pool Communities Corporation (Pool Communities Corporation) is responsible for managing the development and implementation of LTCP projects, oversight of program consultants and administrators, and the reconciliation of program finances. Each municipality is responsible for a share of the Pool Communities Corporation operating expenses. The total cost of the project is expected to exceed \$100 million. The total allocation by participating municipality is as follows:

<u>Municipality</u>	<u>Allocation %</u>
Albany	58.68%
Troy	34.76%
Cohoes	2.74%
Rensselaer	2.13%
Watervliet	1.16%
Green Island	0.53%

The City’s approximate \$35 million share of the total CSO project is a combination of projects embarked on by the City for which the other municipalities will reimburse the City, plus projects embarked on by the other municipalities for which the City will reimburse them. The Pool Communities Corporation manages the accounting for the participating municipalities. The City of Troy records its portion of receivables and payables when such information is obtained from the Pool Communities Corporation.

NOTE 13 – PROPERTY TAX ABATEMENT

Payments in Lieu of Taxes Agreements

The City has various real property tax abatement agreements entered into by the City of Troy Industrial Development Agency (IDA) and Rensselaer County IDA under Article 18-A of the real property tax law. These agreements provide for abatement of real estate property taxes in exchange for a payment in lieu of taxes (PILOT) in compliance with the IDA’s Uniform Tax Exemption Policy. In accordance with the policy, the IDA grants PILOTs in accordance with various activities such as new construction, purchasing of an existing facility, or the improvement or expansion of an existing facility. The IDA also has policies for recapture of PILOTs should the applicant not meet certain criteria. All policies are available from the IDA.

<u>Agreement</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Tax Value</u>	<u>485B Exemption</u>	<u>PILOT Received</u>	<u>City Tax Abated</u>
Rensselaer County IDA	\$ 54,453,800	\$ 15.108363	\$ 822,708	\$ -	\$ 338,767	\$ 483,941
City of Troy IDA	\$141,689,700	\$ 15.108363	\$ 2,140,699	\$ -	\$ 716,048	\$ 1,424,651

NOTE 13 – PROPERTY TAX ABATEMENT (Continued)

Property Tax Agreement with Housing Development and Redevelopment Companies

The City has seven 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 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.

The following information relates to the PILOT agreements entered into under the agreements for the year ended December 31, 2022:

Agreement	Assessed Value	Tax Rate	Tax Value	485B Exemption	PILOT Received	City Tax Abated
City of Troy	\$ 20,368,700	\$ 15.108363	\$ 307,738	\$ -	\$ 117,573	\$ 190,165

NOTE 14 – AMERICAN RESCUE PLAN ACT FUNDS

The American Rescue Plan Act (ARPA) was passed by Congress in March 2021 and provided a total of \$1.9 trillion stimulus funding. The City of Troy is considered an entitlement municipality and was allocated \$42,879,140 in ARPA funds. These funds were received by the City, through NYS, in two equal installments in 2021 and 2022. The City has until December 31, 2024 to spend this money. The money may only be spent on eligible items per the ARPA.

The City has appropriated \$36,643,312 in funding, of which \$23,393,312 was for related projects within the Miscellaneous Special Revenue Fund and \$13,250,000 for related projects within the Capital Projects Fund. As of December 31, 2022, expenditures for the related projects totaled \$5,608,690, with \$5,027,305 within the Miscellaneous Special Revenue Fund and \$581,385 within the Capital Projects Fund.

As of December 31, 2022 the City has recorded \$37,270,450 of unearned revenue within the General Fund for future American Rescue Plan project related expenditures.

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS

General

Discretely presented component unit information is comprised of the Troy Industrial Development Authority (IDA), Troy Local Development Corporation (LDC), Troy Capital Resource Corporation (CRC), and Troy Community Land Bank Association (Land Bank). The following disclosures relate to the component units in accordance with generally accepted accounting standards promulgated by GASB.

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Capital Assets (LDC)

Acquisition of property and equipment are recorded at cost. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas remediation, maintenance, and repair costs are expensed as incurred. When property and equipment is sold or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited or charged to the change in net position. Depreciation is provided for in amounts to relate the cost of depreciable assets to operations over their estimated useful lives on a straight-line basis using an estimated life of 40 years.

Capital asset activity for the year ended December 31, 2022 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 397,501	\$ -	\$ -	\$ 397,501
Buildings and improvements	191,051	-	-	191,051
	588,552	-	-	588,552
Accumulated depreciation	60,923	3,308	-	64,231
Capital assets, net	<u>\$ 527,629</u>	<u>\$ (3,308)</u>	<u>\$ -</u>	<u>\$ 524,321</u>

Property Held for Sale or Development (IDA and LDC)

Property held for sale or development is recorded at cost and is carried at the lower of cost or fair value. Major additions, renewals, and betterments are capitalized, whereas remediation, maintenance, and repair costs are expensed as incurred. When property held for development or resale is sold or otherwise disposed of, the appropriate accounts are relieved of costs and any resultant gain or loss is credited or charged to the change in net position.

Recognition of impairment of property held for development and resale is required when events and circumstances indicate that an entity will not be able to recover the carrying amount of these assets. If the carrying amount of the asset is not recoverable, an impairment loss equal to the amount by which the carrying amount of an asset exceeds its fair value is recognized.

IDA

In January 2015, the IDA entered into a series of agreements related to a proposed park improvement project. The agreements allowed the IDA to undertake development activities and included a two-year option to purchase a parcel of land to support the same project. During 2017, the IDA exercised the option and purchased the land. As of December 31, 2022 management does not consider the land to be impaired, and accordingly, the IDA has not recorded an impairment loss for the year ended December 31, 2022.

Real property held for sale for development activity for the period January 01, 2022 through December 31, 2022 is as follows:

Beginning Balance	Increase	Decrease	Ending Balance
<u>\$ 287,000</u>	<u>\$ -</u>	<u>\$ (207,000)</u>	<u>\$ 80,000</u>

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Property Held for Sale or Development (IDA and LDC) (Continued)

LDC

Property held for sale or development consisted of the following at December 31, 2022:

King Fuels Sites	\$ 1,921,228
Main Street - Alamo	115,000
Federal Street	59,000
16 Northern Drive	13,500
	<u>\$ 2,108,728</u>

Land Bank

The Land Bank primarily acquires its property held for sale from the City for the purpose of improving those properties and returning them to productive use on the tax rolls. These properties are recorded at twenty-five percent of assessed value at the time of donation which management believes approximates acquisition cost. Depending on the condition of the property at the time of acquisition, certain capital costs may be required to improve that property and are added to the value of the property held for sale.

The Land Bank's activity related to property held for sale during the fiscal year ending December 31, 2022 is as follows:

Beginning Balance	Purchased Property Acquisitions	Capital Improvements	Cost of Property Sales	Adjustment to Property Values	Ending Balance
<u>\$ 606,053</u>	<u>\$ 353,750</u>	<u>\$ 254,310</u>	<u>\$ (526,080)</u>	<u>\$ -</u>	<u>\$ 688,033</u>

The Land Bank acquired ten parcels of property in fiscal year 2022. The Land Bank sold eight parcels of property in fiscal year 2022 for total consideration of \$543,300 resulting in a gain on disposition of those properties of \$17,220.

Loans Receivable (LDC)

The LDC administers an economic development loan program with the primary objective of stimulating the City's economic base in order to create new job opportunities. Loans are made to eligible borrowers meeting targeted economic criteria at market interest rates, ranging from 4.25% to 5.75%.

Loans made under the program are generally collateralized by machinery, equipment, or real property of the borrower. Certain loans require fixed monthly payments while others are due in one lump sum payment.

Loans receivable are carried at their estimated collectible amounts. The LDC determines its allowance for doubtful accounts by regularly evaluating individual receivables and considering collateral value, financial condition, credit history, and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. A summary of loans receivable is as follows:

Loans receivable	\$ 42,817
Allowance for doubtful accounts	(12,734)
Loans receivable, net	<u>\$ 30,083</u>
Loans receivable, begging of year	\$ 62,576
Less - repayments	(14,343)
Less - write-offs	(5,416)
Loans receivable, end of year	<u>\$ 42,817</u>

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Leases (LDC)

As a lessor, the LDC recognizes a lease receivable and deferred inflow of resources for any lease with a term greater than 12 months. The lease receivable is recorded at the present value of the lease payments to be received during the lease term. The lease term will be adjusted based on the existence of any extension or termination options when it is reasonably certain that the LDC or the lessee will exercise those options. The deferred inflow of resources is initially measured at an amount equal to the initial measurement of the related lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease that is related to future periods less any lease incentives. The deferred inflows of resources is recognized as lease revenue on a straight-line basis over the term of the lease.

Facility Lease

The LDC has an active lease agreement arising from the leasing of property owned by the LDC. The lease agreement requires monthly lease payments of approximately \$6,100 that increases annually by a percentage equal to the increase in the Consumer Price Index (CPI). The initial term expires on December 31, 2023 and includes two 5-year renewal options. The initial 5-year option period is reasonably certain to be renewed, and accordingly, is included in the lease term. In addition, the lease agreement requires a \$10,000 annual road remediation fee that expires on December 31, 2023 and is not reasonably certain to be extended.

National Grid License Agreement

In December of 2021, the LDC entered into a license agreement with National Grid that grants National Grid an exclusive right to enter the Kings Fuel site for the exclusive purpose of undertaking an environmental remediation project. The term of the agreement begins in February 2022 and runs through December 31, 2026 and can be extended if necessary. The agreement calls for monthly license fees that decrease over the term of the agreement as each phase of the remediation project is completed. The monthly license fees shall be payable to the Corporation as follows:

<u>Phase</u>	<u>Expected Term</u>	<u>Payment</u>
Phase I	18 months	\$10,765/month
Phase II	24 months	\$9,921/month
Phase III	20 months	\$7,894/month

In addition, the agreement requires National Grid to pay LDC a Road and Parking Lot Paving Credit in the amount of \$239,400. The credit shall be payable to the LDC in three equal installments of \$79,800 payable with the first monthly license fee payment for Phase II, Phase III and with the final monthly license fee payment upon completion of the Remediation project.

The total amount of revenue recognized under the agreements are as follows for the years ending December 31:

Lease revenue	\$ 205,640
Interest Income on leases	44,329
	<u>\$ 249,969</u>

The LDC did not recognize revenue associated with residual value guarantees and termination penalties.

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Leases (LDC) (Continued)

Below is a schedule of future payments that are included in the measurement of the lease receivable:

<u>Fiscal Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 252,111	\$ 41,338	\$ 293,449
2024	166,014	31,727	197,741
2025	243,938	23,468	267,406
2026	158,977	14,440	173,417
2027	176,186	5,985	182,171
2028	76,908	1,782	78,690
	<u>\$ 1,074,134</u>	<u>\$ 118,740</u>	<u>\$ 1,192,874</u>

Land Purchase Option (IDA)

In April 2017, the IDA entered into an exclusive option agreement to sell a 1.4-acre parcel of land to a developer of an IDA project for an exercise price of \$100,000. The option agreement has a 7-year term and requires annual lease payments of \$10,000 to be paid to the IDA by the developer during the option term. In exchange for the option the developer paid the IDA \$107,000 during the year ended December 31, 2017. The total purchase price of the land under this agreement was \$207,000.

In August 2020, the IDA amended this agreement. Under the amended agreement, the IDA agreed to provide the developer assistance for qualified project expenditures in an amount of up to \$250,000. In exchange for this assistance, the purchase price of the land was increased to \$457,000. In addition, the option date was amended to be the earlier of the developer's closing date on permanent financing or April 28, 2024.

In 2022, the developer exercised the option. The IDA recognized a gain on sale of the land of approximately \$285,000.

Debt (Land Bank)

Construction Loan

In March 2020, the Land Bank entered into a mortgage loan promissory note payable (direct borrowing) to a financial institution in the amount of \$226,000. The original term of the loan was 12 months with Interest only payments due beginning April 2020. During 2021, the loan due date was extended and the new due date was December 1, 2021. This loan has not been formally extended by the financial institution. During 2022, in addition to the interest payments, the Land Bank made a principal payment in the amount of \$25,000.

It is anticipated that this loan will be paid in full upon the sale of the property securing the loan. However, the property securing the loan is subject to a mechanic's lien. The Land Bank anticipates resolving the lien issues and moving forward with selling the property.

The interest rate during the construction period is floating at the Prime Rate (as published by the Wall Street Journal) plus 0.50%. There is a floor (minimum) interest rate of 5.00% at all times. Interest rate as of December 31, 2022 is 5%.

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Loan Payable (LDC)

During 2006, the LDC entered into a loan agreement with the City for \$3,000,000 to be used for property acquisition and economic development. The agreement requires semiannual interest payments at 5% and annual principal payments to the City as billed by the United States Department of Housing and Urban Development (HUD) Section 108 loan authorization pursuant to the Brownfields Economic Development Initiative (“BEDI”). The loan matures in August 2026 and is collateralized by a mortgage on real property. The loan contains a provision that in an event of default, outstanding principal amounts together with accrued and unpaid interest will become immediately due. Activity in loans payable for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Redemptions	Ending Balance
Loan payable	\$ 829,000	\$ -	\$ 167,000	\$ 662,000
Less current portion				167,000
				<u>\$ 495,000</u>

A summary of future principal payments and estimated interest payments is as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2023	\$ 167,000	\$ 34,883	\$ 201,883
2024	167,000	26,216	193,216
2025	167,000	17,448	184,448
2026	161,000	8,597	169,597
	<u>\$ 662,000</u>	<u>\$ 87,144</u>	<u>\$ 749,144</u>

Conduit Debt Obligations (IDA)

To further economic development in the county, the IDA has issued bonds that provide capital financing to private-sector entities for the acquisition and construction of facilities. The properties financed are pledged as collateral and the bonds are payable solely from payments from the private sector entities. In addition, no commitments beyond the collateral, the payments from the private sector entities, and maintenance of tax-exempt status of the conduit debt obligation were extended by the IDA. The bonds are not obligations of the IDA or the State of New York. Accordingly, the IDA does not record the assets or liabilities resulting from completed bond transactions in its accounts since its primary function is to arrange financing between borrowing companies and bond holders, and funds arising from those transactions are controlled by trustees or banks acting as fiscal agents. For providing this service, the IDA receives project administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds. There were no outstanding bonds at December 31, 2022.

Payment in Lieu of Taxes (PILOT) (IDA)

The IDA enters into and administers PILOT agreements for various unrelated business entities located in the City. Under the terms of the PILOT agreements, title to property owned by the unrelated business entity is transferred to the IDA for a certain period of time. During the period in which the IDA holds title, the business entity pays a PILOT to the IDA based on a calculation defined by the specific agreement. The PILOTs allow the companies to make payments that are less than the property taxes that would be paid on the related property’s assessed value. Once the PILOT is received, the IDA remits the PILOT to the respective taxing authorities. Certain requirements, as defined by each agreement, are to be met by the company to be able to maintain its PILOT. These requirements, as stated in the PILOT agreement, can be comprised of reaching and maintaining certain employment goals and paying its PILOT in a timely fashion.

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Payment in Lieu of Taxes (PILOT) (IDA) (Continued)

At the completion of the PILOT, title to the property is transferred back to the third-party business owner, and the property goes back on the tax rolls. PILOT receipts and PILOT payments are accounted for as passthrough transactions and are not included in the revenues or expenses of the IDA. The IDA is responsible for collecting and remitting the funds. However, the taxing authorities bear the risk of loss if the PILOT payments are not paid to the IDA by the respective companies. Total pass-through PILOT payments were approximately \$2,175,000 for the year ended December 31, 2022.

Grant Revenue (Land Bank)

The Land Bank has been awarded various grants to promote community revitalization efforts and complete its recapitalization efforts and complete its rehabilitation projects. Payments under the grants are based on estimated needs of the Land Bank on a quarterly basis or based upon project budgets. Revenues under the grants are recognized as eligible project expenditure are incurred. Funds received in advance of disbursements are recognized as unearned grant revenue and disbursements exceeding amounts received are recognized as due from New York State or as a Grant Receivable.

In fiscal year 2022, the Land Bank received Land Bank Initiative grant funding from NYS Department of Homes and Community Renewal to support services and expenses of the Land Bank and Homes and Community Renewal will allocate resources in two phases. Phase I will provide essential funding for Land Bank operations and non-capital expenses and Phase II will support expenses including property acquisition, building stabilization, demolition, pre-development, technical assistance and capacity building.

Grant Revenue (Land Bank)

In fiscal year 2022, the Land Bank received COVID-19 ARPA Act funding from the City of Troy. The Land Bank was awarded and received \$1,000,000. The funding is to cover property clean outs, streetscape improvements, parking, gangway completion, property/casualty insurance, hiring a project manager and work relating to specific properties noted in the subrecipient agreement. For the year ended December 31, 2022, the Land Bank recognized revenue related to this grant of \$504,599 for expenditures relative to this grant. The remaining \$495,401 is unearned revenue as of December 31, 2022.

Concentrations (Land Bank)

The Land Bank received 58% of its revenue from the New York State Office of the Attorney General, ARPA Act and Land Bank Initiative grants for the year ended December 31, 2022. At the present time, the Land Bank's continued viability is reliant on cash from the ARPA Act grant, Land Bank Initiative grant and support from the City of Troy.

Financing Activities (CRC)

Revenue bonds issued by CRC are collateralized by property that is leased to companies and is retired by lease payments. The bonds are not obligations of CRC or the State of New York. CRC does not record the assets or liabilities resulting from completed bond transactions in its accounts since its primary function is to arrange financing between borrowing companies and bond holders, and funds arising from those transactions are controlled by trustees or banks acting as fiscal agents. In addition, no commitments beyond the maintenance of the tax-exempt status of the conduit debt obligation were extended by CRC. For providing this service, CRC receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds. The outstanding balance of bonds issued totaled \$328,540,000 at December 31, 2022.

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

New Accounting Standards Adopted (CRC)

During the year ended December 31, 2022, CRC implemented GASB No. 91, *Conduit Debt Obligations* (GASB 91). GASB 91 defines conduit debt obligations and establishes standards for the recognition, measurement, and disclosures for issuers and is expected to improve financial reporting by ending significant diversity in reporting practices. The adoption of the new standard did not have a material effect on CRC's financial statements and did not result in any reclassifications or restatements of net position or changes in net position.

Change in Accounting Principle (LDC)

During the year ended December 31, 2022, the LDC implemented Government Accounting Standards Board (GASB) No. 87, *Leases* (GASB 87). GASB 87 enhances the relevance and consistency of information related to a government's leasing activities. The requirements of GASB 87 are based on the principle that leases represent the financing of the right to use an underlying nonfinancial asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflows of resources. The new standard was adopted on a retrospective basis as of the beginning of the earliest period presented. Accordingly, amounts previously reported on the financial statements for the year ended December 31, 2021 were restated to conform to the new standard as follows:

	Previously Reported Balance	GASB 87 Adjustment	Restated Balance
Lease receivable	\$ -	\$ 489,017	\$ 489,017
Deferred inflows of resources	\$ -	\$ 471,603	\$ 471,603
Net position, end of year	\$ 1,938,447	\$ 17,414	\$ 1,955,861
Lease revenue	\$ 78,798	\$ (4,850)	\$ 73,948
Non-operating interest income	\$ -	\$ 22,264	\$ 22,264
Change in net position	\$ (146,329)	\$ 17,414	\$ (128,915)

Commitments and Contingencies

LDC

Environmental Risks

The LDC is developing and implementing a plan for environmental remediation and site development on the King Fuel properties with assistance from the New York State Department of Environmental Conservation and National Grid. Preliminary testing and clean-up efforts began in late 2007 and are expected to continue for several years. The LDC funding assistance has been provided through the BEDI grant and loan funds

Program Grant and Loan Commitments

The LDC has approved various applications for funding under its loan and grant programs. Funding of the approved amounts is dependent upon the applicant meeting various documentation requirements.

Land Bank

The Land Bank participates in grant programs. The programs could be subject to financial and compliance audits and may be conducted in accordance with grantor requirements on a periodic basis. The amounts, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the Land Bank believes, based upon its review of current activity, the amount of such disallowances, if any, would be immaterial.

The Land Bank has entered into an agreement with Social Enterprise and Training Center, Inc. (SEAT), to provide administrative assistance such as construction project consulting/management, preliminary construction cost estimating and general planning and consultation. The Land Bank also entered into a co-development agreement with SEAT for one property.

Income Taxes

The component units are all exempt from federal, state, and local income taxes.

NOTE 16 – CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB 87 Statement No. 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City’s 2022 financial statements. The effect of the lessee transactions had no effect on the beginning net position of the governmental activities since the net book value of the leased assets equals the total lease liability. The lessor transactions also had no effect on beginning net position, nor on beginning fund balance in the General Fund or Water Fund, as the deferred inflows equal the amount of the lease receivable.

	Governmental Activities Net Position	General Fund Fund Balance	Water Fund Fund Balance
Balance at December 31, 2021, as previously reported	\$112,912,173	\$ 18,218,347	\$ 5,988,300
Adjustments:			
Net book value of leased assets	2,327,649	-	-
Lease liability	(2,327,649)	-	-
Lease receivable	1,231,137	187,380	1,043,757
Deferred inflows - leases	(1,231,137)	(187,380)	(1,043,757)
Balance at January 1, 2022, as restated	<u>\$112,912,173</u>	<u>\$ 18,218,347</u>	<u>\$ 5,988,300</u>

NOTE 17 – SUBSEQUENT EVENTS

On February 2, 2023, the City issued \$13,863,689 bond anticipation notes, of which the entire amount was used to redeem previously issued notes. The interest rate of the notes was 4.00% and the effective net interest rate was 2.90%.

On April 13, 2023, the City issued \$1,800,652 in serial bonds to redeem previously issued bond anticipation notes with the New York Environmental Facilities Corporation. The serial bonds were issued for thirty years with an interest rate of 0.00%.

On June 2, 2023, the City disbursed checks totaling \$1,097,537 to the New York State Retirement System for the purpose of pre-paying the remaining balance of four pension loans within the Police and Fire Retirement System.

In June 2023, the City settled a discrimination claim. The case was settled for \$295,000 of which the City’s share is approximately \$75,000; the remainder will be paid by the City’s insurance carrier. The \$75,000 City share has been recorded as an accrued liability as of December 31, 2022.

In June 2023, the City settled a personal injury claim. The case was settled for \$850,000 of which the City’s share is \$0; the entire settlement is paid for by the contractor’s general liability insurance carrier. As such, no liability has been recorded as of December 31, 2022.

On June 27, 2023, the Municipal Assistance Corporation (MAC) for the City of Troy was certified as terminated, also resulting in the termination of the Troy Supervisory Board. The remaining \$71,232 in the MAC operating account was transferred to the City.

On July 27, 2023, the City issued \$13,732,762 in serial bonds to redeem previously issued bond anticipation notes. The serial bonds were issued for thirteen years with an interest rate of 4.000%. On July 27, 2023, the City issued \$10,271,812 in bond anticipation notes, of which \$1,012,812 will be used to redeem previously issued notes and the remaining balance of \$9,259,000 is the initial issuance of the notes. The interest rate of the notes was 4.500% and the effective net interest rate was 3.899%.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY OF TROY, NEW YORK

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Real property taxes and tax items	\$ 28,571,721	\$ 28,571,721	\$ 29,991,996	\$ -	\$ 1,420,275
Nonproperty tax items	18,300,000	19,100,000	20,627,050	-	1,527,050
Departmental income	5,571,817	5,621,817	6,128,202	-	506,385
Intergovernmental charges	310,000	310,000	103,063	-	(206,937)
Use of money and property	95,500	95,500	202,121	-	106,621
Licenses and permits	1,530,000	1,530,000	1,011,205	-	(518,795)
Fines and forfeitures	1,651,000	1,651,000	1,048,671	-	(602,329)
Interfund revenues	2,987,120	2,987,120	2,885,241	-	(101,879)
Sale of property and compensation for loss	30,000	83,513	3,901	-	(79,612)
Miscellaneous local sources	1,628,819	1,701,119	2,002,746	-	301,627
State aid	13,103,169	13,320,535	13,967,486	-	646,951
Federal aid	26,800	36,563,700	5,609,759	-	(30,953,941)
Total revenue	<u>73,805,946</u>	<u>111,536,025</u>	<u>83,581,441</u>	<u>-</u>	<u>(27,954,584)</u>
EXPENDITURES:					
General governmental support	10,562,770	10,926,558	10,177,238	30,967	718,353
Public safety	45,311,623	45,436,354	44,865,870	391,343	179,141
Public health	207,701	216,058	209,818	7,997	(1,757)
Transportation	3,675,024	3,664,579	3,706,846	-	(42,267)
Culture and recreation	2,803,945	2,903,284	2,570,008	20,379	312,897
Home and community services	1,246,234	1,247,234	1,154,170	104	92,960
Employee benefits	7,151,564	7,252,564	7,272,226	-	(19,662)
Debt service - principal	3,235,770	-	443,083	-	(443,083)
Debt service - interest	2,970,395	-	46,023	-	(46,023)
Total expenditures	<u>77,165,026</u>	<u>71,646,631</u>	<u>70,445,282</u>	<u>450,790</u>	<u>750,559</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(3,359,080)</u>	<u>39,889,394</u>	<u>13,136,159</u>	<u>(450,790)</u>	<u>(27,204,025)</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	3,984,039	2,179,476	1,354,967	-	(824,509)
Operating transfers out	<u>(1,581,474)</u>	<u>(44,413,242)</u>	<u>(13,881,293)</u>	<u>-</u>	<u>30,531,949</u>
Total other financing sources (uses)	<u>2,402,565</u>	<u>(42,233,766)</u>	<u>(12,526,326)</u>	<u>-</u>	<u>29,707,440</u>
NET CHANGE IN FUND BALANCE	(956,515)	(2,344,372)	609,833	(450,790)	2,503,415
FUND BALANCE - beginning of year	<u>18,218,347</u>	<u>18,218,347</u>	<u>18,218,347</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 17,261,832</u>	<u>\$ 15,873,975</u>	<u>\$ 18,828,180</u>	<u>\$ (450,790)</u>	<u>\$ 2,503,415</u>

CITY OF TROY, NEW YORK

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - WATER FUND (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Departmental income	\$ 4,587,000	\$ 4,587,000	\$ 4,372,491	\$ -	\$ (214,509)
Intergovernmental charges	6,830,000	6,830,000	6,931,112	-	101,112
Use of money and property	320,000	320,000	266,421	-	(53,579)
Licenses and permits	12,175	12,175	10,065	-	(2,110)
Interfund revenue	327,000	327,000	327,000	-	-
Sale of property and compensation for loss	54,333	54,333	111,194	-	56,861
Miscellaneous local sources	142,909	142,909	180,232	-	37,323
Total revenue	12,273,417	12,273,417	12,198,515	-	(74,902)
EXPENDITURES:					
General governmental support	513,536	513,536	573,912	-	(60,376)
Home and community services	9,512,066	9,512,066	9,323,040	-	189,026
Employee benefits	40,000	40,000	54,534	-	(14,534)
Debt service - principal	741,775	741,775	-	-	741,775
Total expenditures	10,807,377	10,807,377	9,951,486	-	855,891
EXCESS OF REVENUES OVER EXPENDITURES	1,466,040	1,466,040	2,247,029	-	780,989
OTHER FINANCING SOURCES (USES):					
Operating transfers in	8,960	8,960	1,747,758	-	1,738,798
Operating transfers out	(1,475,000)	(1,475,000)	(845,641)	-	629,359
Total other financing sources (uses)	(1,466,040)	(1,466,040)	902,117	-	2,368,157
NET CHANGE IN FUND BALANCE	-	-	3,149,146	-	3,149,146
FUND BALANCE - beginning of year	5,988,300	5,988,300	5,988,300	-	-
FUND BALANCE - end of year	\$ 5,988,300	\$ 5,988,300	\$ 9,137,446	\$ -	\$ 3,149,146

CITY OF TROY, NEW YORK

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SEWER FUND (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Departmental income	\$ 4,021,065	\$ 4,021,065	\$ 3,780,325	\$ -	\$ (240,740)
Intergovernmental charges	179,004	179,004	-	-	(179,004)
Use of money and property	500	500	-	-	(500)
Miscellaneous sources	<u>38,287</u>	<u>38,287</u>	<u>35,873</u>	<u>-</u>	<u>(2,414)</u>
Total revenue	<u>4,238,856</u>	<u>4,238,856</u>	<u>3,816,198</u>	<u>-</u>	<u>(422,658)</u>
EXPENDITURES:					
Home and community services	2,531,037	2,531,037	2,260,814	-	270,223
Debt service - principal	100,660	-	-	-	-
Debt service - interest	<u>19,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,651,255</u>	<u>2,531,037</u>	<u>2,260,814</u>	<u>-</u>	<u>270,223</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,587,601</u>	<u>1,707,819</u>	<u>1,555,384</u>	<u>-</u>	<u>(152,435)</u>
OTHER FINANCING SOURCES:					
Operating transfers out	<u>(1,587,601)</u>	<u>(1,707,819)</u>	<u>(1,555,384)</u>	<u>-</u>	<u>152,435</u>
Total other financing sources (uses)	<u>(1,587,601)</u>	<u>(1,707,819)</u>	<u>(1,555,384)</u>	<u>-</u>	<u>152,435</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE - beginning of year	<u>902,288</u>	<u>902,288</u>	<u>902,288</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 902,288</u>	<u>\$ 902,288</u>	<u>\$ 902,288</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF TROY, NEW YORK

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service cost	\$ 4,328,550	\$ 4,420,732	\$ 6,205,804	\$ 5,518,963	\$ 6,280,099					
Interest	3,726,420	3,558,811	6,647,482	7,777,711	6,962,924					
Changes in benefit terms	(1,920,124)	-	-	-	-					
Differences between expected and actual experience	9,356,068	(606,168)	(60,376,920)	(8,951,361)	-					
Changes of assumptions or other inputs	(37,870,505)	(3,135,558)	20,093,609	16,843,471	(18,799,296)					
Benefit payments	(6,432,120)	(6,361,120)	(7,267,860)	(7,126,367)	(6,598,488)					
Total change in total OPEB liability	(28,811,711)	(2,123,303)	(34,697,885)	14,062,417	(12,154,761)					
Total OPEB liability - beginning	<u>164,488,287</u>	<u>166,611,590</u>	<u>201,309,475</u>	<u>187,247,058</u>	<u>199,401,819</u>					
Total OPEB liability - ending	<u>\$ 135,676,576</u>	<u>\$ 164,488,287</u>	<u>\$ 166,611,590</u>	<u>\$ 201,309,475</u>	<u>\$ 187,247,058</u>					
Covered employee payroll	<u>\$ 27,739,683</u>	<u>\$ 36,819,126</u>	<u>\$ 27,825,492</u>	<u>\$ 26,325,621</u>	<u>\$ 25,987,780</u>					
Total OPEB liability as a percentage of covered employee payroll	489.1%	446.7%	598.8%	764.7%	720.5%					

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Note to schedule:

Changes of assumptions: Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	2022	2021	2020	2019	2018
Discount rate	4.31%	2.25%	2.12%	3.26%	4.11%

Plan Assets: No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable
- Plan assets must be dedicated to providing OPEB to plan members in accordance with the benefit terms
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

CITY OF TROY, NEW YORK

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the net pension liability (asset)	0.0489997%	0.0472587%	0.0453765%	0.0464498%	0.0471389%	0.5091880%	0.0544292%	0.0556690%		
Proportionate share of the net pension liability (asset)	\$ (4,006)	\$ 47	\$ 12,016	\$ 3,291	\$ 1,521	\$ 4,784	\$ 8,736	\$ 1,881		
Covered-employee payroll	\$ 13,870	\$ 13,148	\$ 12,792	\$ 12,101	\$ 12,086	\$ 12,146	\$ 12,551	\$ 12,756		
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-28.88%	0.36%	93.94%	27.20%	12.59%	39.39%	69.60%	14.75%		
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%		

NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN - PFRS	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the net pension liability (asset)	0.6238831%	0.5655885%	0.5927112%	0.5962480%	0.6053322%	0.6212430%	0.6476601%	0.6390066%		
Proportionate share of the net pension liability (asset)	\$ 3,544	\$ 9,820	\$ 31,680	\$ 9,999	\$ 6,118	\$ 12,876	\$ 19,175	\$ 1,759		
Covered-employee payroll	\$ 22,978	\$ 21,750	\$ 19,857	\$ 19,167	\$ 18,699	\$ 18,380	\$ 18,532	\$ 17,628		
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	15.42%	45.15%	159.54%	52.17%	32.72%	70.06%	103.47%	9.98%		
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.66%	95.79%	84.86%	95.09%	96.93%	93.50%	90.20%	99.00%		

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

CITY OF TROY, NEW YORK

SCHEDULE OF COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	Special Revenue Funds						Total
	Special Grant Fund	Miscellaneous	Water Fund	Sewer Fund	Garbage Fund	Debt Service Fund	
ASSETS							
Cash	\$ 517,271	\$ 19,108	\$ 5,543,565	\$ 1,572,093	\$ 503,222	\$ -	\$ 8,155,259
Restricted cash	-	-	-	-	-	5,107,098	5,107,098
Restricted cash with fiscal agent	-	-	26,018	8,122	-	-	34,140
Due from other governments	1,128,384	46,545	2,035,774	-	89,512	-	3,300,215
Accounts receivables	260,900	-	1,159,820	843,490	805,901	-	3,070,111
Due from other funds	48,115	14,392	1,944,157	-	7,345	-	2,014,009
Leases receivable	-	-	815,339	-	-	-	815,339
Prepaid and other assets	-	36,000	46,643	11,446	8,655	291,887	394,631
Total assets	<u>\$ 1,954,670</u>	<u>\$ 116,045</u>	<u>\$ 11,571,316</u>	<u>\$ 2,435,151</u>	<u>\$ 1,414,635</u>	<u>\$ 5,398,985</u>	<u>\$ 22,890,802</u>
LIABILITIES							
Accounts payable	\$ 622,293	\$ 8,479	\$ 297,810	\$ 75,009	\$ 120,620	\$ -	\$ 1,124,211
Accrued liabilities	392,436	-	145,148	38,855	672,297	-	1,248,736
Other liabilities	-	-	41,365	-	-	-	41,365
Due to other funds	494,856	41,066	1,036,314	1,418,999	384,714	-	3,375,949
Unearned revenue	173,507	-	100,503	-	141,571	291,887	707,468
Total liabilities	<u>1,683,092</u>	<u>49,545</u>	<u>1,621,140</u>	<u>1,532,863</u>	<u>1,319,202</u>	<u>291,887</u>	<u>6,497,729</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - deferred revenue	-	66,500	-	-	-	-	66,500
Deferred inflows - leases	-	-	812,730	-	-	-	812,730
Total deferred inflows of resources	<u>-</u>	<u>66,500</u>	<u>812,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>879,230</u>
FUND BALANCE							
Nonspendable	\$ -	\$ 36,000	\$ 46,643	\$ 11,446	\$ 8,655	\$ -	\$ 102,744
Restricted	271,578	-	9,015,803	890,842	86,778	5,107,098	15,372,099
Assigned - Appropriated for subsequent year's expenditures	-	(36,000)	75,000	-	-	-	39,000
Total Fund Balance	<u>271,578</u>	<u>-</u>	<u>9,137,446</u>	<u>902,288</u>	<u>95,433</u>	<u>5,107,098</u>	<u>15,513,843</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,954,670</u>	<u>\$ 116,045</u>	<u>\$ 11,571,316</u>	<u>\$ 2,435,151</u>	<u>\$ 1,414,635</u>	<u>\$ 5,398,985</u>	<u>\$ 22,890,802</u>

CITY OF TROY, NEW YORK

SCHEDULE OF COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue Funds						Total
	Special Grant Fund	Miscellaneous	Water Fund	Sewer Fund	Garbage Fund	Debt Service Fund	
REVENUES							
Real property taxes and tax items	\$ -	\$ -	\$ -	\$ -	\$ 9,151	\$ -	\$ 9,151
Nonproperty tax items	-	-	-	-	-	-	-
Departmental income	387,001	-	4,372,491	3,780,325	3,618,710	-	12,158,527
Intergovernmental charges	-	-	6,931,112	-	-	-	6,931,112
Use of money and property	7	-	266,421	-	162,247	48,449	477,124
Licenses and permits	-	-	10,065	-	-	-	10,065
Fines and forfeitures	-	-	-	-	-	-	-
Interfund revenue	-	-	327,000	-	-	-	327,000
Sale of property and compensation for loss	-	-	111,194	-	-	-	111,194
Miscellaneous	114,226	-	180,232	35,873	122,359	-	452,690
State aid	1,781,868	166,320	-	-	57,458	-	2,005,646
Federal aid	2,610,135	130,915	-	-	30,772	-	2,771,822
Total revenues	4,893,237	297,235	12,198,515	3,816,198	4,000,697	48,449	25,254,331
EXPENDITURES							
General governmental support	-	1,450,885	573,912	-	48,105	-	2,072,902
Public safety	2,070,867	832,048	-	-	-	-	2,902,915
Public health	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Culture and recreation	-	33,319	-	-	-	-	33,319
Home and community services	3,193,655	3,000,000	9,323,040	2,260,814	5,033,706	-	22,811,215
Employee benefits	-	-	54,534	-	26,201	-	80,735
Capital outlays	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Principal	-	-	-	-	-	4,471,159	4,471,159
Interest	-	-	-	-	-	3,184,971	3,184,971
Total expenditures	5,264,522	5,316,252	9,951,486	2,260,814	5,108,012	7,656,130	35,557,216
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(371,285)	(5,019,017)	2,247,029	1,555,384	(1,107,315)	(7,607,681)	(10,302,885)
OTHER FINANCING SOURCES (USES)							
Proceeds from issuance of debt - bond premium	-	-	-	-	-	384,387	384,387
Operating transfers - in	92,380	5,019,017	1,747,758	-	985,677	10,064,896	17,909,728
Operating transfers - out	(620,928)	-	(845,641)	(1,555,384)	(67,313)	(1,134,914)	(4,224,180)
Total other financing sources (uses)	(528,548)	5,019,017	902,117	(1,555,384)	918,364	9,314,369	14,069,935
CHANGE IN FUND BALANCE	(899,833)	-	3,149,146	-	(188,951)	1,706,688	3,767,050
FUND BALANCE - beginning of year	1,171,411	-	5,988,300	902,288	284,384	3,400,410	11,746,793
FUND BALANCE - end of year	\$ 271,578	\$ -	\$ 9,137,446	\$ 902,288	\$ 95,433	\$ 5,107,098	\$ 15,513,843

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

July 27, 2023

The City Council of the
City of Troy, 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 units, each major fund, and the aggregate remaining fund information of City of Troy New York (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon July 27, 2023. Our report includes a reference to other auditors who audited the financial statements of Troy Industrial Development Authority, Troy Local Development Corp., and Troy Capital Resource Corp. which are discretely presented component units, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report describes an adverse opinion on governmental activities because the City does not depreciate its capital assets as required by accounting principles generally accepted in the United States. All other opinion units had unmodified opinions.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Internal Control over Financial Reporting (Continued)

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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