

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE

MOODY'S INVESTORS SERVICE: "A1"

S&P GLOBAL RATINGS: "A" POSITIVE OUTLOOK

SERIAL BONDS & BOND ANTICIPATION NOTES

See "RATING" herein

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 Bonds and Notes is not includable in the gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Bonds and Notes is not an "item of tax preference" for purposes of the alternative minimum tax imposed by the Code. Interest on the Bonds and 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 Bonds and Notes will not be designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.



\$25,775,193
CITY OF TROY
RENSSELAER COUNTY, NEW YORK

CUSIP BASE: 897574

\$10,262,504 Public Improvement (Serial) Bonds, 2022
(the "Bonds")

Dated and Delivered: February 3, 2022

Due: February 1, 2023-2038

MATURITIES*

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>
2023	\$ 452,504	%	%		2029	\$ 625,000	%	%		2035	\$ 710,000*	%	%	
2024	565,000				2030	635,000				2036	720,000*			
2025	580,000				2031	650,000*				2037	735,000*			
2026	590,000				2032	665,000*				2038	750,000*			
2027	600,000				2033	675,000*								
2028	615,000				2034	695,000*								

* Principal amounts are subject to change pursuant to the accompanying Notice of Bond Sale in order to achieve substantially level or declining annual debt service.

** The Bonds maturing in the years 2031-2038 are subject to redemption prior to maturity. See "DESCRIPTION OF THE BONDS – Optional Redemption" herein.

AND

\$15,512,689 Bond Anticipation Notes, 2022
(the "Notes")

Dated: February 3, 2022

Due: February 3, 2023

(collectively referred to herein as the "Bonds and Notes")

The Bonds and 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 Bonds and 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 Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of \$5,000 or integral multiples thereof, except to one necessary odd denomination which is or includes \$7,504 with respect to the Bonds maturing in 2023. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on February 1, 2023, August 1, 2023 and semi-annually thereafter on February 1 and August 1 in each year until maturity. Principal and interest will be paid by the City to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. If the Bonds are issued in registered certificated form, the Bonds will be denominations of \$5,000 or any integral multiple except for one necessary odd denomination which is or includes \$7,504 with respect to the Bonds maturing in 2023 and the City will act as paying agent. The Bonds may not be converted into coupon bonds or be registered to bearer.

Proposals for the Bonds shall be for not less than \$10,262,504 principal amount of the Bonds and accrued interest, if any, on the total principal amount of the Bonds. Proposals shall be accompanied by a good faith deposit in the form of a certified or cashier's check or wire transfer payable to the order of the City of Troy, Rensselaer County, New York, in the amount of \$205,250.

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 which is or includes \$7,689.

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.

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination which is or includes \$7,689. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the City to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

The Bonds and Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the respective approving legal opinions as to the validity of the Bonds and Notes of Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel. It is anticipated that the Bonds and Notes will be available for delivery in New York, New York, or as may be agreed upon, on or about February 3, 2022.

ELECTRONIC BIDS for the Bonds and Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on January 20, 2022 by no later than 11:30 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 Bonds and Notes pursuant to the terms provided in the Notice of Sale for the Bonds and Notice of Sale for the Notes.

January 14, 2022

THE CITY DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF UNITED STATES SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE 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 RESPECTIVE NOTICES OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE CITY WILL COVENANT IN AN UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE AS DEFINED IN THE RULE WITH RESPECT TO THE BONDS. SEE "APPENDIX – C, CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS" HEREIN. 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 – D, CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE NOTES" HEREIN.

CITY OF TROY

RENSSELAER COUNTY, NEW YORK



CITY OFFICIALS

Wm. PATRICK MADDEN
Mayor

MONICA KURZEJESKI
Deputy Mayor

CITY COUNCIL

CARMELLA MANTELLO
City Council President

JIM GULLI
KIM ASHE McPHERSON
SUE STEELE
EMILY MENN
KIANI CONLEY-WILSON
IRENE SORRIENTO

* * * * *

ANDREW PIOTROWSKI
City Comptroller

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 Bonds and 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

\$10,262,504 Public Improvement (Serial) Bonds, 2022

and

\$15,512,689 Bond Anticipation Notes, 2022

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 \$10,262,504 Public Improvement (Serial) Bonds, 2022 (referred to herein as the "Bonds") and \$15,512,689 Bond Anticipation Notes, 2022 (referred to herein as the "Notes") (collectively referred to herein as the "Bonds" and "Notes").

The factors affecting the City's financial condition and the Bonds and 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 Bonds and Notes and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and Notes and such proceedings.

DESCRIPTION OF THE BONDS

Description of the Bonds

The Bonds 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 Bonds 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 Bonds and interest thereon, subject to applicable statutory limitations. See "TAX INFORMATION – Tax Cap Law" herein.

The Bonds will be dated February 3, 2022 and will mature in the principal amounts and on the dates as set forth on the cover page. The record date for the Bonds will be the fifteenth day of the calendar month preceding such interest payment. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of \$5,000 or integral multiples thereof, except for a necessary odd denomination which is or includes \$7,504 with respect to the bonds maturing in 2023. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on February 1, 2023, August 1, 2023 and semi-annually thereafter on February 1 and August 1 in each year until maturity. Principal and interest will be paid by the City to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, except for a necessary odd denomination which is or includes \$7,504 with respect to the bonds maturing in 2023 and the City will act as paying agent. The Bonds may not be converted into coupon bonds or be registered to bearer.

Optional Redemption

The Bonds maturing on or before February 1, 2030 shall not be subject to redemption prior to maturity. The Bonds maturing on or after February 1, 2031 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the City on February 1, 2030 or on any date thereafter at par (100.0%), plus accrued interest to the date of redemption.

If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by the City by lot in any customary manner of selection as determined by the Deputy City Comptroller. Notice of such call for redemption shall be given by mailing such notice to the registered holders not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

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 February 3, 2022 and mature on February 3, 2023. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in either (i) registered in the name of the purchaser, in denominations of \$5,000 each or multiples thereof, except for a necessary odd denomination which is or includes \$7,689, or (ii) registered in the name of Cede & Co. as nominee of 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

Bonds

The Bonds 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 adopted by the City Council.

The proceeds of the Bonds, along with \$1,585,508 available funds of the City, and \$1,044,302 proceeds of the Notes will redeem \$12,892,314 of the \$33,436,445 bond anticipation notes maturing on February 4, 2022 for the following purpose:

Purpose	Amount Outstanding	Principal Paydown	Portion Issued as 2022 BAN	Amount of Bonds to be Issued
Pedestrian Connector at Riverfront Park	\$ 960,000	\$ 728,100	\$ -	\$ 231,900
Bike Trail	378,400	25,000	-	353,400
Water Tank Reconstruction	760,000	40,000	-	720,000
2017 General Fund Capital Plan - DPW Renovations	158,000	10,000	84,302	63,698
Ingalls Avenue Boat Launch	116,914	3,000	-	113,914
2018 General Fund Capital Plan - Ambulance	170,000	18,615	-	151,385
South Troy Pool Reconstruction	1,335,000	182,261	105,000	1,047,739
2019 General Fund Capital Plan - Police - Facility Renovations	118,000	47,515	-	70,485
2019 General Fund Capital Plan-DPW/Recreation - Park Improvements	285,000	20,000	-	265,000
2019 Garbage Fund Capital Plan - Claw Truck	335,000	25,000	-	310,000
Marina/Boat Launch Reconstruction 40 yr. PPU	990,000	380,000	-	610,000
Pedestrian Connector at Riverfront Park	900,000	50,017	-	849,983
Building Demolitions (2020)	200,000	10,000	-	190,000
2020 Capital Plan - DPW - 3 Pickups W/ Plow & Salter	140,000	5,000	-	135,000
2020 Capital Plan - DPW - Mini Dump Truck W/ Plow	65,000	3,000	-	62,000
2020 Capital Plan - DPW - New Holland Skid Steer Loader	75,000	3,000	-	72,000
2020 Capital Plan - DPW - Facility Renovations	200,000	5,000	-	195,000
2020 Capital Plan - Golf Course - Equipment	126,000	20,000	-	106,000
2020 Capital Plan - Recreation - Facility Renovations	300,000	10,000	90,000	200,000
Siemens Project Phase III - Street Lighting	645,000	-	145,000	500,000
Siemens Project Phase III - DPW Façade & Roof Replacement	1,265,000	-	-	1,265,000
Siemens Project Phase III - New DPW Building	3,370,000	-	620,000	2,750,000
Total	\$ 12,892,314	\$ 1,585,508	\$ 1,044,302	\$10,262,504

Notes

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 ordinances.

The proceeds of the Notes, along with \$1,256,290 available funds of the City and a \$4,561,437 portion of the proceeds of the Bonds will partially redeem and renew \$15,492,131 of the \$33,436,445 bond anticipation notes maturing on February 4, 2022, and will provide \$5,838,285 of additional new money, for the following purposes:

Purpose	Amount Outstanding	Principal Paydown	Portion Issued as Bonds	New money BAN Issuance	2022 BAN Issuance
South Troy Roadway	\$ 935,000	\$ 500,000	\$ -	\$ -	\$ 435,000
2017 General Fund Capital Plan - DPW Renovations	158,000	10,000	63,698	-	84,302
Building Demolition	165,000	45,000	-	-	120,000
South Troy Pool Reconstruction	1,335,000	182,261	1,047,739	-	105,000
South Troy Roadway	955,000	50,000	-	-	905,000
2020 Capital Plan - Evidence Technician Vehicle	32,000	16,000	-	-	16,000
2020 Capital Plan - Fire Facilities Upgrade	50,000	2,000	-	-	48,000
Campbell Avenue Bridge (Various Bridges)	505,000	400,000	-	-	105,000
2020 Capital Plan - DPW - Crew Cab W/ Plow	45,000	2,000	-	-	43,000
2020 Capital Plan - DPW - Service Truck W/ Platform Body	50,000	2,000	-	-	48,000
2020 Capital Plan - DPW - Asphalt Hot Box Trailer	40,000	2,000	-	-	38,000
2020 Capital Plan - DPW - Ventrac Mower	30,000	1,000	-	-	29,000
2020 Capital Plan - Golf Course - Ventrac Mower	34,000	1,000	-	-	33,000
2020 Capital Plan - Paving/Sidewalks	350,000	20,000	-	-	330,000
2020 Capital Plan - Recreation - Pickup Truck	30,000	4,029	-	-	25,971
2020 Capital Plan - Recreation - Mini Dump Truck	62,500	3,000	-	-	59,500
2020 Capital Plan - Recreation - Ventrac Mower	30,000	1,000	-	-	29,000
2020 Capital Plan - Recreation - Facility Renovations	300,000	10,000	200,000	-	90,000
South Troy Pool Renovations (2nd Phase)	150,000	5,000	-	-	145,000
2020 Capital Plan - Police - Police Vehicles	65,215	-	-	-	65,215
South Troy Roadway	1,210,416	-	-	-	1,210,416
Frear Park Golf Course Improvements	725,000	-	-	-	725,000
Park Improvements	1,000,000	-	-	-	1,000,000
Campbell Avenue Bridge	1,600,000	-	-	-	1,600,000
Department of Public Works Fuel Storage Tank Replacement	1,000,000	-	-	-	1,000,000
Siemens Project Phase III - Street Lighting	645,000	-	500,000	-	145,000
Siemens Project Phase III - New DPW Building	3,370,000	-	2,750,000	-	620,000
Siemens Project Phase III - Salt Shed	620,000	-	-	-	620,000
2020 Capital Plan - Police - Police Vehicles	-	-	-	228,285	228,285
2022 Capital Plan - Fire - Building Improvements	-	-	-	875,000	875,000
Congress Street & Ferry Street Improvements	-	-	-	700,000	700,000
2022 Capital Plan - Police - Building Improvements	-	-	-	200,000	200,000
2022 Capital Plan - DPW - Pickup Trucks	-	-	-	200,000	200,000
2022 Capital Plan - DPW - Street Sweeper	-	-	-	280,000	280,000
2022 Capital Plan - Garbage Fund - Rear Load Garbage Trucks	-	-	-	475,000	475,000
2022 Capital Plan - Garbage Fund - Pickup Trucks	-	-	-	120,000	120,000
2022 Capital Plan - Garbage Fund - Mini Dumptruck	-	-	-	60,000	60,000
Riverwalk Trail	-	-	-	700,000	700,000
South Troy Roadway Phase II	-	-	-	2,000,000	2,000,000
Total	\$ 15,492,131	\$ 1,256,290	\$ 4,561,437	\$ 5,838,285	\$ 15,512,689

BOOK-ENTRY-ONLY SYSTEM

If requested, DTC will act as securities depository for the Bonds and Notes. The Bonds and 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 Bond certificate will be issued for each maturity of the Bonds will be deposited with 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.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds and Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and Notes on DTC's records. The ownership interest of each actual purchaser of each Bond or 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 Bonds and 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 Bonds and Notes, except in the event that use of the book-entry system for the Bonds and Notes is discontinued.

To facilitate subsequent transfers, all Bonds and 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 Bonds and 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 Bonds and Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Principal and interest payments on the Bonds and 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 Bonds and Notes at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, bond and/or 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, bond and/or 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 BONDS AND NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS OR NOTES, (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR NOTES, OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS AND 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 BONDS OR 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 BONDS AND 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.

Source: The Depository Trust Company.

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds 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 transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof, except for one necessary odd denomination which is or includes \$7,504 with respect to the Bonds maturing in 2023. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the City upon termination of the book-entry-only system. Interest on the Bonds will be payable on February 1, 2023, August 1, 2023 and semi-annually thereafter on February 1 and August 1 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the fifteenth day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Determinations Certificate of the Deputy City Comptroller authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the fifteenth day of the calendar month preceding an interest payment date and such interest payment date.

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 a necessary odd denomination which is or includes \$7,689. 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 51,401 (2020 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>2000</u>	<u>Per Capita Income</u> <u>2006-2010</u>	<u>2015-2019</u>	<u>2000</u>	<u>Median Family Income</u> <u>2006-2010</u>	<u>2015-2019</u>
City of:						
Troy	\$ 16,796	\$ 20,736	\$ 25,689	\$ 38,631	\$ 44,750	\$ 55,788
County of:						
Rensselaer	21,095	27,457	35,903	52,864	68,390	87,508
State of:						
New York	23,389	30,948	39,326	51,691	67,405	84,385

Note: 2016-2020 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2015-2019 American Community Survey data.

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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	1,665
Rensselaer County	Government	1,700
Troy City School District	Education	725
Hudson Valley Community College	Higher Education	630
State of New York	Government	500
City of Troy	Government	464
Lansingburgh Central School District	Education	425
Unity House of Troy	Human Services	381
The Sage Colleges	Education	246
Commission on Economic Opportunity	Community Service Provider	207
Tech Valley Center of Gravity	Co-working space	190
DeepBlue, a Comcast Business Company	Computer Hardware/Software	146
Troy Innovation Garage	Co-working space	125
Express Scripts	Health Care	108
National Grid	Utility	100
Velan Ventures/Velan Studios	Computer Gaming	99
kW Mission Critical Engineering	Engineering	84
Old World Provision	Food Processing	75
Greco Construction	Construction	72
Gurley Precision Instruments	Instrumentation	70
Ross Valve Manufacturing Company Inc.	Manufacturer	60
C.D. Perry & Sons Inc.	Marine & Civil Construction Services	50
GreyCastle Security	Cyber Security	48
Architecture Plus	Architects	38
Capital Produce	Food Distribution	35
RW Gate Manufacturing Company Inc.	Manufacturer	34

Source: City officials.

Unemployment Rate Statistics

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

	<u>Annual Averages</u>							
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Troy City	8.4%	6.8%	5.9%	5.5%	5.6%	4.9%	4.8%	9.5%
Rensselaer County	6.7	5.4	4.6	4.3	4.4	3.9	3.8	7.0
New York State	7.7	6.3	5.3	4.9	4.7	4.1	4.0	10.0

	<u>Monthly Figures</u>											
	<u>2021</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>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Troy City	7.9%	8.1%	7.1%	6.3%	5.8%	6.3%	6.7%	6.7%	5.9%	5.3%	4.6%	N/A
Rensselaer County	5.9%	6.4%	5.7%	4.9%	4.4%	4.8%	4.9%	4.7%	3.9%	3.7%	3.3%	N/A
New York State	9.4%	9.7%	8.4%	7.7%	7.0%	7.2%	7.4%	7.1%	6.3%	5.9%	5.5%	N/A

Note: Unemployment rates for December of 2021 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

The City maintains a diverse economy with the mainstays in higher education and health care that continue their campus expansion activities and facility improvements, despite a large regional down-sizing at St. Peter's Health Care. In the heart of the city, the downtown Business Improvement District (BID) contained 598 existing businesses with over 7,000 employees in early 2020, and despite COVID-19 closings and layoffs, 15 new businesses chose 2021 as the year they would open or expand. The city's hospitals and colleges employ over 6,500 people with an enrolled student population of over 20,000—many who are located in or just outside the downtown BID District.

Prior to COVID-19, the Troy Waterfront Farmers' Market brought an excess of 18,000 people into downtown Troy every Saturday morning during the summer. During the pandemic, the winter Market shifted its operation to a larger facility at a former grocery store in Lansingburgh to conform to social distancing requirements, however in December of 2021, they moved back downtown into a larger reconfigured space at the Troy Atrium. The summer market moved to Riverfront Park allowing market managers greater control over access and attendance. For the upcoming 2022 market season, the downtown business community, residents and visitors all hope to see 18,000 people return to the streets surrounding monument Square every Saturday.

With the hiring of a new Executive Director, the Downtown Business Improvement District is shifting focus away from larger events like Troy Night Out, River Street Fest, Pig Out, Chowder Fest and the summer-long Rockin' on the River music series. Instead of working to draw large crowds to the City for a 1 day event, the City, BID and our partners have begun focusing on more consistent smaller-scale programming and beautification investments that will serve to draw a more consistent flow of visitors into our neighborhoods throughout the year. This approach was cultivated with help from the downtown community and local businesses.

The City is using lessons learned during COVID-19 to offer more opportunities for outdoor dining and street closures. Since many of our restaurants performed better in the summers of 2021 and 2022 than they did during the pre-Covid period, we are building on that success by investing millions into outdoor spaces; parks, street scape improvements, and new public spaces, including a renewed focus on completing the Riverwalk Trail along our 7+ miles of riverfront

Grants and Planning – during the last year, the City received several large grants and earmarks that benefit our waterfront recreation and economic development activities:

- 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.
- \$2,000,000 in renovations of 5 existing parks
- \$100,000 NYSERDA Community Clean Heating and Cooling Grant for Feasibility Study of District Geothermal Heating and Cooling Project. \$4,000,000 Implementation grant application is pending approval.
- \$400,000 from Hudson River Valley Greenway to connect Troy with the recently completed statewide Empire State Trail network
- \$600,000 from the U.S.E.P.A. to assess and clean up contaminated properties along the South Troy waterfront under the EPA's Brownfields Program. which will set us moving forward on the redevelopment of 200 acres of underutilized waterfront property.

Downtown Revitalization Initiative

The City of Troy's submission for the fifth round of the State's Downtown Revitalization Initiative, a centerpiece economic development program, was awarded \$10,000,000 by Governor Hochul in November of 2021. A community driven plan was developed by the linking private and public projects with open spaces and amenities along the Hudson River.

The projects included in the plan include four major catalysts; Monument Square, The Riverwalk, Hedley District, and Taylor Apartments as well as a significant parking garage to offset the loss of the privately owned Uncle Sam Garage. These are critical projects with enormous economic benefits and are ready to be implemented.

Overall the identified projects can provide:

- Market Rate Apartments (660 Units)
- Affordable Apartments (165 Units)
- Retail (250K SF)
- Commercial (150K SF)
- Cultural Facilities (29,300 SF)
- Institutional/Childcare (18K SF)
- Entertainment (5,760 SF)
- Monument Square Public Space (50K SF)
- Parking (1,200 Spaces)

They are transformational in scale, advance specific Regional Economic Development Council strategies, are proposed by credible sponsors with established track records of success, and are ready to proceed when DRI funding selections are made in 2022, with timelines targeting substantial completion within 24 months of funding.

Recently Completed Projects Include:

- \$13,508,827 renovation of 2 River Street - the Old Brick.
 - Conversion of an existing 4.5 story masonry warehouse to 80 market-rate rental apartments. The project opened in early 2021 and is now fully occupied.
- \$11,000,000 renovation of the Marvin Neitzel Building – completed April 2021.
 - An 88,000 square foot former manufacturing building located in the city's Marina District overlooking the Hudson River. The 74 new, market-rate and affordable rental apartments are now fully occupied.
- \$13,500,000 project at 701 River Street with 80 apartments and first floor commercial space. The project was completed in spring of 2021, and is now fully leased.
- \$12,862,462 construction of new, market-rate apartments at 12-14 King Street
 - 52 market-rate apartments, tenant amenity space and 41 covered parking spaces for tenant use. Completed in summer of 2020 and now fully occupied.
- \$4,000,000 conversion of former St. Augustine School in Lansingburgh to 31 market-rate units. The project will be completed in Dec 2021.

Planned and Underway Projects Include:

- \$195,000,000 investment in the complete redevelopment of the Taylor Apartments – a Public Private Partnership project between the Troy Housing Authority, The City of Troy and Pennrose Development. Planned as a 3-Phase development project commencing spring-summer 2022 (Demolition of Towers 1 & 2), Phase 1 is now going through Planning Commission review. The three-phases include:
- Replacing 125 existing affordable apartments with 345 Mixed-income units, including 156 affordable, 24 Supportive, 45 Workforce Housing and 120 market-rate;
- Creation of 2 acres of public open space; and
- 34,600SF of Retail/Commercial Space.
- \$64,000,000 mixed-use development at 1 Monument Square – a Public Private Partnership project between the City of Troy, the Troy Local Development Corporation and Hoboken Brownstone Company.
- Over \$16M in public space, including a 125 car parking garage & the Riverview Plaza on its roof – an iconic public space overlooking the Hudson River and Riverfront Park.
- Grand Staircase and connections from River Street Plaza to Riverfront Park.

- Private development will provide a mix of Commercial, Retail and residential tenants.
- Site work & utilities commences in early 2022 – with an anticipated project completion in 2024.
- \$14,000,000 investment towards completing missing sections of Troy’s destination Riverwalk trail. When completed, the trail will span across the entire length of Troy’s 7+ miles of Hudson Riverfront with a destination biking and walking trail, water lobbies and connected parks. The following 3 sections will leave less than 40% of the planned route remaining to be built.
- \$2,430,000 for the section of Riverwalk/esplanade that will replace Front Street beginning behind the Taylor Apartments and continuing to State Street.
- \$3,000,000 for the Marina North section of the Riverwalk, picking up the trail from behind the Hedley Building and continuing it under the Hoosick Street Bridge and behind the planned Senior Housing Project at 545 River St.
- \$8,000,000 to complete the section beginning at 545 River St, along the river bank on granted easements that take the trail through most of the North Central Neighborhood to Douw St.
- \$8,000,000 expansion of the Capital Roots Urban Grow Center.
- Including solar array and additional infrastructure for growth of produce hub, local grocery, online ordering other existing programming. Commences winter of 2021.
- \$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, community outreach efforts and workforce development initiatives in a neighborhood that has historically experienced blight and higher rates of crime. Commences spring 2022.
- \$1,500,000 renovation of a former historic warehouse and brewery at 494 River St. The building will house a new self-service storage facility and the project is now underway.
- \$5,500,000 renovation at River Street in North Central neighborhood to create 15,000 sf mid-size grocery store in an area now considered a food desert, commences in Fall 2022
- \$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 – in planning review.
- \$38,700,000 new construction at 141 Congress Street – College Station North, includes 40,000 square feet of class A office space and 98 market-rate apartments. Commences winter 2022.
- \$14,000,000 construction of new, 5-story mixed use building with 62 apartments and 4,000 square feet of commercial space on 5th Avenue at the Federal Street Gateway. Commencement in spring of 2022.
- \$3,400,000 renovation of the American Theater, a long vacant, single-screen theater in the heart of downtown Troy. Proctors Collaborative will convert this space into a flexible performance venue and independent screening theater.
- \$5,500,000 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.
- \$7,700,000 redevelopment of the historic Trojan Hotel on 3rd St into apartments and restaurant.
- \$4,500,000 renovation of the historic Troy Music Hall. Improvements include complete replacement of the outdated an inefficient HVAC system, energy efficiency improvements, a grand marquis, and other appointments that will effectively double the concert season and generate over 50,000 additional visitors to downtown Troy each year.
- \$11,500,000 reconstruction of the Congress St Bridge. A joint effort with the City of Watervliet, existing on and off ramps that currently bifurcate the Taylor Apartments will be abandoned and a 4 way intersection with Rivers St will be reconstituted. 2 lanes along the bridge will be converted to a greenbelt pedestrian trail over the river, connecting Troy’s Riverwalk with the Mohawk-Hudson River Bike Trail in Watervliet. This project is pending Federal Infrastructure application and funding.
- \$2,000,000 restaurant banquet space renovation of vacant Little Italy building at 214-216 4th Street for use by established local restaurateur. The project is underway with anticipated completion Spring 2022.
- \$6,000,000 mixed-use restoration of 171 River Street. The project is partially completed and set to recommence in the summer of 2022.
- \$20,000,000 affordable housing new construction in the city’s Hillside North area includes 8 scattered site locations. Funding is secured for this Troy Rehabilitation & Improvement Program (TRIP)/Unity House project and construction is underway.
- King Fuels Remediation - The Troy Local Development Corporation completed asbestos cleanup of a 32-acre site, paving the way for National Grid remediation to commence. Phase 1 of a 3-Phase cleanup starts on February 1, 2022. Phase 1 of the cleanup will make available several acres for redevelopment in late 2022 and early 2023 pending completion. The Troy Local Development Corporation is in negotiation with a developer for phased in reuse of the entire site.
- \$50,000,000 Lansingburgh - 246,000 square foot renovation of the Standard Manufacturing building, a 6-story manufacturing space. Project retains one floor of manufacturing and commercial space and creates 151 apartments. Commences summer of 2022.

- South Troy Industrial Road construction. \$10 million dollar new access/bypass road – Phase 1 completed in 2021. Phase 2 Acquisition will be complete by year end, with construction period of 2022-2023. Project provides access to over 60 acres of under-utilized riverfront land for new development.

Studies:

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

- Zoning Law Update – the first comprehensive update to the city’s antiquated Zoning since the 1980’s provides business-friendly changes to commercial districts and protections for residential districts. Draft complete, adoption anticipated in Spring of 2022.
- 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 select projects.
- \$2M Federal Street Gateway study to redesign high-speed vehicle route that presents barrier to downtown pedestrian navigation. Study commences in December 2021 and implementation funding has been applied for.
- Brownfield Opportunity Area Nomination – Identifying opportunities and creating tax credits for redevelopment of 100 acres of under-utilized riverfront in South Troy.

The downtown area welcomes high quality market-rate residential units, established commercial development including retail and restaurant space. Redevelopment of the former City Hall site will transform a currently underutilized waterfront property into a vibrant destination and serve to strengthen the Troy’s unique and dynamic waterfront.

The city’s waterfront, an important commercial and tourism asset, is now coming off a historic upgrade supported by a \$26 million Hudson River seawall renovation project. This now completed project paved the way for a 1.5 mile Hudson Riverwalk running the length of Troy’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 facilitate dockage by large tour boats, thus increasing Troy’s desirability as a destination by such cruise lines. Troy’s historic Victorian downtown is so well preserved that HBO Studio’s has committed to filming their new period series, ‘The Gilded Age’, in Troy.

The Hudson Riverwalk provides a quality of life improvement that will help Troy’s growing technology business cluster to attract and retain employees as they continue to add workforce. The City is actively working on expanding the length of the Riverwalk trail to eventually run the entire length of the City. In North Central, a one block leg of the trail was completed for the city by the developer of the \$13million project at 701 River Street. The City’s Capital Resource Corporation is completing the design of one mile of the trail in Lansingburgh, and implementation by the city is scheduled for 2022.

The tax base downtown has grown by 12% in the past five years and the number of Troy residents living in poverty has declined by 3.2% over the same period. Regionally, Troy has seen the greatest population growth of the 3 cities that make up the MSA from the 2010 Census to the 2020 Census.

Troy has an extremely 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 64% to \$149,000 and median rent has risen 63% to \$1,400.

New development, limited in the recent past to Troy’s Downtown area, is now increasingly being planned and developed in North Central, Lansingburgh and South Troy neighborhoods. In May 2019, the Times Union newspaper reported an unusual migration trend: people are moving from Saratoga to Troy and it’s been happening for the past several years. The article concludes that “... county-to-county migration patterns show Rensselaer is the only one of the four core Capital Region counties that has a positive flow of people moving from Albany, Schenectady and Saratoga counties combined.”

Troy is easily accessible by two major highways from anywhere in the Capital Region. Albany, the State Capitol, is less than 15 minutes away. Saratoga and its famed thoroughbred race track are 30 minutes away and the city is easily accessible to those working at the billion-plus dollar high tech economic engines that are the Colleges of Nanoscale Science & Engineering at the State University at Albany, Regeneron Pharmaceuticals in East Greenbush, and Global Foundries semiconductor facility in Malta, all with local workforces in the thousands.

Riverfront cities that invest in their formerly industrial waterfronts generally experience similar measureable economic and public benefits.

1. Increase tourism and local commerce in our restaurants, shops and businesses
2. Attract new residents, employers and employees to our growing community
3. Signify to other investors and public officials that Troy is ready to take that next step forward towards our shared vision of a prosperous, inclusive, and beautiful city worth investing in.

Form of City Government

The City Council is the Legislative Branch of government and is composed of six (6) elected members serving two-year terms whom are elected by the residents of each of the six council districts within the City. One (1) Council Member, whom is elected by the City as a whole, represents the City and serves as the Council President for a four-year term.

The City Council works with the Executive Branch of government within the City to enact laws and pass other legislation that serves as a framework for the ongoing operation of City management. Vital to this process is citizen input 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 afforded a formal opportunity to voice their opinions by attending regularly scheduled meetings before Council members vote on local laws which change the City Charter, other local laws, ordinances and/or resolutions. City Council members are entrusted with the privilege and challenge of helping to improve the City for the betterment of all its residents.

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.

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 three 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
2020	11/26/2019	Not Exceeded	3.89%
2021	11/24/2020	Not Exceeded	2.37%
2022	11/30/2021	Not Exceeded	2.35%

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 464 employees which are represented by bargaining units as listed below. There are also 67 employees not represented by any employee union and 19 being full-time employees, 25 being part-time employees, 1 being a seasonal employee and 19 being board, commission, or city council members.

<u>Bargaining Unit</u>	<u>Number Employed</u>	<u>Expiration Date</u>
Civil Service Employees Association (CSEA)	222	December 31, 2024
Fire (UFA)	101	December 31, 2022
Police (PBA)	117	December 31, 2023
Administrative Unit (UPSEU)	10	December 31, 2023
Police Captains (COATS)	8	December 31, 2022
Fire Chiefs (UFCA)	6	December 31, 2022

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.
- Increasing the minimum years of service required to draw pension from 5 years to 10 years.
- 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 2017 through 2021 and budgeted for the year 2022, the City's contributions to the ERS and PFRS were:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2017	\$ 2,227,583	\$ 5,749,523
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 (Budgeted)	1,770,207	7,252,074

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, 2019, 2020 and 2021. Furthermore, the 2022 City budget does not include any pension amortization.

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 (2018 to 2022) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2018	15.3%	24.4%
2019	14.9	23.5
2020	14.6	23.5
2021	14.6	24.4
2022	16.2	28.3

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.

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 of 2021, 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:	2018	2019
<u>Changes for the year:</u>	<u>\$ 187,247,058</u>	<u>\$ 201,309,475</u>
Service cost	5,518,963	6,205,804
Interest	7,777,711	6,647,482
Differences between expected and actual experience	(8,951,361)	(60,376,920)
Changes in assumptions or other inputs	16,843,471	20,093,609
Changes of benefit terms	-	-
Benefit payments	<u>(7,126,367)</u>	<u>(7,267,860)</u>
Net Changes	<u>\$ 14,062,417</u>	<u>\$ (34,697,885)</u>
Balance ending at December 31:	2019	2020
	<u>\$ 201,309,475</u>	<u>\$ 166,611,590</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 as its independent certified public accountants. 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 audited report covers the period ending December 31, 2020 and is attached hereto as "APPENDIX – E".

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 five years for the City are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2020	No Designation	24.2
2019	No Designation	15.8
2018	No Designation	12.5
2017	No Designation	18.8
2016	No Designation	23.8

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, 2021 is not available as of the date of this Official Statement.

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. The State Comptroller's Office performs a budget review of the City annually. These audits can be found on 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 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.

The New York State Comptroller's office released a budget review of the City on October 31, 2018. The purpose of the review was to determine whether the significant revenue and expenditure projections in the City's proposed budget for the 2019 fiscal year are reasonable.

Key Findings

- Significant revenue and expenditure projections in the proposed budget are reasonable.
- The proposed budget includes estimated revenues for the refuse fund, but the City Council (Council) has not yet authorized the solid waste management and bulk refuse collection fees to realize the estimated revenues.
- The contingency appropriation in the proposed refuse fund budget provides the City with minimal 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.
- Five of the City's six collective bargaining agreements (CBAs) have expired and the City faces potential significant increased salary and wage cost when these agreements are settled.
- The City's proposed budget is in compliance with the tax levy limit.

Key Recommendations

- It is essential the Council make the appropriate modifications to the City Code to authorize the solid waste management and bulk refuse collection fees or fund through other revenue sources. If the fees are not authorized, or are approved at different rates, the refuse fund budget should be modified accordingly.
- 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 of the settlement of the expired CBAs in the event that any of the CBAs are settled in 2019.
- The 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 October 31, 2017. The purpose of the review was to determine whether the significant revenue and expenditure projections in the City's proposed budget for the 2018 fiscal year are reasonable.

Key Findings

- Significant revenue and expenditure projections in the proposed budget are reasonable.
- The proposed budget includes estimated revenues of \$3.45 million for refuse and garbage fees to finance the City's waste and recycling services, but the Council has not yet authorized or approved a combined waste and recycling fee to realize the estimated revenues.
- All six of the City's collective bargaining agreements (CBAs) have expired and the City faces potential significant increased salary and wage cost when these agreements are settled.
- The City's proposed budget is in compliance with the tax levy limit.

Key Recommendations

- It is essential the Council make the appropriate modifications to the City Code prior to adopting the budget if it decides to implement a new waste and recycling fee. If the fee is not authorized, or is authorized at a different rate, the general fund proposed budget should be modified accordingly prior to adoption.
- City officials should consider the potential financial impact of the settlement of the expired CBAs and be prepared to provide funding if any of the CBAs are settled in 2018.
- The 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 adopts a local law to override the cap.

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.

The final payment on the bonds issued by the Municipal Assistance Corporation for the City of Troy will be made on January 18, 2022. After this payment, the debt will be fully retired.

TAX INFORMATION

Valuations

<u>Fiscal Year Ending December 31:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assessed Valuations	\$ 1,762,028,144	\$ 1,774,994,712	\$ 1,784,642,288	\$ 1,796,231,819	\$ 1,810,960,448
New York State Equalization Rate	100.00%	100.00%	93.00%	89.90%	84.50%
Total Taxable Full Valuation	\$ 1,762,028,144	\$ 1,774,994,712	\$ 1,918,970,202	\$ 1,998,033,169	\$ 2,143,148,459

Note: The City has approved \$125,000 in assigned unappropriated fund balance to partially fund the reassessment of property.

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending December 31:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	\$ 13.96	\$ 14.16	\$ 14.63	\$ 14.88	\$ 15.11

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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total Tax Levy	\$ 24,598,068	\$ 25,138,173	\$ 26,116,297	\$ 26,734,209	\$ 27,362,458
% Uncollected ⁽¹⁾	3.65%	4.07%	3.65%	3.14%	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 2021 fiscal years, and the amount budgeted to be received for 2022:

<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 (Unaudited) ⁽¹⁾	15,844,666
2022 (Budgeted)	17,200,000

⁽¹⁾ Represents the revenues through the third quarter of the sales tax fiscal year.

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 – 2021-2022 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
National Grid	Utility	\$ 91,784,816
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
Harvest Troy Retirement Residence	Apartments	6,141,400
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 \$192,915,859, which represents 10.65% of the City's tax base for the fiscal year ending December 31, 2022.

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.

Source: City Tax Rolls.

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31, 2020-2022:

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Five-Year Average Full Valuation	\$ 1,795,251,522	\$ 1,841,848,379	\$ 1,917,374,090
Tax Limit - 2% of Five-Year Average.....	35,905,030	36,836,968	38,347,482
Add: Exclusions from Tax Limit.....	<u>9,561,463</u>	<u>8,679,236</u>	<u>3,479,439</u>
Total Taxing Power.....	45,466,493	45,516,204	41,826,921
Less Total Levy	<u>26,116,297</u>	<u>26,922,038</u>	<u>27,561,399</u>
Tax Margin	<u>\$ 19,350,196</u>	<u>\$ 18,594,166</u>	<u>\$ 14,265,522</u>

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 2020 annual property tax bill of a \$100,000 market value residential property located in the City is approximately \$4,390 (without benefit of any exemptions or STAR) including City, County, Troy School District and Library taxes.

The estimated total 2020 annual property tax bill of a \$100,000 market value residential property located in the City is approximately \$4,211 (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.

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.

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending December 31:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Bonds	\$ 4,486,148	\$ 5,213,193	\$ 11,497,625	\$ 17,236,733	\$ 16,070,695
M.A.C. Repayment Agreement ⁽¹⁾	23,790,929	21,376,234	16,480,000	10,565,000	4,635,000
Capital Leases	2,525,733	2,534,514	8,687,706	8,752,677	8,394,741
Bond Anticipation Notes	18,354,733	36,332,428	45,414,958	41,424,422	59,502,975
Revenue Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,300,000</u>	<u>0</u>
Totals	\$ 49,157,543	\$ 65,456,369	\$ 82,080,289	\$ 81,278,832	\$ 88,603,411

- ⁽¹⁾ The repayment agreements between the City and the Corporation represent the 1996 refinancing of the 1992 Lease Revenue Bonds in the original amount of \$55,589,262, the 1997 refinancing of the 1990 Installment Purchase Debt (Certificate of Participation) in the original amount of \$3,425,000, the 1999 issuance of the closing of the City's landfill in the original amount of \$5,364,156 (Series 1999A), and the 1999 issuance to provide funds to repay the City's bond anticipation notes to meet the debt service fund requirement and to pay certain costs of issuance in the original amount of \$5,205,000 (Series 1999B). 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. Totals listed above include Series 1996B and 1996C Capital Appreciation Bonds at their maturity values with future bond accretion. The final payment on the debt will be made on January 18, 2022.

Note: The Repayment Agreements are executory and payable only to the extent of monies appropriated and available for the purposes of the Repayment Agreements. The Repayment Agreements are not general obligations of the City. Neither the full faith and credit nor the taxing power of the City are pledged to the payment of any amount due or to become due under the Repayment Agreements. The outstanding amount of the Repayment Agreements is not counted towards the City's constitutional or statutory debt limit. The final payment on the debt will be made on January 18, 2022.

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Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City as of January 14, 2022:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2022-2045	\$ 16,070,695
Bond Anticipation Notes		
Various Projects	February 4, 2022	33,436,445 ⁽¹⁾
Various Projects	July 29, 2022	26,066,530 ⁽²⁾
EFC Short Term Notes		
Combined Sewer Overflow Project	May 12, 2023	3,110,052
Water Treatment Plant Project	May 21, 2025	6,848,118
Clean Water Facility Note	November 12, 2025	13,902,262
M.A.C. Repayment Agreements	January 15, 2022	<u>4,635,000</u>
	Total Indebtedness	\$104,069,102

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

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

Debt Statement Summary

Statement of Indebtedness as of January 14, 2022:

Average Full Valuation of Taxable Real Property	\$ 1,919,434,937
Debt Limit – 7% thereof	134,360,445

Inclusions:

Bonds.....	\$ 16,070,695	
M.A.C. Repayment Agreement.....	4,635,000	
EFC Short Term Notes.....	23,860,432	
Bond Anticipation Notes.....	<u>59,502,975</u>	
Total Inclusions.....		\$104,069,102

Exclusions:

Water Indebtedness ⁽¹⁾	\$ 23,906,505	
M.A.C. Repayment Agreement ⁽²⁾	4,635,000	
Appropriations.....	<u>840,660</u>	
Total Exclusions.....		<u>\$ 29,382,165</u>

Total Net Indebtedness Subject to Debt Limit.....	<u>\$ 74,686,937</u>
Net Debt-Contracting Margin.....	<u>\$ 59,673,508</u>
The percent of debt contracting power exhausted is.....	55.59%

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

⁽²⁾ Pursuant to Chapter 444 of the Laws of 1996, all Corporation bonds and notes are not counted towards the City's Constitutional or statutory debt limit. The indebtedness outstanding through the Corporation is \$4,635,000. The City will make the final payment on the Corporation debt on January 18, 2022.

Note: The issuance of the Bonds and Notes and scheduled principal payments are not expected to increase the net indebtedness of the City.

Bonded Debt Service

A schedule of Bonded Debt, including the principal of the Bonds, may be found in "APPENDIX – B" to this Official Statement.

Capital Lease

Lease Purchase Agreement – City Buildings and Water Treatment Plant

One June 2, 2011 the City Council passed a resolution authorizing the City under Article 9 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 party 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 evaluated and executed two master agreements with Siemens Building Technologies to develop and implement a performance-based energy savings and operation plan.

The master agreement (lease/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 balance of the lease as of December 31, 2021 was \$947,229.

The master agreement (lease/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 lease payment then the City would not be liable for the annual payment for the year. The balance of the lease as of December 31, 2021 was \$477,795.

Lease Purchase Agreement – Purchase of Fire Equipment

On December 1, 2011, the City Council passed a resolution authorizing the execution and delivery of a lease purchase agreement to finance the cost of the purchase of a new fire ladder truck for the City in the amount not to exceed \$888,648. The purchase contract obligated the lessee 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. The balance of the lease as of December 31, 2020 was \$351,058.

On June 5, 2020 the City entered into a Master Equipment Lease Purchase agreement for fire-fighting equipment in the amount of \$260,273.73. The City is obligated to make annual payments on the lease in the amount of \$57,147.13 on May 20 in the years 2021 to 2025 both inclusive. The balance of the lease as of December 31, 2020 was \$211,440.

Lease Purchase Agreement – Purchase of Golf Equipment

On April 11, 2018, the City entered into a lease purchase agreement to finance the cost of new golf equipment for the City based on the results of a bid issued by the City in the amount not to exceed \$213,334. The purchase contract obligated the lessee to pay \$213,334 at an interest rate of 4.85% with repayments to commence May 1, 2018 and end April 30, 2023. The balance of the lease as of December 31, 2021 was \$46,330.

On July 27, 2021, the City entered into a lease purchase agreement to finance the cost of new golf equipment for the City in the amount of \$158,690. The purchase contract obligated the lessee to pay \$158,690 at an interest rate of 3.00% with repayments to commence August 1, 2021 and end September 1, 2026. The balance of the lease as of December 31, 2021 was \$143,089.

On August 26, 2021, the City entered into a lease purchase agreement to finance the cost of new golf equipment for the City in the amount of \$94,211. The purchase contract obligated the lessee to pay \$94,211 at an interest rate of 3.00% with repayments to commence September 1, 2021 and end October 1, 2026. The balance of the lease as of December 31, 2021 was \$84,737.

Lease Purchase Agreement – Purchase of Street Lights and Upgrades to City Facilities

The City has entered into a lease purchase agreement with Siemens Public, Inc. for the acquisition and upgrade of over 4,000 City streetlights along with upgrades to various City facilities to improve energy efficiency. The total project cost is estimated to be \$13,882,275 with financing occurring in two (2) phases. On December 20, 2019 the City closed on the first phase of the project in the amount of \$6,503,198 with an interest rate of 2.8959%. Payments shall commence on July 10, 2021 and end July 10, 2040. The City has since made the decision to fund the second phase through debt instruments and was included in a previous debt issuance by the City.

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, bond anticipation note, and serial bond financings issued by the City in July of 2021 are displayed on the following page:

	2020 Issuance <u>Amount</u>	2021 Paydown	2021 BAN Issuance <u>Amount</u>
<u>2017 Bond Anticipation Notes</u>			
Building Demolitions	\$ 315,000	\$ 95,000	\$ 220,000
Road Construction (Campbell & Brunswick)	450,000	450,000	-
<u>2018 Bond Anticipation Notes</u>			
Demolition of Leonard Hospital	2,455,000	215,000	2,240,000
Parking Meter Upgrade - 2017 General Fund Capital Plan	126,795	42,500	84,295
Ingalls Avenue Boat Launch	50,000	15,000	35,000
Police Vehicles - 2017 General Fund Capital Plan	59,400	59,400	-
Police Vehicles - 2018 General Fund Capital Plan	285,000	285,000	-
Marina/Boat Launch Reconstruction	990,000	10,000	980,000
<u>2019 Bond Anticipation Notes</u>			
Fire Pumper - 2019 Capital Plan	660,000	20,000	640,000
DPW Vehicles - 2019 Capital Plan	433,000	15,000	418,000
Recreation Pickup Truck - 2019 Capital Plan	30,000	10,000	20,000
Recreation Mini Dump - 2019 Capital Plan	62,500	5,000	57,500
Golf Pickup - 2019 Capital Plan	30,000	10,000	20,000
Golf Mini Dump - 2019 Capital Plan	62,500	5,000	57,500
South Troy Roadway	1,750,000	750,000	1,000,000
<u>2020 Bond Anticipation Notes</u>			
South Troy Roadway	1,416,280	-	1,416,280
Marina/Boat Launch Reconstruction	67,000	-	67,000
Seawall	475,000	475,000	-
2020 DPW Capital Plan - Dump Truck W/ Combo Plow	190,000	-	190,000
2020 Fire Capital Plan - Fire Pumper	660,000	-	660,000
2020 Garbage Capital Plan - Automated Garbage Truck	250,000	-	250,000
2020 Garbage Capital Plan - Rear Load Garbage Truck	175,000	-	175,000
2020 Garbage Capital Plan - Peterson Claw Truck	190,000	-	190,000
Powers Park Rehabilitation	100,000	100,000	-
Police Impound Building	180,000	-	180,000
Police Cameras On City Streets	275,000	-	275,000
Firehouse Improvements	165,000	-	165,000
7th Avenue and Ingalls Avenue Park	655,000	-	655,000
Sidewalk Improvements	945,000	945,000	-
Campbell Ave & Spring Ave Intersection	350,000	-	350,000
Parking Garage Repairs	1,600,000	-	1,600,000
<u>2021 Bond Anticipation Notes</u>			
Streetlight Purchase and Conversion	-	-	8,250,000
2021 Street Paving Program	-	-	5,430,955
Siemens Phase III-streetlights	-	-	240,000
Siemens Phase III-DPW Building	-	-	200,000
TOTAL:	\$ 15,452,475	\$ 3,506,900	\$ 26,066,530

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 January 15, 2022, the City has issued \$3,163,552.00 of short term direct EFC obligations under the CSO Bond Resolutions, of which \$3,110,052 remains outstanding.

On November 12, 2020, the City issued its \$12,166,000 maximum principal amount E.F.C. Clean Water Facility Note - 2020 (Bond Anticipation Note) (the "EFC Note") pursuant to the CSO Bond Resolutions. The EFC Note is a "draw-down" obligation issued to the New York State Environmental Facilities Corporation ("EFC"). EFC will disburse EFC Note proceeds to the City from time to time, upon written request from the City. The interest rate on the EFC Note is .34%, payable semi-annually. Principal payments are due commencing in November, 2022 and annually thereafter until the EFC Note matures in November, 2025. At maturity, the City expects to refinance the EFC Note with long-term bonds issued to EFC.

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 the date of this Official Statement, the City has drawn \$6,848,118 against the short term market rate financing. As of the date of this Official Statement the City has drawn down \$5,000,000.00 against the \$10,000,000 grant funding for the above mentioned project.

On November 18, 2020 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. This phase is currently in design and there is an anticipation that solicitation for construction will occur sometime in 2022. closed on \$12,000,000. As of the date of this Official Statement, no funds have been dispersed.

On January 6, 2022 the City issued a \$13,902,262 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 consisting of the Beaver Creek disinfection and floatables control facility in support of the Albany Pool Combined Sewer Overflow Long Term Control Plan.

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>Gross Indebtedness</u> ⁽¹⁾	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>City Share</u>	<u>Applicable Net Indebtedness</u>
County of:					
Rensselaer	\$ 172,729,355	\$ 52,058,322 ⁽²⁾	\$ 120,671,033	17.21%	\$ 20,767,485
School District:					
Troy City School	66,929,626	60,437,452 ⁽³⁾	6,492,174	80.20%	5,206,723
Lansingburgh CSD	46,683,384	43,695,647 ⁽³⁾	2,987,737	57.87%	1,729,003
				Total:	<u>\$ 27,703,211</u>

(1) Bonds and bond anticipation notes as of close of the respective fiscal year as available. Not adjusted to include subsequent bond sales, if any.

(2) Sewer and Water indebtedness and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

(3) Estimated State Building Aid

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Year Ended in 2019 for the County and 2020 for the School Districts listed above.

Debt Ratios

The following table sets forth certain ratios relating to the City's indebtedness as of January 14, 2022:

	<u>Amount of Indebtedness</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Valuation</u> ^(b)
Gross Direct Indebtedness ^(c)	\$ 104,069,102	\$ 2,024.65	4.86%
Net Direct Indebtedness ^(c)	74,686,937	1,453.02	3.48
Gross Direct Plus Net Overlapping Indebtedness ^(d)	131,772,313	2,563.61	6.15
Net Direct Plus Net Overlapping Indebtedness ^(d)	102,390,148	1,991.98	4.78

Note: ^(a) The City's 2020 estimated population is 51,401. (See "THE CITY - Population Trends" herein.)

^(b) The City's full valuation of taxable real estate for 2020 is \$2,143,148,459. (See "TAX INFORMATION – Taxable Valuations" herein.)

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

^(d) The City's estimated applicable share of net underlying indebtedness is \$27,703,211. (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 Bonds and Notes in the event of a default in the payment of the principal of or interest on the Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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. The City is currently reviewing these recommendations and working on implementation.

COVID-19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the City's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid, as well as resulting in a delay or reduction of sales tax receipts or other revenues of the City. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak had caused the Federal government to declare a national state of emergency. The State had also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for several months. It is not possible to predict the long term impact of the outbreak of COVID-19 and the dramatic steps taken by the State to address it on the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the City's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities located in the State, including the City. The City is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

The City has been awarded approximately \$1,653,094 as part of the Coronavirus Aid Relief and Economic Security Act ("CARES") and approximately \$42,879,140 as part of the American Rescue Plan Act ("ARPA").

The CARES Act funds have been used by the City for assistance to local businesses and food assistance programs. With regards to the American Rescue Plan Act, the City is looking to use the funds to enhance the City as a whole and disburse the funds throughout all of the City's neighborhoods. The primary objective of the programming is to create long-term positive impacts within the City.

As of the date of this Official Statement, the City has allocated approximately \$20,000,000 within various projects. Funds have been allocated to areas such as homeownership, affordable housing, food accessibility and youth programming. The American Rescue Plan Act funds are a one-time revenue source and the City is viewing it as such.

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 Continuing Disclosure Undertaking Certificate with respect to the Bonds, the form of which is attached hereto as "APPENDIX – C" and a Material Event Notices Certificate with respect to the Notes, the form of which is attached hereto as "APPENDIX – D."

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 unaudited financial statements of the City for the fiscal year ending December 31, 2016 were dated May 1, 2017 and filed to EMMA on May 2, 2017, which filing was not submitted within 120 days of the end of this fiscal year.

A material event notice was filed with EMMA on May 2, 2017 with respect to the late filing of the 2016 unaudited financial statements.

The unaudited financial statements of the City for the fiscal year ending December 31, 2017 were dated April 30, 2018 and filed to EMMA on May 2, 2018, which filing was not submitted within 120 days of the end of this fiscal year.

A material event notice was filed with EMMA on May 2, 2018 with respect to the late filing of the 2017 unaudited financial statements.

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.

STATE AID

The City receives financial assistance from the State. The State is not constitutionally obligated to maintain or continue State aid to the City including supplemental small cities aid and Aid Incentives to Municipalities. No assurance can be given that present State aid levels, including, in particular the supplemental small cities aid and Aid Incentives for Municipalities, 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. Furthermore, if a significant default or other financial crisis should occur in the affairs of New York State 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 Bonds and Notes, could be adversely affected.

There can be no assurance that the State appropriation for State aid to cities will be continued in future years, either pursuant to existing formulas or any form whatsoever. State aid appropriated and apportioned to the City can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

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 Bonds and Notes in order that interest on the Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and Notes is not included in 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.

The opinion of Bond Counsel described herein with respect to the federal income tax treatment of interest paid on the Bonds and 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 Bonds and Notes. Any such future legislation would have an adverse effect on the market value of the Bonds and Notes.

In addition, in the opinion of Bond Counsel, under existing laws, interest on the Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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. 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 Bonds and 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 Bonds and Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds and Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds and Notes. It is to be understood that the rights of the holders of the Bonds and 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 Bonds and 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 of Troy is subject to a number of lawsuits in the ordinary conduct of its affairs. The City has and will continue to defend these claims vigorously and believes that many are without merit. However, the City recognizes that some of these suits may have a material 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 claim, including defense costs, and carried excess general liability insurance coverage of \$5.0 million (\$10.0 million aggregate). On and after January 1, 2022 the City is self-insured for the first \$1,000,000 of any claim, including defense costs, and carries excess general liability insurance coverage of \$5.0 million. There are currently four claims where damages could exceed the City's self-insured retention. But the City is litigating each of these claims and has meritorious defenses. All four of these claims are prior to January 1, 2022; thus, carrying a self-insured limit of \$500,000. However, a settlement could be reached in each of these four claims 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 and 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 and Notes or any proceedings or authority of the City taken with respect to the authorization, issuance, or sale of the Bonds and 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.

Moody's Investors Service assigned its rating of "A1" to the 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.

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC assigned their rating of "A" with a positive 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.

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 Bonds and 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 Bonds and Notes. The advice on the plan of financing and the structuring of the Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and Notes.

The City contact information is as follows: Mr. Andrew Piotrowski, City Comptroller, City Hall, 433 River Street, Troy, New York 12180, Phone: (518) 279-7103, Fax: (518) 268-1682, Email: andrew.piotrowski@troyny.gov.

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

CITY OF TROY

Dated: January 14, 2022

ANDREW PIOTROWSKI
City Comptroller

GENERAL FUND

Balance Sheets

Fiscal Years Ending	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 11,108,517	\$ 13,819,505	\$ 12,075,965	\$ 14,452,044	\$ 14,021,801
Cash with Fiscal Agent	10,247,567	10,850,507	12,157,967	10,793,314	10,847,419
Taxes Receivable, Net	5,432,262	5,525,744	5,166,309	5,258,056	3,356,888
Other Receivables	2,437,774	2,569,437	3,202,939	2,838,660	1,518,436
Due from Other Funds	1,973,218	1,320,554	1,258,931	2,642,527	2,078,360
Due From Other Governments	4,950,401	4,794,983	7,063,816	5,405,174	7,694,535
Prepaid and Other Assets	31,235	138,978	270,391	71,745	308,273
Restricted Cash	-	-	-	1,140,118	1,140,118
TOTAL ASSETS	<u>\$ 36,180,974</u>	<u>\$ 39,019,708</u>	<u>\$ 41,196,318</u>	<u>\$ 42,601,638</u>	<u>\$ 40,965,830</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 2,518,566	\$ 1,556,455	\$ 2,286,300	\$ 3,161,587	\$ 2,210,113
Accrued Liabilities	6,303,279	7,950,525	7,081,772	7,263,552	7,966,490
Notes and Loans payable	-	-	-	-	3,300,000
Compensated Absences	-	-	201,968	180,176	107,444
Due to Other Funds	553,307	1,240,422	335,618	1,836,543	878,991
Due to Other Governments	7,008,828	7,484,679	7,437,360	7,224,740	1,853,010
Deferred Revenue	3,282,893	3,386,786	4,727,293	1,604,122	5,624,437
Other Liabilities	220,542	267,074	662,319	2,748,507	951,268
TOTAL LIABILITIES	<u>19,887,415</u>	<u>21,885,941</u>	<u>22,732,630</u>	<u>24,019,227</u>	<u>22,891,753</u>
<u>FUND EQUITY</u>					
Nonspendable	\$ 31,235	\$ 138,978	\$ 270,391	\$ 71,745	\$ 308,273
Restricted	14,739,434	14,970,763	15,821,917	15,375,807	15,200,438
Assigned	147,830	225,095	356,687	117,736	1,868,240
Unassigned	1,375,060	1,798,931	2,014,693	3,017,123	697,126
TOTAL FUND EQUITY	<u>16,293,559</u>	<u>17,133,767</u>	<u>18,463,688</u>	<u>18,582,411</u>	<u>18,074,077</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 36,180,974</u>	<u>\$ 39,019,708</u>	<u>\$ 41,196,318</u>	<u>\$ 42,601,638</u>	<u>\$ 40,965,830</u>

Source: 2016-2020 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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>REVENUES</u>					
Real Property Taxes and Tax Items	\$ 23,328,215	\$ 25,985,375	\$ 26,874,561	\$ 26,938,398	\$ 26,887,561
Non-Property Tax Items	16,856,149	17,360,384	17,864,946	18,407,667	18,390,090
Intergovernmental Charges	244,570	105,291	150,808	218,918	299,281
Departmental Income	5,779,178	5,486,830	7,283,485	4,945,866	4,062,143
Use of Money & Property	72,533	244,950	249,915	351,178	88,148
Licenses and Permits	945,121	814,086	1,031,283	914,504	632,126
Fines and Forfeitures	1,459,022	1,333,438	1,755,785	1,682,454	629,618
Sale of Property and Compensation for Loss	118,155	105,071	135,819	266,038	226,817
Miscellaneous	1,765,121	1,525,316	1,499,778	2,080,308	1,530,419
Interfund	1,591,349	1,602,133	1,608,195	1,671,221	2,669,624
Revenues from State Sources	13,613,982	14,352,843	14,749,018	12,400,425	11,869,168
Revenues from Federal Sources	773,739	1,250,310	905,291	408,949	196,761
Total Revenues	<u>\$66,547,134</u>	<u>\$70,166,027</u>	<u>\$74,108,884</u>	<u>\$70,285,926</u>	<u>\$67,481,756</u>
<u>EXPENDITURES</u>					
General Government Support	\$ 8,188,894	\$ 7,918,772	\$ 8,729,491	\$ 8,375,384	\$ 8,812,731
Public Safety & Health	35,610,090	35,513,826	37,024,110	38,058,467	39,588,467
Health	171,007	3,908,319	4,141,562	4,671,024	193,227
Transportation	3,754,075	180,954	186,731	190,622	3,582,107
Culture and Recreation	2,237,594	1,847,883	2,135,749	1,991,716	2,052,761
Home and Community Services	3,894,450	3,975,919	4,279,099	1,098,624	1,060,784
Employee Benefits	4,938,137	6,454,869	7,005,062	6,507,695	6,254,734
Debt Service	6,743,593	7,316,564	7,670,538	9,243,509	8,760,887
Total Expenditures	<u>\$ 65,537,840</u>	<u>\$ 67,117,106</u>	<u>\$ 71,172,342</u>	<u>\$ 70,137,041</u>	<u>\$ 70,305,698</u>
Excess of Revenues Over (Under) Expenditures	<u>\$1,009,294</u>	<u>\$3,048,921</u>	<u>\$2,936,542</u>	<u>\$148,885</u>	<u>(\$2,823,942)</u>
Other Financing Sources (Uses):					
Bond Proceeds	-	-	-	-	850,000
Operating Transfers In	2,437,733	881,742	424,303	2,141,087	2,759,546
Operating Transfers Out	<u>(1,408,526)</u>	<u>(3,090,455)</u>	<u>(2,030,924)</u>	<u>(2,171,249)</u>	<u>(1,293,938)</u>
Total Other Financing	<u>1,029,207</u>	<u>(2,208,713)</u>	<u>(1,606,621)</u>	<u>(30,162)</u>	<u>2,315,608</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$2,038,501</u>	<u>\$840,208</u>	<u>\$1,329,921</u>	<u>\$118,723</u>	<u>(\$508,334)</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	14,255,058	16,293,559	17,133,767	18,463,688	18,582,411
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 16,293,559</u>	<u>\$ 17,133,767</u>	<u>\$ 18,463,688</u>	<u>\$ 18,582,411</u>	<u>\$ 18,074,077</u>

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

GENERAL FUND

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

Fiscal Years Ending	2020			2021	2022
	Adopted Budget	Modified Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes & Tax Items	\$ 27,408,797	\$ 27,408,797	\$ 26,887,561	\$ 27,906,544	\$ 28,571,721
Non-Property Tax Items	17,610,000	17,753,290	18,390,090	17,863,290	18,300,000
Departmental Income	5,076,200	5,101,200	299,281	5,554,446	5,571,817
Use of Money and Property	86,500	86,500	4,062,143	95,750	95,500
Intergovernmental Charges	347,000	347,000	88,148	347,000	310,000
Licenses and Permits	1,060,686	1,060,685	632,126	1,018,250	1,490,000
Fines and Forfeitures	1,617,500	1,592,500	629,618	1,701,000	1,651,000
Sale of Property and Compensation for Loss	50,000	115,000	226,817	55,000	70,000
Interfund Revenues	2,968,504	3,159,583	1,530,419	2,985,905	2,987,120
Miscellaneous	1,311,606	1,321,606	2,669,624	1,461,003	1,628,819
Revenues from State Sources	14,280,963	14,306,663	11,869,168	12,031,249	13,103,169
Revenues from Federal Sources	90,244	804,588	196,761	98,513	26,800
Total Revenues	<u>\$ 71,908,000</u>	<u>\$ 73,057,413</u>	<u>\$ 67,481,756</u>	<u>\$ 71,117,950</u>	<u>\$ 73,805,946</u>
EXPENDITURES					
General Government Support	\$ 9,812,489	\$ 9,091,309	\$ 8,812,731	\$ 10,203,372	\$ 10,562,770
Public Safety	40,329,791	40,903,871	39,588,467	41,676,405	45,311,623
Transportation	3,712,831	3,567,837	193,227	3,696,416	3,675,024
Health	207,327	207,327	3,582,107	224,290	207,701
Culture and Recreation	2,455,263	2,271,214	2,052,761	2,519,612	2,803,945
Home and Community Services	1,252,732	1,260,458	1,060,784	1,168,379	1,246,234
Employee Benefits	6,839,816	6,919,816	6,254,734	6,786,323	7,091,564
Debt Service	9,476,679	8,759,468	8,760,887	8,673,225	6,206,165
Total Expenditures	<u>\$ 74,086,928</u>	<u>\$ 72,981,300</u>	<u>\$ 70,305,698</u>	<u>\$ 74,948,022</u>	<u>\$ 77,105,026</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,178,928)</u>	<u>76,113</u>	<u>(2,823,942)</u>	<u>(3,830,072)</u>	<u>(3,299,080)</u>
Other Financing Sources (Uses):					
Bond and Note Proceeds	-	-	850,000	-	-
Operating Transfers In	2,832,743	3,677,743	2,759,546	3,038,187	3,984,039
Operating Transfers Out	(653,815)	(794,813)	(1,293,938)	(876,062)	(1,641,474)
Total Other Financing	<u>2,178,928</u>	<u>2,882,930</u>	<u>2,315,608</u>	<u>2,162,125</u>	<u>2,342,565</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>-</u>	<u>2,959,043</u>	<u>(508,334)</u>	<u>(1,667,947)</u>	<u>(956,515)</u>
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	18,582,411	1,667,947	956,515
Prior Period Adjustment	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,074,077</u>	<u>\$ -</u>	<u>\$ -</u>

Source: 2020 audited financial statements and the 2021 and 2022 budgets of the City. This Appendix itself is not audited.

BONDED DEBT SERVICE ⁽¹⁾

Fiscal Year Ending December 31st	Excluding the Bonds			Principal of The Bonds	Total Principal All Issues
	Principal	Interest	Total		
2022	\$ 1,228,585	\$ 381,187.70	\$ 1,609,772.70	\$ -	\$ 1,228,585.00
2023	1,022,130	353,822.97	1,375,952.97	452,504	1,474,634.00
2024	1,038,630	333,195.68	1,371,825.68	565,000	1,603,630.00
2025	1,050,170	312,164.36	1,362,334.36	580,000	1,630,170.00
2026	901,750	286,987.97	1,188,737.97	590,000	1,491,750.00
2027	928,380	264,103.46	1,192,483.46	600,000	1,528,380.00
2028	945,040	240,408.11	1,185,448.11	615,000	1,560,040.00
2029	841,760	215,968.54	1,057,728.54	625,000	1,466,760.00
2030	858,510	194,985.08	1,053,495.08	635,000	1,493,510.00
2031	880,310	173,011.87	1,053,321.87	650,000	1,530,310.00
2032	897,160	151,620.13	1,048,780.13	665,000	1,562,160.00
2033	924,060	129,190.01	1,053,250.01	675,000	1,599,060.00
2034	941,010	106,032.78	1,047,042.78	695,000	1,636,010.00
2035	435,000	83,292.41	518,292.41	710,000	1,145,000.00
2036	445,000	71,131.56	516,131.56	720,000	1,165,000.00
2037	305,000	58,618.75	363,618.75	735,000	1,040,000.00
2038	349,100	52,937.50	402,037.50	750,000	1,099,100.00
2039	359,100	46,921.88	406,021.88	-	359,100.00
2040	270,000	40,568.75	310,568.75	-	270,000.00
2041	275,000	33,925.00	308,925.00	-	275,000.00
2042	285,000	26,925.00	311,925.00	-	285,000.00
2043	290,000	19,556.25	309,556.25	-	290,000.00
2044	295,000	11,878.13	306,878.13	-	295,000.00
2045	305,000	4,003.13	309,003.13	-	305,000.00
TOTALS	\$ 16,070,695	\$ 3,592,437.01	\$ 19,663,132.01	\$ 10,262,504	\$ 26,333,199.00

⁽¹⁾ Note: The totals above do not include the Municipal Assistance Corporation (M.A.C.) Repayment Agreement payments. Pursuant to Chapter 444 of the Laws of 1996, all Corporation bonds and notes are not counted towards the City's Constitutional or statutory debt limit. The City's final payment on the indebtedness outstanding through the Corporation is \$4,635,000 and will be made on January 15, 2022.

CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS

In accordance with the requirements 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”), the City has agreed to provide, or cause to be provided,

- (i) 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, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Final Official Statement dated January 20, 2022 of the City relating to the Bonds under the headings “THE CITY”, “TAX INFORMATION”, “STATUS OF INDEBTEDNESS”, “LITIGATION” and all Appendices (other than Appendices C, D, & E, and other than any Appendix related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2021, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2021; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the City of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the City of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;
- (ii) within 10 business days after the occurrence of such event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
 - (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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (g) modifications to rights of Bondholders; if material
 - (h) bond calls, if material, and tender offers
 - (i) defeasances
 - (j) release, substitution, or sale of property securing repayment of the Bonds; if material
 - (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; and

- (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 Bonds.

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 Bonds.

For the purposes of the event identified in (l) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, 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 obligated person.

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 Bonds; 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 material 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.

A "Continuing Disclosure Undertaking Certificate" to this effect shall be provided to the purchaser at closing.

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MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES

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) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, 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 aforementioned 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 STATEMENTS

For the Year Ended December 31, 2020

Such Audited 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, 2020
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

October 14, 2021

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of the City of Troy, New York (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Troy Industrial Development Authority, Troy Local Development Corporation, and Troy Capital Resource Corporation which collectively represent 80%, 90%, and 69%, respectively of the assets, net position and revenues of the aggregate discretely presented component units. 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibility (Continued)

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

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Special Grant Fund	Unmodified
Water Fund	Unmodified
Sewer Fund	Unmodified
Garbage Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Aggregate Discretely Presented Component Units	Unmodified

Basis for 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.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on Governmental Activities* paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the City, as of December 31, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Unmodified Opinions

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, 2020, 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.

Other Matters

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 14, during 2020 the City adopted Governmental Accounting Standards Board Statement 84 – *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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. 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Bonadio & Co., LLP

CITY OF TROY, NEW YORK

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities	Component Units
ASSETS:		
CURRENT ASSETS:		
Cash	\$ 44,033,962	\$ 1,164,169
Restricted cash	2,429,596	50,000
Restricted cash with fiscal agent	13,788,995	-
Taxes receivable, net of allowance for doubtful accounts	3,356,888	-
Accounts receivable	4,804,564	635,062
Grants receivable	-	89,722
Due from other governments	28,808,670	-
Prepaid expenses	368,842	25,019
Loans receivable, current portion	-	42,356
Total current assets	97,591,517	2,006,328
NONCURRENT ASSETS:		
Capital assets, net	314,721,402	532,843
Real property held for resale or development	-	2,964,128
Loan receivable, net	-	18,268
Other noncurrent assets	-	614
Total noncurrent assets	314,721,402	3,515,853
Total assets	412,312,919	5,522,181
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources - ERS	8,748,030	-
Deferred outflows of resources - PFRS	23,765,656	-
Deferred outflows of resources - OPEB	27,973,655	-
Total deferred outflows of resources	60,487,341	-
Total assets and deferred outflows of resources	472,800,260	5,522,181
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	\$ 5,712,346	\$ 142,000
Accrued expenses	9,542,886	-
Grants payable	-	20,000
Due to other governments	1,862,566	100,042
Unearned revenue	440,474	585,515
Construction loan	-	90,000
Paycheck protection program loan	-	17,000
Revenue anticipation note payable	3,300,000	-
Bond anticipation notes payable	41,424,422	-
Bonds and loans payable, current portion	6,896,010	167,000
Total current liabilities	69,178,704	1,121,557
LONG-TERM LIABILITIES:		
Bonds and loans payable, net of current portion	26,788,167	829,000
NYS Employee Retirement System loans payable	4,551,697	-
Compensated absences	6,478,924	-
Net pension liability - ERS	12,015,961	-
Net pension liability - PFRS	31,680,040	-
Workers' compensation	1,571,582	-
Total other post employment benefits	166,611,590	-
Total long-term liabilities	249,697,861	829,000
Total liabilities	318,876,665	1,950,557
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources - ERS	549,911	-
Deferred inflows of resources - PFRS	1,420,387	-
Deferred inflows of resources - OPEB	65,681,321	-
Land purchase option	-	117,301
Total deferred inflows of resources	67,651,619	117,301
Total liabilities and deferred inflows or resources	386,528,284	2,067,858
NET POSITION:		
Net investment in capital assets	259,965,647	532,843
Restricted	26,987,260	50,000
Unrestricted	(200,680,931)	2,871,480
TOTAL NET POSITION	\$ 86,271,976	\$ 3,454,323

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

		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	\$ 12,989,136	\$ 557,251	\$ 639,915	\$ 34,140	\$ (11,757,830)	\$ -
Public safety	46,360,996	3,702,937	1,692,533	-	(40,965,526)	-
Health	230,279	62,583	-	-	(167,696)	-
Transportation	3,916,424	608,326	-	3,700,381	392,283	-
Economic assistance and opportunity	-	-	-	-	-	-
Culture and recreation	2,282,731	702,069	-	806,056	(774,606)	-
Home and community services	18,145,109	21,658,701	2,480,261	13,182,251	19,176,104	-
Interest on debt	2,190,437	-	-	-	(2,190,437)	-
Total governmental activities	\$ 86,115,112	\$ 27,291,867	\$ 4,812,709	\$ 17,722,828	(36,287,708)	-
COMPONENT UNITS:						
Troy Industrial Development Authority	\$ 394,515	\$ -	\$ -	\$ -	-	(394,515)
Troy Local Development Corporation	436,283	-	305,472	-	-	(130,811)
Troy Capital Resource Corporation	216,411	-	-	-	-	(216,411)
Troy Community Land Bank Corporation	713,036	-	393,540	-	-	(319,496)
Total component units	\$ 1,760,245	\$ -	\$ 699,012	\$ -	-	(1,061,233)
GENERAL REVENUE:						
Real property taxes and tax items					27,028,479	-
Nonproperty tax items					18,390,090	-
General state aid					12,685,252	-
Donation of property for sale					-	72,500
Sale of property and compensation for loss					238,213	101,050
Use of money and property					594,575	85,840
Miscellaneous					2,585,606	644,681
Total general revenue					61,522,215	904,071
Change in net position					25,234,507	(157,162)
Total net position - beginning of year					61,037,469	3,611,485
Net position - end of year					\$ 86,271,976	\$ 3,454,323

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2020

		Special Revenue Funds						
	General Fund	Special Grant Fund	Water Fund	Sewer Fund	Garbage Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS								
Cash	\$ 14,021,801	\$ 1,152,255	\$ 6,712,233	\$ 1,569,841	\$ 224,988	\$ -	\$ 20,352,844	\$ 44,033,962
Restricted cash	1,140,118	-	-	-	-	669,316	620,162	2,429,596
Restricted cash with fiscal agent	10,847,419	-	-	-	-	2,941,576	-	13,788,995
Due from other governments	7,694,535	577,385	2,421,349	-	63,997	-	18,051,404	28,808,670
Taxes receivable, net	3,356,888	-	-	-	-	-	-	3,356,888
Accounts receivables	1,518,436	69,935	1,144,923	1,110,096	961,174	-	-	4,804,564
Due from other funds	2,078,360	36,705	512,721	-	261,512	371,528	6,211,337	9,472,163
Prepaid and other assets	<u>308,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,569</u>	<u>368,842</u>
TOTAL ASSETS	<u>\$ 40,965,830</u>	<u>\$ 1,836,280</u>	<u>\$ 10,791,226</u>	<u>\$ 2,679,937</u>	<u>\$ 1,511,671</u>	<u>\$ 3,982,420</u>	<u>\$ 45,296,316</u>	<u>\$ 107,063,680</u>

(Continued)

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)
DECEMBER 31, 2020

	General Fund	Special Grant Fund	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Total
			Water Fund	Sewer Fund	Garbage Fund			
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE								
LIABILITIES:								
Accounts payable	\$ 2,210,113	\$ 308,913	\$ 408,770	\$ 99,230	\$ 213,530	\$ -	\$ 2,471,790	\$ 5,712,346
Accrued liabilities	7,966,490	-	136,495	36,726	303,098	-	-	8,442,809
Other liabilities	951,268	-	41,365	-	-	-	-	992,633
Due to other governments	1,853,010	-	-	-	-	-	9,556	1,862,566
Due to other funds	878,991	197,287	4,771,895	1,641,693	432,352	-	1,549,945	9,472,163
Unearned revenue	92,116	136,424	104,242	-	107,692	-	-	440,474
RAN payable	3,300,000	-	-	-	-	-	-	3,300,000
BANs payable	-	-	-	-	-	-	41,424,422	41,424,422
Compensated absences	107,444	-	-	-	-	-	-	107,444
Total liabilities	17,359,432	642,624	5,462,767	1,777,649	1,056,672	-	45,455,713	71,754,857
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows	5,532,321	-	-	-	-	-	-	5,532,321
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	22,891,753	642,624	5,462,767	1,777,649	1,056,672	-	45,455,713	77,287,178
FUND BALANCE:								
Nonspendable	308,273	-	-	-	-	-	60,569	368,842
Restricted	15,200,438	1,193,656	5,253,459	902,288	454,999	3,982,420	-	26,987,260
Assigned - Other uses	200,293	-	-	-	-	-	-	200,293
Assigned - Appropriated for subsequent year's expenditures	1,667,947	-	75,000	-	-	-	-	1,742,947
Unassigned	697,126	-	-	-	-	-	(219,966)	477,160
Total Fund Balance	18,074,077	1,193,656	5,328,459	902,288	454,999	3,982,420	(159,397)	29,776,502
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 40,965,830	\$ 1,836,280	\$ 10,791,226	\$ 2,679,937	\$ 1,511,671	\$ 3,982,420	\$ 45,296,316	\$ 107,063,680

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, 2020

Fund balance, all governmental funds	\$ 29,776,502
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	314,721,402
Pension related government-wide activity:	
Deferred outflows of resources - ERS	8,748,030
Deferred outflows of resources - PFRS	23,765,656
Net pension liability - ERS	(12,015,961)
Net pension liability - PFRS	(31,680,040)
Deferred inflows of resources - ERS	(549,911)
Deferred inflows of resources - PFRS	(1,420,387)
Long-term liabilities are not due and payable in the current period and are, therefore not reported in the funds:	
Bonds and notes payable	(33,684,177)
NYS Employee Retirement System loans payable	(4,551,697)
Compensated absences	(6,478,924)
Workers' compensation liability	(1,571,582)
Other post-employment benefits related government-wide activity:	
Total other postemployment benefits	(166,611,590)
Deferred outflows of resources - OPEB	27,973,655
Deferred inflows of resources - OPEB	(65,681,321)
Deferred inflows are recognized as revenue under the accrual basis of accounting	<u>5,532,321</u>
Net position of governmental activities	<u>\$ 86,271,976</u>

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Special Grant Fund	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Total
	Fund	Fund	Water Fund	Sewer Fund	Garbage Fund	Fund	Fund	
REVENUES:								
Real property taxes and tax items	\$ 26,887,561	\$ -	\$ -	\$ -	\$ 3,236	\$ -	\$ -	\$ 26,890,797
Nonproperty tax items	18,390,090	-	-	-	-	-	-	18,390,090
Departmental income	4,062,143	238,769	4,251,885	4,131,873	3,347,820	-	-	16,032,490
Intergovernmental charges	299,281	-	6,698,088	-	-	-	-	6,997,369
Use of money and property	88,148	128	318,279	2,980	137,501	-	47,539	594,575
Licenses and permits	632,126	-	3,640	-	-	-	-	635,766
Fines and forfeitures	629,618	-	-	-	-	-	-	629,618
Interfund revenue	2,669,624	-	327,000	-	-	-	-	2,996,624
Sale of property and compensation for loss	226,817	-	11,396	-	-	-	-	238,213
Miscellaneous	1,530,419	164,535	126,929	30,847	52,178	166,956	423,728	2,495,592
State aid	11,869,168	156,967	-	-	-	-	2,144,569	14,170,704
Federal aid	196,761	2,450,243	-	-	-	-	15,578,259	18,225,263
Total revenues	67,481,756	3,010,642	11,737,217	4,165,700	3,540,735	166,956	18,194,095	108,297,101
EXPENDITURES:								
General governmental support	8,812,731	2,977,472	401,241	-	27,204	-	-	12,218,648
Public safety	39,588,467	60,670	-	-	-	-	-	39,649,137
Public health	193,227	-	-	-	-	-	-	193,227
Transportation	3,582,107	-	-	-	-	-	-	3,582,107
Culture and recreation	2,052,761	-	-	-	-	-	-	2,052,761
Home and community services	1,060,784	96,492	8,862,278	2,526,110	4,337,909	-	-	16,883,573
Employee benefits	6,254,734	-	-	-	13,530	-	-	6,268,264
Capital outlays	-	-	-	-	-	-	27,470,261	27,470,261
Debt Service								
Principal	3,448,533	-	447,141	62,850	9,430	-	-	3,967,954
Interest	5,312,354	-	250,433	22,140	14,193	64,730	-	5,663,850
Total expenditures	70,305,698	3,134,634	9,961,093	2,611,100	4,402,266	64,730	27,470,261	117,949,782
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,823,942)	(123,992)	1,776,124	1,554,600	(861,531)	102,226	(9,276,166)	(9,652,681)
OTHER FINANCING SOURCES (USES):								
Proceeds from issuance of debt	850,000	-	-	-	-	-	5,969,764	6,819,764
Premium on debt issued	-	-	-	-	-	53,154	-	53,154
BANs redeemed from appropriations	-	-	-	-	-	-	969,500	969,500
Operating transfers - in	2,759,546	27,155	53,393	87,073	701,275	679,664	3,354,281	7,662,387
Operating transfers - out	(1,293,938)	(365,078)	(2,155,000)	(1,641,673)	-	(826,352)	(1,380,346)	(7,662,387)
Total other financing sources (uses)	2,315,608	(337,923)	(2,101,607)	(1,554,600)	701,275	(93,534)	8,913,199	7,842,418
CHANGE IN FUND BALANCE	(508,334)	(461,915)	(325,483)	-	(160,256)	8,692	(362,967)	(1,810,263)
FUND BALANCE - beginning of year	18,582,411	1,655,571	5,653,942	902,288	615,255	3,973,728	203,570	31,586,765
FUND BALANCE - end of year	\$ 18,074,077	\$ 1,193,656	\$ 5,328,459	\$ 902,288	\$ 454,999	\$ 3,982,420	\$ (159,397)	\$ 29,776,502

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, 2020**

Net changes in fund balance - Total governmental funds	\$ (1,810,263)
Capital outlays, net of disposals, are expenditures in governmental funds, but are capitalized in the statement of net position	28,156,707
Pension expense resulting from pension related reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities	(7,797,699)
Compensated absences do not require the expenditure of current resources and are, therefore, are not reported as expenditures in the governmental funds	(557,356)
Proceeds from issuance of debt is not reported as revenue in government-wide financial statements	(6,819,764)
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	3,967,954
Proceeds from BANs redeemed from appropriations recorded as revenue in the governmental funds are not recognized as revenue in the statement of activities	(969,500)
Bond accretion on MAC debt decreases the principal balance and decreases interest expense in the government-wide financial statements	3,473,413
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	1,340,384
Accrued postemployment benefits do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds	2,946,324
State aid deferred is recognized as revenue under full accrual accounting	2,861,682
Accrued workers' compensation liability does not require the expenditure of current resources and therefore, is not reported as expenditures in the governmental funds	304,943
Property tax 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>137,682</u>
Change in net position - governmental activities	<u>\$ 25,234,507</u>

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2020

	Custodial Funds
ASSETS:	
Cash	\$ 1,862,169
Receivables:	
Taxes for other governments	2,493,330
Other receivables	<u>1,636,547</u>
Total Assets	\$ 5,992,046
LIABILITIES:	
Due to other governments	<u>\$ 5,992,046</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, 2020

	Custodial Funds
ADDITIONS	
Property tax collections for other governments	\$ 15,312,751
Total additions	<u>15,312,751</u>
DEDUCTIONS	
Payments of property taxes to other governments	<u>15,312,751</u>
Total deductions	<u>15,312,751</u>
Net change in fiduciary net position	-
Net position, beginning of year	<u>-</u>
Net position, end of year	<u><u>\$ -</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, 2020

	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	\$ 277,993	\$ 304,221	\$ 577,050	\$ 4,905	\$ 1,164,169
Restricted cash	-	50,000	-	-	50,000
Accounts receivable, net of allowance for doubtful accounts	99,536	-	-	535,526	635,062
Grants receivable	-	89,722	-	-	89,722
Prepaid expenses	1,138	13,329	-	10,552	25,019
Loans receivable, current portion	-	42,356	-	-	42,356
Total current assets	378,667	499,628	577,050	550,983	2,006,328
NONCURRENT ASSETS					
Capital assets, net	-	532,458	-	385	532,843
Real property held for resale or development	287,000	2,108,728	-	568,400	2,964,128
Loan receivable, net	-	18,268	-	-	18,268
Other noncurrent assets	-	614	-	-	614
Total noncurrent assets	287,000	2,660,068	-	568,785	3,515,853
Total assets	665,667	3,159,696	577,050	1,119,768	5,522,181
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	10,044	58,920	6,533	66,503	142,000
Loan payable, current portion	-	167,000	-	-	167,000
Grants payable	-	20,000	-	-	20,000
Due to other governments	100,042	-	-	-	100,042
Construction loan	-	-	-	90,000	90,000
Paycheck protection program loan	-	-	-	17,000	17,000
Unearned revenue	-	-	-	585,515	585,515
Total current liabilities	110,086	245,920	6,533	759,018	1,121,557
Long-term liabilities					
Loan payable, long-term portion	-	829,000	-	-	829,000
Total long-term liabilities	-	829,000	-	-	829,000
Total liabilities	110,086	1,074,920	6,533	759,018	1,950,557
DEFERRED INFLOWS OF RESOURCES					
Land purchase option	117,301	-	-	-	117,301
NET POSITION					
Net investment in capital assets	-	532,458	-	385	532,843
Unrestricted	438,280	1,502,318	570,517	360,365	2,871,480
Restricted	-	50,000	-	-	50,000
	\$ 438,280	\$ 2,084,776	\$ 570,517	\$ 360,750	\$ 3,454,323

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION - COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Troy Industrial Development Authority	Troy Local Development Corporation	Troy Capital Resource Corporation	Troy Community Land Bank Corporation	Total
Operating Revenue					
Donation of property for sale	\$ -	\$ 72,500	\$ -	\$ -	\$ 72,500
Sale of property	-	-	-	101,050	101,050
Grant revenue	-	305,472	-	393,540	699,012
Other income	147,448	279	496,214	740	644,681
Use of money and property	-	82,573	-	-	82,573
Total Operating Revenue	147,448	460,824	496,214	495,330	1,599,816
Operating Expenses					
Economic assistance	394,515	374,738	216,411	712,652	1,698,316
Depreciation	-	4,829	-	384	5,213
Total Operating Expenses	394,515	379,567	216,411	713,036	1,703,529
Operating Income (Loss)	(247,067)	81,257	279,803	(217,706)	(103,713)
Nonoperating Revenues					
Interest income	2,879	-	312	76	3,267
Total Nonoperating Revenue	2,879	-	312	76	3,267
Nonoperating Expenses					
Debt service - interest	-	56,716	-	-	56,716
Total Nonoperating Expenses	-	56,716	-	-	56,716
Change in net position	(244,188)	24,541	280,115	(217,630)	(157,162)
NET POSITION - beginning of year	682,468	2,060,235	290,402	578,380	3,611,485
NET POSITION - end of year	\$ 438,280	\$ 2,084,776	\$ 570,517	\$ 360,750	\$ 3,454,323

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, 2020

	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	\$ -	\$ 88,002	\$ -	\$ -	\$ 88,002
Proceeds from grants	-	352,077	-	364,475	716,552
Payments to vendors for goods and services	(287,966)	(338,037)	(209,878)	(737,928)	(1,573,809)
Payments to employees for salaries and benefits	-	-	-	(94,649)	(94,649)
Proceeds from loan repayments	-	12,486	-	-	12,486
Receipts from property sales	-	-	-	101,050	101,050
Other receipts	47,912	-	496,214	740	544,866
Net cash flows provided by (used in) operating activities	(240,054)	114,528	286,336	(366,312)	(205,502)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING					
Proceeds from PPP loan	-	-	-	17,000	17,000
Proceeds from construction loan	-	-	-	90,000	90,000
Net cash flows provided by non-capital and related financing activities	-	-	-	107,000	107,000
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from interest income	2,879	-	312	76	3,267
Payment on loan payable	-	(167,000)	-	-	(167,000)
Interest paid	-	(60,168)	-	-	(60,168)
Net cash provided by (used in) investing activities	2,879	(227,168)	312	76	(223,901)
Net increase (decrease) in cash and cash equivalents	(237,175)	(112,640)	286,648	(259,236)	(322,403)
Cash and cash equivalents - beginning of year	515,168	466,861	290,402	264,141	1,536,572
Cash and cash equivalents - end of year	\$ 277,993	\$ 354,221	\$ 577,050	\$ 4,905	\$ 1,214,169
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (loss)	\$ (247,067)	\$ 81,257	\$ 279,803	\$ (217,706)	\$ (103,713)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	4,829	-	384	5,213
Property donated (non-cash revenue)	-	(72,500)	-	-	(72,500)
Changes in operating assets and liabilities:					
Accounts receivable	(99,536)	5,150	-	-	(94,386)
Grants receivable	-	46,605	-	(35,526)	11,079
Property held for resale	-	-	-	(119,491)	(119,491)
Loans receivable	-	12,486	-	-	12,486
Prepaid expenses	(37)	1,924	-	(1,102)	785
Accounts payable and accrued expenses	6,544	34,777	6,533	668	48,522
Due to other governments	100,042	-	-	-	100,042
Unearned grant revenue	-	-	-	6,461	6,461
Net cash flows provided by (used in) operating activities	\$ (240,054)	\$ 114,528	\$ 286,336	\$ (366,312)	\$ (205,502)

The accompanying notes are an integral part of these statements.

CITY OF TROY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 multiple services, including general government support, police and fire protection, refuse and garbage collection, water and sewer, and recreation.

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, 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 component units and their activities have been included in the financial reporting entity.

Component Units of the City include the following:

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.

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 a. The LDC is formed and operates consistent with Section 2827-a of the NYS Public Authorities Law.

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.

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.

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 previously:

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.

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.

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 City's governmental fund types are as follows:

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Financial Statements – Continued

Fund Categories – Continued

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds of the City include the following:

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.

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.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. 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 capital leases are reported as other financing sources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 relieved unpaid water rents, and sewer rents and recycling container charges. 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 \$2,131,283 allowance for doubtful accounts based on collection history and a review of accounts by management.

In addition to the City tax levy, the City is responsible for collecting the School Districts' 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 and Sewer Special Revenue Funds in full for uncollected rents. 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 all losses and gains proportionate to the liens outstanding.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2020, 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.

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 was 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).

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

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

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:

General Fund

Debt service	\$ 10,249,484	
Capital	3,648,286	
Insurance	592,898	
Snow and Ice	426,930	
Unemployment Insurance	262,152	
Workers Compensation	20,688	\$ 15,200,438

Debt Service Fund

Debt service	3,982,420
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Special Revenue Funds

Special Grant Fund	1,193,656
Water Fund	5,253,459
Sewer Fund	902,288
Garbage Fund	454,999
	<u>\$ 26,987,260</u>

- 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.

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

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

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, 2020 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, 2020.

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. As of December 31, 2020, the City's encumbrances were classified as follows:

General Governmental Support	\$ 22,647
Public Safety	117,364
Transportation	54,703
Home and Community Services	5,579
	<u>\$ 200,293</u>

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 \$159,397 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020 is as follows:

<u>Unrestricted Cash</u>		
General Fund		\$ 14,021,801
Special Revenue Funds:		
Special Grant Fund	\$ 1,152,255	
Water Fund	6,712,233	
Sewer Fund	1,569,841	
Garbage Fund	224,988	9,659,317
Capital Projects Fund		20,352,844
Total Unrestricted Cash		<u>44,033,962</u>
<u>Restricted Cash</u>		
General Fund		1,140,118
Debt Service Fund		669,316
Capital Projects Fund		620,162
Total Restricted Cash		<u>2,429,596</u>
Total Cash		<u>\$ 46,463,558</u>

Restricted cash includes cash with fiscal agent of \$13,788,995 and 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.

Restricted cash also includes cash held with fiscal agent of \$620,162 in the capital projects fund. This cash represents amounts held in connection with the energy performance contract. This amount is also excluded from the City's cash balance subject to collateralization requirements.

NOTE 2 – CASH (Continued)

At December 31, 2020, 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>\$ 49,843,506</u>	<u>\$ 47,985,517</u>
Collateralized with securities held by the financial institution's trust department or agent in the City's name	\$ 49,163,164	
Covered by FDIC insurance	<u>680,342</u>	
Total	<u>\$ 49,843,506</u>	

NOTE 3 - CAPITAL ASSETS

The following schedule identifies changes to the City's capital assets for the year ended December 31, 2020:

	January 1, 2020 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	December 31, 2020 <u>Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 2,251,198	\$ -	\$ -	\$ 2,251,198
Buildings and land improvements	53,825,654	6,338,379	-	60,164,033
Machinery and equipment	32,483,679	3,727,678	-	36,211,357
Infrastructure	195,293,780	16,862,021	-	212,155,801
Construction in progress	<u>2,710,384</u>	<u>27,470,261</u>	<u>26,241,632</u>	<u>3,939,013</u>
	<u>\$ 286,564,695</u>	<u>\$ 54,398,339</u>	<u>\$ 26,241,632</u>	<u>\$ 314,721,402</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, 2020:

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN - Various Equipment	2/06/2020	2.07%	\$ 732,000	\$ -	\$ 732,000	\$ -
BAN - OCA Project	2/06/2020	2.07%	2,410,000	-	2,410,000	-
BAN - Spring Avenue Bridge	2/06/2020	1.75%	435,000	-	435,000	-
BAN - Sea Wall	2/06/2020	1.75%	3,935,000	-	3,935,000	-
BAN - 2019 General Fund Capital Plan - Fire	2/06/2020	2.07%	95,000	-	95,000	-
BAN - Riverfront North Extension	2/05/2021	1.75%	1,030,000	-	35,000	995,000
BAN - South Troy Industrial Roadway	2/05/2021	1.75%	1,295,000	-	305,000	990,000
BAN - Bike Trail	2/05/2021	1.75%	489,000	-	85,600	403,400
BAN - Powers Park Renovation	2/05/2021	1.75%	434,000	-	20,000	414,000
BAN - 2017 General Fund Capital Plan	2/05/2021	1.75%	225,000	-	58,000	167,000
BAN - 2018 Water Fund Capital Plan	2/05/2021	1.75%	3,500,000	-	2,040,000	1,460,000
BAN - Tropical Storm Irene	2/05/2021	2.07%	2,700,000	-	171,000	2,529,000
BAN - Ingalls Avenue Boat Launch	2/05/2021	1.75%	657,850	-	407,850	250,000
BAN - 2018 General Fund Capital Plan	2/05/2021	1.75%	775,000	-	600,000	175,000
BAN - 2019 General Fund Capital Plan - DPW/Recreation	2/05/2021	1.75%	665,000	-	320,000	345,000
BAN - 2019 Garbage Fund Capital Plan	2/05/2021	1.75%	355,000	-	-	355,000
BAN - South Troy Industrial Roadway	2/05/2021	1.75%	250,000	-	-	250,000
BAN - Building Demolition	2/05/2021	1.75%	200,000	-	-	200,000
BAN - 2019 General Fund Capital Plan - Knickerbocker Ice Arena	2/05/2021	1.75%	550,000	-	-	550,000
BAN - 2019 General Fund Capital Plan	2/05/2021	1.75%	596,000	-	133,000	463,000
BAN - Tropical Storm Irene	2/05/2021	1.75%	1,250,000	-	1,000,000	250,000
BAN - Knickerbocker Pool Reconstruction	2/05/2021	1.75%	500,000	-	-	500,000
BAN - Sea Wall	2/05/2021	1.75%	9,000,000	-	3,500,000	5,500,000
BAN - South Troy Industrial Roadway	2/06/2021	2.07%	2,000,000	-	1,000,000	1,000,000
BAN - South Troy Industrial Roadway	2/06/2021	2.07%	1,400,000	-	-	1,400,000
BAN - Sewer Fund CSO Project	5/12/2021	0.68%	475,437	-	10,000	465,437
BAN - Sewer Fund CSO Project	5/21/2021	0.68%	1,188,976	-	-	1,188,976
BAN - Tropical Storm Irene	7/30/2021	1.25%	475,000	-	35,000	440,000
BAN - Building Demolition	7/30/2021	1.25%	410,000	-	95,000	315,000
BAN - 2017 General Fund Capital Plan	7/30/2021	1.25%	328,695	-	126,000	202,695
BAN - Ingalls Avenue Boat Launch	7/30/2021	1.25%	200,000	-	150,000	50,000
BAN - Leonard Hospital Demolition	7/30/2021	1.25%	2,500,000	-	45,000	2,455,000
BAN - 2018 General Fund Capital Plan	7/30/2021	1.25%	330,000	-	45,000	285,000
BAN - Tropical Storm Irene	7/30/2021	1.25%	1,000,000	-	-	1,000,000
BAN - South Troy Industrial Roadway	7/30/2021	1.25%	1,750,000	-	-	1,750,000
BAN - 2019 General Fund Capital Plan - DPW/Recreation	7/30/2021	1.25%	618,000	-	16,500	601,500
BAN - 2019 General Fund Capital Plan - Fire	7/30/2021	1.25%	660,000	-	-	660,000
BAN - Riverfront North Extension	2/05/2021	1.75%	-	900,000	-	900,000
BAN - Sea Wall	2/05/2021	1.75%	-	1,998,000	-	1,998,000
BAN - Road Construction	2/05/2021	1.75%	-	250,000	-	250,000
BAN - Building Demolition	2/05/2021	1.75%	-	200,000	-	200,000
BAN - Evidence Technician Vehicle	2/05/2021	1.75%	-	32,000	-	32,000
BAN - Fire Specialty Equipment	2/05/2021	1.75%	-	90,000	-	90,000
BAN - Fire Facilities Upgrade	2/05/2021	1.75%	-	50,000	-	50,000
BAN - Campbell Avenue Bridge	2/05/2021	1.75%	-	505,000	-	505,000
BAN - Pickups with Plow/Salter	2/05/2021	1.75%	-	140,000	-	140,000
BAN - Pickup Truck	2/05/2021	1.75%	-	30,000	-	30,000
BAN - Crew Cab Pickup with Plow	2/05/2021	1.75%	-	45,000	-	45,000
BAN - Service Truck with Platform	2/05/2021	1.75%	-	50,000	-	50,000
BAN - Mini Dump Truck with Plow	2/05/2021	1.75%	-	65,000	-	65,000
BAN - Asphalt Hot Box Trailer	2/05/2021	1.75%	-	40,000	-	40,000
BAN - New Holland Skid Steer Loader	2/05/2021	1.75%	-	75,000	-	75,000
BAN - Ventrac Mower	2/05/2021	1.75%	-	30,000	-	30,000
BAN - Facility Renovations	2/05/2021	1.75%	-	200,000	-	200,000
BAN - Golf Equipment	2/05/2021	1.75%	-	126,000	-	126,000
BAN - Golf - Ventrac Mower	2/05/2021	1.75%	-	34,000	-	34,000
BAN - Paving/Sidewalks	2/05/2021	1.75%	-	350,000	-	350,000
BAN - Recreation Pickup Truck	2/05/2021	1.75%	-	30,000	-	30,000
BAN - Recreation Mini Dump Truck	2/05/2021	1.75%	-	62,500	-	62,500
BAN - Recreation - Ventrac Mower	2/05/2021	1.75%	-	30,000	-	30,000
BAN - Recreation - Facility Renovation	2/05/2021	1.75%	-	300,000	-	300,000
BAN - South Troy Pool	2/05/2021	1.75%	-	150,000	-	150,000
BAN - Garbage - Mini Dump Truck with Plow	2/05/2021	1.75%	-	32,500	-	32,500
BAN - Marina/Boat Launch Reconstruction	2/05/2021	1.75%	-	67,000	-	67,000
BAN - DPW Dump Truck	2/05/2021	1.75%	-	190,000	-	190,000
BAN - Fire Pumper	2/05/2021	1.75%	-	660,000	-	660,000
BAN - Automated Garbage Truck	2/05/2021	1.75%	-	250,000	-	250,000
BAN - Rear Load Garbage Truck	2/05/2021	1.75%	-	175,000	-	175,000
BAN - Peterson Claw Truck	2/05/2021	1.75%	-	190,000	-	190,000
BAN - Police Impound Building	2/05/2021	1.75%	-	180,000	-	180,000
BAN - Police Cameras on City Streets	2/05/2021	1.75%	-	275,000	-	275,000
BAN - Firehouse Improvements	2/05/2021	1.75%	-	165,000	-	165,000
BAN - 7th Ave/Ingalls Ave Park	2/05/2021	1.75%	-	655,000	-	655,000
BAN - Sidewalk Improvements	2/05/2021	1.75%	-	945,000	-	945,000
BAN - Campbell Ave/Spring Ave Intersection	2/05/2021	1.75%	-	350,000	-	350,000
BAN - State Street Garage	2/05/2021	1.75%	-	1,600,000	-	1,600,000
BAN - Sewer Fund CSO Project	2/05/2021	1.75%	-	306,134	-	306,134
BAN - Sea Wall	7/30/2021	1.25%	-	475,000	-	475,000
BAN - South Troy Industrial Roadway	7/30/2021	1.25%	-	1,416,280	-	1,416,280
BAN - Powers Park Renovation	7/30/2021	1.25%	-	100,000	-	100,000
Total			\$ 45,414,958	\$ 13,814,414	\$ 17,804,950	\$ 41,424,422

NOTE 4 – SHORT-TERM DEBT (Continued)

Revenue Anticipation Note

Revenue anticipation notes (RANs) may be issued in anticipation of the receipt of revenue. These notes are recorded as a liability in the fund that will actually receive the proceeds from the issuance of the notes. The RANs represent a liability that will be extinguished by the use of expendable available resources of the fund. The City had the following RAN outstanding at December 31, 2020:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Revenue Anticipation Note Payable	11/24/2021	2.00%	\$ -	\$ 3,300,000	\$ -	\$ 3,300,000

NOTE 5 – LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Government activities					
Bonds and notes payable:					
General obligation debt:					
NYS EFC payable - Water Fund	\$ 661,765	\$ -	\$ 213,332	\$ 448,433	\$ 220,508
NYS EFC payable - Water Fund	2,065,000	-	100,000	1,965,000	105,000
NYS EFC payable - Sewer Fund	956,660	-	52,850	903,810	54,240
Serial bonds payable - General Fund	1,020,000	-	100,000	920,000	105,000
Serial bonds payable - General Fund	5,286,000	-	311,570	4,974,430	315,450
Serial bonds payable - Garbage Fund	330,000	-	9,430	320,570	9,550
Serial bonds payable - Water Fund	1,178,200	-	33,200	1,145,000	30,000
Serial bonds payable - General Fund	-	850,000	-	850,000	170,000
Serial bonds payable - General Fund	-	5,709,490	-	5,709,490	109,490
	<u>11,497,625</u>	<u>6,559,490</u>	<u>820,382</u>	<u>17,236,733</u>	<u>1,119,238</u>
Capital leases payable:					
Capital lease payable - General Fund	450,037	-	48,468	401,569	50,511
Capital lease payable - General Fund	1,129,367	-	86,226	1,043,141	95,913
Capital lease payable - Water Fund	605,104	-	60,609	544,495	66,701
Capital lease payable - General Fund	6,503,198	-	-	6,503,198	144,813
Capital lease payable - General Fund	-	260,274	-	260,274	48,834
	<u>8,687,706</u>	<u>260,274</u>	<u>195,303</u>	<u>8,752,677</u>	<u>406,772</u>
Total bonds and capital leases payable	<u>20,185,331</u>	<u>6,819,764</u>	<u>1,015,685</u>	<u>25,989,410</u>	<u>1,526,010</u>
Repayment agreements - MAC debt (a)	<u>13,150,949</u>	<u>-</u>	<u>5,456,182</u>	<u>7,694,767</u>	<u>5,370,000</u>
Total bonds and notes payable	<u>33,336,280</u>	<u>6,819,764</u>	<u>6,471,867</u>	<u>33,684,177</u>	<u>6,896,010</u>
Other liabilities:					
Retirement debt (c)	5,892,081	-	1,340,384	4,551,697	-
Compensated absences	5,921,568	557,356	-	6,478,924	-
Net pension liability - ERS	3,291,108	8,724,853	-	12,015,961	-
Net pension liability - PFRS	9,999,455	21,680,585	-	31,680,040	-
Total other post employment benefits (b)	<u>201,309,475</u>	<u>32,946,895</u>	<u>67,644,780</u>	<u>166,611,590</u>	<u>-</u>
Total other liabilities	<u>226,413,687</u>	<u>63,909,689</u>	<u>68,985,164</u>	<u>221,338,212</u>	<u>-</u>
Total long-term liabilities	<u>\$259,749,967</u>	<u>\$ 70,729,453</u>	<u>\$ 75,457,031</u>	<u>\$255,022,389</u>	<u>\$ 6,896,010</u>

- (a) Repayment agreements include Capital Appreciation Bonds and accreted interest of \$5,005,393.
- (b) Postemployment benefit liability at December 31, 2020, has been adjusted to actuarial determinations as prescribed under GASB No. 75. See Note 7.
- (c) Represents debt for 2011 (2012), 2012 (2013), 2013 (2014) and 2014 (2015) amortization for participation in the 2010 Contribution Stabilization Program.

NOTE 5 – LONG-TERM LIABILITIES (Continued)

The details of bonds, notes and capital leases payable are as follows:

Lease 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 Plan as described in the Energy Audit Report.

This master agreement (lease/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 (lease/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 lease payment then the City would not be liable for the annual payment for the year.

Lease Purchase Agreement – Purchase of Fire Equipment

On December 1, 2011, the City Council passed a resolution authorizing the execution and delivery of a lease 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 lessee 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, 2020.

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, 2020.

NOTE 5 – LONG-TERM LIABILITIES (Continued)

Issue dates, maturities, and interest rates on bonds, notes and capital leases payable are as follows:

	<u>Year of Issue</u>	<u>Original Balance</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>December 31, 2020</u>
<u>General Fund</u>					
Capital Lease	2011	\$ 1,648,598	4.55%	07/2029	\$ 1,043,141
Capital Lease	2012	\$ 738,648	4.23%	03/2027	401,569
Capital Lease	2019	\$ 6,503,198	2.90%	07/2040	6,503,198
Capital Lease	2020	\$ 260,274	3.19%	05/2025	260,274
General Obligation	2010	\$ 1,121,888	3.00%	08/2028	920,000
General Obligation	2019	\$ 5,286,000	2.00%	08/2034	5,139,430
General Obligation	2020	\$ 850,000	1.73%	06/2025	850,000
General Obligation	2020	\$ 5,709,490	2.25%	Various	5,709,490
					<u>20,827,102</u>
<u>Water Fund</u>					
General Obligation	2019	\$ 1,233,200	1.30%	08/2048	1,145,000
NYS EFC Obligation	2001	\$ 3,390,000	3.25%	12/2022	448,433
NYS EFC Obligation	2007	\$ 3,136,180	4.63%	09/2036	1,965,000
Capital Lease	2011	\$ 946,746	4.29%	07/2027	544,495
					<u>4,102,928</u>
<u>Sewer Fund</u>					
NYS EFC Obligation	2004	\$ 1,625,890		04/2034	903,810
<u>Garbage Fund</u>					
General Obligation	2019	\$ 330,000	2.00%	08/2034	155,570
Total general obligation bonds and leases payable					<u>\$ 25,989,410</u>

The annual debt service requirements to maturity, including principal and interest, for bonds, notes and capital leases payable as of December 31, 2020, are as follows:

<u>Fiscal Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,526,010	\$ 691,025	\$ 2,217,035
2022	1,739,513	687,422	2,426,935
2023	1,554,324	637,364	2,191,688
2024	1,590,929	593,271	2,184,200
2025	1,623,331	548,030	2,171,361
2026-2030	6,667,989	2,085,146	8,753,135
2031-2035	5,739,497	1,212,138	6,951,635
2036-2040	3,667,817	538,075	4,205,892
2041-2045	1,705,000	159,059	1,864,059
2046-2048	175,000	13,534	188,534
	<u>\$ 25,989,410</u>	<u>\$ 7,165,064</u>	<u>\$ 33,154,474</u>

NOTE 5 – LONG-TERM LIABILITIES (Continued)

Debt Service Payment and Funding Requirements – Repayment Agreements

The repayment agreements between the City and the MAC represent the 1996 capital appreciation bonds refinancing of the 1992 Lease Revenue Bonds in the original amount of \$55,589,262, the 1997 refinancing of the 1990 Installment Purchase Debt (Certificate of Participation) in the original amount of \$3,425,000, the 1999 issuance for the closing of the City's landfill in the original amount of \$5,364,156 (Series 1999A), and the 1999 issuance to provide funds to repay the City's bond anticipation notes to meet the debt service fund requirement and to pay certain costs of issuance in the original amount of \$5,205,000 (Series 1999B).

A summary of the City's debt under these repayment agreements with the Municipal Assistance Corporation for the City of Troy as of December 31, 2020 is as follows:

Series 1996B Capital Appreciation Bonds	\$ 869,774
Series 1196C Capital Appreciation Bonds	864,600
Series 2010A Refunding Bonds	<u>955,000</u>
	2,689,374
Bond accretion - Series 1996B and 1996C	<u>5,005,393</u>
	<u><u>\$ 7,694,767</u></u>

A summary of future annual debt service payments on the Repayment Agreements with the Municipal Assistance Corporation for the City of Troy bonds and loans based on the bonds' and loans' year ending is as follows:

<u>Fiscal Year Ending December 31.</u>	<u>Principal**</u>	<u>Interest *</u>	<u>Total</u>
2021	\$ 5,930,000	\$ 41,562	\$ 5,971,562
2022	<u>4,635,000</u>	<u>17,550</u>	<u>4,652,550</u>
	<u><u>\$ 10,565,000</u></u>	<u><u>\$ 59,112</u></u>	<u><u>\$ 10,624,112</u></u>

*Net of anticipated interest subsidies on EFC loans.

**Includes Series 1996B and 1996C Capital Appreciation Bonds at their maturity values, with future bond accretion of \$2,870,233.

The changes in long-term liabilities of the Repayment Agreements were as follows:

	<u>Beginning Balance</u>	<u>Bond Accretion/ Amortization</u>	<u>Payments</u>	<u>Ending Balance</u>
Bonds and loans payable	\$ 13,149,781	\$ 454,986	\$ 5,910,000	\$ 7,694,767
Bond premium	<u>1,168</u>	<u>(1,168)</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 13,150,949</u></u>	<u><u>\$ 453,818</u></u>	<u><u>\$ 5,910,000</u></u>	<u><u>\$ 7,694,767</u></u>

Total interest paid, net of bond accretion, on debt in 2020 was \$2,190,437.

NOTE 6 – PENSION PLANS

Plan Description

The City participates in the New York State and Local Employees' Retirement System (NYERS), 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 NYERS 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:

	<u>ERS</u>	<u>PFRS</u>
2020	\$ 2,185,241	\$ 6,239,393
2019	\$ 2,098,052	\$ 5,890,899
2018	\$ 2,132,614	\$ 5,747,953

Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the Systems:

- Requires minimum contributions by employers of 4.5 percent of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1st (e.g., billings due February 2009 would be based on the pension value as of March 31, 2008).

NOTE 6 – PENSION PLANS (Continued)

Funding Policy - Continued

Chapter 260 of the Laws of 2004 of the State of New York was enacted and allows local employers to bond or amortize a portion of their retirement bill for up to 10 years in accordance with the following schedule:

- For State Fiscal Year (SFY) 2004-05, the amount in excess of 7% of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5% of employees' covered pensionable salaries.
- For SFY 2007-08, the amount in excess of 10.5% of employees' covered pensionable salaries.

The City of Troy has also 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 12/31/20	Amount Amortized	Balance at 12/31/20
2011	\$ -	\$ -	\$ 316,334	\$ 40,967
2012	639,484	152,914	964,232	230,569
2013	814,579	278,217	1,687,033	576,202
2014	855,721	393,578	2,143,704	985,972
2015	721,055	400,661	1,587,399	882,053
2016	249,650	164,245	615,639	405,031
2017	-	-	721,386	470,238
Total	<u>\$ 3,280,489</u>	<u>\$ 1,389,615</u>	<u>\$ 8,035,727</u>	<u>\$ 3,591,032</u>

NOTE 6 – PENSION PLANS (Continued)

Funding Policy - Continued

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

At December 31, 2020, the City reported a net pension liability of \$12,015,961 and \$31,680,040 for its proportionate share of the ERS and PFRS net pension liability, respectively. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as April 1, 2019. The City's proportion of the net pension liability was based on a projection of The City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2020, the City's proportionate share was .0471389% and .6053322% for ERS and PFRS, respectively, which was a decrease from the proportionate share at December 31, 2019 of .4620491% and .0159108% for ERS and PFRS, respectively. At December 31, 2020, the City recognized deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
ERS		
Differences between expected and actual experience	\$ 707,188	\$ -
Changes of assumptions	241,945	208,915
Net difference between projected and actual earnings on pension plan investments	6,159,966	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	340,996
Contributions subsequent to the measurement date	1,638,931	-
Total	<u>\$ 8,748,030</u>	<u>\$ 549,911</u>

\$1,638,931 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date of March 31, 2020 will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. 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:

2021	\$ 997,954
2022	1,623,795
2023	2,173,783
2024	1,763,655
2025	-
Thereafter	-
	<u>\$ 6,559,187</u>

NOTE 6 – PENSION PLANS (Continued)

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

Funding Policy – Continued

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
PFRS		
Differences between expected and actual experience	\$ 2,109,557	\$ 530,637
Changes of assumptions	2,707,877	-
Net difference between projected and actual earnings on pension plan investments	14,266,519	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,158	889,750
Contributions subsequent to the measurement date	<u>4,679,545</u>	<u>-</u>
Total	<u>\$ 23,765,656</u>	<u>\$ 1,420,387</u>

\$4,679,545 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date of March 31, 2020 will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. 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:

2021	\$ 3,623,090
2022	4,114,483
2023	5,279,431
2024	4,464,758
2025	183,962
Thereafter	-
	<u>\$ 17,665,724</u>

For the year ended December 31, 2020, the City recognized pension expense of \$1,941,503 and \$6,295,404 for ERS and PFRS, respectively.

Actuarial Assumptions

The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020.

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

Inflation:	2.50%
Salary scale:	4.2% ERS, 5.0% PFRS, indexed by service
Projected COLAs:	1.3% annually
Decrement:	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement:	Society of Actuaries Scale MP-2014
Investment Rate of Return:	6.80% compounded annually, net of investment expenses

NOTE 6 – 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, 2020 in the following table:

Asset Type	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	36%	4.05%
International Equity	14%	6.15%
Private Equity	10%	6.75%
Real Estate	10%	4.95%
Absolute Return Strategies	2%	3.25%
Opportunistic Portfolio	3%	4.65%
Real Assets	3%	5.95%
Bonds & Mortgages	17%	0.75%
Cash	1%	0.00%
Inflation-indexed bonds	4%	0.50%
	<u>100%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. 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 7.0%, 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 (6.0%) or 1% higher (8.0%) than the current rate:

	1% Decrease	Current Discount	1% Increase
ERS	<u>5.80%</u>	<u>6.80%</u>	<u>7.80%</u>
Proportionate Share of Net Pension Liability (Asset)	<u>\$ 22,052,682</u>	<u>\$ 12,015,961</u>	<u>\$ 2,772,100</u>
	1% Decrease	Current Discount	1% Increase
PFRS	<u>5.80%</u>	<u>6.80%</u>	<u>7.80%</u>
Proportionate Share of Net Pension Liability (Asset)	<u>\$ 56,644,558</u>	<u>\$ 31,680,040</u>	<u>\$ 9,323,750</u>

NOTE 6 – PENSION PLANS (Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employer as of March 31, 2020, were as follows:

	Pension Plan's Fiduciary Net Position	City's Proportionate Share of Plan's Fiduciary Net Position	City's Allocation Percentage As Determined By the Plan
ERS			
Total pension liability	\$ 194,596,261,000	\$ 88,300,972	0.0453765%
Net position	(168,115,682,000)	(76,285,011)	0.0453765%
Net pension liability (asset)	<u>\$ 26,480,579,000</u>	<u>\$ 12,015,961</u>	0.0453765%
ERS net position as a percentage of total pension liability	86.39%	86.39%	
PFRS			
Total pension liability	\$ 35,309,017,000	\$ 209,280,498	0.5927112%
Net position	(29,964,080,000)	(177,600,457)	0.5927112%
Net pension liability (asset)	<u>\$ 5,344,937,000</u>	<u>\$ 31,680,041</u>	0.5927112%
ERS net position as a percentage of total pension liability	84.86%	84.86%	

NOTE 7 - 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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	573
Inactive employees or beneficiaries entitled to but not yet receiving benefits	-
Active employees	<u>469</u>
Total participants	<u>1,042</u>

Total OPEB Liability

The City's total OPEB liability of \$166,611,590 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 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	2.50%
Discount Rate	2.12%
Salary Scale	The salary scale for Police and Fire employees is based on the NYSPFRS valuation as of August 2020. Payroll growth for all other employees is based on the NYERS valuation as of August 2020. Sample annual increases are as shown below:

<u>Years of Service</u>	<u>NYERS</u>	<u>NYSPFRS</u>
0	8.08%	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 8.0% for the current year decreasing to an ultimate rate of 4.50% by 2028.

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 rates are based on the RPH-2018 Total Dataset Mortality Table fully generational using scale MP-2018 (RPH-2018 table is created based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2014 mortality improvement backed out, projected to 2018 using MP-2018 improvement.)

Changes in the Total OPEB Liability

Balance at December 31, 2019	<u>\$ 201,309,475</u>
Changes for the Year	
Service cost	6,205,804
Interest	6,647,482
Changes of benefit terms	-
Changes in assumptions or other inputs	20,093,609
Differences between expected and actual experience	(60,376,920)
Benefit payments	<u>(7,267,860)</u>
Net changes	<u>(34,697,885)</u>
Balance at December 31, 2020	<u>\$ 166,611,590</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.26% as of December 31, 2019 to 2.12% at December 31, 2020.

NOTE 7 - 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 (2.26%) and 1 percentage point higher (4.26%) than the current discount rate:

	1% Decrease (1.12%)	Current Discount (2.12%)	1% Increase (3.12%)
Total OPEB Liability	\$ 193,953,501	\$ 166,611,590	\$ 144,805,860

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 (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Total OPEB Liability	\$ 142,957,042	\$ 166,611,590	\$ 196,995,304

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$10,109,807. At December 31, 2020, 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	\$ 27,973,655	\$ 9,399,648
Difference between expected and actual experience	-	56,281,673
Total	\$ 27,973,655	\$ 65,681,321

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

<u>Fiscal Year Ending December 31:</u>	<u>Amount</u>
2021	\$ (8,531,750)
2022	(8,531,750)
2023	(8,531,750)
2024	(5,398,350)
2025	(6,713,886)
Thereafter	-
	<u>\$ (37,707,486)</u>

NOTE 8 – INTERFUND TRANSACTIONS

Interfund transactions for the period ended December 31, 2020 are as follows:

	Interfund Activity			
	<u>Due From</u>	<u>Due To</u>	<u>Revenue</u>	<u>Expenditures</u>
Governmental Funds:				
General	\$ 2,078,360	\$ 878,991	\$ 2,759,546	\$ 1,293,938
Special Grant	36,705	197,287	27,155	365,078
Water	512,721	4,771,895	53,393	2,155,000
Sewer	-	1,641,693	87,073	1,641,673
Debt Service	371,528	-	679,664	826,352
Capital Projects	6,211,337	1,549,945	3,354,281	1,380,346
Garbage	261,512	432,352	701,275	-
	<u>\$ 9,472,163</u>	<u>\$ 9,472,163</u>	<u>\$ 7,662,387</u>	<u>\$ 7,662,387</u>

NOTE 9 - 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.
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,

NOTE 9 - CITY AND STATE ACTIONS (Continued)

(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 will be general obligations of the MAC payable from the sources described below. Amounts will be subject to a lien including the following:
 - a. Amounts to be 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 to be 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 to be 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 are 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 requires the Comptroller to make payments from those special funds to the MAC, in accordance with a schedule to be delivered by the MAC annually, as required under the Act and the General Resolution. That schedule, which may be revised from time to time, sets forth the MAC's cash requirements, including debt service payments and amounts required to meet the 1.5:1 debt-service-coverage requirement.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Sales and Use Tax

On April 15, 2015 The City and County entered into a renewed agreement whereby it:

- a. Extended the term of the agreement from March 1, 2015 through February 28, 2021;
- b. Receive 18.07% of the 3% (Original Tax) local share county wide sales tax distribution for the year 2015-2016 (March 1, 2015 – February 28, 2016) and for the sales tax year 2016-2017(March 1, 2016 – February 28, 2017);
- c. Receive 24.37% of the 1%, Additional tax that went into effect September 1, 1994, for the sales tax year 2015-2016 (March 1, 2015 – February 28, 2016) and for the sales tax year 2016-2017(March 1, 2016-February 28, 2017);
- d. For the remaining years and as long as the County has the right and authority to impose the additional tax, the City shall receive:
 - a. 19.65% of the first \$80,000,000, plus 14.35% of sales tax receipts in excess of \$80,000,000.00 for the sales tax years 2017-20189 (March 1, 2017– February 28, 2018),
 - b. 19.65% of the first 80,000,000, plus 11.70% of sales tax receipts in excess of \$80,000,000.00 for the sales tax years 2018-2019 (March 1, 2018 – February 28, 2019),
 - c. 19.65% of the first \$80,000,000, plus 11.10% of sales tax receipts in excess of \$80,000,000.00 for the sales tax years 2019-2020 (March1, 2019- February 28, 2020),
 - d. 19.65% of the first \$80,000,000, plus 9% of sales tax receipts in excess of \$80,000,000.00 for the sales tax years 2020-2021 (March 1, 2020 – February 28, 2021).
- e. If during said agreement should the County lose its right and authority to impose the additional tax, the City will receive 18.07% of sales tax receipt.

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.

NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)

Health Insurance Plan

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, 2020, 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 2020:

	Workers' Compensation	Health
Unpaid claims and claim adjustment - beginning of year	\$ 1,956,138	\$ 301,309
Incurred claims and claim adjustment expenses:		
Provision for incurred claim expenses for events of the current year	<u>(1,027,274)</u>	<u>5,648,128</u>
Total incurred claims and claim adjustment expenses	928,864	5,949,437
Payments made for claims arising during the current year	<u>(669,523)</u>	<u>(5,612,875)</u>
Total unpaid claims and claim adjustment expenses - end of year	<u>\$ 259,341</u>	<u>\$ 336,562</u>

NOTE 10 - 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. The outcome of these proceedings is not expected to have a material effect on the financial condition of the City and management considers its reserves for judgements and claims to be adequate. See note 15.

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.

City Hall Lease Agreement

At a meeting of the City Council on June 7, 2012, the City Council authorized the Mayor to negotiate and enter into an agreement with First Columbia, 433 River Street LLC d/b/a Hedley Park Place for the lease of a portion of the Hedley Building for use as City Hall. The terms of said lease is for ten years commencing October 2012 throughout the full term of the lease, but subject to adjustments as provided (i) an annual base rent of \$362,892 (being \$9.96 x \$36,435 rentable square feet) payable \$30,241 per month plus (ii) the additional rent. The base rent and the additional rent is to be paid in equal monthly installments in advance of the first day of each month during the term of the lease. The additional rent, when due, the City's "pro rata share" of the landlord's actual increases in landlord's "operating expenses" during any "comparison year" exceeding such operating expenses for the "base year". The parties have agreed that the "pro rata share" percentage to be used is 14.29% (the 36,435 rented space divided by the total building square footage of 254,992). The term "base year" shall mean the calendar year 2012. The City may upon written notice to the landlord not less than two (2) years prior to expiration of the initial term, shall have the option to renew the lease for one (1) successive term of five years upon the same terms and conditions set forth for the initial term, except the base rent for the renewal term shall be equal to ninety-five (95%) percent of the then prevailing market rental rate. Total rent expense under the terms of this lease agreement was \$374,653 for the year ended December 31, 2020.

NOTE 11 – 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:

Municipality	Allocation %
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 12 – PROPERTY TAX ABATEMENT

Payments in Lieu of Taxes Agreements

The City has 32 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.

The following information relates to the PILOT agreements entered into under the agreements for the year ended December 31, 2020:

Agreement	Assessed Value	Tax Rate	Tax Value	485B Exemption	PILOT Received	City Tax Abated
Rensselaer County IDA	\$ 51,873,000	\$ 14.883496	\$ 772,052	\$ -	\$ 266,092	\$ 505,960
City of Troy IDA	\$131,479,200	\$ 14.883496	\$ 1,956,870	\$ -	\$ 607,499	\$ 1,349,371

NOTE 12 – 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, 2020:

Agreement	Assessed Value	Tax Rate	Tax Value	485B Exemption	PILOT Received	City Tax Abated
City of Troy	\$ 17,575,200	\$ 14.883496	\$ 261,580	\$ -	\$ 98,269	\$ 163,311

NOTE 13 – COVID-19 PANDEMIC

As of the date of this report, the United States continues to be affected by a national health emergency related to a virus, commonly known as novel coronavirus (COVID-19). During 2020, the NYS Governor put the economy "on pause" in an effort to combat the spread of COVID. As a result, many businesses were closed, or their operations were severely curtailed. The City acted proactively in an effort to protect its employees as well as the City residents.

In response to the economic impact the COVID pandemic caused, the United States government passed several stimulus bills (CARES, CRSSA and ARPA) in an effort to provide relief to businesses, families and governments that have been devastated by the closure of large segments of the economy.

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 approximately \$45 million in ARPA funds. These funds are to be passed to 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.

NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE

The City adopted GASB Statement No. 84, Fiduciary Activities, during the year ended December 31, 2020. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

This Statement clarified the criteria for reporting certain activities as governmental or fiduciary activities. As a result, beginning cash, liabilities, fund balance, and net position were adjusted as noted below for the following opinion units:

	Governmental Activities			
	Cash	Prepaid Expenses	Accrued Expenses	
Balance at December 31, 2019,as previously reported	\$ 82,844,978	99,965	\$ 7,923,128	
Restatement of beginning balance - Adoption of GASB Statement No. 84	1,172,063	36,338	(1,208,401)	
Balance at December 31, 2019, as restated	<u>\$ 84,017,041</u>	<u>\$ 136,303</u>	<u>\$ 6,714,727</u>	
	General Fund			
	Cash	Prepaid Expenses	Accrued Liabilities	
Balance at December 31, 2019,as previously reported	\$ 16,671,496	\$ 99,965	\$ 7,263,552	
Restatement of beginning balance - Adoption of GASB Statement No. 84	1,172,063	36,338	(1,208,401)	
Balance at December 31, 2019, as restated	<u>\$ 17,843,559</u>	<u>\$ 136,303</u>	<u>\$ 6,055,151</u>	
	Agency Fund			
	Cash	Other Assets	Accounts Payable/Other Liabilities	
Balance at December 31, 2019,as previously reported	\$ 1,172,063	36,338	\$ 1,208,401	
Restatement of beginning balance - Adoption of GASB Statement No. 84	(1,172,063)	(36,338)	\$ (1,208,401)	
Balance at December 31, 2019, as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
	Fiduciary - Custodial Fund			
	Cash	Taxes Receivable - Other Governments	Other Receivables	Due to Other Governments
Balance at December 31, 2019,as previously reported	\$ -	\$ -		\$ -
Restatement of beginning balance - Adoption of GASB Statement No. 84	989,711	2,010,468	1,238,898	4,239,077
Balance at December 31, 2019, as restated	<u>\$ 989,711</u>	<u>\$ 2,010,468</u>	<u>\$ 1,238,898</u>	<u>\$ 4,239,077</u>

NOTE 15 – SUBSEQUENT EVENTS

During September 2021, the City settled a wrongful death lawsuit involving a fatal shooting by a police officer. The case was settled for \$1,550,000 of which the City's share is \$250,000; the remainder will be paid the City's insurance carrier. The \$250,000 City share has been recorded as an accrued liability at December 31, 2020.

On February 4, 2021 the Troy City Council passed a resolution authorizing the execution of a Payment In-Lieu of Tax Agreement ("PILOT") by and among the City of Troy, Diamond Rock Terrace I LLC and DRT I Housing Development Fund Corporation.

On February 4, 2021 the Troy City Council passed a resolution authorizing the execution of a Payment In-Lieu of Tax Agreement ("PILOT") by and among the City of Troy, Diamond Rock Terrace II LLC and DRT II Housing Development Fund Corporation.

On April 1, 2021 the Troy City Council passed a resolution authorizing the negotiation, execution and delivery of lease/purchase agreements to finance the purchase of golf course maintenance equipment.

On May 6, 2021 the Troy City Council passed a local law amending § C-48 (H) (3) of the Charter of the City of Troy to authorize installment agreements for the payment of eligible delinquent taxes over a term of thirty-six months.

On May 6, 2021 the Troy City Council passed a resolution authorizing the issuance of an additional \$450,000 in serial bonds to finance the reconstruction of various bridges in the city.

On June 3, 2021 the Troy City Council passed a resolution authorizing the issuance of \$5,430,955 in serial bonds to finance the reconstruction of various streets in the city.

On June 3, 2021 the Troy City Council passed a resolution authorizing the issuance of \$8,250,000 to finance the street lightning replacement projects.

On June 17, 2021 the Troy City Council passed a resolution authorizing the issuance of an additional \$200,000 to finance the construction of a Department of Public Works building.

On June 17, 2021 the Troy City Council passed a resolution authorizing the issuance of an additional \$240,000 in serial bonds to finance street lighting replacement projects.

On July 8, 2021 the Troy City Council passed a resolution authorizing the issuance of an additional \$12,898,111 in serial bonds to finance a capital project described in the Combined Sewer Overflow Long Term Control Plan.

On July 8, 2021 the Troy City Council passed a resolution authorizing and ratifying the memorandum of agreement by and between the City of Troy and the Troy Uniformed Firefighters Association, Local 86, IAFF, AFL-CIO.

On September 5, 2021 the Troy City Council passed an ordinance the City of Troy to accept federal funding under the American Rescue Plan.

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, 2020

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Real property taxes and tax items	\$ 27,408,797	\$ 27,408,797	\$ 26,887,561	\$ -	\$ (521,236)
Nonproperty tax items	17,610,000	17,753,290	18,390,090	-	636,800
Departmental income	5,101,200	5,101,200	4,062,143	-	(1,039,057)
Intergovernmental charges	347,000	347,000	299,281	-	(47,719)
Use of money and property	86,500	86,500	88,148	-	1,648
Licenses and permits	1,060,686	1,060,686	632,126	-	(428,560)
Fines and forfeitures	1,592,500	1,592,500	629,618	-	(962,882)
Interfund revenues	2,968,504	3,159,583	2,669,624	-	(489,959)
Sale of property and compensation for loss	50,000	115,000	226,817	-	111,817
Miscellaneous local sources	1,311,606	1,321,606	1,530,419	-	208,813
State aid	14,280,963	14,306,663	11,869,168	-	(2,437,495)
Federal aid	90,244	804,588	196,761	-	(607,827)
Total revenue	<u>71,908,000</u>	<u>73,057,413</u>	<u>67,481,756</u>	<u>-</u>	<u>(5,575,657)</u>
EXPENDITURES:					
General governmental support	9,812,489	9,091,309	8,812,731	22,647	255,931
Public safety	40,329,791	40,903,871	39,588,467	117,364	1,198,040
Public health	207,327	207,327	193,227	-	14,100
Transportation	3,712,831	3,567,837	3,582,107	54,703	(68,973)
Culture and recreation	2,455,263	2,271,214	2,052,761	-	218,453
Home and community services	1,252,732	1,260,458	1,060,784	5,579	194,095
Employee benefits	6,909,816	6,919,816	6,254,734	-	665,082
Debt service - principal	3,887,045	3,448,533	3,448,533	-	-
Debt service - interest	5,589,634	5,310,935	5,312,354	-	(1,419)
Total expenditures	<u>74,156,928</u>	<u>72,981,300</u>	<u>70,305,698</u>	<u>200,293</u>	<u>2,475,309</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(2,248,928)</u>	<u>76,113</u>	<u>(2,823,942)</u>	<u>(200,293)</u>	<u>(3,100,348)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from the issuance of debt	-	-	850,000	-	850,000
Operating transfers in	2,832,743	3,677,743	2,759,546	-	(918,197)
Operating transfers out	(583,815)	(794,813)	(1,293,938)	-	(499,125)
Total other financing sources (uses)	<u>2,248,928</u>	<u>2,882,930</u>	<u>2,315,608</u>	<u>-</u>	<u>(567,322)</u>
NET CHANGE IN FUND BALANCE	-	2,959,043	(508,334)	(200,293)	(3,667,670)
FUND BALANCE - beginning of year	<u>18,582,411</u>	<u>18,582,411</u>	<u>18,582,411</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 18,582,411</u>	<u>\$ 21,541,454</u>	<u>\$ 18,074,077</u>	<u>\$ (200,293)</u>	<u>\$ (3,667,670)</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, 2020

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Departmental income	\$ 4,844,346	\$ 4,844,346	\$ 4,251,885	\$ -	\$ (592,461)
Intergovernmental charges	7,624,997	7,624,997	6,698,088	-	(926,909)
Use of money and property	269,354	269,354	318,279	-	48,925
Licenses and permits	12,937	12,937	3,640	-	(9,297)
Interfund revenue	327,000	327,000	327,000	-	-
Sale of property and compensation for loss	51,261	51,261	11,396	-	(39,865)
Miscellaneous local sources	107,558	107,558	126,929	-	19,371
Total revenue	13,237,453	13,237,453	11,737,217	-	(1,500,236)
EXPENDITURES:					
General governmental support	672,440	623,262	401,241	-	222,021
Home and community services	9,718,667	9,786,023	8,862,278	-	923,745
Debt service - principal	447,141	447,141	447,141	-	-
Debt service - interest	209,776	209,776	250,433	-	(40,657)
Total expenditures	11,048,024	11,066,202	9,961,093	-	1,105,109
EXCESS OF REVENUES OVER EXPENDITURES	2,189,429	2,171,251	1,776,124	-	(395,127)
OTHER FINANCING SOURCES (USES):					
Operating transfers in	-	-	53,393	-	53,393
Operating transfers out	(3,627,000)	(3,627,000)	(2,155,000)	-	1,472,000
Total other financing sources (uses)	(3,627,000)	(3,627,000)	(2,101,607)	-	1,525,393
NET CHANGE IN FUND BALANCE	(1,437,571)	(1,455,749)	(325,483)	-	1,130,266
FUND BALANCE - beginning of year	5,653,942	5,653,942	5,653,942	-	-
FUND BALANCE - end of year	\$ 4,216,371	\$ 4,198,193	\$ 5,328,459	\$ -	\$ 1,130,266

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, 2020

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Departmental income	\$ 4,736,000	\$ 4,736,000	\$ 4,131,873	\$ -	\$ (604,127)
Intergovernmental charges	179,000	179,000	-	-	(179,000)
Use of money and property	500	500	2,980	-	2,480
Miscellaneous sources	<u>30,352</u>	<u>30,352</u>	<u>30,847</u>	<u>-</u>	<u>495</u>
Total revenue	<u>4,945,852</u>	<u>4,945,852</u>	<u>4,165,700</u>	<u>-</u>	<u>(780,152)</u>
EXPENDITURES:					
Home and community services	2,586,121	2,666,121	2,526,110	-	140,011
Debt service - principal	52,850	52,850	62,850	-	(10,000)
Debt service - interest	<u>22,139</u>	<u>22,139</u>	<u>22,140</u>	<u>-</u>	<u>(1)</u>
Total expenditures	<u>2,661,110</u>	<u>2,741,110</u>	<u>2,611,100</u>	<u>-</u>	<u>130,010</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,284,742</u>	<u>2,204,742</u>	<u>1,554,600</u>	<u>-</u>	<u>(650,142)</u>
OTHER FINANCING SOURCES:					
Operating transfers in	-	-	87,073	-	87,073
Operating transfers out	<u>(2,284,742)</u>	<u>(2,204,742)</u>	<u>(1,641,673)</u>	<u>-</u>	<u>563,069</u>
Total other financing sources (uses)	<u>(2,284,742)</u>	<u>(2,204,742)</u>	<u>(1,554,600)</u>	<u>-</u>	<u>650,142</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, 2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB Liability										
Service cost	\$ 6,205,804	\$ 5,518,963	\$ 6,280,099							
Interest	6,647,482	7,777,711	6,962,924							
Changes in benefit terms	-	-	-							
Differences between expected and actual experience	(60,376,920)	(8,951,361)	-							
Changes of assumptions or other inputs	20,093,609	16,843,471	(18,799,296)							
Benefit payments	(7,267,860)	(7,120,367)	(6,598,488)							
Total change in total OPEB liability	(34,697,885)	14,062,417	(12,154,761)							
Total OPEB liability - beginning	201,309,475	187,247,058	199,401,819							
Total OPEB liability - ending	\$ 166,611,590	\$ 201,309,475	\$ 187,247,058							
Covered employee payroll	\$ 27,825,492	\$ 26,325,621	\$ 25,987,780							
Total OPEB liability as a percentage of covered employee payroll	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	2.12%	3.26%	4.11%
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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, 2020

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of the net pension liability (asset)	0.0453765%	0.0464498%	0.0471389%	0.5091880%	0.0544292%	0.0556690%				
Proportionate share of the net pension liability (asset)	\$ 12,016	\$ 3,291	\$ 1,521	\$ 4,784	\$ 8,736	\$ 1,881				
Covered-employee payroll	\$ 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	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)	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%				
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.										

NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN - PFRS	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of the net pension liability (asset)	0.5927112%	0.5962480%	0.6053322%	0.6212430%	0.6476601%	0.6390066%				
Proportionate share of the net pension liability (asset)	\$ 31,680	\$ 9,999	\$ 6,118	\$ 12,876	\$ 19,175	\$ 1,759				
Covered-employee payroll	\$ 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	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)	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.										

CITY OF TROY, NEW YORK

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS										
Contractually required contribution	\$ 2,185	\$ 2,098	\$ 2,133	\$ 2,181	\$ 2,367	\$ 2,288	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.			
Contributions in relation to the contractually required contribution	2,185	2,098	2,133	2,181	2,367	2,288				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered-employee payroll	\$ 12,792	\$ 12,101	\$ 12,086	\$ 12,146	\$ 12,551	\$ 12,756				
Contributions as a percentage of covered-employee payroll	17.08%	17.34%	17.65%	17.96%	18.86%	17.94%				
	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN - PFRS										
Contractually required contribution	\$ 6,239	\$ 5,891	\$ 5,748	\$ 5,875	\$ 6,008	\$ 4,864	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.			
Contributions in relation to the contractually required contribution	6,239	5,891	5,748	5,875	6,008	4,864				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered-employee payroll	\$ 19,857	\$ 19,167	\$ 18,699	\$ 18,380	\$ 18,532	\$ 17,628				
Contributions as a percentage of covered-employee payroll	31.42%	30.73%	30.74%	31.96%	32.42%	27.59%				

CITY OF TROY, NEW YORK

**Required Audit Reports
Under Uniform Guidance
December 31, 2020**

Bonadio & Co., LLP
Certified Public Accountants

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**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**

October 14, 2021

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of the City of Troy, New York (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 14, 2021. 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 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.

Internal Control over Financial Reporting

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

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

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

(Continued)

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)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 report is not suitable for any other purpose.

Bonadio & Co., LLP

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

October 14, 2021

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

Report on Compliance for Each Major Federal Program

We have audited the City of Troy, New York's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

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(Continued)

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

(Continued)

Report on Internal Control Over Compliance

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

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

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

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

Bonadio & Co., LLP

**INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM
GUIDANCE**

October 14, 2021

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

**Report on Schedule of Expenditures of Federal Awards Required by the
Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of the City of Troy, New York, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated October 14, 2021, which contained an adverse opinion on the financial statements of governmental activities and unmodified opinions on the aggregate discretely presented component units, each major fund and the aggregate remaining fund information financial statements. Our report included an emphasis of matter paragraph related to the City's adoption of new accounting guidance pertaining to fiduciary activities. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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CITY OF TROY, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identification Number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Housing and Urban Development				
Direct Awards:				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants - Entitlement Grant	14.218	B-00MC-36-0109	\$ 2,042,898	\$ -
Community Development Block Grants - Entitlement Grant - COVID-19	14.218	NA	26,310	-
Total CDBG - Entitlement Grants Cluster			<u>2,069,208</u>	<u>-</u>
Emergency Solutions Grants Program	14.231	S-00MC-36-0007	143,769	116,906
Emergency Solutions Grants Program - COVID-19	14.231	NA	96,294	-
<i>Subtotal CFDA #20.616</i>			<u>240,063</u>	<u>116,906</u>
City of Schenectady/ HOME Investment Partnership Program	14.239	M-16-DC-360510	93,868	-
Community Development Block Grants - Brownfield Economic Development Initiative - Section 108 Loan Guarantees	14.248	B-00MC-36-0109	<u>996,000</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>3,399,139</u>	<u>116,906</u>
U.S. Department of Justice				
Direct Awards:				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		56,518	-
Edward Byrne Memorial Justice Assistant Grant Program	16.738	Various	<u>104,210</u>	<u>-</u>
			<u>160,728</u>	<u>-</u>
Total U.S. Department of Justice			<u>160,728</u>	<u>-</u>
U.S. Department of Transportation				
Passed through NYS Department of Transportation:				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	1754.99	2,490,198	-
Highway Planning and Construction	20.205	Various	<u>400,421</u>	<u>-</u>
Total Highway Planning and Construction Cluster			<u>2,890,619</u>	<u>-</u>
<i>Highway Safety Cluster</i>				
NYS Gov Traffic Safety State and Community Highway Safety	20.600	PD-00301-042	<u>17,527</u>	<u>-</u>
National Priority Safety Programs	20.616	N/A	1,228	-
National Priority Safety Programs	20.616	N/A	<u>6,863</u>	<u>-</u>
<i>Subtotal CFDA #20.616</i>			<u>8,091</u>	<u>-</u>
Total Highway Safety Cluster			<u>25,618</u>	<u>-</u>
Total U.S. Department of Transportation			<u>2,916,237</u>	<u>-</u>
U.S. Department of Homeland Security				
Direct Awards:				
Hazard Mitigation Grant	97.039	4085-0011	2,917,817	-
Assistance to Firefighters Grant	97.044	N/A	10,415	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	<u>1,768,425</u>	<u>-</u>
Passed through NYS Division of Homeland Security and Emergency Services:				
Law Enforcement Terrorism Prevention Program (LETPP)	97.067	Various	<u>59,159</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>4,755,816</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 11,231,920</u>	<u>\$ 116,906</u>

See notes to schedule of expenditures of federal awards
See independent auditor's report

CITY OF TROY, NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the City of Troy, New York (City), under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or the respective changes in financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are presented in conformity with accounting principles generally accepted in the United States and the amounts presented are derived from the City's general ledger.

3. PASS-THROUGH PROGRAMS

Where the City receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Catalog of Federal Domestic Assistance (CFDA) number advised by the pass-through grantor.

Identifying numbers, other than the CFDA numbers, which may be assigned by pass-through grantors are not maintained in the City's financial management system. The City has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards, as available.

4. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent they are included in the financial reports used as the source for the expenditures presented.

The City did not elect to use the 10 percent de-minimis indirect cost rate as allowed under the Uniform Guidance.

5. MATCHING COSTS

Matching costs, i.e. the City's share of certain program costs, are not included in the reported expenditures.

6. LOAN AND LOAN GUARANTEES

The City had \$996,000 of loans outstanding to the Department of Housing and Urban Development related to the Brownfields Economic Development Initiative and Section 108 (CFDA #14.248) as of December 31, 2020.

CITY OF TROY, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the City's financial statements were prepared in accordance with GAAP:

Governmental activities	Adverse
Each major fund	Unmodified
Aggregate remaining fund information	Unmodified
Aggregate discretely presented component units	Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

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

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

☐ Yes ☒ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants – Entitlement Grants
14.248	Community Development Block – Section 108 Loan Guarantees
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

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

\$750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

CITY OF TROY, NEW YORK

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020 (Continued)**

2. FINANCIAL STATEMENT FINDINGS

There were no findings noted that are required to be reported in accordance with *Government Auditing Standards*.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no instances of significant deficiencies, material weaknesses, or noncompliance, including questioned costs that are required to be reported under the Uniform Guidance.

CITY OF TROY, NEW YORK

**New York State Department of Transportation
Single Audit
For the Year Ended
December 31, 2020**

Bonadio & Co., LLP
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
STATE TRANSPORTATION ASSISTANCE PROGRAM, REPORT ON
INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON SCHEDULE
OF STATE TRANSPORTATION ASSISTANCE EXPENDED**

October 28, 2021

To the Mayor and Members of the City Council of
City of Troy, New York:

Report on Compliance for Each Major State Transportation Program

We have audited City of Troy, New York, (the City) compliance with the types of compliance requirements described in the Draft Part 43 of the New York State Codification of Rules and Regulations (Draft Part 43 of NYCRR) that could have a direct and material effect on the City's state transportation assistance program tested for the year ended December 31, 2020. The City's major program tested is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's state transportation program tested based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Draft Part 43 of NYCRR. Those standards and Draft Part 43 of NYCRR require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state transportation assistance programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state transportation program. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major State Transportation Program

In our opinion, City of Troy, New York complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state transportation assistance programs for the year ended December 31, 2020.

(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE TRANSPORTATION ASSISTANCE PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED (Continued)

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the state transportation assistance program tested to determine the auditing procedure that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state transportation assistance program tested and to test and report on internal control over compliance in accordance with Draft Part 43 of NYCRR, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Draft Part 43 of NYCRR. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of State Transportation Assistance Expended

We have audited the financial statements of the governmental activities, each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of the City of Troy, New York (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements.

We have issued our report thereon dated October 28, 2021, which contained an adverse opinion on the governmental activities. Unmodified opinions were issued on each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Draft Part 43 of NYCRR and is 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.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE
TRANSPORTATION ASSISTANCE PROGRAM, REPORT ON INTERNAL CONTROL OVER
COMPLIANCE, AND REPORT ON SCHEDULE OF STATE TRANSPORTATION ASSISTANCE
EXPENDED (Continued)**

Report on Schedule of State Transportation Assistance Expended, Required by Draft Part 43

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 schedule of state transportation assistance expended is fairly stated in all material respects in relation to the basic financial statements as a whole.

Bonadio & Co., LLP

CITY OF TROY, NEW YORK

SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Program Title</u>	New York State Contract/ Identification <u>Number</u>	<u>Expenditures</u>
Consolidated Local Street and Highway Improvement Program (CHIPS)		
Capital Reimbursement Component	142057	\$ 1,164,657
Extreme Winter Recovery	142057	-
PAVE NY	142057	278,376
NYS DOT, Ingalls Ave	N/A	7,857
NYS DOT, Arterial Maintenance	N/A	37,130
NYSDOT, Electric Vehicles	N/A	<u>25,000</u>
Total		<u>\$ 1,513,020</u>

The accompanying notes are an integral part of this schedule.

CITY OF TROY, NEW YORK

NOTES TO SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED FOR THE YEAR ENDED DECEMBER 31, 2020

1. GENERAL

The accompanying Schedule of State Transportation Assistance Expended of City of Troy, New York presents the activity of all financial assistance provided by the New York State Department of Transportation. City of Troy, New York's reporting entity is defined in the City's financial statements.

2. BASIS OF ACCOUNTING

The accompanying Schedule of State Transportation Assistance Expended is presented in conformity using another basis of accounting allowed by the New York State Office of the Comptroller, which is a basis of accounting other than accounting principles generally accepted in the United State of America.

3. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent that such costs are included in the financial reports used as the source document for the data presented.

4. MATCHING COSTS

Matching costs, i.e. the City's share of certain program costs, are not included in the reported expenditures.

CITY OF TROY, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR STATE TRANSPORTATION ASSISTANCE EXPENDED FOR THE YEAR ENDED DECEMBER 31, 2020

A. SUMMARY OF AUDITOR'S RESULTS

1. Internal control over state transportation assistance expended:
 - No material weaknesses were identified.
 - No significant deficiencies were identified.
2. The independent auditor's report on compliance for state transportation assistance expended for City of Troy, New York expressed an unmodified opinion and did not disclose any material noncompliance with state transportation programs.
3. The program tested was:
 - Consolidated Local Street and Highway Improvement Program (CHIPS) – Capital Reimbursement Component and PAVE-NY

B. FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

There were no current year findings and there were no prior year findings.

C. COMPLIANCE FINDINGS AND QUESTIONED COSTS

There were no current year findings.