

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE

MOODY'S INVESTORS SERVICE: "A2" 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.



\$29,720,890
CITY OF TROY
RENSSELAER COUNTY, NEW YORK

CUSIP BASE: 897574

\$5,709,490 Public Improvement (Serial) Bonds, 2020
(the "Bonds")

Dated and Delivered: February 6, 2020

Due: February 1, 2021-2045

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>
2021	\$ 104,490	%	%		2030	\$ 210,000*	%	%		2039	\$ 265,000*	%	%	
2022	175,000				2031	215,000*				2040	270,000*			
2023	180,000				2032	220,000*				2041	275,000*			
2024	185,000				2033	230,000*				2042	285,000*			
2025	185,000				2034	235,000*				2043	290,000*			
2026	190,000				2035	240,000*				2044	295,000*			
2027	195,000				2036	245,000*				2045	305,000*			
2028	200,000				2037	250,000*								
2029	205,000*				2038	260,000*								

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

** The Bonds maturing in the years 2029-2045 are subject to redemption prior to maturity. See "DESCRIPTION OF THE BONDS – Optional Redemption" herein.

AND

\$24,011,400 Bond Anticipation Notes, Series 2020
(the "Notes")

Dated: February 6, 2020

Due: February 5, 2021

(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 \$9,490 with respect to the Bonds maturing in 2021. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on February 1, 2021, August 1, 2021 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 \$9,490 with respect to the Bonds maturing in 2021 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 \$5,709,490 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 \$114,190.

The Notes are not subject to redemption prior to maturity.

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

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

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. 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 6, 2020.

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 22, 2020 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the City, each bid will constitute an irrevocable offer to purchase the Bonds and Notes pursuant to the terms provided in the Notice of Sale for the Bonds and Notice of Sale for the Notes.

January 16, 2020

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
ANASHA CUMMINGS
KEN ZALEWSKI
EILEEN McDERMOTT

* * * * *

ANDREW PIOTROWSKI
Deputy City Comptroller

MARA DROGAN
City Clerk

JAMES A. CARUSO
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

\$5,709,490 Public Improvement (Serial) Bonds, 2020

and

\$24,011,400 Bond Anticipation Notes, 2020

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 \$5,709,490 Public Improvement (Serial) Bonds, 2020 (referred to herein as the "Bonds") and \$24,011,400 Bond Anticipation Notes, 2020 (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 6, 2020 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 \$9,490 with respect to the bonds maturing in 2021. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on February 1, 2021, August 1, 2021 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 \$9,490 with respect to the bonds maturing in 2021 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, 2028 shall not be subject to redemption prior to maturity. The Bonds maturing on or after February 1, 2029 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, 2028 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 6, 2020 and mature on February 5, 2021. 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, 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 \$772,510 available funds of the City, will redeem \$6,482,000 of the \$35,478,850 bond anticipation notes maturing on February 7, 2020 for the following purpose:

<u>Purpose</u>	<u>Amount to be Issued</u>
Court and Police Facilities Renovation	\$ 939,334
Fire Equipment	637,000
Spring Avenue Bridge	368,692
Court and Police Facilities Renovation (2 nd phase)	945,000
Water Tank Reconstruction	2,000,000
Fire Pumper	554,464
Departments of Public Works and Recreation Trucks	265,000
Total	<u>\$ 5,709,490</u>

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.

\$18,196,400 of the Notes, along with \$10,800,450 available funds of the City, will partially redeem and renew \$28,996,850 of the \$35,478,850 bond anticipation notes maturing on February 7, 2020 for the following purposes:

<u>Purpose</u>	<u>Amount to be Issued</u>
Pedestrian Connector at Riverfront Park	\$ 995,000
South Troy Roadway	990,000
Bike Trail	403,400
Powers Park Rehabilitation	414,000
Water Tank Reconstruction	1,460,000
Department of Public Works Renovations	167,000
Road Construction	1,430,000
Marina/Boat Launch Reconstruction	99,000
Ingalls Avenue Boat Launch	250,000
Seawall	5,500,000
Building Demolition	200,000
Ambulance	175,000
South Troy Pool Reconstruction	1,400,000
Police Vehicles	343,000
Police Facility Renovations	120,000
Knickerbacker Ice Rink Replacement	550,000
Department of Public Works/Recreation – Trucks	45,000
Department of Public Works/Recreation – Park Improvements	300,000
Body Cameras	250,000
2019 Garbage Fund Capital Plan Claw Truck	355,000
Knickerbacker Pool Reconstruction	500,000
South Troy Roadway	1,000,000
Road Construction – 2019 Bond Anticipation Notes	250,000
Marina/Boat Launch Reconstruction – 2019 Bond Anticipation Notes	1,000,000
Total	<u>\$18,196,400</u>

\$5,815,000 of the Notes will provide new monies for the following purposes:

<u>Purpose</u>	<u>Amount to be Issued</u>
Evidence Technician Vehicle	\$ 32,000
Fire Specialty Equipment	90,000
Fire Facilities Upgrade	50,000
Seawall	1,998,000
Pedestrian Connector at Riverfront Park	900,000
Road Construction	250,000
Campbell Avenue Bridge	505,000
Building Demolition	200,000
Department of Public Works Pickup Trucks (3) with Plow and Salter	140,000
Department of Public Works Pickup Truck	30,000
Department of Public Works Crew Cab Pickup with Plow	45,000
Department of Public Works Service Truck with Platform Body	50,000
Department of Public Works Mini Dump Truck with Plow	65,000
Department of Public Works Asphalt Hot Box Trailer	40,000
Department of Public Works New Holland Skid Steer Loader	75,000
Department of Public Works Ventrac Mower	30,000
Department of Public Works Facility Renovations	200,000
Golf Course – Equipment	126,000
Golf Course – Ventrac Mower	34,000
Paving/Sidewalks	350,000
Recreation – Pickup Truck	30,000
Recreation – Mini Dump Truck	62,500
Recreation – Ventrac Mower	30,000
Recreation – Facility Renovations	300,000
South Troy Pool Renovations (2 nd Phase)	150,000
Garbage – Mini Dump Truck with Plow	32,500
Total	<u>\$ 5,815,000</u>

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 \$9,490 with respect to the Bonds maturing in 2021. 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, 2021, August 1, 2021 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. 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 49,374 (2018 U.S. Census estimate). With a picturesque river waterfront, the City is located several miles north of the City of Albany near the juncture of the Erie and Champlain canals, via the Hudson River and is the terminus of the New York Barge Canal. It is the distributing center for a large area.

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

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

Source: City officials.

Selected Wealth and Income Indicators

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

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>
City of:						
Troy	\$ 16,796	\$ 20,736	\$ 22,955	\$ 38,631	\$ 44,750	\$ 50,641
County of:						
Rensselaer	21,095	27,457	33,067	52,864	68,390	81,817
State of:						
New York	23,389	30,948	31,177	51,691	67,405	70,850

Note: 2014-2018 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau 2000 census, and 2006-2010 and 2013-2017 American Community Survey data.

Major Employers

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

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Number Employed</u>
St. Peter's Health	Health Care/Hospital	3,800
Rensselaer Polytechnic Institute	Education	1,940
Rensselaer County	Government	1,700
State of New York	Government	1,370
Troy City School District	Education	670
City of Troy	Government	543
Commission on Economic Opportunity	Community Service Provider	400
Lansingburgh Central School District	Education	400
Unity House of Troy	Human Services	350
The Sage Colleges	Education	250
Center of Gravity	Co-working space	250
Value Rx	Health Care	130
Troy Innovation Garage	Co-working space	125
Deep Blue Communications	Computer Hardware/Software	100
National Grid	Utility	100
Old World Provision	Food Processing	75
KW Engineering	Engineering	75
Gurley Precision Instruments	Instrumentation	70

Source: City officials.

Unemployment Rate Statistics

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

	<u>Annual Average</u>							
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Troy City	9.5%	9.7%	8.4%	6.8%	5.9%	5.5%	5.6%	4.9%
Rensselaer County	7.6	7.7	6.7	5.4	4.6	4.3	4.4	3.9
New York State	8.3	8.5	7.7	6.3	5.3	4.9	4.7	4.1

	<u>2019 Monthly Figures</u>											
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Troy City	4.8%	4.7%	4.6%	4.0%	4.3%	4.4%	5.3%	5.5%	4.6%	4.6%	4.3%	N/A
Rensselaer County	4.2	4.1	3.9	3.3	3.4	3.3	3.7	3.9	3.5	3.5	3.3	N/A
New York State	4.6	4.4	4.1	3.6	3.8	3.8	4.1	4.2	4.7	3.9	3.6	N/A

Note: Unemployment rates for the month of December of 2019 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

Three colleges are located in the City: Rensselaer Polytechnic Institute, with a campus extending over 275 acres in the eastern elevated region of the City; Sage Colleges, occupying ten blocks in the central part of the City; and Hudson Valley Community College, occupying a 70-acre campus in the southern portion of the City.

Two public school systems serve the City. The Troy City School District serves the major portion of the City and the Town of Brunswick. The Lansingburgh Central School District serves the northern portion of the City as well as two towns beyond the City limits. Many school facilities of both districts supplement the City's recreation facilities.

The City is also served by two parochial high schools (LaSalle Institute, a military high school, and Catholic Central High School), in addition to seven parochial elementary schools. The City also includes a boarding school for girls in grades 9-12, called the Emma Willard School 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 that prepares all students to enter and succeed in college. In 2017, they expanded to an additional facility in North Central Troy in order to reorganize and provide secondary education.

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 Rensselaer County Historical Society, the Hudson-Mohawk Industrial Gateway, the Gardner Earl Chapel, Troy Public Library and the Troy Chromatics Society.

Recent Economic Developments

The diversity of the City's economy continues to grow while the mainstays in higher education and health care continue their campus expansion activities and facility improvements. At the heart of the City, the downtown Business Improvement District (the "BID") contains 598 existing businesses with over 7,000 employees. The City's hospitals and colleges employ over 7,500 people with an enrolled student population of over 20,000—many of whom are located either in or just outside the downtown BID district.

The area Farmers' Market brings in excess of 18,000 people into downtown Troy every Saturday morning. Additionally, events like Troy Night Out, occurring the last Friday of every month, the Riverfront Food Truck Festival, River Street Fest, the Enchanted City Steampunk Festival, the State Kansas City Style BBQ Championship known as Pig Out, Chowder Fest and the summer long Rockin' On the River music series each draw thousands more to downtown.

Recent and planned large scale projects include:

- \$6 million renovation of Dauchy Building – completed 2014
 - A 56,000 square foot former commercial building, located in downtown Troy overlooking the Hudson River, is slated to be the home of 25 new market rate rental apartments and ground floor retail.
- \$10 million stabilization/partial restoration of the historic Proctor’s Theater and office space – completed 2015
- \$1.625 million in NYS grant funding for added improvements to Riverfront Park and park linkage projects—Riverfront park access project completed 2015.
- \$8 million renovation of the 621-623 River Street, Hudson Arthaus– completed 2015.
 - An 81,000 square foot former manufacturing building located just north of the City’s marina district overlooking the Hudson River, is slated to be the home of 80 new rental apartments and artist space.
- \$3 million renovation of the River Triangle – completed 2015.
 - A 35,000 square foot former commercial building, located in downtown Troy, is slated to be the home of 20 new market rate rental apartments as well as office and retail space.
- \$6,650,000 million construction of additional units located at Stoneledge Apartments (phase 2) – completed 2015
 - Phase I of this project was completed in 2012. Phase II includes 48 Units of rental housing to be contained within four (4) 2-story building strictures.
- \$5,375,000 million renovation of 26 parcels of real property. – project completed 2015
 - The project included improvements to multi-unit residential rental properties with the capacity for approximately 200 individual residential tenants.
- \$2,200,000 million renovation of a 5-story commercial building located at 33 Second Street. – completed in 2016
 - The project will include multi-tenanted commercial facilities and 10 market rate apartment units.
- \$2,300,000 million adaptive reuse project utilizing historic tax credits for 28 market rate units at School One Lofts, 2920 5th Ave. – completed in 2016.
- \$99 million renovation of St. Mary’s Hospital and Samaritan Hospital under the St. Peter’s Health Partners Troy Master Facilities Plan —completed 2017
 - The new five-story inpatient facility features an expanded emergency department, intensive care unit, progressive care unit, medical surgical unit, and a new 550 space parking garage.
 - \$40 million College Suites at City Station – completed 2013
 - A multi-structure mixed-use project that is the official graduate student housing community for Rensselaer Polytechnic Institute. Collectively provides in excess of 300 beds, 30,000 square feet of retail space and a 230-car parking garage.
- \$21,400,000 million renovation of 13 acres of real property located at 45 Vandenburg Avenue at the corner of Morrison Avenue and Vandenburg Avenue – completed in 2017
 - The project will be comprised of five, four story buildings. The residential facility will include seventy-two units of housing containing 268 beds along with related common area space, related exterior access and egress improvements, parking, curbage, site work and landscaping improvements.
- \$22,000,000 million renovation of a vacant, 7 story commercial structure located at 599 River Street- beginning 2016.
 - The project, Tapestry on the Hudson, was converted into 67 mixed-income housing units and opened in 2016.
- \$7,500,000 million construction and renovation of 2.34 acres of real property located at 548 Campbell Avenue. – completed 2017
 - The project consists of a 2,460-sf residential structure along with other existing outbuilding(s) and site improvements. The renovation and reconstruction of the existing improvements to be utilized as 33 units of residential rental apartments.
- \$1,000,000 million adaptive reuse project to create largest open, shared working and community space in Capital Region at 24 4th street. Geared toward creative business professionals, features private suits for small businesses and startups. – completed in 2017
- \$3,605,000 million renovation of approximately 2.74 acres of real property located at 25 Morrison Avenue.
 - The project was comprised of two, two-story apartment buildings containing 81 residential apartment units along with existing site improvements - Completed
- \$18,662,615 million renovation of approximately 1.52 acres of real property located at 515 River Street. – commenced in 2017, completed August 2018
 - 5-story, approximately 75,000 square foot hotel building containing 124 rooms, restaurant and amenity spaces opened in 2019.
- \$23,400,000 million combined adaptive reuse project with additional new build at former Troy Record building site, 501 Broadway.
 - Features 101 market rate apartments, tenant amenity space, and ground floor retail with onsite parking. – commenced in 2016 and completed 2018.

- \$5,508,251 million renovation of approximately .32 acres of real property located at 200 Broadway.
 - The project site is a seven story, 80,000 square foot mixed use space. The improvements include the conversion of third and fourth floor levels to accommodate up to seventeen (17) residential apartment units.
- \$11,000,000 renovation of the Marvin Neitzel Building – commenced in 2017 and will open in Spring of 2020.
 - An 88,000 square foot former manufacturing building located in the City’s marina district overlooking the Hudson River is slated to be the home of 74 new, market rate rental apartments.
- \$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 is underway, and completion is anticipated in the spring of 2020
- \$38,700,000 new construction at 141 Congress Street – College Station North.
 - 40,000 sf class A office space and 98 market rate apartments with 1st floor indoor parking. anticipated completion spring 2021.
- \$3,190,285 renovation a 3.7-acre parcel of land located at 433 River Street.
 - Improvements will include up to 20,000 square feet of additional commercial space on the 9th floor of the building and repurposing of a large ground floor suite into retail. This project will directly and indirectly retain at least 1,025 full time jobs. First event scheduled for January 2020.
- \$400,000 of renovations to parcels of land located at or near 547 River Street.
 - The Improvements will enhance and expand internal commercial tenant spaces for continued operation of the existing improvements and improvements as a commercial facility. This project will help to retain at least 400 full time jobs. The project is anticipated to commence in spring 2020.
- \$4,000,000 project at 669 River Street, with 13 market rate apartment units and retail/brewery space. Project delayed, but anticipated to be underway Spring 2020
- \$13,500,000 project at 701 River Street, with 80 apartments, and first floor commercial space. The project was nearing completion when a fire occurred. It is underway with anticipated completion in fall of 2020
- \$6,000,000 adaptive reuse boutique hotel at 155 River Street, featuring 28 rooms and a jazz bar. The project is anticipated to commence in 2020
- \$4,000,000 expansion of Capital Roots Urban Grow Facility to include incubator kitchen, flexible space, and efficiency-rated net zero greenhouses. It is anticipated that the project is commencing in spring 2020
- \$18,682,288 construction of a new 94,000sf apartment building at 134 4th Street (Corner of Congress and 4th).
 - Five-story transit-oriented mixed use building to be built on surface parking lots and vacant bank (to be demolished).
 - 80 market rate apartments, tenant amenity space, approx. 2,000 SF of commercial space on the first floor and on-site residential parking (approx.50 spaces) The project is underway with completion anticipated fall 2020
- \$12,862,462 construction of new, market-rate apartments at 12-14 King Street (Kings Landing), next to Wolff’s Biergarten.
 - 52 market rate apartments, tenant amenity space and 41 covered parking spaces for tenant use. The project is underway with anticipated completion in January 2020.
- \$28,000,000 apartment project at 244-246 1st St.
 - 84, affordable/mixed-income apartments to be constructed on industrial site with environmental issues. Project includes site remediation using the Brownfield Cleanup Program and is awaiting tax credit issuance.
- \$4,700,000 Oakwood Avenue – New Residential apartment construction with 48 market rate units
Project underway. The 1st phase was complete fall 2019.
- \$4,000,000 American Theater – renovation of former theater. Expected commencement summer 2020
- \$2,000,000 restaurant banquet space renovation of vacant Little Italy building at 214-216 4th Street for use by established local restaurant. The project is anticipated to commence spring 2020.
- \$6,000,000 mixed use restoration of 171 River Street. The project is currently underway.
- 4,000,061 conversion of school to 31 market rate units. The project is expected to commence in winter of 2020.
- 1,450,000 renovation of 48 4th Street to office use. The project is anticipated to commence in summer of 2020.
- \$5,000,000 hotel renovation, 41-43 3rd Street. Creation of boutique hotel. The project has an anticipated start of fall 2020.

In addition, four popular national franchises have built new locations in the City; McDonald’s, Dunkin’ Donuts, Sonic and Starbucks. The City is also home to the first ever Bruegger’s Bagel Bakery retail store.

The City has five studies underway aimed at improving the business environment, community space and gateways to the city including:

- Zoning Ordinance – the first comprehensive update to the city’s antiquated ordinance since the 1980’s. The update will provide business friendly changes in the commercial districts, and protections for residential districts. Completion anticipated fall 2020
- Wayfinding – creation of a city-wide signage program to help visitors, residents and businesses navigate through the city with uniform signage identifying vehicle and pedestrian routes to city attractions.

- Comprehensive Plan Implementation – designing gateway and riverfront enhancements to the City at Riverfront Park, the Green Island Bridge, The riverfront trail, and Lansingburgh’s waterfront. Upon completion in 2020, funding is available for implementation of select projects.
- Hoosick Street Study – Pedestrian and vehicle enhancements to Troy’s busiest gateway, Route 7. Completion is anticipated in summer of 2020.
- Brownfield Opportunity – 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, retail and restaurant space. The redevelopment of the former City Hall site will transform a currently underutilized waterfront property into a vibrant destination and serve to strengthen the City’s unique and dynamic waterfront.

The City 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 College of Nanoscale Science and Engineering’s NanoTech Complex in Albany and Global Foundries semiconductor facility in Malta—both of which employ thousands.

The City’s waterfront continues to be an important commercial and tourism asset. A new pier and docks have been completed in the City’s southern end and plans are complete for a new boat launch in the North Central area of the City.

Form of City Government

The City Council is the Legislative Branch of government and is composed of seven (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 represents the City as a whole and serves as the Council President which is 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 establishes a date, time and place for a public hearing with public notice duly advertised of such hearing. The Council, at a regular or special meeting held after the public hearing shall by resolution adopt, or amend and adopt, the budget, which budget when adopted shall thereupon become the annual budget of the City for the ensuing fiscal year. The City Council must adopt the budget by December 1.

The City did not exceed the tax cap for the 2018 budget, with the City Council approving a property tax rate increase of 0.95% from 2017.

The City’s 2019 budget was adopted on November 29, 2018. The City did not exceed the tax cap for the 2019 budget, with the City Council approving a property tax rate increase of 1.449% from 2018.

The City’s 2020 budget was adopted on November 26, 2019. The City’s budget did not exceed the tax cap for the 2020 budget, with the City Council approving a property tax rate increase of 3.40% from 2019.

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 455 employees which are represented by bargaining units as listed below. There are also 70 employees not represented by any employee union, 39 being full-time employees, 25 being part-time employees and 6 being seasonal employees.

<u>Bargaining Unit</u>	<u>Number Employed</u>	<u>Expiration Date</u>
Civil Service Employees Association (CSEA)	204	December 31, 2020
Fire (UFA)	112	December 31, 2016 ⁽¹⁾
Police (PBA)	116	December 31, 2023
Administrative Unit (UPSEU)	9	December 31, 2019 ⁽²⁾
Police Captains (COATS)	8	December 31, 2019 ⁽³⁾
Fire Chiefs (UFCA)	6	December 31, 2022

⁽¹⁾ Filed for interest arbitration.

⁽²⁾ An agreement in terms has been reached which potentially will extend the contract to December 31, 2023. The agreement has been ratified by the bargaining unit, but has not been voted on or approved by the City Council. It is anticipated that the City Council will vote on and approve the agreement in early 2020.

⁽³⁾ Negotiations are anticipated to commence in the spring of 2020.

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 2014 through 2019 and budgeted for the year 2020, the City's contributions to the ERS and PFRS were:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2014	\$ 2,232,112	\$ 5,018,604
2015	1,979,271	3,988,930
2016	2,347,052	5,277,812
2017	2,227,583	5,749,523
2018	2,144,773	5,779,731
2019 (Unaudited)	2,094,699	5,855,163
2020 (Budgeted)	2,140,995	6,157,912

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 and 2019. The City does not anticipate amortizing its pension contributions in the future.

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 (2016 to 2020) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2016	18.2%	24.7%
2017	15.5	24.3
2018	15.3	24.4
2019	14.9	23.5
2020	14.6	23.5

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. The City is required to adopt the provisions of Statement No. 75 for the year ending December 31, 2018.

Summary of Changes from the Last Valuation. The City contracted with an actuarial firm to calculate its first actuarial valuation under GASB 75 for the fiscal year ended December 31, 2018. The City's finalized actuarial valuation under GASB 75 for the fiscal year ending December 31, 2019 is not available as of the date of this Official Statement.

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

Balance at December 31, 2017:	<u>\$ 199,401,819</u>
<u>Changes for the year:</u>	
Service cost	6,280,099
Interest	6,962,924
Differences between expected and actual experience	0
Changes of benefit terms	0
Changes in assumptions	(18,799,296)
Benefit payments	<u>(6,598,488)</u>
Net Changes	<u>(12,154,761)</u>
Balance at December 31, 2018:	<u>\$ 187,247,058</u>

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

GASB 45. Prior to GASB 75, GASB Statement No. 45 ("GASB 45"), required municipalities and school districts to account for OPEB liabilities much like they already accounted for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covered accounting for pensions, GASB 45 did not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") was determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 did not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

The City has contracted with an actuarial firm to prepare its post-retirement benefits valuation. The following tables show the components of the City's annual OPEB cost, the amount actuarially contributed to the plan, changes in the City's net OPEB obligation and funding status for the fiscal years ending December 31, 2016 and December 31, 2017:

<i>Actuarial Accrued Liability and Annual OPEB Cost:</i>	<u>2017</u>	<u>2016</u>
Annual required contribution (ARC)	\$ 16,631,344	\$ 17,568,903
Interest on net OPEB obligation	2,495,600	2,073,743
Adjustment to ARC	<u>(3,608,020)</u>	<u>(2,998,118)</u>
Annual OPEB cost (expense)	\$ 15,518,924	\$ 16,644,528
Contributions made	<u>(6,478,509)</u>	<u>(6,098,082)</u>
Increase in net OPEB obligation	9,040,415	10,546,446
Net OPEB obligation - beginning of year	<u>62,390,010</u>	<u>51,843,564</u>
Net OPEB obligation - end of year	<u>\$ 71,430,425</u>	<u>62,390,010</u>
Percentage of annual OPEB cost contributed	39.00%	36.64%
<i>Funding Status:</i>		
Actuarial Accrued Liability (AAL)	\$ 189,729,217	\$ 198,539,783
Actuarial Value of Assets	<u>0</u>	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 189,729,217</u>	<u>\$ 198,539,783</u>
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

Source: 2016 and 2017 audited financial statements.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The City has reserved \$0 towards its OPEB liability. The City 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.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there were no restrictions on the amount a government can deposit into the trust. The proposal for an optional investment pool for OPEB liability was not adopted in the last two State legislative sessions. It is not known if the legislation will be reintroduced and enacted into law this year.

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, 2018 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).

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2018	No Designation	12.5
2017	No Designation	18.8
2016	No Designation	23.8
2015	No Designation	40.0

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, 2019 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 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

- If 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.

The New York State Comptroller's office released a budget review of the City on November 3, 2016. The purpose of the review was to determine whether the significant revenue and expenditure projections in the City's proposed budget for the 2017 fiscal year are reasonable.

Key Findings:

- Significant revenue and expenditure projections are reasonable.
- The City's proposed budget provides only minimal funding for capital expenditures; \$1.7 million (82 percent) of the City's general fund capital plan remains unfunded.
- All six of the City's collective bargaining agreements (CBAs) have expired and the 2017 proposed budget does not contain provisions for any potential increased costs associated with settling the CBAs.
- The City's proposed budget is not in compliance with the tax levy limit and City officials have not adopted a local law to override the limit.

Key Recommendations:

- City officials should identify funding sources for capital expenditures and stop deferring capital costs
- City officials should be cognizant of the potential financial impact of the settlement of the expired CBAs and be prepared to provide for funding in the event that any of the CBAs are settled in 2017.
- 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 adopting 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.

The New York State Comptroller's office released a financial condition review of the City on February 17, 2016. The purpose of the review was to review the City's financial condition for the period January 1, 2012 through May 31, 2015.

Key Findings:

- Adopted budget for the general fund relied on appropriating significant amounts of reserves to finance operations, and budgets for the water and sewer funds contained unrealistic revenue estimates.
- If retirement costs remain at 2015 levels, the 2016 budget must include an increase of approximately \$1.9 in retirement appropriations, an amount which represents 10 percent of the 2015 tax levy.
- The Council and City officials have not developed a multiyear financial plan or a comprehensive capital plan in accordance with the City's Charter.
- The City Comptroller failed to maintain individual accounting records for each capital project.

Key Recommendations:

- Develop and adopt general, water and sewer fund budgets that include realistic estimates for revenues and expenditures and that are structurally balanced.
- Develop a plan to fund the increase in 2016 retirement appropriations.
- Develop a comprehensive financial plan and a capital plan that includes all elements required by the Charter and frequently monitor and update the plans.
- Maintain individual accounting records for all projects.

The City provided a complete response to the NYS Comptroller's office on January 28, 2016. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein.

There are no other recent audits of the Office of the State Comptroller, no are there any audits that are currently in progress or pending release.

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.

TAX INFORMATION

Valuations

<u>Fiscal Year Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assessed Valuations	\$ 1,762,722,312	\$ 1,764,145,165	\$ 1,762,028,144	\$ 1,774,994,712	\$ 1,784,642,288
New York State					
Equalization Rate	100.00%	100.00%	100.00%	100.00%	93.00%
Total Taxable Full Valuation	\$ 1,762,722,312	\$ 1,764,145,165	\$ 1,762,028,144	\$ 1,774,994,712	\$ 1,918,970,202

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	\$ 12.07	\$ 13.82	\$ 13.96	\$ 14.16	\$ 14.63

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 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 August 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.

Tax Collection Record

<u>Fiscal Year Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Tax Levy	\$ 21,287,598	\$ 24,395,503	\$ 24,598,068	\$ 25,138,173	\$ 26,116,297
% Uncollected ⁽¹⁾	3.24%	3.91%	3.65%	4.07%	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 2011 through 2018 fiscal years, the amount collected for the 2019 fiscal year as of January 6, 2020 and the amount budgeted to be received for 2020:

<u>Year</u>	<u>Sales Tax Received</u>
2011	\$ 14,681,237
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 (Unaudited)	16,757,597
2019 (as of 01/06)	13,822,143
2020 (Budgeted)	16,500,000

Source: City officials.

Sales and Use Tax Commitments and Contingencies

On October 2, 2014, the City and the County renewed their current agreement that was in effect for the period December 1, 2009 through February 28, 2015, whereby the City and County agreed to:

- a. Extend the term of the agreement from March 1, 2015 through February 28, 2021.
- b. The County agrees to pay 18.07% of the local share of the 3% County-wide sales and use tax for the sales tax years March 1, 2015-February 28, 2016 and March 1, 2016-February 28, 2017.
- c. The County agrees to pay 24.37% of the local share of the additional 1% County-wide sales and use tax effective September 1, 1994 for the sales tax years March 1, 2015-February 28, 2016 and March 1, 2016-February 28, 2017.
- d. For the remaining years of the agreement, the County agrees to pay the City:
 - i. 19.65% of the first \$80,000,000 plus 14.35% of the sales tax receipts for the sales tax in excess of \$80,000,000 for the sales tax year March 1, 2017-February 28, 2018.
 - ii. 19.65% of the first \$80,000,000 plus 11.70% of the sales tax receipts for the sales tax in excess of \$80,000,000 for the sales tax year March 1, 2018-February 28, 2019.
 - iii. 19.65% of the first \$80,000,000 plus 11.10% of the sales tax receipts for the sales tax in excess of \$80,000,000 for the sales tax year March 1, 2019-February 28, 2020.
 - iv. 19.65% of the first \$80,000,000 plus 9.00% of the sales tax receipts for the sales tax in excess of \$80,000,000 for the sales tax year March 1, 2020-February 28, 2021.

Larger Taxpayers – 2019-2020 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
National Grid	Utility	\$ 81,640,927
Stoneledge LLVP, LLC	Apartments	14,600,600
Center for Albany Associates	Apartments	14,349,100
Regency Realty Associates	Apartments	12,391,143
Cottage Street Apartments	Apartments	12,118,800
Troy SRALP	Shopping Center	10,220,000
Cedar Park Realty	Apartments	7,300,000
Country Gardens Acres Ltd	Apartments	7,158,600
Troy Plaza SC, L.P.	Shopping Center	6,887,000
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 \$183,842,570, which represents 10.31% of the City's tax base for the fiscal year ending December 31, 2019.

The City does not have any pending or outstanding tax certioraris that are known or believed to 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, 2018-2020:

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Five-Year Average Full Valuation	\$ 1,765,970,690	\$ 1,763,990,072	\$ 1,795,251,522
Tax Limit - 2% of Five-Year Average.....	35,319,414	35,279,801	35,905,030
Add: Exclusions from Tax Limit.....	8,262,788	9,787,929	9,561,463
Total Taxing Power.....	43,582,202	45,067,730	45,466,493
Less Total Levy	24,598,068	25,107,417	26,116,297
Tax Margin	<u>\$ 18,984,134</u>	<u>\$ 19,960,313</u>	<u>\$ 19,350,196</u>

Source: City officials.

Additional Tax Information

Real property located in the City is assessed by the City.

Veterans, senior citizens' and disability exemptions as well as the STAR Program for school taxes are offered to those who qualify.

The estimated total 2019 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 2019 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.

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 (“Chapter 59”), includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction’s compliance with the provisions of the Tax Cap Law. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved “government efficiency plan” which demonstrates “three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies”.

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Cap Law. The implications of this for future tax levies and for operations and services of the City are uncertain at this time.

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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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Bonds	\$ 5,242,733	\$ 4,868,214	\$ 4,486,148	\$ 5,213,193	\$ 10,319,425
M.A.C. Repayment Agreement ⁽¹⁾	33,720,351	29,081,740	23,790,929	21,376,234	16,480,000
Capital Leases	2,818,392	2,678,293	2,525,733	2,534,514	8,820,231
Bond Anticipation Notes	<u>11,924,000</u>	<u>10,968,000</u>	<u>18,354,733</u>	<u>36,332,428</u>	<u>43,750,545</u>
Totals	<u>\$ 53,705,858</u>	<u>\$ 47,596,247</u>	<u>\$ 49,157,543</u>	<u>\$ 65,456,369</u>	<u>\$ 79,370,201</u>

- ⁽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.

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.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City as of January 15, 2020:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2020-2036	\$ 10,319,425
Bond Anticipation Notes		
Various Projects	February 7, 2020	35,478,850 ⁽¹⁾
Various Projects	July 31, 2020	8,271,695 ⁽²⁾
M.A.C. Repayment Agreements	2020-2022	\$ 16,480,000
	Total Indebtedness	<u>\$ 70,549,970</u>

- ⁽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.

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Debt Statement Summary

Statement of Indebtedness as of January 15, 2020:

Average Full Valuation of Taxable Real Property	\$ 1,796,572,107
Debt Limit - 7% thereof	125,760,047

Inclusions:

Bonds.....	\$ 10,319,425	
M.A.C. Repayment Agreement.....	16,480,000	
Bond Anticipation Notes.....	<u>43,750,545</u>	
Total Inclusions.....		\$ 70,549,970

Exclusions:

Water Indebtedness ⁽¹⁾	\$ 2,726,765	
M.A.C. Repayment Agreement ⁽²⁾	16,480,000	
Appropriations.....	<u>421,000</u>	
Total Exclusions.....		\$ 19,627,765

Total Net Indebtedness Subject to Debt Limit.....	\$ <u>50,922,205</u>
Net Debt-Contracting Margin.....	\$ <u>74,837,842</u>
The percent of debt contracting power exhausted is.....	40.49%

(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 \$16,480,000.

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, 2019 was \$1,129,367.

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, 2019 was \$605,104.

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, 2019 was \$450,037.

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, 2019 was \$132,525.

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 January 10, 2021 and end July 10, 2040. The City will receive a \$440,000 from the Financial Restructuring Board to offset the project cost.

Estimate of Obligations to be Issued

Note Issuances:

On November 1, 2012 the City approved a resolution authorizing the issuance of \$7,700,000 principal amount obligations of the City to finance reconstruction of various City improvements including road reconstruction (\$4,300,000), dam and channel reconstruction (\$1,190,000) and marina/boat launch reconstruction (\$2,210,000). The City issued \$1,500,000 bond anticipation notes on February 13, 2013 to mature February 13, 2014 as the first borrowing against said authorization. The bond anticipation notes were renewed on February 12, 2014 and matured on February 12, 2015. On February 11, 2015, the City renewed \$1,434,000 bond anticipation notes and issued \$1,550,000 as new money for court and police facilities renovation. The bond anticipation notes were renewed on February 10, 2016 in the amount of \$2,913,000. These bond anticipation notes were renewed with \$35,000 available funds of the City and matured on February 9, 2018. Said notes were redeemed with \$1,292,000 available funds of the City, along with bond anticipation notes issued on February 8, 2018 that provided \$2,700,000 in new monies for the projects. On August 3, 2017, an additional \$500,000 of bond anticipation notes were issued as new money pursuant to this resolution for road reconstruction. \$500,000 bond anticipation notes were renewed on August 2, 2018 for the reconstruction and resurfacing of Campbell Avenue Highway and Brunswick Road. An additional \$250,000 portion of the February 7, 2019 bond anticipation notes provided new monies for the reconstruction and resurfacing of Campbell Avenue Highway and Brunswick Road. A portion of the \$35,478,850 bond anticipation notes issued on February 7, 2019 renewed \$100,000 bond anticipation notes that matured February 8, 2019 and provided \$1,000,000 new monies for the marina boat launch reconstruction. A \$1,930,000 portion of the Notes, along with \$70,000 available funds, will partially redeem and renew \$1,750,000 outstanding bond anticipation notes for the Campbell Avenue and Brunswick Road construction and provide \$250,000 new monies for the road construction. On August 2, 2019 the City issued \$475,000 bond anticipation notes, which along with \$25,000 available funds of the City partially redeemed and renewed \$500,000 bond anticipation notes maturing August 2, 2019 for the Campbell Avenue Highway and Brunswick Road project.

On April 3, 2014, the City Council passed a resolution authorizing the issuance of serial bonds to finance the cost of a pedestrian connector at Riverfront Park in the amount of \$1,125,000. The City issued bond anticipation notes on May 5, 2016 as the first borrowing against said authorization. Bond anticipation notes in the amount of \$1,125,000 for this project and matured on February 9, 2018. On February 8, 2018, the City renewed \$1,065,000 bond anticipation notes which mature on February 8, 2019. \$1,030,000 of the \$35,478,850 bond anticipation notes issued on February 7, 2019, along with \$35,000 available funds of the City, partially redeemed and renewed \$1,065,000 bond anticipation notes that matured February 8, 2019. A \$995,000 portion of the Notes will partially redeem and renew \$1,030,000 bond anticipation notes for the above mentioned purpose. On October 3, 2019, the City Council passed a resolution authorizing the issuance of an additional \$900,000 in serial bonds to finance the cost of a pedestrian connection at Riverfront Park in the amount of \$900,000. A \$900,000 portion of the proceeds of the Notes will provide new monies for the above mentioned purpose.

On April 3, 2014, the City Council passed a resolution authorizing the issuance of serial bonds to finance the cost of a bicycle and pedestrian trail in the amount of \$1,489,000. The City anticipates \$1,038,957 in Federal aid and the balance will represent the City's local share. \$1,489,000 of the bond anticipation notes the City issued on February 9, 2017, represents the first borrowing against said authorization. On February 8, 2018, the City renewed \$1,489,000 bond anticipation notes which matured on February 8, 2019. \$489,000 of the \$35,478,850 bond anticipation notes issued on February 7, 2019, along with \$1,000,000 available funds of the City, partially redeemed and renewed \$1,489,000 bond anticipation notes that matured February 8, 2019. A \$403,400 portion of the Notes along with \$85,600 available funds of the District will partially redeem and renew the \$489,000 bond anticipation notes maturing February 7, 2020.

On April 3, 2014, the City Council passed a resolution authorizing the issuance of serial bonds to finance the cost of the reconstruction of a sea wall along the Hudson River in the amount of \$9,000,000. On February 8, 2018, the City renewed \$4,352,000 bond anticipation notes which mature on February 8, 2019. \$3,935,000 of the bond anticipation notes issued February 7, 2019, along with \$417,000 available funds of the City will partially redeem and renew \$4,352,000 bond anticipation notes maturing February 8, 2019. The City will fully pay the \$3,935,000 bond anticipation notes at maturity, February 7, 2020. On August 2, 2018, \$3,673,000 bond anticipation notes were issued against said authorization. A portion of the serial bonds issued August 1, 2019 and available funds of the City permanently financed the \$3,673,000 bond anticipation notes maturing August 2, 2019.

On July 6, 2017, the City Council passed a resolution authorizing the issuance of an additional \$8,100,000 in serial bonds to finance the cost of reconstruction of a sea wall. \$6,327,000 bond anticipation notes were issued against said authorization on August 2, 2018. A portion of the proceeds of the \$35,478,850 bond anticipation notes issued on February 7, 2019 provided additional \$1,660,000 in new monies for the above mentioned purpose. A portion of the serial bonds issued August 1, 2019 and available funds of the City permanently finance the \$6,327,000 bond anticipation notes maturing August 2, 2019. A \$73,000 portion of the Notes will provide new monies for the reconstruction of the seawall.

On February 1, 2018, the City Council passed a resolution authorizing the issuance of an additional \$7,340,000 to finance the cost of reconstruction of a sea wall along the Hudson River. A portion of the proceeds of the \$35,478,850 bond anticipation notes issued on February 7, 2019 provided \$7,340,000 new monies for the above mentioned purpose.

Currently \$9,000,000 bond anticipation notes are outstanding pursuant to the July 6, 2017 and February 1, 2018 authorizations for the reconstruction of the sea wall along the Hudson River. A \$5,500,000 portion of the Notes along with \$3,500,000 available funds of the District will partially redeem and renew the \$9,000,000 outstanding bond anticipation notes.

Additionally, on October 3, 2019, the City Council passed a resolution authorizing the issuance of an additional \$1,925,000 to finance the cost of reconstruction of a seawall along the Hudson River. A \$1,925,000 portion of the bond anticipation notes will provide new monies for the reconstruction of the sea wall.

It is anticipated that the City will receive \$13 million in Federal Emergency Management Agency (FEMA) reimbursements for the reconstruction of the sea wall.

On January 18, 2017, the City Council passed a resolution authorizing the issuance of serial bonds to finance the construction of the Ingalls Avenue boat and kayak launches in the amount of \$1,107,850. The City issued \$700,000 bond anticipation notes on August 2, 2018 for the above mentioned purpose. On January 10, 2019, the City Council passed a resolution increasing the authorization to \$1,357,850. A portion of the proceeds of the \$35,478,850 bond anticipation notes issued on February 7, 2019 provided additional \$657,850 in new monies for the above mentioned purpose. A \$250,000 portion of the Notes along with \$407,850 available funds of the City will partially redeem and renew the \$657,850 bond anticipation notes maturing February 7, 2020. The City anticipates receiving \$1,093,262 in grant revenues and the balance will represent the City's local share. A \$200,000 portion of the bond anticipation notes issued August 1, 2019 along with \$500,000 available funds partially redeemed and renewed \$700,000 bond anticipation notes maturing August 2, 2019 for the above mentioned purpose.

On January 18, 2017, the City Council passed a resolution authorizing the issuance of serial bonds to finance the rehabilitation of Powers Park in the amount of \$449,000. The City issued \$449,000 as the first borrowing against said authorization as a part of the bond anticipation notes issued on February 9, 2017. On February 8, 2018, the City renewed \$449,000 bond anticipation notes which matured February 8, 2019. \$434,000 of the \$35,478,850 bond anticipation notes issued on February 7, 2019, along with \$15,000 available funds of the City, partially redeemed and renewed the \$449,000 bond anticipation notes that matured February 8, 2019. A \$414,000 portion of the Notes along with \$20,000 available funds of the District will partially redeem and renew the \$434,000 bond anticipation notes maturing February 7, 2020. The City anticipates receiving \$449,000 from grants received and the balance will represent the City's local share.

On April 3, 2014, the City Council passed a resolution authorizing the issuance of serial bonds to finance the cost of the South Troy Industrial Roadway in the amount of \$1,100,000. On January 18, 2017, the City Council passed a resolution increasing the authorization to \$5,100,000. The City issued \$1,100,000 as the first borrowing against said authorization as a part of the bond anticipation notes issued on February 9, 2017. On February 8, 2018, the City renewed \$1,100,000 bond anticipation notes, which matured on February 8, 2019. \$3,045,000 of the \$35,478,850 bond anticipation notes issued on February 7, 2019, along with \$55,000 available funds of the City, partially redeemed and renewed \$1,100,000 bond anticipation notes maturing February 8, 2019 and provided \$2,000,000 new monies for the above mentioned purpose. A \$1,990,000 portion of the Notes, along with \$1,055,000 available funds of the City, will partially redeem and renew \$3,045,000 bond anticipation notes for the above mentioned purpose. In addition, a \$1,750,000 portion of the bond anticipation notes issued August 1, 2019 provided new monies for the above mentioned purpose.

On July 6, 2017, the City Council passed a resolution authorizing the issuance of \$2,500,000 serial bonds to finance the cost of abatement and demolition of the former Leonard Hospital Building. \$2,500,000 bond anticipation notes were issued August 2, 2018 as the first borrowing against said authorization. A \$2,500,000 portion of the bond anticipation notes issued August 1, 2019 will renew the outstanding bond anticipation notes maturing August 2, 2019 for the above mentioned purpose.

On July 6, 2017, the City Council passed a resolution authorizing the issuance of \$16,500 serial bonds to finance the purchase of a passenger vehicle. The City issued \$16,500 bond anticipation notes on August 2, 2018 as the first borrowing against said authorization. A \$16,500 portion of the proceeds of the bond anticipation notes issued August 1, 2019 will renew \$16,500 bond anticipation notes for the above mentioned purpose.

On July 6, 2017, the City Council passed a resolution authorizing the issuance of \$156,795 serial bonds to finance the purchase of equipment and materials for the upgrade of existing parking meters. On August 2, 2018 the City issued \$156,795 bond anticipation notes as the first borrowing against said authorization. A \$156,795 portion of the bond anticipation notes issued August 1, 2019 will renew the outstanding bond anticipation notes for the above mentioned purpose.

On July 6, 2017, the City Council passed a resolution authorizing the issuance of \$89,400 serial bonds to finance the purchase of police vehicles. On August 2, 2018 the City issued \$89,400 bond anticipation notes as the first borrowing against said authorization. A \$89,400 portion of the bond anticipation notes issued August 1, 2019 renewed the outstanding bond anticipation notes for the above mentioned purpose.

On January 11, 2018, the City Council passed a resolution authorizing the issuance of \$3,500,000 serial bonds to finance the reconstruction of the City water system. \$3,500,000 of the bond anticipation notes issued on February 8, 2018 were issued as the first borrowing against this authorization and matured on February 8, 2019. \$3,500,000 of the \$35,478,850 bond anticipation notes issued on February 7, 2019 renewed \$3,500,000 bond anticipation notes that matured February 8, 2019 for the above mentioned purpose. A \$2,000,000 portion of the Bonds along with \$40,000 available funds of the City will permanently finance \$2,040,000 outstanding bond anticipation notes for the above mentioned purpose. In addition, a \$1,460,000 portion of the Notes will fully redeem and renew \$1,460,000 bond anticipation notes maturing February 7, 2020 for the above mentioned purpose.

On January 11, 2018, the City Council passed a resolution authorizing the issuance of \$1,105,000 serial bonds to finance the cost of various capital improvements and public safety projects. On August 2, 2018 the City issued \$330,000 bond anticipation notes for the purchase of police and fire vehicles. \$775,000 of the proceeds of the \$35,478,850 bond anticipation notes issued February 7, 2019 provided additional new monies for the above mentioned purpose. A \$554,464 portion of the Bonds along with \$45,536 available funds of the City will permanently finance \$600,000 outstanding bond anticipation notes for the purchase of a fire pumper. A \$175,000 portion of the Notes will redeem and renew \$175,000 outstanding bond anticipation notes for the purchase of an ambulance. A \$330,000 portion of the bond anticipation notes issued August 1, 2019 renewed the \$330,000 bond anticipation notes maturing August 2, 2019 for the above mentioned purpose.

On January 11, 2018, the City Council passed a resolution authorizing the issuance of \$200,000 serial bonds to finance the demolition of buildings. \$200,000 of the proceeds of the \$35,478,850 bond anticipation notes issued on February 7, 2019 provided new monies for the above mentioned purpose. A \$200,000 portion of the Notes will redeem and renew the \$200,000 bond anticipation notes outstanding for the demolition of buildings.

On November 29, 2018, the City Council passed a resolution authorizing the issuance of \$1,400,000 serial bonds to finance the cost of reconstruction of South Troy Pool. \$1,400,000 of the proceeds of the \$35,478,850 bond anticipation notes issued February 7, 2019 provided new monies for the above mentioned purpose. On December 19, 2019, the City Council passed a resolution authorizing the issuance of an additional \$150,000 in serial bonds for the above mentioned purpose. A \$1,550,000 portion of the Notes will renew \$1,400,000 outstanding bond anticipation notes and provide \$150,000 new monies for the above mentioned purpose.

On November 29, 2018, the City Council passed a resolution authorizing the issuance of \$596,000 serial bonds to finance the cost of various projects for the Police Department. A \$596,000 portion of the proceeds of the \$35,478,850 bond anticipation notes issued February 7, 2019 will provided new monies for the above mentioned purpose. A \$463,000 portion of the Notes along with \$133,000 available funds of the City will partially and redeem the \$596,000 bond anticipation notes currently outstanding for the above mentioned purposes.

On November 29, 2018, the City Council passed a resolution authorizing the issuance of \$1,100,000 serial bonds to finance the cost of reconstruction and improvements to of Knickerbacker Ice Rink. A \$550,000 portion of the proceeds of the \$35,478,850 bond anticipation notes issued on February 7, 2019 provided new monies for the above mentioned purpose. A \$550,000 portion of the Notes will redeem and renew the \$550,000 outstanding bond anticipation notes for the above mentioned purpose.

On November 29, 2018, the City Council passed a resolution authorizing the issuance of \$1,283,000 serial bonds to finance the cost of various projects for the Department of Public Works. A \$665,000 portion of the proceeds of the \$35,478,850 bond anticipation notes issued on February 7, 2019 provided new monies for the above mentioned purpose. A \$345,000 portion of the proceeds of the Notes, along with \$55,000 available funds of the City will partially redeem and renew \$400,000 of the \$665,000 outstanding bond anticipation notes for the above mentioned purpose. The remaining balance of \$265,000 outstanding bond anticipation notes will be permanently financed with a \$265,000 portion of the Bonds.

On November 29, 2018, the City Council passed a resolution authorizing the issuance of \$250,000 serial bonds to finance the purchase of police body cameras. A \$250,000 portion of the proceeds of the \$35,478,850 bond anticipation notes issued on February 7, 2019 provided \$250,000 new monies for the above mentioned purpose. A \$250,000 portion of the proceeds of the Notes will redeem and renew the \$250,000 outstanding bond anticipation notes for the purchase of police body cameras.

On November 29, 2018, the City Council passed a resolution authorizing the issuance of \$755,000 serial bonds to finance the cost of various projects for the City's fire department. A \$95,000 portion of the proceeds of the \$35,478,850 bond anticipation notes issued on February 7, 2019 provided \$95,000 new monies for the above mentioned purpose. The City anticipates paying the Notes in full at maturity.

On November 29, 2018, the City Council passed a resolution authorizing the issuance of \$200,000 serial bonds to finance the demolition of buildings and structures. A \$200,000 portion of the proceeds of the \$35,478,850 bond anticipation notes issued on February 7, 2019 provided new monies for the above mentioned purpose. A \$200,000 portion of the Notes will redeem and renew the \$200,000 outstanding bond anticipation notes for the demolition of buildings and structures.

On November 29, 2018, the City Council passed a resolution authorizing the issuance of \$3,800,000 serial bonds to finance the reconstruction of a swimming pool in Knickerbacker Park. A \$500,000 portion of the proceeds of the \$35,478,850 bond anticipation notes issued on February 7, 2019 provided new monies for the above mentioned purpose. A \$500,000 portion of the proceeds of the Notes will fully redeem and renew \$500,000 bond anticipation notes for the reconstruction of the swimming pool in Knickerbacker park.

On November 29, 2018, the City Council passed a resolution authorizing the issuance of \$355,000 serial bonds to finance the purchase of sanitation department vehicles. A \$355,000 portion of the proceeds of the \$35,478,850 bond anticipation notes issued on February 7, 2019 provided new monies for the above mentioned purpose. A \$355,000 portion of the Notes will redeem and renew \$355,000 outstanding bond anticipation notes for the purchase of sanitation department vehicles.

On December 20, 2018, the City Council passed a resolution authorizing the issuance of \$755,000 serial bonds to finance the cost of various projects for the Fire Department. A \$660,000 portion of the proceeds of the bond anticipation notes issued August 1, 2019 will provide new monies for the above mentioned purpose.

On December 19, 2019, the City Council passed a resolution authorizing the issuance of \$200,000 in serial bonds to finance the cost of the demolition of buildings and structures. A \$200,000 portion of the proceeds of the Notes will provide new monies for the above mentioned purpose.

On December 19, 2019, the City Council passed a resolution authorizing the issuance of \$905,000 in serial bonds to finance the cost of various projects for the Department of Public Works. A \$675,000 portion of the Notes will provide \$675,000 new monies for the above mentioned purpose.

On December 19, 2019, the City Council passed a resolution authorizing the issuance of \$800,000 in serial bonds to finance the cost of various project for the Fire Department. A \$140,000 portion of the Notes will provide \$140,000 new monies for the above mentioned purpose.

On December 19, 2019, the City Council passed a resolution authorizing the issuance of \$160,000 in serial bonds to finance the cost of various equipment for the City Golf Course. A \$160,000 portion of the Notes will provide \$160,000 new monies for the above mentioned purpose.

On December 19, 2019, the City Council passed a resolution authorizing the issuance of \$350,000 in serial bonds to finance the cost of the reconstruction of various streets and sidewalks in the City. A \$350,000 portion of the Notes will provide \$350,000 new monies for the above mentioned purposes.

On December 19, 2019, the City Council passed a resolution authorizing the issuance of \$422,500 in serial bonds to finance the cost of various projects in the Recreation Department. A \$422,500 portion of the Notes will provide \$422,500 new monies for the above mentioned purpose.

On December 19, 2019, the City Council passed a resolution authorizing the issuance of \$3,777,000 in serial bonds to finance the cost of the reconstruction of various bridges in the City. A \$505,000 portion of the proceeds of the Notes will provide new monies for the above mentioned purpose.

On December 19, 2019, the City Council passed a resolution authorizing the issuance of \$325,500 in serial bonds to finance the cost of various projects for the Police Department. A \$32,000 portion of the proceeds of the Notes will provide new monies for the above mentioned purpose.

On December 19, 2019, the City Council passed a resolution authorizing the issuance of \$647,500 in serial bonds to finance the cost of various projects for the Garbage Department. A \$32,500 portion of the Notes will provide \$32,500 new monies for the above mentioned purpose.

Bond Issuances

On September 15, 2013, the City approved a resolution authorizing the issuance of \$1,500,000 principal amount obligations of the City to finance the cost of a sprinkler system at the Frear Park golf course. The City issued \$1,500,000 bond anticipation notes on October 10, 2013 as the first borrowing against said authorization. The bond anticipation notes were renewed in full on October 9, 2014 and matured on October 9, 2015. The City renewed bond anticipation notes in the amount of \$1,430,000 on August 6, 2015 for this purpose. The bonds anticipation notes were renewed on August 5, 2016 in the amount of \$1,355,000 and will mature on August 4, 2017. On August 3, 2017, the City renewed \$1,280,000 bond anticipation notes which mature on August 3, 2018. The City permanently financed the bond anticipation notes maturing on August 3, 2018 through the issuance of \$1,121,888 Public improvement serial bonds on August 2, 2018.

On April 3, 2014, the City Council passed a resolution authorizing the issuance of serial bonds to finance the cost of various capital improvements and public safety projects in the amount of \$2,908,000. The City issued \$2,083,000 bond anticipation notes on August 7, 2014 to finance these projects. The bond anticipation notes matured on August 7, 2015 and were renewed in full on August 6, 2015. The bonds anticipation notes were renewed on August 5, 2016 in the amount of \$1,748,000 which matured on August 4, 2017. On August 3, 2017, the City renewed \$1,283,000 bond anticipation notes which will mature on August 3, 2018. On August 2, 2018 the City renewed \$878,000 bond anticipation notes which will mature on August 2, 2019. The City permanently financed the project with a portion of the serial bonds issued August 1, 2019 and \$322,000 available funds of the City.

On July 6, 2017, the City Council passed a resolution authorizing the issuance of \$1,357,695 serial bonds to finance various equipment purchases and capital improvements. On August 3, 2017, the City issued bond anticipation notes in the amount of \$870,000 as the first borrowing against this authorization. The City renewed the bond anticipation notes maturing on August 3, 2018 in full. On February 8, 2018, the City issued \$225,000 bond anticipation notes for the cost of mowers and DPW renovations. A \$476,000 portion of the bond anticipation notes issued February 7, 2019, along with \$94,000 available funds of the City partially redeemed and renewed a \$570,000 portion of the outstanding notes for the above mentioned purpose. The remaining \$300,000 balance of notes was permanently financed with a \$284,000 portion of the serial bonds issued August 1, 2019 and \$16,000 available funds of the City.

Pursuant to an April 3, 2014 resolution, on February 8, 2018, the City renewed \$765,000 bond anticipation notes for the purchase of fire equipment and an ambulance. \$732,000 of the \$35,478,850 bond anticipation notes issued on February 7, 2019, along with \$33,000 available funds of the City partially redeemed and renewed \$765,000 bond anticipation notes maturing on February 8, 2019. A \$637,000 portion of the Bonds, along with \$95,000 available funds of the City will permanently finance \$732,000 for the purchase of fire equipment and ambulance.

On April 3, 2014, the City Council passed a resolution authorizing the issuance of serial bonds to finance the cost of reconstruction of the Spring Avenue Bridge in the amount of \$4,550,000. The City anticipates receiving \$4,322,500 from New York State Department of Transportation and the balance will represent the City's local share. The City issued \$900,000 bond anticipation notes, which along with \$300,000 in available funds, were partially renewed as part of the bond anticipation notes issued on February 9, 2017. On February 8, 2018, the City renewed \$450,000 bond anticipation notes which mature on February 8, 2019. \$435,000 of the \$35,478,850 bond anticipation notes issued on February 7, 2019, along with \$15,000 available funds of the City, partially redeemed and renewed \$450,000 bond anticipation notes that matured February 8, 2019. A \$368,692 portion of the Bonds along with \$66,308 available funds of the City will permanently finance the \$435,000 outstanding bond anticipation notes for the above reference project.

On December 4, 2014, the City Council passed a resolution authorizing the issuance of serial bonds to finance the cost of the purchase and renovation of 1700 Sixth Avenue for the Troy Police Department and the renovation of 55 State Street for the additional court facility in the amount of \$1,550,000. The City issued \$1,550,000 bonds anticipation notes of which \$1,515,000 was renewed with the proceeds of bond anticipation notes issued on February 9, 2017. On February 8, 2018, the City renewed \$1,475,000 bond anticipation notes which mature on February 8, 2019. \$1,435,000 of the \$35,478,850 bond anticipation notes issued on February 7, 2019, along with \$40,000 available funds of the City partially redeemed and renewed \$1,475,000 bond anticipation notes that matured February 8, 2019. A \$939,334 portion of the Bonds, along with \$495,666 available funds of the City will permanently finance the \$1,435,000 outstanding bond anticipation notes.

In 2014, the City Council passed a resolution authorizing the issuance of \$1,550,000 serial bonds to finance the cost of the purchase of land and building located at 1700 6th Avenue to reconstruct such property for use by the City Police Department and renovate and expand the court facilities located at 55 State Street. On January 18, 2017, the City Council passed a resolution increasing the authorization to \$2,550,000 for the second phase of the renovation. On February 9, 2017, the City issued \$1,000,000 bond anticipation notes as the first borrowing against said authorization. On February 8, 2018, the City renewed \$1,000,000 bond anticipation notes, which matured on February 8, 2019. \$975,000 of the \$35,478,850 bond anticipation notes issued on February 7, 2019, along with \$25,000 available funds of the City, partially redeemed and renewed \$1,000,000 bond anticipation notes that matured February 8, 2019. A \$945,000 portion of the Bonds, along with \$30,000 available funds of the City will permanently finance the \$975,000 outstanding bond anticipation notes for the above mentioned project. The City anticipates receiving \$500,000 from grants received and the balance will represent the City's local share.

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 5, 2015, the City Council passed a resolution authorizing the issuance of serial bonds to finance the cost of a capital project described in the Combined Sewer Overflow Long Term Control Plan in the amount of \$3,537,411. On March 28, 2016, the City Council passed a resolution authorizing the additional issuance of serial bonds to finance the cost of a capital project described in the Combined Sewer Overflow Long Term Control Plan in the amount of \$510,391. On July 6, 2017, the City Council passed a resolution authorizing the issuance of an additional \$23,737,191 in serial bonds to finance the cost of a capital project described in the Combined Sewer Overflow Long Term Control Plan. To date, \$1,674,413 has been issued.

On March 3, 2016, the City Council passed a resolution authorizing the issuance of serial bonds to finance the reconstruction of the City's water systems in the amount of \$3,000,000. On August 23, 2016, the City Council passed a resolution authorizing the additional issuance of serial bonds to finance the reconstruction of the City's water systems in the amount of \$174,000. This project has been completed and a serial bond has been issued through EFC in the amount of \$1,233,200.

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. The District has not issued any debt for this project and does not anticipate doing so until 2020. Associated with this project is a \$10 million grant that will be used to offset debt issuances through EFC.

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	\$ 194,337,390	\$ 60,030,333 ⁽²⁾	\$ 134,307,057	17.21%	\$ 23,114,245
School District:					
Troy City School	73,819,550	66,659,054 ⁽³⁾	7,160,496	80.20%	5,742,718
Lansingburgh CSD	34,865,000	32,633,640 ⁽⁴⁾	2,231,360	57.87%	1,291,288
				Total:	<u>\$ 30,148,251</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 of 90.3%.

(4) Estimated State Building Aid of 93.6%.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Year Ended in 2017 for the County and 2018 for the Districts listed above.

Debt Ratios

The following table sets forth certain ratios relating to the City's indebtedness as of January 15, 2020:

	Amount of Indebtedness	Per Capita ^(a)	Percentage of Full Valuation ^(b)
Gross Direct Indebtedness ^(c)	\$ 70,549,970	\$ 1,428.89	3.68%
Net Direct Indebtedness ^(c)	50,922,205	1,031.36	2.65
Gross Direct Plus Net Overlapping Indebtedness ^(d)	100,698,221	2,039.50	5.25
Net Direct Plus Net Overlapping Indebtedness ^(d)	81,070,456	1,641.97	4.22

Note: ^(a) The City's 2018 estimated population is 49,374. (See "THE CITY - Population Trends" herein.)

^(b) The City's full valuation of taxable real estate for 2020 is \$1,918,970,202. (See "TAX INFORMATION – Taxable Valuations" herein.)

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

^(d) The City's estimated applicable share of net underlying indebtedness is \$30,148,251. (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.

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, 2014 were dated May 29, 2015 and filed to EMMA on June 1, 2015, which filing was not submitted within 120 days of the end of this fiscal year.

The unaudited financial statements of the City for the fiscal year ending December 31, 2015 were dated April 29, 2016 and filed to EMMA on May 9, 2016, which filing was not submitted within 120 days of the end of this fiscal year.

A material event notice was filed with EMMA on July 29, 2016 with respect to the late filings of the 2014 and 2015 unaudited financial statements.

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.

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

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 vigorously defend these claims and believe that many are without merit. The City recognizes that some of these suits may have a material adverse effect on the financial condition of the City. However, the City is self-insured for \$500,000 and carries general liability coverage of \$5.0 million (\$10.0 million aggregate), for a total of \$5.5 million in insurance coverage. There are currently 2 claims that the City may have to pay this limit on. However, the City is currently litigating each of these claims and a settlement could be reached for less than \$500,000.

There is no action, suit, proceedings 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 "A2" with a positive outlook 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.

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, Deputy 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 Deputy City Comptroller of the City of Troy.

CITY OF TROY

Dated: January 16, 2020

ANDREW PIOTROWSKI
Deputy City Comptroller

GENERAL FUND

Balance Sheets

Fiscal Years Ending	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 2,434,475	\$ 2,553,243	\$ 11,108,517	\$ 13,819,505	\$ 12,075,965
Cash with Fiscal Agent	9,843,574	9,788,637	10,247,567	10,850,507	12,157,967
Taxes Receivable, Net	8,636,215	7,859,874	5,432,262	5,525,744	5,166,309
Other Receivables	2,469,578	2,568,775	2,437,774	2,569,437	3,202,939
Due from Other Funds	1,171,633	1,926,575	1,973,218	1,320,554	1,258,931
Due From Other Governments	4,667,503	4,683,548	4,950,401	4,794,983	7,063,816
Prepaid and Other Assets	30,490	1,783,943	31,235	138,978	270,391
Other	-	720	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 29,253,468</u>	<u>\$ 31,165,315</u>	<u>\$ 36,180,974</u>	<u>\$ 39,019,708</u>	<u>\$ 41,196,318</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 1,299,800	\$ 2,218,575	\$ 2,518,566	\$ 1,556,455	\$ 2,286,300
Accrued Liabilities	447,162	301,423	6,303,279	7,950,525	7,081,772
Notes and Loans payable	-	-	-	-	-
Compensated Absences	-	-	-	-	201,968
Due to Other Funds	757,857	549,190	553,307	1,240,422	335,618
Due to Other Governments	8,484,414	8,075,344	7,008,828	7,484,679	7,437,360
Deferred Revenue	6,089,163	5,494,716	3,282,893	3,386,786	4,727,293
Other Liabilities	277,318	271,009	220,542	267,074	662,319
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>17,355,714</u>	<u>16,910,257</u>	<u>19,887,415</u>	<u>21,885,941</u>	<u>22,732,630</u>
<u>FUND EQUITY</u>					
Nonspendable	\$ 30,490	\$ 1,783,943	\$ 31,235	\$ 138,978	\$ 270,391
Restricted	10,636,895	11,269,611	14,739,434	14,970,763	15,821,917
Assigned	153,625	63,281	147,830	225,095	356,687
Unassigned	1,076,744	1,138,223	1,375,060	1,798,931	2,014,693
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND EQUITY	<u>11,897,754</u>	<u>14,255,058</u>	<u>16,293,559</u>	<u>17,133,767</u>	<u>18,463,688</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 29,253,468</u>	<u>\$ 31,165,315</u>	<u>\$ 36,180,974</u>	<u>\$ 39,019,708</u>	<u>\$ 41,196,318</u>

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>REVENUES</u>					
Real Property Taxes and Tax Items	\$ 20,830,859	\$ 20,701,503	\$ 22,056,430	\$ 23,328,215	\$ 25,985,375
Non-Property Tax Items	16,141,523	16,680,234	16,578,008	16,856,149	17,360,384
Intergovernmental Charges	292,471	254,032	326,370	244,570	5,486,830
Departmental Income	5,833,405	4,858,522	5,228,857	5,779,178	105,291
Use of Money & Property	64,750	59,098	46,395	72,533	244,950
Licenses and Permits	664,402	763,615	731,269	945,121	814,086
Fines and Forfeitures	1,057,118	1,018,098	1,194,873	1,459,022	1,333,438
Sale of Property and Compensation for Loss	152,204	32,658	35,067	118,155	105,071
Miscellaneous	675,518	1,285,446	1,384,118	1,765,121	1,525,316
Interfund	1,530,226	1,716,042	1,575,773	1,591,349	1,602,133
Revenues from State Sources	13,759,501	13,529,223	13,742,491	13,613,982	14,352,843
Revenues from Federal Sources	716,625	929,313	1,021,860	773,739	1,250,310
Total Revenues	<u>\$61,718,602</u>	<u>\$61,827,784</u>	<u>\$63,921,511</u>	<u>\$66,547,134</u>	<u>\$70,166,027</u>
<u>EXPENDITURES</u>					
General Government Support	\$ 8,780,878	\$ 9,035,052	\$ 8,840,406	\$ 8,188,894	\$ 7,918,772
Public Safety & Health	33,525,205	34,247,879	33,342,994	35,610,090	35,513,826
Health	174,557	175,413	157,605	171,007	3,908,319
Transportation	4,257,130	4,185,828	4,180,084	3,754,075	180,954
Culture and Recreation	2,320,672	2,445,760	2,316,286	2,237,594	1,847,883
Home and Community Services	4,418,853	4,242,478	4,140,458	3,894,450	3,975,919
Employee Benefits	4,167,393	4,119,800	4,610,292	4,938,137	6,454,869
Debt Service	6,440,943	6,269,114	6,532,530	6,743,593	7,316,564
Total Expenditures	<u>\$ 64,085,631</u>	<u>\$ 64,721,324</u>	<u>\$ 64,120,655</u>	<u>\$ 65,537,840</u>	<u>\$ 67,117,106</u>
Excess of Revenues Over (Under) Expenditures	<u>(\$2,367,029)</u>	<u>(\$2,893,540)</u>	<u>(\$199,144)</u>	<u>\$1,009,294</u>	<u>\$3,048,921</u>
Other Financing Sources (Uses):					
Bond Proceeds	-	-	-	-	-
Operating Transfers In	2,331,848	2,653,611	2,211,809	2,437,733	881,742
Operating Transfers Out	<u>(805,234)</u>	<u>(795,471)</u>	<u>(725,000)</u>	<u>(1,408,526)</u>	<u>(3,090,455)</u>
Total Other Financing	<u>1,526,614</u>	<u>1,858,140</u>	<u>1,486,809</u>	<u>1,029,207</u>	<u>(2,208,713)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(\$840,415)</u>	<u>(\$1,035,400)</u>	<u>\$1,287,665</u>	<u>\$2,038,501</u>	<u>\$840,208</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	13,773,569	12,933,154	11,897,754	14,255,058	16,293,559
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>1,069,639</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 12,933,154</u>	<u>\$ 11,897,754</u>	<u>\$ 14,255,058</u>	<u>\$ 16,293,559</u>	<u>\$ 17,133,767</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	2018			2019	2020
	Adopted Budget	Final Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes & Tax Items	\$ 26,089,068	\$ 26,089,068	\$ 26,874,561	\$ 27,028,173	\$ 27,408,797
Non-Property Tax Items	16,825,000	17,075,000	17,864,946	17,100,000	17,610,000
Departmental Income	8,252,500	7,359,020	7,283,485	4,856,000	5,076,200
Use of Money and Property	59,000	59,000	150,808	71,500	86,500
Intergovernmental Charges	250,000	250,000	249,915	340,000	347,000
Licenses and Permits	1,062,000	762,000	1,031,283	837,550	1,060,686
Fines and Forfeitures	1,355,000	1,760,000	1,755,785	1,475,000	1,617,500
Sale of Property and Compensation for Loss	31,500	50,478	135,819	45,000	50,000
Interfund Revenues	1,700,971	1,760,782	1,499,778	2,285,405	2,968,504
Miscellaneous	1,305,000	1,389,500	1,608,195	1,406,655	1,311,606
Revenues from State Sources	13,945,000	15,103,134	14,749,018	14,418,671	14,280,963
Revenues from Federal Sources	552,006	685,223	905,291	220,747	90,244
Total Revenues	\$ 71,427,045	\$ 72,343,205	\$ 74,108,884	\$ 70,084,701	\$ 71,908,000
EXPENDITURES					
General Government Support	\$ 10,032,747	\$ 8,968,988	\$ 8,729,491	\$ 9,462,251	\$ 9,812,489
Public Safety	37,182,277	37,894,884	37,024,110	39,307,150	40,329,791
Transportation	3,570,034	4,313,008	4,141,562	3,664,222	3,712,831
Health	187,621	191,644	186,731	188,907	207,327
Culture and Recreation	2,175,067	2,291,666	2,135,749	2,053,235	2,455,263
Home and Community Services	4,293,250	4,529,648	4,279,099	1,010,729	1,252,732
Employee Benefits	7,327,277	7,206,638	7,005,062	6,879,738	6,839,816
Debt Service	7,670,772	7,670,772	7,670,538	9,239,572	9,476,679
Total Expenditures	\$ 72,439,045	\$ 73,067,248	\$ 71,172,342	\$ 71,805,804	\$ 74,086,928
Excess of Revenues Over (Under) Expenditures	(1,012,000)	(724,043)	2,936,542	(1,721,103)	(2,178,928)
Other Financing Sources (Uses):					
Operating Transfers In	2,222,000	2,222,000	424,303	3,455,878	2,832,743
Operating Transfers Out	(1,210,000)	(1,674,852)	(2,030,924)	(1,734,775)	(653,815)
Total Other Financing	1,012,000	547,148	(1,606,621)	1,721,103	2,178,928
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(176,895)	1,329,921	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	-	176,895	17,133,767	-	-
Prior Period Adjustment	-	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ 18,463,688	\$ -	\$ -

Source: Audited Financial Reports and the 2018, 2019 and 2020 budgets of the City. This Appendix itself is not audited.

BONDED DEBT SERVICE ^{(1) (2)}

Fiscal Year Ending December 31st	Principal	Interest	Total	Principal of the Bonds	Total Principal All Issues
2020	787,182	292,082.13	1,079,264.13	-	787,182
2021	809,748	271,857.47	1,081,605.47	104,490	914,238
2022	828,585	248,809.20	1,077,394.20	175,000	1,003,585
2023	617,130	225,438.22	842,568.22	180,000	797,130
2024	628,630	208,917.18	837,547.18	185,000	813,630
2025	640,170	192,048.36	832,218.36	185,000	825,170
2026	656,750	174,031.72	830,781.72	190,000	846,750
2027	678,380	155,478.46	833,858.46	195,000	873,380
2028	690,040	136,226.86	826,266.86	200,000	890,040
2029	581,760	116,343.54	698,103.54	205,000	786,760
2030	593,510	100,028.83	693,538.83	210,000	803,510
2031	610,310	82,836.87	693,146.87	215,000	825,310
2032	622,160	66,338.88	688,498.88	220,000	842,160
2033	639,060	48,971.26	688,031.26	230,000	869,060
2034	651,010	31,045.28	682,055.28	235,000	886,010
2035	140,000	13,648.66	153,648.66	240,000	380,000
2036	145,000	6,944.06	151,944.06	245,000	390,000
2037	-	-	-	250,000	250,000
2038	-	-	-	260,000	260,000
2039	-	-	-	265,000	265,000
2040	-	-	-	270,000	270,000
2041	-	-	-	275,000	275,000
2042	-	-	-	285,000	285,000
2043	-	-	-	290,000	290,000
2044	-	-	-	295,000	295,000
2045	-	-	-	305,000	305,000
TOTALS	\$ 10,319,425	\$ 2,371,046.98	\$ 12,690,471.98	\$ 5,709,490	\$ 16,028,915

(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. As of December 31, 2019, the indebtedness outstanding through the Corporation is \$16,480,000.

(2) Note the totals above do not include principal and interest payments on the City's outstanding Capital Leases. As of December 31, 2019, the principal amount of capital leases outstanding is \$8,820,231.

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 22, 2020 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, 2019, 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, 2019; 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, 2018

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, 2018
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

September 27, 2019

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 84%, 78% and 40%, 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
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, 2018, 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, 2018, 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.

Change in Accounting Principle

As described in Note 3 to the financial statements, in 2018 the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

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, 2018**

	Governmental Activities	Component Units
ASSETS:		
CURRENT ASSETS:		
Cash	\$ 55,202,820	\$ 1,976,569
Restricted cash	16,461,706	-
Taxes receivable, net of allowance for doubtful accounts	5,166,309	-
Accounts receivable	5,446,449	35,654
Due from other governments	15,257,883	-
Due from fiduciary funds	1,112,834	-
Prepaid expenses	309,656	25,112
Loans receivable, current portion	-	71,642
Total current assets	<u>98,957,657</u>	<u>2,108,977</u>
NONCURRENT ASSETS:		
Capital assets, net	256,122,976	543,300
Real property held for resale or development	-	2,819,104
Loan receivable, net	-	72,330
Other noncurrent assets	-	37,713
Total noncurrent assets	<u>256,122,976</u>	<u>3,472,447</u>
Total assets	<u>355,080,633</u>	<u>5,581,424</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources	<u>21,784,289</u>	<u>-</u>
Total deferred outflows of resources	<u>21,784,289</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>376,864,922</u>	<u>5,581,424</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	15,358,243	38,507
Due to other governments	7,446,916	-
Unearned revenue	2,703,141	141,224
Bond anticipation notes payable	36,332,428	-
Short-term notes payable	1,718,637	-
Bonds and loans payable, current portion	<u>7,552,567</u>	<u>139,167</u>
Total current liabilities	<u>71,111,932</u>	<u>318,898</u>
LONG-TERM LIABILITIES:		
Bonds and loans payable, net of current portion	19,316,859	969,166
NYS Employee Retirement System loans payable	7,232,467	-
Compensated absences	5,362,034	-
Judgments and claims	16,000	-
Net pension liability	7,639,820	-
Total other post employment benefits	187,247,058	-
Pollution remediation liability	-	965,000
Total long-term liabilities	<u>226,814,238</u>	<u>1,934,166</u>
Total liabilities	<u>297,926,170</u>	<u>2,253,064</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources	33,612,438	-
Land purchase option	-	117,301
Total deferred inflows of resources	<u>33,612,438</u>	<u>117,301</u>
Total liabilities and deferred inflows or resources	<u>331,538,608</u>	<u>2,370,365</u>
NET POSITION:		
Net investment in capital assets	191,202,485	543,300
Restricted	29,670,492	-
Unrestricted	<u>(175,546,663)</u>	<u>2,667,759</u>
TOTAL NET POSITION	<u>\$ 45,326,314</u>	<u>\$ 3,211,059</u>

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

		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	\$ 13,005,390	\$ 674,829	\$ 716,099	\$ 95,868	\$ (11,518,594)	\$ -
Public safety	43,445,231	5,722,285	1,299,203	760,112	(35,663,631)	-
Health	220,221	72,442	-	-	(147,779)	-
Transportation	5,271,887	721,857	1,536,565	1,322,314	(1,691,151)	-
Economic Assistance and Opportunity	-	-	12,550	-	12,550	(1,149,181)
Culture and recreation	2,358,623	758,965	-	716,638	(883,020)	-
Home and community services	15,791,613	20,343,161	1,909,373	8,868,635	15,329,556	-
Interest	1,751,566	-	-	-	(1,751,566)	(73,444)
Depreciation	-	-	-	-	-	(8,987)
Total governmental activities	<u>\$ 81,844,531</u>	<u>\$ 28,293,539</u>	<u>\$ 5,473,790</u>	<u>\$ 11,763,567</u>	<u>\$ (36,313,635)</u>	<u>\$ (1,231,612)</u>
GENERAL REVENUE:						
Real property taxes and tax items					26,639,512	-
Nonproperty tax items					17,864,946	-
General state aid					12,279,463	-
Grants					-	514,111
Sale of property and compensation for loss					269,160	(110,523)
Use of money and property					679,108	99,109
Miscellaneous					<u>2,224,423</u>	<u>440,752</u>
Total general revenue					<u>59,956,612</u>	<u>943,449</u>
Change in net position					23,642,977	(288,163)
Total net position - beginning of year					<u>21,683,337</u>	<u>3,499,222</u>
Net position - end of year					<u>\$ 45,326,314</u>	<u>\$ 3,211,059</u>

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2018

		Special Revenue Funds					
	General Fund	Special Grant Fund	Water Fund	Sewer Fund	Debt Service Fund	Capital Projects Fund	<u>Total</u>
ASSETS							
Cash	\$ 12,075,965	\$ 2,125,653	\$ 5,852,287	\$ 1,716,470	\$ -	\$ 33,432,445	\$ 55,202,820
Restricted cash	12,157,967	-	-	-	4,303,739	-	16,461,706
Due from other governments	7,063,816	930,188	1,923,982	-	-	5,339,897	15,257,883
Taxes receivable, net	5,166,309	-	-	-	-	-	5,166,309
Accounts receivables	3,202,939	42,822	1,117,299	1,083,389	-	-	5,446,449
Due from other funds	1,258,931	8,857	121,422	347,720	-	4,107,846	5,844,776
Prepaid and other assets	<u>270,391</u>	<u>-</u>	<u>24,195</u>	<u>-</u>	<u>-</u>	<u>15,070</u>	<u>309,656</u>
TOTAL ASSETS	<u>\$ 41,196,318</u>	<u>\$ 3,107,520</u>	<u>\$ 9,039,185</u>	<u>\$ 3,147,579</u>	<u>\$ 4,303,739</u>	<u>\$ 42,895,258</u>	<u>\$ 103,689,599</u>

(Continued)

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS (continued)
DECEMBER 31, 2018

	General Fund	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Total
		Special Grant Fund	Water Fund	Sewer Fund			
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
LIABILITIES:							
Accounts payable	\$ 2,286,300	\$ 495,852	\$ 384,507	\$ 24,733	\$ -	\$ 3,947,162	\$ 7,138,554
Accrued liabilities	7,081,772	-	166,588	65,677	-	-	7,314,037
Other liabilities	662,319	-	41,365	-	-	-	703,684
Due to other governments	7,437,360	-	-	-	-	9,556	7,446,916
Due to other funds	335,618	458,331	1,499,954	2,154,881	-	283,158	4,731,942
Unearned revenue	2,269,776	348,743	84,622	-	-	-	2,703,141
BANs payable	-	-	-	-	-	36,332,428	36,332,428
Short-term notes payable	-	-	-	-	-	1,718,637	1,718,637
Compensated absences	201,968	-	-	-	-	-	201,968
Total liabilities	20,275,113	1,302,926	2,177,036	2,245,291	-	42,290,941	68,291,307
DEFERRED INFLOWS OF RESOURCES							
Deferred taxes	2,457,517	-	-	-	-	-	2,457,517
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	22,732,630	1,302,926	2,177,036	2,245,291	-	42,290,941	70,748,824
FUND BALANCE:							
Nonspendable	270,391	-	24,195	-	-	15,070	309,656
Restricted	15,821,917	1,804,594	6,837,954	902,288	4,303,739	-	29,670,492
Assigned	356,687	-	-	-	-	589,247	945,934
Unassigned	2,014,693	-	-	-	-	-	2,014,693
Total Fund Balance	18,463,688	1,804,594	6,862,149	902,288	4,303,739	604,317	32,940,775
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 41,196,318	\$ 3,107,520	\$ 9,039,185	\$ 3,147,579	\$ 4,303,739	\$ 42,895,258	\$ 103,689,599

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, 2018

Fund balance, all governmental funds	\$ 32,940,775
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	256,122,976
Pension related government wide activity:	
Deferred outflows of resources	21,784,289
Net pension liability	(7,639,820)
Deferred inflows of resources	(33,612,438)
Long-term liabilities are not due and payable in the current period and are, therefore not reported in the funds:	
Bonds and notes payable	(26,869,426)
NYS Employee Retirement System loans payable	(7,232,467)
Compensated absences	(5,362,034)
Judgments and claims	(16,000)
Total other postemployment benefits	(187,247,058)
Deferral of property taxes earned in the current year is recognized as revenue under the accrual basis of accounting	<u>2,457,517</u>
Net position of governmental activities	<u>\$ 45,326,314</u>

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue Funds			Debt Service	Capital Projects	Total
	Fund	Special Grant	Water	Sewer	Fund	Fund	
		Fund	Fund	Fund			
REVENUES:							
Real property taxes and tax items	\$ 26,874,561	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,874,561
Nonproperty tax items	17,864,946	-	-	-	-	-	17,864,946
Departmental income	7,283,485	255,583	4,214,650	4,376,206	-	-	16,129,924
Intergovernmental charges	249,915	-	7,113,791	173,793	-	-	7,537,499
Use of money and property	150,808	1,320	291,709	1,613	178,240	55,418	679,108
Licenses and permits	1,031,283	-	12,270	-	-	-	1,043,553
Fines and forfeitures	1,755,785	-	-	-	-	-	1,755,785
Interfund revenue	1,499,778	-	327,000	-	-	-	1,826,778
Sale of property and compensation for loss	135,819	-	133,341	-	-	-	269,160
Miscellaneous	1,608,195	-	129,230	32,423	-	454,575	2,224,423
State aid	14,749,018	201,439	-	-	-	1,352,667	16,303,124
Federal aid	905,291	1,897,505	-	-	-	10,410,900	13,213,696
Total revenues	74,108,884	2,355,847	12,221,991	4,584,035	178,240	12,273,560	105,722,557
EXPENDITURES:							
General governmental support	8,729,491	2,343,599	410,343	-	-	-	11,483,433
Public safety	37,024,110	-	-	-	-	-	37,024,110
Public health	186,731	-	-	-	-	-	186,731
Transportation	4,141,562	-	-	-	-	-	4,141,562
Culture and recreation	2,135,749	-	-	-	-	-	2,135,749
Home and community services	4,279,099	-	9,431,895	2,335,716	-	-	16,046,710
Employee benefits	7,005,062	-	-	-	-	-	7,005,062
Capital outlays	-	-	-	-	-	17,654,519	17,654,519
Debt Service							
Principal	4,254,899	-	395,014	50,170	158,112	-	4,858,195
Interest	3,415,639	-	176,535	24,591	7,369	-	3,624,134
Total expenditures	71,172,342	2,343,599	10,413,787	2,410,477	165,481	17,654,519	104,160,205
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,936,542	12,248	1,808,204	2,173,558	12,759	(5,380,959)	1,562,352
OTHER FINANCING SOURCES (USES):							
Proceeds from issuance of debt	-	-	-	-	-	1,121,888	1,121,888
BANs redeemed from appropriations	-	-	-	-	-	1,011,914	1,011,914
Operating transfers - in	424,303	164,494	-	-	397,725	5,274,319	6,260,841
Operating transfers - out	(2,030,924)	-	(1,495,000)	(2,142,863)	(181,452)	(410,602)	(6,260,841)
Total other financing sources (uses)	(1,606,621)	164,494	(1,495,000)	(2,142,863)	216,273	6,997,519	2,133,802
CHANGE IN FUND BALANCE	1,329,921	176,742	313,204	30,695	229,032	1,616,560	3,696,154
FUND BALANCE - beginning of year	17,133,767	1,627,852	6,548,945	871,593	4,074,707	(1,012,243)	29,244,621
FUND BALANCE - end of year	\$ 18,463,688	\$ 1,804,594	\$ 6,862,149	\$ 902,288	\$ 4,303,739	\$ 604,317	\$ 32,940,775

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 TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

Net changes in fund balance - Total governmental funds	\$ 3,696,154
Capital outlays, net of disposals, are expenditures in governmental funds, but are capitalized in the statement of net position	18,271,539
Pension expense resulting from the GASB 68/71 related reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities	(675,615)
Compensated absences do not require the expenditure of current resources and are, therefore, are not reported as expenditures in the governmental funds	295,081
Proceeds from issuance of debt is not reported as revenue in government-wide financial statements	(1,121,888)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position	4,858,195
Proceeds from BANs redeemed from appropriations recorded as revenue in the governmental funds are not recognized as revenue in the statement of activities	(1,011,914)
Bond accretion on MAC debt decreases the principal balance and decreases interest expense in the government-wide financial statements	1,873,565
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	1,189,225
Accrued postemployment benefits do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds	(3,511,319)
Payments on judgments and claims are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position	16,000
Certain expenses in the statement of activities do not require the expenditure of current resources and are therefore not reported as expenditures in the governmental funds	(997)
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>(235,049)</u>
Change in net position - governmental activities	<u>\$ 23,642,977</u>

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

STATEMENT OF FIDUCIARY NET POSITION DECEMBER 31, 2018

	<u>Agency</u>
ASSETS:	
Cash	\$ 1,436,531
Other current assets	<u>36,338</u>
Total Assets	<u>\$ 1,472,869</u>
LIABILITIES:	
Accounts payable	\$ 360,035
Due to governmental funds	<u>1,112,834</u>
Total Liabilities	<u>\$ 1,472,869</u>

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

**STATEMENT OF NET POSITION - COMPONENT UNITS
DECEMBER 31, 2018**

	Troy Industrial Development Authority	Troy Local Development Corporation	Troy Capital Resource Corporation	Troy Community Land Bank Corporation	Total
ASSETS					
CURRENT ASSETS					
Cash	\$ 764,618	\$ 419,178	\$ 427,154	\$ 365,619	\$ 1,976,569
Accounts receivable, net of allowance for doubtful accounts	28,000	-	1,500	6,154	35,654
Prepaid expenses	1,322	16,897	-	6,893	25,112
Loans receivable, current portion	-	71,642	-	-	71,642
Total current assets	793,940	507,717	428,654	378,666	2,108,977
NONCURRENT ASSETS					
Capital assets, net	-	542,116	-	1,184	543,300
Real property held for resale or development	287,000	2,036,228	-	495,876	2,819,104
Loan receivable, net	-	72,330	-	-	72,330
Other noncurrent assets	-	37,713	-	-	37,713
Total noncurrent assets	287,000	2,688,387	-	497,060	3,472,447
Total assets	1,080,940	3,196,104	428,654	875,726	5,581,424
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	50	24,159	-	14,298	38,507
Loan payable, current portion	-	139,167	-	-	139,167
Unearned revenue	-	-	-	141,224	141,224
Total current liabilities	50	163,326	-	155,522	318,898
Long-term liabilities					
Loan payable, long-term portion	-	969,166	-	-	969,166
Pollution remediation obligation	-	965,000	-	-	965,000
Total long-term liabilities	-	1,934,166	-	-	1,934,166
Total liabilities	50	2,097,492	-	155,522	2,253,064
DEFERRED INFLOWS OF RESOURCES					
Land purchase option	117,301	-	-	-	117,301
NET POSITION					
Net investment in capital assets	-	542,116	-	1,184	543,300
Unrestricted	963,589	556,496	428,654	719,020	2,667,759
	\$ 963,589	\$ 1,098,612	\$ 428,654	\$ 720,204	\$ 3,211,059

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, 2018**

	Troy Industrial Development Authority	Troy Local Development Corporation	Troy Capital Resource Corporation	Troy Community Land Bank Corporation	Total
Operating Revenue					
Other income	\$ 362,532	\$ 9,873	\$ 1,500	\$ 6,847	\$ 380,752
Use of money and property	-	96,583	-	-	96,583
Sale of property	-	-	-	129,661	129,661
Total Operating Revenue	<u>362,532</u>	<u>106,456</u>	<u>1,500</u>	<u>136,508</u>	<u>606,996</u>
Operating Expenses					
Economic assistance	138,520	115,682	34,181	860,798	1,149,181
Depreciation	-	8,586	-	401	8,987
Total Operating Expenses	<u>138,520</u>	<u>124,268</u>	<u>34,181</u>	<u>861,199</u>	<u>1,158,168</u>
Operating Income (Loss)	<u>224,012</u>	<u>(17,812)</u>	<u>(32,681)</u>	<u>(724,691)</u>	<u>(551,172)</u>
Nonoperating Revenues					
Interest income	1,814	-	233	479	2,526
Grant revenue	-	-	-	514,111	514,111
Other income	-	-	-	60,000	60,000
Total Nonoperating Revenue	<u>1,814</u>	<u>-</u>	<u>233</u>	<u>574,590</u>	<u>576,637</u>
Nonoperating Expenses					
Loss on impairment of assets	213,000	-	-	-	213,000
Loss on disposal of assets	-	27,184	-	-	27,184
Debt service - interest	-	73,444	-	-	73,444
Total Nonoperating Expenses	<u>213,000</u>	<u>100,628</u>	<u>-</u>	<u>-</u>	<u>313,628</u>
Change in net position	12,826	(118,440)	(32,448)	(150,101)	(288,163)
NET POSITION - beginning of year	<u>950,763</u>	<u>1,217,052</u>	<u>461,102</u>	<u>870,305</u>	<u>3,499,222</u>
NET POSITION - end of year	<u>\$ 963,589</u>	<u>\$ 1,098,612</u>	<u>\$ 428,654</u>	<u>\$ 720,204</u>	<u>\$ 3,211,059</u>

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, 2018**

	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	\$ 335,031	\$ 121,456	\$ -	\$ -	\$ 456,487
Payments to vendors for goods and services	(225,000)	(139,571)	(34,181)	(337,129)	(735,881)
Payments for loan advances	-	(10,000)	-	-	(10,000)
Payments to employees for salaries and benefits	-	-	-	(105,406)	(105,406)
Proceeds from loan repayments	-	146,711	-	-	146,711
Receipts from property sales	-	-	-	130,413	130,413
Other receipts	-	-	-	695	695
Net cash flows provided by (used in) operating activities	110,031	118,596	(34,181)	(311,427)	(116,981)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from purchase option on land held for resale or development	10,301	-	-	-	10,301
Proceeds from interest income	1,814	-	233	479	2,526
Payment on loan payable	-	(139,167)	-	-	(139,167)
Interest paid	-	(63,347)	-	-	(63,347)
Purchase of property held for resale	-	-	-	(2,175)	(2,175)
Payments for improvements to property held for resale	-	-	-	(73,623)	(73,623)
Purchase of capital assets	-	-	-	(516)	(516)
Proceeds from sale of capital assets	-	100	-	-	100
Receipt of grants	-	-	-	492,746	492,746
Net cash provided by (used in) investing activities	12,115	(202,414)	233	416,911	226,845
Net increase (decrease) in cash and cash equivalents	122,146	(83,818)	(33,948)	105,484	109,864
Cash and cash equivalents - beginning of year	642,472	502,996	461,102	260,135	1,866,705
Cash and cash equivalents - end of year	\$ 764,618	\$ 419,178	\$ 427,154	\$ 365,619	\$ 1,976,569
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (loss)	\$ 224,012	\$ (17,812)	\$ (32,681)	\$ (724,691)	\$ (551,172)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	8,586	-	401	8,987
Provision for (recovery of) bad debts	-	(5,000)	-	-	(5,000)
Cost of property sales	-	-	-	419,206	419,206
Changes in operating assets and liabilities:					
Accounts receivable	(27,501)	15,000	(1,500)	(5,400)	(19,401)
Loans receivable	-	136,711	-	-	136,711
Prepaid expenses	(30)	(114)	-	(931)	(1,075)
Accounts payable and accrued expenses	(1,450)	(3,775)	-	(12)	(5,237)
Grants payable	-	(15,000)	-	-	(15,000)
Due to other governments	(85,000)	-	-	-	(85,000)
Net cash flows provided by (used in) operating activities	\$ 110,031	\$ 118,596	\$ (34,181)	\$ (311,427)	\$ (116,981)

The accompanying notes are an integral part of these statements.

CITY OF TROY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

The City of Troy, New York (The 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 August 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.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (restricted purposes and agency). Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide financial statements.

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.

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.

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 – Fiduciary funds are used to account for assets held by the City in an agency capacity on behalf of others. These include agency funds. The City's agency fund is primarily utilized to account for various deposits that are payable to other jurisdictions or individuals and cannot be used to address activities or obligations of the government, accordingly, these funds are not incorporated into the government-wide statements. The City utilizes one fiduciary fund:

Agency Fund – The agency fund is custodial in nature and does not present results of operations or have a measurement focus. This fund is used to account for assets that the City holds for others in an agency capacity.

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 as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety-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 August 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 \$1,586,648 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, 2018, 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 in 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 the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through 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 financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

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	\$ 10,907,849	
Capital	3,663,950	
Insurance	552,261	
Snow and Ice	345,655	
Unemployment Insurance	241,833	
Workers Compensation	110,369	\$ 15,821,917

Debt Service Fund

Debt service	4,303,739
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Special Revenue Funds

Special Grant Fund	1,804,594
Water Fund	6,837,954
Sewer Fund	902,288
	<u>\$ 29,670,492</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, 2018 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, 2018.

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, 2018, the City's encumbrances were classified as follows:

General Governmental Support	\$ 54,607
Public Safety	243,991
Transportation	16,823
Culture and Recreation	25,821
Home and Community Services	15,445
	<u>\$ 356,687</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.

F. **Budgetary Data**

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

- a. Not later than October 10, the City 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 – CHANGE IN ACCOUNTING BASIS

For the year ended December 31, 2018, the City implemented GASB Statement 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. GASB 34 creates a new set of basic financial statements and requires local governments to include city-wide financial statements that are prepared on an accrual basis of accounting using the economic resources measurement focus. The previous requirement for fund financial statements is modified to present information for individual major funds rather than by fund type.

The implementation of GASB 34 resulted in the need to restate prior year ending balances. Financial statements for the year ended December 31, 2017 were not issued in conformity with GAAP. GASB Statement 34 requires certain amounts to be restated. The reconciliation of restated amounts to the December 31, 2017 year-end balance is as follows:

Governmental fund balance at January 1, 2018	\$ 29,244,621
Adjustments to determine beginning net position for the statement of activities:	
Capital assets	237,851,437
Total other postemployment benefits	(199,401,819)
Deferred outflows - ERS	4,346,018
Deferred outflows - PFRS	14,370,674
Deferred inflows - ERS	(1,157,363)
Deferred inflows - PFRS	(3,024,957)
Net pension liability - ERS	(4,784,440)
Net pension liability - PFRS	(12,876,206)
Long-term debt	(7,011,880)
MAC debt payable	(24,454,507)
NYS Employee Retiree System loans payable	(8,421,692)
Compensated absences	(5,657,115)
Judgments and claims payable	(32,000)
Reverse deferred revenue	2,692,566
Total	<u>(7,561,284)</u>
Net position at January 1, 2018	<u>\$ 21,683,337</u>

NOTE 2 – CHANGE IN ACCOUNTING BASIS (Continued)

In the capital projects fund certain debt was recorded as revenue in 2017 in accordance with the other basis of accounting instead of being reported as a fund liability. Short-term debt and fund balance as of December 31, 2017 were restated to GAAP basis as follows:

	As Originally <u>Reported</u>	<u>Adjustment</u>	As <u>Restated</u>
Short term notes payable	\$ -	\$ 1,719,637	\$ 1,719,637
Fund balance	\$ 707,394	\$ (1,719,637)	\$ (1,012,243)

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE

The City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to certain postemployment benefits. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Accordingly, beginning net position and total other postemployment benefits on the Statement of Net Position were adjusted as part of the change in accounting basis as discussed in Note 2. Details of the OPEB calculation are described in Note 9.

NOTE 4 – 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, 2018 is as follows:

<u>Unrestricted Cash</u>	
General Fund	\$ 12,075,965
Special Revenue Funds:	
Special Grant Fund	2,125,653
Water Fund	5,852,287
Sewer Fund	1,716,470
	<u>9,694,410</u>
Capital Projects Fund	33,432,445
Total Unrestricted Cash	<u>55,202,820</u>
<u>Restricted Cash</u>	
General Fund	12,157,967
Debt Service Fund	4,303,739
Total Restricted Cash	<u>16,461,706</u>
Total Cash	<u>\$ 71,664,526</u>

Restricted cash includes cash with fiscal agent of \$14,731,936 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.

NOTE 4 – CASH (Continued)

At December 31, 2018, 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>\$ 58,940,076</u>	<u>\$ 58,363,122</u>
Collateralized with securities held by the financial institution's trust department or agent in the City's name	58,190,076	
Covered by FDIC insurance	<u>750,000</u>	
Total	<u>\$ 58,940,076</u>	

NOTE 5 - CAPITAL ASSETS

The following schedule identifies changes to the City's fixed assets for the year ended December 31, 2018:

	January 1, 2018 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	December 31, 2018 <u>Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 1,702,918	\$ 415,030	\$ -	\$ 2,117,948
Buildings and land improvements	51,712,778	50,289	-	51,763,067
Machinery and equipment	27,371,152	1,900,455	-	29,271,607
Infrastructure	157,064,589	14,782,273	-	171,846,862
Construction in progress	<u>-</u>	<u>1,123,492</u>	<u>-</u>	<u>1,123,492</u>
	<u>\$ 237,851,437</u>	<u>\$ 18,271,539</u>	<u>\$ -</u>	<u>\$ 256,122,976</u>

NOTE 6 – 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, 2018:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN - Golf Course Improvement	8/3/2018	0.93%	\$ 1,280,000	\$ -	\$ 1,280,000	\$ -
BAN - Pawling Ave Traffic Signals	8/3/2018	0.93%	75,000	-	75,000	-
BAN - Tropical Storm Irene	2/8/2019	2.75%	1,292,000	2,700,000	1,292,000	2,700,000
BAN - 2014 General Fund Capital Plan	2/8/2019	2.75%	798,000	765,000	798,000	765,000
BAN - OCA Project	2/8/2019	2.75%	2,515,000	2,475,000	2,515,000	2,475,000
BAN - Spring Avenue Bridge	2/8/2019	2.75%	600,000	450,000	600,000	450,000
BAN - Police Vehicles	2/8/2019	2.75%	375,000	245,000	375,000	245,000
BAN - Riverfront North Extension	2/8/2019	2.75%	1,125,000	1,065,000	1,125,000	1,065,000
BAN - Sea Wall	2/8/2019	2.75%	4,377,000	4,352,000	4,377,000	4,352,000
BAN - South Troy Roadway	2/8/2019	2.75%	1,100,000	1,350,000	1,100,000	1,350,000
BAN - Bike Trail	2/8/2019	2.75%	1,489,000	1,489,000	1,489,000	1,489,000
BAN - Abatement/Demolition of New Building	2/8/2019	2.75%	226,733	226,733	226,733	226,733
BAN - Powers Park Renovation	2/8/2019	2.75%	449,000	449,000	449,000	449,000
BAN - 2017 General Fund Capital Plan	2/8/2019	2.75%	-	225,000	-	225,000
BAN - 2018 Water Fund Capital Plan	2/8/2019	2.75%	-	3,500,000	-	3,500,000
BAN - Tropical Storm Irene	8/2/2019	3.00%	500,000	1,500,000	500,000	1,500,000
BAN - 2014 General Fund Capital Plan	8/2/2019	3.00%	873,000	718,000	873,000	718,000
BAN - Building Demolition	8/2/2019	3.00%	910,000	660,000	910,000	660,000
BAN - Various Vehicles	8/2/2019	3.00%	370,000	632,695	370,000	632,695
BAN - Sea Wall Reconstruction	8/2/2019	3.00%	-	10,000,000	-	10,000,000
BAN - Ingalls Avenue Boat Launch	8/2/2019	3.00%	-	700,000	-	700,000
BAN - Leonard Hospital Demolition	8/2/2019	3.00%	-	2,500,000	-	2,500,000
BAN - 2018 General Fund Capital Plan	8/2/2019	3.00%	-	330,000	-	330,000
Total			<u>\$ 18,354,733</u>	<u>\$ 36,332,428</u>	<u>\$ 18,354,733</u>	<u>\$ 36,332,428</u>

Short-term Notes Payable

In 2017, the City recorded \$1,719,637 as proceeds from the issuance of debt relating to two capital projects; the 33" Water Main Replacement Project (\$1,234,200) and the Combined Sewer Overflow Project (\$485,437). During 2018, \$1,000 was paid on the 33" Water Main Replacement Project. It is anticipated that upon completion of the projects, these notes will be converted to long-term notes payable. During 2019, \$1,233,200 of this debt was converted to long term debt.

NOTE 7 – 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:					
Serial bonds payable - Water Fund	\$ 100,000	\$ -	\$ 50,000	\$ 50,000	\$ 50,000
NYS EFC payable - Water Fund	1,067,828	-	199,673	868,155	206,390
NYS EFC payable - Water Fund	2,260,000	-	95,000	2,165,000	100,000
NYS EFC payable - Sewer Fund	1,058,320	-	50,170	1,008,150	51,490
Serial bonds payable - General Fund	-	1,121,888	-	1,121,888	101,888
	<u>4,486,148</u>	<u>1,121,888</u>	<u>394,843</u>	<u>5,213,193</u>	<u>509,768</u>
Capital leases payable:					
Capital lease payable - General Fund	541,172	-	44,627	496,545	46,508
Capital lease payable - General Fund	1,274,857	-	68,458	1,206,399	77,032
Capital lease payable - Water Fund	709,701	-	49,341	660,360	55,256
	<u>2,525,730</u>	<u>-</u>	<u>162,426</u>	<u>2,363,304</u>	<u>178,796</u>
Total bonds and capital leases payable	<u>7,011,878</u>	<u>1,121,888</u>	<u>557,269</u>	<u>7,576,497</u>	<u>688,564</u>
Repayment agreements - MAC debt (a)	<u>24,454,507</u>	<u>-</u>	<u>5,161,578</u>	<u>19,292,929</u>	<u>6,864,003</u>
Total bonds and notes payable	<u>31,466,385</u>	<u>1,121,888</u>	<u>5,718,847</u>	<u>26,869,426</u>	<u>7,552,567</u>
Other liabilities:					
Judgments and claims payable	32,000	-	16,000	16,000	-
Retirement debt (c)	8,421,692	-	1,189,225	7,232,467	-
Compensated absences	5,657,115	-	295,081	5,362,034	-
Net pension liability	17,660,646	-	10,020,826	7,639,820	-
Other post employment benefits (b)	<u>199,401,819</u>	<u>-</u>	<u>12,154,761</u>	<u>187,247,058</u>	<u>-</u>
Total other liabilities	<u>231,173,272</u>	<u>-</u>	<u>23,675,893</u>	<u>207,497,379</u>	<u>-</u>
Total long-term liabilities	<u>\$262,639,657</u>	<u>\$ 1,121,888</u>	<u>\$ 29,394,740</u>	<u>\$234,366,805</u>	<u>\$ 7,552,567</u>

(a) Repayment agreements include Capital Appreciation Bonds and accreted interest of \$11,101,882.

(b) Postemployment health insurance liability at December 31, 2018, has been adjusted to actuarial determinations as prescribed under GASB No. 75. See Note 9.

(c) Represents debt for 2010 (2011), 2011 (2012), 2012 (2013), 2013 (2014) and 2014 (2015) amortization for participation in the 2010 Contribution Stabilization Program.

NOTE 7 – 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 Plant 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, 2018.

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, 2018.

NOTE 7 – 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, 2018</u>
<u>General Fund</u>					
Capital Lease	2011	\$ 1,648,598	4.55%	07/2029	\$ 1,206,399
Capital Lease	2012	\$ 738,648	4.23%	03/2027	496,545
General Obligation	2010	\$ 1,121,888	3.00%	08/2028	1,121,888
					<u>2,824,832</u>
<u>Water Fund</u>					
General Obligation	1999	\$ 855,297	0.00%	12/2019	50,000
NYS EFC Obligation	2001	\$ 3,390,000	3.25%	12/2022	868,155
NYS EFC Obligation	2007	\$ 3,136,180	4.63%	09/2036	2,165,000
Capital Lease	2011	\$ 946,746	4.29%	07/2027	660,360
					<u>3,743,515</u>
<u>Sewer Fund</u>					
NYS EFC Obligation	2004	\$ 1,625,890		04/2034	1,008,150
Total general obligation bonds and leases payable					<u>\$ 7,576,497</u>

The annual debt service requirements to maturity, including principal and interest, for bonds, notes and capital leases payable as of December 31, 2018, are as follows:

<u>Fiscal Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 688,564	\$ 288,734	\$ 977,298
2020	661,485	265,372	926,857
2021	697,874	240,940	938,814
2022	723,941	214,965	938,906
2023	519,700	188,011	707,711
2024-2028	2,680,284	620,544	3,300,828
2029-2033	1,103,639	228,005	1,331,644
2034-2036	<u>501,010</u>	<u>41,851</u>	<u>542,861</u>
	<u>\$ 7,576,497</u>	<u>\$ 2,088,422</u>	<u>\$ 9,664,919</u>

NOTE 7 – 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, 2018 is as follows:

Series 1996B Capital Appreciation Bonds	\$ 3,641,276
Series 1196C Capital Appreciation Bonds	864,600
Series 1999A EFC Loans	330,000
Series 2010A Refunding Bonds	<u>3,350,000</u>
	8,185,876
Bond accretion - Series 1996B and 1996C	11,101,882
Bond premium - Series 2010A	<u>5,171</u>
	<u><u>\$ 19,292,929</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>
2019	6,165,000	146,939	6,311,939
2020	5,915,000	63,838	5,978,838
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>\$ 22,645,000</u></u>	<u><u>\$ 269,889</u></u>	<u><u>\$ 22,914,889</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 \$2,764,917.

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	\$ 24,440,932	\$ 916,826	\$ 6,070,000	\$ 19,287,758
Bond premium	13,575	(8,404)	-	5,171
	<u><u>\$ 24,454,507</u></u>	<u><u>\$ 908,422</u></u>	<u><u>\$ 6,070,000</u></u>	<u><u>\$ 19,292,929</u></u>

Total interest paid, net of bond accretion, on debt in 2018 was \$1,751,566.

NOTE 8 – PENSION PLANS

Plan Description

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

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

Funding Policy

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

	<u>ERS</u>	<u>PFRS</u>
2018	\$ 2,132,614	\$ 5,747,953
2017	\$ 2,181,251	\$ 5,875,063
2016	\$ 2,366,579	\$ 6,007,795

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 8 – 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 August 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 portion of the retirement bill that the City has elected to amortize for 2010 (2011) \$316,334 for the Police and Fire Retirement System with a current balance of \$117,141 at December 31, 2018. The City for 2011 (2012) elected to amortize \$639,484 for the ERS Retirement System and \$964,232 for Police and Fire Employees with a current balance of \$294,975 and \$444,771 at December 31, 2018, respectfully. The City for 2012 (2013) elected to amortize \$814,579 for the ERS System and \$1,687,033 for Police and Fire with a current balance of \$450,453 and \$932,909 at December 31, 2018 respectfully. The City for 2013 (2014), elected to amortize \$855,721 for the ERS Retirement System and \$2,143,704 for the Police and Fire Retirement System, with a current balance of \$570,085 and \$1,428,147 at December 31, 2018, respectfully. The City for 2014 (2015) also elected to amortize an additional \$721,055 for the ERS System and \$1,587,399 for the Police and Fire Retirement System, with a balance of \$544,319 and \$1,198,314 at December 31, 2018, respectfully. The City 2015 (2016) also elected to amortize an additional \$249,650 for the ERS System and \$615,639 for the Police and Fire Retirement System with a current balance of \$212,430 and \$523,854 at December 31, 2018, respectfully. The City 2016 (2017) also elected to amortize an additional \$721,386 for the Police and Fire Retirement System with a current balance of \$591,243 at December 31, 2018. The amortization for 2010 (2011), 2011 (2012), 2012 (2013), 2013 (2014), 2014 (2015), 2015 (2016), and 2016 (2017) are all included in the government-wide financial statements as long-term liabilities.

NOTE 8 – PENSION PLANS (Continued)

Funding Policy - Continued

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

At December 31, 2018, the City reported a net pension liability of \$1,521,383 and \$6,118,437 for its proportionate share of the ERS and PFRS net pension liability, respectively. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as April 1, 2017. 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, 2018, 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, 2017 of .4620491% and .0159108% for ERS and PFRS, respectively. At December 31, 2018, the City recognized deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
ERS		
Differences between expected and actual experience	\$ 542,628	\$ 448,407
Changes of assumptions	1,008,803	-
Net difference between projected and actual earnings on pension plan investments	2,209,688	4,361,703
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	523,605
Contributions subsequent to the measurement date	1,599,461	-
Total	<u>\$ 5,360,580</u>	<u>\$ 5,333,715</u>

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:

2019	\$ 132,434
2020	81,300
2021	(1,217,203)
2022	(569,127)
2023	-
Thereafter	-
	<u>\$ (1,572,596)</u>

NOTE 8 – 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	\$ 2,518,288	\$ 1,625,809
Changes of assumptions	4,635,824	-
Net difference between projected and actual earnings on pension plan investments	4,952,157	9,973,376
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,475	1,013,458
Contributions subsequent to the measurement date	<u>4,310,965</u>	<u>-</u>
Total	<u>\$ 16,423,709</u>	<u>\$ 12,612,643</u>

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:

2019	\$ 1,016,255
2020	876,403
2021	(1,526,908)
2022	(1,027,117)
2023	161,468
Thereafter	-
	<u>\$ (499,899)</u>

For the year ended December 31, 2018, the City recognized pension expense of \$1,472,696 and \$5,938,200 for ERS and PFRS, respectively.

NOTE 8 – PENSION PLANS (Continued)

Actuarial Assumptions

The total pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018.

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

Actuarial cost method:	Entry age normal
Inflation:	2.50%
Salary scale:	3.8% ERS, 4.5% 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:	7.0% compounded annually, net of investment expenses

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, 2018 in the following table:

Asset Type	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	36.0%	4.55%
International Equity	14.0%	6.35%
Private Equity	10.0%	7.50%
Real Estate	10.0%	5.55%
Absolute Return Strategies	2.0%	3.75%
Opportunistic Portfolio	3.0%	5.68%
Real Assets	3.0%	5.29%
Bonds & Mortgages	17.0%	1.31%
Cash	1.0%	-0.25%
Inflation-indexed bonds	4.0%	1.25%
	<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.

NOTE 8 – PENSION PLANS (Continued)

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 6.0%	Current Discount 7.0%	1% Increase 8.0%
<u>ERS</u>			
Proportionate Share of Net Pension Liability (Asset)	<u>\$ 11,511,194</u>	<u>\$ 1,521,383</u>	<u>\$ (6,929,598)</u>
	1% Decrease 6.0%	Current Discount 7.0%	1% Increase 8.0%
<u>PFRS</u>			
Proportionate Share of Net Pension Liability (Asset)	<u>\$ 29,969,761</u>	<u>\$ 6,118,437</u>	<u>\$ (13,887,228)</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employer as of March 31, 2018, 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
<u>ERS</u>			
Total pension liability	\$ 183,400,590,000	\$ 86,453,021	0.0471389%
Net position	(180,173,145,000)	(84,931,638)	0.0471389%
Net pension liability (asset)	<u>\$ 3,227,445,000</u>	<u>\$ 1,521,383</u>	0.0471389%
ERS net position as a percentage of total pension liability	98.24%	98.24%	
<u>PFRS</u>			
Total pension liability	\$ 32,914,423,000	\$ 199,241,601	0.6053322%
Net position	(31,903,666,000)	(193,123,164)	0.6053322%
Net pension liability (asset)	<u>\$ 1,010,757,000</u>	<u>\$ 6,118,437</u>	0.6053322%
ERS net position as a percentage of total pension liability	96.93%	96.93%	

NOTE 9 - 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 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 since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. 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 each 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, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefits	582
Inactive employees or beneficiaries	
entitled to but not yet receiving benefits	-
Active employees	462
Total participants	<u>1,044</u>

Total OPEB Liability

The City's total OPEB liability of \$187,247,058 was measured as of December 31, 2018 and was determined by an actuarial valuation as of December 31, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 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	1.30%
Discount Rate	4.11%
Salary Scale	The salary scale for Police and Fire employees is based on the NYSPFRS valuation as of June 30, 2017. Payroll growth for all other employees is based on the NYERS valuation as of June 30, 2017. Sample annual increases are as shown below:

<u>Years of Service</u>	<u>NYSERS</u>	<u>NYSPFRS</u>
0	8.00%	27.00%
5	4.50%	7.50%
10	3.80%	4.10%
15	3.30%	3.60%
20+	3.00%	3.30%

Healthcare Cost Trend Rates	8.00% for the current year decreasing to an ultimate rate of 4.50% by 2027.
Share of Benefit-Related Costs	Varies based on applicable bargaining unit.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs (Continued)

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, 2017	\$ 199,401,819
Changes for the Year	
Service cost	6,280,099
Interest	6,962,924
Changes of benefit terms	-
Changes in assumptions or other inputs	(18,799,296)
Differences between expected and actual experience	-
Benefit payments	(6,598,488)
Net changes	(12,154,761)
Balance at December 31, 2018	\$ 187,247,058

Changes in assumptions and other inputs reflect a change in the discount rate from 3.44% as of January 1, 2018 to 4.11% at December 31, 2018.

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.11%) and 1 percentage point higher (5.11%) than the current discount rate:

	1% Decrease (3.11%)	Current Discount (4.11%)	1% Increase (5.11%)
Total OPEB Liability	<u>\$216,421,922</u>	<u>\$187,247,058</u>	<u>\$163,849,938</u>

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (7.0%) and 1 percentage point higher (9.0%) than the current healthcare cost trend rate:

	Healthcare		
	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Total OPEB Liability	<u>\$161,349,364</u>	<u>\$187,247,058</u>	<u>\$220,279,182</u>

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2018, the City recognized OPEB expense of \$10,109,807. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ 15,666,080
Difference between expected and actual experience	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ 15,666,080</u>

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>
2019	\$ (3,133,216)
2020	(3,133,216)
2021	(3,133,216)
2022	(3,133,216)
2023	(3,133,216)
Thereafter	<u>-</u>
	<u>\$ (15,666,080)</u>

NOTE 10 – INTERFUND TRANSACTIONS

Interfund transactions for the period ended December 31, 2018 are as follows:

	<u>Interfund Activity</u>			
	<u>Due From</u>	<u>Due To</u>	<u>Revenue</u>	<u>Expenditures</u>
Governmental Funds:				
General	\$ 1,258,931	\$ 335,618	\$ 424,303	\$ 2,030,924
Special Grant	8,857	458,331	164,494	-
Water	121,422	1,499,954	-	1,495,000
Sewer	347,720	2,154,881	-	2,142,863
Debt Service	-	-	397,725	181,452
Capital Projects	4,107,846	283,158	5,274,319	410,602
Fiduciary:				
Trust and Agency	<u>-</u>	<u>1,112,834</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,844,776</u>	<u>\$ 5,844,776</u>	<u>\$ 6,260,841</u>	<u>\$ 6,260,841</u>

NOTE 11 - 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, (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.

NOTE 11 - CITY AND STATE ACTIONS (Continued)

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 12 - 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).

NOTE 12 - COMMITMENTS AND CONTINGENCIES (Continued)

Sales and Use Tax (Continued)

- 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.

Due to Other Governments

Due to other governments includes:

General Fund

- a. The City acts as a tax collection agent for delinquent school taxes for the two School Districts, as well as tax and sewer rents for the County. A liability of \$1,635,964 and \$3,983,678 respectively, represents the amount owed to these entities at December 31, 2018.
- b. The amount of uncollected 1985-2017 County taxes totaling \$2,558,268, and the amount of uncollected sewer rent at December 31, 2018, totaling \$1,425,410, will be paid only after they have been collected.

Self-Insurance

The City has established self-insurance programs for workers' compensation, unemployment, health benefits, and personal injury. The purpose of establishing various self-insurance programs was to minimize the total insurance costs to the City. Management budgets the expenditures in the related funds to the extent they can be projected.

The City uses an outside administrator to process and pay claims made under the health insurance and workers' compensation programs. The health administrator receives \$35.23 per contract per month of claims and a \$43.11 for individual and \$106.49 for family pooling (stop loss) charge per contract per month for health and \$3.45 per contract per month for dental. The City also pays a fee of \$2,775 per month for medical consulting services and \$4,084 per month for workers' compensation consulting services. The health insurance program covers all eligible City employees and their covered dependents up to \$150,000 per year per covered individual.

Lawsuits

The City is party to various legal proceedings which normally occur in governmental operations. 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.

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.

NOTE 12 - COMMITMENTS AND CONTINGENCIES (Continued)

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.

Employee Unions

The City workforce is predominately represented by the following unions:

Troy Police Benevolent Association (PBA)
Command Officers Association Troy (COATS)
Civil Service Employees Association (CSEA)
Uniformed Firefighters Association (UFA)
Uniformed Fire Chiefs Association (UFCA)
United Public Service Employees Union (UPSEU)

The status of these collective bargaining agreements is as follows:

<u>Union</u>	<u>Contract Expired</u>	<u>Settled</u>
PBA	12/31/2017	08/01/2019
CSEA	12/31/2011	07/11/2019
UFA	12/31/2016	-
UFCA	12/31/2010	11/14/2018
UPSEU	12/31/2014	04/04/2019
COATS	12/31/2017	04/04/2019

NOTE 13 – COMBINED SEWER OVERFLOW PROJECT

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

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

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

NOTE 14 – 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, 2018:

<u>Agreement</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Tax Value</u>	<u>485B Exemption</u>	<u>PILOT Received</u>	<u>City Tax Abated</u>
Rensselaer County IDA	\$ 46,735,000	13.96029	\$ 652,434	\$ -	\$ 244,465	\$ 407,969
City of Troy IDA	\$ 97,704,000	13.96029	\$ 1,363,976	\$ -	\$ 562,336	\$ 801,640

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.

NOTE 14 – PROPERTY TAX ABATEMENT (Continued)

Property Tax Agreement with Housing Development and Redevelopment Companies (Continued)

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, 2018:

Agreement	Assessed Value	Tax Rate	Tax Value	485B Exemption	PILOT Received	City Tax Abated
City of Troy	\$ 27,275,600	13.96029	\$ 380,775	\$ -	\$ 92,490	\$ 288,285

NOTE 15 – SUBSEQUENT EVENTS

During January 2019, the City approved an inter-municipal agreement with the municipalities participating in the CSO project to pay \$2,106,332 as its share of certain storm sewer improvements.

On February 21, 2019 the Troy City Council passed an ordinance authorizing and ratifying an employment contract for the Fire Chief of the City of Troy Fire Department.

On March 7, 2019 the Troy City Council passed a local law amending the Charter of the City of Troy §C-48 authorizing the payment of eligible delinquent taxes in installments.

On April 4, 2019 the City Council passed an ordinance amending the City of Troy, New York Travel Policy.

On April 4, 2019 the City Council passed an ordinance authorizing and ratifying the employment memorandum of agreement by and between the City of Troy, New York and the City of Troy Command Officers Association (COATS) and UPSEU.

On July 11, 2019 the City Council passed an ordinance adopting the City of Troy Grant Accounting Policies and Procedures.

On July 11, 2019 the City Council passed an ordinance amending the City of Troy Cash Receipts Policy.

On July 11, 2019 the City Council passed an ordinance adoption the City of Troy Credit Card Policy – Police Department.

On July 11, 2019 the City Council passed an ordinance authorizing the settlement in Meyers vs. City of Troy, New York.

On July 11, 2019 the City Council passed a resolution authorizing and ratifying the memorandum of agreement by and between the City of Troy and the Civil Service Employees Association.

On August 1, 2019 the City Council passed a resolution authorizing and ratifying the memorandum of agreement by and between the City of Troy and the Troy Police Benevolent Association.

On August 22, 2019, the City Council approved entering into a \$14.4 million energy performance contract and related lease/purchase agreement.

The Troy Local Development Corp. applied to the Troy IDA and Troy CRC for funding to assist in an environmental remediation project. The IDA and CRC approved funding of \$300,000 and \$100,000, respectively.

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, 2018

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Real property taxes and tax items	\$ 26,089,068	\$ 26,089,068	\$ 26,874,561	\$ -	\$ 785,493
Nonproperty tax items	16,825,000	17,075,000	17,864,946	-	789,946
Departmental income	8,225,500	7,359,020	7,283,485	-	(75,535)
Intergovernmental charges	250,000	250,000	249,915	-	(85)
Use of money and property	59,000	59,000	150,808	-	91,808
Licenses and permits	1,062,000	762,000	1,031,283	-	269,283
Fines and forfeitures	1,355,000	1,760,000	1,755,785	-	(4,215)
Interfund revenues	1,700,971	1,760,782	1,499,778	-	(261,004)
Sale of property and compensation for loss	31,500	50,478	135,819	-	85,341
Miscellaneous local sources	1,305,000	1,389,500	1,608,195	-	218,695
State aid	13,972,000	15,103,134	14,749,018	-	(354,116)
Federal aid	552,006	685,223	905,291	-	220,068
Total revenue	<u>71,427,045</u>	<u>72,343,205</u>	<u>74,108,884</u>	<u>-</u>	<u>1,765,679</u>
EXPENDITURES:					
General governmental support	10,032,747	8,968,988	8,729,491	54,607	184,890
Public safety	37,182,277	37,894,884	37,024,110	243,991	626,783
Public health	187,621	191,644	186,731	-	4,913
Transportation	3,570,034	4,313,008	4,141,562	16,823	154,623
Culture and recreation	2,175,067	2,291,666	2,135,749	25,821	130,096
Home and community services	4,293,250	4,529,648	4,279,099	15,445	235,104
Employee benefits	7,327,277	7,206,638	7,005,062	-	201,576
Debt service - principal	4,255,098	4,255,098	4,254,899	-	199
Debt service - interest	3,415,674	3,415,674	3,415,639	-	35
Total expenditures	<u>72,439,045</u>	<u>73,067,248</u>	<u>71,172,342</u>	<u>356,687</u>	<u>1,538,219</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(1,012,000)</u>	<u>(724,043)</u>	<u>2,936,542</u>	<u>(356,687)</u>	<u>3,303,898</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	2,222,000	2,222,000	424,303	-	(1,797,697)
Operating transfers out	(1,210,000)	(1,674,852)	(2,030,924)	-	(356,072)
Total other financing sources (uses)	<u>1,012,000</u>	<u>547,148</u>	<u>(1,606,621)</u>	<u>-</u>	<u>(2,153,769)</u>
NET CHANGE IN FUND BALANCE	-	(176,895)	1,329,921	(356,687)	1,150,129
FUND BALANCE - beginning of year	<u>17,133,767</u>	<u>17,133,767</u>	<u>17,133,767</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 17,133,767</u>	<u>\$ 16,956,872</u>	<u>\$ 18,463,688</u>	<u>\$ (356,687)</u>	<u>\$ 1,150,129</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, 2018

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Departmental income	\$ 4,890,000	\$ 4,890,000	\$ 4,214,650	\$ -	\$ (675,350)
Intergovernmental charges	7,622,000	7,622,000	7,113,791	-	(508,209)
Use of money and property	210,000	210,000	291,709	-	81,709
Licenses and permits	12,000	12,000	12,270	-	270
Interfund revenue	327,000	327,000	327,000	-	-
Sale of property and compensation for loss	51,000	51,000	133,341	-	82,341
Miscellaneous local sources	91,000	91,000	129,230	-	38,230
Total revenue	13,203,000	13,203,000	12,221,991	-	(981,009)
EXPENDITURES:					
General governmental support	464,372	584,372	410,343	-	174,029
Home and community services	9,952,883	9,980,740	9,431,895	-	548,845
Debt service - principal	394,015	394,015	395,014	-	(999)
Debt service - interest	169,730	169,730	176,535	-	(6,805)
Total expenditures	10,981,000	11,128,857	10,413,787	-	715,070
EXCESS OF REVENUES OVER EXPENDITURES	2,222,000	2,074,143	1,808,204	-	(265,939)
OTHER FINANCING SOURCES (USES):					
Operating transfers in	-	-	-	-	-
Operating transfers out	(3,717,000)	(3,717,000)	(1,495,000)	-	2,222,000
Total other financing sources (uses)	(3,717,000)	(3,717,000)	(1,495,000)	-	2,222,000
NET CHANGE IN FUND BALANCE	(1,495,000)	(1,642,857)	313,204	-	1,956,061
FUND BALANCE - beginning of year	6,548,945	6,548,945	6,548,945	-	-
FUND BALANCE - end of year	\$ 5,053,945	\$ 4,906,088	\$ 6,862,149	\$ -	\$ 1,956,061

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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE:					
Departmental income	\$ 4,790,000	\$ 4,790,000	\$ 4,376,206	\$ -	\$ (413,794)
Intergovernmental charges	146,852	146,852	173,793	-	26,941
Use of money and property	500	500	1,613	-	1,113
Miscellaneous sources	<u>26,600</u>	<u>26,600</u>	<u>32,423</u>	<u>-</u>	<u>5,823</u>
		-			
Total revenue	<u>4,963,952</u>	<u>4,963,952</u>	<u>4,584,035</u>	<u>-</u>	<u>(379,917)</u>
EXPENDITURES:					
Home and community services	2,746,326	2,763,521	2,335,716	-	427,805
Debt service - principal	50,170	50,170	50,170	-	-
Debt service - interest	<u>24,593</u>	<u>24,593</u>	<u>24,591</u>	<u>-</u>	<u>2</u>
Total expenditures	<u>2,821,089</u>	<u>2,838,284</u>	<u>2,410,477</u>	<u>-</u>	<u>427,807</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,142,863</u>	<u>2,125,668</u>	<u>2,173,558</u>	<u>-</u>	<u>47,890</u>
OTHER FINANCING SOURCES:					
Operating transfers out	<u>(2,142,863)</u>	<u>(2,142,863)</u>	<u>(2,142,863)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,142,863)</u>	<u>(2,142,863)</u>	<u>(2,142,863)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(17,195)	30,695	-	47,890
FUND BALANCE - beginning of year	<u>871,593</u>	<u>871,593</u>	<u>871,593</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 871,593</u>	<u>\$ 854,398</u>	<u>\$ 902,288</u>	<u>\$ -</u>	<u>\$ 47,890</u>

CITY OF TROY, NEW YORK

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB Liability										
Service cost	\$ 6,280,099									
Interest	6,962,924									
Changes in benefit terms	-									
Differences between expected and actual experience										
Changes of assumptions or other inputs	(18,799,296)									
Benefit payments	(6,598,488)									
Total change in total OPEB liability	(12,154,761)									
Total OPEB liability - beginning	199,401,819									
Total OPEB liability - ending	\$ 187,247,058									
 Covered employee payroll	 \$ 25,987,780									
 Total OPEB liability as a percentage of covered employee payroll	 720.52%									

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 4.11%

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

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

CITY OF TROY, NEW YORK

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2018

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion of the net pension liability (asset)	0.0471389%	0.5091880%	0.0544292%	0.0556690%	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.					
Proportionate share of the net pension liability (asset)	\$ 1,521	\$ 4,784	\$ 8,736	\$ 1,881						
Covered-employee payroll	\$ 12,086	\$ 12,146	\$ 12,551	\$ 12,756						
Proportionate share of the net pension liability (asset)										
as a percentage of its covered-employee payroll	12.59%	39.39%	69.60%	14.75%						
Plan fiduciary net position as a percentage of the total pension liability (asset)	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)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion of the net pension liability (asset)	0.6053322%	0.6212430%	0.6476601%	0.6390066%	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.					
Proportionate share of the net pension liability (asset)	\$ 6,118	\$ 12,876	\$ 19,175	\$ 1,759						
Covered-employee payroll	\$ 18,699	\$ 18,380	\$ 18,532	\$ 17,628						
Proportionate share of the net pension liability (asset)										
as a percentage of its covered-employee payroll	32.72%	70.06%	103.47%	9.98%						
Plan fiduciary net position as a percentage of the total pension liability (asset)	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, 2018**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 2,133	\$ 2,181	\$ 2,367	\$ 2,288						
Contributions in relation to the contractually required contribution	2,133	2,181	2,367	2,288						
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -						
Covered-employee payroll	\$ 12,086	\$ 12,146	\$ 12,551	\$ 12,756						
Contributions as a percentage of covered-employee payroll	17.65%	17.96%	18.86%	17.94%						

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)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 5,748	\$ 5,875	\$ 6,008	\$ 4,864						
Contributions in relation to the contractually required contribution	5,748	5,875	6,008	4,864						
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -						
Covered-employee payroll	\$ 18,699	\$ 18,380	\$ 18,532	\$ 17,628						
Contributions as a percentage of covered-employee payroll	30.74%	31.96%	32.42%	27.59%						

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.