

PRELIMINARY OFFICIAL STATEMENT

NEW/RENEWAL ISSUE

BOND ANTICIPATION NOTES

*In the opinion of Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel, assuming continuing compliance by the City with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is 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 Notes is not an "item of tax preference" for purposes of the individual alternative minimum tax imposed by the Code. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision therein (including The City of New York). See "TAX MATTERS" herein for discussion of certain Federal taxes applicable to corporate owners of the Notes.*

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



**\$33,436,445**  
**CITY OF TROY**  
**RENSSELAER COUNTY, NEW YORK**  
CUSIP BASE: 897574

**\$33,436,445 Bond Anticipation Notes, 2021**  
(the "Notes")

**Dated: February 4, 2021**

**Due: February 4, 2022**

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

The Notes are not subject to redemption prior to maturity.

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

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

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the respective approving legal opinions as to the validity of the Notes of Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery in New York, New York, or as may be agreed upon, on or about February 4, 2021.

**ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.FiscalAdvisorsAuction.com](http://www.FiscalAdvisorsAuction.com), on January 21, 2021 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the City, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.**

January 15, 2021

THE CITY DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE CITY WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE WITH RESPECT TO THE NOTES. SEE "APPENDIX C-MATERIAL EVENT NOTICES" HEREIN.

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



**CITY OFFICIALS**

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

City Comptroller

MARA DROGAN

City Clerk

RICHARD T. MORRISSEY

Corporation Counsel



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor

**BOND** **SCHOENECK**  
**& KING**  
Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF



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

**Relating To**

**\$33,436,445 Bond Anticipation Notes, 2021**

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 \$33,436,445 Bond Anticipation Notes, 2021 (referred to herein as the "Notes").

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

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

**DESCRIPTION OF THE NOTES**

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

The Notes are dated February 4, 2021 and mature on February 4, 2022. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

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

**No Optional Redemption**

The Notes are not subject to redemption prior to maturity.

**Purpose of Issue**

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

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\$21,935,814 of the Notes, along with \$2,075,586 available funds of the City, will partially redeem and renew \$24,011,400 bond anticipation notes maturing on February 5, 2021 for the following purposes:

<u>Purpose</u>	<u>Amount Outstanding</u>	<u>Principal Paydown</u>	<u>Issuance Amount</u>
<u>2016 Bond Anticipation Notes</u>			
Pedestrian Connector at Riverfront Park	\$ 995,000	\$ 35,000	\$ 960,000
<u>2017 Bond Anticipation Notes</u>			
South Troy Roadway	990,000	55,000	935,000
Bike Trail	403,400	25,000	378,400
Powers Park Rehabilitation	414,000	20,000	394,000
<u>2018 Bond Anticipation Notes</u>			
Water Tank Reconstruction	1,460,000	700,000	760,000
2017 General Fund Capital Plan - DPW Renovations	167,000	9,000	158,000
Road Construction (Cambell/Brunswick) 15 yr. PPU	1,430,000	75,000	1,355,000
Marina/Boat Launch Reconstruction 40 yr. PPU	99,000	1,000	98,000
<u>2019 Bond Anticipation Notes</u>			
Ingalls Avenue Boat Launch	250,000	133,086	116,914
Seawall	5,500,000	80,000	5,420,000
Building Demolition	200,000	35,000	165,000
2018 General Fund Capital Plan - Ambulance	175,000	5,000	170,000
South Troy Pool Reconstruction	1,400,000	65,000	1,335,000
2019 General Fund Capital Plan - Police - Vehicles	343,000	114,500	228,500
2019 General Fund Capital Plan - Police - Facility Renovations	120,000	2,000	118,000
Knickerbacker Ice Rink Replacement	550,000	550,000	-
2019 General Fund Capital Plan - DPW/Recreation - Trucks	45,000	1,000	44,000
2019 General Fund Capital Plan-DPW/Recreation - Park Improvements	300,000	15,000	285,000
Body Cameras	250,000	45,000	205,000
2019 Garbage Fund Capital Plan - Claw Truck	355,000	20,000	335,000
Knick Pool Reconstruction	500,000	25,000	475,000
South Troy Roadway	1,000,000	45,000	955,000
Road Construction (Cambell/Brunswick) 15 yr. PPU	250,000	10,000	240,000
Marina/Boat Launch Reconstruction 40 yr. PPU	1,000,000	10,000	990,000
<u>2020 Bond Anticipation Notes</u>			
2020 Capital Plan - Evidence Technician Vehicle	32,000	-	32,000
2020 Capital Plan - Fire Specialty Equipment	90,000	-	90,000
2020 Capital Plan - Fire Facilities Upgrade	50,000	-	50,000
Seawall	1,998,000	-	1,998,000
Pedestrian Connector at Riverfront Park	900,000	-	900,000
Road Construction (Cambell/Brunswick) 15 yr. PPU	250,000	-	250,000
Campbell Avenue Bridge (Various Bridges)	505,000	-	505,000
Building Demolitions (2020)	200,000	-	200,000
2020 Capital Plan - DPW - 3 Pickups W/ Plow & Salter	140,000	-	140,000
2020 Capital Plan - DPW - Pickup	30,000	-	30,000
2020 Capital Plan - DPW - Crew Cab W/ Plow	45,000	-	45,000
2020 Capital Plan - DPW - Service Truck W/ Platform Body	50,000	-	50,000
2020 Capital Plan - DPW - Mini Dump Truck W/ Plow	65,000	-	65,000
2020 Capital Plan - DPW - Asphalt Hot Box Trailer	40,000	-	40,000
2020 Capital Plan - DPW - New Holland Skid Steer Loader	75,000	-	75,000
2020 Capital Plan - DPW - Ventrac Mower	30,000	-	30,000
2020 Capital Plan - DPW - Facility Renovations	200,000	-	200,000
2020 Capital Plan - Golf Course - Equipment	126,000	-	126,000
2020 Capital Plan - Golf Course - Ventrac Mower	34,000	-	34,000
2020 Capital Plan - Paving/Sidewalks	350,000	-	350,000
2020 Capital Plan - Recreation - Pickup Truck	30,000	-	30,000
2020 Capital Plan - Recreation - Mini Dump Truck	62,500	-	62,500
2020 Capital Plan - Recreation - Ventrac Mower	30,000	-	30,000
2020 Capital Plan - Recreation - Facility Renovations	300,000	-	300,000
South Troy Pool Renvoations (2nd Phase)	150,000	-	150,000
2020 Capital Plan - Garbage - Mini Dump Truck W/ Plow	32,500	-	32,500
<b>TOTAL:</b>	<b>\$ 24,011,400</b>	<b>\$ 2,075,586</b>	<b>\$ 21,935,814</b>

\$11,500,631 of the Notes will provide new monies for the following purposes:

<u>Purpose</u>	<u>Amount</u> <u>Outstanding</u>	<u>Principal</u> <u>Paydown</u>	<u>Issuance</u> <u>Amount</u>
2020 Capital Plan - Police - Police Vehicles	\$ -	\$ -	65,215
South Troy Roadway	-	-	1,210,416
Frear Park Golf Course Improvements	-	-	725,000
Park Improvements	-	-	1,000,000
Campbell Avenue Bridge	-	-	1,600,000
Department of Public Works Fuel Storage Tank Replacement	-	-	1,000,000
Street Lighting	-	-	645,000
DPW Façade & Roof Replacement	-	-	1,265,000
New DPW Building	-	-	3,370,000
Salt Shed	-	-	620,000
<b>TOTAL:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>11,500,631</b>

### BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

### **Certificated Notes**

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

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

## **THE CITY**

### **General Information**

The City which is the County Seat of Rensselaer County (the "County") has a land area of approximately 11 square miles and an estimated population of 49,154 (2019 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>2015-2019</u>	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>
City of:						
Troy	\$ 16,796	\$ 20,736	\$ 25,689	\$ 38,631	\$ 44,750	\$ 55,788
County of:						
Rensselaer	21,095	27,457	35,903	52,864	68,390	87,508
State of:						
New York	23,389	30,948	39,326	51,691	67,405	84,385

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

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

**Major Employers**

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

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Number Employed</u>
St. Peter’s Health	Healthcare/Hospital	2,855
Rensselaer Polytechnic Institute	Higher Education	1,665
Rensselaer County	Government	1,700
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	337
Unity House of Troy	Human Services	361
The Sage Colleges	Education	250
Tech Valley Center of Gravity	Co-working space	190 <sup>(1)</sup>
Express Scripts	Health Care	115
Troy Innovation Garage	Co-working space	125 <sup>(1)</sup>
DeepBlue, a Comcast Business Company	Computer Hardware/Software	100
National Grid	Utility	100
Velan Ventures/Velan Studios	Computer Gaming	87
kW Mission Critical Engineering	Engineering	84
Greco Construction	Construction	80
Ross Valve Manufacturing Company Inc.	Manufacturer	80
Old World Provision	Food Processing	75
Gurley Precision Instruments	Instrumentation	70
Chazen Companies	Engineering	60
C.D. Perry & Sons Inc.	Marine & Civil Construction Services	50
GreyCastle Security	Cyber Security	48
Architecture Plus	Architects	38
RW Gate Manufacturing Company Inc.	Manufacturer	33

<sup>(1)</sup> Co-working space

Note: The employment numbers above represent figures from before the outbreak of the COVID-19 pandemic. Decrease in employment as a result of the COVID-19 pandemic may cause the figure above to vary.

Source: City Officials.



## Unemployment Rate Statistics

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

	<u>Annual Averages</u>							
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Troy City	9.7%	8.4%	6.8%	5.9%	5.5%	5.6%	4.9%	4.8%
Rensselaer County	7.7	6.7	5.4	4.6	4.3	4.4	3.9	3.8
New York State	8.5	7.7	6.3	5.3	4.9	4.7	4.1	4.0

	<u>Monthly Figures</u>											
	<u>2020</u>											
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Troy City	5.0%	4.7%	5.0%	15.0%	11.9%	13.5%	15.4%	12.1%	7.7%	7.9%	6.9%	N/A
Rensselaer County	4.2	4.1	4.1	12.3	9.2	9.9	11.1	8.3	5.1	5.3	4.7	N/A
New York State	4.1	3.9	4.2	15.1	14.2	15.5	16.0	12.5	9.3	9.0	8.1	N/A

Note: Unemployment rates for December of 2020 are not available as of the date of this Official Statement. Unemployment rates have increased dramatically since the outbreak of the COVID-19 pandemic in March of 2020.

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.

Troy is also served by two parochial high schools (LaSalle Institute, a military high school, and Catholic Central High School), and seven parochial elementary schools. Troy is also home to the Emma Willard School, a boarding school for girls in grades 9-12, and a charter school.

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

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

## Recent Economic Developments

Troy maintains a diverse economy with the mainstays in higher education and health care that continue their campus expansion activities and facility improvements, despite a large regional down-sizing at St. Peter's Health Care. In the heart of the city, the downtown Business Improvement District (BID) contained 598 existing businesses with over 7,000 employees in early 2020, and despite COVID-19 closings and layoffs, 16 businesses chose 2020 as the year they would open or expand. The city's hospitals and colleges employ over 6,500 people with an enrolled student population of over 20,000—many who are located in or just outside the downtown BID District.

Prior to COVID-19, the Troy Waterfront Farmers' Market brought in excess of 18,000 people into downtown Troy every Saturday morning during the summer. During 2020, the Market drew between 3,000 and 3,500 people in a restructured, access-limited format. The winter Market was successfully relocated to Lansingburgh (north Troy) because the Troy Atrium, their usual downtown venue, was not COVID-19 compatible. Regardless, in the new locations, they operate at 33% of their prior levels as they keep the Market active and ready to re-establish the full-fledged Market later in 2021.

Events like Troy Night Out, occurring the last Friday of every month, Victorian Stroll, Powers Park Concert Series, Cars and Caffeine, River Street Fest, Pig Out, Chowder Fest and the summer-long Rockin' on the River music series, usually draw thousands more to downtown annually. Due to COVID-19 these events have been postponed for 2020 or modified in virtual formats to generate excitement and maintain interest for a normal return to business. All events are all fully anticipated to restart during 2021 and be fully operational in 2022.

The effects of COVID-19 have enabled a creative approach to the concept of “live, work, play and visit” in our city. Partnering with the Downtown Troy BID, the Rensselaer County Chamber of Commerce, our businesses and cultural institutions, a reopening plan was built around the evening closure of Broadway and 2<sup>nd</sup> Street. “Troy Summer Square” consisted of activation zones for public use and performances, as well as outdoor dining opportunities. The activation zones included designated takeout and picnic zones in partnership with Unity House’s ambassador program, public art and arts programming in collaboration with the Troy Savings Bank Music Hall and the Arts Center of the Capital Region, and a designated pedestrian walk. One of Troy’s strengths is our small business community and we have diligently worked to support and empower them so they can remain an integral part of our community, whatever that might look like in the future. Many restaurants reported that they experienced better sales this summer because of the limitations on travel and vacations.

Recent and planned large scale projects include:

- \$75,000,000 Investment in the complete redevelopment of the Taylor Apartments – a Public Private Partnership development project between the Troy Housing Authority, the Troy Local Development Corporation and Pennrose Development. Planned as a 3-Phase development project commencing spring-summer 2021 (Demolition of Towers 1 & 2), Phase 1 is now going through Planning Commission review. The three-phases include:
  - Replacing 125 existing affordable apartments with 345 Mixed-income units, including 156 affordable, 24 Supportive, 45 Workforce Housing and 120 market-rate;
  - Creation of 2 acres of public open space; and
  - 34,600SF of Retail/Commercial Space.
- Approximately \$55M mixed-use development at 1 Monument Square – a Public Private Partnership development project between the City of Troy, the Troy Local Development Corporation and the Hoboken Brownstone Company.
  - Public spaces will include the Riverview Plaza – an iconic public space overlooking the Hudson River and Riverfront Park below.
  - Grand Staircase and connections from River Street to Riverfront Plaza.
  - Private development will likely include mix of Commercial, Retail and residential tenants.
  - Anticipated commencement of site work and utilities is Spring 2021 – with an anticipated project completion date in 2023.
- \$18,662,615 million renovation of approximately 1.52 acres of real property located at 515 River Street. – commenced in 2017 and completed in 2019.
  - 5-story, 75,000 square foot hotel building containing 124 rooms, restaurant and amenity spaces.
- \$38,700,000 new construction at 141 Congress Street – College Station North.
  - 40,000 square feet of class A office space and 98 market-rate apartments with 1<sup>st</sup> floor indoor parking. Anticipated completion in Fall of 2022.
- \$3,190,285 renovation of a 3.7-acre parcel of land located at 433 River Street – Hedley Park Place.
  - Improvements include up to 20,000 square feet of additional commercial space on the 9th floor of the building and repurposing a large ground floor suite into retail. This project will directly and indirectly retain at least 1,025 full time jobs. 9<sup>th</sup> floor improvements were completed in January, 2020. 1<sup>st</sup> floor expansion of River Street Market with multiple restaurant vendors opened in 2020. The completion, delayed by the COVID-19 pandemic, is anticipated for a 2022 opening.
- \$11,000,000 renovation of the Marvin Neitzel Building – opening winter of 2021.
  - An 88,000 square foot former manufacturing building located in the city’s Marina District overlooking the Hudson River slated to be home to 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 opening was delayed due to COVID-19 but will open in winter of 2021.
- \$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. The project suffered significant fire damage but construction was restarted and project completion is now anticipated for Spring of 2021.
- \$18,682,288 construction of a new 94,000 square foot apartment building at 134 4<sup>th</sup> Street.
  - Five-story transit-oriented mixed-use building with 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). Project opened in summer of 2020 and is nearing 90% occupancy.
- \$12,862,462 construction of new, market-rate apartments at 12-14 King Street
  - 52 market-rate apartments, tenant amenity space and 41 covered parking spaces for tenant use. Completed in summer of 2020 and now fully occupied.
- \$14,000,000 construction of new, 5-story mixed use building with 62 apartments and 4,000 square feet of commercial space on 5<sup>th</sup> Avenue at the Federal Street Gateway into Troy. Anticipated commencement in Spring of 2021.
- \$28,000,000 apartment project at 244-246 1<sup>st</sup> Street.
  - 84 affordable/mixed-income apartments to be constructed on former industrial site with environmental issues. Project includes site remediation using New York State’s Brownfield Cleanup Program and is awaiting tax credit issuance. Anticipated commencement in Spring of 2022.

- \$4,700,000 Oakwood Avenue – New residential apartment construction with 48 market-rate units. Project completed in Spring of 2020 and is fully occupied.
- \$2,000,000 restaurant banquet space renovation of vacant Little Italy building at 214-216 4<sup>th</sup> Street for use by established local restaurateur. The project is underway with anticipated completion Summer 2021.
- \$6,000,000 mixed-use restoration of 171 River Street. The project is currently underway. Anticipated completion Summer 2021
- \$4,000,000 conversion of former St. Augustine School in Lansingburgh to 31 market-rate units. The project is underway and expected to be completed in the Summer of 2021.
- \$20,000,000 affordable housing new construction in the city’s Hillside North area includes 8 scattered site locations. Funding is secured for this Troy Rehabilitation & Improvement Program (TRIP)/Unity House project and construction is commencing.
- King Fuels Remediation - The Troy Local Development Corporation completed asbestos cleanup of a 32-acre site, paving the way for National Grid remediation to commence. Phase 1 of a 3-Phase cleanup approach scheduled to start in April of 2021. Phase 1 of the cleanup will make available several acres for redevelopment in 2022. The Troy Local Development Corporation is in negotiation with a developer for phased in reuse of the entire site.
- Lansingburgh - 246,000 square foot renovation of the Standard Manufacturing building, a 6-story manufacturing space. Project retains one floor of manufacturing and commercial space and creates 150 apartments. Estimated commencement in 2022.
- South Troy Industrial Road construction. \$10 million dollar new access/bypass road – Phase 1 commenced in June 2020 and the road is now in use. Phase 2 is in Right of Way / Acquisition phase with construction anticipated in 2021-2022
  - Project provides access to over 60 acres of under-utilized riverfront land for new development.
- \$23,400,000 combined adaptive reuse project with additional new build at former Troy Record building site, 501 Broadway, completed in 2018.
  - Features 101 market-rate apartments, tenant amenity space, and ground floor retail with onsite parking.
- \$5,508,251 renovation of approximately 0.32 acres of real property located at 200 Broadway – completed in 2018.
  - The project site is a seven story, 80,000 square foot mixed-use space. Improvements include the conversion of the third and fourth floor levels to accommodate up to seventeen (17) residential apartment units.
- \$400,000 of renovations to parcels of land located at 547 River Street.
  - The improvements will enhance and expand internal commercial tenant spaces for continued operation as a commercial facility. This project will help to retain at least 400 full time jobs. The project is underway with completion anticipated in the Fall of 2021.
- \$4,000,000 project at 669 River Street with 13 market-rate apartment units and retail/brewery space. Project delayed and is being sold to a different developer. Anticipated to be restarted Summer of 2021.

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

- Zoning Law Update – the first comprehensive update to the city’s antiquated Zoning since the 1980’s. The update will provide business-friendly changes to commercial districts and protections for residential districts. Completion anticipated spring of 2021.
- Wayfinding – creation of a city-wide signage program to help visitors, residents and businesses navigate through the city with uniform signage identifying vehicular and pedestrian routes to city attractions. Design is nearing completion. Implementation will be solicited in the Spring of 2021.
- Comprehensive Plan Implementation – designing gateway and riverfront enhancements to the city at Riverfront Park, the Green Island Bridge, the Hudson Riverwalk, and Lansingburgh’s waterfront. Upon completion in Winter of 2020/21, funding becomes available to implement select projects.
- Hoosick Street Study – Pedestrian and vehicle enhancements to Troy’s busiest gateway, Route 7. City Council accepted report in December 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. Redevelopment of the former City Hall site will transform a currently underutilized waterfront property into a vibrant destination and serve to strengthen the Troy’s unique and dynamic waterfront.

The city’s waterfront, an important commercial and tourism asset, is now coming off an historic upgrade supported by a \$26 million Hudson River seawall renovation project. This concluding three-year project paved the way for a 1.5 mile Hudson Riverwalk running the length of Troy’s Historic Downtown in addition to the installation of almost 900 linear feet of docks for recreational boaters. Improved commercial tie ups facilitate dockage by large tour boats, thus increasing Troy’s desirability as a destination by such cruiselines. Troy’s historic Victorian downtown is so well preserved that it will soon be featured in HBO Studio’s series, ‘The Gilded Age’. The Hudson Riverwalk provides a quality of life improvement that will help Troy’s growing technology business cluster to attract and retain employees as they continue to add workforce.

The City is actively working on expanding the length of the Riverwalk trail to eventually run the entire length of the City. In North Central, a one block leg of the trail was completed for the city by the developer of the \$13million project at 701 River Street. The City's IDA is about to undertake the design of another mile of the trail in Lansingburgh and CDBG funds will be used to create another quarter mile in the North Central neighborhood.

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

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

## **Form of City Government**

The City Council is the Legislative Branch of government and is composed of six (6) elected members serving two-year terms whom are elected by the residents of each of the six council districts within the City. One (1) Council Member 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.

The City's 2021 budget was adopted on November 24, 2020. The City's budget did not exceed the tax cap for the 2021 budget, with the City Council approving a property tax rate increase of 1.63% from 2020.

## 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 463 employees which are represented by bargaining units as listed below. There are also 73 employees not represented by any employee union, 36 being full-time employees, 35 being part-time employees and 2 being seasonal employees.

<u>Bargaining Unit</u>	<u>Number Employed</u>	<u>Expiration Date</u>
Civil Service Employees Association (CSEA)	216	December 31, 2020 <sup>(1)</sup>
Fire (UFA)	109	December 31, 2018 <sup>(2)</sup>
Police (PBA)	114	December 31, 2023
Administrative Unit (UPSEU)	10	December 31, 2023
Police Captains (COATS)	8	December 31, 2019 <sup>(1)</sup>
Fire Chiefs (UFCA)	6	December 31, 2022

- (1) Due to the COVID-19 pandemic negotiations have been delayed. Negotiations are anticipated to commence in the first quarter of 2021.
- (2) The Uniformed Firefighters Association (“UFA”) has filed for mediation. The mediation has not commenced as of the date of this Official Statement.

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 2016 through 2020 and budgeted for the year 2021, the City's contributions to the ERS and PFRS were:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2016	\$ 2,347,052	\$ 5,277,812
2017	2,227,583	5,749,523
2018	2,144,773	5,779,731
2019	2,106,693	5,971,231
2020	2,163,444	6,152,270
2021 (Budgeted)	2,392,781	6,195,704

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 currently amortize its pension contributions; however, the City may choose to do so in the future depending on the effects of COVID-19 experienced by the City. The City budgeted in 2021 to defer the payments to ERS and PFRS due to the increased costs as a result of the COVID-19 pandemic. (See STATE AID – COVID-19”).

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 (2017 to 2021) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2017	15.5%	24.3%
2018	15.3	24.4
2019	14.9	23.5
2020	14.6	23.5
2021	14.6	24.4

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 doing so in the future.

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

## **Other Post-Employment Benefits**

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

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

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

Summary of Changes from the Last Valuation. The City contracted with Nyhart, an actuarial firm to calculate its first actuarial valuation under GASB 75 for the fiscal year ended December 31, 2018 and December 31, 2019.

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

Balance beginning at December 31:	2017	2018
<u>Changes for the year:</u>	<u>\$ 199,401,819</u>	<u>\$ 187,247,058</u>
Service cost	6,280,099	5,518,963
Interest	6,962,924	7,777,711
Differences between expected and actual experience	-	(8,951,361)
Changes in assumptions or other inputs	(18,799,296)	16,843,471
Changes of benefit terms	-	-
Benefit payments	<u>(6,598,488)</u>	<u>(7,126,367)</u>
Net Changes	<u>\$ (12,154,761)</u>	<u>\$ 14,062,417</u>
Balance ending at December 31:	2018	2019
	<u>\$ 187,247,058</u>	<u>\$ 201,309,475</u>

Note: The above table is not audited.

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, 2019 and is attached hereto as "APPENDIX – D". The unaudited Annual Financial Report Update Document for the fiscal year ended December 31, 2019 is available on the Electronic Municipal Market Access (EMMA) website.

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

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



## The State Comptroller's Fiscal Stress Monitoring System

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

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

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

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

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

Note: Reference to website implies no warranty of accuracy of information therein. Information for the fiscal year ending December 31, 2020 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 6, 2020. The purpose of the review was to determine whether the significant revenue and expenditure projections in the City's proposed budget for the 2021 fiscal year are reasonable.

### Key Findings:

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

### Key Recommendations:

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

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

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

### Key Findings

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

### Key Recommendations

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

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

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

### Key Findings

- Significant revenue and expenditure projections in the proposed budget are reasonable.
- The proposed budget includes estimated revenues for the refuse fund, but the City Council (Council) has not yet authorized the solid waste management and bulk refuse collection fees to realize the estimated revenues.
- The contingency appropriation in the proposed refuse fund budget provides the City with minimal flexibility in the event of unforeseen circumstances that may require additional funds.
- The City's capital plan for the purchase of equipment and vehicles for the general and refuse funds remains unfunded through the proposed budget and instead will be financed by issuing debt.
- Five of the City's six collective bargaining agreements (CBAs) have expired and the City faces potential significant increased salary and wage cost when these agreements are settled.
- The City's proposed budget is in compliance with the tax levy limit.

### Key Recommendations

- It is essential the Council make the appropriate modifications to the City Code to authorize the solid waste management and bulk refuse collection fees or fund through other revenue sources. If the fees are not authorized, or are approved at different rates, the refuse fund budget should be modified accordingly.
- City officials should closely monitor the refuse fund throughout 2019 and make modifications as necessary.
- We encourage City officials to identify current financing sources for the purchase of equipment and vehicles instead of relying on the issuance of debt to finance these purchases.
- City officials should consider the potential financial impact of the settlement of the expired CBAs in the event that any of the CBAs are settled in 2019.
- The Council should be mindful of the legal requirement to maintain the tax levy increase to no more than the tax levy limit as permitted by law, unless it properly overrides the tax levy limit.

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

The New York State Comptroller's office released a budget review of the City on October 31, 2017. The purpose of the review was to determine whether the significant revenue and expenditure projections in the City's proposed budget for the 2018 fiscal year are reasonable.

### Key Findings

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

### Key Recommendations

- It is essential the Council make the appropriate modifications to the City Code prior to adopting the budget if it decides to implement a new waste and recycling fee. If the fee is not authorized, or is authorized at a different rate, the general fund proposed budget should be modified accordingly prior to adoption.
- City officials should consider the potential financial impact of the settlement of the expired CBAs and be prepared to provide funding if any of the CBAs are settled in 2018.
- The Council should be mindful of the legal requirement to maintain the tax levy increase to no more than the tax levy limit as permitted by law, unless it adopts a local law to override the cap.

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

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, and the website is not incorporated herein by reference.

There are no other recent audits of the Office of the State Comptroller, nor 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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed Valuations	\$ 1,764,145,165	\$ 1,762,028,144	\$ 1,774,994,712	\$ 1,784,642,288	\$ 1,796,231,819
New York State Equalization Rate	100.00%	100.00%	100.00%	93.00%	89.90%
Total Taxable Full Valuation	\$ 1,764,145,165	\$ 1,762,028,144	\$ 1,774,994,712	\$ 1,918,970,202	\$ 1,998,033,169

#### Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending December 31:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
	\$ 13.82	\$ 13.96	\$ 14.16	\$ 14.63	\$ 14.88

#### 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, sewer rents, garbage bills, garbage violations, bulk pickup bills and vacant building fees.. Taxes are due and payable in bi-annual installments on January 1 and July 1 with all relieved items due in their entirety in the first installment. Taxes become delinquent on February 1 and August 1. 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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Tax Levy	\$ 24,395,503	\$ 24,598,068	\$ 25,138,173	\$ 26,116,297	\$ 26,734,209
% Uncollected <sup>(1)</sup>	3.91%	3.65%	4.07%	3.65%	N/A

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

**Sales Tax Revenue**

The following chart displays the actual amount of Sales Tax Revenue received by the City in the 2012 through 2019 fiscal years, and the amount budgeted to be received for 2020 and 2021:

<u>Year</u>	<u>Sales Tax Received</u>
2012	\$ 14,827,491
2013	15,072,696
2014	15,583,166
2015	15,558,580
2016	15,824,237
2017	16,301,340
2018	16,757,597
2019	17,315,615
2020 (Budgeted)	16,500,000 <sup>(1)</sup>
2021 (Budgeted)	16,615,000

<sup>(1)</sup> The information for the 2020 fiscal year is not available as of the date of this Official Statement as the 4<sup>th</sup> quarter sales tax will not be received by the City until March of 2021.

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.

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**Larger Taxpayers – 2020-2021 Assessment Roll**

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
National Grid	Utility	\$ 85,255,329
Stoneledge LLVP, LLC	Apartments	14,600,000
Center for Albany Associates	Apartments	14,349,100
Regency Realty Associates	Apartments	12,391,143
Cottage Street Apartments	Apartments	12,118,800
Troy SRALP	Shopping Center	9,920,000
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 \$187,156,372, which represents 10.42% of the City's tax base for the fiscal year ending December 31, 2021.

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

**Constitutional Tax Margin**

Computation of Constitutional Tax Margin for fiscal years ending December 31, 2019-2021:

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Five-Year Average Full Valuation .....	\$ 1,763,990,072	\$ 1,795,251,522	\$ 1,841,848,379
Tax Limit - 2% of Five-Year Average.....	35,279,801	35,905,030	36,836,968
Add: Exclusions from Tax Limit.....	<u>9,787,929</u>	<u>9,561,463</u>	<u>8,679,236</u>
Total Taxing Power .....	45,067,730	45,466,493	45,516,204
Less Total Levy .....	<u>25,107,417</u>	<u>26,116,297</u>	<u>26,922,038</u>
Tax Margin .....	<u>\$ 19,960,313</u>	<u>\$ 19,350,196</u>	<u>\$ 18,594,166</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 2020 annual property tax bill of a \$100,000 market value residential property located in the City is approximately \$4,390 (without benefit of any exemptions or STAR) including City, County, Troy School District and Library taxes.

The estimated total 2020 annual property tax bill of a \$100,000 market value residential property located in the City is approximately \$4,211 (without benefit of any exemptions or STAR) including City, County, Lansingburgh School District and Library taxes.

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

## Tax Cap Law

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

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

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

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

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

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

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

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

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

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



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

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

## **CITY INDEBTEDNESS**

### **Constitutional Requirements**

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

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

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

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

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

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## 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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bonds	\$ 4,868,214	\$ 4,486,148	\$ 5,213,193	\$ 11,497,625	\$ 17,236,733
M.A.C. Repayment Agreement <sup>(1)</sup>	29,081,740	23,790,929	21,376,234	16,480,000	10,565,000
Capital Leases	2,678,293	2,525,733	2,534,514	8,687,706	8,492,403
Bond Anticipation Notes	10,968,000	18,354,733	36,332,428	45,414,958	41,424,422
Revenue Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,300,000</u>
Totals	\$ 47,596,247	\$ 49,157,543	\$ 65,456,369	\$ 82,080,289	\$ 81,018,558

<sup>(1)</sup> 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, 2021:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2020-2045	\$ 17,236,733
Bond Anticipation Notes		
Various Projects	July 30, 2021	13,852,475 <sup>(1)</sup>
Various Projects	February 5, 2021	24,011,400 <sup>(2)</sup>
Parking Garage	July 30, 2021	1,600,000
EFC Short Term Notes		
Combined Sewer Overflow Project	May 12, 2021	1,960,547
M.A.C. Repayment Agreements	2021-2022	<u>10,565,500</u>
	Total Indebtedness	\$ 69,226,655

<sup>(1)</sup> To be redeemed with the proceeds of a future serial bond and bond anticipation note issue and available funds of the City.

<sup>(2)</sup> To be redeemed with the proceeds of the Notes and available funds of the City.

**Debt Statement Summary**

Statement of Indebtedness as of January 15, 2021:

Average Full Valuation of Taxable Real Property .....	\$ 1,843,634,278
Debt Limit - 7% thereof .....	129,054,399

Inclusions:

Bonds.....	\$ 17,236,733	
M.A.C. Repayment Agreement.....	10,565,500	
Bond Anticipation Notes.....	<u>41,424,422</u>	
Total Inclusions.....		\$ 69,226,655

Exclusions:

Water Indebtedness <sup>(1)</sup> .....	\$ 3,558,433	
M.A.C. Repayment Agreement <sup>(2)</sup> .....	10,565,500	
Appropriations.....	<u>763,730</u>	
Total Exclusions.....		<u>\$ 14,887,663</u>

Total Net Indebtedness Subject to Debt Limit.....	<u>\$ 54,338,992</u>
Net Debt-Contracting Margin.....	<u>\$ 74,715,407</u>
The percent of debt contracting power exhausted is.....	42.11%

<sup>(1)</sup> Excluded pursuant to Article VIII of the New York State Constitution.

<sup>(2)</sup> 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 \$10,565,500.

The proceeds of the Notes and scheduled principal payments are expected to increase the net indebtedness of the City by \$9,425,045.

**Bonded Debt Service**

A schedule of Bonded Debt 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, 2020 was \$1,043,142.

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, 2020 was \$544,496.

#### *Lease Purchase Agreement – Purchase of Fire Equipment*

On December 1, 2011, the City Council passed a resolution authorizing the execution and delivery of a lease purchase agreement to finance the cost of the purchase of a new fire ladder truck for the City in the amount not to exceed \$888,648. The purchase contract obligated the lessee to expend a \$150,000 down payment to be paid from the 2012 City Budget and to pay \$738,648 at an interest rate of 4.23% with repayments to commence on March 1, 2013 and end March 1, 2027. The balance of the lease as of December 31, 2020 was \$401,570.

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

#### *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, 2020 was \$90,470.

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

The City has entered into a lease purchase agreement with Siemens Public, Inc. for the acquisition and upgrade of over 4,000 City streetlights along with upgrades to various City facilities to improve energy efficiency. The total project cost is estimated to be \$13,882,275 with financing occurring in two (2) phases. On December 20, 2019 the City closed on the first phase of the project in the amount of \$6,503,198 with an interest rate of 2.8959%. Payments shall commence on July 10, 2021 and end July 10, 2040. The City will receive a \$440,000 grant from the Financial Restructuring Board to offset the project cost. The second phase of the project has been delayed due to the COVID-19 pandemic and it is anticipated that it will be completed in the 2021 fiscal year.

### **Estimate of Obligations to be Issued**

#### *Bond and Note Issuances:*

Pursuant to various bond resolution adopted by the City Council, the City issues bond anticipation notes and/or serial bonds annually in February and August or July to finance various projects and improvement needs of the City. The projects, bond anticipation note, and serial bond financings issued by the City in July of 2020 are displayed on the following page:

July 2020 Debt Issuance:

Description	2019	2020	2020	2020	July 2020 BAN
	Issuance Amount	Principal Paydown	Permanent Finance Serial Bonds	New Issuances	Issuance Amount
<u>2017 Bond Anticipation Notes</u>					
Building Demolitions	\$ 410,000	\$ 95,000	\$ -	\$ -	\$ 315,000
Utility Truck	29,000	29,000	-	-	
Pickup Trucks	37,000	37,000	-	-	
Road Construction (Campbell & Brunswick)	475,000	25,000	-	-	450,000
<u>2018 Bond Anticipation Notes</u>					
Demolition of Leonard Hospital	2,500,000	45,000	-	-	2,455,000
Parking Meter Upgrade - 2017 General Fund Capital Plan	156,795	30,000	-	-	126,795
Ingalls Avenue Boat Launch	200,000	150,000	-	-	50,000
Police Vehicles - 2017 General Fund Capital Plan	89,400	30,000	-	-	59,400
Police Vehicles - 2018 General Fund Capital Plan	330,000	45,000	-	-	285,000
Marina/Boat Launch Reconstruction	1,000,000	10,000	-	-	990,000
Passenger Vehicle - 2017 General Fund Capital Plan	16,500	16,500	-	-	0
<u>2019 Bond Anticipation Notes</u>					
Fire Pumper - 2019 Capital Plan	660,000	-	-	-	660,000
DPW Vehicles - 2019 Capital Plan	433,000	-	-	-	433,000
Recreation Pickup Truck - 2019 Capital Plan	30,000	-	-	-	30,000
Recreation Mini Dump - 2019 Capital Plan	62,500	-	-	-	62,500
Golf Pickup - 2019 Capital Plan	30,000	-	-	-	30,000
Golf Mini Dump - 2019 Capital Plan	62,500	-	-	-	62,500
South Troy Roadway	1,750,000	-	-	-	1,750,000
<u>2020 Bond Anticipation Notes</u>					
South Troy Roadway	-	-	-	1,416,280	1,416,280
Marina/Boat Launch Reconstruction	-	-	-	67,000	67,000
Seawall	-	-	-	475,000	475,000
2020 DPW Capital Plan - Dump Truck W/ Combo Plow	-	-	-	190,000	190,000
2020 Fire Capital Plan - Fire Pumper	-	-	-	660,000	660,000
2020 Garbage Capital Plan - Automated Garbage Truck	-	-	-	250,000	250,000
2020 Garbage Capital Plan - Rear Load Garbage Truck	-	-	-	175,000	175,000
2020 Garbage Capital Plan - Peterson Claw Truck	-	-	-	190,000	190,000
Powers Park Rehabilitation	-	-	-	100,000	100,000
Police Impound Building	-	-	-	180,000	180,000
Police Cameras On City Streets	-	-	-	275,000	275,000
Firehouse Improvements	-	-	-	165,000	165,000
7th Ave and Ingalls Ave Park	-	-	-	655,000	655,000
Sidewalk Improvements	-	-	-	945,000	945,000
Campbell Ave & Spring Ave Intersection	-	-	-	350,000	350,000
<b>Totals:</b>	<b>\$ 8,271,695</b>	<b>\$ 512,500</b>	<b>\$ -</b>	<b>\$ 6,093,280</b>	<b>\$ 13,852,475</b>

On August 6, 2020 the City Council approved a bond resolution authorizing the issuance of \$1,600,000 serial bonds to finance the reconstruction and improvement of a City parking garage. On September 24, 2020 the City issued \$1,600,000 bond anticipation notes to finance the above mentioned project. The \$1,600,000 bond anticipation notes mature on July 30, 2021 and will be redeemed and renewed or permanently financed as a portion of the City's July of 2021 debt issuance.

*Cash Flow Borrowing*

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

*Statutory Installment Bond*

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

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

*New York State Environmental Facilities Corporation (EFC) Debt*

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

On February 15, 2015, March 28, 2016 and July 6, 2017 the City Council adopted bond resolutions authorizing the issuance of, in total, \$27,784,993 serial bonds to finance the City’s share of the cost of certain joint capital projects (the “CSO Projects”) being undertaken by the City of Troy, the City of Albany, the City of Cohoes, the Village of Green Island, the City of Rensselaer and the City of Watervliet (the “Albany Pool Communities”) in furtherance of a Combined Sewer Overflow Long-Term Control Plan being implemented by the Albany Pool Communities to mitigate combined sewer overflows tributary to the Hudson River. As of January 14, 2021, the City has issued \$1,980,547.33 of short term direct EFC obligations under the CSO Bond Resolutions, of which \$1,960,547 remains outstanding.

On November 12, 2020, the City issued its \$12,166,000 maximum principal amount E.F.C. Clean Water Facility Note - 2020 (Bond Anticipation Note) (the “EFC Note”) pursuant to the CSO Bond Resolutions. The EFC Note is a “draw-down” obligation issued to the New York State Environmental Facilities Corporation (“EFC”). EFC will disburse EFC Note proceeds to the City from time to time, upon written request from the City. The City does not expect to request its first advance of EFC Note proceeds until January, 2021. The interest rate on the EFC Note is .34%, payable semi-annually. Principal payments are due commencing in November, 2022 and annually thereafter until the EFC Note matures in November, 2025. At maturity, the City expects to refinance the EFC Note with long-term bonds issued to EFC.

The City has been approved for a \$40 million project to replace the water transmission lines from the Tomhannock Reservoir to the John P. Buckley Water Treatment Plant within the City. Associated with this project is a \$10 million grant that will be used to offset debt issuances through EFC. On May 21, 2020 the City entered into a short term market rate bond anticipation note with EFC in the maximum principal amount of \$29,343,000. As of the date of this Official Statement, the City has drawn \$0 against the short term market rate financing.

**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 years of the municipalities, not adjusted to include subsequent bond issues.

<u>Municipality</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>City Share</u>	<u>Applicable Net Indebtedness</u>
County of:					
Rensselaer	\$ 184,857,834	\$ 56,063,624 <sup>(2)</sup>	\$ 128,794,210	17.21%	\$ 22,165,484
School District:					
Troy City School	72,894,626	65,823,847 <sup>(3)</sup>	7,070,779	80.20%	5,670,765
Lansingburgh CSD	36,278,384	33,956,567 <sup>(3)</sup>	2,321,817	57.87%	1,343,635
				Total:	<u>\$ 29,179,883</u>

- (1) Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.
- (2) Sewer and Water indebtedness.
- (3) Estimated State Building Aid.

Source: Comptroller’s Special Report on Municipal Affairs for Local Finance Year Ended in 2018 for the County and 2019 for the School Districts.

## Debt Ratios

The following table sets forth certain ratios relating to the City's indebtedness as of January 15, 2021:

	<u>Amount of Indebtedness</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Valuation</u> <sup>(b)</sup>
Gross Direct Indebtedness <sup>(c)</sup> .....	\$ 69,226,655	\$ 1,401.89	3.46%
Net Direct Indebtedness <sup>(c)</sup> .....	54,338,992	1,105.48	2.72
Gross Direct Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	98,406,538	2,002.01	4.93
Net Direct Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	83,518,875	1,699.13	4.18

Note: <sup>(a)</sup> The City's 2019 estimated population is 49,154. (See "THE CITY - Population Trends" herein.)

<sup>(b)</sup> The City's full valuation of taxable real estate for 2021 is \$1,998,033,169. (See "TAX INFORMATION – Taxable Valuations" herein.)

<sup>(c)</sup> See "Debt Statement Summary" herein.

<sup>(d)</sup> The City's estimated applicable share of net overlapping indebtedness is \$29,179,883. (See "Estimated Overlapping Indebtedness" herein.)

### SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

## MARKET AND RISK FACTORS

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

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

### COVID -19

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

While there remains uncertainty on a variety of levels pertaining to the financial impact to the City caused by the Covid-19 pandemic, it is known that there are revenue areas vulnerable to financial impact with varying degrees. City operating revenues, from a short term perspective, have been impacted due to the closure or delay in operations. Other revenues such as sales tax, which had significant decreases in April and May, are unknown at this time as to what the actual impact will be in totality for the 2020 fiscal year. In regards to Aid to Municipalities ("AIM") from New York State, the payment was reduced by 20% in comparison to the amount from prior years. The City collects property tax installments in January and July of each year. The 2020 first installment collections were consistent with those of prior years as were collections in July.

With the awareness that there will be a financial impact in the 2020 fiscal year, the City has begun taking steps and continues to take steps to mitigate the potential shortfall in the 2020 operating budget. The City's entire plan is based on the assumption that there will be federal legislation enacted in which aid is provided to local governments. This assumption has been based on conversations had at the federal, state and local levels. The analysis work is from a two pronged approach, the first being from a liquidity perspective and the second from a budget perspective and both continue to be reviewed on a weekly basis. In order to achieve the goal of maintaining City services without a reduction in staff levels, the City has outlined the following steps that are being taken:

1. Reducing budgetary expenditures in excess of \$2 million for the remainder of the 2020 fiscal year
2. The issuance of bond anticipation notes for various capital projects that have grant reimbursements
3. The issuance of a revenue anticipation note to be paid against the receipt of government aid. (See "*Cash Flow Borrowing*" herein).

Given the substantial percentage of revenues that are recognized and received in the latter months of the fiscal year, the City is in a position from both a budget and liquidity perspective to wait for a final determination on federal aid based on the steps the City is taking that are listed above. The City has been, and will continue to, prepare internally for the possibility that there is no federal aid provided and the impact that it will have on the 2020 operational budget.



The impact from the pandemic was considered in the 2021 budget preparation in particular in revenues within the General Fund. Some examples of the consideration of the City while preparing the 2021 budget are below:

1. Aid to Municipalities was reduced 10% in the budget with an appropriation from the Unassigned Fund Balance used to offset this. The annual amount the City receives will be determined as part of the New York State budget approved later in 2021; however ten percent was determined by preparing for a similar reduction to be made in 2021 with the hope that the reduction will be reduced.
2. All operating revenues are budgeted based on historical trends; therefore, the 2021 budgeted amounts took into consideration both the six month and nine month totals in 2020 as part of the analytical work.
3. Sales tax was not increased as much as it would have been if the pandemic had not occurred. This was based on the sharp decline experienced in the early months of 2020.

The implementation of the 2021 budget and careful planning of the City will provide greater flexibility to adjust to the continued impacts of the COVID-19 pandemic.

### **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 an Undertaking to Provide Notice of Material Events Certificate, the form, substantially of which, is attached hereto as "APPENDIX – C."

### **DISCLOSURE COMPLIANCE HISTORY**

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

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

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

Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including municipalities and school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State, including the City (See "MARKET AND RISK FACTORS -COVID-19" herein).

## **TAX MATTERS**

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

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

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

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

In the opinion of Bond Counsel, assuming compliance with certain requirements of the Code, under existing laws, interest on the Notes is 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 Notes is based upon the current provisions of the Code. There can be no assurance that the Code will not be amended in the future so as to reduce or eliminate such favorable federal income tax treatment on the Notes. Any such future legislation would have an adverse effect on the market value of the Notes.

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

## LEGAL MATTERS

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

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

## LITIGATION

Like most municipalities, the City of Troy is subject to a number of lawsuits in the ordinary conduct of its affairs. The City has and will continue to defend these claims vigorously and believes that many are without merit. However, the City recognizes that some of these suits may have a material adverse effect on the financial condition of the City. The City is self-insured for the first \$500,000 of any claim, including defense costs, and carries excess general liability insurance coverage of \$5.0 million (\$10.0 million aggregate), for a total of \$5.0 million in insurance coverage. There are currently three claims where damages could exceed the City's self-insured retention. But the City is litigating each of these claims and has meritorious defenses. A settlement in each could be reached for less than \$500,000.

There is no action, suit, proceeding, or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the City, threatened against or affecting the City, to restrain or enjoin the issuance, sale, or delivery of the Bonds 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. The purchaser(s) of the Notes may NOT have a rating completed on the Notes after the sale.

Moody's Investors Service assigned its rating of "A2" with a positive outlook to the City's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-1653.

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

## MUNICIPAL ADVISOR

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

## CUSIP IDENTIFICATION NUMBERS

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

## MISCELLANEOUS

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

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

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

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

The City will act as Paying Agent for the Notes.

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

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

**CITY OF TROY**

**Dated: January 15, 2021**

**ANDREW PIOTROWSKI**  
**City Comptroller**

GENERAL FUND

Balance Sheets

Fiscal Years Ending	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 2,553,243	\$ 11,108,517	\$ 13,819,505	\$ 12,075,965	\$ 14,452,044
Cash with Fiscal Agent	9,788,637	10,247,567	10,850,507	12,157,967	10,793,314
Taxes Receivable, Net	7,859,874	5,432,262	5,525,744	5,166,309	5,258,056
Other Receivables	2,568,775	2,437,774	2,569,437	3,202,939	2,838,660
Due from Other Funds	1,926,575	1,973,218	1,320,554	1,258,931	2,642,527
Due From Other Governments	4,683,548	4,950,401	4,794,983	7,063,816	5,405,174
Prepaid and Other Assets	1,783,943	31,235	138,978	270,391	71,745
Restricted Cash	720	-	-	-	1,140,118
<b>TOTAL ASSETS</b>	<b>\$ 31,165,315</b>	<b>\$ 36,180,974</b>	<b>\$ 39,019,708</b>	<b>\$ 41,196,318</b>	<b>\$ 42,601,638</b>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 2,218,575	\$ 2,518,566	\$ 1,556,455	\$ 2,286,300	\$ 3,161,587
Accrued Liabilities	301,423	6,303,279	7,950,525	7,081,772	7,263,552
Notes and Loans payable	-	-	-	-	-
Compensated Absences	-	-	-	201,968	180,176
Due to Other Funds	549,190	553,307	1,240,422	335,618	1,836,543
Due to Other Governments	8,075,344	7,008,828	7,484,679	7,437,360	7,224,740
Deferred Revenue	5,494,716	3,282,893	3,386,786	4,727,293	1,604,122
Other Liabilities	271,009	220,542	267,074	662,319	2,748,507
<b>TOTAL LIABILITIES</b>	<b>16,910,257</b>	<b>19,887,415</b>	<b>21,885,941</b>	<b>22,732,630</b>	<b>24,019,227</b>
<u>FUND EQUITY</u>					
Nonspendable	\$ 1,783,943	\$ 31,235	\$ 138,978	\$ 270,391	\$ 71,745
Restricted	11,269,611	14,739,434	14,970,763	15,821,917	15,375,807
Assigned	63,281	147,830	225,095	356,687	117,736
Unassigned	1,138,223	1,375,060	1,798,931	2,014,693	3,017,123
<b>TOTAL FUND EQUITY</b>	<b>14,255,058</b>	<b>16,293,559</b>	<b>17,133,767</b>	<b>18,463,688</b>	<b>18,582,411</b>
<b>TOTAL LIABILITIES and FUND EQUITY</b>	<b>\$ 31,165,315</b>	<b>\$ 36,180,974</b>	<b>\$ 39,019,708</b>	<b>\$ 41,196,318</b>	<b>\$ 42,601,638</b>

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>REVENUES</b>					
Real Property Taxes and Tax Items	\$ 20,701,503	\$ 22,056,430	\$ 23,328,215	\$ 25,985,375	\$ 26,874,561
Non-Property Tax Items	16,680,234	16,578,008	16,856,149	17,360,384	17,864,946
Intergovernmental Charges	254,032	326,370	244,570	5,486,830	7,283,485
Departmental Income	4,858,522	5,228,857	5,779,178	105,291	150,808
Use of Money & Property	59,098	46,395	72,533	244,950	249,915
Licenses and Permits	763,615	731,269	945,121	814,086	1,031,283
Fines and Forfeitures	1,018,098	1,194,873	1,459,022	1,333,438	1,755,785
Sale of Property and Compensation for Loss	32,658	35,067	118,155	105,071	135,819
Miscellaneous	1,285,446	1,384,118	1,765,121	1,525,316	1,499,778
Interfund	1,716,042	1,575,773	1,591,349	1,602,133	1,608,195
Revenues from State Sources	13,529,223	13,742,491	13,613,982	14,352,843	14,749,018
Revenues from Federal Sources	929,313	1,021,860	773,739	1,250,310	905,291
Total Revenues	<u>\$61,827,784</u>	<u>\$63,921,511</u>	<u>\$66,547,134</u>	<u>\$70,166,027</u>	<u>\$74,108,884</u>
<b>EXPENDITURES</b>					
General Government Support	\$ 9,035,052	\$ 8,840,406	\$ 8,188,894	\$ 7,918,772	\$ 8,729,491
Public Safety & Health	34,247,879	33,342,994	35,610,090	35,513,826	37,024,110
Health	175,413	157,605	171,007	3,908,319	4,141,562
Transportation	4,185,828	4,180,084	3,754,075	180,954	186,731
Culture and Recreation	2,445,760	2,316,286	2,237,594	1,847,883	2,135,749
Home and Community Services	4,242,478	4,140,458	3,894,450	3,975,919	4,279,099
Employee Benefits	4,119,800	4,610,292	4,938,137	6,454,869	7,005,062
Debt Service	6,269,114	6,532,530	6,743,593	7,316,564	7,670,538
Total Expenditures	<u>\$ 64,721,324</u>	<u>\$ 64,120,655</u>	<u>\$ 65,537,840</u>	<u>\$ 67,117,106</u>	<u>\$ 71,172,342</u>
Excess of Revenues Over (Under) Expenditures	<u>(\$2,893,540)</u>	<u>(\$199,144)</u>	<u>\$1,009,294</u>	<u>\$3,048,921</u>	<u>\$2,936,542</u>
<b>Other Financing Sources (Uses):</b>					
Bond Proceeds	-	-	-	-	-
Operating Transfers In	2,653,611	2,211,809	2,437,733	881,742	424,303
Operating Transfers Out	(795,471)	(725,000)	(1,408,526)	(3,090,455)	(2,030,924)
Total Other Financing	<u>1,858,140</u>	<u>1,486,809</u>	<u>1,029,207</u>	<u>(2,208,713)</u>	<u>(1,606,621)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(\$1,035,400)</u>	<u>\$1,287,665</u>	<u>\$2,038,501</u>	<u>\$840,208</u>	<u>\$1,329,921</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	12,933,154	11,897,754	14,255,058	16,293,559	17,133,767
Prior Period Adjustments (net)	-	1,069,639	-	-	-
Fund Balance - End of Year	<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>

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	2019			2020	2021
	Adopted Budget	Final Budget	Audited Actual	Adopted Budget	Adopted Budget
<b>REVENUES</b>					
Real Property Taxes & Tax Items	\$ 27,028,173	\$ 27,028,173	\$ 26,938,398	\$ 27,408,797	\$ 27,906,544
Non-Property Tax Items	17,100,000	17,750,000	18,407,667	17,610,000	17,863,290
Departmental Income	4,856,000	5,095,150	4,945,866	5,076,200	5,554,446
Use of Money and Property	71,500	71,500	218,918	86,500	95,750
Intergovernmental Charges	340,000	340,000	351,178	347,000	347,000
Licenses and Permits	837,550	837,550	914,504	1,060,686	1,018,250
Fines and Forfeitures	1,475,000	1,650,000	1,682,454	1,617,500	1,701,000
Sale of Property and Compensation for Loss	45,000	293,000	266,038	50,000	55,000
Interfund Revenues	2,285,405	2,285,405	2,080,308	2,968,504	2,985,905
Miscellaneous	1,406,655	1,416,655	1,671,221	1,311,606	1,461,003
Revenues from State Sources	14,418,671	14,072,574	12,400,425	14,280,963	12,031,249
Revenues from Federal Sources	220,747	417,497	408,949	90,244	98,513
<b>Total Revenues</b>	<b>\$ 70,084,701</b>	<b>\$ 71,257,504</b>	<b>\$ 70,285,926</b>	<b>\$ 71,908,000</b>	<b>\$ 71,117,950</b>
<b>EXPENDITURES</b>					
General Government Support	\$ 9,462,251	\$ 9,053,111	\$ 8,375,384	\$ 9,812,489	\$ 10,203,372
Public Safety	39,307,150	39,861,277	38,058,467	40,329,791	41,676,405
Transportation	3,664,222	4,680,659	4,671,024	3,712,831	3,696,416
Health	188,907	191,901	190,622	207,327	224,290
Culture and Recreation	2,053,235	2,163,547	1,991,716	2,455,263	2,519,612
Home and Community Services	1,010,729	1,010,429	1,098,624	1,252,732	1,168,379
Employee Benefits	6,879,738	7,052,596	6,507,695	6,839,816	6,786,323
Debt Service	9,239,572	9,239,572	9,243,509	9,476,679	8,673,225
<b>Total Expenditures</b>	<b>\$ 71,805,804</b>	<b>\$ 73,253,092</b>	<b>\$ 70,137,041</b>	<b>\$ 74,086,928</b>	<b>\$ 74,948,022</b>
Excess of Revenues Over (Under) Expenditures	(1,721,103)	(1,995,588)	148,885	(2,178,928)	(3,830,072)
Other Financing Sources (Uses):					
Operating Transfers In	3,455,878	3,469,098	2,141,087	2,832,743	3,038,187
Operating Transfers Out	(1,734,775)	(2,175,075)	(2,171,249)	(653,815)	(876,062)
<b>Total Other Financing</b>	<b>1,721,103</b>	<b>1,294,023</b>	<b>(30,162)</b>	<b>2,178,928</b>	<b>2,162,125</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(701,565)	118,723	-	(1,667,947)
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	-	701,565	18,463,688	-	1,667,947
Prior Period Adjustment	-	-	-	-	-
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,582,411</b>	<b>\$ -</b>	<b>\$ -</b>

Source: 2019 Audited financial statements and the 2019 and 2020 budgets of the City. This Appendix itself is not audited.

**BONDED DEBT SERVICE <sup>(1)</sup>**

Fiscal Year Ending December 31st	Principal	Interest	Total
2021	\$ 1,166,038	\$ 472,512.07	\$ 1,638,550.07
2022	1,228,585	381,187.70	1,609,772.70
2023	1,022,130	353,822.97	1,375,952.97
2024	1,038,630	333,195.68	1,371,825.68
2025	1,050,170	312,164.36	1,362,334.36
2026	901,750	286,987.97	1,188,737.97
2027	928,380	264,103.46	1,192,483.46
2028	945,040	240,408.11	1,185,448.11
2029	841,760	215,968.54	1,057,728.54
2030	858,510	194,985.08	1,053,495.08
2031	880,310	173,011.87	1,053,321.87
2032	897,160	151,620.13	1,048,780.13
2033	924,060	129,190.01	1,053,250.01
2034	941,010	106,032.78	1,047,042.78
2035	435,000	83,292.41	518,292.41
2036	445,000	71,131.56	516,131.56
2037	305,000	58,618.75	363,618.75
2038	349,100	52,937.50	402,037.50
2039	359,100	46,921.88	406,021.88
2040	270,000	40,568.75	310,568.75
2041	275,000	33,925.00	308,925.00
2042	285,000	26,925.00	311,925.00
2043	290,000	19,556.25	309,556.25
2044	295,000	11,878.13	306,878.13
2045	305,000	4,003.13	309,003.13
<b>TOTALS</b>	<b>\$ 17,236,733</b>	<b>\$ 4,064,949.07</b>	<b>\$ 21,301,682.07</b>

<sup>(1)</sup> 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, 2020, the indebtedness outstanding through the Corporation was \$10,565,500.



## MATERIAL EVENT NOTICES

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

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

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

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

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

**AUDITED FINANCIAL REPORT**

**For the Year Ended December 31, 2019**

**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  
And  
Reports Required Under Uniform Guidance  
as of and for the year ended  
December 31, 2019**

**Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT**

December 9, 2020

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, 2019, 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 78%, 84% and 45%, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Troy Industrial Development Authority, Troy Local Development Corporation, and Troy Capital Resource Corporation were also audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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(Continued)

## INDEPENDENT AUDITOR'S REPORT (Continued)

### ***Auditor's Responsibility*** (Continued)

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

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

### ***Summary of Opinions***

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

### ***Basis for Adverse Opinion on Governmental Activities***

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

### ***Adverse Opinion***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on Governmental Activities* paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the City, as of December 31, 2019, 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, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards listed in the accompanying table of contents is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### **Other Matters (Continued)**

#### *Other Information (Continued)*

In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, on our consideration of the City of Troy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Troy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Troy's internal control over financial reporting and compliance.

CITY OF TROY, NEW YORK

STATEMENT OF NET POSITION  
DECEMBER 31, 2019

	Governmental Activities	Component Units
<b>ASSETS:</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 61,050,296	\$ 1,536,572
Restricted cash	7,982,844	-
Cash with fiscal agent	13,811,838	-
Taxes receivable, net of allowance for doubtful accounts	5,258,056	-
Accounts receivable	5,911,452	505,150
Grants receivable	-	191,327
Due from other governments	10,579,730	-
Due from fiduciary fund	620,815	-
Prepaid expenses	99,965	25,804
Loans receivable, current portion	-	53,476
	<u>105,314,996</u>	<u>2,312,329</u>
Total current assets		
<b>NONCURRENT ASSETS:</b>		
Capital assets, net	286,564,695	538,056
Real property held for resale or development	-	2,772,137
Loan receivable, net	-	19,634
Other noncurrent assets	-	614
	<u>286,564,695</u>	<u>3,330,441</u>
Total noncurrent assets		
Total assets	<u>391,879,691</u>	<u>5,642,770</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred outflows of resources - ERS	3,048,877	-
Deferred outflows of resources - PFRS	10,484,704	-
Deferred outflows of resources - OPEB	14,036,226	-
	<u>27,569,807</u>	<u>-</u>
Total deferred outflows of resources		
Total assets and deferred outflows of resources	<u>419,449,498</u>	<u>5,642,770</u>
<b>LIABILITIES:</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 8,756,046	\$ 96,929
Accrued expenses	7,923,128	-
Grants payable	-	75,000
Due to other governments	7,234,296	-
Unearned revenue	1,866,846	579,054
Bond anticipation notes payable	45,414,958	-
Bonds and loans payable, current portion	6,926,853	167,000
	<u>78,122,127</u>	<u>917,983</u>
Total current liabilities		
<b>LONG-TERM LIABILITIES:</b>		
Bonds and loans payable, net of current portion	26,409,427	996,000
NYS Employee Retirement System loans payable	5,892,081	-
Compensated absences	5,921,568	-
Net pension liability - ERS	3,291,108	-
Net pension liability - PFRS	9,999,455	-
Workers' Compensation	1,876,525	-
Total other post employment benefits	<u>201,309,475</u>	<u>-</u>
Total long-term liabilities	<u>254,699,639</u>	<u>996,000</u>
Total liabilities	<u>332,821,766</u>	<u>1,913,983</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred inflows of resources - ERS	1,478,994	-
Deferred inflows of resources - PFRS	4,118,938	-
Deferred inflows of resources - OPEB	19,992,331	-
Land purchase option	-	117,301
	<u>25,590,263</u>	<u>117,301</u>
Total deferred inflows of resources		
Total liabilities and deferred inflows or resources	<u>358,412,029</u>	<u>2,031,284</u>
<b>NET POSITION:</b>		
Net investment in capital assets	243,450,341	538,056
Restricted	28,152,294	-
Unrestricted	<u>(210,565,166)</u>	<u>3,073,430</u>
TOTAL NET POSITION	<u>\$ 61,037,469</u>	<u>\$ 3,611,486</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, 2019**

	Program Revenue				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Component Units
<b>PRIMARY GOVERNMENT:</b>						
Governmental activities:						
General governmental support	\$ 12,217,401	\$ 711,565	\$ 737,819	\$ 15,075	\$ (10,752,942)	\$ -
Public safety	46,910,576	5,408,571	767,017	-	(40,734,988)	-
Health	239,538	76,036	-	-	(163,502)	-
Transportation	5,192,137	941,714	(780,705)	1,738,309	(3,292,819)	-
Economic Assistance and Opportunity	5,675	-	5,675	-	-	-
Culture and recreation	2,378,667	852,122	-	355,487	(1,171,058)	-
Home and community services	17,512,996	21,978,526	3,246,178	4,700,899	12,412,607	-
Interest	2,173,932	-	-	-	(2,173,932)	-
Total governmental activities	<u>\$ 86,630,922</u>	<u>\$ 29,968,534</u>	<u>\$ 3,975,984</u>	<u>\$ 6,809,770</u>	<u>(45,876,634)</u>	<u>-</u>
<b>COMPONENT UNITS:</b>						
Troy Industrial Development Authority	\$ 503,902	\$ -	\$ -	\$ -	-	(503,902)
Troy Local Development Corporation	271,450	-	596,327	-	-	324,877
Troy Capital Resource Corporation	143,057	-	-	-	-	(143,057)
Troy Community Land Bank Corporation	1,248,730	-	271,011	-	-	(977,719)
Total component units	<u>\$ 2,167,139</u>	<u>\$ -</u>	<u>\$ 867,338</u>	<u>\$ -</u>	<u>-</u>	<u>(1,299,801)</u>
<b>GENERAL REVENUE:</b>						
Real property taxes and tax items					27,013,838	-
Nonproperty tax items					18,407,667	-
General state aid					12,279,463	-
Grants					-	-
Donation of property for sale					-	496,000
Sale of property and compensation for loss					276,838	255,400
Use of money and property					975,946	88,733
Gain on satisfaction of environmental remediation obligation					-	479,012
Miscellaneous					2,634,037	381,083
Total general revenue					<u>61,587,789</u>	<u>1,700,228</u>
Change in net position					15,711,155	400,427
Total net position - beginning of year					<u>45,326,314</u>	<u>3,211,059</u>
Net position - end of year					<u>\$ 61,037,469</u>	<u>\$ 3,611,486</u>

The accompanying notes are an integral part of these statements.

**CITY OF TROY, NEW YORK**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

	Special Revenue Funds							<u>Total</u>
	<u>General Fund</u>	<u>Special Grant Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garbage Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
<b>ASSETS</b>								
Cash	\$ 14,452,044	\$ 1,785,579	\$ 7,023,699	\$ 1,938,588	\$ 213,502	\$ -	\$ 35,636,884	\$ 61,050,296
Restricted cash	1,140,118	-	-	-	-	371,528	6,471,198	7,982,844
Cash with fiscal agent	10,793,314	-	-	-	-	3,018,524	-	13,811,838
Due from other governments	5,405,174	508,608	2,180,457	-	81,312	-	2,404,179	10,579,730
Taxes receivable, net	5,258,056	-	-	-	-	-	-	5,258,056
Accounts receivables	2,838,660	81,151	1,240,831	919,054	701,756	-	130,000	5,911,452
Due from other funds	2,642,527	45,815	69,369	-	130,831	583,676	7,052,615	10,524,833
Prepaid and other assets	<u>71,745</u>	<u>-</u>	<u>23,265</u>	<u>516</u>	<u>516</u>	<u>-</u>	<u>3,923</u>	<u>99,965</u>
<b>TOTAL ASSETS</b>	<b>\$ 42,601,638</b>	<b>\$ 2,421,153</b>	<b>\$ 10,537,621</b>	<b>\$ 2,858,158</b>	<b>\$ 1,127,917</b>	<b>\$ 3,973,728</b>	<b>\$ 51,698,799</b>	<b>\$ 115,219,014</b>

(Continued)

The accompanying notes are an integral part of these statements.

**CITY OF TROY, NEW YORK**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)**  
**DECEMBER 31, 2019**

	General Fund	Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total
		Special Grant Fund	Water Fund	Sewer Fund	Garbage Fund			
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>								
LIABILITIES:								
Accounts payable	\$ 3,161,587	\$ 244,935	\$ 338,953	\$ 252,691	\$ 244,979	\$ -	\$ 4,512,901	\$ 8,756,046
Accrued liabilities	7,263,552	-	118,470	30,556	73,459	-	-	7,486,037
Other liabilities	215,550	-	41,365	-	-	-	-	256,915
Due to other governments	7,224,740	-	-	-	-	-	9,556	7,234,296
Due to other funds	1,836,543	454,972	4,300,244	1,672,623	81,822	-	1,557,814	9,904,018
Unearned revenue	1,604,122	65,675	84,647	-	112,402	-	-	1,866,846
BANs payable	-	-	-	-	-	-	45,414,958	45,414,958
Compensated absences	180,176	-	-	-	-	-	-	180,176
<b>Total liabilities</b>	<b>21,486,270</b>	<b>765,582</b>	<b>4,883,679</b>	<b>1,955,870</b>	<b>512,662</b>	<b>-</b>	<b>51,495,229</b>	<b>81,099,292</b>
DEFERRED INFLOWS OF RESOURCES								
Deferred taxes	2,532,957	-	-	-	-	-	-	2,532,957
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>24,019,227</b>	<b>765,582</b>	<b>4,883,679</b>	<b>1,955,870</b>	<b>512,662</b>	<b>-</b>	<b>51,495,229</b>	<b>83,632,249</b>
FUND BALANCE:								
Nonspendable	71,745	-	23,265	516	516	-	3,923	99,965
Restricted	15,375,807	1,655,571	5,630,677	901,772	614,739	3,973,728	-	28,152,294
Assigned	117,736	-	-	-	-	-	199,647	317,383
Unassigned	3,017,123	-	-	-	-	-	-	3,017,123
<b>Total Fund Balance</b>	<b>18,582,411</b>	<b>1,655,571</b>	<b>5,653,942</b>	<b>902,288</b>	<b>615,255</b>	<b>3,973,728</b>	<b>203,570</b>	<b>31,586,765</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 42,601,638</b>	<b>\$ 2,421,153</b>	<b>\$ 10,537,621</b>	<b>\$ 2,858,158</b>	<b>\$ 1,127,917</b>	<b>\$ 3,973,728</b>	<b>\$ 51,698,799</b>	<b>\$ 115,219,014</b>

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, 2019

---

Fund balance, all governmental funds	\$ 31,586,765
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	286,564,695
Pension related government-wide activity:	
Deferred outflows of resources - ERS	3,048,877
Deferred outflows of resources - PFRS	10,484,704
Net pension liability - ERS	(3,291,108)
Net pension liability - PFRS	(9,999,455)
Deferred inflows of resources - ERS	(1,478,994)
Deferred inflows of resources - PFRS	(4,118,938)
Long-term liabilities are not due and payable in the current period and are, therefore not reported in the funds:	
Bonds and notes payable	(33,336,280)
NYS Employee Retirement System loans payable	(5,892,081)
Compensated absences	(5,921,568)
Workers' compensation liability	(1,876,525)
OPEB related government-wide activity:	
Total other postemployment benefits	(201,309,475)
Deferred outflows of resources - OPEB	14,036,226
Deferred inflows of resources - OPEB	(19,992,331)
Deferral of property taxes levied in the current year is recognized as revenue under the accrual basis of accounting	<u>2,532,957</u>
Net position of governmental activities	<u>\$ 61,037,469</u>

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total
		Special Grant Fund	Water Fund	Sewer Fund	Garbage Fund			
<b>REVENUES:</b>								
Real property taxes and tax items	\$ 26,938,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,938,398
Nonproperty tax items	18,407,667	-	-	-	-	-	-	18,407,667
Departmental income	4,945,866	245,935	4,194,036	4,173,296	3,689,150	-	-	17,248,283
Intergovernmental charges	351,178	-	7,128,006	179,006	-	-	-	7,658,190
Use of money and property	218,918	718	296,572	8,640	119,098	175,021	156,979	975,946
Licenses and permits	914,504	-	11,980	-	-	-	-	926,484
Fines and forfeitures	1,682,454	45,815	-	-	-	-	-	1,728,269
Interfund revenue	2,080,308	-	327,000	-	-	-	-	2,407,308
Sale of property and compensation for loss	266,038	-	10,800	-	-	-	-	276,838
Miscellaneous	1,671,221	153,144	127,655	29,758	50,438	-	230,293	2,262,509
State aid	12,400,425	285,791	-	-	-	-	1,609,118	14,295,334
Federal aid	408,949	3,160,282	-	-	-	-	5,200,652	8,769,883
<b>Total revenues</b>	<b>70,285,926</b>	<b>3,891,685</b>	<b>12,096,049</b>	<b>4,390,700</b>	<b>3,858,686</b>	<b>175,021</b>	<b>7,197,042</b>	<b>101,895,109</b>
<b>EXPENDITURES:</b>								
General governmental support	8,375,384	3,885,173	501,746	-	23,643	-	-	12,785,946
Public safety	38,058,467	155,535	-	-	-	-	-	38,214,002
Public health	190,622	-	-	-	-	-	-	190,622
Transportation	4,671,024	-	-	-	-	-	-	4,671,024
Culture and recreation	1,991,716	-	-	-	-	-	-	1,991,716
Home and community services	1,098,624	-	8,889,799	2,644,611	3,812,662	-	-	16,445,696
Employee benefits	6,507,695	-	-	-	11,901	-	-	6,519,596
Capital outlays	-	-	-	-	-	-	27,094,967	27,094,967
Debt Service								
Principal	4,738,161	-	466,646	61,490	10,000	-	-	5,276,297
Interest	4,505,348	-	277,465	11,997	-	7,369	-	4,802,179
<b>Total expenditures</b>	<b>70,137,041</b>	<b>4,040,708</b>	<b>10,135,656</b>	<b>2,718,098</b>	<b>3,858,206</b>	<b>7,369</b>	<b>27,094,967</b>	<b>117,992,045</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>148,885</b>	<b>(149,023)</b>	<b>1,960,393</b>	<b>1,672,602</b>	<b>480</b>	<b>167,652</b>	<b>(19,897,925)</b>	<b>(16,096,936)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Proceeds from issuance of debt	-	-	-	-	-	-	13,352,398	13,352,398
Premium on bond issued	-	-	-	-	-	371,528	-	371,528
BANs redeemed from appropriations	-	-	-	-	-	-	1,019,000	1,019,000
Operating transfers - in	2,141,087	-	-	-	614,775	583,676	5,722,675	9,062,213
Operating transfers - out	(2,171,249)	-	(3,168,600)	(1,672,602)	-	(1,452,867)	(596,895)	(9,062,213)
<b>Total other financing sources (uses)</b>	<b>(30,162)</b>	<b>-</b>	<b>(3,168,600)</b>	<b>(1,672,602)</b>	<b>614,775</b>	<b>(497,663)</b>	<b>19,497,178</b>	<b>14,742,926</b>
<b>CHANGE IN FUND BALANCE</b>	<b>118,723</b>	<b>(149,023)</b>	<b>(1,208,207)</b>	<b>-</b>	<b>615,255</b>	<b>(330,011)</b>	<b>(400,747)</b>	<b>(1,354,010)</b>
<b>FUND BALANCE - beginning of year</b>	<b>18,463,688</b>	<b>1,804,594</b>	<b>6,862,149</b>	<b>902,288</b>	<b>-</b>	<b>4,303,739</b>	<b>604,317</b>	<b>32,940,775</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 18,582,411</b>	<b>\$ 1,655,571</b>	<b>\$ 5,653,942</b>	<b>\$ 902,288</b>	<b>\$ 615,255</b>	<b>\$ 3,973,728</b>	<b>\$ 203,570</b>	<b>\$ 31,586,765</b>

The accompanying notes are an integral part of these statements.



**CITY OF TROY, NEW YORK**

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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Net changes in fund balance - Total governmental funds	\$ (1,354,010)
Capital outlays, net of disposals, are expenditures in governmental funds, but are capitalized in the statement of net position	30,441,719
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	(1,553,025)
Compensated absences do not require the expenditure of current resources and are, therefore, are not reported as expenditures in the governmental funds	(559,534)
Proceeds from issuance of debt is not reported as revenue in government-wide financial statements	(13,352,398)
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	5,276,297
Proceeds from BANs redeemed from appropriations recorded as revenue in the governmental funds are not recognized as revenue in the statement of activities	(1,019,000)
Bond accretion on MAC debt decreases the principal balance and decreases interest expense in the government-wide financial statements	2,628,247
Repayments of ERS and TRS loan payables are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position	1,340,386
Accrued postemployment benefits do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds	(4,352,442)
Accrued workers' compensation liability does not require the expenditure of current resources and therefore, is not reported as expenditures in the governmental funds	(1,876,525)
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
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>75,440</u>
Change in net position - governmental activities	<u>\$ 15,711,155</u>

The accompanying notes are an integral part of these statements.

**CITY OF TROY, NEW YORK**

**STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2019**

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	<u>Agency</u>
<b>ASSETS:</b>	
Cash	\$ 1,172,063
Other current assets	<u>36,338</u>
Total Assets	<u>\$ 1,208,401</u>
<b>LIABILITIES:</b>	
Accounts payable	\$ 587,586
Due to governmental funds	<u>620,815</u>
Total Liabilities	<u>\$ 1,208,401</u>

The accompanying notes are an integral part of these statements.

**CITY OF TROY, NEW YORK**

**STATEMENT OF NET POSITION - COMPONENT UNITS  
DECEMBER 31, 2019**

	Troy Industrial Development Authority	Troy Local Development Corporation	Troy Capital Resource Corporation	Troy Community Land Bank Corporation	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>	\$ 515,168	\$ 466,861	\$ 290,402	\$ 264,141	\$ 1,536,572
Cash					
Accounts receivable, net of allowance for doubtful accounts	-	5,150	-	500,000	505,150
	-	191,327	-	-	191,327
Grants receivable	1,101	15,253	-	9,450	25,804
Prepaid expenses	-	53,476	-	-	53,476
Loans receivable, current portion					
	<u>516,269</u>	<u>732,067</u>	<u>290,402</u>	<u>773,591</u>	<u>2,312,329</u>
Total current assets					
<b>NONCURRENT ASSETS</b>	-	537,287	-	769	538,056
Capital assets, net	287,000	2,036,228	-	448,909	2,772,137
Real property held for resale or development	-	19,634	-	-	19,634
Loan receivable, net	-	614	-	-	614
Other noncurrent assets					
	<u>287,000</u>	<u>2,593,763</u>	<u>-</u>	<u>449,678</u>	<u>3,330,441</u>
Total noncurrent assets					
	<u>803,269</u>	<u>3,325,830</u>	<u>290,402</u>	<u>1,223,269</u>	<u>5,642,770</u>
Total assets					
<b>LIABILITIES</b>					
Current liabilities	3,500	27,595	-	65,834	96,929
Accounts payable and accrued expenses	-	167,000	-	-	167,000
Loan payable, current portion	-	75,000	-	-	75,000
Grants payable	-	-	-	579,054	579,054
Unearned revenue					
	<u>3,500</u>	<u>269,595</u>	<u>-</u>	<u>644,888</u>	<u>917,983</u>
Total current liabilities					
Long-term liabilities	-	996,000	-	-	996,000
Loan payable, long-term portion					
	<u>-</u>	<u>996,000</u>	<u>-</u>	<u>-</u>	<u>996,000</u>
Total long-term liabilities					
	<u>3,500</u>	<u>1,265,595</u>	<u>-</u>	<u>644,888</u>	<u>1,913,983</u>
Total liabilities					
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>117,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,301</u>
Land purchase option					
<b>NET POSITION</b>	-	537,287	-	769	538,056
Net investment in capital assets	<u>682,468</u>	<u>1,522,948</u>	<u>290,402</u>	<u>577,612</u>	<u>3,073,430</u>
Unrestricted					
	<u>\$ 682,468</u>	<u>\$ 2,060,235</u>	<u>\$ 290,402</u>	<u>\$ 578,381</u>	<u>\$ 3,611,486</u>

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, 2019**

	Troy Industrial Development Authority	Troy Local Development Corporation	Troy Capital Resource Corporation	Troy Community Land Bank Corporation	Total
Operating Revenue					
Donation of property for sale	\$ -	\$ -	\$ -	\$ 496,000	\$ 496,000
Sale of property	-	-	-	255,400	255,400
Grant revenue	-	521,327	-	271,011	792,338
Other income	215,156	77,967	4,000	83,960	381,083
Use of money and property	-	79,767	-	-	79,767
Total Operating Revenue	<u>215,156</u>	<u>679,061</u>	<u>4,000</u>	<u>1,106,371</u>	<u>2,004,588</u>
Operating Expenses					
Economic assistance	503,902	121,018	143,057	1,248,315	2,016,292
Depreciation	-	4,829	-	415	5,244
Total Operating Expenses	<u>503,902</u>	<u>125,847</u>	<u>143,057</u>	<u>1,248,730</u>	<u>2,021,536</u>
Operating Income (Loss)	<u>(288,746)</u>	<u>553,214</u>	<u>(139,057)</u>	<u>(142,359)</u>	<u>(16,948)</u>
Nonoperating Revenues					
Gain on satisfaction of environmental remediation obligation	-	479,012	-	-	479,012
Interest income	7,625	-	805	536	8,966
Pass-through grant revenue	-	75,000	-	-	75,000
Total Nonoperating Revenue	<u>7,625</u>	<u>554,012</u>	<u>805</u>	<u>536</u>	<u>562,978</u>
Nonoperating Expenses					
Pass-through grant expenses	-	75,000	-	-	75,000
Debt service - interest	-	70,603	-	-	70,603
Total Nonoperating Expenses	<u>-</u>	<u>145,603</u>	<u>-</u>	<u>-</u>	<u>145,603</u>
Change in net position	(281,121)	961,623	(138,252)	(141,823)	400,427
NET POSITION - beginning of year	<u>963,589</u>	<u>1,098,612</u>	<u>428,654</u>	<u>720,204</u>	<u>3,211,059</u>
NET POSITION - end of year	<u>\$ 682,468</u>	<u>\$ 2,060,235</u>	<u>\$ 290,402</u>	<u>\$ 578,381</u>	<u>\$ 3,611,486</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, 2019

	Troy Industrial Development Authority	Troy Local Development Corporation	Troy Capital Resource Corporation	Troy Community Land Bank Corporation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ -	\$ 152,584	\$ -	\$ -	\$ 152,584
Proceeds from grants	-	405,000	-	208,841	613,841
Payments to vendors for goods and services	(500,231)	(132,967)	(143,057)	(564,194)	(1,340,449)
Payments for loan advances	-	(10,000)	-	-	(10,000)
Payments to employees for salaries and benefits	-	-	-	(92,176)	(92,176)
Proceeds from loan repayments	-	80,862	-	-	80,862
Payments for environmental remediation obligation	-	(485,988)	-	-	(485,988)
Receipts from property sales	-	-	-	261,554	261,554
Other receipts	243,156	-	5,500	83,960	332,616
	<u>243,156</u>	<u>-</u>	<u>5,500</u>	<u>83,960</u>	<u>332,616</u>
Net cash flows provided by (used in) operating activities	(257,075)	9,491	(137,557)	(102,015)	(487,156)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from interest income	7,625	-	805	537	8,967
Proceeds on loan payable	-	221,667	-	-	221,667
Proceeds from interest prepaid on loan payable	-	48,030	-	-	48,030
Payment on loan payable	-	(167,000)	-	-	(167,000)
Interest paid	-	(64,505)	-	-	(64,505)
	<u>7,625</u>	<u>38,192</u>	<u>805</u>	<u>537</u>	<u>47,159</u>
Net cash provided by (used in) investing activities	7,625	38,192	805	537	47,159
Net increase (decrease) in cash and cash equivalents	(249,450)	47,683	(136,752)	(101,478)	(439,997)
Cash and cash equivalents - beginning of year	764,618	419,178	427,154	365,619	1,976,569
Cash and cash equivalents - end of year	\$ 515,168	\$ 466,861	\$ 290,402	\$ 264,141	\$ 1,536,572
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating Income (loss)	\$ (288,746)	\$ 553,214	\$ (139,057)	\$ (142,359)	\$ (16,948)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	4,829	-	415	5,244
Property donated (non-cash revenue)	-	-	-	(496,000)	(496,000)
Cost of property sales	-	-	-	542,966	542,966
Changes in operating assets and liabilities:					
Accounts receivable	28,000	(5,150)	1,500	(493,846)	(469,496)
Grants receivable	-	(116,327)	-	-	(116,327)
Loans receivable	-	70,862	-	-	70,862
Prepaid expenses	221	(9,287)	-	(2,557)	(11,623)
Accounts payable and accrued expenses	3,450	(2,662)	-	51,536	52,324
Environmental remediation obligation	-	(485,988)	-	-	(485,988)
Unearned grant revenue	-	-	-	437,830	437,830
	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,830</u>	<u>437,830</u>
Net cash flows provided by (used in) operating activities	\$ (257,075)	\$ 9,491	\$ (137,557)	\$ (102,015)	\$ (487,156)

The accompanying notes are an integral part of these statements.

**CITY OF TROY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**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 \$1,551,326 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, 2019, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

#### **Prepaid Expenses/Prepaid Expenditures**

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

#### **Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

In 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:

<u>General Fund</u>		
Debt service	\$ 10,424,854	
Capital	3,648,285	
Insurance	592,898	
Snow and Ice	426,930	
Unemployment Insurance	262,152	
Workers Compensation	<u>20,688</u>	\$ 15,375,807
<u>Debt Service Fund</u>		
Debt service		3,973,728
<u>Special Revenue Funds</u>		
Special Grant Fund		1,655,571
Water Fund		5,630,677
Sewer Fund		901,772
Garbage Fund		<u>614,739</u>
		<u>\$ 28,152,294</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, 2019 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, 2019.

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, 2019, the City's encumbrances were classified as follows:

General Governmental Support	\$	38,063
Public Safety		60,538
Transportation		19,135
		<u>117,736</u>
	\$	<u>117,736</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)

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

#### Net Position and Fund Balance Classifications (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 – 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, 2019 is as follows:

### Unrestricted Cash

General Fund		\$ 14,452,044
Special Revenue Funds:		
Special Grant Fund	\$ 1,785,579	
Water Fund	7,023,699	
Sewer Fund	1,938,588	
Garbage Fund	213,502	10,961,368
Capital Projects Fund		<u>35,636,884</u>
Total Unrestricted Cash		<u>61,050,296</u>

### Restricted Cash

General Fund		1,140,118
Debt Service Fund		371,528
Capital Projects Fund		<u>6,471,198</u>
Total Restricted Cash		<u>7,982,844</u>

Total Cash \$ 69,033,140

Restricted cash includes cash with fiscal agent of \$13,811,838 and represents amounts held for the payment of principal and interest on outstanding obligations held by the Municipal Assistance Corporation for the City of Troy (MAC) in the general and debt service funds. This amount is excluded from the City's cash balance subject to collateralization requirements.

Restricted cash also includes cash held with fiscal agent of \$6,471,198 in the capital projects fund. This cash represents amounts held in connection with the energy performance contract. This amount is also excluded from the City's cash balance subject to collateralization requirements.

**NOTE 2 – CASH (Continued)**

At December 31, 2019, 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>\$ 65,806,063</u>	<u>\$ 56,386,786</u>
Collateralized with securities held by the financial institution's trust department or agent in the City's name	\$ 65,086,219	
Covered by FDIC insurance	<u>719,844</u>	
Total	<u>\$ 65,806,063</u>	

**NOTE 3 - CAPITAL ASSETS**

The following schedule identifies changes to the City's fixed assets for the year ended December 31, 2019:

	January 1, 2019			December 31, 2019
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 2,117,948	\$ 133,250	\$ -	\$ 2,251,198
Buildings and land improvements	51,763,067	2,062,587	-	53,825,654
Machinery and equipment	29,271,607	3,212,072	-	32,483,679
Infrastructure	171,846,862	23,446,918	-	195,293,780
Construction in progress	<u>1,123,492</u>	<u>27,095,033</u>	<u>25,508,141</u>	<u>2,710,384</u>
	<u>\$ 256,122,976</u>	<u>\$ 55,949,860</u>	<u>\$ 25,508,141</u>	<u>\$ 286,564,695</u>

## NOTE 4 – SHORT-TERM DEBT

### Bond Anticipation Notes

Liabilities for Bond Anticipation Notes (BANs) are generally accounted for in the capital projects fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. The City had the following BANs outstanding at December 31, 2019:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN - Sea Wall Reconstruction	8/02/2019	3.00%	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -
BAN - Various Equipment	8/02/2019	3.00%	718,000	-	718,000	-
BAN - Police Vehicles	2/08/2019	2.75%	245,000	-	245,000	-
BAN - Abatement/Demolition of New Building	2/08/2019	2.75%	226,733	-	226,733	-
BAN - Various Equipment	2/06/2020	2.07%	765,000	-	33,000	732,000
BAN - OCA Project	2/06/2020	2.07%	2,475,000	-	65,000	2,410,000
BAN - Spring Avenue Bridge	2/06/2020	2.07%	450,000	-	15,000	435,000
BAN - Riverfront North Extension	2/06/2020	2.07%	1,065,000	-	35,000	1,030,000
BAN - Sea Wall	2/06/2020	2.07%	4,352,000	-	417,000	3,935,000
BAN - South Troy Industrial Roadway	2/06/2020	2.07%	1,350,000	-	55,000	1,295,000
BAN - Bike Trail	2/06/2020	2.07%	1,489,000	-	1,000,000	489,000
BAN - Powers Park Renovation	2/06/2020	2.07%	449,000	-	15,000	434,000
BAN - 2017 General Fund Capital Plan	2/06/2020	2.07%	225,000	-	-	225,000
BAN - 2018 Water Fund Capital Plan	2/06/2020	2.07%	3,500,000	-	-	3,500,000
BAN - Tropical Storm Irene	2/06/2020	2.07%	2,700,000	-	-	2,700,000
BAN - Tropical Storm Irene	7/31/2020	1.50%	500,000	-	25,000	475,000
BAN - Building Demolition	7/31/2020	1.50%	660,000	-	250,000	410,000
BAN - 2017 General Fund Capital Plan	7/31/2020	1.50%	632,695	-	304,000	328,695
BAN - Ingalls Avenue Boat Launch	7/31/2020	1.50%	700,000	-	500,000	200,000
BAN - Leonard Hospital Demolition	7/31/2020	1.50%	2,500,000	-	-	2,500,000
BAN - 2018 General Fund Capital Plan	7/31/2020	1.50%	330,000	-	-	330,000
BAN - Tropical Storm Irene	7/31/2020	3.00%	1,000,000	-	-	1,000,000
BAN - Sewer Fund CSO Project	5/12/2021	0.68%	485,437	-	10,000	475,437
BAN - Building Demolition	2/06/2020	2.07%	-	200,000	-	200,000
BAN - South Troy Industrial Roadway	7/31/2020	1.50%	-	1,750,000	-	1,750,000
BAN - Ingalls Avenue Boat Launch	2/06/2020	2.07%	-	657,850	-	657,850
BAN - 2018 General Fund Capital Plan	2/06/2020	2.07%	-	775,000	-	775,000
BAN - 2019 Garbage Fund Capital Plan	2/06/2020	2.07%	-	355,000	-	355,000
BAN - South Troy Industrial Roadway	2/06/2020	2.07%	-	250,000	-	250,000
BAN - 2019 General Fund Capital Plan - DPW/Recreation	2/06/2020	2.07%	-	665,000	-	665,000
BAN - 2019 General Fund Capital Plan - DPW/Recreation	7/31/2020	1.50%	-	618,000	-	618,000
BAN - 2019 General Fund Capital Plan - Fire	2/06/2020	2.07%	-	95,000	-	95,000
BAN - 2019 General Fund Capital Plan - Fire	7/31/2020	1.50%	-	660,000	-	660,000
BAN - 2019 General Fund Capital Plan - Knickerbacker Ice Arena	2/06/2020	2.07%	-	550,000	-	550,000
BAN - 2019 General Fund Capital Plan	2/06/2020	2.07%	-	596,000	-	596,000
BAN - Tropical Storm Irene	2/06/2020	2.07%	-	1,250,000	-	1,250,000
BAN - Knickerbacker Pool Reconstruction	2/06/2020	2.07%	-	500,000	-	500,000
BAN - Sea Wall	2/06/2020	2.07%	-	9,000,000	-	9,000,000
BAN - South Troy Industrial Roadway	2/06/2020	2.07%	-	2,000,000	-	2,000,000
BAN - South Troy Industrial Roadway	2/06/2020	2.07%	-	1,400,000	-	1,400,000
BAN - Sewer Fund CSO Project	5/21/2021	0.68%	-	1,188,976	-	1,188,976
Total			<u>\$ 36,817,865</u>	<u>\$ 22,510,826</u>	<u>\$ 13,913,733</u>	<u>\$ 45,414,958</u>

## NOTE 5 – LONG-TERM LIABILITIES

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

	Beginning Balance	Increase	Decrease	Ending Balance	Due within One Year
Government activities					
Bonds and notes payable:					
General obligation debt:					
Serial bonds payable - Water Fund	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -
NYS EFC payable - Water Fund	868,155	-	206,390	661,765	213,332
NYS EFC payable - Water Fund	2,165,000	-	100,000	2,065,000	100,000
NYS EFC payable - Sewer Fund	1,008,150	-	51,490	956,660	52,850
Serial bonds payable - General Fund	1,121,888	-	101,888	1,020,000	100,000
Serial bonds payable - General Fund	-	5,286,000	-	5,286,000	302,140
Serial bonds payable - Garbage Fund	-	330,000	-	330,000	18,860
Serial bonds payable - Water Fund	-	1,233,200	55,000	1,178,200	33,200
	<u>5,213,193</u>	<u>6,849,200</u>	<u>564,768</u>	<u>11,497,625</u>	<u>820,382</u>
Capital leases payable:					
Capital lease payable - General Fund	496,545	-	46,508	450,037	48,468
Capital lease payable - General Fund	1,206,399	-	77,032	1,129,367	86,226
Capital lease payable - Water Fund	660,360	-	55,256	605,104	60,609
Capital lease payable - General Fund	-	6,503,198	-	6,503,198	-
	<u>2,363,304</u>	<u>6,503,198</u>	<u>178,796</u>	<u>8,687,706</u>	<u>195,303</u>
Total bonds and capital leases payable	<u>7,576,497</u>	<u>13,352,398</u>	<u>743,564</u>	<u>20,185,331</u>	<u>1,015,685</u>
Repayment agreements - MAC debt (a)	<u>19,292,929</u>	<u>-</u>	<u>6,141,980</u>	<u>13,150,949</u>	<u>5,911,168</u>
Total bonds and notes payable	<u>26,869,426</u>	<u>13,352,398</u>	<u>6,885,544</u>	<u>33,336,280</u>	<u>6,926,853</u>
Other liabilities:					
Judgments and claims payable	16,000	-	16,000	-	-
Retirement debt (c)	7,232,467	-	1,340,386	5,892,081	-
Compensated absences	5,362,034	559,534	-	5,921,568	-
Net pension liability - ERS	1,521,383	1,769,725	-	3,291,108	-
Net pension liability - PFRS	6,118,437	3,881,018	-	9,999,455	-
Total other post employment benefits (b)	<u>187,247,058</u>	<u>30,140,145</u>	<u>16,077,728</u>	<u>201,309,475</u>	<u>-</u>
Total other liabilities	<u>207,497,379</u>	<u>36,350,422</u>	<u>17,434,114</u>	<u>226,413,687</u>	<u>-</u>
Total long-term liabilities	<u>\$234,366,805</u>	<u>\$ 49,702,820</u>	<u>\$ 24,319,658</u>	<u>\$259,749,967</u>	<u>\$ 6,926,853</u>

(a) Repayment agreements include Capital Appreciation Bonds and accreted interest of \$8,477,638.

(b) Postemployment health insurance liability at December 31, 2019, 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 5 – LONG-TERM LIABILITIES (Continued)**

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

### Lease Purchase Agreement – Energy Performance Contracts

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

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

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

### Lease Purchase Agreement – Purchase of Fire Equipment

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

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

### State Clean Water Program

The City has entered into loan agreements with the New York State Environmental Facilities Corporation (EFC) to finance the cost of improvements to the City's sewer system which were necessary to eliminate the discharge of untreated sewage into the Hudson River. The general obligation serial bonds shown under the Sewer Fund represent the unpaid balance of these bonds at December 31, 2019.

### 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, 2019.

**NOTE 5 – LONG-TERM LIABILITIES (Continued)**

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

	<u>Year of Issue</u>	<u>Original Balance</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>December 31, 2019</u>
<u>General Fund</u>					
Capital Lease	2011	\$ 1,648,598	4.55%	07/2029	\$ 1,129,367
Capital Lease	2012	\$ 738,648	4.23%	03/2027	450,037
Capital Lease	2019	\$ 6,503,198	2.90%	07/2040	6,503,198
General Obligation	2010	\$ 1,121,888	3.00%	08/2028	1,020,000
General Obligation	2019	\$ 5,286,000	2.00%	08/2034	<u>5,286,000</u>
					<u>14,388,602</u>
<u>Water Fund</u>					
General Obligation	2019	\$ 1,233,200	1.30%	08/2048	1,178,200
NYS EFC Obligation	2001	\$ 3,390,000	3.25%	12/2022	661,765
NYS EFC Obligation	2007	\$ 3,136,180	4.63%	09/2036	2,065,000
Capital Lease	2011	\$ 946,746	4.29%	07/2027	<u>605,104</u>
					<u>4,510,069</u>
<u>Sewer Fund</u>					
NYS EFC Obligation	2004	\$ 1,625,890		04/2034	<u>956,660</u>
<u>Garbage Fund</u>					
General Obligation	2019	\$ 330,000	2.00%	08/2034	<u>330,000</u>
Total general obligation bonds and leases payable					<u>\$ 20,185,331</u>

The annual debt service requirements to maturity, including principal and interest, for bonds, notes and capital leases payable as of December 31, 2019, are as follows:

<u>Fiscal Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,015,685	\$ 419,734	\$ 1,435,419
2021	1,197,687	682,712	1,880,399
2022	1,344,119	539,468	1,883,587
2023	1,152,321	497,953	1,650,274
2024	1,182,265	462,568	1,644,833
2025-2029	5,931,261	1,745,502	7,676,763
2030-2034	4,998,353	952,412	5,950,765
2035-2039	2,460,486	352,608	2,813,094
2040-2044	673,154	81,100	754,254
2045-2048	<u>230,000</u>	<u>22,302</u>	<u>252,302</u>
	<u>\$ 20,185,331</u>	<u>\$ 5,756,359</u>	<u>\$ 25,941,690</u>

**NOTE 5 – LONG-TERM LIABILITIES (Continued)**

Debt Service Payment and Funding Requirements – Repayment Agreements

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

A summary of the City’s debt under these repayment agreements with the Municipal Assistance Corporation for the City of Troy as of December 31, 2019 is as follows:

Series 1996B Capital Appreciation Bonds	\$ 2,312,543
Series 1196C Capital Appreciation Bonds	864,600
Series 2010A Refunding Bonds	<u>1,495,000</u>
	4,672,143
Bond accretion - Series 1996B and 1996C	8,477,638
Bond premium - Series 2010A	<u>1,168</u>
	<u>\$ 13,150,949</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>
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>\$ 16,480,000</u>	<u>\$ 122,950</u>	<u>\$ 16,602,950</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	\$ 19,287,759	\$ 722,022	\$ 6,860,000	\$ 13,149,781
Bond premium	<u>5,170</u>	<u>(4,002)</u>	<u>-</u>	<u>1,168</u>
	<u>\$ 19,292,929</u>	<u>\$ 718,020</u>	<u>\$ 6,860,000</u>	<u>\$ 13,150,949</u>

Total interest paid, net of bond accretion, on debt in 2019 was \$2,173,932.



## NOTE 6 – 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>
2019	\$ 2,098,052	\$ 5,890,899
2018	\$ 2,132,614	\$ 5,747,953
2017	\$ 2,181,251	\$ 5,875,063

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 1<sup>st</sup> (e.g., billings due February 2009 would be based on the pension value as of March 31, 2008).

## **NOTE 6 – PENSION PLANS (Continued)**

### Funding Policy - Continued

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

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

The City of Troy has also elected to participate in the Employer Contribution Stabilization Program per Part II of Chapter 57, Laws of 2010, which was signed into law on 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 \$79,983 at December 31, 2019. 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 \$225,252 and \$339,641 at December 31, 2019, 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 \$365,608 and \$762,309 at December 31, 2019 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 \$483,422 and \$1,218,729 at December 31, 2019, 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 \$473,603 and \$1,042,636 at December 31, 2019, 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 \$188,717 and \$465,381 at December 31, 2019, 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 \$531,438 at December 31, 2019. 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 6 – PENSION PLANS (Continued)**

Funding Policy - Continued

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

At December 31, 2019, the City reported a net pension liability of \$3,291,108 and \$9,999,455 for its proportionate share of the ERS and PFRS net pension liability, respectively. The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as April 1, 2018. 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, 2019, 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, 2018 of .4620491% and .0159108% for ERS and PFRS, respectively. At December 31, 2019, 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>
<b>ERS</b>		
Differences between expected and actual experience	\$ 648,088	\$ 220,926
Changes of assumptions	827,250	-
Net difference between projected and actual earnings on pension plan investments	-	844,680
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	413,388
Contributions subsequent to the measurement date	<u>1,573,539</u>	<u>-</u>
Total	<u>\$ 3,048,877</u>	<u>\$ 1,478,994</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:	
2020	\$ 498,055
2021	(780,705)
2022	(141,324)
2023	420,319
2024	-
Thereafter	-
	<u>\$ (3,655)</u>

**NOTE 6 – PENSION PLANS (Continued)**

Funding Policy – Continued

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

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
<b>PFRS</b>		
Differences between expected and actual experience	\$ 2,429,144	\$ 1,067,607
Changes of assumptions	3,633,069	-
Net difference between projected and actual earnings on pension plan investments	-	2,002,647
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,317	1,048,684
Contributions subsequent to the measurement date	4,418,174	-
Total	<u>\$ 10,484,704</u>	<u>\$ 4,118,938</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:

2020	\$ 1,681,925
2021	(684,674)
2022	(190,927)
2023	980,645
2024	160,621
Thereafter	-
	<u>\$ 1,947,590</u>

For the year ended December 31, 2019, the City recognized pension expense of \$1,941,503 and \$6,295,404 for ERS and PFRS, respectively.

**Actuarial Assumptions**

The total pension liability at March 31, 2019 was determined by using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to March 31, 2019.

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

Inflation:	2.50%
Salary scale:	4.2% ERS, 5.0% PFRS, indexed by service
Projected COLAs:	1.3% annually
Decrements:	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

## NOTE 6 – PENSION PLANS (Continued)

### Actuarial Assumptions (Continued)

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

The target allocation and best estimates of arithmetic of real rates of return for each major asset class are summarized as of March 31, 2019 in the following table:

Asset Type	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	36%	4.55%
International Equity	14%	6.35%
Private Equity	10%	7.50%
Real Estate	10%	5.55%
Absolute Return Strategies	2%	3.75%
Opportunistic Portfolio	3%	5.68%
Real Assets	3%	5.29%
Bonds & Mortgages	17%	1.31%
Cash	1%	-0.25%
Inflation-indexed bonds	4%	1.25%
	100%	

### Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease 6.0%	Current Discount 7.0%	1% Increase 8.0%
<b>ERS</b>			
Proportionate Share of Net Pension Liability (Asset)	<u>\$ 14,389,249</u>	<u>\$ 3,291,108</u>	<u>\$ (6,032,118)</u>
	1% Decrease 6.0%	Current Discount 7.0%	1% Increase 8.0%
<b>PFRS</b>			
Proportionate Share of Net Pension Liability (Asset)	<u>\$ 36,136,538</u>	<u>\$ 9,999,455</u>	<u>\$ (11,828,042)</u>

**NOTE 6 – PENSION PLANS (Continued)**

**Pension Plan Fiduciary Net Position**

The components of the current-year net pension liability of the employer as of March 31, 2019, 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
<b>ERS</b>			
Total pension liability	\$ 189,803,429,000	\$ 88,163,313	0.0464498%
Net position	(182,718,124,000)	(84,872,202)	0.0464498%
Net pension liability (asset)	<u>\$ 7,085,305,000</u>	<u>\$ 3,291,111</u>	0.0464498%
ERS net position as a percentage of total pension liability	96.27%	96.27%	
<b>PFRS</b>			
Total pension liability	\$ 34,128,100,000	\$ 203,488,114	0.5962480%
Net position	(32,451,037,000)	(193,488,660)	0.5962480%
Net pension liability (asset)	<u>\$ 1,677,063,000</u>	<u>\$ 9,999,454</u>	0.5962480%
ERS net position as a percentage of total pension liability	95.09%	95.09%	

**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description**

The City's single employer defined benefit OPEB plan (the Plan) provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of 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, 2019, 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	<u>462</u>
Total participants	<u><u>1,044</u></u>

**Total OPEB Liability**

The City's total OPEB liability of \$201,309,475 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019.

## NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

### Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age
Inflation	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	7.50% 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.

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, 2018	<u>\$ 187,247,058</u>
Changes for the Year	
Service cost	5,518,963
Interest	7,777,711
Changes of benefit terms	-
Changes in assumptions or other inputs	16,843,471
Differences between expected and actual experience	(8,951,361)
Benefit payments	<u>(7,126,367)</u>
Net changes	<u>14,062,417</u>
Balance at December 31, 2019	<u>\$ 201,309,475</u>

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.

**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.26%) and 1 percentage point higher (4.26%) than the current discount rate:

	1% Decrease (2.26%)	Current Discount (3.26%)	1% Increase (4.26%)
Total OPEB Liability	\$ 234,036,588	\$ 201,309,475	\$ 175,229,694

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (6.50%) and 1 percentage point higher 8.50%) than the current healthcare cost trend rate:

	Healthcare		
	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Total OPEB Liability	\$ 170,369,211	\$ 201,309,475	\$ 241,332,410

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

For the year ended December 31, 2019, the City recognized OPEB expense of \$10,109,807. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 14,036,226	\$ 19,992,331
Difference between expected and actual experience	-	-
Total	<u>\$ 14,036,226</u>	<u>\$ 19,992,331</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>
2020	\$ (1,817,865)
2021	(1,817,865)
2022	(1,817,865)
2023	(1,817,865)
2024	1,315,355
Thereafter	-
	<u>\$ (5,956,105)</u>



## NOTE 8 – INTERFUND TRANSACTIONS

Interfund transactions for the period ended December 31, 2019 are as follows:

	Interfund Activity			
	Due From	Due To	Revenue	Expenditures
Governmental Funds:				
General	\$ 2,642,527	\$ 1,836,543	\$ 2,141,087	\$ 2,171,249
Special Grant	45,815	454,972	-	-
Water	69,369	4,300,244	-	3,168,600
Sewer	-	1,672,623	-	1,672,602
Debt Service	583,676	-	583,676	1,452,867
Capital Projects	7,052,615	1,557,814	5,722,675	596,895
Garbage	130,831	81,822	614,775	
Fiduciary:				
Trust and Agency	-	620,815	-	-
	<u>\$ 10,524,833</u>	<u>\$ 10,524,833</u>	<u>\$ 9,062,213</u>	<u>\$ 9,062,213</u>

## NOTE 9 - CITY AND STATE ACTIONS

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

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

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

During 1995, the State Legislature created the MAC.

1. The MAC is a corporate governmental agency and instrumentality of the state constituting a public benefit corporation. The MAC Board is made up of five members, three appointed by the Governor, one by the Senate Majority Leader, and one by the Speaker of the State Assembly.
2. The MAC was established for the purpose of providing financing assistance and fiscal monitoring for the City. The Financial Control Act authorized the MAC to provide financing assistance to the City if the Mayor certified to the MAC that funds are required by the City to enable it (1) to pay for any item which is permitted by law to be included in the City's capital budget for the fiscal year for which such certification is made, including payments to reimburse the General Fund for monies advanced and expended for any such item, (2) to pay operating expenses, (3) to liquidate all or a portion of the City's deficits for the years 1993 through 1995, both inclusive, or to pay, at maturity, or on the redemption date, the principal of and interest on obligations of the City issued for such purposes,

## NOTE 9 - CITY AND STATE ACTIONS (Continued)

(4) to acquire, or cause to be acquired, all or a portion of the real or personal property leased by the City pursuant to one or more lease agreements between the City and the LDC, including the financing of the payment of any judgments or comprised or settled claims against the City relating to such real or personal property, (5) to pay at maturity, or on the redemption date, the principal and interest of obligations of the City previously issued to finance any item in the current or any prior fiscal year, and (6) to pay for the costs of the closure of the City's landfill. The Financial Control Act authorized the MAC to issue bonds and notes in an aggregate principal amount of up to \$71 million for the purposes set forth in items (1), (3), (4), (5), and (6) just mentioned.

3. The refinancing obligations will be general obligations of the MAC payable from the sources described below. Amounts will be subject to a lien including the following:
  - a. Amounts to be derived from the sales tax, after those amounts have been appropriated by the state from the Municipal Assistance Tax Fund where they are first deposited, and transferred to the MAC or a trustee;
  - b. Amounts to be derived from state aid, after those amounts have been appropriated by the state from the Municipal Assistance State Aid Fund (State Aid Fund) where they are first deposited, and transferred to the MAC or a trustee;
  - c. Amounts to be derived from payments made by the State for the purpose of providing a minimum debt coverage ratio of 1.5 to 1, after those amounts have been appropriated by the State from the State Aid Fund where they are first deposited, and transferred to the MAC or a trustee; and,
  - d. Any monies or securities held in the funds established under a general resolution (other than (i) the operating fund and (ii) the rebate fund).

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

## **NOTE 10 - COMMITMENTS AND CONTINGENCIES**

### Sales and Use Tax

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

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

### 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 \$1,448,495 and \$4,039,476 respectively, represents the amount owed to these entities at December 31, 2019.
- b. The amount of uncollected 1985-2017 County taxes totaling \$2,800,578, and the amount of uncollected sewer rent at December 31, 2019, totaling \$1,238,898, will be paid only after they have been collected.

### **Workers' Compensation Plan**

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

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

## NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)

### Health Insurance Plan

All of the City's health insurance plans are self-insured.

All known claims filed and an estimate of all incurred, but not reported claims existing at December 31, 2019, have been recorded as accrued liabilities in the general fund and as long-term debt.

The City establishes health insurance claims liabilities based on estimates of the ultimate cost of claims. Claims under this plan are paid during the year or in the subsequent year. The length of time that claims may be submitted is limited to ninety days after year-end.

The City has stop loss insurance limiting its liability to \$150,000 per insured.

The City establishes Workers' Compensation and unemployment claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred, but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on complex factors, such as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to the liability in the periods in which they are made.

The City establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

The following represents changes in those aggregate liabilities for the City during 2020:

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u>
Unpaid claims and claim adjustment - beginning of year	\$ 1,831,270	\$ 666,194
Incurred claims and claim adjustment expenses:		
Provision for incurred claim expenses for events of the current year	<u>170,763</u>	<u>5,777,333</u>
Total incurred claims and claim adjustment expenses	2,002,033	6,443,527
Payments made for claims arising during the current year	<u>(45,895)</u>	<u>(6,142,218)</u>
Total unpaid claims and claim adjustment expenses - end of year	<u>\$ 1,956,138</u>	<u>\$ 301,309</u>

## **NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)**

### 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.

### 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.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)**

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 11 – COMBINED SEWER OVERFLOW PROJECT**

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

<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 12 – PROPERTY TAX ABATEMENT**

Payments in Lieu of Taxes Agreements

The City has 32 real property tax abatement agreements entered into by the City of Troy Industrial Development Agency (IDA) and Rensselaer County IDA under Article 18-A of the real property tax law. These agreements provide for abatement of real estate property taxes in exchange for a payment in lieu of taxes (PILOT) in compliance with the IDA’s Uniform Tax Exemption Policy. In accordance with the policy, the IDA grants PILOTs in accordance with various activities such as new construction, purchasing of an existing facility, or the improvement or expansion of an existing facility. The IDA also has policies for recapture of PILOTs should the applicant not meet certain criteria. All policies are available from the IDA.

The following information relates to the PILOT agreements entered into under the agreements for the year ended December 31, 2019:

<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	\$ 14.162393	\$ 661,879	\$ -	\$ 252,845	\$ 409,034
City of Troy IDA	\$115,088,700	\$ 14.162393	\$ 1,629,931	\$ -	\$ 603,748	\$ 1,026,183

**Property Tax Agreement with Housing Development and Redevelopment Companies**

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

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

The following information relates to the PILOT agreements entered into under the agreements for the year ended December 31, 2019:

<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>
City of Troy	\$ 33,655,600	\$ 14.162393	\$ 250,040	\$ -	\$ 101,054	\$ 148,986

## **NOTE 13 – COVID-19 PANDEMIC**

As of the date of this report, the United States is in the midst of a national health emergency related to a virus, commonly known as novel coronavirus (COVID-19). The overall consequences of COVID – 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. During March 2020, the NYS Governor put New York State on pause and shut down large portions of the economy. Businesses throughout New York State remain closed or are operating significantly below their capacity. This reduced economic activity is having an adverse effect on sales and income tax revenue collected by New York State. If New York State is unable to meet its budgeted revenue expectations, it may need to reduce expenditures accordingly, which could result in the City receiving less New York State appropriations than expected. The City has also seen reduced sales tax collections. The City has taken some steps to defer expenditures to future years, but has so far not significantly reduced employment levels or made significant cuts to services. Future decisions will be made dependent upon sales tax rebounding as the economy reopens and whether or not New York State reduces state aid. The passage of a federal stimulus act benefiting local governments may be necessary to prevent New York State from cutting aid. The City is closely monitoring this very fluid situation and is acting as proactively as it can.



**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, 2019

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Real property taxes and tax items	\$ 27,028,173	\$ 27,028,173	\$ 26,938,398	\$ -	\$ (89,775)
Nonproperty tax items	17,100,000	17,750,000	18,407,667	-	657,667
Departmental income	4,873,400	5,095,150	4,945,866	-	(149,284)
Intergovernmental charges	340,000	340,000	351,178	-	11,178
Use of money and property	71,500	71,500	218,918	-	147,418
Licenses and permits	837,550	837,550	914,504	-	76,954
Fines and forfeitures	1,475,000	1,650,000	1,682,454	-	32,454
Interfund revenues	2,285,405	2,285,405	2,080,308	-	(205,097)
Sale of property and compensation for loss	45,000	293,000	266,038	-	(26,962)
Miscellaneous local sources	1,406,655	1,416,655	1,671,221	-	254,566
State aid	14,401,271	14,072,574	12,400,425	-	(1,672,149)
Federal aid	220,747	417,497	408,949	-	(8,548)
Total revenue	<u>70,084,701</u>	<u>71,257,504</u>	<u>70,285,926</u>	<u>-</u>	<u>(971,578)</u>
EXPENDITURES:					
General governmental support	9,462,251	9,053,111	8,375,384	38,063	639,664
Public safety	39,307,150	39,861,277	38,058,467	60,538	1,742,272
Public health	188,907	191,901	190,622	-	1,279
Transportation	3,664,222	4,680,659	4,671,024	19,135	(9,500)
Culture and recreation	2,053,235	2,163,547	1,991,716	-	171,831
Home and community services	1,010,729	1,010,429	1,098,624	-	(88,195)
Employee benefits	6,969,738	7,052,596	6,507,695	-	544,901
Debt service - principal	4,738,163	4,741,211	4,738,161	-	3,050
Debt service - interest	4,501,409	4,498,361	4,505,348	-	(6,987)
Total expenditures	<u>71,895,804</u>	<u>73,253,092</u>	<u>70,137,041</u>	<u>117,736</u>	<u>2,998,315</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(1,811,103)</u>	<u>(1,995,588)</u>	<u>148,885</u>	<u>(117,736)</u>	<u>2,026,737</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	3,455,878	3,469,098	2,141,087	-	(1,328,011)
Operating transfers out	(1,644,775)	(2,175,075)	(2,171,249)	-	3,826
Total other financing sources (uses)	<u>1,811,103</u>	<u>1,294,023</u>	<u>(30,162)</u>	<u>-</u>	<u>(1,324,185)</u>
NET CHANGE IN FUND BALANCE	-	(701,565)	118,723	(117,736)	702,552
FUND BALANCE - beginning of year	<u>18,463,688</u>	<u>18,463,688</u>	<u>18,463,688</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 18,463,688</u>	<u>\$ 17,762,123</u>	<u>\$ 18,582,411</u>	<u>\$ (117,736)</u>	<u>\$ 702,552</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, 2019

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
<b>REVENUE:</b>					
Departmental income	\$ 4,800,000	\$ 4,800,000	\$ 4,194,036	\$ -	\$ (605,964)
Intergovernmental charges	7,770,000	7,770,000	7,128,006	-	(641,994)
Use of money and property	210,000	210,000	296,572	-	86,572
Licenses and permits	12,000	12,000	11,980	-	(20)
Interfund revenue	327,000	327,000	327,000	-	-
Sale of property and compensation for loss	51,000	51,000	10,800	-	(40,200)
Miscellaneous local sources	139,000	139,000	127,655	-	(11,345)
<b>Total revenue</b>	<b>13,309,000</b>	<b>13,309,000</b>	<b>12,096,049</b>	<b>-</b>	<b>(1,212,951)</b>
<b>EXPENDITURES:</b>					
General governmental support	552,211	710,294	501,746	-	208,548
Home and community services	9,844,920	9,661,297	8,889,799	-	771,498
Debt service - principal	436,646	466,646	466,646	-	-
Debt service - interest	253,223	263,356	277,465	-	(14,109)
<b>Total expenditures</b>	<b>11,087,000</b>	<b>11,101,593</b>	<b>10,135,656</b>	<b>-</b>	<b>965,937</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>2,222,000</b>	<b>2,207,407</b>	<b>1,960,393</b>	<b>-</b>	<b>(247,014)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	(5,852,000)	(6,002,000)	(3,168,600)	-	2,833,400
<b>Total other financing sources (uses)</b>	<b>(5,852,000)</b>	<b>(6,002,000)</b>	<b>(3,168,600)</b>	<b>-</b>	<b>2,833,400</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,630,000)</b>	<b>(3,794,593)</b>	<b>(1,208,207)</b>	<b>-</b>	<b>2,586,386</b>
<b>FUND BALANCE - beginning of year</b>	<b>6,862,149</b>	<b>6,862,149</b>	<b>6,862,149</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 3,232,149</b>	<b>\$ 3,067,556</b>	<b>\$ 5,653,942</b>	<b>\$ -</b>	<b>\$ 2,586,386</b>

**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, 2019**

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
<b>REVENUE:</b>					
Departmental income	\$ 4,690,000	\$ 4,690,000	\$ 4,173,296	\$ -	\$ (516,704)
Intergovernmental charges	179,000	179,000	179,006	-	6
Use of money and property	525	525	8,640	-	8,115
Miscellaneous sources	<u>38,000</u>	<u>38,000</u>	<u>29,758</u>	<u>-</u>	<u>(8,242)</u>
Total revenue	<u>4,907,525</u>	<u>4,907,525</u>	<u>4,390,700</u>	<u>-</u>	<u>(516,825)</u>
<b>EXPENDITURES:</b>					
Home and community services	2,689,788	3,116,074	2,644,611	-	471,463
Debt service - principal	51,490	61,490	61,490	-	-
Debt service - interest	<u>23,384</u>	<u>23,384</u>	<u>11,997</u>	<u>-</u>	<u>11,387</u>
Total expenditures	<u>2,764,662</u>	<u>3,200,948</u>	<u>2,718,098</u>	<u>-</u>	<u>482,850</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,142,863</u>	<u>1,706,577</u>	<u>1,672,602</u>	<u>-</u>	<u>(33,975)</u>
<b>OTHER FINANCING SOURCES:</b>					
Operating transfers out	<u>(2,142,863)</u>	<u>(1,739,713)</u>	<u>(1,672,602)</u>	<u>-</u>	<u>67,111</u>
Total other financing sources (uses)	<u>(2,142,863)</u>	<u>(1,739,713)</u>	<u>(1,672,602)</u>	<u>-</u>	<u>67,111</u>
NET CHANGE IN FUND BALANCE	-	(33,136)	-	-	33,136
FUND BALANCE - beginning of year	<u>902,288</u>	<u>902,288</u>	<u>902,288</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 902,288</u>	<u>\$ 869,152</u>	<u>\$ 902,288</u>	<u>\$ -</u>	<u>\$ 33,136</u>

CITY OF TROY, NEW YORK

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total OPEB Liability</b>										
Service cost	\$ 5,518,963	\$ 6,280,099								
Interest	7,777,711	6,962,924								
Changes in benefit terms	-	-								
Differences between expected and actual experience	(8,951,361)	-								
Changes of assumptions or other inputs	16,843,471	(18,799,296)								
Benefit payments	<u>(7,126,367)</u>	<u>(6,598,488)</u>								
<b>Total change in total OPEB liability</b>	14,062,417	(12,154,761)								
<b>Total OPEB liability - beginning</b>	<u>187,247,058</u>	<u>199,401,819</u>								
<b>Total OPEB liability - ending</b>	<b>\$ 201,309,475</b>	<b>\$ 187,247,058</b>								
<b>Covered employee payroll</b>	<u>\$ 26,325,621</u>	<u>\$ 25,987,780</u>								
<b>Total OPEB liability as a percentage of covered employee payroll</b>	764.7%	720.5%								

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

**Note to schedule:**

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

Discount rate	3.26%	4.11%
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**Plan Assets:** No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

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

CITY OF TROY, NEW YORK

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2019

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Proportion of the net pension liability (asset)	0.0464498%	0.0471389%	0.5091880%	0.0544292%	0.0556690%					
Proportionate share of the net pension liability (asset)	\$ 3,291	\$ 1,521	\$ 4,784	\$ 8,736	\$ 1,881					
Covered-employee payroll	\$ 12,101	\$ 12,086	\$ 12,146	\$ 12,551	\$ 12,756					
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	27.20%	12.59%	39.39%	69.60%	14.75%					
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.27%	98.24%	94.70%	90.70%	97.95%					

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

NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN - PFRS	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Proportion of the net pension liability (asset)	0.5962480%	0.6053322%	0.6212430%	0.6476601%	0.6390066%					
Proportionate share of the net pension liability (asset)	\$ 9,999	\$ 6,118	\$ 12,876	\$ 19,175	\$ 1,759					
Covered-employee payroll	\$ 19,167	\$ 18,699	\$ 18,380	\$ 18,532	\$ 17,628					
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.17%	32.72%	70.06%	103.47%	9.98%					
Plan fiduciary net position as a percentage of the total pension liability (asset)	95.09%	96.93%	93.50%	90.20%	99.00%					

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

CITY OF TROY, NEW YORK

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2019

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 2,098	\$ 2,133	\$ 2,181	\$ 2,367	\$ 2,288					
Contributions in relation to the contractually required contribution	2,098	2,133	2,181	2,367	2,288					
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -					
Covered-employee payroll	\$ 12,101	\$ 12,086	\$ 12,146	\$ 12,551	\$ 12,756					
Contributions as a percentage of covered-employee payroll	17.34%	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)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 5,891	\$ 5,748	\$ 5,875	\$ 6,008	\$ 4,864					
Contributions in relation to the contractually required contribution	5,891	5,748	5,875	6,008	4,864					
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -					
Covered-employee payroll	\$ 19,167	\$ 18,699	\$ 18,380	\$ 18,532	\$ 17,628					
Contributions as a percentage of covered-employee payroll	30.73%	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.

**SUPPLEMENTARY INFORMATION**



CITY OF TROY, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/Pass-Through <u>Grantor/Program Title</u>	Federal CFDA <u>Number</u>	Pass-Through Entity Identification <u>Number</u>	<u>Expenditures</u>	Expenditures to <u>Subrecipients</u>
U.S. Department of Housing and Urban Development				
Direct Awards:				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants - Entitlement Grant	14.218	B-00MC-36-0109	\$ 2,285,238	\$ -
Total CDBG - Entitlement Grants Cluster			<u>2,285,238</u>	<u>-</u>
Emergency Solutions Grants Program	14.231	S-00MC-36-0007	148,785	129,364
City of Schenectady/ HOME Investment Partnership Program	14.239	M-16-DC-360510	726,259	-
Community Development Block Grants - Brownfield Economic Development Initiative - Section 108 Loan Guarantees	14.248	B-00MC-36-0109	<u>1,163,000</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>4,323,282</u>	<u>129,364</u>
U.S. Department of Justice				
Direct Awards:				
Edward Byrne Memorial Justice Assistant Grant Program	16.738	Various	<u>29,162</u>	<u>-</u>
Passed through NYS Department of Criminal Justice Services:				
Violence Against Women Formula Grant	16.588	2016-WE-AX-0017	<u>166,909</u>	<u>-</u>
Total U.S. Department of Justice			<u>196,071</u>	<u>-</u>
U.S. Department of Transportation				
Passed through NYS Department of Transportation:				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	1754.99	607,889	-
Highway Planning and Construction	20.205	1755.66	<u>2,623</u>	<u>-</u>
Total Highway Planning and Construction Cluster			<u>610,512</u>	<u>-</u>
<i>Highway Safety Cluster</i>				
NYS Gov Traffic Safety State and Community Highway Safety	20.600	PD-00301-042	<u>15,665</u>	<u>-</u>
National Priority Safety Programs	20.616	N/A	1,300	-
National Priority Safety Programs	20.616	N/A	<u>5,958</u>	<u>-</u>
<i>Subtotal CFDA #20.616</i>			<u>7,258</u>	<u>-</u>
Total Highway Safety Cluster			<u>22,923</u>	<u>-</u>
Total U.S. Department of Transportation			<u>633,435</u>	<u>-</u>
U.S. Department of Homeland Security				
Direct Awards:				
Hazard Mitigation Grant	97.039	4085-0011	13,593,889	-
Port Security Program	97.056	EMW-2016-PU-00644	37,954	-
Passed through NYS Division of Homeland Security and Emergency Services:				
Law Enforcement terrorism Prevention Program (LETPP)	97.067	Various	<u>155,535</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>13,787,378</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 18,940,166</u>	<u>\$ 129,364</u>

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

**CITY OF TROY, NEW YORK  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2019**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Troy, New York (City) under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative requirements, Cost Principles, and Audit requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or the respective changes in financial position of the City.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**3. PASS-THROUGH PROGRAMS**

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

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

**4. INDIRECT COSTS**

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

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

**5. MATCHING COSTS**

Matching costs, i.e., the City's or State's share of certain program costs, are not included in the schedule of expenditures of federal awards.

**6. LOANS AND LOAN GUARANTEES**

The City had \$1,163,000 of loans outstanding to the Department of Housing and Urban Development related to the Brownfields Economic Development Initiative and Section 108 (CFDA #14.248) as of December 31, 2019.

**REQUIRED REPORTS UNDER UNIFORM GUIDANCE**

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

December 9, 2020

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Troy, New York (City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 9, 2020. Our report includes a reference to other auditors who audited the financial statements of the Troy Industrial Development Authority, Troy Local Development Corp., and Troy Capital Resources Corp., as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report describes an adverse opinion on governmental activities because the City does not depreciate its capital assets as required by accounting principles generally accepted in the United States. All other opinion units had unmodified opinions.

**Internal Control Over Financial Reporting**

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

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

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

(Continued)

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

(Continued)

**Compliance and Other Matters**

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

**Purpose of this Report**

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

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

December 9, 2020

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

**Report on Compliance for Each Major Federal Program**

We have audited City of Troy, New York's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2019. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

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(Continued)

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

(Continued)

### **Report on Internal Control Over Compliance**

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

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

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

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

**CITY OF TROY, NEW YORK**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2019**

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**Section I—Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued on whether the financial statements are prepared in accordance with GAAP for governmental activities:

Adverse

Type of auditor’s report issued on whether the financial statements are prepared in accordance with GAAP for each major fund, the aggregate discretely presented component units and the aggregate remaining fund information:

Unmodified

Internal control over financial reporting:

Material weakness (es) identified?

\_\_\_ Yes X No

Significant deficiencies identified not considered to be material weaknesses?

\_\_\_ Yes X None reported

Noncompliance material to financial statements noted?

\_\_\_ Yes X No

**Federal Awards**

Internal control over major programs:

Material weakness (es) identified?

\_\_\_ Yes X No

Significant deficiencies identified not considered to be material weaknesses?

\_\_\_ Yes X None reported

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

Unmodified

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

\_\_\_ Yes X No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

97.039

Hazard Mitigation Grant

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

\$ 750,000

Auditee qualified as low-risk auditee?

\_\_\_ Yes X No



**CITY OF TROY, NEW YORK**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED DECEMBER 31, 2019**

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**Section II—Financial Statement Findings**

None.

**Section III—Federal Award Findings and Questioned Costs**

None