

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of Bond, Schoeneck & King, PLLC, Bond Counsel, based upon existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS", herein.

The Notes will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.



\$3,522,778
CITY OF ROME
ONEIDA COUNTY, NEW YORK
GENERAL OBLIGATIONS
CUSIP BASE NO. 776049
\$3,522,778 Bond Anticipation Notes, 2021
(the "Notes")

Dated: December 15, 2021

Due: June 15, 2022

The Notes are general obligations of the City of Rome, Oneida 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 limitations. (See "TAX LEVY LIMITATION LAW" herein).

The Notes will not be subject to redemption prior to maturity. Interest on the Notes will be calculated on a 30-day month and a 360-day year basis and will be payable at maturity.

At the option of the successful bidder(s), the Notes will be issued registered in the name of the purchaser, or as stated below, in the denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination, as determined by the successful bidder(s), without the option of prior redemption. Principal and interest will be payable at maturity in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State of New York as may be selected by such successful bidder(s). Paying agent fees, if any, will be paid by the successful bidder(s).

Alternatively, at the option of the purchaser(s), the Notes will be issued as registered notes, and, when issued, 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. Registered noteholders will not receive certificates representing their ownership interest in the Notes purchased. 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 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 unqualified legal opinion as to the validity of the Notes of Bond, Schoeneck & King, PLLC, Bond Counsel, Utica, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or at such place as may be agreed upon with the Purchaser(s), on or about December 15, 2021.

November 22, 2021

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com by December 1, 2021 no later than 11:00 A.M., Eastern Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or 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.

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 NOTICES OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. SEE "APPENDIX – C, MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES" HEREIN.

CITY OF ROME ONEIDA COUNTY, NEW YORK

JACQUELINE M. IZZO

Mayor



COMMON COUNCIL

STEPHANIE VISCELLI

President

JOHN M. SPARACE
JOHN B. MORTISE

KIMBERLY ROGERS
RAMONA L. SMITH
FRANK R. ANDERSON

RICCARDO D. DURSI, JR.
A. ROBERT TRACY

* * * * *

DAVID NOLAN

City Treasurer

BRIAN ADAMS

Deputy City Treasurer

JEAN ISOM GRANDE

City Clerk

GERARD F. FEENEY, ESQ.

Corporation Counsel



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor

BOND SCHOENECK
& KING

BOND SCHOENECK & KING PLLC.

Bond Counsel

No person has been authorized by the City of Rome 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 of Rome.

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
OF THE
CITY OF ROME
ONEIDA COUNTY, NEW YORK
RELATING TO
\$3,522,778 Bond Anticipation Notes, 2021

This Official Statement, which includes the cover page and appendices, has been prepared by the City of Rome, Oneida County, New York (the "City," "County," and "State," respectively), in connection with the sale by the City of and its \$3,522,778 principal amount Bond Anticipation Notes, 2021 (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 tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

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.

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. This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the City's overall economic situation and outlook (and all of the specific City-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See "THE CITY - State Aid" and "MARKET AND RISK FACTORS" herein.

THE NOTES

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 statutory limits imposed by Chapter 97 of the Laws of 2011. (See "TAX LEVY LIMITATION LAW" herein).

The Notes will be dated December 15, 2021 and mature, without the option of prior redemption, on June 15, 2022. Interest on the Notes will be calculated on a 30-day month and a 360-day year basis, and will be payable at maturity. The Notes will be issued in either (i) registered in the name of the purchaser, in denominations of \$5,000 each or multiples thereof, except for one necessary odd denomination, with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) as registered notes, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

AUTHORITY FOR AND PURPOSES OF ISSUE

Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the General City Law, the Local Finance Law and bond ordinances authorizing the following purpose:

| <u>Purpose</u> | <u>Authorization Dates</u> | <u>Amount of the Notes</u> |
|--------------------------------------|-----------------------------------|----------------------------|
| Street Lighting Replacement Projects | May 3, 2020 and September 8, 2021 | \$ 3,522,778 |
| | | Total \$ 3,522,778 |

The proceeds of the Notes will provide new monies for the abovementioned purpose.

BOOK-ENTRY-ONLY SYSTEM

If requested by the purchaser the Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. One fully-registered Note certificate will be issued for each note which bears the same rate of interest and CUSIP number.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the 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 the Notes (“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 the 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 the 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, bond and note certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sample offering document language supplied by DTC, 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 utilized by a purchaser of the Notes upon issuance and later 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 a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named by the City or at the office of the City Treasurer.

THE CITY

General Information

The City is located in the central part of New York State, has an estimated 2020 U.S. Census population of 32,127 (See “Population Trends” herein) and a land area of 72.7 square miles.

The City is within the Utica-Rome Standard Metropolitan Statistical Area and is the second largest city in Oneida County, a county which has an estimated 2020 U.S. Census population of 232,125. The City is served by the New York State Thruway, the State Barge Canal, the Amtrak Rail System, the Griffiss International Airport and Syracuse Hancock International Airports and several State highways. It is within easy travel distance of all major metropolitan areas in the Northeast, Midwest and Canada. The City bus system is operated by Central New York Regional Transportation Authority (Centro of Oneida, Inc.).

The City’s architectural and cultural heritages comprise a large portion of its cultural facilities and programs. Several existing structures are on the National Register of Historic Buildings. The area has a number of prominent historical landmarks related to the Revolutionary Period and the Erie Canal and a variety of museums and community arts programs.

The area offers many summer and winter recreational opportunities ranging from City-owned facilities such as the John F. Kennedy Civic Arena (also known as Kennedy Arena) to Adirondack resorts such as Old Forge and Lake Placid.

Financial Institutions and Communications

There are four commercial banks, Key Bank, Adirondack Bank, NBT Bank, and M&T Bank, located in and serving the residents of the City. The City is served by numerous radio and television stations. The City also has three local newspapers: the Rome Daily Sentinel, the Observer Dispatch and the Rome Observer.

Utilities

Electricity and natural gas are supplied to the City by National Grid and the New York State Office of General Services. Telephone service is provided by Time Warner and Verizon. The City provides sewer facilities and water supply distribution to its residents, and is responsible for financing the construction, operation and maintenance of these systems.

City Services and Programs

The City is responsible for and provides the following services: police, fire, sanitation, water, sewer, solid waste management, wastewater treatment and street maintenance. The City also operates various park and recreational facilities. Pursuant to State law, the County, rather than the City, is responsible for providing health and social services. Public education is provided by the City School District of the City of Rome (the “District”). The District has a separately elected governing body and has independent taxing and debt issuance authority.

Source: City officials.

Economic Developments

The chart below shows the annual average (in thousands) for the nonfarm job count in the Utica-Rome metro area as provided by the New York State Department of Labor for the past five years:

| <u>Year</u> | <u>Annual Average</u> |
|-------------|---------------------------|
| 2016 | 126.8 |
| 2017 | 127.6 |
| 2018 | 127.8 |
| 2019 | 128.6 |
| 2020 | 117.7 |

Source: Department of Labor, State of New York. (Note: Data in thousands. Figures not seasonally adjusted).

Commercial development in the area has been moderately growing. Most significantly, Griffiss Business and Technology Park (“Griffiss Park”) is a 3,500 acre multi-use business, technology and industrial park on the grounds of the former Griffiss Air Force Base in Rome. More than 5,800 people work for some 76 employers at Griffiss Park. Major employers include the Air Force Research Laboratory, Defense Finance Accounting Service, Eastern Air Defense Sector, Orgill Inc., UTC United Technologies Corporation, Alion Science & Technology, Assured Information Security, BAE Systems, Cathedral Corporation, Sovena Olive Oil, ITT Technology, MGS Manufacturing, Kris Tech Wire, Family Dollar, Birnie Bus Services and the Rome City School District.

More than \$500 million in public and private funding has been invested in the development of Griffiss Park since 1995. These capital projects included demolition of more than 9 million square feet of obsolete former military buildings and housing to make way for new development, construction of the 825 parkway and other roads to improve the transportation system, construction of a public high school, a project to consolidate and improve space occupied by the Air Force Research Lab, an almost 800,000 square foot warehouse distribution center, the first in the Northeast, owned by Orgill, Inc., a major mixed use economic development project undertaken by Bonacio Construction creating much needed workforce housing options for the tech park, construction of a distribution center for Family Dollar, new manufacturing plants for UTC United Technologies Corporation, MGS Manufacturing and Sovena USA, formerly East Coast Olive Oil, construction of a 25,000 square foot advanced manufacturing facility for Kris-Tech Wire with an additional 25,000 square feet added in 2018, construction of new office buildings for various private sector uses, a major renovation and expansion of an aircraft hangar to accommodate a heavy aircraft maintenance repair and overhaul facility, capital improvements to numerous facilities for industrial use, and infrastructure improvements to make various parcels shovel-ready for development. In addition, the City was recently awarded a \$10 million grant by the State of New York for downtown redevelopment and work has begun on revitalizing the downtown arts district.

Continued development in the Griffiss Park was most recently illustrated by:

- Mohawk Valley EDGE and NYS Empire Development Corporation are finishing over \$70 million in infrastructure improvements to the SUNY Polytechnic Institute campus located Marcy preparing the site for Cree/Wolfspeed, an advanced electronics client. Cree/Wolfspeed will invest \$1 billion in a state of the art chip fab facility specializing in silicone carbide products resulting in 600 plus new jobs. Other Nanocenter development. Additionally, Danfoss Silicon Power, a worldwide supplier of Power Electronics has begun fully occupying the Quad-C building at SUNYIT. Packaging operations have been established and Danfoss has been ramping employment to 300 employee threshold.
- The Federal Aviation Administration announcement in December 2013 that Griffiss International Airport in the City was one of six locations awarded licenses for commercial drone testing, and in 2018 the Airport’s license was extended by the FAA for an additional six years. It is expected that up to 470 jobs will be created in the region with an economic impact of \$145.0 million annually. The Northeast UAS Airspace Integration Research Alliance (NUAIR Alliance) which is headquartered at Griffiss, announced that Aurora Flight Sciences successfully flew multiple unmanned test flights of the company’s Centaur optionally piloted aircraft (OPA) from Griffiss. The successful test flights marked the first time a large scale, fixed wing aircraft has flown at any of six FAA-designated unmanned aircraft test sites in the U.S.
- Oneida County will begin a \$10 million project renovating the center core of Building 100, formerly a large hangar, for a state of the art operations center centered around UAS with a Skydome built specifically for indoor UAS testing as well as the creation of an Innovation Campus to be utilized by the Air Force Research Laboratory. This collaborative campus will allow for civilians from academia, private sector business, government contractors and the scientists associated with the Air Force Research Laboratory to work on the commercialization of the Lab’s intellectual property for private sector use.
- County officials in July 2014 announced that Griffiss International Airport has received three grants, one each from the Federal Aviation Administration, Military Airport Program and Airport Improvement Project, totaling \$6.270 million for the third phase of similar repair work being conducted since 2012. Of that amount, almost \$1.6 million will be spent on repairs and upgrades to the Nose Dock Hangar 785, which can store large aircraft, and \$4.6 million will be devoted to repairing more than 7,000 linear feet out of an approximately 11,820 linear feet of the facility’s taxiways. Additionally, a \$10.4 million repaving and upgrading of the 11,820-foot-long runway continues. Strategic Global Aviation recently opened their corporate headquarters in one of the newly renovated hangars. SGA, with management structure of former military/veterans, will provide aircraft maintenance to military aircraft and recently received their first C-130s for annual maintenance. The company has already created over two dozen jobs.
- In 2016 the State announced a \$8.9 million allocation for the completion of State Route 825. The former two-lane roadway through the Griffiss Park has been transformed into a four-lane divided highway with dedicated pedestrian walkways. The estimated 15,000 motorists who travel the road everyday are now experiencing less congestion and better traffic flow as a result of the project which includes two additional roundabouts.
- The investment in 2011 of over \$26.0 million was in private and public capital projects, including building construction, transportation improvements, and infrastructure development.
- Assured Information Security (“AIS”), a developer of high technology applications within the cyber domain, moved into their new Corporate Headquarters Facility in Griffiss Park. They have steadily increased employment to 150 employees since launching in 2001 with two co-founders. In 2017 they completed a 20,000 square foot addition to accommodate rapid employment growth at the Rome facility. In early spring 2019, AIS completed another expansion into the Community Bank facility at Griffiss further expanding their footprint as a result of receiving additional work in the area of cybersecurity.

- The County has made investment in the following Griffiss International Airport projects: rehabilitation and renovation of Hangar 783, construction of 17 T hangars, installation of new security systems, expansion of their fuel farm, and installation of self-serve Av-Gas Fuel facility.
- The Griffiss Surgery Center recently completed a \$1,000,000 upgrade to its operating room facilities to expand into several new sub-surgical specialties including GYN and plastic surgery services.
- Griffiss Park Sculpture Trail was extended creating 1.1 miles of walking pathways through meadow and wooded preserve. Sidewalks and trails through Griffiss Business and Technology Park extends over five miles.
- The Griffiss Institute facilitates public, private and academia collaborations to facilitate the growth and support of the technology base for creating solutions to critical cyber security problems. They created thirteen new jobs in their business incubator, served a Prometric testing facility to 600 students, offered thirty classes to 400 students through academia partnerships, and housed a summer internship program for thirteen students.
- IDEA NY business accelerator program has promoted 46 startup companies in four years. Budding entrepreneurs, pair together with AFRL engineers, to compete for a \$200,000 top prize and \$100,000 for the runner up over a year long accelerator program.
- Family Dollar Distribution Center added a third shift and increased employment from 336 to 400 employees.

Related Entities

The Rome Industrial Development Corporation (“RIDC”) is a private, not for profit, 501(c)(3) membership organization created to promote the economic welfare and prosperity of the City's inhabitants. The RIDC members have complete responsibility for management of the agency and accountability for its fiscal matters. The City is not liable for bonds, notes or other obligations of RIDC.

The Oneida-Herkimer Solid Waste Management Authority (the “Authority”) was created by the State Legislature at the request of Oneida County and Herkimer County (collectively, the “Counties”) by passage of Article 8, Title 13-FF of the New York Public Authority Law on September 1, 1988. The Authority is authorized to provide waste management services and to develop appropriate solid waste management facilities for the benefit of the Counties. Based on this foundation, the Authority has developed a comprehensive, integrated, system of facilities to serve all the residents, businesses, industries, and institutions, of the Counties. The Authority currently owns eight operational solid waste management facilities which include: a recycling center, three solid waste transfer stations, a green waste composting facility, a land clearing debris facility, a brush processing facility, and a household hazardous waste facility. The Authority's annual budget is approximately \$27 million and covers expenses for disposal of waste, recycling, household hazardous waste, composting, public education, administration, collection of waste and recyclables in Utica, operations, maintenance and debt service.

The Authority’s revenue structure is primarily a fee for service system. A fee (system tip fee) is charged for every ton of non-recyclable waste delivered to the Authority to cover all expenses. These fees cover the majority of the expenses included in the Authority budget. The Authority receives the remaining revenue from other sources such as investments, sale of recyclables and grants. The Authority receives no funds from the Counties. The City is not liable for bonds, notes or other obligations of the Authority. The City receives a fee of \$1 for every ton of non-recyclable waste dropped off at its transfer station on River Road which amounts to approximately \$50,000 - \$60,000 in revenues per year.

The City School District of the City of Rome (the “District”) is governed by school board members who are elected by the qualified voters of the District. The District derives its revenues from property taxes, the assessment of which is based on the City's taxing procedures. The City is responsible for billing and collecting District taxes and makes the District whole for any uncollected taxes (see "Real Property Tax Collection Procedures and History", herein). The City guarantees collection on any District taxes in arrears. The Board of Education of the District appoints management and exercises complete responsibility for all fiscal matters. The City is not liable for bonds, notes or other obligations of the District.

The Mid-York Library System (the “System”) is a nonprofit cooperative library system serving 47 public libraries in Herkimer, Madison, and Oneida Counties. The System, one of 23 public library systems in New York State, was chartered in 1960 by the Board of Regents of the University of the State of New York. The Jervis Public Library branch serves residents of the City. The City is not liable for bonds, notes or other obligations of the System.

Recent Events:

The Mohawk Valley Economic Development Growth Enterprises Corporation (“EDGE”) continues to market the entire region to site selectors, developers and businesses around the globe who are seeking to expand their presence and invest in the Northeast United States. Key development sites in the Mohawk Valley being aggressively marketed include Griffiss Business and Technology Park, Oneida County Airport Business Park, Route 5S North Industrial Park, Schuyler Business Park, West Frankfort Industrial Park, Dominick Assaro Business Park, and Utica Business Park. In addition, EDGE assisted local and national realtors and site selection firms seeking information on several local greenfield sites; assisted RIDC in rezoning its South Rome site for a possible distribution center; assisted the Town of New Hartford in a Tax Increment Financing plan for a new business park; and commenced consultant selection for a Master Plan for the former Oneida County Airport site in the Town of Whitestown. Some highlights of EDGE’s progress to date:

Marcy Nanocenter @ SUNY-IT. The Marcy site, now known throughout the world as Marcy Nanocenter at SUNYIT is the Mohawk Valley region's 420 acre greenfield site zoned for the semiconductor industry located adjacent to the SUNYIT campus. In addition to traveling the globe to market the site, EDGE is responsible for site development. Utilizing \$48.5 million in funding from the State, National Grid, OCIDA, the County and EDGE, is investing in strategic infrastructure and site improvements. These include road construction, building water and sewer infrastructure, power line relocation and land acquisition. This past October Governor Cuomo announced that six leading global technology companies will invest \$1.5 billion to create 'Nano Utica,' the state's second major hub of nanotechnology research and development. The public-private partnership, to be spearheaded by the SUNY College of Nanoscale Science and Engineering (SUNY CNSE) and the SUNY Institute of Technology (SUNYIT), will eventually create more than 1,000 new high-tech jobs on the campus of SUNYIT in Marcy, New York. In the near term, a consortium led by SUNY IT and the SUNY College of Nanoscale Science and Engineering (CNSE) will invest \$125 million to create the Computer Chip Commercialization Center (Quad – C) at the SUNYIT campus in Marcy, New York. The consortium includes Advanced Nanotechnology Solutions ("ANS"), Sematech, Atotech and Semaatech and CNSE partners, including IBM, Lam Research and Tokyo Electron. Quad – C will include a 56,000 sq. ft. Class 1 capable cleanroom space and will host public-private partnerships. It is anticipated the center will have an annual operating budget in excess of \$500 million and is anticipated to result in the creation of up to 1,500 high tech jobs, academic programs and workforce training opportunities.

Brownfields Partnership. The City partnered with EDGE, the Rome Community Brownfields Restoration Corporation, and the Oneida County Industrial Development Agency to complete a nearly \$5 million environmental clean-up and demolition effort on the former Rome Cable site in downtown Rome. Funding sources for the project included the NYS Environmental Restoration Program, the Restore NY Program, National Grid and the City. Five acres of prime development property featuring environmental indemnification from the State, are now made available for redevelopment and the construction of a new 50,000 square foot advanced facility. . The Whalen Companies recently completed construction on a new state of the art 50,000 square foot manufacturing facility. The project preserves 35 jobs and adds 15 more from an additional third shift. The City secured a \$1 million RESTORE grant and DEC has completed a \$14 million remediation and redevelopment project of an adjacent brownfield site that clears the way for 20 new acres of industrial development space in the City's downtown/west side corridor.

Downtown Revitalization Initiative (DRI). The City of Rome was awarded the Mohawk Valley's Regional Economic Development District \$10 million Downtown Revitalization Initiative in 2017. The State of New York will be infusing \$10 million into Rome's downtown district with projects which are truly transformational which will revitalize the downtown corridor. The city and private developers plan to leverage these funds to complete a total of \$20-30 million investment in new projects in downtown Rome. The first large scale project began in spring 2019 with the demolition of the Liberty/George Street parking garage making way for a multiuse project on a key downtown corner. The Centro Bus Transfer facility was completed in late Fall 2020. The DRI Business Development Fund awarded over \$300,000 in new business grants with four new businesses either under construction or recently opened. They are THRIVE an initiative offering co-working collaborative spaces, The Balanced Chef a food service business built on a model of healthy, well balanced meals prepared fresh daily with the recent opening of retail space and Technergenics a cybersecurity firm establishing a downtown office for 40 employees working in a collaborative environment to support the Air Force Research Laboratory at the Griffiss Business and Technology Park and C&D Advertising who has purchased a downtown property for business expansion and will bring new jobs to the downtown area. The REACH Center, a DRI priority project, has recently completed a \$450,000 renovation of their facility and is welcoming new tenants.

Population Trends

| <u>Year</u> | <u>City of Rome</u> | <u>County of Oneida</u> | <u>New York State</u> |
|-----------------|---------------------|-------------------------|-----------------------|
| 1990 | 44,350 | 250,836 | 17,990,455 |
| 2000 | 34,950 | 235,469 | 18,976,457 |
| 2010 | 33,725 | 234,878 | 19,378,102 |
| 2020 (estimate) | 32,127 | 232,125 | 20,201,249 |

Source: U.S. Census Bureau.

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Selected Wealth and Income Indicators

Per capita income statistics are available for the City, County and State. Listed below are select figures from the U.S. Census Bureau 2000 census, and the 2006-2010 and 2015-2019 American Community Survey data.

| | <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: | | | | | | |
| Rome | \$ 18,604 | \$ 21,989 | \$ 25,933 | \$ 42,928 | \$ 55,630 | \$ 63,518 |
| County of: | | | | | | |
| Oneida | 18,516 | 23,458 | 29,687 | 45,341 | 58,017 | 71,559 |
| 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.

Larger Employers

The following are the largest employers located within and in close proximity to the City:

| <u>Employer</u> | <u>Type</u> | <u>Approximate Number of Employees</u> |
|--|-------------------------------|--|
| Turning Stone Casino/Oneida Indian Nation ⁽¹⁾ | Casino / Hotel | 4,750 |
| Mohawk Valley Healthcare System | Healthcare | 4,279 |
| Upstate Cerebral Palsy | Social Services | 2,000 |
| Metlife Inc. | Insurance/Finance | 1,368 |
| Air Force Research Laboratory | Air Force | 1,182 |
| Rome City School District | Public Education | 1,064 |
| Wal-Mart | Distribution Center | 1,011 |
| Defense Finance Accounting Service | Finance/Insurance/Back Office | 950 |
| Masonic Care Community of NY | Healthcare | 900 |
| BNY Mellon | Insurance/Finance | 835 |
| Rome Memorial Hospital, Inc. | Medical Facility | 711 |
| Mohawk Valley Community College | Higher Education | 423 |
| Family Dollar | Distribution Center | 380 |
| Revere Copper | Manufacturing | 325 |
| AmeriCU | Financial Services | 305 |

- ⁽¹⁾ Turning Stone Casino is located in the Town of Verona which is located approximately 12 miles from the City. First announced in November 2014, Turning Stone Resort Casino plans for a large 250,000-square-foot \$100 million luxury retail outlet and entertainment venue expansion. The retail development will consist of 60 luxury brand retailers, 15,000 square feet of dining options, a six-screen movie theater, and a deluxe bowling alley. The shopping outlet and entertainment venue are expected to create 600 construction jobs and 500 part-time and full-time jobs. Construction on the expansion began in Spring 2016. The completion date was originally scheduled for Labor Day 2016, but is currently unknown at this time.

Source: Mohawk Valley EDGE (www.mvedge.org) and Rome City School District officials.

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Unemployment Rate Statistics

Unemployment statistics are available for the City as such. The information set forth below with respect to the City, County of Oneida, and the State of New York is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that the County or State is necessarily representative of the City, or vice versa.

| | <u>Annual Average</u> | | | | | | |
|----------------|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| City of Rome | 6.3% | 5.5% | 5.1% | 5.0% | 4.7% | 4.3% | 8.9% |
| Oneida County | 6.2 | 5.4 | 4.9 | 5.0 | 4.4 | 4.1 | 8.1 |
| New York State | 6.3 | 5.2 | 4.9 | 4.6 | 4.1 | 3.8 | 10.0 |

| | <u>2021 Monthly Figures</u> | | | | | | | | | | |
|----------------|-----------------------------|------------|------------|------------|------------|------------|-------------|------------|-------------|------------|------------|
| | <u>Jan</u> | <u>Feb</u> | <u>Mar</u> | <u>Apr</u> | <u>May</u> | <u>Jun</u> | <u>July</u> | <u>Aug</u> | <u>Sept</u> | <u>Oct</u> | <u>Nov</u> |
| City of Rome | 7.5% | 7.6% | 7.1% | 6.2% | 5.5% | 5.8% | 6.0% | 5.7% | 5.0% | N/A | N/A |
| Oneida County | 7.3 | 7.5 | 6.7 | 5.6 | 5.0 | 5.4 | 5.5 | 5.3 | 4.4 | N/A | N/A |
| New York State | 9.4 | 9.7 | 8.4 | 7.7 | 7.0 | 7.2 | 7.4 | 7.1 | 6.3 | N/A | N/A |

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted, accessed June November 4, 2021).

Employees

The City currently employs approximately 312 full-time employees. Police and Fire Department employees and general City employees are each represented by a collective bargaining agent. Those agents that represent them and the dates of expiration of their agreements are as follows:

| <u>Labor Organization</u> | <u>Number of Members</u> | <u>Contract Expiration Date</u> |
|--|--------------------------|---------------------------------|
| Civil Service Employees Association ("CSEA") | 73 | December 31, 2022 |
| Local 1088 | 70 | December 31, 2022 |
| Patrolmen Benevolent Association ("PBA") | 73 | December 31, 2022 |
| Firefighters | 77 | December 31, 2022 |

Source: City officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the City are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS and PFRS together are 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 offer 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. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. The Retirement Systems are non-contributory with respect to members working ten or more years. All members working less than ten years must contribute 3% of gross annual salary towards the cost of retirement programs.

On December 12, 2009, the Governor signed a new Tier V into law. The law was effective for new ERS hires beginning on January 1, 2010. New "Tier V" ERS employees now contribute 3 percent of their salaries. There is no provision for these contributions to cease after a certain period of service. Overtime in excess of \$15,000 will not be subject to ERS either in contribution from the City or the employee.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and PFRS employees hired after April 1, 2012. The Tier VI legislation provided for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from three years to five years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

The City's contributions to the Retirement Systems for the past five fiscal years and the budgeted contributions for the 2021 and 2022 fiscal years are as follows:

| <u>Year</u> | <u>ERS/PFRS</u> |
|-----------------|-----------------|
| 2016 | \$3,822,924 |
| 2017 | 4,391,670 |
| 2018 | 4,169,389 |
| 2019 | 4,195,627 |
| 2020 | 4,368,403 |
| 2021 (Budgeted) | 4,478,754 |
| 2022 (Budgeted) | 4,069,862 |

Source: City officials.

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.

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

A chart of average ERS and PFRS rates (2018 to 2022) is shown below:

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

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

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The City amortized the maximum amount allowed in 2014 and 2015 fiscal years. The City did not amortize its contributions for the 2016 through 2020 fiscal years and does not anticipate doing so for the 2021 fiscal year.

Chapter 57 of the Laws of 2010 of the State of New York requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the Retirement System's fiscal years when the local employer opts to participate in the program. The liabilities are amortized over 10 years at an interest rate ranging from 3.00% to 3.75%. The total unpaid liability for the pension years 2012 to 2017 at December 31, 2018 was \$2,042,947 of which \$225,520 was reported in the Proprietary Funds and \$1,817,427 in the Schedule of Non-Current Governmental Liabilities. Annual debt service requirements to maturity for the unpaid amortized portion of the retirement bills are shown on the following page:

| Fiscal Year Ending December 31st | Government Activities | | Business-Type Activities | |
|--|------------------------------|-------------------|---------------------------------|------------------|
| | Principal | Interest | Principal | Interest |
| 2019 | \$ 356,605 | \$ 61,030 | \$ 42,771 | \$ 7,465 |
| 2020 | 368,675 | 48,961 | 44,206 | 6,030 |
| 2021 | 381,156 | 36,480 | 45,689 | 4,547 |
| 2022 | 319,448 | 23,572 | 39,555 | 3,014 |
| 2023 | 236,448 | 13,022 | 29,079 | 1,716 |
| 2024 | 119,624 | 4,928 | 16,518 | 728 |
| 2025 | 35,471 | 1,138 | 7,702 | 204 |
| Totals | \$ 1,817,427 | \$ 189,131 | \$ 225,520 | \$ 23,704 |

Source: Audited Financial Statements.

Stable Rate Pension Contribution Option: The Enacted 2013-14 State Budget includes a provision that provides local governments, including the County, 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 will require higher than normal contributions in later years.

The investment of monies and assumptions underlying same, of the Retirement System covering the County's employees is not subject to the direction of the County. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities ("UAALs") of the Retirement System. 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 County which could affect other budgetary matters. Concerned investors should contact the Retirement System administrative staff for further information on the latest actuarial valuations of the Retirement System.

Other Post-Employment Benefits

Healthcare Costs. It should also be noted that the City provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the City, to account for post-retirement healthcare benefits as it accounts for vested pension 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. In 2015, the GASB released new accounting standards for public other postemployment benefits (OPEB) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. As of December 31, 2018 the City implemented GASB 75 which requires municipalities to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required municipalities to calculate and report a net other postemployment benefit obligation. However, under GASB 45 municipalities could amortize the OPEB liability over a period of years, whereas GASB 75 requires municipalities to report the entire OPEB liability on the statement of net position.

Summary of Changes from the Last Valuation. The City contracted with Brown and Brown Consulting, an actuarial firm, to calculate its actuarial valuations under GASB 75 for the fiscal years ending December 31, 2019 and December 31, 2020.

The following outlines the changes to the Total OPEB Liability during the 2019 and 2020 fiscal years, by source.

| | <u>2019</u> | <u>2020</u> |
|--|-----------------------------|------------------------------|
| <i>Balance Beginning of Year:</i> | <u>\$ 86,485,888</u> | <u>\$ 98,324,587</u> |
| <i>Changes for the Year:</i> | | |
| Service cost | \$ 1,087,984 | \$ 1,358,177 |
| Interest | 3,427,867 | 2,686,920 |
| Changes of Benefit Terms | 0 | 0 |
| Differences between expected and actual experience | (3,197,32) | 0 |
| Changes in assumptions or other inputs | 13,985,768 | 8,488,663 |
| Benefit payments | <u>(3,465,599)</u> | <u>(3,649,097)</u> |
| Net Changes | <u>\$ 11,838,699</u> | <u>\$ 8,884,663</u> |
| <i>Balance End of Fiscal Year:</i> | <u>\$ 98,324,587</u> | <u>\$ 107,209,250</u> |

Source: The City's GASB 75 actuarial valuations.

Note: The above table is not audited.

GASB 45. Prior to GASB 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" ("GASB 45"), required municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start. The City adopted GASB 45 in 2008, and prior to that the City reported the cost of its retiree health care postretirement benefits on a "pay-as-you-go" basis.

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

GASB 45 did not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC. The aforementioned liability and ARC were recognized and disclosed in accordance with GASB 45 standards in the City's audited financial statements.

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

The City'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.

Under GASB 75, an actuarial valuation will be required every 2 years for all plans, however, the Alternative Measurement Method continues to be available for plans with less than 100 members.

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 are no restrictions on the amount a government can deposit into the trust. While it was not enacted into law in recent legislative sessions, it is not possible to predict whether the Comptroller’s proposed legislation will be reintroduced and enacted into law in the future.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes are to be issued is the City Charter and the Local Finance Law.

The City is in compliance with the procedure for the publication of the estoppel notice with respect to the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of the City is past due. Due to clerical error, the City was one day late making for interest payments due July 15, 2014 and May 15, 2015, and three days late making an interest payment due March 1, 2017. The City filed material event notifications with EMMA on July 23, 2014, May 19, 2015, and April 3, 2017, respectively.

The fiscal year of the City commences January 1 and ends December 31.

Except for as shown under “STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness”, this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the City.

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 Fiscal Stress” or “No Designation”. Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of “no designation.” This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity’s financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

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

| <u>Fiscal Year Ending In</u> | <u>Stress Designation</u> | <u>Fiscal Score</u> |
|------------------------------|---------------------------|---------------------|
| 2020 | No Designation | 0.0 |
| 2019 | No Designation | 3.3 |
| 2018 | No Designation | 9.6 |
| 2017 | No Designation | 9.6 |
| 2016 | No Designation | 15.8 |

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

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

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FINANCIAL FACTORS

Form of Government

The City has had the President-Common Council form of City government since 1960. The Common Council of the City (the "Common Council") consists of the Common Council President who is elected at large every four years and seven Councilors elected by Council districts every two years.

Elected and Appointed Officials

It is the responsibility of the Common Council to approve all legislation, including ordinances and local laws, to adopt and modify, as required, operating and capital budgets, to levy real property taxes and to authorize the issuance of all indebtedness.

The Mayor is elected at a general election for a four-year term and there is no restriction on the number of terms that may be served. The Mayor is the Chief Executive Officer of the City.

The City Treasurer is the Chief Fiscal Officer and is responsible for the receiving and collecting of funds. It is the responsibility of the City Treasurer to disburse and account for all financial transactions.

The Treasurer's Department is responsible for accounting for all revenues and disbursements of the City, for preparation and payment of employee payrolls, for custody and investment of all City funds, supervision of tax billing, tax and revenue collections including school tax billing and collection, administration of tax lien sales, management of bank accounts and the preparation and monitoring of the annual operating budget and five-year capital plan.

Budgetary Procedures

The budget is formulated and presented to the Board of Estimate and Contract, no later than September 15 of each year. The Board of Estimate and Contract, composed of the Mayor, President of the Common Council, City Treasurer, Commissioner of Public Works and Corporation Counsel review, modify and recommend the annual budget to the Common Council by October 1 of each year. The Common Council may not increase the budget, nor may it decrease revenues, salaries and wages, and debt service appropriations. The Common Council shall consider and adopt the annual budget as presented or as amended. Should the Common Council take no final action before October 31 of each year, the budget submitted by the Board of Estimate and Contract shall be deemed adopted.

Investment Policy and Permitted Investments

Pursuant to the statutes of the State, the City is permitted to invest only in the following investments: (1) special time deposits in, or certificates of deposits issued by a bank or trust company located and authorized to do business in the State; (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; (5) with the approval of the 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 benefit corporations which are made lawful investments in which the City may invest pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State; 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 only 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 or (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. 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.

Independent Audit

The City retains the independent Certified Public Accountants of D’Arcangelo & Co., LLP. The last audit report is for the period ending December 31, 2020 and is attached hereto “APPENDIX – D” to this Official Statement. Certain financial information may be found in the Appendices to this Official Statement. The financial affairs of the City are also subject to periodic compliance audits by the State Comptroller. (See “New York State Comptroller’s Report of Examination” hereunder).

The City complies with the Uniform System of Accounts as prescribed for cities in the State by the Office of the State Comptroller. Except for the accounting for fixed assets, this system conforms to 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).

Beginning with the fiscal year ending December 31, 2003, the City is required and has issued its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management’s Discussion and Analysis.

New York State Comptroller Report of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the City has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller’s office released an audit report of the City on June 4, 2021. The purpose of the audit was to provide an independent evaluation of the City’s adopted budget for the 2021 fiscal year.

Key Findings:

- Our review found that officials adequately assessed the impact of the pandemic on financial operations while developing estimates for significant revenues and expenditures in the 2021 adopted budget.

Key Recommendations:

- In consideration of the continually new and evolving impacts caused by the pandemic, City officials should carefully monitor their budgeted to actual revenues and expenditures and make amendments to the budget as needed throughout the year.

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

There are no other reports of the State Comptroller that are in currently progress or pending release.

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

Fund Structures and Accounts

The General Fund and the Special Revenue Funds are the principal funds used to account for the City's financial resources except those required to be accounted for in another fund. The General Fund accounts for substantially all of the City's operating and maintenance costs. The Special Revenue Funds are used to account for proceeds of specific revenue sources (other than major capital projects) that are restricted to expenditures for specified purposes. Special Revenue Funds maintained by the City are the Water Fund, the Sewer Fund and the Refuse Fund. There is also a Debt Service Fund which is used to account for transfers from all funds for the payment of debt service on the long-term obligations of these funds and a Capital Projects Fund which is used to account for financial resources such as proceeds from bonds, notes, transfers from government funds, and federal and state grants which are to be applied for permanent or semi-permanent capital improvements.

Basis of Accounting

The City utilizes the modified accrual basis of accounting for recording transactions in all governmental type funds. Under this method, (1) revenues are recorded when received in cash except for revenues which are material and susceptible to accrual (measurable and available to finance the current year's operations) which are recorded when earned, and (2) expenditures, other than retirement plan contributions, vacation and sick pay, and accrued interest on bond anticipation notes and general long-term debt, are recorded at the time liabilities are incurred.

REVENUES

Property Taxes

The City derives a major portion of its general fund revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in "APPENDIX – A", herein).

The following table sets forth total General Fund revenues and real property tax revenues during each of the below ten completed fiscal years and the amount budgeted for the 2021 and 2022 fiscal years.

| Fiscal Year Ending December 31st | GENERAL FUND ONLY | | Real Property Taxes to Revenues (%) |
|--|--------------------------|--------------------------------|--|
| | Revenues | Real Property Taxes | |
| 2011 | \$ 39,607,038 | \$ 16,356,359 | 41.30 |
| 2012 | 39,411,925 | 15,817,640 | 40.13 |
| 2013 | 40,808,418 | 16,793,635 | 41.15 |
| 2014 | 40,708,818 | 16,314,467 | 40.08 |
| 2015 | 41,447,308 | 16,855,591 | 40.67 |
| 2016 | 41,030,532 | 16,058,428 | 39.14 |
| 2017 | 42,742,908 | 16,353,112 | 38.26 |
| 2018 | 42,213,685 | 16,188,635 | 38.35 |
| 2019 | 43,192,107 | 15,526,345 | 35.95 |
| 2020 | 40,235,390 | 16,165,006 | 40.18 |
| 2021 (Budgeted) | 43,722,426 | 16,568,343 | 37.89 |
| 2022 (Budgeted) | 45,011,301 | 16,727,173 | 37.16 |

Note: Water, sewer, and refuse revenues are recorded in separate self-sustaining funds. (This table is not audited.)

Source: Audited Financial Statements, and the 2021 and 2022 Adopted Budget of the City.

State Aid

The City also receives a significant portion of its revenues in the form of State aid. However, there is no assurance that the State appropriation for State aid to cities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid.

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.

The following table sets forth total General Fund revenues and State aid during each of the below ten completed fiscal years and the amount budgeted for the 2021 and 2022 fiscal years.

| December 31st | GENERAL FUND ONLY | | State Aid to Revenues (%) |
|---------------------------------|--------------------------|------------------|--------------------------------------|
| | Revenues | State Aid | |
| 2011 | \$ 39,607,038 | \$ 10,134,095 | 25.59 |
| 2012 | 39,411,925 | 10,120,782 | 25.68 |
| 2013 | 40,808,418 | 10,432,640 | 25.56 |
| 2014 | 40,708,818 | 10,321,912 | 25.36 |
| 2015 | 41,447,308 | 10,416,990 | 25.13 |
| 2016 | 41,030,532 | 10,724,591 | 26.14 |
| 2017 | 42,742,908 | 10,672,385 | 24.97 |
| 2018 | 42,213,685 | 10,589,224 | 25.08 |
| 2019 | 43,192,107 | 10,600,268 | 24.54 |
| 2020 | 40,235,390 | 8,321,543 | 20.68 |
| 2021 (Budgeted) | 43,722,426 | 10,600,474 | 24.24 |
| 2022 (Budgeted) | 45,011,301 | 10,999,032 | 24.44 |

Note: This table is not audited.

Source: Audited Financial Statements, and the 2021 and 2022 Adopted Budget of the City.

Sales Tax

The following table sets forth total General Fund revenues and Sales Tax during each of the below ten completed fiscal years and the amount budgeted for the current fiscal year.

| Fiscal Year Ending <u>December 31st</u> | <u>GENERAL FUND ONLY</u> | | Sales Tax to |
|---|---------------------------------|-------------------------|----------------------------|
| | <u>Revenues</u> | <u>Sales Tax</u> | <u>Revenues (%)</u> |
| 2011 | \$ 39,607,038 | \$ 8,520,800 | 21.51 |
| 2012 | 39,411,925 | 9,054,935 | 22.98 |
| 2013 | 40,808,418 | 9,009,887 | 22.08 |
| 2014 | 40,708,818 | 9,287,383 | 22.81 |
| 2015 | 41,447,308 | 9,302,503 | 22.44 |
| 2016 | 41,030,532 | 9,486,713 | 23.12 |
| 2017 | 42,742,908 | 9,952,886 | 23.29 |
| 2018 | 42,213,685 | 10,689,709 | 25.32 |
| 2019 | 43,192,107 | 10,757,854 | 24.91 |
| 2020 | 40,235,390 | 10,393,366 | 25.83 |
| 2021 (Budgeted) | 43,722,426 | 10,929,091 | 25.00 |
| 2022 (Budgeted) | 45,011,301 | 11,970,000 | 26.59 |

Note: This table is not audited.

On July 14, 1999, the County Legislators extended a resolution dated October 27, 1982 imposing a County-wide sales tax of 3%. The City of Rome received 1-1/2% of the collections within its city boundaries and the County of Oneida keeps the remaining 1-1/2%.

The County also imposed, on September 1, 1992 an additional 1% increment to the sales tax. In July, 2007, the New York State Legislature (with the Governor signing into Law) authorized the extension of the County's 1% additional sales tax, originally passed in 1992, until November 30, 2009 which expired on November 30, 2013. On December 1, 2013 the extension was again approved and renewed until November 30, 2015 and an additional sales and compensating use tax of either three quarters of one percent or one-half of one percent was imposed for the same period. On August 13, 2015, the extension was once again approved and is now set to expire on November 30, 2017. The County's "additional" 1% rate was reauthorized by the State in 2017 for a three year period December 1, 2017 - November 30, 2020. The City receives ½% of the collections within its boundaries and the County keeps the remaining ½%.

The collections are split between the municipalities as follows:

| | |
|----------------|-------------|
| New York State | 4.00% |
| Oneida County | 2.75 |
| City of Rome | <u>2.00</u> |
| | 8.75% |

Source: Audited Financial Statements, and the 2021 and 2022 Adopted Budget of the City.

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RECENT OPERATING RESULTS

The following table shows the General Fund Revenues and other sources, General Fund Expenditures and other sources, and the Total Fund Equity (fund balance) based on audited figures of the City for the below listed fiscal years.

| Fiscal Year Ending December 31st | GENERAL FUND ONLY | | Total Other | Prior Period | Total Fund Equity (Fund Balance) |
|--|--------------------------|---------------------|---|--------------------------|---|
| | Revenues | Expenditures | Financing Sources ⁽¹⁾ | Adjustment | |
| 2007 | 38,056,550 | 38,142,814 | - | 20 ⁽⁴⁾ | 8,285,320 |
| 2008 | 38,691,590 | 37,991,276 | (1,043,751) | (34,257) | 7,907,626 |
| 2009 | 38,880,208 | 38,665,519 | (805,856) | 209,635 | 7,526,094 |
| 2010 | 39,540,770 | 38,558,730 | (660,008) | 137,176 | 7,985,302 |
| 2011 | 39,607,038 | 39,258,211 | (988,831) ⁽²⁾ | 1,214,777 ⁽³⁾ | 8,560,075 |
| 2012 | 39,411,925 | 38,406,240 | (732,555) | (1) ⁽⁴⁾ | 8,833,204 |
| 2013 | 40,808,418 | 38,622,443 | (952,425) | (2) ⁽⁴⁾ | 10,066,752 |
| 2014 | 40,708,818 | 39,726,625 | (888,968) | (97,542) | 10,062,435 |
| 2015 | 41,447,309 | 40,194,637 | (959,093) | (51,641) | 10,304,373 |
| 2016 | 41,030,532 | 39,755,233 | (1,083,117) | - | 10,496,554 |
| 2017 | 42,742,908 | 40,689,132 | (1,070,673) | (97,000) | 11,382,657 |
| 2018 | 43,213,688 | 41,052,112 | (964,619) | 41,606 | 12,621,217 |
| 2019 | 43,192,107 | 41,410,047 | (1,276,315) | 0 | 13,126,962 |
| 2020 | 40,314,450 | 39,524,334 | (1,302,061) | 0 ⁽⁵⁾ | 12,615,021 |
| 2021 (Projected Unaudited) | 47,153,250 | 43,934,824 | (1,467,149) | 0 | 14,366,294 |

⁽¹⁾ Other financing uses represent a combination of either transfers to various capital fund projects of the City, net of premium received, proceeds of refunded debt in excess of payments to the escrow agent, and any payments to the escrow agent for a bond refunding in excess of additional proceeds received.

⁽²⁾ Other financing uses of \$981,823 represent transfers to various capital fund projects of the City in addition to \$7,008 of payments to the escrow agent for a bond refunding in excess of additional proceeds received.

⁽³⁾ The City closed 56 capital projects all related to the General Fund and completed prior to December 31, 2011. In the aggregate, the projects that did not have outstanding debt associated with them but had an aggregate deficit of \$871,120 which was charged to the General Fund's equity. In addition, the projects with residual equity from bond proceeds had an aggregate total of \$2,085,897 which was credited to the Reserve for Debt in accordance with New York State Local Finance Law. Reserve for Debt is a component of General Fund Balance. Further information regarding the closure of these projects can be found in Note 11 of the City's Management Discussion and Analysis and Financial Statements for the Year Ended December 31, 2011. See also "THE CITY – The New York State Comptroller's Report of Examination" herein.

⁽⁴⁾ Adjustment due to rounding and/or mathematical errors.

⁽⁵⁾ The City incurred a loss for the year ended December 31, 2020 primarily as a result of the delay in collection of \$735,170 of sales tax revenue due from Oneida County and \$2,398,763 of State Aid. While these funds were not collected in the City's 60 day window for accrual to the 2020 fiscal year, they were received later in the first and second quarters of 2021.

Note: This table is not audited.

Source: City officials and the Audited Financial Statements of the City. Additionally, see "APPENDIX – A, A1, A2 & A3" attached hereto.

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Water Fund

The Water Fund is used to account for transactions relating to the operation and maintenance of the City-owned water supply and distribution system. Substantially all of the fund's activities are financed through the sale of water; no tax moneys are contributed for the support of this service. For the fiscal year ended December 31, 2019, based on audited figures, the City's Water Fund revenues were \$8,786,939, Water Fund expenditures were \$7,413,853, and other sources were \$5,706,821. Other sources included \$1,500,000 representing a WIIA grant received from the Environmental Facilities Corporation (EFC) for the construction of the City's water treatment plant and \$3,894,855 received from the Empire State Development Corporation (ESD) for the construction of water mains in Northwest Rome. Based on audited figures, the Water Fund's total net position as of December 31, 2019 was at \$39,154,271.

For the fiscal year ended December 31, 2020, based on audited figures, the City's Water Fund revenues were \$9,367,370, Water Fund expenditures were \$8,384,000, and other uses were \$0. Based on unaudited figures, the Water Fund's total net position as of December 31, 2020 was at \$40,137,641

In late November 2016, the City had a chlorine leak at its yet to be completed UV facility. At the time of the leak the City had not taken possession of the facility since it was not finished and therefore did not have property damage insurance coverage on it. The City's total investment in the facility to date is in excess of \$10.2 million. The Water Fund recorded a \$2.3 million impairment charge in 2016 for estimated damages. Special counsel to the City is currently reviewing the matter. In the interim, the City sought obtained agreement from the United States Environmental Protection Agency (EPA) to delay its compliance with the LT2 mandate until May 2019. As of June 1, 2019, the plant was operational and fully in compliance with the LT2 mandate.

Sewer Fund

The Sewer Fund is used to account for revenues and expenses of sewer services provided to the residents and businesses in the City. For the fiscal year ended December 31, 2019, based on audited figures, the City's Sewer Fund revenues were \$4,812,995, and Sewer Fund expenditures were \$4,981,304, and other sources were \$4,981,304. Other sources principally included \$3,869,038 for New York State ESD, EFC and DEC grants on five capital projects in various stages of construction. Based on audited figures, the Sewer Fund's total net position as of December 31, 2019 was at \$33,272,199.

For the fiscal year ended December 31, 2020, based on unaudited figures, the City's Sewer Fund revenues and other sources were \$6,641,047 and Sewer Fund expenditures were \$4,673,110, and other uses were \$0. Revenues included \$1,430,645 in grant funding from 3 state agencies for capital improvement projects. Based on unaudited figures, the Sewer Fund's total net position as of December 31, 2020 was at \$35,240,136.

Refuse Fund

The Refuse Fund is used to account for revenues and expenses of operating the waste management services. For the fiscal year ended December 31, 2019, based on audited figures, the City's Refuse Fund revenues and other sources were \$2,127,697 and Refuse Fund expenditures were \$2,196,708. Based on audited figures, the Refuse Fund's total net position as of December 31, 2019 was at \$2,611,699.

For the fiscal year ended December 31, 2020, based on audited figures, the City's Refuse Fund revenues and other sources were \$2,127,462 and Refuse Fund expenditures were \$2,369,618, and other uses were \$0. Based on unaudited figures, the Refuse Fund's total net position as of December 31, 2020 was at \$2,369,543.

2021 Budget Summary

For the fiscal year ending December 31, 2021, General Fund revenues are budgeted at \$43,722,426 with a budgeted reserve appropriation of \$360,000, appropriated fund balance of \$832,005 and General Fund Expenditures and other uses are budgeted at \$44,914,430.

2022 Budget Summary

For the fiscal year ending December 31, 2022, General Fund revenues are budgeted at \$45,011,301 with a budgeted reserve appropriation of \$80,000, appropriated fund balance of \$612,934 and General Fund Expenditures and other uses are budgeted at \$45,704,235.

TAX INFORMATION

Taxable Assessed Valuations

| <u>Fiscal Year Ending December 31:</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| Assessed Valuation | \$ 828,036,641 | \$ 834,276,475 | \$ 834,388,936 | \$ 836,922,582 | \$ 838,164,434 |
| New York State Equalization Rate | 74.85% | 74.45% | 71.64% | 66.49% | 66.09% |
| Total Taxable Full Valuation | \$ 1,106,261,377 | \$ 1,120,586,266 | \$ 1,164,697,007 | \$ 1,258,719,480 | \$ 1,268,216,726 |

Tax Rates 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> |
|--|-------------|-------------|-------------|-------------|-------------|
| General Fund | \$ 18.34 | \$ 18.30 | \$ 18.30 | \$ 18.31 | \$ 18.32 |

Tax Levy and 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 | \$ 15,189,239 | \$ 15,267,812 | \$ 15,267,812 | \$ 15,326,314 | \$ 15,358,405 |
| Amount Uncollected ⁽¹⁾ | 918,339 | 584,107 | 519,127 | 539,007 | N/A |
| % Uncollected | 6.05% | 3.83% | 3.40% | 3.52% | N/A |

⁽¹⁾ See "Tax Collection Procedure" herein.

Note: The amount of the 2021 City Tax Levy uncollected as of September 30, 2021 is \$5,739,296.39.
One half of the annual tax levy is due by April 30, 2021 and the second half by October 31, 2021.

Tax Collection Procedure

The City is responsible for the collection of its own taxes, both current and delinquent. The City also collects the District's current and delinquent taxes and pays them to the District as collected.

Tax payments are due one-half from April 1 to April 30 and one-half from October 1 to October 31. On taxes remaining unpaid after May 1 and November 1, 2% is added for that initial month, and then 1% per month thereafter.

Total real property taxes in the City are comprised of three separate taxing elements: (1) City, (2) County; and (3) School. Real property taxes become payable upon the levy of such taxes by the City Council, the County Legislature and the local Board of Education, respectively.

Preparation of the tax assessment roll is the statutory responsibility of the City under the Real Property Tax Law. The City Assessment Office undertakes regular inspections of property to ensure that new construction, improvements or demolitions are reflected in the annual roll of taxable properties.

The taxes levied by the City become a lien on January 1; County taxes are billed on a single statement and are levied January 1. City taxes are one-half payable on April 30 one-half payable on October 31. County taxes are payable February 28. The District taxes are levied July 1 and are one-half payable October 31 and one-half payable April 30. The City guarantees the District the full amount of its tax levy.

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Constitutional Tax Margin

Computation of Constitutional Tax Margin for the City for the fiscal years ending December 31:

| <u>Fiscal Year Ending December 31:</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|------------------|------------------|------------------|
| Five Year Average Full Valuation..... | \$ 1,122,953,211 | \$ 1,146,572,178 | \$ 1,183,696,171 |
| Tax Limit - (2%)..... | 22,459,064 | 22,931,444 | 23,673,923 |
| Total Tax Levy (General)..... | 15,267,813 | 15,326,314 | 15,358,405 |
| Less: Exclusions from Tax Limit..... | 6,897,356 | 7,200,113 | 9,468,178 |
| Tax Levy Subject to Tax Limit..... | \$ 8,370,457 | \$ 8,126,201 | \$ 5,890,227 |
| Percentage of Tax Limit Exhausted..... | 37.27% | 35.44% | 24.88% |
| Constitutional Tax Margin..... | \$ 14,088,608 | \$ 14,805,243 | \$ 17,783,696 |

Source: City officials.

Ten Largest Taxpayers - 2020 Tax Rolls

| <u>Name</u> | <u>Type</u> | <u>Assessed Valuation</u> |
|--|-------------|---------------------------|
| Family Dollar Services, Inc. ⁽¹⁾ | Retail | \$ 50,056,000 |
| Built in a Day NY LLC (Orgill Inc.) ⁽¹⁾ | Commercial | 40,335,000 |
| National Grid | Utility | 38,717,117 |
| East Coast Olive Co. ⁽¹⁾ | Commercial | 10,712,300 |
| B240 LLC ⁽¹⁾ | Mixed Use | 9,069,550 |
| Wal-Mart Real Estate Business Trust | Retail | 8,172,100 |
| Kris-Tech Wire Co. Inc ⁽¹⁾ | Commercial | 6,184,450 |
| Lowe's Home Centers, Inc. | Retail | 6,090,000 |
| G&I IX Empire Freedom Plaza | Retail | 5,456,100 |
| WD Housing and Holdings LLC | Apartments | 4,643,800 |

⁽¹⁾ These taxpayers have PILOTS agreements (the following bracketed amounts indicate the annual loss in income to the City for the 2021 tax year when compared to taxes that would be collected absent the PILOT agreements): Family Dollar Services, Inc.: (\$622,026), East Coast Olive Co.: (\$146,691), Orgill Inc. (\$693,646), Kris-Tech Wire Co. Inc.: (\$110,904) and B240 LLC: (\$183,168).

The ten largest taxpayers listed above have a total estimated assessed valuation of \$179,436,417, which represents approximately 21.41% of the tax base of the City for the 2021 fiscal year.

As of the date of this Official Statement, the City has three pending tax certioraris, one of which are for the taxpayers listed above. Wal-Mart had just filed prior to this disclosure and therefore the amount of potential loss was not determinable. Walgreens at both Black River Blvd. and South James Street has filed lawsuits and the potential loss was not determinable as of the date of this Official Statement. Finally, 748 Erie Blvd. Realty has filed for 2020 only which could result in a loss of up to \$15,000.

Source: City tax rolls and City officials.

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TAX LEVY LIMITATION LAW

Prior to the enactment of Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law") all the taxable real property within the City had been subject to the levy of ad valorem taxes to pay the bonds and notes of the City and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the City, without providing an exclusion for debt service on obligations issued by the City. As a result, the power of the City to cause the levy of real estate taxes on all the taxable real property within the City, to pay the principal of and interest on the Bonds and the Notes, is subject to the statutory limitations imposed by the Tax Levy Limit Law.

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

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

There can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating applicable law (i) for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) by limiting the pledge of its faith and credit by a City for the payment of debt service on obligations issued by such City because the Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the City or such indebtedness incurred after the effective date of the Tax Levy Limit Law.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York 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 its indebtedness (including the Notes), include the following provisions:

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, private corporation or private undertaking or give or loan its credit to or in aid of any foreign or public corporation. The City may contract indebtedness only for a City purpose and shall pledge its faith and credit for the payment of the principal of any 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 as determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless substantially level or declining debt service is utilized. 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.

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 property 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 State 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.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the City is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property.

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 Law subject to the provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the City Charter 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 Treasurer, 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 when 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
- (3) An action contesting such validity is commenced within twenty days after the date of such publication, or

If such obligations are authorized in violation of the provisions of the Constitution.

The City generally issues its obligations after the time period specified in (3) above has expired with no action filed that has contested validity. It is a procedure that is recommended by Bond Counsel and followed by the City, 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 (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 renewed each year provided annual principal installments are made in reduction of the total amount of such bonds outstanding, commencing no later than two years from the date of the first of such bonds and provided that such 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 (see "Details of Outstanding Indebtedness" herein).

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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 | \$ 54,932,393 | \$ 50,137,392 | \$ 45,990,000 | \$ 50,052,396 | \$ 57,654,241 |
| Bond Anticipation Notes | 11,195,137 | 14,821,014 | 18,314,528 | 7,341,150 | 6,104,545 |
| EFC Drinking Water Facility Note ⁽¹⁾ | 7,328,691 | 7,783,279 | 8,637,214 | 7,864,742 | 0 |
| EFC Clean Water Facility Notes ⁽²⁾ | 0 | 0 | 46,191 | 6,244,143 | 9,174,948 |
| Capital Lease Obligation ⁽³⁾ | 3,695,251 | 3,210,874 | 2,712,299 | 2,199,126 | 1,888,182 |
| Capital Lease Obligation ⁽⁴⁾ | <u>958,008</u> | <u>828,612</u> | <u>693,654</u> | <u>553,070</u> | <u>948,419</u> |
| Totals | <u>\$ 78,109,480</u> | <u>\$ 76,781,171</u> | <u>\$ 76,393,886</u> | <u>\$ 74,254,127</u> | <u>\$ 75,770,335</u> |

(1) NYS EFC Drinking Water Facility Note originally dated June 9, 2016 matured in 2020 and converted to a long term statutory installment bond with final maturity of December 2050.

(2) NYS EFC Clean Water Facility Notes for upgrades to the City's Solids Handling Sewer plant, to construct a wastewater disinfection facility and for improvements to the City's Anaerobic Digester. The total combined financing arrangement includes \$10,910,300 of grant funding, \$9,500,000 of interest free "hardship" loans and \$6,839,700 of interest bearing loans. As of the date of this Official Statement, \$9,033,477 in interest free financing was outstanding as well as \$141,471 in interest bearing notes and \$5,590,782 in grants had been extended.

(3) Capital lease obligations outstanding for Water and Sewer Funds. See "Capital Lease Payable" herein.

(4) Capital lease obligations outstanding for the General Fund. See "Capital Lease Payable" herein.

Note: The capital lease obligations listed above are not included in the debt calculations herein.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City evidenced by bonds and notes as of November 22, 2021:

| <u>Type of Obligation</u> | <u>Maturity</u> | <u>Amount</u> |
|---|-----------------|--------------------------|
| <u>Bonds</u> | 2021-2050 | \$ 55,205,856 |
| <u>Bond Anticipation Notes</u> | June 15, 2022 | 3,382,163 ⁽¹⁾ |
| <u>NYS EFC Clean Water Facility Notes</u> | | |
| Solids Handling Sewer Plant | June 14, 2023 | 4,235,458 ⁽²⁾ |
| Wastewater Disinfection Facility | June 14, 2023 | 2,756,250 ⁽³⁾ |
| Anaerobic Digester Improvements | August 8, 2024 | 7,500,000 ⁽⁴⁾ |
| Total | | <u>\$ 73,079,727</u> |

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

(2) NYS EFC Clean Water Facility Notes dated June 14, 2018 to mature on June 14, 2023. The total combined financing arrangement includes \$1,472,800 of grant funding and \$4,527,200 of interest free "hardship" loans.

(3) NYS EFC Clean Water Facility Notes dated June 14, 2018 to mature on June 14, 2023. The total combined financing arrangement includes \$3,437,500 of grant funding and \$2,812,500 of interest free "hardship" loans.

(4) NYS EFC Clean Water Facility Notes dated August 8, 2019 to mature on August 8, 2024. The total combined financing arrangement includes \$3,000,000 of WIIA grant funding, \$1,000,000 of NYSEDA Net Zero Energy for Economic Development Program grant, \$2,160,300 of interest free "hardship" loans and \$6,839,700 of interest bearing loans. The loans will be converted to a long term 30 year SRF bond effective December 9, 2021. The interest rate for the non-hardship piece of the bonding will be set at that time.

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Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Power prepared and shown as of November 22, 2021:

| | |
|---|------------------|
| Five-Year Average Full Valuation of Taxable Real Property | \$ 1,183,696,171 |
| Debt Limit - 7% thereof | 82,858,732 |

Inclusions:

| | |
|-------------------------------|------------------|
| Bonds | \$ 55,205,856 |
| NYS EFC Facility Notes | 14,491,708 |
| Bond Anticipation Notes | <u>3,382,163</u> |
| Total Inclusions | \$ 73,079,727 |

Exclusions:

| | |
|---|----------------------|
| Sewer Debt ⁽¹⁾ | \$ 4,321,850 |
| Water Debt – Bonds ⁽²⁾ | 30,130,341 |
| Appropriations – Bonds | 0 |
| Total Exclusions | <u>\$ 34,452,191</u> |

| | |
|--|----------------------|
| Total Net Indebtedness Subject to Debt Limit | <u>\$ 38,627,536</u> |
| Net Debt-Contracting Margin | <u>\$ 44,231,196</u> |
| Percent of Debt Contracting Power Exhausted | 46.62% |

- (1) Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law. Sewer debt can be excluded upon application to the State Comptroller office and the issuance of a certification for sewer debt exclusion. The City's application for this exclusion was approved and a certificate was issued August 14, 2017.
- (2) Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

Bonded Debt Service

A schedule of Bonded Debt Service may be found attached hereto as "APPENDIX – B" of this Official Statement.

Cash Flow Borrowings

The City has found it necessary to borrow revenue and tax anticipation notes in the past; however, the last revenue anticipation note borrowing was on October 6, 2010. The City does not see the need to issue revenue or tax anticipation notes in the foreseeable future.

Authorized and Unissued Indebtedness

From time to time there are a number of projects which are continually being evaluated. Additional borrowings will depend on which projects the City elects to undertake.

The City's current projects are being financed using bond anticipation notes. Pending market conditions, the outstanding bond anticipation notes may be renewed or converted to serial bonds at maturity.

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Capital Lease Payable

The City leases various equipment for its departments. The following table shows the year-end balances for the City's general fund and its water and sewer fund enterprise funds as of December 31, 2020:

| Fiscal Year Ending December 31st | General Fund | | Water & Sewer Fund | |
|--|---------------------|-------------------|-------------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2021 | \$ 269,859 | \$ 51,532 | \$ 584,961 | \$ 63,333 |
| 2022 | 284,185 | 37,207 | 603,706 | \$ 44,589 |
| 2023 | 217,172 | 21,327 | 614,437 | \$ 25,182 |
| 2024 | 113,824 | 11,739 | 50,171 | 5,670 |
| 2025 | 63,380 | 3,300 | 34,907 | 1,902 |
| Totals | \$ 948,420 | \$ 125,105 | \$ 1,888,182 | \$ 140,676 |

Source: City officials.

Capital Project Plans

The U.S. Environmental Protection Agency published the Long Term 2 Enhanced Surface Water Treatment Rule ("LT2ESWTR") on January 5, 2006. The LT2ESWTR improves control of microbial pathogens. The LT2ESWTR requires source water monitoring at public water systems that use surface water or ground water under the direct influence of surface water. Based on system size and filtration type, systems need to monitor for Cryptosporidium, E. coli, and turbidity. As part of the new regulations, a municipality, such as the City, with an uncovered finished water storage facility must choose to either use tanks to store the finished water, cover the uncovered finished water storage facility, or treat the discharge from the uncovered finished water storage facility to the distribution. The City submitted final plans and specifications for compliance by May 1, 2015, awarded its contract for the intended project by August 1, 2015, and construction began September 1, 2015. The City was on track to complete the project and have an operational system in compliance with the new regulations by December 31, 2016. As indicated in the section entitled "RECENT OPERATING RESULTS", however; in late November 2016 the City had a chlorine leak at this facility and incurred an estimated loss of \$2.3 million which was recorded in the financial statements for that year. The project at the time was not completed and the City had not taken possession of the facility since it was not completed. Since the City did not have legal possession of the facility at the time, it did not have property damage insurance coverage on it. The City's total investment in the facility to date is in excess of \$10.3 million which includes the \$2.3 million loss noted above. Special counsel to the City is currently reviewing the matter and attempting to negotiate a settlement. As of June 1, 2019, the plant was operational and fully in compliance with the LT2 mandate.

The project was permanently financed on December 17, 2020 with a \$8,176,276 long term bond. \$1,500,000 of the \$3,000,000 WIIA grant both through the New York State Environmental Facilities Corporation ("NYS EFC") remains available for unbilled expenses. At the time of this Continuing Disclosure Statement, the extent to which the City might be reimbursed by the primary contractor, its insurance or the City's own general liability insurance had not been determined. Debt service on this project will be paid through the Water Fund and revenues that will be raised through user fees.

The City issued a NYSEFC Clean Water Facility Note dated June 14, 2018 to mature on June 14, 2023 for upgrades to the City's Solids Handling Sewer Plant. The financing arrangement includes \$1,472,800 of WIIA grant funding and \$4,527,200 of interest free "hardship" loans of which \$4,116,927 was outstanding as of the date of this Official Statement, and is expected to be financed permanently through EFC in 2021. The City also issued a NYSEFC Clean Water Facility Note on the same date for a Wastewater Disinfection Facility. The financing arrangement includes a \$937,500 WIIA grant and \$2,812,500 interest free hardship loan of which \$2,756,250 was outstanding as of the date of this Continuing Disclosure Statement. The City was also awarded a \$2,500,000 New York State DEC Water Quality Improvement Project (WQIP) grant.

The City issued a NYSEFC Clean Water Facility Note dated March 14, 2019 to mature on March 14, 2024 for the installation of a force main, sewer interceptor, and sewer line replacement along Railroad Street to improve water quality in the Mohawk River Barge canal. The financing arrangement includes \$3,500,000 of WIIA grant funding and \$10,500,000 of interest free "hardship" loans. To date, the City has only drawn \$644,101 of the WIIA grant. It is anticipated that the loan will be financed permanently through EFC in 2022.

The City issued a NYSEFC Clean Water Facility Note dated August 8, 2019 to mature on August 8, 2024 for upgrades to the City's Anaerobic Digester. The financing arrangement includes \$3,000,000 of WIIA grant funding, a \$1,000,000 NYSERD grant a, \$2,000,000 EFC Green Innovation Grant (GIGP), \$2,160,300 of interest free "hardship" loans and \$6,839,700 of interest bearing loans. As of the date of this Continuing Disclosure Statement, \$2,160,300 of the hardship loan and \$5,339,700 of the interest bearing loan was outstanding. These are expected to be financed permanently through EFC in the fourth quarter of 2021.

Finally with regards to EFC financing, the City has obtained a commitment from the EFC for \$3,000,000 of WIIA grants and \$13,500,000 of interest free hardship financing for the Phase 3 of the West Rome Water Improvement project. The project which involves and extension of water lines and above ground tank will significantly improve the delivery of drinking water to the Northern and Western portions of the City. It represents a continuation of work originally begun in 2012. The total project is expected to approximate \$26,000,000 when this phase is completed.

During 2021, the City anticipates financing \$3.5 million for the purchase of its National Grid street light fixtures and the conversion to LED fixtures by the New York Power Authority.

Preliminary plans for 2022 include the purchase and installation of water and sewer meters for all of Rome's residential housing which is currently charged a flat rate for these services. The project is necessitated by an agreement with the New York State DEC which requires the final completion in 2025. Preliminary estimates place the cost at approximately \$13.0 million. Other plans include the purchase of a new aerial tower truck for the Fire Department at an estimated cost of almost \$1.5 million, and repairs and improvements to the City's water infrastructure at an estimated cost of \$5.5 million. These plans are in addition to the City's normal equipment replacement needs and annual street improvement projects.

Below is the City's capital improvement plan summary chart, used for the planning and budgeting of the City's infrastructure needs over the next five years:

| City Department | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---------------------------------------|---------------------|----------------------|---------------------|---------------------|---------------------|----------------------|
| Public Works | | | | | | |
| City Yard | \$ 225,000 | \$ 2,421,500 | \$ 838,000 | \$ 1,155,000 | \$ 1,788,000 | \$ 6,427,500 |
| Snow Removal | - | - | - | - | - | - |
| Municipal Buildings | - | 2,260,000 | - | - | - | 2,260,000 |
| Distribution and Transmission | - | 269,000 | | | | 269,000 |
| Engineering | 2,530,000 | 4,780,000 | | | | 7,310,000 |
| Water Pollution Control | 132,000 | 397,000 | 350,000 | 250,000 | 30,000 | 1,159,000 |
| Parks and Recreation | 40,000 | 169,015 | 25,000 | - | - | 234,015 |
| Refuse | - | 315,000 | - | - | - | 315,000 |
| Police Department and Public Safety | - | - | - | - | - | - |
| Fire Department | - | 2,190,000 | 50,000 | 85,000 | 100,000 | 2,425,000 |
| Public Works Garage | - | 1,240,000 | 380,000 | - | - | 1,620,000 |
| Rome Parking Operations | - | - | - | - | - | - |
| Water Supply (Water Filtration Plant) | 674,000 | 5,500,000 | 40,000 | - | - | 6,214,000 |
| Community & Economic Development | 4,526,272 | 8,813,000 | 5,350,000 | - | - | 18,689,272 |
| Traffic Maintenance | - | - | - | - | - | - |
| Electrical Department | 22,000 | 23,000 | 23,000 | - | - | 68,000 |
| Shade Trees | - | - | - | - | - | - |
| Central Maintenance | - | 38,000 | - | - | - | 38,000 |
| Codes | - | - | - | - | - | - |
| General City Departments Subtotals | \$ 7,343,272 | \$ 21,934,515 | \$ 9,216,000 | \$ 3,800,000 | \$ 4,473,000 | \$ 46,766,787 |
| Refuse, Sewer and Water | 806,000 | 6,481,000 | 640,000 | 400,000 | 30,000 | 8,357,000 |
| TOTAL: | \$ 8,149,272 | \$ 28,415,515 | \$ 9,856,000 | \$ 4,200,000 | \$ 4,503,000 | \$ 55,123,787 |

Source: The City of Rome's 2021-2025 Capital Improvement Plan ("CIP").

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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. Bonded indebtedness, including bond anticipation notes, is estimated as of the close of the fiscal year of respective municipalities, adjusted to include subsequent bond issues, if any.

| <u>Local Government</u> | <u>Status of Debt as of</u> | <u>Gross Indebtedness</u> ⁽¹⁾ | <u>Estimated Exclusions</u> | <u>Net Indebtedness</u> | <u>City Share</u> | <u>Net Overlapping Indebtedness</u> |
|-------------------------|-----------------------------|--|-------------------------------|-------------------------|-------------------|-------------------------------------|
| County of: | | | | | | |
| Oneida | 12/31/2019 | \$ 369,575,633 | \$ 147,600,952 ⁽²⁾ | \$ 221,974,681 | 10.58% | \$ 23,484,921 |
| School District: | | | | | | |
| Rome City SD | 6/30/2020 | 78,709,650 | 77,135,457 ⁽³⁾ | 1,574,193 | 72.64% | 1,143,494 |
| Sherrill City SD | 6/30/2020 | 19,873,886 | 17,965,993 ⁽³⁾ | 1,907,893 | 2.74% | 52,276 |
| Westmoreland CSD | 6/30/2020 | 6,845,000 | 6,064,670 ⁽³⁾ | 780,330 | 4.91% | 38,314 |
| Oriskany CSD | 6/30/2020 | 10,236,600 | 8,363,302 ⁽³⁾ | 1,873,298 | 11.00% | 206,063 |
| | | | | | Total: | <u>\$ 24,925,068</u> |

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

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

(3) State Building aid.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2019 and 2020.

Debt Ratios

The following table sets forth certain ratios relating to the City's Gross and Net Indebtedness as of November 22, 2021:

| | <u>Amount</u> | <u>Per Capita</u> ^(a) | <u>Percentage of Full Value</u> ^(b) |
|---|---------------|----------------------------------|--|
| Gross Indebtedness ^(c) | \$ 73,079,727 | \$ 2,274.71 | 5.76% |
| Net Indebtedness ^(c) | 38,627,536 | 1,202.34 | 3.05 |
| Gross Indebtedness Plus Net Overlapping Indebtedness ^(d) | 98,004,795 | 3,050.54 | 7.73 |
| Net Indebtedness Plus Net Overlapping Indebtedness ^(d) | 63,552,604 | 1,978.17 | 5.01 |

(a) The current population of the City is estimated to be 32,127. (See "THE CITY – Population Trends" herein.)

(b) The City's full value of taxable real estate for the 2021 fiscal year is \$1,268,216,726. (See "TAX INFORMATION – Taxable Valuations" herein.)

(c) See "Debt Statement Summary" for the calculations of Gross and Net Indebtedness, herein.

(d) The City's applicable share of Net Overlapping Indebtedness is estimated to be \$24,925,068. (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 Constitution of the State, 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."

The Constitutional 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

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

The financial 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 or in other jurisdictions of 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 in other jurisdictions of the country 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 significant part on financial assistance from the State. 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 "THE CITY - State Aid" herein).

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 also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19. These steps have had a material impact on public gatherings and the operations of schools, non-essential businesses and other entities. 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).

Cybersecurity

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

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 and 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. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

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, Utica, 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 Levy Limitation 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 LEVY LIMITATION 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

The City is subject to a number of lawsuits in the ordinary conduct of its affairs. The City does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the City.

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

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Commission and the MSRB. 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 the Municipal Advisor may be 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.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the City will enter into an Undertaking to provide notice of certain material events with respect to the Notes, a description of which is attached hereto as “APPENDIX – C”.

Historical Compliance

The City is, in all material respects, in compliance with all prior continuing disclosure undertakings pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”) for the past five years, except as follows:

- The City failed to provide its annual financial information, consisting of the Audited Financial Statements for fiscal year ending December 31, 2017, within 60 days of receipt. The City’s Audited Financial Statements for fiscal year ending December 31, 2017 is dated as of July 12, 2018 and was posted to the MSRB’s EMMA System on October 3, 2018, which is 83 days after the dated date. A notice of failure to provide annual financial information as required was posted to the MSRB’s EMMA System on October 16, 2018.
- In the past five years, the City on occasion did not file in a timely manner certain material event notices relating to rating changes of various insurers of certain outstanding bonds of the City. The underlying rating of the City was not affected by such bond insurer rating changes.

The City entered into a master lease agreement for the purchase of vehicles and filed a failure to file notice for the incurrence of a financial obligation on May 11, 2020.

BOND RATING

The Notes are not rated. Pending the approval of the City, the purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the City, as such rating action may result in a material event notification to be posted to EMMA which is required by the City’s Undertaking to provide notice of certain Material Events, the description of which is attached hereto as “APPENDIX – C”.

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) has assigned its rating of “A+” with a stable outlook to the City’s outstanding serial 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 S&P Global Ratings, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, 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 outstanding bonds or the Notes.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates in good faith, no assurance can be given that the facts will materialize as so opined or estimated. 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.

To the extent 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 which may have been made verbally or in writing is to be construed as a contract with the holder of the Notes .

Bond, Schoeneck & King, PLLC, Utica, New York, Bond Counsel to the City, expressed no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the City for use in connection with the offer and sale of the Notes , including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the City will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the City.

The Official Statement is submitted only in connection with the sale of the Notes by the City and may not be reproduced or used in whole or in part for any other purpose.

The City hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the City nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the City disclaim 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 the website. Fiscal Advisors & Marketing, Inc. and the City also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The City contact information is as follows: Mr. David C. Nolan, City Treasurer, City of Rome, City Hall, 198 Washington Street, Rome, New York 13440, Phone: (315) 339-7678, Fax: (315) 339-7788, Email: dnolan@romecitygov.com.

Additional copies of the Notice of Sale and the Official Statement, Notice of Competitive Bond Sale, and Notice of Sale may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at www.fiscaladvisors.com.

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

CITY OF ROME, NEW YORK

Dated: November 22, 2021

DAVID C. NOLAN
CITY TREASURER & CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 2,312,553 | \$ 2,893,671 | \$ 2,287,732 | \$ 2,859,655 | \$ 3,196,072 |
| Cash and Cash Equivalents - Restricted | 4,255,087 | 3,335,209 | 3,120,370 | 3,346,008 | 3,224,151 |
| Taxes Receivable | 2,101,766 | 2,072,787 | 2,160,953 | 1,301,612 | 1,378,971 |
| Tax Sale Certificates | 602,742 | 593,091 | 482,700 | 482,700 | 403,802 |
| Property Acquired for Taxes | 2,379,338 | 2,526,795 | 2,851,513 | 2,102,581 | 2,106,933 |
| Assessments Receivable | 21,952 | 15,670 | 10,688 | 4,469 | 461 |
| Accounts Receivable | 398,317 | 584,314 | 416,532 | 827,586 | 632,280 |
| Allowance for Receivables | (1,323,737) | (1,315,653) | (1,199,445) | (1,207,018) | (967,757) |
| Due from Other Funds | - | 171,696 | 1,786,151 | 1,248,560 | 1,515,923 |
| Due from Other Governments | 3,365,878 | 2,264,013 | 2,141,710 | 3,076,871 | 4,957,477 |
| Prepaid Expenditures | 941,579 | 1,083,730 | 1,011,868 | 1,016,106 | 1,038,215 |
| TOTAL ASSETS | \$ 15,055,475 | \$ 14,225,323 | \$ 15,070,772 | \$ 15,059,130 | \$ 17,486,528 |
| LIABILITIES AND FUND EQUITY | | | | | |
| Accounts Payable | \$ 845,583 | \$ 1,300,801 | \$ 749,692 | \$ 590,688 | \$ 408,573 |
| Accrued Liabilities | 808,657 | 263,102 | 288,903 | 773,131 | 583,166 |
| Other Liabilities | - | - | - | - | - |
| Payroll Withholdings Payable | - | - | - | - | 28,625 |
| Bond Anticipation Notes Payable | - | - | - | - | - |
| Judgments & Claims Payable | - | - | - | 66,585 | - |
| Due to Other Funds | 1,697,888 | - | - | - | - |
| Unearned Revenue - Grants/Other | 1,644 | 35,735 | 1,644 | 1,644 | 3,138,856 |
| Due to Other Governments | 939,389 | 914,429 | 1,084,735 | 28,611 | 34,895 |
| Deferred Revenue | 265,760 | 328,599 | 324,581 | 471,509 | 677,397 |
| TOTAL LIABILITIES | 4,558,921 | 2,842,666 | 2,449,555 | 1,932,168 | 4,871,512 |
| FUND EQUITY | | | | | |
| Nonspendable | \$ 3,321,216 | \$ 3,500,224 | \$ 3,768,180 | \$ 3,070,868 | \$ 3,145,448 |
| Restricted | 4,255,087 | 3,335,209 | 3,120,370 | 3,346,008 | 3,224,151 |
| Appropriated | 1,048,707 | 1,798,059 | 2,066,874 | 2,102,063 | 1,155,790 |
| Unappropriated | 1,871,544 | 2,749,165 | 3,665,793 | 4,608,023 | 5,089,632 |
| TOTAL FUND EQUITY | 10,496,554 | 11,382,657 | 12,621,217 | 13,126,962 | 12,615,021 |
| TOTAL LIABILITIES and FUND EQUITY | \$ 15,055,475 | \$ 14,225,323 | \$ 15,070,772 | \$ 15,059,130 | \$ 17,486,533 |

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

| Fiscal Years Ending December 31: | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| REVENUES | | | | | |
| Real Property Taxes | \$ 16,144,678 | \$ 14,982,568 | \$ 15,235,132 | \$ 15,076,564 | \$ 14,366,201 |
| Real Property Tax Items | 710,913 | 1,075,860 | 1,117,980 | 1,112,071 | 1,160,144 |
| Non-Property Tax Items | 10,054,139 | 10,228,939 | 10,727,790 | 11,398,423 | 11,698,961 |
| Departmental Income | 1,063,137 | 1,058,260 | 980,894 | 1,004,276 | 982,976 |
| Intergovernmental Charges | 721,162 | 747,436 | 772,029 | 725,053 | 1,003,478 |
| Solar Power Credits | - | - | 602,901 | 490,196 | 448,857 |
| Use of Money & Property | 383,305 | 384,297 | 369,567 | 478,183 | 591,121 |
| Licenses and Permits | 94,280 | 96,954 | 90,446 | 127,953 | 149,214 |
| Fines and Forfeitures | 72,787 | 69,717 | 71,116 | 83,442 | 69,863 |
| Sale of Property and Compensation for Loss | 88,313 | 35,246 | 95,605 | 85,423 | 72,782 |
| Miscellaneous | 173,407 | 97,467 | 258,866 | 224,819 | 266,045 |
| Interfund Revenues | 1,524,197 | 1,524,197 | 1,748,197 | 1,743,197 | 1,782,197 |
| Revenues from State Sources | 10,416,990 | 10,729,591 | 10,672,385 | 10,589,224 | 10,600,268 |
| Revenues from Federal Sources | - | - | - | 74,861 | - |
| Total Revenues | <u>\$ 41,447,308</u> | <u>\$ 41,030,532</u> | <u>\$ 42,742,908</u> | <u>\$ 43,213,685</u> | <u>\$ 43,192,107</u> |
| EXPENDITURES | | | | | |
| General Government Support | \$ 3,646,855 | \$ 3,618,221 | \$ 4,211,569 | \$ 4,264,339 | \$ 4,776,526 |
| Public Safety | 13,295,851 | 13,562,426 | 13,410,480 | 13,917,939 | 14,198,242 |
| Health | 4,791 | 3,811 | 762 | 869 | 442 |
| Transportation | 4,280,624 | 3,928,015 | 4,426,211 | 4,468,772 | 4,540,340 |
| Economic Assistance and Opportunity | - | - | - | - | - |
| Culture and Recreation | 1,601,969 | 1,399,017 | 1,462,043 | 1,509,386 | 1,335,301 |
| Home and Community Services | 490,544 | 502,190 | 675,506 | 517,121 | 564,949 |
| Employee Benefits | 12,379,191 | 12,196,394 | 11,661,967 | 11,828,360 | 11,249,476 |
| Debt Service | 4,494,812 | 4,545,159 | 4,840,594 | 4,545,326 | 4,744,771 |
| Total Expenditures | <u>\$ 40,194,637</u> | <u>\$ 39,755,233</u> | <u>\$ 40,689,132</u> | <u>\$ 41,052,112</u> | <u>\$ 41,410,047</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 1,252,671</u> | <u>\$ 1,275,299</u> | <u>\$ 2,053,776</u> | <u>\$ 2,161,573</u> | <u>\$ 1,782,060</u> |
| Other Financing Sources (Uses): | | | | | |
| Other Sources | - | - | - | - | - |
| Other Uses | 35,632 | - | - | - | - |
| Operating Transfers In | 156,993 | - | 151,439 | 257,728 | (1,276,315) |
| Operating Transfers Out | (1,151,718) | (1,083,117) | (1,222,112) | (1,222,347) | - |
| Total Other Financing | <u>(959,093)</u> | <u>(1,083,117)</u> | <u>(1,070,673)</u> | <u>(964,619)</u> | <u>(1,276,315)</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>293,578</u> | <u>192,182</u> | <u>983,103</u> | <u>1,196,954</u> | <u>505,745</u> |
| FUND BALANCE | | | | | |
| Fund Balance - Beginning of Year | 10,062,435 | 10,304,372 | 10,496,554 | 11,382,657 | 12,621,217 |
| Prior Period Adjustments (net) | (51,641) | - | (97,000) | 41,606 | - |
| Fund Balance - End of Year | <u>\$ 10,304,372</u> | <u>\$ 10,496,554</u> | <u>\$ 11,382,657</u> | <u>\$ 12,621,217</u> | <u>\$ 13,126,962</u> |

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

GENERAL FUND

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

Fiscal Years Ending December 31:

| | 2020 | | | 2021 | 2022 |
|---|-------------------|-------------------|---------------|-------------------|-------------------|
| | Adopted Budget | Amended Budget | Actual | Adopted Budget | Adopted Budget |
| REVENUES | | | | | |
| Real Property Taxes | \$ 15,336,063 | \$ 15,336,063 | \$ 14,974,131 | \$ 15,226,115 | \$ 15,289,994 |
| Real Property Tax Items | 1,220,086 | 1,220,086 | 1,190,875 | 1,342,228 | 1,437,179 |
| Non-Property Tax Items | 11,610,766 | 11,610,766 | 11,218,882 | 11,697,091 | 12,762,900 |
| Departmental Income | 981,989 | 981,989 | 593,362 | 1,380,384 | 1,154,879 |
| Intergovernmental Charges | 853,344 | 853,344 | 677,762 | 946,094 | 934,156 |
| Solar Power Credits | 437,555 | 437,555 | 544,005 | - | - |
| Use of Money & Property | 532,048 | 532,049 | 432,123 | 414,342 | 291,965 |
| Licenses and Permits | 105,000 | 105,000 | 228,315 | 115,000 | 95,000 |
| Fines and Forfeitures | 73,000 | 50,000 | 56,348 | 50,000 | 55,000 |
| Sale of Property and Compensation for Loss | 125,500 | 148,500 | 123,281 | 67,500 | 61,000 |
| Miscellaneous | 132,500 | 132,500 | 127,626 | 122,000 | 128,000 |
| Interfund Revenues | 1,826,197 | 1,826,197 | 1,826,197 | 1,761,197 | 1,802,197 |
| Revenues from State Sources | 10,609,682 | 10,609,682 | 8,321,543 | 10,600,474 | 10,999,032 |
| Revenues from Federal Sources | - | - | - | - | - |
| Total Revenues | \$ 43,843,730 | \$ 43,843,731 | \$ 40,314,450 | \$ 43,722,425 | \$ 45,011,302 |
| EXPENDITURES | | | | | |
| General Government Support | \$ 5,149,039 | \$ 5,152,149 | \$ 4,450,541 | \$ 5,014,677 | \$ 5,350,381 |
| Public Safety | 15,237,464 | 15,147,386 | 13,961,379 | 15,715,947 | 16,679,898 |
| Health | 1,500 | 1,500 | 1,030 | 1,500 | 1,500 |
| Transportation | 4,981,204 | 4,980,290 | 4,060,289 | 6,095,437 | 6,737,273 |
| Economic Assistance and Opportunity | - | - | - | - | - |
| Culture and Recreation | 1,490,927 | 1,490,846 | 887,655 | 1,360,822 | 1,462,092 |
| Home and Community Services | 744,288 | 744,288 | 422,221 | 489,968 | 582,807 |
| Employee Benefits | 12,314,893 | 12,323,473 | 10,633,357 | 10,942,190 | 11,301,139 |
| Debt Service | 5,029,623 | 5,107,862 | 5,107,862 | 5,101,389 | 3,381,645 |
| Total Expenditures | \$ 44,948,938 | \$ 44,947,794 | \$ 39,524,334 | \$ 44,721,930 | \$ 45,496,735 |
| Excess of Revenues Over (Under) Expenditures | \$ (1,105,208) | \$ (1,104,063) | \$ 790,116 | \$ (999,505) | \$ (485,433) |
| Other Financing Sources (Uses): | | | | | |
| Appropriated Reserve | 225,000 | 225,000 | - | 360,000 | 80,000 |
| Appropriated Fund Balance | 2,103,208 | 2,102,063 | - | 832,005 | 612,934 |
| Operating Transfers In | (1,223,000) | (1,223,000) | (79,061) | - | - |
| Operating Transfers Out | - | - | (1,223,000) | (192,500) | (207,500) |
| Total Other Financing | 1,105,208 | 1,104,063 | (1,302,061) | 999,505 | 485,434 |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | - | - | (511,945) | - | - |
| FUND BALANCE | | | | | |
| Fund Balance - Beginning of Year | - | - | 13,126,962 | - | - |
| Prior Period Adjustments (net) | - | - | - | - | - |
| Fund Balance - End of Year | \$ - | \$ - | \$ 12,615,017 | \$ - | \$ - |

Note: 2020 Budget includes encumbrances carried forward from the prior year of \$426,680.

Source: 2020 audited financial report and adopted budgets of the City. This Appendix is not itself audited.

CHANGES IN FUND EQUITY

| Fiscal Years Ending December 31: | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| WATER FUND | | | | | | |
| Fund Equity - Beginning of Year | \$ 31,021,951 | \$ 31,877,470 | \$ 31,556,288 | \$ 32,909,465 | \$ 32,074,364 | \$ 39,154,271 |
| Cummulative Effect of Change in Accounting Principal - OPEB | - | - | - | (3,237,062) | - | - |
| Prior Period Adjustments (net) | (3,253) | - | (559,681) | 147,812 | - | - |
| Operating Revenue & Sources | 6,963,684 | 8,722,492 | 8,542,056 | 9,054,694 | 14,493,760 | 9,367,370 |
| Operating Expenses & Other Uses | 6,104,912 | 6,743,674 | 7,652,223 | 7,510,237 | 7,413,853 | 8,384,000 |
| Nonoperating Revenues | - | - | 1,023,025 | 709,692 | - | - |
| Fund Equity - End of Year | <u>\$ 31,877,470</u> | <u>\$ 33,856,288</u> | <u>\$ 32,909,465</u> | <u>\$ 32,074,364</u> | <u>\$ 39,154,271</u> | <u>\$ 40,137,641</u> |
| SEWER FUND | | | | | | |
| Fund Equity - Beginning of Year | \$ 25,833,571 | \$ 26,318,376 | \$ 27,056,819 | \$ 29,294,651 | \$ 28,980,170 | \$ 33,272,199 |
| Cummulative Effect of Change in Accounting Principal - OPEB | - | - | - | (2,140,894) | - | - |
| Prior Period Adjustments (net) | (22,658) | - | (284,102) | (445,917) | - | - |
| Operating Revenues & Sources | 4,497,399 | 4,617,497 | 3,975,113 | 4,157,239 | 9,105,024 | 6,641,047 |
| Operating Expenses & Other Uses | 3,989,936 | 3,879,054 | 4,125,288 | 3,801,147 | 4,812,995 | 4,673,110 |
| Nonoperating Revenues | - | - | 2,672,109 | 1,916,238 | - | - |
| Fund Equity - End of Year | <u>\$ 26,318,376</u> | <u>\$ 27,056,819</u> | <u>\$ 29,294,651</u> | <u>\$ 28,980,170</u> | <u>\$ 33,272,199</u> | <u>\$ 35,240,136</u> |

⁽¹⁾ - Correction due to rounding.

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

APPENDIX - B
City of Rome

BONDED DEBT SERVICE

| Fiscal Year Ending December 31st | | | |
|--|---------------|------------------|------------------|
| | Principal | Interest | Total |
| 2021 | \$ 5,302,965 | \$ 1,623,578.99 | \$ 6,926,543.99 |
| 2022 | 3,705,856 | 1,558,513.78 | 5,264,369.78 |
| 2023 | 3,820,000 | 1,437,213.52 | 5,257,213.52 |
| 2024 | 3,915,000 | 1,333,050.71 | 5,248,050.71 |
| 2025 | 4,035,000 | 1,224,585.50 | 5,259,585.50 |
| 2026 | 3,895,000 | 1,115,238.91 | 5,010,238.91 |
| 2027 | 3,935,000 | 1,005,665.15 | 4,940,665.15 |
| 2028 | 2,280,000 | 898,079.75 | 3,178,079.75 |
| 2029 | 2,325,000 | 844,050.31 | 3,169,050.31 |
| 2030 | 2,380,000 | 786,852.26 | 3,166,852.26 |
| 2031 | 2,135,000 | 729,635.56 | 2,864,635.56 |
| 2032 | 2,175,000 | 671,506.71 | 2,846,506.71 |
| 2033 | 2,230,000 | 610,773.80 | 2,840,773.80 |
| 2034 | 2,290,000 | 546,010.96 | 2,836,010.96 |
| 2035 | 1,180,000 | 479,727.02 | 1,659,727.02 |
| 2036 | 1,145,000 | 448,463.57 | 1,593,463.57 |
| 2037 | 1,150,000 | 416,610.97 | 1,566,610.97 |
| 2038 | 1,190,000 | 383,756.39 | 1,573,756.39 |
| 2039 | 1,215,000 | 346,708.37 | 1,561,708.37 |
| 2040 | 1,245,000 | 308,878.09 | 1,553,878.09 |
| 2041 | 1,270,000 | 269,703.58 | 1,539,703.58 |
| 2042 | 1,305,000 | 228,652.46 | 1,533,652.46 |
| 2043 | 1,340,000 | 187,771.11 | 1,527,771.11 |
| 2044 | 1,170,000 | 148,472.08 | 1,318,472.08 |
| 2045 | 1,210,000 | 110,760.08 | 1,320,760.08 |
| 2046 | 1,240,000 | 72,253.78 | 1,312,253.78 |
| 2047 | 340,000 | 33,012.45 | 373,012.45 |
| 2048 | 345,000 | 23,972.18 | 368,972.18 |
| 2049 | 345,000 | 14,864.63 | 359,864.63 |
| 2050 | 350,000 | 5,689.80 | 355,689.80 |
| 2051 | 45,000 | 534.38 | 45,534.38 |
| TOTALS | \$ 60,508,821 | \$ 17,864,586.82 | \$ 78,373,407.82 |

CURRENT BONDS OUTSTANDING

| Fiscal Year Ending December 31st | 2016B NYS EFC | | | 2015B Refunding of 2011 | | | 2015 Various Improvements | | |
|--|------------------|----------------|------------------|----------------------------|----------------|-----------------|------------------------------|----------------|------------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2020 | \$ 495,000 | \$ 467,427.70 | \$ 962,427.70 | \$ 740,000 | \$ 320,750.00 | \$ 1,060,750.00 | \$ 540,000 | \$ 310,206.25 | \$ 850,206.25 |
| 2021 | 500,000 | 463,522.14 | 963,522.14 | 765,000 | 291,150.00 | 1,056,150.00 | 560,000 | 294,006.25 | 854,006.25 |
| 2022 | 505,000 | 459,127.14 | 964,127.14 | 795,000 | 260,550.00 | 1,055,550.00 | 575,000 | 277,206.25 | 852,206.25 |
| 2023 | 510,000 | 453,779.22 | 963,779.22 | 825,000 | 228,750.00 | 1,053,750.00 | 595,000 | 259,956.25 | 854,956.25 |
| 2024 | 515,000 | 447,715.30 | 962,715.30 | 870,000 | 187,500.00 | 1,057,500.00 | 610,000 | 242,106.25 | 852,106.25 |
| 2025 | 525,000 | 441,076.94 | 966,076.94 | 915,000 | 144,000.00 | 1,059,000.00 | 630,000 | 223,806.25 | 853,806.25 |
| 2026 | 530,000 | 433,784.70 | 963,784.70 | 960,000 | 98,250.00 | 1,058,250.00 | 650,000 | 204,906.25 | 854,906.25 |
| 2027 | 540,000 | 425,893.00 | 965,893.00 | 1,005,000 | 50,250.00 | 1,055,250.00 | 670,000 | 185,406.25 | 855,406.25 |
| 2028 | 550,000 | 416,113.60 | 966,113.60 | - | - | - | 690,000 | 165,306.25 | 855,306.25 |
| 2029 | 560,000 | 404,239.10 | 964,239.10 | - | - | - | 715,000 | 144,606.25 | 859,606.25 |
| 2030 | 575,000 | 390,888.70 | 965,888.70 | - | - | - | 735,000 | 123,156.25 | 858,156.25 |
| 2031 | 585,000 | 376,151.46 | 961,151.46 | - | - | - | 755,000 | 101,106.25 | 856,106.25 |
| 2032 | 600,000 | 360,286.26 | 960,286.26 | - | - | - | 780,000 | 77,512.50 | 857,512.50 |
| 2033 | 615,000 | 343,708.26 | 958,708.26 | - | - | - | 805,000 | 53,137.50 | 858,137.50 |
| 2034 | 630,000 | 326,094.64 | 956,094.64 | - | - | - | 830,000 | 26,975.00 | 856,975.00 |
| 2035 | 650,000 | 307,553.76 | 957,553.76 | - | - | - | - | - | - |
| 2036 | 670,000 | 287,956.26 | 957,956.26 | - | - | - | - | - | - |
| 2037 | 680,000 | 267,360.46 | 947,360.46 | - | - | - | - | - | - |
| 2038 | 705,000 | 246,171.66 | 951,171.66 | - | - | - | - | - | - |
| 2039 | 725,000 | 221,264.02 | 946,264.02 | - | - | - | - | - | - |
| 2040 | 745,000 | 195,649.74 | 940,649.74 | - | - | - | - | - | - |
| 2041 | 770,000 | 169,328.90 | 939,328.90 | - | - | - | - | - | - |
| 2042 | 795,000 | 142,124.80 | 937,124.80 | - | - | - | - | - | - |
| 2043 | 820,000 | 115,476.40 | 935,476.40 | - | - | - | - | - | - |
| 2044 | 845,000 | 87,990.00 | 932,990.00 | - | - | - | - | - | - |
| 2045 | 875,000 | 59,665.60 | 934,665.60 | - | - | - | - | - | - |
| 2046 | 905,000 | 30,335.60 | 935,335.60 | - | - | - | - | - | - |
| TOTALS | \$ 17,420,000 | \$8,340,685.36 | \$ 25,760,685.36 | \$ 6,875,000 | \$1,581,200.00 | \$ 8,456,200.00 | \$ 10,140,000 | \$2,689,400.00 | \$ 12,829,400.00 |

CURRENT BONDS OUTSTANDING

| Fiscal Year Ending December 31st | 2015 D EFC | | | 2015 Refunding of 2005 & 2006 Serial Bonds | | | 2012 Refunding of 2004 & 2003 Serial Bonds | | |
|--|---------------------|----------------------|------------------------|---|----------------------|------------------------|---|---------------------|------------------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| | | | | | | | | | |
| 2020 | \$ 125,000 | \$ 92,067.16 | \$ 217,067.16 | \$ 1,060,000 | \$ 73,100.00 | \$ 1,133,100.00 | \$ 1,210,000 | \$ 62,668.76 | \$ 1,272,668.76 |
| 2021 | 130,000 | 87,293.40 | 217,293.40 | 855,000 | 39,075.00 | 894,075.00 | 1,235,000 | 32,418.76 | 1,267,418.76 |
| 2022 | 130,000 | 82,276.70 | 212,276.70 | 210,000 | 23,100.00 | 233,100.00 | - | - | - |
| 2023 | 135,000 | 77,208.00 | 212,208.00 | 215,000 | 16,725.00 | 231,725.00 | - | - | - |
| 2024 | 140,000 | 71,890.36 | 211,890.36 | 220,000 | 10,200.00 | 230,200.00 | - | - | - |
| 2025 | 140,000 | 66,333.76 | 206,333.76 | 230,000 | 3,450.00 | 233,450.00 | - | - | - |
| 2026 | 145,000 | 60,735.16 | 205,735.16 | - | - | - | - | - | - |
| 2027 | 150,000 | 54,907.60 | 204,907.60 | - | - | - | - | - | - |
| 2028 | 155,000 | 48,849.10 | 203,849.10 | - | - | - | - | - | - |
| 2029 | 160,000 | 42,573.16 | 202,573.16 | - | - | - | - | - | - |
| 2030 | 165,000 | 36,062.76 | 201,062.76 | - | - | - | - | - | - |
| 2031 | 170,000 | 29,315.90 | 199,315.90 | - | - | - | - | - | - |
| 2032 | 175,000 | 22,296.60 | 197,296.60 | - | - | - | - | - | - |
| 2033 | 180,000 | 15,070.86 | 195,070.86 | - | - | - | - | - | - |
| 2034 | 185,000 | 7,638.66 | 192,638.66 | - | - | - | - | - | - |
| TOTALS | \$ 2,285,000 | \$ 794,519.18 | \$ 3,079,519.18 | \$ 2,790,000 | \$ 165,650.00 | \$ 2,955,650.00 | \$ 2,445,000 | \$ 95,087.52 | \$ 2,540,087.52 |

| Fiscal Year Ending December 31st | 2019 Various Improvements & Purchases of Equipment | | | 2019 Various Improvements & Purchases of Equipment | | |
|--|---|----------------------|------------------------|---|----------------------|------------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| | | | | | | |
| 2020 | \$ 561,620 | \$ 144,650.78 | \$ 706,270.78 | \$ 220,777 | 73,278.46 | \$ 294,055.46 |
| 2021 | 620,000 | 86,200.00 | 706,200.00 | 245,000 | 51,450.00 | 296,450.00 |
| 2022 | 635,000 | 73,650.00 | 708,650.00 | 250,000 | 46,500.00 | 296,500.00 |
| 2023 | 645,000 | 60,850.00 | 705,850.00 | 255,000 | 41,450.00 | 296,450.00 |
| 2024 | 660,000 | 47,800.00 | 707,800.00 | 260,000 | 36,300.00 | 296,300.00 |
| 2025 | 675,000 | 34,450.00 | 709,450.00 | 265,000 | 31,050.00 | 296,050.00 |
| 2026 | 685,000 | 20,850.00 | 705,850.00 | 275,000 | 25,650.00 | 300,650.00 |
| 2027 | 700,000 | 7,000.00 | 707,000.00 | 280,000 | 20,100.00 | 300,100.00 |
| 2028 | | | | 285,000 | 14,450.00 | 299,450.00 |
| 2029 | | | | 285,000 | 8,750.00 | 293,750.00 |
| 2030 | | | | 295,000 | 2,950.00 | 297,950.00 |
| TOTALS | \$ 5,181,620 | \$ 475,450.78 | \$ 5,657,070.78 | \$ 2,915,777 | \$ 351,928.46 | \$ 3,267,705.46 |

CURRENT BONDS OUTSTANDING

| Fiscal Year Ending December 31st | 2020 Various Projects | | | 2021 Various Projects | | |
|--|--------------------------|----------------|-----------------|--------------------------|---------------|-----------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2021 | \$ 132,965 | \$ 154,121.70 | \$ 287,086.70 | | \$ - | \$ - |
| 2022 | 180,000 | 101,287.50 | 281,287.50 | 179,580 | 85,182.23 | 264,762.23 |
| 2023 | 190,000 | 97,125.00 | 287,125.00 | 200,000 | 52,393.75 | 252,393.75 |
| 2024 | 185,000 | 92,906.25 | 277,906.25 | 205,000 | 48,343.75 | 253,343.75 |
| 2025 | 195,000 | 88,631.25 | 283,631.25 | 205,000 | 44,243.75 | 249,243.75 |
| 2026 | 185,000 | 84,356.25 | 269,356.25 | 210,000 | 40,093.75 | 250,093.75 |
| 2027 | 190,000 | 80,137.50 | 270,137.50 | 145,000 | 36,543.75 | 181,543.75 |
| 2028 | 195,000 | 75,806.25 | 270,806.25 | 150,000 | 33,593.75 | 183,593.75 |
| 2029 | 195,000 | 71,175.00 | 266,175.00 | 155,000 | 30,543.75 | 185,543.75 |
| 2030 | 200,000 | 66,237.50 | 266,237.50 | 150,000 | 27,493.75 | 177,493.75 |
| 2031 | 205,000 | 61,175.00 | 266,175.00 | 160,000 | 24,393.75 | 184,393.75 |
| 2032 | 210,000 | 55,987.50 | 265,987.50 | 150,000 | 21,293.75 | 171,293.75 |
| 2033 | 215,000 | 50,675.00 | 265,675.00 | 150,000 | 18,293.75 | 168,293.75 |
| 2034 | 225,000 | 45,175.00 | 270,175.00 | 155,000 | 15,243.75 | 170,243.75 |
| 2035 | 225,000 | 39,550.00 | 264,550.00 | 40,000 | 13,293.75 | 53,293.75 |
| 2036 | 165,000 | 34,675.00 | 199,675.00 | 40,000 | 12,493.75 | 52,493.75 |
| 2037 | 170,000 | 30,487.50 | 200,487.50 | 30,000 | 11,793.75 | 41,793.75 |
| 2038 | 175,000 | 26,175.00 | 201,175.00 | 35,000 | 11,143.75 | 46,143.75 |
| 2039 | 180,000 | 21,737.50 | 201,737.50 | 35,000 | 10,443.75 | 45,443.75 |
| 2040 | 185,000 | 17,175.00 | 202,175.00 | 35,000 | 9,743.75 | 44,743.75 |
| 2041 | 185,000 | 12,550.00 | 197,550.00 | 35,000 | 9,021.88 | 44,021.88 |
| 2042 | 190,000 | 7,743.75 | 197,743.75 | 35,000 | 8,278.13 | 43,278.13 |
| 2043 | 200,000 | 2,625.00 | 202,625.00 | 35,000 | 7,534.38 | 42,534.38 |
| 2044 | | | | 35,000 | 6,790.63 | 41,790.63 |
| 2045 | | | | 40,000 | 5,993.75 | 45,993.75 |
| 2046 | | | | 40,000 | 5,118.75 | 45,118.75 |
| 2047 | | | | 40,000 | 4,218.75 | 44,218.75 |
| 2048 | | | | 40,000 | 3,318.75 | 43,318.75 |
| 2049 | | | | 40,000 | 2,418.75 | 42,418.75 |
| 2050 | | | | 40,000 | 1,518.75 | 41,518.75 |
| 2051 | | | | 45,000 | 534.38 | 45,534.38 |
| TOTALS | \$ 4,377,965 | \$1,317,515.45 | \$ 5,695,480.45 | \$ 2,854,580 | \$ 601,316.60 | \$ 3,455,896.60 |

MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES

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

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

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

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

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

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

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

The City reserves the right to terminate its obligations to provide the 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 Notes 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 Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes 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 Notes nor entitle any holder of the Notes 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.

A "Material Event Notices Certificate" to this effect shall be provided to the purchaser(s) at closing.

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CITY OF ROME

ONEIDA COUNTY, NEW YORK

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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

**CITY OF ROME, NEW YORK
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D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

Independent Auditor's Report

Honorable Mayor, Jacqueline M. Izzo and
Common Council
City of Rome, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rome, New York, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Rome, New York'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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Summary of Opinions

Opinion Unit

Governmental Activities
Business-Type Activities
Aggregate Discretely Presented Component Units
Governmental Fund – General
Governmental Fund – Community Development
Governmental Fund – Miscellaneous Special Revenue
Governmental Fund – Capital
Enterprise Fund - Water
Enterprise Fund - Sewer
Enterprise Fund - Refuse
Internal Service Fund
Aggregate Remaining Fund Information

Type of Opinion

Unmodified
Unmodified
Adverse
Unmodified
Unmodified
Unmodified
Unmodified
Unmodified
Unmodified
Unmodified
Unmodified
Unmodified

Basis for Adverse Opinion on Aggregate Discretely Presented Component Unit

The financial statements referred to above do not include financial data for the City's sole legally separate component unit. Accounting principles generally accepted in the United States of America require financial data for the component unit to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the aggregate discretely presented component unit would have been presented. The financial information for the Component Unit was not available.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Rome, New York, as of December 31, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

New Accounting Standard

As discussed in Note 1 to the financial statements, the City changed accounting policies related to the accounting and reporting of fiduciary activities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*. The new pronouncement changes the criteria used to determine which government activities are considered fiduciary and provides guidance on accounting and reporting for the fiduciary activities identified. Our opinion is not modified with respect to this matter.

Unmodified Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Rome, New York, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2021, on our consideration of the City of Rome, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 City of Rome, New York's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

July 29, 2021

Rome, New York

CITY OF ROME, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020

Our discussion and analysis of the City of Rome, New York's financial performance provides an overview of the City's financial activities for the year ended December 31, 2020 along with certain comparative data for the year ended December 31, 2019. This section is a summary of the City's financial activities based on currently known facts, decisions, or conditions. It is also based on both government-wide and fund-based financial statements. This document should be read in conjunction with the City's financial statements, which follows this narrative.

FINANCIAL HIGHLIGHTS

Governmental Activities

- The assets and deferred outflows of the City of Rome's Governmental Activities were exceeded by its liabilities and deferred inflows at December 31, 2020, by \$14,371,298, which is illustrated in the financial statements as "Net Position (deficit)" (pages 17 and 18).
- The total Net Position (deficit) attributable to Governmental Activities decreased by \$6,635,242 from 2019 (page 18).
- At December 31, 2020, the City of Rome's governmental funds reported combined ending fund balances of \$5,419,359, a decrease of \$7,748,151 from the prior year (page 22). The deficit of \$6,629,114 in the Capital Project Fund was due to timing differences between when the projects are expended and when they are financed.
- The modified 2020 budget anticipated a reduction in the General Fund reserves and fund balance of \$2,327,063; however, the actual operations for 2020 resulted in a loss in the amount of \$511,945.

Business-Type Activities

- The assets of the City of Rome's Business-Type Activities exceeded its liabilities at December 31, 2020, by \$77,699,365, which is illustrated in the financial statements as "Net Position" (pages 17 and 18).
- The total Net Position attributable to Business-Type Activities increased by \$2,722,127 (page 18). This increase was primarily due to \$1,455,795 received through various State grants to fund capital projects in the Water and Sewer Funds.
- The continued various capital projects for the Water and Sewer Funds had a total authorization of \$87,333,921. These projects include plant upgrades, ultra violet, water and sewer improvements, and water extensions. During 2020, the City expended \$9,402,065 for these projects. At December 31, 2020, the aggregate project to date amounts spent on these projects was \$46,674,619.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the City of Rome's financial statements. These statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements present two different views of the City through the use of government-wide statements and fund financial statements. Each view will be explained in more detail to follow in this narrative. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Rome.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole and can be found on pages 17 and 18.

The two government-wide statements report the City's Net Position and how they have changed. Net position is the difference between the City's total assets, deferred outflows, total liabilities, and deferred inflows. Measuring net position is one way to gauge the City's financial condition. The government-wide statements are divided into two categories: 1) governmental activities, and 2) business-type activities. The governmental activities include most of the City's basic services such as police, fire, DPW, recreation, parks, transportation, and economic assistance and opportunity. Property taxes, sales tax, and State and Federal grant funds finance most of these activities. The business-type activities include water, sewer, and refuse services offered by the City of Rome. The City charges those customers separately for those particular services.

CITY OF ROME, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020

(Continued)

FUND FINANCIAL STATEMENTS

Our analysis of the City's major funds begins on page 19 and provides detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law; however, the City's Common Council may establish other funds to help it control and manage money for particular purposes. The City's three types of funds – *Governmental, Business-Type Activities, and Fiduciary* - use different accounting approaches.

Governmental Funds – Most of the City's basic services are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (of differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation on page 21.

The City maintains various governmental funds. Information is presented separately in the Governmental Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Special Aid Fund, Miscellaneous Special Revenue Fund, and the Capital Project Fund which are considered to be major funds.

Business-Type Activities – When the City charges customers for the services it provides - whether to outside customers or to other units of the City – these services are generally reported in business-type activities funds. Business-Type Activities Funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's Enterprise Funds (the only Business-Type Activities funds of the City) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for Business-Type Activities Funds. These statements begin on page 24.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for Business-Type Activities. The basic fiduciary fund financial statements can be found on pages 28 and 29 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-59 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* regarding budgetary comparisons of the City's General Fund, OPEB, and Pension liabilities. Required supplementary information can be found on pages 60-63 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Rome, assets and deferred outflows were exceeded by its liabilities and deferred inflows by \$14,371,298 at December 31, 2020.

By far the largest portion of the City's net position, \$79,920,825, represents its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF ROME, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020

(Continued)

The following is a summary of the City's Statement of Net Position for the year's ended December 31, 2020 and 2019:

Table 1 - Net Position (In Thousands)

| | Governmental Activities | | Business-Type Activities | | Primary Government | |
|---------------------------------------|-------------------------|-------------------|--------------------------|-------------------|--------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and Other Assets | \$ 20,578 | \$ 19,211 | \$ 25,995 | \$ 26,071 | \$ 46,573 | \$ 45,282 |
| Capital Assets, (Net of Depreciation) | 98,430 | 97,600 | 114,611 | 107,793 | 213,041 | 205,393 |
| Total Assets | <u>\$ 119,008</u> | <u>\$ 116,811</u> | <u>\$ 140,606</u> | <u>\$ 133,864</u> | <u>\$ 259,614</u> | <u>\$ 250,675</u> |
| Deferred Outflows of Resources | <u>\$ 26,098</u> | <u>\$ 16,282</u> | <u>\$ 2,768</u> | <u>\$ 1,883</u> | <u>\$ 28,866</u> | <u>\$ 18,165</u> |
| Non-Current Liabilities | \$ 123,427 | \$ 118,592 | \$ 49,879 | \$ 39,186 | \$ 173,306 | \$ 157,778 |
| Other Liabilities | 34,258 | 14,425 | 15,715 | 21,028 | 49,973 | 35,453 |
| Total Liabilities | <u>\$ 157,685</u> | <u>\$ 133,017</u> | <u>\$ 65,594</u> | <u>\$ 60,214</u> | <u>\$ 223,279</u> | <u>\$ 193,231</u> |
| Deferred Inflows of Resources | <u>\$ 1,792</u> | <u>\$ 7,943</u> | <u>\$ 81</u> | <u>\$ 556</u> | <u>\$ 1,873</u> | <u>\$ 8,499</u> |
| Net Investment in Capital Assets | \$ 79,921 | \$ 76,117 | \$ 65,034 | \$ 60,836 | \$ 144,955 | \$ 136,953 |
| Restricted | 3,226 | 3,347 | 1,589 | 1,589 | 4,815 | 4,936 |
| Unrestricted (Deficit) | (97,518) | (87,331) | 11,076 | 12,552 | (86,442) | (74,779) |
| Total Net Position (Deficit) | <u>\$ (14,371)</u> | <u>\$ (7,867)</u> | <u>\$ 77,699</u> | <u>\$ 74,977</u> | <u>\$ 63,328</u> | <u>\$ 67,110</u> |

A portion of the City's net position (\$4.8 million) represents resources that are subject to external restrictions on how they may be used and, thus, are reported as restricted net position. The *unrestricted net position* may be used to meet the government's ongoing obligations to citizens and creditors. At December 31, 2020, the unrestricted net position totaled negative \$86.4 million, which is the result of the accrual of \$107.2 million for the liability for Other Postemployment Benefits.

The City's proportionate share of Net Pension Assets/Liabilities and Deferred Outflows/Inflows of Resources for the New York State Employees' and Police and Fire Retirement Systems had a net effect on the City's net position in the amount of a negative \$6.3 million. The details are fully described on pages 43 to 46 of the financial statements.

Net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of Rome's Governmental Activities were exceeded by its liabilities at December 31, 2020, by \$14,371,298. Governmental activities decreased the City's net position by \$6,635,242.

The surplus in the business-type activities increased the City's net position by \$2,722,127. The overall increase was primarily due to State capital grants in the Water and Sewer Funds for a total of \$9,305,985.

CITY OF ROME, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020

(Continued)

The following is a summary of the City's Statement of Activities for the year's ended December 31, 2020 and 2019:

| Table 2 - Changes in Net Position (In Thousands) | | | | | | |
|--|-------------------------|-----------------|--------------------------|------------------|--------------------|------------------|
| | Governmental Activities | | Business-Type Activities | | Primary Government | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 3,287 | \$ 3,793 | \$ 15,487 | \$ 15,028 | \$ 18,774 | \$ 18,821 |
| Operating Grants and Contributions | 209 | 349 | 762 | 951 | 971 | 1,300 |
| Capital Grants and Contributions | 2,211 | 5,328 | 1,456 | 9,306 | 3,667 | 14,634 |
| General Revenues | | | | | | |
| Real Property Taxes, General Purpose | 15,180 | 14,513 | | | 15,180 | 14,513 |
| Real Property Tax Items | 1,191 | 1,160 | | | 1,191 | 1,160 |
| Nonproperty Tax Items | 11,219 | 11,699 | | | 11,219 | 11,699 |
| Solar Power Credits | 544 | 449 | 110 | 89 | 654 | 538 |
| General State Aid | 7,583 | 9,373 | | | 7,583 | 9,373 |
| Interest Income | 431 | 591 | 68 | 260 | 499 | 851 |
| Miscellaneous | 344 | 594 | 253 | 92 | 597 | 686 |
| Total Revenue | <u>42,199</u> | <u>47,849</u> | <u>18,136</u> | <u>25,726</u> | <u>60,335</u> | <u>73,575</u> |
| Expenses | | | | | | |
| General Support | 7,295 | 6,548 | | | 7,295 | 6,548 |
| Public Safety | 26,690 | 22,297 | | | 26,690 | 22,297 |
| Public Health | 1 | 1 | | | 1 | 1 |
| Transportation | 9,838 | 9,568 | | | 9,838 | 9,568 |
| Economic Assistance and Opportunity | 2,368 | 1,934 | | | 2,368 | 1,934 |
| Culture and Recreation | 1,018 | 1,701 | | | 1,018 | 1,701 |
| Home and Community Services | 754 | 1,449 | | | 754 | 1,449 |
| Debt Service-Unallocated Interest | 870 | 1,054 | | | 870 | 1,054 |
| Water | | | 8,371 | 7,381 | 8,371 | 7,381 |
| Sewer | | | 4,673 | 4,813 | 4,673 | 4,813 |
| Refuse District | | | 2,370 | 2,197 | 2,370 | 2,197 |
| Total Expenses | <u>48,834</u> | <u>44,552</u> | <u>15,414</u> | <u>14,391</u> | <u>64,248</u> | <u>58,943</u> |
| Total Change in Net Position | <u>\$ (6,635)</u> | <u>\$ 3,297</u> | <u>\$ 2,722</u> | <u>\$ 11,335</u> | <u>\$ (3,913)</u> | <u>\$ 14,632</u> |

The following are explanations of significant variances noted above:

- Capital Grant revenue decreased \$11 million due to prior year capital project activity.
- Nonproperty tax items decreased \$480,000 mainly due to the decrease in Sales Tax.
- The expenses in the governmental activities increased \$4,282,000. This was mainly due to a net increase of \$2,922,000 related to the other post-employment expense and a net increase of \$3,260,000 related to pension costs.

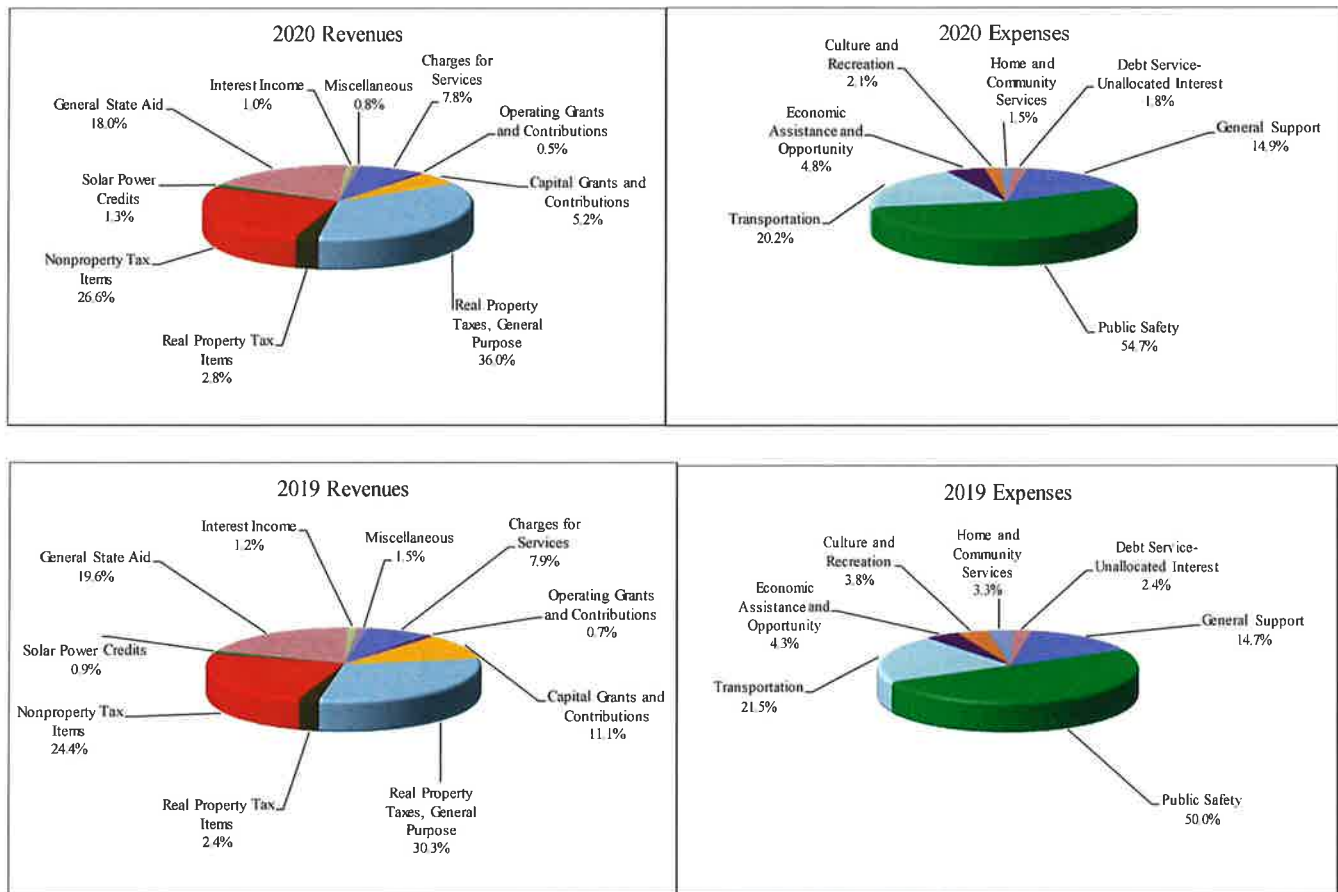
CITY OF ROME, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020

(Continued)

Table 3 presents the cost of each of the City's five largest governmental programs: Public Safety, Culture and Recreation, Transportation, Economic Assistance and Opportunity, and Home and Community Services as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

| | Table 3 - Governmental Activities (In Thousands) | | | |
|-------------------------------------|--|----------------------|------------------------|----------------------|
| | 2020 | | 2019 | |
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Public Safety | \$ 26,690 | \$ 25,423 | \$ 22,297 | \$ 20,763 |
| Transportation | 9,838 | 7,530 | 9,568 | 5,470 |
| Economic Assistance and Opportunity | 2,368 | 1,226 | 1,934 | (692) |
| Culture and Recreation | 1,018 | 914 | 1,701 | 1,375 |
| Home and Community Services | 754 | 754 | 1,449 | 1,449 |
| Total of Analysis | \$ 40,668 | \$ 35,847 | \$ 36,949 | \$ 28,365 |

The following is a graphic presentation of the revenue and expenses of the Governmental Activities:



CITY OF ROME, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020

(Continued)

Business-Type Activities: The City's Business-Type Activities consist of the water, sewer, and refuse district funds. The basic financial statements for the funds are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included these funds in Table 4, which demonstrates assets, net position, and changes in net position.

Table 4 - Business Type Activities (In Thousands)

| | 2020 | | | 2019 | | |
|---|-----------|-----------|-----------------|-----------|-----------|-----------------|
| | Water | Sewer | Refuse District | Water | Sewer | Refuse District |
| Total Assets and Deferred Outflows of Resources | \$ 81,212 | \$ 63,560 | \$ 3,104 | \$ 80,523 | \$ 55,020 | \$ 3,370 |
| Net Position | \$ 40,138 | \$ 35,240 | \$ 2,370 | \$ 39,154 | \$ 33,272 | \$ 2,612 |
| Change in Position | \$ 983 | \$ 1,968 | \$ (242) | \$ 7,080 | \$ 4,292 | \$ (70) |

Fund Financial Analysis

As the City completed the year, its governmental funds (as presented in the balance sheet on pages 19 and 20) reported a *combined* fund balance of \$5,419,359, which was a decrease of \$2,459,965 from last year's total fund balance of \$7,879,324. Included in this year's total change in fund balance is an operating deficit of \$511,945 in the City's General Fund, and an operating deficit of \$1,631,336 in the City's Capital Project Funds.

An overview of the General Fund results for 2020 and 2019 are as follows:

Table 5- General Funds (In Thousands)

| | 2020 | | 2019 | |
|--|-----------------|------------|---------------|------------|
| | Amount | % of Total | Amount | % of Total |
| Revenues | | | | |
| Real Property Taxes | \$ 14,974 | 37.1% | \$ 14,366 | 33.3% |
| Other Real Property Tax Items | 1,191 | 3.0% | 1,160 | 2.7% |
| Nonproperty Tax Items (Sales Tax and Franchise Fees) | 11,219 | 27.8% | 11,699 | 27.1% |
| Departmental Income | 593 | 1.5% | 983 | 2.3% |
| Intergovernmental Charges | 678 | 1.7% | 1,003 | 2.3% |
| Solar Power Credits | 544 | 1.3% | 449 | 1.0% |
| Use of Money and Property | 432 | 1.1% | 591 | 1.4% |
| Interfund Revenues | 1,826 | 4.5% | 1,782 | 4.1% |
| State and Federal Aid | 8,322 | 20.6% | 10,600 | 24.5% |
| Miscellaneous | 535 | 1.4% | 559 | 1.2% |
| Total Revenue | 40,314 | 100.0% | 43,192 | 100.0% |
| Expenses | | | | |
| General Support | 4,451 | 11.3% | 4,777 | 11.5% |
| Public Safety | 13,961 | 35.3% | 14,198 | 34.3% |
| Public Health | 1 | 0.0% | 1 | 0.0% |
| Transportation | 4,060 | 10.3% | 4,540 | 11.0% |
| Culture and Recreation | 888 | 2.2% | 1,335 | 3.2% |
| Home and Community Services | 422 | 1.1% | 565 | 1.4% |
| Employee Benefits | 10,633 | 26.9% | 11,249 | 27.2% |
| Debt Service-Principle | 4,139 | 10.5% | 3,794 | 9.2% |
| Debt Service-Interest | 969 | 2.4% | 951 | 2.2% |
| Total Expenditures | 39,524 | 100.0% | 41,410 | 100.0% |
| Other Financing Sources (Uses) | (1,302) | | (1,276) | |
| Total Change in Net Position | \$ (512) | | \$ 506 | |

Real property taxes increased by a net of \$608,000. This was mainly due to the 2019, \$815,000 loss on the disposition of property that was previously acquired for taxes.

**CITY OF ROME, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020**

(Continued)

GENERAL FUND BUDGET HIGHLIGHTS

The statement on page 60 shows both original and final amended budget totals compared with actual results for the General Fund in 2020. The significant variances between the adopted and the final budget for 2020 were as follows:

Change from Adopted Budget to Final Budget

| | |
|--------------------------------|----------------------|
| Adopted Budget | \$ 45,745,259 |
| Add: Prior Year's Encumbrances | <u>425,535</u> |
| Original and Final Budget | <u>\$ 46,170,794</u> |

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2020, the City had \$145 million (net of related outstanding debt) invested in a broad range of capital assets including equipment, buildings, roads, bridges, water and sewer lines and plant (see pages 41-42).

Table 6 – Capital Assets at Year End
(Net of Depreciation, In Thousands)

| | 2020 | | |
|----------------------------|----------------------------|-----------------------------|---------------------------------|
| | Governmental Activities | Business-Type Activities | Primary Government Totals |
| Land | \$ 6,795 | \$ 191 | \$ 6,986 |
| Construction in Progress | 19,630 | 30,114 | 49,744 |
| Buildings and Improvements | 12,132 | 7,088 | 19,220 |
| Machinery and Equipment | 5,602 | 2,739 | 8,341 |
| Infrastructure | <u>54,271</u> | <u>74,479</u> | <u>128,750</u> |
| Total Net Capital Assets | <u>\$ 98,430</u> | <u>\$ 114,611</u> | <u>\$ 213,041</u> |
| | 2019 | | |
| | Governmental Activities | Business-Type Activities | Primary Government Totals |
| Land | \$ 6,795 | \$ 191 | \$ 6,986 |
| Construction in Progress | 17,590 | 29,653 | 47,243 |
| Buildings and Improvements | 12,973 | 7,437 | 20,410 |
| Machinery and Equipment | 4,800 | 2,222 | 7,022 |
| Infrastructure | <u>55,442</u> | <u>68,289</u> | <u>123,731</u> |
| Total Net Capital Assets | <u>\$ 97,600</u> | <u>\$ 107,792</u> | <u>\$ 205,392</u> |

Long-Term Debt

At year end, the City had \$61.6 million in bonds and leases outstanding (see pages 49-54 for additional detail). The City also has short-term bond anticipation notes payable in the amount of \$15.3 million and \$21.4 million at December 31, 2020 and 2019, respectively. The City has utilized 27.4% and 33.7% of its constitutional debt limit at December 31, 2020 and 2019, respectively.

CITY OF ROME, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020

(Continued)

Table 7 – Obligations Outstanding Debt at Year End
(In Thousands)

| | 2020 | | |
|--------------------------|----------------------------|-----------------------------|---------------------------------|
| | Governmental Activities | Business-Type Activities | Primary Government Totals |
| General Obligation Bonds | \$ 21,358 | \$ 37,455 | \$ 58,813 |
| Capital Leases | 948 | 1,888 | 2,836 |
| Total | <u>\$ 22,306</u> | <u>\$ 39,343</u> | <u>\$ 61,649</u> |

| | 2019 | | |
|--------------------------|----------------------------|-----------------------------|---------------------------------|
| | Governmental Activities | Business-Type Activities | Primary Government Totals |
| General Obligation Bonds | \$ 24,347 | \$ 27,055 | \$ 51,402 |
| Capital Leases | 553 | 2,199 | 2,752 |
| Total | <u>\$ 24,900</u> | <u>\$ 29,254</u> | <u>\$ 54,154</u> |

Other Long-Term Debt

At year end, the City had other debt that totaled to \$112 million. The majority of this was due to the provisions of GASB No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* which requires an accrual for postretirement benefits.

Table 8 – Other Outstanding Debt at Year End
(In Thousands)

| | 2020 | | |
|--|----------------------------|-----------------------------|---------------------------------|
| | Governmental Activities | Business-Type Activities | Primary Government Totals |
| OPEB Liability | \$ 97,767 | \$ 9,443 | \$ 107,210 |
| Due to NYS Employees Retirement System | 1,092 | 140 | 1,232 |
| Workers' Compensation Claims Payable | 1,815 | 848 | 2,663 |
| Compensated Absences | 446 | 105 | 551 |
| Total | <u>\$ 101,120</u> | <u>\$ 10,536</u> | <u>\$ 111,656</u> |

| | 2019 | | |
|--|----------------------------|-----------------------------|---------------------------------|
| | Governmental Activities | Business-Type Activities | Primary Government Totals |
| OPEB Liability | \$ 89,736 | \$ 8,588 | \$ 98,324 |
| Due to NYS Employees Retirement System | 1,461 | 183 | 1,644 |
| Workers' Compensation Claims Payable | 2,102 | 1,066 | 3,168 |
| Compensated Absences | 393 | 95 | 488 |
| Total | <u>\$ 93,692</u> | <u>\$ 9,932</u> | <u>\$ 103,624</u> |

**CITY OF ROME, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020**

(Continued)

FUTURE ECONOMIC FACTORS AND BUDGET

The City of Rome, located in the central part of New York State, has an estimated 2010 U.S. Census population of 33,673, and a land area of 72.7 square miles.

The City is within the Utica-Rome Standard Metropolitan Statistical Area and is the second largest city in Oneida County, a County which has an estimated 2010 U.S. Census population of 234,878. Rome is served by the New York State Thruway, the State Barge Canal, Amtrak Rail System, the Griffiss International Airport and Syracuse Hancock International Airport, and several State highways.

It is within easy travel distance of all major metropolitan areas in the Northeast, Midwest, and Canada. The City bus system is operated by Central New York Regional Transportation Authority, (Centro of Oneida, Inc.).

The City of Rome's architectural and cultural heritages comprise a large portion of its cultural facilities and programs. Several existing structures are on the National Register of Historic Buildings. The area has a number of landmarks prominent from the Revolutionary Period, the Erie Canal days, and a variety of museums and community arts programs. In addition, the area offers many summer and winter recreational opportunities ranging from City facilities and access to Adirondack resorts, such as Old Forge and Lake Placid.

Employment in the City of Rome is stable. Most recent figures provided by the New York State Department of Labor, for the 12-month period ending May 2021, show that the number of employed in the Utica-Rome metro area was 119,300 in comparison to 111,300 in May of 2020 and 123,700 in May of 2019 prior to the beginning of the COVID pandemic. In May 2021 the unemployment rate stood at 5.1% in comparison to 12.1% in May 2020 and 3.7% in May of 2019. The trend of total employment and the unemployed rate is similar to other cities in the State.

COMMERCIAL & INDUSTRIAL DEVELOPMENT

Commercial development in the area has been growing at a faster pace in the last several years. Principal factors in that growth have included the development of the Griffiss Business and Technology Park, Mohawk Valley Economic Development Growth Enterprises Corporation (EDGE), Brownfield Revitalization, improvements to transportation and infrastructure, as well as, regional economic developments.

GRIFFISS BUSINESS & TECHNOLOGY PARK: AN ECONOMIC ENGINE

Griffiss Business and Technology Park ("Griffiss Park") is a 3,500-acre multi-use business, technology and industrial park on the grounds of the former Griffiss Air Force Base in Rome. More than 5,500 people work for some 76 employers at Griffiss Park. Major employers include the Air Force Research Laboratory, Defense Finance Accounting Service, Eastern Air Defense Sector, Goodrich Corporation, Alion Science & Technology, Assured Information Security, BAE Systems, Cathedral Corporation, Kris-Tech Wire, Sovena Olive Oil, Harris Corporation, Family Dollar Distribution, Premier Aviation, MGS Manufacturing, Birnie Bus Services, and the Rome City School District.

The Griffiss Park continues to show strong economic growth. Orgill, Inc., the largest independent hardware distributor in the world, just opened their first Northeast Distribution Center on 64 acres of land at the Griffiss and Business Technology Park. The \$72 million DC is almost 800,000 square feet and employs 225 people.

Oneida County in conjunction with the City of Rome, State of New York, SUNY Research Foundation, Griffiss Institute, and Griffiss Local Development Corporation have completed a \$12 million renovation of Building 100, creating an Open Innovation Campus to support the Air Force Research Laboratory (Rome Lab). Innovare Advancement Center opened in July 2021, and will host academics and research scientists from around the world to collaborate on new software initiatives, defense related products, unmanned aerial systems technology and much more in an unclassified setting. Innovare presents a great opportunity for Rome Lab and the community to display the innovative work performed at the Lab, as well as being Rome Lab being named the headquarters lab for quantum computing for the Department of Defense.

In addition to Innovare, the renovation of Building 100 also features the first of its kind in the country, Skydome, a massive indoor testing ground for unmanned aerial systems (UAS). This \$9 million upgrade will be completed early next year and feature secure indoor/outdoor flying space for drone testing to complement the FAA designated test site.

Project Polaris, a 40,000 square foot office building, recently broke ground and will be owned by Bonacio Construction of Saratoga Springs, recently welcomed two technology related companies to a new 40,000 square foot office building allowing those technology partners to expand their footprint in the business and technology park.

More than \$500 million in public and private funding has been invested in the development of Griffiss Park since 1995. These capital projects included demolition of more than nine million square feet of obsolete former military buildings and housing to facilitate new development in transportation, business retention & attraction, and advanced technology.

**CITY OF ROME, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020**

(Continued)

Almost one million square feet of demolition has given way to the construction of new, modern, and regionally-significant facilities – including a public high school; expansion and modernization of the Air Force Research Laboratories; a 950,000 square foot distribution center for Family Dollar; a research and development facility for cellulosic ethanol; new advanced manufacturing plants for Goodrich Corporation, MGS Manufacturing, Kris-Tech Wire, and Sovena USA; construction and fit-out of new office buildings for cyber and information technology firms; a major renovation and expansion of an aircraft hangar to accommodate a heavy aircraft maintenance repair and overhaul facility; and site/infrastructure improvements to open more than 30 acres of new land for development. Continued development in the Park was most recently illustrated by a 32,000 square foot office headquarters facility completed for NYSTEC, a nonprofit technology company, and Booz Allen Hamilton, a long-time tenant of the park.

This new collaborative facility will maintain 158 high technology jobs and create 60 more.

Griffiss Business and Technology Park is transforming into a hustling, bustling residential/commercial workspace with the addition of AirCity Lofts. Phase 1 of the \$21 million-dollar AirCity Lofts opened its doors to the first resident tenants on the business park in fall 2020. AirCity offers market rate apartments with common area lifestyle amenities and commercial spaces creating a mixed-use community to complement the growth of the Park. In response to the fast-changing world of telecommuting, these apartments will feature IP over fiber allowing the residents the very best in high speed internet service very similar to their work environment. Phase 1 features 84 residential units, fully occupied, with 29,000 square feet of commercial space including 2 restaurants. Phase 2 broke ground in August 2020 with two more buildings featuring 72 residential units and 26,000 square feet of commercial space ready for occupancy in fall 2021. Phase 3 is slated to break ground in Q3 2021.

Just outside the Park is the former Air Force base housing site, Woodhaven. This nearly 100 acre site on Floyd Avenue, with a back gate access to the Griffiss Business and Technology Park, will soon be home to the largest single family housing development in decades, not only in the City of Rome, but Oneida County. Bonacio Construction will purchase approximately 64 acres to build 250 single-family homes beginning with site work in fall 2021 and new home construction in spring 2022 resulting in millions of dollars of new revenue to support the City's residential tax base. Complementing this housing development, nearby schools and the business park, the Rome YMCA will also build a new facility on the Floyd Avenue parcel. Other developments in the base are as follows:

- The recent completion of the final phase of State Route 825 which converted the former two lane main thoroughfare through the Park into a four-lane divided highway with dedicated pedestrian walkways.
- Assured Information Security (AIS), a developer of high technology applications within the cyber domain, moved into their new Corporate Headquarters Facility in Griffiss Park. They have steadily increased employment to 170 employees since launching in 2001 with two co-founders.
- Kris Tech Wire, recently completed a multi-million dollar 50,000 square foot facility at Griffiss that employing nearly 40 people and has invested an additional \$1.8 million for a 25,000 square foot addition. Kris Tech recently added a second location for their new acquisition, OnePull, in the West Rome Industrial Park filling the space vacated by Coldpoint, Inc., who just opened their recently completed \$5 million-dollar manufacturing facility in downtown Rome.
- Oneida County has invested more than \$7,500,000 into the new 18,000 square foot Griffiss International Airport terminal building, including the establishment of a US Customs Office at the airport to facilitate commercial traffic and international travel.
- Griffiss International Airport was one of six airports in the United States chosen by the Federal Aviation Agency to allow civilian Unmanned Aerial Vehicle (UAV aka drones) testing. The UAV sector is poised for significant investment and job growth in the coming decade. Add information about Griffiss terminal building and customs office. Griffiss is a strategic component of the NUAIR Alliance – including Saab Sensis, SRC, Raytheon, Lockheed Martin, RIT, MIT, University of Massachusetts, Syracuse University, Clarkson University, and Northeastern University.
- The Griffiss Institute facilitates public, private and academia collaborations to facilitate the growth and support the technology base for creating solutions to critical cyber security problems. They created thirteen new jobs in their business incubator, served a Prometric testing facility to 600 students, offered thirty classes to 400 students through academia partnerships, and housed a summer internship program for STEM students. Griffiss Institute has partnered with the MVCC Thincubator to host the Commercialization Academy – which cultivates new STEM entrepreneurs by commercializing patented technology developed at the Air Force Research Laboratories. To date, the Commercialization Academy has graduated 2 cohorts with a third underway. The Griffiss Institute is in the midst of a \$6 Million expansion project, adding new space for cyber research and engineering firms such as BAE systems.

CITY OF ROME, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020

(Continued)

ECONOMIC DEVELOPMENT PARTNERSHIPS AND LOCAL GOVERNMENT EFFICIENCY

Mohawk Valley Economic Development Growth Enterprises Corporation (EDGE), which is located in the Park, actively continues to market the entire region to site selectors, developers, and businesses around the globe who are seeking to expand their presence and invest in the Northeast United States. Key development sites in the Mohawk Valley being aggressively marketed in addition to Griffiss Business and Technology Park, include the Oneida County Airport Business Park, Route 5S North Industrial Park, Schuyler Business Park, West Frankfort Industrial Park, Dominick Assaro Business Park, and Utica Business Park. In addition, EDGE assisted local and national realtors and site selection firms seeking information on several local Greenfield sites; assisted RIDC in rezoning its South Rome site for a possible distribution center; assisted the Town of New Hartford in a Tax Increment Financing plan for a new business park; and commenced consultant selection for a Master Plan for the former Oneida County Airport site in the Town of Whitestown.

The City of Rome and Mohawk Valley EDGE have forged a mutually-beneficial relationship during the past three years; wherein EDGE works closely with City departments to provide technical assistance and staff services for strategic site development, structuring complex economic development deals, brownfields redevelopment, and strategic planning activities. Most recently, EDGE has partnered with the City to:

- Secured an incentive proposal for \$1.5 million State grant for demolition of 140 vacant, blighted, and abandoned properties situated on approximately 70 acres – formerly known as Woodhaven military housing development. The project also included preparing a Generic Environmental Impact Statement for preferred redevelopment scenarios for the property, including an additional 30-acre site, known today as Riverwalk Park.
- Unlocked more than \$750,000 in funding from the Department of State Local Waterfront Revitalization Program for strategic site planning and development of a critical section of Rome's canal front from James Street to Bellamy Park. EDGE will facilitate a full DGEIS for the area, assist with preliminary engineering and design, and outline a financing structure for future high-value, mixed-use development along the underutilized waterfront. The S. James Street Overlook, the first public project as a result of this grant, has been awarded for \$500,000.
- Develop six new funding proposals under the NYS Consolidated Funding Application for CFA Round 8, including proposals for public infrastructure, waterfront programming, trails planning, and brownfield revitalization.
- Pursue economic development leads and provide technical site selection information to prospective companies to locate in Rome.
- Participate in strategic planning, zoning revisions, and infrastructure planning to forge and enhance connections between Griffiss Tech Park and neighborhoods in Rome.
- Ensure tighter coordination with the Mohawk Valley Regional Economic Development Council and alignment with state and regional growth strategies.

BROWNFIELD REVITALIZATION

The Rome Brownfield Opportunity Area (BOA), is a strategic development site located along the Mohawk River and Erie Canal. A comprehensive Implementation Strategy – From Brown to Green – was one of the first of twelve officially designated in 2014 by the State of New York. This designation is unique and sets Rome apart from tens of thousands of rustbelt communities in the Northeast. A designated BOA commands a preference for State funding assistance, while increasing the value of Brownfield Tax Credits that private developers can access for revitalization projects.

Most recently, the City partnered with EDGE, the Rome Community Brownfields Restoration Corporation, and the Oneida County Industrial Development Agency to complete a nearly \$5 million environmental clean-up and demolition effort on the former Rome Cable site in downtown Rome. Funding sources for the project included the NYS Environmental Restoration Program, the Restore NY Program, National Grid and the City. Five acres of prime development property featuring environmental indemnification from the State, are now made available for redevelopment and the construction of a new 50,000 square foot advanced facility. The Whalen Companies has started construction on a new state of the art 50,000 square foot manufacturing facility. The project will preserve 35 jobs and add 15 more from an additional third shift. The City has secured a \$1 million RESTORE grant and DEC last year completed a \$14 million remediation and redevelopment project of an adjacent brownfield site that will clear the way for 15 new acres of industrial development space in the City's downtown/west side corridor.

**CITY OF ROME, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020**

(Continued)

TRANSPORTATION & INFRASTRUCTURE

The City of Rome places great value in the condition, form, and function of its infrastructure. The past few years have been marked by dramatic improvements to downtown streetscapes, pedestrian improvements, and green infrastructure. With projects planned and funded through 2021, there are no signs of slowing down.

By far the largest and most impactful transportation project in Rome is the final phase of construction of NYS 825 (Griffiss Parkway) which is now complete. The multi-phase \$21 million investment by the NYS DOT since 2008 converted the two-lane road with no pedestrian infrastructure into a four-lane divided highway with dedicated pedestrian walkways. The roadway serves over 15,000 motorists daily. The new parkway and park road network is further complemented by the Griffiss International Sculpture Trail.

The business park has invested nearly \$1 million in development of a world-class cultural trails network, anchored by almost two dozen sculptures set amidst a range of ecotypes, and crowned by the recent paving of the entire network – making the trail accessible to more than 6,000 employees on the park. In 2018, the final connection between the Mohawk River Trail and the Griffiss International Sculpture Garden will be forged; connecting the business & technology park to downtown Rome and the waterfront.

In the past two years, the City completed the \$1.2 Million construction of the Mohawk River Trail – a fully paved and accessible multiple-use urban trail system – after nearly a decade of intensive visioning, planning, and development. Since day one, use has virtually exploded, and the trail has become one of the most popular recreational destinations in the City. So popular, in fact, that Phase II will be underway in Q4 2021, which will complete the connection north to Lake Delta.

The City was the recipient of New York State's Downtown Revitalization Initiative (DRI) \$10 million-dollar award in 2017. Priority projects have been funded and are fully underway. The City has successfully demolished the deteriorating Liberty/George Street parking facility, replacing it with an open air, 80 space, parking landscaped parking lot programmed for future development of a housing complex. Additionally, construction of stage 2 of this redevelopment project infuses \$700,000 into the Copper City Commons. This complex will provide outdoor seating with landscaped streetscapes for restaurants and coffee shops adjoining the parking complex. Other DRI funded initiatives include \$2.5 million renovation to the Capitol Theatre complex with the Capitol providing an additional \$2 million to upgrade the interior of the facility and restore the theatre's marquee.

The Kearney Group from Baldwin, NY has acquired the downtown infill site to construct the Copper City Lofts. The Lofts, a \$16 million investment, will feature 68 loft style apartment units with an emphasis on supporting the arts corridor. Kearney will break ground for the apartment complex in early fall 2021.

The City opened a new Centro bus transfer facility in downtown Rome. This \$400,000 investment in the transportation sector is a component of Rome's Downtown Revitalization Initiative (DRI).

In recent years, Rome has also been successful in securing more than \$3 Million for green infrastructure improvements in the City's Main Street corridors. The Little Italy Colonnade, Rod Mill GIGP, and Capitol Steps green infrastructure projects not only manage and cleanse urban storm water runoff, but provide unique, safe, and functional streetscape amenities and parking to residents, merchants and customers in our urban center. The City was also successful in securing \$350,000 from the Department of Transportation in the City's "Grey to Green" streetscape improvement along East Dominick Street. The project is currently underway and seeks to improve safety for pedestrian traffic with new crosswalks, sidewalks, landscaping, bikeways, and lighting.

Hamilton College recently purchased land at Bellamy Harbor Park to construct a new \$2 million boathouse facility to service the College's rowing teams. This beautiful facility will open in 2022 and provide a stunning viewing deck of the rowing events on the barge canal.

The City has begun streetscape and green infrastructure improvements in West Rome. A multi-year, multi-million dollar streetscape program continues for West Dominick Street, including nearly \$500,000 in green infrastructure improvements to complement residential and commercial rehabilitation in the mixed-use neighborhood along with a \$700,000 total streetscape and public art project currently underway. Early this spring, the Oneida Indian Nation unveiled their investment of a permanent bronze memorial that tells the story of the "Great Carry" in its original location on W. Dominick Street, and is the first piece of permanent public art in the downtown arts corridor.

**CITY OF ROME, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020**

(Continued)

REGIONAL ECONOMIC DEVELOPMENT FACTORS

Marcy Nanocenter is located at SUNY Polytechnic Institute in Marcy, a 15-minute drive from the City of Rome and is the premier 450-acre greenfield site in NYS for development of semiconductor manufacturing facilities. NYS has provided unprecedented investment to get the site truly shovel-ready and all infrastructure is either programmed or in place. The site is being marketed on a global scale to semiconductor companies for eventual build-out. Mohawk Valley EDGE, Oneida County, Oneida County Industrial Development Agency (OCIDA), National Grid and various other partners have invested over \$100 million on various aspects of the site (planning, marketing, infrastructure, easements/acquisitions, etc.) to ready the site for a semiconductor manufacturer. Mohawk Valley EDGE was successful in 2018 in securing Cree, Inc. to become the first major tenant for this parcel. Construction is currently underway on Cree's new semiconductor facility and is great news not only for Oneida County, but for the City of Rome, in terms of possible residential/commercial tax base growth along with the spinoff jobs that will be created as a result of those doing business with the semiconductor manufacturer. At full employment, Cree expects to employ over 600 people, and hiring has begun for the new facility.

DanFoss has partnered with General Electric to be the main tenant in the SUNY Poly Quad C also located just a short 15-minute drive from Rome. DanFoss brings global expertise and knowledge to the advanced electronics project. DanFoss is fully operational and will be a collaborating partner with Cree, Inc. New York State is investing \$100 million for tooling and facility modifications with Danfoss creating at least 300 new jobs at the Quad-C facility.

American Rescue Plan of 2021

In March 2021 Congress passed and President Biden signed into law the American Rescue Plan of 2021. The City was awarded \$24.1 million half of which it received in May 2021 and the other half of which it will receive sometime in 2022.

The stated goals of the Plan are:

- Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control
- Replace lost revenue for eligible state, local, territorial, and Tribal governments to strengthen support for vital public services and help retain jobs
- Support immediate economic stabilization for households and businesses
- Address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic

The Coronavirus State and Local Fiscal Recovery Funds provide substantial flexibility for each government to meet local needs—including support for households, small businesses, impacted industries, essential workers, and the communities hardest hit by the crisis. These funds can also be used to make necessary investments in water, sewer, and broadband infrastructure.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer, City Hall, Rome, New York, 13440.

CITY OF ROME, NEW YORK
STATEMENT OF NET POSITION
December 31, 2020

| | Governmental Activities | Business-Type Activities | Primary Government Total |
|--|----------------------------|-----------------------------|--------------------------------|
| Assets | | | |
| Cash and Cash Equivalents | \$ 8,009,251 | \$ 18,686,172 | \$ 26,695,423 |
| Restricted Cash and Cash Equivalents | 3,225,485 | 1,588,827 | 4,814,312 |
| Investments Held for Retainage | | 319,002 | 319,002 |
| Receivables | | | |
| Taxes Receivable, Net | 2,922,410 | | 2,922,410 |
| Other Receivables, Net | 729,434 | 3,210,838 | 3,940,272 |
| Due From | | | |
| Other Governments | 5,594,857 | 73,104 | 5,667,961 |
| Governmental Funds | | 2,117,339 | 2,117,339 |
| Fiduciary Funds | 11,079 | | 11,079 |
| Other Assets | 85,800 | | 85,800 |
| Capital Assets (Net of Accumulated Depreciation) | <u>98,429,645</u> | <u>114,611,161</u> | <u>213,040,806</u> |
| Total Assets | <u>119,007,961</u> | <u>140,606,443</u> | <u>259,614,404</u> |
| Deferred Outflows of Resources | | | |
| Pension | 17,650,197 | 1,593,781 | 19,243,978 |
| OPEB | 8,051,065 | 855,188 | 8,906,253 |
| Deferred Charge on Refunding of Serial Bonds | <u>397,033</u> | <u>319,414</u> | <u>716,447</u> |
| Total Deferred Outflows of Resources | <u>26,098,295</u> | <u>2,768,383</u> | <u>28,866,678</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 145,106,256</u> | <u>\$ 143,374,826</u> | <u>\$ 288,481,082</u> |
| Liabilities | | | |
| Accounts Payable | \$ 546,042 | \$ 1,844,179 | \$ 2,390,221 |
| Accrued Liabilities | 794,913 | 1,468,274 | 2,263,187 |
| Payroll Withholdings Payable | 28,625 | | 28,625 |
| Due To | | | |
| Business-Type Activities | 2,117,339 | | 2,117,339 |
| Unearned Revenue - Grants | 3,138,856 | | 3,138,856 |
| Bond Anticipation Note Payable | 5,045,879 | 1,058,666 | 6,104,545 |
| Environmental Facilities Corporation-Short Term Note | | 9,174,947 | 9,174,947 |
| Overpayments and Collections in Advance | | 22,400 | 22,400 |
| Net Pension Liability - Proportionate Share | 22,586,842 | 2,147,267 | 24,734,109 |
| Noncurrent Liabilities | | | |
| Due Within One Year | 4,323,341 | 2,467,932 | 6,791,273 |
| Due in More Than One Year | <u>119,103,297</u> | <u>47,410,964</u> | <u>166,514,261</u> |
| Total Liabilities | <u>157,685,134</u> | <u>65,594,629</u> | <u>223,279,763</u> |
| Deferred Inflows of Resources | | | |
| OPEB | 1,061,569 | 4,204 | 1,065,773 |
| Pension | <u>730,851</u> | <u>76,628</u> | <u>807,479</u> |
| Total Deferred Inflows of Resources | <u>1,792,420</u> | <u>80,832</u> | <u>1,873,252</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>159,477,554</u> | <u>65,675,461</u> | <u>225,153,015</u> |
| Net Position | | | |
| Investment in Capital Assets (Net of Related Debt) | <u>79,920,825</u> | <u>65,034,391</u> | <u>144,955,216</u> |
| Restricted | | | |
| Reserve for Liability Insurance | 319,000 | 340 | 319,340 |
| Capital Reserves | 1,234,167 | | 1,234,167 |
| Reserve for Debt | 976,589 | 1,573,612 | 2,550,201 |
| Reserve for Workers' Compensation | <u>695,729</u> | <u>14,875</u> | <u>710,604</u> |
| Total Restricted | <u>3,225,485</u> | <u>1,588,827</u> | <u>4,814,312</u> |
| Unrestricted (Deficit) | <u>(97,517,608)</u> | <u>11,076,147</u> | <u>(86,441,461)</u> |
| Total Net Position (Deficit) | <u>(14,371,298)</u> | <u>77,699,365</u> | <u>63,328,067</u> |
| Total Liabilities, Deferred Inflows, and Net Position | <u>\$ 145,106,256</u> | <u>\$ 143,374,826</u> | <u>\$ 288,481,082</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

CITY OF ROME, NEW YORK
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Total |
| | | | | | Governmental Activities | Business-Type Activities | |
| Primary Government | | | | | | | |
| Governmental Activities | | | | | | | |
| General Government Support | \$ 7,294,521 | \$ 843,582 | \$ | \$ | \$ (6,450,939) | \$ | \$ (6,450,939) |
| Public Safety | 26,689,873 | 889,926 | 99,472 | 277,586 | (25,422,889) | | (25,422,889) |
| Public Health | 1,030 | 43,433 | | | 42,403 | | 42,403 |
| Transportation | 9,837,741 | 1,410,560 | 109,772 | 787,291 | (7,530,118) | | (7,530,118) |
| Economic Assistance and Opportunity | 2,368,372 | | | 1,142,074 | (1,226,298) | | (1,226,298) |
| Culture and Recreation | 1,017,828 | 99,712 | | 3,905 | (914,211) | | (914,211) |
| Home and Community Services | 754,110 | | | | (754,110) | | (754,110) |
| Interest on Long-Term Debt | <u>870,389</u> | | | | <u>(870,389)</u> | | <u>(870,389)</u> |
| Total Governmental Activities | <u>48,833,864</u> | <u>3,287,213</u> | <u>209,244</u> | <u>2,210,856</u> | <u>(43,126,551)</u> | | <u>(43,126,551)</u> |
| Business-Type Activities | | | | | | | |
| Water | 8,371,024 | 9,091,574 | | 23,269 | | 743,819 | 743,819 |
| Sewer | 4,673,110 | 4,275,413 | 761,555 | 1,432,526 | | 1,796,384 | 1,796,384 |
| Refuse District | <u>2,369,618</u> | <u>2,119,987</u> | | | | <u>(249,631)</u> | <u>(249,631)</u> |
| Total Business-Type Activities | <u>15,413,752</u> | <u>15,486,974</u> | <u>761,555</u> | <u>1,455,795</u> | | <u>2,290,572</u> | <u>2,290,572</u> |
| Total Primary Government | <u>\$ 64,247,616</u> | <u>\$ 18,774,187</u> | <u>\$ 970,799</u> | <u>\$ 3,666,651</u> | <u>(43,126,551)</u> | <u>2,290,572</u> | <u>(40,835,979)</u> |
| General Revenues | | | | | | | |
| Real Property Taxes, Levied for General Purposes | | | | | 15,180,019 | | 15,180,019 |
| Real Property Tax Items | | | | | 1,190,875 | | 1,190,875 |
| Nonproperty Tax Items (Sales Tax and Franchise Fees) | | | | | 11,218,882 | | 11,218,882 |
| Solar Power Credits | | | | | 544,005 | 110,033 | 654,038 |
| General State Aid | | | | | 7,582,524 | | 7,582,524 |
| Sale of Property and Compensation for Gain (Loss) | | | | | 118,194 | 12,657 | 130,851 |
| Use of Money and Property | | | | | 430,503 | 67,789 | 498,292 |
| Miscellaneous | | | | | <u>226,307</u> | <u>241,076</u> | <u>467,383</u> |
| Total General Revenues | | | | | <u>36,491,309</u> | <u>431,555</u> | <u>36,922,864</u> |
| Change in Net Position | | | | | <u>(6,635,242)</u> | <u>2,722,127</u> | <u>(3,913,115)</u> |
| Net Position, Beginning of Year | | | | | (7,867,229) | 74,977,238 | 67,110,009 |
| Cumulative Effect of Change in Accounting Principle | | | | | <u>131,173</u> | | <u>131,173</u> |
| Net Position, Beginning of Year (Restated) | | | | | <u>(7,736,056)</u> | <u>74,977,238</u> | <u>67,241,182</u> |
| Net Position (Deficit), End of Year | | | | | <u>\$ (14,371,298)</u> | <u>\$ 77,699,365</u> | <u>\$ 63,328,067</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

CITY OF ROME, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2020

| | General | Special Aid | Miscellaneous Special Revenue | Capital Projects | Total Governmental Funds |
|--|----------------------|---------------------|----------------------------------|---------------------|--------------------------------|
| Assets | | | | | |
| Cash and Cash Equivalents | \$ 3,196,073 | \$ 894,347 | \$ 244,116 | \$ 1,174,333 | \$ 5,508,869 |
| Cash and Cash Equivalents - Restricted | 3,224,151 | | | | 3,224,151 |
| Taxes Receivable | 1,378,971 | | | | 1,378,971 |
| Tax Sale Certificates | 403,802 | | | | 403,802 |
| Property Acquired for Taxes | 2,106,933 | | | | 2,106,933 |
| Assessments Receivable | 461 | | | | 461 |
| Accounts Receivable | 632,280 | 49,175 | | | 681,455 |
| Allowance for Receivables | (967,757) | | | | (967,757) |
| Due from Other Funds | 1,515,923 | | | | 1,515,923 |
| Due from Other Governments | 4,957,477 | 696,872 | | 38,097 | 5,692,446 |
| Prepaid Expenditures | <u>1,038,215</u> | | | | <u>1,038,215</u> |
| Total Assets | <u>\$ 17,486,529</u> | <u>\$ 1,640,394</u> | <u>\$ 244,116</u> | <u>\$ 1,212,430</u> | <u>\$ 20,583,469</u> |
| Liabilities | | | | | |
| Accounts Payable | \$ 408,573 | \$ 31,252 | \$ 6,195 | \$ 75,415 | \$ 521,435 |
| Accrued Liabilities | 583,166 | | | | 583,166 |
| Payroll Withholdings Payable | 28,625 | | | | 28,625 |
| Bond Anticipation Notes Payable | | | | 5,045,879 | 5,045,879 |
| Due to Other Funds | | 951,785 | | 2,720,250 | 3,672,035 |
| Unearned Revenue - Grants | 3,138,856 | | | | 3,138,856 |
| Due to Other Governments | <u>34,895</u> | | | | <u>34,895</u> |
| Total Liabilities | <u>4,194,115</u> | <u>983,037</u> | <u>6,195</u> | <u>7,841,544</u> | <u>13,024,891</u> |
| Deferred Inflows of Resources | | | | | |
| Unavailable Revenue - Real Property Taxes and Grants | <u>677,397</u> | <u>1,461,822</u> | | | <u>2,139,219</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>4,871,512</u> | <u>2,444,859</u> | <u>6,195</u> | <u>7,841,544</u> | <u>15,164,110</u> |

(Continued)

The Accompanying Notes are an Integral Part of These Financial Statements.

CITY OF ROME, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2020

| | <u>General</u> | <u>Special Aid</u> | <u>Miscellaneous Special Revenue</u> | <u>Capital Projects</u> | <u>Total Governmental Funds</u> |
|--|----------------------|---------------------|--|-----------------------------|---|
| | (Continued) | | | | |
| Fund Balance | | | | | |
| Nonspendable | 3,145,448 | | | | 3,145,448 |
| Restricted | 3,224,151 | | | | 3,224,151 |
| Assigned | 1,155,789 | | 237,921 | | 1,393,710 |
| Unassigned (Deficit) | <u>5,089,629</u> | <u>(804,465)</u> | | <u>(6,629,114)</u> | <u>(2,343,950)</u> |
| Total Fund Balance (Deficit) | <u>12,615,017</u> | <u>(804,465)</u> | <u>237,921</u> | <u>(6,629,114)</u> | <u>5,419,359</u> |
| Total Liabilities, Deferred Inflow of Resources, and Fund Balance (Deficit) | <u>\$ 17,486,529</u> | <u>\$ 1,640,394</u> | <u>\$ 244,116</u> | <u>\$ 1,212,430</u> | <u>\$ 20,583,469</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

CITY OF ROME, NEW YORK
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2020

Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

| | |
|----------------------------------|---------------------|
| Governmental Fund Balance | \$ 5,419,359 |
|----------------------------------|---------------------|

| | |
|--|------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. This amount does not include the capital assets for \$114,274 in the Internal Service fund included below. | 98,315,371 |
|--|------------|

| | |
|--|-----------|
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 2,139,219 |
|--|-----------|

| | |
|--|-----------|
| Internal Service fund is used by management to allocate costs of vehicle maintenance to the various functions and funds. The assets and liabilities of the Internal Service fund are included in the governmental activities in the Statement of Net Position. The total internal service fund net position at December 31, 2020, is a deficit of \$210,802. Of this deficit balance, \$80,839 is allocated to the Business-Type Activities, and the remaining \$129,963 is allocated to the Governmental Funds. | (162,847) |
|--|-----------|

Proportionate share of long-term asset and liability associated with participation in the state retirement system are not current financial resources or obligations and are not reported in the funds. This amount excludes the net (\$96,396) for the respective amounts for the Internal Service fund reported above.

| | | |
|---|---|-------------|
| | Decrease in Prepaid for Pension (952,415) | |
| | Deferred Outflows - Pensions 17,406,380 | |
| Net Pension Liability - Proportionate Share | (22,258,352) | |
| Deferred Inflows - Pensions | (719,128) | (6,523,515) |

Long-term liabilities, including bonds payable, are not due and payable in the current-period and, therefore, are not reported in the funds.

| | | |
|--|--|--------------|
| | Accrued Interest on Long-term Debt (214,248) | |
| Long-term liabilities, Deferred Outflows of Resources - Refundings of debt | 397,033 | |
| Serial Bonds Payable | (20,606,152) | |
| Unamortized Premiums on Bonds | (751,880) | |
| Capital Leases Payable | (948,419) | (22,123,666) |

Other Long-term liabilities, OPEB Liability and Compensated Absences, are not due and payable in the current-period and therefore are not reported in the funds. This amount excludes the \$2,695,472 for the Compensated Absences, Due to Employees Retirement System, Workers's Compensation Claims Payable, and OPEB Liability and Deferred Outflows/Deferred Inflows for the Internal Service fund reported above. Long-term liabilities consisted of the following at year end:

| | | |
|--|--------------------------------|--------------|
| | Compensated Absences (418,475) | |
| Accrued Postemployment Benefit Liability | (94,978,637) | |
| Deferred Outflows - OPEB | 7,853,238 | |
| Deferred Inflows - OPEB | (1,035,485) | |
| Workers's Compensation Claims Payable | (1,793,529) | |
| Due to Employees' Retirement System | (1,062,331) | (91,435,219) |

| | |
|--|------------------------|
| Net Position of Governmental Activities | \$ (14,371,298) |
|--|------------------------|

CITY OF ROME, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

| | General | Special Aid | Miscellaneous Special Revenue | Capital Projects | Total Governmental Funds |
|---|----------------------|---------------------|----------------------------------|-----------------------|--------------------------------|
| Revenues | | | | | |
| Real Property Taxes | \$ 14,974,131 | \$ | \$ | \$ | \$ 14,974,131 |
| Other Real Property Tax Items | 1,190,875 | | | | 1,190,875 |
| Nonproperty Tax Items | 11,218,882 | | | | 11,218,882 |
| Departmental Income | 593,362 | | | | 593,362 |
| Intergovernmental Charges | 677,762 | | 15,000 | | 692,762 |
| Solar Power Credits | 544,005 | | | | 544,005 |
| Use of Money and Property | 432,123 | 1,316 | 27 | | 433,466 |
| Licenses and Permits | 228,315 | | | | 228,315 |
| Fines and Forfeitures | 56,348 | | | | 56,348 |
| Sale of Property and Compensation for Loss | 123,281 | | | | 123,281 |
| Gifts and Donations | | 133,058 | | 127,719 | 260,777 |
| Miscellaneous | 127,626 | 3,621 | | 742,700 | 873,947 |
| Interfund Revenues | 1,826,197 | 92 | | | 1,826,289 |
| State Aid | 8,321,543 | 471,351 | | 30,000 | 8,822,894 |
| Federal Aid | | 963,582 | | 640,000 | 1,603,582 |
| Total Revenues | 40,314,450 | 1,573,020 | 15,027 | 1,540,419 | 43,442,916 |
| Expenditures | | | | | |
| General Government Support | 4,450,541 | | | 560,046 | 5,010,587 |
| Public Safety | 13,961,379 | 235,728 | | 112,272 | 14,309,379 |
| Public Health | 1,030 | | | | 1,030 |
| Transportation | 4,060,289 | | 62,421 | 4,636,916 | 8,759,626 |
| Economic Assistance and Opportunity | | 1,455,665 | | 452,707 | 1,908,372 |
| Culture and Recreation | 887,655 | 7,100 | | 1,196 | 895,951 |
| Home and Community Services | 422,221 | 143,817 | | 319,716 | 885,754 |
| Employee Benefits | 10,633,357 | | | | 10,633,357 |
| Debt Service - Principal | 4,138,643 | | | | 4,138,643 |
| Debt Service - Interest | 969,219 | | | | 969,219 |
| Total Expenditures | 39,524,334 | 1,842,310 | 62,421 | 6,082,853 | 47,511,918 |
| Excess (Deficit) Revenues Over Expenditures | 790,116 | (269,290) | (47,394) | (4,542,434) | (4,069,002) |
| Other Financing Sources (Uses) | | | | | |
| Interfund Transfers To | (1,302,061) | | | (81) | (1,302,142) |
| Interfund Transfers From | | | | 1,223,000 | 1,223,000 |
| BANs Redeemed from Appropriations | | | | 348,609 | 348,609 |
| Proceeds of Long-Term Debt - Installment Purchase Debt | | | | 616,732 | 616,732 |
| Proceeds of Long-Term Debt - Serial Bonds | | | | 722,838 | 722,838 |
| Total Other Financing Sources (Uses) | (1,302,061) | | | 2,911,098 | 1,609,037 |
| Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses) | (511,945) | (269,290) | (47,394) | (1,631,336) | (2,459,965) |
| Fund Balance (Deficit), Beginning of Year | 13,126,962 | (535,175) | 154,142 | (4,997,778) | 7,748,151 |
| Cumulative Effect of Change in Accounting Principle | | | 131,173 | | 131,173 |
| Fund Balance (Deficit), Beginning of Year (Restated) | 13,126,962 | (535,175) | 285,315 | (4,997,778) | 7,879,324 |
| Fund Balance (Deficit), End of Year | \$ 12,615,017 | \$ (804,465) | \$ 237,921 | \$ (6,629,114) | \$ 5,419,359 |

The Accompanying Notes are an Integral Part of These Financial Statements.

CITY OF ROME, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

Net Changes in Fund Balances - Total Governmental Funds **\$ (2,459,965)**

Capital Outlays to purchase or build capital assets are reported in Governmental Funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their useful lives as depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the period.

| | | |
|-----------------------------------|--------------------|---------|
| Capital Outlays | 6,616,188 | |
| Loss on the Disposition of Assets | (5,087) | |
| Depreciation | <u>(5,778,669)</u> | 832,432 |

Revenue in the Statement of Activities that do not provide current financial resources are not reported in the funds. (674,744)

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayments of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the statement of Net Position.

| | | |
|--|---------------|-----------|
| Serial Bond Proceeds | (722,838) | |
| Lease Proceeds | (616,732) | |
| Principal Payments on Long Term Debt | 3,568,650 | |
| Amortization of Advance Refunding Charge | (123,307) | |
| Amortization of Bond Premiums | 143,281 | |
| Principal Payments on Capital Leases | 221,383 | |
| Accrued Interest | <u>75,893</u> | 2,546,330 |

The internal service fund is used by management to allocate the costs of vehicle maintenance to the various functions and funds. Any excess revenue or expense of this fund is eliminated in the respective function and/or fund. The total net income for the internal service fund for 2020 was \$91,844. Of this amount, \$78,908 is allocated to the Government Activities, and \$12,976 is allocated to the Business-Type Activities. 78,908

Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. (4,055,119)

Certain expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds.

| | | |
|---|-----------------|-------------|
| OPEB Liability and Deferred Inflow and Outflows | (3,365,472) | |
| Due to Employees Retirement System | 359,620 | |
| Workers' Compensation Claims Payable | 151,407 | |
| Compensated Absences | <u>(48,639)</u> | (2,903,084) |

Change in Net Position Governmental Activities **\$ (6,635,242)**

CITY OF ROME, NEW YORK
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
December 31, 2020

| | Business Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Fund |
|--|---|----------------------|---------------------|-----------------------|---|
| | Water | Sewer | Refuse District | Total | |
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and Cash Equivalents | \$ 13,419,754 | \$ 3,261,699 | \$ 2,004,719 | \$ 18,686,172 | \$ 2,500,382 |
| Cash and Cash Equivalents - Restricted | 609,178 | 979,649 | | 1,588,827 | 1,334 |
| Investments Held for Retainage | 319,002 | | | 319,002 | |
| Accounts Receivable | 1,637,907 | 893,381 | 289,498 | 2,820,786 | 24 |
| Assessments Receivable | 473,292 | 4,243 | | 477,535 | |
| Allowance for Receivables | (27,019) | (35,693) | (24,771) | (87,483) | |
| Due from Other Funds | 2,433,679 | 4,079,011 | 106,022 | 6,618,712 | 1,974 |
| Due from Other Governments | 3,694 | 53,329 | 16,081 | 73,104 | |
| Total Current Assets | <u>18,869,487</u> | <u>9,235,619</u> | <u>2,391,549</u> | <u>30,496,655</u> | <u>2,503,714</u> |
| Fixed Assets | | | | | |
| Land | 188,561 | 2,103 | | 190,664 | |
| Buildings and Improvements | 1,373,854 | 12,914,272 | | 14,288,126 | |
| Infrastructure | 73,061,744 | 41,521,614 | | 114,583,358 | |
| Machinery and Equipment | 2,318,248 | 1,583,521 | 1,633,658 | 5,535,427 | 262,237 |
| Construction in Progress | <u>8,826,677</u> | <u>21,287,698</u> | | <u>30,114,375</u> | |
| Total Fixed Assets | 85,769,084 | 77,309,208 | 1,633,658 | 164,711,950 | 262,237 |
| Accumulated Depreciation | <u>24,966,534</u> | <u>24,186,451</u> | <u>947,804</u> | <u>50,100,789</u> | <u>147,963</u> |
| Net Fixed Assets | <u>60,802,550</u> | <u>53,122,757</u> | <u>685,854</u> | <u>114,611,161</u> | <u>114,274</u> |
| Total Assets | <u>79,672,037</u> | <u>62,358,376</u> | <u>3,077,403</u> | <u>145,107,816</u> | <u>2,617,988</u> |
| Deferred Outflows of Resources | | | | | |
| Deferred Charge on Refunding Serial Bonds | 32,195 | 287,219 | | 319,414 | |
| OPEB | 546,073 | 309,115 | | 855,188 | 197,827 |
| Pensions | <u>961,533</u> | <u>605,371</u> | <u>26,877</u> | <u>1,593,781</u> | <u>243,817</u> |
| Total Deferred Outflows of Resources | <u>1,539,801</u> | <u>1,201,705</u> | <u>26,877</u> | <u>2,768,383</u> | <u>441,644</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 81,211,838</u> | <u>\$ 63,560,081</u> | <u>\$ 3,104,280</u> | <u>\$ 147,876,199</u> | <u>\$ 3,059,632</u> |

(Continued)

CITY OF ROME, NEW YORK
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
December 31, 2020

| (Continued) | | | | | |
|---|---|----------------------|---------------------|-----------------------|---------------------------------------|
| | Business Type Activities - Enterprise Funds | | | | Governmental |
| | Water | Sewer | Refuse District | Total | Activities - Internal Service Fund |
| Liabilities and Net Position | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | \$ 80,400 | \$ 1,496,855 | \$ 266,924 | \$ 1,844,179 | \$ 24,607 |
| Accrued Liabilities | 597,853 | 527,338 | 5,102 | 1,130,293 | 12,238 |
| Accrued Interest Payable | 269,826 | 66,304 | 1,851 | 337,981 | |
| Due to Other Funds | 373,343 | 4,080,075 | | 4,453,418 | 77 |
| Bond Anticipation Notes Payable | | 963,300 | 95,366 | 1,058,666 | |
| Environmental Facilities Corporation-Short Term Note | | 9,174,947 | | 9,174,947 | |
| Customer Deposits | 19,400 | 3,000 | | 22,400 | |
| Total Current Liabilities | <u>1,340,822</u> | <u>16,311,819</u> | <u>369,243</u> | <u>18,021,884</u> | <u>36,922</u> |
| Long-Term Liabilities | | | | | |
| Serial Bonds Payable and Premiums | 31,550,965 | 5,579,543 | 324,449 | 37,454,957 | |
| Capital Leases | 226,137 | 1,662,045 | | 1,888,182 | |
| Accrued Other Postemployment Benefit Liability | 6,002,099 | 3,440,539 | | 9,442,638 | 2,787,975 |
| Net Pension Liability-Proportionate Share | 1,295,453 | 815,603 | 36,211 | 2,147,267 | 328,490 |
| Due to Employees Retirement System | 88,706 | 48,172 | 3,145 | 140,023 | 29,816 |
| Due to Other Governments | 18 | | | 18 | |
| Workers' Compensation Claims Payable | 457,168 | 391,247 | | 848,415 | 21,784 |
| Compensated Absences | 63,915 | 40,351 | 397 | 104,663 | 27,640 |
| Total Long-Term Liabilities | <u>39,684,461</u> | <u>11,977,500</u> | <u>364,202</u> | <u>52,026,163</u> | <u>3,195,705</u> |
| Total Liabilities | <u>41,025,283</u> | <u>28,289,319</u> | <u>733,445</u> | <u>70,048,047</u> | <u>3,232,627</u> |
| Deferred Inflows of Resources | | | | | |
| OPEB | 2,684 | 1,520 | | 4,204 | 26,084 |
| Pensions | 46,230 | 29,106 | 1,292 | 76,628 | 11,723 |
| Total Deferred Inflows of Resources | <u>48,914</u> | <u>30,626</u> | <u>1,292</u> | <u>80,832</u> | <u>37,807</u> |
| Net Position | | | | | |
| Investment in Capital Assets (Net of Related Debt) | 29,025,430 | 35,742,922 | 266,039 | 65,034,391 | 114,274 |
| Restricted | | | | | |
| Reserve for Liability Insurance | 340 | | | 340 | |
| Reserve for Workers Compensation | 14,875 | | | 14,875 | 1,334 |
| Reserve for Debt | 593,963 | 979,649 | | 1,573,612 | |
| Unassigned | 10,503,033 | (1,482,435) | 2,103,504 | 11,124,102 | (326,410) |
| Total Net Position | <u>40,137,641</u> | <u>35,240,136</u> | <u>2,369,543</u> | <u>77,747,320</u> | <u>(210,802)</u> |
| Total Liabilities, Deferred Inflows, and Net Position | <u>\$ 81,211,838</u> | <u>\$ 63,560,081</u> | <u>\$ 3,104,280</u> | <u>\$ 147,876,199</u> | <u>\$ 3,059,632</u> |
| Adjustments to reflect the consolidation of the internal service fund activities related to the enterprise funds. | | | | (47,955) | |
| Net Position of Business-Type Activities | | | | <u>\$ 77,699,365</u> | |

The Accompanying Notes are an Integral Part of These Financial Statements.

CITY OF ROME, NEW YORK
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2020

| | Business - Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Fund |
|--|---|----------------------|---------------------|----------------------|---|
| | Water | Sewer | Refuse District | Total | |
| Operating Revenues | | | | | |
| Service Revenues | \$ 9,091,574 | \$ 4,275,413 | \$ 2,119,987 | \$ 15,486,974 | \$ 1,424,470 |
| Operating Expenses | | | | | |
| Personnel Services | 1,521,830 | 887,723 | 302,213 | 2,711,766 | 420,473 |
| Depreciation | 1,901,277 | 1,121,556 | 170,885 | 3,193,718 | 13,942 |
| Contractual | 1,899,300 | 1,527,652 | 1,856,513 | 5,283,465 | 282,375 |
| Taxes on Property | 1,365,091 | | | 1,365,091 | |
| Employee Benefits | 985,691 | 901,923 | 31,714 | 1,919,328 | 625,432 |
| Debt Service - Interest | 710,811 | 234,256 | 8,293 | 953,360 | |
| Total Operating Expenses | <u>8,384,000</u> | <u>4,673,110</u> | <u>2,369,618</u> | <u>15,426,728</u> | <u>1,342,222</u> |
| Operating Income (Loss) | <u>707,574</u> | <u>(397,697)</u> | <u>(249,631)</u> | <u>60,246</u> | <u>82,248</u> |
| Nonoperating Revenues and Expense | | | | | |
| Special Assessment | 23,269 | 1,880 | | 25,149 | |
| Use of Money and Property | 47,519 | 13,937 | 6,333 | 67,789 | 7,746 |
| Premium on Debt Issuance | | 11,517 | 1,140 | 12,657 | |
| Minor Sales | 92,804 | 33,425 | | 126,229 | 874 |
| State Aid | | 1,430,646 | | 1,430,646 | |
| Solar Power Credits | 45,984 | 64,049 | | 110,033 | |
| Transfer From (To) Other Funds | 31,763 | 47,379 | | 79,142 | |
| Solid Waste Authority | | 181,494 | | 181,494 | |
| Septic Receiver | | 580,061 | | 580,061 | |
| Miscellaneous | 34,457 | 1,246 | 2 | 35,705 | 1,016 |
| Total Nonoperating Revenues and Expense | <u>275,796</u> | <u>2,365,634</u> | <u>7,475</u> | <u>2,648,905</u> | <u>9,636</u> |
| Net Income (Loss) | 983,370 | 1,967,937 | (242,156) | 2,709,151 | 91,884 |
| Net Position, Beginning of Year | <u>39,154,271</u> | <u>33,272,199</u> | <u>2,611,699</u> | <u>75,038,169</u> | <u>(302,686)</u> |
| Net Position, End of Year | <u>\$ 40,137,641</u> | <u>\$ 35,240,136</u> | <u>\$ 2,369,543</u> | <u>\$ 77,747,320</u> | <u>\$ (210,802)</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

CITY OF ROME, NEW YORK
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended December 31, 2020

| | Business-Type Activities | | | | Governmental Activities - Internal Service Fund |
|--|--------------------------|--------------|-----------------|---------------|---|
| | Water | Sewer | Refuse District | Total | |
| Cash Flows from (Used by) Operating Activities | | | | | |
| Cash Flows from Providing Services | \$ 9,100,735 | \$ 4,138,693 | \$ 2,126,660 | \$ 15,366,088 | \$ |
| Cash Flows From Providing Interfund Services | | | | | 1,432,260 |
| Cash Payments for Interfund Services | (150,962) | (50,203) | | (201,165) | |
| Cash Flows Payments for Taxes | (1,365,091) | | | (1,365,091) | |
| Cash Payments Contractual Expenses | (1,925,826) | (397,396) | (1,738,278) | (4,061,500) | (273,332) |
| Cash Payments Personal Services and Benefits | (2,212,578) | (1,218,602) | (329,066) | (3,760,246) | (642,700) |
| Other Operating Revenues | 79,426 | 871,870 | | 951,296 | 1,888 |
| Net Cash Flows from Operating Activities | 3,525,704 | 3,344,362 | 59,316 | 6,929,382 | 518,116 |
| Cash Flows from (Used by) Noncapital Financing Activities | | | | | |
| Transfers to/from Other Funds | (103,700) | 27,927 | (197,600) | (273,373) | (6,261) |
| Net Cash Flows (Used by) Noncapital Financing Activities | (103,700) | 27,927 | (197,600) | (273,373) | (6,261) |
| Cash Flows from (Used by) Capital and Related Financing Activities | | | | | |
| Special Assessments | 70,384 | 1,025 | | 71,409 | |
| Proceeds from Debt | 791,033 | 4,116,521 | | 4,907,554 | |
| Premium on Debt | (8,024) | (27,666) | 1,140 | (34,550) | |
| Principal Payments on Debt | (1,264,331) | (1,030,086) | (45,175) | (2,339,592) | |
| Interest Expense | (715,693) | (171,839) | (11,836) | (899,368) | |
| Payments to Contractors | (681,496) | (9,655,537) | | (10,337,033) | (10,933) |
| Proceeds from Sale of Equipment | 48,208 | | | 48,208 | |
| Capital Grants Received from Other Governments | 15,601 | 1,430,646 | (16,081) | 1,430,166 | |
| Transfers to/from Other Funds | 31,763 | 47,379 | | 79,142 | |
| Net Cash Flows (Used by) Capital and Related Financing Activities | (1,712,555) | (5,289,557) | (71,952) | (7,074,064) | (10,933) |
| Cash Flows from Investing Activities | | | | | |
| Interest Income | 47,519 | 13,937 | 6,333 | 67,789 | 7,746 |
| Net Increase in Cash and Cash Equivalents | 1,756,968 | (1,903,331) | (203,903) | (350,266) | 508,668 |
| Cash and Cash Equivalents, Beginning of Year | 12,271,964 | 6,144,679 | 2,208,622 | 20,625,265 | 1,993,048 |
| Cash and Cash Equivalents, End of Year | 14,028,932 | 4,241,348 | 2,004,719 | 20,274,999 | 2,501,716 |

Reconciliation of Net Income (Loss) to Net Cash Flows from (Used by) Operating Activities

| | | | | | |
|--|------------|--------------|--------------|--------------|-----------|
| Net Income (Loss) | \$ 983,370 | \$ 1,967,937 | \$ (242,156) | \$ 2,709,151 | \$ 91,884 |
| Adjustment to Reconcile Operating Income to Net Cash | | | | | |
| Flows from by Operating Activities | | | | | |
| Depreciation | 1,901,277 | 1,121,556 | 170,885 | 3,193,718 | 13,942 |
| Loss (Gain) on the Disposition of Property | (92,804) | 933 | | (91,871) | |
| Deferred Outflows of Resources, Pension | (717,803) | (394,631) | | (1,112,434) | (159,827) |
| Deferred Inflows of Resources, Pension | (208,405) | (55,649) | | (264,054) | (22,057) |
| Deferred Outflows of Resources, OPEB | 56,243 | 33,250 | | 89,493 | 1,406 |
| Deferred Inflows of Resources, OPEB | (208,405) | (118,466) | | (326,871) | (106,506) |
| Amortization of Bond Issuance on Advance Refunding | (8,772) | 2,564 | | (6,208) | |
| (Increase) Decrease in Assets Other Than Cash | | | | | |
| Accounts Receivable | 1,762 | (125,125) | 6,671 | (116,692) | 7,790 |
| Increase (Decrease) in Liabilities | | | | | |
| Accounts Payable and Accrued Expenses | (263,708) | 1,178,527 | (62,356) | 852,463 | 17,068 |
| Net Pension Liability-Proportionate Share | 1,169,427 | 602,269 | 3,500 | 1,775,196 | 243,463 |
| Liability for Workers' Compensation | (286,906) | 69,485 | | (217,421) | (135,261) |
| Liability for OPEB | 518,267 | 336,312 | (2,048) | 852,531 | 583,013 |
| Other | | | | | (9,055) |
| Nonoperating Activities | | | | | |
| Special Assessments | (23,269) | (1,025) | | (24,294) | |
| Debt Interest | 720,042 | 145,471 | 8,293 | 873,806 | |
| Capital - State Grants | | (1,430,646) | | (1,430,646) | |
| Interest Revenue | (47,519) | (13,937) | (6,333) | (67,789) | (7,746) |
| Bond Premium | (8,024) | (11,517) | (1,140) | (20,681) | |
| Installment Purchase Debt - Interest | 9,168 | 75,932 | | 85,100 | |
| Interfund Transfers | 31,763 | (47,379) | 184,000 | 168,384 | |
| Miscellaneous | | 8,501 | | 8,501 | 2 |
| Net Cash Flows from Operating Activities | 3,525,704 | 3,344,362 | 59,316 | 6,929,382 | 518,116 |

The Accompanying Notes are an Integral Part of These Financial Statements.

CITY OF ROME, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2020

| | Custodial Fund |
|---------------------------------------|-----------------------------|
| <hr/> | |
| Assets | |
| Cash and Cash Equivalents | \$ 264,482 |
| School District Taxes Receivable | <u>15,259,184</u> |
| Total Assets | <u><u>\$ 15,523,666</u></u> |
| | |
| Liabilities | |
| Taxes Collected for Other Governments | \$ 174,364 |
| Tax Redemptions | 30,896 |
| Due To Other Funds | <u>11,079</u> |
| Total Liabilities | <u>216,339</u> |
| | |
| Net Position | |
| | |
| Restricted For | |
| Taxes and Fees for other Governments | 15,259,184 |
| Hospital Scholarship Fund | <u>48,143</u> |
| Total Net Position | <u>15,307,327</u> |
| | |
| Total Liabilities and Net Position | <u><u>\$ 15,523,666</u></u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

CITY OF ROME, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended December 31, 2020

| | Custodial Funds |
|---|-----------------------------|
| Additions | |
| Real Property Tax Collections for Other Governments | \$ 37,507,647 |
| Fee Collections for Other Governments | 4,585 |
| Interest | <u>143,842</u> |
| Total Additions | <u>37,656,074</u> |
| Deductions | |
| Payments of Real Property Tax to Other Governments | 37,410,792 |
| Payments of Fees to Other Governments | <u>4,585</u> |
| Total Deductions | <u>37,415,377</u> |
| Change in Net Position | <u>240,697</u> |
| Net Position, Beginning of Year | 0 |
| Cumulative Effect of Change in Accounting Principle | <u>15,066,630</u> |
| Net Position, Beginning of Year (Restated) | <u>15,066,630</u> |
| Net Position, End of Year | <u><u>\$ 15,307,327</u></u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

The City of Rome, New York (City) (which was incorporated as a city in 1870) is governed by (the Charter of The City of Rome, New York) the Municipal Law and other general laws of the State of New York (and various local laws and ordinances). According to the 2010 census data, the City has a population of 33,673 and an area of 72.7 square miles.

The Common Council, which consists of seven elected members and a president, is the legislative body responsible for overseeing the overall operations of the City of Rome. The Mayor serves as chief executive officer and the Treasurer serves as chief fiscal officer of the City. The Mayor is elected for a four-year term.

The Board of Estimate and Contract (E & C) is an administrative body responsible for overseeing the day-to-day operations of the City. The Board of E & C consists of the Mayor, the Corporate Counsel, the Commissioner of Public Works, the Treasurer, and the President of the Common Council.

The following basic services are provided: police, fire, public works, water, sewer, recreation parks, civil defense, transportation, civic arenas, tourism, and economic assistance and opportunity grants. All governmental activities and functions performed for the City are its direct responsibility.

Financial Reporting Entity

The accompanying financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the primary standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have been prepared primarily from accounts maintained by the City.

The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for State and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in U.S. GAAP and used by the City are discussed in the following notes to the financial statements:

(a) Reporting Entity

The financial statements present the City, as well as the component unit determined to be included in the City's financial reporting entity, in accordance with GASB.

The decision to include a potential component unit in the City's reporting entity is based on several criteria set forth by GASB including legal standing, fiscal dependency, and financial accountability. GASB defines financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, ability to impose its will or potential for the organization to provide specific financial benefits to or to impose specific financial burdens on, the primary government.

Based on the application of these criteria, the following is a brief review of certain entities considered in determining the City's reporting entity as a whole.

(b) Departure from GAAP - City's Component Unit Excluded in the Reporting Entity

Omitted Component Unit - Based on the foregoing criteria and the significant factors presented below, the following organization should be included in the reporting entity. The Component Unit should be reported in a separate column in the government-wide financial statements and include financial data of the City's Component Unit.

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

Rome Housing Authority was created in 1947 by the New York State Legislature for the purpose of administering Federal and State grants to provide low-income housing in The City of Rome, New York. The governing Board members are appointed by the Mayor of the City, and the Mayor may also remove the board for inefficiency, neglect of duty, or misconduct of office. The City is liable for any deficits that arise from the Low-Income Housing Program. The City is also contingently liable for any loans made by the State to the Authority. Since the Authority is financially accountable to the City, it should be discretely presented as a Component Unit of the City.

(c) Excluded From the Reporting Entity

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

The Rome City School District was created by State legislation which designates the School Board of Education as the governing authority. School Board members are elected by the qualified voters of the district. The Board designates management and exercises complete responsibility for all fiscal matters. Also, the City is not responsible for any debt or operating losses. The City Common Council exercises no oversight over School operations.

Jervis Public Library Association was created by the authority of the laws of New York State. Although the Association is substantially supported by the City, the Association is excluded from the reporting entity. This exclusion is based upon the fact that the City does not approve the Association's budget, appoint board members or management, nor does it have any authority over the daily operations. Also, the City is not responsible for any debt or operating losses.

Financial Statements - Government-Wide

The City's 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. Public safety, maintenance of roads, public works, recreation, and general administrative services are classified as governmental activities. The City's Sewer, Water, and Refuse Funds are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource 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: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, 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 or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. All direct expenses incurred are charged to the corresponding function. Capital asset additions that cannot be identified to a specific function are allocated based on total expenses by program.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Sewer, and Sanitation Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Employee benefits are reported as a separate function on the fund financial statements. These costs have been allocated for the government-wide financial statements based on the respective payroll for each function.

The net costs (by function or business-type activity) are normally covered by general revenues (property, non-property, or sales taxes, intergovernmental revenues, interest income, etc.).

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

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.

Basic Financial Statements - Fund Financial Statements

The fund statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The City reports the following major governmental funds:

(a) Major Funds:

General Fund – The principal operating fund and includes all operations not required to be reported in other funds. Activities accounted for and reported in the General Fund include those activities financed by City-wide taxation.

Special Aid – Used to account for and reports the proceeds of specific revenues, such as Federal and State grants, that are legally restricted to expenditures for the specific purpose of the grant.

Miscellaneous Special Revenue – Used to account for and reports service fee payments made by property owners located in the Griffiss Park and other miscellaneous grants and donations. The funds are to be used to fund the maintenance and improvement of the infrastructure located in the Griffiss Park or for the purpose of the grants and donations.

Capital Projects – Used to account for and reports financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the Business-Type Activities).

- (b) Business-Type Activities*** – The focus of Business-Type Activities measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The U.S. generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating and non-operating revenues are defined based on how individual transactions are categorized for purposes of preparing a statement of cash flows using the standards required by GASB. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities normally would not be reported as components of operating income. The following is a description of the Business-Type Activities of the City:

Water Fund – is used to account for and reports water services to residents and businesses within the City. The Fund recognizes capital grants as a nonrevenue source of funds. Fixed assets are depreciated on a straight-line basis over their estimated useful lives from 5 to 50 years.

Sewer Fund – is used to account for and reports sewer services to residents and businesses within the City. The Fund recognizes capital grants as a nonrevenue source of funds. Fixed assets are depreciated on a straight-line basis over their estimated useful lives from 5 to 50 years.

Refuse District Fund – is used to account for and reports waste removal services to residents and businesses within the City. The City contracts with a third party for this service. Therefore, there are no physical assets associated with the fund.

- (c) Internal Service Fund*** – The Central Maintenance Fund is used to account for and report the financing of maintenance services provided to various departments of the City. The reimbursements from those departments are treated as operating revenues of the Internal Service Fund and as expenditures/expenses of the reimbursing fund.

- (d) Fiduciary Fund Types*** – Fiduciary funds are used to account for and report assets in a custodial capacity for others and therefore, are not available to support City programs. The City's Fiduciary fund consists of only the Custodial Fund. The Custodial Fund is used to account for real property taxes for Oneida County and the Rome City School District. In addition, the fund is also used to account for the fees collected and remitted to the State of New York by the Rome City Clerk's Office.

Since by definition these assets are being held for the benefit of a third party (other local governments) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

Measurement Focus and Basis of Accounting - Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual - Both governmental business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Non-exchange transactions are transactions in which the City gives or receives value without directly receiving or giving equal value in exchange, which include property taxes, grants, and donations. Non-exchange revenues are generally reported as non-operating revenues. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Modified Accrual - The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end for collections of real property taxes. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Material revenues that are accrued include real property taxes, Federal and State aid, sales tax, and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures are recorded when the fund liability is incurred except that:

- a. Expenditures for prepaid expenses and inventory-type items are recognized at the time of the disbursements.
- b. Principal on indebtedness is not recognized as an expenditure until due.
- c. Compensated absences, such as vacation and sick leave, which vest or accumulate, are charged as an expenditure when paid.

Differences Between Governmental Fund Statements and Government-Wide Statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the Government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic resource management focus of the Statement of Activities, compared with the current financial resource management focus of the governmental funds.

Total Fund Balances of Governmental Funds Compared To Net Positions of Governmental Activities

Total fund balances of the City's governmental funds differs from "net positions" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet.

a. Statement of Revenues, Expenditures, and Changes in Fund Balance Compared to Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of six broad categories. The amounts shown below represent:

1. ***Long-Term Revenue Differences*** - Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.
2. ***Capital Related Differences*** - Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

3. **Long-Term Debt Transaction Differences** - Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.
4. **Employee Benefit Allocation** - Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Equity based on the requirements of New York State. These costs have been allocated based on total salary for each function on the Statement of Activities.
5. **Pension Differences** - Pension differences occur as a result of changes in the City's proportion of the collective net position, asset/liability, and differences between the City's contributions and its proportionate share of the total contributions to pension expense.
6. **OPEB Differences** - OPEB differences occur as a result of changes in the City's total OPEB liability and differences between the City's contributions and OPEB expense.

Budget Policies - The budget policies are as follows:

- a. On or before the fifteenth day of September, the Mayor submits to the Board of Estimate and Contract a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Upon adoption of the operating budget as proposed or amended, the Board of Estimate and Contract submits the final form to the Common Council no later than the first day of October.
- c. Public hearings are conducted to obtain taxpayer comments.
- d. After such hearings, and within thirty days after such estimate shall have been submitted to it, the Council shall adopt such estimate so submitted or shall diminish or reject any item therein, and adopt said estimate as so amended. The Council shall not have the power to diminish any items which relate to salaries, the indebtedness or estimated revenues, nor shall the Council increase any item for any purpose contained in said estimate.
- e. Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is employed in the General and Capital Projects Funds. On a GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balance as neither expenditures nor liabilities exist.
- f. The City Treasurer may not disburse money unless appropriated and not in excess of such amounts. With the exception of personal services and debt service, department heads are authorized to transfer budgeted amounts within major objects of expense; however, any revisions that alter the total expenditures of any fund must be approved by the Common Council.

Legally Adopted Budget - The General Fund has a legally adopted budget. Appropriations for all budgets lapse at fiscal year-end. The General Fund's budget is adopted on a departmental level of expenditure basis in which expenditures may not legally exceed appropriations on a departmental and object of expenditure level.

Individual governmental fund comparisons of budget and actual data at the legal level of control established by the adopted budget (i.e., minimally at the department and object level) are not presented in this report for those funds with annual adopted budgets due to the excessive detail involved. However, a separate budgetary comparison report is available which contains this information.

Budget Basis of Accounting - Budgets are adopted annually on a basis generally consistent with U.S. GAAP. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the year unless expended or encumbered. The budget may be amended by the Legislature for increased grants or State aid received during the year.

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has three items that qualifies for reporting in this category. The first item is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the City's proportionate share of the collective net pension asset or liability and difference during the measurement period between the City's contributions and its proportionate share of total contributions not included in pension expense. The third item is related to other postemployment benefits (OPEB) reported on the Statement of Net Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expense over the next several years.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item for the governmental funds, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The two other items that qualify are related to pensions and other post-employment liabilities reported in the City's Government-Wide and Enterprise Statements of Net Position. This first item represents the effect of the net change in the City's proportion of the collective net pension asset or liability and difference during the measurement period between the City's contributions and its proportion share of the contributions to the pension systems not included in pension expense. The second item relates to OPEB reporting in the government-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

Equity Classifications

(a) Government-Wide Financial Statements

In the Government-Wide statements there are three classes of Net Position:

Investment in capital assets, net of related debt – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

Restricted Net Position – reports Net Position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – reports all other Net Position that do not meet the definition of the above two classifications and are deemed to be available for general use by the City.

(b) Fund Balance – Reserves and Designations

The following classifications describe the relative strength of the spending constraints:

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

Non-spendable

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This category consists of the prepaid expenditures, noncurrent loans receivable, and property acquired for taxes.

Restricted Resources

This category 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. Generally, the City's policy is to use restricted resources only when appropriated by the Common Council. When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy concerning which to apply first varies with the intended use, and with associated legal requirements. The City has established the following restricted fund balances:

- ***Reserve for Liability Insurance***

This reserve is used to accumulate funds to pay liability claims incurred. The total amount accumulated in the reserve may not exceed 3% of the total annual budget. The reserve is accounted for in the General and Water Funds.

- ***Capital Reserve***

The Capital Reserve is used to pay the cost of any object or purpose for which bonds may be issued.

- **Parking** - This reserve was established through the Rome Parking Authority prior to its dissolution into the City's General Fund. The funds are to be used to offset future capital expenditures for the City's parking facilities. The reserve amount at December 31, 2020 was \$229,185.
- **Capital** - This reserve was established to offset future capital project expenditures for the General Fund – General City, and is accounted for in the General Fund. The reserve amount at December 31, 2020 was \$1,004,982.

- ***Reserve for Debt***

This reserve is used to account for proceeds from the prior years' additional sales tax collected for the debt of Rome Hospital prior to privatization, earnings on outstanding obligations, and remaining bond proceeds not to be utilized for the intended purpose. These monies must be used to pay the debt service of the obligations from and for which they originated. This reserve is accounted for in the respective funds.

- ***Reserve for 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 is 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. The reserve is accounted for in the General and Water Funds.

Unrestricted Resources

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

- ***Committed*** - Includes amounts that can only 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 Common Council. The City has no committed fund balances as of December 31, 2020.

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

- **Assigned** – Includes amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board or (b) the designated official, such as the City’s Purchasing Agent, to which the Board has delegated the authority to assign amounts to be used for specific purposes. All encumbrances, other than in the Capital Fund, are classified as Assigned Fund Balance in the applicable fund. The amount appropriated for the subsequent year’s budget of the General fund is also classified as Assigned Fund Balance in the General Fund.
- **Unassigned** – Includes all other fund net position that do not meet the definition of the above classifications and are deemed to be available for general use by the City. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund.

Leave, Sick Leave, and Compensated Absences

City employees are granted vacation and sick leave and earn compensated absences in varying amounts and determined by negotiated contracts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation leave, sick leave, and unused compensated absences at various rates subject to certain maximum limitations.

For the government-wide financial statements and proprietary funds, it is the City’s policy to accrue all costs associated with earned, but not yet paid, compensated absences of all employees involved in the operations of the City’s reporting entity. Government funds record an expenditure when paid. (See Note 2, page 51 for the amount of liability).

Other Benefits

Employees participate in the New York State Employees’ Retirement System and the New York State and Local Police and Fire Retirement System.

In addition to providing pension benefits, the City provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the City’s employees may become eligible for these benefits if they reach normal retirement age while working for the City. Currently, 349 retirees meet those eligibility requirements. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The retired employee reimburses the City monthly for the amount needed to make the above percentages equal to 100%. The percentage reimbursed varies on the type of employee and type of coverage.

Statements of Cash Flows – Cash Equivalents

For purposes of the Statements of Cash Flows, the City considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents include all unrestricted as well as restricted assets with the exception of those held by trustees.

Capital Assets/Property, Plant, and Equipment

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|----------------------------|-------------|
| Buildings and Improvements | 40 Years |
| Machinery and Equipment | 3-15 Years |
| Infrastructure | 20-50 Years |

Deferred Revenues/Grants

The City follows the policy that if an expenditure of funds is the prime factor for determining the release of grant funds, revenues are recognized at the time of the expenditure. If release of grant funds is not contingent upon expenditure of funds, revenues are recorded when received or when the grant becomes an obligation of the grantor.

Insurance

The City is self-insured for health insurance and general liability except for certain property damage. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

Allowance for Uncollectible Accounts Receivable

The City has established allowances for certain uncollectible receivables. At December 31, 2020 an allowance of \$967,757 for uncollectible real property taxes has been established in the General Fund based on past experience. In addition, the City's Community Development Block Grant Loan Program has an established allowance of \$720,860. All other receivables have been deemed fully collectible.

Although receivables in the proprietary funds are guaranteed and enforced by the General Fund, an allowance of \$87,483 has been established.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Differences between Statement of Revenues, Expenses, and Changes in Net position – Proprietary Funds and Statement of Activities

| | |
|-----------------------------------|----------------------|
| Total Operating Expense (page 26) | \$ 15,426,728 |
| Internal Service-Central | |
| Maintenance | <u>(12,976)</u> |
| Total Expense (page 18) | <u>\$ 15,413,752</u> |

Adopted Changes in Accounting Standards

GASB Statement No. 84 – Fiduciary Activities was implemented effective January 1, 2020. The City previously accounted for payroll withholdings and related items, and other items in a Trust and Agency Fund. These items are now required to be reported in the governmental funds. In addition, certain donations and grants were accounted for in an Expendable Trust Fund. Due to the City's administrative involvement over these fund, the new standard requires these funds to also be accounted for in the governmental funds. The City also uses the Custodial Fund to account for the real property taxes collected for the Rome City School District and the County of Oneida.

Future Changes in Accounting Standards

- GASB Statement No. 87 – Leases Effective for the year ended December 31, 2022

The City will evaluate the impact of this pronouncement may have on its financial statements and will implement it as applicable and when material.

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

2. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

Assets

(a) *Cash and Cash Equivalents*

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

Collateral is required for applicable deposits not covered by FDIC coverage. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities.

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 must have a market value of at least 105 percent of the cost of the repurchase agreement.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. While the City does not have a specific policy for custodial credit risk, New York State statutes govern the City's investment policies, as discussed previously in these Notes.

As of December 31, 2020, the City's bank balances of \$32,350,067 were not exposed to custodial credit risk because the deposits were fully covered by FDIC coverage and pledged collateral held in a trust department in an account in the City's name.

(b) *General Fund – Aggregated Accounts*

The General Fund's balance sheet includes asset accounts that have been aggregated for financial statement presentation purposes. The following is a detail of the significant aggregations at December 31, 2020:

| <u>Description</u> | <u>Amount</u> |
|---------------------------------------|---------------------|
| Due from Other Governments | |
| Oneida County | \$ 1,358,678 |
| New York State Sales Tax | 938,595 |
| New York State - CHIPS | 487,323 |
| New York State – Arterial Maintenance | 94,772 |
| New York State – AIM | 1,816,668 |
| Solar Power Credits | 23,607 |
| Federal CDBG | 213,664 |
| Miscellaneous | 24,170 |
| Total Due from Other Governments | <u>\$ 4,957,477</u> |

(c) *Loans Receivable - REAP*

The Rome Entrepreneur Assistance Program (REAP) provides loans to small businesses to develop innovative products and services, and create jobs. The program is funded through the City's Federal Community Development Block Grant. The various loans awarded range from \$10,000 to \$300,000. The loans are to be repaid in monthly installments over 5 years at an interest rate of prime less 1% and prime plus 1%. Two loans for a total of \$279,500 are payable in full in 2025 at 0% interest. The prime rate at December 31, 2020 and 2019 was 5.5% and 4.5%. The total of all loans at December 31, 2020 were \$720,860. With the exception of the loans maturing in 2025, all loans are past due. For all loans, the City has established an allowance for doubtful accounts aggregating to \$720,860.

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

(d) Property Taxes and Collection

Property taxes are levied on January 1 and may be paid in two installments (without discount or penalty), one-half to be paid on or before April 30; and the second half on or before October 31. If the total amount is paid on or before April 30, 1% may be deducted. If neither of the above options are complied with, then a penalty of 2% for the first month will be added on the amount, and 1% per month additional penalty after the first month will be added through the date of payment. The City enforces all delinquent taxes. The City is also responsible for collecting and guaranteeing school taxes due to the Rome City School District for properties within the City.

The recognition of revenue from real property taxes is considered available to finance current operations if collected within 60 days after the end of the year. The net receivables collected during the 2020 fiscal year and within the first sixty days of the subsequent fiscal year are recognized as revenues at year end.

Uncollected property taxes for the School District are turned over to the City for enforcement on June 1. The City has two years to collect the delinquent taxes and remit to the School District. After two years have passed, the City assumes the remaining delinquent taxes and remits the unpaid amount to the School District.

The assessed valuation of taxable real estate, as established by the City Assessor's Office, upon which the 2020 levy was based, was \$836,922,582. The tax levy is limited to 2% of the five-year average of the above valuation by the New York State Constitution.

Assessment receivables due to governmental spending funds are reported on their balance sheets, in spite of their measurement focus. Recognition of governmental fund type revenues represented by these receivables are deferred until the funds are received.

Assessment receivables due to Proprietary Fund Types are recognized as revenues when earned.

Water Fund revenues are based upon quarterly meter readings and cyclical billings to customers. Unreceived billings at year end are accrued and reported in the financial statements.

(e) Sales Tax

The Sales tax in the City is 8.75% at December 31, 2020. The collections are split between the municipalities as follows:

| | |
|----------------|--------------|
| New York State | 4.00% |
| Oneida County | 2.75% |
| City of Rome | <u>2.00%</u> |
| | <u>8.75%</u> |

The City receives its 1.5% sales tax payments from the State on a bi-monthly basis and .5% from Oneida County on a quarterly basis. Effective September 1992 the County imposed a 1% increase from 7% to 8% in sales tax. Pursuant to State statute and Resolution of the Oneida County Board of Legislators, of all sales generated within The City of Rome, the additional 1% Sales tax increase will be split between the County and the City. In addition, the County imposed an additional 1% to cover its Medicaid costs. On November 30, 2007, 3% of the additional Sales tax was decreased to 2.75%. This resulted in an overall Sales tax rate of 8.75%.

The General Fund's nonproperty tax item mainly consists of sales tax revenues which are recorded on an accrual basis to the extent that such accrued amounts were received by New York State and Oneida County (the intermediary governments) from vendors through December 31. The City also accrues its portion of such revenue attributable to the current year but remitted to the State (and ultimately the County) in the subsequent year.

The General Fund's nonproperty tax item, recognized as revenue during the year ended December 31, 2020, consists mainly of \$10,393,365 in Sales tax. This amount included a receivable of \$1,579,672 in Sales tax from the State of New York and the County of Oneida. Of this amount, \$551,378 was not within 60 days after the City's fiscal year, relating to vendor sales which occurred during the 2020 year. As such, the amount will be recognized in the subsequent year, when available.

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

(f) Property Tax Abatements

The City is subject to property tax abatement programs entered into by the Oneida County Industrial Development Agency (OCIDA). These programs have the stated purpose of increasing economic development and employment in the region. Economic development agreements are entered into by the OCIDA include property tax abatements for any increased assessment value of incentivized projects from the investment of private capital. The abatement agreements include a stipulated reduction pursuant to the limits set forth in State statute and rules. In the future, these abatements will decrease periodically until the project is taxed at the full assessed value. The City property tax revenue was reduced by \$1,341,416 for these abatements in 2020. OCIDA paid the City \$869,036 during 2020 and had no outstanding balance at December 31, 2020.

In addition, the City negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with the following entities as of December 31, 2020:

| <u>Entity</u> | <u>Purpose</u> | <u>Amount of Taxes Abated</u> | <u>Received During Year</u> |
|-----------------------------|-------------------------------|-------------------------------|-----------------------------|
| Liberty Gardens Housing Dev | To develop affordable housing | \$153,407 | \$ 17,712 |
| Park Drive II | To develop affordable housing | \$102,034 | \$ 48,204 |
| Colonial I Associates LP | To develop affordable housing | \$ 16,256 | \$ 7,979 |
| Stanwix Associates | To develop affordable housing | \$ 141,424 | \$ 71,613 |

Each agreement was negotiated under Section 125 of the Private Housing Finance Law, allowing localities to abate property taxes for which a redevelopment company housing project is to be located to enter into a contract with such redevelopment company to provide for an exemption from local and municipal taxes, other than assessment for local improvements, of all or part of the value of the property included in such project which represents an increase over the assessed valuation of the real property, both land and improvements, acquired for the project at the time of its acquisition by the redevelopment company which originally undertook the project for such definite period of years as such contract may provide.

(g) Capital Assets

- Capital asset activity for the Governmental Activities for the year ended December 31, 2020, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| Governmental Activities | | | | |
| Capital Assets Not Being Depreciated | | | | |
| Land | \$ 6,794,506 | \$ | \$ | \$ 6,794,506 |
| Construction in Progress | 17,590,307 | 5,466,123 | 3,425,995 | 19,630,435 |
| Total | 24,384,813 | 5,466,123 | 3,425,995 | 26,424,941 |
| Capital Assets Being Depreciated | | | | |
| Buildings and Improvements | 37,606,341 | 36,398 | | 37,642,739 |
| Machinery and Equipment | 14,353,711 | 1,350,688 | 803,186 | 14,901,213 |
| Infrastructure | 117,086,623 | 2,573,001 | | 119,659,624 |
| Leased Vehicles | | 616,732 | | 616,732 |
| Total | 169,046,675 | 4,576,819 | 803,186 | 172,820,308 |
| Accumulated Depreciation | | | | |
| Buildings and Improvements | 24,633,312 | 877,278 | | 25,510,590 |
| Machinery and Equipment | 9,553,449 | 1,102,399 | 808,273 | 9,847,575 |
| Infrastructure | 61,644,505 | 3,743,985 | | 65,388,490 |
| Leased Vehicles | | 68,949 | | 68,949 |
| Total | 95,831,266 | 5,792,611 | 808,273 | 100,815,604 |
| Net Capital Assets Being Depreciated | 73,215,409 | (1,215,792) | (5,087) | 72,004,704 |
| Net Capital Assets | \$ 97,600,222 | \$ 4,250,331 | \$ 3,420,908 | \$ 98,429,645 |

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

2. Capital asset activity of the Business-Type Activities for the year ended December 31, 2020, was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|-----------------------|----------------------|---------------------|-----------------------|
| Business-Type Activities | | | | |
| Capital Assets Not Being Depreciated | | | | |
| Land | \$ 190,664 | \$ | \$ | \$ 190,664 |
| Construction in Progress | 29,653,185 | 9,915,102 | 9,453,911 | 30,114,376 |
| Total | 29,843,849 | 9,915,102 | 9,453,911 | 30,305,040 |
| Capital Assets Being Depreciated | | | | |
| Buildings and Improvements | 14,288,126 | | | 14,288,126 |
| Machinery and Equipment | 5,036,692 | 736,257 | 498,966 | 5,273,983 |
| Infrastructure | 106,032,838 | 8,550,520 | | 114,583,358 |
| Leased Vehicles | | 261,444 | | 261,444 |
| Total | 125,357,656 | 9,548,221 | 498,966 | 134,406,911 |
| Accumulated Depreciation | | | | |
| Buildings and Improvements | 6,850,816 | 349,411 | | 7,200,227 |
| Machinery and Equipment | 2,814,475 | 461,185 | 501,507 | 2,774,153 |
| Infrastructure | 37,743,288 | 2,360,893 | | 40,104,181 |
| Leased Vehicles | | 22,229 | | 22,229 |
| Total | 47,408,579 | 3,193,718 | 501,507 | 50,100,790 |
| Net Capital Assets Being Depreciated | 77,949,077 | 6,354,503 | (2,541) | 84,306,121 |
| Net Capital Assets | <u>\$ 107,792,926</u> | <u>\$ 16,269,605</u> | <u>\$ 9,451,370</u> | <u>\$ 114,611,161</u> |

3. Depreciation was charged to the functions/programs as follows:

Governmental Activities

Function/Program

| | |
|---|---------------------|
| General Government Support | \$ 595,564 |
| Public Safety | 538,110 |
| Transportation | 4,264,137 |
| Culture and Recreation | 380,858 |
| Capital Assets held by the Central Maintenance Internal Service Fund are charged to various functions based on usage. | 13,942 |
| Total Governmental Depreciation | <u>\$ 5,792,611</u> |

Business-Type Activities

Function/Program

| | |
|----------------------------------|---------------------|
| Water | \$ 1,901,277 |
| Sewer | 1,121,556 |
| Refuse | 170,885 |
| Total Business-Type Depreciation | <u>\$ 3,193,718</u> |

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

Liabilities

(a) Pension Plan

- a. **Plan Descriptions** - The City of Rome participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS), and the Public Employee's 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 general purpose financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Governor Alfred E. Smith State Office Building, Albany, New York 12244.
- b. **Funding Policy** - The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of its members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. The New York State Pension System has a fiscal year end of March 31.

The City's contributions made to the Systems were equal to 100 percent of the contributions required for each year. The contribution for the March 31, 2021 billings was made in December 2020. The City prepaid 25% of this billing at December 31, 2020.

The required contributions for the current year and two preceding years were:

| | ERS | PFRS | Total |
|------|--------------|--------------|--------------|
| 2019 | \$ 1,212,335 | \$ 2,534,874 | \$ 3,747,209 |
| 2020 | \$ 1,223,397 | \$ 2,453,091 | \$ 3,676,488 |
| 2021 | \$ 1,293,339 | \$ 2,625,541 | \$ 3,918,880 |

* Net of amortization described below in Note 2(a)(c).

The City's contributions made to the Systems were equal to 100% of the contributions required for each year.

- c. Chapter 57 of the Laws of 2010 of the State of New York was enacted that allows local employers to amortize a portion of retirement bill for 10 years in accordance with the following stipulations:

For State fiscal year 2010-2011, the amount in excess of the graded rate of 9.5 percent 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 amortization was instituted.

For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.

For subsequent State fiscal years in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program. The liabilities are amortized over 10 years at an interest rate ranging from 3.00% to 3.75%. The total unpaid liability for the pension years 2012 to 2017 at December 31, 2020 was \$1,232,170 of which \$140,023 is reported in the Proprietary Funds and \$1,092,147 in the Non-Current Governmental Liabilities.

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

Annual debt service requirements to maturity for the unpaid amortized portion of the retirement bills is as follows:

| | <u>Government Activities</u> | | <u>Business-Type Activities</u> | |
|-------|------------------------------|------------------|---------------------------------|------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2021 | \$ 381,156 | \$ 36,480 | \$ 48,511 | \$ 4,547 |
| 2022 | 319,448 | 23,572 | 39,555 | 3,014 |
| 2023 | 236,448 | 13,022 | 29,079 | 1,716 |
| 2024 | 119,624 | 4,928 | 16,518 | 728 |
| 2025 | 35,471 | 1,138 | 6,360 | 204 |
| Total | <u>\$ 1,092,147</u> | <u>\$ 79,140</u> | <u>\$ 140,023</u> | <u>\$ 10,209</u> |

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

At December 31, 2020, the City reported a liability of \$24,734,109 (ERS \$8,689,078 and PFRS \$16,045,031) for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2020 and 2019, the City's proportion was 0.0328130 and 0.0327028 percent respectively for ERS and 0.300191 and 0.289192 percent respectively for PFRS.

For the year ended December 31, 2020, the City recognized pension expense of \$8,607,427 (ERS \$2,884,189 and PFRS \$5,723,238). At December 31, 2020, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

| <u>Deferred Outflows of Resources</u> | <u>ERS</u> | <u>PFRS</u> | <u>Total</u> |
|--|---------------------|----------------------|----------------------|
| Differences Between Expected and Actual Experience: | \$ 511,387 | \$ 1,068,430 | \$ 1,579,817 |
| Change of Assumptions | 174,957 | 1,371,462 | 1,546,419 |
| Net Difference Between Projected and Actual Earnings on Pensions Plan Investments | 4,454,444 | 7,225,582 | 11,680,026 |
| Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | 25,424 | 284,253 | 309,677 |
| Contributions Subsequent to the Measurement Date | <u>1,288,477</u> | <u>2,839,562</u> | <u>4,128,039</u> |
| Total | <u>\$ 6,454,689</u> | <u>\$ 12,789,289</u> | <u>\$ 19,243,978</u> |
| <u>Deferred Inflows of Resources</u> | <u>ERS</u> | <u>PFRS</u> | <u>Total</u> |
| Differences Between Expected and Actual Experience: | \$ | \$ 268,752 | \$ 268,752 |
| Change of Assumptions | 151,072 | | 151,072 |
| Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | <u>159,008</u> | <u>228,647</u> | <u>387,655</u> |
| Total | <u>\$ 310,080</u> | <u>\$ 497,399</u> | <u>\$ 807,479</u> |

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

| <u>Year Ended June 30,</u> | <u>ERS</u> | <u>PFRS</u> | <u>Total</u> |
|----------------------------|--------------|--------------|--------------|
| 2021 | \$ 771,731 | \$ 2,041,668 | \$ 2,813,399 |
| 2022 | \$ 1,209,599 | \$ 2,248,639 | \$ 3,458,238 |
| 2023 | \$ 1,590,541 | \$ 2,761,117 | \$ 4,351,658 |
| 2024 | \$ 1,284,261 | \$ 2,290,831 | \$ 3,575,092 |
| 2025 | \$ | \$ 110,073 | \$ 110,073 |

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

e. Actuarial Assumptions

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

Significant actuarial assumptions used in the April 1, 2019 valuation were as follows:

| | |
|--|---|
| Actuarial Cost Measure | Entry Age Normal |
| Inflation | 2.50% |
| Investment Rate of Return (Net of Investment Expense, including Inflation) | 6.80% |
| Cost of Living Adjustments | 1.3 % Annually |
| Salary Scale | 4.2% ERS/5.0% PFRS |
| Decrement Tables | April 1, 2010 - March 31, 2015 System's Experience |
| Mortality Improvement | Society of Actuaries Scale MP-2018 |

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized below.

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------------|----------------------|--|
| Domestic Equity | 36.00% | 4.05% |
| International Equity | 14.00% | 6.15% |
| Private Equity | 10.00% | 6.75% |
| Real Estate | 10.00% | 4.95% |
| Absolute Return Strategies | 2.00% | 3.25% |
| Opportunistic Portfolio | 3.00% | 4.65% |
| Real Assets | 3.00% | 5.95% |
| Bonds and Mortgages | 17.00% | 0.75% |
| Cash | 1.00% | 0.00% |
| Inflation-Indexed Bonds | 4.00% | 0.50% |
| | <u>100.00%</u> | |

f. Discount Rate

The discount rate used to calculate the total pension asset/liability was 6.8%. 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 System'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 asset/liability.

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
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g. 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 6.8 percent, 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-percentage point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease (5.8%) | Current Assumption (6.8%) | 1% Increase (7.8%) |
|---|--------------------------|---------------------------------|--------------------------|
| Proportionate Share of the Net Pension Liability | | | |
| ERS | \$ 15,946,911 | \$ 8,689,078 | \$ 2,004,583 |
| PFRS | \$ 28,688,842 | \$ 16,045,031 | \$ 4,722,212 |

h. Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued System financial report that can be accessed on the Comptroller's website at www.osc.state.ny.us/pension/cafr.htm.

(b) Postretirement Health Care Benefits

(a) Plan Description

City of Rome (the City) administers the City of Rome Retiree Medical Plan (the Plan) as a single-employer defined benefit plan. The Plan provides for continuation of medical and life insurance benefits for certain retirees and their spouses and can be amended by action of the City subject to applicable collective bargaining and employment agreements as follows:

- **AFSCME Local 1088, Council 66** - Members are eligible in accordance with the New York State Employees' Retirement System (NYSERS). Member must be at least 55 years old with at least 20 years of service, or must have an approved disability. For medical, hospitalization, vision, and dental, the City will pay 100% for members hired before January 1, 1985, and 75% for those hired after that date. Surviving spouses and retiree dependents are required to pay 100% of the costs.

The City also pays 50% of the cost of coverage for retiree (\$6,000), with coverage of \$3,000 for spouse for members retired on or after January 1, 1984.

- **Rome Phillip S. McDonald Police Benevolent Association, Inc.** - Members are eligible in accordance with the New York State Police and Fire Retirement System (NYSPFRS). Member must have at least 20 years of service, or must have an approved disability. For medical, hospitalization, vision, and dental, the City will pay 100% for members hired before January 1, 1986, and 75% for those hired after that date. For retirees hired after January 1, 2007, the City pays 75% of the cost for medical coverage under the City "PPO Plan". Additionally, for any full-time officer employed as of July 31, 2004 who retires with at least 20 years of service, the City pays 100% of the cost of coverage until age 65, and 75% of the cost thereafter. If the retiree dies before age 65, the City pays 100% of the coverage of the surviving spouse and dependents. Surviving spouses and retiree dependents are required to pay 100% of the costs when the retiree would have reached age 65.

The City also pays 50% of the cost of coverage for retiree (\$4,000), with coverage of \$2,000 for spouse.

- **Rome Professional Firefighters Association Local #694 AFL-CIO** - Members are eligible in accordance with the NYSPFRS. Member must be at least 55 years old with at least 20 years of service, or must have an approved disability. For medical, hospitalization, vision, and dental, the City will pay 100% for members hired before January 1, 1985, and 75% for those hired after that date. Surviving spouses and retiree dependents are required to pay 100% of the costs.

The City also pays 50% of the cost of coverage for retiree (\$4,000), with coverage of \$2,000 for spouse.

- **The City of Rome Unit Civil Service Employees Association, Inc.** - Members are eligible in accordance with the NYSERS. Member must be at least 55 years old with at least 20 years of service, or must have an approved disability. For medical, hospitalization, vision, and dental, the City will pay 100% for members hired before January 1, 1985, and 75% for those hired after that date. Surviving spouses and retiree dependents are required to pay 100% of the costs.

CITY OF ROME, NEW YORK
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For the Year Ended December 31, 2020

The City also pays 50% of the cost of coverage for retiree (\$4,000), with coverage of \$2,000 for spouse.

For all retirees, medical benefits coordinate with Medicare primary and the City Plan secondary for retirees eligible for Medicare. Medicare eligible retirees and dependents are required to enroll in Medicare Part B. The City does not reimburse Medicare eligible retirees and dependents for the Medicare Part B premium. The City does receive a subsidy from Medicare for providing prescription drug coverage to Medicare eligible retirees and dependents. The Medicare Part D subsidy is not considered in this valuation.

The Plan does not issue a stand alone publicly available financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

(b) Funding Policy

The obligations of the Plan members and the City are established by action of the City pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. For the year ended December 31, 2020, the City's Plan contributions ranged from 75% to 100% of the cost of coverage. The employer currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you go basis. The costs of administering the Plan are paid by the City.

(c) Employees covered by benefit terms

| | Governmental | Enterprise | Total |
|---|--------------|------------|-------|
| Inactive employees currently receiving benefit payments | 319 | 30 | 349 |
| Active employees | 223 | 37 | 260 |
| Total | 542 | 67 | 609 |

(d) Components of the OPEB liability

| | Governmental | Enterprise | Total |
|--|---------------|--------------|----------------|
| Balances, 12/31/19 | \$ 89,736,528 | \$ 8,588,059 | \$ 98,324,587 |
| Changes recongnized for the year: | | | |
| Service cost | 1,222,581 | 135,596 | 1,358,177 |
| Interest on Total OPEB Liability | 2,451,226 | 235,694 | 2,686,920 |
| Changes in assumptions or other inputs | 7,722,967 | 765,696 | 8,488,663 |
| Benefit payments | (3,366,690) | (282,407) | (3,649,097) |
| Net changes | 8,030,084 | 854,579 | 8,884,663 |
| Balances, 12/31/20 | \$ 97,766,612 | \$ 9,442,638 | \$ 107,209,250 |

(e) Sensitivity of the OPEB Liability to changes in the discount rate

| | 1% Decrease (1.15%) | Current Assumption (2.15%) | 1% Increase (3.15%) |
|----------------------|---------------------------|----------------------------------|---------------------------|
| Total OPEB liability | | | |
| Governmental | \$ 115,433,036 | \$ 97,766,612 | \$ 83,930,911 |
| Enterprise | \$ 11,181,996 | \$ 9,442,638 | \$ 8,080,579 |

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

(f) Sensitivity of the total OPEB liability to changes in the healthcare trend rate

| | 1% Decrease (6.00% to 3.75%) | Current Assumption (7.00% to 4.75%) | 1% Increase (8.00% to 5.75%) |
|----------------------|------------------------------------|---|------------------------------------|
| Total OPEB liability | | | |
| Governmental | \$ 83,031,001 | \$ 97,766,612 | \$ 116,669,328 |
| Enterprise | \$ 8,012,992 | \$ 9,442,638 | \$ 11,261,517 |

*(g) OPEB expense and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB*

| | Governmental | | Enterprise | |
|--|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ | \$ 1,061,569 | \$ | \$ 4,204 |
| Changes of assumptions or other inputs | 8,051,065 | | 855,188 | |
| Total | \$ 8,051,065 | \$ 1,061,569 | \$ 855,188 | \$ 4,204 |

(h) Projected Recognition of Deferred Outflows and Inflows of Resources

| Year ended December 31: | Governmental | Enterprise |
|-------------------------|--------------|------------|
| 2021 | \$ 6,989,496 | \$ 850,984 |

(i) Actuarial Assumptions

| | |
|-----------------------------|--|
| Valuation Date | January 1, 2020 |
| Measurement Date | December 31, 2020 |
| Reporting Date | December 31, 2020 |
| Actuarial Cost Method | Entry Age Normal Cost |
| Plan Type | Single Employer Defined Benefit Plan |
| Inflation rate | 2.00% |
| Healthcare Cost Trend Rates | 7.00% to 4.75% |
| Discount Rate | 2.15% based on "The Bond Buyer 20-Bond GO Index" as December 31, 2020 (2019 rate was 2.75%) |
| Pre-Retirement | U.S. Public Pension Plan Mortality (2010) Headcount-Weighted Healthy Employee Male / Female Mortality Projected with Scale MP-2020. |
| Post-Retirement | U.S. Public Pension Plan Mortality (2010) Headcount-Weighted Healthy Annuitant Male / Female Mortality Projected with Scale MP-2020. |
| Disability | U.S. Public Pension Plan Mortality (2010) Headcount-Weighted Disabled Retiree Male / Female Mortality Projected with Scale MP-2020. |

The amounts above include the City's health insurance coverage to the former Rome Memorial Hospital employees who retired on or before December 31, 1994. The City assumed this liability when the hospital converted to a separate not-for-profit entity. The City recognizes the cost of providing benefits by recording its share of insurance premiums and actual major medical claims paid. The City paid approximately \$104,183 for 41 recipients, including spouses, for the year ended December 31, 2020.

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

(c) Short-Term Debt

The City may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

The following is a summary of the BAN's outstanding at December 31, 2020:

| <u>Payable From/Description</u> | <u>Date of Original Issue</u> | <u>Original Amount</u> | <u>Date of Final Maturity</u> | <u>Interest Rate (%)</u> | <u>Outstanding Amount</u> |
|---------------------------------|---------------------------------------|----------------------------|---------------------------------------|------------------------------|-------------------------------|
| Governmental | | | | | |
| General Fund | 6/16/2020 | \$ 5,045,879 | 6/16/2021 | 2.00% | <u>\$ 5,045,879</u> |
| Enterprise | | | | | |
| Sewer | 6/16/2020 | \$ 963,300 | 6/16/2021 | 2.00% | 963,000 |
| Refuse | 6/16/2020 | \$ 95,366 | 6/16/2021 | 2.00% | <u>95,366</u> |
| Total Enterprise Funds | | | | | <u>\$ 1,058,366</u> |

The following is a summary of the BAN interest expense for the year ended December 31, 2020:

| | <u>Business-Type Activities</u> | | | | |
|--|---------------------------------|-------------------|------------------|-----------------|-------------------|
| | <u>Enterprise Funds</u> | | | | <u>Total</u> |
| | <u>General</u> | <u>Water</u> | <u>Sewer</u> | <u>Refuse</u> | |
| Interest Paid | \$ 58,355 | \$ 193,586 | \$ 6,642 | \$ 1,600 | \$ 201,828 |
| Less: Interest Accrued in the Prior Year | (24,781) | (78,637) | (2,677) | (679) | (81,993) |
| Plus: Interest Accrued in the Current Year | <u>54,744</u> | <u>10,451</u> | <u>1,035</u> | <u>11,486</u> | |
| Total Interest Expense on Short-Term Debt | <u>\$ 88,318</u> | <u>\$ 114,949</u> | <u>\$ 14,416</u> | <u>\$ 1,956</u> | <u>\$ 131,321</u> |

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

Changes in the City's short-term outstanding debt for the year ended December 31, 2020, are as follows:

| Description | Outstanding Beginning Balance | Issued | Refinanced | Paid | Outstanding Ending Balance |
|--|-------------------------------------|--------------------|---------------------|-------------------|----------------------------------|
| Governmental Activities | | | | | |
| Riverwalk Park | \$ 526,295 | \$ | \$ | \$ 93,348 | \$ 432,947 |
| 2016 Road Reconstruction | 421,600 | | | 51,781 | 369,819 |
| Rome City Hall Façade Repairs | 32,540 | | | 2,951 | 29,589 |
| Various Vehicles and Equipment | 39,313 | | | 9,121 | 30,192 |
| Central Fire Station Reconstruction | 60,000 | | | 2,781 | 57,219 |
| 2019 Road Reconstruction | 2,198,491 | | | 174,790 | 2,023,701 |
| Bridge Rehabilitations | 268,932 | | | 8,133 | 260,799 |
| Various Building Improvements | 100,000 | 9,120 | | 5,704 | 103,416 |
| Salt/Sand Storage Barn | | 260,000 | | | 260,000 |
| 2020 Road Reconstruction | | 1,428,197 | | | 1,428,197 |
| SWAT Deployment Vehicle | | 50,000 | | | 50,000 |
| Total Governmental | <u>3,647,171</u> | <u>1,747,317</u> | | <u>348,609</u> | <u>5,045,879</u> |
| Business-Type Activities | | | | | |
| 2 replacement Wells at Landfill | 100,000 | | | 4,634 | 95,366 |
| Griffo Water Improvements | 3,200,000 | | 3,110,000 | 90,000 | |
| Various Equipment and Vehicles for Sewer Improvements to City Sewer System | 393,979 | | 387,657 | 6,322 | |
| | | <u>963,000</u> | | | <u>963,000</u> |
| Total Business-Type Activities | <u>3,693,979</u> | <u>963,000</u> | <u>3,497,657</u> | <u>100,956</u> | <u>1,058,366</u> |
| Total Bond Anticipation Note | <u>\$ 7,341,150</u> | <u>\$2,710,317</u> | <u>\$ 3,497,657</u> | <u>\$ 449,565</u> | <u>\$ 6,104,245</u> |

Environmental Facilities Corporation-Short Term Notes –

The City has entered into loan agreements with the NYS Environmental Facilities Corporation (EFC). The EFC is the registered owner of the bond anticipation notes. The interest free "hardship" loans are subsidized by the NYS EFC. The following is a summary of the projects with outstanding debt:

| Payable From/Description | Date of Original Issue | Original Amount | Date of Final Maturity | Interest Rate (%) | Outstanding Amount |
|---|------------------------------|--------------------|------------------------------|----------------------|-----------------------|
| Enterprise | | | | | |
| Sewer | | | | | |
| Upgrades to Solids Handling Sewer plant Wastewater Disinfection Facility and Erie Blvd Sewer Repair | 6/14/2018 | \$ 4,527,200 | 6/14/2023 | 0.00% | 4,116,927 |
| Anaerobic Digester Improvements | 6/14/2018 | \$ 2,812,500 | 6/14/2023 | 0.00% | 2,756,250 |
| Anaerobic Digester Improvements | 8/8/2019 | \$ 2,160,300 | 8/8/2024 | 0.00% | 2,160,300 |
| Anaerobic Digester Improvements | 8/8/2019 | \$ 6,839,700 | 8/8/2024 | 1.41% | 141,470 |
| Total Sewer | | | | | <u>9,174,947</u> |
| Total Enterprise Funds | | | | | <u>\$ 9,174,947</u> |

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

Changes in the City's short-term outstanding NYS EFC debt for the year ended December 31, 2020, are as follows:

| Description | Outstanding Beginning Balance | Issued | Refinanced | Paid | Outstanding Ending Balance |
|---|-------------------------------------|--------------|--------------|--------------|----------------------------------|
| Enterprise | | | | | |
| Water | | | | | |
| Ultra Violet Water Filtration | \$ 2,921,097 | \$ | \$ 2,862,822 | \$ 58,275 | \$ |
| Ultra Violet Water Filtration | 4,943,145 | 252,170 | 5,096,089 | 99,226 | |
| Total Water | 7,864,242 | 252,170 | 7,958,911 | 157,501 | |
| Sewer | | | | | |
| Upgrades to Solids Handling Sewer plant | 3,487,893 | 754,034 | | 125,000 | 4,116,927 |
| Wastewater Disinfection Facility and Erie | | | | | |
| Blvd Sewer Repair | 2,756,250 | | | | 2,756,250 |
| Anaerobic Digester Improvements | | 2,301,770 | | | 2,301,770 |
| Total Sewer | 6,244,143 | 3,055,804 | 125,000 | 9,299,947 | 9,174,947 |
| Total Enterprise Funds | \$ 14,108,385 | \$ 3,307,974 | \$ 8,083,911 | \$ 9,457,448 | \$ 9,174,947 |

(d) Long-Term Debt

- a. **Debt Limit** – At December 31, 2020, \$22,017,908 of the City's serial bonds and bond anticipation notes were subject to the constitutional debt limit and represented approximately 27.4% of its statutory debt limit.
- b. The following is a summary of the long-term debt activity for the year:

| Description | Outstanding Beginning Balance | Issued | Paid/ Amortized | Outstanding Ending Balance | Due Within One Year |
|--------------------------------------|----------------------------------|---------------|--------------------|-------------------------------|------------------------|
| Governmental Activities | | | | | |
| Bonds Payable | \$ 23,451,964 | \$ 722,838 | \$ 3,568,650 | \$ 20,606,152 | \$ 3,532,230 |
| Unamortized Premiums on Bonds | 895,161 | 2,963 | 146,244 | 751,880 | 140,096 |
| Capital Lease Notes | 553,070 | 616,732 | 221,383 | 948,419 | 269,859 |
| Total Bonds and Notes Payable | 24,900,195 | 1,342,533 | 3,936,277 | 22,306,451 | 3,942,185 |
| OPEB Liability | 89,736,528 | 11,396,774 | 3,366,690 | 97,766,612 | |
| Due to NYS ERS | 1,460,822 | | 368,675 | 1,092,147 | 381,156 |
| Workers' Compensation Claims Payable | 2,101,981 | 71,178 | 357,846 | 1,815,313 | |
| Compensated Absences | 392,686 | 53,429 | | 446,115 | |
| Total Governmental Activities | \$ 118,592,212 | \$ 12,863,914 | \$ 8,029,488 | \$ 123,426,638 | \$ 4,323,341 |
| Business-Type Activities | | | | | |
| Bonds Payable | \$ 26,600,432 | \$ 11,831,403 | \$ 1,383,746 | \$ 37,048,089 | \$ 1,770,735 |
| Unamortized Premiums on Bonds | 454,613 | 14,982 | 62,727 | 406,868 | 63,725 |
| Capital Lease Notes | 2,199,126 | 261,445 | 572,389 | 1,888,182 | 584,961 |
| Total Bonds and Notes Payable | 29,254,171 | 12,107,830 | 2,018,862 | 39,343,139 | 2,419,421 |
| OPEB Liability | 8,588,059 | 1,136,986 | 282,407 | 9,442,638 | |
| Due to NYS ERS | 182,794 | | 42,771 | 140,023 | 48,511 |
| Workers' Compensation Claims Payable | 1,065,836 | 131,715 | 349,136 | 848,415 | |
| Due to NYPA | 18 | | | 18 | |
| Compensated Absences | 95,130 | 9,533 | | 104,663 | |
| Total Business Type Activities | \$ 39,186,008 | \$ 13,386,064 | \$ 2,693,176 | \$ 49,878,896 | \$ 2,467,932 |

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

- c. **General Obligation Bonds** – The City borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. General obligation bonds have been issued for both governmental and business-type activities.

Annual debt service requirements to maturity for general obligation debt are as follows:

| | <u>Government Activities</u> | | <u>Business-Type Activities</u> | |
|--------------|------------------------------|---------------------|---------------------------------|----------------------|
| | Principal | Interest | Principal | Interest |
| 2021 | \$ 3,532,230 | \$ 641,571 | \$ 1,770,735 | \$ 982,008 |
| 2022 | 1,913,735 | 541,483 | 1,612,541 | 931,849 |
| 2023 | 1,970,369 | 484,379 | 1,649,631 | 900,441 |
| 2024 | 2,033,334 | 417,974 | 1,676,666 | 866,733 |
| 2025 | 2,109,085 | 348,883 | 1,720,915 | 831,458 |
| 2026-2030 | 6,650,269 | 818,545 | 7,354,731 | 3,663,073 |
| 2031-2035 | 2,397,130 | 191,188 | 6,957,870 | 2,753,948 |
| 2036-2040 | | | 5,770,000 | 1,848,798 |
| 2042-2045 | | | 6,115,000 | 907,740 |
| 2046-2050 | | | 2,420,000 | 133,199 |
| Total | \$ 20,606,152 | \$ 3,444,023 | \$ 37,048,089 | \$ 13,819,247 |

- d. **Serial Bond Schedule** - The following is a schedule of the serial bonds outstanding at December 31, 2020:

| | Date Issued | Date of Maturity | Interest Rate % | Outstanding Balance 1/1/2020 | New Bonds Issued | Paid in 2020 | Outstanding Balance 12/31/2020 |
|--|-------------|------------------|-----------------|------------------------------|----------------------|---------------------|--------------------------------|
| General Fund | | | | | | | |
| Public Improvement - Refunded '03 and '04 | 07/12 | 01/21 | 2.0-3.375 | \$ 2,049,870 | \$ | \$ 1,014,370 | \$ 1,035,500 |
| Public Improvement - Refinance of 2006 & 2005 | 4/15 | 12/25 | 3.0-4.0 | 1,580,758 | | 865,870 | 714,888 |
| Public Improvement - Refinance of 2011 (Series 2015 B) | 10/15 | 8/27 | 2.0-5.0 | 6,272,622 | | 675,171 | 5,597,451 |
| Public Improvement - 2015 | 9/15 | 9/34 | 2.0-3.25 | 6,868,360 | | 365,770 | 6,502,590 |
| Public Improvement - 2019A | 6/19 | 5/27 | 2.0 | 4,353,266 | | 471,266 | 3,882,000 |
| Public Improvement - 2019B | 8/19 | 6/30 | 2.0 | 2,327,088 | | 176,203 | 2,150,885 |
| Public Improvement - 2020 | 1/20 | 5/43 | 2.25-2.625 | | 722,838 | | 722,838 |
| Total General Fund | | | | \$ 23,451,964 | \$ 722,838 | \$ 3,568,650 | \$ 20,606,152 |
| Enterprise Funds | | | | | | | |
| Water Fund | | | | | | | |
| Public Improvement - Refunded '03 and '04 | 07/12 | 01/21 | 2.0 to 4.0 | \$ 234,266 | \$ | \$ 115,945 | \$ 118,321 |
| Public Improvement - Refinance of 2006 & 2005 | 4/15 | 12/25 | 3.0-4.0 | 1,200,648 | | 189,918 | 1,010,730 |
| Public Improvement - Refinance of 2011 (Series 2015 B) | 10/15 | 8/27 | 2.0-5.0 | 497,471 | | 53,542 | 443,929 |
| Public Improvement - 2015 | 9/15 | 9/34 | 2.0-3.25 | 792,830 | | 42,230 | 750,600 |
| NYS Environmental Facilities Corporation-2016B | 9/16 | 8/46 | .061-3.35 | 17,420,000 | | 495,000 | 16,925,000 |
| Public Improvement - 2019A | 6/19 | 5/27 | 2.0 | 210,445 | | 22,445 | 188,000 |
| Public Improvement - 2019B | 8/19 | 6/30 | 2.0 | 588,689 | | 44,574 | 544,115 |
| Public Improvement - 2020 | 1/20 | 5/43 | 2.25-2.625 | | 3,267,470 | | 3,267,470 |
| NYS Environmental Facilities Corporation - 2020 B | 12/20 | 12/50 | 0.25-2.937 | | 8,176,276 | | 8,176,276 |
| Total Water Fund | | | | 20,944,349 | 11,443,746 | 963,654 | 31,424,441 |
| Sewer Fund | | | | | | | |
| Public Improvement - Refunded '03 and '04 | 07/12 | 01/21 | 2.0 to 4.0 | 160,864 | | 79,685 | 81,179 |
| Public Improvement - Refinance of 2006 & 2005 | 4/15 | 12/25 | 3.0-4.0 | 8,594 | | 4,212 | 4,382 |
| Public Improvement - Refinance of 2011 | 10/15 | 8/27 | 2.0-5.0 | 104,907 | | 11,287 | 93,620 |
| EFC NYS Environmental 2015 Refinance of 2005B | 10/15 | 4/34 | 3.5-4.1 | 2,285,000 | | 125,000 | 2,160,000 |
| Public Improvement - 2015 | 9/15 | 9/34 | 2.0-3.25 | 2,478,810 | | 132,000 | 2,346,810 |
| Public Improvement - 2019A | 6/19 | 5/27 | 2.0 | 256,367 | | 27,367 | 229,000 |
| Public Improvement - 2020 | 1/20 | 5/43 | 2.25-2.625 | | 387,657 | | 387,657 |
| Total Sewer Fund | | | | 5,294,542 | 387,657 | 379,551 | 5,302,648 |
| Refuse District Fund | | | | | | | |
| Public Improvement - 2019A | 6/19 | 5/27 | 2.0 | 361,541 | | 40,541 | 321,000 |
| Total Enterprise Fund | | | | \$ 26,600,432 | \$ 11,831,403 | \$ 1,383,746 | \$ 37,048,089 |

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

Advance Refunding-Remaining Principal on Bonds Refinanced

In the current year and prior years, the City defeased serial bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities are not included in the City's financial statements.

The following outstanding bonds at December 31, 2020, are considered defeased:

| Description | Governmental | Enterprise |
|-------------|---------------------|---------------------|
| 2003 | \$ 441,096 | \$ 110,616 |
| 2004 | 618,658 | 71,342 |
| 2005 | 85,000 | 1,090,000 |
| 2005 EFC | | 2,160,000 |
| 2006 | 655,562 | 4,438 |
| 2011 | 5,238,742 | 1,261,258 |
| Total | <u>\$ 7,039,058</u> | <u>\$ 4,697,654</u> |

Deferred Charge on Advance Refunding

The charge on advance refundings is the difference between the acquisition price and the net carrying value of proprietary refunded debt are capitalized and amortized over the term of the respective bonds using a method, which approximates the effective interest rate. Presently, the above refunded debt had issue costs of \$1,723,032 which are being amortized over seven to thirteen years.

| | Beginning Balance | Issued | Expensed/ Redeemed | Ending Balance |
|--------------------------|----------------------|--------|-----------------------|-------------------|
| Governmental Activities | \$ 520,340 | \$ 0 | \$ 123,307 | \$ 397,033 |
| Business-Type Activities | \$ 380,314 | \$ 0 | \$ 60,900 | \$ 319,414 |

- e. **Capital Lease Payable** - The City is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the Governmental Funds and in the Proprietary Funds. Assets under capital leases for the Governmental Funds and in the Proprietary Funds totaled \$2,465,264 and \$6,988,477 at December 31, 2020, respectively. The accumulated depreciation of the Governmental Funds and in the Proprietary Funds totaled \$1,167,584 and \$2,650,167 at December 31, 2020, respectively. The terms of the leases are 5 to 15 years and have interest rates of 2.89% per annum and 4.465% per annum, respectively. During 2012, \$5,857,547 of the lease was refinanced from an interest rate of 4.72% to the current rate of 2.89%. The refinancing resulted in a payment of a prepayment penalty of \$160,875. The prepayment penalty is being amortized over the remaining life of the lease at \$13,406 per year. The total lease payments in the General Fund and Proprietary Funds for the year ended December 31, 2020, were \$268,763 and \$644,083, respectively.

The following is a schedule of future minimum lease payments under capital leases:

| | Government Activities | | Business-Type Activities | |
|-------|-----------------------|-------------------|--------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2021 | \$ 269,859 | \$ 51,532 | \$ 584,961 | \$ 63,333 |
| 2022 | 284,184 | 37,207 | 603,706 | 44,589 |
| 2023 | 217,172 | 21,327 | 614,438 | 25,182 |
| 2024 | 113,824 | 11,739 | 50,171 | 5,670 |
| 2025 | 63,380 | 3,300 | 34,906 | 1,902 |
| Total | <u>\$ 948,419</u> | <u>\$ 125,105</u> | <u>\$ 1,888,182</u> | <u>\$ 140,676</u> |

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

- f. Interest - The City's interest expense for the above obligations for 2020 is as follows:

Governmental-Type Activities

General Fund

| | |
|---------------------------------|-------------------|
| Amount Paid | \$ 939,256 |
| Prior Year Accrual | (24,781) |
| Current Year Accrual | 54,744 |
| Total General Fund | 969,219 |
| Government-Wide | |
| Change in Accrued Interest | (75,893) |
| Amortization of Premium | (146,244) |
| Amortization of Deferred Charge | 123,307 |
| Total Governmental-Type | <u>\$ 870,389</u> |
| Serial Bonds | 774,082 |
| Bond Anticipation Notes | 88,318 |
| Capital Lease | 47,379 |
| NYS Retirement | 59,440 |
| Total General Fund | 969,219 |
| Government-Wide Serial Bond | (98,830) |
| Total Governmental-Type | <u>\$ 870,389</u> |

Business-Type Activities

Enterprise Fund

| | |
|---------------------------------|-------------------|
| Amount Paid | \$ 979,708 |
| Prior Year Accrual | (349,096) |
| Current Year Accrual | 337,981 |
| Amortization of Premium | (62,727) |
| Amortization of Deferred Charge | 47,494 |
| | <u>\$ 953,360</u> |
| Serial Bonds | \$ 729,630 |
| Bond Anticipation Notes | 131,321 |
| Capital Lease | 85,100 |
| NYS Retirement | 7,309 |
| | <u>\$ 953,360</u> |

- g. Other Long-Term Liabilities - In addition to the above long-term debt, the City had the following other long-term liabilities:

1. Compensated Absences - Compensated absences represent unused vacation and compensatory time payable in the future.
2. Litigation - The City is self-insured in several areas of liability, in addition to those areas of liabilities for which insurance is not available. At December 31, 2020, the City had several outstanding tax certiorari claims in various legal stages. It is the opinion of the City's Council, the majority of the claims have a aggregate possible liability of \$0 to \$375,000.
3. Other Litigation - The City is a plaintiff in a tax certiorari case regarding the assessment by the Town of Lewis for the City's reservoir. The Court issued a decision reducing the levy by \$8,000,000 for the years ended 2012, 2013, 2014, and 2015. The Town is currently appealing the decision. If the City prevails, the Town will be required to refund the City approximately \$520,000. Since the outcome of the appeal is unknown, the City has not recorded a receivable for the potential refund.

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

(e) General Fund – Aggregated Accounts

The General Fund's balance sheet includes liability accounts that have been aggregated for financial statement presentation purposes. The following is a detail of the significant aggregations at December 31, 2020:

| <u>Description</u> | <u>Amount</u> |
|-----------------------------|-------------------|
| Accrued Liabilities | |
| Health Insurance Claims Lag | \$ 354,228 |
| Interest Accrual | 54,744 |
| Payroll Accrual | 174,194 |
| Total Accrued Liabilities | <u>\$ 583,166</u> |

3. INTERFUND TRANSACTIONS

| <u>Fund Type</u> | <u>Interfund</u> | | <u>Interfund</u> | |
|-----------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>Receivables</u> | <u>Payables</u> | <u>Revenues</u> | <u>Expenditures</u> |
| Governmental Funds | | | | |
| General | \$ 1,515,923 | \$ | \$ | \$ 1,302,061 |
| Special Aid | | 951,785 | | |
| Griffiss Park | | | | |
| Capital Fund | | 2,720,250 | 1,223,000 | 81 |
| Proprietary Funds | | | | |
| Water | 2,433,679 | 373,343 | 31,763 | |
| Sewer | 4,079,011 | 4,080,075 | 47,379 | |
| Refuse | 106,022 | | | |
| Internal Service Fund | 1,974 | 77 | | |
| Fiduciary Funds | | | | |
| Custodial Fund | | <u>11,079</u> | | |
| Total | <u>\$ 8,136,609</u> | <u>\$ 8,136,609</u> | <u>\$ 1,302,142</u> | <u>\$ 1,302,142</u> |

All interfund receivables and payables are considered current. The purpose of the above balances are to provide cash flow for various projects and to correct misclassifications. The transfer from the General Fund to the Capital Fund was to fund street improvement projects.

4. CONTINGENCIES

Potential Grantor Liability

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Litigation [See Note 2 Liabilities Long Term Debt (d) g.]

Construction Commitments

The Common Council and the Board of Estimate and Contract have authorized various projects. These projects are in various stages of completion. The unexpended amounts of the projects are the result of uncompleted contracts. The City will be obligated for the contract as the work is performed. The following is a summary of the unexpended construction commitments:

| | |
|--------------|--------------|
| Governmental | \$ 1,940,853 |
| Proprietary | \$ 8,121,792 |

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

Self Insured

The City is self-insured for health insurance and general liability. The City is covered for general liability but is liable for prior claims. For the City's health insurance plan, the City has aggregate and specific excess loss insurance. In aggregate, the City is covered up to \$1,000,000 for losses that exceed a calculated amount that cannot be less than \$7,310,633. The City also has specific excess loss insurance for each participant in excess of \$225,000 for each contract period. The City currently reports its risk management activities in the fund in which the liability is incurred. Claims expenditures/expenses and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

| | <u>Beginning of Year Liability</u> | <u>Current Year Claims and Changes on Estimates</u> | <u>Claim Payments</u> | <u>End of Year Liability</u> |
|------|--|---|---------------------------|----------------------------------|
| 2020 | \$ 689,981 | \$ 5,643,419 | \$ 5,885,762 | \$ 447,638 |
| 2019 | \$ 311,000 | \$ 6,517,742 | \$ 6,138,761 | \$ 689,981 |
| 2018 | \$ 330,000 | \$ 5,093,713 | \$ 5,112,713 | \$ 311,000 |

The liability for health insurance is recorded in the various governmental and proprietary funds as accrued liabilities.

The City is also self-insured for workers' compensation claims. The liabilities are record based on an evaluation that the claims are probable and the amount can be reasonably estimated. The estimated accrued claims payable are recorded as follows at December 31, 2020: Enterprise Funds \$848,415 and Governmental Activities \$1,815,313. The changes in the total workers' compensation liability is as follows:

| | <u>Beginning of Year Liability</u> | <u>Current Year Claims and Changes on Estimates</u> | <u>Claim Payments</u> | <u>End of Year Liability</u> |
|------|--|---|---------------------------|----------------------------------|
| 2020 | \$ 3,167,817 | \$ 202,893 | \$ 706,982 | \$ 2,663,728 |
| 2019 | \$ 4,097,855 | \$ 267,663 | \$ 1,197,701 | \$ 3,167,817 |
| 2018 | \$ 3,936,286 | \$ 1,135,355 | \$ 973,786 | \$ 4,097,855 |

Employees' Collective Bargaining Units

The City currently employs approximately 353 full-time and 69 part-time employees. Police and fire department employees and general city employees are each represented by a collective bargaining agent. Those agents which represent them and the dates of expiration of their agreements are as follows:

| <u>Number of Members</u> | <u>Labor Organization</u> | <u>Expiration Date</u> |
|------------------------------|---|------------------------|
| 73 | Civil Service Employees Association | December 31, 2022 |
| 75 | AFSCME Council #66 - Local #1088 | December 31, 2022 |
| 73 | Patrolmen Benevolent Association ("PBA") | December 31, 2022 |
| 78 | Rome Professional Fire Chiefs Association | December 31, 2022 |

5. CONSTITUTIONAL TAX LIMIT

The constitution of the State of New York limits the amount of real property taxes which may be levied by the City. Basically, the City may levy an amount of real property tax which is limited to 2% of the 5-year average full valuation of taxable real estate within the City taking into consideration any applicable exclusion. At December 31, 2020, the City utilized 36.8% of its constitutional taxing power.

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

6. REFUNDABLE GRANT AWARDS

The City awards housing improvement grants from the U.S. Department of Housing and Urban Development's Community Development Block Grant program to qualifying residents. If the property is transferred within 7 years for liens after January 1, 2008 or 10 years for liens after September 1, 2009 to another party, only the principal of the grant is to be repaid to the City. These commitments to the City are currently secured by liens against the residents' improved property. At December 31, 2020, the total liens payable to the City amounted to approximately \$1.6 million. As the City receives the funds, they are recorded as program income, and the lien is cleared. Program income must generally be used to expand the program.

These liens have not been recognized because they do not meet the availability criteria and the actual amount to be received cannot be reasonably estimated. They are recognized upon receipt in the Special Revenue Fund.

7. DEFICIT FUND BALANCES AND NET POSITION

Capital Fund

The Capital Fund had deficit fund balance at December 31, 2020, of \$6,629,114. This deficit is due to the issuance of bond anticipation notes totaling \$5,045,879 and \$2,720,250 borrowed from the General Fund. As the BAN proceeds are expended, the liability remains until permanent financing is issued or payments are made from General Fund appropriations.

Special Aid Fund

The Special Aid Fund had deficit fund balance at December 31, 2020, of \$804,465. This deficit is due receivables that are not currently available. The receivables are from expenditures for which reimbursement from grants has not been received. The deficit will be eliminated as funds are received.

Governmental Activities

The Governmental Activities had deficit net position at December 31, 2020, of \$14,371,298. The deficit is mainly due to the accrual for other post-employment benefits in the amount of \$97,766,612. Since there is presently no provision in New York State Law to fund this liability, the deficit is not expected to be eliminated.

8. BUDGET REVISIONS

During 2020, the following budget revisions were authorized for the General Fund:

Change from Adopted Budget to Final Budget

| | |
|--------------------------------|----------------------|
| Adopted Budget | \$ 45,745,259 |
| Add: Prior Year's Encumbrances | <u>425,535</u> |
| Original and Final Budget | <u>\$ 46,170,794</u> |

9. OPERATING LEASE OF PARKING GARAGE

In 2007, The City entered into an agreement to lease part of its parking garage to New York State. The garage has a cost of \$4,100,868 and a carrying amount of \$2,747,073, after depreciation. The previous lease commenced on September 1, 2001, and terminated on August 31, 2006. The lease was renewed for ten years ending on August 31, 2017. The lease is currently on a month-to-month basis. The State pays the City a fixed rent of \$328,648 per annum. If operating costs of the property exceed that of the base year, then the State is responsible for its proportionate share.

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

The City also leases non-depreciable land to various leasees. The future lease payments to the City are as follows:

| Year | Amount |
|-----------|---------------------|
| 2021 | \$ 78,038 |
| 2022 | 79,216 |
| 2023 | 80,428 |
| 2024 | 81,677 |
| 2025 | 79,173 |
| 2026-2030 | 321,779 |
| 2031-2035 | 345,623 |
| 2036-2040 | 342,969 |
| 2041-2043 | 219,073 |
| Total | <u>\$ 1,627,976</u> |

10. FUND BALANCE

(a) The following is a summary of the change in General Fund restricted reserve funds during the year ended December 31, 2020:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|-------------------------------|----------------------|-------------------|-------------------|---------------------|
| Restricted | | | | |
| General Fund | | | | |
| Liability Insurance | \$ 319,000 | \$ | \$ | \$ 319,000 |
| Capital Reserve | 1,234,141 | 26 | | 1,234,167 |
| Debt Service | 1,048,626 | 2,963 | 75,000 | 976,589 |
| Workers' Compensation | 744,241 | 100,154 | 150,000 | 694,395 |
| Total General Fund Restricted | <u>\$ 3,346,008</u> | <u>\$ 103,143</u> | <u>\$ 225,000</u> | <u>\$ 3,224,151</u> |

(b) The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet at December 31, 2020:

| | General | Special Aid | Miscellaneous Special Revenue | Capital | Total |
|---|----------------------|---------------------|----------------------------------|-----------------------|---------------------|
| Nonspendable | <u>\$ 3,145,448</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$ 3,145,448</u> |
| Restricted | | | | | |
| Liability Insurance | 319,000 | | | | 319,000 |
| Capital Reserve | 1,234,167 | | | | 1,234,167 |
| Debt Service | 976,589 | | | | 976,589 |
| Workers' Compensation | 694,395 | | | | 694,395 |
| Total Restricted | <u>3,224,151</u> | | | | <u>3,224,151</u> |
| Assigned | | | | | |
| Designated for Subsequent Year's Expenditures | 832,004 | | | | 832,004 |
| Reserve for Encumbrances | 323,785 | | | | 323,785 |
| Other | | | 237,921 | | 237,921 |
| Total Assigned | <u>1,155,789</u> | | <u>237,921</u> | | <u>1,393,710</u> |
| Unassigned (Deficit) | <u>5,089,629</u> | <u>(804,465)</u> | | <u>(6,629,114)</u> | <u>(2,343,950)</u> |
| Total Fund Equity | <u>\$ 12,615,017</u> | <u>\$ (804,465)</u> | <u>\$ 237,921</u> | <u>\$ (6,629,114)</u> | <u>\$ 5,419,359</u> |

11. SOLAR FARM POWER PURCHASE AGREEMENT

In 2014, the City entered into two power purchase agreements with Global Resource Options, Inc. (dba:groSolar). The agreements allow for the company to construct, operate, and maintain solar powered electric generating systems on City property known as Lamphear Road Pump Site and the Tannery Road Landfill. The term of the agreement for the Lamphear Road site is 20 years and the term of the agreement for the Tannery Road site is 25 years. Both have options by which Global Resource can extend the agreements for an additional 5 years. The aggregate anticipated power to be generated from both sites is 6.9 megawatts. The City will participate in the Niagara Mohawks Power Corporation's Remote Net Metering for Non-Residential

CITY OF ROME, NEW YORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

Solar Electric Customer Generators, Rule 36.7 of the Niagara Mohawks Power Corporation's electric tariff. Based on this participation the City expects to receive a monthly delivery and supply credit from Niagara Mohawks Power Corporation at approximately 13 cents per kwh. The City is required to make an operating lease payment to Global Resource Options, Inc. at a starting rate of 9 cent per kwh at the Lamphear Road site and 9.5 cents at the Tannery Road site, both with a 2% escalator per year. During the 25-year term of the lease, the City expects to realize a net savings as well as \$347,000 from annual lease payments received from Global Resource for the two sites.

12. IMPACT OF COVID-19 PANDEMIC

For the year ended December 31, 2020, the COVID-19 Pandemic's impact upon the City of Rome was significant, but not detrimental. The City incurred a revenue loss of approximately \$2,953,000 consisting of \$401,000 in lost departmental income, principally lost City Court fees, park and recreational charges and recreational facility rentals. In addition, the State of New York withheld \$1,817,000 in Aid to Municipalities and \$244,600 in Consolidated Local Street and Highway Improvement Program aid. Oneida County which distributes to the City 0.5% of its 2% total sales tax collections withheld \$735,000 for 2020 because of its own COVID related cash flow needs. The State and County funds withheld went beyond the City's 60-day cutoff period for accruing revenue resulting in the deferral of revenue for 2020. The funds have since been collected in full.

In anticipation of a significant loss of revenues in 2020, the City eliminated virtually all part time jobs, froze hiring, and instituted a New York State Department of Labor Shared Work program for Non-Essential full-time laborers in the City's 1088 union, as well as office employees in its CSEA union and certain others not represented by a union. In total, shared work saved the City an estimated \$740,000 in salary and wages, overtime, payroll tax, and retirement savings. In total, the City saved \$2,153,000 in salaries and payroll taxes for 2020 as a result of its efforts to control labor expenditures during the pandemic.

In 2021, the City is experiencing a substantial recovery of lost department income, but it is not expected to fully match 2019 levels by year end. Sales tax revenues which were largely unaffected by the epidemic continue to be strong. In addition, the City will benefit from the almost \$2.8 million of state and county revenues which were deferred in 2020 but collected in 2021. In its 2021 Budget, the City planned for a resumption of full operations including most labor hiring but did limit its planned capital expenditures.

13. CUMULATIVE EFFECT OF IMPLEMENTING NEW ACCOUNTING STANDARD

The following adjustments were made to the prior year's net position and fund balance due to the implementation of GASB 84, Fiduciary Accounting:

- The Government-wide and Miscellaneous Special Revenue Fund's prior year's net position and fund balance were increased by \$131,173 for donated revenues administrated by the City previously accounted for in the Fiduciary Fund Trust and Agency fund in error.
- The Fiduciary Custodial Fund is a new fund required by the new accounting standard. The beginning net position was increased by \$15,066,630. This beginning balance consisted of real property taxes, State fees, and a scholarship fund held by the City but administered by the Rome Memorial Hospital.

CITY OF ROME, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES)
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2020

| | Original Budget | Amended Budget | Actual | Encumbrances | Variance Favorable (Unfavorable) |
|--|--------------------|--------------------|---------------------|---------------------|--|
| Revenues | | | | | |
| Real Property Taxes | \$ 15,336,063 | \$ 15,336,063 | \$ 14,974,131 | | \$ (361,932) |
| Other Real Property Tax Items | 1,220,086 | 1,220,086 | 1,190,875 | | (29,211) |
| Nonproperty Tax Items | 11,610,766 | 11,610,766 | 11,218,882 | | (391,884) |
| Departmental Income | 981,989 | 981,989 | 593,362 | | (388,627) |
| Intergovernmental Charges | 853,344 | 853,344 | 677,762 | | (175,582) |
| Solar Power Credits | 437,555 | 437,555 | 544,005 | | 106,450 |
| Use of Money and Property | 532,049 | 532,049 | 432,123 | | (99,926) |
| Licenses and Permits | 105,000 | 105,000 | 228,315 | | 123,315 |
| Fines and Forfeitures | 50,000 | 50,000 | 56,348 | | 6,348 |
| Sale of Property and Compensation for Loss | 148,500 | 148,500 | 123,281 | | (25,219) |
| Miscellaneous | 132,500 | 132,500 | 127,626 | | (4,874) |
| Interfund Revenues | 1,826,197 | 1,826,197 | 1,826,197 | | |
| State Aid | 10,609,682 | 10,609,682 | 8,321,543 | | (2,288,139) |
| Total Revenues | 43,843,731 | 43,843,731 | 40,314,450 | | (3,529,281) |
| Expenditures | | | | | |
| General Government Support | 5,148,936 | 5,152,149 | 4,450,541 | \$ 93,858 | 607,750 |
| Public Safety | 15,237,419 | 15,147,386 | 13,961,379 | 48,024 | 1,137,983 |
| Public Health | 1,500 | 1,500 | 1,030 | | 470 |
| Transportation | 4,980,289 | 4,980,290 | 4,060,289 | 16,452 | 903,549 |
| Culture and Recreation | 1,490,846 | 1,490,846 | 887,655 | 32,112 | 571,079 |
| Home and Community Services | 744,288 | 744,288 | 422,221 | 133,339 | 188,728 |
| Employee Benefits | 12,314,893 | 12,323,473 | 10,633,357 | | 1,690,116 |
| Debt Service - Principal | 4,065,141 | 4,138,643 | 4,138,643 | | |
| Debt Service - Interest | 964,482 | 969,219 | 969,219 | | |
| Total Expenditures | 44,947,794 | 44,947,794 | 39,524,334 | 323,785 | 5,099,675 |
| Excess (Deficit) Revenues Over Expenditures | (1,104,063) | (1,104,063) | 790,116 | (323,785) | 1,570,394 |
| Other Financing Sources (Uses) | | | | | |
| Interfund Transfers To | (1,223,000) | (1,223,000) | (1,302,061) | | (79,061) |
| Appropriated Reserve | 225,000 | 225,000 | | | (225,000) |
| Appropriated Fund Balance | 2,102,063 | 2,102,063 | | | (2,102,063) |
| Total Other Financing Sources (Uses) | 1,104,063 | 1,104,063 | (1,302,061) | | (2,406,124) |
| Revenues Over Expenditures and Other Financing Sources (Uses) | \$ 0 | 0 | \$ (511,945) | \$ (323,785) | \$ (835,730) |

Notes to Required Supplementary Information:

The City administration prepares a proposed budget for approval by the Common Council for the General Fund, the only fund with a legally adopted budget.

The budget is adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

CITY OF ROME, NEW YORK
SCHEDULES OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended December 31, 2020

| Governmental Activities | | | |
|---|---------------|---------------|---------------|
| | 2020 | 2019 | 2018* |
| Service cost | \$ 1,222,581 | \$ 964,638 | \$ 1,192,853 |
| Interest | 2,451,226 | 3,147,827 | 2,877,004 |
| Changes in assumptions or other inputs | 7,722,967 | 12,568,746 | (9,665,462) |
| Actuarial demographic (gain) or loss | | (3,184,707) | (694,227) |
| Expected benefit payments | (3,366,690) | (3,253,135) | (3,376,051) |
| Net change in total OPEB liability | 8,030,084 | 10,243,369 | (9,665,883) |
| Total OPEB liability - beginning | 89,736,528 | 79,493,159 | 89,159,042 |
| Total OPEB liability - ending | \$ 97,766,612 | \$ 89,736,528 | \$ 79,493,159 |
| Covered employee payroll | \$ 17,031,348 | \$ 17,776,525 | \$ 16,838,417 |
| Total OPEB liability as a percentage of covered payroll | 574.04% | 504.80% | 472.09% |
| Business-Type Activities | | | |
| | 2019 | 2019 | 2018* |
| Service cost | \$ 135,596 | \$ 123,346 | \$ 151,158 |
| Interest | 235,694 | 280,040 | 253,761 |
| Changes in assumptions or other inputs | 765,696 | 1,417,022 | (906,960) |
| Actuarial demographic (gain) or loss | | (12,614) | (61,039) |
| Expected benefit payments | (282,407) | (212,464) | (220,492) |
| Net change in total OPEB liability | 854,579 | 1,595,330 | (783,572) |
| Total OPEB liability - beginning | 8,588,059 | 6,992,729 | 7,776,301 |
| Total OPEB liability - ending | \$ 9,442,638 | \$ 8,588,059 | \$ 6,992,729 |
| Covered employee payroll | \$ 2,319,465 | \$ 2,284,714 | \$ 2,125,011 |
| Total OPEB liability as a percentage of covered payroll | 407.10% | 375.89% | 329.07% |

* 10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

Notes to Schedule:

Changes of benefit terms: Not Applicable.

Changes of Assumptions:

1. The single discount rate changed from 2.75% to 2.15% effective December 31, 2020.
2. Revised mortality assumption from using projection scale MP-2019 as of December 31, 2019 to projection scale MP-2020 as of December 31, 2020.

Plan Assets: No assets are accumulated in a trust that meets all of the criteria of GASBS No. 75, paragraph 4, to pay benefits.

CITY OF ROME, NEW YORK
SCHEDULE OF CITY'S CONTRIBUTIONS
For the Year Ended December 31, 2020

| ERS Pension Plan | | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Last 10 Fiscal Years | | | | | | | | | | |
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Contractually Required Contribution | \$ 1,293,339 | \$ 1,223,397 | \$ 1,212,335 | \$ 1,201,530 | \$ 1,290,050 | \$ 1,498,191 | \$ 1,574,795 | \$ 1,587,224 | \$ 1,450,986 | \$ 1,344,551 |
| Contributions in Relation to the Contractually Required Contribution | <u>1,293,339</u> | <u>1,223,397</u> | <u>1,212,335</u> | <u>1,201,530</u> | <u>1,290,050</u> | <u>1,498,191</u> | <u>1,574,795</u> | <u>1,587,224</u> | <u>1,450,986</u> | <u>1,344,551</u> |
| Contribution Deficiency (Excess) | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| City's Covered- ERS Employee Payroll | \$ 9,375,930 | \$ 8,851,601 | \$ 8,527,086 | \$ 8,247,928 | \$ 8,387,342 | \$ 8,259,173 | \$ 8,126,119 | \$ 8,108,690 | \$ 8,467,816 | \$ 8,897,262 |
| Contributions as a Percentage of Covered-Employee Payroll | 13.79% | 13.82% | 14.22% | 14.57% | 15.38% | 18.14% | 19.38% | 19.57% | 17.14% | 15.11% |
| PFRS Pension Plan | | | | | | | | | | |
| Last 10 Fiscal Years | | | | | | | | | | |
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Contractually Required Contribution | \$ 2,625,541 | \$ 2,453,091 | \$ 2,534,874 | \$ 2,671,000 | \$ 2,532,874 | \$ 2,437,114 | \$ 2,645,950 | \$ 2,705,617 | \$ 2,455,219 | \$ 2,217,093 |
| Contributions in Relation to the Contractually Required Contribution | <u>2,625,541</u> | <u>2,453,091</u> | <u>2,534,874</u> | <u>2,671,000</u> | <u>2,532,874</u> | <u>2,437,114</u> | <u>2,645,950</u> | <u>2,705,617</u> | <u>2,455,219</u> | <u>2,217,093</u> |
| Contribution Deficiency (Excess) | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| City's Covered- PFRS Employee Payroll | \$ 11,131,056 | \$ 11,062,517 | \$ 10,873,273 | \$ 11,407,658 | \$ 10,647,389 | \$ 10,396,866 | \$ 10,430,851 | \$ 10,318,825 | \$ 10,358,181 | \$ 10,450,776 |
| Contributions as a Percentage of Covered-Employee Payroll | 23.59% | 22.17% | 23.31% | 23.41% | 23.79% | 23.44% | 25.37% | 26.22% | 23.70% | 21.21% |

See Independent Auditor's Report.

CITY OF ROME, NEW YORK
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended December 31, 2020

| NYS Employees Retirement System Pension Plan | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| City's proportion of the net pension liability | 0.0328130% | 0.0327028% | 0.0320929% | 0.0331176% | 0.0034559% | 0.0345204% |
| City's proportionate share of the net pension liability | \$ 8,689,078 | \$ 2,317,095 | \$ 1,035,779 | \$ 3,111,804 | \$ 5,546,770 | \$ 1,166,183 |
| City's covered-employee payroll | \$ 8,851,601 | \$ 8,527,086 | \$ 8,247,928 | \$ 8,387,342 | \$ 8,259,173 | \$ 8,126,119 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 98.16% | 27.17% | 12.56% | 37.10% | 67.16% | 14.35% |
| Plan fiduciary net position as a percentage of total pension liability | 86.39% | 96.27% | 98.24% | 94.70% | 90.70% | 97.90% |

| NYS Police and Fire Retirement System Pension Plan | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| City's proportion of the net pension liability | 0.300191% | 0.289192% | 0.298134% | 0.294491% | 0.313404% | 0.311106% |
| City's proportionate share of the net pension liability | \$ 16,045,031 | \$ 4,849,933 | \$ 3,013,409 | \$ 6,103,782 | \$ 9,279,219 | \$ 856,350 |
| City's covered-employee payroll | \$ 11,062,517 | \$ 10,873,273 | \$ 11,407,658 | \$ 10,647,389 | \$ 10,396,866 | \$ 10,430,851 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 145.04% | 44.60% | 26.42% | 57.33% | 89.25% | 8.21% |
| Plan fiduciary net position as a percentage of total pension liability | 84.86% | 95.09% | 96.93% | 93.50% | 90.20% | 99.00% |

* 10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

See Independent Auditor's Report.

CITY OF ROME, NEW YORK
COMBINING BALANCE SHEET
GENERAL FUND
December 31, 2020

| | General City | Inside District | Total General |
|---|----------------------|---------------------|----------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$ 2,040,783 | \$ 1,155,290 | \$ 3,196,073 |
| Cash and Cash Equivalents - Restricted | 3,131,151 | 93,000 | 3,224,151 |
| Taxes Receivable | 1,027,727 | 351,244 | 1,378,971 |
| Tax Sale Certificates | 403,802 | | 403,802 |
| Property Acquired for Taxes | 2,106,933 | | 2,106,933 |
| Assessments Receivable | 461 | | 461 |
| Accounts Receivable | 524,725 | 107,555 | 632,280 |
| Allowance for Receivables | (848,537) | (119,220) | (967,757) |
| Due from Other Funds | 683,571 | 832,352 | 1,515,923 |
| Due from Other Governments | 4,159,074 | 798,403 | 4,957,477 |
| Prepaid Expenditures | 722,844 | 315,371 | 1,038,215 |
| Total Assets | \$ 13,952,534 | \$ 3,533,995 | \$ 17,486,529 |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable | \$ 338,368 | \$ 70,205 | \$ 408,573 |
| Accrued Liabilities | 469,330 | 113,836 | 583,166 |
| Payroll Withholdings Payable | 28,625 | | 28,625 |
| Due to Other Governments | 34,895 | | 34,895 |
| Total Current Liabilities | 871,218 | 184,041 | 1,055,259 |
| Deferred Inflows of Resources | | | |
| Unavailable Revenue - State Aid | 2,736,669 | 402,187 | 3,138,856 |
| Unavailable Revenue - Real Property Taxes | 677,397 | | 677,397 |
| Total Deferred Inflows of Resources | 3,414,066 | 402,187 | 3,816,253 |
| Fund Balances | | | |
| Nonspendable | 2,830,077 | 315,371 | 3,145,448 |
| Restricted | | | |
| Reserve for Liability Insurance | 226,000 | 93,000 | 319,000 |
| Capital Reserves | 1,234,167 | | 1,234,167 |
| Reserve for Debt | 976,589 | | 976,589 |
| Reserve for Workers Compensation | 694,395 | | 694,395 |
| Total Restricted | 3,131,151 | 93,000 | 3,224,151 |
| Assigned | | | |
| Designated for Subsequent Year's Expenditures | 30,092 | 801,912 | 832,004 |
| Reserve for Encumbrances | 305,425 | 18,360 | 323,785 |
| Total Assigned | 335,517 | 820,272 | 1,155,789 |
| Unassigned | 3,370,505 | 1,719,124 | 5,089,629 |
| Total Fund Balances | 9,667,250 | 2,947,767 | 12,615,017 |
| Total Liabilities, Deferred Inflow of Resources, and Fund Balances | \$ 13,952,534 | \$ 3,533,995 | \$ 17,486,529 |

See Independent Auditor's Report.

CITY OF ROME, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GENERAL FUND
For the Year Ended December 31, 2020

| | General City | Inside District | Total General |
|---|---------------------|---------------------|----------------------|
| Revenues | | | |
| Real Property Taxes | \$ 10,815,853 | \$ 4,158,278 | \$ 14,974,131 |
| Other Real Property Tax Items | 784,360 | 406,515 | 1,190,875 |
| Nonproperty Tax Items | 8,010,924 | 3,207,958 | 11,218,882 |
| Departmental Income | 504,398 | 88,964 | 593,362 |
| Intergovernmental Charges | 346,994 | 330,768 | 677,762 |
| Solar Power Credits | 544,005 | | 544,005 |
| Use of Money and Property | 428,928 | 3,195 | 432,123 |
| Licenses and Permits | 228,315 | | 228,315 |
| Fines and Forfeitures | 39,048 | 17,300 | 56,348 |
| Sale of Property and Compensation for Loss | 110,934 | 12,347 | 123,281 |
| Miscellaneous | 127,626 | | 127,626 |
| Interfund Revenues | 1,427,197 | 399,000 | 1,826,197 |
| State Aid | 7,514,568 | 806,975 | 8,321,543 |
| Total Revenues | <u>30,883,150</u> | <u>9,431,300</u> | <u>40,314,450</u> |
| Expenditures | | | |
| General Government Support | 4,397,722 | 52,819 | 4,450,541 |
| Public Safety | 7,419,436 | 6,541,943 | 13,961,379 |
| Public Health | 1,030 | | 1,030 |
| Transportation | 4,060,289 | | 4,060,289 |
| Culture and Recreation | 887,655 | | 887,655 |
| Home and Community Services | 422,221 | | 422,221 |
| Employee Benefits | 7,486,166 | 3,147,191 | 10,633,357 |
| Debt Service - Principal | 4,101,230 | 37,413 | 4,138,643 |
| Debt Service - Interest | 937,772 | 31,447 | 969,219 |
| Total Expenditures | <u>29,713,521</u> | <u>9,810,813</u> | <u>39,524,334</u> |
| Excess Revenues Over Expenditures | <u>1,169,629</u> | <u>(379,513)</u> | <u>790,116</u> |
| Other Financing (Uses) | | | |
| Interfund Transfers To | (1,302,061) | | (1,302,061) |
| Total Other Financing (Uses) | <u>(1,302,061)</u> | | <u>(1,302,061)</u> |
| Excess Revenues Over Expenditures and Other Financing (Uses) | (132,432) | (379,513) | (511,945) |
| Fund Balance, Beginning of Year | <u>9,799,682</u> | <u>3,327,280</u> | <u>13,126,962</u> |
| Fund Balances, End of Year | <u>\$ 9,667,250</u> | <u>\$ 2,947,767</u> | <u>\$ 12,615,017</u> |

See Independent Auditor's Report.

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

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

To the Honorable Mayor, Jacqueline M. Izzo and Common Council
City of Rome, 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 business-type activities, each major fund, and the aggregate remaining fund information of City of Rome, New York, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise City of Rome, New York's basic financial statements, and have issued our report thereon dated July 29, 2021. Our report disclaims an opinion on aggregate remaining fund information since the financial statements referred to above do not include financial data for the City's sole legally separate component unit. Accounting principles generally accepted in the United States of America require financial data for the component unit to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the aggregate discretely presented component unit would have been presented. The financial information for the Component Unit was not available.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Rome, New York's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Rome, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Rome, New York'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Rome, New York'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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

D'Arcangelo + Co., LLP

July 29, 2021

Rome, New York

D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Honorable Mayor, Jacqueline M. Izzo and Common Council
City of Rome, New York

Report on Compliance for Each Major Federal Program

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

The City of Rome, New York's basic financial statements do not include the operations of the Rome Housing Authority, which receives federal awards and those awards are not included in the schedule during the year ended December 31, 2020. Our audit, described below, did not include the operations of Rome Housing Authority because the component unit engaged other auditors to perform an audit of compliance.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of City of Rome, New York 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 City of Rome, New York'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 City of Rome, New York's internal control over compliance.

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

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

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.

D'Arcangelo + Co., LLP

July 29, 2021

Rome, New York

CITY OF ROME, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Pass-Through Entity Identifying Number</u> | <u>Federal CFDA Number</u> | <u>Current Expenditures</u> | <u>Expenditures to Subrecipients</u> |
|---|---|------------------------------------|---------------------------------|--|
| <u>U.S. Department of Housing and Urban Development</u> | | | | |
| CDBG - Entitlement Grants Cluster | | | | |
| Direct | | | | |
| Community Development Block Grant – Entitlement Grant | B-14-MC-36-0106 | 14.218 | \$ 2,772 | \$ 2,722 |
| Community Development Block Grant – Entitlement Grant | B-15-MC-36-0106 | 14.218 | 7,358 | 7,152 |
| Community Development Block Grant – Entitlement Grant | B-16-MC-36-0106 | 14.218 | 4,207 | 3,741 |
| Community Development Block Grant – Entitlement Grant | B-17-MC-36-0106 | 14.218 | 16,898 | 14,440 |
| Community Development Block Grant – Entitlement Grant | B-18-MC-36-0106 | 14.218 | 201,329 | 20,000 |
| Community Development Block Grant – Entitlement Grant | B-19-MC-36-0106 | 14.218 | 360,562 | 50,956 |
| Community Development Block Grant – Entitlement Grant | B-20-MC-36-0106 | 14.218 | 310,411 | |
| Total CDBG - Entitlement Grants Cluster | | | 903,537 | 99,011 |
| Total U.S. Department of Housing and Urban Development and | | | 903,537 | 99,011 |
| <u>U.S. Department of Justice</u> | | | | |
| Direct | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | | 16.607 | 4,284 | |
| Total U.S. Department of Justice | | | 4,284 | |
| <u>U.S. Department of Agriculture</u> | | | | |
| Passed through NYS Department of Environmental Conservation | | | | |
| State and Private Forestry Cooperative Fire Assistance | | 10.698 | 1,395 | |
| Total U.S. Department of Agriculture | | | 1,395 | |
| <u>U.S. Department of Transportation</u> | | | | |
| Highway Safety Cluster | | | | |
| Pass through Governor's Traffic Safety Committee | | | | |
| State and Community Highway Safety | PD-00240-033 | 20.600 | 6,482 | |
| | | | 6,482 | |
| Highway Planning and Construction Cluster | | | | |
| Pass through NYS Department of Transportation | | | | |
| Highway Planning and Construction | 2650.53 | 20.205 | 33,279 | |
| | | | 33,279 | |
| Total U.S. Department of Transportation and Highway Safety | | | 39,761 | |
| <u>U.S. Environmental Protection Agency</u> | | | | |
| Direct | | | | |
| Brownfields Assessment and Cleanup Cooperative Agreement | BF-96271816-0 | 66.818 | 37,528 | |
| Total US Environmental Protection Agency | | | 37,528 | |
| <u>Total Federal Financial Assistance</u> | | | \$ 986,505 | \$ 99,011 |

See Independent Auditor's Report and Notes to the Schedule of Expenditure of Federal Awards.

CITY OF ROME, NEW YORK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Rome, New York, an entity defined in Note I to The City's financial statements under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Rome, New York, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Rome, New York.

Basis of Accounting

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. The amounts reported as federal expenditures were obtained from the financial records detail, which is the source of the financial statements.

Cluster Programs

The following programs are identified by the Uniform Guidance to be part of a cluster of programs:

U.S. Department of Housing and Urban Development

CDBG – Entitlement Grants Cluster

CFDA# 14.218 Community Development Block Grant – Entitlement Grant

U.S. Department of Transportation

Highway Safety Cluster

CFDA# 20.600 State and Community Highway Safety

Highway Planning and Construction Cluster

CFDA# 20.205 Highway Planning and Construction

2. SUBRECIPIENTS

Of the Federal expenditures presented in the Schedule, the City of Rome, New York provided the following Federal Awards to subrecipients:

Community Development Block Grant – Entitlement Grant (CFDA No. 14.218)

| | |
|---------------------------------|------------------|
| Mohawk Valley Community College | \$ 9,055 |
| The Abraham House | 20,000 |
| Salvation Army | 8,000 |
| Rome Alliance for Education | 31,956 |
| Rome Art and Community Center | 10,000 |
| YWCA of the Mohawk Valley | 20,000 |
| Total | <u>\$ 99,011</u> |

3. Loans Receivable - Community Development Block Grant – Entitlement Grant (CFDA No. 14.218)

The Rome Entrepreneur Assistance Program (REAP) provides loans to small businesses to develop innovative products and services and create jobs. The program is funded through the City's Federal Community Development Block Grant. The various loans awarded range from \$10,000 to \$300,000. The loans are to be repaid in monthly installments over 5 years at an interest rate of 0% to prime less 1%. The prime rate at December 31, 2020 was 3.25%. The interest received is considered to be program income and is used to pay administrative costs associated with the program as well as for subsequent loans. At December 31, 2020 revolving loan portfolio has cash holdings of \$89,218, current year expenditures of \$0 and outstanding principal balance of those loans were \$720,590, less \$720,590 set up as an allowance.

4. De Minimis Indirect Cost Rate

The City of Rome, New York has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF ROME, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS UNIFORM GUIDANCE
For the Year Ended December 31, 2020

Summary of Auditor's Results

| | | |
|--------------|---|--|
| (d)(1)(i) | Type of Financial Statement Opinion | Unmodified for all but aggregate discretely presented component unit (adverse) and aggregate remaining fund information (qualified) |
| (d)(1)(ii) | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any other significant deficiencies reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Was there any material internal control weakness conditions reported for major Federal programs? | No |
| (d)(1)(iv) | Were there any other significant deficiencies over internal controls reported for major Federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unmodified |
| (d)(1)(vi) | Are there any reportable findings under 2 CFR section 200.516 (a)? | No |
| (d)(1)(vii) | Major Programs (list): | <u>U.S. Department of Housing and Urban Development</u> CDBG – Entitlement Grants Cluster: Community Development Block Grant– Entitlement Grant (CFDA# 14.218) |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 750,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | Yes |

(Continued)

CITY OF ROME, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

(Continued)

I. FINDINGS—FINANCIAL STATEMENT AUDIT

None

II. FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

None

(Continued)

CITY OF ROME, NEW YORK
STATUS OF PRIOR-YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

I. FINDINGS—FINANCIAL STATEMENT AUDIT

None

II. FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

None