

CITY OF TROY, NEW YORK

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

Bonadio & Co., LLP
Certified Public Accountants

CONTENTS

	PAGE
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements –	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements –	
Balance sheet – Governmental Funds	15
Reconciliation of total Governmental Fund Balance to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds to the Statement of Activities	18
Statement of Fiduciary Net Position – Fiduciary Funds	19
Statement of changes in Fiduciary Net Position – Fiduciary Funds.....	20
Discretely Presented Component Units:	
Statement of Net Position	21
Statement of Revenues, Expenses, and Changes in Net Position.....	22
Statement of Cash Flows	23
Notes to Basic Financial Statements	24
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	67
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Water Fund	68
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Sewer Fund.....	69

CONTENTS (Continued)

Schedule of Change in Total OPEB Liability and Related Ratios.....	70
Schedule of Proportionate Share of Net Pension Liability (Asset).....	71
Schedule of Contributions - Pension Plans.....	72

SUPPLEMENTARY INFORMATION

Schedule of Combining Balance Sheet – Nonmajor Governmental Funds	73
Schedule of Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	74

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 <i>GOVERNMENT AUDITING STANDARDS</i>	75
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INDEPENDENT AUDITOR'S REPORT

July 27, 2023

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

Adverse and Unmodified Opinions

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

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

Summary of Opinions

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

Adverse Opinion on Governmental Activities

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

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INDEPENDENT AUDITOR'S REPORT (Continued)

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

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

Basis for Adverse and Unmodified Opinions

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

Matter Giving Rise to Adverse Opinion on Governmental Activities

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

Emphasis of Matter – Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, and schedules of contributions – pension plans and proportionate share of the net pension liability (asset) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Required Supplementary Information (Continued)

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

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

Bonadio & Co., LLP

CITY OF TROY, NEW YORK

MANAGEMENTS DISCUSSION AND ANALYSIS DECEMBER 31, 2022

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

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

Financial Highlights

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

Using This Report

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

Reporting the City as a Whole

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

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

Reporting the City as a Whole (Continued)

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

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

Reporting the City's Most Significant Funds

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

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

The City as a Whole

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

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

The City as a Whole (Continued)

Table 1
Net Position (In Thousands)

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

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

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

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

The City as a Whole (Continued)

Table 2
Changes in Net Position (In Thousands)

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

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

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

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

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

The City as a Whole (Continued)

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

Table 3
Governmental Activities (In Thousands)

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

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

The City's Funds

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

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

Table 4
Funds (In Thousands)

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

The City's Funds (Continued)

Table 4 (Continued)
Funds (In Thousands)

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

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

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

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

General Fund Budgetary Highlights

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

Table 5
General Fund Budgetary Highlights (In Thousands)

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

Capital Assets

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

Table 6
Capital Assets (In Thousands)

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

Debt

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

Table 7
Debt (In Thousands)

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

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

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

City Credit Rating

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

Economic Factors and Next Year's Budget

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

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

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

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

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

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

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

Contacting the City's Financial Management

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

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

CITY OF TROY, NEW YORK

STATEMENT OF NET POSITION
DECEMBER 31, 2022

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

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

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

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

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2022

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

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

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

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

Net position of governmental activities

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

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

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

The accompanying notes are an integral part of these statements.

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

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

CITY OF TROY, NEW YORK

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

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

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

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

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

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

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

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

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

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

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

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

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

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

The accompanying notes are an integral part of these statements.

CITY OF TROY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, which is the City of Troy, New York, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the City's reporting entity is based upon several criteria set forth in GAAP, including legal standing, fiscal dependency, financial accountability, selection of governing authority, ability to significantly influence operations, and the primary government's economic benefit from resources of the affiliated entity.

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

Troy Industrial Development Authority (IDA)

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

Troy Local Development Corporation (LDC)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity – Continued

Troy Capital Resource Corporation (CRC)

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

Troy Community Land Bank Corporation (CLBC)

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

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

Municipal Assistance Corporation for the City of Troy (MAC)

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

City of Troy Supervisory Board

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

Troy Business Improvement District

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

B. Government-Wide Financial Statements

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide Financial Statements – Continued

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

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Financial Statements

The accounts of the City are organized and operated as funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The City maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in authoritative pronouncements. Each major fund is presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Because the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental activities column, a reconciliation is presented which explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Financial Statements – Continued

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

Fund Categories

Governmental Funds – Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds.

The following are the City's major governmental funds:

General Fund – The general fund is the principal operating fund of the City and accounts for general tax revenues, miscellaneous receipts not allocated by law or contractual agreement to another fund, risk retention operations, and general operating expenditures. This fund operates within the financial limits of an annual budget adopted by the City Council.

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

The following are the City's nonmajor governmental funds:

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Financial Statements – Continued

Fund Categories – Continued

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

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Accrual Basis of Accounting

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

Modified Accrual Basis of Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Modified Accrual Basis of Accounting (Continued)

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

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

Deposits and Risk Disclosure

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

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

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

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

Property Taxes

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property Taxes – Continued

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

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

Due From/To Other Funds

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2022, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Prepaid Expenses/Prepaid Expenditures

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

Leases

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

Capital Assets

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

In regard to the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City has estimated the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets – Continued

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

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

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

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

Unearned Revenues

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

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as General, Water, or Capital Projects funds expenditures.

Compensated Absences

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences – Continued

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

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

Deferred Outflows/Inflows of Resources

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

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

Net Position and Fund Balance Classifications

Government Wide Statements

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

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

Restricted net position and fund balance includes the following:

General Fund

Debt service	\$	44,055	
Capital		3,816,474	
Insurance		338,192	
Snow and Ice		617,517	
Unemployment Insurance		309,798	
Workers Compensation		68,334	\$ 5,194,370

Debt Service Fund

Debt service	5,107,098
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Special Revenue Funds

Special Grant Fund	271,578
Water Fund	9,015,803
Sewer Fund	890,842
Garbage Fund	86,778
	<u>\$ 20,566,469</u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position and Fund Balance Classifications (Continued)

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

Governmental Fund Statements

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

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

Workers' Compensation

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

Insurance

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

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

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

Snow and Ice Removal

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

Capital

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position and Fund Balance Classifications (Continued)

Governmental Fund Statements (Continued)

b) *Restricted fund balance* (Continued)

Debt Service

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

Encumbrances

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

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

Order of Fund Balance Spending Policy

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

Fund Deficit

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Data

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

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

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

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

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

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

G. Use of Estimates

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

H. Operating Revenues

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

NOTE 2 – CASH

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

Unrestricted Cash

Governmental Funds

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

Fiduciary Funds

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

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

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

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

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

NOTE 3 - CAPITAL ASSETS

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

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

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

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

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

NOTE 4 – SHORT-TERM DEBT

Bond Anticipation Notes

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

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

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

NOTE 4 – SHORT-TERM DEBT (Continued)**Bond Anticipation Notes (Continued)**

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

NOTE 4 – SHORT-TERM DEBT (Continued)**Bond Anticipation Notes (Continued)**

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

NOTE 5 – LONG-TERM LIABILITIES

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

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

NOTE 5 – LONG-TERM LIABILITIES (Continued)

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

Installment Purchase Agreement – Energy Performance Contracts

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

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

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

Installment Purchase Agreement – Purchase of Fire Equipment

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

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

State Clean Water Program

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

State Drinking Water Program

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

NOTE 5 – LONG-TERM LIABILITIES (Continued)

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

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

NOTE 5 – LONG-TERM LIABILITIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

City as Lessor

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

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

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

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

Future minimum lease payments due the City are as follows:

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

NOTE 7 – PENSION PLANS

Plan Description

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

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

Funding Policy

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

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

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

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

NOTE 7 – PENSION PLANS (Continued)

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

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

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

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

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

Plan's Year Ended March 31:

2023	\$ (1,056,531)
2024	(1,501,064)
2025	(3,407,756)
2026	(719,996)
2027	-
Thereafter	-
	<u>\$ (6,685,347)</u>

NOTE 7 – PENSION PLANS (Continued)

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

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

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

Plan's Year Ended March 31:

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

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

Actuarial Assumptions

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

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

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

NOTE 7 – PENSION PLANS (Continued)

Actuarial Assumptions (Continued)

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

The target allocation and best estimates of arithmetic of real rates of return for each major asset class are summarized as of March 31, 2022 in the following table:

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

Discount Rate

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

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

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

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

NOTE 7 – PENSION PLANS (Continued)

Pension Plan Fiduciary Net Position

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

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

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

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

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

Total OPEB Liability

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

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs

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

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

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

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

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

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

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

Changes in the Total OPEB Liability

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

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

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.31%) and 1 percentage point higher (5.31%) than the current discount rate:

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

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

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

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

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

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

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

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

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

NOTE 9 – INTERFUND TRANSACTIONS

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

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

NOTE 10 - CITY AND STATE ACTIONS

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

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

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

During 1995, the State Legislature created the MAC.

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

NOTE 10 - CITY AND STATE ACTIONS (Continued)

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

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

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

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Sales and Use Tax

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

Workers' Compensation Plan

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

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

Health Insurance / Workers' Compensation Plans

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

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

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

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

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

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

NOTE 11 - COMMITMENTS AND CONTINGENCIES (Continued)

Lawsuits

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

Grant Programs

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

Housing Trust Fund Corporation

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

Federal Loan Guarantee Program

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

NOTE 12 – COMBINED SEWER OVERFLOW PROJECT

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

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

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

NOTE 13 – PROPERTY TAX ABATEMENT

Payments in Lieu of Taxes Agreements

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

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

NOTE 13 – PROPERTY TAX ABATEMENT (Continued)

Property Tax Agreement with Housing Development and Redevelopment Companies

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

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

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

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

NOTE 14 – AMERICAN RESCUE PLAN ACT FUNDS

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

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

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

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS

General

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

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Capital Assets (LDC)

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

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

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

Property Held for Sale or Development (IDA and LDC)

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

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

IDA

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

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

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

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

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

LDC

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

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

Land Bank

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

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

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

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

Loans Receivable (LDC)

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

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

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

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

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Leases (LDC)

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

Facility Lease

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

National Grid License Agreement

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

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

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

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

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

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

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Leases (LDC) (Continued)

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

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

Land Purchase Option (IDA)

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

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

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

Debt (Land Bank)

Construction Loan

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

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

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

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)**Loan Payable (LDC)**

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

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

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

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

Conduit Debt Obligations (IDA)

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

Payment in Lieu of Taxes (PILOT) (IDA)

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

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

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

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

Grant Revenue (Land Bank)

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

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

Grant Revenue (Land Bank)

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

Concentrations (Land Bank)

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

Financing Activities (CRC)

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

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

New Accounting Standards Adopted (CRC)

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

Change in Accounting Principle (LDC)

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

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

Commitments and Contingencies

LDC

Environmental Risks

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

Program Grant and Loan Commitments

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

Land Bank

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

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

Income Taxes

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

NOTE 16 – CHANGE IN ACCOUNTING PRINCIPLE

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

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

NOTE 17 – SUBSEQUENT EVENTS

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

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

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY OF TROY, NEW YORK

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

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

CITY OF TROY, NEW YORK

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

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

CITY OF TROY, NEW YORK

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

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

CITY OF TROY, NEW YORK

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service cost	\$ 4,328,550	\$ 4,420,732	\$ 6,205,804	\$ 5,518,963	\$ 6,280,099					
Interest	3,726,420	3,558,811	6,647,482	7,777,711	6,962,924					
Changes in benefit terms	(1,920,124)	-	-	-	-					
Differences between expected and actual experience	9,356,068	(606,168)	(60,376,920)	(8,951,361)	-					
Changes of assumptions or other inputs	(37,870,505)	(3,135,558)	20,093,609	16,843,471	(18,799,296)					
Benefit payments	(6,432,120)	(6,361,120)	(7,267,860)	(7,126,367)	(6,588,488)					
Total change in total OPEB liability	<u>(28,811,711)</u>	<u>(2,123,303)</u>	<u>(34,697,885)</u>	<u>14,062,417</u>	<u>(12,154,761)</u>					
Total OPEB liability - beginning	<u>164,488,287</u>	<u>166,611,590</u>	<u>201,309,475</u>	<u>187,247,058</u>	<u>199,401,819</u>					
Total OPEB liability - ending	\$ 135,676,576	\$ 164,488,287	\$ 166,611,590	\$ 201,309,475	\$ 187,247,058					
Covered employee payroll	\$ 27,739,683	\$ 36,819,126	\$ 27,825,492	\$ 26,325,621	\$ 25,987,780					
Total OPEB liability as a percentage of covered employee payroll	489.1%	446.7%	598.8%	764.7%	720.5%					

Note to schedule:

Changes of assumptions: Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:
Discount rate 4.31% 2.25% 2.12% 3.26% 4.11%

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

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

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

CITY OF TROY, NEW YORK

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

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)										Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.	
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013		
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS												
Proportion of the net pension liability (asset)	0.0489987%	0.0472587%	0.0453765%	0.0464498%	0.0471389%	0.5091880%	0.0544292%	0.0556690%				
Proportionate share of the net pension liability (asset)	\$ (4,006)	\$ 47	\$ 12,016	\$ 3,291	\$ 1,521	\$ 4,784	\$ 8,736	\$ 1,881				
Covered-employee payroll	\$ 13,870	\$ 13,148	\$ 12,792	\$ 12,101	\$ 12,086	\$ 12,146	\$ 12,551	\$ 12,756				
Proportionate share of the net pension liability (asset)	-28.88%	0.36%	93.94%	27.20%	12.59%	39.39%	69.60%	14.75%				
as a percentage of its covered-employee payroll	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%				
Plan fiduciary net position as a percentage of the total pension liability (asset)												
NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN - PFRS												
Proportion of the net pension liability (asset)	0.6238831%	0.5655885%	0.5927112%	0.5962480%	0.6053322%	0.6212430%	0.6476601%	0.6390066%				
Proportionate share of the net pension liability (asset)	\$ 3,544	\$ 9,820	\$ 31,680	\$ 9,999	\$ 6,118	\$ 12,876	\$ 19,175	\$ 1,759				
Covered-employee payroll	\$ 22,978	\$ 21,750	\$ 19,857	\$ 19,167	\$ 18,699	\$ 18,380	\$ 18,532	\$ 17,628				
Proportionate share of the net pension liability (asset)	15.42%	45.15%	159.54%	52.17%	32.72%	70.06%	103.47%	9.98%				
as a percentage of its covered-employee payroll	98.66%	95.79%	84.86%	95.09%	96.93%	93.50%	90.20%	99.00%				
Plan fiduciary net position as a percentage of the total pension liability (asset)												

CITY OF TROY, NEW YORK

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 2,011	\$ 2,334	\$ 2,185	\$ 2,098	\$ 2,133	\$ 2,181	\$ 2,367	\$ 2,288		
Contributions in relation to the contractually required contribution	2,011	2,334	2,185	2,098	2,133	2,181	2,367	2,288		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Covered-employee payroll	\$ 13,870	\$ 13,148	\$ 12,792	\$ 12,101	\$ 12,086	\$ 12,146	\$ 12,551	\$ 12,756		
Contributions as a percentage of covered-employee payroll	14.50%	17.75%	17.08%	17.34%	17.65%	17.96%	18.86%	17.94%		

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

NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN - PFRS

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 7,283	\$ 7,377	\$ 6,239	\$ 5,891	\$ 5,748	\$ 5,875	\$ 6,008	\$ 4,864		
Contributions in relation to the contractually required contribution	7,283	7,377	6,239	5,891	5,748	5,875	6,008	4,864		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Covered-employee payroll	\$ 22,978	\$ 21,750	\$ 19,857	\$ 19,167	\$ 18,699	\$ 18,380	\$ 18,532	\$ 17,628		
Contributions as a percentage of covered-employee payroll	31.70%	33.92%	31.42%	30.73%	31.50%	31.27%	31.70%	34.08%		

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

CITY OF TROY, NEW YORK

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

	Special Revenue Funds					Debt Service Fund	Total
	Special Grant Fund	Miscellaneous	Water Fund	Sewer Fund	Garbage Fund		
ASSETS							
Cash	\$ 517,271	\$ 19,108	\$ 5,543,565	\$ 1,572,093	\$ 503,222	\$ -	\$ 8,155,259
Restricted cash	-	-	-	-	-	5,107,098	5,107,098
Restricted cash with fiscal agent	-	-	26,018	8,122	-	-	34,140
Due from other governments	1,129,384	46,545	2,035,774	-	89,512	-	3,300,215
Accounts receivables	260,900	-	1,159,820	843,490	805,901	-	3,070,111
Due from other funds	48,115	14,392	1,944,157	-	7,345	-	2,014,009
Leases receivable	-	-	815,339	-	-	-	815,339
Prepaid and other assets	-	36,000	46,643	11,446	8,655	291,887	394,631
Total assets	\$ 1,954,670	\$ 116,045	\$ 11,571,316	\$ 2,435,151	\$ 1,414,635	\$ 5,398,985	\$ 22,890,802
LIABILITIES							
Accounts payable	\$ 622,293	\$ 8,479	\$ 297,810	\$ 75,009	\$ 120,620	\$ -	\$ 1,124,211
Accrued liabilities	392,436	-	145,148	38,855	672,297	-	1,248,736
Other liabilities	-	-	41,365	-	-	-	41,365
Due to other funds	494,856	41,066	1,036,314	1,418,999	384,714	-	3,375,949
Unearned revenue	173,507	-	100,503	-	141,571	291,887	707,468
Total liabilities	1,683,092	49,545	1,621,140	1,532,863	1,319,202	291,887	6,497,729
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - deferred revenue	-	66,500	-	-	-	-	66,500
Deferred inflows - leases	-	-	812,730	-	-	-	812,730
Total deferred inflows of resources	-	66,500	812,730	-	-	-	879,230
FUND BALANCE							
Nonspendable	\$ -	\$ 36,000	\$ 46,643	\$ 11,446	\$ 8,655	\$ -	\$ 102,744
Restricted	271,578	-	9,015,803	890,842	86,778	5,107,098	15,372,099
Assigned - Appropriated for subsequent year's expenditures	-	(36,000)	75,000	-	-	-	39,000
Total Fund Balance	271,578	-	9,137,446	902,288	95,433	5,107,098	15,513,843
Total liabilities, deferred inflows of resources and fund balance	\$ 1,954,670	\$ 116,045	\$ 11,571,316	\$ 2,435,151	\$ 1,414,635	\$ 5,398,985	\$ 22,890,802

CITY OF TROY, NEW YORK

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

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

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

July 27, 2023

The City Council of the
City of Troy, New York

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

Report on Internal Control over Financial Reporting

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

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

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

Report on Internal Control over Financial Reporting (Continued)

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Bonadio & Co., LLP

CITY OF TROY, NEW YORK

**Required Audit Reports
Under Uniform Guidance
December 31, 2022**

Bonadio & Co., LLP
Certified Public Accountants

CONTENTS

	<u>Page</u>
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 <i>Government Auditing Standards</i>	1-2
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance.....	3-4
Independent Auditor's Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5
Schedule of Expenditures of Federal Awards.....	6
Notes to Schedule of Expenditures of Federal Awards.....	8
Schedule of Findings and Questioned Costs.....	9-10

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

July 27 , 2023

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

Report on the Financial Statements

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

Report on Internal Control over Financial Reporting

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

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

(Continued)

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

Report on Internal Control over Financial Reporting (Continued)

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Bonadio & Co., LLP

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

August 8, 2023

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

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

We have audited the City of Troy, New York, New York's (City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Troy, New York complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

(Continued)

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

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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

July 27, 2023

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

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

We have audited the financial statements of the governmental activities, each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of the City of Troy, New York, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated July 27, 2023, which contained an adverse opinion on the financial statements of governmental activities and unmodified opinions on the aggregate discretely presented component units, each major fund and the aggregate remaining fund information financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

Bonadio & Co., LLP

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CITY OF TROY, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identification Number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Housing and Urban Development				
Direct Awards:				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants - Entitlement Grant	14.218	B-00MC-36-0109	\$ 1,036,800	\$ -
Community Development Block Grants - Entitlement Grant - COVID-19	14.218	NA	182,797	-
Total CDBG - Entitlement Grants Cluster			<u>1,219,597</u>	<u>-</u>
Emergency Solutions Grant Program	14.231	E-00-MC-36-0109	229,175	129,755
Emergency Solutions Grant Program - COVID-19	14.231	E-00-MW-36-0109	857,339	511,150
			<u>1,086,514</u>	<u>640,905</u>
City of Schenectady/ HOME Investment Partnership Program	14.239	M-16-DC-360510	<u>210,935</u>	<u>-</u>
Community Development Block Grants - Section 108 Loan Guarantees				
CDBG - Section 108 Loan Guarantees	14.248	B-00MC-36-0109	<u>662,000</u>	<u>-</u>
Total Department of Housing and Urban Development			<u>3,179,046</u>	<u>640,905</u>
U.S. Department of the Treasury				
Coronavirus State and Local fiscal Recovery Funds - COVID-19	21.027	N/A	<u>5,382,858</u>	<u>3,000,000</u>
Total Department of Treasury			<u>5,382,858</u>	<u>3,000,000</u>
U.S. Department of Transportation				
Passed through NYS Department of Transportation:				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	1761.61	37,059	-
Highway Planning and Construction	20.205	1754.59	3,585	-
Highway Planning and Construction	20.205	1761.30	780,240	-
Highway Planning and Construction	20.205	1761.19	2,419,951	-
Total Highway Planning and Construction Cluster			<u>3,240,835</u>	<u>-</u>
<i>Highway Safety Cluster</i>				
National Priority Safety Programs	20.616	SA00002558	<u>944</u>	<u>-</u>
Total Department of Transportation			<u>3,241,779</u>	<u>-</u>
U.S. Department of Homeland Security				
Direct Awards:				
Assistance to Firefighters Grant	97.044	N/A	8,928	-
Passed through NYS Division of Homeland Security and Emergency Services:				
Homeland Security Grant Program	97.067	C160040	4,535	-
Homeland Security Grant Program	97.067	T175928	8,820	-
Homeland Security Grant Program	97.067	T192794	41,066	-
Homeland Security Grant Program	97.067	C175211	67,050	-
Homeland Security Grant Program	97.067	C175202	32,348	-
Homeland Security Grant Program	97.067	C175292	25,102	-
Homeland Security Grant Program	97.067	T835498	8,500	-
Homeland Security Grant Program	97.067	C175299	610	-
Total Homeland Security Program			<u>188,031</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>196,959</u>	<u>-</u>

(Continued)

The notes to schedule of expenditures of federal awards are an integral part of this schedule.

CITY OF TROY, NEW YORK

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Northern Border Regional Commission:				
Economic and Infrastructure Development Grant Program	90.601	NBRC02GNY01	<u>949,975</u>	<u>-</u>
U.S Department of Justice				
Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-1097	76,188	-
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	2019-WE-AX-0008	46,031	-
Corrections Training and Staff Development	16.601	T662260	19,602	-
Corrections Training and Staff Development	16.601	225802	7,245	-
Edward Byrne memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0066	<u>26,042</u>	<u>-</u>
Total U.S. Department of Justice			<u>175,108</u>	<u>-</u>
U.S. Department of Agriculture				
Urban Agriculture and Innovative Production	10.935	NR213A750001C020	<u>30,772</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>30,772</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 13,156,497</u>	<u>\$ 3,640,905</u>

CITY OF TROY, NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2022

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the City of Troy, New York (City), under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or the respective changes in financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. PASS-THROUGH PROGRAMS

Where the City receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Federal Assistance Listing Number (ALN) advised by the pass-through grantor.

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

4. INDIRECT COSTS

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

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

5. MATCHING COSTS

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

6. LOAN AND LOAN GUARANTEES

The City had \$662,000 of loans outstanding to the Department of Housing and Urban Development related to the Brownfields Economic Development Initiative and Section 108 (ALN #14.248) as of December 31, 2022.

CITY OF TROY, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

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

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

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

☐ Yes ☒ No

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
90.601	Northern Border Regional Development
14.231	Emergency Services Grant
20.205	Highway Planning and Construction

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

\$750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

CITY OF TROY, NEW YORK

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022 (Continued)**

2. FINANCIAL STATEMENT FINDINGS

None.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

CITY OF TROY, NEW YORK

**New York State Department of Transportation
Single Audit
For the Year Ended
December 31, 2022**

Bonadio & Co., LLP
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS OF THE STATE TRANSPORTATION ASSISTANCE
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY PART 43 OF NYCRR AND REPORT ON SCHEDULE OF THE STATE
TRANSPORTATION ASSISTANCE EXPENDED**

July 27, 2023

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

Opinion on Each State Transportation Assistance Program Tested

We have audited the City of Troy, New York's (the City's) compliance with the types of compliance requirements described in Part 43 of the New York State Codes, Rules, and Regulations (NYCRR) that could have a direct and material effect on the City's state transportation assistance program tested for the year ended December 31, 2022. The City's state transportation assistance program tested is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its state transportation assistance program tested for the year ended December 31, 2022.

Basis for Opinion on State Transportation Assistance Program Tested

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 Part 43 of NYCRR. Our responsibilities under those standards and Part 43 of NYCRR are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance of the state transportation assistance program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's state transportation assistance programs.

(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE TRANSPORTATION ASSISTANCE PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED AS REQUIRED BY PART 43 OF THE NEW YORK CODES, RULES AND REGULATIONS (Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Part 43 of NYCRR will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the state transportation assistance program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the audit requirements of Part 43 of NYCRR, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Part 43 of NYCRR, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE TRANSPORTATION ASSISTANCE PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED AS REQUIRED BY PART 43 OF THE NEW YORK CODES, RULES AND REGULATIONS (Continued)

Report on Internal Control Over Compliance (Continued)

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state transportation assistance program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Part 43 of NYCRR. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Transportation Assistance Expended Required by Part 43 of NYCRR

We have audited the financial statements of the governmental activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated July 27, 2023, which contained an adverse opinion on the governmental activities and unmodified opinions on the remaining financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Part 43 of NYCRR and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state transportation assistance expended is fairly stated in all material respects in relation to the basic financial statements as a whole.

Bonadio & Co., LLP

CITY OF TROY, NEW YORK

**SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Program Title</u>	New York State Contract/ Identification <u>Number</u>	<u>Expenditures</u>
Consolidated Local Street and Highway Improvement Program (CHIPS)		
Capital Reimbursement Component	142057	\$ 2,719,327
State Touring Route	142057	2,258,761
PAVE NY	142057	709,639
NYS DOT, Campbell Avenue Bridge Replacement	N/A	<u>532,736</u>
Total		<u>\$ 6,220,463</u>

The accompanying notes are an integral part of this schedule.

CITY OF TROY, NEW YORK

NOTES TO SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED FOR THE YEAR ENDED DECEMBER 31, 2022

1. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. INDIRECT COSTS

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

4. MATCHING COSTS

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

CITY OF TROY, NEW YORK

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2022**

A. SUMMARY OF AUDITOR'S RESULTS

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

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

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

C. COMPLIANCE FINDINGS AND QUESTIONED COSTS

There were no current year findings.