

**CITY OF TROY, NEW YORK**  
**FINANCIAL STATEMENTS - STATUTORY BASIS**  
**and**  
**INDEPENDENT AUDITOR'S REPORT**

**December 31, 2009**

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BOLLAM, SHEEDY, TORANI & CO. LLP  
Certified Public Accountants  
Albany, New York

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying balance sheet - statutory basis of the City of Troy, New York (City), as of December 31, 2009, and the statements of revenues, expenditures and changes in fund balance - all governmental fund types and expendable trust funds - statutory basis and revenues, expenditures, and changes in fund balance - budget and actual - general and combining special revenue fund types - statutory basis for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As more fully described in Note 1 to the financial statements, the City prepared its financial statements using statutory accounting practices prescribed by the New York State Office of the State Comptroller for reporting to that office, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not readily determinable, are presumed to be material.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the City of Troy, New York, as of December 31, 2009, and the results of its operations for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have issued our report dated September 23, 2010, on our consideration of the City of Troy, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Mayor, Members of the City Council, management, and the New York State Office of the State Comptroller, and the various Federal and State funding sources and is not intended to be and should not be used by anyone other than these specified parties.

*Bollam Sheedy Torani & Co LLP*

Albany, New York  
September 23, 2010

**CITY OF TROY, NEW YORK**

**BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS - STATUTORY BASIS**

	December 31, 2009								
	Governmental Fund Types						Fiduciary Fund Types Combined	Account Groups	
	General	Special Grant	Water	Sewer	Debt Service	Capital Projects	Trust and Agency	Non-current Governmental Assets	Non-current Governmental Liabilities
<b>ASSETS AND OTHER DEBITS</b>									
<b>ASSETS</b>									
Cash and cash equivalents	\$ 2,989,764	\$ 1,810,569	\$ 5,232,702	\$ 323,017	\$ 132,873	\$ 1,217,991	\$ 959,007	\$ -	\$ -
Cash with fiscal agent	8,793,319	-	-	-	3,183,247	69,665	-	-	-
Taxes receivable, net	8,922,301	-	-	-	-	-	-	-	-
Other receivables	1,907,860	258,493	1,143,589	489,289	-	-	-	-	-
Due from other governments	5,402,018	1,701,049	2,610,599	125,840	-	2,040,476	-	-	-
Due from other funds	3,080,519	561,964	-	-	4,038	14,033	10,372	-	-
Prepaid and other assets	14,141	-	-	-	-	-	47,423	-	-
Fixed assets	-	-	-	-	-	-	-	215,381,528	-
	<u>31,109,922</u>	<u>4,332,075</u>	<u>8,986,890</u>	<u>938,146</u>	<u>3,320,158</u>	<u>3,342,165</u>	<u>1,016,802</u>	<u>215,381,528</u>	<u>-</u>
<b>OTHER DEBITS</b>									
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	-	88,502,568
	<u>\$ 31,109,922</u>	<u>\$ 4,332,075</u>	<u>\$ 8,986,890</u>	<u>\$ 938,146</u>	<u>\$ 3,320,158</u>	<u>\$ 3,342,165</u>	<u>\$ 1,016,802</u>	<u>\$ 215,381,528</u>	<u>\$ 88,502,568</u>
<b>LIABILITIES, OTHER CREDITS, AND FUND BALANCE</b>									
<b>LIABILITIES</b>									
Accounts payable	\$ 1,784,208	\$ 267,677	\$ 215,051	\$ 27,929	\$ -	\$ 1,038,336	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-	-	157,956	-	-	-
Accrued liabilities	636,919	-	103,589	32,459	-	-	-	-	-
Other liabilities	429,293	-	14,861	-	-	-	581,455	-	5,645,209
Due to other governments	6,334,800	98,600	-	-	-	-	-	-	3,462,158
Due to other funds	538,524	1,883,929	-	406,734	69,185	337,207	435,347	-	-
Repayment agreements	-	-	-	-	-	-	-	-	56,089,582
Bond anticipation note payable	-	-	-	-	-	225,000	-	-	-
Bonds payable	-	-	-	-	-	-	-	-	7,799,295
Bond interest and matured bonds payable	-	-	41,365	-	-	-	-	-	-
Deferred revenue	6,471,438	1,339,749	-	-	-	954,645	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	15,506,324
	<u>16,195,182</u>	<u>3,589,955</u>	<u>374,866</u>	<u>467,122</u>	<u>69,185</u>	<u>2,713,144</u>	<u>1,016,802</u>	<u>-</u>	<u>88,502,568</u>
<b>OTHER CREDITS</b>									
Investment in general fixed assets	-	-	-	-	-	-	-	215,381,528	-
<b>FUND BALANCE</b>									
Reserved									
Encumbrances	845,270	747,996	344,517	487,178	-	6,578,718	-	-	-
Special reserves	12,746,225	-	-	-	-	-	-	-	-
Bonded debt	-	-	-	-	3,250,973	-	-	-	-
Unreserved - unappropriated	<u>1,323,245</u>	<u>(5,876)</u>	<u>8,267,507</u>	<u>(16,154)</u>	<u>-</u>	<u>(5,949,697)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>14,914,740</u>	<u>742,120</u>	<u>8,612,024</u>	<u>471,024</u>	<u>3,250,973</u>	<u>629,021</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 31,109,922</u>	<u>\$ 4,332,075</u>	<u>\$ 8,986,890</u>	<u>\$ 938,146</u>	<u>\$ 3,320,158</u>	<u>\$ 3,342,165</u>	<u>\$ 1,016,802</u>	<u>\$ 215,381,528</u>	<u>\$ 88,502,568</u>

The accompanying Notes to Financial Statements - Statutory Basis are an integral part of these statements.

**CITY OF TROY, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS - STATUTORY BASIS**

	Year Ended December 31, 2009						Fiduciary Fund Type Expensible Trust
	Governmental Fund Types						
	General	Special Grant	Water	Sewer	Debt Service		
<b>REVENUES</b>							
Real property taxes and tax items	\$ 19,253,721	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonproperty taxes	14,124,958	-	-	-	-	-	-
Departmental income	5,416,534	385,586	9,780,117	2,122,983	-	-	-
Intergovernmental charges	421,384	-	29,484	-	-	-	-
Use of money and property	203,170	12,888	227,304	6,510	133,345	4,038	-
Licenses and permits	330,368	-	13,495	-	-	-	-
Fines and forfeitures	1,341,582	-	-	-	-	-	-
Sale of property and compensation for loss	46,690	-	30,685	-	-	-	-
Miscellaneous local sources	775,181	664,478	55,647	17,036	-	-	-
Interfund	1,863,547	-	327,000	-	-	-	-
State aid	15,525,778	206,844	-	-	-	288,486	-
Federal aid	875,238	2,635,980	-	-	-	3,660,369	-
Total revenues	<u>60,178,151</u>	<u>3,905,776</u>	<u>10,463,732</u>	<u>2,146,529</u>	<u>133,345</u>	<u>3,952,893</u>	<u>-</u>
<b>EXPENDITURES</b>							
General governmental support	9,157,500	-	342,437	-	5,647	-	-
Public safety	30,903,272	-	-	-	-	-	-
Health	136,656	-	-	-	-	-	-
Transportation	3,568,621	-	-	-	-	-	-
Cultural and recreation	2,703,276	-	-	-	-	-	-
Home and community services	4,109,775	6,530,036	7,963,553	2,268,806	-	-	-
Employee benefits	4,435,628	-	-	-	-	-	-
<b>CAPITAL EXPENDITURES</b>							
General government support	116,804	-	-	-	-	-	-
Public safety	1,193,085	-	-	-	-	3,105,358	-
Transportation	151,771	-	-	-	-	2,681,930	-
Culture and recreation	-	-	-	-	-	81,160	-
Home and community service	-	-	579,470	18,142	-	84,000	-
<b>DEBT SERVICE</b>							
Principal	3,775,351	-	274,362	39,720	-	-	-
Interest	2,488,136	-	221,448	34,176	-	-	-
Total expenditures	<u>62,739,875</u>	<u>6,530,036</u>	<u>9,381,270</u>	<u>2,360,844</u>	<u>5,647</u>	<u>5,952,448</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,561,724)</u>	<u>(2,624,260)</u>	<u>1,082,462</u>	<u>(214,315)</u>	<u>127,698</u>	<u>(1,999,555)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating transfers in	1,742,862	-	-	-	4,038	1,200,672	-
Operating transfers out	(1,200,712)	(17,550)	(1,472,000)	-	(253,312)	(4,038)	(989)
Proceeds of obligations	-	-	-	-	-	725,000	-
Total other financing sources (uses)	<u>542,150</u>	<u>(17,550)</u>	<u>(1,472,000)</u>	<u>-</u>	<u>(249,274)</u>	<u>1,921,634</u>	<u>(989)</u>
Deficiency of revenues and other financing sources over expenditures and other financing sources (uses)	<u>(2,019,574)</u>	<u>(2,641,810)</u>	<u>(389,538)</u>	<u>(214,315)</u>	<u>(121,576)</u>	<u>(77,921)</u>	<u>(989)</u>
<b>FUND BALANCE, beginning of year</b>	<u>16,934,314</u>	<u>3,383,930</u>	<u>9,001,562</u>	<u>685,339</u>	<u>3,372,549</u>	<u>706,942</u>	<u>989</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 14,914,740</u>	<u>\$ 742,120</u>	<u>\$ 8,612,024</u>	<u>\$ 471,024</u>	<u>\$ 3,250,973</u>	<u>\$ 629,021</u>	<u>\$ -</u>

The accompanying Notes to Financial Statements - Statutory Basis are an integral part of these statements.

CITY OF TROY, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
COMBINING SPECIAL REVENUE FUND TYPES - STATUTORY BASIS

	Year Ended December 31, 2009								
	General Fund			Special Revenue Funds*			Totals		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>									
Real property taxes and tax items	\$ 19,539,710	\$ 19,253,721	\$ (285,989)	\$ -	\$ -	\$ -	\$ 19,539,710	\$ 19,253,721	\$ (285,989)
Nonproperty taxes	14,275,000	14,124,958	(150,042)	-	-	-	14,275,000	14,124,958	(150,042)
Departmental income	4,693,300	5,416,534	723,234	12,502,695	11,903,100	(599,595)	17,195,995	17,319,634	123,639
Intergovernmental charges	476,424	421,384	(55,040)	30,000	29,484	(516)	506,424	450,868	(55,556)
Use of money and property	620,000	203,170	(416,830)	207,606	233,814	26,208	827,606	436,984	(390,622)
Licenses and permits	689,500	330,368	(359,132)	13,000	13,495	495	702,500	343,863	(358,637)
Fines and forfeitures	872,500	1,341,582	469,082	-	-	-	872,500	1,341,582	469,082
Sale of property and compensation for loss	61,415	46,690	(14,725)	114,040	30,685	(83,355)	175,455	77,375	(98,080)
Miscellaneous local sources	780,236	775,181	(5,055)	28,800	72,683	43,883	809,036	847,864	38,828
Interfund	2,361,541	1,863,547	(497,994)	327,000	327,000	-	2,688,541	2,190,547	(497,994)
State aid	15,840,578	15,525,778	(314,800)	-	-	-	15,840,578	15,525,778	(314,800)
Federal aid	666,406	875,238	208,832	-	-	-	666,406	875,238	208,832
Total revenues	60,876,610	60,178,151	(698,459)	13,223,141	12,610,261	(612,880)	74,099,751	72,788,412	(1,311,339)
<b>EXPENDITURES</b>									
General governmental support	9,745,152	9,274,304	470,848	461,785	342,437	119,348	10,206,937	9,616,741	590,196
Public safety	32,673,194	32,096,357	576,837	-	-	-	32,673,194	32,096,357	576,837
Health	141,383	136,656	4,727	-	-	-	141,383	136,656	4,727
Transportation	4,212,982	3,720,392	492,590	-	-	-	4,212,982	3,720,392	492,590
Culture and recreation	2,774,203	2,703,276	70,927	-	-	-	2,774,203	2,703,276	70,927
Home and community services	4,727,733	4,109,775	617,958	12,127,783	10,829,971	1,297,812	16,855,516	14,939,746	1,915,770
Employee benefits	4,420,428	4,435,628	(15,200)	-	-	-	4,420,428	4,435,628	(15,200)
Debt service									
Principal	3,775,351	3,775,351	-	314,082	314,082	-	4,089,433	4,089,433	-
Interest	2,491,817	2,488,136	3,681	255,623	255,624	(1)	2,747,440	2,743,760	3,680
Total expenditures	64,962,243	62,739,875	2,222,368	13,159,273	11,742,114	1,417,159	78,121,516	74,481,989	3,639,527
Excess (deficiency) of revenues over (under) expenditures	(4,085,633)	(2,561,724)	1,523,909	63,868	868,147	804,279	(4,021,765)	(1,693,577)	2,328,188
<b>OTHER FINANCING SOURCES (USES)</b>									
Appropriated fund balance	3,719,448	-	(3,719,448)	1,408,132	-	(1,408,132)	5,127,580	-	(5,127,580)
Operating transfers in	1,566,185	1,742,862	176,677	-	-	-	1,566,185	1,742,862	176,677
Operating transfers out	(1,200,000)	(1,200,712)	(712)	(1,472,000)	(1,472,000)	-	(2,672,000)	(2,672,712)	(712)
Total other financing sources (uses)	4,085,633	542,150	(3,543,483)	(63,868)	(1,472,000)	(1,408,132)	4,021,765	(929,850)	(4,951,615)
Deficiency of revenues and other financing sources over (under) expenditures and other financing sources (uses)	\$ -	(2,019,574)	\$ (2,019,574)	\$ -	(603,853)	\$ (603,853)	\$ -	(2,623,427)	\$ (2,623,427)
<b>FUND BALANCE, beginning of year</b>		16,934,314			9,686,901			26,621,215	
<b>FUND BALANCE, end of year</b>		\$ 14,914,740			\$ 9,083,048			\$ 23,997,788	

\* Excludes Special Grant Fund and Troy Urban Renewal Agency, see Note 1d.

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS**

**December 31, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Troy, New York (City) has elected to prepare its financial statements on the statutory basis required by the New York State Office of the State Comptroller for annual reports to that office. This statutory basis is an other comprehensive basis which varies from accounting principles generally accepted in the United States of America (GAAP) primarily in accounting for governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In preparing the 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.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying basic financial statements - statutory basis follows.

*a. Financial Reporting Entity*

The City was established during 1789 within the County of Rensselaer (County); was incorporated during 1816; and is governed by its Charter, the 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 several services, including general government support, police and fire protection, refuse and garbage collection, water and sewer service, and recreation services.

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 reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to influence operations significantly, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the City and/or its citizens, or whether the activity is conducted within the geographic boundaries of the City and is generally available to its citizens. A third criterion used in evaluating potential component units is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

Based on the application of these criteria, a brief review of each potential component unit addressed in defining the City's reporting entity follows:

Excluded From the Reporting Entity

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

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS**  
**December 31, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*a. Financial Reporting Entity - Continued*

Excluded From the Reporting Entity - Continued

Municipal Assistance Corporation for the City of Troy

The Municipal Assistance Corporation for the City of Troy (MAC) was created during 1995 under the provisions of Section 3053 of the Financial Control Act (see Note 10). The MAC is an authority of the State of New York. The members of the authority have complete responsibility for managing the MAC and are not presumed to be a component unit of the City. The enabling legislation creating the MAC was amended June 29, 1995, with an effective date of July 19, 1995, and was again amended August 5, 1996.

City of Troy Supervisory Board

Per the provision of Chapter 721 of the Laws of 1994 as amended by Chapters 187 and 188 of the Laws of 1995 and Chapters 444 and 445 of the Laws of 1996 (see Note 10), 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 Industrial Development Authority

The Troy Industrial Development Authority (IDA) is a Public Benefit Corporation created by the State Legislature to promote the economic welfare, recreation opportunities, and prosperity of City inhabitants. Members of the IDA are appointed by the Mayor and confirmed by the City Council, but the City exercises no oversight responsibility. IDA members have complete responsibility for management of the IDA and accountability for fiscal matters. The City is not liable for IDA bonds or notes.

Troy Local Development Corporation

The Troy Local Development Corporation (LDC) was incorporated in the State of New York in November 1988. The LDC's primary purpose is to maintain and develop the economic climate of the City through the promotion of employment and attraction of new businesses. Effective for the year ended December 31, 2008, the LDC is required to have an annual independent audit completed of its financial statements.

The LDC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is classified as a private foundation under Sections 507(d) and 4940 of the Internal Revenue Code and qualifies for the charitable contribution deduction for individual donors.

Troy City and Lansingburgh Central School Districts

The Troy City and Lansingburgh Central School Districts (School Districts) were created by State legislation, which designated the School Boards as the governing authorities. School Board members are elected by the qualified voters of the School Districts. The Boards designate management and exercise complete responsibility for all fiscal matters. The City Council exercises no oversight over the School Districts' operations.

Troy Housing Authority

The Troy Housing Authority (Authority) was created during 1957 by the State Legislature. The Governing Board of the Authority is appointed by the Chief Executive Officer of the City. The City provides no subsidy to the Authority nor is it responsible for debt or operating deficits of the Authority. The Authority's debt is essentially supported by operating revenues of the Authority and is not guaranteed by the City. The City does not appoint management of the Authority nor does it approve the Authority's budget, contracts, or hiring of staff. The City has no oversight responsibility for funds of the Authority.

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS**  
**December 31, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*b. Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for on the modified accrual basis using a current financial resources focus. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, governmental fund revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be reasonably determined, and "available" means the related cash resources are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City follows GAAP and considers property taxes available if they are collected within 60 days after year-end. Property taxes determined to be collectible after the 60-day period are recorded as deferred revenues. The City uses a 120-day availability period for other significant governmental revenue sources. In addition to property taxes, governmental revenues susceptible to accrual include sales tax, state and federal aid, and certain other significant revenues. Fines, permits, and parking meter revenues are not susceptible to accrual because generally they are not measurable until received. For state and federal grants, if reimbursement of expenditures is the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

The City also reports deferred revenue for certain revenues other than property taxes. Deferred revenues arise when potential revenue does not meet both of the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combining balance sheet and revenue is recognized.

Governmental fund expenditures are recorded when the fund liability is incurred except that:

- Payment of prepaid expenses and purchase of inventory type items are recorded as expenditures when the related amounts are due and payable. This method is generally referred to as the "purchase" method, as opposed to the "consumption" method used in the government-wide financial statements.
- Principal and interest on indebtedness are recorded as expenditures when the related debt service amounts are due and payable, which normally approximates the date the debt is paid.
- Compensated absences, such as vacation leave and compensation time, which vest or accumulate with eligible employees, are recorded as expenditures in the payroll period that the leave credits are used by employees.
- Current pension costs payable to the New York State Retirement Systems are recorded as expenditures when billed by the Systems.
- Costs of acquiring fixed assets are recorded as expenditures when the related acquisition amounts are due and payable.

*c. Fund Accounting*

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The activities of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. The City's fund types and account groups are as follows:

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS  
December 31, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*c. Fund Accounting - Continued*

Fund Types

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The City's governmental fund types are as follows:

i. General Fund is the principal operating fund of the City and accounts for the 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.

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

Special Grant Fund 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 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 is used to report operations of the City's wastewater treatment facilities and sanitary sewer system that is provided to all City residents.

iii. Debt Service Fund is used to account for the accumulation of resources reserved for future MAC 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.

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

Fiduciary Funds are used to report resources that are held by the City in a trustee or agency capacity for others and cannot be used to support the City's own programs. Fiduciary funds include pension and other employee benefit trust funds, investment trust funds, private purpose trust funds, and agency funds. The City does not maintain any investment or private purpose trust funds, but does maintain the following Fiduciary Funds:

i. Agency Funds are used to account for monies and property held by the City as agent for others pending disposition to the applicable parties.

In addition to the various funds, the City maintains schedules of non-current governmental assets and non-current governmental liabilities. Non-current governmental assets include capital assets used in governmental activities, and non-current governmental liabilities include bonds, state loans, and other long-term debt used to finance governmental activities.

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS  
December 31, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*d. Budgets*

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

- i. Not later than October 1, the City Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1.
- ii. The operating budget includes proposed expenditures and the means of financing them.
- iii. Public hearings are conducted to obtain taxpayer comments.
- iv. Not later than December 1, the budget is legally enacted through the passage of a legislative resolution.
- v. Total expenditures for each object may not legally exceed the total appropriations for that object.

A summary of the functions exceeding budgeted appropriations is as follows:

	<u>Year Ended December 31, 2009</u>		
	<u>Budgeted</u>	<u>Total</u>	<u>Unfavorable</u>
	<u>Appropriations</u>	<u>Encumbrances</u>	<u>Variance</u>
General Fund			
Law	\$ 588,824	\$ 631,627	\$ (42,803)
Judgement and claims	145,000	194,098	(49,098)
Public Safety, police	16,488,485	16,611,186	(122,701)
Undistributed, health	4,168,173	4,218,511	(50,338)

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.

A reconciliation of actual results for the Special Revenue Funds is as follows:

	<u>Revenues and</u>	<u>Expenditures and</u>	<u>Fund Balance,</u>
	<u>Other Financing</u>	<u>Other Financing</u>	<u>End of Year</u>
	<u>Sources</u>	<u>Uses</u>	
Total funds included in comparison	\$ 12,610,261	\$ 13,214,114	\$ 9,083,048
Funds not included in budget comparison	<u>3,905,776</u>	<u>6,512,486</u>	<u>742,120</u>
	<u>\$ 16,516,037</u>	<u>\$ 1,972,660</u>	<u>\$ 9,825,168</u>

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 within individual departments. 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.

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS  
December 31, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*d. Budgets - Continued*

The budget is developed on the basis generally consistent with GAAP. The only significant difference is that the budget treats encumbrances as expenditures, whereas GAAP treats them as reservations of fund balances.

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. The Troy Urban Renewal Agency does not operate on an annual budget due to its limited activity. Accordingly, these funds have not been included in statements comparing budget estimates to actual transactions.

*e. Cash and Cash Equivalents*

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.

*f. Interfund Transactions*

During the course of operations, the City processes several transactions that affect more than one fund and other transactions between the various funds. Interfund services provided and used are accounted for as revenues in the provider funds and expenditures or expenses in the user funds. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Advances or loans from one fund to another are recorded as receivables in the remitting fund and payables in the receiving fund. Other interfund transactions generally represent transfers of resources from one fund to be utilized in another fund and are reported as transfers. Interfund transactions that are unpaid between funds are recorded in the financial statements - statutory basis as due from other funds (receivables) and due to other funds (payables).

*g. Fixed Assets*

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the schedule of non-current governmental assets.

Accounting principles under the statutory basis require that all purchased fixed assets be valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS  
December 31, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*g. Fixed Assets - Continued*

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Fixed assets are not depreciated nor has interest on general fixed assets construction in progress been capitalized.

*h. Compensated Absences*

During 2009, accumulated vacation for General, Water, and Sewer Fund personnel totaled \$4,686,446, \$219,560, and \$39,203, respectively. The amounts of vested accumulated vacation leave and compensation time are recorded in the schedule of non-current governmental liabilities in other liabilities. No liability is recorded for nonvesting accumulated rights to receive sick and personal pay benefits.

*i. Post-Retirement Benefits*

The City provides health insurance coverage and survivors' benefits for retired employees and their survivors. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City. Health care benefits and survivors' benefits are provided through a self-insurance program or insurance company contracts with premiums based on the benefits paid during the year. The City recognizes the cost of providing benefits by recording total costs as expenditures during the year paid. The retirees' premium contributions are reported as revenue received during the year.

During the year, approximately \$3.8 million was paid on behalf of approximately 357 retirees and survivors and recorded as expenditures in the General Fund. During the year, \$92,132 was collected for premiums from these retirees and survivors and recorded as revenue of the General Fund. See Note 9 for additional disclosures required for retiree postemployment benefits other than pensions.

*j. Fund Balance*

Reserves represent those portions of fund balance not available for appropriation or legally segregated for a future use. Designated fund balances represent tentative plans for future use of financial resources. There were no designated fund balances at December 31, 2009.

Unrestricted fund balance represents fund balance of the City not restricted for any project or other purpose.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

It is the City's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the FDIC insurance. The City's pooled and non-pooled deposits are categorized to give an indication of the level of risk assumed by the City at fiscal year-end. The categories are described as follows:

Category 1

Insured or collateralized with securities held by the City or by its agent in the City's name.

Category 2

Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3

Uncollateralized.

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS  
December 31, 2009**

**NOTE 2 - CASH AND CASH EQUIVALENTS - Continued**

Bank Pooled Deposits	Category			Carrying Amount	
	Balance	1	2		3
Pooled cash and cash equivalents	\$ 3,370,973	\$ -	\$ 3,370,973	\$ -	\$ 3,107,740
<b>Non-Pooled Deposits</b>					
Non-Pooled cash and cash equivalents					
General Fund	5,780,736	-	5,780,736	-	5,749,457
Special Revenue Funds	1,964,840	-	1,964,840	-	1,768,921
Capital Projects	1,015,550	-	1,015,550	-	965,300
Trust and Agency	1,093,737	-	1,093,737	-	935,632
Debt Service	132,874	-	132,874	-	132,873
Petty cash	6,000	-	-	6,000	6,000
	<u>\$ 13,364,710</u>	<u>\$ -</u>	<u>\$ 13,358,710</u>	<u>\$ 6,000</u>	<u>\$ 12,665,923</u>

As a provision of certain financing arrangements, certain Capital Projects Fund cash is restricted for related construction purposes. Reserved fund balance includes the excess of assets over certain liabilities reserved according to donor restrictions, reserved for debt service on bonded debt, and reserved for capital projects.

Cash with fiscal agent represents amounts held by the fiscal agent for payment of principal and interest on outstanding obligations held by the MAC in the General and Debt Service Funds. Cash with fiscal agent represents Capital Projects BAN proceeds and EFC Clear Water Bond proceeds for use on a certain project.

**NOTE 3 - PROPERTY TAXES**

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

The City has established an allowance for doubtful accounts based on collection history and a review of accounts by management. Allowance for doubtful accounts was \$450,000 at December 31, 2009.

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

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

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS  
December 31, 2009**

**NOTE 3 - PROPERTY TAXES - Continued**

Also, May 21, 2009, the New York State Legislature amended Chapter 672 of the Laws of 1993, amending the Public Authorities Law relating to the construction and financing of facilities for certain public libraries including the Troy Public Library within the provisions of the chapter. In addition, pursuant to said amendment, taxes voted on and approved for the support of the library shall be levied in the calendar year directly preceding the library's fiscal year and shall be included in the tax bills issued during December of the calendar year preceding the fiscal year. The City implemented the provisions of the amendment as set forth in Legislative Bill A-11189 and began collecting library taxes in January 2010 for the 2010 fiscal year. The City has agreed to certify and pay to the Troy Public Library, all library taxes collected by the City on a monthly basis commencing with January 2010 collections 45 days after the first of every month.

As described above, City taxes receivable consist in part of direct City tax revenues and in part of taxes levied for the purposes of other local governments over which the City exercises no fiscal control. Since the City must ultimately "buy" the other governments' and funds' interest in taxes receivable, a sufficient amount is included in deferred tax revenue to ensure the cash position needed to pay the other governments and funds. This deferred tax revenue does not include uncollected County taxes.

Taxes are calculated using assessments prepared by the City Assessor as adjusted by the New York State Board of Equalization and Assessment for the purpose of comparability. The taxable assessed value of real property included in the levy of 2009 is approximately \$251.1 million. The effective tax rate on this value is approximately \$72.80 per thousand. The statutory maximum tax rate is 2% of the five-year average of the equalized assessment. The 2009 levy represents approximately 61.9% of the maximum statutory levy.

**NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES**

The following is a summary of interfund receivables and payables:

<u>Fund</u>	<u>December 31, 2009</u>	
	<u>Due From</u>	<u>Due To</u>
	<u>Other Funds</u>	<u>Other Funds</u>
General	\$ 3,080,519	\$ 538,524
Special Revenue	561,964	2,290,663
Capital Projects	14,033	337,207
Debt Service	4,038	69,185
Agency	10,372	435,347
	<u>\$ 3,670,926</u>	<u>\$ 3,670,926</u>

The City made the following operating transfers:

	<u>December 31, 2009</u>	
	<u>Transfers</u>	<u>Transfers</u>
	<u>In</u>	<u>Out</u>
General	\$ 1,742,862	\$ 1,200,712
Special Grant	-	17,550
Water	-	1,472,000
Debt Service	4,038	253,312
Capital Projects	1,200,712	4,038
	<u>\$ 2,947,612</u>	<u>\$ 2,947,612</u>

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS  
December 31, 2009**

**NOTE 5 - FIXED ASSETS**

The following schedule identifies changes in the City's fixed assets:

<u>Category</u>	Year Ended December 31, 2009		
	<u>Balance January 1, 2009</u>	<u>Additions</u>	<u>Balance December 31, 2009</u>
Fixed assets			
Land	\$ 1,313,405	\$ -	\$ 1,313,405
Buildings	50,261,407	11,000	50,272,407
Machinery and equipment	12,881,129	2,208,999	15,090,128
Infrastructure	148,705,588	-	148,705,588
	<u>\$ 213,161,529</u>	<u>\$ 2,219,999</u>	<u>\$ 215,381,528</u>

The City has assessed the value of their infrastructure and has elected to record it even though it is not required under the accounting principles prescribed by the New York State Office of the State Comptroller.

**NOTE 6 - OTHER RECEIVABLES**

Other receivables include:

*a. General Fund*

The City was owed \$24,601 of assessments receivable, and \$1,883,259 of accounts receivable as of December 31, 2009.

*b. Special Grant Fund*

The City has made loans to various companies and individuals under the United States Department of Housing and Urban Development programs. The total of commercial and residential rehabilitation loans receivable is \$381,490 as of December 31, 2009. At year-end, the City had \$122,997 reserved in the allowance for receivables.

*c. Water and Sewer Funds*

Other receivables in these funds are comprised of water and sewer rents receivable totaling \$1,100,057 and \$477,104, respectively, an allowance for receivables of \$3,469 and \$3,090, respectively, and accounts receivable of \$47,001 and \$15,275, respectively, as of December 31, 2009.

**NOTE 7 - INDEBTEDNESS**

*a. Short-Term Debt*

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.

At December 31, 2009, the City had \$225,000 in BANs outstanding. The City issued BANs to temporarily finance the bond objective.

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS  
December 31, 2009**

**NOTE 7 - INDEBTEDNESS - Continued**

*b. Bonds Payable*

A summary of the City's bonds payable as reported in non-current liabilities is as follows:

	<u>Original Date Issued</u>	<u>Original Balance</u>	<u>Interest Rate %</u>	<u>Final Maturity</u>	<u>December 31, 2009</u>
<u>Water Fund</u>					
General obligation	09/99	\$ 855,297	0.000	12/19	\$ 460,000
General obligation	12/01	3,390,000	3.250	12/22	2,448,215
General obligation	07/07	3,136,180	4.633	09/36	2,975,000
					<u>5,883,215</u>
<u>Sewer Fund</u>					
General obligation	09/04	1,625,890	2.380	04/34	1,416,080
General obligation	07/09	500,000	2.010	07/14	500,000
					<u>1,916,080</u>
Total general obligation bonds payable					<u>\$ 7,799,295</u>

Water and sewer debt issuances are essential to continued operations of those activities. Consequently, the City recognizes interest on the related debt as a direct operating expense of the water and sewer activities.

*c. Repayment Agreements*

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

The outstanding balances of the repayment agreements described above were \$49,944,582, \$590,000, \$2,950,000, and \$2,605,000 at December 31, 2009, respectively.

*d. 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 above under the Sewer Fund represent the unpaid balance of these bonds at December 31, 2009.

*e. 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 above under Water Fund represent the unpaid balance of these bonds at December 31, 2009.

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS  
December 31, 2009**

**NOTE 7 - INDEBTEDNESS - Continued**

*f. Maturity Information*

The annual debt service requirements to maturity for long-term debt as of December 31, 2009, are as follows:

<u>Year Ending December 31,</u>	<u>Bonds Payable</u>	<u>Repayment Agreements (a)</u>	<u>Total</u>
2010	\$ 424,001	\$ 4,945,000	\$ 5,369,001
2011	430,236	5,165,000	5,595,236
2012	436,664	5,245,000	5,681,664
2013	448,301	5,345,000	5,793,301
2014	455,143	5,330,000	5,785,143
2015 through 2019	1,921,525	28,820,000	30,741,525
2020 through 2024	1,470,275	16,530,000	18,000,275
2025 through 2029	907,100	-	907,100
2030 through 2034	1,021,050	-	1,021,050
2035 through 2037	285,000	-	285,000
	<u>\$ 7,799,295</u>	<u>\$ 71,380,000</u>	<u>\$ 79,179,295</u>
Liability as of December 31, 2009			

(a) Repayment agreements include accretion on Capital Appreciation Bonds of \$17,244,375.

The annual repayment of principal and interest on bonded debt is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 424,001	\$ 256,880	\$ 680,881
2011	430,236	245,669	675,905
2012	436,664	234,212	670,876
2013	448,301	222,497	670,798
2014	455,143	210,324	665,467
2015 through 2019	1,921,525	878,804	2,800,329
2020 through 2024	1,470,275	579,403	2,049,678
2025 through 2029	907,100	373,076	1,280,176
2030 through 2034	1,021,050	186,383	1,207,433
2035 through 2036	285,000	20,593	305,593
	<u>\$ 7,799,295</u>	<u>\$ 3,207,841</u>	<u>\$ 11,007,136</u>

Of the total outstanding principal indebtedness of the City in the sum of \$46,869,502, \$1,075,000 was subject to the statutory debt limit and represented .95% of the City's \$111,540,602 statutory debt limit.

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS**

**December 31, 2009**

**NOTE 7 - INDEBTEDNESS – Continued**

*g. Non-Current Governmental Liabilities*

The following is a summary of the City’s non-current governmental liabilities:

	Balance January 1, 2009	Additions	Debt Retirements/ Adjustments	Balance December 31, 2009
Bonds payable	\$ 7,613,377	\$ 500,000	\$ 314,082	\$ 7,799,295
Landfill closure	570,000	-	30,000	540,000
Judgments and claims payable	176,000	-	16,000	160,000
Due to County (a)	99,000	-	16,500	82,500
Retirement debt (b)	1,004,875	-	309,534	695,341
Retirement debt (c)	3,078,473	-	394,156	2,684,317
Repayment agreements (d)	59,083,864	539,569	3,533,851	56,089,582
Postemployment health insurance (e)	7,882,212	7,624,112	-	15,506,324
Compensated absences	4,652,624	292,585	-	4,945,209
<b>Total non-current governmental liabilities</b>	<b>\$ 84,160,425</b>	<b>\$ 8,956,266</b>	<b>\$ 4,614,123</b>	<b>\$ 88,502,568</b>

- (a) \$16,500 adjustment was reclassified as a current liability in General Fund and was paid in the first quarter of 2009.
- (b) Represents debt for the 2002 incentive and §443 plans for police and fire. See Note 8.
- (c) Represents debt for the 2004 amortization covering the period April 1, 2004 to December 31, 2004; 2005 amortization covering the period April 1, 2005 to December 31, 2005; 2006 amortization covering the period April 1, 2006 to December 31, 2006; 2007 amortization covering the period April 1, 2007 to December 31, 2007; 2008 amortization covering the period April 1, 2007 to December 31, 2008. See Note 8.
- (d) Repayment agreements include accreted interest of \$539,569 added during 2009 and \$17,244,375 to date.
- (e) Postemployment health insurance liability at December 31, 2009, has been adjusted to actuarial computations as prescribed under GASB No. 45. See Note 9.

**NOTE 8 - NEW YORK STATE RETIREMENT SYSTEMS**

*a. Plan Description*

The City participates in the New York State and Local Employees’ Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public 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 supplemental information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS  
December 31, 2009**

**NOTE 8 - NEW YORK STATE RETIREMENT SYSTEMS - Continued**

*b. Funding Policy*

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates expressed used in computing the employers' contributions. The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>PFRS</u>
2009	\$ 1,005,210	\$ 3,764,610
2008	1,143,499	3,974,779
2007	1,455,255	3,317,580

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

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

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

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

This law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2008.

In 2002, the City opted into the retirement incentive program with a total cost of \$868,763 applicable to the governmental funds. The City opted to pay for this program over a five-year term and will be charged 8% interest per annum after the first year. The first installment of this plan was paid in fiscal year 2003 in the amount of \$201,470 and included payment of principal only. The final payment for this debt was made on December 15, 2007.

The City also opted into the \$443 plans for both police and fire personnel covered under the New York State Local Police and Fire Retirement System. The total past service costs for fire and police were \$1,652,837 and \$1,172,901, respectively, for a total of \$2,825,738. The City opted to pay for this program over a ten-year term with interest starting the second year at 8% per annum. The maturity schedule for this debt is as follows:

	<u>Fire</u>	<u>Police</u>	<u>Total</u>
February 1, 2010	\$ 195,537	\$ 138,759	\$ 334,296
2011	<u>211,180</u>	<u>149,860</u>	<u>361,040</u>
Total	<u>\$ 406,717</u>	<u>\$ 288,619</u>	<u>\$ 695,336</u>

The City amortizes the allowable amounts of \$527,873 for the Employees and \$1,513,819 for the Police and Fire Retirement Systems. The portion of these amortized liabilities covering the nine-month period April 1, 2009 to December 31, 2009, \$346,985 and \$995,075, respectively, are included in the financial statements as non-current governmental liabilities.

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS  
December 31, 2009**

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS**

*Plan Description.* The City administers a single-employer defined benefit healthcare plan (“the Plan”). The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of City subject to applicable collective bargaining and employment agreements. Employees covered include the employees of the CSEA, UFA, PBA, Command, and non-represented employees. The Plan is open to new entrants. The Plan is subject to good faith collective bargaining between the City and these covered employees. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

*Funding Policy.* The obligations of the Plan members, employers, and other entities are established by action of City pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The employer currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by City. For the year ended December 31, 2009, the City contributed \$4,903,972 to the Plan. Some Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$92,132 for the year ended December 31, 2009.

*Annual OPEB Cost and Net OPEB Obligation.* The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City’s net OPEB obligation to the Retiree Health Plan:

Annual required contribution and OPEB expense	\$ 12,528,084
Contributions made (expected)	<u>4,903,972</u>
Increase in net OPEB obligation	7,624,112
Net OPEB obligation, beginning of year	<u>7,882,212</u>
Net OPEB obligation, end of year	<u><u>\$ 15,506,324</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation was as follows:

Fiscal Year	Year Ended December 31, 2009		
	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2009	<u><u>\$12,528,084</u></u>	<u><u>39.10%</u></u>	<u><u>\$15,506,324</u></u>

*Funded Status and Funding Progress.* As of December 31, 2009, the actuarial accrued liability for benefits was \$168,905,621, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$29,237,475, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 577.7%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations, and new estimates are made about the future.

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS  
December 31, 2009**

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS - Continued**

*Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

*Retirement age for active employees* - Based on the historical average retirement age for the covered group according to the NY State Retirement System schedule, active plan members were assumed to retire as early as age fifty-five.

*Marital status* - 80% of employees are assumed married. Females are assumed to be three years younger than males. Actual spouse coverage information was used for retirees where available.

*Mortality* - Life expectancies were based on RP 2000 mortality tables for males and females.

*Turnover* - The Ultimate Turnover Rates from the Vaughn table were used as the basis for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

*Healthcare cost trend rate* - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare and Medicaid Services. A rate of 12% initially, reduced to an ultimate rate of 5% after five years, was used.

*Health insurance premiums* - 2009 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

*Inflation rate* - The expected long-term inflation assumption of 3.3% was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in *The 20X1 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

*Payroll growth rate* - No salary increases were assumed since benefits are not based on compensation.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was thirty years.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Simplified Entry Age (b)	Unfunded AAL (UAAL) (b/a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b/a)/c)
December 31, 2009	\$ -	\$ 168,905,621	\$ 168,905,621	0%	\$ 29,237,475	577.70%

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS  
December 31, 2009**

**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.

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

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS  
December 31, 2009**

**NOTE 10 - CITY AND STATE ACTIONS - Continued**

c. - Continued

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

**NOTE 11 - LANDFILL**

During November 1993, directives were issued by the state and federal governments ordering the City to discontinue receiving solid waste at its landfill facility. In addition to the stop order, the City was ordered to close the facility and initiate a program to both maintain and monitor the closed site for the following thirty years. The City utilized the services of the MAC to obtain the financing necessary to close the landfill (project) and fund the costs associated with the monitoring requirements. The project was completed during March 1999, and long-term financing has been disclosed under Note 7c, repayment agreements.

As a means of recognizing the potential cost to the City for the monitoring of the landfill, the City has recorded a non-current governmental liability based on annual projections prepared by its consulting engineers. The amount currently projected is \$30,000 per year for the next twenty-one years, for a total of \$540,000.

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

a. *Sales and Use Tax*

On September 25, 2009, the City and County renewed their current agreement that was in effect for the period December 1, 2004 through November 30, 2009, whereby the City agreed to:

- i. Extend the term of the agreement from December 1, 2009 through February 28, 2015;
- ii. Receive 18.07% of the local share of the 3% County-wide sales and use tax;
- iii. Receive 24.37% of the local share of the additional 1% County-wide sales and use tax effective September 1, 1994, and
- iv. Repay \$165,000 of the \$330,000 balance remaining with respect to the \$440,000 obligation due to the County by the City pursuant to the sales tax agreement between the parties dated November 23, 1982. The payment of \$165,000 was deducted by the County from the March 15, 2005, sales and use tax distribution due to the City. The remaining balance of \$165,000, after the March 15, 2005 payment, shall be paid by the City to the County without interest over a period of ten years at \$16,500 per year. The balance due to the County at December 31, 2009, is \$82,500.

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS**

**December 31, 2009**

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

*b. Due to Other Governments*

Due to other governments includes:

*General Fund*

- i. The City acts as a tax collection agent for delinquent school taxes for the two School Districts, as well as tax and sewer rents for the County. A liability of \$3,798,791 and \$2,519,509, respectively, represents the amount owed to these entities at December 31, 2009.
- ii. The amount of uncollected 1985-2009 County taxes totaling \$2,562,004, and the amount of uncollected sewer rent at December 31, 2009, totaling \$646,813, will be paid only after they have been collected.

*Special Grant Fund*

The balance of \$98,600 is due to other governments in relation to the Home Investment Partnership Program.

*c. Self-Insurance*

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

The City uses an outside administrator to process and pay claims made under the health insurance and workers' compensation programs. The health administrator receives \$29.82 per contract per month of claims and a \$34.46 pooling (stop loss) charge per contract per month for health and \$4.00 per contract per month for dental. The City also pays a fee of \$2,616 per month for medical consulting services and \$3,850 per month for workers' compensation consulting services. The health insurance program covers all eligible City employees and their covered dependents up to \$125,000 per year per covered individual.

As of December 31, 2009, the City has recognized a liability of approximately \$589,642 in the General, Water, and Sewer Funds, representing claims incurred prior to December 31, 2009, but disbursed by the administrator during 2009.

*d. Lawsuits*

The City is a defendant in a number of lawsuits. The City has recognized an accrued non-current liability for judgments and claims of \$160,000 to allow for future claims on certain pending matters.

*e. 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.

*f. 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.

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS  
December 31, 2009**

**NOTE 12 - COMMITMENTS AND CONTINGENCIES - Continued**

*g. 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.

*h. City Hall Lease Agreement*

At a special City Council meeting on August 20, 2008, the City Council authorized the Mayor to negotiate and enter into a lease agreement with Judge Development Corporation for the lease of 1776 Sixth Avenue for use as an interim City Hall. On November 17, 2008, the City of Troy and 1666 Sixth Avenue, Troy, LLC entered into an initial three (3) year term at annual fixed payments of \$307,728 payable in equal monthly payments to be paid by the first day of every month. Additionally, the tenant (the City of Troy) shall as additional rent, pay and discharge punctually all real estate taxes, assessments, payments in lieu of taxes, water and sewer rents, rates and charges, and all other governmental impositions and charges of every kind. A full copy of the lease agreement shall be on file in the City of Troy Corporation Counsel's Office and the City Comptroller's Office.

*i. Employee Union*

On December 18, 2009, the United Public Service Employees Union (UPSEU) was certified as the exclusive representative of several positions previously non-covered by a bargaining unit. The titles for exclusive representative include the Assessor, Assistant to the City Clerk, Assistant Operations Manager, City Water Plant Operator, City Auditor, City Engineer, Commissioner of Planning and Community Development, Deputy City Clerk, Deputy Comptroller for Financial Operations, Grants Writing Specialist, Personnel Associate, Recreation Director, and Superintendent of Water and Sewer in the City of Troy. As of May 2010, this newly formed UPSEU unit is currently conducting negotiations with City Management in anticipation of settling a retroactive agreement with an effective date of January 1, 2010. Presently, this UPSEU unit is the sole City union without a settled bargaining agreement.

The expiration status of the remaining City units include the UFA - December 31, 2010, PBA - December 31, 2010, UFCA - December 31, 2010, COATS - December 31, 2010, and CSEA - December 31, 2011.

**NOTE 13 - ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

During June 1999, GASB issued Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB No. 34). GASB No. 34 established new financial reporting requirements for state and local governments throughout the United States. If implemented, GASB No. 34 creates new information and restructures much of the information that governments have presented in the past. These new requirements were developed to make annual reports more comprehensive and easier to understand and use. GASB No. 34 was effective for the City as of January 1, 2003, but is not required by the New York State Office of the State Comptroller.

During June 2001, GASB issued Statement 38, *Certain Financial Statement Note Disclosures* (GASB No. 38). GASB No. 38 established and modified disclosure requirements related to the summary of significant accounting policies, actions taken to address violations of significant finance-related legal and contractual provisions, debt and lease obligations, short-term debt, desegregations of receivable and payable balances, and interfund balances and transfers. GASB No. 38 applies to all state and local governments. GASB No. 38 was effective for the City as of January 1, 2003, but is not required by the New York State Office of the State Comptroller.

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS  
December 31, 2009**

**NOTE 13 - ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED - Continued**

GASB Statement No 51, *Accounting and Financial Reporting for Intangible Assets* (GASB No. 51), establishes accounting and financial reporting requirements for intangible assets in an effort to reduce inconsistencies in accounting and financial reporting of intangible assets. GASB No. 51 is effective for the City as of January 1, 2010.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. This statement is effective for the City as of January 1, 2009.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. This statement is effective for the City as of January 1, 2010.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes accounting and financial reporting requirements intended to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement is effective for the City as of January 1, 2011.

Management is not able to estimate the extent of the potential impact of these Statements on the City's financial statements.

**NOTE 14 - SUBSEQUENT EVENTS**

On January 7, 2010, the City Council passed an ordinance amending the 2009 Capital Fund Budget to establish a capital project account and to appropriate funds per the agreement between the City of Troy and the Department of State for the purpose of a redevelopment project of the former City Hall site. The total proposed project is \$4,200,000. The total local share over the life of the project is \$2,000,000. This ordinance authorized an initial local share amount of \$500,000 from the City's Capital reserves. The remaining \$1,500,000 portion of the local share will be appropriated at a later date when funding sources are determined.

On January 7, 2010, the City Council passed an ordinance amending the 2010 General Fund budget to accept a State Urban Supplemental Program Grant in the amount of \$190,000 on behalf of the NYS Office of Homeland Security for the purchase of portable and mobile radios and interoperable communications equipment.

On February 4, 2010, the City Council passed an ordinance amending the 2010 Capital Budget Fund to amend the Lower Congress Street Reconstruction Project Account No. H26-5197-0203-6452 by \$4,309,244 through the acceptance of construction funding approved at 100% federal under the Federal Stimulus Program and additional funds available under the New York State Marchiselli funds.

On February 4, 2010, the City Council passed an ordinance amending the 2010 Capital Fund and authorizing the establishment of a Water Department Capital Fund Account to accept funding from the United States Department of Energy, Office of Energy Efficiency and Renewal in the amount of \$207,400 for the purpose of purchasing a replacement dehumidifier system for the City's Water Treatment Plant.

**CITY OF TROY, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS**

**December 31, 2009**

**NOTE 14 - SUBSEQUENT EVENTS - Continued**

On April 1, 2010, the City Council passed an ordinance amending the 2010 Water Fund budget to accept an American Recovery and Reinvestment Act Green Innovation Grant Award (ARRA - GIGA) in the amount of \$450,000. The total project cost for this capital project is \$501,970, whereby a local match portion of \$51,970 is being transferred from other 2010 Water Fund operating budget line items, and the \$450,000 is coming from the ARRA - GIGA.

On April 1, 2010, the City Council passed a resolution authorizing the Mayor to negotiate, execute, and deliver Energy Performance Contracts and related Lease/Purchase Agreements with Siemens Building Technologies Inc. in an aggregate original principal amount not to exceed \$1,758,507 provided, however, that all amounts payable by the City pursuant to the agreements shall be subject to annual appropriation of such payments by the Troy City Council. This resolution is intended to constitute declaration of the City's "Official intent" to reimburse costs of the improvements as required by Treasury Regulation Section 1.150.2. Additionally, to the extent required by Chapter 721 of the Laws of 1994, as amended (the "Act"), the Agreements shall not be executed and delivered until the Supervisory Board created by the Act shall first review and comment on.

On April 1, 2010, the City Council passed a bond authorizing the issuance of \$1,000,000 serial bonds to finance the cost of the appraisals of real property for assessment, including the expenses incurred by the City in the employment of experts to appraise the value of real property within the City and to assist in the assessment thereof for purposes of taxation. No bonds shall be issued until the Supervisory Board created by Chapter 721 of the Laws of 1994, as amended (the "Act"), shall have first reviewed and commented on the issuance of the Bonds in accordance with the requirements of the Act.

On May 6, 2010, the City Council passed an ordinance amending the 2010 Capital Budget Fund to amend the Restore NY II Capital Project in the amount of \$921,000 to add funds and to make appropriations per the grant received by the City of Troy from the Empire State Development Corporation for the purpose of the former City Hall Demolition Project.

On May 6, 2010, the City Council passed an ordinance amending the 2010 Capital budget to create an account and to allocate funds received through the issuance of the Statutory Bond (resolution approved on April 1, 2010) in the amount of \$1,000,000 for the purpose of a Revaluation Project and to authorize the Mayor to enter into a contract with "GAR Associates Inc." to further the implementation of the project.

On May 6, 2010, the City Council passed an ordinance amending the Special Revenue Fund to set up an account to recognize the Housing Finance Agency Neighborhood Stabilization Funds for the purpose of expenses as outlined in the NSP Emergency Vacant Building Demolition Grant Award.

On May 6, 2010, the City Council passed an ordinance amending the 2010 General Fund City budget to accept a Federal Emergency Management Agency and Department of Homeland Security Assistance to Firefighter's Grant in the amount of \$286,697. The total cost of this project is \$318,552 by which a local match portion totals \$31,855 transferred from the City of Troy Capital reserves and the remaining \$286,697 from the Federal Share Assistance to Firefighter's Grant.

On May 12, 2010, the City Council at a special City Council meeting, passed an ordinance authorizing and approving grant funds pursuant to the Housing and Community Development Act of 1974, the McKinney Act Emergency Shelter Grant Program, and the Home Investment Program, in the total amounts of \$2,805,942 (CDBG), \$90,498 (ESG), and \$755,942 (HOME).