

CITY OF TROY, NEW YORK

**Basic Financial Statements
as of
December 31, 2023
Together with
Independent Auditor's Reports**

Bonadio & Co., LLP
Accounting, Consulting & More

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INDEPENDENT AUDITOR'S REPORT

March 25, 2025

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, 2023, 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 81%, 83%, and 67%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of December 31, 2023, 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
Water Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Aggregate Discretely Presented Component Units	Qualified

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse, Qualified 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, 2023, 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)

Qualified Opinion on Aggregate Discretely Presented Component Units

In our opinion, based on our audit and the reports of other auditors, except for the effects of the matter described in the *Basis for Adverse, Qualified and Unmodified Opinions* section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units of the City as of December 31, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Fund and Aggregate Remaining Fund Information

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 and the aggregate remaining fund information of the City as of December 31, 2023, 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, Qualified 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 adverse, qualified and unmodified 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.

Matter Giving Rise to Qualified Opinion on Aggregate Discretely Presented Component Units

Management of Troy Local Development Corporation is unable to estimate the possible impairment of the historical cost of some of its real property. In our opinion, based on the report of other auditors, this estimate is required in order to conform with accounting principles generally accepted in the United States of America. The effects of this analysis and any resulting adjustment on the Corporation's net position and change in net position is not reasonably determinable.

Change in Accounting Principle

As discussed in Note 17 to the financial statements, during the year ended December 31, 2023, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96 – Subscription based Information Technology Agreements. Our opinions are not modified with 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.

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Responsibilities of Management for the Financial Statements (Continued)

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.

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.

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

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.

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 dated March 25, 2025, 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.

CITY OF TROY, NEW YORK

MANAGEMENTS DISCUSSION AND ANALYSIS DECEMBER 31, 2023

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, 2023. 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 51,000 and is located in the Capital Region of New York State.

Financial Highlights

- The City's governmental net position increased approximately \$22.5 million as a result of this year's governmental activity, which is illustrated in the Statement of Activities.
- The City's \$100.5 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 current excess of expenditures over revenue of approximately \$619,000. Total general fund balance at end of year was approximately \$18.2 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 \$176.9 million as of December 31, 2023. 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 for 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)

	2023	2022	% Change
Current Assets	\$ 98,119	\$ 130,287	-24.7%
Noncurrent Assets, Net	<u>411,784</u>	<u>393,497</u>	4.6%
 Total Assets	<u>509,902</u>	<u>523,784</u>	-2.7%
 Deferred Outflows of Resources	<u>58,769</u>	<u>62,086</u>	-5.3%
 Current Liabilities	102,287	129,379	-20.9%
Non-current Liabilities	<u>235,563</u>	<u>182,074</u>	29.4%
 Total Liabilities	<u>337,850</u>	<u>311,453</u>	8.5%
 Deferred Inflows of Resources	<u>53,905</u>	<u>119,951</u>	-55.1%
 Net Position			
Net investment in capital assets	332,285	303,980	9.3%
Restricted	21,062	20,567	2.4%
Unrestricted	<u>(176,430)</u>	<u>(170,081)</u>	3.7%
 Total Net Position	<u>\$ 176,917</u>	<u>\$ 154,466</u>	14.5%

The current assets of City are comprised primarily of cash (totaling \$72.9 million) and due from other governments (totaling \$13.7 million). The funds due to the City as of December 31, 2023, are fourth quarter sales tax revenues received in March 2024 and the reimbursement of grant funding for various capital projects. Noncurrent Assets are predominately the undepreciated value of capital assets citywide (totaling \$411.2 million).

Current assets decreased by \$32.2 million, which corresponds with the \$27.1 million decrease in current liabilities.

Current liabilities include the outstanding balance of bond anticipation notes (\$52.0 million) and the unspent American Rescue Plan funds (\$29.7 million).

Changes within the actuarial valuation of the City's OPEB plan resulted in the change within the non-current liabilities and deferred inflows of resources.

The City as a Whole (Continued)

Table 2
Changes in Net Position (In Thousands)

	2023	2022	% Change
Program Revenue:			
Charges for services	\$ 32,617	\$ 30,736	6.1%
Operating grants	13,996	12,005	16.6%
Capital Grants	9,162	12,772	-28.3%
General Revenue:			
Real property taxes	28,975	28,783	0.7%
Nonproperty tax items	20,180	20,627	-2.2%
General State Aid	12,279	12,349	-0.6%
Sale of property and compensation for loss	567	298	90.3%
Use of money and property	2,345	697	236.5%
Miscellaneous	2,813	2,953	-4.8%
 Total Revenues	 122,935	 121,220	 1.4%
Expenses:			
General government support	11,864	11,253	5.4%
Public safety	52,770	38,782	36.1%
Health	226	170	32.8%
Transportation	3,493	3,247	7.6%
Economic assistance and opportunity	1,036	-	N/A
Culture and recreation	3,890	2,325	67.3%
Home and community services	24,640	22,260	10.7%
Debt service interest	2,565	1,630	57.4%
 Total Expenses	 100,484	 79,667	 26.1%
 Change in Net Position	 \$ 22,451	 \$ 41,553	 -46.0%

As noted in Table 2, total revenues showed a modest increase of 1.4% (\$1.732 million) primarily due to increases in charges for services (\$1.9 million), operating grants (\$1.9 million) and use of money and property (\$1.6 million). These increases were offset by a decrease in capital grants of \$3.6 million. Grant funds, both operating and capital, fluctuate annually based on the level of funding that is available and when that funding is received.

Operating grants increased by \$1.9 million due to an increase in the CHIPS revenue. Use of money and property increased by \$1.6 million due to an increase in interest rates.

Operating expenses increased significantly from 2022, 26.1% (\$20.8 million). A substantial portion of this increase (\$14 million) can be attributable to public safety, which includes police, fire and ambulance services. Increases in salaries, wages, and related benefits are the primary expenses that resulted in the increase. Culture and recreation and home and community services expenditures increased due to costs associated with the American Rescue Plan Act funds that funded these expenditures and are included in revenue as operating grants.

The Statement of Activities results annually are affected a great deal by the valuation and related changes to OPEB and pension liabilities.

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 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
General Government Support	\$ 11,864	\$ 774	\$ 11,253	\$ 1,935
Public safety	52,770	(44,895)	38,782	(32,584)
Health	226	(35)	170	(94)
Transportation	3,493	6,350	3,247	7,574
Economic assistance and opportunity	1,036	(1,036)	-	-
Culture and Recreation	3,890	(2,571)	2,325	(1,114)
Home and Community Services	24,640	(731)	22,260	1,759
Interest	2,565	(2,565)	1,630	(1,630)
	<u>\$ 100,484</u>	<u>\$ (44,709)</u>	<u>\$ 79,667</u>	<u>\$ (24,154)</u>

Consistent with prior fiscal years, the largest burden placed on the residents relates to public safety.

The City's Funds

As the City completed the year, its governmental funds (as presented in the balance sheet) reported a combined fund balance of approximately \$4.2 million which was an increase of approximately \$5.5 million. This increase was primarily the result of revenue and other financing sources exceeding expenditures by approximately \$5.6 million in the capital projects fund.

An overview of the governmental funds results for 2023 and 2022 are as follows. This includes more detailed information about sources and uses of funds.

Table 4
Funds (In Thousands)

	2023	2022	\$ Change	% Change
<u>General Fund</u>				
Total assets	\$ 57,784	\$ 75,199	\$ (17,415)	-23%
Total liabilities	\$ 37,332	\$ 54,491	\$ (17,159)	-31%
Total deferred inflows	\$ 2,243	\$ 1,880	\$ 363	19%
Total fund balance	\$ 18,209	\$ 18,828	\$ (619)	-3%
Surplus/(deficit)	\$ (619)	\$ 610	\$ (1,229)	-202%

The City's Funds (Continued)

Table 4 (Continued)
Funds (In Thousands)

	2023	2022	\$ Change	% Change
<u>Water Fund</u>				
Total assets	\$ 10,233	\$ 11,571	\$ (1,338)	-12%
Total liabilities	\$ 955	\$ 1,621	\$ (667)	-41%
Total deferred inflows	\$ 582	\$ 813	\$ (231)	-28%
Total fund balance	\$ 8,697	\$ 9,137	\$ (441)	-5%
Surplus/(deficit)	\$ (441)	\$ 3,149	\$ (3,590)	-114%
<u>Capital Projects Fund</u>				
Total assets	\$ 23,911	\$ 42,018	\$ (18,107)	-43%
Total liabilities	\$ 54,067	\$ 74,973	\$ (20,906)	-28%
Total deferred inflows	\$ -	\$ 2,767	\$ (2,767)	-100%
Total fund balance	\$ (30,156)	\$ (35,722)	\$ 5,566	-16%
Surplus/(deficit)	\$ 5,566	\$ (21,781)	\$ 27,347	-126%
<u>Nonmajor Funds</u>				
Total assets	\$ 14,035	\$ 11,320	\$ 2,715	24%
Total liabilities	\$ 6,510	\$ 4,877	\$ 1,633	33%
Total deferred inflows	\$ 107	\$ 66	\$ 41	N/A
Total fund balance	\$ 7,418	\$ 6,377	\$ 1,041	16%
Surplus/(deficit)	\$ 1,042	\$ 618	\$ 424	-69%

The Water Fund operating variance from 2022 to 2023 was predominately the result of less interfund transfers in and greater interfund transfers out.

Capital Projects operations can be expected to fluctuate annually as old projects are completed and new projects begin. The 2023 surplus was primarily the result of \$19 million other financing sources which includes debt issuances, BANs redeemed, premiums and interfund transfers.

The City finds the results of the nonmajor funds (Special Grants, Miscellaneous, Sewer, Garbage and Debt Service) to be materially consistent with 2022.

General Fund Budgetary Highlights

Table 5 presents a summary of the general fund budget for 2023.

Table 5
General Fund Budgetary Highlights (In Thousands)

	Budget	Actual	Variance
Revenue	\$ 85,641	\$ 86,561	\$ 921
Expenditures	(75,459)	(75,405)	55
Proceeds from leases	-	129	129
Transfers in	1,475	1,475	-
Transfers (out)	(13,239)	(13,380)	(141)
Total	\$ (1,582)	\$ (619)	\$ 963

The City finds the results vs. the budget to be positive as the net budget to actual variance was nearly \$1million favorable. The City strives to budget conservatively and manage expenditures accordingly.

Capital Assets

As of December 31, 2023, the City had \$411.2 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, 2023	December 31, 2022 (Restated)
Land	\$ 3,246	\$ 3,246
Buildings and land improvements	69,831	69,831
Machinery and equipment	40,906	40,906
Infrastructure	269,199	269,199
Construction in progress	26,468	3,716
Lease assets, net of accumulated amortization	1,462	1,864
SBITA assets, net of accumulated amortization	77	148
Total	\$ 411,191	\$ 388,762

Debt

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

Table 7
Debt (In Thousands)

	December 31, 2023	December 31, 2022 (Restated)
Bonds and notes payable	\$ 44,211	\$ 33,356
NYS Employee Retirement System loans payable	-	1,332
Compensated absences	7,136	7,073
Lease liability	1,481	1,885
SBITA liability	47	-
Net pension liability - ERS	10,799	-
Net pension liability - PFRS	34,698	3,544
Workers' compensation	1,961	1,718
Total other postretirement benefits	145,801	135,677
Total	\$ 246,133	\$ 184,585

The increase in debt issued in 2023 was attributable to the issuance of \$12.9 million in capital project serial bonds. The City also paid off the NYS Employee Retirement System loans during 2023. The other post-employment benefit liability is actuarially determined and represents the City's estimated future liability for health insurance benefits.

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 Quality-of-Life initiatives are transforming Troy into a safer, cleaner and more vibrant city. Through increased code enforcement, enhanced public safety measures, and expanded efforts to tackle blight and illegal dumping, these initiatives are improving neighborhoods and fostering community pride. The Administration has prioritized infrastructure improvements, including numerous street repairs to enhance walkability and safety. Additionally, our focus on strengthening city services, such as expanded garbage collection and revitalized parks, ensures that residents enjoy a higher quality of life. By addressing these core issues, the Administration is making Troy a more attractive place to live, work, and visit. These Quality-of-Life initiatives will spur economic growth within the City.

The redevelopment of One Monument Square is Troy's most significant capital project, set to transform the heart of our downtown and drive economic growth across the entire city. At the center of this revitalization is the Troy Waterfront Farmers Market, which attracts approximately 15,000 visitors every weekend and will finally have a permanent home within the new development. This project will not only provide a vibrant, year-round marketplace for local vendors but will also serve as a catalyst for increased tourism, business investment, and job creation. By activating this key downtown space, we are reinforcing Troy's reputation as a premier destination for commerce, culture, and community. The project was awarded \$19.0 million as part of the 2024-25 New York State budget and the City has awarded \$3.5 million from the American Rescue Plan Act of 2021.

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. The retirement of this debt, after 25 years of payments, frees 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.

The 2024 budget was the eighth 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. Operating expenditure increases, caused by inflation, pension costs, and other commonly seen factors in local government, were evaluated based on need and offset by revenue estimated increases particularly in sales tax. Sales tax growth within Rensselaer County has continued to be positive over the last several years.

The prudent budgeting and financial philosophies employed in the last eight years has resulted in multiple fiscal years with a favorable fund balance in the General Fund.

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, 2023

	Governmental Activities	Component Units
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents		
Cash and cash equivalents	\$ 61,833,809	\$ 1,570,957
Restricted cash and cash equivalents	11,045,067	29,670
Taxes receivable, net of allowance for doubtful accounts	1,946,919	-
Accounts receivable	5,476,535	17,352
Accrued interest receivable - leases	6,768	-
Due from other governments	13,668,828	215,000
Prepaid expenses	2,665,425	16,792
Property held for sale	-	818,399
Other current assets	1,165,479	-
Leases receivable, current portion	309,784	238,593
Loans receivable, current portion	-	30,083
Total current assets	<u>98,118,614</u>	<u>2,936,846</u>
NONCURRENT ASSETS:		
Capital assets, net	411,190,660	524,552
Real property held for resale or development	-	2,047,310
Leases receivable, net	593,103	675,674
Other noncurrent assets	-	614
Total noncurrent assets	<u>411,783,763</u>	<u>3,248,150</u>
Total assets	<u>509,902,377</u>	<u>6,184,996</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources - ERS	8,106,849	-
Deferred outflows of resources - PFRS	26,898,868	-
Deferred outflows of resources - OPEB	23,763,509	-
Total deferred outflows of resources	<u>58,769,226</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>568,671,603</u>	<u>6,184,996</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	2,969,148	152,627
Accrued expenses	3,839,642	-
Due to other governments	1,764,357	261,226
Unearned revenue - American Rescue Plan	29,726,960	-
Unearned revenue	1,460,826	257,119
Construction loan	-	120,000
Bond anticipation notes payable	51,956,011	-
Leases payable, current portion	504,533	-
SBITAs payable, current portion	24,123	-
Bonds and loans payable, current portion	3,013,549	167,000
Current portion of total OPEB liability	7,027,884	-
Total current liabilities	<u>102,287,033</u>	<u>957,972</u>

(Continued)

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

STATEMENT OF NET POSITION (Continued)
DECEMBER 31, 2023

	<u>Governmental Activities</u>	<u>Component Units</u>
LONG-TERM LIABILITIES:		
Bonds and loans payable, net of current portion	\$ 41,197,238	\$ 328,000
Leases payable, net of current portion	976,296	-
SBITAs payable, net of current portion	22,844	-
Compensated absences	7,135,568	-
Net pension liability - ERS	10,798,513	-
Net pension liability - PFRS	34,698,263	-
Workers' compensation	1,961,400	-
Total other post employment benefits, net of current portion	<u>138,772,878</u>	<u>-</u>
Total long-term liabilities	<u>235,563,000</u>	<u>328,000</u>
Total liabilities	<u>337,850,033</u>	<u>1,285,972</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources - ERS	718,298	-
Deferred inflows of resources - PFRS	753,407	-
Deferred inflows of resources - OPEB	51,574,937	-
Deferred inflows of resources - leases	<u>858,363</u>	<u>811,325</u>
Total deferred inflows of resources	<u>53,905,005</u>	<u>811,325</u>
Total liabilities and deferred inflows or resources	<u>391,755,038</u>	<u>2,097,297</u>
NET POSITION:		
Net investment in capital assets	332,285,356	524,552
Restricted	21,061,641	-
Unrestricted	<u>(176,430,432)</u>	<u>3,563,147</u>
TOTAL NET POSITION	\$ 176,916,565	\$ 4,087,699

CITY OF TROY, NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	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	\$ 11,864,379	\$ 3,695,160	\$ 8,693,623	\$ 250,000	\$ 774,404	\$ -
Public safety	52,769,807	6,176,924	1,697,794	-	(44,895,089)	-
Health	225,733	77,758	112,742	-	(35,233)	-
Transportation	3,493,290	931,249	-	8,912,019	6,349,978	-
Economic assistance and opportunity	1,035,830	-	-	-	(1,035,830)	-
Culture and recreation	3,890,170	1,319,042	-	-	(2,571,128)	-
Home and community services	24,639,615	20,416,728	3,492,281	-	(730,606)	-
Interest on debt	2,565,275	-	-	-	(2,565,275)	-
Total governmental activities	<u>\$ 100,484,099</u>	<u>\$ 32,616,861</u>	<u>\$ 13,996,440</u>	<u>\$ 9,162,019</u>	<u>(44,708,779)</u>	<u>-</u>
COMPONENT UNITS:						
Troy Industrial Development Authority	\$ 379,743	\$ -	\$ -	\$ -	-	(379,743)
Troy Local Development Corporation	319,362	-	135,830	-	-	(183,532)
Troy Capital Resource Corporation	61,713	-	-	-	-	(61,713)
Troy Community Land Bank Corporation	381,489	-	395,453	-	-	13,964
Total component units	<u>\$ 1,142,307</u>	<u>\$ -</u>	<u>\$ 531,283</u>	<u>\$ -</u>	<u>-</u>	<u>(611,024)</u>
GENERAL REVENUE:						
Real property taxes and tax items					28,975,330	-
Nonproperty tax items					20,179,652	-
General state aid					12,279,463	-
Loss on sale of asset					-	(26,418)
Sale of property and compensation for loss					567,106	-
Use of money and property					2,345,495	314,655
Miscellaneous					2,812,687	376,753
Total general revenue					<u>67,159,733</u>	<u>664,990</u>
Change in net position					22,450,954	53,966
Net position - beginning of year					<u>154,465,611</u>	<u>4,033,733</u>
Net position - end of year					<u>\$ 176,916,565</u>	<u>\$ 4,087,699</u>

The accompanying notes are an integral part of these statements.

CITY OF TROY, NEW YORK

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Capital Projects Fund	Water Fund	Nonmajor Funds	Total
ASSETS					
Cash	\$ 34,101,604	\$ 18,742,323	\$ 4,802,050	\$ 4,187,832	\$ 61,833,809
Restricted cash	4,650,316	-	-	6,394,751	11,045,067
Due from other governments	4,039,190	5,162,128	3,280,155	1,187,355	13,668,828
Taxes receivable, net	1,946,919	-	-	-	1,946,919
Accounts receivable	1,905,847	6,262	1,445,940	2,118,486	5,476,535
Due from other funds	7,258,101	-	-	-	7,258,101
Leases receivable	314,758	-	588,129	-	902,887
Prepaid and other assets	<u>3,567,315</u>	<u>-</u>	<u>116,764</u>	<u>146,825</u>	<u>3,830,904</u>
Total assets	<u>\$ 57,784,050</u>	<u>\$ 23,910,713</u>	<u>\$ 10,233,038</u>	<u>\$ 14,035,249</u>	<u>\$ 105,963,050</u>
LIABILITIES					
Accounts payable	\$ 1,736,849	\$ 319,107	\$ 213,420	\$ 699,772	\$ 2,969,148
Accrued liabilities	1,419,300	47,527	97,265	700,724	2,264,816
Other liabilities	1,528,683	-	41,365	-	1,570,048
Due to other governments	1,754,801	9,556	-	-	1,764,357
Due to other funds	-	1,734,520	468,559	5,055,022	7,258,101
Unearned revenue - American Rescue Plan	29,726,960	-	-	-	29,726,960
Unearned revenue	1,165,479	-	133,996	54,851	1,354,326
BANs payable	<u>-</u>	<u>51,956,011</u>	<u>-</u>	<u>-</u>	<u>51,956,011</u>
Total liabilities	<u>37,332,072</u>	<u>54,066,721</u>	<u>954,605</u>	<u>6,510,369</u>	<u>98,863,767</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - property taxes	1,966,500	-	-	-	1,966,500
Deferred inflows - deferred revenue	-	-	-	106,500	106,500
Deferred inflows - leases	<u>276,659</u>	<u>-</u>	<u>581,704</u>	<u>-</u>	<u>858,363</u>
Total deferred inflows of resources	<u>2,243,159</u>	<u>-</u>	<u>581,704</u>	<u>106,500</u>	<u>2,931,363</u>
FUND BALANCE					
Nonspendable	3,567,315	-	116,764	146,825	3,830,904
Restricted	5,194,371	-	8,579,965	7,287,305	21,061,641
Unassigned	<u>9,447,133</u>	<u>(30,156,008)</u>	<u>-</u>	<u>(15,750)</u>	<u>(20,724,625)</u>
Total Fund Balance	<u>18,208,819</u>	<u>(30,156,008)</u>	<u>8,696,729</u>	<u>7,418,380</u>	<u>4,167,920</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 57,784,050</u>	<u>\$ 23,910,713</u>	<u>\$ 10,233,038</u>	<u>\$ 14,035,249</u>	<u>\$ 105,963,050</u>

CITY OF TROY, NEW YORK

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

Fund balance, all governmental funds	\$ 4,167,920
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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	411,190,660
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Pension related government-wide activity:

Deferred outflows of resources - ERS	8,106,849
Deferred outflows of resources - PFRS	26,898,868
Net pension liability - ERS	(10,798,513)
Net pension liability - PFRS	(34,698,263)
Deferred inflows of resources - ERS	(718,298)
Deferred inflows of resources - PFRS	(753,407)

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

Bonds and notes payable	(44,210,787)
Compensated absences	(7,135,568)
Workers' compensation liability	(1,961,400)
Leases payable	(1,480,829)
SBITAs payable	(46,967)

Other postemployment benefits related government-wide activity:

Total other postemployment benefits	(145,800,762)
Deferred outflows of resources - OPEB	23,763,509
Deferred inflows of resources - OPEB	(51,574,937)

Accrued interest receivable on leases receivable	6,768
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Accrued interest payable on leases payable	(4,778)
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Deferred inflows are recognized as revenue under the accrual basis of accounting

1,966,500

Net position of governmental activities	\$ 176,916,565
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CITY OF TROY, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General Fund	Capital Projects Fund	Water Fund	Nonmajor Funds	Total
REVENUES					
Real property taxes and tax items	\$ 28,935,245	\$ -	\$ -	\$ 15,580	\$ 28,950,825
Nonproperty tax items	20,179,652	-	-	-	20,179,652
Departmental income	6,172,356	-	5,030,576	8,172,115	19,375,047
Intergovernmental charges	344,988	-	6,879,377	-	7,224,365
Use of money and property	1,597,617	28,511	265,812	453,132	2,345,072
Licenses and permits	1,154,138	-	7,660	-	1,161,798
Fines and forfeitures	1,226,298	-	-	-	1,226,298
Interfund revenue	3,024,353	-	327,000	-	3,351,353
Sale of property and compensation for loss	553,462	-	13,218	426	567,106
Miscellaneous	1,539,813	2,741	141,590	151,054	1,835,198
State aid	13,509,070	8,522,755	-	701,862	22,733,687
Federal aid	8,324,419	639,264	-	3,740,552	12,704,235
Total revenues	86,561,411	9,193,271	12,665,233	13,234,721	121,654,636
EXPENDITURES					
General governmental support	10,294,750	-	528,690	154,194	10,977,634
Public safety	48,473,043	-	-	1,457,210	49,930,253
Economic assistance and opportunity	-	-	-	1,035,830	1,035,830
Public health	209,124	-	-	-	209,124
Transportation	3,331,459	-	-	-	3,331,459
Culture and recreation	2,543,262	-	-	1,079,717	3,622,979
Home and community services	1,156,623	-	10,025,374	12,900,485	24,082,482
Employee benefits	8,715,786	-	250,181	23,262	8,989,229
Capital outlays	-	22,752,790	-	-	22,752,790
Debt Service					
Principal	632,942	-	-	6,307,329	6,940,271
Interest	47,687	-	-	2,517,531	2,565,218
Total expenditures	75,404,676	22,752,790	10,804,245	25,475,558	134,437,269
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>11,156,735</u>	<u>(13,559,519)</u>	<u>1,860,988</u>	<u>(12,240,837)</u>	<u>(12,782,633)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of debt	-	12,917,552	-	-	12,917,552
Proceeds from leases	128,633	-	-	-	128,633
Bond premium	-	862,762	-	177,022	1,039,784
BANs redeemed from appropriations	-	4,245,000	-	-	4,245,000
Operating transfers - in	1,475,000	1,100,636	-	13,374,995	15,950,631
Operating transfers - out	(13,379,729)	-	(2,301,705)	(269,197)	(15,950,631)
Total other financing sources (uses)	(11,776,096)	19,125,950	(2,301,705)	13,282,820	18,330,969
CHANGE IN FUND BALANCE					
FUND BALANCE - beginning of year	(619,361)	5,566,431	(440,717)	1,041,983	5,548,336
FUND BALANCE - end of year	\$ 18,208,819	\$ (30,156,008)	\$ 8,696,729	\$ 7,418,380	\$ 4,167,920

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, 2023**

Net changes in fund balance - Total governmental funds	\$ 5,548,336
Capital outlays, net of disposals, are expenditures in governmental funds, but are capitalized in the statement of net position	22,752,790
Amortization of right to use assets and SBITA assets is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities	(600,509)
Pension expense resulting from pension related reporting is not recorded as revenue in the government funds but is recorded in the statement of activities	(6,116,710)
Compensated absences do not require the expenditure of current resources and are, therefore, are not reported as expenditures in the governmental funds	(62,175)
Proceeds from issuance of debt is not reported as revenue in government-wide financial statements	(12,917,552)
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	6,307,329
Repayments of leases and SBITAs are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position	632,942
Proceeds from BANs redeemed from appropriations recorded as revenue in the governmental funds are not recognized as revenue in the statement of activities	(4,245,000)
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	1,331,937
Accrued postemployment benefits do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds	9,822,160
Accrued workers' compensation liability does not require the expenditure of current resources and therefore, is not reported as expenditures in the governmental funds	(243,170)
Accrued interest receivable on lease assets is not recorded in the governmental funds, but is recorded in the statement of activities	(57)
Accrued interest on lease liabilities is not recorded in the governmental funds, but is recorded in the statement of activities	423
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>240,210</u>
Change in net position - governmental activities	<u>\$ 22,450,954</u>

CITY OF TROY, NEW YORK

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2023

	<u>Custodial Funds</u>
ASSETS:	
Cash	\$ 966,503
Receivables:	
Taxes for other governments	2,128,172
Other receivables	<u>1,724,466</u>
Total Assets	<u>4,819,141</u>
LIABILITIES:	
Accounts payable	32,884
Accrued liabilities	42,784
Due to other governments	<u>4,743,473</u>
Total Liabilities	<u>4,819,141</u>
NET POSITION	
	<u>\$ -</u>

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, 2023

	Custodial Funds
ADDITIONS	
Property tax collections for other governments	\$ 15,152,910
Total additions	<u>15,152,910</u>
DEDUCTIONS	
Payments of property taxes to other governments	<u>15,152,910</u>
Total deductions	<u>15,152,910</u>
Net change in fiduciary net position	-
Net position, beginning of year	-
Net position, end of year	<u>\$ -</u>

CITY OF TROY, NEW YORK

STATEMENT OF NET POSITION - COMPONENT UNITS
DECEMBER 31, 2023

	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	\$ 745,696	\$ 296,371	\$ 186,883	\$ 342,007	\$ 1,570,957
Restricted cash	29,670	-	-	-	29,670
Accounts receivable, net of allowance for doubtful accounts	16,556	796	-	-	17,352
Due from other government	-	-	215,000	-	215,000
Prepaid expenses	1,935	6,857	-	8,000	16,792
Property held for sale				818,399	818,399
Leases receivable, current portion	-	238,593	-	-	238,593
Loans receivable, net	-	30,083	-	-	30,083
Total current assets	<u>793,857</u>	<u>572,700</u>	<u>401,883</u>	<u>1,168,406</u>	<u>2,936,846</u>
NONCURRENT ASSETS					
Capital assets, net	-	519,492	-	5,060	524,552
Real property held for resale or development	80,000	1,967,310	-	-	2,047,310
Leases receivable, net	-	675,674	-	-	675,674
Other noncurrent assets	-	614	-	-	614
Total noncurrent assets	<u>80,000</u>	<u>3,163,090</u>	<u>-</u>	<u>5,060</u>	<u>3,248,150</u>
Total assets	<u>873,857</u>	<u>3,735,790</u>	<u>401,883</u>	<u>1,173,466</u>	<u>6,184,996</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	572	21,731	15,834	114,490	152,627
Loan payable, current portion	-	167,000	-	-	167,000
Due to other governments	46,226	215,000	-	-	261,226
Construction loan	-	-	-	120,000	120,000
Unearned revenue	-	-	-	257,119	257,119
Total current liabilities	<u>46,798</u>	<u>403,731</u>	<u>15,834</u>	<u>491,609</u>	<u>957,972</u>
Long-term liabilities					
Loan payable, long-term portion	-	328,000	-	-	328,000
Total long-term liabilities	<u>-</u>	<u>328,000</u>	<u>-</u>	<u>-</u>	<u>328,000</u>
Total liabilities	<u>46,798</u>	<u>731,731</u>	<u>15,834</u>	<u>491,609</u>	<u>1,285,972</u>
DEFERRED INFLOWS OF RESOURCES					
Leases	-	811,325	-	-	811,325
NET POSITION					
Net investment in capital assets	-	519,492	-	5,060	524,552
Unrestricted	827,059	1,673,242	386,049	676,797	3,563,147
	<u>\$ 827,059</u>	<u>\$ 2,192,734</u>	<u>\$ 386,049</u>	<u>\$ 681,857</u>	<u>\$ 4,087,699</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, 2023

	Troy Industrial Development Authority	Troy Local Development Corporation	Troy Capital Resource Corporation	Troy Community Land Bank Corporation	Total
Operating Revenues					
Grant revenue	\$ -	\$ 135,830	\$ -	\$ 395,453	\$ 531,283
Other income	368,651	3,602	4,500	-	376,753
Use of money and property	-	249,220	-	-	249,220
Total Operating Revenue	368,651	388,652	4,500	395,453	1,157,256
Operating Expenses					
Economic assistance	379,743	283,262	61,713	369,298	1,094,016
Depreciation	-	4,829	-	1,933	6,762
Total Operating Expenses	379,743	288,091	61,713	371,231	1,100,778
Operating Income (Loss)	(11,092)	100,561	(57,213)	24,222	56,478
Nonoperating Revenues					
Loss on sale of asset	-	(26,418)	-	-	(26,418)
Interest income	20,330	41,604	3,270	231	65,435
Total Nonoperating Revenue	20,330	15,186	3,270	231	39,017
Nonoperating Expenses					
Debt service - interest	-	31,271	-	10,258	41,529
Total Nonoperating Expenses	-	31,271	-	10,258	41,529
Change in net position	9,238	84,476	(53,943)	14,195	53,966
NET POSITION - beginning of year	817,821	2,108,258	439,992	667,662	4,033,733
NET POSITION - end of year	\$ 827,059	\$ 2,192,734	\$ 386,049	\$ 681,857	\$ 4,087,699

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, 2023

	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	\$ -	\$ 3,322	\$ -	\$ -	\$ 3,322
Proceeds from grants	-	135,830	-	198,785	334,615
Payments to vendors for goods and services	(349,732)	(264,970)	(45,879)	(469,435)	(1,130,016)
Payments to employees for salaries and benefits	-	-	-	263	263
Proceeds from loan repayments	-	22,220	-	-	22,220
Other receipts	<u>368,759</u>	<u>-</u>	<u>4,500</u>	<u>-</u>	<u>373,259</u>
Net cash flows provided by (used in) operating activities	<u>19,027</u>	<u>(103,598)</u>	<u>(41,379)</u>	<u>(270,387)</u>	<u>(396,337)</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING					
Interest expense paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,258)</u>	<u>(10,258)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING					
Proceeds from sale of land held for development	-	115,000	-	-	115,000
Purchase of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,189)</u>	<u>(1,189)</u>
Net cash provided by (used in) capital and related financing	<u>-</u>	<u>115,000</u>	<u>-</u>	<u>(1,189)</u>	<u>113,811</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from interest income	20,330	265	3,270	231	24,096
Payment on loan payable	-	(167,000)	-	-	(167,000)
Interest paid	-	(34,883)	-	-	(34,883)
Proceeds from lease principal	-	180,574	-	-	180,574
Proceeds from lease interest	<u>-</u>	<u>41,339</u>	<u>-</u>	<u>-</u>	<u>41,339</u>
Net cash provided by investing activities	<u>20,330</u>	<u>20,295</u>	<u>3,270</u>	<u>231</u>	<u>44,126</u>
Net increase (decrease) in cash and cash equivalents	<u>39,357</u>	<u>31,697</u>	<u>(38,109)</u>	<u>(281,603)</u>	<u>(248,658)</u>
Cash and cash equivalents - beginning of year	<u>736,009</u>	<u>264,674</u>	<u>224,992</u>	<u>623,610</u>	<u>1,849,285</u>
Cash and cash equivalents - end of year	<u>\$ 775,366</u>	<u>\$ 296,371</u>	<u>\$ 186,883</u>	<u>\$ 342,007</u>	<u>\$ 1,600,627</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED FROM OPERATING ACTIVITIES					
Operating Income (loss)	\$ (11,092)	\$ 100,561	\$ (57,213)	\$ 24,222	\$ 56,478
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	4,829	-	1,933	6,762
Bad debts	-	9,389	-	-	9,389
Changes in operating assets and liabilities:					
Accounts receivable	108	(280)	-	-	(172)
Grants receivable	-	-	-	41,614	41,614
Property held for resale	-	-	-	(130,366)	(130,366)
Loans receivable	-	(9,389)	-	-	(9,389)
Prepaid expenses	(123)	145	-	(2,487)	(2,465)
Accounts payable and accrued expenses	572	8,758	15,834	32,979	58,143
Due to other governments	29,562	-	-	-	29,562
Unearned grant revenue	-	-	-	(238,282)	(238,282)
Deferred inflow of resources - leases	<u>-</u>	<u>(217,611)</u>	<u>-</u>	<u>-</u>	<u>(217,611)</u>
Net cash flows provided by (used in) operating activities	<u>\$ 19,027</u>	<u>\$ (103,598)</u>	<u>\$ (41,379)</u>	<u>\$ (270,387)</u>	<u>\$ (396,337)</u>

CITY OF TROY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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 seven-member City Council, whose powers are specified in the City Charter. The Council President represents the City as a whole, the remaining six members represent the residents of each of the districts within the City.

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

Except as applied to capital assets as described later in the notes, 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. The MAC issued various bonds for the benefit of the City. The final payment on the bonds was made January 2022 and at that time all MAC debt was fully retired. On June 27, 2023, all requirements for termination of the MAC were met and the MAC was terminated.

Troy Business Improvement District

The Troy Business Improvement District (BID) was formed in 2010 with the mission to cultivate economic growth and development in Downton 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 considered 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.

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.

The following are the City's nonmajor governmental funds:

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.

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.

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 re-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 August 1. On November 1, unpaid City and County taxes are enforced through tax liens. Effective January 1, 1995, the City adopted a foreclosure process in accordance with Article 11 of the Real Property Tax Law, as amended by Chapter 602 of the Laws of 1993 and Chapter 532 of the Laws of 1994, whereby unpaid property taxes are allowed to be processed through In-Rem and formal foreclosure proceedings.

The City has established a \$3,142,687 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, 2023, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. All interfund balances are expected to be paid within the next year.

Receivables/Due from Other Governments

Amounts due from NYS and federal government generally represent amounts owed to the City to reimburse it for expenditures incurred pursuant to state and federally funded programs. Other receivables include water and sewer rents, loans and assessments. All fund level receivables are expected to be collected within the subsequent year.

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.

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

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).

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 expensed 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.

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

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

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of 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.

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

Government Wide Statements - Continued

Restricted net position and fund balance includes the following:

<u>General Fund</u>	
Debt service	\$ 44,055
Capital	3,816,473
Insurance	338,192
Snow and Ice	617,517
Unemployment Insurance	309,799
Workers Compensation	68,335 \$ 5,194,371
<u>Debt Service Fund</u>	
Debt service	4,336,433
<u>Special Revenue Funds</u>	
Special Grant Fund	287,507
Garbage Fund	125,254
Water Fund	8,579,965
Sewer Fund	2,538,111
	<u>\$ 21,061,641</u>

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

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

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, 2023 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.

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

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.

c) *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. The MAC was terminated in 2023.

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.

d) *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, 2023.

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

- e) *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.
- f) *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 \$30,156,008 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Data - Continued

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.

General fund changes from the adopted budget to the revised budget are as follows:

Adopted budget	\$ 79,798,043
Add: Prior year encumbrances	<u>450,790</u>
Original budget	80,248,833
Budget revisions	<u>8,449,204</u>
Final budget	<u>\$ 88,698,037</u>

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, 2023 is as follows:

Unrestricted Cash

Governmental Funds

General Fund		\$ 34,101,604
Special Revenue Funds:		
Special Grant Fund	\$ 788,403	
Water Fund	4,802,050	
Sewer Fund	2,119,301	
Garbage Fund	1,076,407	
Miscellaneous Special Revenue Fund	<u>203,721</u>	8,989,882
Capital Projects Fund		<u>18,742,323</u>
<i>Total Governmental Funds</i>		<u>61,833,809</u>

Fiduciary Funds

Custodial Fund		<u>966,503</u>
Restricted Cash		
General Fund		4,650,316
Debt Service Fund		<u>6,394,751</u>
<i>Total Restricted Cash</i>		<u>11,045,067</u>
Total Cash		<u>\$ 73,845,379</u>

At December 31, 2023, 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.

	Bank Balance	Carrying Amount
Cash, including fiduciary funds	<u>\$ 76,426,758</u>	<u>\$ 73,845,379</u>
Collateralized with securities held by the financial institution's trust department or agent in the City's name	\$ 75,926,758	
Covered by FDIC insurance	<u>500,000</u>	
Total	<u>\$ 76,426,758</u>	

NOTE 3 – CAPITAL ASSETS

The following schedule identifies changes to the City's capital assets for the year ended December 31, 2023:

	January 01, 2023			December 31, 2023
	Balance (Restated)	Additions	Deletions	Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 3,246,448	\$ -	\$ -	\$ 3,246,448
Buildings and land improvements	69,830,914	-	-	69,830,914
Machinery and equipment	40,906,263	-	-	40,906,263
Infrastructure	269,198,702	-	-	269,198,702
Construction in progress	3,715,571	22,752,790	-	26,468,361
Total assets that are not depreciated	<u>386,897,898</u>	<u>22,752,790</u>	<u>-</u>	<u>409,650,688</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	186,396	128,633	-	315,029
Total lease assets being amortized	<u>2,327,649</u>	<u>128,633</u>	<u>-</u>	<u>2,456,282</u>
Less accumulated amortization:				
Land	46,774	46,774	-	93,548
Buildings and land improvements	351,256	351,256	-	702,512
Machinery and equipment	65,310	132,422	-	197,732
Total accumulated amortization	<u>463,340</u>	<u>530,452</u>	<u>-</u>	<u>993,792</u>
Total lease assets being amortized, net	<u>1,864,309</u>	<u>(401,819)</u>	<u>-</u>	<u>1,462,490</u>
Subscription assets being amortized:				
Subscriptions	<u>147,539</u>	<u>-</u>	<u>-</u>	<u>147,539</u>
Total subscription assets being amortized	<u>147,539</u>	<u>-</u>	<u>-</u>	<u>147,539</u>
Less accumulated amortization:				
-	<u>-</u>	<u>70,057</u>	<u>-</u>	<u>70,057</u>
Total subscription assets being amortized, net	<u>147,539</u>	<u>(70,057)</u>	<u>-</u>	<u>77,482</u>
Total governmental activities capital assets, net	<u>\$ 388,762,207</u>	<u>\$ 22,350,971</u>	<u>\$ -</u>	<u>\$ 411,190,660</u>

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

Amortization expense for the year ended December 31, 2023 was allocated to specific functions as follows:

General government support	\$ 399,966
Public safety	89,471
Culture and recreation	<u>111,072</u>
Total	<u>\$ 600,509</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, 2023:

	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN matured February 3, 2023	1.00%	\$ 15,512,689	\$ -	\$ 15,512,689	\$ -
BAN matured February 3, 2023	3.43%	1,672,000	-	1,672,000	-
BAN matured July 28, 2023	4.00%	27,180,821	-	27,180,821	-
BAN maturing February 2, 2024	4.00%	-	13,863,689	-	13,863,689
BAN maturing July 26, 2024	4.50%	-	10,271,812	-	10,271,812
EFC BAN - CSO Project - various maturity dates	0.00%	10,723,749	4,383,240	3,047,552	12,059,437
EFC BAN - Water Transmission Project - various maturity dates	1.02%	<u>14,413,666</u>	<u>1,571,407</u>	<u>224,000</u>	<u>15,761,073</u>
Total		<u>\$ 69,502,925</u>	<u>\$ 30,090,148</u>	<u>\$ 47,637,062</u>	<u>\$ 51,956,011</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	\$ 1,755,000	\$ -	\$ 110,000	\$ 1,645,000	\$ 110,000
NYS EFC payable - Sewer Fund	793,910	-	57,130	736,780	58,630
Serial bonds payable - General Fund	710,000	-	110,000	600,000	115,000
Serial bonds payable - General Fund	4,333,820	-	330,010	4,003,810	334,860
Serial bonds payable - Garbage Fund	301,180	-	9,990	291,190	10,140
Serial bonds payable - Water Fund	1,085,000	-	30,000	1,055,000	30,000
Serial bonds payable - General Fund	510,000	-	170,000	340,000	170,000
Serial bonds payable - General Fund	5,425,000	-	180,000	5,245,000	185,000
Serial bonds payable - General Fund	10,262,504	-	437,504	9,825,000	560,000
NYS EFC payable - Sewer Fund	-	47,552	-	47,552	-
Serial bonds payable - General Fund	-	12,870,000	-	12,870,000	790,000
Subtotal - general obligation debt	<u>25,176,414</u>	<u>12,917,552</u>	<u>1,434,634</u>	<u>36,659,332</u>	<u>2,363,630</u>
Installment Purchase Agreements:					
Installment Purchase Agreement - Fire Equipment	298,417	-	54,860	243,557	57,172
Installment Purchase Agreement - Energy Efficiency	842,827	-	109,229	733,598	114,281
Installment Purchase Agreement - Energy Efficiency	404,480	-	78,481	325,999	81,901
Installment Purchase Agreement - Energy - Buildings/Streets	6,291,965	-	283,463	6,008,502	291,731
Installment Purchase Agreement - Turnout Gear	161,046	-	52,003	109,043	53,664
Installment Purchase Agreement - Golf Equipment	180,415	-	49,659	130,756	51,170
Subtotal - installment purchase agreements	<u>8,179,150</u>	<u>-</u>	<u>627,695</u>	<u>7,551,455</u>	<u>649,919</u>
Total bonds and installment purchase agreements	<u>33,355,564</u>	<u>12,917,552</u>	<u>2,062,329</u>	<u>44,210,787</u>	<u>3,013,549</u>
Other liabilities:					
Retirement debt	1,331,937	-	1,331,937	-	-
Compensated absences	7,073,393	62,175	-	7,135,568	-
Net pension liability - ERS	-	10,798,513	-	10,798,513	-
Net pension liability - PFRS	3,543,934	31,154,329	-	34,698,263	-
Total other post employment benefits	<u>135,676,576</u>	<u>17,778,834</u>	<u>7,654,648</u>	<u>145,800,762</u>	<u>7,027,884</u>
Total other liabilities	<u>147,625,840</u>	<u>59,793,851</u>	<u>8,986,585</u>	<u>198,433,106</u>	<u>7,027,884</u>
Total long-term liabilities	<u>\$180,981,404</u>	<u>\$ 72,711,403</u>	<u>\$ 11,048,914</u>	<u>\$242,643,893</u>	<u>\$10,041,433</u>

NOTE 5 – LONG-TERM LIABILITIES (Continued)

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, 2023.

The EFC sewer fund bond payable in the amount of \$47,552 represents drawdowns by the City through December 31, 2023. The maximum amount available to the City is \$1,800,652. Once the City has drawn down the full amount of the bond, repayment will commence in accordance with the bond agreement between EFC and the City.

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, 2023.

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, 2023
General Fund					
Installment Purchase Agreement	2011	\$ 1,648,598	4.55%	07/2029	\$ 733,598
Installment Purchase Agreement	2012	\$ 738,648	4.23%	03/2027	243,557
Installment Purchase Agreement	2019	\$ 6,503,198	2.90%	07/2040	6,008,502
Installment Purchase Agreement	2020	\$ 260,274	3.19%	05/2025	109,043
Installment Purchase Agreement	2021	\$ 252,901	3.00%	08/2026	130,756
General Obligation	2010	\$ 1,121,888	3.00%	08/2028	600,000
General Obligation	2019	\$ 5,286,000	2.00%	08/2034	4,003,810
General Obligation	2020	\$ 850,000	1.73%	06/2025	340,000
General Obligation	2020	\$ 5,709,490	2.25%	Various	5,245,000
General Obligation	2022	\$ 10,262,504	2.00%-2.25%	02/2038	9,825,000
General Obligation	2023	\$ 12,870,000	4.00%	07/2036	<u>12,870,000</u>
					<u>40,109,266</u>
Water Fund					
General Obligation	2019	\$ 1,233,200	1.30%	08/2048	1,055,000
NYS EFC Obligation	2007	\$ 3,136,180	4.63%	09/2036	1,645,000
Capital Lease	2011	\$ 946,746	4.29%	07/2027	<u>325,999</u>
					<u>3,025,999</u>
Sewer Fund					
NYS EFC Obligation	2004	\$ 1,625,890	2.38%	04/2034	736,780
NYS EFC Obligation	2023	\$ 47,552	0.35%	Various	<u>47,552</u>
					<u>784,332</u>
Garbage Fund					
General Obligation	2019	\$ 330,000	2.00%	08/2034	<u>291,190</u>
					<u>\$ 44,210,787</u>

The annual debt service requirements to maturity, including principal and interest, for bonds, notes and installment purchase agreements payable as of December 31, 2023, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2024	\$ 3,013,549	\$ 1,311,592	\$ 4,325,141
2025	3,078,133	1,238,020	4,316,153
2026	2,908,990	1,144,165	4,053,155
2027	2,956,418	1,052,726	4,009,144
2028	2,909,261	960,565	3,869,826
2029-2033	14,464,025	3,480,925	17,944,950
2034-2038	11,482,797	1,263,834	12,746,631
2039-2043	2,465,062	279,001	2,744,063
2044-2048	<u>932,552</u>	<u>48,973</u>	<u>981,525</u>
	<u>\$ 44,210,787</u>	<u>\$ 10,779,801</u>	<u>\$ 54,990,588</u>

Total interest paid, net of bond accretion, on debt in 2023 was \$2,565,275.

NOTE 6 – LEASE/SBITA AGREEMENTS

City as Lessee

The City leases office space, 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:

Description	Interest	Total Lease
	Rate	Liability
Knickerbacker Park	2.25%	\$ 1,012,741
City Hall	2.25%	358,508
Golf Carts	4.60%	62,809
Axon Equipment	4.31%	44,575
Copier	2.25%	<u>2,196</u>
		<u>\$ 1,480,829</u>

Lease activity for the year ended December 31, 2023 is summarized as follows:

Beginning Balance	Additions	Subtractions	Ending Balance	Amount Due Within One Year
\$ 1,884,566	\$ 128,633	\$ 532,370	\$ 1,480,829	\$ 504,533

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

Year Ending December 31,	Principal	Interest	Total
2024	\$ 504,533	\$ 31,107	\$ 535,640
2025	39,519	21,561	61,080
2026	39,418	20,672	60,090
2027	40,222	19,777	59,999
2028	41,137	18,863	60,000
2029-2033	220,145	79,855	300,000
2034-2038	246,332	53,668	300,000
2039-2043	275,635	24,365	300,000
2044-2048	73,888	1,113	75,001
Total	<u>\$ 1,480,829</u>	<u>\$ 270,981</u>	<u>\$ 1,751,810</u>

NOTE 6 – LEASE/SBITA AGREEMENTS (Continued)

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	\$ 899,719
Building - Redburn Infrastructure	<u>3,168</u>
	<u><u>\$ 902,887</u></u>

Activity of lease inflows for the year ended December 31, 2023 is summarized as follows:

Lease-related Revenue:

Lease revenue	\$ 315,768
Interest revenue	<u>24,357</u>
Total	<u><u>\$ 340,125</u></u>

Future minimum lease payments due the City are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 309,784	\$ 22,026	\$ 331,810
2025	335,732	10,802	346,534
2026	213,492	3,283	216,775
2027	16,684	816	17,500
2028	17,063	437	17,500
2029-2033	<u>10,132</u>	<u>76</u>	<u>10,208</u>
Total	<u><u>\$ 902,887</u></u>	<u><u>\$ 37,440</u></u>	<u><u>\$ 940,327</u></u>

SBITA Liability

During the year ended December 31, 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). GASB Statement No. 96 establishes requirements for recognition of an intangible right-of-use subscription asset and a corresponding subscription liability if certain criteria are met. A SBITA is defined as a contract that conveys control of the right to use another party's information technology (IT) software, as specified in the contract for period of time in an exchange or exchange-like transaction. The implementation of GASB 96 was incorporated into the City's financial statements and had no net effect on the beginning net position.

\$147,539 has been recorded as intangible right-to-use software arrangements in capital assets. Due to the implementation of GASB Statement No. 96, these arrangements for software met the criteria of a SBITA; thus, requiring them to be recorded by the City intangible assets and a SBITA liability. These assets are amortized over the lease terms.

SBITA activity for the year ended December 31, 2023 is summarized as follows:

Beginning Balance (Restated)	Additions	Subtractions	Ending Balance	Amount Due Within One Year
\$ 147,539	\$ -	\$ 100,572	\$ 46,967	\$ 24,123

NOTE 6 – LEASE/SBITA AGREEMENTS (Continued)

SBITA Liability (Continued)

SBITAs are summarized as follows:

Description	Interest Rate	Total SBITA Liability
Axon Enterprises - Interview Room Bundle	2.25%	\$ 19,107
Axon Enterprises - evidence.com (10 extra BCS)	4.60%	25,618
Axon Enterprises - evidence.com (Core)	4.31%	2,242
		<u>\$ 46,967</u>

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

Year Ending December 31,	Principal	Interest	Total
2024	\$ 24,123	\$ 2,065	\$ 26,188
2025	<u>22,844</u>	<u>1,004</u>	<u>23,848</u>
Total	<u><u>\$ 46,967</u></u>	<u><u>\$ 3,069</u></u>	<u><u>\$ 50,036</u></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.

NOTE 7 – PENSION PLANS (Continued)

Funding Policy (Continued)

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

	ERS	PFRS
2023	\$ 1,959,541	\$ 7,476,610
2022	\$ 2,011,379	\$ 7,283,029
2021	\$ 2,333,576	\$ 7,377,402

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

At December 31, 2023, the City reported net pension liability of \$10,798,513 and \$34,698,263 for its proportionate share of the ERS net pension liability and PFRS net pension liability, respectively. The net pension asset/liability was measured as of March 31, 2023, and the total pension asset/liability used to calculate the net pension asset/liability was determined by the actuarial valuation as April 1, 2022. 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, 2023, the City's proportionate share was .0503567% and .6296786% for ERS and PFRS, respectively, which was an increase from the proportionate share at December 31, 2022 of .0013570% for ERS and .0057955% for PFRS.

At December 31, 2023, the City recognized deferred outflows of resources and deferred inflows of resources from the following sources:

ERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,150,126	\$ 303,263
Changes of assumptions	5,244,454	57,961
Net difference between projected and actual earnings on pension plan investments	-	63,441
Changes in proportion and differences between employer contributions and proportionate share of contributions	242,613	293,633
Contributions subsequent to the measurement date	1,469,656	-
Total	\$ 8,106,849	\$ 718,298

\$1,469,656 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date of March 31, 2023 will be recognized as a reduction of the net pension liability in the year ending December 31, 2024.

NOTE 7 – PENSION PLANS (Continued)

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

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:

2024	\$ 1,383,647
2025	(576,618)
2026	2,186,056
2027	2,925,810
2028	-
Thereafter	-
	<u><u>\$ 5,918,895</u></u>

PFRS	Deferred	Deferred
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 3,391,406	\$ -
Changes of assumptions	16,908,373	-
Net difference between projected and actual earnings on pension plan investments	61,341	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	930,291	753,407
Contributions subsequent to the measurement date	<u>5,607,457</u>	-
Total	<u><u>\$ 26,898,868</u></u>	<u><u>\$ 753,407</u></u>

\$5,607,457 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date of March 31, 2023 will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. 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:

2024	\$ 3,800,534
2025	(751,177)
2026	10,347,462
2027	6,519,811
2028	621,374
Thereafter	-
	<u><u>\$ 20,538,004</u></u>

For the year ended December 31, 2023, the City recognized pension expense of \$4,209,744 and \$11,158,267 for ERS and PFRS, respectively.

NOTE 7 – PENSION PLANS (Continued)

Actuarial Assumptions

The total pension liability at March 31, 2023 was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to March 31, 2023.

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

Inflation	2.90%
Salary increases	4.4% ERS, 6.2% PFRS, indexed by service
Projected COLAs	1.5% annually
Decrements	Developed from the Plan's 2020 experience study of the period April 1, 2015 through April 1, 2020
Mortality improvement:	Society of Actuaries Scale MP-2021
Investment Rate of Return	5.90% compounded annually, net of investment expenses

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

The target allocation and best estimates of arithmetic of real rates of return for each major asset class are summarized as of March 31, 2023 in the following table:

Asset Type	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	32%	4.30%
International Equity	15%	6.85%
Private Equity	10%	7.50%
Real Estate	9%	4.60%
Opportunistic/ARS Portfolio	3%	5.38%
Credit	4%	5.43%
Real Assets	3%	5.84%
Fixed Income	23%	1.50%
Cash	1%	0.00%
	<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.

NOTE 7 – PENSION PLANS (Continued)

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 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>\$ 26,095,374</u>	<u>\$ 10,798,513</u>	<u>\$ (1,983,794)</u>
	1% Decrease (4.90%)	Current Discount (5.90%)	1% Increase (6.90%)
PFRS			
Proportionate Share of Net Pension Liability (Asset)	<u>\$ 72,330,153</u>	<u>\$ 34,698,263</u>	<u>\$ 3,536,798</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employer as of March 31, 2023, were as follows:

	Pension Plan's Fiduciary Net Position
ERS	
Total pension liability	\$ 232,627,259,000
Net position	<u>(211,183,223,000)</u>
Net pension liability (asset)	<u>\$ 21,444,036,000</u>
ERS net position as a percentage of total pension liability	90.78%
PFRS	
Total pension liability	\$ 43,835,333,000
Net position	<u>(38,324,863,000)</u>
Net pension liability (asset)	<u>\$ 5,510,470,000</u>
PFRS net position as a percentage of total pension liability	87.43%

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City's single employer defined benefit OPEB plan (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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	608
Inactive employees or beneficiaries entitled to but not yet receiving benefits	-
Active employees	411
Total participants	<u><u>1,019</u></u>

Total OPEB Liability

The City's total OPEB liability of \$145,800,762 was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2023.

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	4.00%
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:

Years of Service	NYSERS	NYSPFRS
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 8.00% for the current year decreasing to an ultimate rate of 4.50% by 2032.

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

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs (Continued)

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

Mortality 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, 2022	\$ <u>135,676,576</u>
Changes for the Year	
Service cost	3,103,436
Interest	5,837,329
Changes of benefit terms	-
Changes in assumptions or other inputs	8,838,069
Differences between expected and actual experience	(897,067)
Benefit payments	<u>(6,757,581)</u>
Net changes	<u>10,124,186</u>
Balance at December 31, 2023	\$ <u>145,800,762</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 4.31% as of December 31, 2022 to 4.00% at December 31, 2023.

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 (3.00%) and 1 percentage point higher (5.00%) than the current discount rate:

	1%	Current	1%
Decrease		Discount	Increase
(3.00%)		(4.00%)	(5.00%)
Total OPEB Liability	\$ <u>166,333,996</u>	\$ <u>145,800,762</u>	\$ <u>128,944,985</u>

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (7.00%) and 1 percentage point higher 9.00%) than the current healthcare cost trend rate:

	Healthcare		
	1%	Current	1%
Decrease		Discount	Increase
(7.00%)		(8.00%)	(9.00%)
Total OPEB Liability	\$ <u>125,901,056</u>	\$ <u>145,800,762</u>	\$ <u>170,916,079</u>

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

For the year ended December 31, 2023, the City recognized OPEB expense of \$16,881,767. At December 31, 2023, 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	\$ 17,080,604	\$ 22,732,829
Difference between expected and actual experience	<u>6,682,905</u>	<u>28,842,108</u>
Total	<u><u>\$ 23,763,509</u></u>	<u><u>\$ 51,574,937</u></u>

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

<u>Fiscal Year Ending December 31,</u>	<u>Amount</u>
2024	\$ (8,872,124)
2025	(10,187,480)
2026	(3,473,594)
2027	(3,473,596)
2028	(2,939,062)
Thereafter	<u>1,134,428</u>
	<u><u>\$ (27,811,428)</u></u>

NOTE 9 – INTERFUND TRANSACTIONS

Interfund transactions for the period ended December 31, 2023 are as follows:

	Interfund Activity			
	Due From	Due To	Revenue	Expenditures
Governmental Funds:				
General	\$ 7,258,101	\$ -	\$ 1,475,000	\$ 13,379,729
Capital Projects	-	1,734,520	1,100,636	-
Miscellaneous Special Revenue	-	516,949	5,074,754	-
Special Grant	-	501,648	-	-
Water	-	468,559	-	2,301,705
Sewer	-	667,413	-	182,910
Garbage	-	1,310,694	646,814	86,287
Debt Service	-	<u>2,058,318</u>	<u>7,653,427</u>	<u>-</u>
Total	\$ 7,258,101	\$ 7,258,101	\$ 15,950,631	\$ 15,950,631

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.
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,

NOTE 10 - CITY AND STATE ACTIONS (Continued)

- 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, 2023, 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.

NOTE 11 - COMMITMENTS AND CONTINGENCIES (Continued)

Health Insurance / Workers' Compensation Plans (Continued)

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 2023:

	Workers' Compensation	Health
Unpaid claims and claim adjustment - beginning of year	\$ 1,875,006	\$ 720,602
Incurred claims and claim adjustment expenses:		
Provision for incurred claim expenses for events of the current year	1,080,151	7,171,002
Total incurred claims and claim adjustment expenses	2,955,157	7,891,604
Payments made for claims arising during the current year	(993,757)	(7,619,134)
Total unpaid claims and claim adjustment expenses - end of year	<u>\$ 1,961,400</u>	<u>\$ 272,470</u>

Lawsuits

Like most municipalities, the City is subject to lawsuits in the ordinary course of its affairs. Many of these claims are without merit. However, the City recognizes that some of these lawsuits could have an adverse effect on the financial condition of the City.

The City is self-insured for the first \$750,000 of any claim, can carries general liability insurance of \$5 million per occurrence above the self-insured limit.

There are certain claims being litigated where the claims exceed the City's self-insured retention. In each case, the City believes it has a meritorious defense.

Grant Programs

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

Housing Trust Fund Corporation

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

NOTE 11 - COMMITMENTS AND CONTINGENCIES (Continued)

Federal Loan Guarantee Program

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

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	\$ 54,633,800	\$ 15.433762	\$ 843,205	\$ -	\$ 356,941	\$ 486,264
City of Troy IDA	\$149,427,550	\$ 15.433762	\$ 2,306,229	\$ -	\$ 804,772	\$ 1,501,457

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, 2023:

Agreement	Assessed Value	Tax Rate	Tax Value	485B Exemption	PILOT Received	City Tax Abated
City of Troy	\$ 20,368,700	\$ 15.433762	\$ 314,366	\$ -	\$ 129,285	\$ 185,081

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 obligate this money. All funds must be spent by December 31, 2026. The money may only be spent on eligible items per the ARPA.

As of December 31, 2023, the City has appropriated \$36,643,312 in funding, of which \$23,393,312 was for eligible projects within the Miscellaneous Special Revenue Fund and \$13,250,000 for eligible projects within the Capital Projects Fund. For the year ended December 31, 2023, expenditures for the projects totaled \$7,543,510.

As of December 31, 2023 the City has recorded \$29,726,960 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, 2023 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	64,231	4,829	-	69,060
Capital assets, net	<u>\$ 524,321</u>	<u>\$ (4,829)</u>	<u>\$ -</u>	<u>\$ 519,492</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. No impairment loss was recorded for property held for sale or development during the year ended December 31, 2023.

IDA

Real property held for sale for development activity for the period January 1, 2023 through December 31, 2023 is as follows:

Beginning Balance	Increase	Decrease	Ending Balance
\$ 80,000	\$ -	\$ -	\$ 80,000

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, 2023:

King Fuels Sites	\$ 1,894,810
Federal Street	59,000
16 Northern Drive	13,500
	<u>\$ 1,967,310</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, 2023 is as follows:

Beginning Balance	Property Acquisitions	Capital Improvements	Cost of Property Sales	Property Values	Ending Balance
\$ 688,033	\$ -	\$ 130,366	\$ -	\$ -	\$ 818,399

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	\$ 52,205
Allowance for doubtful accounts	<u>(22,122)</u>
Loans receivable, net	<u>\$ 30,083</u>
Loans receivable, beginning of year	\$ 42,817
Capitalized interest and late fees	<u>9,388</u>
Loans receivable, end of year	<u>\$ 52,205</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 expired on December 31, 2023 and includes two 5-year renewal options. The initial 5-year option period was renewed, and accordingly, is included in the lease term. In addition, the lease agreement required a \$10,000 annual road remediation fee that expired on December 31, 2023.

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 began 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:

Phase	Expected Term	Payment
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:

Amortization of deferred inflows of resources - leases	\$ 217,611
Variable lease payments	18,000
Short-term lease payments	4,220
Total lease revenue	239,831
Interest revenue	41,339
Total	\$ 281,170

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:

Fiscal Year Ending December 31,	Principal	Interest	Total
2024	\$ 238,593	\$ 36,000	\$ 274,593
2025	245,102	24,304	269,406
2026	160,191	15,226	175,417
2027	177,452	6,720	184,172
2028	78,226	2,463	80,689
Thereafter	14,703	3,297	18,000
	<u>\$ 914,267</u>	<u>\$ 88,010</u>	<u>\$ 1,002,277</u>

Land Purchase Option (IDA)

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 2023, the loan due date was extended, and the new due date was September 2024. As of the date of this report, this loan was extended to March 31, 2025.

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, 2023 is 5.00%.

	Beginning Balance	Additions	Redemptions	Ending Balance
Construction loan	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,000</u>

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, 2023, was as follows:

	Beginning Balance	Additions	Redemptions	Ending Balance
Loan payable	\$ 662,000	\$ -	\$ 167,000	\$ 495,000
Less current portion				167,000
				\$ 328,000

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

Fiscal Year Ending December 31,	Principal	Interest	Total
2024	\$ 167,000	\$ 26,216	\$ 193,216
2025	167,000	17,448	184,448
2026	161,000	8,597	169,597
	<u>\$ 495,000</u>	<u>\$ 52,261</u>	<u>\$ 547,261</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, 2023.

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 \$2,370,000 for the year ended December 31, 2023.

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.

The Land Bank has received Land Bank Initiative grant funding from NYS Department of Homes and Community Renewal to support services and expenses of the Land Bank. This funding will be allocated 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.

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 and had spent \$504,599 in fiscal year 2022. 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, 2023, the Land Bank recognized revenue related to this grant of \$238,282. The remaining \$257,119 is unearned revenue as of December 31, 2023 and will be recognized as revenue as expenditures are made.

Concentrations (Land Bank)

The Land Bank received 100% of its revenue from the ARPA Act and Land Bank Initiative grants for the year ended December 31, 2023. 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 \$315,875,000 at December 31, 2023.

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

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 – SUBSEQUENT EVENTS

On February 1, 2024, the City issued \$5,725,000 in serial bonds. The proceeds of the bonds, along with \$276,846 available funds of the City and \$413,593 of the original issue premium, redeemed and renewed \$5,140,000 of the \$13,863,689 BAN that matured on February 2, 2024, and provided \$1,275,439 in new monies for the purchase of a fire aerial ladder truck. The serial bonds were issued for fifteen years with an interest rate of 4.00%.

On February 1, 2024, the City issued \$5,469,428 in bond anticipation notes. The proceeds of the notes, along with \$3,254,261 available funds of the City, partially redeemed and renewed \$8,723,689 of the \$13,863,689 bond anticipation notes that matured on February 2, 2024. The interest rate of the notes was 4.00%.

On July 11, 2024, the City settled a wrongful death claim. The case was settled for \$5,775,000, of which the City's share is \$750,000; the remainder will be paid by the City's insurance carrier.

On July 11, 2024, the City entered into a lease agreement for City Hall retroactive to January 1, 2024. The lease has a five-year term ending on December 31, 2028, with monthly lease payments of \$35,221 per month. The lease also contains one-term early termination option effective only as of January 1, 2027, and requiring notice on or before June 1, 2025.

On July 25, 2024, the City issued \$18,091,812 in bond anticipation notes. The proceeds of the notes, along with \$180,000 available funds of the City, partially redeemed and renewed \$10,271,812 bond anticipation notes that matured on July 26, 2024, and provided \$8,000,000 in new money for various projects. The interest rate of the notes was 4.50%.

NOTE 16 – SUBSEQUENT EVENTS (Continued)

On September 17, 2024, the City issued \$1,263,553 in bond anticipation notes. The proceeds of the notes provided \$318,149 in new monies for the purchase of an ambulance and \$945,404 in new monies for the purchase of a motor vehicle used for fighting fires. The interest rate of the notes was 4.625%.

On January 30, 2025, the City issued \$6,402,981 in bond anticipation notes. A \$5,139,428 portion of the proceeds of the Notes, along with \$330,000 available funds of the City, partially redeemed and renewed \$5,469,428 bond anticipation notes maturing on January 31, 2025, a \$1,263,553 portion of the proceeds of the Notes fully redeemed and renewed \$1,263,553 bond anticipation notes also maturing January 31, 2025. The interest rate of the notes was 4.50%.

NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-based Information Technology Agreements. GASB Statement No. 96 establishes requirements for recognition of an intangible right-of-use subscription asset and a corresponding subscription liability if certain criteria are met. A SBITA is defined as a contract that conveys control of the right to use another party's information technology (IT) software, as specified in the contract for period of time in an exchange or exchange-like transaction. These changes were incorporated in the City's financial statements and had no effect on the beginning net position, as the SBITA leased asset equaled the amount of the SBITA lease liability.

	Governmental Activities Net Position
Balance at December 31, 2022, as previously reported	\$154,465,611
Adjustments:	
SBITA right-to-use asset	147,539
SBITA liability	<u>(147,539)</u>
Balance at January 1, 2022, as restated	<u><u>\$154,465,611</u></u>

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, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:				
Real property taxes and tax items	\$ 29,503,898	\$ 29,503,898	\$ 28,935,245	\$ (568,653)
Nonproperty tax items	19,625,000	19,625,000	20,179,652	554,652
Departmental income	5,995,367	6,045,367	6,172,356	126,989
Intergovernmental charges	267,500	292,500	344,988	52,488
Use of money and property	90,000	530,000	1,597,617	1,067,617
Licenses and permits	1,362,000	1,362,000	1,154,138	(207,862)
Fines and forfeitures	1,430,000	1,665,000	1,226,298	(438,702)
Interfund revenues	3,024,353	3,024,353	3,024,353	-
Sale of property and compensation for loss	50,000	954,145	553,462	(400,683)
Miscellaneous local sources	1,810,590	1,849,576	1,539,813	(309,763)
State aid	13,069,463	13,139,463	13,509,070	369,607
Federal aid	2,094,872	7,649,362	8,324,419	675,057
Total revenue	<u>78,323,043</u>	<u>85,640,664</u>	<u>86,561,411</u>	<u>920,747</u>
EXPENDITURES:				
General governmental support	11,259,806	11,052,019	10,294,750	757,269
Public safety	46,446,515	48,237,235	48,473,043	(235,808)
Public health	209,152	209,152	209,124	28
Transportation	3,561,890	3,382,305	3,331,459	50,846
Culture and recreation	2,909,676	2,826,043	2,543,262	282,781
Home and community services	1,265,071	1,259,048	1,156,623	102,425
Employee benefits	7,396,058	8,493,595	8,715,786	(222,191)
Debt service - principal	-	-	632,942	(632,942)
Debt service - interest	-	-	47,687	(47,687)
Total expenditures	<u>73,048,168</u>	<u>75,459,397</u>	<u>75,404,676</u>	<u>54,721</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>5,274,875</u>	<u>10,181,267</u>	<u>11,156,735</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>5,274,875</u>	<u>10,181,267</u>	<u>11,156,735</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from leases	-	-	128,633	128,633
Operating transfers in	1,475,000	1,475,000	1,475,000	-
Operating transfers out	(6,749,875)	(13,238,640)	(13,379,729)	(141,089)
Total other financing sources (uses)	<u>(5,274,875)</u>	<u>(11,763,640)</u>	<u>(11,776,096)</u>	<u>(12,456)</u>
NET CHANGE IN FUND BALANCE	-	(1,582,373)	(619,361)	-
FUND BALANCE - beginning of year	<u>18,828,180</u>	<u>18,828,180</u>	<u>18,828,180</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 18,828,180</u>	<u>\$ 17,245,807</u>	<u>\$ 18,208,819</u>	<u>\$ 963,012</u>

CITY OF TROY, NEW YORK

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - WATER FUND (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Departmental income	\$ 5,342,000	\$ 5,342,000	\$ 5,030,576	\$ -	\$ (311,424)
Intergovernmental charges	7,102,651	7,102,651	6,879,377	-	(223,274)
Use of money and property	320,000	320,000	265,812	-	(54,188)
Licenses and permits	12,500	12,500	7,660	-	(4,840)
Interfund revenue	327,000	327,000	327,000	-	-
Sale of property and compensation for loss	21,500	21,500	13,218	-	(8,282)
Miscellaneous local sources	143,347	143,347	141,590	-	(1,757)
Total revenue	13,268,998	13,268,998	12,665,233	-	(603,765)
EXPENDITURES:					
General governmental support	648,662	867,602	528,690	-	338,912
Home and community services	10,156,196	10,165,931	10,025,374	-	140,557
Employee benefits	72,293	222,543	250,181	-	(27,638)
Debt service - principal	-	-	-	-	-
Total expenditures	10,877,151	11,256,076	10,804,245	-	451,831
EXCESS OF REVENUES OVER EXPENDITURES	2,391,847	2,012,922	1,860,988	-	(151,934)
OTHER FINANCING SOURCES (USES):					
Operating transfers in	-	-	-	-	-
Operating transfers out	(2,391,847)	(4,262,922)	(2,301,705)	-	1,961,217
Total other financing sources (uses)	(2,391,847)	(4,262,922)	(2,301,705)	-	1,961,217
NET CHANGE IN FUND BALANCE	-	(2,250,000)	(440,717)	-	1,809,283
FUND BALANCE - beginning of year	9,137,446	9,137,446	9,137,446	-	-
FUND BALANCE - end of year	\$ 9,137,446	\$ 6,887,446	\$ 8,696,729	\$ -	\$ 1,809,283

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, 2023**

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Departmental income	\$ 3,736,131	\$ 3,736,131	\$ 3,915,927	\$ -	\$ 179,796
Use of money and property	500	500	-	-	(500)
Miscellaneous sources	<u>37,441</u>	<u>37,441</u>	<u>35,935</u>	<u>-</u>	<u>(1,506)</u>
Total revenue	<u>3,774,072</u>	<u>3,774,072</u>	<u>3,951,862</u>	<u>-</u>	<u>177,790</u>
EXPENDITURES:					
Home and community services	2,529,251	2,529,251	2,111,955	-	417,296
Debt service - principal	-	-	-	-	-
Debt service - interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,529,251</u>	<u>2,529,251</u>	<u>2,111,955</u>	<u>-</u>	<u>417,296</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,244,821</u>	<u>1,244,821</u>	<u>1,839,907</u>	<u>-</u>	<u>595,086</u>
OTHER FINANCING SOURCES:					
Operating transfers out	<u>(1,244,821)</u>	<u>(1,244,821)</u>	<u>(182,910)</u>	<u>-</u>	<u>1,061,911</u>
Total other financing sources (uses)	<u>(1,244,821)</u>	<u>(1,244,821)</u>	<u>(182,910)</u>	<u>-</u>	<u>1,061,911</u>
NET CHANGE IN FUND BALANCE	-	-	1,656,997	-	1,656,997
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>\$ 2,559,285</u>	<u>\$ -</u>	<u>\$ 1,656,997</u>

CITY OF TROY, NEW YORK

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability										
Service cost	\$ 3,103,436	\$ 4,328,550	\$ 4,420,732	\$ 6,205,804	\$ 5,518,963	\$ 6,280,099				
Interest	5,837,329	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	(897,067)	9,356,068	(606,168)	(60,376,920)	(8,951,361)	-				
Changes of assumptions or other inputs	8,838,069	(37,870,505)	(3,135,558)	20,093,609	16,843,471	(18,799,296)				
Benefit payments	(6,757,581)	(6,432,120)	(6,361,120)	(7,267,860)	(7,126,367)	(6,598,488)				
Total change in total OPEB liability	10,124,186	(28,811,711)	(2,123,303)	(34,697,885)	14,062,417	(12,154,761)				
Total OPEB liability - beginning	135,676,576	164,488,287	166,611,590	201,309,475	187,247,058	199,401,819				
Total OPEB liability - ending	\$ 145,800,762	\$ 135,676,576	\$ 164,488,287	\$ 166,611,590	\$ 201,309,475	\$ 187,247,058				
Covered employee payroll	\$ 41,482,055	\$ 27,739,683	\$ 36,819,126	\$ 35,369,886	\$ 26,325,621	\$ 25,987,780				

Total OPEB liability as a percentage of covered employee payroll 351.5% 489.1% 446.7% 471.1% 764.7% 720.5%

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

Note to schedule:

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

Discount rate 4.00% 4.31% 2.25% 2.12% 3.26% 4.11%

Covered employee payroll: The 2023, 2021, and 2020 covered payroll amounts represent total gross wages that include overtime and other benefits.

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

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

CITY OF TROY, NEW YORK

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2023

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Proportion of the net pension liability (asset)	0.0503567%	0.0489997%	0.0472587%	0.0453765%	0.0464498%	0.0471389%	0.5091880%	0.0544292%	0.0556690%	
Proportionate share of the net pension liability (asset)	\$ 10,799	\$ (4,006)	\$ 47	\$ 12,016	\$ 3,291	\$ 1,521	\$ 4,784	\$ 8,736	\$ 1,881	
Covered-employee payroll	\$ 14,882	\$ 13,870	\$ 13,148	\$ 12,792	\$ 12,101	\$ 12,086	\$ 12,146	\$ 12,551	\$ 12,756	
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	72.56%	-28.88%	0.36%	93.94%	27.20%	12.59%	39.39%	69.60%	14.75%	
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%	

Note: 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)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Proportion of the net pension liability (asset)	0.6296786%	0.6238831%	0.5655885%	0.5927112%	0.5962480%	0.6053322%	0.6212430%	0.6476601%	0.6390066%	
Proportionate share of the net pension liability (asset)	\$ 34,698	\$ 3,544	\$ 9,820	\$ 31,680	\$ 9,999	\$ 6,118	\$ 12,876	\$ 19,175	\$ 1,759	
Covered-employee payroll	\$ 24,860	\$ 22,978	\$ 21,750	\$ 19,857	\$ 19,167	\$ 18,699	\$ 18,380	\$ 18,532	\$ 17,628	
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	139.58%	15.42%	45.15%	159.54%	52.17%	32.72%	70.06%	103.47%	9.98%	
Plan fiduciary net position as a percentage of the total pension liability (asset)	87.43%	98.66%	95.79%	84.86%	95.09%	96.93%	93.50%	90.20%	99.00%	

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

CITY OF TROY, NEW YORK

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2023

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ 1,960	\$ 2,011	\$ 2,334	\$ 2,185	\$ 2,098	\$ 2,133	\$ 2,181	\$ 2,367	\$ 2,288	
Contributions in relation to the contractually required contribution	1,960	2,011	2,334	2,185	2,098	2,133	2,181	2,367	2,288	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered-employee payroll	\$ 14,882	\$ 13,870	\$ 13,148	\$ 12,792	\$ 12,101	\$ 12,086	\$ 12,146	\$ 12,551	\$ 12,756	
Contributions as a percentage of covered-employee payroll	13.17%	14.50%	17.75%	17.08%	17.34%	17.65%	17.96%	18.86%	17.94%	

Note: 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)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ 7,477	\$ 7,283	\$ 7,377	\$ 6,239	\$ 5,891	\$ 5,748	\$ 5,875	\$ 6,008	\$ 4,864	
Contributions in relation to the contractually required contribution	7,477	7,283	7,377	6,239	5,891	5,748	5,875	6,008	4,864	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered-employee payroll	\$ 24,860	\$ 22,978	\$ 21,750	\$ 19,857	\$ 19,167	\$ 18,699	\$ 18,380	\$ 18,532	\$ 17,628	
Contributions as a percentage of covered-employee payroll	30.08%	31.70%	33.92%	31.42%	30.73%	31.50%	31.27%	31.70%	34.08%	

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

SUPPLEMENTARY INFORMATION

CITY OF TROY, NEW YORK

SCHEDULE OF COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Special Revenue Funds					Debt Service Fund	Total
	Special Grant Fund	Miscellaneous	Sewer Fund	Garbage Fund			
ASSETS							
Cash	\$ 788,403	\$ 203,721	\$ 2,119,301	\$ 1,076,407	\$ -	\$ 4,187,832	
Restricted cash	-	-	-	-	6,394,751	6,394,751	
Due from other governments	636,733	527,054	-	23,568	-	1,187,355	
Accounts receivables	-	-	1,140,801	977,685	-	2,118,486	
Prepaid and other assets	-	15,750	21,174	49,831	60,070	146,825	
 Total assets	 <u>\$ 1,425,136</u>	 <u>\$ 746,525</u>	 <u>\$ 3,281,276</u>	 <u>\$ 2,127,491</u>	 <u>\$ 6,454,821</u>	 <u>\$ 14,035,249</u>	
LIABILITIES							
Accounts payable	\$ 455,015	\$ 100,904	\$ 30,447	\$ 113,406	\$ -	\$ 699,772	
Accrued liabilities	179,396	22,172	24,131	475,025	-	700,724	
Other liabilities	-	-	-	-	-	-	
Due to other funds	501,648	516,949	667,413	1,310,694	2,058,318	5,055,022	
Unearned revenue	1,570	-	-	53,281	-	54,851	
 Total liabilities	 <u>1,137,629</u>	 <u>640,025</u>	 <u>721,991</u>	 <u>1,952,406</u>	 <u>2,058,318</u>	 <u>6,510,369</u>	
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - deferred revenue	-	106,500	-	-	-	106,500	
 Total deferred inflows of resources	 <u>-</u>	 <u>106,500</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>106,500</u>	
FUND BALANCE							
Nonspendable	\$ -	\$ 15,750	\$ 21,174	\$ 49,831	\$ 60,070	\$ 146,825	
Restricted	287,507	-	2,538,111	125,254	4,336,433	7,287,305	
Unassigned	-	(15,750)	-	-	-	(15,750)	
 Total Fund Balance	 <u>287,507</u>	 <u>-</u>	 <u>2,559,285</u>	 <u>175,085</u>	 <u>4,396,503</u>	 <u>7,418,380</u>	
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 1,425,136</u>	 <u>\$ 746,525</u>	 <u>\$ 3,281,276</u>	 <u>\$ 2,127,491</u>	 <u>\$ 6,454,821</u>	 <u>\$ 14,035,249</u>	

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, 2023

	Special Revenue Funds					
	Special Grant Fund	Miscellaneous	Sewer Fund	Garbage Fund	Debt Service Fund	Total
REVENUES						
Real property taxes and tax items	\$ -	\$ -	\$ 15,580	\$ -	\$ 15,580	
Departmental income	201,883	-	3,915,927	4,054,305	-	8,172,115
Use of money and property	-	-	-	169,316	283,816	453,132
Sale of property and compensation for loss	-	-	-	426	-	426
Miscellaneous	-	-	35,935	115,119	-	151,054
State aid	46,364	581,100	-	74,398	-	701,862
Federal aid	<u>3,441,074</u>	<u>260,796</u>	<u>—</u>	<u>38,682</u>	<u>—</u>	<u>3,740,552</u>
Total revenues	<u>3,689,321</u>	<u>841,896</u>	<u>3,951,862</u>	<u>4,467,826</u>	<u>283,816</u>	<u>13,234,721</u>
EXPENDITURES						
General governmental support	-	114,038	-	40,156	-	154,194
Public safety	268,751	1,188,459	-	-	-	1,457,210
Economic assistance and opportunity	-	1,035,830	-	-	-	1,035,830
Culture and recreation	-	1,079,717	-	-	-	1,079,717
Home and community services	3,404,641	2,498,606	2,111,955	4,885,283	-	12,900,485
Employee benefits	-	-	-	23,262	-	23,262
Debt Service	-	-	-	-	-	-
Principal	-	-	-	-	6,307,329	6,307,329
Interest	-	-	-	-	<u>2,517,531</u>	<u>2,517,531</u>
Total expenditures	<u>3,673,392</u>	<u>5,916,650</u>	<u>2,111,955</u>	<u>4,948,701</u>	<u>8,824,860</u>	<u>25,475,558</u>
EXCESS (DEFICIENCY) OF REVENUES						
OVER EXPENDITURES	<u>15,929</u>	<u>(5,074,754)</u>	<u>1,839,907</u>	<u>(480,875)</u>	<u>(8,541,044)</u>	<u>(12,240,837)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of debt - bond premium	-	-	-	-	177,022	177,022
Operating transfers - in	-	5,074,754	-	646,814	7,653,427	13,374,995
Operating transfers - out	-	-	(182,910)	(86,287)	-	(269,197)
Total other financing sources (uses)	<u>-</u>	<u>5,074,754</u>	<u>(182,910)</u>	<u>560,527</u>	<u>7,830,449</u>	<u>13,282,820</u>
CHANGE IN FUND BALANCE	<u>15,929</u>	<u>-</u>	<u>1,656,997</u>	<u>79,652</u>	<u>(710,595)</u>	<u>1,041,983</u>
FUND BALANCE - beginning of year	<u>271,578</u>	<u>-</u>	<u>902,288</u>	<u>95,433</u>	<u>5,107,098</u>	<u>6,376,397</u>
FUND BALANCE - end of year	<u>\$ 287,507</u>	<u>\$ -</u>	<u>\$ 2,559,285</u>	<u>\$ 175,085</u>	<u>\$ 4,396,503</u>	<u>\$ 7,418,380</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 GOVERNMENT AUDITING STANDARDS

March 25, 2025

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 (City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated March 25, 2025. 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. Our report describes a qualified opinion on the aggregate discretely presents component units. 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.

(Continued)

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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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

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*.

City of Troy, New York's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Troy, New York's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Troy, New York's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

CITY OF TROY, NEW YORK

Schedule of Findings and Responses For the Year Ended December 31, 2023

2023-001 General Ledger/Reconciliations (Material Weakness)

Criteria: The City prepares its financial statements in accordance with generally accepted accounting principles. The underlying support for the financial statements comes from the general ledger which is maintained by fund. The general ledger should be maintained timely and significant account balances such as cash, receivables and payables should be reconciled to it.

Condition: We found that the general ledger was not maintained on a timely basis and that significant accounts were not reconciled. Multiple trial balances for each fund were produced as the audit progressed causing delays in completion.

Cause: The City experienced turnover in a key accounting/finance position.

Effect: Failure to maintain an accurate, timely general ledger resulted in the completion of the audit being delayed. Additionally, the lack of timely, accurate financial information makes it difficult for City Administration to make informed decisions.

Recommendation: The City should hire effective accounting and finance staff and maintain and reconcile its general ledger and significant accounts on a timely basis.

Management's response: The City has hired a Comptroller and has also engaged a consulting firm who is assisting with record keeping. The City fully expects that the general ledger accounts will be reconciled accurately, and future audits will be completed on a timely basis.