

PRELIMINARY OFFICIAL STATEMENT

NEW/RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Bond, Schoeneck & King, PLLC, Utica, New York, Bond Counsel, assuming continuing compliance by the City with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is excluded from the gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Notes is not an "item of tax preference" for purposes of the alternative minimum tax imposed by the Code on individuals, however, interest on the Notes that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision therein (including The City of New York). See "TAX MATTERS" herein for discussion of certain Federal taxes applicable to corporate owners of the Notes.

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



\$23,980,488

CITY OF UTICA

ONEIDA COUNTY, NEW YORK

GENERAL OBLIGATIONS
CUSIP BASE #: 917747

\$23,980,488 Bond Anticipation Notes, 2026

(referred to herein as the "Notes")

Dated: January 22, 2026

Due: January 22, 2027

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

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

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

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof except for one necessary odd denomination. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the City to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Bond, Schoeneck & King, PLLC, Utica, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey, or as may be agreed upon with the purchaser(s), on or about January 22, 2026.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on January 8, 2026 until 11:00 A.M., Prevailing Time, pursuant to the Notice of Sale for the Notes. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the City, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

December 23, 2025

THE CITY DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE CITY WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN ENUMERATED EVENTS AS DEFINED IN THE RULE WITH RESPECT TO THE NOTES. SEE "APPENDIX – C, MATERIAL EVENT NOTICES" HEREIN.

CITY OF UTICA

ONEIDA COUNTY, NEW YORK

CITY OFFICIALS



MICHAEL P. GALIME
Mayor

WILLIAM C. MOREHOUSE
Comptroller

COMMON COUNCIL

ROCCO R. GIRUZZI
President

KATIE AIELLO
FRANK J. CARCONE
MARK WILLIAMSON
VENICE ERVIN
ROBERT BURMASTER
SAMANTHA COLOSIMO-TESTA
JOSEPH N. BETRUS, JR.
JOSEPH M. BETAR
JACK V. LOMEDICO

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Corporation Counsel

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BOND COUNSEL

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

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
THE NOTES	1	STATUS OF INDEBTEDNESS	22
Description of the Notes	1	Constitutional Requirement.....	22
No Optional Redemption	1	Statutory Procedure	22
Purpose of Issue	2	Debt Outstanding End of Fiscal Year.....	23
Book-Entry-Only System	2	Details of Outstanding Indebtedness	23
Certificated Notes	4	Debt Statement Summary	23
THE CITY	4	Bonded Debt Service.....	24
General Information.....	4	Revenue and Tax Anticipation Notes	24
Form of City Government.....	4	Capital Lease.....	24
Financial Organization.....	4	Estimate of Obligations To be Issued.....	25
Investment Policy	5	Estimated Overlapping Indebtedness	25
Employees	5	Debt Ratios.....	26
Status and Financing of Employee Pension Benefits.....	5	SPECIAL PROVISIONS AFFECTING	
Other Post-Employment Benefits	7	REMEDIES UPON DEFAULT	26
Budgetary Procedures	8	CONTINUING DISCLOSURE	26
Independent Audit	8	STATE AID	27
Basis of Accounting.....	9	MARKET AND RISK FACTORS.....	27
New York State Comptroller Report of Examination	9	TAX MATTERS.....	28
The State Comptroller's Fiscal Stress Monitoring System	10	LEGAL MATTERS	28
FINANCIAL HISTORY OF THE CITY.....	11	LITIGATION	29
Previous Fiscal Years	11	MUNICIPAL ADVISOR	29
CITY ECONOMIC AND SOCIAL FACTORS	12	CUSIP IDENTIFICATION NUMBERS	29
Major Employers	12	RATING.....	29
Population Trends.....	13	MISCELLANEOUS.....	30
Selected Wealth and Income Indicators	13	APPENDIX – A	
Unemployment Rate Statistics.....	13	GENERAL FUND - Balance Sheets	
ECONOMIC DEVELOPMENT EFFORTS	14	APPENDIX – A1-A2	
RECENT URBAN & ECONOMIC DEVELOPMENT EFFORTS.16		GENERAL FUND – Revenues, Expenditures and	
Upper Mohawk Valley Regional Water Finance Authority ...	17	Changes in Fund Balance – Budget and Actual	
Other Information	18	APPENDIX – A3	
TAX INFORMATION	18	GENERAL FUND – Revenues, Expenditures and	
Taxable Valuations	18	Changes in Fund Balance - Budgets	
Tax Rates Per \$1,000 (Assessed).....	18	APPENDIX – A4	
Tax Collection Procedure	18	Changes in Fund Equity – Sewer Fund	
Tax Levy and Tax Collection Record	18	APPENDIX – B	
Ten Largest Taxpayers Fiscal Year 2025-2026	19	BONDED DEBT SERVICE	
Constitutional Tax Margin.....	19	APPENDIX – C	
Sales Tax	19	MATERIAL EVENT NOTICES	
Tax Cap Law	20	APPENDIX – D	
		AUDITED FINANCIAL STATEMENTS	
		-MARCH 31, 2024	

PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT
OF THE
CITY OF UTICA
ONEIDA COUNTY, NEW YORK**
Relating To
\$23,980,488 Bond Anticipation Notes, 2026

This Official Statement, which includes the cover page, has been prepared by the City of Utica, Oneida County, New York (the "City," "County," and "State," respectively) in connection with the sale by the City of the principal amount of \$23,980,488 Bond Anticipation Notes, 2026 (referred to herein as the "Notes").

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

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

THE NOTES

Description of the Notes

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

The Notes are dated January 22, 2026 and will mature, without option of prior redemption, on January 22, 2027.

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

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

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Purpose of Issue

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

Purpose of Issue	Amount Due	Principal Payment	New Money	Amount of This Issue
Paving Project	\$ 1,830,000	\$ 165,000	\$ -	\$ 1,665,000
NYPA Financing	8,175,000	650,000	-	7,525,000
Garage Repairs	3,175,000	250,000	-	2,925,000
Bucket Truck	110,000	10,000	-	100,000
F-150	39,000	3,000	-	36,000
F-150 with Plow	50,000	5,000	-	45,000
Two F-550	125,000	10,000	-	115,000
Traffic Signals	90,000	5,000	-	85,000
Two Trucks with Plows	42,000	5,000	-	37,000
F250 4x4 Pickup Truck	41,000	2,000	-	39,000
Front End Loader	90,000	5,000	-	85,000
Washington Parking Garage	1,810,000	115,000	-	1,695,000
Utica Parking Garage	450,000	30,000	-	420,000
DPW Building Reconstruction	340,000	10,000	-	330,000
Paving Project	1,810,000	115,000	-	1,695,000
Parks, Playgrounds and Recreation Areas	470,000	25,000	-	445,000
Parking Areas	650,000	60,000	-	590,000
Paving Project	2,500,000	130,000	-	2,370,000
Fire Aerial Ladder	1,703,762	-	997,476	2,701,238
Fire Ambulance	500,000	-	-	500,000
Police Vehicles	577,250	-	-	577,250
Total:	\$24,578,012	\$ 1,595,000	\$ 997,476	\$ 23,980,488

The proceeds of the Notes along with \$1,595,000 available funds of the City will partially redeem and renew \$24,578,012 currently outstanding bond anticipation notes maturing on January 23, 2026 and provide \$997,476 for the above mentioned projects.

BOOK-ENTRY-ONLY SYSTEM

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

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

THE CITY

General Information

The City is located in the central part of New York State, with a 2024 population estimate of 63,660 (United States Census Bureau). The City has a land area of 17 square miles.

The City's principal economic sectors are the healthcare and education sectors with the Mohawk Valley Health System and Utica University among its largest employers. Significant employers within the City also include those in the data processing and service industries. Locally owned firms are supplemented by divisions of such nationally known corporations as Utica Converters, Utica National Insurance Company and West End Brewery, maker of Utica Club and Saranac beer.

Major highways serving the City are New York State Routes #5, #8, #12 and #49, and the New York State Thruway. Interstate Routes #81 and #87 provide limited access north-south with connections via Syracuse and Albany, short distances away. The City is also served by the Conrail system with switching facilities. Passenger rail service is provided by Amtrak. US Airways and other airlines provide direct scheduled flights throughout the northeast from the Hancock International Airport in nearby Syracuse.

Source: City officials.

Form of City Government

The governing body ("Common Council") of the City is composed of an elected President and nine council persons, six representing a district within the City and three at-large, as prescribed by the City Charter. The Mayor, the City Comptroller and the President of the Common Council are elected to a four-year term and members of the Common Council are elected to two-year terms, with elections held in November of the odd numbered years. The position of the City Clerk is appointed to a two-year term. All elected officers may succeed themselves. There are three-term limits for the Mayor, the Comptroller and the President of the Common Council and six-term limits for the member of the Common Council. The Corporation Counsel is appointed and serves at the discretion of the Mayor.

The current holders of Citywide elected positions are:

<u>Position</u>	<u>Name</u>	<u>Years of Consecutive Service</u>	<u>Term Expires</u>
Mayor	Michael P. Galime	1	December 31, 2027
Comptroller	William C. Morehouse	11	December 31, 2025
President of the Common Council	Rocco R. Giruzzi	1	December 31, 2027

Source: City officials.

Financial Organization

The City Comptroller, who is elected at large within the City to a four-year term, is the Chief Fiscal Officer of the City. It is the Comptroller's responsibility to receive, disburse and account for all financial transactions of the City.

Investment Policy

Pursuant to the statutes of the State of New York, the City is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the City; (6) obligations of a New York public corporation which are made lawful investments by the City pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and (8) in the case of City moneys held in certain reserve funds established pursuant to law, obligations issued by the City. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the City's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the City may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a bank or trust company located and authorized to do business in the State of New York as a third-party custodian with collateral and regular valuation required. The City does not invest in reverse repurchase agreements or derivative type investments.

Employees

The City provides services through approximately 52 part-time and 452 full-time employees 419 of which are represented by four labor organizations. Membership of each is as follows:

<u>Bargaining Unit</u>	<u>Approximate Number of Employees</u>	<u>Contract Expiration Date</u>
* Firefighters Association	117	March 31, 2025 ⁽¹⁾
* Police Benevolent Association	160	March 31, 2026
Teamsters Association	40	December 31, 2026
C.S.E.A.	102	March 31, 2025 ⁽¹⁾
* Fire Chief, Police Chief, and Police Deputy Chiefs have separate contracts and are not part of the Fire Fighter's or PBA contracts, respectively.		

⁽¹⁾ Currently in negotiations.

Source: City officials.

Status and Financing of Employee Pension Benefits

All employees of the City eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of either the New York State and Local Employees' Retirement System ("ERS") or the Policemen's and Firemen's Retirement System ("PFRS"); together with ERS, the "Retirement Systems").

The Retirement Systems are non-contributory with respect to members working ten or more years. All members of the Employees' Retirement System working less than ten years must contribute 3% of gross annual salary toward the cost of retirement programs.

On December 10, 2009, the Governor signed a new Tier V into law. The law is effective for new ERS hires beginning on January 1, 2010. Tier V ERS employees contribute 3 percent of their salaries. There is no provision for these contributions to cease after a certain period of service. Overtime pay in excess of \$15,000 will not be subject to ERS either in contribution from the City or the employee.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

For the fiscal year ending March 31, 2021, the City had budgeted \$5,997,972 for PFRS and \$1,319,503 for ERS for the projected amount owed to the NYSLRS pension system for all funds. On December 15, 2020, the City made a pre-payment to NYSLRS pension system of \$5,692,49 (PFRS) and \$1,389,783 (ERS). The City paid its last amortization payment on March 31, 2019 and no longer has any amortization obligation.

In response to COVID-19, the City offered a one-time \$5,000 retirement incentive to certain C.S.E.A. employees. The cost of the retirement incentive was \$30,000, and the City saved approximately \$170,000 due to the unfunded positions.

The City has not offered an early retirement incentive since 2020, and does not anticipate offering an incentive for the fiscal year ended March 31, 2026.

The City's payments to the Retirement Systems for the past five fiscal years and budgeted figures for the current fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>PFRS</u>
2020-2021	\$ 1,389,783	\$ 5,692,479
2021-2022	1,500,899	6,540,874
2022-2023	1,466,470	6,961,275
2023-2024	1,439,069	7,373,887
2024-2025 (Unaudited)	1,542,903	9,570,992
2025-2026 (Unaudited)	1,728,999	10,125,729

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

A chart of average ERS and PFRS rates (2022-23 to 2026-27) is shown below:

<u>State Fiscal Year</u>	<u>ERS</u>	<u>PFRS</u>
2022-23	11.6%	27.0%
2023-24	13.1	27.8
2024-25	15.2	31.2
2025-26	16.5	33.7
2026-27	17.6	36.5

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for the ERS and PFRS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning the actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS and PFRS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year will be based on the valuation of the pension fund on the prior June 15 of the calendar year preceding the contribution due date instead of the following June 15 in the year of contribution so that the exact amount may now be included in a budget.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual

installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

Stable Rate Pension Contribution Option. The 2013-14 State Budget included a provision that provides local governments, including the City, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. For 2014 and 2015 the rate is 12.0% for ERS and 20% for PFRS; the rates applicable to 2016 and thereafter are subject to adjustment. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

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

Other Post-Employment Benefits

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

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

GASB 75. In 2015, the GASB released new accounting standards for public other postemployment benefits (OPEB) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended December 31, 2018 the City implemented GASB 75. The implementation of this statement requires municipalities to report Other Post-Employment Benefits ("OPEB") liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required municipalities to calculate and report a net other postemployment benefit obligation. However, under GASB 45 municipalities could amortize the OPEB liability over a period of years, whereas GASB 75 requires municipalities to report the entire OPEB liability on the statement of net position.

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The City contracted with Armory Associates, LLC, an actuarial firm, to calculate its actuarial valuation under GASB. The following outlines the changes to the Total OPEB Liability during the below fiscal years, by source.

	Balance beginning at:	<u>April 1, 2022</u>	<u>April 1, 2023</u>
		<u>\$ 65,243,228</u>	<u>\$ 61,700,445</u>
<u>Changes for the year:</u>			
Service cost		2,317,348	2,019,724
Interest		1,789,931	2,154,334
Changes in benefit terms		-	760,237
Differences between expected and actual experience		-	10,468,983
Changes in assumptions or other inputs		(3,659,367)	(109,927)
Benefit payments		<u>(3,990,695)</u>	<u>(4,335,524)</u>
Net Changes		<u>\$ (3,542,783)</u>	<u>\$ 10,957,827</u>
	Balance ending at:	<u>April 1, 2023</u>	<u>April 1, 2024</u>
		<u>\$ 61,700,445</u>	<u>\$ 72,658,272</u>

Source: GASB 75 actuarial valuation reports. The above table is not audited. Information for the fiscal year ended March 31, 2025 is not available as of the date of this Official Statement.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The City has reserved \$0 towards its OPEB liability. The City funds this liability on a pay-as-you-go basis.

The City's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the City's finances and could force the City to reduce services, raise taxes or both.

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

Budgetary Procedures

The department and agency heads present their budget requirements to the Mayor on or before January 20th each year for the following fiscal year commencing April 1st. The Mayor prepares a proposed budget for the forthcoming year and submits it to the City Board of Estimate. The City Board of Estimate reviews, modifies and recommends the annual budget together with a budget message to the Common Council on or before the 20th day of February. The Common Council establishes a date, time and place for a public hearing with public notice of such hearing duly advertised. The Common Council, at regular or special meeting held after the public hearing, but not later than the 20th day of March, by resolution, adopts, or amends and adopts, the budget which, when adopted thereupon, becomes the annual budget of the City for the ensuing fiscal year, unless vetoed by the Mayor. If the budget is vetoed by the Mayor, the Common Council has the authority to override such veto with a two thirds majority vote.

The City's 2021-2022 adopted budget included no change to the tax levy, which was below to the City's tax cap of 2.00%.

The City's 2022-2023 adopted budget included no change to the tax levy, which was below to the City's tax cap of 2.00%.

The City's 2023-2024 adopted budget included no change to the tax levy of 0.00%, which was below to the City's tax cap of 2.00%.

The City's 2024-2025 adopted budget included a tax levy increase of 13.95%, which was above the City's tax cap of 2.00%. The City's Common Council voted to override the property tax cap.

The City's 2025-2026 adopted budget included a tax levy increase of 3.13%, which was above the City's tax cap of 2.00%. The City's Common Council voted to override the property tax cap.

Independent Audit

The City retains independent certified public accountants. The financial affairs of the City are also subject to periodic audits by the State Comptroller. The audited financial statements the fiscal year ending March 31, 2024 are appended hereto as “APPENDIX – D”. The draft unaudited financial statements has been filed with the Office of the State Comptroller for the fiscal year ending March 31, 2025 and will be finalized upon receipt of comments or approval from the Office of the State Comptroller. The independent audit of the City for the fiscal year ending March 31, 2025 is not available and will be filed to the Electronic Municipal Market Access website once completed. It is anticipated that the audited financial statements for the fiscal year ending March 31, 2025 will be available in January of 2026.

Unaudited Results for Fiscal Year Ending March 31, 2025

The City’s external auditor recently completed its audit field work for the City’s fiscal year ended March 31, 2025. The following is a summary of the unaudited results for the General Fund for the period ended March 31, 2025 provided to the City by its external auditor:

Revenues:	\$ 97,819,950
Expenditures:	\$ 98,368,025
Excess (Deficit) Revenues Over Expenditures:	\$ (548,075)
Total Fund Balance at March 31, 2024:	\$ 11,712,481
Total Fund Balance at March 31, 2025:	\$ 11,164,406

Basis of Accounting

The financial statements of the City are prepared in conformity with the accounting principles outlined in the Uniform System of Accounts for Cities, prepared by the Department of Audit and Control of the State of New York, which differ from generally accepted accounting principles which require that:

- a) Enterprise Fund retirement benefit expense should be recognized on the basis of current, actuarially computed data.
- b) Fixed assets acquired by the Enterprise Funds should be capitalized in these funds at cost (including interest on construction period borrowings) or estimated cost.
- c) Fixed assets acquired or constructed from Governmental Funds which are recorded as expenditures in the fund making the expenditure should be capitalized at cost or estimated in the General Fixed Asset Account Group.
- d) All transactions related to special assessment projects should be included in the Special Assessment Fund (i.e. debt issuance, construction costs, assessment levy, cash collection, and debt service.)

Changes in the Uniform System of Accounts as prescribed for the City have been announced by the State Comptroller in order to conform the Uniform System of Accounts to certain of these principles. These changes require the City to maintain a record of fixed assets, such fixed assets to be recorded at cost or at estimated historical cost.

The General Fund is the general operating fund which is used to account for all financial resources except those required to be accounted for in another fund.

Beginning with the fiscal year ending March 31, 2004 the City was required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management’s Discussion and Analysis. The City is in compliance with GASB Statement No. 34.

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

New York State Comptroller Report of Examination

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

The Utica Harbor Point Development Corporation, a component unit of the City, underwent an audit by the Office of the State Comptroller. The audit was issued on July 15, 2022. The purpose of the audit was to determine whether the Utica Harbor Point Development Corporation (Corporation) Board of Directors (Board) and officials established realistic budgets and adequately monitored financial activity.

Key Findings:

The Board and officials did not establish realistic budgets. Also, the Board did not review periodic financial reports to monitor the budget and finances and did not establish a comprehensive written multiyear financial plan.

- The Board adopted budgets that did not include realistic revenue and expense estimates, which caused funding gaps. As of December 9, 2021, the Corporation's projected costs exceeded revenues by about \$2.3 million.
- While the Corporation received grant funds for two projects, officials relied on lines of credit (LOCs) to provide cash flow for several years. The Corporation's ability to pay off the LOCs is contingent on the sale of three properties, which officials plan to sell in 2022. However, the Board has not developed alternative plans to satisfy the debt should the properties not sell.

Key Recommendations:

- Adopt realistic budgets and routinely monitor the budget and financial activity by reviewing periodic financial reports.
- Establish a comprehensive written multiyear financial plan.

The Corporation provided a response on June 28, 2022. A copy of the complete report can be found via the website of the Office of the New York State Comptroller.

The State Comptroller's Office released an audit report of the City on December 30, 2020. The purpose of the audit was to determine whether City officials used resources to meet certain ethics oversight standards.

Key Findings:

- Adequately administer the City's disclosure that is intended to foster transparency and help identify conflicts of interests.
 - Four Common Council (Council) member (20 percent), 17 officer and employee (29 percent) and 37 other required filer (41 percent) annual statements of financial disclosure (disclosure statements) were not filed.
 - Nine Council member (45 percent), 16 officer and employee (28 percent) and 29 other required filer (32 percent) disclosure statements were filed late and/or had questions left blank.
- Thoroughly review disclosure statements for conflicts of interest or completeness and file an annual report summarizing its activities and recommending changes to the code of ethics.

Key Recommendations:

- Ensure the Ethics Board verifies all annual financial disclosure filers file complete and timely disclosure statements that are carefully reviewed for potential conflicts of interest
- Ensure the Ethics Board prepares an annual report summarizing its activities and recommendations for changes to the code of ethics and that the Mayor posts the conflict of interest statute

The City provided a complete response to the State Comptroller's office. A copy of the complete report can be found via the website of the Office of the New York State Comptroller. The City addressed a number of areas cited by the audit.

There are no State Comptroller's audits of the City that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not included herein by reference.

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2024	No Designation	22.1
2023	No Designation	0.0
2022	No Designation	0.0
2021	No Designation	6.3
2020	No Designation	15.8

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

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not included herein by reference.

FINANCIAL HISTORY OF THE CITY

Previous Fiscal Years

For the fiscal year ending March 31, 2020, audited results show the City's operating surplus was \$1,089,014. Audited results show that the City finished the year with a General Fund Balance of \$8,482,269.

For the fiscal year ending March 31, 2021, audited results show the City's operating surplus was \$2,645,196. Audited results show that the City finished the year with a General Fund Balance of \$11,127,465.

For the fiscal year ending March 31, 2022, audited results show the City's operating surplus was \$3,004,892. Audited results show that the City finished the year with a General Fund Balance of \$14,132,357.

For the fiscal year ending March 31, 2023, audited results show the City's general fund operating deficit was \$(1,304,303). Audited results show that the City finished the year with a General Fund Balance of \$12,828,054.

For the fiscal year ending March 31, 2024, audited results show the City's general fund operating deficit was \$(1,109,238). Audited results show that the City finished the year with a General Fund Balance of \$11,718,816.

For the fiscal year ending March 31, 2025, preliminary not finalized unaudited results show the City's general fund deficit was \$(548,075). Preliminary and non-finalized unaudited results show that the City finished the year with a General Fund Balance of \$11,164,406. The City is appropriating \$2,775,487 of fund balance reserves to balance the 2025-2026 budget.

CITY ECONOMIC AND SOCIAL FACTORS

Major Employers

Some of the major employers located within the Utica-Rome area are as follows:

Company Name	Total FTE Employees	Sector	County	Source of Data
Oneida Indian Nation	4,500	Tourism	County	2024 CNYBJ
Mohawk Valley Health System	4,300	Healthcare	Oneida	2024 CNYBJ
Bassett Healthcare	3,230	Healthcare	Herkimer+	2024 MVREDC
County of Oneida	1,700	Government	Oneida	Dun & Bradstreet, 2024
Upstate Caring Partners	1,700	Social Services	Oneida	2024 CNYBJ
Utica City School District	1,564	Education	Oneida	NCES 2023
Resource Center for Independent Living	1,250	Social Services	Oneida	Dun & Bradstreet, 2021
Air Force Research Lab	1,242	Research & Development	Oneida	Self Reported - 2022
Utica National Insurance Group	1,149	Insurance/Finance	Oneida	Oneida County IDA ('20)
Indium Corporation	1,031	Manufacturing	Oneida	CNYBJ 2024
Colgate University	999	Education	Madison	CNYBJ 2024
Briggs & Stratton	950	Manufacturing	Oneida	Self-reported - 2024
Rome City School District	858	Education	Oneida	NCES 2023
City of Rome	814	Government	Oneida	Dun & Bradstreet, 2024
The Hartford Insurance	807	Financial Services	Oneida	Oneida County IDA ('23)
Utica University	806	Education	Oneida	CNYBJ 2022
Wal-Mart Stores Distribution Center	775	Warehousing/Transportation	Oneida	JobsEQ, 2021
Rome Health	766	Healthcare	Oneida	CNYBJ 2024
The Masonic Care Community of NY	747	Healthcare	Oneida	CNYBJ 2024
Hamilton College	722	Education	Oneida	CNYBJ 2024
Bank of America	700	Insurance/Finance	Oneida	Self reported - 2019
NYS Dept of Corrections	672	Government	Oneida	JobsEQ, 2020
Mohawk Valley Community College	650	Education	Oneida	Dun & Bradstreet, 2024
The Arc, Oneida-Lewis Chapter	637	Social Services	Oneida	CNYBJ 2022
Defense Finance and Accounting Service	600	Insurance/Finance	Oneida	2024 Sen. Schumer release
City of Utica	550	Government	Oneida	Dun & Bradstreet, 2024
Charles T. Sitrin Health Care Center	514	Healthcare	Oneida	CNYBJ 2022
Slocum-Dickson Medical Group	512	Healthcare	Oneida	CNYBJ 2024
SUNY Polytechnic Institute	505	Education	Oneida	CNYBJ 2024
Tractor Supply Co.	504	Distribution	Herkimer	Herkimer County IDA ('23)
ConMed	500	Manufacturing	Oneida	CNYBJ 2024
Whitesboro Central School District	477	Education	Oneida	NCES 2023
Wolfspeed Inc.	476	Manufacturing	Oneida	Oneida County IDA ('23)
Excellus BCBS	467	Insurance/Finance	Oneida	Self reported - 2022
Fiber Instrument Sales	425	Manufacturing	Oneida	CNYBJ 2024
LutheranCare	400	Healthcare	Oneida	CNYBJ 2020 Book of Lists
AmeriCU	394	Financial Services	Oneida	CNYBJ 2024
Camden Central School District	389	Education	Oneida	NCES 2023
New Hartford Central School District	381	Education	Oneida	NCES 2023
Herkimer ARC	375	Social Services	Herkimer	Dun & Bradstreet, 2021
Central Valley Central School District	374	Education	Herkimer	NCES 2023
Special Metals	354	Manufacturing	Oneida	Oneida County IDA ('23)
Revere Copper	350	Manufacturing	Oneida	CNYBJ 2024
Trenton Technology	349	Manufacturing	Oneida	City of Utica IDA ('22)
Family Dollar	331	Warehousing/Transportation	Oneida	Oneida County IDA ('23)
Human Technologies	330	Social Services	Oneida	Dun & Bradstreet, 2021
Valley Health Services	310	Healthcare	Herkimer	CNYBJ 2021 Book of Lists

Note: Wolfspeed, a semiconductor manufacturer, has a facility located in the Mohawk Valley in Marcy, New York. As of the date of this Continuing Disclosure Statement, Wolfspeed has recently filed for Chapter 11 bankruptcy in an effort to restructure financially. Wolfspeed subsequently received court approval to exit Chapter 11 bankruptcy in September 2025 with the approval of its restructuring plan.

Source: City officials and various sources noted in the above chart.

Population Trends

<u>Year</u>	<u>City of Utica</u>	<u>Oneida County</u>	<u>New York State</u>
1970	91,611	273,070	18,236,882
1980	75,632	253,466	17,558,072
1990	68,637	250,836	17,990,455
2000	60,651	235,469	18,976,457
2010	62,329	234,125	19,378,102
2020	65,283	232,125	20,201,249
2024 (Estimate)	63,660	226,654	19,867,248

Source: U.S. Census Bureau.

Selected Wealth and Income Indicators

Per Capita Income and Median Family Income statistics are available for the City, County and State.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
City of:						
Utica	\$ 17,754	\$ 23,292	\$ 26,342	\$ 40,817	\$ 50,770	\$ 58,750
County of:						
Oneida	23,458	30,678	36,865	58,017	74,796	88,011
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

Note: Information for 2020-2024 is not available as of the date of this Continuing Disclosure Statement.

Source: 2006-2010, 2016-2020 and 2019-2023 5-Year American Community Survey 5-year estimates.

Unemployment Rate Statistics

Unemployment statistics are available for the City, the Utica Rome Metropolitan Statistical Area ("MSA"), the County of Oneida, and the State as follows:

	<u>Annual Averages</u>						
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Utica City	5.2%	5.0%	10.3%	6.8%	4.7%	4.8%	4.4%
Utica-Rome MSA	4.5	4.2	7.8	5.2	3.6	3.8	3.8
Oneida County	4.4	4.1	7.8	5.1	3.6	3.5	3.7
New York State	4.1	3.8	9.9	6.9	4.3	4.1	4.3

	<u>2025 Monthly Figures</u>											
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Utica City	5.0%	5.0%	4.8%	4.5%	5.3%	5.0%	5.5%	5.5%	N/A	N/A	N/A	N/A
Utica-Rome MSA	4.7%	4.7%	4.6%	4.1%	4.0%	3.8%	4.2%	4.1%	N/A	N/A	N/A	N/A
Oneida County	4.4%	4.5%	4.3%	3.8%	3.9%	3.8%	4.2%	4.1%	N/A	N/A	N/A	N/A
New York State	4.6%	4.3%	4.1%	3.7%	3.5%	3.8%	4.6%	4.7%	N/A	N/A	N/A	N/A

Note: Unemployment rates for September. October, November and December of 2025 are unavailable as of the date of this Official Statement.

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

ECONOMIC DEVELOPMENT EFFORTS

Mohawk Valley Health System

MVHS has completed a \$480 million state-of-the-art hospital in downtown Utica, which consolidated two existing, outdated hospitals under one roof. This investment resulted in a 370+ bed, 672,000 square foot facility that will modernize healthcare service in the Utica area and has brought thousands of healthcare employees downtown. The project also consists of a new 1,050 car parking garage to meet the needs of hospital employees and visitors, as well as the general parking needs in downtown Utica. The hospital opened in October of 2023 and the parking garage opened in the spring of 2024.

Adirondack Bank Center

The Adirondack Bank Center in downtown Utica (formerly the Utica Memorial Auditorium) has undergone a significant transformation to become a modern high-profile entertainment destination for the City and beyond. Since becoming the home of the American Hockey League Utica Comets in 2013, the Adirondack Bank Center has completed several improvements and renovations, including the addition of luxury suites, office space, and a new restaurant, which has enabled the success of the Utica Comets and the Utica City FC professional soccer club.

Additionally, Mohawk Valley Garden, which serves as the managing group of the Adirondack Bank Center, completed a \$50 million investment in the new Nexus Center sports facility adjacent to the arena. This project created two new playing surfaces for hockey and various indoor sports, as well as fitness, retail, and office space. Now called the Utica University Nexus Center, it has brought in high-end tournaments such as the Woman's International Hockey Tournament, and the World Box Lacrosse Championship.

SUNY Polytechnic Institute

The Quad-C building on the campus of SUNY Polytechnic Institute is the new home of Danfoss Silicon Power. The manufacturer of power modules currently employs approximately 30 people, which is expected to increase to about 300 as more production lines are installed and become operational.

Adjacent to the SUNY Polytechnic Institute campus at the Marcy Nanocenter, more than \$500 million has been appropriated by New York State as part of its commitment to attract advanced electronics manufacturing firms to the 400+ acre Marcy Nanocenter site. To date, more than \$78 million has been spent on infrastructure improvements, including natural gas main installation, electrical substation expansion, 115kV transmission line construction, sewer extension and upgrades, water main construction, ring road construction, and site preparation and permitting. Several business leads for this site are being pursued. North Carolina-based company Wolfspeed (formally known as Cree) announced in September 2019 its plan to build a \$1 billion chip fabrication plant at the Marcy site. The project was completed in 2022 and currently employs about 500. At its inception, it was anticipated to create approximately 600 jobs over eight years. Due to unexpected lagging growth in the field of electric vehicles, Wolfspeed was forced to file for bankruptcy in the summer of 2025 and subsequently received court approval to exit Chapter 11 bankruptcy in September 2025.

Northeast UAS Airspace Integration Research Alliance

In December 2014, Northeast UAS Airspace Integration Research Alliance ("NUAIR") and Griffiss International Airport announced they were awarded \$4 million in grant funding through the fourth round of Governor Cuomo's competitive Regional Economic Development Council ("REDC") process. The grant has supported the installation of state-of-the-art instrumentation for tracking of Unmanned Aerial Systems ("UAS") operations at Griffiss International Airport and at approved locations in Central and Northern New York and the Mohawk Valley. Thus far, more than \$8 million in infrastructure improvements have enabled this UAS ecosystem to grow and thrive.

This investment has allowed NUAIR and its alliance partners to deploy state-of-the-art range instrumentation which can track UAS in the air and provide safety-enhancing sense and avoid capabilities. This testing capability is the first of its kind at any UAS test site in the country, making Griffiss International Airport a strategic location for the emerging UAS industry.

NUAIR Alliance and Griffiss International Airport have partnered with Unify to provide enhanced Unmanned Traffic Management ("UTM") capabilities for the New York UAS test site's 50-mile UTM Corridor currently being constructed. The ultimate goal is to safely integrate UAS into the nation's airspace.

Griffiss International Airport is a national leader in drone test flights, with nearly 3,000 such flights already completed. The Airport's Skydome, which is currently under development, will repurpose a former Air Force hangar and is expected to become the largest indoor airspace for drones. Griffiss International Airport is presenting its assets and capabilities to the world, by attracting events such as the 2020 Air Mobility Challenge, and various drone racing competitions.

Turning Stone Resort Casino

In June of 2015, a \$20 million Yellow Brick Road casino was opened in Chittenango, and in March of 2018, the Oneida Indian Nation opened the Point Place Casino in Bridgeport, NY, investing \$40 million into the project. These two facilities have created a total of approximately 300 jobs. In July 2023 Turning Stone announced a \$370 million expansion including a new 258 room-hotel, 165,000 square feet of event and conference center space and a 30,000 square foot grand ballroom. The new facility, called Evolution, is currently under construction and is set to open in 2027.

ConMed

ConMed is a leading orthopedic products company that distributes products to hospitals, surgical centers and physicians' offices. The business is headquartered in Utica, with facilities nationwide, and is certified to sell products in European markets. ConMed employs 500 people in Central New York and has annual revenues in excess of \$300 million.

Griffiss Business & Technology Park

Griffiss Business and Technology Park ("Griffiss Park") is a 3,500-acre multi-use business, technology and industrial park on the grounds of the former Griffiss Air Force Base in nearby Rome. There are currently 86 employers at Griffiss Park, with total employment of more than 7,800. Major employers include the Air Force Research Laboratory, Defense Finance and Accounting Service, Eastern Air Defense Sector, BAE Systems, Booz Allen Hamilton, Cathedral Corporation, MGS Manufacturing, Birnie Bus Services, and the City School District of the City of Rome.

In April 2025, Chobani announced plans to construct the world's largest natural food production plant at the Triangle Site at the Griffiss Park. The \$1.2 billion facility is anticipated to provide over 1.4 million square feet of space spread over four separate buildings, a 950-car parking lot and its own wastewater treatment plant. The plan calls for the creation of over 1,000 jobs over three shifts. Due to the proximity of the City to the Griffiss Park, it is anticipated that many City residents may avail themselves of the new employment opportunities.

More than \$700 million in public and private funding has been invested in the development of Griffiss Park over the last 20 years. These capital projects included demolition of more than 2.5 million square feet of obsolete former military buildings and housing to make way for new development; construction of a new parkway and other roads to improve the transportation system; construction of a new public high school; a project to consolidate and improve space occupied by the Air Force Research Lab; construction of a new distribution center for Family Dollar, a research and development facility for Renmatix Inc., a cellulosic fuel research company, and new manufacturing plants for UTC Aerospace, MGS Manufacturing, Sovena USA, and Kris-Tech Wire; construction of new office buildings for various private sector uses; capital improvements to numerous facilities for industrial use; and infrastructure improvements to make various parcels shovel ready for development.

- Griffiss Park employees commute from 30 different counties, including Oneida County.
- The Griffiss Institute ("GI") facilitates the cooperation of private industry, academia, and government in developing solutions to critical cyber security problems. Their services include 300 students using the Prometric test center for IT testing services, and tenants include BAE Systems, CUBRC, EVERIS, Quanterion, and Cyber-Defense Institute & GI Malware Lab. STEM outreach programming by SUNY Polytechnic Institute has trained 50 teachers, 20 schools, and has had 4,800 students participate, has hosted 35 summer interns, created 12 new jobs in the business incubator, facilitated 70 technology exchange meetings and 5 STEM competitions for students, and has facilitated 2 summer camps. Additionally, the GI's Commercialization Academy has resulted in the creation of more than 30 tech-based startups that are utilizing the technologies from the Air Force Research Lab to enable their growth. This program was recently awarded a grant from New York State to accelerate the growth of this program.
- Griffiss International Airport completed the rehabilitation of all of its five Nose Docks on grounds and also completed a construction project for new tail doors for an Aviation Hangar, Building 100. The airport recently completed its new \$7.1 million airport terminal, which includes a Customs Inspection Building.
- New office space is being constructed to accommodate the growth of two tech companies serving the Air Force Research Lab, as well as other companies in the local cyber and tech ecosystem. This new building is necessitated by the fact that all other office space on the business park is either occupied or committed.

Additional Information

- Twenty-four pieces of public art have been leased or purchased to create Griffiss International Sculpture Garden. These sculptures are located along walking paths and heavily developed sections of Griffiss Park.
- Griffiss Local Development Corporation (GLDC) demolished a shop on March Street and AFRL demolished buildings 102 and 104.
- Griffiss Utilities Services Corporation (GUSC) recently completed an \$18 million project for a 15-megawatt biomass combined heat power plant.

It is important to note that a large number of workers at the Griffiss Park travel from the City of Utica to work in Rome.

RECENT URBAN & ECONOMIC DEVELOPMENT EFFORTS

The City of Utica has engaged with a number of local, regional, national and global companies that are developing or expanding their facilities within the borders of Utica. A listing of those companies and project descriptions are below:

eBliss Global

eBliss Global, based in Austin, Texas, announced plans in July 2025 to invest \$4 million in a facility at Harbor Point to support assembly and distribution of their US-made electric bicycles. Forty jobs are expected to be created with a goal of producing 15,000 bikes annually in the City. The project is being supported with State financing totaling \$500,000 in performance-based Excelsior jobs program tax credits.

Artspace Utica

After almost a decade in planning and development, the ribbon was officially cut in September 2025 on Artspace Utica, an \$18.6 million building that provides 43 units of affordable housing principally to artists. In addition to offering 800 square feet of gallery space within the building, the apartment units were designed as live-work spaces for artists. The project was supported by nearly \$9 million in Low Income Housing Tax Credits through New York State's Homes & Community Renewal and \$1.3 million from the New York State Council of Arts. Additionally, the City provided assistance through a \$1.15 grant of American Rescue Plan Act (ARPA) funds.

Impact Utica

In July 2025, two affordable housing projects were completed. Representing a total investment of just over \$100 million, the projects include a complete modernization of the existing Chancellor Apartments on Bleecker Street and a transformational conversion of a former warehouse on Broad Street. Spearheaded by People First, the city's public housing authority, these projects resulted in the creation of 167 units of modern, safe and affordable housing. The city provided \$500,000 in assistance to Impact Utica through its federal HOME funding.

Utica Harbor

After nearly \$20 million of investment by the State of New York and the City, the ribbon was cut in June 2025 on the Utica Harbor, officially opening the park to the public for their use and enjoyment. As part of that \$20 million investment, a handicap-accessible canoe/kayak launch provides for public access to the water along the reconstructed bulkhead wall.

At nearly the same time as the June opening, it was announced that the sale of the former dredge spoils area (also commonly referred to as DSA-1) had been officially consummated. Visions Hotels plans to construct two new hotels and over 150 market-rate, waterfront apartments over the next several years. Final Planning Board approval was granted in May 2025 with construction expected to begin in 2026.

The LDC is now actively in negotiations with two private developers regarding the sale of additional land around the Harbor. One local developer is interested in the existing 1933 building, which is anticipated to be renovated for an event space. The developer is proposing to construct an 8,000 square foot addition to the building to house a privately owned restaurant and kitchen space to serve both the event space and the restaurant simultaneously. The second developer is interested in redeveloping the historic 1917 building for a restaurant.

Downtown Revitalization Initiative (DRI)

In November 2019, Governor Cuomo announced an award of a \$10 million grant to the City through the State's Downtown Revitalization Initiative (DRI) program. In its application for the funding, the City focused on public and private improvements targeted at Genesee Street from NYS Route 5S (Oriskany Boulevard) to Oneida Square and Broad Street between John Street and NYS Route 5S. The City's application included nearly \$20 million worth of projects. Public projects put forth by the City that received State funding included: Needed improvements to the Washington parking garage, façade screening for the Utica Place parking garage, upgrades/improvements to various City-owned parks throughout the DRI project area, and the introduction of public art into downtown.

Nearly all of the projects included in the City's DRI plan have been completed to the satisfaction of multiple State agencies, including Empire State Development, Homes & Community Renewal and the Department of State. As a result of that success, in the midst of COVID-19, the City was encouraged by representatives of those State agencies to submit an application for a second DRI in 2024, the first round whereby previous award recipients were eligible for a second award. Though the effort was not successful, the City intends to submit another application for the greater Brewery District in the Fall 2025 round. Additionally, the City is intending to submit a smaller application through the NY Forward program for the Uptown District in South Utica. As much as \$5 million is available through the NY Forward program.

American Rescue Plan Act (ARPA)

As part of the American Rescue Plan Act (ARPA) approved by Congress in March 2021, the City of Utica was awarded over \$60 million to address impacts from COVID-19 throughout the community. In order to gather public input on how those funds and others anticipated to be received by the City should be spent, the City established the Utica Prosperity Initiative. As part of that Initiative, the City opened a public portal through its website whereby the public was able to submit ideas and comments on priorities for the City administration to consider; nearly 200 submissions were made by the public. Over the latter half of 2021, the City administration developed a plan and announced three rounds of allocations. Much of the funding was spent on assisting residents that had been disproportionately impacted by the pandemic, through such programs as rent and mortgage relief, housing repairs assistance, enhanced educational assistance, etc. Additionally, funding was allocated to assist the City in fighting gun violence throughout the community, to create affordable housing and to assist various community organizations whose capital projects had been delayed by the pandemic. As of June 2025, a little over \$4 million remains to be expended, though all funding has been committed. Federal regulations governing the ARPA funds requires that all funds be expended no later than December 31, 2026.

Upper Mohawk Valley Regional Water Finance Authority

On August 2, 1994, Article 5, Title 10 of the Public Authorities Law was enacted creating the Upper Mohawk Valley Regional Water Finance Authority (the "Authority") and Article 5, Title 10-A of said Law was enacted creating the Upper Mohawk Valley Regional Water Board (the "Board"). The Authority is a public benefit corporation and the Board is a corporate municipal instrumentality. On December 19, 1996 the Authority issued \$25,525,000 of bonds, proceeds of which were paid to the City as the purchase price of the City's water supply, filtration and distribution system. The purchase price paid by the Board to the City was in such amount necessary (i) to redeem the City's then outstanding \$11,445,000 bond anticipation notes issued for the purpose of paying the cost of the construction of the City's water filtration plant, (ii) to defease the City's then outstanding Series 1993 A bonds sold by the City to the New York State Environmental Facilities Corporation on June 23, 1993 in the principal amount of \$3,004,825, and (iii) to provide to the City \$9,000,000 for deposit by the City in a City of Utica Capital Improvement Trust Fund (the "Trust Fund"), and further included delivery of a \$7,000,000 promissory note of the Authority to be amortized by the payment of \$150,000 in the second year; \$200,000 in the third year; \$250,000 in the fourth year; \$300,000 in the fifth year; \$448,036 in the sixth year and \$480,715 in each of the years seven through forty. The promissory note is subordinate to the bonds issued by the Authority.

Not more than fifty per centum of the principal corpus plus interest earned or capital gain realized by the City in the immediately preceding fiscal year of the City from any such investment in the Trust Fund may be authorized to be and thereafter expended by a two-thirds vote of the Council of the City for any City object or purpose defined as a capital improvement or to pay principal of or interest on obligations of the City issued for any such capital improvements provided: (i) the Mayor shall have theretofore submitted to the City Council and the City Council shall have approved a five year capital plan for the City, and (ii) the capital improvement or improvements for which any such moneys will be expended is described and approved in such a capital plan, and (iii) not withstanding paragraphs (i) and (ii) the expenditure of any amount of such moneys specifically allocated to the City budget to pay the principal of or interest on any existing obligations of the City may be authorized in the same manner and by the same voting strength as provided for in the adoption of the annual City budget. Any amount of interest earned or capital gain realized from any such investment and not expended in any fiscal year of the City as herein provided shall, on the first day of the next succeeding fiscal year of the City, be added to and become a part of the principal corpus of said Trust Fund.

Because of the sale of the City's water supply, filtration and distribution system to the Board, the City has had no further responsibility to provide potable water to its residents and other areas outside the City. In recent years, the Authority has issued additional debt in connection with its operations; the City has no responsibilities or financial obligations in connection therewith.

Other Information

The statutory authority for the power to spend money for the objects or purposes, or to accomplish the objects or purposes for which the Notes are to be issued, is the City Law, the General Municipal Law and the Local Finance Law.

No principal or interest upon any obligation of the City is past due.

The fiscal year of the City ends March 31.

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

TAX INFORMATION

Taxable Valuations

<u>Fiscal Year Ending March 31:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Assessed Valuation	\$ 1,112,595,719	\$ 1,118,110,748	\$ 1,108,430,166	\$ 1,110,983,319	\$ 1,125,704,539
New York State Equalization Rate	59.50%	54.50%	48.00%	43.00%	41.00%
Total Taxable Full Valuation	\$ 1,869,908,771	\$ 2,051,579,354	\$ 2,309,229,513	\$ 2,583,682,137	\$ 2,745,620,827

Tax Rate per \$1,000 (Assessed)

<u>Fiscal Year Ending March 31:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
	\$ 27.03	\$ 27.03	\$ 27.03	\$ 30.80	\$ 31.77

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending March 31:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Total Tax Levy	\$ 30,075,565	\$ 30,224,651	\$ 29,962,966	\$ 34,221,444	\$ 35,760,971
Amount Uncollected	295,055	300,295	379,468	685,336	9,034,064 ⁽¹⁾
% Uncollected	0.98%	0.99%	1.27%	2.00%	25.26%

⁽¹⁾ Amount uncollected as of November 24, 2025.

Tax Collection Procedure

The City is responsible for the collection of its own taxes, both current and delinquent. Although the City is responsible for the collection of Oneida County taxes in the City, the City is no longer responsible for guaranteeing the County's tax levy within the City. The City is also responsible for the collection and guarantee of delinquent Utica City School District taxes. City tax payments are due in the amount of 50% during the month of April, 25% during the month of July and 25% during the month of January.

Ten Largest Taxpayers Fiscal Year 2025-2026

<u>Name</u>	<u>Type</u>	<u>Estimated Taxable Assessed Valuation</u>
National Grid	Utility	\$ 55,329,895
Riverside Enterprises, LLC	Shopping Mall	27,729,887
AFP 101 Corp.	Hotel/Hospitality	6,600,000
Verizon New York, Inc.	Utility	5,517,908
AMA Properties LLC	Shopping Center	4,559,000
CNYC Realty 5 Docs.	Professional Bldg.	4,535,100
Eton Centers Co.	Shopping Center	3,990,000
Utica MZL, LLC	Shopping Center	3,800,100
CSX Transportation Inc	Transportation	3,783,646
HHM Hotels, LLC	Hotel/Hospitality	3,000,000

The ten largest taxpayers listed above have an estimated total taxable assessed valuation of \$118,845,536, which represents approximately 4.33% of the tax base of the City for the 2025-2026 fiscal year.

As of the date of this Official Statement, the City does not have any pending or outstanding tax certioraris that are known or believed could have a material impact on the finances of the City.

Source: City Tax Rolls.

Constitutional Tax Margin

Computation of Constitutional Tax Margin for the fiscal years ended March 31, 2024 through 2026.

<u>Fiscal Year Ending March 31:</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>
Five Year Average Full Valuation.....	\$2,312,004,120	\$ 2,113,209,208	\$ 1,921,854,020
Tax Limit - (2%).....	46,240,082	42,264,184	38,437,080
Add: Exclusions from Tax Limit.....	8,376,036	7,969,329	6,543,348
Tax Levy Subject to Tax Limit.....	\$ 54,616,118	\$ 50,233,513	\$ 44,980,428
Less Total Levy.....	35,760,971	34,221,444	29,962,966
Constitutional Tax Margin.....	<u>\$ 18,855,147</u>	<u>\$ 16,012,069</u>	<u>\$ 15,017,462</u>

Source: City officials.

Sales Tax

The sales tax in the City is 8.75%. This tax is split between the State and the various municipalities as follows:

State Sales Tax	4.00%
County Sales Tax	3.25%
City Sales Tax	<u>1.50%</u>
Total Sales Tax	8.75%

The City receives the 1.5% sales tax payments from the State on a bi-monthly basis. The City does however also receive a one-half share from the County of the County's collection of 1% of the 2.50% County sales tax which became effective when the total sales tax for the area went from 7% to 8%. Pursuant to State statute and Section 6 of Resolution Number 250 of 1995 of The Oneida County Board of Legislators, all sales generated within the City with regards to the additional 1% sales tax increase is to be split between the City and the County. These payments are submitted to the City from the County on a quarterly basis. This effectively makes the sales tax split for all sales generated in the City as follows:

State Sales Tax	4.00%
County Sales Tax	2.75%
City Sales Tax	<u>2.00%</u>
Total Sales Tax	8.75%

The authority of the County to impose the additional 1% of sales tax that was due to expire on November 30, 2015, was extended by the State Legislature and the Oneida County Board of Legislature in August 2015, extending through November 30, 2017. In September 2017, the Oneida County Board of Legislators extended the City's sales tax share after receiving approval from the State Assembly for another 2-year extension of the County's additional 1%. Since then, the 1% has continued to be extended. The latest brought to, and passed by, the State Assembly was for the period of December 1, 2023 through November 30, 2025.

The sales and compensating use tax collections as recorded by the City since 2011, and budgeted collections for the 2026 fiscal year are as follows:

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
2011	11,779,135	2019	14,279,004
2012	12,156,245	2020	14,898,354
2013	12,441,269	2021	15,324,625
2014	12,775,309	2022	18,045,140
2015	12,980,270	2023	18,424,367
2016	13,053,703	2024	18,754,738
2017	12,865,800	2025	19,484,326 (Unaudited)
2018	13,560,303	2026	19,750,000 (Budgeted)

The above-referenced chart is on a cash rather than accrual basis.

Tax Cap Law

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

The Tax Cap Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It was set to expire on June 15, 2020 unless extended; recent legislation has made it permanent. Pursuant to the Tax Cap Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Cap Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees’ Retirement System, the Police and Fire Retirement System, and the Teachers’ Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such fiscal year.

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

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

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

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

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

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

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

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

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

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

Real Property Tax Rebate. Chapter 59 of the Laws of 2014 ("Chapter 59"), includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of the Tax Cap Law. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrates "three-year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies".

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Cap Law. The implications of this for future tax levies and for operations and services of the City are uncertain at this time.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the City to borrow and incur indebtedness by the enactment of the Local Finance Laws subject, to the provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the City Charter, the General City Law and the General Municipal Law.

Pursuant to the Local Finance Law and the City Charter, the City authorizes the issuance of bonds by the adoption of a bond ordinance approved by at least two-thirds of the members of the Common Council, the finance board of the City. Customarily, the Common Council has delegated to the City Comptroller, as chief fiscal officer of the City, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

The Local Finance Law also provides that where a bond ordinance is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) (a) Such obligations are authorized for a purpose for which the City is not authorized to expend money, or

There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication, or

- (2) Such obligations are authorized in violation of the provisions of the State Constitution.

Except on rare occasions the City complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

Each bond ordinance usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (State Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto. The City has authorized bonds for a variety of City objects or purposes.

Statutory law in New York permits bond anticipation notes to be issued or renewed from time to time provided annual principal installments are made in reduction of the total amount of such bond anticipation notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such notes or renewals do not exceed five years beyond the original date of borrowing. See "Payment and Maturity" under "Constitutional Requirements" herein.

In general, the Local Finance Law contains provisions providing the City with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget and capital notes.

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending March 31:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Serial Bonds	\$ 42,297,703	\$ 41,191,283	\$ 51,380,709	\$ 46,992,779	\$ 41,815,301
Bond Anticipation Notes	<u>20,010,000</u>	<u>24,605,000</u>	<u>28,289,000</u>	<u>30,696,350</u>	<u>34,952,362</u>
Totals	<u>\$ 62,307,703</u>	<u>\$ 65,796,283</u>	<u>\$ 79,669,709</u>	<u>\$ 77,689,129</u>	<u>\$ 76,767,663</u>

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City as of December 23, 2025:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2026-2054	\$ 26,170,000
<u>EFC – Long-Term Obligations</u>	2026-2054	12,020,728
<u>EFC – Short-Term Obligations</u>		
EFC Clean Water	January 18, 2029	3,615,130
<u>Bond Anticipation Notes</u>		
Various Purposes	January 23, 2026	24,578,012 ⁽¹⁾
Various Purposes	August 28, 2026	<u>14,285,350</u>
Total Indebtedness		<u>\$ 80,669,220</u>

⁽¹⁾ To be redeemed and renewed with the proceeds of the Notes and \$1,595,000 available funds of the City.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of December 23, 2025:

Five-Year Average Full Valuation of Taxable Real Property.....	\$ 2,312,004,120
Debt Limit – 7% thereof	161,840,288

Inclusions:

Bonds.....	\$ 26,170,000
EFC – Long-Term Obligations.....	12,020,728
EFC- Short-Term Obligations	3,615,130
Bond Anticipation Notes	<u>38,863,362</u>
Total Inclusions	\$ 80,669,220

Exclusions:

Sewer Indebtedness – Bonds ⁽¹⁾	\$ 13,035,172
Appropriations	<u>900,000</u>
Total Exclusions.....	<u>\$ 13,935,172</u>

Total Net Indebtedness Subject to Debt Limit.....	<u>\$ 66,734,048</u>
Net Debt-Contracting Margin	<u>\$ 95,106,240</u>
Percent of Debt Contracting Power Exhausted	41.23%

- ^{1.} Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law. The City was granted a sewer exclusion by the New York State Office of the State Comptroller.

Bonded Debt Service

A schedule of bonded debt service may be found in “APPENDIX – B” to this Official Statement.

Revenue and Tax Anticipation Notes

The City has not issued a cash flow borrowing since the 2016-17 fiscal year. The City does not anticipate any cash flow borrowings in the current fiscal year.

Capital Leases

On August 1, 2016, the City authorized a Lease Purchase Agreement in the amount totaling \$2,266,989 for vehicles/equipment/computers/software/hardware and related items for various City Departments. This Lease Purchase Agreement will be divided into two separate payment schedules based on 5 and 10-year periods of probable usefulness. The annual payments for these schedules commenced on April 1, 2017. The current balance outstanding is \$121,684.

On August 31, 2017, the City authorized a Lease Purchase Agreement in the amount of \$1,726,527 for vehicles/equipment/computers/software/hardware and related items for various City departments. This Lease Purchase Agreement will be divided into two separate payment schedules based on 5 and 10-year periods of probable usefulness. The annual payments for these schedules commenced on April 1, 2018. The current balance outstanding is \$99,202.

On September 19, 2018, the City authorized a Lease Purchase Agreement totaling \$2,270,551. This Agreement consists of 5 years, along with a 10-year amortization schedule. The first annual payment for this new Lease Agreement was on April 22, 2019. The current balance outstanding is \$533,239.

Estimate of Obligations to Be Issued

The City considers its capital needs on an annual basis, and generally will issue obligations for various City purposes each January and August. See “Details of Outstanding Indebtedness” herein.

The City is undertaking a \$2.76 million project for the reconstruction and improvement of the City’s sewer system. \$2.1 million of the project will be funded with an interest-free loan through the Environments Facilities Corporation (“EFC”), with the remaining funds for the project to be financed from bond anticipation notes. The City has drawn down funds on the loan and the current balance available for disbursement is \$40,025. The Common Council recently passed an ordinance for issuance of additional funding for the A9.1 project. The total project is anticipated to be \$4,575,000. On January 18, 2024, the City closed on a \$3,655,155 EFC Clean Water Facility Note – 2024. \$3,081,405 of the Note is issued at 0% interest rate and the remaining \$573,750 is at 2.93%. The Note matures on January 18, 2029.

On June 5, 2024 the City’s Common Council approved a bond ordinance authorizing the issuance of \$22,750,000 serial bonds to finance the cost of reconstruction and improvements to the City’s sewer system. The sewer project is currently in the design phase with construction expected to start in the summer of 2026. The City anticipates financing the project through EFC.

The City is obligated to repay the loans in annual principal installments in amounts and at times specified or determined in accordance with the financing agreement between the City and EFC. The financing and repayment of the debt incurred to finance sewer system improvements will be done through the City’s Sewer (Enterprise) Fund.

On November 20, 2018, the City approved a Master Recovery Agreement with the New York State Power Authority for an Energy Services Program-LED Street Lighting Project that will implement a comprehensive street lighting purchase and upgrade endeavor. This project when completed could save the City over \$1 million in annual costs going forward. The City intends to issue general obligation bonds of approximately \$9 to \$10 million to fund this project. The City has issued bond anticipation notes to fund the project, and currently \$8,175,000 of the City’s \$24,578,012 bond anticipation notes issued on January 23, 2025 are outstanding for this purpose and mature on January 23, 2026. A \$7,525,000 portion of the Notes, along with \$650,000 available funds of the City will partially redeem and renew the portion of the outstanding notes for this purpose.

On May 17, 2023 the City approved a \$9,795,588 Bond Ordinance for various projects. The Ordinance authorized the issuance of \$2,977,238 Serial Bonds for the purchase of Fire Fighting Vehicles and Apparatus. The Notes will provide \$997,476 new money for the purchase of Fire Fighting Vehicles and Apparatus.

The Common Council of the City has recently passed bond ordinances totaling \$4.5 million for Utica Harbor improvements.

Estimated Overlapping Indebtedness

In addition to the City, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the City. Bonded indebtedness, including bond anticipation notes, estimated of the close of the respective fiscal years of the below municipalities, and not adjusted to include subsequent issues, if any, is as follows:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>City Share</u>	<u>Applicable Indebtedness</u>
County of:						
Oneida	6/27/2025 ⁽²⁾	\$ 460,937,175	\$ 288,050,449 ⁽³⁾	\$ 172,886,726	14.17%	\$ 24,498,049
City School District of the City of Utica	7/9/2025 ⁽²⁾	112,430,000	110,181,400 ⁽⁴⁾	2,248,600	100.00%	2,248,600
					Total:	<u>\$ 26,746,649</u>

- (1) Outstanding bonds and bond anticipation notes of the respective municipality. Not adjusted to include subsequent issuances, if any.
- (2) Gross Indebtedness, Exclusions, and Net Indebtedness sourced from annual financial information & operating data filings and/or official statements of the respective municipality.
- (3) Water debt, sewer debt and budgeted appropriations as applicable for each respective municipality. Water Indebtedness excluded pursuant to Article VIII, Section 5B of the New York State Constitution. Sewer Indebtedness excluded pursuant to Article VIII, Section 5E of the New York State Constitution, as further prescribed under section 124.10 of the Local Finance Law. Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.
- (4) Amount excluded represents State building aid on existing bonded indebtedness estimated to be received by the district pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963.

Debt Ratios

The following table sets forth certain ratios relating to the City's net indebtedness as of September 24, 2024.

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 66,734,048	\$ 1,048.29	2.43%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	93,480,697	1,468.44	3.40

- (a) The 2024 estimated population of the City is 63,660. (See "THE CITY – Population Trends" herein.)
- (b) The City's full value of taxable real estate for the 2025-2026 fiscal year is \$2,745,620,827. (See "TAX INFORMATION – Taxable Valuations" herein.)
- (c) See "Debt Statement Summary" herein for the calculation of net indebtedness.
- (d) Estimated net overlapping indebtedness is \$26,746,649. (See "Estimated Overlapping Indebtedness" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

CONTINUING DISCLOSURE

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

On January 3, 2024 the City filed a failure to file and failure to provide event notification disclosing that the unaudited financial statements for the fiscal year ending are not available and have not been filed to EMMA within six months of the end of the fiscal year. The draft unaudited financial statements are attached hereto as "APPENDIX-D" and will be filed to EMMA upon their completion.

The City is otherwise, in all material respects, in compliance with all prior undertakings pursuant to the Rule for the past five years.

STATE AID

The City receives financial assistance from the State. The State is not constitutionally obligated to maintain or continue State aid to the City including supplemental small cities aid and Aid Incentives to Municipalities. No assurance can be given that present State aid levels, including, in particular the supplemental small cities aid and Aid Incentives for Municipalities, will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the City, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. Furthermore, if a significant default or other financial crisis should occur in the affairs of New York State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the City to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

There can be no assurance that the State appropriation for State aid to cities will be continued in future years, either pursuant to existing formulas or any form whatsoever. State aid appropriated and apportioned to the City can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

MARKET AND RISK FACTORS

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

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

TAX MATTERS

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

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

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

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

In the opinion of Bond Counsel, assuming compliance with certain requirements of the Code, under existing laws, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, however, interest on the Notes that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code.

The opinion of Bond Counsel described herein with respect to the federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code. There can be no assurance that the Code will not be amended in the future so as to reduce or eliminate such favorable federal income tax treatment on the Notes. Any such future legislation would have an adverse effect on the market value of the Notes.

In addition, in the opinion of Bond Counsel, under existing laws, so long as interest is excluded from gross income for Federal income tax purposes, interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City of New York.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Bond, Schoeneck & King, PLLC, Bond Counsel, Utica, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the City, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to the statutory limitation imposed by the Tax Levy Limitation Law, (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City of New York; and (iii) interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, however, interest on the Notes that is included in the adjusted financial statements of certain corporations is not excluded from the corporate alternative minimum tax imposed under the code. The opinions of Bond Counsel set forth in (iii) above are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has

covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes. It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be also subject to exercise of judicial discretion in appropriate cases. See "TAX INFORMATION – Tax Cap Law" herein.

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

LITIGATION

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

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

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

RATING

The Notes are not rated. Subject to the approval of the City, the purchaser(s) of the Notes may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the City, such as a rating action that may result in the filing of a material event notification to EMMA and/or the provision of a supplement to the final Official Statement.

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its underlying rating of "A" with a stable outlook to the City's outstanding serial bonds. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Any desired explanation of the significance of such rating should be obtained from Standard & Poor's Credit Market Services, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 553-0038, Fax: (212) 553-1390.

Moody's Investors Service has assigned its long term issuer rating of "Baa1" to the City. A rating reflects only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-1653.

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The City contact information is as follows: Mr. William C. Morehouse, City Comptroller, City Hall, 1 Kennedy Plaza, Utica, New York 13502, Phone: (315) 792-0144, Fax: (315) 797-5847, Email: wmorehouse@cityofutica.com.

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

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

CITY OF UTICA

Dated: December 23, 2025

WILLIAM C. MOREHOUSE
City Comptroller

GENERAL FUND
Balance Sheets

Fiscal Years Ending March 31:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u> <u>(Non-finalized)</u> <u>Unaudited)</u>
<u>ASSETS</u>					
Cash	\$ 8,428,312	\$ 35,666,717	\$ 45,811,905	\$ 18,576,153	\$ 4,654,930
Restricted Cash	2,500,000	3,000,000	3,250,000	3,250,000	3,257,963
Receivables:					
Taxes - net	4,477,543	4,839,175	5,957,466	6,824,849	7,307,455
Other	1,275,386	1,520,103	2,071,549	2,436,024	2,211,772
Due from Other Funds	1,065,822	1,076,191	3,410,596	4,008,671	1,678,395
Due from State and Federal Governments	5,272,535	4,389,224	4,458,045	-	4,506,716
Due from Other Governments	4,896,820	4,704,259	4,500,366	9,267,289	4,055,881
Prepaid Expenses	58,204	488,120	845,894	-	1,632,779
Inventory of Materials and Supplies	138,478	107,426	46,155	42,047	36,800
Other Assets	-	-	-	-	-
TOTAL ASSETS	\$ 28,113,100	\$ 55,791,215	\$ 70,351,976	\$ 44,405,033	\$ 29,342,691
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 1,022,196	\$ 3,321,417	\$ 1,812,748	\$ 2,454,037	\$ 1,092,314
Accrued Expenses	3,837,795	3,564,600	3,437,265	2,041,956	861,496
Notes Payable	-	-	-	-	-
Due to Other Funds	169,819	89,171	601,845	2,773,945	40,705
Due to Other Governments	5,940,120	5,830,362	5,790,894	6,743,154	90,653
Due to City Schools & County for Tax Levy	-	-	-	-	3,507,938
Other Liabilities & Overpayments	-	-	-	-	5,492,416
Deferred Revenue	6,015,705	23,136,158	6,362,819	-	-
Unearned Revenue	-	-	39,164,700	12,274,258	-
Deferred Inflows of Resources	-	5,717,150	353,651	6,398,867	7,092,763
TOTAL LIABILITIES	\$ 16,985,635	\$ 41,658,858	\$ 57,523,922	\$ 32,686,217	\$ 18,178,285
<u>FUND EQUITY</u>					
Nonspendable	\$ 196,682	\$ 595,546	\$ 892,049	\$ 42,047	\$ 1,669,579
Restricted	2,500,000	3,000,000	3,250,000	3,250,000	3,257,963
Assigned	385,633	210,728	830,418	6,842,419	1,551,337
Unassigned	8,045,150	10,326,083	7,855,587	1,584,350	4,685,527
TOTAL FUND EQUITY	\$ 11,127,465	\$ 14,132,357	\$ 12,828,054	\$ 11,718,816	\$ 11,164,406
TOTAL LIABILITIES and FUND EQUITY	\$ 28,113,100	\$ 55,791,215	\$ 70,351,976	\$ 44,405,033	\$ 29,342,691

Source: 2021-2024 Audited Financial Statements and **non-finalized** 2025 Annual Financial Report (unaudited).

GENERAL FUND
Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending March 31:	2020	2021	2022	2023	2024
REVENUES					
Real Property Taxes	\$ 29,096,111	\$ 30,565,842	\$ 30,205,946	\$ 29,636,999	\$ 32,912,582
Real Property Tax Items	2,309,927	2,280,635	2,112,674	2,322,035	-
Non-Property Tax Items	16,277,558	16,689,618	19,487,966	19,919,484	20,140,057
Departmental Income	3,301,364	3,089,644	3,671,575	4,303,009	5,302,458
Intergovernmental Charges	141,068	121,317	139,980	213,394	142,745
Use of Money & Property	415,485	381,891	391,439	387,703	421,835
Licenses and Permits	903,203	677,639	1,023,108	974,364	753,054
Fines and Forfeitures	392,356	250,289	311,203	413,913	367,962
Sale of Property and Compensation for Loss	355,566	90,097	399,578	209,878	178,929
Miscellaneous	25,335	46,964	40,725	90,910	455,803
Interfund Revenues	348,661	378,661	378,661	475,661	505,661
State and Federal Aid	18,488,672	18,032,031	25,899,135	32,903,110	45,866,175
Total Revenues	<u>\$ 72,055,306</u>	<u>\$ 72,604,628</u>	<u>\$ 84,061,990</u>	<u>\$ 91,850,460</u>	<u>\$ 107,047,261</u>
EXPENDITURES					
General Government Support	\$ 6,683,035	\$ 6,355,754	\$ 6,943,890	\$ 7,733,508	\$ 7,479,895
Public Safety	31,544,589	31,607,069	32,610,236	37,125,349	37,728,746
Health	-	-	-	151,405	352,900
Transportation	2,688,588	2,167,250	2,069,370	3,960,748	2,471,949
Economic Assistance and Opportunity	-	-	-	389,070	135,519
Culture and Recreation	3,055,239	2,250,641	3,692,851	8,006,185	23,209,966 ⁽¹⁾
Home and Community Services	2,330,478	2,075,331	9,200,508	5,618,141	6,058,406
Employee Benefits	19,035,066	20,382,416	21,112,329	23,314,578	24,701,266
Capital Outlay	-	-	-	-	-
Debt Service	203,471	658,838	1,179,404	2,891,336	3,520,325
Total Expenditures	<u>\$ 65,540,466</u>	<u>\$ 65,497,299</u>	<u>\$ 76,808,588</u>	<u>\$ 89,190,320</u>	<u>\$ 105,658,972</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 6,514,840</u>	<u>\$ 7,107,329</u>	<u>\$ 7,253,402</u>	<u>\$ 2,660,140</u>	<u>\$ 1,388,289</u>
Other Financing Sources (Uses):					
Proceeds from issuance of capital lease	-	-	-	-	-
Other Budgetary Purposes	-	-	-	-	12,232
Operating Transfers In	-	-	-	40,857	2,094,877
Operating Transfers Out	<u>(5,425,826)</u>	<u>(4,462,133)</u>	<u>(4,248,510)</u>	<u>(4,005,300)</u>	<u>(4,604,636)</u>
Total Other Financing	<u>\$ (5,425,826)</u>	<u>\$ (4,462,133)</u>	<u>\$ (4,248,510)</u>	<u>\$ (3,964,443)</u>	<u>\$ (2,497,527)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 1,089,014</u>	<u>\$ 2,645,196</u>	<u>\$ 3,004,892</u>	<u>\$ (1,304,303)</u>	<u>\$ (1,109,238)</u>
FUND BALANCE					
Fund Balance - Beginning of Year	7,393,255	8,482,269	11,127,465	14,132,357	12,828,054
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 8,482,269</u>	<u>\$ 11,127,465</u>	<u>\$ 14,132,357</u>	<u>\$ 12,828,054</u>	<u>\$ 11,718,816</u>

⁽¹⁾ Large year-to-year increase in Culture and Recreation expenditures partially due to the use of ARPA funds.

Source: Audited Financial Statements of the City. This Appendix is not itself audited.

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

Fiscal Years Ending March 31:	2025	
	Adopted Budget	(Non-finalized Unaudited Actual)
REVENUES		
Real Property Taxes	\$34,020,199	\$ 33,455,128
Real Property Tax Items	2,413,011	2,566,308
Non-Property Tax Items	21,187,100	21,129,633
Departmental Income	4,586,250	6,489,300
Intergovernmental Charges	127,249	150,250
Use of Money & Property	433,570	436,852
Licenses and Permits	845,450	704,049
Fines and Forfeitures	372,750	399,751
Sale of Property and Compensation for Loss	151,500	222,836
Miscellaneous	14,000	8,601
Interfund Revenues	499,000	-
State and Federal Aid	18,422,352	31,307,242
Total Revenues	<u>\$ 83,072,431</u>	<u>\$ 96,869,950</u>
EXPENDITURES		
General Government Support	\$7,532,105	\$ 9,318,531
Public Safety	38,936,080	40,251,613
Health		1,094,766
Transportation	1,670,722	1,720,926
Economic Assistance and Opportunity	-	-
Culture and Recreation	4,084,923	7,482,081
Home and Community Services	2,681,705	3,698,360
Employee Benefits	23,761,874	25,841,591
Contingency		-
Debt Service	2,609,550	3,515,377
Total Expenditures	<u>\$ 81,276,959</u>	<u>\$ 92,923,245</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 1,795,471</u>	<u>\$ 3,946,705</u>
Other Financing Sources (Uses):		
Appropriation of Prior Year's Fund Balance	\$ -	\$ -
Other Budgetary Purposes	-	-
Operating Transfers In	3,649,306	950,000
Operating Transfers Out	<u>(5,444,777)</u>	<u>(5,444,780)</u>
Total Other Financing	<u>(1,795,471)</u>	<u>(4,494,780)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>-</u>	<u>(548,075)</u>
FUND BALANCE		
Fund Balance - Beginning of Year	-	12,139,480
Prior Period Adjustments (net)	<u>-</u>	<u>(426,999)</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 11,164,406</u>

Source: 2025 **Non-finalized** Annual Financial Report (unaudited) and adopted budgets of the City.

GENERAL FUND
Revenues, Expenditures and Changes in Fund Balance - Budgets

Fiscal Years Ending March 31:

	2022	2023	2024	2025	2026
	<u>Adopted</u>	<u>Adopted</u>	<u>Adopted</u>	<u>Adopted</u>	<u>Adopted</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
REVENUES					
Real Property Taxes	\$ 30,031,100	\$ 30,077,981	\$ 30,170,164	\$34,020,199	\$ 35,224,556
Real Property Tax Items	2,107,820	2,256,070	2,255,434	2,413,011	2,529,725
Non-Property Tax Items	16,311,250	17,320,070	20,316,200	21,187,100	21,437,100
Departmental Income	3,211,450	3,278,850	3,899,950	4,586,250	4,953,050
Intergovernmental Charges	108,249	122,249	129,249	127,249	130,000
Use of Money & Property	364,870	386,670	383,670	433,570	453,070
Licenses and Permits	624,250	664,950	1,022,450	845,450	780,450
Fines and Forfeitures	271,500	297,000	357,500	372,750	384,250
Sale of Property and Compensation for Loss	416,000	286,000	258,000	151,500	161,500
Miscellaneous	34,034	38,000	43,000	14,000	8,000
Interfund Revenues	475,611	475,611	569,000	499,000	509,000
County, State and Federal Aid	17,129,473	17,716,221	17,797,721	18,422,352	20,199,974
Total Revenues	<u>\$ 71,085,607</u>	<u>\$ 72,919,672</u>	<u>\$ 77,202,338</u>	<u>\$ 83,072,431</u>	<u>\$ 86,770,675</u>
EXPENDITURES					
General Government Support	\$ 6,662,412	\$ 7,360,030	\$ 7,467,271	\$7,532,105	\$ 7,605,251
Public Safety	34,062,058	33,499,644	36,440,011	38,936,080	39,400,841
Health	-	1,246,777	-	-	-
Transportation	1,808,913	1,875,513	1,962,016	1,670,722	1,807,571
Economic Assistance and Opportunity	-	-	-	-	-
Culture and Recreation	3,249,235	3,485,448	3,653,945	4,084,923	4,049,806
Home and Community Services	2,354,028	2,465,448	2,572,385	2,681,705	2,750,443
Employee Benefits	19,022,713	18,636,588	21,503,239	23,761,874	27,321,214
Contingency	150,000	-	-	-	-
Debt Service	1,162,165	1,413,563	2,351,540	2,609,550	3,799,805
Total Expenditures	<u>\$ 68,471,524</u>	<u>\$ 69,983,011</u>	<u>\$ 75,950,407</u>	<u>\$ 81,276,959</u>	<u>\$ 86,734,931</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 2,614,083</u>	<u>\$ 2,936,661</u>	<u>\$ 1,251,931</u>	<u>\$ 1,795,471</u>	<u>\$ 35,744</u>
Other Financing Sources (Uses):					
Appropriation of Prior Year's Fund Balance	\$ 325,000	\$ -	\$ 500,000	\$ -	\$ -
Other Budgetary Purposes	-	(250,000)	130,000	-	-
Operating Transfers In	1,309,427	1,543,678	2,339,877	3,649,306	4,625,487
Operating Transfers Out	(4,248,510)	(4,230,339)	(4,221,808)	(5,444,777)	(4,661,231)
Total Other Financing	<u>(2,614,083)</u>	<u>(2,936,661)</u>	<u>(1,251,931)</u>	<u>(1,795,471)</u>	<u>(35,744)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	-	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Budgets of the City. This Appendix is not itself audited.

CHANGES IN FUND EQUITY - SEWER FUND

Fiscal Years Ending March 31:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u> <u>(Non-finalized</u> <u>Unaudited)</u>
<u>SEWER FUND</u>					
Net Position - Beginning of Year	\$ 26,355,433	\$ 27,796,628	\$ 26,885,948	\$ 28,660,577	\$ 27,033,138
Prior Period Adjustments (net)	-	-	(1)	-	(941,590)
Revenues & Other Sources	5,151,972	4,334,280	5,109,098	4,725,520	4,184,431
Expenditures & Other Uses	(3,710,777)	(5,244,960)	(3,334,468)	(3,531,134)	3,752,571
Net Position - End of Year	27,796,628	26,885,948	28,660,577	29,854,963	26,523,408

Source: 2021-2024 Audited Financial Statements and 2025 **non-finalized** Annual Financial Report (unaudited) of the City.
This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending March 31 st	Principal	Interest	Total
2026	\$ 4,818,839	\$ 1,120,054.23	\$ 5,938,893.23
2027	3,565,218	997,029.53	4,562,247.53
2028	2,886,419	902,064.63	3,788,483.63
2029	2,477,958	825,788.23	3,303,746.23
2030	2,559,328	756,451.22	3,315,779.22
2031	2,630,699	680,017.70	3,310,716.70
2032	2,707,069	600,998.30	3,308,067.30
2033	2,793,429	519,048.40	3,312,477.40
2034	1,604,799	438,660.40	2,043,459.40
2035	1,656,171	389,217.30	2,045,388.30
2036	1,702,539	337,910.16	2,040,449.16
2037	1,758,909	284,021.76	2,042,930.76
2038	1,615,280	228,024.90	1,843,304.90
2039	1,666,650	177,037.32	1,843,687.32
2040	1,723,020	124,118.30	1,847,138.30
2041	1,779,390	69,065.82	1,848,455.82
2042	595,751	36,585.22	632,336.22
2043	607,121	27,767.28	634,888.28
2044	618,491	18,709.98	637,200.98
2045	624,861	9,413.32	634,274.32
2046	231,231	-	231,231.00
2047	232,601	-	232,601.00
2048	233,970	-	233,970.00
2049	235,340	-	235,340.00
2050	236,700	-	236,700.00
2051	117,620	-	117,620.00
2052	117,620	-	117,620.00
2053	9,140	-	9,140.00
2054	9,140	-	9,140.00
TOTALS	\$ 41,815,303	\$ 8,541,984.01	\$ 50,357,287.01

Note: The totals above include outstanding serial bonds and EFC debt.

MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES

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

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

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

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

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

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

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

The City reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the City no longer remains an obligated person with respect to the Notes within the meaning of the Rule. The City acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the City’s obligations under its material event notices undertaking and any failure by the City to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages.

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

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

**CITY OF UTICA
ONEIDA COUNTY, NEW YORK**

AUDITED FINANCIAL REPORT

For the Fiscal Year Ended March 31, 2024

CITY OF UTICA, NEW YORK

**Financial Statements and Required Report
as of
and for the Year Ended
March 31, 2024**

Bonadio & Co., LLP
Accounting, Consulting & More

CITY OF UTICA, NEW YORK

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Balance Sheet - Governmental Funds	15
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	16
Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds	17
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds to the Statement of Activities	18
Statement of Net Position - Proprietary Funds	19
Statement of Revenue, Expenses, and Changes in Net Position - Proprietary Funds	20
Statement of Cash Flows - Proprietary Funds	21
Statement of Net Position - Fiduciary Funds	22
Statement of Changes in Net Position - Fiduciary Funds	22
Notes to Basic Financial Statements	23

CITY OF UTICA, NEW YORK

Table of Contents

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED):	
Statement of Revenue, Expenditures, Encumbrances, and Changes in Fund Balance - Budget and Actual - General Fund	57
Schedule of Changes in Total OPEB Liability and Related Ratios	58
Schedule of Proportionate Share of Net Pension Liability (Asset)	59
Schedule of Contributions – Pension Plans	60
SUPPLEMENTARY INFORMATION:	
Combining Balance Sheet - Nonmajor Governmental Funds	61
Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	62
REQUIRED REPORTS	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	63
Schedule of Findings and Responses	65

INDEPENDENT AUDITOR'S REPORT

December 27, 2024

To the Honorable Mayor and
Common Council of the City of Utica, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Utica, New York (City), as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Utica as of March 31, 2024 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 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 audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibility 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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedule of proportionate share of net pension liability (asset) and schedule of contributions – pension plans 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 accompanying 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 December 27, 2024 on our consideration of the City'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's internal control over financial reporting and compliance.

CITY OF UTICA, NEW YORK

Management's Discussion and Analysis (Unaudited) March 31, 2024

The Management's Discussion and Analysis (MD&A) of the City of Utica, New York (City) provides a financial performance overview of the City's activities for the year ended March 31, 2024. This document should be read in conjunction with the City's financial statements which immediately follow.

The City has a land area of approximately 16.6 square miles and a population of approximately 62,000, and is located in the Mohawk Valley of New York State.

Financial Highlights

- The City's governmental net position decreased approximately \$5 million as a result of this year's governmental activity, which is illustrated in the Statement of Activities.
- The City's \$134.2 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 expenditures exceeding revenues by \$2,533,363. Total general fund balance end of year was \$10,294,691.

Using This Report

This annual report consists of a set of financial statements. 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 activities, these statements tell how these services were financed in the short-term, as well as what remains for future spending. 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.

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.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – The City's basic services are reported here, including police, fire, DPW, recreation, transportation, and economic assistance and opportunity. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- Business-type activities – The City's business-type activities are those that the City charges customers to provide. These include sewer and the business park services.

CITY OF UTICA, NEW YORK

Management's Discussion and Analysis (Unaudited) March 31, 2024

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 three types of funds – Governmental, Fiduciary, 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.
- Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

The City as a Whole

The City's combined net position was \$98 million as of March 31, 2024. 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) net of outstanding debt used to acquire or construct those assets. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending.

CITY OF UTICA, NEW YORK

Management's Discussion and Analysis (Unaudited)
March 31, 2024

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

Table 1
Net Position (In Millions)

	Governmental Activities		Business- Type Activities		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 56.5	\$ 82.6	\$ 13.8	\$ 13.8	\$ 70.3	\$ 96.4
Capital assets	173.4	161.4	47.1	44.2	220.5	205.6
Other noncurrent assets	<u>0.2</u>	<u>2.8</u>	<u>-</u>	<u>-</u>	<u>0.2</u>	<u>2.8</u>
Total assets	<u>\$ 230.0</u>	<u>\$ 246.8</u>	<u>\$ 60.9</u>	<u>\$ 58.0</u>	<u>\$ 290.9</u>	<u>\$ 304.8</u>
Deferred outflows of resources	<u>\$ 46.4</u>	<u>\$ 51.3</u>	<u>\$ 0.5</u>	<u>\$ 0.5</u>	<u>\$ 47.0</u>	<u>\$ 51.8</u>
Long-term debt outstanding	\$ 141.1	\$ 96.6	\$ 14.8	\$ 15.4	\$ 155.9	\$ 112.0
Other liabilities	<u>64.7</u>	<u>85.9</u>	<u>8.4</u>	<u>5.2</u>	<u>73.1</u>	<u>91.1</u>
Total liabilities	<u>\$ 205.8</u>	<u>\$ 182.5</u>	<u>\$ 23.2</u>	<u>\$ 20.6</u>	<u>\$ 229.0</u>	<u>\$ 203.1</u>
Deferred inflows of resources	<u>\$ 10.8</u>	<u>\$ 51.5</u>	<u>\$ 0.1</u>	<u>\$ 0.5</u>	<u>\$ 10.9</u>	<u>\$ 52.0</u>
Total net position	<u>\$ 59.9</u>	<u>\$ 64.1</u>	<u>\$ 38.0</u>	<u>\$ 37.4</u>	<u>\$ 97.9</u>	<u>\$ 101.5</u>

CITY OF UTICA, NEW YORK

Management's Discussion and Analysis (Unaudited)
March 31, 2024

Table 2
Changes in Net Position (In Millions)

	Governmental Activities		Business-Type Activities		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Program revenue:						
Charges for services	\$ 7.1	\$ 7.0	\$ 4.0	\$ 4.1	\$ 11.2	\$ 11.1
Operating grants	14.7	13.9	0.7	1.0	15.4	14.9
Capital grants	4.7	5.0	-	1.3	4.7	6.3
General revenue:						
Real property taxes	32.9	32.5	-	-	32.9	32.5
Non-property tax items	20.1	19.9	-	-	20.1	19.9
Use of money and property	1.9	1.2	-	-	1.9	1.2
Sale of property and compensation for loss	0.5	0.9	-	-	0.5	0.9
Miscellaneous local sources	1.9	1.0	-	-	1.9	1.0
Interfund revenue	11.3	0.3	-	-	11.3	0.3
State and federal aid	44.2	31.9	-	-	44.2	31.9
Interfund transfer	-	-	-	-	-	-
Total revenues	<u>139.5</u>	<u>113.6</u>	<u>4.7</u>	<u>6.5</u>	<u>144.2</u>	<u>120.1</u>
Program expenses:						
General governmental support	12.5	10.7	-	-	12.5	10.7
Public safety	74.2	54.8	-	-	74.2	54.8
Transportation	6.1	7.2	-	-	6.1	7.2
Health	0.4	0.2				
Economic Assistance & Opportunity	0.1	0.4				
Culture and recreation	25.9	10.4	-	-	25.9	10.4
Home and community services	22.1	21.2	4.0	3.5	26.2	24.7
Interest	2.4	1.9	-	-	2.4	1.9
Total expenses	<u>143.7</u>	<u>106.8</u>	<u>4.0</u>	<u>3.5</u>	<u>147.3</u>	<u>109.7</u>
Change in net position	<u>\$ (4.3)</u>	<u>\$ 6.8</u>	<u>\$ 0.7</u>	<u>\$ 2.9</u>	<u>\$ (3.6)</u>	<u>\$ 9.7</u>

Table 3 presents the cost of each of the City's four largest governmental functions: public safety, home and community services, general support, and culture and recreation – 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.

CITY OF UTICA, NEW YORK

Management's Discussion and Analysis (Unaudited)
March 31, 2024

Table 3
Governmental Activities (In Millions)

	<u>2024</u>		<u>2023</u>	
	<u>Total Cost</u>	<u>Net Cost</u>	<u>Total Cost</u>	<u>Net Cost</u>
	<u>of Services</u>	<u>of Services</u>	<u>of Services</u>	<u>of Services</u>
Public safety	\$ 74.2	\$ 67.8	\$ 54.8	\$ 49.8
Home and community services	22.1	9.0	21.2	8.3
General support	12.5	6.0	10.7	3.1
Transportation	6.1	6.1	7.1	7.1
Health	0.4	0.4	0.2	0.2
Economic assistance and opportunity	0.1	0.1	0.4	0.4
Culture and recreation	25.9	25.4	10.4	9.9
Interest	2.4	2.4	1.8	1.8
Totals	<u>\$ 143.7</u>	<u>\$ 117.1</u>	<u>\$ 106.6</u>	<u>\$ 80.6</u>

The City's Funds

As the City completed the year, its governmental funds (as presented in the balance sheet) reported a combined fund deficit of approximately \$12.3 million which was a \$2.7 million decrease from the prior year. This decrease was substantially the result of increased expenditures in the capital projects fund.

An overview of the City's major governmental funds results for 2024 and 2023 is as follows.

Table 4 - Governmental Funds
Summary of Results (In Millions)

	<u>2024</u>	<u>2023</u>	<u>Variance</u>
<u>General Fund</u>			
Total assets	<u>\$ 44.4</u>	<u>\$ 70.4</u>	<u>\$ (26.0)</u>
Total liabilities	<u>\$ 26.3</u>	<u>\$ 50.8</u>	<u>\$ (24.5)</u>
Total deferred inflows	<u>\$ 6.1</u>	<u>\$ 6.4</u>	<u>\$ (0.3)</u>
Total fund balance	<u>\$ 11.7</u>	<u>\$ 12.8</u>	<u>\$ (1.1)</u>
Surplus/(deficit)	<u>\$ (1.1)</u>	<u>\$ (1.3)</u>	<u>\$ 0.2</u>
<u>Community Development</u>			
Total assets	<u>\$ 10.4</u>	<u>\$ 8.3</u>	<u>\$ 2.1</u>
Total liabilities	<u>\$ 1.6</u>	<u>\$ 0.7</u>	<u>\$ 0.9</u>
Total deferred inflows	<u>\$ 6.3</u>	<u>\$ 5.0</u>	<u>\$ 1.3</u>
Total fund balance	<u>\$ 2.5</u>	<u>\$ 2.6</u>	<u>\$ (0.1)</u>
Surplus/(deficit)	<u>\$ (0.1)</u>	<u>\$ (0.7)</u>	<u>\$ 0.6</u>

CITY OF UTICA, NEW YORK

**Management's Discussion and Analysis (Unaudited)
March 31, 2024**

Capital Projects

Total assets	\$ 3.4	\$ 2.6	\$ 0.8
Total liabilities	\$ 33.7	\$ 33.7	\$ 0.0
Total fund balance	\$ (30.3)	\$ (31.1)	\$ 0.8
Surplus/(deficit)	\$ 0.8	\$ (7.0)	\$ 7.8

Revenues were under budget by \$8,689,065, and expenditures were under budget by \$6,875,121 due to revenue and related expenditures related to federal stimulus funding received and expended during the 2023-2024 fiscal year.

An overview of the City's nonmajor governmental funds results for 2024 and 2023 is as follows.

	<u>2024</u>	<u>2023</u>	<u>Variance</u>
Total assets	\$ 5.5	\$ 6.4	\$ (0.9)
Total liabilities	\$ 0.3	\$ 0.3	\$ (0.0)
Total fund balance	\$ 5.2	\$ 6.1	\$ (0.9)
Surplus/(deficit)	\$ (0.9)	\$ 0.9	\$ (1.8)

Capital projects deficit of \$30,320,729 was the result of expending funds that were borrowed in the previous year. This deficit will be eliminated when the BANs are redeemed or converted to long-term financing.

GENERAL FUND BUDGETARY HIGHLIGHTS

Table 5 presents a summary of general fund budget for 2024.

Table 5 - Summarized Budget

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue	\$ 115,736,326	\$ 107,047,261	\$ (8,689,065)
Expenditures	(120,683,465)	(105,658,972)	15,024,493
Transfers in	2,339,877	2,094,877	(245,000)
Transfers (out)	(4,221,808)	(4,604,636)	(382,828)
Total	\$ (6,829,070)	\$ (1,121,470)	\$ 5,707,600

CITY OF UTICA, NEW YORK

Management's Discussion and Analysis (Unaudited) March 31, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At March 31, 2024, the City had \$173.4 million invested in a broad range of capital assets including equipment, buildings, roads, and bridges (see Table 6 below).

Table 6 Capital Assets at Year End (In Millions)

	Governmental Activities	Business-Type Activities
Assets not depreciated	\$ 64.5	\$ 3.2
Land improvements	74.8	-
Construction	84.1	0.0
Infrastructure	187.1	67.7
Machinery and equipment	19.5	0.6
Vehicles	22.8	0.1
Accumulated depreciation	(279.7)	(24.7)
Lease assets	0.3	-
Accumulated amortization	(0.1)	-
Totals	<u>\$ 173.4</u>	<u>\$ 47.0</u>

Debt

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

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental Activities:				
Serial bonds	\$ 20,980,707	\$ 14,740,000	\$ 3,629,365	\$ 32,091,342
Capital leases	2,906,712	-	941,129	1,965,583
Remediation Costs	6,148,000	-	-	6,148,000
Compensated absences	2,329,382	250,953	-	2,580,335
Total governmental long-term debt	<u>\$ 32,364,801</u>	<u>\$ 14,990,953</u>	<u>\$ 4,570,494</u>	<u>\$ 42,785,260</u>
Business-Type Activities:				
Serial bonds	\$ 15,660,001	\$ -	\$ 1,032,595	\$ 14,627,406
Compensated absences	64,938	-	23,939	40,999
Total governmental long-term debt	<u>\$ 15,724,939</u>	<u>\$ -</u>	<u>\$ 1,056,534</u>	<u>\$ 14,668,405</u>

CITY OF UTICA, NEW YORK

Management's Discussion and Analysis (Unaudited) March 31, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Though individual unemployment statistics are not available for the City, the most current unemployment rate for the Utica-Rome Metropolitan Statistical Area stood at 3.4% in October 2024 which is a slight decrease compared to the 3.6% in October 2023. The City's rate also compared favorably with New York State's average of 4.4% in October 2024. Inflationary trends for the City remain in line with national averages. Utica's local economy has shown steady improvement as the City had 10 increases in assessed valuations, year over year.

In 2022, 2023 & 2024, the city has spent millions of dollars in the community, specifically in housing, recreation, parks, small business assistance, residential improvements, youth programs, among other initiatives, mostly due to the influx of ARPA funding from the federal government. Throughout 2024 actions were taken to ensure projects that remained underway were re-scoped and planned to fit within the financial wherewithall of the remainder of ARPA funds and city capabilities, and we look forward to the net-positive effect on the overall efforts.

Sales tax proceeds for the 2023-2024 fiscal year totaled \$18,754,738 which is slightly under the budget projection of \$18,850,000. As it stands within Q3 of FY 2024-2025, we are on track to meet projected sales tax revenues. This includes the collection of sales tax on legal cannabis sales.

Health care, retirement and other employee benefit costs have a major impact on the City's budget. Actual general expenditures for the City employee benefits for the 2023-2024 fiscal year totaled \$24.7 million or 30% of total actual general fund expenditures. While the 2022-23 move to self-insured provided a short-term savings, within a few short years, the climb in cost has grown well past those initial savings.

Non-management employees are primarily represented by four labor unions. The Police Benevolent Association contract was settled and will expire on March 31, 2026. The CSEA contract was settled and will expire on March 31, 2025. The Fire Fighters Association contract was settled and will expire on March 31, 2025. The Teamsters contract was settled in 2023 and expires December 31, 2025. Current medical coverage for employees is provided as dictated by the union contracts.

Looking back over the past decade there has been a tremendous improvement in the City's financial position as Utica has been upgraded by all three of the leading financial institutions (Standard & Poor's, Moody's, Fitch) - with the City earning an "A" rating with Standard and Poor's.

Throughout the past decade the City has experienced nine consecutive surpluses, however closed FY2022-23 with a \$1.3 million dollar deficit and we must report that the fiscal year ending March 31, 2024 will also close with a deficit and considerable overspending. As of January 1st, 2024, the new Administration immediately recognized this and began work to minimize the impact of the projected FY24 deficit - citing immediate changes to spending and cost overrun controls. Looking towards CY25 and the planning of FY26, the Administration continues to drive stronger attention to a balance between our yearly levy, responsible capital debt control, operational expense management, responsible reserve use, as well as working with state, county, and neighboring governments on different cost and service sharing mechanisms. We must step our municipality back into surplus territory, and ensure that budgets, within all possible certainly, are not overspent. Maintaining a sound rating amongst financial institutions, and the ability to provide services to the constituents, must remain paramount.

As we move into 2025 and beyond, the future development within the city remains strong. With new developments coming on line, such as the development of the Harbor and the continued growth of the Utica University Nexus Center, and the completion of a multitude of mixed use buildings in Bagg's Square and Downtown, the expectation remains that we will continue to build our sales tax revenues and increase our overall valuation, while driving a fresh eat, work, live, and play economy in our civic center. We continue to advocate for a more equitable share of the sales tax and income tax that flows from Albany, and we believe all efforts combined will lead to a stronger City, and a continued rebirth of vibrancy in the greater Utica area.

CITY OF UTICA, NEW YORK

Management's Discussion and Analysis (Unaudited)
March 31, 2024

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:

City of Utica
Office of the City Comptroller
1 Kennedy Plaza
Utica, NY 13502
(315) 792-0100

CITY OF UTICA, NEW YORK

Statement of Net Position
March 31, 2024

	Primary Government			Component Unit Utica IDA
	Governmental	Business-Type		
	Activities	Activities	Total	
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 19,255,417	\$ 1,601,486	\$ 20,856,903	\$ 1,842,126
Restricted cash and cash equivalents	11,085,228	-	11,085,228	-
Taxes receivable, net of allowance	6,824,849	-	6,824,849	-
Accounts receivable, net of allowance	2,201,518	158,478	2,359,996	1,000
Lease receivable, current portion	98,968	-	98,968	-
Loans receivable, net	4,880,913	-	4,880,913	-
State and federal receivables, net of allowance	1,055,253	-	1,055,253	-
Due from other governments	9,510,394	-	9,510,394	-
Due from other funds	1,558,520	1,785,417	3,343,937	-
Property held for sale	-	10,218,273	10,218,273	-
Inventory	42,047	-	42,047	-
Total current assets	56,513,107	13,763,654	70,276,761	1,843,126
NONCURRENT ASSETS:				
Capital assets, non-depreciable	64,545,447	3,249,748	67,795,195	-
Capital assets, depreciable, net	108,808,095	43,847,992	152,656,087	-
Lease receivable, net of current portion	162,326	-	162,326	-
Total noncurrent assets	173,515,868	47,097,740	220,613,608	-
Total assets	230,028,975	60,861,394	290,890,369	1,843,126
DEFERRED OUTFLOWS OF RESOURCES				
Advance refunding of debt	192,016	-	192,016	-
Total other postemployment benefits related	9,639,134	110,167	9,749,301	-
Pension related	36,593,303	416,466	37,009,769	-
Total deferred outflows of resources	46,424,453	526,633	46,951,086	-
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	3,797,749	651,882	4,449,631	112,210
Accrued expenses and other liabilities	2,091,100	-	2,091,100	-
Accrued interest	890,542	48,185	938,727	-
Unearned revenue	12,284,008	-	12,284,008	-
Line of credit payable	-	1,997,849	1,997,849	-
Due to other funds	(699,224)	4,645,468	3,946,244	-
Due to other governments	6,743,154	-	6,743,154	-
Bond anticipation notes payable	30,696,350	-	30,696,350	-
Current portion of bonds payable	4,109,713	1,058,625	5,168,338	-
Current portion of installment purchase debt	598,031	-	598,031	-
Current portion of other postemployment benefits	4,083,696	46,673	4,130,369	-
Current portion of leases payable	66,763	-	66,763	-
Total current liabilities	64,661,882	8,448,682	73,110,564	112,210
NONCURRENT LIABILITIES:				
Bonds payable, net	27,981,629	13,568,781	41,550,410	-
Installment purchase debt, net	1,367,552	-	1,367,552	-
Leases payable, net	108,682	-	108,682	-
Remediation costs	6,148,000	-	6,148,000	-
Compensated absences	2,580,335	40,999	2,621,334	-
Net pension liability	46,014,492	523,688	46,538,180	-
Total other postemployment benefits, net	56,919,534	650,542	57,570,076	-
Total noncurrent liabilities	141,120,224	14,784,010	155,904,234	-
Total liabilities	205,782,106	23,232,692	229,014,798	112,210
DEFERRED INFLOWS OF RESOURCES				
Total other postemployment benefits related	6,628,573	75,759	6,704,332	-
Pension related	3,930,388	44,731	3,975,119	-
Leases	254,958	-	254,958	-
Total deferred inflows of resources	10,813,919	120,490	10,934,409	-
NET POSITION				
Net investment in capital assets	109,279,531	30,472,485	139,752,016	-
Restricted	11,161,220	-	11,161,220	-
Unrestricted	(60,583,348)	7,562,360	(53,020,988)	1,730,916
Total net position	\$ 59,857,403	\$ 38,034,845	\$ 97,892,248	\$ 1,730,916

The accompanying notes are an integral part of these statements.

CITY OF UTICA, NEW YORK

**Statement of Activities
For the year ended March 31, 2024**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Utica IDA
	Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental activities:								
General governmental support	\$ 12,494,523	1,732,043	\$ -	\$ 4,738,350	\$ (6,024,130)	\$ -	\$ (6,024,130)	\$ -
Public safety	74,244,704	4,802,662	1,618,870	-	(67,823,172)	-	(67,823,172)	-
Transportation	6,053,919	-	-	-	(6,053,919)	-	(6,053,919)	-
Health	352,900	-	-	-	(352,900)	-	(352,900)	-
Economic assistance and opportunity	135,519	-	-	-	(135,519)	-	(135,519)	-
Culture and recreation	25,947,920	582,727	-	-	(25,365,193)	-	(25,365,193)	-
Home and community services	22,137,862	31,000	13,103,741	-	(9,003,121)	-	(9,003,121)	155,577
Interest	2,357,983	-	-	-	(2,357,983)	-	(2,357,983)	-
Total governmental activities	<u>\$ 143,725,330</u>	<u>\$ 7,148,432</u>	<u>\$ 14,722,611</u>	<u>\$ 4,738,350</u>	<u>(117,115,937)</u>	<u>-</u>	<u>(117,115,937)</u>	<u>155,577</u>
BUSINESS-TYPE ACTIVITIES:								
Sewer	3,531,134	4,022,735	702,785	-	-	1,194,386	1,194,386	-
Utica Harbor Point Development Corp.	510,935	-	-	-	-	(510,935)	(510,935)	-
Total business-type activities	<u>\$ 4,042,069</u>	<u>\$ 4,022,735</u>	<u>\$ 702,785</u>	<u>\$ -</u>	<u>-</u>	<u>683,451</u>	<u>683,451</u>	<u>-</u>
GENERAL REVENUE:								
Real property taxes					32,895,283	-	32,895,283	-
Non-property tax items					20,140,057	-	20,140,057	-
Use of money and property					1,890,810	-	1,890,810	10,288
Sale of property and compensation for loss					524,331	-	524,331	-
Miscellaneous local sources					1,867,542	-	1,867,542	418,750
Interfund revenue - business-type activities					11,294,752	-	11,294,752	-
State and federal aid					44,247,305	-	44,247,305	-
Total general revenue					<u>112,860,080</u>	<u>-</u>	<u>112,860,080</u>	<u>429,038</u>
Change in net position					(4,255,857)	683,451	(3,572,406)	273,461
Net position - beginning of year					64,113,260	37,351,394	101,464,654	1,457,455
Net position - end of year					<u>\$ 59,857,403</u>	<u>\$ 38,034,845</u>	<u>\$ 97,892,248</u>	<u>\$ 1,730,916</u>

The accompanying notes are an integral part of these statements.

CITY OF UTICA, NEW YORK

**Balance Sheet - Governmental Funds
March 31, 2024**

	General	Community Development	Capital Projects	Nonmajor Funds	Total
ASSETS:					
Cash and cash equivalents	\$ 18,576,153	\$ -	\$ 679,264	\$ -	\$ 19,255,417
Restricted cash and cash equivalents	3,250,000	4,071,147	-	3,764,081	11,085,228
Taxes receivable, net of allowance	6,824,849	-	-	-	6,824,849
Accounts receivable, net of allowance	2,174,730	-	23,799	2,989	2,201,518
Lease receivable	261,294	-	-	-	261,294
Loans receivable, net of allowance	-	4,880,913	-	-	4,880,913
Due from other funds	4,008,671	195,464	2,623,786	1,686,406	8,514,327
State and federal receivables	-	1,055,253	-	-	1,055,253
Due from other governments	9,267,289	153,105	90,000	-	9,510,394
Inventory	42,047	-	-	-	42,047
TOTAL ASSETS	\$ 44,405,033	\$ 10,355,882	\$ 3,416,849	\$ 5,453,476	\$ 63,631,240
LIABILITIES:					
Accounts payable	\$ 2,454,037	\$ 642,114	\$ 694,800	\$ 6,798	\$ 3,797,749
Accrued expenses and other liabilities	2,041,956	36,328	12,816	-	2,091,100
Due to other funds	2,773,945	887,842	2,333,612	261,184	6,256,583
Due to other governments	6,743,154	-	-	-	6,743,154
Bond anticipation notes payable	-	-	30,696,350	-	30,696,350
Unearned revenue	12,274,258	-	-	9,750	12,284,008
Total liabilities	26,287,350	1,566,284	33,737,578	277,732	61,868,944
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue	6,143,909	6,296,784	-	-	12,440,693
Leases	254,958	-	-	-	254,958
Total deferred inflows of resources	6,398,867	6,296,784	-	-	12,695,651
FUND BALANCE:					
Nonspendable					
Inventory	42,047	-	-	-	42,047
Total nonspendable fund balance	42,047	-	-	-	42,047
Restricted	3,250,000	2,492,814	-	5,418,406	11,161,220
Assigned					
Appropriated for subsequent year's expenditures	500,000	-	-	-	500,000
Other	6,342,419	-	(30,320,729)	-	(23,978,310)
Total assigned fund balance	6,842,419	-	(30,320,729)	-	(23,478,310)
Unassigned	1,584,350	-	-	(242,662)	1,341,688
Total fund balance	11,718,816	2,492,814	(30,320,729)	5,175,744	(10,933,355)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 44,405,033	\$ 10,355,882	\$ 3,416,849	\$ 5,453,476	\$ 63,631,240

The accompanying notes are an integral part of these statements.

CITY OF UTICA, NEW YORK

Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities March 31, 2024

Fund balance - All governmental funds	\$ (10,933,355)
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Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and are not reported in the funds.	173,353,542
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Pension related government-wide activity:	
Deferred outflow - pension related	36,593,303
Net pension liability - ERS & PFRS	(46,014,492)
Deferred inflow - pension related	(3,930,388)

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

Bonds payable	(32,091,342)
Installment purchase debt	(1,965,583)
Remediation costs	(6,148,000)
Compensated absences	(2,580,335)
Deferred outflows - advanced refunding	192,016
Accrued interest	(890,542)
Leases payable	(175,445)

Other postemployment benefits related government-wide activity:	
Deferred outflows - other postemployment benefits	9,639,134
Total other postemployment benefits	(61,003,230)
Deferred inflows - other postemployment benefits	(6,628,573)

Deferral of income earned in the current year is recognized as revenue under the accrual basis of accounting.	<u>12,440,693</u>
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Net position of governmental activities	<u><u>\$ 59,857,403</u></u>
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The accompanying notes are an integral part of these statements.

CITY OF UTICA, NEW YORK

Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended March 31, 2024

	General	Community Development	Capital Projects	Nonmajor Funds	Total
REVENUE:					
Real property taxes	\$ 32,912,582	\$ -	\$ -	\$ -	\$ 32,912,582
Non-property tax items	20,140,057	-	-	-	20,140,057
Departmental income	5,302,458	-	-	582,213	5,884,671
Intergovernmental charges	142,745	-	-	-	142,745
Use of money and property	421,835	32,514	-	552,904	1,007,253
Licenses and permits	753,054	-	-	-	753,054
Fines and forfeitures	367,962	-	-	-	367,962
Sale of property and compensation for loss	178,929	-	-	345,402	524,331
Miscellaneous local sources	455,803	-	-	7,999	463,802
Interfund revenues	505,661	-	-	-	505,661
State aid	17,767,313	-	3,933,308	-	21,700,621
Federal aid	28,098,862	13,103,741	790,066	-	41,992,669
Total revenue	<u>107,047,261</u>	<u>13,136,255</u>	<u>4,723,374</u>	<u>1,488,518</u>	<u>126,395,408</u>
EXPENDITURES:					
General governmental support	7,479,895	-	4,268,747	-	11,748,642
Public safety	37,728,746	-	3,348,140	-	41,076,886
Transportation	2,471,949	-	8,843,499	-	11,315,448
Health services	352,900	-	-	-	352,900
Economic assistance and opportunity	135,519	-	-	-	135,519
Culture and recreation	23,209,966	-	2,200,459	431,233	25,841,658
Home and community services	6,058,406	12,751,550	1,948,874	736,630	21,495,460
Employee benefits	24,701,266	469,371	-	-	25,170,637
Debt service - principal	2,168,942	-	-	3,671,711	5,840,653
Debt service - interest	1,351,383	-	-	596,629	1,948,012
Total expenditures	<u>105,658,972</u>	<u>13,220,921</u>	<u>20,609,719</u>	<u>5,436,203</u>	<u>144,925,815</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>1,388,289</u>	<u>(84,666)</u>	<u>(15,886,345)</u>	<u>(3,947,685)</u>	<u>(18,530,407)</u>
OTHER FINANCING SOURCES (USES):					
BANs redeemed from appropriations	-	-	1,207,000	-	1,207,000
Premium on bond anticipation note	-	-	-	249,083	249,083
Premium on obligations	-	-	365,000	634,474	999,474
Proceeds from issuance of debt	-	-	14,740,000	-	14,740,000
Proceeds from issuance of leases	12,232	-	-	-	12,232
Interfund transfers in	2,094,877	-	382,828	4,221,808	6,699,513
Interfund transfers (out)	(4,604,636)	-	-	(2,094,877)	(6,699,513)
Total other financing sources (uses)	<u>(2,497,527)</u>	<u>-</u>	<u>16,694,828</u>	<u>3,010,488</u>	<u>17,207,789</u>
CHANGE IN FUND BALANCE	(1,109,238)	(84,666)	808,483	(937,197)	(1,322,618)
FUND BALANCE - beginning of year	<u>12,828,054</u>	<u>2,577,480</u>	<u>(31,129,212)</u>	<u>6,112,941</u>	<u>(9,610,737)</u>
FUND BALANCE - end of year	<u>\$ 11,718,816</u>	<u>\$ 2,492,814</u>	<u>\$ (30,320,729)</u>	<u>\$ 5,175,744</u>	<u>\$ (10,933,355)</u>

The accompanying notes are an integral part of these statements.

CITY OF UTICA, NEW YORK**Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds
to the Statement of Activities
March 31, 2024**

Net change in fund balance - total governmental funds	\$ (1,322,618)
Capital outlays are expenditures in governmental funds, but are capitalized in the Statement of Net Position.	20,856,843
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the Statement of Activities.	(8,859,759)
Amortization is not recorded as an expenditure in the governmental funds, but is recorded in the Statement of Activities.	(68,745)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the Statement of Net Position.	5,777,494
Proceeds from issuance of debt is not reported as revenue in government-wide financial statements.	(14,740,000)
Repayments of leases are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the Statement of Net Position.	63,159
Total principal payments are recorded as revenue in the governmental funds but are recorded as payments of liabilities in the statement of net position.	(1,207,000)
Property tax revenue is recorded to the extent it is received within 60 days of year-end for governmental funds, but in the statement of activities, this revenue is recorded as earned upon levy.	(17,299)
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.	1,060,292
Amortization of deferred outflow related to loss on advanced refunding of debt.	(96,012)
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.	
Change in accrued interest payable	(313,959)
Change in compensated absences	(250,953)
Total other postemployment benefits (expense)/income resulting from OPEB reporting is not recorded in the governable funds, but is recorded in the statement of net position.	(63,660)
Pension expense/gain resulting from pension reporting is not recorded in the governmental funds, but is recorded in the statement of net position.	(5,073,640)
Change in net position - governmental activities	<u>\$ (4,255,857)</u>

The accompanying notes are an integral part of these statements.

CITY OF UTICA, NEW YORK

Statement of Net Position - Proprietary Funds
March 31, 2024

	Enterprise Funds				Internal Service Fund
	Sewer Fund	Business Park	UHPDC	Total	Health Insurance
ASSETS:					
Current assets:					
Cash	\$ 1,582,028	\$ -	\$ 19,458	\$ 1,601,486	\$ -
Accounts receivable, net of allowance	158,478	-	-	158,478	-
Due from other funds	1,785,417	-	-	1,785,417	-
Property held for sale	-	-	10,218,273	10,218,273	-
Total current assets	3,525,923	-	10,237,731	13,763,654	-
Noncurrent assets:					
Capital assets, non-depreciable	3,219,748	30,000	-	3,249,748	-
Capital assets, depreciable, net	43,847,992	-	-	43,847,992	-
Total noncurrent assets	47,067,740	30,000	-	47,097,740	-
Total assets	50,593,663	30,000	10,237,731	60,861,394	-
DEFERRED OUTFLOWS OF RESOURCES:					
Other postemployment benefits related	110,167	-	-	110,167	-
Pension related	416,466	-	-	416,466	-
Total deferred outflows of resources	526,633	-	-	526,633	-
LIABILITIES:					
Current liabilities:					
Accounts payable and accrued liabilities	561,882	-	90,000	651,882	-
Accrued interest	48,185	-	-	48,185	-
Due to other funds	4,645,468	-	-	4,645,468	-
Line of credit payable	-	-	1,997,849	1,997,849	-
Current portion of bonds payable	1,058,625	-	-	1,058,625	-
Total current liabilities	6,314,160	-	2,087,849	8,402,009	-
Noncurrent liabilities:					
Bonds payable	13,568,781	-	-	13,568,781	-
Net pension liability	523,688	-	-	523,688	-
Compensated absences	40,999	-	-	40,999	-
Total other postemployment benefits	697,215	-	-	697,215	-
Total noncurrent liabilities	14,830,683	-	-	14,830,683	-
Total liabilities	21,144,843	-	2,087,849	23,232,692	-
DEFERRED INFLOWS OF RESOURCES					
Other postemployment benefits related	75,759	-	-	75,759	-
Pension related	44,731	-	-	44,731	-
Total deferred inflows of resources	120,490	-	-	120,490	-
NET POSITION:					
Net investment in capital assets	32,440,334	30,000	-	32,470,334	-
Unrestricted	(2,585,371)	-	8,149,882	5,564,511	-
Total net position	\$ 29,854,963	\$ 30,000	\$ 8,149,882	\$ 38,034,845	\$ -

The accompanying notes are an integral part of these statements.

CITY OF UTICA, NEW YORK

Statement of Revenue, Expenses, and Changes in Net Position - Proprietary Funds
For the year ended March 31, 2024

	Enterprise Funds				Internal Service Fund
	Sewer Fund	Business Park	UHPDC	Total	Health Insurance
Operating revenue:					
Charges for services - others	\$ 4,022,735	\$ -	\$ -	\$ 4,022,735	\$ -
Charges for services - internal	-	-	-	-	10,939,752
State aid	702,785	-	-	702,785	-
Loss on sale of property	-	-	(323,068)	(323,068)	-
Charges for services	-	-	-	-	-
Total operating revenue	4,725,520	-	(323,068)	4,402,452	10,939,752
Operating expenses:					
Personal services	826,478	-	-	826,478	-
Employee benefits	588,421	-	-	588,421	10,939,752
Contractual services	547,598	-	(120)	547,478	-
Cost of sales	-	-	-	-	-
Depreciation	1,333,978	-	-	1,333,978	-
Total operating expenses	3,296,475	-	(120)	3,296,355	10,939,752
Income (loss) from operations	1,429,045	-	(322,948)	1,106,097	-
Non-operating revenue (expense):					
Interest expense	(234,659)	-	(187,987)	(422,646)	-
Total non-operating revenue (expense)	(234,659)	-	(187,987)	(422,646)	-
Change in net position	1,194,386	-	(510,935)	683,451	-
Net position - beginning of year	28,660,577	30,000	8,660,817	37,351,394	-
Net position - end of year	\$ 29,854,963	\$ 30,000	\$ 8,149,882	\$ 38,034,845	\$ -

The accompanying notes are an integral part of these statements.

CITY OF UTICA, NEW YORK

Statement of Cash Flows - Proprietary Funds
March 31, 2024

	Enterprise Funds				Internal Service Fund
	Sewer Fund	Business Park	UHPDC	Total	Health Insurance
CASH FLOW FROM OPERATING ACTIVITIES:					
Cash received from providing services	\$ 4,013,221	\$ -	\$ -	\$ 4,013,221	
Cash received from state grants	702,785	-	-	702,785	-
Cash received from city	-	-	90,000	90,000	10,939,752
Cash received from other sources	-	-	505,561	505,561	-
Cash payments for contractual expenses	2,946,960	-	-	2,946,960	-
Cash payments to suppliers for goods and services	-	-	-	-	-
Cash payments for personal services and benefits	(1,322,252)	-	-	(1,322,252)	(10,939,752)
Net cash provided (used) by operating activities	6,340,714	-	595,561	6,936,275	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on debt	(1,032,595)	-	-	(1,032,595)	-
Interest paid on debt	(234,659)	-	(187,987)	(422,646)	-
Paid on lines of credit	-	-	(388,116)	(388,116)	-
Additions, net of disposals, to capital assets	(4,276,785)	-	-	(4,276,785)	-
Net cash provided (used) by capital and related financing	(5,544,039)	-	(576,103)	(6,120,142)	-
CHANGE IN CASH	796,675	-	19,458	816,133	-
CASH - beginning of year	785,353	-	-	785,353	-
CASH - end of year	\$ 1,582,028	\$ -	\$ 19,458	\$ 1,601,486	\$ -
Reconciliation of operating income (loss) to net cash flow from operating activities:					
Income (loss) from operations	\$ 1,429,045	\$ -	\$ (322,948)	\$ 1,106,097	\$ -
Depreciation	1,333,978	-	828,509	2,162,487	-
Change in:					
Accounts receivable	(9,514)	-	-	(9,514)	-
Due from other funds	(981)	-	-	(981)	-
Accounts payable	538,979	-	-	538,979	-
Due to other funds	2,952,164	-	-	2,952,164	-
Accrued expenses	4,396	-	90,000	94,396	-
Other postemployment benefits related	51,926	-	-	51,926	-
Pension related	64,660	-	-	64,660	-
Compensated absences	(23,939)	-	-	(23,939)	-
Net cash flow provided (used by) operating activities	\$ 6,340,714	\$ -	\$ 595,561	\$ 6,936,275	\$ -

The accompanying notes are an integral part of these statements.

CITY OF UTICA, NEW YORK

Statement of Net Position - Fiduciary Funds

March 31, 2024

	<i>Custodial</i>	<i>Private Purpose Trusts</i>
ASSETS:		
Restricted cash	\$ -	\$ 109,491
Due from other funds	577,106	-
County property taxes receivable	34,588	-
Total assets	<u>611,694</u>	<u>109,491</u>
LIABILITIES:		
Due to other governments	<u>573,485</u>	-
Total liabilities	<u>573,485</u>	-
NET POSITION:		
Restricted	<u>\$ 38,209</u>	<u>\$ 109,491</u>

Statement of Changes in Net Position - Fiduciary Funds
For the year ended March 31, 2024

	<i>Custodial</i>	<i>Private Purpose Trusts</i>
ADDITIONS:		
County tax collections	\$ 13,806,977	\$ -
Solid waste fee collections	1,332,097	-
Total additions	<u>15,139,074</u>	-
DEDUCTIONS:		
County tax disbursements	13,806,977	-
Solid waste fee disbursements	1,293,888	-
Total deductions	<u>15,100,865</u>	-
CHANGE IN NET POSITION	38,209	-
NET POSITION - beginning of year	-	109,491
NET POSITION - end of year	<u>\$ 38,209</u>	<u>\$ 109,491</u>

The accompanying notes are an integral part of these statements.

CITY OF UTICA, NEW YORK

Notes to Basic Financial Statements

March 31, 2024

1. NATURE OF OPERATIONS

City of Utica, New York (City) was incorporated in 1832, and is governed by its Charter, General Municipal Law and other laws of the State of New York (as well as various local laws and ordinances).

The Common Council, consisting of nine elected members, serves as the legislative body and carries out various administrative duties for the City. The Mayor serves as chief executive officer and the Comptroller serves as chief fiscal officer of the City. The Mayor and Comptroller are each elected for four year terms.

The Board of Estimate and Apportionment (E & A) serves as the administrative body responsible for overseeing the overall operations of the City. The Board of E & A consists of the Mayor, an appointed Common Council member, the City's chief engineer, the City's Comptroller, and the President of the Common Council.

The following basic services are provided: police, fire, public works, sewer, recreation, parks, and economic assistance and opportunity. All governmental activities and functions performed for the City are its direct responsibility.

Reporting Entity

The reporting entity consists of (a) the primary government, City of Utica, (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 City's financial statements to be misleading or incomplete.

The decision to include a potential component in the City's reporting entity is based on several criteria set forth in generally accepted accounting principles 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 following is a brief review of certain entities considered in determining the City's reporting entity as a whole. These activities are included as component units of the primary government.

Blended Component Unit

Blended component units, although legally separate entities, are, in substance, part of the government's operations, therefore, data from these units are combined with data of the primary government.

Utica Urban Renewal Agency – The Utica Urban Renewal Agency (the Agency) provides redevelopment and stabilization programs to properties and communities within the City. Properties are either acquired by the Agency or rehabilitated on the City's behalf. Funding for programs is obtained through Federal grants and loans and proceeds from sale or rental of properties owned by the Agency.

The Agency is considered a component unit of the City because a voting majority of the Agency's governing body consists of City officials and the Agency provides financial benefits or may impose financial burdens on the City. The Mayor is the chairman of the Agency and may appoint two other board members. The City Engineer and the chairman of the Planning Board are also board members. The Common Council has authority to designate two of its members to sit on the Agency's board. The Agency recognizes a March 31 fiscal year end.

CITY OF UTICA, NEW YORK

Notes to Basic Financial Statements

March 31, 2024

Utica Harbor Point Development Corporation (UHPDC) - In 2008, New York State provided for the transfer of land owned by the New York State Canal Corporation to a City of Utica local development corporation to assist in developing Utica's harbor waterfront. The City created the Utica Harbor Point Development Corporation (UHPDC) in 2011 to facilitate that transfer. The Mayor of the City of Utica is the sole member of UHPDC and is responsible for the appointment of members of the Board of Directors. The Board of Directors is responsible for the operation and management of UHPDC. The City has received grant funds from NYS to rehabilitate the Utica inner harbor water front and has contributed matching funds through the issuance of short and long-term debt. UHPDC has a March 31 fiscal year end.

Discretely Presented Component Unit

The Utica Industrial Development Agency (IDA) is a public benefit government agency established to enhance economic development in the City. The Mayor appoints the board and the IDA is a component unit of the City. The IDA has a year end of December 31 and audited financial statements may be obtained from the IDA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

The City's basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities; and fund level financial statements which provide a more detailed level of information.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present financial information about the City's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions.

Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenue for each function of the City's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenue includes charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

Fund Financial Statements

The City uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

The accounts of the City are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenue, and expenditures. The various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated. The fund types and account groups used by the City are as follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Governmental Fund Types

Governmental funds are those in which most governmental functions of the City are reported. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in the proprietary and fiduciary funds) are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial position rather than upon determination of net income.

The City utilizes the following major funds:

- General Fund - The general fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds.
- Community Development Fund - Established primarily to account for the expenditures relating to the restricted resources from the Department of Housing and Urban Development.
- Capital Projects Fund- The capital projects fund is used to account for financial resources used for the acquisition or construction of major capital projects (other than those reported in the proprietary fund type).

The City utilizes the following nonmajor funds:

- Recreation Fund - The recreation fund is used to account for the activities of the City's golf course.
- Debt Service Fund - Established to account for current payments of principal and interest on long-term debt, other than that accounted for in the business-type activities.
- Permanent Fund – Established to account for the capital trust funds which the City is able to use the earnings on the principal for capital improvements.
- Urban Renewal Agency (Blended Component Unit) – Established to account for the proceeds from sales or rentals of Agency owned property as well as state and federal grants and loans.

Proprietary Fund Types

Proprietary funds are used to account for the City's on-going activities that are similar to those found in the private sector. The measurement focus is upon determination of net income. The City utilizes the following major proprietary funds:

Enterprise Funds

- Sewer Fund - The fund accounts for sewer services to residents and businesses within the City. The fund recognizes capital grants as a non-revenue source of funds. Fixed assets are depreciated on a straight-line basis over their estimated useful lives of 5 to 50 years.
- Business Park - The fund accounts for the development and leasing of commercial properties and land sales for private commercial development of the City's Business Park.
- UHPDC (Blended Component Unit) - Utica Harbor Point Development Corp. accounts for grant revenue and expenditures related to improving, promoting and rehabilitating the area known as Harbor Point in the City of Utica.

CITY OF UTICA, NEW YORK

Notes to Basic Financial Statements

March 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

Enterprise Funds (Continued)

The City has previously sold a majority of its assets in the Business Park to a private realty company.

Internal Service Fund

- Health Insurance Fund - This fund accounts for the accumulation of resources for the provision of health benefits and other obligations related to the administration of health benefits. The Health Insurance Fund reports any activity that provides goods and services to other funds or departments on a cost-reimbursement basis. The fund was established effective April 1, 2022 to account for the provision of health insurance benefits to City employees in accordance with General Municipal Law 92.a.

Fiduciary Fund Types

Fiduciary funds are 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's fiduciary funds are presented in the fiduciary fund financial statements. By definition these assets are being held for the benefit of a third party (other local governments, private parties, deferred compensation participants, etc.) and cannot be used to address activities or obligations of the government, accordingly, these funds are not incorporated into the government-wide statements. The City has two fiduciary funds:

- Private Purpose Trust Funds - The fund accounts for trust arrangements in which principal and income benefits third parties.
- Custodial Funds - Custodial funds account for assets held by the City in a purely custodial capacity. Since these funds are custodial in nature, they do not involve the measurement of results of operations.

Basis of Accounting and Measurement Focus

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide 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 noncurrent) 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.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are included in the balance sheet. Under the modified accrual basis of accounting, revenue is recorded when it is susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter (within 60 days of year-end) to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, and pension contributions, are recorded when the liability is incurred, if measurable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In applying the susceptible-to-accrual concept to state and federal aid, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of this revenue. In one, monies must be expended on the specific purpose or project before any amounts are recorded as revenue by the City; therefore, revenue is recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are generally reflected as revenue at the time of receipt.

Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue. Other revenue, except for property taxes (see Note 5), is recorded when received in cash because it is generally not measurable until actually received.

The accrual basis of accounting is used by the proprietary funds. Under the accrual basis of accounting, revenue is recorded when earned and expenses are recorded when incurred.

Budgetary Data

General Budget Process

Annual budgets are adopted on a basis generally consistent with U.S. GAAP, except for community development fund and capital projects fund which adopt project length budgets. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. The budget may be amended by the Legislature for increased grants or State aid received during the year.

The general, community development and other governmental funds have legally adopted budgets. Appropriations for all budgets lapse at fiscal year-end. The general fund's budget is adopted on a departmental and object level of expenditure basis in which expenditures may not legally exceed appropriations on a departmental and object of expenditure level. The debt service fund's budget consists primarily of transfers from the general and the other fund budgets for its debt service requirements under related City debt obligations.

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

The budget policies are as follows:

1. Budgets are adopted annually on a basis consistent with the U.S. generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.
2. No later than February 20 of each year, the Mayor submits a tentative budget to the Board of E & A for the fiscal year commencing the following April 1. The tentative budget includes proposed expenditures and the means of financing them.
3. Public hearings are conducted to obtain taxpayer comments.
4. The budget as proposed or amended is approved by The Common Council.
5. All budget modifications and transfers require approval from the Board of E & A.
6. Encumbrance accounting – Purchase orders, contracts, and other commitments for expenditure of monies for budgetary control purposes are recorded in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end are reported as reservations of fund balance if neither expenditures nor liabilities exist.

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

CITY OF UTICA, NEW YORK

Notes to Basic Financial Statements March 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances at year-end are reported as assigned reservations of fund balances since the commitments do not constitute expenditures or liabilities.

	<u>General Fund</u>
Original adopted budget	\$ 80,042,215
Appropriation adjustments	<u>44,863,058</u>
Amended budget	<u>\$ 124,905,273</u>

Fund Balance Deficit

The Capital Projects Fund has a deficit of \$30,320,729 as of March 31, 2024. This deficit will be eliminated in future years as bond anticipation notes are either redeemed from appropriations or replaced with long-term debt.

Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from these estimates and such differences may be significant.

Cash

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.

Accounts Receivable

The City establishes an allowance for doubtful accounts based on a review of outstanding amounts and the past history of collections. All trade accounts and property taxes receivable are shown net of an allowance for doubtful accounts.

Due To/From Other Funds

The amounts reported on the government funds balance sheet for due to and due from other funds represents amounts due between different fund types (general, community development, sewer, and capital projects funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

Prepaid Expenditures

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the fund and government-wide statements. The consumption method is used to account for these costs.

Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to March 31, 2007. For assets acquired prior to March 31, 2007 estimated historical costs were used. Donated assets are reported at estimated fair market value at the time received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
Capital Assets (Continued)

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts) are \$5,000. Depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

Construction	40 Years
Land Improvements	10-40 Years
Machinery and Equipment	5-15 Years
Infrastructure	20-50 Years
Vehicles	5-15 Years

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.

Deferred Outflows and Inflows

Government-Wide Financial Statements

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources for the early retirement of debt. A deferred outflow on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Also, the City has deferred outflows of resources, which are comprised of New York State Retirement Systems pension amounts as described in Note 12 and other postemployment benefits as described in the notes.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows of resources resulting from New York State Retirement Systems pension amounts and other postemployment benefits as described in the notes.

Fund Financial Statements

In addition to liabilities, the balance sheet of the governmental funds includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from property taxes and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

City employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions. It is the City's policy to accrue all costs associated with earned, but not yet paid, compensated absences of all employees involved in the operations of the City's reporting entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension Plans

The City participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as the New York State and Local Retirement System (the System). ERS and PFRS are cost sharing multiple employer systems that provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244-0001.

Other Postemployment Benefits

In addition to providing retirement benefits, the City provides certain health benefits for retired employees. Substantially all of the City's employees have the option of receiving these benefits that are provided by an insurance company upon retirement. At the fund level, the City recognizes the cost of providing these benefits as the premiums are paid.

Equity Classifications – Government-Wide Statements

Equity is classified as net position and displayed in three components:

- 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.
- c) Unrestricted net position - all other net position that do not meet the definition of restricted or invested in capital assets.

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

Fund Balance – Governmental Fund Statements

In the fund financial statements there are five classifications of fund balance:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact. Nonspendable fund balance includes the prepaid items and inventory recorded in the general fund.

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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 Common Council. The City has no committed fund balances as of March 31, 2024.

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.

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; or deficit fund balances in any other fund type.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Order of Fund Balance Spending Policy

The City's 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.

Property Taxes

City property taxes are levied annually no later than March 31st and become a lien on June 1st. Accordingly, property tax is recognized as revenue in the year for which the levy is made, and to the extent that such taxes are received within the reporting period of 60 days thereafter. Delinquent property taxes not collected at year-end (excluding collections in the 60 day subsequent period) are included in deferred inflows.

Insurance

The City assumes the risk for general liability. The City is involved in many pending tort claims against it, the ultimate outcomes of which cannot be reasonably determined. Therefore, judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

Allowance for Uncollectible Accounts

The City has established allowances for certain non tax receivables. At March 31, 2024, an allowance of \$522,253 for uncollectible loans issued has been recorded in the Community Development Fund.

Sale of Assets

During 1996, the City sold its water facility to an independent governmental agency. The sale consisted of the City receiving \$9,000,000 in cash to be held in trust, with interest to fund future capital expenditures; a \$7,000,000 note receivable collectible over 40 years, and a \$1,000,000 loan payable over 10 years as a reduction of the principal payment of the note receivable. At March 31, 2024, the City has a remaining balance of \$4,284,476 recorded as a receivable due from other governments in the general fund and corresponding deferred inflows.

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND CITY-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the City-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

The differences result primarily from the long term economic focus of the City-wide statements, compared with the current financial resources focus of the governmental funds.

Total Fund Balances of Governmental Funds vs. Net position of Governmental Activities

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

Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the Statement of Activities fall into one of three broad categories:

Long-Term Revenue Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered available, whereas the Statement of Activities reports revenue when earned.

Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

CITY OF UTICA, NEW YORK

Notes to Basic Financial Statements
March 31, 2024

4. CASH AND CASH EQUIVALENTS

The City’s investment policies are governed by the statutes of the State of New York (State). In addition, the City has its own written investment policy. The City’s monies must be deposited in 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 U.S. Government and its agencies and obligations of the State of New York.

The City does not typically purchase investments for a long enough duration to cause it to be believed that it is exposed to any material interest rate risk.

For purposes of reporting the statement of cash flows for proprietary fund type, the City includes all cash accounts which are not subject to withdrawal restrictions or penalties as cash.

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. Generally accepted accounting principles directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance.

As of March 31, 2024, all of the City’s cash were either insured or collateralized with securities held by the pledging financial institution’s trust department in the City’s name:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash including fiduciary funds	<u>\$ 30,176,774</u>	<u>\$ 32,051,622</u>
Collateral with securities held by the pledging financial institution's trust department or agent in the City's name	\$ 28,657,317	
Covered by FDIC Insurance	<u>1,519,457</u>	
Total	<u>\$ 30,176,774</u>	

Restricted cash was \$11,085,228 at March 31, 2024 and represents amounts restricted for reserves or by various funding sources.

5. TAXES AND COLLECTION

City real property taxes are levied annually no later than April 5 and are collected between April and March. The City enforces all delinquent taxes. The City is also responsible for collecting Oneida County taxes for property within the City and guarantees school taxes due to the Utica City School District for properties within the City.

Property tax revenues are recognized as revenues in the year they are levied and collected, to the extent they are collected within 60 days subsequent to year-end. Property taxes not collected within 60 days subsequent to year end are reported as deferred revenue in the fund financial statements.

Uncollected City, School District, and County taxes assumed by the City for collection through March 31, 2024, were \$6,824,849 net of an allowance of \$1,159,613.

CITY OF UTICA, NEW YORK

Notes to Basic Financial Statements
March 31, 2024

5. TAXES AND COLLECTION (Continued)

Sales Tax

The sales tax rate in the City at March 31, 2024, was 8.75%. Tax receipts are allocated between the municipalities as follows:

New York State	4.00%
Oneida County	2.75%
City of Utica	<u>2.00%</u>
Total	<u>8.75%</u>

The City receives 1.5% of its sales tax payments from New York State on a bi-monthly basis and 0.5% from Oneida County on a quarterly basis.

Sales tax revenues are recorded on an accrual basis to the extent that such accrued amounts were received by New York State and Oneida County (the intermediary governments) from vendors through March 31. The City also accrues its portion of such revenue attributable to the current year but not remitted to the State (and ultimately the County) in the subsequent year.

Non-property tax revenues recognized by the general fund during the year ended March 31, 2024, include approximately \$18.7 million in sales tax. This amount includes an accrual of approximately \$3.5 million in sales tax collected by the State of New York and the County of Oneida, 60 days after the City's fiscal year, relating to vendor sales which occurred during the 2023 fiscal year.

6. LOANS RECEIVABLE

Community Development Block Grants

The City is the recipient of Community Development Block Grants to operate revolving loan funds. These funds are to be loaned to businesses and not-for-profit organizations for the purpose of creating and retaining permanent jobs within the City. The balance of loans receivable at March 31, 2024 of \$4,873,515 consists of loans that require periodic payments of principal and interest or interest only for loans that have not been fully drawn down, and have a rate of interest at one-half of prime plus one percent. Deferred inflows related to these loans consist of the principal balance on these loans of \$5,395,768.

The loan receivable balance also includes other loans receivable totaling \$7,398.

CITY OF UTICA, NEW YORK

Notes to Basic Financial Statements
March 31, 2024

7. CAPITAL ASSETS

Capital asset balances and activity for the year ended March 31, 2024 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 42,439,598	\$ -	\$ -	\$ 42,439,598
Construction in process	24,235,465	20,856,843	(22,986,459)	22,105,849
Total non-depreciable cost	66,675,063	20,856,843	(22,986,459)	64,545,447
Capital assets that are depreciated:				
Land improvements	67,217,459	7,630,725	-	74,848,184
Construction	73,590,862	10,505,073	-	84,095,935
Infrastructure	184,845,158	2,229,433	-	187,074,591
Machinery and equipment	18,580,716	940,025	-	19,520,741
Vehicles	21,113,444	1,681,202	-	22,794,646
Total depreciable cost	365,347,639	22,986,458	-	388,334,097
Less: Accumulated depreciation	270,833,602	8,859,759	-	279,693,361
Total depreciable cost, net	94,514,037	14,126,699	-	108,640,736
Lease assets being amortized:				
Equipment	288,410	12,232	(358)	300,284
Total lease assets being amortized	288,410	12,232	(358)	300,284
Less: Accumulated amortization	64,538	68,745	(358)	132,925
Total lease assets being amortized, net	223,872	(56,513)	-	167,359
Total capital assets, net	\$ 161,412,972	\$ 34,927,029	\$ (22,986,459)	\$ 173,353,542

Depreciation and amortization was charged to governmental activities as follows:

	Depreciation	Amortization
General government support	\$ 1,506,117	\$ 68,745
Public safety	2,923,641	-
Transportation	3,455,453	-
Culture and recreation	974,548	-
Total	\$ 8,859,759	\$ 68,745

CITY OF UTICA, NEW YORK

**Notes to Basic Financial Statements
March 31, 2024**

7. CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets that are not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Construction in process	<u>5,283,203</u>	<u>4,276,785</u>	<u>(6,340,240)</u>	<u>3,219,748</u>
Total non-depreciable cost	<u>5,313,203</u>	<u>4,276,785</u>	<u>(6,340,240)</u>	<u>3,249,748</u>
Capital assets that are depreciated:				
Construction	19,708	-	-	19,708
Infrastructure	61,391,871	6,286,331	-	67,678,202
Machinery and equipment	610,114	-	-	610,114
Licensed Vehicles	<u>188,474</u>	<u>53,909</u>	<u>-</u>	<u>242,383</u>
Total depreciable cost	<u>62,210,167</u>	<u>6,340,240</u>	<u>-</u>	<u>68,550,407</u>
Less: Accumulated depreciation	<u>23,368,437</u>	<u>1,333,978</u>	<u>-</u>	<u>24,702,415</u>
Total depreciable cost, net	<u>38,841,730</u>	<u>5,006,262</u>	<u>-</u>	<u>43,847,992</u>
Total capital assets, net	<u>\$ 44,154,933</u>	<u>\$ 9,283,047</u>	<u>\$ (6,340,240)</u>	<u>\$ 47,097,740</u>

Depreciation was charged to business-type activities as follows:

Sewer	<u>\$ 1,333,978</u>
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8. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources for governmental funds consist of the following at March 31, 2024:

General Fund

MVWA loan deferred revenue	\$ 4,284,476
Property tax revenues	1,555,925
Other deferred revenue	303,508
Leases	<u>254,958</u>
	<u>\$ 6,398,867</u>

Community Development

Loan deferred revenue	\$ 5,395,768
HUD deferred revenue	<u>901,016</u>
	<u>\$ 6,296,784</u>

CITY OF UTICA, NEW YORK

Notes to Basic Financial Statements
March 31, 2024

9. SHORT-TERM DEBT

The City may issue Bond Anticipation Notes, in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. The City refinances BANs annually. The City also issues Revenue Anticipation Notes as needed for cash flow purposes. The current fiscal year short term debt activity is as follows:

	Maturity Date	Rate	Beginning Balance	Issued	Redeemed	Ending Balance
Governmental Activities:						
BAN	8/30/2024	4.25%	\$ -	\$ 7,344,350	\$ -	\$ 7,344,350
BAN	1/24/2025	4.50%	-	23,352,000	-	23,352,000
BAN	04/28/2023	1.77%	7,350,000	-	(7,350,000)	-
BAN	1/25/2024	5.00%	20,939,000	-	(20,939,000)	-
			<u>\$ 28,289,000</u>	<u>\$ 30,696,350</u>	<u>\$ (28,289,000)</u>	<u>\$ 30,696,350</u>
Business-Type Activities:						
LOC payable	On demand	3.25%	<u>\$ 2,385,965</u>	<u>\$ -</u>	<u>\$ (388,116)</u>	<u>\$ 1,997,849</u>

UHPDC's outstanding lines of credit from direct borrowings of \$1,997,849 contain a provision that in an event of default the lender may have, do any one or more of the following: (a) cancel the agreement and/or withhold further advances; (b) institute appropriate proceedings to enforce the performance of the agreement and the other related documents; (c) expend funds necessary to remedy the event of default; (d) execute upon any of the collateral, in any manner available under applicable law; and (e) exercise any other right or remedy which it has under any related document or which is otherwise available to lender at law or in equity.

UHPDC is in default of the loan agreement dated March 18, 2021. Accordingly, the lender may demand payment on this note at any time.

CITY OF UTICA, NEW YORK

**Notes to Basic Financial Statements
March 31, 2024**

10. LONG-TERM LIABILITIES

Long-term liability activity is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due within one year
Governmental Activities:					
Serial bonds	\$ 20,980,707	\$ 14,740,000	\$ 3,629,365	\$ 32,091,342	\$ 4,109,713
Installment purchase debt	2,906,712	-	941,129	1,965,583	598,031
Remediation costs	6,148,000	-	-	6,148,000	-
Total governmental long-term debt	<u>\$ 30,035,419</u>	<u>\$ 14,740,000</u>	<u>\$ 4,570,494</u>	<u>\$ 40,204,925</u>	<u>\$ 4,707,744</u>
Other liabilities:					
Compensated absences*	<u>\$ 2,329,382</u>	<u>\$ 250,953</u>	<u>\$ -</u>	<u>\$ 2,580,335</u>	<u>\$ -</u>

*Additions and deletions are shown net because it is impractical to determine these amounts separately.

	Beginning Balance	Increase	Decrease	Ending Balance	Due within one year
Business-type activities:					
Serial bonds	<u>\$ 15,660,001</u>	<u>\$ -</u>	<u>\$ 1,032,595</u>	<u>\$ 14,627,406</u>	<u>\$ 1,058,625</u>
Other liabilities:					
Compensated absences*	<u>\$ 64,938</u>	<u>\$ -</u>	<u>\$ 23,939</u>	<u>\$ 40,999</u>	<u>\$ -</u>

*Additions and deletions are shown net because it is impractical to determine these amounts separately.

General Obligation Bonds

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

CITY OF UTICA, NEW YORK

Notes to Basic Financial Statements
March 31, 2024

10. LONG-TERM LIABILITIES (Continued)

Outstanding long-term bonds are as follows:

Description	Date Issued	Maturity	Interest Rate	Original Amount	Balance at March 31, 2024
Governmental Activities:					
Refunding	2013	2026	2-4%	\$ 14,591,460	\$ 3,290,780
Improvements	2014	2026	0.5-3%	1,936,000	555,200
Improvements	2017	2037	3.00%	2,860,000	2,135,000
Improvements	2015	2032	2-4%	3,015,100	1,822,580
Refunding	2017	2027	1.5-5.5%	8,072,737	2,112,782
Improvements	2018	2033	2.38%	11,525,000	7,435,000
Improvements	2023	2040	4.00%	<u>14,740,000</u>	<u>14,740,000</u>
Total long term bonds				<u>\$ 56,740,297</u>	<u>\$ 32,091,342</u>
Business-Type:					
Refunding	2013	2026	2-4%	\$ 3,768,540	\$ 854,220
Improvements	2014	2026	0.5-3%	488,000	139,800
Improvements	2015	2032	2.75-3.25%	872,500	527,420
Improvements	2015	2045	0.2-4.3%	9,022,035	6,715,000
Improvements	2018	2033	2.38%	300,000	190,000
Refunding	2017	2027	1.5-5%	1,192,268	512,218
Improvements	2020	2049	0.00%	2,977,103	2,651,330
Improvements	2022	2051	0.00%	<u>3,254,374</u>	<u>3,037,418</u>
Total long term bonds				<u>\$ 21,874,820</u>	<u>\$ 14,627,406</u>

Annual debt service for general obligation debt is as follows:

	Governmental		Business-Type	
	Principal	Interest	Principal	Interest
2025	\$ 4,109,713	\$ 1,059,920	\$ 1,058,625	\$ 208,110
2026	3,726,071	373,060	1,083,628	184,895
2027	2,726,429	297,045	829,649	164,584
2028	2,199,968	244,467	677,480	149,998
2029	1,916,650	207,108	552,168	140,080
2030-2034	9,412,511	503,174	2,837,114	576,500
2035-2039	5,660,000	39,788	2,693,848	383,224
2040-2044	2,340,000	-	2,938,074	181,919
2045-2049	-	-	1,512,301	9,413
2050-2052	-	-	<u>444,519</u>	-
	<u>\$ 32,091,342</u>	<u>\$ 2,724,562</u>	<u>\$ 14,627,406</u>	<u>\$ 1,998,723</u>

CITY OF UTICA, NEW YORK

**Notes to Basic Financial Statements
March 31, 2024**

10. LONG-TERM LIABILITIES (Continued)

Installment Purchase Debt

The City purchased fire equipment, ambulances, and highway equipment under installment purchase agreements which mature at various times through 2030. The City also entered into an Energy Performance Contract Municipal Purchase Agreement in which the City purchased certain energy conservation improvements commencing April 2009 and maturing April 2024.

Annual debt service for installment purchase debt is as follows:

	Governmental	
	Principal	Interest
2025	\$ 598,031	\$ 55,113
2026	613,425	39,718
2027	342,272	23,906
2028	227,873	14,064
2029	183,982	6,531
	<u>\$ 1,965,583</u>	<u>\$ 139,332</u>

In addition to the above, the City has the following other long-term liabilities:

Remediation Costs – The Leland Avenue dump site, owned by the City, was determined by the City's outside engineers to contain toxic waste contaminants. The City's outside engineers estimate the costs to decontaminate the site to be approximately \$6,148,000. The City has recorded a liability in this amount to reflect the anticipated remediation costs.

Total interest on debt for the year was composed of:

	Governmental	Business-Type	Total
Interest paid	\$ 1,948,012	\$ 230,263	\$ 2,178,275
Plus: Interest accrued in current year	890,542	48,185	938,727
Plus: Amortization of loss on refunding	96,012	-	96,012
Less: Interest accrued in prior year	(576,583)	(43,789)	(620,372)
	<u>\$ 2,357,983</u>	<u>\$ 234,659</u>	<u>\$ 2,592,642</u>

11. LEASE AGREEMENTS

City as Lessee

The City leases various equipment and copiers. The leases have various inception dates and remaining terms of 4 to 60 months. The leases do not contain renewal options. Lease agreements are summarized as follows:

Description	Interest Rate	Total Lease Liability
Golf Carts	2.73%	\$ 118,664
Folding Machine	2.73%	6,262
Copiers	2.73%	9,447
Copiers	2.73%	4,829
Copiers	2.73%	25,373
Printer	2.73%	10,870
		<u>\$ 175,445</u>

CITY OF UTICA, NEW YORK

**Notes to Basic Financial Statements
March 31, 2024**

11. LEASE AGREEMENTS (Continued)

City as Lessee (Continued)

Lease activity for the year ended March 31, 2024 is summarized as follows:

Beginning Balance	Additions	Subtractions	Ending Balance	Amount Due Within One Year
<u>\$ 226,372</u>	<u>\$ 12,232</u>	<u>\$ 63,159</u>	<u>\$ 175,445</u>	<u>\$ 66,763</u>

Annual requirements to amortize lease obligations and related interest are as follows:

<u>Fiscal Year Ending March 31,</u>	Principal	Interest	Total
2025	\$ 66,763	\$ 4,290	\$ 71,053
2026	62,173	2,510	64,683
2027	45,396	834	46,230
2028	1,113	4	1,117
Total	<u>\$ 175,445</u>	<u>\$ 7,638</u>	<u>\$ 183,083</u>

City as Lessor

The City is the lessor of office space. The lease runs from April 1, 2002 through October 31, 2026. The lease is summarized as follows:

Office Space	<u>\$ 261,294</u>
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Activity of lease inflows for the year ended March 31, 2024 is as follows:

Lease-related Revenue:

Lease revenue	\$ 98,693
Interest revenue	<u>8,344</u>
	<u>\$ 107,037</u>

Future minimum lease payments due the City are as follows:

<u>Fiscal Year Ending March 31,</u>	Principal	Interest	Total
2025	\$ 98,968	\$ 5,901	\$ 104,869
2026	101,705	3,165	104,870
2027	60,621	553	61,174
Total	<u>\$ 261,294</u>	<u>\$ 9,619</u>	<u>\$ 270,913</u>

12. RETIREMENT PLANS

Plan Description

The City participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employees' Group Life Insurance Plan (collectively, the Systems). These are cost-sharing multiple-employer, public employee 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 supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244-0001.

13. Funding Policies

Membership, benefits, and employer and employee obligations to contribute are described in the NYSRSSL using the tier concept. Pension legislation established tier membership by the date a member last joined the Retirement System. They are as follows:

- Tier 1 - Those persons who last became members of the System before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 - Generally those persons who are State correction officers who last became members on or after July 27, 1976, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 - Generally, except for correction officers, those persons who last became members on or after September 1, 1983.
- Tier 5 - Those persons who last became members of the System on or after January 1, 2010.
- Tier 6 - Those persons who last became members of the System on or after April 1, 2012.

Contributions

The System is noncontributory for employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 (ERS) or January 9, 2010 (PFRS), employees in the System generally contribute 3% of their salary throughout their active membership. Employees who join on or after April 1, 2012 will contribute 3% of their reportable salary. Beginning April 1, 2013, the contribution rate for Tier 6 members will vary based on each member's annual compensation varying between 3-6%. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly as used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

CITY OF UTICA, NEW YORK

Notes to Basic Financial Statements
March 31, 2024

13. Funding Policies (Continued)

Contributions (Continued)

The City is required to contribute at an actuarially determined rate. The required contribution for the current year and two preceding years were:

	ERS	PFRS
2025	\$ 1,439,069	\$ 7,373,887
2024	\$ 1,466,470	\$ 6,961,275
2023	\$ 1,500,899	\$ 6,540,874

The City's contribution made to the Systems was equal to 100 percent of the contributions required for each year.

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

At March 31, 2024, the City reported net pension liability (asset) for its proportionate share of the ERS and PFRS net pension liability (asset). The net pension liability (asset) was measured as of March 31, 2023, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by the actuarial valuation as of April 1, 2022. The City's proportion of the net pension liability (asset) 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 March 31, 2024, the City reported the following:

	NYSERS	NYSERS	NYSERS	NYSERS
City's Proportion Percent		0.0335082%		0.7141435%
Net Pension Liability (asset)	\$	7,185,505	\$	39,352,675
Pension Expense	\$	2,897,469	\$	11,024,928

The allocation of the net pension liability and pension expense for governmental activities at March 31, 2024 was as follows:

	NYSERS	NYSERS	NYSERS	NYSERS
City's Proportion Percent		0.0331311%		0.7061073%
Net Pension Liability (asset)	\$	7,104,647	\$	38,909,845
Pension Expense	\$	2,864,864	\$	10,900,866

The allocation of the net pension liability and pension expense for business-type activities at March 31, 2024 was as follows:

	NYSERS	NYSERS	NYSERS	NYSERS
City's Proportion Percent		0.0003771%		0.0080362%
Net Pension Liability (asset)	\$	80,858	\$	442,830
Pension Expense	\$	32,605	\$	124,062

CITY OF UTICA, NEW YORK

Notes to Basic Financial Statements
March 31, 2024

13. Funding Policies (Continued)

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

At March 31, 2024, the City reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	
	NYSERS	NYSPFRS
Differences between expected and actual experience	\$ 765,312	\$ 3,846,328
Net difference between projected and actual earnings on pension plan investments	3,489,744	69,570
Changes in proportion and differences between the City's contributions and proportionate share of contributions	-	346,534
Changes in assumptions	502,869	19,176,456
Contributions subsequent to the measurement date	1,439,069	7,373,887
Total	<u>\$ 6,196,994</u>	<u>\$ 30,812,775</u>

	Deferred Inflows of Resources	
	NYSERS	NYSPFRS
Differences between expected and actual experience	\$ 201,796	\$ -
Changes in assumptions	38,568	-
Net difference between projected and actual earnings on pension plan investments	42,215	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	246,679	3,445,861
Total	<u>\$ 529,258</u>	<u>\$ 3,445,861</u>

The allocation of deferred inflows and outflows for the governmental activities at March 31, 2024 were as follows:

	Deferred Outflows of Resources	
	NYSERS	NYSPFRS
Differences between expected and actual experience	\$ 756,700	\$ 3,803,046
Net difference between projected and actual earnings on pension plan investments	3,450,474	68,787
Changes in proportion and differences between the City's contributions and proportionate share of contributions	-	342,634
Changes in assumptions	497,210	18,960,666
Contributions subsequent to the measurement date	1,422,875	7,290,910
Total	<u>\$ 6,127,260</u>	<u>\$ 30,466,043</u>

CITY OF UTICA, NEW YORK

Notes to Basic Financial Statements
March 31, 2024

13. Funding Policies (Continued)

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

	Deferred Inflows of Resources	
	NYSERS	NYSPFRS
Differences between expected and actual experience	\$ 199,525	\$ -
Changes in assumptions	38,134	-
Net difference between projected and actual earnings on pension plan investments	41,740	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	243,903	3,407,085
Total	<u>\$ 523,302</u>	<u>\$ 3,407,085</u>

The allocation of deferred inflows and outflows for the business-type activities at March 31, 2024 were as follows:

	Deferred Outflows of Resources	
	NYSERS	NYSPFRS
Differences between expected and actual experience	\$ 8,612	\$ 43,282
Net difference between projected and actual earnings on pension plan investments	39,270	783
Changes in proportion and differences between the City's contributions and proportionate share of	-	3,900
Changes in assumptions	5,659	215,790
Contributions subsequent to the measurement date	16,194	82,977
Total	<u>\$ 69,734</u>	<u>\$ 346,732</u>

	Deferred Inflows of Resources	
	NYSERS	NYSPFRS
Differences between expected and actual experience	\$ 2,271	\$ -
Changes in assumptions	434	-
Net difference between projected and actual earnings on pension plan investments	475	-
Changes in proportion and differences between the City's contributions and proportionate share of	2,776	38,776
Total	<u>\$ 5,956</u>	<u>\$ 38,776</u>

The City recognized deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2023 of \$1,439,069 and \$7,373,887 for ERS and PFRS, respectively, which will result in a reduction of the net pension liabilities in the year ended March 31, 2025.

CITY OF UTICA, NEW YORK

Notes to Basic Financial Statements
March 31, 2024

13. Funding Policies (Continued)

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

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

Plan's Year Ended March 31:	Governmental Activities		Business-type Activities	
	NYSERS	NYSPPFRS	NYSERS	NYSPPFRS
2024	\$ 1,013,516	\$ 3,244,484	\$ 11,535	\$ 36,925
2025	(305,171)	(1,680,782)	(3,473)	(19,129)
2026	1,500,999	10,849,056	17,083	123,472
2027	1,971,739	6,792,634	22,440	77,307
2028	-	562,654	-	6,404
	<u>\$ 4,181,083</u>	<u>\$ 19,768,046</u>	<u>\$ 47,585</u>	<u>\$ 224,979</u>

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 liabilities calculated using the discount rate of 5.9%, as well as what the City's proportionate share of the net pension liabilities would be if it were calculated using a discount rate that is 1% lower (4.9%) or 1% higher (6.9%) than the current rate:

	Current Discount		
	1% Decrease 4.9%	Rate 5.90%	1% Increase 6.9%
Proportionate Share of Net Pension Liabilities (Assets) - NYSERS	\$ 17,364,281	\$ 7,185,505	\$ (1,320,048)
Proportionate Share of Net Pension Liabilities (Assets) - NYSPPFRS	\$ 82,032,492	\$ 39,352,675	\$ 4,011,223

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 NYSERS and NYSPPFRS:

Actuarial cost method	Entry age normal
Inflation	2.90%
Salary scale	4.40% for ERS, 6.20% for PFRS indexed by service
Projected COLAs	1.50% compounded annually
Decrement	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

13. Funding Policies (Continued)**Long-Term Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2023 are summarized below:

Long-Term Expected Rate of Return

<u>Asset Type</u>	<u>Target allocation</u>	<u>Long-Term expected real rate of return</u>
Domestic Equity	32%	4.30%
International Equity	15%	6.85%
Private Equity	10%	7.50%
Real Estate	9%	4.60%
Opportunistic Portfolio/ARS	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 5.9%. 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.

CITY OF UTICA, NEW YORK

Notes to Basic Financial Statements March 31, 2024

13. Funding Policies (Continued)

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability of the employers as of March 31, 2023 for ERS and PFRS are as follows:

ERS (thousands)

Total pension liability	\$ 232,627,259
Net position	<u>(211,183,223)</u>
Net pension liability (asset)	<u>\$ 21,444,036</u>
ERS net position as a percentage of total pension liability	90.78%

PFRS (thousands)

Total pension liability	\$ 43,835,333
Net position	<u>(38,324,863)</u>
Net pension liability (asset)	<u>\$ 5,510,470</u>
ERS net position as a percentage of total pension liability	87.43%

14. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City provides post employment benefits to its retired employees and their survivors in accordance with the provisions of employment contracts negotiated between the City and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the City. Currently, approximately 180 retirees meet those requirements. The City pays 75-90% of the cost of premiums, depending on contract group, to an insurance company that provides the healthcare insurance. No assets are accumulated in a trust meeting the requirements of GASB 75.

The City provides postemployment health insurance, vision insurance, etc. coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the City's contractual agreements.

Funding Policy

The obligations of the Plan members, employees, and other entities are established and amended by action of the City pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the member vary depending on the applicable agreement. The retirees currently contribute enough money to the Plan to satisfy current obligations on a pay-as-you go basis. The costs of administering the Plan are paid by the City.

CITY OF UTICA, NEW YORK**Notes to Basic Financial Statements
March 31, 2024**

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)**Employees Covered by Benefit Terms**

At March 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	185
Inactive employees entitled to but not yet receiving benefits	-
Active Employees	<u>446</u>
Total Participants	<u>631</u>

Total OPEB Liability

The City's total OPEB liability of \$61,700,445 was measured as of April 1, 2023, and was determined by an actuarial valuation as of April 1, 2022.

Governmental Activities	\$ 61,003,230
Business-Type Activities	<u>697,215</u>
Total OPEB Liability	<u>\$ 61,700,445</u>

Changes in the Total OPEB Liability

Balance at March 31, 2023	<u>\$ 65,243,228</u>
Changes for the year:	
Service cost	2,317,348
Interest cost	1,789,931
Changes in assumptions	(3,659,367)
Benefit payments	<u>(3,990,695)</u>
Net change	<u>(3,542,783)</u>
Balance at March 31, 2024	<u>\$ 61,700,445</u>

Changes of assumptions and other inputs reflects a change in the discount rate from 2.73% on April 1, 2022 as of March 31, 2023 to 3.50% on April 1, 2023 as of March 31, 2024.

Because the OPEB plan is not funded, the selection of the discount rate is consistent with the GASB 75 standards discounting unfunded liabilities based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

CITY OF UTICA, NEW YORK

Notes to Basic Financial Statements
March 31, 2024

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the April 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Reporting date	March 31, 2024
Measurement date	April 1, 2023
Actuarial valuation date	April 1, 2022
Actuarial cost method	Entry Age Normal - Level Percent of Pay
Discount rate	3.50% as of April 1, 2023
Payroll growth	3.50%
Inflation rate	2.20%
Healthcare cost trends	7.80% for 2024, decreasing to an ultimate trend rate of 3.94% in 2093 and beyond.
Mortality - Actives	The Pub-2010 Mortality Table for employees: sex distinct, job category-specific, headcount weighted, and adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.
Mortality - Retirees	The Pub-2010 Mortality Table for healthy retirees: sex distinct, job category-specific, headcount weighted, and adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.

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

The following presents that the total OPEB liability for the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current discount rate:

	1 % Decrease (2.50%)	Current Discount Rate (3.50%)	1 % Increase (4.50%)
Total OPEB Liability	\$ 66,503,176	\$ 61,700,445	\$ 57,319,784

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

The following present the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rate:

	1 % Decrease (6.80%)	Current Healthcare Trend Rate (7.80%)	1 % Increase (8.80%)
Total OPEB Liability	\$ 58,744,004	\$ 61,700,445	\$ 72,901,598

CITY OF UTICA, NEW YORK

Notes to Basic Financial Statements
March 31, 2024

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

For the year ended March 31, 2024, the City recognized OPEB expense of \$4,451,110.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At March 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities		Business-type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 724,857	\$ 1,182,680	\$ 8,285	\$ 13,517
Changes in assumptions or other inputs	4,627,744	5,445,893	52,891	62,242
Contributions subsequent to measurement date	4,286,533	-	48,991	-
Total	<u>\$ 9,639,134</u>	<u>\$ 6,628,573</u>	<u>\$ 110,167</u>	<u>\$ 75,759</u>

The City recognized \$4,286,533 reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the OEPB liability in the year ended March 31, 2025.

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

Year Ended March 31:	Governmental Activities	Business-Type Activities
2025	\$ 339,946	\$ 3,885
2026	339,946	3,885
2027	226,532	2,589
2028	43,603	498
2029	(888,344)	(10,153)
2028 and Thereafter	<u>(1,337,654)</u>	<u>(15,288)</u>
Total	<u>\$ (1,275,972)</u>	<u>\$ (14,583)</u>

15. INTERFUND BALANCES AND ACTIVITY

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental funds financial statements generally reflect such transactions as transfers whereas the proprietary funds record such transactions as non-operating revenues or expenses. The City generally maintains its cash in few accounts, whereby the City pools its cash to provide both cash flow and interest income maximization across the City as a whole.

The City also loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

CITY OF UTICA, NEW YORK

**Notes to Basic Financial Statements
March 31, 2024**

15. INTERFUND BALANCES AND ACTIVITY (Continued)

Interfund balances at March 31, 2024 and activity for the year then ended, were as follows:

	Interfund Receivable	Interfund Payables	Interfund Revenue	Interfund Expenditures
Governmental Funds:				
General Fund	\$ 4,008,671	\$ 2,773,945	\$ 2,094,877	\$ 4,604,636
Community Development	195,464	887,842	-	-
Capital Projects Fund	2,623,786	2,333,612	382,828	-
Debt Service	1,654,325	-	4,221,808	-
Recreation	166	18,583	-	-
Urban Renewal	31,915	217,400	-	-
Permanent	-	-	-	2,094,877
Business-type Activities:				
Sewer	1,785,417	4,645,468	-	-
Self-Insurance	-	-	-	-
Fiduciary Funds:				
Cusodial fund	577,106	-	-	-
Total	<u>\$ 10,876,850</u>	<u>\$ 10,876,850</u>	<u>\$ 6,699,513</u>	<u>\$ 6,699,513</u>

16. COMMITMENTS AND CONTINGENCIES

Judgments and Claims

The City is party to various legal proceedings which normally occur in governmental operations. The City's Corporation Counsel monitors the proceedings and estimates the likelihood of loss to the City. The outcome of these proceedings is not expected to have material effect on the financial condition of the City and management considers its reserves for judgments and claims to be adequate.

17. TAX ABATEMENTS

All real property in New York State is subject to taxation unless specific legal provision grants it exempt status. Real property exemptions are granted on the basis of many different criteria, including the use to which the property is put, the owner's ability to pay taxes, the desire of the state and local governments to encourage certain economic or social activities, and other considerations. Most exemptions are granted under Article 4 of the Real Property Tax Law, but others are authorized by a wide variety of statutes including Article 18-A of the Real Property Tax Law, the Agriculture and Markets Law and the Transportation Law. Certain exemptions provide full relief from taxation (wholly exempt property) and others reduce the taxes which would otherwise be payable by varying degrees (partially exempt property). Some exemptions apply to taxes levied for county, city/town, and school purposes, whereas others pertain only to certain of these purposes. Some tax exemptions are mandated by State law, others are subject to local option and/or local determination of eligibility criteria.

The City has 59 real property tax abatement agreements that are entered into by the City of Utica IDA, Oneida County Industrial Development Agency (IDA), or the City of Utica's Common Council. These agreements provide for abatement of real property taxes in exchange for payment in lieu of taxes (PILOT) or a reduction in the assessed value of the real property. These tax abatements are granted in accordance with various activities such as new affordable housing construction, purchase of an existing facility, or the improvement or expansion of an existing facility in order to increase economic development activity within the County. There are also policies for recapture of PILOTs should the applicant not meet certain criteria.

CITY OF UTICA, NEW YORK

**Notes to Basic Financial Statements
March 31, 2024**

17. TAX ABATEMENTS (Continued)

The following are the agreements and the amount of real property tax that has been abated for the year ended March 31, 2024:

Agreement	Purpose	Assessment	Tax Rate	Tax Value	Payment per Agreement	Amount of Tax Abated
City of Utica IDA	Economic Development	\$ 74,212,614	\$ 27.03189	\$ 2,006,107	\$ 489,090	\$ 1,517,017
Oneida County IDA	Economic Development	\$ 12,917,200	\$ 27.03189	349,176	231,396	117,780
Utica Common Council	Utility	\$ 21,336,700	\$ 27.03189	576,771	425,000	151,771
				<u>\$ 2,932,055</u>	<u>\$ 1,145,486</u>	<u>\$ 1,786,569</u>

Property Tax Agreement with Housing Development and Redevelopment Companies

The City has 6 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 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 March 31, 2024:

Agreement	Purpose	Assessment	Tax Rate	Tax Value	Payment per Agreement	Amount of Tax Abated
Sheltered Rents	Affordable Housing	\$ 18,285,800	\$ 27.03189	\$ 494,300	\$ 116,183	\$ 378,117
Urban Renewal Agency	Economic Dev.	\$ 5,896,400	\$ 27.03189	159,391	31,284	128,107
Utica Common Council	Affordable Housing	\$ 23,278,100	\$ 27.03189	629,251	520,283	108,968
				<u>\$ 1,282,942</u>	<u>\$ 667,750</u>	<u>\$ 615,192</u>

18. SELF-INSURED ACTIVITY

The City provides self-insured health, dental, and vision benefits to its employees. The self-insured program provides medical benefits, dental, and vision benefits on a cost-reimbursement basis. Under the program, the City is responsible for claim payments. A stop loss insurance contract executed with an insurance carrier covers claims over a certain amount. The City established an Internal Service Fund during 2023 for the purpose of self-insuring healthcare benefits for the employees and retirees of the City. The accounting for these health benefits was recorded on a premium equivalent basis rather than an actual cost basis. Healthcare claims are recognized consistent with the requirements of GASB No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Losses*, which requires that claims and judgments be recognized when it is probable that an asset has been impaired, or a liability has been incurred, and the amount of loss can be reasonably estimated. All known claims filed and an estimate of all incurred but not reported claims existing at March 31, 2024, have been recorded as a liability in the Health Insurance Fund based upon an estimate provided by the third-party administrator.

20. DISCRETELY PRESENTED COMPONENT UNIT

General

Discretely presented component unit information is comprised of the City of Utica Industrial Development Agency (IDA). The following disclosures relate to the IDA in accordance with generally accepted accounting standards promulgated by GASB.

Cash and Cash Equivalents

Cash and equivalents include demand deposits, money market funds, and certificates of deposit with original maturities of twelve months or less. The IDA maintains its cash and cash equivalents in bank accounts. Interest and dividend income from cash and cash equivalents is reported in other income in the statements of revenues, expenses and changes in net position.

Industrial Development Bonds

The IDA issues tax-exempt bonds and special issue bonds to provide financial assistance on behalf of certain not-for-profit organizations for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers back to the not-for-profit organization served by the bond issuance. Utica IDA is not obligated in any manner for repayment of the bonds at any time. Accordingly, related property is not reported as assets, and the bonds are not reported as liabilities in the accompanying financial statements.

Revenue Recognition

Fees are assessed by the IDA for project applications received during the year. These fees are recognized as revenue when received.

Contributed Facilities and Services

The IDA, with the consent of the Common Council of the City of Utica, is authorized to use and has shared City employees, facilities, and equipment and may reimburse the City an agreed upon proportion of the compensation or costs of the services provided. For the year ended December 31, 2023 the City did not request any reimbursement and no such reimbursement was made.

20. DISCRETELY PRESENTED COMPONENT UNIT (Continued)

Deposits with Financial Institutions and Investments

Policies

The IDA follows its investment and deposit policy, the overall objective of which is to adequately safeguard the funds of the IDA and funds under the control of the IDA; to provide sufficient liquidity of invested funds in order to meet obligations as they become due; and to earn the maximum yield possible given the objectives previously listed. Oversight of investment activity is the responsibility of the Executive Director. The IDA's monies must be deposited in Federal Deposit Insurance Agency (FDIC) insured commercial banks or trust companies as designated by the Board of Directors. Permissible investments include: a) obligations of the United States or of federal agencies whose principal and interest payments are fully guaranteed by the federal or state government, b) obligations of New York State or in general obligations of the State's political subdivisions, c) certificates of deposits or deposits with banks with an investment grade rating by a Rating Agency, d) commercial paper rated Prime-1 and/or A-1, and e) money market funds with AAA ratings.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The IDA's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The IDA's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. Governmental Accounting Standards direct that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are not covered by collateralization.

At December 31, 2023 and 2022, all of the IDA's deposits were covered by FDIC insurance or collateralized with securities held by the pledging financial institution's trust department.

Related Parties

The IDA's governing body is appointed by the Mayor of the City of Utica. In addition, the IDA's assistant secretary is an employee of the City. The IDA does not carry its own director's and officer's insurance, as it is covered through its relationship with the City.

The IDA and Utica Harbor Point Development Corp. are both component units of the City of Utica and share the common goal of economic development within the City.

Contingencies

The IDA is subject to litigation in the ordinary conduct of its affairs. Management does not believe that such litigation, individually or in the aggregate, is likely to have a material adverse effect on the financial condition of the IDA.

Pension Plan

The City of Utica participates in the New York State and Local Employee' Retirement System, a cost-sharing multiple-employer retirement system. The retirement contributions for personnel of the IDA covered through the system are provided by the County at no cost to the IDA. Therefore, no costs associated with GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, were included in these financial statements.

21. SUBSEQUENT EVENTS

On August 29, 2024, the City of Utica issued \$10,374,350 in bond anticipation notes to fully redeem the \$7,344,350 bond anticipation notes maturing on August 30, 2024 and provide \$3,030,000 in new monies for various projects. The bonds bear interest at 4.00% and mature on August 29, 2025.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

CITY OF UTICA, NEW YORK

**Statement of Revenue, Expenditures, Encumbrances, and Changes in Fund Balance - Budget and Actual - General Fund
(Unaudited)
For the year ended March 31, 2024**

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Real property taxes	\$ 32,425,598	\$ 32,425,598	\$ 32,912,582	\$ -	\$ 486,984
Non-property taxes	20,316,200	20,316,200	20,140,057	-	(176,143)
Departmental income	3,899,950	3,899,950	5,302,458	-	1,402,508
Intergovernmental charges	129,249	129,249	142,745	-	13,496
Use of money and property	383,670	383,670	421,835	-	38,165
Licenses and permits	1,022,450	1,022,450	753,054	-	(269,396)
Fines and forfeitures	357,500	357,500	367,962	-	10,462
Sale of property and compensation for loss	258,000	258,000	178,929	-	(79,071)
Miscellaneous local sources	43,000	63,000	455,803	-	392,803
Interfund revenue	569,000	1,069,000	505,661	-	(563,339)
State sources	17,517,721	18,952,962	17,767,313	-	(1,185,649)
Federal sources	280,000	36,858,747	28,098,862	-	(8,759,885)
Total revenue	77,202,338	115,736,326	107,047,261	-	(8,689,065)
EXPENDITURES:					
General government support	7,437,270	11,034,225	7,479,895	501,374	3,052,956
Public safety	36,440,013	47,115,211	37,728,746	1,309,982	8,076,483
Transportation	1,732,016	2,763,904	2,471,949	714,241	(422,286)
Health services	-	-	352,900	-	(352,900)
Economic assistance and opportunity	-	-	135,519	-	(135,519)
Culture and recreation	3,653,945	26,624,858	23,209,966	3,756,209	(341,317)
Home and community services	2,572,384	10,580,515	6,058,406	60,613	4,461,496
Employee benefits	21,663,239	20,180,707	24,701,266	-	(4,520,559)
Debt service:					
Principal	1,452,000	1,207,000	2,168,942	-	(961,942)
Interest	869,540	1,177,045	1,351,383	-	(174,338)
Total expenditures	75,820,407	120,683,465	105,658,972	6,342,419	8,682,074
EXCESS OF REVENUE OVER EXPENDITURES	1,381,931	(4,947,139)	1,388,289	(6,342,419)	(6,991)
OTHER SOURCES (USES):					
Interfund transfers in	2,339,877	2,339,877	2,094,877	-	(245,000)
Proceeds from issuance of leases	-	-	12,232	-	12,232
Interfund transfers (out)	(4,221,808)	(4,221,808)	(4,604,636)	-	(382,828)
Total other sources (uses)	(1,881,931)	(1,881,931)	(2,497,527)	-	(615,596)
REVENUE AND OTHER SOURCES OVER EXPENDITURES, ENCUMBRANCES, AND OTHER USES	(500,000)	(6,829,070)	(1,109,238)	(6,342,419)	(622,587)
FUND BALANCE BEGINNING OF YEAR	12,828,054	12,828,054	12,828,054	-	-
FUND BALANCE END OF YEAR	\$ 12,328,054	\$ 5,998,984	\$ 11,718,816	\$ (6,342,419)	\$ (622,587)

CITY OF UTICA, NEW YORK

Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)
For the year ended March 31, 2024

	Last 10 Fiscal Years									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total OPEB Liability:										
Service cost	\$ 2,317,348	\$ 2,257,713	\$ 2,255,405	\$ 1,668,674	\$ 2,457,049	\$ 2,051,978				
Interest	1,789,931	1,615,214	1,578,935	2,231,635	2,624,292	2,493,681				
Change in benefit terms	-	-	-	(18,583)	(7,720,965)	-				
Differences between expected and actual experience	-	(1,365,940)	-	1,506,906	-	(611,721)				
Changes in assumptions	(3,659,367)	(1,915,331)	(347,434)	8,481,756	(1,635,388)	1,993,261				
Benefit payments	(3,990,695)	(4,233,956)	(3,805,125)	(3,760,271)	(3,273,671)	(3,672,085)				
Total change in total OPEB liability	(3,542,783)	(3,642,300)	(318,219)	10,110,117	(7,548,683)	2,255,114				
Total OPEB liability - beginning	65,243,228	68,885,528	69,203,747	59,093,630	66,642,313	64,387,199				
Total OPEB liability - ending	\$ 61,700,445	\$ 65,243,228	\$ 68,885,528	\$ 69,203,747	\$ 59,093,630	\$ 66,642,313				
 Covered-employee payroll	 \$ 37,059,758	 \$ 37,142,280	 N/A	 N/A	 \$ 26,790,975	 \$ 24,309,784				
 Total OPEB liability as a percentage of covered - employee payroll	 166.49%	 175.66%	 N/A	 N/A	 220.57%	 274.14%				

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.

Notes to schedule:

Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following reflects the discount rate used each period:

Discount rate	3.50%	2.73%	2.34%	2.27%	3.79%	3.89%
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Because the OPEB plan is not funded, the selection of the discount rate is consistent with the GASB 75 standards discounting unfunded liabilities based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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.

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

CITY OF UTICA, NEW YORK

**Schedule of Proportionate Share of Net Pension Liability (Asset) (Unaudited)
For the year ended March 31, 2024**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS	Last 10 Fiscal Years (Dollar amounts displayed in thousands)								
	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	0.0335082%	0.0314297%	0.0316249%	0.0315364%	0.0321596%	0.0320961%	0.0316565%	0.0331484%	0.0332149%
Proportionate share of the net pension liability (asset)	\$ 7,186	\$ (2,569)	\$ 31	\$ 8,351	\$ 2,279	\$ 1,036	\$ 2,975	\$ 5,320	\$ 1,122
Covered-employee payroll	\$ 10,897	\$ 10,542	\$ 9,598	\$ 9,747	\$ 9,261	\$ 9,277	\$ 6,802	\$ 8,570	\$ 8,556
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	65.94%	-24.36%	0.33%	85.68%	24.61%	11.17%	43.74%	62.08%	13.11%
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 periods prior to the 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)								
	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	0.7141435%	0.7213608%	0.7082147%	0.7605139%	0.7210633%	0.7488796%	0.7136292%	0.7371204%	0.7263948%
Proportionate share of the net pension liability (asset)	\$ 39,353	\$ 4,098	\$ 12,297	\$ 40,649	\$ 12,093	\$ 7,569	\$ 14,791	\$ 21,825	\$ 2,000
Covered-employee payroll	\$ 27,152	\$ 26,401	\$ 24,109	\$ 24,360	\$ 24,069	\$ 22,193	\$ 23,681	\$ 21,358	\$ 19,679
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	144.93%	15.52%	51.00%	166.87%	50.24%	34.11%	62.46%	102.19%	10.16%
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 periods prior to the implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

CITY OF UTICA, NEW YORK

Schedule of Contributions - Pension Plans (Unaudited)

For the year ended March 31, 2024

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	
Contractually required contribution	\$ 1,439	\$ 1,466	\$ 1,501	\$ 1,390	\$ 1,329	\$ 1,523	\$ 1,295	\$ 1,322	\$ 1,501	
Contributions in relation to the contractually required contribution	<u>1,439</u>	<u>1,466</u>	<u>1,501</u>	<u>1,390</u>	<u>1,329</u>	<u>1,523</u>	<u>1,295</u>	<u>1,322</u>	<u>1,501</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered-employee payroll	\$ 10,897	\$ 10,542	\$ 9,598	\$ 9,747	\$ 9,261	\$ 9,277	6,802	\$ 8,570	8,556	
Contributions as a percentage of covered-employee payroll	13.21%	13.91%	15.64%	14.26%	14.35%	16.42%	19.04%	15.42%	17.54%	

Note: Information for periods prior to the 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)									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	
Contractually required contribution	\$ 7,374	\$ 6,961	\$ 6,541	\$ 5,692	\$ 5,347	\$ 4,940	\$ 4,907	\$ 4,980	\$ 4,715	
Contributions in relation to the contractually required contribution	<u>7,374</u>	<u>6,961</u>	<u>6,541</u>	<u>5,692</u>	<u>5,347</u>	<u>4,940</u>	<u>4,907</u>	<u>4,980</u>	<u>4,715</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered-employee payroll	\$ 27,152	\$ 26,401	\$ 24,109	\$ 24,360	\$ 24,069	\$ 22,193	\$ 23,681	21,358	19,679	
Contributions as a percentage of covered-employee payroll	27.16%	26.37%	27.13%	23.37%	22.22%	22.26%	20.72%	23.32%	23.96%	

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

SUPPLEMENTARY INFORMATION

CITY OF UTICA, NEW YORK

Combining Balance Sheet - Nonmajor Governmental Funds

March 31, 2024

	Recreation	Debt Service	Permanent	Urban Renewal Agency	Total
ASSETS:					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash	380,781	-	2,638,658	744,642	3,764,081
Accounts receivable	2,239	-	-	750	2,989
Due from other funds	166	1,654,325	-	31,915	1,686,406
TOTAL ASSETS	<u>\$ 383,186</u>	<u>\$ 1,654,325</u>	<u>\$ 2,638,658</u>	<u>\$ 777,307</u>	<u>\$ 5,453,476</u>
LIABILITIES:					
Accounts payable	\$ 2,901	\$ -	\$ -	3,897	\$ 6,798
Due to other funds	18,583	-	-	242,601	261,184
Unearned revenue	9,750	-	-	-	9,750
Total liabilities	<u>31,234</u>	<u>-</u>	<u>-</u>	<u>246,498</u>	<u>277,732</u>
FUND BALANCE:					
Restricted	380,781	1,654,325	2,638,658	744,642	5,418,406
Unassigned	(28,829)	-	-	(213,833)	(242,662)
Total fund balance	<u>351,952</u>	<u>1,654,325</u>	<u>2,638,658</u>	<u>530,809</u>	<u>5,175,744</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 383,186</u>	<u>\$ 1,654,325</u>	<u>\$ 2,638,658</u>	<u>\$ 777,307</u>	<u>\$ 5,453,476</u>

CITY OF UTICA, NEW YORK

Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

For the year ended March 31, 2024

	Recreation	Debt Service	Permanent	Urban Renewal Agency	Total
REVENUE:					
Departmental income	\$ 551,213	\$ -	\$ -	\$ 31,000	\$ 582,213
Use of money and property	7,365	8,457	536,296	786	552,904
Sale of property and compensation for loss	-	-	-	345,402	345,402
Miscellaneous local sources	-	-	-	7,999	7,999
Total revenue	<u>558,578</u>	<u>8,457</u>	<u>536,296</u>	<u>385,187</u>	<u>1,488,518</u>
EXPENDITURES:					
Culture and recreation	431,233	-	-	-	431,233
Home and community services	-	-	-	736,630	736,630
Debt service - principal	42,346	3,629,365	-	-	3,671,711
Debt service - interest	<u>4,186</u>	<u>592,443</u>	-	-	<u>596,629</u>
Total expenditures	<u>477,765</u>	<u>4,221,808</u>	<u>-</u>	<u>736,630</u>	<u>5,436,203</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>80,813</u>	<u>(4,213,351)</u>	<u>536,296</u>	<u>(351,443)</u>	<u>(3,947,685)</u>
OTHER FINANCING SOURCES (USES):					
Premium on bond anticipation note	-	249,083	-	-	249,083
Premium on obligations	-	634,474	-	-	634,474
Interfund transfers in	-	4,221,808	-	-	4,221,808
Interfund transfers out	-	-	(2,094,877)	-	(2,094,877)
Total other financing sources (uses)	<u>-</u>	<u>5,105,365</u>	<u>(2,094,877)</u>	<u>-</u>	<u>3,010,488</u>
CHANGE IN FUND BALANCE	80,813	892,014	(1,558,581)	(351,443)	(937,197)
FUND BALANCE - beginning of year	<u>271,139</u>	<u>762,311</u>	<u>4,197,239</u>	<u>882,252</u>	<u>6,112,941</u>
FUND BALANCE - end of year	<u>\$ 351,952</u>	<u>\$ 1,654,325</u>	<u>\$ 2,638,658</u>	<u>\$ 530,809</u>	<u>\$ 5,175,744</u>

REQUIRED REPORT

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

December 27, 2024

To the Honorable Mayor and
Common Council of the City of Utica, 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 statement of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Utica, New York (City), as of and for the year ended March 31, 2024 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 27, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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