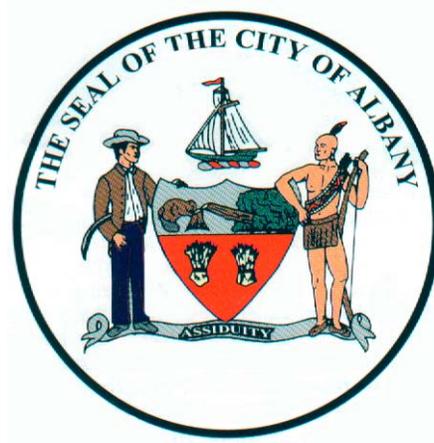


**CITY OF ALBANY,  
NEW YORK**

AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

Year ended December 31, 2014



# CITY OF ALBANY, NEW YORK

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## **INDEPENDENT AUDITOR'S REPORT**

Members of the City Council  
City of Albany, New York

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albany, New York (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Albany Parking Authority, the Albany Water Board, the Albany Industrial Development Agency, and certain other component units which collectively represent approximately 61% and 84%, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albany, New York, as of December 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 16 and 53 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, which 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.

*UHY* LLP

Albany, New York  
September 25, 2015

# Management Discussion & Analysis

## OVERVIEW

The Management Discussion and Analysis (MD&A) of the City of Albany, New York is an introduction to the major activities affecting the operation of the City and an overview and analysis of the City's financial statements for the calendar year that ended December 31, 2014. It also provides comparative analysis of the City's overall financial position and results of operations as compared to those reported in the City's financial statements for the calendar year ended December 31, 2013.

The information contained in this MD&A should be considered in conjunction with the information contained in the government-wide financial statements, the governmental funds financial statements, and footnotes to the governmental funds financial statements.

The City's financial statements are prepared using generally accepted accounting principles and are presented in a format prescribed by the Government Accounting Standards Board's (GASB) Statement No. 34 "State and Local Government Financial Statements and MD&A" and other related statements.

## FINANCIAL STATEMENTS

In accordance with required reporting standards, the City's financial statements include 1) *government-wide* financial statements and 2) *governmental funds* financial statements.

### Government-Wide Financial Statements

*Statement of Net Position*  
*Statement of Activities*

The *Statement of Net Position* includes Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources of the City as a whole, with the difference between Assets plus Deferred Outflows of Resources and Liabilities plus Deferred Inflows of Resources reported as Net Position. The *Statement of Activities* presents financial information as to how the City's Net Position changed during the fiscal year, with all changes being reported as the underlying event occurs, regardless of the timing of cash flows. Over time, increases or decreases in the City's Net Position are one indicator of whether its financial position is deteriorating or strengthening. However, in contrast to commercial enterprises, the City has no goal of accumulating net position. The *Statement of Net Position* and the *Statement of Activities* delineate between the primary government (the City of Albany, plus the Albany Community Development Agency) and the City's component units<sup>1</sup>. Component units are legally separate from the City, but because the City has some financial accountability for them, they are reported in the City's financial statements. Both statements utilize the accrual basis of accounting, the same accounting method used by most private-sector organizations.

### Governmental Funds Financial Statements

*Balance Sheet*  
*Statement of Revenues, Expenditures and Changes in Fund Balances*

The Governmental Funds Financial Statements consist of a *Balance Sheet*, and a *Statement of Revenues, Expenditures and Changes in Fund Balances*. The *Balance Sheet* includes short-term assets such as cash, and short-term liabilities such as accounts payable, but it does not include long-term liabilities such as bonds payable, or capital assets, such as land and buildings. The Statement of Revenues, Expenditures and Changes in Fund Balances report only those revenues and expenditures that were collected in cash or paid with cash during the current period or shortly after the end of the year. The Fund Financial Statements provide financial information about the most significant funds of the City. Governmental Funds focus on near-term inflows, outflows, and resources still available at the end of the fiscal year. This measurement focus is known as the modified accrual basis of accounting.

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<sup>1</sup> The component units consist of the Albany Water Board and Municipal Water Finance Authority, the Albany Parking Authority, the Albany Industrial Development Agency, the Albany Port Commission, Capitalize Albany Corporation, the three Business Improvement Districts and the City of Albany Capital Resource Corporation. Independent accounting firms separately audit these entities. Financial information from these entities, excluding one of the Business Improvement Districts, has been reported in the City's financial statements. The fiduciary funds consist of the City Trust and the payroll accounts. Copies of the complete financial reports for the component units can be obtained by contacting the Treasurer's office of the City of Albany.

## **Reconciliation of Government-wide Financial Statements with Governmental Funds Financial Statements**

Many financial transactions are treated differently on the governmental funds financial statements and the government-wide financial statements. The basic financial statements contain a reconciliation of these items and a full explanation of these differences is contained in Note 2 of the Notes to Financial Statements.

### **Reconciliation of Balance Sheet with Statement of Net Position**

Balances and activities accounted for in the *Balance Sheet* (governmental funds financial statements) and those accounted for in the *Statement of Net Position* (government-wide financial statements) are substantially different because the measurement focus differs between the two statements. For example, long-term liabilities, including bonds payable, vacation, sick time, pending and estimated judgments, and claims are included in the *Statement of Net Position*, but not included in the *Balance Sheet* because they are paid over many years and not with currently available funds.

Net capital assets (fixed assets and infrastructure, minus accumulated depreciation) are reflected in the *Statement of Net Position*, but are not reported on the *Balance Sheet*. Other long-term assets, such as receivables resulting from property transactions, are not reported as assets on the *Balance Sheet* but are reflected in the *Statement of Net Position*.

A more complete reconciliation between financial statements is presented in the financial statements.

### **Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances with Statement of Activities**

The *Revenues, Expenditures, and Fund Balances* reported in the *Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds* differ from those reported on the *Statement of Activities* (government-wide financial statements) in several respects:

- Capital outlays are shown as expenditures on the *Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds*. However, only the depreciation expense of capital assets is reported on the *Statement of Activities*.
- Vacation expenses, employee retirement benefits, and judgments and claims are expensed as they are paid on the *Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds*. However, the *Statement of Activities* shows those expenses incurred during the reporting period. Long-term debt principal paid is reported as an expenditure on the *Revenues, Expenditures and Changes in Fund Balances - Governmental Funds*, but is not reported as an expenditure on the *Statement of Activities*. Rather, principal paid is reported as a reduction of the bonds and loans payable liability in the *Statement of Net Position*. Long-term debt interest is reported as an expenditure when the interest is paid on the *Revenues, Expenditures and Changes in Fund Balances - Governmental Funds*. Interest expense reported in the *Statement of Activities* is the interest expense incurred during the year, irrespective of when the interest is paid.

## **OVERVIEW OF THE CITY'S FINANCIAL POSITION**

### **City of Albany Highlights**

The General Fund revenues for 2014 totaled \$157.6 million and were under the final budget by \$1.9 million. The General Fund expenses totaled \$166.1 million and were \$7.4 million lower than the final budget. While the 2014 City budget planned for a reduction in fund balance of \$9.8 million, the fund balance actually lost \$9.9 million for the year. The \$8.5 million deficiency of revenues over expenses is added to other financing uses of \$1.4 million which resulted in the fund balance ending the year at \$9.9 million.

### **Government-Wide Financial Statements**

#### *Statement of Net Position*

Primary government total liabilities exceeded total assets by \$9.5 million – a decrease of net position of approximately \$13.8 million from 2013.

Total assets (\$281.0 million) decreased from 2013 by \$16.5 million. The areas that decreased are cash and cash equivalents (decreased by \$14.6 million), taxes receivable (decreased by \$0.5 million), and capital assets, net (decreased \$5.9 million). The areas that increased are due from other governments (increased by \$0.6 million), due from component units (increased by \$3.3 million) and prepaid and other assets (increased by \$0.8 million). The decrease in cash and cash equivalents was primarily related to the scheduled decrease of \$7.85 million in 19a payments from New York State. Property tax payments to the County of Albany also contributed to a decrease in this category. The decrease in taxes receivable is result of an increase in tax payments received and the decrease capital assets, net is the result of the increase in accumulated depreciation reducing total capital assets. The increase in due from other governments is primarily related to the increase in the sales tax payment due from the County of Albany, the increase in due from component units is related to an increase in the amount due from the Water Board. The increase in prepaid and other assets is related to an increase in the prepaid portion of the NYS retirement invoices.

Total liabilities (\$290.5 million) decreased by \$2.7 million from 2013. The primary liabilities which decreased were unearned revenue (decreased by \$1.7 million), due to other governments (decreased by \$4.0 million), compensated absences (decreased by \$1.4 million), bonds and loans payable (decreased by \$16.1 million) and capital lease obligations (decreased by \$0.7 million). Some of the liabilities which increased are accounts payable and accrued expenses (increased by \$0.4 million), due to component units (increased by \$3.9 million), bond and revenue anticipation notes payable (increased by \$8.4 million), accrued post employment benefit obligation (pursuant to GASB 45 increased by \$3.5 million), due to NYS Retirement System (increased by \$3.2 million), judgments and claims (increased by \$1.4 million) and landfill post closure costs (increased by \$0.9 million).

Accounts payable and accrued expenses increased mostly as a result of accruing for the firefighter's union pay increase. Unearned revenue decreased from a decrease in deferred revenue related to capital projects. Due to other governments decreased from the County of Albany receiving a portion of their property taxes earlier in 2014 compared to 2013. Bonds and loans payable decreased as a result of the shorter maturities on recent bond issues and the decrease in compensated absences is a result of a larger number of employee's payments for retirement and end of employment. The increase in due to component units is related to collecting for delinquent taxes on the Water Board's behalf. Bond and revenue anticipation notes payable increased from including the 2014 capital projects with the existing bond anticipation notes. Due to NYS Retirement System increased because the City amortized the maximum portion of the 2014 contribution to NYS. Judgments and claims increased from a review and updated costs associated with prior claims performed by the City's third party worker's compensation administrator. Landfill post-closure costs increased as a result of the additional costs associated with the expansion.

The increase in the City of Albany's large Post-Employment Benefit Actuarial Accrual liability (\$261.3 million) is driven by the health care plan which has traditionally been extended to retirees. The liability recognized in the Statement of Net Position is \$69.9 million. The increase in due to other governments is related an increase in the amount of property taxes collected on behalf of the County of Albany.

Of the assets, \$113.0 million is net invested in capital assets, and \$2.6 million is restricted for program specific activities and for debt service, leaving a deficit balance in unrestricted net position of \$125.1 million – an increase to the deficit from 2013 by \$24.9 million. The total net position decreased by \$13.8 million. Most of this decrease is related to the decrease in cash and cash equivalents related to the reduced 19a payment from NYS and to the payment of a portion of the property taxes due to the County of Albany.

Total capital assets including property and equipment after depreciation are valued at \$204.0 million, with increases of approximately \$10.7 million of additions to capital assets. Approximately \$22.4 million of capital assets are not subject to depreciation, including approximately \$5.1 million of land, and \$17.4 million of construction in progress which is related to the City's landfill expansion project and state and federally funded transportation projects. A more detailed description of capital assets is found in Footnote 7.

**Governmental Activities - Primary Government**  
**Net Position at December 31, 2014**  
*(in Millions)*

	<u>2014</u>	<u>2013</u>	<u>Increase/ (Decrease)</u>
Total assets	\$281.0	\$297.5	(\$16.5)
Total liabilities	290.5	293.2	(2.7)
<b>Excess (deficiency) of assets over liabilities</b>	<b><u>(9.5)</u></b>	<b><u>4.3</u></b>	<b><u>(13.8)</u></b>
Net invested in capital assets	113.0	101.9	11.1
Restricted for debt service and program activities	2.6	2.6	0.0
Unrestricted (deficiency)	<u>(125.1)</u>	<u>(100.2)</u>	<u>(24.9)</u>
<b>Total Net Position</b>	<b><u>(9.5)</u></b>	<b><u>4.3</u></b>	<b><u>(13.8)</u></b>

Component Units

Total assets exceeded total liabilities and deferred inflows of resources by \$84.2 million – an increase of \$20.7 million from 2013. Total assets (\$165.6 million) increased by \$16.3 million. Net invested in capital assets increased by \$9.3 million.

Total liabilities and deferred inflows of resources (\$81.4 million) decreased by \$4.4 million. The current maturities of long-term debt decreased \$1.3 million and bonds and notes payable decreased \$3.2 million. Unrestricted net position increased \$11.1 million from 2013 to 2014 due mostly to increases in the unrestricted fund balances of the Water Board/Authority of \$5.2 million, the Albany Port District Commission of \$1.3 million and Capitalize Albany Corporation of \$2.1 million.

**Governmental Activities - Component Units**  
**Net Assets at December 31, 2014**  
*(in Millions)*

	<u>2014</u>	<u>2013</u>	<u>Increase/ (Decrease)</u>
Total assets	\$165.6	\$149.3	\$16.3
Total liabilities and deferred inflows of resources	<u>81.4</u>	<u>85.8</u>	<u>(4.4)</u>
<b>Excess of assets over liabilities and deferred inflows of resources</b>	<b>84.2</b>	<b>63.5</b>	<b>20.7</b>
Net invested in capital assets	24.6	15.3	9.3
Restricted for debt service and program activities	5.2	5.0	0.2
Unrestricted	<u>54.3</u>	<u>43.2</u>	<u>11.1</u>
<b>Total Net Position</b>	<b><u>\$84.1</u></b>	<b><u>\$63.5</u></b>	<b><u>\$20.6</u></b>

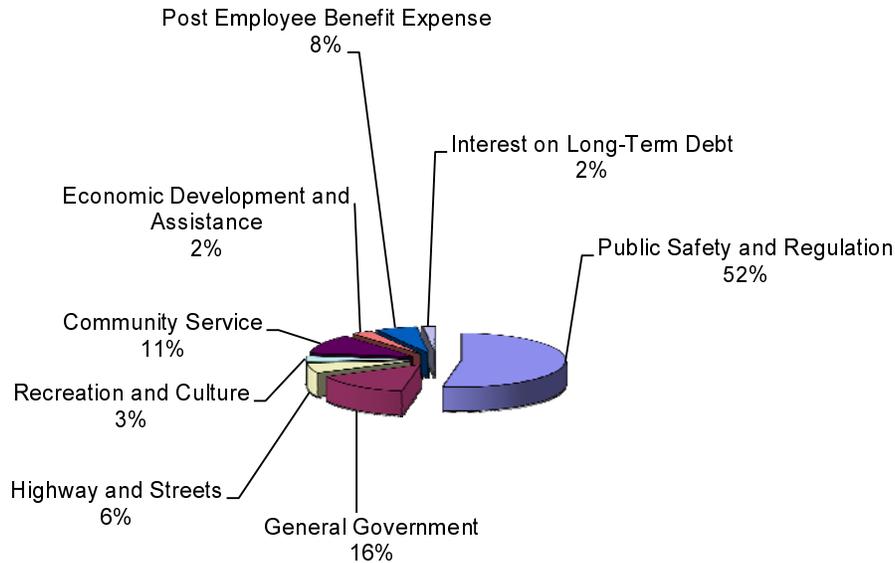
**Statement of Activities**

The *Statement of Activities*: The Statement of Activities describes the cost of the major governmental functions and compares the costs of these functions with revenue attributable to these activities.

**Governmental Activities - Expenses**  
*(in Millions)*

<b>Governmental Functions</b>	<b>2014</b>	<b>2013</b>	<b>Increase/ (Decrease)</b>	<b>% of Change</b>
Public Safety and Regulation	\$94.6	\$95.1	(\$0.5)	-1%
General Government	28.9	27.0	1.9	7%
Highway and Streets	11.2	10.7	0.5	5%
Recreation and Culture	5.1	5.9	(0.8)	-14%
Community Service	20.8	20.9	(0.1)	0%
Economic Development and Assistance	4.3	5.7	(1.4)	-25%
Post Employee Benefit Expense	14.8	11.5	3.3	29%
Interest on Long-Term Debt	3.2	3.2	0.0	0%
<b>Total</b>	<b>\$182.9</b>	<b>\$180.0</b>	<b>\$2.9</b>	<b>2%</b>

**Functional Expenses – Primary Government**



Public Safety accounts for 52 percent of expenses, while General Government is at 16 percent and Community Services accounts for 11 percent. Post-Employment Benefits, which consist of retiree health care costs as well as the accrued liability for health care costs for active employees upon retirement, accounts for 8 percent of expenses.

Expenses increased from 2013 by \$2.9 million.

Public Safety expenses decreased by \$0.5 million compared to 2013. Most of the departments that make up Public Safety ended the year at budget or below budget. Public Safety expenses of \$94.6 million are offset by \$9.6 million in charges for services and \$6.5 million in grant funds for COPS hiring, urban security, truancy, and motor vehicle theft prevention programs. General Government expenses of \$28.9 million increased by \$1.9 million and are offset by \$2.6 million in charges for services most of which came from permit, license and inspection fees. Community Service expenses of \$20.8 million decreased by \$0.1 million and are offset by \$2.8 million in grants related to the Albany Community Development Agency, Youth and Workforce Services Agency and \$12.0 million in charges for services, the largest part of which is revenue generated from private companies and other localities who use the city-owned regional landfill.

Revenues decreased from 2013 by \$5.6 million.

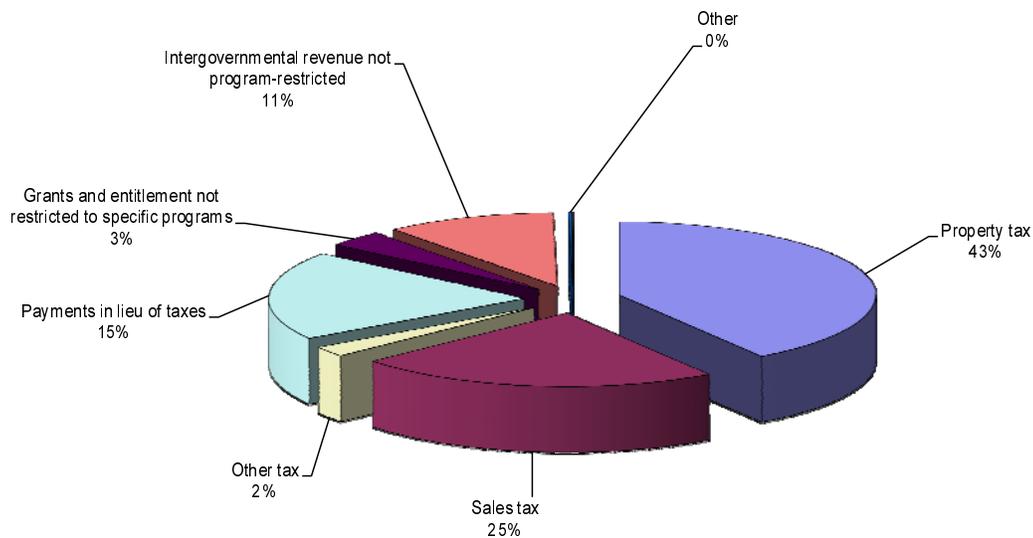
Total general revenues (\$129.4 million) decreased by \$5.6 million. Payments in lieu of taxes (\$19.4 million) decreased by \$7.0 million. Grants and entitlements not restricted to specific programs (\$4.5 million) decreased by \$0.3 million, intergovernmental revenue not program restricted (\$14.0 million) decreased by \$0.5 million and unrestricted investment earnings was \$0.1 million lower than in 2013. Property tax revenue (\$55.8 million) increased by \$0.9 million and sales tax revenue (\$32.3 million) increased by \$1.3 million.

**Governmental Activities - General Revenues**  
(in Millions)

<u>Revenues</u>	<u>2014</u>	<u>2013</u>	<u>Increase/ (Decrease)</u>	<u>% of Change</u>
Property tax	\$ 55.8	\$ 54.9	\$ 0.9	2%
Sales tax	32.3	31.0	1.3	4%
Other tax	3.1	3.1	-	0%
Payments in lieu of taxes	19.4	26.4	(7.0)	-27%
Grants and entitlement not restricted to specific programs	4.5	4.8	(0.3)	-6%
Intergovernmental revenue not program restricted	14.0	14.5	(0.5)	-3%
Other	0.3	0.2	0.1	50%
Unrestricted investment earnings	-	0.1	(0.1)	-100%
<b>Total General Revenues</b>	<b>\$ 129.4</b>	<b>\$ 135.0</b>	<b>\$ (5.6)</b>	<b>-4%</b>

The following chart indicates the relative percentages of general revenues:

**Governmental Activities – General Revenues**  
(in \$ Millions)



## Component Units

Revenues of the Component Units totaled \$63.0 million, which is an increase of \$8.8 million from 2013. The overall expenses of the Component Units totaled \$42.7 million an increase of \$1.4 million. The Water Board/Water Authority accounts for 67 percent of the overall expenses among the component units. The following is a summary of the relative revenues and expenses of the component units, which excludes the Albany Community Development Agency because it is a blended component unit and is therefore included with the Primary Government in the *Statement of Activities*.

The following table indicates the relative value of revenues for the component units:

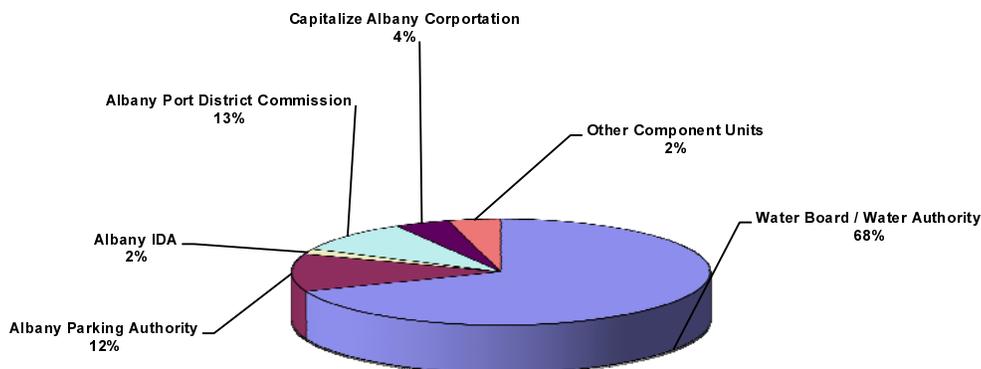
<b>Component Units - Revenues</b>				
<i>(in Millions)</i>				
<b>Component Units</b>	<b>2014</b>	<b>2013</b>	<b>Increase / (Decrease)</b>	<b>% of Change</b>
Water Board / Water Authority	\$38.2	\$35.3	\$2.9	8%
Albany Parking Authority	5.9	5.6	0.3	5%
Albany IDA	1.9	0.6	1.3	217%
Albany Port District Commission	12.0	9.9	2.1	21%
Capitalize Albany Corporation	3.2	1.9	1.3	68%
Other Component Units (BIDS)	1.8	0.9	0.9	100%
<b>Total</b>	<b>\$63.0</b>	<b>\$54.2</b>	<b>\$8.8</b>	<b>16%</b>

The following table indicates the relative value of expenses (including depreciation) for the component units:

<b>Component Units - Expenses</b>				
<i>(in Millions)</i>				
<b>Component Units</b>	<b>2014</b>	<b>2013</b>	<b>Increase / (Decrease)</b>	<b>% of Change</b>
Water Board / Water Authority	\$28.6	\$28.8	(\$0.2)	-1%
Albany Parking Authority	5.0	4.7	0.3	6%
Albany IDA	0.7	0.7	-	0%
Albany Port District Commission	5.4	4.0	1.4	35%
Capitalize Albany Corporation	1.7	1.8	(0.1)	-6%
Other Component Units	0.9	0.9	0.0	0%
<b>Total</b>	<b>\$42.3</b>	<b>\$40.9</b>	<b>\$1.4</b>	<b>3%</b>

The following chart indicates the relative percentage of expenses (including depreciation) for the Component units.

### Component Units – 2014 Expenses



## Governmental Funds Financial Statements

### Governmental Funds Balance Sheet

Assets decreased by \$7.6 million. The largest decrease (\$14.6 million) is in cash and cash equivalents which is the result of the scheduled decrease in the 19a payment from NYS and to the payment of a portion of the property taxes to the County of Albany.

Liabilities increased by \$9.5 million due to an increase of \$12.1 million in bond and revenue anticipation notes payable and an increase of \$0.4 million in accounts payable and accrued expenses mostly from accruing for the firefighters salary increase. Due to other funds increased by \$3.0 million as a result of payments made for capital projects at the end of the year and due to component units increased by \$3.9 million from collecting delinquent water fees for the Water Board. Due to other governments decreased by \$4.0 million as a result of paying the County of Albany for property tax collections and unearned revenue decreased \$1.7 million from recognizing deferred revenue from the prior year.

The City's fund balance is classified as: non-spendable, restricted, committed, assigned and unassigned. The City's General Fund Balance at year-end was \$9.9 million. The non-spendable portion consists of \$4.2 million in prepayments, primarily to the state retirement plan. The restricted fund balance includes \$2.0 million for debt service, \$0.9 million for landfill post closure expenses and \$0.6 million for the solid waste management facility. The assigned fund balance of \$2.0 million is appropriated to the 2015 budget. The unassigned fund balance totals \$0.1 million.

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### Governmental Funds - Balance Sheet

	<u>2014</u>	<u>2013</u>	<u>Increase / (Decrease)</u>
Total assets	\$83.4	\$91.0	(\$7.6)
Total liabilities	81.9	72.4	9.5
<b>Total fund balances</b>	<b><u>\$1.5</u></b>	<b><u>\$18.6</u></b>	<b><u>(\$17.1)</u></b>

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## Combined Statement of Revenue and Expenditures -- Budget to Actual

CITY OF ALBANY, NEW YORK								
COMBINED STATEMENT OF REVENUES, EXPENDITURES, MODIFIED BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS (in Millions)								
	General Fund				Special Revenue Fund			
	Original Budget	Modified Budget	Actual	Actual Over/ (Under) Final Budget	Original Budget	Modified Budget	Actual	Actual Over/ (Under) Final Budget
<b>REVENUES</b>								
Real property taxes	56.1	56.1	55.8	(0.3)	0.0	0.0	0.0	0.0
Sales and use taxes	31.9	31.9	32.3	0.4	0.0	0.0	0.0	0.0
Other taxes	3.4	3.4	3.1	(0.3)	0.0	0.0	0.0	0.0
Payments in lieu of taxes	19.1	19.1	19.5	0.4	0.0	0.0	0.0	0.0
Intergovernmental revenue	20.8	24.4	21.8	(2.6)	3.4	3.4	2.3	(1.1)
Charges for services	13.2	13.2	13.8	0.6	0.0	0.0	0.0	0.0
Fines, interest and penalties	5.4	5.4	4.4	(1.0)	0.0	0.0	0.0	0.0
Use of money and properties	0.1	0.1	0.2	0.1	0.0	0.0	0.0	0.0
Licenses and permits	2.3	2.3	2.8	0.5	0.0	0.0	0.0	0.0
Other revenues	3.6	3.6	3.9	0.3	0.0	0.0	0.0	0.0
<b>Total revenues</b>	<b>155.9</b>	<b>159.5</b>	<b>157.6</b>	<b>(1.9)</b>	<b>3.4</b>	<b>3.4</b>	<b>2.3</b>	<b>(1.1)</b>
<b>EXPENDITURES</b>								
Public safety and regulation	91.9	95.5	90.5	(5.0)	0.0	0.0	0.0	0.0
General government	22.7	22.2	20.6	(1.6)	0.0	0.0	0.0	0.0
Highways and streets	6.6	6.9	6.9	0.0	0.0	0.0	0.0	0.0
Recreation and culture	4.5	4.5	4.1	(0.4)	0.0	0.0	0.0	0.0
Community service	9.0	9.1	8.3	(0.8)	0.0	0.0	0.0	0.0
Employee benefits	14.2	14.3	16.0	1.7	0.0	0.0	0.0	0.0
Economic development and assistance	0.0	0.0	0.0	0.0	2.7	2.8	2.4	(0.4)
Debt service	21.0	21.0	19.7	(1.3)	0.0	0.0	0.0	0.0
<b>Total expenditures</b>	<b>169.9</b>	<b>173.5</b>	<b>166.1</b>	<b>(7.4)</b>	<b>2.7</b>	<b>2.7</b>	<b>2.4</b>	<b>(0.4)</b>
Excess (deficiency) of revenues and appropriated fund balance over expenditures	(14.0)	(14.0)	(8.5)	5.5	0.7	0.7	(0.1)	(0.7)
<b>OTHER FINANCING SOURCES (USES)</b>								
General fund allocation	9.8	9.8	0.0	(9.8)	0.0	0.0	0.0	0.0
Transfers	0.0	0.0	(1.6)	(1.6)	0.0	0.0	0.0	0.0
Proceeds from the issuance of other debt	4.2	4.2	0.0	(4.2)	0.0	0.0	0.0	0.0
Premium on bond anticipation notes issued	0.0	0.0	0.2	0.2	0.0	0.0	0.0	0.0
<b>Total other financing sources (uses)</b>	<b>14.0</b>	<b>14.0</b>	<b>(1.4)</b>	<b>(15.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Excess (deficiency) of revenues, appropriated fund balance and other financing sources over expenditures and other financing uses	0.0	(0.0)	(9.9)	(9.9)	0.7	0.7	(0.1)	(0.7)

The City's budget, which is effective on January 1<sup>st</sup>, is proposed by the Mayor prior to October 1<sup>st</sup> and is enacted by the Common Council by November 30th. This is the *Original Budget*. Changes to the budget throughout the year are made by the Board of Estimate and Apportionment, composed of the Mayor, the Treasurer, the Chief City Auditor, the President of the Common Council, and the Corporation Counsel. This is the *Modified Budget*. *Actual* reflects the operational results, including any audit adjustments. In this analysis actual is compared to final budget.

## Revenues

General Fund revenues (excluding other financing sources) totaled \$157.6 million, which were \$1.9 million less than the final adopted budget and \$4.1 million less than 2013. The most significant variances in revenue include the following:

**Real property taxes** were under budget by \$0.3 million which is the result of Supreme Court orders that reduced the actual amount payable. While property tax revenue came in under budget, the total tax levy yielded an additional \$0.9 million in revenue from last year.

**Sales and use taxes revenue** was \$0.4 million over budget and it was \$1.3 million higher than 2013 at almost \$32.3 million, which reflects some improvement in county-wide economic activity.

**Other taxes** were \$0.3 million under budget and almost the same total as 2013. Utility gross receipts taxes ended the year at \$0.3 million under budget.

**Payments in lieu of taxes** finished the year higher than budget by \$0.4 million although it was \$7.0 million lower than 2013. The budget included a scheduled decrease of \$7.85 million of the State's 19-a payment.

**Intergovernmental revenue** was \$2.6 million under budget however it was \$0.5 million more than 2013. The primary reason for the decrease in this revenue is the result of a recommendation by the NYS Office of the Comptroller to recognize the amortized portion of the retirement invoice as a credit to expenses. In prior years it was recorded as revenue.

**Charges for services** were \$0.6 million over budget and \$0.5 million more than 2013. Most of this increase is related to higher landfill revenues.

**Fines, interest and penalties** ended the year \$1.0 million under budget and \$0.9 million lower than 2013. Parking ticket revenue and parking ticket surcharges combined for a decrease of \$0.9 million from the prior year. This was directly proportionate to the reduction in the numbers of tickets issued.

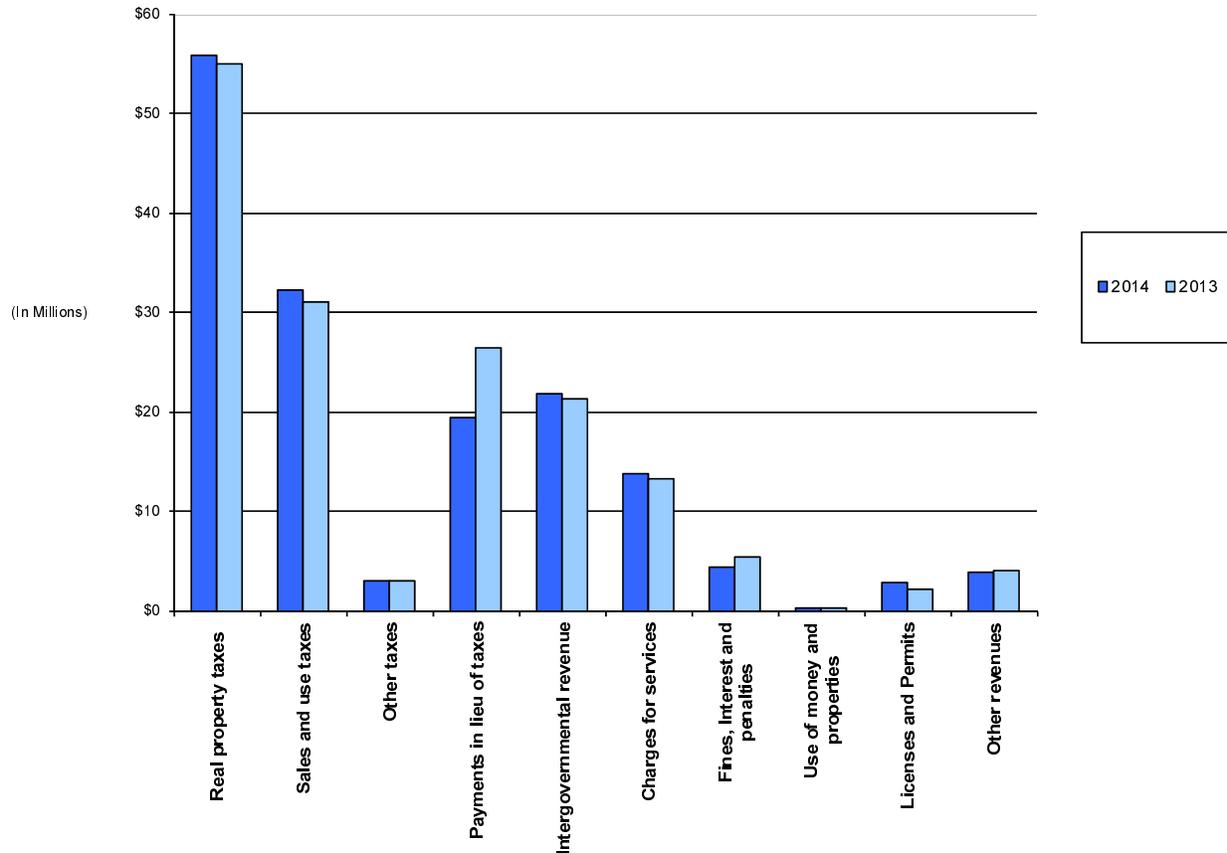
**Use of money and properties** was \$0.1 million over budget and almost the same as 2013. The cell tower lease fees and interest earned contributed most of the revenue in this category.

**Licenses and permits** finished the year \$0.5 million over budget and \$0.6 million higher than 2013. Revenues from safety inspection permits, street opening permits, plumbing permits and occupational licenses were higher than last year.

**Other revenues** were \$0.3 million over budget and the same as 2013. Most of the increase over budget is related to reimbursements for services provided by the City and retired employee health insurance payments.

<b>Governmental Funds - General Fund Revenues 2014 to 2013 Variance</b>			
(In Millions)			
<u>Revenues</u>	<u>2014</u>	<u>2013</u>	<u>2014 Over/(Under) 2013</u>
Real property taxes	\$55.8	\$54.9	\$0.9
Sales and use taxes	32.3	31.0	1.3
Other taxes	3.1	3.1	0.0
Payments in lieu of taxes	19.5	26.5	(7.0)
Intergovernmental revenue	21.8	21.3	0.5
Charges for services	13.8	13.3	0.5
Fines, interest and penalties	4.4	5.3	(0.9)
Use of money and properties	0.2	0.2	0.0
Licenses and permits	2.8	2.2	0.6
Other revenues	3.9	3.9	0.0
Total revenues	<u>\$157.6</u>	<u>\$161.7</u>	<u>(\$4.1)</u>

## Governmental Funds – General Fund Revenues 2014 to 2013 Variance



### Expenses

Total expenditures of \$166.1 million were \$7.4 million less than the final budget but \$2.0 million higher than 2013.

**Public safety and regulation** spending (\$90.5 million) was \$5.0 million less than the final budget even though it was \$0.5 million higher than 2013. State pension contributions were lower than budget for the Police and Fire Department by a combined total of \$3.5 million. Most of this savings was the result of crediting the amortized pension amounts to the retirement expenses as recommended by the Office of the State Comptroller.

**General government** spending (\$20.6 million) was \$1.6 million less than final budget and \$1.4 million lower than 2013. Most of the departments in this category came in at or below budget.

**Highway and streets** spending (\$6.9 million) and was on budget although it was \$0.2 million more than 2013. Most of the increase was the result of higher street lighting expenses.

**Recreation and culture** spending (\$4.1 million) was \$0.4 million lower than final budget and \$0.4 million less than 2013. Most of the departments in this category came in at or below budget.

**Community service** spending (\$8.3 million) was \$0.8 million less than final budget and \$0.6 million lower than 2013. Most of the departments in this category came in at or below budget.

**Employee benefits** expense (\$16.0 million) was \$1.7 million over budget and \$2.3 million more in 2014 compared to last year. State pension costs were under budget by \$1.9 million, which was the result of recording the amortized portion of the pension as a credit against the retirement expense, as recommended by the Office of the State Comptroller. The City is self-insured and pays the actual claims for employee in the Empire Blue Cross plan. Higher expenses related to these claims resulted in an increase of \$2.7 million in costs for 2014. NYS Unemployment Insurance and worker's compensation administration expenses came in under budget in 2014.

**Debt service** payments (\$19.7 million) increased by \$1.4 million from last year but was \$1.3 million below budget. The increase is the result of the payments for the 2013 bonds beginning in 2014.

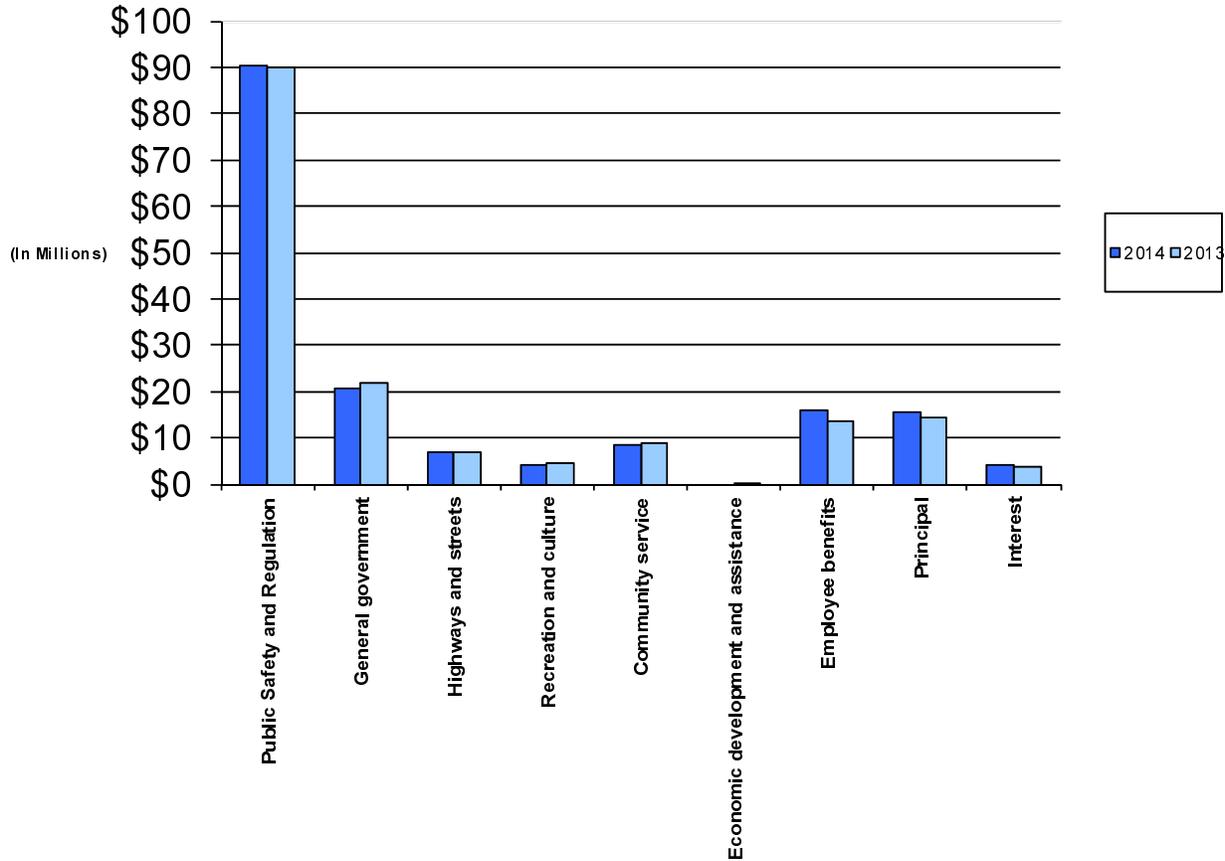
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**Governmental Funds - General Fund Expense 2014 to 2013 Variance  
(In Millions)**

<u>Expenditures</u>	<u>2014</u>	<u>2013</u>	<u>2014 Over/(Under) 2013</u>
Public safety and regulation	\$ 90.5	\$ 90.0	\$ 0.5
General government	20.6	22.0	(1.4)
Highways and streets	6.9	6.7	0.2
Recreation and culture	4.1	4.5	(0.4)
Community service	8.3	8.9	(0.6)
Economic development and assistance	0.0	0.0	0.0
Employee benefits	16.0	13.7	2.3
Principal	15.5	14.4	1.1
Interest	4.2	3.9	0.3
Total expenditures	<u>\$166.1</u>	<u>\$164.1</u>	<u>\$2.0</u>
Excess of operating revenues over expenditures	<u>(\$8.5)</u>	<u>(\$2.4)</u>	<u>(\$6.1)</u>

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## General Government – General Fund Expenditures 2014 to 2013 Variance



### DEBT

The City's long-term debt and short-term debt are described in detail in Notes 12-13.

In July 2014, the City issued various BANS of \$29,138,785 at an interest rate of 1.00%.

The proceeds of the notes, along with available funds were used to redeem a portion of the \$20,686,085 BANS issued in July 2013 and matured on July 3, 2014 and to provide new funds for the expenses of current capital projects including the landfill expansion.

#### Capital Leases

The City entered into no new capital lease agreements in 2014.

#### Debt Ceiling

Of the outstanding indebtedness, approximately \$116,643,785 was subject to the statutory debt limit, using approximately 35% of the City's \$330,839,967 statutory debt limit.

### CREDIT RATINGS AND BOND INSURANCE

The City of Albany currently has an outstanding credit rating from Standard & Poor's of AA- with a stable outlook for the bonds and SP-1+ for the notes. All outstanding debt is backed by insurance policies from municipal insurance companies except issues secured through the New York State Environmental Facilities Corporation (EFC).

## CAPITAL ACQUISITION AND CONSTRUCTION ACTIVITIES

During 2014, the City expended \$9.1 million on certain capital projects and acquisitions. This includes the landfill expansion and Federal and State funds for transportation and infrastructure projects, funds secured through General Obligation Bonds and Bond Anticipation Notes, and appropriations from the City's General Fund. The following are some of the major sources of capital expenditures:

<b>Capital Acquisition, Construction and Expenditures</b>	
Street and Sidewalk Construction	\$ 3.6 Million
Vehicles and Equipment	\$ 0.9 Million
Landfill Equipment and Expansion	\$ 2.3 Million
Public Safety Equipment	\$ 1.3 Million
Local Economic Development	\$ 1.0 Million

This Annual Financial Report is intended to provide information on the City of Albany's operations and is available to all with an interest in the financial matters related to the City of Albany, New York. Questions concerning any of the information provided in this report or any request for additional information should be either in writing or by e-mail.

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**CITY OF ALBANY, NEW YORK**  
**STATEMENT OF NET POSITION**  
**December 31, 2014**

	<u>Primary Government</u>	<u>Component Units</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 33,085,523	\$ 23,455,556
Cash and cash equivalents - restricted	2,935,957	3,253,444
Investments, restricted	-	17,918,085
Taxes receivable	4,392,376	-
Accounts receivable, net	2,702,028	12,236,288
Mortgage loans receivable	8,933,082	2,954,075
Due from primary government	-	9,278,827
Due from other governments	13,106,575	-
Due from other funds	8,635	-
Due from component units	6,039,035	-
Intangible assets, net	-	424,393
Prepaid and other assets	5,200,678	2,147,417
Property held for investment, lease or sale	523,663	2,571,691
Capital assets, net	<u>204,041,638</u>	<u>91,335,658</u>
Total assets	<u>\$ 280,969,190</u>	<u>\$ 165,575,434</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 12,362,387	\$ 4,589,141
Accrued interest payable	1,366,264	1,916,035
Unearned revenue	8,802,585	756,171
Due to other governments	13,073,519	-
Due to primary government	-	231,491
Due to component units	11,051,221	-
Other liabilities	478,497	957,913
Bond and revenue anticipation notes payable	29,138,785	-
Bonds and loans payable	90,642,191	69,175,357
Accrued post employment benefit obligation	69,862,766	2,759,891
Compensated absences	17,077,132	-
Due to NYS Retirement System	12,766,593	-
Judgments and claims	14,079,588	-
Landfill post-closure costs	8,670,557	-
Retainage payable on long-term contracts	127,286	-
Capital lease obligations	<u>958,009</u>	<u>655,271</u>
Total liabilities	<u>\$ 290,457,380</u>	<u>\$ 81,041,270</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
	<u>\$ -</u>	<u>\$ 384,384</u>
<b>NET POSITION</b>		
Net invested in capital assets	\$ 112,965,101	\$ 24,603,957
Restricted for:		
Program specific activities	610,928	4,677,217
Encumbrances	-	367,482
Debt service	2,020,243	171,446
Unrestricted (deficiency)	<u>(125,084,462)</u>	<u>54,329,678</u>
Total net position	<u>\$ (9,488,190)</u>	<u>\$ 84,149,780</u>

See notes to financial statements.

**CITY OF ALBANY, NEW YORK**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2014**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Component Units
Primary Government:						
Public safety and regulation	\$ 94,593,667	\$ 9,573,685	\$ 6,518,578	\$ -	\$ (78,501,404)	\$ -
General government	28,943,447	2,618,511	-	-	(26,324,936)	-
Highways and streets	11,174,905	52,359	-	4,385,671	(6,736,875)	-
Recreation and culture	5,149,846	1,650,033	-	-	(3,499,813)	-
Community service	20,786,517	11,981,100	2,823,209	-	(5,982,208)	-
Economic development and assistance	4,298,749	-	-	-	(4,298,749)	-
Post employment benefit expense	14,759,191	-	-	-	(14,759,191)	-
Interest on long-term debt	3,164,701	-	-	-	(3,164,701)	-
Total governmental activities	<u>182,871,023</u>	<u>25,875,688</u>	<u>9,341,787</u>	<u>4,385,671</u>	<u>(143,267,877)</u>	<u>-</u>
Component Units:						
Albany Water Board and Municipal Water Finance Authority	28,810,408	38,215,354	-	-	-	9,404,946
Albany Parking Authority	5,097,514	5,915,768	-	-	-	818,254
Albany Industrial Development Agency	686,794	1,933,821	-	-	-	1,247,027
Albany Port District Commission	5,465,056	5,952,721	6,043,535	-	-	6,531,200
Capitalize Albany Corporation	1,672,865	3,134,920	-	-	-	1,462,055
Other component units	938,980	1,831,955	-	-	-	892,975
Total component units	<u>\$ 42,671,617</u>	<u>\$ 56,984,539</u>	<u>\$ 6,043,535</u>	<u>\$ -</u>	<u>\$ -</u>	<u>20,356,457</u>
General Revenues:						
Property tax					55,798,170	-
Sales tax					32,303,484	-
Other tax					3,071,045	-
Payments in lieu of taxes					19,475,487	-
Grants and entitlements not restricted to specific programs					4,510,445	-
Intergovernmental revenue not program-restricted					13,987,827	-
Loss on sale of capital assets					(387)	(33,105)
Other revenues					258,034	-
Unrestricted investment earnings					28,067	366,709
Total general revenues					<u>129,432,172</u>	<u>333,604</u>
Change in net position					<u>(13,835,705)</u>	<u>20,690,061</u>
Net position, beginning of year, as previously reported					5,530,099	63,459,719
Cumulative effect of adjustments relating to prior periods					<u>(1,182,584)</u>	<u>-</u>
Net position, beginning of year, adjusted					<u>4,347,515</u>	<u>63,459,719</u>
Net position, end of year					<u>\$ (9,488,190)</u>	<u>\$ 84,149,780</u>

See notes to financial statements.

**CITY OF ALBANY, NEW YORK**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
Assets					
Cash and cash equivalents	\$ 8,770,154	\$ 220,122	\$ 23,173,998	\$ 921,249	\$ 33,085,523
Cash and cash equivalents - restricted	2,935,957	-	-	-	2,935,957
Taxes receivable	4,392,376	-	-	-	4,392,376
Accounts receivable, net	1,557,691	-	-	-	1,557,691
Landfill receivable, net	1,144,337	-	-	-	1,144,337
Mortgage loans receivable	-	-	-	8,933,082	8,933,082
Due from other funds	6,571,940	36,359	390,212	900	6,999,411
Due from component units	6,039,035	-	-	-	6,039,035
Due from federal and state governments	1,789,566	14,925	1,332,342	827,054	3,963,887
Due from other governments	8,973,688	-	169,000	-	9,142,688
Other assets	4,998,704	59,204	-	142,770	5,200,678
<b>Total assets</b>	<b>47,173,448</b>	<b>330,610</b>	<b>25,065,552</b>	<b>10,825,055</b>	<b>83,394,665</b>
Deferred outflows of resources					
<b>Total assets plus deferred outflows of resources</b>	<b>\$ 47,173,448</b>	<b>\$ 330,610</b>	<b>\$ 25,065,552</b>	<b>\$ 10,825,055</b>	<b>\$ 83,394,665</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Bond and revenue anticipation notes payable	\$ -	\$ -	\$ 29,138,785	\$ -	\$ 29,138,785
Accounts payable and accrued expenses	9,352,698	55,721	2,300,466	653,502	12,362,387
Due to other funds	3,509,273	426,148	2,843,030	212,325	6,990,776
Due to component units	11,051,221	-	-	-	11,051,221
Due to other governments	13,073,519	-	-	-	13,073,519
Unearned revenue	53,095	203,558	-	8,545,932	8,802,585
Other liabilities	259,403	-	-	219,094	478,497
<b>Total liabilities</b>	<b>37,299,209</b>	<b>685,427</b>	<b>34,282,281</b>	<b>9,630,853</b>	<b>81,897,770</b>
Deferred inflows of resources					
Fund Balances					
Nonspendable:					
Prepayments	4,211,079	46,945	-	22,616	4,280,640
Restricted for:					
Debt Service	2,020,243	-	-	-	2,020,243
Landfill Postclosure	915,714	-	-	-	915,714
Solid Waste Management Facility	610,928	-	-	-	610,928
Committed for:					
Choose Albany Program	-	-	-	300,000	300,000
Blight to Betterment	-	-	-	350,000	350,000
Lincoln Park Improvement Project	-	-	-	300,000	300,000
Oak Street Park Project	-	-	-	35,000	35,000
Low income Housing Tax Credit Projects	-	-	-	186,566	186,566
Assigned for:					
Fund Appropriations	2,000,000	-	-	-	2,000,000
Other purposes	-	-	-	20	20
Unassigned balances (deficiency):	116,275	(401,762)	(9,216,729)	-	(9,502,216)
<b>Total fund balances (deficiency)</b>	<b>9,874,239</b>	<b>(354,817)</b>	<b>(9,216,729)</b>	<b>1,194,202</b>	<b>1,496,895</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 47,173,448</b>	<b>\$ 330,610</b>	<b>\$ 25,065,552</b>	<b>\$ 10,825,055</b>	<b>\$ 83,394,665</b>

See notes to financial statements.

**CITY OF ALBANY, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Real property taxes	\$ 55,798,170	\$ -	\$ -	\$ -	\$ 55,798,170
Sales and use taxes	32,303,484	-	-	-	32,303,484
Other taxes	3,071,045	-	-	-	3,071,045
Payments in lieu of taxes	19,475,487	-	-	-	19,475,487
Intergovernmental revenue	21,815,427	2,281,543	4,385,671	4,261,951	32,744,592
Charges for services	13,764,918	-	-	247,367	14,012,285
Fines, interest and penalties	4,369,494	-	-	-	4,369,494
Uses of money and properties	255,480	-	-	-	255,480
License and permits	2,851,219	-	-	-	2,851,219
Other revenues	3,895,288	-	-	1,127	3,896,415
Total revenues	<u>157,600,012</u>	<u>2,281,543</u>	<u>4,385,671</u>	<u>4,510,445</u>	<u>168,777,671</u>
<b>EXPENDITURES</b>					
Public safety and regulation	90,457,930	-	2,625,187	-	93,083,117
General government	20,591,780	-	1,533,099	-	22,124,879
Highways and streets	6,946,790	-	3,943,003	-	10,889,793
Recreation and culture	4,058,714	-	404,073	-	4,462,787
Community service	8,340,571	-	2,360,340	4,274,598	14,975,509
Economic development and assistance	-	2,358,869	2,709,073	-	5,067,942
Employee benefits	16,034,421	-	-	-	16,034,421
Debt service:					
Principal	15,516,175	-	-	203,298	15,719,473
Interest	4,175,198	-	-	66,108	4,241,306
Total expenditures	<u>166,121,579</u>	<u>2,358,869</u>	<u>13,574,775</u>	<u>4,544,004</u>	<u>186,599,227</u>
Deficiency of revenues over expenditures	<u>(8,521,567)</u>	<u>(77,326)</u>	<u>(9,189,104)</u>	<u>(33,559)</u>	<u>(17,821,556)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on bond anticipation notes issued	261,531	-	-	-	261,531
Transfers in	-	-	1,625,000	-	1,625,000
Transfers out	(1,625,000)	-	-	-	(1,625,000)
Total other financing sources (uses)	<u>(1,363,469)</u>	<u>-</u>	<u>1,625,000</u>	<u>-</u>	<u>261,531</u>
Deficiency of revenues over expenditures and other financing sources	(9,885,036)	(77,326)	(7,564,104)	(33,559)	(17,560,025)
FUND BALANCE (DEFICIENCY), beginning of year, as previously reported	22,274,207	(236,150)	(2,061,956)	1,227,761	21,203,862
Cumulative effect of a change in application of accounting principle	-	-	409,331	-	409,331
Cumulative effect of adjustments relating to prior periods	(2,514,932)	(41,341)	-	-	(2,556,273)
FUND BALANCE (DEFICIENCY), beginning of year, adjusted	<u>19,759,275</u>	<u>(277,491)</u>	<u>(1,652,625)</u>	<u>1,227,761</u>	<u>19,056,920</u>
FUND BALANCE (DEFICIENCY), ending	<u>\$ 9,874,239</u>	<u>\$(354,817)</u>	<u>\$(9,216,729)</u>	<u>\$ 1,194,202</u>	<u>\$ 1,496,895</u>

See notes to financial statements.

**CITY OF ALBANY, NEW YORK**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**WITH THE STATEMENT OF NET POSITION**  
**December 31, 2014**

Total fund balance - governmental funds \$ 1,496,895

Amounts reported in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Property held for sale is	\$ 523,663	
The cost of capital assets is	467,837,785	
Accumulated depreciation is	<u>(263,796,147)</u>	204,565,301

Long-term liabilities, including bonds payable, that are not due and payable in the current period are not reported as liabilities in the funds. Long-term liabilities not due and payable at year end consist of:

Bonds and loans payable	(88,093,421)	
Bond Premium	(2,548,770)	
Due to NYS Retirement System	(12,766,593)	
Accrued post employment benefit obligation	(69,862,766)	
Accrued interest on bonds	(1,366,264)	
Compensated absences	(17,077,132)	
Landfill closure and postclosure obligation	(8,670,557)	
Retainage payable on long-term contracts	(127,286)	
Capital lease obligations	(958,009)	
Judgments and claims	<u>(14,079,588)</u>	<u>(215,550,386)</u>

Net position of governmental activities		<u><u>\$ (9,488,190)</u></u>
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**CITY OF ALBANY, NEW YORK**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**WITH THE STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2014**

Total net change in fund balance - governmental funds \$(17,560,025)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation in the period.

Capital outlays	10,664,983	
Depreciation expense	(16,516,875)	
Loss on disposal of assets and other	<u>(387)</u>	(5,852,279)

In the statement of activities, certain operating expenses are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Thus, the change in net assets differs from the change in fund balance as follows:

Compensated absences	1,380,168	
Landfill closure and postclosure costs	(823,046)	
Retainage incurred in current year	(127,286)	
Retainage incurred in prior year	409,331	
Judgments and claims	<u>(1,371,580)</u>	(532,413)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets.

Amortization of Bond Premium	889,153	
Due to NYS retirement system	(4,175,087)	
Payment to NYS retirement system	912,994	
Principal repaid	<u>15,719,473</u>	13,346,533

Accrued post employment benefit obligation liability increases long-term liabilities in the statement of net assets and related expenditures in the statement of activities, but not to governmental funds. Net post employment benefit contribution is an expenditure in governmental funds, but the contribution reduces long-term liabilities in the statement of net assets. This is the amount by which accrued post employment benefit liability adjustment exceeds the contribution.

Accrued post employment benefit liability adjustment	(13,369,221)	
Post employment benefit contribution paid	<u>9,944,248</u>	(3,424,973)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

		<u>187,452</u>
Change in net position of governmental activities		<u><u>\$ (13,835,705)</u></u>

**CITY OF ALBANY, NEW YORK**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
December 31, 2014

	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 991,306
Cash and equivalents - restricted	1,395,002
Accounts receivable	<u>278</u>
Total assets	<u>\$2,386,586</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	 <u>\$ -</u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 4,036
Seized forfeitures	1,395,002
Due to other funds	8,635
Other liabilities	<u>978,913</u>
Total liabilities	<u>\$2,386,586</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 <u>\$ -</u>
 <b>NET POSITION</b>	 <u><u>\$ -</u></u>

*See notes to financial statements.*

**CITY OF ALBANY**  
**COMBINING STATEMENT OF NET POSITION – DISCRETELY PRESENTED COMPONENT UNITS**  
**December 31, 2014**

	Albany Water Board and Municipal Water Finance Authority	Albany Parking Authority	City of Albany Industrial Development Agency	Albany Port District Commission	Capitalize Albany Corporation	Other Component Units	Totals
<b>ASSETS</b>							
Cash and cash equivalents	\$ 11,892,933	\$ 1,255,389	\$1,956,694	\$ 2,620,805	\$ 4,088,738	\$ 1,640,997	\$ 23,455,556
Cash and cash equivalents, restricted	-	2,737,916	-	-	515,528	-	3,253,444
Investments, restricted	9,465,690	1,805,754	-	3,235,279	3,411,362	-	17,918,085
Receivables, net:							
Accounts	10,362,029	25,292	-	1,000,875	-	6,650	11,394,846
Other	-	38,455	-	-	798,529	4,458	841,442
Mortgage loans and notes receivable	-	-	131,970	-	2,822,105	-	2,954,075
Due from primary government	9,276,571	-	-	-	-	2,256	9,278,827
Prepaid and other assets	1,011,018	110,445	-	244,071	772,534	9,349	2,147,417
Property held for investment, lease or sale	-	-	-	-	2,571,691	-	2,571,691
Intangible assets, net	-	424,393	-	-	-	-	424,393
Capital assets, net	32,985,265	15,023,447	-	42,901,668	403,264	22,014	91,335,658
<b>Total assets</b>	<b>\$ 74,993,506</b>	<b>\$ 21,421,091</b>	<b>\$2,088,664</b>	<b>\$ 50,002,698</b>	<b>\$ 15,383,751</b>	<b>\$ 1,685,724</b>	<b>\$ 165,575,434</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>LIABILITIES</b>							
Accounts payable and accrued expenses	\$ 3,387,477	\$ 287,060	\$ 58,425	\$ 570,684	\$ 253,576	\$ 31,919	\$ 4,589,141
Current maturities of long-term debt	4,260,000	976,436	-	433,844	300,000	132	5,970,412
OPEB obligation, current portion	-	-	-	35,000	-	-	35,000
Current installments of capital lease obligation	-	245,538	-	-	-	-	245,538
Accrued interest payable	-	343,786	-	-	-	-	343,786
Accrued interest, capital appreciation bonds	-	635,253	-	-	-	-	635,253
Due to primary government	-	-	131,970	-	99,521	-	231,491
Unearned revenues	-	147,009	-	41,791	567,371	-	756,171
Revolving loan fund	-	-	-	-	702,825	-	702,825
Other liabilities	-	-	-	127,088	-	128,000	255,088
Accrued interest on capital appreciation bonds, less maturities	-	936,996	-	-	-	-	936,996
OPEB obligation, net of current portion	-	997,893	-	1,726,998	-	-	2,724,891
Capital lease obligation, less current installments	-	409,733	-	-	-	-	409,733
Bonds and notes payable	42,710,561	15,587,642	-	2,556,742	2,350,000	-	63,204,945
<b>Total liabilities</b>	<b>\$ 50,358,038</b>	<b>\$ 20,567,346</b>	<b>\$ 190,395</b>	<b>\$ 5,492,147</b>	<b>\$ 4,273,293</b>	<b>\$ 160,051</b>	<b>\$ 81,041,270</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
	\$ 384,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 384,384
<b>NET POSITION</b>							
Restricted for							
Program specific activities	\$ -	\$ 4,543,670	\$ -	\$ -	\$ 133,547	\$ -	\$ 4,677,217
Encumbrances	367,482	-	-	-	-	-	367,482
Debt service	-	-	-	-	171,446	-	171,446
Net invested in capital assets	(13,985,296)	(2,236,782)	-	39,911,082	914,953	-	24,603,957
Unrestricted (deficit)	37,868,898	(1,453,143)	1,898,269	4,599,469	9,890,512	1,525,673	54,329,678
<b>Total net position</b>	<b>\$ 24,251,084</b>	<b>\$ 853,745</b>	<b>\$1,898,269</b>	<b>\$ 44,510,551</b>	<b>\$ 11,110,458</b>	<b>\$ 1,525,673</b>	<b>\$ 84,149,780</b>

See notes to financial statements.

**CITY OF ALBANY**  
**COMBINING STATEMENT OF ACTIVITIES – DISCRETELY PRESENTED COMPONENT UNITS**  
**December 31, 2014**

	<b>Albany Water Board and Municipal Water Finance Authority</b>	<b>Albany Parking Authority</b>	<b>City of Albany Industrial Development Agency</b>	<b>Albany Port District Commission</b>	<b>Capitalize Albany Corporation</b>	<b>Other Component Units</b>	<b>Totals</b>
Operating revenue	\$ 38,215,354	\$ 5,915,768	\$ 1,933,821	\$ 5,952,721	\$ 3,134,920	\$ 1,831,955	\$ 56,984,539
Operating expenses							
Costs of services	-	1,920,767	367,638	822,035	1,260,617	762,277	5,133,334
Source of supply and purification	3,564,656	-	-	-	-	-	3,564,656
Transmission and distribution	4,438,768	-	-	-	-	-	4,438,768
General and administrative	4,173,931	919,151	-	2,823,308	-	133,689	8,050,079
Real estate taxes paid to other governments	1,969,305	-	-	-	-	-	1,969,305
Sewer contract	9,309,270	-	-	-	-	-	9,309,270
Depreciation and amortization	3,205,005	760,071	-	1,489,634	212,181	43,014	5,709,905
Grants	-	-	319,156	-	-	-	319,156
Miscellaneous	-	486,789	-	-	131,805	-	618,594
Total operating expenses	<u>26,660,935</u>	<u>4,086,778</u>	<u>686,794</u>	<u>5,134,977</u>	<u>1,604,603</u>	<u>938,980</u>	<u>39,113,067</u>
Excess of operating revenue over expenses before nonoperating revenue (expenses)	<u>11,554,419</u>	<u>1,828,990</u>	<u>1,247,027</u>	<u>817,744</u>	<u>1,530,317</u>	<u>892,975</u>	<u>17,871,472</u>
Nonoperating revenue (expenses)							
Amortization of bond insurance premiums	-	(38,701)	-	-	-	-	(38,701)
Decrease in fair value of investments	(10,720)	(46,601)	-	-	-	-	(57,321)
Interest income	232,255	100,643	350	33,461	-	-	366,709
Interest expense	(1,902,486)	(925,434)	-	(70,824)	(68,262)	-	(2,967,006)
Increase in receivable reserve	(386,692)	-	-	-	-	-	(386,692)
Gain (loss) on sale of assets	150,425	-	-	12,091	-	(33,105)	129,411
Waterfront development expenses	-	-	-	(271,346)	-	-	(271,346)
Net nonoperating revenue (expenses)	<u>(1,917,218)</u>	<u>(910,093)</u>	<u>350</u>	<u>(296,618)</u>	<u>(68,262)</u>	<u>(33,105)</u>	<u>(3,224,946)</u>
Excess of revenue over expenses before transfers	<u>9,637,201</u>	<u>918,897</u>	<u>1,247,377</u>	<u>521,126</u>	<u>1,462,055</u>	<u>859,870</u>	<u>14,646,526</u>
Grant funding	-	-	-	6,043,535	-	-	6,043,535
Excess of revenue over expenses	<u>9,637,201</u>	<u>918,897</u>	<u>1,247,377</u>	<u>6,564,661</u>	<u>1,462,055</u>	<u>859,870</u>	<u>20,690,061</u>
NET POSITION, beginning of year	<u>14,613,883</u>	<u>(65,152)</u>	<u>650,892</u>	<u>37,945,890</u>	<u>9,648,403</u>	<u>665,803</u>	<u>63,459,719</u>
NET POSITION, end of year	<u>\$ 24,251,084</u>	<u>\$ 853,745</u>	<u>\$ 1,898,269</u>	<u>\$ 44,510,551</u>	<u>\$ 11,110,458</u>	<u>\$ 1,525,673</u>	<u>\$ 84,149,780</u>

See notes to financial statements.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

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

**A. Reporting Entity**

The City of Albany, New York (City) was established in 1614, chartered in 1686, and is governed by a Mayor and the City's Common Council. The City, as the primary government, performs local governmental functions within its jurisdiction, including general governmental support, public safety, culture and recreation, transportation, health, and economic assistance and opportunity.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), promulgated by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for establishing state and local governmental accounting and financial reporting principles.

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

As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and accordingly data from these units are combined with the data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City.

The decision to include a component unit in the City's reporting entity is based on several criteria, including legal standing, fiscal dependency, financial accountability, selection of governing authority and ability to significantly influence operations. Based on the application of these criteria, the following is a brief review of significant entities considered in determining the City's reporting entity. Complete financial statements of the individual component units can be obtained from their respective administrative offices.

The City's component units are legally separate entities that are not operating departments of the City. The component units are managed independently, largely outside the appropriated budget process, and their powers generally are vested in a governing board. The governing boards of the component units are either entirely or partially appointed by the mayor.

Substantially all of the financial data was derived from audited annual financial statements and summarized in the financial statements. Additional information about each of the component units can be obtained from their annual financial statements.

*Fund Balance Classifications*

Fund balances are classified as follows:

**Nonspendable** - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

*Fund Balance Classifications (Continued)*

**Restricted** - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Common Council.

**Assigned** - This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Common Council or through the Common Council delegating this responsibility to the Agency director through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

**Unassigned** - This classification includes the residual fund balance for the General Fund. The Unassigned classification would also include negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The City would typically use restricted fund balances first, followed by committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

*Blended Component Unit*

Albany Community Development Agency (ACDA or the Agency) is a public benefit corporation, established by State law and governed by a seven member Board of Directors who are City officials. The objectives of ACDA are to provide a suitable living environment and to expand economic opportunities for persons of low and moderate income within the City. ACDA has been designated by the City to undertake community development programs on behalf of the City and to administer federal community development block grant programs.

The City has the ability to significantly influence operations, select the governing board and participate in fiscal management, accordingly, ACDA is treated as a blended component unit of the City and its activities are included as a special revenue fund of the primary government and reported separately as an other governmental fund in the governmental fund statements.

*Discretely Presented Component Units*

The following discretely presented component units are reported in a separate column to emphasize that they are legally separate from the City:

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

*Discretely Presented Component Units (Continued)*

*Albany Water Board and Albany Municipal Water Finance Authority*

The City of Albany Water and Sewer System (the System) provides water supply and distribution, and the collection and disposal of sewage for the City. The System began operations in February 1988, and consists of two legally separate and independent entities, the Albany Municipal Water Finance Authority (the Authority) and the Albany Water Board (the Board).

The Authority, a public benefit corporation, was established in 1986 for the purpose of issuing revenue bonds to pay for the purchase, future improvement, and construction of the System. Among its powers, the Authority may borrow money, issue debt, and require that the Board charge and collect sufficient rates to pay the costs of operating and financing the System. The Authority consists of seven members, two members of which are appointed by the Governor of New York State and five members of which are appointed by the Mayor of the City.

The Board, a corporate municipal instrumentality, was established in 1986 with the power to set and collect water and sewer fees in the amounts sufficient to pay the debt service on the bonds of the Authority, as well as to provide for the costs of the operation and maintenance of the System. The primary responsibility of the Board is to charge, collect, and enforce rates and other charges for the System. The Board consists of five members who are appointed by the Mayor of the City.

*Albany Parking Authority*

The Albany Parking Authority (the Parking Authority) was established in 1982 as a public benefit corporation of the State of New York. The Authority's existence is for a period of fifteen years, and thereafter until all of its liabilities have been met, and its bonds have been discharged. All rights and properties shall pass to the City upon the cessation of the Authority's existence. The Parking Authority is authorized to construct, operate and maintain areas or places in the City for the parking or storing of motor vehicles and is governed by a Board of Directors, which consists of five members appointed by the Mayor of the City with the advice and consent of the City Common Council.

*City of Albany Industrial Development Agency*

The City of Albany Industrial Development Agency (IDA) is a public benefit corporation established July 1, 1983 under the mandate of Article 18-A, "New York State Industrial Development Agency Act," of New York State general municipal law.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

*Discretely Presented Component Units (Continued)*

*City of Albany Industrial Development Agency (Continued)*

The IDA was established to promote and assist in acquiring or constructing various business and recreational facilities and, in the process, advance the job opportunities, health, general prosperity and economic welfare of the people of the City of Albany. A function of the IDA is to authorize the issuance of industrial revenue bonds for industrial development projects. The IDA reviews and determines whether to recommend approval of those applicants wishing to obtain financing. The IDA receives application fees from applicants and closing fees from those accepted for industrial revenue financing. The IDA is governed by a seven-member board appointed by the City Common Council.

*Albany Port District Commission*

The Albany Port District Commission (the Commission) was established in 1925 by Chapter 192 of the Laws of the State of New York (the State). The law, as amended through December 31, 1986, grants the Commission regulatory powers over the development and operations of the port facilities of the Albany Port District (the Port). The Commission is a public corporation with perpetual existence and has the right of eminent domain, with the power to construct, develop and operate Port facilities including a terminal railroad; to fix fees, rates, rentals and other charges for its facilities; to regulate and supervise the construction and operations of Port facilities by private enterprise; to issue bonds and notes and to do all things necessary to make the Port useful and productive.

The Laws of 1925 provide that the municipalities of Albany and Rensselaer be assessed for the Commission's deficit, if any, from operations and financing. A reapportionment determination made April 1, 1932 established the rates of 88 percent for Albany and 12 percent for Rensselaer. These rates are still in effect and although the rates are subject to change under the provisions of the law, in recent years, there have been no such changes.

*Capitalize Albany Corporation*

Capitalize Albany Corporation (CAC, formerly Albany Local Development Corporation), which commenced business on October 1, 1979 was formed under the Not-for-Profit Corporation Laws of the State of New York for the purposes of reducing adult unemployment and promoting the training of individuals to improve or develop job opportunities within certain areas of the City. CAC's mission is accomplished by encouraging the development and/or retention of business and industry primarily through the loaning of money to enterprises at below market interest rates. Additionally, CAC has invested in certain real estate, and leased such real estate to businesses, in order to further develop job opportunities and aid the City.

*Downtown Albany Restoration Program, Inc.*

Downtown Albany Restoration Program, Inc. d/b/a Downtown Albany Business Improvement District, Inc. (BID) is a tax-exempt organization organized in 1996 under the Not-for-Profit Corporation Law of New York State. BID was created to execute the responsibility of a comprehensive business improvement district. These responsibilities include but are not limited to administration, project development, public relations and public improvements in the downtown business improvement district. The BID may be dissolved by legislative body with all the assets reverting back to the City.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

*Discretely Presented Component Units (Continued)*

*Lark Street Area District Management Association, Inc.*

Lark Street Area District Management Association, Inc. (Association) is a tax exempt organization organized in 1996 under the Not-for-Profit Corporation Laws of New York State. The Association was created to execute responsibilities of a Comprehensive Business Improvement District. These responsibilities include but are not limited to administration, project development, public relations and public improvements in the Lark Street business improvement district. The Association may be dissolved by legislative body with all the assets reverting back to the City.

*Central District Management Association, Inc.*

The Central District Management Association, Inc. doing business as the Central Business Improvement District, Inc. (CBID) is a non-profit organization formed in January 1998 under the Not-for-Profit Corporation Law of New York State. The primary purpose of the CBID is to promote the preservation and development of the Central Avenue business corridor of the City of Albany and to make the area more attractive and accessible. To this end the CBID will work to enhance the public perception of the Central Avenue business corridor through overseeing and managing the appearance, security and cleanliness of the business improvement district. The CBID may be dissolved by legislative body with all the assets reverting back to the City.

Since the most recent financial information is not available at the date of the financial statements issuance, the CBID is not included in discretely presented component units in the City's 2014 financial statements. Management believes that the impact of this omission is not material to the City's 2014 financial statements.

*City of Albany Capital Resource Corporation*

The City of Albany Capital Resource Corporation (CRC) a non-profit organization formed in April 2010 under the Not-for-Profit Corporation Law of New York State. The primary purpose of the CRC is to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of the City of Albany by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses, and other entities to access low interest tax-exempt and non-tax-exempt financing for their eligible projects. The Directors of the CRC are appointed by the City of Albany's governing body.

The BID, Association, and CRC have been combined for financial statement reporting purposes and are reported as "other component units" in the combining balance sheet, combining statement of revenues, expenditures and changes in equity and in the combining statement of cash flows.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

Entities excluded from the reporting entity:

*Albany Housing Authority*

The Albany Housing Authority (Housing Authority) was established by state statute. The Mayor of the City of Albany appoints the Board of Directors of the Housing Authority; however, the City is not financially accountable for the Housing Authority, the City cannot significantly influence the activities of the Housing Authority and the Housing Authority does not provide specific financial benefits to or impose specific financial burdens on the City.

*Albany City School District*

The Albany City School District (the School District) operates the elementary and high schools in the City. The City is not accountable for the School District as the School District has the authority to levy taxes and School District Board members are elected officials.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. The effect of interfund, but not interprimary government and component unit, transactions have generally been eliminated from these financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. The City's activities are all classified as governmental activities. The primary government is reported separately from certain legally separate component units for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset with program revenues. Direct expenses are those which are clearly identifiable with a specific function or activity. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or activity and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements.

Major individual governmental funds are reported in separate columns in the fund financial statements.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. *Measurement Focus, Basis of Accounting and Basis of Presentation***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the grantor have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within one year. Expenditures are generally recorded when a liability is incurred, in the same manner as accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, postemployment benefit obligations, claims and judgments and similar long-term liabilities are recorded only when payment is due.

Property taxes, sales taxes, licenses and other fees are all recognized as revenues of the current period. Special assessments are recorded as receivable and deferred revenue at the time the related project is completed and levied. Revenue is recognized as assessments become measurable and available, normally as received.

The City reports the following major governmental funds:

*Governmental fund types*

General Fund – The General Fund is the principal fund of the City. All financial transactions related to revenue and expenditures for delivery of those services traditionally provided by a municipal government, which are not accounted for in other funds, are accounted for in the General Fund.

Special Revenue Funds – These funds account for the proceeds of specific revenue sources (other than major capital projects that are legally restricted to expenditures for specified purposes). The following Special Revenue Funds operate within financial limits of an annual budget adopted by the City Council. Special Revenue Funds of the City include the following:

Special Grant Fund – Used to account for the use of state and federal monies received under the Workforce Investment Act.

Miscellaneous Special Revenue Fund – Principally used to account for the use of state and federal monies received under the Corporation for National and Community Services program as well as Department of Justice and other youth and recreational funds.

Capital Projects Fund – Resources used to construct or acquire capital improvements, and general fixed assets are accounted for in this fund. Resources are derived principally from proceeds of long-term debt and Federal and State aid.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. *Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)***

*Other governmental fund*

Albany Community Development Agency (ACDA) is a public benefit corporation, which has been designated by the City to undertake community development programs on behalf of the City and to administer federal community development block grant programs. As previously discussed, it is accounted for as a blended component unit of the City.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of GASB.

Amounts reported as program revenues include charges to customers or applicants for goods, services or privileges provided, operating grants and contributions, and capital grants and charges, including special assessments. Internally dedicated resources are reported as general revenues, which includes all taxes.

**D. *Assets, Liabilities and Net Position***

*Cash and Investments*

The City's investment policies must comply with State statutes as well as their own written investment policy. City monies must be deposited into Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The City is authorized to use money market accounts and certificates of deposit. Permissible investments include obligations of the United States Treasurer, and United States agencies that are backed by the full faith and credit of the United States, repurchase agreements, and with the permission of the State Comptroller, obligations of New York State or its localities.

Deposits in excess of the FDIC limits are required to be fully collateralized by obligations of New York State or Federal agencies, the principal and interest of which are guaranteed by the United States or obligations of New York State local governments. The securities are held in a separate, segregated account in the name of the financial institution for the benefit of the City.

The City considers highly liquid investments (including restricted assets) with an original maturity date of three months or less, and money market accounts to be cash equivalents.

*Receivables and Payables*

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either due to/from other funds or advances to/from other funds.

All landfill and other accounts receivable are shown net of an appropriate allowance for uncollectible accounts, where such a provision is required.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. *Assets, Liabilities and Net Position (Continued)***

*Inventories and Prepaid Items*

The City does not maintain inventories of supplies and records expenditures when purchased rather than when consumed. Likewise, it records payments to vendors for prepaid expenses as expenditures when paid.

*Restricted Assets*

Restricted assets, which consist principally of cash and cash equivalents, are assets to be used for the reduction of future debt service payments and to provide resources to offset the costs of future capital improvements.

*Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure assets (including roads, bridges, sidewalks and similar items) are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated life of three years or more. These assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Normal maintenance and repair costs that do not add to the value of the asset or materially extend their lives are not capitalized.

Major classes of capital assets are depreciated using the straight-line method over various useful lives. Useful lives for the major classes of capital assets are summarized as follows:

Buildings, capital leases and improvements	20 - 50 years
Machinery and equipment	3 - 20 years
Infrastructure	30 years

*Compensated Absences*

Employees earn vacation and sick leave as they provide service. Pursuant to collective bargaining agreements, they may accumulate (subject to certain limitations) unused time earned and, upon retirement, termination or death, may be compensated for such accumulated time. In addition, certain employees may accumulate unused sick time earned and upon retirement, termination, or death, may be compensated for such accumulated time. The cost of accumulated vacation pay and sick time expected to be paid from future expendable resources of the Governmental Funds are accounted for as a liability in the General Long-Term Debt Account Group and recognized in the respective Governmental Funds when the expenditures are paid.

Leave paid in the current period is reported as an expenditure in the fund financial statements. All accumulated leave, including that which is not expected to be liquidated with expendable available financial resources, is reported in the government-wide financial statements.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. *Assets, Liabilities and Net Position (Continued)***

*Judgments and Claims*

The liability for claims in process represents estimates for all known workers' compensation claims and probable legal settlements at year end.

*Deferred Revenue*

Deferred revenues principally represent unpaid loan balances resulting from various community development home loan programs operated by the City. When loan payments are received, revenue is recognized to the extent of principal received. When grant funds are reloaned, a corresponding expenditure is recorded. When the allowance for loan losses is increased, a corresponding decrease in the amount of deferred revenue is made in the same period, the effect of which is to reduce the overall amount of funds available for future loans.

*Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are recognized as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds.

In the fund financial statements, bond premiums and discounts are reported in the current period. The face amount of debt issued is reported as other financing sources. Payments on such debt are recognized as expenditures in the period made. Premiums and discounts are reported as other financing sources or use and issuance costs are reported as debt service expenditures.

**E. *Cumulative Effect of a Change in Application of Accounting Principle***

In fiscal year 2014, the City changed its method of accounting for retainage to conform with guidance from the New York State Office of the State Comptroller. Under GASB Interpretation No. 6, retainage does not meet the definition of a liability in the funds until it becomes due and payable (e.g. satisfactory completion of the work). The City believes this is a preferable method of accounting for retainage and changed its accounting effective January 1, 2014.

The change in accounting principle resulted in an increase in the fund balance of the Capital Projects Fund of \$409,331 at January 1, 2014, as reflected in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

**F. *Cumulative Effect of Adjustments Relating to Prior Periods***

Historically, the City has recorded payroll expense in the period paid. During 2014, the City determined it was appropriate to record these expenses in the period incurred. As a result, the City decreased the beginning fund balance and net position for the General Fund and Special Revenue Fund in the amount of \$2,514,932 and \$41,341, respectively, in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds and Statement of Activities.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***F. Cumulative Effect of Adjustments Relating to Prior Periods (Continued)***

During 2014, the City identified certain errors made in the calculation of accrued compensated absences for 2013 in the government-wide financial statements. The City decreased the accrued compensated absences balance and increased beginning net position by \$1,373,689 in the Statement of Net Position. This amount is included in cumulative effect of adjustments relating to prior periods on the Statement of Activities.

**NOTE 2 — EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENT-WIDE STATEMENTS AND GOVERNMENTAL FUND FINANCIAL STATEMENTS**

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

**A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities**

Total fund balances of the City's governmental funds differ 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 sheets.

**B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities**

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown below represent:

i. Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

ii. Capital related differences:

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

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

**NOTE 2 — EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENT-WIDE STATEMENTS AND GOVERNMENTAL FUND FINANCIAL STATEMENTS (Continued)**

**B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities (Continued)**

iii. Long-term liability transaction differences:

Long-term liability transaction differences relate principally to bonds, post-employment benefits and accrued compensated absences. Both interest and principal payments on bonds and other long-term debt 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.

Employees earn vacation and sick leave as they provide service. They may accumulate (subject to certain limitations) unused time earned and, upon retirement, termination or death, may be compensated for such accumulated time. The cost of vacation pay and sick time are recognized in the statement of revenues, expenditures and changes in fund balance when the expenditures are paid. The cost of vacation and sick time earned within the reporting period, including that which is not expected to be paid with expendable available financial resources, is reported in the government-wide financial statements as a liability and expensed in the statement of activities.

Employees earn retirement benefits as they provide service. The benefit is based on factors such as the applicable employee agreement, the employees' hiring date and the number of years of service to the City. The costs of retirement benefits are recognized in the statement of revenues, expenditures and changes in fund balance when the expenditures are paid. The total cost of postemployment benefits to be paid, as estimated in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, is being amortized over a thirty year period. The cost of retirement benefits earned within the reporting period, including that which is not expected to be paid with expendable available resources is reported in the government-wide financial statements as a liability and expensed in the statement of activities.

**NOTE 3 — STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Budgetary Information*

Pursuant to Article 6 of the Second Class Cities Law of the State of New York and its own charter, the City legally adopts calendar year budgets for the General and Special Revenue Funds. Any amendments to the original budget during the year require the approval of the Board of Estimate and Apportionment.

The appropriated budget is prepared by fund, function and department, encumbrance accounting is employed in governmental funds. Encumbrances (such as purchase orders) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 4 — CASH AND CASH EQUIVALENTS AND CASH AND CASH EQUIVALENTS - RESTRICTED**

*Budgetary Information (Continued)*

At December 31, 2014, cash and cash equivalents and cash and cash equivalents - restricted are comprised of interest bearing and non-interest bearing deposits in various financial institutions.

It is the City's policy for all deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance. At December 31, 2014, all cash and cash equivalents, as well as restricted cash and cash equivalents in excess of FDIC insurance, were fully collateralized by securities in the name of the financial institution held in a separate account.

The City has approximately \$2,936,000 in cash and cash equivalents that have been restricted as follows:

<b>General Fund</b>	
Debt service	\$2,020,000
Landfill postclosure	<u>916,000</u>
	<u><u>\$2,936,000</u></u>

The City's investment policy attempts to limit exposure to losses arising from interest rate risk, credit risk, custodial risk, and concentration of credit risk. Further, statutes authorize the City to invest in obligations of New York State, the United States Government and its agencies, and repurchase agreements collateralized by U.S. obligations.

**NOTE 5 — LANDFILL RECEIVABLE**

The City currently has one landfill accepting waste from various public and private entities. These entities are billed monthly based on the tonnage deposited at the landfill for the previous month. At December 31, 2014, the City had outstanding landfill receivables of approximately \$1,162,000, with an allowance of approximately \$18,000.

**NOTE 6 — PROPERTY TAXES**

Property taxes are levied and payable in January. Any property taxes not paid by the following December 31 are purchased without recourse by the County of Albany. Accordingly, the total levy is considered measurable and available, and there is no allowance for uncollectible property taxes at December 31, 2014.

The taxable assessed value of real property, as adjusted by New York State, included in the tax levy of 2013 (revenue in 2014), was \$4,259,998,475. The effective tax rate on this value is \$10.29 per thousand for residential and \$14.67 per thousand for non-residential properties. The constitutional tax limit is 2% of the 5-year average of the full value assessment. The 2014 levy represents approximately 59% of the constitutional tax limit. The taxable assessed value of real property included in the tax levy of 2014 (revenue in 2015), was \$4,343,508,878. The effective tax rate on this value is \$10.82 per thousand for residential and \$14.19 per thousand for non-residential properties. The 2014 levy represents approximately 62% of the constitutional tax limit.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 7 — CAPITAL ASSETS**

Property and equipment is comprised of the following:

	<b>Balance January 1 2014</b>	<b>Additions</b>	<b>Deletions and Reclassifications</b>	<b>Balance December 31, 2014</b>
Capital assets not being depreciated:				
Land	\$ 5,057,103	-	(1)	\$ 5,057,102
Construction in process	20,795,225	8,270,675	(11,697,867)	17,368,033
	<u>25,852,328</u>	<u>8,270,675</u>	<u>(11,697,868)</u>	<u>22,425,135</u>
Capital assets being depreciated:				
Buildings, capital leases and improvements	49,993,183	144,043	965,359	51,102,585
Machinery and equipment	59,945,375	2,250,265	(1,114,305)	61,081,335
Infrastructure	322,696,223	-	10,532,507	333,228,730
	<u>458,487,109</u>	<u>10,664,983</u>	<u>(1,314,307)</u>	<u>467,837,785</u>
Less accumulated depreciation for:				
Buildings, capital leases and improvements	27,506,957	1,007,276	-	28,514,233
Machinery and equipment	48,284,979	3,017,753	(1,313,920)	49,988,812
Infrastructure	172,801,256	12,491,846	-	185,293,102
	<u>248,593,192</u>	<u>16,516,875</u>	<u>(1,313,920)</u>	<u>263,796,147</u>
Total capital assets, net	<u>\$ 209,893,917</u>			<u>\$ 204,041,638</u>

Depreciation expense was approximately \$16,517,000 for the year ended December 31, 2014. In the statement of activities, depreciation expense is allocated to each function as follows:

<b>Function/Programs</b>	<b>Depreciation Expense</b>
Public safety and regulation	\$ 1,967,696
General government	4,975,324
Highway and streets	3,853,600
Recreation and culture	436,012
Community service	5,276,339
Economic development and assistance	7,904
	<u>\$ 16,516,875</u>

**NOTE 8 — MORTGAGE LOANS RECEIVABLE AND DEFERRED REVENUES**

The City, through its blended component unit ACDA, lends monies received through Federal grants (principally HUD CDBG) to individuals, businesses, and non-profit agencies at low interest rates to fund the acquisition and rehabilitation of low income housing and other community development projects in the City. Loan disbursements are recorded as grant expenditures and loan repayments are recorded as program income. Mortgage loans receivable and the related deferred revenue account consist of principal to be collected in future periods or principal amounts that are forgiven annually in accordance with grant provisions.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 8 — MORTGAGE LOANS RECEIVABLE AND DEFERRED REVENUES (Continued)**

Interest rates and loan periods are determined using criteria established by the granting agency. Interest rates on these loans range between 0% and 8% and loan periods are either for a period of up to 15 years or deferred and forgiven as long as the beneficiary is in compliance with the loan agreement.

Funds received from the NYSHTFC were used to establish loans with various not-for-profit organizations, for use in the acquisition and rehabilitation of low income housing. In accordance with applicable grant provisions, loan disbursements are reflected as Due to New York Housing Trust Fund Corporation (NYSHTFC). Funds disbursed to participants generally do not bear interest and are repayable over a period of 15 to 25 years. In accordance with loan agreements, annually, on the anniversary date of completion of the project, one fifteenth or twenty-fifth of the loan is forgiven as long as the beneficiary is in compliance with the loan agreement.

In 2011, the Agency initiated a Choose Albany revolving loan fund utilizing general funds. The revolving loan fund promotes home ownership in Albany and will be for 8% of the purchase price up to \$15,000. The loan can be utilized for down payment assistance or closing costs. The loans have a ten year term with zero percent interest.

The balance of mortgage loans receivable, net of related allowances, is comprised of the following at December 31, 2014:

<u>Program</u>	<u>Balance</u>
HUD	\$ 6,578,783
HUD, forgivable grant loans	1,944,731
NYSHTFC	209,581
Choose Albany	199,987
	<u>\$ 8,933,082</u>

**NOTE 9 — INTERFUND RECEIVABLES AND PAYABLES**

A summary of interfund receivables and payables at December 31, 2014 is as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	\$ 6,571,940	\$ 3,509,273
Special Revenue	36,359	426,148
Capital Projects	390,212	2,843,030
Albany Community Development Agency	900	212,325
	<u>6,999,411</u>	<u>6,990,776</u>
Fiduciary Fund	-	8,635
	<u>\$ 6,999,411</u>	<u>\$ 6,999,411</u>

Fiduciary fund balances are not reported in the government wide financial statements or fund financial statements. Rather, they are reported separately in the statement of fiduciary net position – fiduciary funds.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 10 — DUE FROM/TO COMPONENT UNITS**

The City has reported approximately \$5,012,000 as the amount due to the Component Units, net at December 31, 2014. The Component Units reported approximately net \$9,047,000 as the amount due from the primary government, net. The net difference as reported by the City and its Component Units is approximately \$4,035,000 which is primarily caused by timing difference related to the recording of tax assessment adjustments. Other activity giving rise to difference in amounts due between the City and the Component Units relates to payroll, benefits, grant reimbursements and other administrative costs paid for by the City and reimbursed to the City by the Component Units or paid for by the Component Units and reimbursed by the City.

**NOTE 11 — PENSION PLANS**

The City of Albany 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 multi-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, NYS Comptroller State Office Building, 110 State Street, Albany, NY 12207.

The Systems are contributory at a rate of 3% of salary, except for employees who joined before July 27, 1976 and Tier 3 and 4 members with ten or more years of membership, or ten years of credited service for whom no contribution is required. Employee contributions are deducted from their salaries and remitted on a current basis to the Systems. Employer contributions are actuarially determined for the Systems.

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

	<u>ERS</u>	<u>PFRS</u>
2014	\$6,368,984	\$12,094,801
2013	\$6,424,534	\$13,912,995
2012	\$5,449,165	\$11,250,128

For 2014 and 2013, the City of Albany elected to amortize approximately \$3,565,000 and \$6,006,000 of its contributions, respectively, in accordance with the provisions of Chapter 57, laws of 2013 and Chapter 57, laws of 2010, respectively, related to payment of retirement contributions. The City's contributions made to the Systems were equal to 100 percent of the contributions required for 2012.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 12 — NOTES PAYABLE**

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

In July 2014, the City issued various BANs of \$29,138,785 at an interest rate of 1.00%. The proceeds of the BANs, along with available funds, were used to redeem part of the \$20,686,085 BANs issued in 2013 which matured in July 2014 and also provided new funds for various capital purchases and improvements. These BANs were subsequently redeemed in July 2015 (see Note 15 – Subsequent Events).

Interest expense on BANs totaled approximately \$224,000 for the year ended December 31, 2014.

**NOTE 13 — INDEBTEDNESS**

Indebtedness of the City include loans, certain accruals, and serial and Environmental Facilities Corporation (EFC) bonds. Bonds are guaranteed by the full faith and credit of the City.

The following is a summary of certain long-term liability transactions of the City for the year ended December 31, 2014:

	<b>Balance January 1, 2014</b>	<b>New Issues/ Increase in Estimates</b>	<b>Payments/ Decrease in Estimates</b>	<b>Balance December 31, 2014</b>
Bonds	\$ 102,530,000	\$ -	\$ (15,025,000)	\$ 87,505,000
Premiums on Bonds	3,437,923	-	(889,153)	2,548,770
Loans payable (ACDA)	661,719	-	(73,298)	588,421
Post employment benefit obligation (Note 14)	66,437,793	13,369,221	(9,944,248)	69,862,766
Vacation/sick pay obligations	18,457,300	-	(1,380,168)	17,077,132
Due to NYS Retirement System	9,504,500	4,175,087	(912,994)	12,766,593
Litigation and contingent liabilities	12,708,008	5,175,923	(3,804,343)	14,079,588
Landfill closure and postclosure care costs	7,847,511	823,046	-	8,670,557
Retainage payable on long-term contracts	409,331	127,286	(409,331)	127,286
Capital lease obligations	1,579,184	-	(621,175)	958,009
Total	<u>\$ 223,573,269</u>	<u>\$ 23,670,563</u>	<u>\$ (33,059,710)</u>	<u>\$ 214,184,122</u>

Of the total outstanding indebtedness of the City at December 31, 2014, approximately \$116,643,785 was subject to the statutory debt limit. Amounts subject to the statutory debt limit include bonds and notes payable. This represents approximately 35% of the City's \$330,839,967 statutory debt limit.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 13 — INDEBTEDNESS (Continued)**

**(a) Bonds**

Serial and New York State Environmental Facilities (EFC) bonds, the proceeds of which have been used primarily to provide funds for various capital projects, consists of the following at December 31, 2014:

<u>Interest Rate</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding December 31, 2014</u>	<u>Annual Principal Installments (Range)</u>
Serial Bonds					
4.00 - 4.125%	2006	2018	\$ 15,500,000	\$ 6,050,000	\$1,305,000-\$1,610,000
5.25%	2006	2020	10,095,000	5,260,000	685,000- 1,000,000
3.62%	2009	2023	19,974,950	14,070,000	1,225,000-1,825,000
3.00 - 5.00%	2011	2025	11,075,000	7,250,000	225,000-1,375,000
3.00 - 5.00%	2011	2017	1,700,000	795,000	240,000-275,000
1.50 - 3.00%	2011	2021	7,922,026	5,760,000	720,000 - 890,000
2%	2012	2020	24,027,579	18,455,000	2,762,579-3,230,000
3.00-4.00%	2012	2021	10,010,248	7,995,000	995,248-1,240,000
2.00-5.00%	2012	2018	12,590,000	8,185,000	155,000 -1,770,000
3.00-4.50%	2013	2020	9,890,000	8,630,000	1,260,000-1,595,000
EFC Bonds					
1.014%	2011	2016	1,380,000	470,000	230,000-235,000
0.807%	2011	2020	3,995,000	2,530,000	370,000- 445,000
4.132 - 5.002%	2012	2022	2,730,000	<u>2,055,000</u>	225,000-285,000
				\$ 87,505,000	
Add: Unamortized Premiums				<u>2,548,770</u>	
				<u>\$ 90,053,770</u>	

The following are details of bonds outstanding at December 31, 2014:

During 2006, the City issued \$25,595,000 in General Obligation Bonds. The issue included \$15,500,000 in tax exempt bonds to be used for ongoing and additional capital projects and \$10,095,000 in federally taxable bonds used to convert the federally taxable BANs originally issued in 2004 to finance additional retirement participation costs of City employees participating in the New York State Retirement System.

The 2006 tax exempt bonds bear interest rates from 4.00% to 4.125%. The issue matures in 2018. The 2006 taxable bonds bear interest of 5.25% and mature in 2020.

During 2009, the City issued \$19,974,950 in General Obligation Bonds. The proceeds, along with \$2,462,000 in available funds, were used to redeem \$28,525,600 Bond Anticipation Notes of 2008, originally issued for various capital projects.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 13 — INDEBTEDNESS (Continued)**

**(a) Bonds (continued)**

In March 2011, the City issued \$12,775,000 in General Obligation Refunding Bonds. The Bonds carry interest rates ranging from 3.00% to 5.00% and a premium of \$1,017,305. The final bond issue matures on August 1, 2025.

The proceeds of the Bonds are to advance refund \$1,735,000 of outstanding 1997 General Obligation Bonds with interest rates ranging from 4.8% to 5.0%, \$5,565,000 of outstanding 2000 General Obligation Bonds, with interest rates ranging from 5.00% to 5.50%, and \$5,955,000 of outstanding 2001 General Obligation Bonds with interest rates ranging from 4.125% to 5.000%.

In July 2011, the City issued \$7,922,026 in General Obligation Bonds. The Bonds carry interest rates ranging from 1.50% to 3.00%. The final bond issue matures on July 1, 2021.

In July 2012, the City issued \$34,037,827 in General Obligation Bonds. The Bonds carry interest rates ranging from 2.00% to 4.00%. The final bond issue matures on July 1, 2021.

The proceeds of the Bonds, along with available funds, were used to redeem part of the \$46,471,326 BANs issued in 2011 and matured July 6, 2012 and also provided new funds for the purchase of land, equipment and vehicle purchases as well as costs associated with the expansion of the City's landfill.

In July 2012, the City issued \$12,590,000 in General Obligation Refunding Bonds. The Bonds carry interest rates ranging from 2.00% to 5.00%. The final bond issue matures on July 15, 2018.

The proceeds of the Bonds are to advance refund \$10,240,000 of outstanding 2003 General Obligation Bonds with interest rates ranging from 4.0% to 4.25% and \$3,155,000 of outstanding 2004 General Obligation Bonds, with interest rate of 4.00%.

In July 2013, the City issued \$9,890,000 in General Obligation Bonds. The Bonds carry interest rates ranging from 3.00% to 4.50%. The final bond matures on July 1, 2020.

In March of 2011, EFC completed a refinancing initiative on behalf of the City of Albany that initially financed projects through the State Clean Water and Drinking Water Revolving Funds (SRF) Series 1997C. The EFC refunding reduced the City's future interest cost on the SRF financing that was funded through the Series 1997C bonds. This resulted in refunded principal in the amount of \$1,380,000 from EFC with interest rate of 1.014% maturing in 2016.

In March of 2011, EFC completed a refinancing initiative on behalf of the City of Albany that initially financed projects through the State Clean Water and Drinking Water Revolving Funds (SRF) Series 2000B. The EFC refunding reduced the City's future interest cost on the SRF financing that was funded through the Series 2000B bonds. This resulted in refunded principal in the amount of \$3,995,000 from EFC with interest rate of 0.807% maturing in 2020.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 13 — INDEBTEDNESS (Continued)**

**(a) Bonds (continued)**

In June of 2012, EFC completed a refinancing initiative on behalf of the City of Albany that initially financed projects through the State Clean Water and Drinking Water Revolving Funds (SRF) Series 2002A. The EFC refunding reduced the City's future interest cost on the SRF financing that was funded through the Series 2002A bonds. This resulted in refunded principal in the amount of \$2,730,000 from EFC with interest rates ranging from 4.132% to 5.002% maturing in 2022.

Future maturities of general long-term debt as of December 31, 2014 are as follows:

<b>Year Ending December 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 15,140,000	\$ 3,116,781	\$ 18,256,781
2016	13,500,000	2,593,613	16,093,613
2017	13,630,000	2,133,512	15,763,512
2018	13,800,000	1,634,589	15,434,589
2019	10,745,000	1,152,030	11,897,030
2020-2024	20,465,000	1,506,717	21,971,717
2025	225,000	11,250	236,250
	<u>\$ 87,505,000</u>	<u>\$ 12,148,492</u>	<u>\$ 99,653,492</u>

Interest expense for bonds and loans payable was approximately \$3,538,000 for the year ended December 31, 2014.

**(b) Loans payable**

Loans payable are further broken down as follows:

	<b>Balance January 1, 2014</b>	<b>New Issues/ Increase in Estimates</b>	<b>Retirement/ Decrease in Estimates</b>	<b>Balance December 31, 2014</b>
Note payable (1)	\$ 114,000	\$ -	\$ (21,000)	\$ 93,000
Note payable (2)	122,728	-	(9,764)	112,964
Note payable (3)	424,991	-	(42,534)	382,457
	<u>\$ 661,719</u>	<u>\$ -</u>	<u>\$ (73,298)</u>	<u>\$ 588,421</u>

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

**NOTE 13 — INDEBTEDNESS** (Continued)

**(b) Loans payable** (continued)

- (1) As part of the capitalized lease obligation for the Agency's facility located at 200 Henry Johnson Boulevard, the Agency executed a note payable to CAC to pay for all previously unreimbursed tenant expenses. The note has a sixteen year term and the agreement requires the Agency to remit semi-annual payments to CAC through 2018.
- (2) Note payable from CAC to fund improvements made to one of the Agency's properties located at 388 Clinton Avenue. The note is collateralized by a mortgage agreement on the building located at 388 Clinton Avenue. The note is being amortized over a period of twenty years, with monthly principal and interest payments. The interest rate for the first five years of the note is fixed at 4%, and is subject to every five years thereafter to prime plus 1%.
- (3) During 2011, the Agency borrowed the sum of \$500,000 from the Capitalize Albany Corporation to purchase property at 25 Delaware Avenue. The note is collateralized by a mortgage agreement on the property located at 25 Delaware Avenue. The note is being paid over a period of ten years, with monthly principal and interest payments. The balance is due in full at the time of sale or change in ownership of the property. The interest rate is 5.75%. The property acquired was recorded as property held for sale and included in other assets in the statement of net position.

**(c) Due to New York State and Local Retirement System**

During 2014 and 2013, the City elected to defer part of their New York State Pension contributions. The deferred portions of the contributions are amortized over twelve or ten years, depending on the year of deferral, at rates of 3% - 3.76%. The total amount due NYSLRS at December 31, 2014 was \$12,767,000.

A summary of future NYSLRS payment obligations as of December 31, 2014 is as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ -	\$ -	\$ -
2016	1,127,721	448,332	1,576,053
2017	1,166,865	409,190	1,576,055
2018	1,207,377	368,678	1,576,055
2019	1,249,311	326,744	1,576,055
2020-2024	6,045,848	959,157	7,005,005
2025-2027	1,969,471	122,656	2,092,127
	<u>\$ 12,766,593</u>	<u>\$ 2,634,757</u>	<u>\$ 15,401,350</u>

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 13 — INDEBTEDNESS (Continued)**

**(d) *Litigation and contingent liabilities***

**(1) *Judgments and Claims***

There are various suits and claims pending against the City. In the opinion of City officials and Corporation Counsel, there are no proceedings against the City in which the likelihood the City will be held liable is probable and the amount of claims relating to such proceedings are reasonably estimable. The City has recognized an accrued liability of approximately \$446,000 related to future claims on certain other matters.

**(2) *Workers' Compensation Claims***

The City self-insures workers' compensation claims. The City and its component units, with the exception of the BID, the Association, and the CBID, all participate in the self-insurance program.

Under the program, the City utilizes a program administrator to process claims as they occur. A liability for unpaid claims based upon individual case estimates for claims incurred as well as claims incurred but not reported (IBNR) at December 31, 2014 has been recorded in the caption "Judgments and Claims." This liability is the City's best estimate based on available information. Changes in the reported liability for 2014 are as follows:

	<b>Balance as of January 1 2014</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance as of December 31, 2014</b>
Workers' compensation liability	<u>\$ 12,275,605</u>	<u>\$ 4,959,963</u>	<u>\$ (3,601,940)</u>	<u>\$ 13,633,628</u>

**(3) *Grant Programs***

City

The City participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of these programs may be conducted periodically in accordance with grantor requirements. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amounts of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the City believes, based upon its review of current activity and prior experience, the amount of such disallowances, if any, will be minimal.

ACDA

The Agency receives a major portion of its annual revenues through Federal and New York State grants. Any significant reduction in grant funding levels could have a negative impact on the Agency and the services it offers. The Agency's grant funding is typically awarded for specific programs or purposes and is subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the applicable grant. Management believes that all grant funds were expended in accordance with applicable terms and does not expect any significant disallowance claims will be made by grantor agencies.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 13 — INDEBTEDNESS (Continued)**

**(e) Landfill closure and post closure care costs**

The City has four landfills, three of which stopped accepting waste prior to December 1993. The fourth, Albany Interim Landfill (AIL), together with its expansions added in 2010 and 2012, is still accepting waste at December 31, 2014. In June 2009, the New York State Department of Environmental Conservation (NYSDEC) issued a renewal permit to the City to continue operations of the existing landfill through June 2019.

State and federal laws and regulations require the City to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste. The City reports closure and post closure care costs based on landfill capacity used as of each balance sheet date.

Accrued landfill closure and post closure care costs of approximately \$8,671,000 at December 31, 2014, represent the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of all previously closed landfills and 74 percent of the estimated capacity of the AIL as determined by an independent engineer. The estimated remaining life of the AIL is approximately 6 years. The City will recognize the remaining estimated cost of closure and post closure care of \$2,635,000 as the remaining AIL capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2014. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City currently has restricted cash of approximately \$916,000 for payment of closure and post closure care costs.

**(f) Capital lease obligations**

City

The City has a master equipment lease/purchase agreement (the “agreement”) with a bank. The agreement provided capital for the City to use to purchase certain equipment from various vendors to be used by the City in executing day to day delivery of general government services to its constituency.

The total acquisition cost is deferred in the lease/purchase schedules and bear interest ranging from 3.30% to 3.65%. The purchases qualify as capital leases. The interest portion of the future minimum lease payments approximate \$8,000 and the net present value of the lease payments approximate \$368,000. Payments of interest and principal are semi-annual and are made in accordance with each subordinate agreement payment schedule.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 13 — INDEBTEDNESS (Continued)**

**(f) Capital lease obligations (continued)**

ACDA

ACDA amended its lease for office space at a facility located at 200 Henry Johnson Boulevard. The amended lease has a sixteen year term and the agreement requires ACDA to remit semi-annual payments to the Capitalize Albany Corporation (“CAC”) through 2018. The agreement qualifies as a capital lease. The interest portion of future minimum lease payments approximate \$70,000 and the net present value at December 31, 2014 approximates \$590,000.

A summary of future minimum lease payments and future minimum maturities of the capital lease obligations as of December 31, 2014 is as follows:

<u>Year Ending December 31</u>	<u>City</u>	<u>ACDA</u>	<u>Total</u>
2015	\$ 376,431	\$ 165,044	\$ 541,475
2016	-	166,994	166,994
2017	-	163,513	163,513
2018	-	164,600	164,600
2019	-	-	-
Total minimum lease payments	376,431	660,151	1,036,582
Less amounts representing interest	(8,422)	(70,151)	(78,573)
Total principal	<u>\$ 368,009</u>	<u>\$ 590,000</u>	<u>\$ 958,009</u>

**NOTE 14 — OTHER POSTEMPLOYMENT BENEFITS**

City

In addition to providing pension benefits (see Note 11), the City also provides health care benefits for retired employees, their dependents and certain survivors. Substantially all of the City’s employees, as well as employees of the Albany Water Board, may become eligible for those benefits if they reach normal retirement age while working for the City.

The City follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for the recognition, measurement, and display of other postemployment benefits (retiree health insurance) expenses and related liabilities and note disclosure.

**Plan Description**

The City administers its Retiree Medical Plan (the Plan) as a single-employer defined benefit other postemployment benefit (OPEB) plan. The Plan provides for the continuation of medical benefits to certain qualifying retirees of the City and the Albany Water Board, and their dependents and certain survivors and can be amended by action of the City. The Plan does not currently issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 14 — OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Funding Policy**

The obligations of the Plan members, employers and other entities are established by the City. The required contribution rates of the employer and the members vary depending on the retiree's hiring date and number of years of service to the City. The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis, with the possibility of prefunding additional benefits if so determined by the City. For 2014, the City contributed approximately \$9,944,000 for current costs. The costs of administering the plan are paid by the City.

**Funded Status and Funding Progress**

The schedule of funding progress presents multi-year (when available) trend information that is useful in determining whether the actuarial value of Plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liability. The following table sets forth the actuarial accrued liability and funded status of the Plan as of December 31, 2014 based on January 1, 2013 valuation date.

<u>Actuarial Accrued Liability (AAL)</u>	
Currently retired	\$ 184,089,321
Actives eligible to retire	21,875,184
Actives not yet eligible to retire	55,287,467
Actuarial accrued liability	<u>261,251,972</u>
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 261,251,972</u>
Funded ratio	<u>0%</u>
2014 normal cost	<u>\$ 4,422,119</u>

The following table summarizes the amortization calculation of the UAAL (level annual payment method) as of the latest valuation date:

UAAL	\$ 261,251,972
Amortization period (years)	30
Amortization discount rate	5%
2014 UAAL amortization amount	\$ 8,397,830

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for 2014:

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 14 — OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Annual OPEB Cost and Net OPEB Obligation** (Continued)

Normal cost	\$ 4,422,119
Amortization of UAAL	8,397,830
Interest	419,892
ARC	13,239,841
Interest on OPEB obligation	3,321,890
Adjustment to ARC	(3,192,510)
OPEB expense	<u>\$ 13,369,221</u>

The City's OPEB obligation for the current year was as follows:

	<u>2014</u>
Net OPEB obligation at beginning of year	\$ 66,437,793
OPEB expense	13,369,221
OPEB contributions	(9,944,248)
Net OPEB obligation at end of year	69,862,766
Less: estimated current portion of OPEB obligation	9,941,835
Estimated long-term portion of OPEB obligation	<u>\$ 59,920,931</u>
Percentage of expense contributed	<u>74.4%</u>

**Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs (if any) between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used to calculate the costs of the Plan for age, disability, vested and surviving spouse's benefits is the Projected Unit Credit Actuarial Cost Method. Under this method, each participant's projected benefit is calculated at all possible ages based on the Plan provisions as well as the initial data and actuarial assumptions. For active participants, the AAL is determined by pro-rating the projected benefit based upon service accrued to the valuation date divided by service projected to be accrued at the first age of benefit eligibility. The normal cost is determined by dividing the projected benefit by service projected to be accrued at the first age of benefit eligibility.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 14 — OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Actuarial Methods and Assumptions (Continued)**

The valuation date for the calculation was January 1, 2013 and the discount rate utilized was 5%. No salary increases were assumed since benefits are not based on compensation. Health care costs for governmental activities were assumed to increase as follows:

<u>Year</u>	<u>Trend</u>
2015	9.0%
2016	8.5%
2017	8.0%
2018	7.5%
2019	7.0%
Thereafter	6.5% - 5.0%

**NOTE 15 — SUBSEQUENT EVENTS**

In May 2015, the City issued \$9,215,000 in General Obligation Refunding Bonds. The Bonds carry interest rates ranging from 0.46% to 4.00%, with a premium of \$223,287. The Bonds have maturity dates ranging from June 1, 2015 through June 1, 2020.

The proceeds of the Bonds are to advance refund \$4,630,000 of outstanding 2006 General Obligation Tax-Exempt Bonds with interest rates of 4.13% and \$4,495,000 of outstanding 2006 General Obligation Bonds with interest rates of 5.75%.

In July 2015, the City issued \$43,425,299 in Bond Anticipation Notes (BANs). The BANs are due July 1, 2016 and carry an interest rate of 2.00%.

The proceeds of the BANs were used to redeem part of the \$29,138,785 BANs that were issued in 2014 and matured July 2, 2015, and also provide new funds for various capital purchases.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ALBANY, NEW YORK**  
**SCHEDULE OF REVENUES, EXPENDITURES AND MODIFIED BUDGET AND ACTUAL –**  
**GENERAL AND SPECIAL REVENUE FUND**  
**For the Year Ended December 31, 2014**

	General Fund				Special Revenue Fund			
	Original Budget	Final Adopted Budget	Actual	Actual Over (Under) Final Budget	Original Budget	Final Adopted Budget	Actual	Actual Over (Under) Final Budget
<b>REVENUES</b>								
Real property taxes	\$ 56,048,000	\$ 56,048,000	\$ 55,798,170	\$ (249,830)	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	31,930,000	31,930,000	32,303,484	373,484	-	-	-	-
Other taxes	3,430,000	3,430,000	3,071,045	(358,955)	-	-	-	-
Payments in lieu of taxes	19,045,000	19,045,000	19,475,487	430,487	-	-	-	-
Intergovernmental revenue	20,829,800	24,389,006	21,815,427	(2,573,579)	3,366,800	3,396,800	2,281,543	(1,115,257)
Charges for services	13,169,200	13,169,200	13,764,918	595,718	-	-	-	-
Fines, interest and penalties	5,375,000	5,388,500	4,369,494	(1,019,006)	-	-	-	-
Use of money and properties	120,000	120,000	255,480	135,480	-	-	-	-
Licenses and permits	2,332,000	2,332,000	2,851,219	519,219	-	-	-	-
Other revenues	3,598,200	3,632,200	3,895,288	263,088	-	-	-	-
Total revenues	<u>155,877,200</u>	<u>159,483,906</u>	<u>157,600,012</u>	<u>(1,883,894)</u>	<u>3,366,800</u>	<u>3,396,800</u>	<u>2,281,543</u>	<u>(1,115,257)</u>
<b>EXPENDITURES</b>								
Public safety and regulation	91,855,921	95,424,244	90,457,930	(4,966,314)	-	-	-	-
General government	22,710,392	22,240,801	20,591,780	(1,649,021)	-	-	-	-
Highways and streets	6,578,793	6,897,793	6,946,790	48,997	-	-	-	-
Recreation and culture	4,512,017	4,512,017	4,058,714	(453,303)	-	-	-	-
Community service	8,962,797	9,127,337	8,340,571	(786,766)	-	-	-	-
Employee benefits	14,242,280	14,242,280	16,034,421	1,792,141	-	-	-	-
Economic development and assistance	-	-	-	-	2,730,702	2,749,000	2,358,869	(390,131)
Debt service	21,030,000	21,030,000	19,691,373	(1,338,627)	-	-	-	-
Total expenditures	<u>169,892,200</u>	<u>173,474,472</u>	<u>166,121,579</u>	<u>(7,352,893)</u>	<u>2,730,702</u>	<u>2,749,000</u>	<u>2,358,869</u>	<u>(390,131)</u>
Excess (deficiency) of revenues and appropriated fund balance over expenditures	<u>(14,015,000)</u>	<u>(13,990,566)</u>	<u>(8,521,567)</u>	<u>5,468,999</u>	<u>636,098</u>	<u>647,800</u>	<u>(77,326)</u>	<u>(725,126)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
General fund allocation	9,801,000	9,776,566	-	(9,776,566)	-	-	-	-
Transfers	-	-	(1,625,000)	(1,625,000)	-	-	-	-
Proceeds from issuance of long-term debt	4,214,000	4,214,000	-	(4,214,000)	-	-	-	-
Premium on bond anticipation notes issued	-	-	261,531	261,531	-	-	-	-
Total other financing sources (uses)	<u>14,015,000</u>	<u>13,990,566</u>	<u>(1,363,469)</u>	<u>(15,354,035)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues, appropriated fund balance and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,885,036)</u>	<u>\$ (9,885,036)</u>	<u>\$ 636,098</u>	<u>\$ 647,800</u>	<u>\$ (77,326)</u>	<u>\$ (725,126)</u>