

## OFFICIAL STATEMENT

### NEW/RENEWAL

### BOND ANTICIPATION NOTES

*In the opinion of Roemer Wallens Gold & Mineaux LLP, Bond Counsel, under existing laws, regulations, rulings and court decisions, and assuming continuing compliance by the City with certain covenants and the accuracy of certain representations, (i) interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York. The Notes may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax, on a portion of that interest. See "TAX MATTERS" herein for a discussion of certain Federal taxes applicable to corporate owners of the Notes.*

*The City will NOT designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.*

**\$59,304,275**  
**CITY of ALBANY**  
**ALBANY COUNTY, NEW YORK**  
**\$59,304,275 Bond Anticipation Notes, 2021**  
**CUSIP BASE #012429**

**Dated: March 25, 2021**

**Due: March 25, 2022**

**(the "Notes")**

**At an Interest Rate of 3.00% to Yield 0.21%**  
**CUSIP No. 012429 BP0**

The Notes are general obligations of the City of Albany, Albany County, New York (the "City"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes interest thereon, subject to applicable statutory limitations. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

The Notes will be issued in book-entry-only form and will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased. Such Notes will be issued in denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination, as may be determined by such successful bidder. If the Notes are issued in book-entry-only form, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the City, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the respective approving legal opinion as to the validity of the Notes of Roemer Wallens Gold & Mineaux LLP, Bond Counsel, of Albany, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC, Jersey City, New Jersey on or about March 25, 2021.

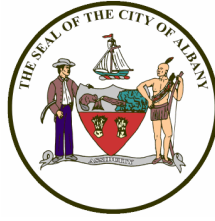
March 11, 2021

THIS REVISED COVER SUPPLEMENTS THE OFFICIAL STATEMENT OF THE CITY DATED MARCH 4, 2021 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12. OTHER THAN AS SET FORTH ON THE REVISED COVER, THE REVISION TO THE SECTION "RATING", AND THE REVISION OF THE DATED DATE ON PAGE 35, THERE HAVE BEEN NO REVISIONS TO SAID OFFICIAL STATEMENT.

**BofA Securities, Inc.**

# CITY OF ALBANY

## ALBANY COUNTY, NEW YORK



KATHERINE M. SHEEHAN  
MAYOR

DARIUS SHAHINFAR  
TREASURER

DORECY APPLYRS  
CHIEF CITY AUDITOR

### COMMON COUNCIL

COREY ELLIS, PRESIDENT

KELLY KIMBROUGH, PRESIDENT PRO TEMPORE

Owusu Anane  
Alfredo Balarin  
Richard Conti  
Judy Doesschate  
Catherine M. Fahey

Ginnie Farrell  
Sonia Frederick  
Jack Flynn  
Tom Hoey  
Joseph Igoo

Derek Johnson  
Joyce Love  
Michael O'Brien  
Jahmel K. Robinson

### CITY OFFICIALS

DAVID GALIN  
Chief of Staff

RACHEL McENENY  
Commissioner of Administrative Services

DANIELLE GILLESPIE  
City Clerk

MARISA FRANCHINI, ESQ.  
Corporation Counsel



FISCAL ADVISORS & MARKETING, INC.  
Municipal Advisor

Roemer Wallens  
Gold & Mineaux<sub>LLP</sub>  
Counsellors at Law

ROEMER WALLENS GOLD & MINEAUX LLP  
Bond Counsel

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

## TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
<b>NATURE OF OBLIGATION .....</b>	<b>1</b>	<b>STATUS OF INDEBTEDNESS .....</b>	<b>27</b>
<b>THE NOTES .....</b>	<b>2</b>	Constitutional Requirements .....	27
Description of the Notes .....	2	Statutory Procedure .....	28
<b>NO OPTIONAL REDEMPTION .....</b>	<b>3</b>	Debt Outstanding End of Fiscal Year .....	28
<b>BOOK-ENTRY-ONLY SYSTEM .....</b>	<b>3</b>	Details of Outstanding Indebtedness .....	28
<b>CERTIFICATED NOTES .....</b>	<b>4</b>	Debt Statement Summary .....	29
<b>PURPOSE OF ISSUE .....</b>	<b>4</b>	Estimate of Obligations to be Issued .....	29
<b>SOURCES OF PAYMENT OF THE NOTES .....</b>	<b>5</b>	Revenue and Tax Anticipation Notes .....	29
<b>THE CITY .....</b>	<b>5</b>	Bonded Debt Service .....	29
General Information .....	5	Authority Indebtedness .....	29
City Services .....	8	Estimated Overlapping Indebtedness .....	30
Solid Waste .....	8	Debt Ratios .....	30
Selected Wealth and Income Indicators .....	8	<b>SPECIAL PROVISIONS AFFECTING</b>	
Population Trends .....	9	<b>REMEDIES UPON DEFAULT .....</b>	<b>30</b>
Employment .....	9	<b>MARKET AND RISK FACTORS .....</b>	<b>31</b>
Building Permit .....	10	<b>CONTINUING DISCLOSURE .....</b>	<b>32</b>
Ten Largest Employers in the City .....	10	Historical Compliance .....	32
Unemployment Rates .....	11	<b>TAX MATTERS .....</b>	<b>32</b>
Employees .....	11	<b>DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES .....</b>	<b>33</b>
Government Organization .....	12	Legal Matters .....	33
<b>DISCUSSION OF FINANCIAL OPERATIONS .....</b>	<b>13</b>	<b>ABSENCE OF LITIGATION .....</b>	<b>33</b>
Budgetary Procedure .....	13	<b>RATING .....</b>	<b>33</b>
2021 Budget Summary .....	13	<b>MUNICIPAL ADVISOR .....</b>	<b>34</b>
Five-Year Capital Plan .....	14	<b>CUSIP IDENTIFICATION NUMBERS .....</b>	<b>34</b>
Financial Control Procedures .....	15	<b>MISCELLANEOUS .....</b>	<b>34</b>
Accounting Practice and Independent Audits .....	15	<b>APPENDIX - A</b>	
<b>FINANCIAL HISTORY OF THE CITY .....</b>	<b>15</b>	<b>GENERAL FUND - Balance Sheets</b>	
General Fund .....	15	<b>APPENDIX - A1</b>	
Albany Municipal Water Finance Authority and Albany Water Board .....	15	<b>GENERAL FUND – Revenues, Expenditures and</b>	
Revenues .....	16	<b>Changes in Fund Balance</b>	
Real Property Tax Base .....	16	<b>APPENDIX - A2</b>	
Real Estate Property Tax .....	16	<b>GENERAL FUND – Revenues, Expenditures and</b>	
Expenses .....	19	<b>Changes in Fund Balance - Budget</b>	
Other Information .....	23	<b>APPENDIX - B</b>	
New York State Comptroller Report of Examination .....	23	<b>BONDED DEBT SERVICE</b>	
The State Comptroller's Fiscal Stress Monitoring System .....	23	<b>APPENDIX - C</b>	
<b>TAX INFORMATION .....</b>	<b>24</b>	<b>MATERIAL EVENT NOTICES</b>	
Valuations .....	24	<b>APPENDIX - D</b>	
Tax Rate Per \$1,000 (Assessed) .....	24	<b>AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY</b>	
Tax Collection Record .....	24	<b>SCHEDULES DECEMBER 31, 2019</b>	
Tax Collection Procedure .....	25		
Largest Taxpayers - (2021 Tax Roll) .....	25		
Payments in Lieu of Taxes .....	25		
Constitutional Tax Margin .....	26		
Additional Tax Information .....	26		
<b>TAX LEVY LIMITATION LAW .....</b>	<b>26</b>		

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OFFICIAL STATEMENT  
of the  
**CITY of ALBANY**  
**ALBANY COUNTY, NEW YORK**  
Relating to

**\$59,304,275 Bond Anticipation Notes, 2021**

This Official Statement, which includes the cover page and appendices, has been prepared by the City of Albany, Albany County, State of New York (the "City," "County," and "State," respectively), in connection with the sale by the City of its aggregate principal amount of \$59,304,275 Bond Anticipation Notes, 2021 (the "Notes").

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

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

**NATURE OF OBLIGATION**

Each Note when duly issued and paid for will constitute a contract between the City and the holder thereof.

Holders of any series of bonds or notes of the City may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Notes will be general obligations of the City and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the City has power and statutory authorization to levy ad valorem taxes on all real property within the City subject to such taxation by the City, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the City is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the City's power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See "TAX LEVY LIMITATION LAW" herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

"A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the city's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean...So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on

real estate for the payment of interest on or principal of indebtedness previously contracted. While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

## THE NOTES

### Description of the Notes

The Notes are general obligations of the City, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the City is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limits. See “TAX LEVY LIMITATION LAW” herein.

The Notes are dated March 25, 2021 and will mature, without option of prior redemption, on March 25, 2022. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity. The Notes will be issued in either (i) registered certificated, and, if so issued, registered in the name of the purchaser(s) in denominations of \$5,000 each or multiples thereof, as may be determined by the successful bidder(s) with principal and interest payable in Federal Funds; or (ii) as registered notes, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

## **NO OPTIONAL REDEMPTION**

The Notes shall not be subject to redemption prior to maturity.

## **BOOK-ENTRY-ONLY SYSTEM**

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

### **CERTIFICATED NOTES**

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

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at the office of the City Treasurer, Albany, New York. The Notes will remain not subject to redemption prior to their stated final maturity date.

### **PURPOSE OF ISSUE**

The Notes are being issued pursuant to the Constitution and Laws of the State, including the Local Finance Law, constituting Chapter 33-A of the Consolidated Laws of New York (the "Law") and various bond ordinances duly adopted by the Common Council, authorizing the issuance of bonds and bond anticipation notes for various capital purchases and improvements.

The proceeds of the Notes, along with a principal payment of \$3,000,100 using available funds of the City, will redeem and renew \$44,672,719 bond anticipation notes maturing on March 26, 2021 and will provide \$17,631,656 in new monies for the aforementioned purposes.

## **SOURCES OF PAYMENT OF THE NOTES**

Each Note when duly issued and paid for will constitute a contract between the City and the holders thereof.

The Notes will be general obligations of the City and will contain a pledge of the full faith and credit of the City for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest the City has the power and statutory authorization to levy ad valorem taxes on all taxable real property within the City subject to applicable statutory limitations. Under the Constitution of the State, the City is required to pledge its full faith and credit for the payment of the principal of and interest on the Notes and the State is specifically precluded from restricting the power of the City to levy taxes on real property therefore.

## **THE CITY**

### **General Information**

There follows in this Official Statement a general description of the City, together with certain information concerning its location, economy, governmental organization, indebtedness, current major revenue sources, and general and specific funds.

The City of Albany is the capital of the State of New York and the County Seat of Albany County. The City is located on the west bank of the Hudson River, approximately 140 miles north of New York City. According to the 2018 United States Census Bureau, the City's population is 97,279. Located in a region known as Tech Valley, Albany is home to the SUNY Polytechnic Institute's College of Nanoscale Science and Engineering ("SUNY Poly"), a \$20 billion university driven research, development and technology deployment center.

The emergence of Albany as the hub of New York's Tech Valley was a deliberate and tactical economic strategy. Together with the surrounding counties and the Capital Region Chamber of Commerce, the region branded itself in name, as well as by dedicated action and investment, in order to attract world-wide business and research investment. The primary driver of Albany being the heart of Tech Valley was the development of the SUNY Poly, which has been ranked the world's number one college for nanotechnology and microtechnology.

The SUNY Poly complex comprises 1.3 million square feet of research and development space, including the world's first global 450mm wafer consortium. The facility, with over \$24 billion in investment, has employed as many as 4,000 scientists, researchers, engineers and support staff at the complex, many for some of SUNY Poly's 300+ private and public partners.

This was a major attraction for the \$15 billion, 3 million square foot Global Foundries chip fabrication facility in nearby Malta (approximately 20 miles north of the SUNY Poly campus). Global Foundries has been the largest construction project in North America, and it is now fully operational with 3,500 permanent and contract employees. It also created 3,000 construction jobs and has created approximately 20,000 spinoff jobs in the Capital Region.

The City of Albany is a crossroads of all forms of transportation, including air, truck, bus, rail and water, making it a center of commerce and distribution for agricultural and manufactured products between western New York, New England, northeastern New York, Canada, New York City and points south. Northeast rail travel is provided by Amtrak with service at the Rensselaer Station, which is easily accessible from the City. Major bus lines operate in all directions from the Albany bus terminal. Truck traffic is facilitated by the New York State Thruway with two access points in the City. Other major highways serving the City are the Adirondack Northway (U.S. Interstate 87), U.S. Interstate 787, U.S. Routes 9W and 20, and New York State Routes 5, 32, 43, 85, 144, 378, and 443. The Albany International Airport, located nearby in the Town of Colonie, provides passenger and freight service and accommodates both general aviation and military services. Transportation by water service is provided through the Port of Albany, located on the Hudson River.

The City operates under a strong mayor form of government with 15 Council Members elected to four-year terms to the Common Council. Also serving four-year elected positions are the Mayor, the President of the Common Council, the City Treasurer, and the Chief City Auditor. The Common Council is the legislative body of the City with power to pass ordinances, adopt resolutions, and approve the annual budget. The Mayor acts as the administrative head of the City. The Treasurer is the City's Chief Fiscal Officer.

As the capital of New York State, many of the State's agencies and departments are located in various office buildings within the City. The Empire State Plaza, a complex consisting of a 40-story office tower and several smaller office towers and buildings and situated in the City's downtown, is the location of many of the State's agencies and departments.

The City is a center for higher education and is home to not only SUNY Poly, but also the State University at Albany, the College of Saint Rose, The Sage College at Albany, Maria College, Albany Law School, Albany College of Pharmacy, and Albany Medical College. Located nearby are Siena College in the Town of Colonie, Union College in Schenectady, and Rensselaer Polytechnic Institute and Russell Sage College in Troy.



Taking advantage of Albany's location at the crossroads of transportation, the Port of Albany (operated by the Albany Port District Commission) receives cargo originating in and being shipped to foreign countries and other cities in the United States. The Port of Albany recently completed Phase II of a major wharf and rail line improvement and replacement project, and is continuing other improvements, which represent nearly \$50 million invested in the maritime operations over the next 3 years. Included in this investment are New York State grants of \$15 million for dock improvements on the Albany side and \$4 million for terminal improvements, as well as nearly \$18 million in Federal grants for transit and terminal improvements. These improvements provide the Port with the ability to handle larger vessels and cargo, and to continue to maximize year-round access while enhancing its competitive advantage for attracting commerce. These improvements build on the major private and public investments that have occurred at the Port over the past ten years, totaling over \$100 million. These investments are realizing returns as well. Important examples are two new or renewed major tenant commitments and year over year increases in varied economic indicators. An example is Longshore hours worked in 2017 exceeded the number of hours worked in 2016 by almost 40%. The Port has a statewide economic impact of more than \$800 million annually. A monumental opportunity for the City and the region, the New York State Governor's Office recently announced that the Port of Albany would become the first offshore wind tower assembly site in America. The development of the site is expected to directly create 500 construction jobs and create 300 highly skilled full time jobs when complete. This new development solidifies Albany's position as a global leader in the new energy solutions industry and is anticipated to signal a significant diversification of the regional economy as Albany and surrounding areas host new industry, professional services and events attracted by the off-shore wind hub. The annual economic impact from operations of this new facility has been estimated to be between \$145 million and \$295 million of sales revenue in Albany County alone along with hundreds of additional jobs.

The City has also been proactive in spurring economic development. In 2010, the City worked with the City School District of the City of Albany to initiate a real property tax program that is designed to attract new investment and project activity. This benefit maintains property taxes at the current level for a period of time for projects that invest in rehabbing vacant or underutilized commercial properties into mixed use development. Similar incentives are also available for homeowners' property improvements. These programs are designed to attract investment, decrease the commercial and residential vacancy rate and increase the long-term real property tax base in the City. This program, in conjunction with an improved economy, seven years of a new City administration and an active Industrial Development Agency has dramatically improved development opportunities and increased our tax base.

These incentives have led to redevelopment all over the city. In Downtown Albany, the Albany Convention Center Authority recently completed the \$78 million convention center located adjacent to the Times Union Center Arena and the Empire State Plaza, and it was already outperforming expectations. Annually, the Capital Center is projected to draw 150,000 visitors, leading to more than \$35 million in direct visitor spending in the City of Albany while creating more than 250 jobs. This activity will generate more than \$1 million in additional County sales tax revenue. Strengthening its ability to better compete for national and regional, sporting and entertainment events, Albany County has completed a transformational \$19.6 million renovation of the Times Union Center. Due to these improvements, the Center had been selected to host first and second round men's NCAA Basketball Tournament games in 2020, the regional round of the 2019 women's NCAA Basketball Tournament, and hosted the regional round of the 2018 women's NCAA Basketball Tournament, and the 2021 MAAC Volleyball Championship. It is important to note that the City has no obligation to finance the construction or operation of either project. Despite the impact of COVID-19, the Capital Center continues to book events for 2021 and beyond, post pandemic – including re-booking a number of collegiate athletic tournaments.

Located adjacent to the new convention center, a half City block has been redeveloped. The \$68 million redevelopment, now open for business, includes a 200-room Renaissance by Marriot Hotel, a parking garage, commercial office/retail space, and luxury apartments. This addition comes on the heels of the recent rebranding and \$16 million renovation of the Hilton, the downtown's largest hotel.

Furthermore, over the past decade, Downtown has begun to evolve into Albany's newest neighborhood as more people seek an urban lifestyle to live, work, learn, and play. Since 2002, more than \$112.5 million invested has created more than 660 market-rate residential units in downtown. Currently there are approx. 900 additional units under construction or in the pipeline. Given that a recently updated downtown market potential study has shown that downtown can absorb approximately 100-200 units a year for the next decade, additional development is expected (but not yet proposed or planned). These projects consistently achieve a 97% occupancy rate and market absorption is rapid. The Skyway, a half-mile long linear park, will repurpose a highway off-ramp connecting Downtown directly to the Hudson River. This \$10+ million investment is slated to come online by 2022 and could welcome up to 100,000 visitors annually. Additionally, a transformative project for Downtown Albany has commenced with an \$80 million investment set to repurpose long-vacant historic properties in the center of downtown for residential and mixed-use development and is perhaps the vital piece of the full revitalization of downtown. Upon completion, this development will occupy six+ previously-vacant storefronts and bring the total of new housing units in downtown to more than 1,000. Last, but surely not least, Albany was recently named the region's 2018 Downtown Revitalization Initiative Award Winner. This \$10 million grant from Governor Cuomo's DRI Initiative will directly assist transformative projects and encourage additional investment in the already growing Clinton Square Area. These projects include city streetscape improvements, live/work artist lofts and additional public and recreational space. These new investments have all aided in dramatically reducing local commercial vacancy rates by attracting new commercial tenants and converting obsolete space into vibrant new uses.

The City is also home to several hospitals and healthcare facilities including Albany Medical Center, St. Peter's Hospital, Albany Memorial Hospital, and the Veterans Administration (VA) Hospital. These hospitals are also major economic engines in the City, providing significant job opportunities and investment. Albany Medical Center and the VA have been partners in neighborhood revitalization efforts in the Park South Neighborhood. New Scotland Avenue along with the rest of the Park South Neighborhood has seen over \$690 million of investment, creating over 1,000 jobs, over the past eight years including the construction of: a three story mixed-use building; a five-story commercial office building; a 1,250 space parking garage; and the expansion of Albany Medical Center's patient tower. The area continues to see investment as Albany Medical Center recently began a \$22 million renovation project of its facility. This investment is supplemented by the approximate \$110 million redevelopment of two City blocks adjacent to the hospital that was completed in 2019. This development contains a 135,000 square ft. medical office building as well an 800-space parking garage, 268 market-rate apartments and 23,000 square feet of retail space along New Scotland Avenue. The medical office space is already 100 percent leased, and the residential tenants have been moving in since 2016. Furthermore, over \$30 million of additional private investment has begun in areas immediately adjacent to these important employment nodes.

The universities and colleges within the City also provide significant job opportunities and investment. Investment continues to flow into the campus of SUNY Poly, as it plans to grow its educational offerings as well as foster public/private partnerships with industry leaders. An example of this continuous effort is the construction of \$191 million, 356,000 square foot ZEN Building, which created over 1,500 jobs, and has led to the development of residential apartments adjacent to both SUNY Poly and SUNY Albany. Also, SUNY Poly has made its first investment in downtown with the acquisition, renovation, and tenancing of the vacant, historic Kiernan Plaza with an estimated total investment of \$10 million. SUNY Poly also recently partnered with Applied Materials to plan \$600 million in investment by establishing a materials engineering technology accelerator, called the META Center, on the SUNY Poly campus.

The development of downtown and Park South is indicative of the larger effort in the City to appeal to the 21<sup>st</sup> century market for urban living to bring more taxpaying residents into the City to take advantage of the job opportunities that exist within City borders. Working with the new Administration, Capitalize Albany Corporation and the City Industrial Development Agency, more than a dozen developers are constructing and/or renovating buildings into modern mixed-use retail and residential apartment spaces to appeal to the demonstrated market. Over the past 5 years, more than \$430 million in private investment has been realized helping to provide in excess of 2,100 market-rate residential rental units have either opened, are under construction, or have received the necessary approvals in all corners of the city from downtown to the areas proximate to Albany Medical Center, SUNY Albany, St. Peter's Hospital, the dilapidated Tobin's First Prize facility and elsewhere.

In addition to the business investments occurring in Albany, the City continues developing and implementing programs and initiatives, including the Park South Plan, the Midtown Plan, the Arbor Hill Neighborhood Plan, the West Albany Plan, and the Capital South Plan. Additionally, two significant future development opportunities also exist on State owned land, including the five acre Liberty Park site in downtown Albany and the Harriman Campus located in close proximity to SUNY Polytechnic Institute and SUNY Albany.

Long term development plans for the South End neighborhood call for the continued de-densification for Lincoln Square and re-use of the land surrounding it that will tie together the community and enhance its vibrancy. This level of community participation and public-private partnerships is resulting in an unprecedented amount of new investment. The Albany Housing Authority, together with not-for-profit and higher education partners, received a \$5 million HUD grant in 2011 for the Albany Capital South Campus Center, an education and training center that has been serving residents of the South End, Arbor Hill and beyond since 2014.

The Arbor Hill Neighborhood Plan has resulted in millions of dollars of new investment, including the Swan Street Lofts or "Albany Barn", which houses artist studios and lofts for resident artists in a converted vacant 40,000 square foot building through a public/private partnership. Adjacent Sheridan Hollow is also underwent a massive redevelopment, with a \$17 million project providing 100 units of affordable rental and homeownership opportunities, as well as office and commercial space, within easy walking distance to the downtown core. And finally, a large scale rehab project for affordable housing is well underway in Arbor Hill, restoring over 70 structures with over 230 units of housing in one of Albany's more challenging neighborhoods. A second phase of this redevelopment has been approved, paving the way for an investment of \$24 million that will provide 61 affordable housing units scattered over six development sites and bringing approx. 12,000 square feet of communityoriented commercial space – including an incubator for MWBE start-ups online.

Most of this development and redevelopment has been initiated and/or completed under Albany's 50-year old zoning code which has been the biggest obstacle to streamline permitting and development processes for private developers in the City. On June 1, 2017, the first update of this zoning code in 50 years was enacted after being signed into law by the Mayor. This change has already started to bring a significant impact on streamlining development within the City, and will do so for decades to come.

Finally, Albany has a rich arts and culture scene. It is home to the New York State Museum and the Albany Institute of History and Art. Live performing arts venues include the Palace Theatre, Capital Repertory Theatre, and the Egg. Even the City's culture sector is seeing large swaths of reinvestment. The Palace Theater has proposed a multi-million dollar upgrade to the 2,800-seat theater, creating an additional 600-seat theater on North Pearl Street next to the Palace, a video post-production center for editing and sound-mixing, and expanding the theater's statehouse, lobby, and box office. The Capital Repertory Theater moving to Arbor Hill with the help of a \$1.8 million Restore New York Communities Initiative grant that will turn the interior into two performance spaces. The main theater will seat 300 people and a second black box venue has room for 70 patrons. With seating capacity of between 6,000 and 17,500, the Times Union Center hosts concerts and professional and college sports teams as well as other events. Many smaller venues also host events, concerts and other performances in neighborhoods throughout the City, and larger venues in Saratoga, Schenectady and Troy are also vital components of this regional scene.

Source: City officials.

## City Services

The principal services provided by the City include public safety (including police and fire protection), culture and recreation, solid waste collection and disposal, maintenance and cleaning of City streets (including snow removal) and general government. The Police Department includes a Patrol Division, an Administrative Division, Investigation and Detective Services, Special Services and the Office of Professional Standards. The Fire Department consists of several fire companies stationed in eight firehouses as well as fire investigation and emergency life support units. Water services and sewer services are provided by the Albany Municipal Water Finance Authority and the Albany Water Board. Maintenance of streets and roads and solid waste collection within the City is performed by the City's Department of General Services. Lighting of public streets, roadways, and parks is furnished by the City under contract with the National Grid Companies.

The City provides a variety of other services to City residents through several of its departments. The Department of Recreation administers over 80 recreation areas including 13 community parks and 11 major parks, which contain 29 playgrounds, 21 basketball courts, 22 tennis courts, 16 athletic fields, nine spray grounds, three pools, two community centers, and a nationally-recognized boxing gym. In addition, the City owns and maintains an 18-hole municipal golf course. This Department also administers and supports more than 20 youth programs and activities, including youth centers. The City also provides a substantial number of community service programs. The City encourages cultural events such as music concerts and outdoor theater, as well as numerous festivals. The City provides funding to certain arts organizations and other cultural programs.

## Solid Waste

The City operates a landfill that generates revenue for the City's general fund. As lead agency of the multi-municipality ANSWERS Waste Consortium, the City has contracts with several municipalities to accept solid waste. The City owned and operated regional landfill received approximately \$10.7 million in revenue in 2013, \$11.8 million in 2014, \$12.5 million in 2015, \$11 million in 2016, \$7.9 million in 2017, \$6.6 million in 2018 and \$7.4 million in 2019. The City has been reducing the amount of commercial waste that it accepts at the landfill in order to strategically extend the life of the landfill as it plans for the landfill's closure. Upon closure, the City will have to pay for disposal of its municipal solid waste. Under the current plan, the landfill is expected to close in 2026. The City has retained an outside consultant to assist with identifying the most cost-effective alternatives for solid waste management disposal.

Under the terms and conditions of the existing landfill permits issued by the New York State Department of Environmental Conservation, the City has been and remains obligated to identify a permanent, long term solution to deal with its solid waste. The City, together with the ANSWERS municipalities, recently completed a draft Solid Waste Management Plan and will act as lead agent in developing a long-term solid waste plan for the region.

## Selected Wealth and Income Indicators

Per capita income statistics are available for the City, County and State. Listed below are select figures from the 2000 Census Reports, 2006-2010 and 2015-2019 American Community Survey 5 Year Estimates.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>
City of:						
Albany	\$ 18,281	\$ 23,341	\$ 29,174	\$ 30,041	\$ 52,215	\$ 65,250
County of:						
Albany	23,345	30,863	37,635	56,724	76,159	94,506
State of:						
New York	23,389	30,948	39,326	51,691	67,405	84,385

Note: 2016-2020 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2015-2019 American Community Survey data.

## Population Trends

According to U.S. Census data, the City had a 2010 population of 97,856. The following table presents population trends of the City, the Albany Metropolitan Statistical Area (the “MSA” consists of the six counties of Albany, Greene, Montgomery, Rensselaer, Saratoga and Schenectady), the State and the United States since 1950:

Population <sup>(1)</sup>				
	City of Albany	Albany MSA	New York State	United States
1950	134,995	677,707	14,830,200	151,326,000
1960	129,726	746,115	16,782,300	179,323,000
1970	115,781	811,080	18,241,400	203,235,000
1980	101,727	835,800	17,558,000	226,504,825
1990	100,031	861,623	17,990,455	248,709,873
2000	94,301	892,604	18,976,457	281,421,906
2010	97,856	870,716	19,378,102	308,745,538
2018	97,279	883,169	19,542,209	327,167,434
2019	96,460	880,736	19,453,561	328,239,523

<sup>(1)</sup> Data compiled by the U.S. Department of Commerce, Bureau of the Census and Center for Economic Growth.

## Employment

A major portion of non-agricultural workers have historically been employed by federal, state, or local governments. This sector comprises approximately 25% of the non-agricultural workforce in the Albany MSA. The following table provides a historical comparison among employment sectors for the Albany MSA.

### Non-Agricultural Employment by Industry Groups, Albany MSA

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
	(thousands)									
Mining & Construction	16.5	16.9	17.2	17.5	18.7	19.7	19.3	19.6	19.8	20.2
Manufacturing	20.3	21.5	22.7	23.9	24.1	25.4	26.3	26.6	26.9	26.2
Trade, Transportation & Public Utilities	72.1	72.2	73.4	73.7	74.3	74.7	75.5	74.6	74.5	74.4
Wholesale and Retail Trade	59.3	59.9	60.8	61.1	61.6	61.5	61.9	60.8	60.4	60.1
Financial Services	24.5	24.6	25.2	25.3	25.4	25.9	26.2	26.2	26.6	27.0
Education & Health Services	82.6	83.9	85.8	87.8	89.5	90.4	92.3	94.7	96.4	96.5
Government	105.9	102.1	101.3	101.4	100.7	100.6	101.1	101.6	101.6	102.4
Total	381.2	381.1	386.4	390.7	394.3	398.2	402.6	404.1	406.2	406.8

Source: New York State Department of Labor, Division of Employment, Employment by Industry.

## Building Permit

	Residential	Apartments	Commercial And Industrial	Other	Total Dollar Value	Total Building Permits
2012	13,858,918	599,200	98,789,544	62,710	113,310,372	2,273
2013	13,573,622	46,602	72,567,794	148,880	86,336,898	2,030
2014	39,297,874	-	117,888,114	16,000	157,201,988	2,047
2015	17,622,250	12,125	104,293,597	32,800	121,960,772	2,059
2016	30,975,920	12,169,502	108,297,413	6,624,108	158,066,943	2,215
2017	13,576,138	30,125	103,097,950	2,399,045	119,103,258	1,739
2018	20,121,274	17,521,293	102,139,365	12,992,729	152,774,661	4,176
2019	19,958,241	18,530,684	150,429,334	10,135,488	199,053,747	4,751
2020	15,678,216	24,326,587	73,816,234	1,139,010	114,960,047	2,596
2021 <sup>(1)</sup>	771,655	1,166,818	1,195,549	40,000	3,174,022	154

<sup>(1)</sup> As of January 15, 2021.

Source: City Officials.

## Ten Largest Employers in the City

Name	Type	Number of Employees
State of New York	Government	49,314
St. Peter's Health Partners	Hospital	12,750
Albany Medical Center	Hospital	10,000
University at Albany	Education	4,500
Verizon Communications	Utility	3,000
United States	Government	2,799
Center for Disabled	Health Care	2,200
Empire Blue Cross	Insurance	1,800
Albany County	Government	1,701
City of Albany	Government	1,270

Source: Employers as listed above (2021).

## Unemployment Rates

The industrial diversity and high proportion of government employees have afforded the City a higher employment level than the rest of the country. The following table gives historic levels of unemployment for the City, the Albany MSA, the State and the United States:

**Unemployment Rates <sup>(1)</sup>**

	<b>City of Albany<sup>(2)</sup></b>	<b>Albany MSA</b>	<b>New York State</b>	<b>United States</b>
2009	8.1%	7.1%	8.3%	9.3%
2010	8.3%	7.3%	8.6%	9.6%
2011	8.3%	7.3%	8.2%	8.9%
2012	8.5%	7.5%	8.5%	8.1%
2013	7.2%	6.4%	7.7%	7.4%
2014	5.8%	5.1%	6.3%	6.2%
2015	5.2%	4.5%	5.3%	5.3%
2016	4.8%	4.1%	4.8%	4.9%
2017	5.1%	4.3%	4.7%	4.9%
2018	4.4%	3.8%	4.1%	3.9%
2019	4.8%	3.7%	4.0%	3.7%

<sup>(1)</sup> These are annual averages of actual labor force and employment estimates.

<sup>(2)</sup> City unemployment rates are estimated by the New York State Department of Labor based on the relationship between City and County labor force statistics.

Note: Unemployment rates have increased significantly since the onset of the COVID-19 pandemic in March of 2020.

Source: New York State Department of Labor, Bureau of Labor Market Information.

## Employees

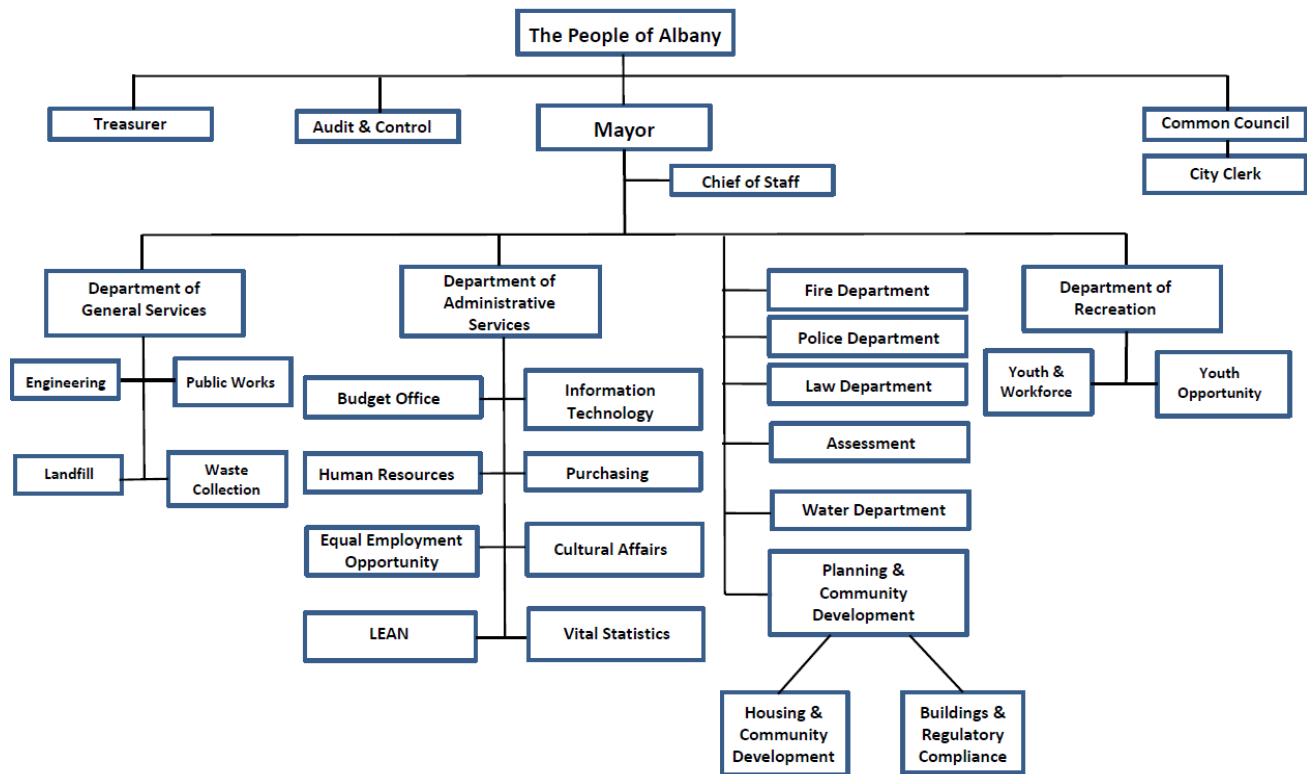
The City provides services through approximately 1,270 regular employees. The following information is for the 1,061 unionized employees:

<u>Bargaining Unit</u>	<u>Approximate Number of Employees</u>	<u>Contract Expiration Date</u>
Albany Police Officers-Council 82	279	December 31, 2013 <sup>(1)</sup>
Sergeants & Lieutenant	56	December 31, 2022
Albany Firefighters-AFL-CIO	256	December 31, 2022
Albany Police Non-Sworn	44	December 31, 2019 <sup>(1)</sup>
Council 66-AFSCME-Local 1961	274	December 31, 2019 <sup>(1)</sup>
Communications Unit, Council 82	39	December 31, 2019 <sup>(1)</sup>
International Union of Operating Engineers	6	December 31, 2021
Teamsters Local 294	2	December 31, 2022
Albany DGS Supervisors, CSEA, AFSCME Local 1000	26	December 31, 2019 <sup>(1)</sup>
School Crossing Officers, SEIU	64	December 31, 2023
Buildings and Regulatory Compliance, CSEA	12	December 31, 2021

<sup>(1)</sup> Currently under negotiations.

## Government Organization

The City is governed largely by the provisions of its Charter and functions under provisions of the State Constitution and various statutes. The following is an organizational chart of the City.



The Common Council is the legislative body of the City. The President of the Common Council is elected in the general election to a four-year term. Council members are elected from each of the 15 wards within the City every four years or by special election in the event of a vacancy. The Common Council has the power to establish rules and procedures for itself, adopt local laws, set taxes and other revenue measures, adopt budgets, and approve all matters relevant to the administration of City government. Meetings of the Common Council are open to the public and are held twice a month.

The Mayor is the highest elected official and serves as chief executive officer of the City; she is elected in the general election to a four-year term without restriction as to number of terms. She is charged with the supervision of City government, subject to the provisions of the Charter. The Mayor reports annually to the Common Council on the state of the City, recommends an annual budget, appoints the head of every department and administrative unit of City government, except for the publicly elected Treasurer and Chief City Auditor, and executes contracts. There are twelve major City staff units in addition to the separately elected Treasurer and Chief City Auditor as shown above in the City of Albany Organizational Chart. Two elected officials, the Chief City Auditor and the Treasurer, and the appointed Budget Director, under the Commissioner of Administrative Services, administer the financial affairs of the City. The Treasurer is the chief fiscal officer of the City and is responsible for the fiscal integrity of the City including cash management, claims processing, administering bank accounts and debt issuance. The Treasurer is responsible for the collection, custody, and deposit of all taxes and other funds due the City and processing payroll. The Budget Director's responsibilities include the preparation and administration of the City's operating and capital budgets and establishment and management of fiscal control systems and management studies. The Budget Director works closely with all departments to develop the annual budget and five-year capital plan.

## DISCUSSION OF FINANCIAL OPERATIONS

### Budgetary Procedure

The budget process begins in mid-February when the Mayor issues a policy statement regarding the upcoming budget. In late April, the Budget Director distributes budget instructions to each department along with requests for the City's five-year capital plan.

During the year, the Budget Director develops the necessary economic and statistical data required for budget forecasting, which include changes in the financial indexes and revenue trends. The City's Assessor submits tentative assessment rolls. The Treasurer along with the Budget Director estimates revenues with each department administrator. The Treasurer submits estimated debt service needs, and the Assessor submits final assessment figures and realty tax data to the Mayor's Office.

On or before October 1, the Mayor submits the proposed budget for the ensuing fiscal year and an accompanying budget message to the Common Council. On or before October 31, the President of the Common Council calls for a public hearing on the budget after having given two weeks' notice to the public. After the public hearing, the Common Council may adopt the budget with or without amendment. The Common Council adopts the budget on or before November 30. No later than December 10, the Mayor shall act on the budget as amended and passed by the Common Council. On or before December 20, the Common Council may override a veto of one or more of its proposed amendments with a two-thirds vote of the full Common Council members.

The City's 2020 budget includes a 0.5% increase in the property tax levy, which was below the City's tax levy limit of 4.5%.

The City's 2021 budget includes a 1.8% increase in the property tax levy, which was below the City's tax levy limit of 2.0%.

The City has not voted to override the tax cap.

### 2021 Budget Summary

A summary of the 2021 Budget is outlined below:

	<b><u>Budget 2021</u></b>
<b><u>REVENUES</u></b>	
Real Property Taxes	\$59,550,000
Sales and Use Tax	35,582,773
Intergovernmental Revenues	1,087,180
State Aid	28,426,863
Charges for Services	23,086,000
Other Revenues	33,107,431
Appropriated Fund Balance	<u>0</u>
Total Revenues	<u>\$180,840,247</u>
<b><u>EXPENDITURES</u></b>	
Personal Services	\$ 80,044,296
Equipment	1,036,151
Contractual Expenses	26,307,103
Employee Benefits	53,733,754
Debt Service	17,967,628
Interfund Transfer	<u>1,751,315</u>
Total Expenditures	<u>\$180,840,247</u>

For additional detail of revenue and expenditures, the City's 2021 budget is available on the City website ([albanyny.org](http://albanyny.org)).



## Five-Year Capital Plan

As part of its budgeting process, the City prepares, on an annual basis, a five-year capital plan. This allows the City to anticipate capital spending and borrowing needs in a manner that lends greater stability and predictability to its budget process. The following table contains a summary of the City's five-year capital plan included in its 2021 budget.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Total Cost</u>	<u>Financial Method</u>
<b>Department of General Services</b>							
1 Vehicles	4,281,956	3,342,502	2,600,450	2,806,765	2,588,594	15,620,267	Borrowings
2 Equipment	687,720	394,320	286,248	601,120	343,200	2,312,608	Borrowings/Cash
3 Transfer Station (Engineering)*	-	382,500	-	-	-	382,500	Borrowings
4 Transfer Station (Land)*	-	600,000	-	-	-	600,000	Borrowings
5 Transfer Station (Construction)*	-	2,550,000	-	-	-	2,550,000	Borrowings
6 Landfill Final Closure (Engineering)*	-	-	445,000	-	-	445,000	Borrowings
7 Landfill Final Closure (Construction)*	-	-	3,000,000	1,200,000	-	4,200,000	Borrowings
<b>General Services Total</b>	<b>4,969,676</b>	<b>7,269,322</b>	<b>6,331,698</b>	<b>4,607,885</b>	<b>2,931,794</b>	<b>26,110,375</b>	
<b>Engineering</b>							
1 Street Reconstruction	3,750,000	3,500,000	3,500,000	4,000,000	4,000,000	18,750,000	Borrowings
2 Street Reconstruction (CHIPS)	1,556,888	1,556,888	1,556,888	1,556,888	1,556,888	7,784,440	CHIPS
3 Street Reconstruction (CDBG)	26,061	26,061	26,061	26,061	26,061	130,305	CDBG
4 Sidewalk Reconstruction	650,000	600,000	600,000	700,000	700,000	3,250,000	Borrowings
5 Sidewalk Reconstruction (CDBG)	104,135	104,135	104,135	104,135	104,135	520,675	CDBG
6 ADA Compliance	300,000	300,000	300,000	350,000	350,000	1,600,000	Borrowings/Cash
7 ADA Compliance (CDBG)	26,061	26,061	26,061	26,061	26,061	130,305	CDBG
8 Renovations to City Buildings	2,850,000	8,000,000	3,000,000	3,000,000	3,000,000	19,850,000	Borrowings
9 Lincoln Park Project	1,900,000	1,250,000	1,000,000	2,000,000	2,000,000	8,150,000	Borrowings
<b>Engineering Total</b>	<b>11,163,145</b>	<b>15,363,145</b>	<b>10,113,145</b>	<b>11,763,145</b>	<b>11,763,145</b>	<b>60,165,725</b>	
<b>Police Department</b>							
1 Vehicles/Equipment Replacement	981,200	937,200	937,200	937,200	937,200	4,730,000	Cash Capital
2 APD InterVid Video Surveillance	564,000	564,000	-	-	-	1,128,000	Borrowings
<b>Subtotal</b>	<b>1,545,200</b>	<b>1,501,200</b>	<b>937,200</b>	<b>937,200</b>	<b>937,200</b>	<b>5,858,000</b>	
<b>Traffic Engineering</b>							
1 Roadway Striping	-	-	250,000	250,000	200,000	700,000	Borrowings
2 Vehicles	-	-	-	200,000	125,000	325,000	Cash Capital
3 Traffic Signal Improvements	-	-	850,000	850,000	850,000	2,550,000	Borrowings
4 Lincoln Park Intersections	350,000	-	-	-	-	350,000	Borrowings
<b>Subtotal</b>	<b>350,000</b>	<b>-</b>	<b>1,100,000</b>	<b>1,300,000</b>	<b>1,175,000</b>	<b>3,925,000</b>	
<b>Police Department Total</b>	<b>1,895,200</b>	<b>1,501,200</b>	<b>2,037,200</b>	<b>2,237,200</b>	<b>2,112,200</b>	<b>9,783,000</b>	
<b>Fire Department</b>							
1 Fire Apparatus	1,050,000	-	1,400,000	1,300,000	700,000	4,450,000	Borrowings
<b>Fire Department Total</b>	<b>1,050,000</b>	<b>-</b>	<b>1,400,000</b>	<b>1,300,000</b>	<b>700,000</b>	<b>4,450,000</b>	
<b>Planning</b>							
1 South End Connector Phase II	350,000	-	-	-	-	350,000	49% Grant/Cash
2 Hudson River Waterfront Gateway	300,000	-	-	-	-	300,000	85% Grant/Cash
3 BOA/LWRP	150,000	-	-	-	-	150,000	89% Grant/Cash
<b>Planning Total</b>	<b>800,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>800,000</b>	
<b>Recreation</b>							
1 Playgrounds	415,000	150,000	280,000	250,000	200,000	1,295,000	Cash Capital
2 Spray Pads	100,000	100,000	100,000	100,000	100,000	500,000	Cash Capital
3 Court Resurfacing	15,000	20,000	20,000	50,000	100,000	205,000	Cash Capital
<b>Recreation Total</b>	<b>530,000</b>	<b>270,000</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>	<b>2,000,000</b>	
<b>Information Technology</b>							
1 IT Core Data Center Infrastructure	168,095	171,880	171,880	171,880	171,880	855,615	Cash Capital
<b>Information Technology</b>	<b>168,095</b>	<b>171,880</b>	<b>171,880</b>	<b>171,880</b>	<b>171,880</b>	<b>855,615</b>	
<b>Grand Total</b>	<b>20,576,116</b>	<b>24,575,547</b>	<b>20,453,923</b>	<b>20,480,110</b>	<b>18,079,019</b>	<b>104,164,715</b>	
Cash Capital	(1,751,315)	(1,927,120)	(1,962,728)	(1,978,720)	(2,160,880)	(9,780,763)	
Non-City Funding	(3,023,145)	(1,713,145)	(1,713,145)	(1,713,145)	(1,713,145)	(9,875,725)	
<b>Amount to be Borrowed</b>	<b>15,801,656</b>	<b>20,935,282</b>	<b>16,778,050</b>	<b>16,788,245</b>	<b>14,204,994</b>	<b>94,288,990</b>	

## **Financial Control Procedures**

The Treasurer, the City Auditor and the Budget Director are responsible for controlling municipal expenditures to ensure that budget appropriations for the City are not exceeded and for reviewing all revenues received by the City. The Auditor's Office audits payment requests to ensure budget appropriation, departmental authorization, and compliance with applicable contracts and the City Charter, City ordinances, and State laws.

The Treasurer is empowered by the Common Council to borrow moneys as needed for the uninterrupted operations of the City, subject to the applicable provisions of the Local Finance Law and the General Municipal Law.

## **Accounting Practice and Independent Audits**

Under State law, a uniform system of accounting and reporting is prescribed by the State Comptroller for all municipalities. An annual financial report for every municipality must be filed with the State Comptroller within 120 days after the close of the fiscal year. This report is categorized by fund and shows as of the end of the fiscal year (1) a balance sheet, (2) a statement of revenues, (3) a statement of expenditures, (4) an analysis of fund balances, (5) cash reconciliation, (6) a statement of indebtedness, and (7) any other particular fund data which are required.

The City retains independent certified public accountants to conduct annual audits of its financial statements. The State Comptroller's office also conducts periodic audits of the City to determine compliance with the State Uniform System of Accounts for Cities and submits its report to the Common Council and the Mayor.

Throughout this Official Statement, the financial information for 2015 through 2019 is derived from the City's audited financial statements. The City's 2019 audited financial statement is attached to this Official Statement as APPENDIX – E.

The City's 2020 unaudited annual update document is expected to be completed by April 30, 2021. The City's 2020 audited financial statement is expected to be completed by September 30, 2021.

Since 2004 the City's audited financial statements have been in compliance with Government Accounting Standards Board (GASB) Statement 34.

## **FINANCIAL HISTORY OF THE CITY**

### **General Fund**

The City prepares and adopts a budget for each year pursuant to Article 6 of the New York Second Class Cities Law and the City of Albany Charter. The City's General Fund budget is prepared on a budgetary legal basis. Such basis is not in accordance with generally accepted accounting principles ("GAAP") in certain respects, principally adjustments for encumbrances. Budgetary accounting treats encumbrances as a charge against current year budgetary appropriations and unreserved fund balance is reduced. Under GAAP, encumbrances are recognized only as a reservation of fund balance. APPENDIX - A to this Official Statement, sets forth the results of operations of the City's General Fund for fiscal years ending December 31, 2015, 2016, 2017, 2018, 2019 and amounts budgeted for 2020 and 2021.

### **Albany Municipal Water Finance Authority and Albany Water Board**

Pursuant to Chapters 868 and 869 of the Laws of 1986, as amended, the State Legislature, at the request of the City, created the Albany Water Board (the "Water Board") and the Albany Municipal Water Finance Authority (the "Water Authority"). In 1988, the Authority issued \$46,700,000 of its special obligation revenue bonds to finance the acquisition of the City's water and sewer system (the "System") and the construction of certain improvements to the System. A portion of the purchase price for the System was used to defease outstanding general obligation debt issued by the City to finance improvements to the System.

Since 1988, the Authority has issued additional special obligation revenue bonds, both to refund outstanding obligations and to finance new projects undertaken by the Water Board. Most recently, the authority issued \$33,310,000 in Revenue Bonds to refund the Series 2011 A Bonds and to provide \$25,000,000 in new money to fund ongoing capital projects.

Bonds issued by the Water Authority are special obligations of the Water Authority and do not bear the full faith and credit of the City. The bonds issued by the Water Authority are payable solely from and secured by a pledge of the gross revenues of the System, which are collected by the Water Board. The Water Board is empowered to raise water and sewer rates in order to ensure sufficient revenues are available to the Authority to pay debt service on the bonds issued by the Authority.

Following the sale of the System to the Water Board, the City eliminated the Special Revenue Sewer Fund and the Water Fund. The proceeds of the sale of the System were used to retire existing indebtedness of the City and to reimburse the City for monies advanced to the water and sewer funds.

Under the City's operating agreement with the Water Board, expenses of operating the water system are paid by the City and reimbursed by the Water Board as funds from rate payers becomes available.

## **Revenues**

The City has a relatively diversified revenue base, deriving 33% of General Fund revenues budgeted for fiscal 2021 from real estate taxes, 29% from intergovernmental (including State Aid) and departmental charges (including the landfill), 20% from sales and use taxes and 19% from miscellaneous other sources.

## **Real Property Tax Base**

Approximately 63% of the City's property is tax-exempt, which decreases the City's real property tax base without a proportionate decrease in the need for many City services. While some of this property is owned by charitable institutions such as universities and hospitals, the major owner of tax-exempt property in the City is the State (60% of the tax-exempt property). The City continues to seek additional special compensation from the State to offset this impairment of its real property tax base. State legislation enacted in 2000 and amended in 2005, 2006, 2012, 2013 and 2016 provides payments under Section 19-a of the Public Lands Law for the Empire State Plaza government complex. The statute provided for annual payments to the City of \$22,850,000 through 2010 and then \$15 million annually from 2011 through 2033. The 2012 amendment provided for a payment of \$22,850,000 in 2012 and \$7,150,000 in 2033. The 2013 amendment provided for a payment of \$22,850,000 in 2013 and \$7,150,000 in 2032. The 2016 amendment provided for a payment of \$27,500,000 in 2016 and \$1,800,000 in 2032.

The City also received Capital City Funding of \$12,500,000 in 2017 without any reduction in future PILOT payments. The City received \$12,000,000 from the State in 2018 and 2019. The City has budgeted \$12,500,000 in similar assistance for 2020.

The City received a reduced amount of \$10,800,000 from the State in 2020 due to revenue shortfalls created by the pandemic.

The City has budgeted \$12,500,000 in similar assistance for 2021.

See "State Aid" and "Real Estate Property Tax" herein for further details. The City also receives PILOT payments from the State for properties occupied by the Dormitory Authority of the State of New York, the State Comptroller's Office and the New York State Department of Environmental Conservation.

## **Real Estate Property Tax**

City tax collection procedures are such that the City bears none of the burden of uncollected or delinquent real estate taxes. One tax bill is presented to City residents for all City and County real estate taxes. The City then collects real estate taxes for both the City and the County, retains a portion of the taxes collected equal to its final tax levy, and remits the remaining portion to the County. Delinquent taxes are accordingly turned over to the County for collection and are retained by the County as a portion of its tax levy. Although the City bears none of the burden of uncollected or delinquent taxes, a reduction in the assessed valuation of real property within the City after establishment of the annual budgeted tax levy would cause the amount of taxes collected to be less than the budgeted amount. Reductions in the assessed valuation of real property within the City are generally a result of certiorari proceedings. The tax levy for fiscal year 2013 was \$55,148,000 which was the same as 2012's tax levy. The tax levy for fiscal year 2014 increased to \$56,048,000 which was an increase of \$900,000 or almost 2%. The tax levy for fiscal year 2015 increased to \$56,827,890 which was an increase of \$779,890 or 1.40%. The tax levy for fiscal year 2016 remained at \$56,827,890. The tax levy for fiscal year 2017 increased to \$58,000,000. The tax levy for fiscal year 2018 increased to \$58,550,000. The tax levy for fiscal year 2019 remained at \$58,550,000. The tax levy for fiscal year 2020 increased to \$58,850,000. The tax levy for fiscal year 2021 increased to \$59,850,000.

The City also receives Payment in Lieu of Taxes (PILOT) payments from certain commercial properties and State owned properties in the City. The City received PILOT payments of \$27,191,038, \$26,440,452, \$19,475,487 and \$20,769,510 in 2012, 2013, 2014 and 2015 respectively. The PILOT payments in 2016 totaled \$32,435,189. The reduction in 2014 resulted from a scheduled reduction of \$7,850,000 in the State's 19-a payments for the Empire State Plaza complex, which is the source of the largest PILOT payment received by the City. The increase in PILOT payments for 2016 was the result of a one-time increase of \$12,500,000 in 19-a payments to the City which brought the total Empire State Plaza payment to \$27,500,000.

The 2020 budget anticipates \$20,003,760 in PILOT payments.

The 2020 unaudited PILOT payments totaled \$19,464,850.

The 2021 budget anticipates \$21,217,273 in PILOT payments.

Under Section 19-a of the Public Lands Law, the State makes annual payments to the City with respect to the Empire State Plaza Complex in accordance with the following schedule:

<u>FISCAL YEAR</u>	<u>PREVIOUS AMOUNT</u> <sup>(1)</sup>	<u>NEW AMOUNT</u> <sup>(1)</sup>
2007	\$ 16,130,000	\$ 22,850,000 <sup>(2)</sup>
2008	15,410,000	22,850,000 <sup>(2)</sup>
2009	14,690,000	22,850,000 <sup>(2)</sup>
2010	13,970,000	22,850,000 <sup>(2)</sup>
2011	13,250,000	15,000,000 <sup>(2)</sup>
2012	12,530,000	22,850,000 <sup>(2)</sup>
2013	11,810,000	22,850,000 <sup>(2)</sup>
2014	11,090,000	15,000,000 <sup>(2)</sup>
2015	10,370,000	15,000,000
2016	9,650,000	27,500,000
2017	8,930,000	15,000,000
2018	8,210,000	15,000,000
2019	7,490,000	15,000,000
2020	6,770,000	15,000,000
2021	6,050,000	15,000,000
2022	5,330,000	15,000,000
2023	4,610,000	15,000,000
2024	3,890,000	15,000,000
2025	3,170,000	15,000,000
2026	2,450,000	15,000,000
2027	1,730,000	15,000,000
2028	1,010,000	15,000,000
2029	310,000	15,000,000
2030	0	15,000,000
2031	0	15,000,000
2032	0	1,800,000
2033	0	0

<sup>(1)</sup> For description of the difference between the “PREVIOUS AMOUNT” and the “NEW AMOUNT” please see “Real Property Tax Base”, herein.

<sup>(2)</sup> The City has received the payments as shown.

#### Sales Tax

The City’s sales and other non-property tax revenues are comprised of the State sales tax, utilities gross receipts tax, franchise tax, and privilege taxes on coin-operated machines. The sales tax is assessed, collected and monitored by the State. Of the current 8% sales tax collected in the County, the State keeps 4% and pays 4% to the County on a monthly basis. Through a 1986 act of the Albany County Legislature, the County shares 40% of its collected sales tax with the municipalities within its borders. The distribution percentages are based upon the municipalities’ share of the County population at the last Federal census. Of the 40% shared with municipalities, the City receives 32.17% of the total. Although the County Legislature can decide to change the allocation of sales tax to its municipalities, the allocation has not been changed since it was first enacted in 1986. Prior to 1992, the sales tax was 7% and the County’s share was 3%. Beginning in September 1992, the County Legislature requested the State Legislature to temporarily add 1% to the County’s share of the tax, making the County’s share 4%. Both the County and State Legislatures have extended the temporary increase every two years. The latest temporary increase expires on November 30, 2023.

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The following table shows the City's sales tax receipts for the five years ended December 31, 2016 to 2019, the unaudited projections for fiscal year ended December 31, 2020 and the amount budgeted for 2021.

Sales Tax Receipts For Fiscal Year Ending December 31	
<u>Year</u>	<u>Amount</u>
2016	\$ 33,150,041
2017	33,349,774
2018	35,424,547
2019	36,636,778
2020 (Unaudited)	34,098,653
2021 (Budgeted)	35,582,773

Reductions in the receipt of sales tax receipts due to the COVID-19 pandemic could adversely affect the financial condition of municipalities in the State, including the City.

The following table shows the City's utilities gross receipts tax revenues for the five years ended December 31, 2016 to 2019 and the amounts budgeted for 2020 and 2021. This tax is levied on commercial and industrial concerns, which produce a utility product and sell the oversupply, and owners or lessees of business buildings who purchase a utility service and resell all or a part of the quantity purchased.

Utilities Gross Receipts Tax Revenues For Fiscal Year Ending December 31	
<u>Year</u>	<u>Amount</u>
2016	\$ 1,283,480
2017	1,357,956
2018	1,393,886
2019	1,203,048
2020 (Budgeted)	1,300,000
2021 (Budgeted)	1,300,000

#### Intergovernmental Charges

The following table shows the City's receipts for intergovernmental charges for the five years ended December 31, 2016 to 2020 and budgeted amounts for 2021. The main component of intergovernmental charges includes tipping fees from municipalities served by the Albany landfill. It also includes municipal contracts with the Albany Police Department Computer aided dispatch system.

Intergovernmental Charges For Fiscal Year Ending December 31	
<u>Year</u>	<u>Amount</u>
2016	\$ 948,543
2017	1,105,607
2018	1,277,932
2019	1,706,163
2020 (Unaudited Estimated)	1,232,440
2021 (Budgeted)	1,087,180

#### State Aid

From 2015 to 2019, State aid (excluding 19-a PILOT payments) constituted between 9.6% and 17.1% of the City's General Fund revenues. State aid includes direct aid and grants and payments for certain services. In its General Fund for the 2019 fiscal year, the audited total \$28,932,931, or 16.2% and for the 2021 fiscal year budgeted \$27,833,485, or 15.4% of General Fund Revenue in State Aid. In 2017, the City received the first Capital City Funding payment of \$12,500,000.

In 2018 and in 2019, the City received Capital City Funding payments of \$12,000,000 for each year.

In 2020 the City received a reduced payment of \$10,800,000 in revenue due to the economic impact of the pandemic. \$12,500,000 in revenue is included in the budget for 2021.

The following table sets forth the percentage of General Fund revenues of the City comprised of State Aid for each of the fiscal years 2015-2019 and budgeted amounts for 2020 and 2021:

State Aid Payments Fiscal Year Ending December 31			
Fiscal Year	General Fund Revenues	State Aid <sup>(1)</sup>	State Aid as a Percentage of General Fund Revenue
2015	\$ 162,636,661	\$ 21,018,420	12.9%
2016	173,612,620	16,677,313	9.6%
2017	172,670,162	29,601,181 <sup>(1)</sup>	17.1%
2018	178,760,621	28,537,434 <sup>(2)</sup>	16.2%
2019	178,589,333	28,932,931	16.2%
2020 (Budgeted)	181,383,548	28,651,143 <sup>(3)</sup>	15.8%
2021 (Budgeted)	180,840,247	27,833,485 <sup>(3)</sup>	15.4%

<sup>(1)</sup> 2017 includes the first \$12,500,000 payment from the State for Capital City Funding

<sup>(2)</sup> 2018 includes a second year payment of \$12,000,000 from the State for Capital City Funding.

<sup>(3)</sup> Includes a \$12,500,000 budgeted from the State for Capital City Funding.

Source: City of Albany Treasurer's Office.

#### Appropriated Fund Balance

The City has used appropriated fund balance to help in balancing its budget for the past several years. The following table sets forth the amount of fund balance the City has appropriated to assist with balancing its budget for each of the fiscal years 2010-2019 as well as the amount actually applied for 2010-2015. In 2017, the City ended the year with an audited deficit of \$2,184,190.

Fiscal Year	Fund Balance Appropriated in Budget	Actual Fund Bal. (Used )/ Surplus	Year End Total Fund Balance
2010	\$ (5,261,000)	\$ 907,452	17,032,434
2011	(6,134,000)	2,841,141	19,873,575
2012	(5,635,000)	947,242	20,820,817
2013	(4,269,789)	(801,077)	19,990,783
2014	(9,801,000)	(9,651,855)	9,874,239
2015	(2,000,000)	(4,745,437)	4,988,388
2016	0	8,138,157	13,126,545
2017	0	(2,184,190)	10,942,355
2018	0	6,695,324 <sup>(1)</sup>	17,637,679
2019	0	4,149,186	23,567,085
2020	0	N/A	N/A

<sup>(1)</sup> The 2018 audited fund balance surplus includes \$4,599,964 in restricted fund balance from premium proceeds from the bond and bond anticipation notes issued in June along with interest earned on these funds and revenue from closed capital projects transferred to the debt reserve fund.

If fund balance is not available in future fiscal years, the City will need to increase other revenues or cut expenses to achieve balanced budgets.

#### **Expenses**

In 2019, General Fund expenditures were budgeted at \$177,148,136 compared to actual expenditures of \$178,589,333. Of this amount, public safety constituted 36%, general government expenses constituted 11%, debt service constituted 11%, employee benefits constituted 32%, culture and recreation constituted 2%, transportation constituted 4%, community service constituted 3% and economic assistance and opportunity constituted less than 1%.

## Debt Service

The General Fund debt service expenditures for the past five years as well as budgeted amounts for 2021 are as follows:

Debt Service For Fiscal Year Ending December 31	
<u>Year</u>	<u>Amount</u>
2016	\$ 20,640,023
2017	20,818,791
2018	21,179,422
2019	18,802,000
2020 (Unaudited Estimated)	23,532,257
2021 (Budgeted)	17,967,628

These amounts include principal and interest payments on long-term bonds as well as interest and any required pay down amounts on bond anticipation notes

## Pension Payments

All full-time employees of the City are members of the New York State Employees' Retirement System ("ERS") or the New York State Policemen's and Firemen's Retirement System ("PFRS" and collectively with ERS, the "State Systems"). Based on earnings data for each member of the State Systems which the City supplies to the State Systems, the State Systems bill the City annually. The State administers the program and distributes all benefits.

On December 10, 2009, then Governor Paterson signed into law pension reform legislation that will provide (according to a Division of the Budget analysis) more than \$35 billion in long-term savings to State taxpayers over the next thirty years. The legislation created a new Tier V pension level.

Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

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

The 2013-14 State Enacted Budget included a provision that provides local governments, including the City, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS (the "State Rate Pension Contribution Option"). For 2014 and 2015 the rate is 12.0% for ERS and 20% for PFRS; the rates applicable to 2016 and thereafter are subject to adjustment. The pension contribution rates under this program would reduce near-term payments for employers but will require higher than normal contributions in later years. The City is not participating in the Stable Rate Pension Contribution Option and does not intend to do so in the foreseeable future.

The following table shows the total actual payments made by the City to the State Systems in the years 2011-2020 and budgeted payments in 2021:

**City Payments**  
**Fiscal Year Ending December 31:**

<u>Year</u>	<u>Amount</u>
2011	\$ 11,771,725 <sup>(1)</sup>
2012	12,763,522 <sup>(2)</sup>
2013	14,331,795 <sup>(3)</sup>
2014	14,898,915 <sup>(4)</sup>
2015	14,532,547 <sup>(5)</sup>
2016	15,827,925 <sup>(6)</sup>
2017	15,733,125 <sup>(7)</sup>
2018	16,086,716 <sup>(8)</sup>
2019	16,407,545 <sup>(9)</sup>
2020 (Unaudited Estimated)	16,981,302 <sup>(10)</sup>
2021 (Budgeted)	15,689,406

- (1) In 2011 the City under the Chapter 57, Laws of 2010 amortized \$1,699,524 of the total \$13,471,249 retirement contribution.
- (2) In 2012 the City under the Chapter 57, Laws of 2010 amortized \$3,935,771 of the total \$16,699,293 retirement contribution.
- (3) In 2013 the City under the Chapter 57, Laws of 2012 amortized \$6,005,734 of the total \$20,337,529 retirement contribution.
- (4) In 2014 the City under the Chapter 57, Laws of 2012 amortized \$3,564,870 of the total \$18,463,785 retirement contribution.
- (5) In 2015 the City under the Chapter 57, Laws of 2012 amortized \$879,798 of the total \$15,412,345 retirement contribution.
- (6) In 2016 the City under the Chapter 57, Laws of 2012 amortized \$1,198,171 of the total \$17,026,096 retirement contribution.
- (7) In 2017 the City under the Chapter 57, Laws of 2012 amortized \$1,245,976 of the total \$16,979,101 retirement contribution.
- (8) In 2018 the City under the Chapter 57, Laws of 2012 amortized \$807,437 of the total \$16,894,153 retirement contribution.
- (9) In 2019 the City under the Chapter 57, Laws of 2012 amortized \$464,492 of the total \$16,872,037 retirement contribution.
- (10) In 2020 the City under the Chapter 57, Laws of 2012 amortized \$651,220 of the total \$17,632,522 retirement contribution.

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

A chart of average ERS and PFRS rates (2018 to 2022) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2018	15.3	24.4
2019	14.9	23.5
2020	14.6	23.5
2021	14.6	24.4
2022	16.2	28.3

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use. The City amortized a portion of its pension costs as described above.



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

#### Other Post-Employment Benefits

OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until 1999, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

The City provides post-retirement healthcare benefits to various categories of former employees. Although the City has taken steps to reduce the cost of these benefits, healthcare costs continue to rise and could rise substantially in the future. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB") requires municipalities to account for post-retirement healthcare benefits as it accounts for vested pension benefits.

In June 2015, the GASB issued GASB Statement 75 ("GASB 75") which supersedes GASB 45. GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. GASB 75 was implemented by the City for the fiscal year ending December 31, 2018. Actuarial valuation will be required every two years for GASB 75.

#### Summary of Changes from the Last Valuation.

The City contracted with Aquarius, actuarial firm, to calculate its OPEB liability in accordance with GASB 75. The following outlines the changes to the Total OPEB Liability during the 2018 and 2019 fiscal years, by source.

	<u>2018</u>	<u>2019</u>
Balance at Beginning of Fiscal Year:	\$ 483,402,171	\$ 490,570,627
<u>Changes for the Year:</u>		
Service cost	\$ 4,083,647	\$ 5,092,227
Interest	18,084,292	17,248,279
Changes of Benefit Terms	0	0
Differences between expected and actual experience	0	0
Changes in assumptions or other inputs	0	111,742,345
Benefit payments	<u>(14,999,483)</u>	<u>(15,089,450)</u>
Net Changes	<u>7,168,456</u>	<u>118,993,401</u>
Balance at End of Fiscal Year:	<u>\$ 490,570,627</u>	<u>\$ 609,564,028</u>

Source: GASB 75 Actuarial Valuation of the City. The above tables are not audited.

Additional information regarding this information may be obtained from the City Treasurer's Office upon request. The City's audited financial statements are in full compliance with GASB 75.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law in past legislative sessions. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced.

## **Other Information**

No principal or interest upon any obligation of the City is past due. On January 3, 2017, the City had an interest payment due in the amount of \$595,106.25, however, due to a clerical oversight, the payment amount sent was \$30,000 less than the expected amount. On January 5, 2017, the City was notified of the payment discrepancy, and once the discrepancy was confirmed and verified by the City, the funds were wired on January 10, 2017. A material event notice was filed on January 25, 2017. The City has no reason to believe there will be any delinquent payments in the future.

The fiscal year of the City ends December 31.

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

## **New York State Comptroller Report of Examination**

The NYS Comptroller's office released an audit report of the City on September 16, 2015. The purpose of the audit was to review the City's payroll operations for the period January 1, 2013 through September 30, 2014.

### Key Findings:

- Seven employees were paid for unused vacation time without adequate leave records to support the payroll calculations.
- The City's payroll recordkeeping processes are not consistent in all departments.
- Employees in the Department of General Services (DGS) were not working their scheduled time by leaving before the end of their work day.

### Key Recommendations:

- Ensure that all requests for payment for unused vacation time have adequate supporting documentation for the accrued and unused leave.
- Develop standardized payroll and timekeeping systems across City departments.
- Ensure that DGS employees work their required weekly hours in accordance with their collective bargaining agreement.

The City provided a complete response to the NYS Comptroller's office on August 17, 2015. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein.

## **The State Comptroller's Fiscal Stress Monitoring System**

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2019	No Designation	43.8
2018	Susceptible Fiscal Stress	53.3
2017	Moderate Fiscal Stress	59.6
2016	Significant Fiscal Stress	67.5
2015	Significant Fiscal Stress	77.5
2014	Significant Fiscal Stress	67.5

Source: Website of the Office of the New York State Comptroller. 2020 information is not available as of the date of this Official Statement.

Note: Reference to websites implies no warranty of accuracy of information therein.

## TAX INFORMATION

### Valuations

<u>Years Ending December 31:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed Valuation	\$ 4,837,259,196	\$ 4,824,076,379	\$ 4,859,959,051	\$ 4,848,616,640	\$ 4,808,353,283
State Equalization Rate	100.00%	100.00%	100.00%	97.00%	93.40%
Full Valuation	\$ 4,837,259,196	\$ 4,824,076,379	\$ 4,859,959,051	\$ 4,998,573,856	\$ 4,931,886,605

### Tax Rate Per \$1,000 (Assessed)

<u>Years Ending December 31:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Homestead Rate	\$ 10.79	\$ 10.91	\$ 10.86	\$ 10.81	\$ 11.02
Non-Homestead Rate	14.06	14.50	14.04	14.22	14.22

### Tax Collection Record

<u>Years Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City Tax Levy	\$ 56,827,890	\$ 58,000,000	\$ 58,266,495	\$ 58,560,079	\$ 58,865,619
County Tax & Relevies	<u>19,882,634</u>	<u>20,303,904</u>	<u>25,750,830</u>	<u>24,398,148</u>	<u>24,120,115</u>
Total Tax Levy	<u>\$ 76,710,524</u>	<u>\$ 78,303,904</u>	<u>\$ 84,017,325</u>	<u>\$ 82,958,227</u>	<u>\$ 82,985,734</u>
City Tax Uncollected End of Year	\$ 1,617,395	\$ 1,517,887	\$ 1,506,126	\$ 1,813,657	\$ 1,926,027
County Tax & Relevies					
Uncollected End of Year	<u>1,339,697</u>	<u>1,565,090</u>	<u>3,197,950</u>	<u>3,098,159</u>	<u>2,761,992</u>
Total Tax Levy Uncollected	\$ 2,957,092	\$ 3,082,977	\$ 4,704,076	\$ 4,911,816	\$ 4,688,019
Uncollected End of Year <sup>(1)</sup>	3.85%	3.94%	5.60%	5.92%	6.00%

The City Tax Levy for the Fiscal Year Ending December 31, 2021 is \$59,850,000.

<sup>(1)</sup> The City receives 100% of the Tax Levy (less any reductions in assessments), and uncollected amounts become the responsibility of the County.

## Tax Collection Procedure

Tax payments are levied on January 1 of each year and are due and payable by January 31. A penalty of 4% is added for late payments made in February, and for payments made on or after March 1 an additional penalty is included at the rate of 1% per month. After December 31, payments must be made to the County Comptroller. Due to COVID-19, the City has delayed implementation of late penalties until June 1, 2021. County legislative action must also be taken, and is expected to pass, but at the time of this Official Statement has not yet done so.

City and County tax collection procedures are such that the City bears none of the burden of uncollected or delinquent real estate taxes. One tax bill is presented to City residents for all City and County real estate taxes. The City then collects real estate taxes for both the City and the County, retains a portion of the taxes collected equal to its final tax levy, and remits the remaining portion to the County. Delinquent taxes are accordingly turned over to the County Comptroller for collection and are retained by the County as a portion of its tax levy. The City is not responsible for the collection of taxes of any other governmental unit.

Although the City bears none of the burden of uncollected or delinquent taxes, a reduction in the assessed valuation of real property within the City after establishment of the annual budgeted tax levy would cause the amount of taxes collected to be less than the budgeted amount. Reductions in the assessed valuation of real property within the City are generally a result of certiorari proceedings.

## Largest Taxpayers - (2021 Tax Roll)

The updated information below is based on highest taxpaying parcels not the highest taxpaying taxpayer.

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
National Grid 555.-7	Utility	\$ 168,131,508
National Grid 601.1	Utility	40,627,251
99 Washington Avenue	Office Building	38,750,000
Alexander at Patroon	Apartment	34,000,000
Washington Commons	Commercial	22,866,700
Wal-Mart Stores	Commercial	22,500,000
Kenwood Commons, LLC	Commercial	18,000,000
HTA-1223 Washington., LLC	Office Building	16,591,400
Albany Medical Center	Multi-use	15,500,000
Albany Downtown Hotel	Commercial	14,121,300
Levine Investments LP	Office Building	13,601,200

The largest taxpayers listed above have a total estimated assessed valuation of \$404,689,359 which represents approximately 8.2% of the tax base of the City.

Note: The City receives payments in lieu of taxes from various tax-exempt entities, including the State.

## Payments In Lieu of Taxes

The following are the payments in lieu of taxes received in 2016-2019 and budgeted payments for 2020 and 2021:

<u>Payments In Lieu of Taxes For Fiscal Year Ending December 31</u>	
<u>Year</u>	<u>Amount</u>
2016	32,435,189
2017	19,479,096
2018	20,108,047
2019	20,708,235
2020 (Budgeted)	20,003,760
2021 (Budgeted)	20,217,273

## Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31, 2017 through 2021:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Five-Year Average Full Valuation	\$ 4,486,240,236	\$ 4,552,362,537	\$ 4,672,354,652	\$ 4,803,367,648	\$ 4,931,886,605
Tax Limit - 2% of Five-Year Average	89,724,805	91,047,251	93,447,093	96,067,353	98,637,732
Add: Exclusions From Tax Limit	<u>21,380,207</u>	<u>21,700,988</u>	<u>19,467,738</u>	<u>21,752,416</u>	<u>17,152,531</u>
Total Taxing Power	111,105,012	112,748,239	112,914,831	117,819,769	115,790,263
Less Total Levy	<u>58,000,000</u>	<u>58,550,000</u>	<u>58,550,000</u>	<u>58,850,000</u>	<u>59,550,000</u>
Tax Margin	<u>\$ 53,105,012</u>	<u>\$ 54,198,239</u>	<u>\$ 54,364,831</u>	<u>\$ 58,969,769</u>	<u>\$ 56,240,263</u>

## Additional Tax Information

Real property located in the City is assessed by the City.

Veterans and senior citizens' exemptions are offered to those who qualify.

The estimated total annual property tax bill of a \$200,000 market value residential property located in the City is approximately \$7,661 including County, City, Library and School District taxes.

The City assessment roll, based on the number of parcels, is as follows: 82% residential and 18% commercial.

## TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo, the latter four of which are indirectly affected by applicability to their respective City). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

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

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

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

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

**Real Property Tax Rebate.** Chapter 59 of the Laws of 2014 (“Chapter 59”), a newly adopted State budget bill includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government are eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction’s compliance with the provisions of the Tax Levy Limitation Law. School districts budgets must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

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

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

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

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

## **STATUS OF INDEBTEDNESS**

### **Constitutional Requirements**

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

**Payment and Maturity.** Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining annual debt service is authorized and utilized, no installment may be more than fifty percent in excess of the smallest prior installment. The City is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

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

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the City is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property.

## Statutory Procedure

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

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

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

- (1) Such obligations are authorized for a purpose for which the City is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations

and an action contesting such validity, is commenced within twenty days after the date of such publication, or

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

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

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

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

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

## Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bonds	\$ 72,724,579	\$ 57,630,000	\$ 75,580,417	\$ 86,660,000	\$ 69,655,000
Bond Anticipation Notes	38,846,812	44,596,417	18,854,100	29,799,600	44,672,719
Revenue Anticipation Notes	0	0	0	0	0
Other Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 111,571,391</u>	<u>\$ 102,226,417</u>	<u>\$ 94,434,517</u>	<u>\$ 116,459,600</u>	<u>\$ 114,327,719</u>

## Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City evidenced by serial bonds and bond anticipation notes as of March 4, 2021:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2021-2034	\$ 68,220,000
Bond Anticipation Notes		
Various Capital Improvements	March 26, 2021	\$ 44,672,719 <sup>(1)</sup>
	Total Indebtedness	<u>\$ 112,892,719</u>

<sup>(1)</sup> To be redeemed at maturity with proceeds of the Notes and \$3,000,100 available funds of the City.

## Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of March 4, 2021:

Five-Year Average Full Valuation of Taxable Real Property .....	\$ 4,890,351,017
Debt Limit - 7% thereof .....	342,324,571

### Inclusions:

Bonds <sup>(1)</sup> .....	\$ 68,220,000
Bond Anticipation Notes .....	<u>44,672,719</u>
Total Inclusions .....	\$ 112,892,719

### Exclusions:

Appropriations - Bonds .....	\$ 9,970,000
Appropriations - Notes .....	<u>3,000,100</u>
Total Exclusions .....	\$ <u>12,970,100</u>

Total Net Indebtedness Subject to Debt Limit .....	\$ <u>99,922,619</u>
Net Debt-Contracting Margin .....	\$ <u>242,401,952</u>
Percent of Debt Contracting Power Exhausted .....	29.19%

The proceeds of the Notes will increase the net indebtedness of the City by \$14,631,556.

## Estimate of Obligations to be Issued

The City expects to have recurring financing needs for capital improvements. It can be anticipated that, depending on market conditions, the City may from time to time issue bond anticipation notes and bonds to finance its capital improvements.

## Revenue and Tax Anticipation Notes

The City issued a revenue anticipation note in the amount of \$6,000,000 on December 22, 2015 which matured on January 22, 2016. The City issued revenue anticipation notes in Fiscal Years 2009 and 2016. The City has not needed to borrow since Fiscal Year 2016 due to strengthening financial position. The City does not currently expect to issue revenue anticipation notes in Fiscal Year 2021.

## Bonded Debt Service

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

## Authority Indebtedness

In accordance with GAAP, the financial statements of the City treat the Albany Municipal Water Finance Authority and the Albany Parking Authority as a part of the reporting entity due to the fact that the City exercises oversight responsibility for those entities. The City has entered into a Lease Agreement with the Parking Authority whereby the City leases parking spaces in a parking garage owned by the Authority. The Lease Agreement is the primary credit support for the Authority's \$2,631,974 Parking Revenue Refunding Bonds, Series 1991A, issued in November 1991. However, the City is not liable for the indebtedness of either the Water Authority or the Parking Authority. Accordingly, the debt of these entities has not been included in the calculations of the City's constitutional debt limit.

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## Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>City Share</u>	<u>Applicable Indebtedness</u>
County of:						
Albany	11/30/2020	\$ 301,000,000	\$ 4,470,000 <sup>(2)</sup>	\$ 296,530,000	18.65%	\$ 55,302,845
School District:						
Albany	7/7/2020	190,543,625	162,152,625 <sup>(3)</sup>	28,391,000	100.00%	28,391,000
Total:						<u>\$ 83,693,845</u>

Notes:

<sup>(1)</sup> Outstanding bonds and bond anticipation notes. Not adjusted to include subsequent bond or note sales, if any

<sup>(2)</sup> Water and sewer debt and appropriations.

<sup>(3)</sup> Estimated State building aid.

Source: County Official Statement dated December 8, 2020.

School District Official Statement dated July 14, 2020.

## Debt Ratios

The following table sets forth certain ratios relating to the City's indebtedness.

### Debt Ratios As of March 4, 2021

	<u>Amount Indebtedness</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Valuation</u> <sup>(b)</sup>
Net Indebtedness .....	\$ 99,922,619	\$1,035.90	2.03%
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(c)</sup> .....	183,616,464	1,903.55	3.72%

<sup>(a)</sup> The 2018 Census population of the City is 96,460.

<sup>(b)</sup> The City's 2021 full value of taxable real estate is \$4,931,886,605.

<sup>(c)</sup> Estimated net overlapping indebtedness is \$83,693,845.

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the City upon any judgment or accrued claim against it shall not exceed nine per centum per annum. In accordance with the general rule with respect to municipalities, judgments against the City may not be enforced by levy and execution against property owned by the City.

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

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

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

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

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

## **MARKET AND RISK FACTORS**

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

In addition, if the State should opt to borrow and experiences difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the City, in any year, the City may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the City. In recent years, the City has received delayed payments of State aid which resulted either from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts or delays in State payments until certain State revenues are realized. (See also "State Aid").

COVID 19. The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread globally, including the United States, and to New York State, has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide.

The outbreak of COVID-19 across the United States has caused the federal government to declare a national state of emergency. The State of New York has likewise declared a state of emergency and the Legislature has added "disease outbreak" to the definition of "disaster" (which already includes "epidemic" ) in the relevant Executive Law provision by adoption of Senate Bill S7919, signed by the Governor into law on March 3, 2020.

Executive Law Section 24 contains procedures for local governments to declare local states of emergency and issue orders to implement same.

While the virus might affect revenue streams supporting revenue bond debt of some public authorities, as compared to general obligation debt, it is not possible to determine or reasonably predict at this time whether there could also be a material impact on local municipal and school district budgets, or state and local resources to meet their obligations supporting same.

The degree of any such impact to the City's operations and finances, is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the City and its economy. The City is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

Emergency Preparedness – COVID-19. While the health emergency situation is currently on-going, the City is well-positioned to handle the crises with leadership who have emergency management backgrounds. The City has had no service interruptions and continues to function with a mostly off-site workforce during this public health emergency. Finance staff in particular is actively managing the inflow and outflow of City revenue and obligations to ensure as little disruption as possible.

Cybersecurity. The City, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the City invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage City digital networks and systems and the costs of remedying any such damage could be substantial. The City was victim to a ransomware attack in March of 2019. Ransom was not paid and the City was primarily back online within 2 days. A few of the City's systems had to be rebuilt due to the ransomware attack.

## **CONTINUING DISCLOSURE**

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

## **Historical Compliance**

Except as noted below, the City is in compliance in all material respects within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

The City did not file material event notices with respect to rating changes for MBIA Insurance Corporation which insured the City's 2006 Bonds. A failure to file notice submitted to EMMA on April 24, 2015.

## **TAX MATTERS**

In the opinion of Roemer Wallens Gold & Mineaux LLP, Bond Counsel, under existing law, regulations, administrative rulings and judicial decisions, (i) interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations although Section 56 of the Code provides that for purposes of calculating the alternative minimum tax on corporations as defined for federal income tax purposes, interest on the Notes is taken into account in determining adjusted current earnings, and (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York. Bond Counsel will express no opinion as to any other tax consequences regarding the Notes. Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes but Bond Counsel notes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the City to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Notes are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations in order for the interest to be and to continue to be so excluded from the date of issuance. Noncompliance with these requirements by the City may cause the interest on the Notes to be included in gross income for federal income tax purposes and thus to be subject to federal income tax retroactively to the date of issuance of the Notes. The City has covenanted to take the actions required of it for the interest on the Notes to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion.

Although Bond Counsel will opine that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect an Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner's other income or deductions. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislations, interpretations or rulings relating to the Code or judicial decisions may cause interest on the Notes to be subject directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. Any such legislation, interpretations or rulings relating to the Code or judicial decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

ALL PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO OTHER FEDERAL AND STATE TAX CONSEQUENCES, AS WELL AS ANY LOCAL TAX CONSEQUENCES, OF PURCHASING OR HOLDING THE NOTES.

## **DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES**

### **Legal Matters**

Legal matters incident to the authorization, issuance, and sale of the Notes will be subject to the final approving opinion of Roemer Wallens Gold & Mineaux LLP, Albany, New York, Bond Counsel to the City. Such opinion will be available at the time of delivery of and payment for the Notes and will be to the effect that the Notes are valid and legally binding general obligations of the City, for the payment of which the City has validly pledged its full faith and credit, and all the real property within the City subject to taxation by the City is subject to the levy by the City of ad valorem taxes, subject to statutory limitation (see “Tax Levy Limitation Law”, herein) for payment of the principal of and interest on the Notes.

Said opinion will also contain further statements to the effect that assuming continuing compliance with certain covenants and the accuracy of certain representations of the City contained in the records of proceedings relating to the authorization and issuance of the Notes, (a) interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations pursuant to Section 56 of the Code for purposes of calculating the alternative minimum tax on corporations as defined for federal income tax purposes, interest on the Notes is taken into account in determining adjusted current earnings; and (b) interest on the Notes is exempt from personal income taxes imposed by the State and political subdivisions thereof, including The City of New York. The interest on the Notes may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. Said opinion will also state that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including the City of New York). No opinion will be rendered by Bond Counsel regarding Federal tax consequences with respect to the Notes. The enforceability of the Notes is subject to bankruptcy laws and other laws affecting creditors’ rights and the exercise of judicial discretion.

## **ABSENCE OF LITIGATION**

The City is subject to a number of lawsuits in the ordinary conduct of its affairs. The City has a notable matter pending against it with a trial scheduled for April 2021, which alleges police misconduct in a case that occurred 20-25 years ago. Two individuals were arrested and ultimately found guilty of murder and served approximately 19 years in prison. These individuals were thereafter exonerated. The claims against the City relate to the actions of its police officers involved in that case. The City does not have insurance coverage for those claims.

Upon delivery of the Notes, and notwithstanding the litigation discussed above, the City shall furnish a certificate of the City Corporation Counsel, dated the date of delivery and payment for the Notes, to the effect that there is no controversy or litigation of any nature pending or threatened to her knowledge that would restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes, and further stating that there is no controversy or litigation of any nature now pending or threatened by or against the City which has not been disclosed in this Official Statement, wherein an adverse judgment or ruling could materially affect the ability of the City to levy, collect and enforce the collection of taxes or other revenues for the payment of the Notes.

## **RATING**

The Notes are not rated.

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

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

## **MUNICIPAL ADVISOR**

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

## **CUSIP IDENTIFICATION NUMBERS**

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

## **MISCELLANEOUS**

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

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

Roemer Wallens Gold & Mineaux LLP, Albany, New York, Bond Counsel to the City, expressed no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the City for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

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

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

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

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

The City will act as Paying Agent for the Notes.

The City's contact information is as follows: Mr. Kenneth L. Bennett, Deputy Treasurer, City of Albany, 24 Eagle Street, Albany, New York 12207, Phone: (518) 434-5028, Telefax: (518) 434-5098, Email: kbennett@albanyny.gov.

This Official Statement has been duly executed and delivered by the City Treasurer of the City of Albany.

**CITY OF ALBANY**

**Dated: March 11, 2021**

**Honorable Darius Shahinfar**  
**City Treasurer**  
**and Chief Fiscal Officer**

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>ASSETS</u>					
Cash on Hand	\$ 10,929,366	\$ 11,615,318	\$ 16,237,896	\$ 9,138,439	\$ 16,540,547
Investments	-	-	-	-	-
Receivables:					
Taxes - net	4,577,005	3,966,018	4,044,679	4,704,076	4,911,813
Landfill, net	1,286,815	911,320	421,472	636,415	759,448
Accounts Receivable	2,862,272	4,150,605	5,319,024	5,979,708	3,826,027
Other - net	-	-	-	-	700,000
State and Federal	1,429,159	1,484,628	2,308,730	2,129,406	1,772,732
Due from Other Funds	7,954,083	5,590,288	8,447,353	7,995,893	5,438,208
Due From Other Governments	15,324,068	19,242,981	20,979,242	28,968,153	35,278,631
Prepaid Expenses	-	-	-	-	-
Other Assets	4,869,243	3,755,378	3,387,268	3,471,123	4,263,417
	<u>4,869,243</u>	<u>3,755,378</u>	<u>3,387,268</u>	<u>3,471,123</u>	<u>4,263,417</u>
TOTAL ASSETS	<u>\$ 49,232,011</u>	<u>\$ 50,716,536</u>	<u>\$ 61,145,664</u>	<u>\$ 63,023,213</u>	<u>\$ 73,490,823</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 9,491,963	\$ 7,224,911	\$ 8,859,473	\$ 7,012,626	\$ 7,746,538
Accrued Liabilities	-	-	-	-	-
Due to Component Units	11,984,939	12,624,229	12,307,289	15,789,057	19,109,284
Notes Payable (RAN's)	6,000,000	-	-	-	-
Other Liabilities	257,653	105,125	793,470	759,286	781,432
Due to Other Funds	3,266,027	1,076,519	2,053,468	2,127,351	1,839,206
Due to Other Governments	13,211,118	16,475,678	23,812,049	19,562,185	19,479,215
Deferred Revenue	31,923	83,529	136,083	135,029	111,529
Accrued Interest on CABs	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>44,243,623</u>	<u>37,589,991</u>	<u>47,961,832</u>	<u>45,385,534</u>	<u>49,067,204</u>
Deferred inflows of resources	-	-	2,241,477	-	700,000
Total Liabilities plus Deferred inflows of resources	\$ 44,243,623	\$ 37,589,991	\$ 50,203,309	\$ 45,385,534	\$ 49,767,204
<u>FUND EQUITY</u>					
Nonspendable					
Prepayments:	\$ 4,057,789	\$ 3,697,048	\$ 3,371,252	\$ 3,455,107	\$ 3,370,894
Restricted for:					
Debt Service	1,261,574	1,135,933	899,654	5,209,193	5,375,158
Landfill Postclosure	915,897	916,080	916,081	921,254	930,834
Reserve for Solid Waste Mgmt. Facility	368,601	432,859	434,703	434,703	434,704
Other Restricted Fund Balance	73,467	65,117	-	-	-
Assigned for:					
Fund Appropriations	-	-	-	-	-
Unassigned:	(1,688,940)	6,879,508	5,320,482	7,617,422	13,612,029
	<u>(1,688,940)</u>	<u>6,879,508</u>	<u>5,320,482</u>	<u>7,617,422</u>	<u>13,612,029</u>
TOTAL FUND EQUITY	<u>4,988,388</u>	<u>13,126,545</u>	<u>10,942,172</u>	<u>17,637,679</u>	<u>23,723,619</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 49,232,011</u>	<u>\$ 50,716,536</u>	<u>\$ 61,145,481</u>	<u>\$ 63,023,213</u>	<u>\$ 73,490,823</u>

Source: Audited financial reports of the City.  
This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>REVENUES</b>					
Real Property Taxes	\$ 56,706,034	\$ 56,313,118	\$ 57,422,204	\$ 58,252,312	\$ 58,312,601
Real Property Tax Items	-	-	-	-	-
Sales and Use Tax	32,864,248	33,150,041	33,349,774	35,424,547	36,636,778
Other Taxes	2,835,274	2,753,707	2,841,731	2,916,589	2,676,666
Payments in Lieu of Taxes	20,769,510	32,435,189	18,479,096	20,108,047	20,708,235
Departmental Income	-	-	-	-	-
Intergovernmental Revenues	23,079,005	19,807,162	33,216,263	31,962,011	32,030,056
Charges for Services	14,636,411	15,987,790	12,202,411	11,079,556	11,825,744
Fines, interest and penalties	4,675,351	4,590,813	4,671,791	5,278,621	5,288,226
Uses of money and properties	172,081	128,673	167,136	722,418	1,484,394
License and permits	3,316,918	3,417,212	5,011,325	4,552,644	4,308,686
Sale of Property and Compensation for Loss	-	-	-	-	-
Interfund Revenues	-	-	-	-	-
State Aid	-	-	-	-	-
Federal Aid	-	-	-	-	-
Miscellaneous	3,798,735	3,461,855	3,094,297	4,072,918	4,594,899
Total Revenues	<u>\$ 162,853,567</u>	<u>\$ 172,045,560</u>	<u>\$ 170,456,028</u>	<u>\$ 174,369,663</u>	<u>\$ 177,866,285</u>
<b>EXPENDITURES</b>					
Public Safety and Regulation	\$ 91,818,649	\$ 91,923,460	\$ 97,114,365	\$ 97,027,307	\$ 97,952,665
General Government	19,642,652	18,712,485	18,900,908	20,289,944	23,152,686
Health	-	-	-	-	-
Highway and Streets	6,591,805	8,053,523	8,673,161	8,926,927	6,903,653
Recreation and Culture	3,834,542	3,776,378	4,174,837	4,282,708	4,406,810
Community Service	8,124,298	6,762,945	6,589,861	6,438,049	7,178,543
Economic development and assistance	-	-	-	-	-
Employee Benefits	16,307,471	15,605,649	15,418,935	13,462,207	13,958,575
Debt Service	19,183,678	16,922,475	18,560,091	17,944,159	18,902,000
Total Expenditures	<u>\$ 165,503,095</u>	<u>\$ 161,756,915</u>	<u>\$ 169,432,158</u>	<u>\$ 168,371,301</u>	<u>\$ 172,454,932</u>
Excess of Revenues Over (Under)					
Expenditures	<u>(2,649,528)</u>	<u>10,288,645</u>	<u>1,023,870</u>	<u>5,998,362</u>	<u>5,411,353</u>
Other Financing Sources (Uses):					
Operating Transfers In	35,363	868,271	50,640	1,522,532	75,577
Operating Transfers to Other Funds	(2,972,000)	(3,717,548)	(3,258,700)	(3,694,000)	-
Proceeds from sale of property	-	-	-	-	-
Proceeds from general obligation bonds/notes	700,011	698,787	-	2,868,430	599,010
Proceeds from other debt	-	-	-	-	-
Other sources	-	-	-	-	-
Total Other Financing	<u>(2,236,626)</u>	<u>(2,150,490)</u>	<u>(3,208,060)</u>	<u>696,962</u>	<u>674,587</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(4,886,154)</u>	<u>8,138,155</u>	<u>(2,184,190)</u>	<u>6,695,324</u>	<u>6,085,940</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	9,874,239	4,988,085	13,126,240	10,942,355	17,637,679
Residual Equity Transfers	-	-	-	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 4,988,085</u>	<u>\$ 13,126,240</u>	<u>\$ 10,942,050</u>	<u>\$ 17,637,679</u>	<u>\$ 23,723,619</u>

Source: Audited financial reports of the City.  
This Appendix is not itself audited.



GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget

Fiscal Years Ending December 31:

	2017	2018	2019	2020	2021
	Adopted Budget	Adopted Budget	Adopted Budget	Adopted Budget	Adopted Budget
<b>REVENUES</b>					
Real Property Taxes & Items	\$ 57,700,000	\$ 58,250,000	\$58,250,000	\$58,550,000	\$59,550,000
Sales & Use Tax	34,111,580	33,606,844	34,593,722	\$36,546,243	\$35,582,773
Other Taxes	2,969,000	2,786,000	2,767,500	\$2,808,060	\$2,802,600
Payments in Lieu of Taxes	20,428,973	21,075,000	19,675,000	\$20,003,760	\$20,217,273
Interest and Penalty on Taxes	200,000	300,000	325,000	\$325,000	\$350,000
Intergovernmental Revenues	860,880	816,880	1,241,880	\$1,484,280	\$1,087,180
Charges for Services	12,136,271	11,099,051	12,267,901	\$11,821,855	\$11,994,150
Traffic Violation Fines	5,204,300	5,221,000	5,216,000	\$5,475,000	\$5,475,000
Interest and Rental Income	3,460,700	3,707,800	3,665,200	\$3,858,750	\$5,363,150
Miscellaneous	8,774,645	9,176,430	9,355,938	\$9,779,079	\$9,854,258
State Aid	28,940,653	28,756,885	28,520,415	\$28,651,143	\$27,833,485
Federal Aid	1,130,423	519,000	204,202	\$215,000	\$215,000
Interfund Revenues	1,065,378	1,065,378	1,065,378	\$65,378	\$515,378
Total Revenues	<u>\$ 176,982,803</u>	<u>\$ 176,380,268</u>	<u>\$ 177,148,136</u>	<u>\$ 179,583,548</u>	<u>\$ 180,840,247</u>
<b>EXPENDITURES</b>					
Public Safety and Regulation	\$ 92,886,357	\$ 93,343,930	\$ 94,654,897	\$ 97,002,000	\$ 99,911,784
General Government	22,117,981	26,413,057	24,152,004	26,361,572	25,485,220
Highway and Streets	8,637,582	4,323,500	9,214,345	5,620,943	6,282,519
Recreation and Culture	4,207,824	3,856,666	4,357,010	4,405,628	4,841,651
Community Service	11,385,747	11,260,389	11,358,780	13,060,875	13,449,512
Employee Benefits	15,901,045	15,490,178	14,293,107	11,298,930	11,150,931
Miscellaneous	-	-	-	-	-
Debt Service	21,846,267	21,692,548	19,117,993	21,833,600	17,967,315
Interfund Transfer	-	-	-	-	1,751,315
Total Expenditures	<u>\$ 176,982,803</u>	<u>\$ 176,380,268</u>	<u>\$ 177,148,136</u>	<u>\$ 179,583,548</u>	<u>\$ 180,840,247</u>
Excess of Revenues Over (Under)					
Expenditures	-	-	-	-	-
Other Financing Sources (Uses):					
Operating Transfers In	-	-	-	-	-
Operating Transfers to Other Funds	-	-	-	-	-
Operating Transfers to Component Unit	-	-	-	-	-
Proceeds from Obligation	-	-	-	-	-
Other Financing Source	-	-	-	-	-
Total Other Financing	-	-	-	-	-
Excess of Revenues and Other					
Sources Over (Under) Expenditures					
and Other Uses	-	-	-	-	-
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year					
Residual Equity Transfers	-	-	-	-	-
Elimination of Encumbrances	-	-	-	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**BONDED DEBT SERVICE**

Fiscal Year Ending December 31st			
	Principal	Interest	Total
2021	\$ 11,405,000	\$ 2,213,993.70	\$ 13,618,993.70
2022	8,950,000	1,830,468.20	10,780,468.20
2023	8,315,000	1,552,400.00	9,867,400.00
2024	6,295,000	1,285,550.00	7,580,550.00
2025	6,515,000	1,069,400.00	7,584,400.00
2026	5,165,000	858,725.00	6,023,725.00
2027	5,370,000	665,150.00	6,035,150.00
2028	5,525,000	464,950.00	5,989,950.00
2029	1,860,000	335,550.00	2,195,550.00
2030	1,920,000	278,850.00	2,198,850.00
2031	1,985,000	220,275.00	2,205,275.00
2032	2,050,000	159,750.00	2,209,750.00
2033	2,115,000	97,275.00	2,212,275.00
2034	2,185,000	32,775.00	2,217,775.00
TOTALS	\$ 69,655,000	\$ 11,065,111.90	\$ 80,720,111.90

**MATERIAL EVENT NOTICES**

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

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

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

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

With respect to event (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets

or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

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

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

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

**CITY OF ALBANY**  
**ALBANY COUNTY, NEW YORK**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES**

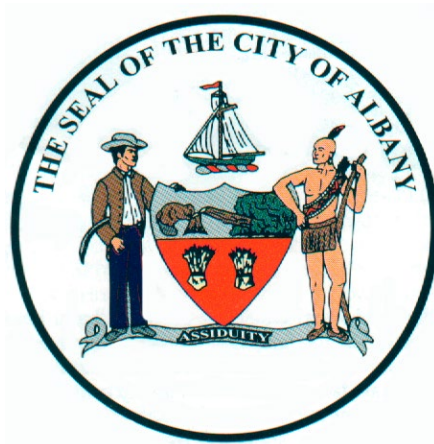
**DECEMBER 31, 2019**

**Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.**

**CITY OF ALBANY,  
NEW YORK**

**AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

Year ended December 31, 2019



# CITY OF ALBANY, NEW YORK

## TABLE OF CONTENTS

	<b>Page</b>
<b>Independent Auditor's Report on the Financial Statements</b>	1-2
<b>Management's Discussion and Analysis</b>	3-16
<b>Financial Statements</b>	
Government-Wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Balance Sheet – Governmental Funds	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Balance Sheet – Governmental Funds with the Statement of Net Position	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds with the Statement of Activities	22
Statement of Fiduciary Net Position – Fiduciary Funds	23
Combining Statement of Net Position – Discretely Presented Component Units	24
Combining Statement of Activities – Discretely Presented Component Units	25
Notes to Financial Statements	26-54
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Modified Budget and Actual – General and Special Revenue Fund	55
Schedule of the City's Proportionate Share of the Net Pension Asset / (Liability) – New York State Police and Fire Retirement System	56
Schedule of Contributions – New York State Police and Fire Retirement System	57
Schedule of the City's Proportionate Share of the Net Pension Asset / (Liability) – New York State and Local Employees' Retirement System	58
Schedule of Contributions – New York State and Local Employees' Retirement System	59
Schedule of Changes in the City's Total OPEB Liability and Related Ratios	60

## **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, 2019, 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 66% and 89%, 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 aggregate discretely presented component units, 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 opinions.



## Opinions

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, 2019, 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 55 and other required supplementary information on pages 56 through 60 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  
December 21, 2020

# 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, 2019. 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, 2018.

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, the three Business Improvement Districts and the City of Albany Capital Resource Corporation. Financial information from these entities 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*. Long-term liabilities, such as bonds and loans payable, accrued post-employment benefit obligation, and other long-term liabilities, are not reported as liabilities on the Balance Sheet but are reflected in the Statement of Net Position.

### **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 2019 totaled \$177.9 million and were over the final budget by \$5.8 million. The General Fund expenses totaled \$172.5 million and were \$0.4 million higher than the final budget. While the 2019 City budget did not anticipate a change in the fund balance, the fund balance actually increased \$6.1 million for the year. The \$5.4 million excess of revenues over expenses is added to other financing sources of \$0.7 million which resulted in the fund balance ending the year at \$23.7 million. The unassigned fund balance was at \$13.6 million surplus by year end.

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

#### *Statement of Net Position*

Primary government total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$417.0 million. This resulted in a decrease of net position of approximately \$13.9 million from 2018. Most of this decrease is related to the reporting requirements related to the accrued post employment benefit obligation (increased by \$119.0 million).

Total assets (\$338.1 million) increased from 2018 by \$31.6 million. The primary areas that increased are cash and cash equivalents (increased by \$17.8 million), cash equivalents –restricted (increased by \$0.8 million), mortgage loans receivable (increased by \$0.9 million), due from component units (increased by \$6.3 million), and capital assets, net (increased by \$7.3 million). The areas that decreased are accounts receivable, net (decreased by \$2.0 million) and due from other government (decreased by \$1.1 million). The increase in cash and cash equivalents was primarily related to issuing bonds for \$26.0 million for the purchase of the street lights. The increase in due from component units is primarily due to paying expenses on behalf of the Albany Water Board for their long term control plan. The increase in capital assets, net is the primarily the result of the initial purchase of the street lights. The decrease in accounts receivable, net is related to a decrease in outstanding waste collection fees at the end of 2019. The decrease in due from other government is related to receiving funds from the federal government and NYS for capital projects and public safety programs.

Total liabilities (\$878.9 million) increased by \$160.5 million from 2018. The primary liabilities which increased were unearned revenue (increased by \$0.8 million), due to component units (increased by \$3.3 million), bond and revenue anticipation notes payable (increased by \$10.9 million), bonds and loans payable (increased by \$10.3 million), accrued post-employment benefit obligation (increased by \$119.0 million), net pension liability (increased by \$13.7 million), compensated absences (increased by \$1.1 million) and judgements and claims (increased by \$2.0 million). The primary liabilities which decreased were due to NYS retirement system (decreased by \$1.2 million) and retainage payable on long-term contracts (decreased by \$0.1 Million).

The increase in unearned revenue is directly related to the increase in mortgage loans receivable. Due to component units increased from not transferring money due to the Albany Water Board before the end of the year. Bond and revenue anticipation notes payable increased as a result of issuing additional bond anticipation notes. Bonds and loans payable increased as a result of issuing new bonds which increased the outstanding principal on debt. The increase in accrued post-employment benefit obligation is related to the new GASB requirements requiring the full liability to be included on the Statement of Net Position. Net pension liability increased as a result of an increase in the City's proportionate share of the net pension liability. The increase in compensated absences is related to increases in earned vacation and sick leave. Judgements and claims increased from larger potential claim settlements currently in litigation. Due to NYS Retirement System decreased as a result of paying down outstanding amortized amounts due and amortizing less. The decrease in retainage payable on long-term contracts is related to fewer completed contracts at year end.

The City of Albany's large Post-Employment Benefit Projected Actuarial Accrued liability (\$609.6 million) is driven by the health care plan which has traditionally been extended to retirees.

Deferred outflows of resources increased by \$86.4 million from 2018, deferred inflows of resources decreased by \$28.6 million which was directly related to the net pension liability which decreased by \$28.6 million mainly as a result of changes to the City's proportionate share of the New York State and Local Retirement System based on an actuarial valuation.

Of the net position, \$132.3 million is net invested in capital assets, and \$5.8 million is restricted for program specific activities and for debt service, leaving a deficit balance in unrestricted net position of \$555.1 million – an increase deficit from 2018 of \$11.0 million. The total net position decreased by \$13.9 million. Most of this increase in deficit is related to the reporting requirements related to accrued post-employment benefit obligations (increased by \$119.0 million).

Total capital assets including property and equipment after depreciation are valued at \$221.5 million, with increases of approximately \$27.4 million of additions to capital assets. Approximately \$27.1 million of capital assets are not subject to depreciation, including approximately \$2.0 million of land, and \$25.1 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, 2019**  
*(in Millions)*

	<u>2019</u>	<u>2018</u>	<u>Increase/ (Decrease)</u>
Total assets	\$ 338.1	\$ 306.5	\$ 31.6
Total deferred outflows of resources	138.2	51.8	86.4
Total liabilities	878.9	718.4	160.5
Total deferred inflows of resources	<u>14.4</u>	<u>43.0</u>	<u>(28.6)</u>
<b>Excess (deficiency) of assets and deferred outflows of resources over liabilities and deferred inflows of resources</b>	<b><u>(417.0)</u></b>	<b><u>(403.1)</u></b>	<b><u>(13.9)</u></b>
Net invested in capital assets	132.3	135.4	(3.1)
Restricted for debt service and program activities	5.8	5.6	0.2
Unrestricted (deficiency)	<u>(555.1)</u>	<u>(544.1)</u>	<u>(11.0)</u>
<b>Total Net Position (deficiency)</b>	<b><u>\$ (417.0)</u></b>	<b><u>\$ (403.1)</u></b>	<b><u>\$ (13.9)</u></b>

Component Units

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$139.8 million – an increase of \$17.6 million from 2018. Total assets and deferred outflows of resources (\$237.6 million) increased by \$13.5 million. Net invested in capital assets increased by \$4.2 million.

Total liabilities and deferred inflows of resources (\$97.8 million) decreased by \$4.1 million. Bonds and notes payable decreased \$4.7 million.

Total net position increased \$17.6 million from 2018 to 2019 due mostly to a significant increase in net position of the Albany Water Board and the Business Improvement Districts primarily related to an increase in net invested in capital assets.

**Governmental Activities - Component Units**  
**Net Assets at December 31, 2019**  
*(in Millions)*

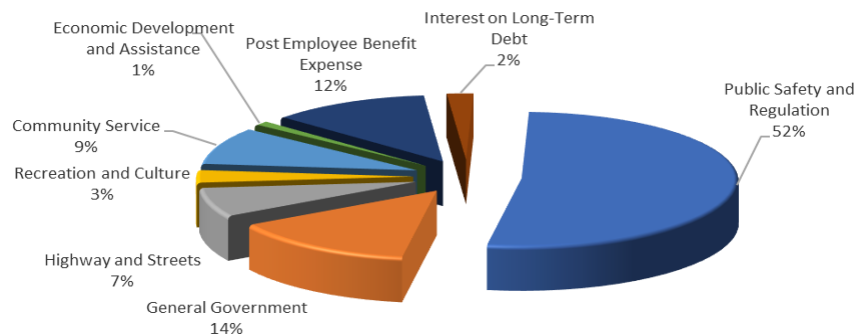
	<u>2019</u>	<u>2018</u>	<u>Increase/ (Decrease)</u>
Total assets and deferred outflows of resources	\$ 237.6	\$ 224.1	\$ 13.5
Total liabilities and deferred inflows of resources	<u>97.8</u>	<u>101.9</u>	<u>(4.1)</u>
<b>Excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources</b>	<b>139.8</b>	<b>122.2</b>	<b>17.6</b>
Net invested in capital assets	102.7	98.5	4.2
Restricted for debt service and program activities	2.9	1.4	1.5
Unrestricted	<u>34.2</u>	<u>22.3</u>	<u>11.9</u>
<b>Total Net Position</b>	<b><u>\$ 139.8</u></b>	<b><u>\$ 122.2</u></b>	<b><u>\$ 17.6</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.

<b>Governmental Activities - Expenses</b> <i>(in Millions)</i>				
<b>Governmental Functions</b>	<b>2019</b>	<b>2018</b>	<b>Increase/ (Decrease)</b>	<b>% of Change</b>
Public safety and regulation	\$ 105.4	\$ 101.2	\$ 4.2	4%
General government	28.5	24.5	4.0	16%
Highway and streets	14.8	16.6	(1.8)	-11%
Recreation and culture	6.0	5.4	0.6	11%
Community service	17.0	16.1	0.9	6%
Economic development and assistance	2.5	2.4	0.1	4%
Post employment benefit expense	24.2	15.4	8.8	57%
Interest on long-term debt	3.0	2.9	0.1	3%
<b>Total</b>	<b>\$ 201.4</b>	<b>\$ 184.5</b>	<b>\$ 16.9</b>	<b>9%</b>

### Functional Expenses – Primary Government



Public Safety accounts for 52 percent of expenses, while General Government is at 14 percent and Community Services accounts for 9 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 12 percent of expenses.

Expenses increased from 2018 by \$16.9 million.

Public Safety and Regulation expenses of \$105.4 million increased by \$4.2 million and are offset by \$14.8 million in charges for services and operating grants, GIVE grant, police court security, urban security, truancy, and motor vehicle theft prevention programs. General Government expenses of \$28.5 million increased by \$4.0 million and are offset by \$2.1 million in charges for services most of which came from permit, license and inspection fees. General Government expenses are also offset by \$12.0 million; most of this is the result of the Capital City Funding revenue received from the State of New York. Highway and Streets expenses of \$14.8 million decreased by \$1.8 million and are offset by \$2.5 million in charges for services and \$3.5 million in capital grants and contributions. Community Service expenses of \$17.0 million decreased by \$0.9 million and are offset by \$3.6 million in grants related to the Albany Community Development Agency and \$7.3 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. Interest on long-term debt of \$3.0 million increased by \$0.1 million. Post-Employment benefit expenses \$24.2 million increased by \$8.8 million. The increase in these expenses are related to increases in retiree healthcare costs and related benefits.

Revenues increased from 2018 by \$2.5 million.

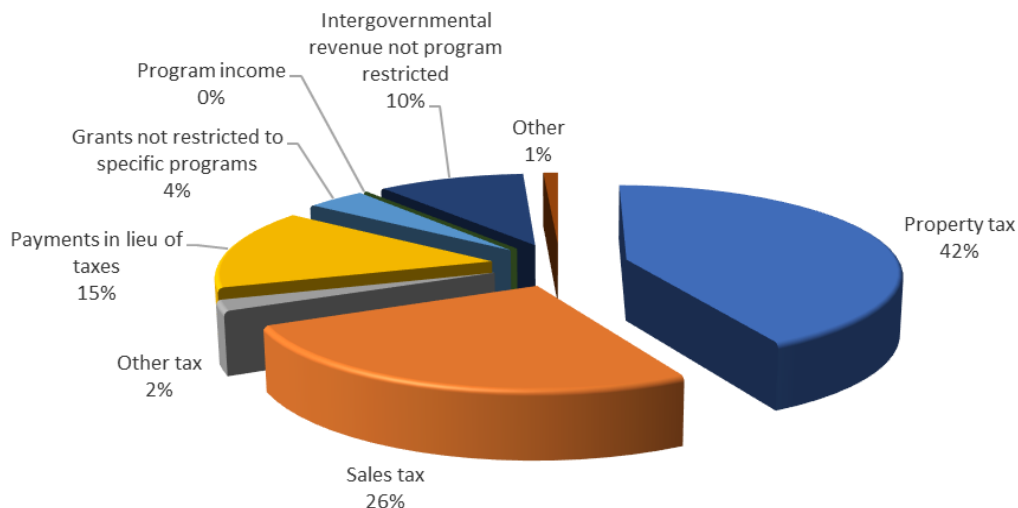
Total general revenues (\$140.0 million) increased by \$2.5 million. Property taxes (\$58.3 million) remained flat with same tax base as 2018. Sales tax revenue (\$36.6 million) increased by \$1.2 from an ongoing strong economy. Payments in lieu of taxes (\$20.7 million) increased by \$0.6 million primarily from an increase in annual contracted revenue. Grants not restricted to specific programs (\$5.1 million) increased by \$1.2 million. Program income remained flat (\$0.1 million). Other tax (\$2.7 million) decreased by \$0.2 million, intergovernmental revenue not program restricted (\$14.3 million) decreased by \$0.1 million and other revenue (\$2.2 million) decreased by \$0.2 million mostly from fewer federal and state grants.

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

<u>Revenues</u>	<u>2019</u>	<u>2018</u>	<u>Increase/ (Decrease)</u>	<u>% of Change</u>
Property tax	\$ 58.3	\$ 58.3	\$ -	0%
Sales tax	36.6	35.4	1.2	3%
Other tax	2.7	2.9	(0.2)	-7%
Payments in lieu of taxes	20.7	20.1	0.6	3%
Grants not restricted to specific programs	5.1	3.9	1.2	31%
Program income	0.1	0.1	-	0%
Intergovernmental revenue not program restricted	14.3	14.4	(0.1)	-1%
Other	2.2	2.4	(0.2)	-8%
<b>Total General Revenues</b>	<b>\$ 140.0</b>	<b>\$ 137.5</b>	<b>\$ 2.5</b>	<b>2%</b>

The following chart indicates the relative percentages of general revenues:

**Governmental Activities – General Revenues**



### Component Units

Operating revenues of the Component Units totaled \$51.8 million, which is an increase of \$0.2 million from 2018. The overall operating expenses of the Component Units totaled \$45.5 million - a increase of \$3.7 million. The Water Board/Water Authority accounts for the majority of the overall revenues and 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 operating revenues for the component units:

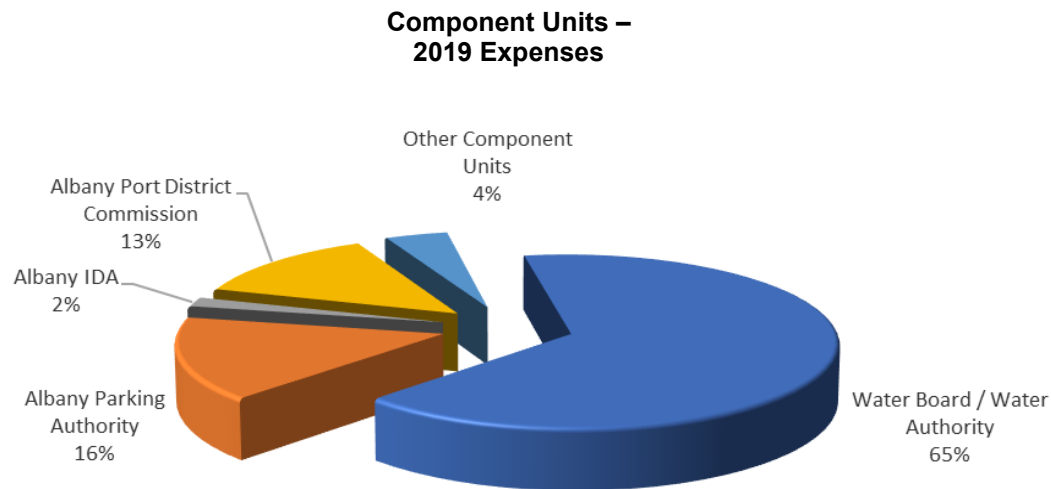
<b>Component Units - Operating Revenues</b> <i>(in Millions)</i>				
<b>Component Units</b>	<b>2019</b>	<b>2018</b>	<b>Increase / (Decrease)</b>	<b>% of Change</b>
Water Board / Water Authority	\$ 34.3	\$ 35.7	\$ (1.4)	-4%
Albany Parking Authority	8.5	8.2	0.3	4%
Albany IDA	1.7	1.4	0.3	21%
Albany Port District Commission	5.1	6.1	(1.0)	-16%
Other component units	2.2	0.2	2.0	1000%
<b>Total</b>	<b>\$ 51.8</b>	<b>\$ 51.6</b>	<b>\$ 0.2</b>	<b>0%</b>

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

<b>Component Units - Operating Expenses</b> <i>(in Millions)</i>				
<b>Component Units</b>	<b>2019</b>	<b>2018</b>	<b>Increase / (Decrease)</b>	<b>% of Change</b>
Water Board / Water Authority	\$ 29.7	\$ 27.8	\$ 1.9	7%
Albany Parking Authority	7.1	7.1	0.0	0%
Albany IDA	0.8	0.8	-	0%
Albany Port District Commission	6.0	5.9	0.1	2%
Other component units	1.9	0.2	1.7	850%
<b>Total</b>	<b>\$ 45.5</b>	<b>\$ 41.8</b>	<b>\$ 3.7</b>	<b>9%</b>



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



## Governmental Funds Financial Statements

### Governmental Funds Balance Sheet

Assets increased by \$21.8 million with the largest increase (\$17.8 million) in cash and cash equivalents which is the result of issuing bonds and bond anticipation notes in 2019. The other significant increase was due from component units increased (\$6.3 million). This increase is related to the City paying more of the Albany Water Board expenses related to the long term control plan and not receiving reimbursement by the end of the year. Overall there were many variances year over year which resulted in an increase in the total assets. These variances were explained previously in the Statement of Net Position.

Total liabilities and deferred inflows of resources increased by \$13.6 million due mostly to an increase of \$10.9 million in bond and revenue anticipation notes payable from issuing bonds for the purchase of street lights and issuing additional bond anticipation notes for capital projects. Due to other component units increased \$3.3 million as a result of not reimbursing the Albany Water Board funds by the end of the year. The other liability variances were explained previously in the Statement of Net Position.

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 \$23.7 million. The non-spendable portion consists of \$3.4 million in prepayments, primarily to the state retirement plan. The restricted fund balance includes \$5.4 million for debt service, \$0.9 million for landfill post closure expenses and \$0.4 million for the solid waste management facility. There is no assigned fund balance to be appropriated to the 2020 budget. The unassigned general fund balance totals a surplus of \$13.6 million.

### Governmental Funds - Balance Sheet

	2019	2018	Increase / (Decrease)
Total assets and deferred outflows of resources	\$ 125.1	\$ 103.3	\$ 21.8
Total liabilities and deferred inflows of resources	93.7	80.1	13.6
<b>Total fund balance</b>	<b>\$ 31.4</b>	<b>\$ 23.2</b>	<b>\$ 8.2</b>

# 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	\$ 58.3	\$ 58.3	\$ 58.3	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Sales and use taxes	34.4	34.6	36.6	2.0	0.0	0.0	0.0	0.0
Other taxes	3.1	2.8	2.7	(0.1)	0.0	0.0	0.0	0.0
Payments in lieu of taxes	19.7	19.7	20.7	1.0	0.0	0.0	0.0	0.0
Intergovernmental revenue	29.1	29.1	32.1	3.0	2.7	2.7	2.2	(0.5)
Charges for services	12.3	12.3	11.8	(0.5)	0.0	0.0	0.0	0.0
Fines, interest and penalties	5.2	5.5	5.3	(0.2)	0.0	0.0	0.0	0.0
Use of money and properties	1.5	1.5	1.5	0.0	0.0	0.0	0.0	0.0
Licenses and permits	3.7	3.7	4.3	0.6	0.0	0.0	0.0	0.0
Other revenues	4.6	4.6	4.6	0.0	0.0	0.0	0.0	0.0
Total revenues	171.9	172.1	177.9	5.8	2.7	2.7	2.2	(0.5)
<b>EXPENDITURES</b>								
Public safety and regulation	95.2	95.4	97.9	2.5	0.0	0.0	0.0	0.0
General government	24.2	24.2	23.2	(1.0)	0.0	0.0	0.0	0.0
Highways and streets	9.2	9.2	6.9	(2.3)	0.0	0.0	0.0	0.0
Recreation and culture	4.3	4.3	4.4	0.1	0.0	0.0	0.0	0.0
Community service	7.7	7.7	7.2	(0.5)	0.0	0.0	0.0	0.0
Economic development and assistance	0.0	0.0	0.0	0.0	2.7	2.7	2.2	(0.5)
Employee benefits	12.2	12.2	14.0	1.8	0.0	0.0	0.0	0.0
Debt service	19.1	19.1	18.9	(0.2)	0.0	0.0	0.0	0.0
Total expenditures	171.9	172.1	172.5	0.4	2.7	2.7	2.2	(0.5)
Excess (deficiency) of revenues and appropriated fund balance over expenditures	0.0	0.0	5.4	5.4	0.0	0.0	0.0	0.0
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0
Premium on bond anticipation notes issued	0.0	0.0	0.6	0.6	0.0	0.0	0.0	0.0
Total other financing sources (uses)	0.0	0.0	0.7	0.7	0.0	0.0	0.0	0.0
Excess (deficiency) of revenues, appropriated fund balance and other financing sources over expenditures and other financing uses	\$ 0.0	\$ 0.0	\$ 6.1	\$ 6.1	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0

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 30<sup>th</sup>. 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 \$177.9 million, which was \$5.8 million more than the final adopted budget and \$3.5 million more than 2018. The variances in revenue include the following:

**Real property taxes** were at budget for 2019. The total revenue was the same as 2018 as a result of no significant change with the tax base.

**Sales and use taxes revenue** was \$2.0 million over budget and \$1.2 million higher than 2018, which reflects ongoing improvement in county-wide economic activity.

**Other taxes** were \$0.1 million under budget. Other tax revenue ended the year \$0.2 million lower than 2018. This category includes penalties on property taxes, utility gross receipts taxes and franchise fees.

**Payments in lieu of taxes** finished the year higher than budget by \$1.0 million and it was \$0.6 million more than 2018. This category was over budget as a result of receiving payments from some voluntary PILOTS that were due from prior years.

**Intergovernmental revenue** was \$3.0 million higher than budget but only \$0.1 million more than 2018. Most of the revenue in this category is derived from state grants the can vary from year to year.

**Charges for services** were \$0.5 million lower than budget but \$0.7 million higher than 2018. Most of this increase is related to higher landfill revenues mostly from tipping fees.

**Fines, interest and penalties** ended the year \$0.2 million under budget but at \$5.3 million which was the same as 2018. Most of this is related parking violation fines, handicap parking fees, parking surcharges and traffic violation fines at similar levels as last year.

**Use of money and properties** was at budget at \$1.5 million and ended the year \$0.8 higher than 2018. The increase is primarily related to earning more interest income on cash balances.

**Licenses and permits** finished the year \$0.6 million over budget although it was \$0.2 million lower than 2018. Revenues from demolition charges, street opening permits, plumbing permits and electrical permits were lower than last year.

**Other revenues** were \$4.6 million which was at budget and \$0.5 million higher than 2018. Most of the revenue in this category is derived from grants and the timing and amounts received vary from year to year.

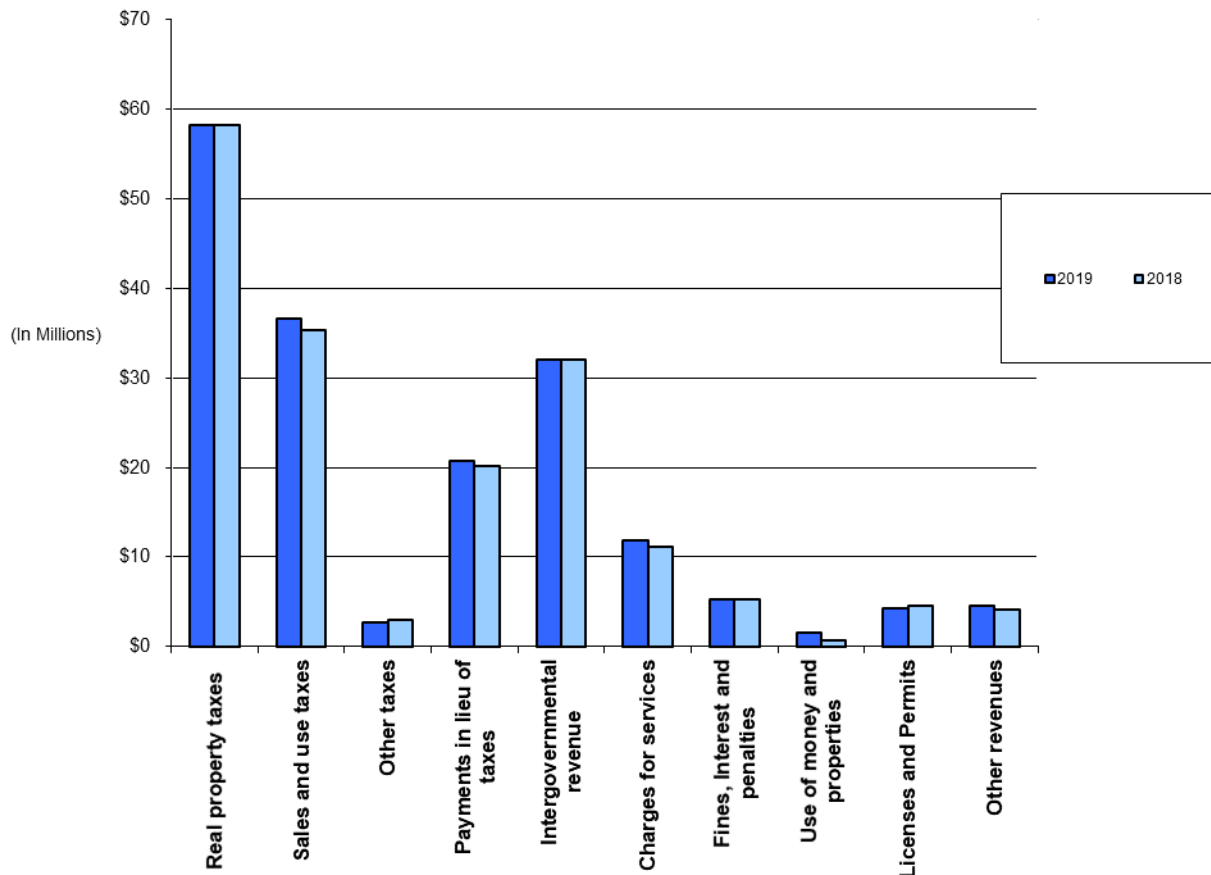
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### Governmental Funds - General Fund Revenues 2019 to 2018 Variance (In Millions)

<u>Revenues</u>	<u>2019</u>	<u>2018</u>	<u>2019 Over/(Under) 2018</u>
Real property taxes	\$ 58.3	\$ 58.3	\$ -
Sales and use taxes	36.6	35.4	1.2
Other taxes	2.7	2.9	(0.2)
Payments in lieu of taxes	20.7	20.1	0.6
Intergovernmental revenue	32.1	32.0	0.1
Charges for services	11.8	11.1	0.7
Fines, interest and penalties	5.3	5.3	0.0
Use of money and properties	1.5	0.7	0.8
Licenses and permits	4.3	4.5	(0.2)
Other revenues	4.6	4.1	0.5
Total revenues	<u>\$ 177.9</u>	<u>\$ 174.4</u>	<u>\$ 3.5</u>

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## Governmental Funds – General Fund Revenues 2019 to 2018 Variance



### Expenses

Total expenditures of \$172.5 million were \$0.4 million more than the final budget and \$4.1 million higher than 2018.

**Public safety and regulation** spending (\$97.9 million) was \$2.5 million higher than the final budget and was \$0.9 million more than 2018. The increase is mostly related to police department and fire department salary, overtime and related expenses were higher compared to last year.

**General government** spending (\$23.2 million) which was \$1.0 million less than final budget but ended the year \$2.9 million higher than 2018. Most of the increase is directly related to budgeting worker's compensation expenses in the Department of General Services compared to Employee Benefits in prior years. Some of the increase is related to an increase in salaries which were included in the budget.

**Highway and streets** spending (\$6.9 million) was below budget by \$2.3 million for 2019. Actual expenses were \$2.0 million less than 2018. This category includes street light expenses which decreased by over \$2.0 million from the City purchasing the street lights from National Grid.

**Recreation and culture** spending (\$4.4 million) was over budget by \$0.1 million and \$0.1 million higher than 2018. Recreation programs which include the summer youth program, boxing, swimming pools, Bleecker Stadium and various outdoor entertainment events combines for an increase of \$0.1 million.

**Community service** spending (\$7.2 million) was \$0.5 million less than final budget although it was \$0.7 million higher than 2018. Landfill waste collection and recycling expenses and landfill disposal expenses along with the Division of Planning increased by \$0.7 million from 2018 mostly from increases in salary and related expenses which were anticipated in the budget.

**Employee benefits** expense (\$14.0 million) was \$1.8 million over budget and \$0.5 million higher when compared to last year. Most of the increase is related to retiree health insurance expense was higher than 2018. The City is self-insured and pays the actual claims for employees in the Empire Blue Cross plan. These expenses can vary widely from year to year. Actual expenses related to these claims resulted in an increase of \$1.8 million in costs from last year.

**Debt service** payments (\$18.9 million) was \$0.2 million below budget although it was \$1.0 million higher than 2018. The increase is the result of making the first payments on the bonds issued in 2018.

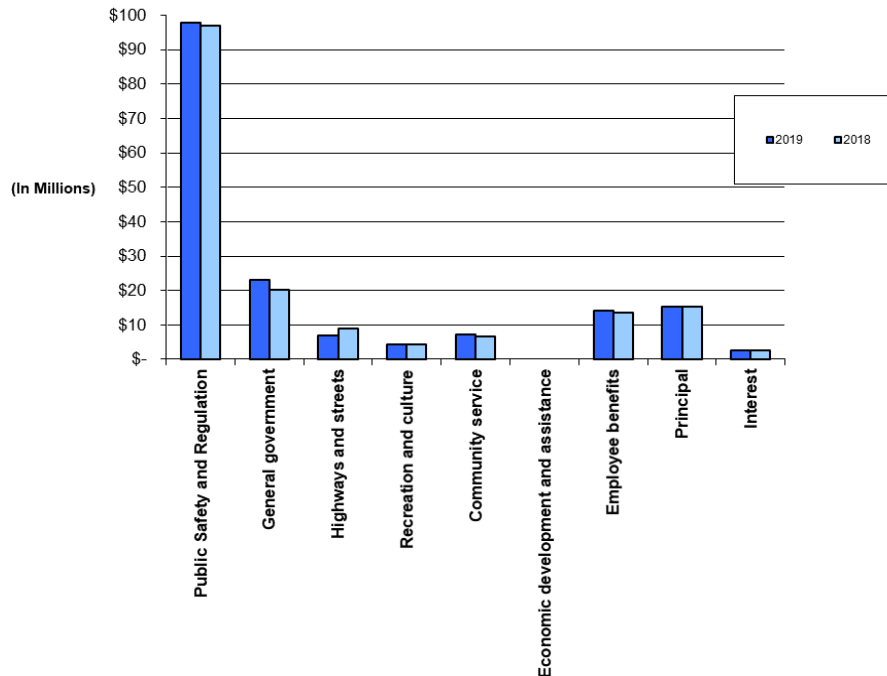
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**Governmental Funds - General Fund Expense 2019 to 2018 Variance  
(In Millions)**

<b><u>Expenditures</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2019 Over/(Under) 2018</u></b>
Public safety and regulation	\$ 97.9	\$ 97.0	\$ 0.9
General government	23.2	20.3	2.9
Highways and streets	6.9	8.9	(2.0)
Recreation and culture	4.4	4.3	0.1
Community service	7.2	6.5	0.7
Economic development and assistance	0.0	0.0	0.0
Employee benefits	14.0	13.5	0.5
Principal	14.9	15.3	(0.4)
Interest	<u>4.0</u>	<u>2.6</u>	<u>1.4</u>
Total expenditures	<u>\$ 172.5</u>	<u>\$ 168.4</u>	<u>\$ 4.1</u>
Excess of operating revenues over expenditures	<u>\$ 5.4</u>	<u>\$ 6.0</u>	<u>\$ (0.6)</u>

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## General Government – General Fund Expenditures 2019 to 2018 Variance



### DEBT

The City's long-term debt and short-term debt are described in detail in Notes 13-14.

In June 2019, the City issued various BANS of \$29,799,600 at an interest rate of 2.50%.

The proceeds of the notes, along with available funds were used to redeem a portion of the \$18,854,100 BANS issued in June 2018 and matured on June 29, 2019 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 2019.

#### Debt Ceiling

Of the outstanding indebtedness at March 2, 2020 approximately \$96,946,660 was subject to the statutory debt limit, using approximately 29% of the City's \$336,235,735 statutory debt limit.

### CREDIT RATINGS AND BOND INSURANCE

Standard and Poor's latest rating for the bonds is A+ (with a stable outlook). 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 2019 the City expended approximately \$27.4 million on 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 the approximate amounts of some of the major sources of capital expenditures:

<b><u>Capital Acquisition, Construction and Expenditures</u></b>	
Buildings and Infrastructure Improvements	\$ 14.4 Million
Street and Sidewalk Construction	\$ 7.0 Million
Recreation	\$ 0.2 Million
Landfill Equipment and Expansion	\$ 1.3 Million
Public Safety Equipment	\$ 2.8 Million
Local Economic Development	\$ 1.7 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, 2019**

	<b>Primary Government</b>	<b>Component Units</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 52,670,759	\$ 10,064,811
Cash and cash equivalents - restricted	6,326,907	21,904,431
Investments	-	10,626,037
Investments, restricted	-	4,348,280
Taxes receivable	4,911,813	-
Accounts receivable, net	4,585,475	12,699,013
Notes and other receivables	700,000	808,212
Mortgage loans receivable	7,123,533	131,970
Due from primary government	-	226,478
Due from other governments	13,653,631	2,737,594
Due from component units	25,170,387	-
Due from other funds	27,850	-
Prepaid and other assets	902,144	1,258,324
Property held for investment, lease or sale	522,913	-
Capital assets, net	221,512,867	171,359,168
Total assets	<u>338,108,279</u>	<u>236,164,318</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows resulting from refunding of debt, net	304,625	266,268
Deferred outflows related to net pension liability	32,683,752	797,458
Deferred outflows related to accrued post employment benefit obligation	105,169,266	395,819
Total deferred outflows of resources	<u>138,157,643</u>	<u>1,459,545</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	10,956,967	11,779,277
Accrued interest payable	1,279,409	203,405
Unearned revenue	7,299,147	173,915
Due to other governments	19,479,215	1,804,172
Due to primary government	-	2,465,426
Due to component units	19,109,284	-
Other liabilities	781,432	160,801
Bond and revenue anticipation notes payable	29,799,600	-
Bonds and loans payable	89,712,482	67,620,194
Accrued post employment benefit obligation	609,564,028	9,401,684
Net pension liability	31,236,871	779,368
Compensated absences	19,821,583	-
Due to NYS Retirement System	11,323,026	-
Judgments and claims	18,757,257	-
Landfill post-closure costs	9,693,717	-
Retainage payable on long-term contracts	50,844	-
Capital lease obligations	-	682,511
Total liabilities	<u>878,864,862</u>	<u>95,070,753</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to net pension liability	14,394,140	2,544,527
Deferred inflows related to sales of future revenue	-	200,000
Total deferred inflows of resources	<u>14,394,140</u>	<u>2,744,527</u>
<b>NET POSITION</b>		
Net invested in capital assets	132,323,298	102,711,334
Restricted for:		
Program specific activities	434,704	2,877,605
Debt service	5,375,158	-
Unrestricted (deficiency)	(555,126,240)	34,219,644
Total net position (deficiency)	<u><u>\$(416,993,080)</u></u>	<u><u>\$ 139,808,583</u></u>

See notes to financial statements.



**CITY OF ALBANY, NEW YORK**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2019**

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	\$ 105,420,813	\$ 12,161,217	\$ 2,667,819	\$ -	\$ (90,591,777)	\$ -
General government	28,462,451	2,072,555	12,000,000	-	(14,389,896)	-
Highways and streets	14,807,737	2,546,264	-	3,534,345	(8,727,128)	-
Recreation and culture	5,960,423	1,484,429	-	123,102	(4,352,892)	-
Community service	17,007,302	7,266,143	3,576,881	-	(6,164,278)	-
Economic development and assistance	2,533,020	-	-	-	(2,533,020)	-
Post employment benefit expense	24,175,177	-	-	-	(24,175,177)	-
Interest on long-term debt	3,028,622	-	-	-	(3,028,622)	-
Total governmental activities	<u>201,395,545</u>	<u>25,530,608</u>	<u>18,244,700</u>	<u>3,657,447</u>	<u>(153,962,790)</u>	<u>-</u>
Component Units:						
Albany Water Board and Municipal Water Finance Authority	30,574,126	34,354,121	8,438,136	-	-	12,218,131
Albany Parking Authority	7,644,821	8,543,641	-	-	-	898,820
Albany Industrial Development Agency	799,162	1,652,934	-	-	-	853,772
Albany Port District Commission	6,676,874	5,113,821	1,606,697	-	-	43,644
Other component units	1,886,211	2,157,045	-	655,659	-	926,493
Total component units	<u>\$ 47,581,194</u>	<u>\$ 51,821,562</u>	<u>\$ 10,044,833</u>	<u>\$ 655,659</u>	<u>-</u>	<u>14,940,860</u>
General Revenues:						
Property tax					58,312,601	-
Sales tax					36,636,778	-
Other tax					2,676,666	-
Payments in lieu of taxes					20,708,235	-
Grants not restricted to specific programs					5,073,512	-
Program income					132,811	-
Intergovernmental revenue not program-restricted					14,298,461	-
(Loss) gain on sale of capital assets					(1,241,990)	59,802
Other revenues					2,032,721	-
Unrestricted investment earnings					1,404,510	773,525
Total general revenues					<u>140,034,305</u>	<u>833,327</u>
Change in net position					<u>(13,928,485)</u>	<u>15,774,187</u>
Net position (deficiency), beginning of year					(403,064,595)	124,034,396
Net position (deficiency), end of year					<u>\$ (416,993,080)</u>	<u>\$ 139,808,583</u>

See notes to financial statements.

**CITY OF ALBANY, NEW YORK**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2019**

	<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	\$ 10,213,640	\$ 223,828	\$ 39,457,704	\$ 2,775,587	\$ 52,670,759
Cash and cash equivalents - restricted	6,326,907	-	-	-	6,326,907
Taxes receivable	4,911,813	-	-	-	4,911,813
Accounts receivable, net	3,826,027	-	-	-	3,826,027
Landfill receivable, net	759,448	-	-	-	759,448
Notes receivable	700,000	-	-	-	700,000
Mortgage loans receivable	-	-	-	7,123,533	7,123,533
Due from other funds	5,438,208	-	-	178,151	5,616,359
Due from component units	25,170,387	-	-	-	25,170,387
Due from federal and state governments	1,772,732	121,615	440,523	1,190,964	3,525,834
Due from other governments	10,108,244	19,553	-	-	10,127,797
Other assets	4,263,417	58,595	-	9,621	4,331,633
Total assets	73,490,823	423,591	39,898,227	11,277,856	125,090,497
Deferred outflows of resources	-	-	-	-	-
Total assets plus deferred outflows of resources	<u>\$ 73,490,823</u>	<u>\$ 423,591</u>	<u>\$ 39,898,227</u>	<u>\$ 11,277,856</u>	<u>\$ 125,090,497</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Bond and revenue anticipation notes payable	\$ -	\$ -	\$ 29,799,600	\$ -	\$ 29,799,600
Accounts payable and accrued expenses	7,746,538	66,307	2,269,788	874,334	10,956,967
Due to other funds	1,839,206	589,982	2,770,972	388,349	5,588,509
Due to component units	19,109,284	-	-	-	19,109,284
Due to other governments	19,479,215	-	-	-	19,479,215
Unearned revenue	111,529	169,022	-	7,018,596	7,299,147
Other liabilities	781,432	-	-	-	781,432
Total liabilities	49,067,204	825,311	34,840,360	8,281,279	93,014,154
Deferred inflows of resources related to unavailable revenue	700,000	-	-	-	700,000
Fund Balances					
Nonspendable:					
Prepayments	3,370,894	58,595	-	4,077	3,433,566
Restricted for:					
Debt Service	5,375,158	-	-	-	5,375,158
Landfill Postclosure	930,834	-	-	-	930,834
Solid Waste Management Facility	434,704	-	-	-	434,704
Committed for:					
ACCESS program	-	-	-	250,000	250,000
Strategic acquisition	-	-	-	40,148	40,148
Choose Albany Program	-	-	-	120,922	120,922
Neighborhood Commercial Façade Program	-	-	-	166,089	166,089
West Hill Neighborhood Strategic Plan	-	-	-	35,000	35,000
Vacant Buildings	-	-	-	581,086	581,086
Rehabilitation Assistance Program	-	-	-	150,464	150,464
Land Bank	-	-	-	50,000	50,000
Livingston Avenue Project	-	-	-	29,600	29,600
Assigned for:					
Other purposes	-	-	5,057,867	1,569,191	6,627,058
Unassigned balances (deficiency):	13,612,029	(460,315)	-	-	13,151,714
Total fund balances (deficiency)	<u>23,723,619</u>	<u>(401,720)</u>	<u>5,057,867</u>	<u>2,996,577</u>	<u>31,376,343</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 73,490,823</u>	<u>\$ 423,591</u>	<u>\$ 39,898,227</u>	<u>\$ 11,277,856</u>	<u>\$ 125,090,497</u>

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, 2019**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Real property taxes	\$ 58,312,601	\$ -	\$ -	\$ -	\$ 58,312,601
Sales and use taxes	36,636,778	-	-	-	36,636,778
Other taxes	2,676,666	-	-	-	2,676,666
Payments in lieu of taxes	20,708,235	-	-	-	20,708,235
Intergovernmental revenue	32,030,056	2,199,914	29,657,447	5,651,699	69,539,116
Charges for services	11,825,744	-	-	132,811	11,958,555
Fines, interest and penalties	5,288,226	-	-	-	5,288,226
Uses of money and properties	1,484,394	-	-	-	1,484,394
License and permits	4,308,686	-	-	-	4,308,686
Other revenues	4,594,899	-	-	58,073	4,652,972
Total revenues	<u>177,866,285</u>	<u>2,199,914</u>	<u>29,657,447</u>	<u>5,842,583</u>	<u>215,566,229</u>
<b>EXPENDITURES</b>					
Public safety and regulation	97,952,665	-	2,351,521	-	100,304,186
General government	23,152,686	-	14,187,153	-	37,339,839
Highways and streets	6,903,653	-	7,068,142	-	13,971,795
Recreation and culture	4,406,810	-	455,545	-	4,862,355
Community service	7,178,543	-	1,027,554	6,398,567	14,604,664
Economic development and assistance	-	2,236,991	1,711,720	-	3,948,711
Employee benefits	13,958,575	-	-	-	13,958,575
Debt service:					
Principal	14,920,417	-	-	68,734	14,989,151
Interest	3,981,583	-	-	11,919	3,993,502
Total expenditures	<u>172,454,932</u>	<u>2,236,991</u>	<u>26,801,635</u>	<u>6,479,220</u>	<u>207,972,778</u>
Excess (deficiency) of revenues over expenditures	<u>5,411,353</u>	<u>(37,077)</u>	<u>2,855,812</u>	<u>(636,637)</u>	<u>7,593,451</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on bonds and bond anticipation notes issued	599,010	-	-	-	599,010
Transfers in	280,577	-	205,000	-	485,577
Transfers out	(205,000)	-	(280,577)	-	(485,577)
Total other financing sources (uses)	<u>674,587</u>	<u>-</u>	<u>(75,577)</u>	<u>-</u>	<u>599,010</u>
Net change in fund balance	6,085,940	(37,077)	2,780,235	(636,637)	8,192,461
FUND BALANCE (DEFICIENCY), beginning of year	<u>17,637,679</u>	<u>(364,643)</u>	<u>2,277,632</u>	<u>3,633,214</u>	<u>23,183,882</u>
FUND BALANCE (DEFICIENCY), end of year	<u>\$ 23,723,619</u>	<u>\$ (401,720)</u>	<u>\$ 5,057,867</u>	<u>\$ 2,996,577</u>	<u>\$ 31,376,343</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, 2019**

Total fund balance - governmental funds \$ 31,376,343

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	522,913	
Cost of capital assets	558,802,972	
Accumulated depreciation	<u>(337,290,105)</u>	222,035,780

Other long-term assets that are not available to pay for current period expenditures:

Notes receivable	<u>700,000</u>	700,000
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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	(86,846,433)	
Bond Premium	(2,866,049)	
Deferred outflow relating to bond refunding	304,625	
Due to NYS Retirement System	(11,323,026)	
Net pension liability	(31,236,871)	
Accrued post employment benefit obligation	(609,564,028)	
Accrued interest on bonds	(1,279,409)	
Compensated absences	(19,821,583)	
Landfill closure and postclosure obligation	(9,693,717)	
Retainage payable on long-term contracts	(50,844)	
Judgments and claims	<u>(18,757,257)</u>	(791,134,592)

Interest payments on long-term liabilities, that are not due and payable in the current period, are recorded in the funds as prepaid expenses, however are not reported as assets in the statement of net position. Prepaid expenses relating to net pension liability are recorded in the funds, however are included in deferred outflows of resources in the statement of net position. Deferred outflows and inflows of resources related to net pension liability and accrued post employment benefit obligation are not recorded in the funds.

Prepaid expenses	(3,429,489)	
Deferred outflows and inflows	<u>123,458,878</u>	<u>120,029,389</u>
Net position (deficiency) of governmental activities		<u><u>\$ (416,993,080)</u></u>

**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, 2019**

Total net change in fund balance - governmental funds \$ 8,192,461

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	27,573,337	
Depreciation expense	(17,245,011)	
Loss on disposal of assets and other	<u>(3,022,070)</u>	7,306,256

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	(1,113,105)	
Landfill closure and postclosure costs	(196,758)	
Retainage incurred in current year	(50,844)	
Retainage incurred in prior year	182,580	
Judgments and claims	<u>(1,954,274)</u>	(3,132,401)

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.

Bond proceeds	(26,000,000)	
Premiums on Bonds	(376,109)	
Amortization of Bond Premium	1,028,863	
Amortization of Deferred Outflow resulting from refunding of debt	(141,433)	
Principal repaid	<u>14,989,151</u>	(10,499,528)

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	(134,082,851)	
Changes in deferred inflows and outflows of resources	105,169,266	
Post employment benefit contribution paid	<u>15,089,450</u>	(13,824,135)

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.

77,450

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

700,000

Changes in prepaids, accrued liabilities, deferred inflows and outflows of resources related to net pension liability.

(2,748,588)

Change in net position of governmental activities

\$ (13,928,485)

*See notes to financial statements.*

**CITY OF ALBANY, NEW YORK**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**December 31, 2019**

	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 555,179
Cash and equivalents - restricted	<u>1,596,387</u>
Total assets	<u>2,151,566</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>
<b>LIABILITIES</b>	
Accounts payable	4,292
Seized forfeitures	1,596,387
Due to other funds	27,850
Other liabilities	<u>523,037</u>
Total liabilities	<u>2,151,566</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, 2019

	Albany Water Board and Municipal Water Finance Authority	Albany Parking Authority	City of Albany Industrial Development Agency	Albany Port District Commission	Other Component Units	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,619,110	\$ 1,965,579	\$ 3,346,399	\$ 2,061,320	\$ 1,072,403	\$ 10,064,811
Cash and cash equivalents, restricted	19,796,782	2,107,649	-	-	-	21,904,431
Investments	8,817,638	-	-	1,497,240	311,159	10,626,037
Investments, restricted	4,348,280	-	-	-	-	4,348,280
Receivables, net:						
Accounts	10,955,359	40,216	69,974	1,616,702	16,762	12,699,013
Other	-	-	-	-	808,212	808,212
Mortgage loans and notes receivable	-	-	131,970	-	-	131,970
Due from primary government	-	213,212	-	-	13,266	226,478
Due from other governments	2,737,594	-	-	-	-	2,737,594
Prepaid and other assets	1,004,068	9,164	1,000	196,655	47,437	1,258,324
Capital assets, net	85,085,522	13,272,881	-	70,195,131	2,805,634	171,359,168
Total assets	<u>134,364,353</u>	<u>17,608,701</u>	<u>3,549,343</u>	<u>75,567,048</u>	<u>5,074,873</u>	<u>236,164,318</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows resulting from refunding of debt, net	-	266,268	-	-	-	266,268
Deferred outflows related to accrued post employment benefit obligation	-	395,819	-	-	-	395,819
Deferred outflows related to net pension liability	-	508,127	-	289,331	-	797,458
Total deferred outflows of resources	<u>-</u>	<u>1,170,214</u>	<u>-</u>	<u>289,331</u>	<u>-</u>	<u>1,459,545</u>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	10,029,052	283,917	59,999	1,155,513	250,796	11,779,277
Current maturities of long-term debt	4,088,587	1,130,000	-	1,353,597	447,173	7,019,357
OPEB obligation, current portion	-	50,003	-	-	-	50,003
Current installments of capital lease obligation	-	249,571	-	-	8,575	258,146
Accrued interest payable	-	203,405	-	-	-	203,405
Due to primary government	2,333,456	-	131,970	-	-	2,465,426
Due to other governments	1,804,172	-	-	-	-	1,804,172
Unearned revenues	-	122,368	-	51,547	-	173,915
Other liabilities	-	-	-	110,801	50,000	160,801
Accrued post employment benefit obligation, net of current portion	-	6,039,724	-	3,311,957	-	9,351,681
Net pension liability	-	495,395	-	283,973	-	779,368
Capital lease obligation, less current installments	-	402,481	-	-	21,884	424,365
Bonds and notes payable	46,549,950	8,013,960	-	4,851,891	1,185,036	60,600,837
Total liabilities	<u>64,805,217</u>	<u>16,990,824</u>	<u>191,969</u>	<u>11,119,279</u>	<u>1,963,464</u>	<u>95,070,753</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to net pension liability	-	1,266,814	-	1,277,713	-	2,544,527
Deferred inflows related to sales of future revenues	200,000	-	-	-	-	200,000
Total deferred inflows of resources	<u>200,000</u>	<u>1,266,814</u>	<u>-</u>	<u>1,277,713</u>	<u>-</u>	<u>2,744,527</u>
<b>NET POSITION (DEFICIENCY)</b>						
Net invested in capital assets	34,446,985	4,260,610	-	63,989,643	14,096	102,711,334
Restricted	-	1,292,364	-	-	1,585,241	2,877,605
Unrestricted (deficiency)	34,912,151	(5,031,697)	3,357,374	(530,256)	1,512,072	34,219,644
Total net position (deficiency)	<u>\$ 69,359,136</u>	<u>\$ 521,277</u>	<u>\$ 3,357,374</u>	<u>\$ 63,459,387</u>	<u>\$ 3,111,409</u>	<u>\$ 139,808,583</u>

See notes to financial statements.

# CITY OF ALBANY

## COMBINING STATEMENT OF ACTIVITIES – DISCRETELY PRESENTED COMPONENT UNITS

December 31, 2019

	Albany Water Board and Municipal Water Finance Authority	Albany Parking Authority	City of Albany Industrial Development Agency	Albany Port District Commission	Other Component Units	Totals
Operating revenue	\$ 34,354,121	\$ 8,543,641	\$ 1,652,934	\$ 5,113,821	\$ 2,157,045	\$ 51,821,562
Operating expenses						
Costs of services	-	3,546,886	477,708	1,146,206	1,475,049	6,645,849
Source of supply and purification	3,913,234	-	-	-	-	3,913,234
Transmission and distribution	4,379,365	-	-	-	-	4,379,365
General and administrative	6,286,946	286,411	-	2,766,143	338,639	9,678,139
Real estate taxes paid to other governments	1,652,568	-	-	-	-	1,652,568
Sewer contract	8,244,403	-	-	-	-	8,244,403
Depreciation and amortization	5,207,093	1,233,243	-	2,124,235	-	8,564,571
Grants	-	-	321,454	-	-	321,454
Miscellaneous	-	2,047,282	-	-	44,633	2,091,915
Total operating expenses	29,683,609	7,113,822	799,162	6,036,584	1,858,321	45,491,498
Excess (deficiency) of operating revenue over expenses before nonoperating revenue (expenses)	4,670,512	1,429,819	853,772	(922,763)	298,724	6,330,064
Nonoperating revenue (expenses)						
Amortization of bond insurance premiums	-	(48,049)	-	-	-	(48,049)
Increase in fair value of investments	61,625	-	-	-	-	61,625
Interest income	681,773	37,740	26,724	27,202	86	773,525
Interest expense	(952,142)	(482,950)	-	(214,274)	(27,890)	(1,677,256)
Gain (loss) on sale of assets	86,246	(18,223)	-	-	(8,221)	59,802
Municipal Support Agreement Costs	-	-	-	(157,466)	-	(157,466)
Waterfront development expenses	-	-	-	(268,550)	-	(268,550)
Net nonoperating revenue (expenses)	(122,498)	(511,482)	26,724	(613,088)	(36,025)	(1,256,369)
Excess (deficiency) of revenue over expenses before transfers	4,548,014	918,337	880,496	(1,535,851)	262,699	5,073,695
Grant funding	8,438,136	-	-	1,606,697	655,659	10,700,492
Excess of revenue over expenses	12,986,150	918,337	880,496	70,846	918,358	15,774,187
NET POSITION (DEFICIENCY), beginning of year	56,372,986	(397,060)	2,476,878	63,388,541	2,193,051	124,034,396
NET POSITION (DEFICIENCY), end of year	\$ 69,359,136	\$ 521,277	\$ 3,357,374	\$ 63,459,387	\$ 3,111,409	\$ 139,808,583

See notes to financial statements.



**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**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, 2019**

**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, 2019**

**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.

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.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

**A. Reporting Entity (Continued)**

*Discretely Presented Component Units (Continued)*

*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.

*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.

*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.

*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.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

**A. Reporting Entity (Continued)**

*Discretely Presented Component Units (Continued)*

*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.

The Association, CRC, CBID, and BID have been combined for financial statement reporting purposes and are reported as “other component units” in the combining statement of net position and combining statement of activities.

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.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

***B. Government-Wide and Fund Financial Statements (Continued)***

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.

***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.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

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

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.

*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.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

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

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.

*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	up to 30 years



**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

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

*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.

*Retirement Benefits*

The City of Albany provides retirement benefits for its employees through contributions to the New York State Employees' Retirement System (ERS) and the New York State Police and Fire Retirement System (PFRS). These retirement programs provide various plans and options, some of which require employee contributions.

The City uses GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) to recognize the net pension asset (liability), deferred outflows and deferred inflows of resources, pension expense (benefit), and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans.

*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.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

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

*Long-Term Obligations (Continued)*

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.

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. In the government-wide financial statements, the City has three items that qualify for reporting in this category: the deferred charge on refunding, deferred outflows of resources related to net pension liability, and deferred outflows of resources related to accrued post-employment benefit obligation (OPEB). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to net pension liability and OPEB are detailed in Note 12 and 15, respectively.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements, the City has deferred inflows related to the net pension liability (see Note 12). The City also has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item, unavailable revenue, is reported only in the governmental funds balance sheet.

**E. Tax Abatements**

The City has several real property tax abatement agreements with various entities that generally follow along two methods from two different enabling sources which are used for two different general purposes, with a few agreements that overlap the categories. These agreements all call for a form of Payment In Lieu of Taxes (PILOT) in return for a 100% abatement of real property taxes.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

**E. Tax Abatements (Continued)**

Generally the tax abatements are issued under the NYS Private Housing Finance Law (PHFL) or the City of Albany Industrial Development Agency (CAIDA), incorporated pursuant to State Law. There are also separate PILOT agreements with NYS (19-a PILOTs) that are not included for the purposes of GASB 77, *Tax Abatement Disclosures*. PILOT agreements are in place under both categories, with shelter rents (a percentage of the rents from the housing) being the predominant PILOT method for PHFL agreements, and payments of a percentage of taxable assessed value being the predominant PILOT method for IDA agreements. The PHFL properties are mostly organized under the Albany Housing Authority, which is a separate, but component unit of the City of Albany. These properties contain almost exclusively “affordable housing” units. The IDA properties are commercial properties comprised of a mix of hotel, office, retail, and both market rate and affordable apartment units.

The total assessed value of all shelter rent properties, including the IDA shelter rent properties, is approximately \$293,000,000 for the Property Tax Year, with a taxable assessed value of approximately \$42,000,000. The total PILOT payments on these properties to date was approximately \$743,000 to the City and County combined. This value is an expression of what the total value of collected shelter rents would be if they were collected and apportioned as taxes. This constitutes approximately a \$4,400,000 abatement of County/City property taxes.

The total assessed value of Commercial (almost exclusively IDA) properties is approximately \$292,200,000 for the Property Tax Year and approximately \$298,900,000 for the School Tax Year, with taxable assessed values of approximately \$135,700,000 and \$140,700,000 respectively. The total PILOT payments on these properties to date were approximately \$1,900,000, \$482,000, \$3,240,000 and \$242,000 to the City, County, School and Library Districts respectively. This constitutes approximately a \$2,770,000 abatement of County/City property taxes and a \$4,450,000 abatement of school/library taxes.

Copies of the agreements may be obtained from the Darius Shahinfar, Albany City Treasurer, City Hall, 24 Eagle St., Rm. 109, Albany, NY 12207, [dshahinfar@albanyny.gov](mailto:dshahinfar@albanyny.gov).

**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.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**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**

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.

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. Pension benefits are accounted for in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and are reported in the government-wide financial statements as a liability/asset, deferred outflows of resources/deferred inflows of resources and expensed in the statement of activities accordingly. Other postemployment benefits are accounted for in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and are reported in the government-wide financial statements as a liability and expensed in the statement of activities accordingly.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**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.

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

At December 31, 2019, 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, 2019, 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 \$6,327,000 in cash and cash equivalents that have been restricted as follows:

<b>General Fund</b>	
Debt service	\$ 5,318,000
Landfill postclosure	931,000
NYS Power Authority grant	78,000
	<u>\$ 6,327,000</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, 2019, the City had outstanding landfill receivables of approximately \$1,047,000, with an allowance of approximately \$288,000.

**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, 2019.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 6 — PROPERTY TAXES (Continued)**

The taxable assessed value of real property, as adjusted by New York State, included in the tax levy of 2018 (revenue in 2019), was \$4,859,959,051. The effective tax rate on this value is \$10.86 per thousand for residential and \$14.04 per thousand for non-residential properties. The constitutional tax limit is 2% of the 5-year average of the full value assessment. The 2018 levy represents approximately 63% of the constitutional tax limit. The taxable assessed value of real property included in the tax levy of 2019 (revenue in 2020, was \$4,848,616,640. The effective tax rate on this value is \$10.81 per thousand for residential and \$14.22 per thousand for non-residential properties. The 2019 levy represents approximately 61% of the constitutional tax limit.

**NOTE 7 — CAPITAL ASSETS**

Property and equipment is comprised of the following:

	<b>Balance January 1, 2019</b>	<b>Additions</b>	<b>Deletions and Reclassifications</b>	<b>Balance December 31, 2019</b>
Capital assets not being depreciated:				
Land and land improvements	\$ 5,007,396	\$ -	\$ (3,027,727)	\$ 1,979,669
Construction in process	16,533,537	22,038,002	(13,462,647)	25,108,892
	<u>21,540,933</u>	<u>22,038,002</u>	<u>(16,490,374)</u>	<u>27,088,561</u>
Capital assets being depreciated:				
Buildings, capital leases, and improvements	59,883,252	863,323	(615)	60,745,960
Machinery and equipment	76,114,441	5,535,335	(475,486)	81,174,290
Infrastructure	377,194,837	12,599,324	-	389,794,161
	<u>513,192,530</u>	<u>18,997,982</u>	<u>(476,101)</u>	<u>531,714,411</u>
Less accumulated depreciation for:				
Buildings, capital leases, and improvements	31,406,956	1,495,049	(168)	32,901,837
Machinery and equipment	59,627,261	4,128,588	(481,590)	63,274,259
Infrastructure	229,492,635	11,621,374	-	241,114,009
	<u>320,526,852</u>	<u>17,245,011</u>	<u>(481,758)</u>	<u>337,290,105</u>
Total capital assets, net	<u>\$ 214,206,611</u>			<u>\$ 221,512,867</u>

Depreciation expense was approximately \$17,245,000 for the year ended December 31, 2019. 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	\$ 3,166,000
General government	4,855,000
Highway and streets	4,864,000
Recreation and culture	799,000
Community service	3,191,000
Economic development and assistance	370,000
	<u>\$ 17,245,000</u>

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 8 — NOTES RECEIVABLE**

Notes receivable of \$700,000 reported in the fund financial statements and the government-wide financial statements as of December 31, 2019 represent a term note with The Palace Performing Arts Center, Inc. The repayment terms require thirty annual payments of \$25,000.

In the fund financial statements, the above amount has been reflected as deferred inflows of resources since the amounts apply to a future period and so will not be recognized as an inflow of resources until that time.

**NOTE 9 — 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.

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.

In 2011, the Agency initiated a Choose Albany revolving loan fund utilizing general funds. The revolving loan fund promotes home ownership in Albany and was 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. In 2019, the Choose Albany program was changed for new loans to be 5% of the purchase price up to \$8,500 and forgiven over the term of the loan as long as the beneficiary is in compliance with the loan agreement.

The balance of mortgage loans receivable, net of related allowances, is comprised of the following at December 31, 2019:

<u>Program</u>	<u>Balance</u>
HUD	\$3,312,371
HUD, forgivable grant loans	3,706,123
Choose Albany, net of allowance	<u>105,039</u>
	<u><u>\$7,123,533</u></u>

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 10 — INTERFUND RECEIVABLES AND PAYABLES**

A summary of interfund receivables and payables at December 31, 2019 is as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	\$ 5,438,208	\$ 1,839,206
Special Revenue	-	589,982
Capital Projects	-	2,770,972
Agency	-	27,850
Albany Community Development Agency	178,151	388,349
	<u>\$ 5,616,359</u>	<u>\$ 5,616,359</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.

**NOTE 11 — DUE FROM/TO COMPONENT UNITS**

The City has reported approximately \$6,061,000 as the amount due from the Component Units, net at December 31, 2019. The Component Units reported approximately net \$2,239,000 as the amount due to the primary government, net. The net difference as reported by the City and its Component Units is approximately \$3,822,000 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 12 — 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.



**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 12 — PENSION PLANS (Continued)**

The City of Albany is required to contribute at an actuarially determined rate. Since 2012, the City of Albany has elected to amortize a portion of its retirement contributions in accordance with the provisions of Chapter 57, laws of 2013 and Chapter 57, laws of 2010. In 2019, the City elected to amortize an additional \$464,000, approximately, of its calculated pension contribution to the retirement system for its fiscal year ended December 31, 2019. The City's contributions made to the Systems were equal to 100 percent of the minimum required contributions. At December 31, 2019, approximately \$11,323,000 was deferred and recorded as due to New York State Retirement System in the statement of net position (Note 14(c)).

**Net Pension Liability, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources**

At December 31, 2019, the City reported the following liability for its proportionate share of the net pension liability for each of the plans.

	<b>PFRS</b>	<b>ERS</b>
Actuarial Valuation Date	April 1, 2018	April 1, 2018
Net Pension Asset (Liability)	\$ (23,301,086)	\$ (7,935,785)
Proportionate Share of the Plan's		
Total Net Pension Liability	1.3893983%	0.1120034%
Proportionate Share of Pension Expense	\$ 15,316,336	\$ 5,197,666

The PFRS and ERS net pension liability was measured as of March 31, 2019, and the total pension liability was determined by an actuarial valuation as of April 1, 2018, with updated procedures used to roll forward the total pension liability to March 31, 2019. The City's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to PFRS's and ERS's total actuarially determined employer contribution for the fiscal year ended on the measurement date.

At December 31, 2019, the City reported deferred outflows and deferred inflows of resources as follows:

	<b>PFRS</b>		<b>ERS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 5,660,479	\$ 2,487,776	\$ 1,562,722	\$ 532,714
Net difference between projected and actual earnings on pension plan investments	-	4,666,639	-	2,036,761
Changes in assumptions	8,465,907	-	1,994,732	-
Changes in proportion and differences between City contributions and proportionate share of contributions	254,131	3,451,078	-	1,219,172
City contributions subsequent to the measurement date	10,821,054	-	3,924,727	-
	<u>\$ 25,201,571</u>	<u>\$ 10,605,493</u>	<u>\$ 7,482,181</u>	<u>\$ 3,788,647</u>

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 12 — PENSION PLANS** (Continued)

**Net Pension Liability, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources** (Continued)

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2020 for PFRS and ERS. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended March 31,</b>	<b>PFRS</b>	<b>ERS</b>
2020	\$ 3,544,159	\$ 1,024,255
2021	(1,755,730)	(1,890,377)
2022	(565,620)	(343,294)
2023	2,164,701	978,223
2024	387,514	-
	<u>\$ 3,775,024</u>	<u>\$ (231,193)</u>

**Actuarial Assumptions**

The total pension liability for the March 31, 2019 measurement date was determined by using an actuarial valuation as of April 1, 2018 with update procedures used to roll forward the total pension liability to March 31, 2019. These actuarial valuations for both ERS and PFRS used the following actuarial assumptions:

**Actuarial cost method** – Entry age normal

**Inflation** – 2.5%

**Salary increases** – 4.2% in ERS, 5.0% in PFRS, indexed by service

**Investment rate of return** – 7.0% compounded annually, net of investment expense, including inflation

**Cost of living adjustments** – 1.3% annually

**Mortality** – Based on the plan's experience from April 1, 2010 – March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014

**Discount rate** – 7.0%

The long-term expected rate of return on the Systems' pension plan investments was determined using a building-block method in accordance with Actuarial Standard of Practice No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 12 — PENSION PLANS (Continued)**

**Investment Asset Allocation**

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocations as of the applicable valuation dates are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	36%	4.55%
International equities	14%	6.35%
Private equities	10%	7.50%
Real estate	10%	5.55%
Absolute return strategies	2%	3.75%
Opportunistic portfolio	3%	5.68%
Real assets	3%	5.29%
Bonds and mortgages	17%	1.31%
Cash	1%	-0.25%
Inflation-Indexed bonds	4%	1.25%
	<u><b>100%</b></u>	

**Discount Rate**

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset / (liability).

The following presents the City's proportionate share of its net pension asset and liability calculated using the discount rate of 7.0% (ERS and PFRS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	<u>1.0% Decrease</u>	<u>Discount Rate</u>	<u>1.0% Increase</u>
City's proportionate share of the PFRS net pension asset (liability)	<u>\$ (84,206,647)</u>	<u>\$ (23,301,086)</u>	<u>\$ 27,562,125</u>
City's proportionate share of the ERS net pension asset (liability)	<u>\$ (34,696,519)</u>	<u>\$ (7,935,785)</u>	<u>\$ 14,545,129</u>

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 13 — 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 June 2019, the City issued \$29,799,600 in BANs. The BANs are due March 27, 2020 and carry an interest rate of 2.50%, with a premium of \$222,901. The proceeds of the BANs, along with available funds, were used to redeem \$17,607,100 of the \$18,854,100 BANs that were issued in 2018 and matured June 29, 2019, and also provide new funds for various capital purposes and improvements. These BANs were subsequently redeemed in March 2020 (see Note 16 – Subsequent Events).

Interest expense on BANs totaled approximately \$518,000 for the year ended December 31, 2019.

**NOTE 14 — 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, 2019:

	<b>Balance January 1, 2019</b>	<b>New Issues/ Increase in Estimates</b>	<b>Payments/ Decrease in Estimates</b>	<b>Balance December 31, 2019</b>
Bonds	\$ 75,580,417	\$ 26,000,000	\$ (14,920,417)	\$ 86,660,000
Premiums on Bonds	3,518,803	376,109	(1,028,863)	2,866,049
Loans payable (ACDA)	255,167	-	(68,734)	186,433
Post employment benefit obligation (Note 14)	490,570,627	134,082,851	(15,089,450)	609,564,028
Vacation/sick pay obligations	18,708,478	1,113,105	-	19,821,583
Due to NYS Retirement System	12,462,183	550,231	(1,689,388)	11,323,026
Net pension liability	17,481,865	28,607,925	(14,852,919)	31,236,871
Litigation and contingent liabilities	16,802,983	7,011,935	(5,057,661)	18,757,257
Landfill closure and postclosure care costs	9,496,959	196,758	-	9,693,717
Retainage payable on long-term contracts	182,580	-	(131,736)	50,844
<b>Total</b>	<b>\$ 645,060,062</b>	<b>\$ 197,938,914</b>	<b>\$ (52,839,168)</b>	<b>\$ 790,159,808</b>

Of the total outstanding indebtedness of the City at December 31, 2019, approximately \$116,460,000 was subject to the statutory debt limit. Amounts subject to the statutory debt limit include bonds and bond anticipation notes payable. This represents approximately 33% of the City's \$349,900,170 statutory debt limit.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 14 — 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, 2019:

<b>Interest Rate</b>	<b>Date Issued</b>	<b>Maturity Date</b>	<b>Amount of Original Issue</b>	<b>Outstanding December 31, 2019</b>	<b>Annual Principal Installments (Range)</b>
<b>Serial Bonds</b>					
4.00 - 5.00%	2011	2025	11,075,000	2,500,000	\$195,000 - 890,000
3.00%	2011	2021	7,922,026	1,755,000	\$865,000 - 890,000
2.00%	2012	2020	24,027,579	3,230,000	\$3,230,000
4.00%	2012	2021	10,010,248	2,450,000	\$1,210,000 - 1,240,000
4.50%	2013	2020	9,890,000	1,595,000	\$1,595,000
2.324%	2015	2020	4,670,000	935,000	\$935,000
2.00%	2016	2023	10,210,000	7,100,000	\$1,710,000 - 1,835,000
2.00%	2016	2025	13,474,579	9,065,000	\$1,285,000 - 1,665,000
4.00%	2018	2028	33,310,417	30,760,000	\$3,085,000 - 3,725,000
3.00%	2019	2034	26,000,000	26,000,000	\$1,005,000 - 2,185,000
<b>EFC Bonds</b>					
3.591 - 3.829%	2011	2020	3,995,000	445,000	\$445,000
4.912 - 5.002%	2012	2022	2,730,000	825,000	\$265,000-285,000
				\$ 86,660,000	
Add: Unamortized Premiums				2,866,049	
				<u>\$ 89,526,049</u>	

The following are details of bonds outstanding at December 31, 2019:

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 were 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.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 14 — INDEBTEDNESS (Continued)**

**(a) Bonds (continued)**

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 May 2015, the City issued \$9,215,000 in General Obligation Refunding Bonds. The issue included \$4,545,000 in tax exempt bonds and \$4,670,000 in federally taxable bonds. The 2015 tax exempt Bonds matured on June 1, 2018. The 2015 taxable bonds bear interest rates from 2.00% - 4.00% and mature on June 1, 2020. The proceeds of the Bonds were to advance refund \$4,630,000 in outstanding callable principal of 2006 tax exempt General Obligation Bonds with interest rates ranging from 4.00% - 4.125% and \$4,495,000 in outstanding callable principal of 2006 federally taxable General Obligation Bonds bearing interest of 5.25%.

In July 2016, the City issued \$10,210,000 in General Obligation Refunding Bonds. The bonds carry interest rates ranging from 1.50% - 5.00%. The issue matures on July 1, 2023. The proceeds of the Bonds are to advance refund \$9,830,000 in outstanding 2009 General Obligation Bonds with interest rates ranging from 3.50 – 4.25%.

In June 2016, the City issued \$13,474,579 in General Obligation Serial Bonds. The Bonds carry an interest rate of 2.00%. The Bonds have maturity dates ranging from June 15, 2017 through June 15, 2025. The proceeds of the Bonds, along with available funds, were used to redeem \$16,089,085 of the \$43,425,299 BANs that were issued in 2015 and matured July 1, 2016.

In June 2018, the City issued \$33,310,417 in General Obligation Serial Bonds. The Bonds carry an interest rate of 4.00%. The Bonds have maturity dates ranging from June 15, 2019 through June 15, 2028. The proceeds of the Bonds, along with available funds, were used to redeem \$39,390,417 of the \$44,596,417 BANs that were issued in 2017 and matured June 29, 2018.

In January 2019, the City issued \$26,000,000 in General Obligation Serial Bonds. The Bonds carry an interest rate of 3.0%, with a premium of \$376,109. The Bonds have maturity dates ranging from January 15, 2020 through January 15, 2034. The proceeds of the Bonds will provide new monies for the purchase of streetlights and conversion to LED.

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.

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.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 14 — INDEBTEDNESS (Continued)**

**(a) Bonds (continued)**

Future maturities of general long-term debt as of December 31, 2019 are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 17,005,000	\$ 3,102,426	\$ 20,107,426
2021	11,405,000	2,213,994	13,618,994
2022	8,950,000	1,830,468	10,780,468
2023	8,315,000	1,552,400	9,867,400
2024	6,295,000	1,285,550	7,580,550
2025-2034	34,690,000	4,182,700	38,872,700
	<u>\$ 86,660,000</u>	<u>\$ 14,167,538</u>	<u>\$ 100,827,538</u>

Interest expense for bonds was approximately \$3,026,000 for the year ended December 31, 2019.

**(b) Loans payable**

Loans payable are further broken down as follows:

	<u>Balance January 1, 2019</u>	<u>New Issues/ Increase in Estimates</u>	<u>Retirement/ Decrease in Estimates</u>	<u>Balance December 31, 2019</u>
Note payable (1)	\$ 69,490	\$ -	\$ (12,071)	\$ 57,419
Note payable (2)	185,677	-	(56,663)	129,014
	<u>\$255,167</u>	<u>\$ -</u>	<u>\$ (68,734)</u>	<u>\$186,433</u>

- (1) 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%.
- (2) 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.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 14 — INDEBTEDNESS (Continued)**

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

Each year from 2011 through 2019, 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 2.63% - 3.99%.

A summary of future NYSLRS payment obligations as of December 31, 2019 is as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ -	\$ -
2021	1,771,956	370,505	2,142,461
2022	1,832,506	311,224	2,143,730
2023	1,688,211	249,889	1,938,100
2024	1,283,873	194,194	1,478,067
2025-2029	4,324,546	367,545	4,692,091
2030-2032	421,934	12,591	434,525
	<u>\$ 11,323,026</u>	<u>\$ 1,505,948</u>	<u>\$ 12,828,974</u>

**(d) Litigation and contingent liabilities**

**(1) Judgments and Claims**

There are various suits and claims pending against the City during its normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. The City has recognized an accrued liability of approximately \$906,000 related to judgments and claims where the outcome of such litigation has been determined to result in probable loss to the City. Litigation where loss to the City is reasonably possible has not been accrued; however, City officials and Corporation Counsel estimate such loss exposure up to \$1,340,000. The outcome of the remaining claims cannot be determined at this time.

**(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, 2019 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 2019 are as follows:

	<u>Balance as of January 1 2019</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance as of December 31, 2019</u>
Workers' compensation liability	<u>\$ 16,411,519</u>	<u>\$ 6,497,314</u>	<u>\$ (5,057,661)</u>	<u>\$ 17,851,172</u>



**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 14 — INDEBTEDNESS (Continued)**

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

**(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.

**(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, 2019. 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. The City applied for an extension for this permit, which is currently under review by the NYSDEC. The existing permit does not expire until the NYSDEC has made a final decision on the renewal application.

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 \$9,694,000 at December 31, 2019, represent the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of all previously closed landfills and 88 percent of the estimated capacity of the AIL as determined by an independent engineer. The estimated remaining life of the AIL is approximately 4.5 years. The City will recognize the remaining estimated cost of closure and post closure care of \$1,241,000 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 2019. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City currently has restricted cash of approximately \$931,000 for payment of closure and post closure care costs.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 15 — OTHER POSTEMPLOYMENT BENEFITS**

**City**

In addition to providing pension benefits (see Note 12), 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. 75, *Accounting and Financial Reporting 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.

**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. There are no assets accumulated in a trust that meet all of the criteria of GASB 75, paragraph 4, to pay benefits. 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. The costs of administering the plan are paid by the City.

**Employees Covered by Benefit Terms**

Inactive employees or beneficiaries currently receiving benefit payments	1,311
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	-
Active employees	<u>1,135</u>
	<u><u>2,446</u></u>

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 15 — OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**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 City's total OPEB liability, as of December 31, 2019, was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2018, with update procedures used to roll forward the liability to December 31, 2019.

The following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

**Salary increases** – 3.0%

**Discount rate 12/31/19** – 2.9%

**Discount rate 12/31/18** – 3.8%

**Healthcare cost trend rates:** 8.00% decreasing to an ultimate rate of 5.00% by 2026.

The discount rate was based on an average of the Fidelity General Obligation 20-Year AA Municipal Bond Index, the Bond Buyer 20 Bond GO and S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates were based on the Society of Actuaries' RP-2014 mortality tables with adjustments for mortality improvements based on the most current Society of Actuaries Mortality Improvement Scale MP-2018.

**Changes in the Total OPEB Liability**

<b>Beginning balance, restated</b>	<u><b>\$ 490,570,627</b></u>
Changes for the year:	
Service cost	5,092,227
Interest	17,248,279
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	111,742,345
Benefit payments	<u>(15,089,450)</u>
Net changes	<u><b>\$ 118,993,401</b></u>
<b>Ending balance</b>	<u><u><b>\$ 609,564,028</b></u></u>

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 15 — OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates**

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

	<b><u>1.0% Decrease</u></b>	<b><u>Current Discount Rate</u></b>	<b><u>1.0% Increase</u></b>
Total OPEB Liability	<b><u>\$ 790,568,418</u></b>	<b><u>\$ 609,564,028</u></b>	<b><u>\$ 487,802,736</u></b>
	<b><u>1.0% Decrease</u></b>	<b><u>Current Healthcare Trend Rates</u></b>	<b><u>1.0% Increase</u></b>
Total OPEB Liability	<b><u>\$ 479,170,741</u></b>	<b><u>\$ 609,564,028</u></b>	<b><u>\$ 812,629,123</u></b>

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

For the year ended December 31, 2019, the City recognized OPEB expense of \$28,913,585.

At December 31, 2019, the City reported deferred outflows of resources related to OPEB as follows:

**Deferred Outflows of Resources**

Differences between expected and actual experience	\$ -
Changes of assumptions or other inputs	<u>105,169,266</u>
Total deferred outflows of resources	<b><u>\$ 105,169,266</u></b>

Amounts reported as deferred outflows of resources will be recognized in OPEB expense as follows:

<b><u>Year Ended</u></b>	
2020	\$ 6,573,079
2021	6,573,079
2022	6,573,079
2023	6,573,079
2024	6,573,079
Thereafter	<u>72,303,871</u>
	<b><u>\$ 105,169,266</u></b>

At December 31, 2019, the City reported no deferred inflows of resources related to OPEB.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 16 — SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 21, 2020, which is the date the financial statements were available to be issued.

In March 2020, the City issued \$44,672,719 in BANs. The BANs are due March 26, 2021. \$36,172,719 of the BANs carry an interest rate of 2.25%. \$8,500,000 of the BANs carry an interest rate of 1.29%.

The proceeds of the BANs, along with available funds, were used to redeem the \$29,799,600 BANs that were issued in 2019 and matured March 27, 2020, and also provide new funds for various capital purposes and improvements.

In March 2020, a novel strain of coronavirus disease (“COVID-19”) was declared a pandemic by the World Health Organization. Global and domestic responses to the pandemic continue to rapidly evolve. The initial effect, which centered around global financial markets, has since spread to all businesses. Management’s determination is that, currently, there could be a significant impact on the operations of the City.

As the situation continues to unfold, management will need to find ways to continue to address the disruption of normal operations that has resulted, or will result, from the spread of the virus. The spread of COVID-19 has resulted, or may result, in employees or contractors being forced to work from home or missing work if they or a member of their family contract COVID-19. The extent of COVID-19’s effect on the City’s operational and financial performance will depend on future developments, including the duration, spread, and intensity of the pandemic, all of which are uncertain and difficult considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the City’s finances. If the pandemic continues to endure, the disease could have an adverse material effect on the City’s activities.

## **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, 2019**

	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	\$ 58,250,000	\$ 58,250,000	\$ 58,312,601	\$ 62,601	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	34,413,722	34,593,722	36,636,778	2,043,056	-	-	-	-
Other taxes	3,092,500	2,767,500	2,676,666	(90,834)	-	-	-	-
Payments in lieu of taxes	19,675,000	19,675,000	20,708,235	1,033,235	-	-	-	-
Intergovernmental revenue	29,074,617	29,074,617	32,030,056	2,955,439	2,655,333	2,694,439	2,199,914	(494,525)
Charges for services	12,267,901	12,267,901	11,825,744	(442,157)	-	-	-	-
Fines, interest and penalties	5,216,000	5,541,000	5,288,226	(252,774)	-	-	-	-
Use of money and properties	1,593,580	1,593,580	1,484,394	(109,186)	-	-	-	-
Licenses and permits	3,665,200	3,665,200	4,308,686	643,486	-	-	-	-
Other revenues	4,645,594	4,645,594	4,594,899	(50,695)	-	-	-	-
Total revenues	171,894,114	172,074,114	177,866,285	5,792,171	2,655,333	2,694,439	2,199,914	(494,525)
<b>EXPENDITURES</b>								
Public safety and regulation	95,172,097	95,352,097	97,952,665	2,600,568	-	-	-	-
General government	24,152,004	24,152,004	23,152,686	(999,318)	-	-	-	-
Highways and streets	9,214,345	9,214,345	6,903,653	(2,310,692)	-	-	-	-
Recreation and culture	4,357,010	4,357,010	4,406,810	49,800	-	-	-	-
Community service	7,661,482	7,661,482	7,178,543	(482,939)	-	-	-	-
Economic development and assistance	-	-	-	-	2,655,333	2,694,439	2,236,991	(457,448)
Employee benefits	12,219,183	12,219,183	13,958,575	1,739,392	-	-	-	-
Debt service	19,117,993	19,117,993	18,902,000	(215,993)	-	-	-	-
Total expenditures	171,894,114	172,074,114	172,454,932	380,818	2,655,333	2,694,439	2,236,991	(457,448)
Excess (deficiency) of revenues and appropriated fund balance over expenditures	-	-	5,411,353	5,411,353	-	-	(37,077)	(37,077)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers	-	-	75,577	75,577	-	-	-	-
Premium on bonds and bond anticipation notes issued	-	-	599,010	599,010	-	-	-	-
Total other financing sources (uses)	-	-	674,587	674,587	-	-	-	-
Excess (deficiency) of revenues, appropriated fund balance and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ 6,085,940	\$ 6,085,940	\$ -	\$ -	\$ (37,077)	\$ (37,077)

# CITY OF ALBANY, NEW YORK

## SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET / (LIABILITY) NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM

<u>As of the measurement date of March 31,</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	1.389398%	1.369718%	1.454527%	1.408760%	1.465709%
City's proportionate share of the net pension liability	\$ (23,301,086)	\$ (13,844,521)	\$ (30,147,273)	\$ (41,710,392)	\$ (4,034,505)
City's covered-employee payroll	\$ 47,463,780	\$ 47,463,780	\$ 49,618,689	\$ 45,463,467	\$ 48,692,865
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	49.09%	29.17%	60.76%	91.74%	8.29%
Plan fiduciary net position as a percentage of the total pension liability	<u>95.09%</u>	<u>96.93%</u>	<u>93.50%</u>	<u>90.20%</u>	<u>97.90%</u>

*Data prior to 2015 is unavailable.*

The following is a summary of assumption changes:

	<u>2019</u>	<u>2016</u>	<u>2015</u>
Inflation	2.5%	2.5%	2.7%
Salary increases	5.0%	4.5%	6.0%
Cost of living adjustments	1.3%	1.3%	1.4%
Investment rate of return	7.00%	7.00%	7.5%
Discount rate	7.00%	7.00%	7.5%

*No changes to assumptions from 2016 through 2018.*



**CITY OF ALBANY, NEW YORK**  
**SCHEDULE OF CONTRIBUTIONS**  
**NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM**  
**(LAST 10 FISCAL YEARS)**

<u>March 31,</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 10,821,054	\$ 10,718,641	\$ 12,145,867	\$ 10,552,391	\$ 12,094,801	\$ 13,912,995	\$ 11,250,128	\$ 8,931,589	\$ 7,911,276	\$ 7,058,207
Contribution in relation to the contractually required contribution	<u>(10,821,054)</u>	<u>(10,718,641)</u>	<u>(12,145,867)</u>	<u>(10,552,391)</u>	<u>(12,094,801)</u>	<u>(13,912,995)</u>	<u>(11,250,128)</u>	<u>(8,931,589)</u>	<u>(7,911,276)</u>	<u>(7,058,207)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 49,687,812	\$ 47,463,780	\$ 49,618,689	\$ 45,463,467	\$ 48,692,865	\$ 49,765,799	\$ 45,236,096	\$ 45,132,856	\$ 47,211,057	\$ 47,051,033
Contributions as a percentage of covered-employee payroll	<u>21.78%</u>	<u>22.58%</u>	<u>24.48%</u>	<u>23.21%</u>	<u>24.84%</u>	<u>27.96%</u>	<u>24.87%</u>	<u>19.79%</u>	<u>16.76%</u>	<u>15.00%</u>

# CITY OF ALBANY, NEW YORK

## SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET / (LIABILITY) NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM

<u>As of the measurement date of March 31,</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.112003%	0.112700%	0.113703%	0.119550%	0.132978%
City's proportionate share of the net pension liability	\$ (7,935,785)	\$ (3,637,344)	\$ (10,683,797)	\$ (19,188,066)	\$ (4,492,317)
City's covered-employee payroll	\$ 28,245,346	\$ 28,245,346	\$ 27,923,236	\$ 27,697,230	\$ 31,518,901
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	28.10%	12.88%	38.26%	69.28%	14.25%
Plan fiduciary net position as a percentage of the total pension liability	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>99.00%</u>

*Data prior to 2015 is unavailable.*

The following is a summary of assumption changes:

	<u>2019</u>	<u>2016</u>	<u>2015</u>
Inflation	2.5%	2.5%	2.7%
Salary increases	4.2%	3.8%	4.9%
Cost of living adjustments	1.3%	1.3%	1.4%
Investment rate of return	7.0%	7.0%	7.5%
Discount rate	7.0%	7.0%	7.5%

*No changes to assumptions from 2016 through 2018.*

**CITY OF ALBANY, NEW YORK**  
**SCHEDULE OF CONTRIBUTIONS**  
**NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM**  
**(LAST 10 FISCAL YEARS)**

<u>March 31,</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 3,924,727	\$ 3,982,586	\$ 4,880,229	\$ 4,859,954	\$ 6,368,984	\$ 6,424,534	\$ 5,449,165	\$ 4,539,660	\$ 3,619,931	\$ 2,318,239
Contribution in relation to the contractually required contribution	<u>(3,924,727)</u>	<u>(3,982,586)</u>	<u>(4,880,229)</u>	<u>(4,859,954)</u>	<u>(6,368,984)</u>	<u>(6,424,534)</u>	<u>(5,449,165)</u>	<u>(4,539,660)</u>	<u>(3,619,931)</u>	<u>(2,318,239)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 29,446,468	\$ 28,245,346	\$ 27,923,236	\$ 27,697,230	\$ 31,518,901	\$ 30,963,158	\$ 30,566,919	\$ 31,109,237	\$ 32,607,589	\$ 32,261,084
Contributions as a percentage of covered-employee payroll	<u>13.33%</u>	<u>14.10%</u>	<u>17.48%</u>	<u>17.55%</u>	<u>20.21%</u>	<u>20.75%</u>	<u>17.83%</u>	<u>14.59%</u>	<u>11.10%</u>	<u>7.19%</u>

**CITY OF ALBANY, NEW YORK**  
**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND**  
**RELATED RATIOS**

	<u><b>2019</b></u>	<u><b>2018</b></u>
<b>Total OPEB liability</b>		
Service cost	\$ 5,092,227	\$ 4,083,647
Interest	17,248,279	18,084,292
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	111,742,345	-
Benefit payments	<u>(15,089,450)</u>	<u>(14,999,483)</u>
Net changes in total OPEB liability	\$ 118,993,401	\$ 7,168,456
Total OPEB liability - beginning	<u>\$ 490,570,627</u>	<u>\$ 483,402,171</u>
Total OPEB liability - ending	<u><u>\$ 609,564,028</u></u>	<u><u>\$ 490,570,627</u></u>

*Data prior to 2018 is unavailable.*

The following is a summary of assumption changes:

	<u><b>2019</b></u>	<u><b>2018</b></u>
Discount rate	2.90%	3.80%