

**CITY OF ALBANY, NEW YORK**

FINANCIAL STATEMENTS AND  
REPORTS REQUIRED  
UNDER THE UNIFORM GUIDANCE

December 31, 2021

# CITY OF ALBANY, NEW YORK

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## **INDEPENDENT AUDITOR'S REPORT**

Members of the City Council  
City of Albany, New York

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albany, New York (the City), as of and for the year ended December 31, 2021, 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.

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, 2021, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Albany, New York and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Albany, New York's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Albany, New York's ability to continue as a going concern for a reasonable period of time.

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

#### ***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 17 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.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Albany, New York's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022, on our consideration of the City of Albany, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Albany, New York's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Albany, New York's internal control over financial reporting and compliance.

*UHY* LLP

Albany, New York  
September 29, 2022

# 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, 2021. 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, 2020.

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 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 Albany 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, excluding two of the Business Improvement Districts, has been reported in the City's financial statements. 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 2021 totaled \$196.9 million and were over the final budget by \$16.1 million. The General Fund expenses totaled \$193.3 million and were \$12.5 million higher than the final budget. While the 2021 City budget did not anticipate a change in the fund balance, the fund balance actually increased \$0.4 million for the year. The \$3.6 million excess of revenues over expenses is added to other financing uses of \$3.2 million which resulted in the fund balance ending the year at \$17.2 million. The unassigned fund balance was at \$9.6 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 \$467.3 million. This resulted in an increase of net position of approximately \$1.9 million from 2020. Most of this increase is related to an increase in total assets primarily in cash and cash equivalents, increase in deferred outflows of resources and a decrease in total liabilities.



Total assets (\$368.8 million) increased from 2020 by \$23.9 million. The primary areas that increased are cash and cash equivalents (increased by \$35.5 million), cash and cash equivalents – restricted (increased by \$1.2 million) and mortgage loans receivable (increased by \$1.2 million). These increases were offset by a decrease in due from component units (decreased by \$10.8 million). The increase in cash and cash equivalents was primarily related to receiving almost \$40.4 million in American Rescue Plan Act funds from the federal government. The increase in cash and cash equivalents – restricted was related to an increase in debt service reserve. The increase in mortgage loans receivable is related to an increase in loans provided by the Albany Community Development Agency. The decrease in due from component units is the result of receiving money due from the Albany Water Board.

Total liabilities (\$813.5 million) decreased by \$56.1 million from 2020. The primary liabilities which decreased were net pension liability (decreased by \$80.1 million), due to component units (decreased by \$12.5 million) bonds and loans payable (decreased by \$11.6 million), due to other governments (decreased by \$3.2 million) and accrued post-employment benefit obligation (decreased by \$1.3 million). The primary liabilities which increased were accounts payable and accrued expenses (increased by \$12.8 million), other liabilities (increased by \$22.8 million), bond and revenue anticipation notes payable (increased by \$14.6 million) and judgements and claims (increased by \$2.9 million).

The net pension liability decreased as a result of a decrease in the current discount rate for the ERS and PFRS. Due to component units decreased from making payments to the Albany Water Board on a large portion of the balance owed to them. Bonds and loans payable decreased from making the annual payments on the current bonds outstanding and not adding any new debt in 2021. Due to other governments decreased as a result of paying the County of Albany a portion of their share of the property taxes in 2021. The decrease in accrued post-employment benefit obligation is related to changes in actuarial assumptions related to the GASB 75 requirements. Accounts payable and accrued liabilities increased from accruing five years of retroactive pay for the police department related to a contract settlement with the police officer's union. Other liabilities increased as a result of receiving and not spending all of the American Rescue Plan Act funds in 2021. Bond and revenue anticipation notes payable increased as a result of issuing additional bond anticipation notes.

The City of Albany's large Post-Employment Benefit Projected Actuarial Accrued liability (\$501.4 million) is driven by the health care plan which has traditionally been extended to retirees.

Deferred outflows of resources increased by \$8.3 million from 2020, deferred inflows of resources increased by \$86.4 million which was directly related to the net pension liability which increased by \$97.3 million mainly as a result of an increase in the net difference between projected and actual investment earnings on the pension plan investments of the New York State and Local Retirement System.

Of the net position, \$175.1 million is net invested in capital assets, and \$4.8 million is restricted for program specific activities and for debt service, leaving a deficit balance in unrestricted net position of \$647.2 million – an increase deficit from 2020 of \$9.8 million. The total net position increased by \$1.9 million. Most of this increase is related to the increases in property tax revenues and sales and use tax revenues.

Total capital assets including property and equipment after depreciation are valued at \$235.3 million, with increases of approximately \$19.5 million of additions to capital assets. Approximately \$13.4 million of capital assets are not subject to depreciation, including approximately \$2.0 million of land, and \$11.4 million of construction in progress which is related to renovations to various City buildings, various park improvements and street reconstruction projects some of which are 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, 2021**  
*(in Millions)*

	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>
Total assets	\$ 368.8	\$ 344.9	\$ 23.9
Total deferred outflows of resources	165.3	157.0	8.3
Total liabilities	813.5	869.6	(56.1)
Total deferred inflows of resources	<u>187.9</u>	<u>101.5</u>	<u>86.4</u>
<b>Excess (deficiency) of assets and deferred outflows of resources over liabilities and deferred inflows of resources</b>	<b><u>(467.3)</u></b>	<b><u>(469.2)</u></b>	<b><u>1.9</u></b>
Net invested in capital assets	175.1	164.4	10.7
Restricted for debt service and program activities	3.9	3.8	0.1
Unrestricted (deficiency)	<u>(646.3)</u>	<u>(637.4)</u>	<u>(8.9)</u>
<b>Total Net Position (deficiency)</b>	<b><u>\$ (467.3)</u></b>	<b><u>\$ (469.2)</u></b>	<b><u>\$ 1.9</u></b>

Component Units

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$164.0 million – an increase of \$16.4 million from 2020. Total assets and deferred outflows of resources (\$320.3 million) increased by \$51.2 million. Net invested in capital assets increased by \$4.2 million.

Total liabilities and deferred inflows of resources (\$156.3 million) increased by \$34.8 million. Bonds and notes payable increased \$23.4 million

Total net position increased \$16.4 million from 2020 to 2021 due mostly to a significant increase in net position of the Albany Water Board primarily related to an increase in capital grant contributions and long term control plan contributions from other municipalities in 2021.

**Governmental Activities - Component Units**  
**Net Assets at December 31, 2021**  
*(in Millions)*

	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>
Total assets and deferred outflows of resources	\$ 320.3	\$ 269.1	\$ 51.2
Total liabilities and deferred inflows of resources	<u>156.3</u>	<u>121.5</u>	<u>34.8</u>
<b>Excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources</b>	<b>164.0</b>	<b>147.6</b>	<b>16.4</b>
Net invested in capital assets	105.8	101.6	4.2
Restricted for debt service and program activities	0.5	0.6	(0.1)
Unrestricted	<u>57.7</u>	<u>45.4</u>	<u>12.3</u>
<b>Total Net Position</b>	<b><u>\$ 164.0</u></b>	<b><u>\$ 147.6</u></b>	<b><u>\$ 16.4</u></b>

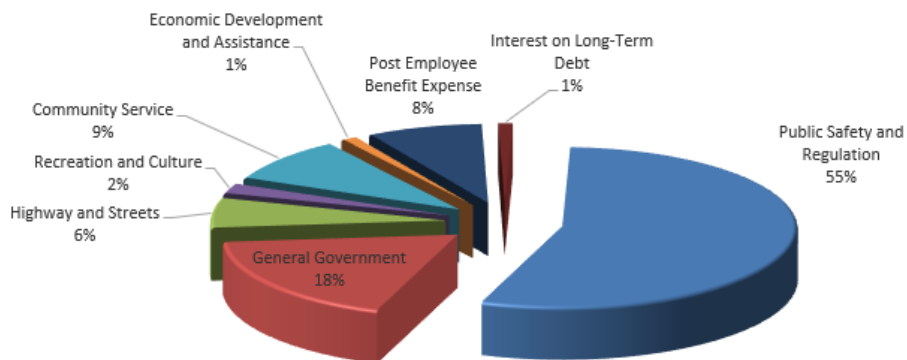
## Statement of Activities

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

### Governmental Activities - Expenses (in Millions)

<b>Governmental Functions</b>	<b>2021</b>	<b>2020</b>	<b>Increase/ (Decrease)</b>	<b>% of Change</b>
Public safety and regulation	\$ 112.9	\$ 120.8	\$ (7.9)	-7%
General government	38.3	50.9	(12.6)	-25%
Highway and streets	11.6	13.0	(1.4)	-11%
Recreation and culture	4.8	4.1	0.7	17%
Community service	18.6	18.2	0.4	2%
Economic development and assistance	2.4	3.5	(1.1)	-31%
Post employment benefit expense	15.9	21.0	(5.1)	-24%
Interest on long-term debt	2.7	2.8	(0.1)	-4%
<b>Total</b>	<b>\$ 207.2</b>	<b>\$ 234.3</b>	<b>\$ (27.1)</b>	<b>-12%</b>

### Functional Expenses – Primary Government



Public Safety accounts for 55 percent of expenses, while General Government is at 18 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 8 percent of expenses.

Expenses decreased from 2020 by \$27.1 million.

Public Safety and Regulation expenses of \$112.9 million decreased by \$7.9 million and are offset by \$13.0 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 \$38.3 million decreased by \$12.6 million and are offset by \$1.8 million in charges for services most of which came from permit, license and inspection fees. General Government expenses are also offset by \$35.4 million; \$18.1 million is related to receiving funds from the American Rescue Plan Act and \$13.2 million of this is the result of the Capital City Funding revenue received from the State of New York. Highway and Streets expenses of \$11.6 million decreased by \$1.4 million and are offset by \$2.5 million in charges for services and \$3.0 million in capital grants and contributions. Community Service expenses of \$18.6 million increased by \$0.4 million and are offset by \$2.9 million in grants related to the Albany Community Development Agency and \$3.3 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 \$2.7 million decreased by \$0.1 million. Post-Employment benefit expenses \$15.9 million decreased by \$5.1 million. The decrease in these expenses are related to changes in the actuarial estimates for retiree healthcare costs and related benefits.

Revenues increased from 2020 by \$10.1 million.

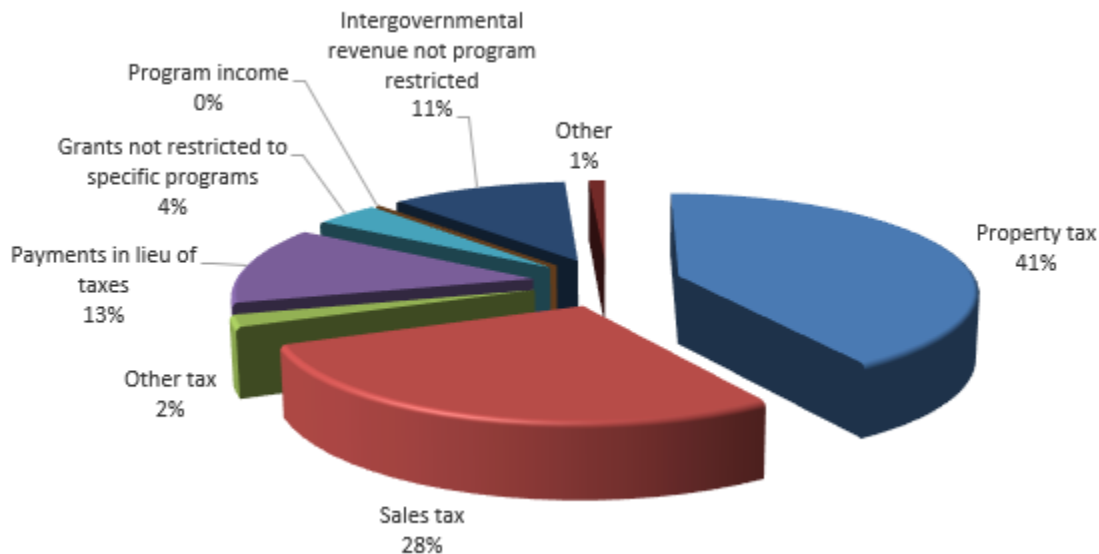
Total general revenues (\$145.7million) increased by \$10.1 million. Property taxes (\$59.2 million) increased by \$0.7 million mostly from an increase in the tax levy. Sales tax revenue (\$40.5 million) increased by \$6.4 million as result of increased economic activity. Payments in lieu of taxes (\$19.4 million) increased by \$0.3 million primarily from an increase in scheduled payments. Grants not restricted to specific programs (\$6.1 million) increased by \$1.2 million. Program income remained flat (\$0.1 million). Other tax (\$3.0 million) increased by \$0.3 million, intergovernmental revenue not program restricted (\$16.0 million) decreased by \$2.3 million and other revenue (\$1.4 million) decreased by \$0.9 million mostly from an decrease in federal and state grants.

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

<b>Revenues</b>	<b>2021</b>	<b>2020</b>	<b>Increase/ (Decrease)</b>	<b>% of Change</b>
Property tax	\$ 59.2	\$ 58.5	\$ 0.7	1%
Sales tax	40.5	34.1	6.4	19%
Other tax	3.0	2.7	0.3	11%
Payments in lieu of taxes	19.4	19.3	0.1	1%
Grants not restricted to specific programs	6.1	4.9	1.2	24%
Program income	0.1	0.1	-	0%
Intergovernmental revenue not program restricted	16.0	13.7	2.3	17%
Other	1.4	2.3	(0.9)	-39%
<b>Total General Revenues</b>	<b>\$ 145.7</b>	<b>\$ 135.6</b>	<b>\$ 10.1</b>	<b>7%</b>

The following chart indicates the relative percentages of general revenues:

**Governmental Activities – General Revenues**



## Component Units

Operating revenues of the Component Units totaled \$53.0 million, which is an increase of \$5.4 million from 2020. The overall operating expenses of the Component Units totaled \$55.7 million – an increase of \$5.3 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*.

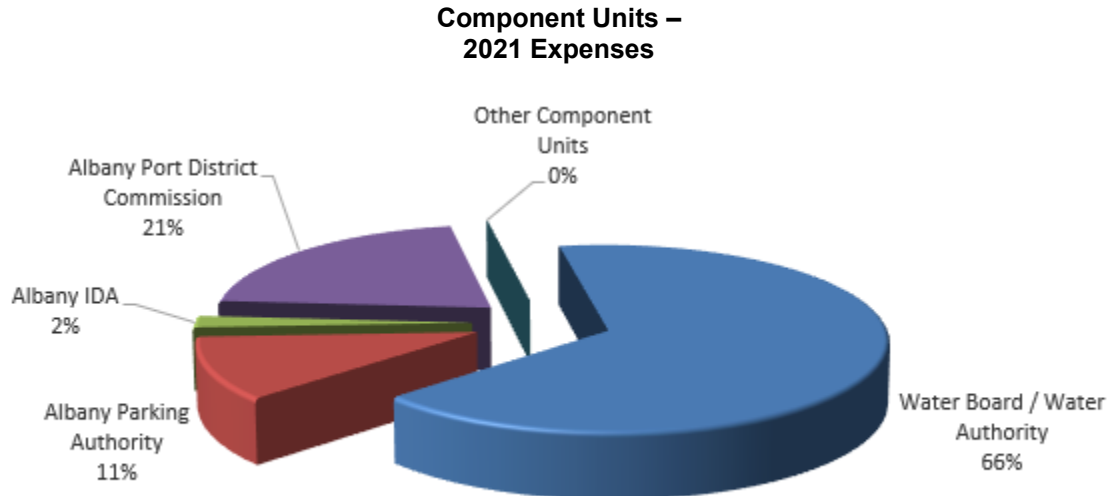
The following table indicates the relative value of operating revenues for the component units:

<b>Component Units - Operating Revenues</b> <i>(in Millions)</i>				
<b>Component Units</b>	<b>2021</b>	<b>2020</b>	<b>Increase / (Decrease)</b>	<b>% of Change</b>
Water Board / Water Authority	\$ 33.3	\$ 33.7	\$ (0.4)	-1%
Albany Parking Authority	6.7	6.3	0.4	6%
Albany IDA	1.9	0.4	1.5	375%
Albany Port District Commission	10.5	5.2	5.3	102%
Other component units	0.6	2.0	(1.4)	-70%
<b>Total</b>	<b>\$ 53.0</b>	<b>\$ 47.6</b>	<b>\$ 5.4</b>	<b>11%</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>2021</b>	<b>2020</b>	<b>Increase / (Decrease)</b>	<b>% of Change</b>
Water Board / Water Authority	\$ 37.0	\$ 33.0	\$ 4.0	12%
Albany Parking Authority	6.0	7.4	(1.4)	-19%
Albany IDA	1.1	1.0	0.1	10%
Albany Port District Commission	11.4	6.9	4.5	65%
Other component units	0.2	2.1	(1.9)	-90%
<b>Total</b>	<b>\$ 55.7</b>	<b>\$ 50.4</b>	<b>\$ 5.3</b>	<b>11%</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 \$24.2 million with the largest increase (\$35.5 million) in cash and cash equivalents which is the result of receiving funds from the American Rescue Plan Act (ARPA). 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 \$34.6 million due mostly to an increase of \$14.6 million related to issuing additional bond anticipation notes for capital projects. Accounts payable and accrued liabilities increased by \$12.8 million from accruing five years of retroactive pay related to contract settlement with the police officer's union. Other liabilities increased by \$22.8 million as a result of not spending all of the ARPA funds before the end of 2021. 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 \$17.2 million. The non-spendable portion consists of \$2.9 million in prepayments, primarily to the state retirement plan. The restricted fund balance includes \$1.6 million for debt service, \$0.9 million for landfill post closure expenses, \$0.4 million for the solid waste management facility \$0.2 million for PEG access funds, and \$1.6 million for other purposes. There is no assigned fund balance to be appropriated to the 2022 budget. The unassigned general fund balance totals a surplus of \$9.6 million.

### Governmental Funds - Balance Sheet

*(in Millions)*

	2021	2020	Increase / (Decrease)
Total assets and deferred outflows of resources	\$ 141.4	\$ 117.1	\$ 24.3
Total liabilities and deferred inflows of resources	157.8	123.3	34.5
<b>Total fund balance (deficiency)</b>	<b>\$ (16.4)</b>	<b>\$ (6.2)</b>	<b>\$ (10.2)</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	\$ 59.5	\$ 59.5	\$ 59.2	\$ (0.3)	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Sales and use taxes	35.6	36.8	40.5	3.7	0.0	0.0	0.0	0.0
Other taxes	3.1	3.2	3.0	(0.2)	0.0	0.0	0.0	0.0
Payments in lieu of taxes	20.2	20.2	19.4	(0.8)	0.0	0.0	0.0	0.0
Intergovernmental revenue	30.5	37.4	54.4	17.0	2.5	2.5	2.1	(0.4)
Charges for services	12.0	12.9	7.9	(5.0)	0.0	0.0	0.0	0.0
Fines, interest and penalties	5.5	5.5	5.4	(0.1)	0.0	0.0	0.0	0.0
Use of money and properties	0.7	0.2	0.1	(0.1)	0.0	0.0	0.0	0.0
Licenses and permits	4.3	4.6	4.6	0.0	0.0	0.0	0.0	0.0
Other revenues	4.4	5.3	2.4	(2.9)	0.0	0.0	0.0	0.0
Total revenues	175.8	185.6	196.9	11.3	2.5	2.5	2.1	(0.4)
<b>EXPENDITURES</b>								
Public safety and regulation	99.9	104.6	113.1	8.5	0.0	0.0	0.0	0.0
General government	25.5	31.0	30.0	(1.0)	0.0	0.0	0.0	0.0
Highways and streets	6.3	6.8	6.2	(0.6)	0.0	0.0	0.0	0.0
Recreation and culture	4.8	6.4	4.1	(2.3)	0.0	0.0	0.0	0.0
Community service	10.2	10.5	7.6	(2.9)	0.0	0.0	0.0	0.0
Economic development and assistance	0.0	0.0	0.0	0.0	2.7	3.0	2.2	(0.8)
Employee benefits	11.2	12.0	17.4	5.4	0.0	0.0	0.0	0.0
Debt service	18.0	18.0	14.9	(3.1)	0.0	0.0	0.0	0.0
Total expenditures	175.9	189.3	193.3	4.0	2.7	3.0	2.2	(0.8)
Excess (deficiency) of revenues and appropriated fund balance over expenditures	(0.1)	(3.7)	3.6	7.3	(0.2)	(0.5)	(0.1)	0.4
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers	0.0	0.0	(4.8)	(4.8)	0.0	0.0	0.0	0.0
Premium on debt issuance	0.0	0.0	1.6	1.6	0.0	0.0	0.0	0.0
Total other financing sources (uses)	0.0	0.0	(3.2)	(3.2)	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	\$ (0.1)	\$ (3.7)	\$ 0.4	\$ 4.1	\$ (0.2)	\$ (0.5)	\$ (0.1)	\$ 0.4

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 \$196.6 million, which was \$11.3 million more than the final adopted budget and \$28.2 million lower than 2020. The variances in revenue include the following:

**Real property taxes** were slightly below budget by \$0.4 million for 2021. The actual revenue totaled \$59.2 which was an increase of \$0.7 million as a result of an increase in the property tax levy.

**Sales and use taxes revenue** was \$3.7 million over budget and \$6.4 million more than 2020, which is directly related to the strong economic activity in retail and other businesses.

**Other taxes** were \$0.1 million under budget and ended the year at \$0.3 million more than last year. This category includes penalties on property taxes, utility gross receipts taxes and franchise fees.

**Payments in lieu of taxes** finished the year lower than budget by \$0.8 million but \$0.1 million more than 2020. This category was under budget primarily as a result of not receiving payments from some voluntary PILOTS.

**Intergovernmental revenue** was \$17.0 million higher than budget and \$25.2 million more than 2020. The increase is the result of the City receiving \$40.4 million in American Rescue Plan Act funds in 2021.

**Charges for services** were \$5.0 million lower than budget and \$2.5 million less than 2020. Most of this decrease is related to lower landfill revenues from less received in tipping fees and lower coupon sales.

**Fines, interest and penalties** ended the year \$0.1 million under budget but \$0.6 million more than 2020. Most of this revenue is derived from parking violation fines, handicap parking fees, parking surcharges and traffic violation fines.

**Use of money and properties** was \$0.1 million lower than budget and \$0.2 million less than 2020. The decrease is primarily related to earning less interest income on cash balances and lower sales of City owned property in 2021.

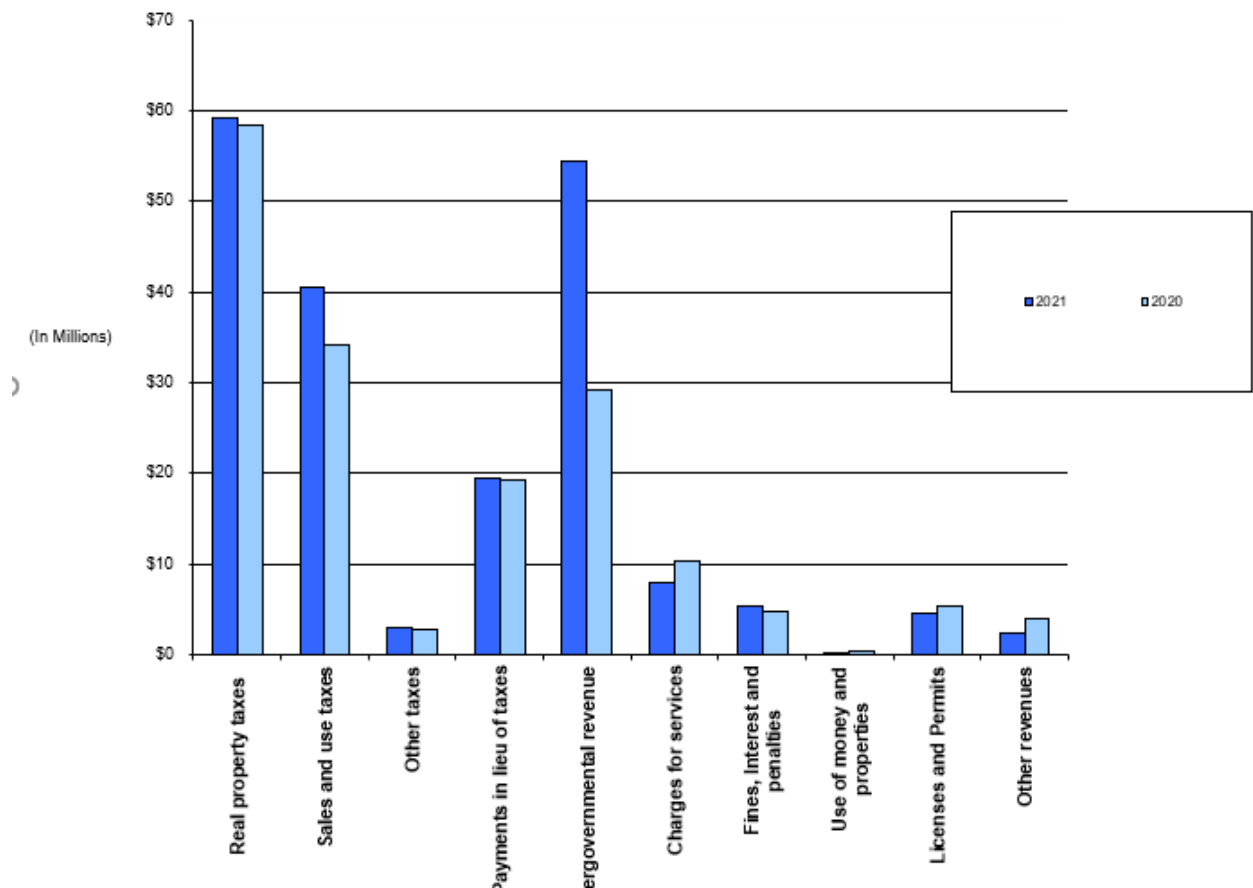
**Licenses and permits** finished the year almost the same as budget but \$0.8 million less than 2020. Revenues from demolition charges, street opening permits and safety inspection permits were lower than last year.

**Other revenues** were \$2.9 million under budget and \$1.6 million lower than 2020. The revenue in this category is derived from grants and the timing and amounts received vary from year to year.

<b>Governmental Funds - General Fund Revenues 2021 to 2020 Variance</b> <i>(In Millions)</i>			
<b>Revenues</b>	<b>2021</b>	<b>2020</b>	<b>2021 Over/(Under) 2020</b>
Real property taxes	\$ 59.2	\$ 58.5	\$ 0.7
Sales and use taxes	40.5	34.1	6.4
Other taxes	3.0	2.7	0.3
Payments in lieu of taxes	19.4	19.3	0.1
Intergovernmental revenue	54.4	29.2	25.2
Charges for services	7.9	10.4	(2.5)
Fines, interest and penalties	5.4	4.8	0.6
Use of money and properties	0.1	0.3	(0.2)
Licenses and permits	4.6	5.4	(0.8)
Other revenues	2.4	4.0	(1.6)
Total revenues	<u>\$ 196.9</u>	<u>\$ 168.7</u>	<u>\$ 28.2</u>



## Governmental Funds – General Fund Revenues 2021 to 2020 Variance



### Expenses

Total expenditures of \$193.3 million were \$4.0 million more than the final budget and \$17.9 million higher than 2020.

**Public safety and regulation** spending (\$113.1 million) was \$8.5 million higher than the final budget and was \$12.6 million more than 2020. The increase is mostly related to the police officers receiving fine years of retroactive pay from a contract settlement with the policer offices union. Premium and retroactive salary payments were paid to all public safety employees in 2021 for their work during the pandemic.

**General government** spending (\$30.0 million) which was \$1.0 million less than final budget but ended the year \$5.4 million higher than 2020. Most of the increase is related to paying premium pay and retroactive salary pay increases to employees for working during the pandemic.

**Highway and streets** spending (\$6.2 million) was below budget by \$0.6 million for 2021. Actual expenses were \$1.5 million more than 2020. The increase in mostly related to paying premium and retroactive salary payments to employees for working during the pandemic.

**Recreation and culture** spending (\$4.1 million) was under budget by \$2.3 million but \$1.6 million more than 2020. Recreation programs expenses increased is related to the return of the recreation programs, athletic programs and outdoor public events after the pandemic. These include the summer youth program, boxing, swimming pools, Bleecker Stadium and various outdoor entertainment events.

**Community service** spending (\$7.6 million) was \$2.9 million less than final budget and \$0.6 million less than 2020. Landfill waste collection and recycling expenses and landfill disposal expenses mostly from decreases in post closure landfill expenses and salary and related expenses.

**Employee benefits** expense (\$17.4 million) was \$5.4 million over budget and \$2.3 million higher when compared to last year. Most of the increase is related to retiree health insurance expense was higher than 2020. 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 \$3.2 million in costs from last year.

**Debt service** payments (\$14.9 million) was \$3.1 million below budget and \$6.1 million lower than 2020. Most of the decrease is related older bonds maturing and not adding new debt for several years.

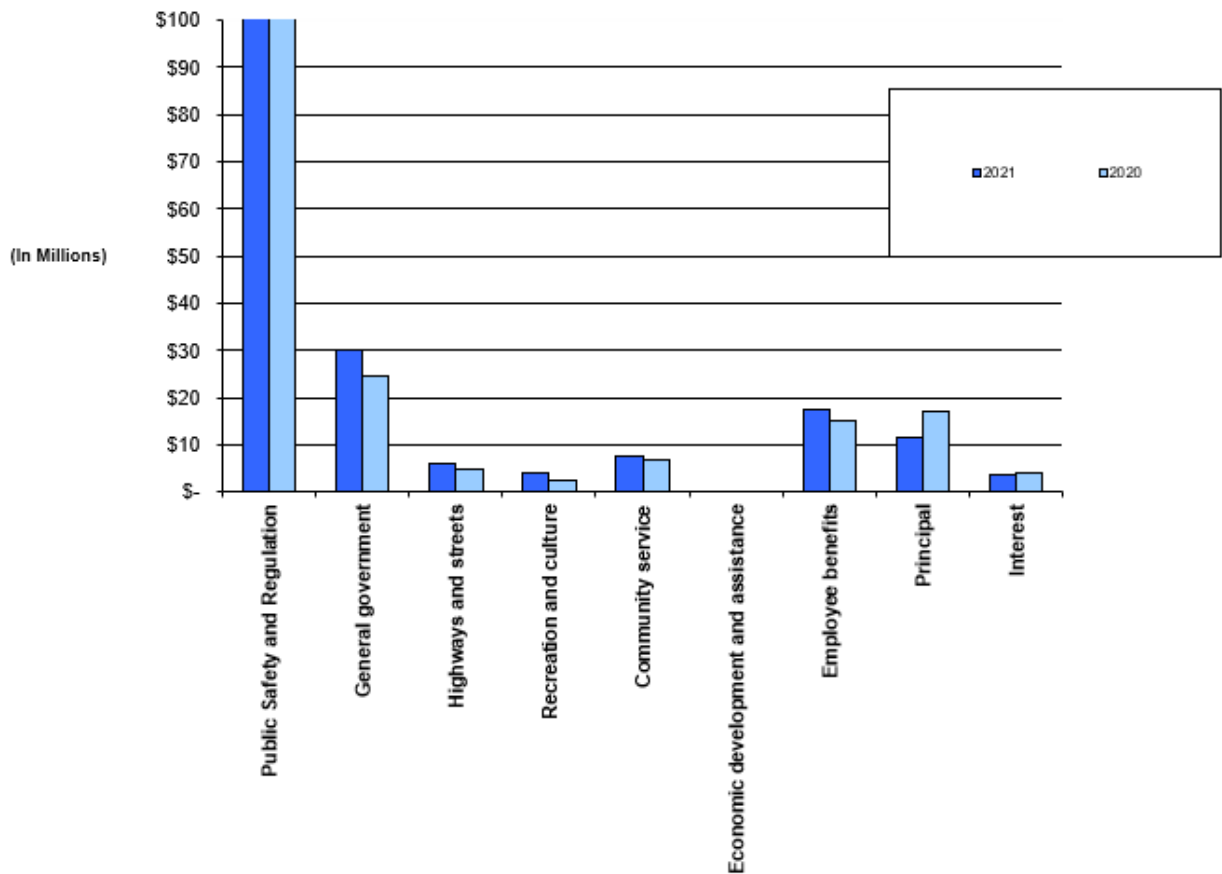
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**Governmental Funds - General Fund Expense 2021 to 2020 Variance  
(In Millions)**

<u><b>Expenditures</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>	<b>2021 Over/(Under) 2020</b>
Public safety and regulation	\$ 113.1	\$ 100.5	\$ 12.6
General government	30.0	24.6	5.4
Highways and streets	6.2	4.7	1.5
Recreation and culture	4.1	2.5	1.6
Community service	7.6	7.0	0.6
Economic development and assistance	0.0	0.0	0.0
Employee benefits	17.4	15.1	2.3
Principal	11.4	17.0	(5.6)
Interest	3.5	4.0	(0.5)
Total expenditures	<u>\$ 193.3</u>	<u>\$ 175.4</u>	<u>\$ 17.9</u>
Excess of operating revenues over expenditures	<u>\$ 3.6</u>	<u>\$ (6.7)</u>	<u>\$ 10.3</u>

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## General Government – General Fund Expenditures 2021 to 2020 Variance



## DEBT

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

In March 2021, the City issued various BANS of approximately \$59,304,275 at an interest rate of 3.00%.

The proceeds of the notes, along with available funds were used to redeem a portion of the \$44,672,719 BANS issued in March 2020 and matured on March 26, 2021 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 2021.

### Debt Ceiling

Of the outstanding indebtedness at March 3, 2022 approximately \$102,387,864 was subject to the statutory debt limit, using approximately 28.86% of the City's \$354,785,914 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 2021 the City expended approximately \$18.2 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	\$ 2.1 Million
Street and Sidewalk Construction	\$ 8.4 Million
Dept. of General Services Vehicles and Equipment	\$ 3.7 Million
Recreation	\$ 0.4 Million
Landfill Equipment and Expansion	\$ 0.5 Million
Public Safety Equipment	\$ 2.8 Million
Local Economic Development	\$ 0.3 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.

Treasurer, City of Albany  
City Hall Room 109  
24 Eagle Street  
Albany, NY 12207

kbennett@albanyny.gov  
dshahinfar@albanyny.gov

**CITY OF ALBANY, NEW YORK**  
**STATEMENT OF NET POSITION**  
**December 31, 2021**

	<b>Primary Government</b>	<b>Component Units</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 81,661,906	\$ 19,813,931
Cash and cash equivalents - restricted	2,687,485	30,602,873
Investments	-	8,713,824
Investments, restricted	-	17,629,122
Taxes receivable	4,597,618	-
Accounts receivable, net	5,588,106	11,744,941
Notes and other receivables	650,000	617,730
Mortgage loans receivable	8,665,407	131,970
Due from primary government	-	654,767
Due from other governments	16,918,822	11,467,138
Due from component units	12,666,514	-
Prepaid and other assets	33,755	680,039
Capital assets, net	235,347,370	212,506,783
Total assets	<u>368,816,983</u>	<u>314,563,118</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows resulting from refunding of debt, net	99,595	170,172
Deferred outflows related to net pension liability	95,266,080	2,613,769
Deferred outflows related to accrued post employment benefit obligation	69,943,462	2,894,015
Total deferred outflows of resources	<u>165,309,137</u>	<u>5,677,956</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	24,956,893	18,565,512
Accrued interest payable	1,797,387	148,374
Line of credit	-	4,050,000
Unearned revenue	9,369,508	3,095,446
Due to other governments	22,043,193	3,794,181
Due to primary government	-	131,970
Due to component units	10,251,374	-
Other liabilities	22,974,761	117,299
Bond and revenue anticipation notes payable	59,304,275	-
Bonds and loans payable	60,288,149	107,364,809
Accrued post employment benefit obligation	501,361,106	11,608,858
Net pension liability	22,497,461	11,089
Compensated absences	20,066,070	-
Due to NYS Retirement System	10,408,800	-
Judgments and claims	37,767,620	-
Landfill post-closure costs	10,438,441	-
Retainage payable on long-term contracts	-	-
Capital lease obligations	-	392,685
Total liabilities	<u>813,525,038</u>	<u>149,280,223</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to net pension liability	103,286,585	3,391,527
Deferred inflows related to sales of future revenue	-	200,000
Deferred inflows related to accrued post employment benefit obligation	84,663,364	3,413,068
Total deferred inflows of resources	<u>187,949,949</u>	<u>7,004,595</u>
<b>NET POSITION</b>		
Net invested in capital assets	175,059,221	105,791,107
Restricted for:		
Program specific activities	3,188,260	514,898
Debt service	1,621,359	-
Unrestricted (deficiency)	<u>(647,217,707)</u>	<u>57,650,251</u>
Total net position (deficiency)	<u><u>\$(467,348,867)</u></u>	<u><u>\$ 163,956,256</u></u>

See notes to financial statements.

**CITY OF ALBANY, NEW YORK**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2021**

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	\$ 112,890,480	\$ 11,647,854	\$ 1,406,366	\$ -	\$ (99,836,260)	\$ -
General government	38,340,427	1,759,333	35,384,278	-	(1,196,816)	-
Highways and streets	11,605,855	2,549,280	-	3,024,455	(6,032,120)	-
Recreation and culture	4,815,154	1,281,152	-	-	(3,534,002)	-
Community service	18,562,225	3,284,590	2,948,032	-	(12,329,603)	-
Economic development and assistance	2,418,105	96,772	-	-	(2,321,333)	-
Post employment benefit expense	15,857,648	-	-	-	(15,857,648)	-
Interest on long-term debt	2,717,091	-	-	-	(2,717,091)	-
Total governmental activities	<u>207,206,985</u>	<u>20,618,981</u>	<u>39,738,676</u>	<u>3,024,455</u>	<u>(143,824,873)</u>	<u>-</u>
Component Units:						
Albany Water Board and Municipal Water Finance Authority	37,039,745	33,281,921	20,590,784	-	-	16,832,960
Albany Parking Authority	6,026,685	6,681,897	-	-	-	655,212
Albany Industrial Development Agency	1,083,691	1,907,976	-	-	-	824,285
Albany Port District Commission	11,358,772	10,532,825	1,046,792	-	-	220,845
Other component units	<u>157,854</u>	<u>574,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>416,258</u>
Total component units	<u>\$ 55,666,747</u>	<u>\$ 52,978,731</u>	<u>\$ 21,637,576</u>	<u>\$ -</u>	<u>-</u>	<u>18,949,560</u>
General Revenues:						
Property tax					59,178,211	-
Sales tax					40,514,371	-
Other tax					3,047,783	-
Payments in lieu of taxes					19,377,932	-
Grants not restricted to specific programs					6,127,328	-
Program income					147,337	-
Intergovernmental revenue not program-restricted					15,963,657	-
Gain on sale of capital assets					57,508	11,093
Other revenues					1,272,151	-
Unrestricted investment earnings					18,635	246,963
Total general revenues					<u>145,704,913</u>	<u>258,056</u>
Change in net position					<u>1,880,040</u>	<u>19,207,616</u>
Net position (deficiency), beginning of year					(469,228,907)	144,748,640
Net position (deficiency), end of year					<u>\$ (467,348,867)</u>	<u>\$ 163,956,256</u>

See notes to financial statements.

**CITY OF ALBANY, NEW YORK**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2021**

	General	Special Revenue	Capital Projects	Other Governmental Fund	Total Governmental Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
Assets					
Cash and cash equivalents	\$ 50,939,023	\$ 278,275	\$ 28,171,728	\$ 2,272,880	\$ 81,661,906
Cash and cash equivalents - restricted	2,687,485	-	-	-	2,687,485
Taxes receivable	4,597,618	-	-	-	4,597,618
Accounts receivable, net	5,309,249	-	-	-	5,309,249
Landfill receivable, net	278,857	-	-	-	278,857
Notes receivable	650,000	-	-	-	650,000
Mortgage loans receivable	-	-	-	8,665,407	8,665,407
Due from other funds	5,032,407	-	-	9,965	5,042,372
Due from component units	12,666,514	-	-	-	12,666,514
Due from federal and state governments	730,830	117,676	2,487,054	1,245,945	4,581,505
Due from other governments	12,337,317	-	-	-	12,337,317
Other assets	2,880,637	-	-	17,739	2,898,376
Total assets	98,109,937	395,951	30,658,782	12,211,936	141,376,606
Deferred outflows of resources					
	-	-	-	-	-
Total assets plus deferred outflows of resources	\$ 98,109,937	\$ 395,951	\$ 30,658,782	\$ 12,211,936	\$ 141,376,606
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Bond and revenue anticipation notes payable	\$ -	\$ -	\$ 59,304,275	\$ -	\$ 59,304,275
Accounts payable and accrued expenses	24,270,325	527,010	2,093,995	1,287,090	28,178,420
Due to other funds	-	322,254	4,438,080	282,038	5,042,372
Due to component units	10,251,374	-	-	-	10,251,374
Due to other governments	22,043,193	-	-	-	22,043,193
Unearned revenue	692,116	47,913	-	8,629,479	9,369,508
Other liabilities	22,974,761	-	-	-	22,974,761
Total liabilities	80,231,769	897,177	65,836,350	10,198,607	157,163,903
Deferred inflows of resources related to unavailable revenue					
	650,000	-	-	-	650,000
Fund Balances					
Nonspendable:					
Prepayments	2,864,621	-	-	3,151	2,867,772
Restricted for:					
Debt Service	1,621,359	-	-	-	1,621,359
Landfill Postclosure	931,864	-	-	-	931,864
Solid Waste Management Facility	434,703	-	-	-	434,703
PEG Access Fund	173,897	-	-	-	173,897
Other specific purposes	1,647,796	-	-	-	1,647,796
Committed for:					
ACCESS program	-	-	-	207,225	207,225
Strategic acquisition	-	-	-	40,148	40,148
Choose Albany Program	-	-	-	42,871	42,871
Neighborhood Commercial Façade Program	-	-	-	75,000	75,000
West Hill Neighborhood Strategic Plan	-	-	-	35,000	35,000
Vacant Buildings	-	-	-	132,798	132,798
Rehabilitation Assistance Program	-	-	-	129,426	129,426
Land Bank	-	-	-	50,000	50,000
Fire Victims Relocation Program	-	-	-	102,900	102,900
Assigned for:					
Other purposes	-	-	-	1,194,810	1,194,810
Unassigned balances (deficiency):	9,553,928	(501,226)	(35,177,568)	-	(26,124,866)
Total fund balances (deficiency)	17,228,168	(501,226)	(35,177,568)	2,013,329	(16,437,297)
Total liabilities, deferred inflows of resources and fund balances	\$ 98,109,937	\$ 395,951	\$ 30,658,782	\$ 12,211,936	\$ 141,376,606

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, 2021**

	<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	\$ 59,178,211	\$ -	\$ -	\$ -	\$ 59,178,211
Sales and use taxes	40,514,371	-	-	-	40,514,371
Other taxes	3,047,783	-	-	-	3,047,783
Payments in lieu of taxes	19,377,932	-	-	-	19,377,932
Intergovernmental revenue	54,402,824	2,145,500	3,024,455	6,797,025	66,369,804
Charges for services	7,907,146	-	-	147,337	8,054,483
Fines, interest and penalties	5,392,600	-	-	-	5,392,600
Uses of money and properties	108,688	-	-	-	108,688
License and permits	4,641,522	-	-	-	4,641,522
Other revenues	2,402,820	-	-	546,739	2,949,559
Total revenues	<u>196,973,897</u>	<u>2,145,500</u>	<u>3,024,455</u>	<u>7,491,101</u>	<u>209,634,953</u>
<b>EXPENDITURES</b>					
Public safety and regulation	113,077,369	-	2,810,483	-	115,887,852
General government	29,993,107	-	5,820,580	-	35,813,687
Highways and streets	6,207,640	-	8,436,329	-	14,643,969
Recreation and culture	4,126,933	-	423,221	-	4,550,154
Community service	7,630,326	-	826,659	7,540,106	15,997,091
Economic development and assistance	-	2,222,551	5,311	-	2,227,862
Employee benefits	17,414,162	-	-	-	17,414,162
Debt service:					
Principal	11,405,000	-	-	82,168	11,487,168
Interest	3,512,315	-	-	3,838	3,516,153
Total expenditures	<u>193,366,852</u>	<u>2,222,551</u>	<u>18,322,583</u>	<u>7,626,112</u>	<u>221,538,098</u>
Excess (deficiency) of revenues over expenditures	<u>3,607,045</u>	<u>(77,051)</u>	<u>(15,298,128)</u>	<u>(135,011)</u>	<u>(11,903,145)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on debt issuance	1,636,205	-	-	-	1,636,205
Transfers in	788	38,140	4,751,315	-	4,790,243
Transfers out	(4,789,455)	-	(788)	-	(4,790,243)
Total other financing sources (uses)	<u>(3,152,462)</u>	<u>38,140</u>	<u>4,750,527</u>	<u>-</u>	<u>1,636,205</u>
Net change in fund balance	<u>454,583</u>	<u>(38,911)</u>	<u>(10,547,601)</u>	<u>(135,011)</u>	<u>(10,266,940)</u>
FUND BALANCE (DEFICIENCY), beginning of year	16,773,585	(462,315)	(24,629,967)	2,148,340	(6,170,357)
FUND BALANCE (DEFICIENCY), end of year	<u>\$ 17,228,168</u>	<u>\$ (501,226)</u>	<u>\$ (35,177,568)</u>	<u>\$ 2,013,329</u>	<u>\$ (16,437,297)</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, 2021**

Total fund balance (deficiency) - governmental funds \$ (16,437,297)

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	-	
Cost of capital assets	609,901,818	
Accumulated depreciation	<u>(374,554,448)</u>	235,347,370

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

Notes receivable	<u>650,000</u>	650,000
------------------	----------------	---------

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	(58,281,685)	
Premium on debt issuance	(2,006,464)	
Deferred outflow relating to bond refunding	99,595	
Due to NYS Retirement System	(10,408,800)	
Net pension liability	(22,497,461)	
Accrued post employment benefit obligation	(501,361,106)	
Accrued interest payable	(1,797,387)	
Compensated absences	(20,066,070)	
Landfill closure and postclosure obligation	(10,438,441)	
Retainage payable on long-term contracts	-	
Judgments and claims	<u>(37,767,620)</u>	(664,525,439)

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. Accrued expenses relating to net pension liability are recorded in the funds, however are not included 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	(2,864,621)	
Accrued expenses	3,221,527	
Deferred outflows and inflows	<u>(22,740,407)</u>	(22,383,501)
Net position (deficiency) of governmental activities		<u><u>\$ (467,348,867)</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, 2021**

Total net change in fund balance - governmental funds \$ (10,266,940)

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	19,543,748	
Depreciation expense	(20,010,329)	
Proceeds from sale of capital assets	(392,927)	
Loss on disposal of assets and other	<u>(129,986)</u>	(989,494)

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	3,034,406	
Landfill closure and postclosure costs	(445,214)	
Retainage incurred in current year	-	
Retainage incurred in prior year	(28,513)	
Judgments and claims	<u>(2,893,745)</u>	(333,066)

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.

Premiums on debt issuances	(1,636,205)	
Amortization of premiums on debt issuances	1,781,632	
Amortization of deferred outflow resulting from refunding of debt	(89,397)	
Principal repaid	<u>11,487,147</u>	11,543,177

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

Accrued post employment benefit liability adjustment	(13,986,011)	
Changes in deferred inflows and outflows of resources	(3,041,815)	
Post employment benefit contribution paid	<u>15,301,430</u>	(1,726,396)

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.

(893,173)

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

(25,000)

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

4,570,932

Change in net position of governmental activities

\$ 1,880,040

*See notes to financial statements.*

# CITY OF ALBANY

## COMBINING STATEMENT OF NET POSITION – DISCRETELY PRESENTED COMPONENT UNITS

December 31, 2021

	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	\$ 6,965,227	\$ 2,421,181	\$ 3,307,323	\$ 6,501,133	\$ 619,067	\$ 19,813,931
Cash and cash equivalents, restricted	29,270,187	1,289,937	42,749	-	-	30,602,873
Investments	8,563,419	150,405	-	-	-	8,713,824
Investments, restricted	17,629,122	-	-	-	-	17,629,122
Accounts receivable, net	10,785,322	62,942	371,940	524,737	-	11,744,941
Notes and other receivables	-	-	-	612,730	5,000	617,730
Mortgage loans receivable	-	-	131,970	-	-	131,970
Due from primary government	400,773	253,994	-	-	-	654,767
Due from other governments	11,467,138	-	-	-	-	11,467,138
Prepaid and other assets	595,944	7,313	-	75,982	800	680,039
Capital assets, net	125,452,672	11,577,431	3,049	75,455,322	18,309	212,506,783
Total assets	<u>211,129,804</u>	<u>15,763,203</u>	<u>3,857,031</u>	<u>83,169,904</u>	<u>643,176</u>	<u>314,563,118</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows resulting from refunding of debt, net	-	170,172	-	-	-	170,172
Deferred outflows related to net pension liability	-	1,733,056	-	880,713	-	2,613,769
Deferred outflows related to accrued post employment benefit obligation	-	2,704,871	-	189,144	-	2,894,015
Total deferred outflows of resources	<u>-</u>	<u>4,608,099</u>	<u>-</u>	<u>1,069,857</u>	<u>-</u>	<u>5,677,956</u>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	16,204,810	140,880	33,125	2,183,596	3,101	18,565,512
Current maturities of long-term debt	1,941,719	1,365,000	-	1,688,212	-	4,994,931
Current installments of capital lease obligation	-	221,577	-	-	-	221,577
Accrued interest payable	-	148,374	-	-	-	148,374
Line of credit	4,050,000	-	-	-	-	4,050,000
Due to primary government	-	-	131,970	-	-	131,970
Due to other governments	3,794,181	-	-	-	-	3,794,181
Unearned revenues	-	92,844	42,749	2,959,853	-	3,095,446
Other liabilities	-	-	-	117,299	-	117,299
Accrued post employment benefit obligation	-	7,929,832	-	3,679,026	-	11,608,858
Net pension liability	-	7,274	-	3,815	-	11,089
Capital lease obligation, less current installments	-	171,108	-	-	-	171,108
Bonds and notes payable	92,764,490	5,270,388	-	4,335,000	-	102,369,878
Total liabilities	<u>118,755,200</u>	<u>15,347,277</u>	<u>207,844</u>	<u>14,966,801</u>	<u>3,101</u>	<u>149,280,223</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to net pension liability	-	2,233,770	-	1,157,757	-	3,391,527
Deferred inflows related to accrued post employment benefit obligation	-	2,640,795	-	772,273	-	3,413,068
Deferred inflows related to sales of future revenues	200,000	-	-	-	-	200,000
Total deferred inflows of resources	<u>200,000</u>	<u>4,874,565</u>	<u>-</u>	<u>1,930,030</u>	<u>-</u>	<u>7,004,595</u>
<b>NET POSITION (DEFICIENCY)</b>						
Net invested in capital assets	30,746,463	5,612,534	-	69,432,110	-	105,791,107
Restricted	-	472,149	42,749	-	-	514,898
Unrestricted (deficiency)	61,428,141	(5,935,223)	3,606,438	(2,089,180)	640,075	57,650,251
Total net position (deficiency)	<u>\$ 92,174,604</u>	<u>\$ 149,460</u>	<u>\$ 3,649,187</u>	<u>\$ 67,342,930</u>	<u>\$ 640,075</u>	<u>\$ 163,956,256</u>

See notes to financial statements.

**CITY OF ALBANY**  
**COMBINING STATEMENT OF ACTIVITIES – DISCRETELY PRESENTED COMPONENT UNITS**  
**December 31, 2021**

	<b>Albany Water Board and Municipal Water Finance Authority</b>	<b>Albany Parking Authority</b>	<b>City of Albany Industrial Development Agency</b>	<b>Albany Port District Commission</b>	<b>Other Component Units</b>	<b>Totals</b>
Operating revenue	\$ 33,281,921	\$ 6,681,897	\$ 1,907,976	\$ 10,532,825	\$ 574,112	\$ 52,978,731
Operating expenses						
Costs of services	-	3,673,491	709,699	878,917	103,486	5,365,593
Source of supply and purification	4,483,446	-	-	-	-	4,483,446
Transmission and distribution	5,499,209	-	-	-	-	5,499,209
General and administrative	7,455,106	141,104	-	2,910,575	54,368	10,561,153
Real estate taxes paid to other governments	1,662,690	-	-	-	-	1,662,690
Sewer contract	8,856,463	-	-	-	-	8,856,463
Depreciation and amortization	8,103,580	1,071,468	938	2,591,161	-	11,767,147
Grants	-	-	373,054	-	-	373,054
Offshore Wind project	-	-	-	4,383,971	-	4,383,971
Miscellaneous	-	794,338	-	-	-	794,338
Total operating expenses	36,060,494	5,680,401	1,083,691	10,764,624	157,854	53,747,064
Excess (deficiency) of operating revenue over expenses before nonoperating (expenses) revenue	(2,778,573)	1,001,496	824,285	(231,799)	416,258	(768,333)
Nonoperating (expenses) revenue						
Amortization of bond insurance premiums	-	(48,048)	-	-	-	(48,048)
Decrease in fair value of investments	(315,273)	-	-	-	-	(315,273)
Interest income	226,972	2,073	17,582	336	-	246,963
Interest expense	(663,978)	(298,236)	-	(183,679)	-	(1,145,893)
Gain on sale of assets	18,064	820	-	(7,791)	-	11,093
Municipal Support Agreement Costs	-	-	-	(160,263)	-	(160,263)
Waterfront development expenses	-	-	-	(250,206)	-	(250,206)
Net nonoperating (expenses) revenue	(734,215)	(343,391)	17,582	(601,603)	-	(1,661,627)
Excess (deficiency) of revenue over expenses before transfers	(3,512,788)	658,105	841,867	(833,402)	416,258	(2,429,960)
Grant funding and contributions	20,590,784	-	-	1,046,792	-	21,637,576
Excess (deficiency) of revenue over expenses	17,077,996	658,105	841,867	213,390	416,258	19,207,616
NET POSITION (DEFICIENCY), beginning of year	75,096,608	(508,645)	2,807,320	67,129,540	223,817	144,748,640
NET POSITION (DEFICIENCY), end of year	\$ 92,174,604	\$ 149,460	\$ 3,649,187	\$ 67,342,930	\$ 640,075	\$ 163,956,256

*See notes to financial statements.*

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**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, 2021**

**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, 2021**

**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 of directors appointed by the City Common Council.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**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) is a non-profit organization that was 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, 2021**

**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.

Since the most recent financial information is not available for CBID and BID at the date of the City's financial statements issuance, they are not included in discretely presented component units in the City's 2021 financial statements. Management believes that the impact of these omissions is not material to the City's 2021 financial statements.

The Association and CRC 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, 2021**

**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.

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. 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, 2021**

**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, 2021**

**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, 2021**

**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, 2021**

**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.

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*.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

**E. Tax Abatements (Continued)**

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 \$355,000,000 for the Property Tax Year, with a taxable assessed value of approximately \$39,000,000. The total PILOT payments on these properties to date was approximately \$760,000 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 \$5,000,000 abatement of County/City property taxes. For the school district, there is also \$355,000,000 in property value but an assessed value of \$37,000,000 based on \$1,100,000 in PILOT payments, with \$9,600,000 abated of County/City taxes.

The total assessed value of Commercial (almost exclusively IDA) properties is approximately \$329,000,000 for the Property Tax Year and approximately \$331,000,000 for the School Tax Year, with taxable assessed values of approximately \$121,000,000 and \$133,000,000 respectively. The total PILOT payments on these properties to date were approximately \$1,000,000, \$382,000, \$3,000,000 and \$241,000 to the City, County, School and Library Districts respectively. This constitutes approximately a \$3,500,000 abatement of County/City property taxes and a \$6,600,000 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, 2021**

**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.



**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

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

iii. Long-term liability transaction differences (continued):

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.

**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, 2021, 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, 2021, all cash and cash equivalents, as well as restricted cash and cash equivalents in excess of FDIC insurance, were fully collateralized by securities in the name of the financial institution held in a separate account.

The City has approximately \$2,687,000 in cash and cash equivalents that have been restricted as follows:

<b>General Fund</b>	
Debt service	\$ 1,677,000
Landfill postclosure	932,000
NYS Power Authority grant	78,000
	<u><u>\$ 2,687,000</u></u>

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 4 — CASH AND CASH EQUIVALENTS AND CASH AND CASH EQUIVALENTS - RESTRICTED** (Continued)

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, 2021, the City had outstanding landfill receivables of approximately \$404,000, with an allowance of approximately \$125,000.

**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, 2021.

The taxable assessed value of real property, as adjusted by New York State, included in the tax levy of 2020 (revenue in 2021), was \$4,808,353,283. The effective tax rate on this value is \$11.02 per thousand for residential and \$14.22 per thousand for non-residential properties. The constitutional tax limit is 2% of the 5-year average of the full value assessment. The 2020 levy represents approximately 60% of the constitutional tax limit. The taxable assessed value of real property included in the tax levy of 2021 (revenue in 2022), was \$4,858,990,950. The effective tax rate on this value is \$10.97 per thousand for residential and \$14.46 per thousand for non-residential properties. The 2021 levy represents approximately 61% of the constitutional tax limit.

**NOTE 7 — CAPITAL ASSETS**

Property and equipment is comprised of the following:

	Balance January 1, 2021	Additions	Deletions and Reclassifications	Balance December 31, 2021
Capital assets not being depreciated:				
Land and land improvements	\$ 1,979,669	\$ -	\$ -	\$ 1,979,669
Construction in process	17,282,277	12,484,151	(18,379,833)	11,386,595
	<u>19,261,946</u>	<u>12,484,151</u>	<u>(18,379,833)</u>	<u>13,366,264</u>
Capital assets being depreciated:				
Buildings, capital leases, and improvements	60,768,697	-	-	60,768,697
Machinery and equipment	88,537,251	6,751,720	(572,472)	94,716,499
Infrastructure	422,362,648	18,687,710	-	441,050,358
	<u>571,668,596</u>	<u>25,439,430</u>	<u>(572,472)</u>	<u>596,535,554</u>
Less accumulated depreciation for:				
Buildings, capital leases, and improvements	34,477,628	1,537,205	-	36,014,833
Machinery and equipment	67,040,786	5,367,083	(572,472)	71,835,397
Infrastructure	253,598,177	13,106,041	-	266,704,218
	<u>355,116,591</u>	<u>20,010,329</u>	<u>(572,472)</u>	<u>374,554,448</u>
Total capital assets, net	<u>\$ 235,813,951</u>			<u>\$ 235,347,370</u>

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 7 — CAPITAL ASSETS (Continued)**

Depreciation expense was approximately \$20,010,000 for the year ended December 31, 2021. In the statement of activities, depreciation expense is allocated to each function as follows:

<u>Function/Programs</u>	<u>Depreciation Expense</u>
Public safety and regulation	\$ 3,917,000
General government	6,323,000
Highway and streets	5,371,000
Recreation and culture	818,000
Community service	3,125,000
Economic development and assistance	456,000
	<u>\$ 20,010,000</u>

**NOTE 8 — NOTES RECEIVABLE**

Notes receivable of \$650,000 reported in the fund financial statements and the government-wide financial statements as of December 31, 2021 represent a term note with The Palace Performing Arts Center, Inc. The repayment terms require 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, and HOME) 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, 2021:

<u>Program</u>	<u>Balance</u>
HUD	\$3,500,366
HUD, forgivable grant loans	5,129,011
Choose Albany, net of allowance	36,030
	<u>\$8,665,407</u>

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 10 — INTERFUND RECEIVABLES AND PAYABLES**

A summary of interfund receivables and payables at December 31, 2021 is as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	\$ 5,032,407	\$ -
Special Revenue	-	322,254
Capital Projects	-	4,438,080
Albany Community Development Agency	9,965	282,038
	<u>\$ 5,042,372</u>	<u>\$ 5,042,372</u>

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

The City has reported approximately \$2,415,000 as the amount due from the Component Units, net at December 31, 2021. The Component Units reported approximately net \$523,000 as the amount due from the primary government, net. The net difference as reported by the City and its Component Units is approximately \$2,938,000 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, 2021**

**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 2020, the City elected to amortize approximately \$2,651,000 of its calculated pension contribution to the retirement system for its fiscal year ended December 31, 2021. The City's contributions made to the Systems were equal to 100 percent of the minimum required contributions. At December 31, 2021, approximately \$10,409,000 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, 2021, 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, 2020	April 1, 2020
Net Pension Asset (Liability)	\$(22,387,643)	\$ (109,818)
Proportionate Share of the Plan's		
Total Net Pension Liability	1.2894058%	0.1102878%
Proportionate Share of Pension Expense	\$ 10,596,589	\$ 2,067,431

The PFRS and ERS net pension liability was measured as of March 31, 2021, and the total pension liability was determined by an actuarial valuation as of April 1, 2020. 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, 2021, 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	\$ 4,967,699	\$ -	\$ 1,341,175	\$ -
Net difference between projected and actual earnings on pension plan investments	-	65,829,555	-	31,546,182
Changes in assumptions	55,004,019	-	20,191,979	380,827
Changes in proportion and differences between City contributions and proportionate share of contributions	125,251	4,675,356	49,705	854,665
City contributions subsequent to the measurement date	13,586,252	-	-	-
	<u>\$ 73,683,221</u>	<u>\$ 70,504,911</u>	<u>\$ 21,582,859</u>	<u>\$ 32,781,674</u>

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**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, 2022 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>
2022	\$ (3,985,324)	\$ (2,233,232)
2023	(1,442,277)	(930,346)
2024	(3,068,182)	(1,892,277)
2025	(12,384,278)	(6,142,960)
2026	10,472,119	-
	<u>\$ (10,407,942)</u>	<u>\$(11,198,815)</u>

**Actuarial Assumptions**

The total pension liability for the December 31, 2021 measurement date was determined by using an actuarial valuation as of January 1, 2021. These actuarial valuations for both ERS and PFRS used the following actuarial assumptions:

**Actuarial cost method** – Entry age normal

**Inflation** – 2.7%

**Salary increases** – 4.4% in ERS, 6.2% in PFRS, indexed by service

**Investment rate of return** – 5.9% compounded annually, net of investment expense, including inflation

**Cost of living adjustments** – 1.4% annually

**Mortality** – Based on the plan's experience from April 1, 2015 – March 31, 2020 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020

**Discount rate** – 5.9%

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, 2021**

**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	32%	4.05%
International equities	15%	6.30%
Private equities	10%	6.75%
Real estate	9%	4.95%
Opportunistic / ARS portfolio	3%	4.50%
Credit	4%	3.63%
Real assets	3%	5.95%
Fixed income	23%	0.00%
Cash	1%	0.50%
	<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 (liability) calculated using the discount rate of 5.9% (ERS and PFRS) and the impact of using a discount rate that is 1% lower or higher than the current rate.

	<u><b>1.0% Decrease</b></u>	<u><b>Discount Rate</b></u>	<u><b>1.0% Increase</b></u>
City's proportionate share of the PFRS net pension asset (liability)	<u>\$ (95,204,876)</u>	<u>\$ (22,387,643)</u>	<u>\$ 37,886,207</u>
City's proportionate share of the ERS net pension asset (liability)	<u>\$ (30,481,215)</u>	<u>\$ (109,818)</u>	<u>\$ 27,899,719</u>

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**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 March 2021, the City issued approximately \$59,304,000 in BANs. The BANs are due March 25, 2022. The BANs carry an interest rate of 3.00% to yield 0.21%. The proceeds of the BANs, along with available funds, were used to redeem the \$44,672,719 BANs that were issued in 2020 and matured March 26, 2021, and also provide new funds for various capital purposes and improvements. These BANs were subsequently redeemed in March 2022 (see Note 16 – Subsequent Events).

Interest expense on BANs totaled approximately \$815,000 for the year ended December 31, 2021.

**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, 2021:

	<b>Balance January 1, 2021</b>	<b>New Issues/ Increase in Estimates</b>	<b>Payments/ Decrease in Estimates</b>	<b>Balance December 31, 2021</b>
Bonds	\$ 69,655,000	\$ -	\$ (11,405,000)	\$ 58,250,000
Premiums on debt issuance	2,151,891	1,636,205	(1,781,632)	2,006,464
Loans payable (ACDA)	113,832	-	(82,147)	31,685
Post employment benefit obligation (Note 14)	502,676,525	17,094,170	(18,409,589)	501,361,106
Vacation/sick pay obligations	23,100,476		(3,034,406)	20,066,070
Due to NYS Retirement System	10,148,336	2,151,204	(1,890,740)	10,408,800
Net pension liability	102,569,140	32,679,481	(112,751,160)	22,497,461
Litigation and contingent liabilities	34,873,875	10,065,032	(7,171,287)	37,767,620
Landfill closure and postclosure care costs	9,993,227	445,214	-	10,438,441
Retainage payable on long-term contracts	28,513	-	(28,513)	-
<b>Total</b>	<b>\$755,310,815</b>	<b>\$ 64,071,306</b>	<b>\$ (156,554,474)</b>	<b>\$ 662,827,647</b>

Of the total outstanding indebtedness of the City at December 31, 2021, approximately \$117,554,000 was subject to the statutory debt limit. Amounts subject to the statutory debt limit include bonds and bond anticipation notes payable. This represents approximately 31% of the City's \$380,032,812 statutory debt limit.



**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**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, 2021:

<u>Interest Rate</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding December 31, 2021</u>	<u>Annual Principal Installments (Range)</u>
Serial Bonds					
4.00 - 5.00%	2011	2025	\$ 11,075,000	\$ 835,000	\$195,000 - 225,000
2.00%	2016	2023	10,210,000	3,630,000	\$1,795,000 - 1,835,000
2.00%	2016	2025	13,474,579	5,890,000	\$1,310,000 - 1,665,000
4.00%	2018	2028	33,310,417	24,050,000	\$3,085,000 - 3,725,000
3.00%	2019	2034	26,000,000	23,560,000	\$1,480,000 - 2,185,000
EFC Bonds					
4.912 - 5.002%	2012	2022	2,730,000	<u>285,000</u>	\$285,000
				\$ 58,250,000	
Add: Unamortized Premiums				<u>2,006,464</u>	
				<u>\$ 60,256,464</u>	

The following are details of bonds outstanding at December 31, 2021:

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 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.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 14 — INDEBTEDNESS (Continued)**

**(a) Bonds (continued)**

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

Future maturities of general long-term debt as of December 31, 2021 are as follows:

<b>Year Ending December 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	6,515,000	1,069,400	7,584,400
2026	5,165,000	858,725	6,023,725
2027-2034	23,010,000	2,254,575	25,264,575
	<u>\$ 58,250,000</u>	<u>\$ 8,851,118</u>	<u>\$ 67,101,118</u>

Interest expense for bonds was approximately \$1,553,000 for the year ended December 31, 2021.

**(b) Loans payable**

Loans payable are further broken down as follows:

	<b>Balance January 1, 2021</b>	<b>New Issues/ Increase in Estimates</b>	<b>Retirement/ Decrease in Estimates</b>	<b>Balance December 31, 2021</b>
Note payable (1)	\$ 44,825	\$ -	\$ (13,140)	\$ 31,685
Note payable (2)	<u>69,007</u>	<u>-</u>	<u>(69,007)</u>	<u>-</u>
	<u>\$ 113,832</u>	<u>\$ -</u>	<u>\$ (82,147)</u>	<u>\$ 31,685</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%.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 14 — INDEBTEDNESS (Continued)**

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

- (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%. At December 31, 2020, the property acquired was recorded as property held for sale and included in other assets in the statement of net position. In 2021, the property was sold, and the note was paid in full.

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

Each year from 2011 through 2021, 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 1.60% - 3.99%.

A summary of future NYSLRS payment obligations as of December 31, 2021 is as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ -	\$ -
2023	1,747,486	277,324	2,024,810
2024	1,490,447	263,749	1,754,196
2025	1,539,964	214,232	1,754,196
2026	1,591,176	163,017	1,754,193
2027-2031	3,152,672	320,471	3,473,143
2032-2034	887,055	45,012	932,067
	<u>\$10,408,800</u>	<u>\$1,283,805</u>	<u>\$ 11,692,605</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 \$17,178,000 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. 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.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 14 — INDEBTEDNESS (Continued)**

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

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, 2021 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 2021 are as follows:

	<b>Balance as of January 1 2021</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance as of December 31, 2021</b>
Workers' compensation liability	<u>\$ 17,588,007</u>	<u>\$ 10,065,032</u>	<u>\$ (7,063,122)</u>	<u>\$ 20,589,917</u>

**(3) *Grant Programs***

City

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

ACDA

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

**(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, 2021. In June 2019, 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 2024.

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.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 14 — INDEBTEDNESS (Continued)**

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

Accrued landfill closure and post closure care costs of approximately \$10,438,000 at December 31, 2021, represent the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of all previously closed landfills and 91 percent of the estimated capacity of the AIL as determined by an independent engineer. The estimated remaining life of the AIL is approximately 4.8 years. The City will recognize the remaining estimated cost of closure and post closure care of \$1,014,000 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 2021. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City currently has restricted cash of approximately \$932,000 for payment of closure and post closure care costs.

**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.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

**Employees Covered by Benefit Terms**

Inactive employees or beneficiaries currently receiving benefit payments	1,347
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	-
Active employees	<u>1,192</u>
	<u><u>2,539</u></u>

**Actuarial Methods and Assumptions**

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

The City's total OPEB liability, as of December 31, 2021, was measured as of December 31, 2021 and was determined by an actuarial valuation as of January 1, 2020.

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

**Salary increases** – 3.0%

**Discount rate 12/31/2021** – 2.05%

**Discount rate 12/31/2020** – 2.02%

**Healthcare cost trend rates:** 7.00% decreasing to an ultimate rate of 4.50% by 2032.

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' Pub-2010 mortality tables with adjustments for mortality improvements based on the most current Society of Actuaries Mortality Improvement Scale MP-2019.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

**Changes in the Total OPEB Liability**

<b>Beginning balance</b>	<u>\$ 502,676,525</u>
Changes for the year:	
Service cost	6,946,141
Interest	10,148,029
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(3,108,159)
Benefit payments	<u>(15,301,430)</u>
Net changes	<u>\$ (1,315,419)</u>
<b>Ending balance</b>	<u><u>\$ 501,361,106</u></u>

**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:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
Total OPEB Liability	<u>\$ 620,982,160</u>	<u>\$ 501,361,106</u>	<u>\$ 415,511,385</u>
	<u>1.0% Decrease</u>	<u>Current Healthcare Trend Rates</u>	<u>1.0% Increase</u>
Total OPEB Liability	<u>\$ 408,279,278</u>	<u>\$ 501,361,106</u>	<u>\$ 631,234,314</u>

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

For the year ended December 31, 2021, the City recognized OPEB expense of approximately \$17,028,000.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

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

At December 31, 2021, the City reported deferred outflows and deferred inflows of resources related to OPEB as follows:

<b>Deferred Outflows of Resources</b>	
Differences between expected and actual experience	\$ -
Changes of assumptions or other inputs	<u>69,943,462</u>
Total deferred outflows of resources	<u><u>\$ 69,943,462</u></u>
<b>Deferred Inflows</b>	
Differences between expected and actual experience	\$ -
Changes of assumptions or other inputs	<u>84,663,364</u>
Total deferred Inflows	<u><u>\$ 84,663,364</u></u>

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

<u>Year Ended</u>	
2022	\$ (66,344)
2023	(66,344)
2024	(66,344)
2025	(66,344)
2026	(66,344)
Thereafter	<u>(14,388,182)</u>
	<u><u>\$(14,719,902)</u></u>

**NOTE 16 — SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 29, 2022, which is the date the financial statements were available to be issued.

In March 2022, the City issued \$16,840,944 in BANs. The BANs are due March 24, 2023. The BANs carry an interest rate of 2.25%.

In March 2022, the City also issued \$50,645,000 in general obligation serial bonds. The bonds carry an interest rate of 4.00%, with a premium of \$5,555,316. The bonds have maturity dates ranging from March 15, 2023 through March 15, 2032.

The proceeds of the BANs and the bonds, along with available funds, were used to redeem the \$59,304,275 BANs that were issued in 2021 and matured March 25, 2022, and also provide new funds for various capital purposes and improvements.



**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 17 — RISKS AND UNCERTAINTIES**

Global and domestic responses to the coronavirus (COVID-19) pandemic continue to have an impact on the City's operations.

In response to the pandemic, The American Rescue Plan Act (the Act) of 2021 established the Coronavirus State Fiscal Recovery Fund (CSFRF) and Coronavirus Local Fiscal Recovery Fund (CLFRF) which provides assistance to eligible state, local, territorial, and Tribal governments. The City was allocated approximately \$80,700,000 as part of the Act to help replace lost revenues, cover COVID related expenses, and reverse the economic impacts of the pandemic.

The City is projected to face significant revenue impacts due to the pandemic between 2021 and 2024 that will require the majority of the American Rescue Plan funding. Beyond this much-needed relief for fiscal stress and operations, a portion of the stimulus package will be set aside to ensure resources get to where they are needed to restart Albany, re-open businesses, prevent evictions, and strengthen the community's not-for-profit organizations. In March 2021, a COVID Recovery Task Force was established to ensure the City of Albany equitably and strategically maximizes the resources available to our residents, businesses, and community organizations.

The full extent of COVID-19's effect on the City's operational and financial performance will depend on future developments and changes to the political and economic environment.

## **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, 2021**

	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	\$ 59,550,000	\$ 59,550,000	\$ 59,178,211	\$ (371,789)	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	35,582,773	36,832,773	40,514,371	3,681,598	-	-	-	-
Other taxes	3,152,600	3,152,600	3,047,783	(104,817)	-	-	-	-
Payments in lieu of taxes	20,217,273	20,217,273	19,377,932	(839,341)	-	-	-	-
Intergovernmental revenue	30,498,771	37,372,617	54,402,824	17,030,207	2,496,276	2,524,705	2,145,500	(379,205)
Charges for services	11,994,150	12,904,078	7,907,146	(4,996,932)	-	-	-	-
Fines, interest and penalties	5,475,000	5,475,000	5,392,600	(82,400)	-	-	-	-
Use of money and properties	745,880	212,180	108,688	(103,492)	-	-	-	-
Licenses and permits	4,301,450	4,593,907	4,641,522	47,615	-	-	-	-
Other revenues	4,372,750	5,257,746	2,402,820	(2,854,926)	-	-	-	-
Total revenues	175,890,647	185,568,174	196,973,897	11,405,723	2,496,276	2,524,705	2,145,500	(379,205)
<b>EXPENDITURES</b>								
Public safety and regulation	99,911,784	104,597,882	113,077,369	8,479,487	-	-	-	-
General government	25,485,220	31,036,149	29,993,107	(1,043,042)	-	-	-	-
Highways and streets	6,282,519	6,779,850	6,207,640	(572,210)	-	-	-	-
Recreation and culture	4,841,651	6,425,570	4,126,933	(2,298,637)	-	-	-	-
Community service	10,250,914	10,553,854	7,630,326	(2,923,528)	-	-	-	-
Economic development and assistance	-	-	-	-	2,496,276	2,524,705	2,222,551	(302,154)
Employee benefits	11,150,931	11,963,704	17,414,162	5,450,458	-	-	-	-
Debt service	17,967,628	17,967,628	14,917,315	(3,050,313)	-	-	-	-
Total expenditures	175,890,647	189,324,637	193,366,852	4,042,215	2,496,276	2,524,705	2,222,551	(302,154)
Excess (deficiency) of revenues and appropriated fund balance over expenditures	-	(3,756,463)	3,607,045	7,363,508	-	-	(77,051)	(77,051)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers	-	-	(4,788,667)	(4,788,667)	-	-	-	-
Premium on debt issuance	-	-	1,636,205	1,636,205	-	-	-	-
Total other financing sources (uses)	-	-	(3,152,462)	(3,152,462)	-	-	-	-
Excess (deficiency) of revenues, appropriated fund balance and other financing sources over expenditures and other financing uses	\$ -	\$ (3,756,463)	\$ 454,583	\$ 4,211,046	\$ -	\$ -	\$ (77,051)	\$ (77,051)

# 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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	1.289406%	1.375324%	1.389398%	1.369718%	1.454527%	1.408760%	1.465709%
City's proportionate share of the net pension liability	\$(22,387,643)	\$(73,510,222)	\$(23,301,086)	\$(13,844,521)	\$(30,147,273)	\$(41,710,392)	\$ (4,034,505)
City's covered-employee payroll	\$ 49,506,858	\$ 49,687,812	\$ 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	45.22%	147.94%	49.09%	29.17%	60.76%	91.74%	8.29%
Plan fiduciary net position as a percentage of the total pension liability	<u>95.79%</u>	<u>84.86%</u>	<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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2016</u>	<u>2015</u>
Inflation	2.7%	2.5%	2.5%	2.5%	2.7%
Salary increases	6.2%	5.0%	5.0%	4.5%	6.0%
Cost of living adjustments	1.4%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	6.8%	7.0%	7.0%	7.5%
Discount rate	5.9%	6.8%	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 POLICE AND FIRE RETIREMENT SYSTEM**  
**(LAST 10 FISCAL YEARS)**

<u>March 31,</u>	<u>2021</u>	<u>2020</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>
Contractually required contribution	\$ 11,311,924	\$ 10,821,054	\$ 10,855,351	\$ 10,718,641	\$ 12,145,867	\$ 10,552,391	\$ 12,094,801	\$ 13,912,995	\$ 11,250,128	\$ 8,931,589
Contribution in relation to the contractually required contribution	<u>(11,311,924)</u>	<u>(10,821,054)</u>	<u>(10,855,351)</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>
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	\$ 49,506,858	\$ 49,687,812	\$ 50,033,104	\$ 47,463,780	\$ 49,618,689	\$ 45,463,467	\$ 48,692,865	\$ 49,765,799	\$ 45,236,096	\$ 45,132,856
Contributions as a percentage of covered-employee payroll	<u>22.85%</u>	<u>21.78%</u>	<u>21.70%</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>

# 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

As of the measurement date of March 31,	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.110288%	0.109737%	0.112003%	0.112700%	0.113703%	0.119550%	0.132978%
City's proportionate share of the net pension liability	\$ (109,818)	\$(29,058,918)	\$ (7,935,785)	\$ (3,637,344)	\$(10,683,797)	\$(19,188,066)	\$ (4,492,317)
City's covered-employee payroll	\$ 31,030,542	\$ 29,446,468	\$ 28,973,481	\$ 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	0.35%	98.68%	27.39%	12.88%	38.26%	69.28%	14.25%
Plan fiduciary net position as a percentage of the total pension liability	<u>99.95%</u>	<u>86.39%</u>	<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:

	2021	2020	2019	2016	2015
Inflation	2.7%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.2%	4.2%	3.8%	4.9%
Cost of living adjustments	1.4%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	6.8%	7.0%	7.0%	7.5%
Discount rate	5.9%	6.8%	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>2021</u>	<u>2020</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>
Contractually required contribution	\$ 4,110,264	\$ 3,924,727	\$ 3,968,528	\$ 3,982,586	\$ 4,880,229	\$ 4,859,954	\$ 6,368,984	\$ 6,424,534	\$ 5,449,165	\$ 4,539,660
Contribution in relation to the contractually required contribution	<u>(4,110,264)</u>	<u>(3,924,727)</u>	<u>(3,968,528)</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>
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	\$ 31,030,542	\$ 29,446,468	\$ 28,973,481	\$ 28,245,346	\$ 27,923,236	\$ 27,697,230	\$ 31,518,901	\$ 30,963,158	\$ 30,566,919	\$ 31,109,237
Contributions as a percentage of covered-employee payroll	<u>13.25%</u>	<u>13.33%</u>	<u>13.70%</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>

# CITY OF ALBANY, NEW YORK

## SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>				
Service cost	\$ 6,946,141	\$ 6,872,668	\$ 5,092,227	\$ 4,083,647
Interest	10,148,029	12,144,139	17,248,279	18,084,292
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	-	-	-
Changes of assumptions or other inputs	(3,108,159)	(109,166,262)	111,742,345	-
Benefit payments	<u>(15,301,430)</u>	<u>(16,738,048)</u>	<u>(15,089,450)</u>	<u>(14,999,483)</u>
Net changes in total OPEB liability	\$ (1,315,419)	\$ (106,887,503)	\$ 118,993,401	\$ 7,168,456
Total OPEB liability - beginning	<u>\$ 502,676,525</u>	<u>\$ 609,564,028</u>	<u>\$ 490,570,627</u>	<u>\$ 483,402,171</u>
Total OPEB liability - ending	<u><u>\$ 501,361,106</u></u>	<u><u>\$ 502,676,525</u></u>	<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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate	2.05%	2.02%	2.90%	3.80%



## **ADDITIONAL REPORTS**

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

Mayor and Members of the City Council  
City of Albany

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Albany, New York (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Albany, New York's basic financial statements, and have issued our report thereon dated September 29, 2022. Our report includes a reference to other auditors who audited the financial statements of the Albany Parking Authority, the Albany Water Board and Albany Municipal Water Finance Authority, the Albany Industrial Development Agency, and certain other component units, as described in our report on the City of Albany, New York's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 that we consider to be material weaknesses.

### **Report on Compliance and Other Matters**

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

### **The City's Response to Findings**

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

### **Purpose of this Report**

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

*UHY* LLP

Albany, New York  
September 29, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Mayor and Members of the City Council  
City of Albany

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited City of Albany, New York's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Albany, New York complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

The City's basic financial statements include the operations of Albany Community Development Agency (ACDA), a blended component unit, which expended \$6,960,646 in Federal awards. Our audit, described below, did not include the operations of ACDA because this component unit was separately audited in accordance with Uniform Guidance and the related reports have been separately submitted. Federal expenditures, if any, relating to other component units are not included since they are audited and reported as separate entities.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with

generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

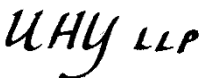
#### **Report on Internal Control over Compliance**

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Albany, New York  
September 29, 2022

**CITY OF ALBANY, NEW YORK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing/ CFDA Number</u>	<u>Pass- Through Number</u>	<u>Total Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
Direct Program				
Community Development Block Grants/Entitlement Grants	14.218	Not Applicable	\$ 3,314,689	\$ 3,215,096
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	Not Applicable	740,165	740,165
Emergency Solutions Grant Program	14.231	Not Applicable	242,305	242,305
COVID-19 Emergency Solutions Grant Program	14.231	Not Applicable	829,760	829,760
Home Investment Partnerships Program	14.239	Not Applicable	600,609	600,609
Housing Opportunities for Persons with AIDS	14.241	Not Applicable	629,830	613,434
COVID-19 Housing Opportunities for Persons with AIDS	14.241	Not Applicable	33,184	33,184
<b>Total U.S. Department of Housing and Urban Development</b>			<b>6,390,542</b>	<b>6,274,553</b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>				
Passed Through NYS Office for Victims of Crime				
Organized Crime Drug Enforcement Task Force	16.729	Not Applicable	20,049	-
Total Passed Through NYS Office for Victims of Crime			20,049	-
Passed Through NYS Bureau of Justice Assistance				
Justice Assistance Grant - Albany Plan	16.738	2017-DJ-BX-0027	54,606	-
Justice Assistance Grant - Albany Plan	16.738	2018-DJ-BX-0410	31,772	-
Justice Assistance Grant - Albany Plan	16.738	2019-DJ-BX	18,600	-
Bulletproof Vest Partnership Program	16.607	Not Applicable	22,335	-
Total Passed Through NYS Bureau of Justice Assistance			127,313	-
<b>Total U.S. Department of Justice</b>			<b>147,362</b>	<b>-</b>
<b><u>U.S. DEPARTMENT OF THE TREASURY</u></b>				
Direct Program				
Coronavirus State and Local Fiscal Recovery Funds Program	21.027	Not Applicable	18,112,315	-
<b>Total U.S. Department of the Treasury</b>			<b>18,112,315</b>	<b>-</b>

*The accompanying notes are an integral part of this Schedule.*

**CITY OF ALBANY, NEW YORK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing/ CFDA Number</u>	<u>Pass- Through Number</u>	<u>Total Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>				
Passed Through NYS Department of Labor				
WIA Cluster				
Workforce Investment and Opportunity Act - WIOA Adult Program	17.258	Not Applicable	564,744	-
Workforce Investment and Opportunity Act - WIOA Youth Activities	17.259	Not Applicable	643,161	-
Workforce Investment and Opportunity Act - WIOA Dislocated Worker	17.278	Not Applicable	423,400	-
Workforce Investment and Opportunity Act - WIOA Dislocated Worker	17.278	Not Applicable	44,945	-
Total WIA Cluster			1,676,250	-
Trade Adjustment Assistance	17.245	Not Applicable	10,605	-
Total Passed Through NYS Department of Labor			1,686,855	-
<b>Total U.S. Department of Labor</b>			<b>1,686,855</b>	<b>-</b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>				
Passed Through NYS Department of Transportation				
Highway Planning and Construction				
Pedestrian Safety Action Plan	20.205	1760.92	131,820	-
Total Highway Planning and Construction			131,820	-
<b>Total U.S. Department of Transportation</b>			<b>131,820</b>	<b>-</b>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>				
Passed Through NYS Division of Homeland Security and Emergency Services				
LETPP/SLETPP 2017	97.067	WM17883972	5,785	-
LETPP/SLETPP 2018	97.067	WM18883982	47,125	-
LETPP/SLETPP 2019	97.067	WM19883992	133,776	-
LETPP/SLETPP 2020	97.067	WM20153602	77,365	-
Explosive K9 Detection Grant Program	97.067	WM17172379	3,762	-
Tactical Team Targeted Program 2018	97.067	WM17172389	82,360	-
FEMA	97.067	Not Applicable	62,835	-
FY2016 Program to Prepare Communities for CCTA	97.133	WM16834701	21,717	-
Total Passed Through NYS Division of Homeland Security and Emergency Services			434,725	-
<b>Total U.S. Department of Homeland Security</b>			<b>434,725</b>	<b>-</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 26,903,619</b>	<b>\$ 6,274,553</b>

*The accompanying notes are an integral part of this Schedule.*

**CITY OF ALBANY, NEW YORK**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2021**

**NOTE A – SUMMARY OF ACCOUNTING POLICIES**

*1. Scope of Single Audit*

The accompanying Schedule of Expenditures of Federal Awards presents all activity of federal award programs of the City of Albany (City) (primary government) but does not include the activity of the federal awards programs, if any, of the component units for the year ended December 31, 2021. Only the primary government's awards received directly from federal and state agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

*2. Basis of Accounting*

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting used by the City in reporting these programs to the federal government.

**NOTE B – NONCASH ASSISTANCE**

The City had no awards expended in the form of noncash assistance during the year ended December 31, 2021.

**NOTE C – LOANS AND LOAN GUARANTEES**

The City had no federal loans or federal loan guarantees outstanding as of December 31, 2021.

**NOTE D – INSURANCE**

The City did not participate in any federal insurance programs as of December 31, 2021.

**NOTE E – INDIRECT COSTS**

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented. The City has not elected to use the 10% de minimis indirect cost rate.



**CITY OF ALBANY, NEW YORK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2021**

**Section I—Summary of Auditor's Results**

<i>Financial Statements</i>		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified		
Internal control over financial reporting:		
• Material weakness(es) identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
• Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
<i>Federal Awards</i>		
Internal control over major federal programs:		
• Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
• Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Type of auditor's report issued on compliance for major programs: Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Identification of major federal programs:		
<b>Assistance Listing / CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>	
21.027	Coronavirus State and Local Fiscal Recovery Funds Program	
14.231	Emergency Solutions Grant Program	
14.231	COVID-19 Emergency Solutions Grant Program	
Dollar threshold used to distinguish between type A and type B programs:	\$822,301	
Auditee qualified as low-risk auditee?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

**CITY OF ALBANY, NEW YORK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**Year Ended December 31, 2021**

**Section II—Financial Statement Findings**

**Finding 2021-001**

**Criteria:** The financial statements of the City are prepared in conformity with accounting principles generally accepted in the United States of America, 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.

**Condition:** There were certain delays and challenges encountered by management in performing year-end closing and financial reporting processes.

**Cause:** Due to lean staffing, the yearend closing process took longer than usual and there were delays and difficulties in communication, specifically surrounding government-wide accounts, as the City's management continued to focus their limited personnel on daily and operational fund financial reporting.

**Potential Effect:** Misstatements of the City's government-wide financial statements may not be prevented, or detected and corrected, on a timely basis.

**Recommendation:** Procedures should be enhanced to ensure that all government-wide accounts are reconciled timely and reviewed for compliance with accounting principles generally accepted in the United States of America and with GASB standards. A more formal reconciliation and review process should be in place for all government-wide accounts on a timely basis.

**Management Response and Corrective Action Plan:** As a continuation on the prior year finding, the City has continued to concentrate its efforts on keeping the daily and monthly accounting records up to date to ensure that the financial and accounting records are correct. This has allowed for timely and informational financial reporting to the City's administration on the fund financial level during the pandemic. This effort to keep good fund level accounting has led to reduced time spent on the government-wide reporting. As mentioned above, staffing and scheduling challenges have made it more difficult to close out the current year in a timely manner. The City realizes that the year-end and the government-wide accounting records are important and is working to make this information timely and accurate. To assist the administration of the government-wide reporting going forward, the Treasurer's Office budget includes a Chief Accountant to assist with year-end review, reconciliations, and coordination with the departments to close the year. The City has posted the position and is actively looking to fill the position.

# **CITY OF ALBANY, NEW YORK**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)** **Year Ended December 31, 2021**

### **Section III—Federal Award Findings and Questioned Costs**

None Reported

### **Section IV – Status of Prior Year Findings**

#### **Finding 2020-001**

**Condition:** There are adjusting entries identified during the 2020 audit procedures in certain government-wide accounts which are primarily to fixed assets, accumulated depreciation, depreciation expense, compensated absences, litigation accrual, and accrued interest.

**Recommendation:** Procedures should be enhanced to ensure that all government-wide accounts are reconciled timely and reviewed for compliance with accounting principles generally accepted in the United States of America and with GASB standards. A more formal reconciliation and review process should be in place for all government-wide accounts on a timely basis.

**Current Status:** No adjusting entries to fixed assets, accumulated depreciation, depreciation expense, compensated absences, or litigation accrual were identified during the 2021 audit procedures, however, there were still delays and challenges encountered by management to perform year end closing processes timely due to staffing shortages. A key component of management's response to the 2020-001 finding in the prior year was to hire a Chief Accountant. The City has posted the position and is actively looking to fill the position, however, the position remains vacant as of the date of this report. See finding 2021-001.