

**CITY OF ALBANY,
NEW YORK**

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

Year ended December 31, 2022

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, 2022, 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, 2022, 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. 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.

We did not audit 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 which collectively represent approximately 68% and 54%, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those aggregate discretely presented component units, is based solely on the reports of the other auditors.

Change in Accounting Principle

As described in Note 1 to the financial statements, the City adopted GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of 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 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, we:

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

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

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 4 through 16 and 56 and other required supplementary information on pages 57 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

UHY LLP

Albany, New York
September 27, 2023

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, 2022. 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, 2021.

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 units¹. 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.

¹ 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 the three 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 2022 totaled \$198.2 million and were over the final budget by \$6.1 million. The General Fund expenses totaled \$192.2 million and were \$2.9 million lower than the final budget. While the 2022 City budget did not anticipate a change in the fund balance, the fund balance actually decreased \$0.6 million for the year. The \$6.0 million excess of revenues over expenses is added to other financing uses of \$6.6 million which resulted in the fund balance ending the year at \$16.6 million. The unassigned fund balance was at \$7.3 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 \$438.9 million. This resulted in an increase of net position of approximately \$28.4 million from 2021. Most of this increase is related to an increase in total assets primarily in cash and cash equivalents, increase in deferred inflows of resources and a decrease in total liabilities.

Total assets (\$398.2 million) increased from 2021 by \$29.4 million. The primary areas that increased are cash and cash equivalents (increased by \$10.1 million), mortgage loans receivable (increased by \$2.2 million), due from other governments (increased by \$3.7 million) due from component units (increased by \$3.3 million), capital assets net (increased by \$1.1 million) and net pension asset (increased by \$8.9 million). These increases were offset by a decrease in accounts receivable, net (decreased by \$1.3 million). The increase in cash and cash equivalents was primarily related to receiving second payment of \$40.4 million in American Rescue Plan Act funds from the federal government. The increase in mortgage loans receivable is related to an increase in loans provided by the Albany Community Development Agency. The increase in due from other governments is related to money due at the end of the year for various federal and state grants. The increase in due from component units is the result an increase in amount due from the Albany Water Board. Capital assets net increased as a result of investing in and maintaining the City's fixed assets and the increase in net pension asset is related to a lower deferred outflows of resources calculated by the New York State Retirement System.

Total liabilities (\$630.3 million) decreased by \$183.2 million from 2021. The primary liabilities which decreased were accounts payable and accrued expenses (decreased by \$8.6 million), due to other governments (decreased by \$1.7 million), bond and revenue anticipation notes payable (decreased by \$42.5 million), net pension liability (decreased by \$14.6 million) and the accrued post-employment benefit obligation (decreased by \$192.9 million). The primary liabilities which increased were unearned revenue (increased by \$2.3 million), due to component units (increased by \$3.1 million), other liabilities (increased by \$26.1 million) and bonds and loans payable (increased by \$46.5 million).

The decrease in accounts payable and accrued expenses is the result of settling the contract with the police officer's union and paying 5 years of accrued retroactive payments. Bonds and revenue anticipation notes payable decreased as a result of converting the bond anticipation notes to bonds. The net pension liability decreased as a result of a decrease in the current discount rate for the PFRS. The decrease in accrued post-employment benefit obligation is related to changes in actuarial assumptions related to the GASB 75 requirements. The increase in unearned revenue is related to an increase in loans payable made by the Albany Community Development Agency. The increase in due to component units is related to an increase in the amount due to the Albany Water Board at the end of the year. Other liabilities increased as a result of receiving and not spending all of the American Rescue Plan Act funds in 2022. Bonds and loans payable increased as a result of issuing bonds for capital projects and equipment.

The City of Albany's large Post-Employment Benefit Projected Actuarial Accrued liability (\$308.4 million) is driven by the health care plan which has traditionally been extended to retirees.

Deferred outflows of resources decreased by \$20.6 million from 2021, deferred inflows of resources increased by \$163.6 million which was directly related to the reduction in the accrued post-employment benefit obligation which decreased by \$192.9 million mainly as a result of changes in the actuarial assumptions related to these benefits.

Of the net position, \$129.7 million is net invested in capital assets, and \$5.6 million is restricted for program specific activities and for debt service, leaving a deficit balance in unrestricted net position of \$574.2 million – a decrease deficit from 2021 of \$73.0 million. The total net position increased by \$28.4 million. The primary reason for the increase is related to the large decrease in liabilities from the actuarial changes in the GASB 77 calculation.

Total capital assets including property and equipment after depreciation are valued at \$236.4 million, with increases of approximately \$26.0 million of additions to capital assets. Approximately \$23.2 million of capital assets are not subject to depreciation, including approximately \$2.0 million of land, and \$21.3 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, 2022
(in Millions)

	<u>2022</u>	<u>2021</u>	<u>Increase/ (Decrease)</u>
Total assets	\$ 398.2	\$ 368.8	\$ 29.4
Total deferred outflows of resources	144.7	165.3	(20.6)
Total liabilities	630.3	813.5	(183.2)
Total deferred inflows of resources	<u>351.5</u>	<u>187.9</u>	<u>163.6</u>
Excess (deficiency) of assets and deferred outflows of resources over liabilities and deferred inflows of resources	<u>(438.9)</u>	<u>(467.3)</u>	<u>28.4</u>
Net invested in capital assets	129.7	175.1	(45.4)
Restricted for debt service and program activities	5.6	4.8	0.8
Unrestricted (deficiency)	<u>(574.2)</u>	<u>(647.2)</u>	<u>73.0</u>
Total Net Position (deficiency)	<u>\$ (438.9)</u>	<u>\$ (467.3)</u>	<u>\$ 28.4</u>

Component Units

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$169.4 million – an increase of \$5.4 million from 2021. Total assets and deferred outflows of resources (\$356.1 million) increased by \$35.8 million. Net invested in capital assets increased by \$25.3 million.

Total liabilities and deferred inflows of resources (\$186.7 million) increased by \$30.4 million. Accounts payable and accrued expenses increased \$5.2 million and deferred inflows related to leases totaled \$22.5 million.

Total net position increased \$5.4 million from 2021 to 2022 due mostly to a significant increase in net position of the Albany Water Board primarily related to an increase in net invested in capital assets in 2022.

Governmental Activities - Component Units
Net Assets at December 31, 2022
(in Millions)

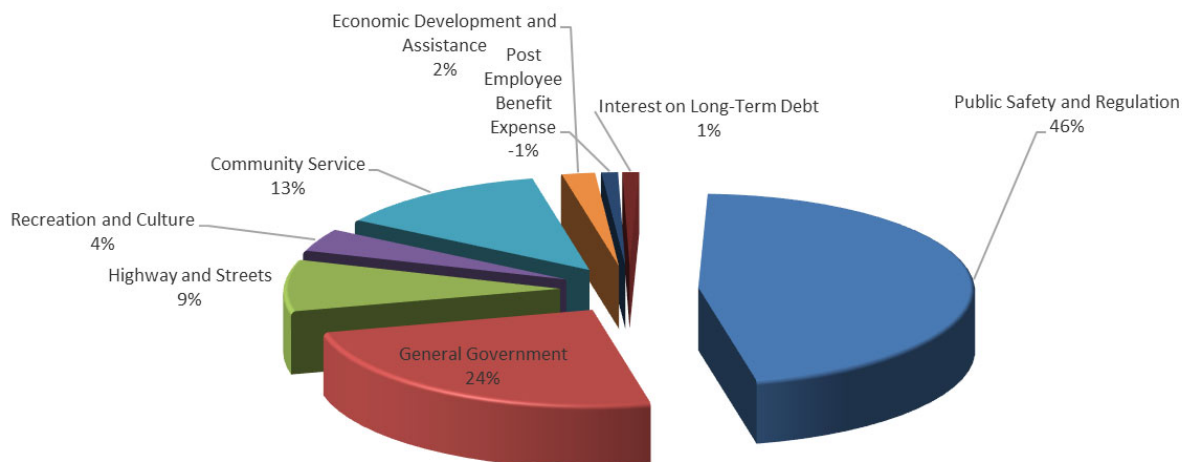
	<u>2022</u>	<u>2021</u>	<u>Increase/ (Decrease)</u>
Total assets and deferred outflows of resources	\$ 356.1	\$ 320.3	\$ 35.8
Total liabilities and deferred inflows of resources	<u>186.7</u>	<u>156.3</u>	<u>30.4</u>
Excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources	169.4	164.0	5.4
Net invested in capital assets	131.1	105.8	25.3
Restricted for debt service and program activities	0.4	0.5	(0.1)
Unrestricted	<u>37.9</u>	<u>57.7</u>	<u>(19.8)</u>
Total Net Position	<u>\$ 169.4</u>	<u>\$ 164.0</u>	<u>\$ 5.4</u>

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 <i>(in Millions)</i>				
Governmental Functions	2022	2021	Increase/ (Decrease)	% of Change
Public safety and regulation	\$ 87.4	\$ 112.9	\$ (25.5)	-23%
General government	46.1	38.3	7.8	20%
Highway and streets	16.3	11.6	4.7	41%
Recreation and culture	7.1	4.8	2.3	48%
Community service	25.3	18.6	6.7	36%
Economic development and assistance	3.6	2.4	1.2	50%
Post employment (benefit) expense	(2.4)	15.9	(18.3)	-115%
Interest on long-term debt	2.7	2.7	0.0	0%
Total	\$ 186.1	\$ 207.2	\$ (21.1)	-10%

Functional Expenses – Primary Government



Public Safety accounts for 46 percent of expenses, while General Government is at 24 percent and Community Services accounts for 13 percent. Highway and streets accounts for 9 percent of expenses. Recreation and Culture, Economic Development and Assistance and 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, Interest on Long-term Debt , combined accounts for 8 percent of expenses.

Expenses decreased from 2021 by \$21.1 million.

Public Safety and Regulation expenses of \$87.4 million decreased by \$25.5 million and are offset by \$15.6 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 \$46.1 million increased by \$7.8 million and are offset by \$2.0 million in charges for services most of which came from permit, license and inspection fees. General Government expenses are also offset by \$13.8 million; this is related to receiving funds from the American Rescue Plan Act. Highway and Streets expenses of \$16.3 million increased by \$4.7 million and are offset by \$2.4 million in charges for services and \$2.3 million in capital grants and contributions. Community Service expenses of \$25.3 million increased by \$6.7 million and are offset by \$2.9 million in grants related to the Albany Community Development

Agency and \$3.6 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 remained level. Post-Employment benefit expenses (\$2.4) million decreased by \$18.3 million. The decrease in these expenses are related to changes in the actuarial estimates for retiree healthcare costs and related benefits.

Revenues increased from 2021 by \$23.0 million.

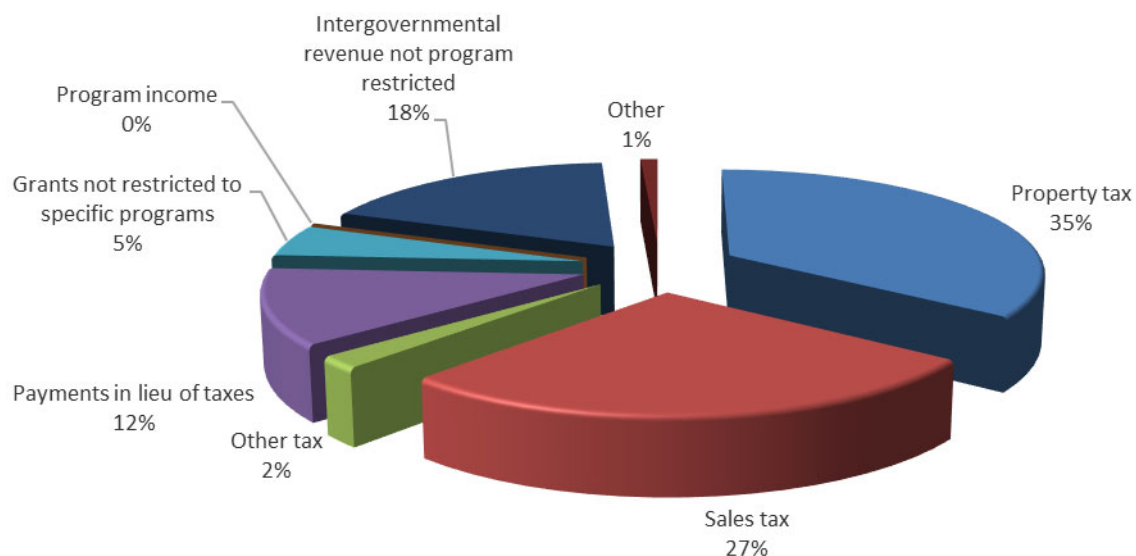
Total general revenues (\$168.7 million) increased by \$23.0 million. Property taxes (\$59.6 million) increased by \$0.4 million mostly from an increase in the tax levy. Sales tax revenue (\$44.9 million) increased by \$4.4 million as result of increased economic activity. Payments in lieu of taxes (\$19.6 million) increased by \$0.2 million primarily from an increase in scheduled payments. Grants not restricted to specific programs (\$9.4 million) increased by \$3.3 million. Program income remained flat (\$0.1 million). Other tax (\$2.9 million) decreased by \$0.1 million, intergovernmental revenue not program restricted (\$30.3 million) increased by \$14.3 million most this increase is related to reimbursements from ARPA funds and other revenue (\$1.9 million) increased by \$0.5 million mostly from an increase in federal and state grants.

Governmental Activities - General Revenues (in Millions)

<u>Revenues</u>	<u>2022</u>	<u>2021</u>	<u>Increase/ (Decrease)</u>	<u>% of Change</u>
Property tax	\$ 59.6	\$ 59.2	\$ 0.4	1%
Sales tax	44.9	40.5	4.4	11%
Other tax	2.9	3.0	(0.1)	-3%
Payments in lieu of taxes	19.6	19.4	0.2	1%
Grants not restricted to specific programs	9.4	6.1	3.3	54%
Program income	0.1	0.1	-	0%
Intergovernmental revenue not program restricted	30.3	16.0	14.3	89%
Other	1.9	1.4	0.5	36%
Total General Revenues	<u>\$ 168.7</u>	<u>\$ 145.7</u>	<u>\$ 23.0</u>	<u>16%</u>

The following chart indicates the relative percentages of general revenues:

Governmental Activities – General Revenues



Component Units

Operating revenues of the Component Units totaled \$82.9 million, which is an increase of \$29.9 million from 2021. The overall operating expenses of the Component Units totaled \$82.6 million – an increase of \$28.9 million. The Albany Port District Commission accounts for the majority of the increase in 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.

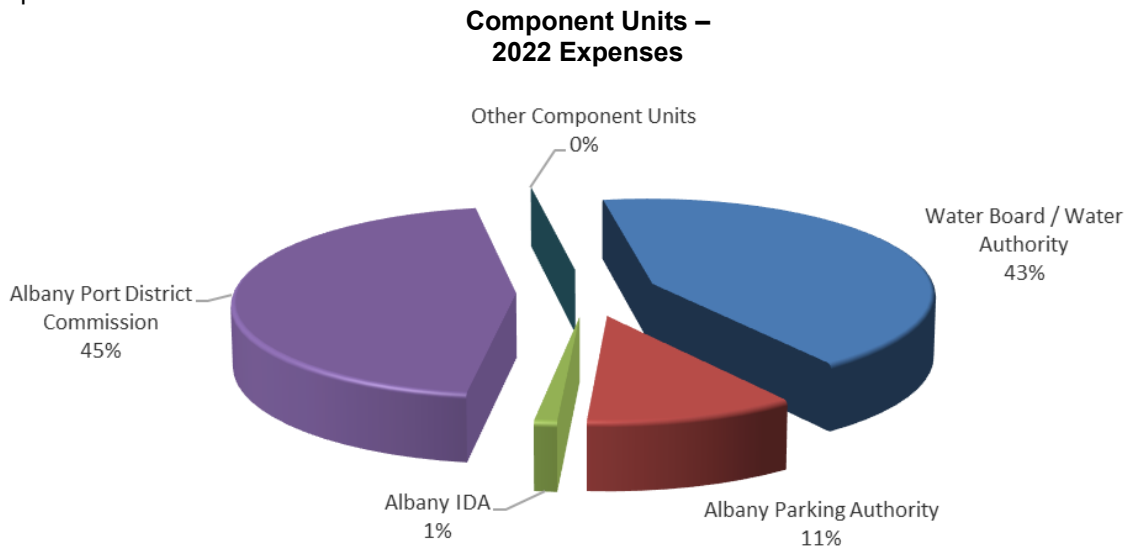
The following table indicates the relative value of operating revenues for the component units:

Component Units - Operating Revenues <i>(in Millions)</i>				
Component Units	<u>2022</u>	<u>2021</u>	<u>Increase / (Decrease)</u>	<u>% of Change</u>
Water Board / Water Authority	\$ 34.5	\$ 33.3	\$ 1.2	4%
Albany Parking Authority	9.2	6.7	2.5	37%
Albany IDA	1.3	1.9	(0.6)	-32%
Albany Port District Commission	37.8	10.5	27.3	260%
Other component units	<u>0.1</u>	<u>0.6</u>	<u>(0.5)</u>	<u>-83%</u>
Total	<u>\$ 82.9</u>	<u>\$ 53.0</u>	<u>\$ 29.9</u>	<u>56%</u>

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

Component Units - Operating Expenses <i>(in Millions)</i>				
Component Units	<u>2022</u>	<u>2021</u>	<u>Increase / (Decrease)</u>	<u>% of Change</u>
Water Board / Water Authority	\$ 36.8	\$ 37.0	\$ (0.2)	-1%
Albany Parking Authority	8.9	6.0	2.9	48%
Albany IDA	1.0	1.1	(0.1)	-9%
Albany Port District Commission	37.9	11.4	26.5	232%
Other component units	<u>0.0</u>	<u>0.2</u>	<u>(0.2)</u>	<u>-100%</u>
Total	<u>\$ 84.6</u>	<u>\$ 55.7</u>	<u>\$ 28.9</u>	<u>52%</u>

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 \$19.0 million with the largest increase (\$10.2 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 decreased by \$25.1 million due mostly to converting \$59.3 million of bond anticipation notes for capital projects to bonds. Accounts payable and accrued liabilities decreased by \$11.8 million from paying five years of accrued retroactive pay related to contract settlement with the police officer's union. Other liabilities increased by \$26.1 million as a result of receiving the second payment of \$40.4 million of the ARPA funds and not spending a portion of it before the end of 2022. 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 \$16.7 million. The non-spendable portion consists of \$3.6 million in prepayments, primarily to the state retirement plan. The restricted fund balance includes \$1.9 million for debt service, \$0.9 million for landfill post closure expenses, \$0.4 million for the solid waste management facility \$0.1 million for PEG access funds, and \$2.2 million for other purposes. There is \$0.1 million of assigned fund balance to be appropriated to the 2023 budget. The unassigned general fund balance totals a surplus of \$7.3 million.

Governmental Funds - Balance Sheet (in Millions)

	<u>2022</u>	<u>2021</u>	<u>Increase / (Decrease)</u>
Total assets and deferred outflows of resources	\$ 160.4	\$ 141.4	\$ 19.0
Total liabilities and deferred inflows of resources	<u>132.7</u>	<u>157.8</u>	<u>(25.1)</u>
Total fund balance (deficiency)	<u>\$ 27.7</u>	<u>\$ (16.4)</u>	<u>\$ 44.1</u>

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
REVENUES								
Real property taxes	\$ 59.6	\$ 59.6	\$ 59.6	\$ -	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Sales and use taxes	38.4	41.5	44.9	3.4	0.0	0.0	0.0	0.0
Other taxes	3.1	3.1	2.9	(0.2)	0.0	0.0	0.0	0.0
Payments in lieu of taxes	19.4	19.4	19.6	0.2	0.0	0.0	0.0	0.0
Intergovernmental revenue	39.1	43.6	49.3	5.7	2.5	2.5	2.2	(0.3)
Charges for services	9.6	10.3	8.4	(1.9)	0.0	0.0	0.0	0.0
Fines, interest and penalties	5.4	5.4	5.1	(0.3)	0.0	0.0	0.0	0.0
Use of money and properties	0.1	0.1	1.5	1.4	0.0	0.0	0.0	0.0
Licenses and permits	4.6	4.8	4.3	(0.5)	0.0	0.0	0.0	0.0
Other revenues	5.4	4.3	2.6	(1.7)	0.0	0.0	0.0	0.0
Total revenues	184.7	192.1	198.2	6.1	2.5	2.5	2.2	(0.3)
EXPENDITURES								
Public safety and regulation	103.5	110.4	109.4	(1.0)	0.0	0.0	0.0	0.0
General government	29.5	33.8	32.5	(1.3)	0.0	0.0	0.0	0.0
Highways and streets	7.2	7.8	7.9	0.1	0.0	0.0	0.0	0.0
Recreation and culture	5.4	5.3	4.5	(0.8)	0.0	0.0	0.0	0.0
Community service	9.5	8.8	8.0	(0.8)	0.0	0.0	0.0	0.0
Economic development and assistance	0.0	0.0	0.1	0.1	2.5	2.5	2.2	(0.3)
Employee benefits	11.2	11.8	16.8	5.0	0.0	0.0	0.0	0.0
Debt service	17.2	17.2	13.0	(4.2)	0.0	0.0	0.0	0.0
Total expenditures	183.5	195.1	192.2	(2.9)	2.5	2.5	2.2	(0.3)
Excess (deficiency) of revenues and appropriated fund balance over expenditures	1.2	(3.0)	6.0	9.0	0.0	0.0	0.0	0.0
OTHER FINANCING SOURCES (USES)								
Transfers	(1.2)	(1.2)	(7.4)	(6.2)	0.0	0.0	0.0	0.0
Lease financing	0.0	0.0	0.6	0.6	0.0	0.0	0.0	0.0
Premium on debt issuance	0.0	0.0	0.2	0.2	0.0	0.0	0.0	0.0
Total other financing sources (uses)	(1.2)	(1.2)	(6.6)	(5.4)	0.0	0.0	0.0	0.0
Excess (deficiency) of revenues, appropriated fund balance and other financing sources over expenditures and other financing uses	\$ 0.0	\$ (4.2)	\$ (0.6)	\$ 3.6	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0

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

Revenues

General Fund revenues (excluding other financing sources) totaled \$198.2 million, which was \$6.1 million more than the final adopted budget and \$1.3 million higher than 2021. The variances in revenue include the following:

Real property taxes were 100% of budget for 2022. The actual revenue totaled \$59.6 million which was an increase of \$0.4 million as a result of an increase in the property tax levy.

Sales and use taxes revenue was \$3.4 million over budget and \$4.4 million more than 2021, which is related to the strong economic activity in retail and other businesses.

Other taxes were \$0.2 million under budget and ended the year at \$0.2 million lower 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 higher than budget by \$0.2 million and \$0.2 million more than 2021.

Intergovernmental revenue was \$5.7 million higher than budget but \$5.1 million less than 2021. The difference from year to year is related to the amount of American Rescue Plan Act funds reimbursed to the City.

Charges for services were \$1.9 million lower than budget but \$0.5 million higher than 2021. Most of the increase is related to higher waste collection fees, increase in police details and DGS debris fees. Some of these increases were offset by lower landfill revenues from less received in tipping fees and lower coupon sales.

Fines, interest and penalties ended the year \$0.3 million under budget and \$0.3 million less than 2021. 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 \$1.4 million more than budget and \$1.4 million higher than 2021. The increase is primarily related to earning more interest income on cash balances and the sales of older vehicles and equipment by auctions.

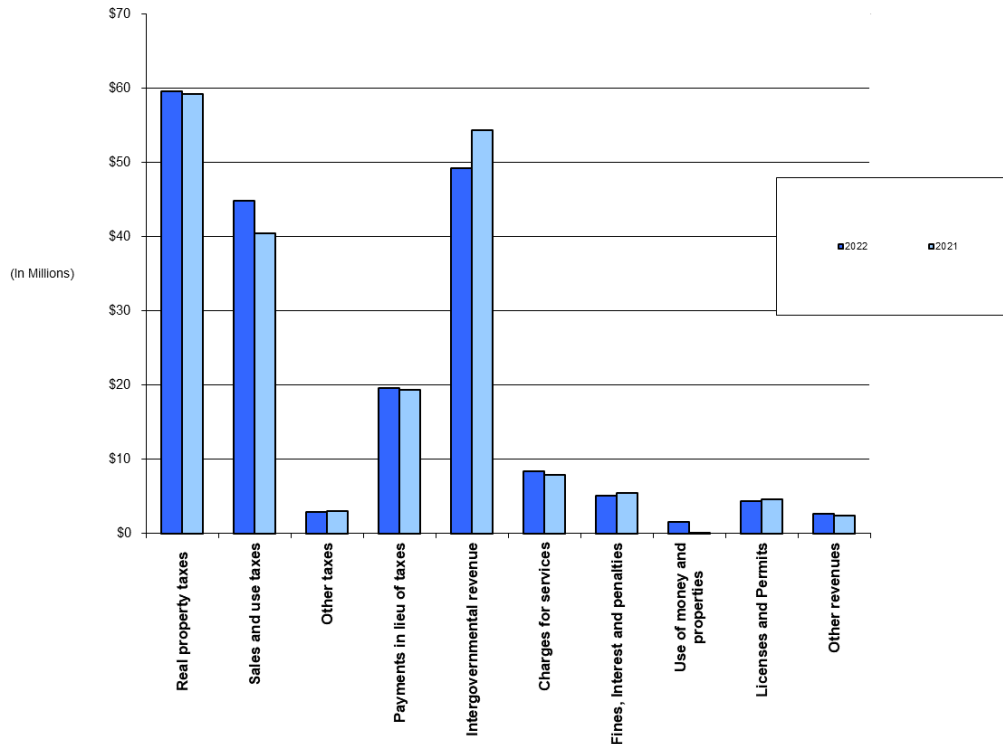
Licenses and permits finished the year lower than budget by \$0.5 million and \$0.3 million less than 2021. Decreased revenues from demolition and stabilization charges were the primary reason.

Other revenues were \$1.7 million under budget but \$0.2 million more than 2021. The revenue in this category is derived from grants and the timing and amounts received vary from year to year.

Governmental Funds - General Fund Revenues 2022 to 2021 Variance (In Millions)

<u>Revenues</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
			<u>Over/(Under)</u> <u>2021</u>
Real property taxes	\$ 59.6	\$ 59.2	\$ 0.4
Sales and use taxes	44.9	40.5	4.4
Other taxes	2.9	3.0	(0.1)
Payments in lieu of taxes	19.6	19.4	0.2
Intergovernmental revenue	49.3	54.4	(5.1)
Charges for services	8.4	7.9	0.5
Fines, interest and penalties	5.1	5.4	(0.3)
Use of money and properties	1.5	0.1	1.4
Licenses and permits	4.3	4.6	(0.3)
Other revenues	2.6	2.4	0.2
Total revenues	<u>\$ 198.2</u>	<u>\$ 196.9</u>	<u>\$ 1.3</u>

Governmental Funds – General Fund Revenues 2022 to 2021 Variance



Expenses

Total expenditures of \$192.2 million were \$2.9 million lower than the final budget and \$1.1 million lower than 2021.

Public safety and regulation spending (\$109.4 million) was \$1.0 million higher than the final budget and was \$3.7million lower than 2021. The decrease is mostly related to the police officers receiving fine years of retroactive pay from a contract settlement with the policer offices union in 2021. Premium and retroactive salary payments were also paid to all public safety employees in 2021 for their work during the pandemic.

General government spending (\$32.5 million) which was \$1.3 million less than final budget but ended the year \$2.5 million higher than 2021. Most of the increase is related to paying the APRA funds to the sub-recipients, increased gasoline expenses and increased salaries.

Highway and streets spending (\$7.9 million) was over budget by \$0.1 million for 2022. Actual expenses were \$1.7 million more than 2021. The increase is related to an increase in snow removal expenses and an increase in salary expenses.

Recreation and culture spending (\$4.5 million) was under budget by \$0.8 million but \$0.4 million more than 2021. Most of the increase is related to the summer youth employment program which was back to full operation after the pandemic had it almost shut down.

Community service spending (\$8.0 million) was \$0.8 million less than final budget but \$0.4 million higher than 2021. Most of the increase is from the increase in salaries in the landfill waste collection and recycling department.

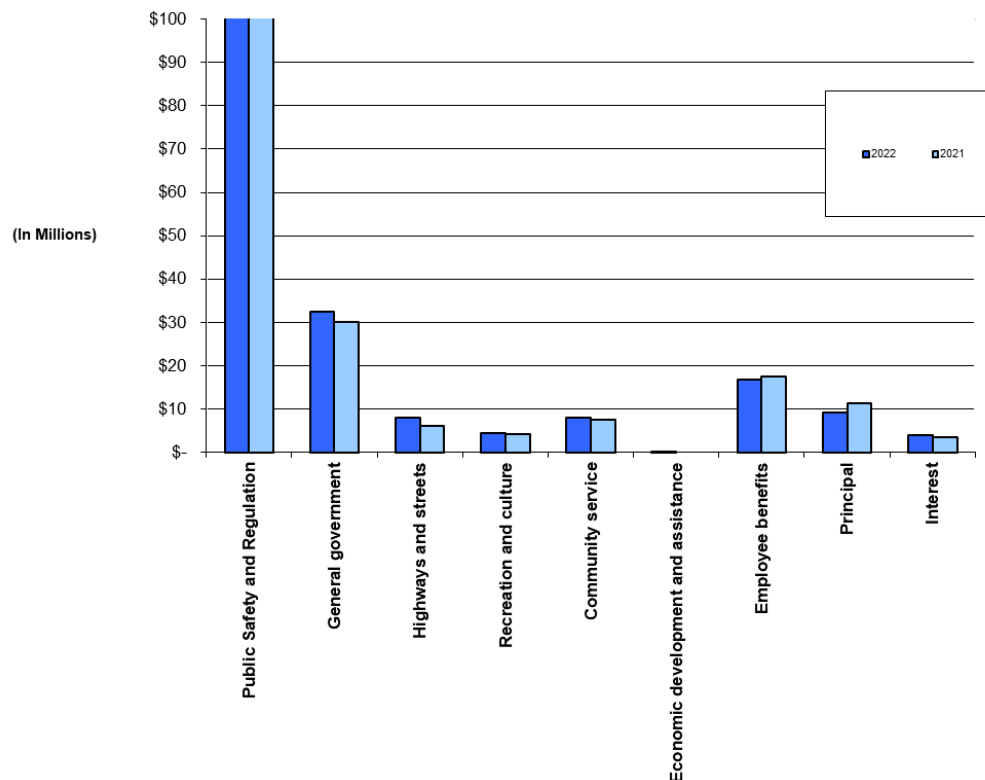
Employee benefits expense (\$16.8 million) was \$5.0 million over budget but \$0.6 million lower when compared to last year. Most of the decrease is related to retiree health insurance expense was lower than 2021. The City is self-insured and pays the actual claims for employees in the Empire Blue Cross plan. These expenses can vary widely from year to year. Actual expenses related to these claims resulted in a decrease of \$2.1 million in costs from last year.

Debt service payments (\$13.0 million) are \$1.9 million lower than 2021. Most of the decrease is related older bonds maturing and not adding new debt for several years.

**Governmental Funds - General Fund Expense 2022 to 2021 Variance
(In Millions)**

<u>Expenditures</u>	<u>2022</u>	<u>2021</u>	<u>2022 Over/(Under) 2021</u>
Public safety and regulation	\$ 109.4	\$ 113.1	\$ (3.7)
General government	32.5	30.0	2.5
Highways and streets	7.9	6.2	1.7
Recreation and culture	4.5	4.1	0.4
Community service	8.0	7.6	0.4
Economic development and assistance	0.1	0.0	0.1
Employee benefits	16.8	17.4	(0.6)
Principal	9.1	11.4	(2.3)
Interest	3.9	3.5	0.4
Total expenditures	<u>\$ 192.2</u>	<u>\$ 193.3</u>	<u>\$ (1.1)</u>
Excess of operating revenues over expenditures	<u>\$ 6.0</u>	<u>\$ 3.6</u>	<u>\$ 2.4</u>

General Government – General Fund Expenditures 2022 to 2021 Variance



DEBT

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

In March 2022, the City issued various BANS of approximately \$16,840,944 at an interest rate of 2.25%.

The proceeds of the notes, along with available funds were used to redeem a portion of the \$7,760,490 of the \$59,304,000 BANS issued in March 2021 and matured on March 25, 2022 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 2022.

Debt Ceiling

Of the outstanding indebtedness at March 3, 2023 approximately \$100,770,944 was subject to the statutory debt limit, using approximately 27.05% of the City's \$372,537,968 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 2022 the City expended approximately \$21.2 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:

<u>Capital Acquisition, Construction and Expenditures</u>	
Buildings and Infrastructure Improvements	\$ 5.4 Million
Street and Sidewalk Construction	\$ 8.4 Million
Dept. of General Services Vehicles and Equipment	\$ 2.8 Million
Recreation	\$ 0.1 Million
Landfill Equipment and Expansion	\$ 0.6 Million
Public Safety Equipment	\$ 3.8 Million
Local Economic Development	\$ 0.1 Million

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

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CITY OF ALBANY, NEW YORK
STATEMENT OF NET POSITION
December 31, 2022

	Primary Government	Component Units
ASSETS		
Cash and cash equivalents	\$ 91,842,724	\$ 25,098,032
Cash and cash equivalents - restricted	2,861,798	26,345,339
Investments	-	8,985,916
Investments, restricted	-	5,278,277
Taxes receivable	4,896,001	-
Accounts receivable, net	4,274,477	12,462,134
Notes and other receivables	625,000	49,760
Mortgage loans receivable	10,922,360	131,970
Lease receivable	366,556	23,980,805
Due from primary government	-	1,276,232
Due from other governments	20,578,480	7,408,448
Due from component units	15,955,950	-
Prepaid and other assets	18,868	1,712,674
Capital assets, net	236,459,497	238,764,849
Right-to-use lease assets, net	454,968	-
Net pension asset	8,921,872	-
Total assets	<u>398,178,551</u>	<u>351,494,436</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows resulting from refunding of debt, net	35,304	122,123
Deferred outflows related to net pension liability	88,703,476	2,057,423
Deferred outflows related to accrued post employment benefit obligation	56,010,502	2,421,735
Total deferred outflows of resources	<u>144,749,282</u>	<u>4,601,281</u>
LIABILITIES		
Accounts payable and accrued expenses	16,329,706	23,729,523
Accrued interest payable	1,510,001	116,684
Line of credit	-	4,050,000
Unearned revenue	11,630,998	154,952
Due to other governments	20,321,503	7,563,983
Due to primary government	-	131,970
Due to component units	13,333,260	-
Other liabilities	49,120,157	119,623
Bond and revenue anticipation notes payable	16,840,944	-
Bonds and loans payable	106,749,512	107,752,326
Accrued post employment benefit obligation	308,372,694	12,280,007
Net pension liability	7,859,924	-
Compensated absences	19,187,059	-
Due to NYS Retirement System	10,432,429	-
Judgments and claims	36,994,679	-
Landfill post-closure costs	10,860,090	-
Retainage payable on long-term contracts	342,099	-
Lease liability	451,750	-
Capital lease obligations	-	1,568,168
Total liabilities	<u>630,336,805</u>	<u>157,467,236</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to net pension liability	101,966,516	3,439,853
Deferred inflows related to sales of future revenue	-	200,000
Deferred inflows related to leases	360,346	22,466,151
Deferred inflows related to accrued post employment benefit obligation	249,212,290	3,091,477
Total deferred inflows of resources	<u>351,539,152</u>	<u>29,197,481</u>
NET POSITION		
Net invested in capital assets	129,709,985	131,153,977
Restricted for:		
Program specific activities	3,693,179	397,198
Debt service	1,889,373	-
Unrestricted (deficiency)	(574,240,661)	37,879,825
Total net position (deficiency)	<u>\$(438,948,124)</u>	<u>\$ 169,431,000</u>

See notes to financial statements.

CITY OF ALBANY, NEW YORK
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

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	\$ 87,448,309	\$ 12,887,369	\$ 2,704,571	\$ -	\$ (71,856,369)	\$ -
General government	46,061,728	2,051,937	13,828,002	-	(30,181,789)	-
Highways and streets	16,340,963	2,392,629	-	3,637,844	(10,310,490)	-
Recreation and culture	7,049,705	1,593,785	-	-	(5,455,920)	-
Community service	25,276,183	2,974,661	3,658,204	-	(18,643,318)	-
Economic development and assistance	3,601,939	-	-	-	(3,601,939)	-
Post employment (benefit) expense	(2,418,521)	-	-	-	2,418,521	-
Interest on long-term debt	2,710,017	-	-	-	(2,710,017)	-
Total governmental activities	<u>186,070,323</u>	<u>21,900,381</u>	<u>20,190,777</u>	<u>3,637,844</u>	<u>(140,341,321)</u>	<u>-</u>
Component Units:						
Albany Water Board and Municipal Water Finance Authority	36,856,746	34,549,469	6,641,062	-	-	4,333,785
Albany Parking Authority	8,860,569	9,162,424	-	-	-	301,855
Albany Industrial Development Agency	870,068	1,289,185	-	-	-	419,117
Albany Port District Commission	37,944,257	37,820,810	292,453	-	-	169,006
Other component units	<u>45,860</u>	<u>53,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,453</u>
Total component units	<u>\$ 84,577,500</u>	<u>\$ 82,875,201</u>	<u>\$ 6,933,515</u>	<u>\$ -</u>	<u>-</u>	<u>5,231,216</u>
General Revenues:						
Property tax					59,597,300	-
Sales tax					44,862,476	-
Other tax					2,896,391	-
Payments in lieu of taxes					19,646,194	-
Grants not restricted to specific programs					9,425,990	-
Program income					73,058	-
Intergovernmental revenue not program-restricted					30,319,862	-
Gain (loss) on sale of capital assets					365,999	(83,323)
Other revenues					184,900	-
Unrestricted investment earnings					<u>1,369,894</u>	<u>326,109</u>
Total general revenues					<u>168,742,064</u>	<u>242,786</u>
Change in net position					<u>28,400,743</u>	<u>5,474,002</u>
Net position (deficiency), beginning of year, as previously reported					(467,348,867)	163,905,533
Cumulative effect of adjustments relating to prior periods					-	51,465
Net position (deficiency), beginning of year, adjusted					<u>(467,348,867)</u>	<u>163,956,998</u>
Net position (deficiency), end of year					<u>\$ (438,948,124)</u>	<u>\$ 169,431,000</u>

See notes to financial statements.

CITY OF ALBANY, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2022

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Cash and cash equivalents	\$ 59,669,932	\$ 191,229	\$ 30,483,178	\$ 1,498,385	\$ 91,842,724
Cash and cash equivalents - restricted	2,861,798	-	-	-	2,861,798
Taxes receivable	4,896,001	-	-	-	4,896,001
Accounts receivable, net	4,063,533	-	-	-	4,063,533
Landfill receivable, net	210,944	-	-	-	210,944
Notes receivable	625,000	-	-	-	625,000
Mortgage loans receivable, net	-	-	-	10,922,360	10,922,360
Lease receivable	349,717	-	-	16,839	366,556
Due from other funds	4,080,733	-	-	9,965	4,090,698
Due from component units	15,955,950	-	-	-	15,955,950
Due from federal and state governments	1,197,568	113,400	2,915,889	2,570,509	6,797,366
Due from other governments	13,546,117	234,997	-	-	13,781,114
Other assets	3,891,040	63,530	-	2,852	3,957,422
Total assets	111,348,333	603,156	33,399,067	15,020,910	160,371,466
Deferred outflows of resources	-	-	-	-	-
Total assets plus deferred outflows of resources	<u>\$ 111,348,333</u>	<u>\$ 603,156</u>	<u>\$ 33,399,067</u>	<u>\$ 15,020,910</u>	<u>\$ 160,371,466</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Bond and revenue anticipation notes payable	\$ -	\$ -	\$ 16,840,944	\$ -	\$ 16,840,944
Accounts payable and accrued expenses	10,250,130	390,088	3,708,520	1,980,968	16,329,706
Due to other funds	-	679,008	3,076,171	335,519	4,090,698
Due to component units	13,333,260	-	-	-	13,333,260
Due to other governments	20,321,503	-	-	-	20,321,503
Unearned revenue	688,922	47,913	-	10,894,163	11,630,998
Other liabilities	49,120,157	-	-	-	49,120,157
Total liabilities	93,713,972	1,117,009	23,625,635	13,210,650	131,667,266
Deferred inflows of resources related to unavailable revenue	625,000	-	-	-	625,000
Deferred inflows of resources related to leases	343,659	-	-	16,687	360,346
Total deferred inflows of resources	968,659	-	-	16,687	985,346
Fund Balances					
Nonspendable:					
Prepayments	3,610,911	63,530	-	3,655	3,678,096
Restricted for:					
Debt Service	1,889,373	-	-	-	1,889,373
Landfill Postclosure	933,218	-	-	-	933,218
Solid Waste Management Facility	434,704	-	-	-	434,704
PEG Access Fund	120,970	-	-	-	120,970
Other specific purposes	2,204,287	-	-	-	2,204,287
Committed for:					
ACCESS program	-	-	-	120,094	120,094
Strategic acquisition	-	-	-	40,148	40,148
Choose Albany Program	-	-	-	50,028	50,028
Neighborhood Commercial Façade Program	-	-	-	75,000	75,000
West Hill Neighborhood Strategic Plan	-	-	-	35,000	35,000
Vacant Buildings	-	-	-	16,467	16,467
Rehabilitation Assistance Program	-	-	-	114,026	114,026
Land Bank	-	-	-	50,000	50,000
Fire Victims Relocation Program	-	-	-	86,028	86,028
Assigned for:					
Fund Appropriations	145,000	-	-	-	145,000
Other purposes	-	-	9,773,432	1,203,127	10,976,559
Unassigned balances (deficiency):	7,327,239	(577,383)	-	-	6,749,856
Total fund balances (deficiency)	16,665,702	(513,853)	9,773,432	1,793,573	27,718,854
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 111,348,333</u>	<u>\$ 603,156</u>	<u>\$ 33,399,067</u>	<u>\$ 15,020,910</u>	<u>\$ 160,371,466</u>

See notes to financial statements.

CITY OF ALBANY, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	General	Special Revenue	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Real property taxes	\$ 59,597,300	\$ -	\$ -	\$ -	\$ 59,597,300
Sales and use taxes	44,862,476	-	-	-	44,862,476
Other taxes	2,896,391	-	-	-	2,896,391
Payments in lieu of taxes	19,646,194	-	-	-	19,646,194
Intergovernmental revenue	49,309,941	2,236,515	3,787,844	10,181,493	65,515,793
Charges for services	8,437,965	-	-	73,058	8,511,023
Fines, interest and penalties	5,073,552	-	-	-	5,073,552
Uses of money and properties	1,462,567	-	-	-	1,462,567
License and permits	4,333,198	-	-	-	4,333,198
Other revenues	2,616,947	-	-	82,233	2,699,180
Total revenues	<u>198,236,531</u>	<u>2,236,515</u>	<u>3,787,844</u>	<u>10,336,784</u>	<u>214,597,674</u>
EXPENDITURES					
Public safety and regulation	109,462,403	-	3,837,074	-	113,299,477
General government	32,467,745	-	8,192,369	-	40,660,114
Highways and streets	7,944,386	-	8,470,191	-	16,414,577
Recreation and culture	4,477,254	-	106,903	-	4,584,157
Community service	7,999,891	-	1,632,080	10,541,749	20,173,720
Economic development and assistance	75,742	2,249,142	149,718	-	2,474,602
Employee benefits	16,776,278	-	-	-	16,776,278
Debt service:					
Principal	9,126,874	-	-	13,709	9,140,583
Interest	3,878,880	-	-	1,082	3,879,962
Total expenditures	<u>192,209,453</u>	<u>2,249,142</u>	<u>22,388,335</u>	<u>10,556,540</u>	<u>227,403,470</u>
Excess (deficiency) of revenues over expenditures	<u>6,027,078</u>	<u>(12,627)</u>	<u>(18,600,491)</u>	<u>(219,756)</u>	<u>(12,805,796)</u>
OTHER FINANCING SOURCES (USES)					
Premium on debt issuance	242,685	-	5,484,448	-	5,727,133
Proceeds from issuance of long-term debt	-	-	50,645,000	-	50,645,000
Lease financing	589,814	-	-	-	589,814
Transfers in	-	-	7,422,043	-	7,422,043
Transfers out	(7,422,043)	-	-	-	(7,422,043)
Total other financing (uses) sources	<u>(6,589,544)</u>	<u>-</u>	<u>63,551,491</u>	<u>-</u>	<u>56,961,947</u>
Net change in fund balance	<u>(562,466)</u>	<u>(12,627)</u>	<u>44,951,000</u>	<u>(219,756)</u>	<u>44,156,151</u>
FUND BALANCE (DEFICIENCY), beginning of year	17,228,168	(501,226)	(35,177,568)	2,013,329	(16,437,297)
FUND BALANCE (DEFICIENCY), end of year	<u>\$ 16,665,702</u>	<u>\$ (513,853)</u>	<u>\$ 9,773,432</u>	<u>\$ 1,793,573</u>	<u>\$ 27,718,854</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, 2022

Total fund balance - governmental funds \$ 27,718,854

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.

Cost of capital assets	629,569,336	
Accumulated depreciation	<u>(393,109,839)</u>	236,459,497

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

Right-to-use lease assets	454,968	
Notes receivable	<u>625,000</u>	1,079,968

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	(99,962,976)	
Premium on debt issuance	(6,786,536)	
Deferred outflow relating to bond refunding	35,304	
Due to NYS Retirement System	(10,432,429)	
Net pension asset (liability)	1,061,948	
Accrued post employment benefit obligation	(308,372,694)	
Accrued interest payable	(1,510,001)	
Compensated absences	(19,187,059)	
Landfill closure and postclosure obligation	(10,860,090)	
Retainage payable on long-term contracts	(342,099)	
Lease liability	(451,750)	
Judgments and claims	<u>(36,994,679)</u>	(493,803,061)

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	(3,938,554)	
Deferred outflows and inflows	<u>(206,464,828)</u>	<u>(210,403,382)</u>
Net position (deficiency) of governmental activities		<u><u>\$ (438,948,124)</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, 2022

Total net change in fund balance - governmental funds \$ 44,156,151

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	20,803,520	
Depreciation expense	(19,567,118)	
Proceeds from sale of capital assets	(515,274)	
Gain (loss) on disposal of assets and other	390,999	1,112,127

Lease liabilities and right-to-use lease assets increase long-term liabilities and long-term assets, respectively, in the statement of net assets, but are not on governmental funds. Rental payments are recognized as expenditures in governmental funds, but the payments reduce long-term liabilities in the statement of net position and interest expense is recognized. Right-to-use lease assets are amortized over the life of the lease, but not on governmental funds. Thus, the change in net assets differs from the change in fund balance as follows:

Rental expense (principal and interest) on the governmental funds	182,284	
Amortization expense	(173,655)	
Interest expense on leases	(5,411)	3,218

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	879,011	
Landfill closure and postclosure costs	(421,649)	
Retainage incurred in current year	(342,099)	
Retainage incurred in prior year	-	
Judgments and claims	772,941	888,204

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

Bond proceeds	(50,645,000)	
Premiums on debt issuances	(5,704,466)	
Amortization of premiums on debt issuances	924,394	
Amortization of deferred outflow resulting from refunding of debt	(64,291)	
Principal repaid	8,963,709	(46,525,654)

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	178,078,648	
Changes in deferred inflows and outflows of resources	(178,481,887)	
Post employment benefit contribution paid	14,909,764	14,506,525

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.

309,842

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.

13,975,330

Change in net position of governmental activities

\$ 28,400,743

See notes to financial statements.

CITY OF ALBANY, NEW YORK
COMBINING STATEMENT OF NET POSITION – DISCRETELY PRESENTED COMPONENT UNITS
December 31, 2022

	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
ASSETS						
Cash and cash equivalents	\$ 7,118,848	\$ 1,463,411	\$ 4,240,072	\$ 11,666,069	\$ 609,632	\$ 25,098,032
Cash and cash equivalents, restricted	25,122,366	1,180,269	42,704	-	-	26,345,339
Investments	8,250,154	-	-	735,762	-	8,985,916
Investments, restricted	5,278,277	-	-	-	-	5,278,277
Accounts receivable, net	10,973,373	45,164	27,621	1,413,976	2,000	12,462,134
Lease receivable	19,478	114,462	-	3,244,957	-	3,378,897
Lease receivable, net of current portion	88,037	58,522	-	20,455,349	-	20,601,908
Notes and other receivables	-	-	-	49,760	-	49,760
Mortgage loans receivable	-	-	131,970	-	-	131,970
Due from primary government	412,318	863,914	-	-	-	1,276,232
Due from other governments	6,542,396	866,052	-	-	-	7,408,448
Prepaid and other assets	1,021,776	41,826	1,000	648,072	-	1,712,674
Capital assets, net	150,948,470	11,867,653	2,652,111	73,296,615	-	238,764,849
Total assets	<u>215,775,493</u>	<u>16,501,273</u>	<u>7,095,478</u>	<u>111,510,560</u>	<u>611,632</u>	<u>351,494,436</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows resulting from refunding of debt, net	-	122,123	-	-	-	122,123
Deferred outflows related to net pension liability	-	1,339,230	-	718,193	-	2,057,423
Deferred outflows related to accrued post employment benefit obligation	-	2,421,735	-	-	-	2,421,735
Total deferred outflows of resources	<u>-</u>	<u>3,883,088</u>	<u>-</u>	<u>718,193</u>	<u>-</u>	<u>4,601,281</u>
LIABILITIES						
Accounts payable and accrued expenses	11,785,359	412,355	179,061	11,337,921	14,827	23,729,523
Current maturities of long-term debt	2,531,617	1,355,000	-	1,732,244	-	5,618,861
Current installments of capital lease obligation	54,840	222,474	-	238,864	-	516,178
Accrued interest payable	-	116,684	-	-	-	116,684
Line of credit	4,050,000	-	-	-	-	4,050,000
Due to primary government	-	-	131,970	-	-	131,970
Due to other governments	4,913,983	-	2,650,000	-	-	7,563,983
Unearned revenues	-	90,115	42,704	22,133	-	154,952
Other liabilities	-	-	-	119,623	-	119,623
Accrued post employment benefit obligation	-	8,668,254	-	3,611,753	-	12,280,007
Capital lease obligation, less current installments	207,746	589,829	-	254,415	-	1,051,990
Bonds and notes payable	95,684,608	3,846,101	-	2,602,756	-	102,133,465
Total liabilities	<u>119,228,153</u>	<u>15,300,812</u>	<u>3,003,735</u>	<u>19,919,709</u>	<u>14,827</u>	<u>157,467,236</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to net pension liability	-	2,255,583	-	1,184,270	-	3,439,853
Deferred inflows related to accrued post employment benefit obligation	-	2,264,329	-	827,148	-	3,091,477
Deferred inflows related to leases	106,629	172,984	-	22,186,538	-	22,466,151
Deferred inflows related to sales of future revenues	200,000	-	-	-	-	200,000
Total deferred inflows of resources	<u>306,629</u>	<u>4,692,896</u>	<u>-</u>	<u>24,197,956</u>	<u>-</u>	<u>29,197,481</u>
NET POSITION (DEFICIENCY)						
Net invested in capital assets	56,815,525	5,376,837	-	68,961,615	-	131,153,977
Restricted	-	354,494	42,704	-	-	397,198
Unrestricted (deficiency)	39,425,186	(5,340,678)	4,049,039	(850,527)	596,805	37,879,825
Total net position (deficiency)	<u>\$ 96,240,711</u>	<u>\$ 390,653</u>	<u>\$ 4,091,743</u>	<u>\$ 68,111,088</u>	<u>\$ 596,805</u>	<u>\$ 169,431,000</u>

See notes to financial statements.

CITY OF ALBANY, NEW YORK
COMBINING STATEMENT OF ACTIVITIES – DISCRETELY PRESENTED COMPONENT UNITS
December 31, 2022

	Albany Water Board and Municipal Water Finance Authority	Albany Parking Authority	City of Albany Industrial Development Agency	Albany Port District Commission	Other Component Units	Totals
Operating revenue	\$ 34,549,469	\$ 9,162,424	\$ 1,289,185	\$ 37,820,810	\$ 53,313	\$ 82,875,201
Operating expenses						
Costs of services	-	4,446,710	619,130	1,011,670	25,000	6,102,510
Source of supply and purification	4,912,210	-	-	-	-	4,912,210
Transmission and distribution	5,055,194	-	-	-	-	5,055,194
General and administrative	7,212,674	200,832	-	3,385,697	20,860	10,820,063
Real estate taxes paid to other governments	1,678,538	-	-	-	-	1,678,538
Sewer contract	9,072,798	-	-	-	-	9,072,798
Depreciation and amortization	7,432,757	1,056,058	938	2,738,705	-	11,228,458
Grants	-	-	250,000	-	-	250,000
Offshore Wind project	-	-	-	30,594,773	-	30,594,773
Miscellaneous	-	2,868,300	-	-	-	2,868,300
Total operating expenses	35,364,171	8,571,900	870,068	37,730,845	45,860	82,582,844
Excess (deficiency) of operating revenue over expenses						
before nonoperating (expenses) revenue	(814,702)	590,524	419,117	89,965	7,453	292,357
Nonoperating (expenses) revenue						
Amortization of bond insurance premiums	-	(48,049)	-	-	-	(48,049)
Decrease in fair value of investments	(408,949)	-	-	-	-	(408,949)
Interest income	277,081	24,447	23,439	1,142	-	326,109
Interest expense	(1,083,626)	(240,620)	-	(142,847)	-	(1,467,093)
Other income (expense)	1,786	(85,109)	-	-	-	(83,323)
Municipal Support Agreement Costs	-	-	-	(16,856)	-	(16,856)
Waterfront development expenses	-	-	-	(53,709)	-	(53,709)
Net nonoperating (expenses) revenue	(1,213,708)	(349,331)	23,439	(212,270)	-	(1,751,870)
(Deficiency) excess of revenue over expenses before transfers	(2,028,410)	241,193	442,556	(122,305)	7,453	(1,459,513)
Grant funding and contributions	6,641,062	-	-	292,453	-	6,933,515
Excess (deficiency) of revenue over expenses	4,612,652	241,193	442,556	170,148	7,453	5,474,002
NET POSITION, beginning of year, as previously reported	92,174,604	149,460	3,649,187	67,342,930	589,352	163,905,533
Cumulative effect of adjustments relating to prior periods	(546,545)	-	-	598,010	-	51,465
NET POSITION, beginning of year, adjusted	91,628,059	149,460	3,649,187	67,940,940	589,352	163,956,998
NET POSITION, end of year	\$ 96,240,711	\$ 390,653	\$ 4,091,743	\$ 68,111,088	\$ 596,805	\$ 169,431,000

See notes to financial statements.

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 the Association, 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 2022 financial statements. Management believes that the impact of these omissions is not material to the City's 2022 financial statements.

The CRC has been 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, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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.

Right-to-use Lease Assets

The City's right-to-use lease assets are reported within the major class of the underlying asset and initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or before the commencement of the lease term, less any lease incentives, plus ancillary charges necessary to place the lease asset into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

Deferred Outflows/Inflows of Resources

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

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

E. Tax Abatements

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

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Tax Abatements (Continued)

Generally the tax abatements are issued under the NYS Private Housing Finance Law (PHFL) or the City of Albany Industrial Development Agency (CAIDA), incorporated pursuant to State Law. There are also separate PILOT agreements with NYS (19-a PILOTs) that are not included for the purposes of GASB 77, *Tax Abatement Disclosures*.

PILOT agreements are in place under both categories, with shelter rents (a percentage of the rents from the housing) being the predominant PILOT method for PHFL agreements, and payments of a percentage of taxable assessed value being the predominant PILOT method for IDA agreements. The PHFL properties are mostly organized under the Albany Housing Authority, which is a separate, but component unit of the City of Albany. These properties contain almost exclusively “affordable housing” units. The IDA properties are commercial properties comprised of a mix of hotel, office, retail, and both market rate and affordable apartment units.

The total assessed value of all shelter rent properties, including the IDA shelter rent properties, is approximately \$355,000,000 for the Property Tax Year, with a taxable assessed value of approximately \$41,000,000. The total PILOT payments on these properties to date was approximately \$845,000 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 \$6,000,000 abatement of County/City property taxes. For the school district, there is also \$353,000,000 in property value but an assessed value of \$42,000,000 based on \$1,000,000 in PILOT payments, with \$8,800,000 abated of County/City taxes.

The total assessed value of Commercial (almost exclusively IDA) properties is approximately \$361,000,000 for the Property Tax Year and approximately \$334,000,000 for the School Tax Year, with taxable assessed values of approximately \$125,000,000 and \$113,000,000 respectively. The total PILOT payments on these properties to date were approximately \$2,000,000, \$437,000, \$3,000,000 and \$230,000 to the City, County, School and Library Districts respectively. This constitutes approximately a \$4,300,000 abatement of County/City property taxes and a \$7,300,000 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.

F. Change in Accounting Principle

During the year ended December 31, 2022, the City implemented GASB Statement No. 87, *Leases*. This statement changes the reporting of leases that were previously classified as operating leases, requiring the recognition of certain lease assets and liabilities along with the recognition of inflows and outflows of resources, as appropriate.

The City applied the new standard retroactively to January 1, 2022, the beginning of the earliest period presented. As part of implementation, as of January 1, 2022, right-to-use lease assets, net of \$408,331, and lease liabilities of \$408,331 were presented in the Statement of Net Position. In addition, lease receivables of \$443,318 and deferred inflows of resources of \$443,318 were presented in the Statement of Net Position and the Balance Sheet – Governmental Funds. There was no material impact on the City's net position or fund balance.

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

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

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

Total fund balances of the City's governmental funds differ from "net position" of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

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

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

i. Long-term revenue and expense differences:

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

ii. Capital related differences:

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

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.

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

Employees earn retirement benefits as they provide service. The benefit is based on factors such as the applicable employee agreement, the employees' hiring date and the number of years of service to the City. The costs of retirement benefits are recognized in the statement of revenues, expenditures and changes in fund balance when the expenditures are paid. Pension benefits are accounted for in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and are reported in the government-wide financial statements as a liability/asset, deferred outflows of resources/deferred inflows of resources and expensed in the statement of activities accordingly. Other postemployment benefits are accounted for in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and are reported in the government-wide financial statements as a liability and expensed in the statement of activities accordingly.

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, 2022, 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, 2022, 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.

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

The City has approximately \$2,862,000 in cash and cash equivalents that have been restricted as follows:

General Fund	
Debt service	\$ 1,851,000
Landfill postclosure	933,000
NYS Power Authority grant	<u>78,000</u>
	<u><u>\$ 2,862,000</u></u>

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

NOTE 5 — LANDFILL RECEIVABLE

The City currently has one landfill accepting waste from various public and private entities. These entities are billed monthly based on the tonnage deposited at the landfill for the previous month. At December 31, 2022, the City had outstanding landfill receivables of approximately \$329,000, with an allowance of approximately \$118,000.

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, 2022.

The taxable assessed value of real property, as adjusted by New York State, 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 constitutional tax limit is 2% of the 5-year average of the full value assessment. The 2021 levy represents approximately 61% of the constitutional tax limit. The taxable assessed value of real property included in the tax levy of 2022 (revenue in 2023), was \$4,842,987,570. The effective tax rate on this value is \$11.15 per thousand for residential and \$14.81 per thousand for non-residential properties. The 2022 levy represents approximately 58% of the constitutional tax limit.

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7 — CAPITAL ASSETS

Property and equipment is comprised of the following:

	Balance January 1, 2022	Additions	Deletions and Reclassifications	Balance December 31, 2022
Capital assets not being depreciated:				
Land and land improvements	\$ 1,979,669	\$ -	\$ (119,141)	\$ 1,860,528
Construction in process	11,386,595	15,146,563	(5,229,420)	21,303,738
	<u>13,366,264</u>	<u>15,146,563</u>	<u>(5,348,561)</u>	<u>23,164,266</u>
Capital assets being depreciated:				
Buildings, capital leases, and improvements	60,768,697	-	-	60,768,697
Machinery and equipment	94,716,499	5,452,293	(1,016,861)	99,151,931
Infrastructure	441,050,358	5,434,084	-	446,484,442
	<u>596,535,554</u>	<u>10,886,377</u>	<u>(1,016,861)</u>	<u>606,405,070</u>
Less accumulated depreciation for:				
Buildings, capital leases, and improvements	36,014,833	1,532,208	-	37,547,041
Machinery and equipment	71,835,397	5,800,580	(1,011,727)	76,624,250
Infrastructure	266,704,218	12,234,330	-	278,938,548
	<u>374,554,448</u>	<u>19,567,118</u>	<u>(1,011,727)</u>	<u>393,109,839</u>
Total capital assets, net	<u>\$ 235,347,370</u>			<u>\$ 236,459,497</u>

Depreciation expense was approximately \$19,567,000 for the year ended December 31, 2022. In the statement of activities, depreciation expense is allocated to each function as follows:

Function/Programs	Depreciation Expense
Public safety and regulation	\$ 3,999,000
General government	6,510,000
Highway and streets	5,641,000
Recreation and culture	820,000
Community service	2,086,000
Economic development and assistance	511,000
	<u>\$ 19,567,000</u>

NOTE 8 — NOTES RECEIVABLE

Notes receivable of \$625,000 reported in the fund financial statements and the government-wide financial statements as of December 31, 2022 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.

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022:

<u>Program</u>	<u>Balance</u>
HUD, net of allowance	\$ 3,626,136
HUD, forgivable grant loans, net of allowance	7,267,417
Choose Albany, net of allowance	<u>28,807</u>
	<u><u>\$10,922,360</u></u>

NOTE 10 — INTERFUND RECEIVABLES AND PAYABLES

A summary of interfund receivables and payables at December 31, 2022 is as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	\$ 4,080,733	\$ -
Special Revenue	-	679,008
Capital Projects	-	3,076,171
Albany Community Development Agency	<u>9,965</u>	<u>335,519</u>
	<u><u>\$ 4,090,698</u></u>	<u><u>\$ 4,090,698</u></u>

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 11 — DUE FROM/TO COMPONENT UNITS

The City has reported approximately \$2,623,000 as the amount due from the Component Units, net at December 31, 2022. The Component Units reported approximately net \$1,144,000 as the amount due from the primary government, net. The net difference as reported by the City and its Component Units is approximately \$3,767,000 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.

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 2022, the City elected to amortize approximately \$1,730,000 of its calculated pension contribution to the retirement system for its fiscal year ended December 31, 2022. The City's contributions made to the Systems were equal to 100 percent of the minimum required contributions. At December 31, 2022, approximately \$10,432,000 was deferred and recorded as due to New York State Retirement System in the statement of net position (Note 14(c)).

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

At December 31, 2022, the City reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the plans.

	PFRS	ERS
Actuarial Valuation Date	April 1, 2021	April 1, 2021
Net Pension Asset (Liability)	\$ (7,859,924)	\$ 8,921,872
Proportionate Share of the Plan's		
Total Net Pension Liability	1.3836810%	0.1091416%
Proportionate Share of Pension Expense	\$ 6,315,288	\$ (72,054)

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 12 — PENSION PLANS

The PFRS and ERS net pension asset (liability) was measured as of March 31, 2022, and the total pension liability was determined by an actuarial valuation as of April 1, 2021. The City's proportion of the net pension asset (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.

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

At December 31, 2022, the City reported deferred outflows and deferred inflows of resources as follows:

	PFRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,237,343	\$ -	\$ 675,666	\$ 876,377
Net difference between projected and actual earnings on pension plan investments	-	66,043,896	-	29,215,393
Changes in assumptions	47,043,350	-	14,889,604	251,246
Changes in proportion and differences between City contributions and proportionate share of contributions	1,781,789	4,578,269	37,276	1,001,335
City contributions subsequent to the measurement date	15,468,543	-	4,569,905	-
	<u>\$ 68,531,025</u>	<u>\$ 70,622,165</u>	<u>\$ 20,172,451</u>	<u>\$ 31,344,351</u>

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset (liability) in the year ended March 31, 2023 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:

Year Ended March 31,	PFRS	ERS
2023	\$ (4,260,656)	\$ (2,639,372)
2024	(6,029,194)	(3,590,419)
2025	(16,036,185)	(7,795,850)
2026	8,476,414	(1,716,164)
2027	289,938	-
	<u>\$ (17,559,683)</u>	<u>\$ (15,741,805)</u>

Actuarial Assumptions

The total pension asset (liability) for the March 31, 2022 measurement date was determined by using an actuarial valuation as of April 1, 2021. These actuarial valuations for both ERS and PFRS used the following actuarial assumptions:

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 12 — PENSION PLANS (Continued)

Actuarial Assumptions (Continued)

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.

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%	3.30%
International equities	15%	5.85%
Private equities	10%	6.50%
Real estate	9%	5.00%
Opportunistic / ARS portfolio	3%	4.10%
Credit	4%	3.78%
Real assets	3%	5.80%
Fixed income	23%	0.00%
Cash	1%	-1.00%
	<u>100%</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).

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 12 — PENSION PLANS (Continued)

Discount Rate (Continued)

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>1.0%</u> <u>Decrease</u>	<u>Discount</u> <u>Rate</u>	<u>1.0%</u> <u>Increase</u>
City's proportionate share of the PFRS net pension asset (liability)	<u>\$(87,429,530)</u>	<u>\$(7,859,924)</u>	<u>\$58,002,583</u>
City's proportionate share of the ERS net pension asset (liability)	<u>\$(22,964,801)</u>	<u>\$ 8,921,872</u>	<u>\$35,593,536</u>

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 2022, the City issued approximately \$16,841,000 in BANs. The BANs are due March 24, 2023. The BANs carry an interest rate of 2.25% to yield 1.15%. The proceeds of the BANs, along with available funds, were used to redeem \$7,760,490 of the \$59,304,000 BANs that were issued in 2021 and matured March 25, 2022, and also provide new funds for various capital purposes and improvements. These BANs were subsequently redeemed in March 2023 (see Note 16 – Subsequent Events).

Interest expense on BANs totaled approximately \$206,000 for the year ended December 31, 2022.

NOTE 14 — INDEBTEDNESS

Indebtedness of the City include loans, certain accruals, and serial 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, 2022:

	<u>Balance</u> <u>January 1,</u> <u>2022</u>	<u>New Issues/</u> <u>Increase in</u> <u>Estimates</u>	<u>Payments/</u> <u>Decrease in</u> <u>Estimates</u>	<u>Balance</u> <u>December 31,</u> <u>2022</u>
Bonds	\$ 58,250,000	\$ 50,645,000	\$ (8,950,000)	\$ 99,945,000
Premiums on debt issuance	2,006,464	5,704,466	(924,394)	6,786,536
Loans payable (ACDA)	31,685	-	(13,709)	17,976
Post employment benefit obligation (Note 14)	501,361,106	23,214,580	(216,202,992)	308,372,694
Vacation/sick pay obligations	20,066,070	-	(879,011)	19,187,059
Due to NYS Retirement System	10,408,800	1,966,102	(1,942,473)	10,432,429
Net pension liability (asset)	22,497,461	7,563,304	(31,122,713)	(1,061,948)
Litigation and contingent liabilities	37,767,620	6,545,630	(7,318,571)	36,994,679
Landfill closure and postclosure care costs	10,438,441	421,649	-	10,860,090
Retainage payable on long-term contracts	-	342,099	-	342,099
Total	<u>\$662,827,647</u>	<u>\$ 96,402,830</u>	<u>\$(267,353,863)</u>	<u>\$ 491,876,614</u>

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 14 — INDEBTEDNESS (Continued)

Of the total outstanding indebtedness of the City at December 31, 2022, approximately \$116,786,000 was subject to the statutory debt limit. Amounts subject to the statutory debt limit include bonds and bond anticipation notes payable. This represents approximately 34% of the City's \$340,405,407 statutory debt limit.

(a) Bonds

Serial bonds, the proceeds of which have been used primarily to provide funds for various capital projects, consists of the following at December 31, 2022:

<u>Interest Rate</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding December 31, 2022</u>	<u>Annual Principal Installments (Range)</u>
Serial Bonds					
4.00 - 5.00%	2011	2025	\$ 11,075,000	\$ 640,000	\$200,000 - 225,000
2.00%	2016	2023	10,210,000	1,835,000	\$1,835,000
2.00%	2016	2025	13,474,579	4,260,000	\$1,310,000 - 1,665,000
4.00%	2018	2028	33,310,417	20,485,000	\$3,085,000 - 3,725,000
3.00%	2019	2034	26,000,000	22,080,000	\$1,530,000 - 2,185,000
4.00%	2022	2032	50,645,000	50,645,000	\$4,265,000 - 6,000,000
				\$ 99,945,000	
Add: Unamortized Premiums				6,786,536	
				<u>\$ 106,731,536</u>	

The following are details of bonds outstanding at December 31, 2022:

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, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 March 2022, the City issued \$50,645,000 in General Obligation Serial Bonds. The Bonds carry an interest rate of 4.0%, 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 Bonds, along with available funds, were used to redeem \$51,543,785 of the \$59,304,275 BANs that were issued in 2021 and matured March 25, 2022.

Future maturities of general long-term debt as of December 31, 2022 are as follows:

Year Ending December 31	Principal	Interest	Total
2023	\$ 12,580,000	\$ 4,455,155	\$ 17,035,155
2024	10,680,000	3,053,050	13,733,050
2025	11,075,000	2,658,000	13,733,000
2026	9,905,000	2,261,325	12,166,325
2027	10,300,000	1,874,350	12,174,350
2028-2032	41,105,000	4,323,275	45,428,275
2033-2034	4,300,000	130,050	4,430,050
	<u>\$ 99,945,000</u>	<u>\$ 18,755,205</u>	<u>\$118,700,205</u>

Interest expense for bonds was approximately \$2,177,000 for the year ended December 31, 2022.

(b) Loans payable

Loans payable are further broken down as follows:

	Balance January 1, 2022	New Issues/ Increase in Estimates	Retirement/ Decrease in Estimates	Balance December 31, 2022
Note payable (1)	<u>\$ 31,685</u>	<u>\$ -</u>	<u>\$ (13,709)</u>	<u>\$ 17,976</u>
	<u>\$ 31,685</u>	<u>\$ -</u>	<u>\$ (13,709)</u>	<u>\$ 17,976</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, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 14 — INDEBTEDNESS (Continued)

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

Each year from 2011 through 2022, 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, 2022 is as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ -	\$ -
2024	1,543,562	274,226	1,817,788
2025	1,682,516	271,745	1,954,261
2026	1,738,209	216,048	1,954,257
2027	1,164,767	158,347	1,323,114
2028-2032	3,250,802	396,791	3,647,593
2033-2034	1,052,573	64,532	1,117,105
	<u>\$10,432,429</u>	<u>\$1,381,689</u>	<u>\$ 11,814,118</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 \$15,013,000 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.

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, 2022 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 2022 are as follows:

	<u>Balance as of January 1 2022</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance as of December 31, 2022</u>
Workers' compensation liability	<u>\$ 20,589,917</u>	<u>\$ 6,545,630</u>	<u>\$ (5,153,371)</u>	<u>\$ 21,982,176</u>

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 14 — INDEBTEDNESS (Continued)

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

(3) *Grant Programs*

City

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

ACDA

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

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

The City has four landfills, three of which stopped accepting waste prior to December 1993. The fourth, Albany Interim Landfill (AIL), together with its expansions added in 2010 and 2012, is still accepting waste at December 31, 2022. 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.

Accrued landfill closure and post closure care costs of approximately \$10,860,000 at December 31, 2022, 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 4.3 years. The City will recognize the remaining estimated cost of closure and post closure care of \$936,000 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 2022. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City currently has restricted cash of approximately \$933,000 for payment of closure and post closure care costs.

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 15 — OTHER POSTEMPLOYMENT BENEFITS

City

In addition to providing pension benefits (see Note 12), the City also provides health care benefits for retired employees, their dependents and certain survivors. Substantially all of the City's employees, as well as employees of the Albany Water Board, may become eligible for those benefits if they reach normal retirement age while working for the City.

The City follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for the recognition, measurement, and display of other postemployment benefits (retiree health insurance) expenses and related liabilities and note disclosure.

Plan Description

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

Funding Policy

The obligations of the Plan members, employers and other entities are established by the City. The required contribution rates of the employer and the members vary depending on the retiree's hiring date and number of years of service to the City. There are no assets accumulated in a trust that meet all of the criteria of GASB 75, paragraph 4, to pay benefits. The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis, with the possibility of prefunding additional benefits if so determined by the City. The costs of administering the plan are paid by the City.

Employees Covered by Benefit Terms

Inactive employees or beneficiaries currently receiving benefit payments	1,213
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	-
Active employees	<u>1,215</u>
	<u><u>2,428</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.

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 15 — OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (continued)

The City's total OPEB liability, as of December 31, 2022, was measured as of December 31, 2022 and was determined by an actuarial valuation as of January 1, 2022.

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

Salary increases – 3.0%

Discount rate 12/31/2022 – 4.18%

Discount rate 12/31/2021 – 2.05%

Healthcare cost trend rates: 7.00% decreasing to an ultimate rate of 4.50% by 2034.

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-2021.

Changes in the Total OPEB Liability

Beginning balance	<u>\$ 501,361,106</u>
Changes for the year:	
Service cost	2,569,300
Interest	20,645,280
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(201,293,228)
Benefit payments	<u>(14,909,764)</u>
Net changes	<u>\$ (192,988,412)</u>
Ending balance	<u><u>\$ 308,372,694</u></u>

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 15 — OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
Total OPEB Liability	<u>\$ 357,656,523</u>	<u>\$ 308,372,694</u>	<u>\$ 270,709,460</u>
	<u>1.0% Decrease</u>	<u>Current Healthcare Trend Rates</u>	<u>1.0% Increase</u>
Total OPEB Liability	<u>\$ 269,296,510</u>	<u>\$ 308,372,694</u>	<u>\$ 359,198,703</u>

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

For the year ended December 31, 2022, the City recognized OPEB expense of approximately \$403,000.

At December 31, 2022, the City reported deferred outflows and deferred inflows of resources related to OPEB as follows:

Deferred Outflows of Resources

Differences between expected and actual experience	\$ -
Changes of assumptions or other inputs	<u>56,010,502</u>
Total deferred outflows of resources	<u>\$ 56,010,502</u>

Deferred Inflows

Differences between expected and actual experience	\$ -
Changes of assumptions or other inputs	<u>249,212,290</u>
Total deferred Inflows	<u>\$ 249,212,290</u>

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 15 — OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

<u>Year Ended</u>	
2023	\$ (22,811,341)
2024	(22,811,341)
2025	(22,811,341)
2026	(22,811,341)
2027	(36,465,645)
Thereafter	<u>(65,490,779)</u>
	<u><u>\$(193,201,788)</u></u>

NOTE 16 — LEASES

Lease receivable and deferred inflows of resources

The City recorded a lease receivable of \$366,556 on the balance sheet – governmental fund and the statement of net position at December 31, 2022. This lease receivable is related to various agreements. Terms of these agreements range from three to ten years. The lease receivable was recognized at present value utilizing discount rates ranging from 1.74% and 2.33%.

Future receipts are expected to be applied as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Receipts</u>
2023	\$ 78,794	\$ 7,374	\$ 86,168
2024	60,096	5,932	66,028
2025	26,920	5,018	31,938
2026	27,554	4,384	31,938
2027	33,045	3,684	36,729
2028-2032	<u>140,147</u>	<u>6,768</u>	<u>146,915</u>
Total future receipts	<u><u>\$ 366,556</u></u>	<u><u>\$ 33,160</u></u>	<u><u>\$399,716</u></u>

Deferred inflows of resources of \$360,346 was recorded at December 31, 2022 related to these leases. The deferred inflows of resources will be recognized as lease revenue over the term of the lease on a straight-line basis.

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 16 — LEASES (Continued)

Lease related revenues for the year ended December 31, 2022 are as follows:

Lease Revenue	
Cell Tower	\$ 66,285
Office Space	<u>16,688</u>
Total Lease Revenue	\$ 66,285
Interest Revenue	<u>8,533</u>
Total	<u><u>\$ 74,818</u></u>

Right-to-use lease assets and lease liabilities

The City leases building space and equipment under various leases, containing various terms and renewal options which extend through February 2028. These lease agreements have been recorded at the present value of the future minimum lease payments as of the inception date of the agreements or as of January 1, 2022, the implementation date of GASB 87, *Leases*, as applicable. Annual lease payments for these agreements range from \$38,809 to \$172,170. The lease liability is measured at rates ranging from 1.74% to 2.25%.

The following is a summary of lease assets and liabilities:

	Primary Government			Amounts Due Within One Year
	Balance January 1	Additions	Deletions	Balance December 31
Lease Assets				
Building	\$ 408,330	\$ -	\$ -	\$ 408,330
Equipment	-	220,293	-	220,293
	<u>408,330</u>	<u>220,293</u>	<u>-</u>	<u>628,623</u>
Less: Accumulated Amortization				
Building	-	139,999	-	139,999
Equipment	-	33,656	-	33,656
	<u>-</u>	<u>173,655</u>	<u>-</u>	<u>173,655</u>
Total Lease Assets, net	<u>\$ 408,330</u>	<u>\$ 46,638</u>	<u>\$ -</u>	<u>\$ 454,968</u>
Lease Liabilities	<u>\$ 408,330</u>	<u>\$220,293</u>	<u>\$176,873</u>	<u>\$ 451,750</u>
				<u>\$174,568</u>

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 16 — LEASES (Continued)

The following table summarizes minimum future payment requirements as of December 31, 2022 under these leases:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	\$ 174,568	\$ 7,716	\$ 182,284
2024	165,854	4,474	170,328
2025	36,278	2,531	38,809
2026	37,103	1,706	38,809
2027	<u>37,947</u>	<u>863</u>	<u>38,810</u>
Total future payments	<u>\$451,750</u>	<u>\$ 17,290</u>	<u>\$ 469,040</u>

Lease related expenses for the year ended December 31, 2022 are as follows:

	<u>2022</u>
Lease Expense	
Amortization expense by class of underlying asset	
Equipment	\$ 33,656
Building	<u>139,999</u>
Total amortization expense	\$ 173,655
Interest on lease liabilities	<u>9,581</u>
Total	<u>\$ 183,236</u>

NOTE 17 — SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 27, 2023, which is the date the financial statements were available to be issued.

In March 2023, the City issued \$13,705,944 in BANs. The BANs are due March 22, 2024. The BANs carry an interest rate of 4.50%.

The proceeds of the BANs, along with available funds, were used to redeem the \$16,840,944 BANs that were issued in 2022 and matured March 24, 2023, and also provide new funds for various capital purposes and improvements.

CITY OF ALBANY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 18 — 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, 2022

	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
REVENUES								
Real property taxes	\$ 59,550,000	\$ 59,550,000	\$ 59,597,300	\$ 47,300	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	38,424,902	41,458,429	44,862,476	3,404,047	-	-	-	-
Other taxes	3,140,800	3,140,000	2,896,391	(243,609)	-	-	-	-
Payments in lieu of taxes	19,375,827	19,375,027	19,646,194	271,167	-	-	-	-
Intergovernmental revenue	39,141,987	43,639,985	49,309,941	5,669,956	2,525,140	2,525,140	2,236,515	(288,625)
Charges for services	9,631,030	10,334,330	8,437,965	(1,896,365)	-	-	-	-
Fines, interest and penalties	5,360,000	5,360,000	5,073,552	(286,448)	-	-	-	-
Use of money and properties	109,680	109,680	1,462,567	1,352,887	-	-	-	-
Licenses and permits	4,605,850	4,789,335	4,333,198	(456,137)	-	-	-	-
Other revenues	5,413,151	4,280,750	2,616,947	(1,663,803)	-	-	-	-
Total revenues	184,753,227	192,037,536	198,236,531	6,198,995	2,525,140	2,525,140	2,236,515	(288,625)
EXPENDITURES								
Public safety and regulation	103,461,085	110,409,942	109,462,403	(947,539)	-	-	-	-
General government	29,465,465	33,768,104	32,467,745	(1,300,359)	-	-	-	-
Highways and streets	7,215,365	7,734,729	7,944,386	209,657	-	-	-	-
Recreation and culture	5,434,531	5,282,031	4,477,254	(804,777)	-	-	-	-
Community service	9,505,113	8,808,804	7,999,891	(808,913)	-	-	-	-
Economic development and assistance	-	-	75,742	75,742	2,525,140	2,525,140	2,249,142	(275,998)
Employee benefits	11,233,106	11,830,106	16,776,278	4,946,172	-	-	-	-
Debt service	17,232,932	17,232,932	13,005,754	(4,227,178)	-	-	-	-
Total expenditures	183,547,597	195,066,648	192,209,453	(2,857,195)	2,525,140	2,525,140	2,249,142	(275,998)
Excess (deficiency) of revenues and appropriated fund balance over expenditures	1,205,630	(3,029,112)	6,027,078	9,056,190	-	-	(12,627)	(12,627)
OTHER FINANCING (USES) SOURCES								
Transfers	(1,205,630)	(1,205,630)	(7,422,043)	(6,216,413)	-	-	-	-
Lease financing	-	-	589,814	589,814	-	-	-	-
Premium on debt issuance	-	-	242,685	242,685	-	-	-	-
Total other financing (uses) sources	(1,205,630)	(1,205,630)	(6,589,544)	(5,383,914)	-	-	-	-
(Deficiency) excess of revenues, appropriated fund balance and other financing sources over expenditures and other financing uses	\$ -	\$ (4,234,742)	\$ (562,466)	\$ 3,672,276	\$ -	\$ -	\$ (12,627)	\$ (12,627)

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>2022</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	1.383681%	1.289406%	1.375324%	1.389398%	1.369718%	1.454527%	1.408760%	1.465709%
City's proportionate share of the net pension liability	\$ (7,859,924)	\$(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	\$ 50,665,670	\$ 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	15.51%	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>98.66%</u>	<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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2016</u>	<u>2015</u>
Inflation	2.7%	2.7%	2.5%	2.5%	2.5%	2.7%
Salary increases	6.2%	6.2%	5.0%	5.0%	4.5%	6.0%
Cost of living adjustments	1.4%	1.4%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	5.9%	6.8%	7.0%	7.0%	7.5%
Discount rate	5.9%	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)

March 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 13,586,250	\$ 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
Contribution in relation to the contractually required contribution	<u>(13,586,250)</u>	<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>
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	\$ 50,665,670	\$ 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
Contributions as a percentage of covered-employee payroll	<u>26.82%</u>	<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>

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,	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension asset (liability)	0.109142%	0.110288%	0.109737%	0.112003%	0.112700%	0.113703%	0.119550%	0.132978%
City's proportionate share of the net pension asset (liability)	\$ 8,921,872	\$ (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	\$ 30,458,590	\$ 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 asset (liability) as a percentage of its covered-employee payroll	-29.29%	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 asset (liability)	<u>103.65%</u>	<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:

	2022	2021	2020	2019	2016	2015
Inflation	2.7%	2.7%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.4%	4.2%	4.2%	3.8%	4.9%
Cost of living adjustments	1.4%	1.4%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	5.9%	6.8%	7.0%	7.0%	7.5%
Discount rate	5.9%	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>2022</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>
Contractually required contribution	\$ 4,416,571	\$ 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
Contribution in relation to the contractually required contribution	<u>(4,416,571)</u>	<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>
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	\$ 30,458,590	\$ 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
Contributions as a percentage of covered-employee payroll	<u>14.50%</u>	<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>

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

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 2,569,300	\$ 6,946,141	\$ 6,872,668	\$ 5,092,227	\$ 4,083,647
Interest	20,645,280	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	(201,293,228)	(3,108,159)	(109,166,262)	111,742,345	-
Benefit payments	(14,909,764)	(15,301,430)	(16,738,048)	(15,089,450)	(14,999,483)
Net changes in total OPEB liability	\$ (192,988,412)	\$ (1,315,419)	\$ (106,887,503)	\$ 118,993,401	\$ 7,168,456
Total OPEB liability - beginning	\$ 501,361,106	\$ 502,676,525	\$ 609,564,028	\$ 490,570,627	\$ 483,402,171
Total OPEB liability - ending	<u>\$ 308,372,694</u>	<u>\$ 501,361,106</u>	<u>\$ 502,676,525</u>	<u>\$ 609,564,028</u>	<u>\$ 490,570,627</u>

Data prior to 2018 is unavailable.

The following is a summary of assumption changes:

	2022	2021	2020	2019	2018
Discount rate	4.18%	2.05%	2.02%	2.90%	3.80%