

NEW/RENEWAL ISSUES**S&P GLOBAL RATINGS: “A+” STABLE OUTLOOK****SERIAL BONDS AND BOND ANTICIPATION NOTES****See “BOND RATING” herein**

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

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

\$67,485,944
CITY OF ALBANY
ALBANY COUNTY, NEW YORK
 (the “City”)

CUSIP BASE #012429

\$50,645,000 General Obligation (Serial) Bonds, 2022

Dated: March 24, 2022

Due: March 15, 2023-2032

(the “Bonds”)

MATURITIES*

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2023	\$ 4,265,000	4.00%	1.03%	BQ8	2028	\$ 5,125,000	4.00%	1.70%	BV7
2024	4,385,000	4.00	1.30	BR6	2029	5,330,000	4.00	1.78	BW5
2025	4,560,000	4.00	1.40	BS4	2030	5,545,000	4.00	1.86	BX3
2026	4,740,000	4.00	1.50	BT2	2031	5,765,000	4.00	1.90	BY1
2027	4,930,000	4.00	1.60	BU9	2032	6,000,000	4.00	1.96	BZ8

FIDELITY CAPITAL MARKETS

and

\$16,840,944 Bond Anticipation Notes, 2022

Dated: March 24, 2022

Due: March 24, 2023

(the “Notes”)

(collectively referred to herein as the “Bonds and Notes”)

At an Interest Rate of 2.25% to Yield 1.15%

CUSIP No. 012429 CA2

OPPENHEIMER & CO.

The Bonds maturing in the years 2031 to 2032 are subject to redemption prior to maturity. See “DESCRIPTION OF THE BONDS - Optional Redemption” herein. The Notes are not subject to redemption prior to maturity.

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

The Bonds will be issued as registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on March 15, 2023, September 15, 2023 and semi-annually thereafter on March 15 and September 15 in each year until maturity. Principal and interest will be paid by the City to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes will be issued as registered notes registered in the name of Cede & Co. as nominee of DTC which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the Notes and payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

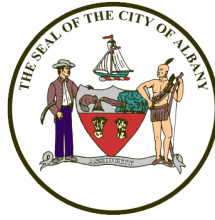
The Bonds and Notes are offered when, as and if issued and received by the purchasers and subject to the receipt of the respective approving legal opinions as to the validity of the Bonds and Notes of Roemer Wallens Gold & Mineaux LLP, Bond Counsel, of Albany, New York. It is anticipated that the Bonds and Notes will be available for delivery through the facilities of DTC, in Jersey City, New Jersey on or about March 24, 2022.

March 10, 2022

THIS REVISED COVER SUPPLEMENTS THE OFFICIAL STATEMENT OF THE CITY DATED MARCH 3, 2022 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12. OTHER THAN AS SET FORTH ON THE REVISED COVER, THE REVISION TO THE SECTION "RATING", THE REVISION OF THE DATED DATE ON PAGE 34 AND THE REVISION OF THE PAR AMOUNT OF THE BONDS THROUGHOUT, THERE HAVE BEEN NO REVISIONS TO SAID OFFICIAL STATEMENT.

CITY OF ALBANY

ALBANY COUNTY, NEW YORK



KATHY SHEEHAN
MAYOR

DARIUS SHAHINFAR
TREASURER

DR. DORECY APPLYRS
CHIEF CITY AUDITOR

COMMON COUNCIL

COREY ELLIS, PRESIDENT

KELLY KIMBROUGH, PRESIDENT PRO TEMPORE

GINNIE FARRELL, MAJORITY LEADER

Sergio Adams
Owusu Anane
Alfredo Balarin
E. Hyde Clarke
Sonia Frederick
Joyce Love
Jack Flynn

Derek Johnson
Meghan Keegan
Jahmel K. Robinson
Gabriella Romero
Tom Hoey
Deborah Zamer

CITY OFFICIALS

DAVID GALIN
Chief of Staff

RACHEL McENENY
Commissioner of Administrative Services

DANIELLE GILLESPIE
City Clerk

MARISA FRANCHINI, ESQ.
Corporation Counsel



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

Roemer Wallens
Gold & Mineaux^{LLP}
Counsellors at Law

ROEMER WALLENS GOLD & MINEAUX LLP
Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
CITY of ALBANY
ALBANY COUNTY, NEW YORK

Relating to
\$50,645,000 General Obligation (Serial) Bonds, 2022
and
\$16,840,944 Bond Anticipation Notes, 2022

This Official Statement, which includes the cover page and appendices, has been prepared by the City of Albany, Albany County, State of New York (the "City," "County," and "State," respectively), in connection with the sale by the City of its aggregate principal amount of \$50,645,000 General Obligation (Serial) Bonds, 2022 (the "Bonds") and \$16,840,944 Bond Anticipation Notes, 2022 (the "Notes") (collectively referred to herein as the "Bonds and Notes").

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

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

NATURE OF OBLIGATION

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

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

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

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

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

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

"A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the city's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean...So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted. While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

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

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

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

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

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

THE BONDS

Description of the Bonds

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

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in principal denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination maturing in 2023. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on March 15, 2023, September 15, 2023 and semi-annually thereafter on March 15 and September 15 in each year until maturity. Principal and interest will be paid to the Beneficial Owners of the Bonds, as described in the "BOOK-ENTRY-ONLY SYSTEM" herein. The record date of the Bonds will be the last business day of the calendar month preceding an interest payment date. Interest on the Bonds shall be calculated assuming a calendar year of 360 days and twelve 30-day months.

DESCRIPTION OF THE NOTES

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

The Notes are dated March 26, 2020 and will mature, without option of prior redemption, on March 24, 2023. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity. The Notes will be issued in either (i) registered certificated, and, if so issued, registered in the name of the purchaser(s) in denominations of \$5,000 each or multiples thereof, except for a necessary odd denomination, as may be determined by the successful bidder(s) with principal and interest payable in Federal Funds; or (ii) as registered notes, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See “BOOK-ENTRY-ONLY SYSTEM” herein.

OPTIONAL REDEMPTION

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

The Bonds maturing on or before March 15, 2030 shall not be subject to redemption prior to maturity. The Bonds maturing on or after March 15, 2031 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed), at the option of the City on March 15, 2030 or on any date thereafter at par (100%), plus accrued interest to the date of redemption.

If less than all of the bonds of any maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by the City by lot in any customary manner of selection as determined by the City Treasurer. Notice of such call for redemption shall be given by mailing such notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds and Notes, except in the event that use of the book-entry system for the Bonds and Notes is discontinued.

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

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

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

Source: The Depository Trust Company.

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

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

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

CERTIFICATED BONDS

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof, for any single maturity within each series of the Bonds. Principal of the Bonds when due will be payable upon presentation and surrender at the office of the fiscal agent bank to be named by the City upon termination of the book-entry-only system. Interest on the Bonds will be payable on March 15, 2023, September 15, 2023 and semi-annually thereafter on March 15 and September 15 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Certificate of Determination of the City Treasurer authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

CERTIFICATED NOTES

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

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination. Principal of and interest on the Notes will be payable at a bank or trust company located and authorized to do business in the State of New York to be named by the City. The Notes will remain not subject to redemption prior to their stated maturity date.

PURPOSES OF ISSUE

Bonds

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

The proceeds of the Bonds and a portion of the original issue premium, along with a principal payment of \$4,401,411 using available funds of the City, will redeem \$51,543,785 of the \$59,304,275 bond anticipation notes maturing March 25, 2022 and provide \$8,987,074 new monies for the aforementioned purposes.

Notes

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

The proceeds of the Notes, along with a principal payment of \$1,815,000 using available funds of the City, will redeem \$7,760,490 of the \$59,304,275 bond anticipation notes maturing on March 25, 2022 will provide \$10,895,454 in new monies for the aforementioned purposes.

SOURCES OF PAYMENT OF THE BONDS AND NOTES

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

The Bonds and Notes will be general obligations of the City and will contain a pledge of the full faith and credit of the City for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest the City has the power and statutory authorization to levy ad valorem taxes on all taxable real property within the City without limitation as to rate or amount. Under the Constitution of the State, the City is required to pledge its full faith and credit for the payment of the principal of and interest on the Bonds and Notes and the State is specifically precluded from restricting the power of the City to levy taxes on real property therefore.

THE CITY

General Information

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

The City of Albany is the capital of the State of New York and the County Seat of Albany County. The City is located on the west bank of the Hudson River, approximately 140 miles north of New York City. The City is a center for higher education and is home to not only SUNY Poly, but also the State University at Albany, the College of Saint Rose, The Sage College at Albany, Maria College, Albany Law School, Albany College of Pharmacy, and Albany Medical College. Located nearby are Siena College in the Town of Colonie, Union College in Schenectady, and Rensselaer Polytechnic Institute and Russell Sage College in Troy.

Taking advantage of Albany's location at the crossroads of transportation, the Port of Albany (operated by the Albany Port District Commission) receives cargo originating in and being shipped to foreign countries and other cities in the United States. As an economic engine that generates over \$800 million in economic impact to the State, the Port is undergoing a major expansion and transformation to become the first off-shore wind tower assembly site in America. The project, which has received State and Federal funding, represents a \$350+ million investment that is expected to create approximately 500 construction and 550 full-time jobs when complete in 2024. This new development solidifies Albany's position as a global leader in the new energy solutions industry and is anticipated to signal a significant diversification of the regional economy as Albany and surrounding areas host new industry, professional services and events attracted by the off-shore wind hub. In addition, the Port of Albany has made over \$50 million in investments its maritime operations in recent years, including, \$15 million in dock improvements, \$4 million for terminal improvements and \$18 million in transit and terminal improvements. These improvements provide the Port with the ability to handle larger vessels and cargo, and to continue to maximize year-round access while enhancing its competitive advantage for attracting commerce. These improvements build on the major private and public investments that have occurred at the Port over the past decade, totaling over \$100 million. These investments are realizing returns as well. Important examples are two new or renewed major tenant commitments and year over year increases in varied economic indicators, not to mention the off-shore wind investments that are coming. An example is Longshore hours worked increased by 63% in 2018 when compared to 2009.

The City has also been proactive in spurring economic development through strategy-driven neighborhood revitalization coupled with a long-standing real property tax program that is designed to attract new investment and project activity. With assistance from Capitalize Albany Corporation, the City of Albany Industrial Development Agency and the Capital Resource Corporation, along with similar incentives for homeowners, more than \$2 billion in new investment citywide has occurred through business, real estate and strategic development. Currently there is approximately \$760 million in new investment under construction with approximately \$120 million in the pipeline. These investments have yielded more than 2,100 multi-family units citywide and helped increase the commercial occupancy rate by more than 5% over the past five years.

Within the downtown alone, there has been a massive shift over the past 5 years to create Albany's newest neighborhood, countering the effects of suburbanization of the past 7 decades, as well as incorrect perceptions of the vibrancy of downtown. Nearly \$1 billion was invested overall in the past two decades, of which nearly \$175 million has been invested in residential living, yielding 880 new units of market rate housing, with an additional \$100 million in the pipeline yielding an additional 960 units. Anecdotally, residential leasing downtown has remained strong with low vacancies and based on recent market studies, the City of Albany can continue to absorb around 200 units per year for the next decade. Major recent investments in Downtown Albany include the Albany Capital Center, a \$78 million convention center developed by the Albany Convention Center Authority, located adjacent to the MVP Arena (formerly the Times Union Center) and the Empire State Plaza. In addition to exceeding its initial booking projections prior to COVID-19, the convention center has generated over \$3 million in sales tax revenue to the County since opening in 2017. Strengthening its ability to better compete for national and regional, sporting and entertainment events, Albany County has completed a transformational \$19.6 million renovation of MVP Arena, home to the Albany Firewolves, a National Lacrosse League team and the Albany Empire, an Arena Football League team. As a result of these improvements, MVP Arena was selected to host first- and second-round games of the NCAA Division I men's basketball tournament in 2023 and the Division I women's basketball East Regional semifinals and final in 2024. While there were fewer events in recent years due to COVID-19, concerts, live entertainment and collegiate sports games have recently resumed with a robust booking schedule ahead for the Arena. It is important to note that the City has no obligation to finance the construction or operation of either project.

Other major investments downtown include the \$13 million Skyway, a half-mile long linear park along a repurposed highway off-ramp that connects Downtown directly to the Hudson River and the Corning Preserve being constructed by New York State Department of Transportation and opening in 2022, the \$68 million redevelopment of Wellington Row, located adjacent to the Albany Capital Center which includes a 200-room Renaissance by Marriott, office space, retail space and market-rate apartments and the \$80 million investment to convert long-vacant historic buildings along North Pearl Street into commercial space and market-rate apartments. In addition, the City of Albany received a \$10 million grant from the State of New York's Downtown Revitalization Initiative to assist transformative projects and encourage additional investment in the already growing Clinton Square area of Downtown. These projects include city streetscape improvements, live/work artist lofts and additional public and recreational space. These new investments have all aided in dramatically reducing local commercial vacancy rates by attracting new commercial tenants and converting obsolete space into vibrant new uses. Last, efforts have been underway Downtown to redevelop approximately 8 acres of property in the Liberty Park area into a \$130+ million mixed use development and create a transit center at the site of the current Greyhound Bus terminal.

The City is also home to several major hospitals and healthcare facilities including Albany Medical Center, St. Peter's Hospital, Albany Memorial Hospital, and the Veterans Administration (VA) Hospital. These hospitals are also major economic engines in the City, providing significant job opportunities and investment. Albany Medical Center and the VA have been partners in neighborhood revitalization efforts in the Park South Neighborhood. New Scotland Avenue along with the rest of the Park South Neighborhood has seen \$680 million of investment, creating over 1,000 jobs, over the past decade including the construction of: a three story mixed-use building; a five-story fully leased commercial office building; a 1,250 space parking garage; and the expansion of Albany Medical Center's patient tower. The area continues to see new investment within the Park South neighborhood as a result of these strategic revitalization efforts with an additional \$35 million of new development yielding 193 new residential units a further supporting the existing retail space.

The universities and colleges within the City also provide significant job opportunities and investment. Investment continues to flow into the campus of SUNY Poly, as it plans to grow its educational offerings as well as foster public/private partnerships with industry leaders. The Albany NanoTech Complex is the most advanced university research facility of its kind with 1.65 million square feet in the City of Albany, boasting billions of dollars in high-tech investments and hundreds of corporate partners since its inception, with thousands of research and development jobs on site. Corporate partners include IBM, Global Foundries, Samsung, Applied Materials among others. The site is being considered for a \$2 billion national semi-conductor research center within the campus. In addition, a \$750 million investment has been proposed by the Governor in the New York State Budget for a new world-class public health laboratory and research facility at the nearby Harriman campus. These investments are attracting companies such as Plug Power, to continue to invest in the area, as evidenced by their announcement of a 350,000 fuel cell assembly plant in Slingerlands employing nearly 700 people.

Albany also has a rich arts and culture scene. It is home to the New York State Museum and the Albany Institute of History and Art. Live performing arts venues include the Palace Theatre, Capital Repertory Theatre, Empire Live and the Egg. Even the City's cultural sector is seeing large swaths of reinvestment. Although live entertainment venues nationwide were among the hardest hit during the COVID-19 pandemic, new spaces have continued to open in the City such as the new \$14 million home of the Capital Repertory Theatre which seats 300 in the main theater and 70 in the black box theater as well as Empire Live which has a capacity of 1,000 people. With seating capacity of between 6,000 and 17,500, the MVP Arena hosts concerts and professional and college sports teams as well as other events. Many smaller venues also host events, concerts and other performances in neighborhoods throughout the City, and larger venues in Saratoga, Schenectady and Troy are also vital components of this regional scene.

In addition to the historic investments occurring in Albany, the City continues developing and implementing key programs and initiatives, including the Park South Plan, the Midtown Plan, the Arbor Hill Neighborhood Plan, the West Albany Plan, and the Capital South Plan. In the South End, plans continue to evolve for the continued de-densification for Lincoln Square and re-use of the land surrounding it that will tie together the community and enhance its vibrancy. This level of community participation and public-private partnerships is resulting in an unprecedented amount of new investment. The Albany Housing Authority, together with not-for-profit and higher education partners, received a \$5 million HUD grant in 2011 for the Albany Capital South Campus Center, an education and training center that has been serving residents of the South End, Arbor Hill and beyond since 2014.

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

Source: City officials.

City Services

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

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

Solid Waste

The City operates a landfill that generates revenue for the City's general fund. As lead agency of the multi-municipality ANSWERS Waste Consortium, the City has contracts with several municipalities to accept solid waste. The City owned and operated regional landfill received approximately \$10.7 million in revenue in 2013, \$11.8 million in 2014, \$12.5 million in 2015, \$11 million in 2016, \$7.9 million in 2017, \$6.6 million in 2018, \$7.4 million in 2019 and \$5.6 million in 2020. The City has been reducing the amount of commercial waste that it accepts at the landfill in order to strategically extend the life of the landfill as it plans for the landfill's closure. Upon closure, the City will have to pay for disposal of its municipal solid waste. Under the current plan, the landfill is expected to close in 2028. The City has retained an outside consultant to assist with identifying the most cost-effective alternatives for solid waste management disposal.

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

Selected Wealth and Income Indicators

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

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

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

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

Population Trends

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

Population ⁽¹⁾				
	City of Albany	Albany MSA	New York State	United States
1950	134,995	677,707	14,830,200	151,326,000
1960	129,726	746,115	16,782,300	179,323,000
1970	115,781	811,080	18,241,400	203,235,000
1980	101,727	835,800	17,558,000	226,504,825
1990	100,031	861,623	17,990,455	248,709,873
2000	94,301	892,604	18,976,457	281,421,906
2010	97,856	870,716	19,378,102	308,745,538
2018	97,279	883,169	19,542,209	327,167,434
2019	96,460	880,736	19,453,561	328,239,523
2020	99,224	899,262	20,201,249	331,449,281

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

Employment

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

Non-Agricultural Employment by Industry Groups, Albany MSA

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	(thousands)									
Mining & Construction	16.9	17.2	17.5	18.7	19.7	19.3	19.6	19.8	20.2	19.4
Manufacturing	21.5	22.7	23.9	24.1	25.4	26.3	26.6	26.9	26.2	25.5
Trade, Transportation & Public Utilities	72.2	73.4	73.7	74.3	74.7	75.5	74.6	74.5	74.4	69.7
Wholesale and Retail Trade	59.9	60.8	61.1	61.6	61.5	61.9	60.8	60.4	60.1	59.4
Financial Services	24.6	25.2	25.3	25.4	25.9	26.2	26.2	26.6	27.0	26.0
Education & Health Services	83.9	85.8	87.8	89.5	90.4	92.3	94.7	96.4	96.5	90.5
Government	102.1	101.3	101.4	100.7	100.6	101.1	101.6	101.6	102.4	99.2
Total	381.1	386.4	390.7	394.3	398.2	402.6	404.1	406.2	406.8	389.7

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

Building Permit

	Residential	Apartments	Commercial And Industrial	Other	Total Dollar Value	Total Building Permits
2012	13,858,918	599,200	98,789,544	62,710	113,310,372	2,273
2013	13,573,622	46,602	72,567,794	148,880	86,336,898	2,030
2014	39,297,874	-	117,888,114	16,000	157,201,988	2,047
2015	17,622,250	12,125	104,293,597	32,800	121,960,772	2,059
2016	30,975,920	12,169,502	108,297,413	6,624,108	158,066,943	2,215
2017	13,576,138	30,125	103,097,950	2,399,045	119,103,258	1,739
	20,121,274	17,521,293	102,139,365	12,992,729	152,774,661	4,176
2019	19,958,241	18,530,684	150,429,334	10,135,488	199,053,747	4,751
2020	15,678,216	24,326,587	73,816,234	1,139,010	114,960,047	2,596
2021	23,736,440	48,169,247	143,870,172	1,387,739	217,163,598	4,575
2022 ⁽¹⁾	2,181,474	41,660	5,262,031	13,640	7,498,805	339

⁽¹⁾ As of February 11, 2022.

Ten Largest Employers in the City

Name	Type	Number of Employees
State of New York	Government	49,314
St. Peter's Health Partners	Hospital	12,750
Albany Medical Center	Hospital	10,000
University at Albany	Education	5,000
Verizon Communications	Utility	3,000
United States	Government	2,799
Albany County	Government	2,267
Center for Disabled	Health Care	2,200
Empire Blue Cross	Insurance	1,800
City of Albany	Government	1,285

Source: Employers as listed above (2022).

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Unemployment Rates

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

Unemployment Rates ⁽¹⁾

	City of Albany⁽²⁾	Albany MSA	New York State	United States
2009	8.1%	7.1%	8.3%	9.3%
2010	8.3%	7.3%	8.6%	9.6%
2011	8.3%	7.3%	8.2%	8.9%
2012	8.5%	7.5%	8.5%	8.1%
2013	7.2%	6.4%	7.7%	7.4%
2014	5.8%	5.1%	6.3%	6.2%
2015	5.2%	4.5%	5.3%	5.3%
2016	4.8%	4.1%	4.8%	4.9%
2017	5.1%	4.3%	4.7%	4.9%
2018	4.4%	3.8%	4.1%	3.9%
2019	4.8%	3.7%	4.0%	3.7%
2020	9.4%	7.2%	10.0%	3.86%

⁽¹⁾ These are annual averages of actual labor force and employment estimates. 2021 averages are not available as of the date of this Official Statement.

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

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

Employees

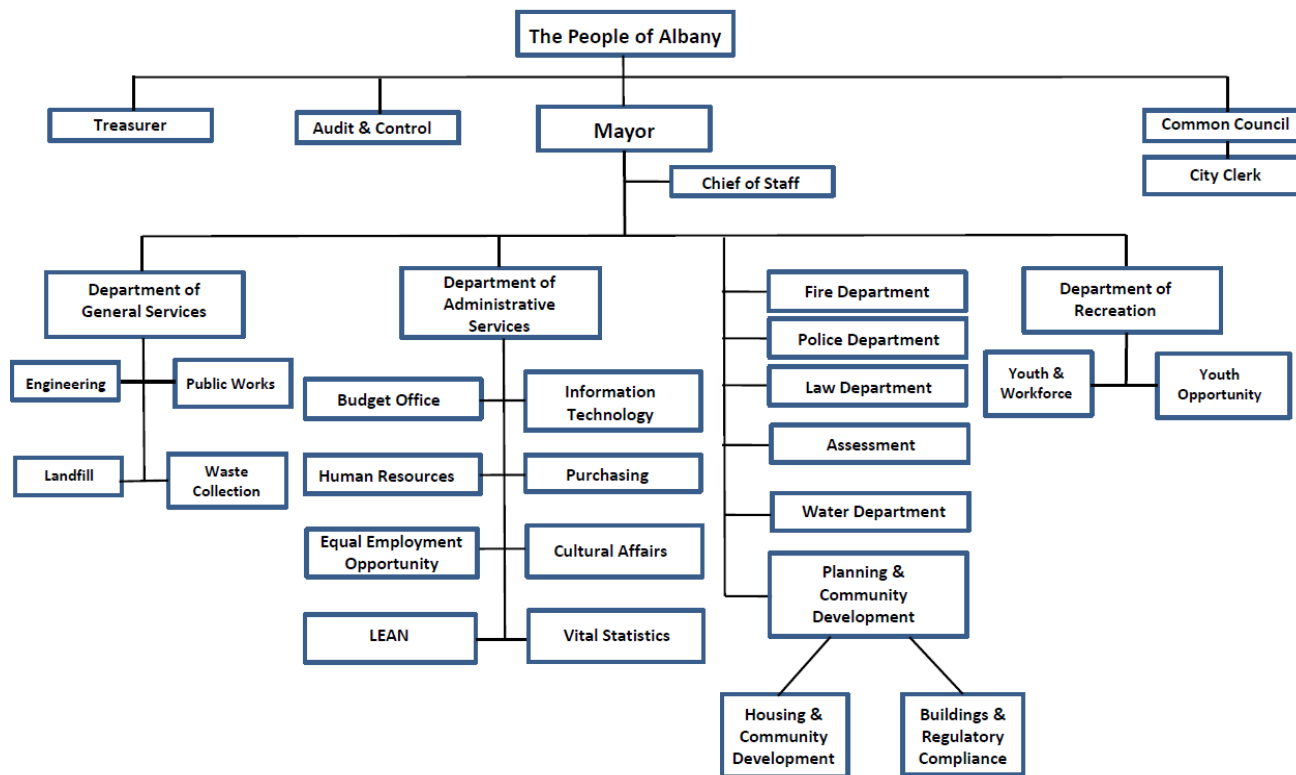
The City provides services through approximately 1,285 regular employees. The following information is for the 934 unionized employees:

<u>Bargaining Unit</u>	<u>Approximate Number of Employees</u>	<u>Contract Expiration Date</u>
Albany Police Officers-Council 82	232	December 31, 2022
Sergeants & Lieutenant	54	December 31, 2022
Albany Firefighters-AFL-CIO	242	December 31, 2022
Albany Police Non-Sworn	36	December 31, 2023
Council 66-AFSCME-Local 1961	223	December 31, 2023
Communications Unit, Council 82	31	December 31, 2023
International Union of Operating Engineers	7	December 31, 2021 ⁽¹⁾
Teamsters Local 294	4	December 31, 2022
Albany DGS Supervisors, CSEA, AFSCME Local 1000	28	December 31, 2023
School Crossing Officers, SEIU	64	December 31, 2023
Buildings and Regulatory Compliance, CSEA	13	December 31, 2021 ⁽¹⁾

⁽¹⁾ Currently under negotiations.

Government Organization

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



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

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

DISCUSSION OF FINANCIAL OPERATIONS

Budgetary Procedure

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

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

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

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

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

The City's 2022 budget includes a 0% increase in the property tax levy, which was below the City's tax levy limit of 2.0%.

The City has not voted to override the tax cap.

2022 Budget Summary

A summary of the 2022 Budget is outlined below:

	<u>Budget 2022</u>
<u>REVENUES</u>	
Real Property Taxes	\$59,550,000
Sales and Use Tax	37,750,000
Intergovernmental Revenues	859,680
State Aid	29,856,657
Charges for Services	19,912,630
Other Revenues	41,878,156
Appropriated Fund Balance	0
Total Revenues	<u>\$189,807,123</u>
<u>EXPENDITURES</u>	
Personal Services	\$83,238,379
Equipment	1,961,720
Contractual Expenses	33,692,869
Employee Benefits	52,475,593
Debt Service	17,232,932
Interfund Transfers	1,205,630
Total Expenditures	<u>\$189,807,123</u>

Five-Year Capital Plan

As part of its budgeting process, the City prepares, on an annual basis, a five-year capital plan. This allows the City to anticipate capital spending and borrowing needs in a manner that lends greater stability and predictability to its budget process. The following table contains a summary of the City's five-year capital plan included in its 2022 budget.

	2022	2023	2024	2025	2026	Total Cost	Financial Method
Department of General Services							
1 Vehicles	3,149,574	1,867,576	2,602,745	2,615,080	1,869,118	12,104,093	Borrowings
2 Equipment	631,212	684,138	587,510	600,635	619,225	3,122,720	Borrowings/Cash Capital
3 Transfer Station (Engineering)*	-	-	416,925	-	-	416,925	Borrowings
4 Transfer Station (Land)*	-	-	654,000	-	-	654,000	Borrowings
5 Transfer Station (Construction)*	-	-	-	-	2,932,500	2,932,500	Borrowings
6 Landfill Final Closure (Engineering)*	-	-	-	514,150	-	514,150	Borrowings
7 Landfill Final Closure (Construction)*	-	-	-	3,020,490	-	3,020,490	Borrowings
8 Golf Course Irrigation Replacement	-	2,500,000	-	-	-	2,500,000	Borrowings
9 Golf Course Bunker Renovation	-	342,550	-	-	-	342,550	Borrowings
10 Video Surveillance Upgrades	158,100	-	-	-	-	158,100	Borrowings
11 Security Fence Installations	263,500	-	-	-	-	263,500	Borrowings
12 High Speed Garage Doors	219,232	-	-	-	-	219,232	Borrowings
13 Fabric/Steel Storage Buildings	147,560	-	-	-	-	147,560	Borrowings
14 Fuel Storage/Distribution	-	375,900	-	-	-	375,900	Borrowings
General Services Total	4,569,178	5,770,164	4,261,180	6,750,355	5,420,843	26,771,720	
Engineering							
1 Street Reconstruction	4,000,000	3,500,000	4,000,000	4,000,000	5,000,000	20,500,000	Borrowings
2 Street Reconstruction (CHIPS)	1,556,888	1,556,888	1,556,888	1,556,888	1,556,888	7,784,440	CHIPS
3 Street Reconstruction (CDBG)	26,061	26,061	26,061	26,061	26,061	130,305	CDBG
4 Street Reconstruction (Touring Routes)	1,500,000	-	-	-	-	1,500,000	Grant
5 Sidewalk Reconstruction	600,000	600,000	700,000	700,000	800,000	3,400,000	Borrowings
6 Sidewalk Reconstruction (CDBG)	104,135	104,135	104,135	104,135	104,135	520,675	CDBG
7 ADA Compliance	300,000	300,000	350,000	350,000	400,000	1,700,000	Borrowings
8 ADA Compliance (CDBG)	26,061	26,061	26,061	26,061	26,061	130,305	CDBG
9 Renovations to City Buildings	1,500,000	7,500,000	3,000,000	3,000,000	5,000,000	20,000,000	Borrowings
10 Lincoln Park Project	1,250,000	1,300,000	2,000,000	2,015,000	-	6,565,000	Borrowings/Cash Capital
Engineering Total	10,863,145	14,913,145	11,763,145	11,778,145	12,913,145	62,230,725	
Police Department							
1 Vehicles/Equipment Replacement	504,600	444,900	444,900	444,900	444,900	2,284,200	Cash Capital
2 APD InterVid Video Surveillance System	570,000	-	-	-	-	570,000	Borrowings
Subtotal	1,074,600	444,900	444,900	444,900	444,900	2,854,200	
Traffic Engineering							
1 Roadway Striping	-	250,000	250,000	200,000	300,000	1,000,000	Borrowings
2 Vehicles	-	-	200,000	125,000	260,000	585,000	Cash Capital
3 Traffic Signal Improvements	500,000	1,000,000	925,000	925,000	925,000	4,275,000	Borrowings
4 Building/Facility Acquisition	1,500,000	-	-	-	-	1,500,000	Borrowings
Subtotal	2,000,000	1,250,000	1,375,000	1,250,000	1,485,000	7,360,000	
Police Department Total	3,074,600	1,694,900	1,819,900	1,694,900	1,929,900	10,214,200	
Fire Department							
1 Vehicles	320,000	1,500,000	1,400,000	800,000	800,000	4,820,000	Borrowings/Other
2 Cardiac Monitors	850,000	-	-	-	-	850,000	Borrowings
2 AFG - Self Contained Breathing Apparatus	515,200	-	-	-	-	515,200	FEMA Grant
3 FEMA Port Security Grant	256,990	-	-	-	-	256,990	FEMA Grant
Fire Department Total	1,942,190	1,500,000	1,400,000	800,000	800,000	6,442,190	
Recreation							
1 Playgrounds	415,000	80,000	250,000	200,000	250,000	1,195,000	Cash Capital
2 Spray Pads	100,000	-	100,000	100,000	100,000	400,000	Cash Capital
3 Court Resurfacing	20,000	20,000	50,000	85,000	50,000	225,000	Cash Capital
Recreation Total	535,000	100,000	400,000	385,000	400,000	1,820,000	
Information Technology							
1 IT Core Data Center Infrastructure	171,880	171,880	171,880	171,880	171,880	859,400	Cash Capital
Information Technology Department Total	171,880	171,880	171,880	171,880	171,880	859,400	
Corporation Counsel							
1 Legal Settlement	937,500	937,500	937,500	937,500	-	3,750,000	Borrowings
Corporation Counsel Total	937,500	937,500	937,500	937,500	-	3,750,000	
Grand Total	22,093,493	25,087,589	20,753,605	22,517,780	21,635,768	112,088,235	
Cash Capital	(1,205,630)	(1,267,022)	(1,488,190)	(1,344,980)	(1,451,580)	(6,757,402)	
Non-City Funding	(4,305,335)	(1,713,145)	(1,713,145)	(1,713,145)	(1,713,145)	(11,157,915)	
Amount to be Borrowed	16,582,528	22,107,422	17,552,270	19,459,655	18,471,043	94,172,918	

Financial Control Procedures

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

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

Accounting Practice and Independent Audits

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

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

Throughout this Official Statement, the financial information for 2015 through 2019 is derived from the City's audited financial statements. 2020 financial information is derived from the City's unaudited financial statements. The City's 2019 audited financial statement is attached to this Official Statement as APPENDIX – E.

The City's 2021 unaudited annual update document is expected to be completed by April 30, 2022. The City's 2021 audited financial statement is expected to be completed by September 30, 2022.

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

FINANCIAL HISTORY OF THE CITY

General Fund

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

Albany Municipal Water Finance Authority and Albany Water Board

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

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

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

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

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

Revenues

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

Real Property Tax Base

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

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

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

The City received the amount of \$13,200,000 from the State in 2021.

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

The City has budgeted \$15,000,000 in similar assistance for 2022.

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

Real Estate Property Tax

City tax collection procedures are such that the City bears none of the burden of uncollected or delinquent real estate taxes. One tax bill is presented to City residents for all City and County real estate taxes. The City then collects real estate taxes for both the City and the County, retains a portion of the taxes collected equal to its final tax levy, and remits the remaining portion to the County. Delinquent taxes are accordingly turned over to the County for collection and are retained by the County as a portion of its tax levy. Although the City bears none of the burden of uncollected or delinquent taxes, a reduction in the assessed valuation of real property within the City after establishment of the annual budgeted tax levy would cause the amount of taxes collected to be less than the budgeted amount. Reductions in the assessed valuation of real property within the City are generally a result of certiorari proceedings. The tax levy for fiscal year 2013 was \$55,148,000 which was the same as 2012's tax levy. The tax levy for fiscal year 2014 increased to \$56,048,000 which was an increase of \$900,000 or almost 2%. The tax levy for fiscal year 2015 increased to \$56,827,890 which was an increase of \$779,890 or 1.40%. The tax levy for fiscal year 2016 remained at \$56,827,890. The tax levy for fiscal year 2017 increased to \$58,000,000. The tax levy for fiscal year 2018 increased to \$58,550,000. The tax levy for fiscal year 2019 remained at \$58,550,000. The tax levy for fiscal year 2020 increased to \$58,850,000. The tax levy for fiscal year 2021 increased to \$59,850,000. The tax levy for the 2022 year remained constant at \$59,850,000.

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

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

The 2020 audited PILOT payments totaled \$19,273,374.

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

The 2021 unaudited PILOT payments totaled \$19,131,495.

The 2022 budget anticipates \$19,375,827 in PILOT payments.

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

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

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

⁽²⁾ The City has received the payments as shown.

Sales Taxes

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

The following table shows the City's sales tax receipts for the five years ended December 31, 2016 to 2021 and the amount budgeted for 2022.

Sales Tax Receipts For Fiscal Year Ending December 31	
<u>Year</u>	<u>Amount</u>
2016	\$ 33,150,041
2017	33,349,774
2018	35,424,547
2019	36,636,778
2020	34,098,653
2021 (Unaudited)	40,514,371
2022 (Budgeted)	37,750,000

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

The following table shows the City's utilities gross receipts tax revenues for the five years ended December 31, 2016 to 2021 and the amounts budgeted for 2021 and 2022. This tax is levied on commercial and industrial concerns, which produce a utility product and sell the oversupply, and owners or lessees of business buildings who purchase a utility service and resell all or a part of the quantity purchased.

Utilities Gross Receipts Tax Revenues For Fiscal Year Ending December 31	
<u>Year</u>	<u>Amount</u>
2016	\$ 1,283,480
2017	1,357,956
2018	1,393,886
2019	1,203,048
2020	1,278,706
2021 (Budgeted)	1,300,000
2022 (Budgeted)	1,300,000

Intergovernmental Charges

The following table shows the City's receipts for intergovernmental charges for the five years ended December 31, 2016 to 2021 and budgeted amounts for 2022. The main component of intergovernmental charges includes tipping fees from municipalities served by the Albany landfill. It also includes municipal contracts with the Albany Police Department Computer aided dispatch system.

Intergovernmental Charges For Fiscal Year Ending December 31	
<u>Year</u>	<u>Amount</u>
2016	\$ 948,543
2017	1,105,607
2018	1,277,932
2019	1,706,163
2020	1,256,809
2021 (Unaudited)	914,258
2022 (Budgeted)	859,680

State Aid

From 2015 to 2020, State aid (excluding 19-a PILOT payments) constituted between 9.6% and 17.1% of the City's General Fund revenues. State aid includes direct aid and grants and payments for certain services. In its General Fund for the 2020 fiscal year, the audited total \$26,512,679, or 15.6% and for the 2021 fiscal year budgeted \$27,833,485, or 15.4% of General Fund and for the 2022 fiscal year budgeted \$29,856,657 or 15.7% of revenue in State Aid. In 2017, the City received the first Capital City Funding payment of \$12,500,000.

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

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

In 2021 the City received a payment of \$ 13,200,000 in revenue. \$15,000,000 in revenue is included in the budget for 2022.

State Aid Payments Fiscal Year Ending December 31

<u>Fiscal Year</u>	<u>General Fund</u> <u>Revenues</u>	<u>State</u> <u>Aid</u> ⁽¹⁾	<u>State Aid as a</u> <u>Percentage of</u> <u>General Fund Revenue</u>
2015	\$ 162,636,661	\$ 21,018,420	12.9%
2016	173,612,620	16,677,313	9.6%
2017	172,670,162	29,601,181 ⁽¹⁾	17.1%
2018	178,760,621	28,537,434 ⁽²⁾	16.2%
2019	178,589,333	28,932,931	16.2%
2020 (Audited)	169,755,280	26,512,679	15.6%
2021 (Budgeted)	180,840,247	27,833,485 ⁽³⁾	15.4%
2022 (Budgeted)	189,807,123	29,856,657 ⁽⁴⁾	15.7%

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

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

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

⁽⁴⁾ Includes a \$15,000,000 budgeted from the State for Capital City Funding.

Source: City of Albany Treasurer's Office.

Appropriated Fund Balance

The City has used appropriated fund balance to help in balancing its budget for the past several years. The following table sets forth the amount of fund balance the City has appropriated to assist with balancing its budget for each of the fiscal years 2010-2021 as well as the amount actually applied for 2010-2015. In 2020, the City ended the year with an audited deficit of \$2,184,190.

<u>Fiscal Year</u>	<u>Fund Balance</u> <u>Appropriated in Budget</u>	<u>Actual Fund Bal.</u> <u>(Used) / Surplus</u>	<u>Year End Total</u> <u>Fund Balance</u>
2010	\$ (5,261,000)	\$ 907,452	17,032,434
2011	(6,134,000)	2,841,141	19,873,575
2012	(5,635,000)	947,242	20,820,817
2013	(4,269,789)	(801,077)	19,990,783
2014	(9,801,000)	(9,651,855)	9,874,239
2015	(2,000,000)	(4,745,437)	4,988,388
2016	0	8,138,157	13,126,545
2017	0	(2,184,190)	10,942,355
2018	0	6,695,324 ⁽¹⁾	17,637,679
2019	0	4,149,186	23,460,664
2020	0	(6,687,079)	16,773,585
2021	0	N/A	N/A
2022	0	N/A	N/A

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

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

Expenses

In 2020, General Fund expenditures were budgeted at \$179,583,548 compared to actual expenditures of \$179,770,309. Of this amount, public safety constituted 57%, general government expenses constituted 14%, debt service constituted 13%, employee benefits constituted 8%, culture and recreation constituted 1%, transportation constituted 3%, and community service constituted 4%.

In 2021, General Fund expenditures were budgeted at \$180,840,247

Debt Service

The General Fund debt service expenditures for the past five years as well as budgeted amounts for 2021 and 2022 are as follows:

Debt Service For Fiscal Year Ending December 31	
<u>Year</u>	<u>Amount</u>
2016	\$ 20,640,023
2017	20,818,791
2018	21,179,422
2019	18,802,000
2020	18,232,257
2021 (Unaudited)	17,467,316
2022 (Budgeted)	17,232,932

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

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

Pension Payments

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

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

Key components of Tier V include:

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

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

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

The following table shows the total actual payments made by the City to the State Systems in the years 2011-2021 and budgeted payments in 2022:

City Payments
Fiscal Year Ending December 31:

<u>Year</u>	<u>Amount</u>
2011	\$ 11,771,725 ⁽¹⁾
2012	12,763,522 ⁽²⁾
2013	14,331,795 ⁽³⁾
2014	14,898,915 ⁽⁴⁾
2015	14,532,547 ⁽⁵⁾
2016	15,827,925 ⁽⁶⁾
2017	15,733,125 ⁽⁷⁾
2018	16,086,716 ⁽⁸⁾
2019	16,407,545 ⁽⁹⁾
2020	16,981,302 ⁽¹⁰⁾
2021 (Unaudited)	17,644,395 ⁽¹¹⁾
2022 (Budgeted)	15,689,406

- (1) In 2011 the City under the Chapter 57, Laws of 2010 amortized \$1,699,524 of the total \$13,471,249 retirement contribution.
(2) In 2012 the City under the Chapter 57, Laws of 2010 amortized \$3,935,771 of the total \$16,699,293 retirement contribution.
(3) In 2013 the City under the Chapter 57, Laws of 2012 amortized \$6,005,734 of the total \$20,337,529 retirement contribution.
(4) In 2014 the City under the Chapter 57, Laws of 2012 amortized \$3,564,870 of the total \$18,463,785 retirement contribution.
(5) In 2015 the City under the Chapter 57, Laws of 2012 amortized \$879,798 of the total \$15,412,345 retirement contribution.
(6) In 2016 the City under the Chapter 57, Laws of 2012 amortized \$1,198,171 of the total \$17,026,096 retirement contribution.
(7) In 2017 the City under the Chapter 57, Laws of 2012 amortized \$1,245,976 of the total \$16,979,101 retirement contribution.
(8) In 2018 the City under the Chapter 57, Laws of 2012 amortized \$807,437 of the total \$16,894,153 retirement contribution.
(9) In 2019 the City under the Chapter 57, Laws of 2012 amortized \$464,492 of the total \$16,872,037 retirement contribution.
(10) In 2020 the City under the Chapter 57, Laws of 2012 amortized \$651,220 of the total \$17,632,522 retirement contribution.
(11) In 2021 the City under the Chapter 57, Laws of 2012 amortized \$2,322,529 of the total \$19,966,924 retirement contribution.

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

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

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

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

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

Other Post-Employment Benefits

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

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

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

Summary of Changes from the Last Valuation.

The City contracted with Aquarius, actuarial firm, to calculate its OPEB liability in accordance with GASB 75. The following outlines the changes to the Total OPEB Liability during the 2019 and 2020 fiscal years, by source.

	<u>2019</u>	<u>2020</u>
Balance at Beginning of Fiscal Year:	\$ 490,570,627	\$ 609,564,028
<u>Changes for the Year:</u>		
Service cost	\$ 5,092,227	\$ 6,872,668
Interest	17,248,279	12,144,139
Changes of Benefit Terms	0	0
Differences between expected and actual experience	0	0
Changes in assumptions or other inputs	111,742,345	(109,166,262)
Benefit payments	<u>(15,089,450)</u>	<u>(16,738,048)</u>
Net Changes	<u>118,993,401</u>	<u>(106,887,503)</u>
Balance at End of Fiscal Year:	<u>\$ 609,564,028</u>	<u>\$ 502,676,525</u>

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

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

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

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

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

Other Information

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

The fiscal year of the City ends December 31.

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

New York State Comptroller Report of Examination

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

Key Findings:

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

Key Recommendations:

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

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

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2020	Susceptible Fiscal Stress	52.9
2019	No Designation	43.8
2018	Susceptible Fiscal Stress	53.3
2017	Moderate Fiscal Stress	59.6
2016	Significant Fiscal Stress	67.5
2015	Significant Fiscal Stress	77.5

Source: Website of the Office of the New York State Comptroller. 2021 information is not available as of the date of this Official Statement.

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

TAX INFORMATION

Valuations

<u>Years Ending December 31:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assessed Valuation	\$ 4,824,076,379	\$ 4,859,959,051	\$ 4,848,616,640	\$ 4,885,008,235	\$ 4,858,990,950
State Equalization Rate	100.00%	100.00%	97.00%	93.40%	89.50%
Full Valuation	\$ 4,824,076,379	\$ 4,859,959,051	\$ 4,998,573,856	\$ 5,230,201,536	\$ 5,429,040,168

Tax Rate Per \$1,000 (Assessed)

<u>Years Ending December 31:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Homestead Rate	\$ 10.91	\$ 10.86	\$ 10.81	\$ 11.02	\$ 10.97
Non-Homestead Rate	14.50	14.04	14.22	14.22	14.46

Tax Collection Record

<u>Years Ending December 31:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City Tax Levy	\$ 58,000,000	\$ 58,266,495	\$ 58,560,079	\$ 58,865,619	\$ 59,850,000
County Tax & Relevies	<u>20,303,904</u>	<u>25,750,830</u>	<u>24,398,148</u>	<u>24,120,115</u>	<u>23,142,077</u>
Total Tax Levy	<u>\$ 78,303,904</u>	<u>\$ 84,017,325</u>	<u>\$ 82,958,227</u>	<u>\$ 82,985,734</u>	<u>\$ 82,992,077</u>
City Tax Uncollected End of Year	\$ 1,517,887	\$ 1,506,126	\$ 1,813,657	\$ 1,926,027	\$ 1,702,039
County Tax & Relevies					
Uncollected End of Year	<u>1,565,090</u>	<u>3,197,950</u>	<u>3,098,159</u>	<u>2,761,992</u>	<u>3,028,501</u>
Total Tax Levy Uncollected	\$ 3,082,977	\$ 4,704,076	\$ 4,911,816	\$ 4,688,019	\$ 4,730,540
Uncollected End of Year ⁽¹⁾	3.94%	5.60%	5.92%	6.00%	5.70%

The City Tax Levy for the Fiscal Year Ending December 31, 2022 is \$59,850,000.

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

Tax Collection Procedure

Tax payments are levied on January 1 of each year and are due and payable by January 31. A penalty of 4% is added for late payments made in February, and for payments made on or after March 1 an additional penalty is included at the rate of 1% per month. After December 31, payments must be made to the County Comptroller. Due to COVID-19, the City has delayed implementation of late penalties until June 1, 2021.

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

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

Largest Taxpayers - (2022 Tax Roll)

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

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
National Grid 555.-7	Utility	\$ 173,239,866
National Grid 601.1	Utility	40,627,251
99 Washington Avenue	Office Building	38,750,000
Alexander at Patroon	Apartment	34,000,000
Washington Commons	Commercial	22,866,700
Wal-Mart Stores	Commercial	20,000,000
Kenwood Commons, LLC	Commercial	18,000,000
Shelbourne Albany, LLC	Office Building	17,900,000
HTA-1223 Washington., LLC	Office Building	16,591,400
Albany Medical Center	Multi-use	15,500,000
Levine Investments LP	Office Building	13,601,200

The largest taxpayers listed above have a total estimated assessed valuation of \$411,076,417 which represents approximately 8.5% of the tax base of the City.

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

Payments In Lieu of Taxes

The following are the payments in lieu of taxes received in 2016-2021 and budgeted payments for 2021 and 2022:

<u>Payments In Lieu of Taxes</u> <u>For Fiscal Year Ending December 31</u>	
<u>Year</u>	<u>Amount</u>
2016	32,435,189
2017	19,479,096
2018	20,108,047
2019	20,708,235
2020	19,273,374
2021 (Unaudited)	19,131,495
2022 (Budgeted)	19,375,827

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31, 2018 through 2022:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Five-Year Average Full Valuation	\$ 4,552,362,537	\$ 4,672,354,652	\$ 4,803,367,648	\$ 4,931,886,605	\$5,068,370,198
Tax Limit - 2% of Five-Year Average	91,047,251	93,447,093	96,067,353	98,637,732	101,367,404
Add: Exclusions From Tax Limit	21,700,988	19,467,738	21,752,416	17,152,531	16,504,803
Total Taxing Power	112,748,239	112,914,831	117,819,769	115,790,263	117,872,207
Less Total Levy	58,550,000	58,550,000	58,850,000	59,550,000	61,327,697
Tax Margin	<u>\$ 54,198,239</u>	<u>\$ 54,364,831</u>	<u>\$ 58,969,769</u>	<u>\$ 56,240,263</u>	<u>\$ 56,544,510</u>

Additional Tax Information

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

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

The estimated total annual property tax bill of a \$200,000 market value residential property located in the City is approximately \$7,690 including County, City, Library and School District taxes.

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

TAX LEVY LIMITATION LAW

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

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

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

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

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

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

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

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

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

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

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending December 31:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Bonds	\$ 57,630,000	\$ 75,580,417	\$ 86,660,000	\$ 69,655,000	\$ 58,250,000
Bond Anticipation Notes	44,596,417	18,854,100	29,799,600	44,672,719	59,304,275
Revenue Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 111,571,391</u>	<u>\$ 102,226,417</u>	<u>\$ 94,434,517</u>	<u>\$ 116,459,600</u>	<u>\$ 117,554,275</u>

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City evidenced by serial bonds and bond anticipation notes as of March 3, 2022:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2022-2034	\$ 56,770,000
Bond Anticipation Notes		
Various Capital Improvements	March 25, 2022	\$ 59,304,275 ⁽¹⁾
	Total Indebtedness	<u>\$ 116,074,275</u>

⁽¹⁾ To be redeemed at maturity with available funds of the City and the proceeds of the Bond and Notes.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of March 3, 2022:

Five-Year Average Full Valuation of Taxable Real Property	\$ 5,068,370,198
Debt Limit - 7% thereof	354,785,914
<u>Inclusions:</u>	
Bonds ⁽¹⁾	\$ 56,770,000
Bond Anticipation Notes	<u>59,304,275</u>
Total Inclusions	<u>\$ 116,074,275</u>
<u>Exclusions:</u>	
Appropriations - Bonds	\$ 7,470,000
Appropriations – Notes	<u>6,216,411</u>
Total Exclusions	<u>\$ 13,686,411</u>
Total Net Indebtedness Subject to Debt Limit	<u>\$ 102,387,864</u>
Net Debt-Contracting Margin	<u>\$ 252,398,050</u>
Percent of Debt Contracting Power Exhausted	28.86%

The proceeds of the Bonds will increase the net indebtedness of the City by \$4,585,663. The proceeds of the Notes will increase the net indebtedness of the City by \$9,080,454.

Bonded Debt Service

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

Estimate of Obligations to be Issued

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

Revenue and Tax Anticipation Notes

The City issued a revenue anticipation note in the amount of \$6,000,000 on December 22, 2015 which matured on January 22, 2016. The City issued revenue anticipation notes in Fiscal Years 2009 and 2016. The City has not needed to borrow since Fiscal Year 2016 due to strengthening financial position. The City does not currently expect to issue revenue anticipation notes in Fiscal Year 2022.

Authority Indebtedness

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

Estimated Overlapping Indebtedness

In addition to the City, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the City. Bonded indebtedness, including bond anticipation notes, is estimated as of the close of the 2018 fiscal year of the respective municipalities and is not adjusted to include subsequent bond issues, if any.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>City Share</u>	<u>Applicable Indebtedness</u>
County of:						
Albany	12/31/2020	\$ 341,000,000	\$ 4,470,000 ⁽²⁾	\$ 336,530,000	18.65%	\$ 62,762,845
School District:						
Albany	6/30/2021	184,990,733	157,427,114 ⁽³⁾	27,563,619	100.00%	<u>27,563,619</u>
					Total:	<u>\$ 90,326,464</u>

Notes:

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

⁽²⁾ Water and sewer debt and appropriations.

⁽³⁾ Estimated State building aid.

Source: State Comptroller's Report for the 2020 fiscal year for the County and 2021 fiscal year for the School District.

Debt Ratios

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

Debt Ratios As of March 3, 2022

	<u>Amount Indebtedness</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Valuation</u> ^(b)
Net Indebtedness	\$ 102,387,864	\$1,031.89	1.89%
Net Indebtedness Plus Net Overlapping Indebtedness ^(c)	192,714,328	1,942.21	3.55%

^(a) The 2020 Census population of the City is 99,224.

^(b) The City's 2022 full value of taxable real estate is \$5,429,040,168

^(c) Estimated net overlapping indebtedness is \$90,326,464

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the City's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak caused the Federal government to declare a national state of emergency. The State also declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including temporarily closing schools and non-essential businesses for an extended period. Non-essential businesses in the State have begun to reopen under strict guidelines imposed by the State. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the City's operations and finances is extremely difficult to predict due to the dynamic nature of any public health emergency, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. Additional outbreaks of the COVID-19 pandemic could have a material adverse effect on the State and municipalities and school districts located in the State, including the City. The City is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" herein).

CONTINUING DISCLOSURE

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

Historical Compliance

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

The City did not file its audited financial statements for the fiscal year end 2020 as required by the end of the subsequent fiscal year. The audited financial statements for the 2020 fiscal year were dated as of December 15, 2021 and were filed to EMMA on March 2, 2022. A failure to file and failure to provide notice of such material event was filed on March 2, 2022.

TAX MATTERS

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

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

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

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

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

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

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS AND NOTES

Legal Matters

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

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

ABSENCE OF LITIGATION

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

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

BOND RATING

The Notes were sold as not rated. The purchaser of the Notes, Oppenheimer & Co., has chosen to obtain a rating for the Notes after the sale. Receipt of such rating will result in a material event notification to be posted to EMMA which is required by the City's continuing disclosure undertakings, the descriptions of which are attached hereto as "APPENDIX – C & D".

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

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

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

MISCELLANEOUS

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

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

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

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

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

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

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

The City will act as Paying Agent for the Bonds and Notes.

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

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

CITY OF ALBANY

Dated: March 10, 2022

Honorable Darius Shahinfar
City Treasurer
and Chief Fiscal Officer

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>ASSETS</u>					
Cash on Hand	\$ 11,615,318	\$ 16,237,896	\$ 9,138,439	\$ 16,540,547	\$ 18,047,742
Investments	-	-	-	-	1,492,827
Receivables:					
Taxes - net	3,966,018	4,044,679	4,704,076	4,911,813	4,731,633
Landfill, net	911,320	421,472	636,415	759,448	430,662
Accounts Receivable	4,150,605	5,319,024	5,979,708	3,826,027	5,822,412
Other - net	-	-	-	700,000	675,000
State and Federal	1,484,628	2,308,730	2,129,406	1,772,732	3,593,993
Due from Other Funds	5,590,288	8,447,353	7,995,893	5,438,208	5,762,972
Due From Other Governments	19,242,981	20,979,242	28,968,153	35,278,631	10,121,757
Due from Component Units	-	-	-	-	23,440,623
Other Assets	3,755,378	3,387,268	3,471,123	4,263,417	3,793,417
	<u>3,755,378</u>	<u>3,387,268</u>	<u>3,471,123</u>	<u>4,263,417</u>	<u>3,793,417</u>
TOTAL ASSETS	<u>\$ 50,716,536</u>	<u>\$ 61,145,664</u>	<u>\$ 63,023,213</u>	<u>\$ 73,490,823</u>	<u>\$ 77,913,038</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 7,224,911	\$ 8,859,473	\$ 7,012,626	\$ 7,746,538	\$ 11,283,561
Accrued Liabilities	-	-	-	-	-
Due to Component Units	12,624,229	12,307,289	15,789,057	19,109,284	22,783,052
Notes Payable (RAN's)	-	-	-	-	-
Other Liabilities	105,125	793,470	759,286	781,432	177,727
Due to Other Funds	1,076,519	2,053,468	2,127,351	1,839,206	2,135
Due to Other Governments	16,475,678	23,812,049	19,562,185	19,479,215	25,290,600
Deferred Revenue	83,529	136,083	135,029	111,529	927,378
Accrued Interest on CABs	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>37,589,991</u>	<u>47,961,832</u>	<u>45,385,534</u>	<u>49,067,204</u>	<u>60,464,453</u>
Deferred inflows of resources	-	2,241,477	-	700,000	675,000
Total Liabilities plus Deferred inflows of resources	\$ 37,589,991	\$ 50,203,309	\$ 45,385,534	\$ 49,767,204	\$ 61,139,453
<u>FUND EQUITY</u>					
Nonspendable					
Prepayments:	\$ 3,697,048	\$ 3,371,252	\$ 3,455,107	\$ 3,370,894	\$ 2,759,128
Restricted for:					
Debt Service	1,135,933	899,654	5,209,193	5,375,158	482,867
Landfill Postclosure	916,080	916,081	921,254	930,834	931,771
Reserve for Solid Waste Mgmt. Facility	432,859	434,703	434,703	434,704	434,703
PEG Access Fund	-	-	-	-	173,897
Other Restricted Fund Balance	65,117	-	-	-	1,748,940
Assigned for:					
Fund Appropriations	-	-	-	-	-
Unassigned:	6,879,508	5,320,482	7,617,422	13,612,029	10,242,279
	<u>6,879,508</u>	<u>5,320,482</u>	<u>7,617,422</u>	<u>13,612,029</u>	<u>10,242,279</u>
TOTAL FUND EQUITY	<u>13,126,545</u>	<u>10,942,172</u>	<u>17,637,679</u>	<u>23,723,619</u>	<u>16,773,584</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 50,716,536</u>	<u>\$ 61,145,481</u>	<u>\$ 63,023,213</u>	<u>\$ 73,490,823</u>	<u>\$ 77,913,038</u>

Source: 2016-2020 Audited financial reports of the City. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 56,313,118	\$ 57,422,204	\$ 58,252,312	\$ 58,312,601	\$ 58,469,001
Real Property Tax Items	-	-	-	-	-
Sales and Use Tax	33,150,041	33,349,774	35,424,547	36,636,778	34,098,653
Other Taxes	2,753,707	2,841,731	2,916,589	2,676,666	2,676,032
Payments in Lieu of Taxes	32,435,189	18,479,096	20,108,047	20,708,235	19,273,374
Intergovernmental Revenues	19,807,162	33,216,263	31,962,011	32,030,056	29,197,678
Charges for Services	15,987,790	12,202,411	11,079,556	11,825,744	10,393,066
Fines, interest and penalties	4,590,813	4,671,791	5,278,621	5,288,226	4,844,315
Uses of money and properties	128,673	167,136	722,418	1,484,394	361,802
License and permits	3,417,212	5,011,325	4,552,644	4,308,686	5,360,888
Miscellaneous	3,461,855	3,094,297	4,072,918	4,594,899	3,984,735
Total Revenues	<u>\$ 172,045,560</u>	<u>\$ 170,456,028</u>	<u>\$ 174,369,663</u>	<u>\$ 177,866,285</u>	<u>\$ 168,659,544</u>
<u>EXPENDITURES</u>					
Public Safety and Regulation	\$ 91,923,460	\$ 97,114,365	\$ 97,027,307	\$ 97,952,665	\$ 100,445,272
General Government	18,712,485	18,900,908	20,289,944	23,152,686	24,633,111
Highway and Streets	8,053,523	8,673,161	8,926,927	6,903,653	4,741,494
Recreation and Culture	3,776,378	4,174,837	4,282,708	4,406,810	2,496,117
Community Service	6,762,945	6,589,861	6,438,049	7,178,543	6,944,776
Economic development and assistance	-	-	-	-	-
Employee Benefits	15,605,649	15,418,935	13,462,207	13,958,575	15,062,593
Debt Service	16,922,475	18,560,091	17,944,159	18,902,000	21,023,260
Total Expenditures	<u>\$ 161,756,915</u>	<u>\$ 169,432,158</u>	<u>\$ 168,371,301</u>	<u>\$ 172,454,932</u>	<u>\$ 175,346,623</u>
Excess of Revenues Over (Under)					
Expenditures	<u>10,288,645</u>	<u>1,023,870</u>	<u>5,998,362</u>	<u>5,411,353</u>	<u>(6,687,079)</u>
Other Financing Sources (Uses):					
Operating Transfers In	868,271	50,640	1,522,532	75,577	271,275
Operating Transfers to Other Funds	(3,717,548)	(3,258,700)	(3,694,000)	-	(2,509,000)
Proceeds from sale of property	-	-	-	-	-
Proceeds from general obligation bonds/notes	698,787	-	2,868,430	599,010	-
Proceeds from other debt	-	-	-	-	-
Other sources	-	-	-	-	-
Total Other Financing	<u>(2,150,490)</u>	<u>(3,208,060)</u>	<u>696,962</u>	<u>674,587</u>	<u>(2,237,725)</u>
Excess of Revenues and Other					
Sources Over (Under) Expenditures					
and Other Uses	<u>8,138,155</u>	<u>(2,184,190)</u>	<u>6,695,324</u>	<u>6,085,940</u>	<u>(8,924,804)</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	4,988,085	13,126,240	10,942,355	17,637,679	23,723,619
Residual Equity Transfers	-	-	-	-	1,974,770
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 13,126,240</u>	<u>\$ 10,942,050</u>	<u>\$ 17,637,679</u>	<u>\$ 23,723,619</u>	<u>\$ 16,773,585</u>

Source: 2016-2020 Audited financial reports of the City. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget

Fiscal Years Ending December 31:

	2018	2019	2020	2021	2022
	Adopted Budget	Adopted Budget	Adopted Budget	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes & Items	\$ 58,250,000	\$ 58,250,000	\$ 58,550,000	\$ 59,550,000	\$ 59,550,000
Sales & Use Tax	33,606,844	34,593,722	36,546,243	35,582,773	37,750,000
Other Taxes	2,786,000	2,767,500	2,808,060	2,802,600	2,790,800
Payments in Lieu of Taxes	21,075,000	19,675,000	20,003,760	20,217,273	19,375,827
Interest and Penalty on Taxes	300,000	325,000	325,000	350,000	350,000
Intergovernmental Revenues	816,880	1,241,880	1,484,280	1,087,180	859,680
Charges for Services	11,099,051	12,267,901	11,821,855	11,994,150	13,337,630
Traffic Violation Fines	5,221,000	5,216,000	5,475,000	5,475,000	5,360,000
Interest and Rental Income	3,707,800	3,665,200	3,858,750	5,363,150	701,700
Miscellaneous	9,176,430	9,355,938	9,779,079	9,854,258	10,625,798
State Aid	28,756,885	28,520,415	28,651,143	27,833,485	29,856,657
Federal Aid	519,000	204,202	215,000	215,000	8,757,330
Interfund Revenues	1,065,378	1,065,378	65,378	515,378	491,701
Total Revenues	<u>\$ 176,380,268</u>	<u>\$ 177,148,136</u>	<u>\$ 179,583,548</u>	<u>\$ 180,840,247</u>	<u>\$ 189,807,123</u>
EXPENDITURES					
Public Safety and Regulation	\$ 93,343,930	\$ 94,654,897	\$ 97,002,000	\$ 99,911,784	\$ 103,282,289
General Government	26,413,057	24,152,004	26,361,572	25,485,220	29,007,536
Highway and Streets	4,323,500	9,214,345	5,620,943	6,282,519	7,215,365
Recreation and Culture	3,856,666	4,357,010	4,405,628	4,841,651	5,434,531
Community Service	11,260,389	11,358,780	13,060,875	13,449,512	15,195,734
Employee Benefits	15,490,178	14,293,107	11,298,930	11,150,931	11,233,106
Miscellaneous	-	-	-	-	-
Debt Service	21,692,548	19,117,993	21,833,600	17,967,315	17,232,932
Interfund Transfer	-	-	-	1,751,315	1,205,630
Total Expenditures	<u>\$ 176,380,268</u>	<u>\$ 177,148,136</u>	<u>\$ 179,583,548</u>	<u>\$ 180,840,247</u>	<u>\$ 189,807,123</u>
Excess of Revenues Over (Under)					
Expenditures	-	-	-	-	-
Other Financing Sources (Uses):					
Operating Transfers In	-	-	-	-	-
Operating Transfers to Other Funds	-	-	-	-	-
Operating Transfers to Component Unit	-	-	-	-	-
Proceeds from Obligation	-	-	-	-	-
Other Financing Source	-	-	-	-	-
Total Other Financing	-	-	-	-	-
Excess of Revenues and Other					
Sources Over (Under) Expenditures					
and Other Uses	-	-	-	-	-
FUND BALANCE					
Fund Balance - Beginning of Year					
Residual Equity Transfers	-	-	-	-	-
Elimination of Encumbrances	-	-	-	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

BONDED DEBT SERVICE

Fiscal Year Ending December 31st			
	Principal	Interest	Total
2022	\$ 8,950,000	\$ 1,830,468.20	\$ 10,780,468.20
2023	8,315,000	1,552,400.00	9,867,400.00
2024	6,295,000	1,285,550.00	7,580,550.00
2025	6,515,000	1,069,400.00	7,584,400.00
2026	5,165,000	858,725.00	6,023,725.00
2027	5,370,000	665,150.00	6,035,150.00
2028	5,525,000	464,950.00	5,989,950.00
2029	1,860,000	335,550.00	2,195,550.00
2030	1,920,000	278,850.00	2,198,850.00
2031	1,985,000	220,275.00	2,205,275.00
2032	2,050,000	159,750.00	2,209,750.00
2033	2,115,000	97,275.00	2,212,275.00
2034	2,185,000	32,775.00	2,217,775.00
TOTALS	\$ 58,250,000	\$ 8,851,118.20	\$ 67,101,118.20

CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the City has agreed to provide, or cause to be provided, during the period in which the Bonds are outstanding:

- (i) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the final Official Statement dated March 10, 2022 of the City relating to the Bonds under the headings "THE CITY", "TAX INFORMATION", "STATUS OF INDEBTEDNESS", "ABSENCE OF LITIGATION" and all Appendices (other Appendix C, D & E and other than any related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2021, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2021; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the City of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the City of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;
- (ii) in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
 - (a) principal and interest payment delinquencies;
 - (b) non-payment related defaults, if material;
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) substitution of credit or liquidity providers, or their failure to perform;
 - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the securities, or other material events affecting the tax status of the securities;
 - (g) modifications to rights of security holders, if material;
 - (h) bond or note calls, if material, and tender offers;
 - (i) defeasances;
 - (j) release, substitution, or sale of property securing repayment of the securities; if material;
 - (k) rating changes;

- (l) bankruptcy, insolvency, receivership or similar event of the City;
- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (o) incurrence of a “financial obligation” (as defined in the Rule) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect Bondholders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

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

- (iii) in a timely manner, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

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

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

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

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

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

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

A “Continuing Disclosure Undertaking” Certificate to this effect shall be provided to the purchaser at closing.

MATERIAL EVENT NOTICES

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

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

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

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

With respect to event (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other

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

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

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

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

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

CITY OF ALBANY
ALBANY COUNTY, NEW YORK

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES**

DECEMBER 31, 2020

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

CITY OF ALBANY, NEW YORK

FINANCIAL STATEMENTS AND
REPORTS REQUIRED
UNDER THE UNIFORM GUIDANCE

December 31, 2020

CITY OF ALBANY, NEW YORK

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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 Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Albany Parking Authority, the Albany Water Board and Albany Municipal Water Finance Authority, the Albany Industrial Development Agency, and certain other component units which collectively represent approximately 69% and 87%, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albany, New York, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 16 and 54 and other required supplementary information on pages 55 through 59 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of the City of Albany, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Albany, New York's internal control over financial reporting and compliance.



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, 2020. 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, 2019.

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

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

FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

Statement of Net Position

Statement of Activities

The *Statement of Net Position* includes Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources of the City as a whole, with the difference between Assets plus Deferred Outflows of Resources and Liabilities plus Deferred Inflows of Resources reported as Net Position. The *Statement of Activities* presents financial information as to how the City's Net Position changed during the fiscal year, with all changes being reported as the underlying event occurs, regardless of the timing of cash flows. Over time, increases or decreases in the City's Net Position are one indicator of whether its financial position is deteriorating or strengthening. However, in contrast to commercial enterprises, the City has no goal of accumulating net position. The *Statement of Net Position* and the *Statement of Activities* delineate between the primary government (the City of Albany, plus the Albany Community Development Agency) and the City's component 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 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 2020 totaled \$168.7 million and were under the final budget by \$12.1 million. The General Fund expenses totaled \$175.4 million and were \$5.4 million lower than the final budget. While the 2020 City budget did not anticipate a change in the fund balance, the fund balance actually decreased \$8.9 million for the year. The \$6.7 million deficiency of revenues over expenses is added to other financing uses of \$2.2 million which resulted in the fund balance ending the year at \$16.8 million. The unassigned fund balance was at \$10.2 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 \$469.2 million. This resulted in a decrease of net position of approximately \$52.2 million from 2019. Most of this decrease is related to the reporting requirements related to the deferred inflows related to post employment benefit obligation (increased by \$95.5 million).

Total assets (\$344.9 million) increased from 2019 by \$6.8 million. The primary areas that increased are accounts receivable, net (increased by \$1.7 million), due from other governments (increased by \$3.6 million) and capital assets, net (increased by \$14.3 million). The areas that decreased are cash and cash equivalents (decreased by \$6.5 million), cash and cash equivalents – restricted (decreased by \$4.8 million) and due from component units (decreased by \$1.7 million). The increase in accounts receivable, net is the result of an increase in waste collection fees and demolition fees billed. The increase in due from other governments is related funds due to the City from federal and state public safety grants and capital projects. The increase in capital assets, net is primarily the result of the continued purchase of the street lights. The decrease in cash and cash equivalents was primarily related to the ongoing purchase of the street lights. The decrease in cash and cash equivalents – restricted was from the use of most of the debt reserve for 2020 debt service requirements to off-set the loss of revenue to the City as a result of the pandemic. The decrease in due from component units is the result of receiving money due to the City before the end of the year.

Total liabilities (\$869.6 million) decreased by \$9.3 million from 2019. The primary liabilities which decreased were bonds and loans payable (decreased by \$17.8 million) and accrued post-employment benefit obligation (decreased by \$106.9 million). The primary liabilities which increased were accounts payable and accrued expenses (increased by \$1.2 million), unearned revenue (increased by \$1.2 million), due to other governments (increased by \$5.8 million), due to component units (increased by \$3.7 million), bond and revenue anticipation notes payable (increased by \$14.9 million), net pension liability (increased by \$71.3 million), compensated absences (increased by \$3.3 million) and judgements and claims (increased by \$16.1 million).

Bonds and loans payable decreased as a result of paying down the outstanding principal on debt and not issuing additional bonds. 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 directly related to the increase in landfill, notes and mortgage loans receivables. Due to other governments increased as a result of not paying PILOT and property tax money to local governments until the beginning of 2021. Due to component units increased from not transferring money due to the Albany Water Board before the end of the year. Bond and revenue anticipation notes payable increased as a result of issuing additional bond anticipation notes. Net pension liability increased as a result of an increase in the City's proportionate share of the net pension liability. The increase in compensated absences is related to lower amounts of accrued time used due to the pandemic and fewer employees taking vacations which resulted in increases in earned vacation and sick leave. Judgements and claims increased from larger potential claim settlements currently in litigation.

The City of Albany's large Post-Employment Benefit Projected Actuarial Accrued liability (\$502.7 million) is driven by the health care plan which has traditionally been extended to retirees.

Deferred outflows of resources increased by \$18.9 million from 2019, deferred inflows of resources increased by \$87.1 million which was directly related to the post-employment liability noted above and the net pension liability which increased by \$71.3 million mainly as a result of an increase in the City's proportionate share of the New York State and Local Retirement System based on an actuarial valuation.

Of the net position, \$164.4 million is net invested in capital assets, and \$3.8 million is restricted for program specific activities and for debt service, leaving a deficit balance in unrestricted net position of \$637.4 million – an increase deficit from 2019 of \$82.3 million. The total net position decreased by \$52.2 million. Most of this increase in the deficit is related to the decrease in total fund balance – governmental funds (decreased by \$37.6 million).

Total capital assets including property and equipment after depreciation are valued at \$235.8 million, with increases of approximately \$33.1 million of additions to capital assets. Approximately \$19.3 million of capital assets are not subject to depreciation, including approximately \$2.0 million of land, and \$17.3 million of construction in progress which is related to the purchase of the street lights project and state and federally funded transportation projects. A more detailed description of capital assets is found in Footnote 7.

Governmental Activities - Primary Government
Net Position at December 31, 2020
(in Millions)

	<u>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>
Total assets	\$ 344.9	\$ 338.1	\$ 6.8
Total deferred outflows of resources	157.0	138.2	18.8
Total liabilities	869.6	878.9	(9.3)
Total deferred inflows of resources	<u>101.5</u>	<u>14.4</u>	<u>87.1</u>
Excess (deficiency) of assets and deferred outflows of resources over liabilities and deferred inflows of resources	<u>(469.2)</u>	<u>(417.0)</u>	<u>(52.2)</u>
Net invested in capital assets	164.4	132.3	32.1
Restricted for debt service and program activities	3.8	5.8	(2.0)
Unrestricted (deficiency)	<u>(637.4)</u>	<u>(555.1)</u>	<u>(82.3)</u>
Total Net Position (deficiency)	<u>\$ (469.2)</u>	<u>\$ (417.0)</u>	<u>\$ (52.2)</u>

Component Units

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$147.6 million – an increase of \$7.8 million from 2019. Total assets and deferred outflows of resources (\$269.1 million) increased by \$31.5 million. Net invested in capital assets decreased by \$1.1 million.

Total liabilities and deferred inflows of resources (\$121.5 million) increased by \$23.7 million. Bonds and notes payable increased \$18.5 million.

Total net position increased \$7.8 million from 2019 to 2020 due mostly to a significant increase in net position of the Albany Water Board and the Albany Port District Commission primarily related to an increase in cash and cash equivalents, restricted and net invested in capital assets.

Governmental Activities - Component Units
Net Assets at December 31, 2020
(in Millions)

	<u>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>
Total assets and deferred outflows of resources	\$ 269.1	\$ 237.6	\$ 31.5
Total liabilities and deferred inflows of resources	<u>121.5</u>	<u>97.8</u>	<u>23.7</u>
Excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources	147.6	122.2	7.8
Net invested in capital assets	101.6	102.7	(1.1)
Restricted for debt service and program activities	0.6	2.9	(2.3)
Unrestricted	<u>45.4</u>	<u>34.2</u>	<u>11.2</u>
Total Net Position	<u>\$ 147.6</u>	<u>\$ 122.2</u>	<u>\$ 7.8</u>

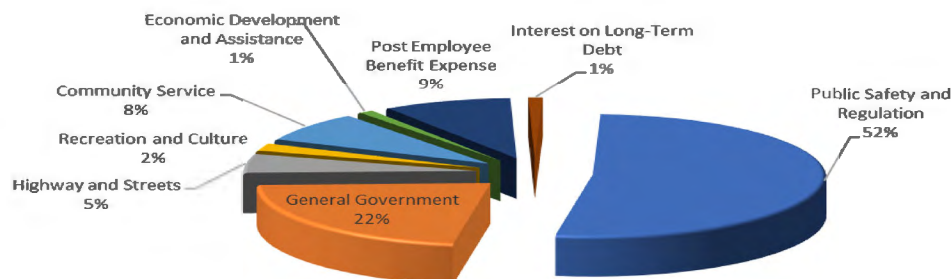
Statement of Activities

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 (in Millions)

Governmental Functions	2020	2019	Increase/ (Decrease)	% of Change
Public safety and regulation	\$ 120.8	\$ 105.4	\$ 15.4	15%
General government	50.9	28.5	22.4	79%
Highway and streets	13.0	14.8	(1.8)	-12%
Recreation and culture	4.1	6.0	(1.9)	-32%
Community service	18.2	17.0	1.2	7%
Economic development and assistance	3.5	2.5	1.0	40%
Post employment benefit expense	21.0	24.2	(3.2)	-13%
Interest on long-term debt	2.8	3.0	(0.2)	-7%
Total	\$ 234.3	\$ 201.4	\$ 32.9	16%

Functional Expenses – Primary Government



Public Safety accounts for 52 percent of expenses, while General Government is at 22 percent and Community Services accounts for 8 percent. Post-Employment Benefits which consist of retiree health care costs as well as the accrued liability for health care costs for active employees upon retirement, accounts for 9 percent of expenses.

Expenses increased from 2019 by \$32.9 million.

Public Safety and Regulation expenses of \$120.8 million increased by \$15.4 million and are offset by \$13.9 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 \$50.9 million increased by \$22.4 million and are offset by \$2.6 million in charges for services most of which came from permit, license and inspection fees. General Government expenses are also offset by \$11.2 million; \$10.8 million of this is the result of the Capital City Funding revenue received from the State of New York. Highway and Streets expenses of \$13.0 million decreased by \$1.8 million and are offset by \$3.3 million in charges for services and \$3.7 million in capital grants and contributions. Community Service expenses of \$18.2 million increased by \$1.2 million and are offset by \$3.1 million in grants related to the Albany Community Development Agency and \$5.7 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 \$2.8 million decreased by \$0.2 million. Post-Employment benefit expenses \$21.0 million decreased by \$3.2 million. The decrease in these expenses are related to changes in the actuarial estimates for retiree healthcare costs and related benefits.

Revenues decreased from 2019 by \$4.4 million.

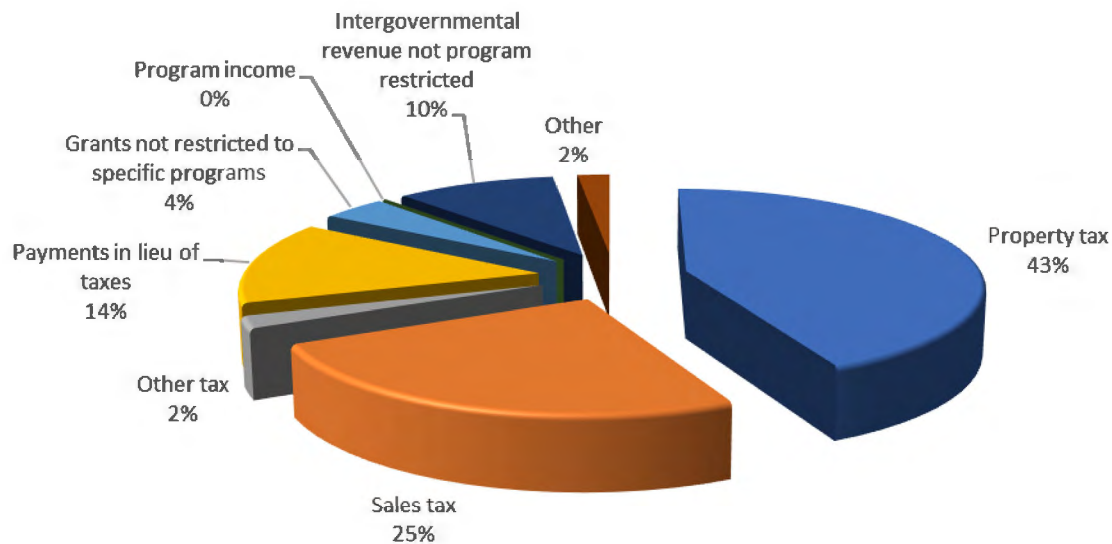
Total general revenues (\$135.6 million) decreased by \$4.4 million. Property taxes (\$58.5 million) increased slightly by \$0.2 million mostly from fewer Supreme Court orders reducing property tax bills. Sales tax revenue (\$34.1 million) decreased by \$2.5 million as result of the pandemic slowing the economy down. Payments in lieu of taxes (\$19.3 million) decreased by \$1.4 million primarily from a decrease in voluntary payments. Grants not restricted to specific programs (\$4.9 million) decreased by \$0.2 million. Program income remained flat (\$0.1 million). Other tax (\$2.7 million) remained flat with no change, intergovernmental revenue not program restricted (\$13.7 million) decreased by \$0.6 million and other revenue (\$2.3 million) increased by \$0.1 million mostly from an increase in federal and state grants.

Governmental Activities - General Revenues
(in Millions)

<u>Revenues</u>	<u>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>	<u>% of Change</u>
Property tax	\$ 58.5	\$ 58.3	\$ 0.2	0%
Sales tax	34.1	36.6	(2.5)	-7%
Other tax	2.7	2.7	-	0%
Payments in lieu of taxes	19.3	20.7	(1.4)	-7%
Grants not restricted to specific programs	4.9	5.1	(0.2)	-4%
Program income	0.1	0.1	-	0%
Intergovernmental revenue not program restricted	13.7	14.3	(0.6)	-4%
Other	2.3	2.2	0.1	5%
Total General Revenues	<u>\$ 135.6</u>	<u>\$ 140.0</u>	<u>\$ (4.4)</u>	<u>-3%</u>

The following chart indicates the relative percentages of general revenues:

Governmental Activities – General Revenues



Component Units

Operating revenues of the Component Units totaled \$47.6 million, which is a decrease of \$4.2 million from 2019. The overall operating expenses of the Component Units totaled \$50.4 million – an increase of \$4.9 million. The Water Board/Water Authority accounts for the majority of the overall revenues and expenses among the component units. The following is a summary of the relative revenues and expenses of the component units, which excludes the Albany Community Development Agency because it is a blended component unit and is therefore included with the Primary Government in the *Statement of Activities*.

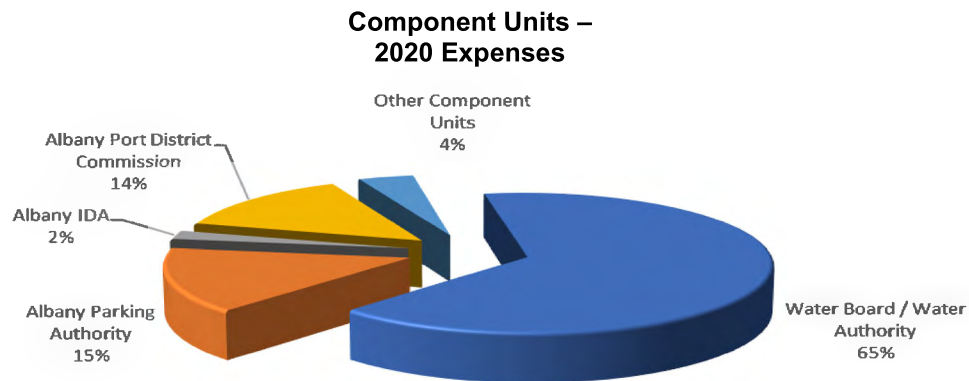
The following table indicates the relative value of operating revenues for the component units:

Component Units - Operating Revenues <i>(in Millions)</i>				
Component Units	2020	2019	Increase / (Decrease)	% of Change
Water Board / Water Authority	\$ 33.7	\$ 34.3	\$ (0.6)	-2%
Albany Parking Authority	6.3	8.5	(2.2)	-26%
Albany IDA	0.4	1.7	(1.3)	-76%
Albany Port District Commission	5.2	5.1	0.1	2%
Other component units	2.0	2.2	(0.2)	-9%
Total	\$ 47.6	\$ 51.8	\$ (4.2)	-8%

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	2020	2019	Increase / (Decrease)	% of Change
Water Board / Water Authority	\$ 33.0	\$ 29.7	\$ 3.3	11%
Albany Parking Authority	7.4	7.1	0.3	4%
Albany IDA	1.0	0.8	0.2	25%
Albany Port District Commission	6.9	6.0	0.9	15%
Other component units	2.1	1.9	0.2	11%
Total	\$ 50.4	\$ 45.5	\$ 4.9	11%

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



Governmental Funds Financial Statements

Governmental Funds Balance Sheet

Assets decreased by \$8.0 million with the largest decrease (\$6.5 million) in cash and cash equivalents which is the result of the continued purchase of the street lights from National Grid and not issuing bonds in 2020. The other significant decrease was cash and cash equivalents – restricted decreased (\$4.8 million). This decrease is related to the use of most of the City's debt reserve for 2020 debt service requirements to off-set the loss of revenue as a result of the pandemic's negative impact on the economy. Overall, there were many variances year over year which resulted in a decrease in the total assets. These variances were explained previously in the Statement of Net Position.

Total liabilities and deferred inflows of resources increased by \$29.6 million due mostly to an increase of \$14.9 million related to issuing additional bond anticipation notes for capital projects. Due to other component units increased \$3.7 million as a result of not reimbursing the Albany Water Board funds by the end of the year. Due to other governments increased \$5.8 million from not paying the County of Albany property tax funds until the next year. The other liability variances were explained previously in the Statement of Net Position.

The City's fund balance is classified as: non-spendable, restricted, committed, assigned and unassigned. The City's General Fund Balance at year-end was \$16.8 million. The non-spendable portion consists of \$2.7 million in prepayments, primarily to the state retirement plan. The restricted fund balance includes \$0.5 million for debt service, \$0.9 million for landfill post closure expenses, \$0.4 million for the solid waste management facility, and \$1.9 million for other purposes. There is no assigned fund balance to be appropriated to the 2021 budget. The unassigned general fund balance totals a surplus of \$10.2 million.

Governmental Funds - Balance Sheet (in Millions)

	2020	2019	Increase / (Decrease)
Total assets and deferred outflows of resources	\$ 117.1	\$ 125.1	\$ (8.0)
Total liabilities and deferred inflows of resources	123.3	93.7	29.6
Total fund balance (deficiency)	\$ (6.2)	\$ 31.4	\$ (37.6)

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	\$ 58.6	\$ 58.6	\$ 58.5	\$ (0.1)	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Sales and use taxes	36.5	36.5	34.1	(2.4)	0.0	0.0	0.0	0.0
Other taxes	2.8	2.8	2.7	(0.1)	0.0	0.0	0.0	0.0
Payments in lieu of taxes	20.0	20.0	19.3	(0.7)	0.0	0.0	0.0	0.0
Intergovernmental revenue	30.1	32.9	29.2	(3.7)	2.7	3.0	2.4	(0.6)
Charges for services	11.8	11.8	10.4	(1.4)	0.0	0.0	0.0	0.0
Fines, interest and penalties	5.5	5.5	4.8	(0.7)	0.0	0.0	0.0	0.0
Use of money and properties	0.7	0.7	0.3	(0.4)	0.0	0.0	0.0	0.0
Licenses and permits	3.8	5.3	5.4	0.1	0.0	0.0	0.0	0.0
Other revenues	6.6	6.7	4.0	(2.7)	0.0	0.0	0.0	0.0
Total revenues	176.4	180.8	168.7	(12.1)	2.7	3.0	2.4	(0.6)
EXPENDITURES								
Public safety and regulation	97.0	99.6	100.5	0.9	0.0	0.0	0.0	0.0
General government	26.4	27.3	24.6	(2.7)	0.0	0.0	0.0	0.0
Highways and streets	5.6	6.0	4.7	(1.3)	0.0	0.0	0.0	0.0
Recreation and culture	4.4	5.2	2.5	(2.7)	0.0	0.0	0.0	0.0
Community service	8.1	7.4	7.0	(0.4)	0.0	0.0	0.0	0.0
Economic development and assistance	0.0	0.0	0.0	0.0	2.7	3.0	2.5	(0.5)
Employee benefits	11.3	11.7	15.1	3.4	0.0	0.0	0.0	0.0
Debt service	23.6	23.6	21.0	(2.6)	0.0	0.0	0.0	0.0
Total expenditures	176.4	180.8	175.4	(5.4)	2.7	3.0	2.5	(0.5)
Excess (deficiency) of revenues and appropriated fund balance over expenditures	0.0	0.0	(6.7)	(6.7)	0.0	0.0	(0.1)	(0.1)
OTHER FINANCING SOURCES (USES)								
Transfers	0.0	0.0	(2.2)	(2.2)	0.0	0.0	0.0	0.0
Premium on bond anticipation notes issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total other financing sources (uses)	0.0	0.0	(2.2)	(2.2)	0.0	0.0	0.0	0.0
Excess (deficiency) of revenues, appropriated fund balance and other financing sources over expenditures and other financing uses	\$ 0.0	\$ 0.0	\$ (8.9)	\$ (8.9)	\$ 0.0	\$ 0.0	\$ (0.1)	\$ (0.1)

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 \$168.7 million, which was \$12.1 million less than the final adopted budget and \$9.2 million lower than 2019. The variances in revenue include the following:

Real property taxes were slightly below budget by \$0.1 million for 2020. The actual revenue totaled \$58.5 which was an increase of \$0.2 million as a result of fewer Supreme Court Orders reducing property tax payments.

Sales and use taxes revenue was \$2.4 million under budget and \$2.5 million less than 2019, which is directly related to the negative impact the pandemic had on the economy.

Other taxes were \$0.1 million under budget. Other tax revenue ended the year the same as 2019 at \$2.7 million. This category includes penalties on property taxes, utility gross receipts taxes and franchise fees.

Payments in lieu of taxes finished the year lower than budget by \$0.7 million and it was \$1.4 million less than 2019. This category was under budget primarily as a result of not receiving payments from some voluntary PILOTS. The actual total was lower in 2020 due to receiving some past due payments in 2019.

Intergovernmental revenue was \$3.7 million lower than budget and \$2.9 million less than 2019. As a result of the pandemic the State of NY had to lower some of the money the City was expecting. Some of the revenue in this category is derived from state grants the can vary from year to year.

Charges for services were \$1.4 million lower than budget and \$1.4 million less than 2019. Most of this decrease is related to lower landfill revenues from less received in tipping fees and lower coupon sales.

Fines, interest and penalties ended the year \$0.7 million under budget and at \$0.5 million less than 2019. Most of this revenue is derived from parking violation fines, handicap parking fees, parking surcharges and traffic violation fines. The pandemic reduced the number of vehicles commuting to the city which resulted in fewer tickets issued.

Use of money and properties was \$0.4 million lower than budget and \$1.2 million less than 2019. The decrease is primarily related to earning less interest income on cash balances and lower sales of City owned property in 2020.

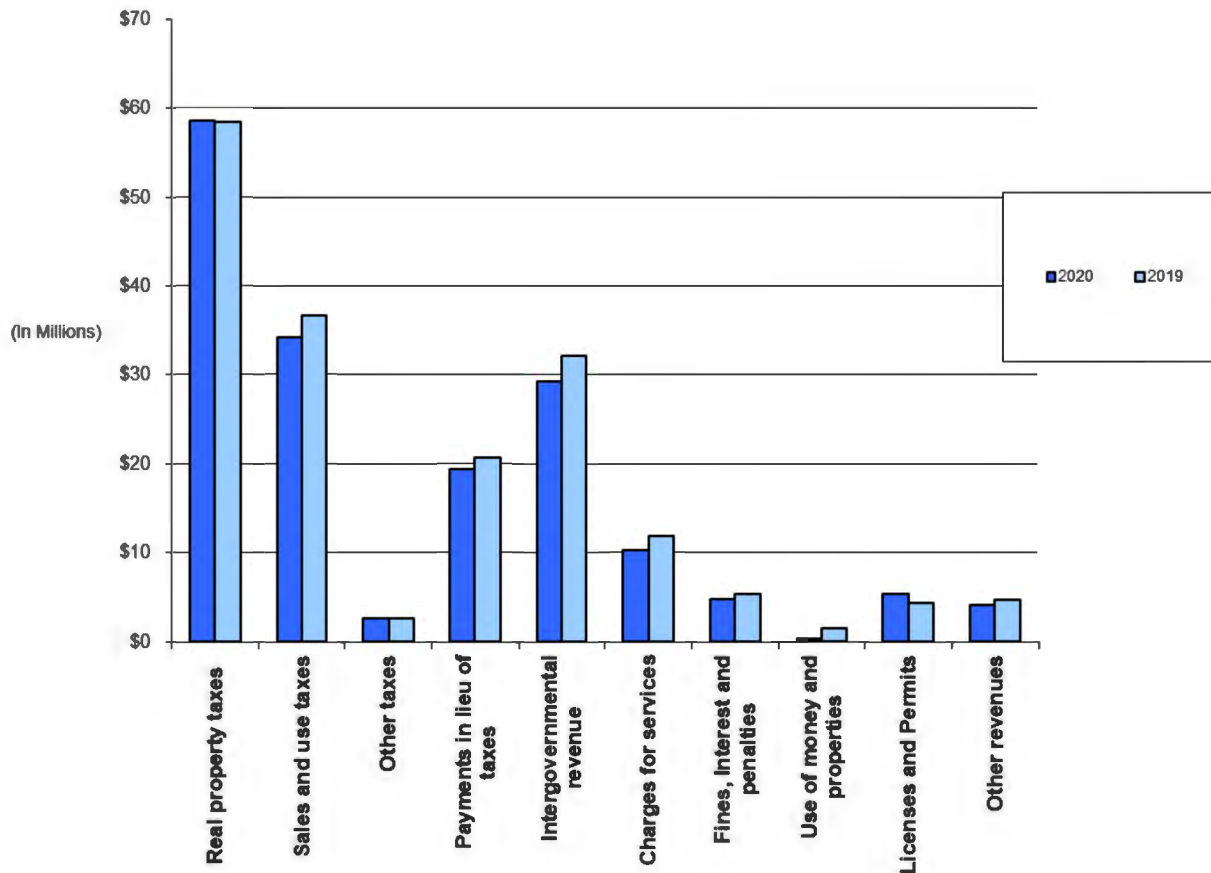
Licenses and permits finished the year \$0.1 million over budget and \$1.1 million more than 2019. Revenues from demolition charges, street opening permits and safety inspection permits were higher than last year.

Other revenues were \$2.7 million under budget and \$0.6 million lower than 2019. The primary decrease in revenue was related to the City canceling virtually all of its public events and concerts as a result of the pandemic. The rest of 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 2020 to 2019 Variance (In Millions)

<u>Revenues</u>	<u>2020</u>	<u>2019</u>	<u>2020 Over/(Under) 2019</u>
Real property taxes	\$ 58.5	\$ 58.3	\$ 0.2
Sales and use taxes	34.1	36.6	(2.5)
Other taxes	2.7	2.7	0.0
Payments in lieu of taxes	19.3	20.7	(1.4)
Intergovernmental revenue	29.2	32.1	(2.9)
Charges for services	10.4	11.8	(1.4)
Fines, interest and penalties	4.8	5.3	(0.5)
Use of money and properties	0.3	1.5	(1.2)
Licenses and permits	5.4	4.3	1.1
Other revenues	4.0	4.6	(0.6)
Total revenues	<u>\$ 168.7</u>	<u>\$ 177.9</u>	<u>\$ (9.2)</u>

Governmental Funds – General Fund Revenues 2020 to 2019 Variance



Expenses

Total expenditures of \$175.4 million were \$5.4 million lower than the final budget but \$2.9 million higher than 2019.

Public safety and regulation spending (\$100.5 million) was \$0.9 million higher than the final budget and was \$2.6 million more than 2019. The increase is mostly related to police department and fire department overtime, salaries and related expenses were higher compared to last year. Most of the increase in overtime was related to an increase the workload in the fire department due to COVID.

General government spending (\$24.6 million) which was \$2.7 million less than final budget but ended the year \$1.4 million higher than 2019. Most of the increase is related to contracted payments to the Albany Parking Authority, equipment expenses and PPE supplies due to the pandemic. Some of the increase is related to an increase in salaries which were included in the budget.

Highway and streets spending (\$4.7 million) was below budget by \$1.3 million for 2020. Actual expenses were \$2.2 million less than 2019. This category includes street light expenses which decreased by over \$1.6 million from the City purchasing the street lights from National Grid.

Recreation and culture spending (\$2.5 million) was under budget by \$2.7 million and \$1.9 million lower than 2019. Recreation programs expenses decreased as a result of the pandemic and all had to be canceled. These include the summer youth program, boxing, swimming pools, Bleecker Stadium and various outdoor entertainment events.

Community service spending (\$7.0 million) was \$0.4 million less than final budget and \$0.2 million less than 2019. Landfill waste collection and recycling expenses and landfill disposal expenses along with the Division of Planning decreased by \$0.2 million from 2019 mostly from decreases in post closure landfill expenses and salary and related expenses.

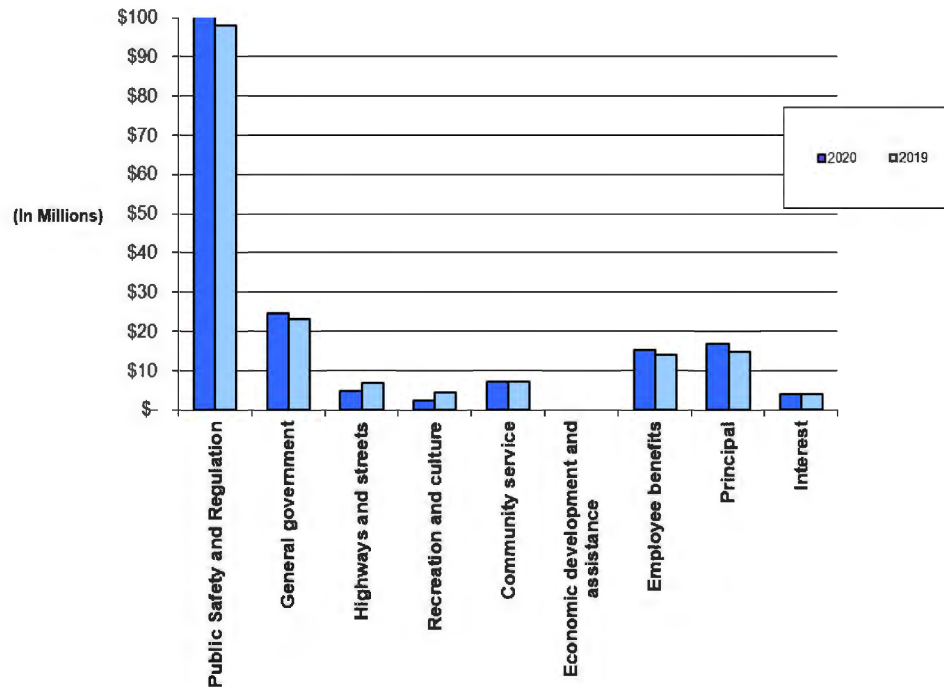
Employee benefits expense (\$15.1 million) was \$3.4 million over budget and \$1.1 million higher when compared to last year. Most of the increase is related to retiree health insurance expense was higher than 2019. The City is self-insured and pays the actual claims for employees in the Empire Blue Cross plan. These expenses can vary widely from year to year. Actual expenses related to these claims resulted in an increase of \$0.9 million in costs from last year. There were also slight increases in worker's compensation expenses and unemployment expenses.

Debt service payments (\$21.0 million) was \$2.6 million below budget although it was \$2.1 million higher than 2019. Most of the increase is related the increase in the paydown on the bond anticipation notes from 2019.

**Governmental Funds - General Fund Expense 2020 to 2019 Variance
(In Millions)**

<u>Expenditures</u>	<u>2020</u>	<u>2019</u>	<u>2020 Over/(Under) 2019</u>
Public safety and regulation	\$ 100.5	\$ 97.9	\$ 2.6
General government	24.6	23.2	1.4
Highways and streets	4.7	6.9	(2.2)
Recreation and culture	2.5	4.4	(1.9)
Community service	7.0	7.2	(0.2)
Economic development and assistance	0.0	0.0	0.0
Employee benefits	15.1	14.0	1.1
Principal	17.0	14.9	2.1
Interest	4.0	4.0	0.0
Total expenditures	<u>\$ 175.4</u>	<u>\$ 172.5</u>	<u>\$ 2.9</u>
Excess of operating revenues over expenditures	<u>\$ (6.7)</u>	<u>\$ 5.4</u>	<u>\$ (12.1)</u>

General Government – General Fund Expenditures 2020 to 2019 Variance



DEBT

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

In March 2020, the City issued various BANS of approximately \$44,673,000 at an interest rate of between 1.29% and 2.25%.

The proceeds of the notes, along with available funds were used to redeem a portion of the \$29,799,600 BANS issued in June 2019 and matured on March 27, 2020 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 2020.

Debt Ceiling

Of the outstanding indebtedness at March 4, 2021 approximately \$99,922,619 was subject to the statutory debt limit, using approximately 29% of the City's \$342,324,571 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 2020 the City expended approximately \$35.5 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	\$ 16.0 Million
Street and Sidewalk Construction	\$ 7.5 Million
Dept. of General Services Vehicles and Equipment	\$ 3.9 Million
Recreation	\$ 0.4 Million
Landfill Equipment and Expansion	\$ 0.6 Million
Public Safety Equipment	\$ 5.6 Million
Local Economic Development	\$ 1.5 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, 2020

	Primary Government	Component Units
ASSETS		
Cash and cash equivalents	\$ 46,130,128	\$ 7,573,195
Cash and cash equivalents - restricted	1,492,827	34,579,176
Investments	-	10,542,846
Investments, restricted	-	4,417,608
Taxes receivable	4,731,633	-
Accounts receivable, net	6,253,074	9,823,788
Notes and other receivables	675,000	2,732,015
Mortgage loans receivable	7,476,960	131,970
Due from primary government	-	2,723,037
Due from other governments	17,268,007	3,633,568
Due from component units	23,440,623	-
Prepaid and other assets	1,084,583	694,399
Property held for investment, lease or sale	522,913	-
Capital assets, net	235,813,951	187,805,754
Total assets	<u>344,889,699</u>	<u>264,657,356</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows resulting from refunding of debt, net	188,992	218,220
Deferred outflows related to net pension liability	72,976,293	2,238,437
Deferred outflows related to accrued post employment benefit obligation	83,876,423	1,992,289
Total deferred outflows of resources	<u>157,041,708</u>	<u>4,448,946</u>
LIABILITIES		
Accounts payable and accrued expenses	12,149,574	13,528,271
Accrued interest payable	757,380	186,596
Line of credit	-	50,000
Unearned revenue	8,471,908	193,817
Due to other governments	25,290,600	3,598,858
Due to primary government	-	131,970
Due to component units	22,783,052	-
Other liabilities	177,727	158,201
Bond and revenue anticipation notes payable	44,672,720	-
Bonds and loans payable	71,920,723	86,151,724
Accrued post employment benefit obligation	502,676,525	11,680,273
Net pension liability	102,569,140	2,990,820
Compensated absences	23,100,476	-
Due to NYS Retirement System	10,148,336	-
Judgments and claims	34,873,875	-
Landfill post-closure costs	9,993,227	-
Retainage payable on long-term contracts	28,513	-
Capital lease obligations	-	424,365
Total liabilities	<u>869,613,776</u>	<u>119,094,895</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to net pension liability	5,992,029	2,239,597
Deferred inflows related to sales of future revenue	-	200,000
Deferred inflows related to accrued post employment benefit obligation	95,554,509	-
Total deferred inflows of resources	<u>101,546,538</u>	<u>2,439,597</u>
NET POSITION		
Net invested in capital assets	164,416,141	101,601,840
Restricted for:		
Program specific activities	3,289,311	591,267
Debt service	482,867	-
Unrestricted (deficiency)	<u>(637,417,226)</u>	<u>45,378,703</u>
Total net position (deficiency)	<u><u>\$(469,228,907)</u></u>	<u><u>\$ 147,571,810</u></u>

See notes to financial statements.

CITY OF ALBANY, NEW YORK
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

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	\$ 120,771,993	\$ 11,527,336	\$ 2,394,921	\$ -	\$ (106,849,736)	\$ -
General government	50,892,532	2,618,046	11,247,417	-	(37,027,069)	-
Highways and streets	13,034,791	3,325,007	-	3,708,642	(6,001,142)	-
Recreation and culture	4,069,870	966,290	-	-	(3,103,580)	-
Community service	18,214,231	5,674,442	3,085,263	-	(9,454,526)	-
Economic development and assistance	3,540,760	-	-	-	(3,540,760)	-
Post employment benefit expense	21,030,423	-	-	-	(21,030,423)	-
Interest on long-term debt	2,776,775	-	-	-	(2,776,775)	-
Total governmental activities	<u>234,331,375</u>	<u>24,111,121</u>	<u>16,727,601</u>	<u>3,708,642</u>	<u>(189,784,011)</u>	<u>-</u>
Component Units:						
Albany Water Board and Municipal Water Finance Authority	33,032,139	33,668,458	4,500,843	-	-	5,137,162
Albany Parking Authority	7,398,875	6,351,705	-	-	-	(1,047,170)
Albany Industrial Development Agency	962,306	389,056	-	-	-	(573,250)
Albany Port District Commission	6,879,140	5,166,964	4,339,705	-	-	2,627,529
Other component units	2,090,238	1,975,804	-	50,000	-	(64,434)
Total component units	<u>\$ 50,362,698</u>	<u>\$ 47,551,987</u>	<u>\$ 8,840,548</u>	<u>\$ 50,000</u>	<u>-</u>	<u>6,079,837</u>
General Revenues:						
Property tax					58,469,001	-
Sales tax					34,098,653	-
Other tax					2,676,032	-
Payments in lieu of taxes					19,273,374	-
Grants not restricted to specific programs					4,863,351	-
Program income					125,623	-
Intergovernmental revenue not program-restricted					13,700,324	-
Gain on sale of capital assets					150,325	1,056,239
Other revenues					1,942,177	-
Unrestricted investment earnings					274,554	627,151
Total general revenues					<u>135,573,414</u>	<u>1,683,390</u>
Change in net position					<u>(54,210,597)</u>	<u>7,763,227</u>
Net position (deficiency), beginning of year					(416,993,080)	139,808,583
Cumulative effect of a change in application of accounting principle					1,974,770	-
Net position (deficiency), beginning of year, adjusted					<u>(415,018,310)</u>	<u>139,808,583</u>
Net position (deficiency), end of year					<u>\$ (469,228,907)</u>	<u>\$ 147,571,810</u>

See notes to financial statements.

CITY OF ALBANY, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2020

	General	Special Revenue	Capital Projects	Other Governmental Fund	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Cash and cash equivalents	\$ 18,047,742	\$ 462,196	\$ 25,221,834	\$ 2,398,356	\$ 46,130,128
Cash and cash equivalents - restricted	1,492,827	-	-	-	1,492,827
Taxes receivable	4,731,633	-	-	-	4,731,633
Accounts receivable, net	5,822,412	-	-	-	5,822,412
Landfill receivable, net	430,662	-	-	-	430,662
Notes receivable	675,000	-	-	-	675,000
Mortgage loans receivable	-	-	-	7,476,960	7,476,960
Due from other funds	5,762,972	-	-	9,965	5,772,937
Due from component units	23,440,623	-	-	-	23,440,623
Due from federal and state governments	3,593,993	10,645	1,770,292	1,771,320	7,146,250
Due from other governments	10,121,757	-	-	-	10,121,757
Other assets	3,793,417	-	-	50,294	3,843,711
Total assets	77,913,038	472,841	26,992,126	11,706,895	117,084,900
Deferred outflows of resources	-	-	-	-	-
Total assets plus deferred outflows of resources	\$ 77,913,038	\$ 472,841	\$ 26,992,126	\$ 11,706,895	\$ 117,084,900
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Bond and revenue anticipation notes payable	\$ -	\$ -	\$ 44,672,720	\$ -	\$ 44,672,720
Accounts payable and accrued expenses	11,283,561	451,948	2,148,747	1,527,057	15,411,313
Due to other funds	2,135	353,069	4,800,626	617,107	5,772,937
Due to component units	22,783,052	-	-	-	22,783,052
Due to other governments	25,290,600	-	-	-	25,290,600
Unearned revenue	927,378	130,139	-	7,414,391	8,471,908
Other liabilities	177,727	-	-	-	177,727
Total liabilities	60,464,453	935,156	51,622,093	9,558,555	122,580,257
Deferred inflows of resources related to unavailable revenue	675,000	-	-	-	675,000
Fund Balances					
Nonspendable:					
Prepayments	2,759,128	-	-	3,725	2,762,853
Restricted for:					
Debt Service	482,867	-	-	-	482,867
Landfill Postclosure	931,771	-	-	-	931,771
Solid Waste Management Facility	434,703	-	-	-	434,703
PEG Access Fund	173,897	-	-	-	173,897
Other specific purposes	1,748,940	-	-	-	1,748,940
Committed for:					
ACCESS program	-	-	-	207,225	207,225
Strategic acquisition	-	-	-	40,148	40,148
Choose Albany Program	-	-	-	54,364	54,364
Neighborhood Commercial Façade Program	-	-	-	75,000	75,000
West Hill Neighborhood Strategic Plan	-	-	-	35,000	35,000
Vacant Buildings	-	-	-	288,945	288,945
Rehabilitation Assistance Program	-	-	-	135,868	135,868
Land Bank	-	-	-	50,000	50,000
Fire Victims Relocation Program	-	-	-	80,663	80,663
Assigned for:					
Other purposes	-	-	-	1,177,402	1,177,402
Unassigned balances (deficiency):	10,242,279	(462,315)	(24,629,967)	-	(14,850,003)
Total fund balances (deficiency)	16,773,585	(462,315)	(24,629,967)	2,148,340	(6,170,357)
Total liabilities, deferred inflows of resources and fund balances	\$ 77,913,038	\$ 472,841	\$ 26,992,126	\$ 11,706,895	\$ 117,084,900

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, 2020

	General	Special Revenue	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Real property taxes	\$ 58,469,001	\$ -	\$ -	\$ -	\$ 58,469,001
Sales and use taxes	34,098,653	-	-	-	34,098,653
Other taxes	2,676,032	-	-	-	2,676,032
Payments in lieu of taxes	19,273,374	-	-	-	19,273,374
Intergovernmental revenue	29,197,678	2,410,792	3,708,642	5,311,816	40,628,928
Charges for services	10,393,066	-	-	125,623	10,518,689
Fines, interest and penalties	4,844,315	-	-	-	4,844,315
Uses of money and properties	361,802	-	-	-	361,802
License and permits	5,360,888	-	-	-	5,360,888
Other revenues	3,984,735	-	-	6,132	3,990,867
Total revenues	<u>168,659,544</u>	<u>2,410,792</u>	<u>3,708,642</u>	<u>5,443,571</u>	<u>180,222,549</u>
EXPENDITURES					
Public safety and regulation	100,445,272	-	5,613,293	-	106,058,565
General government	24,633,111	-	19,929,167	-	44,562,278
Highways and streets	4,741,494	-	7,465,827	-	12,207,321
Recreation and culture	2,496,117	-	477,094	-	2,973,211
Community service	6,944,776	-	1,435,661	6,211,155	14,591,592
Economic development and assistance	-	2,471,387	713,159	-	3,184,546
Employee benefits	15,062,593	-	-	-	15,062,593
Debt service:					
Principal	17,005,000	-	-	72,601	17,077,601
Interest	4,018,260	-	-	8,052	4,026,312
Total expenditures	<u>175,346,623</u>	<u>2,471,387</u>	<u>35,634,201</u>	<u>6,291,808</u>	<u>219,744,019</u>
Excess (deficiency) of revenues over expenditures	<u>(6,687,079)</u>	<u>(60,595)</u>	<u>(31,925,559)</u>	<u>(848,237)</u>	<u>(39,521,470)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	271,275	-	2,509,000	-	2,780,275
Transfers out	(2,509,000)	-	(271,275)	-	(2,780,275)
Total other financing sources (uses)	<u>(2,237,725)</u>	<u>-</u>	<u>2,237,725</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(8,924,804)</u>	<u>(60,595)</u>	<u>(29,687,834)</u>	<u>(848,237)</u>	<u>(39,521,470)</u>
FUND BALANCE (DEFICIENCY), beginning of year	23,723,619	(401,720)	5,057,867	2,996,577	31,376,343
Cumulative effect of a change in application of accounting principle	1,974,770	-	-	-	1,974,770
FUND BALANCE (DEFICIENCY), beginning of year, adjusted	<u>25,698,389</u>	<u>(401,720)</u>	<u>5,057,867</u>	<u>2,996,577</u>	<u>33,351,113</u>
FUND BALANCE (DEFICIENCY), end of year	<u>\$ 16,773,585</u>	<u>\$ (462,315)</u>	<u>\$ (24,629,967)</u>	<u>\$ 2,148,340</u>	<u>\$ (6,170,357)</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, 2020

Total fund balance (deficiency) - governmental funds \$ (6,170,357)

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

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

Property held for sale	522,913	
Cost of capital assets	590,930,542	
Accumulated depreciation	<u>(355,116,591)</u>	236,336,864

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

Notes receivable	<u>675,000</u>	675,000
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Long-term liabilities, including bonds payable, that are not due and payable in the current period are not reported as liabilities in the funds. Long-term liabilities not due and payable at year end consist of:

Bonds and loans payable	(69,768,832)	
Bond Premium	(2,151,891)	
Deferred outflow relating to bond refunding	188,992	
Due to NYS Retirement System	(10,148,336)	
Net pension liability	(102,569,140)	
Accrued post employment benefit obligation	(502,676,525)	
Accrued interest on bonds	(757,380)	
Compensated absences	(23,100,476)	
Landfill closure and postclosure obligation	(9,993,227)	
Retainage payable on long-term contracts	(28,513)	
Judgments and claims	<u>(34,873,875)</u>	(755,879,203)

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

Prepaid expenses	(2,759,128)	
Accrued expenses	3,261,739	
Deferred outflows and inflows	<u>55,306,178</u>	<u>55,808,789</u>

Net position (deficiency) of governmental activities		<u><u>\$ (469,228,907)</u></u>
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CITY OF ALBANY, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
WITH THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

Total net change in fund balance - governmental funds \$ (39,521,470)

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	33,137,317	
Depreciation expense	(18,759,461)	
Loss on disposal of assets and other	<u>(76,771)</u>	14,301,085

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

Compensated absences	(3,278,893)	
Landfill closure and postclosure costs	(299,510)	
Retainage incurred in current year	(28,513)	
Retainage incurred in prior year	50,844	
Judgments and claims	<u>(16,116,618)</u>	(19,672,690)

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

Amortization of Bond Premium	714,158	
Amortization of Deferred Outflow resulting from refunding of debt	(115,633)	
Principal repaid	<u>17,077,601</u>	17,676,126

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	90,149,455	
Changes in deferred inflows and outflows of resources	(116,847,352)	
Post employment benefit contribution paid	<u>16,738,048</u>	(9,959,849)

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.

651,012

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.

(17,659,811)

Change in net position of governmental activities

\$ (54,210,597)

See notes to financial statements.

CITY OF ALBANY

COMBINING STATEMENT OF NET POSITION – DISCRETELY PRESENTED COMPONENT UNITS

December 31, 2020

	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	\$ 1,384,783	\$ 1,547,861	\$ 2,866,253	\$ 919,559	\$ 854,739	\$ 7,573,195
Cash and cash equivalents, restricted	33,306,365	1,222,811	50,000	-	-	34,579,176
Investments	9,578,504	150,343	-	499,970	314,029	10,542,846
Investments, restricted	4,417,608	-	-	-	-	4,417,608
Accounts receivable, net	8,938,103	40,889	19,500	490,396	334,900	9,823,788
Notes and other receivables	-	-	-	2,045,672	686,343	2,732,015
Mortgage loans receivable	-	-	131,970	-	-	131,970
Due from primary government	2,225,486	421,940	-	-	75,611	2,723,037
Due from other governments	3,633,568	-	-	-	-	3,633,568
Prepaid and other assets	595,270	7,316	-	50,649	41,164	694,399
Capital assets, net	96,856,672	12,629,148	3,987	75,562,834	2,753,113	187,805,754
Total assets	<u>160,936,359</u>	<u>16,020,308</u>	<u>3,071,710</u>	<u>79,569,080</u>	<u>5,059,899</u>	<u>264,657,356</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows resulting from refunding of debt, net	-	218,220	-	-	-	218,220
Deferred outflows related to net pension liability	-	1,341,622	-	896,815	-	2,238,437
Deferred outflows related to accrued post employment benefit obligation	-	1,992,289	-	-	-	1,992,289
Total deferred outflows of resources	<u>-</u>	<u>3,552,131</u>	<u>-</u>	<u>896,815</u>	<u>-</u>	<u>4,448,946</u>
LIABILITIES						
Accounts payable and accrued expenses	10,445,733	189,621	82,420	2,688,899	121,598	13,528,271
Current maturities of long-term debt	4,345,545	1,240,000	-	1,144,978	499,203	7,229,726
Current installments of capital lease obligation	-	182,452	-	-	9,260	191,712
Accrued interest payable	-	177,165	-	-	9,431	186,596
Line of credit	50,000	-	-	-	-	50,000
Due to primary government	-	-	131,970	-	-	131,970
Due to other governments	3,598,858	-	-	-	-	3,598,858
Unearned revenues	-	91,769	50,000	52,048	-	193,817
Other liabilities	-	-	-	108,201	50,000	158,201
Accrued post employment benefit obligation	-	8,430,724	-	3,249,549	-	11,680,273
Net pension liability	-	1,833,455	-	1,157,365	-	2,990,820
Capital lease obligation, less current installments	-	220,029	-	-	12,624	232,653
Bonds and notes payable	67,199,615	6,704,674	-	3,706,913	1,310,796	78,921,998
Total liabilities	<u>85,639,751</u>	<u>19,069,889</u>	<u>264,390</u>	<u>12,107,953</u>	<u>2,012,912</u>	<u>119,094,895</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to net pension liability	-	1,011,195	-	1,228,402	-	2,239,597
Deferred inflows related to sales of future revenues	200,000	-	-	-	-	200,000
Total deferred inflows of resources	<u>200,000</u>	<u>1,011,195</u>	<u>-</u>	<u>1,228,402</u>	<u>-</u>	<u>2,439,597</u>
NET POSITION (DEFICIENCY)						
Net invested in capital assets	25,311,512	5,569,586	-	70,710,943	9,799	101,601,840
Restricted	-	405,107	-	-	186,160	591,267
Unrestricted (deficiency)	49,785,096	(6,483,338)	2,807,320	(3,581,403)	2,851,028	45,378,703
Total net position (deficiency)	<u>\$ 75,096,608</u>	<u>\$ (508,645)</u>	<u>\$ 2,807,320</u>	<u>\$ 67,129,540</u>	<u>\$ 3,046,987</u>	<u>\$ 147,571,810</u>

See notes to financial statements.

CITY OF ALBANY
COMBINING STATEMENT OF ACTIVITIES – DISCRETELY PRESENTED COMPONENT UNITS
December 31, 2020

	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	\$ 33,668,458	\$ 6,351,705	\$ 389,056	\$ 5,166,964	\$ 1,975,804	\$ 47,551,987
Operating expenses						
Costs of services	-	4,635,032	639,715	671,119	1,600,020	7,545,886
Source of supply and purification	4,156,537	-	-	-	-	4,156,537
Transmission and distribution	4,581,763	-	-	-	-	4,581,763
General and administrative	6,524,846	168,810	-	2,976,654	388,443	10,058,753
Real estate taxes paid to other governments	1,683,209	-	-	-	-	1,683,209
Sewer contract	8,247,630	-	-	-	-	8,247,630
Depreciation and amortization	6,897,665	1,176,322	704	2,649,939	-	10,724,630
Grants	-	-	321,887	-	-	321,887
Miscellaneous	-	1,004,593	-	-	-	1,004,593
Total operating expenses	32,091,650	6,984,757	962,306	6,297,712	1,988,463	48,324,888
Excess (deficiency) of operating revenue over expenses						
before nonoperating (expenses) revenue	1,576,808	(633,052)	(573,250)	(1,130,748)	(12,659)	(772,901)
Nonoperating (expenses) revenue						
Amortization of bond insurance premiums	-	(48,048)	-	-	-	(48,048)
Decrease in fair value of investments	(43,575)	-	-	-	-	(43,575)
Interest income	583,648	12,917	23,196	7,378	12	627,151
Interest expense	(896,914)	(366,070)	-	(177,698)	(101,775)	(1,542,457)
Gain on sale of assets	16,662	4,331	-	1,035,246	-	1,056,239
Municipal Support Agreement Costs	-	-	-	(159,616)	-	(159,616)
Waterfront development expenses	-	-	-	(244,114)	-	(244,114)
Net nonoperating (expenses) revenue	(340,179)	(396,870)	23,196	461,196	(101,763)	(354,420)
Excess (deficiency) of revenue over expenses before transfers	1,236,629	(1,029,922)	(550,054)	(669,552)	(114,422)	(1,127,321)
Grant funding and contributions	4,500,843	-	-	4,339,705	50,000	8,890,548
Excess (deficiency) of revenue over expenses	5,737,472	(1,029,922)	(550,054)	3,670,153	(64,422)	7,763,227
NET POSITION (DEFICIENCY), beginning of year	69,359,136	521,277	3,357,374	63,459,387	3,111,409	139,808,583
NET POSITION (DEFICIENCY), end of year	\$ 75,096,608	\$ (508,645)	\$ 2,807,320	\$ 67,129,540	\$ 3,046,987	\$ 147,571,810

See notes to financial statements.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

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

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

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

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

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

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

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

Fund Balance Classifications

Fund balances are classified as follows:

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Fund Balance Classifications (Continued)

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

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

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

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

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

Blended Component Unit

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

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

Discretely Presented Component Units

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Albany Water Board and Albany Municipal Water Finance Authority

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

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

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

Albany Parking Authority

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

City of Albany Industrial Development Agency

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

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Albany Port District Commission

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

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

Lark Street Area District Management Association, Inc.

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

City of Albany Capital Resource Corporation

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

Central District Management Association, Inc.

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Downtown Albany Restoration Program, Inc.

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

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

Entities excluded from the reporting entity:

Albany Housing Authority

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

Albany City School District

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

B. Government-Wide and Fund Financial Statements

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Separate financial statements are provided for governmental funds.

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

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

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

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

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

The City reports the following major governmental funds:

Governmental fund types

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Other governmental fund

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

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

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

D. *Assets, Liabilities and Net Position*

Cash and Investments

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position (Continued)

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

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

Receivables and Payables

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

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

Inventories and Prepaid Items

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

Restricted Assets

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

Capital Assets

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

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

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

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position (Continued)

Compensated Absences

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

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

Retirement Benefits

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

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

Judgments and Claims

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

Deferred Revenue

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

Long-Term Obligations

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position (Continued)

Long-Term Obligations (Continued)

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

Deferred Outflows/Inflows of Resources

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

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

E. Tax Abatements

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

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Tax Abatements (Continued)

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

The total assessed value of all shelter rent properties, including the IDA shelter rent properties, is approximately \$369,000,000 for the Property Tax Year, with a taxable assessed value of approximately \$57,000,000. The total PILOT payments on these properties to date was approximately \$969,000 to the City and County combined. This value is an expression of what the total value of collected shelter rents would be if they were collected and apportioned as taxes. This constitutes approximately a \$5,000,000 abatement of County/City property taxes.

The total assessed value of Commercial (almost exclusively IDA) properties is approximately \$238,000,000 for the Property Tax Year and approximately \$306,000,000 for the School Tax Year, with taxable assessed values of approximately \$69,000,000 and \$96,000,000 respectively. The total PILOT payments on these properties to date were approximately \$1,600,000, \$416,000, \$3,000,000 and \$196,000 to the City, County, School and Library Districts respectively. This constitutes approximately a \$4,000,000 abatement of County/City property taxes and a \$6,400,000 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

Effective January 1, 2020, the City adopted GASB Statement No. 84, *Fiduciary Activities*. GASB Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City previously reported the activity of the Agency Fund as a fiduciary fund. After applying the new criteria for determining the activities that should be reported under a fiduciary fund under GASB Statement No. 84, the City determined that the treatment of some of its old agency fund accounts are no longer valid and are more appropriately reported in the general fund. As a result, the general fund reports a restated beginning fund balance as follows:

Fund balance, beginning of year, as previously reported	\$ 23,723,619
Cumulative effect of change in accounting principle	1,974,770
Fund balance, beginning of year, adjusted	<u>\$ 25,698,389</u>

The primary government reports a restated beginning net position (deficiency) as follows:

Net position (deficiency), beginning of year, as previously reported	\$(416,993,080)
Cumulative effect of change in accounting principle	1,974,770
Net position (deficiency), beginning of year, adjusted	<u>\$(415,018,310)</u>

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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.

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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

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

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

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

NOTE 3 — STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

At December 31, 2020, 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, 2020, all cash and cash equivalents, as well as restricted cash and cash equivalents in excess of FDIC insurance, were fully collateralized by securities in the name of the financial institution held in a separate account.

The City has approximately \$1,493,000 in cash and cash equivalents that have been restricted as follows:

General Fund	
Debt service	\$ 483,000
Landfill postclosure	932,000
NYS Power Authority grant	78,000
	<hr/>
	\$ 1,493,000

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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

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

NOTE 5 — LANDFILL RECEIVABLE

The City currently has one landfill accepting waste from various public and private entities. These entities are billed monthly based on the tonnage deposited at the landfill for the previous month. At December 31, 2020, the City had outstanding landfill receivables of approximately \$542,000, with an allowance of approximately \$111,000.

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, 2020.

The taxable assessed value of real property, as adjusted by New York State, included in the tax levy of 2019 (revenue in 2020), was \$4,848,616,640. The effective tax rate on this value is \$10.81 per thousand for residential and \$14.22 per thousand for non-residential properties. The constitutional tax limit is 2% of the 5-year average of the full value assessment. The 2019 levy represents approximately 61% of the constitutional tax limit. The taxable assessed value of real property included in the tax levy of 2020 (revenue in 2021), was \$4,808,353,283. The effective tax rate on this value is \$11.02 per thousand for residential and \$14.22 per thousand for non-residential properties. The 2020 levy represents approximately 60% of the constitutional tax limit.

NOTE 7 — CAPITAL ASSETS

Property and equipment is comprised of the following:

	Balance January 1, 2020	Additions	Deletions and Reclassifications	Balance December 31, 2020
Capital assets not being depreciated:				
Land and land improvements	\$ 1,979,669	\$ -	\$ -	\$ 1,979,669
Construction in process	25,108,892	24,216,630	(32,043,245)	17,282,277
	<u>27,088,561</u>	<u>24,216,630</u>	<u>(32,043,245)</u>	<u>19,261,946</u>
Capital assets being depreciated:				
Buildings, capital leases, and improvements	60,745,960	22,737	-	60,768,697
Machinery and equipment	81,174,290	8,372,707	(1,009,746)	88,537,251
Infrastructure	389,794,161	32,568,487	-	422,362,648
	<u>531,714,411</u>	<u>40,963,931</u>	<u>(1,009,746)</u>	<u>571,668,596</u>
Less accumulated depreciation for:				
Buildings, capital leases, and improvements	32,901,837	1,538,869	36,922	34,477,628
Machinery and equipment	63,274,259	4,736,287	(969,760)	67,040,786
Infrastructure	241,114,009	12,484,305	(137)	253,598,177
	<u>337,290,105</u>	<u>18,759,461</u>	<u>(932,975)</u>	<u>355,116,591</u>
Total capital assets, net	<u>\$ 221,512,867</u>			<u>\$ 235,813,951</u>

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 7 — CAPITAL ASSETS (Continued)

Depreciation expense was approximately \$18,759,000 for the year ended December 31, 2020. In the statement of activities, depreciation expense is allocated to each function as follows:

<u>Function/Programs</u>	<u>Depreciation Expense</u>
Public safety and regulation	\$ 3,635,000
General government	5,628,000
Highway and streets	5,116,000
Recreation and culture	816,000
Community service	3,165,000
Economic development and assistance	399,000
	<u>\$ 18,759,000</u>

NOTE 8 — NOTES RECEIVABLE

Notes receivable of \$675,000 reported in the fund financial statements and the government-wide financial statements as of December 31, 2020 represent a term note with The Palace Performing Arts Center, Inc. The repayment terms require annual payments of \$25,000.

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

NOTE 9 — MORTGAGE LOANS RECEIVABLE AND DEFERRED REVENUES

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

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

In 2011, the Agency initiated a Choose Albany revolving loan fund utilizing general funds. The revolving loan fund promotes home ownership in Albany and was for 8% of the purchase price up to \$15,000. The loan can be utilized for down payment assistance or closing costs. The loans have a ten year term with zero percent interest. In 2019, the Choose Albany program was changed for new loans to be 5% of the purchase price up to \$8,500 and forgiven over the term of the loan as long as the beneficiary is in compliance with the loan agreement.

The balance of mortgage loans receivable, net of related allowances, is comprised of the following at December 31, 2020:

<u>Program</u>	<u>Balance</u>
HUD	\$3,438,933
HUD, forgivable grant loans	3,975,357
Choose Albany, net of allowance	62,670
	<u>\$7,476,960</u>

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 10 — INTERFUND RECEIVABLES AND PAYABLES

A summary of interfund receivables and payables at December 31, **2020** is as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	\$ 5,762,972	\$ 2,135
Special Revenue	-	353,069
Capital Projects	-	4,800,626
Albany Community Development Agency	9,965	617,107
	<u>\$ 5,772,937</u>	<u>\$ 5,772,937</u>

NOTE 11 — DUE FROM/TO COMPONENT UNITS

The City has reported approximately \$658,000 as the amount due from the Component Units, net at December 31, 2020. The Component Units reported approximately net \$2,591,000 as the amount due from the primary government, net. The net difference as reported by the City and its Component Units is approximately \$3,249,000 which is primarily caused by timing difference related to the recording of tax assessment adjustments. Other activity giving rise to difference in amounts due between the City and the Component Units relates to payroll, benefits, grant reimbursements and other administrative costs paid for by the City and reimbursed to the City by the Component Units or paid for by the Component Units and reimbursed by the City.

NOTE 12 — PENSION PLANS

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

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 12 — PENSION PLANS (Continued)

The City of Albany is required to contribute at an actuarially determined rate. Since 2012, the City of Albany has elected to amortize a portion of its retirement contributions in accordance with the provisions of Chapter 57, laws of 2013 and Chapter 57, laws of 2010. In 2020, the City elected to amortize approximately \$653,000 of its calculated pension contribution to the retirement system for its fiscal year ended December 31, 2020. The City's contributions made to the Systems were equal to 100 percent of the minimum required contributions. At December 31, 2020, approximately \$10,148,000 was deferred and recorded as due to New York State Retirement System in the statement of net position (Note 14(c)).

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

At December 31, 2020, the City reported the following liability for its proportionate share of the net pension liability for each of the plans.

	PFRS	ERS
Actuarial Valuation Date	April 1, 2019	April 1, 2019
Net Pension Asset (Liability)	\$(73,510,222)	\$(29,058,918)
Proportionate Share of the Plan's Total Net Pension Liability	1.3753243%	0.1097367%
Proportionate Share of Pension Expense	\$ 26,177,221	\$ 9,864,968

The PFRS and ERS net pension liability was measured as of March 31, 2020, and the total pension liability was determined by an actuarial valuation as of April 1, 2019. The City's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to PFRS's and ERS's total actuarially determined employer contribution for the fiscal year ended on the measurement date.

At December 31, 2020, 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	\$ 4,895,006	\$ 1,231,288	\$ 1,710,235	\$ -
Net difference between projected and actual earnings on pension plan investments	33,103,966	-	14,897,014	-
Changes in assumptions	6,283,346	-	585,109	505,232
Changes in proportion and differences between City contributions and proportionate share of contributions	189,691	3,241,896	-	1,013,613
City contributions subsequent to the measurement date	11,311,926	-	-	-
	<u>\$ 55,783,935</u>	<u>\$ 4,473,184</u>	<u>\$ 17,192,358</u>	<u>\$ 1,518,845</u>

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 12 — PENSION PLANS (Continued)

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

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2021 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
2021	\$ 8,124,299	\$ 2,370,238
2022	9,305,044	3,888,724
2023	12,009,007	5,185,625
2024	10,253,112	4,228,926
2025	307,363	-
	<u>\$ 39,998,825</u>	<u>\$ 15,673,513</u>

Actuarial Assumptions

The total pension liability for the December 31, 2020 measurement date was determined by using an actuarial valuation as of January 1, 2020. These actuarial valuations for both ERS and PFRS used the following actuarial assumptions:

Actuarial cost method – Entry age normal

Inflation – 2.5%

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

Investment rate of return – 6.8% compounded annually, net of investment expense, including inflation

Cost of living adjustments – 1.3% annually

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

Discount rate – 6.8%

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 12 — PENSION PLANS (Continued)

Investment Asset Allocation

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	36%	4.05%
International equities	14%	6.15%
Private equities	10%	6.75%
Real estate	10%	4.95%
Absolute return strategies	2%	3.25%
Opportunistic portfolio	3%	4.65%
Real assets	3%	5.95%
Bonds and mortgages	17%	0.75%
Cash	1%	0.00%
Inflation-Indexed bonds	4%	0.50%
	<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).

The following presents the City's proportionate share of its net pension asset (liability) calculated using the discount rate of 6.8% (ERS and PFRS) and the impact of using a discount rate that is 1% lower or higher than the current rate.

	<u>1.0% Decrease</u>	<u>Discount Rate</u>	<u>1.0% Increase</u>
City's proportionate share of the PFRS net pension asset (liability)	<u>\$ (131,437,775)</u>	<u>\$ (73,510,222)</u>	<u>\$ (21,634,788)</u>
City's proportionate share of the ERS net pension asset (liability)	<u>\$ (53,331,320)</u>	<u>\$ (29,058,918)</u>	<u>\$ (6,703,934)</u>

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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 2020, the City issued approximately \$44,673,000 in BANs. The BANs are due March 26, 2021. Approximately \$36,173,000 of the BANs carry an interest rate of 2.25% and \$8,500,000 of the BANs carry an interest rate of 1.29%. The proceeds of the BANs, along with available funds, were used to redeem the \$29,799,600 BANs that were issued in 2019 and matured March 27, 2020, and also provide new funds for various capital purposes and improvements. These BANs were subsequently redeemed in March 2021 (see Note 16 – Subsequent Events).

Interest expense on BANs totaled approximately \$559,000 for the year ended December 31, 2020.

NOTE 14 — INDEBTEDNESS

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

The following is a summary of certain long-term liability transactions of the City for the year ended December 31, 2020:

	Balance January 1, 2020	New Issues/ Increase in Estimates	Payments/ Decrease in Estimates	Balance December 31, 2020
Bonds	\$ 86,660,000	\$ -	\$ (17,005,000)	\$ 69,655,000
Premiums on Bonds	2,866,049	-	(714,158)	2,151,891
Loans payable (ACDA)	186,433	-	(72,601)	113,832
Post employment benefit obligation (Note 14)	609,564,028	-	(106,887,503)	502,676,525
Vacation/sick pay obligations	19,821,583	3,278,893	-	23,100,476
Due to NYS Retirement System	11,323,026	605,509	(1,780,199)	10,148,336
Net pension liability	31,236,871	86,077,129	(14,744,860)	102,569,140
Litigation and contingent liabilities	18,757,257	20,526,875	(4,410,257)	34,873,875
Landfill closure and postclosure care costs	9,693,717	299,510	-	9,993,227
Retainage payable on long-term contracts	50,844	-	(22,331)	28,513
Total	\$ 790,159,808	\$ 110,787,916	\$ (145,636,909)	\$ 755,310,815

Of the total outstanding indebtedness of the City at December 31, 2020, approximately \$114,328,000 was subject to the statutory debt limit. Amounts subject to the statutory debt limit include bonds and bond anticipation notes payable. This represents approximately 33% of the City's \$345,232,062 statutory debt limit.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 14 — INDEBTEDNESS (Continued)

(a) Bonds

Serial and New York State Environmental Facilities (EFC) bonds, the proceeds of which have been used primarily to provide funds for various capital projects, consists of the following at December 31, 2020:

<u>Interest Rate</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding December 31, 2020</u>	<u>Annual Principal Installments (Range)</u>
Serial Bonds					
4.00 - 5.00%	2011	2025	\$ 11,075,000	\$ 1,610,000	\$195,000 - 775,000
3.00%	2011	2021	7,922,026	890,000	\$890,000
4.00%	2012	2021	10,010,248	1,240,000	\$1,240,000
2.00%	2016	2023	10,210,000	5,390,000	\$1,760,000 - 1,835,000
2.00%	2016	2025	13,474,579	7,495,000	\$1,310,000 - 1,665,000
4.00%	2018	2028	33,310,417	27,475,000	\$2,855,000 - 3,725,000
3.00%	2019	2034	26,000,000	24,995,000	\$1,435,000 - 2,185,000
EFC Bonds					
4.912 - 5.002%	2012	2022	2,730,000	<u>560,000</u>	\$275,000-285,000
				\$ 69,655,000	
Add: Unamortized Premiums				<u>2,151,891</u>	
				<u>\$ 71,806,891</u>	

The following are details of bonds outstanding at December 31, 2020:

In March 2011, the City issued \$12,775,000 in General Obligation Refunding Bonds. The Bonds carry interest rates ranging from 3.00% to 5.00% and a premium of \$1,017,305. The final bond issue matures on August 1, 2025. The proceeds of the Bonds were to advance refund \$1,735,000 of outstanding 1997 General Obligation Bonds with interest rates ranging from 4.8% to 5.0%, \$5,565,000 of outstanding 2000 General Obligation Bonds, with interest rates ranging from 5.00% to 5.50%, and \$5,955,000 of outstanding 2001 General Obligation Bonds with interest rates ranging from 4.125% to 5.000%.

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

In July 2012, the City issued \$34,037,827 in General Obligation Bonds. The Bonds carry interest rates ranging from 2.00% to 4.00%. The final bond issue matured on July 1, 2021. The proceeds of the Bonds, along with available funds, were used to redeem part of the \$46,471,326 BANs issued in 2011 and matured July 6, 2012 and also provided new funds for the purchase of land, equipment and vehicle purchases as well as costs associated with the expansion of the City's landfill.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 14 — INDEBTEDNESS (Continued)

(a) Bonds (continued)

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

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

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

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

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

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

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

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 14 — INDEBTEDNESS (Continued)

(a) Bonds (continued)

Future maturities of general long-term debt as of December 31, 2020 are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 11,405,000	\$ 2,213,994	\$ 13,618,994
2022	8,950,000	1,830,468	10,780,468
2023	8,315,000	1,552,400	9,867,400
2024	6,295,000	1,285,550	7,580,550
2025	6,515,000	1,069,400	7,584,400
2026-2034	28,175,000	3,113,300	31,288,300
	<u>\$ 69,655,000</u>	<u>\$ 11,065,112</u>	<u>\$ 80,720,112</u>

Interest expense for bonds was approximately \$3,066,000 for the year ended December 31, 2020.

(b) Loans payable

Loans payable are further broken down as follows:

	<u>Balance January 1, 2020</u>	<u>New Issues/ Increase in Estimates</u>	<u>Retirement/ Decrease in Estimates</u>	<u>Balance December 31, 2020</u>
Note payable (1)	\$ 57,419	\$ -	\$ (12,594)	\$ 44,825
Note payable (2)	129,014	-	(60,007)	69,007
	<u>\$186,433</u>	<u>\$ -</u>	<u>\$ (72,601)</u>	<u>\$113,832</u>

- (1) Note payable from CAC to fund improvements made to one of the Agency's properties located at 388 Clinton Avenue. The note is collateralized by a mortgage agreement on the building located at 388 Clinton Avenue. The note is being amortized over a period of twenty years, with monthly principal and interest payments. The interest rate for the first five years of the note is fixed at 4% and is subject to every five years thereafter to prime plus 1%.
- (2) During 2011, the Agency borrowed the sum of \$500,000 from the Capitalize Albany Corporation to purchase property at 25 Delaware Avenue. The note is collateralized by a mortgage agreement on the property located at 25 Delaware Avenue. The note is being paid over a period of ten years, with monthly principal and interest payments. The balance is due in full at the time of sale or change in ownership of the property. The interest rate is 5.75%. The property acquired was recorded as property held for sale and included in other assets in the statement of net position.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 14 — INDEBTEDNESS (Continued)

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

Each year from 2011 through 2020, 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, 2020 is as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ -	\$ -
2022	1,878,302	338,399	2,216,701
2023	1,734,848	274,913	2,009,761
2024	1,331,366	217,007	1,548,373
2025	1,377,402	170,971	1,548,373
2026-2030	3,521,469	293,497	3,814,966
2031-2033	304,949	11,361	316,310
	<u>\$10,148,336</u>	<u>\$1,306,148</u>	<u>\$ 11,454,484</u>

(d) Litigation and contingent liabilities

(1) Judgments and Claims

There are various suits and claims pending against the City during its normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. The City has recognized an accrued liability of approximately \$17,286,000 related to judgments and claims where the outcome of such litigation has been determined to result in probable loss to the City. Litigation where loss to the City is reasonably possible has not been accrued; however, City officials and Corporation Counsel estimate such loss exposure up to \$650,000. The outcome of the remaining claims cannot be determined at this time.

(2) Workers' Compensation Claims

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

Under the program, the City utilizes a program administrator to process claims as they occur. A liability for unpaid claims based upon individual case estimates for claims incurred as well as claims incurred but not reported (IBNR) at December 31, 2020 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 2020 are as follows:

	<u>Balance as of January 1 2020</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance as of December 31, 2020</u>
Workers' compensation liability	<u>\$ 17,851,172</u>	<u>\$ 4,147,092</u>	<u>\$ (4,410,257)</u>	<u>\$ 17,588,007</u>

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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, 2020. In June 2009, the New York State Department of Environmental Conservation (NYSDEC) issued a renewal permit to the City to continue operations of the existing landfill through June 2019. The City applied for an extension for this permit, which is currently under review by the NYSDEC. The existing permit does not expire until the NYSDEC has made a final decision on the renewal application.

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

Accrued landfill closure and post closure care costs of approximately \$9,993,000 at December 31, 2020, represent the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of all previously closed landfills and 90 percent of the estimated capacity of the AIL as determined by an independent engineer. The estimated remaining life of the AIL is approximately 3.9 years. The City will recognize the remaining estimated cost of closure and post closure care of \$1,082,000 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 2020. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 15 — OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions

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

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

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

Salary increases – 3.0%
Discount rate 12/31/2020 – 2.02%
Discount rate 12/31/2019 – 2.9%
Healthcare cost trend rates: 7.00% decreasing to an ultimate rate of 4.50% by 2032.

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

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

Changes in the Total OPEB Liability

Beginning balance	<u>\$ 609,564,028</u>
Changes for the year:	
Service cost	6,872,668
Interest	12,144,139
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(109,166,262)
Benefit payments	(16,738,048)
Net changes	<u>\$ (106,887,503)</u>
Ending balance	<u><u>\$ 502,676,525</u></u>

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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>\$ 624,547,663</u>	<u>\$ 502,676,525</u>	<u>\$ 415,590,872</u>
	<u>1.0% Decrease</u>	<u>Current Healthcare Trend Rates</u>	<u>1.0% Increase</u>
Total OPEB Liability	<u>\$ 412,602,624</u>	<u>\$ 502,676,525</u>	<u>\$ 628,145,754</u>

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$26,697,897.

At December 31, 2020, 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>83,876,423</u>
Total deferred outflows of resources	<u>\$ 83,876,423</u>

Deferred Inflows

Differences between expected and actual experience	\$ -
Changes of assumptions or other inputs	<u>95,554,509</u>
Total deferred inflows	<u>\$ 95,554,509</u>

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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>	
2021	\$ 321,208
2022	321,208
2023	321,208
2024	321,208
2025	321,208
Thereafter	<u>(13,284,126)</u>
	<u><u>\$(11,678,086)</u></u>

NOTE 16 — SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 15, 2021, which is the date the financial statements were available to be issued.

In March 2021, the City issued \$59,304,275 in BANs. The BANs are due March 25, 2022. The BANs carry an interest rate of 3.00%.

The proceeds of the BANs, along with available funds, were used to redeem the \$44,672,719 BANs that were issued in 2020 and matured March 26, 2021, and also provide new funds for various capital purposes and improvements.

NOTE 17 — RISKS AND UNCERTAINTIES

Global and domestic responses to the coronavirus (COVID-19) pandemic continue to rapidly evolve. The initial effect, which centered around global financial markets, has since spread to all businesses.

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 2020 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, including the duration, spread, and intensity of the pandemic, the impact of the additional funding, and changes to the political and economic environment, all of which are uncertain considering the rapidly evolving landscape.

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, 2020

	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	\$ 58,550,000	\$ 58,550,000	\$ 58,469,001	\$ (80,999)	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	36,546,243	36,546,243	34,098,653	(2,447,590)	-	-	-	-
Other taxes	2,808,060	2,808,060	2,676,032	(132,028)	-	-	-	-
Payments in lieu of taxes	20,003,760	20,003,760	19,273,374	(730,386)	-	-	-	-
Intergovernmental revenue	30,057,343	32,920,180	29,197,678	(3,722,502)	2,689,445	3,039,445	2,410,792	(628,653)
Charges for services	11,821,855	11,821,855	10,393,066	(1,428,789)	-	-	-	-
Fines, interest and penalties	5,475,000	5,475,000	4,844,315	(630,685)	-	-	-	-
Use of money and properties	694,080	694,080	361,802	(332,278)	-	-	-	-
Licenses and permits	3,858,750	5,291,911	5,360,888	68,977	-	-	-	-
Other revenues	6,608,960	6,746,158	3,984,735	(2,761,423)	-	-	-	-
Total revenues	176,424,051	180,857,247	168,659,544	(12,197,703)	2,689,445	3,039,445	2,410,792	(628,653)
EXPENDITURES								
Public safety and regulation	97,002,000	99,619,443	100,445,272	825,829	-	-	-	-
General government	26,361,572	27,293,454	24,633,111	(2,660,343)	-	-	-	-
Highways and streets	5,620,943	5,960,016	4,741,494	(1,218,522)	-	-	-	-
Recreation and culture	4,405,628	5,225,617	2,496,117	(2,729,500)	-	-	-	-
Community service	8,101,378	7,352,986	6,944,776	(408,210)	-	-	-	-
Economic development and assistance	-	-	-	-	2,689,445	3,039,445	2,471,387	(568,058)
Employee benefits	11,298,930	11,772,131	15,062,593	3,290,462	-	-	-	-
Debt service	23,633,600	23,633,600	21,023,260	(2,610,340)	-	-	-	-
Total expenditures	176,424,051	180,857,247	175,346,623	(5,510,624)	2,689,445	3,039,445	2,471,387	(568,058)
Excess (deficiency) of revenues and appropriated fund balance over expenditures	-	-	(6,687,079)	(6,687,079)	-	-	(60,595)	(60,595)
OTHER FINANCING SOURCES (USES)								
Transfers	-	-	(2,237,725)	(2,237,725)	-	-	-	-
Premium on bonds and bond anticipation notes issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(2,237,725)	(2,237,725)	-	-	-	-
Excess (deficiency) of revenues, appropriated fund balance and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ (8,924,804)	\$ (8,924,804)	\$ -	\$ -	\$ (60,595)	\$ (60,595)

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>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	1.375324%	1.389398%	1.369718%	1.454527%	1.408760%	1.465709%
City's proportionate share of the net pension liability	\$(73,510,222)	\$(23,301,086)	\$(13,844,521)	\$(30,147,273)	\$(41,710,392)	\$ (4,034,505)
City's covered-employee payroll	\$ 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	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>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>2020</u>	<u>2019</u>	<u>2016</u>	<u>2015</u>
Inflation	2.5%	2.5%	2.5%	2.7%
Salary increases	5.0%	5.0%	4.5%	6.0%
Cost of living adjustments	1.3%	1.3%	1.3%	1.4%
Investment rate of return	6.8%	7.0%	7.0%	7.5%
Discount rate	6.8%	7.0%	7.0%	7.5%

No changes to assumptions from 2016 through 2018.

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

<u>March 31,</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 10,821,054	\$ 10,855,351	\$ 10,718,641	\$ 12,145,867	\$ 10,552,391	\$ 12,094,801	\$ 13,912,995	\$ 11,250,128	\$ 8,931,589	\$ 7,911,276
Contribution in relation to the contractually required contribution	<u>(10,821,054)</u>	<u>(10,855,351)</u>	<u>(10,718,641)</u>	<u>(12,145,867)</u>	<u>(10,552,391)</u>	<u>(12,094,801)</u>	<u>(13,912,995)</u>	<u>(11,250,128)</u>	<u>(8,931,589)</u>	<u>(7,911,276)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 49,687,812	\$ 50,033,104	\$ 47,463,780	\$ 49,618,689	\$ 45,463,467	\$ 48,692,865	\$ 49,765,799	\$ 45,236,096	\$ 45,132,856	\$ 47,211,057
Contributions as a percentage of covered-employee payroll	<u>21.78%</u>	<u>21.70%</u>	<u>22.58%</u>	<u>24.48%</u>	<u>23.21%</u>	<u>24.84%</u>	<u>27.96%</u>	<u>24.87%</u>	<u>19.79%</u>	<u>16.76%</u>

CITY OF ALBANY, NEW YORK

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

<u>As of the measurement date of March 31,</u>	<u>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	0.109737%	0.112003%	0.112700%	0.113703%	0.119550%	0.132978%
City's proportionate share of the net pension liability	\$(29,058,918)	\$ (7,935,785)	\$ (3,637,344)	\$(10,683,797)	\$(19,188,066)	\$ (4,492,317)
City's covered-employee payroll	\$ 29,446,468	\$ 28,245,346	\$ 28,245,346	\$ 27,923,236	\$ 27,697,230	\$ 31,518,901
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	98.68%	28.10%	12.88%	38.26%	69.28%	14.25%
Plan fiduciary net position as a percentage of the total pension liability	<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:

	<u>2020</u>	<u>2019</u>	<u>2016</u>	<u>2015</u>
Inflation	2.5%	2.5%	2.5%	2.7%
Salary increases	4.2%	4.2%	3.8%	4.9%
Cost of living adjustments	1.3%	1.3%	1.3%	1.4%
Investment rate of return	6.8%	7.0%	7.0%	7.5%
Discount rate	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 3,924,727	\$ 3,968,528	\$ 3,982,586	\$ 4,880,229	\$ 4,859,954	\$ 6,368,984	\$ 6,424,534	\$ 5,449,165	\$ 4,539,660	\$ 3,619,931
Contribution in relation to the contractually required contribution	<u>(3,924,727)</u>	<u>(3,968,528)</u>	<u>(3,982,586)</u>	<u>(4,880,229)</u>	<u>(4,859,954)</u>	<u>(6,368,984)</u>	<u>(6,424,534)</u>	<u>(5,449,165)</u>	<u>(4,539,660)</u>	<u>(3,619,931)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 29,446,468	\$ 28,973,481	\$ 28,245,346	\$ 27,923,236	\$ 27,697,230	\$ 31,518,901	\$ 30,963,158	\$ 30,566,919	\$ 31,109,237	\$ 32,607,589
Contributions as a percentage of covered-employee payroll	<u>13.33%</u>	<u>13.70%</u>	<u>14.10%</u>	<u>17.48%</u>	<u>17.55%</u>	<u>20.21%</u>	<u>20.75%</u>	<u>17.83%</u>	<u>14.59%</u>	<u>11.10%</u>

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

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 6,872,668	\$ 5,092,227	\$ 4,083,647
Interest	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	(109,166,262)	111,742,345	-
Benefit payments	(16,738,048)	(15,089,450)	(14,999,483)
Net changes in total OPEB liability	\$ (106,887,503)	\$ 118,993,401	\$ 7,168,456
Total OPEB liability - beginning	\$ 609,564,028	\$ 490,570,627	\$ 483,402,171
Total OPEB liability - ending	<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:

	2020	2019	2018
Discount rate	2.02%	2.90%	3.80%

ADDITIONAL REPORTS

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

Mayor and Members of the City Council
City of Albany

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Albany, New York (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Albany, New York's basic financial statements, and have issued our report thereon dated December 15, 2021. Our report includes a reference to other auditors who audited the financial statements of the Albany Parking Authority, the Albany Water Board and Albany Municipal Water Finance Authority, the Albany Industrial Development Agency, and certain other component units, as described in our report on the City of Albany, New York's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

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

The City's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

UHY LLP

Albany, New York
December 15, 2021

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

Mayor and Members of the City Council
City of Albany

Report on Compliance for Each Major Federal Program

We have audited City of Albany, New York's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of Albany Community Development Agency (ACDA), a blended component unit, which expended \$5,396,126 in Federal awards. Our audit, described below, did not include the operations of ACDA because this component unit was separately audited in accordance with Uniform Guidance and the related reports have been separately submitted. Federal expenditures, if any, relating to other component units are not included since they are audited and reported as separate entities.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Albany, New York complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

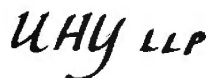
Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

 UHY LLP

Albany, New York
December 15, 2021

CITY OF ALBANY, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2020

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing/ CFDA Number</u>	<u>Pass- Through Number</u>	<u>Total Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Direct Program				
Community Development Block Grants/Entitlement Grants	14.218	Not Applicable	\$ 2,918,967	\$ 2,844,426
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	Not Applicable	249,675	249,675
Emergency Solutions Grant Program	14.231	Not Applicable	248,488	248,488
COVID-19 Emergency Solutions Grant Program	14.231	Not Applicable	422,451	422,451
Home Investment Partnerships Program	14.239	Not Applicable	514,284	514,284
Housing Opportunities for Persons with AIDS	14.241	Not Applicable	651,398	651,398
COVID-19 Housing Opportunities for Persons with AIDS	14.241	Not Applicable	16,939	16,939
Total Department of Housing and Urban Development			5,022,202	4,947,661
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Passed Through NYS Office for Victims of Crime				
Antiterrorism Emergency Reserve	16.321	Not Applicable	9,013	-
Organized Crime Drug Enforcement Task Force	16.729	Not Applicable	31,756	-
Total Passed Through NYS Office for Victims of Crime			40,769	-
Passed Through NYS Bureau of Justice Assistance				
COVID-19 BJA FY 20 Coronavirus Emergency	16.034	2020-VD-BX-1205	214,962	-
Justice Assistance Grant - Albany Plan	16.738	2017-DJ-BX-0280	45,748	-
Justice Assistance Grant - Albany Plan	16.738	2018-DJ-BX-0027	4,570	-
Justice Assistance Grant - Albany Plan	16.738	2019-DJ-BX-0410	18,600	-
Bulletproof Vest Partnership Program	16.607	Not Applicable	44,805	-
Total Passed Through NYS Bureau of Justice Assistance			328,685	-
Passed Through NYS Department of Criminal Justice Services				
LiveScan	16.554	Not Applicable	22,400	-
Equitable - Justice	16.922	Not Applicable	17,030	-
Total Passed Through NYS Department of Criminal Justice Services			39,430	-
Total U.S. Department of Justice			408,884	-

The accompanying notes are an integral part of this Schedule.

CITY OF ALBANY, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2020

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing/ CFDA Number</u>	<u>Pass-Through Number</u>	<u>Total Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. DEPARTMENT OF LABOR</u>				
Passed Through NYS Department of Labor				
WIA Cluster				
Workforce Investment and Opportunity Act - WIOA Adult Program	17.258	Not Applicable	504,966	-
Workforce Investment and Opportunity Act - WIOA Youth Activities	17.259	Not Applicable	731,623	-
Workforce Investment and Opportunity Act - WIOA Dislocated Worker	17.278	Not Applicable	436,831	-
Total WIA Cluster			1,673,420	-
Trade Adjustment Assistance	17.245	Not Applicable	13,981	-
Total Passed Through NYS Department of Labor			1,687,401	-
Total U.S. Department of Labor			1,687,401	-
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Passed Through NYS Department of Transportation				
Highway Planning and Construction				
Pedestrian Safety Action Plan	20.205	1760.92	108,572	-
Total Highway Planning and Construction			108,572	-
Total U.S. Department of Transportation			108,572	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Passed Through NYS Division of Homeland Security and Emergency Services				
SHSP 2017 CIGP	97.067	WM17883979	41,795	-
LETPP/SLETPP 2017	97.067	WM17883972	25,250	-
LETPP/SLETPP 2018	97.067	WM18883982	126,360	-
LETPP/SLETPP 2019	97.067	WM19883992	31,470	-
Explosive K9 Detection Grant Program	97.067	WM18153689	44,964	-
Tactical Team Targeted Program	97.067	WM17172379	52,461	-
Tactical Team Targeted Program	97.067	WM17172389	13,647	-
FY2016 Program to Prepare Communities for CCTA	97.133	WM16834701	135,297	-
FEMA	97.067	Not Applicable	188,506	-
Total Passed Through NYS Division of Homeland Security and Emergency Services			659,750	-
Total U.S. Department of Homeland Security			659,750	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 7,886,809	\$ 4,947,661

The accompanying notes are an integral part of this Schedule.

CITY OF ALBANY, NEW YORK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2020

NOTE A – SUMMARY OF ACCOUNTING POLICIES

1. Scope of Single Audit

The accompanying Schedule of Expenditures of Federal Awards presents all activity of federal award programs of the City of Albany (City) (primary government) but does not include the activity of the federal awards programs, if any, of the component units for the year ended December 31, 2020. Only the primary government's awards received directly from federal and state agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. Basis of Accounting

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

NOTE B – NONCASH ASSISTANCE

The City had no awards expended in the form of noncash assistance during the year ended December 31, 2020.

NOTE C – LOANS AND LOAN GUARANTEES

The City had no federal loans or federal loan guarantees outstanding as of December 31, 2020.

NOTE D – INSURANCE

The City did not participate in any federal insurance programs as of December 31, 2020.

NOTE E – INDIRECT COSTS

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

CITY OF ALBANY, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2020

Section I—Summary of Auditor's Results

<i>Financial Statements</i>		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified		
Internal control over financial reporting:		
• Material weakness(es) identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
• Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
<i>Federal Awards</i>		
Internal control over major federal programs:		
• Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
• Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Type of auditor's report issued on compliance for major programs: Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Identification of major federal programs:		
Assistance Listing / CFDA Number(s)	Name of Federal Program or Cluster	
14.218	Community Development Block Grant	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000	
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no

CITY OF ALBANY, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended December 31, 2020

Section II—Financial Statement Findings

Finding 2020-001

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

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

Cause: The many challenges and restrictions brought on by the COVID-19 pandemic led to some procedures and controls related to the year-end closing process not getting finished timely or requiring additional work. Due to lean staffing and limited work schedules, the yearend closing process took longer than usual and there were delays and difficulties in communication, specifically surrounding government-wide accounts, as the City's management focused their limited personnel on daily and operational fund financial reporting.

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

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

Management Response and Corrective Action Plan: The City has concentrated its efforts on keeping the daily and monthly accounting records up to date to ensure that the financial and accounting records are correct. This has allowed for timely and informational financial reporting to the City's administration on the fund financial level during the pandemic. This effort to keep good fund level accounting has led to reduced time spent on the government-wide reporting. As mentioned above staffing and scheduling challenges due to COVID-19 have made it more difficult to close out the current year in a timely manner. The City realizes that the year-end and the government-wide accounting records are important and is working to make this information timely and accurate. The City has rectified and adjusted all accounting records for 2020, and to assist the administration of the government-wide reporting going forward, the Treasurer's Office budget includes a Chief Accountant to assist with year-end review, reconciliations, and coordination with the departments to close the year.

CITY OF ALBANY, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued) **Year Ended December 31, 2020**

Section III—Federal Award Findings and Questioned Costs

None Reported

Section IV – Status of Prior Year Findings

Finding 2019-001

Condition: 2019 audit procedures identified that certain capital assets were in the fixed asset system with inappropriate depreciable lives and certain capital assets that were disposed of had not been removed from the system timely.

Recommendation: Procedures should be enhanced to ensure that all capital assets are input into the fixed asset software with appropriate depreciable lives (in line with the City's policy) and all capital asset disposals are properly recorded timely.

Current Status: No such instances of missed disposals were noted as part of testing performed in connection with the City's financial statement audit for the year ended December 31, 2020. There are adjusting entries identified during the 2020 audit procedures in accumulated depreciation and depreciation expense accounts. See finding 2020-001.