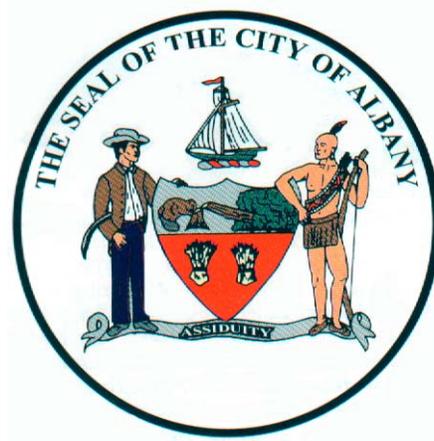


**CITY OF ALBANY,
NEW YORK**

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

Year ended December 31, 2012



CITY OF ALBANY, NEW YORK

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INDEPENDENT AUDITOR'S REPORT

Members of the City Council
City of Albany, New York

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Albany, New York (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Albany Parking Authority, the Albany Water Board, the Albany Industrial Development Agency, or certain other components units which collectively represent approximately 65% and 88%, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2012, 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 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, who 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

UHY LLP

Albany, New York
September 26, 2013

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, 2012. 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, 2011.

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

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

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

Reconciliation of Balance Sheet with Statement of Net Position

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

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

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

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

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

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

OVERVIEW OF THE CITY'S FINANCIAL POSITION

City of Albany Highlights

The General Fund revenues for 2012 totaled \$163.3 million and were over the final budget by \$1.4 million. The General Fund expenses totaled \$163.4 million and were \$7.9 million lower than the final budget. While the 2012 City budget planned for a reduction in fund balance (loss) of \$5.6 million, the fund balance actually gained \$2.2 million. The \$0.1 million deficiency of revenues over expenses is added to other financing sources of \$2.3 million which provided a surplus to the fund balance of slightly over \$2.2 million.

Government-Wide Financial Statements

Statement of Net Position

Primary government total assets exceeded total liabilities by \$1.3 million -- a decrease of approximately \$11.3 million from 2011.

Total assets (\$296.6 million) increased from 2011 by \$5.2 million. The areas that increased are cash and cash equivalents - restricted (increased by \$1.3 million), due from component units (increased by \$0.7 million), and capital assets (increased by \$6.1 million). The increase in cash and cash equivalents - restricted was primarily related to the premium and accrued interest earned on the Bonds issued and Bond Anticipation Notes. Capital assets increased from continued infrastructure improvements, most of which were related to the landfill expansion. Cash and cash equivalents decreased by \$1.9 million because of fewer Federal and State reimbursements on various capital projects as they get closer to completion.

Total Liabilities (\$295.3 million) increased from 2011 by \$16.5 million. The liabilities which contributed to this increase are Bonds and Loans Payable (increased by \$24.1 million), the Accrued Post-Employment Benefit Obligation (pursuant to GASB 45 increased by \$5.0 million), Due to Component Units (increased by \$3.2 million), Due to NYS Retirement System (increased by \$2.8 million), and Judgments and Claims (increased by \$7.0 million).

In 2012 the City converted a large portion of Bond Anticipation Notes to bonds which increased the Bonds Payable. The City of Albany's large Post-Employment Benefit liability (\$277.9 million) is driven by the health care plan which has traditionally been extended to retirees. The liability recognized in the Statement of Net Position is \$63.6 million. The increase in the Due to Component Units liability was caused by the timing of payments. Due to NYS Retirement System increased because the City amortized the maximum portion of the 2012 contribution to NYS. Judgments and Claims increased from a revaluation of prior claims performed by the City's third party worker's compensation administrator.

The following liabilities decreased in 2012: Accounts Payable and Accrued Expenses (decreased by \$1.1 million) mostly from fewer large capital expenses as projects reached completion; Bonds and Revenue Anticipation Notes Payable (decreased by \$26.0 million) as a result of converting the Bond Anticipation Notes to bonds.

Of the assets, \$86.4 million is net invested in capital assets, and \$2.2 million is restricted for program specific activities and for debt service, leaving a deficit balance in unrestricted net position of \$87.3 million -- a decrease to the deficit from 2011 by \$4.5 million. The City converted prior year bond anticipation notes to bonds which decreased the deficit.

Total capital assets including property and equipment after depreciation are valued at \$197.7 million, with increases of approximately \$6.1 million of additions to capital assets. Approximately \$18.5 million of capital assets are not subject to depreciation, including approximately \$5.1 million of land, and \$13.4 million of construction in progress which is the City's landfill expansion project and state and federally funded transportation projects. A more detailed description of capital assets is found in Footnote 7.

Governmental Activities - Primary Government Net Position at December 31, 2012 (in Millions)

	<u>2012</u>	<u>2011</u>	<u>Increase/ (Decrease)</u>
Total assets	\$296.6	\$291.4	\$5.2
Total liabilities	<u>295.3</u>	<u>278.8</u>	<u>16.5</u>
Excess (deficiency) of assets over (under) liabilities	1.3	12.6	(11.3)
Net invested in capital assets	86.4	103.7	(17.3)
Restricted for debt service and program activities	2.2	0.7	1.5
Unrestricted (deficiency)	<u>(87.3)</u>	<u>(91.8)</u>	<u>4.5</u>
Total Net Position	<u>\$1.3</u>	<u>\$12.6</u>	<u>(\$11.3)</u>

Component Units

Total assets exceeded total liabilities by \$51.8 million – an increase of \$7.2 million from 2011. Total assets (\$142.9 million) decreased by \$0.6 million. Net invested in capital assets increased by \$4.0 million.

Total liabilities (\$91.1 million) decreased by \$7.8 million as a result of reduction in bond and loans payable of \$7.0 million and a decrease of \$0.6 million in the OPEB obligation. Unrestricted net position increased \$4.1 million from 2011 to 2012 due mostly to increases in the unreserved fund balances of the Water Board/Authority of \$2.4 million, the Albany Port District Commission of \$0.4 million and the Capitalize Albany Corporation of \$0.4 million.

Governmental Activities - Component Units
Net Assets at December 31, 2012
(in Millions)

	<u>2012</u>	<u>2011</u>	<u>Increase/ (Decrease)</u>
Total assets	\$142.9	\$143.5	(\$0.6)
Total liabilities	91.1	98.9	(7.8)
Excess of assets over liabilities	51.8	44.6	7.2
Net invested in capital assets	5.6	1.6	4.0
Restricted for debt service and program activities	4.5	5.4	(0.9)
Unrestricted	41.7	37.6	4.1
Total Net Position	<u>\$51.8</u>	<u>\$44.6</u>	<u>\$7.2</u>

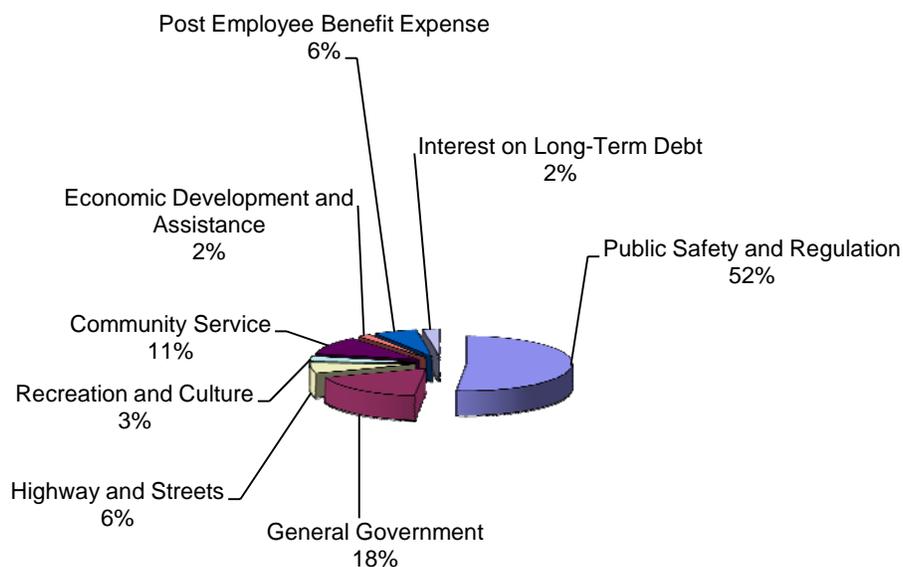
Statement of Activities

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)

<u>Governmental Functions</u>	<u>2012</u>	<u>2011</u>	<u>Increase/ (Decrease)</u>	<u>% of Change</u>
Public Safety and Regulation	\$96.7	\$92.5	\$4.2	5%
General Government	34.1	29.1	5.0	17%
Highway and Streets	10.7	10.7	0.0	0%
Recreation and Culture	5.7	5.9	(0.2)	-3%
Community Service	19.9	28.9	(9.0)	-31%
Economic Development and Assistance	3.7	2.7	1.0	37%
Post Employee Benefit Expense	12.3	11.3	1.0	9%
Interest on Long-Term Debt	4.6	4.7	(0.1)	-2%
Total	<u>\$187.7</u>	<u>\$185.8</u>	<u>\$1.9</u>	<u>1%</u>

Functional Expenses – Primary Government



Public Safety accounts for 52 percent of expenses, while General Government is at 18 percent and Community Services accounts for 11 percent. Post-Employment Benefits, which consist of retiree health care costs as well as the accrued liability for health care costs for active employees upon retirement, accounts for 6 percent of expenses.

Expenses increased from 2011 by \$1.9 million.

Public safety expenses increased by \$4.2 million, reflecting the unbudgeted increase in cost of salaries and unbudgeted increases in overtime, health benefits and compensated absences. Public Safety expenses of \$96.7 million are offset by \$9.9 million in charges for services and \$5.2 million in grant funds for urban security, truancy, and motor vehicle theft prevention programs. General Government expenses of \$34.1 million increased by \$5.0 million and are offset by \$2.0 million in charges for services most of which came from permit, license and inspection fees. Community Service expenses of \$19.9 million decreased by \$9.0 million and are offset by \$3.5 million in grants related to the Albany Community Development Agency, Youth and Workforce Development Agency and \$11.1 million in charges for services, the largest part of which is revenue generated from private companies and other localities who use the city-owned regional landfill.

Revenues increased from 2011 by \$9.9 million.

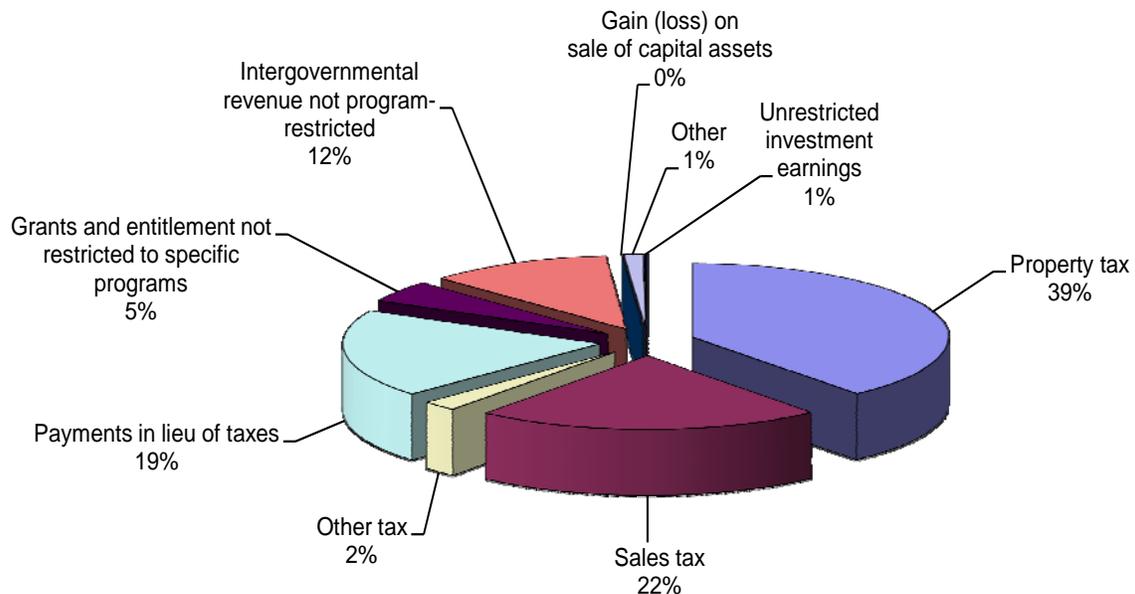
Total general revenues (\$140.3 million) increased by \$9.9 million. Payments in lieu of taxes (\$27.2 million) increased by more than \$8.3 million, mainly as a result of a one-time increase in payments made to the City from New York State under section 19-a of the Public Lands Law. The 19-a payments to the City increased from \$15.0 million to \$22.8 million in 2012. Grants and entitlements not restricted to specific programs (\$6.7 million) decreased by \$2.4 million and Intergovernmental revenue not program restricted (\$16.2 million) increased by \$2.3 million. Property tax revenue (\$54.7 million) increased by \$1.0 million, which was due to a nearly 2% increase in the tax levy compared to the previous year. Sales tax revenue increased by \$0.9 million and gain on sale of capital assets was \$1.2 million lower than in 2011.

Governmental Activities - General Revenues
(in Millions)

Revenues	2012	2011	Increase/ (Decrease)	% of Change
Property tax	\$ 54.7	\$ 53.7	\$ 1.0	2%
Sales tax	30.6	29.7	0.9	3%
Other tax	3.1	3.4	(0.3)	-8%
Payments in lieu of taxes	27.2	18.9	8.3	44%
Grants and entitlement not restricted to specific programs	6.7	9.1	(2.4)	-26%
Intergovernmental revenue not program restricted	16.2	13.9	2.3	16%
Gain (loss) on sale of capital assets	-	1.2	(1.2)	-100%
Other	1.7	0.3	1.4	554%
Unrestricted investment earnings	0.1	0.3	(0.2)	-60%
Total General Revenues	\$ 140.3	\$ 130.4	\$ 9.9	8%

The following chart indicates the relative percentages of general revenues:

Governmental Activities – General Revenues
(in \$ Millions)



Component Units

Revenues of the Component Units totaled \$48.8 million, which is a decrease of \$1.8 million from 2011. The overall expenses of the Component Units totaled \$43.2 million – an increase of \$0.5 million. The Water Board/Water Authority accounts for 69 percent of the overall activity among the component units. The following is a summary of the relative revenues and expenses of the component units, which excludes the Albany Community Development Agency because it is a blended component unit and is therefore included with the Primary Government in the *Statement of Activities*.

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

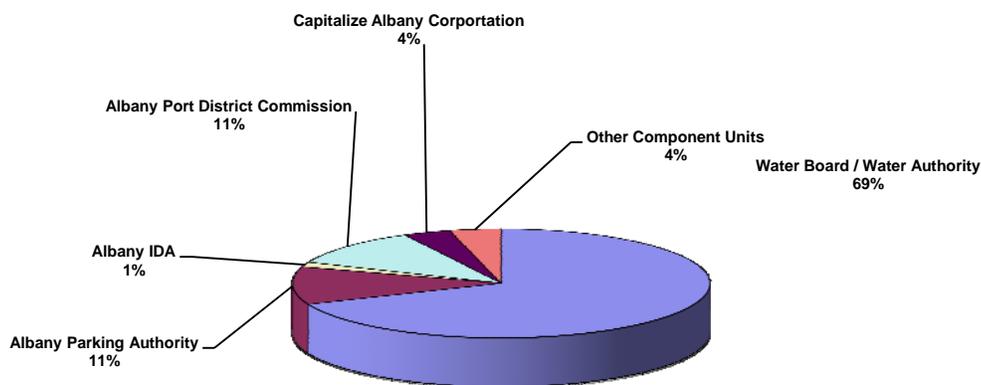
Component Units - Revenues <i>(in Millions)</i>				
Component Units	2012	2011	Increase / (Decrease)	% of Change
Water Board / Water Authority	\$34.6	\$35.2	(\$0.6)	-2%
Albany Parking Authority	5.4	5.3	0.1	2%
Albany IDA	0.8	0.6	0.2	33%
Albany Port District Commission	4.8	6.4	(1.6)	-25%
Albany Local Development Corporation	1.8	1.4	0.4	29%
Other Component Units (BIDS)	1.4	1.7	(0.3)	-18%
Total	\$48.8	\$50.6	(\$1.8)	-4%

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

Component Units - Expenses <i>(in Millions)</i>				
Component Units	2012	2011	Increase / (Decrease)	% of Change
Water Board / Water Authority	\$29.7	\$28.8	\$0.9	3%
Albany Parking Authority	4.8	5.5	(0.7)	-13%
Albany IDA	0.6	0.2	0.4	200%
Albany Port District Commission	4.8	4.6	0.2	4%
Albany Local Development Corporation	1.6	1.8	(0.2)	-11%
Other Component Units (BIDS)	1.7	1.8	(0.1)	-6%
Total	\$43.2	\$42.7	\$0.5	1%

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

Component Units – 2012 Expenses



Governmental Funds Financial Statements

Governmental Funds Balance Sheet

Assets decreased by \$0.9 million. The largest decrease (\$1.9 million) is in cash and cash equivalents which is the result of spending on some of the larger capital projects as they get closer to completion. Due from federal and state governments decreased (\$1.4 million) which is related to a decrease in federal and state reimbursements on completed capital projects. Cash and cash equivalents - restricted increased (\$1.2 million) from premiums and interest earned on bonds and bond anticipation notes issued in 2012.

Liabilities decreased by \$22.9 million due to a decrease of \$26.0 million in bond and revenue anticipation notes payable by converting these to bonds, a decrease of \$1.1 million in accounts payable and accrued expenses from a decrease in capital project related expenses, and an increase of \$3.2 million in due to component units as a result of timing delays in payments.

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 \$22.8 million. The non-spendable portion consists of \$3.7 million in prepayments, primarily to the state retirement plan. The restricted fund balance includes \$2.0 million for debt service, \$0.9 million for landfill post closure expenses and \$0.1 million for the solid waste management facility. The assigned fund balance of \$4.3 million is appropriated to the 2013 budget. The unassigned fund balance totals \$11.8 million. In 2012, a General Fund Balance increase of \$2.2 million was mostly due to an increase of \$1.6 million in the Debt Reserve Fund from premiums earned on bond anticipation notes and bonds issued, an increase of \$3.0 million in proceeds from the amortization of the NYS pension contribution, a decrease of \$2.2 million from the pay down of the bond anticipation notes, and expenditures over revenues of \$0.1 million.

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	55.1	55.1	54.7	(0.4)	0.0	0.0	0.0	0.0
Sales and use taxes	28.9	28.9	30.6	1.7	0.0	0.0	0.0	0.0
Other taxes	3.5	3.5	3.1	(0.4)	0.0	0.0	0.0	0.0
Payments in lieu of taxes	26.9	27.0	27.2	0.2	0.0	0.0	0.0	0.0
Intergovernmental revenue	17.3	22.7	23.6	0.9	2.7	2.7	2.2	(0.5)
Charges for services	13.5	13.5	12.8	(0.7)	0.0	0.0	0.0	0.0
Fines, interest and penalties	5.6	5.6	5.1	(0.5)	0.0	0.0	0.0	0.0
Use of money and properties	0.1	0.1	0.2	0.1	0.0	0.0	0.0	0.0
Licenses and permits	2.2	2.2	2.6	0.4	0.0	0.0	0.0	0.0
Other revenues	3.3	3.3	3.4	0.1	0.0	0.0	0.0	0.0
Total revenues	156.4	161.9	163.3	1.4	2.7	2.7	2.2	(0.5)
EXPENDITURES								
Public safety and regulation	86.5	90.1	92.6	2.5	0.0	0.0	0.0	0.0
General government	25.4	25.4	22.0	(3.4)	0.0	0.0	0.0	0.0
Highways and streets	7.0	6.6	6.3	(0.3)	0.0	0.0	0.0	0.0
Recreation and culture	4.7	4.7	4.6	(0.1)	0.0	0.0	0.0	0.0
Community service	9.5	11.1	9.4	(1.7)	0.0	0.0	0.0	0.0
Employee benefits	15.8	15.8	14.1	(1.7)	0.0	0.0	0.0	0.0
Economic development and assistance	0.1	0.1	0.1	0.0	2.7	2.7	2.3	(0.4)
Debt service	17.5	17.5	14.3	(3.2)	0.0	0.0	0.0	0.0
Total expenditures	166.5	171.3	163.4	(7.9)	2.7	2.7	2.3	(0.4)
Excess (deficiency) of revenues and appropriated fund balance over expenditures	(10.1)	(9.4)	(0.1)	9.3	0.0	0.0	(0.1)	(0.1)
OTHER FINANCING SOURCES (USES)								
General fund allocation	5.6	4.9	0.0	(4.9)	0.0	0.0	0.0	0.0
Transfers	0.0	0.0	(2.2)	(2.2)	0.0	0.0	0.0	0.0
Proceeds from the issuance of other debt	4.5	4.5	2.9	(1.6)	0.0	0.0	0.0	0.0
Premium on bond anticipation notes issued	0.0	0.0	1.6	1.6	0.0	0.0	0.0	0.0
Proceeds from sale of property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total other financing sources (uses)	10.1	9.4	2.3	(7.1)	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)	2.2	2.2	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 \$163.3 million, which were \$1.4 million more than the final adopted budget and \$11.2 million more than 2011. The most significant variances in revenue include the following:

Real property taxes were under budget by \$0.4 million which is the result of Supreme Court orders that reduced the actual amount payable. While property tax revenue came in under budget the total tax levy was increased to \$55.1 million dollar for 2012 which yielded an additional \$1.0 million in revenue from last year.

Sales Tax revenue was \$1.7 million over budget and was also \$0.9 million higher than 2011 at \$30.6 million, which reflects increased county-wide economic activity.

Payments in lieu of taxes finished the year slightly higher than budget by \$0.2 million and significantly higher than 2011. The State's 19-a payment to the City was \$7.85 million higher in 2012 compared to the prior year. This payment increase was reflected in the 2012 budget and accounts for most of the increase in overall revenue from 2011.

Charges for Services was \$0.7 million under budget and \$1.3 million less than 2011. Most of this decrease is due to the loss of contracts to customers at the landfill.

Intergovernmental Revenue was \$0.9 million over budget and \$3.9 million higher than 2011. Mortgage tax revenue increased by \$1.3 million while an increase in revenue from state grants provided the remainder of the increase.

Fines, interest and other penalties was \$0.5 million under budget and a decrease of \$0.6 million from 2011 levels. Revenue in 2012 was lower because the City was in the second full year of using a new ticket collection system and most of the backlog of parking tickets were collected by 2011.

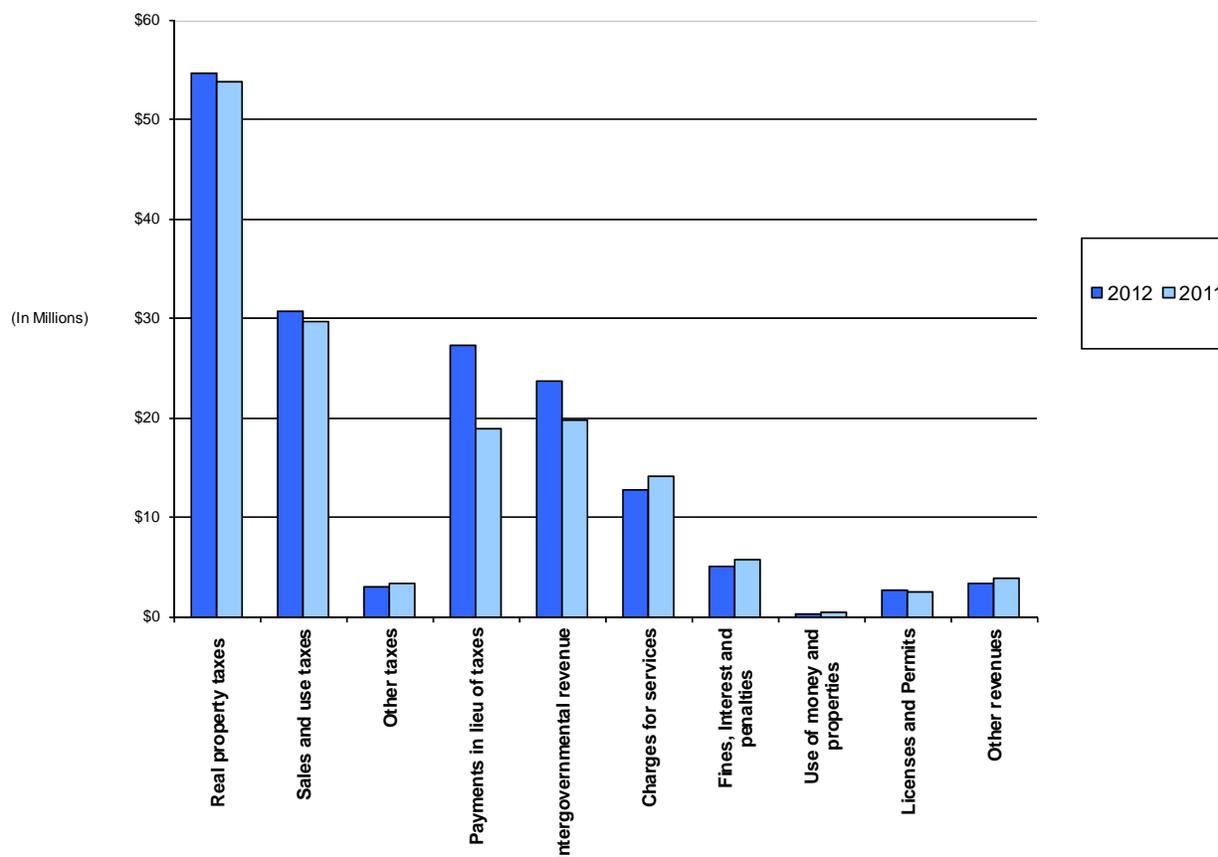
Use of money and properties was \$0.1 million over budget but \$0.3 million less than 2011. Most of this was the result of a decrease in worker's compensation claim settlements paid to the City.

Licenses and Permits increased by \$0.1 million from 2011 and finished the year \$0.4 million over budget. Vacant building fees, plumbing permits and electrical permits all exceeded budget.

Other Revenues was \$0.1 million over budget but \$0.5 million below 2011 revenue. Last year included \$0.8 million in demolition expenses added to the 2011 property tax bills compared to just \$0.5 million in 2012.

Governmental Funds - General Fund Revenues 2012 to 2011 Variance			
(In Millions)			
Revenues	2012	2011	2012 Over/(Under) 2011
Real property taxes	\$54.7	\$53.7	\$1.0
Sales and use taxes	30.6	29.7	0.9
Other taxes	3.1	3.4	(0.3)
Payments in lieu of taxes	27.2	18.9	8.3
Intergovernmental revenue	23.6	19.7	3.9
Charges for services	12.8	14.1	(1.3)
Fines, interest and penalties	5.1	5.7	(0.6)
Use of money and properties	0.2	0.5	(0.3)
Licenses and permits	2.6	2.5	0.1
Other revenues	3.4	3.9	(0.5)
Total revenues	<u>\$163.3</u>	<u>\$152.1</u>	<u>\$11.2</u>

Governmental Funds – General Fund Revenues 2012 to 2011 Variance



Expenses

Total expenditures of \$163.4 million were \$7.9 million less than the final budget but \$7.6 million higher than 2011.

Public Safety spending (\$92.6 million) was \$2.5 million more than the final budget and \$6.5 million more than 2011. State pension contributions, overtime and pay increases from the settlement of collective bargaining agreements were the main causes for the increase.

- *Public Safety Overtime* exceeded budgeted amounts by \$1.2 million. Police regular overtime totaled \$4.7 million and was over budget by \$0.7 million. Reimbursable overtime totaled \$1.2 million on a budget of \$0.7 million. Fire Department overtime was under budget by \$0.1 million and totaled just under \$1.8 million on a budget of \$1.8 million.

General Government spending (\$22.0 million) was \$3.4 million less than final budget and \$0.1 million more than 2011. Most of the departments in this category came in at or below budget.

Highway and streets spending (\$6.3 million) was \$0.3 million less than budgeted and \$0.6 million less than 2011. Almost all of the decrease from 2011 was the result of less snow removal expenses from milder weather.

Recreation and Culture spending (\$4.6 million) was \$0.1 lower than final budget and almost the same as 2011. Most of the departments in this category came in at or below budget.

Community Service spending (\$9.4 million) was \$1.7 million less than final budget and \$0.7 million more than 2011. Most of the departments in this category came in at or below budget. The Planning Department received a NYSEDA grant which resulted in an increase expenses in the category.

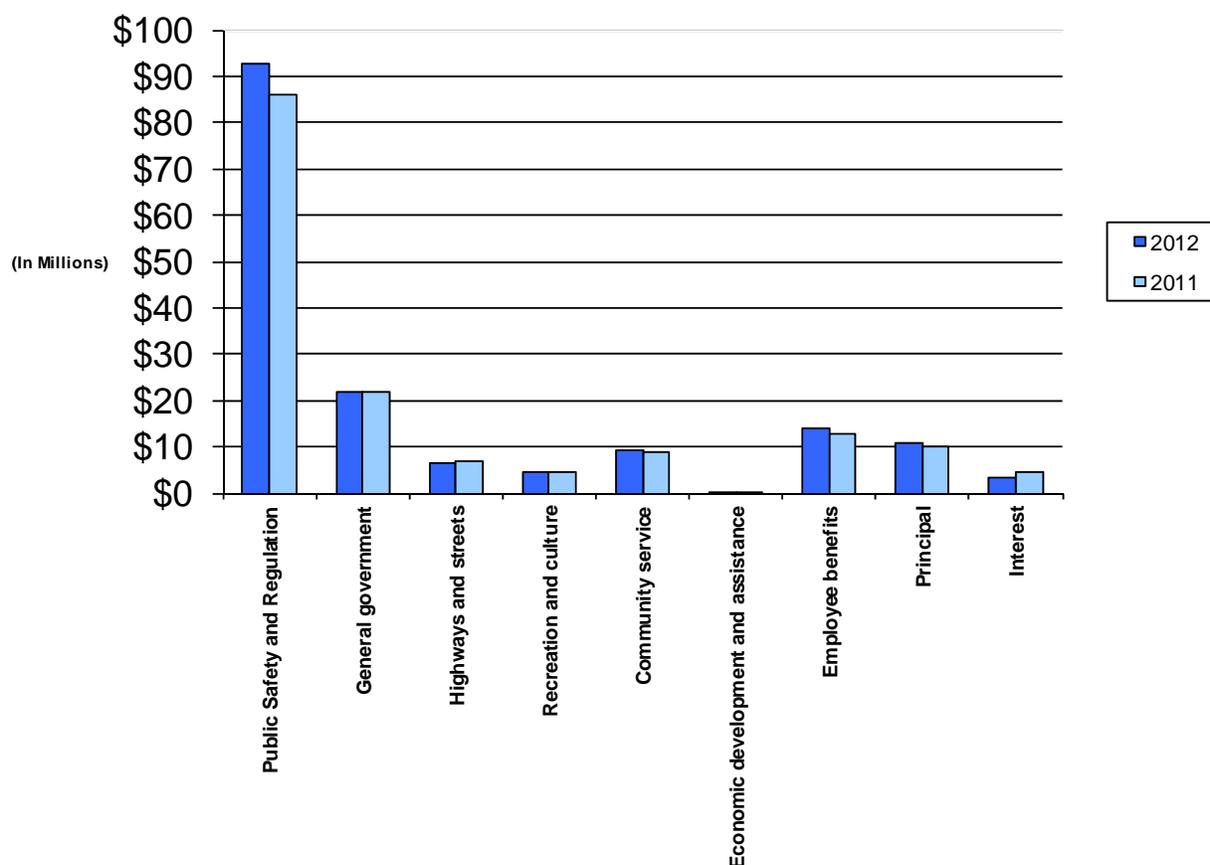
Undistributed Employee Benefits expense (\$14.1 million) was \$1.7 million under budget and \$1.2 million more than in 2011. The City is self-insured and pays the actual claims for employee in the Empire Blue Cross plan. Higher expenses related to these claims resulted in an increase of \$1.0 million in costs for 2012. State pension cost also increased by \$0.5 million.

Debt Service payments (\$14.3 million) decreased by almost \$0.3 million from last year and were \$3.2 million below budget. The combination of using Debt Reserve funds and reimbursements from Federal and State road improvement projects significantly reduced the City's debt expense in 2012.

**Governmental Funds - General Fund Expense 2012 to 2011 Variance
(In Millions)**

<u>Expenditures</u>	<u>2012</u>	<u>2011</u>	<u>2012 Over/(Under) 2011</u>
Public safety and regulation	\$ 92.6	\$ 86.1	\$ 6.5
General government	22.0	21.9	0.1
Highways and streets	6.3	6.9	(0.6)
Recreation and culture	4.6	4.6	0.0
Community service	9.4	8.8	0.6
Economic development and assistance	0.1	0.0	0.1
Employee benefits	14.1	12.9	1.2
Principal	10.8	9.9	0.9
Interest	3.5	4.7	(1.2)
Total expenditures	<u>\$163.4</u>	<u>\$155.8</u>	<u>\$7.6</u>
Excess of operating revenues over expenditures	<u>(\$0.1)</u>	<u>(\$3.7)</u>	<u>\$3.6</u>

General Government – General Fund Expenditures 2012 to 2011 Variance



DEBT

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

In July 2012, the City issued a total of \$34,037,827 in General Obligation (Serial) Bonds in series A and B at an interest rate of between 2.0% and 4.0% over eight and nine year terms respectively and \$20,520,000 in BANS at an interest rate of 1.0%. The notes are for expenses of current capital projects, including the landfill expansion.

In July 2012, the City issued \$12,590,000 in General Obligation Refunding Bonds.

In June 2012, EFC completed a refinancing initiative on behalf of the City which resulted in refunded principal in the amount of \$2,730,000.

Capital Leases

The City entered into no new capital lease agreements in 2012.

Debt Ceiling

Of the outstanding indebtedness, approximately \$119,931,000 was subject to the statutory debt limit, using approximately 34% of the City's \$354,202,000 statutory debt limit.

CREDIT RATINGS AND BOND INSURANCE

The City of Albany currently has an outstanding credit rating from Standard & Poor's of AA- with a stable outlook. 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 2012 the City expended \$17.9 million on certain capital projects and acquisitions. This includes the landfill expansion and Federal and State funds for transportation and infrastructure projects, funds secured through General Obligation Bonds and Bond Anticipation Notes, and appropriations from the City's General Fund. The following are some of the major sources of capital expenditures:

Capital Acquisition, Construction and Expenditures	
Street and Sidewalk Construction	\$5.5 Million
Vehicles and Equipment	\$ 0.7 Million
Landfill Equipment and Expansion	\$ 10.8 Million
Public Safety Equipment	\$ 0.3 Million
Local Economic Development	\$ 0.6 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, 2012

	<u>Primary Government</u>	<u>Component Units</u>
ASSETS		
Cash and cash equivalents	\$ 53,120,103	\$ 11,317,862
Cash and cash equivalents - restricted	3,031,553	2,647,205
Investments, restricted	-	12,485,081
Taxes receivable	5,581,188	-
Accounts receivable, net	2,245,763	13,953,005
Mortgage loans receivable	10,775,067	2,880,671
Due from primary government	-	9,983,520
Due from other governments	14,263,882	-
Due from other funds	4,509,124	-
Due from component units	1,036,198	-
Intangible assets, net	-	1,956,151
Prepaid and other assets	3,815,120	3,552,385
Property held for investment, lease or sale	517,163	3,371,656
Capital assets, net	<u>197,693,692</u>	<u>80,780,891</u>
Total assets	<u>\$ 296,588,853</u>	<u>\$ 142,928,427</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 9,871,427	\$ 2,800,163
Capital lease obligations	2,173,406	449,368
Bonds and loans payable	109,611,289	79,645,461
Bond and revenue anticipation notes payable	20,520,000	-
Accrued post employment benefit obligation	63,600,287	1,860,539
Accrued interest payable	1,488,374	2,930,931
Unearned revenue	10,792,825	1,788,641
Due to other funds	4,476,899	-
Due to other governments	12,635,586	-
Due to primary government	-	231,418
Due to component units	10,417,660	-
Due to NYS Retirement System	4,508,150	-
Compensated absences	20,747,550	-
Landfill post-closure costs	8,376,735	-
Judgments and claims	15,090,104	-
Other liabilities	<u>1,012,002</u>	<u>1,360,826</u>
Total liabilities	<u>\$ 295,322,294</u>	<u>\$ 91,067,347</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>\$ -</u>	<u>\$ -</u>
NET POSITION		
Net invested in capital assets	\$ 86,426,160	\$ 5,639,395
Restricted for:		
Program specific activities	207,498	4,241,397
Encumbrances	-	66,218
Debt service	2,010,939	171,401
Unrestricted (deficiency)	<u>(87,378,038)</u>	<u>41,742,669</u>
Total net position	<u>\$ 1,266,559</u>	<u>\$ 51,861,080</u>

See notes to financial statements.

CITY OF ALBANY, NEW YORK
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets	
					Primary Government	Component Units
Primary Government:						
Public safety and regulation	\$ 96,757,950	\$ 9,947,275	\$ 5,522,967	\$ -	\$ (81,287,708)	\$ -
General government	34,060,953	2,033,471	-	-	(32,027,482)	-
Highways and streets	10,696,812	57,795	-	2,071,050	(8,567,967)	-
Recreation and culture	5,684,918	1,851,944	-	-	(3,832,974)	-
Community service	19,943,784	11,105,815	3,457,491	-	(5,380,478)	-
Economic development and assistance	3,664,488	-	-	-	(3,664,488)	-
Post employment benefit expense	12,261,808	-	-	-	(12,261,808)	-
Interest on long-term debt	4,593,078	-	-	-	(4,593,078)	-
Total governmental activities	<u>187,663,791</u>	<u>24,996,300</u>	<u>8,980,458</u>	<u>2,071,050</u>	<u>(151,615,983)</u>	<u>-</u>
Component Units:						
Albany Water Board and Municipal Water Finance Authority	29,713,676	34,556,496	-	-	-	4,842,820
Albany Parking Authority	4,845,585	5,393,219	-	-	-	547,634
Albany Industrial Development Agency	610,396	684,552	102,500	-	-	176,656
Albany Port District Commission	4,788,159	4,197,878	627,418	-	-	37,137
Capitalize Albany Corporation	1,589,258	1,834,542	-	-	-	245,284
Other component units	1,711,447	1,443,098	-	-	-	(268,349)
Total component units	<u>\$ 43,258,521</u>	<u>\$ 48,109,785</u>	<u>\$ 729,918</u>	<u>\$ -</u>	<u>-</u>	<u>5,581,182</u>
General Revenues:						
					54,696,762	-
					30,639,852	-
					3,071,076	-
					27,191,038	-
					6,664,851	-
					16,207,035	-
					-	-
					1,656,806	-
					156,205	409,360
					<u>140,283,625</u>	<u>409,360</u>
Change in net assets					(11,332,358)	5,990,542
Net position, beginning of year					<u>12,598,917</u>	<u>45,870,538</u>
Net position, end of year					<u>\$ 1,266,559</u>	<u>\$ 51,861,080</u>

See notes to financial statements.

CITY OF ALBANY, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2012

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Cash and cash equivalents	\$ 21,787,525	\$ 303,432	\$ 29,902,750	\$ 1,126,396	\$ 53,120,103
Cash and cash equivalents - restricted	2,925,396	-	-	106,157	3,031,553
Taxes receivable	5,581,188	-	-	-	5,581,188
Accounts receivable, net	1,014,245	-	-	-	1,014,245
Landfill receivable, net	1,231,518	-	-	-	1,231,518
Mortgage loans receivable	-	-	-	10,775,067	10,775,067
Due from other funds	4,184,406	-	77,681	247,037	4,509,124
Due from component units	1,036,198	-	-	-	1,036,198
Due from federal and state governments	3,047,892	73,311	541,251	1,051,193	4,713,647
Due from other governments	9,550,235	-	-	-	9,550,235
Other assets	3,719,099	46,945	-	49,076	3,815,120
Total assets	54,077,702	423,688	30,521,682	13,354,926	98,377,998
Deferred outflows of resources	-	-	-	-	-
Total assets plus deferred outflows of resources	\$ 54,077,702	\$ 423,688	\$ 30,521,682	\$ 13,354,926	\$ 98,377,998
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Bond and revenue anticipation notes payable	\$ -	\$ -	\$ 20,520,000	\$ -	\$ 20,520,000
Accounts payable and accrued expenses	6,814,834	31,040	1,979,557	1,045,996	9,871,427
Due to other funds	1,184,832	329,180	2,688,977	273,910	4,476,899
Due to component units	10,417,660	-	-	-	10,417,660
Due to other governments	12,635,586	-	-	-	12,635,586
Unearned revenue	41,650	252,063	399,916	10,099,196	10,792,825
Accrued interest	-	-	-	-	-
Other liabilities	225,128	-	347,736	439,138	1,012,002
Total liabilities	31,319,690	612,283	25,936,186	11,858,240	69,726,399
Deferred inflows of resources	-	-	-	-	-
Fund Balance					
Nonspendable:					
Prepayments	3,703,083	46,945	-	2,975	3,753,003
Restricted for:					
Debt Service	2,010,939	-	-	-	2,010,939
Landfill Postclosure	914,457	-	-	-	914,457
Solid Waste Management Facility	101,341	-	-	-	101,341
Downpayment Assistance Program	-	-	-	106,157	106,157
Committed for:					
Choose Albany Program	-	-	-	300,000	300,000
NSP Program	-	-	-	250,000	250,000
Other purposes	-	-	4,585,496	-	4,585,496
Assigned for:					
Fund Appropriations	4,269,789	-	-	-	4,269,789
Other purposes	-	-	-	837,554	837,554
Unassigned:	11,758,403	(235,540)	-	-	11,522,863
Total fund balances (deficiency)	22,758,012	(188,595)	4,585,496	1,496,686	28,651,599
Total liabilities, deferred inflows of resources and fund balances	\$ 54,077,702	\$ 423,688	\$ 30,521,682	\$ 13,354,926	\$ 98,377,998

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, 2012

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Real property taxes	\$ 54,696,762	\$ -	\$ -	\$ -	\$ 54,696,762
Sales and use taxes	30,639,852	-	-	-	30,639,852
Other taxes	3,071,076	-	-	-	3,071,076
Payments in lieu of taxes	27,191,038	-	-	-	27,191,038
Intergovernmental revenue	23,610,779	2,173,280	2,096,246	6,689,702	34,570,007
Charges for services	12,772,721	-	-	420,124	13,192,845
Fines, interest and penalties	5,102,697	-	-	-	5,102,697
Uses of money and properties	233,756	-	-	-	233,756
License and permits	2,596,426	-	-	-	2,596,426
Other revenues	3,379,522	-	-	29,842	3,409,364
Total revenues	<u>163,294,629</u>	<u>2,173,280</u>	<u>2,096,246</u>	<u>7,139,668</u>	<u>174,703,823</u>
EXPENDITURES					
Public safety and regulation	92,592,221	-	333,263	-	92,925,484
General government	21,955,472	-	1,149,951	-	23,105,423
Highways and streets	6,308,779	-	5,490,985	-	11,799,764
Recreation and culture	4,574,110	-	239,581	-	4,813,691
Community service	9,439,586	-	10,246,755	6,902,848	26,589,189
Economic development and assistance	113,618	2,297,489	950,288	-	3,361,395
Employee benefits	14,156,254	-	-	-	14,156,254
Debt service:					
Principal	10,777,263	-	-	207,458	10,984,721
Interest	3,493,575	-	-	96,842	3,590,417
Total expenditures	<u>163,410,878</u>	<u>2,297,489</u>	<u>18,410,823</u>	<u>7,207,148</u>	<u>191,326,338</u>
Excess (deficiency) of revenues over expenditures	<u>(116,249)</u>	<u>(124,209)</u>	<u>(16,314,577)</u>	<u>(67,480)</u>	<u>(16,622,515)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of property	-	-	-	-	-
Proceeds from bond refunding, including premium	-	-	13,932,868	-	13,932,868
Refunding repayment debt service	-	-	(13,932,868)	-	(13,932,868)
Proceeds from issuance of long-term debt	2,951,830	-	34,037,827	-	36,989,657
Proceeds from the issuance of other debt	-	-	-	-	-
Premium on bond anticipation notes issued	1,601,644	-	-	-	1,601,644
Payment to refund bond escrow agent	-	-	-	-	-
Transfers in	-	-	2,224,385	-	2,224,385
Transfers out	(2,224,385)	-	-	-	(2,224,385)
Total other financing sources (uses)	<u>2,329,089</u>	<u>-</u>	<u>36,262,212</u>	<u>-</u>	<u>38,591,301</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>2,212,840</u>	<u>(124,209)</u>	<u>19,947,635</u>	<u>(67,480)</u>	<u>21,968,786</u>
FUND BALANCE (DEFICIENCY) , beginning of year	<u>20,545,172</u>	<u>(64,386)</u>	<u>(15,362,139)</u>	<u>1,564,166</u>	<u>6,682,813</u>
FUND BALANCE (DEFICIENCY), ending	<u>\$ 22,758,012</u>	<u>\$ (188,595)</u>	<u>\$ 4,585,496</u>	<u>\$ 1,496,686</u>	<u>\$ 28,651,599</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, 2012

Total fund balance - governmental funds \$ 28,651,599

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

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

Property held for sale is	\$ 517,163	
The cost of capital assets is	431,165,860	
Accumulated depreciation is	<u>(233,472,168)</u>	198,210,855

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	(107,498,891)	
Bond Premium	(2,112,398)	
Due to NYS Retirement System	(4,508,150)	
Accrued post employment benefit obligation	(63,600,287)	
Accrued interest on bonds	(1,488,374)	
Compensated absences	(20,747,550)	
Landfill closure and postclosure obligation	(8,376,735)	
Capital lease obligations	(2,173,406)	
Judgments and claims	<u>(15,090,104)</u>	<u>(225,595,895)</u>

Net position of governmental activities		<u><u>\$ 1,266,559</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, 2012

Total net change in fund balance - governmental funds \$ 21,968,786

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

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

Capital outlays	20,954,548	
Depreciation expense	(14,820,238)	
Loss on disposal of assets	<u>2,223</u>	6,136,533

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	(162,002)	
Landfill closure and postclosure costs	(379,806)	
Judgments and claims	<u>(7,038,052)</u>	(7,579,860)

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

Bond proceeds	(46,627,827)	
Premiums on Bonds	(1,342,868)	
Issuance of ACDA Loan Payable	-	
Amortization of Bond Premium	180,117	
Due to NYS retirement system	(2,951,830)	
Payment to NYS retirement system	143,204	
Principal repaid	<u>24,337,340</u>	(26,261,864)

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	(15,946,410)	
Post employment benefit contribution paid	<u>10,925,367</u>	(5,021,043)

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

		<u>(574,910)</u>
Change in net assets of governmental activities		<u><u>\$ (11,332,358)</u></u>

CITY OF ALBANY, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
December 31, 2012

	<u>Agency</u>
ASSETS	
Cash and equivalents	\$ 667,023
Cash and equivalents - restricted	776,108
Accounts receivable	<u>2,135</u>
Total assets	<u>\$ 1,445,266</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ -</u>
 LIABILITIES	
Accounts payable	\$ 3,659
Seized forfeitures	776,108
Due to other funds	32,225
Other liabilities	<u>633,274</u>
Total liabilities	<u>\$ 1,445,266</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>\$ -</u>
 NET POSITION	 <u><u>\$ -</u></u>

CITY OF ALBANY
COMBINING STATEMENT OF NET POSITION – DISCRETELY PRESENTED COMPONENT UNITS
December 31, 2012

	Albany Water Board and Municipal Water Finance Authority	Albany Parking Authority	City of Albany Industrial Development Agency	Albany Port District Commission	Capitalize Albany Corporation	Other Component Units	Totals
ASSETS							
Cash and cash equivalents	\$ 5,124,522	\$ 1,136,939	\$ 740,057	\$ 829,595	\$ 2,842,349	\$ 644,400	\$ 11,317,862
Cash and cash equivalents, restricted	-	2,259,486	-	-	387,719	-	2,647,205
Investments, restricted	4,683,621	1,860,275	-	3,196,021	2,745,164	-	12,485,081
Receivables, net:							
Accounts	12,379,202	21,724	108,040	503,430	62,500	-	13,074,896
Other	-	38,870	-	-	810,492	28,747	878,109
Mortgage loans and notes receivable	-	-	131,970	-	2,748,701	-	2,880,671
Due from primary government	9,823,099	-	-	-	-	160,421	9,983,520
Prepaid and other assets	977,004	71,153	-	250,518	2,191,218	62,492	3,552,385
Property held for investment, lease or sale	-	-	-	-	3,371,656	-	3,371,656
Intangible assets, net	1,163,640	792,511	-	-	-	-	1,956,151
Capital assets, net	33,776,237	15,835,998	-	30,305,131	457,819	405,706	80,780,891
Total assets	\$ 67,927,325	\$ 22,016,956	\$ 980,067	\$ 35,084,695	\$ 15,617,618	\$ 1,301,766	\$ 142,928,427
DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES							
Accounts payable and accrued expenses	\$ 2,196,389	\$ 154,829	\$ 124,428	\$ 147,600	\$ 102,941	\$ 73,976	\$ 2,800,163
Current maturities of long-term debt	4,070,000	897,618	-	145,683	339,846	10,471	5,463,618
OPEB obligation, current portion	-	-	-	36,700	-	-	36,700
Current installments of capital lease obligation	-	91,331	-	-	-	-	91,331
Accrued interest payable	-	374,422	-	-	-	-	374,422
Accrued Interest, capital appreciation bonds	-	612,098	-	-	-	-	612,098
Due to primary government	-	-	131,970	-	99,448	-	231,418
Unearned revenues	643,384	132,045	-	75,392	937,820	-	1,788,641
Revolving loan fund	-	-	-	-	701,875	-	701,875
Other liabilities	-	-	-	488,951	-	170,000	658,951
Accrued interest on capital appreciation bonds, less maturities	-	1,944,411	-	-	-	-	1,944,411
OPEB obligation, net of current portion	-	693,646	-	1,130,193	-	-	1,823,839
Capital lease obligation, less current installments	-	358,037	-	-	-	-	358,037
Bonds and notes payable	51,752,649	17,416,091	-	1,001,036	3,868,590	143,477	74,181,843
Total liabilities	\$ 58,662,422	\$ 22,674,528	\$ 256,398	\$ 3,025,555	\$ 6,050,520	\$ 397,924	\$ 91,067,347
DEFERRED INFLOWS OF RESOURCES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET POSITION							
Reserved for							
Program specific activities	\$ -	\$ 4,119,761	\$ -	\$ -	\$ 121,636	\$ -	\$ 4,241,397
Encumbrances	66,218	-	-	-	-	-	66,218
Debt service	-	-	-	-	171,401	-	171,401
Net invested in capital assets	(22,046,412)	(2,927,079)	-	29,158,412	1,454,474	-	5,639,395
Unreserved (deficit)	31,245,097	(1,850,254)	723,669	2,900,728	7,819,587	903,842	41,742,669
Total net position	\$ 9,264,903	\$ (657,572)	\$ 723,669	\$ 32,059,140	\$ 9,567,098	\$ 903,842	\$ 51,861,080

See notes to financial statements.

CITY OF ALBANY
COMBINING STATEMENT OF ACTIVITIES – DISCRETELY PRESENTED COMPONENT UNITS
December 31, 2012

	Albany Water Board and Municipal Water Finance Authority	Albany Parking Authority	City of Albany Industrial Development Agency	Albany Port District Commission	Capitalize Albany Corporation	Other Component Units	Totals
Operating revenue	\$ 34,556,496	\$ 5,393,219	\$ 684,552	\$ 4,197,878	\$ 1,834,542	\$ 1,443,098	\$ 48,109,785
Operating expenses							
Costs of services	-	1,809,377	318,466	621,092	1,031,926	1,316,225	5,097,086
Source of supply and purification	3,257,472	-	-	-	-	-	3,257,472
Transmission and distribution	4,343,807	-	-	-	-	-	4,343,807
General and administrative	2,962,657	882,530	-	2,312,768	-	215,446	6,373,401
Real estate taxes paid to other governments	1,966,551	-	-	-	-	-	1,966,551
Sewer contract	8,667,607	-	-	-	-	-	8,667,607
Depreciation and amortization	3,123,461	694,856	-	1,463,925	208,265	77,276	5,567,783
Grants	-	-	291,930	-	-	102,500	394,430
Miscellaneous	-	309,184	-	-	248,499	-	557,683
Total operating expenses	<u>24,321,555</u>	<u>3,695,947</u>	<u>610,396</u>	<u>4,397,785</u>	<u>1,488,690</u>	<u>1,711,447</u>	<u>36,225,820</u>
Excess (deficiency) of operating revenue over expenses before nonoperating revenue (expenses)	<u>10,234,941</u>	<u>1,697,272</u>	<u>74,156</u>	<u>(199,907)</u>	<u>345,852</u>	<u>(268,349)</u>	<u>11,883,965</u>
Nonoperating revenue (expenses)							
Amortization of bond issue costs	-	(87,058)	-	-	-	-	(87,058)
Increase (decrease) in fair value of investments	19,727	(30,977)	-	(27,970)	-	-	(39,220)
Interest income	276,761	102,197	603	29,799	-	-	409,360
Interest expense	(2,225,502)	(1,031,603)	-	(38,737)	(100,568)	-	(3,396,410)
Other revenue	-	-	102,500	-	-	-	102,500
Increase in receivable reserve	(3,186,346)	-	-	-	-	-	(3,186,346)
Realized loss on sale of investments	-	-	-	-	-	-	-
Increase upon hedge termination	-	-	-	-	-	-	-
Waterfront development expenses	-	-	-	(323,667)	-	-	(323,667)
Net nonoperating expenses	<u>(5,115,360)</u>	<u>(1,047,441)</u>	<u>103,103</u>	<u>(360,575)</u>	<u>(100,568)</u>	<u>-</u>	<u>(6,520,841)</u>
Excess of revenue over expenses before transfers	<u>5,119,581</u>	<u>649,831</u>	<u>177,259</u>	<u>(560,482)</u>	<u>245,284</u>	<u>(268,349)</u>	<u>5,363,124</u>
Grant funding	-	-	-	627,418	-	-	627,418
Excess of revenue over expenses	<u>5,119,581</u>	<u>649,831</u>	<u>177,259</u>	<u>66,936</u>	<u>245,284</u>	<u>(268,349)</u>	<u>5,990,542</u>
NET POSITION, beginning of year	<u>4,145,322</u>	<u>(1,307,403)</u>	<u>546,410</u>	<u>31,992,204</u>	<u>9,321,814</u>	<u>1,172,191</u>	<u>45,870,538</u>
NET POSITION, end of year	<u>\$ 9,264,903</u>	<u>\$ (657,572)</u>	<u>\$ 723,669</u>	<u>\$32,059,140</u>	<u>\$ 9,567,098</u>	<u>\$ 903,842</u>	<u>\$ 51,861,080</u>

See notes to financial statements.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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 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, 2012

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, 2012

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Albany Water Board and Albany Municipal Water Finance Authority

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

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

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

Albany Parking Authority

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

City of Albany Industrial Development Agency

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

City of Albany Industrial Development Agency (Continued)

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

Albany Port District Commission

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

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

Capitalize Albany Corporation

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

Downtown Albany Restoration Program, Inc.

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Lark Street Area District Management Association, Inc.

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

The Association is a component unit of the City of Albany, and has been included as one of discretely presented component units in the City's previous financial statements. However, since the most recent financial information is not available at the date of the financial statements issuance, the Association is not included as one of discretely presented component units in the City's 2012 financial statements. Management believes that the impact of this omission is not material to the City's 2012 financial statements.

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 Capital Resource Corporation

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

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Entities excluded from the reporting entity:

Albany Housing Authority

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

Albany City School District

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The City reports the following major governmental funds:

Governmental fund types

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

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

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

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund types (continued)

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 funds

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

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

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

D. *Assets, Liabilities and Net Position*

Cash and Investments

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

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

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

Receivables and Payables

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

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position (Continued)

Inventories and Prepaid Items

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

Restricted Assets

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

Capital Assets

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

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

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

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

Compensated Absences

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

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Judgments and Claims

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

Deferred Revenue

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

Long-Term Obligations

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

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

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

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

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

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

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

i. Long-term revenue and expense differences:

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

ii. Capital related differences:

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

iii. Long-term liability transaction differences:

Long-term liability transaction differences relate principally to bonds, post employment benefits and accrued compensated absences. Both interest and principal payments on bonds and other long-term debt are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

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

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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, 2012, 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, 2012, 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 \$3,032,000 in cash and cash equivalents that have been restricted as follows:

General Fund		
Debt service	\$2,010,939	
Landfill postclosure	<u>914,457</u>	2,925,396
Other Governmental Funds		
Debt service	<u>106,157</u>	<u>106,157</u>
Cash and cash equivalents - restricted		<u><u>\$3,031,553</u></u>

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

NOTE 5 — LANDFILL RECEIVABLE

The City currently has one landfill accepting waste from various public and private entities. These entities are billed monthly based on the tonnage deposited at the landfill for the previous month. At December 31, 2012, the City had outstanding landfill receivables of approximately \$1,235,000.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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, 2012.

The taxable assessed value of real property, as adjusted by New York State, included in the tax levy of 2011 (revenue in 2012), was \$4,783,457,074. The effective tax rate on this value is \$9.95 per thousand for residential and \$13.84 per thousand for non-residential properties. The constitutional tax limit is 2% of the 5-year average of the full value assessment. The 2012 levy represents approximately 54% of the constitutional tax limit. The taxable assessed value of real property included in the tax levy of 2012 (revenue in 2013), was \$4,493,464,874. The effective tax rate on this value is \$10.28 per thousand for residential and \$13.76 per thousand for non-residential properties. The 2013 levy represents approximately 56% of the constitutional tax limit.

NOTE 7 — CAPITAL ASSETS

Property and equipment is comprised of the following:

	Balance December 31, 2011	Additions	Deletions and Adjustments	Balance December 31, 2012
Capital assets not being depreciated:				
Land	\$ 4,620,003	453,821	(9,750)	\$ 5,064,074
Construction in process	39,785,061	10,731,298	(37,056,639)	13,459,720
	<u>44,405,064</u>	<u>11,185,119</u>	<u>(37,066,389)</u>	<u>18,523,794</u>
Capital assets being depreciated:				
Buildings, capital leases and improvements	47,925,511	-	420,390	48,345,901
Machinery and equipment	54,059,639	2,204,865	(22,748)	56,241,756
Infrastructure	263,965,766	7,564,564	36,524,079	308,054,409
	<u>410,355,980</u>	<u>20,954,548</u>	<u>(144,668)</u>	<u>431,165,860</u>
Less accumulated depreciation for:				
Buildings, capital leases and improvements	25,663,161	897,821	-	26,560,982
Machinery and equipment	43,171,313	3,063,624	(146,891)	46,088,046
Infrastructure	149,964,347	10,858,793	-	160,823,140
	<u>218,798,821</u>	<u>14,820,238</u>	<u>(146,891)</u>	<u>233,472,168</u>
 Total capital assets, net	 <u>\$ 191,557,159</u>			 <u>\$ 197,693,692</u>

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 7 — CAPITAL ASSETS (Continued)

Depreciation expense was approximately \$14,820,000 for the year ended December 31, 2012. 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	\$ 1,810,562
General government	4,660,607
Highway and streets	3,605,450
Recreation and culture	393,563
Community service	4,342,152
Economic development and assistance	7,904
	<u>\$ 14,820,238</u>

NOTE 8 — MORTGAGE LOANS RECEIVABLE AND DEFERRED REVENUES

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

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

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

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

The balance of mortgage loans receivable, net of related allowances, is comprised of the following at December 31, 2012:

<u>Program</u>	<u>Balance</u>
HUD	\$ 6,763,620
HUD, forgivable grant loans	3,362,143
NYSHTFC	419,035
Choose Albany	230,269
	<u>\$ 10,775,067</u>

NOTE 9 — INTERFUND RECEIVABLES AND PAYABLES

A summary of interfund receivables and payables at December 31, 2012 is as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	\$ 4,184,406	\$ 1,184,832
Special Revenue	-	329,180
Capital Projects	77,681	2,688,977
Albany Community Development Agency	247,037	273,910
	<u>4,509,124</u>	<u>4,476,899</u>
Fiduciary Fund	-	32,225
	<u>\$ 4,509,124</u>	<u>\$ 4,509,124</u>

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

NOTE 10 — DUE FROM/TO COMPONENT UNITS

The City has reported approximately net \$9,381,000 as the amount due to the Component Units, net at December 31, 2012. The Component Units reported approximately net \$9,752,000 as the amount due from the primary government, net. The net difference as reported by the City and its Component Units is approximately \$371,000 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.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 11 — PENSION PLANS

The City of Albany participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employees' Group Life Insurance Plan (collectively, the Systems). These are cost-sharing multi-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYRSSL, 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 noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of service and for those who joined after December 31, 2009 they are required to contribute 3% of their salary for the length of their public service employment. Under the authority of the NYRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

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

	<u>ERS</u>	<u>PFRS</u>
2012	\$5,449,165	\$11,250,128
2011	\$4,539,660	\$ 8,931,589
2010	\$3,619,931	\$ 7,911,276

For 2012 and 2011, the City of Albany elected to amortize approximately \$3,936,000 and \$1,700,000 of its contributions, respectively, in accordance with the provisions of Chapter 57, laws of 2010 related to payment of retirement contributions. The City's contributions made to the Systems were equal to 100 percent of the contributions required for 2010.

NOTE 12 — NOTES PAYABLE

(a) Bond Anticipation Notes

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.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 12 — NOTES PAYABLE (Continued)

(a) Bond Anticipation Notes (Continued)

In July 2012, the City issued \$20,520,000 in BANs at an interest rate of 1%. The proceeds of the BANs, along with available funds, were used to redeem part of the \$46,471,326 BANs issued in 2011 which matured in July 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. These BANs were subsequently redeemed in July 2013 (see Note 15 – Subsequent Events).

Interest expense on BANs totaled approximately \$579,000 for the year ended December 31, 2012.

NOTE 13 — INDEBTEDNESS

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

The following is a summary of certain long-term liability transactions of the City for the year ended December 31, 2012:

	Balance January 1, 2012	New Issues/ Increase in Estimates	Payments/ Decrease in Estimates	Balance December 31, 2012
Litigation and contingent liabilities	\$ 8,052,052	\$ 11,126,476	\$ (4,088,424)	\$ 15,090,104
Vacation/sick pay obligations	20,585,548	162,002	-	20,747,550
Landfill closure and postclosure care costs	7,996,929	379,806	-	8,376,735
Capital lease obligations	2,801,262	-	(627,856)	2,173,406
Accrued interest	913,464	574,910	-	1,488,374
Bonds	83,685,225	46,627,827	(23,646,401)	106,666,651
Premiums on Bonds	949,647	1,342,868	(180,117)	2,112,398
Post employment benefit obligation (Note 14)	58,579,244	15,946,410	(10,925,367)	63,600,287
Due to NYS Retirement System	1,699,524	2,951,830	(143,204)	4,508,150
Loans payable (ACDA)	895,323	-	(63,083)	832,240
Total	<u>\$ 186,158,218</u>	<u>\$ 79,112,129</u>	<u>\$ (39,674,452)</u>	<u>\$ 225,595,895</u>

Of the total outstanding indebtedness of the City at December 31, 2012, approximately \$119,931,000 was subject to the statutory debt limit. Amounts subject to the statutory debt limit include bonds and notes payable. This represents approximately 34% of the City's \$354,202,000 statutory debt limit.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 13 — INDEBTEDNESS (Continued)

(a) Bonds

Serial and New York State Environmental Facilities (EFC) bonds, the proceeds of which have been used primarily to provide funds for various capital projects, consists of the following at December 31, 2012:

Interest Rate	Date Issued	Maturity Date	Amount of Original Issue	Outstanding December 31, 2012	Annual Principal Installments (Range)
Serial Bonds					
3.50 - 5.00%	2001	2014	\$ 6,675,000	\$ 845,000	\$410,000-435,000
2.50 - 4.50%	2002	2013	10,085,000	810,000	810,000
4.07%	2003	2013	500,000	58,824	58,824
3.00 - 4.00%	2004	2013	14,262,338	1,455,000	1,455,000
4.00 - 4.125%	2006	2018	15,500,000	8,715,000	1,305,000-1,610,000
3.62%	2009	2023	19,974,950	16,570,000	1,225,000-1,825,000
3.00 - 4.00%	2011	2025	11,075,000	9,840,000	225,000-1,375,000
3.00 - 4.00%	2011	2017	1,700,000	1,280,000	240,000-275,000
1.5%	2011	2021	7,922,026	7,220,000	720,000 - 890,000
2%	2012	2020	24,027,579	24,027,579	2,762,579-3,230,000
3.00-4.00%	2012	2021	10,010,248	10,010,248	995,248-1,240,000
2.00-5.00%	2012	2018	12,590,000	12,435,000	155,000 -1,770,000
EFC Bonds					
1.014%	2011	2016	1,380,000	935,000	230,000-235,000
0.807%	2011	2020	3,995,000	3,285,000	370,000- 445,000
4.132 - 5.002%	2012	2022	2,730,000	2,510,000	225,000-285,000
Pension Bonds					
5.25%	2006	2020	10,095,000	<u>6,670,000</u>	685,000- 1,000,000
				<u>\$ 106,666,651</u>	
Add: Unamortized Premiums				\$ 2,112,398	
Add: ACDA Loans Payable				<u>832,240</u>	
				<u>\$ 109,611,289</u>	

The following are details of bonds outstanding at December 31, 2012:

During 2001, the City issued \$6,675,000 in General Obligation Refunding Bonds with an average interest rate of 4.45% to advance refund \$6,210,000 of outstanding 1994 General Obligation Bonds with an average interest rate of 6.10%. The net proceeds were deposited in an irrevocable trust with an escrow agent. The escrow agent subsequently purchased non-callable direct obligations of the United States of America ("Governmental Obligations"). The principal of and investment income on the portfolio of Government Obligations together with other available cash on deposit in the irrevocable trust are expected to provide for all future debt service payments on the aforementioned bonds. As a result, the 1994 bonds are considered to be defeased.

During 2002, the City issued \$10,085,000 in General Obligation Refunding Bonds with an average interest rate of 3.75% to advance refund \$9,660,000 of outstanding 1993 General Obligation Bonds with an average interest rate of 5.08%. The issue matures in 2013.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 13 — INDEBTEDNESS (Continued)

(a) Bonds (continued)

During 2003, ACDA issued \$500,000 in General Obligation Bonds with an interest rate of 4.07%. The bonds have a maturity date of October 2013. Bond proceeds will fund loans granted through the Albany Down Payment Assistance Program. Principal payments are required to be paid in conjunction with payments received from loan beneficiaries.

During 2003, the City issued \$21,908,218 in General Obligation Bonds with interest rates from 2.75% to 4.25% and priced to yield from .94% to 4.25%. The bonds carry an average interest rate of 3.94% and the average life of the bonds is 8.75 years. The issue matures on August 1, 2018. Proceeds are being used for ongoing and additional capital projects.

During 2004, the City issued \$14,262,338 in General Obligation Bonds with interest rates from 3.00% to 4.00% and priced to yield from 1.50% to 4.00%. The bonds carry an average interest rate of 3.50% and the average life of the bonds is 8.75 years. The issue matures on July 15, 2015. Proceeds are being used for ongoing and additional capital projects.

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

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

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

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

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

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

In July 2012, the City issued \$34,037,827 in General Obligation Bonds. The Bonds carry interest rates ranging from 2.00% to 4.00%. The final bond issue matures on July 1, 2021. The BANs are due July 5, 2013 and carry an interest rate of 1.00%.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 13 — INDEBTEDNESS (Continued)

(a) Bonds (continued)

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

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

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

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

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

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

Future maturities of general long-term debt as of December 31, 2012 are as follows:

Year Ending December 31	Principal	Interest	Total
2013	\$ 14,026,651	\$ 3,630,136	\$ 17,656,787
2014	13,765,000	3,207,708	16,972,708
2015	13,845,000	2,748,681	16,593,681
2016	12,150,000	2,277,313	14,427,313
2017	12,225,000	1,871,212	14,096,212
2018-2022	38,190,000	3,743,498	41,933,498
2023-2025	2,465,000	142,813	2,607,813
	<u>\$ 106,666,651</u>	<u>\$ 17,621,361</u>	<u>\$ 124,288,012</u>

Interest expense for bonds and loans payable was approximately \$2,836,000 for the year ended December 31, 2012.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 13 — INDEBTEDNESS (Continued)

(b) Capital lease obligations

City

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

The total acquisition cost is deferred in the lease/purchase schedules and bear interest ranging from 3.30% to 3.65%. The purchases qualify as capital leases. The interest portion of the future minimum lease payments approximate \$77,000 and the net present value of the lease payments approximate \$1,333,000. Payments of interest and principal are semi-annual and are made in accordance with each subordinate agreement payment schedule.

ACDA

ACDA amended its lease for office space at a facility located at 200 Henry Johnson Boulevard. The amended lease has a sixteen year term and the agreement requires ACDA to remit semi-annual payments to the Capitalize Albany Corporation (“CAC”) through 2018. The agreement qualifies as a capital lease. The interest portion of future minimum lease payments approximate \$153,000 and the net present value at December 31, 2012 approximates \$840,000.

A summary of future minimum lease payments and future minimum maturities of the capital lease obligations as of December 31, 2012 is as follows:

<u>Year Ending December 31</u>	<u>CITY</u>	<u>ACDA</u>	<u>Total</u>
2013	\$ 517,159	\$ 164,850	\$ 682,009
2014	517,159	167,663	684,822
2015	376,431	165,044	541,475
2016	-	166,994	166,994
2017	-	163,513	163,513
Thereafter	-	164,600	164,600
Total minimum lease payments	1,410,749	992,664	2,403,413
Less amounts representing interest	(77,343)	(152,664)	(230,007)
Total principal	<u>\$ 1,333,406</u>	<u>\$ 840,000</u>	<u>\$ 2,173,406</u>

(c) Litigation and contingent liabilities

(1) Judgments and Claims

There are various suits and claims pending against the City. In the opinion of City officials and Corporation Counsel, there are no proceedings against the City in which the likelihood the City will be held liable is probable and the amount of claims relating to such proceedings are reasonably estimable. The City has recognized an accrued liability of approximately \$328,000 related to future claims on certain other matters.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 13 — INDEBTEDNESS (Continued)

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

(2) *Self Insurance*

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, 2012 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 since December 31, 2012 resulted from the following:

	<u>Balance as of December 31, 2011</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance as of December 31, 2012</u>
Workers' compensation liability	<u>\$ 7,586,021</u>	<u>\$ 11,076,019</u>	<u>\$ (3,899,618)</u>	<u>\$ 14,762,422</u>

(3) *Grant Programs*

City

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

ACDA

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

During 2012, the Agency was audited by the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG) for the Community Development Block Grant Recovery Act program (CDBG-R program). An audit report was issued in December 2012 and reissued in February 2013 by the OIG recommending that the Director of HUD's Buffalo Office of Community Planning and Development instruct the management to (1) repay

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 13 — INDEBTEDNESS (Continued)

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

(3) *Grant Programs (Continued)*

ACDA (Continued)

from non-Federal funds the ineligible costs of \$5,291 and (2) submit documentation to justify the unsupported costs of \$740,682 so that HUD can make an eligibility determination. In February 2013, the Agency timely submitted documentation to justify the unsupported costs and provided additional information and documentation for the ineligible costs. Management believes that sufficient documentation has been provided for HUD to determine the eligibility for all project costs that were in question.

At the date of the issuance of the financial statements, the Agency's HUD Buffalo representative has reviewed and submitted the Agency's response to the OIG and is awaiting the OIG's decision. Based on facts currently available, management believes that the ultimate outcome of this matter will not have a material adverse effect on the Agency's financial statements as a whole. Accordingly, no adjustments have been made to the Agency's financial statements for the year ended December 31, 2012.

(d) *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, 2012.

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

Accrued landfill closure and post closure care costs of approximately \$8,377,000 at December 31, 2012, represent the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of all previously closed landfills and 88 percent of the estimated capacity of the AIL and its expansions currently being used as determined by an independent engineer. The estimated remaining life of the AIL, after the completion of the 2010 and 2012 expansions is approximately 6 years. The City will recognize the remaining estimated cost of closure and post closure care of \$1,105,000 as the remaining AIL and expansion estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2012. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City currently has a cash reserve of approximately \$914,000 for payment of closure and post closure care costs.

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 renewal permit also included a modification provision authorizing an approximate 15 acre expansion which ultimately doubles the existing capacity of the landfill.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 13 — INDEBTEDNESS (Continued)

(e) Loans payable

Loans payable are further broken down as follows:

	<u>Balance January 1, 2012</u>	<u>New Issues/ Increase in Estimates</u>	<u>Retirement/ Decrease in Estimates</u>	<u>Balance December 31, 2012</u>
Note payable (1)	\$100,000	\$ -	\$ -	\$100,000
Note payable (2)	155,000	-	(20,000)	135,000
Note payable (3)	140,323	-	(8,237)	132,086
Note payable (4)	<u>500,000</u>	<u>-</u>	<u>(34,846)</u>	<u>465,154</u>
	<u>\$895,323</u>	<u>\$ -</u>	<u>\$(63,083)</u>	<u>\$832,240</u>

- (1) During 2002, the Agency borrowed the sum of \$100,000 from the Capitalize Albany Corporation (former Albany Local Development Corporation, CAC) to establish a fund for collateral for the Albany Down Payment Assistance Program. The proceeds of this note are required to be maintained in a segregated bank account until note maturity. The term of the note shall be the length of the City of Albany Down Payment Assistance Program but no longer than August 9, 2013. The Agency will pay interest earned on the secured funds upon repayment of the note. There are no scheduled monthly payments until maturity.
- (2) As part of the capitalized lease obligation, described in (C) above, the Agency executed a note payable to CAC to pay for all previously unreimbursed tenant expenses. The note has a sixteen year term and the agreement requires the Agency to remit semi-annual payments to CAC through 2018.
- (3) 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%.
- (4) 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.

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

During 2012, the City elected to defer part of their 2012-2013 New York State Pension contribution. The deferred portion of the contribution is amortized over ten years at rates of 3% - 3.75%. The total account due NYSLRS at December 31, 2012 was \$5,635,000.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 13 — INDEBTEDNESS (Continued)

(f) Due to New York State and Local Retirement System (Continued)

A summary of future NYSLRS payment obligations as of December 31, 2012 is as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ -	\$ -	\$ -
2014	406,064	146,918	552,982
2015	419,359	133,621	552,980
2016	433,096	119,884	552,980
2017	447,289	105,692	552,981
2018-2022	2,466,376	298,527	2,764,902
2023	335,966	10,079	346,045
	<u>\$4,508,150</u>	<u>\$814,720</u>	<u>\$5,322,869</u>

NOTE 14 — OTHER POSTEMPLOYMENT BENEFITS

City

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

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

Plan Description

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

Funding Policy

The obligations of the Plan members, employers and other entities are established by the City. The required contribution rates of the employer and the members vary depending on the retiree's hiring date and number of years of service to the City. The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis, with the possibility of prefunding additional benefits if so determined by the City. For 2012, the City contributed approximately \$10,925,000 for current costs. The costs of administering the plan are paid by the City.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 14 — OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress

The schedule of funding progress presents multi-year (when available) trend information that is useful in determining whether the actuarial value of Plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liability. The following table sets forth the actuarial accrued liability and funded status of the Plan as of December 31, 2012 based on January 1, 2010 valuation date.

<u>Actuarial Accrued Liability (AAL)</u>	
Currently retired	\$ 151,986,970
Actives eligible to retire	79,613,426
Actives not yet eligible to retire	46,296,110
Actuarial accrued liability	<u>277,896,506</u>
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 277,896,506</u>
Funded ratio	<u>0%</u>
2012 normal cost	<u>\$ 4,900,863</u>

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

UAAL	\$ 277,896,506
Amortization period (years)	30
Amortization discount rate	5%
2012 UAAL amortization amount	\$ 8,397,830

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for 2012:

Normal cost	\$ 4,900,863
Amortization of UAAL	8,397,830
Interest	419,892
ARC	<u>13,718,585</u>
Interest on OPEB obligation	2,928,980
Adjustment to ARC	<u>(701,155)</u>
OPEB expense	<u>\$ 15,946,410</u>

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 14 — OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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

	<u>2012</u>
Net OPEB obligation at beginning of year	\$ 58,579,244
OPEB expense	15,946,410
OPEB contributions	<u>(10,925,367)</u>
Net OPEB obligation at end of year	63,600,287
Less: estimated current portion of OPEB obligation	<u>11,607,120</u>
Estimated long-term portion of OPEB obligation	<u>\$ 51,993,167</u>
Percentage of expense contributed	<u>68.5%</u>

Actuarial Methods and Assumptions

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

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

The valuation date for the calculation was January 1, 2010 and the discount rate utilized was 5%. No salary increases were assumed since benefits are not based on compensation. Health care costs for governmental activities were assumed to increase as follows:

<u>Year</u>	<u>Trend Increase</u>
2013	9.0%
2014	8.0%
2015	7.0%
2016	6.0%
2017	5.0%
Thereafter	5.0%

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 15 — SUBSEQUENT EVENTS

In July 2013, the City issued \$9,890,000 in General Obligation Bonds and \$20,686,085 in Bond Anticipation Notes (BANs). The Bonds carry interest rates ranging from 3.00% to 4.50% and a premium of \$771,136. The final bond issue matures on July 1, 2020. The BANs are due July 3, 2014 and carry interest rates of 1.00% to 1.25%.

The proceeds of the Bonds and the BANs were used to redeem part of the \$20,520,000 BANs issued in 2012 and matured July 5, 2013, and also provided new funds for various capital purchases.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALBANY, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND MODIFIED BUDGET AND ACTUAL –
GENERAL AND SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2012

	General Fund				Special Revenue Funds			
	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	\$ 55,148,000	\$ 55,148,000	\$ 54,696,762	\$ (451,238)	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	28,900,000	28,900,000	30,639,852	1,739,852	-	-	-	-
Other taxes	3,529,000	3,529,000	3,071,076	(457,924)	-	-	-	-
Payments in lieu of taxes	26,942,000	26,942,000	27,191,038	249,038	-	-	-	-
Intergovernmental revenue	17,307,500	22,696,961	23,610,779	913,818	2,722,000	2,720,576	2,173,280	(547,296)
Charges for services	13,516,000	13,516,000	12,772,721	(743,279)	-	-	-	-
Fines, interest and penalties	5,547,000	5,556,000	5,102,697	(453,303)	-	-	-	-
Use of money and properties	140,000	140,000	233,756	93,756	-	-	-	-
Licenses and permits	2,147,000	2,166,220	2,596,426	430,206	-	-	-	-
Other revenues	3,256,500	3,313,252	3,379,522	66,270	-	-	-	-
Total revenues	<u>156,433,000</u>	<u>161,907,433</u>	<u>163,294,629</u>	<u>1,387,196</u>	<u>2,722,000</u>	<u>2,720,576</u>	<u>2,173,280</u>	<u>(547,296)</u>
EXPENDITURES								
Public safety and regulation	86,518,245	90,075,867	92,592,221	2,516,354	-	-	-	-
General government	25,459,576	25,372,878	21,955,472	(3,417,406)	-	-	-	-
Highways and streets	6,946,819	6,621,819	6,308,779	(313,040)	-	-	-	-
Recreation and culture	4,653,400	4,662,050	4,574,110	(87,940)	-	-	-	-
Community service	9,550,341	11,155,369	9,439,586	(1,715,783)	-	-	-	-
Employee benefits	15,840,000	15,815,000	14,156,254	(1,658,746)	-	-	-	-
Economic development and assistance	113,619	113,619	113,618	(1)	2,722,000	2,720,576	2,297,489	(423,087)
Debt service	17,499,000	17,499,000	14,270,838	(3,228,162)	-	-	-	-
Total expenditures	<u>166,581,000</u>	<u>171,315,602</u>	<u>163,410,878</u>	<u>(7,904,724)</u>	<u>2,722,000</u>	<u>2,720,576</u>	<u>2,297,489</u>	<u>(423,087)</u>
Excess (deficiency) of revenues and appropriated fund balance over expenditures	<u>(10,148,000)</u>	<u>(9,408,169)</u>	<u>(116,249)</u>	<u>9,291,920</u>	<u>-</u>	<u>-</u>	<u>(124,209)</u>	<u>(124,209)</u>
OTHER FINANCING SOURCES (USES)								
General fund allocation	5,635,000	4,895,169	-	(4,895,169)	-	-	-	-
Transfers	-	-	(2,224,385)	(2,224,385)	-	-	-	-
Proceeds from the issuance of other debt	4,513,000	4,513,000	2,951,830	(1,561,170)	-	-	-	-
Premium on bond anticipation notes issued	-	-	1,601,644	1,601,644	-	-	-	-
Proceeds from sale of property	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>10,148,000</u>	<u>9,408,169</u>	<u>2,329,089</u>	<u>(7,079,080)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues, appropriated fund balance and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,212,840</u>	<u>\$ 2,212,840</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (124,209)</u>	<u>\$ (124,209)</u>