FINAL OFFICIAL STATEMENT

NEW/RENEWAL ISSUE **BOND ANTICIPATION NOTES**

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

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

$44,596,417

CITY of ALBANY

ALBANY COUNTY, NEW YORK

$44,596,417 Bond Anticipation Notes, 2017

At an Interest Rate of 1.19% - Not Reoffered

Dated: June 29, 2017 **Due: June 29, 2018**

(the "Notes")

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

The Notes are not subject to redemption prior to maturity.

The Notes will be registered in the name of the purchaser in denominations of $5,000 or multiples thereof, except for a necessary odd denomination. Principal of and interest on the Notes will be payable in Federal Funds at maturity.

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Notes of Roemer Wallens Gold & Mineaux LLP, Bond Counsel, of Albany, New York. It is anticipated that the Notes will be available for delivery as may be agreed upon with the purchaser on or about June 29, 2017.

June 22, 2017

THIS REVISED COVER SUPPLEMENTS THE OFFICIAL STATEMENT OF THE CITY DATED JUNE 14, 2017 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12. OTHER THAN AS SET FORTH ON THE REVISED COVER, THE REVISION OF THE TABLE OF CONTENTS AND THE SECTION "DESCRIPTION OF THE NOTES", THE DELETION OF THE SECTIONS "BOOK-ENTRY-ONLY SYSTEM" AND "CERTIFICATED NOTES", THE REVISION OF THE "RATING" SECTION AND THE DATED DATE ON PAGE 34, THERE HAVE BEEN NO REVISIONS TO SAID OFFICIAL STATEMENT.

BANK OF AMERICA, N.A.

CITY OF ALBANY
ALBANY COUNTY, NEW YORK

KATHERINE M. SHEEHAN
MAYOR

DARIUS SHAHINFAR
TREASURER

LEIF C. ENGSTROM
CHIEF CITY AUDITOR

COMMON COUNCIL

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RICHARD CONTI, PRESIDENT PRO TEMPORE

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Kelly Kimbrough
Vivian Kornegay
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Michael O'Brien
Mark Robinson

CITY OFFICIALS

BRIAN SHEA
Chief of Staff

RACHEL McENENY
Commissioner of Administrative Services

GERALD CAMPBELL
City Clerk

WILLIAM KELLY, ESQ.
Interim Corporation Counsel

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

ROEMER WALLENS GOLD & MINEAUX LLP
Bond Counsel

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

TABLE OF CONTENTS

Page

NATURE OF OBLIGATION **1**
DESCRIPTION OF THE NOTES **2**
NO OPTIONAL REDEMPTION **2**
PURPOSE OF ISSUE **3**
SOURCES OF PAYMENT OF THE NOTES **3**

THE CITY **3**
General Information 3
City Services 6
Solid Waste 6
Selected Wealth and Income Indicators 6
Population Trends 7
Employment 7
Building Permit 8
Ten Largest Employers in the City 8
Unemployment Rates 9
Employees 9
Government Organization 10
DISCUSSION OF FINANCIAL OPERATIONS **11**
Budgetary Procedure 11
2017 Budget Summary 11
Five-Year Capital Plan 12
Financial Control Procedures 14
Accounting Practice and Independent Audits 14

FINANCIAL HISTORY OF THE CITY **14**
General Fund 14
Albany Municipal Water Finance Authority and Albany Water Board 14
Revenues 15
Real Property Tax Base 15
Real Estate Property Tax 15
Expenses 18
Other Information 21
New York State Comptroller Report of Examination 22
The State Comptroller's Fiscal Stress Monitoring System 22
TAX INFORMATION **23**
Valuations 23
Tax Rate Per $1,000 (Assessed) 23
Tax Collection Record 23
Tax Collection Procedure 23
Largest Taxpayers - (2017 Tax Roll) 24
Payments in Lieu of Taxes 24
Constitutional Tax Margin 24
Additional Tax Information 24

TAX LEVY LIMITATION LAW **25**

Page

STATUS OF INDEBTEDNESS **26**
Constitutional Requirements 26
Statutory Procedure 26
Debt Outstanding End of Fiscal Year 27
Details of Outstanding Indebtedness 27
Debt Statement Summary 28
Estimate of Obligations to be Issued 28
Revenue and Tax Anticipation Notes 28
Bonded Debt Service 28
Authority Indebtedness 28
Estimated Overlapping Indebtedness 29
Debt Ratios 29

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT **29**

MARKET AND RISK FACTORS **30**

CONTINUING DISCLOSURE **30**
Historical Compliance 30

TAX MATTERS **31**

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES **32**
Legal Matters 32

ABSENCE OF LITIGATION **32**

RATING **32**

MUNICIPAL ADVISOR **33**

MISCELLANEOUS **33**

APPENDIX - A
GENERAL FUND - Balance Sheets

APPENDIX - A1
GENERAL FUND – Revenues, Expenditures and Changes in Fund Balance

APPENDIX - A2
GENERAL FUND – Revenues, Expenditures and Changes in Fund Balance - Budget

APPENDIX - B
BONDED DEBT SERVICE

APPENDIX - C
CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE NOTES

APPENDIX - D
AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES DECEMBER 31, 2015

PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT
of the

CITY of ALBANY

ALBANY COUNTY, NEW YORK

Relating to

$44,596,417 Bond Anticipation Notes, 2017

This Official Statement, which includes the cover page and appendices, has been prepared by the City of Albany, Albany County, State of New York (the "City," "County," and "State," respectively), in connection with the sale by the City of its aggregate principal amount of $44,596,417 Bond Anticipation Notes, 2017 (the "Notes") (collectively referred to herein as the "Notes").

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

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

NATURE OF OBLIGATION

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

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

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

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

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

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

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

prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted. While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

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

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

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

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

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

DESCRIPTION OF THE NOTES

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

The Notes are dated June 29, 2017 and will mature, without option of prior redemption, on June 29, 2018. The Notes will be registered in the name of the purchaser in denominations of $5,000 or multiples thereof, except for a necessary odd denomination. Principal of and interest on the Notes will be payable in Federal Funds at maturity.

NO OPTIONAL REDEMPTION

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

PURPOSE OF ISSUE

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

The proceeds of the Notes, along with $3,258,700 available funds of the City, will redeem $38,846,812 bond anticipation notes maturing on June 30, 2017 and provide $9,008,305 new monies for the aforementioned purposes.

SOURCES OF PAYMENT OF THE NOTES

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

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

THE CITY

General Information

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

The City of Albany is the capital of the State of New York and the County Seat of Albany County. The City is located on the west bank of the Hudson River, approximately 140 miles north of New York City. According to the 2015 United States Census Bureau, the City's population is 98,469. Located in a region known as Tech Valley, Albany is home to the SUNY Polytechnic Institute's College of Nanoscale Science and Engineering ("SUNY Poly"), a $20 billion university driven research, development and technology deployment center.

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

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

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

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

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

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

The City is a center for higher education and is home to the State University at Albany, SUNY Poly, the College of Saint Rose, The Sage College at Albany, Maria College, Albany Law School, Albany College of Pharmacy and Albany Medical College. Located nearby are Siena College in the Town of Colonie, Union College in Schenectady and Rensselaer Polytechnic Institute and Russell Sage College in Troy.

Taking advantage of Albany's location at the crossroads of transportation, the Port of Albany (operated by the Albany Port District Commission) receives cargo originating in and being shipped to foreign countries and other cities in the United States. The Port of Albany recently completed Phase II of a major wharf and rail line improvement and replacement project, and is continuing other improvements, which represent more than $40 million invested in the maritime operations over the next 3 years. Included in this investment are New York State grants of $15 million for dock improvements on the Albany side and $4 million for terminal improvements, as well as nearly $18 million in Federal grants for transit and terminal improvements. These improvements provide the Port with the ability to handle larger vessels and continue to maximize year-round access while enhancing its competitive advantage for attracting commerce.

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

These incentives have led to redevelopment all over the city. In downtown Albany, the Albany Convention Center Authority recently completed the $65 million convention center located adjacent to the Times Union Center Arena and the Empire State Plaza, and it is already outperforming expectations. The Capital Center will draw a projected 100,000 visitors annually, leading to $34 million in direct visitor spending in the City of Albany annually and creating more than 250 jobs. This activity will generate more than $1 million in additional County sales tax revenue. In order to better compete for national and regional sporting and entertainment events, Albany County has begun its renovation of the Times Union Center at a cost of approximately $15.7 million with expected completion in the fall of 2017. Due to these improvements, the Center has already been selected to host first and second round NCAA Basketball Tournament games in 2020. It is important to note that the City has no obligation to finance the construction or operation of either project.

Located adjacent to the new convention center, a half City block has been redeveloped. The $78 million redevelopment, now open for business, includes a 200 room Renaissance by Marriot Hotel, a parking garage, commercial office/retail space, and luxury apartments. This addition comes on the heels of the recent rebranding and $16 million renovation of the Hilton, the downtown's largest hotel.

Furthermore, over the past decade, downtown has begun to evolve into a true neighborhood as more people seek an urban lifestyle to live, work, learn, and play. During this period over $62 million invested has created 340 market-rate residential units, while $27 million is being invested in 188 additional units under construction and are expected to be completed by the end of the year. Furthermore, an additional $80 million is slated for investment in 510 more units which are either currently seeking necessary approval or are in the predevelopment stage. Given that a recently updated downtown market potential study has shown that downtown can absorb approximately 100-200 units a year for the next decade, additional development is expected (but not yet proposed or planned). These projects consistently achieve a 97% occupancy rate and market absorption is rapid.

The City is also home to several hospitals and healthcare facilities including Albany Medical Center, St. Peter's Hospital, Albany Memorial Hospital and the Veterans Administration (VA) Hospital. These hospitals are also major economic engines in the City, providing significant job opportunities and investment. Albany Medical Center and the VA have been partners in neighborhood revitalization efforts in the Park South Neighborhood. New Scotland Avenue along with the rest of the Park South Neighborhood has seen over $630 million of investment, creating over 1,000 jobs, over the past five years including the construction of: a three story mixed–use building; a five-story commercial office building; a 1,250 space parking garage; and the expansion of Albany Medical Center's patient tower. The area continues to see investment as Albany Medical Center recently began a $22 million renovation project of its facility. This investment is supplemented by the approximate $110 million redevelopment of two City blocks adjacent to the hospital that broke ground in the fall of 2014. This nearly completed development will contain a 135,000 square ft. medical office building as well an 800 space parking garage, 268 market-rate apartments and 23,000 square feet of retail space along New Scotland Avenue by the end of the year. The medical office space is already 100 percent leased, and the residential tenants have been moving in since 2016 as the units are completed. Furthermore, over $30 million of additional private investment has begun in areas immediately adjacent to these important employment nodes.

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

The development of downtown and Park South is indicative of the larger effort in the City to appeal to the 21st century market for urban living to bring more taxpaying residents into the City to take advantage of the job opportunities that exist within City borders. Working with the new Administration, Capitalize Albany Corporation and the City Industrial Development Agency, more than a dozen developers are constructing and/or renovating buildings into modern apartment spaces to appeal to the demonstrated market. Over the past 5 years, over 1200 market-rate residential rental units have either opened, are under construction, or have received the necessary approvals in all corners of the city from downtown to the areas proximate to Albany Medical Center, SUNY Albany, St. Peter's Hospital, the dilapidated Tobin's First Prize facility and elsewhere.

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

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

The Arbor Hill Neighborhood Plan has resulted in millions of dollars of new investment, including the Swan Street Lofts or "Albany Barn", which houses artist studios and lofts for resident artists in a converted vacant 40,000 square foot building through a public/private partnership. Adjacent Sheridan Hollow is also undergoing massive redevelopment, with a $17 million project providing 100 units of affordable rental and homeownership opportunities, as well as office and commercial space, within easy walking distance to the downtown core.

All of this development and redevelopment has been initiated and/or completed under Albany's 50-year old zoning code which has been the biggest obstacle to streamline permitting and development processes for private developers in the City. But as of June 1, 2017, the first update of this zoning code in 50 years will be enacted after being passed into law by the Mayor and Common Council. This is expected to have a significant impact on streamlining development within the City for decades to come.

Finally, Albany has a rich arts and culture scene. It is home to the New York State Museum and the Albany Institute of History and Art. Live performing arts venues include the Palace Theatre, Capital Repertory Theatre, and the Egg. With seating capacity of between 6,000 and 17,500, the Times Union Center hosts concerts and professional and college sports teams as well as other events. Many smaller venues also host events, concerts and other performances in neighborhoods throughout the City, and larger venues in Saratoga, Schenectady and Troy are also vital components of this regional scene.

Source: City officials.

City Services

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

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

Solid Waste

The City operates a landfill that generates revenue for the City's general fund. As lead agency of the multi-municipality ANSWERS Waste Consortium, the City has contracts with several municipalities to accept solid waste. The City owned and operated regional landfill received approximately $10.7 million in revenue in 2013, $11.8 million in 2014,$12.5 million in 2015 and $11m in 2016. The City is currently in the process of expanding the existing landfill. It was projected that, without the expansion, the landfill would have had a closure date of June 25, 2010. Phase I of the expansion is complete and is receiving solid waste. Phase II of the expansion started in April of 2012 and was completed on schedule in the third quarter of 2013. The expansion, which was expected to provide capacity through 2020, a date that has now been extended to 2022. The additional capacity generates approximately $9-11 million in annual revenue.

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

Selected Wealth and Income Indicators

Per capita income statistics are available for the City, County and State. Listed below are select figures from the 2000 Census Reports, 2006-2010 and 2011-2015 American Community Survey 5 Year Estimates.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2011-2015	2000	2006-2010	2011-2015
City of:						
Albany	$ 18,281	$ 23,341	$ 24,912	$ 30,041	$ 52,215	$ 58,260
County of:						
Albany	23,345	30,863	32,779	56,724	76,159	83,085
State of:						
New York	23,389	30,948	33,236	51,691	67,405	71,913

Note: 2012-2016 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2011-2015 American Community Survey data.

Population Trends

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

Population [1]

	City of Albany	Albany MSA	New York State	United States
1950	134,995	677,707	14,830,200	151,326,000
1960	129,726	746,115	16,782,300	179,323,000
1970	115,781	811,080	18,241,400	203,235,000
1980	101,727	835,800	17,558,000	226,504,825
1990	100,031	861,623	17,990,455	248,709,873
2000	94,301	892,604	18,976,457	281,421,906
2010	97,856	870,716	19,378,102	308,745,538
2016	98,111	881,839	19,745,289	323,127,513

[1] Data compiled by the U.S. Department of Commerce, Bureau of the Census as of April 1 of each year based on the census for that year.

Employment

A major portion of non-agricultural workers have historically been employed by federal, state, or local governments. This sector comprises approximately 26% of the non-agricultural workforce in the Albany MSA. The following table provides a historical comparison among employment sectors for the Albany MSA.

Non-Agricultural Employment by Industry Groups, Albany MSA

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	(thousands)									
Mining & Construction	18.2	18.3	17.0	16.5	16.9	17.2	17.5	18.7	19.7	19.3
Manufacturing	23.1	22.5	20.7	20.3	21.5	22.7	23.9	24.1	25.4	26.3
Trade, Transportation & Public Utilities	77.5	76.2	73.4	72.2	72.3	73.1	73.8	74.4	74.6	75.7
Wholesale and Retail Trade	64.1	62.9	60.3	59.3	59.9	60.8	61.1	61.6	61.5	62.1
Financial Services	26.2	25.9	24.9	24.5	24.6	25.2	25.3	25.4	25.9	26.2
Education & Health Services	79.7	81.6	83.1	85.0	86.4	88.3	90.5	92.4	92.6	92.2
Government	107.8	108.9	108.4	105.9	102.1	101.2	101.3	101.0	100.4	101.5
Total	396.6	396.3	387.8	383.7	383.7	388.5	393.4	397.6	400.1	403.3

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

Building Permit

	Residential	Apartments	Commercial And Industrial	Other	Total Dollar Value	Total Building Permits
2006	13,980,630	1,740,161	98,251,751	308,297	114,340,339	2,412
2007	21,322,817	206,573	162,587,410	20,088,900	204,205,705	2,408
2008	19,978,206	143,373	99,431,646	6,968,279	126,521,504	2,397
2009	18,535,203	-	115,104,822	30,308,721	163,948,746	3,733
2010	24,529,757	245,203	268,348,020	13,647	293,136,627	4,798
2011	15,656,551	332,570	95,864,293	75,775	111,929,189	2,400
2012	13,858,918	599,200	98,789,544	62,710	113,310,372	2,273
2013	13,573,622	46,602	72,567,794	148,880	86,336,898	2,030
2014	39,297,874	-	117,888,114	16,000	157,201,988	2,047
2015	17,622,250	12,125	104,293,597	32,800	121,960,772	2059
2016	30,975,920	12,169,502	108,297,413	6,624,108	158,066,943	2,215
2017 [(1)]	4,049,595	125	12,601,600	34,700	16,686,020	550

[(1)] As of April 30, 2017.

Source: City Officials.

Ten Largest Employers in the City

Name	Type	Number of Employees
State of New York	Government	49,314
Albany Medical Center	Hospital	9,000
St. Peter's Hospital	Hospital	5,800
University at Albany	Education	5,000
Verizon Communications	Utility	3,000
United States	Government	2,799
Center for Disabled	Health Care	2,000
Empire Blue Cross	Insurance	1,800
Albany County	Government	1,701
City of Albany	Government	1,226

Source: Employers as listed above (2017).

Unemployment Rates

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

Unemployment Rates [1]

	City of Albany[2]	Albany MSA	New York State	United States
2008	5.7%	4.9%	5.4%	5.8%
2009	8.1%	7.1%	8.3%	9.3%
2010	8.3%	7.3%	8.6%	9.6%
2011	8.3%	7.3%	8.2%	8.9%
2012	8.5%	7.5%	8.5%	8.1%
2013	7.2%	6.4%	7.7%	7.4%
2014	5.8%	5.1%	6.3%	6.2%
2015	5.2%	4.5%	5.3%	5.3%
2016	4.8%	4.1%	4.8%	4.9%

(1) These are annual averages of actual labor force and employment estimates.
(2) City unemployment rates are estimated by the New York State Department of Labor based on the relationship between City and County labor force statistics.

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

Employees

The City provides services through approximately 1,226 regular employees. The following information is for the 1,069 unionized employees:

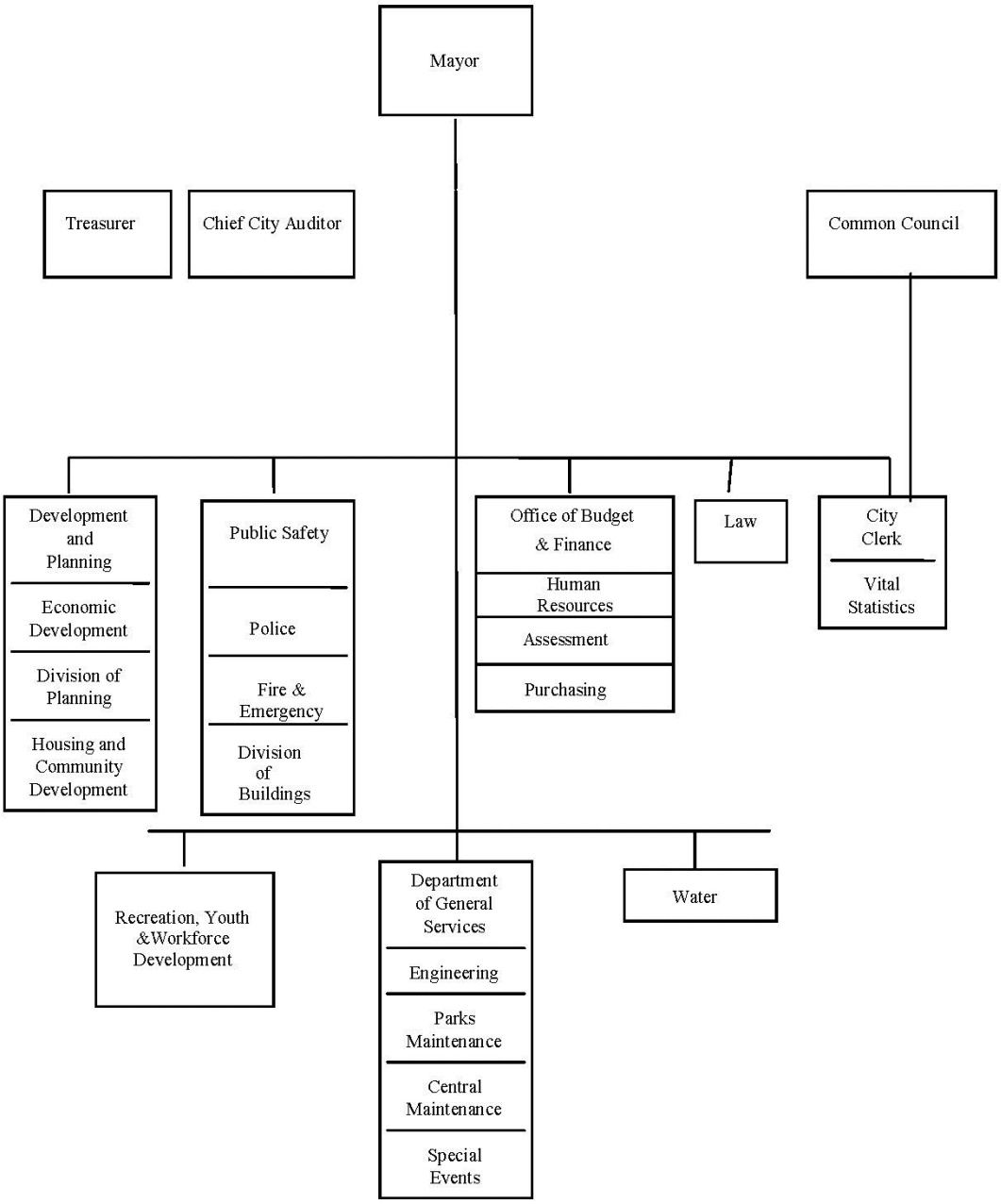
Bargaining Unit	Approximate Number of Employees	Contract Expiration Date
Albany Police Officers-Council 82	268	December 31, 2013 [1]
Sergeant & Lieutenant	78	December 31, 2013 [1]
Albany Firefighters-AFL-CIO	256	December 31, 2017
Albany Police Non-Sworn	44	December 31, 2018 [2]
Council 66-AFSCME-Local 1961	274	December 31, 2013 [1]
Communications Unit, Council 82	39	December 31, 2014
International Union of Operating Engineers	6	December 31, 2016
Teamsters Local 294	2	December 31, 2019 [2]
Albany DGS Supervisors, CSEA, AFSCME Local 1000	26	December 31, 2019 [3]
School Crossing Officers, SEIU	64	New Union in Negotiations
Buildings and Regulatory Compliance, CSEA	12	New Union in Negotiations

While there has been litigation relative to certain union contracts in the past, there is no record of strikes against the City. Most of the City's employees are prohibited from participating in or encouraging a strike under New York law.

(1) Currently under negotiations.
(2) Signed MOU May 2017.
(3) Signed MOU June 2017.

Government Organization

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



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

The Mayor is the highest elected official and serves as chief executive officer of the City; she is elected in the general election to a four-year term without restriction as to number of terms. She is charged with the supervision of City government, subject to the provisions of the Charter. The Mayor reports annually to the Common Council on the state of the City, recommends an annual budget, appoints the head of every department and administrative unit of City government, except for the publicly elected Treasurer and Chief City Auditor, and executes contracts. There are twelve major City staff units in addition to the separately elected Treasurer and Chief City Auditor as shown in the City of Albany Organizational Chart on the previous page. Two elected officials, the Chief City Auditor and

the Treasurer, and the appointed Budget Director, under the Commissioner of Administrative Services, administer the financial affairs of the City. The Treasurer is the chief fiscal officer of the City and is responsible for the fiscal integrity of the City including cash management, claims processing, administering bank accounts and debt issuance. The Treasurer is responsible for the collection, custody, and deposit of all taxes and other funds due the City and processing payroll. The Budget Director's responsibilities include the preparation and administration of the City's operating and capital budgets and establishment and management of fiscal control systems and management studies. The Budget Director works closely with all departments to develop the annual budget and five-year capital plan.

DISCUSSION OF FINANCIAL OPERATIONS

Budgetary Procedure

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

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

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

2017 Budget Summary

A summary of the 2017 Budget is outlined below:

	Budget 2017
REVENUES	
Real Property Taxes	$ 57,700,000
Sales and Use Tax	34,111,580
Intergovernmental Revenues	860,880
State Aid	16,506,031
Charges for Services	12,136,271
Other Revenues	55,668,041
Appropriated Fund Balance	0
Total Revenues	$ 176,982,803
EXPENDITURES	
Personal Services	$ 75,537,241
Contractual Expenses	26,839,874
Employee Benefits	52,080,776
Debt Service	21,846,267
Equipment	678,645
Total Expenditures	$ 176,982,803

For additional detail of revenue and expenditures, the City's 2017 budget is available on the City website (albanyny.org).

Five-Year Capital Plan

As part of its budgeting process, the City prepares, on an annual basis, a five-year capital plan. This allows the City to anticipate capital spending and borrowing needs in a manner that lends greater stability and predictability to its budget process. The following table contains a summary of the City's five-year capital plan included in its 2017 budget.

	2017	2018	2019	2020	2021	Total Cost
Department of General Services						
Vehicles						
1 Small Pickups w/ Plows	75,000	80,000	80,000	-		235,000
2 3/4 Ton Pickups	70,000	73,500	-	-		143,500
3 Street Sweeper	185,000	-	195,000	-	200,000	580,000
4 All Purpose Van	-	76,000	-	42,000		118,000
5 Packers - 32 yard	260,000	260,000	275,000	300,000	300,000	1,395,000
6 Single Axle Dump Trucks (2)	-	310,000	-	340,000		650,000
7 1 Ton Dumps	120,000	-	132,000	138,000		390,000
8 Heavy Duty Utility Vehicle (Golf Course)	45,000	-				45,000
9 Tandem Axle Dump Truck	-	-	230,000	-	235,000	465,000
10 2 Small SUVs for Engineering & Supervis	85,000	-				85,000
11 One Ton Utility Truck	120,000	45,000	132,000	-		297,000
12 One Ton Rack Truck	-	60,000	-	66,000		126,000
13 One Ton Flipper Truck	-	-	120,000	-	120,000	240,000
Automated Top & Side Load Recycling						
14 Packer		-	-	-		-
15 Track Loader	360,000	-	-	-		360,000
16 Street Vacs	80,000	-	88,000	-		168,000
17 Medium Duty High Lift Forrest Bucket	-	-	-	206,000		206,000
Medium Duty Utility Vehicle (Golf						
18 Course)	-	14,000	-	-	-	14,000
19 Light Duty Utility Vehicle (Golf Course)	-	11,000	-	-	-	11,000
20 Loader	-	195,000	215,000	-	-	410,000
21 Small Rack Trucks	-	85,000	-	-	-	85,000
22 1 Heavy Duty Tow Behind Generator	-	100,000	-	-	-	100,000
23 1 Hot Box for Potholes	-	45,000	-	-	-	45,000
Subtotal	**1,400,000**	**1,354,500**	**1,467,000**	**1,092,000**	**855,000**	**6,168,500**
Equipment						
1 Rough Mower (Golf Course)	-	72,000	75,000	-	-	147,000
2 4-Wheel Drive Deck Mower	-	140,000	-	-	100,000	240,000
3 Yard Tractor	-	25,000	-	-	-	25,000
4 Bobcat w/ attachements	65,000	-	-	64,000	-	129,000
5 Front Mount Deck Mowers (3)	-	-	52,000	-	-	52,000
6 Single Axle Trailers	-	40,000	-	-	-	40,000
7 Loader Mounted Snow Blower	-	175,000	-	192,000	-	367,000
8 Large Trailers	-	100,000	-	-	-	100,000
9 Green Mower (Golf Course)	35,000	-	-	47,000	-	82,000
Subtotal	**100,000**	**552,000**	**127,000**	**303,000**	**100,000**	**1,182,000**

	2017	2018	2019	2020	2021	Total Cost
Engineering, Street and Facility Improvements						
1 Street Reconstruction	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	12,500,000
2 Street Reconstruction CDBG	26,061	26,061	26,061	26,061	26,061	130,305
3 Street Reconstruction CHIPS	1,553,000	1,553,000	1,553,000	1,553,000	1,553,000	7,765,000
4 Sidewalk Reconstruction	500,000	500,000	500,000	500,000	500,000	2,500,000
5 Sidewalk Reconstruction CDBG	104,135	104,135	104,135	104,135	104,135	520,675
6 A.D.A. Compliance	205,000	205,000	205,000	205,000	205,000	1,025,000
7 A.D.A. Compliance CDBG	26,061	26,061	26,061	26,061	26,061	130,305
8 Renovations to City Buildings	750,000	1,000,000	5,000,000	2,000,000	1,000,000	9,750,000
9 Bridge Improvements	-	250,000	250,000	250,000	250,000	1,000,000
10 Second St Sidewalk Project		210,000	-	-	-	210,000
11 Washington Park Improvements		150,000	150,000	150,000	150,000	600,000
12 TIP Pavement Preservation	3,000,000	-	-	-	-	3,000,000
12 Normanskill Improvements	-	150,000	150,000	150,000	150,000	600,000
13 City Hall Master Plan Study		-	-	-	-	-
14 Asbestos Abatement	250,000	100,000	100,000	100,000	100,000	650,000
15 Lincoln Park Pool Study	100,000	-	-	-	-	100,000
Subtotal	**9,014,257**	**6,774,257**	**10,564,257**	**7,564,257**	**6,564,257**	**40,481,285**
Landfill Operation and Restoration						
1 Pinebush Restoration Project		5,000,000	-	-		5,000,000
Subtotal	**-**	**5,000,000**	**-**	**-**		**5,000,000**
General Services Total	**10,514,257**	**13,680,757**	**12,158,257**	**8,959,257**	**7,519,257**	**52,831,785**
Planning Department						
1 Tivoli Park	250,000	-	-	-	-	250,000
2 Multi-Use Path	1,500,000	-	-	-	-	1,500,000
Planning Total	**1,750,000**	**-**	**-**	**-**	**-**	**1,750,000**
Police Department						
1 Vehicles	686,700	597,000	400,000	611,000	785,000	3,079,700
2 Special Use Vehicles	-	100,000	100,000	100,000	100,000	400,000
3 Lenco Bear Cat Armored Car	300,000	-	-	-	-	300,000
4 Facility Maintenance & Improvements	150,000	-	-	-	-	150,000
5 IT	260,000	-	-	-	-	260,000
Subtotal	**1,396,700**	**697,000**	**500,000**	**711,000**	**885,000**	**4,189,700**
Traffic Engineering						
1 Traffic Signal Equipment	-	800,000	800,000	800,000	800,000	3,200,000
2 Vehicles & Trailers	-	150,000	200,000	-	-	350,000
3 Roadway Safety Program (stripes/signs)	-	250,000	250,000	250,000	250,000	1,000,000
4 Madison Ave Final Design/Construction P	1,000,000	-	-	-	-	1,000,000
Subtotal	**1,000,000**	**1,200,000**	**1,250,000**	**1,050,000**	**1,050,000**	**5,550,000**
Police Department Total	**2,396,700**	**1,897,000**	**1,750,000**	**1,761,000**	**1,935,000**	**9,739,700**
Fire Department						
1 Firefighter Turnout Gear/SCBA	180,000	-	-	-	-	180,000
2 Firehouse Repairs	450,000	-	-	-	-	450,000
3 Tow Capable Support Staff Vehicle	45,000	-	-	-	-	45,000
4 Command Staff Vehicles	-	160,000	-	-	-	160,000
5 Pumper	-	535,000	150,000	-	540,000	1,225,000
Fire Department Total	**675,000**	**695,000**	**150,000**	**-**	**540,000**	**2,060,000**
Recreation						
1 Infrastructure & Building Improvements	150,000	-	100,000	70,000	50,000	370,000
2 Playground & Spraypad Equipment	566,250	175,000	150,000	100,000	100,000	1,091,250
3 Vehicles & Field Maintenance Equipment	142,000	164,100	30,000	60,000	98,000	494,100
Recreation Total	**858,250**	**339,100**	**280,000**	**230,000**	**248,000**	**1,955,350**
Grand Total	**16,194,207**	**16,611,857**	**14,338,257**	**10,950,257**	**10,242,257**	**68,336,835**
Non-City Funding	(2,175,507)					
Net Grand Total	**14,018,700**					

Financial Control Procedures

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

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

Accounting Practice and Independent Audits

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

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

Throughout this Official Statement**,** the financial information for 2012 through 2015 is derived from the City's audited financial statements. 2016 financial information is unaudited. The City's 2015 audited financial statements are attached to this Official Statement as APPENDIX – D.

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

FINANCIAL HISTORY OF THE CITY

General Fund

The City prepares and adopts a budget for each year pursuant to Article 6 of the New York Second Class Cities Law and the City of Albany Charter. The City's General Fund budget is prepared on a budgetary legal basis. Such basis is not in accordance with generally accepted accounting principles ("GAAP") in certain respects, principally adjustments for encumbrances. Budgetary accounting treats encumbrances as a charge against current year budgetary appropriations and unreserved fund balance is reduced. Under GAAP, encumbrances are recognized only as a reservation of fund balance. APPENDIX - A to this Official Statement, sets forth the results of operations of the City's General Fund for fiscal years ending December 31, 2010, 2011, 2012, 2013, 2014 and amounts budgeted for 2015 and 2016.

Albany Municipal Water Finance Authority and Albany Water Board

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

Since 1988, the Authority has issued additional special obligation revenue bonds, both to refund outstanding obligations and to finance new projects undertaken by the Water Board.

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

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

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

Revenues

The City has a relatively diversified revenue base, deriving 33% of General Fund revenues budgeted for fiscal 2017 from real estate taxes, 17% from intergovernmental (including State Aid) and departmental charges (including the landfill), 19% from sales and use taxes and 31% from miscellaneous other sources.

Real Property Tax Base

Approximately 63% of the City's property is tax-exempt, which decreases the City's real property tax base without a proportionate decrease in the need for many City services. While some of this property is owned by charitable institutions such as universities and hospitals, the major owner of tax-exempt property in the City is the State (60% of the tax exempt property). The City continues to seek additional special compensation from the State to offset this impairment of its real property tax base. State legislation enacted in 2000 and amended in 2005, 2006, 2012, 2013 and 2016 provides payments under Section 19-a of the Public Lands Law for the Empire State Plaza government complex. The statute provided for annual payments to the City of $22,850,000 through 2010 and then $15 million annually from 2011 through 2033. The 2012 amendment provided for a payment of $22,850,000 in 2012 and $7,150,000 in 2033. The 2013 amendment provided for a payment of $22,850,000 in 2013 and $7,150,000 in 2032. The 2016 amendment provided for a payment of $27,500,000 in 2016 and $1,800,000 in 2032. The City also received $12.5m in 2017 without any reduction in future PILOT payments. See "State Aid" and "Real Estate Property Tax" herein for further details. The City also receives PILOT payments from the State for properties occupied by the Dormitory Authority of the State of New York, the State Comptroller's Office and the New York State Department of Environmental Conservation.

Real Estate Property Tax

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

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

The 2016 unaudited PILOT payments totaled $32,435,189.

The 2017 budget anticipates $20,428,973 in PILOT payments.

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

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

(1) For description of the difference between the "PREVIOUS AMOUNT" and the "NEW AMOUNT" please see "Real Property Tax Base", herein.
(2) The City has received the payments as shown.

Sales Taxes

The City's sales and other non-property tax revenues are comprised of the State sales tax, utilities gross receipts tax, franchise tax, and privilege taxes on coin-operated machines. The sales tax is assessed, collected and monitored by the State. Of the current 8% sales tax collected in the County, the State keeps 4% and pays 4% to the County on a monthly basis. Through a 1986 act of the Albany County Legislature, the County shares 40% of its collected sales tax with the municipalities within its borders. The distribution percentages are based upon the municipalities' share of the County population at the last Federal census. Of the 40% shared with municipalities, the City receives 32.17% of the total. Although the County Legislature can decide to change the allocation of sales tax to its municipalities, the allocation has not been changed since it was first enacted in 1986. Prior to 1992, the sales tax was 7% and the County's share was 3%. Beginning in September 1992, the County Legislature requested the State Legislature to temporarily add 1% to the County's share of the tax, making the County's share 4%. Both the County and State Legislatures have extended the temporary increase every two years. The latest temporary increase expires on November 30, 2015.

The following table shows the City's sales tax receipts for the five years ended December 31, 2012 to 2016 and the amounts budgeted for 2017.

Sales Tax Receipts
For Fiscal Year Ending December 31

Year	Amount
2012	$ 30,639,852
2013	30,972,673
2014	32,303,484
2015	32,864,248
2016 (Unaudited)	33,150,041
2017 (Budgeted)	34,111,580

The following table shows the City's utilities gross receipts tax revenues for the five years ended December 31, 2012 to 2016 and the amounts budgeted for 2017. This tax is levied on commercial and industrial concerns, which produce a utility product and sell the oversupply, and owners or lessees of business buildings who purchase a utility service and resell all or a part of the quantity purchased.

Utilities Gross Receipts Tax Revenues
For Fiscal Year Ending December 31

Year	Amount
2012	$ 1,531,931
2013	1,547,037
2014	1,569,748
2015	1,371,359
2016 (Unaudited)	1,283,480
2017 (Budgeted)	1,500,000

Intergovernmental Charges

The following table shows the City's receipts for intergovernmental charges for the five years ended December 31, 2012 to 2016 and budgeted amounts for 2017. The main component of intergovernmental charges includes tipping fees from municipalities served by the Albany landfill. It also includes municipal contracts with the Albany Police Department Computer aided dispatch system.

Intergovernmental Charges
For Fiscal Year Ending December 31

Year	Amount
2012	$1,238,224
2013	962,625
2014	1,017,167
2015	990,072
2016 (Unaudited)	955,184
2017 (Budgeted)	860,880

State Aid

From 2005 to 2014, State aid (excluding 19-a PILOT payments) constituted between 9.4% and 13.1% of the City's General Fund revenues. State aid includes direct aid and grants and payments for certain services. In its General Fund for the 2016 fiscal year, the unaudited total $16,677,313, or 9.6% and for the 2017 fiscal year budgeted $16,440,653, or 9.3% of General Fund Revenue in State Aid.

The following table sets forth the percentage of General Fund revenues of the City comprised of State Aid for each of the fiscal years 2012-2016 and budgeted amounts for 2017:

State Aid Payments
Fiscal Year Ending December 31

Fiscal Year	General Fund Revenues	State Aid [1]	State Aid as a Percentage of General Fund Revenue
2011	$155,469,966	$16,824,315	10.8%
2012	168,832,044	19,178,604	11.4%
2013	163,637,956	18,310,161	11.2%
2014	157,811,170	17,052,018	10.8%
2015	162,636,661	21,018,420	12.9%
2016 (Unaudited)	173,612,620	16,677,313	9.6%
2017 (Budgeted)	176,982,803	16,440,653	9.3%

[1] Includes amounts received from the New York State Mortgage Recording Tax.
Source: City of Albany Treasurer's Office.

Appropriated Fund Balance

The City has used appropriated fund balance to help in balancing its budget for the past several years. The following table sets forth the amount of fund balance the City has appropriated to assist with balancing its budget for each of the fiscal years 2010-2016 as well as the amount actually applied for 2010-2015. In 2016, the City ended the year with an unaudited surplus of $5,976,748.

Fiscal Year	Fund Balance Appropriated in Budget	Actual Fund Bal. (Used)/ * Surplus	Year End Total Unassigned-Fund Balance
2010	$ (5,261,000)	$ 907,452	17,032,434
2011	(6,134,000)	2,841,141	19,873,575
2012	(5,635,000)	947,242	20,820,817
2013	(4,269,789)	(801,077)	19,990,783
2014	(9,801,000)	(9,651,855)	9,874,239
2015	(2,000,000)	(4,745,437)	(773,346)
2016 (Unaudited)	0	5,976,748	5,631,048

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

Expenses

In 2016, General Fund expenditures were budgeted at $176,196,944 compared to actual expenditures of $169,743,265. Of this amount, public safety constituted 37%, general government expenses constituted 10%, debt service constituted 12%, employee benefits constituted 31%, culture and recreation constituted 2%, transportation constituted 4%, community service constituted 3% and economic assistance and opportunity constituted less than 1%.

Debt Service

The General Fund debt service expenditures for the past five years as well as budgeted amounts for 2017 are as follows:

Debt Service
For Fiscal Year Ending December 31

Year	Amount
2012	$ 16,495,223
2013	18,622,638
2014	21,316,373
2015	20,176,152
2016 (Unaudited)	20,640,023
2017 (Budgeted)	21,846,267

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

Pension Payments

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

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

Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.

- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15% of non-overtime wages.

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

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

The following table shows the total actual payments made by the City to the State Systems in the years 2011-2016 and budgeted payments 2017.

City Payments
Fiscal Year Ending December 31:

Year	Amount
2011	$11,771,725 (1)
2012	12,763,522 (2)
2013	14,331,795 (3)
2014	14,898,915 (4)
2015	14,532,547 (5)
2016 (Unaudited)	15,827,925 (6)
2017 (Budgeted)	14,389,619

(1) In 2011 the City under the Chapter 57, Laws of 2010 amortized $1,699,524 of the total $13,471,249 retirement contribution.
(2) In 2012 the City under the Chapter 57, Laws of 2010 amortized $3,935,771 of the total $16,699,293 retirement contribution.
(3) In 2013 the City under the Chapter 57, Laws of 2012 amortized $6,005,734 of the total $20,337,529 retirement contribution.
(4) In 2014 the City under the Chapter 57, Laws of 2012 amortized $3,564,870 of the total $18,463,785 retirement contribution.
(5) In 2015 the City under the Chapter 57, Laws of 2012 amortized $879,798 of the total $15,412,345 retirement contribution.
(6) In 2016 the City under the Chapter 57, Laws of 2012 amortized $1,198,171 of the total $17,026,096 retirement contribution.

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

A chart of average ERS and PFRS rates (2014 to 2018) is shown below:

Year	ERS	PFRS
2014	20.9%	28.9%
2015	20.1	27.6
2016	18.2	24.7
2017	15.5	24.3
2018	15.3	24.4

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

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

Other Post-Employment Benefits

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

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits. OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 45 requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") is determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

Actuarial Valuation is required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

The City contracted with an actuarial firm to calculate its OPEB liability in accordance with GASB 45. The following tables show the components of the City's annual OPEB cost, the amount actuarially contributed to the plan, changes in the District's net OPEB obligation and funding status for the fiscal years ending December 31, 2015 and December 31, 2016.

Annual OPEB Cost and Net OPEB Obligation:	***2015***	***2016***
Annual required contribution (ARC)	$ 13,460,947	$ 20,166,258
Interest on net OPEB obligation	3,493,138	2,947,300
Adjustment to ARC	(3,192,510)	4,769,912
Annual OPEB cost (expense)	$ 13,761,575	$ 27,883,470
Contributions made	(9,941,835)	(16,589,455)
Increase in net OPEB obligation	3,819,740	11,294,015
Net OPEB obligation - beginning of year	69,862,766	73,682,506
Net OPEB obligation - end of year	$ 73,682,506	$ 84,976,521
Percentage of annual OPEB cost contributed	72.2%	59.50%
Funding Status:		
Actuarial Accrued Liability (AAL)	$ 268,767,415	$ 393,519,180
Actuarial Value of Assets	0	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 268,767,415	$ 393,519,180
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

Additional information regarding this information may be obtained from the City Treasurer's Office upon request. The City's audited financial statements are in full compliance with GASB 45.

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

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

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

Other Information

No principal or interest upon any obligation of the City is past due.

The fiscal year of the City ends December 31.

This Official Statement does not include the financial data of any political subdivision having power to levy taxes within the City.

New York State Comptroller Report of Examination

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

Key Findings:

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

Key Recommendations:

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

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

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

Fiscal Year Ending In	Stress Designation	Fiscal Score
2015	Significant Fiscal Stress	77.5%
2014	Significant Fiscal Stress	67.5%
2013	No Designation	40.0%

Source: Website of the Office of the New York State Comptroller.

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

TAX INFORMATION

Valuations

Years Ending December 31:	2013	2014	2015	2016	2017
Assessed Valuation	$ 4,808,007,415	$ 4,758,844,296	$ 4,754,839,169	$ 4,757,794,003	$ 4,837,259,196
State Equalization Rate	107.00%	111.71%	109.47%	105.80%	100.00%
Full Valuation	$ 4,493,464,874	$ 4,259,998,475	$ 4,343,508,878	$ 4,496,969,757	$ 4,837,259,196

Tax Rate Per $1,000 (Assessed)

Years Ending December 31:	2013	2014	2015	2016	2017
Homestead Rate	$10.28	$ 10.29	$10.82	$ 10.83	$ 10.79
Non –Homestead Rate	13.76	14.67	14.19	14.07	14.06

Tax Collection Record

Years Ending December 31:	2013	2014	2015	2016	2017
Total Tax Levy	$ 55,148,000	$ 56,048,000	$ 56,827,890	$ 56,827,890	$ 58,000,000
Uncollected End of Year	3,713,434	3,237,534	3,417,953 [1]	2,956,727	N/A
% Uncollected End of Year [2]	6.73%	5.78%	6.01%	5.20%	N/A

[1] Unaudited

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

Tax Collection Procedure

Tax payments are levied on January 1 of each year and are due and payable by January 31. A penalty of 4% is added for late payments made in February, and for payments made on or after March 1 an additional penalty is included at the rate of 1% per month. After December 31, payments must be made to the County Comptroller.

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

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

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Largest Taxpayers - (2017 Tax Roll)

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

Name	Type	Estimated Assessed Valuation
National Grid 555.-7	Utility	$ 138,427,019
National Grid 601.1	Utility	40,627,251
99 Washington Avenue	Office Building	38,750,000
Alexander at Patroon	Office Building	34,000,000
Washington Commoms	Commercial	22,866,700
Wal-Mart Stores	Commercial	20,000,000
HTA-1223 Washington., LLC	Office Building	16,591,400
Chapel 25 Hotel Assoc.	Commercial	14,121,300
Levine Investments LP	Office Building	13,601,200
HTA-Patroon Creek Blvd., LLC	Office Building	12,880,200

The largest taxpayers listed above have a total estimated assessed valuation of $351,865,070 which represents approximately 7.27% of the tax base of the City.

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

Payments In Lieu of Taxes

The following are the payments in lieu of taxes received in 2011-2016 and budgeted payments for 2017:

Payments In Lieu of Taxes
For Fiscal Year Ending December 31

Year	Amount
2011	$ 18,923,564
2012	27,191,038
2013	26,440,452
2014	19,475,487
2015	20,769,510
2016 (Unaudited)	32,435,189
2017 (Budgeted)	20,428,973

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31, 2012 through 2017:

	2013	2014	2015	2016	2017
Five-Year Average Full Valuation	$ 4,889,044,274	$ 4,726,285,236	$ 4,569,969,091	$ 4,475,479,812	$4,486,240,236
Tax Limit - 2% of Five-Year Average	97,780,885	94,525,705	91,399,382	89,509,596	89,724,805
Add: Exclusions From Tax Limit	18,351,000	20,642,800	21,548,400	20,890,908	21,380,207
Total Taxing Power	116,131,885	115,168,505	112,477,782	110,400,504	111,105,012
Less Total Levy	55,148,000	56,048,000	56,827,890	56,827,890	58,000,000
Tax Margin	$ 60,983,885	$ 59,120,505	$ 56,119,892$	$ 53,572,614	$ 53,105,012

Additional Tax Information

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

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

The estimated total annual property tax bill of a $200,000 market value residential property located in the City is approximately $7,377 including County, City, Library and School District taxes.

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

TAX LEVY LIMITATION LAW

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

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 15, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

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

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

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

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

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

(1) Such obligations are authorized for a purpose for which the City is not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations

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

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

Except on rare occasions the City complies with this estoppel procedure. It is a procedure that is recommended by Bond

Counsel, but it is not an absolute legal requirement.

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

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

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending December 31:	2012	2013	2014	2015	2016
Bonds	$ 106,607,827	$ 102,530,000	$ 87,505,000	$ 72,265,000	$ 72,724,579
Bond Anticipation Notes	20,520,000	20,686,085	29,138,785	43,425,299	38,846,812
Revenue Anticipation Notes	0	0	0	6,000,000	0
Other Debt	0	0	0	0	0
Totals	$ 127,127,827	$ 123,216,085	$ 116,643,785	$ 121,690,299	$ 111,571,391

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City evidenced by serial bonds and bond anticipation notes as of June 14, 2017:

Type of Indebtedness	Maturity	Amount
Bonds	2017-2025	$ 70,339,579
Bond Anticipation Notes		
Various Capital Improvements	June 30, 2017	$ 38,846,812 [(1)]
	Total Indebtedness	$ 109,186,391

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

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Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 14, 2017:

Five-Year Average Full Valuation of Taxable Real Property			$ 4,486,240,236
Debt Limit - 7% thereof			314,036,816
Inclusions:			
Bonds [1]	$ 70,339,579		
Bond Anticipation Notes	38,846,812		
Total Inclusions		$ 109,186,391	
Exclusions:			
Appropriations	$ 12,709,579		
Total Exclusions		$ 12,709,579	
Total Net Indebtedness Subject to Debt Limit			$ 96,476,812
Net Debt-Contracting Margin			$ 217,560,004
Percent of Debt Contracting Power Exhausted			30.72%

Estimate of Obligations to be Issued

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

Revenue and Tax Anticipation Notes

The City has requested and received accelerated payments of State aid and sales tax to assist in meeting cash flow requirements. In light of greater uncertainty in 2009 than in past years as to the likelihood of receiving such accelerated payments, the City issued revenue anticipation notes in the amount of $12,500,000 on December 10, 2009 which matured on January 29, 2010. The City again issued a revenue anticipation note for the same reason in the amount of $6,000,000 on December 22, 2015 which matured on January 22, 2016.

Bonded Debt Service

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

Authority Indebtedness

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

Estimated Overlapping Indebtedness

In addition to the City, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the City. Bonded indebtedness, including bond anticipation notes, is estimated as of the close of the 2015 fiscal year of the respective municipalities and is not adjusted to include subsequent bond issues, if any.

Municipality	Status of Debt as of	Gross Indebtedness [1]	Estimated Exclusions		Net Indebtedness	City Share	Applicable Indebtedness
County of:							
Albany	5/4/17	$ 281,482,943	$ 23,516,853	[2]	$ 257,966,090	19.20%	$ 49,529,489
School District:							
Albany	5/25/2017	140,424,353	119,781,973	[3]	20,642,380	100.00%	20,642,380
						Total:	$ 70,171,869

[1] Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.
[2] Sewer and water exclusions and budgeted appropriations.
[3] Estimated State Building aid.

Source: New York State Comptroller's Special Report on Municipal Affairs for fiscal years ending 2015.

Debt Ratios

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

Debt Ratios
As of June 14, 2017

	Amount Indebtedness	Per Capita [a]	Percentage of Full Valuation [b]
Net Indebtedness	$ 96,476,812	$ 983.34	1.99%
Net Indebtedness Plus Net Overlapping Indebtedness [c]	166,648,681	1,698.57	3.45%

[a] The 2016 Census population of the City is 98,111.
[b] The City's 2017 full value of taxable real estate is $4,837,259,196.
[c] Estimated net overlapping indebtedness is $70,171,869.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the City will enter into a Continuing Disclosure Undertaking, the form of which is attached hereto as "APPENDIX – C".

Historical Compliance

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

Due to a clerical oversight the City failed to file audited financial statements for the fiscal years ending December 31, 2009 and December 31, 2010 under a previous continuing disclosure undertaking. Such information was filed on EMMA on June 13, 2014, along with a failure to file notice. The original annual information filing for the fiscal year ending December 31, 2011 was intended to be submitted on EMMA on June 15, 2012 but, instead, the annual information for the fiscal year ending December 31, 2010 was inadvertently filed. The correct document was filed on April 23, 2015, along with an amendment to the June 30, 2014 failure to file notice. The City did not file material event notices with respect to rating changes for MBIA Insurance Corporation which insured the City's 2006 Bonds.

On March 17, 2011, the City issued refunding bonds, the proceeds of which were used to refund bonds issued in 1997, 2000 and 2001. The refunding escrow agreement was posted on EMMA in a timely manner, but no separate event notice was filed in connection with the refunding.

On June 28, 2012, the City issued refunding bonds, the proceeds of which were used to refund bonds issued in 2003. The refunding escrow agreement was posted on EMMA in a timely manner, but no separate event notice was filed in connection with the refunding.

The failure to file notice submitted on EMMA on June 13, 2014 was amended on April 24, 2015.

TAX MATTERS

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

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

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

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

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

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

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Legal Matters

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

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

ABSENCE OF LITIGATION

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

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

RATING

The Notes are <u>not</u> rated.

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

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

MUNICIPAL ADVISOR

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

CITY OF ALBANY

Dated: June 22, 2017

Honorable Darius Shahinfar
City Treasurer
and Chief Fiscal Officer

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	2012	2013	2014	2015	2016 (Unaudited)
ASSETS					
Cash on Hand	$ 24,712,921	$ 26,193,519	$ 11,706,111	$ 10,929,366	$ 8,883,737
Investments	-	-	-	-	
Receivables:					
Taxes - net	5,581,188	4,885,060	4,392,376	4,577,005	3,966,018
Landfill, net	1,231,518	782,537	1,144,337	1,286,815	911,320
Accounts Receivable	1,014,245	950,640	1,557,691	2,862,272	4,791,381
Other - net	-	-	-	-	639,158
State and Federal	3,047,892	4,188,316	1,789,566	1,429,159	1,484,628
Due from Other Funds	4,184,406	3,823,543	6,571,940	7,954,083	4,941,174
Due From Other Governments	10,586,433	8,706,645	15,012,723	15,324,068	19,190,422
Prepaid Expenses	-	-	-	-	
Other Assets	3,719,099	4,223,823	4,998,704	4,869,243	4,891,311
TOTAL ASSETS	$ 54,077,702	$ 53,754,083	$ 47,173,448	$ 49,232,011	$ 49,699,149
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 6,814,834	$ 5,594,368	$ 9,352,698	$ 9,491,963	$ 11,013,764
Accrued Liabilities	-	-	-	-	-
Due to Component Units	10,417,660	7,235,326	11,051,221	11,984,939	13,788,444
Notes Payable (RAN's)	-	-	-	6,000,000	-
Other Liabilities	225,128	250,051	259,403	257,653	285,052
Due to Other Funds	1,184,832	1,143,892	3,509,273	3,266,027	70,622
Due to Other Governments	12,635,586	17,146,665	13,073,519	13,211,118	12,879,921
Deferred Revenue	41,650	109,574	53,095	31,923	-
Accrued Interest on CABs	-	-		-	-
TOTAL LIABILITIES	31,319,690	31,479,876	37,299,209	44,243,623	38,037,803
FUND EQUITY					
Nonspendable					
Prepayments:	$ 3,703,083	$ 4,207,807	$ 4,211,079	$ 4,057,789	$ 3,697,048
Restricted for:					
Debt Service	2,010,939	2,251,580	2,020,243	1,261,574	1,835,274
Landfill Postclosure	914,457	915,514	915,714	915,897	-
Reserve for Solid Waste Mgmt. Facility	101,341	342,779	610,928	368,601	432,859
Other Restricted Fund Balance	-	-	-	73,467	65,117
Assigned for:					
Fund Appropriations	4,269,789	9,801,000	2,000,000	-	-
Unassigned:	11,758,403	4,755,527	116,275	(1,688,940)	5,631,048
					0
TOTAL FUND EQUITY	22,758,012	22,274,207	9,874,239	4,988,388	11,661,346
TOTAL LIABILITIES and FUND EQUITY	$ 54,077,702	$ 53,754,083	$ 47,173,448	$ 49,232,011	$ 49,699,149

Source: 2012-2015 Audited financial reports and 2016 Annual (unaudited) financial reports of the City.
This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	2012	2013	2014	2015	2016 (Unaudited)
REVENUES					
Real Property Taxes	$ 54,696,762	$ 54,888,967	$ 55,798,170	$ 56,706,034	$ 56,313,118
Real Property Tax Items	-	-	-	-	-
Sales and Use Tax	30,639,852	30,972,673	32,303,484	32,864,248	33,150,041
Other Taxes	3,071,076	3,063,041	3,071,045	2,835,274	2,962,756
Payments in Lieu of Taxes	27,191,038	26,440,452	19,475,487	20,769,510	32,435,189
Departmental Income					
Intergovernmental Revenues	23,610,779	21,322,935	21,815,427	23,079,005	17,767,646
Charges for Services	12,772,721	13,323,842	13,764,918	14,636,411	16,814,301
Fines, interest and penalities	5,102,697	5,327,258	4,369,494	4,675,351	4,381,765
Uses of money and properties	233,756	203,280	255,480	172,081	128,673
License and permits	2,596,426	2,192,543	2,851,219	3,316,918	3,417,212
Sale of Property and Compensation for Loss	-	-	-	-	-
Interfund Revenues	-	-	-	-	-
State Aid	-	-	-	-	-
Federal Aid	-	-	-	-	-
Miscellaneous	3,379,522	3,947,224	3,895,288	3,798,735	4,674,861
Total Revenues	$ 163,294,629	$ 161,682,215	$ 157,600,012	$ 162,853,567	$ 172,045,562
EXPENDITURES					
Public Safety and Regulation	$ 92,592,221	$ 89,964,974	$ 90,457,930	$ 91,818,649	$ 95,158,740
General Government	21,955,472	21,988,571	20,591,780	19,642,652	19,034,671
Health	-	-	-	-	243,960
Highway and Streets	6,308,779	6,735,712	6,946,790	6,591,805	8,133,919
Recreation and Culture	4,574,110	4,494,285	4,058,714	3,834,542	3,925,585
Community Service	9,439,586	8,902,696	8,340,571	8,124,298	7,000,718
Economic development and assistance	113,618	438	-	-	-
Employee Benefits	14,156,254	13,742,447	16,034,421	16,307,471	15,605,649
Debt Service	14,270,838	18,302,638	19,691,373	19,183,678	16,922,433
Total Expenditures	$ 163,410,878	$ 164,131,761	$ 166,121,579	$ 165,503,095	$ 166,025,675
Excess of Revenues Over (Under) Expenditures	(116,249)	(2,449,546)	(8,521,567)	(2,649,528)	6,019,887
Other Financing Sources (Uses):					
Operating Transfers In	-	1,242,988	-	35,363	868,271
Operating Transfers to Other Funds	(2,224,385)	(320,000)	(1,625,000)	(2,972,000)	(3,717,590)
Proceeds from sale of property	-	98,721	-	-	-
Proceeds from general obligation bonds/notes	1,601,644	944,032	261,531	700,011	698,787
Proceeds from other debt	2,951,830	-	-	-	-
Other sources	-	-	-	-	-
Total Other Financing	2,329,089	1,965,741	(1,363,469)	(2,236,626)	(2,150,532)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	2,212,840	(483,805)	(9,885,036)	(4,886,154)	3,869,355
FUND BALANCE					
Fund Balance - Beginning of Year	20,545,172	22,758,012	22,274,207	9,874,239	4,988,085
Residual Equity Transfers	-	-		-	-
Prior Period Adjustments (net)	-	-	(2,514,932)	-	2,803,864
Fund Balance - End of Year	$ 22,758,012	$ 22,274,207	$ 9,874,239	$ 4,988,085	$ 11,661,304

Source: 2012-2015 Audited financial reports and 2016 Annual (unaudited) financial reports of the City.
This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget

Fiscal Years Ending December 31:	2013	2014	2015	2016	2017
	Adopted Budget	Adopted Budget	Adopted Budget	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes & Items	$ 55,148,000	$ 56,048,000	$ 56,527,890	$ 56,527,890	$ 57,700,000
Sales & Use Tax	32,095,000	31,930,000	31,972,673	33,304,043	34,111,580
Other Taxes	3,445,000	3,430,000	3,097,500	2,999,500	2,969,000
Payments in Lieu of Taxes	26,032,000	19,045,000 [1]	20,989,632	20,458,291	20,428,973
Interest and Penalty on Taxes	260,000	260,000	236,000	205,000	200,000
Intergovernmental Revenues	1,020,000	1,115,000	874,095	885,615	860,880
Charges for Services	14,071,000	15,501,200	16,997,340	15,076,975	12,136,271
Traffic Violation Fines	5,076,000	5,115,000	7,016,400	7,068,400	5,204,300
Interest and Rental Income	257,000	290,000	5,393,318	3,752,798	3,460,700
Miscellaneous	4,700,066	4,493,200	12,929,775	21,629,881	8,774,645
State Aid	21,580,000	19,998,000	16,491,010	16,493,188	28,940,653
Federal Aid	1,645,000	1,515,400	204,404	1,140,827	1,130,423
Interfund Revenues	1,965,400	2,535,400	1,565,378	1,065,378	1,065,378
Total Revenues	$ 167,294,466	$ 161,276,200	$ 174,295,415	$ 180,607,786	$ 176,982,803
EXPENDITURES					
Public Safety and Regulation	$ 91,843,548	$ 91,855,921	$92,517,510	$93,821,215	$92,886,357
General Government	24,222,002	22,710,392	23,004,286	23,408,840	22,117,981
Highway and Streets	7,013,023	6,578,793	7,186,769	9,093,030	8,637,582
Recreation and Culture	4,726,066	4,512,017	4,318,776	4,189,712	4,207,824
Community Service	11,026,116	10,147,797	14,143,019	11,672,832	11,385,747
Employee Benefits	14,055,500	14,242,280	13,200,147	17,051,251	15,901,045
Miscellaneous	-	-	-	-	-
Debt Service	18,678,000	21,030,000	21,924,908	21,370,908	21,846,267
Total Expenditures	$ 171,564,255	$ 171,077,200	$ 176,295,415	$180,607,786	$176,982,803
Excess of Revenues Over (Under) Expenditures	(4,269,789)	(9,801,000)	(2,000,000)	-	-
Other Financing Sources (Uses):					
Operating Transfers In	-	-	-	-	-
Operating Transfers to Other Funds	-	-	-	-	-
Operating Transfers to Component Unit	-	-	-	-	-
Proceeds from Obligation	-	-	-	-	-
Other Financing Source	-	-	-	-	-
Total Other Financing	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(4,269,789)	(9,801,000)	(2,000,000)	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	4,269,789	9,801,000	2,000,000		
Residual Equity Transfers	-	-	-	-	-
Elimination of Encumbrances	-	-	-	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ -	$ -	$ -

[1] Significant decrease from prior year due to a $7,850,000 reduction in the annual payment received from the amendment to Section 19-A of the Public Lands Law of the State of New York.

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

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	Principal	Interest	Total
2017	$15,094,579	$2,249,990.54	$17,344,569.54
2018	15,360,000	1,646,289.80	17,006,289.80
2019	12,370,000	1,169,831.86	13,539,831.86
2020	12,715,000	815,300.72	13,530,300.72
2021	6,545,000	455,168.70	7,000,168.70
2022	3,905,000	255,168.20	4,160,168.20
2023	3,700,000	155,250.00	3,855,250.00
2024	1,500,000	61,050.00	1,561,050.00
2025	1,535,000	24,350.00	1,559,350.00
TOTALS	$72,724,579	$6,832,399.82	$79,556,978.82

CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE NOTES

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

(c) unscheduled draws on debt service reserves reflecting financial difficulties

(d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties

(e) substitution of credit or liquidity providers, or their failure to perform

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes

(g) modifications to rights of Note holders, if material

(h) note calls, if material and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the Notes

(k) rating changes

(l) bankruptcy, insolvency, receivership or similar event of the City

(m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material

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

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

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

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

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

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

CITY OF ALBANY

ALBANY COUNTY, NEW YORK

AUDITED FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

DECEMBER 31, 2015

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

CITY OF ALBANY,
NEW YORK

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

Year ended December 31, 2015

UHY LLP
Certified Public Accountants

CITY OF ALBANY, NEW YORK

TABLE OF CONTENTS

	Page
Independent Auditor's Report on the Financial Statements	1-2
Management's Discussion and Analysis	3-16
Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Balance Sheet – Governmental Funds	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Balance Sheet – Governmental Funds with the Statement of Position	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds with the Statement of Activities	22
Statement of Fiduciary Net Position – Fiduciary Funds	23
Combining Statement of Net Position – Discretely Presented Component Units	24
Combining Statement of Activities – Discretely Presented Component Units	25
Notes to Financial Statements	26-53
Required Supplementary Information	
Schedule of Revenues, Expenditures and Modified Budget and Actual – General and Special Revenue Fund	54
Schedule of the City's Proportionate Share of the Net Pension Asset / (Liability) – New York State Police and Fire Retirement System	55
Schedule of Contributions – New York State Police and Fire Retirement System	56
Schedule of the City's Proportionate Share of the Net Pension Asset / (Liability) – New York State and Local Employee's' Retirement System	57
Schedule of Contributions – New York State and Local Employees' Retirement System	58

INDEPENDENT AUDITOR'S REPORT

Members of the City Council
City of Albany, New York

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albany, New York (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Albany Parking Authority, the Albany Water Board, the Albany Industrial Development Agency, and certain other component units which collectively represent approximately 68% 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 aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

UHY LLP
Certified Public Accountants

Opinion

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, 2015, 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

Change in Accounting Principle

As described in Note 1 to the financial statements, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this item.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 16 and 54 and other required supplementary information on pages 55 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

UHY LLP

Albany, New York
September 27, 2016

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, 2015. 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, 2014.

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 S*tatement of Net Position* and the *Statement of Activities* delineate between the primary government (the City of Albany, plus the Albany Community Development Agency) and the City's component units[1]. 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, 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, excluding one of the Business Improvement Districts, has been reported in the City's financial statements. The fiduciary funds consist of the City Trust and the payroll accounts. Copies of the complete financial reports for the component units can be obtained by contacting the Treasurer's office of the City of Albany.

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

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

Reconciliation of Balance Sheet with Statement of Net Position

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

Net capital assets (fixed assets and infrastructure, minus accumulated depreciation) are reflected in the *Statement of Net Position*, but are not reported on the *Balance Sheet*. Long-term liabilities, such as bonds and loans payable, accrued post employment benefit obligation, and other long-term liabilities, are not reported as liabilities on the Balance Sheet but are reflected in the Statement of Net Position.

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

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

- Capital outlays are shown as expenditures on the *Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds*. However, only the depreciation expense of capital assets is reported on the S*tatement 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 2015 totaled $162.9 million and were under the final budget by $8.7 million. The General Fund expenses totaled $165.5 million and were $8.1 million lower than the final budget. While the 2015 City budget planned for a reduction in fund balance of $2.0 million, the fund balance actually lost $4.9 million for the year. The $2.6 million deficiency of revenues over expenses is added to other financing uses of $2.3 million which resulted in the fund balance ending the year at $5.0 million. The unassigned fund balance was at a $1.7 million deficit balance by year end.

Government-Wide Financial Statements

Statement of Net Position

Primary government total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by $5.6 million. This resulted in an increase of net position of approximately $3.9 million from 2014.

Total assets ($290.6 million) increased from 2014 by $9.6 million. The areas that increased are cash and cash equivalents (increased by $6.7 million), capital assets, net (increased by $3.6 million), accounts receivable, net (increased by $1.5 million) and due from other governments (increased by $1.0 million). The areas that decreased are cash and cash equivalents – restricted (decreased by $0.8 million) and prepaid and other assets (decreased by $3.6 million). The increase in cash and cash equivalents was primarily related to the sale of bond anticipation notes. The increase capital assets, net is the result of the increase in construction in process and machinery and equipment. The increase in accounts receivable, net is related to moneys due to the City for reimbursable health insurance claims and building demolition expenses. The increase in due from other governments is primarily related to funds due to the City from the state and federal government for capital projects.

Total liabilities ($310.3 million) increased by $19.8 million from 2014. The primary liabilities which increased were accounts payable and accrued expenses (increased by $0.8 million), due to component units (increased by $0.9 million), bond and revenue anticipation notes payable (increased by $20.3 million), accrued post employment benefit obligation (increased by $3.8 million), due to NYS Retirement System (increased by $0.4 million) and judgments and claims (increased by $1.6 million). There is a new category net pension liability which added $8.5 million to the total liabilities. The most significant decrease was bonds and loans payable (decreased by $15.9 million) and compensated absences (decreased by $0.6 million).

Accounts payable and accrued expenses increased as a result of a larger volume of invoices received at year end. The increase in due to component units is related to collecting for delinquent taxes on the Water Board's behalf. Bond and revenue anticipation notes payable increased as a result of issued bond anticipation notes related to 2015 capital projects and revenue anticipation notes in 2015. Due to NYS Retirement System increased because the City amortized the maximum portion of the 2015 contribution to NYS Retirement System. Judgments and claims increased as a result of a review and updated costs associated with prior claims performed by the City's third party worker's compensation administrator. Bonds and loans payable decreased as a result of the short maturities on recent bond issues. Compensated absences decreased as a result of employee turn-over and retirements.

The City of Albany's large Post-Employment Benefit Actuarial Accrual liability ($268.8 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 $73.7 million.

Deferred outflows of resources increased by $16.5 million from 2014 and deferred inflows of resources increased by $2.4 million from 2014 mainly due to the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* effective January 1, 2015.

Of the net position, $133.0 million is net invested in capital assets, and $1.6 million is restricted for program specific activities and for debt service, leaving a deficit balance in unrestricted net position of $140.2 million – a decrease from 2014 of $15.1 million. The total net position increased by $3.9 million. The increase is related to the adoption of GASB Statement No. 68.

Total capital assets including property and equipment after depreciation are valued at $207.7 million, with increases of approximately $18.4 million of additions to capital assets. Approximately $27.6 million of capital assets are not subject to depreciation, including approximately $5.0 million of land, and $22.6 million of construction in progress which is related to the City's landfill expansion project and state and federally funded transportation projects. A more detailed description of capital assets is found in Footnote 7.

Governmental Activities - Primary Government
Net Position at December 31, 2015
(in Millions)

	2015	2014	Increase/ (Decrease)
Total assets	$290.6	$281.0	$9.6
Total deferred outflows of resources	16.5	-	16.5
Total liabilities	310.3	290.5	19.8
Total deferred inflows of resources	2.4	-	2.4
Excess (deficiency) of assets and deferred outflows of resources over liabilities and deferred inflows of resources	**(5.6)**	**(9.5)**	**(10.2)**
Net invested in capital assets	133.0	113.0	20.0
Restricted for debt service and program activities	1.6	2.6	(1.0)
Unrestricted (deficiency)	(140.2)	(125.1)	(15.1)
Total Net Position	**($5.6)**	**($9.5)**	**$3.9**

Component Units

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $85.3 million – an increase of $1.1 million from 2014. Total assets and deferred outflows of resources ($157.7 million) decreased by $7.9 million. Net invested in capital assets increased by $6.9 million.

Total liabilities and deferred inflows of resources ($72.4 million) decreased by $9.0 million. Bonds and notes payable decreased $8.7 million. Net position increased $1.1 million from 2014 to 2015 due mostly to a significant increase in net position of the Water Board/Authority offset by the effect that the Capitalize Albany Corporation is no longer a component unit of the City effective January 1, 2015.

Governmental Activities - Component Units
Net Assets at December 31, 2015
(in Millions)

	2015	2014	Increase/ (Decrease)
Total assets and deferred outflows of resources	$157.7	$165.6	($7.9)
Total liabilities and deferred inflows of resources	72.4	81.4	(9.0)
Excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources	**85.3**	**84.2**	**1.1**
Net invested in capital assets	40.9	34.0	6.9
Restricted for debt service and program activities	-	0.2	(0.2)
Unrestricted	44.4	50.0	(5.6)
Total Net Position	**$85.3**	**$84.2**	**$1.1**

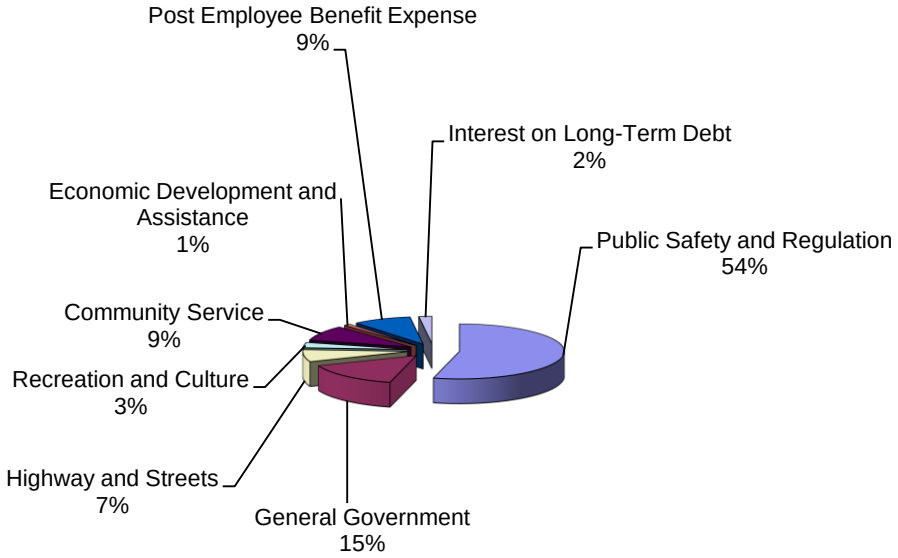
Statement of Activities

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

Governmental Activities - Expenses
(in Millions)

Governmental Functions	2015	2014	Increase/ (Decrease)	% of Change
Public Safety and Regulation	$94.2	$94.6	($0.4)	0%
General Government	26.4	28.9	(2.5)	-9%
Highway and Streets	12.6	11.2	1.4	13%
Recreation and Culture	4.7	5.1	(0.4)	-8%
Community Service	15.9	20.8	(4.9)	-24%
Economic Development and Assistance	2.6	4.3	(1.7)	-40%
Post Employee Benefit Expense	15.4	14.8	0.6	4%
Interest on Long-Term Debt	3.0	3.2	(0.2)	-6%
Total	**$174.8**	**$182.9**	**($8.1)**	**-4%**

Functional Expenses – Primary Government



Public Safety accounts for 54 percent of expenses, while General Government is at 15 percent and Community Services accounts for 9 percent. Post-Employment Benefits, which consist of retiree health care costs as well as the accrued liability for health care costs for active employees upon retirement, accounts for 9 percent of expenses.

Expenses decreased from 2014 by $8.1 million.

General Government expenses of $26.4 million decreased by $2.5 million and are offset by $3.5 million in charges for services most of which came from permit, license and inspection fees. Community Service expenses of $15.9 million decreased by $4.9 million and are offset by $2.6 million in grants related to the Albany Community Development Agency and $12.7 million in charges for services, the largest part of which is revenue generated from private companies and other localities who use the city-owned regional

landfill. Public Safety expenses of $94.2 million decreased by $0.4 million and are offset by $9.5 million in charges for services and $3.9 million in grant funds for COPS hiring, urban security, truancy, and motor vehicle theft prevention programs. Highway and Streets expenses of $12.6 million increased by $1.4 million and are offset by $7.4 million in capital grants and contributions and $0.1 million in charges for services.

Revenues increased from 2014 by $7.3 million.

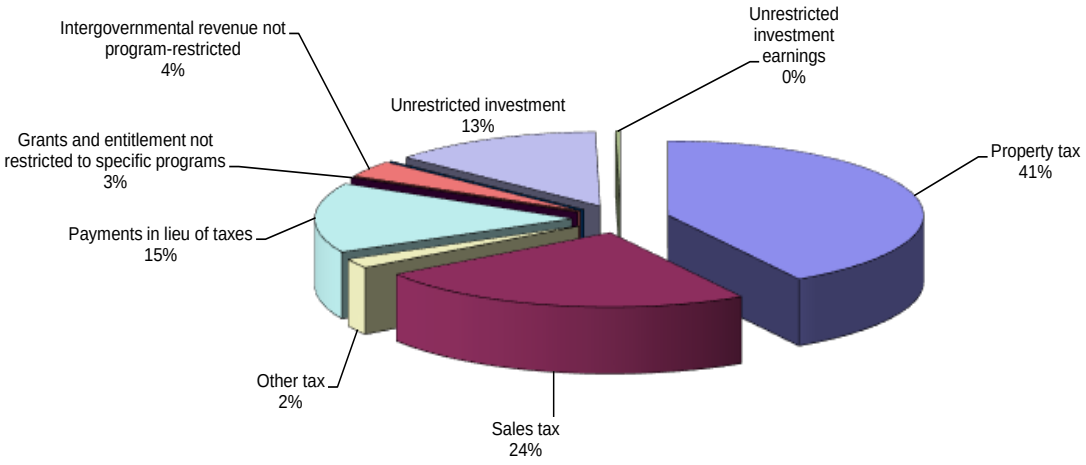
Total general revenues ($136.7 million) increased by $7.3 million. Property taxes ($56.7 million) increased by $0.9 million, sales tax revenue ($32.9 million) increased by $0.6 million. Payments in lieu of taxes ($20.8 million) increased by $1.4 million. Grants and entitlements not restricted to specific programs ($4.9 million) increased by $0.4 million, intergovernmental revenue not program restricted ($18.2 million) increased by $4.2 million in 2015.

Governmental Activities - General Revenues
(in Millions)

Revenues	**2015**	**2014**	**Increase/ (Decrease)**	**% of Change**
Property tax	$ 56.7	$ 55.8	$ 0.9	2%
Sales tax	32.9	32.3	0.6	2%
Other tax	2.8	3.1	(0.3)	-10%
Payments in lieu of taxes	20.8	19.4	1.4	7%
Grants and entitlement not restricted to specific programs	4.9	4.5	0.4	9%
Intergovernmental revenue not program restricted	18.2	14.0	4.2	30%
Other	0.4	0.3	0.1	33%
Total General Revenues	**$ 136.7**	**$ 129.4**	**$ 7.3**	**6%**

The following chart indicates the relative percentages of general revenues:

Governmental Activities – General Revenues
(in $ Millions)



Component Units

Revenues of the Component Units totaled $54.5 million, which is a decrease of $8.5 million from 2014. The overall expenses of the Component Units totaled $42.1 million a decrease of $0.2 million. The Water Board/Water Authority accounts for the majority of the overall expenses among the component units. The following is a summary of the relative revenues and expenses of the component units, which excludes the Albany Community Development Agency because it is a blended component unit and is therefore included with the Primary Government in the S*tatement of Activities.* The Capitalize Albany Corporation conducted a component unit status review and it was determined it is no longer a component unit of the City effective January 1, 2015.

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

Component Units - Revenues
(in Millions)

Component Units	2015	2014	Increase / (Decrease)	% of Change
Water Board / Water Authority	$38.6	$38.2	$0.4	1%
Albany Parking Authority	7.1	5.9	1.2	20%
Albany IDA	1.2	1.9	(0.7)	-37%
Albany Port District Commission	6.4	12.0	(5.6)	-47%
Capitalize Albany Corporation	0.0	3.2	(3.2)	-100%
Other Component Units (BIDS)	1.2	1.8	(0.6)	-33%
Total	**$54.5**	**$63.0**	**($8.5)**	**-13%**

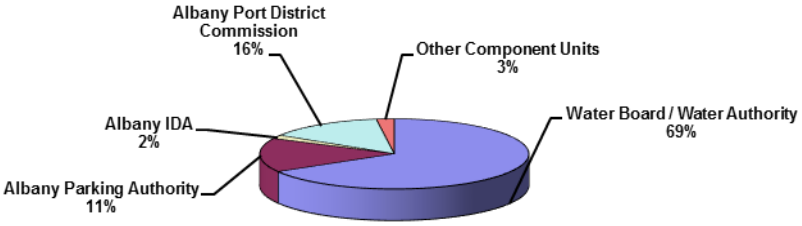
The following table indicates the relative value of expenses (including depreciation) for the component units:

Component Units - Expenses
(in Millions)

Component Units	2015	2014	Increase / (Decrease)	% of Change
Water Board / Water Authority	$28.0	$28.6	($0.6)	-2%
Albany Parking Authority	6.6	5.0	1.6	32%
Albany IDA	0.7	0.7	-	0%
Albany Port District Commission	5.9	5.4	0.5	9%
Capitalize Albany Corporation	0.0	1.7	(1.7)	-100%
Other Component Units	0.9	0.9	0.0	0%
Total	**$42.1**	**$42.3**	**($0.2)**	**0%**

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

Component Units –
2015 Expenses



Governmental Funds Financial Statements

Governmental Funds Balance Sheet

Assets increased by $9.8 million. The largest increase ($6.8 million) is in cash and cash equivalents as a result of issuing revenue anticipation notes for short-term cash requirements.

Liabilities and deferred inflows of resources increased by $22.9 million due mostly to an increase of $20.3 million in bond and revenue anticipation notes payable. Accounts payable and accrued expenses increased $0.8 million from a higher volume of invoices received at year end. Due to other funds increased by $0.4 million as a result of payments made for capital projects at the end of the year and due to component units increased by $0.9 million from collecting delinquent water fees for the Water Board.

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 $4.9 million. The non-spendable portion consists of $4.1 million in prepayments, primarily to the state retirement plan. The restricted fund balance includes $1.3 million for debt service, $0.9 million for landfill post closure expenses, $0.4 million for the solid waste management facility and $0.1 million for other. There is no assigned fund balance to be appropriated to the 2016 budget. The unassigned general fund balance totals a deficit of $1.7 million.

Governmental Funds - Balance Sheet

	2015	2014	Increase / (Decrease)
Total assets and deferred outflows of resources	$93.2	$83.4	$9.8
Total liabilities and deferred inflows of resources	104.8	81.9	22.9
Total fund balances	**($11.6)**	**$1.5**	**($13.1)**

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	56.5	56.5	56.7	0.2	0.0	0.0	0.0	0.0
Sales and use taxes	32.0	32.0	32.9	0.9	0.0	0.0	0.0	0.0
Other taxes	3.1	3.1	2.8	(0.3)	0.0	0.0	0.0	0.0
Payments in lieu of taxes	21.0	21.0	20.8	(0.2)	0.0	0.0	0.0	0.0
Intergovernmental revenue	22.2	23.3	23.1	(0.2)	2.6	2.6	2.4	(0.2)
Charges for services	15.5	15.5	14.6	(0.9)	0.0	0.0	0.0	0.0
Fines, interest and penalties	7.0	7.0	4.7	(2.3)	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	2.3	3.0	3.3	0.3	0.0	0.0	0.0	0.0
Other revenues	9.7	10.1	3.8	(6.3)	0.0	0.0	0.0	0.0
Total revenues	169.4	171.6	162.9	(8.7)	2.6	2.6	2.4	(0.2)
EXPENDITURES								
Public safety and regulation	92.5	94.7	91.8	(2.9)	0.0	0.0	0.0	0.0
General government	23.0	22.5	19.7	(2.8)	0.0	0.0	0.0	0.0
Highways and streets	7.2	7.4	6.6	(0.8)	0.0	0.0	0.0	0.0
Recreation and culture	4.3	4.3	3.8	(0.5)	0.0	0.0	0.0	0.0
Community service	9.2	9.6	8.1	(1.5)	0.0	0.0	0.0	0.0
Economic development and assistance	0.0	0.0	0.0	0.0	2.6	2.7	2.4	(0.3)
Employee benefits	13.2	13.2	16.3	3.1	0.0	0.0	0.0	0.0
Debt service	22.0	21.9	19.2	(2.7)	0.0	0.0	0.0	0.0
Total expenditures	171.4	173.6	165.5	(8.1)	2.6	2.7	2.4	(0.3)
Excess (deficiency) of revenues and appropriated fund balance over expenditures	(2.0)	(2.0)	(2.6)	(0.6)	0.0	(0.1)	0.0	0.1
OTHER FINANCING SOURCES (USES)								
General fund allocation	2.0	2.0	0.0	(2.0)	0.0	0.0	0.0	0.0
Transfers	0.0	0.0	(3.0)	(3.0)	0.0	0.0	0.0	0.0
Proceeds from the issuance of other debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Premium on bond anticipation notes issued	0.0	0.0	0.7	0.7	0.0	0.0	0.0	0.0
Total other financing sources (uses)	2.0	2.0	(2.3)	(4.3)	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	(4.9)	(4.9)	0.0	(0.1)	0.0	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 $162.9 million, which were $8.7 million less than the final adopted budget but $5.3 million more than 2014. The most significant variances in revenue include the following:

Real property taxes were over budget by $0.2 million which is the result of the tax levy increase and a lower amount of Supreme Court orders. The total tax levy yielded an additional $0.9 million in revenue from last year.

Sales and use taxes revenue was $0.9 million over budget and it was $0.6 million higher than 2014, which reflects some improvement in county-wide economic activity.

Other taxes were $0.3 million under budget. Utility gross receipts taxes were $0.3 million lower than last year.

Payments in lieu of taxes finished the year lower than budget by $0.2 million. PILOT revenue actually increased by $1.3 million from last year as a result of private businesses making voluntary payments for the first time.

Intergovernmental revenue was $0.2 million under budget however it was $1.3 million more than 2014. The increase is primarily from additional money provided by the State Financial Restructuring Board.

Charges for services were $0.9 million under budget and $0.9 million more than 2014. Most of this increase from last year is related to higher landfill revenues.

Fines, interest and penalties ended the year $2.3 million under budget. Most of this is related to red light ticket revenue that was not received and parking ticket revenue that was under budget for the year.

Use of money and properties was $0.1 million over budget. The cell tower lease fees and interest earned contributed most of the revenue in this category.

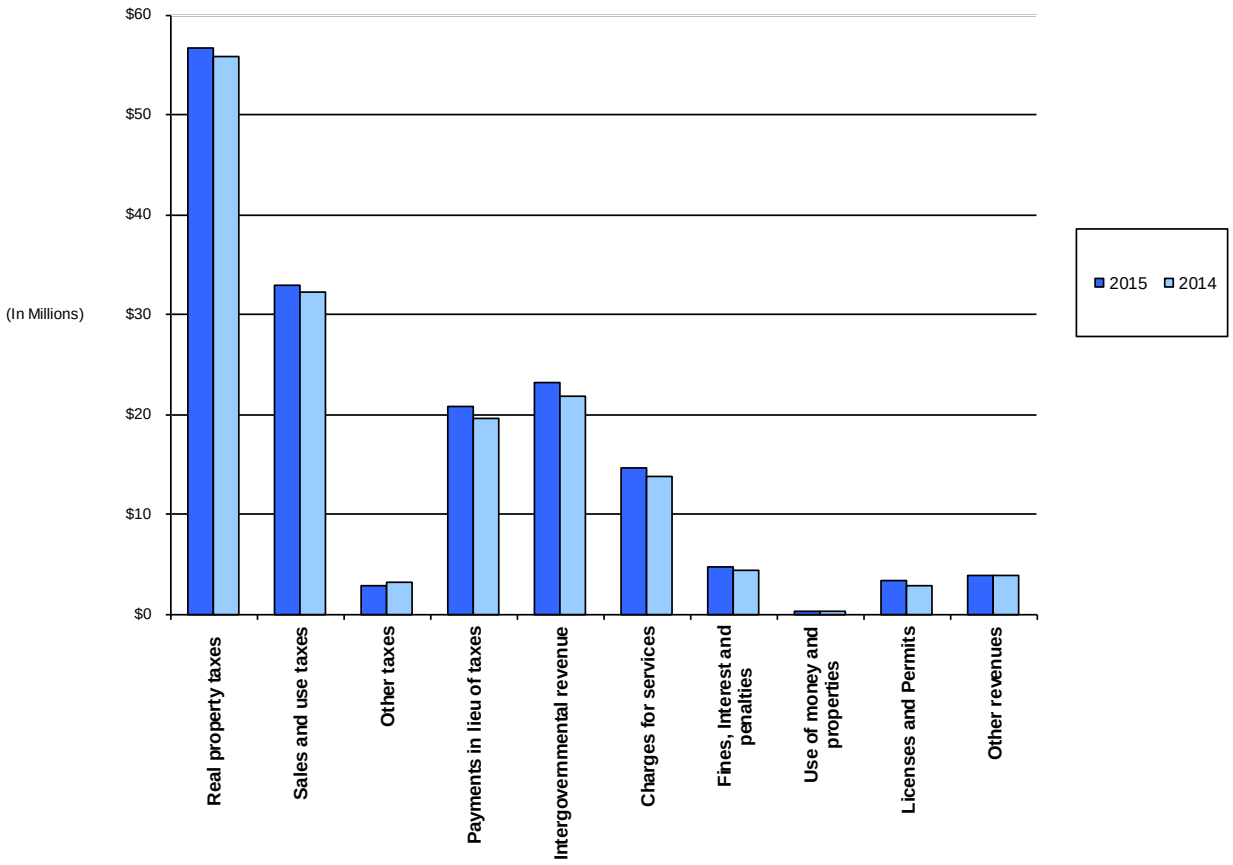
Licenses and permits finished the year $0.3 million over budget and $0.5 million higher than 2014. Revenues from demolition charges, street opening permits, plumbing permits and electrical permits were higher than last year.

Other revenues were $6.3 million under budget although it was only $0.1 million lower than 2014. The budget shortfall is primarily related to delay from the State for the purchase of Coeymans property.

Govermental Funds - General Fund Revenues 2015 to 2014 Variance
(In Millions)

Revenues	2015	2014	2015 Over/(Under) 2014
Real property taxes	$56.7	$55.8	$0.9
Sales and use taxes	32.9	32.3	0.6
Other taxes	2.8	3.1	(0.3)
Payments in lieu of taxes	20.8	19.5	1.3
Intergovernmental revenue	23.1	21.8	1.3
Charges for services	14.7	13.8	0.9
Fines, interest and penalties	4.7	4.4	0.3
Use of money and properties	0.2	0.2	0.0
Licenses and permits	3.3	2.8	0.5
Other revenues	3.8	3.9	(0.1)
Total revenues	$162.9	$157.6	$5.3

Governmental Funds – General Fund Revenues 2015 to 2014 Variance



Expenses

Total expenditures of $165.5 million were $8.1 million less than the final budget and $0.6 million lower than 2014.

Public safety and regulation spending ($91.8 million) was $2.9 million less than the final budget even though it was $1.3 million higher than 2014. State pension contributions were lower than budget for the Police and Fire Department by a combined total of $3.9 million. Some of these savings were lost because of the Police Department's worker's compensation expense was $0.8 million over budget.

General government spending ($19.7 million) was $2.8 million less than final budget and $0.9 million lower than 2014. Most of the departments in this category came in at or below budget.

Highway and streets spending ($6.6 million) was $0.8 million under budget and $0.3 million less than 2014.

Recreation and culture spending ($3.8 million) was $0.5 million lower than final budget and $0.3 million less than 2014. Most of the departments in this category came in at or below budget.

Community service spending ($8.1 million) was $1.5 million less than final budget and $0.2 million lower than 2014. Most of the departments in this category came in below budget.

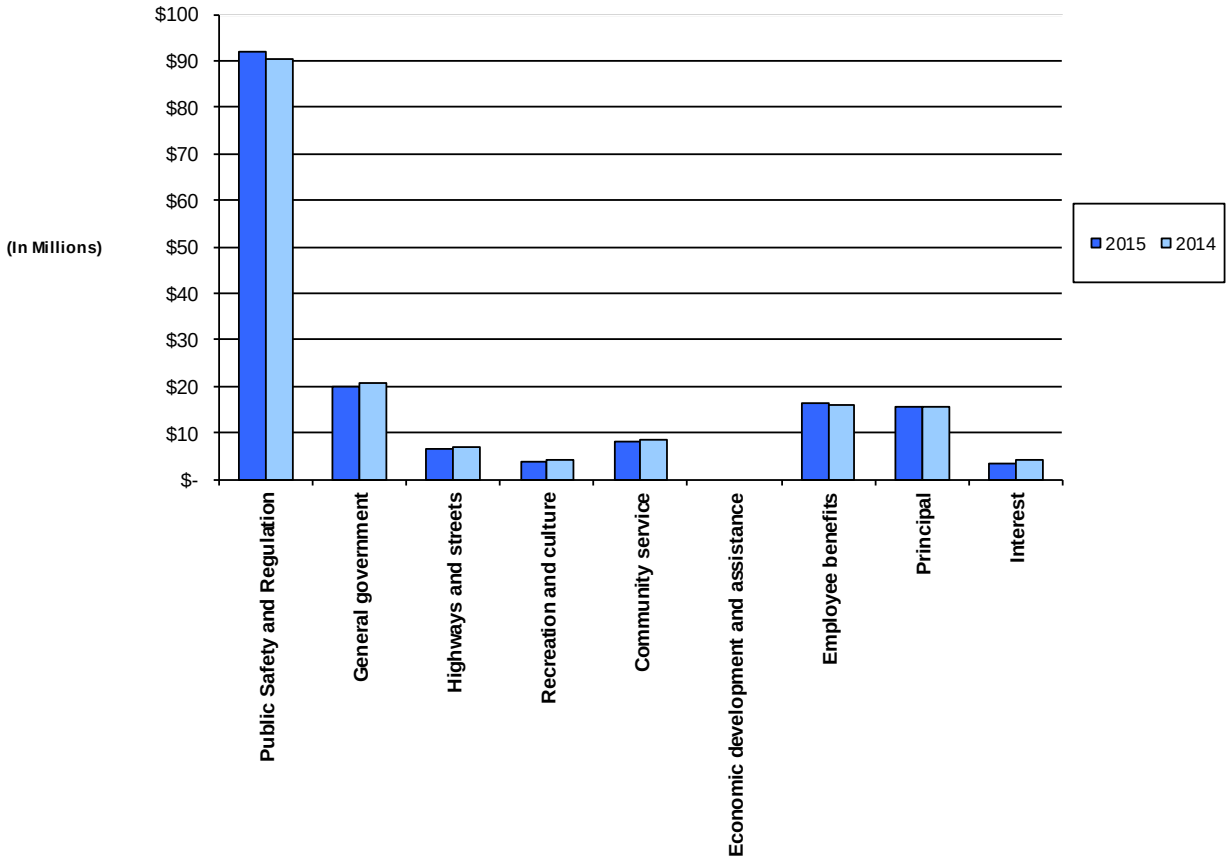
Employee benefits expense ($16.3 million) was $3.1 million over budget but only $0.3 million more in 2015 compared to last year. Retiree health insurance expense was $3.3 million over budget for the year. The City is self-insured and pays the actual claims for employees in the Empire Blue Cross plan. These expenses can vary widely from year to year. Actual expenses related to these claims resulted in an increase of $0.2 million in costs from 2014. NYS Unemployment Insurance and worker's compensation administration expenses came in under budget in 2015.

Debt service payments ($19.2 million) was $2.7 million below budget and $0.5 million lower than 2014. The decrease is related to refunding older serial bonds and receiving a lower interest rate. The City made a larger required paydown on the bond anticipation notes for 2015 while this expense is not included with the debt service line it is included with the other financing sources (uses) for financial statement purposes.

Govermental Funds - General Fund Expense 2015 to 2014 Variance
(In Millions)

Expenditures	2015	2014	2015 Over/(Under) 2014
Public safety and regulation	$ 91.8	$ 90.5	$ 1.3
General government	19.7	20.6	(0.9)
Highways and streets	6.6	6.9	(0.3)
Recreation and culture	3.8	4.1	(0.3)
Community service	8.1	8.3	(0.2)
Economic development and assistance	0.0	0.0	0.0
Employee benefits	16.3	16.0	0.3
Principal	15.7	15.5	0.2
Interest	3.5	4.2	(0.7)
Total expenditures	$165.5	$166.1	($0.6)
Excess of operating revenues over expenditures	($2.6)	($8.5)	$5.9

General Government – General Fund Expenditures 2015 to 2014 Variance



DEBT

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

In July 2015, the City issued various BANS of $43,425,299 at an interest rate of 2.00%.

The proceeds of the notes, along with available funds were used to redeem a portion of the $29,138,785 BANs issued in July 2014 and matured on July 2, 2015 and to provide new funds for the expenses of current capital projects including the landfill expansion.

Capital Leases
The City entered into no new capital lease agreements in 2015.

Debt Ceiling
Of the outstanding indebtedness, approximately $115,690,299 was subject to the statutory debt limit, using approximately 34% of the City's $337,857,846 statutory debt limit.

CREDIT RATINGS AND BOND INSURANCE

The City of Albany currently has a credit rating from Standard & Poor's insured bond rating of AA with a stable outlook and an underlying bond rating of A+ with a negative outlook for the bonds. 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 2015, the City expended $18.4 million on capital projects and acquisitions. This includes the landfill expansion and Federal and State funds for transportation and infrastructure projects, funds secured through General Obligation Bonds and Bond Anticipation Notes, and appropriations from the City's General Fund. The following are some of the major sources of capital expenditures:

Capital Acquisition, Construction and Expenditures	
Street and Sidewalk Construction	$ 4.8 Million
Vehicles and Equipment	$ 2.7 Million
Landfill Equipment and Expansion	$ 1.3 Million
Public Safety Equipment	$ 6.5 Million
Local Economic Development	$ 1.1 Million

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

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CITY OF ALBANY, NEW YORK
STATEMENT OF NET POSITION
December 31, 2015

	Primary Government	Component Units
ASSETS		
Cash and cash equivalents	$ 39,806,492	$ 12,801,765
Cash and cash equivalents - restricted	2,177,771	3,944,277
Investments	-	17,981,139
Investments, restricted	-	6,211,078
Taxes receivable	4,577,005	-
Accounts receivable, net	4,158,451	11,129,905
Mortgage loans receivable	9,169,779	131,970
Due from primary government	-	9,988,718
Due from other governments	14,156,955	-
Due from other funds	681,552	-
Due from component units	6,095,359	-
Prepaid and other assets	1,599,270	1,731,175
Property held for investment, lease or sale	522,913	-
Capital assets, net	207,659,844	92,930,882
Total assets	$ 290,605,391	$ 156,850,909
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows resulting from refunding of debt, net	$ -	$ 254,281
Deferred bond insurance premiums, net	-	131,409
Deferred outflows related to net pension liability	16,509,183	499,986
Total deferred outflows of resources	$ 16,509,183	$ 885,676
LIABILITIES		
Accounts payable and accrued expenses	$ 13,119,082	$ 4,496,834
Accrued interest payable	1,485,014	1,389,619
Unearned revenue	9,035,732	154,496
Due to other governments	13,211,118	-
Due to primary government	-	131,970
Due to component units	11,984,939	-
Other liabilities	392,236	255,097
Bond and revenue anticipation notes payable	49,425,299	-
Bonds and loans payable	74,760,253	60,491,880
Accrued post employment benefit obligation	73,682,506	3,789,459
Net pension liability	8,526,822	247,406
Compensated absences	16,498,024	-
Due to NYS Retirement System	13,128,904	-
Judgments and claims	15,662,968	-
Landfill post-closure costs	8,733,046	-
Retainage payable on long-term contracts	207,092	-
Capital lease obligations	455,000	1,109,718
Total liabilities	$ 310,308,035	$ 72,066,479
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to net pension liability	$ 2,145,383	$ 25,994
Deferred inflows related to sales of future revenue	263,693	284,384
Total deferred outflows of resources	$ 2,409,076	$ 310,378
NET POSITION		
Net invested in capital assets	$ 132,967,504	$ 40,935,375
Restricted for:		
Program specific activities	368,601	-
Debt service	1,261,574	-
Unrestricted (deficiency)	(140,200,216)	44,424,353
Total net position	$ (5,602,537)	$ 85,359,728

See notes to financial statements.

CITY OF ALBANY, NEW YORK
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government	Net (Expense) Revenue and Changes in Net Position: Component Units
Primary Government:						
Public safety and regulation	$ 94,196,846	$ 9,511,422	$ 3,861,131	$ -	$ (80,824,293)	$ -
General government	26,418,501	3,525,912	-	-	(22,892,589)	-
Highways and streets	12,639,932	72,332	-	7,423,004	(5,144,596)	-
Recreation and culture	4,702,423	1,628,456	-	-	(3,073,967)	-
Community service	15,942,692	12,666,546	2,593,962	-	(682,184)	-
Economic development and assistance	2,614,402	-	-	-	(2,614,402)	-
Post employment benefit expense	15,361,680	-	-	-	(15,361,680)	-
Interest on long-term debt	2,961,586	-	-	-	(2,961,586)	-
Total governmental activities	174,838,062	27,404,668	6,455,093	7,423,004	(133,555,297)	-
Component Units:						
Albany Water Board and Municipal Water Finance Authority	28,222,224	38,577,580	-	-	-	10,355,356
Albany Parking Authority	6,908,366	7,055,684	-	-	-	147,318
Albany Industrial Development Agency	757,506	1,186,758	-	-	-	429,252
Albany Port District Commission	5,926,298	5,461,601	958,692	-	-	493,995
Other component units	873,785	1,199,187	-	-	-	325,402
Total component units	$ 42,688,179	$ 53,480,810	$ 958,692	$ -	$ -	11,751,323
General Revenues:						
Property tax					56,706,034	-
Sales tax					32,864,248	-
Other tax					2,835,274	-
Payments in lieu of taxes					20,769,510	-
Grants and entitlements not restricted to specific programs					4,904,532	-
Intergovernmental revenue not program-restricted					18,205,292	-
Gain (Loss) on sale of capital assets					(103,854)	228,148
Other revenues					476,724	-
Unrestricted investment earnings					18,699	395,835
Total general revenues					136,676,459	623,983
Change in net position					3,121,162	12,375,306
Net position, beginning of year, as previously reported					(9,488,190)	72,984,422
Cumulative effect of adjustments relating to prior periods					764,491	-
Net position, beginning of year, adjusted					(8,723,699)	72,984,422
Net position, end of year					$ (5,602,537)	$ 85,359,728

See notes to financial statements.

CITY OF ALBANY, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2015

	General	Special Revenue	Capital Projects	Other Governmental Fund	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Cash and cash equivalents	$ 8,751,595	$ 1,269,380	$ 28,864,497	$ 921,020	$ 39,806,492
Cash and cash equivalents - restricted	2,177,771	-	-	-	2,177,771
Taxes receivable	4,577,005	-	-	-	4,577,005
Accounts receivable, net	2,862,272	-	9,364	-	2,871,636
Landfill receivable, net	1,286,815	-	-	-	1,286,815
Mortgage loans receivable	-	-	-	9,169,779	9,169,779
Due from other funds	7,954,083	41,104	-	9,965	8,005,152
Due from component units	6,095,359	-	-	-	6,095,359
Due from federal and state governments	1,429,159	11,219	2,483,035	960,653	4,884,066
Due from other governments	9,228,709	14,180	30,000	-	9,272,889
Other assets	4,869,243	50,568	-	115,476	5,035,287
Total assets	49,232,011	1,386,451	31,386,896	11,176,893	93,182,251
Deferred outflows of resources	-	-	-	-	-
Total assets plus deferred outflows of resources	$ 49,232,011	$ 1,386,451	$ 31,386,896	$ 11,176,893	$ 93,182,251
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Bond and revenue anticipation notes payable	$ 6,000,000	$ -	$ 43,425,299	$ -	$ 49,425,299
Accounts payable and accrued expenses	9,491,963	54,078	2,920,705	652,336	13,119,082
Due to other funds	3,266,027	1,586,798	2,034,740	436,035	7,323,600
Due to component units	11,984,939	-	-	-	11,984,939
Due to other governments	13,211,118	-	-	-	13,211,118
Unearned revenue	31,923	120,631	-	8,883,178	9,035,732
Other liabilities	257,653	-	-	134,583	392,236
Total liabilities	44,243,623	1,761,507	48,380,744	10,106,132	104,492,006
Deferred inflows of resources	-	-	263,693	-	263,693
Fund Balances					
Nonspendable:					
Prepayments	4,057,789	50,568	-	3,086	4,111,443
Restricted for:					
Debt Service	1,261,574	-	-	-	1,261,574
Landfill Postclosure	915,897	-	-	-	915,897
Solid Waste Management Facility	368,601	-	-	-	368,601
Other	73,467	-	-	-	73,467
Committed for:					
Choose Albany Program	-	-	-	91,830	91,830
Neighborhood Commercial Façade Program	-	-	-	75,000	75,000
West Hill Neighborhood Strategic Plan	-	-	-	45,000	45,000
Washington Park Skate Park	-	-	-	90,000	90,000
City High-Speed Internet Grant	-	-	-	20,000	20,000
Assigned for:			-		
Other purposes	-	-	-	745,845	745,845
Unassigned balances (deficiency):	(1,688,940)	(425,624)	(17,257,541)	-	(19,372,105)
Total fund balances (deficiency)	4,988,388	(375,056)	(17,257,541)	1,070,761	(11,573,448)
Total liabilities, deferred inflows of resources and fund balances	$ 49,232,011	$ 1,386,451	$ 31,123,203	$ 11,176,893	$ 92,918,558

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, 2015

	General	Special Revenue	Capital Projects	Other Governmental Fund	Total Governmental Funds
REVENUES					
Real property taxes	$ 56,706,034	$ -	$ -	$ -	$ 56,706,034
Sales and use taxes	32,864,248	-	-	-	32,864,248
Other taxes	2,835,274	-	-	-	2,835,274
Payments in lieu of taxes	20,769,510	-	-	-	20,769,510
Intergovernmental revenue	23,079,005	2,404,948	7,423,004	4,666,274	37,573,231
Charges for services	14,636,411	-	-	237,144	14,873,555
Fines, interest and penalties	4,675,351	-	-	-	4,675,351
Uses of money and properties	172,081	-	-	-	172,081
License and permits	3,316,918	-	-	-	3,316,918
Other revenues	3,799,038	-	-	1,114	3,800,152
Total revenues	162,853,870	2,404,948	7,423,004	4,904,532	177,586,354
EXPENDITURES					
Public safety and regulation	91,818,649	-	7,298,928	-	99,117,577
General government	19,642,652	-	2,193,807	-	21,836,459
Highways and streets	6,591,805	-	4,794,232	-	11,386,037
Recreation and culture	3,834,542	-	1,362,301	-	5,196,843
Community service	8,124,298	-	2,393,152	4,760,583	15,278,033
Economic development and assistance	-	2,425,187	358,033	-	2,783,220
Employee benefits	16,307,471	-	-	-	16,307,471
Debt service:					
Principal	15,698,007	-	-	212,232	15,910,239
Interest	3,485,671	-	-	55,158	3,540,829
Total expenditures	165,503,095	2,425,187	18,400,453	5,027,973	191,356,708
Deficiency of revenues over expenditures	(2,649,225)	(20,239)	(10,977,449)	(123,441)	(13,770,354)
OTHER FINANCING SOURCES (USES)					
Premium on bond anticipation notes issued	700,011	-	-	-	700,011
Transfers in	35,363	-	2,972,000	-	3,007,363
Transfers out	(2,972,000)	-	(35,363)	-	(3,007,363)
Total other financing sources (uses)	(2,236,626)	-	2,936,637	-	700,011
Deficiency of revenues over expenditures and other financing sources	(4,885,851)	(20,239)	(8,040,812)	(123,441)	(13,070,343)
FUND BALANCE (DEFICIENCY), beginning of year	9,874,239	(354,817)	(9,216,729)	1,194,202	1,496,895
FUND BALANCE (DEFICIENCY), ending	$ 4,988,388	$ (375,056)	$ (17,257,541)	$ 1,070,761	$ (11,573,448)

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, 2015

Total fund balance - governmental funds		$ (11,573,448)
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	$ 522,913	
The cost of capital assets is	485,298,103	
Accumulated depreciation is	(277,638,259)	208,182,757
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	(72,776,189)	
Bond Premium	(1,984,064)	
Due to NYS Retirement System	(13,128,904)	
Net pension liability	(8,526,822)	
Accrued post employment benefit obligation	(73,682,506)	
Accrued interest on bonds	(1,485,014)	
Compensated absences	(16,498,024)	
Landfill closure and postclosure obligation	(8,733,046)	
Retainage payable on long-term contracts	(207,092)	
Capital lease obligations	(455,000)	
Judgments and claims	(15,662,968)	(213,139,629)
Prepaid expenses relating to net pension liability are recorded in the funds, however are included in deferred outflows of resouces in the statement of net position. Deferred outflows and inflows of resources related to net pension liability are not recorded in the funds.		
Prepaid expenses	(3,436,017)	
Deferred outflows and inflows	14,363,800	10,927,783
Net position of governmental activities		$ (5,602,537)

See notes to financial statements.

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, 2015

Total net change in fund balance - governmental funds		$ (13,070,343)
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	18,412,055	
Depreciation expense	(14,689,995)	
Loss on disposal of assets and other	(103,854)	3,618,206
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	579,108	
Landfill closure and postclosure costs	(62,489)	
Retainage incurred in current year	(207,092)	
Retainage incurred in prior year	127,286	
Judgments and claims	(1,583,380)	(1,146,567)
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	(9,215,000)	
Premiums on Bonds	(223,287)	
Amortization of Bond Premium	787,993	
Due to NYS retirement system	(1,551,066)	
Payment to NYS retirement system	1,188,755	
Principal repaid	25,034,491	16,021,886
Accrued post employment benefit obligation liability increases long-term liabilities in the statement of net assets and related expenditures in the statement of activities, but not to governmental funds. Net post employment benefit contribution is an expenditure in governmental funds, but the contribution reduces long-term liabilities in the statement of net assets. This is the amount by which accrued post employment benefit liability adjustment exceeds the contribution.		
Accrued post employment benefit liability adjustment	(13,761,575)	
Post employment benefit contribution paid	9,941,835	(3,819,740)
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.		(118,750)
Changes in prepaids, accrued liabilities, deferred inflows and outflows of resources related to net pension liability		1,636,470
Change in net position of governmental activities		$ 3,121,162

See notes to financial statements.

CITY OF ALBANY, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
December 31, 2015

	Agency
ASSETS	
Cash and equivalents	$ 1,592,312
Cash and equivalents - restricted	1,292,214
Accounts receivable	264
Total assets	$ 2,884,790
DEFERRED OUTFLOWS OF RESOURCES	$ -
LIABILITIES	
Accounts payable	$ 4,602
Seized forfeitures	1,292,214
Due to other funds	681,552
Other liabilities	906,422
Total liabilities	$ 2,884,790
DEFERRED INFLOWS OF RESOURCES	$ -
NET POSITION	$ -

See notes to financial statements.

CITY OF ALBANY
COMBINING STATEMENT OF NET POSITION – DISCRETELY PRESENTED COMPONENT UNITS
December 31, 2015

	Albany Water Board and Municipal Water Finance Authority	Albany Parking Authority	City of Albany Industrial Development Agency	Albany Port District Commission	Other Component Units	Totals
ASSETS						
Cash and cash equivalents	$ 6,978,777	$ 629,774	$2,386,372	$ 1,257,396	$ 1,549,446	$ 12,801,765
Cash and cash equivalents, restricted	955,742	2,988,535	-	-	-	3,944,277
Investments	14,507,753	-		3,268,087	205,299	17,981,139
Investments, restricted	4,454,863	1,756,215	-	-	-	6,211,078
Receivables, net:						
Accounts	10,676,631	21,840	-	373,565	18,164	11,090,200
Other	-	38,315	-	-	1,390	39,705
Mortgage loans and notes receivable	-	-	131,970	-	-	131,970
Due from primary government	9,636,233	150,461	-	-	202,024	9,988,718
Prepaid and other assets	993,763	89,212	-	636,407	11,793	1,731,175
Capital assets, net	32,791,141	15,353,872	-	44,766,415	19,454	92,930,882
Total assets	$ 80,994,903	$ 21,028,224	$2,518,342	$ 50,301,870	$ 2,007,570	$ 156,850,909
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows resulting from refunding of debt, net	$ -	$ 254,281	$ -	$ -	$ -	$ 254,281
Deferred bond insurance premiums, net	-	131,409	-	-	-	131,409
Deferred outflows related to net pension liability	-	248,459	-	251,527	-	499,986
Total deferred outflows of resources	$ -	$ 634,149	$ -	$ 251,527	$ -	$ 885,676
LIABILITIES						
Accounts payable and accrued expenses	$ 3,490,422	$ 301,724	$ 58,610	$ 618,680	$ 27,398	$ 4,496,834
Current maturities of long-term debt	4,505,000	985,440	-	443,087	1,097	5,934,624
OPEB obligation, current portion	-	33,276	-	43,000	-	76,276
Current installments of capital lease obligation	-	346,450	-	-	-	346,450
Accrued interest payable	-	325,854	-	-	-	325,854
Accrued Interest, capital appreciation bonds	-	643,966	-	-	-	643,966
Due to primary government	-	-	131,970	-	-	131,970
Unearned revenues	-	134,530	-	19,966	-	154,496
Other liabilities	-	-	-	127,097	128,000	255,097
Accrued interest on capital appreciation bonds, less maturities	-	419,799	-	-	-	419,799
OPEB obligation, net of current portion	-	1,704,132	-	2,009,051	-	3,713,183
Net pension liability	-	121,453		125,953		247,406
Capital lease obligation, less current installments	-	763,268	-	-	-	763,268
Bonds and notes payable	37,837,017	14,606,584	-	2,113,655	-	54,557,256
Total liabilities	$ 45,832,439	$ 20,386,476	$ 190,580	$ 5,500,489	$ 156,495	$ 72,066,479
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to net pension liability	$ -	$ 25,994	$ -	$ -	$ -	$ 25,994
Deferred inflows related to sales of future revenues	284,384	-	-	-	-	284,384
Total deferred inflows of resources	$ 284,384	$ 25,994	$ -	$ -	$ -	$ 310,378
NET POSITION						
Net invested in capital assets	(4,631,706)	3,357,408	-	42,209,673	-	40,935,375
Unrestricted (deficit)	39,509,786	(2,107,505)	2,327,762	2,843,235	1,851,075	44,424,353
Total net position	$ 34,878,080	$ 1,249,903	$2,327,762	$ 45,052,908	$ 1,851,075	$ 85,359,728

See notes to financial statements.

CITY OF ALBANY
COMBINING STATEMENT OF ACTIVITIES – DISCRETELY PRESENTED COMPONENT UNITS
December 31, 2015

	Albany Water Board and Municipal Water Finance Authority	Albany Parking Authority	City of Albany Industrial Development Agency	Albany Port District Commission	Other Component Units	Totals
Operating revenue	$ 38,577,580	$ 7,055,684	$ 1,186,758	$ 5,461,601	$ 1,199,187	$ 53,480,810
Operating expenses						
Costs of services	-	2,682,145	340,627	656,903	769,988	4,449,663
Source of supply and purification	3,276,544	-	-	-	-	3,276,544
Transmission and distribution	4,454,778	-	-	-	-	4,454,778
General and administrative	4,452,611	162,590	-	3,039,616	97,543	7,752,360
Real estate taxes paid to other governments	1,922,748	-	-	-	-	1,922,748
Sewer contract	9,147,284	-	-	-	-	9,147,284
Depreciation and amortization	3,141,019	764,614	-	1,948,358	6,254	5,860,245
Grants	-	-	416,879	-	-	416,879
Miscellaneous	-	1,261,653	-	-	-	1,261,653
Total operating expenses	26,394,984	4,871,002	757,506	5,644,877	873,785	38,542,154
Excess of operating revenue over expenses before nonoperating revenue (expenses)	12,182,596	2,184,682	429,252	(183,276)	325,402	14,938,656
Nonoperating revenue (expenses)						
Amortization of bond insurance premiums	-	(38,704)	-	-	-	(38,704)
Decrease in fair value of investments	(12,773)	(48,132)	-	-	-	(60,905)
Interest income	260,992	103,740	241	30,862	-	395,835
Interest expense	(1,814,467)	(887,542)	-	(57,529)	-	(2,759,538)
Gain (loss) on sale of assets	10,648	-	-	217,500	-	228,148
Waterfront development expenses	-	-	-	(223,892)	-	(223,892)
Municipal support agreement expenses	-	-	-	(200,000)	-	(200,000)
Net nonoperating revenue (expenses)	(1,555,600)	(870,638)	241	(233,059)	-	(2,659,056)
Excess of revenue over expenses before transfers	10,626,996	1,314,044	429,493	(416,335)	325,402	12,279,600
Grant funding	-	-	-	958,692	-	958,692
Increase in liability due to transfer of services	-	(862,986)	-	-	-	(862,986)
Excess of revenue over expenses	10,626,996	451,058	429,493	542,357	325,402	12,375,306
NET POSITION, beginning of year	24,251,084	798,845	1,898,269	44,510,551	1,525,673	72,984,422
NET POSITION, end of year	$ 34,878,080	$ 1,249,903	$ 2,327,762	$ 45,052,908	$ 1,851,075	$ 85,359,728

See notes to financial statements.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

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

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

Fund Balance Classifications

Fund balances are classified as follows:

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

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:

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity *(Continued)*

Discretely Presented Component Units (Continued)

Albany Water Board and Albany Municipal Water Finance Authority

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

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

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

Albany Parking Authority

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

City of Albany Industrial Development Agency

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

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

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity *(Continued)*

Discretely Presented Component Units (Continued)

Albany Port District Commission

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

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

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.

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.

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.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity *(Continued)*

Discretely Presented Component Units (Continued)

Since the most recent financial information is not available at the date of the financial statements issuance, the CBID is not included in discretely presented component units in the City's 2015 financial statements. Management believes that the impact of this omission is not material to the City's 2015 financial statements.

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, Association, 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.

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.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

Governmental fund types

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

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Other governmental fund

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

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

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

D. Assets, Liabilities and Net Position

Cash and Investments

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

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Receivables and Payables

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

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

Inventories and Prepaid Items

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

Restricted Assets

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

Capital Assets

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

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

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

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

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences

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

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

Retirement Benefits

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

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

Judgments and Claims

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

Deferred Revenue

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

Long-Term Obligations

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

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-Term Obligations (Continued)

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

E. Cumulative Effect of a Change in Application of Accounting Principle

Effective January 1, 2015, the City adopted GASB 68. This statement addresses accounting and financial reporting for pensions provided to City employees that are administered by PFRS and ERS. The statement requires various note disclosures and supplementary information. As a result, beginning of year net position has been restated as follows:

Net position beginning of the year, as previously reported	$(9,488,190)
Net pension liability - PFRS	(6,101,888)
Net pension liability - ERS	(6,009,083)
Accrued liabilities	12,875,462
Net position as restated	$(8,723,699)

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

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

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

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

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

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

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

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

i. Long-term revenue and expense differences:

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

ii. Capital related differences:

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

iii. Long-term liability transaction differences:

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

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

Employees earn retirement benefits as they provide service. The benefit is based on factors such as the applicable employee agreement, the employees' hiring date and the number of years of service to the City. The costs of retirement benefits are recognized in the statement of revenues, expenditures and changes in fund balance when the expenditures are paid. Pension benefits are accounted for in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and are reported in the government-wide financial statements as a liability/asset, deferred outflows of resources/deferred inflows of resources and expensed in the statement of activities accordingly. Other postemployment benefits are accounted for in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and are reported in the government-wide financial statements as a liability and expensed in the statement of activities accordingly.

NOTE 3 — STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

At December 31, 2015, 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, 2015, all cash and cash equivalents, as well as restricted cash and cash equivalents in excess of FDIC insurance, were fully collateralized by securities in the name of the financial institution held in a separate account.

The City has approximately $2,178,000 in cash and cash equivalents that have been restricted as follows:

General Fund	
Debt service	$ 1,262,000
Landfill postclosure	916,000
	$ 2,178,000

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, 2015, the City had outstanding landfill receivables of approximately $1,296,000, with an allowance of approximately $10,000.

NOTE 6 — PROPERTY TAXES

Property taxes are levied and payable in January. Any property taxes not paid by the following December 31 are purchased without recourse by the County of Albany. Accordingly, the total levy is considered measurable and available, and there is no allowance for uncollectible property taxes at December 31, 2015.

NOTE 6 — PROPERTY TAXES (Continued)

The taxable assessed value of real property, as adjusted by New York State, included in the tax levy of 2014 (revenue in 2015), was $4,343,508,878. The effective tax rate on this value is $10.82 per thousand for residential and $14.19 per thousand for non-residential properties. The constitutional tax limit is 2% of the 5-year average of the full value assessment. The 2014 levy represents approximately 62% of the constitutional tax limit. The taxable assessed value of real property included in the tax levy of 2015 (revenue in 2016), was $4,496,969,757. The effective tax rate on this value is $10.83 per thousand for residential and $14.07 per thousand for non-residential properties. The 2015 levy represents approximately 63% of the constitutional tax limit.

NOTE 7 — CAPITAL ASSETS

Property and equipment is comprised of the following:

	Balance January 1 2015	Additions	Deletions and Reclassifications	Balance December 31, 2015
Capital assets not being depreciated:				
Land	$ 5,057,102	-	(49,706)	$ 5,007,396
Construction in process	17,368,033	16,457,077	(11,222,878)	22,602,232
	22,425,135	16,457,077	(11,272,584)	27,609,628
Capital assets being depreciated:				
Buildings, capital leases and improvements	51,102,585	7,626	1,755,953	52,866,164
Machinery and equipment	61,081,335	1,947,352	(883,031)	62,145,656
Infrastructure	333,228,730	-	9,447,925	342,676,655
	467,837,785	18,412,055	(951,737)	485,298,103
Less accumulated depreciation for:				
Buildings, capital leases and improvements	28,514,233	1,051,310	(9,327)	29,556,216
Machinery and equipment	49,988,812	2,887,160	(838,556)	52,037,416
Infrastructure	185,293,102	10,751,525	-	196,044,627
	263,796,147	14,689,995	(847,883)	277,638,259
Total capital assets, net	$ 204,041,638			$ 207,659,844

Depreciation expense was approximately $14,690,000 for the year ended December 31, 2015. In the statement of activities, depreciation expense is allocated to each function as follows:

Function/Programs	Depreciation Expense
Public safety and regulation	$ 2,026,804
General government	4,776,821
Highway and streets	4,078,969
Recreation and culture	425,805
Community service	3,366,744
Economic development and assistance	14,852
	$ 14,689,995

NOTE 8 — MORTGAGE LOANS RECEIVABLE AND DEFERRED REVENUES

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

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

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.

The balance of mortgage loans receivable, net of related allowances, is comprised of the following at December 31, 2015:

Program	Balance
HUD	$6,369,832
HUD, forgivable grant loans	2,485,397
NYSHTFC	132,257
Choose Albany	182,293
	$9,169,779

NOTE 9 — INTERFUND RECEIVABLES AND PAYABLES

A summary of interfund receivables and payables at December 31, 2015 is as follows:

Fund	Due From Other Funds	Due To Other Funds
General	$ 7,954,083	$ 3,266,027
Special Revenue	41,104	1,586,798
Capital Projects	-	2,034,740
Albany Community Development Agency	9,965	436,035
	8,005,152	7,323,600
Fiduciary Fund	-	681,552
	$ 8,005,152	$ 8,005,152

NOTE 9 — INTERFUND RECEIVABLES AND PAYABLES (Continued)

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 $5,890,000 as the amount due to the Component Units, net at December 31, 2015. The Component Units reported approximately net $9,857,000 as the amount due from the primary government, net. The net difference as reported by the City and its Component Units is approximately $3,967,000 which is primarily caused by timing difference related to the recording of tax assessment adjustments. Other activity giving rise to difference in amounts due between the City and the Component Units relates to payroll, benefits, grant reimbursements and other administrative costs paid for by the City and reimbursed to the City by the Component Units or paid for by the Component Units and reimbursed by the City.

NOTE 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 NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, NYS Comptroller State Office Building, 110 State Street, Albany, NY 12207.

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

The City of Albany is required to contribute at an actuarially determined rate. Since 2012, the City of Albany has elected to amortize a portion of its retirement contributions in accordance with the provisions of Chapter 57, laws of 2013 and Chapter 57, laws of 2010. In 2015, the City elected to amortize an additional $880,000 of its calculated pension contribution to the retirement system for its fiscal year ended December 31, 2015. The City's contributions made to the Systems were equal to 100 percent of the minimum required contributions. At December 31, 2015, approximately $13,129,000 was deferred and recorded as due to New York State Retirement System in the statement of net position (Note 13(c)).

NOTE 11 — PENSION PLANS (Continued)

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

At December 31, 2015, the City Reported the following asset / (liability) for its proportionate share of the net pension asset / (liability) for each of the plans.

	PFRS	ERS
Actuarial Valuation Date	April 1, 2014	April 1, 2014
Net Pension Asset / (Liability)	$ (4,034,505)	$ (4,492,317)
Proportionate Share of the Plan's Total Net Pension Asset / (Liability)	1.4657093%	0.1329779%
Proportionate Share of Pension Expense	$ 9,355,378	$ 4,065,591

The PFRS and ERS net pension liability was measured as of March 31, 2015, and the total pension liability was determined by an actuarial valuation as of April 1, 2014, with updated procedures used to roll forward the total pension liability to March 31, 2015. The City's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to PFRS's and ERS's total actuarially determined employer contribution for the fiscal year ended on the measurement date.

At December 31, 2015, the City reported deferred outflows and deferred inflows of resources as follows:

	PFRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 486,536	$ -	$ 143,804	$ -
Net difference between projected and actual earnings on pension plan investments	1,354,517	-	780,259	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,575,560	-	569,823
City contributions subsequent to the measurement date	10,678,593	-	3,065,474	-
	$ 12,519,646	$ 1,575,560	$ 3,989,537	$ 569,823

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (increase to net pension asset) in the year ended March 31, 2016 for PFRS and ERS. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 11 — PENSION PLANS (Continued)

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

Year Ended March 31,	PFRS	ERS
2016	$ 120,824	$ 88,560
2017	120,824	88,560
2018	120,824	88,560
2019	120,824	88,560
2020	(217,803)	-
	$ 265,493	$ 354,240

Actuarial Assumptions

The total pension liability for the March 31, 2015 measurement date was determined by using an actuarial valuation as of April 1, 2014 with update procedures used to roll forward the total pension liability to March 31, 2015. These actuarial valuations for both ERS and PFRS used the following actuarial assumptions:

Actuarial cost method – Entry age normal

Inflation – 2.7%

Salary increases – 4.9% in ERS, 6.0% in PFRS, indexed by service

Investment rate of return – 7.5% compounded annually, net of investment expense, including inflation

Cost of living adjustments – 1.4% annually

Mortality – Based on the plan's experience from April 1, 2005 – March 31, 2010 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014

Discount rate – 7.5%

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

Investment Asset Allocation

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

NOTE 11 — PENSION PLANS (Continued)

Investment Asset Allocation (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	38%	7.3%
International equities	13%	8.6%
Private equities	10%	11.0%
Real estate	8%	8.3%
Absolute return strategies	3%	6.8%
Opportunistic portfolio	3%	8.6%
Real assets	3%	8.7%
Bonds and mortgages	18%	4.0%
Cash	2%	2.3%
Inflation-Indexed bonds	2%	4.0%
	100%	

Discount Rate

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

The following presents the City's proportionate share of its net pension asset and liability calculated using the discount rate of 7.5% (ERS and PFRS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	Discount Rate	1.0% Increase
City's proportionate share of the PFRS net pension asset (liability)	$(53,717,319)	$ (4,034,505)	$ 37,602,692
City's proportionate share of the ERS net pension asset (liability)	$(29,943,238)	$ (4,492,317)	$ 16,994,571

NOTE 12 — NOTES PAYABLE

The City may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years.

In July 2015, the City issued various BANs of $43,425,299 at an interest rate of 2.00%. The proceeds of the BANs, along with available funds, were used to redeem part of the $29,138,785 BANs issued in 2014 which matured in July 2015 and also provided new funds for various capital purchases and improvements. These BANs were subsequently redeemed in July 2016 (see Note 15 – Subsequent Events).

Interest expense on BANs totaled approximately $291,000 for the year ended December 31, 2015.

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, 2015:

	Balance January 1, 2015	New Issues/ Increase in Estimates	Payments/ Decrease in Estimates	Balance December 31, 2015
Bonds	$ 87,505,000	$ 9,215,000	$ (24,455,000)	$ 72,265,000
Premiums on Bonds	2,548,770	223,287	(787,993)	1,984,064
Loans payable (ACDA)	588,421	-	(77,232)	511,189
Post employment benefit obligation (Note 14)	69,862,766	13,761,575	(9,941,835)	73,682,506
Vacation/sick pay obligations	17,077,132	-	(579,108)	16,498,024
Due to NYS Retirement System	12,766,593	1,551,066	(1,188,755)	13,128,904
Net pension liability	12,110,971	12,963,401	(16,547,550)	8,526,822
Litigation and contingent liabilities	14,079,588	1,989,710	(406,330)	15,662,968
Landfill closure and postclosure care costs	8,670,557	62,489	-	8,733,046
Retainage payable on long-term contracts	127,286	207,092	(127,286)	207,092
Capital lease obligations	958,009	-	(503,009)	455,000
Total	$ 226,295,093	$ 39,973,620	$ (54,614,098)	$ 211,654,615

Of the total outstanding indebtedness of the City at December 31, 2015, approximately $115,690,299 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 $337,857,846 statutory debt limit.

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, 2015:

Interest Rate	Date Issued	Maturity Date	Amount of Original Issue	Outstanding December 31, 2015	Annual Principal Installments (Range)
Serial Bonds					
3.50 - 4.25%	2009	2023	$ 19,974,950	$ 12,735,000	$1,390,000 - $1,825,000
4.00 - 5.00%	2011	2025	11,075,000	5,875,000	225,000 - 925,000
4.00%	2011	2017	1,700,000	540,000	265,000 - 275,000
2.00 - 3.00%	2011	2021	7,922,026	5,005,000	775,000 - 890,000
2.00%	2012	2020	24,027,579	15,535,000	2,935,000 - 3,230,000
4.00%	2012	2021	10,010,248	6,950,000	1,075,000 - 1,240,000
4.00-5.00%	2012	2018	12,590,000	5,075,000	1,620,000 -1,770,000
4.00-4.50%	2013	2020	9,890,000	7,335,000	1,350,000 - 1,595,000
2.00 - 4.00%	2015	2018	4,545,000	4,490,000	55,000 - 1,545,000
0.46 - 2.32%	2015	2020	4,670,000	4,535,000	135,000 - 935,000
EFC Bonds					
1.014%	2011	2016	1,380,000	235,000	235,000
0.807%	2011	2020	3,995,000	2,135,000	405,000- 445,000
4.132 - 5.002%	2012	2022	2,730,000	1,820,000	240,000-285,000
				$ 72,265,000	
Add: Unamortized Premiums				1,984,064	
				$ 74,249,064	

The following are details of bonds outstanding at December 31, 2015:

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.

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

In May 2015, the City issued $9,215,000 in General Obligation Refunding Bonds. The issue included $4,545,000 in tax exempt bonds and $4,670,000 in federally taxable bonds. The 2015 tax exempt Bonds carry interest rates ranging from 0.455% - 2.324%. The issue matures on June 1, 2018. The 2015 taxable bonds bear interest rates from 2.00% - 4.00% and mature on June 1, 2020.

The proceeds of the Bonds are to advance refund $4,630,000 in outstanding callable principal of 2006 tax exempt General Obligation Bonds with interest rates ranging from 4.00% - 4.125% and $4,495,000 in outstanding callable principal of 2006 federally taxable General Obligation Bonds bearing interest of 5.25%.

In 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.

NOTE 13 — INDEBTEDNESS (Continued)

(a) Bonds *(continued)*

Future maturities of general long-term debt as of December 31, 2015 are as follows:

Year Ending December 31	Principal	Interest	Total
2016	$ 13,560,000	$ 2,386,879	$ 15,946,879
2017	13,625,000	1,991,397	15,616,397
2018	13,740,000	1,542,109	15,282,109
2019	10,715,000	1,098,351	11,813,351
2020	11,055,000	752,894	11,807,894
2021-2025	9,570,000	747,187	10,317,187
	$ 72,265,000	$ 8,518,816	$ 80,783,816

Interest expense for bonds and loans payable was approximately $2,706,335 for the year ended December 31, 2015.

(b) Loans payable

Loans payable are further broken down as follows:

	Balance January 1, 2015	New Issues/ Increase in Estimates	Retirement/ Decrease in Estimates	Balance December 31, 2015
Note payable (1)	$ 93,000	$ -	$ (22,000)	$ 71,000
Note payable (2)	112,964	-	(10,187)	102,777
Note payable (3)	382,457	-	(45,045)	337,412
	$588,421	$ -	$ (77,232)	$511,189

(1) As part of the capitalized lease obligation for the Agency's facility located at 200 Henry Johnson Boulevard, 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.

(2) 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%.

(3) 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.

NOTE 13 — INDEBTEDNESS (Continued)

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

During 2015, 2014 and 2013, the City elected to defer part of their New York State Pension contributions. The deferred portions of the contributions are amortized over twelve or ten years, depending on the year of deferral, at rates of 3% - 3.76%.

A summary of future NYSLRS payment obligations as of December 31, 2015 is as follows:

Year Ending December 31	Principal	Interest	Total
2016	$ -	$ -	$ -
2017	1,276,109	459,107	1,735,216
2018	1,320,288	414,928	1,735,216
2019	1,366,012	369,204	1,735,216
2020	1,413,335	344,051	1,757,385
2021-2025	6,255,466	877,014	7,132,480
2026-2028	1,497,695	71,931	1,569,626
	$13,128,904	$ 2,536,233	$15,665,137

(d) 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 $740,000 related to future claims on certain other matters.

(2) Workers' Compensation Claims

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

Under the program, the City utilizes a program administrator to process claims as they occur. A liability for unpaid claims based upon individual case estimates for claims incurred as well as claims incurred but not reported (IBNR) at December 31, 2015 has been recorded in the caption "Judgments and Claims." This liability is the City's best estimate based on available information. Changes in the reported liability for 2015 are as follows:

	Balance as of January 1 2015	Current Year Claims and Changes in Estimates	Claim Payments	Balance as of December 31, 2015
Workers' compensation liability	$ 13,633,627	$ 1,639,385	$ (350,368)	$ 14,922,644

NOTE 13 — INDEBTEDNESS (Continued)

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

(3) Grant Programs

City

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

ACDA

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

(e) Landfill closure and post closure care costs

The City has four landfills, three of which stopped accepting waste prior to December 1993. The fourth, Albany Interim Landfill (AIL), together with its expansions added in 2010 and 2012, is still accepting waste at December 31, 2015. 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.

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 $8,733,000 at December 31, 2015, represent the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of all previously closed landfills and 79 percent of the estimated capacity of the AIL as determined by an independent engineer. The estimated remaining life of the AIL is approximately 4.4 years. The City will recognize the remaining estimated cost of closure and post closure care of $2,216,000 as the remaining AIL capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2015. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City currently has restricted cash of approximately $916,000 for payment of closure and post closure care costs.

NOTE 13 — INDEBTEDNESS (Continued)

(f) Capital lease obligations

City

The City had 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 City made the final payment on the lease in September 2015.

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 $40,000 and the net present value at December 31, 2015 approximates $455,000.

A summary of future minimum lease payments and future minimum maturities of the capital lease obligations as of December 31, 2015 is as follows:

Year Ending December 31	ACDA
2016	$ 166,994
2017	163,513
2018	164,600
Total minimum lease payments	495,107
Less amounts representing interest	(40,107)
Total principal	$ 455,000

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.

NOTE 14 — OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 2015, the City contributed approximately $9,942,000 for current costs. The costs of administering the plan are paid by the City.

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, 2015 based on January 1, 2013 valuation date.

Actuarial Accrued Liability (AAL)	
Currently retired	$ 183,103,407
Actives eligible to retire	22,968,943
Actives not yet eligible to retire	62,695,065
Actuarial accrued liability	268,767,415
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 268,767,415
Funded ratio	0%
2015 normal cost	$ 4,643,225

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

UAAL	$ 268,767,415
Amortization period (years)	30
Amortization discount rate	5%
2015 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 2015:

NOTE 14 — OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

Normal cost	$ 4,643,225
Amortization of UAAL	8,397,830
Interest	419,892
ARC	13,460,947
Interest on OPEB obligation	3,493,138
Adjustment to ARC	(3,192,510)
OPEB expense	$ 13,761,575

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

	2015
Net OPEB obligation at beginning of year	$ 69,862,766
OPEB expense	13,761,575
OPEB contributions	(9,941,835)
Net OPEB obligation at end of year	73,682,506
Less: estimated current portion of OPEB obligation	10,604,738
Estimated long-term portion of OPEB obligation	$ 63,077,768
Percentage of expense contributed	72.2%

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.

NOTE 14 — OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

The valuation date for the calculation was January 1, 2013 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:

Year	Trend
2016	8.5%
2017	8.0%
2018	7.5%
2019	7.0%
2020	6.5%
Thereafter	6.0% - 5.0%

NOTE 15 — SUBSEQUENT EVENTS

In June 2016, the City issued $13,474,579 in General Obligation Serial Bonds. The Bonds carry an interest rate of 2.00%, with a premium of $297,111. The Bonds have maturity dates ranging from June 15, 2017 through June 15, 2025.

The proceeds of the Bonds, along with available funds, were used to redeem $16,089,085 of the $43,425,299 BANs that were issued in 2015 and matured July 1, 2016.

In June 2016, the City issued $38,846,812 in BANs. The BANs are due June 30, 2017 and carry an interest rate of 2.00%, with a premium of $401,676.

The proceeds of the BANs, along with available funds, were used to redeem $27,336,214 of the $43,425,299 BANs that were issued in 2015 and matured July 1, 2016, and also provide new funds for various capital purposes and improvements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALBANY, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND MODIFIED BUDGET AND ACTUAL – GENERAL AND SPECIAL REVENUE FUND
For the Year Ended December 31, 2015

	General Fund				Special Revenue Fund			
	Original Budget	Final Adopted Budget	Actual	Actual Over (Under) Final Budget	Original Budget	Final Adopted Budget	Actual	Actual Over (Under) Final Budget
REVENUES								
Real property taxes	$ 56,527,890	$ 56,527,890	$ 56,706,034	$ 178,144	$ -	$ -	$ -	$ -
Sales and use taxes	31,972,673	31,972,673	32,864,248	891,575	-	-	-	-
Other taxes	3,079,500	3,079,500	2,835,274	(244,226)	-	-	-	-
Payments in lieu of taxes	20,989,632	20,989,632	20,769,510	(220,122)	-	-	-	-
Intergovernmental revenue	22,160,792	23,306,156	23,079,005	(227,151)	2,594,655	2,572,767	2,404,948	(167,819)
Charges for services	15,464,511	15,456,340	14,636,411	(819,929)	-	-	-	-
Fines, interest and penalties	7,016,400	7,048,924	4,675,351	(2,373,573)	-	-	-	-
Use of money and properties	117,215	117,215	172,081	54,866	-	-	-	-
Licenses and permits	2,289,709	3,003,695	3,316,918	313,223	-	-	-	-
Other revenues	9,733,349	10,062,501	3,799,038	(6,263,463)	-	-	-	-
Total revenues	169,351,671	171,564,526	162,853,870	(8,710,656)	2,594,655	2,572,767	2,404,948	(167,819)
EXPENDITURES								
Public safety and regulation	92,517,510	94,667,802	91,818,649	(2,849,153)	-	-	-	-
General government	23,004,286	22,507,820	19,642,652	(2,865,168)	-	-	-	-
Highways and streets	7,186,769	7,386,727	6,591,805	(794,922)	-	-	-	-
Recreation and culture	4,318,776	4,315,131	3,834,542	(480,589)	-	-	-	-
Community service	9,199,275	9,561,991	8,124,298	(1,437,693)	-	-	-	-
Economic development and assistance	-	-	-	-	2,594,655	2,717,512	2,425,187	(292,325)
Employee benefits	13,200,147	13,200,147	16,307,471	3,107,324	-	-	-	-
Debt service	21,924,908	21,924,908	19,183,678	(2,741,230)	-	-	-	-
Total expenditures	171,351,671	173,564,526	165,503,095	(8,061,431)	2,594,655	2,717,512	2,425,187	(292,325)
Excess (deficiency) of revenues and appropriated fund balance over expenditures	(2,000,000)	(2,000,000)	(2,649,225)	(649,225)	-	(144,745)	(20,239)	124,506
OTHER FINANCING SOURCES (USES)								
General fund allocation	2,000,000	2,000,000	-	(2,000,000)	-	-	-	-
Transfers	-	-	(2,936,637)	(2,936,637)	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-	-	-	-	-
Premium on bond anticipation notes issued	-	-	700,011	700,011	-	-	-	-
Total other financing sources (uses)	2,000,000	2,000,000	(2,236,626)	(4,236,626)	-	-	-	-
Excess (deficiency) of revenues, appropriated fund balance and other financing sources over expenditures and other financing uses	$ -	$ -	$ (4,885,851)	$ (4,885,851)	$ -	$ (144,745)	$ (20,239)	$ 124,506

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

As of the measurement date of March 31,	2015
City's proportion of the net pension asset / (liability)	1.465709%
City's proportionate share of the net pension asset / (liability)	$ (4,034,505)
City's covered-employee payroll	$ 48,692,865
City's proportionate share of the net pension asset / (liability) as a percentage of its covered-employee payroll	8.29%
Plan fiduciary net position as a percentage of the total pension liability	97.90%

Data prior to 2015 is unavailable.

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

March 31,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	$ 12,094,801	$ 13,912,995	$ 11,250,128	$ 8,931,589	$ 7,911,276	$ 7,058,207	$ 6,115,240	$ 6,198,299	$ 6,498,740	$ 5,774,591
Contribution in relation to the contractually required contribution	(12,094,801)	(13,912,995)	(11,250,128)	(8,931,589)	(7,911,276)	(7,058,207)	(6,115,240)	(6,198,299)	(6,498,740)	(5,774,591)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 48,692,865	$ 49,765,799	$ 45,236,096	$ 45,132,856	$ 47,211,057	$ 47,051,033	$ 42,485,016	$ 41,743,128	$ 41,044,807	$ 38,547,226
Contributions as a percentage of covered-employee payroll	24.84%	27.96%	24.87%	19.79%	16.76%	15.00%	14.39%	14.85%	15.83%	14.98%

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

As of the measurement date of March 31,	2015
City's proportion of the net pension asset / (liability)	0.132978%
City's proportionate share of the net pension asset / (liability)	$ (4,492,317)
City's covered-employee payroll	$ 31,518,901
City's proportionate share of the net pension asset / (liability) as a percentage of its covered-employee payroll	14.25%
Plan fiduciary net position as a percentage of the total pension liability	99.00%

Data prior to 2015 is unavailable.

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

March 31,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	$ 6,368,984	$ 6,424,534	$ 5,449,165	$ 4,539,660	$ 3,619,931	$ 2,318,239	$ 2,375,239	$ 2,645,737	$ 3,372,739	$ 3,349,161
Contribution in relation to the contractually required contribution	(6,368,984)	(6,424,534)	(5,449,165)	(4,539,660)	(3,619,931)	(2,318,239)	(2,375,239)	(2,645,737)	(3,372,739)	(3,349,161)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 31,518,901	$ 30,963,158	$ 30,566,919	$ 31,109,237	$ 32,607,589	$ 32,261,084	$ 31,174,867	$ 31,004,507	$ 31,489,632	$ 30,187,116
Contributions as a percentage of covered-employee payroll	20.21%	20.75%	17.83%	14.59%	11.10%	7.19%	7.62%	8.53%	10.71%	11.09%