



County of Albany, New York

Financial Report

December 31, 2019

County of Albany, New York

Financial Report

December 31, 2019

CONTENTS

	Page
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-14
Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position (Deficit)	15-16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet - Governmental Funds	18
Reconciliation of the Total Fund Balances in the Governmental Funds to the Government-Wide Statement of Net Position (Deficit)	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Change in Net Position (Deficit) Shown in the Government-Wide Statement of Activities	21
Statement of Net Position (Deficit) - Proprietary Funds	22-23
Statement of Revenues, Expenses, and Changes in Net Position (Deficit) - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25-27
Statement of Fiduciary Net Position - Fiduciary Fund	28
Notes to Financial Statements	29-60
Required Supplementary Information	
Schedule of Other Postemployment Benefits Liability	61
Schedule of Proportionate Share of Net Pension Liability	62
Schedule of Pension Contributions	63
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	64
Supplementary Information	
Combining Statement of Net Position - Discretely Presented Component Units	65
Combining Statement of Activities - Discretely Presented Component Units	66



Independent Auditor's Report

County Executive and Members
of the County Legislature
County of Albany, New York
Albany, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Albany, New York (County) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the 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 County Airport Authority, the Albany County Industrial Development Agency, and the Albany County Land Bank which are shown as discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the discretely presented component units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Shaker Place Rehabilitation & Nursing Center, a major enterprise fund, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1s to the financial statements, the 2018 financial statements have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of other postemployment benefits liability, schedule of proportionate share of net pension liability, schedule of pension contributions, and budgetary comparison information on pages 3-14, 61, 62, 63 and 64, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining discretely presented component unit financial statements on pages 65 and 66 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BST & Co. CPAs, LLP

Albany, New York
September 29, 2020



County of Albany, New York

Management's Discussion and Analysis December 31, 2019

This section of the County of Albany, New York's (County) annual financial report presents its discussion and analysis of financial performance during the year ended December 31, 2019. Please read it in conjunction with the financial statements.

Financial Highlights

- The County's total net position decreased by \$3,194,282.
- At December 31, 2019, liabilities and deferred inflows of the County exceeded its assets and deferred outflows by \$281,888,186 (net position).
- Governmental activities revenues increased by approximately 3.1%, primarily as a result of non-property tax items. Revenues from business-type activities decreased by 11.8%, mainly due to a decrease in charges for services.
- Governmental activities expenses decreased by approximately 1.1%, with no single contributing factor. Business-type activities expenses increased 16.4% primarily as the result of increased employee benefit costs.
- Unassigned fund balance for the General Fund was \$49,590,380 as of the close of the 2019 year. The unreserved fund balance was 8.6% of total General Fund revenue.
- The County continued to offer all programs, without reducing services, while maintaining sufficient fund balances.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the financial statements, and required supplementary information. The financial statements include two types of statements that present different views of the County:

- The first of the statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the County's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the County, reporting the operations in *more detail* than the entity-wide statements.
 1. The *governmental fund statements* tell how *general government services*, such as public safety, were financed in the *short-term* as well as what remains for future spending.
 2. The *proprietary fund statements* offer *short- and long-term* financial information about the activities that the County operates *like businesses*, such as utility systems, recreation center and a rehabilitation and nursing center.
 3. The *fiduciary fund* statements provide information about the financial relationships in which the County acts solely as a *trustee* or *agent* for the benefit of others, including the employees of the County.

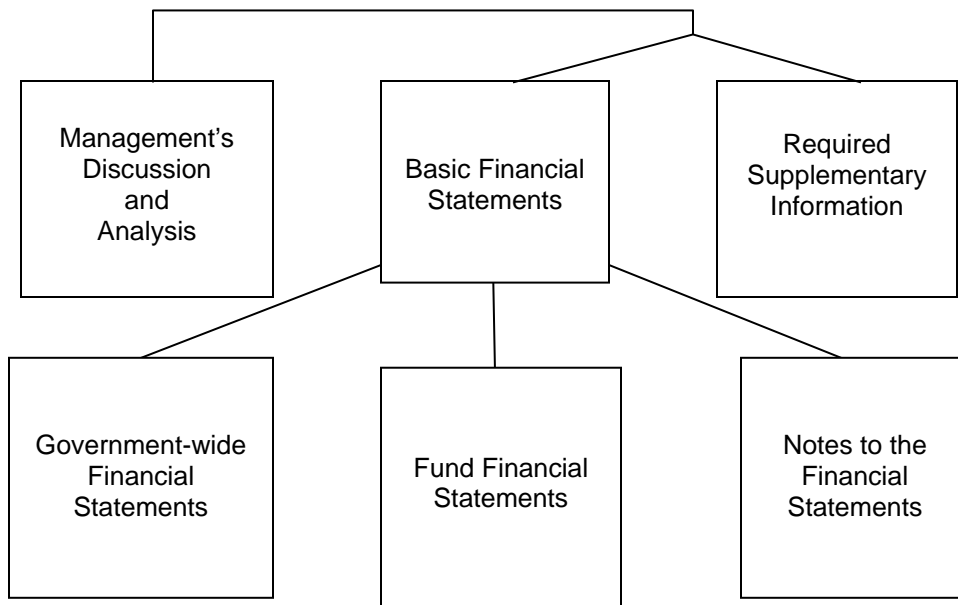
County of Albany, New York

Management's Discussion and Analysis December 31, 2019

The financial statements also include *notes* that provide additional information about the financial statements and the balances reported. The statements are followed by a section of *required supplementary information* that is designed to enhance the reader's understanding of the financial condition of the County.

Table A-1 shows how the various parts of this annual report are arranged and related to one another.

Table A-1: Organization of the County's Annual Financial Report



County of Albany, New York

Management's Discussion and Analysis December 31, 2019

Table A-2 summarizes the major features of the County's financial statements, including the portion of the County's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each of the statements.

Table A-2: Major Features of the Entity-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire entity and component units (except fiduciary funds)	The day-to-day operating activities of the County, such as police, fire, and parks	The activities of the County, such as utility systems, parking facilities, and nursing centers	Instances in which the County administers resources on behalf of others, such as employee benefits
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position, if applicable
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus; except agency funds do not have measurement focus
Type of balance information	All assets, deferred outflows of resources, liabilities, deferred inflows of resources, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; deferred inflows of resources; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities, deferred inflows of resources, both financial and capital, short-term and long-term	All resources held in a trustee or agency capacity for others
Type of inflow and outflow information	All inflows and outflows during year; regardless of when cash is received or paid	Near-term inflows and outflows of spendable resources	All inflows and outflows during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

County of Albany, New York

Management's Discussion and Analysis December 31, 2019

Government-Wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the County's assets and deferred inflows and liabilities and deferred outflows currently required to be disclosed under accounting principles generally accepted in the United States of America (U.S. GAAP). All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The government-wide statements report the County's *net position* and how it has changed. Net position, the difference between assets and deferred outflows, and liabilities and deferred inflows, is one way to measure the financial health or position of the County.

- Over time, increases or decreases in net position are indicators of whether the financial position is improving or deteriorating, respectively.
- For an assessment of the overall health of the County, additional nonfinancial factors, such as changes in the County's property tax base and the condition of roads, buildings, and other facilities, should be considered.

The government-wide financial statements are divided into three categories:

- *Governmental activities* - Most services, such as public safety, health and social services, and general administration, are included in this category. Property taxes, sales and use taxes, and state and federal grants finance most of these activities.
- *Business-type activities* - Fees are charged to customers to help cover the costs of certain services, such as health facility, recreation, and sewer.
- *Component units* - Although legally separate, component units are important because the County is financially accountable for these entities. The County has three component units; the Albany County Airport Authority, the Albany County Industrial Development Agency, and the Albany County Land Bank that are aggregated and reported in a separate column to emphasize that they are legally separate from the County.

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources are expended to purchase, or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

Government-wide statements are reported utilizing an economic resources measurement focus and a full accrual basis of accounting that involves the following steps to format the statement of net position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation to the proper program/activities;
- Calculate revenues and expenses using the economic resources measurement focus and the accrual basis of accounting, and

County of Albany, New York

Management's Discussion and Analysis December 31, 2019

Government-Wide Statements - Continued

- Allocate net position balances as follows:
 - *Net Investment in Capital Assets* - Net position invested in capital assets, net of related debt;
 - *Restricted Net Position* - Restricted net position is net position with constraints placed on its use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation, and
 - *Unrestricted Net Position* - Unrestricted net position is net position that does not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds, not the County as a whole. Funds are accounting devices that the County uses to keep track of specific revenue sources and spending on particular programs.

The County has three kinds of funds:

- *Governmental Funds* - Most of the services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the County. The governmental fund statements focus primarily on the sources, uses, and balances of current financial resources and often have a budgetary orientation. Because this information does not encompass the additional long-term focus of the government-wide statements, a separate reconciliation provides additional information that explains the relationship (or differences) between them. The governmental funds consist of the General Fund, Special Revenue Funds, and Capital Project Funds. Required statements are the balance sheet and the statement of revenues, expenditures, and changes in fund balances.
- *Proprietary Funds* - The proprietary funds generally report services for which customers are charged a fee. Like government-wide statements, proprietary funds provide both long-term and short-term financial information. The enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The County uses internal service funds (the other type of proprietary fund) to report activities that provide services to its other programs and activities. The County currently has one internal service fund. This fund is used to account for the County's risk management activities. Required statements are the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows.
- *Fiduciary Funds* - The County is the *trustee* or *fiduciary* for assets that belong to others. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The County excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. This reporting should be used to support the County's own programs and is developed using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain postemployment healthcare plans. Required statements are the statement of fiduciary net position and the statement of changes in fiduciary net position. Since the County has only agency funds, no statement of changes in fiduciary net position has been presented.

County of Albany, New York

Management's Discussion and Analysis December 31, 2019

Financial Analysis of the County as a Whole

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed government-wide statement of net position.

Table A- 3: Condensed Statement of Net Position (Deficit) (In millions)

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2019	2018 (Restated)	2019	2018 (Restated)	2019	2018 (Restated)	
Current and other assets	\$ 272.6	\$ 275.4	\$ 88.0	\$ 95.4	\$ 360.6	\$ 370.8	(3)%
Capital assets	253.9	255.8	150.3	104.3	404.2	360.1	12 %
Total assets	526.5	531.2	238.3	199.7	764.8	730.9	5 %
Deferred outflows	138.6	57.3	17.8	6.8	156.4	64.1	144 %
Current liabilities	118.8	137.3	33.3	35.3	152.1	172.6	(12)%
Long-term liabilities	799.2	670.3	236.3	177.9	1,035.5	848.2	22 %
Total liabilities	918.0	807.6	269.6	213.2	1,188	1,020.8	16 %
Deferred outflows	13.7	47.7	1.7	6.6	15.4	54	100 %
Net position (deficit)							
Net investment in capital assets	51.7	54.0	33.8	34.4	85.5	88.4	(3)%
Restricted	21.9	18.2	9.3	14.2	31.2	32.4	(4)%
Unrestricted	(340.2)	(339.0)	(58.3)	(61.9)	(398.5)	(400.9)	(1)%
Total net position (deficit)	\$ (266.6)	\$ (266.8)	\$ (15.2)	\$ (13.3)	\$ (281.8)	\$ (280.1)	

Changes in Net Position (Deficit)

The County's year 2019 revenues totaled \$527.4 million (See Table A-4). This excludes the \$115.4 million of sales tax revenue that is received and passed through to other localities but is required to be recorded as revenue in the statement of activities. Taxes and operating grants accounted for most of the County's revenue by contributing 62.9% and 20.4%, respectively, of every dollar raised (see Table A-5). The remainder came from charges for services, investment earnings and other miscellaneous sources.

The total cost of all programs and services totaled \$530.6 million for the year ended 2019. This also excludes the \$115.4 million of sales tax revenue distributed to other localities but is required to be recorded as an expenditure in the statement of activities.

Net position (deficit) decreased by \$3.2 million during 2019.

County of Albany, New York

Management's Discussion and Analysis December 31, 2019

Table A-4: Changes in Net Position (Deficit) (In millions)

	Year Ended December 31, 2019		
	Governmental Activities	Business-type Activities	Total
REVENUES			
Program revenues			
Charges for services	\$ 42.6	\$ 38.2	\$ 80.8
Operating grants	131.3	0.0	131.3
General revenues			
Property taxes	100.7	0.0	100.7
Other taxes	303.8	0.0	303.8
Investment earnings	4.3	0.4	4.7
Other	12.0	9.5	21.5
Total revenues	594.7	48.1	642.8
EXPENSES			
General government support	185.4	0.0	185.4
Education	31.5	0.0	31.5
Public safety	99.8	0.0	99.8
Health	41.8	0.0	41.8
Transportation	25.2	0.0	25.2
Economic assistance and opportunity	195.1	0.0	195.1
Culture and recreation	0.5	0.0	0.5
Home and community service	3.0	0.0	3.0
Interest and fiscal changes on debt	7.1	0.0	7.1
Business-type activities			
Shaker Place Rehabilitation & Nursing Center	0.0	32.5	32.5
Times Union Center	0.0	11.5	11.5
Sewer	0.0	12.6	12.6
Total expenses	589.4	56.6	646.0
Transfers	(5.1)	5.1	0.0
CHANGE IN NET POSITION (DEFICIT)	\$ 0.2	\$ (3.4)	\$ (3.2)

County of Albany, New York

Management's Discussion and Analysis December 31, 2019

Table A-5: Sources of Revenues for the Year 2019

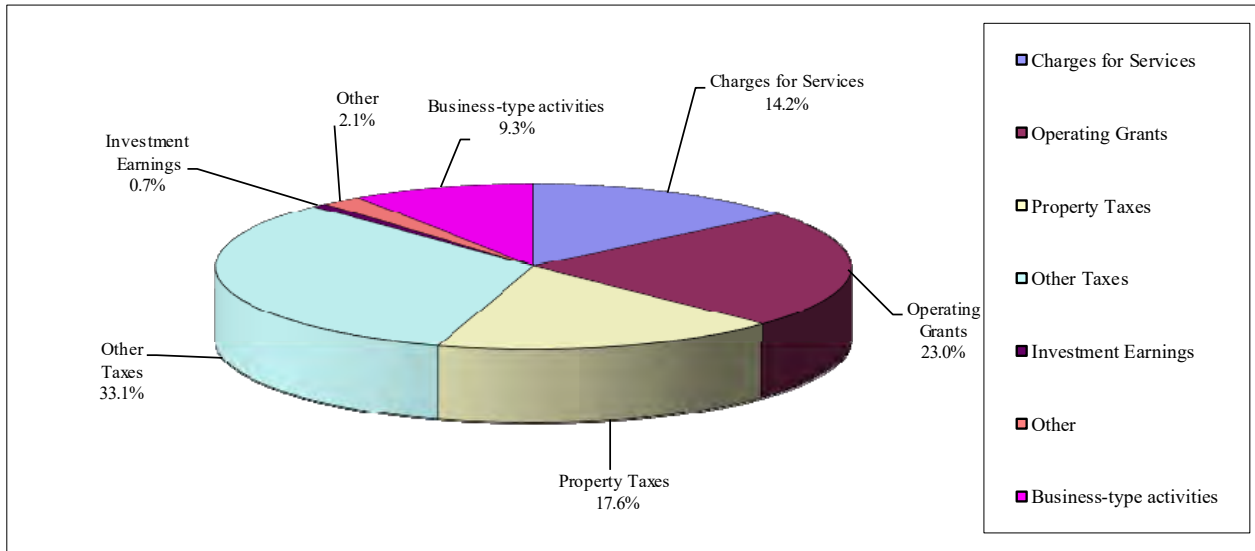
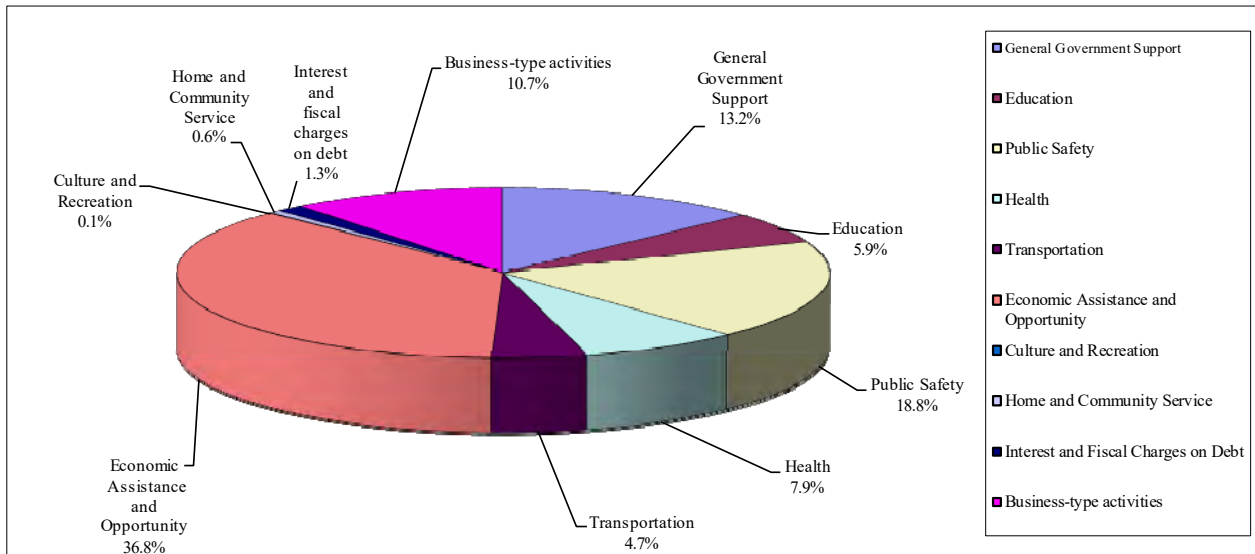


Table A-6: Expenses for the Year 2019



County of Albany, New York

Management's Discussion and Analysis December 31, 2019

Governmental Activities

Revenues for the County's governmental activities totaled \$594.7 million, while total expenses equaled \$589.5 million. During the year 2019, the County's net transfer from governmental activities to support its business-type activities amounted to \$5.1 million. Therefore, the decrease in net position for governmental activities was \$2.4 million. The continuation of the County's stable financial condition can be credited to:

- Continued leadership of the County Executive and the County Legislature;
- Approval of the County's proposed annual budget, and
- A secure tax base.

Table A-7 presents the cost of nine major County governmental activities: general government support, education, public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community service, and interest and fiscal charges on debt. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the County's taxpayers by each of these functions.

Table A-7: Net Cost of Governmental Activities (In millions)

<u>Category</u>	<u>Total Cost 2019</u>	<u>Net Cost 2019</u>
General government support	\$ 185.4	\$ 170.9
Education	31.5	19.0
Public safety	99.8	80.3
Health	41.8	11.2
Transportation	25.2	17.8
Economic assistance and opportunity	195.1	109.8
Culture and recreation	0.5	(0.3)
Home and community service	3.0	2.3
Interest and fiscal charges on debt	7.1	7.1
Total	<u>\$ 589.4</u>	<u>\$ 418.1</u>

- The cost of all governmental activities this year was \$589.5 million (includes distribution of sales tax);
- The users of the County's programs (\$42.6 million) financed some of the cost;
- Federal and state governments subsidized certain programs with grants and contributions (\$131.3 million), and
- Most of the County's net costs (\$415.6 million) were financed by taxes and other miscellaneous revenue (includes distribution of sales tax).

Business-Type Activities

Revenues for the County's business-type activities totaled approximately \$48.1 million while total expenses equaled \$56.6 million. During the year 2019, the County's net transfer from governmental activities to support its business-type activities amounted to approximately \$5.1 million. Therefore, there was a decrease of \$3.4 million in net position (deficit) for business-type activities in 2019.

County of Albany, New York

Management's Discussion and Analysis December 31, 2019

Business-Type Activities - Continued

The continuation of the stable financial condition of the County's business-type activities can be attributed to:

- Continued leadership of the County Executive and the County Legislature;
- Approval of the County's proposed annual budget, and
- Increases in rates and fees.

Table A-8 presents the cost of major County business-type activities: rehabilitation and nursing center, Times Union Center, and sewer. The table also shows each activity's net cost (surplus) (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost, when reflected, shows the financial burden placed on the County's taxpayers by each of these functions.

Table A-8: Net Cost of Business-Type Activities (In millions)

<u>Category</u>	<u>Total Cost 2019</u>	<u>Net Cost (Surplus) 2019</u>
Shaker Place Rehabilitation and Nursing Center	\$ 32.5	\$ 13.9
Times Union Center	11.5	4.2
Sewer	12.6	0.3
Total	<u>\$ 56.6</u>	<u>\$ 18.4</u>

- The cost of all business-type activities this year was \$56.6 million;
- The users of the County's programs (\$38.2 million) financed most of the cost, and
- The County's net cost was \$18.4 million.

Financial Analysis of the County's Funds

Variances between years for the governmental fund financial statements are not the same as variances between years for the governmental activities on the government-wide financial statements. The County's governmental fund financial statements are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, these statements do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. The governmental statements include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

Budgetary Highlights

Over the course of the year, the County Legislature and County Executive revised the budget several times. These budget amendments fall into two categories:

- Changes made to account for significant events, and
- Increases in appropriations to prevent budget overruns.

County of Albany, New York

Management's Discussion and Analysis December 31, 2019

Capital Assets

At December 31, 2019, the County had invested \$404.2 million in a broad range of capital assets, including land, infrastructure, buildings and building improvements, and equipment, which includes vehicles and motor equipment. The County continues to invest in its infrastructure, buildings, and equipment. Significant ongoing capital projects within the County's business-type activities were advanced during 2019.

Debt Administration

At year-end, the County had \$350.7 million in general obligation and other long-term debt outstanding. More detailed information about the County's long-term liabilities is presented in Note 7 to the financial statements.

Table A-9: Outstanding Long-Term Debt (in millions)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Serial bonds	\$ 202.7	\$ 148.0	\$ 350.7
Due to employees' retirement system	11.9	1.8	13.7
Compensated absences	12.4	0.4	12.8
Net pension liability	32.6	3.9	36.5
Other postemployment benefits	<u>563.9</u>	<u>92.3</u>	<u>656.2</u>
Total	<u>\$ 823.5</u>	<u>\$ 246.4</u>	<u>\$ 1,069.9</u>

Factors Bearing on the Future of the County and Next Year's Budgets

New York State has burdened counties with the expenditure of significant amounts of local resources for unfunded mandates. The growth of these programs has placed strain on county budgets for New York State counties. The State-run Medical Assistance Program has caused significant local cost increases in recent years. The County has little control of these expenditures, and the program will continue to put financial stress on local finances. The County is also faced with significant costs in its retirement contribution to the New York State Retirement System and increases in other employee fringe benefits.

COVID-19 Pandemic

The County's operations are affected by the ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. Management of the County have identified various sources of revenue that will likely be adversely impacted by the pandemic, creating possible future budget shortfalls. Such revenue items include sales tax receipts, state aid, federal aid, and certain department income revenues.

County of Albany, New York

Management's Discussion and Analysis December 31, 2019

COVID-19 Pandemic - Continued

Additionally, the County anticipates future unforeseen expenditures derived from the COVID-19 pandemic that may be incurred in future periods. Management of the County continues to monitor the impact that the COVID-19 pandemic will have on its financial position and results of operations during the year ended December 31, 2020 and beyond.

Contacting the County's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the finances of the County and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Albany County
Attn: Executive Deputy Comptroller
112 State Street, Room 1030
Albany, New York 12207
(518) 447-7130

County of Albany, New York

Government-Wide Financial Statements Statement of Net Position (Deficit)

December 31, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
CURRENT ASSETS				
Cash and cash equivalents	\$ 71,710,732	\$ 46,946,353	\$ 118,657,085	\$ 38,444,234
Cash and cash equivalents, restricted	30,851,880	27,289,463	58,141,343	37,249,317
Resident funds held in trust	-	144,929	144,929	-
Taxes receivable, net	72,528,250	-	72,528,250	-
Other receivables	6,438,524	7,977,728	14,416,252	3,718,382
Other receivables, restricted	-	-	-	10,757,612
State and federal receivables	78,702,850	-	78,702,850	-
Due from other activities and fiduciary fund	3,867,378	2,333,555	6,200,933	200,115
Due from other governments	3,377,914	-	3,377,914	-
Inventory	43,515	91,836	135,351	-
Prepaid and other	5,112,455	334,664	5,447,119	1,006,419
Workers' compensation reserve	-	2,856,649	2,856,649	-
Total current assets	272,633,498	87,975,177	360,608,675	91,376,079
NONCURRENT ASSETS				
Prepaid expenses	-	-	-	240,538
Property held for resale	-	-	-	7,215,316
Capital assets, net	253,885,938	150,259,152	404,145,090	280,510,882
Total noncurrent assets	253,885,938	150,259,152	404,145,090	287,966,736
Total assets	526,519,436	238,234,329	764,753,765	379,342,815
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges, pensions	32,188,078	3,891,293	36,079,371	541,970
Deferred charges, OPEB	100,497,718	13,882,526	114,380,244	621,658
Deferred loss on refunding	5,889,301	-	5,889,301	2,145,789
Deferred bond insurance premiums	-	-	-	240,770
Total deferred outflows	138,575,097	17,773,819	156,348,916	3,550,187
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)				
CURRENT LIABILITIES				
Accounts payable	25,252,726	8,187,978	33,440,704	1,318,908
Accrued liabilities	13,191,447	3,289,845	16,481,292	7,988,330
Resident funds held in trust	-	144,929	144,929	-
Payable from restricted assets	-	-	-	20,608,481
Due to other governments	45,037,333	-	45,037,333	-
Current portion of due to employees' retirement system	2,911,987	429,331	3,341,318	-
Due to other activities and fiduciary fund	3,634,751	6,489,547	10,124,298	-
Current maturities of bonds payable	19,996,741	9,536,505	29,533,246	-
Current portion of compensated absences	1,237,350	36,757	1,274,107	-
Unearned revenue	61,638	5,163,036	5,224,674	1,292,800
Accrued interest	2,869,877	-	2,869,877	-
Other current liabilities	4,634,615	-	4,634,615	-
Total current liabilities	118,828,465	33,277,928	152,106,393	31,208,519

See accompanying Notes to Financial Statements.

County of Albany, New York

Government-Wide Financial Statements Statement of Net Position (Deficit) - Continued

	December 31, 2019			
	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Units
NONCURRENT LIABILITIES				
Bonds payable, less current maturities	182,717,621	138,441,276	321,158,897	89,281,579
Due to employees' retirement system, less current portion	8,955,214	1,321,163	10,276,377	-
Compensated absences, less current portion	11,136,147	330,779	11,466,926	-
Net pension liability, proportionate share	32,547,588	3,934,754	36,482,342	320,236
Other postemployment benefits liability	563,869,294	92,271,113	656,140,407	7,599,110
Total noncurrent liabilities	799,225,864	236,299,085	1,035,524,949	97,200,925
Total liabilities	918,054,329	269,577,013	1,187,631,342	128,409,444
DEFERRED INFLOWS OF RESOURCES				
Deferred charges, pensions	13,702,944	1,656,581	15,359,525	119,207
Deferred charges, OPEB	-	-	-	48,217
Concession Improvement Trust funds	-	-	-	681,422
Total deferred inflows	13,702,944	1,656,581	15,359,525	848,846
NET POSITION (DEFICIT)				
Net investment in capital assets	51,657,429	33,795,464	85,452,893	189,800,671
Restricted for				
Bond reserve funds	-	-	-	12,659,634
Passenger facility charges	-	-	-	16,335,652
Capital projects	-	2,400,066	2,400,066	1,536,931
Debt service	17,474,358	1,035,583	18,509,941	-
Other purposes	4,412,013	5,856,301	10,268,314	-
Unrestricted	(340,206,540)	(58,312,860)	(398,519,400)	33,301,824
Total net position (deficit)	\$ (266,662,740)	\$ (15,225,446)	\$ (281,888,186)	\$ 253,634,712

See accompanying Notes to Financial Statements.

County of Albany, New York

Government-Wide Financial Statements Statement of Activities

Year Ended December 31, 2019

Functions/Programs	Net (Expense) Revenue and Change in Net Position (Deficit)							Component Units
	Program Revenues				Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental activities								
General government support	\$ 185,417,917	\$ 16,330,592	\$ 1,639,920	\$ -	\$ (167,447,405)	\$ -	\$ (167,447,405)	\$ -
Education	31,508,149	2,493,638	10,035,175	-	(18,979,336)	-	(18,979,336)	-
Public safety	99,832,058	11,642,736	7,928,101	-	(80,261,221)	-	(80,261,221)	-
Health	41,770,137	4,282,984	26,245,153	-	(11,242,000)	-	(11,242,000)	-
Transportation	25,175,350	2,637,993	3,854,440	-	(18,682,917)	-	(18,682,917)	-
Economic assistance and opportunity	195,082,284	4,074,881	81,213,839	-	(109,793,564)	-	(109,793,564)	-
Culture and recreation	537,999	419,557	410,309	-	291,867	-	291,867	-
Home and community service	3,051,510	683,758	18,830	-	(2,348,922)	-	(2,348,922)	-
Interest and fiscal charges on debt	7,084,491	-	-	-	(7,084,491)	-	(7,084,491)	-
Total governmental activities	589,459,895	42,566,139	131,345,767	-	(415,547,989)	-	(415,547,989)	-
Business-type activities								
Sewer	12,566,268	12,315,824	-	-	-	(250,444)	(250,444)	-
Times Union Center	11,494,996	7,316,426	-	-	-	(4,178,570)	(4,178,570)	-
Shaker Place Rehabilitation & Nursing Center	32,528,261	18,606,697	-	-	-	(13,921,564)	(13,921,564)	-
Total business-type activities	56,589,525	38,238,947	-	-	-	(18,350,578)	(18,350,578)	-
Total primary government	\$ 646,049,420	\$ 80,805,086	\$ 131,345,767	\$ -	(415,547,989)	(18,350,578)	(433,898,567)	-
Component units								
Industrial Development Agency	101,723	104,755	-	-	-	-	-	3,032
Albany County Airport Authority	59,546,740	51,843,391	150,480	25,142,535	-	-	-	17,589,666
Albany County Land Bank	5,857,060	8,253,432	-	-	-	-	-	2,396,372
Total component units	\$ 65,505,523	\$ 60,201,578	\$ 150,480	\$ 25,142,535	-	-	-	19,989,070
General revenues and transfers					92,601,452	-	92,601,452	-
Real property taxes					8,107,933	-	8,107,933	-
Real property tax items					303,790,135	-	303,790,135	-
Non-property tax items					3,849,347	-	3,849,347	-
Intergovernmental charges					4,277,629	356,123	4,633,752	1,445,132
Use of money and property					4,018,569	-	4,018,569	-
Sale of property and compensation for loss					4,157,257	9,545,840	13,703,097	7,027,327
Miscellaneous					(5,069,950)	5,069,950	-	-
Net interfund transfers					415,732,372	14,971,913	430,704,285	8,472,459
Total general revenues and transfers					415,732,372	14,971,913	430,704,285	8,472,459
CHANGE IN NET POSITION (DEFICIT)					184,383	(3,378,665)	(3,194,282)	28,461,529
NET POSITION (DEFICIT), beginning of year, as restated					(266,847,123)	(11,846,781)	(278,693,904)	225,173,183
NET POSITION (DEFICIT), end of year					\$ (266,662,740)	\$ (15,225,446)	\$ (281,888,186)	\$ 253,634,712

See accompanying Notes to Financial Statements.

County of Albany, New York

Fund Financial Statements Balance Sheet - Governmental Funds

		December 31, 2019				
		Major Funds				
		General	Debt Service	Capital Projects	Other Governmental	Total
ASSETS						
Cash and cash equivalents		\$ 15,973,670	\$ 649,265	\$ 53,986,151	\$ 395,569	\$ 71,004,655
Cash, restricted		1,878,670	16,179,152	2,345,257	-	20,403,079
Taxes receivable, net		72,528,250	-	-	-	72,528,250
Other receivables		5,567,699	690,174	-	98,907	6,356,780
State and federal receivables		72,612,314	-	2,155,979	3,934,557	78,702,850
Due from other funds		9,051,548	2,136,714	-	423,091	11,611,353
Due from other governments		3,270,100	107,814	-	-	3,377,914
Inventory		43,515	-	-	-	43,515
Prepaid expenses		4,843,528	-	-	194,670	5,038,198
Total assets		<u>\$ 185,769,294</u>	<u>\$ 19,763,119</u>	<u>\$ 58,487,387</u>	<u>\$ 5,046,794</u>	<u>\$ 269,066,594</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable		\$ 22,735,280	\$ -	\$ 1,282,850	\$ 502,211	\$ 24,520,341
Accrued liabilities		3,675,915	-	-	161,199	3,837,114
Other liabilities		4,634,615	-	-	-	4,634,615
Due to other funds		5,891,943	2,288,761	1,780,365	1,417,657	11,378,726
Due to other governments		45,034,975	-	-	2,358	45,037,333
Total liabilities		<u>82,034,366</u>	<u>2,288,761</u>	<u>3,063,215</u>	<u>2,083,425</u>	<u>89,469,767</u>
DEFERRED INFLOWS OF RESOURCES						
Tax revenues, unavailable		36,223,579	-	-	-	36,223,579
FUND BALANCES						
Nonspendable		4,887,043	-	-	194,670	5,081,713
Restricted		3,317,545	17,474,358	1,773,071	-	22,564,974
Assigned		9,716,381	-	-	2,768,699	12,485,080
Unassigned		49,590,380	-	53,651,101	-	103,241,481
Total fund balances		<u>67,511,349</u>	<u>17,474,358</u>	<u>55,424,172</u>	<u>2,963,369</u>	<u>143,373,248</u>
Total liabilities, deferred inflows of resources, and fund balances		<u>\$ 185,769,294</u>	<u>\$ 19,763,119</u>	<u>\$ 58,487,387</u>	<u>\$ 5,046,794</u>	<u>\$ 269,066,594</u>

See accompanying Notes to Financial Statements.

County of Albany, New York

Reconciliation of the Total Fund Balances in the Governmental Funds to the Government-Wide Statement of Net Position (Deficit)

	<u>December 31, 2019</u>
Total governmental fund balances	\$ 143,373,248
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements, but are included in the statement of net position.	253,885,938
Deferred outflows are not financial resources and, therefore, are not reported in the fund financial statements, but are included in the statement of net position:	
Deferred charges, pensions	32,188,078
Deferred charges, OPEB	100,497,718
Deferred loss on refunding	<u>5,889,301</u>
	138,575,097
Prepayment of the County's retirement system contribution is a prepaid expense in the governmental funds but a deferred outflow in the governmental activities. Additionally, the prepayment of amortized amounts is a prepaid expense in the governmental funds but a reduction of debt in the governmental activities.	74,257
Property taxes that are not considered collectible in the current period are deferred in the governmental funds, and revenues that do not provide current resources are not included in governmental fund financial statements.	36,223,579
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. In the government-wide financial statements, the Internal Service Fund assets and liabilities are included with the activities that utilize the majority of the services provided. The County's governmental activities are the major users of these services. This is the amount of net position included with the governmental activities in the statement of net position.	664,051
The following long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(202,228,509)
Compensated absences	(12,373,497)
Other postemployment benefits liability	(563,869,294)
Due to employees' retirement system	(11,867,201)
Net pension liability	<u>(32,547,588)</u>
	(822,886,089)
Accrued interest expense on long-term debt is not reported as an expenditure in governmental funds but is included as a liability in the statement of net position.	(2,869,877)
Deferred inflows related to pension liabilities are not reported in the fund financial statements, but are included in the statement of net position.	<u>(13,702,944)</u>
Total net position (deficit)	<u>\$ (266,662,740)</u>

County of Albany, New York

Fund Financial Statements Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Year Ended December 31, 2019

	Major Funds				Total
	General	Debt Service	Capital Projects	Other Governmental	
REVENUES					
Real property taxes	\$ 88,459,692	\$ -	\$ -	\$ -	\$ 88,459,692
Real property tax items	8,107,933	-	-	-	8,107,933
Non-property tax items	299,402,523	2,685,198	-	1,702,414	303,790,135
Departmental income	30,254,664	-	-	5,100	30,259,764
Intergovernmental charges	10,553,670	22,283	-	1,215,184	11,791,137
Use of money and property	3,344,645	800,068	27,495	8,301	4,180,509
Fines and forfeitures	515,238	-	-	-	515,238
Sale of property and compensation for loss	3,656,667	-	-	47,665	3,704,332
Miscellaneous local sources	1,914,463	-	-	138,344	2,052,807
Interfund revenues	-	-	-	1,776,315	1,776,315
State aid	62,071,235	431,256	750,302	3,104,138	66,356,931
Federal aid	67,002,753	-	-	-	67,002,753
Total revenues	<u>575,283,483</u>	<u>3,938,805</u>	<u>777,797</u>	<u>7,997,461</u>	<u>587,997,546</u>
EXPENDITURES					
Current operations					
General government support	156,916,946	-	-	-	156,916,946
Education	31,508,149	-	-	-	31,508,149
Public safety	63,175,477	-	-	-	63,175,477
Transportation	1,176,070	-	-	13,362,932	14,539,002
Health	33,416,409	-	-	-	33,416,409
Economic assistance and opportunity	178,579,733	-	-	-	178,579,733
Culture and recreation	390,023	-	-	-	390,023
Home and community service	3,425,339	-	-	-	3,425,339
Employee benefits	63,821,365	-	-	3,994,394	67,815,759
Capital outlay, general government support	1,305,816	-	2,466,138	-	3,771,954
Capital outlay, public safety	2,504,944	-	581,667	-	3,086,611
Capital outlay, health	73,266	-	-	-	73,266
Capital outlay, transportation	-	-	5,117,245	11,438	5,128,683
Capital outlay, economic assistance and opportunity	24,857	-	-	-	24,857
Capital outlay, home and community service	22,160	-	-	-	22,160
Debt service					
Principal	-	17,350,586	-	-	17,350,586
Interest	-	8,982,262	-	-	8,982,262
Total expenditures	<u>536,340,554</u>	<u>26,332,848</u>	<u>8,165,050</u>	<u>17,368,764</u>	<u>588,207,216</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38,942,929</u>	<u>(22,394,043)</u>	<u>(7,387,253)</u>	<u>(9,371,303)</u>	<u>(209,670)</u>
OTHER FINANCING SOURCES (USES)					
Repayments to escrow agent on refunding of serial bonds	-	(33,567,982)	-	-	(33,567,982)
Premiums on debt issuance	-	3,341,656	90,533	-	3,432,189
Serial bond proceeds	-	32,943,894	18,556,884	-	51,500,778
Transfers from other funds	2,559,571	29,903,945	-	9,476,367	41,939,883
Transfers to other funds	(41,560,777)	(6,295,870)	(843,187)	(377,188)	(49,077,022)
Total other financing sources (uses)	<u>(39,001,206)</u>	<u>26,325,643</u>	<u>17,804,230</u>	<u>9,099,179</u>	<u>14,227,846</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(58,277)</u>	<u>3,931,600</u>	<u>10,416,977</u>	<u>(272,124)</u>	<u>14,018,176</u>
FUND BALANCES (DEFICIT), beginning of year, as restated	<u>67,569,626</u>	<u>13,542,758</u>	<u>45,007,195</u>	<u>3,235,493</u>	<u>129,355,072</u>
FUND BALANCES, end of year	<u>\$ 67,511,349</u>	<u>\$ 17,474,358</u>	<u>\$ 55,424,172</u>	<u>\$ 2,963,369</u>	<u>\$ 143,373,248</u>

See accompanying Notes to Financial Statements.

County of Albany, New York

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Change in Net Position (Deficit) Shown in the Government-Wide Statement of Activities

		<u>Year Ended December 31, 2019</u>
Net change in fund balances - total governmental funds		\$ 14,018,176
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
Capital outlays	20,426,351	
Depreciation expense	<u>(22,340,254)</u>	(1,913,903)
<p>Governmental funds report bond refunding's as other financing sources and uses. However, in the statement of activities, the gain on refunding is reported as a deferred outflow and amortized over the life of the bond. This is the amount of amortization in the current period.</p>		
Gain on current year refunding	520,659	
Amortization of gain on refunding's	<u>(841,842)</u>	(321,183)
<p>Property tax revenues and certain social service revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		4,141,760
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These include:</p>		
Compensated absences	270,093	
Other postemployment benefits liability	<u>(14,640,007)</u>	(14,369,914)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the amortized portion of the New York State Retirement bill.</p>		
		2,800,959
<p>Revenues and expenditures of Internal Service Funds are not included in business-type activities but are included in the governmental activities in the statement of activities.</p>		
		883,868
<p>Repayment and refunding of bond principal and other long-term debt is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net position (deficit).</p>		
		53,209,774
<p>Proceeds from the issuance of new debt, including proceeds from advance refunding of bonds and premiums are included in the statement of revenues, expenditures and changes in fund balance as revenue, but included in the statement of net position (deficit) as a component of bonds payable.</p>		
		(57,296,028)
<p>In the statement of activities, bond premiums are amortized against interest expense over the life of the bond.</p>		
		3,034,958
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.</p>		
		(260,128)
<p>Governmental funds report the annual contribution to the New York State Retirement System as employee benefits expense. GASB 68 requires the prior year contribution to be recognized as an expense, as well as the change in the following items:</p>		
Change in net pension liability	(18,559,911)	
Change in deferred outflows of resources	(19,132,116)	
Change in deferred inflows of resources	<u>33,948,071</u>	<u>(3,743,956)</u>
Change in net position (deficit) of governmental activities		<u>\$ 184,383</u>

County of Albany, New York

Fund Financial Statements Statement of Net Position (Deficit) - Proprietary Funds

	December 31, 2019				Internal Service Fund
	Enterprise Funds				Self Insurance
	Sewer	Times Union Center	Shaker Place Rehabilitation & Nursing Center	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
CURRENT ASSETS					
Cash and cash equivalents	\$ 12,638,967	\$ 27,341,059	\$ 6,966,327	\$ 46,946,353	\$ 706,077
Cash and cash equivalents, restricted	1,281,932	1,565,789	24,441,742	27,289,463	10,448,801
Resident funds held in trust	-	-	144,929	144,929	-
Receivables	3,828,915	1,646,173	2,502,640	7,977,728	81,744
Due from other funds	307,933	1,975,576	50,046	2,333,555	-
Inventory	-	-	91,836	91,836	-
Prepaid expenses	154,492	86,377	93,795	334,664	-
Workers' compensation reserve	-	-	2,856,649	2,856,649	-
Total current assets	18,212,239	32,614,974	37,147,964	87,975,177	11,236,622
NONCURRENT ASSETS					
Capital assets, net	34,095,592	50,150,752	66,012,808	150,259,152	-
Total assets	52,307,831	82,765,726	103,160,772	238,234,329	11,236,622
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges, pensions	1,046,302	-	2,844,991	3,891,293	-
Deferred charges, other postemployment benefits	3,237,339	-	10,645,187	13,882,526	-
Total deferred outflows of resources	4,283,641	-	13,490,178	17,773,819	-

See accompanying Notes to Financial Statements.

County of Albany, New York

Fund Financial Statements Statement of Net Position (Deficit) - Proprietary Funds - Continued

	December 31, 2019				Internal Service Fund
	Enterprise Funds				
	Sewer	Times Union Center	Shaker Place Rehabilitation & Nursing Center	Total	Self Insurance
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)					
CURRENT LIABILITIES					
Accounts payable	705,651	1,406,235	6,076,092	8,187,978	732,385
Accrued liabilities	662,999	1,112,823	1,514,023	3,289,845	9,354,333
Due to other funds	935,149	2,642,402	2,911,996	6,489,547	-
Current portion of due to employees' retirement system	87,990	-	341,341	429,331	-
Current portion of compensated absences	36,757	-	-	36,757	-
Unearned revenue	-	5,163,036	-	5,163,036	-
Current maturities of bonds payable	892,380	4,423,714	4,220,411	9,536,505	38,491
Resident funds held in trust	-	-	144,929	144,929	-
Total current liabilities	3,320,926	14,748,210	15,208,792	33,277,928	10,125,209
NONCURRENT LIABILITIES					
Bonds payable, less current maturities	8,836,828	52,799,389	76,805,059	138,441,276	447,362
Due to employees' retirement system, less current portion	342,357	-	978,806	1,321,163	-
Compensated absences, less current portion	330,779	-	-	330,779	-
Net pension liability, proportionate share	1,057,988	-	2,876,766	3,934,754	-
Other postemployment benefits liability	20,003,169	-	72,267,944	92,271,113	-
Total liabilities	33,892,047	67,547,599	168,137,367	269,577,013	10,572,571

See accompanying Notes to Financial Statements.

County of Albany, New York

Fund Financial Statements Statement of Net Position (Deficit) - Proprietary Funds - Continued

	December 31, 2019				Internal Service Fund
	Enterprise Funds				Self Insurance
	Sewer	Times Union Center	Shaker Place Rehabilitation & Nursing Center	Total	
DEFERRED INFLOWS OF RESOURCES					
Deferred charges, pensions	445,426	-	1,211,155	1,656,581	-
NET POSITION (DEFICIT)					
Net investment in capital assets	24,366,384	-	9,429,080	33,795,464	-
Restricted for					
Capital projects	-	2,400,066	-	2,400,066	-
Debt service	1,035,583	-	-	1,035,583	-
Other purposes	5,856,301	-	-	5,856,301	1,094,468
Unrestricted	(9,004,269)	12,818,061	(62,126,652)	(58,312,860)	(430,417)
Total net position (deficit)	\$ 22,253,999	\$ 15,218,127	\$ (52,697,572)	\$ (15,225,446)	\$ 664,051

See accompanying Notes to Financial Statements.

County of Albany, New York

Fund Financial Statements Statement of Revenues, Expenses, and Changes in Net Position (Deficit) - Proprietary Funds

	Year Ended December 31, 2019				Internal Service Fund
	Enterprise Funds			Total	Self Insurance
	Sewer	Times Union Center	Shaker Place Rehabilitation & Nursing Center		
OPERATING REVENUES					
Charges for services, net	\$ 12,315,824	\$ 7,316,426	\$ 18,606,697	\$ 38,238,947	\$ 2,073,032
Other operating revenues	558,156	34,695	35,828	628,679	312,273
Total operating revenues	12,873,980	7,351,121	18,642,525	38,867,626	2,385,305
OPERATING EXPENSES					
Health care services	-	-	13,624,553	13,624,553	-
Administrative and general services	3,739,729	-	2,758,358	6,498,087	-
Employee benefits	2,977,150	-	11,222,582	14,199,732	190,148
Depreciation	1,898,572	3,421,071	1,146,652	6,466,295	-
Contractual expenses	3,540,256	5,029,410	-	8,569,666	3,440,381
New York State assessment	-	-	1,339,694	1,339,694	-
County cost allocations	-	-	2,226,620	2,226,620	-
Total operating expenses	12,155,707	8,450,481	32,318,459	52,924,647	3,630,529
Operating income (loss)	718,273	(1,099,360)	(13,675,934)	(14,057,021)	(1,245,224)
NONOPERATING REVENUE (EXPENSE)					
Interest earnings	146,865	-	209,258	356,123	97,120
Interest on debt	(410,561)	(3,044,515)	(209,802)	(3,664,878)	(35,217)
Intergovernmental transfer	-	-	8,323,222	8,323,222	-
Other	-	-	593,939	593,939	-
Total nonoperating revenue (expense)	(263,696)	(3,044,515)	8,916,617	5,608,406	61,903
Income (loss) before transfers	454,577	(4,143,875)	(4,759,317)	(8,448,615)	(1,183,321)
Transfers from other funds	-	6,295,870	1,582,620	7,878,490	2,067,189
Transfers to other funds	(692,817)	(2,115,723)	-	(2,808,540)	-
	(692,817)	4,180,147	1,582,620	5,069,950	2,067,189
Change in net position (deficit)	(238,240)	36,272	(3,176,697)	(3,378,665)	883,868
NET POSITION (DEFICIT), beginning of year, as restated	22,492,239	15,181,855	(49,520,875)	(11,846,781)	(219,817)
NET POSITION (DEFICIT), end of year	\$ 22,253,999	\$ 15,218,127	\$ (52,697,572)	\$ (15,225,446)	\$ 664,051

See accompanying Notes to Financial Statements.

County of Albany, New York
Fund Financial Statements
Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2019				Internal Service Fund
	Enterprise Funds				
	Sewer	Times Union Center	Shaker Place Rehabilitation & Nursing Center	Total	
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES					
Cash received for services provided	\$ 12,386,103	\$ 2,672,434	\$ 19,601,564	\$ 34,660,101	\$ 2,319,571
Cash received from grants and others	558,156	-	35,828	593,984	-
Cash payments to suppliers for goods and services	(8,152,822)	(5,152,975)	(8,526,259)	(21,832,056)	(4,114,806)
Cash payments to employees for services	(2,747,030)	-	(22,258,771)	(25,005,801)	-
	<u>2,044,407</u>	<u>(2,480,541)</u>	<u>(11,147,638)</u>	<u>(11,583,772)</u>	<u>(1,795,235)</u>
CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES					
Cash received from others	-	-	8,323,222	8,323,222	-
Other nonoperating revenue	-	-	593,939	593,939	-
Interest received	146,865	-	209,258	356,123	97,120
Transfers in (out)	(142,451)	5,583,822	3,058,862	8,500,233	2,119,273
	<u>4,414</u>	<u>5,583,822</u>	<u>12,185,281</u>	<u>17,773,517</u>	<u>2,216,393</u>
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of property and equipment	(2,742,739)	(1,193,967)	(48,571,582)	(52,508,288)	-
Payments of long-term debt	(798,547)	(9,287,426)	(1,733,195)	(11,819,168)	-
Proceeds from the issuance of bond anticipation notes	-	-	23,692,273	23,692,273	-
Proceeds from issuance of long-term debt	-	12,482,941	46,771,811	59,254,752	-
Payments on bond anticipation notes	-	-	(23,692,273)	(23,692,273)	(50,509)
Interest paid	(410,561)	(3,044,515)	(364,749)	(3,819,825)	(35,217)
	<u>(3,951,847)</u>	<u>(1,042,967)</u>	<u>(3,897,715)</u>	<u>(8,892,529)</u>	<u>(85,726)</u>
Net increase (decrease) in cash and cash equivalents	(1,903,026)	2,060,314	(2,860,072)	(2,702,784)	335,432
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	15,823,925	26,846,534	34,268,141	76,938,600	10,819,446
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 13,920,899</u>	<u>\$ 28,906,848</u>	<u>\$ 31,408,069</u>	<u>\$ 74,235,816</u>	<u>\$ 11,154,878</u>

See accompanying Notes to Financial Statements.

County of Albany, New York

Fund Financial Statements Statement of Cash Flows - Proprietary Funds - Continued

	Year Ended December 31, 2019				Internal Service Fund
	Enterprise Funds			Total	Self Insurance
	Sewer	Times Union Center	Shaker Place Rehabilitation & Nursing Center		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 718,273	\$ (1,099,360)	\$ (13,675,934)	\$ (14,057,021)	\$ (1,245,224)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	1,898,572	3,421,071	1,146,652	6,466,295	-
Other postemployment benefits accrual	3,514,796	-	11,516,056	15,030,852	-
Portion due to employees' retirement system to be amortized	(83,119)	-	(341,427)	(424,546)	-
(Increase) decrease in					
Receivables	70,279	493,865	994,867	1,559,011	(65,734)
Workers' compensation reserve	-	-	791,876	791,876	-
Prepaid expenses and other assets	-	64,962	7,343	72,305	-
Deferred charges, pensions	634,561	-	2,306,244	2,940,805	-
Deferred charges, other postemployment benefits	(3,237,339)	-	(10,645,187)	(13,882,526)	-
Increase (decrease) in					
Accounts payable	(885,884)	(103,184)	(338,637)	(1,327,705)	398,513
Due to other governments	(18,379)	-	(289,915)	(308,294)	-
Accrued liabilities	31,426	(85,343)	(189,746)	(243,663)	(882,790)
Compensated absences	(66,290)	-	-	(66,290)	-
Due to employees' retirement system	-	-	11,176	11,176	-
Net pension liability	595,980	-	1,395,156	1,991,136	-
Unearned revenue	-	(5,172,552)	-	(5,172,552)	-
Deferred charges, pensions	(1,128,469)	-	(3,836,162)	(4,964,631)	-
Net cash provided (used) by operating activities	<u>\$ 2,044,407</u>	<u>\$ (2,480,541)</u>	<u>\$ (11,147,638)</u>	<u>\$ (11,583,772)</u>	<u>\$ (1,795,235)</u>

See accompanying Notes to Financial Statements.

County of Albany, New York

Fund Financial Statements Statement of Fiduciary Net Position - Fiduciary Fund

	December 31, 2019
	Agency Fund
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 25,164,184
Other assets	23,716
Due from other funds	<hr/> 7,306,826
Total assets	<hr/> \$ 32,494,726 <hr/>
LIABILITIES	
Due to other funds	\$ 3,383,461
Agency liabilities	<hr/> 29,111,265
Total liabilities	<hr/> \$ 32,494,726 <hr/>

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies

The financial statements of the County of Albany, New York (County) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

a. Reporting Entity

The County is a municipal corporation established in 1683, which performs local governmental functions within its jurisdiction, including law enforcement services; economic assistance; health services; maintenance of County roads and waterways; and operation of a rehabilitation and nursing center, airport, sewer district, and civic center. The County is governed by an elected County Executive and a 39-member County Legislature.

The County provides mandated social service programs such as Medicaid, Temporary Assistance for Needy Families, Supplemental Nutrition Program, and Safety Net. The County also provides services and facilities in the areas of culture, recreation, education, police, youth, health, senior services, roads, and sanitary sewage. These general government programs and services are financed by various taxes, state and federal aid, and departmental revenue, which are primarily comprised of service fees and various types of program-related charges.

Component Units - In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to influence operations significantly, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the County and/or its citizens, or whether the activity is conducted within geographic boundaries of the County and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the County is able to exercise oversight responsibilities. Based on the application of these criteria, the following is a brief review of the component units addressed in defining the County's reporting entity.

The financial statements include the financial data of the County's three component units. These units are aggregated and reported in a separate column to emphasize that they are legally separate from the County. The financial information of these component units has been summarized from their audited financial statements.

Albany County Industrial Development Agency - The Albany County Industrial Development Agency (Agency) was created under the provisions of the laws of New York State for the purpose of encouraging economic growth in the County and limits its activity to projects in the County. The Agency is exempt from federal, state, and local income taxes. The Agency's Board of Directors is appointed by the County Legislature. The financial statements of the Agency have been prepared on an accrual basis. The annual financial report can be obtained by writing to the Albany County Industrial Development Agency, 112 State Street, Room 1116, Albany, New York 12207.

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

a. Reporting Entity - Continued

Component Units - Continued

Albany County Airport Authority - The Albany County Airport Authority (Authority) was created by New York State on August 4, 1993, pursuant to the provisions of Chapter 686 of the Laws of 1993 as an independent public benefit corporation under Article 8, Title 32, of the New York State Public Authorities Law. On March 15, 1994, the transfer date, the Authority entered into an interim agreement with the County of Albany whereby the County granted, and the Authority accepted sole possession, use, occupancy, and management of the Airport, including all rights, interest, powers, privileges, and other benefits in each and every contract relating to the maintenance, operation, leasing, management, or construction of the Airport, and all other rights, privileges, or entitlements necessary to continue to use, operate, and develop the Airport. A permanent transfer agreement was signed December 5, 1995, which, upon its approval by the Federal Aviation Administration, became effective on May 16, 1996, for a term of 40 years.

The Authority's activities are accounted for in a similar manner to those activities often found in the private sector using the flow of economic resources measurement in a focus manner and the activities accrual basis of accounting. All assets and deferred inflows of resources, liabilities and deferred outflows of resources, revenues, and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

The Authority's Board of Directors consists of seven members, four appointed by the majority leader of the County Legislature and three by the County Executive. The Authority's financial statements are available by writing to the Chief Financial Officer, Albany County Airport Authority, Administration Building, Suite 204, Albany, New York 12211-1057.

Albany County Land Bank Corporation - The Albany County Land Bank Corporation (Corporation) was established July 1, 2014 for the purpose of rehabilitating decrepit and abandoned or seized properties in the County of Albany. The Corporation is governed by its Articles of Incorporation, bylaws, and general laws of the State of New York. The financial statements of the Corporation have been prepared on an accrual basis. The annual financial report can be obtained by writing to the Albany County Land Bank Corporation, 255 Orange Street, Suite 104, Albany, New York 12210.

Government-Wide Financial Statements - The government-wide financial statements (statement of net position and the statement of activities) report information on all the non-fiduciary activities of the County. Interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and inter-governmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Indirect expenses have been included as part of the program expenses reported for the various functional activities. *Program revenues* include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) operating grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Items not included among program revenues are reported instead as *general revenues*.

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

a. Reporting Entity - Continued

Fund Financial Statements - The fund financial statements report information about the County's funds, including fiduciary funds. Separate financial statements are provided for major governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements.

The County considers the following governmental funds as major funds:

General Fund - This fund is the principal operating fund of the County and is used to account for all financial resources except those required to be accounted for in other funds.

Debt Service Fund - This fund is used to account for the accumulation of financial resources for the payment of principal and interest on long-term debt for other governmental funds and recording of certain tax revenues restricted for the payment of debt service.

Capital Projects Fund - This fund is used to account for and report financial resources to be used for the acquisition, construction, or renovation of major capital facilities or equipment within the County's projected five-year Capital Program. To be eligible for inclusion in the Capital Program, projects must have a total cost of more than \$250,000 and a useful life of at least six years. Each project is separately budgeted.

Proprietary Funds - Proprietary funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The County maintains three proprietary funds as follows:

Shaker Place Rehabilitation & Nursing Center - The Shaker Place Rehabilitation & Nursing Center (Rehabilitation and Nursing Center) is a 250-bed State-licensed facility. The County provides an operating subsidy to the Rehabilitation and Nursing Center to help defray operating expenses.

Times Union Center - The Times Union Center (Center) accounts for all activity related to the entertainment performances scheduled at the Center for the benefit of the Capital District and surrounding areas.

Sewer District - The Sewer District (District) was established by County Resolution 45 of 1968 and has provided wastewater services since 1974. The District was established to account for the construction and operation of sewers and sewage treatment facilities in the County.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

a. Reporting Entity - Continued

Fund Financial Statements - Continued

Internal Service Fund - Although this fund is not a proprietary fund, it utilizes proprietary fund accounting and is used to account for the financing of goods or services provided by one department to other departments on a cost-reimbursement basis. The County uses the Internal Service Fund to account for its risk management activities. The County is self-insured for certain risks, including workers' compensation and unemployment benefits.

Agency Fund - This fund is used to account for assets held by the County as an agent for individuals, private organizations, other governmental units, and/or other funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

b. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when the underlying exchange transaction has occurred, and the resources are available. For this purpose, the County considers revenues to be available if the County has collected the revenues in the current period or expects to collect them soon enough after the end of the period to use them to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Significant revenues considered to be susceptible to accrual in addition to real property taxes include various New York State and Federal aid and grants and sales taxes. Long-term historical payment patterns from Federal and New York State sources are considered in determining whether such payments are susceptible to accrual.

c. Budgets and Budgetary Accounting

The County's annual procedures in establishing the budgetary data reflected in the financial statements are as follows:

General Budget Process - The County Executive submits to the County Legislature a tentative budget for the fiscal year commencing the following January 1. The tentative budget includes expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers' comments. The County Legislature acts on the tentative budget by December 20. If the County Legislature does not act, the tentative budget is automatically adopted.

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

c. Budgets and Budgetary Accounting - Continued

Encumbrances - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances at year-end are reported as assignments of fund balance since the commitments do not constitute expenditures or liabilities. Open encumbrances authorized by appropriation from the previous year's budget, after review and approval by the Budget Director, are added to the current year's budget approved by the County Legislature to provide the modified budget which is presented in the accompanying financial statements.

Budgetary Principles - The budget is developed on the basis of principles that are generally consistent with U.S. GAAP, except that encumbrances are treated as budgetary expenditures in the year of occurrence of the commitment to purchase. Open encumbrances authorized by appropriation from the previous year's budget, after review and approval by the Commissioner of Management and Budget, are added to the current year's budget approved by the County Legislature. All unencumbered appropriations lapse at the end of the fiscal year. Budgetary comparisons presented in this report are on the budgetary basis and represent the budget as modified. This results in the following reconciliation of fund balances (General and Non-major funds) computed on a U.S. GAAP basis and a budgetary basis:

U.S. GAAP basis, fund balances, December 31, 2019	\$143,373,248
Outstanding encumbrances	<u>(10,905,051)</u>
Budgetary basis, fund balances, December 31, 2019	<u>\$132,468,197</u>

d. Credit Risk

In compliance with New York State law, County investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State of New York, time deposit accounts, and certificates of deposit issued by a bank or trust company located in and authorized to do business in New York State, and certain joint or cooperative investment programs.

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from fluctuating interest rates, it is the County's policy to generally limit investments to 180 days or less.

Custodial Credit Risk - For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. A margin of 2% or higher of the fair value of purchased securities in repurchase transactions must be maintained, and the securities must be held by a third party in the County's name. For deposits, custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. Collateral is required for deposits and certificates of deposit in an amount equal to or greater than the amount of all deposits not covered by federal deposit insurance. Banks can satisfy collateral requirements by furnishing a letter of credit, a surety bond, or by pledging eligible securities as specified in Section 10 of New York State General Municipal Law.

Concentration of Credit Risk - To promote competition in rates and service costs, and to limit the risk of institutional failure, County deposits and investments are placed with multiple institutions.

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. Cash and Investments

All highly liquid investments with an original maturity date of three months or less are considered to be cash equivalents.

f. Inventory

Inventory, which is comprised of general supplies (General Fund) and housekeeping, medical, and dietary supplies (those of the Rehabilitation and Nursing Center), are valued at the lower of cost (first-in, first-out) or market. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

g. Restricted Assets

Certain resources of the governmental and proprietary funds are classified as restricted assets on the balance sheet or statement of net position as the County Legislature limits their use. These resources are maintained in separate bank accounts.

h. Capital Assets

Capital assets, which include property, buildings and building improvements, equipment, and infrastructure assets (e.g., roads, bridges, drainage systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed in instances where such records and information are not available. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are incurred.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Land improvements	20
Infrastructure	
Dams and drainage systems	100
Water and sewer systems	50
Traffic control systems	40
Bridges and culverts	30
Roads	10
Equipment	
Office equipment and furniture	7
Heavy equipment	15
Other	5
Vehicles	8
Computers	3

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

h. Capital Assets - Continued

The County evaluates prominent events or changes in circumstances affecting capital assets to determine if impairment of any capital assets has occurred. A capital asset is considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. There were no impaired capital assets at December 31, 2019.

i. Property Tax Revenue Recognition

The County-wide property tax is levied by the County Legislature effective January 1 of the year the taxes are recognizable as revenue. Taxes become a lien on the related property on January 1 of the year for which they are levied. In the fund financial statements, property tax is only recognized as revenue in the year for which the property tax is made and to the extent that such taxes are received within the reporting period or 60 days thereafter.

Delinquent property taxes not collected at year-end (excluding collections in the 60-day subsequent period) are recorded as deferred inflows of resources in the fund financial statements.

j. Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net position by the County that is applicable to a future period. The County's deferred outflows of resources represent the loss on the refunding of bonds that is being amortized into interest expense over the life of the new bonds as well as deferred costs related to the change in the net pension liability and postemployment benefits other than pensions, if any.

k. Deferred Inflows of Resources and Unearned Revenues

The County's deferred inflows of resources arise when potential revenue does not meet both of the "measurable" and "available" criteria for recognition in the current period as defined in Note 1b. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the deferred inflow is removed from the balance sheet, and revenue is recognized.

Deferred inflows of resources in the General Fund of \$36,223,579 represent property tax revenue that was not considered available. Deferred inflows of resources in the proprietary funds and governmental activities represent amounts related to the change in the net pension liability and postemployment benefits other than pensions, if any.

Unearned revenues arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. The County's governmental funds do not have any unearned revenues as of December 31, 2019. Unearned revenues in the Times Union Center Fund represent cash receipts for which the underlying service has not been performed as of December 31, 2019.

County of Albany, New York

Notes to Financial Statements

December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

l. Compensated Absences

Under terms of personnel policies and union agreements, County employees earn vacation and sick leave subject to certain limitations. Accumulated vacation not taken at the end of the fiscal year or during the succeeding years is paid upon termination. Accumulated sick leave is payable upon retirement. The long-term portion (i.e., accumulated vacation and sick pay expected to be paid from future expendable resources for the government funds) is recorded in general long-term debt in the government-wide financial statements. The costs of vacation and sick pay of the proprietary funds are accounted for as liabilities of those funds.

m. Insurance

The County assumes liability for most risk including, but not limited to, workers' compensation. Asserted and incurred but not reported claims and judgments are recorded when it is probable that a liability has been incurred, and the amount of loss can be reasonably estimated.

Governmental fund type estimated current contingent liabilities (i.e., those to be liquidated with available financial resources in the ensuing year) for property damage and personal injury liability are recorded in the General Fund. The long-term portion (i.e., liabilities to be paid from future resources) is recorded in general long-term debt in the government-wide financial statements.

n. Resident Service Revenue

Patient service revenue of the Rehabilitation and Nursing Center is recorded at established rates. Payments for services rendered to residents covered by Medicare, Medicaid, and certain other prospective rates or cost based third-party payers are generally less than established rates, and contractual allowances are recorded to reflect these differences. The rates established by the third-party payers are based on a defined cost of service in providing patient care and are subject to audit by the third-party payers. Any adjustments to previously reimbursed amounts resulting from these audits are recognized when they are known. This revenue is reflected in charges for services, net, in the statement of revenues, expenses, and changes in net position (deficit) - proprietary funds.

Final determination of amounts due to the Rehabilitation and Nursing Center under these cost reimbursement programs are subject to audit or review by the respective administrative agencies, and provision has been made for estimated adjustments that may result. Differences between estimated amounts accrued and final settlements are reported in operations in the year of settlement.

o. Pensions

Nearly all County employees are members of various New York State retirement systems. The County is invoiced annually by the systems for its share of the costs (see Note 8).

p. Interfund Revenues

The County allocates General Fund costs incurred in the general administration of the County to other funds based on their proportionate benefit of the total costs allocated. Such costs are reported as general government support expenditures in the General Fund as well as in the benefiting funds.

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

q. Fund Balance/Net Position (Deficit)

In the government-wide and the proprietary fund statements of net position (deficit), net position (deficit) represents the difference between the assets and deferred outflows, and liabilities and deferred inflows subdivided into the following three categories:

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balance of debt, including bonds and bond anticipation notes, which are attributable to the acquisition, construction, or improvement of capital assets, reduce the balance in the category.

Restricted Net Position - This category presents net position with constraints placed on use either by (1) external groups, such as creditors, grantors, contributors, or laws and regulations of the County or other governments, or (2) laws through constitutional provisions or enabling legislation that are legally enforceable. Liabilities to be extinguished from restricted assets reduce the balance in this category.

Unrestricted Net Position (Deficit) - This category presents all other net position (deficit) that does not meet the definition of "restricted net position" or "net investment in capital assets."

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five fund balance classifications are as follows:

Nonspendable - 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.

Restricted - Amounts that have restraints that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation that are legally enforceable.

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action such as legislation, resolution, or ordinance by the government's highest level of decision-making authority.

Assigned - Amounts that are constrained only by the government's intent to be used for a specified purpose, but are not restricted or committed in any manner.

Unassigned - The residual amount in the General Fund after all of the other classifications have been established. In a special revenue fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

The County's fund balance policy is set by the County Legislature, the highest level of decision-making authority. The County Legislature considers "formal action" for a committed fund balance to be the passing of a resolution. The County Legislature has delegated the ability to assign fund balance to the County Comptroller. The County considers fund balance spent in the order of restricted, committed, assigned, and unassigned.

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

r. Estimates

The preparation of financial statements in conformity with U. S. GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and other financing sources, expenses/expenditures and other financing uses, assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and during the reported period. Actual results could differ from those estimates.

s. Prior Period Restatement

The financial position of the County's General Fund, Capital Projects Fund, Sewer Fund, Shaker Place Rehabilitation & Nursing Center, Times Union Center, Governmental Activities, Business-Type Activities and Agency Fund as of December 31, 2018 contained certain errors (principally related to the recording of capital assets) requiring prior period restatements. As a result of the prior period restatements, the County has restated fund balance and net position at December 31, 2018 as follows:

	As Previously Stated	Prior Period Restatement	As Restated
<i>General Fund</i>			
Fund balance	\$ 68,624,983	\$ (1,055,357)	\$ 67,569,626
Due to other governments	49,103,104	3,086,651	52,189,755
Due from other funds	8,063,853	2,031,294	10,095,147
<i>Capital Projects Fund</i>			
Fund balance	44,893,107	114,088	45,007,195
Cash and cash equivalents	44,544,688	500,000	45,044,688
State and federal receivables	3,390,733	(385,912)	3,004,821
<i>Sewer Fund</i>			
Net position	22,360,848	131,391	22,492,239
Due from other funds	599,320	131,391	730,711
<i>Shaker Place Rehabilitation & Nursing Center</i>			
Net deficit	(50,305,491)	784,616	(49,520,875)
Bonds payable, less current maturities	34,818,913	(421,809)	34,397,104
Capital assets, net	18,225,069	362,807	18,587,876
<i>Times Union Center</i>			
Net position	13,624,087	1,557,768	15,181,855
Capital assets, net	52,416,557	1,557,768	53,974,325
<i>Governmental Activities</i>			
Net deficit	(265,905,854)	(941,269)	(266,847,123)
Cash and cash equivalents	84,507,631	500,000	85,007,631
Due to other governments	49,105,462	3,086,651	52,192,113
Due from other activities and fiduciary fund	10,730,478	2,031,294	12,761,772
State and federal receivables	69,395,939	(385,912)	69,010,027
<i>Business-Type Activities</i>			
Net deficit	(14,320,556)	2,473,775	(11,846,781)
Bonds payable, less current maturities	97,021,502	(421,809)	96,599,693
Capital assets, net	103,893,051	1,920,576	105,813,627
Due from other activities and fiduciary fund	4,503,387	131,391	4,634,778
<i>Agency Fund</i>			
Due to other funds	2,982,287	2,162,685	5,144,972
Agency liabilities	17,294,197	(2,162,685)	15,131,512

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

t. Subsequent Events

The County has evaluated subsequent events for potential recognition or disclosure through September 29, 2020, the date the financial statements were available to be issued.

COVID-19 Pandemic

The County's operations are affected by the ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. Management of the County has identified various source of revenue that will likely be adversely impacted by the pandemic, creating possible future budget shortfalls. Such revenue items include sales tax receipts, state aid, federal aid, and certain departmental income revenues. Additionally, the County anticipates future unforeseen expenditures derived from the COVID-19 pandemic that may be incurred in future periods. Management of the County continues to monitor the impact that the COVID-19 pandemic will have on its financial position and results of operations during the year ending December 31, 2020 and beyond.

Bond Issuance

During June 2020, the County issued 2020A Refunding Serial Bonds and 2020B Serial Bonds totaling \$7,200,000 and \$4,100,000, respectively. The 2020A Refunding Serial Bonds were used to refund a portion of the County's 2012B Refunding Serial Bonds and bear interest at a rate of 5.00%. The 2020B Serial Bonds are used to finance various projects within the County and bear interest at rates varying between 2.00% - 4.00%. The 2020A Refunding Serial Bonds and 2020B Serial Bonds mature in September 2028 and June 2036, respectively.

Note 2 - Cash and Investments

The County's investment policies are governed by State statutes and various resolutions of the County Legislature. County monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury and United States Government agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

A summary of cash and cash equivalents (bank balances) is as follows:

	Primary Government	Fiduciary Funds
Cash in banks	\$ 122,676,690	\$ -
Restricted cash in banks	33,995,625	25,952,072
Total	<u>\$ 156,672,315</u>	<u>\$ 25,952,072</u>

It is the County's policy for deposits to be secured by collateral valued at fair value or par, whichever is lower, less the amount of the FDIC insurance. The County's pooled and non-pooled deposits are categorized to give an indication of the level of risk assumed by the County at fiscal year-end. The County's deposits were adequately insured and collateralized as of December 31, 2019.

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 3 - Property Taxes

Real property tax levies are fully accrued at the beginning of the fiscal year and are received and accounted for in the General Fund. The current year's property taxes are levied, and the prior year's unpaid school taxes are re-levied on a warrant to collect taxes by December 31, based on the full assessed value of real property within the County, and attached as an enforceable lien on January 1. Collections within the County are the responsibility of town receivers and collectors through April 1. Collections within the County for the cities of Albany, Cohoes, and Watervliet are the responsibility of the cities' receivers and collectors through December 31, August 31, and October 31, respectively. At that time, settlement proceedings take place whereby the County becomes the tax collecting agent, and the towns and cities receive full credit for their entire levy. The collections thereafter are the responsibility of the County.

Uncollected property taxes assumed by the County as a result of the settlement proceedings are reported as receivables in the General Fund to maintain central control and provide for tax settlement and enforcement proceedings. The portion of the receivable that represents taxes re-levied for schools is recognized as a liability, is included in due to other governments, and was \$10,930,064 at December 31, 2019. Another portion of the receivable that is not considered available under the modified accrual basis of accounting, i.e., not collected within 60 days, is recorded as deferred inflows of resources in the fund financial statements and totaled \$36,223,579 at December 31, 2019.

Taxes receivable are reported net of an allowance for uncollectible amounts of approximately \$3,138,000 at December 31, 2019.

Tax rates are calculated using assessments prepared by individual town and city assessors as adjusted by the New York State Board of Equalization and Assessment for the purpose of apportionment. The five-year average taxable assessed value of real property, as adjusted by New York State, is \$26,050,994,975.

The primary non-property tax item is sales tax, which is accrued as revenue based on the date on which the taxes are remitted to the State. Sales tax receivable was \$31,872,925 at December 31, 2019 and is included within State and Federal receivables in the General Fund.

Note 4 - Interfund Receivables, Payables, and Transfers

Interfund receivables and payables of the County consisted of the following:

Fund	Interfund Receivables	Interfund Payables
General	\$ 9,051,548	\$ 5,891,943
Debt Service	2,136,714	2,288,761
Capital Projects	-	1,780,365
Other Governmental	423,091	1,417,657
Sewer	307,933	935,149
Times Union Center	1,975,576	2,642,402
Shaker Place Rehabilitation & Nursing Center	50,046	2,911,996
Agency	7,306,826	3,383,461
	<u>\$ 21,251,734</u>	<u>\$ 21,251,734</u>

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 4 - Interfund Receivables, Payables, and Transfers - Continued

The County made the following operating transfers:

	Transfers-Out					Total
	General	Debt Service	Other Governmental	Proprietary	Capital Projects	
Transfers-In						
General Fund	\$ -	\$ -	\$ -	\$ 2,559,571	\$ -	\$ 2,559,571
Debt Service	28,811,789	-	-	248,969	843,187	29,903,945
Other Governmental	9,476,367	-	-	-	-	9,476,367
Internal Service	2,067,189	-	-	-	-	2,067,189
Proprietary	1,205,432	6,295,870	377,188	-	-	7,878,490
Total	<u>\$ 41,560,777</u>	<u>\$ 6,295,870</u>	<u>\$ 377,188</u>	<u>\$ 2,808,540</u>	<u>\$ 843,187</u>	<u>\$ 51,885,562</u>

Transfers are routine annual events for both the budget and accounting process and are necessary to present funds in their proper fund classification.

Note 5 - Receivables

Other revenues accrued by the County consist of the following:

Fund	
General	\$ 5,567,699
Debt service	690,174
County Road	81,097
County Machinery	17,810
Times Union Center, customers, tenants, promoters, and commissions	1,646,173
Sewer Fund, municipal charges	3,828,915
Shaker Place Rehabilitation & Nursing Center, resident charges	2,502,640
Internal Service, insurance charges	81,744
Total	<u>\$ 14,416,252</u>

State and Federal Receivables - State and federal receivables primarily represent claims for reimbursement of expenditures in administering various health and social service programs in accordance with New York State and Federal laws and regulations. They are net of related advances from New York State. Cash advances received by the County under other programs are reported as other liabilities. Amounts accrued are as follows:

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 5 - Receivables - Continued

General Fund	
Social Service programs	\$ 25,719,022
Sales tax	31,872,925
Grants and aid, various programs	15,020,367
	72,612,314
Other Governmental	
Capital Projects, Department of Transportation	2,155,979
County Road, Consolidated Highway Improvement Program	3,083,114
County Road, Snow and Ice Program	739,725
County Road, Automobile Use Tax	111,718
	78,702,850
Total	\$ 78,702,850

Due From Other Governments - Due from other governments represents amounts due primarily from other local municipalities for chargebacks and other miscellaneous items. Amounts accrued are as follows:

Fund	
General, chargebacks and miscellaneous	\$ 3,270,100
Debt service	107,814
	3,377,914
Total	\$ 3,377,914

Note 6 - Capital Assets, Net

a. Governmental Activities Capital Assets

A summary of governmental activities capital assets by major classification is as follows:

	Primary Government			Ending Balance
	Beginning Balance	Additions and Transfers	Deletions and Transfers	
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 8,097,715	\$ -	\$ -	\$ 8,097,715
Construction in progress	20,871,871	8,121,808	13,307,307	15,686,372
Total capital assets not being depreciated	28,969,586	8,121,808	13,307,307	23,784,087
Capital assets, being depreciated				
Buildings and building improvements	226,669,444	19,024,328	-	245,693,772
Infrastructure	246,513,791	101,587	-	246,615,378
Equipment	32,839,064	6,485,935	17,800	39,307,199
Total capital assets being depreciated	506,022,299	25,611,850	17,800	531,616,349
Less accumulated depreciation for				
Buildings and building improvements	86,272,205	9,111,161	-	95,383,366
Infrastructure	166,474,623	11,171,216	-	177,645,839
Equipment	26,445,216	2,057,877	17,800	28,485,293
Total accumulated depreciation	279,192,044	22,340,254	17,800	301,514,498
Governmental activities capital assets, net	\$ 255,799,841	\$ 11,393,404	\$ 13,307,307	\$ 253,885,938

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 6 - Capital Assets, Net - Continued

a. Governmental Activities Capital Assets - Continued

Depreciation expense for 2019 was charged to functions of the primary government as follows:

Governmental activities	
General government support	\$ 6,289,317
Public safety	3,446,743
Health	626,342
Transportation	11,566,364
Economic assistance and opportunity	241,414
Culture and recreation	170,074
	<u>\$ 22,340,254</u>

b. Business-Type Activities Capital Assets

A summary of business-type activities capital assets by major classification is as follows:

	Beginning Balance (Restated)	Additions and Transfers	Deletions and Transfers	Ending Balance
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 3,142,716	\$ -	\$ -	\$ 3,142,716
Land improvements	391,094	-	-	391,094
Construction in progress	63,057,883	8,632,361	33,445,599	38,244,645
Total capital assets not being depreciated	<u>66,591,693</u>	<u>8,632,361</u>	<u>33,445,599</u>	<u>41,778,455</u>
Capital assets, being depreciated				
Buildings and improvements	192,499,704	74,479,815	2,916	266,976,603
Equipment	13,924,421	2,149,582	901,423	15,172,580
	206,424,125	76,629,397	904,339	282,149,183
Accumulated depreciation	167,202,191	6,466,295	-	173,668,486
Total capital assets being depreciated	<u>39,221,934</u>	<u>70,163,102</u>	<u>904,339</u>	<u>108,480,697</u>
Business-type activities capital assets, net	<u>\$ 105,813,627</u>	<u>\$ 78,795,463</u>	<u>\$ 34,349,938</u>	<u>\$ 150,259,152</u>

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 7 - Noncurrent and Debt Related Liabilities

a. Bond Indebtedness

Bonded indebtedness is recorded in the Governmental Activities and Enterprise Funds. The following is a summary of bond transactions:

Description	Year Issue/ Maturity	Interest Rate	Original Issue Amount	Balance December 31, 2018	Accretion, Issuances and Refunding	Amortization/ Payments/ Refunding/ Transfers	Balance December 31, 2019
<i>a. Governmental Activities Bond Indebtedness</i>							
Governmental Funds							
General Fund							
2011 general obligation	2011/2025	2.000/3.125	\$ 23,031,965	\$ 12,310,000	\$ -	\$ 12,310,000	\$ -
2012 general obligation	2012/2028	2.000/3.000	20,505,000	13,465,000	-	1,220,000	12,245,000
2012 general obligation refunding	2012/2024	2.000/5.000	55,587,964	36,115,771	-	30,503,286	5,612,485
2012 qualified energy conservation bond	2012/2021	2.500/3.100	205,000	71,110	-	23,062	48,048
2013 general obligation	2013/2028	2.000/4.000	33,897,320	6,432,697	-	2,095,221	4,337,476
2014 general obligation refunding	2014/2027	2.000/5.000	25,663,369	21,645,651	-	2,020,062	19,625,589
2016 general obligation refunding	2016/2026	1.000/5.000	25,330,000	21,070,000	-	2,200,000	18,870,000
2017 general obligation refunding	2017/2028	3.000/4.000	16,643,100	16,528,751	-	4,574	16,524,177
2018 general obligation	2018/2029	4.000/5.000	57,442,127	57,442,127	-	692,367	56,749,760
2019 general obligation	2019/2039	2.000/5.000	18,556,884	-	18,556,884	-	18,556,884
2019 general obligation refunding	2019/2025	5.000	9,450,000	-	9,450,000	-	9,450,000
2019 general obligation refunding	2019/2024	5.000	23,493,894	-	23,493,894	-	23,493,894
			<u>309,806,623</u>	<u>185,081,107</u>	<u>51,500,778</u>	<u>51,068,572</u>	<u>185,513,313</u>
Unamortized Premium			-	16,632,468	3,660,538	3,091,957	17,201,049
Total governmental activities			<u>\$ 309,806,623</u>	<u>\$ 201,713,575</u>	<u>\$ 55,161,316</u>	<u>\$ 54,160,529</u>	<u>\$ 202,714,362</u>

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 7 - Noncurrent and Debt Related Liabilities - Continued

a. Bond Indebtedness - Continued

Description	Year Issue/ Maturity	Interest Rate	Original Issue Amount	Balance December 31, 2018 (Restated)	Accretion, Issuances and Refunding	Amortization/ Payments/ Refunding/ Transfers	Balance December 31, 2019
<i>b. Business-type Activities Indebtedness</i>							
Business-Type Activities							
Sewer, Enterprise Fund							
2003 general obligation	2003/2022	1.003/4.710	\$ 1,418,149	\$ 330,000	\$ -	\$ 80,000	\$ 250,000
2005 general obligation	2005/2020	2.059/3.819	628,905	90,000	-	45,000	45,000
2006 clean water	2006/2026	3.601/4.769	4,052,176	1,720,000	-	200,000	1,520,000
2013 general obligation	2013/2028	2.000/4.000	1,370,000	258,810	-	84,298	174,512
2015 EFC revenue bond	2015/2035	0.200/3.942	3,644,853	3,125,000	-	165,000	2,960,000
2017 general obligation refunding	2017/2028	3.000/4.000	674,199	669,577	-	185	669,392
2018 general obligation	2018/2029	4.000/5.000	4,131,856	4,131,856	-	205,654	3,926,202
Shaker Place Rehabilitation & Nursing Center, Enterprise Fund							
2013 general obligation	2013/2028	2.000/4.000	350,000	246,625		31,030	215,595
2018 general obligation	2018/2029	4.000/5.000	34,620,637	34,198,830		1,702,165	32,496,665
2019 general obligation	2019/2039	2.000/5.000	-	-	46,771,811	-	46,771,811
Times Union Center, Enterprise Fund							
2012 general obligation refunding	2012/2024	2.000/5.000	322,036	209,229	-	176,714	32,515
2012 qualified energy conservation bond	2012/2021	2.500/3.100	1,395,000	483,890	-	156,938	326,952
2013 general obligation	2013/2028	2.000/4.000	1,437,000	242,374	-	78,945	163,429
2014 general obligation refunding	2014/2027	2.000/5.000	8,701,631	7,339,349	-	684,938	6,654,411
2017 general obligation refunding	2017/2028	3.000/4.000	745,461	740,613	-	194	740,419
2018 general obligation	2018/2029	4.000/5.000	44,545,920	44,545,920	-	4,384,360	40,161,560
2019 general obligation	2019/2039	2.000/5.000	7,111,305	-	7,111,305	-	7,111,305
2019 general obligation refunding	2019/2024	5.000	136,106	-	136,106	-	136,106
			<u>115,285,234</u>	<u>98,332,073</u>	<u>54,019,222</u>	<u>7,995,421</u>	<u>144,355,874</u>
Unamortized Premium			<u>-</u>	<u>3,962,721</u>	<u>13,470</u>	<u>354,284</u>	<u>3,621,907</u>
Total business-type activities			<u>\$ 115,285,234</u>	<u>\$ 102,294,794</u>	<u>\$ 54,032,692</u>	<u>\$ 8,349,705</u>	<u>\$ 147,977,781</u>

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 7 - Noncurrent and Debt Related Liabilities - Continued

b. Bond Indebtedness - Continued

The annual repayment of principal and interest on bonded debt is as follows:

	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
Year ending December 31,					
2020	\$ 19,996,741	\$ 7,996,610	\$ 9,536,505	\$ 5,313,712	\$ 42,843,568
2021	20,432,396	6,955,256	9,909,217	4,915,288	42,212,157
2022	21,202,559	5,983,800	10,212,345	4,459,144	41,857,848
2023	22,246,324	4,945,705	10,621,781	3,981,119	41,794,929
2024	23,256,058	3,942,163	11,130,160	3,502,860	41,831,241
2025 through 2029	67,771,144	7,788,154	60,783,957	9,715,503	146,058,758
2030 through 2034	5,040,129	979,698	15,634,871	2,982,933	24,637,631
2035 through 2039	5,567,962	414,586	16,527,038	1,207,965	23,717,551
Total	<u>\$ 185,513,313</u>	<u>\$ 39,005,972</u>	<u>\$ 144,355,874</u>	<u>\$ 36,078,524</u>	<u>\$ 404,953,683</u>

c. Non-Current and Debt Related Liabilities

Bond Anticipation Notes - Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Projects Funds and business type activities. BANs must be renewed annually and typically require principal payments at that time. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewable for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Compensated Absences - As explained in Note 11, the County records the value of governmental fund type compensated absences in the governmental activities. The payment of compensated absences is dependent on many factors and, therefore, cannot be reasonably estimated as to future timing of payment. The annual budgets of the operating funds provide for such as amounts become payable.

Summary of Changes - The following tables summarize changes in the County's non-current and debt related liabilities:

Changes in Noncurrent and Debt Related Liabilities - Governmental Activities

	Balance December 31, 2018	Increases/ Additions	Decreases/ Payments	Balance December 31, 2019
Bonds payable	\$ 201,713,575	\$ 55,161,316	\$ 54,160,529	\$ 202,714,362
Due to employee retirement system	14,668,160	-	2,800,959	11,867,201
Compensated absences	12,643,590	1,264,359	1,534,452	12,373,497
Net pension liability	13,987,677	34,412,706	15,852,795	32,547,588
Other postemployment benefits liability	448,731,569	129,219,925	14,082,200	563,869,294
	<u>\$ 691,744,571</u>	<u>\$ 220,058,306</u>	<u>\$ 88,430,935</u>	<u>\$ 823,371,942</u>

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 7 - Noncurrent and Debt Related Liabilities - Continued

c. Non-Current and Debt Related Liabilities

Changes in Noncurrent and Debt Related Liabilities - Business-type Activities

	Balance December 31, 2018 (Restated)	Increases/ Additions	Decreases/ Payments	Balance December 31, 2019
Bonds payable	\$ 102,294,794	\$ 54,032,692	\$ 8,349,705	\$ 147,977,781
Bond anticipation notes	-	28,941,273	28,941,273	-
Due to employee retirement system	2,182,243	-	431,749	1,750,494
Compensated absences	433,826	43,826	110,116	367,536
Net pension liability	1,943,618	4,781,720	2,790,584	3,934,754
Other postemployment benefits liability	77,240,261	18,329,875	3,299,023	92,271,113
	<u>\$ 184,094,742</u>	<u>\$ 106,129,386</u>	<u>\$ 43,922,450</u>	<u>\$ 246,301,678</u>

On June 6, 2019, the County issued Series 2019A Public Improvement Bond Anticipation Notes. Proceeds of \$8,447,417, \$23,692,273, and \$5,249,000 were received by the Capital Projects Fund, Shaker Place Rehabilitation & Nursing Center and Times Union Center, respectively. The Series 2019A Public Improvement Bond Anticipation notes bore interest at a rate of 2.75% and were fully repaid with the proceeds of the Series 2019A General Obligation issuance in September 2019.

Note 8 - Retirement Plans

a. Plan Description and Benefits Provided

The County participates in the New York State and Local Employees' Retirement System (ERS), which is a cost-sharing multiple employer, public employee retirement system. ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from ERS at www.osc.state.ny.us/retire.

ERS provides retirement, disability, and death benefits for eligible members, including an automatic cost of living adjustment. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 8 - Retirement Plans - Continued

b. Contributions

Employees in ERS Tiers I through IV are noncontributory except for employees with less than 10 years of service who contribute 3% of their salary, Tier V employees who contribute 3% of their salary, and Tier VI employees who contribute between 3% and 6% of their salary. The Comptroller annually certifies the rates, expressed as proportions of payroll of members, which are used in computing the contributions required to be made by employers. The County's contributions for the current year and two preceding years were:

2019	\$ 18,473,962
2018	18,345,949
2017	18,078,611

Contributions made to the ERS were equal to 100% of the contributions required for each year, less the applicable amortizations.

Chapter 57 of the Laws of 2010 of the State of New York allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

- For State fiscal year 2010-11, the amount in excess of the graded rate of 9.5% of employees covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to 1% depending on the gap between the increase or decrease in the ERS's average rate and the previous graded rate.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to 1% depending on the gap between the increase or decrease in the ERS's average rate and the previous graded rate.
- For subsequent State fiscal years in which the ERS's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program. The total unpaid liability at the end of the fiscal year was \$13,617,695, of which \$1,750,494 is reported in the proprietary funds and \$11,867,201 on the statement of net position for the governmental activities.

For the years ended December 31, 2011 through 2015, the County opted to amortize the allowable portions of the annual ERS payment over a ten-year period. The principal amount amortized was \$31,787,964. The principal and interest payments began in February 2012 and will end in February 2025, with interest ranging from 3% to 3.75% per annum.

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 8 - Retirement Plans - Continued

b. Contributions - Continued

The maturity schedule for this debt is as follows:

ERS Amortization	Principal	Interest	Total
Year ending December 31,			
2020	\$ 3,341,318	\$ 451,359	\$ 3,792,677
2021	3,453,607	341,070	3,794,677
2022	3,025,552	224,975	3,250,527
2023	2,232,842	125,351	2,358,193
2024	1,199,381	37,996	1,237,377
Thereafter	364,995	11,554	376,549
	\$ 13,617,695	\$ 1,192,305	\$ 14,810,000

c. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the County reported a liability of \$36,482,342 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2019, and the total pension liability was determined by an actuarial valuation as of April 1, 2018. The County's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contribution for the fiscal year ended on the measurement date. At the March 31, 2019 measurement date, the County's proportionate share was 0.5149016%.

For the year ended December 31, 2019, the County recognized pension expense of \$22,291,171. At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,184,136	\$ 2,448,991
Changes of assumptions	9,170,170	-
Net differences between projected and actual investment earnings on pension plan investments	-	9,363,386
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,081,686	3,547,148
County contributions subsequent to the measurement date	18,643,379	-
Total	\$ 36,079,371	\$ 15,359,525

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 8 - Retirement Plans - Continued

c. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - Continued

County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	
2020	\$ 6,323,489
2021	(7,886,592)
2022	(1,170,698)
2023	<u>4,810,268</u>
Total	<u>\$ 2,076,467</u>

d. Actuarial Assumptions

The actuarial assumptions used in the April 1, 2018 valuation, with updated procedures used to roll forward the total pension liability to March 31, 2019, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.50%
Salary Scale	3.80%, indexed by service
Investment rate of return, including inflation	7.00% compounded annually, net of expenses
Decrement	Based on FY 2011-2015 experience
Mortality improvement	Society of Actuaries' Scale MP-2014

The long-term expected rate of return on ERS's 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 class as well as historical investment data and plan performance.

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 8 - Retirement Plans - Continued

e. Investment Asset Allocation

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class and ERS's target asset allocation as of the applicable valuation dates are summarized as follows:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies	2.00%	3.75%
Opportunistic portfolio	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation-Indexed bonds	4.00%	1.25%
	100.00%	

f. Discount Rate

The discount rate projection of cash flows assumes that contributions from 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, ERS's 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 liability.

g. Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.0% and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
County's proportionate share of the net pension liability (asset)	\$ 159,506,627	\$ 36,482,342	\$ (66,866,781)

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 8 - Retirement Plans - Continued

h. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the New York State and Local Employees' Retirement System as of March 31, 2019 were as follows (amounts in thousands):

Employer's total pension liability	\$ 189,803,429
Plan net position	<u>(182,718,124)</u>
 Employer's net pension liability	 <u>\$ 7,085,305</u>
 Ratio of plan net position to the employers' total pension liability	 <u>96.27%</u>

Note 9 - Postemployment Benefits Other Than Pensions

Plan Description. The County provides a single-employer self-insured PPO health plan (Plan). The Plan provides lifetime healthcare insurance and prescription drug coverage for eligible retirees and their spouses through the County's Plan, which covers both active and retired members. Benefit provisions are established through negotiations between the County and the unions representing employees and are renegotiated at the end of each of the bargaining periods.

Funding Policy. Contribution requirements also are negotiated between the County and union representatives. The County contributes a percent of the cost of current-year premiums for eligible retired Plan members and their spouses. The Plan is funded under a pay-as-you-go process, which is a method of financing postretirement health care benefits under which the contributions to the Plan are generally made at about the same time and amount as benefits and expenses become due. For the year ended December 31, 2019, the County contributed \$17,381,223 to the Plan. Plan members receiving benefits contribute a percent of their premium costs.

A summary of the participants of the Plan as of the January 1, 2018 measurement date is as follows:

Actives	2,091
Retirees	<u>1,732</u>
Total	<u><u>3,823</u></u>

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

At December 31, 2019, the County reported a liability of \$656,140,407 for its OPEB liability. The OPEB liability was measured as of January 1, 2018 by an actuarial valuation as of that date. For the year ended December 31, 2019, the County recognized OPEB expense of \$25,544,206. At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	<u>\$ 114,380,244</u>	<u>\$ -</u>

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 9 - Postemployment Benefits Other Than Pensions - Continued

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

Year ending December 31,	
2020	\$ 7,625,350
2021	7,625,350
2022	7,625,350
2023	7,625,350
2024	7,625,350
Thereafter	<u>76,253,494</u>
 Total	 <u><u>\$ 114,380,244</u></u>

Actuarial Assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Assumptions	Factor
Discount rate	2.90%
Valuation date	January 1, 2018
Salary scale	3.00%
Mortality	RP 2014 Healthy Male and Female Tables are based on the Employee and Healthy Annuitant Tables for both pre & post retirement mortality improvement using the most current Society of Actuaries Mortality Improvement Scale MP-2018
Marital rate	80% elect dependent coverage
Actuarial cost method	Entry Age Normal as a Level Percentage of Payroll
Health care cost trends	Year 1 (January 1, 2020): 8.00% Ultimate Trend (January 1, 2026 and later): 5.00% Grading per year: 0.50%

The discount rate used to measure the liability was 2.90%, based on the average of the Bond Buyer 20-year general obligation bond index, S&P Municipal Bond 20 Year HG and Fidelity GO AA 20-year bond index.

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 9 - Postemployment Benefits Other Than Pensions - Continued

Schedule of Changes in Net OPEB Liability.

The changes in the net OPEB liability are as follows:

January 1, 2019	\$ 525,971,830
Changes for the year	
Service cost	7,004,888
Interest cost	18,539,318
Benefit payments	(17,381,223)
Change of assumptions	122,005,594
Net changes for the year	130,168,577
December 31, 2019	\$ 656,140,407

Sensitivity of OPEB Liability to Changes in Health Care Cost Trend Rates and Discount Rate

The following presents the OPEB liability of the Plan as of December 31, 2019 using the current health care cost trend rates as well as what the OPEB liability would be if it were calculated using health care cost trend rates 1% higher or 1% lower than the current rates:

	1% Decrease	Current Rates	1% Increase
Other postemployment benefits liability	\$514,480,737	\$656,140,407	\$869,601,923

The following presents the OPEB liability of the Plan as of December 31, 2019 using the current discount rate of 2.90%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 1.90%	Current Rate 2.90%	1% Increase 3.90%
Other postemployment benefits liability	\$852,781,191	\$656,140,407	\$522,821,053

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 10 - Fund Balance

In the fund financial statements, the County reports restrictions of net assets for amounts that are legally restricted by outside parties for a specific purpose or restricted by enabling legislation.

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental</u>
Nonspendable				
Prepays and inventory	\$ 4,887,043	\$ -	\$ -	\$ 194,670
Restricted for				
Debt service	-	17,474,358	-	-
Capital reserve	-	-	1,555,750	-
Repair reserve	-	-	217,321	-
Tax stabilization	1,850,155	-	-	-
EMS ambulance reserve	233,379	-	-	-
DWI reserve	3,924	-	-	-
911 reserve	1,230,087	-	-	-
	<u>3,317,545</u>	<u>17,474,358</u>	<u>1,773,071</u>	<u>-</u>
Assigned for				
Appropriations	9,716,381	-	-	-
Special revenue purposes	-	-	-	2,768,699
	<u>9,716,381</u>	<u>-</u>	<u>-</u>	<u>2,768,699</u>
Unassigned	<u>49,590,380</u>	<u>-</u>	<u>53,651,101</u>	<u>-</u>
Total fund balance	<u>\$ 67,511,349</u>	<u>\$ 17,474,358</u>	<u>\$ 55,424,172</u>	<u>\$ 2,963,369</u>

Note 11 - Risk Financing Activities

- a. The County is exposed to various risks of loss related to auto, property, general liability, public officers' liability, and workers' compensation. The County has purchased an insurance policy for all risks excluding workers' compensation which includes a cash deductible with varying amounts per occurrence and in the aggregate per claim year.
- b. County employees are entitled to coverage under the New York State Unemployment Insurance Law. The County has elected to discharge its liability to the New York State Unemployment Insurance Fund by the benefit reimbursement method, a dollar-to-dollar reimbursement to the fund for benefits paid from the fund to former County employees and charged to the County's account.
- c. The County is self-insured for workers' compensation benefits on a cost reimbursement basis. Each fund of the County is responsible for claims payments incurred for their employees. The County is commercially insured with excess insurance with a self-insured retention of \$700,000 and \$750,000 for Police, Sheriffs and Corrections Officer; and an employer's liability limit of \$2,000,000.

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 11 - Risk Financing Activities - Continued

All funds of the County participate in the program and make payments to the Internal Service Fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for unforeseen losses. The claims liability of \$9,354,333 reported in the fund at December 31, 2019, is based on GASB requirements, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

Changes in the fund's claims liability amount during 2019 were:

<u>Balance January 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance December 31</u>
<u>\$ 10,237,123</u>	<u>\$ 2,343,041</u>	<u>\$ 3,225,831</u>	<u>\$ 9,354,333</u>

Note 12 - Commitments and Contingencies

a. Lawsuits

The County is a defendant in a number of lawsuits. In the opinion of the County Attorney, after considering all relevant facts, such litigation will not, in the aggregate, have a material adverse effect on the financial position of the County.

b. Grant Programs

The County 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, in accordance with grantor requirements, on a periodic basis. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County believes, based upon its review of current activity and prior experience, the amount of such disallowances, if any, will be minimal.

c. Contracts

The County has entered into various contracts with outside vendors for goods and services, which were unperformed at year-end. The County has provided authority to fund these transactions in the subsequent year's budget.

d. Labor Relations

Certain County employees are represented by eight bargaining units with the balance governed by County rules and regulations. There are eleven bargaining unit contracts. One contract expired effective December 31, 2016 and is currently under negotiation. The remaining contracts have expiration dates effective between December 31, 2021 to December 31, 2022.

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 12 - Commitments and Contingencies - Continued

e. Environmental Risks

Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the County expect such compliance to have, any material effect upon the capital expenditures or financial condition of the County. The County believes that its current practices and procedures for control and disposition of regulated wastes comply with applicable federal, state, and local requirements.

f. Regulatory Environment (Shaker Place Rehabilitation & Nursing Center)

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations is subject to future government review and interpretations, as well as regulatory actions unknown or unasserted at this time.

g. Transfers to the County (Times Union Center)

Under the terms of the agreement between the Center, the operator, and the County, net surpluses earned by the Center are transferred to the County in the year subsequent to when those surpluses are earned. Transfers received by the County will fund net losses that are incurred by the Center. During the year ended December 31, 2019, the Center transferred \$2,115,723 to the County.

Note 13 - Tax Abatements

Certain property values in the County have been reduced as the result of payment in-lieu of tax (PILOT) agreements entered into by the Albany County Industrial Development Agency (IDA) for the purpose of general economic development. These agreements reduce the assessed value of the properties for all taxing agencies in Albany County, including the County. As a result of the agreement, the County receives PILOT payments which are equal to the reduced assessed value times the County's levied tax rate.

There were no significant abatement programs in effect at December 31, 2019.

Note 14 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB No. 83). GASB No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in GASB No. 83. The requirements of GASB No. 83, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2019.

GASB Statement No. 84, *Fiduciary Activities* (GASB No. 84). GASB No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of GASB No. 84, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2019.

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 14 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 87, *Leases* (GASB No. 87). This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement, as delayed by GASB95, are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* (GASB No. 88). GASB No. 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines-of-credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* (GASB No. 89). This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 90, *Majority Equity Interest* (GASB No. 90). This statement will provide financial reporting users with information related to the presentation of majority equity interests in legally separate organizations. In addition, this statement requires the reporting of information about component units if the government acquires a 100% equity interest about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. The requirements for this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2019.

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 14 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 91, *Conduit Debt Obligations* (GASB No. 91). This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. This statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improves note disclosures. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020* (GASB No. 92). This statement addresses a variety of topics including leases, intra-entity transfers, fiduciary activities, public entity risk pools/reinsurance recoveries, fair value measurements, and derivative instrument technology. The requirements of this statement, as delayed by GASB 95, are effective for periods beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* (GASB No. 93). This statement addresses governments that have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallbacks provisions to the reference rate. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of IBOR, such as providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, and clarifying the definition of reference rate. The removal of the London IBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. The requirements to lease modifications, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021. All other requirements of this statement are effective for reporting periods beginning after June 15, 2020.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB No. 94). The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPP's meet the definition of a service concession arrangement (SCA), which GASB defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

County of Albany, New York

Notes to Financial Statements December 31, 2019

Note 14 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB No. 96). This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement: (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Under this statement, a government generally should recognize a right-to-use subscription asset and a corresponding subscription liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Service Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and 84, and a Supersession of GASB Statement No. 32* (GASB No. 97). The primary objectives of this statement are to (1) increase consistency and comparability relating to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans as a fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution other postemployment benefit plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board would typically perform. The requirements of this statement that (1) exempt primary governments that perform duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution other postemployment benefit plans, or other employee benefit plans and (2) limit the applicability of the financial burden criteria, are effective immediately. The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this statement that provide for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

Management has not estimated the extent of potential impact if these statements, if any, on the County's financial statements.

County of Albany, New York

Required Supplementary Information Schedule of Other Postemployment Benefits Liability

	December 31, 2019	December 31, 2018
Beginning of the year	<u>\$ 525,971,830</u>	<u>\$ 520,083,996</u>
Changes for the year		
Service cost	7,004,888	5,651,486
Interest cost	18,539,318	19,399,100
Benefit payments	(17,381,223)	(19,162,752)
Change of assumptions	122,005,594	-
Net changes for the year	<u>130,168,577</u>	<u>5,887,834</u>
End of the year	<u>\$ 656,140,407</u>	<u>\$ 525,971,830</u>
Covered payroll	<u>\$ 114,567,900</u>	<u>\$ 111,230,971</u>
OPEB liability as a percentage of covered payroll	573%	473%

Schedule is intended to show information for 10 years. Data not available prior to the 2018 implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

County of Albany, New York

Required Supplementary Information Schedule of Proportionate Share of Net Pension Liability

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability	0.5149016%	0.4936194%	0.5034731%	0.4940550%	0.5056861%
County's proportionate share of the net pension liability	\$ 36,482,342	\$ 15,931,295	\$ 47,307,460	\$ 79,297,203	\$ 17,083,314
County's covered-employee payroll	\$123,282,866	\$123,860,584	\$119,146,390	\$118,773,066	\$112,117,907
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	29.59%	12.86%	39.71%	66.76%	15.24%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.68%	97.95%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

County of Albany, New York

Required Supplementary Information Schedule of Pension Contributions

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 18,473,962	\$ 18,345,949	\$ 18,078,611	\$ 18,390,616	\$ 20,096,421
Contributions in relation to the contractually required contribution	18,473,962	18,345,949	18,078,611	18,390,616	16,961,239
Contribution deficiency (excess)	-	-	-	-	3,135,182
County's covered-employee payroll	123,282,866	123,860,584	119,146,390	118,773,066	112,117,907
Contribution as a percentage of covered-employee payroll	15%	15%	15%	15%	15%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

County of Albany, New York

Required Supplementary Information - Statement of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual - General Fund

	Year Ended December 31, 2019			
	Budgeted Amounts		Actual Amounts	Variance with Modified Positive (Negative)
	Adopted	Modified		
REVENUES				
Real property taxes	\$ 89,842,544	\$ 89,280,543	\$ 88,459,692	\$ (820,851)
Real property tax items	9,930,000	9,930,000	8,107,933	(1,822,067)
Non-property tax items	294,509,218	294,509,218	299,402,523	4,893,305
Department income	31,199,452	31,316,652	30,254,664	(1,061,988)
Intergovernmental charges	12,778,720	12,399,032	10,553,670	(1,845,362)
Use of money and property	4,697,589	4,697,589	3,344,645	(1,352,944)
Fines and forfeitures	693,750	693,750	515,238	(178,512)
Sale of property and compensation for loss	11,950	3,868,273	3,656,667	(211,606)
Miscellaneous local sources	4,754,193	1,445,426	1,914,463	469,037
State aid	85,917,095	89,978,933	62,071,235	(27,907,698)
Federal aid	72,877,743	73,096,272	67,002,753	(6,093,519)
Total revenues	607,212,254	611,215,688	575,283,483	(35,932,205)
EXPENDITURES				
General government support	158,150,054	162,445,732	158,222,762	4,222,970
Public safety	67,597,832	74,659,216	65,680,421	8,978,795
Transportation	1,245,437	1,245,437	1,176,070	69,367
Health	36,185,439	37,049,140	33,489,675	3,559,465
Economic assistance and opportunity	201,809,486	202,251,389	178,604,590	23,646,799
Culture and recreation	1,249,414	1,243,652	390,023	853,629
Education	32,375,000	33,931,984	31,508,149	2,423,835
Home and community service	2,809,668	2,948,832	3,447,499	(498,667)
Employee benefits	67,509,123	68,401,134	63,821,365	4,579,769
Total expenditures	568,931,453	584,176,516	536,340,554	47,835,962
OTHER FINANCING SOURCES (USES)				
Interfund transfers-in	446,745	446,745	2,559,571	2,112,826
Interfund transfers-out	(38,727,546)	(38,627,546)	(41,560,777)	(2,933,231)
Total other financing sources (uses)	(38,280,801)	(38,180,801)	(39,001,206)	(820,405)
Net change in fund balance	\$ -	\$ (11,141,629)	(58,277)	\$ 11,083,352
FUND BALANCE, beginning of year, as restated			67,569,626	
FUND BALANCE, end of year			\$ 67,511,349	

County of Albany, New York

Supplementary Information - Combining Statement of Net Position - Discretely Presented Component Units

	December 31, 2019			
	Industrial Development Agency	Airport Authority	Albany County Land Bank	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,760,530	\$ 31,833,828	\$ 3,849,876	\$ 38,444,234
Cash and cash equivalents, restricted	-	37,249,317	-	37,249,317
Other receivables	-	2,357,771	1,360,611	3,718,382
Other receivables, restricted	-	10,757,612	-	10,757,612
Prepaid and other	401	990,905	15,113	1,006,419
Due from County	-	200,115	-	200,115
Total current assets	2,760,931	83,389,548	5,225,600	91,376,079
NONCURRENT ASSETS				
Prepaid expenses	-	240,538	-	240,538
Property held for resale	-	-	7,215,316	7,215,316
Capital assets, net	-	280,508,829	2,053	280,510,882
Total noncurrent assets	-	280,749,367	7,217,369	287,966,736
Total assets	2,760,931	364,138,915	12,442,969	379,342,815
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges, pensions	-	541,970	-	541,970
Deferred charges, OPEB	-	621,658	-	621,658
Deferred loss on refunding	-	2,145,789	-	2,145,789
Deferred bond insurance premiums	-	240,770	-	240,770
Total deferred outflows	-	3,550,187	-	3,550,187
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	-	459,059	859,849	1,318,908
Accrued liabilities	6,280	7,982,050	-	7,988,330
Payable from restricted assets	-	20,608,481	-	20,608,481
Unearned revenue	-	-	1,292,800	1,292,800
Total current liabilities	6,280	29,049,590	2,152,649	31,208,519
NONCURRENT LIABILITIES				
Bonds payable	-	89,281,579	-	89,281,579
Other postemployment benefits liability	-	7,599,110	-	7,599,110
Net pension liability, proportionate share	-	320,236	-	320,236
Total noncurrent liabilities	-	97,200,925	-	97,200,925
Total liabilities	6,280	126,250,515	2,152,649	128,409,444
DEFERRED INFLOWS OF RESOURCES				
Deferred charges, pensions	-	119,207	-	119,207
Deferred charges, OPEB	-	48,217	-	48,217
Concession Improvement Trust funds	-	681,422	-	681,422
Total deferred inflows	-	848,846	-	848,846
NET POSITION				
Net investment in capital assets	-	189,798,618	2,053	189,800,671
Restricted for				
Bond reserve funds	-	12,659,634	-	12,659,634
Passenger facility charges	-	16,335,652	-	16,335,652
Capital projects	-	1,536,931	-	1,536,931
Unrestricted	2,754,651	20,258,906	10,288,267	33,301,824
Total net position	\$ 2,754,651	\$ 240,589,741	\$ 10,290,320	\$ 253,634,712

County of Albany, New York

Supplementary Information - Combining Statement of Activities - Discretely Presented Component Units

	Year Ended December 31, 2019			
	Industrial Development Agency	Airport Authority	Albany County Land Bank	Total
OPERATING REVENUES				
Charges for services, net	\$ 104,755	\$ 47,216,421	\$ 1,767,361	\$ 49,088,537
Donation of property for resale	-	-	4,874,827	4,874,827
Other operating revenues	-	4,626,970	150,450	4,777,420
Operating grants and contributions	-	-	1,460,794	1,460,794
Total operating revenues	104,755	51,843,391	8,253,432	60,201,578
OPERATING EXPENSES				
Cost of services	83,265	32,300,137	5,855,525	38,238,927
General and administrative	18,458	7,235,627	-	7,254,085
Depreciation	-	15,344,151	1,535	15,345,686
Total operating expenses	101,723	54,879,915	5,857,060	60,838,698
Operating income (loss)	3,032	(3,036,524)	2,396,372	(637,120)
NONOPERATING REVENUE (EXPENSE)				
Other nonoperating revenues	-	7,027,327	-	7,027,327
Other nonoperating grants	-	150,480	-	150,480
Interest earnings	39,406	1,403,088	2,638	1,445,132
Interest on debt	-	(4,369,737)	-	(4,369,737)
Bond issuance costs	-	(237,068)	-	(237,068)
Amortization of bond insurance premiums	-	(60,020)	-	(60,020)
Total nonoperating revenue	39,406	3,914,070	2,638	3,956,114
Income before capital contributions	42,438	877,546	2,399,010	3,318,994
CAPITAL CONTRIBUTIONS	-	25,142,535	-	25,142,535
Change in net position	42,438	26,020,081	2,399,010	28,461,529
NET POSITION, <i>beginning of year, as restated</i>	2,712,213	214,569,660	7,891,310	225,173,183
NET POSITION, <i>end of year</i>	\$ 2,754,651	\$ 240,589,741	\$ 10,290,320	\$ 253,634,712