

**County of Albany, New York**

Financial Report

December 31, 2014

# County of Albany, New York

## Financial Report

December 31, 2014

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## 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 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, 2014, 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 and the Albany County Industrial Development Agency, which are shown as discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the County, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Albany County Nursing Home, a major enterprise fund, were not audited in accordance with *Government Auditing Standards*.

### ***Auditor's Responsibility - Continued***

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 County'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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2014, 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.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of funding progress on pages 4-14, 51, and 52, 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2015, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

SaxBST LLP

Albany, New York  
September 29, 2015

# County of Albany, New York

## Management's Discussion and Analysis December 31, 2014

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, 2014. Please read it in conjunction with the financial statements.

### Financial Highlights

- The County's total net position decreased by \$1,875,796.
- At December 31, 2014, assets and deferred outflows of the County exceeded its liabilities and deferred inflows by \$15,096,853 (net position). Net position of the County decreased by \$1,875,796 during 2014.
- During 2014, the County's unrestricted net position deficiency decreased by \$20,763,469, resulting in an unrestricted net position deficiency of \$134,605,269 at December 31, 2014. The unrestricted net position deficiency is principally the result of the County's obligation for other postemployment benefits (OPEB). The OPEB liability is required to be amortized over a period of 30 years. Amortization of the liability during 2014 was principally responsible for the current year increase in the County's unrestricted net position deficiency.
- Governmental activities revenues increased by 2.4%, mainly due to an increase in sales tax. Revenues from business-type activities increased by 12.2%, mainly due to an increase in inter-governmental transfers.
- Expenditures increased by 2.0% due primarily to an increase in employee benefits expenditures.
- Unassigned fund balance for the General Fund was \$39,728,700 as of the close of the 2014 fiscal year. The unreserved fund balance was 7.2% 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 and a nursing home.
  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.

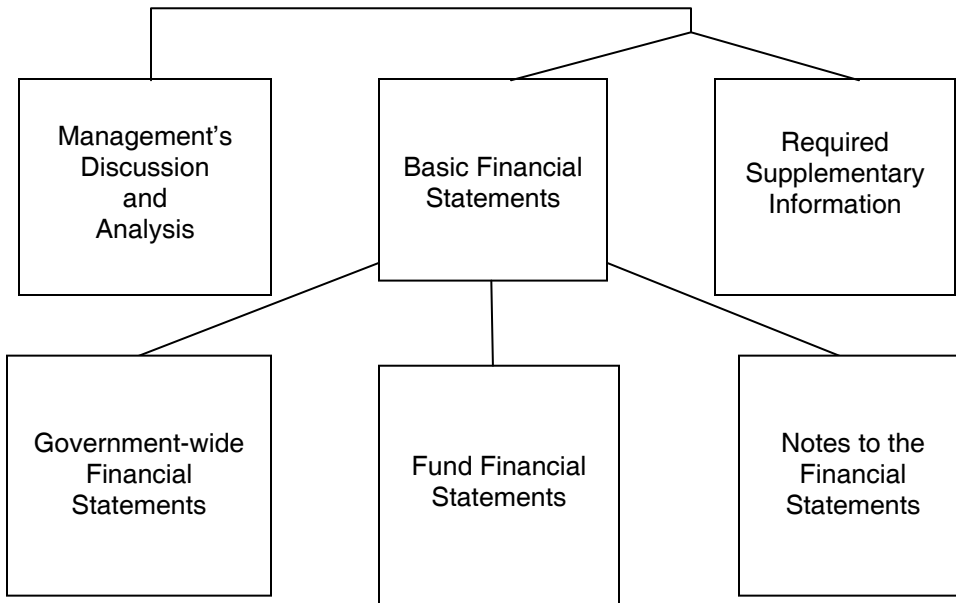
# County of Albany, New York

## Management's Discussion and Analysis December 31, 2014

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 further explains and supports the financial statements with a comparison of the County's budget for the year.

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, 2014

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 homes	Instances in which the County administers resources on behalf of others, such as employee benefits
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses, and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital, short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses 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, 2014

### Government-Wide Statements

The entity-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, are 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 two component units; the Albany County Airport Authority and the Albany County Industrial Development Agency, that are reported as discretely presented component units.

Net position of the governmental activities differ 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.

Entity-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, 2014

### 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 laws of the State of New York have established the required fund types.

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* that 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 entity-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 entity-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 entity-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, 2014

### 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 (In millions)**

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2014	2013	2014	2013	2014	2013	
Current and other assets	\$ 266.2	\$ 238.0	\$ 35.6	\$ 32.9	\$ 301.8	\$ 270.9	11 %
Capital assets	284.0	284.1	65.9	60.1	349.9	344.2	2 %
<b>Total assets</b>	<b>550.2</b>	<b>522.1</b>	<b>101.5</b>	<b>93.0</b>	<b>651.7</b>	<b>615.1</b>	<b>6 %</b>
Deferred outflows	6.3	4.2	-	-	6.3	4.2	50 %
Current liabilities	172.9	142.7	22.3	15.4	195.2	158.1	23 %
Long-term liabilities	396.5	393.1	51.3	49.9	447.8	443.0	1 %
<b>Total liabilities</b>	<b>569.4</b>	<b>535.8</b>	<b>73.6</b>	<b>65.3</b>	<b>643</b>	<b>601.1</b>	<b>7 %</b>
Net position:							
Net investment in capital assets	85.0	67.7	37.6	40.4	122.6	108.1	13 %
Restricted	22.8	19.2	4.2	4.7	27.0	23.9	13 %
Unrestricted	(120.7)	(96.4)	(13.9)	(17.4)	(134.6)	(113.8)	18 %
<b>Total net position</b>	<b>\$ (12.9)</b>	<b>\$ (9.5)</b>	<b>\$ 27.9</b>	<b>\$ 27.7</b>	<b>\$ 15.0</b>	<b>\$ 18.2</b>	<b>(18)%</b>

### Changes In Net Position

The County's year 2014 revenues totaled \$498.9 million (See Table A-4). This excludes the \$99.0 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 52.3% and 27.0%, respectively, of every dollar raised (see Table A-5). The remainder came from charges for services and other miscellaneous sources.

The total cost of all programs and services totaled \$500.1 million for the year 2014. This excludes the \$99.0 million of sales tax revenue distributed to other localities, but is required to be recorded as an expenditure in the statement of activities. These expenses (75.7%) are predominantly related to public safety, health, economic assistance and opportunity, and business-type activities (see Table A-6). The County's administrative and finance activities accounted for 8.3% of total costs.

Net position decreased by \$1.3 million.

# County of Albany, New York

## Management's Discussion and Analysis December 31, 2014

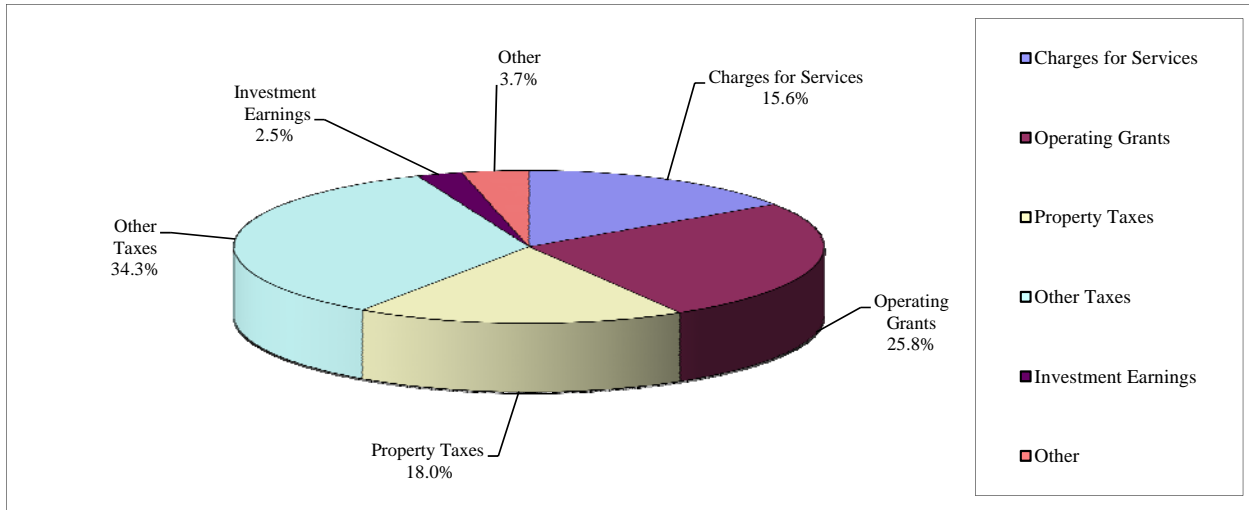
**Table A-4: Changes in Net Position (In millions)**

	December 31, 2014		
	Governmental Activities	Business-type Activities	Total
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 41.6	\$ 32.8	\$ 74.4
Operating grants	134.1	0.6	134.7
General revenues			
Property taxes	89.7	0.0	89.7
Other taxes	268.7	0.0	268.7
Investment earnings	7.9	0.0	7.9
Other	7.0	15.4	22.4
Total revenues	549.0	48.8	597.8
<b>EXPENSES</b>			
General government	159.1	0.0	159.1
Education	23.4	0.0	23.4
Public safety	99.5	0.0	99.5
Health	37.4	0.0	37.4
Transportation	26.6	0.0	26.6
Economic assistance and opportunity	170.9	0.0	170.9
Culture and recreation	1.0	0.0	1.0
Home and community services	21.4	0.0	21.4
Interest	7.2	0.0	7.2
Business-type activities			
Health related facilities	0.0	32.8	32.8
Recreation	0.0	8.6	8.6
Sewer	0.0	11.8	11.8
Total expenses	546.5	53.2	599.7
Transfers	(5.9)	5.9	0.0
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ (3.4)</b>	<b>\$ 1.5</b>	<b>\$ (1.9)</b>

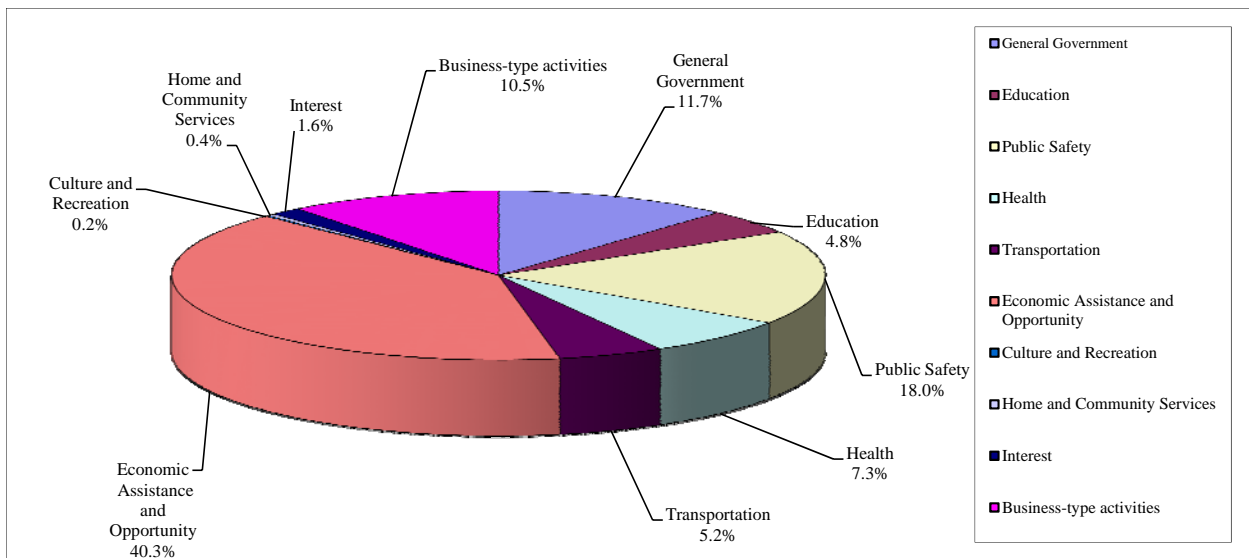
# County of Albany, New York

## Management's Discussion and Analysis December 31, 2014

**Table A-5: Sources of Revenues for the Year 2014**



**Table A-6: Expenses for the Year 2014**



# County of Albany, New York

## Management's Discussion and Analysis December 31, 2014

### Governmental Activities

Revenues for the County's governmental activities totaled \$549.0 million, while total expenses equaled \$546.5 million. During the year 2014, the County's net transfer from governmental activities to support its business-type activities amounted to \$5.9 million. Therefore, the decrease in net position for governmental activities was \$3.4 million. The continuation of the County's good 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, education, public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services, and interest. 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 2014</u>	<u>Net Cost (Revenue) 2014</u>
General government	\$ 159.1	\$ 142.8
Education	23.4	15.6
Public safety	99.5	72.9
Health	37.4	80.4
Transportation	26.6	17.8
Economic assistance and opportunity	170.9	31.2
Culture and recreation	1.0	0.1
Home and community services	21.4	2.2
Interest	7.2	7.2
Total	<u>\$ 546.5</u>	<u>\$ 370.2</u>

- The cost of all governmental activities this year was \$545.9 million (includes distribution of sales tax);
- The users of the County's programs (\$41.7 million) financed some of the cost;
- The federal and state governments subsidized certain programs with grants and contributions (\$134.1 million), and
- Most of the County's net costs (\$370.2 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 \$48.9 million while total expenses equaled \$53.2 million. During the year 2014, the County's net transfer from governmental activities to support its business-type activities amounted to approximately \$5.8 million. Therefore, there was an increase of \$1.5 million in net position for business-type activities in 2014. The continuation of the County's good financial condition can be credited to:

# County of Albany, New York

## Management's Discussion and Analysis December 31, 2014

### Business-Type Activities - Continued

- 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: health related facility, recreation, and sewer. 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-8: Net Cost of Business-Type Activities (In millions)**

<b>Category</b>	<b>Total Cost 2014</b>	<b>Revenue 2014</b>
Health related facility	\$ 32.8	\$ 15.6
Recreation	8.6	5.7
Sewer	11.8	11.5
Total	\$ 53.2	\$ 32.8

- The cost of all business-type activities this year was \$53.2 million;
- The users of the County's programs (\$32.8 million) financed most of the cost, and
- The County's net cost was \$4.3 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 entity-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.

The County's governmental fund financial statements had significant variances in the Capital Projects Fund. The County has accumulated funding in its Capital Projects Fund to pay for future capital outlays. The decrease of \$8.6 million in the Capital Projects Fund was primarily due to the expenditure of financed capital projects for 2014 projects and completion of projects from previous years.

No other significant variances are reflected in the governmental fund financial statements for 2014.

### 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, 2014

### Capital Asset and Debt Administration

By the end of 2014, the County had invested \$349.9 million in a broad range of capital assets, including land, infrastructure, buildings, equipment, vehicles, and motor equipment. The County purchased infrastructure and equipment and continues to maintain near the same level of construction in progress during the year 2014 for various ongoing projects.

### Long-Term Debt

At year-end, the County had \$226.0 million in general obligation and other long-term debt outstanding. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements.

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
General obligation bonds	\$ 208.2	\$ 17.8	\$ 226.0
Bond anticipation notes	22.6	10.4	33.0
Tax anticipation notes	9.8	0.0	9.8
Due to employees' retirement system	35.1	5.0	40.1
Compensated absences	11.4	0.4	11.8
Other postemployment benefits	178.6	31.9	210.5
Total	<u>\$ 465.7</u>	<u>\$ 65.5</u>	<u>\$ 531.2</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.

### 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

December 31, 2014

ASSETS	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Industrial Development Agency	Airport Authority
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 74,376,998	\$ 16,192,350	\$ 90,569,348	\$ 2,272,436	\$ 16,759,824
Cash and cash equivalents, restricted	35,774,360	5,127,522	40,901,882	-	21,147,365
Investments, restricted	-	-	-	-	277,389
Resident funds held in trust	-	126,758	126,758	-	-
Taxes receivable, net	74,773,939	-	74,773,939	-	-
Other receivables	4,329,101	12,968,887	17,297,988	-	2,002,554
Other receivables, restricted	-	-	-	-	3,259,150
State and federal receivables	68,524,087	-	68,524,087	-	-
Due from other activities and fiduciary fund	2,851,432	316,807	3,168,239	-	114,074
Due from other governments	5,380,043	-	5,380,043	-	-
Inventory	90,552	104,172	194,724	-	-
Prepaid and other	120,070	164,875	284,945	5,282	960,743
Workers' compensation reserve	-	461,169	461,169	-	-
Other current assets	-	108,142	108,142	-	-
Total current assets	266,220,582	35,570,682	301,791,264	2,277,718	44,521,099
<b>NONCURRENT ASSETS</b>					
Prepaid expenses	-	-	-	-	317,714
Net position held in trust for OPEB	-	-	-	-	158,811
Capital assets, net	283,985,247	65,957,162	349,942,409	-	262,083,471
Total noncurrent assets	283,985,247	65,957,162	349,942,409	-	262,559,996
Total assets	550,205,829	101,527,844	651,733,673	2,277,718	307,081,095
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on refunding	6,335,842	-	6,335,842	-	7,666,565
Deferred bond insurance premiums	-	-	-	-	763,618
Total deferred outflows	6,335,842	-	6,335,842	-	8,430,183
<b>LIABILITIES AND NET POSITION</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	25,647,409	3,318,493	28,965,902	-	593,595
Accrued liabilities	14,533,901	1,941,698	16,475,599	1,481	4,881,324
Patient funds held in trust	-	126,758	126,758	-	-
Payable from restricted assets	-	-	-	-	9,732,523
Due to other governments	54,319,707	-	54,319,707	-	-
Current portion of due to employees' retirement system	15,738,143	2,403,601	18,141,744	-	-
Due to other activities and fiduciary fund	124,588	1,226,304	1,350,892	-	-
Tax anticipation notes payable	9,800,000	-	9,800,000	-	-
Bond anticipation notes payable	22,599,771	10,538,613	33,138,384	-	-
Current maturities of bonds payable	20,180,814	1,446,210	21,627,024	-	-
Compensated absences	921,343	-	921,343	-	-
Unearned revenue	144,016	563,171	707,187	-	-
Accrued interest	1,048,271	-	1,048,271	-	-
Other current liabilities	7,860,414	709,825	8,570,239	-	-
Total current liabilities	172,918,377	22,274,673	195,193,050	1,481	15,207,442

December 31, 2014

	Primary Government			Component Units	
	Governmental	Business-Type	Total	Industrial	Airport
	Activities	Activities		Development Agency	Authority
<b>NONCURRENT LIABILITIES</b>					
Bonds payable, less current maturities	188,020,696	16,361,341	204,382,037	-	99,669,785
Due to employees' retirement system, less current portion	19,381,738	2,590,502	21,972,240	-	-
Compensated absences	10,442,648	425,601	10,868,249	-	-
Other postemployment benefits liability	178,632,307	31,924,779	210,557,086	-	-
Total noncurrent liabilities	<u>396,477,389</u>	<u>51,302,223</u>	<u>447,779,612</u>	<u>-</u>	<u>99,669,785</u>
Total liabilities	<u>569,395,766</u>	<u>73,576,896</u>	<u>642,972,662</u>	<u>1,481</u>	<u>114,877,227</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred ANCLUC Trust funds	-	-	-	-	1,334
Deferred Concession Improvement Trust funds	-	-	-	-	787,347
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>788,681</u>
<b>NET POSITION</b>					
Net investment in capital assets	85,074,466	37,610,998	122,685,464	-	167,432,611
Restricted for					
Bond reserve funds	-	-	-	-	11,761,289
Passenger facility charges	-	-	-	-	5,617,225
Capital projects	-	1,974,498	1,974,498	-	-
Debt service	14,364,993	830,904	15,195,897	-	-
Other purposes	8,437,032	1,409,231	9,846,263	-	195,444
Unrestricted	<u>(120,730,586)</u>	<u>(13,874,683)</u>	<u>(134,605,269)</u>	<u>2,276,237</u>	<u>14,838,801</u>
Total net position	<u>\$ (12,854,095)</u>	<u>\$ 27,950,948</u>	<u>\$ 15,096,853</u>	<u>\$ 2,276,237</u>	<u>\$ 199,845,370</u>

See accompanying Notes to Financial Statements.

# County of Albany, New York

## Government-Wide Financial Statements Statement of Activities

Year Ended December 31, 2014

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position							
		Program Revenues			Primary Government			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Industrial Development Agency	Airport Authority
Primary Government									
Governmental activities									
General government support	\$ 159,136,529	\$ 14,481,810	\$ 1,722,523	\$ -	\$ (142,932,196)	\$ -	\$ (142,932,196)	\$ -	\$ -
Education	23,388,173	1,340,322	6,416,850	-	(15,631,001)	-	(15,631,001)	-	-
Public safety	99,461,388	13,890,875	12,400,455	-	(73,170,058)	-	(73,170,058)	-	-
Health	37,404,060	4,451,799	20,663,130	-	(12,289,131)	-	(12,289,131)	-	-
Transportation	26,598,906	2,333,972	6,456,660	-	(17,808,274)	-	(17,808,274)	-	-
Economic assistance and opportunity	170,961,696	4,348,001	85,669,452	-	(80,944,243)	-	(80,944,243)	-	-
Culture and recreation	916,955	407,399	376,645	-	(132,911)	-	(132,911)	-	-
Home and community service	21,450,247	408,224	377,362	-	(20,664,661)	-	(20,664,661)	-	-
Interest and fiscal charges on debt	7,199,843	-	-	-	(7,199,843)	-	(7,199,843)	-	-
Total governmental activities	<u>546,517,797</u>	<u>41,662,402</u>	<u>134,083,077</u>	<u>-</u>	<u>(370,772,318)</u>	<u>-</u>	<u>(370,772,318)</u>	<u>-</u>	<u>-</u>
Business-type activities									
Sewer	11,848,020	11,473,720	676,439	-	-	302,139	302,139	-	-
Times Union Center	8,614,840	5,691,288	-	-	-	(2,923,552)	(2,923,552)	-	-
Nursing Home	32,769,071	15,628,951	-	-	-	(17,140,120)	(17,140,120)	-	-
Total business-type activities	<u>53,231,931</u>	<u>32,793,959</u>	<u>676,439</u>	<u>-</u>	<u>-</u>	<u>(19,761,533)</u>	<u>(19,761,533)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>599,749,728</u>	<u>74,456,361</u>	<u>134,759,516</u>	<u>-</u>	<u>(370,772,318)</u>	<u>(19,761,533)</u>	<u>(390,533,851)</u>	<u>-</u>	<u>-</u>
Component units									
Industrial Development Agency	144,268	1,318,000	-	-	-	-	-	1,173,732	-
Albany County Airport Authority	52,284,702	43,594,084	-	6,414,378	-	-	-	-	(2,276,240)
Total component units	<u>\$ 52,428,970</u>	<u>\$ 44,912,084</u>	<u>\$ -</u>	<u>\$ 6,414,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,173,732</u>	<u>(2,276,240)</u>
General revenues and transfers									
Real property taxes					89,681,966	-	89,681,966	-	-
Other tax items					7,209,703	-	7,209,703	-	-
Non-property tax items					261,480,788	-	261,480,788	-	-
Intergovernmental charges					5,696,177	-	5,696,177	-	-
Use of money and property					2,264,059	11,192	2,275,251	109,349	54,043
Sale of property and compensation for loss					5,644,093	-	5,644,093	-	-
Miscellaneous					1,329,129	15,340,948	16,670,077	-	5,439,029
Net interfund transfers					(5,890,184)	5,890,184	-	-	-
Total general revenues and transfers					<u>367,415,731</u>	<u>21,242,324</u>	<u>388,658,055</u>	<u>109,349</u>	<u>5,493,072</u>
<b>CHANGE IN NET POSITION</b>					<b>(3,356,587)</b>	<b>1,480,791</b>	<b>(1,875,796)</b>	<b>1,283,081</b>	<b>3,216,832</b>
<b>NET POSITION, beginning of year</b>					<u>(9,497,508)</u>	<u>26,470,157</u>	<u>16,972,649</u>	<u>993,156</u>	<u>196,628,538</u>
<b>NET POSITION, end of year</b>					<b><u>\$ (12,854,095)</u></b>	<b><u>\$ 27,950,948</u></b>	<b><u>\$ 15,096,853</u></b>	<b><u>\$ 2,276,237</u></b>	<b><u>\$ 199,845,370</u></b>

See accompanying Notes to Financial Statements.

# County of Albany, New York

## Fund Financial Statements Balance Sheet - Governmental Funds

	December 31, 2014				
	Major			Nonmajor	Total
	General	Debt Service	Capital Projects	Governmental	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 36,941,581	\$ 25,706	\$ 36,833,520	\$ 355,498	\$ 74,156,305
Cash, restricted	65	11,337,051	4,775,411	-	16,112,527
Taxes receivable, net	74,773,939	-	-	-	74,773,939
Other receivables	4,180,637	-	-	148,066	4,328,703
State and federal receivables	63,825,416	-	334,707	4,363,964	68,524,087
Due from other funds	3,676,156	2,889,389	-	261,794	6,827,339
Due from other governments	5,159,046	220,997	-	-	5,380,043
Inventories	90,552	-	-	-	90,552
Prepaid expenses	113,978	-	-	6,092	120,070
<b>Total assets</b>	<b><u>\$ 188,761,370</u></b>	<b><u>\$ 14,473,143</u></b>	<b><u>\$ 41,943,638</u></b>	<b><u>\$ 5,135,414</u></b>	<b><u>\$ 250,313,565</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 22,445,359	\$ 24,000	\$ 1,729,604	\$ 1,147,615	\$ 25,346,578
Accrued liabilities	1,033,196	-	-	288,848	1,322,044
Retainage payable	7,860,414	-	-	-	7,860,414
Due to other funds	1,469,817	84,150	1,601,306	945,222	4,100,495
Due to other governments	67,180,169	-	-	193,415	67,373,584
Bond and tax anticipation notes payable	9,800,000	-	19,320,800	-	29,120,800
Total liabilities	<u>109,788,955</u>	<u>108,150</u>	<u>22,651,710</u>	<u>2,575,100</u>	<u>135,123,915</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned revenues	<u>31,920,404</u>	<u>-</u>	<u>144,016</u>	<u>-</u>	<u>32,064,420</u>
<b>FUND BALANCES</b>					
Nonspendable	204,530	-	-	6,092	210,622
Restricted	1,987,056	14,364,993	4,775,411	-	21,127,460
Assigned	5,131,725	-	14,372,501	2,554,222	22,058,448
Unassigned	39,728,700	-	-	-	39,728,700
Total fund balances	<u>47,052,011</u>	<u>14,364,993</u>	<u>19,147,912</u>	<u>2,560,314</u>	<u>83,125,230</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b><u>\$ 188,761,370</u></b>	<b><u>\$ 14,473,143</u></b>	<b><u>\$ 41,943,638</u></b>	<b><u>\$ 5,135,414</u></b>	<b><u>\$ 250,313,565</u></b>

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

	<b>December 31, 2014</b>
Total governmental fund balances	\$ 83,125,230
<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.	283,985,247
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.	6,335,842
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.	31,920,407
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.	3,091,262
Long-term liabilities, including loans due to other governments, are not due and payable in the current period and, therefore, are not reported in the funds.	13,053,877
Long-term liabilities, including bonds payable, amortized portion of due to employees' retirement system, other postemployment benefits, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(433,317,689)
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.	<u>(1,048,271)</u>
<b>Total net position</b>	<b><u>\$ (12,854,095)</u></b>

# County of Albany, New York

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

Year Ended December 31, 2014

	Major			Nonmajor Governmental	Total
	General	Debt Service	Capital Projects		
<b>REVENUES</b>					
Real property taxes	\$ 88,053,356	\$ -	\$ -	\$ -	\$ 88,053,356
Real property tax items	7,209,703	-	-	-	7,209,703
Non-property tax items	256,843,674	-	-	1,561,557	258,405,231
Departmental income	26,357,823	-	-	46,388	26,404,211
Intergovernmental charges	13,422,877	300,894	-	952,316	14,676,087
Use of money and property	2,212,544	45,746	-	865	2,259,155
Fines and forfeitures	582,104	-	-	-	582,104
Sale of property and compensation for loss	4,725,160	-	-	124,989	4,850,149
Miscellaneous local sources	1,112,117	-	-	209,262	1,321,379
Interfund revenues	-	-	-	1,514,618	1,514,618
State aid	54,762,130	689,284	578,436	2,831,628	58,861,478
Federal aid	69,215,853	-	9,081,303	-	78,297,156
Total revenues	<u>524,497,341</u>	<u>1,035,924</u>	<u>9,659,739</u>	<u>7,241,623</u>	<u>542,434,627</u>
<b>EXPENDITURES</b>					
Current Operations					
General government	133,963,285	-	-	-	133,963,285
Public safety	53,450,389	-	-	-	53,450,389
Transportation	1,256,318	-	-	11,468,021	12,724,339
Health	27,909,052	-	-	-	27,909,052
Economic assistance and opportunity	177,464,354	-	-	-	177,464,354
Culture and recreation	603,042	-	-	-	603,042
Education	23,388,173	-	-	-	23,388,173
Home and community service	2,889,707	-	-	400	2,890,107
Employee benefits	59,256,314	-	-	3,287,815	62,544,129
Capital outlay, general government support	386,523	-	458,848	-	845,371
Capital outlay, public safety	708,038	-	6,768,799	-	7,476,837
Capital outlay, health	47,298	-	-	-	47,298
Capital outlay, transportation	-	-	8,361,260	11,819	8,373,079
Capital outlay, economic assistance and opportunity	12,304	-	-	-	12,304
Capital outlay, culture and recreation	2,958	-	-	-	2,958
Debt Service					
Principal	-	17,665,478	-	37,000	17,702,478
Interest	40,875	8,155,637	-	8,696	8,205,208
Total expenditures	<u>481,378,630</u>	<u>25,821,115</u>	<u>15,588,907</u>	<u>14,813,751</u>	<u>537,602,403</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u><b>43,118,711</b></u>	<u><b>(24,785,191)</b></u>	<u><b>(5,929,168)</b></u>	<u><b>(7,572,128)</b></u>	<u><b>4,832,224</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Advanced refunding of serial bonds	-	34,365,000	-	-	34,365,000
Repayments to escrow agent on refunding of serial bonds	-	(37,106,909)	-	-	(37,106,909)
Premiums on debt issuance	-	2,906,881	-	-	2,906,881
Transfers from other funds	1,340,865	28,985,631	-	8,652,741	38,979,237
Transfers to other funds	(40,120,213)	(2,080,863)	(2,668,345)	-	(44,869,421)
Total other financing sources (uses)	<u>(38,779,348)</u>	<u>27,069,740</u>	<u>(2,668,345)</u>	<u>8,652,741</u>	<u>(5,725,212)</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<u><b>4,339,363</b></u>	<u><b>2,284,549</b></u>	<u><b>(8,597,513)</b></u>	<u><b>1,080,613</b></u>	<u><b>(892,988)</b></u>
<b>FUND BALANCES, beginning of year</b>	<u>42,712,648</u>	<u>12,080,444</u>	<u>27,745,425</u>	<u>1,479,701</u>	<u>84,018,218</u>
<b>FUND BALANCES, end of year</b>	<u><b>\$ 47,052,011</b></u>	<u><b>\$ 14,364,993</b></u>	<u><b>\$ 19,147,912</b></u>	<u><b>\$ 2,560,314</b></u>	<u><b>\$ 83,125,230</b></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 Shown in the Government-Wide Statement of Activities

		<u>Year Ended December 31, 2014</u>
Net change in fund balances - total governmental funds	\$	(892,988)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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.	Capital outlays Depreciation expense	16,000,377 <u>(16,158,609)</u> (158,232)
Governmental funds report bond refundings 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.		2,120,914
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.		1,628,610
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 compensated absences (vacation and sick leave).		(231,209)
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.		(4,950,816)
Revenues and expenditures of Internal Service Funds are not included in business-type activities but are included in the governmental funds in the statement of activities.		23,838
Repayment of bond principal and other long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		43,235,305
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 balances as revenue, but included in the statement of net position as part of bonds payable.		(25,663,369)
In the statement of activities, bond premiums are amortized against interest expense over the life of the bond.		(1,309,520)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.		159,541
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 other postemployment benefits for healthcare costs for retirees.		<u>(17,318,661)</u>
<b>Change in net position of governmental activities</b>		<b><u>\$ (3,356,587)</u></b>

# County of Albany, New York

## Fund Financial Statements Statement of Net Position - Proprietary Funds

December 31, 2014

ASSETS	Enterprise Funds				Internal Service Fund
	Sewer	Times Union Center	Albany County Nursing Home	Total	Self Insurance
	<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 10,629,367	\$ 2,962,714	\$ 2,600,269	\$ 16,192,350	\$ 220,693
Cash and cash equivalents, restricted	1,184,994	3,027,218	915,310	5,127,522	19,661,833
Resident funds held in trust	-	-	126,758	126,758	-
Other receivables	3,487,553	876,558	8,604,776	12,968,887	398
Due from other funds	49,389	-	267,418	316,807	-
Inventory	-	-	104,172	104,172	-
Prepaid expenses	6,222	93,681	64,972	164,875	-
Workers' compensation reserve	-	-	461,169	461,169	-
Other current assets	-	108,142	-	108,142	-
Total current assets	15,357,525	7,068,313	13,144,844	35,570,682	19,882,924
<b>NONCURRENT ASSETS</b>					
Capital assets, net	33,355,429	29,889,267	2,712,466	65,957,162	-
<b>Total assets</b>	<b>\$ 48,712,954</b>	<b>\$ 36,957,580</b>	<b>\$ 15,857,310</b>	<b>\$ 101,527,844</b>	<b>\$ 19,882,924</b>



December 31, 2014

LIABILITIES AND NET POSITION (DEFICIT)	Enterprise Funds				Internal Service Fund
	Sewer	Times Union Center	Albany County Nursing Home	Total	Self Insurance
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 255,090	\$ 1,468,638	\$ 1,594,765	\$ 3,318,493	\$ 300,834
Accrued liabilities	424,246	443,739	1,073,713	1,941,698	13,211,857
Due to other funds	379	1,194,317	31,608	1,226,304	-
Current portion of due to employees' retirement system	1,303,549	-	1,100,052	2,403,601	-
Unearned revenue	-	563,171	-	563,171	-
Retainages payable	709,825	-	-	709,825	-
Bond anticipation notes payable	7,163,613	3,375,000	-	10,538,613	3,278,971
Current maturities of bonds payable	379,626	912,896	153,688	1,446,210	-
Resident funds held in trust	-	-	126,758	126,758	-
Total current liabilities	<u>10,236,328</u>	<u>7,957,761</u>	<u>4,080,584</u>	<u>22,274,673</u>	<u>16,791,662</u>
<b>NONCURRENT LIABILITIES</b>					
Bonds payable, less current maturities	4,294,799	11,757,482	309,060	16,361,341	-
Due to employees' retirement system, less current portion	-	-	2,590,502	2,590,502	-
Compensated absences	425,601	-	-	425,601	-
Other postemployment benefits	7,147,447	-	24,777,332	31,924,779	-
Total liabilities	<u>22,104,175</u>	<u>19,715,243</u>	<u>31,757,478</u>	<u>73,576,896</u>	<u>16,791,662</u>
<b>NET POSITION (DEFICIT)</b>					
Net investment in capital assets	21,517,391	13,843,889	2,249,718	37,610,998	-
Restricted for					
Capital projects	-	1,974,498	-	1,974,498	-
Debt service	830,904	-	-	830,904	-
Other purposes	1,409,231	-	-	1,409,231	6,449,976
Unrestricted	<u>2,851,253</u>	<u>1,423,950</u>	<u>(18,149,886)</u>	<u>(13,874,683)</u>	<u>(3,358,714)</u>
Total net position (deficit)	<u>26,608,779</u>	<u>17,242,337</u>	<u>(15,900,168)</u>	<u>27,950,948</u>	<u>3,091,262</u>
<b>Total liabilities and net position</b>	<b><u>\$ 48,712,954</u></b>	<b><u>\$ 36,957,580</u></b>	<b><u>\$ 15,857,310</u></b>	<b><u>\$ 101,527,844</u></b>	<b><u>\$ 19,882,924</u></b>

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, 2014

	Enterprise Funds				Internal Service Fund
	Sewer	Times Union Center	Albany County Nursing Home	Total	Self Insurance
<b>OPERATING REVENUES</b>					
Charges for services, net	\$ 11,473,720	\$ 5,691,288	\$ 15,628,951	\$ 32,793,959	\$ 4,181,559
Other operating revenues	487,228	-	(479,204)	8,024	801,694
Operating grants and contributions	676,439	-	-	676,439	-
Total operating revenues	<u>12,637,387</u>	<u>5,691,288</u>	<u>15,149,747</u>	<u>33,478,422</u>	<u>4,983,253</u>
<b>OPERATING EXPENSES</b>					
Nursing and medical services	-	-	10,178,742	10,178,742	-
Dietary	-	-	2,258,585	2,258,585	-
Household and plant operation	-	-	1,839,987	1,839,987	-
Administrative and general services	3,768,995	-	1,683,424	5,452,419	-
Employee benefits	2,917,733	-	10,499,495	13,417,228	3,615,494
Depreciation	1,261,746	3,158,140	202,202	4,622,088	-
Contractual expenses	3,778,170	4,612,247	-	8,390,417	1,348,825
New York State assessment	-	-	1,028,041	1,028,041	-
County cost allocations	-	-	1,795,267	1,795,267	-
Total operating expenses	<u>11,726,644</u>	<u>7,770,387</u>	<u>29,485,743</u>	<u>48,982,774</u>	<u>4,964,319</u>
<b>Operating income (loss)</b>	<u><b>910,743</b></u>	<u><b>(2,079,099)</b></u>	<u><b>(14,335,996)</b></u>	<u><b>(15,504,352)</b></u>	<u><b>18,934</b></u>
<b>NONOPERATING REVENUE (EXPENSE)</b>					
Interest earnings	8,987	1,313	892	11,192	4,904
Interest on debt	(121,376)	(844,453)	(20,830)	(986,659)	-
Intergovernmental transfer	-	-	15,224,340	15,224,340	-
Repayment to third party	-	-	(3,262,498)	(3,262,498)	-
Other	-	-	108,584	108,584	-
Total nonoperating revenue (expense)	<u>(112,389)</u>	<u>(843,140)</u>	<u>12,050,488</u>	<u>11,094,959</u>	<u>4,904</u>
<b>Income (loss) before transfers</b>	<u><b>798,354</b></u>	<u><b>(2,922,239)</b></u>	<u><b>(2,285,508)</b></u>	<u><b>(4,409,393)</b></u>	<u><b>23,838</b></u>
Transfers from other funds	-	2,080,863	5,274,220	7,355,083	-
Transfers to other funds	(328,386)	(1,136,513)	-	(1,464,899)	-
	<u>(328,386)</u>	<u>944,350</u>	<u>5,274,220</u>	<u>5,890,184</u>	<u>-</u>
<b>Change in net position</b>	<u><b>469,968</b></u>	<u><b>(1,977,889)</b></u>	<u><b>2,988,712</b></u>	<u><b>1,480,791</b></u>	<u><b>23,838</b></u>
<b>NET POSITION (DEFICIT), beginning of year</b>	<u>26,138,811</u>	<u>19,220,226</u>	<u>(18,888,880)</u>	<u>26,470,157</u>	<u>3,067,424</u>
<b>NET POSITION (DEFICIT), end of year</b>	<u><b>\$ 26,608,779</b></u>	<u><b>\$ 17,242,337</b></u>	<u><b>\$ (15,900,168)</b></u>	<u><b>\$ 27,950,948</b></u>	<u><b>\$ 3,091,262</b></u>

See accompanying Notes to Financial Statements.

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

	Year Ended December 31, 2014				Internal Service Fund Self Insurance
	Enterprise Funds			Total	
	Sewer	Times Union Center	Albany County Nursing Home		
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Cash received for services provided	\$ 11,430,215	\$ 4,384,104	\$ 13,306,238	\$ 29,120,557	\$ 5,100,592
Cash received from grants and others	1,191,078	-	(479,204)	711,874	-
Cash payments to suppliers for goods and services	(6,827,884)	(4,020,003)	(15,745,903)	(26,593,790)	(4,200,293)
Cash payments to employees for services	(3,272,919)	-	(12,497,223)	(15,770,142)	-
	<u>2,520,490</u>	<u>364,101</u>	<u>(15,416,092)</u>	<u>(12,531,501)</u>	<u>900,299</u>
<b>CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>					
County subsidy and advances	-	-	4,281,383	4,281,383	-
Cash received from others	-	-	13,743,437	13,743,437	-
Other nonoperating revenue	-	-	109,476	109,476	-
Interest received	8,987	1,313	-	10,300	4,904
Operating transfers in (out)	(725,103)	1,285,973	1,043,290	1,604,160	-
Change in restricted and custodial cash	(347,484)	(312,957)	346,106	(314,335)	(4,043,211)
	<u>(1,063,600)</u>	<u>974,329</u>	<u>19,523,692</u>	<u>19,434,421</u>	<u>(4,038,307)</u>
<b>CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of property and equipment	(7,318,802)	(2,050,519)	(1,558,125)	(10,927,446)	-
Payments of long-term debt	(413,811)	(1,001,943)	(153,918)	(1,569,672)	-
Proceeds from the issuance of bond anticipation notes	7,163,613	3,375,000	-	10,538,613	3,278,971
Interest paid	(121,376)	(844,453)	-	(965,829)	-
	<u>(690,376)</u>	<u>(521,915)</u>	<u>(1,712,043)</u>	<u>(2,924,334)</u>	<u>3,278,971</u>
<b>Net increase in cash and cash equivalents</b>	<b>766,514</b>	<b>816,515</b>	<b>2,395,557</b>	<b>3,978,586</b>	<b>140,963</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>9,862,853</b>	<b>2,146,199</b>	<b>204,712</b>	<b>12,213,764</b>	<b>79,730</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b><u>\$ 10,629,367</u></b>	<b><u>\$ 2,962,714</u></b>	<b><u>\$ 2,600,269</u></b>	<b><u>\$ 16,192,350</u></b>	<b><u>\$ 220,693</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 910,743	\$ (2,079,099)	\$ (14,335,996)	\$ (15,504,352)	\$ 18,934
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation expense	1,261,746	3,158,140	202,202	4,622,088	-
Bad debts, net	-	-	700,000	700,000	-
Other postemployment benefits accrual	275,286	-	1,667,720	1,943,006	-
Portion due to employees' retirement system to be amortized	(619,892)	-	334,658	(285,234)	-
Loss on write-off of capital assets	-	-	498,646	498,646	-
(Increase) decrease in					
Accounts receivable, net	(43,505)	50,809	(3,001,240)	(2,993,936)	117,339
Due from other funds	27,411	-	-	27,411	-
Inventories	-	-	(1,242)	(1,242)	-
Prepaid expenses and other assets	(6,222)	(88,816)	(4,405)	(99,443)	-
Increase (decrease) in					
Accounts payable	(370,649)	764,845	(554,564)	(160,368)	204,026
Due to other governments	892,277	-	(21,473)	870,804	-
Accrued liabilities	(175,093)	(83,785)	(900,398)	(1,159,276)	560,000
Other current liabilities	368,388	-	-	368,388	-
Unearned revenue	-	(1,357,993)	-	(1,357,993)	-
<b>Net cash provided (used) by operating activities</b>	<b><u>\$ 2,520,490</u></b>	<b><u>\$ 364,101</u></b>	<b><u>\$ (15,416,092)</u></b>	<b><u>\$ (12,531,501)</u></b>	<b><u>\$ 900,299</u></b>

See accompanying Notes to Financial Statements.

# County of Albany, New York

## Fund Financial Statements Statement of Fiduciary Net Position - Fiduciary Fund

	<b>December 31, 2014</b>
	<b>Agency Fund</b>
	<hr/>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 12,212,521
Other assets	945,094
Due from other funds	<hr/> 40,437
Total assets	<b><u><u>\$ 13,198,052</u></u></b>
<b>LIABILITIES</b>	
Due to other funds	\$ 1,857,784
Agency liabilities	<hr/> 11,340,268
Total liabilities	<b><u><u>\$ 13,198,052</u></u></b>

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

### 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 nursing home, 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 is 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.

*Discretely Presented Component Units* - The financial statements include the financial data of the County's two discretely presented component units. These units are reported in separate columns 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, 2014

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

#### a. Reporting Entity - Continued

##### *Discretely Presented 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, liabilities, equities, 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.

*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*.

*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.

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

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

#### a. Reporting Entity - Continued

##### Fund Financial Statements - Continued

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:

*Nursing Home* - The Albany County Nursing Home (Nursing Home) is a 250-bed State-licensed facility. The County provides an operating subsidy to the Nursing Home 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.

*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.

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

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

#### *a. Reporting Entity - Continued*

##### *Fund Financial Statements - Continued*

*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.

*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.



# County of Albany, New York

## Notes to Financial Statements December 31, 2014

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

#### c. Budgets and Budgetary Accounting - Continued

*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, 2014	\$ 49,620,684
Deduct outstanding encumbrances	<u>5,251,688</u>
Budgetary basis, fund balances, December 31, 2014	<u><u>\$ 44,368,996</u></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 market 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, 2014

### 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. Investments are stated at fair value.

#### *f. Inventories*

Inventories, which are comprised of general supplies (General Fund) and housekeeping, medical, and dietary supplies (those of the Nursing Home), 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 because they are maintained in separate bank accounts. The County Legislature limits their use.

#### *h. Capital Assets*

Capital assets, which include property, buildings, 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. 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.

Property, plant, and equipment 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
Machinery and 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, 2014

### 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, 2014.

#### *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*

The County applies the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. 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.

#### *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 \$31,920,404 represent property tax revenue that was not considered available. Deferred inflows of resources in the Capital Projects Fund of \$144,016 represent reimbursements to be received from granting agencies for a project.

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, 2014. Unearned revenues in the Times Union Center Fund represent cash receipts for which the underlying service has not been performed as of December 31, 2014.

#### *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 cost of accumulated vacation and sick pay expected to be paid from future expendable resources for the government funds is accounted for as a liability in the general long-term obligations account group. The costs of vacation and sick pay of the proprietary funds are accounted for as liabilities of those funds.

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

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

#### *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. Patient Service Revenue*

Patient service revenue of the Nursing Home is recorded at established rates. Payments for services rendered to patients 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 - proprietary funds.

Final determination of amounts due to the Nursing Home 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. In 2014, the County has reported interfund revenues in the General Fund of \$1,049,391, which represents an allocation of \$108,228 to various special revenue funds and \$941,163 to the proprietary funds. The amounts are reported as general government support expenditures in the General Fund as well as in the benefiting funds.

#### *q. Fund Balance/Net Position*

In the government-wide and the proprietary fund statements of net position, net position 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.

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

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

#### q. *Fund Balance/Net Position* - Continued

*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. Liabilities to be extinguished from restricted assets reduce the balance in the category.

*Unrestricted Net Position* - consists of assets and liabilities that do 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.

#### r. *Estimates*

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and during the reported period. Actual results could differ from those estimates.

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

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

#### s. *New Accounting Pronouncements*

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement provides specific accounting and financial reporting guidance for combinations in this environment and improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement provides financial reporting and disclosure guidance to those governments that extend and receive nonexchange financial guarantees, thereby enhancing comparability of financial statements among governments.

The adoption of GASB Statements No. 69 and No. 70 did not have a significant impact on the County's December 31, 2014 financial statements.

#### t. *Subsequent Events*

The County has evaluated subsequent events for potential recognition or disclosure through September 29, 2015, the date the financial statements were available to be issued.

### 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 is as follows:

	December 31, 2014	
	Primary Government	Fiduciary Funds
Cash in banks	\$ 101,028,136	\$ 25,270,810
Restricted cash in banks	38,588,506	-
Total	<u>\$ 139,616,642</u>	<u>\$ 25,270,810</u>

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

### **Note 2 - Cash and Investments - Continued**

*Deposits* - All deposits are carried at fair value.

It is the County's policy for deposits to be secured by collateral valued at market 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 has approximately \$2.5 million held in an account controlled by the State of New York that is not collateralized by the County at December 31, 2014. The remaining cash balances of the County are collateralized with securities held by the pledging financial institution's trust department or agent in the County's name at December 31, 2014.

### **Note 3 - Property Tax**

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 relieved 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 relieved for schools is recognized as a liability and is included in due to other governments was \$15,059,453 at December 31, 2014. 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 \$31,920,404 at December 31, 2014.

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 \$23,637,085.

The primary sales and use 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 \$31,018,465 at December 31, 2014, and is included in State and Federal receivables in the General Fund.

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

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

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

Fund	December 31, 2014	
	Interfund Receivables	Interfund Payables
General	\$ 3,676,156	\$ 1,469,817
Debt Service	2,889,389	84,150
Capital Projects	-	1,601,306
Other Governmental	261,794	945,222
Sewer	49,389	379
Times Union Center	-	1,194,317
Nursing Home	267,418	31,608
Agency	40,437	1,857,784
	\$ 7,184,583	\$ 7,184,583

The County made the following operating transfers:

	December 31, 2014					Total
	Transfers-Out					
	General	Debt Service	Other Governmental	Proprietary	Capital Projects	
Transfers-In						
General Fund	\$ -	\$ -	\$ -	\$ 1,249,244	\$ 91,622	\$ 1,340,866
Debt Service	26,193,252	-	-	215,655	2,576,723	28,985,630
Other Governmental	8,652,741	-	-	-	-	8,652,741
Proprietary	5,274,220	2,080,863	-	-	-	7,355,083
Total	\$ 40,120,213	\$ 2,080,863	\$ -	\$ 1,464,899	\$ 2,668,345	\$ 46,334,320

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:

	December 31, 2014
Fund	
General	\$ 4,180,637
County Road	84,144
County Machinery	63,922
Times Union Center, customers, tenants, promoters, and commissions	876,558
Sewer Fund, municipal charges	3,487,553
Albany County Nursing Home, resident charges	4,772,268
Internal Service, insurance charges	398
Total	\$ 13,465,480



# County of Albany, New York

## Notes to Financial Statements December 31, 2014

### Note 5 - Receivables - Continued

*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:

	December 31, 2014
General Fund	
Social Service programs	\$ 25,888,608
Sales tax	31,018,465
Grants and aid, various programs	6,918,343
	<u>63,825,416</u>
Capital Projects, Department of Transportation	334,707
County Road, Consolidated Highway Improvement Program	2,537,682
County Road, Snow and Ice Program	1,715,360
County Road, Automobile Use Tax	110,922
	<u>110,922</u>
Total	<u><u>\$ 68,524,087</u></u>

*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:

	December 31, 2014
Fund	
General, chargebacks and miscellaneous	\$ 5,159,046
Debt service	220,997
	<u>220,997</u>
Total	<u><u>\$ 5,380,043</u></u>

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

### Note 6 - Capital Assets, Net

#### a. Governmental Activities Capital Assets

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

	Year Ended December 31, 2014			
	Primary Government			
	Beginning Balance	Additions and Transfers	Deletions and Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 7,897,715	\$ -	\$ -	\$ 7,897,715
Construction in progress	97,468,545	15,329,261	10,223,946	102,573,860
Total capital assets, not being depreciated	<u>105,366,260</u>	<u>15,329,261</u>	<u>10,223,946</u>	<u>110,471,575</u>
Capital assets, being depreciated				
Buildings and building improvements	148,550,503	9,034,885	-	157,585,388
Infrastructure	197,141,471	405,000	-	197,546,471
Equipment	21,927,795	1,455,177	-	23,382,972
Total capital assets, being depreciated	<u>367,619,769</u>	<u>10,895,062</u>	<u>-</u>	<u>378,514,831</u>
Less accumulated depreciation for				
Buildings and building improvements	57,034,196	5,393,702	-	62,427,898
Infrastructure	114,649,965	9,451,184	-	124,101,149
Equipment	17,158,389	1,313,723	-	18,472,112
Total accumulated depreciation	<u>188,842,550</u>	<u>16,158,609</u>	<u>-</u>	<u>205,001,159</u>
Governmental activities capital assets, net	<u>\$ 284,143,479</u>	<u>\$ 10,065,714</u>	<u>\$ 10,223,946</u>	<u>\$ 283,985,247</u>

Depreciation expense for 2014 was charged to functions of the primary government as follows:

Governmental activities	
General government support	\$ 3,178,418
Public safety	2,608,478
Health	436,583
Transportation	9,729,659
Economic assistance and opportunity	168,386
Culture and recreation	36,500
Home and community resources	585
	<u>\$ 16,158,609</u>

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

### Note 6 - Capital Assets, Net

#### b. Business-Type Capital Assets

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

	Year Ended December 31, 2014			
	Beginning Balance	Additions and Transfers	Deletions and Transfers	Ending Balance
Business-type activities				
Land	\$ 3,142,716	\$ -	\$ -	\$ 3,142,716
Land improvements	391,094	-	-	391,094
Buildings and improvements	180,537,597	1,493,532	1,139,618	180,891,511
Equipment	9,645,049	1,005,630	-	10,650,679
Construction in progress	8,479,824	8,450,810	-	16,930,634
Total	<u>202,196,280</u>	<u>10,949,972</u>	<u>1,139,618</u>	<u>212,006,634</u>
Less accumulated depreciation	<u>142,045,830</u>	<u>4,644,613</u>	<u>640,971</u>	<u>146,049,472</u>
Business-type capital assets, net	<u><u>\$ 60,150,450</u></u>	<u><u>\$ 6,305,359</u></u>	<u><u>\$ 498,647</u></u>	<u><u>\$ 65,957,162</u></u>

### 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, 2013	Bonds/ Accretions Issued and Refunding	Amortization/ Payments	Balance December 31, 2014
<i>a. Governmental Activities Bond Indebtedness</i>							
Governmental funds							
General Fund							
1993 refunding	1993/2014	2.25/5.60	\$ 43,115,075	\$ 213,599	\$ -	\$ 213,599	\$ -
2002 general obligation refunding	2002/2014	3.00/5.00	6,900,000	155,000	-	155,000	-
2004 general obligation	2004/2014	2.00/4.25	98,562,050	4,732,583	-	4,732,583	-
2004 general obligation refunding	2004/2015	3.00/3.50	2,465,000	530,000	-	350,000	180,000
2006 general obligation	2006/2027	4.00/4.25	39,566,385	30,726,587	-	27,186,813	3,539,774
2010 general obligation refunding	2010/2018	2.00/5.00	15,725,000	11,645,000	-	2,130,000	9,515,000
2010 general obligation new and renewal	2010/2026	1.00/4.00	41,815,000	35,010,000	-	2,310,000	32,700,000
2011 general obligation	2011/2025	2.00/3.125	23,031,965	20,025,000	-	1,510,000	18,515,000
2012 general obligation refunding	2012/2016	2.00/4.00	5,800,000	4,405,000	-	1,415,000	2,990,000
2012 general obligation	2012/2028	2.00/3.00	20,505,000	19,350,000	-	1,160,000	18,190,000
2012 general obligation refunding	2012/2024	2.00/5.00	55,587,964	55,573,050	-	19,885	55,553,165
2012 qualified energy conservation bond	2012/2021	2.50/3.10	205,000	182,578	-	21,781	160,797
2013 general obligation	2013/2028	2.00/4.00	33,897,320	33,897,320	-	1,993,644	31,903,676
2014 general obligation refunding	2014/2027	2.00/5.00	25,663,369	-	25,663,369	-	25,663,369
Airport Authority							
1993 refunding	1993/2014	2.25/5.00	5,785,675	81,180	-	81,180	-
Total governmental activities			<u>418,624,803</u>	<u>216,526,897</u>	<u>25,663,369</u>	<u>43,279,485</u>	<u>198,910,781</u>
Less bonds issued on behalf of and reported by the Authority			-	81,180	-	81,180	-
Unamortized Premium			-	7,981,209	2,749,946	1,440,426	9,290,729
Total governmental activities			<u><u>\$ 418,624,803</u></u>	<u><u>\$ 224,426,926</u></u>	<u><u>\$ 28,413,315</u></u>	<u><u>\$ 44,638,731</u></u>	<u><u>\$ 208,201,510</u></u>

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

### Note 7 - Noncurrent and Debt Related Liabilities - Continued

#### a. Bond Indebtedness - Continued

Description	Year Issue/ Maturity	Interest Rate	Original Issue Amount	Balance December 31, 2013	Bonds/ Accretions Issued and Refunding	Amortization/ Payments	Balance December 31, 2014
<i>b. Business-type Activities Indebtedness</i>							
Business-type activities							
Sewer, Enterprise Fund							
1993 refunding	1993/2014	2.25/5.60	\$ 577,526	\$ 8,237	-	\$ 8,237	-
2002 general obligation refunding	2002/2014	3.00/5.00	1,495,000	25,000	-	25,000	-
2003 general obligation	2003/2022	1.03/4.71	1,418,149	695,000	-	70,000	625,000
2005 general obligation	2005/2020	2.059/3.819	628,905	295,000	-	40,000	255,000
2006 clean water	2006/2026	3.601/4.769	4,052,176	2,695,000	-	190,000	2,505,000
2013 general obligation	2013/2028	2.00/4.00	1,370,000	1,370,000	-	80,575	1,289,425
Nursing Home, Enterprise Fund							
2004 general obligation refunding	2004/2015	3.00/3.50	1,515,000	266,666	-	133,333	133,333
2013 general obligation	2013/2028	2.00/4.00	350,000	350,000	-	20,585	329,415
Times Union Center, Enterprise Fund							
1993 Refunding	1993/2014	2.25/5.00	48,460,472	225,118	-	225,118	-
2004 general obligation	2004/2014	2.00/4.25	571,000	27,421	-	27,421	-
2006 general obligation	2006/2027	4.00/4.25	13,415,706	10,418,410	-	9,218,185	1,200,225
2012 general obligation refunding	2012/2024	2.00/5.00	322,036	321,950	-	115	321,835
2012 qualified energy conservation bond	2012/2021	2.50/3.10	1,395,000	1,242,422	-	148,219	1,094,203
2013 general obligation	2013/2028	2.00/4.00	1,437,000	1,437,000	-	84,516	1,352,484
2014 general obligation refunding	2014/2027	2.00/5.00	8,701,631	-	8,701,631	-	8,701,631
Total business-type activities			<u>\$ 85,709,601</u>	<u>\$ 19,377,224</u>	<u>\$ 8,701,631</u>	<u>\$ 10,271,304</u>	<u>\$ 17,807,551</u>

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,					
2015	\$ 17,402,073	\$ 8,017,473	\$ 1,446,260	\$ 817,386	\$ 27,683,192
2016	17,591,549	7,929,051	1,288,451	846,552	27,655,603
2017	16,450,852	6,055,686	1,319,148	448,521	24,274,207
2018	16,923,331	5,487,588	1,356,669	408,028	24,175,616
2019	14,862,968	4,901,767	1,392,032	365,773	21,522,540
2020 through 2024	83,126,081	15,165,098	6,873,919	1,078,843	106,243,941
2025 through 2028	<u>32,553,927</u>	<u>2,442,559</u>	<u>4,131,072</u>	<u>220,044</u>	<u>39,347,602</u>
Total	<u>\$ 198,910,781</u>	<u>\$ 49,999,222</u>	<u>\$ 17,807,551</u>	<u>\$ 4,185,147</u>	<u>\$ 270,902,701</u>

#### b. 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.

**Tax Anticipation Notes** - Liabilities for tax anticipation notes (TANs) are generally accounted for in the General Fund. TANs are issued in anticipation of collection of real property taxes.

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

### Note 7 - Noncurrent and Debt Related Liabilities - Continued

*b. Non-Current and Debt Related Liabilities - Continued*

*Compensated Absences* - As explained in Note 1j, 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

	Year Ended December 31, 2014			Balance December 31, 2014
	Balance January 1, 2014	Increases/ Additions	Decreases/ Payments	
Serial bonds	\$ 224,426,926	\$ 28,413,315	\$ 44,638,731	\$ 208,201,510
Bond anticipation notes	-	22,599,771	-	22,599,771
Tax anticipation notes	10,900,000	9,800,000	10,900,000	9,800,000
Due to ERS	17,001,188	6,537,849	1,587,033	21,952,004
Compensated absences	11,132,782	6,410,809	6,179,600	11,363,991
	<u>\$ 263,460,896</u>	<u>\$ 73,761,744</u>	<u>\$ 63,305,364</u>	<u>\$ 273,917,276</u>

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

	Year Ended December 31, 2014			Balance December 31, 2014
	Balance January 1, 2014	Increases/ Additions	Decreases/ Payments	
Serial bonds	\$ 19,377,224	\$ 8,701,631	\$ 10,271,304	\$ 17,807,551
Bond anticipation notes	-	10,538,613	-	10,538,613
Due to ERS	2,875,767	2,387,522	269,186	4,994,103
Compensated absences	436,181	246,322	256,902	425,601
	<u>\$ 22,689,172</u>	<u>\$ 21,874,088</u>	<u>\$ 10,797,392</u>	<u>\$ 33,765,868</u>

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

### Note 8 - Retirement Plans

#### Plan Description

The County participates in the New York State and Local Employees' Retirement System (ERS) and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by visiting the Comptroller's website or writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

#### Funding Policy

The Systems are noncontributory except for (1) employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and (2) employees who join after January 1, 2010, will contribute 3% of their salary for the entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. The required contributions for the current year and two preceding years were:

	<u>ERS</u>
2014	\$ 27,014,378
2013	26,038,368
2012	22,494,064

The County elected to amortize the allowable portion of the 2014, 2013, 2012, and 2011 required contribution.

Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the Systems:

- Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1<sup>st</sup> (e.g., billings due February 2014 would be based on the pension value as of March 31, 2013).

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 NYSLRS's average rate and the previous graded rate.

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

### Note 8 - Retirement Plans - Continued

#### Funding Policy - Continued

- For subsequent State fiscal years in which the NYSLRS'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 Systems' fiscal years when the local employer opts to participate in the program.

In December 2011, the County opted to amortize the allowable portions of the 2011 ERS retirement payment over a ten-year period. The principal amount amortized was \$4,468,997 for ERS plan. The principal and interest payments will be \$544,151 each year, with interest at 3.75% per annum. The maturity schedule for this debt is as follows:

<u>ERS Amortization</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31,			
2015	\$ 420,536	\$ 123,615	\$ 544,151
2016	436,306	107,845	544,151
2017	452,667	91,484	544,151
2018	469,642	74,509	544,151
2019	487,254	56,897	544,151
Thereafter	<u>1,030,008</u>	<u>58,293</u>	<u>1,088,301</u>
	<u>\$ 3,296,413</u>	<u>\$ 512,643</u>	<u>\$ 3,809,056</u>

The unpaid principal balance of \$3,296,413 at December 31, 2014, for the above amortizations is included in the financial statements as a non-current liability, of which \$405,335 is shown as due within one year.

In December 2012, the County opted to amortize the allowable portions of the 2012 ERS retirement payment over a ten-year period. The principal amount amortized was \$7,611,788 for ERS plan. The principal and interest payments will be \$892,334 each year, with interest at 3.00% per annum. The maturity schedule for this debt is as follows:

<u>ERS Amortization</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31,			
2015	\$ 704,417	\$ 187,917	\$ 892,334
2016	725,549	166,785	892,334
2017	747,316	145,018	892,334
2018	769,735	122,599	892,334
2019	792,827	99,507	892,334
Thereafter	<u>2,524,064</u>	<u>152,936</u>	<u>2,677,000</u>
	<u>\$ 6,263,908</u>	<u>\$ 874,762</u>	<u>\$ 7,138,670</u>

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

### Note 8 - Retirement Plans - Continued

#### Funding Policy - Continued

The unpaid principal balance of \$6,263,908 at December 31, 2014, for the above amortizations is included in the financial statements as a non-current liability of which \$683,900 is shown as due within one year.

In December 2013, the County opted to amortize the allowable portions of the 2013 ERS retirement payment over a ten-year period. The principal amount amortized was \$9,242,018 for ERS plan. The principal and interest payments will be \$1,120,816 each year, with interest at 3.67% per annum. The maturity schedule for this debt is as follows:

<u>ERS Amortization</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31,			
2015	\$ 810,319	\$ 310,496	\$ 1,120,815
2016	840,058	280,757	1,120,815
2017	870,888	249,927	1,120,815
2018	902,850	217,966	1,120,816
2019	935,985	184,831	1,120,816
Thereafter	<u>4,100,284</u>	<u>382,978</u>	<u>4,483,262</u>
	<u>\$ 8,460,384</u>	<u>\$ 1,626,955</u>	<u>\$ 10,087,339</u>

The unpaid principal balance of \$8,460,384 at December 31, 2014, for the above amortizations is included in the financial statements as a non-current liability, of which \$781,634 is shown as due within one year.

In December 2014, the County opted to amortize the allowable portions of the 2014 ERS retirement payment over a ten-year period. The principal amount amortized was \$7,329,979 for ERS plan. The principal and interest payments will be \$865,888 each year, with interest at 3.15% per annum. The maturity schedule for this debt is as follows:

<u>ERS Amortization</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31,			
2015	\$ 634,994	\$ 230,894	\$ 865,888
2016	654,996	210,892	865,888
2017	675,628	190,260	865,888
2018	696,911	168,977	865,888
2019	718,863	147,025	865,888
Thereafter	<u>3,948,587</u>	<u>380,853</u>	<u>4,329,440</u>
	<u>\$ 7,329,979</u>	<u>\$ 1,328,901</u>	<u>\$ 8,658,880</u>

The unpaid principal balance of \$7,329,979 at December 31, 2014, for the above amortizations is included in the financial statements as a non-current liability, of which \$634,994 is shown as due within one year.



# County of Albany, New York

## Notes to Financial Statements December 31, 2014

### 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. For the year ended December 31, 2014, the County contributed \$10,973,342 to the Plan. Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$296,606 for the year ended December 31, 2014.

*Annual OPEB Cost and Net OPEB Obligation.* The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the Plan:

Annual required contribution	\$ 34,157,661
Interest on net OPEB obligation	7,651,816
Adjustment to annual required contribution	<u>(9,296,231)</u>
Annual OPEB cost/expense	32,513,246
Estimated contributions to be made	(13,251,576)
Net OPEB obligation, <i>beginning of year</i>	<u>191,295,416</u>
 Net OPEB obligation, <i>end of year</i>	 <u><u>\$ 210,557,086</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	\$ 32,513,246	40.76%	\$ 210,557,086
12/31/2013	25,069,604	45.32%	191,295,416
12/31/2012	23,495,667	44.78%	177,588,126

*Funded Status and Funding Progress.* As of December 31, 2014, the actuarial accrued liability for benefits was \$401,753,507, all of which was unfunded.

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

### Note 9 - Postemployment Benefits Other Than Pensions - Continued

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

*Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

*Retirement Age for Active Employees* - This reflects rate of retirement from the active plan and is based on age and gender. This is the assumption used for the New York State Police and Fire Retirement System and the New York State Employees' Retirement System.

*Marital Status* - It is assumed that 100% of retirees will be married at the time of their retirement, with the male spouse assumed to be approximately three years older than the female.

*Mortality* - Life expectancies were based on the RP-2000 Mortality Table for males and females.

*Turnover* - This reflects rate of separation from the active plan and excludes retirement and disability. Turnover table varies by age, gender, and years of service with rates of turnover based on the New York State Police and Fire Retirement System and the New York State Employees' Retirement System.

*Healthcare Cost Trend Rate* - The expected rate of increase for annual health care cost inflation (trend) is 9% beginning in 2013 declining 0.5% per year to an ultimate trend assumption of 5% by 2021.

*Health Insurance Premiums* - 2012, 2013, and 2014 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount rate of four percent was used. In addition, a projected unit credit actuarial cost method was used. The period used to determine amortization costs for the initial unfunded actuarial accrued liability is a level period of thirty (30) years.

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

### Note 10 - Fund Balance and Net Position

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>Nonmajor Governmental</u>
Nonspendable				
Inventory	\$ 204,530	\$ -	\$ -	\$ 6,092
Restricted for				
Debt service	-	14,364,993	-	-
Federal and NYS funded projects	-	-	4,775,411	-
Tax stabilization	150,064	-	-	-
EMS ambulance reserve	20,403	-	-	-
DWI reserve	265,916	-	-	-
911 reserve	1,550,673	-	-	-
	<u>1,987,056</u>	<u>14,364,993</u>	<u>4,775,411</u>	<u>-</u>
Assigned for				
Appropriations	5,131,725	-	-	-
Special revenue purposes	-	-	14,372,501	2,554,222
	<u>5,131,725</u>	<u>-</u>	<u>14,372,501</u>	<u>2,554,222</u>
Unassigned	<u>39,728,700</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>\$ 47,052,011</u>	<u>\$ 14,364,993</u>	<u>\$ 19,147,912</u>	<u>\$ 2,560,314</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 to a Third Party Administrator (TPA). The TPA charges an administrative fee in accordance with the RFP/Contract on a per month basis. Under the program, 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, 2014

### 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 actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for unforeseen losses. The claims liability of \$13,211,857 reported in the fund at December 31, 2014, is based on GASB requirements, which require 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 2014 were:

<u>Balance</u> <u>January 1</u>	<u>Current Year Claims and</u> <u>Changes in Estimates</u>	<u>Claim</u> <u>Payments</u>	<u>Balance</u> <u>December 31</u>
<u>\$ 12,651,857</u>	<u>\$ 3,240,922</u>	<u>\$ 2,680,922</u>	<u>\$ 13,211,857</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 seven bargaining units with the balance governed by County rules and regulations. There are ten bargaining unit contracts certain of which are currently expired and under negotiation.

#### 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 or regulated wastes comply with applicable federal, state, and local requirements.

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

### Note 12 - Commitments and Contingencies - Continued

*f. Regulatory Environment (Albany County Nursing Home)*

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Recently, government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretations, as well as regulatory actions unknown or asserted at this time.

*g. Repayment Agreement (Times Union Center)*

During 1989, the County entered into a repayment agreement with the Director of the Budget of the State of New York (State) for funds advanced in connection with the construction of the Center project. Subject to certain terms and conditions set forth in the agreement, the County agreed to repay the State the sum of \$11,500,000. The repayment is determined by a formula that calculates what is referred to as "Albany Project Income" and "Other Site Development Income."

Based on the repayment formula, no repayments were due in 2014.

*h. Transfers to the County (Times Union Center)*

Under the terms of the agreement between the Center, SMG, 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, 2014, the Center transferred \$508,353 to the County. For the year ended December 31, 2014, the Center will transfer \$920,858 to the County. This transfer, which will occur during 2015, has been accrued at December 31, 2014.

### Note 13 - Operating Leases

The County leases buildings, office facilities, and equipment under noncancelable operating leases. Total costs for such leases were \$349,759 for the year ended December 31, 2014. The future minimum lease payments for these leases at December 31, 2014, are as follows:

Year ending December 31,	
2015	\$ 359,332
2016	369,573
2017	356,955
2018	331,964
2019	<u>109,199</u>
	<u>\$ 1,527,023</u>

# County of Albany, New York

## Notes to Financial Statements December 31, 2014

### **Note 14 - Accounting Standards Issued Not Yet Implemented**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement.

The scope of this statement also addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have certain characteristics as defined in the statement. It establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. This statement is effective for periods beginning after June 15, 2014, with early implementation encouraged.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement will address an issue regarding the application of the transition provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, specifically in relation to contributions made by a state or local government employer or nonemployer contribution to a defined benefit pension plan after the measurement date of the government's net pension liability. This statement is required to be applied simultaneously with GASB Statement No. 68.

The estimated potential impact of these pronouncements on the County's financial statements, if any, has not been determined at this time.

### **Note 15 - Subsequent Events**

During May 2015, the County repaid the tax anticipation note of \$9,800,000 plus interest of \$7,317.

During May 2015, the County repaid the bond anticipation note of \$27,874,771 plus interest of \$52,126.

During May 2015, the County issued a bond anticipation note of \$56,961,971. The maturity date of the bond anticipation note is May 28, 2016.

Language within the New York State budget for 2015-2016 provides that all payments received by the State through April 30, 2015 under the repayment agreement for the Times Union Center debt (Note 12f) are to be considered as payment in full under the obligation. The budget language effectively eliminates the remaining obligation under the agreement.

# 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, 2014			
	Budgeted Amounts		Actual Amounts	Variance with Modified Positive (Negative)
	Adopted	Modified		
<b>REVENUES</b>				
Real property taxes	\$ 86,765,090	\$ 86,765,090	\$ 88,053,356	\$ 1,288,266
Real property tax items	7,025,000	7,025,000	7,209,703	184,703
Non-property tax items	252,798,926	256,654,315	256,843,674	189,359
Department income	31,780,634	32,179,788	26,357,823	(5,821,965)
Intergovernmental charges	10,123,976	10,123,976	13,422,877	3,298,901
Use of money and property	2,538,516	2,538,516	2,212,544	(325,972)
Fines and forfeitures	759,850	759,850	582,104	(177,746)
Sale of property and compensation for loss	4,172,669	4,172,669	4,725,160	552,491
Miscellaneous local sources	1,087,530	1,227,181	1,112,117	(115,064)
State aid	62,277,195	66,136,500	54,762,130	(11,374,370)
Federal aid	72,000,540	78,557,385	69,215,853	(9,341,532)
Total revenues	531,329,926	546,140,270	524,497,341	(21,642,929)
<b>EXPENDITURES</b>				
General government	137,604,957	141,407,918	134,349,808	7,058,110
Public safety	55,149,795	58,812,286	54,158,427	4,653,859
Transportation	1,275,437	1,275,437	1,256,318	19,119
Health	30,226,293	32,289,590	27,956,350	4,333,240
Economic assistance and opportunity	181,025,661	190,905,410	177,476,658	13,428,752
Culture and recreation	621,850	623,090	606,000	17,090
Education	23,712,800	23,772,475	23,388,173	384,302
Home and community service	2,305,804	2,971,862	2,889,707	82,155
Employee benefits	55,921,520	55,797,067	59,256,314	(3,459,247)
Debt service, interest	98,000	98,000	40,875	57,125
Total expenditures	487,942,117	507,953,135	481,378,630	26,574,505
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance	-	5,200,674	-	-
Interfund transfers-in	1,097,168	1,097,168	1,340,865	243,697
Interfund transfers-out	(44,484,977)	(44,484,977)	(40,120,213)	4,364,764
Total other financing sources (uses)	(43,387,809)	(38,187,135)	(38,779,348)	4,608,461
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>4,339,363</b>	<b>\$ 9,540,037</b>
<b>FUND BALANCE, beginning of year</b>			42,712,648	
<b>FUND BALANCE, end of year</b>			<b>\$ 47,052,011</b>	

## County of Albany, New York

### Required Supplementary Information - Other Postemployment Benefits - Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
12/31/13	\$ -	\$ 415,231,625	\$ 415,231,625	0.00%	\$ 115,494,060	360%
12/31/11	\$ -	\$ 333,212,794	\$ 333,212,794	0.00%	\$ 112,915,054	295%
12/31/09	\$ -	\$ 505,632,768	\$ 505,632,768	0.00%	\$ 126,378,610	400%