

County of Albany, New York

Financial Report

December 31, 2017

County of Albany, New York

Financial Report

December 31, 2017

CONTENTS

	Page
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-13
Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of the Total Fund Balances in the Governmental Funds to the Government-Wide Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
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	19
Statement of Net Position - Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Net Position (Deficit) - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Statement of Fiduciary Net Position - Fiduciary Fund	23
Notes to Financial Statements	24-52
Required Supplementary Information	
Other Postemployment Benefits - Schedule of Funding Progress	53
Schedule of Proportionate Share of Net Pension Liability	54
Schedule of Pension Contributions	55
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	56
Supplementary Information	
Combining Statement of Net Position - Discretely Presented Component Units	57
Combining Statement of Activities - Discretely Presented Component Units	58



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Albany, New York (County) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2017, 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, the other postemployment benefits - schedule of funding progress, schedule of proportionate share of net pension liability, schedule of pension contributions, and budgetary comparison information on pages 3-13, 53, 54, 55, and 56, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining discretely presented component unit financial statements on pages 57 and 58 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BST & CO. CPAs, LLP

Albany, New York
September 27, 2018



County of Albany, New York

Management's Discussion and Analysis December 31, 2017

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, 2017. Please read it in conjunction with the financial statements.

Financial Highlights

- The County's total net position decreased by \$41,174,677.
- At December 31, 2017, liabilities and deferred inflows of the County exceeded its assets and deferred outflows by \$66,150,005 (net position).
- During 2017, the County's unrestricted net position deficiency increased by \$48,662,101, resulting in an unrestricted net position deficiency of \$246,658,250 at December 31, 2017. 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 2017 was principally responsible for the current year increase in the County's unrestricted net position deficiency.
- Governmental activities revenues increased by approximately 1.0%, with no single contributing factor. Revenues from business-type activities decreased by 11.4%, mainly due to a decrease in inter-governmental transfers.
- Expenditures increased by approximately 1.9% due primarily to costs associated with Nursing Home Care.
- Unassigned fund balance for the General Fund was \$46,273,163 as of the close of the 2017 fiscal year. The unreserved fund balance was 8.4% 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.

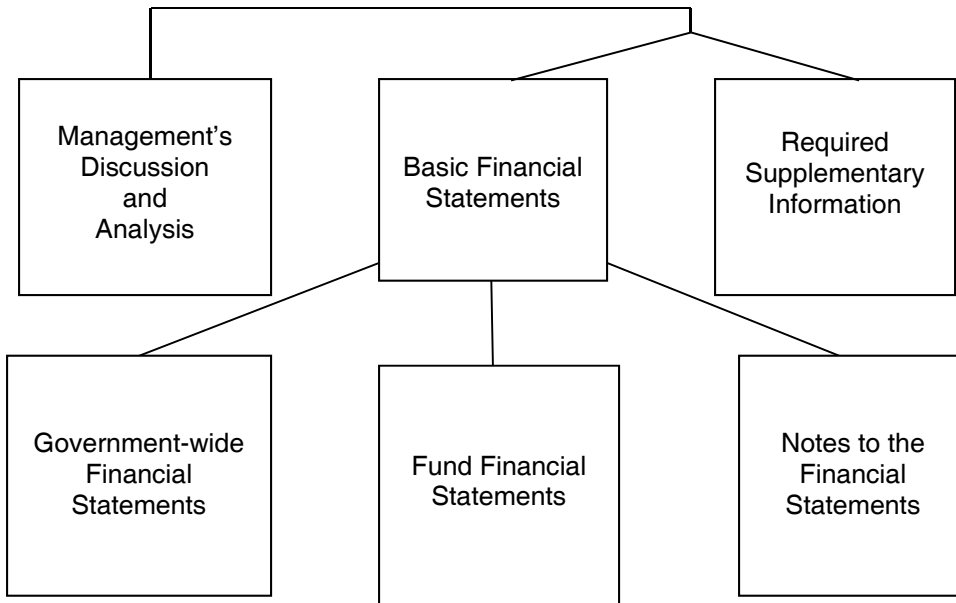
County of Albany, New York

Management's Discussion and Analysis December 31, 2017

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

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

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



County of Albany, New York

Management's Discussion and Analysis December 31, 2017

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"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position, if applicable
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus; except agency funds do not have measurement focus
Type of balance information	All assets, deferred outflows of resources, liabilities, deferred inflows of resources, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities, deferred inflows of resources, both financial and capital, short-term and long-term	All resources held in a trustee or agency capacity for others
Type of inflow and outflow information	All inflows and outflows during year; regardless of when cash is received or paid	Near-term inflows and outflows of spendable resources	All inflows and outflows during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

County of Albany, New York

Management's Discussion and Analysis December 31, 2017

Government-Wide Statements

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

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

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

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

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

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

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

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

County of Albany, New York

Management's Discussion and Analysis December 31, 2017

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

County of Albany, New York

Management's Discussion and Analysis December 31, 2017

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
	2017	2016	2017	2016	2017	2016	
Current and other assets	\$ 269.9	\$ 262.1	\$ 70.9	\$ 76.9	\$ 340.8	\$ 339.0	1 %
Capital assets	275.3	274.5	92.7	69.3	368.0	343.8	7 %
Total assets	545.2	536.6	163.6	146.2	708.8	682.8	4 %
Deferred outflows	45.8	82.5	6.4	9.3	52.2	91.8	(43)%
Current liabilities	175.6	164.8	89.4	64.8	265.0	229.6	15 %
Long-term liabilities	481.8	489.6	69.7	67.6	551.5	557.2	(1)%
Total liabilities	657.4	654.4	159.1	132.4	817	786.8	4 %
Deferred outflows	9.2	11.3	1.5	1.4	10.7	13	100 %
Net position							
Net investment in capital assets	115.4	101.4	31.8	37.7	147.2	139.1	6 %
Restricted	28.5	28.3	4.7	5.6	33.2	33.9	(2)%
Unrestricted	(219.5)	(176.3)	(27.1)	(21.6)	(246.6)	(197.9)	25 %
Total net position	\$ (75.6)	\$ (46.6)	\$ 9.4	\$ 21.7	\$ (66.2)	\$ (24.9)	

Changes in Net Position

The County's year 2017 revenues totaled \$512.9 million (See Table A-4). This excludes the \$104.3 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 51.7% and 28.2%, 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 \$554.1 million for the year 2017. This also excludes the \$104.3 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 (74.5%) 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 13.5% of total costs.

Net position decreased by \$41.2 million during 2017.

County of Albany, New York

Management's Discussion and Analysis December 31, 2017

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

	Year Ended December 31, 2017		
	Governmental Activities	Business-type Activities	Total
REVENUES			
Program revenues			
Charges for services	\$ 39.5	\$ 35.5	\$ 75.0
Operating grants	144.5	0.1	144.6
General revenues			
Property taxes	97.4	0.0	97.4
Other taxes	271.9	0.0	271.9
Investment earnings	1.8	0.0	1.8
Other	15.6	10.9	26.5
Total revenues	<u>570.7</u>	<u>46.5</u>	<u>617.2</u>
EXPENSES			
General government	173.6	0.0	173.6
Education	28.7	0.0	28.7
Public safety	106.5	0.0	106.5
Health	41.5	0.0	41.5
Transportation	30.4	0.0	30.4
Economic assistance and opportunity	204.3	0.0	204.3
Culture and recreation	3.9	0.0	3.9
Home and community services	3.5	0.0	3.5
Interest	5.3	0.0	5.3
Business-type activities			
Health related facilities	0.0	38.9	38.9
Recreation	0.0	8.3	8.3
Sewer	0.0	13.5	13.5
Total expenses	<u>597.7</u>	<u>60.7</u>	<u>658.4</u>
Transfers	(1.9)	1.9	0.0
CHANGE IN NET POSITION	<u>\$ (28.9)</u>	<u>\$ (12.3)</u>	<u>\$ (41.2)</u>

County of Albany, New York

Management's Discussion and Analysis December 31, 2017

Table A-5: Sources of Revenues for the Year 2017

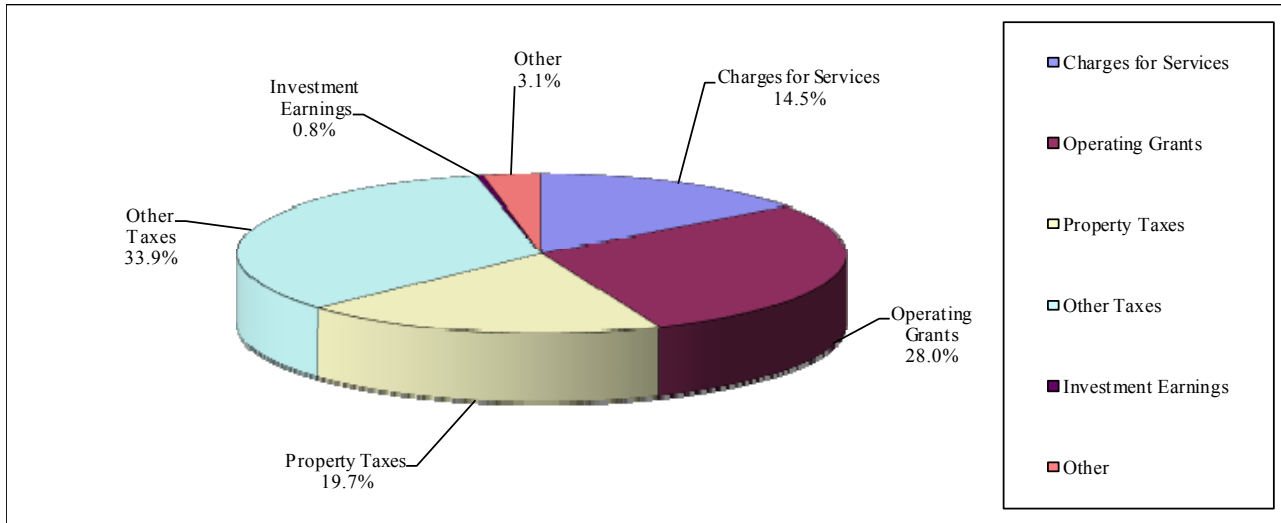
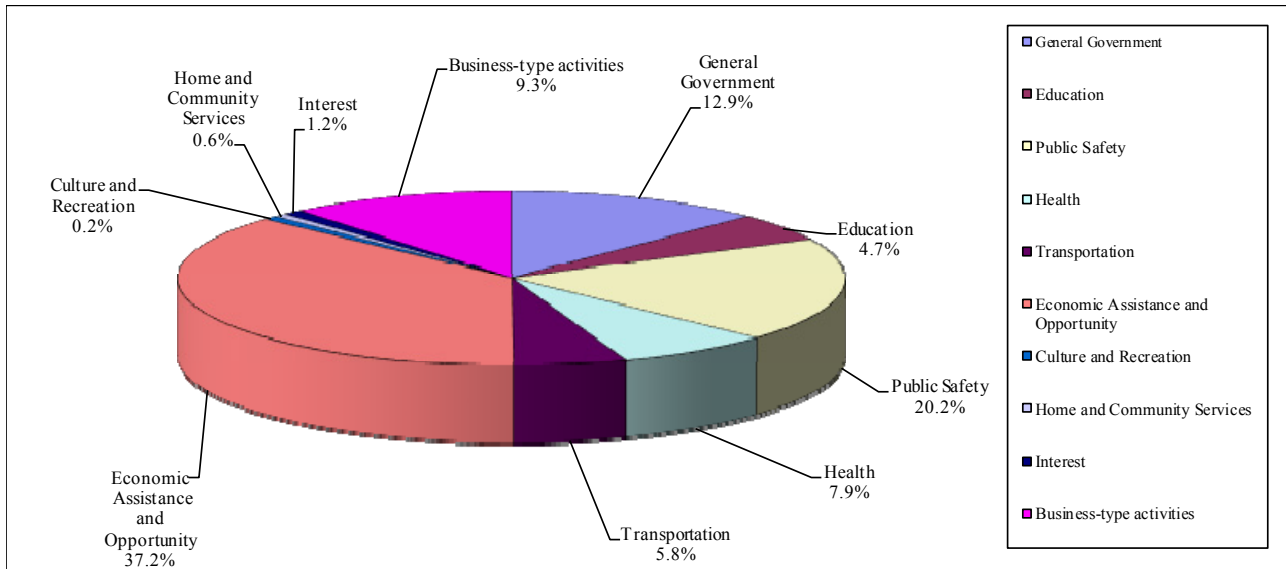


Table A-6: Expenses for the Year 2017



County of Albany, New York

Management's Discussion and Analysis December 31, 2017

Governmental Activities

Revenues for the County's governmental activities totaled \$570.7 million, while total expenses equaled \$597.73 million. During the year 2017, the County's net transfer from governmental activities to support its business-type activities amounted to \$1.9 million. Therefore, the decrease in net position for governmental activities was \$28.9 million. The continuation of the County's stable financial condition can be credited to:

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

Table A-7 presents the cost of nine major County governmental activities: general government, 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 2017</u>	<u>Net Cost 2017</u>
General government	\$ 173.6	\$ 151.4
Education	28.7	19.2
Public safety	106.5	91.0
Health	41.5	12.3
Transportation	30.4	19.1
Economic assistance and opportunity	204.3	110.1
Culture and recreation	3.9	2.5
Home and community services	3.5	2.8
Interest	5.3	5.3
Total	<u>\$ 597.7</u>	<u>\$ 413.7</u>

- The cost of all governmental activities this year was \$597.7 million (includes distribution of sales tax);
- The users of the County's programs (\$39.5 million) financed some of the cost;
- The federal and state governments subsidized certain programs with grants and contributions (\$144.5 million), and
- Most of the County's net costs (\$413.7 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 \$46.5 million while total expenses equaled \$60.7 million. During the year 2017, the County's net transfer from governmental activities to support its business-type activities amounted to approximately \$1.9 million. Therefore, there was a decrease of \$12.3 million in net position for business-type activities in 2017. 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, 2017

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)

Category	Total Cost 2017	Net Cost 2017
Health related facility	\$ 38.9	\$ 20.8
Recreation	8.3	2.6
Sewer	13.5	1.6
Total	\$ 60.7	\$ 25.0

- The cost of all business-type activities this year was \$60.7 million;
- The users of the County's programs (\$35.7 million) financed most of the cost, and
- The County's net cost was \$25.0 million.

Financial Analysis of the County's Funds

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

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 \$14.4 million in the Capital Projects Fund was primarily due to the expenditure of financed capital projects for 2017 projects and completion of projects from previous years.

No other significant variances are reflected in the governmental fund financial statements for 2017.

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, 2017

Capital Asset and Debt Administration

By the end of 2017, the County had invested \$368.0 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 2017 for various ongoing projects.

Long-Term Debt

At year-end, the County had \$176.9 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)

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 159.9	\$ 17.0	\$ 176.9
Bond anticipation notes	61.0	73.3	134.3
Due to employees' retirement system	17.4	2.6	20.0
Compensated absences	12.8	0.4	13.2
Net pension liability	40.6	6.7	47.3
Other postemployment benefits	271.5	45.0	316.5
Total	<u>\$ 563.2</u>	<u>\$ 145.0</u>	<u>\$ 708.2</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, 2017

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activities		
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and cash equivalents	\$ 71,937,600	\$ 21,870,758	\$ 93,808,358	\$ 27,614,335
Cash and cash equivalents, restricted	38,659,675	38,141,814	76,801,489	24,814,610
Investments, restricted	-	-	-	277,389
Resident funds held in trust	-	105,640	105,640	-
Taxes receivable, net	73,524,451	-	73,524,451	-
Other receivables	6,030,477	9,090,401	15,120,878	2,281,830
Other receivables, restricted	-	-	-	2,254,347
State and federal receivables	61,632,870	-	61,632,870	-
Due from other activities and fiduciary fund	10,813,021	1,929	10,814,950	1,099,657
Due from other governments	2,869,056	-	2,869,056	114,388
Inventory	53,423	91,835	145,258	-
Prepaid and other	4,357,397	374,916	4,732,313	303,478
Workers' compensation reserve	-	548,602	548,602	-
Other current assets	-	683,142	683,142	-
Total current assets	269,877,970	70,909,037	340,787,007	58,760,034
NONCURRENT ASSETS				
Prepaid expenses	-	-	-	271,408
Net position held in trust for OPEB	-	-	-	308,505
Property held for resale	-	-	-	10,049,677
Other	-	-	-	61,238
Capital assets, net	275,342,055	92,695,960	368,038,015	245,403,385
Total noncurrent assets	275,342,055	92,695,960	368,038,015	256,094,213
Total assets	545,220,025	163,604,997	708,825,022	314,854,247
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges, pensions	38,797,598	6,384,299	45,181,897	637,802
Deferred loss on refunding	7,019,268	-	7,019,268	4,084,309
Deferred bond insurance premiums	-	-	-	369,098
Total deferred outflows	45,816,866	6,384,299	52,201,165	5,091,209
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	14,373,976	5,587,139	19,961,115	766,278
Accrued liabilities	12,401,761	2,310,401	14,712,162	5,407,080
Resident funds held in trust	-	105,640	105,640	-
Payable from restricted assets	-	-	-	11,366,663
Due to other governments	48,464,187	-	48,464,187	-
Current portion of due to employees' retirement system	2,713,782	413,873	3,127,655	-
Due to other activities and fiduciary fund	7,316,579	1,818,048	9,134,627	-
Bond anticipation notes payable	60,994,628	73,284,822	134,279,450	-
Current maturities of bonds payable	16,701,968	1,522,885	18,224,853	-
Current portion of compensated absences	1,037,987	38,957	1,076,944	-
Unearned revenue	2,938,392	3,489,369	6,427,761	731
Accrued interest	1,069,583	-	1,069,583	-
Other current liabilities	7,557,172	839,764	8,396,936	-
Total current liabilities	175,570,015	89,410,898	264,980,913	17,540,752

	December 31, 2017			
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
NONCURRENT LIABILITIES				
Bonds payable, less current maturities	143,205,361	15,454,286	158,659,647	70,147,604
Due to employees' retirement system, less current portion	14,664,382	2,186,021	16,850,403	-
Compensated absences, less current portion	11,776,664	376,481	12,153,145	-
Net pension liability, proportionate share	40,622,815	6,684,645	47,307,460	436,071
Other postemployment benefits liability	271,476,697	45,006,954	316,483,651	-
Other	-	-	-	61,238
Total noncurrent liabilities	<u>481,745,919</u>	<u>69,708,387</u>	<u>551,454,306</u>	<u>70,644,913</u>
Total liabilities	<u>657,315,934</u>	<u>159,119,285</u>	<u>816,435,219</u>	<u>88,185,665</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred charges, pensions	9,223,251	1,517,722	10,740,973	81,412
Concession Improvement Trust funds	-	-	-	783,651
Total deferred inflows	<u>9,223,251</u>	<u>1,517,722</u>	<u>10,740,973</u>	<u>865,063</u>
NET POSITION				
Net investment in capital assets	115,434,726	31,816,762	147,251,488	172,667,217
Restricted for				
Bond reserve funds	-	-	-	11,038,138
Passenger facility charges	-	-	-	11,003,008
Capital projects	1,201,923	1,363,332	2,565,255	196,857
Debt service	14,957,142	833,130	15,790,272	-
Other purposes	10,379,107	2,521,611	12,900,718	-
Unrestricted	<u>(217,475,192)</u>	<u>(27,182,546)</u>	<u>(244,657,738)</u>	<u>35,989,508</u>
Total net position	<u>\$ (75,502,294)</u>	<u>\$ 9,352,289</u>	<u>\$ (66,150,005)</u>	<u>\$ 230,894,728</u>

See accompanying Notes to Financial Statements.

County of Albany, New York

Government-Wide Financial Statements Statement of Activities

Year Ended December 31, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental activities								
General government support	\$ 173,631,660	\$ 16,604,586	\$ 5,651,849	\$ -	\$ (151,375,225)	\$ -	\$ (151,375,225)	\$ -
Education	28,723,760	614,151	8,885,171	-	(19,224,438)	-	(19,224,438)	-
Public safety	106,482,669	9,653,479	5,859,791	-	(90,969,399)	-	(90,969,399)	-
Health	41,493,292	4,358,884	24,883,200	-	(12,251,208)	-	(12,251,208)	-
Transportation	30,357,051	2,376,503	8,894,293	-	(19,086,255)	-	(19,086,255)	-
Economic assistance and opportunity	204,330,700	4,937,795	89,225,302	-	(110,167,603)	-	(110,167,603)	-
Culture and recreation	3,892,083	353,731	990,674	-	(2,547,678)	-	(2,547,678)	-
Home and community service	3,498,274	585,820	86,490	-	(2,825,964)	-	(2,825,964)	-
Interest and fiscal charges on debt	5,258,289	-	-	-	(5,258,289)	-	(5,258,289)	-
Total governmental activities	<u>597,667,778</u>	<u>39,484,949</u>	<u>144,476,770</u>	<u>-</u>	<u>(413,706,059)</u>	<u>-</u>	<u>(413,706,059)</u>	<u>-</u>
Business-type activities								
Sewer	13,511,519	11,763,832	129,192	-	-	(1,618,495)	(1,618,495)	-
Times Union Center	8,298,556	5,669,215	-	-	-	(2,629,341)	(2,629,341)	-
Nursing Home	38,868,418	18,041,309	-	-	-	(20,827,109)	(20,827,109)	-
Total business-type activities	<u>60,678,493</u>	<u>35,474,356</u>	<u>129,192</u>	<u>-</u>	<u>-</u>	<u>(25,074,945)</u>	<u>(25,074,945)</u>	<u>-</u>
Total primary government	<u>\$ 658,346,271</u>	<u>\$ 74,959,305</u>	<u>\$ 144,605,962</u>	<u>\$ -</u>	<u>(413,706,059)</u>	<u>(25,074,945)</u>	<u>(438,781,004)</u>	<u>-</u>
Component units								
Industrial Development Agency	147,407	251,859	-	-	-	-	-	104,452
Albany County Airport Authority	52,493,966	48,027,136	-	4,616,709	-	-	-	149,879
Albany County Land Bank	4,799,186	12,837,698	-	-	-	-	-	8,038,512
Total component units	<u>\$ 57,440,559</u>	<u>\$ 61,116,693</u>	<u>\$ -</u>	<u>\$ 4,616,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,292,843</u>
General revenues and transfers								
Real property taxes					87,241,518	-	87,241,518	-
Real property tax items					10,202,071	-	10,202,071	-
Non-property tax items					271,906,049	-	271,906,049	-
Intergovernmental charges					8,783,637	-	8,783,637	-
Use of money and property					1,779,357	29,294	1,808,651	12,418
Sale of property and compensation for loss					3,982,974	-	3,982,974	-
Miscellaneous					2,791,855	10,889,572	13,681,427	5,695,102
Net interfund transfers					(1,874,438)	1,874,438	-	-
Total general revenues and transfers					<u>384,813,023</u>	<u>12,793,304</u>	<u>397,606,327</u>	<u>5,707,520</u>
CHANGE IN NET POSITION					(28,893,036)	(12,281,641)	(41,174,677)	14,000,363
NET POSITION, beginning of year					<u>(46,609,258)</u>	<u>21,633,930</u>	<u>(24,975,328)</u>	<u>216,894,365</u>
NET POSITION, end of year					<u>\$ (75,502,294)</u>	<u>\$ 9,352,289</u>	<u>\$ (66,150,005)</u>	<u>\$ 230,894,728</u>

See accompanying Notes to Financial Statements.

County of Albany, New York

Fund Financial Statements Balance Sheet - Governmental Funds

December 31, 2017

	December 31, 2017				
	Major Funds			Other Governmental	Total
	General	Debt Service	Capital Projects		
ASSETS					
Cash and cash equivalents	\$ 27,282,167	\$ 55,408	\$ 42,715,838	\$ 1,504,070	\$ 71,557,483
Cash, restricted	1,850,383	13,546,875	4,855,502	-	20,252,760
Taxes receivable, net	73,524,451	-	-	-	73,524,451
Other receivables	5,824,118	5,365	-	36,906	5,866,389
State and federal receivables	51,744,776	-	3,046,907	6,841,187	61,632,870
Due from other funds	5,343,973	2,230,774	-	8,160	7,582,907
Due from other governments	2,735,822	133,234	-	-	2,869,056
Inventories	53,423	-	-	-	53,423
Prepaid expenses	4,495,233	-	-	202,964	4,698,197
Total assets	\$ 172,854,346	\$ 15,971,656	\$ 50,618,247	\$ 8,593,287	\$ 248,037,536
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 10,683,681	\$ -	\$ 2,135,724	\$ 1,349,499	\$ 14,168,904
Accrued liabilities	2,405,824	-	-	117,746	2,523,570
Retainage payable	7,557,172	-	-	-	7,557,172
Due to other funds	3,130,488	1,014,514	1,514,421	1,657,156	7,316,579
Due to other governments	48,461,829	-	-	2,358	48,464,187
Deferred revenues	2,938,392	-	-	-	2,938,392
Bond anticipation notes payable	-	-	59,489,246	-	59,489,246
Total liabilities	75,177,386	1,014,514	63,139,391	3,126,759	142,458,050
DEFERRED INFLOWS OF RESOURCES					
Tax revenues, unavailable	35,787,293	-	-	-	35,787,293
FUND BALANCES					
Nonspendable	4,548,656	-	-	202,965	4,751,621
Restricted	1,850,383	14,957,142	4,855,502	-	21,663,027
Assigned	9,217,465	-	-	5,263,563	14,481,028
Unassigned	46,273,163	-	(17,376,646)	-	28,896,517
Total fund balances (deficit)	61,889,667	14,957,142	(12,521,144)	5,466,528	69,792,193
Total liabilities, deferred inflows of resources, and fund balances	\$ 172,854,346	\$ 15,971,656	\$ 50,618,247	\$ 8,593,287	\$ 248,037,536

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

		December 31, 2017
Total governmental fund balances	\$	69,792,193
 <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.		275,342,055
Deferred outflows are not financial resources and, therefore, are not reported in the fund financial statements, but are included in the statement of net position:		
Deferred charges, pensions	38,797,598	
Deferred loss on refunding	<u>7,019,268</u>	45,816,866
Prepayment of the County's retirement system contribution is a prepaid expense in the governmental funds but a deferred outflow in the governmental activities. Additionally, the prepayment of amortized amounts is a prepaid expense in the governmental funds but a reduction of debt in the governmental activities.		(340,800)
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.		35,787,293
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.		10,592,589
The following long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds payable	(159,907,329)	
Compensated absences	(12,814,651)	
Other postemployment benefits liability	(271,476,697)	
Due to employees' retirement system	(17,378,164)	
Net pension liability	<u>(40,622,815)</u>	(502,199,656)
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.		(1,069,583)
Deferred inflows related to pension liabilities are not reported in the fund financial statements, but are included in the statement of net position.		<u>(9,223,251)</u>
Total net position		<u>\$ (75,502,294)</u>

County of Albany, New York

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

Year Ended December 31, 2017

	Major Funds				Total
	General	Debt Service	Capital Projects	Other Governmental	
REVENUES					
Real property taxes	\$ 88,098,624	\$ -	\$ -	\$ -	\$ 88,098,624
Real property tax items	10,202,071	-	-	-	10,202,071
Non-property tax items	270,220,622	-	-	1,685,427	271,906,049
Departmental income	29,286,405	-	-	37,275	29,323,680
Intergovernmental charges	8,561,345	40,903	-	882,405	9,484,653
Use of money and property	1,719,348	55,442	-	640	1,775,430
Fines and forfeitures	676,616	-	-	-	676,616
Sale of property and compensation for loss	3,564,781	-	-	45,192	3,609,973
Miscellaneous local sources	2,724,807	-	15	67,033	2,791,855
Interfund revenues	-	-	-	1,376,593	1,376,593
State aid	62,132,392	585,799	5,646	6,215,987	68,939,824
Federal aid	72,864,286	-	2,672,660	-	75,536,946
Total revenues	550,051,297	682,144	2,678,321	10,310,552	563,722,314
EXPENDITURES					
Current operations					
General government support	142,230,999	-	-	-	142,230,999
Education	28,723,760	-	-	-	28,723,760
Public safety	59,704,529	-	-	-	59,704,529
Transportation	1,233,466	-	-	12,214,489	13,447,955
Health	30,248,742	-	-	-	30,248,742
Economic assistance and opportunity	181,334,767	-	-	-	181,334,767
Culture and recreation	332,715	-	-	-	332,715
Home and community service	3,612,380	-	-	300	3,612,680
Employee benefits	65,226,053	-	-	4,475,428	69,701,481
Capital outlay, general government support	834,366	-	7,061,527	-	7,895,893
Capital outlay, public safety	1,273,986	-	6,877,214	-	8,151,200
Capital outlay, health	84,827	-	-	-	84,827
Capital outlay, transportation	-	-	5,840,665	14,241	5,854,906
Capital outlay, economic assistance and opportunity	25,927	-	-	-	25,927
Capital outlay, home and community service	30,545	-	-	-	30,545
Debt service					
Principal	-	18,969,342	-	39,000	19,008,342
Interest	-	7,464,303	-	3,844	7,468,147
Total expenditures	514,897,062	26,433,645	19,779,406	16,747,302	577,857,415
Excess (deficiency) of revenues over (under) expenditures	35,154,235	(25,751,501)	(17,101,085)	(6,436,750)	(14,135,101)
OTHER FINANCING SOURCES (USES)					
BANs redeemed from appropriations	-	-	2,838,490	-	2,838,490
Repayments to escrow agent on refunding of serial bonds	-	(20,647,648)	-	-	(20,647,648)
Premiums on debt issuance	-	6,312,124	-	-	6,312,124
Serial bond proceeds	-	18,235,000	-	-	18,235,000
Transfers from other funds	1,395,506	23,881,610	-	9,408,863	34,685,979
Transfers to other funds	(34,718,034)	(1,829,556)	(12,827)	(503,984)	(37,064,401)
Total other financing sources (uses)	(33,322,528)	25,951,530	2,825,663	8,904,879	4,359,544
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	1,831,707	200,029	(14,275,422)	2,468,129	(9,775,557)
FUND BALANCES, beginning of year	60,057,960	14,757,113	1,754,278	2,998,399	79,567,750
FUND BALANCES (DEFICIT), end of year	\$ 61,889,667	\$ 14,957,142	\$ (12,521,144)	\$ 5,466,528	\$ 69,792,193

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

		Year Ended December 31, 2017
Net change in fund balances - total governmental funds		\$ (9,775,557)
<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	18,947,548	
Depreciation expense	(18,064,937)	882,611
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.		
		(702,589)
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.		
		(857,106)
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:		
Compensated absences	(633,783)	
Other postemployment benefits liability	(39,204,969)	(39,838,752)
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.		
		2,608,236
Revenues and expenditures of Internal Service Funds are not included in business-type activities but are included in the governmental activities in the statement of activities.		
		4,031,289
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.		
		35,204,213
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.		
		(23,325,835)
In the statement of activities, bond premiums are amortized against interest expense over the life of the bond.		
		2,575,426
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.		
		530,060
Governmental funds report the annual contribution to the New York State Retirement System as employee benefits expense. GASB 68 requires the prior year contribution to be recognized as an expense, as well as the change in the following items:		
Change in net pension liability	30,189,587	
Change in deferred outflows of resources	(32,520,234)	
Change in deferred inflows of resources	2,105,615	(225,032)
Change in net position of governmental activities		\$ (28,893,036)

See accompanying Notes to Financial Statements.

County of Albany, New York

Fund Financial Statements Statement of Net Position - Proprietary Funds

December 31, 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Enterprise Funds				Internal Service Fund
	Sewer	Times Union Center	Albany County Nursing Home	Total	Self Insurance
	CURRENT ASSETS				
Cash and cash equivalents	\$ 10,895,988	\$ 3,601,731	\$ 7,373,039	\$ 21,870,758	\$ 380,117
Cash and cash equivalents, restricted	3,354,741	14,346,862	20,440,211	38,141,814	18,406,915
Resident funds held in trust	-	-	105,640	105,640	-
Receivables	3,601,061	1,603,170	3,886,170	9,090,401	164,088
Due from other funds	-	-	1,929	1,929	3,230,114
Inventory	-	-	91,835	91,835	-
Prepaid expenses	157,264	108,710	108,942	374,916	-
Workers' compensation reserve	-	-	548,602	548,602	-
Other current assets	-	683,142	-	683,142	-
Total current assets	18,009,054	20,343,615	32,556,368	70,909,037	22,181,234
NONCURRENT ASSETS					
Capital assets, net	33,489,191	50,563,970	8,642,799	92,695,960	-
Total assets	51,498,245	70,907,585	41,199,167	163,604,997	22,181,234
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges, pensions	1,310,275	-	5,074,024	6,384,299	-

December 31, 2017

	Enterprise Funds			Total	Internal Service
	Sewer	Times Union Center	Albany County Nursing Home		Fund
					Self Insurance
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)					
CURRENT LIABILITIES					
Accounts payable	1,050,785	3,058,791	1,477,563	5,587,139	205,072
Accrued liabilities	594,418	520,204	1,195,779	2,310,401	9,878,191
Due to other funds	111,415	1,237,584	469,049	1,818,048	-
Current portion of due to employees' retirement system	94,517	-	319,356	413,873	-
Current portion of compensated absences	38,957	-	-	38,957	-
Unearned revenue	-	3,489,369	-	3,489,369	-
Retainages payable	-	839,764	-	839,764	-
Bond anticipation notes payable	4,494,000	40,657,824	28,132,998	73,284,822	1,505,382
Current maturities of bonds payable	572,109	928,484	22,292	1,522,885	-
Resident funds held in trust	-	-	105,640	105,640	-
Total current liabilities	<u>6,956,201</u>	<u>50,732,020</u>	<u>31,722,677</u>	<u>89,410,898</u>	<u>11,588,645</u>
NONCURRENT LIABILITIES					
Bonds payable, less current maturities	6,193,387	9,015,455	245,444	15,454,286	-
Due to employees' retirement system, less current portion	535,525	-	1,650,496	2,186,021	-
Compensated absences, less current portion	376,481	-	-	376,481	-
Net pension liability, proportionate share	1,371,916	-	5,312,729	6,684,645	-
Other postemployment benefits liability	9,245,032	-	35,761,922	45,006,954	-
Total liabilities	<u>24,678,542</u>	<u>59,747,475</u>	<u>74,693,268</u>	<u>159,119,285</u>	<u>11,588,645</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred charges, pensions	<u>311,488</u>	<u>-</u>	<u>1,206,234</u>	<u>1,517,722</u>	<u>-</u>
NET POSITION (DEFICIT)					
Net investment in capital assets	22,229,695	8,875,521	711,546	31,816,762	-
Restricted for					
Capital projects	-	1,363,332	-	1,363,332	-
Debt service	833,130	-	-	833,130	-
Other purposes	2,521,611	-	-	2,521,611	8,528,724
Unrestricted	<u>2,234,054</u>	<u>921,257</u>	<u>(30,337,857)</u>	<u>(27,182,546)</u>	<u>2,063,865</u>
Total net position (deficit)	<u>\$ 27,818,490</u>	<u>\$ 11,160,110</u>	<u>\$ (29,626,311)</u>	<u>\$ 9,352,289</u>	<u>\$ 10,592,589</u>

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, 2017

	Enterprise Funds				Internal Service Fund
	Sewer	Times Union Center	Albany County Nursing Home	Total	Self Insurance
OPERATING REVENUES					
Charges for services, net	\$ 11,763,832	\$ 5,669,215	\$ 18,041,309	\$ 35,474,356	\$ 7,407,044
Other operating revenues	466,324	-	267,810	734,134	373,001
Operating grants and contributions	129,192	-	-	129,192	-
Total operating revenues	12,359,348	5,669,215	18,309,119	36,337,682	7,780,045
OPERATING EXPENSES					
Health care services	-	-	13,577,949	13,577,949	-
Administrative and general services	3,746,474	-	2,280,555	6,027,029	-
Employee benefits	4,398,859	-	19,241,279	23,640,138	3,335,272
Depreciation	1,694,100	3,268,382	493,053	5,455,535	-
Contractual expenses	3,540,156	4,532,057	-	8,072,213	905,063
New York State assessment	-	-	1,202,177	1,202,177	-
County cost allocations	-	-	2,073,405	2,073,405	-
Total operating expenses	13,379,589	7,800,439	38,868,418	60,048,446	4,240,335
Operating income (loss)	(1,020,241)	(2,131,224)	(20,559,299)	(23,710,764)	3,539,710
NONOPERATING REVENUE (EXPENSE)					
Interest earnings	9,402	1,554	18,338	29,294	3,927
Interest on debt	(131,930)	(498,117)	-	(630,047)	(16,332)
Intergovernmental transfer	-	-	9,986,633	9,986,633	-
Other	-	-	168,805	168,805	-
Total nonoperating revenue (expense)	(122,528)	(496,563)	10,173,776	9,554,685	(12,405)
Income (loss) before transfers	(1,142,769)	(2,627,787)	(10,385,523)	(14,156,079)	3,527,305
Transfers from other funds	-	1,829,556	1,440,388	3,269,944	503,984
Transfers to other funds	(446,745)	(948,761)	-	(1,395,506)	-
	(446,745)	880,795	1,440,388	1,874,438	503,984
Change in net position	(1,589,514)	(1,746,992)	(8,945,135)	(12,281,641)	4,031,289
NET POSITION (DEFICIT), <i>beginning of year</i>	29,408,004	12,907,102	(20,681,176)	21,633,930	6,561,300
NET POSITION (DEFICIT), <i>end of year</i>	\$ 27,818,490	\$ 11,160,110	\$ (29,626,311)	\$ 9,352,289	\$ 10,592,589

See accompanying Notes to Financial Statements.

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

	Year Ended December 31, 2017				
	Enterprise Funds				Internal Service Fund
	Sewer	Times Union Center	Albany County Nursing Home	Total	Self Insurance
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES					
Cash received for services provided	\$ 11,742,055	\$ 3,423,947	\$ 14,676,633	\$ 29,842,635	\$ 4,385,843
Cash received from grants and others	595,516	-	267,810	863,326	-
Cash payments to suppliers for goods and services	(6,912,632)	(2,539,709)	(7,722,099)	(17,174,440)	(3,818,812)
Cash payments to employees for services	(3,302,170)	-	(23,496,698)	(26,798,868)	-
	<u>2,122,769</u>	<u>884,238</u>	<u>(16,274,354)</u>	<u>(13,267,347)</u>	<u>567,031</u>
CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES					
County subsidy and advances	-	-	(339,349)	(339,349)	-
Cash received from others	-	-	19,159,574	19,159,574	-
Other nonoperating revenue	-	-	187,143	187,143	-
Interest received	9,402	1,554	-	10,956	3,927
Operating transfers in (out)	(966,389)	1,179,259	-	212,870	503,984
	<u>(956,987)</u>	<u>1,180,813</u>	<u>19,007,368</u>	<u>19,231,194</u>	<u>507,911</u>
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of property and equipment	(1,000,576)	(23,069,614)	(4,802,644)	(28,872,834)	-
Payments of long-term debt	(588,690)	(936,052)	(20,780)	(1,545,522)	-
Proceeds from the issuance of bond anticipation notes	2,200,000	16,752,000	8,488,345	27,440,345	-
Payments on bond anticipation notes	-	(378,070)	(177,000)	(555,070)	(908,424)
Interest paid	(131,930)	(498,117)	-	(630,047)	(16,332)
	<u>478,804</u>	<u>(8,129,853)</u>	<u>3,487,921</u>	<u>(4,163,128)</u>	<u>(924,756)</u>
Net increase (decrease) in cash and cash equivalents	1,644,586	(6,064,802)	6,220,935	1,800,719	150,186
CASH AND CASH EQUIVALENTS, beginning of year	12,606,143	24,013,395	21,592,315	58,211,853	18,636,846
CASH AND CASH EQUIVALENTS, end of year	\$ 14,250,729	\$ 17,948,593	\$ 27,813,250	\$ 60,012,572	\$ 18,787,032
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (1,020,241)	\$ (2,131,224)	\$ (20,559,299)	\$ (23,710,764)	\$ 3,539,710
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation expense	1,694,100	3,268,382	493,053	5,455,535	-
Other postemployment benefits accrual	947,427	-	4,917,874	5,865,301	-
Portion due to employees' retirement system to be amortized	(93,655)	-	(317,580)	(411,235)	-
Bad debts	-	-	1,500,000	1,500,000	-
(Increase) decrease in					
Receivables, net	(21,777)	(84,320)	(3,317,216)	(3,423,313)	(164,088)
Workers' compensation reserve	-	-	1,053,142	1,053,142	-
Prepaid expenses and other assets	356	(576,699)	53,635	(522,708)	-
Deferred outflows of resources	1,125,192	-	1,797,471	2,922,663	-
Increase (decrease) in					
Accounts payable	478,670	1,861,488	306,464	2,646,622	20,894
Due to other funds	(862)	-	-	(862)	(3,230,114)
Accrued liabilities	360,156	72,837	82,846	515,839	400,629
Third-party settlements	-	-	(1,547,461)	(1,547,461)	-
Compensated absences	9,859	634,722	-	644,581	-
Retainages payable	(464,322)	-	-	(464,322)	-
Due to employees' retirement system	-	-	10,451	10,451	-
Net pension liability	(848,406)	-	(951,750)	(1,800,156)	-
Unearned revenue	-	(2,160,948)	-	(2,160,948)	-
Deferred inflows of resources	(43,728)	-	204,016	160,288	-
Net cash provided (used) by operating activities	\$ 2,122,769	\$ 884,238	\$ (16,274,354)	\$ (13,267,347)	\$ 567,031

See accompanying Notes to Financial Statements.

County of Albany, New York

Fund Financial Statements Statement of Fiduciary Net Position - Fiduciary Fund

	December 31, 2017
	Agency Fund
ASSETS	
Cash and cash equivalents	<u>\$ 16,457,103</u>
LIABILITIES	
Due to other funds	\$ 1,680,324
Agency liabilities	<u>14,776,779</u>
Total liabilities	<u>\$ 16,457,103</u>

County of Albany, New York

Notes to Financial Statements December 31, 2017

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 are primarily comprised of service fees and various types of program-related charges.

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

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

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

County of Albany, New York

Notes to Financial Statements December 31, 2017

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

a. Reporting Entity - Continued

Component Units - Continued

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

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

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

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

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

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

County of Albany, New York

Notes to Financial Statements December 31, 2017

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

a. Reporting Entity - Continued

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

The County considers the following governmental funds as major funds:

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

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

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

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

The County maintains three proprietary funds as follows:

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.

County of Albany, New York

Notes to Financial Statements December 31, 2017

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

a. Reporting Entity - Continued

Fund Financial Statements - Continued

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

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

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

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

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

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

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

c. Budgets and Budgetary Accounting

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

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

County of Albany, New York

Notes to Financial Statements December 31, 2017

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

c. Budgets and Budgetary Accounting - Continued

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

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

U.S. GAAP basis, fund balances, December 31, 2017	\$ 69,792,193
Outstanding encumbrances	<u>(7,309,115)</u>
Budgetary basis, fund balances, December 31, 2017	<u>\$ 62,483,078</u>

d. Credit Risk

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

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

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

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

County of Albany, New York

Notes to Financial Statements December 31, 2017

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. Inventory

Inventory, which is 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 or statement of net position as the County Legislature limits their use. These resources are maintained in separate bank accounts.

h. Capital Assets

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

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

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

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

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

County of Albany, New York

Notes to Financial Statements December 31, 2017

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, 2017.

i. Property Tax Revenue Recognition

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

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

j. Deferred Outflows of Resources

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

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 \$35,787,293 represent property tax revenue that was not considered available. Deferred inflows of resources in the proprietary funds and governmental activities represent amounts related to the change in the net pension liability.

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, 2017. Unearned revenues in the Times Union Center Fund represent cash receipts for which the underlying service has not been performed as of December 31, 2017.

l. Compensated Absences

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

County of Albany, New York

Notes to Financial Statements December 31, 2017

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. Resident Service Revenue

Patient service revenue of the Nursing Home is recorded at established rates. Payments for services rendered to residents covered by Medicare, Medicaid, and certain other prospective rates or cost based third-party payers are generally less than established rates, and contractual allowances are recorded to reflect these differences. The rates established by the third-party payers are based on a defined cost of service in providing patient care and are subject to audit by the third-party payers. Any adjustments to previously reimbursed amounts resulting from these audits are recognized when they are known. This revenue is reflected in charges for services, net, in the statement of revenues, expenses, and changes in net position - 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. Such costs 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, 2017

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.

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

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

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

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

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

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

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

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

r. Estimates

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

County of Albany, New York

Notes to Financial Statements December 31, 2017

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

s. *New Accounting Pronouncement*

GASB Statement No. 80, *Blending Requirements for Certain Component Units* (GASB No. 80). GASB No. 80 provides clarity on how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The adoption of this accounting standard did not impact the County's financial statements.

t. *Subsequent Events*

The County has evaluated subsequent events for potential recognition or disclosure through September 27, 2018, 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 (bank balances) is as follows:

	Primary Government	Fiduciary Funds
Cash in banks	\$ 143,267,085	\$ -
Restricted cash in banks	41,005,841	17,793,699
Total	<u>\$ 184,272,926</u>	<u>\$ 17,793,699</u>

It is the County's policy for deposits to be secured by collateral valued at fair value or par, whichever is lower, less the amount of the FDIC insurance. The County's pooled and non-pooled deposits are categorized to give an indication of the level of risk assumed by the County at fiscal year-end. The County has approximately \$1.5 million held in an account controlled by the State of New York that is not collateralized by the County at December 31, 2017. 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, 2017.

County of Albany, New York

Notes to Financial Statements December 31, 2017

Note 3 - Property Taxes

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

Uncollected property taxes assumed by the County as a result of the settlement proceedings are reported as receivables in the General Fund to maintain central control and provide for tax settlement and enforcement proceedings. The portion of the receivable that represents taxes re-levied for schools is recognized as a liability, is included in due to other governments, and was \$19,898,126 at December 31, 2017. 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 \$35,787,293 at December 31, 2017.

Taxes receivable are reported net of an allowance for uncollectible amounts of approximately \$7,955,000 at December 31, 2017.

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 \$23,634,358,628.

The primary non-property tax item is sales tax, which is accrued as revenue based on the date on which the taxes are remitted to the State. Sales tax receivable was \$30,426,562 at December 31, 2017, and is included in State and Federal receivables in the General Fund.

Note 4 - Interfund Receivables, Payables, and Transfers

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

Fund	Interfund Receivables	Interfund Payables
General	\$ 5,343,973	\$ 3,130,488
Debt Service	2,230,774	1,014,514
Capital Projects	-	1,514,421
Other Governmental	8,160	1,657,156
Sewer	-	111,415
Times Union Center	-	1,237,584
Self Insurance	3,230,114	-
Nursing Home	1,929	469,048
Agency	-	1,680,324
	\$ 10,814,950	\$ 10,814,950

County of Albany, New York

Notes to Financial Statements December 31, 2017

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

The County made the following operating transfers:

	Transfers-Out					Total
	General	Debt Service	Other Governmental	Proprietary	Capital Projects	
Transfers-In						
General Fund	\$ -	\$ -	\$ -	\$ 1,395,506	\$ -	\$ 1,395,506
Debt Service	23,868,783	-	-	-	12,827	23,881,610
Other Governmental	9,408,863	-	-	-	-	9,408,863
Internal Service	-	-	503,984	-	-	503,984
Proprietary	1,440,388	1,829,556	-	-	-	3,269,944
Total	\$ 34,718,034	\$ 1,829,556	\$ 503,984	\$ 1,395,506	\$ 12,827	\$ 38,459,907

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

Note 5 - Receivables

Other revenues accrued by the County consist of the following:

Fund	
General	\$ 5,824,118
Debt service	5,365
County Road	31,122
County Machinery	5,784
Times Union Center, customers, tenants, promoters, and commissions	1,603,170
Sewer Fund, municipal charges	3,601,061
Albany County Nursing Home, resident charges	3,886,170
Internal Service, insurance charges	164,088
Total	\$ 15,120,878

County of Albany, New York

Notes to Financial Statements December 31, 2017

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:

General Fund	
Social Service programs	\$ 16,173,221
Sales tax	30,426,562
Grants and aid, various programs	<u>5,144,993</u>
	51,744,776
Other Governmental	
Capital Projects, Department of Transportation	3,046,907
County Road, Consolidated Highway Improvement Program	6,126,199
County Road, Snow and Ice Program	605,144
County Road, Automobile Use Tax	<u>109,844</u>
Total	<u>\$ 61,632,870</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:

Fund	
General, chargebacks and miscellaneous	\$ 2,735,822
Debt service	<u>133,234</u>
Total	<u>\$ 2,869,056</u>

County of Albany, New York

Notes to Financial Statements December 31, 2017

Note 6 - Capital Assets, Net

a. Governmental Activities Capital Assets

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

	Primary Government			
	Beginning Balance	Additions and Transfers	Deletions and Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 7,897,715	\$ 200,000	\$ -	\$ 8,097,715
Construction in progress	116,905,742	21,435,504	51,667,737	86,673,509
Total capital assets not being depreciated	124,803,457	21,635,504	51,667,737	94,771,224
Capital assets, being depreciated				
Buildings and building improvements	159,224,451	48,287,889	-	207,512,340
Infrastructure	203,350,737	-	-	203,350,737
Equipment	24,671,210	691,892	-	25,363,102
Total capital assets being depreciated	387,246,398	48,979,781	-	436,226,179
Less accumulated depreciation for				
Buildings and building improvements	72,285,797	6,345,700	-	78,631,497
Infrastructure	143,293,732	9,732,447	-	153,026,179
Equipment	22,010,882	1,986,790	-	23,997,672
Total accumulated depreciation	237,590,411	18,064,937	-	255,655,348
Governmental activities capital assets, net	\$ 274,459,444	\$ 52,550,348	\$ 51,667,737	\$ 275,342,055

Depreciation expense for 2017 was charged to functions of the primary government as follows:

Governmental activities	
General government support	\$ 4,537,517
Public safety	2,711,149
Health	436,583
Transportation	10,092,264
Economic assistance and opportunity	168,386
Culture and recreation	118,453
Home and community service	585
	\$ 18,064,937

County of Albany, New York

Notes to Financial Statements December 31, 2017

Note 6 - Capital Assets, Net - Continued

b. Business-Type Activities Capital Assets

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

	Beginning Balance	Additions and Transfers	Deletions and Transfers	Ending Balance
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 3,142,716	\$ -	\$ -	\$ 3,142,716
Land improvements	391,094	-	-	391,094
Construction in progress	18,101,582	27,117,000	-	45,218,582
Total capital assets not being depreciated	<u>21,635,392</u>	<u>27,117,000</u>	<u>-</u>	<u>48,752,392</u>
Capital assets, being depreciated				
Buildings and improvements	192,136,597	659,039	-	192,795,636
Equipment	12,264,568	1,123,252	26,457	13,361,363
	204,401,165	1,782,291	26,457	206,156,999
Accumulated depreciation	156,757,896	5,455,535	-	162,213,431
Total capital assets being depreciated	<u>47,643,269</u>	<u>(3,673,244)</u>	<u>26,457</u>	<u>43,943,568</u>
Business-type activities capital assets, net	<u>\$ 69,278,661</u>	<u>\$ 23,443,756</u>	<u>\$ 26,457</u>	<u>\$ 92,695,960</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, 2016	Accretion, Issuances and Refunding	Amortization/ Payments/ Refunding	Balance December 31, 2017
<i>a. Governmental Activities Bond Indebtedness</i>							
Governmental Funds							
General Fund							
2010 general obligation refunding	2010/2018	2.000/5.000	\$ 15,725,000	\$ 4,940,000	\$ -	\$ 2,430,000	\$ 2,510,000
2011 general obligation	2011/2025	2.000/3.125	23,031,965	15,455,000	-	1,560,000	13,895,000
2012 general obligation	2012/2028	2.000/3.000	20,505,000	15,850,000	-	1,185,000	14,665,000
2012 general obligation refunding	2012/2024	2.000/5.000	55,587,964	46,172,510	-	4,931,431	41,241,079
2012 qualified energy conservation bond	2012/2021	2.500/3.100	205,000	116,594	-	22,422	94,172
2013 general obligation	2013/2028	2.000/4.000	33,897,320	27,942,588	-	19,456,023	8,486,565
2014 general obligation refunding	2014/2027	2.000/5.000	25,663,369	25,465,469	-	1,874,437	23,591,032
2016 general obligation refunding	2016/2026	1.000/5.000	25,330,000	25,330,000	-	2,115,000	23,215,000
2017 general obligation refunding	2017/2028	3.000/4.000	16,643,100	-	16,643,100	-	16,643,100
Total governmental activities			<u>216,588,718</u>	<u>161,272,161</u>	<u>16,643,100</u>	<u>33,574,313</u>	<u>144,340,948</u>
Unamortized Premium			-	11,829,683	6,312,124	2,575,426	15,566,381
Total governmental activities			<u>\$ 216,588,718</u>	<u>\$ 173,101,844</u>	<u>\$ 22,955,224</u>	<u>\$ 36,149,739</u>	<u>\$ 159,907,329</u>

County of Albany, New York

Notes to Financial Statements December 31, 2017

Note 7 - Noncurrent and Debt Related Liabilities - Continued

a. Bond Indebtedness - Continued

Description	Year Issue/ Maturity	Interest Rate	Original Issue Amount	Balance December 31, 2016	Accretion, Issuances and Refunding	Amortization/ Payments/ Refunding	Balance December 31, 2017
<i>b. Business-type Activities Indebtedness</i>							
Business-Type Activities							
Sewer, Enterprise Fund							
2003 general obligation	2003/2022	1.03/4.710	\$ 1,418,149	\$ 480,000	\$ -	\$ 75,000	\$ 405,000
2005 general obligation	2005/2020	2.059/3.819	628,905	175,000	-	40,000	135,000
2006 clean water	2006/2026	3.601/4.769	4,052,176	2,120,000	-	200,000	1,920,000
2013 general obligation	2013/2028	2.000/4.000	1,370,000	1,129,333	-	787,889	341,444
2015 EFC revenue bond	2015/2035	0.200/3.942	3,644,853	3,449,853	-	160,000	3,289,853
2017 general obligation refunding	2017/2028	3.000/4.000	674,199	-	674,199	-	674,199
Nursing Home, Enterprise Fund							
2013 general obligation	2013/2028	2.000/4.000	350,000	288,516	-	201,286	87,230
2017 general obligation refunding	2017/2028	3.000/4.000	180,506	-	180,506	-	180,506
Times Union Center, Enterprise Fund							
2012 general obligation refunding	2012/2024	2.000/5.000	322,036	267,490	-	28,569	238,921
2012 qualified energy conservation bond	2012/2021	2.500/3.100	1,395,000	793,406	-	152,578	640,828
2013 general obligation	2013/2028	2.000/4.000	1,437,000	1,184,563	-	864,802	319,761
2014 general obligation refunding	2014/2027	2.000/5.000	8,701,631	8,634,531	-	635,563	7,998,968
2017 general obligation refunding	2017/2028	3.000/4.000	745,461	-	745,461	-	745,461
				<u>\$ 24,919,916</u>	<u>\$ 18,522,692</u>	<u>\$ 3,145,687</u>	<u>\$ 16,977,171</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,					
2018	\$ 16,701,968	\$ 5,028,019	\$ 1,522,885	\$ 522,306	\$ 23,775,178
2019	14,517,017	4,750,084	1,547,983	500,454	21,315,538
2020	15,126,542	4,144,784	1,598,458	444,304	21,314,088
2021	15,770,232	3,513,918	1,609,768	387,064	21,280,982
2022	16,201,699	2,906,733	1,493,301	318,157	20,919,890
2023 through 2027	61,856,847	5,971,222	7,376,419	968,344	76,172,832
2028 through 2032	4,166,643	151,666	1,203,357	219,099	5,740,765
2033 through 2035	-	-	625,000	36,836	661,836
Total	<u>\$ 144,340,948</u>	<u>\$ 26,466,426</u>	<u>\$ 16,977,171</u>	<u>\$ 3,396,564</u>	<u>\$ 191,181,109</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.

County of Albany, New York

Notes to Financial Statements December 31, 2017

Note 7 - Noncurrent and Debt Related Liabilities - Continued

b. Non-Current and Debt Related Liabilities - Continued

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

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

Changes in Noncurrent and Debt Related Liabilities - Governmental Activities

	Balance January 1, 2017	Increases/ Additions	Decreases/ Payments	Balance December 31, 2017
Serial bonds	\$ 173,101,844	\$ 22,955,224	\$ 36,149,739	\$ 159,907,329
Bond anticipation notes	55,623,542	9,118,000	3,746,914	60,994,628
Due to ERS	19,986,400	-	2,608,236	17,378,164
Compensated absences	12,180,868	6,949,170	6,315,387	12,814,651
Net pension liability (Note 8)	70,812,402	-	30,189,587	40,622,815
Other postemployment benefits (Note 9)	232,271,728	50,087,859	10,882,890	271,476,697
	<u>\$ 563,976,784</u>	<u>\$ 89,110,253</u>	<u>\$ 89,892,753</u>	<u>\$ 563,194,284</u>

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

	Balance January 1, 2017	Increases/ Additions	Decreases/ Payments	Balance December 31, 2017
Serial bonds	\$ 18,522,692	\$ 1,600,166	\$ 3,145,687	\$ 16,977,171
Bond anticipation notes	46,399,547	27,440,345	555,070	73,284,822
Due to ERS	3,001,540	-	401,646	2,599,894
Compensated absences	405,579	214,393	204,534	415,438
Net pension liability (Note 8)	8,484,801	-	1,800,156	6,684,645
Other postemployment benefits (Note 9)	39,141,653	8,745,940	2,880,639	45,006,954
	<u>\$ 115,955,812</u>	<u>\$ 38,000,844</u>	<u>\$ 8,987,732</u>	<u>\$ 144,968,924</u>

Note 8 - Retirement Plans

a. Plan Description and Benefits Provided

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

www.osc.state.ny.us/retire.

County of Albany, New York

Notes to Financial Statements December 31, 2017

Note 8 - Retirement Plans

a. Plan Description and Benefits Provided - Continued

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

b. Contributions

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

2017	\$ 18,078,611
2016	18,390,616
2015	20,096,421

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

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

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

This law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program. The total unpaid liability at the end of the fiscal year was \$19,978,058, of which \$2,599,894 is reported in the proprietary funds and \$17,378,164 on the statement of net position for the governmental activities.

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

County of Albany, New York

Notes to Financial Statements December 31, 2017

Note 8 - Retirement Plans - Continued

b. Contributions - Continued

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,			
2018	\$ 3,127,655	\$ 667,023	\$ 3,794,678
2019	3,232,708	561,970	3,794,678
2020	3,341,318	451,359	3,792,677
2021	3,453,607	341,070	3,794,677
2022	3,025,552	224,975	3,250,527
Thereafter	<u>3,797,218</u>	<u>186,095</u>	<u>3,983,313</u>
	<u>\$ 19,978,058</u>	<u>\$ 2,432,492</u>	<u>\$ 22,410,550</u>

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

At December 31, 2017, the County reported a liability of \$47,307,460 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability was determined by an actuarial valuation as of April 1, 2016. The County's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contribution for the fiscal year ended on the measurement date. At the March 31, 2017 measurement date, the County's proportionate share was .5034731%.

For the year ended December 31, 2017, the County recognized pension expense of \$25,955,979. At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,185,480	\$ 7,183,906
Changes of assumptions	16,161,961	-
Net differences between projected and actual investment earnings on pension plan investments	9,449,217	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	306,628	3,557,067
County contributions subsequent to the measurement date	<u>18,078,611</u>	<u>-</u>
Total	<u>\$ 45,181,897</u>	<u>\$ 10,740,973</u>

County of Albany, New York

Notes to Financial Statements December 31, 2017

Note 8 - Retirement Plans - Continued

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

County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	
2018	\$ 7,811,530
2019	7,811,530
2020	7,310,963
2021	<u>(6,571,710)</u>
Total	<u>\$ 16,362,313</u>

d. Actuarial Assumptions

The actuarial assumptions used in the April 1, 2016 valuation, with updated procedures used to roll forward the total pension liability to March 31, 2017, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

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

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

County of Albany, New York

Notes to Financial Statements December 31, 2017

Note 8 - Retirement Plans - Continued

e. Investment Asset Allocation

Best estimates of arithmetic real rates of return for each major asset class and ERS's target asset allocation as of the applicable valuation dates are summarized as follows:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.75%
Real estate	10.00%	5.80%
Absolute return strategies	2.00%	4.00%
Opportunistic portfolio	3.00%	4.89%
Real assets	3.00%	5.54%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation-Indexed bonds	4.00%	1.50%
	100.00%	

f. Discount Rate

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

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

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

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
County's proportionate share of the net pension liability (asset)	\$ 151,090,656	\$ 47,307,460	\$ (40,441,036)

County of Albany, New York

Notes to Financial Statements December 31, 2017

Note 8 - Retirement Plans - Continued

h. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the New York State and Local Employees' Retirement System as of March 31, 2017 were as follows (amounts in thousands):

Employer's total pension liability	\$ 177,400,586
Plan net position	<u>(168,004,363)</u>
Employer's net pension liability	<u>\$ 9,396,223</u>
Ratio of plan net position to the employers' total pension liability	<u>94.7%</u>

Note 9 - Postemployment Benefits Other Than Pensions

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

Funding Policy. Contribution requirements also are negotiated between the County and union representatives. The County contributes a percent of the cost of current-year premiums for eligible retired Plan members and their spouses. For the year ended December 31, 2017, the County contributed \$13,763,529 to the Plan. Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$509,437 for the year ended December 31, 2017.

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	\$ 51,727,301
Interest on net OPEB obligation	10,856,535
Adjustment to annual required contribution	<u>(3,750,037)</u>
Annual OPEB cost/expense	58,833,799
Estimated contributions to be made	(13,763,529)
Net OPEB obligation, <i>beginning of year</i>	<u>271,413,381</u>
Net OPEB obligation, <i>end of year</i>	<u>\$ 316,483,651</u>

County of Albany, New York

Notes to Financial Statements December 31, 2017

Note 9 - Postemployment Benefits Other Than Pensions - Continued

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2017	\$ 58,833,799	23.39%	\$ 316,483,651
December 31, 2016	55,037,097	27.20%	271,413,381
December 31, 2015	34,500,124	39.75%	231,344,494

Funded Status and Funding Progress. As of December 31, 2017, the actuarial accrued liability for benefits was \$553,793,107, all of which was unfunded.

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-2014 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% declining 0.5% per year to an ultimate trend assumption of 5% by 2026.

Health Insurance Premiums - 2016 and 2017 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

County of Albany, New York

Notes to Financial Statements December 31, 2017

Note 9 - Postemployment Benefits Other Than Pensions - Continued

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.

Note 10 - Fund Balance

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

	General	Debt Service	Capital Projects	Other Governmental
Nonspendable				
Prepays and inventory	\$ 4,548,656	\$ -	\$ -	\$ 202,965
Restricted for				
Debt service	-	14,957,142	-	-
Capital reserve	-	-	4,010,399	-
Repair reserve	-	-	845,103	-
Tax stabilization	1,850,155	-	-	-
EMS ambulance reserve	111,362	-	-	-
DWI reserve	332,520	-	-	-
911 reserve	1,556,858	-	-	-
	<u>3,850,895</u>	<u>14,957,142</u>	<u>4,855,502</u>	<u>-</u>
Assigned for				
Appropriations	7,216,953	-	-	-
Special revenue purposes	-	-	-	5,263,563
	<u>7,216,953</u>	<u>-</u>	<u>-</u>	<u>5,263,563</u>
Unassigned	46,273,163	-	(17,376,646)	-
Total fund balance	<u>\$ 61,889,667</u>	<u>\$ 14,957,142</u>	<u>\$ (12,521,144)</u>	<u>\$ 5,466,528</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.

County of Albany, New York

Notes to Financial Statements December 31, 2017

Note 11 - Risk Financing Activities - Continued

- c. The County is self-insured for workers' compensation benefits on a cost reimbursement basis. Each fund of the County is responsible for claims payments incurred for their employees. The County is commercially insured with excess insurance with a self-insured retention of \$700,000 and \$750,000 for Police, Sheriffs and Corrections Officer; and an employer's liability limit of \$2,000,000.

All funds of the County participate in the program and make payments to the Internal Service Fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for unforeseen losses. The claims liability of \$9,878,191 reported in the fund at December 31, 2017, 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 2017 were:

Balance January 1	Current Year Claims and Changes in Estimates	Claim Payments	Balance December 31
\$ 9,477,562	\$ 2,944,242	\$ 2,543,613	\$ 9,878,191

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.

County of Albany, New York

Notes to Financial Statements December 31, 2017

Note 12 - Commitments and Contingencies - Continued

d. Labor Relations

Certain County employees are represented by eight bargaining units with the balance governed by County rules and regulations. There are eleven bargaining unit contracts. Two contracts expired effective December 31, 2016. One contract expired effective December 31, 2017. The remaining contracts have expiration dates effective between December 31, 2018 to December 31, 2021. All expired contracts are 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 of regulated wastes comply with applicable federal, state, and local requirements.

f. Regulatory Environment (Albany County Nursing Home)

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

g. Transfers to the County (Times Union Center)

Under the terms of the agreement between the Center, the operator, and the County, net surpluses earned by the Center are transferred to the County in the year subsequent to when those surpluses are earned. Transfers received by the County will fund net losses that are incurred by the Center. During the year ended December 31, 2017, the Center transferred \$651,522 to the County.

h. Operating Leases

The County leases buildings, office facilities, and equipment under noncancelable operating leases. Total costs for such leases approximated \$439,000 for the year ended December 31, 2017. The future minimum lease payments for these leases at December 31, 2017 are as follows:

Year ending December 31,	
2018	\$ 411,964
2019	<u>109,199</u>
	<u>\$ 521,163</u>

County of Albany, New York

Notes to Financial Statements December 31, 2017

Note 13 - Tax Abatements

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

There were no significant abatement programs in effect at December 31, 2017.

Note 14 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75). GASB No. 75 establishes financial reporting standards for other postemployment benefits ("OPEB") plans for state and local governments. This standard replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. GASB No. 75 establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments, to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB No. 75 lays out requirements for additional note disclosures and required supplementary information. These requirements are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statement No. 67, No. 68 and No. 73* (GASB No. 82). GASB No. 82 addresses issues regarding (1) the presentation of payroll-related measured in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of GASB No. 82 are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB No. 83). GASB No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in GASB No. 83. The requirements of GASB No. 83 are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities* (GASB No. 84). GASB No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of GASB No. 84 are effective for reporting periods beginning after December 15, 2018.

County of Albany, New York

Notes to Financial Statements December 31, 2017

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

GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). Specifically, this statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation.
- Reporting amounts previously reported as goodwill and “negative” goodwill.
- Classifying real estate held by insurance entities.
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost.
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus.
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements.
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB.
- Classifying employer-paid member contributions for OPEB.
- Simplifying certain aspects of the alternative measurement method for OPEB.
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 86, *Certain Debt Extinguishments* (GASB No. 86). The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 87, *Leases* (GASB No. 87). This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* (GASB No. 88). GASB No. 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines-of-credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

County of Albany, New York

Notes to Financial Statements December 31, 2017

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

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* (GASB No. 89). This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

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

Note 15 - Subsequent Events

During May 2018, the County repaid the bond anticipation note of \$134,279,450 together with interest of \$1,471,703.

During May 2018, the County issued \$140,740,000 in Serial bonds to finance various projects. The bonds have interest rates ranging from 4.00% - 5.00% and mature in April 2029.

County of Albany, New York

Required Supplementary Information Other Postemployment Benefits - Schedule of Funding Progress Year Ended December 31, 2017

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)
12/31/17	\$ -	\$ 553,793,107	\$ 553,793,107	0.00%	\$ 114,360,265	484%
12/31/15	\$ -	\$ 528,958,218	\$ 528,958,218	0.00%	\$ 112,117,907	472%
12/31/13	\$ -	\$ 415,231,625	\$ 415,231,625	0.00%	\$ 115,494,060	360%

County of Albany, New York

Required Supplementary Information Schedule of Proportionate Share of Net Pension Liability

	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability	0.5034731%	0.4940550%	0.5056861%
County's proportionate share of the net pension liability	\$ 47,307,460	\$ 79,297,203	\$ 17,083,314
County's covered-employee payroll	\$ 119,146,390	\$ 118,773,066	\$ 112,117,907
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	39.71%	66.76%	15.24%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.95%

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

County of Albany, New York

Required Supplementary Information Schedule of Pension Contributions

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

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

County of Albany, New York

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

	Year Ended December 31, 2017			
	Budgeted Amounts		Actual	Variance
	Adopted	Modified	Amounts	with Modified Positive (Negative)
REVENUES				
Real property taxes	\$ 88,006,644	\$ 88,006,644	\$ 88,098,624	\$ 91,980
Real property tax items	9,796,500	9,796,500	10,202,071	405,571
Non-property tax items	277,293,447	277,293,447	270,220,622	(7,072,825)
Department income	30,311,192	30,558,873	29,286,405	(1,272,468)
Intergovernmental charges	7,858,481	7,932,977	8,561,345	628,368
Use of money and property	3,039,934	3,045,934	1,719,348	(1,326,586)
Fines and forfeitures	752,205	797,205	676,616	(120,589)
Sale of property and compensation for loss	4,038,512	4,038,512	3,564,781	(473,731)
Miscellaneous local sources	962,575	1,226,475	2,724,807	1,498,332
State aid	66,702,588	70,419,702	62,132,392	(8,287,310)
Federal aid	70,799,813	70,598,035	72,864,286	2,266,251
Total revenues	559,561,891	563,714,304	550,051,297	(13,663,007)
EXPENDITURES				
General government support	146,870,668	148,083,426	143,065,365	5,018,061
Public safety	60,603,835	64,692,537	60,978,515	3,714,022
Transportation	1,245,437	1,245,437	1,233,466	11,971
Health	34,328,566	34,321,661	30,333,569	3,988,092
Economic assistance and opportunity	186,906,642	190,365,901	181,360,694	9,005,207
Culture and recreation	1,158,718	1,219,919	332,715	887,204
Education	25,810,000	28,723,763	28,723,760	3
Home and community service	2,898,827	3,346,179	3,642,925	(296,746)
Employee benefits	64,601,877	64,612,490	65,226,053	(613,563)
Total expenditures	524,424,570	536,611,313	514,897,062	21,714,251
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	-	6,534,330	-	-
Interfund transfers-in	446,745	446,745	1,395,506	948,761
Interfund transfers-out	(35,584,066)	(34,084,066)	(34,718,034)	(633,968)
Total other financing sources (uses)	(35,137,321)	(27,102,991)	(33,322,528)	314,793
Net change in fund balance	\$ -	\$ -	1,831,707	\$ 8,366,037
FUND BALANCE, beginning of year			60,057,960	
FUND BALANCE, end of year			\$ 61,889,667	

County of Albany, New York

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

	December 31, 2017		June 30, 2017	
	Industrial Development Agency	Airport Authority	Albany County Land Bank	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,723,864	\$ 23,090,998	\$ 1,799,473	\$ 27,614,335
Cash and cash equivalents, restricted	-	24,814,610	-	24,814,610
Investments, restricted	-	277,389	-	277,389
Other receivables	-	2,262,330	19,500	2,281,830
Other receivables, restricted	-	2,254,347	-	2,254,347
Prepaid and other	-	303,478	-	303,478
Due from New York State	-	-	114,388	114,388
Due from County	1,162	1,061,507	36,988	1,099,657
Total current assets	2,725,026	54,064,659	1,970,349	58,760,034
NONCURRENT ASSETS				
Prepaid expenses	-	271,408	-	271,408
Net position held in trust for OPEB	-	308,505	-	308,505
Property held for resale	-	-	10,049,677	10,049,677
Other	-	-	61,238	61,238
Capital assets, net	-	245,397,366	6,019	245,403,385
Total noncurrent assets	-	245,977,279	10,116,934	256,094,213
Total assets	2,725,026	300,041,938	12,087,283	314,854,247
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges, pensions	-	637,802	-	637,802
Deferred loss on refunding	-	4,084,309	-	4,084,309
Deferred bond insurance premiums	-	369,098	-	369,098
Total deferred outflows	-	5,091,209	-	5,091,209
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	-	609,926	156,352	766,278
Accrued liabilities	-	5,407,080	-	5,407,080
Payable from restricted assets	-	11,366,663	-	11,366,663
Unearned revenue	-	-	731	731
Total current liabilities	-	17,383,669	157,083	17,540,752
NONCURRENT LIABILITIES				
Bonds payable	-	70,147,604	-	70,147,604
Net pension liability, proportionate share	-	436,071	-	436,071
Other	-	-	61,238	61,238
Total noncurrent liabilities	-	70,583,675	61,238	70,644,913
Total liabilities	-	87,967,344	218,321	88,185,665
DEFERRED INFLOWS OF RESOURCES				
Deferred charges, pensions	-	81,412	-	81,412
Concession Improvement Trust funds	-	783,651	-	783,651
Total deferred inflows	-	865,063	-	865,063
NET POSITION				
Net investment in capital assets	-	172,661,198	6,019	172,667,217
Restricted for				
Bond reserve funds	-	11,038,138	-	11,038,138
Passenger facility charges	-	11,003,008	-	11,003,008
Other purposes	-	196,857	-	196,857
Unrestricted	2,725,026	21,401,539	11,862,943	35,989,508
Total net position	\$ 2,725,026	\$ 216,300,740	\$ 11,868,962	\$ 230,894,728

County of Albany, New York

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

	Year Ended			Total
	December 31, 2017		June 30, 2017	
	Industrial Development Agency	Airport Authority	Albany County Land Bank	
OPERATING REVENUES				
Charges for services, net	\$ 251,859	\$ 43,666,340	\$ 1,311,078	\$ 45,229,277
Donation of property for resale	-	-	9,527,415	9,527,415
Other operating revenues	-	4,360,796	17,972	4,378,768
Operating grants and contributions	-	-	1,981,233	1,981,233
Total operating revenues	<u>251,859</u>	<u>48,027,136</u>	<u>12,837,698</u>	<u>61,116,693</u>
OPERATING EXPENSES				
Cost of services	135,755	27,582,093	4,797,933	32,515,781
General and administrative	11,652	5,812,919	-	5,824,571
Depreciation	-	14,761,280	1,253	14,762,533
Total operating expenses	<u>147,407</u>	<u>48,156,292</u>	<u>4,799,186</u>	<u>53,102,885</u>
Operating income (loss)	<u>104,452</u>	<u>(129,156)</u>	<u>8,038,512</u>	<u>8,013,808</u>
NONOPERATING REVENUE (EXPENSE)				
Other nonoperating revenues	-	5,799,844	-	5,799,844
Other nonoperating grants	-	138,700	-	138,700
Rental income	-	-	9,435	9,435
Interest earnings	1,124	10,676	618	12,418
Interest on debt	-	(4,261,394)	-	(4,261,394)
Bond issuance costs	-	(252,877)	-	(252,877)
Amortization of bond insurance premiums	-	(76,280)	-	(76,280)
Total nonoperating revenue	<u>1,124</u>	<u>1,358,669</u>	<u>10,053</u>	<u>1,369,846</u>
Income before capital contributions	<u>105,576</u>	<u>1,229,513</u>	<u>8,048,565</u>	<u>9,383,654</u>
CAPITAL CONTRIBUTIONS	-	4,616,709	-	4,616,709
Change in net position	<u>105,576</u>	<u>5,846,222</u>	<u>8,048,565</u>	<u>14,000,363</u>
NET POSITION, <i>beginning of year</i>	<u>2,619,450</u>	<u>210,454,518</u>	<u>3,820,397</u>	<u>216,894,365</u>
NET POSITION, <i>end of year</i>	<u>\$ 2,725,026</u>	<u>\$ 216,300,740</u>	<u>\$ 11,868,962</u>	<u>\$ 230,894,728</u>