

FUND BALANCE

The Undesignated, Un-appropriated Fund Balance is one measure of Albany County's overall financial health. Also known as surplus, the fund balances listed on the next page can be appropriated by the Legislature as part of the budget process to address instances in which appropriations exceed anticipated revenues. If, by the end of the fiscal year, actual expenditures exceeded revenues received, the surplus can also be used to offset the shortfall in revenue. Conversely, if revenues received exceed expenditures, the surplus will increase at the end of the year. The fund balance can be appropriated only as part of the budget process and cannot be appropriated or utilized once the budget has been adopted. It is important to note that a fund balance is an accounting tool and isn't completely backed by cash in the same manner as reserves.

The information in the chart on the next page, as reported in the County's Annual Financial Report to the State Comptroller's Office, is a snap shot of the conditions on December 31, 2016. The surplus is used as a diagnostic tool by rating agencies to determine the County's credit rating and risk when it is seeking funding through the issuance of bonds or bond anticipation notes.

As the chart below indicates, the County's surplus diminished significantly during the 'Great Recession'. In 2009, the fund balance for the General Fund dipped to a low of \$16.6 million. At the end of 2011, the fund balance was approximately \$23.2 million - by the end of 2016 the General Fund balance had grown to \$44.5 million—an increase of more than 90% since the beginning of the current administration and the highest level in recent memory. Our combined proposed fund balances for 2017 are \$60.3 million.

The consistent use of surplus to meet spending needs not backed by revenue has impacted the County's credit rating. In July 2010, The County's Aa2 credit rating was given a negative outlook by Moody's Investor Services. In September 2011, Moody's downgraded the County's credit rating once again, resulting in a change in grade level from Aa2 to Aa3. This rating was re-affirmed in the summer of 2013 and has remained stable since. The increase in our closing balance signifies that the County's financial outlook is improving and once this trend is solidified, improvement in the County's credit rating should follow.

UNAPPROPRIATED UNDESIGNATED FUND BALANCE BY FUND

	Change During 2005	Fund Balance Available Close 2005	Change During 2006	Fund Balance Available Close 2006	Change During 2007	Fund Balance Available Close 2007	Change During 2008	Fund Balance Available Close 2008	Change During 2009	Fund Balance Available Close 2009
General	\$1,833,484	\$27,750,073	\$2,378,915	\$30,128,988	\$2,823,360	\$32,952,348	(\$3,620,731)	\$29,331,617	(\$12,695,500)	\$16,636,117
Road	(\$298,039)	\$82,033	\$280,605	\$362,638	\$63,492	\$426,130	(\$407,955)	\$18,175	(\$1,970)	\$16,205
Road Machinery	(\$38,272)	\$58,092	\$46,607	\$104,699	(\$99,004)	\$5,695	\$52,141	\$57,836	\$122,778	\$180,614
Sewer	\$658,632	\$1,773,729	\$1,727,231	\$3,500,960	(\$1,854,271)	\$1,646,689	(\$397,667)	\$1,249,022	\$964,147	\$2,213,169
Nursing Home	\$2,337,927	\$2,390,333	(\$659,324)	\$1,731,009	(\$5,412,737)	(\$3,681,728)	\$3,011,163	(\$670,565)	\$1,346,069	\$675,504
Total	\$4,493,732	\$32,054,260	\$3,774,034	\$35,828,294	(\$4,479,160)	\$31,349,134	(\$1,363,049)	\$29,986,085	(\$10,264,476)	\$19,721,609

	Change During 2010	Fund Balance Available Close 2010	Change During 2011	Fund Balance Available Close 2011	Change During 2012	Fund Balance Available Close 2012	Change During 2013	Fund Balance Available Close 2013	Change During 2014	Fund Balance Available Close 2014
General	\$2,940,634	\$19,576,751	\$3,613,926	\$23,190,677	\$4,160,229	\$27,350,906	\$7,511,996	\$34,862,902	\$4,874,156	\$39,737,058
Road	\$157,893	\$174,098	(\$14,473)	\$159,625	\$117,227	\$276,852	\$805,493	\$1,082,345	\$814,185	\$1,896,530
Road Machinery	(\$76,380)	\$104,234	(\$38,636)	\$65,598	(\$35,896)	29,702	(\$18,851)	\$10,851	\$255,412	\$266,263
Sewer	\$1,218,257	\$3,431,426	\$213,049	\$3,644,475	(\$35,896)	\$3,608,579	(\$95,705)	\$3,507,479	\$299,525	\$3,807,004
Nursing Home	(\$117,265)	\$558,239	\$3,023,911	\$3,582,150	\$787,807	\$4,369,957	\$115,735	\$4,485,692	\$2,219,941	\$6,705,633
Total	\$4,123,139	\$23,844,748	\$6,797,777	\$30,642,525	\$4,993,471	\$35,635,996	\$8,318,668	\$43,949,269	\$8,463,219	\$52,412,488

	Change During 2015	Fund Balance Available Close 2015	Change During 2016	Fund Balance Available Close 2016	Proposed Change During 2017	Proposed Fund Balance Close 2017	Proposed Change During 2018	Proposed Fund Balance Close 2018
General	\$2,568,027	\$42,305,085	\$2,213,508	\$44,518,593	\$0	\$44,518,593	\$0	\$44,518,593
Road	\$284,874	\$2,181,404	(\$20,800)	\$2,160,604	\$0	\$2,160,604	\$0	\$2,160,604
Road Machinery	\$196,797	\$463,060	(\$26,257)	\$436,803	\$0	\$436,803	\$0	\$436,803
Sewer	(\$870,170)	\$2,936,834	\$1,192,042	\$4,128,876	(\$150,000)	\$3,978,876	(\$1,000,000)	\$2,978,876
Nursing Home	\$4,460,553	\$11,166,186	\$1,200,077	\$12,366,263	\$0	\$12,366,263	(\$2,150,000)	\$10,216,263
Total	\$6,640,081	\$59,052,569	\$4,558,570	\$63,611,139	(\$150,000)	\$63,461,139	(\$3,150,000)	\$60,311,139

RESERVES

BACKGROUND

Albany County has established a number of reserve funds, which are segregated from the operating budget and intended to provide resources to meet future needs, contingencies, and capital outlays. These reserves were created through discretionary means and to satisfy certain legal obligations. Included in this section is a summary of Albany County's reserve accounts, along with the intended use of any reserve funds in 2018.

RESERVE ACCOUNTS AND RECOMMENDED USES

The table on the following page provides a description of Albany County's reserve accounts and the intended 2017 appropriation.

<u>RESERVE TITLE</u>	Reserve Bal- ances Close of 2015	Reserve Bal- ances Close of 2016	Estimated Reserve Bal- ances Close of 2017	Proposed Use of Reserves for 2018	Projected Re- serve Balances Close of 2018	<u>PURPOSE</u>
E 911	1,627,014	1,480,137	1,480,137		\$ 1,480,137	Emergency Telephone System
DWI	260,740	358,691	358,691		\$ 358,691	Stop DWI Program
Stormwater Coalition	62,126	-	-		\$ -	Stormwater Management
EMS Ambulance Program	49,697	100,030	100,030		\$ 100,030	Ambulance Program
Tax Stabilization	150,065	1,850,155	1,850,155		\$ 1,850,155	Reduce Levy
Employee Benefits	-	-	-		\$ -	Post employment health insurance benefits
Debt	6,036,034	7,756,525	7,756,525		\$ 7,756,525	Payment of debt service
Civic Center Debt	6,744,967	7,000,588	7,000,588		\$ 7,000,588	Payment for civic center debt
Civic Center Capital Reserve	1,363,332	1,363,332	1,363,332		\$ 1,363,332	Capital Improvement or eligible equipment
Capital Projects	1,000,000	1,000,000	1,000,000		\$ 1,000,000	Capital Improvement or eligible equipment
Capital Repairs	2,955,750	2,955,750	2,955,750		\$ 2,955,750	Repairs to Capital Improvements or eligible equipment
Economic Development	1,111,250	1,111,250	1,111,250		\$ 1,111,250	Park
Workers Compensation	9,780,724	10,074,168	10,074,168		\$ 10,074,168	Workers Compensation
Insurance	279,170	279,588	279,588		\$ 279,588	General Liability Insurance
Sewer Capital Repairs	217,277	217,408	217,408		\$ 217,408	Repairs to Capital Improvements or eligible equipment
Sewer Repairs	19,894	230,321	230,321		\$ 230,321	Repairs
Sewer Debt	832,168	834,355	834,355		\$ 834,355	Payment of debt service
Sewer Retirement	251,561	251,561	251,561		\$ 251,561	Payment for retirement contribution
Nursing Home Capital Projects	245,556	245,556	245,556		\$ 245,556	Costs associated with new facility
Nursing Home Debt	311,364	318,135	318,135		\$ 318,135	Payment of debt service
Hospital and Medical Insurance	5,000,000	5,000,000	5,000,000		\$ 5,000,000	Requirement of insurance administrator