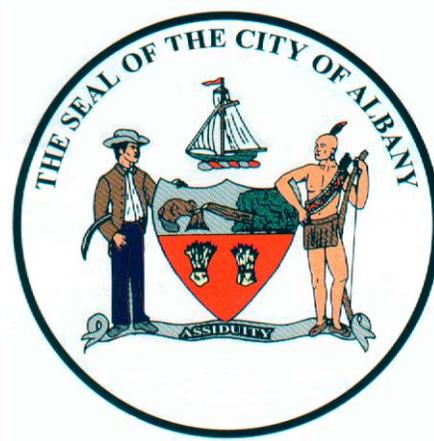


**CITY OF ALBANY,  
NEW YORK**

AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

Year ended December 31, 2009



# CITY OF ALBANY, NEW YORK

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## INDEPENDENT AUDITOR'S REPORT

Members of the City Council  
City of Albany, New York

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albany, New York (the "City"), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Albany Parking Authority, the Albany Water Board or the Albany Industrial Development Agency, which represent approximately 66 percent and 82 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albany, New York as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*UHY* LLP

Albany, New York  
September 28, 2010

# Management Discussion & Analysis

## OVERVIEW

The Management Discussion and Analysis (MD&A) of the City of Albany, New York is an introduction to the major activities affecting the operation of the City of Albany and an overview and analysis of the financial statements of the City of Albany for the calendar year that ended December 31, 2009. It also provides comparative analysis of the City's overall financial position and results of operations as compared to those reported in the City's financial statements for the calendar year ended December 31, 2008.

The information contained in this MD&A should be considered in conjunction with the information contained in the government-wide financial statements, the governmental funds financial statements, and footnotes to the governmental funds financial statements.

The City's financial statements are prepared using generally accepted accounting principles and are presented in a format prescribed by the Government Accounting Standards Board's (GASB) Statement No. 34 "State and Local Government Financial Statements and MD&A" and other related statements.

## FINANCIAL STATEMENTS

In accordance with required reporting standards, the City's financial statements include 1) *government-wide* financial statements and 2) *governmental funds* financial statements.

### Government-Wide Financial Statements

*Statement of Net Assets*

*Statement of Activities*

The *Statement of Net Assets* includes Assets and Liabilities of the City as a whole, with the difference between Assets and Liabilities reported as Net Assets. The *Statement of Activities* presents financial information as to how the City's Net Assets changed during the fiscal year, with all changes being reported as the underlying event occurs, regardless of the timing of cash flows. Over time, increases or decreases in the City's Net Assets position are one indicator of whether its financial position is deteriorating or strengthening. However, in contrast to commercial enterprises, the City has no goal of accumulating net assets. Increases in net assets may also create recurring expenses for staffing, maintenance, repair, and litigation, which may not be immediately recognizable. Moreover, an asset may or may not prove useful in achieving the purpose for which it was acquired. The *Statement of Net Assets* and the *Statement of Activities* delineate between the primary government (the City of Albany, plus the Albany Community Development Agency) and the City's component units<sup>1</sup>. Component units are legally separate from the City, but because the City has some financial accountability for them, they are reported in the City's financial statements. Both statements utilize the accrual basis of accounting, the same accounting method used by most private-sector organizations.

### Governmental Funds Financial Statements

*Balance Sheet*

*Statement of Revenues, Expenditures and Changes in Fund Balances*

The Governmental Funds Financial Statements consist of a *Balance Sheet* and *Statement of Revenue, Expenditures and Changes in Fund Balances*. The *Balance Sheet* includes short-term assets such as cash, and short-term liabilities such as accounts payable, but neither long-term liabilities such as bonds payable, nor capital assets, such as land and buildings. The Statement of Revenues, Expenditures and Changes in Fund Balances report only those revenues and expenditures that were collected in cash or paid with cash during the current period or shortly after the end of the year. The Fund Financial Statements provide financial information about the most significant funds of the City. Governmental Funds focus on near-term inflows and outflows, and resources still available at the end of the fiscal year. This measurement focus is known as the modified accrual basis of accounting.

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<sup>1</sup> The component units consist of the Albany Water Board and Municipal Water Finance Authority, the Albany Parking Authority, the Albany Industrial Development Agency, the Albany Port Commission, Albany Local Development Corporation and the three Business Improvement Districts. Independent accounting firms separately audit these entities. Financial information from these entities has been reported the City's financial statements. The fiduciary funds consist of an antiquated police and firefighter pension fund prior to participation in the NYS Retirement System, the City Trust and the payroll accounts. Copies of the complete financial reports for the component units can be obtained by contacting the Treasurer's office of the City of Albany.

## **Reconciliation of Government-wide Financial Statements with Governmental Funds Financial Statements.**

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

## **Reconciliation of Balance Sheet with Statement of Net Assets**

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

Net capital assets (fixed assets and infrastructure, minus accumulated depreciation) are reflected in the *statement of net assets*, but are not reported on the *balance sheet*. Other long-term assets, such as receivables resulting from property transactions, are not reported as assets on the *balance sheet* but are reflected in the *statement of net assets*.

A more complete reconciliation between financial statements is presented in the financial statements.

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

The *revenues, expenditures and fund balance* reported in the *statement of revenues, expenditures and changes in fund balances* - Governmental Funds differ from those reported on the *statement of activities* (government-wide financial statements) in several respects:

- Capital outlays are shown as expenditures on the *Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds*. However, only the depreciation expense of capital assets is reported on the *Statement of Activities*.
- Vacation expenses, employee retirement benefits, and judgments and claims are expensed as they are paid on the *Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds*. However, the *Statement of Activities* shows those expenses incurred during the reporting period. Long-term debt principal paid is reported as an expenditure on the *Revenues, Expenditures and Changes in Fund Balances - Governmental Funds*, but is not reported as an expenditure on the *Statement of Activities*. Rather, principal paid is reported as a reduction of the bonds and loans payable liability in the *Statement of Net Assets*. Long-term debt interest is reported as expenditure when the interest is paid on the *Revenues, Expenditures and Changes in Fund Balances – Governmental Funds*. Interest expense reported in the statement of activities is the interest expense incurred during the year, irrespective of when the interest is paid.

## **OVERVIEW OF THE CITY'S FINANCIAL POSITION**

### **City of Albany Highlights**

2009 General fund revenues totaled \$154.95 million and were under budget by \$4.22 million. While the 2009 City budget planned for a reduction in fund balance (loss) of \$1.66 million, the actual reduction (loss) totaled \$3.8 million. This loss is offset by gain in the Special Reserve fund of \$1.86 million and because the two funds are combined in the financial statements the General Fund loss shown is \$1.96 million. General Fund Revenues were \$4.21 million less than budget. General Fund expenses were \$4.47 million lower than budget.

## Government-Wide Financial Statements

### Statement of Net Assets

Primary government total assets exceeded total liabilities by \$25.46 million -- a decrease of approximately \$3.46 million from 2008.

Total assets (\$304.8 million) increased from 2008 by \$48.47 million. The areas of increase are Cash and cash equivalents (increased by \$27.06 million), cash and cash equivalents, restricted (increased \$7.5 million). Scheduling of cash payments from State of New York for 19-A and State Aid provides the City with critical operating cash. The timing of these payments made it necessary to issue Revenue Anticipation Notes in 2009. In the absence of this borrowing Cash and cash equivalents would have been \$50.3 million and the increase would have been \$11 million. Also, during 2009 due from other government and capital assets increased approximately \$17 million, partially due to American Recovery and Reinvestment Act, with various decreases in other asset categories.

Total Liabilities (\$279.34 million) increased by \$51.93 million. This increase in liabilities reflects the increased liability of the *accrued post employment benefit obligation (pursuant to GASB 45)*; the *accrued OPEB liability increased by \$14 million*, *bond obligations increased by \$10.6 million*, and *note obligations increased by \$27.9 million*. If the temporary revenue anticipation notes were excluded, then note obligations would have increased by \$15.4 million and total obligations would have increased by \$39.43 million. The City of Albany's large post employment benefit liability (\$251.9 million) is driven by the costly health care plan guaranteed by contract to public safety employees and which has traditionally been extended to retirees. The liability recognized in the Statement of Net Assets is \$39.67 million; \$251.9 million amortized over 30 years at a 5% discount rate.

Of the assets, \$90.13 million is *invested in capital assets, net of related debt*, and \$3.86 million is *restricted for debt service*, leaving a deficit balance in unrestricted net assets of \$68.53 million -- an increase to the deficit from 2008 of \$3.12 million.

Total capital assets including property and equipment after depreciation are valued at \$181.65 million, with increases of \$25.8 million of additions to capital assets. The additions to capital assets include \$20.7 million in streets and sidewalk reconstruction, and \$3.95 million in equipment and expenses related to landfill operation, construction and expansion. Of the approximately \$34.89 million of assets not subject to depreciation, approximately \$4.5 million is land, and \$30.43 million is construction in progress, primarily state and federally funded transportation projects. A more detailed description of capital assets is found in Footnote 7.

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### Governmental Activities - Primary Government Net Assets at December 31, 2009 (in Millions)

	<u>2009</u>	<u>2008</u>	<u>Increase/ (Decrease)</u>
Total assets	\$304.80	\$256.33	\$ 48.47
Total liabilities	<u>279.34</u>	<u>227.41</u>	<u>51.93</u>
<b>Excess (deficiency) of assets over (under) liabilities</b>	<b>25.46</b>	<b>28.92</b>	<b>(3.46)</b>
Invested in capital assets, net of related debt	90.13	91.04	(0.91)
Restricted for debt service and program activities	3.86	3.29	0.57
Unrestricted net assets (deficiency)	<u>(68.53)</u>	<u>(65.41)</u>	<u>(3.12)</u>
<b>Total Net Assets</b>	<b><u>\$ 25.46</u></b>	<b><u>\$ 28.92</u></b>	<b><u>\$ (3.46)</u></b>

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## Component Units

Total assets exceeded total liabilities by \$22.36 million – an increase of \$6.16 million from 2008. Total assets (\$132.20 million) decreased by \$3.46 million. Invested in capital assets, net of related debt increased by \$6.49 million.

Total liabilities (\$109.84 million) decreased by \$9.62 million as a result of reduction in *bond and loans payable* (\$8.09 million) and *due to primary government* (\$1.8 million) offset by an increase of \$1.05 million in the accrued post employment benefit obligation. Unrestricted net assets did not change significantly from 2008 to 2009. Water Board/Authority due to primary government (\$255 thousand) declined by \$1.81 million.

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### Governmental Activities - Component Units Net Assets at December 31, 2009 (in Millions)

	<u>2009</u>	<u>2008</u>	<u>Increase/ (Decrease)</u>
Total assets	\$ 132.20	\$ 135.66	\$ (3.46)
Total liabilities	<u>109.84</u>	<u>119.46</u>	<u>(9.62)</u>
<b>Excess of assets over liabilities</b>	<b>22.36</b>	<b>16.20</b>	<b>6.16</b>
Invested in capital assets, net of related debt	(16.82)	(23.31)	6.49
Restricted for debt service and program activities	5.67	6.06	(0.39)
Unrestricted net assets	<u>33.51</u>	<u>33.45</u>	<u>0.06</u>
<b>Total Net Assets</b>	<b><u>\$ 22.36</u></b>	<b><u>\$ 16.20</u></b>	<b><u>\$ 6.16</u></b>

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## Statement of Activities

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

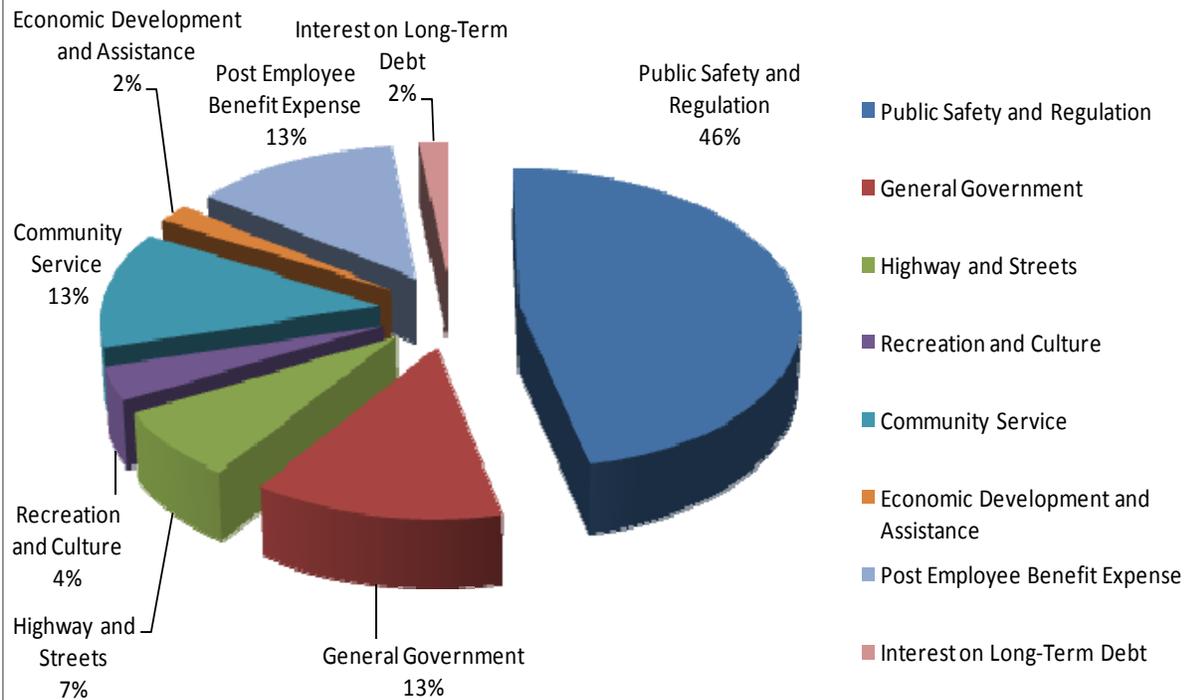
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### Governmental Activities - Expenses (in Millions)

<u>Governmental Functions</u>	<u>2009</u>	<u>2008</u>	<u>Increase/ (Decrease)</u>	<u>% of Change</u>
Public Safety and Regulation	\$ 88.00	\$ 84.92	\$ 3.08	4%
General Government	24.75	31.44	(6.69)	-21%
Highway and Streets	14.02	7.55	6.47	86%
Recreation and Culture	6.78	7.04	(0.26)	-4%
Community Service	23.89	22.13	1.76	8%
Economic Development and Assistance	3.75	3.31	0.44	13%
Post Employee Benefit Expense	24.74	24.74	-	0%
Interest on Long-Term Debt	<u>3.19</u>	<u>5.61</u>	<u>(2.42)</u>	<u>-43%</u>
<b>Total</b>	<b><u>\$ 189.12</u></b>	<b><u>\$ 186.74</u></b>	<b><u>\$ (2.67)</u></b>	<b><u>-1%</u></b>

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## Functional Expenses - Primary Government



Public Safety accounts for 46 percent of expenses, while General Government and Community Services account for 13 percent each. Post Employment Benefits, which consists of retiree health care costs as well as the accrued liability for health care costs for active employees upon retirement accounts for 8 percent of expenses. This statement further delineates the major sources of revenue, which in the case of the City consists of Property Taxes, Sales Tax, Landfill Revenue, Grants (including State Aid), and Payments in Lieu of Taxes (PILOTs).

Expenses decreased from 2008 by \$2.67 million.

Public safety expenses increased from 2008 by \$3.08 million, reflecting the budgeted increase in cost of salaries and unbudgeted increases in overtime and health benefits. Public Safety expenses of \$88 million are offset by \$8.85 million in charges for services and \$2.96 million in grant funds for urban security, truancy, and motor vehicle theft prevention programs. Community Service expenses of \$23.89 million increased by \$1.76 million and are offset by \$4.76 million in grants related to the Albany Community Development Agency, Youth and Workforce Development Agency and \$12 million in charges for services, the largest part of which is revenue generated from other localities who use the city-owned regional landfill.

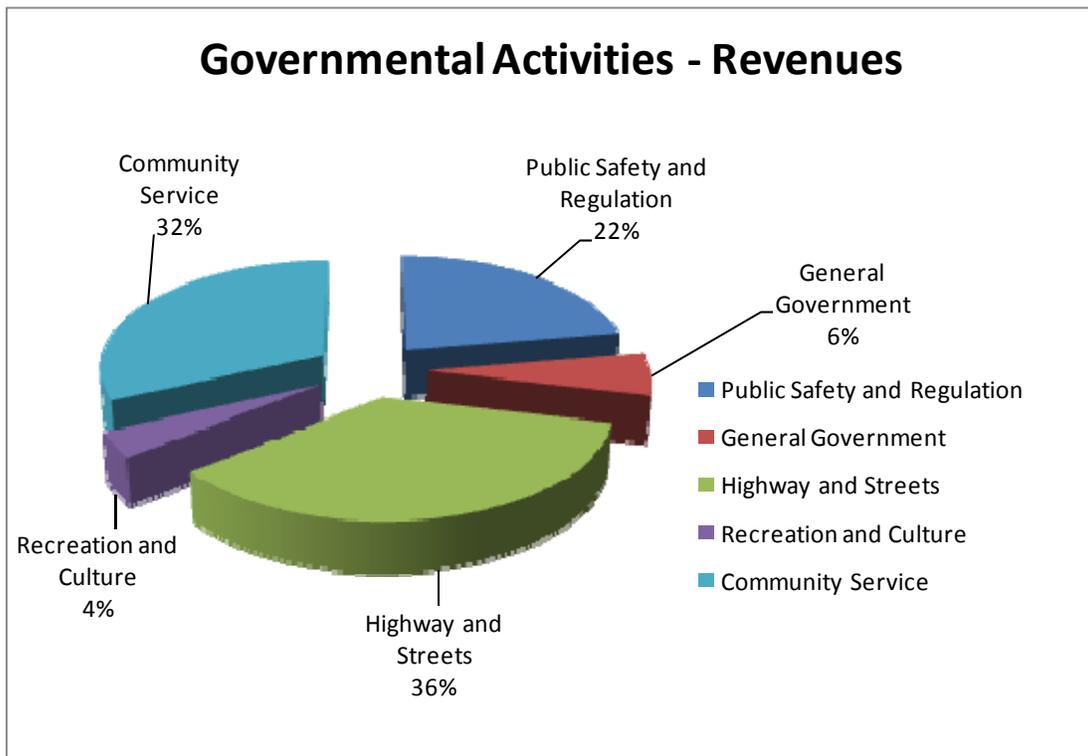
Revenues decreased from 2008 by \$5.19 million.

*Total general revenues* (\$132.77 million) increased by \$77 thousand. *Grants and entitlements not restricted to specific programs* (\$6.96 million) increased by \$75 thousand and *Intergovernmental revenue not program-restricted* (\$15.29 million) decreased by \$1.03 million, which includes a decrease in the mortgage tax of \$96 thousand dollars. Property tax revenue (\$52.35 million) increased by \$ 2.74 million, which was due to a 4.9% increase in the real property tax levy. Property tax revenue did not increase as much as anticipated due to assessment challenges. Intergovernmental revenue (15.29 million) is 12% of total revenues and decreased 6% due to decreased revenue from the mortgage tax. Sales tax revenue was \$2.38 lower than in 2008.

**Governmental Activities - Revenues**  
(in Millions)

<b>Governmental Functions</b>	<b>2009</b>	<b>2008</b>	<b>Increase/ (Decrease)</b>	<b>% of Change</b>
Public Safety and Regulation	\$ 11.81	\$ 13.10	\$(1.29)	-10%
General Government	3.31	4.11	(0.80)	-19%
Highway and Streets	18.95	12.18	6.77	56%
Recreation and Culture	2.05	2.10	(0.05)	-2%
Community Service	16.78	16.22	0.56	3%
<b>Total</b>	<b>\$ 52.90</b>	<b>\$ 47.71</b>	<b>\$ 5.19</b>	<b>11%</b>

The following chart indicates the relative percentages of general revenues:



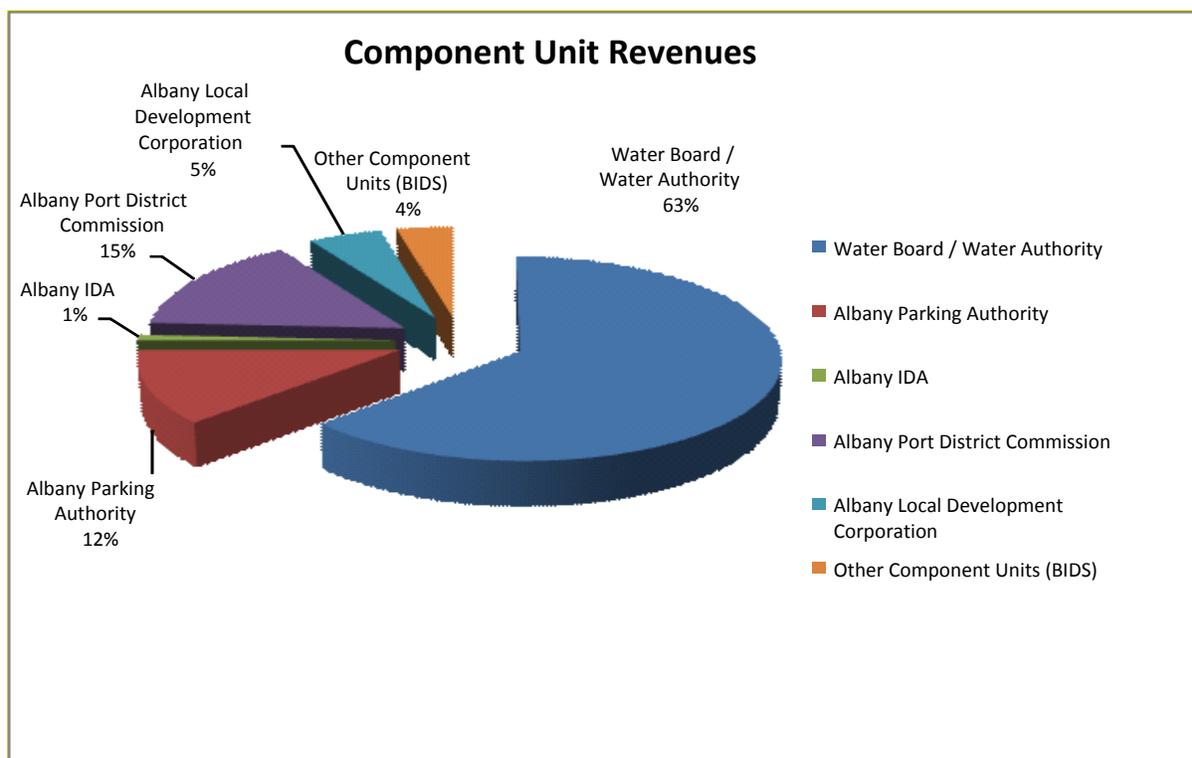
**Component Units**

Revenues of the Component Units totaled \$49.96 million, which is a decrease of \$2.06 million from 2008. The overall expenses of the Component Units totaled \$43.35 million – an increase of \$84 thousand. The Water Board/Water Authority accounts for 65 percent of the overall spending among component units. The following is a summary of the relative revenues and expenses of the component units, which excludes the Albany Community Development Agency, because it is a blended component unit and is therefore included with the Primary Government in the *Statement of Activities*.

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

<b>Component Units - Expenses</b> <i>(in Millions)</i>				
<b>Component Units</b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>Increase / (Decrease)</u></b>	<b><u>% of Change</u></b>
Water Board / Water Authority	\$31.54	\$34.37	(\$2.83)	-8%
Albany Parking Authority	5.94	5.93	(0.05)	-1%
Albany IDA	0.43	2.01	(1.58)	-79%
Albany Port District Commission	7.64	5.82	0.48	8%
Albany Local Development Corporation	2.49	1.63	0.01	1%
Other Component Units (BIDS)	1.92	2.26	0.22	10%
<b>Total</b>	<b><u>\$49.96</u></b>	<b><u>\$52.02</u></b>	<b><u>(\$2.06)</u></b>	<b><u>-4%</u></b>

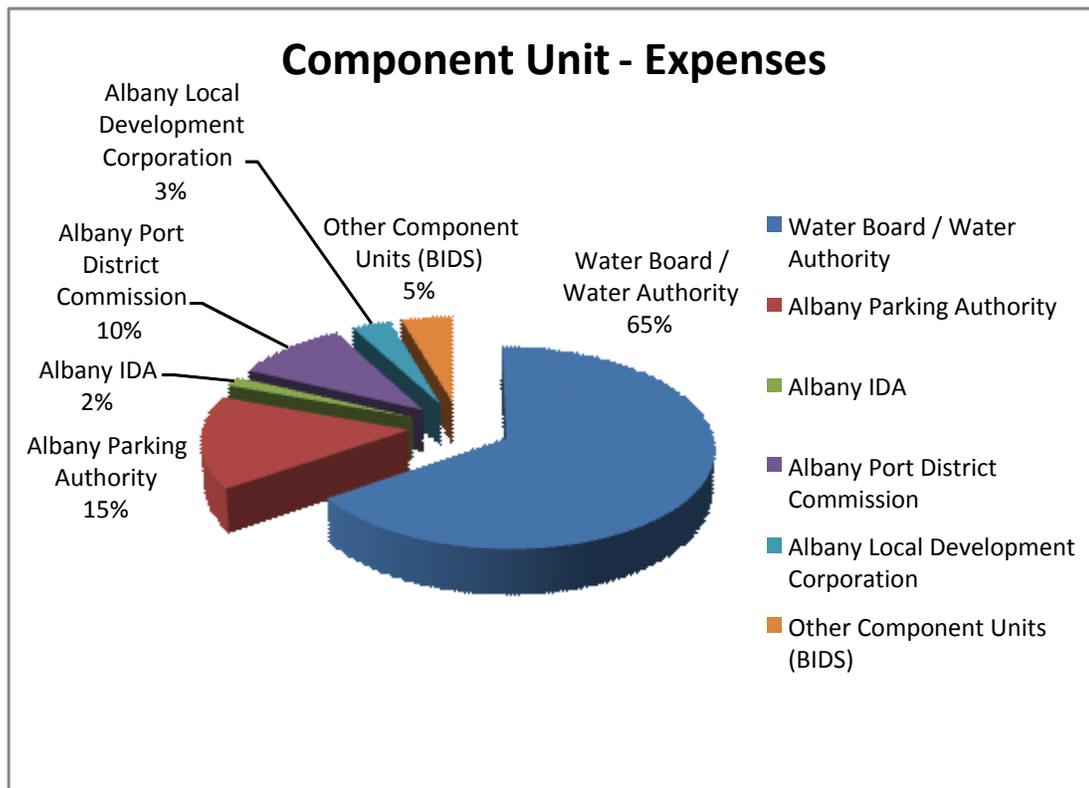
The following chart indicates the relative percentage of revenues for the Component units:



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

<b>Component Units - Expenses</b> <i>(in Millions)</i>				
<b>Component Units</b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>Increase / (Decrease)</u></b>	<b><u>% of Change</u></b>
Water Board / Water Authority	\$28.37	\$26.21	\$2.16	8%
Albany Parking Authority	6.55	5.69	0.86	15%
Albany IDA	0.68	1.96	(1.28)	-65%
Albany Port District Commission	4.32	5.00	(0.68)	-14%
Albany Local Development Corporation	1.48	1.48	0.00	0%
Other Component Units (BIDS)	1.96	2.16	(0.20)	-9%
<b>Total</b>	<b><u>\$43.36</u></b>	<b><u>\$42.50</u></b>	<b><u>\$0.86</u></b>	<b><u>2%</u></b>

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



**CITY OF ALBANY, NEW YORK**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, MODIFIED BUDGET AND ACTUAL -  
GENERAL AND SPECIAL REVENUE FUNDS  
(in Millions)**

	General Fund				Special Revenue Fund			
	Original Budget	Modified Budget	Actual	Actual Over/ (Under) Original Budget	Original Budget	Modified Budget	Actual	Actual Over/ (Under) Original Budget
<b>REVENUES</b>								
Real property taxes	\$53.14	\$53.95	\$52.35	(\$1.60)	\$0.00	\$0.00	\$0.00	\$0.00
Sales and use taxes	31.36	31.36	28.03	(3.33)	0.00	0.00	0.00	0.00
Other taxes	3.67	3.67	3.03	(0.64)	0.00	0.00	0.00	0.00
Payments in lieu of taxes	25.13	25.13	26.03	0.90	0.00	0.00	0.00	0.00
Intergovernmental revenue	20.29	21.97	20.04	(1.93)	2.86	3.77	3.18	(3.77)
Charges for services	12.90	12.93	13.43	0.50	0.00	0.00	0.00	0.00
Fines, interest and penalties	5.03	5.04	5.55	0.51	0.00	0.00	0.00	0.00
Use of money and properties	0.49	0.49	0.45	(0.04)	0.00	0.00	0.00	0.00
Licenses and permits	1.71	1.72	1.78	0.06	0.00	0.00	0.00	0.00
Other revenues	2.88	2.92	4.26	1.34	0.00	0.00	0.07	0.07
<b>Total revenues</b>	<b>156.60</b>	<b>159.18</b>	<b>154.95</b>	<b>(4.23)</b>	<b>2.86</b>	<b>3.77</b>	<b>3.25</b>	<b>(0.52)</b>
<b>EXPENDITURES</b>								
Public safety and regulation	77.65	81.84	82.37	0.53	0.00	0.00	0.00	0.00
General government	27.18	24.52	22.65	(1.87)	0.00	0.00	0.00	0.00
Highways and streets	7.32	7.45	6.71	(0.74)	0.00	0.00	0.00	0.00
Recreation and culture	5.89	5.97	5.82	(0.15)	0.00	0.00	0.00	0.00
Community service	9.94	10.08	9.59	(0.49)	0.00	0.00	0.00	0.00
Employee benefits	13.45	13.50	14.35	0.85	0.00	0.00	0.00	0.00
Economic development and assistance	0.00	0.00	0.08	0.08	2.86	3.26	3.33	0.07
Debt service	16.84	16.84	14.14	(2.70)	0.00	0.00	0.00	0.00
<b>Total expenditures</b>	<b>158.27</b>	<b>160.20</b>	<b>155.71</b>	<b>(4.49)</b>	<b>2.86</b>	<b>3.26</b>	<b>3.33</b>	<b>0.07</b>
Excess (deficiency) of revenues and appropriated fund balance over expenditures	<u>(1.67)</u>	<u>(1.02)</u>	<u>(0.76)</u>	<u>0.26</u>	<u>0.00</u>	<u>0.51</u>	<u>(0.08)</u>	<u>(0.59)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
General fund allocation	1.66	1.01	1.96	0.95	0.00	0.00	0.00	0.00
Proceeds from bonds/lease	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payment to bond escrow agent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	(1.20)	(1.20)	0.00	0.00	0.00	0.00
Proceeds from sale of property	0.01	0.01	0.00	(0.01)	0.00	0.00	0.00	0.00
<b>Total other financing sources (uses)</b>	<b>1.67</b>	<b>1.02</b>	<b>0.76</b>	<b>(0.26)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Excess (deficiency) of revenues, appropriated fund balance and other financing sources over expenditures and other financing uses	<u>\$0.00</u>	<u>(\$0.00)</u>	<u>(\$0.00)</u>	<u>(\$0.00)</u>	<u>\$0.00</u>	<u>\$0.51</u>	<u>(\$0.08)</u>	<u>(\$0.59)</u>

**Governmental Funds Financial Statements**

**Balance Sheet**

Assets decreased by \$1.78 million. The largest decrease (\$2.47 million) is in due from component units. Cash and cash equivalents increased slightly. Restricted Cash increased by \$7.54 million due to issuing revenue anticipation notes at the end of the year.

Liabilities decreased slightly in total; a decrease of \$2.38 million in accounts payable and accrued interest was offset by the increased liability of issuing Revenue anticipation notes for \$12.5 million.

The City's fund balance at year-end totaled \$20.57 million, of which \$3.26 million is reserved for debt service and \$909 thousand is reserved for landfill post closure expenses. Total fund balance (\$20.57 million) decreased by \$2.07 million. Undesignated fund balance (\$16.32 million) decreased \$2.84 million and is 10.48% of expenses.

### Combined Statement of Revenue and Expenditures -- Budget to Actual

General Fund revenues (excluding other financing sources) totaled \$154.95 million. Sales and use tax revenue came in under budget by \$3.33 million. General fund expenses total \$155.72 million. Unreserved fund balance was reduced by \$2.61 million in 2009. This was more than the planned reduction to fund balance (\$1.66) million due to lower than expected revenues. At year-end, fund balance totaled \$20.57 million comprised of \$4.24 million in reserved funds and \$16.32 in unreserved funds.

The City's budget, which is effective on January 1<sup>st</sup>, is proposed by the Mayor prior to October 1<sup>st</sup> and is enacted by the Common Council by November 30th. This is the *Original Budget*. Changes to the budget throughout the year are made by the Board of Estimate and Apportionment, composed of the Mayor, the Treasurer, the Chief City Auditor, the President of the Common Council, and the Corporation Counsel. This is the *Modified Budget*. *Actual* reflects the operational results, including any audit adjustments. In this analysis actual is compared to original budget.

#### Revenues

General Fund revenues of \$154.95 million were \$1.64 million less than budget, and \$2.85 million less than 2008. The most significant variances in revenue include the following:

**Real property taxes** were under budget by \$800 thousand. The 4.9% tax increase provided additional revenue, but Supreme Court orders reduced the actual revenue to 98.5% of original budget.

**Sales Tax revenue** was \$3.3 million under budget, and \$2.38 million less than 2008, which reflects conservative county-wide economic activity.

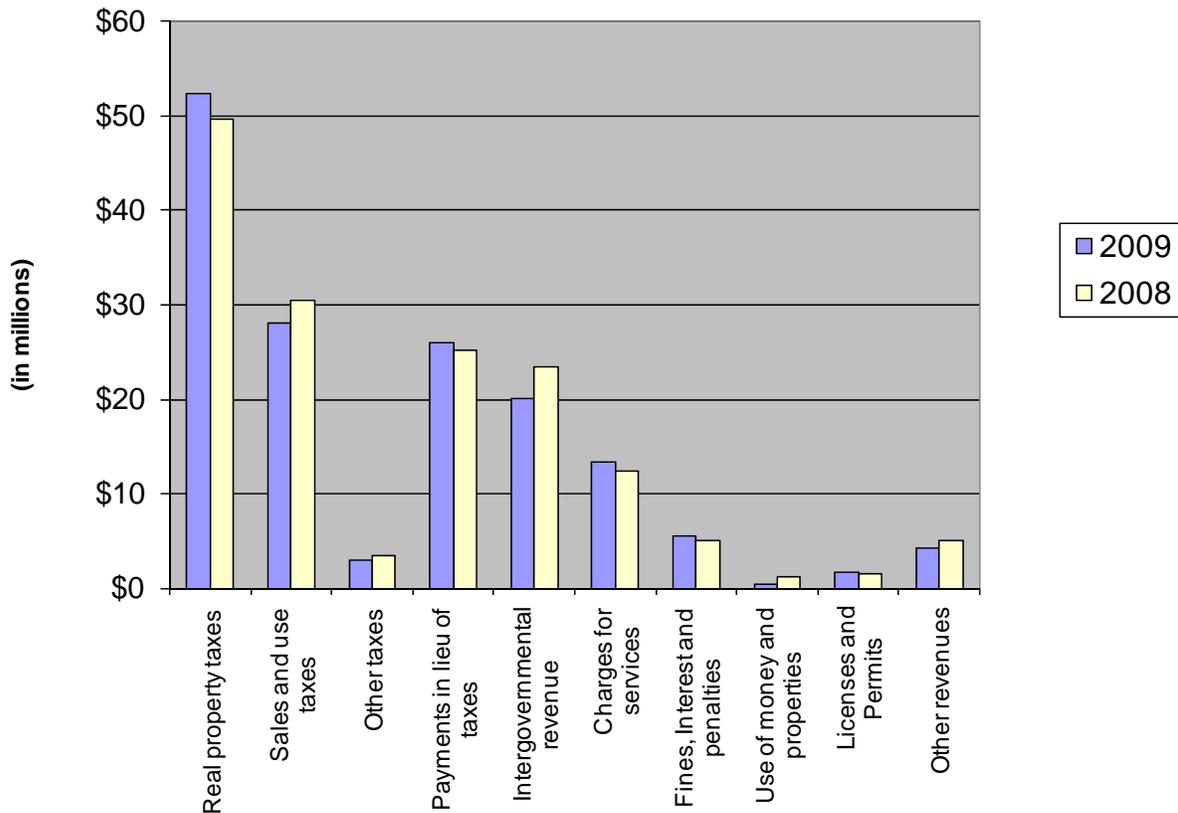
**Intergovernmental Revenue** was slightly less than budget. *State Aid Revenue Sharing* was \$1.41 less than budget. Revenue from the *mortgage recording tax* was \$300 thousand under budget, and was lower than 2008 as anticipated.

**Other Revenues** decreased \$794 thousand as anticipated by budget and was higher than budget by \$1.38 million (148% of original budget). Most of the unplanned revenue came from Medicare Part D rebates (\$381 thousand), Reimbursable police overtime revenue (\$242 thousand), Reimbursable fire overtime revenue (\$109 thousand), and health insurance rebates (\$179 thousand.)

#### Governmental Funds – General Fund Revenues 2009 to 2008 Variance (in Millions)

<u>Revenues</u>	<u>2009</u>	<u>2008</u>	<u>2009 Over/(Under) 2008</u>
Real property taxes	\$52.35	\$49.61	\$2.74
Sales and use taxes	28.03	30.41	(2.38)
Other taxes	3.03	3.44	(0.41)
Payments in lieu of taxes	26.03	25.28	0.75
Intergovernmental revenue	20.04	23.49	(3.45)
Charges for services	13.43	12.51	0.92
Fines, interest and penalties	5.55	5.10	0.45
Use of money and properties	0.45	1.26	(0.81)
Licenses and permits	1.78	1.65	0.13
Other revenues	4.26	5.05	(0.79)
Total revenues	<u>\$154.95</u>	<u>\$157.80</u>	<u>(\$2.85)</u>

Governmental Funds - General Fund Revenues 2009 to 2008 Variance



**Expenses**

Total expenditures of \$155 million were \$2.52 million less than budget and \$3.8 million more than 2008.

**Public Safety** spending (\$82.4 million) increased by \$1.56 million and was \$4.71 million more than original budget. Overtime and line-up pay along with retro pay from the settlement of collective bargaining agreements were the main causes for the increase.

- *Public Safety Overtime* exceeded budgeted amounts by \$2.65 million. Police regular overtime totaled \$4.44 million on a budget of \$ 3.74 million. Reimbursable overtime totaled \$1.58 million on a budget of \$725 thousand. Fire Department overtime totaled approximately \$1.86 million on a budget of \$900 thousand.

**General Government** spending (\$22.65 million) was \$4.52 million less than original budget and \$181 thousand less than 2008. The original budget planned for retroactive Police contract expense in the contingency account, which is under General Government but the expense was actually recorded under Police.

**Highway and streets** spending (\$5.82 million) was \$605 thousand less than budgeted and \$216 thousand less than 2008.

**Recreation and Culture** spending (\$6.1 million) was \$ 66 thousand less than budget and \$279 thousand less than 2008.

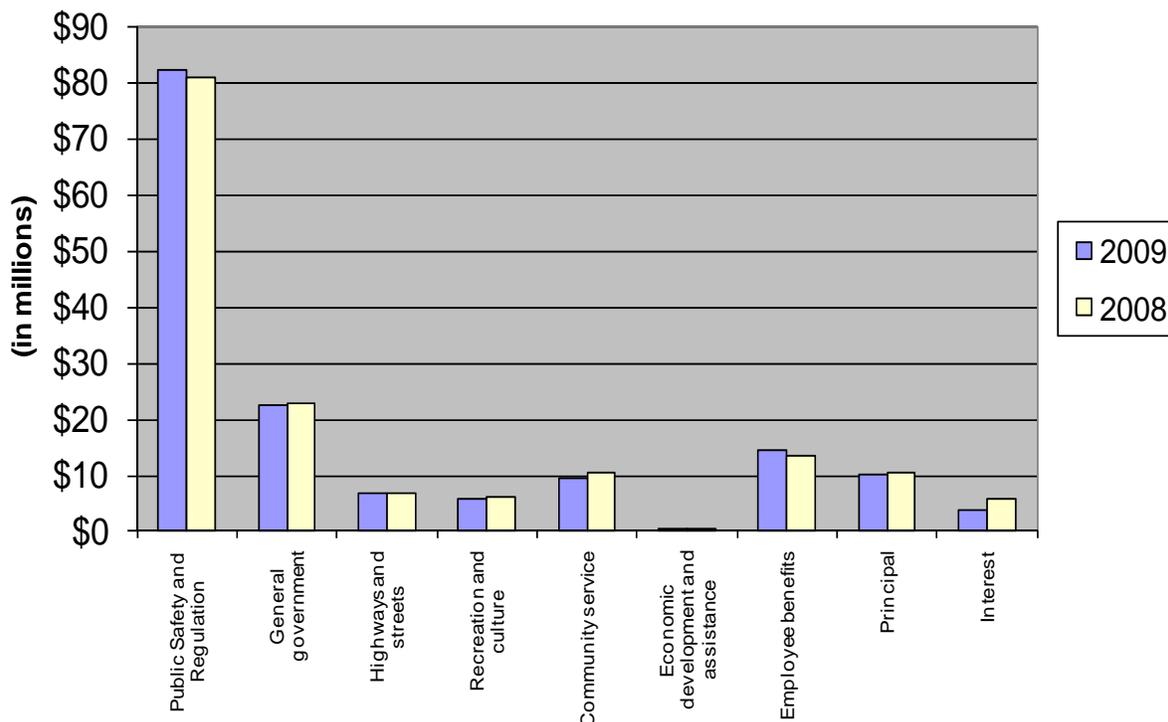
**Undistributed Employee Benefits** expense (\$14.4 million) was \$900 thousand over budget and \$850 thousand higher than 2008.

**Debt Service** payments (\$14.1 million) decreased by almost \$1.98 million. This decrease is in large part due to paying down older bond issues and deferring some principal expense by issuing Bond Anticipation Notes for the past two years.

**Governmental Funds – General Fund Expenditures  
2009 to 2008 Variance**

<u>Expenditures</u>	<u>2009</u>	<u>2008</u>	<u>2009 Over/(Under) 2008</u>
Public safety and regulation	\$ 82.37	\$ 80.81	\$ 1.56
General government	22.65	22.84	(0.19)
Highways and streets	6.71	6.93	(0.22)
Recreation and culture	5.82	6.10	(0.28)
Community service	9.59	10.40	(0.81)
Economic development and assistance	0.08	0.33	(0.25)
Employee benefits	14.35	13.50	0.85
Principal	10.18	10.39	(0.21)
Interest	3.96	5.73	(1.77)
<b>Total expenditures</b>	<b>\$ 155.71</b>	<b>\$ 157.03</b>	<b>\$ (1.32)</b>
Excess of operating revenues over expenditures	\$ (0.77)	\$ 0.78	\$ (1.54)

**General Government - General Fund Expenditures 2009 to 2008 Variance**



## DEBT

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

In July 2009, the City issued \$29,337,049 in BANS at an interest rate of 4.25%. The notes are for expenses of current capital projects, including some transportation projects for which there is state and federal reimbursement.

### Capital Leases

The City entered into no new capital lease agreements in 2009.

### Debt Ceiling

Of the outstanding indebtedness, approximately \$152,259,000 was subject to the statutory debt limit, using approximately 49% of the City's \$313,156,000 statutory debt limit.

## CREDIT RATINGS AND BOND INSURANCE

The City of Albany currently has three outstanding credit ratings and they are: Moody's Investors Service A1, Standard & Poor's AA-, and Fitch Ratings AA-. All outstanding debt is backed by insurance policies from municipal insurance companies except issues secured through the New York State Environmental Facilities Corporation (EFC).

## CAPITAL ACQUISITION AND CONSTRUCTION ACTIVITIES

During 2009 the City expended \$25.6 million on capital projects and acquisitions. This includes Federal and State funds for transportation and infrastructure projects, funds secured through General Obligation Bonds and Bond Anticipation Notes, and appropriations from the City's General Fund. The following are some of the major sources of capital expenditures:

<b><u>Capital Acquisition, Construction and Expenditures</u></b>	
Street and Sidewalk Construction	\$15.9 Million
Street and Sidewalk Maintenance Equipment	\$4.77 Million
Landfill Equipment and Expansion	\$3.95 Million
Public Safety Equipment	\$860 Thousand

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

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**CITY OF ALBANY, NEW YORK**  
**STATEMENT OF NET ASSETS**  
**December 31, 2009**

	<u>Primary Government</u>	<u>Component Units</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 62,810,943	\$ 11,597,687
Cash and cash equivalents - restricted	14,130,143	4,511,235
Investments, restricted	-	14,047,806
Taxes receivable	5,999,881	-
Accounts receivable, net	1,693,443	13,440,017
Mortgage loans receivable	12,511,999	1,885,362
Due from primary government	-	192,153
Due from other governments	20,112,323	-
Due from other funds	26,578	-
Due from component units	1,767,576	-
Intangible assets, net	-	2,981,348
Prepaid and other assets	4,041,874	3,603,243
Property held for investment, lease or sale	51,889	4,307,128
Capital assets, net	<u>181,652,757</u>	<u>75,632,510</u>
Total assets	<u><u>\$ 304,799,406</u></u>	<u><u>\$ 132,198,489</u></u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 15,049,450	\$ 3,360,728
Capital lease obligations	5,295,232	-
Bonds and loans payable	96,423,164	99,117,291
Bond and revenue anticipation notes payable	56,482,049	-
Accrued post employment benefit obligation	49,714,503	1,070,698
Accrued interest payable	1,895,138	2,647,131
Deferred revenue	12,108,111	1,848,889
Due to other governments	10,459,252	-
Due to primary government	-	553,559
Compensated absences	18,940,960	-
Landfill post-closure costs	6,045,811	-
Judgments and claims	5,731,508	-
Other liabilities	<u>1,191,137</u>	<u>1,240,033</u>
Total liabilities	<u>279,336,315</u>	<u>109,838,329</u>
<b>NET ASSETS (DEFICIENCY)</b>		
Invested in capital assets, net of related debt	90,131,831	(16,824,407)
Restricted for:		
Program specific activities	-	5,493,017
Debt service	3,864,837	177,732
Unrestricted net assets (deficiency)	<u>(68,533,577)</u>	<u>33,513,818</u>
Total net assets	<u>25,463,091</u>	<u>22,360,160</u>
Total liabilities and net assets	<u><u>\$ 304,799,406</u></u>	<u><u>\$ 132,198,489</u></u>

See notes to financial statements.

**CITY OF ALBANY, NEW YORK**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2009**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets	
					Primary Government	Component Units
Primary Government:						
Public safety and regulation	\$ 87,996,005	\$ 8,847,352	\$ 2,962,392	\$ -	\$ (76,186,261)	\$ -
General government	24,750,615	3,312,331	-	-	(21,438,284)	-
Highways and streets	14,015,027	83,575	-	18,863,813	4,932,361	-
Recreation and culture	6,780,204	2,048,280	-	-	(4,731,924)	-
Community service	23,894,795	12,020,058	4,762,098	-	(7,112,639)	-
Economic development and assistance	3,754,846	-	-	-	(3,754,846)	-
Post employment benefit expense	24,743,500	-	-	-	(24,743,500)	-
Interest on long-term debt	3,192,769	-	-	-	(3,192,769)	-
Total governmental activities	<u>189,127,760</u>	<u>26,311,596</u>	<u>7,724,490</u>	<u>18,863,813</u>	<u>(136,227,861)</u>	<u>-</u>
Component Units:						
Albany Water Board and Municipal Water Finance Authority	28,367,761	31,540,593	-	-	-	3,172,832
Albany Parking Authority	6,545,956	5,938,524	-	-	-	(607,432)
Albany Industrial Development Agency	679,213	426,690	-	-	-	(252,523)
Albany Port District Commission	4,316,190	4,067,312	3,577,141	-	-	3,328,263
Albany Local Development Corporation	1,482,985	2,493,324	-	-	-	1,010,339
Other component units	1,959,999	1,920,183	-	-	-	(39,816)
Total component units	<u>\$ 43,352,104</u>	<u>\$ 46,386,626</u>	<u>\$ 3,577,141</u>	<u>\$ -</u>	<u>-</u>	<u>6,611,663</u>
General Revenues:						
Property tax					52,349,690	-
Sales tax					28,031,384	-
Other tax					3,032,331	-
Payments in lieu of taxes					26,029,516	-
Grants and entitlements not restricted to specific programs					6,962,638	-
Intergovernmental revenue not program-restricted					15,290,669	-
Gain on sale of capital assets					4,065	-
Other revenues					718,301	-
Proceeds of obligations					-	-
Interfund revenues					7,758	-
Unrestricted investment earnings					343,468	481,720
Total general revenues					<u>132,769,820</u>	<u>481,720</u>
Change in net assets					(3,458,041)	7,093,383
Net assets, beginning of year					<u>28,921,132</u>	<u>5,996,402</u>
Net assets, end of year					<u>\$ 25,463,091</u>	<u>\$ 13,089,785</u>

See notes to financial statements.

**CITY OF ALBANY, NEW YORK**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2009**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,081,867	\$ 832,828	\$ 51,806,924	\$ 1,089,324	\$ 62,810,943
Cash and cash equivalents - restricted	13,418,128	-	606,656	105,359	14,130,143
Taxes receivable	5,999,881	-	-	-	5,999,881
Accounts receivable, net	730,663	-	-	-	730,663
Landfill receivable, net	962,780	-	-	-	962,780
Mortgage loans receivable	-	-	-	12,511,999	12,511,999
Due from other funds	4,692,357	-	3,000	374,630	5,069,987
Due from component units	2,464,604	-	-	-	2,464,604
Due from federal and state governments	3,654,657	221,304	7,205,477	1,224,802	12,306,240
Due from other governments	7,806,083	-	-	-	7,806,083
Other assets	3,824,031	20,488	-	197,355	4,041,874
	<u>\$ 52,635,051</u>	<u>\$ 1,074,620</u>	<u>\$ 59,622,057</u>	<u>\$ 15,503,469</u>	<u>\$ 128,835,197</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Bond and revenue anticipation notes payable	\$ 12,500,000	\$ -	\$ 43,982,049	\$ -	\$ 56,482,049
Accounts payable and accrued expenses	7,066,719	105,048	7,179,060	698,623	15,049,450
Due to other funds	492,272	738,807	3,295,602	516,728	5,043,409
Due to component units	697,028	-	-	-	697,028
Due to other governments	10,220,394	-	-	238,858	10,459,252
Deferred revenue	255,413	307,325	-	11,545,373	12,108,111
Accrued interest	632,032	-	-	-	632,032
Other liabilities	205,030	-	187,904	798,203	1,191,137
Total liabilities	<u>32,068,888</u>	<u>1,151,180</u>	<u>54,644,615</u>	<u>13,797,785</u>	<u>101,662,468</u>
Fund Balance:					
Reserved for:					
Encumbrances	76,233	-	6,012,582	-	6,088,815
Debt service	3,258,181	-	606,656	-	3,864,837
Landfill postclosure	909,900	-	-	-	909,900
Downpayment Assistance Program	-	-	-	100,000	100,000
Unreserved:					
Undesignated, reported in:					
General fund	16,321,849	-	-	1,382,930	17,704,779
Special revenue fund (deficiency)	-	(76,560)	-	222,754	146,194
Capital projects fund (deficiency)	-	-	(1,641,796)	-	(1,641,796)
Total fund balances (deficiency)	<u>20,566,163</u>	<u>(76,560)</u>	<u>4,977,442</u>	<u>1,705,684</u>	<u>27,172,729</u>
Total liabilities and fund balances	<u>\$ 52,635,051</u>	<u>\$ 1,074,620</u>	<u>\$ 59,622,057</u>	<u>\$ 15,503,469</u>	<u>\$ 128,835,197</u>

See notes to financial statements.

**CITY OF ALBANY, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2009**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Real property taxes	\$ 52,349,690	\$ -	\$ -	\$ -	\$ 52,349,690
Sales and use taxes	28,031,384	-	-	-	28,031,384
Other taxes	3,032,331	-	-	-	3,032,331
Payments in lieu of taxes	26,029,516	-	-	-	26,029,516
Intergovernmental revenue	20,043,804	3,249,037	19,339,734	6,903,406	49,535,981
Charges for services	13,431,651	-	-	516,172	13,947,823
Fines, interest and penalties	5,547,106	-	-	-	5,547,106
Uses of money and properties	446,116	-	-	-	446,116
License and permits	1,784,939	-	-	-	1,784,939
Other revenues	4,256,998	-	-	453,572	4,710,570
Total revenues	<u>154,953,535</u>	<u>3,249,037</u>	<u>19,339,734</u>	<u>7,873,150</u>	<u>185,415,456</u>
<b>EXPENDITURES</b>					
Public safety and regulation	82,367,318	-	442,960	-	82,810,278
General government	22,654,624	-	8,054,934	-	30,709,558
Highways and streets	6,714,878	-	13,162,493	-	19,877,371
Recreation and culture	5,822,650	-	22,089	-	5,844,739
Community service	9,586,415	-	9,060,113	6,584,205	25,230,733
Economic development and assistance	82,209	3,330,690	-	-	3,412,899
Employee benefits	14,353,523	-	-	-	14,353,523
Debt service:					
Principal	10,183,014	-	-	209,544	10,392,558
Interest	3,956,623	-	-	98,203	4,054,826
Total expenditures	<u>155,721,254</u>	<u>3,330,690</u>	<u>30,742,589</u>	<u>6,891,952</u>	<u>196,686,485</u>
Excess (deficiency) of revenues over expenditures	<u>(767,719)</u>	<u>(81,653)</u>	<u>(11,402,855)</u>	<u>981,198</u>	<u>(11,271,029)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of property	4,065	-	-	-	4,065
Proceeds of obligations	-	-	19,974,950	-	19,974,950
Transfers in	612,853	-	1,808,000	-	2,420,853
Transfers out	(1,808,000)	-	(605,095)	-	(2,413,095)
Total other financing sources (uses)	<u>(1,191,082)</u>	<u>-</u>	<u>21,177,855</u>	<u>-</u>	<u>19,986,773</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>(1,958,801)</u>	<u>(81,653)</u>	<u>9,775,000</u>	<u>981,198</u>	<u>8,715,744</u>
FUND BALANCE , beginning of year,	<u>22,524,964</u>	<u>5,093</u>	<u>(4,797,558)</u>	<u>724,486</u>	<u>18,456,985</u>
FUND BALANCE (DEFICIENCY), ending	<u>\$ 20,566,163</u>	<u>\$ (76,560)</u>	<u>\$ 4,977,442</u>	<u>\$ 1,705,684</u>	<u>\$ 27,172,729</u>

See notes to financial statements.

**CITY OF ALBANY, NEW YORK**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**WITH THE STATEMENT OF NET ASSETS**  
**December 31, 2009**

Total fund balance - governmental funds \$ 27,172,729

Amounts reported in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Property held for sale is	\$ 51,889	
The cost of capital assets is	383,088,323	
Accumulated depreciation is	<u>(201,435,566)</u>	181,704,646

Long-term liabilities, including bonds payable, that are not due and payable in the current period are not reported as liabilities in the funds. Long-term liabilities not due and payable at year end consist of:

Bonds and loans payable	(96,423,164)	
Accrued post employment benefit obligation	(49,714,503)	
Accrued interest on bonds	(1,263,106)	
Compensated absences	(18,940,960)	
Landfill closure and postclosure obligation	(6,045,811)	
Capital lease obligations	(5,295,232)	
Judgments and claims	<u>(5,731,508)</u>	<u>(183,414,284)</u>

Net assets of governmental activities	<u><u>\$ 25,463,091</u></u>
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**CITY OF ALBANY, NEW YORK**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**WITH THE STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2009**

Total net change in fund balance - governmental funds \$ 8,715,744

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation in the period.

Capital outlays	25,255,323	
Depreciation expense	(12,769,847)	
Capital outlays for property held for sale	<u>51,891</u>	12,537,367

In the statement of activities, certain operating expenses are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Thus, the change in net assets differs from the change in fund balance as follows:

Compensated absences	(1,922,242)	
Landfill closure and postclosure costs	(65,093)	
Judgments and claims	<u>169,181</u>	(1,818,154)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets.

Other reduction in long term payables	242,440	
Bond proceeds	(19,974,950)	
Principal repaid	<u>10,392,558</u>	(9,339,952)

Accrued post employment benefit obligation liability increases long-term liabilities in the statement of net assets and related expenditures in the statement of activities, but not to governmental funds. Net post employment benefit contribution is an expenditure in governmental funds, but the contribution reduces long-term liabilities in the statement of net assets. This is the amount by which accrued post employment benefit liability adjustment exceeds the contribution.

Accrued post employment benefit liability adjustment	(24,743,500)	
Post employment benefit contribution paid	<u>10,328,397</u>	(14,415,103)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

		<u>862,057</u>
Change in net assets of governmental activities		<u><u>\$ (3,458,041)</u></u>

**CITY OF ALBANY**  
**COMBINING BALANCE SHEET –**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**December 31, 2009**

	Albany Water Board and Municipal Water Finance Authority	Albany Parking Authority	City of Albany Industrial Development Agency	Albany Port District Commission	Albany Local Development Corporation	Other Component Units	Totals
<b>ASSETS</b>							
Cash and cash equivalents	\$ 4,708,370	\$ 1,312,014	\$ 460,637	\$ -	\$ 4,306,861	\$ 809,805	\$ 11,597,687
Cash and cash equivalents, restricted	-	2,418,743	-	1,476,066	616,426	-	4,511,235
Investments, restricted	6,425,508	2,981,226	-	2,106,439	2,534,633	-	14,047,806
Receivables, net:							
Accounts	12,506,842	18,175	10,125	484,730	-	-	13,019,872
Other	-	63,277	-	-	227,912	128,956	420,145
Mortgage loans and notes receivable	-	-	143,155	-	1,742,207	-	1,885,362
Due from primary government	-	-	-	-	100,000	92,153	192,153
Prepaid and other assets	752,082	29,614	-	197,633	2,595,337	28,577	3,603,243
Property held for investment, lease or sale	-	-	-	-	4,307,128	-	4,307,128
Intangible assets, net	1,623,840	1,357,508	-	-	-	-	2,981,348
Capital assets, net	<u>34,912,322</u>	<u>17,355,072</u>	<u>-</u>	<u>22,916,849</u>	<u>261,572</u>	<u>186,695</u>	<u>75,632,510</u>
Total assets	<u>\$ 60,928,964</u>	<u>\$ 25,535,629</u>	<u>\$ 613,917</u>	<u>\$ 27,181,717</u>	<u>\$ 16,692,076</u>	<u>\$ 1,246,186</u>	<u>\$ 132,198,489</u>
<b>LIABILITIES</b>							
Accounts payable and accrued expenses	\$ 2,311,840	\$ 259,790	\$ 158,090	\$ 388,167	\$ 193,720	\$ 49,121	\$ 3,360,728
Current maturities of long-term debt	3,215,000	1,360,000	-	368,274	292,312	12,939	5,248,525
OPEB obligation, current portion	-	-	-	44,000	-	-	44,000
Accrued interest payable	-	470,929	-	-	-	-	470,929
Due to primary government	255,714	-	131,970	-	165,875	-	553,559
Deferred revenues	884,386	-	-	-	954,970	9,533	1,848,889
Revolving loan fund	-	-	-	-	794,419	-	794,419
Other liabilities	-	-	-	307,231	-	138,383	445,614
Accrued interest on capital appreciation bonds	-	2,176,202	-	-	-	-	2,176,202
OPEB obligation, net of current portion	-	538,649	-	488,049	-	-	1,026,698
Bonds and notes payable	<u>65,404,925</u>	<u>21,865,962</u>	<u>-</u>	<u>1,570,927</u>	<u>4,840,269</u>	<u>186,683</u>	<u>93,868,766</u>
Total liabilities	<u>72,071,865</u>	<u>26,671,532</u>	<u>290,060</u>	<u>3,166,648</u>	<u>7,241,565</u>	<u>396,659</u>	<u>109,838,329</u>
<b>FUND BALANCE (DEFICIT) AND OTHER CREDITS</b>							
Reserved for							
Program specific activities	-	5,399,969	-	-	93,048	-	5,493,017
Debt service	-	-	-	-	177,732	-	177,732
Invested in capital assets, net of related debt	(33,707,600)	(5,870,890)	-	20,977,648	1,776,435	-	(16,824,407)
Unreserved	<u>22,564,699</u>	<u>(664,982)</u>	<u>323,857</u>	<u>3,037,421</u>	<u>7,403,296</u>	<u>849,527</u>	<u>33,513,818</u>
Total fund balance (deficit) and other credits	<u>(11,142,901)</u>	<u>(1,135,903)</u>	<u>323,857</u>	<u>24,015,069</u>	<u>9,450,511</u>	<u>849,527</u>	<u>22,360,160</u>
Total liabilities and fund balance	<u>\$ 60,928,964</u>	<u>\$ 25,535,629</u>	<u>\$ 613,917</u>	<u>\$ 27,181,717</u>	<u>\$ 16,692,076</u>	<u>\$ 1,246,186</u>	<u>\$ 132,198,489</u>

See notes to financial statements.

**CITY OF ALBANY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**December 31, 2009**

	<b>Albany Water Board and Municipal Water Finance Authority</b>	<b>Albany Parking Authority</b>	<b>Albany Industrial Development Agency</b>	<b>Albany Port District Commission</b>	<b>Albany Local Development Corporation</b>	<b>Other Component Units</b>	<b>Totals</b>
Operating revenue	\$ 31,540,593	\$ 5,938,524	\$ 426,690	\$ 4,067,312	\$ 2,493,324	\$ 1,920,183	\$ 46,386,626
Operating expenses							
Costs of services	-	3,191,900	291,004	714,600	1,761,707	1,638,590	7,597,801
Source of supply and purification	3,134,842	-	-	-	-	-	3,134,842
Transmission and distribution	3,336,561	-	-	-	-	-	3,336,561
General and administrative	2,183,222	954,066	-	2,038,043	-	272,642	5,447,973
Real estate taxes paid to other governments	1,803,691	-	-	-	-	-	1,803,691
Sewer contract	8,099,539	-	-	-	-	-	8,099,539
Depreciation and amortization	3,219,217	692,462	-	1,248,113	197,885	48,767	5,406,444
Grants	-	-	388,209	-	-	-	388,209
Miscellaneous	-	215,095	-	-	219,775	-	434,870
Total operating expenses	<u>21,777,072</u>	<u>5,053,523</u>	<u>679,213</u>	<u>4,000,756</u>	<u>2,179,367</u>	<u>1,959,999</u>	<u>35,649,930</u>
Excess (deficiency) of operating revenue over expenses before nonoperating revenue (expenses)	<u>9,763,521</u>	<u>885,001</u>	<u>(252,523)</u>	<u>66,556</u>	<u>313,957</u>	<u>(39,816)</u>	<u>10,736,696</u>
Nonoperating revenue (expenses)							
Amortization of bond issue costs	-	(112,356)	-	-	-	-	(112,356)
Increase in fair value of investments	126,109	(80,721)	-	(26,604)	-	-	18,784
Interest income	280,505	178,652	2,742	19,821	-	-	481,720
Interest expense	(3,320,798)	(1,299,356)	-	(72,790)	232,376	-	(4,460,568)
Bad debt expense	(3,396,000)	-	-	-	-	-	(3,396,000)
Waterfront development expenses	-	-	-	(216,040)	-	-	(216,040)
Net nonoperating expenses	<u>(6,310,184)</u>	<u>(1,313,781)</u>	<u>2,742</u>	<u>(295,613)</u>	<u>232,376</u>	<u>-</u>	<u>(7,684,460)</u>
Excess of revenue over expenses before transfers	<u>3,453,337</u>	<u>(428,780)</u>	<u>(249,781)</u>	<u>(229,057)</u>	<u>81,581</u>	<u>(39,816)</u>	<u>2,587,484</u>
Grant funding	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,577,141</u>	<u>-</u>	<u>-</u>	<u>3,577,141</u>
Excess of revenue over expenses	<u>3,453,337</u>	<u>(428,780)</u>	<u>(249,781)</u>	<u>3,348,084</u>	<u>81,581</u>	<u>(39,816)</u>	<u>6,164,625</u>
FUND BALANCE (DEFICIT) AND OTHER CREDITS, beginning of year	<u>(14,596,238)</u>	<u>(707,123)</u>	<u>573,638</u>	<u>20,666,985</u>	<u>9,368,930</u>	<u>889,343</u>	<u>16,195,535</u>
FUND BALANCE (DEFICIT) AND OTHER CREDITS, end of year	<u><u>\$ (11,142,901)</u></u>	<u><u>\$ (1,135,903)</u></u>	<u><u>\$ 323,857</u></u>	<u><u>\$ 24,015,069</u></u>	<u><u>\$ 9,450,511</u></u>	<u><u>\$ 849,527</u></u>	<u><u>\$ 22,360,160</u></u>

See notes to financial statements.

**CITY OF ALBANY**  
**COMBINING STATEMENT OF CASH FLOWS –**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**December 31, 2009**

	Albany Water Board and Municipal Water Finance Authority	Albany Parking Authority	Albany Industrial Development Agency	Albany Port District Commission	Albany Local Development Corporation	Other Component Units*	Totals
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>							
Excess (deficiency) of operating revenue over expense	\$ 9,763,521	\$ 885,001	\$ (252,523)	\$ 66,556	\$ 313,957	\$ (39,816)	\$ 10,736,696
Adjustments to reconcile excess of operating expenses over revenue to net cash provided (used) by operating activities:							
Depreciation and amortization	3,219,217	692,462	-	1,248,113	197,885	48,767	5,406,444
Flood Loss	-	-	-	-	-	29,035	29,035
Realized gain on sale of investments and assets	-	-	-	-	(365,390)	-	(365,390)
Provision for losses on mortgage costs, accrued interest, and other receivables	-	-	-	-	(10,488)	-	(10,488)
Interest income on cash and cash equivalents and investments	-	-	-	-	(62,657)	-	(62,657)
Deferred program support recognized as program income	-	-	-	-	(5,330)	-	(5,330)
Changes in:							
Accounts receivable	(640,579)	-	-	69,240	(3,488)	151,846	(422,981)
Due from primary government	-	-	-	-	-	15,560	15,560
Other receivables	-	6,019	-	-	-	-	6,019
Prepaid expenses and other assets	(4,327)	12	-	(45,144)	-	(5,516)	(54,975)
Accounts payable and accrued expenses	(215,591)	(57,342)	-	49,794	(94,762)	13,701	(304,200)
Due to City of Albany	-	-	-	-	(31,211)	-	(31,211)
Other liabilities	-	538,649	(412,240)	175,330	4,144	1,686	307,569
Other assets	20,000	-	(10,125)	-	-	-	9,875
Deferred revenue	-	-	-	(2,869)	(42,380)	-	(45,249)
Net cash provided by (used in) operating activities	<u>12,142,241</u>	<u>2,064,801</u>	<u>(674,888)</u>	<u>1,561,020</u>	<u>(99,720)</u>	<u>215,263</u>	<u>15,208,717</u>
<b>CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Proceeds from long-term debt	-	-	-	-	-	39,279	39,279
Principal payments on long-term debt	(3,598,001)	(1,300,000)	-	(355,568)	(249,999)	(8,380)	(5,511,948)
Interest payments on long-term debt	(3,320,798)	(1,190,896)	-	(72,790)	(162,881)	-	(4,747,365)
Cash payments for (proceeds from sale of) capital assets	-	-	-	(4,253,731)	3,465,158	-	(788,573)
Net payments to City of Albany	(2,434,533)	-	-	-	-	(3,586)	(2,438,119)
Proceeds from grant fundings	-	-	-	3,369,518	-	-	3,369,518
Net cash provided by (used in) capital and related financing activities	<u>(9,353,332)</u>	<u>(2,490,896)</u>	<u>-</u>	<u>(1,312,571)</u>	<u>3,052,278</u>	<u>27,313</u>	<u>(10,077,208)</u>
<b>CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>							
Purchase of property, plant, and equipment	(1,832,905)	(48,799)	-	-	(21,745)	(14,508)	(1,917,957)
Issuance of mortgage notes	-	-	-	-	(254,555)	-	(254,555)
Net decrease in restricted cash	-	-	-	-	76,815	-	76,815
Cash received on sale of investments	316,031	3,420,821	-	7,844,941	-	-	11,581,793
Cash paid for purchase of investments	-	(2,784,330)	-	(7,161,315)	(2,250,349)	-	(12,195,994)
Repayments received on mortgage loans	-	-	-	-	157,414	-	157,414
Interest on investments	280,569	166,450	2,742	22,651	48,908	-	521,320
Net advances on line of credit	-	-	-	-	(2,710,600)	-	(2,710,600)
Interest paid on line of credit	-	-	-	-	(67,206)	-	(67,206)
Principal payments received under direct financing leases	-	-	-	-	142,509	-	142,509
Repayment from (advances to) City agencies net	-	-	-	-	79,230	-	79,230
Net cash provided by (used in) investing activities	<u>(1,236,305)</u>	<u>754,142</u>	<u>2,742</u>	<u>706,277</u>	<u>(4,799,579)</u>	<u>(14,508)</u>	<u>(4,587,231)</u>
Net increase (decrease) in cash and cash equivalents	1,552,604	328,047	(672,146)	954,726	(1,847,021)	228,068	544,278
CASH AND CASH EQUIVALENTS, beginning of year	<u>3,155,766</u>	<u>3,402,710</u>	<u>1,132,783</u>	<u>521,340</u>	<u>6,153,882</u>	<u>581,737</u>	<u>14,948,218</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 4,708,370</u>	<u>\$3,730,757</u>	<u>\$ 460,637</u>	<u>\$ 1,476,066</u>	<u>\$ 4,306,861</u>	<u>\$ 809,805</u>	<u>\$ 15,492,496</u>

See notes to financial statements.

**CITY OF ALBANY, NEW YORK**  
**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**  
December 31, 2009

	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 801,436
Cash and equivalents - restricted	<u>680,559</u>
Total assets	<u><u>\$1,481,995</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 3,436
Seized forfeitures	680,559
Due to other funds	26,578
Other liabilities	<u>771,422</u>
Total liabilities	<u>1,481,995</u>
<b>NET ASSETS</b>	<u>-</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$1,481,995</u></u>

See notes to financial statements.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Reporting Entity***

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

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

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

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

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

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

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

*Blended Component Unit*

Albany Community Development Agency (ACDA) is a public benefit corporation, established by State law and governed by a seven member Board of Directors who are City officials. The objectives of ACDA are to provide a suitable living environment and to expand economic opportunities for persons of low and moderate income within the City. ACDA has been designated by the City to undertake community development programs on behalf of the City and to administer federal community development block grant programs.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

*Blended Component Unit (Continued)*

The City has the ability to significantly influence operations, select the governing board and participate in fiscal management, accordingly, ACDA is treated as a blended component unit of the City and its activities are included as a special revenue fund of the primary government and reported separately as an other governmental fund in the governmental fund statements.

*Discretely Presented Component Units*

The following discretely presented component units are reported in a separate column to emphasize that they are legally separate from the City:

*Albany Water Board and Albany Municipal Water Finance Authority*

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

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

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

*Albany Parking Authority*

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

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

*Discretely Presented Component Units (Continued)*

*City of Albany Industrial Development Agency*

The City of Albany Industrial Development Agency (IDA) is a public benefit corporation established July 1, 1983 under the mandate of Article 18-A, "New York State Industrial Development Agency Act," of New York State general municipal law. The IDA was established to promote and assist in acquiring or constructing various business and recreational facilities and, in the process, advance the job opportunities, health, general prosperity and economic welfare of the people of the City of Albany. A function of the IDA is to authorize the issuance of industrial revenue bonds for industrial development projects. The IDA reviews and determines whether to recommend approval of those applicants wishing to obtain financing. The IDA receives application fees from applicants and closing fees from those accepted for industrial revenue financing. The IDA is governed by a five-member board appointed by the City Common Council.

*Albany Port District Commission*

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

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

*Albany Local Development Corporation*

Albany Local Development Corporation (ALDC), which commenced business on October 1, 1979 was formed under the Not-for-Profit Corporation Laws of the State of New York for the purposes of reducing adult unemployment and promoting the training of individuals to improve or develop job opportunities within certain areas of the City. ALDC's mission is accomplished by encouraging the development and/or retention of business and industry primarily through the loaning of money to enterprises at below market interest rates. Additionally, ALDC has invested in certain real estate, and leased such real estate to businesses, in order to further develop job opportunities and aid the City.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

*Other Component Units*

*Downtown Albany Restoration Program, Inc.*

Downtown Albany Restoration Program, Inc. d/b/a Downtown Albany Business Improvement District, Inc. (BID) is a tax-exempt organization organized in 1996 under the Not-for-Profit Corporation Law of New York State. BID was created to execute the responsibility of a comprehensive business improvement district. These responsibilities include but are not limited to administration, project development, public relations and public improvements in the downtown business improvement district. The BID may be dissolved by legislative body with all the assets reverting back to the City.

*Lark Street Area District Management Association, Inc.*

Lark Street Area District Management Association, Inc. (Association) is a tax exempt organization organized in 1996 under the Not-for-Profit Corporation Laws of New York State. The Association was created to execute responsibilities of a Comprehensive Business Improvement District. These responsibilities include but are not limited to administration, project development, public relations and public improvements in the Lark Street business improvement district. The Association may be dissolved by legislative body with all the assets reverting back to the City.

*Central District Management Association, Inc.*

The Central District Management Association, Inc. doing business as the Central Business Improvement District, Inc. (CBID) is a non-profit organization formed in January 1998 under the Not-for-Profit Corporation Law of New York State. The primary purpose of the CBID is to promote the preservation and development of the Central Avenue business corridor of the City of Albany and to make the area more attractive and accessible. To this end the CBID will work to enhance the public perception of the Central Avenue business corridor through overseeing and managing the appearance, security and cleanliness of the business improvement district. The CBID may be dissolved by legislative body with all the assets reverting back to the City.

The BID, Association, and CBID have been combined for financial statement reporting purposes and are reported as "other component units" in the combining balance sheet, combining statement of revenues, expenditures and changes in equity and in the combining statement of cash flows.

Entities excluded from the reporting entity:

*Albany Housing Authority*

The Albany Housing Authority (Housing Authority) was established by state statute. The Mayor of the City of Albany appoints the Board of Directors of the Housing Authority; however, the City is not financially accountable for the Housing Authority, the City cannot significantly influence the activities of the Housing Authority and the Housing Authority does not provide specific financial benefits to or impose specific financial burdens on the City.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

*Albany City School District*

The Albany City School District (the School District) operates the elementary and high schools in the City. The City is not accountable for the School District as the School District has the authority to levy taxes and School District Board members are elected officials.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. The effect of interfund, but not interprimary government and component unit, transactions have generally been eliminated from these financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. The City's activities are all classified as governmental activities. The primary government is reported separately from certain legally separate component units for which the City is financially accountable.

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

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

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

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

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

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

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

The City reports the following major governmental funds:

*Governmental fund types*

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

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

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

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

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

*Other governmental funds*

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

*Fiduciary funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Albany's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. In 2009, the remaining assets of approximately \$7,750 of the private purpose trust fund were transferred to the general fund and paid to the beneficiary.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

**D. *Assets, Liabilities and Net Assets***

*Cash and Investments*

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

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

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

*Receivables and Payables*

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

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

*Inventories and Prepaid Items*

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

*Restricted Assets*

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

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Capital Assets*

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

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

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

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

*Compensated Absences*

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

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

*Judgments and Claims*

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

*Deferred Revenue*

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

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Long-Term Obligations*

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

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

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

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

**A. Total Fund Balances of Governmental Funds vs. Net Assets of Governmental Activities**

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

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

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

i. Long-term revenue and expense differences:

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

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009

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

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

ii. Capital related differences:

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

iii. Long-term liability transaction differences:

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

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

Employees earn retirement benefits as they provide service. The benefit is based on factors such as the applicable employee agreement, the employees' hiring date and the number of years of service to the City. The costs of retirement benefits are recognized in the statement of revenues, expenditures and changes in fund balance when the expenditures are paid. The total cost of postemployment benefits to be paid, as estimated in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, is being amortized over a thirty year period. The cost of retirement benefits earned within the reporting period, including that which is not expected to be paid with expendable available resources is reported in the government-wide financial statements as a liability and expensed in the statement of activities.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 3 — STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Budgetary Information*

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

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

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

At December 31, 2009, cash and cash equivalents and cash and cash equivalents - restricted are comprised of interest bearing and non-interest bearing deposits in various financial institutions.

It is the City's policy for all deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance. At December 31, 2009, all cash and cash equivalents, as well as restricted cash and cash equivalents in excess of FDIC insurance, were fully collateralized by securities in the name of the financial institution held in a separate account.

The City has approximately \$14,130,000 in cash and cash equivalents that have been restricted as follows:

<b>General Fund</b>		
Debt service	\$ 5,178,000	
Landfill postclosure	910,000	
Retirement of BAN liability	7,025,000	
Prescription plan, insurance claims and other	<u>305,000</u>	
		13,418,000
<b>Capital Fund</b>		
Debt service	171,000	
Purchase of capital lease equipment	<u>435,000</u>	
		606,000
<b>Other Governmental Funds</b>		
Debt service	<u>106,000</u>	
		<u>106,000</u>
		<u>\$ 14,130,000</u>

The City's investment policy attempts to limit exposure to losses arising from interest rate risk, credit risk, custodial risk, and concentration of credit risk. Further, statutes authorize the City to invest in obligations of New York State, the United States Government and its agencies, and repurchase agreements collateralized by U.S. obligations.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 5 — LANDFILL RECEIVABLE**

The City currently has one landfill accepting waste from various public and private entities. These entities are billed monthly based on the tonnage deposited at the landfill for the previous month. At December 31, 2009, the City had outstanding landfill receivables of approximately \$965,000.

**NOTE 6 — PROPERTY TAXES**

Property taxes are levied and payable in January. Any property taxes not paid by the following December 31 are purchased without recourse by the County of Albany. Accordingly, the total levy is considered measurable and available, and there is no allowance for uncollectible property taxes at December 31, 2009.

The taxable assessed value of real property, as adjusted by New York State, included in the tax levy of 2008 (revenue in 2009), was \$5,352,808,731. The City completed a citywide revaluation during 2007 which was reflected in the 2008 assessed values. Such reassessment resulted in an approximately 53 percent increase in assessed valuation. The effective tax rate on this value is \$8.07 per thousand for residential and \$13.19 per thousand for non-residential properties. The constitutional tax limit is 2% of the 5-year average of the full value assessment. The 2008 levy represents approximately 49.5% of the constitutional tax limit. The taxable assessed value of real property included in the tax levy of 2009 (revenue in 2010), was \$5,134,573,172. The effective tax rate on this value is \$9.27 per thousand for residential and \$12.98 per thousand for non-residential properties. The 2009 levy represents approximately 49% of the constitutional tax limit.

**NOTE 7 — CAPITAL ASSETS**

Property and equipment is comprised of the following:

	<b>Balance December 31, 2008</b>	<b>Additions</b>	<b>Deletions and Adjustments</b>	<b>Balance December 31, 2009</b>
Capital assets not being depreciated:				
Land	\$ 4,352,949	\$ 98,210	\$ -	\$ 4,451,159
Construction in process	11,488,087	19,450,626	(499,972)	30,438,741
	<u>15,841,036</u>	<u>19,548,836</u>	<u>(499,972)</u>	<u>34,889,900</u>
Capital assets being depreciated:				
Buildings, capital leases and improvements	47,543,040	-	-	47,543,040
Machinery and equipment	52,863,889	1,523,020	-	54,386,909
Infrastructure	241,585,035	4,683,439	-	246,268,474
	<u>357,833,000</u>	<u>25,755,295</u>	<u>(499,972)</u>	<u>383,088,323</u>
Less accumulated depreciation for:				
Buildings, capital leases and improvements	22,666,343	1,218,776	-	23,885,119
Machinery and equipment	38,273,295	4,000,178	-	42,273,473
Infrastructure	127,726,081	7,550,893	-	135,276,974
	<u>188,665,719</u>	<u>12,769,847</u>	<u>-</u>	<u>201,435,566</u>
 Total capital assets, net	 <u>\$ 169,167,281</u>			 <u>\$ 181,652,757</u>

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 7 — CAPITAL ASSETS (Continued)**

Depreciation expense was \$12,769,847 for the year ended December 31, 2009. In the statement of activities, depreciation expense is allocated to each function as follows:

<u>Function/Programs</u>	<u>Depreciation Expense</u>
Public safety and regulation	\$ 2,778,708
General government	4,973,521
Highway and streets	2,627,696
Recreation and culture	379,055
Community service	1,885,582
Economic development and assistance	125,286
	<u>\$ 12,769,847</u>

**NOTE 8 — MORTGAGE LOANS RECEIVABLE AND DEFERRED REVENUES**

The City, through ACDA, lends monies received through Federal grants (principally from Housing and Urban Development Community Development Block Grants (CDBG)) to individuals, businesses, and non-profit agencies at low interest rates to fund the acquisition and rehabilitation of low income housing and other community development projects in the City. Loan disbursements are recorded as grant expenditures and loan repayments are recorded as program income. Mortgage loans receivable and the related deferred revenue account consist of principal to be collected in future periods.

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

Funds received from the New York Housing Trust Fund Corporation (NYSHTFC) were used to establish loans with various not-for-profit organizations, for use in the acquisition and rehabilitation of low income housing. In accordance with applicable grant provisions, loan disbursements are reflected as Due to NYSHTFC. Funds disbursed to participants generally do not bear interest and are repayable over a period of 15 to 25 years. In accordance with loan agreements, annually, on the anniversary date of completion of the project, one fifteenth or twenty-fifth of the loan is forgiven as long as the beneficiary is in compliance with the loan agreement.

The balance of mortgage loans receivable, net of related allowances, is comprised of the following at December 31, 2009:

<u>Program</u>	<u>Balance</u>
HUD CDBG	\$ 11,754,500
NYSHTFC	757,499
	<u>\$ 12,511,999</u>

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 9 — INTERFUND RECEIVABLES AND PAYABLES**

A summary of interfund receivables and payables at December 31, 2009 is as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	\$ 4,692,357	\$ 492,272
Special Revenue	-	738,807
Capital Projects	3,000	3,295,602
Albany Community Development Agency	374,630	516,728
	<u>5,069,987</u>	<u>5,043,409</u>
Fiduciary Fund	-	26,578
	<u>\$ 5,069,987</u>	<u>\$ 5,069,987</u>

Fiduciary fund balances are not reported in the government wide financial statements or fund financial statements. Rather, they are reported separately in the statement of fiduciary net assets – fiduciary funds.

**NOTE 10 — DUE FROM/TO COMPONENT UNITS**

The City has reported approximately \$1,768,000 as the amount due from the Component Units at December 31, 2009. The Component Units reported approximately \$554,000 as the amount due to the primary government. The net difference as reported by the City and its Component Units is approximately \$1,214,000 which is primarily caused by timing difference related to the recording of tax assessment adjustments. Other activity giving rise to difference in amounts due between the City and the Component Units relates to payroll, benefits, grant reimbursements and other administrative costs paid for by the City and reimbursed to the City by the Component Units or paid for by the Component Units and reimbursed by the City.

**NOTE 11 — PENSION PLANS**

The City of Albany participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employees' Group Life Insurance Plan (collectively, the Systems). These are cost-sharing multi-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, NYS Comptroller State Office Building, 110 State Street, Albany, NY 12207.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 11 — PENSION PLANS (Continued)**

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of service. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The City of Albany is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>PFRS</u>
2009	\$2,318,239	\$7,058,207
2008	\$2,375,789	\$6,115,240
2007	\$2,645,737	\$6,198,299

The City of Albany's contributions made to the Systems were equal to 100 percent of the contributions required for each year.

**NOTE 12 — NOTES PAYABLE**

**(a) Bond Anticipation Notes**

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

In July 2009, the City issued \$29,337,049 in BANS at an interest rate of 4.25%. The proceeds of the Notes, along with \$642,000 available funds, were used to redeem \$6,844,049 of the \$28,525,600 Bond Anticipation Notes, 2008 and provided \$23,135,000 new monies for various capital purposes. These BANS were redeemed in July 2010 (see Note 15).

In August 2009, the City issued \$14,645,000 in BANS at an interest rate of 2.00%. The proceeds of the notes were used for various capital purposes. These BANS were redeemed in July 2010 (see Note 15).

Interest expense on BANS totaled approximately \$784,000 for the year ended December 31, 2009.

**(b) Revenue Anticipation Notes**

The City may also issue Revenue Anticipation Notes (RANS), in anticipation of proceeds from the subsequent receipt of anticipated revenues other than property taxes. These notes are recorded as current liabilities of the funds that will actually receive non-tax proceeds. On December 10, 2009, the City issued \$12,500,000 in RANS at an interest rate of 2.00%. The notes were issued to provide moneys to provide additional cash flows for the period they were outstanding. The RANS matured and were paid in full on January 29, 2010. Interest expense on RANS approximated \$2,000 for the year ended December 31, 2009.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 13 — INDEBTEDNESS**

Indebtedness of the City include loans, certain accruals, and serial and Environmental Facilities Corporation (EFC) bonds. Bonds are guaranteed by the full faith and credit of the City.

The following is a summary of certain long-term liability transactions of the City for the year ended December 31, 2009:

	<b>Balance January 1, 2009</b>	<b>New Issues/ Increase in Estimates</b>	<b>Payments/ Decrease in Estimates</b>	<b>Balance December 31, 2009</b>
Litigation and contingent liabilities	\$ 5,900,689	\$ -	\$ (169,181)	\$ 5,731,508
Vacation/sick pay obligations	17,018,718	1,922,242	-	18,940,960
Landfill closure and postclosure care costs	5,980,718	65,093	-	6,045,811
Capital lease obligations	6,612,650	-	(1,317,418)	5,295,232
Accrued interest	4,021,078	-	(2,125,940)	1,895,138
Bonds	85,286,962	19,974,950	(9,290,641)	95,971,271
Post employment benefit obligation (Note 14)	35,299,400	24,743,500	(10,328,397)	49,714,503
Loans payable (ACDA)	478,832	-	(26,939)	451,893
<b>Total</b>	<b>\$ 160,599,047</b>	<b>\$ 46,705,785</b>	<b>\$ (23,258,516)</b>	<b>\$ 184,046,316</b>

Of the total outstanding indebtedness of the City at December 31, 2009, approximately \$152,453,000 was subject to the statutory debt limit. Amounts subject to the statutory debt limit include bonds and notes payable. This represents approximately 49% of the City's \$313,156,000 statutory debt limit.

**(a) Bonds**

Serial and EFC bonds, the proceeds of which have been used primarily to provide funds for various capital projects, consists of the following at December 31, 2009:

<b>Interest Rate</b>	<b>Date Issued</b>	<b>Maturity Date</b>	<b>Amount of Original Issue</b>	<b>Outstanding December 31, 2009</b>	<b>Annual Principal Installments (Range)</b>
<b>Serial Bonds</b>					
6.90 - 7.00%	1990	2010	\$ 29,750,000	\$ 20,000	\$ 20,000 - 115,000
2.70 - 5.70%	1993	2010	39,847,849	437,470	437,470 - 4,205,000
4.40 - 5.00%	1998	2017	11,375,000	2,060,000	190,000 - 1,065,000
4.90 - 5.50%	2000	2025	17,555,000	7,480,000	260,000 - 1,300,000
3.50 - 5.00%	2001	2014	6,675,000	1,965,000	355,000 - 665,000
3.50 - 5.00%	2001	2021	14,098,000	7,620,000	625,000 - 863,000
2.50 - 4.50%	2002	2013	10,085,000	3,200,000	785,000 - 1,160,000
4.07%	2002	2013	500,000	193,851	193,851
2.75 - 4.25%	2003	2018	21,908,218	14,525,000	1,956,165 - 1,961,806
3.00 - 4.00%	2004	2015	14,262,338	8,570,000	1,565,352 - 1,638,000
4.00 - 4.125%	2006	2018	15,500,000	12,320,000	1,015,000 - 1,610,000
3.62%	2009	2023	19,974,950	19,974,950	1,059,950 - 1,860,000
<b>EFC Bonds</b>					
3.75 - 5.35%	1998	2017	3,788,500	1,595,000	158,500 - 235,000
4.31 - 5.74%	2000	2020	7,057,467	4,335,000	280,000 - 445,000
1.21 - 5.00%	2002	2022	4,641,106	3,155,000	205,000 - 445,000
<b>Pension Bonds</b>					
5.25%	2006	2020	10,095,000	8,520,000	495,000 - 1,000,000
				<u>\$ 95,971,271</u>	

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 13 — INDEBTEDNESS (Continued)**

**(a) Bonds (continued)**

The following are details of bonds outstanding at December 31, 2009:

During 1990 the City issued \$29,750,000 in General Obligation Bonds with interest rates from 6.9% to 7.0%, were priced to yield from 6.0% to 7.05%. The issue was partially refunded in 1993. The issue matures on January 15, 2010 and has remaining annual principal payments of \$20,000. Proceeds were used for construction projects, public improvements, and vehicle and equipment purchases.

During 1993, the City issued \$39,847,849 in General Obligation Refunding Bonds with an average interest rate of 4.35% to advance refund \$2,030,000 of outstanding 1986 General Obligation Bonds with an average interest rate of 7.5%, \$3,910,000 of outstanding 1986 General Obligation Refunding Bonds with an average interest rate of 6.5%, \$7,300,000 of outstanding 1987 Public Improvement Bonds with an average interest rate of 6% and \$22,240,000 of outstanding 1990 General Obligation Serial Bonds with an average interest rate of 7% (the 1986, 1987 and 1990 bonds). The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the aforementioned bonds. As a result, the 1986, 1987 and 1990 bonds are considered to be defeased. Of the total bonds defeased in 1993, no amounts remain outstanding at December 31, 2009.

During 1998 the City issued \$11,375,000 in General Obligation Bonds with interest rates ranging from 4.4% to 5.0%. The issue matures on 2017.

During 2000 the City issued \$17,555,000 in General Obligation Bonds, with interest rates from 4.9% to 5.5% priced to yield from 4.2% to 5.57%. The issue matures on September 15, 2025. Proceeds were used for construction projects, public improvements, and vehicle and equipment purchases.

During 2001, the City issued \$6,675,000 in General Obligation Refunding Bonds with an average interest rate of 4.45% to advance refund \$6,210,000 of outstanding 1994 General Obligation Bonds with an average interest rate of 6.10%. The net proceeds were deposited in an irrevocable trust with an escrow agent. The escrow agent subsequently purchased non-callable direct obligations of the United States of America ("Governmental Obligations"). The principal of and investment income on the portfolio of Government Obligations together with other available cash on deposit in the irrevocable trust are expected to provide for all future debt service payments on the aforementioned bonds. As a result, the 1994 bonds are considered to be defeased. The amount of the defeased bonds outstanding at December 31, 2009 for the 1994 bonds is approximately \$1,965,000.

During 2001 the City issued \$14,098,000 in General Obligation Bonds with interest rates ranging from 3.5% to 5% priced to yield from 2.15% to 5.13%. The issue matures on October 1, 2021. Proceeds were used for construction projects, public improvements, and vehicle and equipment purchases.

During 2002, the City issued \$10,085,000 in General Obligation Refunding Bonds with an average interest rate of 3.75% to advance refund \$9,660,000 of outstanding 1993 General Obligation Bonds with an average interest rate of 5.08%. The issue matures in 2013.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 13 — INDEBTEDNESS (Continued)**

**(a) Bonds (continued)**

During 2003, ACDA issued \$500,000 in General Obligation Bonds with an interest rate of 4.07%. The bonds have a maturity date of October 2013. Bond proceeds will fund loans granted through the Albany Down Payment Assistance Program. Principal payments are required to be paid in conjunction with payments received from loan beneficiaries.

During 2003, the City issued \$21,908,218 in General Obligation Bonds with interest rates from 2.75% to 4.25% and priced to yield from .94% to 4.25%. The bonds carry an average interest rate of 3.94% and the average life of the bonds is 8.75 years. The issue matures on August 1, 2018. Proceeds are being used for ongoing and additional capital projects.

During 2004, the City issued \$14,262,338 in General Obligation Bonds with interest rates from 3.00% to 4.00% and priced to yield from 1.50% to 4.00%. The bonds carry an average interest rate of 3.50% and the average life of the bonds is 8.75 years. The issue matures on July 15, 2015. Proceeds are being used for ongoing and additional capital projects.

During 2006, the City issued \$25,595,000 in General Obligation Bonds. The issue included \$15,500,000 in tax exempt bonds to be used for ongoing and additional capital projects and \$10,095,000 in federally taxable bonds used to convert the federally taxable BANS originally issued in 2004 to finance additional retirement participation costs of City employees participating in the New York State Retirement System.

The 2006 tax exempt bonds bear interest rates from 4.00% to 4.125%. The issue matures in 2018. The 2006 taxable bonds bear interest of 5.75% and mature in 2020 with annual payments range from \$495,000 to \$1,000,000.

During 2009, the City issued \$19,974,950 in General Obligation Bonds. The proceeds, along with \$2,462,000 in available funds, were used to redeem \$28,525,600 Bond Anticipation Notes of 2008, originally issued for various capital projects.

During 1998, the City received bond proceeds in the amount of \$3,788,500 from NYS Environmental Facilities Corporation with interest rates ranging from 3.75% to 5.35% maturing in 2017. The proceeds were used to expand the City-owned regional landfill.

During 2000, the City received bond proceeds in the amount of \$7,057,467 from NYS Environmental Facilities Corporation with interest rates ranging from 4.31% to 5.74% maturing in 2020. The proceeds were used to remove petroleum storage tanks and expand the City-owned regional landfill.

During 2002, the City received additional bond proceeds in the amount of \$4,641,106 from NYS EFC with an average interest rate of 4.22%, maturing on October 15, 2022. The proceeds were used for the expansion and improvement of the City's landfill and the purchase of a street sweeping vehicle.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 13 — INDEBTEDNESS (Continued)**

**(a) Bonds (continued)**

Future maturities of general long-term debt as of December 31, 2009 are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 10,317,420	\$ 4,729,752	\$ 15,047,172
2011	9,460,000	3,658,765	13,118,765
2012	9,530,000	3,271,491	12,801,491
2013	9,913,851	2,875,935	12,789,786
2014	9,290,000	2,468,151	11,758,151
2015-2019	35,560,000	6,854,116	42,414,116
2020-2024	11,640,000	1,224,705	12,864,705
2025	260,000	14,300	274,300
	<u>\$ 95,971,271</u>	<u>\$ 25,097,215</u>	<u>\$ 121,068,486</u>

Interest expense for bonds and loans payable was approximately \$3,193,000 for the year ended December 31, 2009.

**(b) Capital lease obligations**

City

During 2005, the City entered into a one year master equipment lease/purchase agreement (the "agreement") with a bank. The agreement provided capital for the City to use to purchase certain equipment from various vendors to be used by the City in executing day to day delivery of general government services to its constituency. Lease purchases are authorized by the City's Common Council and identified by ordinance numbers in the agreements. Approved ordinances became part of the distinct subordinate lease/purchase agreements. The one year agreement provided for renewal of the agreement at the City's discretion for up to two additional years. During 2006, the City renewed the agreement adding three new distinct subordinate lease/purchase agreements. Proceeds under the separate agreements are transferred by the bank to an escrow account to be used by the City to purchase the designated equipment identified in the subordinate agreements. These amounts are recognized by the City as other financing sources on the statement of revenues, expenditures, and change in fund balance in the period in which the cash is transferred by the bank. The unspent proceeds under the agreements of approximately \$435,000 were recorded as restricted cash in the capital fund on the governmental funds balance sheet at December 31, 2009. The total acquisition cost is deferred in the lease/purchase schedules and bear interest ranging from 3.15% to 3.65%. The purchases qualify as capital leases. The interest portion of the future minimum lease payments approximate \$433,000 and the net present value of the lease payments approximate \$4,202,000. Payments of interest and principal are semi-annual and are made in accordance with each subordinate agreement payment schedule.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 13 — INDEBTEDNESS (Continued)**

**(b) Capital lease obligations (continued)**

IDA

The City entered into a capital lease with the IDA, whereby the City has agreed to lease the City of Albany Municipal Golf Course clubhouse and related parcel of land (collectively the "property"). The lease payments made under the agreement shall be in an amount equal to the amount payable as principal and interest on the IDA's Revenue Bonds, 1991 Series A and B. The lease payments are due monthly through 2012. The agreement qualifies as a capital lease. The interest portion of the future minimum lease payments approximates \$77,000 and the net present value at December 31, 2009 approximates \$439,000. Title of the property transfers to the City upon satisfaction of the outstanding debt service.

ACDA

ACDA amended its lease for office space at a facility located at 200 Henry Johnson Boulevard. The amended lease has a sixteen year term and the agreement requires ACDA to remit semi-annual payments to the City of Albany Local Development Corporation ("the ALDC") through 2018. The agreement qualifies as a capital lease. The interest portion of future minimum lease payments approximate \$298,000 and the net present value at December 31, 2009 approximates \$1,463,000.

A summary of future minimum lease payments and future minimum maturities of the capital lease obligations as of December 31, 2009 is as follows:

<u>Year Ending December 31</u>	<u>CITY</u>	<u>IDA</u>	<u>ACDA</u>	<u>Total</u>
2010	\$ 1,044,731	\$ 190,309	\$ 158,538	\$ 1,393,578
2011	729,830	248,710	163,025	1,141,565
2012	517,160	-	162,119	679,279
2013	1,909,872	-	160,950	2,070,822
2014	-	-	164,388	164,388
Thereafter	-	-	654,049	654,049
Total minimum lease payments	4,201,593	439,019	1,463,069	6,103,681
Less amounts representing interest	<u>(433,027)</u>	<u>(77,353)</u>	<u>(298,069)</u>	<u>(808,449)</u>
Total principal	<u>\$ 3,768,566</u>	<u>\$ 361,666</u>	<u>\$ 1,165,000</u>	<u>\$ 5,295,232</u>

**(c) Litigation and contingent liabilities**

**(1) Judgments and Claims**

There are various suits and claims pending against the City. In the opinion of City officials and Corporation Counsel, there are no proceedings against the City in which the likelihood the City will be held liable is probable and the amount of claims relating to such proceedings are reasonably estimable. The City has recognized an accrued liability of approximately \$378,000 related to future claims on certain other matters.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 13 — INDEBTEDNESS (Continued)**

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

**(2) *Self Insurance***

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

Under the program, the City utilizes a program administrator to process claims as they occur. A liability for unpaid claims based upon individual case estimates for claims incurred as well as claims incurred but not reported (IBNR) at December 31, 2009 has been recorded in the caption "Judgments and claims." This liability is the City's best estimate based on available information. Changes in the reported liability since December 31, 2008 resulted from the following:

	<b>Balance as of December 31, 2008</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance as of December 31, 2009</b>
Workers' compensation liability	<u>\$ 5,358,189</u>	<u>\$ 344,084</u>	<u>\$ (348,765)</u>	<u>\$ 5,353,508</u>

**(3) *Grant Programs***

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

**(d) *Landfill closure and post closure care costs***

The City has four landfills, three of which stopped accepting waste prior to December 1993. The fourth, Albany Interim Landfill (AIL), together with the expansion added in 1997, are still accepting waste at December 31, 2009.

State and federal laws and regulations require the City to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste. The City reports closure and post closure care costs based on landfill capacity used as of each balance sheet date.

Accrued landfill closure and post closure care costs of approximately \$6,046,000 at December 31, 2009, represent the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of all previously closed landfills and 91 percent of the estimated capacity of the AIL and expansion currently being used as determined by an independent engineer. The estimated remaining life of the AIL, together with the 1997 expansion is less than one year. The City will recognize the remaining estimated cost of closure and post closure care of \$551,000 as the remaining AIL and expansion estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2009. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 13 — INDEBTEDNESS (Continued)**

**(d) Landfill closure and post closure care costs (continued)**

The City currently has a cash reserve of approximately \$910,000 and a surety bond of \$2,500,000 to demonstrate viability for payment of closure and post closure care costs.

In June 2009, the New York State Department of Environmental Conservation (NYSDEC) issued a renewal permit to the City to continue operations of the existing landfill through June 2019. The renewal permit also included a modification provision authorizing an approximate 15 acre expansion which ultimately doubles the existing capacity of the landfill. Based on current landfill operations this expansion is expected to result in an extension of the estimated useful life of the landfill by approximately 7 years. As of December 31, 2009, the City had not begun accepting waste in the 2009 expansion.

**(e) Loans payable**

Loans payable are further broken down as follows:

	<u>Balance January 1, 2009</u>	<u>New Issues/ Increase in Estimates</u>	<u>Retirement/ Decrease in Estimates</u>	<u>Balance December 31, 2009</u>
Note payable (1)	\$100,000	\$ -	\$ -	\$100,000
Note payable (2)	213,000	-	(19,000)	194,000
Note payable (3)	<u>165,832</u>	<u>-</u>	<u>(7,939)</u>	<u>157,893</u>
	<u>\$478,832</u>	<u>\$ -</u>	<u>\$(26,939)</u>	<u>\$451,893</u>

- (1) During 2002, ACDA borrowed \$100,000 from the Albany Local Development Corporation (ALDC) to establish a fund for collateral for the Albany Down Payment Assistance Program. The proceeds of this loan are required to be maintained in a segregated bank account until maturity. The term of the loan shall be identical to the length of the City of Albany Down Payment Assistance Program but no longer than August 9, 2013. ACDA will pay interest earned on the secured funds upon repayment of the loan. There are no scheduled monthly payments for this loan.
- (2) As part of ACDA's capitalized lease obligation, described above, ACDA executed a loan payable to ALDC to pay for all previously unreimbursed tenant expenses. The note has a sixteen year term and the agreement requires ACDA to remit semi-annual payments to the ALDC through 2018.
- (3) Note payable from ALDC to fund improvements made to one of the Agency's properties. The note is collateralized by a mortgage agreement on the building located at 388 Clinton Avenue. The note is being amortized over a period of twenty years, with monthly principal and interest payments. The interest rate for the first five years of the note is fixed at 4%, and is subject to every five years thereafter to prime plus 1%. The rate in effect at December 31, 2009 is 4.25%.

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 14 — OTHER POSTEMPLOYMENT BENEFITS**

**City**

In addition to providing pension benefits (see Note 11), the City also provides health care benefits for retired employees, their dependents and certain survivors. Substantially all of the City's employees, as well as employees of the Albany Water Board may become eligible for those benefits if they reach normal retirement age while working for the City.

The City follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for the recognition, measurement, and display of other postemployment benefits (retiree health insurance) expenses and related liabilities and note disclosure.

**Plan Description**

The City administers its Retiree Medical Plan (the Plan) as a single-employer defined benefit other postemployment benefit (OPEB) plan. The Plan provides for the continuation of medical benefits to certain qualifying retirees of the City and the Albany Water Board, and their dependents and certain survivors and can be amended by action of the City. The Plan does not currently issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

**Funding Policy**

The obligations of the Plan members, employers and other entities are established by the City. The required contribution rates of the employer and the members vary depending on the retiree's hiring date and number of years of service to the City. The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis, with the possibility of prefunding additional benefits if so determined by the City. For 2009, the City contributed approximately \$10,328,000 for current costs. The costs of administering the plan are paid by the City.

**Funded Status and Funding Progress**

The schedule of funding progress presents multi year (when available) trend information that is useful in determining whether the actuarial value of Plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liability. The following table sets forth the actuarial accrued liability and funded status of the Plan as of February 1, 2008, the latest valuation date.

<u>Actuarial Accrued Liability (AAL)</u>	
Currently retired	\$ 135,363,800
Actives eligible to retire	41,251,000
Actives not yet eligible to retire	75,320,000
Actuarial accrued liability	<u>251,934,800</u>
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 251,934,800</u>
Funded ratio	<u>0%</u>
2009 normal cost	<u>\$ 8,630,400</u>

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 14 — OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Funded Status and Funding Progress** (Continued)

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

UAAL	\$ 251,934,900
Amortization period (years)	30
Amortization discount rate	5%
Present value factor	16.1411
2009 UAAL amortization amount	\$ 15,608,200

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for 2009:

Normal cost	\$ 8,630,400
Amortization of UAAL	15,608,200
Interest	504,900
ARC	<u>24,743,500</u>
Interest on OPEB obligation	-
Adjustment to ARC	-
OPEB expense	<u><u>\$ 24,743,500</u></u>

The City's OPEB obligation for the current and preceding years were as follows:

	<u>2009</u>	<u>2008</u>
Net OPEB obligation at beginning of year	\$ 35,299,400	\$ 20,507,900
OPEB expense	24,743,500	24,743,500
OPEB contributions	<u>(10,328,000)</u>	<u>(9,952,000)</u>
Net OPEB obligation at end of year	49,714,900	35,299,400
Less: estimated current portion of OPEB obligation	<u>10,040,900</u>	<u>11,993,200</u>
Estimated long-term portion of OPEB obligation	<u><u>\$ 39,674,000</u></u>	<u><u>\$ 23,306,200</u></u>
Percentage of expense contributed	<u>41.7%</u>	<u>40.2%</u>

**Actuarial Methods and Assumptions**

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

**CITY OF ALBANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 14 — OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Actuarial Methods and Assumptions** (Continued)

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

The actuarial cost method used to calculate the costs of the Plan for age, disability, vested and surviving spouse's benefits is the Projected Unit Credit Actuarial Cost Method. Under this method, each participant's projected benefit is calculated at all possible ages based on the Plan provisions as well as the initial data and actuarial assumptions. For active participants, the AAL is determined by pro-rating the projected benefit based upon service accrued to the valuation date divided by service projected to be accrued at the first age of benefit eligibility. The normal cost is determined by dividing the projected benefit by service projected to be accrued at the first age of benefit eligibility.

The measurement date for the calculation was February 1, 2008 and the discount rate utilized was 5%. No salary increases were assumed since benefits are not based on compensation. Health care costs for governmental activities were assumed to increase as follows:

<u>Year</u>	<u>Trend Increase</u>
2010	8.3%
2011	6.1%
2012	6.1%
2013	6.1%
2014	6.0%

**NOTE 15 — SUBSEQUENT EVENTS**

In July 2010 the City issued \$63,890,049 in Bond Anticipation Notes (BANS). The Notes are due on July 8, 2011 and carry an interest rate of 2.00%.

The proceeds of the BANS detailed above redeemed the \$29,337,049 Bond Anticipation Notes, 2009 maturing July 9, 2010 and the \$14,645,000 Bond Anticipation Notes, 2009 maturing August 27, 2010 and will also provide \$20,578,000 new monies for the purchase of land, equipment and vehicle purchases as well as costs associated with the expansion of the City's landfill.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ALBANY, NEW YORK**  
**SCHEDULE OF REVENUES, EXPENDITURES AND MODIFIED BUDGET AND ACTUAL –**  
**GENERAL AND SPECIAL REVENUE FUNDS**  
**For the Year Ended December 31, 2009**

	General Fund				Special Revenue Funds			
	Original Budget	Final Adopted Budget	Actual	Actual Over (Under) Final Budget	Original Budget	Final Adopted Budget	Actual	Actual Over (Under) Final Budget
<b>REVENUES</b>								
Real property taxes	\$ 53,149,000	\$ 53,948,310	\$ 52,349,690	\$ (1,598,620)	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	31,360,000	31,360,000	28,031,384	(3,328,616)	-	-	-	-
Other taxes	3,669,000	3,669,000	3,032,331	(636,669)	-	-	-	-
Payments in lieu of taxes	25,131,000	25,131,000	26,029,516	898,516	-	-	-	-
Intergovernmental revenue	20,287,000	21,974,737	20,043,804	(1,930,933)	2,858,989	3,766,800	3,183,997	(582,803)
Charges for services	12,893,000	12,928,853	13,431,651	502,798	-	-	-	-
Fines, interest and penalties	5,027,000	5,035,300	5,547,106	511,806	-	-	-	-
Use of money and properties	491,000	491,000	446,116	(44,884)	-	-	-	-
Licenses and permits	1,715,000	1,715,000	1,784,939	69,939	-	-	-	-
Other revenues	2,875,000	2,920,250	4,256,998	1,336,748	-	-	65,040	65,040
Total revenues	<u>156,597,000</u>	<u>159,173,450</u>	<u>154,953,535</u>	<u>(4,219,915)</u>	<u>2,858,989</u>	<u>3,766,800</u>	<u>3,249,037</u>	<u>(517,763)</u>
<b>EXPENDITURES</b>								
Public safety and regulation	77,648,151	81,842,386	82,367,318	524,932	-	-	-	-
General government	27,176,396	24,519,504	22,654,624	(1,864,880)	-	-	-	-
Highways and streets	7,320,536	7,447,304	6,714,878	(732,426)	-	-	-	-
Recreation and culture	5,889,525	5,968,022	5,822,650	(145,372)	-	-	-	-
Community service	9,941,133	10,080,567	9,586,415	(494,152)	-	-	-	-
Employee benefits	13,452,259	13,496,259	14,353,523	857,264	-	-	-	-
Economic development and assistance	-	-	82,209	82,209	2,858,989	3,260,203	3,330,690	70,487
Debt service	16,842,000	16,842,000	14,139,637	(2,702,363)	-	-	-	-
Total expenditures	<u>158,270,000</u>	<u>160,196,042</u>	<u>155,721,254</u>	<u>(4,474,788)</u>	<u>2,858,989</u>	<u>3,260,203</u>	<u>3,330,690</u>	<u>70,487</u>
Excess (deficiency) of revenues and appropriated fund balance over expenditures	<u>(1,673,000)</u>	<u>(1,022,592)</u>	<u>(767,719)</u>	<u>254,873</u>	<u>-</u>	<u>506,597</u>	<u>(81,653)</u>	<u>(588,250)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
General fund allocation	1,663,000	1,012,592	1,958,801	946,209	-	-	-	-
Transfers	-	-	(1,195,147)	(1,195,147)	-	-	-	-
Other proceeds	-	-	-	-	-	-	-	-
Proceeds from sale of property	10,000	10,000	4,065	(5,935)	-	-	-	-
Total other financing sources (uses)	<u>1,673,000</u>	<u>1,022,592</u>	<u>767,719</u>	<u>(254,873)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues, appropriated fund balance and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 506,597</u>	<u>\$ (81,653)</u>	<u>\$ (588,250)</u>