

September 30, 2008

Honorable Mayor Gerald Jennings
City of Albany
City Hall
Albany, New York 12207

Dear Mayor Jennings:

Enclosed are 30 copies of the financial statements of City of Albany, New York for the year ended December 31, 2007, together with our report thereon.

If you have questions or require additional information, please call.

Very truly yours,

UHY LLP

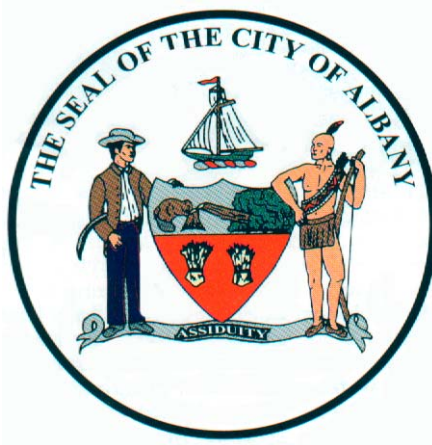
Marilyn A. Pendergast, CPA
Partner

MAP:ljh
Enclosures

**CITY OF ALBANY,
NEW YORK**

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

Year ended December 31, 2007



CITY OF ALBANY, NEW YORK

TABLE OF CONTENTS

	Page
Independent Auditor's Report on the Financial Statements	1
Management's Discussion and Analysis	2-14
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements	
Balance Sheet – Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Balance Sheet – Governmental Funds with the Statement of Net Assets	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds with the Statement of Activities	20
Combining Balance Sheet – Discretely Presented Component Units	21
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Discretely Presented Component Units	22
Combining Statement of Cash Flows - Discretely Presented Component Units	23-24
Statement of Fiduciary Net Assets – Fiduciary Funds	25
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	26
Notes to Financial Statements	27-53
Required Supplementary Information	
Schedule of Revenues, Expenditures and Modified Budget and Actual – General and Special Revenue Funds	54

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, 2007, 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 69 percent and 81 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 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In 2007, as described in Note 14, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

The accompanying Management's Discussion and Analysis and required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We 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 24, 2008

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, 2007. 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 ending December 31, 2007.

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 units¹. 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* reports 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

¹ 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 Comptroller's office of the City of Albany.

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.

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 an 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

For the City of Albany, 2007 was a better than expected year. While the 2007 City budget planned for a reduction in fund balance (loss) of \$3.35 million, the actual reduction (loss) totaled only about \$0.6 million. Better than expected *interest earning and revenues* the *mortgage recording tax* offset lower than budgeted *property tax revenue*. Increased spending on *salaries* and *overtime* were partially offset because a portion of retroactive expenses from expired collective bargaining contracts were budgeted and paid in 2007, but charged to 2006. Additionally lower than budgeted expense for debt service helped improve results.

Government-Wide Financial Statements

Statement of Net Assets

Primary government total assets exceeded total liabilities by \$35.9 million -- a decrease of \$17.7 million from 2006.

Total assets (\$251.4 million) increased from 2006 by almost \$2.8 million. *Mortgage loans receivable* increased by \$1.1 million, reflecting program activity from the Community Development Agency.

Total Liabilities (\$215.5 million) increased by nearly \$20.5 million. This relatively large increase in liabilities reflects the addition to the 2006 statement of *accrued post employment benefit obligation (pursuant to GASB 45)*. The City of Albany's large liability (\$310 million) is driven by the costly health care plan guaranteed by contract to public safety employees and which has traditionally been extended to retirees.

Of the assets, \$75.8 million is *invested in capital assets, net of related debt*, and \$2.6 million is *restricted for debt service*, leaving a deficit balance in unrestricted net assets of \$42.5 million -- an increase to the deficit from 2006 of \$32.9 million (also primarily the result of implementing GASB 45).

Total capital assets including property and equipment after depreciation are valued at \$164.4 million, which is an increase of \$0.8 million. The additions to capital assets include \$5.2 million in streets and sidewalk reconstruction, \$1.4 million in improvements and capital repairs to recreational facilities, and \$5.4 million in equipment and expenses related to landfill operation and expansion. Of the approximately \$15.6 million of assets not subject to depreciation, approximately \$4.3 million is land, and \$11.3 million is construction in progress, particularly state and federally funded transportation projects. A more detailed description of capital assets is found in Footnote 7.

Component Units total assets exceeded total liabilities by \$6 million – an increase of \$2.3 million from 2006.

Total assets (\$133 million) declined by \$1.8 million. *Net capital assets* declined by \$4.4 million, which is mostly the result of depreciation by the Water Board/Authority.

Total liabilities (\$127 million) decreased by \$4.1 million as a result of reduction in *bond and loans payable* (\$1.9) and *due to primary government* (\$2.5 million). Unrestricted net assets total approximately \$23.9 million, which is an increase from 2006 of \$5.1 million. Water Board/Authority due to primary government (\$9.6 million) declined by \$2.5 million.

Governmental Activities - Primary Government Net Assets at December 31, 2007 (in Millions)

	<u>2007</u>	<u>2006</u>	<u>Increase/ (Decrease)</u>
Total assets	\$ 251.43	\$ 248.63	\$ 2.80
Total liabilities	<u>215.48</u>	<u>194.99</u>	<u>20.49</u>
Excess of assets over liabilities	35.95	53.64	(17.69)
Invested in capital assets, net of related debt	75.77	61.68	14.10
Restricted for debt service and program activities	2.64	1.53	1.11
Unrestricted net assets	<u>(42.47)</u>	<u>(9.57)</u>	<u>(32.89)</u>
Total Net Assets	<u>\$ 35.95</u>	<u>\$ 53.64</u>	<u>\$(17.69)</u>

Governmental Activities - Component Units
Net Assets at December 31, 2007
(in Millions)

	<u>2007</u>	<u>2006</u>	Increase/ (Decrease)
Total assets	\$ 132.99	\$ 134.76	\$ (1.78)
Total liabilities	<u>126.99</u>	<u>131.08</u>	<u>(4.09)</u>
Excess of assets over liabilities	6.00	3.68	2.31
Invested in capital assets, net of related debt	(23.58)	(20.61)	(2.97)
Restricted for debt service and program activities	5.72	5.54	0.18
Unrestricted net assets	<u>23.85</u>	<u>18.76</u>	<u>5.09</u>
Total Net Assets	<u>\$ 6.00</u>	<u>\$ 3.68</u>	<u>\$ 2.31</u>

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.

Public Safety accounts for 43 percent of expenses, while General Government and Community Services account for 15 percent and 12 percent respectively. 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 has been added to the government-wide financial statements for the first time in 2007. It accounts for 16 percent of expenses. However, a disproportionate share of this expense is attributable to public safety employees and retirees.

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).

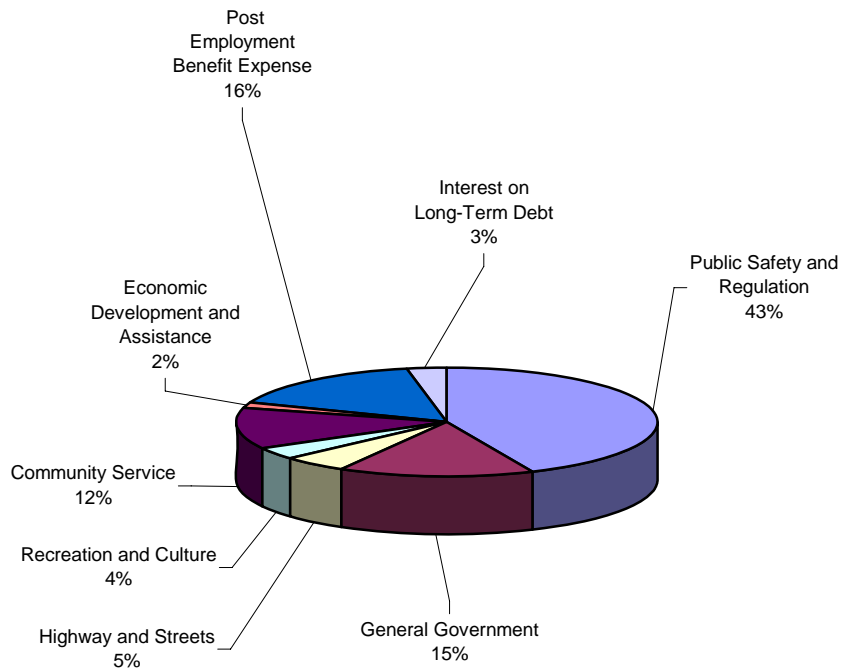
Expenses increased from 2006 by \$25.1 million.

- ❑ Post Employment Benefit Expense increased by \$21 million, because the City's financial statements for the first time reflect the unfunded liability of active employees' post employment health care costs, as required by GASB 45. A disproportionate share of this expense is attributable to public safety employees and retirees.
- ❑ Public safety expenses increased from 2006 by \$4.4 million, reflecting the budgeted increase in cost of salaries and unbudgeted increases in overtime, and health benefits. Public Safety expenses of \$82 million are offset by \$8 million in charges for services and \$1.6 million in grant funds for urban security, truancy, and motor vehicle theft prevention programs.

Governmental Activities - Expenses
(in Millions)

Governmental Functions	2007	2006	Increase/ (Decrease)	% of Change
Public Safety and Regulation	\$ 81.97	\$ 77.62	\$ 4.35	6%
General Government	28.62	31.78	(3.16)	-10%
Highway and Streets	9.13	8.40	0.73	9%
Recreation and Culture	6.94	7.81	(0.88)	-11%
Community Service	23.20	20.79	2.41	12%
Economic Development and Assistance	3.49	3.56	(0.07)	-2%
Employee Benefits	30.36	9.29	21.07	227%
Interest on Long-Term Debt	<u>5.70</u>	<u>5.09</u>	<u>0.61</u>	<u>12%</u>
Total	<u>\$189.40</u>	<u>\$164.34</u>	<u>\$25.07</u>	<u>15%</u>

**2007
Functional Expenses – Primary Government**



- Community Service expenses of \$23.2 million increased by \$2.4 million and are offset by \$6.9 million in grants related to the 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.

Employee benefits largely reflect retiree health care costs and the implementation of GASB 45 in 2007.

Revenues

Total general revenues (\$133.5) increased by \$4.1 million. Grants and entitlements not restricted to specific programs (\$9.3 million) increased by nearly \$2.5 million and Intergovernmental revenue not program-restricted (\$15.7 million) increased by \$1.1 million, which reflects some increase in state aid.

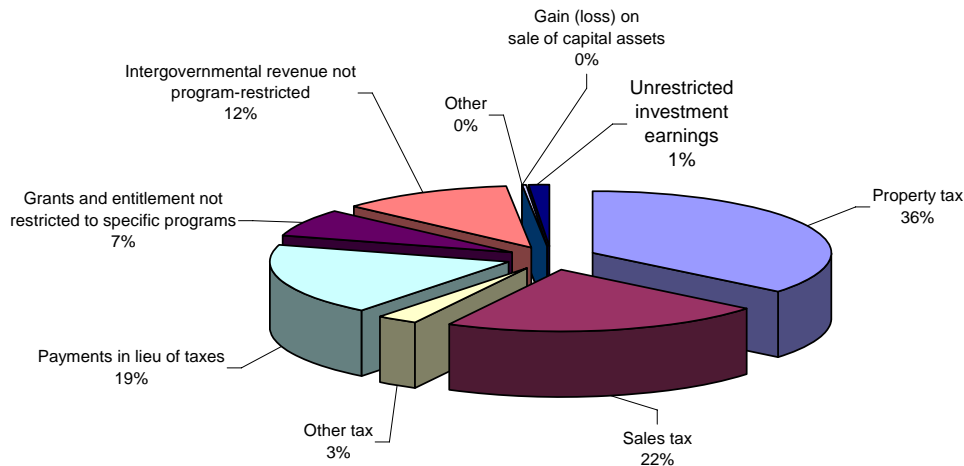
Property tax revenue decreased by \$0.7 million, which was caused by assessment challenges the year prior to implementing reassessment. Parking fines and grant-related public safety revenue decreased by \$1.2 million and General Government decreased by \$0.9 million. Revenues from Highway and Streets transportation related funds increased by \$1.5 million and Community Service by \$0.5 million.

Governmental Activities - General Revenues (in Millions)

<u>Revenues</u>	<u>2007</u>	<u>2006</u>	<u>Increase/ (Decrease)</u>	<u>% of Change</u>
Property tax	\$ 47.75	\$ 48.44	\$(0.70)	-1%
Sales tax	29.56	29.24	0.32	1%
Other tax	3.53	3.54	(0.01)	0%
Payments in lieu of taxes	25.42	25.10	0.32	1%
Grants and entitlement not restricted to specific programs	9.32	6.80	2.52	37%
Intergovernmental revenue not program restricted	15.69	14.57	1.13	8%
Gain (loss) on sale of capital assets	0.15	0.01	0.14	1341%
Other	0.38	-	0.38	0%
Unrestricted investment earnings	1.73	1.74	(0.01)	-1%
Total General Revenues	<u>\$ 133.53</u>	<u>\$ 129.43</u>	<u>\$ 4.09</u>	<u>3%</u>

The following chart indicates the relative percentages of general revenues:

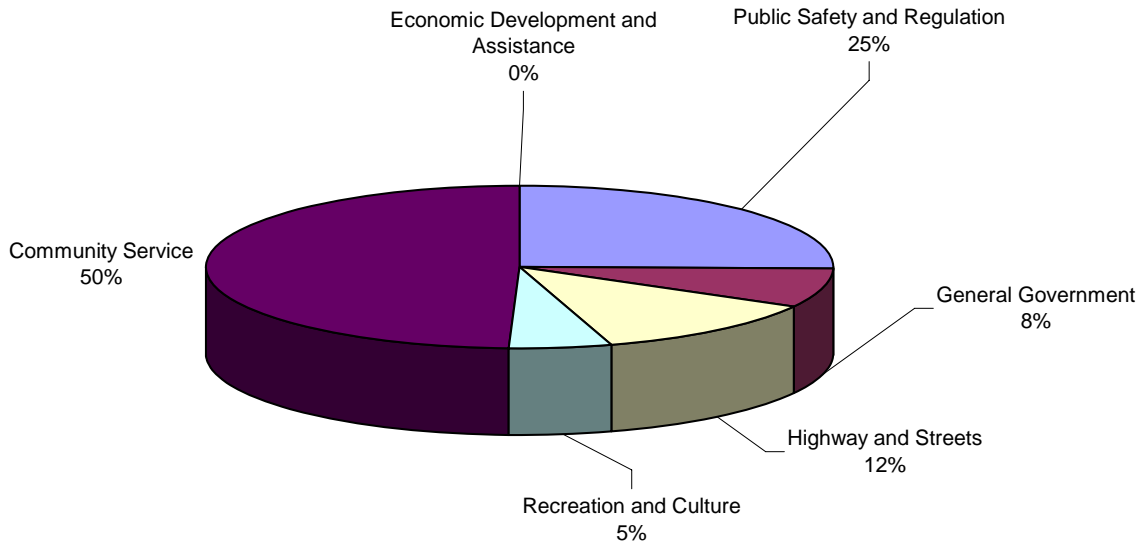
Governmental Activities – General Revenues (in \$ Millions)



Governmental Activities - Revenues
(in Millions)

<u>Governmental Functions</u>	<u>2007</u>	<u>2006</u>	<u>Increase/ (Decrease)</u>	<u>% of Change</u>
Public Safety and Regulation	\$ 9.64	\$ 10.87	\$(1.23)	-11%
General Government	2.95	3.84	(0.89)	-23%
Highway and Streets	4.74	3.29	1.45	44%
Recreation and Culture	1.97	1.82	0.15	8%
Community Service	18.89	18.40	0.49	3%
Economic Development and Assistance	-	-	-	0%
Total	\$ 38.19	\$ 38.21	\$(0.02)	0%

Functional Revenues – Statement of Activities

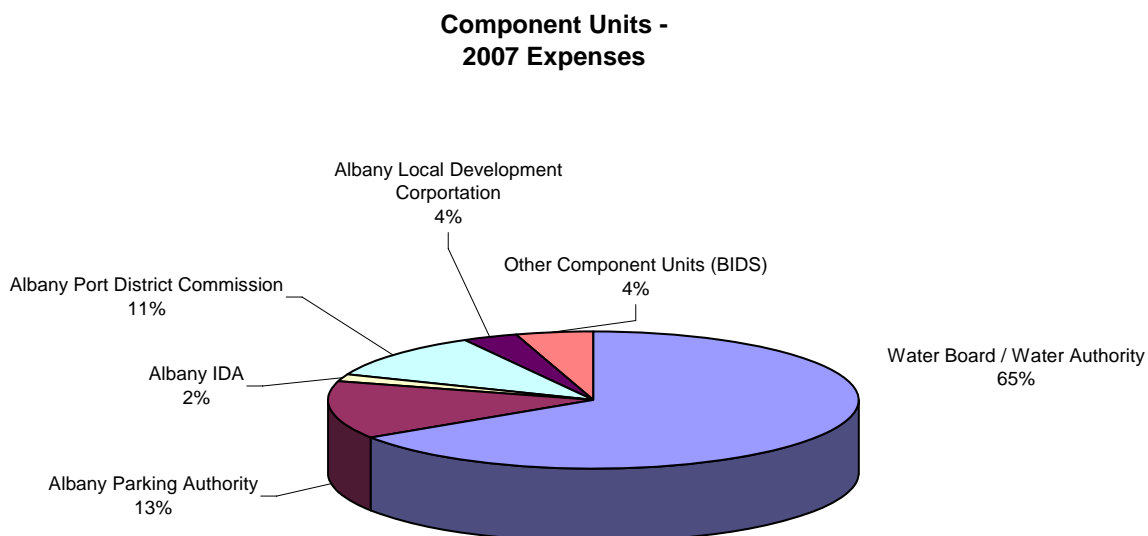


The overall expenses of the Component Units totaled \$42.1 million - a decrease from 2006 of \$0.4 million, which is the result of reduced spending (\$1.3) by the Water Board/Water Authority. The Water Board/Water Authority accounts for 68 percent of the overall spending among component units. Reduced spending on capital, unfilled vacancies, and lower than anticipated charges from the County Sewer District caused this decrease. The following is a summary of the relative 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 expenses (including depreciation) for the component units:

Component Units - Expenses <i>(in Millions)</i>				
Component Units	<u>2007</u>	<u>2006</u>	<u>Increase / (Decrease)</u>	<u>% of Change</u>
Water Board / Water Authority	\$27.68	\$28.97	(\$1.29)	-4%
Albany Parking Authority	5.75	5.55	0.20	4%
Albany IDA	0.71	0.51	0.20	39%
Albany Port District Commission	4.53	4.22	0.30	7%
Albany Local Development Corporation	1.48	1.30	0.18	14%
Other Component Units (BIDS)	1.93	1.96	(0.03)	-2%
Total	<u>\$42.08</u>	<u>\$42.51</u>	<u>(\$0.43)</u>	<u>-1%</u>

The following chart indicates the relative percentage of expenses (including depreciation) for the Component Units:



Governmental Funds Financial Statements

Balance Sheet

Assets increased by \$1.5 million and liabilities increased by \$2.1 million.

Assets increased by nearly \$1.5 million with the largest increase (\$1.2) from cash and cash equivalents. Restricted Cash increased by \$0.7 million. Due from other funds decreased by \$0.8 million. Due from other governments increased by \$1.1 million.

Liabilities increased by \$2.1 million. The biggest increase is in accounts payable and accrued expenses, which increased by \$1.7 million (11%).

The City's fund balance at year-end totaled \$22.6 million, of which \$2.5 million is reserved for debt service and almost \$0.9 million for landfill post closure expenses. Total fund balance (\$22.6) decreased by \$0.6 million (3%) over the previous year. Undesignated fund balance (\$19.2) decreased by almost \$2.4 million (11%) and is 12.5% of expenses.

CITY OF ALBANY, NEW YORK

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

	Governmental Fund Types				Special Revenue Funds*			
	Original Budget	Modified Budget	Actual	Actual Over (Under) Original Budget	Original Budget	Modified Budget	Actual	Actual Over (Under) Original Budget
REVENUES								
Real property taxes	\$48.70	\$48.70	\$47.75	(\$0.95)	\$0.00	\$0.00	\$0.00	\$0.00
Sales and use taxes	29.71	29.71	29.56	(0.15)	0.00	0.00	0.00	0.00
Other taxes	3.61	3.61	3.53	(0.08)	0.00	0.00	0.00	0.00
Payments in lieu of taxes	25.13	25.13	25.42	0.29	0.00	0.00	0.00	0.00
Intergovernmental revenue	16.51	19.02	20.86	4.35	3.26	3.38	3.24	(0.01)
Charges for services	13.38	13.38	12.56	(0.82)	0.00	0.00	0.00	0.00
Fines, interest and penalties	4.30	4.72	4.76	0.47	0.00	0.00	0.00	0.00
Use of money and properties	0.90	0.90	1.91	1.01	0.00	0.00	0.00	0.00
Licenses and permits	1.25	1.25	1.68	0.43	0.00	0.00	0.00	0.00
Other revenues	3.71	3.71	3.86	0.15	0.00	0.00	0.00	0.00
Total revenues	147.20	150.13	151.89	4.69	3.26	3.38	3.24	(0.01)
EXPENDITURES								
Public safety and regulation	71.84	76.38	78.06	6.22	0.00	0.00	0.00	0.00
General government	26.60	24.50	22.11	(4.50)	0.00	0.00	0.00	0.00
Highways and streets	6.31	7.35	7.35	1.04	0.00	0.00	0.00	0.00
Recreation and culture	6.70	6.76	6.25	(0.46)	0.00	0.00	0.00	0.00
Community service	8.11	10.07	9.32	1.20	0.00	0.00	0.00	0.00
Employee benefits	13.83	13.31	13.31	(0.52)	0.00	0.00	0.00	0.00
Economic development and assistance	0.00	0.04	0.04	0.04	3.06	3.50	3.06	(0.44)
Debt service	17.16	16.81	16.80	(0.35)	0.00	0.00	0.00	0.00
Total expenditures	150.56	155.22	153.23	2.68	3.06	3.50	3.06	(0.44)
Excess (deficiency) of revenues and appropriated fund balance over expenditures	(3.36)	(5.09)	(1.34)	2.02	0.19	(0.12)	0.18	0.43
OTHER FINANCING SOURCES (USES)								
Appropriated from fund balance	3.35	3.35	0.00	(3.35)	0.00	0.00	0.00	0.00
Allocated from debt service	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds from bonds	0.00	0.07	0.38	0.38	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.24	0.24	0.00	0.00	0.00	0.00
Proceeds from sale of property	0.01	0.01	0.11	0.10	0.00	0.00	0.00	0.00
Total other financing sources (uses)	3.36	3.43	0.73	(2.63)	0.00	0.00	0.00	0.00
Excess (deficiency) of revenues, appropriated fund balance and other financing sources over expenditures and other financing uses	\$0.00	(\$1.66)	(\$0.61)	(\$0.61)	\$0.19	(\$0.12)	\$0.18	\$0.43

*Includes special grant and miscellaneous special revenue funds only.

Combined Statement of Revenue and Expenditures -- Budget to Actual

General Fund revenues (excluding other financing sources) totaled \$151.9 million, which was \$1.4 million less than 2006, but almost \$4.7 million more than originally budgeted. General fund expenses total \$153.2 million, which was almost \$8.6 million more than 2006 and almost \$2.7 million more than budgeted. Fund balance was reduced by almost \$0.6 million. However, this was significantly less than the budgeted reduction to fund balance of almost \$3.6 million.

At year-end, general fund balance totals \$22.6 million, which is 14.8 percent of expenditures.

The City's budget, which is effective on January 1st, is proposed by the Mayor prior to October 1st 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 Comptroller, the President of the Common Council, and two designees of the Mayor². This is the *Modified Budget*. *Actual* reflects the operational results, including any audit adjustments.

Revenues

General Fund revenues of \$151.9 million were approximately \$4.7 million more than budget, but \$1.6 million less than 2006. The most significant variances in revenue include the following:

Real property taxes were under budget by almost \$1 million caused by property tax challenges. The City carried out a reassessment in 2007, which brings the assessments to full value for 2008.

Sales Tax revenue was \$0.2 under budget, but \$0.2 million more than 2006, which reflects relatively stable county-wide economic activity.

Intergovernmental Revenue was almost \$4.4 million more than budget. *State Aid Revenue Sharing* and better than expected as was revenue from the *mortgage recording tax*.

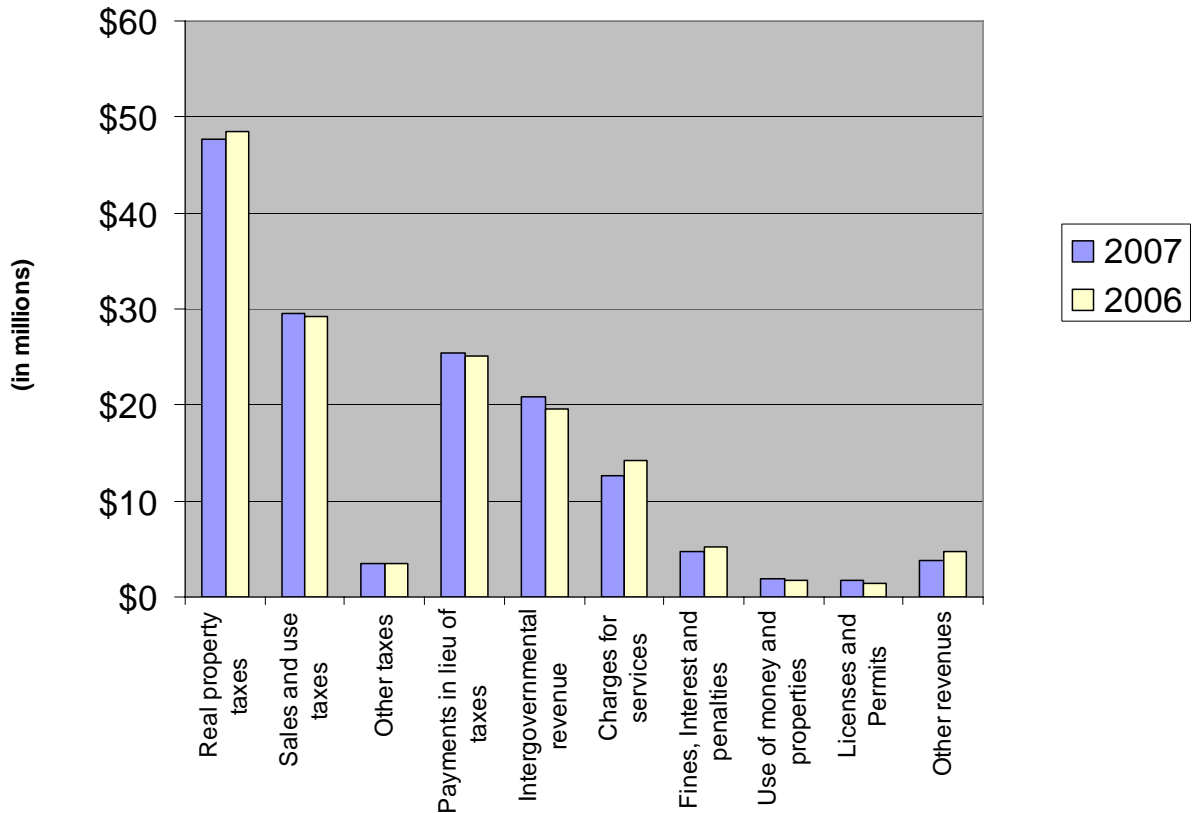
Charges for Services revenue was \$0.8 million less than in 2006. This is the result of reduced landfill revenue (check landfill revenue numbers).

Fines Interest and Penalties were up by almost \$0.5 million. Interest earnings and police court fines increased. Parking violations revenue decreased.

Other Revenues exceeded budgeted amounts by \$1.7 million because of reimbursement from the public utility (National Grid) related to an old street lighting dispute and reimbursement for work performed for the community development agency.

² Effective January 1, 2007 the two mayoral appointees are replaced with the Corporation Council and the City Treasurer.

Governmental Funds – General Fund Revenues 2007 to 2006 Variance



Expenses

Total expenditures of \$153.2 million were \$2.7 million more than budget and \$8.6 million more than 2006.

Public Safety spending (\$78.1) increased by \$5.4 million and was \$6.2 million more than budget. The arbitration agreement for police officers caused most of the increase relative to 2006. This increase was budgeted through the contingency account, which caused a large variance in this category relative to budget.

- *Public Safety Overtime* exceeded budgeted amounts by \$1.9 million. Police regular overtime totaled \$3.7 million on a budget of \$2.8 million. Reimbursable overtime totaled \$1.3 million on a budget of \$600,000 and Fire Department overtime totaled approximately \$0.6 million on a budget of \$0.4 million.

General Government spending (\$22.1) was \$4.5 million less than budget \$1 million more than 2006. 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 (\$7.4 million) was \$1 million more than budgeted and \$0.7 million more than 2006. The increase is the result of additional paving as well as increased fuel costs associated with street maintenance.

Recreation and Culture spending (\$6.3) was \$0.5 million less than budget, but virtually the same as 2006.

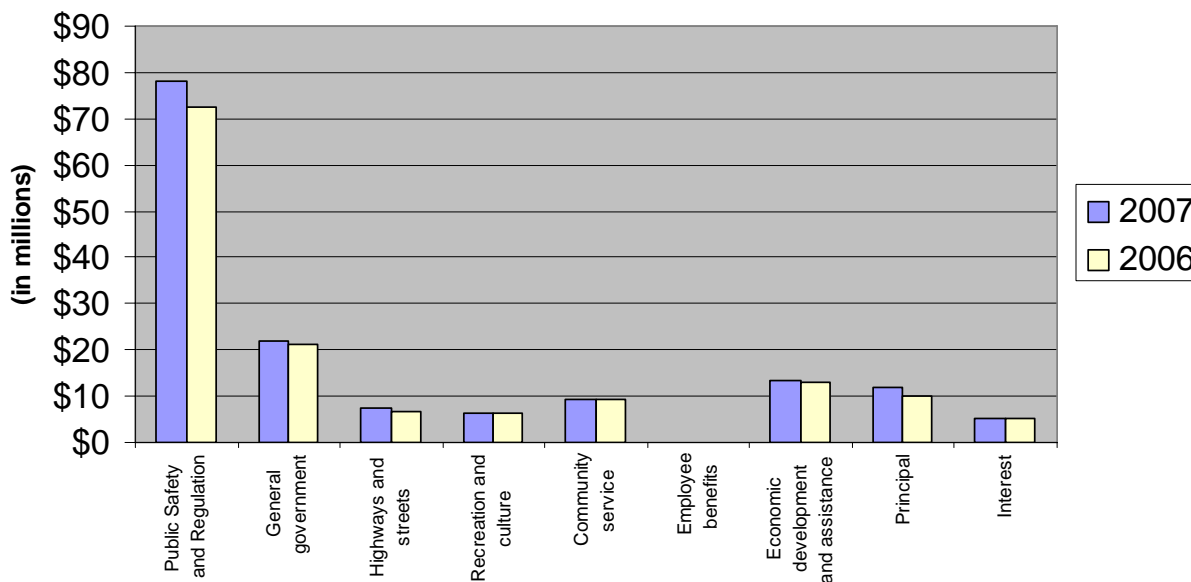
Undistributed Employee Benefits expense was \$1.1 million under budget and not significantly higher than 2006.

Debt Service payments (\$16.8 million) were \$1.3 million more than 2006 which is the result of interest and principal payments from the 2006 bonds and capital leases.

Governmental Funds – General Fund Expenditures 2007 to 2006 Variance

<u>Expenditures</u>	<u>2007</u>	<u>2006</u>	<u>2007 Over/(Under) 2006</u>
Public safety and regulation	\$ 78.06	\$ 72.66	\$ 5.40
General government	22.11	21.10	1.01
Highways and streets	7.35	6.66	0.69
Recreation and culture	6.25	6.28	(0.03)
Community service	9.32	9.40	(0.08)
Employee benefits	0.04	0.05	(0.01)
Economic development and assistance	13.31	13.07	0.24
Principal	11.73	10.20	1.54
Interest	5.07	5.25	(0.19)
Total expenditures	<u>\$153.23</u>	<u>\$144.68</u>	<u>\$8.55</u>

General Government – General Fund Expenditures 2007 to 2006 Variance



Debt

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

Long-Term Debt

The City issued no long-term debt during 2007.

Short-Term Debt

During 2007, the City issued \$11,375,000 in Bond Anticipation Notes (BANS) at an interest rate of 4%. In addition, the City issued \$10,000,000 in Revenue Anticipation Notes (RANS) at an interest rate of 4%.

Capital Leases

The City entered into no new capital lease agreements in 2007.

Debt Ceiling

Of the outstanding indebtedness, approximately \$105,422,844 was subject to the statutory debt limit, using approximately 39.15% of the City's statutory debt limit.

CREDIT RATINGS AND BOND INSURANCE

The City's credit rating was last evaluated in 2006 and reaffirmed by each of the three major rating agencies: Moody's Investors Services, A3, Fitch Ratings, A, and Standard & Poor's, A. All outstanding debt is backed by insurance policies from municipal insurance companies except issues secured through the New York State Environmental Facilities Corporation (EFC). These EFC issues have the following rating: Moody's Investors Service, Aaa, Standard & Poor's, AAA, and FITCH Ratings, AAA.

CAPITAL ACQUISITION AND CONSTRUCTION ACTIVITIES

During 2007 the City expended \$14.5 million on capital projects and acquisitions. This includes Federal and State funds for transportation 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:

Capital Acquisition, Construction and Expenditures	
Street and Sidewalk Construction	\$5.2 Million
Recreational Facilities Improvements	\$1.4 million
Landfill Equipment and Expansion	\$5.4 Million

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 addressed to the Comptroller either in writing or by e-mail.

Comptroller, City of Albany
City Hall Room 111
24 Eagle Street
Albany, NY 12207

Nitidot@ci.albany.ny.us

Thomas P. Nitido
Comptroller

CITY OF ALBANY, NEW YORK
STATEMENT OF NET ASSETS
December 31, 2007

	<u>Primary Government</u>	<u>Component Units</u>
ASSETS		
Cash and cash equivalents	\$ 24,809,445	\$ 11,233,913
Cash and cash equivalents - restricted	10,189,696	2,271,133
Investments, restricted	-	13,195,026
Taxes receivable	3,925,424	-
Accounts receivable, net	2,128,865	14,050,582
Mortgage loans receivable	14,722,206	1,900,181
Due from primary government	-	-
Due from other governments	15,308,738	-
Due from other funds	665,387	-
Due from component units	12,704,804	-
Intangible assets, net	-	5,319,428
Prepaid and other assets	2,534,178	3,866,279
Property held for investment, lease or sale	-	4,659,649
Capital assets, net	<u>164,438,428</u>	<u>76,492,841</u>
Total assets	<u><u>\$ 251,427,171</u></u>	<u><u>\$ 132,989,032</u></u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 12,839,996	\$ 3,743,986
Capital lease obligations	8,075,954	-
Bonds and loans payable	94,895,833	109,437,382
Bond and revenue anticipation notes payable	21,375,000	-
Accrued post employment benefit obligation	20,507,900	180,759
Accrued interest payable	3,997,371	512,648
Deferred revenue	12,826,699	2,316,181
Due to other governments	10,273,890	-
Due to primary government	-	9,948,153
Compensated absences	17,033,148	-
Landfill post-closure costs	5,677,012	-
Judgments and claims	6,232,257	-
Other liabilities	<u>1,744,516</u>	<u>853,521</u>
Total liabilities	<u>215,479,576</u>	<u>126,992,630</u>
NET ASSETS (DEFICIENCY)		
Invested in capital assets, net of related debt	75,772,346	(23,579,382)
Restricted for:		
Program specific activities	-	5,549,437
Debt service	2,642,674	175,191
Unrestricted net assets (deficiency)	<u>(42,467,425)</u>	<u>23,851,156</u>
Total net assets	<u>35,947,595</u>	<u>5,996,402</u>
Total liabilities and net assets	<u><u>\$ 251,427,171</u></u>	<u><u>\$ 132,989,032</u></u>

See notes to financial statements.

CITY OF ALBANY, NEW YORK
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

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	\$ 81,969,257	\$ 8,008,773	\$ 1,630,336	\$ -	\$ (72,330,148)	\$ -
General government	28,618,977	2,945,480	-	-	(25,673,497)	-
Highways and streets	9,131,909	103,177	-	4,635,245	(4,393,487)	-
Recreation and culture	6,936,435	1,973,215	-	-	(4,963,220)	-
Community service	23,196,430	12,013,512	6,876,738	-	(4,306,180)	-
Economic development and assistance	3,488,511	-	-	-	(3,488,511)	-
Post employment benefit expense	30,363,900	-	-	-	(30,363,900)	-
Interest on long-term debt	5,698,615	-	-	-	(5,698,615)	-
Total governmental activities	<u>189,404,034</u>	<u>25,044,157</u>	<u>8,507,074</u>	<u>4,635,245</u>	<u>(151,217,558)</u>	<u>-</u>
Component Units:						
Albany Water Board and Municipal Water Finance Authority	27,681,139	27,873,780	-	-	-	192,641
Albany Parking Authority	5,747,693	6,037,545	-	-	-	289,852
Albany Industrial Development Agency	713,894	1,004,365	-	-	-	290,471
Albany Port District Commission	4,525,590	4,392,849	360,030	-	-	227,289
Albany Local Development Corporation	1,475,605	1,716,463	-	-	-	240,858
Other component units	1,933,810	2,088,682	(47,789)	-	-	107,083
Total component units	<u>\$ 42,077,731</u>	<u>\$ 43,113,684</u>	<u>\$ 312,241</u>	<u>\$ -</u>	<u>-</u>	<u>1,348,194</u>
General Revenues:						
Property tax					47,746,506	-
Sales tax					29,559,266	-
Other tax					3,529,722	-
Payments in lieu of taxes					25,420,554	-
Grants and entitlements not restricted to specific programs					9,320,925	-
Intergovernmental revenue not program-restricted					15,692,660	-
Gain on sale of capital assets					146,859	1,200
Other					381,950	-
Unrestricted investment earnings					1,727,707	962,328
Total general revenues					<u>133,526,149</u>	<u>963,528</u>
Change in net assets					(17,691,409)	2,311,722
Net assets, beginning of year					<u>53,639,004</u>	<u>3,684,680</u>
Net assets, end of year					<u>\$ 35,947,595</u>	<u>\$ 5,996,402</u>

See notes to financial statements.

CITY OF ALBANY, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2007

	General	Special Revenue	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,112,818	437,514	\$ 16,791,058	\$ 1,468,055	\$ 24,809,445
Cash and cash equivalents - restricted	8,434,018	-	1,652,635	103,043	10,189,696
Taxes receivable	3,925,424	-	-	-	3,925,424
Accounts receivable, net	911,462	-	340,795	-	1,252,257
Landfill receivable, net	876,608	-	-	-	876,608
Mortgage loans receivable	-	-	-	14,722,206	14,722,206
Due from other funds	7,145,175	-	-	-	7,145,175
Due from component units	12,905,778	-	-	-	12,905,778
Due from federal and state governments	1,980,375	284,064	2,654,587	668,325	5,587,351
Due from other governments	9,721,387	-	-	-	9,721,387
Other assets	2,397,197	-	-	136,981	2,534,178
	<u>\$ 54,410,242</u>	<u>\$ 721,578</u>	<u>\$ 21,439,075</u>	<u>\$ 17,098,610</u>	<u>\$ 93,669,505</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Bond and revenue anticipation notes payable	\$ 10,000,000	\$ -	\$ 11,375,000	\$ -	\$ 21,375,000
Accounts payable and accrued expenses	9,442,915	147,446	2,798,924	450,711	12,839,996
Due to other funds	-	315,200	5,588,938	575,650	6,479,788
Due to component units	200,974	-	-	-	200,974
Due to other governments	10,182,171	-	-	91,719	10,273,890
Deferred revenue	-	-	-	12,826,699	12,826,699
Accrued interest	1,745,066	-	-	-	1,745,066
Other liabilities	201,054	252,064	63,409	1,227,989	1,744,516
Total liabilities	<u>31,772,180</u>	<u>714,710</u>	<u>19,826,271</u>	<u>15,172,768</u>	<u>67,485,929</u>
Fund Balances:					
Reserved for:					
Encumbrances	46,750	-	-	-	46,750
Debt service	2,542,674	-	-	100,000	2,642,674
Landfill postclosure	881,950	-	-	-	881,950
Unreserved:					
Undesignated, reported in:					
General fund	19,166,688	-	-	1,825,842	20,992,530
Special revenue fund	-	6,868	-	-	6,868
Capital projects fund	-	-	1,612,804	-	1,612,804
Total fund balances	<u>22,638,062</u>	<u>6,868</u>	<u>1,612,804</u>	<u>1,925,842</u>	<u>26,183,576</u>
Total liabilities and fund balances	<u>\$ 54,410,242</u>	<u>\$ 721,578</u>	<u>\$ 21,439,075</u>	<u>\$ 17,098,610</u>	<u>\$ 93,669,505</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, 2007

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Real property taxes	\$ 47,746,506	\$ -	\$ -	\$ -	\$ 47,746,506
Sales and use taxes	29,559,266	-	-	-	29,559,266
Other taxes	3,529,722	-	-	-	3,529,722
Payments in lieu of taxes	25,420,554	-	-	-	25,420,554
Intergovernmental revenue	20,862,857	3,244,309	4,635,245	10,332,230	39,074,641
Charges for services	12,561,945	-	-	1,081,195	13,643,140
Fines, interest and penalties	4,761,955	-	-	-	4,761,955
Uses of money and properties	1,908,564	-	-	-	1,908,564
License and permits	1,680,354	-	-	-	1,680,354
Other revenues	3,859,114	-	-	132,233	3,991,347
Total revenues	<u>151,890,837</u>	<u>3,244,309</u>	<u>4,635,245</u>	<u>11,545,658</u>	<u>171,316,049</u>
EXPENDITURES					
Public safety and regulation	78,057,580	-	423,335	-	78,480,915
General government	22,106,573	-	1,555,500	-	23,662,073
Highways and streets	7,350,905	-	5,323,497	-	12,674,402
Recreation and culture	6,245,517	-	1,442,801	-	7,688,318
Community service	9,319,306	-	5,425,300	9,876,228	24,620,834
Economic development and assistance	41,636	3,061,924	80,652	-	3,184,212
Employee benefits	13,308,027	-	-	-	13,308,027
Debt service:					
Principal	11,734,918	-	-	167,310	11,902,228
Interest	5,066,833	-	-	95,795	5,162,628
Total expenditures	<u>153,231,295</u>	<u>3,061,924</u>	<u>14,251,085</u>	<u>10,139,333</u>	<u>180,683,637</u>
Excess (deficiency) of revenues over expenditures	<u>(1,340,458)</u>	<u>182,385</u>	<u>(9,615,840)</u>	<u>1,406,325</u>	<u>(9,367,588)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of property	107,022	-	-	-	107,022
Payments of capital lease obligations	-	-	(476,642)	-	(476,642)
Other	381,950	-	-	-	381,950
Transfers in (out)	241,758	-	(241,758)	-	-
Total other financing sources	<u>730,730</u>	<u>-</u>	<u>(718,400)</u>	<u>-</u>	<u>12,330</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>(609,728)</u>	<u>182,385</u>	<u>(10,334,240)</u>	<u>1,406,325</u>	<u>(9,355,258)</u>
FUND BALANCE (DEFICIENCY), beginning of year,	<u>23,247,790</u>	<u>(175,517)</u>	<u>11,947,044</u>	<u>519,517</u>	<u>35,538,834</u>
FUND BALANCE, ending	<u>\$ 22,638,062</u>	<u>\$ 6,868</u>	<u>\$ 1,612,804</u>	<u>\$ 1,925,842</u>	<u>\$ 26,183,576</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, 2007

Total fund balance - governmental funds \$ 26,183,576

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.

The cost of capital assets is	340,734,811	
Accumulated depreciation is	<u>(176,296,383)</u>	164,438,428

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	(94,895,833)	
Accrued post employment benefit obligation	(20,507,900)	
Accrued interest on bonds	(2,252,305)	
Compensated absences	(17,033,148)	
Landfill closure and postclosure obligation	(5,677,012)	
Capital lease obligations	(8,075,954)	
Judgments and claims	<u>(6,232,257)</u>	<u>(154,674,409)</u>

Net assets of governmental activities		<u>\$ 35,947,595</u>
---------------------------------------	--	----------------------

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, 2007

Total net change in fund balance - governmental funds \$ (9,355,258)

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	13,236,358	
Depreciation expense	(12,212,718)	
Loss in donated property and sale of other assets	<u>(92,399)</u>	931,241

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	(1,274,054)	
Landfill closure and postclosure costs	(129,031)	
Judgments and claims	<u>896,503</u>	(506,582)

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	476,645	
Principal repaid	<u>11,902,228</u>	12,378,873

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	(30,363,900)	
Post employment benefit contribution paid	<u>9,856,000</u>	(20,507,900)

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>(631,783)</u>	
Change in net assets of governmental activities		<u><u>\$ (17,691,409)</u></u>

CITY OF ALBANY
COMBINING BALANCE SHEET –
DISCRETELY PRESENTED COMPONENT UNITS
December 31, 2007

	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
ASSETS							
Cash and cash equivalents	\$ 1,766,378	\$ 1,808,920	\$ 513,725	\$ -	\$ 6,491,860	\$ 653,030	\$ 11,233,913
Cash and cash equivalents, restricted	-	1,744,142	-	526,991	-	-	2,271,133
Investments, restricted	6,578,980	3,605,722	-	2,072,387	937,937	-	13,195,026
Receivables, net:							
Accounts	13,168,236	31,420	-	191,626	-	-	13,391,282
Other	-	51,220	-	-	327,932	280,148	659,300
Mortgage loans and notes receivable	-	-	143,155	-	1,757,026	-	1,900,181
Due from primary government	-	-	-	-	-	-	-
Prepaid and other assets	757,040	31,619	-	195,548	2,869,535	12,537	3,866,279
Property held for investment, lease or sale	-	-	-	-	4,659,649	-	4,659,649
Intangible assets, net	3,737,208	1,582,220	-	-	-	-	5,319,428
Capital assets, net	37,147,556	18,569,036	-	20,224,481	280,335	271,433	76,492,841
Total assets	\$ 63,155,398	\$ 27,424,299	\$ 656,880	\$ 23,211,033	\$ 17,324,274	\$ 1,217,148	\$ 132,989,032
LIABILITIES							
Accounts payable and accrued expenses	\$ 2,332,711	\$ 485,898	\$ -	\$ 473,534	\$ 239,883	\$ 211,960	\$ 3,743,986
Current maturities of long-term debt	900,843	1,165,000	-	431,801	262,637	9,097	2,769,378
OPEB obligation, current portion	-	-	-	42,000	-	-	42,000
Accrued interest payable	-	512,648	-	-	-	-	512,648
Due to primary government	9,571,413	-	131,970	-	244,770	-	9,948,153
Deferred revenues	1,084,384	-	-	45,096	1,186,701	-	2,316,181
Revolving loan fund	-	-	-	-	785,933	-	785,933
Other liabilities	-	-	55,759	-	-	11,829	67,588
Accrued interest on capital appreciation bonds	-	1,867,662	-	-	-	-	1,867,662
OPEB obligation, net of current portion	-	-	-	138,759	-	-	138,759
Bonds and notes payable	72,354,241	24,573,061	-	2,295,612	5,382,580	194,848	104,800,342
Total liabilities	86,243,592	28,604,269	187,729	3,426,802	8,102,504	427,734	126,992,630
FUND BALANCE (DEFICIT) AND OTHER CREDITS							
Contributed capital	-	-	-	-	-	-	-
Fund balances	-	-	469,151	-	-	-	469,151
Reserved for							
Program specific activities	-	5,349,864	-	-	199,573	-	5,549,437
Debt service	-	-	-	-	175,191	-	175,191
Invested in capital assets, net of related debt	(36,107,528)	(7,114,023)	-	17,497,068	2,145,101	-	(23,579,382)
Unreserved	13,019,334	584,189	-	2,287,163	6,701,905	789,414	23,382,005
Total fund balance (deficit) and other credits	(23,088,194)	(1,179,970)	469,151	19,784,231	9,221,770	789,414	5,996,402
Total liabilities and fund balance	\$ 63,155,398	\$ 27,424,299	\$ 656,880	\$ 23,211,033	\$ 17,324,274	\$ 1,217,148	\$ 132,989,032

See notes to financial statements.

CITY OF ALBANY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
DISCRETELY PRESENTED COMPONENT UNITS
December 31, 2007

	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
Operating revenue	\$ 27,873,780	\$ 6,037,545	\$ 1,004,365	\$ 4,392,849	\$ 1,716,463	\$ 2,088,682	\$ 43,113,684
Operating expenses							
Costs of services	-	2,015,663	144,294	1,722,440	972,438	1,688,392	6,543,227
Source of supply and purification	3,761,666	-	-	-	-	-	3,761,666
Transmission and distribution	3,219,993	-	-	-	-	-	3,219,993
General and administrative	2,798,078	978,001	-	1,142,506	(3,286)	195,716	5,111,015
Real estate taxes paid to other governments	1,887,902	-	-	-	-	-	1,887,902
Sewer contract	8,511,527	-	-	-	-	-	8,511,527
Depreciation and amortization	4,121,768	681,787	-	1,344,829	199,454	49,702	6,397,540
Grants	-	-	569,600	-	-	-	569,600
Miscellaneous	-	262,725	-	-	77,272	-	339,997
Total operating expenses	<u>24,300,934</u>	<u>3,938,176</u>	<u>713,894</u>	<u>4,209,775</u>	<u>1,245,878</u>	<u>1,933,810</u>	<u>36,342,467</u>
Excess (deficiency) of operating revenue over expenses before nonoperating revenue (expenses)	<u>3,572,846</u>	<u>2,099,369</u>	<u>290,471</u>	<u>183,074</u>	<u>470,585</u>	<u>154,872</u>	<u>6,771,217</u>
Nonoperating revenue (expenses)							
Letter-of-credit fees	-	-	-	-	-	-	-
Amortization of bond issue costs	-	(314,245)	-	-	-	-	(314,245)
Decrease in fair value of investments	-	130,555	-	-	-	-	130,555
Interest income	492,108	335,559	20,760	113,901	-	-	962,328
Interest expense	(3,380,205)	(1,625,827)	-	(96,410)	229,727	-	(4,872,715)
Gain/(loss) on sale of property and equipment	-	-	-	1,200	-	-	1,200
Waterfront development expenses	-	-	-	(219,405)	-	-	(219,405)
Net assets released from restrictions	-	-	-	-	-	(47,789)	(47,789)
Revenues and support contributions	-	-	-	-	-	-	-
Net nonoperating expenses	<u>(2,888,097)</u>	<u>(1,473,958)</u>	<u>20,760</u>	<u>(200,714)</u>	<u>229,727</u>	<u>(47,789)</u>	<u>(4,312,282)</u>
Excess (deficiency) of revenue over expenses before transfers	684,749	625,411	311,231	(17,640)	240,858	107,083	1,951,692
Grant funding	-	-	-	360,030	-	-	360,030
Excess (deficiency) of revenue over expenses	684,749	625,411	311,231	342,390	240,858	107,083	2,311,722
FUND BALANCE (DEFICIT) AND OTHER CREDITS, beginning of year	<u>(23,772,943)</u>	<u>(1,805,381)</u>	<u>157,920</u>	<u>19,441,841</u>	<u>8,980,912</u>	<u>682,331</u>	<u>3,684,680</u>
FUND BALANCE (DEFICIT) AND OTHER CREDITS, end of year	<u>\$ (23,088,194)</u>	<u>\$ (1,179,970)</u>	<u>\$ 469,151</u>	<u>\$ 19,784,231</u>	<u>\$ 9,221,770</u>	<u>\$ 789,414</u>	<u>\$ 5,996,402</u>

See notes to financial statements.

CITY OF ALBANY
COMBINING STATEMENT OF CASH FLOWS –
DISCRETELY PRESENTED COMPONENT UNITS
December 31, 2007

	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
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES							
Excess (deficiency) of operating expenses over revenue	\$ 3,572,845	\$ 2,099,369	\$ 290,471	\$ 183,074	\$ 470,585	\$ 107,083	\$ 6,723,427
Adjustments to reconcile excess of operating expenses over revenue to net cash provided (used) by operating activities:							
Depreciation and amortization	4,121,768	681,787	-	1,344,829	199,454	49,702	6,397,540
Realized gain on sale of investments and assets	-	-	-	-	(125,884)	-	(125,884)
In-kind donations of property	-	-	-	-	-	-	-
Provision for losses on mortgage costs, accrued interest, and other receivables	-	-	-	-	(3,286)	-	(3,286)
Interest income on cash and cash equivalents and investments	-	-	-	-	(319,768)	-	(319,768)
Deferred program support recognized as program income	-	-	-	-	(113,116)	-	(113,116)
Changes in:							
Accounts receivable	(469,954)	-	-	56,819	17,321	(151,235)	(547,049)
Due from primary government	-	-	-	-	-	120,041	120,041
Other receivables	-	6,101	-	-	-	-	6,101
Prepaid expenses and other assets	77,336	(1,618)	299	(6,622)	-	(6,722)	62,673
Accounts payable and accrued expenses	(140,979)	330,409	-	7,668	184,749	(129,756)	252,091
Due to City of Albany	-	-	-	-	(63,366)	-	(63,366)
Other liabilities	-	-	4,063	180,759	8,319	81,684	274,825
Deferred revenue	-	-	-	-	(72,767)	-	(72,767)
Net cash provided by (used in) operating activities	<u>7,161,016</u>	<u>3,116,048</u>	<u>294,833</u>	<u>1,766,527</u>	<u>182,241</u>	<u>70,797</u>	<u>12,591,462</u>
CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from long-term debt	492,108	10,925,000	-	-	-	-	11,417,108
Principal payments on long-term debt	(916,966)	(11,085,000)	-	(292,644)	(250,655)	(5,429)	(12,550,694)
Interest payments on long-term debt	(3,380,205)	(1,497,299)	-	(96,410)	(231,073)	-	(5,204,987)
Bond issue costs	-	(996,781)	-	-	-	-	(996,781)
Cash payments for capital assets	-	-	-	(198,905)	230,809	-	31,904
Letter-of-credit fee	-	-	-	-	-	-	-
Support contributions	-	-	-	-	-	-	-
Proceeds from sale of assets	-	-	-	1,200	-	-	1,200
Net payments to City of Albany	(2,446,966)	-	-	-	-	-	(2,446,966)
Proceeds from grant fundings	-	-	-	10,030	-	-	10,030
Net cash provided by (used in) capital and related financing activities	<u>(6,252,029)</u>	<u>(2,654,080)</u>	<u>-</u>	<u>(576,729)</u>	<u>(250,919)</u>	<u>(5,429)</u>	<u>(9,739,186)</u>

Continued...

See notes to financial statements.

CITY OF ALBANY
COMBINING STATEMENT OF CASH FLOWS –
DISCRETELY PRESENTED COMPONENT UNITS, Continued
December 31, 2007

	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
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES							
Purchase of property, plant, and equipment	705,083	(657,804)	-	-	(2,955)	(16,778)	27,546
Issuance of mortgage notes	-	-	-	-	(615,000)	-	(615,000)
Cash received on sale of investments	-	16,343,367	-	2,522,005	-	-	18,865,372
Cash paid for purchase of investments	(907,980)	(16,022,397)	-	(3,680,090)	(38,911)	-	(20,649,378)
Repayments received on mortgage loans	-	-	27,521	-	805,700	-	833,221
Interest on investments	-	354,114	20,760	91,662	319,851	-	786,387
Principal payments received under direct financing leases	-	-	-	-	122,419	-	122,419
Repayment from (advances to) City agencies net	-	-	-	-	(7,861)	1,016	(6,845)
Net cash provided by (used in) investing activities	<u>(202,897)</u>	<u>17,280</u>	<u>48,281</u>	<u>(1,066,423)</u>	<u>583,243</u>	<u>(15,762)</u>	<u>(636,278)</u>
Net increase (decrease) in cash and cash equivalents	706,090	479,248	343,114	123,375	514,565	49,606	2,215,998
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,060,288</u>	<u>3,073,814</u>	<u>170,611</u>	<u>403,616</u>	<u>5,977,295</u>	<u>603,424</u>	<u>11,289,048</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,766,378</u>	<u>\$ 3,553,062</u>	<u>\$ 513,725</u>	<u>\$ 526,991</u>	<u>\$ 6,491,860</u>	<u>\$ 653,030</u>	<u>\$ 13,505,046</u>

See notes to financial statements.

CITY OF ALBANY, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
December 31, 2007

	<u>Expendable Trust</u>	<u>Agency</u>
ASSETS		
Cash and equivalents	\$ 9,502	\$ 1,914,829
Cash and equivalents - restricted	-	323,788
Total assets	<u>\$ 9,502</u>	<u>\$ 2,238,617</u>
LIABILITIES		
Accounts payable	\$ -	\$ 5,058
Seized forfeitures	-	323,788
Due to other funds	-	665,387
Other liabilities	-	1,244,384
Total liabilities	<u>-</u>	<u>2,238,617</u>
NET ASSETS	<u>9,502</u>	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,502</u>	<u>\$ 2,238,617</u>

See notes to financial statements.

CITY OF ALBANY, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
For the Year Ended December 31, 2007

	<u>Expendable Trust</u>
Additions	
Contributions	\$ 8,506
Other	<u>1,814</u>
Total additions	<u>10,320</u>
Deductions	
Fire retirement	<u>8,889</u>
Change in net assets	1,431
Net assets, beginning of year	<u>8,071</u>
Net assets, end of year	<u><u>\$ 9,502</u></u>

See notes to financial statements.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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 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.

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.

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.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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 Common Council.

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 five-member board is appointed by the Common Council of the City of Albany.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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 assessments.

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.

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.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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 capital 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 as 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.

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.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2007

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.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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 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 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, 2007

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 for 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 probably legal settlements at December 31, 2007.

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, 2007

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.

Future Impacts of Accounting Pronouncements

The City has not completed the process of evaluating the impact that will result from adopting the GASB Statement No. 49 *Accounting and Financial Reporting for Pollution Remediation Obligations*, effective for the year ending December 31, 2009, GASB 50 *Pension Disclosures*, effective December 31, 2008, and GASB 51 *Accounting and Financial Reporting for Intangible Assets*. The City is, therefore, unable to disclose the impact of the adoption of these statements will have on its financial position and results of operations when such statements are adopted.

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.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

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.

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 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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

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

iii. Long-term liability transaction differences (Continued):

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 and expensed in the statement of activities.

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, 2007, cash and cash equivalents and cash and cash equivalents - restricted are comprised of interest bearing and non-interest bearing deposits in various financial institutions. The City considers all certificates of deposit, with original maturities of three months or less, and money market accounts to be cash equivalents.

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, 2007, with the exception of approximately \$41,000, all cash and cash equivalents, as well as restricted cash and restricted cash equivalents in excess of FDIC insurance, were fully collateralized by securities in the name of the financial institution held in a separate account.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 4 — CASH AND CASH EQUIVALENTS AND CASH AND CASH EQUIVALENTS RESTRICTED (Continued)

The City has approximately \$10,190,000 in cash and cash equivalents that have been restricted as follows:

General Fund		
Debt service	\$ 4,258,000	
Landfill postclosure	882,000	
Retirement of BAN liability	3,077,000	
Prescription plan, insurance claims and other	<u>217,000</u>	
		\$ 8,434,000
Capital Fund		
Purchase of capital lease equipment	<u>1,653,000</u>	
		1,653,000
Other Governmental Funds		
Debt service	<u>103,000</u>	
		<u>103,000</u>
		<u>\$ 10,190,000</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.

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, 2007, the City had outstanding landfill receivables of approximately \$893,000. Management has established an allowance for doubtful accounts for this receivable balance of approximately \$16,500 which is netted against the receivable balance in the financial statements at December 31, 2007.

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, 2007.

The taxable assessed value of real property, as adjusted by New York State, included in the tax levy of 2006 (amount to be received in 2007), was \$3,417,949,312. The effective tax rate on this value is \$12.82 per thousand for residential and \$16.09 per thousand for non-residential properties. The constitutional tax limit is 2% of the 5-year average of the full value assessment. The 2006 levy represents approximately 56% of the constitutional tax limit.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 7 — CAPITAL ASSETS

Property and equipment is comprised of the following:

	<u>Balance December 31, 2006</u>	<u>Additions</u>	<u>Deletions and Adjustments</u>	<u>Balance December 31, 2007</u>
Capital assets not being depreciated:				
Land	\$ 4,338,212	\$ -	\$ (11,454)	\$ 4,326,758
Construction in process	38,924,348	4,926,296	(32,535,055)	11,315,589
	<u>43,262,560</u>	<u>4,926,296</u>	<u>(32,546,509)</u>	<u>15,642,347</u>
Capital assets being depreciated:				
Buildings, capital leases and improvements	45,460,520	2,293,620	(267,867)	47,486,273
Machinery and equipment	45,926,680	4,646,236	(1,057,600)	49,515,316
Infrastructure	194,185,616	33,905,260	-	228,090,876
	<u>328,835,376</u>	<u>45,771,412</u>	<u>(33,871,976)</u>	<u>340,734,812</u>
Less accumulated depreciation for:				
Buildings, capital leases and improvements	20,274,407	1,229,521	(132,669)	21,371,259
Machinery and equipment	31,286,653	4,329,556	(1,029,663)	34,586,546
Infrastructure	113,684,938	6,653,641	-	120,338,579
	<u>165,245,998</u>	<u>12,212,718</u>	<u>(1,162,332)</u>	<u>176,296,384</u>
 Total capital assets, net	 <u>\$ 163,589,378</u>			 <u>\$ 164,438,428</u>

Depreciation expense was \$12,212,718 for the period ending December 31, 2007. 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	\$ 3,160,367
General government	5,700,046
Highway and streets	1,594,906
Recreation and culture	239,750
Community service	1,370,453
Economic development and assistance	147,196
	<u>\$ 12,212,718</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.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 8 — MORTGAGE LOANS RECEIVABLE AND DEFERRED REVENUES (Continued)

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, 2007:

<u>Program</u>	<u>Balance</u>
HUD CDBG	\$ 13,738,134
NYSHTFC	984,072
	<u>\$ 14,722,206</u>

NOTE 9 — INTERFUND RECEIVABLES AND PAYABLES

A summary of interfund receivables and payables at December 31, 2007 is as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	\$ 7,145,175	\$ -
Special Revenue	-	315,200
Capital Projects	-	5,588,938
Albany Community Development Agency	-	575,650
	<u>7,145,175</u>	<u>6,479,788</u>
Fiduciary Fund	-	665,387
	<u>\$ 7,145,175</u>	<u>\$ 7,145,175</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.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 10 — DUE FROM/TO COMPONENT UNITS

The City has reported approximately \$12,905,000 and \$201,000 as the amount due from and due to the Component Units at December 31, 2007. The Component Units reported approximately \$9,950,000 as the amount due from and due to the primary government, respectively. The net difference as reported by the City and its Component Units is approximately \$246,000. Activity giving rise to amounts due between the City and the Component Units relates to payroll, benefits, grant reimbursements, tax assessment adjustments 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. This reporting variance is attributable principally to the timing differences of recording these underlying transactions.

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 NYRSSL, 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.

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 NYRSSL, 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>
2007	\$ 2,645,737	\$ 6,198,299
2006	\$ 3,372,739	\$ 6,498,740
2005	\$ 3,349,161	\$ 5,774,591

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

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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 2007, the City issued \$11,375,000 in BANS at an interest rate of 4.00%. The notes are for expenses of current capital projects, including some transportation projects for which there is state and federal reimbursement. These BANS were repaid in July 2008.

(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.

In July 2007, the City issued \$10,000,000 in RANS at a rate of 4.00% in anticipation of later than usual receipt of state aid, and PILOT payments from the state. The RANS were repaid in January 2008.

Interest expense on both BANS and RANS totaled approximately \$445,000 and \$222,000, respectively, for the period ending December 31, 2007.

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, 2007:

	Balance January 1, 2007	New Issues/ Increase in Estimates	Debt Retirement Decrease in Estimates	Balance December 31, 2007
Judgments and claims	\$ 7,128,760	\$ -	\$ (896,503)	\$ 6,232,257
Vacation/sick pay obligations	15,759,094	1,274,054	-	17,033,148
Landfill closure and postclosure care costs	5,547,981	129,031	-	5,677,012
Capital lease obligations	10,094,707	-	(2,018,753)	8,075,954
Accrued interest	3,190,230	807,141	-	3,997,371
Bonds (a)	104,808,700	-	(10,416,807)	94,391,893
Post employment benefit obligation (Note 14)	-	30,363,900	(9,856,000)	20,507,900
Loans payable (ACDA)	529,443	-	(25,503)	503,940
Total	\$ 147,058,915	\$ 32,574,126	\$ (23,213,566)	\$ 156,419,475

Of the total outstanding indebtedness of the City at December 31, 2007, approximately \$105,425,000 was subject to the statutory debt limit. This represents approximately 39.15% of the City's \$269,263,181 statutory debt limit.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 13 — INDEBTEDNESS (Continued)

(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, 2007:

<u>Interest Rate</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding December 31, 2007</u>	<u>Annual Principal Installments (Range)</u>
Serial Bonds					
6.90 - 7.00%	1990	2010	29,750,000	\$ 60,000	20,000 - 115,000
2.70 - 5.70%	1993	2010	39,847,849	1,492,849	437,470 - 4,205,000
4.40 - 5.00%	1998	2017	11,375,000	2,665,000	190,000 - 1,065,000
4.90 - 5.50%	2000	2025	17,555,000	9,910,000	260,000 - 1,300,000
3.50 - 5.00%	2001	2014	6,675,000	3,155,000	355,000 - 665,000
3.50 - 5.00%	2001	2021	14,098,000	9,185,000	625,000 - 863,000
2.50 - 4.50%	2002	2013	10,085,000	4,830,000	785,000 - 1,160,000
6.14%	2002	2013	700,000	344,044	95,536
2.75 - 4.25%	2003	2018	21,908,218	17,125,000	1,956,165 - 1,961,806
3.00 - 4.00%	2004	2015	14,262,338	10,975,000	1,565,352 - 1,638,000
4.00 - 4.125%	2006	2018	15,500,000	14,485,000	1,015,000 - 1,610,000
EFC Bonds					
3.75 - 5.35%	1998	2017	3,788,500	2,005,000	158,500 - 235,000
4.31 - 5.74%	2000	2020	7,057,467	4,995,000	280,000 - 445,000
1.21 - 5.00%	2002	2022	4,641,106	3,565,000	280,000 - 445,000
Pension Bonds					
3.57%	2004	2020	10,700,000	9,600,000	158,500 - 235,000
				<u>\$ 94,391,893</u>	

The following are details of bonds outstanding at December 31, 2007:

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, 2007.

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 and annual principal payments range from \$190,000 to \$1,065,000.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 13 — INDEBTEDNESS (Continued)

(a) Bonds (continued)

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 with annual principal payments ranging from \$260,000 to \$1,300,000. 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, 2007 for the 1994 bonds is approximately \$3,155,000.

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 with annual principal payments ranging from \$625,000 to \$863,000. 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 with annual payments ranging from \$785,000 to \$1,160,000.

During 2003 and 2002, ACDA issued \$500,000 and \$200,000, respectively, in General Obligation Bonds with an interest rate of 6.14%. 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. As of December 31, 2007, the balance under the general obligation bonds was approximately \$344,000.

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 with annual payments ranging from approximately \$1,956,200 to \$1,961,800. 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 with annual payments ranging from approximately \$1,565,000 to \$1,638,000. Proceeds are being used for ongoing and additional capital projects.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 13 — INDEBTEDNESS (Continued)

(a) Bonds (continued)

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.

During 2004 the City issued \$10,700,000 in federally taxable BANS to finance additional retirement participation costs of City employees participating in the New York State Retirement System. Of this expense, \$6.3 million was a one-time cost of moving City firefighters to a new retirement plan pursuant to Section 38-E of the Retirement and Social Security Law. The remaining \$4.4 million was the City's pension contribution in excess of seven percent of payroll that was to be bonded pursuant to Chapter 260 of Laws of 2004 of New York State. The City converted this obligation to long-term debt, as noted above, during 2006 through the issuance of federally taxable bonds. Proceeds from the original BAN were recognized as an other financing source in the statement of revenues, expenditures and changes in fund balance for the period ending December 31, 2004. Due to the long term nature of the obligation the original BAN was classified as bonds and loans payable in the government-wide statement of net assets as of December 31, 2004.

The 2006 tax exempt bonds bear interest rates from 4.00% to 4.13%. The issue matures in 2018 with annual payments ranging from \$1,015,000 to \$1,610,000. The 2006 taxable bonds bear interest of 5.75% and mature in 2020. Annual payments range from \$495,000 to \$1,000,000.

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 with annual principal ranging from \$158,500 to \$235,000. The proceeds were used for expense of expanding 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 with annual principal payments ranging from \$280,000 to \$445,000. The proceeds were used for expense of removing petroleum storage tanks and the expenses of expanding 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, with annual payments ranging from \$10,000 to \$285,000. The proceeds are to be 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, 2007

NOTE 13 — INDEBTEDNESS (Continued)

(a) Bonds (continued)

Future maturities of general long-term debt as of December 31, 2007 are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 9,042,343	\$ 4,739,987	\$ 13,782,330
2009	9,203,036	4,391,755	13,594,791
2010	9,217,470	4,007,273	13,224,743
2011	8,330,000	2,969,283	11,299,283
2012	8,355,000	2,615,910	10,970,910
2013 - 2017	36,754,044	7,744,551	44,498,595
2018 - 2022	12,755,000	1,433,843	14,188,843
2023 - 2025	735,000	82,500	817,500
	<u>\$ 94,391,893</u>	<u>\$ 27,985,102</u>	<u>\$ 122,376,995</u>

Interest expense for bonds and loans payable was approximately \$5,698,000 for the period ending December 31, 2007.

(b) Capital leases

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 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 \$1,650,000 were recorded as restricted cash in the capital fund on the governmental funds balance sheet at December 31, 2007. 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 \$796,500 and the net present value of the lease payments approximate \$6,096,000. 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, 2007

NOTE 13 — INDEBTEDNESS (Continued)

(b) Capital leases (Continued)

IDA

The City entered into a capital lease with the IDA, whereby the City has agreed to rent 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 \$197,000 and the net present value at December 31, 2007 is approximates \$630,000. 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 \$428,000 and the net present value at December 31, 2007 approximates \$1,350,000.

A summary of future minimum lease payments and future minimum maturities of the capital lease obligation as of December 31, 2007 is as follows:

<u>Year Ending December 31</u>	<u>CITY</u>	<u>IDA</u>	<u>ACDA</u>	<u>Total</u>
2008	\$ 1,445,708	\$ 194,668	\$ 156,513	\$ 1,796,889
2009	1,245,196	193,641	158,656	1,597,493
2010	1,044,749	190,309	158,538	1,393,596
2011 - 2015	2,798,483	248,710	812,913	3,860,106
2016 - 2018	358,392	-	491,619	850,011
Total minimum lease payments	6,892,528	827,328	1,778,239	9,498,095
Less amounts representing interest	(796,574)	(197,328)	(428,239)	(1,422,141)
Total principal	<u>\$ 6,095,954</u>	<u>\$ 630,000</u>	<u>\$ 1,350,000</u>	<u>\$ 8,075,954</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 has been deemed possible or probable and could have a material adverse effect on the City's financial position or results of operations. The City has recognized an accrued liability of approximately \$615,000 to allow for future claims on certain matters.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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 Downtown Albany Restoration Program, Inc., Lark Street area District Management Association, Inc., and the Central District Management Association, Inc., all participate in the self-insurance program.

Under the program, the City utilizes a program administrator to process claims as they occur. A liability of approximately \$5,617,000 for unpaid claims based upon individual case estimates for claims incurred at December 31, 2007 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, 2006 resulted from the following:

	Balance as of December 31, 2006	Current Year Claims and Changes in Estimates	Claim Payments	Balance as of December 31, 2007
Workers' compensation liability	<u>\$ 6,726,760</u>	<u>\$ 591,435</u>	<u>\$(1,700,938)</u>	<u>\$ 5,617,257</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, 2007.

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.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 13 — INDEBTEDNESS (Continued)

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

Accrued landfill closure and post closure care costs of approximately \$5,677,000 at December 31, 2007, represent the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of all previously closed landfills and 82 percent of the estimated capacity of the AIL and expansion currently being used as determined by an independent engineer. The estimated remaining life of this landfill is approximately two years. The City will recognize the remaining estimated cost of closure and post closure care of \$909,000 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 2007. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City currently has a cash reserve of approximately \$882,000 for the payment of post-closure care costs. The City makes deposits of approximately \$38,000 into the reserve annually.

Coeymans landfill

In 2006 the City took title to 365.5 acres of land in the Town of Coeymans, New York for the purpose of building a long-term solid waste facility. Beginning in 1996 the City purchased and annually renewed options for the purchase of the land. In each year a portion of the option price was credited towards the purchase price. The options along with the portion credited toward the purchase price totaled \$5,198,000 and were paid with operating funds. The facility was planned in accordance with the City's solid waste management plan and was a permit condition for the expansion of the City's Rapp Road Landfill. The land is the subject of ongoing litigation with the Town of Coeymans and other parties, who oppose the construction of a landfill in the Town of Coeymans.

(e) Loans payable

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 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.

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.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

**NOTE 14 — OTHER POSTEMPLOYMENT BENEFITS/IMPLEMENTATION OF GASB
STATEMENT 45**

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. Prior to 2007, the City recognized the cost of providing postretirement health insurance benefits by expensing those costs when paid.

During 2007, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, prospectively. 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 spouses 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 employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement covering the retiree, 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 2007, the City contributed approximately \$9,856,000 for current premiums. The costs of administering this 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, 2006, the latest valuation date.

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 14 — OTHER POSTEMPLOYMENT BENEFITS/IMPLEMENTATION OF GASB STATEMENT 45 (Continued)

Funded Status and Funding Progress (Continued)

<u>Actuarial Accrued Liability (AAL)</u>	
Currently retired	\$ 165,291,300
Actives eligible to retire	71,321,600
Actives not yet eligible to retire	73,211,700
Actuarial accrued liability	<u>309,824,600</u>
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 309,824,600</u>
Funded ratio	<u>0%</u>
Annual covered payroll	<u>\$ 78,315,000</u>
Ratio of unfunded actuarial accrued liability to covered payroll	<u>4/1</u>
2007 normal cost	<u>\$ 9,838,400</u>

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

UAAL	\$ 309,824,600
Amortization period (years)	30
Amortization discount rate	5%
Present value factor	16.1411
2007 UAAL amortization amount	\$ 19,194,800

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 2007:

Normal cost	\$ 9,838,400
Amortization of UAAL	19,194,800
Interest	1,330,700
ARC	<u>30,363,900</u>
Interest on OPEB obligation	-
Adjustment to ARC	-
OPEB expense	<u>\$ 30,363,900</u>

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 14 — OTHER POSTEMPLOYMENT BENEFITS/IMPLEMENTATION OF GASB STATEMENT 45 (Continued)

Funded Status and Funding Progress (Continued)

The following table reconciles the City's OPEB obligation at December 31, 2007:

Net OPEB obligation at beginning of year	\$ -
2007 OPEB expense	30,363,900
2007 OPEB contributions	<u>(9,856,000)</u>
Net OPEB obligation at end of year	20,507,900
Less: estimated current portion of OPEB obligation	<u>10,866,000</u>
Estimated long-term portion of OPEB obligation	<u>\$ 9,641,900</u>
Percentage of expense contributed	<u>32.5%</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 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 December 31st and the discount rate utilized was 5%. No salary increases were assumed since benefits are not based on compensation. Health care costs for both governmental and business-type activities were assumed to increase as follows:

<u>Year</u>	<u>Trend Increase</u>	
	<u>Pre-Medicare</u>	<u>Post-Medicare</u>
2008	9.0%	11.0%
2009	8.5%	10.5%
2010	8.0%	10.0%
2011	7.5%	9.5%
2012	6.5%	9.0%

CITY OF ALBANY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 15 — SUBSEQUENT EVENTS

During 2008 the City issued \$28,525,600 in Bond Anticipation Notes (BANS). The Notes are due on July 10, 2009 and carry an effective interest rate of 1.68%.

NOTE 16 — COMPONENT UNITS

The City's component units (as defined in Note 1) 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.

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, 2007

	Governmental Fund Types				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
REVENUES								
Real property taxes	\$ 48,701,000	\$ 48,701,000	\$ 47,746,506	\$ (954,494)	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	29,705,000	29,705,000	29,559,266	(145,734)	-	-	-	-
Other taxes	3,610,000	3,610,000	3,529,722	(80,278)	-	-	-	-
Payments in lieu of taxes	25,131,000	25,131,000	25,420,554	289,554	-	-	-	-
Intergovernmental revenue	16,513,000	19,024,214	20,862,857	1,838,643	3,255,251	3,384,192	3,244,309	(139,883)
Charges for services	13,380,000	13,380,000	12,561,945	(818,055)	-	-	-	-
Fines, interest and penalties	4,295,000	4,716,300	4,761,955	45,655	-	-	-	-
Use of money and properties	903,000	903,000	1,908,564	1,005,564	-	-	-	-
Licenses and permits	1,250,000	1,250,000	1,680,354	430,354	-	-	-	-
Other revenues	3,710,000	3,710,000	3,859,114	149,114	-	-	-	-
Total revenues	<u>147,198,000</u>	<u>150,130,514</u>	<u>151,890,837</u>	<u>1,760,323</u>	<u>3,255,251</u>	<u>3,384,192</u>	<u>3,244,309</u>	<u>(139,883)</u>
EXPENDITURES								
Public safety and regulation	71,836,084	76,377,707	78,057,580	1,679,873	-	-	-	-
General government	26,603,229	24,504,833	22,106,573	(2,398,260)	-	-	-	-
Highways and streets	6,311,878	7,350,931	7,350,905	(26)	-	-	-	-
Recreation and culture	6,703,172	6,760,872	6,245,517	(515,355)	-	-	-	-
Community service	8,114,922	10,069,691	9,319,306	(750,385)	-	-	-	-
Employee benefits	13,830,000	13,308,339	13,308,027	(312)	-	-	-	-
Economic development and assistance	-	41,634	41,636	2	3,061,925	3,503,392	3,061,924	(441,468)
Debt service	17,156,000	16,808,970	16,801,751	(7,219)	-	-	-	-
Total expenditures	<u>150,555,285</u>	<u>155,222,977</u>	<u>153,231,295</u>	<u>(1,991,682)</u>	<u>3,061,925</u>	<u>3,503,392</u>	<u>3,061,924</u>	<u>(441,468)</u>
Excess (deficiency) of revenues and appropriated fund balance over expenditures	<u>(3,357,285)</u>	<u>(5,092,463)</u>	<u>(1,340,458)</u>	<u>3,752,005</u>	<u>193,326</u>	<u>(119,200)</u>	<u>182,385</u>	<u>301,585</u>
OTHER FINANCING SOURCES (USES)								
General fund allocation	3,347,285	3,347,285	-	-	-	-	-	-
Debt service allocation	-	-	-	-	-	-	-	-
Transfers	-	-	241,758	241,758	-	-	-	-
Other Proceeds	-	74,525	381,950	307,425	-	-	-	-
Proceeds from sale of property	10,000	10,000	107,022	97,022	-	-	-	-
Total other financing sources (uses)	<u>3,357,285</u>	<u>3,431,810</u>	<u>730,730</u>	<u>646,205</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>\$ (1,660,653)</u>	<u>\$ (609,728)</u>	<u>\$ 4,398,210</u>	<u>\$ 193,326</u>	<u>\$ (119,200)</u>	<u>\$ 182,385</u>	<u>\$ 301,585</u>

* Includes special grant and miscellaneous special revenue funds only.