County of Albany, New York

Financial Report

December 31, 2016

County of Albany, New York

Financial Report

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C O N T E N T S

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Albany, New York (County) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress, schedule of proportionate share of net pension liability, schedule of pension contributions, and budgetary comparison information on pages 4-14, 53, 54, 55, and 56, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Matters* - Continued**

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BST & Co. CPAs, LLP

Albany, New York
September 29, 2017

ACCOUNTING / TAX / ADVISORY

County of Albany, New York

Management's Discussion and Analysis
December 31, 2016

This section of the County of Albany, New York's (County) annual financial report presents its discussion and analysis of financial performance during the year ended December 31, 2016. Please read it in conjunction with the financial statements.

Financial Highlights

- The County's total net position decreased by $28,324,535.
- At December 31, 2016, liabilities and deferred inflows of the County exceeded its assets and deferred outflows by $24,975,328 (net position). Net position of the County decreased by $28,324,535 during 2016.
- During 2016, the County's unrestricted net position deficiency increased by $36,295,038, resulting in an unrestricted net position deficiency of $197,996,149 at December 31, 2016. The unrestricted net position deficiency is principally the result of the County's obligation for other postemployment benefits (OPEB). The OPEB liability is required to be amortized over a period of 30 years. Amortization of the liability during 2016 was principally responsible for the current year increase in the County's unrestricted net position deficiency.
- Governmental activities revenues increased by approximately 2.5%, due to a sales tax increase and increases in other revenue. Revenues from business-type activities increased by 46.2%, mainly due to an increase in inter-governmental transfers.
- Expenditures increased by approximately 8.8% due primarily to increases in salaries and related benefits and economic assistance programs.
- Unassigned fund balance for the General Fund was $44,518,590 as of the close of the 2016 fiscal year. The unreserved fund balance was 8.1% of total General Fund revenue.
- The County continued to offer all programs, without reducing services, while maintaining sufficient fund balances.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the financial statements, and required supplementary information. The financial statements include two types of statements that present different views of the County:

- The first of the statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the County's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the County, reporting the operations in *more detail* than the entity-wide statements.

  1. The *governmental fund statements* tell how *general government services*, such as public safety, were financed in the *short-term* as well as what remains for future spending.
  2. The *proprietary fund statements* offer *short-* and *long-term* financial information about the activities that the County operates *like businesses,* such as utility systems and a nursing home.
  3. The *fiduciary fund* statements provide information about the financial relationships in which the County acts solely as *a trustee* or *agent* for the benefit of others, including the employees of the County.

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

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

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

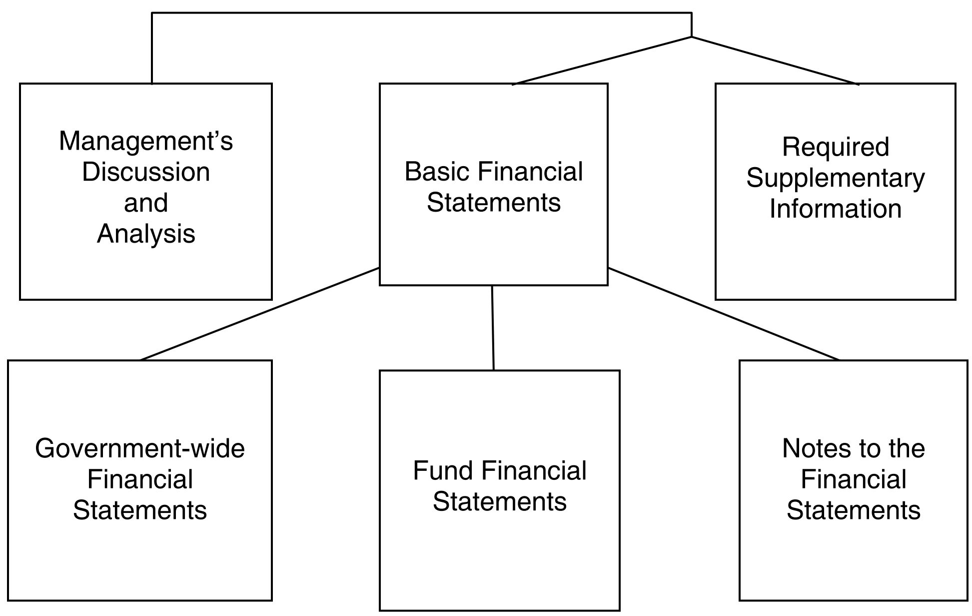


Table A-2 summarizes the major features of the County's financial statements, including the portion of the County's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each of the statements.

Table A-2: Major Features of the Entity-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire entity and component units (except fiduciary funds)	The day-to-day operating activities of the County, such as police, fire, and parks	The activities of the County, such as utility systems, parking facilities, and nursing homes	Instances in which the County administers resources on behalf of others, such as employee benefits
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position, if applicable
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus; except agency funds do not have measurement focus
Type of balance information	All assets, deferred outflows of resources, liabilities, deferred in-flows of resources, both fiancial and capital, short- term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities, deferred in-flows of resources, both fiancial and capital, short- term and long-term	All resources held in a trustee or agency capacity for others
Type of inflow and outflow information	All inflowss and outflows during year; regardless of when cash is received or paid	Near-term inflows and outflows of spendable resources	All inflows and outflows during the year, re-gardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-Wide Statements

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

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

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

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

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

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

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

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

Government-Wide Statements - Continued

- Allocate net position balances as follows:

  - *Net Investment in Capital Assets* - Net position invested in capital assets, net of related debt;
  - *Restricted Net Position* - Restricted net position is net position with constraints placed on its use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation, and
  - *Unrestricted Net Position* - Unrestricted net position is net position that does not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds, not the County as a whole. Funds are accounting devices that the County uses to keep track of specific revenue sources and spending on particular programs. The laws of the State of New York have established the required fund types.

The County has three kinds of funds:

- *Governmental Funds* - Most of the services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the County. The governmental fund statements focus primarily on the sources, uses, and balances of current financial resources and often have a budgetary orientation. Because this information does not encompass the additional long-term focus of the government-wide statements, a separate reconciliation provides additional information that explains the relationship (or differences) between them. The governmental funds consist of the General Fund, Special Revenue Funds, and Capital Project Funds. Required statements are the balance sheet and the statement of revenues, expenditures, and changes in fund balances.

- *Proprietary Funds* - The proprietary funds generally report services for which customers are charged a fee. Like government-wide statements, proprietary funds provide both long-term and short-term financial information. The enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The County uses internal service funds (the other type of proprietary fund) to report activities that provide services to its other programs and activities. The County currently has one internal service fund. This fund is used to account for the County's risk management activities. Required statements are the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows.

- *Fiduciary Funds* - The County is the *trustee* or *fiduciary* for assets that belong to others. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The County excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. This reporting should be used to support the County's own programs and is developed using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain postemployment healthcare plans. Required statements are the statement of fiduciary net position and the statement of changes in fiduciary net position. Since the County has only agency funds, no statement of changes in fiduciary net position has been presented.

Financial Analysis of the County as a Whole

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed government-wide statement of net position.

Table A- 3: Condensed Statement of Net Position (In millions)

	Governmental Activities		Business-type Activities		Total		Total Percent
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**Change**
Current and other assets	$ 262.1	$ 271.6	$ 76.9	$ 36.1	$ 339.0	$ 307.7	10 %
Capital assets	274.5	285.0	69.3	65.2	343.8	350.2	(2)%
Total assets	536.6	556.6	146.2	101.3	682.8	657.9	4 %
Deferred outflows	82.5	22.3	9.3	2.0	91.8	24.3	278 %
Current liabilities	164.8	178.8	64.8	30.4	229.6	209.2	10 %
Long-term liabilities	489.6	413.2	67.6	57.3	557.2	470.5	18 %
Total liabilities	654.4	592.0	132.4	87.7	787	679.7	16 %
Deferred outflows	11.3	1.8	1.4	0.2	12.7	2	100 %
Net position							
Net investment in capital assets	101.4	103.5	37.7	33.3	139.1	136.8	2 %
Restricted	28.3	22.2	5.6	3.7	33.9	25.9	31 %
Unrestricted	(176.3)	(140.6)	(21.6)	(21.6)	(197.9)	(162.2)	22 %
Total net position	$ (46.6)	$ (14.9)	$ 21.7	$ 15.4	$ (24.9)	$ 0.5	

Changes in Net Position

The County's year 2016 revenues totaled $513.7 million (See Table A-4). This excludes the $103.9 million of sales tax revenue that is received and passed through to other localities, but is required to be recorded as revenue in the statement of activities. Taxes and operating grants accounted for most of the County's revenue by contributing 53.6% and 28.0%, respectively, of every dollar raised (see Table A-5). The remainder came from charges for services and other miscellaneous sources.

The total cost of all programs and services totaled $547.8 million for the year 2016. This also excludes the $103.9 million of sales tax revenue distributed to other localities, but is required to be recorded as an expenditure in the statement of activities. These expenses (74.7%) are predominantly related to public safety, health, economic assistance and opportunity, and business-type activities (see Table A-6). The County's administrative and finance activities accounted for 12.9% of total costs.

Net position decreased by $28.4 million during 2016.

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

	December 31, 2016		
	Governmental Activities	Business-type Activities	Total
REVENUES			
Program revenues			
Charges for services	$ 39.3	$ 32.5	$ 71.8
Operating grants	138.3	0.0	138.3
General revenues			
Property taxes	97.4	0.0	97.4
Other taxes	271.4	0.0	271.4
Investment earnings	3.3	0.0	3.3
Other	15.4	20.0	35.4
Total revenues	565.1	52.5	617.6
EXPENSES			
General government	174.8	0.0	174.8
Education	25.6	0.0	25.6
Public safety	110.5	0.0	110.5
Health	43.0	0.0	43.0
Transportation	26.2	0.0	26.2
Economic assistance and opportunity	204.1	0.0	204.1
Culture and recreation	1.0	0.0	1.0
Home and community services	3.3	0.0	3.3
Interest	6.8	0.0	6.8
Business-type activities			
Health related facilities	0.0	30.7	30.7
Recreation	0.0	8.0	8.0
Sewer	0.0	12.0	12.0
Total expenses	595.3	50.7	646.0
Transfers	(4.7)	4.7	0.0
CHANGE IN NET POSITION	**$ (34.9)**	**$ 6.5**	**$ (28.4)**

Table A-5: Sources of Revenues for the Year 2016

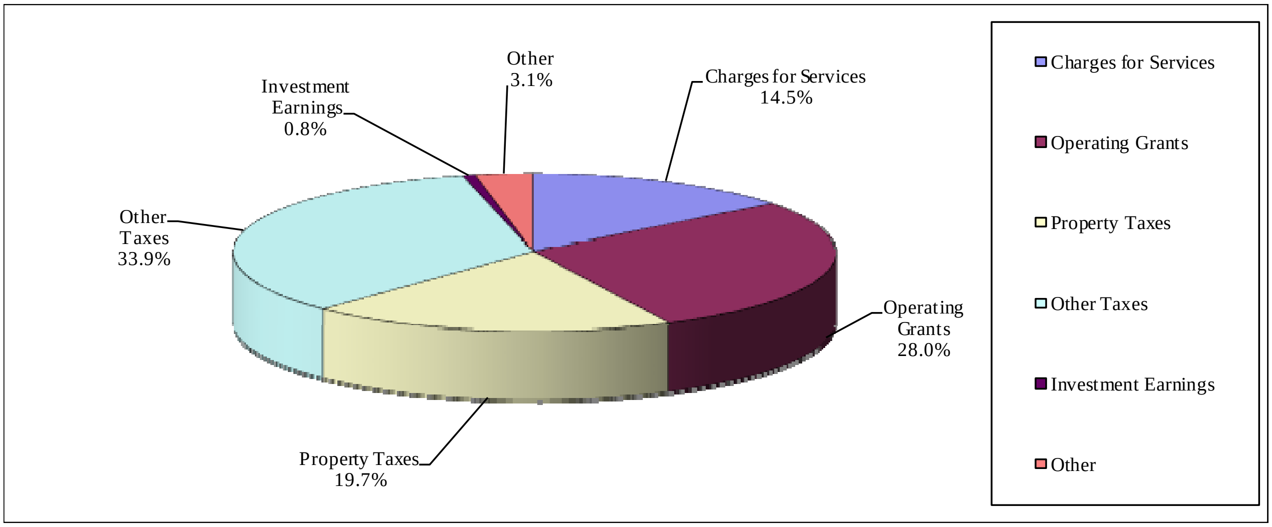
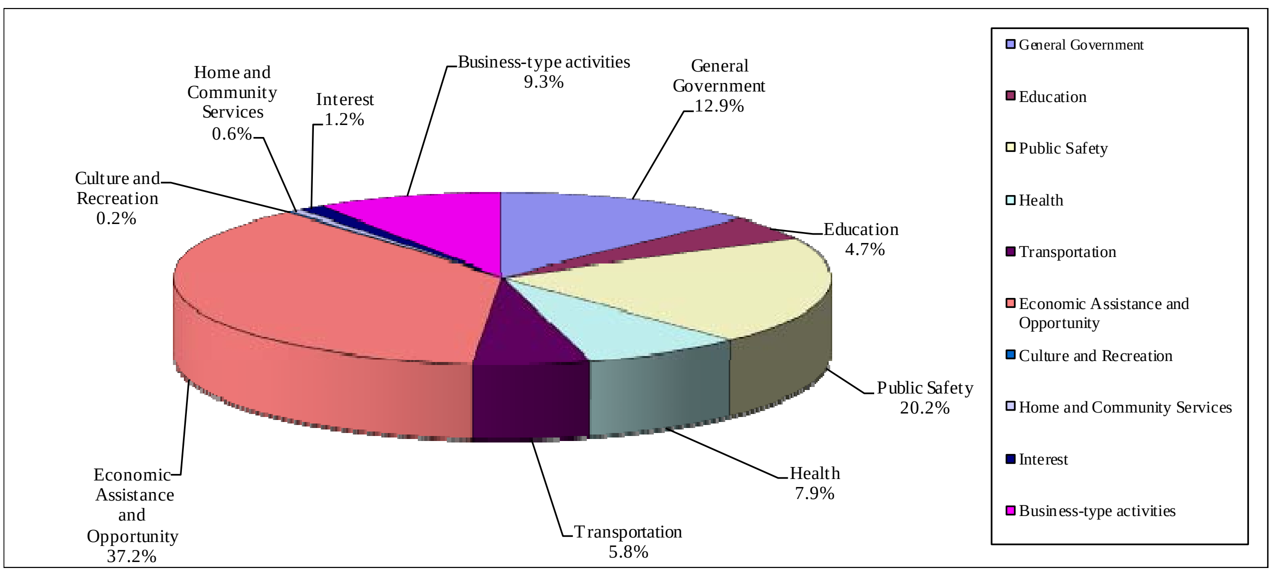


Table A-6: Expenses for the Year 2016



Governmental Activities

Revenues for the County's governmental activities totaled $565.1 million, while total expenses equaled $595.3 million. During the year 2016, the County's net transfer from governmental activities to support its business-type activities amounted to $4.7 million. Therefore, the decrease in net position for governmental activities was $34.9 million. The continuation of the County's stable financial condition can be credited to:

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

Table A-7 presents the cost of nine major County governmental activities: general government, education, public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services, and interest. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the County's taxpayers by each of these functions.

Table A-7: Net Cost of Governmental Activities (In millions)

Category	Total Cost 2016	Net Cost 2016
General government	$ 174.8	$ 151.7
Education	25.6	17.6
Public safety	110.5	93.4
Health	43.0	14.1
Transportation	26.2	18.6
Economic assistance and opportunity	204.1	113.1
Culture and recreation	1.0	0.2
Home and community services	3.3	2.1
Interest	6.8	6.8
Total	$ 595.3	$ 417.6

- The cost of all governmental activities this year was $595.3 million (includes distribution of sales tax);
- The users of the County's programs ($39.3 million) financed some of the cost;
- The federal and state governments subsidized certain programs with grants and contributions ($138.3 million), and
- Most of the County's net costs ($423.3 million) were financed by taxes and other miscellaneous revenue (includes distribution of sales tax).

Business-Type Activities

Revenues for the County's business-type activities totaled approximately $52.5 million while total expenses equaled $50.7 million. During the year 2016, the County's net transfer from governmental activities to support its business-type activities amounted to approximately $4.7 million. Therefore, there was an increase of $6.5 million in net position for business-type activities in 2016. The continuation of the County's good financial condition can be credited to:

Business-Type Activities - Continued

- Continued leadership of the County Executive and the County Legislature;
- Approval of the County's proposed annual budget, and
- Increases in rates and fees.

Table A-8 presents the cost of major County business-type activities: health related facility, recreation, and sewer. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the County's taxpayers by each of these functions.

Table A-8: Net Cost of Business-Type Activities (In millions)

Category	Total Cost 2016	Net Cost 2016
Health related facility	$ 30.7	$ 14.7
Recreation	8.0	3.0
Sewer	12.0	0.5
Total	$ 50.7	$ 18.2

- The cost of all business-type activities this year was $50.7 million;
- The users of the County's programs ($32.5 million) financed most of the cost, and
- The County's net cost was $18.2 million.

Financial Analysis of the County's Funds

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

The County's governmental fund financial statements had significant variances in the Capital Projects Fund. The County has accumulated funding in its Capital Projects Fund to pay for future capital outlays. The decrease of $3.0 million in the Capital Projects Fund was primarily due to the expenditure of financed capital projects for 2016 projects and completion of projects from previous years.

No other significant variances are reflected in the governmental fund financial statements for 2016.

Budgetary Highlights

Over the course of the year, the County Legislature and County Executive revised the budget several times. These budget amendments fall into two categories:

- Changes made to account for significant events, and
- Increases in appropriations to prevent budget overruns.

Capital Asset and Debt Administration

By the end of 2016, the County had invested $337.9 million in a broad range of capital assets, including land, infrastructure, buildings, equipment, vehicles, and motor equipment. The County purchased infrastructure and equipment and continues to maintain near the same level of construction in progress during the year 2016 for various ongoing projects.

Long-Term Debt

At year-end, the County had $191.6 million in general obligation and other long-term debt outstanding. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements.

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

	Governmental Activities	Business-type Activities	Total
General obligation bonds	$ 173.1	$ 18.5	$ 191.6
Bond anticipation notes	55.6	46.4	102.0
Due to employees' retirement system	20.0	3.0	23.0
Compensated absences	7.7	0.4	8.1
Net pension liability	70.8	8.5	79.3
Other postemployment benefits	232.3	39.1	271.4
Total	$ 559.5	$ 115.9	$ 675.4

Factors Bearing on the Future of the County and Next Year's Budgets

New York State has burdened counties with the expenditure of significant amounts of local resources for unfunded mandates. The growth of these programs has placed strain on county budgets for New York State counties. The State-run Medical Assistance Program has caused significant local cost increases in recent years. The County has little control of these expenditures, and the program will continue to put financial stress on local finances. The County is also faced with significant costs in its retirement contribution to the New York State Retirement System and increases in other employee fringe benefits.

Contacting the County's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the finances of the County and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Albany County
Attn: Executive Deputy Comptroller
112 State Street, Room 1030
Albany, New York 12207
(518) 447-7130

County of Albany, New York

Government-Wide Financial Statements
Statement of Net Position

	December 31, 2016			
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and cash equivalents	$ 88,357,101	$ 21,012,378	$ 109,369,479	$ 25,449,115
Cash and cash equivalents, restricted	36,600,525	37,199,475	73,800,000	26,003,720
Investments, restricted	-	-	-	277,389
Resident funds held in trust	-	114,711	114,711	-
Taxes receivable, net	74,241,949	-	74,241,949	-
Other receivables	3,412,264	16,340,030	19,752,294	2,077,693
Other receivables, restricted	-	-	-	1,361,115
State and federal receivables	51,880,599	-	51,880,599	-
Due from other activities and fiduciary fund	3,991,390	1,929	3,993,319	707,740
Due from other governments	3,567,158	-	3,567,158	-
Inventory	53,683	91,835	145,518	-
Prepaid and other	-	427,208	427,208	262,136
Workers' compensation reserve	-	1,601,744	1,601,744	-
Other current assets	-	108,142	108,142	-
Total current assets	262,104,669	76,897,452	339,002,121	56,138,908
NONCURRENT ASSETS				
Prepaid expenses	-	-	-	286,843
Net position held in trust for OPEB	-	-	-	216,131
Property held for resale	-	-	-	3,110,429
Other				30,037
Capital assets, net	274,459,444	69,278,661	343,738,105	249,871,270
Total noncurrent assets	274,459,444	69,278,661	343,738,105	253,514,710
Total assets	536,564,113	146,176,113	682,740,226	309,653,618
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges, pensions	76,016,029	9,306,962	85,322,991	1,056,300
Deferred loss on refunding	6,500,568	-	6,500,568	4,862,134
Deferred bond insurance premiums	-	-	-	553,285
Total deferred outflows	82,516,597	9,306,962	91,823,559	6,471,719
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	22,190,410	3,409,426	25,599,836	698,696
Accrued liabilities	11,590,451	3,342,023	14,932,474	6,468,875
Resident funds held in trust	-	114,711	114,711	-
Payable from restricted assets	-	-	-	9,721,183
Due to other governments	47,328,372	-	47,328,372	-
Current portion of due to employees' retirement system	2,630,956	404,284	3,035,240	-
Due to other activities and fiduciary fund	1,927	3,350,057	3,351,984	-
Bond anticipation notes payable	55,623,542	46,399,547	102,023,089	-
Current maturities of bonds payable	16,130,852	1,479,147	17,609,999	-
Current portion of compensated absences	986,650	38,125	1,024,775	-
Unearned revenue	3,352,782	5,650,317	9,003,099	26,482
Accrued interest	1,599,643	-	1,599,643	-
Other current liabilities	4,320,733	669,364	4,990,097	-
Total current liabilities	165,756,318	64,857,001	230,613,319	16,915,236

	December 31, 2016			
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
NONCURRENT LIABILITIES				
Bonds payable, less current maturities	156,970,992	17,043,546	174,014,538	80,711,693
Due to employees' retirement system, less current portion	17,355,444	2,597,256	19,952,700	-
Compensated absences, less current portion	11,194,218	367,454	11,561,672	-
Net pension liability, proportionate share	70,812,402	8,484,801	79,297,203	797,486
Other postemployment benefits liability	232,271,728	39,141,653	271,413,381	-
Other	-	-	-	30,037
Total noncurrent liabilities	488,604,784	67,634,710	556,239,494	81,539,216
Total liabilities	654,361,102	132,491,711	786,852,813	98,454,452
DEFERRED INFLOWS OF RESOURCES				
Deferred charges, pensions	11,328,866	1,357,434	12,686,300	100,558
Concession Improvement Trust funds	-	-	-	675,962
Total deferred inflows	11,328,866	1,357,434	12,686,300	776,520
NET POSITION				
Net investment in capital assets	101,357,600	37,713,997	139,071,597	170,628,652
Restricted for				
Bond reserve funds	-	-	-	11,812,741
Passenger facility charges	-	-	-	9,181,825
Capital projects	1,201,923	1,725,604	2,927,527	196,857
Debt service	14,757,113	834,355	15,591,468	-
Other purposes	12,413,094	3,017,135	15,430,229	-
Unrestricted	(176,338,988)	(21,657,161)	(197,996,149)	25,074,290
Total net position	**$ (46,609,258)**	**$ 21,633,930**	**$ (24,975,328)**	**$ 216,894,365**

See accompanying Notes to Financial Statements.

County of Albany, New York

Government-Wide Financial Statements
Statement of Activities

	Year Ended December 31, 2016							
					Net (Expense) Revenue and Changes in Net Position			
		Program Revenues			Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
Primary Government								
Governmental activities								
General government support	$ 174,832,431	$ 15,550,170	$ 7,639,660	$ -	$ (151,642,601)	$ -	$ (151,642,601)	$ -
Education	25,543,670	178,880	7,783,721	-	(17,581,069)	-	(17,581,069)	-
Public safety	110,486,217	10,724,103	6,366,134	-	(93,395,980)	-	(93,395,980)	-
Health	43,008,586	5,267,699	23,668,475	-	(14,072,412)	-	(14,072,412)	-
Transportation	26,189,605	2,247,791	5,389,261	-	(18,552,553)	-	(18,552,553)	-
Economic assistance and opportunity	204,049,867	4,465,231	86,449,664	-	(113,134,972)	-	(113,134,972)	-
Culture and recreation	1,008,528	370,907	405,345	-	(232,276)	-	(232,276)	-
Home and community service	3,285,247	520,036	669,161	-	(2,096,050)	-	(2,096,050)	-
Interest and fiscal charges on debt	6,829,061	-	-	-	(6,829,061)	-	(6,829,061)	-
Total governmental activities	595,233,212	39,324,817	138,371,421	-	(417,536,974)	-	(417,536,974)	-
Business-type activities								
Sewer	11,992,897	11,487,541	-	-	-	(505,356)	(505,356)	-
Times Union Center	8,017,616	4,959,101	-	-	-	(3,058,515)	(3,058,515)	-
Nursing Home	30,667,118	16,015,628	-	-	-	(14,651,490)	(14,651,490)	-
Total business-type activities	50,677,631	32,462,270	-	-	-	(18,215,361)	(18,215,361)	-
Total primary government	$ 645,910,843	$ 71,787,087	$ 138,371,421	$ -	(417,536,974)	(18,215,361)	(435,752,335)	
Component units								
Industrial Development Agency	91,575	32,111	-	-				(59,464)
Albany County Airport Authority	51,612,168	45,738,665	-	2,389,827				(3,483,676)
Albany County Land Bank	1,203,703	3,402,380	-	-				2,198,677
Total component units	$ 52,907,446	$ 49,173,156	$ -	$ 2,389,827				(1,344,463)
General revenues and transfers								
Real property taxes					88,472,813	-	88,472,813	-
Real property tax items					8,934,388	-	8,934,388	-
Non-property tax items					271,391,380	-	271,391,380	-
Intergovernmental charges					5,150,642	-	5,150,642	-
Use of money and property					3,325,338	22,915	3,348,253	13,389
Sale of property and compensation for loss					9,090,033	-	9,090,033	-
Miscellaneous					1,065,874	19,974,417	21,040,291	6,020,102
Net interfund transfers					(4,768,873)	4,768,873	-	-
Total general revenues and transfers					382,661,595	24,766,205	407,427,800	6,033,491
CHANGE IN NET POSITION					**(34,875,379)**	**6,550,844**	**(28,324,535)**	**4,689,028**
NET POSITION, ***beginning of year***					(11,733,879)	15,083,086	3,349,207	212,205,337
NET POSITION, ***end of year***					**$ (46,609,258)**	**$ 21,633,930**	**$ (24,975,328)**	**$ 216,894,365**

See accompanying Notes to Financial Statements.

County of Albany, New York

Fund Financial Statements
Balance Sheet - Governmental Funds

	December 31, 2016				
	Major Funds				
	General	Debt Service	Capital Projects	Other Governmental	Total
ASSETS					
Cash and cash equivalents	$ 33,618,933	$ 57,014	$ 53,141,884	$ 1,004,068	$ 87,821,899
Cash, restricted	2,000,381	11,717,344	4,781,156	-	18,498,881
Taxes receivable, net	74,241,949	-	-	-	74,241,949
Other receivables	3,410,534	-	-	1,730	3,412,264
State and federal receivables	47,806,420	-	374,247	3,699,932	51,880,599
Due from other funds	5,010,327	2,927,495	-	93	7,937,915
Due from other governments	3,474,751	92,407	-	-	3,567,158
Inventories	53,683	-	-	-	53,683
Prepaid expenses	4,838,011	-	-	200,986	5,038,997
Total assets	**$ 174,454,989**	**$ 14,794,260**	**$ 58,297,287**	**$ 4,906,809**	**$ 252,453,345**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 19,332,243	$ -	$ 1,853,594	$ 820,395	$ 22,006,232
Accrued liabilities	2,027,753	-	-	85,136	2,112,889
Retainage payable	4,320,733	-	-	-	4,320,733
Due to other funds	1,431,138	37,147	1,479,646	1,000,521	3,948,452
Due to other governments	47,288,014	-	-	2,358	47,290,372
Deferred revenues	3,352,749	-	-	-	3,352,749
Bond anticipation notes payable	-	-	53,209,736	-	53,209,736
Total liabilities	77,752,630	37,147	56,542,976	1,908,410	136,241,163
DEFERRED INFLOWS OF RESOURCES					
Unearned revenues	36,644,399	-	33	-	36,644,432
FUND BALANCES					
Nonspendable	4,891,694	-	-	200,986	5,092,680
Restricted	3,789,012	14,757,113	4,726,543	-	23,272,668
Assigned	6,858,664	-	-	2,797,413	9,656,077
Unassigned	44,518,590	-	(2,972,265)	-	41,546,325
Total fund balances	60,057,960	14,757,113	1,754,278	2,998,399	79,567,750
Total liabilities, deferred inflows of resources, and fund balances	**$ 174,454,989**	**$ 14,794,260**	**$ 58,297,287**	**$ 4,906,809**	**$ 252,453,345**

See accompanying Notes to Financial Statements.

County of Albany, New York

Reconciliation of the Total Fund Balances in the Governmental Funds to the Government-Wide Statement of Net Position

		December 31, 2016
Total governmental fund balances	$	79,567,750
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements, but are included in the statement of net position.		274,459,444
Deferred outflows are not financial resources and, therefore, are not reported in the fund financial statements, but are included in the statement of net position.		82,516,597
Prepayment of the County's retirement system contribution is a prepaid expense in the governmental funds but a deferred outflow in the governmental activities. Additionally, the prepayment of amortized amounts is a prepaid expense in the governmental funds but a reduction of debt in the governmental activities.		(5,038,997)
Property taxes that are not considered collectible in the current period are deferred in the governmental funds, and revenues that do not provide current resources are not included in governmental fund financial statements.		36,644,399
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. In the government-wide financial statements, the Internal Service Fund assets and liabilities are included with the activities that utilize the majority of the services provided. The County's governmental activities are the major users of these services. This is the amount of net position included with the governmental activities in the statement of net position.		6,561,300
Long-term liabilities, including loans due to other governments, are not due and payable in the current period and, therefore, are not reported in the funds.		(38,000)
Long-term liabilities, including bonds payable, amortized portion of due to employees' retirement system, other postemployment benefits, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		(508,353,242)
Accrued interest expense on long-term debt is not reported as an expenditure in governmental funds but is included as a liability in the statement of net position.		(1,599,643)
Deferred inflows related to pension liabilities are not reported in the fund financial statements, but are included in the statement of net position.		(11,328,866)
Total net position	**$**	**(46,609,258)**

See accompanying Notes to Financial Statements.

County of Albany, New York

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

	Year Ended December 31, 2016				
	Major Funds				
	General	Debt Service	Capital Projects	Other Governmental	Total
REVENUES					
Real property taxes	$ 88,506,698	$ -	$ -	$ -	$ 88,506,698
Real property tax items	8,934,388	-	-	-	8,934,388
Non-property tax items	269,773,392	-	-	1,617,988	271,391,380
Departmental income	28,580,133	-	-	43,538	28,623,671
Intergovernmental charges	9,007,088	51,817	-	1,002,745	10,061,650
Use of money and property	3,253,222	68,519	-	729	3,322,470
Fines and forfeitures	639,496	-	-	-	639,496
Sale of property and compensation for loss	8,134,865	-	107,448	53,696	8,296,009
Miscellaneous local sources	994,777	-	-	71,097	1,065,874
Interfund revenues	-	-	-	1,424,565	1,424,565
State aid	59,424,277	581,084	1,733,726	2,845,829	64,584,916
Federal aid	72,976,799	-	809,706	-	73,786,505
Total revenues	550,225,135	701,420	2,650,880	7,060,187	560,637,622
EXPENDITURES					
Current operations					
General government support	141,623,872	-	-	-	141,623,872
Education	25,543,670	-	-	-	25,543,670
Public safety	56,649,885	-	-	-	56,649,885
Transportation	1,242,665	-	-	11,427,420	12,670,085
Health	30,722,273	-	-	-	30,722,273
Economic assistance and opportunity	179,370,576	-	-	-	179,370,576
Culture and recreation	548,696	-	-	-	548,696
Home and community service	3,097,771	-	-	400	3,098,171
Employee benefits	62,988,069	-	-	4,183,702	67,171,771
Capital outlay, general government support	659,598	-	1,019,775	-	1,679,373
Capital outlay, public safety	1,350,451	-	3,569,748	-	4,920,199
Capital outlay, health	85,910	-	-	-	85,910
Capital outlay, transportation	-	-	2,514,188	15,310	2,529,498
Capital outlay, economic assistance and opportunity	124,944	-	-	-	124,944
Capital outlay, home and community service	14,621	-	-	-	14,621
Capital outlay, culture and recreation	4,999	-	-	-	4,999
Debt service					
Principal	-	19,085,813	-	38,000	19,123,813
Interest	-	7,294,230	-	5,455	7,299,685
Total expenditures	504,028,000	26,380,043	7,103,711	15,670,287	553,182,041
Excess (deficiency) of revenues over (under) expenditures	**46,197,135**	**(25,678,623)**	**(4,452,831)**	**(8,610,100)**	**7,455,581**
OTHER FINANCING SOURCES (USES)					
BANs redeemed from appropriations	-	-	1,494,264	-	1,494,264
Repayments to escrow agent on refunding of serial bonds	-	(29,608,056)	-	-	(29,608,056)
Premiums on debt issuance	-	5,623,741	-	-	5,623,741
Serial bond proceeds	-	25,330,000	-	-	25,330,000
Transfers from other funds	1,086,191	24,156,632	-	8,631,661	33,874,484
Transfers to other funds	(37,101,773)	(1,541,584)	-	-	(38,643,357)
Total other financing sources (uses)	(36,015,582)	23,960,733	1,494,264	8,631,661	(1,928,924)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	**10,181,553**	**(1,717,890)**	**(2,958,567)**	**21,561**	**5,526,657**
FUND BALANCES, ***beginning of year***	49,876,407	16,475,003	4,712,845	2,976,838	74,041,093
FUND BALANCES, ***end of year***	**$ 60,057,960**	**$ 14,757,113**	**$ 1,754,278**	**$ 2,998,399**	**$ 79,567,750**

See accompanying Notes to Financial Statements.

County of Albany, New York

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Change in Net Position Shown in the Government-Wide Statement of Activities

			Year Ended December 31, 2016
Net change in fund balances - total governmental funds			$ 5,526,657
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	Capital outlays Depreciation expense	6,135,287 (16,714,581)	(10,579,294)
Governmental funds report bond refundings as other financing sources and uses. However, in the statement of activities, the gain on refunding is reported as a deferred outflow and amortized over the life of the bond. This is the amount of amortization in the current period.			(705,789)
Property tax revenues and certain social service revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			(33,885)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount by which the the decrease in certain liabilities reported in the statement of position of the previous year exceeded expenses reported in the statement of activities that do not require the use of current financial resources (compensated absenses).			(2,663,606)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the amortized portion of the New York State Retirement bill.			1,604,521
Revenues and expenditures of Internal Service Funds are not included in business-type activities but are included in the governmental activities in the statement of activities.			(343,146)
Repayment of bond principal and other long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			45,604,549
Proceeds from the issuance of new debt, including proceeds from advance refunding of bonds and premiums are included in the statement of revenues, expenditures, and changes in fund balances as revenue, but included in the statement of net position as part of bonds payable.			(29,503,932)
In the statement of activities, bond premiums are amortized against interest expense over the life of the bond.			1,464,734
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.			(105,074)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These include other postemployment benefits for healthcare costs for retirees.			(45,141,114)
Change in net position of governmental activities			**$ (34,875,379)**

See accompanying Notes to Financial Statements.

County of Albany, New York

Fund Financial Statements
Statement of Net Position - Proprietary Funds

	December 31, 2016				
	Enterprise Funds				Internal Service Fund
	Sewer	Times Union Center	Albany County Nursing Home	Total	Self Insurance
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
CURRENT ASSETS					
Cash and cash equivalents	$ 11,544,055	$ 5,501,942	$ 3,966,381	$ 21,012,378	$ 535,202
Cash and cash equivalents, restricted	1,062,088	18,511,453	17,625,934	37,199,475	18,101,644
Resident funds held in trust	-	-	114,711	114,711	-
Receivables	3,579,284	1,518,850	11,241,896	16,340,030	-
Due from other funds	-	-	1,929	1,929	-
Inventory	-	-	91,835	91,835	-
Prepaid expenses	157,620	107,011	162,577	427,208	-
Workers' compensation reserve	-	-	1,601,744	1,601,744	-
Other current assets	-	108,142	-	108,142	-
Total current assets	16,343,047	25,747,398	34,807,007	76,897,452	18,636,846
NONCURRENT ASSETS					
Capital assets, net	34,182,715	30,762,738	4,333,208	69,278,661	-
Total assets	50,525,762	56,510,136	39,140,215	146,176,113	18,636,846
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges, pensions	2,435,467	-	6,871,495	9,306,962	-

	December 31, 2016				
	Enterprise Funds				Internal Service Fund
	Sewer	Times Union Center	Albany County Nursing Home	Total	Self Insurance
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)					
CURRENT LIABILITIES					
Accounts payable	572,115	1,197,303	1,640,008	3,409,426	184,178
Accrued liabilities	234,262	447,367	2,660,394	3,342,023	9,477,562
Due to other funds	631,059	939,120	1,779,878	3,350,057	-
Current portion of due to employees' retirement system	95,379	-	308,905	404,284	-
Current portion of compensated absences	38,125	-	-	38,125	-
Unearned revenue	-	5,650,317	-	5,650,317	-
Retainages payable	464,322	205,042	-	669,364	-
Bond anticipation notes payable	2,294,000	24,283,894	19,821,653	46,399,547	2,413,806
Current maturities of bonds payable	585,416	872,951	20,780	1,479,147	-
Resident funds held in trust	-	-	114,711	114,711	-
Total current liabilities	4,914,678	33,595,994	26,346,329	64,857,001	12,075,546
NONCURRENT LIABILITIES					
Bonds payable, less current maturities	6,768,770	10,007,040	267,736	17,043,546	-
Due to employees' retirement system, less current portion	629,180	-	1,968,076	2,597,256	-
Compensated absences, less current portion	367,454	-	-	367,454	-
Net pension liability, proportionate share	2,220,322	-	6,264,479	8,484,801	-
Other postemployment benefits liability	8,297,605	-	30,844,048	39,141,653	-
Total liabilities	23,198,009	43,603,034	65,690,668	132,491,711	12,075,546
DEFERRED INFLOWS OF RESOURCES					
Deferred charges, pensions	355,216	-	1,002,218	1,357,434	-
NET POSITION (DEFICIT)					
Net investment in capital assets	24,534,529	11,892,062	1,287,406	37,713,997	-
Restricted for					
Capital projects	-	1,725,604	-	1,725,604	-
Debt service	834,355	-	-	834,355	-
Other purposes	3,017,135	-	-	3,017,135	8,624,082
Unrestricted	1,021,985	(710,564)	(21,968,582)	(21,657,161)	(2,062,782)
Total net position (deficit)	**$ 29,408,004**	**$ 12,907,102**	**$ (20,681,176)**	**$ 21,633,930**	**$ 6,561,300**

See accompanying Notes to Financial Statements.

County of Albany, New York

Fund Financial Statements
Statement of Revenues, Expenses, and Changes in Net Position (Deficit) - Proprietary Funds

	Year Ended December 31, 2016				
	Enterprise Funds				Internal Service Fund
	Sewer	Times Union Center	Albany County Nursing Home	Total	Self Insurance
OPERATING REVENUES					
Charges for services, net	$ 11,487,541	$ 4,959,101	$ 16,015,628	$ 32,462,270	$ 3,726,077
Other operating revenues	564,525	-	9,755	574,280	794,024
Total operating revenues	12,052,066	4,959,101	16,025,383	33,036,550	4,520,101
OPERATING EXPENSES					
Health care services	-	-	13,364,682	13,364,682	-
Administrative and general services	3,715,079	-	2,393,531	6,108,610	-
Employee benefits	3,671,551	-	11,119,763	14,791,314	3,439,186
Depreciation	1,710,028	3,507,125	373,112	5,590,265	-
Contractual expenses	2,763,823	4,059,504	-	6,823,327	1,426,929
New York State assessment	-	-	928,829	928,829	-
County cost allocations	-	-	2,487,201	2,487,201	-
Total operating expenses	11,860,481	7,566,629	30,667,118	50,094,228	4,866,115
Operating income (loss)	**191,585**	**(2,607,528)**	**(14,641,735)**	**(17,057,678)**	**(346,014)**
NONOPERATING REVENUE (EXPENSE)					
Interest earnings	7,401	1,565	13,949	22,915	2,868
Interest on debt	(132,416)	(450,987)	-	(583,403)	-
Intergovernmental transfer	-	-	19,097,229	19,097,229	-
Other	-	-	302,908	302,908	-
Total nonoperating revenue (expense)	(125,015)	(449,422)	19,414,086	18,839,649	2,868
Income (loss) before transfers	**66,570**	**(3,056,950)**	**4,772,351**	**1,781,971**	**(343,146)**
Transfers from other funds	-	1,541,584	4,313,480	5,855,064	-
Transfers to other funds	(434,669)	(651,522)	-	(1,086,191)	-
	(434,669)	890,062	4,313,480	4,768,873	-
Change in net position	**(368,099)**	**(2,166,888)**	**9,085,831**	**6,550,844**	**(343,146)**
NET POSITION (DEFICIT), ***beginning of year, as restated***	29,776,103	15,073,990	(29,767,007)	15,083,086	6,904,446
NET POSITION (DEFICIT), ***end of year***	**$ 29,408,004**	**$ 12,907,102**	**$ (20,681,176)**	**$ 21,633,930**	**$ 6,561,300**

See accompanying Notes to Financial Statements.

County of Albany, New York

Fund Financial Statements
Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2016				
	Enterprise Funds				Internal Service Fund
	Sewer	Times Union Center	Albany County Nursing Home	Total	Self Insurance
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES					
Cash received for services provided	$ 11,568,206	$ 6,419,687	$ 17,268,240	$ 35,256,133	$ 8,038,593
Cash received from grants and others	584,886	-	9,755	594,641	-
Cash payments to suppliers for goods and services	(8,011,351)	(4,212,260)	(17,891,898)	(30,115,509)	(4,583,799)
Cash payments to employees for services	(2,090,966)	-	(11,012,287)	(13,103,253)	-
	2,050,775	2,207,427	(11,626,190)	(7,367,988)	3,454,794
CASH FLOWS PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES					
County subsidy and advances	-	-	4,481,340	4,481,340	-
Cash received from others	-	-	9,680,947	9,680,947	-
Other nonoperating revenue	-	-	316,857	316,857	-
Interest received	7,401	1,565	-	8,966	2,868
Operating transfers in	195,840	763,205	-	959,045	-
	203,241	764,770	14,479,144	15,447,155	2,868
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of property and equipment	(3,657,734)	(4,708,917)	(1,336,322)	(9,702,973)	-
Payments of long-term debt	(585,416)	(877,491)	(20,544)	(1,483,451)	-
Proceeds from the issuance of (repayments of) bond anticipation notes	-	13,908,894	16,505,653	30,414,547	(865,165)
Payments on bond anticipation notes	2,294,000	-	(40,000)	2,254,000	-
Interest paid	(132,416)	(450,988)	-	(583,404)	-
	(2,081,566)	7,871,498	15,108,787	20,898,719	(865,165)
Net increase (decrease) in cash and cash equivalents	**172,450**	**10,843,695**	**17,961,741**	**28,977,886**	**2,592,497**
CASH AND CASH EQUIVALENTS, *beginning of year*	12,433,693	13,169,700	3,630,574	29,233,967	16,044,349
CASH AND CASH EQUIVALENTS, *end of year*	$ 12,606,143	$ 24,013,395	$ 21,592,315	$ 58,211,853	$ 18,636,846
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ 191,585	$ (2,607,528)	$ (14,641,735)	$ (17,057,678)	$ (346,014)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation expense	1,710,028	3,507,125	373,112	5,590,265	-
Other postemployment benefits accrual	828,162	-	4,286,111	5,114,273	-
Portion due to employees' retirement system to be amortized	629,180	-	(544,410)	84,770	-
Loss on write-off of capital assets	-	-	293,594	293,594	-
(Increase) decrease in					
Receivables, net	80,665	(695,050)	(588,443)	(1,202,828)	1,729,200
Due from other funds	20,000	-	-	20,000	-
Due from other governments	361	-	-	361	-
Inventory	-	-	(7,442)	(7,442)	-
Prepaid expenses and other assets	(157,620)	(44,531)	(28,270)	(230,421)	-
Deferred outflows of resources	(1,877,877)	-	(5,224,151)	(7,102,028)	-
Increase (decrease) in					
Accounts payable	(78,574)	(239,613)	(144,473)	(462,660)	11,888
Due to other funds	(1,143,318)	-	-	(1,143,318)	1,789,292
Accrued liabilities	(256,410)	(16,994)	283,848	10,444	270,428
Other current liabilities	86,445	148,382	-	234,827	-
Due to ERS	-	-	(962,401)	(962,401)	-
Net pension liability	1,707,823	-	4,436,379	6,144,202	-
Unearned revenue	-	2,155,636	-	2,155,636	-
Deferred inflows of resources	310,325	-	842,091	1,152,416	-
Net cash provided (used) by operating activities	$ 2,050,775	$ 2,207,427	$ (11,626,190)	$ (7,367,988)	$ 3,454,794

See accompanying Notes to Financial Statements.

County of Albany, New York

Fund Financial Statements
Statement of Fiduciary Net Position - Fiduciary Fund

	December 31, 2016
	Agency Fund
ASSETS	
Cash and cash equivalents	**$ 16,376,719**
LIABILITIES	
Due to other funds	$ 641,335
Agency liabilities	15,735,384
Total liabilities	**$ 16,376,719**

See accompanying Notes to Financial Statements.

Note 1 - Organization and Summary of Significant Accounting Policies

The financial statements of the County of Albany, New York (County) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

a. Reporting Entity

The County is a municipal corporation established in 1683, which performs local governmental functions within its jurisdiction, including law enforcement services; economic assistance; health services; maintenance of County roads and waterways; and operation of a nursing home, airport, sewer district, and civic center. The County is governed by an elected County Executive and a 39-member County Legislature.

The County provides mandated social service programs such as Medicaid, Temporary Assistance for Needy Families, Supplemental Nutrition Program, and Safety Net. The County also provides services and facilities in the areas of culture, recreation, education, police, youth, health, senior services, roads, and sanitary sewage. These general government programs and services are financed by various taxes, state and federal aid, and departmental revenue, which are primarily comprised of service fees and various types of program-related charges.

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

Discretely Presented Component Units - The financial statements include the financial data of the County's three discretely presented component units. These units are reported in separate columns to emphasize that they are legally separate from the County. The financial information of these component units has been summarized from their audited financial statements.

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

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

a. *Reporting Entity* - Continued

Discretely Presented Component Units - Continued

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

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

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

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

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

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

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

a. Reporting Entity - Continued

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

The County considers the following governmental funds as major funds:

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

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

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

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

The County maintains three proprietary funds as follows:

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

Times Union Center - The Times Union Center (Center) accounts for all activity related to the entertainment performances scheduled at the Center for the benefit of the Capital District and surrounding areas.

Sewer District - The Sewer District (District) was established by County Resolution 45 of 1968 and has provided wastewater services since 1974. The District was established to account for the construction and operation of sewers and sewage treatment facilities in the County.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

a. *Reporting Entity* - Continued

Fund Financial Statements - Continued

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

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

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

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

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

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

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

c. *Budgets and Budgetary Accounting*

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

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

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

c. *Budgets and Budgetary Accounting* - Continued

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

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

U.S. GAAP basis, fund balances, December 31, 2016	$ 79,567,750
Outstanding encumbrances	(6,902,762)
Budgetary basis, fund balances, December 31, 2016	$ 72,664,988

d. *Credit Risk*

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

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

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

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

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

e. Cash and Investments

All highly liquid investments with an original maturity date of three months or less are considered to be cash equivalents. Investments are stated at fair value.

f. Inventory

Inventory, which is comprised of general supplies (General Fund) and housekeeping, medical, and dietary supplies (those of the Nursing Home), are valued at the lower of cost (first-in, first-out) or market. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

g. Restricted Assets

Certain resources of the governmental and proprietary funds are classified as restricted assets on the balance sheet or statement of net position as the County Legislature limits their use. These resources are maintained in separate bank accounts.

h. Capital Assets

Capital assets, which include property, buildings and improvements, equipment, and infrastructure assets (e.g., roads, bridges, drainage systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

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

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

h. Capital Assets - Continued

The County evaluates prominent events or changes in circumstances affecting capital assets to determine if impairment of any capital assets has occurred. A capital asset is considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. There were no impaired capital assets at December 31, 2016.

i. Property Tax Revenue Recognition

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

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

j. Deferred Outflows of Resources

The County applies the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. A deferred outflow of resources is a consumption of net position by the County that is applicable to a future period. The County's deferred outflows of resources represent the loss on the refunding of bonds that is being amortized into interest expense over the life of the new bonds as well as deferred costs related to the change in the net pension liability.

k. Deferred Inflows of Resources and Unearned Revenues

The County's deferred inflows of resources arise when potential revenue does not meet both of the "measurable" and "available" criteria for recognition in the current period as defined in Note 1b. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the deferred inflow is removed from the balance sheet, and revenue is recognized.

Deferred inflows of resources in the General Fund of $36,644,399 represent property tax revenue that was not considered available. Deferred inflows of resources in the proprietary funds and governmental activities represent amounts related to the change in the net pension liability.

Unearned revenues arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. The County's governmental funds do not have any unearned revenues as of December 31, 2016. Unearned revenues in the Times Union Center Fund represent cash receipts for which the underlying service has not been performed as of December 31, 2016.

l. Compensated Absences

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

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

m. Insurance

The County assumes liability for most risk including, but not limited to, workers' compensation. Asserted and incurred but not reported claims and judgments are recorded when it is probable that a liability has been incurred, and the amount of loss can be reasonably estimated.

Governmental fund type estimated current contingent liabilities (i.e., those to be liquidated with available financial resources in the ensuing year) for property damage and personal injury liability are recorded in the General Fund. The long-term portion (i.e., liabilities to be paid from future resources) is recorded in general long-term debt in the government-wide financial statements.

n. Resident Service Revenue

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

Final determination of amounts due to the Nursing Home under these cost reimbursement programs are subject to audit or review by the respective administrative agencies, and provision has been made for estimated adjustments that may result. Differences between estimated amounts accrued and final settlements are reported in operations in the year of settlement.

o. Pensions

Nearly all County employees are members of various New York State retirement systems. The County is invoiced annually by the systems for its share of the costs. See Note 8.

p. Interfund Revenues

The County allocates General Fund costs incurred in the general administration of the County to other funds based on their proportionate benefit of the total costs allocated. Such costs are reported as general government support expenditures in the General Fund as well as in the benefiting funds.

q. Fund Balance/Net Position

In the government-wide and the proprietary fund statements of net position, net position represents the difference between the assets and deferred outflows, and liabilities and deferred inflows subdivided into the following three categories:

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balance of debt, including bonds and bond anticipation notes, which are attributable to the acquisition, construction, or improvement of capital assets, reduce the balance in the category.

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

q. *Fund Balance/Net Position* - Continued

Restricted Net Position - This category presents net position with constraints placed on use either by (1) external groups, such as creditors, grantors, contributors, or laws and regulations of the County or other governments, or (2) laws through constitutional provisions or enabling legislation that are legally enforceable. Liabilities to be extinguished from restricted assets reduce the balance in this category.

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

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

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

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

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

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

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

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

r. *Estimates*

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

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

s. New Accounting Pronouncements

GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB No. 72 defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information should be disclosed in the notes to the financial statements.

There was no effect on the County's financial statements as a result of adopting GASB 72.

GASB Statement No. 77, *Tax Abatement Disclosures* (GASB 77). GASB No. 77 requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by government, other than to abate taxes, as part of a tax abatement agreement.

As a result of adopting GASB 77, the County reports additional footnote disclosures. The adoption of these statements did not have an effect on the County's accounting policies.

t. Subsequent Events

The County has evaluated subsequent events for potential recognition or disclosure through September 29, 2017, the date the financial statements were available to be issued.

Note 2 - Cash and Investments

The County's investment policies are governed by State statutes and various resolutions of the County Legislature. County monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury and United States Government agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

A summary of cash and cash equivalents (bank balances) is as follows:

	December 31, 2016	
	Primary Government	Fiduciary Funds
Cash in banks	$ 155,324,788	$ -
Restricted cash in banks	40,591,526	24,585,959
Total	$ 195,916,314	$ 24,585,959

Note 2 - Cash and Investments - Continued

It is the County's policy for deposits to be secured by collateral valued at fair value or par, whichever is lower, less the amount of the FDIC insurance. The County's pooled and non-pooled deposits are categorized to give an indication of the level of risk assumed by the County at fiscal year-end. The County has approximately $2.0 million held in an account controlled by the State of New York that is not collateralized by the County at December 31, 2016. The remaining cash balances of the County are collateralized with securities held by the pledging financial institution's trust department or agent in the County's name at December 31, 2016.

Note 3 - Property Tax

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

Uncollected property taxes assumed by the County as a result of the settlement proceedings are reported as receivables in the General Fund to maintain central control and provide for tax settlement and enforcement proceedings. The portion of the receivable that represents taxes re-levied for schools is recognized as a liability, is included in due to other governments, and was $22,885,122 at December 31, 2016. Another portion of the receivable that is not considered available under the modified accrual basis of accounting, i.e., not collected within 60 days, is recorded as deferred inflows of resources in the fund financial statements and totaled $36,644,399 at December 31, 2016.

Tax rates are calculated using assessments prepared by individual town and city assessors as adjusted by the New York State Board of Equalization and Assessment for the purpose of apportionment. The five-year average taxable assessed value of real property, as adjusted by New York State, is $23,634,358,628.

The primary non-property tax item is sales tax, which is accrued as revenue based on the date on which the taxes are remitted to the State. Sales tax receivable was $29,327,570 at December 31, 2016, and is included in State and Federal receivables in the General Fund.

Note 4 - Interfund Receivables, Payables, and Transfers

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

	December 31, 2016	
Fund	Interfund Receivables	Interfund Payables
General	$ 5,010,327	$ 1,431,138
Debt Service	2,927,495	37,147
Capital Projects	-	1,479,646
Other Governmental	93	1,000,521
Sewer	-	631,059
Times Union Center	-	939,120
Nursing Home	1,929	1,779,878
Agency	-	641,335
	$ 7,939,844	$ 7,939,844

The County made the following operating transfers:

	December 31, 2016					
	Transfers-Out					
	General	Debt Service	Other Governmental	Proprietary	Capital Projects	Total
Transfers-In						
General Fund	$ -	$ -	$ -	$ 1,086,191	$ -	$ 1,086,191
Debt Service	24,156,632	-	-	-	-	24,156,632
Other Governmental	8,631,661	-	-	-	-	8,631,661
Proprietary	4,313,480	1,541,584	-	-	-	5,855,064
Total	$ 37,101,773	$ 1,541,584	$ -	$ 1,086,191	$ -	$ 39,729,548

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

Note 5 - Receivables

Other revenues accrued by the County consist of the following:

	December 31, 2016
Fund	
General	$ 3,410,534
County Road	1,730
Times Union Center, customers, tenants, promoters, and commissions	823,800
Sewer Fund, municipal charges	3,579,284
Albany County Nursing Home, resident charges	11,241,896
Total	$ 19,057,244

Note 5 - Receivables - Continued

State and Federal Receivables - State and federal receivables primarily represent claims for reimbursement of expenditures in administering various health and social service programs in accordance with New York State and Federal laws and regulations. They are net of related advances from New York State. Cash advances received by the County under other programs are reported as other liabilities. Amounts accrued are as follows:

	December 31, 2016
General Fund	
Social Service programs	$ 11,247,718
Sales tax	29,327,570
Grants and aid, various programs	7,231,132
	47,806,420
Capital Projects, Department of Transportation	374,247
County Road, Consolidated Highway Improvement Program	3,037,287
County Road, Snow and Ice Program	549,131
County Road, Automobile Use Tax	113,514
Total	$ 51,880,599

Due From Other Governments - Due from other governments represents amounts due primarily from other local municipalities for chargebacks and other miscellaneous items. Amounts accrued are as follows:

	December 31, 2016
Fund	
General, chargebacks and miscellaneous	$ 3,474,751
Debt service	92,407
Total	$ 3,567,158

Note 6 - Capital Assets, Net

a. Governmental Activities Capital Assets

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

	Year Ended December 31, 2016			
	Primary Government			
	Beginning Balance	Additions and Transfers	Deletions and Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	$ 7,897,715	$ -	$ -	$ 7,897,715
Construction in progress	118,829,925	5,795,310	7,719,493	116,905,742
Total capital assets, not being depreciated	126,727,640	5,795,310	7,719,493	124,803,457
Capital assets, being depreciated				
Buildings and building improvements	157,585,388	1,639,063	-	159,224,451
Infrastructure	197,725,469	5,625,268	-	203,350,737
Equipment	23,876,072	795,138		24,671,210
Total capital assets, being depreciated	379,186,929	8,059,469	-	387,246,398
Less accumulated depreciation for				
Buildings and building improvements	67,147,295	5,138,502	-	72,285,797
Infrastructure	133,561,284	9,732,448	-	143,293,732
Equipment	20,167,251	1,843,631		22,010,882
Total accumulated depreciation	220,875,830	16,714,581	-	237,590,411
Governmental activities capital assets, net	$ 285,038,739	$ (2,859,802)	$ 7,719,493	$ 274,459,444

Depreciation expense for 2016 was charged to functions of the primary government as follows:

Governmental activities	
General government support	$ 3,311,388
Public safety	2,668,067
Health	436,583
Transportation	10,011,119
Economic assistance and opportunity	168,386
Culture and recreation	118,453
Home and community services	585
	$ 16,714,581

Note 6 - Capital Assets, Net

b. Business-Type Capital Assets

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

	Year Ended December 31, 2016			
	Beginning Balance	Additions and Transfers	Deletions and Transfers	Ending Balance
Business-type activities				
Capital assets, not being depreciated				
Land	$ 3,142,716	$ -	$ -	$ 3,142,716
Land improvements	391,094	-	-	391,094
Construction in progress	10,090,352	8,011,230	-	18,101,582
Total capital assets, not being depreciated	13,624,162	8,011,230	-	21,635,392
Capital assets, being depreciated				
Buildings and improvements	191,582,899	677,256	123,558	192,136,597
Equipment	11,126,522	1,138,046	-	12,264,568
	202,709,421	1,815,302	123,558	204,401,165
Accumulated depreciation	151,167,630	5,590,266	-	156,757,896
Total capital assets, being depreciated	51,541,791	(3,774,964)	123,558	47,643,269
Business-type capital assets, net	$ 65,165,953	$ 4,236,266	$ 123,558	$ 69,278,661

Note 7 - Noncurrent and Debt Related Liabilities

a. Bond Indebtedness

Bonded indebtedness is recorded in the Governmental Activities and Enterprise Funds. The following is a summary of bond transactions:

Description	Year Issue/ Maturity	Interest Rate	Original Issue Amount	Balance December 31, 2015	Accretions Issued and Refunding	Amortization/ Payments	Balance December 31, 2016
a. Governmental Activities Bond Indebtedness							
Governmental funds							
General Fund							
2006 general obligation	2006/2027	4.00/4.25	39,566,385	$ 1,803,493	$ -	$ 1,803,493	$ -
2010 general obligation refunding	2010/2018	2.00/5.00	15,725,000	7,290,000	-	2,350,000	4,940,000
2010 general obligation new and renewal	2010/2026	1.00/4.00	41,815,000	30,360,000	-	30,360,000	-
2011 general obligation	2011/2025	2.00/3.125	23,031,965	16,995,000	-	1,540,000	15,455,000
2012 general obligation refunding	2012/2016	2.00/4.00	5,800,000	1,525,000	-	1,525,000	-
2012 general obligation	2012/2028	2.00/3.00	20,505,000	17,025,000	-	1,175,000	15,850,000
2012 general obligation refunding	2012/2024	2.00/5.00	55,587,964	50,969,718	-	4,797,208	46,172,510
2012 qualified energy conservation bond	2012/2021	2.50/3.10	205,000	139,016	-	22,422	116,594
2013 general obligation	2013/2028	2.00/4.00	33,897,320	29,932,280	-	1,989,692	27,942,588
2014 general obligation refunding	2014/2027	2.00/5.00	25,663,369	25,469,203	-	3,734	25,465,469
2016 general obligation refunding	2016/2026		25,330,000	-	25,330,000	-	25,330,000
Total governmental activities			287,127,003	181,508,710	25,330,000	45,566,549	161,272,161
Unamortized Premium			-	7,670,676	5,623,741	1,464,734	11,829,683
Total governmental activities			$ 287,127,003	$ 189,179,386	$ 30,953,741	$ 47,031,283	$ 173,101,844

Note 7 - Noncurrent and Debt Related Liabilities - Continued

a. *Bond Indebtedness* - Continued

Description	Year Issue/ Maturity	Interest Rate	Original Issue Amount	Balance December 31, 2015	Accretion, Issuances and Refunding	Amortization/ Payments	Balance December 31, 2016
b. Business-type Activities Indebtedness							
Business-type activities							
Sewer, Enterprise Fund							
2003 general obligation	2003/2022	1.03/4.71	$ 1,418,149	$ 555,000	$ -	$ 75,000	$ 480,000
2005 general obligation	2005/2020	2.059/3.819	628,905	215,000	-	40,000	175,000
2006 clean water	2006/2026	3.601/4.769	4,052,176	2,315,000	-	195,000	2,120,000
2013 general obligation	2013/2028	2.00/4.00	1,370,000	1,209,750	-	80,417	1,129,333
2015 EFC revenue bond	2015/2035	0.20/3.942	3,644,853	3,644,853	-	195,000	3,449,853
Nursing Home, Enterprise Fund							
2013 general obligation	2013/2028	2.00/4.00	350,000	309,060	-	20,544	288,516
Times Union Center, Enterprise Fund							
2006 general obligation	2006/2027	4.00/4.25	13,415,706	611,507	-	611,507	-
2012 general obligation refunding	2012/2024	2.00/5.00	322,036	295,282	-	27,792	267,490
2012 qualified energy conservation bond	2012/2021	2.50/3.10	1,395,000	945,984	-	152,578	793,406
2013 general obligation	2013/2028	2.00/4.00	1,437,000	1,268,911	-	84,348	1,184,563
2014 general obligation refunding	2014/2027	2.00/5.00	8,701,631	8,635,797	-	1,266	8,634,531
Total business-type activities			$ 36,735,456	$ 20,006,144	$ -	$ 1,483,452	$ 18,522,692

The annual repayment of principal and interest on bonded debt is as follows:

	Governmental Activities		Business-type Activities		
	Principal	Interest	Principal	Interest	Total
Year ending December 31,					
2017	$ 16,130,852	$ 5,768,901	$ 1,479,147	$ 589,265	$ 23,968,165
2018	16,578,331	5,260,834	1,521,522	544,408	23,905,095
2019	14,502,968	4,714,656	1,557,032	497,327	21,271,983
2020	15,112,284	4,109,178	1,607,716	440,910	21,270,088
2021	15,755,725	3,475,473	1,619,275	383,397	21,233,870
2022 through 2026	72,049,436	8,449,206	7,545,564	1,175,181	89,219,387
2027 through 2031	11,142,565	1,175,021	2,367,436	300,126	14,985,148
2032 through 2035	-	-	825,000	64,830	889,830
Total	$ 161,272,161	$ 32,953,269	$ 18,522,692	$ 3,995,444	$ 216,743,566

b. *Non-Current and Debt Related Liabilities*

Bond Anticipation Notes - Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Projects Funds and business type activities. BANs must be renewed annually and typically require principal payments at that time. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewable for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

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

Note 7 - Noncurrent and Debt Related Liabilities - Continued

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

Compensated Absences - As explained in Note 1l, the County records the value of governmental fund type compensated absences in the governmental activities. The payment of compensated absences is dependent on many factors and, therefore, cannot be reasonably estimated as to future timing of payment. The annual budgets of the operating funds provide for such as amounts become payable.

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

Changes in Noncurrent and Debt Related Liabilities - Governmental Activities

	Year Ended December 31, 2016			
	Balance January 1, 2016	Increases/ Additions	Decreases/ Payments	Balance December 31, 2016
Serial bonds	$ 189,179,386	$ 30,953,741	$ 47,031,283	$ 173,101,844
Bond anticipation notes	43,230,971	14,928,941	2,536,370	55,623,542
Due to ERS	22,523,327	-	2,536,927	19,986,400
Compensated absences	9,517,262	8,916,139	6,252,533	12,180,868
Net pension liability	15,204,149	65,605,353	9,997,100	70,812,402
	$ 279,655,095	$ 120,404,174	$ 68,354,213	$ 331,705,056

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

	Year Ended December 31, 2016			
	Balance January 1, 2016	Increases/ Additions	Decreases/ Payments	Balance December 31, 2016
Serial bonds	$ 20,006,144	$ -	$ 1,483,452	$ 18,522,692
Bond anticipation notes	13,731,000	33,573,712	905,165	46,399,547
Due to ERS	5,022,489	-	2,020,949	3,001,540
Compensated absences	422,607	183,508	200,536	405,579
Net pension liability	1,879,164	7,798,471	1,192,834	8,484,801
	$ 41,061,404	$ 41,555,691	$ 5,802,936	$ 76,814,159

Note 8 - Retirement Plans

a. *Plan Description and Benefits Provided*

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

www.osc.state.ny.us/retire

Note 8 - Retirement Plans

a. *Plan Description and Benefits Provided* - Continued

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

b. *Contributions*

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

2016	$ 18,390,616
2015	20,096,421
2014	27,014,378

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

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

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

This law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program. The total unpaid liability at the end of the fiscal year was $22,987,940, of which $3,001,540 is reported in the proprietary funds and $19,986,400 on the statement of net position for the governmental activities.

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

Note 8 - Retirement Plans - Continued

b. Contributions - Continued

The maturity schedule for this debt is as follows:

ERS Amortization	Principal	Interest	Total
Year ending December 31,			
2016	$ 3,026,043	$ 768,634	$ 3,794,677
2017	3,127,655	667,023	3,794,678
2018	3,232,708	561,970	3,794,678
2019	3,341,318	451,359	3,792,677
2020	3,453,607	341,070	3,794,677
Thereafter	6,806,609	411,064	7,217,673
	$ 22,987,940	$ 3,201,120	$ 26,189,060

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

At December 31, 2016, the County reported a liability of $79,297,203 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability was determined by an actuarial valuation as of April 1, 2015. The County's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contribution for the fiscal year ended on the measurement date. At the March 31, 2016 measurement date, the County's proportionate share was .4940550%.

For the year ended December 31, 2016, the County recognized pension expense of $27,413,406. At December 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 400,708	$ 9,399,361
Changes of assumptions	21,146,173	-
Net differences between projected and actual investment earnings on pension plan investments	47,043,452	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3,286,939
County contributions subsequent to the measurement date	16,732,658	-
Total	$ 85,322,991	$ 12,686,300

Note 8 - Retirement Plans - Continued

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

County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	
2016	$ 14,097,059
2017	14,097,059
2018	14,097,059
2019	13,612,856
Total	$ 55,904,033

d. *Actuarial Assumptions*

The actuarial assumptions used in the April 1, 2015 valuation, with updated procedures used to roll forward the total pension liability to March 31, 2016, were based on the results of an actuarial experience study for the period April 1, 2005 to March 31, 2010. These assumptions are:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.70%
Salary Scale	4.9%, indexed by service
Investment rate of return, including inflation	7.0% compounded annually, net of expenses
Cost of living adjustment	1.4% annually
Decrement	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015

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

Note 8 - Retirement Plans - Continued

e. Investment Asset Allocation

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

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	38.00%	7.30%
International equity	13.00%	8.55%
Private equity	10.00%	11.00%
Real estate	8.00%	8.25%
Absolute return strategies	3.00%	6.75%
Opportunistic portfolio	3.00%	8.60%
Real assets	3.00%	8.65%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Inflation-Indexed bonds	2.00%	4.00%
	100.00%	

f. Discount Rate

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

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

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

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
County's proportionate share of the net pension liability (asset)	$ 178,809,434	$ 79,297,203	$ (4,786,379)

Note 8 - Retirement Plans - Continued

h. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the New York State and Local Employees' Retirement System as of March 31, 2016 were as follows (amounts in thousands):

Employers' total pension liability	$ 172,303,544
Plan net position	(156,253,265)
Employers' net pension liability	$ 16,050,279
Ratio of plan net position to the employers' total pension liability	90.7%

Note 9 - Postemployment Benefits Other Than Pensions

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

Funding Policy. Contribution requirements also are negotiated between the County and union representatives. The County contributes a percent of the cost of current-year premiums for eligible retired Plan members and their spouses. For the year ended December 31, 2016, the County contributed $14,968,210 to the Plan. Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were $480,348 for the year ended December 31, 2016.

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

Annual required contribution	$ 49,533,355
Interest on net OPEB obligation	9,253,779
Adjustment to annual required contribution	(3,750,037)
Annual OPEB cost/expense	55,037,097
Estimated contributions to be made	(14,968,210)
Net OPEB obligation, *beginning of year*	231,344,494
Net OPEB obligation, *end of year*	$ 271,413,381

Note 9 - Postemployment Benefits Other Than Pensions - Continued

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2016	$ 55,037,097	27.20%	$ 271,413,381
12/31/2015	34,500,124	39.75%	231,344,494
12/31/2014	32,513,246	34.95%	210,557,086

Funded Status and Funding Progress. As of December 31, 2016, the actuarial accrued liability for benefits was $528,958,218, all of which was unfunded.

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

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

The following simplifying assumptions were made:

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

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

Mortality - Life expectancies were based on the RP-2014 Mortality Table for males and females.

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

Healthcare Cost Trend Rate - The expected rate of increase for annual health care cost inflation (trend) is 9% declining 0.5% per year to an ultimate trend assumption of 5% by 2026.

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

Note 9 - Postemployment Benefits Other Than Pensions - Continued

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

Note 10 - Fund Balance

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

	General	Debt Service	Capital Projects	Other Governmental
Nonspendable				
Prepaids and inventory	$ 4,891,694	$ -	$ -	$ 200,986
Restricted for				
Debt service	-	14,757,113	-	-
Capital reserve	-	-	1,201,923	-
Repair reserve	-	-	3,524,620	-
Tax stabilization	1,850,155	-	-	-
EMS ambulance reserve	100,030	-	-	-
DWI reserve	358,691	-	-	-
911 reserve	1,480,136	-	-	-
	3,789,012	14,757,113	4,726,543	-
Assigned for				
Appropriations	6,858,664	-	-	-
Special revenue purposes	-	-	-	2,797,413
	6,858,664	-	-	2,797,413
Unassigned	44,518,590	-	(2,972,265)	-
Total fund balance	$ 60,057,960	$ 14,757,113	$ 1,754,278	$ 2,998,399

Note 11 - Risk Financing Activities

a. The County is exposed to various risks of loss related to auto, property, general liability, public officers' liability, and workers' compensation. The County has purchased an insurance policy for all risks excluding workers' compensation which includes a cash deductible with varying amounts per occurrence and in the aggregate per claim year.

b. County employees are entitled to coverage under the New York State Unemployment Insurance Law. The County has elected to discharge its liability to the New York State Unemployment Insurance Fund by the benefit reimbursement method, a dollar-to-dollar reimbursement to the fund for benefits paid from the fund to former County employees and charged to the County's account.

Note 11 - Risk Financing Activities - Continued

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

All funds of the County participate in the program and make payments to the Internal Service Fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for unforeseen losses. The claims liability of $9,477,472 reported in the fund at December 31, 2016, is based on GASB requirements, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

Changes in the fund's claims liability amount during 2016 were:

Balance January 1	Current Year Claims and Changes in Estimates	Claim Payments	Balance December 31
$ 9,207,134	$ 2,876,916	$ 2,606,488	$ 9,477,562

Note 12 - Commitments and Contingencies

a. Lawsuits

The County is a defendant in a number of lawsuits. In the opinion of the County Attorney, after considering all relevant facts, such litigation will not, in the aggregate, have a material adverse effect on the financial position of the County.

b. Grant Programs

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

c. Contracts

The County has entered into various contracts with outside vendors for goods and services, which were unperformed at year-end. The County has provided authority to fund these transactions in the subsequent year's budget.

Note 12 - Commitments and Contingencies - Continued

d. Labor Relations

Certain County employees are represented by eight bargaining units with the balance governed by County rules and regulations. There are nine bargaining unit contracts, all of which are current with expirations dates between December 31, 2016 and 2021.

e. Environmental Risks

Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the County expect such compliance to have, any material effect upon the capital expenditures or financial condition of the County. The County believes that its current practices and procedures for control and disposition of regulated wastes comply with applicable federal, state, and local requirements.

f. Regulatory Environment (Albany County Nursing Home)

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

g. Transfers to the County (Times Union Center)

Under the terms of the agreement between the Center, the operator, and the County, net surpluses earned by the Center are transferred to the County in the year subsequent to when those surpluses are earned. Transfers received by the County will fund net losses that are incurred by the Center. During the year ended December 31, 2016, the Center transferred $788,167 to the County.

h. Operating Leases

The County leases buildings, office facilities, and equipment under noncancelable operating leases. Total costs for such leases approximated $411,000 for the year ended December 31, 2016. The future minimum lease payments for these leases at December 31, 2016, are as follows:

Year ending December 31,	
2017	$ 356,955
2018	331,964
2019	109,199
	$ 798,118

Note 13 - Restatement of Net Position

The County has restated the Self-Insurance Fund's opening net position to adjust the balance of the claims liability allocated to other funds at December 31, 2015. The impact on the Self-Insurance Fund's beginning of year net position is as follows:

Net position, January 1, 2016, *as originally stated*	$	4,152,940
Adjustment for prior year claims liability		2,751,506
Net position, January 1, 2016, *as restated*	$	6,904,446

Note 14 - Tax Abatements

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

There were no significant abatement programs in effect at December 31, 2016.

Note 15 - Accounting Standards Issued Not Yet Implemented

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

GASB Statement No 82, *Pension Issues* (GASB 82) addresses practice issues raised during implementation of the GASB's pension accounting and financial reporting standards for state and local governments. The requirements of GASB 82 are effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 84, *Fiduciary Activities* (GASB 84). GASB 84 establishes criteria for identifying fiduciary activities of state and local governments and establishes four types of fiduciary funds that should be reported. The statement also provides guidance for the recognition of liabilities in a fiduciary fund and the related release of liability to a beneficiary. These requirements are effective for fiscal years beginning after December 15, 2018.

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

Note 16 - Subsequent Events

During May 2017, the County repaid the bond anticipation note of $102,023,089 together with interest of $689,109.

During May 2017, the County issued a bond anticipation note of $134,279,450. The maturity date of the bond anticipation note is May 24, 2018.

County of Albany, New York

Required Supplementary Information
Other Postemployment Benefits - Schedule of Funding Progress
Year Ended December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
12/31/15	$ -	$ 528,958,218	$ 528,958,218	0.00%	$ 112,117,907	472%
12/31/13	$ -	$ 415,231,625	$ 415,231,625	0.00%	$ 115,494,060	360%
12/31/11	$ -	$ 333,212,794	$ 333,212,794	0.00%	$ 112,915,054	295%

See Independent Auditor's Report.

County of Albany, New York

Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability

	2016	2015
County's proportion of the net pension liability	0.4940550%	0.5056861%
County's proportionate share of the net pension liability	$ 79,297,203	$ 17,083,314
County's covered-employee payroll	$ 118,773,066	$ 112,117,907
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	66.76%	15.24%
Plan fiduciary net position as a percentage of the total pension liability	90.70%	97.95%

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

See Independent Auditor's Report.

County of Albany, New York

Required Supplementary Information
Schedule of Pension Contributions

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

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

See Independent Auditor’s Report.

County of Albany, New York

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

	Year Ended December 31, 2016			
	Budgeted Amounts		Actual	Variance with Modified Positive
	Adopted	Modified	Amounts	(Negative)
REVENUES				
Real property taxes	$ 86,765,090	$ 86,765,090	$ 88,506,698	$ 1,741,608
Real property tax items	8,211,000	8,211,000	8,934,388	723,388
Non-property tax items	270,691,827	270,691,827	269,773,392	(918,435)
Department income	32,646,112	32,722,076	28,580,133	(4,141,943)
Intergovernmental charges	7,174,242	7,262,737	9,007,088	1,744,351
Use of money and property	3,553,198	3,553,198	3,253,222	(299,976)
Fines and forfeitures	761,385	761,385	639,496	(121,889)
Sale of property and compensation for loss	4,040,912	4,040,912	8,134,865	4,093,953
Miscellaneous local sources	929,016	949,277	994,777	45,500
State aid	63,415,002	67,364,470	59,424,277	(7,940,193)
Federal aid	74,818,888	77,028,334	72,976,799	(4,051,535)
Total revenues	553,006,672	559,350,306	550,225,135	(9,125,171)
EXPENDITURES				
General government support	145,144,010	146,674,178	142,283,470	4,390,708
Public safety	58,807,916	62,314,721	58,000,336	4,314,385
Transportation	1,245,437	1,245,437	1,242,665	2,772
Health	34,019,182	35,620,358	30,808,183	4,812,175
Economic assistance and opportunity	183,817,136	187,840,495	179,495,520	8,344,975
Culture and recreation	634,449	634,449	553,695	80,754
Education	25,508,000	25,658,000	25,543,670	114,330
Home and community service	2,640,735	4,021,585	3,112,392	909,193
Debt service, interest	64,469,833	63,876,993	62,988,069	888,924
Total expenditures	516,286,698	527,886,216	504,028,000	23,858,216
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	-	5,255,884	-	-
Interfund transfers-in	1,268,994	1,268,994	1,086,191	(182,803)
Interfund transfers-out	(37,988,968)	(37,988,968)	(37,101,773)	887,195
Total other financing sources (uses)	(36,719,974)	(31,464,090)	(36,015,582)	704,392
Net change in fund balance	**$ -**	**$ -**	**10,181,553**	**$ 15,437,437**
FUND BALANCE, *beginning of year*			49,876,407	
FUND BALANCE, *end of year*			**$ 60,057,960**	

See Independent Auditor's Report.

County of Albany, New York

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

	December 31, 2016		June 30, 2016	
	Industrial Development Agency	Airport Authority	Albany County Land Bank	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and cash equivalents	$ 2,616,970	$ 22,020,622	$ 811,523	$ 25,449,115
Cash and cash equivalents, restricted	-	26,003,720	-	26,003,720
Investments, restricted	-	277,389	-	277,389
Other receivables	-	2,076,893	800	2,077,693
Other receivables, restricted	-	1,361,115	-	1,361,115
Prepaid and other	-	262,136	-	262,136
Due from County	2,480	678,418	26,842	707,740
Total current assets	2,619,450	52,680,293	839,165	56,138,908
NONCURRENT ASSETS				
Prepaid expenses	-	286,843	-	286,843
Net position held in trust for OPEB	-	216,131	-	216,131
Property held for resale	-	-	3,110,429	3,110,429
Other	-	-	30,037	30,037
Capital assets, net	-	249,869,538	1,732	249,871,270
Total noncurrent assets	-	250,372,512	3,142,198	253,514,710
Total assets	2,619,450	303,052,805	3,981,363	309,653,618
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges, pensions	-	1,056,300	-	1,056,300
Deferred loss on refunding	-	4,862,134	-	4,862,134
Deferred bond insurance premiums	-	553,285	-	553,285
Total deferred outflows	-	6,471,719	-	6,471,719
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	-	594,249	104,447	698,696
Accrued liabilities	-	6,468,875	-	6,468,875
Payable from restricted assets	-	9,721,183	-	9,721,183
Unearned revenue	-	-	26,482	26,482
Total current liabilities	-	16,784,307	130,929	16,915,236
NONCURRENT LIABILITIES				
Bonds payable	-	80,711,693	-	80,711,693
Net pension liability, proportionate share	-	797,486	-	797,486
Other	-	-	30,037	30,037
Total noncurrent liabilities	- -	81,509,179	30,037	81,539,216
Total liabilities	-	98,293,486	160,966	98,454,452
DEFERRED INFLOWS OF RESOURCES				
Deferred charges, pensions	-	100,558	-	100,558
Concession Improvement Trust funds		675,962		675,962
Total deferred inflows	-	776,520	-	776,520
NET POSITION				
Net investment in capital assets	-	170,626,920	1,732	170,628,652
Restricted for				
Bond reserve funds	-	11,812,741	-	11,812,741
Passenger facility charges	-	9,181,825	-	9,181,825
Other purposes	-	196,857	-	196,857
Unrestricted	2,619,450	18,636,175	3,818,665	25,074,290
Total net position	**$ 2,619,450**	**$ 210,454,518**	**$ 3,820,397**	**$ 216,894,365**

See Independent Auditor's Report.

County of Albany, New York

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

	Year Ended			
	December 31, 2016		June 30, 2016	
	Industrial Development Agency	Airport Authority	Albany County Land Bank	Total
OPERATING REVENUES				
Charges for services, net	$ 32,111	$ 41,663,186	$ 293,300	$ 41,988,597
Donation of property for resale	-	-	1,697,400	1,697,400
Economic development	-	-	-	-
Other operating revenues	-	4,075,479	3,396	4,078,875
Operating grants and contributions	-	-	1,408,284	1,408,284
Total operating revenues	32,111	45,738,665	3,402,380	49,173,156
OPERATING EXPENSES				
Cost of services	76,917	26,485,520	1,203,189	27,765,626
General and administrative	14,658	5,628,093	-	5,642,751
Depreciation	-	14,396,008	514	14,396,522
Total operating expenses	91,575	46,509,621	1,203,703	47,804,899
Operating income (loss)	**(59,464)**	**(770,956)**	**2,198,677**	**1,368,257**
NONOPERATING REVENUE (EXPENSE)				
Other nonoperating revenues	-	5,754,346	40,784	5,795,130
Other nonoperating grants	-	222,772	-	222,772
Rental income	-	-	2,200	2,200
Interest earnings	1,069	12,280	40	13,389
Interest on debt	-	(5,002,200)	-	(5,002,200)
Amortization of bond insurance premiums	-	(100,347)	-	(100,347)
Total nonoperating revenue	1,069	886,851	43,024	930,944
Income (loss) before capital contributions	**(58,395)**	**115,895**	**2,241,701**	**2,299,201**
CAPITAL CONTRIBUTIONS	-	2,389,827	-	2,389,827
Change in net position	**(58,395)**	**2,505,722**	**2,241,701**	**4,689,028**
NET POSITION, ***beginning of year***	2,677,845	207,948,796	1,578,696	212,205,337
NET POSITION, ***end of year***	**$ 2,619,450**	**$ 210,454,518**	**$ 3,820,397**	**$ 216,894,365**

See Independent Auditor's Report.