

**Albany Parking Authority
(A Component Unit of the
City of Albany, New York)**

Financial Report

December 31, 2015 and 2014

Albany Parking Authority
(A Component Unit of the City of Albany, New York)

Financial Report

December 31, 2015 and 2014

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Independent Auditor's Report

Board of Directors
Albany Parking Authority
Albany, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Albany Parking Authority (Authority) (a New York State public benefit corporation), a Component Unit of the City of Albany, New York, which comprise the statements of net position as of December 31, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of December 31, 2015 and 2014, and the changes in its net position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the Authority adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* as of January 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 10 and the schedule of funding progress on page 32 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the Albany Parking Authority's basic financial statements. The schedules of revenues and expenses by department and capital assets are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of revenues and expenses by operating department and capital assets are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues and expenses by department and capital assets are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 2, 2016, on our consideration of the Authority'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 the 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 Albany Parking Authority's internal control over financial reporting and compliance.

SaxBST LLP

Albany, New York
March 2, 2016

Albany Parking Authority
(A Component Unit of the City of Albany, New York)

Management's Discussion and Analysis
December 31, 2015 and 2014

The Albany Parking Authority, hereafter referred to as the "Authority," is pleased to present its Financial Report for the years ended December 31, 2015 and 2014, developed in compliance with Statement of Governmental Accounting Standard No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments* (hereafter "GASB 34"), and related standards. We encourage readers to consider the information on pages 4 to 10 in conjunction with the Authority's financial statements and supplementary information (presented on pages 11 to 36) to enhance their understanding of the Authority's financial performance.

RESPONSIBILITY AND CONTROLS

The Authority has prepared and is responsible for the financial statements and related information included in this report. A system of internal accounting controls is maintained to provide reasonable assurance that assets are safeguarded and that the books and records reflect only authorized transactions. Limitations exist in any system of internal controls. However, based on the recognition that the cost of the system should not exceed its benefits, management believes its system of internal accounting controls maintains an appropriate cost/benefit relationship.

The Authority's system of internal accounting controls is evaluated on an ongoing basis by the Authority's internal financial staff. Independent external auditors also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements.

Management believes that its policies and procedures provide guidance and reasonable assurance that the Authority's operations are conducted according to management's intentions and to a high standard of business ethics. In management's opinion, the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

AUDIT ASSURANCE

The unmodified (i.e., clean) opinion of our independent external auditors, SaxBST LLP, is included on pages 1 to 3 of this report.

This section presents management's discussion and analysis of the Authority's financial condition and activities for the year ended December 31, 2015. This information should be read in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- Garage occupancy increased by 6%, or 142 customers, during 2015. Riverfront and Green-Hudson are near capacity.
- As of 2015, 137 pay and display multi-space meters were controlling 1,175 on-street spaces previously managed with single-space meters.
- CashKey usage is minimal due to the expanded footprint of multi-space meters.
- Net income for 2015 was just over \$450,000.

Albany Parking Authority
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Management's Discussion and Analysis
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REQUIRED FINANCIAL STATEMENTS

The financial statements of the Authority report information about the Authority's operations using accounting methods which are similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

The statement of net position includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to Authority creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its parking garage and meter fees.

The final required financial statement is its statement of cash flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities, and the change in cash during the reporting period.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

SUMMARY OF ORGANIZATION AND BUSINESS

The Authority was established in 1983 as a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York by the Albany Parking Authority Act (the enabling act). The Act authorizes the Authority to construct, operate, and maintain locations in the City for the parking or storing of motor vehicles, and in order to discharge its responsibilities, it is authorized to issue and sell tax exempt bonds. Pursuant to the Act, the aggregate outstanding principal amount of bonds issued by the Authority may not exceed fifty million dollars at any one time. Such bonds must generally be self-supporting from user fees, and the Authority ordinarily receives no Federal, State, or City subsidies.

The Authority Board of Directors is composed of a chairperson and four other members appointed by the Mayor of the City with the advice and consent of the City Common Council. The members serve until reappointed or replaced at the pleasure of the Mayor. The Authority has a budgeted staff of 37 full-time-equivalent persons. The accompanying Organizational Chart illustrates the division of those positions.

The on-line revenue control system equipment installed in all garages has been replaced with state-of-the-art revenue control equipment using license plate recognition as a credential and bar code readers for both cards and tickets. Parkers without monthly-rate access cards are required to take a ticket upon entry. The customer then pays for parking with cash or credit at a pay-and-display machine or by credit only at the exit. Cashiering staff have been reduced. Cash handling activity of garage staff is constantly monitored at the Authority main office via dedicated circuits to a central computer. Monthly parking access cards are activated only by central office staff before distribution to customers by garage staff. All cards must be paid in advance by the first of each month to be valid. The anti-pass-back card system prevents unauthorized use.

Albany Parking Authority
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Management's Discussion and Analysis
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SUMMARY OF ORGANIZATION AND BUSINESS - Continued

The Authority operates the parking meter system for the City of Albany under a management agreement with the City. The agreement permits the Authority to install and operate parking meters in consultation with the Chief of Police. The revenues generated by the parking meters are the property of the Authority, and the expenses of operating the meters are payable by the Authority. Fines and penalties from parking violations remain the property of the City rather than the Authority. Effective January 1, 2015, the enforcement of parking meters and other on-street parking violations is carried out by the Authority. Under the meter and enforcement management agreement, the Authority pays the cost of salary, fringe benefits, and other related expenses of the public service officers who provide enforcement. The approved annual budget sets the annual limit for this subordinated obligation.

Electronic parking meters operate with a sealed coin collection system. Coins inserted by parkers are never seen or touched by Authority staff. Pre-locked collection containers go directly to the Authority's bank for counting. A hand-held auditing device used by Authority personnel during every collection provides a money estimate for the Authority in advance for comparison with the amount deposited. Historically, the average difference between the advance audit and the collected amount in Albany meters has been less than one percent, and this compares favorably to industry standards.

Multi-space electronic meters also operate on a sealed collection system. However, the audit and management reporting functionality is greatly enhanced, allowing better reconciliation and improved information to aid management.

E-Business applications were incorporated on the ParkAlbany.com website during 2005 to allow for the purchase and reloading payments of CashKeys, in 2006 for the purchase and payments of garage monthly permits, and in 2008 added the purchase of Central Avenue lot permits. During 2009, additional features were added; a parking locator map, increased details regarding parking facility and meter locations, rates, and availability. During 2010, the parking locator map was updated and the PIP information was added to the site. During 2011, the Authority website was completely redesigned and is now among the best parking websites in the country. This includes social media buttons as well as a clean, contemporary look, and substantially improved content, such as a parking event screen. These applications have been very successful. During 2012, additional special event parking information was incorporated on the home page.

GENERAL AUTHORITY INFORMATION

Selected Data (parking revenue only)

Parking Facilities	Average Monthly Revenue		Difference	% Change
	2015	2014		
Riverfront	\$ 101,329	\$ 90,341	\$ 10,988	12.16%
Green-Hudson	110,311	106,475	3,836	3.60%
Quackenbush	59,762	65,433	(5,671)	-8.67%
Q Lot, C Lots, WAMC Lots	15,120	16,427	(1,307)	-7.96%
Parking Meters	215,961	214,300	1,661	0.78%

Albany Parking Authority
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Management's Discussion and Analysis
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FINANCIAL ANALYSIS

The following comparative condensed financial statements and other selected information provide key financial data and indicators for management, monitoring, and planning.

Condensed Statements of Net Position

	December 31,				
	2015	2015 vs. 2014	2014	2014 vs. 2013	Restated 2013
Current assets	\$ 3,957,609	-5.2%	\$ 4,172,525	-26.0%	\$ 5,637,223
Capital assets, net	17,070,615	1.7%	16,788,321	6.6%	15,742,667
Total assets	21,028,224	0.0%	20,960,846	0.0%	21,379,890
Deferred outflows of resources	634,149	11.7%	567,805	22.6%	463,094
Current liabilities	\$ 2,717,353	6.1%	\$ 2,560,261	9.1%	\$ 2,346,081
Long-term liabilities	17,669,123	-2.8%	18,169,545	-7.1%	19,562,055
Total liabilities	20,386,476	-1.7%	20,729,806	-5.4%	21,908,136
Deferred inflows of resources	25,994	100.0%	-	0.0%	-
Net position, capital	3,357,408	-45.5%	2,306,888	-29.8%	1,776,612
Net position, unrestricted	(2,107,505)	-39.8%	(1,508,043)	18.1%	(1,841,764)
Total liabilities and net position	\$ 1,249,903	-56.5%	\$ 798,845	-1326.1%	\$ (65,152)

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended December 31,				
	2015	2014 vs. 2013	Restated 2014	2013 vs. 2012	2013
Operating revenue	\$ 7,055,684	19.3%	\$ 5,915,768	5.4%	\$ 5,614,887
Nonoperating revenue	103,740	3.1%	100,643	-2.3%	103,003
Total revenues	7,159,424	19.0%	6,016,411	5.2%	5,717,890
Depreciation expense	764,614	0.6%	760,071	11.4%	682,470
Amortization expense	38,704	0.0%	38,701	0.0%	38,704
Other operating expenses	4,154,520	23.2%	3,373,308	8.2%	3,118,281
Nonoperating expense	887,542	-4.1%	925,434	-7.0%	995,302
Total expenses	5,845,380	14.7%	5,097,514	5.4%	4,834,757
Special Items	(862,986)	100.0%	-	0.0%	-
Change in net position	451,058		918,897		883,133
NET POSITION, beginning of year	798,845		(65,152)		(948,285)
Effects of adoption of GASB 68 and 71	-		(54,900)		-
NET POSITION, end of year	\$ 1,249,903		\$ 798,845		\$ (65,152)

The year 2014 is restated.

Albany Parking Authority
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Management's Discussion and Analysis
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GENERAL TRENDS AND SIGNIFICANT EVENTS

The Parking Incentive Program and Parking Retention Program have not only benefitted the Authority, they have also been a factor that has helped generate projects that increase demand for parking in the Central Business District. The Authority has advanced a number of marketing efforts to accelerate economic development in Albany, including enhanced evening parking, seasonal savings, and various promotions via social media.

Effective January 1, 2015, the enforcement of parking meters and other on-street parking violations was transferred to the Authority. This allows more directed enforcement and quicker response to citizen complaints.

FINANCIAL CONDITION

Parking revenue was up \$110,889 in 2015, and this was consistent with budget plans developed based on monthly occupancy projections and daily utilization on and off street. Total operating costs in 2015 increased \$784,000 from the prior year. Salaries and benefits expense increased \$728,000, predominantly due to the GASB 45 revaluation of post-employment health benefits due to the addition of parking enforcement staff to the APA payroll. Other increases include an additional \$45,000 in insurance expense resulting from new comprehensive coverage for all facilities, and an increase in garage renovation costs of \$74,000. Several categories saw decreases, such as routine maintenance and repairs down \$46,000, utilities down \$26,000, and professional fees, bank charges, and marketing were each down \$14,000. With garage occupancy in Riverfront and Green-Hudson nearing maximum capacity, with effective control of expenses, management continues to be cautiously optimistic regarding the prospects for the future.

The Authority paid \$973,936 in bond principal during 2015. An older bond issue with limited amounts of Capital Appreciation Bonds that could not be retired will be completely paid off in 2017, while the 2007A and 2011 issues will be retired in 2025.

RESULTS OF OPERATIONS

Revenue

Total revenue for 2015, exclusive of unrealized gain/loss on investments and enforcement expense offset was \$6,130,397, compared to \$6,016,411 in 2014. Monthly parking revenues increased \$104,574, mainly due to the Parking Incentive Program. Hourly and daily parking revenue decreased \$19,792 in garages and increased \$31,416 at meters.

Expense

Total expense for 2015, exclusive of depreciation, amortization, and interest, was \$4,106,388, compared to \$3,326,709 in 2014. \$1,029,027 of these expenses are reimbursable by the City of Albany under the meter and enforcement management agreement.

LONG-TERM OBLIGATIONS

As of December 31, 2015, the Authority had \$15,610,731 outstanding related to refunding bonds issued during 1992, 2007, and 2011.

More detailed information about the Authority's long-term obligations is presented in the notes to the financial statements on pages 21 and 22.

Albany Parking Authority
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Management's Discussion and Analysis
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FINAL COMMENTS

The Authority periodically is requested by institutional or commercial interests to review options for expansion of the parking system. The Trust Indenture requires such expansion to be financially feasible and to have no material effect on the Authority's ability to make current debt payments. The Authority closely monitors downtown parking inventory and parking demand among other factors in determining feasibility of additional facilities.

Under terms of the Trust Indenture, the Authority has agreed to adopt rates which shall be sufficient to produce net revenue for each fiscal year: (i) to pay Authority expenses; (ii) to pay debt service on outstanding parking system obligations; and (iii) to produce a debt service coverage ratio of 1.50 to 1 in each fiscal year.

To prevent neglect of maintenance and deterioration of Authority facilities over time, the 2001 bond issue provided a requirement for a Renewal and Replacement Reserve Fund to be held by the Trustee. The amount required is equal to \$50,000 for each structured parking facility, payable annually into the fund. As of year-end, the fund has in excess of \$1,077,000.

Given the current public policy debate regarding state benefits, the Authority is carefully reviewing past practice and policies related to this area. Each Authority employee receives the New York State defined benefit program based upon their tier and New York State definitions, and is required to be a member of the New York State retirement system. Regarding health insurance, current employees determine their needs and contribute based on no coverage, single coverage, coverage for 2 qualified individuals, or a family plan. In order to carry these benefits into retirement, the employee must be at least 55 years old and have 10 years of continuous employment upon retirement. The retiree then continues to provide their contribution on the same terms and conditions as during their final year of employment. When the Authority retiree passes, no health insurance coverage remains for any surviving members, even if they were previously covered under the health insurance plan.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGER

This financial report is intended to provide a general overview of the Authority's financial position and to illustrate the Authority's accountability for the revenue it receives. If you have any questions about this report or need additional financial information, contact the Finance Director, Albany Parking Authority, P.O. Box 799, Albany, New York 12201-0799, or on the internet at www.parkalbany.com.

PRINCIPAL OFFICIALS

The Authority's Board of Directors, appointed by the Mayor with consent of the Common Council, is as follows:

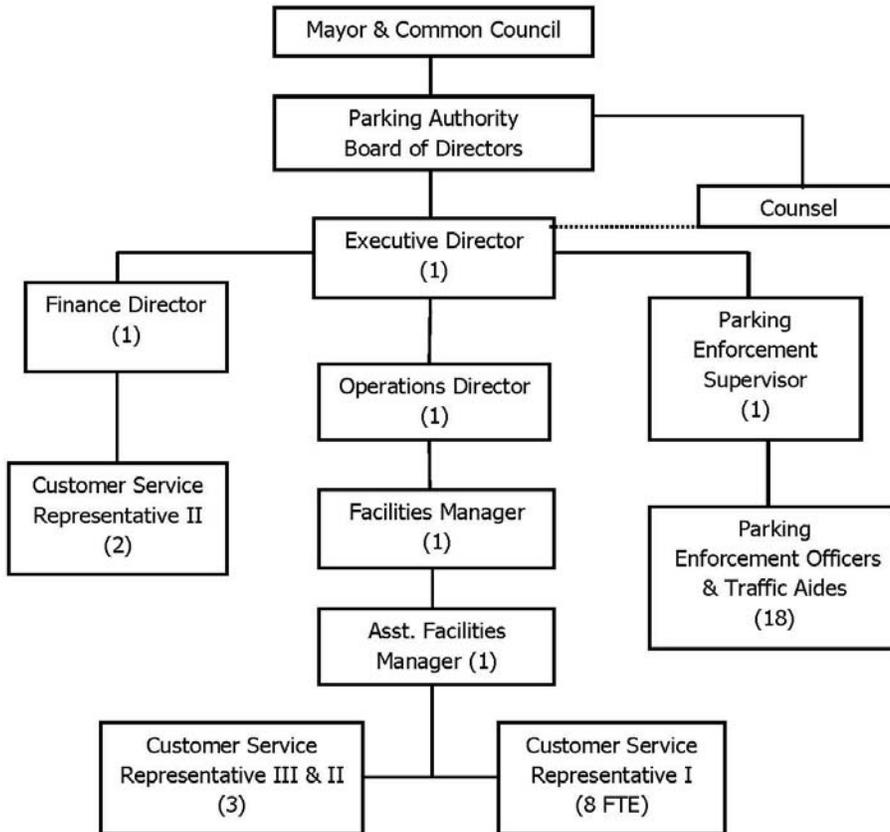
<u>Name</u>	<u>Board Office</u>	<u>Term Expiration</u>
Kevin O'Connor	Chair	January 2, 2015 (i)
Jeff Sperry	Vice Chair	January 2, 2016 (i)
Beth Lacey	Secretary	January 2, 2018
Chris Burke	Treasurer	January 2, 2014 (i)
William O. Pettit, III	Asst. Sec/Treas	January 2, 2017

(i) As of the date of this report, Board member is currently on a holdover.

Albany Parking Authority
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Management's Discussion and Analysis
 December 31, 2015 and 2014

Albany Parking Authority Organization Chart



TOTAL EMPLOYEES: 37 FTE
 (as of 01/01/2016)

Albany Parking Authority
(A Component Unit of the City of Albany, New York)

Statements of Net Position

	December 31,	
	2015	2014
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	\$ 629,774	\$ 1,255,389
Parking revenues receivable	21,840	25,293
Other receivables	38,315	38,455
Due from the City of Albany	150,461	-
Prepaid expenses and other	89,212	74,591
Restricted		
Cash and cash equivalents	2,988,535	2,737,916
Other	39,472	40,881
Total current assets	3,957,609	4,172,525
NON-CURRENT ASSETS		
Restricted investments	1,716,743	1,764,873
Capital assets		
Land	3,774,681	3,774,681
Capital assets, net of accumulated depreciation	11,579,191	11,248,767
Total non-current assets	17,070,615	16,788,321
Total assets	21,028,224	20,960,846
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding, net	254,281	279,843
Deferred bond insurance premiums, net	131,409	144,550
Deferred outflows related to net pension liability	248,459	143,412
Total deferred outflows of resources	634,149	567,805
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Current maturities of long-term debt	985,440	976,436
Current installments of capital lease obligation	346,450	245,538
Current portion of accrued postretirement health benefits	33,276	32,932
Unearned parking revenues	80,643	72,187
Accounts payable and accrued expenses	301,724	254,129
Accrued interest	325,854	343,786
Accrued interest, capital appreciation bonds	643,966	635,253
Total current liabilities	2,717,353	2,560,261
NON-CURRENT LIABILITIES		
Long-term debt, less current maturities	14,606,584	15,587,642
Capital lease obligation, less current installments	763,268	409,733
Unearned parking revenues	53,887	74,822
Accrued postretirement health benefits	1,704,132	997,893
Net pension liability	121,453	162,459
Accrued interest, capital appreciation bonds, less current maturities	419,799	936,996
Total non-current liabilities	17,669,123	18,169,545
Total liabilities	20,386,476	20,729,806
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to net pension liability	25,994	-
NET POSITION		
Net investment in capital assets	3,357,408	2,306,888
Unrestricted (deficit)	(2,107,505)	(1,508,043)
TOTAL NET POSITION	\$ 1,249,903	\$ 798,845

See accompanying Notes to Financial Statements.

Albany Parking Authority
(A Component Unit of the City of Albany, New York)

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended December 31,	
	2015	2014
OPERATING REVENUES		
Parking revenues	\$ 6,026,657	\$ 5,915,768
Reimbursement from the City of Albany	1,029,027	-
	7,055,684	5,915,768
OPERATING EXPENSES		
Salaries and related expenses	2,263,530	1,534,909
Repairs and maintenance	390,068	362,664
Utilities	71,821	97,691
Professional fees	90,769	104,793
Depreciation	764,614	760,071
Meter supplies and equipment	28,547	23,194
PSO expense reimbursement	-	716,667
Licensing Fees	716,667	-
Insurance	126,974	81,945
Miscellaneous	418,012	404,844
	4,871,002	4,086,778
Operating income	2,184,682	1,828,990
NONOPERATING REVENUE (EXPENSES)		
Interest revenue	100,590	100,643
Miscellaneous income	3,150	-
Unrealized loss on investments, net	(48,132)	(46,601)
Amortization of bond insurance premiums and deferred losses	(38,704)	(38,701)
Interest expense	(887,542)	(925,434)
Total nonoperating expenses, net	(870,638)	(910,093)
Change in net position before special items	1,314,044	918,897
SPECIAL ITEMS		
Increase in liability due to transfer of services	(862,986)	-
Change in net position	451,058	918,897
NET POSITION, beginning of year	798,845	(65,152)
Effect of adoption of GASB 68 and 71	-	(54,900)
NET POSITION, beginning of year, as restated	798,845	(120,052)
NET POSITION, end of year	\$ 1,249,903	\$ 798,845

See accompanying Notes to Financial Statements.

Albany Parking Authority
(A Component Unit of the City of Albany, New York)

Statements of Cash Flows

	Years Ended December 31,	
	2015	2014
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from customers	\$ 6,017,771	\$ 5,936,252
Cash received from City of Albany	161,899	\$ -
Cash paid to suppliers and other vendors	(1,092,871)	(1,800,528)
Cash paid for salaries, payroll taxes, and employee benefits	(2,540,337)	(1,384,662)
	2,546,462	2,751,062
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
Investment and other income	103,740	100,643
Change in restricted cash	(250,619)	(250,748)
Purchase of investments, restricted	2,509,268	2,295,892
Proceeds from sale of investments, restricted	(2,507,861)	(2,316,076)
	(145,472)	(170,289)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(1,095,040)	(40,851)
Proceeds from long-term financing	699,985	25,000
Payments of long-term debt and capital lease obligations	(1,221,974)	(1,074,730)
Interest paid	(1,409,576)	(1,435,722)
	(3,026,605)	(2,526,303)
Net increase (decrease) in cash and cash equivalents	(625,615)	54,470
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	1,255,389	1,200,919
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 629,774	\$ 1,255,389
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	\$ 2,184,682	\$ 1,828,990
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	764,614	760,071
(Increase) decrease in		
Accounts and other receivables	3,593	7,160
Prepaid expenses	(14,621)	(64,387)
Due from City	(150,461)	-
Deferred outflows of resources	(105,048)	-
Increase (decrease) in		
Accounts payable, accrued expenses, and unearned revenues	35,116	73,573
Net pension liability	(41,006)	-
Deferred inflows of resources	25,994	-
Accrued postretirement health benefits	(156,401)	145,655
	\$ 2,546,462	\$ 2,751,062
SUPPLEMENTARY CASH FLOW INFORMATION		
Non-cash financing activities		
Direct financing for purchase of meters	\$ -	\$ 235,950
Liability transferred to the Authority by the City	862,986	-

See accompanying Notes to Financial Statements.

Albany Parking Authority **(A Component Unit of the City of Albany, New York)**

Notes to Financial Statements
December 31, 2015 and 2014

Note 1 - Organization and Summary of Significant Accounting Policies

a. Nature of Business

The Albany Parking Authority (Authority) is a public benefit corporation of the State of New York. It is a discretely presented component unit of the City of Albany (City) that was created by New York State legislation under Section 1493 during 1983. The Authority will exist until all of its liabilities have been met, and its bonds have been discharged. All rights and properties shall pass to the City upon the cessation of the Authority's existence.

The Authority owns and operates various parking facilities and parking meters throughout the City. The Authority's operating budget is subject to the approval of the City Common Council. The Common Council is also required to approve proposed capital improvements to the Authority's facilities.

b. Basis of Accounting and Financial Statement Presentation

The Authority's financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (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 accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statements of net position.

Net position (i.e., total assets net of total liabilities) is segregated into restricted and unrestricted components, as follows:

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation reduced by the net outstanding debt balances and unspent debt proceeds.
- *Unrestricted net position* consists of assets and liabilities that do not meet the definition of "restricted net position" or "net investment in capital assets."

Albany Parking Authority
(A Component Unit of the City of Albany, New York)

Notes to Financial Statements
December 31, 2015 and 2014

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

b. Basis of Accounting and Financial Statement Presentation - Continued

Revenues are recognized when earned, and expenses are recognized when incurred. The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing parking services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Operating revenues include fees from parking garages and parking meters, lease revenue, and reimbursement from the City for costs associated with parking enforcement (Note 10).

c. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d. New Accounting Pronouncements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. This statement addresses an issue regarding the application of the transition provisions of Statement No. 68, *Accounting and Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of the statement are to be adopted simultaneously with Statement No. 68.

The Authority adopted these accounting standards effective January 1, 2015. As a result, the Authority now reports its proportionate share of the net pension liability, along with related deferred outflows of resources, deferred inflows of resources, and pension expense, as determined by the State and Local Employees' Retirement System. In accordance with GASB 68 and 71, the Authority retroactively applied these statements to the prior year and adjusted the beginning balance net position. The adoption resulted in a decrease of net position of \$54,900.

e. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from the date of purchase, whether unrestricted or restricted.

Albany Parking Authority
(A Component Unit of the City of Albany, New York)

Notes to Financial Statements
December 31, 2015 and 2014

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

e. Cash, Cash Equivalents, and Investments - Continued

Unrestricted and restricted cash equivalents are fully collateralized by either federal depository insurance or securities held by the pledging bank's trust department in the Authority's name.

Cash, cash equivalents, and investments, restricted, consist of amounts held by trustees in reserve funds established in connection with various bond issues and a deferred compensation plan.

f. Parking Revenues Receivable and Other Receivables

The Authority determines the allowance for doubtful accounts based on management's evaluation of anticipated collectability of outstanding accounts and past collection experience. Management considers receivables at December 31, 2015 and 2014, to be fully collectible. Accordingly, there is no allowance for doubtful accounts. If, in the future, management determines that amounts may be uncollectible, an allowance will be established, and operations will be charged when that determination is made. There were no receivables written off during the years ended December 31, 2015 and 2014.

g. Capital Assets

Capital assets are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives (3-40 years). When capital assets are retired or have been fully depreciated, their cost and the related accumulated depreciation are eliminated from the respective accounts. Gains or losses arising from the depositions are reported as revenue or expense. Routine maintenance and repairs are expensed as incurred.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the asset.

h. Bond Issuance Costs and Deferred Charges

Bond issuance costs are expensed as incurred. Gains or losses on the refunding of bonds are reported as deferred inflows or outflows in the statements of net position and are amortized over the shorter of the remaining maturities of the refunded bonds or the newly issued bonds, utilizing the effective interest rate method. Amortization of deferred losses on refunded bonds is reported as amortization expense in the statements of revenues, expenses, and changes in net position. Certain bond issue costs, which are specific to prepaid insurance premiums, are reported as deferred inflows in the statements of net position and are amortized on a straight-line basis over the life of the related bonds.

i. Unearned Parking Revenues

The Authority recognizes revenue from parking fees as earned in the time period in which the parking space is provided. All payments received prior to the time period in which the parking space is provided are accounted for as unearned parking revenues.

Albany Parking Authority
(A Component Unit of the City of Albany, New York)

Notes to Financial Statements
December 31, 2015 and 2014

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

j. Reclassifications

Certain reclassifications were made to the prior year amounts in order to conform to the current year presentation.

k. Subsequent Events

The Authority has evaluated subsequent events for potential recognition or disclosure through March 2, 2016, the date the financial statements were available to be issued.

Note 2 - Investments, Restricted

The Authority accounts for its investments at fair value. These investments are held by the Trust Departments of BNY Mellon and Wilmington Trust, in the Authority's name. The following tables present the cost, fair value, and maturities of investments:

	December 31, 2015			
	Cost	Fair Value	Investment Maturities (in Years)	
			Less than 1	1 to 5
U.S. Government Sponsored Agency	\$ 659,295	\$ 639,243	\$ -	\$ 639,243
Guaranteed Income Contract	1,077,500	1,077,500	-	1,077,500
	\$ 1,736,795	\$ 1,716,743	\$ -	\$ 1,716,743
	December 31, 2014			
	Cost	Fair Value	Investment Maturities (in Years)	
			Less than 1	1 to 5
U.S. Government Sponsored Agency	\$ 659,295	\$ 687,373	\$ -	\$ 687,373
Guaranteed Income Contract	1,077,500	1,077,500	-	1,077,500
	\$ 1,736,795	\$ 1,764,873	\$ -	\$ 1,764,873

The framework for measuring fair value includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The following three levels of inputs that may be used to measure fair value:

- Level 1 Unadjusted quoted market prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than quoted market prices and can include active markets and markets not considered to be active.
- Level 3 Unobservable inputs that are supported by little or no market activity.

Fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Albany Parking Authority
(A Component Unit of the City of Albany, New York)

Notes to Financial Statements
December 31, 2015 and 2014

Note 2 - Investments, Restricted - Continued

Following is a description of the valuation methodologies used for assets measured at fair value:

U.S. Government Obligations and Mutual Funds: Valued at the closing price reported on the active market on which the individual security is traded.

Guaranteed Income Contracts: Valued at contract value which is equal to the accumulated cash contributions and interest credited based on the associated contracts, less any withdrawals. Contract value approximates fair value.

A summary of assets and liabilities measured at fair value on a recurring basis is as follows:

	December 31, 2015			Total
	Level 1	Level 2	Level 3	
Assets				
U.S. Government Sponsored Agency	\$ 639,243	\$ -	\$ -	\$ 639,243
Guaranteed Income Contract	-	-	1,077,500	1,077,500
	<u>\$ 639,243</u>	<u>\$ -</u>	<u>\$ 1,077,500</u>	<u>\$ 1,716,743</u>
	December 31, 2014			Total
	Level 1	Level 2	Level 3	
Assets				
U.S. Government Sponsored Agency	\$ 687,373	\$ -	\$ -	\$ 687,373
Guaranteed Income Contract	-	-	1,077,500	1,077,500
	<u>\$ 687,373</u>	<u>\$ -</u>	<u>\$ 1,077,500</u>	<u>\$ 1,764,873</u>

a. Credit Risk

All of the Authority's deposits with financial institutions were either covered by FDIC insurance or fully collateralized by authorized investments of the pledging financial institution.

Except for certain investments related to a deferred compensation plan, the Authority's investment policy limits investments to time deposit accounts, certificates of deposit, obligations of the United States of America, obligations guaranteed by the United States of America, and certain guaranteed income contracts. All of the Authority's investments had a credit rating AA or higher by major rating agencies.

b. Custodial Credit Risk

Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held either by (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name. All of the Authority's investments are held under their name with the custodian.

c. Interest Rate Risk

The fair value of the Authority's fixed maturity investments fluctuates in response to changes in market interest rates. Fair values of interest rate-sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, the liquidity of the instrument, and other general market conditions. The Authority plans to hold its restricted investments to maturity, which minimizes the occurrence of loss on investments.

Albany Parking Authority
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Notes to Financial Statements
December 31, 2015 and 2014

Note 2 - Investments, Restricted - Continued

d. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the Authority's investment in single issues. As of December 31, 2015 and 2014, the Authority had approximately 61% and 59%, respectively, of its restricted investment portfolio in a Citigroup Global Markets Guaranteed Income Contract. No other issuer makes up more than 5% of the Authority's restricted investment portfolio.

Note 3 - Capital Assets

A summary of year-end balances and changes in capital assets subject to depreciation is as follows:

	December 31, 2015 and 2014						Balance December 31, 2015
	Balance as of January 1, 2014	2014 Additions	2014 Disposals	Balance as of December 31, 2014	2015 Additions	2015 Disposals	
Garages and improvements	\$ 21,474,312	\$ -	\$ -	\$ 21,474,312	\$ 198,655	\$ -	\$ 21,672,967
Furniture and equipment	744,262	40,852	(49,147)	735,967	894,365	(462,014)	1,168,318
Meters and other equipment	1,082,936	-	-	1,082,936	2,018	-	1,084,954
Leasehold improvements	376,611	-	-	376,611	-	-	376,611
Total capital assets	23,678,121	40,852	(49,147)	23,669,826	1,095,038	(462,014)	24,302,850
Accumulated depreciation	11,710,135	760,071	(49,147)	12,421,059	764,614	(462,014)	12,723,659
Total capital assets, net of accumulated depreciation	<u>\$ 11,967,986</u>	<u>\$ (719,219)</u>	<u>\$ -</u>	<u>\$ 11,248,767</u>	<u>\$ 330,424</u>	<u>\$ -</u>	<u>\$ 11,579,191</u>

Note 4 - Financing and Deferred Amounts

A summary of financing and deferred amounts and accumulated amortization is as follows:

	December 31, 2015		
	Cost	Accumulated Amortization	Net
Bond insurance premiums (a)	\$ 245,297	\$ 113,888	\$ 131,409
Deferred loss on bond refunding (b)	879,569	625,288	254,281
	<u>\$ 1,124,866</u>	<u>\$ 739,176</u>	<u>\$ 385,690</u>
	December 31, 2014		
	Cost	Accumulated Amortization	Net
Bond insurance premiums (a)	\$ 245,297	\$ 100,747	\$ 144,550
Deferred loss on bond refunding (b)	879,569	599,726	279,843
	<u>\$ 1,124,866</u>	<u>\$ 700,473</u>	<u>\$ 424,393</u>

(a) Includes prepaid insurance premiums incurred relative to the 2007 Revenue Bonds. These costs are being amortized over the life of the bonds using the straight-line method. Amortization of these costs totaled \$13,141 for both years ended December 31, 2015 and 2014.

(b) The difference between the net carrying amount of the defeased bonds (1992A and 2001A), and reacquisition price of the bonds is deferred and amortized over the life of the new bond using the effective interest rate method. Amortization of deferred amounts totaled \$25,563 for both of the years ended December 31, 2015 and 2014.

Albany Parking Authority
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Notes to Financial Statements
December 31, 2015 and 2014

Note 5 - Long-Term Debt

A summary of long-term debt ending balances and transactions for the years ended December 31, 2015 and 2014, is as follows:

	December 31, 2015 and 2014						Balance December 31, 2015
	Balance January 1, 2014	2014 Additions	2014 Reductions	Balance as of December 31, 2014	2015 Additions	2015 Reductions	
Parking Revenue Bonds							
Series 1992 A	\$ 595,443	\$ -	\$ (165,777)	\$ 429,666	\$ -	\$ (153,935)	\$ 275,731
Refunding Bonds							
Series 2007 A	9,600,000	-	(415,000)	9,185,000	-	(470,000)	8,715,000
Series 2011	7,275,000	-	(305,000)	6,970,000	-	(350,000)	6,620,000
Loans							
ACDA Loans	-	25,000	-	25,000	-	(2,500)	22,500
Long-term debt	17,470,443	25,000	(885,777)	16,609,666	-	(976,435)	15,633,231
Unamortized bond discount	(49,970)	-	4,382	(45,588)	-	4,381	(41,207)
Long-term debt, net	<u>\$ 17,420,473</u>	<u>\$ 25,000</u>	<u>\$ (881,395)</u>	<u>\$ 16,564,078</u>	<u>\$ -</u>	<u>\$ (972,054)</u>	<u>\$ 15,592,024</u>

Long-term debt consisted of the following:

	December 31,	
	2015	2014
Parking revenue refunding bonds, Series 1992A (including capital appreciation bonds), interest at 6.5% to 7.25%, payable semiannually, principal due in various installments annually through 2017, collateralized by a first lien on the property (i)(ii)	\$ 275,731	\$ 429,667
Parking revenue refunding bonds, Series 2007A and 2007B, interest at 3.5% to 5%, payable semi-annually, principal due in various installments amortized through 2025, collateralized by a first lien on parking revenues (iii)	8,715,000	9,185,000
Parking revenue refunding bonds, Series 2011, interest at 5.135%, payable semi-annually, principal due in various installments amortized through 2025, collateralized by a first lien on parking revenues	6,620,000	6,970,000
Albany Community Development Agency loan for parking lot development, interest at 0% with \$2,500 principal payments payable annually, commencing January 15, 2015 and maturing on January 15, 2024 (iv)	22,500	25,000
	<u>15,633,231</u>	<u>16,609,667</u>
Less current maturities	985,440	976,436
Less bond discounts	41,207	45,589
Long-term debt, less current maturities and bond discounts	<u>\$ 14,606,584</u>	<u>\$ 15,587,642</u>

- (i) The City entered into a lease agreement with the Authority whereby the City has agreed to lease Garage #1 from the Authority. The lease payments made under the agreement shall be in an amount equal to the amount payable as principal, interest, and premium, if any, on the Authority's Parking Revenue Refunding Bonds, Series 1992A. The City's payment is subject to reduction to the extent any money has been deposited with the Bond trustee by the Authority as of the date of the lease payment. The lease payments, if any, are due semi-annually through 2017. There were no payments under this lease agreement for the years ended December 31, 2015 and 2014.

Albany Parking Authority
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Notes to Financial Statements
December 31, 2015 and 2014

Note 5 - Long-Term Debt - Continued

- (ii) The Authority defeased a portion of the 1992A Revenue Bonds by placing the proceeds of the 2001B Revenue Bonds in an irrevocable trust to provide for all future debt service payments on a portion of the 1992A Bonds. Accordingly, the trust account assets and the liabilities for the defeased Bonds are not included in the Authority's financial statements. \$6,845,000 in 1992 Bonds outstanding are considered defeased.
- (iii) On May 4, 2007, the Authority issued \$10,775,000 of Parking Revenue Bonds Series A and \$150,000 of Parking Revenue Bonds Series B maturing in the years 2007 through 2025, to refund \$9,885,000 of 2001 Series A Bonds then outstanding.
- (iv) On November 25, 2014, the Authority entered into an interest-free loan agreement for \$25,000 with the Albany Community Development Agency. The proceeds for this loan were used exclusively for the purpose of installing security equipment in the Central Parking Lot #3. The loan requires annual payments in January every year of \$2,500, until the loan is paid off in January 2024.

Interest expense incurred on long-term debt totaled \$863,086 and \$899,828 for the years ended December 31, 2015 and 2014, respectively.

Compounded interest on capital appreciation bonds (Series 1991 and 1992A) is accrued on a straight-line basis over 25 years, the life of the bonds. This interest will be paid by the Authority during the years 2013 through 2017. Accrued interest on capital appreciation bonds totaled \$1,063,765 and \$1,572,249 at December 31, 2015 and 2014, respectively.

Future aggregate principal payments under long-term debt obligations are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the year ending December 31,			
2016	\$ 985,440	\$ 1,380,950	\$ 2,366,390
2017	1,255,291	1,350,541	2,605,832
2018	2,227,500	1,316,305	3,543,805
2019	1,287,500	607,454	1,894,954
2020	1,312,500	507,615	1,820,115
2021 through 2025	<u>8,565,000</u>	<u>1,612,698</u>	<u>10,177,698</u>
	<u>\$ 15,633,231</u>	<u>\$ 6,775,563</u>	<u>\$ 22,408,794</u>

The bonds and other obligations of the Authority are not considered to be a debt of the State of New York (State) or of the City, and neither the State nor the City is liable thereon.

Albany Parking Authority
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Notes to Financial Statements
December 31, 2015 and 2014

Note 6 - Capital Lease Obligation

A summary of the Authority's capital lease obligation for December 31, 2015 and 2014 is as follows:

	December 31,	
	2015	2014
Capital lease for the purchase of multi-space meters, monthly payments ranging from \$1,087 to \$1,956 with interest of 4.498% and maturity dates ranging from December 2015 to May 2018	\$ 430,589	\$ 700,583
Capital lease for the purchase of parking garage access and revenue control systems, quarterly payments of \$18,222 and \$23,549 with interest of 3.485% and maturing in November 2019 maturing on January 15, 2024	743,569	-
	1,174,158	700,583
Less amount representing interest	64,440	45,312
Present value of long-term obligation under capital lease	\$ 1,109,718	\$ 655,271

A summary of the Authority's future maturities under this capital lease obligation is as follows:

	Principal	Interest	Totals
For the year ending December 31,			
2016	\$ 346,450	\$ 30,466	\$ 376,916
2017	311,815	20,591	332,406
2018	212,721	9,796	222,517
2019	163,497	3,587	167,084
	\$ 1,034,483	\$ 64,440	\$ 1,098,923

A third phase of financing was in process at December 31, 2015. Costs of \$75,235 have been incurred related to this third phase. The total estimated remaining cost of the project is \$165,000. As work is not finalized, the lease has not closed and a payment schedule has not been established. Therefore, this amount is excluded from the payment schedule above.

The total cost of fixed assets acquired under the capital lease arrangements was \$1,638,203 and \$986,700 at December 31, 2015 and 2014, respectively. The related accumulated depreciation was \$396,230 and \$255,273 at December 31, 2015 and 2014, respectively.

Interest expense on the capital lease obligation for the years ended December 31, 2015 and 2014, was \$24,456 and \$25,606, respectively.

Albany Parking Authority
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Notes to Financial Statements
December 31, 2015 and 2014

Note 7 - Pension Plan

Plan Description and Benefits Provided

a. Plan Description and Benefits Provided

The Authority participates in the New York State and Local Employee's Retirement System (System), a cost-sharing multiple-employer retirement systems. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller of the State of New York serves as the Trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct state-wide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship, and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

The Authority also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

b. Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3 percent of their salary for their entire length of service. The average contribution rate for ERS and PFRS for the fiscal year ended, March 31, 2015, was approximately 20.1% and 27.6% of payroll, respectively. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Authority contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2015	\$	223,476
2014		143,412
2013		146,011

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

At December 31, 2015, the Authority reported a liability of \$121,453 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

Albany Parking Authority
(A Component Unit of the City of Albany, New York)

Notes to Financial Statements
December 31, 2015 and 2014

Note 7 - Pension Plan - Continued

Plan Description and Benefits Provided - Continued

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

At December 31, 2015, the Authority's proportion was 0.0035951%.

For the year ended December 31, 2015, the Authority recognized pension expense of \$103,417. At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,888	\$ -
Net differences between projected and actual investment earnings on pension plan investments	21,095	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	25,994
Authority contributions subsequent to the measurement date	223,476	-
Total	\$ 248,459	\$ 25,994

Deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date \$223,476 will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. 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	\$ 253
2017	253
2018	253
2019	253
Total	\$ 1,012

d. Actuarial Assumptions

The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with updated procedures used to roll forward the total pension liability to March 31, 2015. The actuarial valuation used the following actuarial assumptions.

Albany Parking Authority
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Notes to Financial Statements
December 31, 2015 and 2014

Note 7 - Pension Plan - Continued

Plan Description and Benefits Provided - Continued

d. Actuarial Assumptions - Continued

Actuarial Cost Method	Entry age normal
Inflation Rate	2.7 percent
Salary Scale	
ERS	4.9 percent, indexed by service
Investment rate of return, including inflation	7.5 percent compounded annually, net of expenses
Decrement	Developed from the Plan's 2010 experience study of the period April 1, 2005 through March 31, 2010
Mortality improvement	Society of Actuaries Scale MP-2014

Annuitant mortality rates are based on April 1, 2005 - March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2011 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015, are summarized below.

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate</u>
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%
	<u>100.00%</u>	

Albany Parking Authority
(A Component Unit of the City of Albany, New York)

Notes to Financial Statements
December 31, 2015 and 2014

Note 7 - Pension Plan - Continued

Plan Description and Benefits Provided - Continued

e. Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System'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.

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Authority's proportionate share of the net pension liability or asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the net pension liability (asset)	\$ 809,534	\$ 121,453	\$ (459,459)

g. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the New York State and Local Employee's Retirement System as of March 31, 2015, were as follows (amounts in thousands):

Employers' total pension liability	\$ 164,591,054
Plan net position	<u>(161,213,259)</u>
Employers' net pension liability	<u>\$ 3,377,795</u>
Ratio of plan net position to the employers' total pension liability	<u>97.9%</u>

Note 8 - Postemployment Benefits Other Than Pensions

a. Benefit Description

The Authority provides health care insurance benefit programs for most retired Authority employees and, in certain instances, their spouses and dependents. Those Authority employees determined to be eligible by the Authority receive such benefits when they attain a certain age and service requirements while employed by the Authority. For the years ended December 31, 2015 and 2014, the Authority provided health care insurance to four retirees.

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Notes to Financial Statements
December 31, 2015 and 2014

Note 8 - Postemployment Benefits Other Than Pensions - Continued

b. Funding Policy

Currently, the Authority's cost of its postemployment benefits program is determined on a pay-as-you-go basis and is, therefore, unfunded.

Premiums paid by the Authority on behalf of current retirees and their spouses totaled \$28,934 and \$29,107 for the years ended December 31, 2015 and 2014, respectively.

c. Annual OPEB Cost and Net OPEB Obligation

The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The Authority has elected to calculate the ARC and related information using the alternative measurement permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. 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 Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation to the Plan:

	December 31,	
	2015	2014
Annual required contribution	\$ 768,679	\$ 194,356
Interest on net OPEB obligation	103	17,612
Adjustment to annual required contribution	(33,265)	(32,614)
Annual OPEB cost	735,517	179,354
Contributions made	(28,934)	(29,107)
Net OPEB obligation, <i>beginning of year</i>	1,030,825	880,578
Net OPEB obligation, <i>end of year</i>	1,737,408	1,030,825
Less current portion	33,276	32,932
Net OPEB obligation, less current portion	\$ 1,704,132	\$ 997,893

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the current and two previous fiscal years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$ 735,517	3.93%	\$ 1,737,408
12/31/2014	179,354	16.23%	1,030,825
12/31/2013	181,940	16.53%	880,578

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Notes to Financial Statements
December 31, 2015 and 2014

Note 8 - Postemployment Benefits Other Than Pensions - Continued

d. Funded Status and Funding Progress

The actuarial accrued liability for benefits was \$1,220,812 as of December 31, 2015, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,691,677 and \$908,727 for years ended December 31, 2015 and 2014, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 72.17 and 225.44 percent as of December 31, 2015 and 2014, respectively.

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. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

e. 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 - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 64.

Mortality - Life expectancies were based on RP-2000 mortality tables for males and for females and projected to be 10 years.

Turnover - Non-group specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was developed consistent with the Getzen model promulgated by the Society of Actuaries for use in long-term trend projection.

Health Insurance Premiums - 2015 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation Rate - The expected long-term inflation assumption of 3.3% was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in *The 2007 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

Albany Parking Authority
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Notes to Financial Statements
December 31, 2015 and 2014

Note 8 - Postemployment Benefits Other Than Pensions - Continued

e. Methods and Assumptions - Continued

Payroll Growth Rate - The expected long-term payroll growth rate was assumed to be 2%.

Based on the historical and expected returns of the Authority's short-term investment portfolio, a discount rate of two percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015 and 2014, was twenty-four and twenty-five years, respectively.

Note 9 - Deferred Compensation Plan

During November 2010, the Authority adopted the State of New York Deferred Compensation Plan in accordance with Section 457 of the Internal Revenue Code and Section 5 of the State Finance Law of the State of New York. The Authority adopted the plan for the voluntary participation of all eligible employees. The plan became effective during 2011. There were ten and seven employees participating in this plan at December 31, 2015 and 2014, respectively.

The Authority also has a Deferred Compensation Plan for its former Executive Director. Assets held under the Plan are classified as other restricted assets. Deferred compensation payable under the Plan is included in accounts payable and accrued expenses. Contributions into this Plan by the Authority totaled \$20,000 for the year ended December 31, 2014. No contributions were made in the year ended December 31, 2015.

Note 10 - Transactions with the City

On January 1, 2015, the Authority entered into a new agreement with the City, which transferred 20 employees to the Authority who were previously employed by the City. These employees are responsible for enforcement of parking regulations throughout the City. The employees are collectively bargained through the Communication Workers of America, Local 1118, AFL-CIO, with an agreement on behalf of the Authority, which extends through December 31, 2017. The employees who were transferred to the Authority maintained their titles, seniority, accrued vacation, and sick leave time previously earned while employed by the City.

As a result of the transfer, the Authority assumed the liability for other postemployment benefits pertaining to these employees. The liability at January 1, 2015 totaled \$862,986 and is reported on the statement of revenues, expenses, and changes in net position as a special item.

The agreement also requires the City to annually pay the full costs associated with enforcement (capital and operating) arising from the employment of personnel, as well as associated plant and equipment utilized by the Authority for enforcement of parking rules in the amount of the actual costs incurred by the Authority. In addition, the Authority may annually pay a licensing fee to the City for the easement and license of the parking meters within the City, which will be agreed upon each year by the City and the Authority. The amount of reimbursement due to the Authority under this agreement during 2015, net of the licensing fee, amounted to \$312,360, of which \$150,461 was still owed to the Authority as of December 31, 2015.

Albany Parking Authority
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Notes to Financial Statements
December 31, 2015 and 2014

Note 10 - Transactions with the City - Continued

The Authority's obligations under the agreement were subject and subordinate to the Authority's obligations to pay scheduled debt service on its bond obligations (Note 5) as defined in the agreement.

The terms of this agreement will continue through April 6, 2030.

The Authority previously operated under an agreement with the City for the acquisition, installation, maintenance, and management of on-street parking meters, which terminated effective January 1, 2015. Under the previous agreement, the Authority reimbursed the City for salaries, fringe benefits, and other costs related to parking enforcement officers and traffic aides employed by the City. Reimbursement did not exceed the City's actual annual costs based on current staffing levels. Reimbursed costs totaled \$716,667 for the year ended December 31, 2014, and are reported as PSO (Parking Service Officers) expense reimbursement in these financial statements.

Note 11 - Commitments and Contingencies

a. Lease Rental Revenue

The Authority entered into an agreement with the United States Postal Service (Postal Service) to lease a portion of Garage #2 to the Postal Service. The lease was renewed effective July 1, 2014 and runs through June 30, 2019.

Rental payments in the amount of \$110,000 and \$95,450 were received during the years ended December 31, 2015 and 2014, respectively. Future minimum annual rentals receivable under the lease at December 31, 2015, are as follows:

For the year ending December 31,	
2016	\$ 110,000
2017	110,000
2018	110,000
2019	<u>55,000</u>
	<u>\$ 385,000</u>

b. Memorandum of Understanding

During June 2007, the Authority entered into a memorandum of understanding (memorandum) with WAMC, a not-for-profit education corporation, located in Albany, New York, for the shared use of a parking facility. The purpose of the memorandum was for the Authority to construct, maintain, and operate two surface parking lots on premises owned by WAMC. The Authority maintains all rights to revenues produced by the parking lots. The parking lots were placed into service on April 1, 2008. Construction costs related to the parking lots totaled \$371,611 at December 31, 2008, and are included in leasehold improvements. The Authority capitalized another \$5,000 in 2010, totaling \$376,611.

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Notes to Financial Statements
December 31, 2015 and 2014

Note 11 - Commitments and Contingencies - Continued

b. Memorandum of Understanding - Continued

As part of the memorandum, the Authority has agreed to lease fifty parking spaces within these lots to the Capital District Transit Authority (CDTA). Terms of the lease include a ten-year rental for a total of \$150,000, which was prepaid by CDTA during December 2007. The balance was \$33,750 and \$48,750 as of December 31, 2015 and 2014, respectively, which is reported as unearned parking revenues in these financial statements. The unearned parking revenues balance is being amortized into income over the ten-year rental period, using the straight-line method.

WAMC is entitled to twenty annual parking passes for its employees and patrons. In consideration of these annual parking passes, WAMC provides the Authority with in-kind advertising in the sum of \$25,000 per annum.

Terms of the agreement expire during 2017; however, WAMC has the right to terminate the agreement at any time. Should WAMC terminate the agreement before the termination date, WAMC has agreed to make remuneration to both the Authority and CDTA for the unexpired term of the agreement on a pro-rata basis as further defined by the agreement.

The agreement may be renewed for up to three additional five-year terms, under the same terms as the original agreement.

Note 12 - Accounting Pronouncement Issued But Not Yet Implemented

GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB 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. The provisions of GASB 72 are effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 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.

Management has not estimated the extent of the potential impact of these statements on the Authority's financial statements.

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Required Supplementary Information
Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability Percentage of Covered Payroll
12/31/2015	12/31/2015	\$ -	\$ 1,220,812	\$ 1,220,812	0.00%	\$ 1,691,677	72.17%
12/31/2012	12/31/2012	-	2,048,655	2,048,655	0.00%	934,650	219.19%
12/31/2011	12/31/2009	-	1,738,196	1,738,196	0.00%	915,599	189.84%

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Required Supplementary Information
Schedule of the Local Government's Proportionate Share of the Net Pension Liability

	<u>2015</u>
Authority's proportion of the net pension liability	0.0035951%
Authority's proportionate share of the net pension liability	\$ 121,453
Authority's covered-employee payroll	\$ 1,561,158
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	7.78%
Plan fiduciary net position as a percentage of the total pension liability	97.95%

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Required Supplementary Information
Schedule of Local Government Contributions
Years Ended December 31

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 223,476	\$ 143,412	\$ 146,011	\$ 171,675	\$ 129,810	\$ 107,923	\$ 65,265	\$ 75,704	\$ 80,493	\$ 92,632
Contributions in relation to the contractually required contribution	223,476	143,412	146,011	171,675	129,810	107,923	65,265	75,704	80,493	92,632
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Authority's covered-employee payroll	1,561,158	798,234	837,275	921,641	926,878	935,046	944,790	976,142	928,026	883,504
Contribution as a percentage of covered-employee payroll	14.31%	17.97%	17.44%	18.63%	14.01%	11.54%	6.91%	7.76%	8.67%	10.48%

See Independent Auditor's Report.

Albany Parking Authority
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Supplementary Information - Revenues and Expenses by Operating Department

	Year Ended December 31, 2015							
	<u>Garage #1</u>	<u>Garage #2</u>	<u>Garage #3</u>	<u>Parking Meters</u>	<u>Surface Lots</u>	<u>Office/ Administration</u>	<u>Enforcement</u>	<u>Total</u>
OPERATING REVENUES	\$ 1,215,953	\$ 1,322,161	\$ 715,571	\$ 2,591,537	\$ 181,435	\$ -	\$ 1,029,027	\$ 7,055,684
OPERATING EXPENSES								
Salaries and related expenses	198,771	101,018	103,297	112,433	-	702,377	1,045,634	2,263,530
Repairs and maintenance	71,685	173,425	59,575	7,676	4,391	40,408	32,908	390,068
Utilities	24,032	20,085	27,121	-	583	-	-	71,821
Professional fees	4,681	6,600	-	-	-	76,349	3,139	90,769
Depreciation	130,159	181,218	235,110	154,929	42,721	17,962	2,515	764,614
Meter supplies and equipment	-	-	-	-	-	28,547	-	28,547
PSO expense reimbursement	-	-	-	-	-	-	-	-
Licensing fee	-	-	-	-	-	-	716,667	716,667
Insurance	-	-	-	-	-	126,974	-	126,974
Miscellaneous	8,239	20,639	7,160	187,422	46,646	116,523	31,383	418,012
Total operating expenses	<u>437,567</u>	<u>502,985</u>	<u>432,263</u>	<u>462,460</u>	<u>94,341</u>	<u>1,109,140</u>	<u>1,832,246</u>	<u>4,871,002</u>
Operating income (loss)	<u>778,386</u>	<u>819,176</u>	<u>283,308</u>	<u>2,129,077</u>	<u>87,094</u>	<u>(1,109,140)</u>	<u>(803,219)</u>	<u>2,184,682</u>
NONOPERATING REVENUE (EXPENSES)								
Interest income	51,753	-	-	-	-	48,837	-	100,590
Miscellaneous income	-	1,575	1,575	-	-	-	-	3,150
Unrealized loss on investments	(48,132)	-	-	-	-	-	-	(48,132)
Amortization of bond issue costs	-	-	-	-	-	(38,704)	-	(38,704)
Interest expense	(126,769)	-	-	(24,456)	-	(736,317)	-	(887,542)
Allocation of administration expenses	(302,828)	(319,346)	(324,852)	(715,776)	(172,522)	1,835,324	-	-
Total nonoperating revenue (expenses)	<u>(425,976)</u>	<u>(317,771)</u>	<u>(323,277)</u>	<u>(740,232)</u>	<u>(172,522)</u>	<u>1,109,140</u>	<u>-</u>	<u>(870,638)</u>
SPECIAL ITEMS								
Increase in liability due to transfer of services	-	-	-	-	-	-	(862,986)	(862,986)
Excess (deficiency) of revenues over expenses	<u>\$ 352,410</u>	<u>\$ 501,405</u>	<u>\$ (39,969)</u>	<u>\$ 1,388,845</u>	<u>\$ (85,428)</u>	<u>\$ -</u>	<u>\$ (1,666,205)</u>	<u>\$ 451,058</u>

Year Ended December 31, 2014

	<u>Garage #1</u>	<u>Garage #2</u>	<u>Garage #3</u>	<u>Parking Meters</u>	<u>Surface Lots</u>	<u>Office/ Administration</u>	<u>Total</u>
OPERATING REVENUES	\$ 1,084,088	\$ 1,277,696	\$ 785,200	\$ 2,571,656	\$ 197,128	\$ -	\$ 5,915,768
OPERATING EXPENSES							
Salaries and related expenses	185,705	93,964	112,956	90,166	74	1,052,044	1,534,909
Repairs and maintenance	48,884	184,878	59,259	6,439	8,622	54,582	362,664
Utilities	35,965	26,221	29,166	-	6,339	-	97,691
Professional fees	3,588	3,850	-	-	2,400	94,955	104,793
Depreciation	130,373	183,282	235,984	154,705	40,339	15,387	760,070
Meter supplies and equipment	-	-	-	23,195	-	-	23,195
Contributions	-	-	-	-	-	-	-
PSO expense reimbursement	-	-	-	580,500	136,167	-	716,667
Insurance	-	-	-	-	-	81,945	81,945
Miscellaneous	10,201	11,926	5,353	177,828	50,004	149,532	404,844
Total operating expenses	<u>414,716</u>	<u>504,121</u>	<u>442,718</u>	<u>1,032,833</u>	<u>243,945</u>	<u>1,448,445</u>	<u>4,086,778</u>
Operating income (loss)	<u>669,372</u>	<u>773,575</u>	<u>342,482</u>	<u>1,538,823</u>	<u>(46,817)</u>	<u>(1,448,445)</u>	<u>1,828,990</u>
NONOPERATING REVENUE (EXPENSES)							
Interest income	51,581	-	-	-	-	49,062	100,643
Miscellaneous income	-	-	-	-	-	-	-
Unrealized loss on investments	(46,601)	-	-	-	-	-	(46,601)
Amortization of bond issue costs	-	-	-	-	-	(38,701)	(38,701)
Interest expense	(126,769)	-	-	(25,606)	-	(773,059)	(925,434)
Allocation of administration expenses	<u>(364,829)</u>	<u>(386,940)</u>	<u>(391,362)</u>	<u>(860,111)</u>	<u>(207,841)</u>	<u>2,211,083</u>	<u>(910,093)</u>
Total nonoperating revenue (expenses)	<u>(486,618)</u>	<u>(386,940)</u>	<u>(391,362)</u>	<u>(885,717)</u>	<u>(207,841)</u>	<u>1,448,385</u>	<u>(910,093)</u>
Excess (deficiency) of revenues over expenses	<u>\$ 182,754</u>	<u>\$ 386,635</u>	<u>\$ (48,880)</u>	<u>\$ 653,106</u>	<u>\$ (254,658)</u>	<u>\$ (60)</u>	<u>\$ 918,897</u>

See Independent Auditor's Report.

Albany Parking Authority
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Supplementary Information - Capital Assets

	December 31, 2015						
	<u>Garage #1</u>	<u>Garage #2</u>	<u>Garage #3</u>	<u>Parking Meters/ Other Equipment</u>	<u>Surface Lots</u>	<u>Office/ Administration</u>	<u>Total</u>
Land, garages, and improvements	\$ 4,970,356	\$ 9,839,342	\$ 10,637,950	\$ -	\$ -	\$ -	\$ 25,447,648
Leasehold improvements	-	-	-	-	418,897	-	418,897
Equipment and other	508,392	216,874	266,774	-	-	66,491	1,126,035
Parking meters and other equipment	-	-	-	1,084,954	-	-	1,084,954
	<u>5,478,748</u>	<u>10,056,216</u>	<u>10,904,724</u>	<u>1,084,954</u>	<u>418,897</u>	<u>66,491</u>	<u>28,077,534</u>
Less accumulated depreciation and amortization	<u>3,866,246</u>	<u>4,917,324</u>	<u>3,170,334</u>	<u>427,292</u>	<u>316,978</u>	<u>22,973</u>	<u>12,723,662</u>
Net capital assets	<u>\$ 1,612,502</u>	<u>\$ 5,138,892</u>	<u>\$ 7,734,390</u>	<u>\$ 657,662</u>	<u>\$ 101,919</u>	<u>\$ 43,518</u>	<u>\$ 15,353,872</u>
	December 31, 2014						
	<u>Garage #1</u>	<u>Garage #2</u>	<u>Garage #3</u>	<u>Parking Meters/ Other Equipment</u>	<u>Surface Lots</u>	<u>Office/ Administration</u>	<u>Total</u>
Land, garages, and improvements	\$ 4,970,356	\$ 9,640,687	\$ 10,637,950	\$ -	\$ -	\$ -	\$ 25,248,993
Leasehold improvements	-	-	-	-	426,877	-	426,877
Furniture and equipment	326,897	176,748	124,011	-	-	58,044	685,700
Parking meters and other equipment	-	-	-	1,082,936	-	-	1,082,936
	<u>5,297,253</u>	<u>9,817,435</u>	<u>10,761,961</u>	<u>1,082,936</u>	<u>426,877</u>	<u>58,044</u>	<u>27,444,506</u>
Less accumulated depreciation and amortization	<u>3,869,847</u>	<u>4,906,421</u>	<u>3,059,235</u>	<u>272,362</u>	<u>282,236</u>	<u>30,957</u>	<u>12,421,058</u>
Net capital assets	<u>\$ 1,427,406</u>	<u>\$ 4,911,014</u>	<u>\$ 7,702,726</u>	<u>\$ 810,574</u>	<u>\$ 144,641</u>	<u>\$ 27,087</u>	<u>\$ 15,023,448</u>

See Independent Auditor's Report.

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance
With Government Auditing Standards**

Board of Directors
Albany Parking Authority
Albany, New York

We have audited, 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, the statement of net position of the Albany Parking Authority (Authority) as of December 31, 2015, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 2, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including *Investment Guidelines for Public Authorities*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SaxBST LLP

Albany, New York
March 2, 2016