

Albany Parking Authority
(A Component Unit of the City of Albany, New York)
Financial Report
December 31, 2019 and 2018

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

Financial Report

December 31, 2019 and 2018

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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 component unit of the City of Albany, New York, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 audit 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 financial position of the Authority as of December 31, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the information listed under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedules of revenues and expenses by operating 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 were 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 operating 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 our report dated March 17, 2020, 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 solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Albany, New York
March 17, 2020

BST & CO. CPAs, LLP



Albany Parking Authority
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Management's Discussion and Analysis
December 31, 2019 and 2018

The following Management's Discussion and Analysis (MD&A) is required supplementary information to the Albany Parking Authority's (Authority) financial statements. It provides a narrative overview and analysis of the financial activities of the Authority for the fiscal years ended December 31, 2019 and 2018. The MD&A is intended to serve as an introduction of the Authority's basic financial statement. The following presentation is by necessity highly summarized, and in order to gain a thorough understating of the Authority's financial condition, the following financial statements, notes and required supplementary information should be reviewed in their entirety.

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, BST & Co. CPAs, LLP, is included on pages 1 and 2 of this report.

FINANCIAL HIGHLIGHTS

- Garage occupancy remained stable for Riverfront and Green-Hudson through 2019. Riverfront is currently at 127% and Green-Hudson garages is currently at 128%. Quackenbush remained stable, bringing occupancy to 69%.
- As of 2019, 157 pay-by-plate multi-space meters were controlling 1,325 on-street spaces previously managed with pay and display multi-space meters.
- The Authority introduced, City-wide, the Pay-by-phone app to improve payment compliance options for customers.
- The Authority's net position increased by \$918,337 during fiscal 2019.
- In 2018, the Authority refinanced the 2007 outstanding bonds resulting in future savings of approximately \$2 million.
- Debt Coverage Ratio continues to be well above the 1.5 requirement, with 2.60 in 2019.

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

Management's Discussion and Analysis
December 31, 2019 and 2018

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 Authority assets, liabilities, and deferred outflows and inflows of resources, 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 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 of 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 and cash equivalents resulting from operating, investing, and financing activities, and the change in cash and cash equivalents 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 of Albany (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 \$50 million 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 42 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 access cards are required to take a ticket upon entry. The parker then pays for parking with cash or credit at a pay-on-foot machine or by credit only at the exit. Cashiering staff have been eliminated, except at special events when parking fees are prepaid, and revenue is reconciled to tickets issued. Monthly parking access cards are activated only by central office staff before distribution to customers by office or 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.

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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 under a license fee-based agreement with the City. The agreement permits the Authority to install and operate parking meters in consultation with the Chief of Police. 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 agreements, 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 Loomis for counting, and then reported to the bank for deposit. In 2019 the Authority replaced older single space meters which required a hand-held auditing device to provide a money estimate. The back-office reporting now 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 have 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 are greatly enhanced, allowing better reconciliation and improved information to aid management.

In late 2016, the Authority put out an RFP for a Pay-by-Plate Meter and Pay-by-Phone test program. The goal of the test program was to enhance the customer experience and allow for improved payment options, increasing compliance. The test program was instituted in late spring of 2017 and has been successful. The Authority has successfully implemented its plans for a City-wide expansion.

The Authority updated and modernized the ParkAlbany.com website in 2017. The website modernization included improved back office security enhancements and PCI and ADA compliance.

The Authority was dedicated to making sure that all three of the Authority's garages were open 24/7. This was first accomplished beginning in 2017. All three of the Authority's garages were open 24/7 during 2019.

In its mission, the Authority is dedicated to helping to sustain and create economic development opportunities through parking for the City. To this end, the Authority launched and completed a feasibility study to determine on-street and off-street parking needs in the Warehouse District and Downtown sections of the City.

GENERAL AUTHORITY INFORMATION

Selected Data (parking revenue only):

Parking Facilities	Average Monthly Revenue		Difference	% Change
	2019	2018		
Riverfront	\$ 114,435	\$ 113,848	\$ 587	0.52%
Green-Hudson	144,817	138,867	5,950	4.28%
Quackenbush	79,886	74,768	5,118	6.85%
Parking Meters	232,348	225,231	7,117	3.16%
Q Lots and C Lots	19,817	17,366	2,451	14.11%

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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.

	December 31,				
	2019	2019 vs. 2018	2018	2018 vs. 2017	2017 (Restated)
Current assets	\$ 4,335,820	16.7%	\$ 3,714,751	-27.8%	\$ 5,147,998
Capital assets, net	13,272,881	-6.3%	14,157,856	-1.3%	14,337,413
Total assets	17,608,701	-1.5%	17,872,607	-8.3%	19,485,411
Deferred outflows of resources, net	1,170,214	-28.5%	1,635,566	73.7%	941,350
Current liabilities	2,039,264	-11.8%	2,312,587	-29.0%	3,255,536
Long-term liabilities	14,951,560	-10.9%	16,786,813	-6.1%	17,879,915
Total liabilities	16,990,824	-11.0%	19,099,400	-9.6%	21,135,451
Deferred inflows of resources	1,266,814	57.2%	805,833	489.0%	136,804
Net position, capital	4,260,610	-5.8%	4,524,171	-18.3%	5,534,489
Net position, restricted	1,292,364	-7.3%	1,394,051	13.4%	1,229,842
Net position, unrestricted	(5,031,697)	-20.3%	(6,315,282)	-17.0%	(7,609,825)
Net position	<u><u>\$ 521,277</u></u>	<u><u>-231.3%</u></u>	<u><u>\$ (397,060)</u></u>	<u><u>-53.0%</u></u>	<u><u>\$ (845,494)</u></u>

	Years Ended December 31,				
	2019	2019 vs. 2018	2018	2018 vs. 2017	2017
Operating revenue	\$ 8,543,641	4.2%	\$ 8,197,598	7.9%	\$ 7,593,984
Nonoperating revenue	37,740	9.3%	34,524	-11.8%	39,127
Total revenues	8,581,381	4.2%	8,232,122	7.8%	7,633,111
Depreciation expense	1,233,243	-10.4%	1,376,491	37.1%	1,003,834
Amortization expense	48,049	5.9%	45,390	17.3%	38,704
Other operating expenses	5,880,579	2.9%	5,712,424	7.3%	5,322,241
Nonoperating expense	501,173	-22.8%	649,383	-19.5%	806,969
Total expenses	7,663,044	-1.5%	7,783,688	8.5%	7,171,748
Change in net position	<u>918,337</u>		<u>448,434</u>		<u>461,363</u>
NET POSITION, beginning of year	(397,060)		(845,494)		1,889,939
NET POSITION, end of year prior to restatement	521,277		(397,060)		2,351,302
Effect of adoption of GASB 75	-		-		(3,196,796)
NET POSITION, end of year	<u><u>\$ 521,277</u></u>		<u><u>\$ (397,060)</u></u>		<u><u>\$ (845,494)</u></u>

GENERAL TRENDS AND SIGNIFICANT EVENTS

The Parking Incentive and Parking Retention Programs were discontinued in 2019. In late 2019, the authority introduced a new parking rate structure that will go into effect in 2020. The new rate structure was designed to streamline parking rates with decreased rates for all new individuals and lower rates for businesses purchasing multiple parking spaces. We continue to offer a Residential Program for tenants who reside downtown. This new rate structure will not only benefit the Authority, it will also be a factor in generating 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 the City, including free evening and weekend parking, and various promotions via social media.

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FINANCIAL CONDITION

Parking revenue was up \$254,672 in 2019, which was higher than budget plans developed based on monthly occupancy projections and daily utilization on and off street. Total operating costs in 2019 increased \$24,907 from the prior year. Salaries and benefits expense increased \$28,806, which include year-end accruals for pension and Other Postemployment Benefit (OPEB) expense, non-cash items. Other decreases include a decrease of \$143,248 in depreciation expense, another non-cash item.

Certain expenses increased during 2019 for a variety of reasons. The Authority incurred an increase in credit card fees by \$54,744 due to the increased use by customers of credit cards with the credit card enabled meters and the pay-by-phone app. Computerization increased \$42,064 which included a server replacement, router replacement, new office reconfiguration for new employees, and new computers for additional staff. Maintenance & repairs expenses decreased by \$32,628. Enforcement operating costs increased \$24,422 primarily due to the purchase of an additional License Plate Reader for \$98,912 of which Enforcement is responsible for 50% of the cost in the amount of \$49,456.

With garage occupancy in Riverfront and Green-Hudson at maximum occupancy and Quackenbush garage occupancy increasing steadily, with effective control of expenses, management continues to be optimistic regarding the prospects for the future.

The 2018 bonds issued along with the 2011 issue will be retired in 2025.

RESULTS OF OPERATIONS

Revenue

Total revenue for 2019, exclusive of enforcement expense offset, was \$7,149,244, compared to \$6,891,055 in 2018. Monthly garage and lot revenues increased \$112,653. Hourly and daily parking revenue increased \$56,617 in garages and lots. Meter revenue increased by \$85,403.

Expense

Total expense for 2019, exclusive of depreciation, amortization, and interest, was \$5,914,676, compared to \$5,712,424 in 2018, an increase of \$202,252. \$1,448,013 of these expenses were reimbursable by the City of Albany under the enforcement management agreement, resulting in a net increase of \$1,356,642 from 2018.

LONG-TERM OBLIGATIONS

As of December 31, 2019, the Authority had \$8,760,000 outstanding related to refunding bonds issued during 2011 and 2018.

More detailed information about the Authority's long-term obligations is presented in the notes to the financial statements on pages 19 and 20.

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.

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FINAL COMMENTS - Continued

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 balance was \$1,292,364.45.

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 retired from the NYS Retirement System and have 10 years of continuous employment with the Authority 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 Director of Administration, 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:

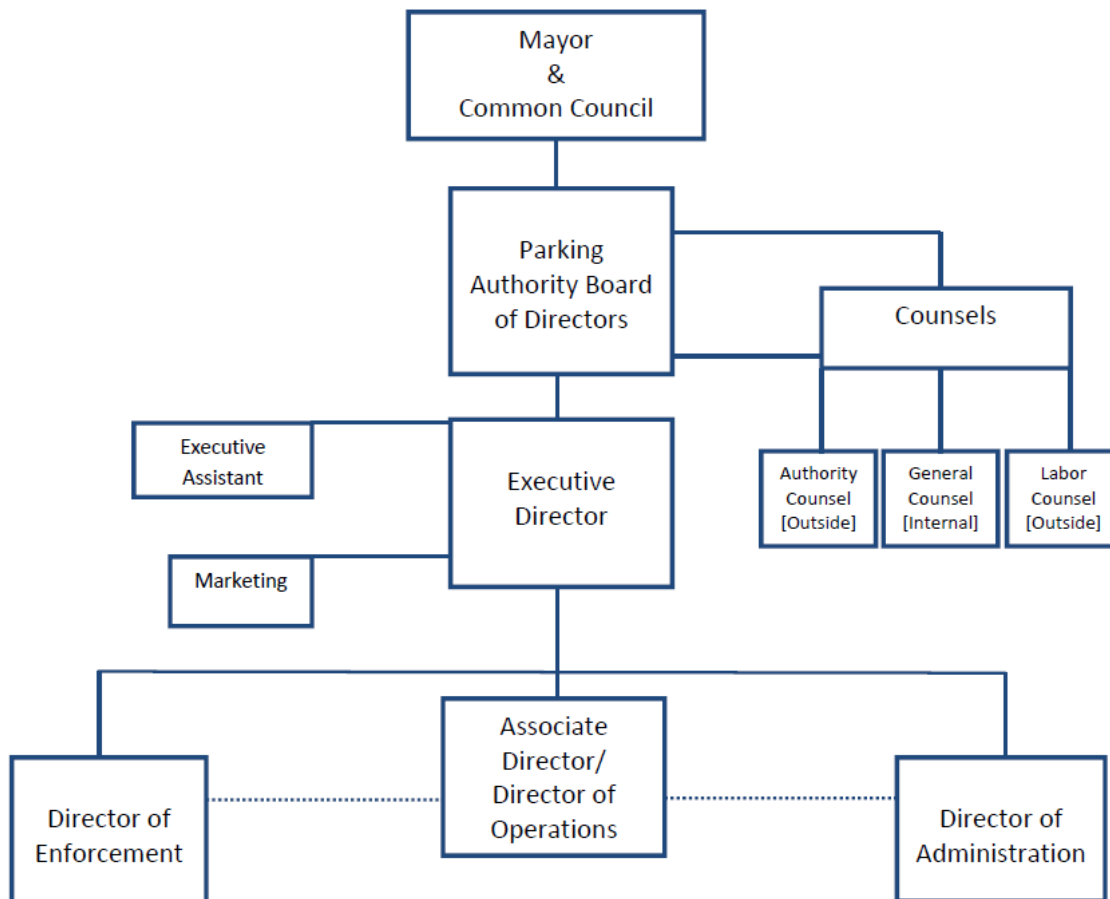
<u>Name</u>	<u>Board Office</u>	<u>Term Expiration</u>
Jeff Sperry	Chair	January 2, 2021
Christopher Burke	Vice Chair	January 2, 2024
Jordine Jones	Secretary	January 2, 2025
William O. Pettit, III	Treasurer	January 2, 2022
Jennifer Ceponis	Asst. Secretary/Treasurer	November 18, 2023

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ALBANY PARKING AUTHORITY ORGANIZATION CHART

2020

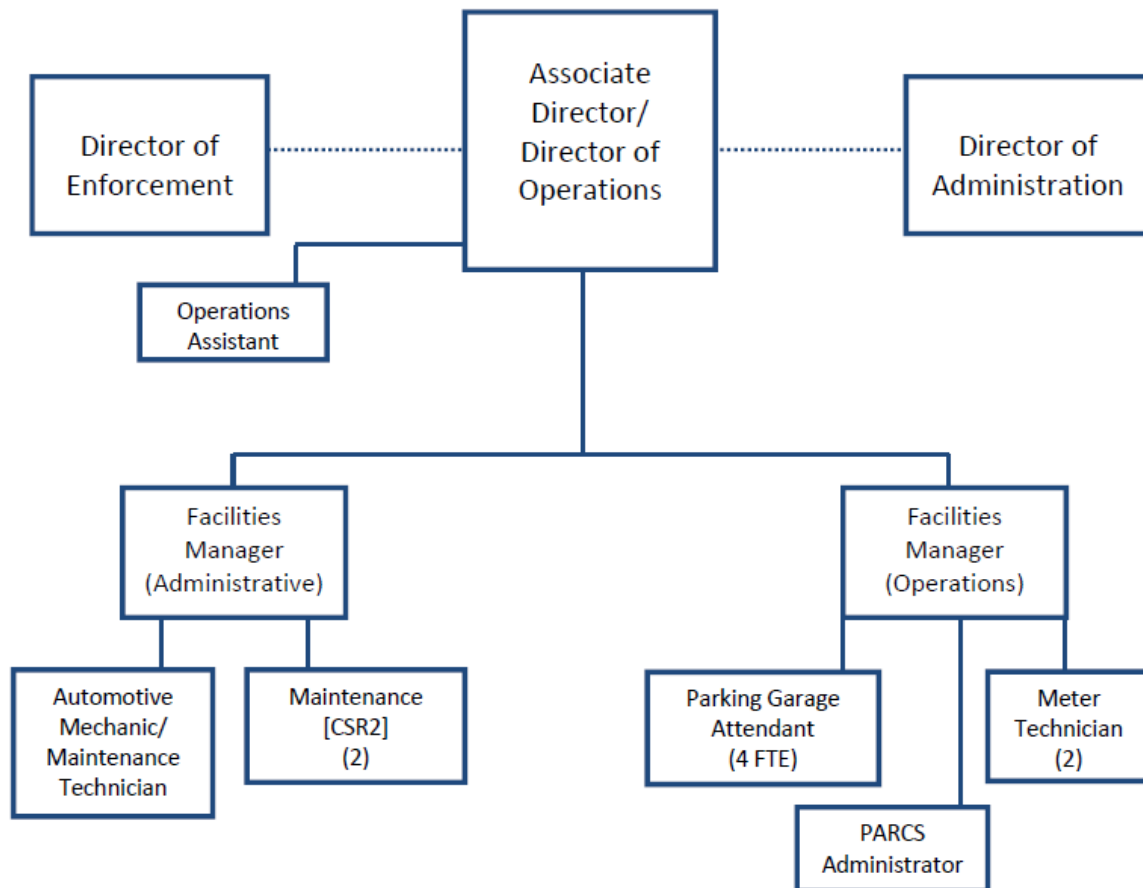


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ALBANY PARKING AUTHORITY ORGANIZATION CHART

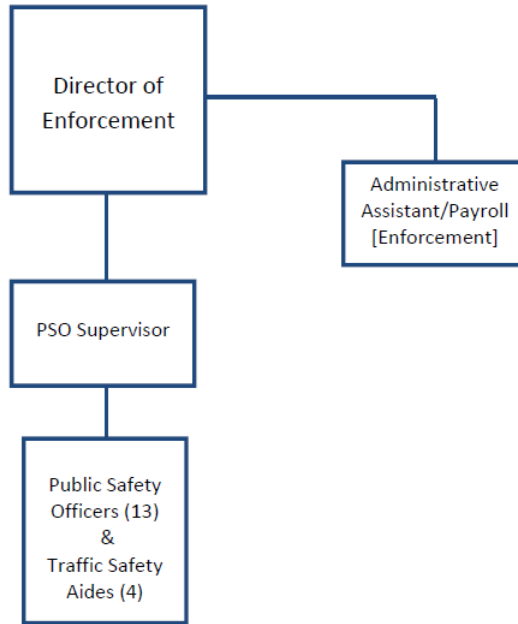
2020- Operations



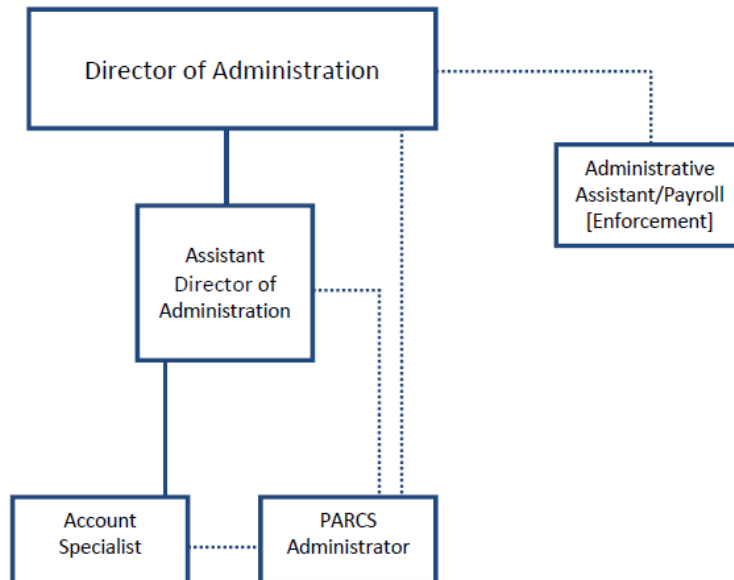
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ALBANY PARKING AUTHORITY ORGANIZATION CHART
2020- Enforcement



ALBANY PARKING AUTHORITY ORGANIZATION CHART
2020- Administration



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

Statements of Net Position

	December 31,	
	2019	2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,965,579	\$ 1,112,322
Cash and cash equivalents, restricted	2,107,649	2,195,664
Parking revenues receivable	40,216	45,286
Due from the City of Albany, New York	213,212	298,229
Prepaid expenses and other	9,164	63,250
Total current assets	<u>4,335,820</u>	<u>3,714,751</u>
NON-CURRENT ASSETS		
Capital assets		
Land	3,774,681	3,774,681
Depreciable, net of accumulated depreciation	9,498,200	10,383,175
Total non-current assets	<u>13,272,881</u>	<u>14,157,856</u>
Total assets	<u>17,608,701</u>	<u>17,872,607</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,170,214</u>	<u>1,635,566</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	283,917	372,798
Accrued interest	203,405	225,994
Unearned parking revenues	122,368	112,944
Current maturities of long-term debt	1,130,000	1,115,000
Current installments of capital lease obligations	249,571	427,596
Current portion of accrued postemployment health benefits	50,003	58,255
Total current liabilities	<u>2,039,264</u>	<u>2,312,587</u>
NON-CURRENT LIABILITIES		
Long-term debt, less current maturities	8,013,960	9,213,246
Capital lease obligations, less current installments	402,481	652,052
Accrued postemployment health benefits, less current maturities	6,039,724	6,693,239
Net pension liability	495,395	228,276
Total non-current liabilities	<u>14,951,560</u>	<u>16,786,813</u>
Total liabilities	<u>16,990,824</u>	<u>19,099,400</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,266,814</u>	<u>805,833</u>
NET POSITION		
Net investment in capital assets	4,260,610	4,524,171
Restricted	1,292,364	1,394,051
Unrestricted deficit	<u>(5,031,697)</u>	<u>(6,315,282)</u>
TOTAL NET POSITION	<u>\$ 521,277</u>	<u>\$ (397,060)</u>

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,	
	2019	2018
OPERATING REVENUES		
Parking revenues	\$ 7,095,628	\$ 6,840,956
Reimbursement from the City of Albany, New York	1,448,013	1,356,642
	<u>8,543,641</u>	<u>8,197,598</u>
OPERATING EXPENSES		
Salaries and benefits expense	3,064,424	3,035,618
Repairs and maintenance	467,828	580,991
Utilities	66,076	71,508
Professional fees	220,335	202,827
Depreciation	1,233,243	1,376,491
Meter supplies and equipment	14,634	40,041
Licensing fees	959,000	802,500
Insurance	140,946	136,135
Computerization	252,797	218,410
Credit card fees	244,741	189,997
Miscellaneous	449,798	434,397
	<u>7,113,822</u>	<u>7,088,915</u>
Operating income	<u>1,429,819</u>	<u>1,108,683</u>
NONOPERATING REVENUE (EXPENSES)		
Interest income	37,740	34,524
Bond issuance costs	-	(155,802)
Amortization of bond insurance premiums and deferred losses	(48,049)	(45,390)
Gain (loss) on disposal of capital assets	(18,223)	15,576
Interest expense	(482,950)	(509,157)
Total nonoperating revenue (expenses)	<u>(511,482)</u>	<u>(660,249)</u>
Change in net position	918,337	448,434
NET POSITION, <i>beginning of year</i>	<u>(397,060)</u>	<u>(845,494)</u>
NET POSITION, <i>end of year</i>	<u>\$ 521,277</u>	<u>\$ (397,060)</u>

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,	
	2019	2018
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from customers	\$ 7,110,122	\$ 6,829,480
Cash received from City of Albany, New York	574,030	233,750
Cash paid to suppliers and other vendors	(1,900,202)	(1,733,304)
Cash paid for salaries, payroll taxes, and employee benefits	(2,572,536)	(2,543,515)
	3,211,414	2,786,411
NET CASH PROVIDED BY INVESTING ACTIVITIES		
Interest Income	37,740	34,524
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(382,366)	(306,784)
Bond issuance costs	-	(207,227)
Proceeds from sale of capital assets	15,875	15,576
Proceeds from long-term financing	-	6,296,088
Payments of long-term debt and capital lease obligations	(1,611,882)	(9,752,002)
Interest paid	(505,539)	(563,587)
	(2,483,912)	(4,517,936)
Net increase (decrease) in cash and cash equivalents	765,242	(1,697,001)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	3,307,986	5,004,987
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 4,073,228	\$ 3,307,986
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	\$ 1,429,819	\$ 1,108,683
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	1,233,243	1,376,491
(Increase) decrease in		
Parking revenue receivable	5,070	(19,775)
Prepaid expenses and other	54,086	5,067
Due from City of Albany, New York	85,017	(298,229)
Deferred outflows of resources	417,303	(688,181)
Increase (decrease) in		
Accounts payable, accrued expenses, and unearned parking revenues	(79,457)	137,765
Due to City of Albany, New York	-	(22,163)
Net pension liability	267,119	(371,916)
Deferred inflows of resources	460,981	669,029
Accrued postemployment health benefits	(661,767)	889,640
	\$ 3,211,414	\$ 2,786,411

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, 2019 and 2018

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, New York (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 conformity 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, liabilities, and deferred outflows and inflows of resources associated with the operations are included on the statements of net position.

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 8).

c. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows of resources and deferred inflows of resources, 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.

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

Notes to Financial Statements
December 31, 2019 and 2018

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

d. 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.

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.

Restricted cash, cash equivalents consist of amounts held by trustees in reserve funds established in connection with various bond issues.

e. 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, 2019 and 2018 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, 2019 and 2018.

f. 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 dispositions are reported as non-operating 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 its fair value.

g. Unearned Parking Revenues

The Authority recognizes revenue from parking fees in the time period over 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.

h. Pensions

The Authority is a participating employer in the New York State and Local Retirement System (System). Employees in permanent positions are required to enroll in the System, and employees in part-time or seasonal positions have the option of enrolling in the System. The System is a cost sharing, multiple employer, public employee defined benefit retirement system. The impact on the Authority's financial position and results of operations due to its participation in the System is more fully disclosed in Note 6.

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

Notes to Financial Statements
December 31, 2019 and 2018

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

i. Other Postemployment Benefits

The Authority recognizes in its financial statements the financial impact of other postemployment benefits, principally employer funded health care costs. The impact on the Authority's financial position and results of operations is more fully disclosed in Note 7.

j. Deferred Outflows and Deferred Inflows of Resources

The Authority reports deferred outflows of resources and deferred inflows of resources on its statement of net position. Pension related deferred outflows of resources and deferred inflows of resources are more fully disclosed in Note 6. Other postemployment benefits related deferred outflows of resources and deferred inflows of resources are more fully disclosed in Note 7.

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 outflows in the statements of net position and are amortized on a straight-line basis over the life of the related bonds.

k. Net Position

Net position is classified as follows:

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation reduced by the net outstanding debt balances.
- *Restricted net position* has externally placed constraints on use.
- *Unrestricted net position* consists of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "net investment in capital assets" or "restricted net position."

l. Subsequent Events

The Authority has evaluated subsequent events for potential recognition or disclosure through March 17, 2020, the date the financial statements were available to be issued.

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

Notes to Financial Statements
December 31, 2019 and 2018

Note 2 - Capital Assets

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

	December 31, 2019 and 2018						
	Balance January 1, 2018	2018 Additions	2018 Disposals	Balance December 31, 2018	2019 Additions	2019 Disposals	Balance December 31, 2019
Non-depreciable							
Land	\$ 3,774,681	\$ -	\$ -	\$ 3,774,681	\$ -	\$ -	\$ 3,774,681
Depreciable							
Garages and improvements	21,672,967	-	-	21,672,967	141,914	-	21,814,881
Furniture and equipment	1,821,915	253,171	(31,300)	2,043,786	133,112	(125,095)	2,051,803
Meters and other equipment	1,331,146	943,763	(205,504)	2,069,405	107,340	(964,700)	1,212,045
Total capital assets, depreciable	24,826,028	1,196,934	(236,804)	25,786,158	382,366	(1,089,795)	25,078,729
Accumulated depreciation	(14,263,296)	(1,376,491)	236,804	(15,402,983)	(1,233,243)	1,055,697	(15,580,529)
Net value of capital assets, depreciable	10,562,732	(179,557)	-	10,383,175	(850,877)	(34,098)	9,498,200
Total capital assets, net of accumulated depreciation	\$ 14,337,413	\$ (179,557)	\$ -	\$ 14,157,856	\$ (850,877)	\$ (34,098)	\$ 13,272,881

Note 3 - Financing and Deferred Amounts

A summary of year-end balances and changes in financing and deferred amounts and related accumulated amortization is as follows:

	December 31, 2019 and 2018						
	Balance January 1, 2018	2018 Additions	2018 Amortization/ Deletions	Balance December 31, 2018	2019 Additions	2019 Amortization/ Deletions	Balance December 31, 2019
Deferred bond insurance premiums, net (a)	\$ 105,127	\$ -	\$ (105,127)	\$ -	\$ -	\$ -	-
Deferred loss on bond refunding, net (b)	203,155	334,591	(223,429)	314,317	-	(48,049)	266,268
	<u>\$ 308,282</u>	<u>\$ 334,591</u>	<u>\$ (328,556)</u>	<u>\$ 314,317</u>	<u>\$ -</u>	<u>\$ (48,049)</u>	<u>\$ 266,268</u>

- (a) Included prepaid insurance premiums incurred relative to the 2007 Revenue Bonds. These costs were amortized over the life of the bonds using the straight-line method prior to the refinancing of the 2007 Revenues Bonds with the issuance of Series 2018A and 2018B Parking System Revenue Bonds (Note 4).
- (b) The difference between the net carrying amount of the defeased bonds (1992A, 2001A and 2007A), and reacquisition price of the bonds is deferred and amortized over the shorter of the life of the defeased bonds or the new bond using the straight-line method. Amortization of deferred amounts totaled \$48,049 and \$45,390 for the years ended December 31, 2019 and 2018, respectively.

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

Notes to Financial Statements
December 31, 2019 and 2018

Note 4 - Long-Term Debt

A summary of long-term debt ending balances and transactions for the years ended December 31, 2019 and 2018, is as follows:

	December 31, 2019 and 2018						
	Balance January 1, 2018	2018 Additions	2018 Reductions	Balance December 31, 2018	2019 Additions	2019 Reductions	Balance December 31, 2019
Long-term debt							
Series 2007 A & B	\$ 7,585,000	\$ -	\$ (7,585,000)	\$ -	\$ -	\$ -	\$ -
Series 2011	5,790,000	-	(955,000)	4,835,000	-	(545,000)	4,290,000
Series 2018 A & B	-	5,740,000	(700,000)	5,040,000	-	(570,000)	4,470,000
Total	13,375,000	5,740,000	(9,240,000)	9,875,000	-	(1,115,000)	8,760,000
Unamortized bond discount	(42,927)	-	5,691	(37,236)	-	5,691	(31,545)
Unamortized bond premium	10,484	556,088	(76,090)	490,482	-	(74,977)	415,505
Long-term debt, net	\$ 13,342,557	\$ 6,296,088	\$ (9,310,399)	\$ 10,328,246	\$ -	\$ (1,184,286)	\$ 9,143,960

Long-term debt consisted of the following:

	December 31,	
	2019	2018
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	\$ 4,290,000	\$ 4,835,000
Parking revenue refunding bonds, Series 2018A and 2018B, interest at 5.000% and 2.650% to 3.000%, respectively, payable semiannually, principal due in various installments, through July 2025, collateralized by a first lien on property	4,470,000	5,040,000
	<u>8,760,000</u>	<u>9,875,000</u>
Less current maturities	(1,130,000)	(1,115,000)
Less bond discounts	(31,545)	(37,236)
Add bond premiums	<u>415,505</u>	<u>490,482</u>
Long-term debt, less current maturities	<u>\$ 8,013,960</u>	<u>\$ 9,213,246</u>

Interest expense incurred on long-term debt totaled \$452,330 and \$446,732 for the years ended December 31, 2019 and 2018, respectively.

Albany Parking Authority
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Notes to Financial Statements
December 31, 2019 and 2018

Note 4 - Long-Term Debt - Continued

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

	Principal	Interest	Total
For the year ending December 31,			
2020	\$ 1,130,000	\$ 443,792	\$ 1,573,792
2021	1,240,000	386,542	1,626,542
2022	1,365,000	323,726	1,688,726
2023	1,355,000	254,585	1,609,585
2024	1,495,000	185,950	1,680,950
Thereafter	2,175,000	110,228	2,285,228
	<u>\$ 8,760,000</u>	<u>\$ 1,704,823</u>	<u>\$ 10,464,823</u>

During the year ended December 31, 2018, the Authority refunded bonds with a par amount of \$6,315,000 by issuing refunding bonds of \$5,740,000 at a premium of \$556,088. The result will produce an estimated gain of \$1,943,710 in future cash flow, with an estimated present value gain of \$1,520,664. The differences between the acquisition prices and net carrying values of the refunded bonds generated deferred accounting losses which are reported as deferred outflows of resources. The total deferred accounting loss was \$334,591, all of which will be amortized into interest expense in future years as described in Note 3.

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.

Note 5 - Capital Lease Obligations

A summary of capital lease obligations ending balances and transactions for the years ended December 31, 2019 and 2018, is as follows:

	December 31,	
	2019	2018
Capital lease for the purchase of parking garage access and revenue control systems, quarterly payments of \$18,222, \$23,549, and \$25,010 including interest ranging from 3.484% to 4.132%, and maturity dates ranging from November 2019 to October 2020	\$ 75,151	\$ 341,144
Capital lease for the purchase of multi-space meters, monthly payments of \$16,019 including interest of 3.06%, and maturity date of February 2023	608,706	800,929
	683,857	1,142,073
Less amount representing interest	31,805	62,425
Present value of long-term obligation under capital lease	<u>\$ 652,052</u>	<u>\$ 1,079,648</u>

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

Notes to Financial Statements
December 31, 2019 and 2018

Note 5 - Capital Lease Obligations - Continued

A summary of the Authority's capital lease obligations is as follows:

	December 31, 2019 and 2018					
	Balance January 1, 2018	2018 Additions	2018 Reductions	Balance December 31, 2018	2019 Additions	2019 Reductions
Capital lease obligations	\$ 631,101	\$ 890,150	\$ 441,603	\$ 1,079,648	\$ -	\$ 427,596
						\$ 652,052

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

	Principal	Interest	Totals
For the year ending December 31,			
2020	\$ 249,571	\$ 17,803	\$ 267,374
2021	182,452	9,771	192,223
2022	188,114	4,109	192,223
2023	31,915	122	32,037
	<u>\$ 652,052</u>	<u>\$ 31,805</u>	<u>\$ 683,857</u>

The total cost of capital assets acquired under the capital lease arrangements was \$1,212,045 and \$2,069,405 at December 31, 2019 and 2018, respectively. The related accumulated depreciation was \$366,911 and \$1,044,052 at December 31, 2019 and 2018, respectively.

Interest expense on the capital lease obligation for the years ended December 31, 2019 and 2018 was \$30,620 and \$62,425, respectively.

Note 6 - Pension Plans

a. Plan Description and Benefits Provided

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

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.

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

Notes to Financial Statements
December 31, 2019 and 2018

Note 6 - Pension Plans - Continued

b. Contributions

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

2019	\$ 228,096
2018	219,121
2017	212,994

These contributions were equal to 100% of the actuarially required contributions for each respective fiscal year.

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

At December 31, 2019 and 2018, the Authority reported a liability of \$495,395 and \$228,276, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of April 1, 2018 and 2017, respectively. 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.

At December 31, 2019 and 2018, the Authority's proportion was 0.00699190% and 0.0070730%, respectively.

For the years ended December 31, 2019 and 2018, the Authority recognized pension expense of \$314,992 and \$277,966, respectively. The Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at December 31, 2019 and 2018:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 97,554	\$ 33,255	\$ 81,419	\$ 67,281
Changes of assumptions	124,522	-	151,366	-
Net differences between projected and actual investment earnings on pension plan investments	-	127,146	331,553	654,453
Changes in proportion and differences between employer contributions and proportionate share of contributions	57,955	101,997	87,880	84,099
Authority contributions subsequent to the measurement date	228,096	-	219,121	-
Total	<u>\$ 508,127</u>	<u>\$ 262,398</u>	<u>\$ 871,339</u>	<u>\$ 805,833</u>

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

Notes to Financial Statements
December 31, 2019 and 2018

Note 6 - Pension Plans - Continued

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

Deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. 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,	
2020	\$ 99,585
2021	(110,158)
2022	(26,729)
2023	<u>54,935</u>
Total	<u>\$ 17,633</u>

d. Actuarial Assumptions

The total pension liability at March 31, 2019 and 2018 was determined by using an actuarial valuation as of April 1, 2018 and April 1, 2017, respectively, with updated procedures used to roll forward the total pension liability to March 31, 2019 and March 31, 2018. The actuarial valuation used the following actuarial assumptions, which were the same for each year:

Actuarial cost method	Entry age normal
Inflation rate	2.50%
Salary scale	3.80%, indexed by service
Investment rate of return, including inflation	7.00%, compounded annually, net of investments
Cost of living adjustment	1.30%
Decrement	Based on FY 2011-2015 experience
Mortality improvement	System Experience and Society of Actuaries Scale MP-2014

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.

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

Notes to Financial Statements
December 31, 2019 and 2018

Note 6 - Pension Plans - Continued

e. Investment Asset Allocation

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

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies	2.00%	3.75%
Opportunistic portfolio	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation-indexed bonds	4.00%	1.25%
	100.00%	

f. Discount Rate

The discount rate projection of cash flows 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.

g. 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 as of December 31, 2019 calculated using the discount rate of 7.0%, as well as what the Authority's proportionate share of the net pension liability or asset would be as of December 31, 2019, if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability (asset)	\$ 2,165,946	\$ 495,395	\$ (907,986)

Albany Parking Authority
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Notes to Financial Statements
December 31, 2019 and 2018

Note 6 - Pension Plans - Continued

h. Pension Plan Fiduciary Net Position

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability (asset)	\$ 2,165,946	\$ 495,395	\$ (907,986)

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

	2019	2018
Employers' total pension liability	\$ 189,803,429	\$ 183,400,590
Plan net position	<u>(182,718,124)</u>	<u>(180,173,145)</u>
Employers' net pension liability	<u>\$ 7,085,305</u>	<u>\$ 3,227,445</u>
Ratio of plan net position to the employers' total pension liability	<u>96.27%</u>	<u>98.24%</u>

i. Deferred Compensation Plan

The Authority participates in the State of New York Deferred Compensation Plan organized in accordance with Section 457 of the Internal Revenue Code and Section 5 of the State Finance Law of the State of New York. Participation in the plan for eligible Authority employees is considered voluntary. There were 15 and 12 employees participating in this plan at December 31, 2019 and 2018, respectively. The Authority is not required to, and did not, make contributions to the Plan.

Note 7 - Postemployment Benefits Other Than Pensions (OPEB)

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. A summary of active employees and retirees and survivors covered under this benefit program as of December 31, 2019 and 2018 (using measurement dates of January 1, 2019 and 2018, respectively) is as follows:

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

Notes to Financial Statements
December 31, 2019 and 2018

Note 7 - Postemployment Benefits Other Than Pensions (OPEB) - Continued

a. Benefit Description - Continued

	<u>2019</u>	<u>2018</u>
Active employees	38	35
Retirees and survivors	<u>6</u>	<u>6</u>
Total	<u>44</u>	<u>41</u>

b. Funding Policy

The contribution requirements of benefit plan members and the Authority are established pursuant to applicable collective bargaining and employment agreements. The required rates of the employer and the members may vary depending on the applicable agreement. The Authority is not required to fund the benefit plan other than on the pay-as-you-go amount necessary to provide current benefits to retirees. For the years ended December 31, 2019 and 2018, the Authority paid \$57,365 and \$51,055, respectively, on behalf of plan members. The benefit plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the benefit plan.

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

At December 31, 2019 and 2018, the Authority reported an OPEB liability of \$6,089,727 and \$6,751,494, respectively. The OPEB liability was measured as of December 31, 2019 and 2018 by actuarial valuations as of January 1, 2019 and 2018, respectively. For the years ended December 31, 2019 and 2018, the Authority recognized OPEB expense of \$532,174 and \$502,077, respectively. At December 31, 2019 and 2018, the Authority reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	<u>2019</u>		<u>2018</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 346,472	\$ 678,015	\$ 392,545	\$ -
Differences between expected and actual experience	-	326,401	-	-
Authority contributions subsequent to the measurement date	<u>49,347</u>	<u>-</u>	<u>57,365</u>	<u>-</u>
Total	<u>\$ 395,819</u>	<u>\$ 1,004,416</u>	<u>\$ 449,910</u>	<u>\$ -</u>

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

Notes to Financial Statements
December 31, 2019 and 2018

Note 7 - Postemployment Benefits Other Than Pensions (OPEB) - Continued

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

Contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31,

2020	\$ (86,087)
2021	(86,087)
2022	(86,087)
2023	(86,087)
2024	(86,087)
2025 and thereafter	<u>(227,509)</u>
2020	-
Thereafter	<u>-</u>
 Total	 <u><u>\$ (657,944)</u></u>

d. Methods and Assumptions

The total OPEB liability in the December 31, 2019 and 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	January 1, 2019 (2019) January 1, 2017 (2018)
Measurement date	January 1, 2019 (2019) January 1, 2018 (2018)
Actuarial cost method	Entry age normal - level percent of pay (2019 and 2018)
Discount rate	4.10% (2019) 3.44% (2018) Source: Bond Buyer Weekly 20-Bond GO Index
Health Care Cost Trend Rates	Society of Actuaries Long-Run Medical Cost Trend Model (2019 and 2018)
Salary scale	2.75% (2019 and 2018)
Rate of inflation	2.40% (2019) 2.22% (2018)
Mortality - actives	RPH-2014 mortality table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2019 (2019) MP-2017 (2018)
Mortality - retirees	RPH-2014 mortality table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2019 (2019) MP-2017 (2018)
Turnover	Rates of decrement due to turnover based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation June 2019 (2019) September 2016 (2018)
Election percentage	100% - retiree (2019 and 2018) 90% - retiree's spouse (2019 and 2018) 0% - surviving spouse (2019 and 2018)
Marriage rate	70% of retirees estimated to be married at the time of their retirement, with the male spouse assumed to be approximately 3 years older than the female (2019 and 2018)

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

Notes to Financial Statements
December 31, 2019 and 2018

Note 7 - Postemployment Benefits Other Than Pensions (OPEB) - Continued

e. Changes in the OPEB Liability

	<u>2019</u>	<u>2018</u>
Balance, beginning of the year	\$ 6,751,494	\$ 5,861,854
Changes for the year		
Service cost	290,903	271,212
Interest	241,271	230,865
Differences between expected and actual experience	(369,348)	-
Changes in assumptions and other inputs	(767,228)	438,618
Benefit payments	<u>(57,365)</u>	<u>(51,055)</u>
Balance, end of the year	<u>\$ 6,089,727</u>	<u>\$ 6,751,494</u>

f. Sensitivity to the Employer's Proportionate Share of the OPEB Liability to Changes in the Health Care Trend Rate and Discount Rate

The following presents the OPEB liability as of December 31, 2019 using current health care cost trend rates as well as what the OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower and 1% higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rates</u>	<u>1% Increase</u>
Accrued postemployment health benefits	\$ 4,909,108	\$ 6,089,727	\$ 7,655,748

The following presents the OPEB liability as of December 31, 2019 calculated using the discount rate of 4.10%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease 3.10%</u>	<u>Current Discount 4.10%</u>	<u>1% Increase 5.10%</u>
Accrued postemployment health benefits	\$ 7,431,765	\$ 6,089,727	\$ 5,046,030

Albany Parking Authority
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Notes to Financial Statements
December 31, 2019 and 2018

Note 8 - Transactions with the City

On January 1, 2015, the Authority entered into an 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 expires December 31, 2022. 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.

The agreement also requires the City to annually pay the costs incurred by the Authority 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 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 costs incurred by the Authority under this agreement during 2019 and 2018, net of the licensing fee, amounted to \$489,013 and \$554,142, respectively. The City owed the Authority \$213,212 and \$298,229 at December 31, 2019 and 2018, respectively.

The Authority's obligations under the agreement are subject and subordinate to the Authority's obligations to pay scheduled debt service on its bond obligations (Note 4) as defined in the agreement.

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

Note 9 - Commitments

The Authority leases a portion of Garage #2 to the United States Postal Service (Postal Service) pursuant to an agreement expiring June 2024.

Rental payments amounted to \$114,400 and \$110,000 during the years ended December 31, 2019 and 2018, respectively. Future minimum annual rentals receivable under the lease at December 31, 2019 are as follows:

For the year ending December 31,

2020	\$ 118,800
2021	118,800
2022	118,800
2023	118,800
2024	59,400
	<hr/>
	\$ 534,600

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

Notes to Financial Statements
December 31, 2019 and 2018

Note 10 - Accounting Pronouncement Issued But Not Yet Implemented

GASB Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and the recognition of inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the end of a Construction Period*. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 92, *Omnibus 2020*. This statement addresses a variety of topics including leases, intra-entity transfers, fiduciary activities, public entity risk pools/reinsurance recoveries, fair value measurements, and derivative instrument terminology. Guidance related to leases, reinsurance recoveries and derivative instrument terminology was effective upon the issuance of the standard in January 2020. The remaining components of this standard are effective for periods beginning after June 15, 2020.

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

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's proportion of the net pension liability	0.0069919%	0.0070730%	0.0063876%	0.0047966%	0.0035951%
Authority's proportionate share of the net pension liability	\$ 495,395	\$ 228,276	\$ 600,192	\$ 769,869	\$ 121,453
Authority's covered-employee payroll	\$ 1,672,895	\$ 1,565,631	\$ 1,550,338	\$ 1,493,836	\$ 1,561,158
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	29.61%	14.58%	38.71%	51.54%	7.78%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.68%	97.95%

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

Albany Parking Authority
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**Required Supplementary Information
Schedule of Local Government Pension Contributions**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 228,096	\$ 219,121	\$ 212,994	\$ 211,462	\$ 223,476	\$ 143,412	\$ 146,011	\$ 171,675	\$ 129,810	\$ 107,923
Contributions in relation to the contractually required contribution	228,096	219,121	212,994	211,462	223,476	143,412	146,011	171,675	129,810	107,923
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Authority's covered-employee payroll	1,672,895	1,565,631	1,550,338	1,493,836	1,561,158	798,234	837,275	921,641	926,878	935,046
Contribution as a percentage of covered-employee payroll	13.63%	14.00%	13.74%	14.16%	14.31%	17.97%	17.44%	18.63%	14.01%	11.54%

See Independent Auditor's Report.

Albany Parking Authority
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Required Supplementary Information
Schedule of Other Postemployment Benefits Liability

	<u>2019</u>	<u>2018</u>
Balance, beginning of the year	<u>\$ 6,751,494</u>	<u>\$ 5,861,854</u>
Changes for the year		
Service cost	290,903	271,212
Interest	241,271	230,865
Changes in assumptions and other inputs	(767,228)	438,618
Differences between expected and actual experience	(369,348)	-
Benefit payments	<u>(57,365)</u>	<u>(51,055)</u>
Net changes for the year	<u>(661,767)</u>	<u>889,640</u>
Balance, end of the year	<u>\$ 6,089,727</u>	<u>\$ 6,751,494</u>
Covered payroll	1,586,614	1,587,911
Liability as a percentage of covered payroll	383.82%	425.18%

Data not available prior to the 2018 implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*.

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

Supplementary Information - Schedules of Revenues and Expenses by Operating Department

	Year Ended December 31, 2019							
	Garage #1	Garage #2	Garage #3	Parking Meters	Surface Lots	Office/ Administration	Enforcement	Total
OPERATING REVENUES	\$ 1,373,217	\$ 1,737,808	\$ 958,632	\$ 2,788,172	\$ 237,799	\$ -	\$ 1,448,013	\$ 8,543,641
OPERATING EXPENSES								
Salaries and benefit expenses	1,958	5,193	197	109,788	-	1,551,287	1,396,001	3,064,424
Repairs and maintenance	184,076	63,131	54,699	6,325	23,148	44,259	92,190	467,828
Utilities	16,748	16,462	32,866	-	-	-	-	66,076
Professional fees	-	2,750	8,354	-	-	153,989	55,242	220,335
Depreciation	199,877	289,806	344,536	253,460	30,593	18,705	96,266	1,233,243
Meter supplies and equipment	-	-	-	14,634	-	-	-	14,634
Licensing fee	-	-	-	959,000	-	-	-	959,000
Insurance	-	-	-	-	-	140,946	-	140,946
Computerization	2,940	11,580	-	121,377	4,214	112,392	294	252,797
Credit card fees	12,236	17,818	12,229	196,858	5,600	-	-	244,741
Miscellaneous	15,719	15,463	17,620	6,170	120,749	212,935	61,142	449,798
Total operating expenses	433,554	422,203	470,501	1,667,612	184,304	2,234,513	1,701,135	7,113,822
Operating income (loss)	939,663	1,315,605	488,131	1,120,560	53,495	(2,234,513)	(253,122)	1,429,819
NONOPERATING REVENUE (EXPENSES)								
Interest income	12,580	12,580	12,580	-	-	-	-	37,740
Bond issuance Costs	-	-	-	-	-	-	-	-
Amortization of bond insurance premiums and deferred losses	(16,016)	(16,016)	(16,017)	-	-	-	-	(48,049)
Interest expense	(152,959)	(160,209)	(149,193)	(20,589)	-	-	-	(482,950)
Gain (loss) on disposal of capital assets	1,681	1,817	1,856	(24,380)	803	-	-	(18,223)
Allocation of administration expenses	(365,789)	(388,358)	(395,061)	(924,863)	(160,438)	2,234,509	-	-
Total nonoperating revenue (expenses)	(520,503)	(550,186)	(545,835)	(969,832)	(159,635)	2,234,509	-	(511,482)
Excess (deficiency) of revenues over expenses	\$ 419,160	\$ 765,419	\$ (57,704)	\$ 150,728	\$ (106,140)	\$ (4)	\$ (253,122)	\$ 918,337

See Independent Auditor's Report.

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

Supplementary Information - Schedules of Revenues and Expenses by Operating Department – Continued

	Year Ended December 31, 2018							
	Garage #1	Garage #2	Garage #3	Parking Meters	Surface Lots	Office/ Administration	Enforcement	Total
OPERATING REVENUES	\$ 1,366,178	\$ 1,666,405	\$ 897,213	\$ 2,702,770	\$ 208,390	\$ -	\$ 1,356,642	\$ 8,197,598
OPERATING EXPENSES								
Salaries and benefit expenses	2,516	9,019	451	132,948	-	1,449,580	1,441,104	3,035,618
Repairs and maintenance	106,570	234,887	95,687	8,200	19,500	38,825	77,322	580,991
Utilities	17,481	16,197	37,830	-	-	-	-	71,508
Professional fees	556	7,156	9,856	-	-	171,720	13,539	202,827
Depreciation	193,282	278,628	341,743	475,385	34,232	13,853	39,368	1,376,491
Meter supplies and equipment	-	-	-	40,041	-	-	-	40,041
Licensing fee	-	-	-	802,500	-	-	-	802,500
Insurance	-	-	-	-	-	136,135	-	136,135
Computerization	5,183	11,694	354	102,394	3,948	86,866	7,971	218,410
Credit card fees	13,722	16,758	11,796	144,785	2,936	-	-	189,997
Miscellaneous	15,014	34,595	45,218	18,146	47,918	176,097	97,409	434,397
Total operating expenses	354,324	608,934	542,935	1,724,399	108,534	2,073,076	1,676,713	7,088,915
Operating income (loss)	1,011,854	1,057,471	354,278	978,371	99,856	(2,073,076)	(320,071)	1,108,683
NONOPERATING REVENUE (EXPENSES)								
Interest income	11,508	11,508	11,508	-	-	-	-	34,524
Bond Issuance Costs	(51,934)	(51,934)	(51,934)	-	-	-	-	(155,802)
Amortization of bond insurance premiums and deferred losses	(15,130)	(15,130)	(15,130)	-	-	-	-	(45,390)
Interest expense	(160,678)	(166,817)	(159,993)	(21,669)	-	-	-	(509,157)
Gain on disposal of capital assets	1,173	1,291	1,320	11,187	605	-	-	15,576
Allocation of administration expenses	(335,986)	(369,795)	(378,248)	(855,812)	(173,276)	2,113,117	-	-
Total nonoperating revenue (expenses)	(551,047)	(590,877)	(592,477)	(866,294)	(172,671)	2,113,117	-	(660,249)
Excess (deficiency) of revenues over expenses	\$ 460,807	\$ 466,594	\$ (238,199)	\$ 112,077	\$ (72,815)	\$ 40,041	\$ (320,071)	\$ 448,434

See Independent Auditor's Report.

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

Supplementary Information – Schedule of Capital Assets

	December 31, 2019							
	Garage #1	Garage #2	Garage #3	Parking Meters/ Other Equipment	Surface Lots	Office/ Administration	Enforcement	Total
Land	\$ -	\$ 2,537,493	\$ 1,237,188	\$ -	\$ -	\$ -	\$ -	\$ 3,774,681
Garages and improvements	5,082,965	7,301,849	9,430,067	-	-	-	-	21,814,881
Furniture and equipment	584,114	509,685	498,953	-	22,872	134,339	301,840	2,051,803
Meters and other equipment	-	-	-	1,212,045	-	-	-	1,212,045
	5,667,079	10,349,027	11,166,208	1,212,045	22,872	134,339	301,840	28,853,410
Less accumulated depreciation	4,609,175	5,985,454	4,417,911	366,911	14,867	48,250	137,961	15,580,529
Net capital assets	\$ 1,057,904	\$ 4,363,573	\$ 6,748,297	\$ 845,134	\$ 8,005	\$ 86,089	\$ 163,879	\$ 13,272,881
	December 31, 2018							
	Garage #1	Garage #2	Garage #3	Parking Meters/ Other Equipment	Surface Lots	Office/ Administration	Enforcement	Total
Land	\$ -	\$ 2,537,493	\$ 1,237,188	\$ -	\$ -	\$ -	\$ -	\$ 3,774,681
Garages and improvements	4,970,356	7,301,849	9,400,762	-	-	-	-	21,672,967
Furniture and equipment	584,114	515,452	498,953	-	139,213	103,126	202,928	2,043,786
Meters and other equipment	-	-	-	2,069,405	-	-	-	2,069,405
	5,554,470	10,354,794	11,136,903	2,069,405	139,213	103,126	202,928	29,560,839
Less accumulated depreciation	4,409,299	5,701,415	4,073,375	1,044,052	100,615	32,532	41,695	15,402,983
Net capital assets	\$ 1,145,171	\$ 4,653,379	\$ 7,063,528	\$ 1,025,353	\$ 38,598	\$ 70,594	\$ 161,233	\$ 14,157,856



**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 the 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 financial statements of the Albany Parking Authority, (Authority), a component unit of the City of Albany, New York, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 17, 2020.

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 a 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Albany, New York
March 17, 2020

BST & CO. CPAs, LLP