

FUND BALANCE

The Undesignated, Un-appropriated Fund Balance is one measure of Albany County's overall financial health. Also known as surplus, the fund balances listed on the next page can be appropriated by the Legislature as part of the budget process to address instances in which appropriations exceed anticipated revenues. If, by the end of the fiscal year, actual expenditures exceeded revenues received, the surplus can also be used to offset the shortfall in revenue. Conversely, if revenues received exceed expenditures, the surplus will increase at the end of the year. The fund balance can be appropriated only as part of the budget process and cannot be appropriated or utilized once the budget has been adopted. It is important to note that a fund balance is an accounting tool and isn't completely backed by cash in the same manner as reserves.

The information in the chart on the next page, as reported in the County's Annual Financial Report to the State Comptroller's Office, is a snap shot of the conditions on December 31, 2014. The surplus is used as a diagnostic tool by rating agencies to determine the County's credit rating and risk when it is seeking funding through the issuance of bonds or bond anticipation notes.

As the chart below indicates, the County's surplus diminished significantly during the 'Great Recession'. In 2009, the fund balance for the General Fund dipped to a low of \$16.6 million. At the end of 2011, the fund balance was approximately \$23.2 million - by the end of 2014 the General Fund balance had grown to \$39.7 million—an increase of more than 70% since the beginning of the current administration and the highest level in recent memory. Our proposed fund balance for 2016 is \$39.7 million.

The consistent use of surplus to meet spending needs not backed by revenue has impacted the County's credit rating. In July 2010, The County's Aa2 credit rating was given a negative outlook by Moody's Investor Services. In September 2011, Moody's downgraded the County's credit rating once again, resulting in a change in grade level from Aa2 to Aa3. This rating was re-affirmed in the summer of 2013 and has remained stable since. The increase in our closing balance signifies that the County's financial outlook is improving and once this trend is solidified, improvement in the County's credit rating should follow.

The projected fund balance at the close of 2016 for the General Fund represents 7.6 percent of its \$523 million operational budget. Recommended guidelines for municipalities range from 10 – 15%.

UNAPPROPRIATED UNDESIGNATED FUND BALANCE BY FUND

	Fund Balance Available Close 2003	Change During 2004	Fund Balance Available Close 2004	Change During 2005	Fund Balance Available Close 2005	Change During 2006	Fund Balance Available Close 2006	Change During 2007	Fund Balance Available Close 2007
General	\$31,072,770	\$(5,156,181)	\$25,916,589	\$1,833,484	\$27,750,073	\$2,378,915	\$30,128,988	\$2,823,360	\$32,952,348
Road	\$259,627	\$120,445	\$380,072	\$(298,039)	\$82,033	\$280,605	\$362,638	\$63,492	\$426,130
Road Machinery	\$26,300	\$70,064	\$96,364	\$(38,272)	\$58,092	\$46,607	\$104,699	\$(99,004)	\$5,695
Sewer	\$2,037,189	\$(922,092)	\$1,115,097	\$658,632	\$1,773,729	\$1,727,231	\$3,500,960	\$(1,854,271)	\$1,646,689
Nursing Home	\$687,590	\$(635,184)	\$52,406	\$2,337,927	\$2,390,333	\$(659,324)	\$1,731,009	\$(5,412,737)	\$(3,681,728)
Total	\$34,083,476	\$(6,522,948)	\$27,560,528	\$4,493,732	\$32,054,260	\$3,774,034	\$35,828,294	\$(4,479,160)	\$31,349,134

	Change During 2008	Fund Balance Available Close 2008	Change During 2009	Fund Balance Available Close 2009	Change During 2010	Fund Balance Available Close 2010	Change During 2011	Fund Balance Available Close 2011	Change During 2012	Fund Balance Available Close 2012
General	\$(3,620,731)	\$29,331,617	\$(12,695,500)	\$16,636,117	\$2,940,634	\$19,576,751	\$3,613,926	\$23,190,677	\$4,160,229	\$27,350,906
Road	\$(407,955)	\$18,175	\$(1,970)	\$16,205	\$157,893	\$174,098	\$(14,473)	\$159,625	\$117,227	\$276,852
Road Machinery	\$52,141	\$57,836	\$122,778	\$180,614	\$(76,380)	\$104,234	\$(38,636)	\$65,598	\$(35,896)	29,702
Sewer	\$(397,667)	\$1,249,022	\$964,147	\$2,213,169	\$1,218,257	\$3,431,426	\$213,049	\$3,644,475	\$(35,896)	\$3,603,184
Nursing Home	\$3,011,163	\$(670,565)	\$1,346,069	\$675,504	\$(117,265)	\$558,239	\$3,023,911	\$3,582,150	\$(787,807)	\$4,369,957
Total	\$(1,363,049)	\$29,986,085	\$(10,264,476)	\$19,721,609	\$4,123,139	\$23,844,748	\$6,797,777	\$30,642,525	\$(1,200,000)	\$35,630,601

	Change During 2013	Fund Balance Close 2013	Change During 2014	Fund Balance Close 2014	Projected Change During 2015	Projected Fund Balance Close 2015	Proposed Change During 2016	Proposed Fund Balance Close 2016
General	\$7,511,996	\$34,862,902	\$4,874,156	\$39,737,058	\$0	\$39,737,058	\$0	\$39,737,058
Road	\$805,493	\$1,082,345	\$814,185	\$1,896,530	\$0	\$1,896,530	\$0	\$1,896,530
Road Machinery	\$(18,851)	\$10,851	\$255,412	\$266,263	\$0	\$266,263	\$0	\$266,263
Sewer	\$(95,705)	\$3,507,479	\$299,525	\$3,807,004	\$(1,300,000)	\$2,507,004	\$(1,500,000)	\$1,007,004
Nursing Home	\$115,735	\$4,485,692	\$2,219,941	\$6,705,633	\$0	\$6,705,633	\$0	\$6,705,633
Total	\$8,318,668	\$43,949,269	\$8,463,219	\$52,412,488	\$(1,300,000)	\$51,112,488	\$(1,500,000)	\$49,612,488

RESERVES

BACKGROUND

Albany County has established a number of reserve funds, which are segregated from the operating budget and intended to provide resources to meet future needs, contingencies, and capital outlays. These reserves were created through discretionary means and to satisfy certain legal obligations. Included in this section is a summary of Albany County's reserve accounts, along with the intended use of any reserve funds in 2016.

RESERVE ACCOUNTS AND RECOMMENDED USES

The table on the following page provides a description of Albany County's reserve accounts and the intended 2014 appropriation.

<u>RESERVE TITLE</u>	<u>Reserve Balanc- es Close of 2013</u>	<u>Reserve Balanc- es Close of 2014</u>	<u>Estimated Re- serve Balances Close of 2015</u>	<u>Proposed Use of Reserves for 2016</u>	<u>Projected Re- serve Balances Close of 2016</u>	<u>PURPOSE</u>
E 911	\$ 1,486,408	\$ 1,550,673	\$ 1,550,673		\$ 1,550,673	Emergency Telephone System
DWI	\$ 173,266	\$ 265,916	\$ 265,916		\$ 265,916	Stop DWI Program
Stormwater Coalition	\$ 15,096	\$ 81,075	\$ 81,075	\$ 3,049	\$ 78,026	Stormwater Management
EMS Ambulance Program	\$ 60,123	\$ 20,403	\$ 20,403		\$ 20,403	Ambulance Program
Tax Stabilization		\$ 150,065			\$ -	Reduce Levy
Employee Benefits	\$ -		\$ -		\$ -	Post employment health insurance benefits
Debt	\$ 3,881,728	\$ 7,702,815	\$ 7,702,815		\$ 7,702,815	Payment of debt service
Civic Center Debt	\$ 6,446,522	\$ 6,662,177	\$ 6,662,177		\$ 6,662,177	Payment for civic center debt
Civic Center Capital Reserve	\$ 1,363,332	\$ 1,363,332	\$ 1,363,332		\$ 1,363,332	Capital Improvement or eligible equipment
Capital Projects	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000		\$ 1,000,000	Capital Improvement or eligible equipment
Capital Repairs	\$ 2,955,750	\$ 2,955,750	\$ 2,955,750		\$ 2,955,750	Repairs to Capital Improvements or eligible equipment
Economic Development	\$ 1,111,250	\$ 1,111,250	\$ 1,111,250		\$ 1,111,250	Vista Technology Park
Workers Compensation	\$ 9,406,595	\$ 9,948,500	\$ 9,948,500		\$ 9,948,500	Workers Compensation
Insurance	\$ 279,170	\$ 279,170	\$ 279,170		\$ 279,170	General Liability Insurance
Sewer Capital Repairs	\$ 216,626	\$ 216,626	\$ 216,626		\$ 216,626	Repairs to Capital Improvements or eligible equipment
Sewer Repairs	\$ 354,609	\$ 354,609	\$ 254,609		\$ 254,609	Repairs
Sewer Debt	\$ 486,823	\$ 830,904	\$ 730,904	\$ 100,000	\$ 630,904	Payment of debt service
Sewer Retirement	\$ 251,561	\$ 251,561	\$ 251,561		\$ 251,561	Payment for retirement contribution
Nursing Home Capital Projects	\$ 319,154	\$ 247,539	\$ 247,539		\$ 247,539	Costs associated with new facility
Nursing Home Debt	\$ 310,010	\$ 310,357	\$ 310,357		\$ 310,357	Payment of debt service
Hospital and Medical Insurance	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000		\$ 5,000,000	Requirement of insurance administrator