CITY OF ALBANY, NEW YORK

Basic Financial Statements
Supplementary Information and
Independent Auditors' Report

December 31, 2025

CITY OF ALBANY, NEW YORK

Table of Contents

	Page
Independent Auditor's Report	1 - 4
Management's Discussion and Analysis	5 - 10
Basic Financial Statements:	
Statement of Net Position - Governmental Activities	11
Statement of Activities - Governmental Activities	12
Balance Sheet - Governmental Funds	13
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	14
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	16
Statement of Net Position - Discretely Presented Component Units	17
Statement of Activities - Discretely Presented Component Units	18
Statement of Changes in Fiduciary Net Position - Custodial Fund	19
Notes to Financial Statements	20 - 52
Required Supplementary Information:	
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual - General Fund	53
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual - Special Revenue Fund	54
Schedule of Changes in the City's Total OPEB Liability and Related Ratios	55
Schedule of the City's Proportionate Share of the Net Pension Liability - PFRS	56
Schedule of the City's Pension Contributions - PFRS	57
Schedule of the City's Proportionate Share of the Net Pension Asset/Liability - ERS	58
Schedule of the City's Pension Contributions - ERS	59

CITY OF ALBANY, NEW YORK

Table of Contents, Continued

	Page
Other Supplementary Information:	
Combining Statement of Net Position - Nonmajor Discretely Presented Component Units	60
Combining Statement of Activities - Nonmajor Discretely Presented Component Units	61
Independent Auditor's 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	62 - 63
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	64 - 66
Schedule of Expenditures of Federal Awards	67
Notes to Schedule of Expenditures of Federal Awards	68
Schedule of Findings and Questioned Costs	69 - 70
Status of Prior Year Audit Findings	71
Corrective Action Plan	72

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Administration
City of Albany, New York:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remining fund information of the City of Albany, New York (the City), as of and for the year ended December 31, 2025, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remining fund information of the City, as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Albany Parking Authority, the City of Albany Industrial Development Agency, the Albany Port District Commission, the City of Albany Capital Resource Corporation, the Lark Street Area District Management Association, Inc., the Central District Management Association, Inc., or the Downtown Albany Restoration Program, Inc., which represent 43%, 56% and 44% of the assets, net position, and revenue, respectively, of the aggregate discretely presented component units. We did not audit the financial statements of the Albany Community Development Agency which represent 15%, 1% and 4% of the assets, fund balance, and revenue of the governmental funds. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those aggregate discretely presented component units, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Central District Management Association, Inc. and the Downtown Albany Restoration Program, Inc. were not audited in accordance with Government Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in notes 18 and 19 to the financial statements, restatements of prior year financial statements and a change in the financial reporting entity were made during the year ended December 31, 2025. Our opinions are not modified with respect to this matter.

As discussed in note 1(c) to the financial statements, certain discretely presented component units are presented as of and for the year ended December 31, 2024. Additionally, one of the discretely presented component units is excluded from these financial statements. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the additional information on pages 53 through 59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying other supplementary information on pages 60 and 61 and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has

been subjected to the auditing procedures applied in the audit 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 GAAS. In our opinion, the other supplementary information and the schedule of expenditures of federal awards 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 September 25, 2026, on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
September 25, 2026

CITY OF ALBANY, NEW YORK

Management's Discussion and Analysis

December 31, 2025

As management of the City of Albany, New York (the City), this narrative is an overview and analysis of the financial activities of the City for the year ended December 31, 2025. This is presented here in conjunction with additional information that the City has furnished in the financial statements that follows this narrative.

Financial Highlights

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of 2025 by $435,195,507; a decrease of $37,176,570 from 2024.
- At the close of the current year, the City's funds reported a total ending deficit fund balance of $114,790,187, a decrease of $89,073,279 from the previous year.
- At the end of the current year, the unassigned fund balance for the General Fund was a deficit of $11,034,604.
- At the end of the current year, the General Fund, the Special Revenue Fund, and the Capital Projects Fund all have fund balance deficits.
- The City issue new subscription-based information technology arrangements (SBITAs) of $1,715,622.
- The City made corrections of errors to certain December 31, 2024 balances related to the accounting for pensions.

Overview of the Financial Statements

The City's basic financial statements consist of three components; 1) government-wide financial statements 2) fund financial statements and 3) notes to financial statements. The basic financial statements present two different views of the City's fiscal positions through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplementary information that will enhance the understanding of the financial condition of the City.

Basic Financial Statements

The first two statements in the basic financial statements are the government-wide financial statements. They provide both short and long-term information about the City's financial status. The next statements are fund financial statements. These statements focus on the activities of the individual parts of the City's government.

The next section of the basic financial statements are the notes. The notes to financial statements help explain the information contained in the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole. The two government-wide statements report the City's net position and how it has changed from the previous year. Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Measuring net position is one way to gauge the financial condition of the City.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The City uses fund accounting to ensure and reflect compliance with finance related legal requirements such as general statutes or laws. All funds of the City can be divided into two categories: governmental funds or fiduciary funds.

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using the modified accrual method of accounting that provides a short-term spending focus. As a result, the governmental fund financial statements give a detailed short-term view that helps determine if there are more or less financial resources available to finance the City's programs. The relationship between governmental activities reported in the government-wide financial statements and the fund financial statements is described in two reconciliations that are part of the basic financial statements.

The City adopts an annual budget for its General Fund and the Special Revenue Fund. The budget is a legally adopted document that incorporates input from the citizens, the management of the City and the decisions of the City Common Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary schedules provided for the General Fund and the Special Revenue Fund that follows the notes to the financial statements demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison schedules uses the budgetary basis of accounting in the same format and classifications as the legal budget document.

The statement shows four columns: 1) the original budget as adopted by the City Common Council; 2) the final budget as amended by the City Common Council; 3) the actual revenue and expenditures; and 4) the difference between the final budget and the actual revenue and expenditures.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found immediately following the fund financial statements.

Government-wide Financial Analysis

Below are comparative statements of net position for the City as of December 31, 2025 and 2024.

Statements of Net Position

	2025	2024*
Current and other assets	$ 81,253,684	124,913,184
Capital assets, net	319,532,752	283,931,486
Total assets	400,786,436	408,844,670
Deferred outflows of resources	96,011,000	120,826,076
Total assets and deferred outflows of resources	$ 496,797,436	529,670,746
Current liabilities	211,609,232	151,828,382
Long-term liabilities	556,294,751	552,380,787
Total liabilities	767,903,983	704,209,169
Deferred inflows of resources	164,088,960	223,480,514
Net position:		
Net investment in capital assets	112,754,823	202,569,087
Restricted	2,662,096	6,428,733
Unrestricted (deficit)	(550,612,426)	(607,016,757)
Total net position (deficit)	(435,195,507)	(398,018,937)
Total liabilities, deferred inflows of resources and net position	$ 496,797,436	529,670,746

* Restated for corrections of errors.

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The liabilities and deferred inflows of resources of the City exceeded assets and deferred outflows of resources by $435,195,507 as of December 31, 2025. The City's net position decreased by $37,176,570 for the year ended December 31, 2025. The largest portion of net position reflects the City's net investment in capital assets (e.g. land, buildings, machinery and equipment); less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of the outstanding debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities.

Several aspects of the City's financial operations that positively influenced the total unrestricted governmental net position are:

- Sales tax revenue continues to remain steady.
- Continued low cost of debt due to the current interest rate structure.
- Review by the City Common Council of all expenditures to control unnecessary spending, including financial analysis of the City funds.

Below are comparative statements of activities for the City's years ended December 31, 2025 and 2024.

Statements of Activities

	2025	2024*
Revenue:		
General revenue:		
Real property taxes	$ 62,261,752	61,667,390
Other tax items	68,509,153	68,789,129
Other	8,592,862	41,583,635
Total general revenue	139,363,767	172,040,154
Program revenue:		
Charges for services	27,011,765	25,281,134
Operating grants and contributions	51,883,154	29,016,898
Capital grants and contributions	20,089,871	25,156,287
Total program revenue	98,984,790	79,454,319
Total revenue	238,348,557	251,494,473
Expenses:		
General government support	83,286,042	55,206,962
Public safety	121,642,875	124,644,856
Health	306,547	-
Transportation	27,256,858	16,523,510
Economic assistance and opportunity	8,092,015	6,448,450
Culture and recreation	7,300,430	5,854,118
Home and community services	20,843,806	21,518,675
Interest	6,796,554	3,635,551
Total expenses	275,525,127	233,832,122
Change in net position	(37,176,570)	17,662,351
Net position (deficit) at beginning of year	(398,018,937)	(417,908,279)
Net position (deficit) at end of year	$ (435,195,507)	(400,245,928)

* 2024 balances are not restated as it is not practical to do so.

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds focus is to provide information on near term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City's financing requirements in the upcoming years. Specifically, unassigned fund balance can be useful measure of a government's net resources available for spending at the end of the year.

As of December 31, 2025, the General Fund's balance was a deficit of $8,238,590 which is a decrease in fund balance of $22,831,600. The Special Revenue Fund's fund balance was a deficit of $900,762 which is a decrease in fund balance of $11,460. The Capital Project Fund's fund balance was a deficit of $106,315,911 which is a decrease in fund balance of $66,042,156. The Albany Community Development Agency's fund balance was $665,076, which is a decrease in fund balance of $188,063.

Capital Assets and Debt Administration

The City's net investment in capital assets for its governmental activities as of December 31, 2025 total $319,532,752. These assets include buildings, roads, land, machinery and equipment, infrastructure and vehicles.

Capital Assets

	2025	2024
Land	$ 1,860,528	1,860,528
Construction-in-progress	74,603,732	25,296,213
Buildings	62,947,368	62,531,792
Machinery and equipment	118,112,052	112,331,537
Infrastructure	514,952,606	514,772,870
Right-to-use leases	921,652	921,652
Right-to-use SBITAs	2,408,957	693,335
Accumulated depreciation/amortization	(456,274,143)	(434,476,441)
Total capital assets, net	$ 319,532,752	283,931,486

Debt Administration

As of December 31, 2025 the City had total bonded debt outstanding of $65,610,000, a decrease of $11,075,000 in debt when compared to the end of 2024 of $76,685,000. Additionally, as of December 31, 2025, the City had $220,452 and $1,715,622 of leases and SBITAs payable, respectively. The City is scheduled to pay $10,408,620 in principal in 2026 on this debt.

Economic Factors and Next Year's Budget and Rates

Budget highlights for the year ended December 31, 2025:

- Actual revenue in the General Fund was $15,506,052 less than budgeted mainly due to real property tax items, nonproperty tax items, fines and forfeitures, and Federal aid.
- Actual expenditures in the General Fund was $2,297,432 more than budgeted mainly due to general government support.

While the City has demonstrated resilience, several recent developments have presented financial challenges that may impact its outlook in the near and long-term future.

In recent years, the City has faced persistent budget shortfalls. The City has relied on the use of fund balance resources and one-time revenues to close these gaps, raising concerns over the sustainability of operations without new recurring revenue sources or cost reductions.

The City remains heavily dependent on New York State (the State) aid, constituting a significant portion of annual revenue. There has been increased risk following recent state budget negotiations and reports of possible reductions or delays in State funding. Any substantial reduction could exacerbate fiscal pressures. The State has committed an additional $20 million to the City in 2026.

Rising costs related to employee pensions and health benefits continue to outpace revenue growth. Recent actuarial reports have highlighted unfunded liability concerns.

Standard and Poors Global Ratings downgraded the City's long-term rating to A from AA on general obligation debt outstanding on July 15, 2026. Citing concerns over budgetary imbalance, reliance on non-recurring revenue, and growing long-term liabilities. If unaddressed, this could increase borrowing costs for future capital projects.

For the year ending December 31, 2026, the City adopted a budget for the General Fund that includes expenditures of $228,408,909 which is an increase from the prior year of 3.0%. Included in that budget is a real property tax levy of $64,555,000 which is an increase of 2.5%.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information should be directed to the Treasurer, City of Albany, City Hall Room 109, 24 Eagle Street, Albany, NY 12207. Complete financial statements of the individual component units can be obtained from their respective administrative offices.

CITY OF ALBANY, NEW YORK
Statement of Net Position
December 31, 2025

	Primary Government Governmental Activities	Component Units
Current assets:		
Cash and equivalents - unrestricted	$ 25,215,095	33,015,697
Cash and equivalents - restricted	2,662,096	10,793,195
Investments	-	15,952,466
Taxes receivable	4,806,985	-
Accounts receivable, net	6,859,483	10,422,982
Grants receivable	-	298,617
Notes receivable	550,000	30,084
Mortgage loans receivable, net	11,280,326	131,970
Lease receivable, current portion	64,512	3,539,421
Due from primary government	-	1,261,315
Due from component units	904,716	-
Due from state and federal	14,112,867	-
Due from other governments	14,335,397	2,322,217
Prepaid expenses	112,610	1,161,467
Other assets	93,177	480,936
Total current assets	80,997,264	79,410,367
Noncurrent assets:		
Capital assets, net	319,532,752	257,208,808
Lease receivable, noncurrent portion	256,420	13,214,111
Total noncurrent assets	319,789,172	270,422,919
Total assets	400,786,436	349,833,286
Deferred outflows of resources:		
Refunding of debt	-	34,803
ERS	13,800,746	1,409,052
PFRS	58,819,984	-
OPEB	23,390,270	2,192,438
Total deferred outflows of resources	96,011,000	3,636,293
Current liabilities:		
Accounts payable	21,239,483	8,785,760
Accrued expenses	3,829,349	3,732,277
Accrued interest	4,087,577	551,815
Due to retirement system	16,933,864	-
Due to other governments	19,695,335	4,632,825
Line of credit	-	2,102,206
Bond anticipation notes payable	121,245,677	-
Due to component units	969,366	-
Due to primary governments	-	904,716
Unearned revenue	11,281,173	215,407
Bonds payable, including premiums, current portion	10,501,356	3,268,248
Due to NYS retirement system, current portion	1,322,432	-
Lease liabilities, current portion	182,505	304,944
SBITAs, current portion	321,115	-
Purchase finance agreements, current portion	-	242,914
Loans payable, current portion	-	41,142
Total current liabilities	211,609,232	24,782,254
Long-term liabilities:		
Bonds payable, including premiums, noncurrent portion	58,855,406	91,922,137
Due to NYS retirement system, noncurrent portion	9,106,392	-
Lease liabilities, noncurrent portion	37,947	1,824,953
SBITAs, noncurrent portion	1,394,507	-
Purchase finance agreements, noncurrent portion	-	49,975
Loans payable, noncurrent portion	-	1,597,774
Security deposits	-	109,641
Compensated absences	26,017,251	-
Judgments and claims	38,816,807	-
Landfill post-closure costs	12,275,420	-
Retainage payable on long-term contracts	1,683,297	-
Net pension liability - proportionate share - ERS	22,382,939	2,293,373
Net pension liability - proportionate share - PFRS	85,152,338	-
Total OPEB liability	300,572,447	9,700,691
Total long-term liabilities	556,294,751	107,498,544
Total liabilities	767,903,983	132,280,798
Deferred inflows of resources:		
Leases	299,624	15,859,360
ERS	1,193,639	165,620
PFRS	8,514,375	-
OPEB	154,081,322	6,116,535
Total deferred outflows of resources	164,088,960	22,141,515
Net position (deficit):		
Net invested in capital assets	112,754,823	159,261,539
Restricted	2,662,096	15,263,375
Unrestricted (deficit)	(550,612,426)	24,522,352
Total net position (deficit)	$ (435,195,507)	199,047,266

See accompanying notes to financial statements.

CITY OF ALBANY, NEW YORK
Statement of Activities
Year ended December 31, 2025

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Units
Primary government:						
General government support	$ 83,286,042	7,229,400	36,894,909	4,495,051	(34,666,682)	-
Public safety	121,642,875	2,334,794	2,885,950	442,759	(115,979,372)	-
Health	306,547	-	-	-	(306,547)	-
Transportation	27,256,858	11,925,754	14,666	15,152,061	(164,377)	-
Economic assistance and opportunity	8,092,015	-	2,033,162	-	(6,058,853)	-
Culture and recreation	7,300,430	5,521,817	254,904	-	(1,523,709)	-
Home and community services	20,843,806	-	9,799,563	-	(11,044,243)	-
Interest	6,796,554	-	-	-	(6,796,554)	-
Total governmental activities	275,525,127	27,011,765	51,883,154	20,089,871	(176,540,337)	-
Component Units:						
Albany Water Board and Albany Municipal Water Finance Authority	44,323,156	44,906,840	17,194,536	-	-	17,778,220
Albany Parking Authority	8,949,674	9,480,427	25,499	-	-	556,252
City of Albany Industrial Development Agency	1,078,797	2,475,651	-	-	-	1,396,854
Albany Port District Commission	9,331,518	6,941,383	24,013,188	-	-	21,623,053
City of Albany Capital Resource Corporation	81,212	1,249,525	-	-	-	1,168,313
Nonmajor component units	2,965,134	2,801,480	-	-	-	(163,654)
Total component units	66,729,491	67,855,306	41,233,223	-	-	42,359,038
Total primary government	$ 342,254,618	94,867,071	93,116,377	20,089,871	(176,540,337)	42,359,038
General revenue:						
Real property taxes					62,261,752	-
Real property tax items					21,209,798	-
Nonproperty tax items					47,299,355	-
Use of money and property					2,393,509	764,223
Miscellaneous					6,199,353	-
Total general revenue					139,363,767	764,223
Change in net position					(37,176,570)	43,123,261
Net position (deficit) at beginning of year, as previously stated					(400,245,928)	158,147,132
Correction of errors (note 18)					2,226,991	(4,647,967)
Change to the financial reporting entity (note 19)					-	2,424,840
Net position (deficit) at beginning of year, as restated					(398,018,937)	155,924,005
Net position (deficit) at end of year					$ (435,195,507)	199,047,266

See accompanying notes to financial statements.

CITY OF ALBANY, NEW YORK
Balance Sheet - Governmental Funds
December 31, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Albany Community Development Agency	Total Governmental Funds
Assets:					
Cash and equivalents - unrestricted	$ 4,192,682	47,913	20,409,907	564,593	25,215,095
Cash and equivalents - restricted	2,662,096	-	-	-	2,662,096
Taxes receivable	4,806,985	-	-	-	4,806,985
Accounts receivable, net	6,859,483	-	-	-	6,859,483
Notes receivable	550,000	-	-	-	550,000
Mortgage loans receivable, net	-	-	-	11,280,326	11,280,326
Lease receivable	320,932	-	-	-	320,932
Due from other funds	5,493,915	-	335,000	9,965	5,838,880
Due from component units	904,716	-	-	-	904,716
Due from State and Federal	1,351,191	261,573	11,013,138	1,486,965	14,112,867
Due from other governments	14,293,053	42,344	-	-	14,335,397
Prepaid expenditures	112,610	-	-	-	112,610
Other assets	16,016	-	-	77,161	93,177
Total assets	$ 41,563,679	351,830	31,758,045	13,419,010	87,092,564
Liabilities, deferred inflows of resources and fund balances:					
Liabilities:					
Accounts payable	7,108,232	185,000	12,556,119	1,390,132	21,239,483
Accrued expenditures	3,816,998	12,351	-	-	3,829,349
Due to retirement system	16,933,864	-	-	-	16,933,864
Due to other governments	19,695,335	-	-	-	19,695,335
Bond anticipation notes payable	-	-	121,245,677	-	121,245,677
Due to other funds	335,000	1,007,328	4,272,160	224,392	5,838,880
Due to component units	969,366	-	-	-	969,366
Unearned revenue	93,850	47,913	-	11,139,410	11,281,173
Total liabilities	48,952,645	1,252,592	138,073,956	12,753,934	201,033,127
Deferred inflows of resources:					
Unavailable revenue	550,000	-	-	-	550,000
Leases	299,624	-	-	-	299,624
Total deferred inflows of resources	849,624	-	-	-	849,624
Fund balances (deficit):					
Nonspendable	133,918	-	-	-	133,918
Restricted	2,662,096	-	-	-	2,662,096
Committed	-	-	-	107,025	107,025
Assigned	-	-	-	558,051	558,051
Unassigned (deficit)	(11,034,604)	(900,762)	(106,315,911)	-	(118,251,277)
Total fund balances (deficit)	(8,238,590)	(900,762)	(106,315,911)	665,076	(114,790,187)
Total liabilities and deferred inflows of resources and fund balances	$ 41,563,679	351,830	31,758,045	13,419,010	87,092,564

See accompanying notes to financial statements.

CITY OF ALBANY, NEW YORK
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
Year ended December 31, 2025

Net change in fund balances - total governmental funds		$ (114,790,187)
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in the governmental funds.		
Cost of capital assets	$ 775,806,895	
Accumulated depreciation/amortization	(456,274,143)	319,532,752
Other long-term assets that are not available to pay for current period expenditures are recognized as revenue on the statement of net position.		550,000
Long-term liabilities, including bonds payable, that are not due and payable in the current period are not reported as liabilities in the funds. Long-term liabilities not due and payable at year end consist of:		
Bonds payable, including premiums	(69,356,762)	
Accrued interest	(4,087,577)	
Due to NYS retirement system	(10,428,824)	
Lease liabilities	(220,452)	
SBITAs	(1,715,622)	
Compensated absences	(26,017,251)	
Judgments and claims	(38,816,807)	
Landfill post-closure costs	(12,275,420)	
Retainage payable on long-term contracts	(1,683,297)	
Net pension liability - proportionate share - ERS	(22,382,939)	
Net pension liability - proportionate share - PFRS	(85,152,338)	
Total OPEB liability	(300,572,447)	(572,709,736)
Differences between expected and actual experience, assumption changes, and contributions subsequent to the measurement dates are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net		
Deferred outflows of resources - ERS	13,800,746	
Deferred outflows of resources - PFRS	58,819,984	
Deferred outflows of resources - OPEB	23,390,270	
Deferred inflows of resources - ERS	(1,193,639)	
Deferred inflows of resources - PFRS	(8,514,375)	
Deferred inflows of resources - OPEB	(154,081,322)	(67,778,336)
Net position of governmental activities		$ (435,195,507)

See accompanying notes to financial statements.

CITY OF ALBANY, NEW YORK
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds
Year ended December 31, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Albany Community Development Agency	Total Governmental Funds
Revenue:					
Real property taxes	$ 62,261,752	-	-	-	62,261,752
Real property tax items	21,209,798	-	-	-	21,209,798
Nonproperty tax items	47,299,355	-	-	-	47,299,355
Departmental income	11,028,711	-	-	-	11,028,711
Use of money and property	2,393,509	-	-	-	2,393,509
Licenses and permits	6,321,933	-	-	-	6,321,933
Fines and forfeitures	9,661,121	-	-	-	9,661,121
State aid	38,342,858	1,098,683	17,733,312	976,487	58,151,340
Federal aid	1,496,609	2,718,985	2,356,559	7,249,532	13,821,685
Miscellaneous	5,795,442	-	288,000	140,911	6,224,353
Total revenue	205,811,088	3,817,668	20,377,871	8,366,930	238,373,557
Expenditures:					
General government support	52,679,182	-	-	-	52,679,182
Public safety	88,795,617	-	-	-	88,795,617
Health	224,325	-	-	-	224,325
Transportation	1,428,950	-	-	-	1,428,950
Economic assistance and opportunity	2,622,541	3,022,412	-	-	5,644,953
Culture and recreation	5,104,665	-	-	-	5,104,665
Home and community services	1,399,695	-	-	8,554,993	9,954,688
Employee benefits	62,413,872	806,716	-	-	63,220,588
Capital outlay	-	-	85,484,852	-	85,484,852
Debt service:					
Principal	11,517,356	-	-	-	11,517,356
Interest	5,107,282	-	-	-	5,107,282
Total expenditures	231,293,485	3,829,128	85,484,852	8,554,993	329,162,458
Excess of expenditures over revenue	(25,482,397)	(11,460)	(65,106,981)	(188,063)	(90,788,901)
Other financing sources (uses):					
Issuance of SBITA	1,715,622	-	-	-	1,715,622
Transfers in	4,095,176	-	3,160,001	-	7,255,177
Transfers out	(3,160,001)	-	(4,095,176)	-	(7,255,177)
Total other financing sources (uses)	2,650,797	-	(935,175)	-	1,715,622
Net change in fund balances	(22,831,600)	(11,460)	(66,042,156)	(188,063)	(89,073,279)
Fund balances (deficit) at beginning of year	14,593,010	(889,302)	(40,273,755)	853,139	(25,716,908)
Fund balances (deficit) at end of year	$ (8,238,590)	(900,762)	(106,315,911)	665,076	(114,790,187)

See accompanying notes to financial statements.

CITY OF ALBANY, NEW YORK
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
Year ended December 31, 2025

Net change in fund balances - total governmental funds		$ (89,073,279)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as depreciation/amortization expense in the statement of activities. This is the amount by		
Capital asset additions	$ 57,426,468	
Depreciation/amortization expense	(21,825,202)	35,601,266
Lease and subscription liabilities and right-to-use lease and subscription assets increase but are not on governmental funds. Lease and subscription payments are recognized as expenditures in governmental funds, but the payments reduce long-term liabilities in the statement of net position. Thus, the change in net position differs from the change in fund balance as follows:		
Lease repayments	187,509	
Subscription repayments	254,847	
Issuance of new subscription	(1,715,622)	(1,273,266)
In the statement of activities, certain operating expenses are measured by the amounts incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Thus, the change in net position differs from the change in fund balance as follows:		
Compensated absences	(2,789,654)	
Judgments and claims	(11,997,635)	
Landfill post-closure costs	(490,763)	
Retainage payable on long-term contracts	(564,612)	(15,842,664)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		
Bond repayments	11,075,000	
Amortization of bond premiums	253,293	11,328,293
Accrued postemployment benefits increases long-term liabilities in the statement of net funds.		
Due to NYS retirement system	725,184	
Net pension liability - proportionate share - ERS	1,446,068	
Net pension liability - proportionate share - PFRS	(2,888,129)	
Total OPEB liability	24,767,522	24,050,645
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(1,942,565)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		(25,000)
Change in net position of governmental activities		$ (37,176,570)

See accompanying notes to financial statements.

CITY OF ALBANY, NEW YORK
Statement of Net Position - Discretely Presented Component Units
December 31, 2025

	Albany Water Board and Albany Water Municipal Water Finance Authority	Albany Parking Authority	City of Albany Industrial Development Agency	Albany Port District Commission	City of Albany Capital Resource Corporation	Nonmajor Component Units	Total Component Units
Current assets:							
Cash and equivalents - unrestricted	$ 10,658,032	1,408,339	5,310,700	12,888,784	2,012,008	737,834	33,015,697
Cash and equivalents - restricted	7,604,224	3,179,096	9,875	-	-	-	10,793,195
Investments	14,252,812	1,463,525	-	-	-	236,129	15,952,466
Accounts receivable, net	9,859,770	127,626	500	386,421	-	48,665	10,422,982
Grants receivable	-	-	-	298,617	-	-	298,617
Notes receivable	-	-	-	-	-	30,084	30,084
Mortgage loans receivable	-	-	131,970	-	-	-	131,970
Lease receivable, current portion	-	115,624	-	3,423,797	-	-	3,539,421
Due from primary government	-	925,212	-	-	-	336,103	1,261,315
Due from other governments	2,322,217	-	-	-	-	-	2,322,217
Prepaid expenses	1,006,565	118,771	-	-	-	36,131	1,161,467
Other assets	-	-	500	480,436	-	-	480,936
Total current assets	45,703,620	7,338,193	5,453,545	17,478,055	2,012,008	1,424,946	79,410,367
Noncurrent assets:							
Capital assets, net	152,770,096	9,965,504	1,334,775	90,341,415	-	2,797,018	257,208,808
Lease receivable, noncurrent portion	-	332,719	-	12,881,392	-	-	13,214,111
Total noncurrent assets	152,770,096	10,298,223	1,334,775	103,222,807	-	2,797,018	270,422,919
Total assets	198,473,716	17,636,416	6,788,320	120,700,862	2,012,008	4,221,964	349,833,286
Deferred outflows of resources:							
Refunding of debt	-	34,803	-	-	-	-	34,803
ERS	-	1,027,585	-	381,467	-	-	1,409,052
OPEB	-	1,615,516	-	576,922	-	-	2,192,438
Total deferred outflows of resources	-	2,677,904	-	958,389	-	-	3,636,293
Current liabilities:							
Accounts payable	7,052,855	576,750	-	1,041,047	-	115,108	8,785,760
Accrued expenses	2,698,138	-	44,386	887,072	-	102,681	3,732,277
Accrued interest	547,874	-	-	-	-	3,941	551,815
Due to other governments	4,632,825	-	-	-	-	-	4,632,825
Line of credit	2,102,206	-	-	-	-	-	2,102,206
Due to primary government	730,746	-	173,970	-	-	-	904,716
Unearned revenue	-	106,591	9,875	9,249	-	89,692	215,407
Bonds payable, including premiums, current portion	2,888,248	380,000	-	-	-	-	3,268,248
Lease liabilities, current portion	53,906	81,398	-	169,640	-	-	304,944
Purchase finance agreements, current portion	-	242,914	-	-	-	-	242,914
Loans payable, current portion	-	-	-	-	-	41,142	41,142
Total current liabilities	20,706,798	1,387,653	228,231	2,107,008	-	352,564	24,782,254
Long-term liabilities:							
Bonds payable, including premiums, noncurrent portion	88,479,079	3,443,058	-	-	-	-	91,922,137
Lease liabilities, noncurrent portion	45,742	402,375	1,376,836	-	-	-	1,824,953
Purchase finance agreements, noncurrent portion	-	49,975	-	-	-	-	49,975
Loans payable, noncurrent portion	-	-	-	-	-	1,597,774	1,597,774
Security deposits	-	-	-	109,641	-	-	109,641
Net pension liability - proportionate share - ERS	-	1,459,925	-	833,448	-	-	2,293,373
Total OPEB liability	-	5,469,183	-	4,231,508	-	-	9,700,691
Total long-term liabilities	88,524,821	10,824,516	1,376,836	5,174,597	-	1,597,774	107,498,544
Total liabilities	109,231,619	12,212,169	1,605,067	7,281,605	-	1,950,338	132,280,798
Deferred inflows of resources:							
Leases	-	442,818	-	15,416,542	-	-	15,859,360
ERS	-	155,292	-	10,328	-	-	165,620
OPEB	-	4,960,769	-	1,155,766	-	-	6,116,535
Total deferred outflows of resources	-	5,558,879	-	16,582,636	-	-	22,141,515
Net position:							
Net invested in capital assets	61,303,121	7,148,492	-	89,651,824	-	1,158,102	159,261,539
Restricted	14,252,812	875,445	9,875	-	-	125,243	15,263,375
Unrestricted (deficit)	13,686,164	(5,480,665)	5,173,378	8,143,186	2,012,008	988,281	24,522,352
Total net position	$ 89,242,097	2,543,272	5,183,253	97,795,010	2,012,008	2,271,626	199,047,266

See accompanying notes to financial statements.

CITY OF ALBANY, NEW YORK
Statement of Activities - Discretely Presented Component Units
Year ended December 31, 2025

	Albany Water Board and Albany Municipal Water Finance Authority	Albany Parking Authority	City of Albany Industrial Development Agency	Albany Port District Commission	City of Albany Capital Resource Corporation	Nonmajor Component Units	Total Component Units
Operating revenue	$ 44,906,840	9,480,427	2,475,651	6,941,383	1,249,525	2,801,480	67,855,306
Operating expenses:							
Costs of services	32,960,215	7,244,270	997,754	5,679,371	81,212	2,888,510	49,851,332
Depreciation and amortization	9,788,028	1,080,878	20,003	3,598,439	-	76,624	14,563,972
Miscellaneous	-	300,830	5,065	31,985	-	-	337,880
Total operating expenses	42,748,243	8,625,978	1,022,822	9,309,795	81,212	2,965,134	64,753,184
Excess (deficiency) of operating revenue over expenses	2,158,597	854,449	1,452,829	(2,368,412)	1,168,313	(163,654)	3,102,122
Other nonoperating revenue (expenses):							
Interest income	485,093	168,105	51,213	35,004	14,368	10,440	764,223
Interest expense	(1,574,913)	(272,970)	(55,975)	(21,723)	-	-	(1,925,581)
Loss on disposal of capital assets, net	-	(50,726)	-	-	-	-	(50,726)
Other (expense) income	17,194,536	25,499	-	24,013,188	-	-	41,233,223
Total other nonoperating revenue (expenses)	16,104,716	(130,092)	(4,762)	24,026,469	14,368	10,440	40,021,139
Change in net position	18,263,313	724,357	1,448,067	21,658,057	1,182,681	(153,214)	43,123,261
Net position at beginning of year, as previously stated	75,626,751	1,818,915	3,735,186	76,136,953	829,327	-	158,147,132
Correction of error (note 18)	(4,647,967)	-	-	-	-	-	(4,647,967)
Change to the financial reporting entity (note 19)	-	-	-	-	-	2,424,840	2,424,840
Net position at beginning of year, as restated	70,978,784	1,818,915	3,735,186	76,136,953	829,327	2,424,840	155,924,005
Net position at end of year	$ 89,242,097	2,543,272	5,183,253	97,795,010	2,012,008	2,271,626	199,047,266

See accompanying notes to financial statements.

CITY OF ALBANY, NEW YORK
Statement of Changes in Fiduciary Net Position
Custodial Fund
Year ended December 31, 2025

Additions - real property taxes collected for other governments	$ 20,746,480
Deductions - payments of real property taxes to other governments	20,746,480
Change in fiduciary net position	-
Fiduciary net position at beginning of year	-
Fiduciary net position at end of year	$ -

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The City of Albany, New York (the City) was established in 1614, chartered in 1686, and is governed by a Mayor and the City's Common Council. The City, as the primary government, performs local governmental functions within its jurisdiction, including general governmental support, public safety, culture and recreation, transportation, health, and economic assistance and opportunity.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), promulgated by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for establishing state and local governmental accounting and financial reporting principles.

As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and accordingly data from these units are combined with the data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City.

The decision to include a component unit in the City's reporting entity is based on several criteria, including legal standing, fiscal dependency, financial accountability, selection of governing authority and ability to significantly influence operations. Based on the application of these criteria, the following is a brief review of significant entities considered in determining the City's reporting entity. Complete financial statements of the individual component units can be obtained from their respective administrative offices.

The City's component units are legally separate entities that are not operating departments of the City. The component units are managed independently, largely outside the appropriated budget process, and their powers generally are vested in a governing board. The governing boards of the component units are either entirely or partially appointed by the mayor.

(1) Summary of Significant Accounting Policies, Continued

(b) Blended Component Unit

The Albany Community Development Agency (the Agency) is a public benefit corporation established by laws of the State of New York (the State) and governed by a seven-member board of directors who are City officials. The objectives of the Agency are to provide a suitable living environment and to expand economic opportunities for persons of low and moderate income within the City. The Agency has been designated by the City to undertake community development programs on behalf of the City and to administer federal community development block grant programs.

The City has the ability to significantly influence operations, select the governing board and participate in fiscal management, accordingly, the Agency is treated as a blended component unit of the City and its activities are included as a special revenue fund of the primary government and reported separately as a governmental fund in the governmental fund statements.

(c) Discretely Presented Component Units

The following discretely presented component units are reported in a separate column to emphasize that they are legally separate from the City:

Albany Water Board and Albany Municipal Water Finance Authority

The City of Albany Water and Sewer System (the System) provides water supply and distribution, and the collection and disposal of sewage for the City. The System began operations in February 1988, and consists of two legally separate and independent entities, the Albany Municipal Water Finance Authority (the Authority) and the Albany Water Board (the Board).

The Authority, a public benefit corporation, was established in 1986 for the purpose of issuing revenue bonds to pay for the purchase, future improvement, and construction of the System. Among its powers, the Authority may borrow money, issue debt, and require that the Authority charge and collect sufficient rates to pay the costs of operating and financing the System. The Authority consists of seven members, two members of which are appointed by the Governor of the State, and five members of which are appointed by the Mayor of the City.

The Board, a corporate municipal instrumentality, was established in 1986 with the power to set and collect water and sewer fees in the amounts sufficient to pay the debt service on the bonds of the Board, as well as to provide for the costs of the operation and maintenance of the System. The primary responsibility of the Board is to charge, collect, and enforce rates and other charges for the System. The Board consists of five members who are appointed by the Mayor of the City.

(1) Summary of Significant Accounting Policies, Continued

(c) Discretely Presented Component Units, Continued

Albany Parking Authority

The Albany Parking Authority (the Parking Authority) was established in 1982 as a public benefit corporation of the State. The Authority's existence is for a period of fifteen years, and thereafter until all of its liabilities have been met, and its bonds have been discharged. All rights and properties shall pass to the City upon the cessation of the Parking Authority's existence. The Parking Authority is authorized to construct, operate and maintain areas or places in the City for the parking or storing of motor vehicles and is governed by a board of directors, which consists of five members appointed by the Mayor of the City with the advice and consent of the City Common Council.

City of Albany Industrial Development Agency

The City of Albany Industrial Development Agency (the IDA) is a public benefit corporation established July 1, 1983 under the mandate of Article 18-A, "New York State Industrial Development Agency Act," of State general municipal law.

The IDA was established to promote and assist in acquiring or constructing various business and recreational facilities and, in the process, advance the job opportunities, health, general prosperity and economic welfare of the people of the City. A function of the IDA is to authorize the issuance of industrial revenue bonds for industrial development projects. The IDA reviews and determines whether to recommend approval of those applicants wishing to obtain financing. The IDA receives application fees from applicants and closing fees from those accepted for industrial revenue financing. The IDA is governed by a seven-member board of directors appointed by the City Common Council.

Albany Port District Commission

The Albany Port District Commission (the Commission) was established in 1925 by Chapter 192 of the Laws of the State. The law, as amended through December 31, 1986, grants the Commission regulatory powers over the development and operations of the port facilities of the Albany Port District (the Port). The Commission is a public corporation with perpetual existence and has the right of eminent domain, with the power to construct, develop and operate Port facilities including a terminal railroad; to fix fees, rates, rentals and other charges for its facilities; to regulate and supervise the construction and operations of Port facilities by private enterprise; to issue bonds and notes and to do all things necessary to make the Port useful and productive.

The Laws of 1925 provide that the municipalities of Albany and Rensselaer be assessed for the Commission's deficit, if any, from operations and financing. A reapportionment determination made April 1, 1932 established the rates of 88 percent for Albany and 12 percent for Rensselaer. These rates are still in effect and although the rates are subject to change under the provisions of the law, in recent years, there have been no such changes.

(1) Summary of Significant Accounting Policies, Continued

(c) Discretely Presented Component Units, Continued

City of Albany Capital Resource Corporation

The City of Albany Capital Resource Corporation (the CRC) is a non-profit organization that was formed in April 2010 under the Not-for-Profit Corporation Law of the State. The primary purpose of the CRC is to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of the City by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses, and other entities to access low interest tax-exempt and non-tax-exempt financing for their eligible projects. The Directors of the CRC are appointed by the City's Common Council.

Lark Street Area District Management Association, Inc.

Lark Street Area District Management Association, Inc. (the Association) is a tax exempt organization organized in 1996 under the Not-for-Profit Corporation Laws of New York State. The Association was created to execute responsibilities of a Comprehensive Business Improvement District. These responsibilities include but are not limited to administration, project development, public relations and public improvements in the Lark Street business improvement district. The Association may be dissolved by legislative body with all the assets reverting back to the City. The Association's activities are immaterial, accordingly, the Association's operations have been excluded from these financial statements.

Central District Management Association, Inc.

The Central District Management Association, Inc. doing business as the Central Business Improvement District, Inc. (the CBID) is a non-profit organization formed in January 1998 under the Not-for-Profit Corporation Law of the State. The primary purpose of the CBID is to promote the preservation and development of the Central Avenue business corridor of the City and to make the area more attractive and accessible. To this end, the CBID will work to enhance the public perception of the Central Avenue business corridor through overseeing and managing the appearance, security and cleanliness of the business improvement district. The CBID may be dissolved by legislative body with all the assets reverting back to the City.

Downtown Albany Restoration Program, Inc.

Downtown Albany Restoration Program, Inc. d/b/a Downtown Albany Business Improvement District, Inc. (the BID) is a tax-exempt organization organized in 1996 under the Not-for-Profit Corporation Law of the State. The BID was created to execute the responsibility of a comprehensive business improvement district. These responsibilities include but are not limited to administration, project development, public relations and public improvements in the downtown business improvement district. The BID may be dissolved by legislative body with all the assets reverting back to the City.

Since the December 31, 2025 financial information is not available for the CBID and the BID at the date of the City's financial statements issuance, the December 31, 2024 financial information is presented, as management does not believe the impact to be material. The Association's financial information is not included in the City's financial statements as management does not believe the omission to be material.

(1) Summary of Significant Accounting Policies, Continued

(c) Discretely Presented Component Units, Continued

Entities excluded from the reporting entity:

Albany Housing Authority

The Albany Housing Authority (Housing Authority) was established by State statute. The Mayor of the City appoints the board of directors of the Housing Authority; however, the City is not financially accountable for the Housing Authority, the City cannot significantly influence the activities of the Housing Authority and the Housing Authority does not provide specific financial benefits to or impose specific financial burdens on the City.

Albany City School District

The Albany City School District (the School District) operates the elementary and high schools in the City. The City is not accountable for the School District as the School District has the authority to levy taxes and School District board members are elected officials.

(d) Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. The effect of interfund, but not interprimary government and component unit, transactions have generally been eliminated from these financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. The City's activities are all classified as governmental activities. The primary government is reported separately from certain legally separate component units for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset with program revenue. Direct expenses are those which are clearly identifiable with a specific function or activity. Program revenue include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or activity and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not included among program revenue are reported as general revenue.

(e) Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the granter have been satisfied.

(1) Summary of Significant Accounting Policies, Continued

(e) Measurement Focus, Basis of Accounting and Basis of Presentation, Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenue are recognized when they are both measurable and available. Revenue are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if they are collected within one year.

Expenditures are generally recorded when a liability is incurred, in the same manner as accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, postemployment benefit obligations, claims and judgments and similar long-term liabilities are recorded only when payment is due.

Property taxes, sales taxes, licenses and other fees are all recognized as revenue of the current period. Special assessments are recorded as receivable and deferred revenue at the time the related project is completed and levied. Revenue is recognized as assessments become measurable and available, normally as received.

The City reports the following major governmental funds:

Governmental fund types

General Fund - The General Fund is the principal fund of the City. All financial transactions related to revenue and expenditures for delivery of those services traditionally provided by a municipal government, which are not required to be accounted for in other funds, are accounted for in the General Fund.

Special Revenue Funds - These funds account for the proceeds of specific revenue sources (other than major capital projects that are legally restricted to expenditures for specified purposes). The following Special Revenue Funds operate within financial limits of an annual budget adopted by the City Common Council. Special Revenue Funds of the City include the Special Revenue Fund which is principally used to account for the use of state and federal monies received under the Corporation for National and Community Services program as well as United States Department of Justice and other youth and recreational funds.

Capital Projects Fund - Resources used to construct or acquire capital improvements, and general fixed assets are accounted for in this fund. Resources are derived principally from proceeds of long-term debt and Federal and State aid.

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the City on behalf of others. The Custodial Fund is used to account for real property taxes collected and remitted for other governments.

(1) Summary of Significant Accounting Policies, Continued

(f) Cash and Equivalents

The City's investment policies must comply with State statutes as well as their own written investment policy. City monies must be deposited into Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The City is authorized to use money market accounts and certificates of deposit. Permissible investments include obligations of the United States Treasurer, and United States agencies that are backed by the full faith and credit of the United States, repurchase agreements, and with the permission of the State Comptroller, obligations of New York State or its localities.

Deposits in excess of the FDIC limits are required to be fully collateralized by obligations of New York State or Federal agencies, the principal and interest of which are guaranteed by the United States or obligations of New York State local governments. The securities are held in a separate, segregated account in the name of the financial institution for the benefit of the City.

The City considers highly liquid investments (including restricted assets) with an original maturity date of three months or less, and money market accounts to be cash equivalents.

(g) Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either due to/from other funds or advances to/from other funds.

All landfill and other accounts receivable are shown net of an appropriate allowance for uncollectible accounts, where such a provision is required.

(h) Inventories and Prepaid Items

The City does not maintain inventories of supplies and records expenditures when purchased rather than when consumed. Likewise, it records payments to vendors for prepaid expenses as expenditures when paid.

(i) Restricted Assets

Restricted assets, which consist principally of cash and equivalents, are assets to be used for the reduction of future debt service payments and to provide resources to offset the costs of future capital improvements.

(j) Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (including roads, bridges, sidewalks and similar items) are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of $5,000 or more and an estimated life of three years or more. These assets are recorded at historical cost or estimated historical cost if purchased or constructed. Normal maintenance and repair costs that do not add to the value of the asset or materially extend their lives are not capitalized.

(1) Summary of Significant Accounting Policies, Continued

(j) Capital Assets, Continued

Major classes of capital assets are depreciated using the straight-line method over various useful lives. Useful lives for the major classes of capital assets are summarized as follows:

Buildings, capital leases and improvements	20- 50 years
Machinery and equipment	3-20 years
Infrastructure	30 years

(k) Compensated Absences

Employees earn vacation and sick leave as they provide service. Pursuant to collective bargaining agreements, they may accumulate, subject to certain limitations, unused time earned and upon retirement, termination, or death, may be compensated for such accumulated time. In addition, certain employees may accumulate unused sick time earned and upon retirement, termination, or death, may be compensated for such accumulated time.

(l) Retirement Benefits

The City provides retirement benefits for its employees through contributions to the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). These retirement programs provide various plans and options, some of which require employee contributions.

The City provides health insurance coverage for retired employees and their dependents. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age and retire under ERS or PFRS while working for the City. The cost of providing postemployment benefits is shared between the City and the retired employee. The City recognizes the cost of providing health insurance by recording its share of insurance premiums for retirees and their dependents, as an expenditure in the year paid.

(m) Judgments and Claims

The liability for claims in process represents estimates for all known workers' compensation claims and probable legal settlements at year end.

(n) Deferred Revenue

Deferred revenue principally represent unpaid loan balances resulting from various community development home loan programs operated by the City. When loan payments are received, revenue is recognized to the extent of principal received. When grant funds are reloaned, a corresponding expenditure is recorded. When the allowance for loan losses is increased, a corresponding decrease in the amount of deferred revenue is made in the same period, the effect of which is to reduce the overall amount of funds available for future loans.

(1) Summary of Significant Accounting Policies, Continued

(o) Short-Term Debt

The City may issue bond anticipation notes (BAN) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

(p) Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are recognized as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds.

In the fund financial statements, bond premiums and discounts are reported in the current period. The face amount of debt issued is reported as other financing sources. Payments on such debt are recognized as expenditures in the period made. Premiums and discounts are reported as other financing sources or uses.

(q) Right-to-use Lease and Subscription Assets

The City's right-to-use lease and subscription-based information technology arrangements (SBITA) assets are reported within the major class of the underlying asset and initially measured at an amount equal to the initial measurement of the related lease or SBITA liability plus any lease or SBITA payments made at or before the commencement of the lease or SBITA term, less any incentives, plus ancillary charges necessary to place the right-to-use asset into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease or SBITA.

(r) Deferred Outflows and Inflows of Resources

Deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. The first item is related to the pensions reported in the statement of net position. This represents the effect of the net change in the City's proportion of the collective net pension liabilities and difference during the measurement period between the City's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item relates to the City's contributions to the pension systems subsequent to the measurement date. The third item is related to other postemployment benefits reported in the statement of net position. This represents changes of assumptions in the calculation of the liability.

(1) Summary of Significant Accounting Policies, Continued

(r) Deferred Outflows and Inflows of Resources, Continued

Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The first is related to the pensions reported in the statement of net position. This represents the effect of the net change in the City's proportion of the collective net pension liabilities and difference during the measurement periods between the City's contributions and its proportional share of total contributions to the pension systems not included in the pension expense. The second item represents differences between changes of assumptions related to the other postemployment liability. The third is reported in the statement of net position and the balance sheet - governmental funds and relates to leases receivable.

(s) Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components:

Net investment in capital assets - consists of capital assets, net of accumulated depreciation/amortization, and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted net position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the City includes restricted for special purpose trusts, special revenue funds, capital projects and debt service.

Unrestricted - net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

(t) Fund Balances

Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

(1) Summary of Significant Accounting Policies, Continued

(t) Fund Balances, Continued

Nonspendable fund balance - includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance - is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law of the State.

Committed fund balance - is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The City Common Council is the highest level of decision making authority for the City that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the City Common Council removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the City Common Council.

Assigned fund balance - represents amounts constrained either by policies of the City Common Council for amounts assigned for balancing the subsequent year's budget or the City Comptroller for amounts assigned as encumbrances as authorized by the City Common Council. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance - represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported as unassigned.

(1) Summary of Significant Accounting Policies, Continued

(t) Fund Balances, Continued

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: committed, assigned and unassigned.

(u) Real Property Taxes

Real property taxes are levied and payable in January. Any real property taxes not paid by the following December 31 are purchased without recourse by the County of Albany, New York. Accordingly, the total levy is considered measurable and available, and there is no allowance or deferral for real property taxes at December 31, 2025.

(v) Tax Abatements

The City has several real property tax abatement agreements with various entities that generally follow along two methods from two different enabling sources which are used for two different general purposes, with a few agreements that overlap the categories. These agreements all call for a form of Payment in Lieu of Taxes (PILOT).

Generally the tax abatements are issued under the New York State Private Housing Finance Law (PHFL) or the IDA. There are also separate PILOT agreements with NYS (19-a PILOTs) that are not included for the purposes of GASB77, Tax Abatement Disclosures.

PILOT agreements are in place under both categories, with shelter rents (a percentage of the rents from the housing) being the predominant PILOT method for PHFL agreements, and payments of a percentage of taxable assessed value being the predominant PILOT method for IDA agreements. The PHFL properties are mostly organized under the Albany Housing Authority. These properties contain almost exclusively affordable housing units. The IDA properties are commercial properties comprised of a mix of hotel, office, retail and both market rate and affordable apartment units.

For the year ended December 31, 2025, PHFL and IDA agreements resulted in tax abatements of $3,076,736 and $2,525,231, respectively.

(w) Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including compensated absences, other postemployment benefits, potential contingent liabilities and useful lives of long-lived assets.

(1) Summary of Significant Accounting Policies, Continued

(x) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 103 - Financial Reporting Model Improvements. Effective for fiscal years beginning after June 15, 2025.

Statement No. 104 - Disclosure of Certain Capital Assets. Effective for fiscal years beginning after June 15, 2025.

Statement No. 105 - Subsequent Events. Effective for fiscal years beginning after June 15, 2026.

(y) Subsequent Events

The City has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued. The City issued a BAN on March 19, 2026 in the amount of $142,939,263. This BAN matures on March 19, 2027 and has a stated interest rate of 4.00%. The City also received a premium on this issuance of $598,000. Only July 15, 2025, Standards and Poors Global Ratings downgraded the City's long-term rating to A from AA on general obligation debt outstanding.

(2) Explanation of Certain Differences Between Government-Wide Statements and Governmental Fund Financial Statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the governmental activities, compared with the current financial resources focus of the governmental funds.

(a) Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the City's governmental funds differ from net position of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund's balance sheet.

(2) Explanation of Certain Differences Between Government-Wide Statements and Governmental Fund Financial Statements, Continued

(b) Statement of Revenue, Expenditures and Changes in Fund Balances vs. Statement of Activities

Differences between the governmental funds statement of revenue, expenditures and changes in fund balances and the statement of activities fall into one of three broad categories. The amounts shown below represent:

Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenue only when they are considered "available," whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation/amortization expense on those items as recorded in the statement of activities.

Long-term liability transaction differences:

Long-term liability transaction differences relate principally to bonds, postemployment benefits and accrued compensated absences. Both interest and principal payments on bonds and other long-term debt are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

Employees earn vacation and sick leave as they provide service. They may accumulate (subject to certain limitations) unused time earned and, upon retirement, termination or death, may be compensated for such accumulated time. The cost of vacation pay and sick time are recognized in the statement of revenue, expenditures and changes in fund balances when the expenditures are paid. The cost of vacation and sick time earned within the reporting period, including that which is not expected to be paid with expendable available financial resources, is reported in the government-wide financial statements as a liability and expensed in the statement of activities.

(2) Explanation of Certain Differences Between Government-Wide Statements and Governmental Fund Financial Statements, Continued

(b) Statement of Revenue, Expenditures and Changes in Fund Balances vs. Statement of Activities, Continued

Employees earn retirement benefits as they provide service. The benefit is based on factors such as the applicable employee agreement, the employees' hiring date and the number of years of service to the City. The costs of retirement benefits are recognized in the statement of revenue, expenditures and changes in fund balances when the expenditures are paid. Pension benefits are accounted for in accordance with GASB Statement No. 68 and are reported in the government-wide financial statements as a liability/asset, deferred outflows of resources/deferred inflows of resources and expensed in the statement of activities accordingly. Other postemployment benefits are accounted for in accordance with GASB Statement No. 75 and are reported in the government-wide financial statements as a liability and expensed in the statement of activities accordingly.

(3) Stewardship, Compliance and Accountability

Pursuant to Article 6 of the Second Class Cities Law of the State and its own charter, the City legally adopts calendar year budgets for the General and Special Revenue Funds. Any amendments to the original budget during the year require the approval of the Board of Estimate and Apportionment. For the year ended December 31, 2025, the General and Special Revenue Funds overspent their respective budgets.

The appropriated budget is prepared by fund, function and department, encumbrance accounting is employed in governmental funds. Encumbrances (such as purchase orders) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

The General, Special Revenue, and Capital Projects Funds all have fund balance deficits as of December 31, 2025. Those deficits are expected to be addressed through grants and long-term debt issuances.

(4) Cash and Equivalents

The carrying amount of cash and equivalents at December 31, 2025 totaled $27,312,598 and the available bank balance was $34,979,842. These bank balances were covered by FDIC depository insurance or collateral as follows:

Amount insured by FDIC	$ 250,000
Collateralized by a third party	34,729,842
Total	$ 34,979,842

(5) Notes Receivable

Notes receivable of $550,000 reported in the governmental fund financial statements and the government-wide financial statements as of December 31, 2025 represent a term note with The Palace Performing Arts Center, Inc. The repayment terms require annual principal payments of $25,000 with no interest payments.

In the governmental fund financial statements, the above amount has been reflected as deferred inflows of resources since the amounts apply to a future period and so will not be recognized as an inflow of resources until that time.

(6) Mortgage Loans Receivable and Deferred Revenue

The City, through the Agency, lends monies received through Federal grants (principally HUD, CDBG, and HOME) to individuals, businesses, and non-profit agencies at low interest rates to fund the acquisition and rehabilitation of low-income housing and other community development projects in the City. Loan disbursements are recorded as grant expenditures and loan repayments are recorded as program income. Mortgage loans receivable and the related unearned revenue account consist of principal to be collected in future periods or principal amounts that are forgiven annually in accordance with grant provisions.

Interest rates and loan periods are determined using criteria established by the granting agency. Interest rates on these loans range between 0% and 8% and loan periods are either for a period of up to 15 years or unearned and forgiven as long as the beneficiary is in compliance with the loan agreement.

In 2011, the Agency initiated a Choose Albany revolving loan fund utilizing general funds. The revolving loan fund promotes home ownership in Albany and funded loans, until 2019, for 8% of a home's purchased price up to $15,000. Loans may be utilized for down payment assistance or closing costs. The loans have a ten year term with zero percent interest. In 2019, the Choose Albany program was changed for new loans to be utilized for 5% of the purchase price up to $8,500 and forgiven over the term of the loan as long as the beneficiary is in compliance with the loan agreement.

The balance of mortgage loans receivable, net of related allowances, is comprised of the following at December 31, 2025:

Program	Loan Principal	Allowance	Net
HUD, net of allowance	$ 4,130,712	(94,455)	4,036,257
HUD, forgivable grant loans, net of allowance	8,889,250	(1,698,815)	7,190,435
Choose Albany, net of allowance	109,484	(55,850)	53,634
Total	$ 13,129,446	(1,849,120)	11,280,326

(7) Capital Assets

Capital asset activity for the year ended December 31, 2025 was as follows:

	Balance January 1, 2025	Increases	Decreases	Balance December 31, 2025
Capital assets not being depreciated:				
Land	$ 1,860,528	-	-	1,860,528
Construction-in-progress	25,296,213	49,307,519	-	74,603,732
Total capital assets not being depreciated	27,156,741	49,307,519	-	76,464,260
Capital assets being depreciated:				
Buildings and improvements	62,531,792	415,576	-	62,947,368
Machinery and equipment	112,331,537	5,808,015	(27,500)	118,112,052
Infrastructure	514,772,870	179,736	-	514,952,606
Right-to-use leases	921,652	-	-	921,652
Right-to-use SBITAs	693,335	1,715,622	-	2,408,957
Total capital assets being depreciated	691,251,186	8,118,949	(27,500)	699,342,635
Less accumulated depreciation:				
Buildings and improvements	40,582,650	1,539,110	-	42,121,760
Machinery and equipment	89,117,920	6,511,979	(27,500)	95,602,399
Infrastructure	303,838,228	13,165,128	-	317,003,356
Right-to-use leases	531,789	181,058	-	712,847
Right-to-use SBITAs	405,854	427,927	-	833,781
	434,476,441	21,825,202	(27,500)	456,274,143
Total capital assets, net	$ 283,931,486	35,601,266	-	319,532,752

Depreciation/amortization expense was charged to governmental functions as follows:

General government support	$ 8,273,470
Public safety	4,173,850
Transportation	6,715,243
Economic assistance and opportunity	636,860
Culture and recreation	935,136
Home and community services	1,090,643
	$ 21,825,202

(8) Interfund Activity

A summary of interfund activity as of and for the year ended December 31, 2025 is as follows:

Fund	Due From	Due To
General	$ 5,493,915	335,000
Special Revenue	-	1,007,328
Capital Projects	335,000	4,272,160
Albany Community Development Agency	9,965	224,392
	$ 5,838,800	5,838,800

Fund	Transfers In	Transfers Out
General	4,095,176	3,160,001
Capital Projects	3,160,001	4,095,176
	$ 7,255,177	7,255,177

(9) Due From/To Component Units

The City has reported $64,650 as the amount due to the component units, net as of December 31, 2025. The component units reported $356,599 as the amount due from the primary government, net as of December 31, 2025. The net difference as reported by the City and its component units is $291,949 which is primarily caused by timing differences due to the presentation of December 31, 2024 financial information for the CBID and the BID.

(10) Short-Term Debt

During the year ended December 31, 2025, the City issued BANs in the amount of $121,245,677. Short-term debt transactions for the year ended December 31, 2025, are summarized below:

	Maturity	Interest Rate	Balance 1/1/2025	Issued	Redeemed	Balance 12/31/2025
BAN	3/21/2025	4.00%	$ 43,103,000	-	43,103,000	-
BAN	3/21/2025	4.50%	6,719,000	-	6,719,000	-
BAN	3/20/2026	4.25%	-	30,000,000	-	30,000,000
BAN	3/20/2026	4.00%	-	76,311,677	-	76,311,677
BAN	3/20/2026	4.00%	-	14,934,000	-	14,934,000
	Total		$ 49,822,000	121,245,677	49,822,000	121,245,677

Interest expense on BANs totaled $1,922,346 for the year ended December 31, 2025.

(11) Indebtedness

(a) Long-Term Debt

Summary of changes in the City's long-term liabilities for the year ended December 31, 2025 are as follows:

	Balance at January 1, 2025	Increases	Decreases	Balance at December 31, 2025	Due within one year
Bonds	$ 76,685,000	-	11,075,000	65,610,000	9,905,000
Bond premiums	4,000,055	-	253,293	3,746,762	596,356
Total OPEB liability	308,709,856	-	8,137,409	300,572,447	-
Compensated absences	23,227,597	2,789,654	-	26,017,251	-
Due to NYS retirement system	11,154,008	-	725,184	10,428,824	1,322,432
Net pension liabilities	88,218,949	19,316,328	-	107,535,277	-
Lease liabilities	407,961	-	187,509	220,452	182,505
Subscription liabilities	254,847	1,715,622	254,847	1,715,622	321,115
Judgments and claims	26,819,172	11,997,635	-	38,816,807	-
Landfill post-closure costs	11,784,657	490,763	-	12,275,420	-
Retainage payable on long-term contracts	1,118,685	564,612	-	1,683,297	-
Total	$ 552,380,787	36,874,614	20,633,242	568,622,159	12,327,408

*Compensated absences changes are shown as net.

(b) Bonds

Serial bonds, the proceeds of which have been used primarily to provide funds for various capital projects, consists of the following at December 31, 2025:

Interest Rate	Date Issued	Maturity Date	Amount of Original Issue	Outstanding December 31, 2025
4.00%	2018	2028	$ 33,310,417	10,835,000
3.00%	2019	2034	26,000,000	17,340,000
4.00%	2022	2032	50,645,000	37,435,000
				$ 65,610,000

The following are details of bonds outstanding at December 31, 2025:

- In June 2018, the City issued $33,310,417 in General Obligation Serial Bonds. The bonds carry an interest rate of 4.00%. The bonds have maturity dates ranging from June 15, 2019 through June 15, 2028. The proceeds of the bonds, along with available funds, were used to redeem $39,390,417 of the $44,596,417 BANs that were issued in 2017 and matured June 29, 2018.
- In January 2019, the City issued $26,000,000 in General Obligation Serial Bonds. The bonds carry an interest rate of 3.00%, with a premium of $376,109. The bonds have maturity dates ranging from January 15, 2020 through January 15, 2034. The proceeds of the bonds provided new monies for the purchase of streetlights and conversion to LED.

(11) Indebtedness, Continued

(b) Bonds, Continued

- In March 2022, the City issued $50,645,000 in General Obligation Serial Bonds. The bonds carry an interest rate of 4.00%, with a premium of $5,555,316. The bonds have maturity dates ranging from March 15, 2023 through March 15, 2032. The proceeds of the bonds, along with available funds, were used to redeem $51,543,785 of the $59,304,275 BANs that were issued in 2021 and matured March 25, 2022.

Future maturities of general long-term debt as of December 31, 2025 are as follows:

Year ending	Principal	Interest	Total
2026	$ 9,905,000	2,261,325	12,166,325
2027	10,300,000	1,874,350	12,174,350
2028	10,650,000	1,473,050	12,123,050
2029	7,190,000	1,134,550	8,324,550
2030	7,465,000	860,350	8,325,350
2031-2034	20,100,000	985,375	21,085,375
	$ 65,610,000	8,589,000	74,199,000

Interest expense for bonds was totaled $2,658,000 for the year ended December 31, 2025.

(c) Interest Expense

Interest expense for the year ended December 31, 2025, consists of the following:

Cash paid:		
General obligation bonds	$ 2,658,000	
Leases	13,905	
SBITAs	12,559	
NYS retirement system	500,472	
BAN	1,922,346	5,107,282
Less prior year accrued interest		(2,145,012)
Plus current year accrued interest		4,087,577
Less amortization of bond premiums		(253,293)
		$ 6,796,554

(d) Due to New York State and Local Retirement System

Each year from 2011 through 2025, the City elected to defer part of their State pension contributions. The deferred portions of the contributions are amortized over twelve or ten years, depending on the year of deferral, at rates of 1.60% - 5.10%.

(11) Indebtedness, Continued

(d) Due to New York State and Local Retirement System, Continued

A summary of future payment obligations as of December 31, 2025 is as follows:

Year ending	Principal	Interest	Total
2026	$ 1,322,432	440,849	1,763,281
2027	1,281,633	391,746	1,673,379
2028	1,212,603	343,590	1,556,193
2029	1,095,776	296,490	1,392,266
2030	1,053,824	252,783	1,306,607
2031-2035	4,097,764	623,530	4,721,294
2036	364,792	19,808	384,600
	$ 10,428,824	2,368,796	12,797,620

(e) Litigation and Contingent Liabilities

Judgments and Claims

There are various suits and claims pending against the City during its normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. The City has recognized an accrued liability of $17,529,300 related to judgments and claims where the outcome of such litigation has been determined to result in probable loss to the City. The outcome of the remaining claims cannot be determined at this time.

Workers' Compensation Claims

The City self-insures workers' compensation claims. The City and its component units, with the exception of the BID, the Association, and the CBID, all participate in the self-insurance program.

Under the program, the City utilizes a program administrator to process claims as they occur. A liability for unpaid claims based upon individual case estimates for claims incurred as well as claims incurred but not reported at December 31, 2025. This liability is the City's best estimate based on available information and amounted to $21,287,507 as of December 31, 2025.

(f) Grant Programs

City

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

(11) Indebtedness, Continued

(f) Grant Programs, Continued

Agency

The Agency receives a major portion of its annual revenue through Federal and State grants. Any significant reduction in grant funding levels could have a negative impact on the Agency and the services it offers. The Agency's grant funding is typically awarded for specific programs or purposes and is subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the applicable grant. Management believes that all grant funds were expended in accordance with applicable terms and does not expect any significant disallowance claims will be made by grantor agencies.

(g) Landfill Closure and Post Closure Care Costs

The City has four landfills, three of which stopped accepting waste prior to December 1993. The fourth, Albany Interim Landfill (AIL), together with its expansions added in 2010 and 2012, is still accepting waste at December 31, 2025. In June 2019, the New York State Department of Environmental Conservation (DEC) issued a renewal permit to the City to continue operations of the existing landfill through June 2024. The City applied for an extension for this permit, which is currently under review by the DEC. The existing permit does not expire until the DEC has made a final decision on the renewal application.

State and Federal laws and regulations require the City to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste. The City reports closure and post closure care costs based on landfill capacity used as of each year end date.

Accrued landfill closure and post closure care costs of $12,275,420 at December 31, 2025, represent the cumulative amount reported to date based on the use of 100% of the estimated capacity of all previously closed landfills and 95% of the estimated capacity of the AIL as determined by an independent engineer. The City will recognize the remaining estimated cost of closure and post closure care as the remaining AIL capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2025. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

(12) Pension Plans

(a) Plan Description and Benefits Provided

The City participates in ERS and PFRS which are collectively referred to as the New York State and Local Retirement System (System). These are cost-sharing, multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The City also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. GLIP amounts are appointed to and included in ERS. 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.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pensions

At December 31, 2025, the City reported the following for its proportionate share of the net pension liability for ERS and PFRS:

	ERS	PFRS
Measurement date	March 31, 2025	March 31, 2025
Net pension liability	$22,382,939	85,152,338
City's proportion of the System's net pension liability	0.1305453%	1.4012555%
Change in proportion from prior year	0.0020553	(0.0599005)

For the year ended December 31, 2025, the City recognized its proportionate share of pension expense in the government-wide financial statements of $4,756,883 for ERS and $19,192,654 for PFRS.

(12) Pension Plans, Continued

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pensions, Continued

At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	ERS		PFRS	
	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 5,555,596	(262,061)	28,363,116	-
Changes of assumption	938,696	-	12,786,595	-
Net difference between projected and actual earnings on pension plan investments investments	1,756,103	-	3,272,982	-
Changes in proportion and differences between City contributions and proportionate share of contributions	790,409	(931,578)	2,348,487	(8,514,375)
City contributions subsequent to the measurement date	4,759,942	-	12,048,804	-
	$ 13,800,746	(1,193,639)	58,819,984	(8,514,375)

City contributions subsequent to the measurement date will be recognized as a reduction of the net pension system in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

Year ending	ERS	PFRS
2026	$ 3,771,112	20,623,290
2027	5,792,084	12,326,347
2028	(1,902,688)	(470,241)
2029	186,657	3,899,449
2030	-	1,877,960
	$ 7,847,165	38,256,805

(c) Actuarial Assumptions

The total pension liabilities at March 31, 2025 were determined by using a roll forward procedure to advance the liability calculated using system assumptions and member demographics from the actuarial valuation completed as of April 1, 2024. Economic assumptions used in the April 1, 2024 actuarial valuation include:

(12) Pension Plans, Continued

(c) Actuarial Assumptions, Continued

	ERS	PFRS
Actuarial valuation date	April 1, 2024	April 30, 2024
Measurement date	March 31, 2025	March 31, 2025
Inflation	2.9%	2.9%
Salary increases	4.3%	6.2%
Investment rate of return, (net of investment expense including inflation)	5.9%	5.9%
Cost-of-living adjustments	1.5%	1.5%

To set the long-term rate of return on pension plan investments, consideration was given to a building-block method using best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Demographic assumptions used in the April 1, 2024 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 - March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic equity	25%	3.54%
International equity	14%	6.57%
Private equity	15%	7.25%
Real estate	12%	4.95%
Opportunistic/ARS portfolio	3%	5.25%
Credit	4%	5.40%
Real assets	4%	5.55%
Fixed income	22%	2.00%
Cash	1%	0.25%
	100%	

*The real rate of return is net of the long-term inflation assumption of 2.9%.

(12) Pension Plans, Continued

(d) Discount Rate

The discount rate used to calculate the total pension liabilities was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those 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 liabilities.

(e) Sensitivity of the Proportionate Share of the Net Pension Liabilities to the Discount Rate

The following presents the City's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.9%, as well as what the City's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower 4.9% or 1-percentage point higher 6.9% than the current rate:

	1% Decrease 4.9%	Current Assumption 5.9%	1% Increase 6.9%
ERS - City's proportionate share of the net pension asset (liability)	$ (64,779,042)	(22,382,939)	13,017,835
PFRS - City's proportionate share of the net pension asset (liability)	$ (179,547,308)	(85,152,338)	(7,242,863)

(f) Pension Plan Fiduciary Net Position

The components of each current-year net pension liability of all participating employers as of March 31, 2025, were as follows:

	(Dollars in Millions) ERS	PFRS
Employers' total pension liability	$ (247,600)	(48,718)
Fiduciary net position	230,454	42,641
Employers' net pension liability	$ (17,146)	(6,077)
Ratio of fiduciary net position to the Employers' total pension liability	93.08%	87.53%

(g) Contributions to the Pension Plans

Employer contributions to ERS and PFRS are based on the System's fiscal year, which ends on March 31st. Retirement contributions as of December 31, 2025 represent the projected employer contributions for the period of April 1, 2025 through March 31, 2026 based on paid employee wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS and PFRS for the year ended December 31, 2025 were $6,202,952 and $15,876,811, respectively.

(13) Other Postemployment Benefits Liability (OPEB)

(a) Plan Description and Benefits Provided

In addition to providing pension benefits, the City provides certain health care benefits for retired employees through a single employer defined benefit other postemployment benefits (OPEB) plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the City may vary according to length of service. The cost of providing postemployment health care benefits is shared between the City and the retired employee as noted below. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

(b) Employees Covered by Benefit Terms

At January 1, 2024, the valuation date, the following employees were covered by the benefit terms:

Retired employees	1,169
Active employees	1,174
	2,343

(c) Total OPEB Liability

The City's total OPEB liability of $300,572,447 was measured as of December 31, 2025, and was determined by an actuarial valuation as of January 1, 2024.

(d) Actuarial Assumptions

The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00%
Discount rate	4.38%
Healthcare cost trend rates	7.00% for 2025, decreasing to an ultimate rate of 4.5% by 2036

The discount rate was based on S&P 20-year High Grade Rate Index.

Mortality rates were based on Pub-2010 with MP-2021 projection.

(13) Other Postemployment Benefits Liability (OPEB), Continued

(e) Changes in the Total OPEB Liability

The City's change in the total OPEB liability for the year ended December 31, 2025 is as follows:

Total OPEB liability - beginning of year	$308,709,856
Service cost	2,828,248
Interest	13,140,684
Changes in assumptions	(6,717,868)
Benefit payments	(17,388,473)
Total OPEB liability - end of year	$300,572,447

(f) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.38%) or 1-percentage point higher (5.38%) than the current discount rate:

	1% Decrease (3.38%)	Current Assumption (4.38%)	1% Increase (5.38%)
Total OPEB liability	$ 345,181,421	300,572,447	266,120,899

(g) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$ 261,834,345	300,572,447	350,727,311

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2025, the City recognized OPEB expense of $(7,379,049) in the government-wide financial statements. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 23,390,270	154,081,322

(13) Other Postemployment Benefits Liability (OPEB), Continued

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Continued

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	
2026	$ (23,347,981)
2027	(37,002,285)
2028	(23,941,427)
2029	(23,289,389)
2030	(19,869,884)
Thereafter	(3,240,086)
	$ (130,691,052)

(14) Leases

(a) Lease Receivable and Deferred Inflows of Resources

The City recorded lease receivables of $320,932 on the balance sheet - governmental funds and the statement of net position at December 31, 2025. The lease receivable is related to various agreements. Terms of these agreements range from three to ten years. The lease receivable was recognized at present value utilizing discount rates ranging from 1.74% and 2.33%.

Future receipts are expected to be applied as follows:

Year ending	Principal	Interest	Total Receipts
2026	$ 64,512	6,171	70,683
2027	72,169	4,815	76,984
2028	74,441	3,348	77,789
2029	38,105	2,114	40,219
2030	35,435	1,294	36,729
2031	36,270	459	36,729
Total	$ 320,932	18,201	339,133

Deferred inflows of resources of $299,624 was recorded at December 31, 2025 related to these leases. The deferred inflows of resources will be recognized as lease revenue over the terms of the lease agreements on a straight-line basis.

(14) Leases, Continued

(a) Lease Receivable and Deferred Inflows of Resources, Continued

Lease related revenue for the year ended December 31, 2025 are as follows:

Lease revenue - cell tower	$ 67,767
Interest revenue	7,386
Total	$ 75,153

(b) Right-to-Use Lease Assets and Lease Liabilities

The City leases building space and equipment under various leases, containing various terms and renewal options which extend through February 2027. These lease agreements have been recorded at the present value of the future minimum lease payments as of the inception date of the agreements. The lease liability is measured at rates ranging from 2.25% to 4.99%.

The following is a summary of lease assets and liabilities:

	Primary Government			
	Balance January 1	Additions	Deletions	Balance December 31
Lease assets:				
Building	$ 701,359	-	-	701,359
Equipment	220,293	-	-	220,293
	921,652	-	-	921,652
Less accumulated amortization:				
Building	424,703	144,343	-	569,046
Equipment	107,086	36,715	-	143,801
	531,789	181,058	-	712,847
Total lease assets, net	$ 389,863	(181,058)	-	208,805

The following table summarizes minimum future payment requirements as of December 31, 2025 under these leases:

Year ending	Principal	Interest	Total
2026	$ 182,505	5,359	187,864
2027	37,947	863	38,810
Total	$ 220,452	6,222	226,674

(15) Subscription-Based Information Technology Arrangements

The City has entered into SBITAs which have been recorded at the present value of the future minimum subscription payments as of the inception date of the agreements. The SBITA liability is measured at a rate of 4.82%. The following is a summary of the SBITA liabilities:

	Primary Government			
	Balance January 1	Additions	Deletions	Balance December 31
Subscription assets - SBITA	$ 693,335	1,715,622	-	2,408,957
Less accumulated amortization - SBITA	405,854	427,927	-	833,781
Total subscription asset, net	$ 287,481	1,287,695	-	1,575,176

As of December 31, 2025, future maturities relating to the SBITAs includes the following principal and interest payments:

Year ending	Principal	Interest	Total Payments
2026	$ 321,115	52,393	373,508
2027	334,243	39,265	373,508
2028	343,654	29,854	373,508
2029	353,330	20,178	373,508
2030	363,280	10,228	373,508
Total	$ 1,715,622	151,918	1,867,540

(16) Certain Risk Disclosures

(a) Concentrations - Workforce Covered by Collective Bargaining Agreements

The City's workforce has collective bargaining agreements which dictate employment terms including payroll and related expenditures as well as benefits. The following a summary of the City's significant collective bargaining agreements:

Collective bargaining unit	Expiration date
Albany Police Supervisors' Association	December 31, 2026
Albany Permanent Firefighter Association	December 31, 2026

Other collective bargaining agreements are maintained by the City and available upon request.

(16) Certain Risk Disclosures, Continued

(b) Constraints

(i) Limitations on Raising Revenue

The City's ability to raise revenue through property taxes is subject to Article Ill of the New York State Constitution and the Real Property Tax Law, including the property tax levy limit ("tax cap") imposed by Chapter 97 of the Laws of 2011. For most cities, the annual increase in the property tax levy cannot exceed the lesser of 2% or the rate of inflation, unless a local law is passed and approved by a 60% supermajority of the City Common Council or governing body.

(ii) Limitations on Spending

Expenditures must be authorized in accordance with the annual budget adopted by the City Common Council, pursuant to New York State General Municipal Law (GML) and local charter provisions. The City may not incur expenditures in excess of appropriations, except for legally authorized emergency expenditures.

(iii) Limitations on Incurrence of Debt

The City's authority to incur indebtedness is governed by Article VIII of the New York State Constitution, the Local Finance Law, and local charters or ordinances. The City is subject to a constitutional debt limit, which is 7% of the five-year average full valuation of taxable real property within the City. All borrowings must be authorized by the City Common Council and, in some cases, by public referendum. The City is also subject to statutory provisions governing issuance procedure, permission purposes, and repayment requirements.

(17) Economic Condition

The ability of the City to maintain sufficient fund balance is highly dependent upon real property taxes, State aid and feasible budgetary estimates. Additionally, in recent years, the City received COVID-19 related Federal funding and as of December 31, 2025, this COVID-19 related funding has been fully utilized. The City has significant fund balance deficits as of December 31, 2025 as well as utilized $3,766,637 of General Fund reserves in 2025. The City will evaluate how to manage these existing expenditures and seek additional funding from the State.

(18) Correction of Errors

The City made corrections to certain December 31, 2024 balances. Those changes are as follows:

(a) Governmental activities - deferred outflows of resources related to pensions - ERS and PFRS did not record contributions to the measurement date. This understated net position.

(b) Governmental activities - due to retirement systems related to the annual pension invoices. ERS and PFRS accruals were reversed converting the governmental funds to the governmental activities. This overstated net position.

(18) Correction of Errors, Continued

(c) Albany Water Board and Albany Municipal Water Finance Authority - due to/from component units and due to/from primary government did not agree to each other. This overstated net position.

The impact of these corrections for the year ended December 31, 2024 are as follows:

Government Activities

	December 31, 2024, as previously stated	Restatement	December 31, 2024, as restated
Deferred outflows of resources - pension - ERS	$ 14,101,139	4,329,029	18,430,168
Deferred outflows of resources - pension - PFRS	$ 50,736,516	12,767,160	63,503,676
Due to retirement systems	$ -	(14,869,198)	(14,869,198)
Net position - unrestricted (deficit)	$ (400,245,928)	2,226,991	(398,018,937)

Albany Water Board and Albany Municipal Finance Authority

	December 31, 2024, as previously stated	Restatement	December 31, 2024, as restated
Due from primary government	$ 3,197,035	(3,197,035)	-
Due to primary government	$ -	(1,450,932)	(1,450,932)
Net position - unrestricted	$ (75,626,751)	(4,647,967)	70,978,784

(19) Change to the Financial Reporting Entity

The financial statements as of December 31, 2024, excluded the financial information of the CBID and the BID. However, this financial activity is material to the aggregate discretely presented component units. This change in financial reporting entity resulted in December 31, 2024 net position of $1,475,841 and $948,999 for the CBID and the BID, respectively.

CITY OF ALBANY, NEW YORK
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget to Actual - General Fund
Year ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance
Revenue:				
Real property taxes	$ 62,731,000	62,731,000	62,261,752	(469,248)
Real property tax items	23,944,000	23,944,000	21,209,798	(2,734,202)
Nonproperty tax items	49,973,000	49,973,000	47,299,355	(2,673,645)
Departmental income	12,080,665	12,080,665	11,028,711	(1,051,954)
Use of money and property	1,332,400	1,332,400	2,393,509	1,061,109
Licenses and permits	6,631,480	6,631,480	6,321,933	(309,547)
Fines and forfeitures	12,721,000	12,721,000	9,661,121	(3,059,879)
State aid	39,883,143	39,883,143	38,342,858	(1,540,285)
Federal aid	5,572,376	5,572,376	1,496,609	(4,075,767)
Miscellaneous	6,448,076	6,448,076	5,795,442	(652,634)
Total revenue	221,317,140	221,317,140	205,811,088	(15,506,052)
Expenditures:				
General government support	48,125,706	48,125,706	52,679,182	(4,553,476)
Public safety	90,341,898	90,341,898	88,795,617	1,546,281
Health	223,000	223,000	224,325	(1,325)
Transportation	1,430,000	1,430,000	1,428,950	1,050
Economic assistance and opportunity	2,913,976	2,913,976	2,622,541	291,435
Culture and recreation	5,396,086	5,396,086	5,104,665	291,421
Home and community services	1,076,501	1,076,501	1,105,909	(29,408)
Employee benefits	62,057,554	62,057,554	62,413,872	(356,318)
Debt service:				
Principal	11,965,000	11,965,000	11,517,356	447,644
Interest	5,172,546	5,172,546	5,107,282	65,264
Total expenditures	228,702,267	228,702,267	230,999,699	(2,297,432)
Excess of expenditures over revenue	(7,385,127)	(7,385,127)	(25,188,611)	(17,803,484)
Other financing sources (uses):				
Issuance of SBITA	-	-	1,715,622	1,715,622
Transfers in	9,320,127	9,320,127	4,095,176	(5,224,951)
Transfers out	(1,935,000)	(1,935,000)	(3,160,001)	(1,225,001)
Total other financing sources (uses)	7,385,127	7,385,127	2,650,797	(4,734,330)
Net change in fund balance	$ -	-	(22,537,814)	(22,537,814)
Fund balances (deficit) at beginning of year			14,593,010	
Fund balances (deficit) at end of year			$ (7,944,804)	

CITY OF ALBANY, NEW YORK
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget to Actual - Special Revenue Fund
Year ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance
Revenue:				
State aid	$ 789,840	789,840	1,098,683	308,843
Federal aid	2,874,322	2,874,322	2,718,985	(155,337)
Total revenue	3,664,162	3,664,162	3,817,668	153,506
Expenditures:				
Economic assistance and opportunity	3,046,082	3,046,082	3,022,412	23,670
Employee benefits	698,080	698,080	806,716	(108,636)
Total expenditures	3,744,162	3,744,162	3,829,128	(84,966)
Excess of expenditures over revenue	(80,000)	(80,000)	(11,460)	68,540
Other financing sources - transfers in	80,000	80,000	-	(80,000)
Net change in fund balance	$ -	-	(11,460)	(11,460)
Fund balances (deficit) at beginning of year			(889,302)	
Fund balances (deficit) at end of year			$ (900,762)	

CITY OF ALBANY, NEW YORK
Required Supplementary Information
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Year ended December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:								
Service cost	$ 2,828,248	2,866,226	2,873,548	2,569,300	6,946,141	6,872,668	5,092,227	4,083,647
Interest	13,140,684	13,200,723	11,661,399	20,645,280	10,148,029	12,144,139	17,248,279	18,084,292
Changes in assumptions	(6,717,868)	(11,832,824)	13,885,655	(201,293,228)	(3,108,159)	(109,166,262)	111,742,345	-
Benefit payments	(17,388,473)	(16,675,228)	(15,642,337)	(14,909,764)	(15,301,430)	(16,738,048)	(15,089,450)	(14,999,483)
Net change in total OPEB liability	(8,137,409)	(12,441,103)	12,778,265	(192,988,412)	(1,315,419)	(106,887,503)	118,993,401	7,168,456
Total OPEB liability - beginning	308,709,856	321,150,959	308,372,694	501,361,106	502,676,525	609,564,028	490,570,627	483,402,171
Total OPEB liability - ending	$300,572,447	308,709,856	321,150,959	308,372,694	501,361,106	502,676,525	609,564,028	490,570,627
Covered payroll	$ 82,314,227	NA	NA	NA	NA	NA	NA	NA
Total OPEB liability as a percentage of covered payroll	365%	NA	NA	NA	NA	NA	NA	NA

Notes to schedule:

There are no assets accumulated in a trust that meet the criteria of GASB Statement No. 75, paragraph 4.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

	2025	2024	2023	2022	2021	2020	2019	2018
Discount rate	4.38%	4.22%	3.88%	4.18%	2.05%	2.02%	2.90%	3.80%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the City is presenting information for those years for which information is available.

CITY OF ALBANY, NEW YORK
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability - PFRS
Year ended December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
The City's proportion of the net pension asset/liability	1.4012555%	1.4611560%	1.5867510%	1.3836810%	1.2894060%	1.3753240%	1.3893980%	1.3697180%	1.4545270%	1.4087600%
The City's proportionate share of the net pension (asset) liability	$(85,152,338)	(69,300,068)	(87,437,485)	(7,859,924)	22,387,643	(73,510,222)	(23,301,086)	(13,844,521)	(30,147,273)	(41,710,392)
The City's covered payroll	$ 56,710,432	56,401,747	60,492,673	50,665,670	49,506,858	49,687,812	50,033,104	47,463,780	49,618,689	45,463,467
The City's proportionate share of the net pension asset/liability as a percentage of covered payroll	150.15%	122.87%	144.54%	15.51%	45.22%	147.94%	46.57%	29.17%	60.76%	91.74%
Plan fiduciary net position as a percentage of the total pension liability	87.53%	89.72%	87.43%	98.66%	95.79%	84.86%	95.09%	96.93%	93.50%	90.20%

CITY OF ALBANY, NEW YORK
Required Supplementary Information
Schedule of City's Pension Contributions - PFRS
Year ended December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$15,876,811	15,028,974	15,468,543	13,586,250	11,311,924	10,821,054	10,855,351	10,718,641	12,145,867	10,552,391
Contribution in relation to the contractually required contribution	15,876,811	15,028,974	15,468,543	13,586,250	11,311,924	10,821,054	10,855,351	10,718,641	12,145,867	10,552,391
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
City's covered payroll	$ 56,710,432	56,401,747	60,492,673	50,665,670	49,506,858	49,687,812	50,033,104	47,463,780	49,618,689	45,463,467
Contribution as a percentage of covered payroll	28.00%	26.65%	25.57%	26.82%	22.85%	21.78%	21.70%	22.58%	24.48%	23.21%

CITY OF ALBANY, NEW YORK
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Asset/Liability - ERS
Year ended December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
The City's proportion of the net pension asset/liability	0.1305453%	0.1284900%	0.1235640%	0.1091420%	0.1102880%	0.1097370%	0.1120030%	0.1127000%	0.1137030%	0.1195500%
The City's proportionate share of the net pension (asset) liability	$(22,382,939)	(18,918,881)	(26,497,054)	8,921,872	(109,818)	(29,058,918)	(7,935,785)	(3,637,344)	(10,683,797)	(19,188,066)
The City's covered payroll	$ 44,732,142	38,014,783	35,215,724	30,458,590	31,030,542	29,446,468	28,973,481	28,245,346	27,923,236	27,697,230
The City's proportionate share of the net pension asset/liability as a percentage of covered payroll	50.04%	49.77%	75.24%	29.29%	0.35%	98.68%	27.39%	12.88%	38.26%	69.28%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

CITY OF ALBANY, NEW YORK
Required Supplementary Information
Schedule of City's Pension Contributions - ERS
Year ended December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 6,202,952	4,819,311	4,569,904	4,416,571	4,110,264	3,924,727	3,968,528	3,982,586	4,880,229	4,859,954
Contribution in relation to the contractually required contribution	6,202,952	4,819,311	4,569,904	4,416,571	4,110,264	3,924,727	3,968,528	3,982,586	4,880,229	4,859,954
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
City's covered payroll	$ 44,732,142	38,014,783	35,215,724	30,458,590	31,030,542	29,446,468	28,973,481	28,245,346	27,923,236	27,697,230
Contribution as a percentage of covered payroll	13.87%	12.68%	12.98%	14.50%	13.25%	13.33%	13.70%	14.10%	17.48%	17.55%

CITY OF ALBANY, NEW YORK
Combining Statement of Net Position - Nonmajor Discretely Presented Component Units
December 31, 2025

	Central District Management Association, Inc.*	Downtown Albany Restoration Program, Inc.*	Total Nonmajor Component Units
Current assets:			
Cash and equivalents - unrestricted	$ 187,655	550,179	737,834
Investments	-	236,129	236,129
Accounts receivable, net	11,544	37,121	48,665
Grants receivable	30,084	-	30,084
Due from primary government	-	336,103	336,103
Prepaid expenses	4,532	31,599	36,131
Total current assets	233,815	1,191,131	1,424,946
Noncurrent assets - capital assets, net	2,788,100	8,918	2,797,018
Total assets	3,021,915	1,200,049	4,221,964
Current liabilities:			
Accounts payable	55,280	59,828	115,108
Accrued expenses	5,360	97,321	102,681
Accrued interest	3,941	-	3,941
Unearned revenue	64,692	25,000	89,692
Loans, payable, current portion	41,142	-	41,142
Total current liabilities	170,415	182,149	352,564
Long-term liabilities - loan payable, noncurrent portion	1,597,774	-	1,597,774
Total liabilities	1,768,189	182,149	1,950,338
Net position (deficit):			
Net invested in capital assets	1,149,184	8,918	1,158,102
Restricted	66,906	58,337	125,243
Unrestricted (deficit)	37,636	950,645	988,281
Total net position (deficit)	$ 1,253,726	1,017,900	2,271,626

* As of December 31, 2024

See accompanying notes to financial statements.

CITY OF ALBANY, NEW YORK
Combining Statement of Activities - Nonmajor Discretely Presented Component Units
Year ended December 31, 2025

	Central District Management Association, Inc.*	Downtown Albany Restoration Program, Inc.*	Total Nonmajor Component Units
Operating revenue	$ 956,303	1,845,177	2,801,480
Operating expenses:			
Costs of services	1,113,910	1,774,600	2,888,510
Depreciation	64,999	11,625	76,624
Miscellaneous	-	-	-
Total operating expenses	1,178,909	1,786,225	2,965,134
Excess (deficiency) of operating revenue over expenses	(222,606)	58,952	(163,654)
Other nonoperating revenue - interest income	491	9,949	10,440
Change in net position	(222,115)	68,901	(153,214)
Net position at beginning of year, as previously stated	-	-	-
Change to the financial reporting entity (note 19)	1,475,841	948,999	2,424,840
Net position at beginning of year, as restated	1,475,841	948,999	2,424,840
Net position at end of year	$ 1,253,726	1,017,900	2,271,626

* For the year ended December 31, 2024

See accompanying notes to financial statements.

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INDEPENDENT AUDITOR'S 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

Honorable Mayor and Administration
City of 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 governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate presented fund information of City of Albany, New York (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 25, 2026. Our report includes a reference to other auditors who audited the financial statements of the Albany Parking Authority, the City of Albany Industrial Development Agency, the Albany Port District Commission, the City of Albany Capital Resource Corporation, the Lark Street Area District Management Association, Inc., the Central District Management Association, Inc., the Downtown Albany Restoration Program, Inc., or the Albany Community Development Agency, as described in our report on the City's financial statements. The financial statements of the Central District Management Association, Inc. and the Downtown Albany Restoration Program, Inc. were not audited in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Central District Management, Inc. or the Downtown Albany Restoration Program, Inc. or that are reported on separately by those auditors who audited the financial statements of the component units mentioned above.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City'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 City'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

City's Response to the Finding

Government Auditing Standards required the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
September 25, 2026

EFPR GROUP, CPAs PLLC
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and Administration
City of Albany, New York:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Albany, New York's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Other Matters - Federal Expenditures Not Included in the Compliance Audit

The City's basic financial statements include the operations of its component units which are not included in the City's schedule of expenditures of federal awards during the year ended December 31, 2025. Our audit, described in the Opinion on Each Major Federal Program section, did not include the operations of the component units because the component units engaged other auditors to perform their annual audits.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
September 25, 2026

CITY OF ALBANY, NEW YORK
Schedule of Expenditures of Federal Awards
Year ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture - passed through American Forests - Urban and Community Forestry Program	10.675	24-CA-11132544-010-027	$ 688,411	-
U.S. Department of Housing and Urban Development:				
Community Development Block Grants/Entitlement Grants	14.218	N/A	75,493	-
Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	14.251	B-23-CP-NY-1172	400,000	-
Total U.S. Department of Housing and Urban Development			475,493	-
U.S. Department of the Interior - Historical Preservation Fund Grants-In-Aid	15.904	P24AP00333	1,500,000	-
U.S. Department of Labor - passed through New York State Department of Labor:				
WIOA Cluster:				
WIOA Adult Program	17.258	N/A	313,115	-
WIOA Youth Activities	17.259	N/A	579,950	-
WIOA Dislocated Worker Formula Grants	17.278	N/A	720,254	-
Total WIOA Cluster			1,613,319	-
Youthbuild	17.274	N/A	53,825	-
Total U.S. Department of Labor			1,667,144	-
U.S. Department of Justice:				
Bulletproof Vest Partnership Program	16.607	N/A	37,835	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-22-GG-02335-JAGX	22,865	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-23-GG-03666-JAGX	23,664	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-04376-SMTP	28,305	-
Total Edward Byrne Memorial Justice Assistance Grant Program			74,834	-
Total U.S. Department of Justice			112,669	-
U.S. Department of Transportation:				
Passed through New York State Department of Transportation:				
Highway Planning and Construction	20.205	1760.92	318,731	-
Highway Planning and Construction	20.205	1756.64.121	137,828	-
Total Highway Planning and Construction			456,559	-
Passed through New York State Governor's Traffic Safety Committee - State and Community Highway Safety	20.600	N/A	4,357	-
Total U.S. Department of Transportation			460,916	-
U.S. Department of the Treasury - passed through Rensselaer County Employment and Training Career Center - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	247,038	-
U.S. Department of Health and Human Services - passed through New York State Office of Temporary and Disability Assistance - Temporary Assistance for Needy Families	93.558	N/A	719,578	-
U.S. Department of Homeland Security - passed through New York State Division of Homeland Security and Emergency Services:				
Homeland Security Grant Program	97.067	WM21160217	14,792	-
Homeland Security Grant Program	97.067	WM22190102	301,361	-
Total Homeland Security Grant Program			316,153	-
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2020-FF-01118	220,488	-
Total U.S. Department of Homeland Security			536,641	-
Total Expenditures of Federal Awards			$ 6,407,890	-

See accompanying notes to schedule of expenditures of federal awards.

CITY OF ALBANY, NEW YORK

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2025

(1) Summary Of Accounting Policies

(a) Scope of Single Audit

The accompanying Schedule of Expenditures of Federal Awards presents all activity of federal award programs of the City of Albany, New York (the City) (primary government) but does not include the activity of the federal awards programs, if any, of the component units for the year ended December 31, 2025. Only the primary government's awards received directly from federal and state agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

(b) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting used by the City in reporting these programs to the federal government.

(2) Noncash Assistance

The City had no awards expended in the form of noncash assistance during the year ended December 31, 2025.

(3) Loans And Loan Guarantees

The City had no federal loans or federal loan guarantees outstanding as of December 31, 2025.

(4) Indirect Costs

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented. The de minimis election allows the City to allocate 10% of indirect costs to grants with periods ending on or before September 30, 2024 and 15% of indirect costs to grants with periods after September 30, 2024. The City does not use the 10% de minimis election.

CITY OF ALBANY, NEW YORK

Schedule of Findings and Questioned Costs

Year ended December 31, 2025

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the basic financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
1. Material weakness(es) identified?	x Yes ____ No
2. Significant deficiency(ies) identified?	____ Yes x None reported
3. Noncompliance material to financial statements noted?	____ Yes x No

Federal Awards:

Internal control over major programs:	
4. Material weakness(es) identified?	____ Yes x No
5. Significant deficiency(ies) identified?	____ Yes x None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)?	____ Yes x No
7. The City's major programs audited were:	

Name of Federal Programs	Assistance Listing Number
Historical Preservation Fund Grants-In-Aid	15.904
WIOA Cluster	17.258/17.259/17.278

8. Dollar threshold used to distinguish between Type A and Type B programs.	$ 1,000,000
9. Auditee qualified as low-risk auditee?	____ Yes x No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

See Finding on page 70.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings or questioned costs.

Part II - FINANCIAL STATEMENT FINDINGS SECTION:

(2025-001) Significant Audit Adjusting Journal Entries

Criteria - Management is responsible for maintaining accounting records that are accurate and can be audited.

Condition - The accounting records did not accurately reflect appropriate balances for pension related balance sheet accounts.

Cause - In prior years, contributions subsequent to the measurement date related to pensions were not recorded. Additionally, governmental accrued pension liabilities were not recorded on the government-wide statement of net position.

Effect of Condition - A prior period adjustment was recorded to restate the December 31, 2024 net position on the government-wide statement of net position.

Repeat Finding - This is a repeat finding of item 2024-001 as reported for the year ended December 31, 2024.

Recommendation - We recommend that pension related balance sheet accounts be reconciled at year-end and ensure that the records have proper supporting documentation.

View of Responsible Officials and Planned Corrective Actions - See corrective action plan on page 72.

CITY OF ALBANY, NEW YORK

Status of Prior Year Audit Findings

Year ended December 31, 2025

(2024-001) Significant Audit Adjusting Journal Entries

Condition - The accounting records did not accurately reflect appropriate balances for several of the asset and liability accounts.

Status - This finding is repeated as finding 2025-001.

CITY OF ALBANY, NEW YORK

Corrective Action Plan

Year ended December 31, 2025

Name of Auditee: City of Albany, New York

Name of Audit Firm: EFPR Group, CPAs, PLLC

Period Covered by the Audit: Year ended December 31, 2025

CAP Prepared by: Darius Shahinfar, Treasurer

Phone: (518) 434-5036

(1) Audit Finding 2025-001 - Significant Audit Adjusting Entries

(a) Implementation Plan of Actions - The City will reconcile significant asset and liability accounts at year end.

(b) Implementation Date - This will be implemented for the year ending December 31, 2026.

(c) Persons Responsible for Implementation - The Treasurer.