Albany CONVENTION CENTER Authority

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

ALBANY CONVENTION CENTER AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Albany Convention Center Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Albany Convention Center Authority (the "Authority"), a component unit of the State of New York, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on 2020 and our qualified audit opinion on 2019.

Basis for Qualified Opinion

Accounting principles generally accepted in the United States of America requires capital assets be evaluated for impairment when events or changes in circumstances suggest that the service utility of a capital asset may have significantly and unexpected declined. Prior to December 2019, the Authority evaluated capital assets for impairment and determined that the service utility and value of certain capital assets may have materially changed. As more fully described in Note 5 of the financial statements, the Authority entered into a $1 purchase and sale agreement for certain capital assets. Based on the nature of this agreement, the Authority elected to depart from accounting principles generally accepted in the United States of America and continue to carry these capital assets at the historical costs until the sale was finalized in December 2019.

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Unmodified Opinion on 2020 and Qualified Opinion on 2019

In our opinion, except for the effects on the 2019 financial statements of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Albany Convention Center Authority, as of December 31, 2020 and 2019, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–8 and other required supplementary information on page 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2021 on our consideration of the Albany Convention Center Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Albany Convention Center Authority's internal control over financial reporting and compliance.

UHY LLP

Albany, New York
March 25, 2021

The following is a discussion and analysis of the Albany Convention Center Authority, and its financial statements that reflect the financial activity that took place during the year ended December 31, 2020.

Authority Background

The Albany Convention Center Authority (ACCA) was created on September 21, 2004 by the enactment of Title 28-BB of the Public Authorities Law (Chapter 468 of the Laws of 2004). The general purpose of the ACCA is to design, develop, plan, finance, create, site, construct, renovate, administer, operate, manage, and maintain a convention facility located in the City of Albany (the Project).

The Authority Board consists of nine members, three appointed by the Governor of New York State, one appointed by the Temporary President of the Senate, one appointed by the Speaker of the Assembly, two appointed by the Albany County Executive, with the advice and consent of the County Legislature and two are appointed by the Mayor of the City of Albany, with the advice and consent of the Common Council. All members of the board shall serve at the pleasure of their appointing authority and all positions are currently filled.

Significant activities during 2020 were as follows:

The Albany Capital Center (ACC):

At the beginning of 2020, the event schedule was being filled at a pace consistent with past years. However, due to the worldwide pandemic, events activities at the Albany Capital Center essentially ended as of March 15, 2020. Except for a few virtual meetings and the limited use of the sports floor for training sessions, the facility has otherwise been dark resulting from 99 cancellations in 2020.

In response, and acting proactively, the operator SMG, having merged with AIG to become ASM Global in 2019, brought to bear the full resources of that merger to develop cleaning and operational protocols in accordance with CDC and NYS guidelines to assure facility readiness upon approval to reopen.

During 2020, the ACC event totals were:

- 64 events
- 120 event days
- 2,396 room-nights generated
- 25,699 attendees

As of December 31, 2020, for 2021 ASM Global has booked:

- 44 events
- 115 event days
- 4,423 room-nights generated
- 25,533 attendees
- 15 event contracts are pending

As of December 31, 2020, for 2022, ASM Global has booked:

- 8 events
- 18 event days
- 4,706 room-nights
- 5,360 attendees
- 4 event contracts are pending

Although current bookings are tracking with those first quarters in 2019 and 2020, as of March 2021 it remains that the facility is greatly restricted in what events it can host. Therefore it is unclear if a full schedule of events can be achieved in 2021 and beyond.

Following the initial event restrictions placed upon this facility in March of 2020, ASM Global undertook deferred building repairs and maintenance in anticipation of receiving permission to reopen and the ACCA contracted certain capital improvements. ASM Global has completed those tasks, and as a direct result of the extended shutdown, reduced its work force, limited the hours of those remaining salaried and hourly personnel, and reduced future costs by permitting the early use of vacation credits to avoid further layoffs. Positions open as the result of attrition and/or departure have not been filled. Energy use was reduced through changing seasonal building temperatures, cooling was kept to the minimum needed for humidity control, and any equipment not in use was placed in shutdown, including coolers, freezers, water fountains, ice and coffee makers and lighting was reduced to security levels.

The success of the Albany Capital Center in both marketing and operations is directly attributable to ASM Global onsite staff. Both the Director of Sales and Sales Coordinator attend select national and regional meeting planner events to showcase the ACC, focusing on bookings out 12-24 months, and work closely with Discover Albany to identify the long lead events, those 24 months and beyond. Discover Albany utilizing strategic underwriting provided by the ACCA also supports the marketing of Albany as a destination and that of Albany County as the hub of the Capital Region.

The survey process implemented in 2018 to obtain feedback on the experience related to each event was continued in 2020. Following each event, ASM Global issued a survey to all attendees and meeting planners sharing the results with the ACCA Board on a quarterly basis in review of those metrics having to do with the guest experience. In doing so the performance of the ASM Global staff, the exclusive caterer, and preferred vendors including those for audio/visual, and decorating is measured and as a means of determining the Qualitative fee upon by the Economic Impact Committee and by action of the ACCA Board. As a result of the impact of the pandemic and the associated reduction in revenue, and in accordance with the Contract, ASM did not receive a Quantitative/Qualitative incentive fee for Fiscal Year 2020. In accordance with the Contract, the base fee was paid in full.

Recognizing the need to remain competitive and improve upon product delivery, the ACCA undertook capital improvements at The Albany Capital Center. In 2020 the ACCA invested more than $88,000 in epoxy floor surfacing and dry storage shelving in and around food service and other high traffic areas in support of efficient housekeeping and improved access to stored consumables required by the catering operation. The work was undertaken ahead of the original schedule, during the initial shutdown period. Additional capital improvement work was then postponed due to the extended shutdown and the need to preserve capital.

The Albany Convention Center Authority (ACCA):

To accurately assess the economic impact that the Albany Capital Center has upon the Capital Region, the ACCA established an Economic Impact Committee comprised of ACCA Board Members and Staff, and entered an MOU with the Albany County Convention and Visitors Bureau (ACCVB) a/k/a Discover Albany to provide an independent third party review of the actual economic impacts resulting from events held at the ACC. Discover Albany staff meets with the Economic Impact Committee and reports to the ACCA Board on a quarterly basis and the resulting information is posted to the ACCA Website and distributed to stakeholders.

The Albany Convention Center Authority (ACCA) (continued):

From the ACC booking reports and data from hotels, ASM Global and event organizers, Discover Albany inputs the data into the Destinations International's Economic Impact Calculator (EIC), a recognized and respected standard analysis tool for the hospitality industry. The EIC Report generated is the sum of visitor, meeting planner, and exhibitor spending and forms the basis for the summary provided to the ACCA including visitor count, hotel room nights, sales tax receipts and jobs generated.

The ACCA tracks performance and measures the impact upon the local and regional economy, as a critical component of its mission is to provide significant economic and social benefits to the City of Albany, Albany County, and the Capital Region. Utilizing the economic indicators provided by Discover Albany, the Albany Capital Center has, since opening March 1, 2017, generated the following as per their report dated January 26, 2021:

- Total Visitor Spending $48,881,002
- State Sales Taxes $2,903,308
- County Sales Taxes $2,943,522
- Visitors 317,266
- Hotel Room Nights 73,511
- Total Events 591
- Full Time Equivalent Jobs supported by The ACC Events 27,759

For 2020 the ACCA share of the Albany County Hotel/Motel Occupancy Tax (HOT) continued at 3/6ths (3 points) of the total county receipts from the 6% tax charged to hotel guests that took effect with Substantial Completion of the Albany Capital Center on March 1, 2017. The tax was renewed in 2020 this time by the State of New York as part of its budget process and extended for 3 years to December 31, 2023. Of the total annual budgeted amount of approximately $4 million, only approximately 47.54% or $1,966,432, was received in 2020 due to the downturn in the hotel sector, as a direct result of the pandemic. That which was distributed by Albany County each quarter served to cover the operating losses incurred by the Albany Capital Center which permitted the ACCA to maintain its reserve fund in accordance with the requirements contained in the contract with ASM Global. Funding of capital improvement accounts necessary to maintain the facility in good working order over time was suspended to preserve operating capital.

Other Significant Activities:

The ACCA Board, having determined it to be in the best interests of the facility to continue with the current management team (ASM Global), authorized ACCA Staff to enter negotiations for the renewal of the existing agreement ended December 31, 2020. As such, on July 30, 2020, the ACCA Board at its regularly scheduled quarterly meeting approved a new contract to take effect January 1, 2021, through December 31, 2025. Features of the new contract include a metric based fee determination method, matching of the CPI adjustment to the Albany market, and a greater emphasis on performance criteria in anticipation of the Albany Capital Center achieving stabilization once the hospitality sector recovers.

On February 21, 2020, the transfer of the lands and land leases originally acquired for what became a former site for the ACC, that closed in escrow on December 17, 2019, was finalized and escrow release occurred. There was no material financial impact in the ACCA's financial statements for 2020 as a result.

Overview of the Financial Statements:

The financial statements provide summary information about the ACCA's 2020 and 2019 operations including net position. The notes provide explanation and additional details about the financial statements.

The ACCA's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) and Government Accounting Standards Board (GASB) with the exception of the potential impairment of properties as further described elsewhere in these financial statements as pertains to 2019 only. Revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred.

Net Position:

	December 31, 2020	December 31, 2019	$ Change
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 2,908,196	$ 2,610,516	$ 297,680
Accounts receivable	205,781	464,215	(258,434)
Due from County of Albany, New York	582,467	1,257,310	(674,843)
Prepaid expenses and other	83,177	112,689	(29,512)
Total current assets	3,779,621	4,444,730	(665,109)
NONCURRENT ASSETS			
Capital assets, net of accumulated depreciation	73,518,477	75,624,311	(2,105,834)
Total assets	77,298,098	80,069,041	(2,770,943)
DEFERRED OUTFLOWS OF RESOURCES	127,360	43,753	83,607
Total assets and deferred outflows of resources	$77,425,458	$80,112,794	$ (2,687,336)
LIABILITIES			
Accounts payable and accrued expenses	$ 142,561	$ 291,295	$ (148,734)
Deferred revenue	225,604	292,411	(66,807)
Accrued wages and employee benefits	12,351	17,129	(4,778)
Total current liabilities	380,516	600,835	(220,319)
NONCURRENT LIABILITIES			
Net pension liability	41,066	22,587	18,479
OPEB obligation	654,448	586,645	67,803
Total liabilities	1,076,030	1,210,067	(134,037)
DEFERRED INFLOWS OF RESOURCES	41,750	12,864	28,886
NET POSITION	76,307,678	78,889,863	(2,582,185)
Total liabilities, deferred inflows of resources and net position	$77,425,458	$80,112,794	$ (2,687,336)

Significant Changes to Net Position:

- While timing can relate to material changes in accounts receivable, the almost $260,000 decrease in receivables from 2019 to 2020 is primarily the result of the impact of the pandemic and reduction in the number of events. The balance shown as of December 31, 2020, is the result of an extended period of time for payments to be received from event holders.
- Due from County of Albany, New York significantly decreased by approximately 46% due to the impact of COVID-19 on the hospitality industry.
- The material change in capital assets results primarily from depreciation of approximately $2.23 million.
- The decrease in current liabilities is related to the reduced number of events due to the pandemic response.
- In February 2019, the ACCA enacted post-retirement health benefits, known as OPEB, for employees meeting certain criteria. The associated liability was initially booked during 2019 and is adjusted annually.

Revenue and Expenses:

	2020	2019	$ Change
Revenues	$ 615,348	$ 2,715,754	$ (2,100,406)
Expenses			
Salary and wages	124,542	124,377	165
Fringe benefits	108,847	650,740	(541,893)
Insurance	103,022	118,834	(15,812)
Office expense	22,733	33,582	(10,849)
Occupancy costs	-	29,530	(29,530)
Professional fees	247,213	488,838	(241,625)
Other property held costs	-	68,478	(68,478)
Contractual services	2,323,097	3,688,870	(1,365,773)
Depreciation expense	2,233,800	2,255,326	(21,526)
Total expenses	5,163,254	7,458,575	(2,295,321)
Operating loss	(4,547,906)	(4,742,821)	194,915
Appropriations and other revenues (losses)			
Hotel-Motel Occupancy Tax	1,942,442	4,002,673	(2,060,231)
Other revenue	20,098	686,337	(666,239)
Rental loss, net	-	(178,409)	178,409
Loss on disposal of capital assets	(711)	-	(711)
Loss on transfer of other property held	-	(8,386,877)	8,386,877
Interest income	3,892	7,167	(3,275)
Total appropriations and other revenues (losses)	1,965,721	(3,869,109)	5,834,830
Change in net position	(2,582,185)	(8,611,930)	6,029,745
Total net position beginning of year	78,889,863	87,501,793	(8,611,930)
Total net position end of year	$76,307,678	$78,889,863	$ (2,582,185)

<u>Significant Changes to Revenues and Expenses and Appropriations and Other Revenues (Losses)</u>:

- Revenues decreased by over $2 million, or 77%, as related to the impact of needing to be essentially shut down due to COVID-19 from March 15, 2020, through the remainder of 2020.
- Fringe benefit costs related to post-retirement health care costs materially decreased in 2020 as the result of resolving to provide post-retirement benefit obligations (OPEB) in February 2019. As such, during 2019, the initial recording of the associated costs and liability were booked. However, in 2020, only the annual change and update were recorded.
- No occupancy costs were incurred during 2020 as the ACCA office was moved to the ACC building.
- The other property held costs of $68,000 related to the holding of the former site properties. Those properties were transferred from the ACCA in December 2019.
- Professional fees decreased approximately $241,000 due to decreased legal consultant fees in 2020.
- Operating expenses are primarily reflected as contractual services as related to the operator agreement with ASM Global. As more fully described elsewhere, upon the closure related to the pandemic, cost savings measures were enacted while still providing for necessary expenses for maintaining the building in good form and allowing for necessary functions such as marketing and promotion, accounting, security, and maintenance to remain in place. This resulted in a 37% decrease in costs between 2019 and 2020.
- The impact of the reduced revenue in conjunction with the cost savings measures results in the operating loss for 2020 being within 4% of the loss of 2019.
- There was an over 50% reduction in receipts of the Hotel-Motel Occupancy Tax between 2019 and 2020 as the direct result of the impact of COVID-19 on the hospitality industry.
- Other revenue decreased by approximately $666,000 primarily as the result of having a one-time reimbursement for former demolition costs as related to the former site during 2019.
- As a result of the transfer of former site properties in December 2019, there were no rental operations during 2020.

<u>Currently Known Facts and Circumstances</u>:

- The Albany County Hotel Motel Occupancy Tax, was due to expire on December 31, 2020, but now resides within the NYS Budget and was renewed for three years, through December 31, 2023.
- The Albany Capital Center is the only Convention Center in New York State to have remained open for meetings and events and not otherwise in use for purposes related to the pandemic response. However, the ACC is open on a limited basis and in accordance with Federal and NYS COVID-19 guidelines and requirements. At this time, the full impact of the pandemic cannot be ascertained. There will be a material impact to the ACC for the first quarter of 2021 and with a high probability the second quarter. It is expected that post-June 30, 2021, the pandemic will continue to impact the number and sizes of events; however, the full impact is not predictable. The ACCA has taken as many actions as possible to ensure the ACC is maintained in quality form, contain costs, maximize use of the space as under the pandemic guidelines, and to preserve capital during this time.
- The Hotel Motel tax receipts for 2021 will continue to be impacted by the pandemic and the slow recovery of the hospitality sector as a result. In planning the ACCA anticipates the total tax receipts for 2021 will be approximately $2 million or approximately 50% of their value in a typical year. However, as with the operating revenue, the receipts for 2021 and beyond cannot be predicted with accuracy at this time.

ALBANY CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW YORK)
STATEMENTS OF NET POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 2,908,196**	$ 2,610,516
Accounts receivable	**205,781**	464,215
Due from County of Albany, New York	**582,467**	1,257,310
Prepaid expenses and other	**83,177**	112,689
Total current assets	**3,779,621**	4,444,730
NONCURRENT ASSETS		
Capital assets, net of accumulated depreciation	**73,518,477**	75,624,311
Total assets	**77,298,098**	80,069,041
DEFERRED OUTFLOWS OF RESOURCES	**127,360**	43,753
Total assets and deferred outflows of resources	**$ 77,425,458**	$ 80,112,794
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	**$ 142,561**	$ 291,295
Deferred revenue	**225,604**	292,411
Accrued wages and employee benefits	**12,351**	17,129
Total current liabilities	**380,516**	600,835
NONCURRENT LIABILITIES		
Net pension liability	**41,066**	22,587
OPEB obligation	**654,448**	586,645
Total noncurrent liabilities	**695,514**	609,232
Total liabilities	**1,076,030**	1,210,067
DEFERRED INFLOWS OF RESOURCES	**41,750**	12,864
NET POSITION		
Net investment in capital assets	**73,518,477**	75,624,311
Unrestricted	**2,789,201**	3,265,552
Total net position	**76,307,678**	78,889,863
Total liabilities, deferred inflows of resources and net position	**$ 77,425,458**	$ 80,112,794

ALBANY CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW YORK)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended December 31, 2020 and 2019

	2020	2019
Revenues	**$ 615,348**	$ 2,715,754
Expenses		
Salaries and wages	**124,542**	124,377
Fringe benefits	**108,847**	650,740
Insurance	**103,022**	118,834
Office expense	**22,733**	33,582
Occupancy costs	**-**	29,530
Professional fees	**247,213**	488,838
Other property held costs	**-**	68,478
Contractual services	**2,323,097**	3,688,870
Depreciation	**2,233,800**	2,255,326
Total expenses	**5,163,254**	7,458,575
Operating loss before appropriations and other revenues	**(4,547,906)**	(4,742,821)
Appropriations and other revenues (losses)		
Hotel-Motel Occupancy Tax	**1,942,442**	4,002,673
Other revenue	**20,098**	686,337
Rental loss, net	**-**	(178,409)
Loss on disposal of capital assets	**(711)**	-
Loss on transfer of other property held	**-**	(8,386,877)
Interest income	**3,892**	7,167
Total appropriations and other revenues (losses)	**1,965,721**	(3,869,109)
Change in net position	**(2,582,185)**	(8,611,930)
Total net position, beginning of year	**78,889,863**	87,501,793
Total net position, end of year	**$ 76,307,678**	$ 78,889,863

See notes to financial statements.

ALBANY CONVENTION CENTER AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from services	**$ 806,975**	$ 2,596,810
Personal service payments	**(206,606)**	(157,375)
Cash payments to vendors, contractors and other professionals	**(2,786,216)**	(5,039,945)
Net cash used in operating activities	**(2,185,847)**	(2,600,510)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash received for interest	**3,892**	7,167
Cash received from County of Albany	**2,617,285**	4,054,087
Net cash provided by non-capital and related financing activities	**2,621,177**	4,061,254
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash received from other revenue	**20,098**	686,337
Acquisition of capital assets	**(157,748)**	(793,243)
Net cash used in capital and related financing activities	**(137,650)**	(106,906)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**297,680**	1,353,838
CASH AND CASH EQUIVALENTS, Beginning of year	**2,610,516**	1,256,678
CASH AND CASH EQUIVALENTS, End of year	**$ 2,908,196**	$ 2,610,516
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss before appropriations and other revenues (losses)	**$ (4,547,906)**	$ (4,742,821)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	**2,262,871**	2,279,319
Rental loss	**-**	(178,409)
Net changes in assets and liabilities:		
Accounts receivable	**258,434**	(105,853)
Prepaid expenses and other	**29,512**	8,518
Change in deferred outflows, inflows, net pension and OPEB liabilities	**31,561**	616,792
Accounts payable and accrued expenses	**(148,734)**	(465,915)
Deferred revenue	**(66,807)**	(13,091)
Accrued wages and employee benefits	**(4,778)**	950
Net cash used in operating activities	**$ (2,185,847)**	$ (2,600,510)

See notes to financial statements.

NOTE 1 — FINANCIAL REPORTING ENTITY

The Albany Convention Center Authority (Authority) is a Public Benefit Corporation created by the State of New York (State) Legislature in 2004 to design, develop, plan, finance, create, site, construct, renovate, administer, operate, manage and maintain a convention center facility (Project) to be located in the City of Albany, New York (City). Operations began with the creation of the Authority's Board in February 2006. The Authority's Board consists of nine members: three members appointed by the Governor of the State, one member each appointed by the Temporary President of the State Senate and the Speaker of the State Assembly, respectively, two members appointed by the Mayor of the City of Albany with the advice and consent of the City's Common Council, and two members appointed by the County of Albany, New York (County) Executive with the consent and advice of the County Legislature.

The Authority meets the criteria set forth in generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB) for inclusion as a component unit within the State of New York's basic financial statements based on the State's responsibility for the appointment of a majority of the Authority members, and their approval of certain debt issuances. As a component unit, the Authority's financial statements may be discretely presented in the State of New York's basic financial statements. The accompanying financial statements present the financial position and the changes in net position and cash flows of the Authority only. The Authority does not have any component units and is not involved in any joint ventures.

The Authority constructed a convention center (Capital Center) at a cost of approximately $78.8 million primarily funded through the New York State Office of General Services (OGS). The Capital Center opened for operations in March 2017.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In accordance with the provisions of GASB Statement No. 20, as amended, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Authority has elected not to apply Financial Accounting Standards Board statements and interpretations issued after November 30, 1989.

The more significant accounting policies are described below:

Basis of Accounting

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

Cash, Cash Equivalents and Investments

Cash includes amounts in demand deposits. Cash equivalents include all highly liquid investments with an original maturity of three months or less when purchased. These deposits are fully collateralized by federal deposit insurance or secured under a collateral pledge and control agreement.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Investments *(Continued)*

The Authority manages its investments pursuant to Section 98(a) of the State Finance Law. Permitted investments are defined as obligations in which the State Comptroller may invest which include obligations of the United States and its Federal agencies, collateralized time deposits, commercial paper, bankers acceptances and repurchase agreements.

Due from the County of Albany, New York

During 2006, enabling legislation authorized a portion of Hotel-Motel Occupancy Tax (HOT) revenue collected and remitted to the treasury of the County of Albany be set aside for use by the Authority (Note 5). The HOT revenue is recognized when earned based on management's estimates using budgeted and historical collection data adjusted each quarter based on actual amounts collected and deposited into an account designated by the Authority. Due from County of Albany, New York consists of the Authority's estimated share of hotel taxes collected on behalf of the Authority. No allowance has been established at either December 31, 2020 and 2019 for estimated uncollectible amounts due from Albany County as these amounts are considered fully collectible.

Income Taxes

The Authority is a public benefit corporation of the State of New York. As such, income earned in the exercise of its essential government functions is exempt from state and federal income taxes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reporting of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation of the current year financial statements.

Pension

The Authority accounts for pensions in accordance with GASB 68, Accounting and Financial Reporting for Pensions (GASB 68). This statement addresses accounting and financial reporting for pensions provided to Authority employees that are administered by the New York State and Local Employees' Retirement System. This statement also requires various note disclosures and required supplementary information. However due to the overall immaterial impact of this pension accounting on the statements of revenues, expenses, and changes in net position such note disclosures and required supplementary information have not been included.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits (OPEB)

The Authority provides health insurance for certain qualifying retirees. The Authority uses GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75) to recognize the total OPEB liability, deferred outflows and deferred inflows of resources, OPEB expense, and information about and changes in the total OPEB liability.

NOTE 3 — CASH AND CASH EQUIVALENTS

The Authority's cash and cash equivalents are categorized in accordance with criteria established by the GASB to give an indication of the level of risk assumed. Cash and cash equivalents as of December 31, are reflected below.

	2020		2019	
	Carrying Value	Bank Balance	Carrying Value	Bank Balance
Cash and cash equivalents	$2,908,196	$2,942,399	$2,610,516	$2,717,656
	$2,908,196	$2,942,399	$2,610,516	$2,717,656

The cash and cash equivalents are fully collateralized at December 31, 2020.

NOTE 4 — DUE FROM THE COUNTY OF ALBANY, NEW YORK

During 2006, legislation was amended which authorizes the County of Albany to impose and collect taxes from occupants of hotel-motel rooms in the County. Among other amendments, this legislation authorized a portion of hotel and motel occupancy taxes collected and remitted to the treasury of the County be deposited into a fund held separate and for the benefit of the Authority. Funds in excess of expenses and outstanding applications for withdrawals submitted by the Authority may be invested in accordance with certain provisions of law. Investment income earned is retained by the fund and made available to the Authority along with all other moneys of the fund. The County transfers money to the Authority's operating account on a quarterly basis which is to be used by the Authority for the convention center. This tax was originally subject to a sunset provision and ended in December 2008. This tax was re-enacted during 2009 with the tax imposed for the period from November 1, 2009 through December 31, 2010. The provisions of the legislation have been further extended through December 31, 2023. As of March 1, 2017, upon substantial completion of the Albany Capital Center, the Authority's share of the Hotel-Motel Occupancy Tax increased from 1% to 3%. The Hotel-Motel Occupancy Tax revenues for the years ended December 31, 2020 and 2019 were $1,942,442 and $4,002,673, respectively.

NOTE 5 — CAPITAL ASSETS

The following schedule summarizes the capital assets of the Authority and related changes for the years ended December 31, 2020 and 2019:

	January 1, 2020	Additions	Deletions	Transfers	December 31, 2020
Land	$ 4,070,381	$ -	$ -	$ -	$ 4,070,381
Building and building improvements	75,716,491	138,958	-	-	75,855,449
Furniture, equipment and other	2,163,772	22,990	(4,910)	-	2,181,852
Total	81,950,644	161,948	(4,910)	-	82,107,682
Less: accumulated depreciation	(6,326,333)	(2,262,872)	-	-	(8,589,205)
Capital assets, net	$ 75,624,311	$ (2,100,924)	$ (4,910)	$ -	$ 73,518,477

	January 1, 2019	Additions	Deletions	Transfers	December 31, 2019
Land	$ 4,070,381	$ -	$ -	$ -	$ 4,070,381
Building and building improvements	74,583,344	1,109,547	-	23,600	75,716,491
Construction in Progress	23,600	-	-	(23,600)	-
Other property held (A)	8,749,368	-	(8,749,368)	-	-
Furniture, equipment and other	2,117,586	46,186	-	-	2,163,772
Total	89,544,279	1,155,733	(8,749,368)	-	81,950,644
Less: accumulated depreciation	(4,047,015)	(2,279,318)	-	-	(6,326,333)
Capital assets, net	$ 85,497,264	$ (1,123,585)	$ (8,749,368)	$ -	$ 75,624,311

(A) Other property held consisted principally of land costs and other acquisition costs incurred which are directly related to the Authority's original project location. These assets were not being depreciated. In December 2017, the Authority entered into a Purchase and Sale Agreement to sell this property to a not for profit organization for $1 for other development purposes. As part of the agreement, the not for profit organization will also assume additional ground leases. The transaction effectively closed in December 2019 and a loss on this transfer of approximately $8,387,000, including the write-off of the book value of these capital assets in the amount of approximately $8,749,000 and related rent escalation liability of approximately $362,000, was recognized in the statements of revenues, expenses, and changes in net position for the year ended December 31, 2019. Accounting principles generally accepted in the United States of America requires capital assets be evaluated for impairment when events or changes in circumstances suggest that the service utility of a capital asset may have significantly and unexpected declined. Prior to December 2019, the Authority evaluated capital assets for impairment and determined that the service utility and value of certain capital assets may have materially changed. Based on the nature of this agreement, the Authority elected to depart from accounting principles generally accepted in the United States of America and continue to carry these capital assets at the historical costs until the sale was finalized in December 2019. As a result, no impairment loss on other property held was reported in the statement of revenues, expenses, and changes in net position.

In connection with health and safety provisions for the other property held, costs of approximately $68,500 are included in the financial statement line other property held costs in the statements of revenues, expenses, and changes in net position for the years ended December 31, 2019.

NOTE 5 — CAPITAL ASSETS (Continued)

Building and building improvements, furniture, equipment and other assets are capitalized and depreciated over a period consistent with the underlying estimated useful life when placed in service. Depreciation expense related to building and building improvements, furniture, equipment and other assets was approximately $2,262,900 and $2,279,300 for the years ended December 31, 2020 and 2019, respectively.

NOTE 6 — RENTAL LOSS

As a result of the 2010 acquisitions of land, buildings and surface parking lots, the Authority commenced rental activities, utilizing management agents, relating to these properties which were sold in December 2019 (Note 5). For the year ended December 31, 2019, net rental losses on these properties approximated $178,000. Rental loss consisted primarily of property management fees, lease expenses, utilities and maintenance costs, net of parking revenues.

NOTE 7 — RETIREMENT BENEFITS

One employee of the Authority participates in the New York State and Local Employees' Retirement System ("System" or “ERS”).

The System is a cost-sharing multiple-employer defined benefit plan administered by the State Comptroller. Plan benefits, including retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries are provided under the provisions of the New York State Retirement and Social Security Law and are guaranteed under the State Constitution. In general, retirement benefits are determined based on an employee’s individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual’s employment tier. Pension factors are determined based on tier and an employee’s years of service, among other factors. The System issues a financial report that includes financial statements and other information for the System which is available to the public. The financial report may be obtained from the New York State and Local Employees’ Retirement System at www.osc.state.ny.us/retire.

No employee contribution is required for those hired prior to July 1976. The System requires employee contributions of 3% of salary for the first 10 years of service for those employees who joined the System from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3% of compensation throughout their active membership in the System. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. The Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the Authority to the pension accumulation fund. The rate was 15.7% and 15.7% for the Authority’s active employees for 2020 and 2019, respectively. Employee contributions are deducted from their salaries and remitted on a current basis to the System.

The Authority recognized net pension expense of approximately $27,900 and $28,700 for the years ended December 31, 2020 and 2019, respectively which is included in fringe benefits in the statements of revenue, expenses and changes in net position.

NOTE 7 — RETIREMENT BENEFITS (Continued)

At December 31, 2020 and 2019 the Authority reported deferred outflows of resources, deferred inflows of resources, and liabilities for its proportionate share of the ERS deferred outflows of resources, deferred inflows of resources, and net pension liability, respectively. The ERS net pension liability was measured as of March 31, 2020 for 2020 and March 31, 2019 for 2019, and the total pension liabilities were determined by an actuarial valuation as of April 1, 2019 and 2018, with updated procedures used to roll forward the total pension liability to March 31, 2020 and 2019, respectively. The Authority's proportion was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contribution for each fiscal year ended on the measurement date. At the March 31, 2020 and 2019 measurement date, the Authority's proportion was 0.0001551% and 0.0003188%, respectively.

The Authority has reported additional deferred outflows of resource as of December 31, 2020 and 2019 for employer contributions made subsequent to the measurement dates.

NOTE 8 — OTHER POSTEMPLOYMENT BENEFITS

The Authority provides certain health care benefits for retired employees and their covered dependents.

Plan Description and Funding Policy

The Authority administers its retiree health insurance plan (the Plan) as a single-employer defined benefit other postemployment benefit (OPEB) plan. The Plan provides for continuation of medical insurance benefits for qualifying retirees and their covered dependents and can be amended by action of the Authority. The Plan does not currently issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The Authority pays the full cost of eligible retiree health insurance. The Authority currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis, with the possibility of pre-funding additional benefits if so determined by the Authority.

Employees Covered by Benefit Terms

At both January 1, 2020 and February 6, 2019 (the Plan adoption date), the actuarial valuation dates, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	-
Active employees	1
	1

Total OPEB Liability

At December 31, 2020 and 2019, the Authority reported a liability of $654,448 and $586,645, respectively. The total OPEB liability as of December 31, 2020 was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2020. The total OPEB liability as of December 31, 2019 was measured as of December 31, 2019 and was determined by an actuarial valuation as of February 6, 2019.

NOTE 8 — OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs (if any) between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

Discount rate used in December 31, 2020 measurement – 2.00%
Discount rate used in December 31, 2019 measurement – 2.75%
Healthcare cost trend rates – 7.50% for 2020 (decreasing to an ultimate rate of 4.80% by 2042)

The discount rate was based on the Bond Buyer 20-Bond General Obligation Bond Index.

Mortality rates were based on the Pri.H-2012 No Collar Mortality Table with generational improvements using Scale MP-2020.

Changes in the Total OPEB Liability

Changes in the total OPEB liability were as follows:

	Total OPEB Liability
Balance at February 6, 2019 (the Plan adoption date)	$ 547,925
Changes for the year:	
Service cost	25,745
Interest	14,461
Changes of benefit terms	-
Differences between expected and actual experience	(1,486)
Changes of assumptions or other inputs	-
Benefit payments	-
Net changes	38,720
Balance at December 31, 2019	$ 586,645
Changes for the year:	
Service cost	33,637
Interest	12,406
Changes of benefit terms	-
Differences between expected and actual experience	(29,155)
Changes of assumptions or other inputs	50,915
Benefit payments	-
Net changes	67,803
Balance at December 31, 2020	$ 654,448

NOTE 8 — OTHER POST-EMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1.0% Decrease	Discount Rate	1.0% Increase
Total OPEB Liability	$ 751,286	$ 654,448	$ 574,360

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

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

	1.0% Decrease	Trend Rate	1.0% Increase
Total OPEB Liability	$ 570,551	$ 654,448	$ 754,555

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the years ended December 31, 2020 and December 31, 2019, the Commission recognized OPEB expense of $45,541 and $588,131, respectively. At December 31, 2020, the Commission 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
Differences between expected and actual experience	$ -	$ 30,139
Changes of assumptions or other inputs	50,915	-
Expected benefit payments subsequent to the measurement date	-	-
Total	$ 50,915	$ 30,139

At December 31, 2019, the Commission 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
Differences between expected and actual experience	$ -	$ 1,486
Changes of assumptions or other inputs	-	-
Expected benefit payments subsequent to the measurement date	-	-
Total	$ -	$ 1,486

NOTE 8 — OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended December 31	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	$ 25,715	$ (15,227)
2022	25,200	(14,912)
	$ 50,915	$ (30,139)

NOTE 9 — LINE OF CREDIT

The Authority has available a revolving demand line of credit totaling $300,000 with a bank. Borrowings under the line are collateralized by a lien and security interest in any and all deposits of the Authority held by the bank and or its affiliates and bear interest at the Wall Street Journal's Prime Rate plus 1.65%, adjusted annually (4.90% at December 31, 2020). Interest on outstanding borrowings is due monthly. There were no borrowings outstanding at December 31, 2020 and 2019.

NOTE 10 — FACILITY OPERATOR AGREEMENTS

The management, operations and marketing of the Albany Capital Center is facilitated through a Management Agreement with ASM Global. The term of the initial agreement commenced on September 1, 2014 and ended on December 31, 2020. In July 2020, the Authority extended the term of the agreement under an amended and restated management agreement through December 2025, with an option to extend for an additional five-year period.

As part of this agreement ASM Global is responsible for the financial activity of the Albany Capital Center. ASM Global financially manages all revenues collected by the Albany Capital Center from rental income; income from food and beverage sales; revenue received from the operation of parking lots and other ancillary income. In turn, ASM Global utilizes these revenues to pay for expenses associated with operating the facility (i.e., salaries of permanent and temporary staff who orchestrate events and handle administrative functions; utility expenses; the promotion and advertising of the Albany Capital Center; and general facility maintenance and repair expenses). Financial activity of the Albany Capital Center is reviewed by management.

Performance of the Albany Capital Center is incorporated annually into the Authority's basic financial statements.

NOTE 10 — FACILITY OPERATOR AGREEMENTS (Continued)

During the years ended December 31, 2020 and 2019, revenues from the Albany Capital Center are as follows:

	2020	2019
Direct event income		
Rental income	$ 151,144	$ 685,789
Service revenue	126,234	464,760
Ancillary income		
Food and beverage catering	188,741	954,118
Merchandise	-	701
Booth rental	901	2,000
Parking	19,693	106,775
Electrical	17,693	79,077
Audio visual	66,831	288,445
Other	-	8,253
Other operating income		
Advertising	37,797	104,553
Other	6,314	21,283
Total revenues	$ 615,348	$ 2,715,754

During the years ended December 31, 2020 and 2019, contractual services from the Albany Capital Center are as follows:

	2020	2019
Service expenses	$ 247,510	$ 1,025,302
Salaries and wages	965,992	1,111,313
Payroll taxes and benefits	357,710	390,036
General and administrative	175,110	310,363
Operating	24,344	97,525
Repairs and maintenance	238,680	271,404
Supplies	492	3,592
Insurance	23,042	27,380
Utilities	154,505	229,198
Depreciation	29,071	23,993
Management fee	106,641	198,764
Total expenses	$ 2,323,097	$ 3,688,870

As base compensation to ASM Global for providing services, the Authority pays ASM Global during each fiscal year, an annual fixed fee as follows: 2017 Base Fee ($100,000) under the 2014 Management Agreement as adjusted by change in CPI-U from January 1, 2018 through December 31, 2020. Beginning in 2021, under the amended and restated management agreement, the annual fixed fee will be $90,000 adjusted annually by change in the CPI-U through December 31, 2025.

NOTE 10 — FACILITY OPERATOR AGREEMENTS (Continued)

ASM Global is also entitled to annual quantitative and qualitative incentive fees, as defined, with respect to each fiscal year. The incentive fee under the initial term of the agreement shall not exceed 50% of the aggregate compensation of fixed fee and incentive fee in any given fiscal year and shall be calculated as follows:

(A) Quantitative incentive fee: not to exceed 70% of the annual fixed fee, equal to 25% of the amount by which the actual operating revenues exceed the revenue benchmark; provided, however, such eligibility is contingent upon ASM Global operating within the approved budget.

(B) Qualitative incentive fee: an amount equal to 30% of annual fixed fee, eligible upon meeting the criteria defined in the Management Agreement.

Beginning in 2021, The incentive fee under the amended and restated management agreement shall not exceed 250% of the fixed fee, and total compensation (aggregate of the fixed fee and incentive fee) shall not exceed 5% of operating revenues and shall be calculated as follows:

(A) Performance/Productivity incentive fee: not to exceed 200% of the annual fixed fee, equal to 20% of fixed fee if operating revenues exceed the operating revenues from the immediately preceding fiscal year; provided, however, such eligibility is contingent upon ASM Global operating within the approved budget; and 20% of the fixed fee if annual attendance was between 100,000 and 150,000, or 45% of the fixed fee if annual attendance was over 150,000; and 20% of the fixed fee if annual event days were between 300 and 320, or 45% of the fixed fee if annual event days were in excess of 320; and 20% of the fixed fee if annual events were between 200 and 220, or 45% of the fixed fee if annual events were in excess of 220; and 20% of the fixed fee if annual hotel room nights generated were between 30,000 and 35,000, or 45% of the fixed fee if annual hotel nights generated were in excess of 35,000.

(B) Qualitative incentive fee: an amount not to exceed 50% of annual fixed fee, eligible upon meeting the criteria defined in the Management Agreement.

ASM Global's incentive fees for the years ended December 31, 2019 was $94,300 (none in 2020).

In accordance with the terms of the Management Agreement, the Authority is required to provide the operator certain operating funds sufficient to meet operating expenses. During 2020 and 2019, the Authority provided ASM Global with $1,713,031 and $929,912, respectively, to meet operating expenses.

NOTE 11 — RISKS AND UNCERTAINTIES

Global and domestic responses to the coronavirus disease (COVID-19) outbreak continue to rapidly evolve. The effect has spread to all businesses and has been particularly impactful to the hospitality and event planning industry. Management's determination is that currently, there is a significant impact on the operations of the Albany Capital Center. As the situation continues to unfold, management will need to find ways to continue to address the disruption of business operations that has resulted and will continue to result from the virus' spread. The spread of COVID-19 may result in our employee or contractors being forced to work from home or missing work if they or a member of their family contract COVID-19. At this point, the full extent to which COVID-19 will impact our business is uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

ALBANY CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW YORK)
SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY
Year Ended December 31, 2019

	2020	2019
Total OPEB liability		
Service cost	$ 33,637	$ 25,745
Interest	12,406	14,461
Changes of benefit terms	-	(1,486)
Differences between expected and actual experience	(29,155)	-
Change of assumptions or other inputs	50,915	-
Benefit payments	-	-
Net change in total OPEB liability	67,803	38,720
Total OPEB liability - beginning	586,645	547,925
Total OPEB liability - ending	$ 654,448	$ 586,645

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*

Members of the Board
Albany Convention Center Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Controller General of the United States, the financial statements of the Albany Convention Center Authority (the Authority), as of and for the year ended December 31, 2020, and the related notes to the financial statements and have issued our report thereon dated March 25, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

UHY LLP Certified Public Accountants

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

UHY LLP

Albany, New York
March 25, 2021