



FY 2016-2017 Comprehensive Annual Financial Report

for the year ended June 30, 2017

CITYOFALBANY.NET/FINANCE



City of Albany, Oregon

Comprehensive Annual Financial Report

for the Fiscal Year Ended

June 30, 2017

*** * * * ***

Peter Troeddson, City Manager

Stewart Taylor, Finance Director

Prepared by:

**The Finance Department
City of Albany, Oregon**



CITY OF
Albany

O R E G O N



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For the Fiscal Year Ended June 30, 2017
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City of Albany, Oregon

333 Broadalbin Street SW
Albany, Oregon 97321

www.cityofalbany.net

Council Members, Administrative Staff and Principal Finance Staff
June 30, 2017

Council Members

<u>Ward</u>	<u>Council</u>	<u>Years of Service</u>	<u>Term Expiration</u>
	Sharon Konopa, Mayor	21	December 31, 2018
I	Dick Olsen	19	December 31, 2018
I	Mike Sykes	1	December 31, 2020
I	Floyd Collins	9	December 31, 2016
II	Bill Coburn	9	December 31, 2020
II	Ray Kopczynski	6	December 31, 2018
III	Bessie Johnson	15	December 31, 2018
III	Rich Kellum	4	December 31, 2020

Administrative Staff

City Manager	Peter Troeddson
Finance Director	Stewart Taylor
Economic Development, Interim	Jorge Salinas
Urban Renewal, Interim	Ed Hodney
Public Works Director (Ops)	Chris Bailey
Public Works Director (Eng/CD)	Jeff Blaine
Parks and Recreation Director	Ed Hodney
Library Director	Ed Gallagher
Police Chief	Mario Lattanzio
Fire Chief	John Bradner
Assistant City Manager/Chief Information Officer	Jorge Salinas
Human Resources Director	David Shaw
Public Information Officer	Marilyn Smith

Principal Finance Staff

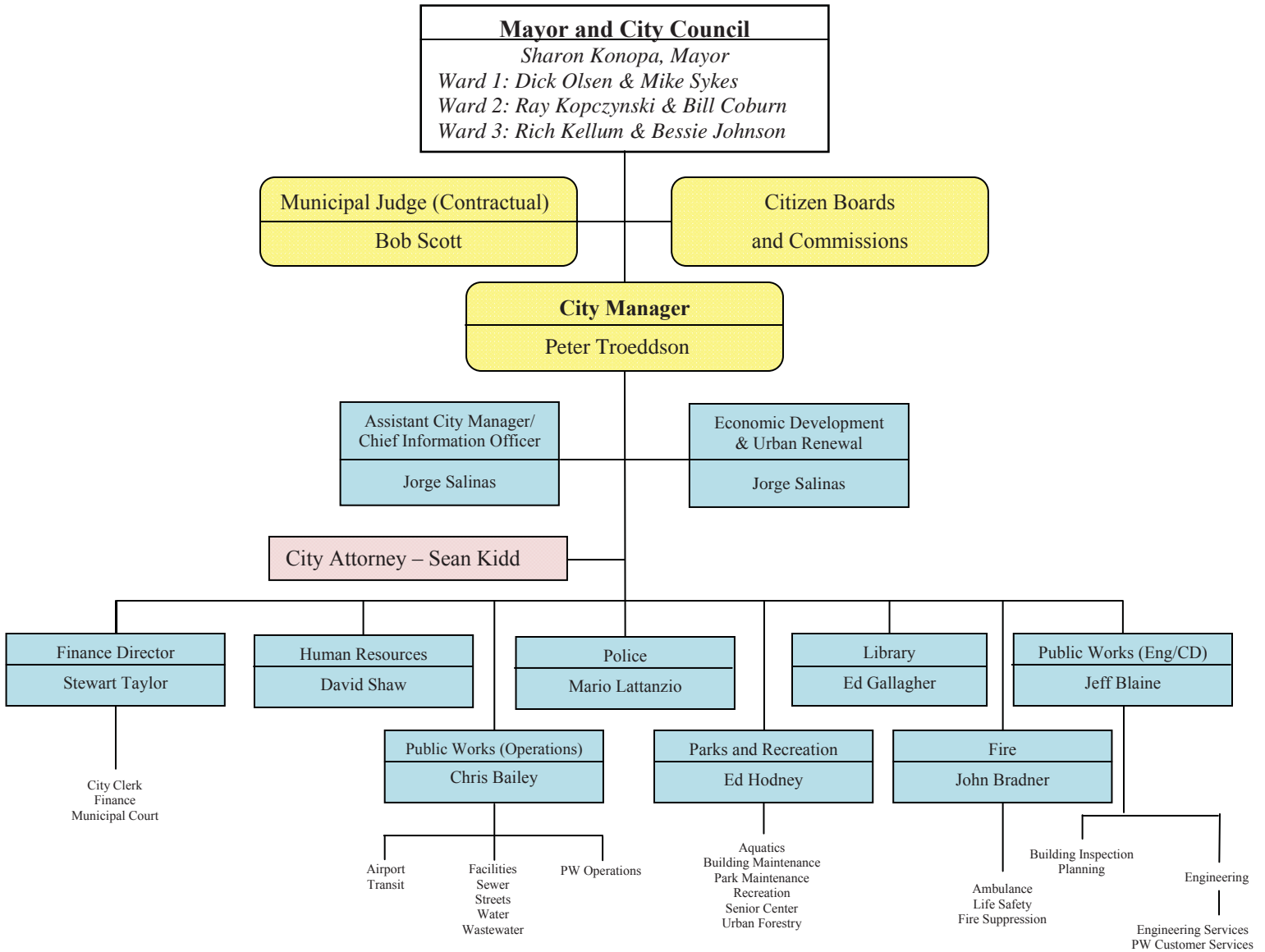
Finance Director
Stewart Taylor

Senior Accountant
Jeanna Yeager

Senior Accountant
Anne Baker

EXECUTIVE SUMMARY

CITIZENS OF THE CITY OF ALBANY



Elected

Appointed by Council

Recommended by City Manager, ratified by Council

Appointed by City Manager



CITY HALL

333 Broadalbin Street SW
P.O. Box 490
Albany, OR 97321-0144
www.cityofalbany.net

541-917-7500

**CITY MANAGER/
ECONOMIC DEVELOPMENT/
URBAN RENEWAL**
541-917-7500
FAX 541-917-7511

FINANCE
Finance/Recorder
541-917-7532
FAX 541-917-7511

Municipal Court
541-917-7740
FAX 541-917-7748

**COMMUNITY
DEVELOPMENT**
Planning
541-917-7550
FAX 541-791-0150

Building Division
541-917-7553
FAX 541-917-7598

FIRE ADMINISTRATION
541-917-7700
FAX 541-917-7716

HUMAN RESOURCES
541-917-7515
FAX 541-704-2324

INFORMATION TECHNOLOGY
223 Third Avenue SW
541-917-7599
FAX 541-791-0075

PARKS & RECREATION
541-917-7777
FAX 541-917-7776

PUBLIC WORKS
Engineering
541-917-7676
FAX 541-917-7573

Water/Sewer Billing
541-917-7547
FAX 541-917-7794

Call-A-Ride
112 Tenth Avenue SW
Albany, OR 97321
541-917-7770
FAX 541-812-2571
TDD 541-917-7762

Transit
112 Tenth Avenue SW
Albany, OR 97321
541-917-7667
FAX 541-812-2571

January 2, 2018

Honorable Mayor Sharon Konopa
Members of the Albany City Council
City of Albany, Oregon

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, unless extended, a complete set of audited financial statements. Thus, we are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Albany, Oregon (City) for the fiscal year ended June 30, 2017, together with the unqualified opinion therein of our independent certified public accountants, Boldt, Carlisle & Smith, LLC.

Management has full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for that purpose. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

In their audit, it is the responsibility of the independent accountants to express an opinion of the fairness of the basic financial statements. The independent accountants have attested to the fairness of the basic financial statements with an unqualified opinion as presented in the Report of Independent Accountants.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A is located immediately following the report of the independent auditors, beginning on page 3.

ABOUT ALBANY, OREGON

Albany is located in the heart of the Willamette Valley 40 miles north of Eugene, the state's second largest city, and 24 miles south of Salem, the state capital. With a 2017 population of 52,540, Albany is the state's 11th largest city. The City's boundaries span Linn and Benton Counties with a population of 44,893 in Linn County and 7,647 in Benton County. It is the county seat and largest city in Linn County and the second largest city in Benton County.

Population: City of Albany, Linn, and Benton Counties

Year	City of Albany	Linn County	Benton County
1970 Census	18,181	71,914	53,776
1980 Census	26,678	89,495	68,211
1990 Census	29,540	91,227	70,811
2000 Census	40,010	103,069	78,153
2010 Census	50,710	111,355	87,000

The City was founded in 1848, incorporated in 1864, and adopted its first charter in 1891. A directly elected nonpartisan Mayor with a two-year term leads a six-member City Council elected to four-year overlapping terms. A full-time City Manager administers the affairs of the City for the Council, and supervises a staff of ten department directors and 401 permanent employees.

The Albany community takes special pride in three historic districts within the City that are listed on the National Register for Historic Places. In 1985, the "Albany Community" was awarded the All-American City Award for its volunteer efforts to its citizens. The community has more than 240 volunteer groups.

ECONOMIC OUTLOOK AND CONDITION

The City's economic base is one of diversity. Oregon State University and Hewlett Packard in nearby Corvallis and Samaritan Health Services in Albany, employ over 14,612 people. The development of the U. S. Bureau of Mines in Albany in the 1940s led to the location in the Albany area of a significant rare metals industry. Today, Albany is known as the "Rare Metals Capital of the World" due to the production volume of specialized metals. Manufacturing firms, such as ATI Wah Chang (estimated 1,600 full-time employees), create specialized products for aerospace, super conductivity, fiber optics, nuclear energy generation, and photography.

Albany has the added benefit of being located in Oregon's Willamette Valley, one of the ten most productive agricultural areas of the world. The production, processing, and packaging of locally grown grass seeds, vegetable seeds, beans, corn, peas, strawberries, and many other crops continue to play a primary role in the strength of the Albany economy. Area food product manufacturers include unique freeze drying and meat smoking/drying operations, as well as conventional freezing of seafood and produce.

Region 4, in which Albany is located, is one of the most varied of the state's workforce regions, ranging from the coast in Lincoln County, to Benton County with Oregon State University, to Linn County located in an area from the Interstate-5 corridor east to the crest of the Cascades.

Unemployment rates continue to decrease for the region. Statistics published by the Oregon Employment Department show that as of June 30, 2017, the unemployment rates for Linn County and Benton County were 4.8 percent and 3.4 percent, respectively. These rates were 5.8 percent and 4.2 percent for June 30, 2016. Linn County's jobless

rate ranked 19th of Oregon's 36 counties, and Benton County's jobless rate was the lowest among the counties.

A factor in measuring the economic condition of a community is its overall real market value. For properties within the City, the real market value increased 6.5 percent from \$4.25 billion to \$4.53 billion in the last fiscal year.

In May 2012, Albany voters approved the Public Safety Operating Levy effective July 1, 2013. This five-year, \$1.15/1000 of assessed valuation special levy will make available approximately \$2,500,000 each year for public safety purposes.

Albany voters also approved a \$18,000,000 bond issuance in May 2015 for the construction of public safety facilities. The 20-year bonds have interest rates ranging from three percent to five percent.

In October 2016, Council approved via resolution a \$8,400,000 loan from the Oregon Infrastructure Authority (IFA) for the financing of projects in the Central Albany Revitalization Area. The interest rate is 2.55 percent and payment will be made from the transfer of ARA incremental tax receipts. The agreement with the IFA was signed on November 17, 2016.

MAJOR INITIATIVES

Strategic Plan

The City Council reviews the Strategic Plan on an annual basis to reaffirm direction and priorities for the coming year. In FY 2017, the review focused on what has been accomplished in previous years and what can realistically be achieved over the next five years. All of the goals include actions that clearly demonstrate the City's progress toward completing them.

Public Information Officer

City Bridges, the City's monthly electronic newsletter, continues to be sent to subscribers via email on the last Tuesday of each month. The October 2017 issue was sent to 15,449 recipients, about 1,819 of those opened at least one story. The City also maintains 12 Facebook pages, four Twitter accounts, three FlashAlert accounts, three Nixle accounts, an Expresit account, a photo-sharing Flickr account, and a YouTube channel. Staff used Facebook, Twitter and Nixle accounts to keep area residents and visitors informed about traffic and other safety issues during the total solar eclipse on August 21, 2017. One Facebook post, warning against hoarding fuel for motor vehicles, reached 321,117 people.

In 2017, the City website served approximately 929,257 external pageviews; an increase of 23.3% over the previous year. Over 433,000 external user sessions were served in 2017; an increase of almost 19% over the previous year. The average session duration increased by over 33%, meaning users stayed longer and explored more pages per session. Returning visitors to the site rose from 44.4% in FY 2016 to 49.1% in FY 2017.

Social media channels connect with residents who may not use more traditional methods of communication. Our public outreach using social media is done in addition to our website and more established outlets such as newspaper and radio. The main City of Albany Facebook page has 2,699 likes; the most popular page is Albany Police

Department, with 11,435 likes. The main Twitter account has 1,631 followers; the main Nixle group has 2,826 members

The City continues to manage public access television Channel 28 provided through our Comcast franchise agreement. City Council and Budget Committee meetings are streamed live on the City website via the City's YouTube channel as well as simultaneously on Comcast Channel 28. Live stream videos of City Council and Budget Committee meetings are archived to YouTube by 1:00 p.m. the day after each meeting and then linked to from the City's website. The remainder of the programming in the 24-hour period is filled with rotating content including a calendar of public meetings and, occasionally, informational videos from the City, other government agencies, and community sources.

Public Safety

A Code Compliance Officer (CCO) position was added on July 1, 2016. This position is solely dedicated to code compliance and enforcement, which allows the City to effectively and efficiently address code violation complaints while also reducing the number of blighted properties within the City. One of the first goals for the new CCO was to work on new Albany Municipal Code (AMC) Chapters aimed at addressing derelict structures and chronic nuisance properties. In addition to the new Chapters, the CCO also amended AMC language for public nuisances, property maintenance, disorderly conduct, and maintenance of property for clarity. The new AMC Chapters and amendments were all approved by City Council in November 2016.

Building

The Building Division processed permits with over \$110 million permit valuation from a wide variety of new construction and building alterations.

- New and altered commercial buildings accounted for \$64.8 million, approximately 59% of the total permit valuation.
- In 2015-2016 and in 2016-2017 there were no new apartment units.
- In 2017 there were 168 permits for new single-family-homes/duplexes and manufactured homes with the total permits issued accounting for approximately \$40.8 million, or approximately 37%, of the total permit valuation. This included 151 new single family residences, 6 duplexes, and 5 manufactured homes. The average permit value per dwelling unit of new residences increased from \$243,815 in 2015-2016 to \$250,144 in 2016-2017.
- 2183 other miscellaneous permits not specifically based on value accounted for approximately 4% of the total valuation.
- There were 9219 scheduled inspections down from 9668 the previous year.

Planning

- The Planning Division implements the Albany Development Code, and supports the Planning, Landmarks Advisory, and Community Development Commissions. It administers the City's Community Development Block Grant (CDBG), Certified Local Government (CLG) historic preservation grant, and floodplain management programs. Major initiatives include:
- Current Planning: Reviewed 84 planning applications and held 108 pre-application conferences.

- Long Range Planning: Coordinated the review and approval of a package of Development Code amendments intended to facilitate development consistent with CARA objectives for the Central Albany Area.
- University of Oregon Sustainable City Year program: Managed program that matched UO classes and faculty with City identified projects and issues to develop ideas, concepts, and analysis for how to address each project or issue. The program involved more than 20 classes working on 21 projects including conceptual plans for parks, architectural renderings illustrating how downtown properties might be redeveloped, demographic and housing analysis, and a bio-solids market analysis. City departments directly participating include Public Works, Community Development, and Parks and Recreation. Community Development Block Grant (CDBG): In FY 16-17, the City received an allocation of \$390,988 from the Department of Housing and Urban Development to address community housing, economic and community needs. CDBG funded programs served 161 low-income Albany residents with child abuse prevention, shelter and case management for homeless residents, housing rehabilitation, small business development assistance and grants, and YouthBuild job training. Sidewalks were installed on 19th Avenue between Main and Hill streets, and environmental approvals were received for the Sunrise Park remodel. CDBG funds were also used to support equity mapping projects by University of Oregon GIS classes as part of the Sustainable Cities Year Program.
- Floodplain Management: Completed an audit with the Community Rating System, which resulted in an improvement from a Class 6 Rating to a Class 5 Rating. After FEMA formally recognizes the Class 5 Rating, discounts on flood insurance within the City of Albany will be improved from a 20% discount to a 25% discount.

Utility Billing

The Public Works Department updated the five-year rate plans for the sewer and water utilities for use by the City Council when considering utility rate adjustments. This comprehensive look at the rate requirements is an important tool for the City Council to use and also serves to help inform Albany citizens about rates and utility needs. A stormwater service change was also implemented in FY 16-17 and will be incorporated into future rate planning efforts.

Engineering

In addition to ongoing pipe replacement and major maintenance projects, staff provided support to several other City departments in FY 16-17. This included design, construction, and overall project management support to Central Albany Revitalization Area (CARA) for downtown street improvements, Fire for the new Fire Station 11, Police for the new police station and Community Development for delivery of several Community Development Block Grant (CDBG) projects.

Water Operations

The City continued the successful Strategic Energy Management Plan for the water treatment plants and pump stations with help from the Energy Trust of Oregon. The plan resulted in an additional reduction in energy consumption of five percent above and beyond the savings realized in FY 2016. Water operations staff maintained compliance with all water quality regulations including the new Lead and Copper Rule.

Stormwater

The City began implementation of a stormwater service charge after more than two years of discussion with the City Council and an extensive public outreach program. The stormwater revenue has provided the City's first dedicated funding for stormwater operations. Public Works staff has begun routine cleaning and inspection of public stormwater infrastructure using nationally recognized assessment techniques. Staff also continues to work with the DEQ on the development and implementation of a revised NPDES MS4 Phase II permit which the City anticipates being required in 2018.

Information Technology

IT designed and implemented a new Public Safety domain to support the CAD/RMS implementation. The CAD/RMS project is currently on schedule and within budget. Staff expects to go live by the end of April 2017.

Staff received the following awards:

- Government Technology's Top 25 Doers, Dreamers, Drivers Award
- Digital Cities Survey 2015 Award

Staff also worked on the following software/system upgrades:

- Upgraded the City's virtual infrastructure including replacement of shared network storage.
- Parks & Recreation went live with a new Class registration system.
- Laserfiche was upgraded to the new RIO platform.
- Continued to work with Finance to deploy electronic timesheets for the City.
- Upgraded the Council Chamber's audio system.
- Deployed large monitors in each conference room to facilitate presentations.

Human Resources

The Human Resources Department received and processed 3,196 applications for approximately 52 vacant positions. The Department also processed 62 applications for state and/or federal Family Medical Leave. The Department processed 832 Personnel Action Forms. Additionally, the Human Resources Department reviewed 66 position-related requests. These include requests for reclassification, establishing a new classification, reviewing a position's compensation, and increasing or decreasing a position's FTE. The Department also completed negotiations with the Albany Fire Fighters/IAFF and the Albany Police Association (APA) for successor collective bargaining agreements. The APA settlement included moving employees to a high-deductible health insurance model and establishment of a Voluntary Employees' Beneficiary Association (VEBA) for the bargaining unit.

Finance

Finance continued the city-wide roll-out of NovaTime, a new automated time and attendance software that allows the city to move away from paper timesheets. The City was recognized by the Government Finance Officers Association for receiving the Certificate of Achievement for Excellence in Financial Reporting, the Distinguished Budget Presentation Award, and the Award for Outstanding Achievement in Popular Annual Financial Reporting.

FINANCIAL INFORMATION

City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgments by management. To assure that credible and timely information is prepared in the most efficient manner possible, accounting policies, procedures, and systems, together with related internal controls, are monitored and reviewed when necessary to meet changing requirements.

Financial and Accounting Policies

This report is prepared in conformance with the guidelines for financial reporting developed by GFOA and the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. It presents fairly the financial position of the various funds of the City at June 30, 2017, the results of operations of such funds, and cash flow of the proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

During FY 2016-2017, the City utilized a total of 21 funds, of which 16 are governmental fund types and five are proprietary fund types. The modified accrual basis of accounting is used for the governmental fund types (General, Special Revenue, Debt Service, Capital Project, and Permanent). The accrual basis is used for the proprietary fund types (Enterprise and Internal Service).

Risk Management

The City is responsible not only for ensuring the provision of basic, affordable public services, but also for protecting its capital assets, property, and employees. This protection is the insurance purchased according to the Risk Management policy which is reviewed and updated every fiscal year. As part of the annual review, the City Council sets the parameters for the departments' responsibilities, retention and transfer of risk, allocation of insurance to departments, and accident and loss reporting. For further details concerning risk management see the notes to the financial statements.

Cash Management

The City's investment transactions are governed by a written investment policy. This policy, like the Risk Management policy, is reviewed annually by the City Council and periodically by the Oregon Short-Term Fund Board; the policy regulates the City's investment objectives, diversification, limitations, and reporting requirements. The City contracts with Government Portfolio Advisors, LLC for advice on the management of its investment portfolio. Additional cash and investment information is included in the notes to the financial statements.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Boldt, Carlisle & Smith, LLC performed the audit for the fiscal year ended June 30, 2017. This audit is conducted in accordance with generally accepted

accounting standards, Government Auditing Standards, and Minimum Standards for Audits of Oregon Municipal Corporations as prescribed by the Secretary of State. The auditor must determine whether the City followed generally accepted accounting and reporting principles.

New Accounting Statement Implemented

With this audit report, the City implemented Government Accounting Standards Board, GASB Statement No. 77, *Tax Abatement Disclosures*. Summarized briefly, this statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. It defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date,” and is determined using one of three valuation approaches: market, cost, or income.

This information is disclosed in the notes to the basic financial statements for fiscal year ended June 30, 2017.

Awards

GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Albany for its CAFR for the fiscal year ended June 30, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

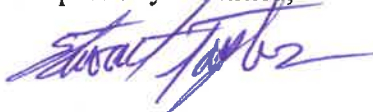
A Certificate of Achievement is valid for one year only. The City has received a Certificate of Achievement for the last 32 consecutive years (1984-2016). We believe our current report continues to conform to the Certificate of Achievement standards.

Acknowledgements

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department and the certified public accountants of Boldt, Carlisle & Smith, LLC. Each has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Albany City Council, preparation of this report would not have been possible.

Respectfully submitted,



Stewart Taylor
Finance Director



Jeanna Yeager
Accounting Supervisor



Anne Baker
Accounting Supervisor

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Albany
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
Of the City Council
City of Albany
Albany, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of CITY OF ALBANY, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City'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 opinions on these financial statements based on our audit. We conducted our audit 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 audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF ALBANY, as June 30, 2017, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Parks and Recreation, Risk Management and Street Funds, for the year 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 Discussion and Analysis on pages 4 through 16, Schedule of the Proportionate Share of the Net Pension Liability on page 83 and the Schedule of Contributions on page 84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 introductory section, combining financial statements and individual fund schedules, statistical section, and the schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary data and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary data 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

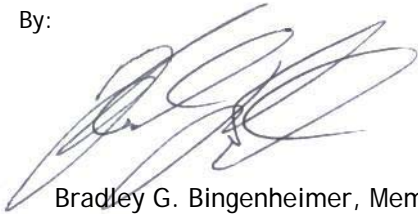
In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 City's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated January 2, 2018 , on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
January 2, 2018

By:

A handwritten signature in black ink, appearing to read 'B. Bingenheimer', is written over a faint, circular embossed seal or stamp.

Bradley G. Bingenheimer, Member

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Management's Discussion and Analysis

As management of the City of Albany, Oregon, we offer the readers of the City's financial statements this narrative analysis and overview for the fiscal year ended June 30, 2017. We encourage readers to review and consider the information here in conjunction with the additional information in our letter of transmittal (page iii) and in the Statistical Section (page 130).

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$295,527,184 (net position). Of this amount, \$33,761,142 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$38,928,136, a decrease of \$14,218,802 from the previous year. In addition there was a positive prior period adjustment of \$65,699 related to assessments. The General Fund ending fund balance increased by \$207,893 to \$4,043,027.

The Parks and Recreation ending fund balance increased by \$212,956 (8.70 percent) over prior year, due in part to underspending on system development charge (SDC) projects.

The Risk Management fund holds settlement proceeds, which are committed to the economic development of the City as directed by the City Council. As of June 30, 2017, the ending fund balance had decreased from \$7,675,844 to \$6,381,933 (-16.86 percent).

The Street Fund ending fund balance increased by \$2,413,031 (38.52 percent), reflecting unanticipated revenues and underspending in the Transportation Systems Development Charges (TSDC) programs. About half of the ending fund balance of \$8,678,180 can be attributed to these TSDCs.

The City's Capital Projects Fund ending fund balance decreased to \$5,143,500 from \$20,908,229. Prior year fund balance included bond proceeds for the Public Safety Facilities project, which is reaching completion near fiscal year end.

In the non-major funds there are a few items which should be noted. The Building Inspection Fund balance continues to grow with an increase of \$301,119 (21.80%).

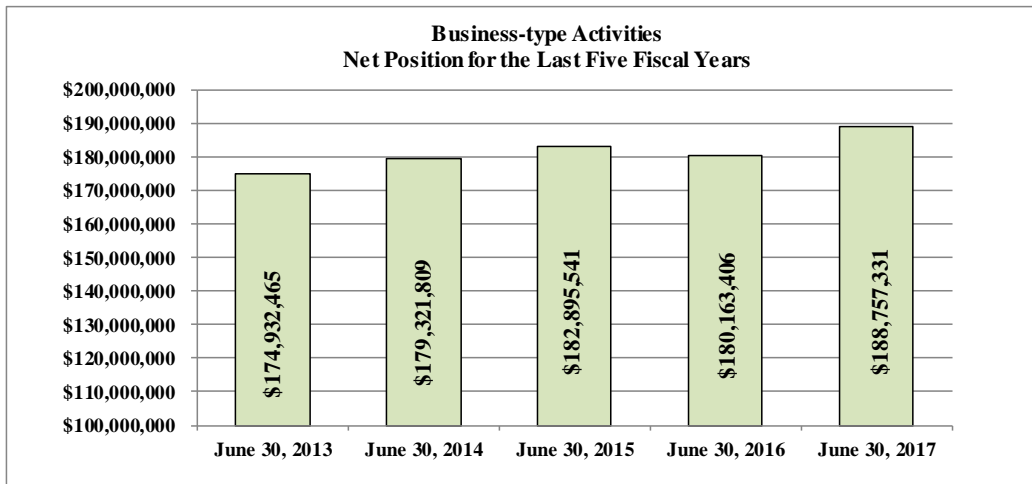
In the Grants Fund, the ending fund balance increased by \$80,599 to \$157,756, an increase of 105 percent. Most grant revenues are received on a reimbursement basis, which can lead to volatility in fund balance as these cross fiscal years.

The Public Safety Levy Fund ending balance increased by \$269,814 to \$339,682 (386 percent), which can be attributed to underspending in public safety levy programs and less compression in the City's local option levy.

Governmental Funds: Changes in Fund Balance

Fund	2017 Fund Balance	2016 Fund Balance	Increase (decrease)	Per cent Change
General Fund	\$ 4,043,027	\$ 3,835,134	\$ 207,893	5.42%
Parks & Recreation	2,661,472	2,448,516	212,956	8.70%
Grants	157,756	77,157	80,599	104.46%
Building Inspection	1,682,620	1,381,501	301,119	21.80%
Risk Management	6,381,933	7,675,844	(1,293,911)	-16.86%
Economic Development	701,773	751,869	(50,096)	-6.66%
Public Transit	396,657	383,155	13,502	3.52%
Public Safety Levy	339,682	69,868	269,814	386.18%
Capital Replacement	5,882,419	5,799,563	82,856	1.43%
Street	8,678,180	6,265,149	2,413,031	38.52%
ARA	2,390,859	3,074,391	(683,532)	-22.23%
Debt Service	189,912	276,187	(86,275)	-31.24%
GO Debt Service	148,413	-	148,413	0.00%
Capital Projects	5,143,500	20,973,928	(15,830,428)	-75.48%
Senior Center Endowment	47,022	51,991	(4,969)	-9.56%
Library Trust	82,911	82,685	226	0.27%
Totals	\$ 38,928,136	\$ 53,146,938	\$ (14,218,802)	-26.75%

Business-type net position increased \$8,579,074 (4.77 percent) for the 2016-2017 fiscal year. Operating income for the Water, and Sewer, and Stormwater Funds was \$11,048,500. The net of non-operating revenues and expenses totaled \$(2,497,680), which includes \$2,695,722 in debt interest expense.



Changes in Net Position: Proprietary Funds

Fund	2017 Net Position	2016 Net Position	Increase (decrease)	Per cent Change
Water	\$ 77,399,499	\$ 73,400,612	\$ 3,998,887	5.45%
Sewer	115,331,334	110,626,883	4,704,451	4.25%
Stormwater	566,363	-	566,363	na
Central Services	(2,924,904)	(2,664,863)	(260,041)	9.76%
Public Works Services	(4,390,469)	(3,650,969)	(739,500)	-20.25%
Totals	\$ 185,981,823	\$ 177,711,663	\$ 8,270,160	4.65%

For Fiscal Year 2016-2017 there was an increase in the net position for the City's three enterprise funds; net position increased 5.45 percent in the Water Fund and increased 4.25 percent in the Sewer Fund. The newly established Stormwater Fund had an ending net position of \$566,363.

The City utilizes two internal service funds: Central Services and Public Works Services. Because GASB 34 requires the City to book Compensated Absences and GASB 45 requires us to book OPEB it has become impossible to analyze the results of operations at the governmental level. However, at the true area of operations, the Budget to Actual financials, the ending fund balance for both the Central Services \$369,024 and Public Works Services \$219,993 show that they are operating at a sustainable level or at break-even as these balances are carried to the next fiscal year to fund operations. However, at the Government-wide level of the financials, the ending fund balance for both the Central Services \$(2,924,904) and Public Works Services \$(4,390,469) show that they are not operating at a sustainable level or at break-even.

Overview of the Finance Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The City implemented Government Accounting Standards Board, GASB Statement No. 72, *Fair Value Measurement and Application*. Summarized briefly, this statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date,” and is determined using one of three valuation approaches: market, cost, or income.

These values are now reflected in the City’s statement of net position and statement of activities for fiscal year ended June 30, 2017. This new guidance also requires the restatement of the prior year net position. The notes to the basic financial statements and management’s discussion and analysis contain further information about the effects of implementing this statement.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the City's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, streets and highways, and culture and recreation. The business-type activities are water and sanitary sewer.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate urban renewal district, known as the Albany Revitalization Agency (ARA), for which the City is financially accountable and which functions for all practical purposes as a department of the City. Financial information for this blended component unit has been included as an integral part of the primary government. ARA's complete financial statement may be obtained at the City's Administrative offices.

The government-wide financial statements can be found starting on page 17.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into two categories: governmental and proprietary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

GASB requires an analysis and breakdown of ending fund balance between five fund balance categories: Nonspendable, Restricted, Committed, Assigned, and Unassigned. Below is a brief explanation of each of these fund balance categories:

- Nonspendable - includes items not immediately converted to cash, such as prepaid items or inventories.
- Restricted - includes items that are restricted by external creditors, grantors, or contributors or by legal provisions.
- Committed - includes items committed by City Council formal resolutions.
- Assigned - includes items assigned for specific uses, authorized by the Director of Finance.
- Unassigned - this is the residual classification used for those balances not assigned to another category or for a negative balance.

Under GASB 54, the General Fund is the only fund type that should have an unassigned fund balance. See the GASB 54 footnote in the Notes to the Financials for further discussion.

At June 30, 2017, the City's governmental funds reported ending fund balances by category of:

Nonspendable	\$ 178,608
Restricted	14,991,432
Committed	19,747,584
Unassigned	<u>4,010,512</u>
	<u>\$ 38,928,136</u>

The City maintains 16 governmental funds. Information is presented separately on the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General, Parks and Recreation, Risk Management, Streets, and Capital Projects Funds, all of which are considered to be major governmental funds. Financial information for the remaining governmental funds (other governmental funds) is combined into a single aggregated presentation. Combining statements and budgetary comparisons for governmental and business-type funds can be found starting on page 85 of this report.

The City adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget. Reconciliation of differences between budgetary revenues and expenditures and fund revenues and expenditures/expenses is provided as necessary.

The basic governmental fund financial statements and respective reconciliations can be found starting on page 20.

Proprietary Funds

The City maintains two different types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. The City uses enterprise funds to account for its water, sewer and, stormwater systems.

An internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses two internal service funds: Central Services and Public Works Services. Programs within the Central Services are City Council, City Manager's Office, Finance, Human Resources, Information Technology, GIS, Permit Tracking, and Building Maintenance. The Central Services Fund, which predominantly benefits governmental functions, has been included with the governmental activities in the government-wide financial statements.

Public Works Administration, Operations, Engineering Services, Water Quality Control Services, Public Works Customer Services, and Facilities and Maintenance Engineering are programs in the Public Works Services Fund. The Public Works Services Fund, which predominantly benefits business-type functions, has been included with the business-type activities in the government-wide financial statements. The basic proprietary fund financial statements can be found starting on page 30.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 34.

Supplementary Data

The combining statements, referred to earlier in connection with nonmajor governmental funds, can be found starting on page 85.

Statistical Information

The City would like to direct the reader's attention to the Statistical Section, starting on page 132, for additional information about the City, including graphs, tables, and analysis of current and historical information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The City's assets exceeded liabilities by \$295,527,184 at the close of the fiscal year. At fiscal year end, June 30, 2017, the City had \$241,048,947 invested in capital assets, net of related debt, and an unrestricted net position balance of \$33,761,142.

By far the largest portion of the City's net position is the investment in capital assets (land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to its citizens; consequently, the assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

An additional portion of net position (\$20,717,095 or 7 percent) represents resources that are subject to restrictions on how they may be used. For Governmental Activities, net position restricted for capital projects (\$6,182,261), which includes the funding for the Public Safety facilities, and for revitalization programs (\$2,390,859) account for 75 percent of the restricted net position.

Selected Financial Statistics:

Population		52,540
Assessed value per capita	\$	73,288
Market value per capita	\$	86,218
Long-term debt (bonds, notes, certificates of participation, capital leases)	\$	71,826,779
Total long-term debt per capita	\$	1,367
Total general obligation debt	\$	17,235,000
General obligation debt per capita	\$	328
General obligation debt per \$1,000 of assessed value	\$	4
General obligation debt service for Fiscal Year 2016 per \$1,000 of assessed value	\$	0.26
Property taxes as a percentage of General Fund expenditures*		65%
Public safety expenditures as a percentage of General Fund expenditures		85%

*Property taxes from the public safety levy are recorded as tax receipts in the Public Safety Levy Fund. In order to accurately reflect the significance of property taxes in the General Fund, transfers into the General Fund from the Public Safety Levy Fund have been included in total General Fund revenues and General Fund property tax revenues for this table.

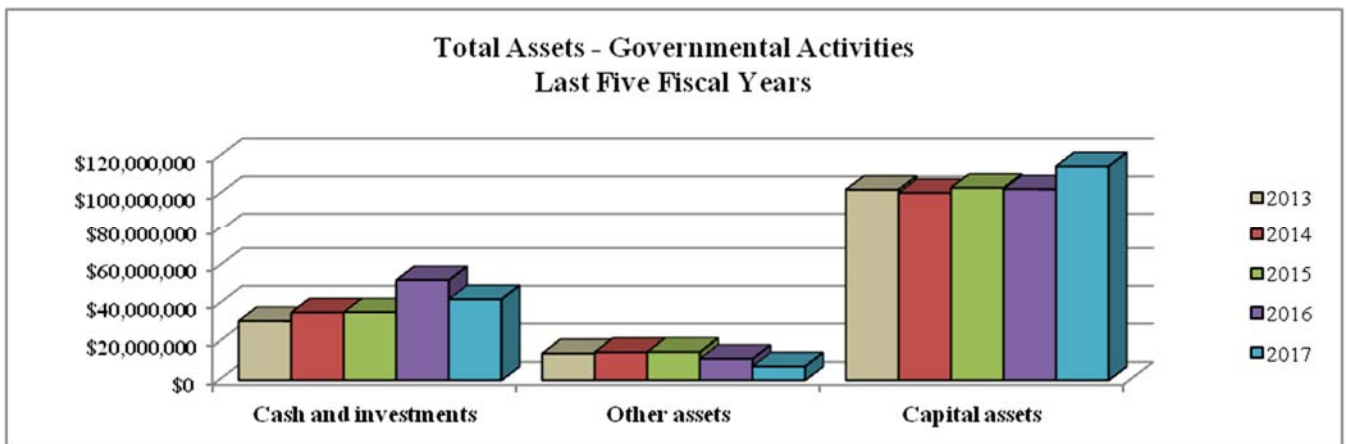
**Table 1 - Net Position Summary
Governmental and Business-type Activities
for the years ended June 30, 2017 and 2016**

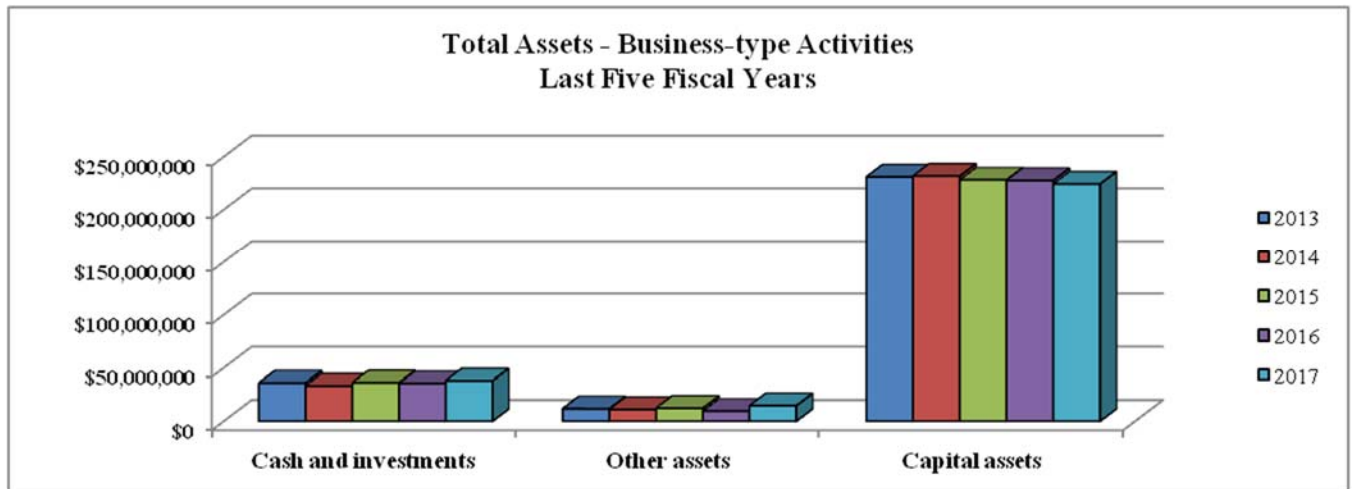
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Cash and investments	\$ 42,545,506	\$ 52,660,485	\$ 37,889,838	\$ 35,376,574	\$ 80,435,344	\$ 88,037,059
Other assets	7,341,252	11,372,081	14,519,555	9,380,497	21,860,807	20,752,578
Capital assets	114,945,193	102,246,208	224,269,740	227,713,372	339,214,933	329,959,580
Total assets	164,831,951	166,278,774	276,679,133	272,470,443	441,511,084	438,749,217
Deferred Outflows of Resources	21,280,948	4,062,744	6,485,337	1,298,515	27,766,285	5,361,259.00
Other liabilities	5,508,372	3,031,368	2,203,693	2,866,857	7,712,065	5,898,225
Long term debt outstanding	71,826,779	49,280,711	91,617,911	89,399,716	163,444,690	138,680,427
Total liabilities	77,335,151	52,312,079	93,821,604	92,266,573	171,156,755	144,578,652
Deferred Inflows of Resources	1,993,044	4,020,823	600,386	1,338,979	2,593,430	5,359,802.00
Net Position:						
Net Investment in capital assets,	94,492,224	80,810,018	146,556,723	145,243,974	241,048,947	226,053,992
Restricted	11,226,820	27,479,162	9,490,275	10,281,207	20,717,095	37,760,369
Unrestricted	1,065,660	5,719,436	32,695,482	24,638,225	33,761,142	30,357,661
Total Net Position	\$ 106,784,704	\$ 114,008,616	\$ 188,742,480	\$ 180,163,406	\$ 295,527,184	\$ 294,172,022

At the end of the fiscal year, the City had positive balances in all three categories of net position, for the government as a whole as well as for its separate governmental and business-type activities.

Governmental activities decreased the City's net position by \$7,238,763, due primarily to an increase in the non-current net pension liability that is included in long-term debt outstanding. This was only partially offset by the increase of pension related deferred outflow of resources.

Business-type activities increased the City's net position by \$8,539,925. This includes an increase in non-capital related assets. Deferred outflows of resources related to net pension obligations also contributed.

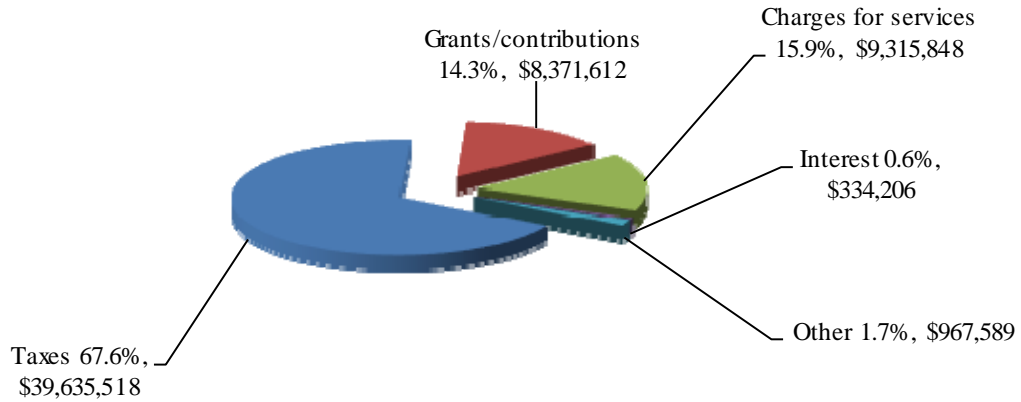




**Table 2 - Statement of Activities Summary
Governmental and Business-type Activities
for the years ended June 30, 2017 and 2016**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program revenues						
Charges for services	\$ 9,315,848	\$ 8,165,566	\$ 36,891,828	\$ 29,045,868	\$ 46,207,676	\$ 37,211,434
Grants and contributions:						
Operating	5,671,185	5,461,409	-	-	5,671,185	5,461,409
Capital	2,700,427	2,509,734	1,810,082	1,194,355	4,510,509	3,704,089
General revenues						
Taxes	39,635,518	37,610,308	62	263	39,635,580	37,610,571
Interest	334,206	463,554	189,390	318,536	523,596	782,090
Other	967,589	1,246,118	227,198	52,702	1,194,787	1,298,820
Total revenues	\$ 58,624,773	\$ 55,456,689	\$ 39,118,560	\$ 30,611,724	\$ 97,743,333	\$ 86,068,413
EXPENSES						
Governmental activities:						
General government	11,627,250	11,956,298	-	-	11,627,250	11,956,298
Public safety	33,190,548	39,213,576	-	-	33,190,548	39,213,576
Highways and streets	6,116,216	5,926,402	-	-	6,116,216	5,926,402
Culture and recreation	11,634,285	13,557,065	-	-	11,634,285	13,557,065
Interest on long-term debt	1,295,382	1,240,044	-	-	1,295,382	1,240,044
Business-type activities:						
Water	-	-	12,640,992	14,550,636	12,640,992	14,550,636
Sewer	-	-	15,726,496	17,663,062	15,726,496	17,663,062
Stormwater	-	-	1,095,648	-	1,095,648	-
Total expenses	\$ 63,863,681	\$ 71,893,385	\$ 29,463,136	\$ 32,213,698	\$ 93,326,817	\$ 104,107,083
Increase (Decrease) in net position before transfers	(5,238,908)	(16,436,696)	9,655,424	(1,601,974)	4,416,516	(18,038,670)
Special Item	-	1,150,038	-	-	-	-
Transfers	1,076,350	1,196,104	(1,076,350)	(1,196,104)	-	-
Increase (Decrease) in net position	(4,162,558)	(14,090,554)	8,579,074	(2,798,078)	4,416,516	(18,038,670)
Beginning net position	114,008,616	127,067,713	180,163,406	182,895,541	294,172,022	309,963,254
Prior period adjustment	(3,061,354)	1,031,457	-	65,943	(3,061,354)	1,097,400
Ending net position	\$ 106,784,704	\$ 114,008,616	\$ 188,742,480	\$ 180,163,406	\$ 295,527,184	\$ 293,021,984

Governmental Activity Revenues by Source

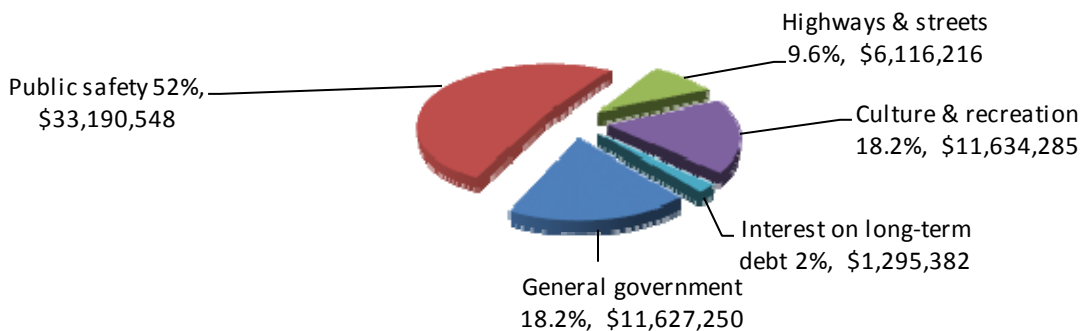


The previous chart indicates that 67.6 percent (\$39,635,518) of 2016-2017 governmental activity revenues received by the City were taxes. Property taxes (\$30,158,994) represent the largest portion of total taxes received. Other major tax revenues were the City's share of state-wide fuel tax (\$3,120,603) and City privilege taxes for natural gas and electricity (\$3,901,524). The City also received \$1,336,937 for its share of state-imposed liquor and cigarette taxes and \$1,083,756 for City-imposed hotel/motel room taxes.

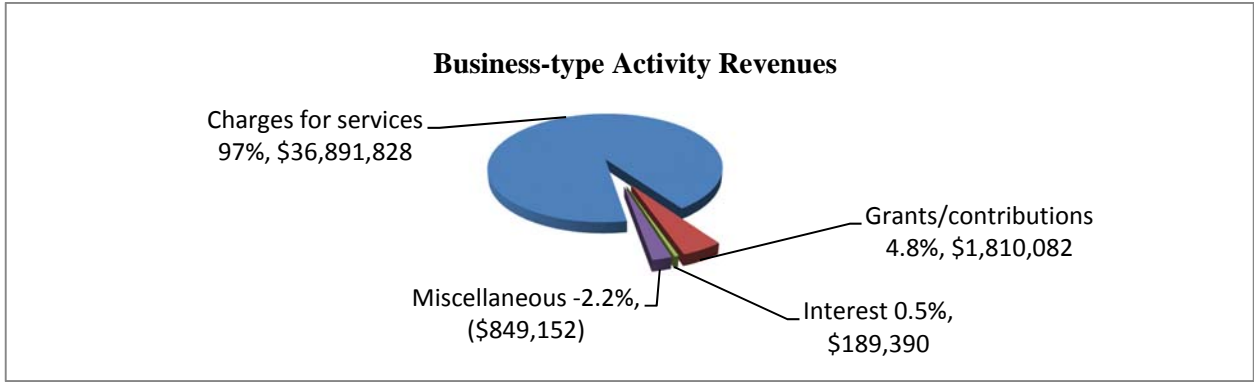
Charges for service account for 15.9 percent of governmental activity revenues. Included are franchise fees (\$1,500,661), ambulance fees (\$2,989,092) and parks and recreation fees (\$878,998).

Grants and contributions in governmental funds totaled \$8,371,612 (14.3 percent): Revenues include \$1,619,139 from the local rural fire protection districts; \$1,514,714 from City Building Division builder fees; \$1,496,910 for transportation SDCs; and \$436,565 from CDBG grants.

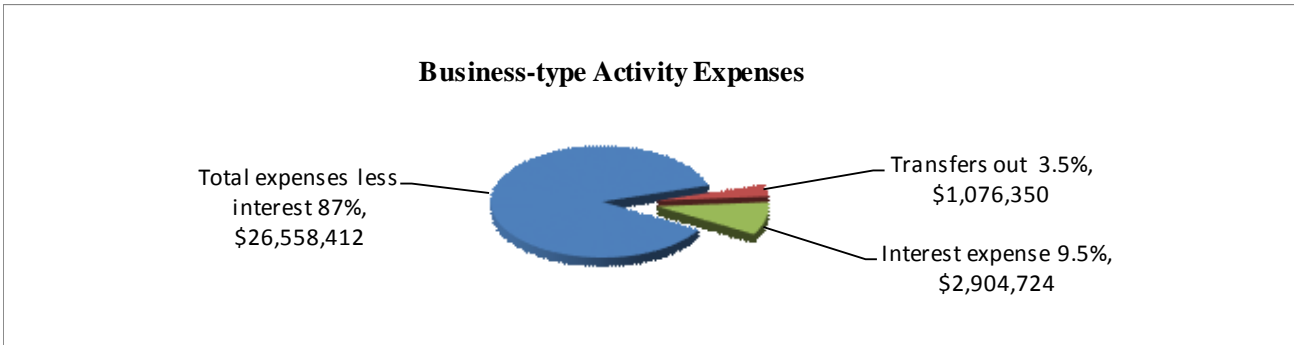
Governmental Activity Expenses by Program Area



More than half of all governmental activity expenses were for public safety (52 percent). As an indication of the City's favorable debt position, interest on long-term debt accounted for only 2 percent of governmental activity total expenses.



As would be expected, charges for service accounted for the majority of revenues for business-type activities. Within this category are Water and Sewer charges which amount to 97 percent. Other major charges included within this category are charges to the City of Millersburg for their share of the operating and maintenance of both Water and Wastewater Treatment Plants.



Budgetary Highlights

The City Council approved 2 resolutions which changed the adopted 2016-2017 budget by 0.73 percent, \$202,501,000 to \$203,977,900. Appropriations in the General Fund increased by \$620,200 (1.6 percent). In the General Fund, after eliminating the \$1,514,900 contingency, actual expenditures were 95.3 percent of the final budget, yielding a favorable budget variance of \$3,124,385. Contributors to the savings: Contingency savings (\$1,514,900); Police (\$835,184); and Fire (\$537,251).

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2017, the City had \$339,214,933 invested in capital assets as reflected in the table below. Additional information concerning capital assets can be found in the notes to the basic financial statements, starting on page 48.

**Table 3 - Capital Assets at Year-end
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land, land rights, & land improvements	\$ 13,854,274	\$ 13,495,010	\$ 6,320,958	\$ 6,332,814	\$ 20,175,232	\$ 19,827,824
Buildings and improvements	14,612,509	14,909,423	112,740,458	116,824,353	127,352,967	131,733,776
Intangible assets	609,774	649,747	-	-	609,774	649,747
Vehicles and equipment	6,093,684	6,040,218	2,132,427	1,634,024	8,226,111	7,674,242
Infrastructure	62,876,825	67,147,431	100,878,745	101,532,176	163,755,570	168,679,607
Construction in progress	16,898,127	4,379	2,197,152	1,390,005	19,095,279	1,394,384
	<u>\$ 114,945,193</u>	<u>\$ 102,246,208</u>	<u>\$ 224,269,740</u>	<u>\$ 227,713,372</u>	<u>\$ 339,214,933</u>	<u>\$ 329,959,580</u>

The following table summarizes the change in capital assets between the last two fiscal years. Additions include assets acquired or under construction at year-end. Reductions are for asset depreciation, disposition, and retirement.

**Table 4 - Summary of Capital Asset Activity for the Last Two Fiscal Years
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Beginning Balance	\$ 102,246,208	\$ 103,624,034	\$ 227,713,372	\$ 228,115,103	\$ 329,959,580	\$ 331,739,137
Additions	20,187,325	6,505,168	4,466,683	7,040,429	24,654,008	13,545,597
Retirements	-	(1,318,228)	(15,720)	(150,960)	(15,720)	(1,469,188)
Depreciation	(7,488,340)	(6,564,766)	(7,894,595)	(7,291,200)	(15,382,935)	(13,855,966)
Ending balance	<u>\$ 114,945,193</u>	<u>\$ 102,246,208</u>	<u>\$ 224,269,740</u>	<u>\$ 227,713,372</u>	<u>\$ 339,214,933</u>	<u>\$ 329,959,580</u>

Governmental capital assets increased by \$12,698,985 net of accumulated depreciation. Additions to capital assets equaled \$20,187,325 for the year including, which included \$15,448,836 construction in process for the new public safety facilities.

Business-type capital assets decreased by \$3,443,632 net of accumulated depreciation. Additions to capital assets for the year include: \$1,486,680 for sewer line replacement and repair and \$2,332,187 in water line projects.

Table 5 - Ratio of Capital Assets Net of Related Debt to Total Net Position

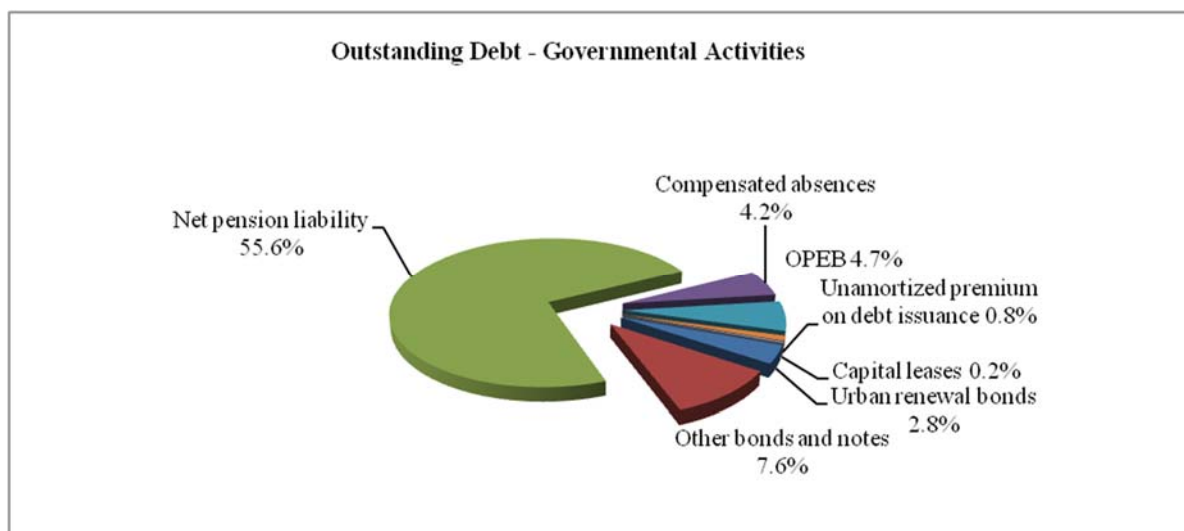
	2017	2016
Capital assets net of depreciation and related debt	\$ 241,048,947	\$ 226,053,992
Total net position	295,527,184	294,172,022
Ratio of capital assets net of related debt to total net position	<u>81.57%</u>	<u>76.84%</u>

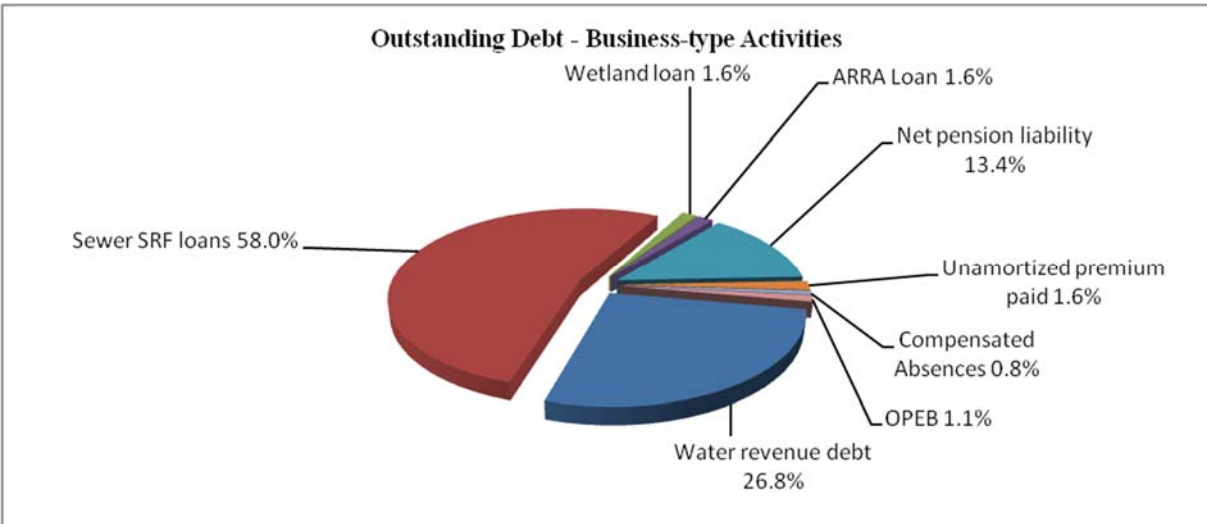
Debt Outstanding

At June 30, 2017, the City had \$163,444,690 in debt outstanding compared to \$138,680,427 on June 30, 2016. Of the amount outstanding, \$6,508,135 is due within one year. The debt consisted of outstanding bonds and certificates of participation, \$49,336,002; loans, \$51,632,167; unfunded compensated absences, \$3,679,199; capital leases, \$131,334; net pension liability, \$52,203,414; unfunded other postemployment benefits, \$4,404,090; and unamortized premiums, \$2,058,484. Details of long-term debt payable can be found beginning on page 55 in the notes to the basic financial statements.

Table 5 - Outstanding Debt at Year End

	June 30, 2017	June 30, 2016
Governmental Activities		
General obligation	\$ 17,235,000	\$ 17,605,000
Special assessment debt with governmental commitment	-	-
Limited tax pension	4,992,002	5,101,485
Revenue	-	-
General revenue	500,000	655,000
Oregon Economic Development Department note	-	-
CARA revenue note	-	-
CARA bonds	2,014,000	2,363,000
CARA Note	-	-
Net pension liability	39,952,971	16,849,369
Other postemployment benefits	3,384,531	3,123,433
Unamortized premium on debt issuance	572,634	604,447
Compensated absences	3,044,307	2,770,234
Capital leases	131,334	208,743
Sub-total	71,826,779	49,280,711
Business-type Activities		
Water revenue	24,595,000	25,570,000
Oregon DEQ State Revolving Fund loan	48,717,571	51,882,125
Wetland Loan	1,464,596	1,889,035
ARRA Loan	1,450,000	1,550,000
Net pension liability	12,250,443	5,290,699
Other postemployment benefits	1,019,559	953,990
Unamortized premium on defeasance	1,485,850	1,578,238
Compensated absences	634,892	685,629
Sub-total	91,617,911	89,399,716
Total	\$ 163,444,690	\$ 138,680,427





Oregon Revised Statutes, Chapter 287, provides for a debt limit of three percent of the true cash value of all property within the City. The current debt limitation for the City's general obligation debt is \$135,896,904, and the City currently has \$17,235,000 outstanding in general obligation debt.

Additional information on the City's long-term debt can be found in the notes to the basic financial statements, starting on page 55.

Key Economic Factors and Budget Information for the Future

In May 2012 a new five-year levy was passed by the citizens of Albany, creating a new tax rate of \$1.15 per \$1,000 of assessed value. Tax collections in 2016-2017 totaled \$3,249,613.

At fiscal year end, Oregon's unemployment rate was 3.7 percent as of June 30, 2017. The unemployment rates for Linn and Benton Counties at the close of the fiscal year, June 30, 2017, were 4.8 percent and 3.4 percent respectively.

In order to drive down the costs of providing medical insurance coverage to employees, most City employees have moved to a high deductible plan. PERS will be calculated at 24 percent of monthly salaries.

In preparing the City-wide budget for 2016-2017, the City Finance Department assembled assumptions for the budget as follows: interest income will increase by 1.0 percent and the assessed value of property will increase by 3.0 percent. The Local Option Public Safety Levy for the budget will once again be impacted by property tax compression. The City's permanent tax rate will be \$6.3984/\$1,000 valuation.

The 2016-2017 Budget was prepared in accordance with the City's Strategic Plan (the Plan). As such, the budget becomes the implementing document for the Plan. The four themes of the Plan are Great Neighborhoods, Safe City, Healthy Economy, and Effective Government. Specific goals, objectives, and activities are determined by each department director and incorporated into their budgets in order to achieve each theme. The Plan is reviewed annually by the City Council.

Request for Information

This financial report is designed to provide a general overview of the City's finances and to demonstrate the City's accountability. Questions should be directed to the Finance Department, City of Albany, 333 Broadalbin Street SW, Albany, Oregon 97321.

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CITY OF ALBANY, OREGON
STATEMENT OF NET POSITION

June 30, 2017

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 42,535,729	\$ 37,889,838	\$ 80,425,567
Cash with fiscal agents	9,777	-	9,777
Internal balances	164,246	(164,246)	-
Receivables			
Property taxes	2,806,004	48,116	2,854,120
Accounts	2,586,794	9,525,626	12,112,420
Assessments	238,082	-	238,082
Interest	109,690	72,484	182,174
Loans, net of allowance for uncollectible loans	1,163,164	4,071,379	5,234,543
Inventories	101,109	966,196	1,067,305
Prepaid items	42,419	-	42,419
Restricted cash and investments	129,744	-	129,744
Capital assets			
Land and construction in progress	30,752,401	8,482,526	39,234,927
Other capital assets, net of depreciation	<u>84,192,792</u>	<u>215,787,214</u>	<u>299,980,006</u>
Total assets	<u>164,831,951</u>	<u>276,679,133</u>	<u>441,511,084</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	<u>21,280,948</u>	<u>6,485,337</u>	<u>27,766,285</u>
LIABILITIES			
Accounts payable	5,326,497	1,129,992	6,456,489
Accrued interest payable	69,883	918,445	988,328
Refundable deposits and advances	111,992	155,256	267,248
Long-term obligations			
Due within one year	2,658,818	5,232,155	7,890,973
Due in more than one year	<u>69,167,961</u>	<u>86,385,756</u>	<u>155,553,717</u>
Total liabilities	<u>77,335,151</u>	<u>93,821,604</u>	<u>171,156,755</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	<u>1,993,044</u>	<u>600,386</u>	<u>2,593,430</u>
NET POSITION			
Net investment in capital assets	94,492,224	146,556,723	241,048,947
Restricted for:			
Capital projects	6,182,261	4,453,954	10,636,215
Debt service	328,548	5,036,321	5,364,869
Grant programs	157,756	-	157,756
Revitalization programs	2,390,859	-	2,390,859
Other purposes	2,167,396	-	2,167,396
Unrestricted	<u>1,065,660</u>	<u>32,695,482</u>	<u>33,761,142</u>
Total net position	<u>\$ 106,784,704</u>	<u>\$ 188,742,480</u>	<u>\$ 295,527,184</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF ALBANY, OREGON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Governmental activities				
General government	\$ 11,627,250	\$ 4,173,637	\$ 2,990,219	\$ 467,914
Public safety	33,190,548	3,941,179	1,957,204	20,335
Highways and streets	6,116,216	101,502	191,811	1,851,489
Culture and recreation	11,634,285	1,099,530	531,951	360,689
Interest on long-term obligations	1,295,382	-	-	-
Total governmental activities	<u>63,863,681</u>	<u>9,315,848</u>	<u>5,671,185</u>	<u>2,700,427</u>
Business-type activities				
Water	12,640,992	16,075,912	-	688,480
Sewer	15,726,496	19,841,412	-	1,121,602
Stormwater	1,095,648	974,504	-	-
Total business-type activities	<u>29,463,136</u>	<u>36,891,828</u>	<u>-</u>	<u>1,810,082</u>
Totals	<u>\$ 93,326,817</u>	<u>\$ 46,207,676</u>	<u>\$ 5,671,185</u>	<u>\$ 4,510,509</u>

General revenues:

- Property taxes used for general purposes
- Property taxes used for debt service
- Transient room taxes used for general purposes
- Motor fuel taxes
- Cigarette and alcoholic beverage taxes
- Privilege taxes
- Unrestricted investment earnings
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Prior period adjustments

Net position - ending

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and
Change in Net Position

Governmental Activities	Business- type Activities	Totals	
			Governmental activities
\$ (3,995,480)	\$ -	\$ (3,995,480)	General government
(27,271,830)	-	(27,271,830)	Public safety
(3,971,414)	-	(3,971,414)	Highways and streets
(9,642,115)	-	(9,642,115)	Culture and recreation
(1,295,382)	-	(1,295,382)	Interest on long-term obligations
<u>(46,176,221)</u>	<u>-</u>	<u>(46,176,221)</u>	Total governmental activities
			Business-type activities
-	4,123,400	4,123,400	Water
-	5,236,518	5,236,518	Sewer
-	(121,144)	(121,144)	Stormwater
<u>-</u>	<u>9,238,774</u>	<u>9,238,774</u>	Total business-type activities
<u>(46,176,221)</u>	<u>9,238,774</u>	<u>(36,937,447)</u>	Totals
			General revenues:
29,075,238	-	29,075,238	Property taxes used for general purposes
1,083,756	62	1,083,818	Property taxes used for debt service
1,117,460	-	1,117,460	Transient room taxes used for general purposes
3,120,603	-	3,120,603	Motor fuel taxes
1,336,937	-	1,336,937	Cigarette and alcoholic beverage taxes
3,901,524	-	3,901,524	Privilege taxes
334,206	189,390	523,596	Unrestricted investment earnings
967,589	227,198	1,194,787	Miscellaneous
<u>1,076,350</u>	<u>(1,076,350)</u>	<u>-</u>	Transfers
<u>42,013,663</u>	<u>(659,700)</u>	<u>41,353,963</u>	Total general revenues and transfers
(4,162,558)	8,579,074	4,416,516	Change in net position
114,008,616	180,163,406	294,172,022	Net position - beginning
<u>(3,061,354)</u>	<u>-</u>	<u>(3,061,354)</u>	Prior period adjustments
<u>\$ 106,784,704</u>	<u>\$ 188,742,480</u>	<u>\$ 295,527,184</u>	Net position - ending

CITY OF ALBANY, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	General	Parks and Recreation	Risk Management	Street	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 3,794,624	\$ 3,048,912	\$ 2,944,405	\$ 8,489,764	\$ 11,660,992	\$ 12,030,034	\$ 41,968,731
Cash with fiscal agents	-	-	-	-	-	9,777	9,777
Receivables:							
Property taxes	1,680,737	421,322	-	-	-	703,945	2,806,004
Accounts	1,712,681	6,346	-	325,245	200,000	339,169	2,583,441
Assessments	69,863	-	-	13,024	155,195	-	238,082
Interest	13,440	7,005	5,041	15,864	35,700	31,863	108,913
Loans, net of allowance for uncollectible loans	-	-	-	-	-	1,163,164	1,163,164
Interfund loan	-	-	3,458,977	-	-	-	3,458,977
Other	678	-	-	-	-	-	678
Prepaid items	32,515	9,794	-	-	-	-	42,309
Restricted cash and investments	-	-	-	-	-	129,744	129,744
Total assets	\$ 7,304,538	\$ 3,493,379	\$ 6,408,423	\$ 8,843,897	\$ 12,051,887	\$ 14,407,696	\$ 52,509,820
LIABILITIES							
Accounts payable	\$ 815,892	\$ 429,786	\$ 26,490	\$ 110,423	\$ 3,182,223	\$ 556,680	\$ 5,121,494
Deposits	-	-	-	1,000	111,992	2,470	115,462
Interfund loans payable	-	-	-	-	3,458,977	-	3,458,977
Total liabilities	815,892	429,786	26,490	111,423	6,753,192	559,150	8,695,933
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	2,445,619	402,121	-	54,294	155,195	1,828,522	4,885,751
FUND BALANCES							
Nonspendable	32,515	9,794	-	-	-	136,299	178,608
Restricted	-	1,785,143	-	4,412,279	3,891,134	4,902,876	14,991,432
Committed	-	866,535	6,381,933	4,265,901	1,252,366	6,980,849	19,747,584
Unassigned	4,010,512	-	-	-	-	-	4,010,512
Total fund balances	4,043,027	2,661,472	6,381,933	8,678,180	5,143,500	12,020,024	38,928,136
Total liabilities, deferred inflows of resources and fund balances	\$ 7,304,538	\$ 3,493,379	\$ 6,408,423	\$ 8,843,897	\$ 12,051,887	\$ 14,407,696	\$ 52,509,820

The notes to the basic financial statements are an integral part of this statement.

CITY OF ALBANY, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2017

Total fund balances per Governmental Funds Balance Sheet (page 20).		\$ 38,928,136
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land and construction in progress	\$ 30,752,401	
Other capital assets, net of depreciation	<u>84,192,792</u>	
Total capital asset adjustments		114,945,193
Other long-term assets are not available to pay current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
		4,885,751
Deferred outflows of resources.		
		18,646,664
Inventories of materials and supplies are capitalized on the Statement of Net Position.		
		101,109
Internal service funds are used by management to charge the costs of information systems services, central services, and geographic information system services to individual funds. A portion of the assets and liabilities of the internal service funds is included in governmental activities in the Statement of Net Position.		
		(2,760,657)
Long-term liabilities, including bonds payable, notes payable, accrued interest, deferred inflows of resources, compensated absences and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		
Long-term obligations	(25,444,970)	
Net pension liability	(34,966,943)	
Interest payable on long-term debt	(69,883)	
Deferred inflow - pension related	(1,745,798)	
Compensated absences	(2,769,233)	
Other postemployment benefits	<u>(2,964,665)</u>	
Total long-term obligations adjustments		<u>(67,961,492)</u>
		<u>\$ 106,784,704</u>

The notes to the basic financial statements are an integral part of this statement

CITY OF ALBANY, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	General	Parks and Recreation	Risk Management	Street	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES							
Taxes:							
Property	\$ 18,347,744	\$ 4,586,906	\$ -	\$ -	\$ -	\$ 7,099,924	\$ 30,034,574
Transient room	-	-	-	-	-	1,117,460	1,117,460
Construction excise taxes	-	-	-	-	-	312,390	312,390
Assessment collections	-	-	-	-	281,495	-	281,495
Franchise fees, privilege taxes, licenses, and permits	5,714,824	94,000	-	1,601,496	-	1,514,714	8,925,034
Intergovernmental	3,083,156	8,607	-	3,120,603	-	2,238,146	8,450,512
Charges for services	3,856,025	878,998	-	-	-	2,172,022	6,907,045
Fines and forfeitures	19,544	-	-	-	-	-	19,544
Interest on investments	35,617	26,196	18,190	39,737	105,949	102,871	328,560
Miscellaneous	129,484	762,175	13,665	36,405	32,327	442,546	1,416,602
Total revenues	<u>31,186,394</u>	<u>6,356,882</u>	<u>31,855</u>	<u>4,798,241</u>	<u>419,771</u>	<u>15,000,073</u>	<u>57,793,216</u>
EXPENDITURES							
Current:							
General government	1,967,124	-	1,362,656	-	977,586	7,301,831	11,609,197
Public safety	28,054,269	-	-	-	194,290	83,653	28,332,212
Highways and streets	-	-	-	3,108,781	-	-	3,108,781
Culture and recreation	2,694,826	6,343,940	-	-	-	120,016	9,158,782
Health	-	-	-	-	-	130,621	130,621
Debt service:							
Principal	-	-	-	-	-	983,483	983,483
Interest	-	-	-	-	-	1,315,505	1,315,505
Capital outlay	123,696	103,682	-	69,920	15,737,956	2,374,433	18,409,687
Total expenditures	<u>32,839,915</u>	<u>6,447,622</u>	<u>1,362,656</u>	<u>3,178,701</u>	<u>16,909,832</u>	<u>12,309,542</u>	<u>73,048,268</u>
Excess (deficiency) of revenues over expenditures	<u>(1,653,521)</u>	<u>(90,740)</u>	<u>(1,330,801)</u>	<u>1,619,540</u>	<u>(16,490,061)</u>	<u>2,690,531</u>	<u>(15,255,052)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	3,145,014	486,000	36,890	1,178,350	692,923	1,373,963	6,913,140
Transfers out	(1,283,600)	(182,304)	-	(384,859)	(33,290)	(3,992,837)	(5,876,890)
Total other financing sources (uses)	<u>1,861,414</u>	<u>303,696</u>	<u>36,890</u>	<u>793,491</u>	<u>659,633</u>	<u>(2,618,874)</u>	<u>1,036,250</u>
Net change in fund balances	207,893	212,956	(1,293,911)	2,413,031	(15,830,428)	71,657	(14,218,802)
Fund balance - beginning	3,835,134	2,448,516	7,675,844	6,265,149	20,908,229	11,948,367	53,081,239
Prior period adjustment	-	-	-	-	65,699	-	65,699
Fund balance - ending	<u>\$ 4,043,027</u>	<u>\$ 2,661,472</u>	<u>\$ 6,381,933</u>	<u>\$ 8,678,180</u>	<u>\$ 5,143,500</u>	<u>\$ 12,020,024</u>	<u>\$ 38,928,136</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF ALBANY, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

Net change in fund balances - total Governmental funds (page 22). \$ (14,218,802)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and disposals in the current period.

Capital outlay	\$ 19,832,747	
Donated capital assets	354,580	
Depreciation for the current fiscal year	<u>(7,488,340)</u>	
 Total capital outlay/depreciation adjustment		 12,698,987

The purchase of goods is shown as an expenditure in the governmental funds, but the cost of materials on hand at the end of the year is capitalized on the Statement of Activities. (13,143)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and other revenues reported in the funds are not revenues reported in the Statement of Activities.

Property taxes	124,420	
Principal portion of loan receipts	214,881	
Other fees and charges	132,027	
 Total revenue adjustments		 471,328

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 1,092,705

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(293,109)	
Other postemployment benefits	(253,813)	
Accrued interest on long-term obligations	5,238	
Pension expense	<u>(3,343,035)</u>	
Total expense/expenditure adjustments		(3,884,719)

The net expense of certain activities of internal service funds is reported with governmental activities. (308,914)

Change in net position of Governmental Activities (pages 18-19) \$ (4,162,558)

CITY OF ALBANY, OREGON
GENERAL FUND
BUDGETARY COMPARISON STATEMENT
For the Year Ended June 30, 2017

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 17,701,400	\$ 17,701,400	\$ 17,778,294	\$ 76,894
Delinquent	580,000	580,000	569,450	(10,550)
Privilege tax: electric	3,120,000	3,120,000	3,270,241	150,241
Franchise fee: communications facilities	33,600	33,600	65,249	31,649
Franchise fee: telephone	91,100	91,100	85,996	(5,104)
Franchise fee: garbage collection	525,500	525,500	673,482	147,982
Privilege tax: natural gas	612,000	612,000	631,283	19,283
Franchise fee: cable television	618,700	618,700	675,934	57,234
Permit fees	1,300	1,300	-	(1,300)
Dog permit fees	800	800	1,100	300
Fire line fees	40,000	40,000	57,590	17,590
Licenses	9,600	9,600	10,950	1,350
Library fees	71,800	71,800	67,808	(3,992)
Planning fees	222,800	222,800	157,604	(65,196)
Alarm fees	15,600	15,600	17,437	1,837
Medical marijuana facility permit	200	200.00	150	(50)
DUII enforcement grant	9,400	9,400	17,657	8,257
State liquor taxes	855,700	855,700	725,905	(129,795)
State cigarette taxes	61,500	61,500	71,511	10,011
State revenue sharing	592,800	592,800	539,521	(53,279)
Conflagration response reimbursement	80,000	80,000	10,624	(69,376)
Workers' compensation wage subsidy reimbursement	8,000	8,000	14,671	6,671
Overtime reimbursement - DEA	-	-	1,512	1,512
Linn County	9,700	9,700	15,829	6,129
Albany Rural Fire Protection District	1,015,100	1,015,100	1,088,394	73,294
North Albany Rural Fire Protection District	360,900	360,900	359,552	(1,348)
Palestine Rural Fire Protection District	173,000	173,000	171,193	(1,807)
Greater Albany Public Schools police grant	40,000	40,000	50,000	10,000
Sungard outside agencies	34,300	34,300	-	(34,300)
Linn County Victim Impact Panel Grant	-	-	2,029	2,029
State Department of Forestry	-	-	3,221	3,221
Single-role medic unit	-	-	5,702	5,702
OSFM/USAR team response reimbursement	19,100	19,100	5,835	(13,265)
Ambulance service fees	2,300,000	2,300,000	2,863,037	563,037
FireMed fees	170,000	170,000	172,464	2,464
Space rental charges	185,700	185,700	191,600	5,900
County Assessments	-	-	5,178	5,178
Parking violations	3,400	3,400	5,322	1,922
Municipal court fines	664,800	664,800	628,924	(35,876)
Nuisance vehicle administration fee	800	800	5,650	4,850
Dog control assessment	2,500	2,500	3,172	672
Damaged material fine	-	-	7,422	7,422
Delrelict structure fee	-	-	1,622	1,622
Gifts and donations	8,400	8,400	5,682	(2,718)
DARE program donations	-	-	38	38
Grass abatement fee principal	300	300	-	(300)
Miscellaneous	62,300	62,300	84,031	21,731
Albany economic improvement district principal	31,800	31,800	30,310	(1,490)
Albany economic improvement district interest	700	700	239	(461)
Club sales	2,000	2,000	362	(1,638)
Interest on investments	25,500	25,500	35,617	10,117
Total revenues	<u>30,362,100</u>	<u>30,362,100</u>	<u>31,186,394</u>	<u>824,294</u>

Continued on next page

CITY OF ALBANY, OREGON
GENERAL FUND
BUDGETARY COMPARISON STATEMENT, continued
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under)
Other financing sources				
Transfer from Public Safety Levy Fund	\$ 3,236,300	\$ 3,236,300	\$ 2,985,814	\$ (250,486)
Transfer from Building Inspection Fund	60,000	60,000	60,000	-
Transfer from ARA Fund	50,000	50,000	50,000	-
Transfer from Economic Development Fund	49,200	49,200	49,200	-
Total other financing sources	<u>3,395,500</u>	<u>3,395,500</u>	<u>3,145,014</u>	<u>(250,486)</u>
Fund balance, beginning				
Unassigned	<u>2,870,100</u>	<u>3,490,300</u>	<u>3,835,134</u>	<u>344,834</u>
Amount available for appropriation	<u>\$ 36,627,700</u>	<u>\$ 37,247,900</u>	<u>38,166,542</u>	<u>\$ 918,642</u>
Expenditures				
Nondepartmental:				
Materials and services	\$ 310,200	\$ 310,200	\$ 291,833	\$ 18,367
General operating contingency	1,514,900	1,514,900	-	1,514,900
Municipal Court	762,700	882,900	822,615	60,285
Code Enforcement	-	-	-	-
Public Safety Levy - Fire	1,174,000	1,174,000	1,139,605	34,395
Fire and Life Safety	839,300	839,300	772,571	66,729
Fire Emergency Services	12,315,400	12,315,400	11,879,273	436,127
Police	14,007,900	14,007,900	13,216,689	791,211
Public Safety Levy - Police	1,213,800	1,213,800	1,169,827	43,973
Planning	1,000,700	1,000,700	852,676	148,024
Library	2,705,200	2,705,200	2,694,826	10,374
Total expenditures	<u>35,844,100</u>	<u>35,964,300</u>	<u>32,839,915</u>	<u>3,124,385</u>
Other financing uses				
Transfers to other funds	<u>783,600</u>	<u>1,283,600</u>	<u>1,283,600</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 36,627,700</u>	<u>\$ 37,247,900</u>	<u>34,123,515</u>	<u>\$ 3,124,385</u>
Fund balance, ending			<u>\$ 4,043,027</u>	

The notes to the basic financial statements are an integral part of this statement.

CITY OF ALBANY, OREGON
PARKS AND RECREATION FUND
BUDGETARY COMPARISON STATEMENT
For the Year Ended June 30, 2017

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 4,425,300	\$ 4,425,300	\$ 4,444,573	\$ 19,273
Delinquent	88,000	88,000	142,333	54,333
Financed park system development charges:				
Principal	3,000	3,000	387	(2,613)
Interest	500	500	113	(387)
Park system development charges:	200,000	200,000	360,575	160,575
Street tree development fees	1,000	1,000	94,000	93,000
State Marine Board	8,400	8,400	7,500	(900)
Agricultural lease payments	2,100	2,100	1,107	(993)
Charges for services	15,000	15,000	15,000	-
SDC administrative charges	32,000	32,000	32,000	-
Children/youth/family recreation fees	60,000	60,000	61,062	1,062
Children/youth/family sponsorships	8,000	8,000	7,000	(1,000)
Adult recreation fees	50,000	50,000	66,707	16,707
Swimming pool	81,000	81,000	83,327	2,327
Senior Center rental fees	17,000	17,000	16,640	(360)
Maple Lawn preschool fees	88,000	88,000	85,680	(2,320)
Sports program fees	141,000	141,000	108,868	(32,132)
Waverly boat rentals	5,000	5,000	5,805	805
Park permits	7,000	7,000	28,383	21,383
Preschool materials and services fees	4,900	4,900	4,454	(446)
Senior program fees	10,000	10,000	6,372	(3,628)
Northwest Art and Air Festival fees	9,500	9,500	10,145	645
Hot air balloon rides	7,200	7,200	6,975	(225)
Senior newsletter	10,000	10,000	9,975	(25)
Gift shop	9,000	9,000	14,525	5,525
Trip	58,000	58,000	82,193	24,193
Merchandise sales - aquatics	2,000	2,000	2,871	871
Cool! Pool facility rental fees	6,000	6,000	11,235	5,235
Concession sales - sports	3,000	3,000	582	(2,418)
Concession sales - aquatics	11,000	11,000	11,213	213
Public arts	1,500	1,500	148	(1,352)
Track club	4,500	4,500	2,277	(2,223)
Facility enhancement fee	6,500	6,500	7,200	700
Albany Community Pool swimming pool	150,000	150,000	140,860	(9,140)
Albany Community Pool facility rental fees	20,000	20,000	25,380	5,380
Tournament rental Fees	6,500	6,500	8,050	1,550
Youth program user fees	2,500	2,500	-	(2,500)
Community garden	-	-	250	250
Pool room	800	800	817	17
River Rhythms Food Faire	10,000	10,000	13,437	3,437
NWAAF food vendors	11,000	11,000	18,730	7,730
River Rhythms souvenir sales	1,700	1,700	1,794	94
NWAAF souvenir sales	4,300	4,300	90	(4,210)
Summer Sounds - food vendors	2,500	2,500	3,250	750
Trolley rental charges	200	200	-	(200)
River Rhythms donations	13,000	13,000	10,290	(2,710)
NWAAF donations	21,000	21,000	23,732	2,732
Lumber to Legacy program revenues:	2,000	2,000	875	(1,125)
Summer Sounds - donations	3,000	3,000	4,905	1,905
Summer Sounds - sponsorships	20,000	20,000	21,557	1,557
Festival Latino sponsorships	2,000	2,000	3,500	1,500
Festival Latino food vendors	200	200	310	110
Festival Latino resource fair	-	-	735	735
Gifts and donations	7,700	7,700	15,484	7,784
Senior Center sponsorships	8,000	8,000	8,833	833
Children's Performing Arts Series sponsorships	10,000	10,000	7,000	(3,000)

Continued on next page

CITY OF ALBANY, OREGON
PARKS AND RECREATION FUND
BUDGETARY COMPARISON STATEMENT (continued)
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under)
Revenues, continued				
River Rhythms sponsorships	\$ 80,000	\$ 80,000	\$ 91,878	\$ 11,878
NWAAF sponsorships	90,000	90,000	84,364	(5,636)
Aquatic sponsorship	3,500	3,500	3,500	-
Adult Rec & Fitness Sponsorships	-	-	20	20
Sports sponsorship	2,000	2,000	3,950	1,950
Aquatics donations	64,500	64,500	67,000	2,500
Albany GEMS	11,000	11,000	5,296	(5,704)
Miscellaneous	9,000	9,000	31,354	22,354
Brochure advertising	2,500	2,500	2,220	(280)
General fundraising	100	100	-	(100)
Interest on investments	27,100	27,100	26,196	(904)
Total revenues	<u>5,961,500</u>	<u>5,961,500</u>	<u>6,356,882</u>	<u>395,382</u>
Other financing sources				
Transfer from General Fund	187,200	187,200	187,200	-
Transfer from Street Fund	80,000	80,000	80,000	-
Transfer from Economic Development Fund	171,800	218,800	218,800	-
Transfer from Parks SDC Program	50,000	50,000	-	(50,000)
Transfer from Parks Program:	63,500	63,500	39,801	(23,699)
Total other financing sources	<u>552,500</u>	<u>599,500</u>	<u>525,801</u>	<u>(73,699)</u>
Fund balance, beginning				
Unassigned	2,283,800	2,283,800	2,448,516	164,716
Amount available for appropriation	<u>\$ 8,797,800</u>	<u>\$ 8,844,800</u>	<u>9,331,199</u>	<u>\$ 486,399</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Sports programs	\$ 258,900	\$ 258,900	\$ 204,448	\$ 54,452
Children/youth/family recreation services	359,600	359,600	345,511	14,089
Resource development/marketing services	393,100	393,100	381,420	11,680
Park maintenance services	2,101,000	2,101,000	2,049,592	51,408
Parks and Recreation administration	1,298,000	1,345,000	1,323,734	21,266
Aquatic services	831,100	831,100	771,939	59,161
Adult recreation and fitness services	596,800	596,800	581,800	15,000
Performance and cultural arts	655,600	655,600	542,156	113,444
Park system development charge projects	1,675,000	1,675,000	231,214	1,443,786
Senior Center Foundation	18,400	18,400	14,246	4,154
Parks capital improvement program	113,500	113,500	1,562	111,938
Contingency	200,000	200,000	-	200,000
Total expenditures	<u>8,501,000</u>	<u>8,548,000</u>	<u>6,447,622</u>	<u>2,100,378</u>
Other financing uses				
Transfers to other funds	183,300	183,300	182,304	996
Ttransfers out	113,500	113,500	39,801	73,699
Total other financing uses	<u>296,800</u>	<u>296,800</u>	<u>222,105</u>	<u>74,695</u>
Total expenditures and other financing uses	<u>\$ 8,797,800</u>	<u>\$ 8,844,800</u>	<u>6,669,727</u>	<u>\$ 2,175,073</u>
Fund balance, ending			<u>\$ 2,661,472</u>	

The notes to the basic financial are an integral part of this statment.

CITY OF ALBANY, OREGON
RISK MANAGEMENT FUND
BUDGETARY COMPARISON STATEMENT
For the Year Ended June 30, 2017

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Miscellaneous	\$ -	\$ -	\$ 4,113	\$ 4,113
Loan repayment - principal	-	-	9,107	9,107
Loan repayment - interest	-	-	445	445
Interest on investments	<u>32,600</u>	<u>32,600</u>	<u>18,190</u>	<u>(14,410)</u>
Total revenues	<u>32,600</u>	<u>32,600</u>	<u>31,855</u>	<u>(745)</u>
Other financing sources				
Transfers from Capital Projects Fund	33,300	33,300	33,290	(10)
Transfers from General Fund	<u>3,600</u>	<u>3,600</u>	<u>3,600</u>	<u>-</u>
Total other financing sources	<u>36,900</u>	<u>36,900</u>	<u>36,890</u>	<u>(10)</u>
Fund balance, beginning				
Unassigned	<u>3,841,000</u>	<u>3,841,000</u>	<u>4,216,867</u>	<u>375,867</u>
Amount available for appropriation	<u>\$ 3,910,500</u>	<u>\$ 3,910,500</u>	<u>4,285,612</u>	<u>\$ 375,112</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Risk Management	\$ 1,201,200	\$ 1,201,200	\$ 205,526	\$ 995,674
Litigation settlement projects	<u>2,709,300</u>	<u>2,709,300</u>	<u>1,157,130</u>	<u>1,552,170</u>
Total expenditures	<u>\$ 3,910,500</u>	<u>\$ 3,910,500</u>	<u>1,362,656</u>	<u>\$ 2,547,844</u>
Budgetary Fund Balance			2,922,956	
Adjustment for Interfund Loan			<u>3,458,977</u>	
Fund balance, ending			<u>\$ 6,381,933</u>	

The notes to the basic financial statements are an integral part of this statement.

CITY OF ALBANY, OREGON
STREET FUND
BUDGETARY COMPARISON STATEMENT
For the Year Ended June 30, 2017

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Financed transportation system development charges				
Principal	\$ 6,300	\$ 6,300	\$ 3,084	\$ (3,216)
Interest	900	900	2,273	1,373
Financed improvement assurance fees				
Principal	1,600	1,600	-	(1,600)
Interest	100	100	-	(100)
Street connection fees	15,000	15,000	36,734	21,734
Transportation system development charges	567,400	567,400	1,496,910	929,510
Public facility construction permit	15,000	15,000	62,495	47,495
State gasoline tax	2,900,000	2,900,000	3,120,603	220,603
Miscellaneous	1,000	1,000	36,405	35,405
Interest on investments	28,300	28,300	39,737	11,437
Total revenues	<u>3,535,600</u>	<u>3,535,600</u>	<u>4,798,241</u>	<u>1,262,641</u>
Other financing sources				
Transfer from Economic Development Fund	2,700	2,700	2,700	-
Transfer from Sewer Fund	639,700	639,700	645,028	5,328
Transfer from Water Fund	549,100	549,100	530,622	(18,478)
Intrafund Transfer	20,000	20,000	20,000	-
Total other financing sources	<u>1,211,500</u>	<u>1,211,500</u>	<u>1,198,350</u>	<u>(13,150)</u>
Fund balance, beginning				
Unassigned	5,205,800	5,205,800	6,265,149	1,059,349
Amount available for appropriation	<u>\$ 9,952,900</u>	<u>\$ 9,952,900</u>	<u>12,261,740</u>	<u>\$ 2,308,840</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 797,600	\$ 797,600	\$ 739,020	\$ 58,580
Materials and services	2,469,600	2,469,600	2,369,761	99,839
Capital	5,514,500	5,514,500	69,920	5,444,580
Contingencies	148,700	148,700	-	148,700
Total expenditures	<u>8,930,400</u>	<u>8,930,400</u>	<u>3,178,701</u>	<u>5,751,699</u>
Other financing uses				
Transfers to other funds	1,002,500	1,002,500	384,859	617,641
Intrafund Transfers out	20,000	20,000	20,000	-
Total other financing uses	<u>1,022,500</u>	<u>1,022,500</u>	<u>404,859</u>	<u>617,641</u>
Total expenditures and other financing uses	<u>\$ 9,952,900</u>	<u>\$ 9,952,900</u>	<u>3,583,560</u>	<u>\$ 6,369,340</u>
Fund balance, ending			<u>\$ 8,678,180</u>	

The notes to the basic financial statements are an integral part of this statement.

CITY OF ALBANY, OREGON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

	Business-type Activities			Totals Enterprise Funds	Internal Service Funds
	Water	Sewer	Stormwater		
Assets					
Current assets:					
Cash and cash equivalents	\$ 5,302,502	\$ 8,551,671	\$ 99,555	\$ 13,953,728	\$ 355,951
Investments	8,942,926	14,417,198	167,759	23,527,883	619,272
Receivables:					
Property taxes	48,116	-	-	48,116	-
Accounts	3,970,464	5,156,603	398,559	9,525,626	2,675
Assessments	-	-	-	-	2,186
Accrued interest	29,495	41,574	6	71,075	-
Inventories	608,805	357,391	-	966,196	-
Prepaid items	-	-	-	-	110
Total current assets	<u>18,902,308</u>	<u>28,524,437</u>	<u>665,879</u>	<u>48,092,624</u>	<u>980,194</u>
Noncurrent assets:					
Loans receivable	-	4,071,379	-	4,071,379	-
Capital assets (net of depreciation)	87,689,316	136,531,310	-	224,220,626	49,114
Total noncurrent assets	<u>87,689,316</u>	<u>140,602,689</u>	<u>-</u>	<u>228,292,005</u>	<u>49,114</u>
Total assets	<u>106,591,624</u>	<u>169,127,126</u>	<u>665,879</u>	<u>276,384,629</u>	<u>1,029,308</u>
Deferred Outflows of Resources					
Pension related items	<u>1,380,830</u>	<u>1,242,845</u>	<u>120,280</u>	<u>2,743,955</u>	<u>6,375,668</u>
Liabilities					
Current liabilities:					
Accounts payable	539,933	379,578	20,837	940,348	391,177
Compensated absences	68,312	49,694	-	118,006	336,979
Interest payable	391,206	527,239	-	918,445	-
Refundable deposits	154,447	809	-	155,256	-
Loans payable, current portion	-	3,802,320	-	3,802,320	-
Bonds payable, current portion	1,112,388	-	-	1,112,388	-
Total current liabilities	<u>2,266,286</u>	<u>4,759,640</u>	<u>20,837</u>	<u>7,046,763</u>	<u>728,156</u>
Long-term obligations					
Compensated absences	68,313	49,691	-	118,004	336,977
Other postemployment benefits	212,011	192,194	23,643	427,848	1,011,577
Loans payable - long-term portion	-	47,829,847	-	47,829,847	-
Net pension liability	2,933,037	2,094,088	161,393	5,188,518	12,047,953
Bonds payable - long-term portion	24,968,462	-	-	24,968,462	-
Total long-term obligations	<u>28,181,823</u>	<u>50,165,820</u>	<u>185,036</u>	<u>78,532,679</u>	<u>13,396,507</u>
Total liabilities	<u>30,448,109</u>	<u>54,925,460</u>	<u>205,873</u>	<u>85,579,442</u>	<u>14,124,663</u>
Deferred Inflows of Resources					
Pension related items	<u>124,846</u>	<u>113,177</u>	<u>13,923</u>	<u>251,946</u>	<u>595,686</u>
Net Position					
Net investment in capital assets	61,608,466	84,899,143	-	146,507,609	49,114
Restricted for capital construction	1,182,114	3,271,840	-	4,453,954	-
Restricted for debt service	1,613,091	3,423,230	-	5,036,321	-
Unrestricted	12,995,828	23,737,121	566,363	37,299,312	(7,364,487)
Total net position	<u>\$ 77,399,499</u>	<u>\$ 115,331,334</u>	<u>\$ 566,363</u>	<u>193,297,196</u>	<u>\$ (7,315,373)</u>
Adjustment to reflect the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.				<u>(4,554,716)</u>	
Net position of business-type activities (page 19)				<u>\$ 188,742,480</u>	

The notes to the basic financial statements are an integral part of this statement

CITY OF ALBANY, OREGON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Year Ended June 30, 2017

	Business-type Activities			Totals Enterprise Funds	Internal Service Funds
	Water	Sewer	Stormwater		
OPERATING REVENUES:					
Service charges and fees	\$ 15,399,982	\$ 19,841,412	\$ 974,504	\$ 36,215,898	\$ 13,921,550
Miscellaneous	712,780	176,705	-	889,485	66,032
Total operating revenues	<u>16,112,762</u>	<u>20,018,117</u>	<u>974,504</u>	<u>37,105,383</u>	<u>13,987,582</u>
OPERATING EXPENSES:					
Salaries and wages	2,513,187	1,927,024	335,958	4,776,169	11,501,971
Contracted services	497,696	1,309,334	65,665	1,872,695	476,754
Operating supplies	746,514	456,596	137,322	1,340,432	1,170,918
Utilities	488,406	589,421	-	1,077,827	227,683
Depreciation and amortization	3,129,376	4,765,219	-	7,894,595	15,720
Repairs and maintenance	623,272	473,063	95,691	1,192,026	258,011
Charges for services	3,496,768	3,978,228	400,461	7,875,457	1,384,172
Miscellaneous	-	37,713	4,820	42,533	2,697
Total operating expenses	<u>11,495,219</u>	<u>13,536,598</u>	<u>1,039,917</u>	<u>26,071,734</u>	<u>15,037,926</u>
Operating income (loss)	<u>4,617,543</u>	<u>6,481,519</u>	<u>(65,413)</u>	<u>11,033,649</u>	<u>(1,050,344)</u>
NONOPERATING REVENUES (EXPENSES):					
Property taxes	62	-	-	62	-
Interest on investments	73,179	111,874	(718)	184,335	10,703
Miscellaneous	-	8,527	5,117	13,644	-
Interest	(849,756)	(1,845,966)	-	(2,695,722)	-
Total nonoperating revenues (expenses)	<u>(776,514)</u>	<u>(1,725,565)</u>	<u>4,399</u>	<u>(2,497,680)</u>	<u>10,703</u>
Income (loss) before capital contributions and transfers	3,841,029	4,755,954	(61,014)	8,535,969	(1,039,641)
Capital contributions	688,480	1,121,602	-	1,810,082	-
Transfers in	-	-	627,377	627,377	40,100
Transfers out	(530,622)	(1,173,105)	-	(1,703,727)	-
Change in net position	3,998,887	4,704,451	566,363	9,269,701	(999,541)
Net position - beginning	<u>73,400,612</u>	<u>110,626,883</u>	<u>-</u>	<u>-</u>	<u>(6,315,832)</u>
Net position - ending	<u>\$ 77,399,499</u>	<u>\$ 115,331,334</u>	<u>\$ 566,363</u>	<u>\$ -</u>	<u>\$ (7,315,373)</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				<u>(690,627)</u>	
Change in net position of business-type activities (pages 20-21)				<u>\$ 8,579,074</u>	

The notes to the basic financial statements are an integral part of this statement

CITY OF ALBANY, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2017

	Business-type Activities			Governmental Activities	
	Water	Sewer	Stormwater	Totals	
				Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 13,710,292	\$ 17,562,595	\$ 575,945	\$ 31,848,832	\$ 13,985,083
Cash payments to suppliers of goods and services	(6,017,845)	(7,334,564)	(683,122)	(14,035,531)	(3,483,230)
Cash payments to employees for services	(2,215,417)	(1,958,856)	(257,279)	(4,431,552)	(10,294,594)
Other revenues	-	8,527	5,117	13,644	-
Net cash provided by (used in) operating activities	<u>5,477,030</u>	<u>8,277,702</u>	<u>(359,339)</u>	<u>13,395,393</u>	<u>207,259</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Property taxes	62	-	-	62	-
Transfers in	-	-	627,377	627,377	40,100
Transfers out	(530,622)	(1,173,105)	-	(1,703,727)	-
Net cash provided by (used in) noncapital financing activities	<u>(530,560)</u>	<u>(1,173,105)</u>	<u>627,377</u>	<u>(1,076,288)</u>	<u>40,100</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of capital assets	(2,332,187)	(1,519,991)	-	(3,852,178)	-
System development charges collected	417,384	778,193	-	1,195,577	-
Principal paid on loan	-	(3,688,993)	-	(3,688,993)	-
Principal paid on bonds	(975,000)	-	-	(975,000)	-
Payment from City of Millersburg	-	264,466	-	264,466	-
Interest paid on long-term debt	(958,394)	(1,887,254)	-	(2,845,648)	-
Net cash (used in) capital and related financing activities	<u>(3,848,197)</u>	<u>(6,053,579)</u>	<u>-</u>	<u>(9,901,776)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	49,844	75,669	(724.00)	124,789	10,232
Net (purchase) sales price of investments	(1,164,560)	(1,445,338)	(167,759)	(2,777,657)	(193,077)
	<u>(1,114,716)</u>	<u>(1,369,669)</u>	<u>(168,483)</u>	<u>(2,652,868)</u>	<u>(182,845)</u>
Net increase (decrease) in cash and cash equivalents	(16,443)	(318,651)	99,555	(235,539)	64,514
Cash and cash equivalents, July 1, 2016	<u>5,318,945</u>	<u>8,870,322</u>	<u>-</u>	<u>14,189,267</u>	<u>291,437</u>
Cash and cash equivalents, June 30, 2017	<u>\$ 5,302,502</u>	<u>\$ 8,551,671</u>	<u>\$ 99,555</u>	<u>\$ 13,953,728</u>	<u>\$ 355,951</u>

Continued on next page

CITY OF ALBANY, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2017

	Business-type Activities			Governmental Activities	
	Water	Sewer	Stormwater	Totals Enterprise Funds	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ 4,617,543	\$ 6,481,519	\$ (65,413)	\$ 11,033,649	\$ (1,050,344)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	3,129,376	4,765,219	-	7,894,595	15,720
Other revenues	-	8,527	5,117.00	13,644	-
Changes in assets, deferred outflows, liabilities and deferred inflows:					
Receivables	(2,388,367)	(2,455,522)	(398,559.00)	(5,242,448)	(2,499)
Inventories	(28,207)	(24,502)	-	(52,709)	-
Prepaid items	-	-	-	-	(110)
Net pension asset	-	-	-	-	-
Deferred outflows of resources	(1,078,566)	(977,752)	(120,280)	(2,176,598)	(5,146,218)
Accounts payable	(136,982)	(465,707)	20,837	(581,852)	37,115
Net pension liability	1,447,234	1,311,960	161,393	2,920,587	6,905,260
Compensated absences	(21,589)	(23,770)	-	(45,359)	(24,414)
Other postemployment benefits	(7,206)	(12,472)	23,643	3,965	68,889
Refundable deposits	(14,103)	-	-	(14,103)	-
Deferred inflows of resources	(42,103)	(329,798)	13,923.00	(357,978.00)	(596,140)
Total adjustments	<u>859,487</u>	<u>1,796,183</u>	<u>(293,926)</u>	<u>2,361,744</u>	<u>1,257,603</u>
Net cash provided by (used in) operating activities	<u>\$ 5,477,030</u>	<u>\$ 8,277,702</u>	<u>\$ (359,339)</u>	<u>\$ 13,395,393</u>	<u>\$ 207,259</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Contribution of capital assets to government	<u>\$ 271,096</u>	<u>\$ 343,409</u>	<u>\$ -</u>	<u>\$ 614,505</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement.

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City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Albany (the City) have been prepared in accordance with generally accepted accounting principles (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reporting Entity

The City of Albany is a municipal corporation governed by an elected mayor and six-member council. As required by GAAP, these financial statements present the City and its one component unit, an entity for which the City is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the City's operations and, therefore, data from the unit is combined with the data of the City of Albany. The City's component unit operates on a June 30 year-end.

Blended Component Unit

The Albany Revitalization Agency (a component unit of the City of Albany, Oregon) was organized on August 8, 2001, as the Central Albany Revitalization Area, and commenced operations during fiscal year 2001 under the provisions of Oregon Revised Statutes, Chapter 457, to provide for rehabilitation of blighted and deteriorated areas within the City's designated urban renewal area. As provided by ORS 457, the City Council is the governing body of the Agency. The principal funding source is from bond sales, which will be repaid from property tax increment revenues and interest earnings. The Personnel of the City provide project management and administration. The Agency's complete financial statement may be obtained at the City's administrative offices, City of Albany, PO Box 490, Albany, OR 97321.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

Government-wide financial statements display information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated into a single column in the financial section of the basic financial statements. The City does not have any fiduciary fund types.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues 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 as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund-based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sanitary sewer enterprise funds and the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

expenses not meeting this definition are reported as nonoperating revenues and expenses.

In the government-wide and proprietary fund financial statements, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The City reports the following major governmental funds:

General

This is the City's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund. Principal sources of revenues are property taxes, franchise fees, privilege taxes, rural fire protection district fees, state shared revenues, municipal court fines, licenses, and permits. Primary expenditures are for general government (planning, code enforcement, and housing), public safety (municipal court, police, fire, fire suppression, and fire life safety), and culture and recreation (library).

Parks and Recreation

This fund accounts for the City's parks and recreation activities. Major sources of revenues are property taxes, charges for recreational activities, donations, and parks systems development charges. Expenditures are for park maintenance, administration, recreational programs, and other special activities such as the Children's Performing Arts Series, the summer concert series, and the Northwest Art and Air Festival.

Risk Management

This fund accounts for the City's risk management exposure. Major sources of revenues are insurance refunds and the accumulation of interest related to the settlement proceeds from the SVC Manufacturing, Inc. litigation. Expenditures are for deductibles related to insurance claims, any self-insured situation that may arise, and for the proceeds of the SVC Litigation.

Street

The major activities of the Street Fund are pavement management, traffic control, storm drain maintenance, bridge maintenance, right-of-way maintenance, and capital improvements of the City's transportation system. The primary sources of revenue are the state gasoline tax, franchise fees charged to the City's water and sewer utilities, and transportation systems development charges.

Capital Projects

The Capital Projects Fund is a governmental fund used to account for the acquisition or construction of major capital facilities other than those financed by proprietary funds. Sources of funds include local, state, and federal support (grants); donations; and transfers from other funds.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The City reports the following major proprietary funds:

Water

All operating (treatment and distribution), capital construction, and debt service activities of the City's water system are reported in this fund.

Sewer

All operating (collection and treatment), capital construction, and debt service activities of the City's sanitary sewer system are reported in this fund.

Stormwater

All operating and capital construction activities of the City's stormwater system are reported in this fund.

Additionally, the City reports the following nonmajor fund types:

Special Revenue

A governmental fund type used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service

The City utilizes these funds to account for debt service on bonds issued by the governmental funds. General obligation bonds are funded by property taxes. Other sources of funds include transient room taxes, financed assessments, and the general revenues of the City.

Capital Projects

A governmental fund type used to account for the acquisition or construction of major capital facilities other than those financed by proprietary funds. Sources of funds include local, state, and federal support; donations; and transfers from other funds.

Permanent

A governmental fund type used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Internal Service

A proprietary fund type that is used to account for central services provided to all funds, and public works services primarily to enterprise funds, which are charged a fee for those services on a cost reimbursement basis.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments from other funds for City Hall space rental to the General Fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Cash and Cash Equivalents

The City's cash on hand and short-term investments are considered to be cash and cash equivalents. This includes state authorized investment in the State Treasurer's Local Government Investment Pool.

Investments

State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, and repurchase agreements.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Restricted Assets

Assets whose use is restricted for construction, debt service, or by other agreement are segregated on the Government-wide Statement of Net Position and the Proprietary Fund Statement of Net Position.

Inventories

Inventories are stated at cost (first-in, first-out method). Inventories are recorded as expenditures when purchased or donated and charged to expenses in the statement of activities and the enterprise funds when used.

Receivables

Management has determined that the direct method of accounting for uncollectible accounts receivable approximates the GAAP allowance for uncollectible accounts method. Therefore, no allowance for uncollectible accounts receivable has been presented. Property taxes receivable for the governmental fund types which are collected within 60 days following the year end are considered measurable and available and, accordingly, are recognized as revenues in the respective funds. All other property taxes receivable for the governmental fund types are offset by deferred revenues and, accordingly, have not been recorded as revenues. Uncollected property taxes, including delinquent accounts, are deemed to be substantially collectible or recoverable through foreclosure. The major sources of revenues which are subject to accrual include property taxes, user charges, property assessments, and interest.

Property taxes become a lien against the property as of July 1 in the year in which they are due and are

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables (continued)

assessed in October through billing by the counties to the property owner. Payments are due in three equal installments on November 15, February 15, and May 15, with a three percent discount available for payment in full on November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Assessments receivable in the debt service and capital projects funds are recorded at the time the property owners are assessed for property improvements. Assessments receivable are offset by deferred revenues and, accordingly, are not recorded as revenue until received.

Federal and state grants and state, county, and local shared revenues are recorded as revenues in all fund types as earned.

Proprietary funds record revenues as they are earned, including services not yet billed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at acquisition value rather than fair market value.

Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset, are capitalized. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Vehicles and equipment	3 – 25 years
Buildings and improvements	25 – 75 years
Infrastructure	20 – 50 years

Compensated Absences

It is the City's policy to permit employees to earn vacation and sick leave. No liability is reported for accumulated sick leave, as it does not vest when earned. Vacation leave is accrued as it is earned and is reported as a fund liability. All vacation leave is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured; for example, as a result of employee resignations and retirements.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs are reported as deferred charges and amortized over the term of the related obligations.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period of issuance. The face amount of the debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The items that qualify for reporting in this category are the deferred charges related to pensions in the government-wide Statement of Net Position.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represent 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 deferred inflows relating to pension reporting.

Equity

In the government-wide and proprietary fund financial statements equity is classified as net position and displayed in three components:

- 1) Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- 2) Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law, through constitutional provisions or enabling legislation.
- 3) Unrestricted net position – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity (continued)

In the governmental fund financial statements equity is reported using the five fund balance categories listed below:

- 1) Non-spendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- 2) Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- 3) Committed – Amounts are those constrained by City Council through resolution or ordinance before the end of the fiscal year. The State of Oregon recognizes resolutions and ordinances as being equally binding, and the process for establishing, modifying, and rescinding resolutions and ordinances are substantively the same. Therefore, the City uses both to commit funds.
- 4) Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Council has granted authority to the City's Finance Director to assign fund balance amounts.
- 5) Unassigned – The residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

The City will use resources in the following order: restricted, committed, assigned, and unassigned, unless the City Council has provided otherwise in its commitment or assignment actions.

The City of Albany has adopted this order of categories in Resolution 6015 on June 22, 2011, and has classified equity in the proper category.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 - Local Budget Law). The City Manager submits a proposed budget to the Budget Committee (consisting of the City Council and an equal number of citizens of the City, 14 members in all). The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the City Council for final adoption. The City Council may not increase approved expenditures for each fund by more than 10 percent without returning to the Budget Committee for a second approval.

The City is required to budget each fund. The City's budget is prepared for each fund on the modified

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

accrual basis of accounting. Revenues and other increases in financial resources are recognized when they become both measurable and available. For the City, available means that the funds are collectible within 60 days of the end of the current period.

Expenditures are recognized when the fund liability is incurred, except for inventories of materials and supplies that may be considered expenditures when purchased, and prepaid insurance and other similar items that may be considered expenditures either when paid or consumed.

A City Council resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of control is either total appropriations by program within a fund or total fund appropriations segregated into the following categories: personnel services, materials and services, capital outlay, transfers out, and contingency. The budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. Budget appropriations can be changed with City Council approval only.

An election must be held to approve general obligation debt pledging the full faith and credit of the City. As a result of Ballot Measure 50 and subsequent legislation, the City's permanent tax rate has been set at \$6.3984 per \$1,000 of assessed value. The assessed value (not including the urban renewal district) for 2016-2017 was \$3,663,169,457. Assessed value is calculated on a property-by-property basis and is limited to a three percent increase annually. Compression of tax revenues comes into play when the real market value of an individual residential property is not sufficient to allow for an annual three percent increase in the assessed value.

The City appropriates at the program level with the exception of contingency and transfers out for the following funds:

General	Capital Project
Special Revenue	Capital Projects
Parks and Recreation	Capital Replacement
Building Inspection	Permanent
Risk Management	Library Trust
Economic Development	Internal Service
Public Transit	Central Services
Albany Revitalization Agency (ARA)	Public Works Services
Debt Service	

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

A budget is appropriated by total personnel services, materials and services, capital outlay, transfers out, and contingency for the following funds:

Special Revenue	Permanent
Grants	Senior Center Endowment
Street	Enterprise
Public Safety Levy	Water

Unexpected additional resources may be appropriated through the use of a supplemental budget and City Council action. The original and supplemental budgets require hearings before the public, publications in newspapers, notice postings, and approval by the City Council. Original and supplemental budgets may be modified during the fiscal year by use of appropriation transfers between legal categories. Such transfers require approval of the City Council.

During the fiscal year ended June 30, 2017, the City made budget changes as outlined by fund in the following table:

Fund	2016-17 Original Budget	2016-17 Final Budget	Changes
General	\$ 36,627,700	\$ 37,247,900	\$ 620,200
Parks and Recreation	8,797,800	8,844,800	47,000
Risk Management	3,910,500	3,910,500	-
Street	9,952,900	9,952,900	-
Grants	1,592,600	1,592,600	-
Building Inspection	2,835,400	2,835,400	-
Economic Development	2,128,000	2,128,000	-
Public Transit	2,878,600	2,893,600	15,000
Public Safety Levy	3,236,300	3,236,300	-
Albany Revitalization Agency	12,866,700	12,866,700	-
Debt Service	1,016,100	1,016,100	-
GO Debt Service	1,009,000	1,009,000	-
Capital Projects	25,644,400	26,148,400	504,000
Capital Replacement	7,908,600	7,908,600	-
Senior Center Endowment	52,000	52,000	-
Library Trust	84,000	84,000	-
Water	25,955,300	25,955,300	-
Sewer	39,902,900	39,902,900	-
Stormwater	1,156,900	1,406,900	250,000
Central Services	6,367,200	6,407,300	40,100
Public Works Services	8,578,700	8,578,700	-
	\$ 202,501,600	\$ 203,977,900	\$ 1,476,300

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

Expenditure appropriations may not legally be overspent, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted. The City currently uses encumbrances which lapse at the close of the fiscal year. Two new funds were established in fiscal year 2016-17: General Obligation Debt Service and Stormwater.

3. DETAILED NOTES

Cash and Investments

The City pools virtually all funds for investment purposes. Each fund type's portion is displayed on the Statement of Net Position as 'cash and investments' and 'restricted cash and investments' (page 17).

Cash and investments included in the Statement of Net Position are as follows:

Cash on hand	\$ 47,564
Cash with fiscal agents	9,777
Bank balances with financial institutions	(1,253,910)
State of Oregon Treasurer's short-term investment pool	30,981,357
Other investments	<u>50,780,300</u>
Total cash and investments	<u>\$ 80,565,088</u>

Cash and investments are reflected on the Statement of Net Position as:

Cash and investments	\$ 80,425,567
Cash with fiscal agents	9,777
Restricted cash and investments	<u>129,744</u>
Total cash and investments	<u>\$ 80,565,088</u>

Financial Institutions

Deposits with financial institutions are comprised of bank demand deposits and savings accounts. At year end, the carrying amount of the City's net balance was \$(1,253,910) and the bank balance was \$312,863.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Cash and Investments (continued)

Equity in Pooled Cash and Investments

Oregon Revised Statutes, Chapter 294 authorize the City to invest in obligations of the U. S. Treasury, U. S. government agencies, bankers' acceptances issued by Oregon financial institutions, repurchase agreements, Oregon Short-term Fund, certain high-grade commercial paper, and various interest-bearing bonds of Oregon municipalities, among others. In addition, the City's investments are governed by written investment policy. The policy, which is reviewed by the Oregon Short-term Fund Board and adopted by the City Council, specifies the City's investment objectives, requires diversification within certain limitations, and sets forth security, safekeeping, and reporting requirements. The equity position of each fund participating in an internal investment pool is reported as assets of those funds. The City reports all investments at fair market value.

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At June 30, 2017, the City had the following recurring fair value measurements.

Investments by fair value level	6/30/2017	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
U.S. Government agency obligations:				
US Treasury Notes	\$ 9,944,150	\$ 9,944,150	\$ -	\$ -
Federal Farm Credit Bank	1,998,860	-	1,998,860	-
Federal Home Loan Mortgage Corporation	16,951,600	-	16,951,600	-
Federal National Mortgage Association	9,956,550	-	9,956,550	-
Federal Home Loan Banks	1,979,680	-	1,979,680	-
Corporate Bonds				
Apple	3,985,520	-	3,985,520	-
Chevron	2,999,490	-	2,999,490	-
Microsoft	2,964,450	-	2,964,450	-
Totals	<u>\$ 50,780,300</u>	<u>\$ 9,944,150</u>	<u>\$ 40,836,150</u>	<u>\$ -</u>

The City's US Treasury notes are classified as Level 1, and have values based on institutional bond quotes – evaluations based on various market and industry inputs.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Cash and Investments (continued)

Level 2 are valued using the following approaches: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable for an asset. The City's US government agency mortgage-backed pools are based on mortgage-backed securities pricing, with evaluations based on various market and industry inputs. Corporate bond values are based on institutional bond quotes, with evaluations based on various market and industry inputs.

Level 3 inputs are unobservable and should reflect the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. The City does not currently hold any Level 3 investments.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2017.

As of June 30, 2017, the City had the following investments:

<u>Investment Type</u>	<u>Moody's Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (yrs)</u>	<u>Percent of Total Portfolio</u>
U.S. Government agency obligations:				
US Treasury Notes	AAA	\$ 9,944,150	2.23	20%
Federal Home Loan Mortgage Corporation	AAA	16,951,600	0.89	33%
Federal National Mortgage Association	AAA	9,956,550	1.36	20%
Federal Home Loan Banks	AAA	1,979,680	2.24	4%
Federal Farm Credit Banks	AAA	1,998,860	2.53	4%
Corporate Bonds				
Microsoft	AAA	2,964,450	2.11	6%
Apple	AA1	3,985,520	0.84	8%
Chevron	AA2	<u>2,999,490</u>	0.36	<u>6%</u>
Totals		<u>\$ 50,780,300</u>		<u>100%</u>
Portfolio weighted average maturity			<u>1.40</u>	

The Oregon Short-Term Fund is an external investment pool as defined in GASB Statement No. 31. The Oregon Short-term Fund is not registered with the SEC as an investment company. The State's investment policies are governed by the Oregon Revised Statutes and the Oregon Investment Council.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Cash and investments (continued)

Interest Rate Risk

The City's investment policy does not allow investments of more than five years. At least 25 percent of the total portfolio must mature in under one year. The weighted maturity of the total portfolio shall not exceed 1.50 years. The City's weighted average maturity as of June 30, 2017, was 1.4 years.

Credit and Concentration of Credit Risk

The City has adopted within its investment policy the State statutes which authorize the City to invest primarily in general obligations of the U. S. Government and its agencies; certain bonded obligations of Oregon, Washington, Idaho, and California municipalities; bank repurchase agreements; bankers' acceptances; certain commercial papers; and the Oregon Short-term Fund investment pool.

Diversification constraints of the City's investment policy are:

<u>Issuer Type</u>	<u>Percent of Total Portfolio</u>
U. S. Treasury obligations	100%
GSE-Agency Securities	100%
Per Issuer	33%
FDIC - Temporary liquidity guarantee securities	0%
Commercial paper *	10%
Bankers Acceptance *	10%
Corporate indebtedness, Oregon issuers *	20%
Local Government Investment Pool	ORS Limit 294.810
Certificates of Deposit/Bank Deposits/Savings	10%
Obligations of the States (municipal securities) *	10%

* Shall be limited to 5% per issuer.

Custodial Risk – Investments

The laws of the State require that all purchased securities be bought on a delivery versus payment basis and be held in safekeeping by the City, an independent third-party financial institution, or in the City's designated depository. All safekeeping arrangements shall be designated by the Finance Director and an agreement of the terms executed in writing. The third-party custodian shall be required to issue original safekeeping receipts to the City listing each specific security, rate, description, maturity, and CUSIP number. Each safekeeping receipt will clearly state that the security is held for the City or pledged to the City. The safekeeping bank may not be within the same holding company as the bank from which the securities are pledged.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Cash and investments (continued)

Custodial Risk – Deposits

This is the risk that in the event of a bank failure, the City of Albany’s deposits might not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City of Albany’s deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest-bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2017, the City’s bank balance greater than \$250,000, \$62,863, was exposed to custodial credit risk as it was collateralized with securities held by the pledging financial institution's agent but not in the City of Albany's name.

Capital Assets

Governmental Activities

Capital asset activity for the year ended June 30, 2017, was as follows:

	July 1, 2016 Balance	Additions	Deletions, Transfers in, Transfers out	June 30, 2017 Balance
Non-depreciable capital assets				
Land	\$ 13,495,010	\$ 359,264	\$ -	\$ 13,854,274
Construction in progress	4,379	16,898,127	(4,379)	16,898,127
Total non-depreciable capital assets	<u>13,499,389</u>	<u>17,257,391</u>	<u>(4,379)</u>	<u>30,752,401</u>
Depreciable capital assets				
Buildings and improvements	20,907,195	123,778	-	21,030,973
Intangible assets	800,000	-	-	800,000
Vehicles and equipment	17,522,433	1,329,116	-	18,851,549
Infrastructure	<u>140,677,931</u>	<u>1,477,040</u>	<u>4,379</u>	<u>142,159,350</u>
Total depreciable capital assets	<u>179,907,559</u>	<u>2,929,934</u>	<u>4,379</u>	<u>182,841,872</u>
Accumulated depreciation				
Buildings and improvements	(5,997,772)	(420,692)	-	(6,418,464)
Intangible asset	(150,253)	(39,973)	-	(190,226)
Vehicles and equipment	(11,482,215)	(1,275,650)	-	(12,757,865)
Infrastructure	<u>(73,530,500)</u>	<u>(5,752,025)</u>	<u>-</u>	<u>(79,282,525)</u>
Total accumulated depreciation	<u>(91,160,740)</u>	<u>(7,488,340)</u>	<u>-</u>	<u>(98,649,080)</u>
Depreciable capital assets net of depreciation	<u>88,746,819</u>	<u>(4,558,406)</u>	<u>4,379</u>	<u>84,192,792</u>
Governmental activities, capital assets, net	<u>\$ 102,246,208</u>	<u>\$ 12,698,985</u>	<u>\$ -</u>	<u>\$ 114,945,193</u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Capital assets (continued)

Depreciation expense for governmental activities has been charged as follows:

General government	\$ 1,873,011
Public safety	979,911
Highways and streets	2,766,667
Culture and recreation	<u>1,868,751</u>

Total depreciation for governmental activities	<u><u>\$ 7,488,340</u></u>
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Business-type Activities

Capital asset activity for the year ended June 30, 2017, was as follows:

	July 1, 2016 Balance	Additions	Deletions, Transfers in, Transfers out	June 30, 2017 Balance
Non-depreciable capital assets				
Land	\$ 6,285,374	\$ -	\$ -	\$ 6,285,374
Construction in progress	<u>1,390,005</u>	<u>996,553</u>	<u>(189,406)</u>	<u>2,197,152</u>
Total non-depreciable capital assets	<u>7,675,379</u>	<u>996,553</u>	<u>(189,406)</u>	<u>8,482,526</u>
Depreciable capital assets				
Land rights	19,794	-	-	19,794
Land improvements	82,335	-	-	82,335
Buildings and improvements	155,642,541	-	(33,574)	155,608,967
Vehicles and equipment	8,527,278	726,771	33,574	9,287,623
Infrastructure	<u>158,100,513</u>	<u>2,743,358</u>	<u>189,406</u>	<u>161,033,277</u>
Total depreciable capital assets	<u>322,372,461</u>	<u>3,470,129</u>	<u>189,406</u>	<u>326,031,996</u>
Accumulated depreciation				
Land rights	(19,794)	-	-	(19,794)
Land improvements	(34,894)	(11,857)	-	(46,751)
Buildings and improvements	(38,818,188)	(4,050,321)	-	(42,868,509)
Vehicles and equipment	(6,893,254)	(261,942)	-	(7,155,196)
Infrastructure	<u>(56,568,337)</u>	<u>(3,586,195)</u>	<u>-</u>	<u>(60,154,532)</u>
Total accumulated depreciation	<u>(102,334,468)</u>	<u>(7,910,315)</u>	<u>-</u>	<u>(110,244,782)</u>
Depreciable capital assets net of depreciation	<u>220,037,993</u>	<u>(4,440,186)</u>	<u>189,406</u>	<u>215,787,214</u>
Business-type activities, capital assets, net	<u><u>\$ 227,713,372</u></u>	<u><u>\$ (3,443,633)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 224,269,740</u></u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Capital assets (continued)

Depreciation expense for business-type activities has been charged as follows:

Water	\$ 3,129,376
Sewer	4,765,219
Allocated from internal service funds	15,720
Total depreciation for business-type activities	\$ 7,910,315

Assessment Liens Receivable

Assessment liens receivable represent the uncollected amounts levied against property for the cost of local improvements. Total delinquent assessments receivable at June 30, 2017 amounted to \$119,192 which represented approximately two percent of the outstanding assessment receivables. Since assessments are liens against the benefited properties, an allowance for uncollectible accounts is not deemed necessary. Assessments are payable for a period of five to twenty years and bear an interest rate of nine percent for unbonded assessments and the bond rate plus 1.5 percent for financed assessments.

Loans Receivable

The listing which follows outlines the loans receivable as of June 30, 2017. The ARA loans have been restated to show the division of regular and forgivable loans.

	July 1, 2016 Balance	Increase	Decrease	June 30, 2017 Balance
Governmental Funds				
Albany Revitalization Agency (ARA) Regular loans	\$ 948,284	\$ 296,886	\$ (82,006)	\$ 1,163,164
Enterprise Fund - Sewer	4,335,845	-	(264,466)	4,071,379
Total government-wide loans	\$ 5,284,129	\$ 296,886	\$ (346,472)	\$ 5,234,543

Albany Revitalization Area (ARA) Fund

The ARA has made loans to individuals or corporations to help offset the costs of building and remodeling projects within the urban renewal district.

In December 2004, ARA approved a loan of \$82,500 to Allan and Jacqueline Swoboda to make improvements to property located in the urban renewal district. The loan was modified as of June 1, 2012, to a five-year amortization plan with interest accruing at the rate of four percent annually. There is no outstanding balance at June 30, 2017

In October 2006, ARA approved a ten-year loan of \$42,500 to Allan and Jacqueline Swoboda to make improvements to the Frager Building. The loan, with an annual interest rate of 6.9 percent, is secured by a trust deed. The first payment was due on January 19, 2012, in the amount of \$14,365 principal and

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Loans Receivable (continued)

interest, with four similar payments due after that. During the year ended June 30, 2014, the City loaned an additional \$21,990 for this project. As of June 30, 2017 there is no outstanding balance.

In March 2009, ARA approved a ten-year loan of \$307,500 to Cameron House, LLC, and Herb Yamamoto, Principal, to renovate the structure known as CADD Connection Building at 705 Lyon Street. The first loan amount of \$112,500, with an annual interest rate of 4.85 percent, is secured by a promissory note and trust deed. The principal and accrued interest are fully due and payable on March 13, 2016. The second and third loan amounts are each \$97,500, one of which is in the forgivable category, and is secured by a promissory note and trust deed. A total of \$112,612 has been received against these loans, leading to a June 30, 2017 outstanding balance, including accrued interest, of \$101,608.

In fiscal year 2012 ARA approved a modification to the \$148,000 loan to Flinn Block, LLC, Marc and Anni Manley, personally. The original loan, dated February 12, 2008, was to make further improvements to the structure known as the Flinn and Ames Building. The modification, dated August 11, 2011, changed 50% of the loan (\$74,000) to a forgivable loan, and changed the interest rate on the remaining \$74,000 to two percent annually. Both portions are secured by a trust deed and promissory note. Interest for the loan will accrue from the modification date until the loan is paid in full. The second of five payments (\$16,660.67, principal and interest) was paid, resulting in an outstanding balance of \$31,713 at June 30, 2017.

In fiscal year 2016 ARA approved a three-year loan of \$105,307, with an annual interest rate of 1.5 percent, to Scott and Jennifer Cowan to relocate a house that was on the property of the new fire station. Two annual payments of interest only begin on February 15, 2017, with a balloon payment of \$107,307 plus accrued interest due on February 15, 2019.

In fiscal year 2016 ARA approved a zero interest twenty-year loan of \$175,000, to Novak's Hungarian Restaurant, for further improvements to the property located at 208 Second Avenue. This loan is secured by a promissory note and trust deed. Monthly payments of \$729.17 began on January 15, 2016. The outstanding balance at June 30, 2017 totaled \$161,870.

In fiscal year 2016 ARA approved a twenty-year loan of \$500,000, to Rick Mikesell, for renovations to the 1st Avenue Century Building. This no interest loan is secured by a promissory note and trust deed. Monthly payments of \$2,083.33 started in September 2016, resulting in an outstanding balance of \$479,167.

ARA converted a \$200,000 forgivable loan to R3 Development to repayable in July 2016. The twenty-year loan has zero interest and monthly payments of \$833.33. Payments began in August 2016, resulting in an ending balance of \$190,833 at June 30, 2017.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Loans Receivable (continued)

In fiscal year 2017 ARA approved a five-year loan to Dawson House. Annual interest only payments begin on May 22, 2018 with a balloon payment of principal and interest payable due on May 22, 2023. This \$42,666 loan is secured by a promissory note and trust deed.

Signs of Victory received a five-year \$100,000 loan from ARA on April 28, 2017. This loan is secured by a promissory note and trust deed. Annual payments of \$20,000 plus interest at 2.9 percent will begin on December 31, 2017. The borrower received 50 percent of the loan at inception and will receive the remaining 50 percent upon completion of the project in fiscal year 2017-18.

The following is a schedule of loans that ARA has made which are forgivable if certain conditions are met. The City believes that these conditions will be met, and thus will not record them as loans receivable.

Borrower	Loan Draws to Date	Forgiven	Balance yet to be forgiven
Flinn Block LLC - Manley	\$ 74,000	\$ 74,000	\$ -
CADD Connection - Yamamoto	97,500	55,714	41,786
Edgewater Village	2,400,000	-	2,400,000
Albany Carousel	110,000	84,790	25,210
Van Rossman, Robyn and Rusty	3,360	3,360	-
Vaughan, Timothy	28,900	23,120	5,780
Albany Redevelopment, LLC	23,483	-	23,483
	<u>\$ 2,737,243</u>	<u>\$ 240,984</u>	<u>\$ 2,496,259</u>

Wastewater Treatment Plan Loan - City of Millersburg

In August 2007, the cities of Albany and Millersburg approved an intergovernmental agreement for expansion and improvement of Albany's Davidson Street wastewater treatment plant. Costs of the project will be shared ninety percent for Albany and ten percent for Millersburg. The initial cost estimate was \$70 million. The project went online in 2010-11 and final project costs, plus adjustments totaled \$77,854,374. During the fiscal year 2016-17, Millersburg paid \$264,466 against the loan. The loan balance will be paid back over a 19-year period at the same interest rate charged for the Albany loan from the Clean Water State Revolving Fund. As of June 30, 2017, Millersburg's loan balance was \$4,071,379.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Deferred Inflows

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Delinquent property taxes	
General	\$ 1,578,370
Parks and Recreation	395,732
Nonmajor governmental	665,360
Accounts	845,042
Assessments	238,082
Economic development loans	<u>1,163,165</u>
Total unavailable revenue	<u>\$ 4,885,751</u>

Restricted Net Position

Total restricted net position of \$20,717,095 includes \$126,522 restricted for permanent endowments and \$20,590,573 restricted by enabling legislation as follows:

Governmental activities	\$ 11,100,298
Business-type activities	<u>9,490,275</u>
Total	<u>\$ 20,590,573</u>

Construction Commitments

The City has active construction projects as of June 30, 2017 as follows:

Construction Project	Spent to Date	Remaining Commitment
Governmental Activities		
Police and fire stations	\$ 14,666,371	\$ 7,677,226
Stormwater master plan	-	148,841
Downtown street improvements	857,502	8,148,335
Business-type Activities		
Water treatment plant	124,200	372,443
Water canal diversion	89,402	284,498
Waterline - Industrial Way	215,838	85,064

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of equipment including police vehicles and an internet-based phone system. The lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of their future lease payments as of the inception date.

The assets acquired by capital lease are as follows:

	Governmental Activities
Vehicles and equipment	\$ 131,334

The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2017, were as follows:

<u>Years ending June 30,</u>	Governmental Activities
2018	\$ 52,710
2019	37,845
2020	40,779
Total	\$ 131,334

Operating Leases

The City has entered into a lease agreement for the use of police vehicles.

Total costs for the lease were \$128,104 for the year ended June 30, 2017. The future minimum lease payments for these leases are as follows:

<u>Years ending June 30,</u>	Governmental Activities
2018	\$ 75,974
2019	9,850
Total	\$ 85,824

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Long-term Obligations

Information is presented separately for governmental and business-type activities. The table below presents current year changes and amounts due within one year for each issue.

	Balance June 30, 2016	Increase	Decrease	Balance June 30, 2017	Due Within One Year
Governmental Activities					
General obligation bonds,					
2015 Public Safety Facilities Bonds	\$ 17,605,000	\$ -	\$ 370,000	\$ 17,235,000	\$ 415,000
Limited tax pension obligations,					
Series 2002	5,101,485	-	109,483	4,992,002	111,140
General revenue obligations,					
Series 2004	655,000	-	155,000	500,000	160,000
Urban Renewal Bonds					
2007 CARA Series A Tax-exempt	<u>2,363,000</u>	<u>-</u>	<u>349,000</u>	<u>2,014,000</u>	<u>366,000</u>
Subtotal	25,724,485	-	983,483	24,741,002	1,052,140
Net pension liability	16,849,369	23,103,602	-	39,952,971	-
Other postemployment benefits	3,123,433	261,098	-	3,384,531	-
Unamortized premium on debt issuance	604,447		31,813	572,634	31,813
Compensated absences	2,770,234	318,771	44,698	3,044,307	1,522,155
Capital leases	<u>208,743</u>	<u>-</u>	<u>77,409</u>	<u>131,334</u>	<u>52,710</u>
Total Governmental Activities	<u>49,280,711</u>	<u>23,683,471</u>	<u>1,137,403</u>	<u>71,826,779</u>	<u>2,658,818</u>
Business-type Activities					
Water revenue bonds					
2013 Water Refunding Bonds	25,570,000	-	975,000	24,595,000	1,020,000
Loans payable					
2007 SRF - WWTP	51,882,125	-	3,164,554	48,717,571	3,260,904
2009 Wetland	1,889,035	-	424,439	1,464,596	441,416
2012 SRF	<u>1,550,000</u>	<u>-</u>	<u>100,000</u>	<u>1,450,000</u>	<u>100,000</u>
Subtotal	80,891,160	-	4,663,993	76,227,167	4,822,320
Net pension liability	5,290,699	6,959,744	-	12,250,443	-
Other postemployment benefits	953,990	85,247	19,678	1,019,559	-
Unamortized premium on debt issuance	1,578,238	-	92,388	1,485,850	92,388
Compensated absences	<u>685,629</u>	<u>-</u>	<u>50,737</u>	<u>634,892</u>	<u>317,447</u>
Total Business-type Activities	<u>89,399,716</u>	<u>7,044,991</u>	<u>4,826,796</u>	<u>91,617,911</u>	<u>5,232,155</u>
Totals	<u>\$ 138,680,427</u>	<u>\$ 30,728,462</u>	<u>\$ 5,964,199</u>	<u>\$ 163,444,690</u>	<u>\$ 7,890,973</u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

One of the City's two internal service funds, Central Services, serves primarily governmental activities. At year end, long-term liabilities from the Central Service Fund for compensated absences in the amount of \$275,074 are included in the above totals for governmental activities. For governmental activities compensated absences are generally liquidated by the fund in which they were incurred, including the General, Parks and Recreation, Building Inspection, Street, Economic Development, and Public Transit Funds.

Governmental Activities

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

The City issued \$18,000,000 in general obligation bonds in August 2015 to finance construction of new public safety facilities. Interest rates range from three to five percent for the 20-year bonds. Final maturity is June 15, 2035. The balance outstanding at June 30, 2017, is \$17,235,000.

For the year ending June 30,	Principal	Interest	Total
2018	\$ 415,000	\$ 623,275	\$ 1,038,275
2019	465,000	606,675	1,071,675
2020	520,000	588,075	1,108,075
2021	575,000	567,275	1,142,275
2022	625,000	544,275	1,169,275
2023-2027	4,105,000	2,249,025	6,354,025
2028-2032	5,965,000	1,315,594	7,280,594
2033-2035	4,565,000	302,737	4,867,737
Totals	<u>\$ 17,235,000</u>	<u>\$ 6,796,931</u>	<u>\$ 24,031,931</u>

Limited Tax Pension Obligations

In March 2002, the City sold \$6,851,826 of Limited Tax Pension Obligations. Net proceeds in the amount of \$6,700,000 were used to finance a portion of the City's estimated unfunded liability in the Oregon Public Employees Retirement System. Debt service requirements are payable from available General Fund resources including property taxes. Interest rates range from 2 percent to 7.36 percent for the 26-year bonds. Final maturity is June 1, 2028. The City prepaid one bond in the amount of \$790,000, which led to interest being defeased in the amount of \$737,003. The balance outstanding at June 30, 2017, is \$4,992,002. Annual debt service requirements to maturity for the limited tax pension obligations are as follows:

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Governmental Activities (continued)

For the year ending June 30,	Principal	Interest	Total
2018	\$ 111,140	\$ 564,098	\$ 675,238
2019	111,258	593,980	705,238
2020	159,604	580,634	740,238
2021	460,000	315,785	775,785
2022	530,000	284,275	814,275
2023-2027	3,120,000	875,429	3,995,429
2028	500,000	34,256	534,256
Totals	<u>\$ 4,992,002</u>	<u>\$ 3,248,457</u>	<u>\$ 8,240,459</u>

General Revenue Obligations

The City issued \$3,720,000 of general revenue obligations in December 2004, secured by and payable from any unobligated, non-property tax revenues legally available to the City, to finance the construction of a public swimming pool and repayment and/or defeasance of the City's Certificates of Participation, Series 1994. Interest rates range from two percent to five percent for the 15-year bonds. Final maturity is January 1, 2020. The balance outstanding at June 30, 2017, is \$500,000. Annual debt service requirements to maturity for the general revenue obligations are as follows:

For the year ending June 30,	Principal	Interest	Total
2018	\$ 160,000	\$ 19,554	\$ 179,554
2019	165,000	13,394	178,394
2020	<u>175,000</u>	<u>7,000</u>	<u>182,000</u>
Totals	<u>\$ 500,000</u>	<u>\$ 39,948</u>	<u>\$ 539,948</u>

Albany Revitalization Agency Urban Renewal Bonds

In October 2007, the Albany Revitalization Agency, an urban renewal district, issued bonds totaling \$4,687,000 to finance authorized projects in the urban renewal area. Debt service requirements are payable from tax increment revenues. Interest rates range from 4.85 percent to 6.25 percent for the 15-year bonds. Final maturity is June 15, 2022. The balance outstanding at June 30, 2017, is \$2,014,000. Annual debt service requirements to maturity for urban renewal bonds are as follows:

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Governmental Activities (continued)

For the year ending June 30,	Principal	Interest	Total
2018	\$ 366,000	\$ 97,679	\$ 463,679
2019	383,000	79,928	462,928
2020	402,000	61,352	463,352
2021	421,000	41,855	462,855
2022	442,000	21,437	463,437
Totals	<u>\$ 2,014,000</u>	<u>\$ 302,251</u>	<u>\$ 2,316,251</u>

Oregon Infrastructure Authority (IFA) streetscape loan

In October 2016, Council approved through resolution a \$8,400,000 loan from the Oregon Infrastructure Authority (IFA) for the financing of projects in the Central Albany Revitalization Area. The interest rate is 2.55 percent and payment will be made from the transfer of ARA incremental tax receipts. Reimbursements will be requested, and a payment schedule will be determined when the project closes. As of June 30, 2017, no reimbursements have been requested.

Business-type Activities

Revenue Bonds

In March 2013, the City issued \$28,405,000 of Water Refunding Bonds, Series 2013, to refund the 2003 Series Water Revenue and Refunding Bonds. The 2013 Series bonds are collateralized by City's pledge of its full faith and credit and taxing powers, plus are secured by a lien on the net revenues of the City's Water System. Debt service requirements are payable from pledged water system revenues, i.e. water service charges and system development charges. Interest rates range from three percent to five percent for the 20-year bonds. Final maturity is August 1, 2033. The balance outstanding of the bonds at June 30, 2017, is \$24,595,000.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Business-type Activities (continued)

For the year ending June 30,	Principal	Interest	Total
2018	\$ 1,020,000	\$ 918,494	\$ 1,938,494
2019	1,060,000	876,894	1,936,894
2020	1,100,000	833,694	1,933,694
2021	1,140,000	783,194	1,923,194
2022	1,195,000	730,794	1,925,794
2023-2027	6,795,000	2,826,045	9,621,045
2028-2032	8,465,000	1,293,485	9,758,485
2033-2034	<u>3,820,000</u>	<u>120,465</u>	<u>3,940,465</u>
Totals	<u>\$ 24,595,000</u>	<u>\$ 8,383,065</u>	<u>\$ 32,978,065</u>

Loans Payable

The City was approved for two loans totaling \$69,000,000 from the Clean Water State Revolving Fund to assist in the payment of construction costs to build a new wastewater treatment plant. The loan amounts are \$35,183,559 at a rate of 2.90 percent and \$33,816,441 at 3.14 percent. Debt service requirements are payable from pledged sewer system revenues, i.e. sewer service charges and a payment from the City of Millersburg. The loan payment schedule includes a 0.5% loan fee, effectively increasing the loan rates to 3.40 percent and 3.64 percent respectively. As of June 30, 2017, the balance outstanding is \$48,717,571. The final maturity date is October 1, 2029.

For the year ending June 30,	Principal	Interest	Total
2018	\$ 3,260,904	\$ 1,691,770	\$ 4,952,674
2019	3,360,192	1,576,178	4,936,370
2020	3,462,508	1,457,061	4,919,569
2021	3,567,944	1,334,312	4,902,256
2022	3,676,596	1,207,820	4,884,416
2023-2027	20,132,354	4,002,527	24,134,881
2028-2030	<u>11,257,073</u>	<u>617,800</u>	<u>11,874,873</u>
Totals	<u>\$ 48,717,571</u>	<u>\$ 11,887,468</u>	<u>\$ 60,605,039</u>

On December 21, 2009, the City of Albany purchased land to be used in the Wetlands Talking Water Garden for a total cost of \$4,639,457, of which \$4,114,000 was financed by the seller. The interest rate for the loan is 4.0 percent and the final maturity is December 21, 2021. Debt service requirements are payable from pledged sewer system revenues, i.e. sewer service charges. As of June 30, 2017, the balance outstanding is \$1,464,596.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Business-type Activities (continued)

Loans Payable (continued)

For the year ending June 30,	Principal	Interest	Total
2018	\$ 441,416	\$ 58,584	\$ 500,000
2019	459,073	40,927	500,000
2020	477,436	22,564	500,000
2021	<u>86,671</u>	<u>3,467</u>	<u>90,138</u>
Totals	<u>\$ 1,464,596</u>	<u>\$ 125,542</u>	<u>\$ 1,590,138</u>

The City of Albany has received a \$4 million loan from the Special Public Works Revolving Fund (SPWRF) which was funded by American Recovery and Reinvestment Act (ARRA) and was used to fund a portion of the Talking Water Garden project. The City of Millersburg forwarded their \$4 million loan from SPWRF to use against the same project. These two loans are forgivable; 75% for the City of Millersburg and 50% for the City of Albany. The balance outstanding as of June 30, 2017 is \$1,450,000. Debt service requirements are payable from pledged sewer system revenues, i.e. sewer service charges. The loan is interest free with the exception of the annual fee of 0.50%; the final maturity is August 1, 2031. The amortization schedule is as follows:

For the year ending June 30,	Principal	Interest	Total
2018	\$ 100,000	\$ 7,250	\$ 107,250
2019	100,000	6,750	106,750
2020	100,000	6,250	106,250
2021	100,000	5,750	105,750
2022	100,000	5,250	105,250
2023-2027	500,000	18,750	518,750
2028-2032	<u>450,000</u>	<u>6,250</u>	<u>456,250</u>
Totals	<u>\$ 1,450,000</u>	<u>\$ 56,250</u>	<u>\$ 1,506,250</u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Interfund Transfers

Transfers out	Transfers In								Total
	General	Parks and Recreation	Risk Management	Street	Capital Projects	Nonmajor Governmental	Internal Service Funds	Storm-water	
Governmental funds									
General	\$ -	\$ 187,200	\$ 3,600	\$ -	\$ 500,000	\$ 592,800	\$ -	\$ -	\$ 1,283,600
Parks and Recreation	-	-	-	-	-	182,304	-	-	182,304
Street	-	80,000	-	-	192,923	12,636	-	99,300	384,859
Capital Projects	-	-	33,290	-	-	-	-	-	33,290
Nonmajor governmental funds	3,145,014	218,800	-	2,700	-	586,223	40,100	-	3,992,837
Total governmental funds	3,145,014	486,000	36,890	2,700	692,923	1,373,963	40,100	99,300	5,876,890
Proprietary funds									
Water	-	-	-	530,622	-	-	-	-	530,622
Sewer	-	-	-	645,028	-	-	-	528,077	1,173,105
Total proprietary funds	-	-	-	1,175,650	-	-	-	528,077	1,703,727
Total transfers	\$ 3,145,014	\$ 486,000	\$ 36,890	\$ 1,178,350	\$ 692,923	\$ 1,373,963	\$ 40,100	\$ 627,377	\$ 7,580,617
Interfund Loans:									
Governmental funds									
Risk Management - receivable									\$ 3,458,977
Capital Projects - payable									(3,458,977)
Total interfund loans									\$ -

Governmental Funds

Transfers from General Fund

Transfers out of the General Fund totaled \$1,283,600. Major activity included a transfer of \$187,200 to the Parks and Recreation Fund to support grants to outside agencies and the Urban Forestry program, \$592,800 to the Public Transit Fund to support operation of the City's transit systems, and \$500,000 to the Capital Projects fund for financial software.

Transfers from Parks and Recreation Fund

Parks and Recreation transfers out totaled \$182,304 for the Parks and Recreation Fund share of the debt service requirement for the 2004 Revenue Obligations.

Transfers from Street Fund

A total of \$80,000 was transferred from the Street Fund to the Parks and Recreation Fund for the Urban Forestry program. Additional amounts of \$99,300 and \$192,923 were transferred to the Stormwater Fund and the Capital Projects Fund, respectively, as well as \$12,636 transferred to nonmajor funds.

Transfers from Capital Projects Fund

Transfers out of the Capital Projects Fund totaled \$33,290 from assessment payment proceeds to reimburse up-front costs paid from the Risk Management Fund.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Interfund Transfers (continued)

Governmental Funds (continued)

Transfers from Nonmajor Governmental Funds

Public Safety Levy Fund

The amount of \$668,100 was transferred to the General Fund to offset inflationary costs in the Fire Suppression and Police programs. Other transfers to the General Fund included \$1,173,854 for Public Safety Levy - Police program, and \$1,143,860 for the Public Safety Levy - Fire program.

Albany Revitalization Area Fund

To support the cost of personnel, \$209,900 was transferred to the Economic Development Fund. An additional \$50,000 was transferred to the General Fund for code enforcement.

Economic Development Fund

Total transfers of \$556,730 included \$49,200 to the General Fund for fire and police programs, \$218,800 to the Parks and Recreation Fund in support of the Northwest Art & Air Festival, the Monteith House, and the trolley, \$270,700 to the Capital Replacement Fund; \$15,330 to the Grants Fund; and \$2,700 to the Street Fund.

Nonmajor Governmental Funds

The Building Inspection Fund transferred \$60,000 to the General Fund for code enforcement, and the Debt Service Fund transferred \$90,293 to the General Obligation Debt Service Fund to move fund balance.

Proprietary Funds

Transfers from Water Fund

A transfer of \$530,622 was made to the Street Fund as its in-lieu-of revenue.

Transfer from Sewer Fund

The amount of \$645,028 was transferred to the Street Fund as its In-Lieu of revenue. Additionally, \$528,077 was transferred to the new Stormwater Fund.

The loan of \$3,458,997 to the Risk Management Fund from the Capital Projects Fund will be paid back over time. The anticipated pledged revenue stream will be from LID assessments levied against the projects in the Timber Ridge School area.

Transfers from Internal Service

The internal service fund transferred \$40,100 to Nonmajor Governmental Funds.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

3. DETAILED NOTES (continued)

Governmental Fund Balances - GASB 54

The fund balance amounts for governmental funds have been reported in the categories listed below:

Fund Balances	General	Parks and Recreation	Risk Management	Street	Capital Projects	Nonmajor Governmental Funds	Total
Nonspendable:							
Funds held by fiscal agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,777	\$ 9,777
Prepaid	32,515	9,794				-	42,309
Permanent fund principal	-	-	-	-	-	126,522	126,522
	<u>32,515</u>	<u>9,794</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,299</u>	<u>178,608</u>
Restricted for:							
Park and Recreation SDC's	-	1,769,982	-	-	-		1,769,982
Senior Center Foundation	-	15,161	-	-	-		15,161
Building Inspection	-	-	-	-	-	1,547,215	1,547,215
Electrical Inspection	-	-	-	-	-	135,406	135,406
Public Safety Levy	-	-	-	-	-	339,681	339,681
Transportation SDC Projects	-	-	-	4,412,279	-	-	4,412,279
CARA	-	-	-	-	-	2,390,859	2,390,859
Grants Fund	-	-	-	-	-	157,756	157,756
2002 Limited Tax Pension Bonds	-	-	-	-	-	180,135	180,135
2015 Public Safety Facilities	-	-	-	-	2,551,164	148,413	2,699,577
LID Construction Projects	-	-	-	-	1,339,970	-	1,339,970
Library Programs	-	-	-	-	-	3,411	3,411
	<u>-</u>	<u>1,785,143</u>	<u>-</u>	<u>4,412,279</u>	<u>3,891,134</u>	<u>4,902,876</u>	<u>14,991,432</u>
Committed for:							
Park and Recreation Operations	-	866,535	-	-	-	-	866,535
Risk Management Reserve	-	-	1,000,783	-	-	-	1,000,783
SVC Litigation Projects	-	-	5,381,150	-	-	-	5,381,150
Street Operations	-	-	-	817,967	-	-	817,967
Street Capital & Restoration	-	-	-	3,345,670	-	-	3,345,670
North Albany Frontage Fee	-	-	-	32,935	-	-	32,935
ADA Capital Projects	-	-	-	69,329	-	-	69,329
Economic Development	-	-	-	-	-	290,176	290,176
Albany Municipal Airport	-	-	-	-	-	411,501	411,501
Target Utilities	-	-	-	-	-	95	95
Albany Transit	-	-	-	-	-	336,427	336,427
Paratransit System	-	-	-	-	-	36,994	36,994
Linn-Benton Loop	-	-	-	-	-	23,237	23,237
Equipment Replacement	-	-	-	-	-	4,419,996	4,419,996
City Facilities Replacement	-	-	-	-	-	135,644	135,644
General Fund Facilities Maintenance	-	-	-	-	-	25,180	25,180
IT Equipment Replacement	-	-	-	-	-	1,100,103	1,100,103
Public Works Facilities	-	-	-	-	-	201,496	201,496
Albany Integration Project	-	-	-	-	517,121	-	517,121
LID Construction Projects	-	-	-	-	65,698	-	65,698
Public Safety Facilities	-	-	-	-	669,547	-	669,547
	<u>-</u>	<u>866,535</u>	<u>6,381,933</u>	<u>4,265,901</u>	<u>1,252,366</u>	<u>6,980,849</u>	<u>19,747,584</u>
Unassigned:							
General Fund	4,010,512	-	-	-	-	-	4,010,512
Total Fund Balances	<u>\$ 4,043,027</u>	<u>\$ 2,661,472</u>	<u>\$ 6,381,933</u>	<u>\$ 8,678,180</u>	<u>\$ 5,143,500</u>	<u>\$ 12,020,024</u>	<u>\$ 38,928,136</u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION

Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employee Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Benefit Pension Plan

A. Plan description

Employees of the City of Albany are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A.

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan.

OPERS produces an independently audited Comprehensive Annual Financial Report and Actuarial Valuation which that can be obtained at:

<http://www.oregon.gov/PERS/Documents/Financials/CAFR/2016-CAFR.pdf> , and
<http://www.oregon.gov/pers/Documents/Financials/Actuarial/2015/Actuarial-Valuation-2015.pdf>

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

B. Description of benefit terms

Plan Benefits

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

1. Tier One/Tier Two Retirement Benefit (Chapter 238). Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION (continued)

Pension Plan (continued)

B. Description of benefit terms (continued)

either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in a OPERS-covered job, or
- the member was on an official leave of absence from a OPERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION (continued)

Pension Plan (continued)

B. Description of benefit terms (continued)

As a result of the *Moro* Decision (*Everice Moro et al v. State of Oregon et al*), the cap on the cost-of-living increases are 2.0 percent for fiscal years 2016 and beyond.

2. Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP DB)

Pension Benefits

The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION (continued)

Pension Plan (continued)

B. Description of benefit terms (continued)

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

C. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2013, actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. The City of Albany has made a lump sum payment to establish a side account, and the City of Albany's rates have been reduced.

Tier 1/Tier 2 employer contribution rates are 17.20 percent and the OPSRP employer contribution rates are 9.93 percent for general service employees and 14.04 percent for public safety employees. Employer contributions for the year ended June 30, 2017, were \$3,935,362 excluding amounts to fund employer specific liabilities.

D. Pension Asset or Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the City of Albany reported a liability of \$52,203,414 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to June 30, 2016. The City of Albany's proportion of the net pension liability was based on a projection of the City of Albany's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Employers' long-term contribution efforts are based on projected rates that have two major components:

1. Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION (continued)

Pension Plan (continued)

D. Pension Asset or Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

The employer's Normal Cost Rates for each payroll are combined with system-wide present value factors for each payroll to develop an estimated PVFNC. The present value factors are actuarially determined at a system level for simplicity and to allow for the PVFNC calculations to be audited in a timely, cost-effective manner.

2. UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is equal to the Unfunded Actuarial Liability (UAL). The UAL represents the portion of the projected long-term contribution effort related to past service.

UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is equal to the Unfunded Actuarial Liability (UAL). The UAL represents the portion of the projected long-term contribution effort related to past service.

The UAL has Tier 1/Tier 2 and OPSRP pieces. The Tier 1/Tier 2 piece is based on the employer's Tier 1/Tier 2 pooling arrangement. If an employer participates in one of the two large Tier 1/Tier 2 rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier 1/Tier 2 UAL is their pro-rata share of their pool's UAL.

The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a Tier 1/Tier 2 pooling arrangement, who are referred to as "Independent Employers", have their Tier 1/Tier 2 UAL tracked separately in the actuarial valuation.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION (continued)

Pension Plan (continued)

D. Pension Asset or Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The projected long-term contribution effort is the sum of the PVFNC and the UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

At June 30, 2016, the City of Albany's proportion was 0.38561728 percent, which was increased from its proportion of 0.34773710 percent measured as of June 30, 2015.

For the year ended June 30, 2017, the City of Albany recognized pension expense of \$4,865,686. At June 30, 2017, the City of Albany reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,727,117	\$ -
Changes in assumptions	11,133,734	-
Net differences between projected and actual earnings on pension plan investments	10,313,204	-
	-	-
Changes in proportion	199,956	2,039,254
Differences between City contributions and proportionate share of contributors	456,912	554,176
City contributions subsequent to the measurement date	<u>3,935,362</u>	<u>-</u>
Total	<u>\$ 27,766,285</u>	<u>\$ 2,593,430</u>

\$3,935,362 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION (continued)

Pension Plan (continued)

D. Pension Asset or Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year ending June 30,	
2017	\$ 3,696,856
2018	3,696,856
2019	7,501,895
2020	5,613,053
2021	728,832
Thereafter	-

E. Actuarial Valuations

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. Under this actuarial cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

The Tier 1/Tier 2 UAL amortization period is reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20 year period from the valuation in which they are first recognized.

The UAL for Retiree Health Care as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 10 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over a closed 10 year period from the valuation in which they are first recognized.

The actuarial value of assets equals the market value of assets, excluding the Contingency and Capital Preservation Reserves, and the Rate Guarantee Reserve when it is in positive surplus status. Market values are reported to the actuary by PERS. Real estate and private equity investments are reported on a three-month lag basis.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION (continued)

Pension Plan (continued)

E. Actuarial Valuations

Contribution rates for a rate pool (e.g. Tier 1/Tier 2 SLGRP, Tier 1/Tier 2 School Districts, OPSRP) are confined to a collared range based on the prior contribution rate (prior to application of side accounts, pre-SLGRP liabilities, and 6 percent Independent Employer minimum). The new contribution rate will generally not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20 percent of the prior contribution rate. If the funded percentage excluding side accounts drops below 60% or increases above 140%, the size of the collar doubles. If the funded percentage excluding side accounts is between 60% and 70% or between 130% and 140%, the size of the rate collar is increased on a graded scale.

For active Tier 1/Tier 2 members who have worked for multiple PERS employers over their career, the calculated actuarial accrued liability is allocated among the employers based on a weighted average of the Money Match methodology, which uses account balance, and the Full Formula methodology, which uses service. The allocation is 30% (5% for police & fire) based on account balance with each employer and 70% (95% for police & fire) based on service with each employer. The entire normal cost is allocated to the current employer.

For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION (continued)

Pension Plan (continued)

F. Actuarial Methods and Assumptions Used in Developing Total Pension Liability

<u>Actuarial Methods and Assumptions</u>	
	<u>Pension</u>
Valuation date	December 31, 2014
Measurement date	June 30, 2016
Experience Study	2014, published September 2015
Actuarial assumptions:	
Inflation rate	2.50 percent (reduced from 2.75%)
Long-term expected rate of return ¹	7.50 percent (reduced from 7.75%)
Discount rate	7.50 percent (reduced from 7.75%)
Projected salary increases	3.50 percent (reduced from 3.75%)
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><i>Healthy retirees and beneficiaries:</i> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><i>Disabled retirees:</i> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>
<p>¹ At its September 25, 2015 meeting, the PERS Board reduced the assumed rate of return on investments from 7.75 percent to 7.50 percent.</p>	

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION (continued)

Pension Plan (continued)

F. Actuarial Methods and Assumptions Used in Developing Total Pension Liability (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan'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 for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report. •
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION (continued)

Pension Plan (continued)

F. Actuarial Methods and Assumptions Used in Developing Total Pension Liability (continued)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows the actuary’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below.

Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	4.10 %	4.00 %	4.68 %
Short-Term Bonds	8.00	3.65	3.61	2.74
Bank/Leveraged Loans	3.00	5.69	5.42	7.82
High Yield Bonds	1.00	6.67	6.20	10.28
Large/Mid Cap US Equities	15.75	7.96	6.70	17.07
Small Cap US Equities	1.31	8.93	6.99	21.35
Micro Cap US Equities	1.31	9.37	7.01	23.72
Developed Foreign Equities	13.13	8.34	6.73	19.40
Emerging Market Equities	4.12	10.56	7.25	28.45
Non-US Small Cap Equities	1.88	9.01	7.22	20.55
Private Equity	17.50	11.60	7.97	30.00
Real Estate (Property)	10.00	6.48	5.84	12.00
Real Estate (REITS)	2.50	8.74	6.69	22.02
Hedge Fund of Funds – Diversified	2.50	4.94	4.64	8.09
Hedge Fund – Event-driven	0.63	7.07	6.72	8.90
Timber	1.88	6.60	5.85	13.00
Farmland	1.88	7.11	6.37	13.00
Infrastructure	3.75	8.31	7.13	16.50
Commodities	1.88	6.07	4.58	18.40
Assumed Inflation - Mean			2.50 %	1.85 %

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 3, 2014. The revised allocation was adopted at the June 3, 2015 OIC meeting.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION (continued)

Pension Plan (continued)

F. Actuarial Methods and Assumptions Used in Developing Total Pension Liability (continued)

Sensitivity of the City of Albany’s proportionate share of the net pension liability to changes in the discount rate.

The following presents the City of Albany’s proportionate share of the net pension liability calculated using the discount rate of 7.70 percent, as well as what the City of Albany’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
City's proportionate share of the net pension liability (asset)	\$ 84,291,106	\$ 52,203,414	\$ 25,383,716

Changes of Assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2016 Experience Study, which were published on July 26, 2017. This report can be found at: <http://www.oregon.gov/pers/Documents/2016-Exp-Study.pdf>

G. Changes in Plan Provisions During the Measurement Period

The discount rate used to measure the total pension liability changed from 7.75% to 7.50%.

H. Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2016, measurement date.

Defined Contribution Plan

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION (continued)

Defined Contribution Plan (continued)

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions

The City of Albany makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2017, were \$1,650,419.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Other Post-Employment Benefits

Plan Description and Benefits Provided

The City provides other post-employment benefits (OPEB) for employees, retirees, spouses, and dependents through a single employer defined benefit plan in the form of group health insurance benefits. As required by ORS 243.303(2), retirees are allowed to continue, at the retiree's expense, coverage under the group health insurance plan of the City until age 65. The implicit employer subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged by the insurance carrier for the coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare. The City does not pay for any retiree OPEB under GASB 45.

Membership

The City's membership in the plan at July 1, 2016 (the date of the last actuarial valuation), consisted of the following:

Active employees	371
Retirees, spouses or dependents	<u>29</u>
Total	<u><u>400</u></u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION (continued)

Other Post-Employment Benefits (continued)

Funding Policy and Contributions

The City funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The monthly premium requirements, for both the City and the participating retirees, vary depending upon the options selected by the participants as follows:

	<u>Employee</u>	<u>Employee + Child(ren)</u>	<u>Employee + Spouse</u>	<u>Employee + Family</u>
Pacific Source	\$ 638.99	\$ 1,128.52	\$ 1,375.99	\$ 1,852.65
ODS Dental	63.19	131.46	111.85	180.15
Willamette Dental	43.49	76.97	94.06	126.66
ODS Vision	24.86	47.16	44.14	66.41
<u>Fire Union</u>		<u>All-Coverage</u>		
Blue Classic, medical only		\$ 1,389.60		
Blue Classic, medical/dental/vision		1,763.20		
<u>Fire Union COBRA & Retiree</u>		<u>Employee</u>	<u>Two-Party</u>	<u>Family</u>
Blue Classic Medical		\$ 682.80	\$ 1,434.00	\$ 1,980.30
Blue Classic Medical/Dental/Vision		768.10	1,591.70	2,252.10

The City has not established an irrevocable trust to accumulate assets to fund the cost of the OPEB obligation that arises from the implicit subsidy.

Annual OPEB Cost and Net OPEB Obligation

The City had its first actuarial valuation performed as of August 1, 2006, to determine the unfunded accrued actuarial liability (UAAL), annual required contribution (ARC), and NOPEBO as of that date. The ARC is equal to the normal cost plus an amount to amortize the UAAL as a level percent of payroll over 15 years. The annual OPEB cost, as of June 30, 2017, is equal to the ARC as follows:

Normal cost	\$ 322,947
Amortization of UAAL	<u>590,968</u>
Annual required contribution	<u>\$ 913,915</u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION (continued)

Other Post-Employment Benefits (continued)

The net OPEB obligation as of June 30, 2017 was calculated as follows:

Annual required contribution	\$ 913,915
Interest on prior year Net OPEB	142,710
Adjustment to ARC	<u>(490,274)</u>
Annual OPEB Cost	566,351
Increase in net OPEB obligation	326,667
Net OPEB obligation at beginning of year	<u>4,077,423</u>
Net OPEB obligation at end of year	<u>\$ 4,404,090</u>

The NOPEBO is allocated between the Governmental Activities and Business-Type Activities in the following amounts, \$3,384,531 and \$1,019,559, respectively.

The City's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2017 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 743,676	47%	\$ 3,776,586
June 30, 2016	613,240	51%	4,077,423
June 30, 2017	566,351	42%	4,404,090

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents information about the actuarial value of plan assets and the unfunded actuarial liability.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION (continued)

Other Post-Employment Benefits (continued)

As of July 1, 2016 the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$4,914,862, and the actuarial value of assets was zero, resulting in an unfunded accrued liability of \$4,914,862.

<u>Valuation Date</u>	<u>Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL/ Payroll</u>
8/1/2012	\$ -	\$ 5,399,990	\$ 5,399,990	0.00%	\$ 26,016,697	20.76%
8/1/2014	-	4,958,977	4,958,977	0.00%	24,474,058	20.26%
7/1/2016	-	4,914,862	4,914,862	0.00%	27,155,095	18.10%

Actuarial Methods and Assumptions

Actuarial valuations will be performed every two years for the City's plan. Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members and include the types of benefits provided at the time of each valuation and historical patterns of sharing benefit costs between employer and the 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 actuarially accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the July 1, 2016 actuarial valuation, the Entry Age Normal Cost Method was used. The prior valuation used the Projected Unit Credit Cost Method.

The inflation rate used for the 2016 valuation is an assumed rate of 2.50 percent.

The discount rate for unfunded liabilities is 3.5 percent, based on the expected long-term annual investment returns for Oregon's Local Government Investment Pool and comparable investment vehicles.

The health cost trend is 7.50 percent in the 2017 year and will vary from 5.00 percent to 7.50 percent depending upon the timing of the excise tax scheduled to affect health care benefits beginning in 2020. Health cost trend affects both the projected health care costs and the projected health care premiums. Dental costs were segregated out, and the projected increase will be 5.00 percent per year. Dental costs are assumed to increase 4.50% in all future years.

It is assumed that 55 percent of active members will elect coverage upon retirement until age 65. Sixty percent of male members and 35 percent of female members who elect coverage upon retirement are also assumed to elect spouse coverage until the spouse reaches age 65.

The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a period of 10 years. The amortization is "open" which means that on each valuation date, the amortization amount is recalculated assuming 10 years worth of future payments.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION (continued)

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City participates in self-insurance pools of City/County Insurance Services for general, auto, cyber, and workers' compensation liability with self-insurance retention limits per occurrence. The pool pays all claims up to \$1,500,000 and purchases insurance to cover any excess liability up to a limit selected by the participating entity. The City has increased its liability coverage to \$4,500,000. Small losses for the City are those under \$5,000. Any claim over \$5,000 is shared with the pool's experience.

The City is assessed an annual maximum premium for auto and workers' compensation liability. For each fiscal year since June 30, 2007, the City is obligated to pay up to \$75,000 in claims and settlement costs. No insurance claims settled in each of the past three years have exceeded policy coverage.

Commitments and Contingent Liabilities

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operation. Claims are generally covered by insurance. In the opinion of management, based on the advice of Counsel with respect to such litigation and claims, the ultimate disposition of these matters will not have a material adverse affect on the financial position, results of operations, or cash flows of the City's funds.

Joint Ventures

In 1993, the City entered into an intergovernmental agreement to build, operate, and maintain the Linn Regional Fueling Facility (LRFF) along with Greater Albany Public School District 8J, Linn County, Linn-Benton-Lincoln Educational Service District, and Linn-Benton Community College. At that time, the City's sales estimate was 28.9%. In fiscal year 2016, it was 29.3%. The agreement specifies that the land and improvements constituting the regional fueling facility shall be owned by Linn County and that the capital costs of designing and building the facility will be repaid by all parties through surcharges and capital cost payments. The capital cost payments will end when the total capital cost of the facility has been recovered.

After five years' participation in the Agreement, a party becomes vested as a capital cost shareholder. If, after the five-year point, a party withdraws from the Agreement, the remaining parties agree to pay the withdrawing party an amount equal to 80 percent of that party's total capital cost payments. Operation and maintenance costs are shared by the parties proportionately in accordance with each party's usage of the facility. These costs are covered through surcharges and fees set by the LRFF Board.

At June 30, 2017, the Linn Regional Fueling Facility's equity balance as reported in its audited financial statements totaled \$325,817. A copy of the Linn Regional Fueling Facility audit report may be obtained from Linn County, P.O. Box 100, Albany, Oregon 97321.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION (continued)

Intergovernmental Agreements

Water supply system

On July 25, 2002, the City entered into an intergovernmental agreement with the City of Millersburg to plan, design, permit, construct, operate, and maintain a joint water supply system. The agreement specifies that the ownership of the joint water supply system will be allocated initially based on the facility's capacity sizing, but may be reallocated based on future capacity expansions made by one or both parties.

The Agreement further states that the City of Albany will serve as the operating entity and shall be responsible for conducting the day-to-day business affairs of the joint water supply system, including payment of invoices, accounting, budgeting, operation, planning, project management, records maintenance, providing public notices, and other duties as are required for operations. Each party is required to budget and appropriate its proportionate share of the operation and maintenance costs of the system, which shall be based on the actual percentage of total water consumption by each party.

Either party may elect to terminate all or part of its participation in this agreement by giving written notice to the other party and stating a date for termination, which shall not be less than two years from the date of notice. The nonterminating party shall have the option to purchase the terminating interest with the price being established within 90 days following the receipt of notice of termination. The payment price for the subject interest shall be paid in full within 18 months following the date of termination with interest on the amount owed at the Local Government Investment Pool rate.

Wastewater treatment facility

In August, 2007, the cities of Albany and Millersburg entered into an agreement setting forth terms and conditions for a joint venture to plan, design, permit, construct, operate, and maintain the Davidson Street Wastewater Treatment Plant (Davidson Plant) and future wastewater management facilities that will treat residential, commercial, and industrial wastewater needs of both communities. Each city has a specific undivided ownership interest in the Davidson Plant: Albany, 90 percent and Millersburg, 10 percent. The agreement provides that the City of Albany is responsible for operation and maintenance of the plant. Each city is required to budget for its share of the operation and maintenance costs of the system.

The Davidson Plant improvements will be constructed in phases to meet the growing treatment needs of Albany and Millersburg. Phase I improvements are estimated to cost \$70 million, shared \$63 million by Albany and \$7 million by Millersburg. Phase I was completed in December 2009. Phase I improvements will provide an average dry weather flow capacity of 12.3 million gallons per day (MGD), maximum month wet weather flow capacity of 29 MGD, and peak wet weather flow of 68 MGD. Capacity of maximum month biochemical oxygen demand is 14,600 pounds per day. Capacity of maximum total suspended solids will be 19,100 pounds per day.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2017

4. OTHER INFORMATION (continued)

Intergovernmental Agreements (continued)

Wastewater treatment facility (continued)

Either party may elect to terminate all or part of its participation in the agreement by giving written notice of its desire to terminate to the other party and stating the date of termination, which will not be less than six months from the date of notice. Upon termination, Albany will become the sole owner of the Davidson Plant and all other structures, equipment, and facilities. Following termination, Millersburg shall have a contractual right to continue to receive domestic and industrial wastewater treatment services from Albany. Albany is obligated to provide wastewater treatment services to Millersburg, up to the amount of treatment/disposal capacity paid for by Millersburg pursuant to the terms of the agreement, prior to its termination.

Tax Abatements

Linn County has established an enterprise zone under ORS 285C.175 that abates property taxes on new business development within zone. As a result the property taxes that the City of Albany will receive for the 2016-17 levy year has been reduced by \$324,952.

Linn County has established a construction in process in enterprise zone under ORS 285C.170 that abates property taxes on new business construction within zone. As a result the property taxes that the City of Albany will receive for the 2016-17 levy year has been reduced by \$25,007.

Program and statutory authority

Amount of Reduction

Enterprise zone – ORS 285C.050-.25

\$ 349,959

Prior Period Adjustments

The beginning net position of governmental activities has been adjusted to correct for errors in assessments on property in the amount of \$(3,061,354).

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALBANY, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Last Four Fiscal Years

Year Ended June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.34773710%	\$ 52,203,413	\$ 27,155,094	192.24%	80.50%
2016	0.38561728%	22,140,067	24,999,736	88.56%	91.90%
2015	0.37054571%	(8,399,214)	24,474,058	-34.32%	103.60%
2014	0.37054571%	18,909,490	23,890,519	79.15%	91.97%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF ALBANY, OREGON
SCHEDULE OF CONTRIBUTIONS
For the Last Four Fiscal Years

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2017	\$ 3,935,362	\$ 3,935,362	\$ -	\$ 27,155,094	14.49%
2016	3,908,587	3,908,587	-	24,999,736	15.63%
2015	3,419,315	3,419,315	-	24,474,058	13.97%
2014	3,383,501	3,383,501		23,890,519	14.16%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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SUPPLEMENTARY DATA

This section includes:

- Combining statements for nonmajor governmental funds and nonmajor proprietary funds.
- Budget comparison schedules for all funds, except General, Parks and Recreation, Risk Management, and Street.
- Schedules relating to:
 - Capital assets used in the operation of governmental activities
 - Property transactions and outstanding balances
 - Debt principal and interest future requirements

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CITY OF ALBANY, OREGON
CAPITAL PROJECTS FUND - A Major Fund
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017

Revenues	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Charges for services				
Financed principal	\$ 15,000	\$ 15,000	\$ 48,205	\$ 33,205
Unfinanced principal	33,300	33,300	233,290	199,990
Financed assessments interest	2,500	2,500	31,395	28,895
Interest	32,500	32,500	105,949	73,449
Miscellaneous	<u>-</u>	<u>-</u>	<u>932</u>	<u>932</u>
Interest on investments				
Total revenues	<u>83,300</u>	<u>83,300</u>	<u>419,771</u>	<u>336,471</u>
Other financing sources				
Transfer from Street Fund	715,800	715,800	191,500	(524,300)
Transfer from Water Fund	75,000	75,000	-	(75,000)
Transfer from General Fund	-	500,000	500,000	-
Transfer from Street Capital	<u>-</u>	<u>2,000</u>	<u>1,423</u>	<u>(577)</u>
Total other financing sources	<u>790,800</u>	<u>1,292,800</u>	<u>692,923</u>	<u>(599,877)</u>
Fund balance, beginning				
Beginning	24,770,300	24,772,300	24,367,206	(405,094)
Prior period adjustment	<u>-</u>	<u>-</u>	<u>65,699</u>	<u>65,699</u>
Total Fund Balance, beginning	<u>24,770,300</u>	<u>24,772,300</u>	<u>24,432,905</u>	<u>(339,395)</u>
Amount available for appropriation	<u>\$ 25,644,400</u>	<u>\$ 26,148,400</u>	<u>25,545,599</u>	<u>\$ (602,801)</u>
Expenditures	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over Under)</u>
Albany Data Integration Project	\$ -	\$ 500,000	\$ -	\$ 500,000
LID Construction Projects	1,526,100	1,526,100	315,493	1,210,607
Albany Station Pathway	-	4,000	3,417	583
Public Safety Facilities	<u>24,085,000</u>	<u>24,085,000</u>	<u>16,590,922</u>	<u>7,494,078</u>
Total expenditures	<u>25,611,100</u>	<u>26,115,100</u>	<u>16,909,832</u>	<u>9,205,268</u>
Other financing uses				
Repayment of Interfund Loan to Risk Management Fund	<u>33,300</u>	<u>33,300</u>	<u>33,290</u>	<u>10</u>
Total expenditures and other financing uses	<u>\$ 25,644,400</u>	<u>\$ 26,148,400</u>	<u>16,943,122</u>	<u>\$ 9,205,278</u>
Budgetary Fund Balance			8,602,477	
Adjustment for Interfund Loans to Risk Management			<u>(3,458,977)</u>	
Fund Balance, ending			<u>\$ 5,143,500</u>	

CITY OF ALBANY, OREGON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2017

	Special Revenue	Debt Service	Capital Projects Capital Replacement	Permanent	Totals
ASSETS					
Cash and investments	\$ 5,780,266	\$ 318,897	\$ 5,930,871	\$ -	\$ 12,030,034
Cash with fiscal agents	-	9,777	-	-	9,777
Receivables:					
Property taxes	517,114	186,831	-	-	703,945
Accounts	339,169	-	-	-	339,169
Interest	17,145	2,669	11,795	254	31,863
Loans	1,163,164	-	-	-	1,163,164
Restricted cash and investments	-	-	-	129,744	129,744
Total assets	<u>\$ 7,816,858</u>	<u>\$ 518,174</u>	<u>\$ 5,942,666</u>	<u>\$ 129,998</u>	<u>\$ 14,407,696</u>
LIABILITIES					
Accounts payable	\$ 496,368	\$ -	\$ 60,247	\$ 65	\$ 556,680
Deposits	2,470	-	-	-	2,470
Total liabilities	<u>498,838</u>	<u>-</u>	<u>60,247</u>	<u>65</u>	<u>559,150</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>1,648,673</u>	<u>179,849</u>	<u>-</u>	<u>-</u>	<u>1,828,522</u>
FUND BALANCES					
Nonspendable	-	9,777	-	126,522	136,299
Restricted	4,570,917	328,548	-	3,411	4,902,876
Committed	1,098,430	-	5,882,419	-	6,980,849
Total fund balances	<u>5,669,347</u>	<u>338,325</u>	<u>5,882,419</u>	<u>129,933</u>	<u>12,020,024</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,816,858</u>	<u>\$ 518,174</u>	<u>\$ 5,942,666</u>	<u>\$ 129,998</u>	<u>\$ 14,407,696</u>

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Special Revenue	Debt Service	Capital Projects Replacement	Permanent	Totals
REVENUES					
Property taxes	\$ 6,035,304	\$ 1,064,620	\$ -	\$ -	\$ 7,099,924
Transient room taxes	1,117,460	-	-	-	1,117,460
Construction excise taxes	312,390	-	-	-	312,390
Franchise fees, privilege taxes, licenses, and permits	1,514,714	-	-	-	1,514,714
Intragovernmental	2,235,532	-	2,614	-	2,238,146
Charges for services	183,622	645,900	1,342,500	-	2,172,022
Interest on investments	50,184	5,671	45,438	1,578	102,871
Miscellaneous	183,731	-	258,815	-	442,546
Total revenues	<u>11,632,937</u>	<u>1,716,191</u>	<u>1,649,367</u>	<u>1,578</u>	<u>15,000,073</u>
EXPENDITURES					
Current:					
General government	6,672,574	750	628,507	-	7,301,831
Public safety	83,653	-	-	-	83,653
Culture and recreation	113,695	-	-	6,321	120,016
Health	130,621	-	-	-	130,621
Debt service:					
Principal	349,000	634,483	-	-	983,483
Interest	114,381	1,201,124	-	-	1,315,505
Capital outlay	1,165,729	-	1,208,704	-	2,374,433
Total expenditures	<u>8,629,653</u>	<u>1,836,357</u>	<u>1,837,211</u>	<u>6,321</u>	<u>12,309,542</u>
Excess (deficiency) of revenues over expenditures	<u>3,003,284</u>	<u>(120,166)</u>	<u>(187,844)</u>	<u>(4,743)</u>	<u>2,690,531</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	830,666	272,597	270,700	-	1,373,963
Transfers out	<u>(3,902,544)</u>	<u>(90,293)</u>	<u>-</u>	<u>-</u>	<u>(3,992,837)</u>
Total other financing sources (uses)	<u>(3,071,878)</u>	<u>182,304</u>	<u>270,700</u>	<u>-</u>	<u>(2,618,874)</u>
Net change in fund balances	(68,594)	62,138	82,856	(4,743)	71,657
Fund balance - beginning	<u>5,737,941</u>	<u>276,187</u>	<u>5,799,563</u>	<u>134,676</u>	<u>11,948,367</u>
Fund balance - ending	<u>\$ 5,669,347</u>	<u>\$ 338,325</u>	<u>\$ 5,882,419</u>	<u>\$ 129,933</u>	<u>\$ 12,020,024</u>

**CITY OF ALBANY, OREGON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2017

	<u>Grants</u>	<u>Building Inspection</u>	<u>Economic Development</u>	<u>Public Transit</u>	<u>Public Safety Levy</u>
ASSETS					
Cash and investments	\$ 191,870	\$ 1,791,838	\$ 563,716	\$ 347,315	\$ 321,484
Receivables:					
Property taxes	-	-	-	-	277,985
Accounts	37,425	5,100	166,653	103,556	-
Interest	678	3,803	1,170	1,285	1,865
Loans	-	-	-	-	-
Total assets	<u>\$ 229,973</u>	<u>\$ 1,800,741</u>	<u>\$ 731,539</u>	<u>\$ 452,156</u>	<u>\$ 601,334</u>
LIABILITIES					
Accounts payable	\$ 72,217	\$ 118,121	\$ 27,766	\$ 55,029	\$ -
Deposits	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>470</u>	<u>-</u>
Total liabilities	<u>72,217</u>	<u>118,121</u>	<u>29,766</u>	<u>55,499</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,652</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	157,756	1,682,620	-	-	339,682
Committed	<u>-</u>	<u>-</u>	<u>701,773</u>	<u>396,657</u>	<u>-</u>
Total fund balances	<u>157,756</u>	<u>1,682,620</u>	<u>701,773</u>	<u>396,657</u>	<u>339,682</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 229,973</u>	<u>\$ 1,800,741</u>	<u>\$ 731,539</u>	<u>\$ 452,156</u>	<u>\$ 601,334</u>

Albany Revitalization Agency	Totals
------------------------------------	--------

\$ 2,564,043	\$ 5,780,266
239,129	517,114
26,435	339,169
8,344	17,145
<u>1,163,164</u>	<u>1,163,164</u>
<u>\$ 4,001,115</u>	<u>\$ 7,816,858</u>

ASSETS
Cash and investments
Receivables:
 Property taxes
 Accounts
 Interest
 Loans
Total assets

\$ 223,235	\$ 496,368
<u>-</u>	<u>2,470</u>
<u>223,235</u>	<u>498,838</u>

LIABILITIES
Accounts payable
Deposits
Total liabilities

<u>1,387,021</u>	<u>1,648,673</u>
------------------	------------------

DEFERRED INFLOWS OF RESOURCES
Unavailable revenue

-	-
2,390,859	4,570,917
<u>-</u>	<u>1,098,430</u>
<u>2,390,859</u>	<u>5,669,347</u>

FUND BALANCES
Nonspendable
Restricted
Committed
Total fund balances

<u>\$ 4,001,115</u>	<u>\$ 7,816,858</u>
---------------------	---------------------

Total liabilities, deferred inflows of resources
and fund balances

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2017

	<u>Grants</u>	<u>Building Inspection</u>	<u>Economic Development</u>
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Transient room taxes	-	-	1,117,460
Construction excise taxes	-	312,390	-
Licenses and fees	-	1,514,714	-
Intergovernmental	1,126,151	-	-
Charges for services	-	-	94,255
Interest on investments	3,834	10,823	3,053
Miscellaneous	27,119	5,100	2,500
Total revenues	<u>1,157,104</u>	<u>1,843,027</u>	<u>1,217,268</u>
EXPENDITURES			
Current:			
General government	273,029	1,481,908	848,125
Public safety	83,653	-	-
Highways and streets	-	-	-
Culture and recreation	113,695	-	-
Health	130,621	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay	503,473	-	32,309
Total expenditures	<u>1,104,471</u>	<u>1,481,908</u>	<u>880,434</u>
Excess (deficiency) of revenues over expenditures	<u>52,633</u>	<u>361,119</u>	<u>336,834</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	27,966	-	209,900
Transfers out	-	(60,000)	(596,830)
Total other financing sources (uses)	<u>27,966</u>	<u>(60,000)</u>	<u>(386,930)</u>
Net change in fund balances	80,599	301,119	(50,096)
Fund balances - beginning	77,157	1,381,501	751,869
Fund balances - ending	<u>\$ 157,756</u>	<u>\$ 1,682,620</u>	<u>\$ 701,773</u>

Public Transit	Public Safety Levy	Albany Revitalization Agency	Totals	
\$ -	\$ 3,249,613	\$ 2,785,691	\$ 6,035,304	REVENUES
-	-	-	1,117,460	Property taxes
-	-	-	312,390	Transient room taxes
1,109,381	-	-	1,514,714	Construction excise taxes
89,367	-	-	2,235,532	Licenses and fees
4,590	6,015	21,869	183,622	Intergovernmental
2,472	-	146,540	50,184	Charges for services
<u>1,205,810</u>	<u>3,255,628</u>	<u>2,954,100</u>	<u>11,632,937</u>	Interest on investments
				Miscellaneous
				Total revenues
				EXPENDITURES
				Current:
1,785,108	-	2,284,404	6,672,574	General government
-	-	-	83,653	Public safety
-	-	-	-	Highways and streets
-	-	-	113,695	Culture and recreation
-	-	-	130,621	Health
				Debt service:
-	-	349,000	349,000	Principal
-	-	114,381	114,381	Interest
-	-	629,947	1,165,729	Capital outlay
<u>1,785,108</u>	<u>-</u>	<u>3,377,732</u>	<u>8,629,653</u>	Total expenditures
<u>(579,298)</u>	<u>3,255,628</u>	<u>(423,632)</u>	<u>3,003,284</u>	Excess (deficiency) of revenues over expenditures
				OTHER FINANCING SOURCES (USES)
592,800	-	-	830,666	Transfers in
-	(2,985,814)	(259,900)	(3,902,544)	Transfers out
<u>592,800</u>	<u>(2,985,814)</u>	<u>(259,900)</u>	<u>(3,071,878)</u>	Total other financing sources (uses)
13,502	269,814	(683,532)	(68,594)	Net change in fund balances
<u>383,155</u>	<u>69,868</u>	<u>3,074,391</u>	<u>5,737,941</u>	Fund balances - beginning
<u>\$ 396,657</u>	<u>\$ 339,682</u>	<u>\$ 2,390,859</u>	<u>\$ 5,669,347</u>	Fund balances - ending

CITY OF ALBANY, OREGON
GRANTS FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Non-medical Medicaid	\$ 13,000	\$ 13,000	\$ -	\$ (13,000)
Bureau of Justice	6,500	6,500	7,722	1,222
Federal Aviation Administration	256,500	256,500	191,811	(64,689)
InterCommunity Health	145,200	145,200	169,400	24,200
Community Development Block Grant	847,100	847,100	436,565	(410,535)
State of Oregon	20,000	20,000	84,981	64,981
Oregon Community Foundation	87,000	87,000	86,039	(961)
Oregon Emergency Management	17,300	17,300	29,802	12,502
Brownsfield Redevelopment Grant	-	-	16,857	16,857
Department of Justice Equitable Sharing	20,000	20,000	17,974	(2,026)
LINE task force	-	-	51,000	51,000
Albany Library Foundation	20,000	20,000	34,000	14,000
Gifts and donations	20,500	20,500	27,119	6,619
Interest on investments	2,900	2,900	3,834	934
Total revenues	<u>1,456,000</u>	<u>1,456,000</u>	<u>1,157,104</u>	<u>(298,896)</u>
Other financing sources				
Transfer from Economic Development Fund	28,500	28,500	15,330	(13,170)
Transfer from Street Fund	-	-	12,636	12,636
Total other financing sources	<u>28,500</u>	<u>28,500</u>	<u>27,966</u>	<u>(534)</u>
Fund balance, beginning	<u>108,100</u>	<u>108,100</u>	<u>77,157</u>	<u>(30,943)</u>
Amount available for appropriation	<u>\$ 1,592,600</u>	<u>\$ 1,592,600</u>	<u>1,262,227</u>	<u>\$ (330,373)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 193,600	\$ 197,100	\$ 186,759	\$ 10,341
Materials and services	580,200	576,700	414,239	162,461
Capital	818,800	818,800	503,473	315,327
Total expenditures	<u>\$ 1,592,600</u>	<u>\$ 1,592,600</u>	<u>1,104,471</u>	<u>\$ 488,129</u>
Fund balance, ending			<u>\$ 157,756</u>	

CITY OF ALBANY, OREGON
BUILDING INSPECTION FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Master electrical permit	\$ 2,000	\$ 2,000	\$ 1,836	\$ (164)
Electrical minor labels	6,600	6,600	5,175	(1,425)
Residential building permits	376,900	376,900	584,665	207,765
Commercial building permits	572,500	572,500	669,039	96,539
Land use plan review fee	4,000	4,000	6,120	2,120
Manufactured home set-up fees	2,000	2,000	3,850	1,850
Fire sprinkler permits	18,000	18,000	27,573	9,573
GAPS construction excise tax	320,000	320,000	312,390	(7,610)
Parking lot permits	9,000	9,000	8,423	(577)
Residential electrical permits	131,800	131,800	161,231	29,431
Fire alarm permits	6,000	6,000	7,193	1,193
Sign permits	6,000	6,000	5,065	(935)
Document imaging fees	25,000	25,000	31,626	6,626
Electrical document imaging	1,000	1,000	2,918	1,918
Miscellaneous	-	-	5,100	5,100
Interest on investments	8,400	8,400	10,823	2,423
Total revenues	1,489,200	1,489,200	1,843,027	353,827
Fund balance, beginning				
Beginning	1,346,200	1,346,200	1,381,501	35,301
Amount available for appropriation	\$ 2,835,400	\$ 2,835,400	3,224,528	\$ 389,128
Expenditures				
Building Inspection	\$ 2,535,200	\$ 2,535,200	\$ 1,347,644	\$ 1,187,556
Electrical Permit Program	240,200	240,200	134,264	105,936
Total expenditures	2,775,400	2,775,400	1,481,908	1,293,492
Other financing uses				
Transfer to Police Code Enforcement	60,000	60,000	60,000	-
Total expenditures and other financing uses	\$ 2,835,400	\$ 2,835,400	1,541,908	\$ 1,293,492
Fund balance, ending			\$ 1,682,620	

CITY OF ALBANY, OREGON
ECONOMIC DEVELOPMENT FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2017

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Transient room tax	\$ 1,104,300	\$ 1,104,300	\$ 1,117,460	\$ 13,160
Airport fuel	2,300	2,300	763	(1,537)
Airport tie down rentals	600	600	300	(300)
Airport lease	44,900	44,900	45,392	492
Fixed base operator	18,000	18,000	19,200	1,200
Space rental	28,600	28,600	28,600	-
Miscellaneous	-	-	2,500	2,500
Interest on investments	4,600	4,600	3,053	(1,547)
Total revenues	1,203,300	1,203,300	1,217,268	13,968
Other financing sources				
Transfer from Albany Revitalization Agency Fund	209,900	209,900	209,900	-
Transfer from Transient Room Tax Program	71,700	71,700	71,700	-
Total other financing sources	281,600	281,600	281,600	-
Fund balance, beginning				
Beginning	643,100	643,100	751,869	108,769
Amount available for appropriation	\$ 2,128,000	\$ 2,128,000	2,250,737	\$ 122,737
Expenditures				
Economic Development Activity	\$ 987,300	\$ 900,200	\$ 711,235	\$ 188,965
Albany Airport	347,100	347,100	136,890	210,210
Municipal Airport Capital Projects	199,000	199,000	32,309	166,691
Total expenditures	1,533,400	1,446,300	880,434	565,866
Other financing uses				
Transfers out to other funds	522,900	610,000	596,830	13,170
Transfers out	71,700	71,700	71,700	-
Total other financing uses	594,600	681,700	668,530	13,170
Total expenditures and other financing uses	\$ 2,128,000	\$ 2,128,000	1,548,964	\$ 579,036
Fund balance, ending			\$ 701,773	

CITY OF ALBANY, OREGON
PUBLIC TRANSIT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017

Revenues	Original Budget	Final Budget	Actual	Over (Under)
FTA section 5307 grant	\$ 1,125,000	\$ 1,125,000	\$ 706,700	\$ (418,300)
FTA grant 5310	121,300	121,300	85,378	(35,922)
FTA grant 5309	348,600	348,600	-	(348,600)
City of Millersburg	1,900	1,900	1,443	(457)
Oregon cigarette tax transit grant - Linn County	49,600	49,600	41,560	(8,040)
Oregon cigarette tax transit grant - Benton County	27,000	27,000	27,000	-
OSU pass program	3,000	3,000	3,000	-
LBCC pass program	15,000	15,000	18,900	3,900
Other pass program	-	-	2,000	2,000
LBCC partnership	111,700	111,700	111,700	-
OSU partnership	111,700	111,700	111,700	-
Advertising	5,000	5,000	214	(4,786)
Bus fares	47,000	47,000	55,432	8,432
Call-a-Ride	32,000	32,000	33,721	1,721
Gifts and donations	300	300	325	25
Miscellaneous	-	-	2,147	2,147
Interest on investments	300	300	4,590	4,290
Total revenues	<u>1,999,400</u>	<u>1,999,400</u>	<u>1,205,810</u>	<u>(793,590)</u>
Other financing sources				
Transfer from General Fund	592,800	592,800	592,800	-
Transfer from Capital Replacement Fund	159,400	159,400	-	(159,400)
Total other financing sources	<u>752,200</u>	<u>752,200</u>	<u>592,800</u>	<u>(159,400)</u>
Fund balance, beginning				
Beginning	<u>127,000</u>	<u>142,000</u>	<u>383,155</u>	<u>241,155</u>
Amount available for appropriation	<u>\$ 2,878,600</u>	<u>\$ 2,893,600</u>	<u>2,181,765</u>	<u>\$ (711,835)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Albany Transit System	\$ 1,192,700	\$ 1,192,700	\$ 659,543	\$ 533,157
Transit Loop System	1,103,900	1,103,900	566,744	537,156
Paratransit System	582,000	597,000	558,821	38,179
Total expenditures	<u>\$ 2,878,600</u>	<u>\$ 2,893,600</u>	1,785,108	<u>\$ 1,108,492</u>
Fund balance, ending			<u>\$ 396,657</u>	

CITY OF ALBANY, OREGON
PUBLIC SAFETY LEVY FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017

Revenues	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Property taxes				
Current	\$ 3,117,300	\$ 3,117,300	\$ 3,165,357	\$ 48,057
Delinquent	68,000	68,000	84,256	16,256
Interest on investments	<u>1,000</u>	<u>1,000</u>	<u>6,015</u>	<u>5,015</u>
 Total revenues	 3,186,300	 3,186,300	 3,255,628	 69,328
Fund balance, beginning	<u>50,000</u>	<u>50,000</u>	<u>69,868</u>	<u>19,868</u>
 Amount available for appropriation	 <u>\$ 3,236,300</u>	 <u>\$ 3,236,300</u>	 <u>3,325,496</u>	 <u>\$ 89,196</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Other financing uses				
Transfers out	<u>\$ 3,236,300</u>	<u>\$ 3,236,300</u>	<u>\$ 2,985,814</u>	<u>\$ 250,486</u>
Fund balance, ending			<u>\$ 339,682</u>	

CITY OF ALBANY, OREGON
ALBANY REVITALIZATION AGENCY FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes - current	\$ 2,186,000	\$ 2,186,000	\$ 2,702,592	\$ 516,592
Property taxes - delinquent	40,000	40,000	83,099	43,099
Settlement proceeds	-	-	25,706	25,706
Miscellaneous	-	-	4,599	4,599
Property management	-	-	33,234	33,234
Loan repayment-principal	85,800	85,800	80,828	(4,972)
Loan repayment-interest	3,100	3,100	2,173	(927)
Interest on investments	5,500	5,500	21,869	16,369
Total revenues	2,320,400	2,320,400	2,954,100	633,700
Other financing sources				
Issuance of short-term debt	8,000,000	8,000,000	-	(8,000,000)
Fund balance, beginning				
Beginning	2,546,300	2,546,300	3,074,391	528,091
Amount available for appropriation	\$ 12,866,700	\$ 12,866,700	6,028,491	\$ (6,838,209)
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
ARA	\$ 10,422,000	\$ 10,422,000	\$ 2,914,351	\$ 7,507,649
ARA Debt Service	2,184,800	2,184,800	463,381	1,721,419
Total expenditures	12,606,800	12,606,800	3,377,732	9,229,068
Other financing uses				
Transfers to other funds	259,900	259,900	259,900	-
Total expenditures and other financing uses	\$ 12,866,700	\$ 12,866,700	3,637,632	\$ 9,229,068
Fund balance, ending			\$ 2,390,859	

**CITY OF ALBANY, OREGON
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS**

June 30, 2017

	Debt Service	GO Debt Service	Totals
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Investments	\$ 178,377	\$ 140,520	\$ 318,897
Cash with fiscal agents	9,777	-	9,777
Receivables:			
Property taxes	-	186,831	186,831
Interest	<u>1,758</u>	<u>911</u>	<u>2,669</u>
Total assets	<u>\$ 189,912</u>	<u>\$ 328,262</u>	<u>\$ 518,174</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>\$ -</u>	<u>\$ 179,849</u>	<u>\$ 179,849</u>
 FUND BALANCES			
Nonspendable	9,777	-	9,777
Restricted	<u>180,135</u>	<u>148,413</u>	<u>328,548</u>
Total fund balances	<u>189,912</u>	<u>148,413</u>	<u>338,325</u>
Total deferred inflows of resources and fund balances	<u>\$ 189,912</u>	<u>\$ 328,262</u>	<u>\$ 518,174</u>

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Year Ended June 30, 2017

	Debt Service	GO Debt Service	Totals
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Property taxes	\$ -	\$ 1,064,620	\$ 1,064,620
Charges for services	645,900	-	645,900
Interest on investments	<u>4,096</u>	<u>1,575</u>	<u>5,671</u>
Total revenues	<u>649,996</u>	<u>1,066,195</u>	<u>1,716,191</u>
 EXPENDITURES			
General government	750	-	750
Debt service:			
Principal	264,483	370,000	634,483
Interest	<u>563,049</u>	<u>638,075</u>	<u>1,201,124</u>
Total expenditures	<u>828,282</u>	<u>1,008,075</u>	<u>1,836,357</u>
 Excess (deficiency) of revenues over expenditures	<u>(178,286)</u>	<u>58,120</u>	<u>(120,166)</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	182,304	90,293	272,597
Transfers out	<u>(90,293)</u>	<u>-</u>	<u>(90,293)</u>
Total other financing sources (uses)	<u>92,011</u>	<u>90,293</u>	<u>182,304</u>
 Net change in fund balances	(86,275)	148,413	62,138
Fund balance - beginning	<u>276,187</u>	<u>-</u>	<u>276,187</u>
Fund balance - ending	<u>\$ 189,912</u>	<u>\$ 148,413</u>	<u>\$ 338,325</u>

CITY OF ALBANY, OREGON
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Revenues				
Charges for services	\$ 645,900	\$ 645,900	\$ 645,900	\$ -
Interest on investments	<u>1,900</u>	<u>1,900</u>	<u>4,096</u>	<u>2,196</u>
Total revenues	<u>647,800</u>	<u>647,800</u>	<u>649,996</u>	<u>2,196</u>
Other financing sources				
Transfer from Parks and Recreation Fund	<u>183,300</u>	<u>183,300</u>	<u>182,304</u>	<u>(996)</u>
Fund balance, beginning	<u>185,000</u>	<u>185,000</u>	<u>276,187</u>	<u>91,187</u>
Amount available for appropriation	<u>\$ 1,016,100</u>	<u>\$ 1,016,100</u>	<u>1,108,487</u>	<u>\$ 92,387</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Expenditures				
2002 Limited Tax Pension Obligations (PERS)	\$ 833,600	\$ 833,600	\$ 645,228	\$ 188,372
2004 Revenue Obligations	<u>182,500</u>	<u>182,500</u>	<u>183,054</u>	<u>(554)</u>
Total expenditures	<u>1,016,100</u>	<u>1,016,100</u>	<u>828,282</u>	<u>187,818</u>
Other financing uses				
Transfer to GO Debt Service Fund	<u>-</u>	<u>-</u>	<u>90,293</u>	<u>90,293</u>
Total expenditures and other financing uses	<u>\$ 1,016,100</u>	<u>\$ 1,016,100</u>	<u>918,575</u>	<u>\$ 278,111</u>
Fund balance, ending			<u>\$ 189,912</u>	

CITY OF ALBANY, OREGON
GO DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Revenues				
Property taxes - current	\$ 1,008,100	\$ 1,008,100	\$ 1,022,810	\$ 14,710
Property taxes - delinquent	-	-	41,810	41,810
Interest on investments	<u>900</u>	<u>900</u>	<u>1,575</u>	<u>675</u>
 Total revenues	 <u>1,009,000</u>	 <u>1,009,000</u>	 <u>1,066,195</u>	 <u>57,195</u>
Other financing sources				
Transfer from Debt Service	<u>-</u>	<u>-</u>	<u>90,293</u>	<u>90,293</u>
Fund balance, beginning				
Amount available for appropriation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,009,000</u>	<u>\$ 1,009,000</u>	<u>1,156,488</u>	<u>\$ 57,195</u>
 Expenditures				
2015 Public Safety Facility Bonds	<u>\$ 1,009,000</u>	<u>\$ 1,009,000</u>	<u>\$ 1,008,075</u>	<u>\$ 925</u>
 Fund balance, ending			 <u>\$ 148,413</u>	

CITY OF ALBANY, OREGON
CAPITAL REPLACEMENT FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2017

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Equipment replacement charges	\$ 803,300	\$ 803,300	\$ 1,117,500	\$ 314,200
Departmental charges	150,000	150,000	150,000	-
Phone system charges	75,000	75,000	75,000	-
Oregon Community Foundation	2,500	2,500	2,614	114
Energy Trust of Oregon	-	-	37,310	37,310
Miscellaneous	15,000	15,000	221,505	206,505
Interest on investments	<u>26,800</u>	<u>26,800</u>	<u>45,438</u>	<u>18,638</u>
 Total revenues	 <u>1,072,600</u>	 <u>1,072,600</u>	 <u>1,649,367</u>	 <u>576,767</u>
 Other financing sources				
Transfer from Economic Development Fund	<u>270,700</u>	<u>270,700</u>	<u>270,700</u>	<u>-</u>
 Fund balance, beginning				
Property management	-	-	2,530	2,530
Monteith House	16,300	16,300	14,482	(1,818)
Energy Trust	102,400	102,400	-	(102,400)
Committed	<u>6,446,600</u>	<u>6,446,600</u>	<u>5,782,551</u>	<u>(664,049)</u>
Total fund balance, beginning	<u>6,565,300</u>	<u>6,565,300</u>	<u>5,799,563</u>	<u>(765,737)</u>
 Amount available for appropriation	 <u>\$ 7,908,600</u>	 <u>\$ 7,908,600</u>	 <u>7,719,630</u>	 <u>\$ (188,970)</u>
 Expenditures	 Budget	 Budget	 Actual	 Under
Equipment replacement	\$ 5,360,700	\$ 5,360,700	\$ 1,311,490	\$ 4,049,210
City facilities replacement	121,600	121,600	19,765	101,835
General Fund building maintenance projects	109,500	109,500	45,054	64,446
Information technology equipment replacement	1,810,000	1,810,000	343,384	1,466,616
Public works facilities replacement	<u>347,400</u>	<u>347,400</u>	<u>117,518</u>	<u>229,882</u>
Total expenditures	<u>7,749,200</u>	<u>7,749,200</u>	<u>1,837,211</u>	<u>5,911,989</u>
 Other financing uses				
Transfers to other funds	<u>159,400</u>	<u>159,400</u>	<u>-</u>	<u>159,400</u>
Total expenditures and other financing uses	<u>\$ 7,908,600</u>	<u>\$ 7,908,600</u>	<u>1,837,211</u>	<u>\$ 6,071,389</u>
 Fund Balance, ending			 <u>\$ 5,882,419</u>	

**CITY OF ALBANY, OREGON
COMBINING BALANCE SHEET
PERMANENT FUNDS**

June 30, 2017

	<u>Senior Center Endowment</u>	<u>Library Trust</u>	<u>Totals</u>
ASSETS			
Interest receivable	\$ 95	\$ 159	\$ 254
Restricted cash and investments	<u>46,927</u>	<u>82,817</u>	<u>129,744</u>
Total assets	<u>\$ 47,022</u>	<u>\$ 82,976</u>	<u>\$ 129,998</u>
 LIABILITIES			
Accounts payable	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ 65</u>
 FUND BALANCES			
Nonspendable	47,022	79,500	126,522
Restricted - library programs	<u>-</u>	<u>3,411</u>	<u>3,411</u>
Total fund balances	<u>47,022</u>	<u>82,911</u>	<u>129,933</u>
Total liabilities and fund balances	<u>\$ 47,022</u>	<u>\$ 82,976</u>	<u>\$ 129,998</u>

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
For the Year Ended June 30, 2017

	<u>Senior Center Endowment</u>	<u>Library Trust</u>	<u>Totals</u>
REVENUES			
Interest on investments	\$ 600	\$ 978	\$ 1,578
EXPENDITURES			
Culture and recreation	<u>5,569</u>	<u>752</u>	<u>6,321</u>
Net change in fund balances	(4,969)	226	(4,743)
Fund balance - beginning	<u>51,991</u>	<u>82,685</u>	<u>134,676</u>
Fund balance - ending	<u>\$ 47,022</u>	<u>\$ 82,911</u>	<u>\$ 129,933</u>

CITY OF ALBANY, OREGON
SENIOR CENTER ENDOWMENT FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Gifts and donations	\$ 100	\$ 100	\$ -	\$ (100)
Interest on investments	100	100	600	500
Total revenues	200	200	600	400
Fund balance, beginning	51,800	51,800	51,991	191
Amount available for appropriation	\$ 52,000	\$ 52,000	52,591	\$ 591
 Expenditures				
Materials and services	\$ 200	\$ 200	\$ 5,569	\$ (5,369)
Unappropriated surplus	51,800	51,800	-	51,800
Total expenditures	\$ 52,000	\$ 52,000	5,569	\$ 46,431
Fund Balance, ending			\$ 47,022	

CITY OF ALBANY, OREGON
LIBRARY TRUST FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interest on investments	\$ 500	\$ 500	\$ 978	\$ 478
Fund balance, beginning	83,500	83,500	82,685	(815)
Amount available for appropriation	\$ 84,000	\$ 84,000	83,663	\$ (337)
Expenditures				(Over) Under
V. O. Torney Trust	\$ 13,500	\$ 13,500	\$ -	\$ 13,500
Manela Trust	70,500	70,500	752	69,748
Total expenditures	\$ 84,000	\$ 84,000	752	\$ 83,248
Fund Balance, ending			\$ 82,911	

CITY OF ALBANY, OREGON
WATER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Delinquent	\$ -	\$ -	\$ 62	\$ 62
Water service				
Water service charges	12,371,900	12,371,900	12,002,846	(369,054)
Water service charges-Millersburg	240,000	240,000	350,004	110,004
Dumbeck Water District	57,000	57,000	66,557	9,557
North Albany capital charges	113,100	113,100	113,100	-
Collection agency payments	7,500	7,500	11,793	4,293
Charges for services				
City of Lebanon	633,000	633,000	633,000	-
Hydropower	70,000	70,000	92,744	22,744
Equipment replacement charges	215,600	215,600	215,600	-
Financed system development charges				
Principal	3,500	3,500	1,010	(2,490)
Interest	300	300	124	(176)
Water expansion				
Public facility construction permits	10,000	10,000	42,930	32,930
Water connection fees	15,000	15,000	82,013	67,013
Water systems development charge:	350,000	350,000	416,250	66,250
Water service installation fee	60,000	60,000	114,158	54,158
Workers' Comp wage subsidy	-	-	4,266	4,266
Miscellaneous	6,000	6,000	32,584	26,584
Interest on investments	54,300	54,300	73,179	18,879
Total revenues	<u>14,207,200</u>	<u>14,207,200</u>	<u>14,252,220</u>	<u>45,020</u>
Other financing sources				
Transfer from Water SDC Improvement Projects	419,300	419,300	419,300	-
Fund balance, beginning				
Unassigned	9,721,400	9,721,400	10,788,421	1,067,021
Fund balance, beginning, designated for debt service	1,607,400	1,607,400	1,610,928	3,528
Total fund balance, beginning	<u>11,328,800</u>	<u>11,328,800</u>	<u>12,399,349</u>	<u>1,070,549</u>
Amount available for appropriation	<u>\$ 25,955,300</u>	<u>\$ 25,955,300</u>	<u>27,070,869</u>	<u>\$ 1,115,569</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 2,471,800	\$ 2,471,800	\$ 2,215,417	\$ 256,383
Materials and services	6,580,400	6,580,400	5,880,863	699,537
Capital	11,365,300	11,365,300	2,332,186	9,033,114
Debt service	3,533,400	3,533,400	1,933,394	1,600,006
Contingencies	961,000	961,000	-	961,000
Total expenditures	<u>24,911,900</u>	<u>24,911,900</u>	<u>12,361,860</u>	<u>12,550,040</u>
Other financing uses				
Transfers out	624,100	624,100	530,622	93,478
Intrafund transfers out	419,300	419,300	419,300	-
Total other financing uses	<u>1,043,400</u>	<u>1,043,400</u>	<u>949,922</u>	<u>93,478</u>
Total expenditures and other financing uses	<u>\$ 25,955,300</u>	<u>\$ 25,955,300</u>	<u>13,311,782</u>	<u>\$ 12,643,518</u>
Budgetary fund balance, ending			<u>\$ 13,759,087</u>	

CITY OF ALBANY, OREGON
WATER FUND
RECONCILIATION OF BUDGETARY BASIS REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2017

	Revenues	Expenditures	Fund Balance/ Net Position
Totals from prior page	\$ 14,252,220	\$ 12,361,860	\$ 13,759,087
Reconciling items			
June 30, 2017, asset and liability balances:			
Capital assets, net	-	-	87,689,316
Accounts receivable	-	-	3,840,036
Unamortized issue costs/loss on defeasance	-	-	(1,485,850)
Inventory balance	-	-	608,805
Salaries, withholdings, and vacations payable	-	-	(136,625)
Net pension liability	-	-	(2,933,037)
Deferred outflows - pension related	-	-	1,380,830
Deferred inflows - pension related	-	-	(124,846)
OPEB payable	-	-	(212,011)
Interest payable	-	-	(391,206)
Bonds payable	-	-	(24,595,000)
Adjustments to current year revenues			
Change in accounts receivable	2,351,167	-	-
Adjustments to current year expenses			
Interest paid on long-term obligations	-	(958,394)	-
Eliminate principal paid on long-term obligations	-	(975,000)	-
Change in OPEB obligation	-	83,863	-
Depreciation and amortization	-	3,129,376	-
Expenditures capitalized	-	(2,332,187)	-
Changes in inventories	-	(28,207)	-
Pension Expense	-	213,908	-
Other adjustments			
Nonoperating revenues			
Property taxes	(62)	-	-
Interest on investments	(73,179)	-	-
Miscellaneous	-	-	-
Capital contributions	(417,384)	-	-
Operating revenues, operating expenses, and ending net position from Statement of Revenues, Expenses, and Changes in Net Position of Proprietary Funds (page 31)	<u>\$ 16,112,762</u>	<u>\$ 11,495,219</u>	<u>\$ 77,399,499</u>

CITY OF ALBANY, OREGON
SEWER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Sewer service charges				
Albany sewer service charges	\$ 16,506,000	\$ 16,506,000	\$ 16,599,906	\$ 93,906
Charges collected through property taxes	50,000	50,000	42,966	(7,034)
Collection agency payments	5,000	5,000	12,771	7,771
Financed system development charges				
Principal	3,000	3,000	2,858	(142)
Interest	600	600	793	193
Financed assessments				
Principal	5,000	5,000	-	(5,000)
Interest	100	100	-	(100)
Financed connection fees				
Principal	4,000	4,000	63,127	59,127
Interest	3,100	3,100	2,486	(614)
Sewer oversizing and expansion				
Public facility construction permits	5,000	5,000	45,102	40,102
Sewer system development charges	470,000	470,000	775,335	305,335
General sewer connection fees	15,000	15,000	40,081	25,081
Charges for services				
Equipment replacement charges	118,600	118,600	118,600	-
Millersburg operation and maintenance charges	150,000	150,000	243,039	93,039
Wah Chang operation and maintenance charges	125,000	125,000	164,050	39,050
City of Millersburg	415,200	415,200	415,226	26
Workers' Compensation wage subsidy reimbursement	-	-	5,247	5,247
Miscellaneous	25,000	25,000	25,945	945
Interest on investments	104,300	104,300	111,874	7,574
Total revenues	<u>18,004,900</u>	<u>18,004,900</u>	<u>18,669,406</u>	<u>664,506</u>
Other financing sources				
Transfer from SDC	1,424,100	1,424,100	1,424,100	-
Fund balance, beginning				
Unassigned	<u>20,473,900</u>	<u>20,473,900</u>	<u>21,176,415</u>	<u>702,515</u>
Amount available for appropriation	<u>\$ 39,902,900</u>	<u>\$ 39,902,900</u>	<u>41,269,921</u>	<u>\$ 1,367,021</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 2,324,900	\$ 2,324,900	\$ 1,958,856	\$ 366,044
Materials and services	6,921,800	7,171,800	6,831,144	340,656
Capital	17,907,900	17,907,900	1,519,991	16,387,909
Debt service	9,013,500	9,013,500	5,613,960	3,399,540
Contingencies	975,000	725,000	-	725,000
Total expenditures	<u>37,143,100</u>	<u>37,143,100</u>	<u>15,923,951</u>	<u>21,219,149</u>
Other financing uses				
Transfers out to other funds	<u>2,759,800</u>	<u>2,759,800</u>	<u>2,597,205</u>	<u>162,595</u>
Total expenditures and other financing uses	<u>\$ 39,902,900</u>	<u>\$ 39,902,900</u>	<u>18,521,156</u>	<u>\$ 21,381,744</u>
Budgetary fund balance, ending			<u>\$ 22,748,765</u>	

CITY OF ALBANY, OREGON
SEWER FUND
RECONCILIATION OF BUDGETARY BASIS REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2017

	Revenues	Expenditures	Fund Balance/ Net Position
Totals from prior page	\$ 18,669,406	\$ 15,923,951	\$ 22,748,765
Reconciling items			
June 30, 2017, asset and liability balances:			
Capital assets, net	-	-	136,531,310
Accounts receivable	-	-	5,037,894
Loans receivable	-	-	4,071,379
Inventories	-	-	357,391
Salaries, withholdings, and vacations payable	-	-	(99,385)
OPEB payable	-	-	(192,194)
Interest payable	-	-	(527,239)
Bonds payable	-	-	(51,632,167)
Net pension liability	-	-	(2,094,088)
Deferred outflows - pension related	-	-	1,242,845
Deferred inflows - pension related	-	-	(113,177)
Adjustments to current year revenues			
Change in accounts receivable	2,511,770	-	-
Adjustments to current year expenses			
Expenditures capitalized	-	(1,519,991)	-
Change in inventory	-	(24,502)	-
Interest expense	-	(1,887,254)	-
Change in compensated absences liability	-	(23,770)	-
Change in OPEB obligation	-	(12,472)	-
Loan principal	-	(3,688,993)	-
Depreciation and amortization	-	4,765,219	-
Pension expense	-	4,410	-
Other adjustments			
Nonoperating revenues			
Interest on investments	(111,874)		
Miscellaneous	(8,526)		
Capital contributions	(778,193)	-	-
Millersburg loan reclassification	(264,466)	-	-
Operating revenues, operating expenses, and ending net position from Statement of Revenues, Expenses, and Changes in Net Position of Proprietary Funds (page 31)	<u>\$ 20,018,117</u>	<u>\$ 13,536,598</u>	<u>\$ 115,331,334</u>

CITY OF ALBANY, OREGON
STORMWATER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017

Revenues	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Stormwater service charges				
Albany sewer service charges	\$ -	\$ 250,000	\$ 405,454	\$ 155,454
Storm drain plan review/inspection fees	5,000	5,000	20,018	15,018
Stormwater quality permits	5,000	5,000	15,194	10,194
EPSC Permit Fees	50,000	50,000	79,595	29,595
Stormwater Capital				
Storm drain connection fees	5,000	5,000	19,930	14,930
Stormwater deferred planting	5,000	5,000	-	(5,000)
Stormwater in-lieu of planting	5,000	5,000	14,154	9,154
Charges for services				
Equipment replacement charges	21,600	21,600	21,600	-
Miscellaneous	-	-	5,117	5,117
Interest on investments	800	800	(718)	(1,518)
Total revenues	<u>97,400</u>	<u>347,400</u>	<u>580,344</u>	<u>232,944</u>
Other financing sources				
Transfer from Street Fund	206,700	206,700	99,300	(107,400)
Transfer from Sewer Fund	<u>696,000</u>	<u>696,000</u>	<u>528,077</u>	<u>(167,923)</u>
Total other financing sources	<u>902,700</u>	<u>902,700</u>	<u>627,377</u>	<u>(275,323)</u>
Fund balance, beginning				
Unassigned	<u>156,800</u>	<u>156,800</u>	-	(156,800)
Amount available for appropriation	<u>\$ 1,156,900</u>	<u>\$ 1,406,900</u>	<u>1,207,721</u>	<u>\$ (199,179)</u>
Expenditures	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Personnel services	\$ 338,000	\$ 338,000	\$ 257,279	\$ 80,721
Materials and services	570,400	820,400	703,959	116,441
Capital	194,200	194,200	-	194,200
Contingencies	<u>54,300</u>	<u>54,300</u>	-	<u>54,300</u>
Total expenditures	<u>\$ 1,156,900</u>	<u>\$ 1,406,900</u>	<u>961,238</u>	<u>\$ 445,662</u>
Budgetary fund balance, ending			<u>\$ 246,483</u>	

CITY OF ALBANY, OREGON
STORMWATER FUND
RECONCILIATION OF BUDGETARY BASIS REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2017

	Revenues	Expenditures	Fund Balance/ Net Position
Totals from prior page	\$ 580,344	\$ 961,238	\$ 246,483
Reconciling items			
June 30, 2017, asset and liability balances:			
Accounts receivable	398,559	-	398,559
OPEB payable	-	23,643	(23,643)
Net pension liability	-	161,393	(161,393)
Deferred outflows - pension related	-	(120,280)	120,280
Deferred inflows - pension related	-	13,923	(13,923)
Other adjustments			
Nonoperating revenues			
Interest on investments	718	-	-
Miscellaneous	(5,117)	-	-
Operating revenues, operating expenses, and ending net position from Statement of Revenues, Expenses, and Changes in Fund Net Position of Proprietary Funds (page 31)	<u>\$ 974,504</u>	<u>\$ 1,039,917</u>	<u>\$ 566,363</u>

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

June 30, 2017

	Central Services	Public Works Services	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 208,754	\$ 147,197	\$ 355,951
Investments	358,241	261,031	619,272
Accounts receivable	2,675	-	2,675
Accrued interest	777	1,409	2,186
Prepaid items	110	-	110
Total current assets	<u>570,557</u>	<u>409,637</u>	<u>980,194</u>
Noncurrent assets:			
Capital assets (net of depreciation)	-	49,114	49,114
Total noncurrent assets	<u>-</u>	<u>49,114</u>	<u>1,653,551</u>
Total assets	<u>570,557</u>	<u>458,751</u>	<u>2,633,745</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	<u>2,634,286</u>	<u>3,741,382</u>	<u>6,375,668</u>
LIABILITIES			
Current liabilities:			
Accounts payable	201,533	189,644	391,177
Compensated absences	<u>137,538</u>	<u>199,441</u>	<u>336,979</u>
Total current liabilities	<u>339,071</u>	<u>389,085</u>	<u>728,156</u>
Long-term debt obligations			
Compensated absences	137,536	199,441	336,977
Other postemployment benefits	419,866	591,711	1,011,577
Net pension liability	<u>4,986,028</u>	<u>7,061,925</u>	<u>12,047,953</u>
Total long-term debt obligations	<u>5,543,430</u>	<u>7,853,077</u>	<u>13,396,507</u>
Total liabilities	<u>5,882,501</u>	<u>8,242,162</u>	<u>14,124,663</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	<u>247,246</u>	<u>348,440</u>	<u>595,686</u>
NET POSITION			
Investment in capital assets	-	49,114	49,114
Unrestricted	<u>(2,924,904)</u>	<u>(4,439,583)</u>	<u>(7,364,487)</u>
Total net position	<u>\$ (2,924,904)</u>	<u>\$ (4,390,469)</u>	<u>\$ (7,315,373)</u>

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2017

	Central Services	Public Works Services	Totals
OPERATING REVENUES			
Service charges and fees	\$ 6,244,010	\$ 7,677,540	\$ 13,921,550
Miscellaneous	58,648	7,384	66,032
Total operating revenues	<u>6,302,658</u>	<u>7,684,924</u>	<u>13,987,582</u>
OPERATING EXPENSES			
Salaries and wages	4,763,391	6,738,580	11,501,971
Contracted services	191,792	284,962	476,754
Operating supplies	693,361	477,557	1,170,918
Utilities	89,463	138,220	227,683
Depreciation	-	15,720	15,720
Repairs and maintenance	135,867	122,144	258,011
Charges for services	731,875	652,297	1,384,172
Miscellaneous	2,697	-	2,697
Total operating expenses	<u>6,608,446</u>	<u>8,429,480</u>	<u>15,037,926</u>
Operating income (loss)	(305,788)	(744,556)	(1,050,344)
NONOPERATING REVENUES:			
Interest on investments	5,647	5,056	10,703
Income (loss) before transfers	(300,141)	(739,500)	(1,039,641)
Transfers in	40,100	-	40,100
Change in net position	(260,041)	(739,500)	(999,541)
Net position - beginning	<u>(2,664,863)</u>	<u>(3,650,969)</u>	<u>(6,315,832)</u>
Net position - ending	<u>\$ (2,924,904)</u>	<u>\$ (4,390,469)</u>	<u>\$ (7,315,373)</u>

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2017

	Central Services	Public Works Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 6,300,033	\$ 7,685,050	\$ 13,985,083
Cash payments to suppliers of goods and services	(1,798,379)	(1,684,851)	(3,483,230)
Cash payments to employees for services	<u>(4,260,558)</u>	<u>(6,034,036)</u>	<u>(10,294,594)</u>
Net cash provided by (used in) operating activities	<u>241,096</u>	<u>(33,837)</u>	<u>207,259</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	<u>40,100</u>	<u>-</u>	<u>40,100</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	5,246	4,986	10,232
Net (purchase) sales price of investments	<u>(191,623)</u>	<u>(1,454)</u>	<u>(193,077)</u>
Net cash provided by (used in) investing activities	<u>(186,377)</u>	<u>3,532</u>	<u>(182,845)</u>
Net increase (decrease) in cash and cash equivalents	94,819	(30,305)	64,514
Cash and cash equivalents, July 1, 2016	<u>113,935</u>	<u>177,502</u>	<u>291,437</u>
Cash and cash equivalents, June 30, 2017	<u>\$ 208,754</u>	<u>\$ 147,197</u>	<u>\$ 355,951</u>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

Operating income (loss)	\$ <u>(305,788)</u>	\$ <u>(744,556)</u>	\$ <u>(1,050,344)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	-	15,720	15,720
Changes in assets, deferred outflows, liabilities and deferred inflows:			
(Increase) decrease in accounts receivable	(2,625)	126	(2,499)
(Increase) decrease in prepaid items	(110)	-	(110)
(Increase) decrease in deferred outflows of resources	(2,135,994)	(3,010,224)	(5,146,218)
Increase (decrease) in net pension liability	2,866,103	4,039,157	6,905,260
Increase (decrease) in accounts payable	46,786	(9,671)	37,115
Increase (decrease) in accrued compensated absences	(19,036)	(5,378)	(24,414)
Increase (decrease) in other postemployment benefits	7,285	61,604	68,889
Increase (decrease) in deferred inflows of resources	<u>(215,525)</u>	<u>(380,615)</u>	<u>(596,140)</u>
Total adjustments	<u>546,884</u>	<u>710,719</u>	<u>1,257,603</u>
Net cash provided by operating activities	<u>\$ 241,096</u>	<u>\$ (33,837)</u>	<u>\$ 207,259</u>

**CITY OF ALBANY, OREGON
CENTRAL SERVICES FUND
BUDGETARY COMPARISON SCHEDULE**

For the Year Ended June 30, 2017

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Building maintenance charges	\$ 761,300	\$ 761,300	\$ 761,300	\$ -
Administrative services charges	3,487,300	3,487,300	3,487,300	-
Information technology charges	1,450,700	1,450,700	1,450,700	-
GIS services charge	425,900	425,900	425,900	-
Permit Tracking services charge	118,700	118,700	118,700	-
GIS information sales	-	-	110	110
Miscellaneous	40,000	40,000	58,648	18,648
Interest on investments	1,000	1,000	5,647	4,647
Total revenues	6,284,900	6,284,900	6,308,305	23,405
Other financing source				
Transfer from Economic Development Fund	-	40,100	40,100	-
Fund balance, beginning	82,300	82,300	126,232	43,932
Amount available for appropriation	<u>\$ 6,367,200</u>	<u>\$ 6,407,300</u>	<u>6,474,637</u>	<u>\$ 67,337</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Council and nondepartmental	\$ 211,700	\$ 211,700	\$ 205,828	\$ 5,872
City manager's office	862,500	862,500	844,701	17,799
Information technology services	1,618,700	1,658,800	1,632,508	26,292
Human resources	844,600	844,600	689,935	154,665
Facilities maintenance	761,300	761,300	704,120	57,180
Finance	1,503,800	1,503,800	1,490,653	13,147
GIS services	440,900	440,900	418,130	22,770
Permit tracking services	123,700	123,700	119,738	3,962
Total expenditures	\$ 6,367,200	\$ 6,407,300	6,105,613	\$ 301,687
Budgetary fund balance			<u>\$ 369,024</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Position, see page 118.

CITY OF ALBANY, OREGON
PUBLIC WORKS SERVICES FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under)
Revenues:				
Charges for services - Water	\$ 3,118,000	\$ 3,118,000	\$ 2,572,882	\$ (545,118)
Charges for services - Sewer	3,071,900	3,071,900	2,983,624	(88,276)
Charges for services - Stormwater	346,400	346,400	386,761	40,361
Charges for services - Streets	708,300	708,300	806,999	98,699
Charges for services - Airport	11,900	11,900	9,532	(2,368)
Charges for services - Transit	110,300	110,300	88,188	(22,112)
Charges for services - Building Inspection	134,400	134,400	106,744	(27,656)
Charges for services - Construction in Progress	1,009,000	1,009,000	722,810	(286,190)
Miscellaneous	-	-	7,384	7,384
Interest	-	-	5,056	5,056
Total revenues	<u>8,510,200</u>	<u>8,510,200</u>	7,689,980	(820,220)
Fund balance, beginning	<u>68,500</u>	<u>68,500</u>	239,229	170,729
Amount available for appropriation	<u>\$ 8,578,700</u>	<u>\$ 8,578,700</u>	<u>7,929,209</u>	<u>\$ (649,491)</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Public works administration	\$ 1,303,200	\$ 1,303,200	\$ 1,058,386	\$ 244,814
Engineering services	2,964,500	2,964,500	2,702,779	261,721
Operations administration	561,500	561,500	508,662	52,838
Water quality control services	391,700	391,700	363,638	28,062
Public works customer service	1,379,300	1,379,300	1,238,315	140,985
Facilities and maintenance engineering	<u>1,978,500</u>	<u>1,978,500</u>	<u>1,837,436</u>	<u>141,064</u>
Total expenditures	<u>\$ 8,578,700</u>	<u>\$ 8,578,700</u>	<u>7,709,216</u>	<u>\$ 869,484</u>
Budgetary fund balance			<u>\$ 219,993</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Position, see page 118.

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
RECONCILIATION OF BUDGETARY BASIS REVENUES, EXPENDITURES, FUND BALANCE TO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2017

	<u>Central Services</u>	<u>Public Works Service</u>	<u>Totals</u>
<u>REVENUES</u>			
Total revenues from Schedule of Revenues and Expenditures - Budget and Actual (pages 116 and 117)	\$ 6,308,305	\$ 7,689,980	\$ 13,998,285
Reconciling item:			
Interest on investments	<u>(5,647)</u>	<u>(5,056)</u>	<u>(10,703)</u>
Operating revenues from Internal Service Funds Statement of Revenues, Expenses, and Changes in Net Position (page 114)	<u>\$ 6,302,658</u>	<u>\$ 7,684,924</u>	<u>\$ 13,987,582</u>
<u>EXPENDITURES</u>			
Total expenditures from Schedule of Revenues and Expenditures - Budget and Actual (pages 116 and 117)	\$ 6,105,613	\$ 7,709,216	\$ 13,814,829
Reconciling item:			
Depreciation	-	15,720	15,720
Change in compensated absences liability	(19,036)	(5,378)	(24,414)
Pension related expense	514,584	648,318	1,162,902
Change in OPEB obligation	<u>7,285</u>	<u>61,604</u>	<u>68,889</u>
Operating expenses from Internal Service Funds Statement of Revenues, Expenses, and Changes in Net Position (page 114)	<u>\$ 6,608,446</u>	<u>\$ 8,429,480</u>	<u>\$ 15,037,926</u>
<u>FUND BALANCE</u>			
Fund balance from Schedule of Revenues and Expenditures - Budget and Actual (pages 116 and 117)	\$ 369,024	\$ 219,993	\$ 589,017
Reconciling item:			
Deferred outflows - pension related	2,634,286	3,741,382	6,375,668
Deferred inflows - pension related	(247,246)	(348,440)	(595,686)
Capital assets, net	-	49,114	49,114
Compensated absences liability	(275,074)	(398,882)	(673,956)
Net pension liability	(4,986,028)	(7,061,925)	(12,047,953)
OPEB obligation	<u>(419,866)</u>	<u>(591,711)</u>	<u>(1,011,577)</u>
Net Position from Internal Service Funds Statement of Revenues, Expenses, and Changes in Net Position (page 114)	<u>\$ (2,924,904)</u>	<u>\$ (4,390,469)</u>	<u>\$ (7,315,373)</u>

**Capital Assets Used in
Governmental Activities**

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CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
as of June 30, 2017

Governmental capital assets	
Land	\$ 13,854,274
Construction in Progress	16,898,127
Buildings	21,030,973
Intangible asset	800,000
Vehicles and Equipment	18,851,549
Infrastructure	<u>142,159,350</u>
 Total governmental capital assets	 <u>\$ 213,594,273</u>
 Investment in capital assets from:	
Balance as of June 30, 1993	\$ 3,362,818
Capital project funds:	
General obligation bonds	26,489,249
Certificates of participation	5,670,458
Federal grants	25,737,354
State grants	2,962,749
Transfer from General Fund	2,401,493
Transfer from special revenue funds	3,021,203
Other sources	1,111,940
General Fund	8,775,003
Special revenue funds	78,210,015
Local improvement districts	16,031,018
Urban renewal districts	6,221,902
Donations	<u>33,599,071</u>
 Total investment in governmental capital assets	 <u>\$ 213,594,273</u>

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
for the fiscal year ended June 30, 2017

	Balances June 30, 2016	Additions	Deletions, Transfers out, Transfers in	Balances June 30, 2017
<u>CAPITAL ASSETS</u>				
Land	\$ 13,495,010	\$ 359,264	\$ -	\$ 13,854,274
Construction in Progress	-	16,898,127	-	16,898,127
Buildings and improvements	20,907,195	123,778	-	21,030,973
Intangible assets	800,000	-	-	800,000
Vehicles and equipment	17,522,433	1,329,116	-	18,851,549
Infrastructure	<u>140,682,310</u>	<u>1,477,040</u>	-	<u>142,159,350</u>
Total capital assets	<u>\$ 193,406,948</u>	<u>\$ 20,187,325</u>	<u>\$ -</u>	<u>\$ 213,594,273</u>

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
as of June 30, 2017

Function and Activity:	Land	Construction in Progress	Buildings and Improvements	Intangible Asset	Vehicles and Equipment	Infrastructure	Total
General Government:							
Building Maintenance	\$ -	\$ -	\$ -	\$ -	\$ 183,823	\$ -	\$ 183,823
Building Inspection	-	-	-	-	28,192	-	28,192
General Fund	3,256,467	-	6,458,751	-	902,175	2,472,064	13,089,457
Airport Maintenance	233,759	-	68,215	-	54,777	3,746,154	4,102,905
Public Transit	-	-	-	-	3,021,649	-	3,021,649
Total general government	3,490,226	-	6,526,966	-	4,190,616	6,218,218	20,426,026
Public Safety:							
Municipal Court	-	-	-	-	131,756	-	131,756
Police	869,088	9,241,328	-	-	3,356,143	-	13,466,559
Fire	1,331,187	6,207,508	4,377,955	-	7,588,874	-	19,505,524
Total public safety	2,200,275	15,448,836	4,377,955	-	11,076,773	-	33,103,839
Highways and Streets:							
Street Maintenance	1,299,065	1,449,291	1,544,423	-	1,647,016	122,610,730	128,550,525
Culture and Recreation:							
Library	653,570	-	6,839,299	-	343,148	-	7,836,017
Parks and Recreation	6,211,138	-	1,742,330	800,000	1,593,996	13,330,402	23,677,866
Total culture and recreation	6,864,708	-	8,581,629	800,000	1,937,144	13,330,402	31,513,883
Total capital assets	\$ 13,854,274	\$ 16,898,127	\$ 21,030,973	\$ 800,000	\$ 18,851,549	\$ 142,159,350	\$ 213,594,273

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
for the fiscal year ended June 30, 2017

<u>Function and Activity:</u>	Capital Assets June 30, 2016	Additions	Deletions, Transfers in, Transfers out	Capital Assets June 30, 2017
General Government:				
Building Maintenance	\$ 183,823	\$ -	\$ -	\$ 183,823
Building Inspection	28,192	-	-	28,192
General Fund	34,575,181	251,147	(21,736,871)	13,089,457
Airport Maintenance	3,870,347	232,558	-	4,102,905
Public Transit	2,570,871	-	450,778	3,021,649
Total general government	<u>41,228,414</u>	<u>483,705</u>	<u>(21,286,093)</u>	<u>20,426,026</u>
Public Safety:				
Municipal Court	23,571	108,185	-	131,756
Police	4,008,313	9,458,246	-	13,466,559
Fire	12,790,445	6,715,079	-	19,505,524
Total public safety	<u>16,822,329</u>	<u>16,281,510</u>	<u>-</u>	<u>33,103,839</u>
Highways and Streets:				
Street Maintenance	103,581,786	3,231,868	21,736,871	128,550,525
Culture and Recreation:				
Library	7,836,017	-	-	7,836,017
Parks and Recreation	23,938,402	190,242	(450,778)	23,677,866
Total culture and recreation	<u>31,774,419</u>	<u>190,242</u>	<u>-</u>	<u>31,513,883</u>
Total capital assets	<u>\$ 193,406,948</u>	<u>\$ 20,187,325</u>	<u>\$ 450,778</u>	<u>\$ 213,594,273</u>

OTHER FINANCIAL SCHEDULES

Debt Principal Transactions

Debt Interest Transactions

Future Debt Principal and Interest Requirements – Governmental Activities

Future Debt Principal and Interest Requirements – Business-type Activities

Property Tax Transactions and Outstanding Balances

CITY OF ALBANY, OREGON
SCHEDULE OF DEBT PRINCIPAL TRANSACTIONS
for the fiscal year ended June 30, 2017

	Interest Rate	Date of Issue	Years of Maturity	Outstanding June 30, 2016	Matured/ Paid off During Year	Outstanding June 30, 2017
GOVERNMENTAL ACTIVITIES						
2015 Public Safety Facilities	3.475	08/19/15	2015-2035	\$ 17,605,000	\$ 370,000	\$ 17,235,000
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	2002-2028	5,101,485	109,483	4,992,002
2004 General Revenue Obligations	2.50-4.00	12/15/04	2006-2020	655,000	155,000	500,000
2007 Series A CARA Tax-Exempt	4.85	10/15/07	2008-2022	<u>2,363,000</u>	<u>349,000</u>	<u>2,014,000</u>
Total governmental activities				<u>\$ 25,724,485</u>	<u>\$ 983,483</u>	<u>\$ 24,741,002</u>
BUSINESS-TYPE ACTIVITIES						
2013 Water Refunding Bonds	3.125-5.00	08/01/13	2013-2033	\$ 25,570,000	\$ 975,000	\$ 24,595,000
2007 Oregon DEQ SRF Notes Payable (1)	3.40-3.64	09/21/06	2007-2030	51,882,125	3,164,554	48,717,571
2009 Wetland Loans Payable	4.00	12/21/09	2010-2020	1,889,035	424,439	1,464,596
2012 SRF/ARRA Loan	4.00	02/01/12	2031-2032	<u>1,550,000</u>	<u>100,000</u>	<u>1,450,000</u>
Total business-type activities				<u>\$ 80,891,160</u>	<u>\$ 4,663,993</u>	<u>\$ 76,227,167</u>

(1) Department of Environmental Quality State Revolving Fund Loans

CITY OF ALBANY, OREGON
SCHEDULE OF DEBT INTEREST TRANSACTIONS
for the fiscal year ended June 30, 2017

	Interest Rate	Date of Issue	Years of Maturity	Total Required Payments June 30, 2016	Interest Retired During Year	Total Required Payments June 30, 2017
GOVERNMENTAL ACTIVITIES						
2015 Public Safety Facilities	3.475	08/19/15	2015-2035	\$ 7,435,006	\$ 638,075	\$ 6,796,931
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	2002-2028	3,784,212	535,755	3,248,457
2004 General Revenue Obligations	2.50-4.00	12/15/04	2006-2020	67,251	27,304	39,947
2007 Series A CARA Tax-Exempt	4.85	10/15/07	2008-2022	<u>416,857</u>	<u>114,606</u>	<u>302,251</u>
Total governmental activities				<u>\$ 11,703,326</u>	<u>\$ 1,315,740</u>	<u>\$ 10,387,586</u>
BUSINESS-TYPE ACTIVITIES						
2013 Water Refunding Bonds	3.125-5.00	08/01/13	2013-2033	\$ 9,341,459	\$ 958,394	\$ 8,383,065
2007 Oregon DEQ SRF Notes Payable (1)	3.40-3.64	09/21/06	2007-2030	13,691,411	1,803,943	11,887,468
2009 Wetland Loans Payable	4.00	12/21/09	2010-2020	201,103	75,561	125,542
2012 SRF/ARRA Loan	4.00	02/01/12	2031-2032	<u>64,000</u>	<u>7,750</u>	<u>56,250</u>
Total business-type activities				<u>\$ 23,297,973</u>	<u>\$ 2,845,648</u>	<u>\$ 20,452,325</u>

(1) Department of Environmental Quality State Revolving Fund Loans

CITY OF ALBANY, OREGON
SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS
GOVERNMENTAL ACTIVITIES
for the fiscal year ended June 30, 2017

Years of Maturity	Total Requirements			2002 Limited Tax Pension Obligations		2004 General Revenue Obligations	
	Principal	Interest	Total	Principal	Interest	Principal	Interest
2017-2018	\$ 1,052,140	\$ 1,304,606	\$ 2,356,746	\$ 111,140	\$ 564,098	\$ 160,000	\$ 19,554
2018-2019	1,124,257	1,293,976	2,418,233	111,257	593,980	165,000	13,393
2019-2020	1,256,605	1,237,061	2,493,666	159,605	580,634	175,000	7,000
2020-2021	1,456,000	924,915	2,380,915	460,000	315,785	-	-
2021-2022	1,597,000	849,987	2,446,987	530,000	284,275	-	-
2022-2023	1,285,000	767,245	2,052,245	600,000	247,970	-	-
2023-2024	1,430,000	698,745	2,128,745	685,000	206,870	-	-
2024-2025	815,000	614,572	1,429,572	-	159,947	-	-
2025-2026	1,755,000	573,822	2,328,822	865,000	159,947	-	-
2026-2027	1,940,000	470,070	2,410,070	970,000	100,695	-	-
2027-2028	1,550,000	364,831	1,914,831	500,000	34,256	-	-
2028-2029	1,115,000	299,075	1,414,075	-	-	-	-
2029-2030	1,190,000	265,625	1,455,625	-	-	-	-
2030-2031	1,265,000	229,925	1,494,925	-	-	-	-
2031-2032	1,345,000	190,394	1,535,394	-	-	-	-
2032-2033	1,430,000	148,363	1,578,363	-	-	-	-
2033-2034	1,520,000	101,888	1,621,888	-	-	-	-
2034-2035	1,615,000	52,486	1,667,486	-	-	-	-
	<u>\$ 24,741,002</u>	<u>\$ 10,387,586</u>	<u>\$ 35,128,588</u>	<u>\$ 4,992,002</u>	<u>\$ 3,248,457</u>	<u>\$ 500,000</u>	<u>\$ 39,947</u>

Albany Revitalization Agency 2007 Series A Tax-Exempt Bonds		2015 Public Safety Facilities Bonds		Years of Maturity
Principal	Interest	Principal	Interest	
\$ 366,000	\$ 97,679	\$ 415,000	\$ 623,275	2017-2018
383,000	79,928	465,000	606,675	2018-2019
402,000	61,352	520,000	588,075	2019-2020
421,000	41,855	575,000	567,275	2020-2021
442,000	21,437	625,000	544,275	2021-2022
-	-	685,000	519,275	2022-2023
-	-	745,000	491,875	2023-2024
-	-	815,000	454,625	2024-2025
-	-	890,000	413,875	2025-2026
-	-	970,000	369,375	2026-2027
-	-	1,050,000	330,575	2027-2028
-	-	1,115,000	299,075	2027-2029
-	-	1,190,000	265,625	2027-2030
-	-	1,265,000	229,925	2027-2031
-	-	1,345,000	190,394	2027-2032
-	-	1,430,000	148,363	2027-2033
-	-	1,520,000	101,888	2027-2034
-	-	1,615,000	52,486	2027-2035
<u>\$ 2,014,000</u>	<u>\$ 302,251</u>	<u>\$ 17,235,000</u>	<u>\$ 6,796,931</u>	

CITY OF ALBANY, OREGON
SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS
BUSINESS-TYPE ACTIVITIES
for the fiscal year ended June 30, 2017

Years of Maturity	Total Requirements			2013 Water Refunding Bond		2007 Oregon DEQ State Revolving Fund Notes	
	Principal	Interest	Total	Principal	Interest	Principal	Interest
2017-2018	\$ 4,822,320	\$ 2,676,098	\$ 7,498,418	\$ 1,020,000	\$ 918,494	\$ 3,260,904	\$ 1,691,770
2018-2019	4,979,265	2,500,749	7,480,014	1,060,000	876,894	3,360,192	1,576,178
2019-2020	5,139,944	2,319,569	7,459,513	1,100,000	833,694	3,462,508	1,457,061
2020-2021	4,894,615	2,126,723	7,021,338	1,140,000	783,194	3,567,944	1,334,312
2021-2022	4,971,596	1,943,864	6,915,460	1,195,000	730,794	3,676,596	1,207,820
2022-2023	5,128,561	1,764,316	6,892,877	1,240,000	682,094	3,788,561	1,077,472
2023-2024	5,293,943	1,578,892	6,872,835	1,290,000	631,494	3,903,943	943,148
2024-2025	5,467,843	1,380,546	6,848,389	1,345,000	572,069	4,022,843	804,727
2025-2026	5,665,371	1,168,280	6,833,651	1,420,000	502,944	4,145,371	662,086
2026-2027	5,871,636	955,288	6,826,924	1,500,000	437,444	4,271,636	515,094
2027-2028	6,061,754	742,111	6,803,865	1,560,000	376,244	4,401,754	363,617
2028-2029	6,260,842	521,815	6,782,657	1,625,000	312,544	4,535,842	207,521
2029-2030	4,124,477	302,381	4,426,858	1,705,000	254,469	2,319,477	46,662
2030-2031	1,860,000	203,244	2,063,244	1,760,000	202,494	-	-
2031-2032	1,865,000	147,984	2,012,984	1,815,000	147,734	-	-
2032-2033	1,875,000	90,078	1,965,078	1,875,000	90,078	-	-
2033-2034	1,945,000	30,387	1,975,387	1,945,000	30,387	-	-
	<u>\$ 76,227,167</u>	<u>\$ 20,452,325</u>	<u>\$ 96,679,492</u>	<u>\$ 24,595,000</u>	<u>\$ 8,383,065</u>	<u>\$ 48,717,571</u>	<u>\$ 11,887,468</u>

2010 Wetlands Loans		2012 SRF ARRA Loan		Years of Maturity
Principal	Interest	Principal	Interest	
\$ 441,416	\$ 58,584	\$ 100,000	\$ 7,250	2017-2018
459,073	40,927	100,000	6,750	2018-2019
477,436	22,564	100,000	6,250	2019-2020
86,671	3,467	100,000	5,750	2020-2021
-	-	100,000	5,250	2021-2022
-	-	100,000	4,750	2022-2023
-	-	100,000	4,250	2023-2024
-	-	100,000	3,750	2024-2025
-	-	100,000	3,250	2025-2026
-	-	100,000	2,750	2026-2027
-	-	100,000	2,250	2027-2028
-	-	100,000	1,750	2028-2029
-	-	100,000	1,250	2029-2030
-	-	100,000	750	2030-2031
-	-	50,000	250	2031-2032
-	-	-	-	2032-2033
-	-	-	-	2033-2034
<u>\$1,464,596</u>	<u>\$ 125,542</u>	<u>\$ 1,450,000</u>	<u>\$ 56,250</u>	

CITY OF ALBANY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
for the year ended June 30, 2017

Tax Year	Taxes Receivable June 30, 2016	Levy as extended by assessor	Collections	Discounts & Adjustments	Taxes Receivable June 30, 2017
2016-17	\$ -	\$ 30,457,817	\$(29,143,228)	\$ (373,466)	\$ 941,123
2015-16	915,420	-	(441,767)	107,075	580,728
2014-15	612,992	-	(185,088)	(11,282)	416,622
2013-14	439,536	-	(166,417)	25,540	298,659
2012-13	272,846	-	(79,026)	2,313	196,133
2011-12	185,738	-	(8,855)	(5,313)	171,570
2010-11	135,280	-	(3,586)	(3,083)	128,611
2009-10	122,851	-	(6,245)	87	116,693
2008-09	7,097	-	-	(7,097)	-
2007-08	-	-	-	-	-
2006-07	-	-	-	-	-
and prior	4,495	-	(424)	(90)	3,981
	<u>\$ 2,696,255</u>	<u>\$ 30,457,817</u>	<u>\$(30,034,636)</u>	<u>\$ (265,316)</u>	<u>\$ 2,854,120</u>

SUMMARY OF COLLECTIONS AND BALANCES RECEIVABLE

Governmental funds		
General	\$ 18,347,744	\$ 1,680,737
Special Revenue		
Parks and Recreation	4,586,906	421,322
Public Safety Levy	3,249,613	277,985
Albany Revitalization Agency	2,785,691	239,129
Debt Service	1,064,620	186,831
Total governmental funds	<u>30,034,574</u>	<u>2,806,004</u>
Proprietary fund		
Water	62	48,116
Totals	<u>\$ 30,034,636</u>	<u>\$ 2,854,120</u>

RECONCILIATION OF TAX COLLECTIONS TO THE STATEMENT OF ACTIVITIES

	Collections from Above	Tax Accrual Net Change	Statement of Activities
General	\$ 18,347,744	\$ 57,390	\$ 18,405,134
Parks and Recreation	4,586,906	21,301	4,608,207
Public Safety Levy	3,249,613	26,593	3,276,206
Albany Revitalization Agency	2,785,691	14,084	2,799,775
Debt Service	1,064,620	5,052	1,069,672
Water	62		62
Totals	<u>\$ 30,034,636</u>	<u>\$ 124,420</u>	<u>\$ 30,159,056</u>

STATISTICAL SCHEDULES

This section of the City of Albany's Comprehensive Annual Financial Report presents detailed information for understanding what the financial statements, note disclosures, and required supplementary information indicate about the City's overall financial health. The information is presented in five categories: financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City's financial performance and well-being has changed over time.

REVENUE CAPACITY

These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.

DEBT CAPACITY

The schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Presented in these schedules are demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

OPERATING INFORMATION

These schedules present service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services it provides and the activities it performs.

Schedule 1
CITY OF ALBANY, OREGON
NET POSITION BY COMPONENT
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2008	2009	2010	2011	2012
Governmental Activities					
Net investment in capital assets	\$ 80,243,676	\$ 86,710,887	\$ 90,807,172	\$ 93,826,390	\$ 96,500,517
Restricted	17,874,256	15,077,460	16,512,436	18,879,050	13,190,170
Unrestricted	12,538,211	8,520,075	18,722,132	17,145,209	19,611,140
Total governmental activities net position	<u>110,656,143</u>	<u>110,308,422</u>	<u>126,041,740</u>	<u>129,850,649</u>	<u>129,301,827</u>
Business-type activities					
Net investment in capital assets	106,681,579	125,267,350	127,645,184	130,139,819	134,559,041
Restricted	8,494,861	5,372,200	25,649,567	19,785,270	14,445,758
Unrestricted	27,975,161	26,596,746	12,174,097	22,808,687	26,930,801
Total business-type activities net position	<u>143,151,601</u>	<u>157,236,296</u>	<u>165,468,848</u>	<u>172,733,776</u>	<u>175,935,600</u>
Total City of Albany					
Net investment in capital assets	211,978,237	218,452,356	223,966,209	231,059,558	232,677,551
Restricted	20,449,660	42,162,003	38,664,320	27,635,928	25,389,834
Unrestricted	35,116,821	30,896,229	39,953,896	46,541,941	49,879,145
Total net position	<u>\$ 267,544,718</u>	<u>\$ 291,510,588</u>	<u>\$ 302,584,425</u>	<u>\$ 305,237,427</u>	<u>\$ 307,946,530</u>

Over the last ten years the net position of governmental activities decreased by just over 3 percent (\$3,871,000). Included in program revenues are \$1,231,951 of capital contributions in the form of systems development charges, connection fees, improvement assurance fees, and site improvements.

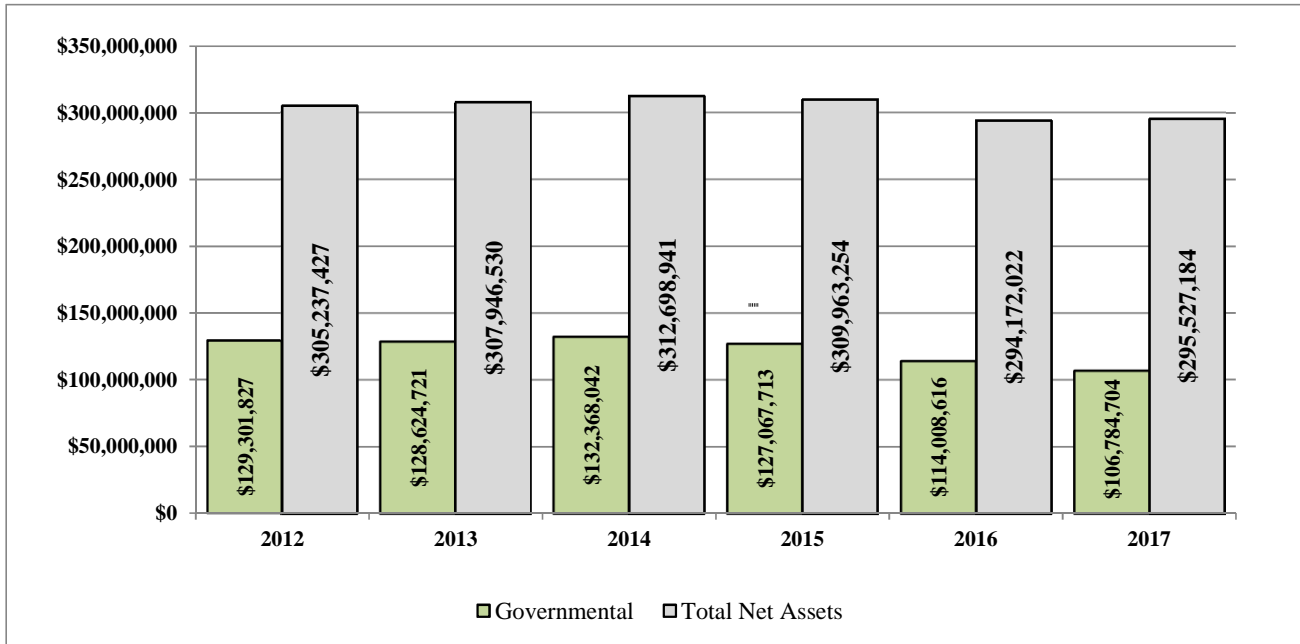
During the same time frame (ten years), the net position of the business-type activities has increased by 32 percent (\$45,591,000). The two major components of the increase have been operating income (\$63,750,000) and capital contributions (\$32,257,000), which consists of development fees (systems development charges, in-lieu-of assessment charges, and improvement assurances), and developer constructed water, sewer, and storm drain site improvements donated to the City.

Source: City of Albany 2008-2017 Comprehensive Annual Financial Reports

Schedule 1
CITY OF ALBANY, OREGON
NET POSITION BY COMPONENT, continued
 Last Ten Fiscal Years
 (accrual basis of accounting)

2013	2014	2015	2016	2017	
					Governmental Activities
\$ 95,848,731	\$ 90,297,428	\$ 94,819,619	\$ 75,708,533	\$ 94,492,224	Net investment in capital assets
11,874,882	16,359,363	11,071,442	27,479,252	11,226,820	Restricted
20,901,108	25,711,251	21,176,652	10,820,831	1,065,660	Unrestricted
<u>128,624,721</u>	<u>132,368,042</u>	<u>127,067,713</u>	<u>114,008,616</u>	<u>106,784,704</u>	Total governmental activities net position
					Business-type activities
136,828,820	140,222,126	140,997,807	145,243,974	146,556,723	Net investment in capital assets
13,514,952	10,863,027	10,717,596	10,115,449	9,490,275	Restricted
28,978,037	29,245,746	31,180,138	24,803,983	32,695,482	Unrestricted
<u>179,321,809</u>	<u>180,330,899</u>	<u>182,895,541</u>	<u>180,163,406</u>	<u>188,742,480</u>	Total business-type activities net position
					Total City of Albany
230,519,554	235,817,426	235,817,426	220,952,507	241,048,947	Net investment in capital assets
27,222,390	21,789,038	21,789,038	37,594,701	20,717,095	Restricted
53,953,862	52,356,790	52,356,790	35,624,814	33,761,142	Unrestricted
<u>\$ 311,695,806</u>	<u>\$ 309,963,254</u>	<u>\$ 309,963,254</u>	<u>\$ 294,172,022</u>	<u>\$ 295,527,184</u>	Total net position

Governmental, Business-type, and Total Net Position
 last 6 fiscal years



Schedule 2
CITY OF ALBANY, OREGON
CHANGE IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2008	2009	2010	2011	2012
Expenses					
Governmental activities:					
General government	\$ 8,791,969	\$ 7,813,659	\$ 9,227,210	\$ 5,512,747	\$ 5,282,341
Public safety	22,831,077	25,723,911	26,364,368	27,512,458	27,832,589
Highways and streets	6,717,357	6,794,651	6,927,620	7,098,212	5,964,162
Culture and recreation	7,542,294	8,238,041	8,372,888	8,035,033	9,300,151
Interest on long-term debt	1,171,934	1,202,841	1,138,531	1,074,180	972,088
Total governmental activities expenses	<u>47,054,631</u>	<u>49,773,103</u>	<u>52,030,617</u>	<u>49,232,630</u>	<u>49,351,331</u>
Business-type activities					
Water	11,495,380	11,445,203	11,252,016	11,239,646	10,970,041
Sewer	9,317,599	9,516,905	10,119,746	12,210,391	14,201,008
Stormwater	-	-	-	-	-
Total business-type activities expenses	<u>20,812,979</u>	<u>20,962,108</u>	<u>21,371,762</u>	<u>23,450,037</u>	<u>25,171,049</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	3,184,952	4,055,717	2,796,623	2,817,789	2,699,581
Public Safety	2,776,588	2,902,915	3,247,298	3,303,862	3,174,653
Highways and Streets	-	-	-	-	110,792
Culture and recreation	818,626	789,184	1,012,384	912,904	908,153
Operating grants and contributions	5,242,275	4,705,458	5,385,159	4,354,299	5,245,587
Capital grants and contributions	7,418,560	4,767,440	4,629,070	7,433,911	2,613,592
Total governmental activities program revenues	<u>19,441,001</u>	<u>17,220,714</u>	<u>17,070,534</u>	<u>18,822,765</u>	<u>14,752,358</u>
Business-type activities					
Water	13,241,504	12,906,796	12,003,928	11,520,604	11,873,787
Sewer	12,035,561	20,012,557	13,637,347	13,094,616	13,687,284
Stormwater	-	-	-	-	-
Total business-type activities program revenues	<u>25,277,065</u>	<u>32,919,353</u>	<u>25,641,275</u>	<u>24,615,220</u>	<u>25,561,071</u>
Total program revenues	<u>44,718,066</u>	<u>50,140,067</u>	<u>42,711,809</u>	<u>43,437,985</u>	<u>40,313,429</u>
General Revenues					
Governmental activities:					
Taxes:					
Property taxes used for general purposes	20,009,812	21,133,841	21,816,218	22,430,005	22,540,932
Property taxes used for debt service	2,174,926	2,317,806	3,099,335	3,849,690	3,303,218
Transient room taxes used for general purposes	510,037	478,150	382,054	655,879	715,865
Transient room taxes used for debt service	231,083	196,594	213,174	-	-
Motor fuel	2,056,995	2,674,179	2,029,262	2,365,624	2,746,350
Cigarette and alcoholic beverage	995,174	1,023,060	624,444	651,683	699,755
Privilege	2,717,412	2,759,292	2,570,602	2,680,877	2,901,489
Contributions to permanent funds	295	133	160	-	-
Grants and contributions not restricted to specific programs	124,421	107,027	-	-	-
Unrestricted interest earnings	1,738,924	981,571	605,921	360,650	232,122
Miscellaneous	431,229	329,267	18,871,796	196,111	490,535
Total governmental activities general revenues	<u>30,990,308</u>	<u>32,000,920</u>	<u>50,212,966</u>	<u>33,190,519</u>	<u>33,630,266</u>
(Loss) on disposal of capital assets	-	-	-	-	-
Transfers	282,229	203,748	480,438	1,028,256	419,885
Total governmental activities	<u>31,272,537</u>	<u>32,204,668</u>	<u>50,693,404</u>	<u>34,218,775</u>	<u>34,050,151</u>

Schedule 2
CITY OF ALBANY, OREGON
CHANGE IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

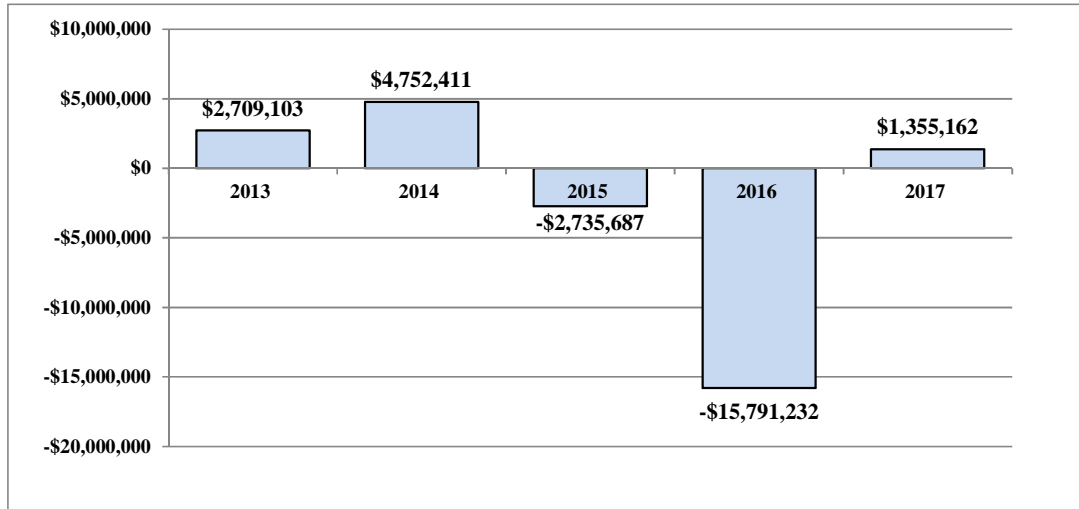
2013	2014	2015	2016	2017	
					Expenses
					Governmental activities:
\$ 6,998,687	\$ 7,493,529	\$ 7,667,638	\$ 11,956,298	\$ 11,627,250	General government
26,998,857	26,533,616	20,771,259	39,213,576	33,190,548	Public safety
7,165,295	7,015,625	6,577,224	5,926,402	6,116,216	Highways and streets
8,548,521	9,071,696	7,939,789	13,557,065	11,634,285	Culture and recreation
880,010	728,980	710,061	1,240,044	1,295,382	Interest on long-term debt
<u>50,591,370</u>	<u>50,843,446</u>	<u>43,665,971</u>	<u>71,893,385</u>	<u>63,863,681</u>	Total governmental activities expenses
					Business-type activities
12,281,328	11,524,422	10,329,623	14,550,636	12,640,992	Water
14,114,463	14,765,389	13,890,720	17,663,062	15,726,496	Sewer
-	-	-	-	1,095,648	Stormwater
<u>26,395,791</u>	<u>26,289,811</u>	<u>24,220,343</u>	<u>32,213,698</u>	<u>29,463,136</u>	Total business-type activities expenses
					Program Revenues
					Governmental activities:
					Charges for services:
3,509,363	4,081,131	3,487,011	3,718,959	4,173,637	General Government
2,562,519	2,693,877	3,150,776	3,291,540	3,941,179	Public Safety
-	158,753	134,615	138,139	101,502	Highways and Streets
1,181,152	893,172	995,606	1,016,928	1,099,530	Culture and recreation
3,245,250	5,336,946	5,591,657	5,461,409	5,671,185	Operating grants and contributions
4,357,201	4,134,157	3,459,206	3,659,772	2,700,427	Capital grants and contributions
<u>14,855,485</u>	<u>17,298,036</u>	<u>16,818,871</u>	<u>17,286,747</u>	<u>17,687,460</u>	Total governmental activities program revenues
					Business-type activities
12,338,047	13,055,548	13,820,209	13,594,778	16,764,392	Water
13,410,334	15,524,322	16,683,218	16,645,445	20,963,014	Sewer
-	-	-	-	974,504	Stormwater
<u>25,748,381</u>	<u>28,579,870</u>	<u>30,503,427</u>	<u>30,240,223</u>	<u>38,701,910</u>	Total business-type activities program revenues
<u>40,603,866</u>	<u>45,877,906</u>	<u>47,322,298</u>	<u>47,526,970</u>	<u>56,389,370</u>	Total program revenues
					General Revenues
					Governmental activities:
					Taxes:
22,159,102	25,857,223	26,146,965	27,578,824	29,075,238	Property taxes used for general purposes
3,430,326	1,346,036	1,305,558	1,036,443	1,083,756	Property taxes used for debt service
754,585	803,805	927,172	1,058,892	1,117,460	Transient room taxes used for general purposes
-	-	-	-	-	Transient room taxes used for debt service
2,764,402	2,913,483	2,899,968	3,046,727	3,120,603	Motor fuel
1,213,099	1,251,981	1,300,909	1,317,405	1,336,937	Cigarette and alcoholic beverage
2,761,418	2,966,949	2,984,718	3,572,017	3,901,524	Privilege
-	-	-	-	-	Contributions to permanent funds
-	-	-	-	-	Grants and contributions not restricted to specific programs
401,725	273,722	200,035	463,554	334,206	Unrestricted interest earnings
548,471	186,145	901,434	1,246,118	967,589	Miscellaneous
<u>34,033,128</u>	<u>35,599,344</u>	<u>36,666,759</u>	<u>39,319,980</u>	<u>40,937,313</u>	Total governmental activities general revenues
-	-	-	-	-	(Loss) on disposal of capital assets
1,025,651	1,689,391	1,083,453	1,196,104	1,076,350	Transfers
<u>35,058,779</u>	<u>37,288,735</u>	<u>37,750,212</u>	<u>40,516,084</u>	<u>42,013,663</u>	Total governmental activities

continued pages 134-135

Schedule 2
CITY OF ALBANY, OREGON
CHANGE IN NET POSITION, continued
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2008	2009	2010	2011	2012
General Revenues, continued					
Business-type activities					
Property taxes used for debt service	\$ 824,530	\$ 813,948	\$ 660,343	\$ (2,852)	\$ 8,655
Unrestricted investment earnings	1,428,407	853,758	623,298	272,181	224,922
Gain on disposal of real property	319,069	-	-	-	-
Miscellaneous	907,749	663,492	3,159,835	6,858,672	2,998,110
Total business-type activities general revenues	3,479,755	2,331,198	4,443,476	7,128,001	3,231,687
Transfers	(282,229)	(203,748)	(480,438)	(1,028,256)	(419,885)
Total business-type activities	3,197,526	2,127,450	3,963,038	6,099,745	2,811,802
Change in Net Position					
Governmental activities	3,658,907	(347,721)	15,733,321	3,808,910	(548,822)
Business-type activities	7,661,612	14,084,695	8,232,551	7,264,928	3,201,824
Total Change in net position	11,320,519	13,736,974	23,965,872	11,073,838	2,653,002
Net position - beginning	242,487,225	253,807,744	267,544,716	291,510,587	302,584,425
Prior period adjustments	-	-	-	-	-
Net position - ending	<u>\$253,807,744</u>	<u>\$ 267,544,718</u>	<u>\$291,510,588</u>	<u>\$302,584,425</u>	<u>\$ 305,237,427</u>

Change in Net Position
last five years

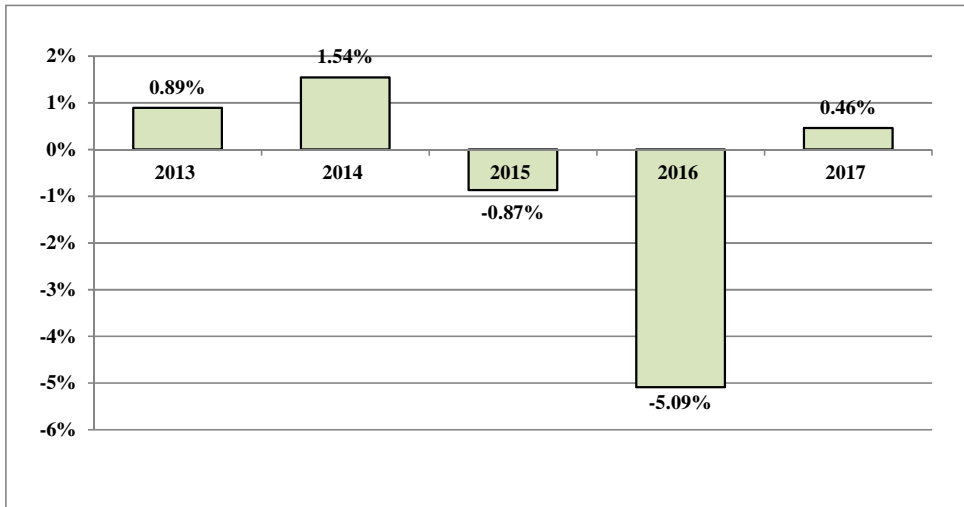


Source: City of Albany 2008-2017 Comprehensive Annual Financial Reports

Schedule 2
CITY OF ALBANY, OREGON
CHANGE IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

2013	2014	2015	2016	2017	
					General Revenues, continued
\$ 12,205	\$ 2,298	\$ 3,588	\$ 263	\$ 62	Business-type activities
264,875	237,294	332,210	318,536	189,390	Property taxes used for debt service
-	-	-	-	-	Unrestricted investment earnings
5,785,325	168,830	62,372	52,702	227,198	Gain on disposal of real property
6,062,405	408,422	398,170	371,501	416,650	Miscellaneous
(1,025,651)	(1,689,391)	(1,083,453)	(1,196,104)	(1,076,350)	Total business-type activities general revenues
5,036,754	(1,280,969)	(685,283)	(824,603)	(659,700)	Transfers
					Total business-type activities
					Change in Net Position
(677,106)	3,743,325	10,903,112	(14,090,554)	(4,162,558)	Governmental activities
4,389,344	1,009,090	5,597,801	(2,798,078)	8,579,074	Business-type activities
3,712,238	4,752,415	16,500,913	(16,888,632)	4,416,516	Total Change in net position
305,237,427	307,946,526	312,698,939	309,963,254	294,172,022	Net position - beginning
(1,003,135)	-	(19,236,598)	1,097,400	(3,061,354)	Prior period adjustments
<u>\$307,946,530</u>	<u>\$312,698,941</u>	<u>\$309,963,254</u>	<u>\$294,172,022</u>	<u>\$295,527,184</u>	Net position - ending

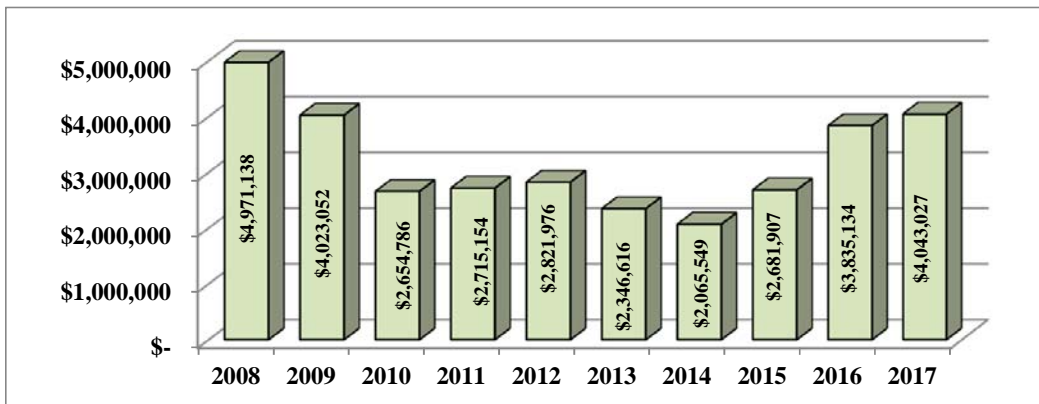
Year to Year Percentage Change in Net Position
 last five years



Schedule 3
CITY OF ALBANY, OREGON
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years (1)
 (modified accrual basis of accounting)

	2008	2009	2010	2011	2012
General Fund					
Unreserved	\$ 4,971,138	\$ 4,023,052	\$ 2,654,786	\$ -	\$ -
Nonspendable	-	-	-	65,245	62,147
Committed	-	-	-	185,139	165,567
Unassigned	-	-	-	2,464,770	2,594,262
Total General Fund	<u>4,971,138</u>	<u>4,023,052</u>	<u>2,654,786</u>	<u>2,715,154</u>	<u>2,821,976</u>
All other governmental funds					
Reserved for:					
Capital projects	10,555,792	7,853,494	7,879,049	-	-
Debt service	1,176,797	931,686	874,973	-	-
Library programs	11,688	11,464	7,265	-	-
Parks & Recreation programs	11,874	11,079	11,733	-	-
Perpetual care	117,502	117,502	117,500	-	-
Unreserved, reported in:					
Special revenue funds	16,884,061	14,190,275	30,682,955	-	-
Capital project fund	1,109,238	488,673	(2,046,965)	-	-
Nonspendable	-	-	-	130,860	118,130
Restricted	-	-	-	14,739,849	10,972,119
Committed	-	-	-	23,279,884	21,519,026
Unassigned	-	-	-	(2,782,392)	(298,795)
Total all other governmental funds	<u>29,866,952</u>	<u>23,604,173</u>	<u>37,526,510</u>	<u>35,368,201</u>	<u>32,310,480</u>
Total fund balances of governmental funds	<u>\$ 34,838,090</u>	<u>\$ 27,627,225</u>	<u>\$ 40,181,296</u>	<u>\$ 38,083,355</u>	<u>\$ 35,132,456</u>

General Fund Unreserved Fund Balance
 Last Ten Fiscal Years



Note (1): The City has implemented GASB 54, effective Fiscal Year 2011. Due to the conversion, the City has reclassified ending fund balances, which has made prior periods not comparable. The above information will be accumulated yearly, until 10 years are reported.

Source: City of Albany 2008-2017 Comprehensive Annual Financial Reports

Schedule 3
CITY OF ALBANY, OREGON
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years (1)
 (modified accrual basis of accounting)

2013	2014	2015	2016	2017	
					General Fund
\$ -	\$ -	\$ -	\$ -	\$ -	Unreserved
101,672	9,764	9,634	41,153	32,515	Nonspendable
176,067	279,918	-	-	-	Committed
<u>2,068,877</u>	<u>1,775,867</u>	<u>2,672,273</u>	<u>3,793,981</u>	<u>4,010,512</u>	Unassigned
<u>2,346,616</u>	<u>2,065,549</u>	<u>2,681,907</u>	<u>3,835,134</u>	<u>4,043,027</u>	Total General Fund
					All other governmental funds
					Reserved for:
-	-	-	-	-	Capital projects
-	-	-	-	-	Debt service
-	-	-	-	-	Library programs
-	-	-	-	-	Parks & Recreation programs
-	-	-	-	-	Perpetual care
					Unreserved, reported in:
-	-	-	-	-	Special revenue funds
-	-	-	-	-	Capital projects fund
135,077	156,092	169,542	152,185	146,093	Nonspendable
9,537,754	13,663,170	12,565,772	27,479,252	14,991,432	Restricted
21,919,612	21,652,083	20,480,214	21,614,668	19,747,584	Committed
<u>(2,778,516)</u>	<u>(3,589,921)</u>	<u>(2,566,638)</u>	<u>-</u>	<u>-</u>	Unassigned
<u>28,813,927</u>	<u>31,881,424</u>	<u>30,648,890</u>	<u>49,246,105</u>	<u>34,885,109</u>	Total all other governmental funds
<u>\$ 31,160,543</u>	<u>\$ 33,946,973</u>	<u>\$ 33,330,797</u>	<u>\$ 53,081,239</u>	<u>\$ 38,928,136</u>	Total fund balances of governmental funds

**General Fund Unreserved/Unassigned Fund Balance
 and Annual Percentage Change**
 Last Ten Fiscal Years

Fiscal Year	Fund Balance	% Change
2008	\$ 4,971,138	-
2009	4,023,052	-19.07%
2010	2,654,786	-34.01%
2011	2,464,770	-7.16%
2012	2,594,262	5.25%
2013	2,068,877	-20.25%
2014	1,775,867	-14.16%
2015	2,672,273	50.48%
2016	3,793,981	41.98%
2017	4,010,512	5.71%

The General Fund unreserved fund balance has decreased by -19.32 percent over the last ten years. The 2016-17 unassigned fund balance of \$4,010,512 is 12.21 percent of total expenditures before transfers out, and 10.66 percent of the total General Fund 2016-17 budget.

Schedule 4
CITY OF ALBANY, OREGON
CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	2008	2009	2010	2011	2012
Revenues					
Taxes	\$ 22,857,443	\$ 23,723,701	\$ 25,163,569	\$ 26,932,006	\$ 26,567,049
Special assessments	92,321	82,653	64,604	42,830	47,734
Franchise fees, privilege taxes, licenses, and permits	7,752,797	6,654,711	6,390,875	6,169,128	5,649,180
Intergovernmental	8,303,684	7,124,187	8,129,421	9,331,327	9,389,439
Charges for services	4,608,381	5,599,253	5,043,672	5,204,052	4,967,810
Fines and forfeitures	988,983	927,897	839,861	769,200	731,135
Gifts and donations	2,008,320	-	-	-	-
Land sales	-	-	-	-	-
Interest on investments	1,717,615	964,613	595,031	348,336	262,531
Miscellaneous	1,168,815	2,776,430	19,366,270	481,375	836,338
Total revenues	<u>49,498,359</u>	<u>47,853,445</u>	<u>65,593,303</u>	<u>49,278,254</u>	<u>48,451,216</u>
Expenditures					
General government	8,472,015	8,223,631	9,002,393	5,916,136	5,444,422
Public safety	22,040,875	23,932,216	24,225,530	25,218,770	25,643,030
Highways and streets	3,864,623	3,651,135	3,599,042	3,553,451	3,483,170
Culture and recreation	6,768,031	7,349,399	7,569,933	7,078,644	8,475,037
Health	-	-	-	-	-
Capital outlay	6,183,849	9,541,626	8,135,811	5,975,749	5,800,086
Debt service					
Principal	2,900,558	3,854,453	1,908,434	3,585,926	2,017,524
Interest	1,203,625	1,170,493	1,112,461	1,075,775	958,731
Total expenditures	<u>51,433,576</u>	<u>57,722,953</u>	<u>55,553,604</u>	<u>52,404,451</u>	<u>51,822,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,935,217)</u>	<u>(9,869,508)</u>	<u>10,039,699</u>	<u>(3,126,197)</u>	<u>(3,370,784)</u>
Other financing sources (uses)					
Debt issuance	5,051,998	2,102,500	1,958,800	-	-
Capital lease	74,362	352,395	75,139	-	-
Sale of capital asset	-	-	-	-	-
Transfers in	5,994,473	5,869,492	5,836,489	10,705,097	10,417,617
Transfers out	(5,619,981)	(5,665,744)	(5,356,051)	(9,676,841)	(9,997,732)
Total other financing sources (uses)	<u>5,500,852</u>	<u>2,658,643</u>	<u>2,514,377</u>	<u>1,028,256</u>	<u>419,885</u>
Prior period adjustments	1,011,378	-	-	-	-
Net change in fund balances	<u>\$ 4,577,013</u>	<u>\$ (7,210,865)</u>	<u>\$ 12,554,076</u>	<u>\$ (2,097,941)</u>	<u>\$ (2,950,899)</u>

Notes: In Fiscal Year 2004-05, the City issued \$1,700,000 in revenue obligations to refund the 1994 City Hall certificates of participation. In Fiscal Year 2006-07, the City issued \$8,335,000 in General Obligation (GO) Refunding bonds to refund the 1996 GO bonds and advance refund the 1999 GO bonds. In Fiscal Year 2015-16, the City issued \$18,000,000 in general obligation bonds to finance the new public safety buildings.

Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures

Total debt service expenditures	\$ 4,104,183	\$ 5,024,946	\$ 3,020,895	\$ 2,961,701	\$ 2,976,255
Total noncapital expenditures	<u>45,249,727</u>	<u>48,181,327</u>	<u>47,417,793</u>	<u>46,428,702</u>	<u>46,021,914</u>
Ratio of total debt service expenditures less refundings to total noncapital expenditures	<u>9.07%</u>	<u>10.43%</u>	<u>6.37%</u>	<u>6.38%</u>	<u>6.47%</u>

Source: City of Albany 2008-2017 Comprehensive Annual Financial Reports

Schedule 4
CITY OF ALBANY, OREGON
CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

2013	2014	2015	2016	2017	
					Revenues
\$ 26,566,424	\$ 27,416,529	\$ 28,286,016	\$ 29,897,203	\$ 31,464,424	Taxes
28,863	17,864	817,846	526,610	281,495	Special assessments
					Franchise fees, privilege taxes, licenses, and permits
5,831,905	6,502,757	7,217,726	7,621,457	8,925,034	Intergovernmental
9,039,634	10,517,304	9,332,104	9,123,174	8,450,512	Charges for services
5,697,879	6,082,333	5,927,810	6,326,874	6,907,045	Fines and forfeitures
3,101	3,123	3,127	8,403	19,544	Gifts and donations
-	-	-	-	-	Land sales
397,315	271,182	197,437	456,806	328,560	Interest on investments
1,180,098	1,337,583	1,159,726	1,088,232	1,416,602	Miscellaneous
<u>48,745,219</u>	<u>52,148,675</u>	<u>52,941,792</u>	<u>55,060,255</u>	<u>57,793,216</u>	Total revenues
					Expenditures
7,064,448	6,686,132	7,544,431	10,080,973	11,609,197	General government
24,762,823	25,595,092	25,997,415	27,404,433	28,332,212	Public safety
3,472,264	3,128,945	2,980,799	3,056,329	3,108,781	Highways and streets
7,608,139	8,056,710	8,368,902	8,779,572	9,158,782	Culture and recreation
-	-	-	125,745	130,621	Health
6,226,543	3,952,086	7,926,087	6,485,115	18,508,987	Capital outlay
					Debt service
3,905,432	2,237,146	1,741,794	1,016,605	983,483	Principal
870,010	755,175	714,071	1,212,756	1,315,505	Interest
<u>53,909,659</u>	<u>50,411,286</u>	<u>55,273,499</u>	<u>58,161,528</u>	<u>73,147,568</u>	Total expenditures
(5,164,440)	1,737,389	(2,331,707)	(3,101,273)	(15,354,352)	Excess (deficiency) of revenues over (under) expenditures
					Other financing sources (uses)
-	-	-	18,636,260	-	Debt issuance
166,876	-	86,005	242,881	-	Capital lease
-	-	-	1,745,013	-	Sale of capital asset
4,960,950	6,660,676	6,577,243	12,316,154	6,913,140	Transfers in
(3,935,299)	(4,995,277)	(5,493,790)	(11,120,050)	(5,777,590)	Transfers out
1,192,527	1,665,399	1,169,458	21,820,258	1,135,550	Total other financing sources (uses)
-	-	(70,285)	1,031,457	65,699	Prior period adjustments
<u>\$ (3,971,913)</u>	<u>\$ 3,402,788</u>	<u>\$ (1,232,534)</u>	<u>\$ 19,750,442</u>	<u>\$ (14,153,103)</u>	Net change in fund balances
\$ 4,775,442	\$ 2,992,321	\$ 2,455,865	\$ 2,229,361	\$ 2,298,988	Total debt service expenditures
47,683,116	44,350,115	51,002,132	51,671,259	53,314,821	Total noncapital expenditures
<u>10.01%</u>	<u>6.75%</u>	<u>4.82%</u>	<u>4.31%</u>	<u>4.31%</u>	Ratio of total debt service expenditures less refundings to total noncapital expenditures

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Schedule 5
CITY OF ALBANY, OREGON
ASSESSED VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

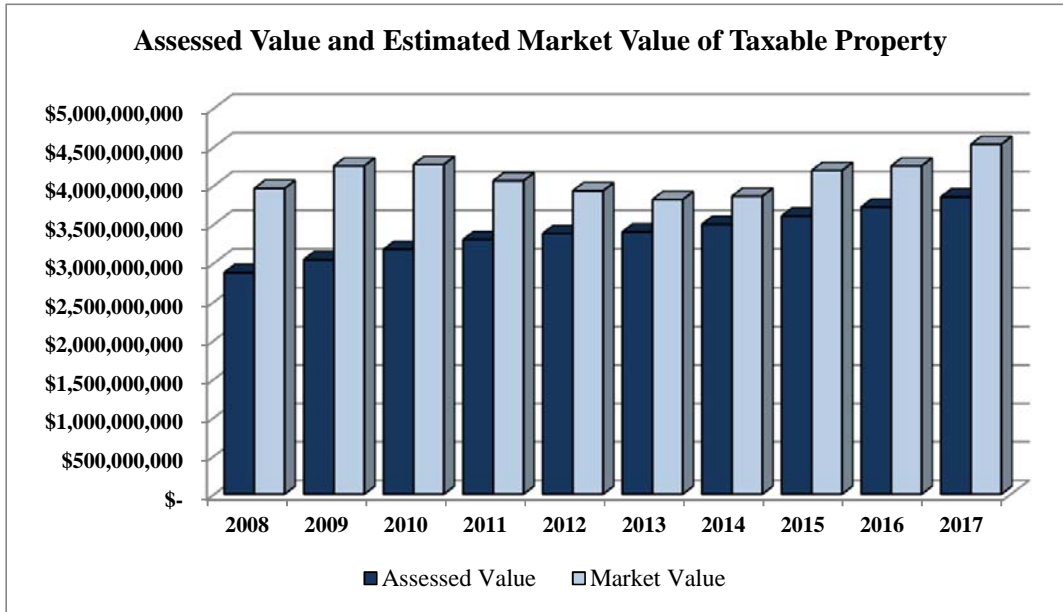
Fiscal Year Ended June 30,	County	Taxable Assessed Value (1)	Direct Tax Rate Per \$1,000 of Assessed Value	Urban Renewal District Assessed Value (2)	Total Assessed Value	Estimated Market Value	Assessed Value as a % of Market Value
2008	Linn	\$ 2,323,996,912	\$ 8	\$ 62,008,472	\$ 2,386,005,384	\$ 3,241,435,594	73.61%
	Benton	487,155,971	7.86	-	487,155,971	718,378,931	67.81%
	Total	2,811,152,883		62,008,472	2,873,161,355	3,959,814,525	72.56%
2009	Linn	2,429,035,563	8.04	83,900,206	2,512,935,769	3,426,321,654	73.34%
	Benton	526,917,483	7.84	-	526,917,483	825,153,887	63.86%
	Total	2,955,953,046		83,900,206	3,039,853,252	4,251,475,541	71.50%
2010	Linn	2,529,699,882	7.99	90,157,811	2,619,857,693	3,433,300,300	76.31%
	Benton	550,561,377	7.78	-	550,561,377	836,060,448	65.85%
	Total	3,080,261,259		90,157,811	3,170,419,070	4,269,360,748	74.26%
2011	Linn	2,618,801,545	7.81	101,564,871	2,720,366,416	3,275,687,464	83.05%
	Benton	578,241,790	7.81	-	578,241,790	781,904,703	73.95%
	Total	3,197,043,335		101,564,871	3,298,608,206	4,057,592,167	81.29%
2012	Linn	2,648,804,108	7.52	111,196,690	2,760,000,798	3,201,432,516	86.21%
	Benton	617,297,378	7.52	-	617,297,378	728,220,462	84.77%
	Total	3,266,101,486		111,196,690	3,377,298,176	3,929,652,978	85.94%
2013	Linn	2,638,629,357	7.50	123,803,553	2,762,432,910	3,087,680,619	93.48%
	Benton	636,151,862	7.97	-	636,151,862	728,220,462	85.66%
	Total	3,274,781,219		123,803,553	3,398,584,772	3,815,901,081	89.06%
2014	Linn	2,690,866,895	7.66	135,999,495	2,826,866,390	3,117,569,985	90.68%
	Benton	668,393,866	7.92	-	668,393,866	742,624,187	90.00%
	Total	3,359,260,761		135,999,495	3,495,260,256	3,860,194,172	90.55%
2015	Linn	2,747,431,038	6.40	147,927,166	2,895,358,204	3,418,838,730	84.69%
	Benton	706,740,905	7.84	-	706,740,905	772,422,707	91.50%
	Total	3,454,171,943		147,927,166	3,602,099,109	4,191,261,437	85.94%
2016	Linn	2,843,619,873	9.11	166,529,559	3,010,149,432	3,435,409,825	87.62%
	Benton	708,740,905	7.84	-	708,740,905	816,085,814	86.85%
	Total	3,552,360,778		166,529,559	3,718,890,337	4,251,495,639	87.47%
2017	Linn	2,909,474,715	8.15	187,383,932	3,096,858,647	3,642,062,176	85.03%
	Benton	753,694,742	7.84	-	753,694,742	887,834,609	84.89%
	Total	3,663,169,457		187,383,932	3,850,553,389	4,529,896,785	85.00%

(1) Does not include the assessed value of the urban renewal district.

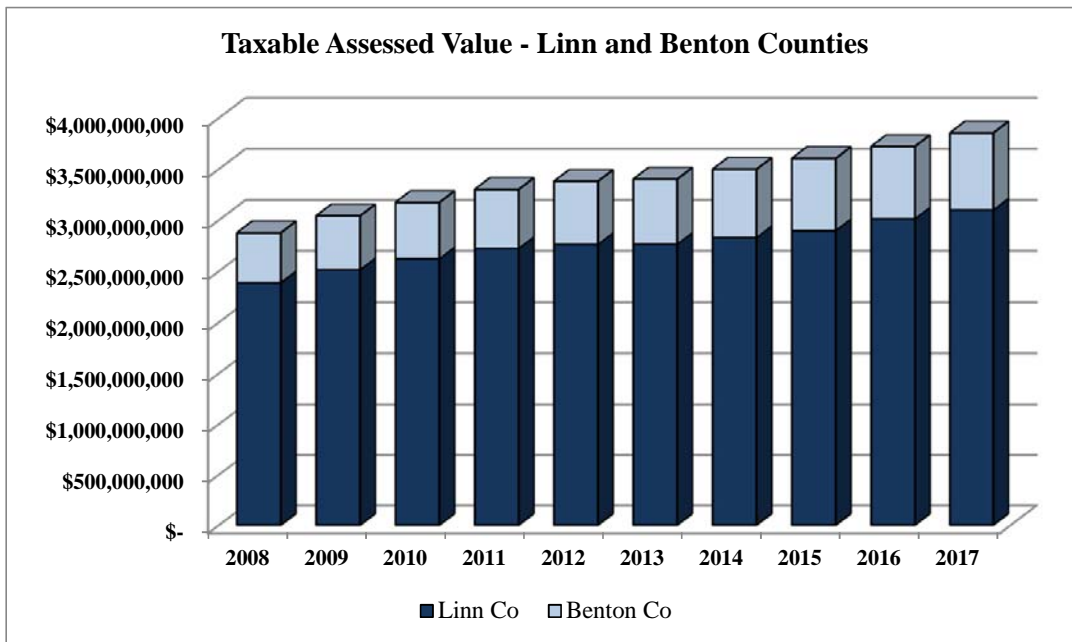
(2) Urban renewal district incremental amount.

Source: Linn and Benton Counties Tax Assessor

Schedule 5
CITY OF ALBANY, OREGON
ASSESSED VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years



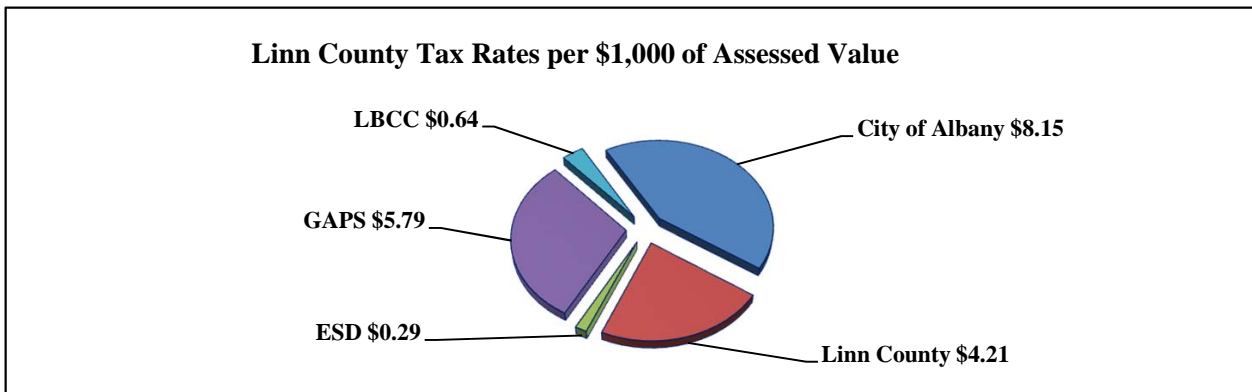
The "gap" between the market value and the assessed value is important to note. Oregon statutes allow the assessed value on a single piece of property to rise no more than three percent annually up to the market value, where the assessed value is capped. Currently, the assessed value is 85 percent of market value, leaving a \$679,343,396 gap. Current economic conditions will have an effect on the market value of properties, but the extent of the effect is not known at this time.



Schedule 6
CITY OF ALBANY, OREGON
DIRECT AND OVERLAPPING TAX RATES (1)
 Last Ten Fiscal Years

City of Albany Direct Rates

Fiscal Year Ended June 30,	County	Basic Rate	Local Option Public Safety Levy	General Obligation Debt Service	Total Before Urban Renewal	Albany Urban Renewal	Total Direct Rate
2008	Linn	\$ 6.40	\$ 0.95	\$ 0.69	\$ 8.04	\$ 0.42	\$ 8.46
	Benton	6.26	0.93	0.67	7.86	0.26	8.12
2009	Linn	6.40	0.95	0.69	8.04	0.42	8.46
	Benton	6.25	0.95	0.64	7.84	0.33	8.17
2010	Linn	6.40	0.95	0.64	7.99	0.47	8.46
	Benton	6.22	0.92	0.64	7.78	0.36	8.14
2011	Linn	6.20	0.92	0.69	7.81	0.56	8.37
	Benton	6.20	0.92	0.69	7.81	0.44	8.25
2012	Linn	6.19	0.92	0.41	7.52	0.66	8.17
	Benton	6.19	0.92	0.41	7.52	0.49	8.01
2013	Linn	6.16	0.92	0.42	7.50	0.73	8.23
	Benton	6.16	0.92	0.42	7.50	0.55	8.04
2014	Linn	6.40	1.15	0.43	7.98	0.80	8.78
	Benton	6.40	1.15	0.43	7.98	-	7.98
2015	Linn	6.40	1.15	0.37	7.92	1.27	9.19
	Benton	6.40	1.15	0.37	7.92	-	7.92
2016	Linn	6.40	1.15	0.29	7.84	1.27	9.11
	Benton	6.40	1.15	0.29	7.84	-	7.84
2017	Linn	6.40	1.15	0.29	7.84	0.31	8.15
	Benton	6.40	1.15	0.29	7.84	-	7.84



(1) - Rate per \$1,000 of assessed value

ESD - Educational Service District
 GAPS - Greater Albany Public School District

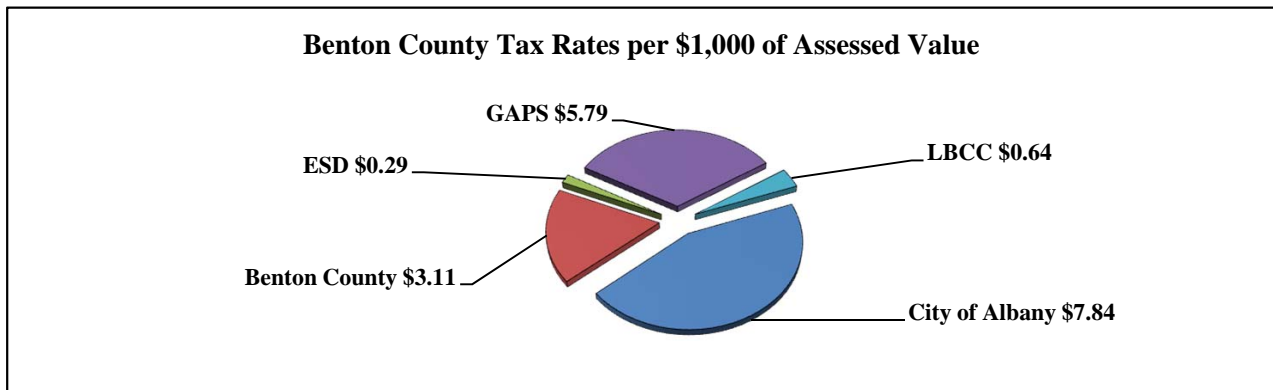
LBCC - Linn-Benton Community College
 NACSD - North Albany County Service District

Source: Linn and Benton County Tax Assessors

Schedule 6
CITY OF ALBANY, OREGON
DIRECT AND OVERLAPPING TAX RATES
 Last Ten Fiscal Years

Overlapping Rates

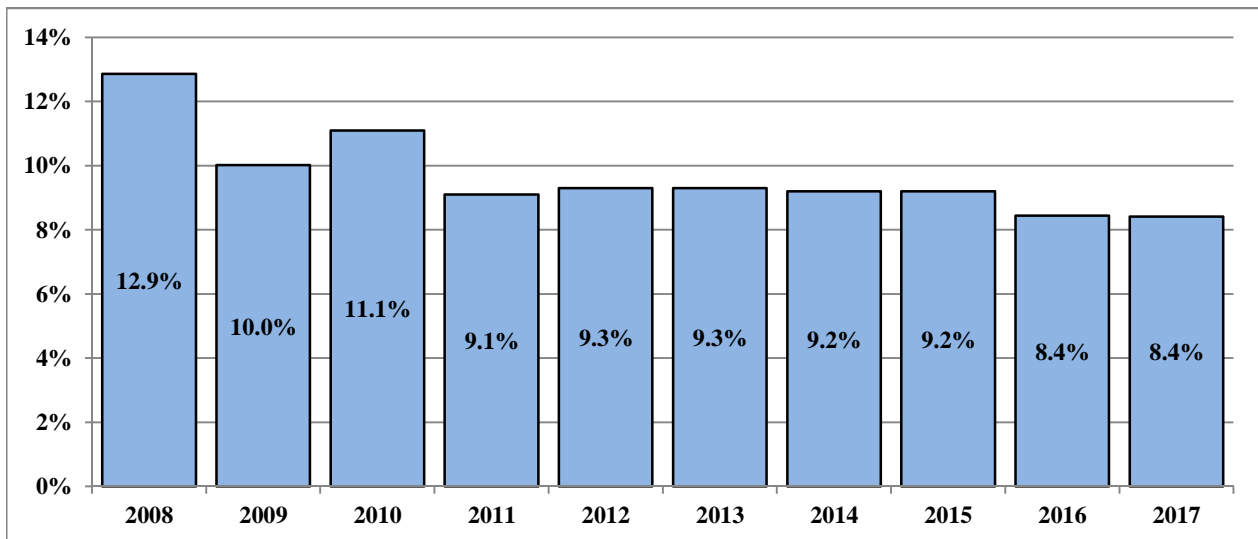
Linn County	Benton County	4H Extension District (2)	ESD(2) Linn/Benton Counties	Greater Albany Public School District	Linn-Benton Community College	North Albany County Service District	Total Direct & Overlapping Rates
\$ 3.60	\$ -	\$ -	\$ 0.30	\$ 6.03	\$ 0.66	\$ -	\$ 19.05
-	2.51	-	0.30	6.03	0.66	0.29	17.91
3.51	-	-	0.30	6.03	0.66	-	18.96
-	3.16	-	0.30	6.03	0.50	0.18	18.34
3.46	-	0.05	0.30	6.05	0.66	-	18.98
-	2.85	-	0.30	6.05	0.66	0.18	18.18
3.48	-	0.05	0.30	6.02	0.65	-	18.87
-	2.90	-	0.30	6.02	0.65	-	18.11
3.88	-	0.05	0.29	5.98	0.66	-	19.03
-	2.94	-	0.29	5.98	0.66	-	17.87
3.86	-	0.05	0.29	5.97	0.65	-	19.05
-	3.02	-	0.29	5.97	0.65	-	17.97
3.85		0.05	0.29	6.07	0.66	-	19.70
	3.16	-	0.29	6.07	0.66	-	18.16
4.21		0.07	0.29	6.01	0.65	-	20.42
	3.11	-	0.29	6.01	0.65	-	17.97
4.21		0.07	0.29	6.01	0.65	-	20.34
	3.11	-	0.29	6.01	0.65	-	17.89
4.21		0.07	0.29	5.79	0.64	-	19.14
	3.11	-	0.29	5.79	0.64	-	17.66



Schedule 7
CITY OF ALBANY, OREGON
PRINCIPAL PROPERTY TAXPAYERS
 Fiscal Years 2007-2008 and 2016-2017

Taxpayer	2016-2017		% of Total Taxable Assessed Value	2007-2008		% of Total Taxable Assessed Value
	Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
Dayton Hudson Corporation	\$ 70,537,560	1	1.83%	\$ 77,609,207	1	2.91%
Oregon Freeze Dry Foods, Inc.	35,215,620	2	0.91%	31,360,924	3	1.05%
Oregon Metallurgical Corporation	28,230,670	3	0.73%	40,179,355	2	1.15%
Comcast Corporation	26,666,500	4	0.69%			
Pacific Cast Technologies	25,030,540	5	0.65%	19,664,554	6	
Pacificorp (PP&L)	21,306,000	6	0.55%			2.31%
Northwest Natural Gas	18,664,100	7	0.48%			1.49%
Wal-Mart Real Estate	18,170,510	8	0.47%			
Mennonite Home of Albany	18,209,694	9		12,319,048	8	0.70%
Eugene Freezing & Storage Co	18,522,270	10	0.48%			
Metropolitan Life Insurance	17,431,550		0.45%	15,474,060	7	0.56%
Waverly Land Management			0.00%	22,071,148	4	0.80%
Steadfast Heritage, LLC				20,691,381	5	0.91%
Costco Wholesale Corp	14,267,780			11,946,670	9	0.49%
SVC Manufacturing	11,461,740			11,231,840	10	0.49%
Total	\$ 323,714,534		8.41%	\$ 262,548,187		12.86%
Total taxable assessed value, all properties	<u>\$ 3,850,553,389</u>			<u>\$ 2,873,161,355</u>		

Percentage of Total Assessed Value for the City of Albany Top Ten Taxpayers
for the last ten fiscal years



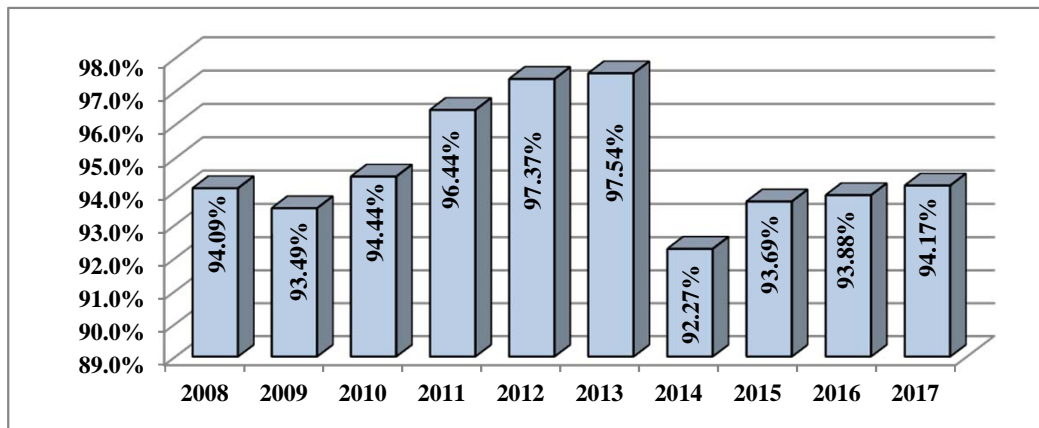
Source: Linn and Benton County Tax Assessors

(1) Wells Fargo Bank foreclosed on the Steadfast Heritage (aka Heritage Mall) LLC in the 2010-11 Fiscal Year

Schedule 8
CITY OF ALBANY, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Tax Levy as Extended by the Assessor (1)	Collected within the Fiscal Year of the Levy	Percentage Collected	Collections In Subsequent Years	Total Collections to Date	Percentage of Levy as Extended
2008	\$ 23,648,423	\$ 22,251,321	94.09%	\$ 1,397,102	\$ 23,648,423	100.00%
2009	24,835,283	23,217,769	93.49%	1,617,514	24,835,283	100.00%
2010	25,742,434	24,311,929	94.44%	1,337,367	25,649,296	99.64%
2011	27,273,089	26,303,489	96.44%	867,301	27,170,790	99.62%
2012	26,575,455	25,877,086	97.37%	449,774	26,326,860	99.06%
2013	26,473,672	25,822,827	97.54%	511,487	26,334,314	99.47%
2014	27,562,841	25,431,964	92.27%	1,852,485	27,284,449	98.99%
2015	27,836,933	26,079,556	93.69%	616,639	26,696,195	95.90%
2016	29,171,625	27,387,358	93.88%	334,692	27,722,050	95.03%
2017	30,457,817	28,683,273	94.17%	-	28,683,273	94.17%

Percentage of Taxes Collected in the Year Assessed



The City has chosen to calculate the property tax collection rate based on the gross amount of the levy as extended by the Linn and Benton County Assessors. The resulting rate is a lower percentage, but for comparative purposes it can be applied to future years' levies without having to estimate discounts and adjustments. This method of calculating the collection rate is the same one used for the budget. In past annual reports the collection percentage was based on a net levy, which included discounts and adjustments. Using the new method, the ten-year average first-year collection rate is 94.73 percent of the levy as extended by the assessors.

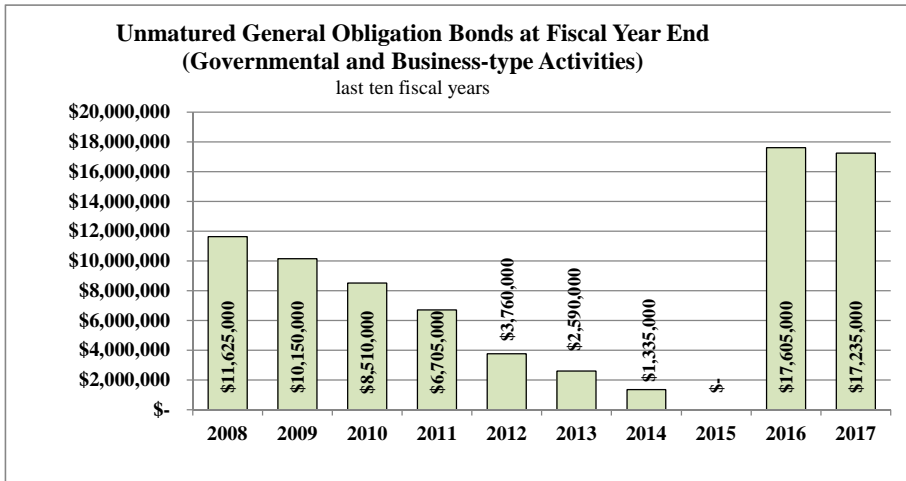
There are three ways in which property tax revenue can be adversely affected by a slowdown in the economy: 1) market value falls below assessed value; 2) assessed value falls; and 3) the rate of tax collection falls. Because of the healthy gap between market values and assessed values, there would be lag time before a downturn would directly affect the market value limit on assessed value. In the second situation, assessed values will not fall quickly. It is more likely that the rate of growth of the assessed value will slow. The third factor has the potential to have a more immediate effect. A one percentage point drop in the tax collection rate would translate into a \$250,000 decrease in current tax revenues. The City will monitor the tax collection rate to gauge its effect on 2017-18 revenues. The tax collection rate will also be a factor in the preparation of the 2018-19 budget.

Sources: Linn and Benton County Tax Assessors

(1) Levy as extended by the Linn and Benton Counties Assessor.

Schedule 9
CITY OF ALBANY, OREGON
SCHEDULE OF DEBT PER CAPITA AND DEBT AS A PERCENTAGE OF PERSONAL INCOME
 Last Ten Fiscal Years

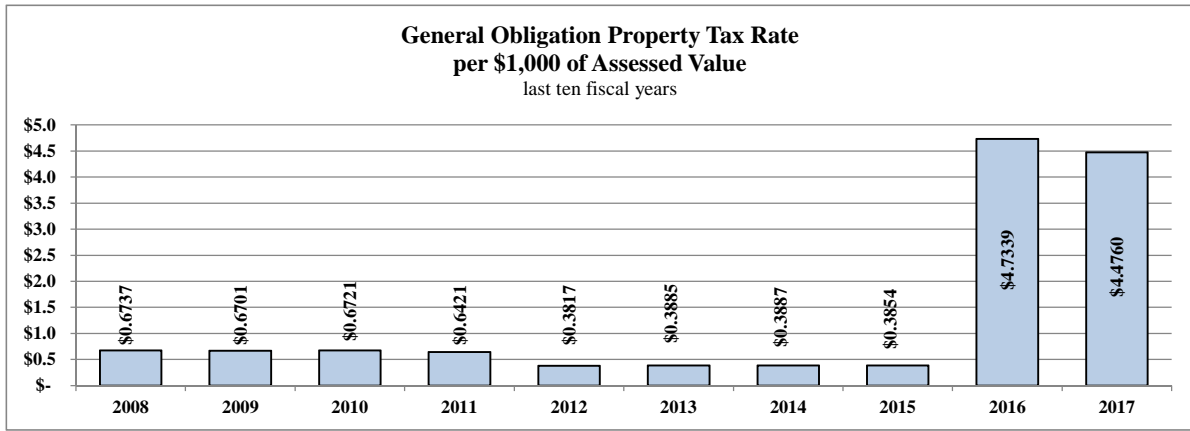
Fiscal Year Ended June 30,	GOVERNMENTAL ACTIVITIES							
	General Obligation Bonds (5)	Special Assessment Debt (1)	Revenue Bonds	Limited Tax Pension Obligations	General Revenue Obligations	Urban Renewal (UR) TIF Bonds(2)	Notes Payable	Capital Leases
2008	\$ 9,235,000	\$ 467,043	\$ 830,000	\$ 6,683,781	\$ 3,265,000	\$ -	\$ 1,648,674	\$ 190,248
2009	8,520,000	404,666	630,000	6,618,738	2,960,000	4,547,000	235,536	453,629
2010	7,675,000	339,099	420,000	6,545,507	2,645,000	4,328,000	211,381	557,626
2011	6,705,000	270,179	210,000	6,463,368	2,325,000	6,053,800	187,008	389,730
2012	3,760,000	-	-	5,513,557	1,660,000	5,548,200	132,505	242,042
2013	2,590,000	-	-	5,415,689	1,305,000	3,307,000	102,341	219,278
2014	1,335,000	-	-	5,314,001	940,000	2,822,000	71,881	71,241
2015	-	-	-	5,208,982	800,000	2,696,000	36,107	63,325
2016	17,605,000	-	-	5,101,484	655,000	2,363,000	-	208,742
2017	17,235,000	-	-	4,992,002	500,000	2,014,000	-	131,334



The above chart reflects the issuance of general obligation bonds in FY 2015-16.

Schedule 9
CITY OF ALBANY, OREGON
SCHEDULE OF DEBT PER CAPITA AND DEBT AS A PERCENTAGE OF PERSONAL INCOME
 Last Ten Fiscal Years

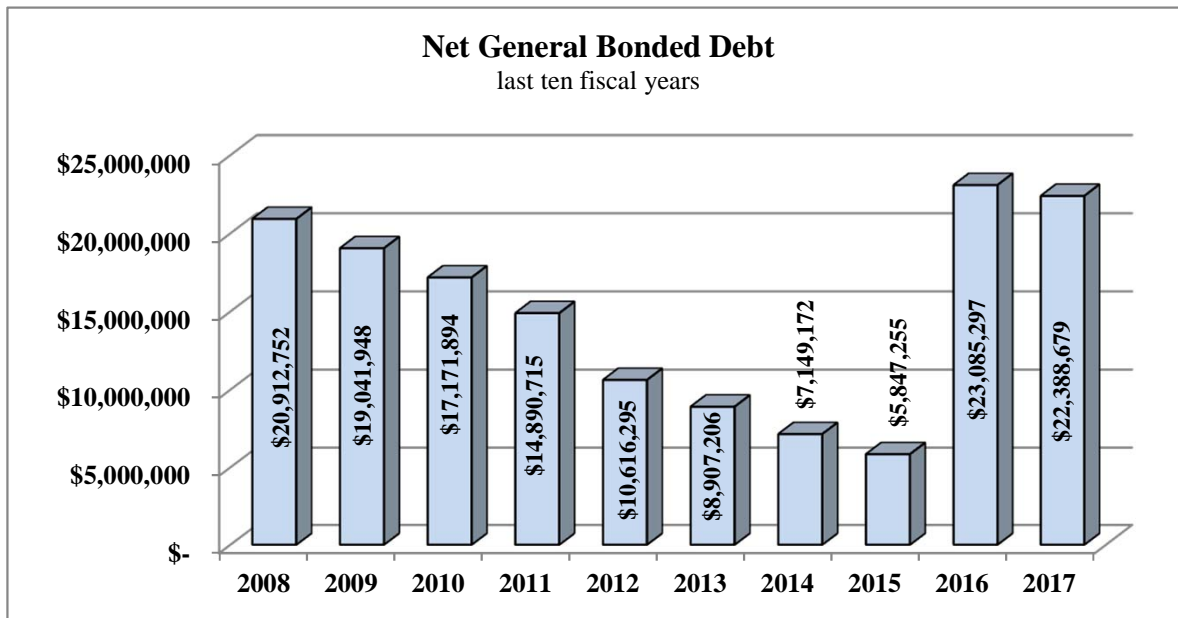
BUSINESS-TYPE ACTIVITIES								
General Obligation Bonds	Water Revenue Bonds (4)	Sewer Revenue Bonds	Certificates of Participation	Notes Payable (3)	Total Outstanding Debt	% of Personal Income	Debt per Capita	
\$ 2,390,000	\$ 36,790,000	\$ 1,475,000	\$ 340,458	\$ 30,063,744	\$ 95,428,771	2.64%	\$	1,616
1,630,000	35,510,000	1,000,000	279,583	47,923,068	109,064,264	2.50%		1,517
835,000	34,200,000	505,000	215,267	55,399,277	113,758,629	3.20%		2,003
-	32,855,000	-	147,365	73,114,000	122,972,669	3.76%		2,332
-	30,840,000	-	-	69,012,321	112,791,629	3.21%		2,233
-	28,405,000	-	-	65,742,674	104,701,797	2.85%		2,065
-	27,400,000	-	-	62,373,072	98,577,486	2.62%		1,944
-	26,505,000	-	-	58,900,330	94,209,744	2.50%		1,857
-	25,570,000	-	-	55,321,160	106,824,386	2.53%		2,084
-	24,595,000	-	-	51,632,167	101,099,503	n/a		1,957



The average annual increase in assessed value over the ten-year period is just under three percent, with a high of 5.8 percent in 2007 and a low of 0.63 percent in 2013.

Schedule 10
CITY OF ALBANY, OREGON
RATIO OF GENERAL BONDED DEBT (1) TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population	Assessed Value	General Obligation Bonds	Limited Tax Pension Obligations	General Revenue Obligations
2008	47,470	\$ 2,873,161,355	\$11,625,000	\$ 6,683,781	\$ 3,265,000
2009	49,165	3,039,853,252	10,150,000	6,618,738	2,960,000
2010	49,530	3,170,419,070	8,510,000	6,545,507	2,645,000
2011	50,325	3,298,608,206	6,705,000	6,463,368	2,325,000
2012	50,520	3,377,298,176	3,760,000	5,513,557	1,660,000
2013	50,710	3,398,584,772	2,590,000	5,415,689	1,305,000
2014	50,720	3,495,260,256	1,335,000	5,314,001	940,000
2015	51,270	3,602,099,109	-	5,208,982	800,000
2016	51,670	3,718,890,337	17,605,000	5,101,484	655,000
2017	52,540	3,850,553,389	17,235,000	4,992,002	500,000

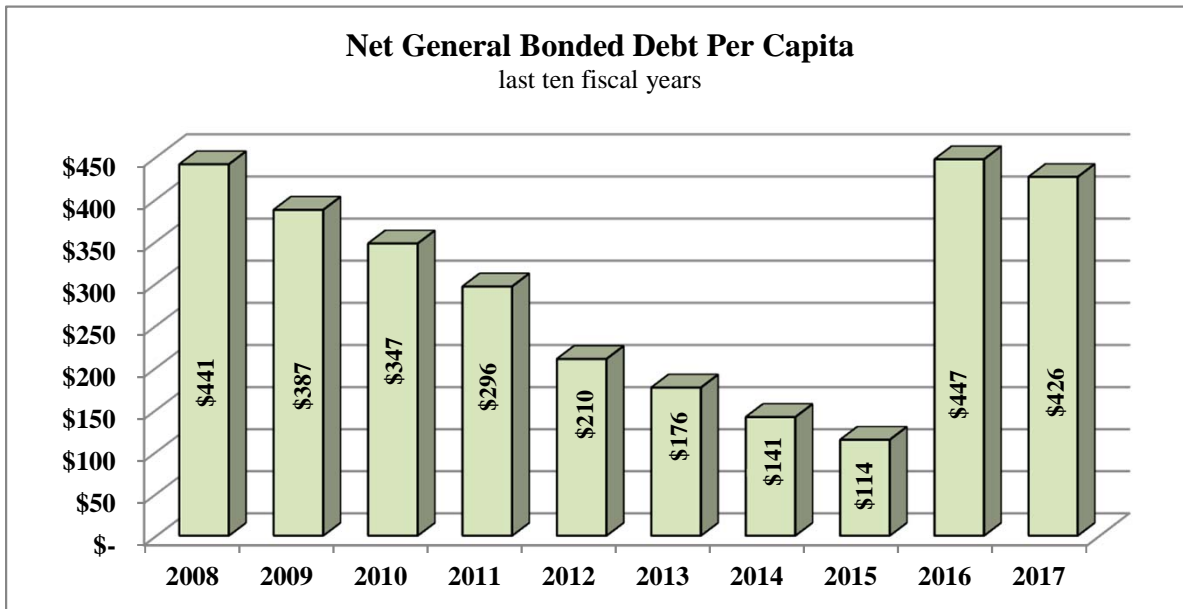


- (1) General bonded debt includes general obligation bonds and other bonded debt financed with any general governmental resources excluding special assessment bonds.
- (2) In March 1999, \$9,850,000 of general obligation bonds were issued to finance the reconstruction of four major arterial roads within the City.
- (3) Available for the 2002 Limited Tax Pension Bonds and the 2015 Public Safety Facility Bonds.

Source: City of Albany 2008-2017 Comprehensive Annual Financial Reports

Schedule 10
CITY OF ALBANY, OREGON
RATIO OF GENERAL BONDED DEBT (1) TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
 Last Ten Fiscal Years

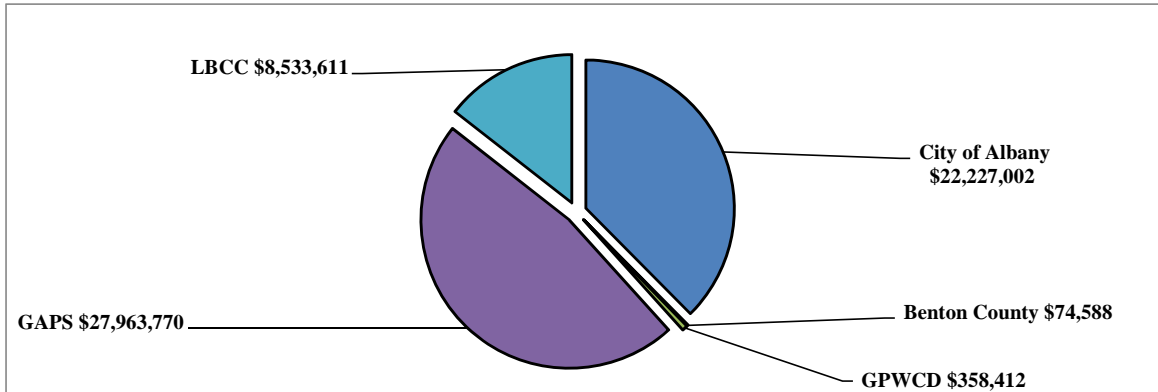
Less: Amounts Available in Debt Service Fund (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Net Bonded Debt as a Percent of Personal Income
\$ 661,029	\$ 20,912,752	0.7279%	\$ 440.55	0.71%
686,790	19,041,948	0.6264%	387.31	0.59%
528,613	17,171,894	0.5416%	346.70	0.53%
602,653	14,890,715	0.4514%	295.89	0.44%
317,262	10,616,295	0.3143%	210.14	0.30%
403,483	8,907,206	0.2621%	175.65	0.24%
439,829	7,149,172	0.2045%	140.95	0.19%
161,727	5,847,255	0.1623%	114.05	0.14%
276,187	23,085,297	0.6208%	446.78	0.51%
328,548	22,398,454	0.5817%	426.31	n/a



Schedule 11
CITY OF ALBANY, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
as of June 30, 2017

Jurisdiction	Net Outstanding Debt	Percentage Applicable to the City of Albany (1)	Amount Applicable to the City of Albany
DIRECT DEBT			
City of Albany (2) (3)	\$ 22,227,002	100.0000%	\$ 22,227,002
OVERLAPPING DEBT			
Benton County	615,000	12.1281%	74,588
Grand Prairie Water Control District (GPWCD)	456,590	78.4976%	358,412
Greater Albany Public School (GAPS) District 8J	37,933,898	73.7171%	27,963,770
<u>Linn Benton Community College (LBCC)</u>	<u>37,000,664</u>	23.0634%	<u>8,533,611</u>
<u>Total overlapping debt</u>	<u>76,006,152</u>		<u>36,930,381</u>
<u>Total direct and overlapping debt</u>	<u>\$ 98,233,154</u>		<u>\$ 59,157,383</u>

Direct and Overlapping Debt Applicable to the City of Albany



(1) Source - State of Oregon, Treasury Department, the overlapping debt percentage is determined by the percent of real market value the City shares between itself and another issuer. This data is provided to the Treasury Department annually by the Oregon Department of Revenue.

(2) City of Albany net outstanding debt

2015 Public Safety Facilities Bond	\$ 17,235,000
2002 Limited Tax Pension Obligations	<u>4,992,002</u>
Total City of Albany net outstanding debt - bonded	<u>22,227,002</u>

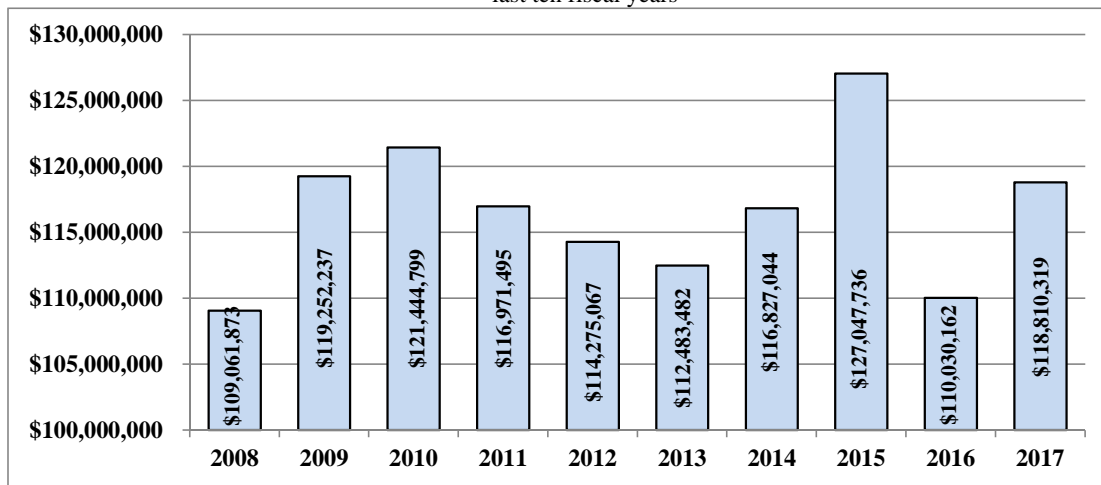
(3) Remaining City of Albany net outstanding debt

2004 General Revenue Obligations	500,000
2007 CARA Series A (Taxable) & B (Tax-exempt) UR Bonds	2,014
2013 Capital Leases for City of Albany Police Cars	<u>131,334</u>
Total Remaining City of Albany net outstanding debt	<u>633,348</u>
Grand Total of City of Albany net outstanding debt	<u>\$ 22,860,350</u>

Schedule 12
CITY OF ALBANY, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
 Last Ten Fiscal Years

	2008	2009	2010	2011
Debt limitation	\$118,794,436	\$ 127,544,266	\$ 128,080,822	\$ 121,727,765
Total net debt applicable to limitation	9,732,563	8,292,029	6,636,023	4,756,270
Legal debt margin	<u>\$109,061,873</u>	<u>\$ 119,252,237</u>	<u>\$ 121,444,799</u>	<u>\$ 116,971,495</u>
Ratio of net debt applicable to the debt limitation	<u>8.19%</u>	<u>6.50%</u>	<u>5.18%</u>	<u>3.91%</u>

Legal Debt Margin
last ten fiscal years



The state-mandated legal debt margin for general obligation debt is three percent of true cash value (market value). The legal debt margin is a direct function of the true cash value of properties in the City and the City's net general obligation debt. The City's legal debt margin has increased by 8.94 percent (\$9,748,446) over the last ten years. During the same period, the City's true cash value increased by 14.4 percent (\$570,082,260) and the City's general obligation debt increased by 46.98 percent (\$5,461,585).

Sources: Linn and Benton County Tax Assessors and Notes to the Basic Financial Statements

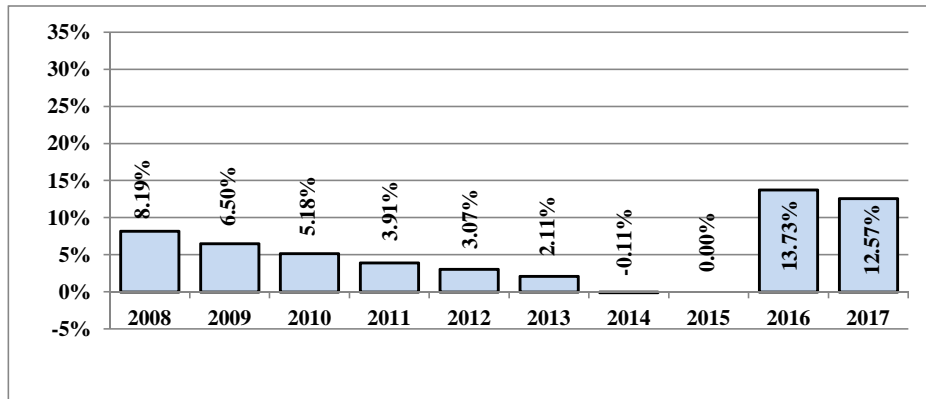
Schedule 12
CITY OF ALBANY, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
 Last Ten Fiscal Years

2012	2013	2014	2015	2016	2017	
\$117,889,589	\$114,909,144	\$116,699,781	\$ 127,047,736	\$127,544,869	\$ 135,896,904	Debt limitation
3,614,522	2,425,662	(127,263)	-	17,514,707	17,086,585	Total net debt applicable to limitation
<u>\$114,275,067</u>	<u>\$112,483,482</u>	<u>\$116,827,044</u>	<u>\$ 127,047,736</u>	<u>\$110,030,162</u>	<u>\$ 118,810,319</u>	Legal debt margin
3.07%	2.11%	-0.11%	0.00%	13.73%	12.57%	Ratio of net debt applicable to the debt limitation

Legal debt margin calculation for Fiscal Year

True cash value	\$ 4,529,896,785
General obligation debt limit - 3% of true cash value	3%
General obligation debt limit	135,896,904
Gross general obligation bonded debt principal	
2015 Public Safety Facility Bonds	\$ 17,235,000
Less: Debt service monies available	
Debt Service Fund:	
2015 Public Safety Facility Bonds	<u>148,415</u>
Net debt subject to the three percent limitation	<u>17,086,585</u>
Legal debt margin	<u>\$ 118,810,319</u>

Ratio of the Net Debt Applicable to the Debt Limitation
 last ten fiscal years



The lower the ratio of net debt applicable to the debt limitation, the greater the legal capacity to issue general obligation debt. However, the ratio indicates little about the City's economic condition and political atmosphere concerning the ability to issue additional general obligation debt.

Schedule 13
CITY OF ALBANY, OREGON
PLEGDED REVENUE COVERAGE
Last Ten Fiscal Years

Water Revenue Debt (Coverage requirement equals 125%)

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses	Depreciation	Net Available Resources	Debt Service			Coverage Percentage
					Principal	Interest	Total	
2008	\$ 12,127,657	\$ 9,896,712	\$ 2,124,833	\$ 4,355,778	\$ 1,340,875	\$ 1,693,492	\$ 3,034,367	143.55%
2009	12,496,597	9,635,861	2,191,108	5,051,844	1,374,316	1,625,302	2,999,618	168.42%
2010	12,131,078	9,719,493	2,359,026	4,770,611	1,412,902	1,568,791	2,981,693	160.00%
2011	11,277,156	9,688,766	2,431,714	4,020,104	1,126,688	1,528,345	2,655,033	151.41%
2012	11,861,912	9,383,550	2,423,215	4,901,577	1,035,678	1,491,069	2,526,747	193.99%
2013	11,990,340	11,137,936	3,287,590	4,139,994	830,000	1,455,556	2,285,556	181.14%
2014	12,324,568	10,608,695	3,121,452	4,837,325	1,005,000	962,064	1,967,064	245.92%
2015	12,815,070	10,012,529	3,035,520	5,838,061	895,000	1,033,194	1,928,194	302.77%
2016	13,206,078	12,477,995	2,971,270	3,699,353	935,000	996,594	1,931,594	191.52%
2017	16,112,762	11,404,150	3,129,376	7,837,988	975,000	958,394	1,933,394	405.40%

The amount of net available resources for bond coverage is determined by subtracting operating expenses from operating revenues. Operating expenses are reduced by the amount of depreciation expense for the fiscal year. In October, 2003, the City sold \$40,485,000 of 30-year water revenue bonds to finance the construction of a new Water Treatment Plant, refund an existing water revenue bond issue, and make other capital improvements to the water system. In March 2013, the City completed an advanced refunding on the 2003 Bonds.

Sewer Revenue Debt Coverage requirement equals 105%)

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses	Depreciation	Net Available Resources	Debt Service			Coverage Percentage
					Principal	Interest	Total	
2008	\$ 10,842,503	\$ 9,414,548	\$ 2,186,620	\$ 3,614,575	\$ 636,080	\$ 1,379,442	\$ 2,015,522	179.34%
2009	11,310,398	9,335,578	2,188,811	4,163,631	656,080	1,351,712	2,007,792	207.37%
2010	14,057,229	9,880,471	2,208,526	6,385,284	988,241	4,312,405	5,300,646	120.46%
2011	18,781,882	9,696,304	2,668,459	11,754,037	2,643,460	2,410,626	5,054,086	232.57%
2012	14,835,678	11,643,622	3,273,916	6,465,972	2,723,921	2,316,948	5,040,869	128.27%
2013	18,865,187	11,850,582	4,256,844	11,271,449	2,806,835	2,220,414	5,027,249	224.21%
2014	14,850,594	12,779,201	4,343,400	6,414,793	2,892,278	1,968,873	4,861,151	131.96%
2015	15,674,502	12,481,568	4,573,578	7,766,512	2,980,325	1,873,595	4,853,920	160.00%
2016	15,890,793	14,318,946	4,591,095	6,162,942	3,071,056	1,912,795	4,983,851	123.66%
2017	20,018,117	13,745,672	4,765,219	11,037,664	3,688,993	1,887,254	5,576,247	197.94%

The amount of net available resources for bond coverage is determined by subtracting operating expenses from operating revenues. Interest payments on property assessments are deducted from operating revenues. Operating expenses are reduced by the amount of depreciation taken for the fiscal year.

During FY 2006-07, the City began construction of a new wastewater treatment plant financed by a State Revolving Fund. In 2009-10 the construction was completed and the loan amount was finalized at \$69,000,000. In 2010-11, the City began to pay back the new SRF Loan.

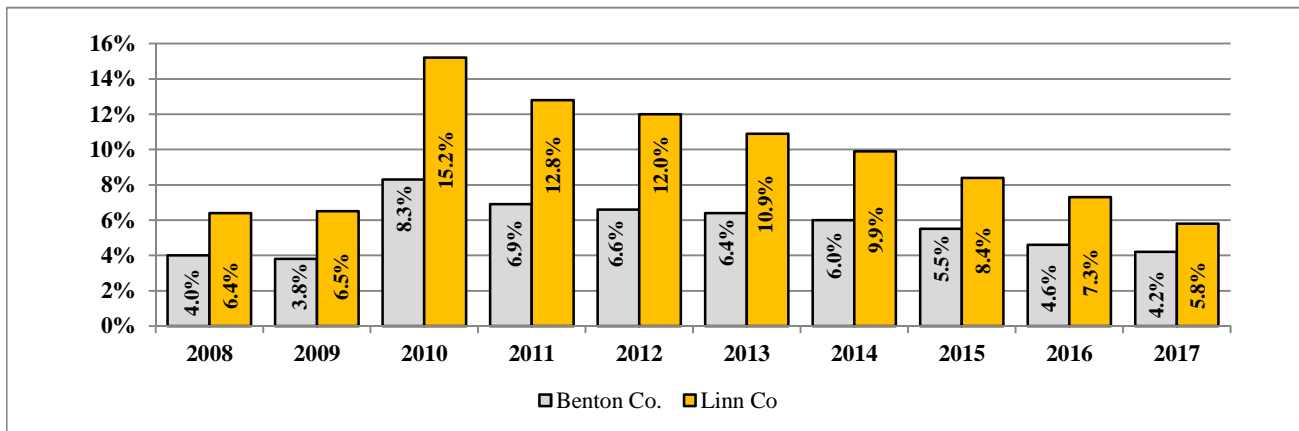
Source: City of Albany 2008-2017 Comprehensive Annual Financial Reports

Schedule 14
CITY OF ALBANY, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	City of Albany Population(1)	Albany-Lebanon Metropolitan Statistical Area		Albany School Enrollment(3)	Unemployment Rate (4)		
		Population(1)	Personal Income(2)		Personal Income(2)	Linn Co.	Benton Co.
2008	47,470	109,320	\$2,942,457,120	\$ 26,916	9,100	6.5%	3.8%
2009	49,165	110,815	3,243,887,495	29,273	9,197	15.2%	8.3%
2010	49,530	110,185	3,245,058,435	29,451	9,213	12.8%	6.9%
2011	50,325	116,672	3,406,472,384	29,197	9,519	12.0%	6.6%
2012	50,520	116,857	3,515,409,131	30,083	9,911	10.9%	6.4%
2013	50,710	118,122	3,676,716,360	30,984	9,941	9.9%	6.0%
2014	50,720	118,665	3,768,672,515	31,483	9,925	8.4%	5.5%
2015	51,270	119,705	4,219,670,000	34,379	9,985	7.3%	4.6%
2016	51,670	122,315	4,503,061,000	37,355	9,760	5.8%	4.2%
2017	52,540	125,547	n/a	n/a	9,530	4.8%	3.4%

Over the last ten years, the City's population has increased by 10.68 percent (5,070). From 2008 to 2016 per capita personal income has risen by 38.78 percent (\$10,439) in the Albany-Lebanon metropolitan statistical area. Albany's city boundaries span two counties: Linn County (population 44,403) and Benton County (population 7,267). As of Fiscal Year 2015-16 (per capita data lags one year), per capita personal income was \$38,365 for Linn County, \$42,245 for Benton County, and \$45,399 for the state as a whole. For the ten-year period, enrollment in the Greater Albany Public School District increased by 4.73 percent (430 students).

Unemployment Rates, Linn and Benton Counties
 last 10 fiscal years



Sources:

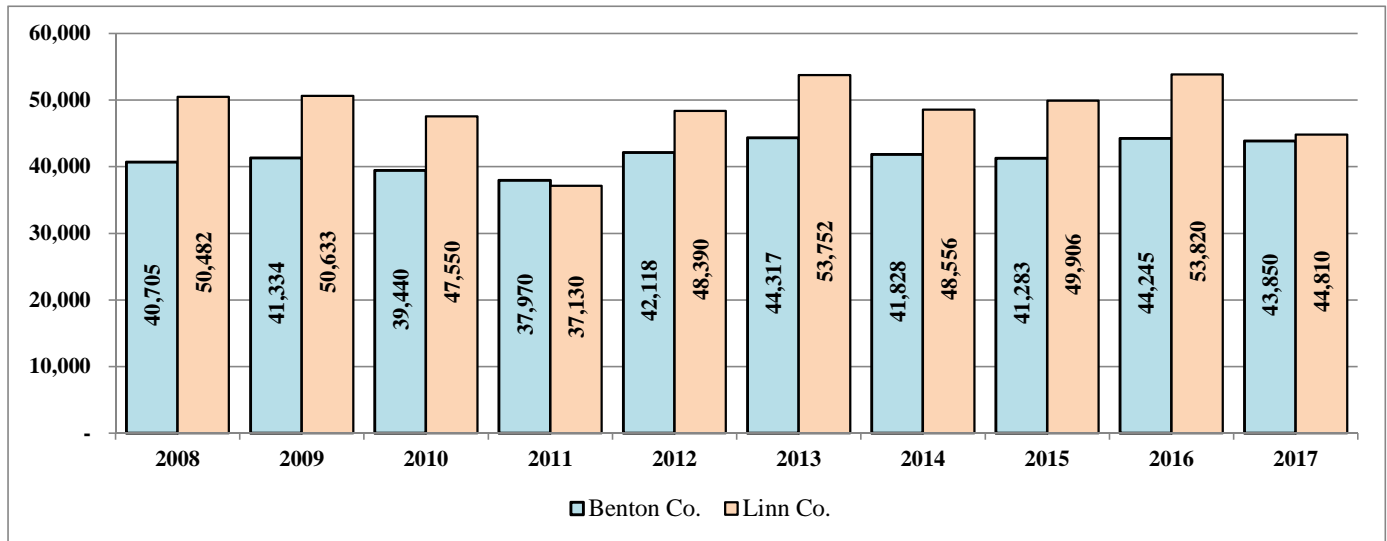
- (1) Portland State University, Population Research and Census Center
- (2) U. S. Department of Commerce, Bureau of Economic Analysis (2014 is the most current data available)
- (3) Greater Albany Public School District 8J
- (4) State of Oregon, Employment Department

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Schedule 15
CITY OF ALBANY, OREGON
ALBANY AREA PRINCIPAL EMPLOYERS
for the Fiscal Years ended June 30, 2008, and June 30, 2017

Employer	June 30, 2017			June 30, 2008		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Oregon State University	10,430	1	11.76%	9,371	1	10.28%
Samaritan Health Services	2,632	2	2.97%	4,025	2	4.41%
ATI Wah Chang (Teledyne Wah Chang - 1997)	1,600	3	1.80%	1,544	4	1.69%
Hewlett Packard	1,550	4	1.75%	2,200	3	2.41%
Linn Benton Community College	1,050	5	1.18%	1,124	6	1.23%
Greater Albany Public School District 8J	1,035	6	1.17%	1,134	5	1.24%
Linn County	700	7	0.79%	562	10	0.62%
Dayton-Hudson Corporation (Target)	500	8	0.56%	600	9	0.66%
City of Albany	402	9	0.45%	-	-	-
OFD Foods	400	10	0.45%	-	-	-
Express Personnel	-	-	0.00%	640	8	-
International Paper (Willamette Industries - 1997)	-	-	-	760	7	0.83%
Totals	20,299		22.90%	21,960		24.08%
Total employment in Linn and Benton Counties	88,660			91,187		

Employment, Benton and Linn Counties
last ten fiscal years



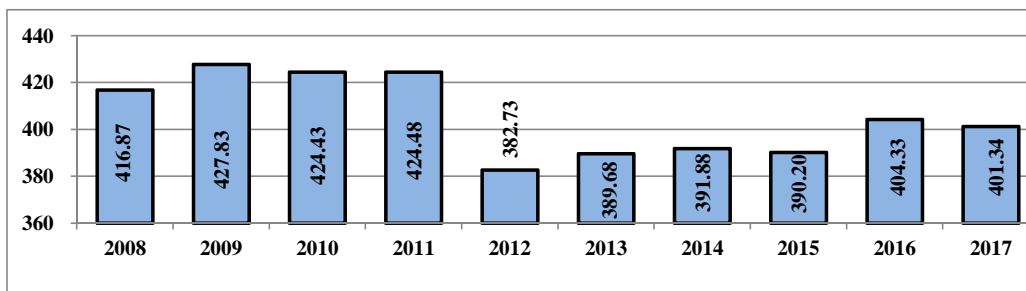
The percentage of top ten employers to total jobs for Linn and Benton Counties has been quite stable over the ten-year period. Total employment in Benton and Linn Counties has increased by -9.59 percent (2,527 jobs) over the last ten years. For the ten-year period, the low point was 75,100 jobs in June 2011, and the high point was 98,069 jobs in June 2013. National and international economic instability will likely have an adverse effect in the coming years, although at this time the extent is unknown.

Sources:
Employer personnel offices
Oregon Employment Department

Schedule 16
CITY OF ALBANY, OREGON
EMPLOYEE FULL-TIME EQUIVALENTS (FTE) BY FUNCTION
 Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012
GOVERNMENTAL ACTIVITIES					
General Government					
Economic Development	3.00	1.00	1.00	1.00	1.00
Public Transit	10.18	11.68	10.68	10.35	10.63
Planning	9.00	9.50	9.50	9.50	7.50
Building Inspection	14.50	14.00	14.00	14.00	7.50
Electrical Permit Program	1.50	1.50	1.50	1.50	0.75
Total General Government	38.18	37.68	36.68	36.35	27.38
Public Safety					
Fire	78.00	80.00	79.60	79.60	73.60
Police	93.25	94.25	94.25	94.25	87.75
Municipal Court	5.13	5.38	5.38	5.38	4.38
Total Public Safety	176.38	179.63	179.23	179.23	165.73
Highways and Streets					
Street Fund	8.00	8.00	8.00	8.00	7.45
Airport	-	-	0.50	0.45	0.10
Total Highways and Streets	8.00	8.00	8.50	8.45	7.55
Culture and Recreation					
Parks & Recreation	31.98	35.95	35.95	35.95	26.43
Library	20.23	21.98	21.98	21.78	20.90
Total Culture and Recreation	52.21	57.93	57.93	57.73	47.33
Total Governmental Activities	274.77	283.23	281.83	281.30	247.88
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Water	22.50	23.50	22.50	23.50	22.50
Sewer	21.50	21.50	21.50	21.50	22.50
Total Enterprise	44.00	45.00	44.00	45.00	45.00
Internal Service					
Central Services	44.10	43.60	43.60	43.80	39.85
Public Works Services	54.00	56.00	55.00	54.38	50.00
Equipment Maintenance	-	-	-	-	-
Total Internal Service	98.10	99.60	98.60	98.18	89.85
Total Business-type Activities	142.10	144.60	142.60	143.18	134.85
Grand Total - All Full-time Equivalents	416.87	427.83	424.43	424.48	382.73

Total Full-time Equivalents
 last ten fiscal years



Source: City of Albany Human Relations Department

Schedule 16
CITY OF ALBANY, OREGON
EMPLOYEE FULL-TIME EQUIVALENTS (FTE) BY FUNCTION
 Last Ten Fiscal Years

2013	2014	2015	2016	2017	
					GOVERNMENTAL ACTIVITIES
					General Government
1.00	2.00	1.00	2.00	2.00	Economic Development
10.63	11.30	11.30	12.88	12.88	Public Transit
8.25	6.10	6.42	6.42	6.42	Planning
5.75	5.75	5.43	6.43	6.43	Building Inspection
0.75	0.75	0.75	0.75	0.75	Electrical Permit Program
<u>26.38</u>	<u>25.90</u>	<u>24.90</u>	<u>28.48</u>	<u>28.48</u>	Total General Government
					Public Safety
79.20	78.40	75.60	79.40	79.40	Fire
87.88	87.88	88.88	92.25	92.25	Police
4.38	4.38	4.38	4.38	4.38	Municipal Court
<u>171.45</u>	<u>170.65</u>	<u>168.85</u>	<u>176.03</u>	<u>176.03</u>	Total Public Safety
					Highways and Streets
7.45	7.45	7.45	7.45	7.45	Street Fund
0.10	0.10	0.10	0.10	0.10	Airport
<u>7.55</u>	<u>7.55</u>	<u>7.55</u>	<u>7.55</u>	<u>7.55</u>	Total Highways and Streets
					Culture and Recreation
26.53	26.65	26.78	28.15	31.65	Parks & Recreation
20.93	20.93	20.93	20.93	20.93	Library
<u>47.45</u>	<u>47.58</u>	<u>47.70</u>	<u>49.08</u>	<u>52.58</u>	Total Culture and Recreation
<u>252.73</u>	<u>251.68</u>	<u>249.00</u>	<u>261.13</u>	<u>264.64</u>	Total Governmental Activities
					BUSINESS-TYPE ACTIVITIES
					Enterprise
21.50	21.50	21.50	21.50	21.50	Water
23.50	23.50	23.50	23.50	23.50	Sewer
<u>45.00</u>	<u>45.00</u>	<u>45.00</u>	<u>45.00</u>	<u>45.00</u>	Total Enterprise
					Internal Service
40.95	41.20	41.20	41.20	37.70	Central Services
51.00	54.00	55.00	57.00	54.00	Public Works Services
-	-	-	-	-	Equipment Maintenance
<u>91.95</u>	<u>95.20</u>	<u>96.20</u>	<u>98.20</u>	<u>91.70</u>	Total Internal Service
<u>136.95</u>	<u>140.20</u>	<u>141.20</u>	<u>143.20</u>	<u>136.70</u>	Total Business-type Activities
<u>389.68</u>	<u>391.88</u>	<u>390.20</u>	<u>404.33</u>	<u>401.34</u>	Grand Total - All Full-time Equivalents

Fiscal Year	Total FTE	Annual Percentage Change	Total Percentage Change from 2008
2008	416.87	-	-
2009	427.83	2.63%	2.63%
2010	424.43	-0.79%	1.81%
2011	424.48	0.01%	1.82%
2012	382.73	-9.84%	-8.19%
2013	389.68	1.82%	-6.52%
2014	391.88	0.56%	-6.00%
2015	390.20	-0.43%	-6.40%
2016	404.33	3.62%	-3.01%
2017	401.34	-0.74%	-3.73%

The average annual rate of change over ten year period is -3.07%.

Schedule 17
CITY OF ALBANY, OREGON
OPERATING INDICATORS BY FUNCTION
 Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012
GOVERNMENTAL ACTIVITIES					
General Government					
Planning and Community Development					
Number of planning applications	181	96	108	134	143
Total permits issued	3,285	2,535	2,245	1,939	1,939
New construction permits issued	33	177	192	11	6
Single-family permits issued	186	97	156	76	80
Electrical permits issued	1,158	990	878	755	751
Building Maintenance					
Square footage of buildings maintained	220,000	220,000	206,780	206,780	233,780
Work orders completed	1,417	2,002	2,228	2,250	2,203
Public Transit					
Total number of riders	177,305	205,220	218,511	228,663	237,424
Total annual route miles	264,591	241,359	252,097	262,990	260,222
Public Safety					
Municipal Court					
Number of warrants issued	1,487	1,584	1,347	1,398	1,680
Case numbers issued	8,174	8,834	6,202	4,900	3,891
Police					
Total arrests	4,406	4,227	3,548	2,731	3,453
Traffic citations issued	11,303	6,097	5,851	4,681	4,120
Animal and abandoned vehicle calls	2,304	2,401	2,484	1,496	2,266
Fire					
Total calls for emergency fire and EMS services	6,407	6,410	6,049	6,388	6,432
Full response structure fires	60	85	67	91	113
Highways and Streets					
Street Fund					
Miles of streets slurry-sealed annually	6	6	-	-	-
Customer service work order/complaint responses	540	720	554	541	509
Miles of painted paving marking	46	46	52	51	65
Culture and Recreation					
Parks & Recreation					
Number of participants in classes, Senior Center activities, sports programs, and aquatic programs	111,700	112,150	172,630	184,154	187,261
Annual performance series and Northwest Art and Air Festival attendance	103,091	102,011	99,100	118,700	121,104
Library					
Total number of library circulations ⁽¹⁾	609,273	696,327	773,960	780,163	730,222
Total number of reference questions ⁽¹⁾	31,080	38,860	44,297	41,043	37,344
BUSINESS-TYPE ACTIVITIES					
Sewer					
Dry tons of biosolids applied annually	637	599	121	-	-
Millions of gallons of wastewater treated annually	3,156	2,708	2,697	3,300	3,094
Sewer line locate requests	3,471	2,979	2,836	4,307	3,319
Water					
Millions of gallons of water treated annually	3,068	2,911	2,847	2,865	2,449
Miles of water pipe maintained annually	270	271	281	283	290
Number of fire hydrants maintained in the water system	1,891	1,953	1,992	1,877	2,025

Source: City of Albany annual budget

Schedule 17
CITY OF ALBANY, OREGON
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

2013	2014	2015	2016	2017	
					GOVERNMENTAL ACTIVITIES
					General Government
					Planning and Community Development
62	132	138	197	57	Number of planning applications
2,189	2,332	2,359	2,549	2,570	Total permits issued
418	5	154	143	180	New construction permits issued
128	141	130	98	157	Single-family permits issued
816	905	910	1,011	1,007	Electrical permits issued
					Building Maintenance
233,780	296,233	317,366	317,366	323,933	Square footage of buildings maintained
2,001	1,886	1,627	1,725	1,702	Work orders completed
					Public Transit
234,186	231,224	214,865	209,595	200,910	Total number of riders
275,977	287,257	206,720	308,451	298,076	Total annual route miles
					Public Safety
					Municipal Court
1,777	2,516	3,102	2,970	2,686	Number of warrants issued
3,671	5,079	6,121	5,746	5,314	Case numbers issued
					Police
3,609	4,777	4,964	4,884	6,854	Total arrests
3,315	3,907	5,263	4,659	5,884	Traffic citations issued
2,320	2,288	2,513	2,349	2,498	Animal and abandoned vehicle calls
					Fire
6,448	7,133	7,511	8,029	9,038	Total calls for emergency fire and EMS services
53	49	42	53	83	Full response structure fires
					Highways and Streets
					Street Fund
-	-	-	-	-	Miles of streets slurry-sealed annually
492	461	382	392	433	Customer service work order/complaint responses
55	57	61	62	61	Miles of painted paving marking
					Culture and Recreation
					Parks & Recreation
186,401	188,102	196,005	202,155	208,912	Number of participants in classes, Senior Center activities, sports programs, and aquatic programs
123,200	122,206	131,209	137,211	138,200	Annual performance series and Northwest Art and Air Festival attendance
					Library
709,004	685,781	623,143	619,068	604,796	Total number of library circulations ⁽¹⁾
34,435	33,338	33,193	33,581	30,331	Total number of reference questions ⁽¹⁾
					BUSINESS-TYPE ACTIVITIES
					Sewer
9	25	-	-	-	Dry tons of biosolids applied annually
2,842	2,900	2,940	3,241	3,866	Millions of gallons of wastewater treated annually
2,920	3,458	3,732	3,829	3,522	Sewer line locate requests
					Water
2,755	2,660	2,853	2,809	2,752	Millions of gallons of water treated annually
292	282	283	287	289	Miles of water pipe maintained annually
1,914	1,740	1,970	1,816	2,040	Number of fire hydrants maintained in the water system

Schedule 18
CITY OF ALBANY, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012
GOVERNMENTAL ACTIVITIES					
Public Safety					
Police Stations	1	1	1	1	1
Fire Stations	4	4	4	4	4
Highways and Streets					
Miles of improved streets	160	160	163	165	165
Miles of unimproved streets	28	28	28	36	36
Miles of gravel streets	8	8	8	8	8
Culture and Recreation					
Parks & Recreation					
Number of developed park sites	31	33	33	33	36
Acres of developed park land	772	735	424	564	564
Library					
Number of libraries	2	2	2	2	2
*Number of physical and digital units	184,497	194,544	209,427	227,437	242,920
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Sewer					
Miles of sanitary sewer lines (6 inches or larger)	219	222	227	223	223
Miles of storm sewer lines (12 inches or larger)	105	117	120	151	151
Number of sewer hookups	15,900	17,330	15,848	15,712	15,912
Water					
Miles of water lines	274	279	286	283	290
Number of water hookups	16,662	16,662	17,114	17,463	17,551
Number of water treatment plants	2	2	2	2	2

Source: City of Albany departmental records

Schedule 18
CITY OF ALBANY, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	
					GOVERNMENTAL ACTIVITIES
					Public Safety
1	1	1	1	1	Police Stations
4	4	4	4	4	Fire Stations
					Highways and Streets
166	166	181	200	401	Miles of improved streets
35	35	14	n/a	n/a	Miles of unimproved streets
8	n/a	n/a	n/a	n/a	Miles of gravel streets
					Culture and Recreation
					Parks & Recreation
36	36	36	36	36	Number of developed park sites
564	564	564	564	564	Acres of developed park land
					Library
2	2	2	2	2	Number of libraries
242,966	250,946	249,982	259,309	260,695	*Number of physical and digital units
					BUSINESS-TYPE ACTIVITIES
					Enterprise
					Sewer
223	230	230	201	203	Miles of sanitary sewer lines (6 inches or larger)
104	104	105	105	107	Miles of storm sewer lines (12 inches or larger)
17,586	16,556	16,187	16,292	16,590	Number of sewer hookups
					Water
292	276	261	264	264	Miles of water lines
18,320	18,000	17,079	17,105	17,777	Number of water hookups
2	2	2	2	2	Number of water treatment plants

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COMPLIANCE SECTION

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**INDEPENDENT AUDITOR'S REPORT REQUIRED BY THE
MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS**

Honorable Mayor and Members
of the City Council
CITY OF ALBANY
Albany, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the CITY OF ALBANY as of and for the year ended June 30, 2017, and have issued our report thereon dated January 2, 2018.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

**INDEPENDENT AUDITOR’S REPORT REQUIRED BY THE
MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)**

Compliance (continued)

In connection with our testing nothing came to our attention, except as noted below, that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-240 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except expenditures in excess of appropriations occurred as follows:

<u>Fund/ Appropriation Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
Debt Service Fund - 2004 Revenue Obligations	\$ 182,500	\$ 183,054	\$ (554)
Senior Center Endowment - Materials and services	200	5,569	(5,369)

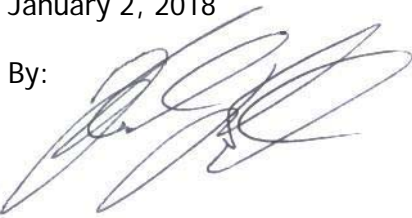
OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City's internal control over financial reporting to determine the 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Restriction on Use

This report is intended solely for the information and use of the City Council members and management of the CITY OF ALBANY and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Boldt Carlisle + Smith
 Certified Public Accountants
 Salem, Oregon
 January 2, 2018

By: 

Bradley G. Bingenheimer, Member



**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 City Council
City of Albany, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Albany as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 2, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Boldt Carlisle & Smith

Certified Public Accountants
Salem, Oregon
January 2, 2018



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Honorable Mayor and City Council
City of Albany, Oregon

Report on Compliance for Each Major Federal Program

We have audited the City of Albany’s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of City’s major federal programs for the year ended June 30, 2017. 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.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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* (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

Basis for Qualified Opinion on 20.507 Federal Transit - Formula Grants (Urbanized Area Formula Program)

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding CFDA 20.507 Federal Transit - Formula Grants (Urbanized Area Formula Program) as described in finding numbers 2017-001 and 2017-002 for Allowable Costs. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Qualified Opinion on 20.507 Federal Transit - Formula Grants (Urbanized Area Formula Program)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Albany complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on 20.507 Federal Transit - Formula Grants (Urbanized Area Formula Program) for the year ended June 30, 2017.

Other Matters

The City's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City of Albany is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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.

Boldt Carlisle & Smith

Certified Public Accountants

Salem, Oregon

January 2, 2018

CITY OF ALBANY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

Section I Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal controls over financial reporting:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal awards

Internal control over major federal programs:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? No

Type of auditor's report issued on compliance for major federal programs: *Qualified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major federal programs:

<u>CFDA</u> <u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit - Formula Grants (Urbanized Area Formula Program)

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as a low-risk auditee: No

Section II - Financial Statement Findings

None

CITY OF ALBANY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

Section III - Federal Award Findings and Questioned Costs

Finding 2017-001

U.S. DEPARTMENT OF TRANSPORTATION

20.507 Federal Transit - Formula Grants (Urbanized Area Formula Program)

Program years October 1, 2015 to September 30, 2016 and October 1, 2016 to September 30, 2017.

Criteria:

2 CFR Part 200.430(i) establishes documentation requirements for personnel expenses charged to federal awards. 2 CFR Part 200.430(i)(1)(viii) states "Budget estimates alone do not qualify as support for charges to Federal awards".

Condition:

Personnel costs charged to the program for a split funded employee were based on budget estimates.

Cause:

Documentation of actual hours spent on the program were not maintained and compared to the budget estimates.

Effect:

Personnel costs charged to the program are not supported by documentation.

Questions costs:

\$21, 265 computed at 50 percent of the personnel costs charged to the program.

Perspective:

The questions costs represent the personnel costs of one split funded employee charged to the program.

Repeat finding:

This finding was reported for the immediately prior audit year.

Recommendations:

Documentation of actual time spent on program related activities should be maintained and used as the basis for personnel costs charged to the program.

Views of responsible officials:

The City agrees with the finding and is taking corrective action.

CITY OF ALBANY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017**

Finding 2017-002

U.S. DEPARTMENT OF TRANSPORTATION

20.507 Federal Transit - Formula Grants (Urbanized Area Formula Program)

Program years October 1, 2015 to September 30, 2016 and October 1, 2016 to September 30, 2017.

Criteria:

2 CFR Part 200.405(a)(1) established that costs are allocable to a particular Federal award if the cost is incurred specifically for the Federal award.

Condition:

During the year costs were charged to the program which were not incurred specifically for the Federal award. Included in these costs were 1) amounts transferred to another fund to be held for the acquisition of capital equipment and 2) accrual of costs for workers compensation in excess of actual amounts.

Cause:

In preparing the requests for reimbursement under the program the information was taken from summary general ledger information for the fund that operates the transit system. Included in this summary information were the transfers to another fund and excess accruals for workers compensation.

Effect:

Costs were charged to the program which did not comply with the requirements of 2 CFR Part 200 Subpart E Allowable Costs.

Questions Costs:

\$37,543 computed at 50 percent of the total of excess workers compensation costs in the amount of \$29,487 and transfers to another fund totalling \$45,600.

Perspective:

The noncompliance with allowable cost requirements was due to accounting errors in the excess accrual of workers compensation and the reliance on summary information in the City's general ledger.

Repeat finding:

This was not reported as a finding in the immediately prior audit.

Recommendations:

In preparing the request for reimbursement under the program the City should review the detail general ledger information to ensure that all costs claimed comply with the provisions of 2 CFR Part 200 Subpart E. Additionally, the balance sheet accounts should be reviewed to ensure accruals are appropriate.

Views of responsible officials:

The City agrees with the finding and is taking corrective action.

CITY OF ALBANY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>Department of Housing and Urban Development</i>			
Community Development Block Grant	14.218	B-14-MC-41-0011	\$ 436,565
<i>Department of Justice</i>			
Bureau of Justice Assistance			
Bulletproof Vest Partnership Program	16.607		7,722
<i>Department of Transportation</i>			
Federal Aviation Administration			
Airport Improvement Program	20.106	3-41-0001-012-2012	191,811
Federal Transit Administration			
Formula Grants - Urbanized Area Formla <i>Passed through Linn County, Oregon</i>	20.507		712,248
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	29313	85,378
National Highway Traffic Safety Administration			
<i>Passed through Oregon Association of Chiefs of Police</i> State and Community Highway Safety	20.600		14,971
Pipeline and Hazardous Materials Safety Administration			
<i>Passed through Oregon State Police</i> Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	234-2013	20,335
Total Department of Transportation			1,024,743
<i>Executive Office of the President</i>			
High Intensity Drug Trafficking Areas Program	95.001		51,000
<i>Department of Homeland Security</i>			
Federal Emergency Management Agency			
<i>Passed through Oregon Military Department</i> Homeland Security Grant Program	97.067	16-200	9,467
Total Expenditures of Federal Awards			<u>\$ 1,529,497</u>

Notes to Schedule of Expenditures of Federal Awards

1 - Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Albany under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of City of Albany, it is not intended to and does not present the financial position, changes in net position, or cash flows of City of Albany.

2 - Summary of significant accounting policies

- a. Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. City of Albany has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

CITY OF ALBANY

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2017**

Finding 2016-001

Status: The City has not implemented corrective action for this finding and it is repeated as Finding 2017-001.

Finding 2016-002

Status: The City has implemented corrective action for this finding by ensuring that all adjustments made during the year are considered in the costs submitted for reimbursement under the grant.

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