



CITY OF ALBANY, OREGON

2012

2013



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013

[WWW.CITYOFALBANY.NET/FINANCE](http://WWW.CITYOFALBANY.NET/FINANCE)





The wise man doesn't give the right answers, he poses the right questions.

Claude Levi-Strauss

**City of Albany, Oregon**

**Comprehensive Annual Financial Report  
for the Fiscal Year Ended  
June 30, 2013**

\* \* \* \* \*

**Wes Hare, City Manager  
Stewart Taylor, Finance Director**

**Prepared by:**

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

Try, try, try, and keep on trying is the rule that must be followed to become an expert in anything.

W. Clement Stone



**City of Albany, Oregon**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2013**  
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# Introductory Section

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Education is the most powerful weapon which you can use to change the world.

Nelson Mandela



**City of Albany, Oregon**

333 Broadalbin Street SW  
Albany, Oregon 97321

[www.cityofalbany.net](http://www.cityofalbany.net)

Council Members, Administrative Staff, and Principal Finance Staff  
as of June 30, 2013

**Council Members**

Ward	Council	Years of Service	Term Expires
	Sharon Konopa, Mayor	17	December 31, 2014
I	Dick Olsen	15	December 31, 2014
I	Floyd Collins	6	December 31, 2016
II	Bill Coburn	5	December 31, 2016
II	Ray Kopczynski	2	December 31, 2014
III	Bessie Johnson	11	December 31, 2014
III	Rich Kellum	0.5	December 31, 2016

**Administrative Staff**

		Years in this Position	Years of Service with the City of Albany
City Manager	Wes Hare	8	8
Finance Director	Stewart Taylor	6	6
Public Works Director	Mark Shepard	2	21
Community Development Director	Heather Hansen	0.5	7
Parks Director	Ed Hodney	10	10
Library Director	Ed Gallagher	10	15
Management Systems Director	Bob Woods	5	12
Police Chief	Ed Boyd	8	8
Fire Chief	John Bradner	5	24
Information Technology Director	Jorge Salinas	8	8
Human Resources Director	David Shaw	9	9

**Principal Finance Staff**

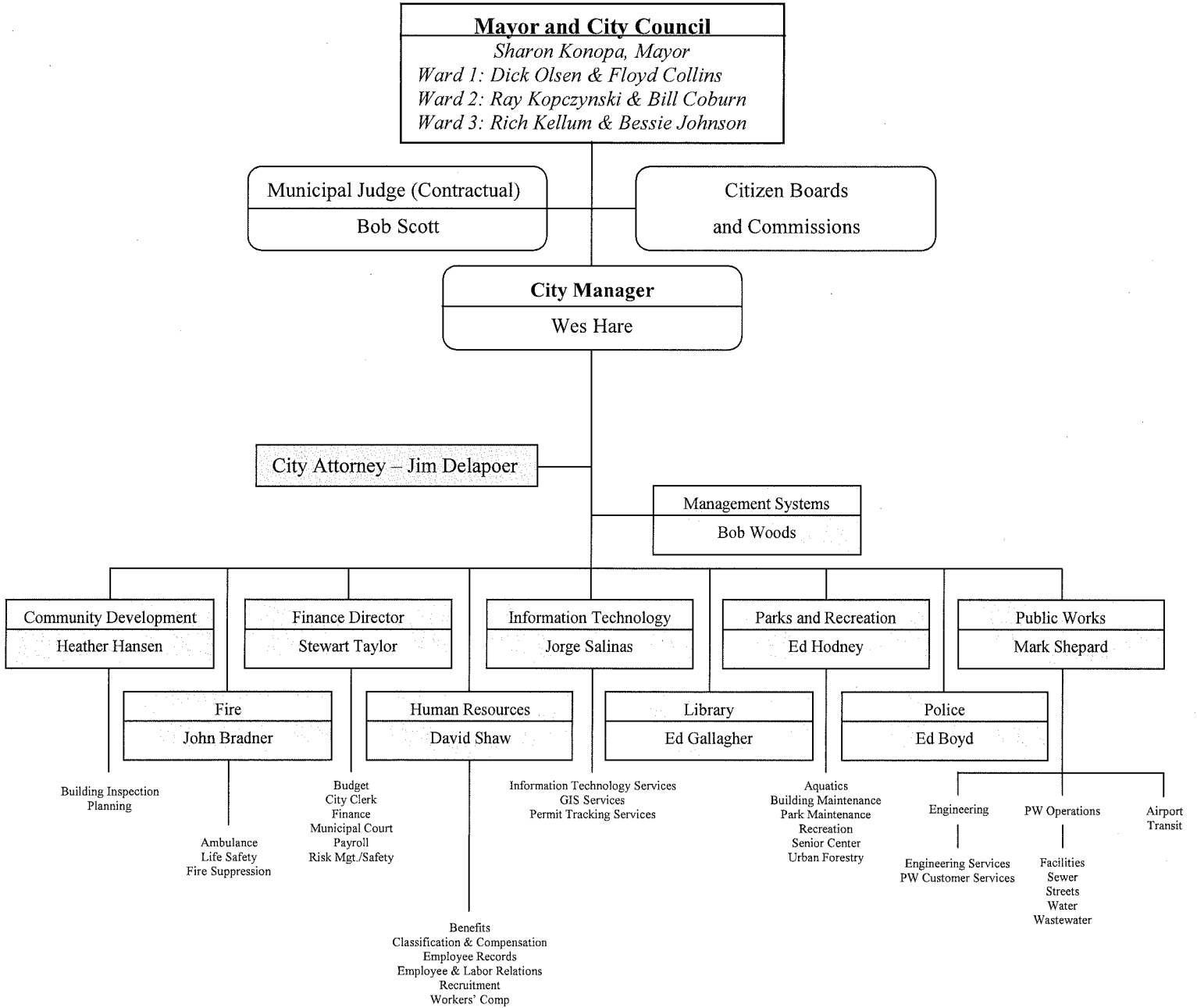
Finance Director  
Stewart Taylor

Senior Accountant  
Michael Murzynsky

Senior Accountant  
Anne Baker

# EXECUTIVE SUMMARY

## CITIZENS OF THE CITY OF ALBANY

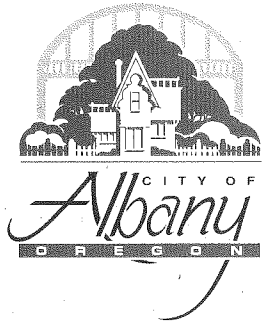


Elected

Appointed by Council

Recommended by City Manager, ratified by Council

Appointed by City Manager



December 19, 2013

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

**CITY HALL**  
333 Broadalbin Street SW  
PO. 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 541-917-7598

**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

**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

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, 2013, together with the unqualified opinion therein of our independent certified public accountants, Boldt, Carlisle & Smith (BCS), 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 is 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.

It is the responsibility of BCS, as the independent accountants, to express an opinion of the fairness of the basic financial statements which have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). 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.

In addition to the annual audit, the City is required to have a comprehensive single audit of its Federal Assistance Programs in accordance with the Single Audit Act, Office of Management and Budget (OMB) Circular A-133 and the provisions of Government Auditing Standards promulgated by the U.S. Comptroller General as they pertain to financial and compliance audits. A report on the City's compliance with Federal laws and regulations related to the Single Audit Act, OMB Circular A-133 is included with this report beginning on page 170.

This report includes all funds of the City including the Albany Revitalization Agency (ARA), an urban renewal agency. Financial data for ARA are included in these statements as a blended component unit.

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.



## ALBANY, OREGON PROFILE

The City was founded in 1848, incorporated in 1864, and adopted its first charter in 1891. 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 2013 population of 50,710, Albany is the state's 11th largest city. The City's boundaries span Linn and Benton Counties with a population of 43,946 in Linn County and 6,764 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	50,518	111,355	87,000

The City is governed by a directly elected nonpartisan Mayor with a two-year term who 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 390 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 250 volunteer groups.

## ECONOMIC OUTLOOK AND CONDITION

The City of Albany is part of the **Albany-Corvallis-Lebanon, Oregon Combined Statistical Area (CSA)** which is a **Combined Statistical Area** that contains Benton and Linn counties. In addition, Benton County is designated as the **Corvallis Metropolitan Statistical Area (Corvallis MSA)** and Linn County is designated as the **Albany-Lebanon Micropolitan Statistical Area (Albany MSA)**. The Corvallis MSA includes two of the biggest employers in the county; Oregon State University and Hewlett Packard. The Albany MSA includes Samaritan Health Services and Linn-Benton Community College. All four businesses employ over 15,000 employees.

The City's economic base is one of diversity with farming and manufacturing taking the lead. 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, mainly zirconium. Manufacturing firms, such as ATI Wah Chang (estimated 1,000 full-time employees), create specialized products for aerospace, nuclear energy generation, super conductivity, fiber optics, 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. Linn County is often referred to as the "Grass Seed Capital of the World". 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. It ranges 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.

The decline of the timber industry and the outsourcing of manufacturing jobs have led to a big concern for the area; as a whole the unemployment rates are higher than the rest of the state. Statistics published by the Oregon Employment Department show that as of June 30, 2013, the unemployment rates for Linn County and Benton County were 9.9 percent and 6.0 percent, respectively. These rates were 12.0 percent and 6.6 percent for June 30, 2012. Linn County's jobless rate ranked 25th of Oregon's 36 counties, an improvement over the previous year. Benton County's jobless rate of 6.0 percent 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 decreased by -3.0 percent from \$3.929 billion to \$3.830 billion in the last fiscal year.

In November 2006, Albany voters approved the Public Safety Operating Levy effective July 1, 2008, and ending in the 2012-13 Fiscal Year. In May 2012 the voters in the City of Albany approved a new five-year levy which increases the rate from \$.95/1000 of assessed valuation to \$1.15/1000 of assessed valuation. This special levy will make available approximately \$2,500,000 each year for public safety purposes. However, in the Fiscal Year (FY) 2011-12 the City was surprised by tax compression and had a substantial drop in tax revenues and it is not expected to end anytime soon. This is discussed further in the Notes to the Financial Statements.

## MAJOR INITIATIVES

### Library

The library joined the Oregon Library Passport Program for a three-year trial phase. Library cardholders can now borrow materials from any other library in the state that has also joined the Passport Program. This greatly enhances access to public libraries for Albany residents, with no additional cost. This is Effective Government at its best; and also squarely in the center of the Great Neighborhoods value identified in the Strategic Plan.

### Public Information Office

In ongoing efforts to increase community awareness and public participation, the City collected citizen and customer email addresses to add to the subscriber list for *City Bridges*, the online newsletter which is posted on the last Tuesday every month. The first mass mailing was sent in August, boosting the subscriber list to 24,160. The City also maintains 12 Facebook pages, a Twitter account, a photo-sharing Flickr account, and a YouTube channel, all pointing back to content that is posted on the City's website. The main City of Albany Facebook page has 1,297 likes; the most popular page is the ATI Northwest Art and Air Festival, with 1,730 likes. We have 584 Twitter followers.

In January, the City took over management of public access television Channel 28, provided through our Comcast franchise agreement. We use the channel for live broadcast of City Council meetings, a bulletin board of public meetings, and informational videos from other government or community sources. Council meetings continue to be streamed live and archived on the City website and available on YouTube.

### Police

The City of Albany conducted a nation-wide search and hired Mario Lattanzio as the new police chief; he started July 1, 2013. Chief Lattanzio was a captain in the Mesa, Arizona police department.

The Albany Police Department was accredited by the Oregon Accreditation Alliance.

### Fire

The Fire department was able to secured additional funding through the Staffing for Adequate Fire and Emergency Response (SAFER) Federal Grant to hire six firefighters. Three of these positions filled previous firefighter positions lost through attrition and three were new positions to the Department that have allowed us to increase staffing at the North Albany fire station. In addition, the department filled vacant Deputy Fire Marshal (DFM) positions by promoting two and hiring one into the Compliance-DFM positions.

The Fire Department purchased a new aerial ladder truck to replace an existing ladder truck that is 15 years old. The ladder truck is being constructed with an anticipated delivery date of March, 2014.

Work on facilities continues, such as replacing the roof at Fire Station 12, painting and sealing Fire Station 11, and completing many other facility maintenance projects.



The City lost an arbitration settlement on wages for Fiscal Year 2012-13 with the International Association of Firefighters (IAFF) Local 845, and successfully negotiated a four-year collective bargaining agreement with the firefighters through June 30, 2017.

### **Community Development**

The Planning Division completed the South Albany Area Plan and the City Council adopted the plan. This represents the culmination of a two-year project working with the public, two committees, and a consultant team to create a vision for Albany's largest undeveloped industrial and residential lands within the City's Urban Growth Boundary. The plan was funded with a grant from the Oregon Transportation and Growth Management Program. The Plan provides the framework and tools to create a vibrant new community with neighborhoods of choice, parks, and recreational opportunities, thriving neighborhood and employment centers, transportation connections, and stewardship of the Oak Creek greenway and other natural resources. Plan adoption included amending Albany's Comprehensive Plan, Development Code, and Zoning Map.

Planning worked with the Mayor-appointed Business Ready Task Force to review standards in the Albany Development Code that could be more business friendly and/or easier to understand and process. Proposed amendments include streamlining the process for some levels of Site Plan review and providing more flexibility to support economic development.

The City accepted the Department of Housing and Community Development's offer to become a Community Development Block Grant (CDBG) entitlement city and will begin receiving \$400,000 annual CDBG funding in order to carry out eligible activities and programs related to developing and maintaining viable urban communities. Planning staff worked with the Mayor-appointed task force that served to help identify community development needs. The City prepared its first five-year Consolidated Plan that describes community needs, resources, priorities, and proposed activities to be undertaken with CDBG funding. The City also prepared a one-year action plan that outlines specific activities that will be taken in the first year to address needs identified in the Consolidated Plan.

The Building Division processed permits with over \$61,000,000 in valuation from a wide variety of new construction and alterations. New and altered commercial buildings accounted for approximately 50% of the total. Residential permits accounted for 44% of the total valuation and included 123 new single family residences, one duplex, and four manufactured homes. This was a total increase of 17% in residential permits over last year. The average value of residences per dwelling has increased from \$168,000 in 2011, to \$175,000 in 2012, and to \$210,771 in 2013. Other miscellaneous permits accounted for approximately 6% of the total valuation. The Building Department issued an additional 1,268 permits, (electrical, fire sprinklers, etc.) not based on value that are not included in the \$61,000,000 figure.

The Community Development Department is currently implementing e-Plans, (ProjectDox), an electronic paperless system for plans review and file storage and anticipates having the system fully functional for our customers in early 2014. The

current non-supported permits tracking system, Permits Plus, is also being replaced with an upgraded software program that is a web based product. These electronic systems should provide efficiencies and saving for both the City and customers working with the City. In addition it is anticipated that response times for review and the customers total time required for project turn-around-to-completion time will be shortened.

### **Public Works**

The Public Works Department continued to improve our organizational structure to maximize the Department's ability to provide the most cost-effective service for water, wastewater, transportation, and stormwater infrastructure. The Department completed a mid-term report to the American Public Works Association (APWA) as part of maintaining the Departments standing as an APWA accredited Agency.

### **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 for the sewer and water utility is an important new tool for the City Council to use and also serves to help inform Albany citizens about rates and utility needs. Staff also implemented a web payment process for customers to pay their utility bills, along with the option for customers to receive electronic billings.

### **Transit**

Public Works staff played an integral role in the establishment of the Metropolitan Planning Organization (MPO), including navigating the transition from state funding to federal funding. We are also participating in developing the MPO's Transportation Improvement Plan, and are participating on the Technical Advisory Committee.

### **Airport**

Public Works staff is in the midst of updating the Airport Master Plan, which includes an updated Airport Layout Plan and associated drawings which will guide development of the airport for the next ten to twenty years. The goal of the Master Plan update is to contribute to an economically self-sufficient airport within the current and future physical and regulatory constraints.

### **Engineering**

In addition to routine pipe replacement and major maintenance projects, staff designed and has seen through to construction several significant projects. For example, approximately 2,400 lineal feet of 24-inch waterline was installed in Hill Street between Queen and 24<sup>th</sup> Avenues. Design of the Main Street Rehabilitation project was also completed and will be constructed in 2014. The project will reconstruct Main Street between 1<sup>st</sup> Avenue and 4<sup>th</sup> Avenue and includes a roundabout at the intersection with Salem Avenue.

The Engineering Division continues to make substantial progress on stormwater management efforts. Three major work efforts are currently underway: The North Albany Floodplain Study, a City-wide stormwater master plan, and implementation of a stormwater quality program. The City is currently working with Federal Emergency

Management Agency (FEMA) to develop updated Flood Insurance Rate Maps (FIRMs) for public review and comment. Adoption of the new maps is anticipated in 2014. Completion of this project will better protect residents in North Albany from flooding risks. Stormwater master planning efforts continue to make steady progress. This effort will facilitate well planned development that protects existing infrastructure and stream health in Albany while facilitating economic development. Implementation of a post-construction stormwater quality program in Albany is required for regulatory compliance. It is anticipated that this new program will be fully operational in 2014.

The Engineering Division has also participated in a citywide sustainability and efficiency effort to move towards electronic plan reviews for City permits and land use applications. This electronic plan review process should be available to the public in early 2014. Implementation of this process will result in cost savings for the City and the development community while also increasing overall efficiency.

#### **Parks & Recreation**

The City built a new running track and irrigated the football/soccer field at Timber Ridge School, funded with Parks System Development Charges (SDC) funds totaling \$470,000. The funds were expended in 2011-2012 and the project was completed in the summer of 2012. The new facilities are owned by the school district and made available to the City for its programs during non-school hours.

#### **Information Technology (IT)**

The IT Department expanded the virtual infrastructure implementation. 90% of the production server fleet is now virtualized. We transferred the management and support of the local Comcast Public Education and Government (PEG) channel from Linn Benton Community College to the City of Albany.

IT obtained approval to deploy an electronic plan review solution that will enable the City to streamline processes across the Planning, Building and Public Works Departments while reducing the cost of doing business for citizens and developers. In addition, we upgraded multiple applications and systems including our financial information, document management, VoIP phone, and City Hall security system. We also deployed various video surveillance systems throughout the City.

#### **Human Resources**

The Human Resources Department received 2,069 applications for approximately 57 vacant positions and processed 391 Personnel Action Forms. The department negotiated the last year of the collective bargaining agreement with the Fire Union. A resolution was not reached at the bargaining table and the contract went to arbitration. The Fire Union prevailed in arbitration. The department successfully negotiated a successor four-year agreement with Fire. Those negotiations were completed in 2.5 hours. All supervisors and managers were given training on preventing sexual harassment.

#### **Finance**

The City continued to be recognized by the Government Finance Officers Association by receiving the Certificate of Achievement for Excellence in Financial Reporting, the

Distinguished Budget Presentation Award, and, for the first time, the Award for Outstanding Achievement in Popular Annual Financial Reporting.

For the fourth consecutive year, Finance presented financial indicators and a five-year forecast to the City's Budget Committee. The financial indicators are based on the International City Management Association's Financial Trends Monitoring System. The system identifies trends and analysis of several financial indicators that give an overview of the general financial health of the City. This year's forecast included a 10-year history of revenues, expenditures and fund balance for all City funds.

### **LONG-TERM FINANCIAL PLANNING**

As stated in the Finance initiatives, long-term financial indicators or plans were developed by the City's Finance Director for the main operations, i.e. Police and Fire Departments, Library, Planning, Housing, and Municipal Court, of the City for that budget year. During each of the subsequent Fiscal Years, revenue and expenditure estimates are updated. At the beginning of each budget year the five-year plan is presented to the Budget Committee. Other departments, namely Water and Sewer, project their forecasts over longer terms so that the water and sewer rates may be set to accommodate debt payments and any capital project needed for their operations. Capital projects are included in the five-year Capital Improvement Program and are updated annually after the City evaluates its service delivery systems. It is the policy of the City to make every effort to construct projects at the best cost to the citizens of Albany.

#### **Strategic Plan**

The City Council reviews the Strategic Plan on an annual basis to reaffirm direction and priorities for the coming year. In FY 2013, the review focused on strengthening the links between strategic goals and operating objectives. All of the goals now have actions that clearly demonstrate the City's progress in completing the goals and objectives. The City's Strategic Plan is the key building block for the long-term planning of the City.

### **RELEVANT FINANCIAL POLICIES**

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 the Government Finance Officers Association (GFOA) of the United States and Canada 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, 2013, 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 the Fiscal Year 2012-2013, the City utilized a total of 20 funds, of which 16 are governmental fund types and four 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).

### Cash Management

Cash not required for current operations is invested in accordance the City's written investment policy. City funds are pooled for investment purposes; investment instruments may include U.S. Treasury securities, Government Sponsored Enterprises, and the State of Oregon Local Government Investment Pool. Additional cash and investment information is included in the notes to the financial statements.

### Debt Management

The City has the following outstanding obligations: general obligation (GO) bonds, limited tax bonded indebtedness, revenue bonds, urban renewal bonds, notes, and loans. The City's current General Obligation rating from Moody's and S&P (Standards & Poors) are A2 and A+, respectively. The Finance Director manages the City debt and is responsible for evaluating funding needs and determining the appropriate means to raise necessary funds.

### Independent Audit

Oregon Revised Statutes (ORS) 297.405-297-555 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, 2012. 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.

### Awards

GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Albany for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. 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 Comprehensive Annual Financial Report, whose contents conform to program standards. Such a Comprehensive Annual Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements.

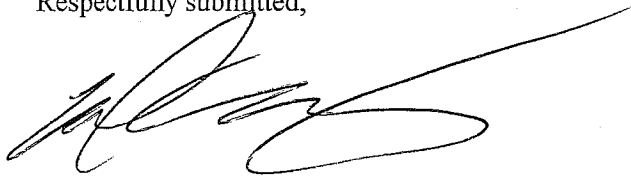
A Certificate of Achievement is valid for one year only. The City has received a Certificate of Achievement for the last 29 consecutive years (1984-2012). We believe our current report continues to conform to the Certificate of Achievement standards.

Acknowledgements

The preparation of the Comprehensive Annual Financial Report 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,



Michael Murzynsky  
Senior Accountant



Anne Baker  
Senior Accountant



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, 2012**

Executive Director/CEO



There is only one boss. The customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else.

Sam Walton

# Financial Section

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In three words I can sum up everything I've learned about life: it goes on.

Robert Frost



**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, 2013, 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 of June 30, 2013, the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General, Parks and Recreation, Risk Management, and Street Funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 17 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 and individual nonmajor fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 them.

### 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 December 19, 2013, 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 Minimum Standards*

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 19, 2013, 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  
December 19, 2013  
By:

  
Bradley G. Bingenheimer, Member

## 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, 2013. 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 132).

### Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$307,946,530 (net position). Of this amount, \$49,879,145 (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 \$31,160,543, a decrease of (\$3,971,913) in comparison with the previous year. The General Fund ending fund balance decreased by (\$475,360) (-16.84 percent) to \$2,346,616. In the General Fund, the ratio of ending fund balance to total expenditures less capital is 8.67 percent.

The Parks and Recreation ending fund balance decreased by (\$288,423), (-14.63 percent). The decrease in fund balance was due to a capital outlay of \$800,000 for rights to use the gymnasium at Timber Ridge Elementary School (see fixed asset note for further explanation). If the department had not continually monitored all expenditures (there was a savings of \$758,500) the decrease in fund balance may have been worse. The Parks and Recreation fund balance may decrease over the next several years as systems development fees collected in prior years are used for capital projects described in the master plan, however they have increased their sponsorship levels and that increase may offset the decrease. Note their total revenues increased from \$5,383,800 to \$5,437,808, a 1.0 percent increase.

The Risk Management fund is the fund where the settlement proceeds from the SVC Manufacturing (a wholly owned subsidiary of Pepsi) litigation are held. The proceeds will be transferred and committed to the economic development of the City, as directed by the City Council. As of June 30, 2013, the ending fund balance increased from \$13,723,060 to \$13,813,266 or (0.66 percent).

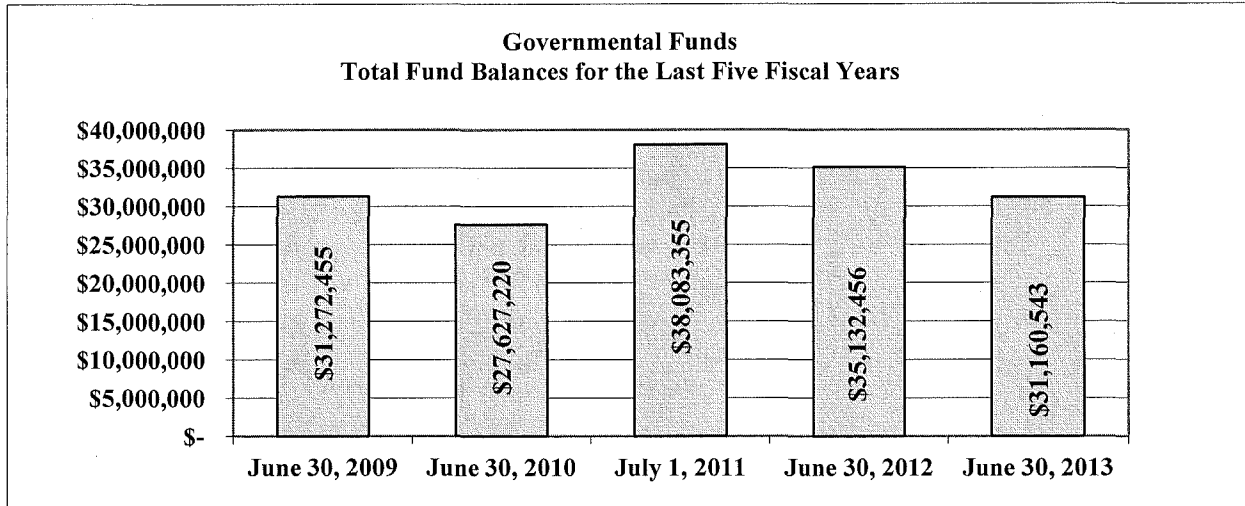
The Street Fund ending fund balance decreased by (\$14,118), (-0.21 percent), as compared to the \$3,094,874 decrease from the 2011-12 Fiscal Year. The Street Fund ending fund balance of \$6,860,709 includes \$4,609,151 in the Transportation Systems Development Charges (TSDC) Projects program. The TSDC fund balance had a slight decrease and may stay steady until other Capital Projects similar to the Oak Street Reconstruction project come along.

The City's Capital Projects Fund ending fund balance decreased by (\$2,470,823) (-8.27 percent), to (\$2,769,618). Significant capital projects concluded were the final phase of the Albany REA Building project, the Local Improvement District road project at Oak Street, and the North Albany Park and Ride project.

In the non-major funds there are a few items which relate to the economic times which should be noted. The Building Fund balance increased from \$145,957 to \$341,506; an increase of (133.94 percent). The increase can be attributed to an upturn of home building in the area.

A new area of concern is the Ambulance Fund. The funds ending balance fell by \$54,924 (117.6 percent) as compared to last year's balance. A major factor in the decline in ending balance was a 3% decrease in Medicare reimbursements for the last half of the fiscal year. Medicare patients constitute about 60% of patient transports so that 3% decrease had a major impact on the revenue. This is a situation that will require close attention in the Fiscal Year 2013-14.

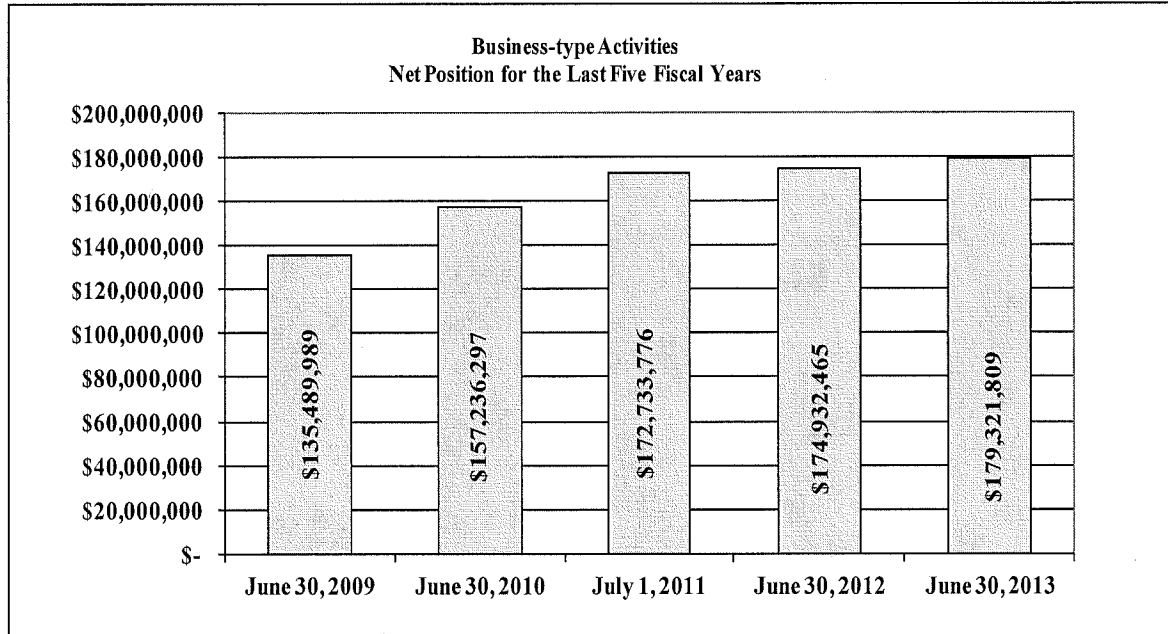
In the Public Safety Levy Fund, property taxes fell another \$183,000 which significantly decreased the transfers to the General Fund and the Ambulance Fund. The reason for the decrease was due to compression; for details please refer to the Oregon State Department of Revenue. The Albany Revitalization Agency (ARA) ending fund balance decreased by (\$1,154,239) (-48.36 percent). The primary contributor to the decrease was the debt payment made for the 2010 Note Payable of \$1,962,200; it was decided to not refinance this with bonds.



**Governmental Funds: Changes in Fund Balance**

Fund	June 30, 2013	June 30, 2012	Increase (decrease)	Per cent Change
	Fund Balance	Fund Balance		
General Fund	\$ 2,346,616	\$ 2,821,976	\$ (475,360)	-16.84%
Parks & Recreation	1,683,245	1,971,668	(288,423)	-14.63%
Grants	83,184	112,049	(28,865)	-
Building Inspection	341,506	145,957	195,549	133.98%
Risk Management	13,813,266	13,723,060	90,206	0.66%
Economic Development	596,197	539,159	57,038	10.58%
Ambulance	(8,220)	46,704	(54,924)	-117.60%
Public Transit	90,944	282,920	(191,976)	-67.86%
Public Safety Levy	156,449	51,615	104,834	203.11%
Capital Replacement	6,227,497	6,020,522	206,975	3.44%
Street	6,860,709	6,874,827	(14,118)	-0.21%
ARA	1,232,392	2,386,631	(1,154,239)	-48.36%
Debt Service	371,506	319,703	51,803	16.20%
Capital Projects	(2,769,618)	(298,795)	(2,470,823)	826.93%
Senior Center Endowment	50,900	50,584	316	0.62%
Library Trust	83,970	83,876	94	0.11%
<b>Totals</b>	<b>\$ 31,160,543</b>	<b>\$ 35,132,456</b>	<b>\$ (3,971,913)</b>	<b>-11.31%</b>

Business-type net position increased \$4,389,344 (2.51 percent) for the 2012-13 Fiscal Year. Operating income for the Water and Sewer Funds was \$7,867,009. The net position decrease from non-operating revenues and expenses was \$3,162,736. Capital contributions from developer site improvements and development fees were \$722,755.



**Changes in Net Position: Proprietary Funds**

Fund	June 30, 2013	June 30, 2012	Increase (decrease)	Per cent Change
	Net Position	Net Position		
Water	\$ 71,365,514	\$ 71,544,972	\$ (179,458)	-0.25%
Sewer	108,504,184	104,926,484	3,577,700	3.41%
Central Services	(348,278)	(194,833)	(153,445)	78.76%
Public Works Services	(378,535)	(407,726)	29,191	7.16%
<b>Totals</b>	<b>\$ 179,142,885</b>	<b>\$ 175,868,897</b>	<b>\$ 3,273,988</b>	<b>1.86%</b>

For Fiscal Year 2011-12 there was limited growth and a decrease in the net position for the City's two enterprise funds, where net position decreased -0.25 percent in the Water Fund and 3.41 percent in the Sewer Fund.

The City utilizes two internal service funds: Central Services and Public Works Services. Because GASB 34 requires the City to book the Compensated Absences and GASB 45 requires us to book the 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 \$225,906 and Public Works Services \$184,870 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 (\$348,278) and Public Works Services (\$378,535) show that they are not operating at a sustainable level or at break-even.



## **Overview of Financial 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.

### **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 of the 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 19.

### **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.

To further enhance the governmental funds, the City implemented GASB Statement 54 for the fiscal year ending June 30, 2011. This GASB reporting requirement requires an analysis and breakdown of ending fund balance between five new fund balance categories. The new GASB fund balance categories are: Non-spendable, Restricted, Committed, Assigned, and Unassigned. Below is a brief explanation of each of these fund balance categories:

Non-spendable - 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, 2013, the City's governmental funds reported ending fund balances by category of:

Nonspendable	\$ 236,749
Restricted	9,537,754
Committed	22,095,679
Unassigned	<u>(709,639)</u>
	<u>\$ 31,160,543</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 76 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 22.

### **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 and sewer 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 32.

### **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 37.

### **Supplementary Data**

The combining statements, referred to earlier in connection with non-major governmental funds, can be found starting on page 76.

### **Statistical Information**

The City would like to direct the reader's attention to the Statistical Section, starting on page 132, for additional information 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 \$307,946,530 at the close of the fiscal year, an increase of 1.22 percent from the previous year. At fiscal year end, June 30, 2013, the City had \$232,677,551 invested in capital assets, net of related debt, and an unrestricted net position balance of \$49,879,145.

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 (\$25,389,834, or 8 percent) represents resources that are subject to restrictions on how they may be used. For Governmental Activities, net position restricted for capital projects, (\$6,357,619), and for debt service, (\$5,382,393), account for nearly all of the restricted net position.

**Selected Financial Statistics:**

Population	50,710
Assessed value per capita	\$ 67,020
Market value per capita	\$ 75,534
Long-term debt (bonds, notes, certificates of participation, capital leases)	\$107,086,982
Total long-term debt per capita	\$ 2,112
Total general obligation debt	\$ 2,590,000
General obligation debt per capita	\$ 51
General obligation debt per \$1,000 of assessed value	\$ 0.76
General obligation debt service for Fiscal Year 2012-13 per \$1,000 of assessed value	\$ 0.3693
Property taxes as a percentage of General Fund expenditures*	71%
Public safety expenditures as a percentage of General Fund expenditures	84%

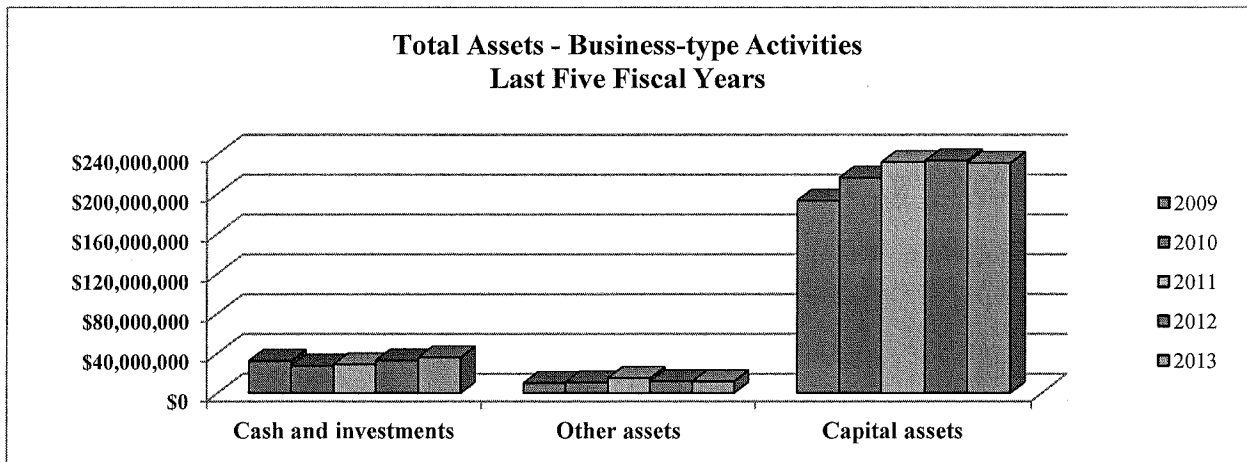
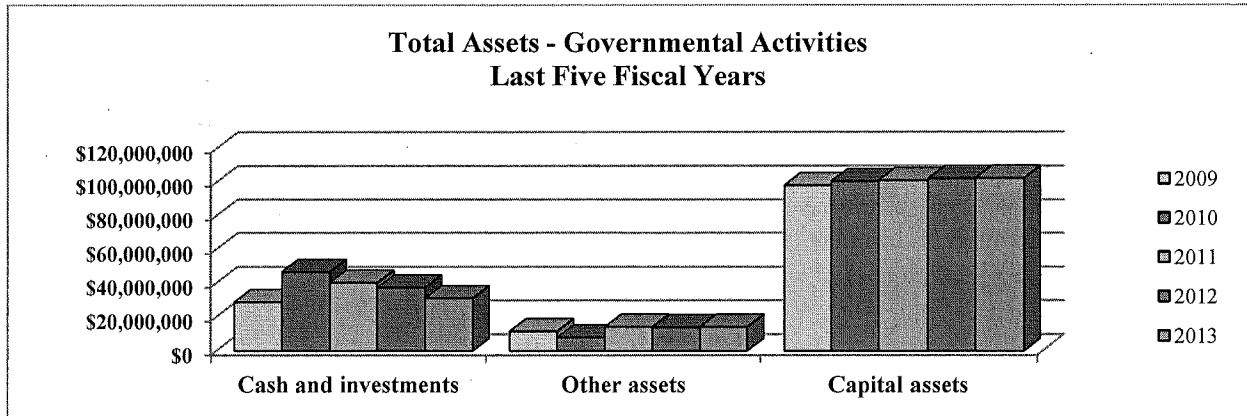
\* Property taxes from the public safety levy are recorded as tax receipts in the Public Safety Levy Fund. In order to accurately reflect the significance of property taxes in the General Fund, transfers into the General Fund from the Public Safety Levy Fund have been included in total General Fund revenues 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, 2013 and 2012**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Cash and investments	\$ 31,058,805	\$ 37,381,117	\$ 35,854,892	\$ 32,841,740	\$ 66,913,697	\$ 70,222,857
Other assets	14,154,183	13,877,269	11,722,092	12,015,631	25,876,275	25,892,900
Capital assets	102,553,009	102,295,064	230,976,494	233,408,227	333,529,503	335,703,291
Total assets	147,765,997	153,553,450	278,553,478	278,265,598	426,319,475	431,819,048
Other liabilities	1,483,610	3,076,181	1,881,192	2,530,345	3,364,802	5,606,526
Long term debt outstanding	17,657,665	21,175,440	97,350,478	100,802,788	115,008,143	121,978,228
Total liabilities	19,141,275	24,251,621	99,231,670	103,333,133	118,372,945	127,584,754
Net Position:						
Net Investment in capital assets,	95,871,131	96,500,517	136,828,820	134,559,041	232,699,951	231,059,558
Restricted	11,852,482	13,190,170	13,514,952	14,445,758	25,367,434	27,635,928
Unrestricted	20,901,108	19,611,140	28,978,037	25,927,666	49,879,145	45,538,806
Total Net Position	\$128,624,721	\$ 129,301,827	\$179,321,809	\$174,932,465	\$307,946,530	\$304,234,292

In the governmental activities, total assets decreased by (\$5,787,453) or -3.77 percent, while in the business-type activities, capital assets decreased (\$2,431,733) (0.1 percent).

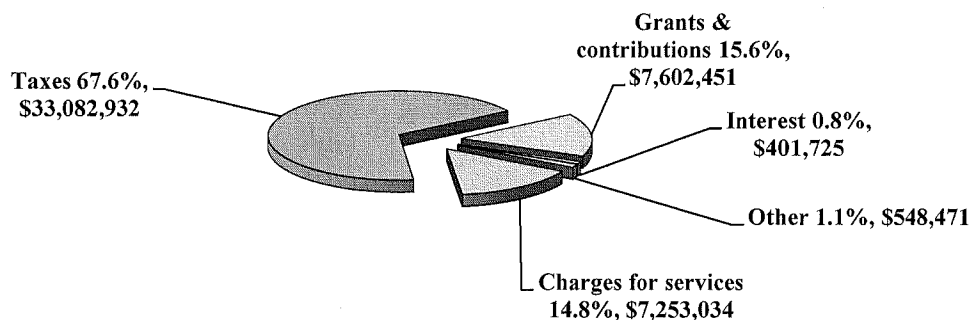
At the end of the fiscal year, the City had positive balances in all three categories of net position, for the government as a whole as well as for its separate governmental and business-type activities. The City's net position increased by \$3,712,238 (1.22 percent) during the current fiscal year, primarily due to water/sewer services charge increases in anticipation of utility capital construction; and capital contributions from systems development fees (streets, parks, water, and sewer), grants, and developer site improvements.



**Table 2 - Statement of Activities Summary  
Governmental and Business-type Activities  
for the years ended June 30, 2013 and 2012**

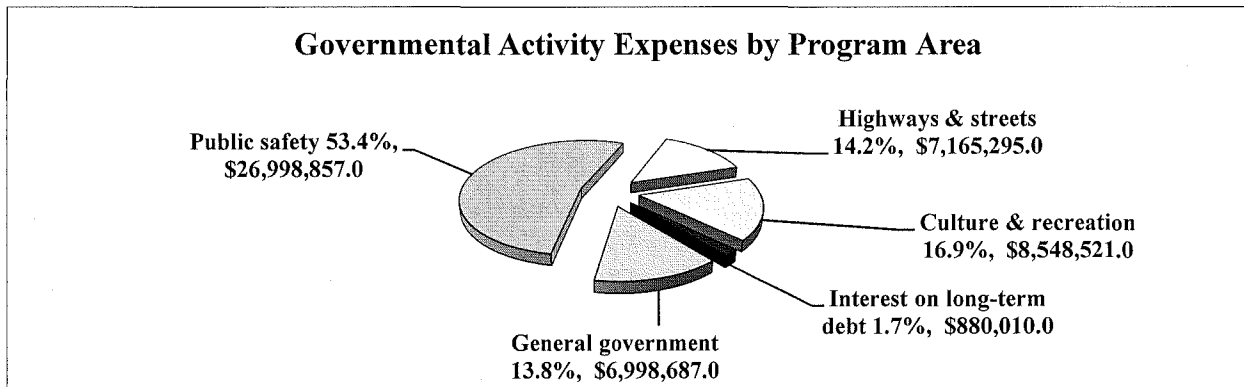
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 7,253,034	\$ 6,893,179	\$ 25,070,202	\$ 23,699,480	\$ 32,323,236	\$ 30,592,659
Grants and contributions:						
Operating	3,245,250	5,245,587	-	-	3,245,250	5,245,587
Capital	4,357,201	2,613,592	678,179	1,861,591	5,035,380	4,475,183
General revenues						
Taxes	33,082,932	32,907,609	12,205	8,655	33,095,137	32,916,264
Interest	401,725	232,122	264,875	224,922	666,600	457,044
Other	548,471	490,535	5,785,325	2,998,110	6,333,796	3,488,645
Total revenues	48,888,613	48,382,624	31,810,786	28,792,758	80,699,399	77,175,382
<b>EXPENSES</b>						
Governmental activities:						
General government	6,998,687	5,282,341	-	-	6,998,687	5,282,341
Public safety	26,998,857	27,832,589	-	-	26,998,857	27,832,589
Highways and streets	7,165,295	5,964,162	-	-	7,165,295	5,964,162
Culture and recreation	8,548,521	9,300,151	-	-	8,548,521	9,300,151
Interest on long-term debt	880,010	972,088	-	-	880,010	972,088
Business-type activities:						
Water	-	-	12,281,328	10,970,041	12,281,328	10,970,041
Sewer	-	-	14,114,463	14,201,008	14,114,463	14,201,008
Total expenses	50,591,370	49,351,331	26,395,791	25,171,049	76,987,161	74,522,380
Increase (Decrease) in net position before transfers and gain on disposal of real property	(1,702,757)	(968,707)	5,414,995	3,621,709	3,712,238	2,653,002
Transfers	1,025,651	419,885	(1,025,651)	(419,885)	-	-
Increase (Decrease) in net position	(677,106)	(548,822)	4,389,344	3,201,824	3,712,238	2,653,002
Beginning net position	129,301,827	129,850,649	174,932,465	172,733,776	304,234,292	302,584,425
Ending net position	\$128,624,721	\$ 129,301,827	\$179,321,809	\$174,932,465	\$307,946,530	\$305,237,427

**Governmental Activity Revenues by Source**

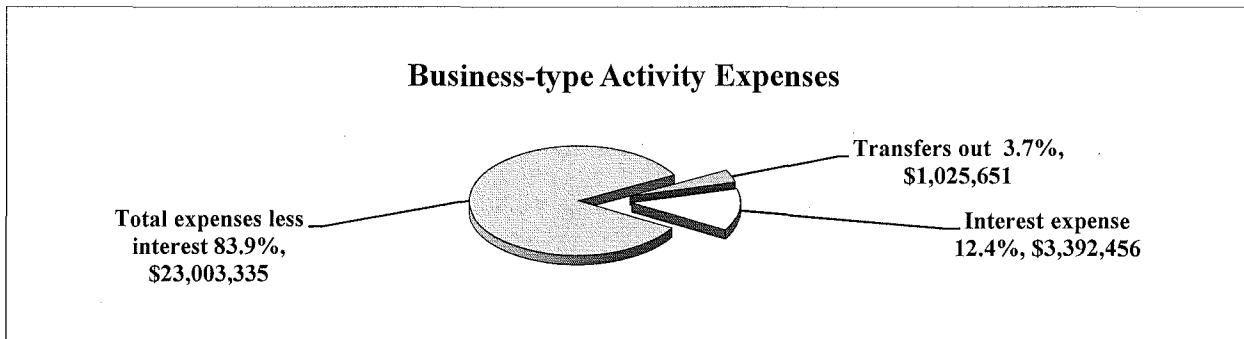


The previous chart indicates that 67.6 percent (\$33,082,932) of 2011-12 governmental activity revenues received by the City were taxes. Property taxes (\$25,589,428) represent the largest portion of total taxes received. Other major tax revenues were the City's share of state-wide fuel tax (\$2,764,402) and City privilege taxes for natural gas and electricity (\$2,761,418). The City also received \$1,213,099 for its share of state-imposed liquor and cigarette taxes and \$754,585 for City-imposed hotel/motel room taxes.

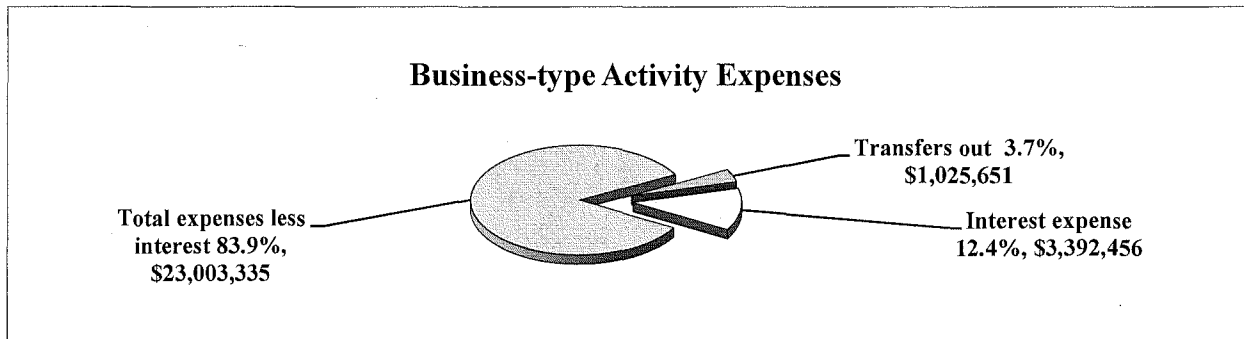
Grants and contributions accounted for 15.6 percent of governmental activity revenues. Major items included in the \$7,602,451 total for grants and contributions were: \$1,416,589 from the local rural fire protection districts; \$1,121,521 from Building Division builder fees; and \$932,791 for Sewer and Water in-lieu-of Franchise Fees.



More than one-half of all governmental activity expenses were for public safety (53.4 percent). As an indication of the City's favorable debt position, interest on long-term debt accounted for only 1.7 percent.



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 83.9 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.



Operating expenses for the Water and Sewer Funds increased (18.2 percent) between 2012-13 and 2011-12 fiscal years, as compared to the previous two years, 2011-12 and 2010-11, where they decreased by (-0.4 percent).

**BUDGETARY HIGHLIGHTS**

The City Council approved resolutions which changed the adopted 2012-13 budget by 18.18 percent (\$36,122,625). The biggest factor for this increase was the sale of the 2013 Water Advance Refunding bonds which lead to an increase of \$31.22M. Appropriations in the General Fund were increased by \$4,000 (0.01 percent). In the General Fund, after eliminating the \$1,211,200 contingency, actual expenditures were 97 percent of the final budget, yielding a favorable budget variance of \$2,115,651. Of this total savings of \$2,115,651 the major contributors to the savings were: Contingency savings (\$1,211,200); Fire Suppression (\$212,271); Police (\$334,928); and Housing (\$116,951).

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2013, the City had \$333,529,503 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 51.

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

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land, land rights, & land improvements	\$ 12,282,594	\$ 12,052,594	\$ 6,220,084	\$ 6,221,177	\$ 18,502,678	\$ 18,273,771
Buildings and improvements	15,559,354	15,785,815	125,285,226	118,220,787	140,844,580	134,006,602
Intangible assets	800,000	-	-	-	800,000	-
Vehicles and equipment	3,814,052	4,135,565	1,082,734	1,100,132	4,896,786	5,235,697
Infrastructure	70,097,009	67,074,813	96,940,482	93,458,278	167,037,491	160,533,091
Construction in progress	-	3,246,277	1,447,968	15,410,987	1,447,968	18,657,264
	<b>\$102,553,009</b>	<b>\$ 102,295,064</b>	<b>\$230,976,494</b>	<b>\$234,411,361</b>	<b>\$333,529,503</b>	<b>\$336,706,425</b>



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	
	2013	2012	2013	2012	2013	2012
Beginning Balance	\$102,295,064	\$ 101,193,211	\$234,411,362	\$236,034,275	\$336,706,426	\$337,227,486
Additions	6,616,395	6,648,305	4,916,070	4,080,446	11,532,465	10,728,750
Retirements	-	(113,621)	-	-	-	(113,621)
Depreciation	(6,358,450)	(5,432,831)	(8,350,938)	(5,703,359)	(14,709,388)	(11,136,190)
Ending balance	\$102,553,009	\$ 102,295,064	\$230,976,494	\$234,411,362	\$333,529,503	\$336,706,425

Governmental capital assets increased by \$257,945 net of accumulated depreciation. Additions to capital assets equaled \$6,762,638 for the year including: \$230,000 for a land purchase to be used in the Main Street Roundabout, \$172,772 for various City buildings renovation and repair projects, \$800,000 for City use of Timber Ridge Gymnasium, \$1,643,605 for street and bridge projects, \$2,349,232 to begin the Oak Street Reconstruction project, and \$533,685 for North Albany Park and Ride, and \$439,008 for five leased police cars and a new police radio system.

Business-type capital assets decreased by (\$2,431,733) net of accumulated depreciation. Additions to capital assets \$4,916,070 for the year includes: \$586,070 for Sewer System capital projects and \$38,278 for enhancement projects related to the Wetlands Treatment Area. In the Water Fund, additions included \$2,389,788 for the Broadway Reservoir project, and \$1,066,219 for Water System capital projects. Developer site improvement water lines, sewer lines, and storm drains amounted to \$722,000.

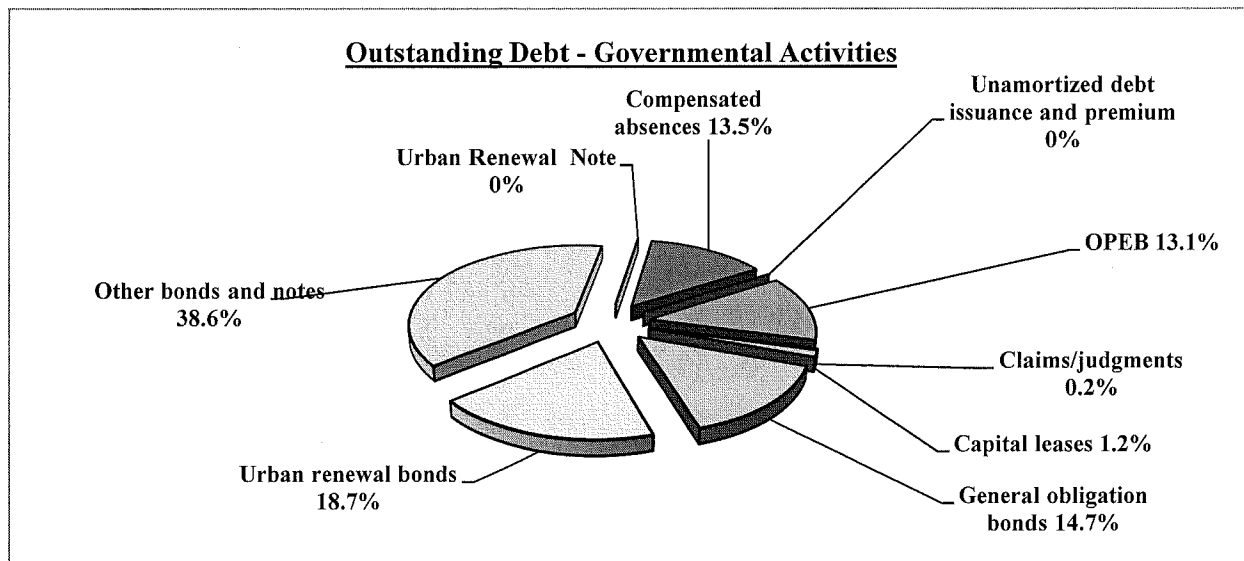
### **Debt Outstanding**

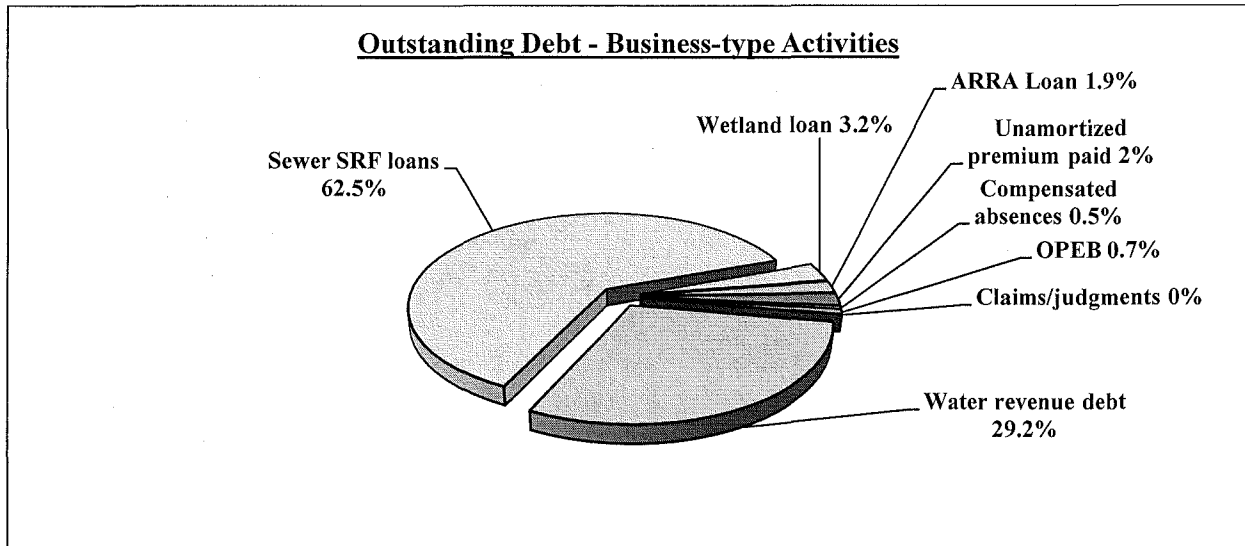
At June 30, 2013, the City had \$115,008,143 in debt outstanding compared to \$121,978,228 on June 30, 2012. Of the amount outstanding, \$8,228,107 is due within one year. For the 2012-13 Fiscal Year, the City completed an Advance Refunding of debt within the Water Fund. The City chose to refinance the 2003 Water Revenue which had an outstanding balance of \$30,840,000 and replace it with a new issue in the amount of \$28,450,000. This decrease of \$2,435,000 is shown and discussed in the Long-term Obligations section in the Notes to the Financial Statements.

The debt consisted of outstanding bonds and certificates of participation, \$41,022,689; loans, \$65,845,015; unfunded compensated absences, \$2,867,385; claims and judgments, \$58,230; capital leases \$219,278; and unfunded other postemployment benefits, \$3,017,854. The ratio of the City's capital assets, net of related debt, as compared to total net position is 76 percent. Details of long-term debt payable can be found beginning on page 58 in the notes to the basic financial statements.

**Table 5 - Outstanding Debt at Year End**

	June 30, 2013	June 30, 2012
<b>Governmental Activities</b>		
General obligation	\$ 2,590,000	\$ 3,760,000
Special assessment debt with governmental commitment	-	-
Limited tax pension	5,415,689	5,513,557
Revenue	-	-
General revenue	1,305,000	1,660,000
Oregon Economic Development Department note	102,341	132,505
CARA bonds	3,307,000	3,586,000
CARA Note	-	1,962,200
Other postemployment benefits	2,310,926	1,932,119
Unamortized debt issuance cost (net)	( 29,842)	( 139,155)
Unamortized premium on debt issuance	28,112	42,788
Compensated absences	2,379,542	2,464,606
Claims and judgments	29,619	18,778
Capital leases	219,278	242,042
<b>Sub-total</b>	<b>17,657,665</b>	<b>21,175,440</b>
<b>Business-type Activities</b>		
Water Refunding general obligation	-	30,840,000
Water certificates of deposit	28,405,000	-
Oregon DEQ State Revolving Fund loan	60,825,784	63,632,619
Wetland Loan	3,066,890	3,429,702
ARRA Loan	1,850,000	1,950,000
Other postemployment benefits	706,928	591,864
Unamortized debt issuance cost (net)	-	( 212,351)
Unamortized premium on defeasance	1,979,422	-
Compensated absences	487,843	555,178
Claims and judgments	28,611	15,776
<b>Sub-total</b>	<b>97,350,478</b>	<b>100,802,788</b>
<b>Total</b>	<b>\$115,008,143</b>	<b>\$121,978,228</b>





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 \$112,483,482, which is well above the City's outstanding general obligation debt, \$2,590,000.

Additional information on the City's long-term debt can be found in the notes to the basic financial statements, starting on page 58.

#### **Key Economic Factors and Budget Information for the Future**

In November 2006, City voters passed a new five-year, \$0.95 per \$1,000 of assessed value, public safety levy, which began in Fiscal Year 2008-09. Tax collections in 2012-13 were \$2,137,955 as compared to 2011-12 collections of \$2,321,264. Fiscal Year 2012-13 will be the final year for this five-year levy. In May 2012 a new five-year levy was passed by the citizens of Albany. The new levy will create a new tax rate of \$1.15 per \$1,000 of assessed value; however we expect it to be affected by compression and the tax assessor reports are showing that to be the case for the next fiscal year, 2013-14.

Oregon's unemployment rate was 8 percent as of June 30, 2013 and 8.1 percent at the time of this report. The unemployment rates for Linn and Benton Counties at the close of the fiscal year, June 30, 2013, were 9.9 percent and 6 percent respectively. At the time of preparation of this report, the unemployment rates were 10.1 percent and 6.1 percent.

Management is anticipating costs of providing medical insurance coverage to employees will increase by approximately 18 percent in the next fiscal year. PERS will be calculated at 22 percent of monthly salaries.

In preparing the City-wide budget for 2012-13, the City Finance Department assembled assumption for the budget as follows: assessed value of property will increase by 1.50 percent increase and the same for interest income. The Local Option Public Safety Levy for the budget will once again be impacted by property tax compression so a downward adjustment will be made. Property tax revenues in the Public Safety Levy were estimated to be reduced by 2.5 percent due to compression.

The 2012-13 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.

All the world's a stage, and all the men and women merely players: they have their exits and their entrances; and one man in his time plays many parts, his acts being seven ages.

William Shakespeare

**CITY OF ALBANY, OREGON**  
**STATEMENT OF NET POSITION**  
June 30, 2013

	Govern- mental Activities	Business- type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 23,599,462	\$ 23,527,050	\$ 47,126,512
Cash with fiscal agents	28,185	-	28,185
Internal balances	169,356	(169,356)	-
Receivables			
Property taxes	2,056,952	19,443	2,076,395
Accounts	1,062,549	6,239,325	7,301,874
Assessments	4,004,117	-	4,004,117
Interest	12,676	12,820	25,496
Loans, net of allowance for uncollectible loans	1,047,110	4,502,625	5,549,735
Other	-	42,165	42,165
Inventories	86,446	1,073,180	1,159,626
Prepaid items	971,327	1,890	973,217
Restricted cash and investments	7,431,158	12,327,842	19,759,000
Prepaid pension contribution	4,698,773	-	4,698,773
Land and construction in progress	12,282,594	7,664,023	19,946,617
Other capital assets, net of depreciation	90,270,415	223,312,471	313,582,886
Total assets	<u>147,765,997</u>	<u>278,553,478</u>	<u>426,319,475</u>
<b>LIABILITIES</b>			
Accounts payable	1,201,136	850,151	2,051,287
Accrued interest payable	87,230	899,015	986,245
Refundable deposits and advances	195,244	132,026	327,270
Long-term obligations			
Due within one year			
All other debt	3,447,246	4,780,863	8,228,109
Due in more than one year			
All other debt	14,210,419	92,569,615	106,780,034
Total liabilities	<u>19,141,275</u>	<u>99,231,670</u>	<u>118,372,945</u>
<b>NET POSITION</b>			
Net investment in capital assets	95,848,731	136,828,820	232,677,551
Restricted for:			
Capital projects	6,357,619	6,802,135	13,159,754
Debt service	5,382,393	6,712,817	12,095,210
Other purposes - expendable	17,185	-	17,185
Other purposes - nonexpendable	117,685	-	117,685
Unrestricted	20,901,108	28,978,037	49,879,145
Total net position	<u>\$ 128,624,721</u>	<u>\$ 179,321,809</u>	<u>\$ 307,946,530</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, 2013

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>FUNCTIONS/PROGRAMS</b>				
<b>Governmental activities</b>				
General government	\$ 6,998,687	\$ 3,509,363	\$ 1,328,767	\$ 1,474,830
Public safety	26,998,857	2,562,519	1,725,440	247,063
Highways and streets	7,165,295	-	116,774	2,403,040
Culture and recreation	8,548,521	1,181,152	74,269	232,268
Interest on long-term obligations	880,010	-	-	-
Total governmental activities	<u>50,591,370</u>	<u>7,253,034</u>	<u>3,245,250</u>	<u>4,357,201</u>
<b>Business-type activities</b>				
Water	12,281,328	11,862,826	-	475,221
Sewer	14,114,463	13,207,376	-	202,958
Total business-type activities	<u>26,395,791</u>	<u>25,070,202</u>	<u>-</u>	<u>678,179</u>
Totals	<u>\$ 76,987,161</u>	<u>\$ 32,323,236</u>	<u>\$ 3,245,250</u>	<u>\$ 5,035,380</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  
Prior period adjustments  
Net position - beginning  
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

Govern- mental Activities	Business- type Activities	Totals	
			<b>Governmental activities</b>
\$ (685,727)	\$ -	\$ (685,727)	General government
(22,463,835)	-	(22,463,835)	Public safety
(4,645,481)	-	(4,645,481)	Highways and streets
(7,060,832)	-	(7,060,832)	Culture and recreation
(880,010)	-	(880,010)	Interest on long-term obligations
<u>(35,735,885)</u>	<u>-</u>	<u>(35,735,885)</u>	Total governmental activities
			<b>Business-type activities</b>
-	56,719	56,719	Water
-	(704,129)	(704,129)	Sewer
<u>-</u>	<u>(647,410)</u>	<u>(647,410)</u>	Total business-type activities
<u>(35,735,885)</u>	<u>(647,410)</u>	<u>(36,383,295)</u>	Totals
			<b>General revenues:</b>
22,159,102	-	22,159,102	Property taxes used for general purposes
3,430,326	12,205	3,442,531	Property taxes used for debt service
754,585	-	754,585	Transient room taxes used for general purposes
2,764,402	-	2,764,402	Motor fuel taxes
1,213,099	-	1,213,099	Cigarette and alcoholic beverage taxes
2,761,418	-	2,761,418	Privilege taxes
401,725	264,875	666,600	Unrestricted investment earnings
548,471	5,785,325	6,333,796	Miscellaneous
1,025,651	(1,025,651)	-	<b>Transfers</b>
<u>35,058,779</u>	<u>5,036,754</u>	<u>40,095,533</u>	Total general revenues and transfers
(677,106)	4,389,344	3,712,238	Change in net position
-	(1,003,135)	(1,003,135)	Prior period adjustments
<u>129,301,827</u>	<u>174,932,465</u>	<u>304,234,292</u>	Net position - beginning
<u>\$ 128,624,721</u>	<u>\$ 179,321,809</u>	<u>\$ 307,946,530</u>	Net assets - ending



**CITY OF ALBANY, OREGON**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2013

	General	Parks and Recreation	Risk Management	Street	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and investments	\$ 2,131,283	\$ 945,234	\$ 10,345,651	\$ 1,461,466	\$ 995,740	\$ 7,448,838	\$23,328,212
Cash with fiscal agents	-	-	-	-	-	28,185	28,185
Receivables:							
Property taxes	1,258,974	309,284	-	-	-	488,694	2,056,952
Accounts	46,676	83,564	12,308	45,590	-	872,505	1,060,643
Assessments	19,352	-	-	-	3,971,277	13,488	4,004,117
Interest	1,476	799	3,836	2,496	250	3,172	12,029
Loans, net of allowance for uncollectible loans	200,066	-	-	-	-	847,044	1,047,110
Grants	-	-	-	-	44,877	-	44,877
Prepaid items	101,672	17,353	-	-	-	850,446	969,471
Interfund loan receivable	-	-	3,458,977	-	-	-	3,458,977
Restricted cash and investments	176,067	765,665	-	5,540,958	-	948,485	7,431,175
<b>Total assets</b>	<b>\$ 3,935,566</b>	<b>\$ 2,121,899</b>	<b>\$ 13,820,772</b>	<b>\$ 7,050,510</b>	<b>\$ 5,012,144</b>	<b>\$11,500,857</b>	<b>\$43,441,748</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 293,397	\$ 164,468	\$ 7,506	\$ 141,063	\$ 159,650	\$ 385,316	\$ 1,151,400
Deposits	-	-	-	1,000	191,864	2,380	195,244
Interfund loans payable	-	-	-	-	3,458,977	-	3,458,977
<b>Total liabilities</b>	<b>293,397</b>	<b>164,468</b>	<b>7,506</b>	<b>142,063</b>	<b>3,810,491</b>	<b>387,696</b>	<b>4,805,621</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	1,295,553	274,186	-	47,738	3,971,271	1,886,836	7,475,584
<b>FUND BALANCES</b>							
Nonspendable	101,672	17,353	-	-	-	117,724	236,749
Restricted	-	475,209	-	6,860,709	-	2,201,836	9,537,754
Committed	176,067	1,190,683	13,813,266	-	-	6,915,663	22,095,679
Unassigned	2,068,877	-	-	-	(2,769,618)	(8,898)	(709,639)
<b>Total fund balances</b>	<b>2,346,616</b>	<b>1,683,245</b>	<b>13,813,266</b>	<b>6,860,709</b>	<b>(2,769,618)</b>	<b>9,226,325</b>	<b>31,160,543</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 3,935,566</b>	<b>\$ 2,121,899</b>	<b>\$ 13,820,772</b>	<b>\$ 7,050,510</b>	<b>\$ 5,012,144</b>	<b>\$11,500,857</b>	<b>\$43,441,748</b>

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, 2013

Total fund balances per Governmental Funds Balance Sheet (page 22)		\$ 31,160,543
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	12,282,594	
Other	162,613,705	
Accumulated depreciation	<u>(72,347,307)</u>	
Total capital assets adjustments		102,548,992
Other long-term assets are not available to pay current-period expenditures and, therefore, are deferred in the funds.		
Property taxes	1,780,558	
Accounts receivable	676,645	
Assessments	3,971,271	
Loans	<u>1,047,110</u>	
Total deferred revenue adjustments		7,475,584
Inventories of materials and supplies are capitalized on the Statement of Net Position.		
		86,446
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.		
Net Position reported as governmental activities	(66,702)	
Income/(loss) reported as governmental activities	<u>(112,220)</u>	
Net adjustments for internal service funds		(178,922)
Long-term liabilities, including bonds payable, loans payable, and salaries, withholdings, vacations, and taxes payable are not due and payable in the current period and, therefore, are not reported in the funds.		
Long-term obligations	(14,935,741)	
Long-term obligations - loans payable	-	
Interest payable on long-term debt	(87,230)	
Claims and judgments	(28,635)	
Compensated absences	<u>(2,115,089)</u>	
Total long-term obligations adjustments		(17,166,695)
Other adjustments		
Net pension asset	<u>4,698,773</u>	
Total other adjustments		4,698,773
Net Position of governmental activities (page 19)		<u><u>\$128,624,721</u></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, 2013

	General	Parks and Recreation	Risk Management	Street	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes:							
Property	\$ 16,174,909	\$4,043,730	\$ -	\$ -	\$ -	\$ 5,593,200	\$ 25,811,839
Transient room	-	-	-	-	-	754,585	754,585
Assessment collections	-	-	-	-	28,700	163	28,863
Franchise fees, privilege taxes, licenses, and permits	4,079,617	222	-	565,436	-	1,186,630	5,831,905
Intergovernmental	2,745,229	12,899	-	3,649,842	439,533	2,192,131	9,039,634
Charges for services	928,860	805,447	-	-	-	3,963,572	5,697,879
Fines and forfeitures	3,101	-	-	-	-	-	3,101
Interest on investments	135,473	40,659	64,820	41,431	9,922	105,010	397,315
Miscellaneous	133,095	534,851	319,366	17,808	12,984	161,994	1,180,098
Total revenues	<u>24,200,284</u>	<u>5,437,808</u>	<u>384,186</u>	<u>4,274,517</u>	<u>491,139</u>	<u>13,957,285</u>	<u>48,745,219</u>
<b>EXPENDITURES</b>							
Current:							
General government	1,849,914	-	293,980	-	-	4,920,554	7,064,448
Public safety	21,965,301	-	-	-	-	2,797,522	24,762,823
Highways and streets	-	-	-	3,333,500	-	138,764	3,472,264
Culture and recreation	2,332,275	5,074,793	-	-	-	201,071	7,608,139
Debt service:							
Principal	-	-	-	-	-	3,905,432	3,905,432
Interest	-	-	-	-	-	870,010	870,010
Capital outlay	-	820,394	-	1,789,126	2,892,267	724,756	6,226,543
Total expenditures	<u>26,147,490</u>	<u>5,895,187</u>	<u>293,980</u>	<u>5,122,626</u>	<u>2,892,267</u>	<u>13,558,109</u>	<u>53,909,659</u>
Excess (deficiency) of revenues over expenditures	(1,947,206)	(457,379)	90,206	(848,109)	(2,401,128)	399,176	(5,164,440)
<b>OTHER FINANCING SOURCES (USES)</b>							
Capital lease	-	-	-	-	-	166,876	166,876
Transfers in	2,385,105	347,700	-	934,991	-	1,293,154	4,960,950
Transfers out	(913,259)	(178,744)	-	(101,000)	(69,695)	(2,672,601)	(3,935,299)
Total other financing sources (uses)	<u>1,471,846</u>	<u>168,956</u>	<u>-</u>	<u>833,991</u>	<u>(69,695)</u>	<u>(1,212,571)</u>	<u>1,192,527</u>
Net change in fund balances	(475,360)	(288,423)	90,206	(14,118)	(2,470,823)	(813,395)	(3,971,913)
Fund balance - beginning	2,821,976	1,971,668	13,723,060	6,874,827	(298,795)	10,039,720	35,132,456
Fund balance - ending	\$ <u>2,346,616</u>	\$ <u>1,683,245</u>	\$ <u>13,813,266</u>	\$ <u>6,860,709</u>	\$ <u>(2,769,618)</u>	\$ <u>9,226,325</u>	\$ <u>31,160,543</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, 2013

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

Net change in fund balances - total governmental funds (page 24).		\$ (3,971,913)
<p>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.</p>		
Capital outlay	6,061,171	
Depreciation for the current fiscal year	(6,354,871)	
Total capital outlay/depreciation adjustment		(293,700)
<p>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.</p>		
		(13,548)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes	(222,411)	
Capital asset donations	388,351	
Principal portion of loan receipts	(26,667)	
Other fees and charges	30,731	
Loans receivable	167,191	
Assessments	(28,700)	
Total revenue adjustments		308,495
<p>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 assets. Also, governmental funds report the effect of issuance costs, 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.</p>		
		4,000,437
<p>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.</p>		
Compensated absences	53,489	
Other postemployment benefit	(327,900)	
Accrued interest on long-term obligations	3,480	
Net pension asset amortization	(313,252)	
Pending insurance claims	(10,474)	
Total expense/expenditure adjustments		(594,657)
<p>The net expense of certain activities of internal service funds is reported with governmental activities.</p>		
Central Services Fund	(116,864)	
Public Works Services Fund	4,644	
Total internal service fund adjustments		(112,220)
Change in net position of the governmental activities (pages 20-21)		<u>\$ (677,106)</u>

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

**CITY OF ALBANY, OREGON**  
**GENERAL FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

<b>Revenues</b>	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$15,718,000	\$15,718,000	\$15,567,878	\$ (150,122)
Delinquent	502,800	502,800	607,031	104,231
Privilege tax: electric	2,101,300	2,101,300	2,215,530	114,230
Franchise fee: communications facilities	40,900	40,900	20,152	(20,748)
Franchise fee: telephone	144,100	144,100	114,812	(29,288)
Franchise fee: garbage collection	406,200	406,200	452,810	46,610
Privilege tax: natural gas	696,200	696,200	545,888	(150,312)
Franchise fee: cable television	517,700	517,700	535,596	17,896
Permit fees	800	800	225	(575)
Dog Permit fees	900	900	850	(50)
Licenses	7,000	7,000	11,245	4,245
Library fees	83,800	83,800	76,739	(7,061)
Planning fees	73,000	73,000	94,795	21,795
Alarm fees	14,000	14,000	10,975	(3,025)
DUII enforcement grant	16,900	16,900	14,600	(2,300)
State liquor taxes	660,300	660,300	679,302	19,002
State cigarette taxes	69,700	69,700	71,916	2,216
State revenue sharing	436,100	436,100	461,881	25,781
Conflagration response reimbursement	2,800	2,800	-	(2,800)
Workers' Compensation wage subsidy reimbursement	3,600	3,600	10,443	6,843
Linn County	25,400	25,400	14,604	(10,796)
Albany Rural Fire Protection District	987,200	987,200	973,205	(13,995)
North Albany Rural Fire Protection District	278,300	278,300	294,936	16,636
Palestine Rural Fire Protection District	133,800	133,800	148,448	14,648
Greater Albany Public Schools police grant	40,000	40,000	40,000	-
Linn County Victim Impact Panel Grant	7,000	11,000	3,999	(7,001)
OSFM/USAR Team Response Reimbursement	13,000	13,000	31,895	18,895
Space rental charges	411,400	411,400	413,200	1,800
Municipal Court fines	694,200	694,200	515,660	(178,540)
Parking violations	3,400	3,400	3,101	(299)
Nuisance vehicle administration fee	1,500	1,500	1,350	(150)
Dog control assessment	2,000	2,000	2,645	645
Gifts and donations	20,600	20,600	13,320	(7,280)
Grass Abatement Fee Principal	300	300	910	610
Grass Abatement Fee Interest	-	-	323	323
Miscellaneous	46,700	46,700	67,522	20,822
Albany Economic Improvement District principal	31,800	31,800	33,118	1,318
Albany Economic Improvement District interest	100	100	506	406
Loan Repayment-Interest	13,400	13,400	13,401	1
Interest on investments	15,000	15,000	135,473	120,473
<b>Total revenues</b>	<u>24,221,200</u>	<u>24,225,200</u>	<u>24,200,284</u>	<u>(24,916)</u>
<b>Other financing sources</b>				
Transfer from Water Fund	50,000	50,000	50,000	-
Transfer from Public Safety Levy Fund	3,400	3,400	3,400	-
Transfer from Public Safety Levy Fund	920,700	920,700	920,700	-

Continued on page 27

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

**CITY OF ALBANY, OREGON**  
**GENERAL FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL, continued**  
for the year ended June 30, 2013

	Original Budget	Final Budget	Actual	Over (Under)
<b>Other financing sources, continued</b>				
Transfer from Public Safety Levy Fund	\$ 959,800	\$ 959,800	\$ 959,800	\$ -
Transfer from Equipment Replacement	300,000	300,000	300,000	-
Transfer from Sewer Fund	50,000	50,000	50,000	-
Transfer from Capital Projects fund	-	-	58,805	58,805
Transfer from Transient Room Tax	42,400	42,400	42,400	-
Total other financing sources	<u>2,326,300</u>	<u>2,326,300</u>	<u>2,385,105</u>	<u>58,805</u>
<b>Fund balance, beginning</b>				
Designated for Housing	125,000	125,000	137,319	12,319
Undesignated	2,499,900	2,499,900	2,684,657	184,757
Total Fund Balance, beginning	<u>2,624,900</u>	<u>2,624,900</u>	<u>2,821,976</u>	<u>197,076</u>
Amount available for appropriation	<u>\$29,172,400</u>	<u>\$29,176,400</u>	<u>\$29,407,365</u>	<u>\$ 230,965</u>
	Original Budget	Final Budget	Actual	(Over) Under
<b>Expenditures</b>				
Nondepartmental:				
Materials and services	\$ 275,500	\$ 275,500	266,902	\$ 8,598
General operating contingency	1,232,000	1,211,200	-	1,211,200
Municipal Court	641,700	662,500	662,456	44
Code Enforcement	16,900	16,900	9,239	7,661
Fire Suppression	8,167,200	8,167,200	8,097,593	69,607
Public Safety Levy - Fire	1,000,700	1,000,700	1,000,638	62
Fire and Life Safety	797,400	797,400	654,798	142,602
Police	11,583,200	11,587,200	11,354,836	232,364
Public Safety Levy - Police	960,000	960,000	857,436	102,564
Planning	1,032,100	1,032,100	907,467	124,633
Housing	120,800	120,800	3,849	116,951
Library	2,403,900	2,403,900	2,332,276	71,624
Total expenditures	<u>28,231,400</u>	<u>28,235,400</u>	<u>26,147,490</u>	<u>2,087,910</u>
<b>Other financing uses</b>				
Transfers to other funds	941,000	941,000	913,259	27,741
Total expenditures and other financing uses	<u>\$29,172,400</u>	<u>\$29,176,400</u>	<u>27,060,749</u>	<u>\$ 2,115,651</u>
<b>Fund balance, ending</b>			<u>\$ 2,346,616</u>	

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

**CITY OF ALBANY, OREGON**  
**PARKS AND RECREATION FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

<b>Revenues</b>	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Property Taxes - Current	\$ 3,930,600	\$ 3,930,600	\$ 3,891,973	\$ (38,627)
Property Taxes - Delinquent	106,000	106,000	151,757	45,757
Financed park system development charges				
Principal	1,000	1,000	11,360	10,360
Interest	-	-	355	355
Park system development charges	75,000	75,000	220,553	145,553
Street tree development fees	-	-	222	222
State Marine Board	9,000	9,000	7,600	(1,400)
Charges for Services	2,100	2,100	5,299	3,199
Children/Youth/Family recreation fees	47,000	47,000	47,028	28
Children/Youth/Family sponsorships	5,000	5,000	9,044	4,044
Adult recreation fees	6,500	6,500	18,524	12,024
Swimming pool	80,000	80,000	73,172	(6,828)
Senior Center rental fees	18,000	18,000	21,651	3,651
Maple Lawn Preschool fees	70,000	70,000	69,171	(829)
Sports program fees	112,500	112,500	101,190	(11,310)
Waverly boat rentals	6,000	6,000	6,800	800
Park permits	5,000	5,000	19,098	14,098
Fitness program fees	33,500	33,500	27,458	(6,042)
Preschool materials and services fees	3,800	3,800	4,105	305
Senior program fees	7,000	7,000	10,692	3,692
Northwest Art and Air Festival fees	9,000	9,000	10,829	1,829
Hot air balloon rides	7,400	7,400	3,875	(3,525)
Senior newsletter	1,500	1,500	3,091	1,591
Gift shop	6,500	6,500	9,283	2,783
Trip	43,400	43,400	77,874	34,474
Merchandise sales - aquatics	3,800	3,800	2,707	(1,093)
Cool! Pool facility rental fees	6,500	6,500	10,700	4,200
Concession sales - aquatics	10,000	10,000	16,978	6,978
Concession sales - sports	3,500	3,500	2,020	(1,480)
Public arts	4,500	4,500	4,148	(352)
Swanson room rental fees	2,500	2,500	2,440	(60)
Track Club	2,500	2,500	4,161	1,661
Facility enhancement fee	5,500	5,500	5,525	25
ACP swimming pool	160,000	160,000	161,451	1,451
ACP facility rental fees	24,000	24,000	30,098	6,098
Sport Camp Fees	-	-	284	284
Tournament Rental Fees	5,500	5,500	9,157	3,657
Event Donations	-	-	3,000	3,000
Youth Program User Fees	3,500	3,500	2,900	(600)
Community Garden	500	500	1,100	600
Pool Room	1,200	1,200	995	(205)
River Rhythms Food Faire	6,200	6,200	16,388	10,188
NWAAF Food Vendors	8,600	8,600	21,084	12,484
Mondays at Monteith Food Vendors	1,800	1,800	3,141	1,341
River Rhythms Souvenir Sales	1,000	1,000	1,493	493
NWAAF Souvenir Sales	2,000	2,000	1,745	(255)
Trolley rental charges	1,700	1,700	1,325	(375)
River Rhythms Donations	13,000	13,000	17,558	4,558
NWAAF Donations	18,700	18,700	18,940	240
Mondays at Monteith Donations	3,000	3,000	1,566	(1,434)
July 4th Sponsorships	15,000	15,000	6,500	(8,500)
Gifts and donations	7,000	7,000	11,078	4,078
Monday night concert series	15,000	15,000	10,065	(4,935)
Senior Center sponsorships	7,500	7,500	3,928	(3,572)
Children's Performing Arts Series sponsorships	9,000	9,000	6,852	(2,148)

Continued on page 29

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

**CITY OF ALBANY, OREGON**  
**PARKS AND RECREATION FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (continued)**  
for the year ended June 30, 2013

	Original Budget	Final Budget	Actual	Over (Under)
<b>Revenues, continued</b>				
River Rhythms sponsorships	\$ 55,000	\$ 55,000	\$ 49,259	\$ (5,741)
NWAAF sponsorships	72,500	72,500	84,050	11,550
Aquatic Sponsorship	3,500	3,500	7,000	3,500
Adult Rec & Fitness Sponsorships	1,000	1,000	1,270	270
Sports Sponsorship	3,500	3,500	2,100	(1,400)
Miscellaneous Event Sponsorship/Donation	-	-	1,325	1,325
Aquatics Donations	60,000	60,000	58,600	(1,400)
East Thornton Lake Donations	-	-	5,511	5,511
Foster Grandparent Sponsorships	-	-	780	780
Miscellaneous	5,000	5,000	3,618	(1,471)
Brochure advertising	1,500	1,500	2,010	510
General fundraising	800	800	295	(505)
Interest on investments	6,100	6,100	40,659	34,559
Total revenues	<u>5,137,700</u>	<u>5,137,700</u>	<u>5,437,808</u>	<u>300,108</u>
<b>Other financing sources</b>				
Transfer from General Fund	187,200	187,200	187,200	-
Transfer from Street Fund	80,000	80,000	80,000	-
Intrafund Transfer from Parks SDC Program	535,000	935,000	800,000	(135,000)
Intrafund Transfer from Parks Program	12,400	12,400	-	(12,400)
Transfer from Economic Development Fund	80,500	80,500	80,500	-
Total other financing sources	<u>895,100</u>	<u>1,295,100</u>	<u>1,147,700</u>	<u>(147,400)</u>
<b>Fund balance, beginning</b>	<u>1,271,500</u>	<u>1,671,500</u>	<u>1,971,668</u>	<u>300,168</u>
Amount available for appropriation	<u>\$ 7,304,300</u>	<u>\$ 8,104,300</u>	<u>8,557,176</u>	<u>\$ 452,876</u>
<b>Expenditures</b>				
Sports Programs	\$ 250,700	\$ 250,700	231,733	\$ 18,967
Children/Youth/Family Recreation Services	271,100	271,100	227,256	43,844
Resource Development/Marketing Services	320,900	320,900	305,204	15,696
Park Maintenance Services	1,741,900	1,741,900	1,706,470	35,430
Parks and Recreation Administration	1,154,200	1,154,200	1,147,983	6,217
Aquatic Services	771,900	771,900	728,333	43,567
Adult Recreation and Fitness Services	423,900	423,900	374,250	49,650
Performance and Cultural Arts	437,300	437,300	330,767	106,533
Park System Development Charge Projects	316,400	316,400	33,518	282,882
Senior Center Foundation	18,000	18,000	9,673	8,327
Parks Capital Improvement Program	547,400	947,400	800,000	147,400
Total expenditures	<u>\$ 6,253,700</u>	<u>\$ 6,653,700</u>	<u>5,895,187</u>	<u>\$ 758,513</u>
<b>Other financing uses</b>				
Transfers to other funds	746,600	1,146,600	978,744	167,856
Contingency	304,000	304,000	-	304,000
Total other financing uses	<u>1,050,600</u>	<u>1,450,600</u>	<u>978,744</u>	<u>471,856</u>
Total expenditures and other financing uses	<u>\$ 7,304,300</u>	<u>\$ 8,104,300</u>	<u>\$ 6,873,931</u>	<u>\$ 1,230,369</u>
<b>Fund balance, ending</b>			<u>\$ 1,683,245</u>	

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



**CITY OF ALBANY, OREGON**  
**RISK MANAGEMENT FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

	Original Budget	Final Budget	Actual	Over (Under)
<b>Revenues</b>				
Miscellaneous	\$ -	\$ -	\$ 284,366	\$ 284,366
Litigation Proceeds	-	-	35,000	35,000
Interest on investments	69,800	69,800	64,820	(4,980)
Total revenues	<u>69,800</u>	<u>69,800</u>	<u>384,186</u>	<u>314,386</u>
 <b>Other financing sources</b>				
Transfers from Capital Projects Fund	918,500	918,500	-	(918,500)
 <b>Fund balance, beginning</b>	11,844,800	11,844,800	10,264,083	(1,580,717)
Amount available for appropriation	<u>\$ 12,833,100</u>	<u>\$ 12,833,100</u>	<u>\$ 10,648,269</u>	<u>\$ (2,184,831)</u>
 <b>Expenditures</b>				
Risk Management	\$ 1,552,300	\$ 1,552,300	117,951	1,434,349
Litigation Settlement Projects	\$ 11,256,800	\$ 11,256,800	164,400	11,092,400
HARP	\$ 24,000	\$ 24,000	11,629	12,371
Total expenditures	<u>\$ 12,833,100</u>	<u>\$ 12,833,100</u>	<u>293,980</u>	<u>\$ 12,539,120</u>
<b>Budgetary Fund Balance</b>			10,354,289	
Adjustment for Interfund Loan			<u>3,458,977</u>	
<b>Fund balance, ending</b>			<u>\$ 13,813,266</u>	

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

**CITY OF ALBANY, OREGON**  
**STREET FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

<b>Revenues</b>	Original Budget	Final Budget	Actual	Over (Under)
Financed transportation system development charges				
Principal	\$ 10,500	\$ 10,500	\$ 18,660	\$ 8,160
Interest	3,500	3,500	2,271	(1,229)
Financed improvement assurance fees				
Principal	3,800	3,800	12,766	8,966
Interest	1,500	1,500	1,148	(352)
Street connection fees	25,000	25,000	-	(25,000)
Street Mitigation fees	35,000	35,000	-	(35,000)
Transportation system development charges	216,800	216,800	455,338	238,538
Public facility construction permit	12,000	12,000	20,638	8,638
EPSC permit	25,000	25,000	54,615	29,615
State gasoline tax	2,800,000	2,800,000	2,764,402	(35,598)
Surface transportation program	2,937,300	2,937,300	885,440	(2,051,860)
Miscellaneous	3,500	3,500	17,808	14,308
Interest on investments	34,900	34,900	41,431	6,531
<b>Total revenues</b>	<u>6,108,800</u>	<u>6,108,800</u>	<u>4,274,517</u>	<u>(1,834,283)</u>
<b>Other financing sources</b>				
Transfer from Economic Development Fund	2,200	2,200	2,200	-
Transfer from Sewer Fund	459,000	480,000	471,545	(8,455)
Transfer from Water Fund	448,800	469,800	461,246	(8,554)
<b>Total other financing sources</b>	<u>910,000</u>	<u>952,000</u>	<u>934,991</u>	<u>(17,009)</u>
<b>Fund balance, beginning</b>	<u>6,384,300</u>	<u>6,458,600</u>	<u>6,874,827</u>	<u>416,227</u>
Amount available for appropriation	<u>\$13,403,100</u>	<u>\$13,519,400</u>	<u>12,084,335</u>	<u>\$ (1,435,065)</u>
<b>Expenditures</b>	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 775,400	\$ 775,400	721,899	\$ 53,501
Materials and services	2,746,000	2,820,300	2,611,601	208,699
Capital	9,572,800	9,614,800	1,789,126	7,825,674
Contingencies	88,900	88,900	-	88,900
<b>Total expenditures</b>	<u>\$13,183,100</u>	<u>\$13,299,400</u>	<u>5,122,626</u>	<u>\$ 8,176,774</u>
<b>Other financing uses</b>				
Transfers to other funds	220,000	220,000	101,000	119,000
<b>Total expenditures and other financing uses</b>	<u>\$ 13,403,100</u>	<u>\$ 13,519,400</u>	<u>\$ 5,223,626</u>	<u>\$ 8,295,774</u>
<b>Fund balance, ending</b>			<u>\$ 6,860,709</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, 2013

	Business-type Activities			Governmental Activities
	Water	Sewer	Totals Enterprise Funds	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 9,507,534	\$ 13,780,033	\$ 23,287,567	\$ 510,716
Receivables:				
Property taxes	19,443	-	19,443	-
Accounts	1,929,986	4,308,974	6,238,960	2,799
Accrued interest	4,592	7,910	12,502	436
Other	-	42,165	42,165	-
Inventories	754,385	318,795	1,073,180	-
Total current assets	<u>12,215,940</u>	<u>18,457,877</u>	<u>30,673,817</u>	<u>513,951</u>
Noncurrent assets:				
Other	-	-	-	3,746
Cash and investments restricted for debt service	1,680,214	6,670,652	8,350,866	-
Cash and investments restricted for capital projects	1,627,366	2,349,610	3,976,976	-
Loans receivable	-	4,502,625	4,502,625	-
Capital assets (net of depreciation)	87,337,250	143,527,250	230,864,500	116,011
Total noncurrent assets	<u>90,644,830</u>	<u>157,050,137</u>	<u>247,694,967</u>	<u>119,757</u>
Total assets	<u>102,860,770</u>	<u>175,508,014</u>	<u>278,368,784</u>	<u>633,708</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	395,445	397,521	792,966	106,921
Compensated absences	53,462	46,177	99,639	274,494
Claims and judgments	7,100	6,438	13,538	1,261
Interest payable	291,012	608,003	899,015	-
Refundable deposits	131,217	809	132,026	-
Loans payable, current portion	-	3,369,602	3,369,602	-
Bonds payable, current portion	1,005,000	-	1,005,000	-
Total current liabilities	<u>1,883,236</u>	<u>4,428,550</u>	<u>6,311,786</u>	<u>382,675</u>
Long-term obligations				
Compensated absences	61,347	42,321	103,668	274,496
Claims and judgments	7,100	6,438	13,538	1,259
Other postemployment benefits	164,151	153,449	317,600	702,092
Loans payable - long-term portion	-	62,373,072	62,373,072	-
Bonds payable - long-term portion	29,379,422	-	29,379,422	-
Total long-term obligations	<u>29,612,020</u>	<u>62,575,280</u>	<u>92,187,300</u>	<u>977,846</u>
Total liabilities	<u>31,495,256</u>	<u>67,003,830</u>	<u>98,499,086</u>	<u>1,360,521</u>
<b>NET POSITION</b>				
Net investment in capital assets	58,932,250	77,784,576	136,716,826	116,011
Restricted for capital construction	1,890,290	4,911,845	6,802,135	-
Restricted for debt service	-	6,712,817	6,712,817	-
Unrestricted	10,542,974	19,094,946	29,637,920	(842,824)
Total net position	<u>\$ 71,365,514</u>	<u>\$ 108,504,184</u>	<u>179,869,698</u>	<u>\$ (726,813)</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.

(547,889)

Net position of business-type activities (page 19)

\$ 179,321,809

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, 2013

	Business-type Activities			Governmental Activities
	Water	Sewer	Totals Enterprise Funds	Internal Service Funds
	Water	Sewer	Totals Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES:</b>				
Service charges and fees	\$ 11,862,826	\$ 13,207,376	\$ 25,070,202	\$ 11,734,855
Miscellaneous	127,514	5,657,811	5,785,325	55,574
Total operating revenues	11,990,340	18,865,187	30,855,527	11,790,429
<b>OPERATING EXPENSES:</b>				
Salaries and wages	1,996,263	1,941,815	3,938,078	8,808,985
Contracted services	1,037,448	931,666	1,969,114	465,965
Operating supplies	603,452	326,596	930,048	1,157,087
Utilities	433,026	557,069	990,095	234,915
Depreciation and amortization	3,287,590	4,256,844	7,544,434	19,302
Repairs and maintenance	923,270	356,213	1,279,483	186,534
Charges for services	2,853,483	3,441,967	6,295,450	1,044,507
Miscellaneous	3,404	38,412	41,816	2,259
Total operating expenses	11,137,936	11,850,582	22,988,518	11,919,554
Operating income (loss)	852,404	7,014,605	7,867,009	(129,125)
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Property taxes	12,205	-	12,205	-
Interest on investments	127,435	134,656	262,091	4,871
Interest	(1,133,602)	(2,258,854)	(3,392,456)	-
Total nonoperating revenues (expenses)	(993,962)	(2,124,198)	(3,118,160)	4,871
Income (loss) before capital contributions and transfers	(141,558)	4,890,407	4,748,849	(124,254)
Capital contributions	475,221	202,958	678,179	-
Transfers in	-	10,890	10,890	-
Transfers out	(513,121)	(523,420)	(1,036,541)	-
Change in net position	(179,458)	4,580,835	4,401,377	(124,254)
Net position - beginning	71,544,972	104,926,484		(602,559)
Prior period adjustment for Accumulated Depreciation	-	(1,003,135)		
Net position - ending	\$ 71,365,514	\$ 108,504,184		\$ (726,813)
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds			(12,033)	
Change in net position of business-type activities (pages 20-21)			\$ 4,389,344	

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, 2013

	Business-type Activities			Governmental Activities
	Water	Sewer	Total	Internal
			Enterprise Funds	Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 12,025,966	\$ 13,155,153	\$ 25,181,119	\$ 11,734,260
Cash payments to suppliers of goods and services	(5,892,402)	(5,579,086)	(11,471,488)	(3,442,502)
Cash payments to employees for services	(1,960,554)	(1,923,056)	(3,883,610)	(8,795,469)
Other operating revenues	127,514	5,636,811	5,764,325	55,574
Net cash provided by (used in) operating activities	<u>4,300,524</u>	<u>11,289,822</u>	<u>15,590,346</u>	<u>(448,137)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Property taxes	10,818	-	10,818	-
Transfers out	(513,121)	(523,420)	(1,036,541)	-
Net cash (used in) noncapital financing activities	<u>(502,303)</u>	<u>(523,420)</u>	<u>(1,025,723)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchase of capital assets	(3,801,290)	(780,979)	(4,582,269)	-
Proceeds from issuance of debt	31,135,387	-	31,135,387	-
Premium from issuance of debt	(2,730,387)	-	(2,730,387)	-
Receipt of assessments and fees	10,864	71,514	82,378	-
Principal paid on loan	(29,180,000)	(3,269,647)	(32,449,647)	-
Payment from City of Millersburg	-	420,137	420,137	-
Interest paid on long-term debt	(1,440,157)	(2,367,353)	(3,807,510)	-
System development charges collected	282,874	58,116	340,990	-
Net cash (used) in capital and related financing activities	<u>(5,722,709)</u>	<u>(5,868,212)</u>	<u>(11,590,921)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	78,267	126,746	205,013	4,435
Net increase (decrease) in cash and investments	(1,846,221)	5,024,936	3,178,715	(443,702)
<b>Cash and investments, July 1, 2012</b>	<u>14,661,335</u>	<u>17,775,359</u>	<u>32,436,694</u>	<u>954,418</u>
<b>Cash and investments, June 30, 2013</b>	<u>\$ 12,815,114</u>	<u>\$ 22,800,295</u>	<u>\$ 35,615,409</u>	<u>\$ 510,716</u>

Continued on page 35

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, 2013

	Business-type Activities			Governmental
	Water	Sewer	Total Enterprise Funds	Internal
				Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss) (page 33)	\$ 852,404	\$ 7,014,605	\$ 7,867,009	\$ (129,125)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	3,075,239	4,256,844	7,332,083	\$ 19,302
Changes in assets and liabilities:				
Receivables	(155,082)	(73,223)	(228,305)	(595)
Inventories	(35,859)	4,915	(30,944)	-
Other assets	-	42,111	42,111	(3,746)
Accounts payable	(7,245)	18,317	11,072	(347,489)
Unamortized premium paid	44,576	-	44,576	-
Unamortized issuance costs written off	212,351	-	212,351	-
Underwriters discount and other issuance costs	299,716	-	299,716	-
Compensated absences	8,396	(6,229)	2,167	(101,077)
Claims and judgments	4,785	7,494	12,279	923
Other postemployment benefits	27,313	24,988	52,301	113,670
Refundable deposits	(26,070)	-	(26,070)	-
Total adjustments	3,448,120	4,275,217	7,723,337	(319,012)
Net cash provided by (used in) operating activities	\$ 4,300,524	\$ 11,289,822	\$ 15,590,346	\$ (448,137)
 <b>STATEMENT OF NET POSITION RECONCILIATION</b>				
Cash and investments from above	\$ 12,815,114	\$ 22,800,295	\$ 35,615,409	\$ 510,716
Less: restricted cash and investments	(3,307,580)	(9,020,262)	(12,327,842)	-
Cash and investments per Statements of Net Position for Proprietary Funds (page 32)	\$ 9,507,534	\$ 13,780,033	\$ 23,287,567	\$ 510,716
 <b>NONCASH CAPITAL ACTIVITIES:</b>				
Amortization of bond issuance costs	\$ (212,351)	\$ -	\$ (212,351)	
Contribution of capital assets to government	\$ 475,221	\$ 202,958	\$ 678,179	

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

Golf is a game in which you yell 'fore,' shoot six, and write down five.

Paul Harvey

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**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 financial statements have incorporated all applicable GASB pronouncements, as they apply to the City of Albany. 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 has a year-end date of June 30.

**Blended Component Unit**

The Albany Revitalization Agency (ARA) serves the citizens of the City of Albany and is governed by a board comprised of the City's elected officials. ARA is reported as a governmental fund type. Its complete financial statement may be obtained at the City's administrative offices, City of Albany, 333 Broadalbin Street SW, 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 intergovernmental revenues and taxes, are reported separately from business-type activities, which rely on charges for support and fees.

*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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific segment or function. *Program revenues* include 1) charges to applicants or customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given segment or function, and 2) contributions and grants 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*.



**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basic Financial Statements (continued)**

*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 consolidated into a single column in the financial section of the basic financial statements and are detailed in the supplemental information. 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.

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, state shared revenues, franchise fees, privilege taxes, rural fire protection district fees, municipal court fines, permits, and licenses. 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, donations, charges for recreational activities, and parks systems development charges. Expenditures are for maintenance of all City parks, administration, sports and recreational programs, and other special activities such as the Children's Performing Arts Series, the summer River Rhythms concert series, the Northwest Art and Air Festival, and the City's Urban Forest.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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 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 street cleaning, traffic control, pavement management, storm drain maintenance, bridge maintenance, airport inspection, 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

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.

The City reports the following major proprietary funds:

Water

All activities associated with the provision of water to citizenry of Albany are reported in this fund. Activities include treatment, distribution, canal maintenance, plant expansion, administration, equipment replacement, economic development, and payment of related debt. The primary source of revenue is water service charges.

Sewer

All programs associated with the collection and treatment of wastewater in the City is reported in this fund. Other activities include system improvements, plant expansion, administration, equipment replacement, economic development, and payment of related debt. The primary source of revenue is sewer service charges.

Additionally, the City reports the following 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 this fund 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.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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.

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.

Amounts reported as *program revenues* include: 1) charges to applicants or customers for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources, including all taxes, are reported as *general revenues* rather than program revenues.

Proprietary

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from delivering goods and providing services 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 expenses not meeting this definition are reported as non-operating 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.

**Cash and Investments**

The City's cash on hand and short-term investments are considered to be cash and investments. State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, repurchase agreements, and the State Treasurer's Investment Pool.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash and Investments (continued)**

It is the City's policy, as allowed by GASB Statement No. 31, Accounting and Financial Reporting of Certain Investments and for External Investment Pools, to report at amortized cost all short-term, highly liquid money market investments (including commercial paper, banker's acceptances, and U. S. Treasury and agency obligations) and participating interest-earning investment contracts with a remaining maturity at time of purchase of one year or less. Such investments are stated at amortized cost, increased by accretion of discounts and reduced by amortization of premiums, both computed by the straight-line method.

**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. Uncollected 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 uncollected 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, accounts receivable for 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 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 project funds are recorded at the time the property owners are assessed for property improvements. Assessments receivable are offset by deferred revenues and, accordingly, have not been recorded as revenue.

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

Receivables in the proprietary funds are recorded as revenues as they are earned, including services not yet billed.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 estimated fair market value at the date of donation.

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 pay benefits. No liability is reported for accumulated sick leave, as it does not vest when earned. Vacation pay is accrued as it is earned and is reported as a fund liability when incurred 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.

**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. 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.

**Equity**

For the Government-wide financial statements equity is classified as net position and displayed in three components:

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Equity (continued)**

- 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 balances - 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 balances - all other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."**

This statement defines the different fund balance categories that a governmental entity must use for financial reporting purposes in its governmental fund types. It also provides additional classification based on the relative strengths of the constraints that control how specific monies can be spent. The Statement requires governmental fund balance amounts to be properly reported within one of the fund balance categories listed below:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

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.

Committed - amounts that are constrained for specific purposes imposed by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through resolutions approved by the City Council. Once adopted by the City Council, the limitation imposed by the resolution remains in place until a similar action is taken via a resolution.

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.

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.

In the governmental fund financial statements when an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions. However, when both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted amounts first, then unrestricted as they are needed.

The City of Albany has adopted this order of categories in Resolution No. 6015 on June 22, 2011, and has classified all funds in the proper category.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**New Accounting Pronouncements and Accounting Standards**

The City will implement new GASB pronouncements no later than the required fiscal year. The following are scheduled for implementation within the FY 2012-13 CAFR.

**GASB Statement No. 62 “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.”**

The objective of this Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that were issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. The statement is effective for fiscal years beginning after December 15, 2011.

**GASB Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.”**

Implementation is required for statements for periods beginning after December 15, 2011. The purpose of the statement is to standardize the presentation of deferred outflows of resources, deferred inflows of resources, and the effects they have on the City's net position.

**GASB Statement No. 65 “Items previously reported as assets and liabilities.”**

The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These determinations are based on the definitions of those elements in Concepts Statement No. 4, *Elements of Financial Statements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

The following will have an impact on future financial statements:

**GASB Statement No. 67, Financial Reporting for Pension Plans.**

The objective of this statement is to improve financial reporting by state and local governmental pension plans. This statement replaces the requirements of statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*. This statement will be effective for fiscal year ending June 30, 2014.

**GASB Statement No. 68 “Accounting and Reporting for Pension Plans—an amendment of GASB Statement No. 27.”**

This statement was issued to improve accounting and financial reporting by state and local governments for pensions. This statement replaces requirements of statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* as well as requirements of statement No. 50, *Pension Disclosures*. This statement and statement No. 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This statement will be effective for fiscal year ending June 30, 2015.

Both, Statement 67 and 68, will be monitored very closely because of the anticipated effects they will have on future financial statements.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**New Accounting Pronouncements and Accounting Standards (continued)**

The City along, with other local governments, participates in a cost-sharing multiple employer defined benefit public employee pension plan, noted as PERS. The requirements of this standard appear to have a significant impact over financial accounting and reporting for the County's participation in the PERS plan.

**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 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 2012-13 was \$3,398,584,772. 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.



**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

**Budgetary Information (continued)**

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

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	
Debt Service	

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

General	Permanent
Nondepartmental	Senior Center Endowment
Special Revenue	Enterprise
Grants	Water
Street	Sewer
Ambulance	
Public Safety Levy	

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, 2013, the City made supplemental budget changes which totaled \$36,122,625, a 22.22% increase over the adopted budget. The following table outlines the supplemental budget changes by fund:

The difference between stupidity and genius is that genius has its limits!

Albert Einstein

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

**Budgetary Information (continued)**

<u>Fund</u>	2012-13 <u>Adopted Budget</u>	2012-13 <u>Final Budget</u>	<u>Change</u>
GENERAL	\$ 29,172,400	\$ 29,176,400	\$ 4,000
PARKS & RECREATION	7,304,300	8,104,300	800,000
GRANTS	1,759,700	4,479,225	2,719,525
BUILDING INSPECTION	1,125,800	1,125,800	-
RISK MANAGEMENT	12,833,100	12,833,100	-
ECONOMIC DEVELOPMENT	1,564,300	1,564,300	-
AMBULANCE	2,299,700	2,299,700	-
PUBLIC TRANSIT	2,021,300	2,161,000	139,700
PUBLIC SAFETY LEVY	2,049,900	2,049,900	-
CAPITAL REPLACEMENT	6,925,400	7,225,400	300,000
STREET	13,403,100	13,519,400	116,300
ARA	6,765,900	7,518,200	752,300
DEBT SERVICE	2,653,300	2,653,300	-
CAPITAL PROJECTS	3,855,800	3,905,200	49,400
SENIOR CENTER ENDOWME	51,100	51,100	-
LIBRARY TRUST	84,100	84,100	-
SEWER	31,164,000	31,164,000	-
WATER	24,988,000	56,227,800	31,239,800
CENTRAL SERVICES	5,572,400	5,572,400	-
PUBLIC WORKS SERVICES	7,002,900	7,004,500	1,600
	<u>\$ 162,596,500</u>	<u>\$ 198,719,125</u>	<u>\$ 36,122,625</u>

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. No new funds were established in Fiscal Year 2012-13.

**Excess of Expenditures over Appropriations**

In Fiscal Year 2012-13 expenditures exceeded approved appropriations in two funds. Within the Building Inspection Fund the Electrical Permit Safety program exceeded appropriations by \$1,477 due to a variety of issues; yet the biggest increase was due to the acceptance of credit cards and the related service charge allocated against different type cards. The City may charge a convenience fee in the future to offset this expense. The Capital Projects Fund had two construction related projects go over approved appropriations; the Oak Street Construction Project by \$74,732 and the North Albany Park & Ride by \$33,685. Both of these construction projects were over-expended due to the projects closing earlier than anticipated. The City Engineering department has been apprised of the situation and in the future will work closer with the Public Works Senior Accountant so a supplemental budget may be prepared to offset such an occurrence.

**Deficit Fund Equity**

The Capital Projects Fund ended the Fiscal Year 2012-13 with a deficit fund equity due to the interfund loans which financed the two Local Improvement District (LID) projects near the new Timber Ridge School. The assessment revenue from these two LID's was pledged to repay the loans. However, the City is considering alternate pay back methods due to delinquent payments of one of the property owners in the area.

Also in 2012-13 the Ambulance Fund closed the year with a deficit fund equity due to the down turn in Medicare payments.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**3. DETAILED NOTES (continued)**

**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 19).

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

Cash on hand	\$ 33,090
Cash with fiscal agents	28,185
Bank balances with financial institutions	(779,283)
State of Oregon Treasurer's short-term investment pool	25,858,346
Other investments	41,771,706
Interest accrued on investments at time of purchase	1,653
Total cash and investments	<u>\$ 66,913,697</u>

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

Cash and investments	\$ 47,126,512
Cash with fiscal agents	28,185
Restricted cash and investments	19,759,000
Total cash and investments	<u>\$ 66,913,697</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 (\$779,283) and the bank balance was \$1,254,369.

**Investments**

**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 Albany 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 carries all investments at amortized cost as allowed by GASB No. 31. The implementation of GASB No. 31 is and has been immaterial to the government-wide financial statements since fiscal year end June 30, 2007.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**3. DETAILED NOTES (continued)**

**Investments (continued)**

As of June 30, 2013, the City had the following investments:

Investment Type	Moody's Rating	Amortized Cost	Fair Value	Weighted Average Maturity (yrs)	Percent of Total Portfolio
U.S. Government agency obligations:					
USTNB-US Treasury Notes and Bonds	Aaa	\$ 6,525,092	\$ 6,568,085	0.560	10%
FFCB-Federal Farm Credit Bank	Aaa	5,000,000	4,978,100	2.504	7%
FHLB-Federal Home Loan Bank	Aaa	16,071,474	16,043,120	2.029	24%
FNMA-Federal National Mortgage Association	Aaa	13,120,821	13,094,470	2.047	19%
Oregon Short-term Fund	NR	25,858,346	25,858,346	0.003	38%
Corporate indebtedness	Aaa	1,052,319	1,043,410	1.980	2%
Accrued trust fees	-	2,000	2,000		
Totals		<u>\$ 67,630,052</u>	<u>\$ 67,587,531</u>		<u>100%</u>
Portfolio weighted average maturity				<u>1.150</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 Securities Exchange Commission as an investment company. The State's investment policies are governed by the Oregon Revised Statutes and the Oregon Investment Council.

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 less than one year. The weighted maturity of the total portfolio shall not exceed 1.5 years. The City's weighted average maturity as of June 30, 2013, was 1.15 years.

Credit and concentration of credit risks

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 in the table below.

Issuer Type	Percent of Total Portfolio
U. S. Treasury obligations	100%
GSE-Agency Securities	100%
Per Issuer	33%
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.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**3. DETAILED NOTES (continued)**

**Investments (continued)**

Custodial risk

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.

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, 2013, the City of Albany's bank balance of \$1,254,369 was exposed to custodial credit risk as they were collateralized with securities held by the pledging financial institution's agent but not in the City of Albany's name.

I don't care too much for money, for money can't buy me love.

The Beatles

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**3. DETAILED NOTES (continued)**

**Capital Assets**

**Governmental Activities**

Capital activity for the year ended June 30, 2013, was as follows:

	July 1, 2012 Balance	Additions	Deletions, Transfers in, Transfers out	June 30, 2013 Balance
<b>Non-depreciable capital assets</b>				
Land	\$ 12,052,594	\$ 230,000	\$ -	\$ 12,282,594
Construction in progress	3,246,277	-	(3,246,277)	-
Total non-depreciable capital assets	15,298,871	230,000	(3,246,277)	12,282,594
<b>Depreciable capital assets</b>				
Buildings and improvements	20,889,546	172,772	-	21,062,318
Intangible assets *	-	800,000	-	800,000
Vehicles and equipment	12,940,823	484,585	(146,243)	13,279,165
Infrastructure	119,306,507	4,929,038	3,246,277	127,481,822
Total depreciable capital assets	153,136,876	6,386,395	3,100,034	162,623,305
Total capital assets	168,435,747	6,616,395	(146,243)	174,905,899
<b>Accumulated depreciation</b>				
Buildings and improvements **	(5,103,731)	(399,233)	-	(5,502,964)
Vehicles and equipment	(8,805,258)	(806,098)	146,243	(9,465,113)
Infrastructure	(52,231,694)	(5,153,119)	-	(57,384,813)
Total accumulated depreciation	(66,140,683)	(6,358,450)	146,243	(72,352,890)
Depreciable capital assets net of depreciation	86,996,193	27,945	3,246,277	90,270,415
Governmental activities, capital assets, net	\$ 102,295,064	\$ 257,945	\$ -	\$ 102,553,009

Depreciation expense for governmental activities has been charged as follows:

General government	\$ 1,270,492
Public safety	521,945
Highways and streets	3,685,070
Culture and recreation	880,943
Total depreciation for governmental activities	\$ 6,358,450

\* On October 25, 2012 the City of Albany Parks and Recreation department paid \$800,000 to the Greater Albany Public Schools for the right to use the gymnasium at Timber Ridge for their programs. It has been decided that this right is an intangible asset thus the new category.

\*\*\* As part of this intangible asset, it will be amortized over the length of the agreement, which is 20 years. The numbers will be separated out next year after a complete year of amortization expense.

My fake plants died because I did not pretend to water them.

Mitch Hedberg

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**3. DETAILED NOTES (continued)**

**Capital Assets (continued)**

**Business-type Activities**

Capital activity for the year ended June 30, 2013, was as follows:

	July 1, 2012 Balance	Prior Period Adjustments	Additions	Deletions, Transfers in, Transfers out	June 30, 2013 Balance
<b>Non-depreciable capital assets</b>					
Land	\$ 6,216,055	\$ -	\$ -	\$ -	\$ 6,216,055
Construction in progress	15,410,987	(9,354,448)	1,233,604	(5,842,175)	1,447,968
Total non-depreciable capital assets	<u>21,627,042</u>	<u>(9,354,448)</u>	<u>1,233,604</u>	<u>(5,842,175)</u>	<u>7,664,023</u>
<b>Depreciable capital assets</b>					
Land rights	19,794	-	-	-	19,794
Land improvements	25,178	-	-	-	25,178
Buildings and improvements	140,033,714	9,354,448	222,216	2,405,994	152,016,372
Vehicles and equipment	7,316,047	-	212,415	(18,963)	7,509,499
Infrastructure	136,995,488	-	3,247,835	3,436,181	143,679,504
Total depreciable capital assets	<u>284,390,221</u>	<u>9,354,448</u>	<u>3,682,466</u>	<u>5,823,212</u>	<u>303,250,347</u>
Total capital assets	<u>306,017,263</u>	<u>-</u>	<u>4,916,070</u>	<u>(18,963)</u>	<u>310,914,370</u>
<b>Accumulated depreciation</b>					
Land rights	(18,143)	-	(659)	-	(18,802)
Land improvements	(21,707)	-	(434)	-	(22,141)
Buildings and improvements	(21,812,928)	(1,003,135)	(3,915,083)	-	(26,731,146)
Vehicles and equipment	(6,215,915)	-	(229,813)	18,963	(6,426,765)
Infrastructure	(43,537,208)	-	(3,201,814)	-	(46,739,022)
Total accumulated depreciation	<u>(71,605,901)</u>	<u>(1,003,135)</u>	<u>(7,347,803)</u>	<u>18,963</u>	<u>(79,937,876)</u>
Depreciable capital assets net of depreciation	<u>212,784,320</u>	<u>8,351,313</u>	<u>(3,665,337)</u>	<u>5,842,175</u>	<u>223,312,471</u>
Business-type activities, capital assets, net	<u>\$ 234,411,362</u>	<u>\$ (1,003,135)</u>	<u>\$ (2,431,733)</u>	<u>\$ -</u>	<u>\$ 230,976,494</u>

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

Water	\$ 3,082,229
Sewer	4,265,574
Total depreciation for business-type activities	<u>\$ 7,347,803</u>

Reconciliation of business-type capital assets to the Statement of Net Position of Proprietary Funds

Total business-type capital assets, net of depreciation, from above	\$ 230,976,494
Internal service fund capital assets reported as business-type activities:	
Public Works Services Fund	(111,994)
Capital assets (net), Statement of Net Position of Proprietary Funds (page 32)	<u>\$ 230,864,500</u>

**Restricted Net Position**

Certain assets are classified on the Statement of Net Position as restricted assets because their use is limited by applicable bond indentures or other legal provisions. Total restricted net position of \$19,536,223 includes \$134,870 restricted for permanent endowments and \$19,401,353 restricted by enabling legislation as follows:

Governmental activities	\$ 5,964,568
Business-type activities	13,514,952
Total	<u>\$ 19,479,520</u>

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**3. DETAILED NOTES, continued**

**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, 2013, amounted to \$979,302, which represented approximately 24.5 percent of the outstanding 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 sale rate plus 1.5 percent for financed assessments.

**Loans Receivable**

The listing which follows outlines the loans receivable as of June 30, 2013. The ARA loans have been restated to show the division of regular and forgivable loans.

	June 30, 2012			June 30, 2013
	Balance	Increase	Decrease	Balance
Governmental Funds				
General	\$ 200,066	\$ -	\$ -	\$ 200,066
Economic Development	117,145	-	(26,667)	90,478
Albany Revitalization Agency (ARA) Regular loans	758,569	-	(2,003)	756,566
Total Governmental Funds	1,075,780	-	(28,670)	1,047,110
Enterprise Fund - Sewer	4,922,761	-	(420,135)	4,502,625
Total government-wide loans	\$ 5,998,541	\$ -	\$ (448,805)	\$ 5,549,735

**Community Development Block Grant Loans – General Fund**

In 1982, the City received a nearly \$500,000 Community Development Block Grant which was used to finance loans for remodeling and repairs to owner-occupied homes. The loans are interest-free and are not due until ownership of the property changes. As of June 30, 2013, there were six loans outstanding with a total balance of \$51,983.

**Community Development Loans – General Fund**

In July 2007, the City Council authorized a loan, not to exceed \$150,000, to the Albany Helping Hands Homeless Shelter to construct a second dormitory. The \$50,000 portion of the loan was interest free until July 31, 2008, at which time it was due. Interest accrues at the rate of nine percent per annum after that date. The \$100,000 portion of the loan was interest-free until January 1, 2009, at which time the loan was due. The actual amount of the loan was \$148,083. Interest accrues at the rate of nine percent per annum after that date. The loan is secured by a trust deed. As of June 30, 2013, Helping Hands is making interest-only payments.

**Economic Development Fund**

In 1995, the City received a \$441,137 loan from the Oregon Economic Development Department to make infrastructure improvements for the planned Target Distribution Center. Target is a wholly-owned subsidiary of the Dayton-Hudson Corporation. Dayton-Hudson Corporation agreed to reimburse the City for \$390,000 of the state loan. As of June 30, 2013, the balance of the receivable from the Dayton Hudson Corporation was \$90,478.



**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**3. DETAILED NOTES (continued)**

**Loans Receivable (continued)**

In August 2006, the City sold land near the Albany Municipal Airport to Bob G. Mitchell for \$315,000 in cash and a \$35,000 promissory note due January 9, 2009, at six percent interest. If the buyer meets the conditions outlined in the sale agreement regarding construction of a restaurant at the site, the promissory note will be cancelled. The \$35,000 promissory note has been offset with an allowance for uncollectible accounts.

**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. The modified loan and amount outstanding at June 30, 2013, is \$106,748, which consists of the original disbursement of \$82,500 plus the accrued interest of \$24,248.

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 interest, with four similar payments due after that. As of June 30, 2008, the Swobodas had drawn the full amount of the approved loan. As of June 30, 2013, the balance outstanding was \$42,500.

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 is 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 \$7,584 has been received against these loans, leading to a June 30, 2013, outstanding balance of \$202,416.

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. The first of five payments (\$16,660.67, principal and interest) is due on August 11, 2014. Interest for the loan will accrue from the modification date until the loan is paid in full. As of June 30, 2013, \$148,000 of the approved loan amount had been disbursed.

In Fiscal Year 2012 ARA approved a three-year loan of \$235,000 to Albany Redevelopment, to refinance existing debt and make further improvements to the structure known as the Woods Apartment Building. The loan, with an annual interest rate of 11 percent, is secured by a trust deed and personal guarantees of the husband and wife of the corporation. The first monthly payment was due on December 10, 2011, in the amount of \$2,238 principal and interest, with a total of 36 payments and a balloon payment due November 10, 2012. As of June 30, 2013, \$235,150 of the approved loan amount had been disbursed.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**3. DETAILED NOTES (continued)**

**Loans Receivable (continued)**

In May 2011, ARA approved a three-year loan of \$120,000 to Albany Redevelopment, for redevelopment of the historic Woods Apartment building. The loan, with an annual interest rate of 6 percent, is secured by a trust deed in second position behind ARA's 2012 loan (above), promissory note, and personal guarantees of the husband and wife of the corporation. The loan calls for a balloon payment on May 10, 2014 on the principal and interest accrued over the 3 years. As of June 30, 2013, \$120,000 of the approved loan amount had been disbursed.

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 in the loans receivable as a balance due.

<u>Borrower</u>	<u>Loan Draws to</u>		<u>Balance yet to</u>
	<u>Date</u>	<u>Forgiven</u>	<u>be forgiven</u>
Flinn Block LLC - Manley	\$ 74,000	\$ -	\$ 74,000
R3 Development - Mikesell	200,066	-	200,066
CADD Connection - Yamamoto	97,500	27,857	69,643
Albany Redevelopment - Ward	23,483	-	23,483
Edgewater Village	2,400,000	-	2,400,000
Poris , Linda	63,215	62,494	721
Albany Carousel	110,000	-	110,000
Catlin, Rich	10,000	8,000	2,000
Eaton, Emma and Jacho	25,000	10,000	15,000
Van Rossman, Robyn and Rusty	3,360	672	2,688
Vaughan, Timothy	28,900	5,780	23,120
Olivetti, Thad and Shannon	42,500	21,605	20,895
Valley Homes - Siegner, Mark	97,047	97,047	-
Innovative Woodland Square	705,861	-	705,861
	<u>3,880,932</u>	<u>233,455</u>	<u>3,647,477</u>

**Wastewater Treatment Plant 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 90 percent for Albany and 10 percent for Millersburg. The initial cost estimate was \$70 million and the project went online in 2010-11. During the 2012-13 FY Millersburg paid \$420,135 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, 2013, Millersburg's loan balance was \$4,502,626.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**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 receivable	
General	\$ 1,073,999
Parks and Recreation	263,042
Nonmajor governmental	425,103
Accounts receivable	679,429
Assessments receivable	3,986,901
Community development loans	200,066
Economic development loans	847,044
Total deferred revenue	<u>\$ 7,475,584</u>

**Construction Commitments**

The City has active construction projects as of June 30, 2013. The projects include the Oak Creek Lift Station, Water Avenue and Main Street water line project; Wetlands Treatment Project; various Pipe Bursting Projects, Hill Street water line project and the new Oak Creek Lift Station and Force Main project.

<u>Capital Projects</u>	Spent to date	Remaining Commitment
Oak Creek Lift Station - Sewer	\$ 2,075	\$ 58,825
Water Avenue & Main Street Water line - Water	-	106,575
Wetlands Treatment Project - Sewer	1,824,189	135,501
Pipe Bursting Project	58,500	159,140
Hill Street Water line - Water	150,750	973,475
Oak Creek Lift Station & Force Main	-	2,997,999
Totals	<u>\$ 2,035,514</u>	<u>\$ 4,431,515</u>

The wastewater treatment plant expansion project was funded by a Clean Water State Revolving Fund loan. The remaining Water and Sewer capital projects are financed from capital project resources of the Water and Sewer Funds. Capital project resources are financing the Oak Street reconstruction project.

Get your facts first, then you can distort them as you please.

Mark Twain

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**3. DETAILED NOTES (continued)**

**Capital Leases**

The City has entered into lease agreements as lessee for financing the acquisition of capital 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 a capital lease are as follows:

	Governmental Activities
Machinery and equipment	\$ 219,278

The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2013, are as follows:

	Governmental Activities
Years ending June 30,	
2013	\$ 165,032
2014	68,610
2015	8,785
Total minimum lease payments	242,427
Less: amount representing interest	(23,149)
Present value of minimum lease payments	\$ 219,278

**Prior Period Adjustments**

The City has implemented GASB 65 and one of the parameters has allowed entities nationwide to write off all debt issuances cost from prior years. Thus all of the debt issuances related to prior years have been written off in the government-wide financial statements.

In 2011-2012, Sewer Capital Assets were reported incorrectly and prior period adjustments are necessary to bring them into alignment. The effects of the adjustments are shown in the Fixed Assets section and in the Statement of Activities.

Don't interfere with anything in the Constitution. That must be maintained, for it is the only  
safeguard of our liberties.

Abraham Lincoln

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**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 the current portions due for each issue.

	Beginning Balance July 1, 2012	Increase	Decrease	Ending Balance June 30, 2013	Due in 2013/2014
<b>Governmental Activities</b>					
General obligation bonds, Series 2007 Refunding	\$ 3,760,000	\$ -	\$ 1,170,000	\$ 2,590,000	\$ 1,255,000
Limited tax pension obligations, Series 2002	5,513,557	-	97,868	5,415,689	101,687
General revenue obligations, Series 2004	1,660,000	-	355,000	1,305,000	365,000
Urban Renewal Bonds					
2007 CARA Series A Tax-exempt	2,822,000	-	-	2,822,000	-
2007 CARA Series B Taxable	764,000	-	279,000	485,000	296,000
Notes payable					
2010 CARA Urban Renewal Revenue Note	1,962,200	11,200	1,973,400	-	-
OEDD-Target Infrastructure	132,505	-	30,164	102,341	30,460
Subtotal	16,614,262	11,200	3,905,432	12,720,030	2,048,147
Other postemployment benefits	1,932,119	378,807	-	2,310,926	-
Unamortized debt issuance costs (net)	(139,155)	-	(109,313)	(29,842)	-
Unamortized premium on debt issuance	42,788	-	14,676	28,112	14,676
Compensated absences	2,464,606	2,067,316	2,152,380	2,379,542	1,189,771
Claims and judgments	18,778	29,618	18,777	29,619	29,618
Capital leases	242,042	166,876	189,640	219,278	165,033
Total Governmental Activities	21,175,440	2,653,817	6,171,592	17,657,665	3,447,245
<b>Business-type Activities</b>					
Water revenue bonds					
2003 Water Revenue/Refunding	30,840,000	-	30,840,000	-	-
2013 Water Refunding Bonds	-	28,405,000	-	28,405,000	1,005,000
Loans payable					
2007 SRF Loan - WWTP	63,632,619	-	2,806,835	60,825,784	2,892,278
2009 Wetland Loan	3,429,702	-	362,812	3,066,890	377,324
2012 SRF Loan	1,950,000	-	100,000	1,850,000	100,000
Subtotal	99,852,321	28,405,000	34,109,647	94,147,674	4,374,602
Other postemployment benefits	591,864	115,064	-	706,928	-
Unamortized debt issuance costs (net)	(212,351)	-	(212,351)	-	-
Unamortized premium on defeasance	-	2,023,998	44,576	1,979,422	133,728
Compensated absences	555,178	393,126	460,461	487,843	243,922
Claims and judgments	15,776	28,611	15,776	28,611	28,610
Total Business-type Activities	100,802,788	30,965,799	34,418,109	97,350,478	4,780,862
Totals	\$121,978,228	\$33,619,616	\$40,589,701	\$115,008,143	\$ 8,228,107

Please note: the City's 2012 CAFR and related GFOA Award comments included one comment related to the long-term obligations and related premiums/discounts; this comment could not be implemented due to its breadth and magnitude. This was discussed with GFOA and the City decided to disclose that they are aware and understand the comment and that it will be implemented in the FY 2014 CAFR.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**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 obligations of the Central Service Fund, compensated absences (\$264,453), claims and judgments (\$984), and other post-employment benefits (OPEB) (\$312,764) are included in the above totals for governmental activities. Central Services also service the business-type activities and \$36,582 (for compensated absences, claims and judgments, and OPEB) are included in the above totals for the business-type activities. For governmental activities and business-type activities, claims and judgments, compensated absences and OPEB are generally liquidated by the fund in which they were incurred, including the General, Parks and Recreation, Building Inspection, Street, Ambulance, 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 \$8,335,000 in general obligation bonds in March 2007, to refinance all of the City's outstanding General Obligation Bonds, Series 1996, and a portion of the City's General Obligation Bonds, Series 1999 that financed capital construction. The interest rate is four percent for the nine-year bonds. Final maturity is June 1, 2015. The balance outstanding at June 30, 2013, is \$2,747,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending			
June 30	Principal	Interest	Total
2014	1,255,000	103,600	1,358,600
2015	1,335,000	53,400	1,388,400
Totals	\$ 2,590,000	\$ 157,000	\$ 2,747,000

**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 two percent to 7.36 percent for the 26-year bonds. Final maturity is June 1, 2028. The balance outstanding at June 30, 2013, is \$5,415,689. Annual debt service requirements to maturity for the limited tax pension obligations are as follows:

Year Ending			
June 30	Principal	Interest	Total
2014	101,687	453,551	555,238
2015-2019	544,398	2,681,791	3,226,189
2020-2024	2,434,604	1,635,534	4,070,138
2025-2029	2,335,000	454,839	2,789,839
Totals	\$ 5,415,689	\$ 5,225,715	\$10,641,404

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**3. DETAILED NOTES (continued)**

**Long Term Obligations (continued)**

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, 2013, is \$1,305,000. Annual debt service requirements to maturity for the general revenue obligations are as follows:

Year Ending	Principal	Interest	Total
June 30			
2014	365,000	52,229	417,229
2015-2019	940,000	141,258	1,081,258
<b>Totals</b>	<b>\$ 1,305,000</b>	<b>\$ 193,487</b>	<b>\$ 1,498,487</b>

**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 percentage rates range from 4.85 to 6.25 for the 15-year bonds. Final maturity is June 15, 2022. The balance outstanding at June 30, 2013, is \$3,307,000. Annual debt service requirements to maturity for urban renewal bonds are as follows:

Year Ending	Principal	Interest	Total
June 30			
2014	296,000	167,179	463,179
2015-2019	1,746,000	571,649	2,317,649
2020-2021	1,265,000	124,644	1,389,644
<b>Totals</b>	<b>\$ 3,307,000</b>	<b>\$ 863,472</b>	<b>\$ 4,170,472</b>

**Notes Payable**

In 1995, the City borrowed \$441,137 from the Oregon Economic Development Department, Special Public Works Fund, to finance infrastructure (water, sewer, and street) improvements in the Linn-Benton Business Park to serve a 650,000-square-foot Target Stores Inc. regional distribution center. Dayton-Hudson Corporation DBA Target Stores, Inc. is responsible for \$390,000. The remaining balance, \$51,137, is payable by the City from resources of the Economic Development Fund. The interest rate is 5.47 percent for the 20-year note. Final maturity is December 15, 2015. The balance outstanding at June 30, 2013, is \$102,341 (Dayton-Hudson Corporation, \$90,478; City, \$11,863). The annual debt service requirements for this debt are as follows:

Year Ending	Principal	Interest	Total
June 30			
2014	30,460	5,886	36,346
2015	71,881	6,211	78,092
<b>Totals</b>	<b>\$ 102,341</b>	<b>\$ 12,097</b>	<b>\$ 114,438</b>

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**3. DETAILED NOTES (continued)**

**Long Term Obligations (continued)**

**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. See the Defeased Bonds Note below for more details on the 2003 Series Water Bond.

The 2013 Series bonds are covered by City pledging its full faith and credit and taxing powers of the City 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 5 percent for the 20-year bonds. Final maturity is August 1, 2033. The balance outstanding of the bonds at June 30, 2013, is \$28,405,000.

Year Ending June 30	Principal	Interest	Total
2014-2019	\$ 4,830,000	\$ 4,868,739	\$ 9,698,739
2020-2024	\$ 5,735,000	\$ 3,906,669	9,641,669
2025-2029	\$ 7,115,000	\$ 2,520,194	9,635,194
2030-2034	\$ 8,780,000	\$ 1,007,319	9,787,319
2035	\$ 1,945,000	\$ 30,391	1,975,391
Totals	\$ 28,405,000	\$ 12,333,311	\$40,738,311

**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 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, 2013, the balance outstanding is \$60,825,784. The final maturity date is October 1, 2029.

Year Ending June 30	Principal	Interest	Total
2014	2,892,278	1,968,873	4,861,151
2015	2,980,325	1,873,595	4,853,920
2016-2020	16,319,214	8,441,747	24,760,961
2021-2025	18,959,887	5,367,479	24,327,366
2026-2030	19,674,080	1,794,980	21,469,060
Totals	\$ 60,825,784	\$ 19,446,674	\$80,272,458



**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**3. DETAILED NOTES (continued)**

**Long-Term Obligations (continued)**

**Business-type Activities (continued)**

**Loans Payable (continued)**

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, 2013, the balance outstanding is \$3,066,890.

Year Ending June 30	Principal	Interest	Total
2014	377,324	122,676	500,000
2015-2019	2,125,459	374,541	2,500,000
2020-2021	564,107	26,031	590,138
<b>Totals</b>	<b>\$ 3,066,890</b>	<b>\$ 523,248</b>	<b>\$ 3,590,138</b>

The City of Albany has received a \$4M 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 partnered with the City and they forwarded to City of Albany their \$4M loan from SPWRF to use for 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, 2013 is \$1,850,000. 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:

Year Ending June 30	Principal	Fee	Total
2014-2019	500,000	32,250	532,250
2020-2024	500,000	28,750	528,750
2025-2029	500,000	16,250	516,250
2030-2032	350,000	4,000	354,000
<b>Totals</b>	<b>\$ 1,850,000</b>	<b>\$ 81,250</b>	<b>\$ 1,931,250</b>

Government's first duty is to protect the people, not run their lives.

Ronald Reagan

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**3. DETAILED NOTES (continued)**

**Long-Term Obligations (continued)**

**Business-type Activities (continued)**

**Advanced Refunding**

In March, 2013, the City issued \$28,405,000 of general obligation refunding bonds, the proceeds of which were used to purchase U.S. Government State and Local Government Series Securities (SLGS) which were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments related to the City's outstanding \$30,010,000 Water Revenue and Refunding Bonds, Series 2003. The City deposited \$30,716,389 into an irrevocable escrow account that, along with interest thereon, will provide amounts sufficient for the payment of principal and interest on the next redemption date, an advance refunding. The refunding and advance refunding were undertaken to reduce the total Water debt service payments by \$7,325,054 over the next 20 years and this lead to an economic gain of \$5,646,281. As a result of the in-substance defeasance, as of June 30, 2013, \$30,010,000 of the liability for these bonds has been removed from the Debt Service Fund.

**Defeased Bonds**

In prior years, the City defeased all or a portion of the 1994 City Hall Certificates of Participation; the Street Reconstruction General Obligation Bonds, Series 1999; and refunded this fiscal year, 2012-13, the 2003 Water and Revenue Refunding bonds, by placing cash and investments in escrow in such amounts and at such interest rates that the required debt service will be fully paid off when first callable. The balances outstanding of defeased bonds for the governmental activities was \$1,100,000; for the business-type activities \$32,755,000, for a total outstanding balance of defeased bonds of \$33,855,000 at June 30, 2013.

The optimist pleasantly ponders how high his kite will fly; the pessimist woefully wonders how soon his kite will fall.

William Arthur Ward

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**3. DETAILED NOTES, continued**

**Interfund Transfers**

<u>Transfers out</u>	<u>Transfers In</u>					<u>Total</u>
	<u>General</u>	<u>Parks and Recreation</u>	<u>Street</u>	<u>Nonmajor Governmental</u>	<u>Proprietary Funds</u>	
Governmental funds						
General	\$ -	\$ 187,200	\$ -	\$ 726,059	\$ -	\$ 913,259
Parks and Recreation	-	-	-	178,744	-	178,744
Street	-	80,000	-	21,000	-	101,000
Capital Projects	58,805	-	-	-	10,890	69,695
Nonmajor governmental funds	2,226,300	80,500	2,200	363,601	-	2,672,601
<b>Total governmental funds</b>	<u>2,285,105</u>	<u>347,700</u>	<u>2,200</u>	<u>1,289,404</u>	<u>10,890</u>	<u>3,935,299</u>
Proprietary funds						
Water	50,000	-	461,246	1,875	-	513,121
Sewer	50,000	-	471,545	1,875	-	523,420
<b>Total Proprietary funds</b>	<u>100,000</u>	<u>-</u>	<u>932,791</u>	<u>3,750</u>	<u>-</u>	<u>1,036,541</u>
<b>Total transfers</b>	<u>\$ 2,385,105</u>	<u>\$ 347,700</u>	<u>\$ 934,991</u>	<u>\$ 1,293,154</u>	<u>\$ 10,890</u>	<u>\$ 4,971,840</u>
Interfund Loans:						
Governmental Funds						
Risk Management - Receivable						3,458,977
Capital Projects - Payable						<u>(3,458,977)</u>
<b>Total Interfund Loans</b>						<u>\$ -</u>

**Governmental Funds**

**Transfers from the General Fund**

Transfers out of the General Fund totaled \$913,259 for FY 2012-13. 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. \$436,100 was transferred to the Public Transit Fund to support operation of the City's transit systems. The General Fund share of the debt service requirement for the 2004 Revenue Obligations, \$221,858, was transferred to the Debt Service Fund. The amount of \$22,101 was transferred to the Building Inspection Fund for the Americans with Disabilities Act Code Enforcement program. Finally, \$46,000 was transferred to support the City's Ambulance program.

**Transfers from the Parks and Recreation Fund**

Parks and Recreation transfers out totaled \$978,744. Major activity included a transfer of \$800,000 to the Parks Capital program to purchase the Right to Use Timber Ridge Middle School for 30 years; normally these type transfers are eliminated but because it lead to a capital purchase it will remain. The annual transfer to the Debt Service Fund for the Parks and Recreation Fund share of the debt service requirement for the 2004 Revenue Obligations, \$167,244, was also completed. A transfer of \$11,500 was made to the Grants Fund for support of the East Thornton Lake Natural Area Turtle Management project.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**3. DETAILED NOTES (continued)**

**Interfund Transfers (continued)**

**Transfers from the Street Fund**

A total of \$101,000 was transferred from the Street Fund and the transfers were as follows: \$80,000 was transferred to Parks and Recreation for the Urban Forestry program and \$21,000 was transferred to the Grants Fund for FEMA Mitigation projects.

**Transfers from the Capital Projects Fund**

A total of \$69,695 initial support was transferred after the completion of the Albany Station REA Building project, \$58,805 support went back to the General Fund, and \$10,890 support went back to the Sewer System Capital Project reserve.

**Transfers from Nonmajor Governmental Funds**

**Public Safety Levy Fund**

The amount of \$3,400 was transferred to the General Fund to offset inflationary costs in the Fire Suppression and Police programs. Other transfers included \$166,000 to the Ambulance Fund for operational costs, \$920,700 to the General Fund for the Public Safety Levy - Police program, and \$959,800 to the General Fund for the Public Safety Levy - Fire program.

**Central Albany Redevelopment Area**

To support the cost of personnel, \$111,900 was transferred to the Economic Development Fund.

**Economic Development Fund**

A total of \$201,400 was transferred to various areas in the City operating areas, \$199,400 was Transient Room Tax dollars and \$2,000 was Airport Operation dollars. The Transient Room tax transfers were allocated as follows: \$21,200 to Police operations, \$21,200 to Fire operations, \$63,700 to the Airport operations, \$63,600 to the Northwest Art and Air Festival operations, \$10,600 to help maintain the Montieth House, \$16,900 to upgrade the City's Historic Trolley, and \$2,200 to Public Works Streets. Finally, \$2,200 from Airport operations was transferred to the Airport FAA Grants program in the Grants Fund.

**Proprietary Funds**

**Transfers from Water fund**

Public Works began transferring the Sewer and Water In-Lieu of Franchise fees through interfund transfers in the 2010-11 FY. The 2012-13 FY amount of \$461,246 was transferred to the Streets fund as its In-Lieu of revenue. A transfer of \$50,000 was completed to the General Fund.

**Transfer from Sewer fund**

Public Works began transferring the Sewer and Water In-Lieu of Franchise fees through interfund transfers in FY 2010-11. The 2012-13 FY amount of \$471,545 was transferred to the Streets fund as its In-Lieu of revenue. A transfer of \$50,000 was completed to the General Fund.

**Interfund Loans**

The loan of \$3,458,997 between the Risk Management 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.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**3. DETAILED NOTES, continued**

**Governmental Fund Balances**

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

Fund Balances	General	Parks and Recreation	Risk Management	Street	Capital Projects	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>							
Prepaid	\$ 101,672	\$ 17,353	\$ -	\$ -	\$ -	\$ 39	\$ 119,064
Permanent fund principal	-	-	-	-	-	117,685	117,685
	<u>101,672</u>	<u>17,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,724</u>	<u>236,749</u>
<b>Restricted for:</b>							
Park and Recreation SDC's	-	459,704	-	-	-	-	459,704
Senior Center Foundation	-	15,505	-	-	-	-	15,505
Building Inspection	-	-	-	-	-	318,862	318,862
Electrical Inspection	-	-	-	-	-	22,258	22,258
Public Safety Levy	-	-	-	-	-	156,449	156,449
Street Operations	-	-	-	180,200	-	-	180,200
Street Capital & Restoration	-	-	-	1,139,551	-	-	1,139,551
North Albany Frontage Fee	-	-	-	768,808	-	-	768,808
Transportation SDC Projects	-	-	-	4,772,150	-	-	4,772,150
CARA	-	-	-	-	-	785,369	785,369
CARA Debt Service	-	-	-	-	-	447,023	447,023
Bancroft Debt Service	-	-	-	-	-	2,646	2,646
2002 Limited Tax Pension Bonds	-	-	-	-	-	204,522	204,522
2007 GO Refunding Bonds	-	-	-	-	-	164,338	164,338
Library Programs	-	-	-	-	-	4,543	4,543
Grants Fund	-	-	-	-	-	83,184	83,184
Parks and Recreation Programs	-	-	-	-	-	12,642	12,642
City Facilities Replacement	-	-	-	-	-	-	-
	<u>-</u>	<u>475,209</u>	<u>-</u>	<u>6,860,709</u>	<u>-</u>	<u>2,201,836</u>	<u>9,537,754</u>
<b>Committed for:</b>							
Community Development Housing	176,067	-	-	-	-	-	176,067
Park and Recreation Operations	-	1,190,683	-	-	-	-	1,190,683
ADA Code Enforcement	-	-	-	-	-	386	386
Risk Management Reserve	-	-	1,467,659	-	-	-	1,467,659
SVC Litigation Projects	-	-	12,336,955	-	-	-	12,336,955
HARP	-	-	8,652	-	-	-	8,652
Economic Development	-	-	-	-	-	293,076	293,076
Albany Municipal Airport	-	-	-	-	-	303,760	303,760
Albany Transit	-	-	-	-	-	88,136	88,136
Paratransit System	-	-	-	-	-	2,808	2,808
Equipment Replacement	-	-	-	-	-	3,548,015	3,548,015
City Facilities Replacement	-	-	-	-	-	236,614	236,614
General Fund Facilities	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	160,567	160,567
IT Equipment Replacement	-	-	-	-	-	1,642,242	1,642,242
Public Works Facilities	-	-	-	-	-	640,059	640,059
	<u>176,067</u>	<u>1,190,683</u>	<u>13,813,266</u>	<u>-</u>	<u>-</u>	<u>6,915,663</u>	<u>22,095,679</u>
<b>Unassigned:</b>							
General Fund	2,068,877	-	-	-	-	-	2,068,877
City Facilities Replacement	-	-	-	-	( 2,769,618)	-	( 2,769,618)
Nonmajor governmental	-	-	-	-	-	( 8,898)	( 8,898)
	<u>2,068,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 2,769,618)</u>	<u>( 8,898)</u>	<u>( 709,639)</u>
<b>Total Fund Balances</b>	<u>\$ 2,346,616</u>	<u>\$ 1,683,245</u>	<u>\$ 13,813,266</u>	<u>\$ 6,860,709</u>	<u>\$ ( 2,769,618)</u>	<u>\$ 9,226,325</u>	<u>\$ 31,160,543</u>

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**4. OTHER INFORMATION**

**Pension Plan**

Employers that participate in cost-sharing multiple-employer defined benefit pension plans measure and disclose an amount for annual pension costs on the accrual basis of accounting, regardless of the amount recognized as pension expense/expenditures on the modified accrual basis. The Annual Required Contribution (ARC), defined as the employer's required contributions for the year, is calculated in accordance with certain parameters. The parameters include requirements for the frequency and timing of actuarial evaluations, as well as for the actuarial assumptions and methods that are acceptable for financial reporting.

When the assumptions and methods used in determining a plan's funding requirements meet the parameters, the same methods and assumptions are reported by both a plan and its participating employers. A Net Pension Obligation (NPO) is defined as the cumulative difference between the annual pension cost and the employer's contribution to a plan, including pension liability or asset at transition, if any.

**Plan Description**

The City's defined pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. The City is a participating employer in the state of Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer retirement system that acts as a common investment and administrative agent for governmental units in the State of Oregon. All City full-time employees and part-time employees scheduled to work in excess of 600 hours for the fiscal year are eligible to participate in PERS.

Benefits generally vest after five years of continuous service. Retirement is allowed at age 58, but retirement is generally available after 55 with reduced benefits. These benefit provisions are established by state statutes, and contributions are made at an actuarially determined rate by the Public Employees Retirement Board. The Oregon Public Employees Retirement System, a component unit of the state of Oregon, issues a comprehensive annual report, which may be obtained by writing to Public Employees Retirement System, P.O. Box 73, Portland, Oregon 97207-0073.

**Funding Policy**

In response to increasing PERS costs to state and local governments, the 72nd Oregon Legislature created the Oregon Public Service Retirement Plan (OPSRP). Public employees hired on or after August 29, 2003, become part of OPSRP, unless membership was previously established in PERS. OPSRP is a hybrid (defined contribution/defined benefit) pension plan with two components: the Pension Program (defined benefit) and the Individual Account Program (defined contribution). A defined benefit plan is benefit-based and uses predictable criteria such as pension determined by salary times length of service times a factor. A defined contribution plan has no guarantees. At retirement, the member receives the contributions plus any earnings or losses that have accrued.

Members of PERS as of August 29, 2003, retained their existing PERS accounts, but beginning on January 1, 2004, member contributions were deposited in the member's Individual Account Program rather than the member's PERS account. OPSRP is administered by PERS. The PERS Board is directed to adopt any rules necessary to administer OPSRP, and such rules are to be considered part of the plan for IRS review purposes. The Oregon Investment Council will invest plan assets.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**4. OTHER INFORMATION (continued)**

**Pension Plan (continued)**

Funding Policy, continued

In March 2002, the City of Albany, along with other cities, counties, and special districts, issued \$228,615,266 of limited tax pension obligations. The City's share of the debt was \$6,851,826. Net proceeds of the issuance were used to finance a portion of the City's estimated unfunded actuarial liability (UAL) with the Oregon Public Employees Retirement System to effect a reduction in the City's rates. The amount, listed as "Prepaid pension contribution" on the Statement of Net Position, is being amortized over the term of the debt based on the rate reduction benefit that the City receives annually.

Annual Pension Cost

Employer contributions are required by state statute and made at actuarially determined rates as adopted by the Public Employees Retirement Board. Covered employees are required by state statute to contribute six percent of their annual salary to the system, but the employer is allowed to make any or all of the employees' contribution in addition to the required employer contribution. Since FY 1980-81, the City has elected to contribute the six percent "pick-up", or \$1,489,152 (six percent of covered payroll for 2012-13), in lieu of a six percent pay increase.

In addition, the City contributed \$3,453,519 based on actuarially determined requirements. OPSRP legislation calls for all employers to be pooled for the purposes of calculating contribution rates. For the City, OPSRP rates are 9.70 percent for general service employees and 12.41 percent for police and fire employees. The rate for PERS Tier I and Tier II employees is 14.76 percent. The decrease in rates is noted below in the Annual Pension Cost (APC) and contribution for this fiscal year.

Three-year Trend Information:

Year Ended June 30,	Employer Contributions		
	Annual Pension Cost (APC)	Amount of APC Contributed	Percentage of APC Contributed
2011	4,159,781	4,159,781	100%
2012	5,419,121	5,419,121	100%
2013	4,942,671	4,942,671	100%

Prepaid Pension Contribution

The City's prepaid pension contribution is being amortized over a period of 25 years. The City's prepaid pension contribution and amortization as of and for the year ended June 30, 2013, were as follows:

Prepaid pension contributions, beginning of year	\$ 5,012,025
Decrease in prepaid pension contributions	(313,252)
Prepaid pension contributions, end of year	\$ 4,698,773

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**4. OTHER INFORMATION (continued)**

**Pension Plan (continued)**

Asset Valuation Method

The fair market value of all PERS assets, reduced by the sum of all member contribution accounts (member reserves) and the value of all benefits currently being paid (benefit reserves), is allocated to all participating employers in proportion to the funds in each employer's account (employer reserves).

Economic Assumptions

Significant actuarial assumptions used in the calculation included: (a) consumer price inflation rate of 2.75 percent per year, (b) an assumed earnings rate of 8 percent net of investment and administrative expenses, (c) wage growth of 3.75 percent annually, and (d) a post-retirement benefits increase over the years beginning in 2012 from 6.9 percent to 4.5 percent in 2029.

**Other Post-Employment Benefits**

For the year ended June 30, 2008, the City implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* (GASB 45). This pronouncement requires the City to report a *net other post-employment benefit obligation* (NOPEBO) as of June 30, 2008. The City has implemented GASB 45 on a prospective basis. The NOPEBO is, in general, the cumulative difference between the actuarially required contributions and the actual contributions since August 1, 2006.

Plan Description and Benefits Provided

The City provides other post-employment benefits (OPEB) for employees, retirees, spouses, and dependents through a single employer defined contribution 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 August 1, 2012 (the date of the last actuarial valuation), consisted of the following:

Active employees	371
Retirees, spouses, or dependents	79
<b>Total</b>	<b>450</b>

It is the duty of all men to be good and to do good.

Abigail Adams



**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**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:

	Employee	Employee + Child(ren)	Employee + Spouse	Employee + Family
Pacific Source	\$ 563.47	\$ 995.17	\$ 1,213.40	\$ 1,633.75
ODS Dental	56.33	117.19	99.71	160.60
Willamette Dental	36.13	63.92	78.12	105.19
ODS Vision	10.45	19.83	18.56	27.92
<u>Fire Union</u>		<u>Employee</u>	<u>Two-Party</u>	<u>Family</u>
Blue Classic, medical only		524.50	1,101.20	1,521.90
Blue Classic, medical/dental/vision		591.00	1,224.40	1,734.20
<u>Fire Union COBRA &amp; Retiree</u>		<u>Employee</u>	<u>Two-Party</u>	<u>Family</u>
Blue Classic Medical		\$ 524.50	\$ 1,101.20	\$ 1,521.90
Blue Classic Medical/Dental/Vision		591.00	1,224.40	1,734.20

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 (NOPEBO)

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, 2013, is equal to the ARC as follows:

Normal Cost	\$ 480,018
Amortization of UAAL	487,474
<u>Annual required contribution (ARC)</u>	<u>\$ 967,492</u>

The net OPEB obligation as of June 30, 2013, was calculated as follows:

Annual required contribution	\$ 967,492
Implicit benefit payments	(403,053)
Interest on prior year Net OPEB Obligation	100,959
Adjustment to ARC	(171,527)
Increase in net OPEB obligation	\$ 493,871
Net OPEB at beginning of the year	2,523,983
<u>Net OPEB at end of the year</u>	<u>\$ 3,017,854</u>

The NOPEBO is allocated between the Government-Wide Activities and Business-Type activities in the following amounts, \$2,310,926 and \$706,928, respectively.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**4. OTHER INFORMATION (continued)**

**Other Post-Employment Benefits (continued)**

Annual OPEB Cost and Net OPEB Obligation, continued

The City's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2013, are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 658,492	28.34%	\$ 934,962
June 30, 2010	\$ 793,328	18.17%	\$ 1,496,701
June 30, 2011	\$ 832,239	24.67%	\$ 2,055,966
June 30, 2012	\$ 858,996	45.52%	\$ 2,523,983
June 30, 2013	\$ 896,924	25.05%	\$ 3,017,854

Funding 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.

As of August 1, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$5,399,990, and the actuarial value of assets was zero, resulting in an unfunded accrued liability of \$5,399,990.

Valuation Date	Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAL/ Payroll
August 1, 2006	\$ -	\$ 4,144,477	\$ 4,144,477	0.00%	\$ 23,268,266	17.81%
August 1, 2008	\$ -	\$ 5,182,523	\$ 5,182,523	0.00%	\$ 26,380,078	19.65%
August 1, 2010	\$ -	\$ 6,337,576	\$ 6,337,576	0.00%	\$ 26,237,320	24.15%
August 1, 2012	\$ -	\$ 5,399,990	\$ 5,399,990	0.00%	\$ 26,016,697	20.76%

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 August 1, 2012, actuarial valuation, the **Projected Unit Credit Cost Method** was used to determine contribution levels comprised of normal cost and amortized payments.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**4. OTHER INFORMATION (continued)**

**Other Post-Employment Benefits (continued)**

Actuarial Methods and Assumptions, continued

The **inflation rate** used for the 2010 valuation is an assumed rate of 2.75%.

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 7.25 percent in the 2012 year and will vary from 5.75 percent to 6.75 depending on the timing of the excise tax scheduled to affect health care benefits beginning in the year 2018. 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 5.25 percent per year.

The **annual payroll increases** are 2.75 percent compounded annually for the purposes of amortizing the UAAL. These assumptions are based on the Oregon PERS valuation assumptions as of December 31, 2009.

It is assumed that 55 percent of active members will elect coverage upon retirement until age 65. Seventy percent of male members and 35.0 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 payrolls 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.

**Risk Management**

In February 1996, GASB issued Statement No. 30 (GASB No. 30), *Risk Financing Omnibus*, which amends GASB Statement No. 10, to require inclusion of specific, incremental claim adjustment expenses and estimated recoveries in the determination of the liability of unpaid claims. GASB No. 30 also requires disclosure of whether other claim adjustment expenses are included in the liability for unpaid claims.

The City participates in self-insurance pools of City/County Insurance Services for general, auto, and workers' compensation liability with self-insurance retention limits per occurrence. The pool pays all claims up to \$2,000,000 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 \$5,000,000. 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, in essence a deductible. At June 30, 2013, amounts accrued as liabilities for FY 2012-13 were \$58,230; all other years deductible has been met.

Amounts estimated to be payable, based on the estimated ultimate loss and actual claims incurred as of the balance sheet date, including "incurred but not reported" (IBNR) claims, are accounted for in the City's general-purpose financial statements as Claims and Judgments in the various operating funds.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**4. OTHER INFORMATION (continued)**

**Risk Management (continued)**

Premium expenses and liabilities are reduced by amounts recovered or expected to be recovered through excess insurance. The following table shows claims liability in the current and previous fiscal years.

	Fiscal Year Ended 6/30/13	Fiscal Year Ended 6/30/12
Unpaid claims, beginning of fiscal year	\$ 34,554	\$ 71,313
Incurred claims (including IBNR's)	452,405	518,125
Actuarial adjustment	203,208	267,934
Claim payments	225,521	286,950
Unpaid claims, end of fiscal year	<u>\$ 58,230</u>	<u>\$ 34,554</u>

**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 City 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 Venture**

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. The agreement specifies that the land and improvements constituting the regional fueling facility shall be owned by Linn County and that capital cost 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 joint venture, a party becomes vested as a capital cost shareholder. If, after the five-year point, a party withdraws from the joint venture, 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, 2013, the LRFF's total equity balance as reported in its audited financial statements is \$398,857. A copy of the Linn Regional Fueling Facility audit report may be obtained from Linn County, P.O. Box 100, Albany, Oregon 97321.

**Intergovernmental Agreements**

**Water Supply System**

On July 25, 2002, the City entered into an intergovernmental agreement (IGA) 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.

**City of Albany, Oregon**  
**Notes to the Basic Financial Statements**  
for the year ended June 30, 2013

**4. OTHER INFORMATION (continued)**

**Intergovernmental Agreements (continued)**

**Water Supply System, continued**

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 or stating a date for termination, which shall not be less than two years from the date of notice. The non-terminating 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 for both communities. Each city has a specific undivided ownership interest in the Davidson Plant: Albany, 90 percent and Millersburg, ten percent. The agreement provides that the City of Albany is responsible for the 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 were constructed in phases to meet the growing treatment needs of Albany and Millersburg. Phase I improvements were estimated to cost \$70 million, \$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.

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 or 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.

**Subsequent Events**

HP filed property tax appeals for three prior years where they challenged the Real Mark Value (RMV) of the buildings and structures, and machinery and equipment in each of the three years. In May 2013 the Oregon Tax Court found in favor of the RMV as calculated by HP and thus a refund of taxes and interest at 12% must be made to HP. In July 2013 the City entered into an IGA with Benton County where they will reduce the City's property tax revenues in the 2013-14 budget by the amounts listed in the agreement. Tentatively the City's proportional share of the refund is \$293,133.38 yet the full impact will not be known until October 2013.

## SUPPLEMENTARY DATA

This section includes:

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

**CITY OF ALBANY, OREGON**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2013

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
<b>ASSETS</b>					
Cash and investments	\$ 2,031,822	\$ -	\$ 5,417,016	\$ -	\$ 7,448,838
Cash with fiscal agents	-	28,185	-	-	28,185
Receivables:					
Property taxes	338,020	150,674	-	-	488,694
Accounts	871,976	529	-	-	872,505
Assessments	-	13,488	-	-	13,488
Interest	1,078	-	2,044	50	3,172
Loans	847,044	-	-	-	847,044
Prepaid items	39	-	850,407	-	850,446
Restricted cash and investments	485,000	328,598	-	134,887	948,485
Total assets	<u>\$ 4,574,979</u>	<u>\$ 521,474</u>	<u>\$ 6,269,467</u>	<u>\$ 134,937</u>	<u>\$ 11,500,857</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 343,279	\$ -	\$ 41,970	\$ 67	\$ 385,316
Deposits	2,380	-	-	-	2,380
Total liabilities	<u>345,659</u>	<u>-</u>	<u>41,970</u>	<u>67</u>	<u>387,696</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	1,736,868	149,968	-	-	1,886,836
<b>FUND BALANCES</b>					
Nonspendable	39	-	-	117,685	117,724
Restricted	1,813,145	371,506	-	17,185	2,201,836
Committed	688,166	-	6,227,497	-	6,915,663
Unassigned	(8,898)	-	-	-	(8,898)
Total fund balances	<u>2,492,452</u>	<u>371,506</u>	<u>6,227,497</u>	<u>134,870</u>	<u>9,226,325</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,574,979</u>	<u>\$ 521,474</u>	<u>\$ 6,269,467</u>	<u>\$ 134,937</u>	<u>\$ 11,500,857</u>

**CITY OF ALBANY, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
for the year ended June 30, 2013

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
<b>REVENUES</b>					
Property taxes	\$ 4,267,080	\$1,326,120	\$ -	\$ -	\$ 5,593,200
Transient room taxes	754,585	-	-	-	754,585
Assessment collections	-	163	-	-	163
Franchise fees, privilege taxes, licenses, and permits	1,186,630	-	-	-	1,186,630
Intragovernmental	1,714,665	-	477,466	-	2,192,131
Charges for services	2,399,737	594,770	969,065	-	3,963,572
Interest on investments	52,287	16,337	35,548	838	105,010
Miscellaneous	105,712	-	56,282	-	161,994
Total revenues	<u>10,480,696</u>	<u>1,937,390</u>	<u>1,538,361</u>	<u>838</u>	<u>13,957,285</u>
<b>EXPENDITURES</b>					
Current:					
General government	4,353,012	850	566,692	-	4,920,554
Public safety	2,797,522	-	-	-	2,797,522
Highway and streets	138,764	-	-	-	138,764
Culture and recreation	200,643	-	-	428	201,071
Debt service:					
Principal	2,282,564	1,622,868	-	-	3,905,432
Interest	219,039	650,971	-	-	870,010
Capital outlay	82,586	-	642,170	-	724,756
Total expenditures	<u>10,074,130</u>	<u>2,274,689</u>	<u>1,208,862</u>	<u>428</u>	<u>13,558,109</u>
Excess(deficiency) of revenues over expenditures	<u>406,566</u>	<u>(337,299)</u>	<u>329,499</u>	<u>410</u>	<u>399,176</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital lease	-	-	166,876	-	166,876
Transfers in	893,452	389,102	10,600	-	1,293,154
Transfers out	(2,372,601)	-	(300,000)	-	(2,672,601)
Total other financing sources (uses)	<u>(1,479,149)</u>	<u>389,102</u>	<u>(122,524)</u>	<u>-</u>	<u>(1,212,571)</u>
Net change in fund balances	<u>(1,072,583)</u>	<u>51,803</u>	<u>206,975</u>	<u>410</u>	<u>(813,395)</u>
Fund balance - beginning	<u>3,565,035</u>	<u>319,703</u>	<u>6,020,522</u>	<u>134,460</u>	<u>10,039,720</u>
Fund balance - ending	<u>\$ 2,492,452</u>	<u>\$ 371,506</u>	<u>\$ 6,227,497</u>	<u>\$ 134,870</u>	<u>\$ 9,226,325</u>



There are 3 types of accountants  
Those who can count and those who can't.

unknown

**Combining Statements and  
Schedules of Revenues and Expenditures - Budget and Actual  
Nonmajor Governmental Funds**

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

- **Grants**-receives monies from agencies of the state and federal governments, as well as private organizations, for various projects within the City.
- **Building Inspection**-conducts inspections, administers state building codes and the City's municipal code, and assists the public with information relating to building and development codes.
- **Economic Development**-receives proceeds from the City's hotel/motel tax to enhance economic development in the City. This fund also accounts for funds used for the maintenance of the Albany Municipal Airport.
- **Ambulance**-provides all emergency and nonemergency ambulance transportation for the City of Albany and portions of Linn, Benton, and Marion Counties.
- **Public Transit**-operates the Albany Transit System, which transports customers to destinations in the City, and the Linn-Benton Loop System, which transports riders between the cities of Albany and Corvallis.
- **Public Safety Levy**-provides independent accounting of property tax revenues collected from the Public Safety Levy passed by the voters of the City in the November 2008 General Election.
- **Albany Revitalization Agency (ARA)**-accounts for projects funded through the City's urban renewal district.

**CITY OF ALBANY, OREGON**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
June 30, 2013

	Grants	Building Inspection	Economic Develop- ment	Ambulance	Public Transit
<b>ASSETS</b>					
Cash and investments	\$ 39,190	\$ 433,127	\$ 642,099	\$ 15,298	\$ 35,852
Receivables:					
Property taxes	-	-	-	-	-
Accounts	100,813	-	19,031	601,195	108,411
Interest	-	135	222	(15)	71
Loans	-	-	90,478	-	-
Prepaid items	-	-	-	39	-
Restricted cash and investments	-	-	-	-	-
Total assets	<u>\$ 140,003</u>	<u>\$ 433,262</u>	<u>\$ 751,830</u>	<u>\$ 616,517</u>	<u>\$ 144,334</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 56,819	\$ 91,756	\$ 63,155	\$ 23,542	\$ 53,010
Deposits	-	-	2,000	-	380
Total liabilities	<u>56,819</u>	<u>91,756</u>	<u>65,155</u>	<u>23,542</u>	<u>53,390</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	90,478	601,195	-
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	39	-
Restricted	83,184	341,120	-	-	-
Committed	-	386	596,836	-	90,944
Unassigned	-	-	(639)	(8,259)	-
Total fund balances	<u>83,184</u>	<u>341,506</u>	<u>596,197</u>	<u>(8,220)</u>	<u>90,944</u>
Total liabilities and fund balances	<u>\$ 140,003</u>	<u>\$ 433,262</u>	<u>\$ 751,830</u>	<u>\$ 616,517</u>	<u>\$ 144,334</u>

Public Safety Levy	Albany Revitalization Agency	Totals
\$ 129,565	\$ 736,691	\$ 2,031,822
182,016	156,004	338,020
-	42,526	871,976
139	526	1,078
-	756,566	847,044
-	-	39
-	485,000	485,000
<u>\$ 311,720</u>	<u>\$ 2,177,313</u>	<u>\$ 4,574,979</u>

**ASSETS**

Cash and investments
Receivables:
Property taxes
Accounts
Interest
Loans
Prepaid items
Restricted cash and investments
Total assets

\$ -	\$ 54,997	\$ 343,279
-	-	2,380
-	54,997	345,659

**LIABILITIES**

Accounts payable
Deposits
Total liabilities

155,271	889,924	1,736,868
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**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenue
---------------------

-	-	39
156,449	1,232,392	1,813,145
-	-	688,166
-	-	(8,898)
<u>156,449</u>	<u>1,232,392</u>	<u>2,492,452</u>
<u>\$ 311,720</u>	<u>\$ 2,177,313</u>	<u>\$ 4,574,979</u>

**FUND BALANCES**

Nonspendable
Restricted
Committed
Unassigned
Total fund balances
Total liabilities 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, 2013

	Grants	Building Inspection	Economic Develop- ment	Ambulance
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Transient room taxes	-	-	754,585	-
Licenses and fees	-	1,186,630	-	-
Intragovernmental	948,583	-	-	-
Charges for services	-	67,105	234,734	1,933,119
Interest on investments	1,379	2,039	3,297	(90)
Miscellaneous	232	2,736	33,404	4,862
Total revenues	<u>950,194</u>	<u>1,258,510</u>	<u>1,026,020</u>	<u>1,937,891</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,674	1,088,812	905,399	-
Public safety	592,707	-	-	2,204,815
Highways and streets	138,764	-	-	-
Culture and recreation	200,643	-	-	-
Debt service:				
Principal	-	-	30,164	-
Interest	-	-	7,619	-
Capital outlay	77,771	-	-	-
Total expenditures	<u>1,013,559</u>	<u>1,088,812</u>	<u>943,182</u>	<u>2,204,815</u>
Excess(deficiency) of revenues over expenditures	<u>(63,365)</u>	<u>169,698</u>	<u>82,838</u>	<u>(266,924)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	34,500	35,252	175,600	212,000
Transfers out	-	(9,401)	(201,400)	-
Total other financing sources (uses)	<u>34,500</u>	<u>25,851</u>	<u>(25,800)</u>	<u>212,000</u>
Net change in fund balances	<u>(28,865)</u>	<u>195,549</u>	<u>57,038</u>	<u>(54,924)</u>
Fund balance - beginning	112,049	145,957	539,159	46,704
Fund balance - ending	<u>\$ 83,184</u>	<u>\$ 341,506</u>	<u>\$ 596,197</u>	<u>\$ (8,220)</u>

Public Transit	Public Safety Levy	Albany Revitalization Agency	Totals	
				<b>REVENUES</b>
\$ -	\$ 2,137,955	\$ 2,129,125	\$ 4,267,080	Property taxes
-	-	-	754,585	Transient room taxes
-	-	-	1,186,630	Licenses and fees
766,082	-	-	1,714,665	Intragovernmental
164,779	-	-	2,399,737	Charges for services
1,070	16,779	27,813	52,287	Interest on investments
6,833	-	57,645	105,712	Miscellaneous
<u>938,764</u>	<u>2,154,734</u>	<u>2,214,583</u>	<u>10,480,696</u>	Total revenues
				<b>EXPENDITURES</b>
				Current:
1,566,840	-	788,287	4,353,012	General government
-	-	-	2,797,522	Public safety
-	-	-	138,764	Highways and streets
-	-	-	200,643	Culture and recreation
				Debt service:
-	-	2,252,400	2,282,564	Principal
-	-	211,420	219,039	Interest
-	-	4,815	82,586	Capital outlay
<u>1,566,840</u>	<u>-</u>	<u>3,256,922</u>	<u>10,074,130</u>	Total expenditures
<u>(628,076)</u>	<u>2,154,734</u>	<u>(1,042,339)</u>	<u>406,566</u>	Excess(deficiency) of revenues over expenditures
				<b>OTHER FINANCING SOURCES (USES)</b>
436,100	-	-	893,452	Transfers in
-	(2,049,900)	(111,900)	(2,372,601)	Transfers out
<u>436,100</u>	<u>(2,049,900)</u>	<u>(111,900)</u>	<u>(1,479,149)</u>	Total other financing sources (uses)
(191,976)	104,834	(1,154,239)	(1,072,583)	Net change in fund balances
282,920	51,615	2,386,631	3,565,035	Fund balance - beginning
<u>\$ 90,944</u>	<u>\$ 156,449</u>	<u>\$ 1,232,392</u>	<u>\$ 2,492,452</u>	Fund balance - ending

**CITY OF ALBANY, OREGON**  
**GRANTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

<b>Revenues</b>	Original Budget	Final Budget	Actual	Over (Under)
Non-Medical Medicaid	\$ 12,000	\$ 14,500	\$ 16,297	\$ 1,797
Bureau of Justice	4,600	5,900	6,284	384
Federal Aviation Administration	142,500	160,852	88,519	(72,333)
US Department of Homeland Security	25,100	25,100	492	(24,608)
Federal Emergency Management	450,000	450,000	60,114	(389,886)
Community Development Block Grant	200,000	200,000	-	(200,000)
State of Oregon	294,100	294,100	200,905	(93,195)
Foster Grandparent Grant	147,600	147,600	112,781	(34,819)
ODOT STP Flexible	-	1,180,000	-	(1,180,000)
Federal Grants and Assistance	35,900	35,900	30,430	(5,470)
Oregon Community Foundation	105,000	105,000	167,037	62,037
Oregon Emergency Management	55,000	1,264,000	236,771	(1,027,229)
Albany Library Foundation	-	-	28,954	28,954
Gifts and donations	-	-	231	231
Interest on investments	700	700	1,379	679
Total revenues	<u>1,472,500</u>	<u>3,883,652</u>	<u>950,194</u>	<u>(2,933,458)</u>
<b>Other financing sources</b>				
Transfer from Parks Fund	17,000	17,000	11,500	(5,500)
Transfer from Public Works Services Fund	147,500	455,873	23,000	(432,873)
Total other financing sources	<u>164,500</u>	<u>472,873</u>	<u>34,500</u>	<u>(438,373)</u>
<b>Fund balance, beginning</b>	<u>122,700</u>	<u>122,700</u>	<u>112,049</u>	<u>(10,651)</u>
Amount available for appropriation	<u>\$ 1,759,700</u>	<u>\$ 4,479,225</u>	<u>1,096,743</u>	<u>\$ (3,382,482)</u>
<b>Expenditures</b>	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 90,700	\$ 1,290,500	404,879	\$ 885,621
Materials and services	1,011,400	1,053,125	526,387	526,738
Capital	657,600	2,135,600	82,293	2,053,307
Total expenditures	<u>\$ 1,759,700</u>	<u>\$ 4,479,225</u>	<u>1,013,559</u>	<u>\$ 3,465,666</u>
<b>Fund balance, ending</b>			<u>\$ 83,184</u>	

**CITY OF ALBANY, OREGON**  
**BUILDING INSPECTION FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

	Original Budget	Final Budget	Actual	Over (Under)
<b>Revenues</b>				
Building permit surcharge	\$ 70,000	\$ 70,000	\$ 85,025	\$ 15,025
Master electrical permit	1,000	1,000	1,238	238
Electrical minor labels	3,000	3,000	4,725	1,725
Residential building permits	317,200	317,200	427,735	110,535
Commercial building permits	418,000	418,000	482,657	64,657
Land use plan review fee	5,000	5,000	5,775	775
Manufactured home set-up fees	1,500	1,500	1,135	(365)
Fire sprinkler permits	16,000	16,000	13,688	(2,312)
Parking lot permits	15,000	15,000	18,110	3,110
Residential electrical permits	104,100	104,100	113,608	9,508
Fire alarm permits	6,000	6,000	5,549	(451)
Sign permits	2,600	2,600	3,256	656
Document imaging fees	18,500	18,500	22,356	3,856
Electrical Document Imaging	3,000	3,000	1,773	(1,227)
Charges for Services	48,300	48,300	67,105	18,805
Miscellaneous	500	500	2,736	2,236
Interest on investments	1,500	1,500	2,039	539
Total revenues	<u>1,031,200</u>	<u>1,031,200</u>	<u>1,258,510</u>	<u>227,310</u>
<b>Other financing sources</b>				
Transfer from General Fund	30,000	30,000	22,101	(7,899)
Transfer from Water Fund	2,500	2,500	1,875	(625)
Transfer from Sewer Fund	2,500	2,500	1,875	(625)
Intrafund Transfer from Building Inspection	12,500	12,500	9,401	(3,099)
Total other financing sources	<u>47,500</u>	<u>47,500</u>	<u>35,252</u>	<u>(12,248)</u>
<b>Fund balance, beginning</b>	<u>47,100</u>	<u>47,100</u>	<u>145,957</u>	<u>98,857</u>
Amount available for appropriation	<u>\$ 1,125,800</u>	<u>\$ 1,125,800</u>	<u>1,439,719</u>	<u>\$ 313,919</u>
	Original Budget	Final Budget	Actual	(Over) Under
<b>Expenditures</b>				
Building Inspection	\$ 932,600	\$ 932,600	919,114	\$ 13,486
Electrical Permit Program	121,100	121,100	122,577	(1,477)
ADA Code Enforcement	59,600	59,600	47,121	12,479
Total expenditures	<u>\$ 1,113,300</u>	<u>\$ 1,113,300</u>	<u>1,088,812</u>	<u>\$ 24,488</u>
<b>Other financing uses</b>				
Intrafund Transfers out to ADA Enforcement Program	12,500	12,500	9,401	3,099
Total expenditures and other financing uses	<u>\$ 1,125,800</u>	<u>\$ 1,125,800</u>	<u>1,098,213</u>	<u>\$ 27,587</u>
<b>Fund balance, ending</b>			<u>\$ 341,506</u>	



**CITY OF ALBANY, OREGON**  
**ECONOMIC DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

<b>Revenues</b>	Original Budget	Final Budget	Actual	Over (Under)
Transient room tax	\$ 685,400	\$ 685,400	\$ 754,585	\$ 69,185
Airport fuel	175,000	175,000	160,543	(14,457)
Airport tie down rentals	600	600	75	(525)
Airport lease	40,000	40,000	42,217	2,217
Fixed base operator	-	-	4,299	4,299
Space rental	28,200	28,200	27,600	(600)
Dayton Hudson Corp. (Target)	33,500	33,500	33,404	(96)
Interest on investments	2,300	2,300	3,297	997
Total revenues	<u>965,000</u>	<u>965,000</u>	<u>1,026,020</u>	<u>61,020</u>
<b>Other financing sources</b>				
Transfer from Albany Revitalization Agency Fund	111,900	111,900	111,900	-
Intratransfer from Transient Room Tax Program	63,700	63,700	63,700	-
Total other financing sources	<u>175,600</u>	<u>175,600</u>	<u>175,600</u>	<u>-</u>
<b>Fund balance, beginning</b>	<u>423,700</u>	<u>423,700</u>	<u>539,159</u>	<u>115,459</u>
Amount available for appropriation	<u>\$ 1,564,300</u>	<u>\$ 1,564,300</u>	<u>1,740,779</u>	<u>\$ 176,479</u>
<b>Expenditures</b>	Original Budget	Final Budget	Actual	(Over) Under
Target Utilities	\$ 37,900	\$ 37,900	37,783	\$ 117
Economic Development Activity	786,900	786,900	651,817	135,083
Albany Airport	414,100	414,100	253,582	160,518
Albany Airport Capital Projects	118,500	108,127	-	108,127
Total expenditures	<u>\$ 1,357,400</u>	<u>\$ 1,347,027</u>	<u>943,182</u>	<u>\$ 403,845</u>
<b>Other financing uses</b>				
Transfers out to other funds	206,900	217,273	201,400	15,873
Total expenditures and other financing uses	<u>\$ 1,564,300</u>	<u>\$ 1,564,300</u>	<u>\$ 1,144,582</u>	<u>\$ 419,718</u>
<b>Fund balance, ending</b>			<u>\$ 596,197</u>	

**CITY OF ALBANY, OREGON**  
**AMBULANCE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

<b>Revenues</b>	Original Budget	Final Budget	Actual	Over (Under)
Workers' Comp Subsidy Reimbursemt	\$ -	\$ -	\$ 1,367	\$ 1,367
Ambulance service fees	1,885,000	1,885,000	1,763,274	(121,726)
Ambulance subscription fees	155,000	155,000	169,845	14,845
Miscellaneous	-	-	3,495	3,495
Interest on investments	600	600	(90)	(690)
Total revenues	<u>2,040,600</u>	<u>2,040,600</u>	<u>1,937,891</u>	<u>(102,709)</u>
<b>Other financing sources</b>				
Transfer from General Fund	46,000	46,000	46,000	-
Transfer from Public Safety Levy Fund	166,000	166,000	166,000	-
Total other financial sources	<u>212,000</u>	<u>212,000</u>	<u>212,000</u>	<u>-</u>
<b>Fund balance, beginning</b>	47,100	47,100	46,704	(396)
Amount available for appropriation	<u>\$ 2,299,700</u>	<u>\$ 2,299,700</u>	<u>2,196,595</u>	<u>\$ (103,105)</u>

<b>Expenditures</b>	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 1,939,600	\$ 1,939,600	1,868,958	\$ 70,642
Materials and services	360,100	360,100	335,857	24,243
Total expenditures	<u>\$ 2,299,700</u>	<u>\$ 2,299,700</u>	<u>2,204,815</u>	<u>\$ 94,885</u>
<b>Fund balance, ending</b>			<u>\$ (8,220)</u>	

**CITY OF ALBANY, OREGON**  
**PUBLIC TRANSIT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

<b>Revenues</b>	Original Budget	Final Budget	Actual	Over (Under)
State Operating Match Grant	\$ 28,000	\$ 28,000	\$ 32,014	\$ 4,014
FTA Section 5311 grant	423,000	423,000	424,220	1,220
FTA-ODOT grant 5310	245,300	245,300	66,481	(178,819)
FTA-ODOT grant 5309	304,000	304,000	-	(304,000)
Workers' Comp wage subsidy	-	-	6,465	6,465
City of Millersburg	2,400	2,400	3,556	1,156
Oregon cigarette tax transit grant - Linn County	17,000	17,000	41,601	24,601
Oregon cigarette tax transit grant - Benton County	14,000	14,000	14,000	-
OSU Pass Program	46,700	46,700	46,700	-
LBCC Pass Program	18,900	18,900	18,900	-
Other Pass Program	-	-	14,086	14,086
Linn County	15,000	15,000	19,925	4,925
Benton County	4,800	4,800	10,000	5,200
City of Corvallis	18,000	18,000	18,000	-
LBCC Partnership	36,300	36,300	36,300	-
OSU Partnership	36,300	36,300	36,300	-
Advertising	15,000	15,000	5,337	(9,663)
Bus fares	34,600	34,600	53,178	18,578
Linn Benton Community College fare match program	65,500	65,500	65,500	-
Call-a-Ride	48,000	48,000	24,763	(23,237)
Gifts and donations	500	500	370	(130)
Miscellaneous	500	500	(2)	(502)
Interest on investments	200	200	1,070	870
Total revenues	<u>1,374,000</u>	<u>1,374,000</u>	<u>938,764</u>	<u>(435,236)</u>
<b>Other financing sources</b>				
Transfer from General Fund	436,100	436,100	436,100	-
Transfer from Capital Replacement Fund	81,000	81,000	-	(81,000)
Total other financing sources	<u>517,100</u>	<u>517,100</u>	<u>436,100</u>	<u>(81,000)</u>
<b>Fund balance, beginning</b>	<u>130,200</u>	<u>269,900</u>	<u>282,920</u>	<u>13,020</u>
Amount available for appropriation	<u>2,021,300</u>	<u>2,161,000</u>	<u>1,657,784</u>	<u>\$ (503,216)</u>
<b>Expenditures</b>	Original Budget	Final Budget	Actual	(Over) Under
Albany Transit System	\$ 631,600	\$ 771,300	596,274	\$ 175,026
Transit Loop System	898,800	898,800	634,419	264,381
Paratransit System	490,900	490,900	336,147	154,753
Total expenditures	<u>\$ 2,021,300</u>	<u>\$ 2,161,000</u>	<u>1,566,840</u>	<u>\$ 594,160</u>
<b>Fund balance, ending</b>			<u>\$ 90,944</u>	

**CITY OF ALBANY, OREGON**  
**PUBLIC SAFETY LEVY FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

	Original Budget	Final Budget	Actual	Over (Under)
<b>Revenues</b>				
Property taxes				
Current	\$ 1,970,100	\$ 1,970,100	\$ 2,044,984	\$ 74,884
Delinquent	70,000	70,000	92,972	22,972
Interest on investments	5,000	5,000	16,778	11,778
Total revenues	2,045,100	2,045,100	2,154,734	109,634
<b>Fund balance, beginning</b>	4,800	4,800	51,615	46,815
Amount available for appropriation	<u>\$ 2,049,900</u>	<u>\$ 2,049,900</u>	<u>2,206,349</u>	<u>\$ 156,449</u>
	Original Budget	Final Budget	Actual	(Over) Under
<b>Other financing uses</b>				
Transfers out	<u>\$ 2,049,900</u>	<u>\$ 2,049,900</u>	2,049,900	\$ -
<b>Fund balance, ending</b>			<u>\$ 156,449</u>	

**CITY OF ALBANY, OREGON**  
**ALBANY REVITALIZATION AGENCY FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

<b>Revenues</b>	Original Budget	Final Budget	Actual	Over (Under)
Property taxes - current	\$ 1,700,000	\$ 2,000,000	\$ 2,059,776	\$ 59,776
Property taxes - delinquent	30,000	30,000	69,349	39,349
Miscellaneous	-	-	4	4
Loan repayment-principal	-	-	2,003	2,003
Loan repayment-interest	-	-	5,191	5,191
Loan repayment-principal	33,700	33,700	20,807	(12,893)
Loan repayment-interest	37,700	37,700	29,640	(8,060)
Interest on investments	5,500	5,500	27,813	22,313
Total revenues	<u>1,806,900</u>	<u>2,106,900</u>	<u>2,214,583</u>	<u>107,683</u>
<b>Other financing sources</b>				
Issuance of short-term debt	3,030,000	3,030,000	-	(3,030,000)
<b>Fund balance, beginning</b>	<u>1,929,000</u>	<u>2,381,300</u>	<u>2,386,631</u>	<u>5,331</u>
Amount available for appropriation	<u>\$ 6,765,900</u>	<u>\$ 7,518,200</u>	<u>4,601,214</u>	<u>\$ (2,916,986)</u>

<b>Expenditures</b>	Original Budget	Final Budget	Actual	(Over) Under
ARA	\$ 4,869,600	\$ 4,247,800	767,765	\$ 3,480,035
ARA Debt Service	1,784,400	3,158,500	2,489,157	669,343
Total expenditures	<u>6,654,000</u>	<u>7,406,300</u>	<u>3,256,922</u>	<u>4,149,378</u>
<b>Other financing uses</b>				
Transfer to Economic Development Fund	111,900	111,900	111,900	-
Total expenditures and other financing uses	<u>\$ 6,765,900</u>	<u>\$ 7,518,200</u>	<u>3,368,822</u>	<u>\$ 4,149,378</u>
<b>Fund balance, ending</b>			<u>\$ 1,232,392</u>	

# Schedule of Revenues and Expenditures - Budget and Actual

## Nonmajor Governmental Fund

### Debt Service Fund

Debt Service Fund accumulates resources for payment of long-term debt principal and interest payments associated with governmental activities.

- **Debt Service Fund**-accounts for the repayment of general obligation, special assessment, and revenue bond debt issues financed by property taxes, property assessments, and transient room tax revenues. Also included are the 2002 Limited Tax Pension Bonds whose debt service requirements are met through charges to other funds, and the 2004 Revenue Obligations whose debt service is provided through transfers from the General and the Parks and Recreation Funds.

**CITY OF ALBANY, OREGON**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

	Original Budget	Final Budget	Actual	Over (Under)
<b>Revenues</b>				
Property taxes - current	\$ 1,320,400	\$ 1,320,400	\$ 1,276,535	\$ (43,865)
Property taxes - delinquent	26,000	26,000	49,585	23,585
Charges for services	530,300	530,300	594,770	64,470
Bonded assessment collections:				
Principal	-	-	163	163
Interest	-	-	26	26
Interest on investments	4,200	4,200	16,311	12,111
Total revenues	<u>1,880,900</u>	<u>1,880,900</u>	<u>1,937,390</u>	<u>56,490</u>
<b>Other financing sources</b>				
Transfer from Parks and Recreation Fund	182,200	182,200	167,244	(14,956)
Transfer from General Fund	241,700	241,700	221,858	(19,842)
Total other financing sources	<u>423,900</u>	<u>423,900</u>	<u>389,102</u>	<u>(34,798)</u>
<b>Fund balance, beginning</b>	<u>348,500</u>	<u>348,500</u>	<u>319,703</u>	<u>(28,797)</u>
Amount available for appropriation	<u>\$ 2,653,300</u>	<u>\$ 2,653,300</u>	<u>2,646,195</u>	<u>\$ (7,105)</u>
	Original Budget	Final Budget	Actual	(Over) Under
<b>Expenditures</b>				
2002 Limited Tax Pension Obligations (PERS)	\$ 753,700	\$ 753,700	530,235	\$ 223,465
2004 Revenue Obligations	423,900	423,900	423,704	196
2007 General Obligation Refunding Bonds	1,475,700	1,475,700	1,320,750	154,950
Total expenditures	<u>\$ 2,653,300</u>	<u>\$ 2,653,300</u>	<u>2,274,689</u>	<u>\$ 378,611</u>
<b>Fund balance, ending</b>			<u>\$ 371,506</u>	

# Combining Statements and Schedule of Revenues and Expenditures - Budget and Actual

## Capital Projects Funds

Capital Projects Funds are created to account for financial resources used for the acquisition or construction of major capital facilities. Projects financed by proprietary funds are not included in capital projects funds.

- **Capital Projects**-accounts for varied governmental capital projects including the Albany Data Integration Project, and various public works projects.
  
- **Capital Replacement**-accounts for monies accumulated for the replacement of vehicles, computer equipment, and City facilities.



**CITY OF ALBANY, OREGON**  
**CAPITAL PROJECTS FUND - A Major Fund**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

<b>Revenues</b>	Original Budget	Final Budget	Actual	Over (Under)
Federal Transportation Equity Act (TEA) Grant	\$ 420,000	\$ 420,000	\$ 439,533	\$ 19,533
Charges for Services				
Financed Principal	28,000	28,000	28,700	700
Unfinanced Principal	475,400	475,400	-	(475,400)
Interest	6,400	6,400	12,985	6,585
Interest	443,100	443,100	-	(443,100)
Interest on investments	9,800	9,800	9,921	121
Total revenues	<u>1,382,700</u>	<u>1,382,700</u>	<u>491,139</u>	<u>(891,561)</u>
<b>Fund balance, beginning</b>	<u>2,473,100</u>	<u>2,522,500</u>	<u>3,160,182</u>	<u>637,682</u>
Amount available for appropriation	<u>\$ 3,855,800</u>	<u>\$ 3,905,200</u>	<u>3,651,321</u>	<u>\$ (253,879)</u>
<b>Expenditures</b>	Original Budget	Final Budget	Actual	(Over) Under
Albany Data Integration Project	\$ 10,000	\$ 10,000	-	\$ 10,000
LID Construction Projects	2,250,000	2,274,500	2,349,232	(74,732)
Albany Station REA Building Project	51,800	76,700	-	76,700
Albany Station Pathway	125,500	125,500	9,350	116,150
North Albany Park & Ride	500,000	500,000	533,685	(33,685)
Total expenditures	<u>2,937,300</u>	<u>2,986,700</u>	<u>2,892,267</u>	<u>94,433</u>
<b>Other financing uses</b>				
Repayment of Interfund Loan to Risk Management Fund	918,500	918,500	69,695	848,805
Total other financing uses	<u>918,500</u>	<u>918,500</u>	<u>69,695</u>	<u>848,805</u>
Total expenditures and other financing uses	<u>\$ 3,855,800</u>	<u>\$ 3,905,200</u>	<u>\$ 2,961,962</u>	<u>\$ 943,238</u>
<b>Budgetary Fund Balance</b>			\$ 689,359	
Adjustment for Interfund Loans to Risk Management			<u>(3,458,977)</u>	
<b>Fund Balance - ending</b>			<u>\$ (2,769,618)</u>	

**CITY OF ALBANY, OREGON**  
**CAPITAL REPLACEMENT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

<b>Revenues</b>	Original Budget	Final Budget	Actual	Over (Under)
Albany Rural Fire District	\$ -	\$ -	\$ 475,000	\$ 475,000
Oregon Community Foundation	-	-	2,466	2,466
Equipment replacement charges	599,000	829,000	816,204	(12,796)
Departmental Charges	75,000	75,000	75,000	-
Phone system charges	75,000	75,000	77,861	2,861
Miscellaneous	10,000	10,000	56,282	46,282
Interest on investments	36,000	36,000	35,548	(452)
<b>Total revenues</b>	<u>795,000</u>	<u>1,025,000</u>	<u>1,538,361</u>	<u>513,361</u>
<b>Other financing sources</b>				
Capital lease	-	-	166,876	166,876
Transfer from Capital Projects	-	70,000	-	(70,000)
Transfer from Economic Development Fund	10,600	10,600	10,600	-
<b>Total other financing sources</b>	<u>10,600</u>	<u>80,600</u>	<u>177,476</u>	<u>96,876</u>
<b>Fund balance, beginning</b>	<u>6,119,800</u>	<u>6,119,800</u>	<u>6,020,522</u>	<u>(99,278)</u>
Amount available for appropriation	<u>\$ 6,925,400</u>	<u>\$ 7,225,400</u>	<u>7,736,359</u>	<u>\$ 510,959</u>

<b>Expenditures</b>	Original Budget	Final Budget	Actual	(Over) Under
Equipment Replacement	\$ 3,279,200	\$ 3,509,200	758,353	\$ 2,750,847
City Facilities Replacement	316,400	316,400	20,192	296,208
General Fund Building Maintenance Projects	348,300	348,300	168,142	180,158
Information Technology Equipment Replacement	1,962,500	1,962,500	262,175	1,700,325
Public Works Facilities Replacement	638,000	708,000	-	708,000
<b>Total expenditures</b>	<u>\$ 6,544,400</u>	<u>\$ 6,844,400</u>	<u>\$ 1,208,862</u>	<u>\$ 5,635,538</u>
<b>Other financing uses</b>				
To General Fund	300,000	300,000	300,000	-
To Public Transit Fund	81,000	81,000	-	81,000
<b>Total other financing uses</b>	<u>381,000</u>	<u>381,000</u>	<u>300,000</u>	<u>81,000</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 6,925,400</u>	<u>\$ 7,225,400</u>	<u>\$ 1,508,862</u>	<u>\$ 5,716,538</u>
<b>Fund balance, ending</b>			<u>\$ 6,227,497</u>	

Normal is an illusion. What is normal for the spider is chaos for the fly.

Charles Addams

**Combining Statements and  
Schedules of Revenues and Expenditures - Budget and Actual  
Nonmajor Governmental Funds**

**Permanent Funds**

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

- **Senior Center Endowment**-receives private gifts and donations which are pooled with the City's other investments. Interest earnings may be used for operation of the Senior Center.
- **Library Trust**-accounts for transactions of two trusts associated with the Albany Public Library. Interest earnings on the Veda O. Torney Trust (\$10,000) may be used to purchase children's picture books. Investment earnings of the Manela Trust (\$69,429) may be used to purchase scientific, educational, and technical books.

**CITY OF ALBANY, OREGON**  
**COMBINING BALANCE SHEET**  
**PERMANENT FUNDS**  
June 30, 2013

	<u>Senior Center Endowment</u>	<u>Library Trust</u>	<u>Totals</u>
<b>ASSETS</b>			
Interest receivable	\$ 19	\$ 31	\$ 50
Restricted cash and investments	<u>50,881</u>	<u>84,006</u>	<u>134,887</u>
Total assets	<u>\$ 50,900</u>	<u>\$ 84,037</u>	<u>\$ 134,937</u>
<b>LIABILITIES</b>			
Accounts payable	<u>\$ -</u>	<u>\$ 67</u>	<u>\$ 67</u>
<b>FUND BALANCES</b>			
Nonspendable	38,258	79,427	117,685
Restricted - Library Programs	-	4,543	4,543
Restricted - Parks and Recreation Programs	<u>12,642</u>	<u>-</u>	<u>12,642</u>
Total fund balances	<u>50,900</u>	<u>83,970</u>	<u>134,870</u>
Total liabilities and fund balances	<u>\$ 50,900</u>	<u>\$ 84,037</u>	<u>\$ 134,937</u>

**CITY OF ALBANY, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**PERMANENT FUNDS**  
for the year ended June 30, 2013

	Senior Center Endowment	Library Trust	Totals
<b>REVENUES</b>			
Interest on investments	\$ 316	\$ 522	\$ 838
<b>EXPENDITURES</b>			
Culture and recreation	-	428	428
Excess (deficiency) of revenues over expenditures	316	94	410
Fund balance - beginning	50,584	83,876	134,460
Fund balance - ending	<u>\$ 50,900</u>	<u>\$ 83,970</u>	<u>\$ 134,870</u>

**CITY OF ALBANY, OREGON**  
**SENIOR CENTER ENDOWMENT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

<b>Revenues</b>	Original Budget	Final Budget	Actual	Over (Under)
Gifts and donations	\$ 100	\$ 100	\$ -	\$ (100)
Interest on investments	200	200	316	116
Total revenues	300	300	316	16
<b>Fund balance, beginning</b>	50,800	50,800	50,584	(216)
Amount available for appropriation	<u>\$ 51,100</u>	<u>\$ 51,100</u>	<u>50,900</u>	<u>\$ (200)</u>
<b>Expenditures</b>	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 200	\$ 200	-	\$ 200
Unappropriated	50,900	50,900	-	50,900
Total expenditures	<u>\$ 51,100</u>	<u>\$ 51,100</u>	-	<u>\$ 51,100</u>
<b>Fund balance, ending</b>			<u>\$ 50,900</u>	

**CITY OF ALBANY, OREGON**  
**LIBRARY TRUST FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

<b>Revenues</b>	Original Budget	Final Budget	Actual	Over (Under)
Interest on investments	\$ 600	\$ 600	\$ 522	\$ (78)
<b>Fund balance, beginning</b>	<u>83,500</u>	<u>83,500</u>	<u>83,876</u>	<u>376</u>
Amount available for appropriation	<u>\$ 84,100</u>	<u>\$ 84,100</u>	<u>84,398</u>	<u>\$ 298</u>

<b>Expenditures</b>	Original Budget	Final Budget	Actual	(Over) Under
V. O. Torney Trust	\$ 13,100	\$ 13,100	-	\$ 13,100
Manela Trust	71,000	71,000	428	70,572
Total expenditures	<u>\$ 84,100</u>	<u>\$ 84,100</u>	<u>428</u>	<u>\$ 83,672</u>
<b>Fund balance, ending</b>			<u>\$ 83,970</u>	



Dogs have masters, cats have staff.

Anonymous

# Schedules of Revenues and Expenditures - Budget and Actual

## Major Proprietary Funds

### Enterprise Funds

A proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

- **Water**-accounts for all programs associated with provision of water to the citizenry of Albany. Activities include treatment, distribution, source (canal) maintenance, plant expansion, system improvements, equipment replacement, economic development, and repayment of debt incurred to purchase and improve the water system.
  
- **Sewer**-accounts for all programs associated with the collection and treatment of wastewater in the City. Activities include collection, treatment, equipment replacement, plant expansion, system improvements, economic development, and repayment of debt incurred to make improvements to the sewer system.

**CITY OF ALBANY, OREGON**  
**WATER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

<b>Revenues</b>	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Delinquent	\$ -	\$ -	\$ 10,988	\$ 10,988
Water service				
Water service charges	10,820,300	10,820,300	11,015,086	194,786
Water service charges-Millersburg	160,000	160,000	230,889	70,889
Dumbeck Water District	53,600	53,600	55,842	2,242
North Albany capital charges	99,700	99,700	99,700	-
Collection agency payments	2,500	2,500	3,013	513
Charges for services				
City of Lebanon	50,000	58,000	77,000	19,000
Hydropower	70,000	70,000	82,809	12,809
Equipment replacement charges	132,300	132,300	132,300	-
Financed system development charges				
Principal	5,000	5,000	13,062	8,062
Interest	300	300	537	237
Water expansion				
Public facility construction permits	5,000	5,000	11,586	6,586
Water connection fees	20,000	20,000	10,613	(9,387)
Water systems development charges	256,300	256,300	269,812	13,512
Water service installation fee	45,000	45,000	133,827	88,827
Workers' Comp Wage Subsidy	-	-	2,392	2,392
Miscellaneous	6,000	6,000	24,886	18,886
Interest on investments	54,600	54,700	82,859	28,159
Total revenues	<u>11,780,600</u>	<u>11,788,700</u>	<u>12,257,201</u>	<u>468,501</u>
<b>Other financing sources</b>				
Intrafund Transfer from Water SDC Improvement Projects	357,000	357,000	357,000	-
Intrafund Transfer from Water Capital	-	88,300	88,263	(37)
2013 Albany Water Bond issuance	-	31,135,400	31,135,387	(13)
Total other financing sources	<u>357,000</u>	<u>31,580,700</u>	<u>31,580,650</u>	<u>(50)</u>
<b>Fund balance, beginning</b>	<u>11,711,500</u>	<u>11,719,500</u>	<u>13,221,196</u>	<u>1,501,696</u>
<b>Fund balance, beginning, designated for debt service</b>	<u>1,138,900</u>	<u>1,138,900</u>	<u>1,192,506</u>	<u>53,606</u>
<b>Total fund balance, beginning</b>	<u>12,850,400</u>	<u>12,858,400</u>	<u>14,413,702</u>	<u>1,555,302</u>
Amount available for appropriation	<u>\$24,988,000</u>	<u>\$56,227,800</u>	<u>\$58,251,553</u>	<u>\$ 2,023,753</u>
	Original Budget	Final Budget	Actual	(Over) Under
<b>Expenditures</b>				
Personnel services	\$ 2,258,000	\$ 2,258,000	1,960,554	\$ 297,446
Materials and services	5,781,300	6,200,300	5,885,157	315,143
Capital	12,231,600	12,247,700	3,801,290	8,446,410
Debt service	3,458,800	3,458,800	2,285,556	1,173,244
Contingencies	400,000	378,800	-	378,800
Total expenditures	<u>24,129,700</u>	<u>24,543,600</u>	<u>13,932,557</u>	<u>10,611,043</u>
<b>Other financing uses</b>				
Transfers out	501,300	522,500	513,121	9,379
Intrafund transfers out	357,000	445,300	445,263	37
2003 Bond defeasance payment to Escrow Agent	0	30,716,400	30,716,389	11
Total other financing uses	<u>858,300</u>	<u>31,684,200</u>	<u>31,674,773</u>	<u>9,427</u>
Total expenditures and other financing uses	<u>\$24,988,000</u>	<u>\$56,227,800</u>	<u>45,607,330</u>	<u>\$10,620,470</u>
<b>Budgetary fund balance</b>			<u>\$12,644,223</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, 2013

	Revenues	Expenditures	Fund Balance/ Net Assets
Totals from page 105	\$ 12,257,201	\$ 13,932,557	\$ 12,644,223
<b>Reconciling items:</b>			
June 30, 2012, asset and liability balances:			
Capital assets, net	-	-	86,432,687
Accounts receivable	-	-	1,479,031
Unamortized issue costs/loss on defeasance	-	-	212,351
Inventory balance	-	-	718,526
Salaries, withholdings, and vacations payable	-	-	(106,413)
Claims and judgments	-	-	(9,415)
OPEB payable	-	-	(136,838)
Interest payable	-	-	(612,966)
Bonds payable	-	-	(30,840,000)
<b>Adjustments to current year revenues</b>			
Property taxes	(10,988)	-	-
Interest on investments	(82,859)	-	-
System development charges	(282,874)	-	-
In-lieu-of assessment fees	(10,613)	-	-
Change in accounts receivable	120,473	-	120,473
<b>Adjustments to current year expenses</b>			
Interest expense	-	(1,776,097)	706,389
Eliminate transfers out	-	(445,263)	-
Change in compensated absences liability	-	8,396	(8,396)
Change in OPEB obligation	-	(27,313)	27,313
Depreciation and amortization	-	3,287,590	(3,287,590)
Expenditures capitalized	-	(3,801,290)	3,801,290
Changes in inventories	-	(35,859)	35,859
Changes in insurance liability	-	(4,785)	4,785
<b>Other adjustments</b>			
Capital contributions	-	-	184,205
Operating revenues, operating expenses, and ending net position from Statement of Revenues, Expenses, and Changes in Fund Net Position of Proprietary Funds (page 33)	<u>\$ 11,990,340</u>	<u>\$ 11,137,936</u>	<u>\$ 71,365,514</u>

**CITY OF ALBANY, OREGON**  
**SEWER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

<b>Revenues</b>	Original Budget	Final Budget	Actual	Over (Under)
Sewer service charges				
Albany sewer service charges	\$ 12,626,000	\$ 12,626,000	\$ 12,633,420	\$ 7,420
Teledyne Industries	500,000	500,000	500,000	-
Charges collected through property taxes	30,000	30,000	38,834	8,834
Collection agency payments	2,000	2,000	3,297	1,297
Financed system development charges				
Principal	17,000	17,000	24,089	7,089
Interest	3,200	3,200	2,664	(536)
Financed assessments				
Principal	25,000	25,000	20,526	(4,474)
Interest	4,000	4,000	1,332	(2,668)
Financed connection fees				
Principal	1,300	1,300	51,682	50,382
Interest	300	300	26,584	26,284
Sewer oversizing and expansion				
Public facility construction permits	2,000	2,000	10,156	8,156
Sewer system development charges	300,300	300,300	632,104	331,804
General Sewer connection Fees	5,000	5,000	100,276	95,276
Storm Drain connection Fees	2,500	2,500	-	(2,500)
Sewer connection fees	-	-	42,057	42,057
Storm drain plan review/inspection fees	2,000	2,000	3,271	1,271
Charges for services				
Equipment replacement charges	86,100	86,100	86,100	-
Millersburg operation and maintenance charges	110,000	110,000	188,070	78,070
Wah Chang operation and maintenance charges	105,000	105,000	91,681	(13,319)
City of Millersburg	420,200	420,200	420,135	(65)
Siemens Settlement Proceeds	-	-	4,409,982	4,409,982
Miscellaneous	35,000	35,000	77,379	42,379
Interest on investments	79,300	79,300	134,656	55,356
Total revenues	<u>14,356,200</u>	<u>14,356,200</u>	<u>19,498,295</u>	<u>5,142,095</u>
<b>Other financing sources</b>				
Transfer from Capital Projects Fund	-	-	10,890	10,890
Total other financing sources	<u>-</u>	<u>-</u>	<u>10,890</u>	<u>10,890</u>
<b>Fund balance, beginning</b>	<u>16,807,800</u>	<u>16,807,800</u>	<u>17,488,625</u>	<u>680,825</u>
Amount available for appropriation	<u>\$31,164,000</u>	<u>\$31,164,000</u>	<u>36,997,810</u>	<u>\$ 5,833,810</u>
<b>Expenditures</b>	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 2,205,700	\$ 2,205,700	1,923,056	\$ 282,644
Materials and services	6,084,100	6,084,100	5,601,102	482,998
Capital	9,604,000	9,604,000	780,979	8,823,021
Debt service	12,339,600	12,339,600	5,675,412	6,664,188
Contingencies	419,100	398,100	-	398,100
Total expenditures	<u>30,652,500</u>	<u>30,631,500</u>	<u>13,980,549</u>	<u>16,650,951</u>
<b>Other financing uses</b>				
Transfers out to other funds	511,500	532,500	523,420	9,080
Total other financing uses	<u>511,500</u>	<u>532,500</u>	<u>523,420</u>	<u>9,080</u>
Total expenditures and other financing uses	<u>\$31,164,000</u>	<u>\$31,164,000</u>	<u>14,503,969</u>	<u>\$16,660,031</u>
<b>Budgetary fund balance</b>			<u>\$22,493,841</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, 2013

	Revenues	Expenditures	Fund Balance/ Net Assets
Totals from page 107	\$ 19,498,295	\$ 13,980,549	\$ 22,493,841
<b>Reconciling items:</b>			
June 30, 2012, asset and liability balances:			
Capital assets, net	-	-	147,856,654
Accounts receivable	-	-	4,292,128
Loans receivable			4,922,760
Inventory	-	-	323,710
Salaries, withholdings, and vacations payable	-	-	(94,727)
Claims and judgments	-	-	(5,382)
OPEB payable	-	-	(128,461)
Interest payable	-	-	(716,502)
Bonds payable	-	-	(69,012,321)
<b>Adjustments to current year revenues</b>			
Interest on investments	(134,656)	-	-
System development charges	(58,116)	-	-
In-lieu-of assessment fees	(51,682)	-	-
Change in accounts receivable	52,007	-	52,007
Sewer construction assessments	(20,526)	-	-
<b>Adjustments to current year expenses</b>			
Expenditures capitalized	-	(780,979)	780,979
Change in inventory	-	4,915	(4,915)
Interest expense	-	(2,367,353)	2,367,353
Change in compensated absences liability	-	(6,229)	6,229
Change in OPEB obligation	-	24,988	(24,988)
Loan principal	-	(3,269,647)	
Depreciation and amortization	-	4,256,844	(4,256,844)
Change in insurance liability	-	7,494	(7,494)
<b>Other adjustments</b>			
Change in accounts receivable	-	-	460,336
Capital contributions	-	-	202,958
Prior period adjustment	-	-	(1,003,135)
Millersburg loan reclassification	(420,135)	-	-
Operating revenues, operating expenses, and ending net position from Statement of Revenues, Expenses, and Changes in Fund Net Position of Proprietary Funds (page 33)	<u>\$ 18,865,187</u>	<u>\$ 11,850,582</u>	<u>\$ 108,504,184</u>

I grew up at my grandmother's house, and she had a beautiful garden. I used to hate mowing the lawn and weeding, which is what you do when you're a kid. I loathe gardening, but I love gardens, and I have two beautiful gardens.

Elton John

# Combining Statements and Schedules of Revenues and Expenditures - Budget and Actual

## Internal Service Funds

Internal Service Funds are a proprietary fund type that may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis.

- **Central Services**-provides administrative services to all City departments. Services include Mayor and Council, City Manager's Office, Finance, Graphic Services, Human Resources, Information Technology Services, Geographic Information Systems Services, Permit Tracking Services, and Facilities Maintenance.
- **Public Works Services**-provides administration, engineering, water quality and control, customer services, and facilities maintenance engineering services to all functions of Public Works.



**CITY OF ALBANY, OREGON**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
June 30, 2013

	Central Services	Public Works Services	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 271,233	\$ 239,483	\$ 510,716
Accounts receivable	2,435	\$ 364	2,799
Accrued interest	118	318	436
Total current assets	<u>273,786</u>	<u>240,165</u>	<u>513,951</u>
Noncurrent assets:			
Other	1,856	1,890	3,746
Capital assets (net of depreciation)	4,017	111,994	116,011
Total noncurrent assets	<u>5,873</u>	<u>113,884</u>	<u>119,757</u>
Total assets	<u>279,659</u>	<u>354,049</u>	<u>633,708</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	49,736	57,185	106,921
Compensated absences	132,226	142,268	274,494
Claims and judgments	492	769	1,261
Total current liabilities	<u>182,454</u>	<u>200,222</u>	<u>382,675</u>
Long-term debt obligations			
Compensated absences	132,228	142,268	274,496
Claims and judgments	492	767	1,259
Other postemployment benefits	312,764	389,328	702,092
Total long-term debt obligations	<u>445,484</u>	<u>532,363</u>	<u>977,846</u>
Total liabilities	<u>627,937</u>	<u>732,584</u>	<u>1,360,521</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,017	111,994	116,011
Unrestricted	(352,295)	(490,529)	(842,824)
Total net position	<u>\$ (348,278)</u>	<u>\$ (378,535)</u>	<u>\$ (726,813)</u>

**CITY OF ALBANY, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
for the year ended June 30, 2013

	Central Services	Public Works Services	Totals
<b>OPERATING REVENUES</b>			
Service charges and fees	\$ 5,173,399	\$ 6,561,456	\$11,734,855
Miscellaneous	54,704	870	55,574
Total operating revenues	<u>5,228,103</u>	<u>6,562,326</u>	<u>11,790,429</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	3,846,880	4,962,105	8,808,985
Contracted services	149,695	316,270	465,965
Operating supplies	676,119	480,968	1,157,087
Utilities	95,562	139,353	234,915
Depreciation	3,582	15,720	19,302
Repairs and maintenance	127,091	59,443	186,534
Charges for services	482,447	562,060	1,044,507
Miscellaneous	2,259	-	2,259
Total operating expenses	<u>5,383,635</u>	<u>6,535,919</u>	<u>11,919,554</u>
Operating income (loss)	<u>(155,532)</u>	<u>26,407</u>	<u>(129,125)</u>
<b>NONOPERATING REVENUES</b>			
Interest on investments	2,087	2,784	4,871
Change in net position	(153,445)	29,191	(124,254)
Net position, July 1, 2012	(194,833)	(407,726)	(602,559)
Net position, June 30, 2013	<u>\$ (348,278)</u>	<u>\$ (378,535)</u>	<u>\$ (726,813)</u>

**CITY OF ALBANY, OREGON**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
for the year ended June 30, 2013

	Central Services	Public Works Services	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 5,173,093	\$ 6,561,167	\$ 11,734,260
Cash payments to suppliers of goods and services	(1,680,724)	(1,761,778)	(3,442,502)
Cash payments to employees for services	(3,827,181)	(4,968,288)	(8,795,469)
Other operating revenues	54,704	870	55,574
Net cash (used in) operating activities	<u>(280,108)</u>	<u>(168,029)</u>	<u>(448,137)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest on investments	1,969	2,466	4,435
Net (decrease) in cash and investments	<u>(278,139)</u>	<u>(165,563)</u>	<u>(443,702)</u>
<b>CASH AND INVESTMENTS, July 1, 2012</b>	549,372	405,046	954,418
<b>CASH AND INVESTMENTS, June 30, 2013</b>	<u>\$ 271,233</u>	<u>\$ 239,483</u>	<u>\$ 510,716</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>			
<b>TO NET CASH (USED IN)</b>			
<b>OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (155,532)	\$ 26,407	\$ (129,125)
Adjustments to reconcile operating income (loss) to net cash (used in) operating activities:			
Depreciation	3,582	15,720	19,302
Changes in assets and liabilities:			
Accounts receivable	(306)	(289)	(595)
Other	(1,856)	(1,890)	(3,746)
Accounts payable	(145,695)	(201,794)	(347,489)
Compensated absences	(31,575)	(69,502)	(101,077)
Claims and judgments	367	556	923
Other postemployment benefits	50,907	62,763	113,670
Total adjustments	<u>(124,576)</u>	<u>(194,436)</u>	<u>(319,012)</u>
Net cash (used in) operating activities	<u>\$ (280,108)</u>	<u>\$ (168,029)</u>	<u>\$ (448,137)</u>

**CITY OF ALBANY, OREGON**  
**CENTRAL SERVICES FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

<b>Revenues</b>	Original Budget	Final Budget	Actual	Over (Under)
Building maintenance charges	\$ 623,200	\$ 623,200	\$ 623,200	\$ -
Administrative services charges	2,894,200	2,894,200	2,894,200	-
Information technology charges	1,213,600	1,213,600	1,213,600	-
GIS services charge	355,900	355,900	355,900	-
Permit Tracking services charge	86,300	86,300	86,300	-
GIS information sales	300	300	199	(101)
Miscellaneous	40,000	40,000	54,704	14,704
Interest on investments	4,000	4,000	2,087	(1,913)
Total revenues	<u>5,217,500</u>	<u>5,217,500</u>	<u>5,230,190</u>	<u>12,690</u>
<b>Fund balance, beginning</b>	<u>354,900</u>	<u>354,900</u>	<u>356,070</u>	<u>1,170</u>
Amount available for appropriation	<u>\$ 5,572,400</u>	<u>\$ 5,572,400</u>	<u>5,586,260</u>	<u>\$ 13,860</u>

<b>Expenditures</b>	Original Budget	Final Budget	Actual	(Over) Under
Council and Nondepartmental	\$ 252,700	\$ 252,700	236,999	\$ 15,701
City Manager's Office	1,074,000	1,074,000	1,028,251	45,749
Information Technology Services	1,253,600	1,253,600	1,204,904	48,696
Human Resources	596,300	596,300	596,207	93
Facilities Maintenance	623,200	623,200	590,053	33,147
Finance	1,291,100	1,291,100	1,268,573	22,527
GIS Services	395,200	395,200	351,832	43,368
Permit Tracking Services	86,300	86,300	83,535	2,765
Total expenditures	<u>\$ 5,572,400</u>	<u>\$ 5,572,400</u>	<u>5,360,354</u>	<u>\$ 212,046</u>
<b>Fund balance, ending</b>			<u>\$ 225,906</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Position, see page 116.

**CITY OF ALBANY, OREGON**  
**PUBLIC WORKS SERVICES FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
for the year ended June 30, 2013

<b>Revenues:</b>	Original Budget	Final Budget	Actual	Over (Under)
Charges for services - Water	\$ 2,398,200	\$ 2,398,200	\$ 2,152,294	\$ (245,906)
Charges for services - Sewer	2,688,600	2,688,600	2,629,718	(58,882)
Charges for services - Streets	670,000	670,000	666,657	(3,343)
Charges for services - Airport	12,400	12,400	12,047	(353)
Charges for services - Transit	60,000	60,000	58,476	(1,524)
Charges for services - Construction in Progress	1,173,700	1,175,300	1,042,264	(133,036)
Miscellaneous	-	-	870	870
Interest	-	-	2,784	2,784
Total revenues	<u>7,002,900</u>	<u>7,004,500</u>	<u>6,565,110</u>	<u>(439,390)</u>
<b>Fund balance, beginning</b>	-	-	146,142	146,142
Amount available for appropriation	<u>\$ 7,002,900</u>	<u>\$ 7,004,500</u>	<u>6,711,252</u>	<u>\$ (293,248)</u>

<b>Expenditures</b>	Original Budget	Final Budget	Actual	(Over) Under
Public Works Administration	\$ 694,900	\$ 696,500	679,540	\$ 16,960
Engineering Services	2,486,400	2,486,400	2,364,040	122,360
Operations Administration	844,900	844,900	744,537	100,363
Water Quality Control Services	358,900	358,900	328,776	30,124
Public Works Customer Service	1,145,900	1,145,900	1,062,839	83,061
Facilities and Maintenance Engineering	1,471,900	1,471,900	1,346,650	125,250
Total expenditures	<u>\$ 7,002,900</u>	<u>\$ 7,004,500</u>	<u>6,526,382</u>	<u>\$ 478,118</u>
<b>Fund balance, ending</b>			<u>\$ 184,870</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Position, see page 116.

**CITY OF ALBANY, OREGON**  
**INTERNAL SERVICE FUNDS**  
**RECONCILIATION OF BUDGETARY BASIS REVENUES, EXPENDITURES, FUND BALANCE TO**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
for the year ended June 30, 2013

	Central Services	Public Works Service	Totals
<b><u>REVENUES</u></b>			
Total revenues from Schedule of Revenues and Expenditures - Budget and Actual (pages 113 and 114)	\$ 5,230,190	\$ 6,565,110	\$ 11,795,300
<b>Reconciling item:</b>			
Interest on investments	(2,087)	(2,784)	(4,871)
Operating revenues from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position (page 111)	<u>\$ 5,228,103</u>	<u>\$ 6,562,326</u>	<u>\$ 11,790,429</u>
<b><u>EXPENDITURES</u></b>			
Total expenditures from Schedule of Revenues and Expenditures - Budget and Actual (pages 113 and 114)	\$ 5,360,354	\$ 6,526,382	\$ 11,886,736
<b>Reconciling items:</b>			
Depreciation	3,582	15,720	19,302
Change in compensated absences liability	(31,575)	(69,502)	(101,077)
Change in insurance liability	367	556	923
Change in OPEB obligation	50,907	62,763	113,670
Operating expenses from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position (page 111)	<u>\$ 5,383,635</u>	<u>\$ 6,535,919</u>	<u>\$ 11,919,554</u>
<b><u>FUND BALANCE</u></b>			
Fund balance from Schedule of Revenues and Expenditures - Budget and Actual (pages 113 and 114)	\$ 225,906	\$ 184,870	\$ 410,776
<b>Reconciling items:</b>			
June 30, 2012, asset balance:			
Capital assets, net	7,599	127,714	135,313
June 30, 2012, liability balances:			
Salaries, withholdings, and vacations payable	(296,028)	(354,038)	(650,066)
Insurance payable	(617)	(979)	(1,596)
Depreciation	(3,582)	(15,720)	(19,302)
Change in compensated absences liability	31,575	69,502	101,077
Change in insurance liability	(367)	(556)	(923)
Change in OPEB obligation	(312,764)	(389,328)	(702,092)
Net Position from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 111)	<u>\$ (348,278)</u>	<u>\$ (378,535)</u>	<u>\$ (726,813)</u>

The scientific theory I like best is that the rings of Saturn are composed entirely of lost airline luggage.

Mark Russell

**Capital Assets Used in the Operation  
of Governmental Funds**



**CITY OF ALBANY, OREGON**  
**SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE**  
as of June 30, 2013

<b>Governmental capital assets</b>	
Land	\$ 12,282,594
Buildings	21,862,318
Vehicles and Equipment	12,893,258
Infrastructure	127,481,822
Total governmental capital assets	<u>\$174,519,992</u>
<b>Investment in capital assets from:</b>	
Balance as of June 30, 1993	\$ 5,022,808
Capital project funds:	
General obligation bonds	10,963,772
Certificates of participation	3,075,143
Federal grants	26,281,886
State grants	1,992,328
Transfer from General Fund	3,141,271
Transfer from special revenue funds	4,727,384
Other sources	1,587,191
General Fund	14,031,115
Special revenue funds	56,045,604
Local improvement districts	20,040,918
Urban renewal districts	4,160,481
Donations	23,450,091
Total investment in governmental capital assets	<u>\$174,519,992</u>

The schedule of capital assets used in the operation of governmental funds differs from the governmental activities capital assets due to the capital assets in the Central Services Fund as follows:

Total investment in governmental capital assets from above	\$174,519,992
Capital assets of the Central Services Fund	385,907
Total capital assets of governmental activities	<u>\$174,905,899</u>

**CITY OF ALBANY, OREGON**  
**SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS**  
for the fiscal year ended June 30, 2013

	Balances July 1, 2012	Additions	Deletions, Transfers out, Transfers in	Balances June 30, 2013
<b><u>CAPITAL ASSETS:</u></b>				
Land	\$ 12,052,594	\$ 230,000	\$ -	\$ 12,282,594
Buildings and improvements	20,889,546	972,772	-	21,862,318
Vehicles and equipment	12,554,916	484,585	(146,243)	12,893,258
Infrastructure	119,306,507	4,929,038	3,246,277	127,481,822
Construction in progress	3,246,277	-	(3,246,277)	-
Total capital assets	<u>\$168,049,840</u>	<u>\$ 6,616,395</u>	<u>\$ (146,243)</u>	<u>\$174,519,992</u>

**CITY OF ALBANY, OREGON**  
**SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY**  
as of June 30, 2013

<u>Function and Activity:</u>	Land	Buildings and Improvements	Vehicles and Equipment	Infra- structure	Total
<b>General Government:</b>					
Building Maintenance	\$ -	\$ -	\$ 154,823	\$ -	\$ 154,823
Building Inspection	-	-	28,192	-	28,192
General Fund	3,097,452	6,452,491	600,752	14,812,752	24,963,447
Airport Maintenance	33,510	68,215	8,700	3,746,154	3,856,579
Public Transit	-	-	1,783,389	-	1,783,389
Total general government	<u>3,130,962</u>	<u>6,520,706</u>	<u>2,575,856</u>	<u>18,558,906</u>	<u>30,786,430</u>
<b>Public Safety:</b>					
Municipal Court	-	-	23,571	-	\$ 23,571
Police	-	1,318,228	2,245,392	-	3,563,620
Fire	987,859	4,377,955	3,888,145	-	9,253,959
Ambulance	-	-	1,149,535	-	1,149,535
Total public safety	<u>987,859</u>	<u>5,696,183</u>	<u>7,306,643</u>	<u>-</u>	<u>13,990,685</u>
<b>Culture and Recreation:</b>					
Library	653,570	6,839,299	343,148	-	7,836,017
Parks and Recreation	6,211,138	2,542,330	1,519,738	12,940,204	23,213,410
Total culture and recreation	<u>6,864,708</u>	<u>9,381,629</u>	<u>1,862,886</u>	<u>12,940,204</u>	<u>31,049,427</u>
<b>Highways and Streets:</b>					
Street Maintenance	1,299,065	263,800	1,147,873	95,982,712	98,693,450
<b>Construction in progress</b>					
	-	-	-	-	-
<b>Total capital assets</b>	<u>\$12,282,594</u>	<u>\$21,862,318</u>	<u>\$12,893,258</u>	<u>\$ 127,481,822</u>	<u>\$174,519,992</u>

**CITY OF ALBANY, OREGON**  
**SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY**  
for the fiscal year ended June 30, 2013

Function and Activity:	Capital Assets July 1, 2012	Additions	Deletions, Transfers in, Transfers out	Capital Assets June 30, 2013
<b>General Government:</b>				
Building Maintenance	\$ 154,823	\$ -	\$ -	\$ 154,823
Code Enforcement	28,192	-	-	28,192
General Fund	22,002,458	2,912,632	48,357	24,963,447
Economic Development (Airport)	3,856,579	-	-	3,856,579
Public Transit	1,783,389	-	-	1,783,389
<b>Total general government</b>	<u>27,825,441</u>	<u>2,912,632</u>	<u>48,357</u>	<u>30,786,430</u>
<b>Public Safety:</b>				
Municipal Court	23,571	-	-	23,571
Police	3,119,612	444,008	-	3,563,620
Fire	9,315,330	84,872	(146,243)	9,253,959
Ambulance	1,149,535	-	-	1,149,535
<b>Total public safety</b>	<u>13,608,048</u>	<u>528,880</u>	<u>(146,243)</u>	<u>13,990,685</u>
<b>Culture and Recreation:</b>				
Library	7,760,482	75,535	-	7,836,017
Parks and Recreation	22,342,082	837,392	33,936	23,213,410
<b>Total culture and recreation</b>	<u>30,102,564</u>	<u>912,927</u>	<u>33,936</u>	<u>31,049,427</u>
<b>Highways and Streets:</b>				
Street Maintenance	93,267,510	2,261,956	3,163,984	98,693,450
<b>Construction in progress</b>	<u>3,246,277</u>	<u>-</u>	<u>(3,246,277)</u>	<u>-</u>
<b>Total capital assets</b>	<u>\$168,049,840</u>	<u>\$ 6,616,395</u>	<u>\$ (146,243)</u>	<u>\$174,519,992</u>

Aerodynamically, the bumble bee shouldn't be able to fly, but the bumble bee doesn't know it so it goes on flying anyway.

Mary Kay Ash

## **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, 2013

	Interest Rate	Date of Issue	Years of Maturity	Outstanding July 1, 2012	Issued During Year	Matured/ Defeased/ Paid off During Year	Outstanding June 30, 2013
<b>GOVERNMENTAL ACTIVITIES</b>							
2007 General Obligation Refunding	4.00	06/01/07	2007-2015	3,760,000	\$ -	\$ 1,170,000	\$ 2,590,000
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	2002-2028	5,513,557	-	97,868	5,415,689
2004 General Revenue Obligations	2.50-4.00	12/15/04	2006-2020	1,660,000	-	355,000	1,305,000
2007 Series A CARA Tax-exempt	4.85	10/15/07	2008-2022	2,822,000	-	-	2,822,000
2007 Series B CARA Taxable	6.25	10/15/07	2008-2015	764,000	-	279,000	485,000
2010 CARA Urban Renewal Revenue Note				1,962,200	11,200	1,973,400	-
1992 OEDD Notes Payable (1)	5.47	12/01/95	2015-2016	\$ 132,505	-	30,164	102,341
Total governmental activities				<u>\$ 16,614,262</u>	<u>\$ 11,200</u>	<u>\$ 3,905,432</u>	<u>\$ 12,720,030</u>
<b>BUSINESS-TYPE ACTIVITIES</b>							
2003 Series Water Bonds	2.00-5.125	08/01/03	2004-2033	30,840,000	-	30,840,000	\$ -
2013 Water Refunding Bonds	3.125-5.00	08/01/33	2013-2033	\$ -	\$28,405,000	\$ -	28,405,000
2007 Oregon DEQ SRF Notes Payable (2)	3.40-3.64	09/21/06	2007-2030	63,632,619	-	2,806,835	60,825,784
2009 Wetland Loans Payable	4.0	12/21/09	2010-2020	3,429,702	-	362,812	3,066,890
2012 SRF/ARRA Loan	4.0	2/1/12	2031-2032	1,950,000	-	100,000	1,850,000
Total business-type activities				<u>\$ 99,852,321</u>	<u>\$28,405,000</u>	<u>\$34,109,647</u>	<u>\$ 94,147,674</u>

(1) Oregon Economic Development Department

(2) Department of Environmental Quality State Revolving Fund Loans

**CITY OF ALBANY, OREGON**  
**SCHEDULE OF DEBT INTEREST TRANSACTIONS**  
for the fiscal year ended June 30, 2013

	Interest Rate	Date of Issue	Outstanding July 1, 2012	Interest on Debt Issued, During Year	Interest Retired/ Defeased During Year	Outstanding June 30, 2013
<b>GOVERNMENTAL ACTIVITIES</b>						
2007 General Obligation Refunding	4.00	06/01/07	\$ 307,400	\$ -	\$ 150,400	\$ 157,000
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	5,658,084	-	432,369	5,225,715
2004 General Revenue Obligations	2.50-4.00	12/15/04	261,691	-	68,204	193,487
2007 Series A CARA Tax-exempt	4.85	10/15/07	958,214	-	136,867	821,347
2007 Series B CARA Taxable	6.25	10/15/07	89,875	-	74,553	42,125
1992 OEDD Notes Payable (1)	5.47	12/01/95	\$ 19,716	-	7,619	12,097
Total governmental activities			<u>\$ 7,294,980</u>	<u>\$ -</u>	<u>\$ 870,012</u>	<u>\$ 6,451,771</u>
<b>BUSINESS-TYPE ACTIVITIES</b>						
2003 Series Water Revenue Bonds	2.00-5.125	08/01/03	\$19,508,921	\$ -	\$ 19,508,921	\$ -
2013 Water Refunding Bonds	3.125-5.00	08/01/33	-	12,333,311	-	12,333,311
2007 Oregon DEQ SRF Notes Payable (2) (3)	3.40-3.64	09/21/06	21,963,985	-	2,517,311	19,446,674
2009 Wetland Loans Payable	4.0	12/21/09	660,436	-	137,188	523,248
2012 SRF/ARRA Loan (4)	4.0	2/1/12	100,000	-	18,750	81,250
Total business-type activities			<u>\$42,233,342</u>	<u>\$ 12,333,311</u>	<u>\$ 22,182,170</u>	<u>\$ 32,384,483</u>

(1) Oregon Economic Development Department

(2) Department of Environmental Quality (DEQ) State Revolving Loan

(3) DEQ revised the interest rate for TWO years (2013 and 2014) which lead to a reduction of \$296,897 of future interest paid.

(4) DEQ revised the interest rate for TWO years (2013 and 2014) which lead to a reduction of \$9,000 of future interest paid.



**CITY OF ALBANY, OREGON**  
**SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS**  
**GOVERNMENTAL ACTIVITIES**  
June 30, 2013

Years of Maturity	Total Requirements				General Obligation Refunding Series 2007		2002 Limited Tax Pension Obligations		2004 General Revenue Obligations	
	Principal	Interest	Total		Principal	Interest	Principal	Interest	Principal	Interest
2011-2012	\$ 3,990,970	\$ 904,764	\$ 4,895,734	\$	1,095,000	\$ 194,200	\$ 92,951	\$ 412,286	\$ 340,000	\$ 78,914
2012-2013	1,932,032	843,209	2,775,241		1,170,000	150,400	97,868	432,369	355,000	68,204
2013-2014	2,048,147	782,445	2,830,592		1,255,000	103,600	101,687	453,551	365,000	52,229
2014-2015	1,930,794	725,886	2,656,680		1,335,000	53,400	105,020	480,218	140,000	39,454
2015-2016	621,605	675,127	1,296,732		-	-	107,498	507,740	145,000	34,554
2016-2017	613,483	677,664	1,291,147		-	-	109,483	535,755	155,000	27,303
2017-2018	637,140	681,330	1,318,470		-	-	111,140	564,098	160,000	19,553
2018-2019	659,257	687,302	1,346,559		-	-	111,257	593,980	165,000	13,394
2019-2020	736,604	648,986	1,385,590		-	-	159,604	580,634	175,000	7,000
2020-2021	881,000	357,640	1,238,640		-	-	460,000	315,785	-	-
2021-2022	972,000	305,712	1,277,712		-	-	530,000	284,275	-	-
2022-2023	600,000	247,970	847,970		-	-	600,000	247,970	-	-
2023-2024	685,000	206,870	891,870		-	-	685,000	206,870	-	-
2024-2025	-	159,947	159,947		-	-	-	159,947	-	-
2025-2026	865,000	159,947	1,024,947		-	-	865,000	159,947	-	-
2026-2027	970,000	100,695	1,070,695		-	-	970,000	100,695	-	-
2027-2028	500,000	34,250	534,250		-	-	500,000	34,250	-	-
	<u>\$12,720,030</u>	<u>\$ 6,451,771</u>	<u>\$19,171,801</u>	\$	<u>2,590,000</u>	<u>\$ 157,000</u>	<u>\$5,415,689</u>	<u>\$5,225,715</u>	<u>\$1,305,000</u>	<u>\$193,487</u>

Albany Revitalization Agency 2007 Series A Tax-Exempt Bonds		Albany Revitalization Agency 2007 Series B Taxable Bonds		Oregon Economic Development Department Notes Payable		Years of Maturity
Principal	Interest	Principal	Interest	Principal	Interest	
-	136,867	262,000	64,125	\$ 29,884	\$ 9,337	2011-2012
-	136,867	279,000	47,750	30,164	7,619	2012-2013
-	136,867	296,000	30,312	30,460	5,886	2013-2014
126,000	136,867	189,000	11,813	35,774	4,134	2014-2015
333,000	130,756	-	-	36,107	2,077	2015-2016
349,000	114,606	-	-	-	-	2016-2017
366,000	97,679	-	-	-	-	2017-2018
383,000	79,928	-	-	-	-	2018-2019
402,000	61,352	-	-	-	-	2019-2020
421,000	41,855	-	-	-	-	2020-2021
442,000	21,437	-	-	-	-	2021-2022
-	-	-	-	-	-	2022-2023
-	-	-	-	-	-	2023-2024
-	-	-	-	-	-	2024-2025
-	-	-	-	-	-	2025-2026
-	-	-	-	-	-	2026-2027
-	-	-	-	-	-	2027-2028
<u>\$2,822,000</u>	<u>\$ 821,347</u>	<u>\$ 485,000</u>	<u>\$ 42,125</u>	<u>\$ 102,341</u>	<u>\$ 12,097</u>	

**CITY OF ALBANY, OREGON**  
**SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS**  
**BUSINESS-TYPE ACTIVITIES**

June 30, 2013

Years of Maturity	Total Requirements			2013 Water Refunding Bond		2007 Oregon DEQ State Revolving Fund Notes		2010 Wetlands Loans	
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Fee
2013-2014	\$ 4,374,602	\$ 3,058,238	\$ 7,432,840	\$ 1,005,000	\$ 962,064	\$ 2,892,278	\$ 1,968,873	\$ 377,324	\$ 122,676
2014-2015	4,367,742	3,018,746	7,386,489	895,000	1,033,194	2,980,325	1,873,595	392,417	107,583
2015-2016	4,514,170	3,009,525	7,523,695	935,000	996,594	3,071,056	1,912,795	408,114	91,886
2016-2017	4,663,993	2,845,648	7,509,641	975,000	958,394	3,164,554	1,803,943	424,439	75,561
2017-2018	4,822,320	2,676,098	7,498,418	1,020,000	918,494	3,260,904	1,691,770	441,416	58,584
2018-2019	4,979,265	2,500,749	7,480,014	1,060,000	876,894	3,360,192	1,576,178	459,073	40,927
2019-2020	5,139,944	2,319,569	7,459,513	1,100,000	833,694	3,462,508	1,457,061	477,436	22,564
2020-2021	4,894,615	2,126,723	7,021,338	1,140,000	783,194	3,567,944	1,334,312	86,671	3,467
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	30,391	1,975,391	1,945,000	30,391	-	-	-	-
	<u>\$ 94,147,674</u>	<u>\$32,384,483</u>	<u>\$126,532,158</u>	<u>\$28,405,000</u>	<u>\$12,333,311</u>	<u>\$ 60,825,784</u>	<u>\$ 19,446,674</u>	<u>\$ 3,066,890</u>	<u>\$ 523,248</u>

2012 SRF ARRA

Loan		Years of
Principal	Interest	Maturity
\$ 100,000	\$ 4,625	2013-2014
100,000	4,375	2014-2015
100,000	8,250	2015-2016
100,000	7,750	2016-2017
100,000	7,250	2017-2018
100,000	6,750	2018-2019
100,000	6,250	2019-2020
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>\$ 1,850,000</u>	<u>\$ 81,250</u>	

**CITY OF ALBANY, OREGON**  
**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES**  
for the year ended June 30, 2013

Tax Year	Taxes Receivable June 30, 2012	Levy as extended by assessor	Collections	Discounts & Adjustments	Taxes Receivable June 30, 2013
2012-13	\$ -	\$26,473,672	\$(24,665,822)	\$ (852,065)	\$ 955,785
2011-12	1,021,526	-	(480,243)	5,971	547,254
2010-11	627,613	-	(257,900)	(3,483)	366,230
2009-10	321,277	-	(224,251)	44,340	141,366
2008-09	143,164	-	(161,017)	40,680	22,827
2007-08	28,534	-	(18,959)	3,770	13,345
2006-07	12,835	-	(8,931)	1,465	5,369
2005-06	4,206	-	-	(295)	3,911
and prior	23,258	-	(5,704)	2,754	20,308
	<u>\$ 2,182,413</u>	<u>\$26,473,672</u>	<u>\$(25,822,827)</u>	<u>\$ (756,863)</u>	<u>\$ 2,076,395</u>

**SUMMARY OF COLLECTIONS AND BALANCES RECEIVABLE**

Governmental activities/funds		
General	\$ 16,174,909	\$ 1,258,974
Special Revenue		
Parks and Recreation	4,043,730	309,284
Public Safety Levy	2,137,955	182,016
Albany Revitalization Agency	2,129,125	156,004
Debt Service	1,326,120	150,674
Total governmental activities/funds	<u>25,811,839</u>	<u>2,056,952</u>
Proprietary fund		
Water	10,988	19,443
Totals	<u>\$ 25,822,827</u>	<u>\$ 2,076,395</u>

**RECONCILIATION OF TAX COLLECTIONS TO THE STATEMENT OF ACTIVITIES**

	Collections from Above	Tax Accrual Net Change	Statement of Activities
Governmental activities	\$ 25,811,839	\$ (222,411)	\$25,589,428
Business-type activities	10,988	1,217	12,205
	<u>\$ 25,822,827</u>	<u>\$ (221,194)</u>	<u>\$25,601,633</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 have 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.

*Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports from the relevant fiscal years.*

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

	2004	2005	2006	2007	2008
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 55,569,708	\$ 64,678,843	\$ 72,113,680	\$ 77,816,952	\$ 80,243,676
Restricted	5,249,133	9,358,060	15,878,361	13,984,682	17,874,256
Unrestricted	18,659,845	18,067,214	14,336,075	15,195,602	12,538,211
Total governmental activities net position	<u>79,478,686</u>	<u>92,104,117</u>	<u>102,328,116</u>	<u>106,997,236</u>	<u>110,656,143</u>
<b>Business-type activities</b>					
Net investment in capital assets	76,643,262	84,900,880	91,009,502	102,945,424	106,681,579
Restricted	9,401,040	15,860,141	14,984,960	14,764,342	8,494,861
Unrestricted	18,359,252	17,514,640	17,976,644	17,780,223	27,975,161
Total business-type activities net position	<u>104,403,554</u>	<u>118,275,661</u>	<u>123,971,106</u>	<u>135,489,989</u>	<u>143,151,601</u>
<b>Total City of Albany</b>					
Net investment in capital assets	132,212,970	149,579,723	163,123,182	180,762,376	186,925,255
Restricted	14,650,173	25,218,201	30,863,321	28,749,024	26,369,117
Unrestricted	37,019,097	35,581,854	32,312,719	32,975,825	40,513,372
Total net position	<u>\$ 183,882,240</u>	<u>\$ 210,379,778</u>	<u>\$ 226,299,222</u>	<u>\$ 242,487,225</u>	<u>\$ 253,807,744</u>

In the ten years since the City began reporting under GASB Statement 34, the net position of governmental activities increased by just over 38 percent (\$49,146,000). Included in program revenues for the eight-year period are \$25,513,000 of capital contributions in the form of systems development charges, connection fees, improvement assurance fees, and site improvements. While program revenues have been decreased, general revenues have almost been sufficient to offset increasing expenses such that the change in net position for governmental activities has been positive for the years prior to the 2011-12 Fiscal Year.

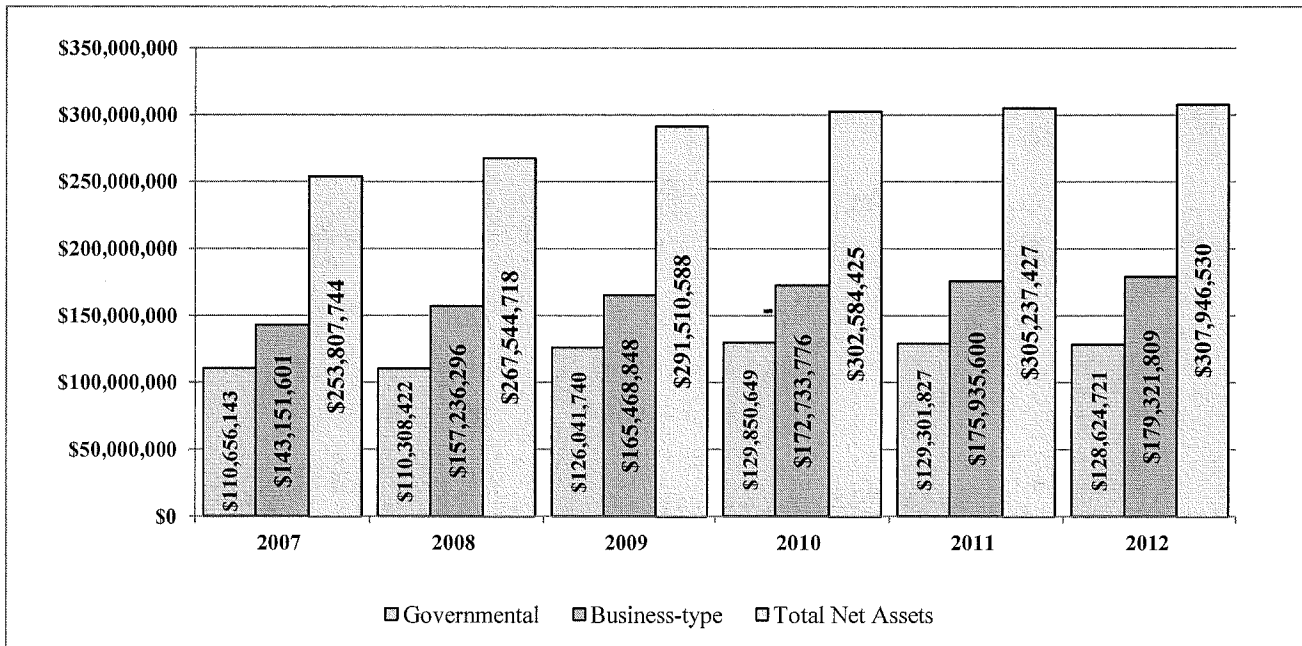
During the same time frame (ten years), the net position of the business-type activities have increased by 42 percent (\$74,918,000). The two major components of the increase have been operating income (\$55,261,000) and capital contributions (\$47,445,000). Capital contributions consist of development 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 2004-2013 Comprehensive Annual Financial Reports

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

2009	2010	2011	2012	2013	
\$ 86,710,887	\$ 90,807,172	\$ 93,826,390	\$ 96,500,517	\$ 95,848,731	<b>Governmental Activities</b>
15,077,460	16,512,436	18,879,050	13,190,170	11,874,882	Net investment in capital assets
8,520,075	18,722,132	17,145,209	19,611,140	20,901,108	Restricted
<u>110,308,422</u>	<u>126,041,740</u>	<u>129,850,649</u>	<u>129,301,827</u>	<u>128,624,721</u>	Unrestricted
					Total governmental activities net position
125,267,350	127,645,184	130,139,819	134,559,041	\$ 136,828,820	<b>Business-type activities</b>
5,372,200	25,649,567	19,785,270	14,445,758	13,514,952	Net investment in capital assets
26,596,746	12,174,097	22,808,687	26,930,801	28,978,037	Restricted
<u>157,236,296</u>	<u>165,468,848</u>	<u>172,733,776</u>	<u>175,935,600</u>	<u>179,321,809</u>	Unrestricted
					Total business-type activities net position
211,978,237	218,452,356	223,966,209	231,059,558	232,677,551	<b>Total City of Albany</b>
20,449,660	42,162,003	38,664,320	27,635,928	25,389,834	Net investment in capital assets
35,116,821	30,896,229	39,953,896	46,541,941	49,879,145	Restricted
<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>	Unrestricted
					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)

	2004	2005	2006	2007	2008
<b>Expenses</b>					
Governmental activities:					
General government	\$ 3,975,367	\$ 4,808,302	5,799,062	6,468,368	8,791,969
Public safety	16,138,117	17,344,947	18,484,074	21,156,907	22,831,077
Highways and streets	4,983,961	5,056,827	5,605,789	6,489,273	6,717,357
Culture and recreation	5,633,112	5,905,119	6,387,685	7,222,964	7,542,294
Interest on long-term debt	1,317,826	1,190,214	1,224,183	1,138,930	1,171,934
Total governmental activities expenses	<u>32,048,383</u>	<u>34,305,409</u>	<u>37,500,793</u>	<u>42,476,442</u>	<u>47,054,631</u>
Business-type activities					
Water	7,797,815	6,946,851	9,494,225	11,253,334	11,495,380
Sewer	7,637,300	7,436,459	7,952,494	8,829,900	9,317,599
Total business-type activities expenses	<u>15,435,115</u>	<u>14,383,310</u>	<u>17,446,719</u>	<u>20,083,234</u>	<u>20,812,979</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General Government	569,291	593,253	1,646,172	2,924,139	3,184,952
Public Safety	2,185,452	2,328,749	2,505,120	2,607,728	2,776,588
Highways and Streets	-	-	-	-	-
Culture and recreation	542,468	559,477	714,453	728,316	818,626
Operating grants and contributions	4,166,669	5,583,570	8,964,353	6,566,201	5,242,275
Capital grants and contributions	8,210,768	11,708,909	5,896,271	5,438,422	7,418,560
Total governmental activities program revenues	<u>15,674,648</u>	<u>20,773,958</u>	<u>19,726,369</u>	<u>18,264,806</u>	<u>19,441,001</u>
Business-type activities					
Water	12,629,094	17,456,186	13,071,306	14,096,457	13,241,504
Sewer	9,524,763	10,927,340	12,750,140	14,334,830	12,035,561
Total business-type activities program revenues	<u>22,153,857</u>	<u>28,383,526</u>	<u>25,821,446</u>	<u>28,431,287</u>	<u>25,277,065</u>
Total program revenues	<u>37,828,505</u>	<u>49,157,484</u>	<u>45,547,815</u>	<u>46,696,093</u>	<u>44,718,066</u>
<b>General Revenues</b>					
Governmental activities:					
Taxes:					
Property taxes used for general purposes	15,979,937	17,105,625	18,275,628	19,691,258	20,009,812
Property taxes used for debt service	1,077,292	1,063,905	1,113,145	951,815	2,174,926
Transient room taxes used for general purposes	270,227	299,200	354,502	459,569	510,037
Transient room taxes used for debt service	239,540	251,204	256,014	241,343	231,083
Motor fuel	1,898,605	2,119,250	2,170,883	2,152,446	2,056,995
Cigarette and alcoholic beverage	469,130	497,499	545,979	867,362	995,174
Privilege	1,987,951	2,099,290	2,268,032	2,480,090	2,717,412
Contributions to permanent funds	454	3,042	2,414	923	295
Grants and contributions not restricted to specific programs					
Unrestricted interest earnings	515,559	60,390	169,251	59,305	124,421
Premium on debt issuance	243,671	467,924	1,303,367	1,745,218	1,738,924
Miscellaneous	-	50,244	-	-	-
Miscellaneous	-	-	153,912	130,653	431,229
Total governmental activities general revenues	<u>22,682,366</u>	<u>24,017,573</u>	<u>26,613,127</u>	<u>28,779,982</u>	<u>30,990,308</u>
(Loss) on disposal of capital assets	-	-	-	-	-
Transfers	303,785	1,027,456	373,918	490,975	282,229
Total governmental activities	<u>22,986,151</u>	<u>25,045,029</u>	<u>26,987,045</u>	<u>29,270,957</u>	<u>31,272,537</u>

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

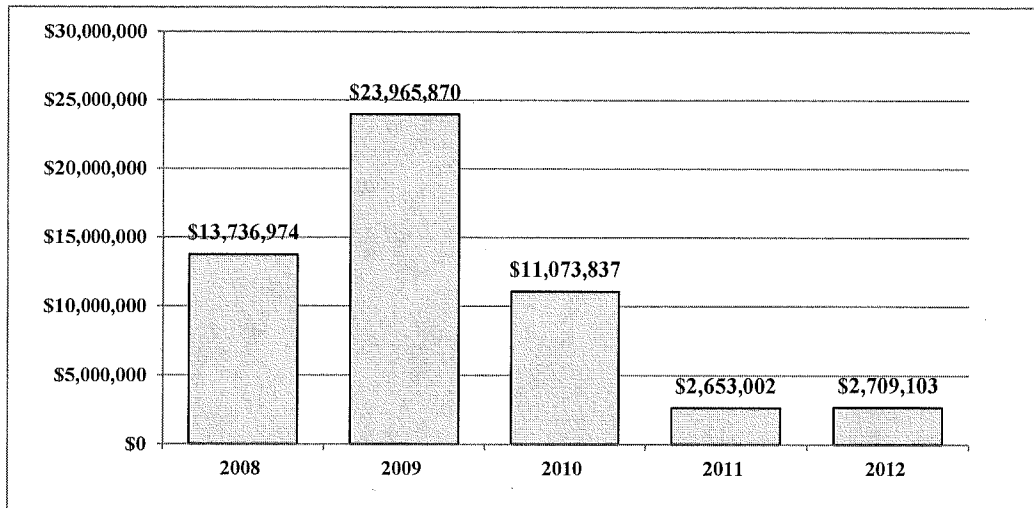
2009	2010	2011	2012	2013	
					<b>Expenses</b>
					Governmental activities:
					General government
7,813,659	9,227,210	5,512,747	5,282,341	6,998,687	Public safety
25,723,911	26,364,368	27,512,458	27,832,589	26,998,857	Highways and streets
6,794,651	6,927,620	7,098,212	5,964,162	7,165,295	Culture and recreation
8,238,041	8,372,888	8,035,033	9,300,151	8,548,521	Interest on long-term debt
1,202,841	1,138,531	1,074,180	972,088	880,010	Total governmental activities expenses
49,773,103	52,030,617	49,232,630	49,351,331	50,591,370	
					Business-type activities
					Water
11,445,203	11,252,016	11,239,646	10,970,041	12,281,328	Sewer
9,516,905	10,119,746	12,210,391	14,201,008	14,114,463	Total business-type activities expenses
20,962,108	21,371,762	23,450,037	25,171,049	26,395,791	
					<b>Program Revenues</b>
					Governmental activities:
					Charges for services:
					General Government
4,055,717	2,796,623	2,817,789	2,699,581	3,509,363	Public Safety
2,902,915	3,247,298	3,303,862	3,174,653	2,562,519	Highways and Streets
-	-	-	110,792	-	Culture and recreation
789,184	1,012,384	912,904	908,153	1,181,152	Operating grants and contributions
4,705,458	5,385,159	4,354,299	5,245,587	3,245,250	Capital grants and contributions
4,767,440	4,629,070	7,433,911	2,613,592	4,357,201	Total governmental activities program revenues
17,220,714	17,070,534	18,822,765	14,752,358	14,855,485	
					Business-type activities
					Water
12,906,796	12,003,928	11,520,604	11,873,787	12,338,047	Sewer
20,012,557	13,637,347	13,094,616	13,687,284	13,410,334	Total business-type activities program revenues
32,919,353	25,641,275	24,615,220	25,561,071	25,748,381	Total program revenues
50,140,067	42,711,809	43,437,985	40,313,429	40,603,866	
					<b>General Revenues</b>
					Governmental activities:
					Taxes:
					Property taxes used for general purposes
21,133,841	21,816,218	22,430,005	22,540,932	22,159,102	Property taxes used for debt service
2,317,806	3,099,335	3,849,690	3,303,218	3,430,326	Transient room taxes used for general purposes
478,150	382,054	655,879	715,865	754,585	Transient room taxes used for debt service
196,594	213,174	-	-	-	Motor fuel
2,674,179	2,029,262	2,365,624	2,746,350	2,764,402	Cigarette and alcoholic beverage
1,023,060	624,444	651,683	699,755	1,213,099	Privilege
2,759,292	2,570,602	2,680,877	2,901,489	2,761,418	Contributions to permanent funds
133	160	-	-	-	Grants and contributions not restricted to specific programs
107,027	-	-	-	-	Unrestricted interest earnings
981,571	605,921	360,650	232,122	401,725	Premium on debt issuance
-	-	-	-	-	Miscellaneous
329,267	18,871,796	196,111	490,535	548,471	Total governmental activities general revenues
32,000,920	50,212,966	33,190,519	33,630,266	34,033,128	(Loss) on disposal of capital assets
-	-	-	-	-	Transfers
203,748	480,438	1,028,256	419,885	1,025,651	Total governmental activities
32,204,668	50,693,404	34,218,775	34,050,151	35,058,779	

continued pages 136-137

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

	2004	2005	2006	2007	2008
<b>General Revenues, continued</b>					
Business-type activities					
Property taxes used for debt service	787,570	782,683	759,865	753,308	824,530
Unrestricted investment earnings	286,658	488,123	1,240,546	1,506,557	1,428,407
Gain on disposal of real property	-	-	-	-	319,069
Miscellaneous	578,916	455,720	687,743	653,135	907,749
Total business-type activities general revenues	1,653,144	1,726,526	2,688,154	2,913,000	3,479,755
Transfers	(303,785)	(1,027,456)	(373,918)	(490,975)	(282,229)
Total business-type activities	1,349,359	699,070	2,314,236	2,422,025	3,197,526
<b>Change in Net Position</b>					
Governmental activities	6,612,416	11,513,578	9,212,621	5,059,321	3,658,907
Business-type activities	8,068,101	14,699,286	10,688,963	10,770,078	7,661,612
Total Change in net position	14,680,517	26,212,864	19,901,584	15,829,399	11,320,519
Net position - beginning	169,201,723	183,882,240	210,379,778	226,299,222	242,487,225
Prior period adjustments	-	284,674	(3,982,140)	358,604	-
Net position - ending	\$ 183,882,240	\$ 210,379,778	\$ 226,299,222	\$ 242,487,225	\$ 253,807,744

**Change in Net Position**  
last five years

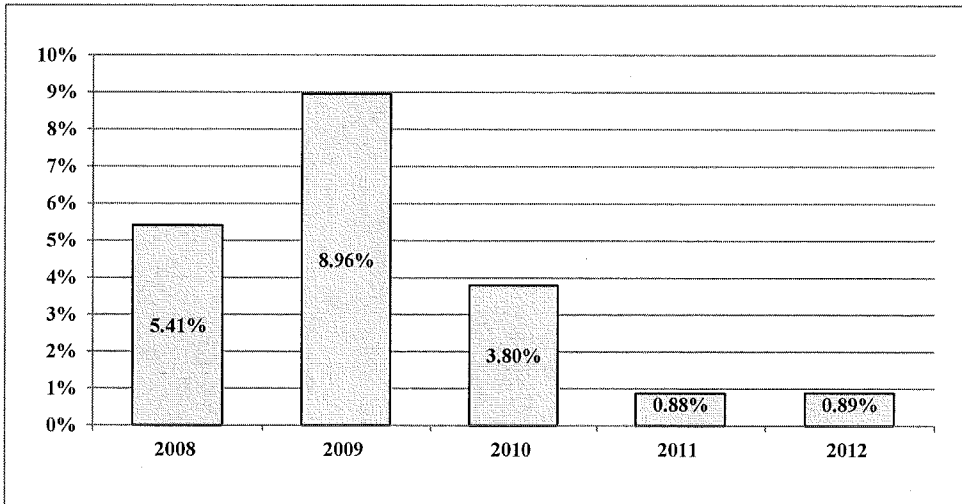


Source: City of Albany 2004-2013 Comprehensive Annual Financial Reports

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

2009	2010	2011	2012	2013	
					<b>General Revenues, continued</b>
					Business-type activities
813,948	660,343	(2,852)	8,655	12,205	Property taxes used for debt service
853,758	623,298	272,181	224,922	264,875	Unrestricted investment earnings
-	-	-	-	-	Gain on disposal of real property
663,492	3,159,835	6,858,672	2,998,110	5,785,325	Miscellaneous
2,331,198	4,443,476	7,128,001	3,231,687	6,062,405	Total business-type activities general revenues
(203,748)	(480,438)	(1,028,256)	(419,885)	(1,025,651)	Transfers
2,127,450	3,963,038	6,099,745	2,811,802	5,036,754	Total business-type activities
					<b>Change in Net Position</b>
(347,721)	15,733,321	3,808,910	(548,822)	(677,106)	Governmental activities
14,084,695	8,232,551	7,264,928	3,201,824	4,389,344	Business-type activities
13,736,974	23,965,872	11,073,838	2,653,002	3,712,238	Total Change in net position
253,807,744	267,544,716	291,510,587	302,584,425	304,234,292	Net position - beginning
-	-	-	-	-	Prior period adjustments
<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>	Net position - ending

**Year to Year Percentage Change in Net Position**  
 last five years

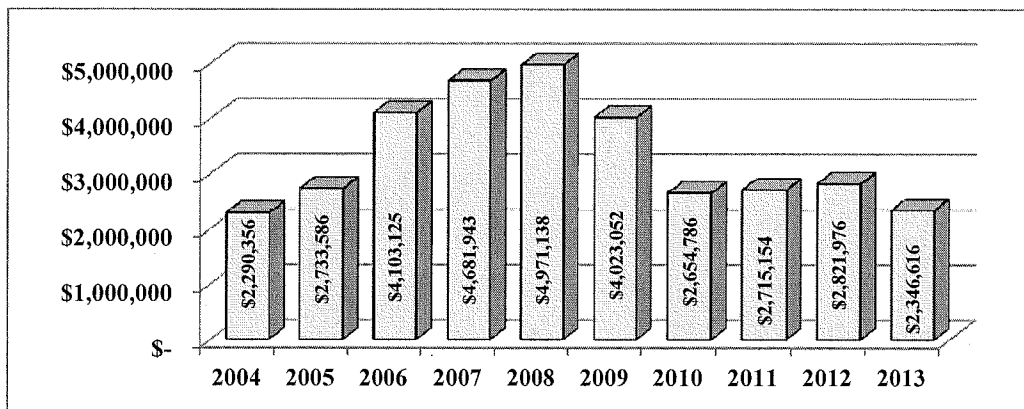


Schedule 3  
**CITY OF ALBANY, OREGON**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years (1)  
 (modified accrual basis of accounting)

	2004	2005	2006	2007	2008
<b>General Fund</b>					
Unreserved	\$ 2,290,356	\$ 2,733,586	\$ 4,103,125	\$ 4,681,943	\$ 4,971,138
Nonspendable	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total General Fund</b>	<u>2,290,356</u>	<u>2,733,586</u>	<u>4,103,125</u>	<u>4,681,943</u>	<u>4,971,138</u>
<b>All other governmental funds</b>					
Reserved for:					
Capital projects	6,012,244	8,248,404	15,591,619	9,515,787	10,555,792
Debt service	2,616,579	2,877,865	2,865,706	1,220,782	1,176,797
Library programs	89,886	90,474	8,437	11,799	11,688
Parks & Recreation programs	314,284	12,036	11,848	11,675	11,874
Perpetual care	108,906	111,585	115,189	115,834	117,502
Unreserved, reported in:					
Special revenue funds	8,021,014	8,744,939	8,338,206	15,714,635	16,884,061
Capital project fund	1,162,841	3,169,042	-	-	1,109,238
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total all other governmental funds</b>	<u>18,325,754</u>	<u>23,254,345</u>	<u>26,931,005</u>	<u>26,590,512</u>	<u>29,866,952</u>
<b>Total fund balances of governmental funds</b>	<u>\$ 20,616,110</u>	<u>\$ 25,987,931</u>	<u>\$ 31,034,130</u>	<u>\$ 31,272,455</u>	<u>\$ 34,838,090</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 2004-2013 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)

2009	2010	2011	2012	2013	
					<b>General Fund</b>
\$ 4,023,052	\$ 2,654,786	\$ -	\$ -	\$ -	Unreserved
-	-	65,245	62,147	101,672	Nonspendable
-	-	185,139	165,567	176,067	Committed
-	-	2,464,770	2,594,262	2,068,877	Unassigned
<u>4,023,052</u>	<u>2,654,786</u>	<u>2,715,154</u>	<u>2,821,976</u>	<u>2,346,616</u>	Total General Fund
					<b>All other governmental funds</b>
					Reserved for:
7,853,494	7,879,049	-	-	-	Capital projects
931,686	874,973	-	-	-	Debt service
11,464	7,265	-	-	-	Library programs
11,079	11,733	-	-	-	Parks & Recreation programs
117,502	117,500	-	-	-	Perpetual care
					Unreserved, reported in:
14,190,275	30,682,955	-	-	-	Special revenue funds
488,673	(2,046,965)	-	-	-	Capital projects fund
-	-	130,860	118,130	135,077	Nonspendable
-	-	14,739,849	10,972,119	9,537,754	Restricted
-	-	23,279,884	21,519,026	21,919,612	Committed
-	-	(2,782,392)	(298,795)	(2,778,516)	Unassigned
<u>23,604,173</u>	<u>37,526,510</u>	<u>35,368,201</u>	<u>32,310,480</u>	<u>28,813,927</u>	Total all other governmental funds
<u>\$ 27,627,225</u>	<u>\$ 40,181,296</u>	<u>\$ 38,083,355</u>	<u>\$ 35,132,456</u>	<u>\$ 31,160,543</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
2004	\$ 2,290,356	-
2005	2,733,586	19.35%
2006	4,103,125	50.10%
2007	4,681,943	14.11%
2008	4,971,138	6.18%
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%

The General Fund unreserved fund balance has decreased by -9.67 percent over the last ten years. The 2012-13 unassigned fund balance of \$2,068,877 is 7.91 percent of total expenditures before transfers out, 6.78 percent of the total General Fund 2011-12 budget, and 7.09 percent of the 2012-13 General Fund budget.

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

	2004	2005	2006	2007	2008
<b>Revenues</b>					
Taxes	\$ 17,604,792	\$ 18,460,938	\$ 20,225,202	\$ 21,369,433	\$ 22,857,443
Special assessments	980,652	2,812,677	752,013	284,316	92,321
Franchise fees, privilege taxes, licenses, and permits	6,676,869	7,988,856	7,637,192	8,173,745	7,752,797
Intergovernmental	8,319,812	12,317,895	6,643,124	7,160,835	8,303,684
Charges for services	3,072,882	3,698,501	3,722,670	4,184,394	4,608,381
Fines and forfeitures	556,974	545,296	581,972	730,232	988,983
Gifts and donations	454	3,042	3,178,018	4,119	2,008,320
Interest on investments	306,052	624,257	1,265,344	1,677,487	1,717,615
Miscellaneous	573,834	764,322	653,788	1,308,177	1,168,815
Total revenues	<u>38,092,321</u>	<u>47,215,784</u>	<u>44,659,323</u>	<u>44,892,738</u>	<u>49,498,359</u>
<b>Expenditures</b>					
General government	3,692,811	4,934,984	5,260,948	6,286,630	8,472,015
Public safety	15,577,882	16,809,154	18,302,131	20,586,681	22,040,875
Highways and streets	2,617,631	2,768,538	3,103,766	3,499,426	3,864,623
Culture and recreation	5,231,589	5,831,360	6,093,309	6,646,681	6,768,031
Capital outlay	5,000,187	13,033,514	7,871,125	4,685,842	6,183,849
Debt service					
Principal	1,097,997	2,876,939	1,328,965	3,288,914	2,900,558
Interest	1,224,295	1,201,415	1,181,496	1,342,964	1,203,625
Total expenditures	<u>34,442,392</u>	<u>47,455,904</u>	<u>43,141,740</u>	<u>46,337,138</u>	<u>51,433,576</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,649,929</u>	<u>(240,120)</u>	<u>1,517,583</u>	<u>(1,444,400)</u>	<u>(1,935,217)</u>
<b>Other financing sources (uses)</b>					
Debt issuance	-	3,720,000	1,459,399	9,065,000	5,051,998
Premium on debt issuance	-	50,244	-	121,060	-
Payment to escrow agent for refunded bonds	-	-	-	(8,200,000)	-
Capital lease	-	162,060	151,360	98,493	74,362
Transfers in	3,484,872	6,968,005	14,248,234	6,261,817	5,994,473
Transfers out	(3,083,688)	(5,207,075)	(13,341,755)	(5,663,645)	(5,619,981)
Total other financing sources (uses)	<u>401,184</u>	<u>5,693,234</u>	<u>2,517,238</u>	<u>1,682,725</u>	<u>5,500,852</u>
Prior period adjustments	-	(81,293)	1,011,378	-	-
Net change in fund balances	<u>\$ 4,051,113</u>	<u>\$ 5,371,821</u>	<u>\$ 5,046,199</u>	<u>\$ 238,325</u>	<u>\$ 3,565,635</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.

**Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures**

Total debt service expenditures	\$ 2,322,292	\$ 4,078,354	\$ 2,510,461	\$ 4,631,878	\$ 4,104,183
Total noncapital expenditures	<u>29,442,205</u>	<u>34,422,390</u>	<u>35,270,615</u>	<u>41,651,296</u>	<u>45,249,727</u>
Ratio of total debt service expenditures less refundings to total noncapital expenditures	<u>7.89%</u>	<u>11.85%</u>	<u>7.12%</u>	<u>11.12%</u>	<u>9.07%</u>

Source: City of Albany 2004-2013 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)

2009	2010	2011	2012	2013	
					<b>Revenues</b>
\$ 23,723,701	\$ 25,163,569	\$ 26,932,006	\$ 26,567,049	\$ 26,566,424	Taxes
82,653	64,604	42,830	47,734	28,863	Special assessments
6,654,711	6,390,875	6,169,128	5,649,180	5,831,905	Franchise fees, privilege taxes, licenses, and permits
7,124,187	8,129,421	9,331,327	9,389,439	9,039,634	Intergovernmental
5,599,253	5,043,672	5,204,052	4,967,810	5,697,879	Charges for services
927,897	839,861	769,200	731,135	3,101	Fines and forfeitures
-	-	-	-	-	Gifts and donations
964,613	595,031	348,336	262,531	397,315	Interest on investments
2,776,430	19,366,270	481,375	836,338	1,180,098	Miscellaneous
47,853,445	65,593,303	49,278,254	48,451,216	48,745,219	Total revenues
					<b>Expenditures</b>
8,223,631	9,002,393	5,916,136	5,444,422	7,064,448	General government
23,932,216	24,225,530	25,218,770	25,643,030	24,762,823	Public safety
3,651,135	3,599,042	3,553,451	3,483,170	3,472,264	Highways and streets
7,349,399	7,569,933	7,078,644	8,475,037	7,608,139	Culture and recreation
9,541,626	8,135,811	5,975,749	5,800,086	6,226,543	Capital outlay
					Debt service
3,854,453	1,908,434	3,585,926	2,017,524	3,905,432	Principal
1,170,493	1,112,461	1,075,775	958,731	870,010	Interest
57,722,953	55,553,604	52,404,451	51,822,000	53,909,659	Total expenditures
(9,869,508)	10,039,699	(3,126,197)	(3,370,784)	(5,164,440)	Excess (deficiency) of revenues over (under) expenditures
					<b>Other financing sources (uses)</b>
2,102,500	1,958,800	-	-	-	Debt issuance
-	-	-	-	-	Premium on debt issuance
-	-	-	-	-	Payment to escrow agent for refunded bonds
352,395	75,139	-	-	166,876	Capital lease
5,869,492	5,836,489	10,705,097	10,417,617	4,960,950	Transfers in
(5,665,744)	(5,356,051)	(9,676,841)	(9,997,732)	(3,935,299)	Transfers out
2,658,643	2,514,377	1,028,256	419,885	1,192,527	Total other financing sources (uses)
-	-	-	-	-	Prior period adjustments
\$ (7,210,865)	\$ 12,554,076	\$ (2,097,941)	\$ (2,950,899)	\$ (3,971,913)	Net change in fund balances
\$ 3,324,946	\$ 3,020,895	\$ 4,661,701	\$ 2,976,255	\$ 4,775,442	Total debt service expenditures
48,181,327	47,417,793	46,428,702	46,021,914	47,683,116	Total noncapital expenditures
6.90%	6.37%	10.04%	6.47%	10.01%	Ratio of total debt service expenditures less refundings to total noncapital expenditures



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

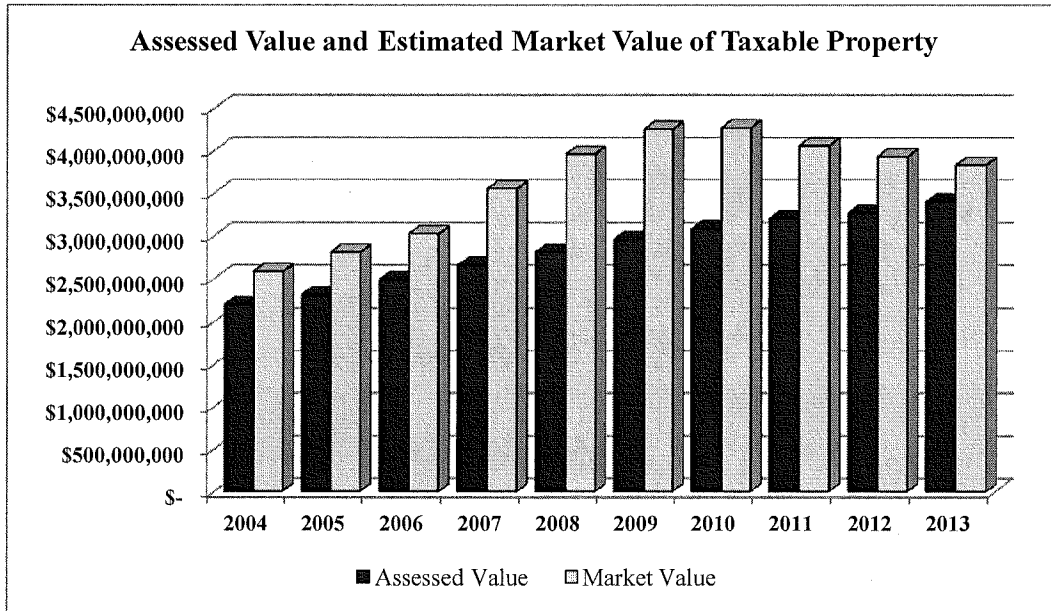
Fiscal Year Ended June 30,	County	Taxable Assessed Value (1)	Direct Tax Rate Per \$1,000 of Assessed Value	Urban Renewal District Assessed Value (2)	Total Assessed Value	Estimated Market Value	Assessed Value as a % of Market Value
2004	Linn	1,837,116,379	8.12	24,077,227	1,861,193,606	2,146,957,508	86.69%
	Benton	358,947,500	8.12	-	358,947,500	434,014,740	82.70%
	Total	2,196,063,879		24,077,227	2,220,141,106	2,580,972,248	86.02%
2005	Linn	1,913,454,224	8.04	34,121,937	1,947,576,161	2,333,811,851	83.45%
	Benton	395,736,624	8.04	-	395,736,624	472,209,130	83.81%
	Total	2,309,190,848		34,121,937	2,343,312,785	2,806,020,981	83.51%
2006	Linn	2,061,601,036	8.09	41,571,478	2,103,172,514	2,505,957,967	83.93%
	Benton	428,648,082	7.96	-	428,648,082	517,706,517	82.80%
	Total	2,490,249,118		41,571,478	2,531,820,596	3,023,664,484	83.73%
2007	Linn	2,202,687,502	8.02	50,945,385	2,253,632,887	2,887,626,123	78.04%
	Benton	454,804,642	7.78	-	454,804,642	664,234,567	68.47%
	Total	2,657,492,144		50,945,385	2,708,437,529	3,551,860,690	76.25%
2008	Linn	2,323,996,912	8.04	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	2,762,432,910	7.52	123,803,553	2,886,236,463	3,087,680,619	93.48%
	Benton	636,151,862	7.52	-	636,151,862	742,624,187	85.66%
	Total	3,398,584,772		123,803,553	3,522,388,325	3,830,304,806	91.96%

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

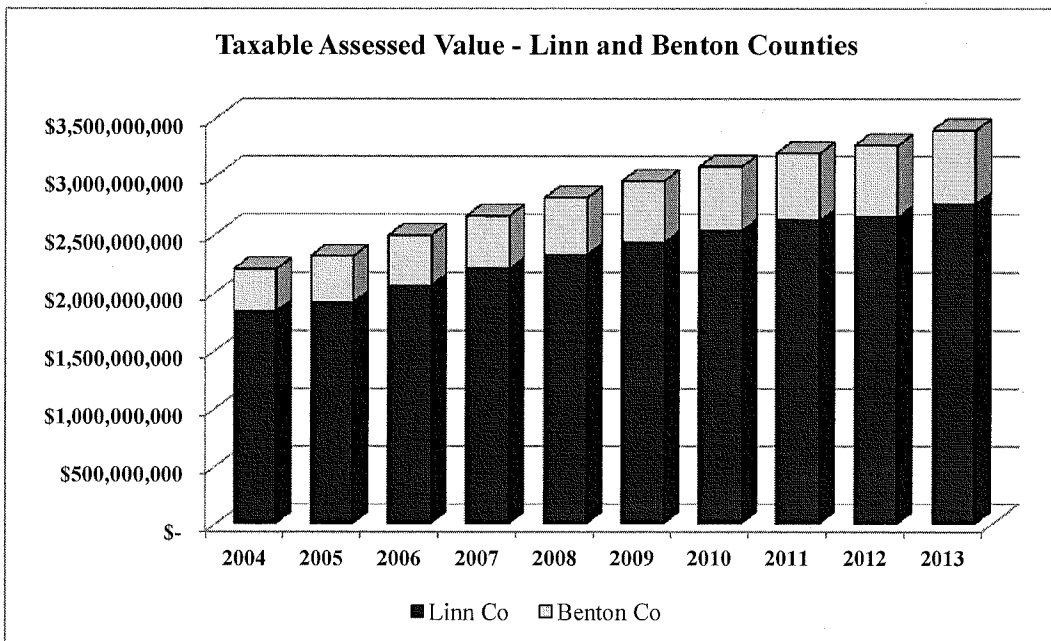
(2) Urban renewal district incremental amount.

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



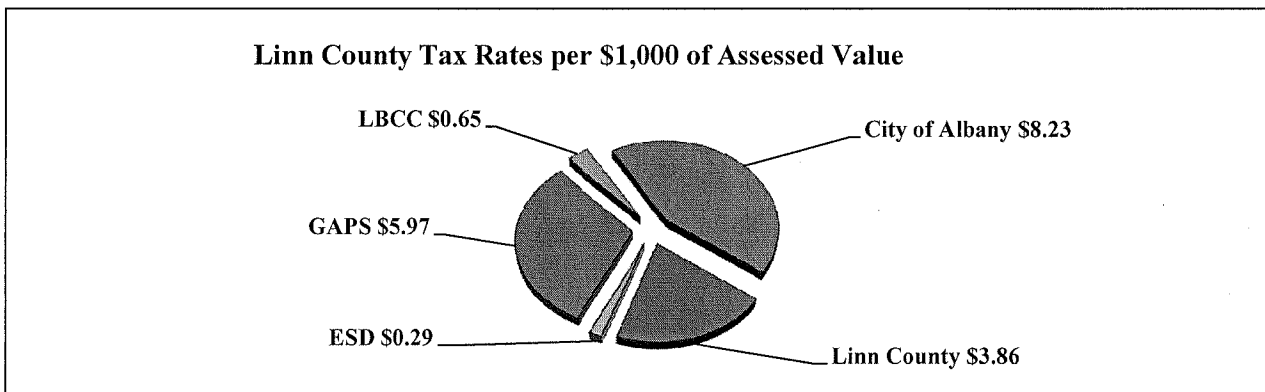
The "gap" between the market value and the assessed value is important to note. Oregon statutes allow the assessed value on a single piece of property to rise no more than three percent annually up to the market value, where the assessed value is capped. Currently, the assessed value is 91.96 percent of market value, leaving a \$307,916,481 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
2004	Linn	6.40	0.95	0.77	8.12	0.18	8.30
	Benton	6.40	0.95	0.77	8.12	0.18	8.30
2005	Linn	6.40	0.95	0.69	8.04	0.20	8.24
	Benton	6.40	0.95	0.69	8.04	0.15	8.19
2006	Linn	6.40	0.95	0.74	8.09	0.27	8.36
	Benton	6.35	0.88	0.73	7.96	0.21	8.17
2007	Linn	6.40	0.95	0.67	8.02	0.30	8.32
	Benton	6.28	0.93	0.66	7.87	0.23	8.10
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



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

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

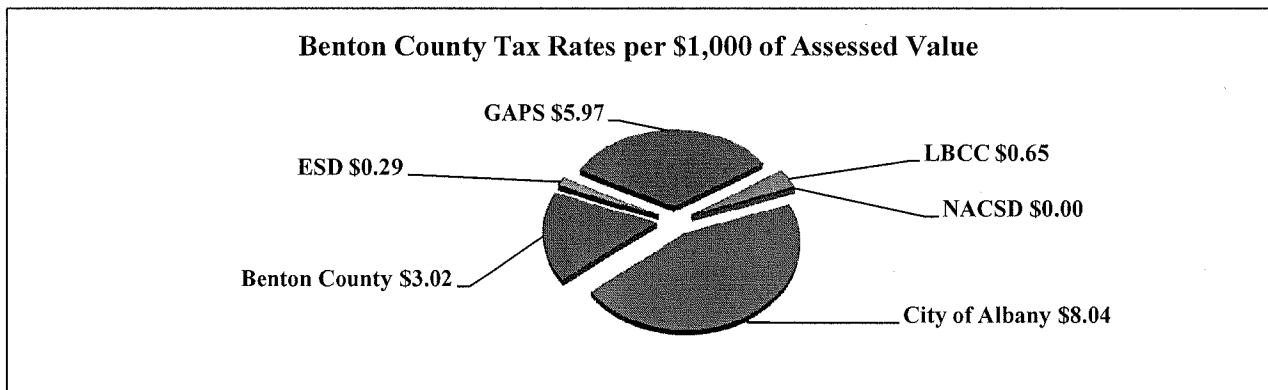
LBCC - Linn-Benton Community College  
 NACSD - North Albany County Service District

Source: Linn and Benton County Tax Assessors

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

Overlapping Rates

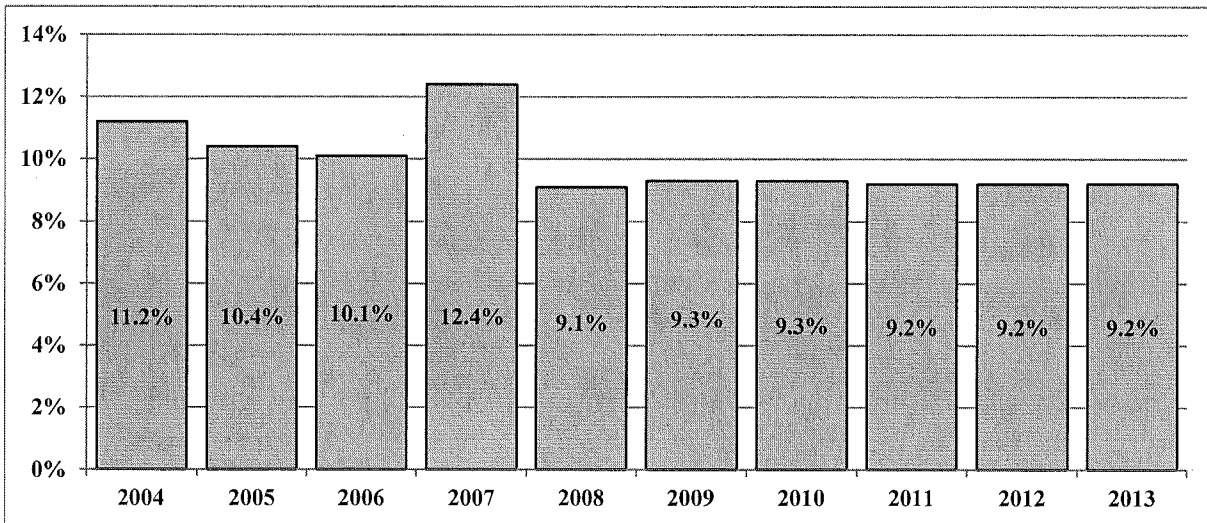
Linn County	Benton County	4H Extension District (2)	ESD(2) Linn/Benton Counties	Greater Albany Public School District	Linn-Benton Community College	North Albany County Service District	Total Direct & Overlapping Rates
3.34	-	-	0.30	4.92	0.67	-	17.53
-	2.86	-	0.28	4.64	0.64	0.39	17.11
3.43	-	-	0.30	4.96	0.68	-	17.61
-	2.49	-	0.30	4.89	0.67	0.35	16.89
3.31	-	-	0.30	4.84	0.67	-	17.48
-	2.54	-	0.30	4.84	0.67	0.33	16.85
3.60	-	-	0.30	6.03	0.66	-	18.91
-	2.51	-	0.30	6.03	0.66	0.31	17.91
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	-	19.04
-	2.94	-	0.29	5.98	0.66	-	17.88
3.86	-	0.05	0.29	5.97	0.65	-	19.06
-	3.02	-	0.29	5.97	0.65	-	17.98



Schedule 7  
**CITY OF ALBANY, OREGON**  
**PRINCIPAL PROPERTY TAXPAYERS**  
 Fiscal Years 2003-2004 and 2012-2013

Taxpayer	2012-2013		% of	2003-2004		% of
	Taxable Assessed Value	Rank	Total Taxable Assessed Value	Taxable Assessed Value	Rank	Total Taxable Assessed Value
Dayton Hudson Corporation	\$ 74,484,570	1	2.19%	\$ 70,212,970	1	3.16%
Oregon Metallurgical Corporation	52,994,720	2	1.56%	26,791,050	2	1.21%
Oregon Freeze Dry Foods, Inc.	34,900,480	3	1.03%	22,236,430	4	1.00%
Comcast Corporation	28,856,100	4	0.85%	-	6	0.00%
Pacific Cast Technologies	26,901,050	5	0.79%	16,295,040	6	0.73%
Wells Fargo Bank (1)	-	0	0.00%	17,526,540	5	-
Waverly Land Management	24,117,140	6	0.71%	23,230,550	3	1.05%
Northwest Natural Gas	18,275,000	7	0.54%	-	-	-
Pacificorp (PP&L)	17,829,000	8	0.52%	-	-	-
Metropolitan Life Insurance	17,938,630	9	0.53%	16,236,180	7	-
Wal-Mart Real Estate	16,628,610	10	0.49%	-	0	0.00%
Synthetec	-	-	-	15,271,950	8	0.69%
National Frozen Foods	-	-	-	12,032,390	9	0.54%
National Health Properties	-	-	-	11,758,690	10	0.53%
<b>Total</b>	<b>\$ 312,925,300</b>		<b>9.21%</b>	<b>\$ 231,591,790</b>		<b>10.43%</b>
Utilities:						
Phone, electricity, natural gas	\$ 109,904,217		3.23%	\$ 71,787,114		3.23%
<b>Total taxable assessed value, all properties</b>	<b>\$ 3,398,584,772</b>			<b>\$ 2,220,141,106</b>		

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



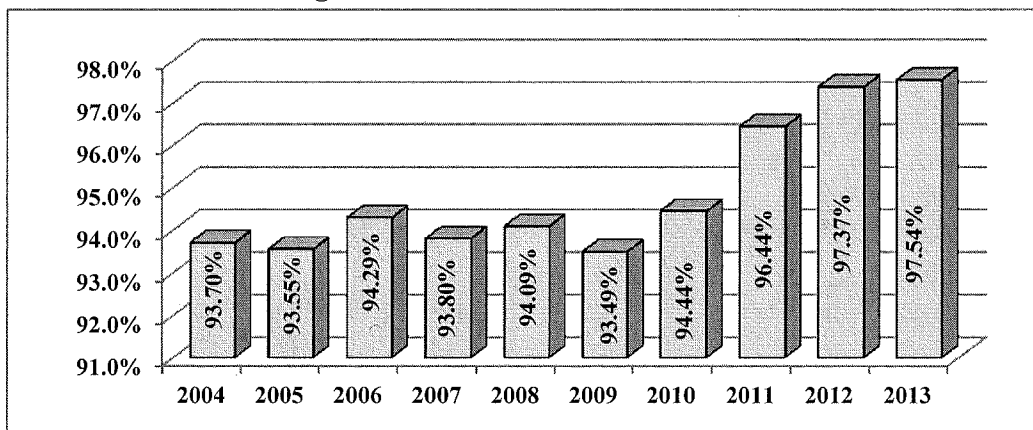
Source: Linn and Benton County Tax Assessors

(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
2004	18,341,731	17,185,584	93.70%	654,919	17,840,503	97.27%
2005	19,312,644	18,066,785	93.55%	650,735	18,717,520	96.92%
2006	20,740,111	19,555,255	94.29%	662,008	20,217,263	97.48%
2007	22,142,401	20,770,157	93.80%	764,316	21,534,473	97.25%
2008	23,648,423	22,251,321	94.09%	686,679	22,938,000	97.00%
2009	24,835,283	23,217,769	93.49%	832,738	24,050,507	96.84%
2010	25,742,434	24,311,929	94.44%	907,879	25,219,808	97.97%
2011	27,273,089	26,303,489	96.44%	1,068,591	27,372,080	100.36%
2012	26,575,455	25,877,086	97.37%	1,011,473	26,888,559	101.18%
2013	26,473,672	25,822,827	97.54%	-	25,822,827	97.54%

**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 95.01 percent of the levy as extended by the assessors.

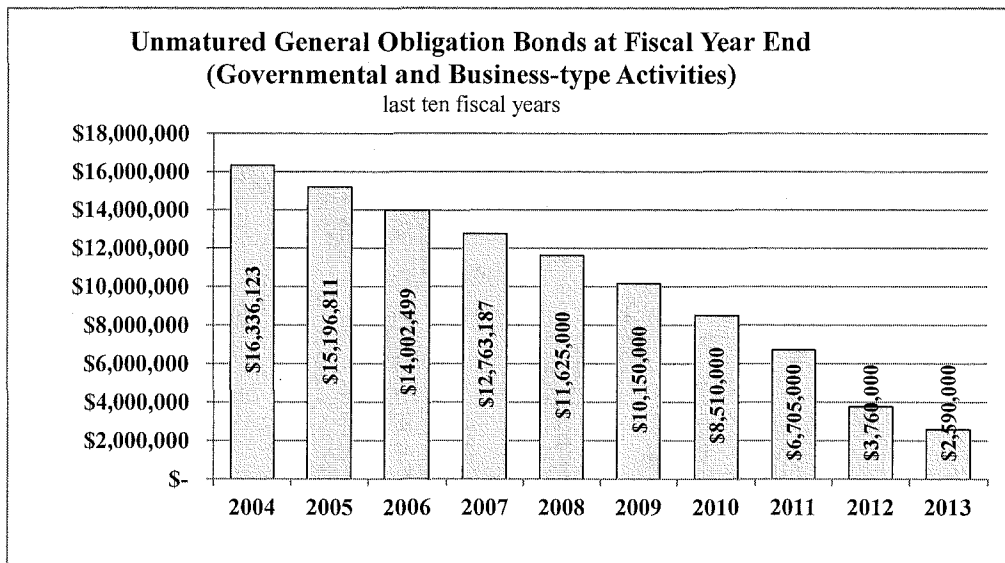
There are three ways in which property tax revenue can be adversely affected by a slowdown in the economy: 1) market value falls below assessed value; 2) assessed value falls; and 3) the rate of tax collection falls. Because of the healthy gap between market values and assessed values, there would be 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 2013-14 revenues. The tax collection rate will also be a factor in the preparation of the 2014-15 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	Special Assessment Debt (1)	Revenue Bonds	Limited Tax Pension Obligations	Certificates of Participation	General Revenue Obligations	Urban Renewal (UR) TIF Bonds (2)	Notes Payable	Capital Leases
2004	11,375,000	2,577,645	1,570,000	6,826,913	1,990,000	-	-	338,356	-
2005	10,845,000	2,341,549	1,410,000	6,813,236	1,850,000	-	-	320,132	-
2006	10,290,000	2,097,840	1,230,000	6,783,389	-	3,720,000	-	301,749	162,060
2007	9,710,000	1,841,385	1,030,000	6,739,431	-	3,490,000	-	1,742,596	205,218
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



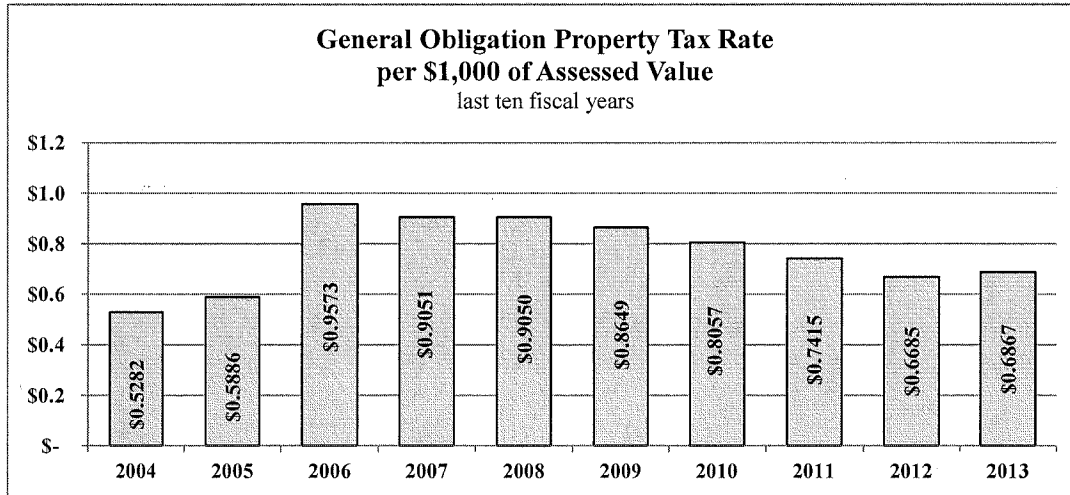
As the above chart indicates, there has been a nearly linear reduction in the amount of the outstanding general obligation debt over the last ten years. The trend will continue as the existing bonds approach retirement. The City plans to replace the bonds with construction bonds for a new Police and Fire Station subject to voter approval.

- (1) Special assessment debt with governmental commitment
- (2) TIF-Tax Increment Financing
- (3) Includes \$60,825,784 State of Oregon Revolving Fund loan for the new sewage treatment plant
- (4) 2003 Water Revenue bonds defeased and replaced with 2013 Water Refunding Bonds

Source: City of Albany 2004-2013 Comprehensive Annual Financial Reports

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
4,961,123	4,770,995	5,127,458	553,550	1,449,723	41,540,763	1.81%	1,066
4,351,811	40,192,681	2,699,857	504,589	1,288,641	72,617,496	1.64%	983
3,712,499	38,987,677	2,278,559	452,819	1,127,561	71,144,153	2.83%	1,666
3,053,187	37,767,673	1,852,261	398,162	966,481	68,796,394	2.64%	1,616
2,390,000	36,790,000	1,475,000	340,458	30,063,744	93,378,948	2.50%	1,517
1,630,000	35,510,000	1,000,000	279,583	47,923,068	110,712,220	3.20%	2,003
835,000	34,200,000	505,000	215,267	55,399,277	113,876,157	3.76%	2,332
-	32,855,000	-	147,365	73,114,000	128,720,450	3.78%	2,566
-	30,840,000	-	-	69,012,321	116,708,625	3.32%	2,310
-	28,405,000	-	-	65,742,674	107,086,982	n/a	2,112

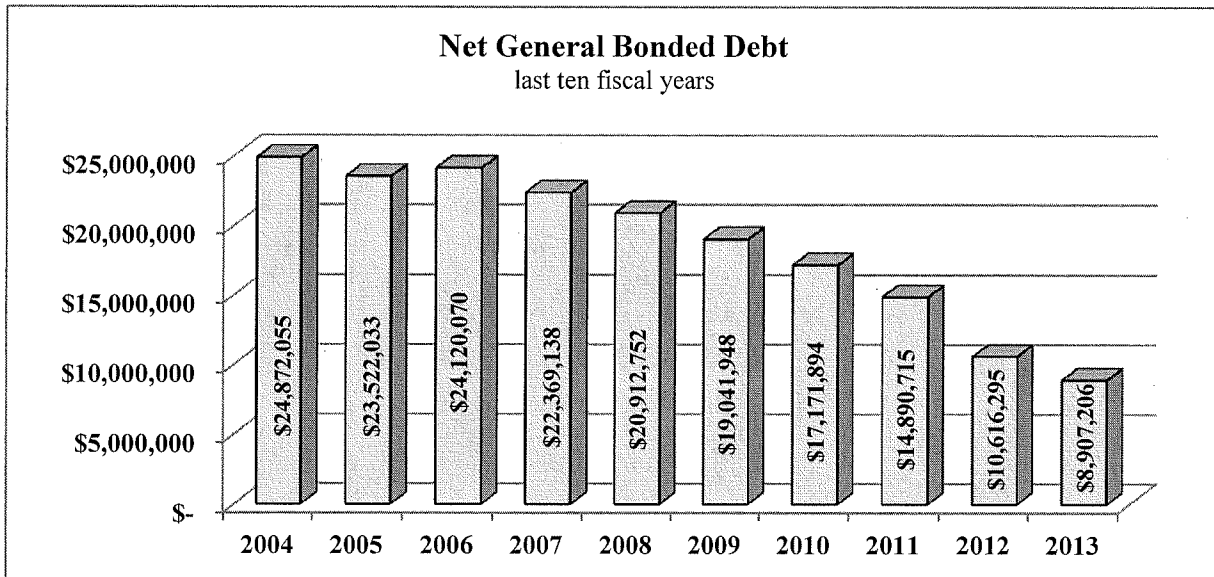


The average annual increase in assessed value over the ten-year period is just under six percent, with a high of 7.84 percent in 2006 and a low of 2.16 percent in 2012. Beginning with the 2012-13 Fiscal Year, assuming a modest one percent annual increase in assessed value and no new general obligation debt, the property tax rate per \$1,000 of assessed value will fall from \$0.69 to \$0.42 to \$0.43 per \$1,000 for three years until all current general obligation debt is retired at the end of Fiscal Year 2014-15.



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	Certificates of Participation	General Revenue Obligations
2004	41,650	2,196,063,879	16,336,123	6,826,913	1,990,000	-
2005	42,280	2,309,190,848	15,196,811	6,813,236	1,850,000	-
2006	43,600	2,490,249,118	14,002,499	6,783,389	-	3,720,000
2007	44,030	2,657,492,114	12,763,187	6,739,431	-	3,490,000
2008	45,360	2,811,152,883	11,625,000	6,683,781	-	3,265,000
2009	46,610	2,955,953,046	10,150,000	6,618,738	-	2,960,000
2010	47,470	3,080,261,259	8,510,000	6,545,507	-	2,645,000
2011	48,770	3,197,043,335	6,705,000	6,463,368	-	2,325,000
2012	50,520	3,266,101,486	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



(1) General bonded debt includes general obligation bonds and other bonded debt financed with any general governmental resources excluding special assessment bonds.

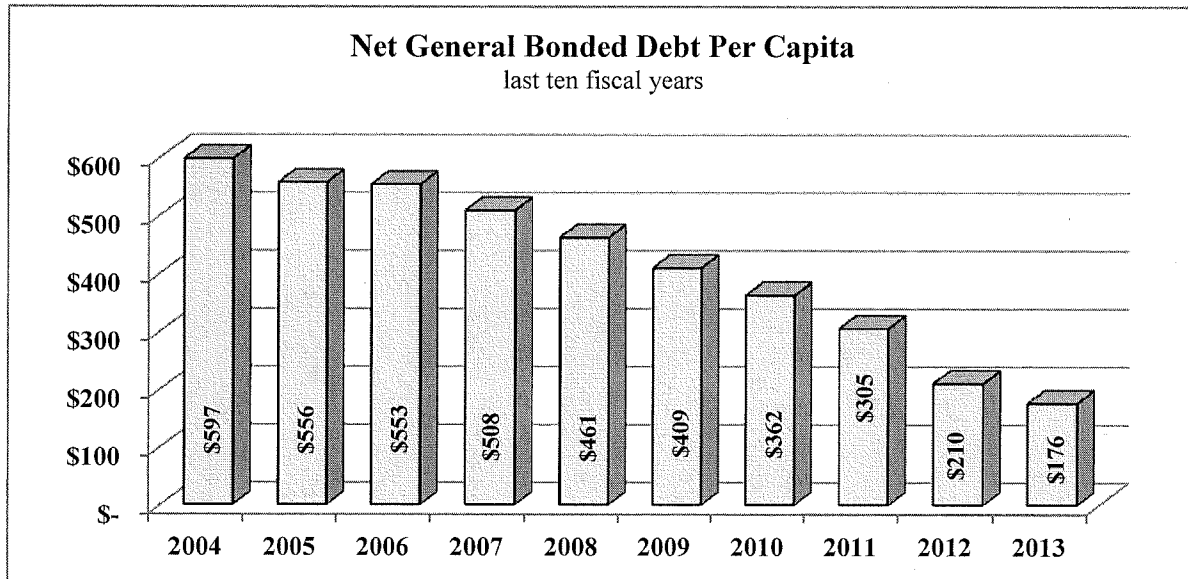
(2) In March 1999, \$9,850,000 of general obligation bonds were issued to finance the reconstruction of four major arterial roads within the City.

(3) \$164,338 available for General Obligation Debt. \$239,145 available for the Limited Tax Pension Bonds.

Source: City of Albany 2004-2013 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	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
280,981	\$ 24,872,055	1.1326%	\$ 597.17	0.97%
338,014	23,522,033	1.0186%	556.34	0.87%
385,818	24,120,070	0.9686%	553.21	0.87%
623,480	22,369,138	0.8417%	508.04	0.77%
661,029	20,912,752	0.7439%	461.04	0.71%
686,790	19,041,948	0.6442%	408.54	0.59%
528,613	17,171,894	0.5575%	361.74	0.53%
602,653	14,890,715	0.4658%	305.33	0.44%
317,262	10,616,295	0.3250%	210.14	0.30%
403,483 (3)	8,907,206	0.2621%	175.65	n/a



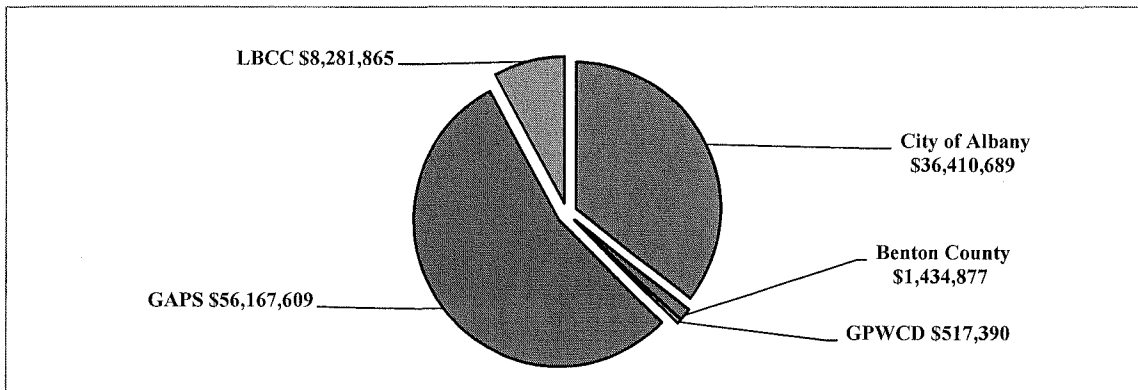
Let us not seek the Republican answer or the Democratic answer, but the right answer. Let us not seek to fix the blame for the past. Let us accept our own responsibility for the future.

John F. Kennedy

Schedule 11  
**CITY OF ALBANY, OREGON**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)**  
as of June 30, 2012

Jurisdiction	Net Outstanding Debt	Percentage Applicable to the City of Albany (1)	Amount Applicable to the City of Albany
<b>DIRECT DEBT</b>			
City of Albany (2) (3)	\$ 36,410,689	100.0000%	\$ 36,410,689
<b>OVERLAPPING DEBT</b>			
Benton County	17,758,081	12.2200%	1,434,877
Grand Prairie Water Control District (GPWCD)	674,471	76.9900%	517,390
Greater Albany Public School (GAPS) District 8J	72,311,514	73.6500%	56,167,609
Linn Benton Community College (LBCC)	36,564,424	23.0100%	8,281,865
Total overlapping debt	127,308,490		66,401,741
Total direct and overlapping debt	\$ 163,719,179		\$ 102,812,430

**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

2007 General Obligation Bonds	\$ 2,590,000
2013 Water Refunding	28,405,000
2002 Limited Tax Pension Obligations	5,415,689
Total City of Albany net outstanding debt - bonded	<u>36,410,689</u>

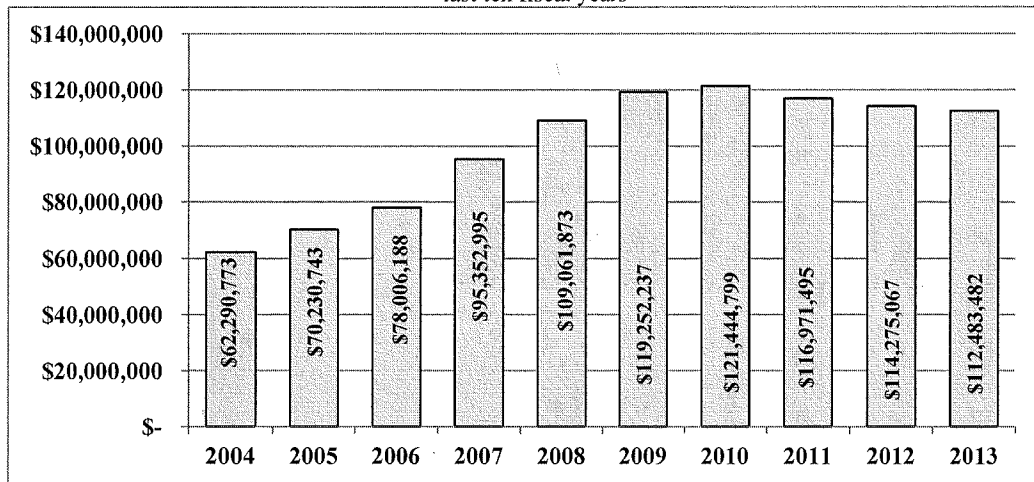
(3) Remaining City of Albany net outstanding debt

2004 General Revenue Obligations	1,305,000
2007 CARA Series A (Taxable) & B (Tax-exempt) UR Bonds	3,307,000
OEDD - Target Notes Payable	102,341
2013 Capital Leases for City of Albany Police Cars	219,278
Public Works SRF & Wetland Notes Payable	65,742,674
Total Remaining City of Albany net outstanding debt	<u>70,676,293</u>
Grand Total of City of Albany net outstanding debt	<u>\$ 107,086,982</u>

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

	2004	2005	2006	2007
Debt limitation	\$ 77,149,570	\$ 83,847,424	\$ 90,355,908	\$ 106,555,821
Total net debt applicable to limitation	14,858,797	13,616,681	12,349,720	11,202,826
Legal debt margin	<u>\$ 62,290,773</u>	<u>\$ 70,230,743</u>	<u>\$ 78,006,188</u>	<u>\$ 95,352,995</u>
Ratio of net debt applicable to the debt limitation	<u>19.26%</u>	<u>16.24%</u>	<u>13.67%</u>	<u>10.51%</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 decreased from 94.96 percent to 80.58 percent (\$50,192,709) over the last four years. The reason for this decrease is that during the same period, the City's true cash value decreased 5.6 percent (\$6,818,621) yet the City's general obligation debt decreased by 83.68 percent (\$12,433,135). Current economic conditions will have an effect on the legal debt margin.

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

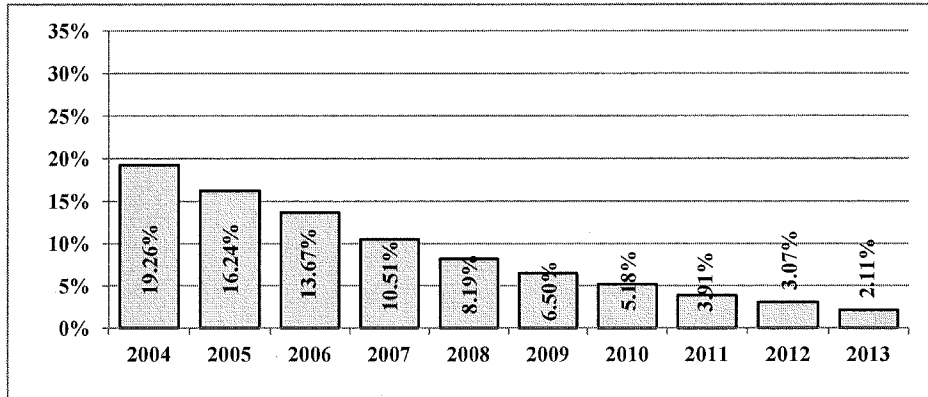
Schedule 12  
**CITY OF ALBANY, OREGON**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
 Last Ten Fiscal Years

2008	2009	2010	2011	2012	2013	
\$118,794,436	\$127,544,266	\$128,080,822	\$121,727,765	\$117,889,589	\$114,909,144	Debt limitation
9,732,563	8,292,029	6,636,023	4,756,270	3,614,522	2,425,662	Total net debt applicable to limitation
<u>\$109,061,873</u>	<u>\$119,252,237</u>	<u>\$121,444,799</u>	<u>\$116,971,495</u>	<u>\$114,275,067</u>	<u>\$112,483,482</u>	Legal debt margin
8.19%	6.50%	5.18%	3.91%	3.07%	2.11%	Ratio of net debt applicable to the debt limitation

**Legal debt margin calculation for Fiscal Year**

True cash value	\$ 3,830,304,806
General obligation debt limit - 3% of true cash value	3%
General obligation debt limit	114,909,144
Gross general obligation bonded debt principal	
2007 General Obligation Refunding Bonds	2,590,000
Less: Debt service monies available	
Debt Service Fund:	
2007 GO Refunding bonds	164,338
Net debt subject to the three percent limitation	2,425,662
Legal debt margin	<u>\$ 112,483,482</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**  
**PLEDGED REVENUE COVERAGE**  
 Last Ten Fiscal Years

**Water Revenue Debt (Coverage requirement equals 125%)**

Fiscal Year Ended June 30,	Operating Revenues	Less:		Net Available Resources	Debt Service			Coverage Percentage
		Operating Expenses	Depreciation		Principal	Interest	Total	
2004	11,204,936	7,377,883	1,410,113	5,237,166	543,960	254,876	798,836	655.60%
2005	10,726,171	6,778,877	1,359,107	5,306,401	1,266,770	1,796,347	3,063,117	173.24%
2006	11,081,731	8,305,444	1,754,196	4,530,483	1,284,657	1,769,010	3,053,667	148.36%
2007	12,145,427	9,378,920	2,049,219	4,815,726	1,307,704	1,741,163	3,048,867	157.95%
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%

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:		Net Available Resources	Debt Service			Coverage Percentage
		Operating Expenses	Depreciation		Principal	Interest	Total	
1997	\$ 4,624,875	\$ 3,182,087	\$ -	\$ 1,442,788	\$ 340,000	\$ 335,363	\$ 675,363	213.63%
1998	4,851,266	3,154,384	-	1,696,882	355,000	315,931	670,931	252.91%
2004	6,785,751	7,415,026	1,964,346	1,335,071	475,000	208,854	683,854	195.23%
2005	7,572,603	7,344,017	1,967,278	2,195,864	445,000	64,431	509,431	431.04%
2006	8,745,070	7,975,160	2,057,449	2,827,359	450,000	57,373	507,373	557.25%
2007	9,685,266	8,736,409	2,130,168	3,079,025	465,000	331,354	796,354	386.64%
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%

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.

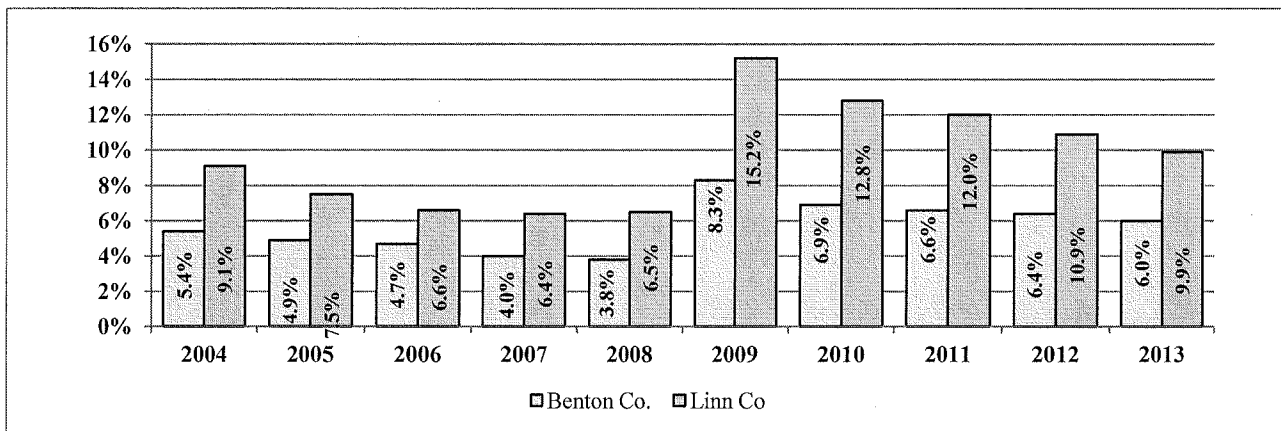
Source: City of Albany 2004-2013 Comprehensive Annual Financial Reports

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

Fiscal Year Ended June 30,	Albany-Lebanon Micropolitan Statistical Area						
	City of Albany Population(1)	Population(1)	Personal Income(2)	Per Capita Personal Income(2)	Albany School Enrollment(3)	Unemployment Rate (4)	
						Linn Co.	Benton Co.
2004	43,600	104,900	2,569,945,100	24,499	8,517	9.1%	5.4%
2005	44,030	106,350	2,694,909,000	25,340	8,721	7.5%	4.9%
2006	45,360	107,150	2,756,969,500	25,730	8,972	6.6%	4.7%
2007	46,610	108,250	2,913,657,000	26,916	9,169	6.4%	4.0%
2008	47,470	109,320	2,942,457,120	26,916	9,100	6.5%	3.8%
2009	48,770	110,815	3,243,887,495	29,273	9,197	15.2%	8.3%
2010	49,165	110,185	3,245,058,435	29,451	9,213	12.8%	6.9%
2011	50,158	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	n/a	n/a	9,941	9.9%	6.0%

Over the last ten years, the City's population has increased by 16.31 percent (7,110). From 2004 to 2011 per capita personal income has risen by 19.18 percent (\$4,698) in the Albany-Lebanon micropolitan statistical area. Albany's city boundaries span two counties: Linn County (population 43,946) and Benton County (population 6,764). As of Fiscal Year 2011-12 (per capita data lags one year), per capita personal income was \$30,083 for Linn County, \$38,677 for Benton County, and \$38,786 for the state as a whole. For the ten-year period, enrollment in the Greater Albany Public School District increased by 16.72 percent (1,424 students).

**Unemployment Rates, Linn and Benton Counties**  
last 10 fiscal years



Sources:

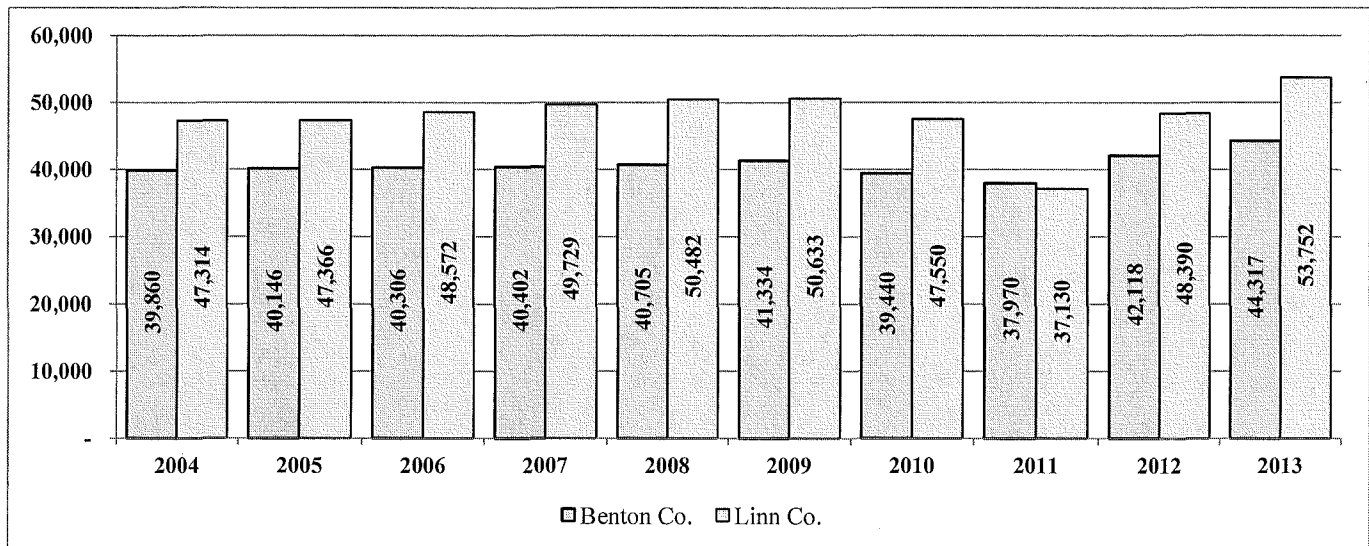
- (1) Portland State University, Population Research and Census Center
- (2) U. S. Department of Commerce, Bureau of Economic Analysis (2012 is the most current data available)
- (3) Greater Albany Public School District 8J
- (4) State of Oregon, Employment Department



Schedule 15  
**CITY OF ALBANY, OREGON**  
**ALBANY AREA PRINCIPAL EMPLOYERS**  
for the Fiscal Years ended June 30, 2004, and June 30, 2013

Employer	June 30, 2013			June 30, 2004		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Oregon State University	9,240	1	10.21%	8,753	1	9.96%
Samaritan Health Services (Albany General Hospital - 1998)	5,150	2	5.69%	842	6	0.96%
Hewlett Packard	2,000	3	2.21%	4,200	2	4.78%
Greater Albany Public School District 8J	1,012	4	1.12%	984	5	1.12%
Linn Benton Community College	978	5	1.08%	1,400	3	1.59%
ATI Wah Chang (Teledyne Wah Chang - 1997)	857	6	0.95%	1,000	4	1.14%
Linn County	695	7	0.77%	747	0	0.85%
Dayton-Hudson Corporation (Target)	631	8	0.70%	680	9	0.77%
City of Albany	389	9	0.43%	334	10	0.38%
Express Personnel	300	10	0.33%	-		0.00%
International Paper (Willamette Industries - 1997)	-	-		827	7	0.94%
<b>Totals</b>	<b>21,252</b>		<b>23.48%</b>	<b>19,767</b>		<b>22.50%</b>
<b>Total employment in Linn and Benton Counties</b>	<b>90,508</b>			<b>87,867</b>		

**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. The figures range from a low of 20.87 percent in 2006 to a high of 23.96 percent in 2011. Total employment in Benton and Linn Counties has increased by 3.01 percent (2,641 jobs) over the last ten years. For the ten-year period, the low point was 75,100 jobs in June 2010, and the high point was 98,069 jobs in June 2008. 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

Four score and seven years ago our fathers brought forth on this continent a new nation, conceived in liberty, and dedicated to the proposition that all men are created equal.

Now we are engaged in a great civil war, testing whether that nation, or any nation so conceived and so dedicated, can long endure. We are met on a great battlefield of that war. We have come to dedicate a portion of that field, as a final resting place for those who here gave their lives that that nation might live. It is altogether fitting and proper that we should do this.

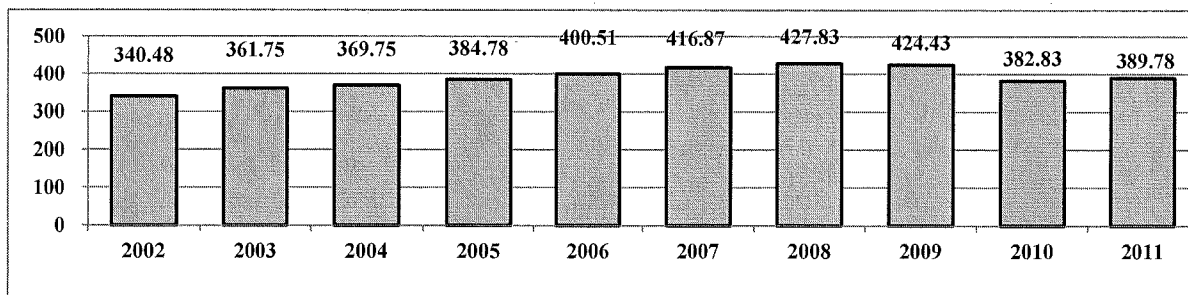
But, in a larger sense, we cannot dedicate, we cannot consecrate, we cannot hallow this ground. The brave men, living and dead, who struggled here, have consecrated it, far above our poor power to add or detract. The world will little note, nor long remember what we say here, but it can never forget what they did here. It is for us the living, rather, to be dedicated here to the unfinished work which they who fought here have thus far so nobly advanced. It is rather for us to be here dedicated to the great task remaining before us—that from these honored dead we take increased devotion to that cause for which they gave the last full measure of devotion—that we here highly resolve that these dead shall not have died in vain—that this nation, under God, shall have a new birth of freedom—and that government of the people, by the people, for the people, shall not perish from the earth.

November 19, 1863 at Gettysburg, Pennsylvania  
Abraham Lincoln

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

Function	2004	2005	2006	2007	2008
<b>GOVERNMENTAL ACTIVITIES</b>					
General Government					
Building Maintenance	2.85	2.85	2.00	-	-
Economic Development	-	-	-	1.00	3.77
Public Transit	5.95	5.75	5.75	5.75	9.34
Planning	7.50	7.50	7.50	8.50	8.50
Building Inspection	9.25	9.25	9.25	12.00	12.00
Electrical Permit Program	1.25	1.25	1.25	1.50	1.50
Total General Government	26.80	26.60	25.75	28.75	35.10
Public Safety					
Fire	65.00	73.00	76.00	76.00	75.00
Police	72.00	86.25	86.25	87.00	92.00
Municipal Court	4.03	4.05	4.05	4.05	4.05
Total Public Safety	141.03	163.30	166.30	167.05	171.05
Highways and Streets					
Street Fund	12.30	11.50	10.65	8.00	10.20
Airport	-	-	-	-	-
Total Highways and Streets	12.30	11.50	10.65	8.00	10.20
Culture and Recreation					
Parks & Recreation	25.21	25.21	26.36	29.94	30.98
Library	19.59	19.59	20.04	20.04	20.04
Total Culture and Recreation	44.80	44.80	46.40	49.98	51.01
Total Governmental Activities	224.93	246.20	249.10	253.78	267.36
<b>BUSINESS-TYPE ACTIVITIES</b>					
Enterprise					
Water	37.50	37.50	27.04	20.50	28.21
Sewer	38.00	38.00	26.31	21.50	29.59
Total Enterprise	75.50	75.50	53.35	42.00	57.80
Internal Service					
Central Services	32.40	32.40	35.30	37.00	40.60
Public Works Services	-	-	26.00	52.00	34.75
Equipment Maintenance	7.65	7.65	6.00	-	-
Total Internal Service	40.05	40.05	67.30	89.00	75.35
Total Business-type Activities	115.55	115.55	120.65	131.00	133.15
Grand Total - All Full-time Equivalents	340.48	361.75	369.75	384.78	400.51

**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

2009	2010	2011	2012	2013	
					<b>GOVERNMENTAL ACTIVITIES</b>
-	-	-	-	-	General Government
3.00	1.00	1.00	1.00	1.00	Building Maintenance
10.18	11.68	10.68	10.63	10.63	Economic Development
9.00	9.50	9.50	7.50	7.50	Public Transit
14.50	14.00	14.00	7.50	6.50	Planning
1.50	1.50	1.50	0.75	0.75	Building Inspection
38.18	37.68	36.68	27.38	26.38	Electrical Permit Program
					Total General Government
					Public Safety
78.00	80.00	79.60	73.60	79.20	Fire
93.25	94.25	94.25	87.75	87.88	Police
5.13	5.38	5.38	4.38	4.38	Municipal Court
176.38	179.63	179.23	165.73	171.45	Total Public Safety
					Highways and Streets
8.00	8.00	8.00	7.45	7.45	Street Fund
-	-	0.50	0.10	0.10	Airport
8.00	8.00	8.50	7.55	7.55	Total Highways and Streets
					Culture and Recreation
31.98	35.95	35.95	26.43	26.53	Parks & Recreation
20.23	21.98	21.98	20.90	20.93	Library
52.21	57.93	57.93	47.33	47.45	Total Culture and Recreation
274.77	283.23	281.83	247.98	252.83	Total Governmental Activities
					<b>BUSINESS-TYPE ACTIVITIES</b>
					Enterprise
22.50	23.50	22.50	22.50	21.50	Water
21.50	21.50	21.50	22.50	23.50	Sewer
44.00	45.00	44.00	45.00	45.00	Total Enterprise
					Internal Service
44.10	43.60	43.60	39.85	40.95	Central Services
54.00	56.00	55.00	50.00	51.00	Public Works Services
-	-	-	-	-	Equipment Maintenance
98.10	99.60	98.60	89.85	91.95	Total Internal Service
142.10	144.60	142.60	134.85	136.95	Total Business-type Activities
416.87	427.83	424.43	382.83	389.78	Grand Total - All Full-time Equivalents

Fiscal Year	Total FTE	Annual Percentage Change	Total Percentage Change from 1999
2002	340.48	-	-
2003	361.75	6.25%	6.25%
2004	369.75	2.21%	8.60%
2005	384.78	4.06%	13.01%
2006	400.51	4.09%	17.63%
2007	416.87	4.08%	22.44%
2008	427.83	2.63%	25.65%
2009	424.43	-0.79%	24.66%
2010	382.83	-9.80%	12.44%
2011	389.78	1.82%	14.48%

The average annual rate of change over ten year period is 2.91%.

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

Function	2004	2005	2006	2007	2008
<b>GOVERNMENTAL ACTIVITIES</b>					
<b>General Government</b>					
Planning and Community Development					
Number of planning applications	158	167	161	150	181
Total permits issued	4,329	4,736	4,574	4,200	3,285
New construction permits issued	714	617	476	430	33
Single-family permits issued	404	558	417	400	186
Electrical permits issued	1,337	1,558	1,423	1,600	1,158
Building Maintenance					
Square footage of buildings maintained	143,000	167,020	167,020	217,020	220,000
Work orders completed	1,540	1,649	1,680	1,804	1,417
Public Transit					
Total number of riders	74,035	69,973	72,936	75,000	177,305
Total annual route miles	73,660	72,879	80,153	80,400	264,591
<b>Public Safety</b>					
Municipal Court					
Number of warrants issued	2,566	2,265	1,892	2,500	1,487
Case numbers issued	4,350	4,866	6,202	4,900	8,174
Police					
Total arrests	3,785	3,763	4,374	3,800	4,406
Traffic citations issued	3,755	3,536	5,862	7,500	11,303
Animal and abandoned vehicle calls	2,349	3,365	3,160	3,300	2,304
Fire					
Total calls for emergency fire and EMS services	5,343	5,594	5,995	6,200	6,407
Full response structure fires	258	82	71	88	60
<b>Highways and Streets</b>					
Street Fund					
Miles of streets slurry-sealed annually	8	6	5	8	6
Customer service work order/complaint responses	735	735	540	600	540
Miles of painted paving marking	48	48	48	48	46
<b>Culture and Recreation</b>					
Parks & Recreation					
Number of participants in classes, Senior Center activities, sports programs, and aquatic programs	89,223	95,000	106,500	108,900	111,700
Annual performance series and Northwest Art and Air Festival attendance	72,011	103,300	85,000	102,000	103,091
Library					
Total number of library items borrowed	568,459	584,862	578,595	600,000	609,273
Total number of reference questions	17,601	27,863	36,541	35,000	31,080
<b>BUSINESS-TYPE ACTIVITIES</b>					
Sewer					
Dry tons of biosolids applied annually	665	648	681	650	637
Millions of gallons of wastewater treated annually	2,835	2,352	3,010	2,830	3,156
Sewer line locate requests	4,279	4,298	4,000	4,400	3,471
Water					
Millions of gallons of water treated annually	3,146	2,644	1,645	1,650	3,068
Miles of water pipe maintained annually	234	234	245	255	270
Number of fire hydrants maintained in the water system	1,550	1,550	1,670	1,670	1,891

Source: City of Albany annual budget

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

2009	2010	2011	2012	2013	
					<b>GOVERNMENTAL ACTIVITIES</b>
					<b>General Government</b>
					Planning and Community Development
96	108	134	143	62	Number of planning applications
2,535	2,245	1,939	1,939	2,189	Total permits issued
177	192	11	6	418	New construction permits issued
97	156	76	80	128	Single-family permits issued
990	878	755	751	816	Electrical permits issued
					Building Maintenance
220,000	206,780	206,780	233,780	233,780	Square footage of buildings maintained
2,002	2,228	2,250	2,203	2,001	Work orders completed
					Public Transit
205,220	218,511	228,663	237,424	234,186	Total number of riders
241,359	252,097	262,990	260,222	275,977	Total annual route miles
					<b>Public Safety</b>
					Municipal Court
1,584	1,347	1,398	1,680	1,777	Number of warrants issued
8,834	6,202	4,900	3,891	3,671	Case numbers issued
					Police
4,227	3,548	2,731	3,453	3,609	Total arrests
6,097	5,851	4,681	4,120	3,315	Traffic citations issued
2,401	2,484	1,496	2,266	2,320	Animal and abandoned vehicle calls
					Fire
6,410	6,049	6,388	6,432	6,448	Total calls for emergency fire and EMS services
85	67	91	113	53	Full response structure fires
					<b>Highways and Streets</b>
					Street Fund
6	-	-	-	-	Miles of streets slurry-sealed annually
720	554	541	509	492	Customer service work order/complaint responses
46	52	51	65	55	Miles of painted paving marking
					<b>Culture and Recreation</b>
					Parks & Recreation
112,150	172,630	184,154	187,261	186,401	Number of participants in classes, Senior Center activities, sports programs, and aquatic programs
102,011	99,100	118,700	121,104	123,200	Annual performance series and Northwest Art and Air Festival attendance
					Library
696,327	773,960	780,188	700,619	709,004	Total number of library items borrowed
38,860	44,297	41,043	42,766	34,435	Total number of reference questions
					<b>BUSINESS-TYPE ACTIVITIES</b>
					Sewer
599	121	-	-	9	Dry tons of biosolids applied annually
2,708	2,697	3,300	3,094	2,842	Millions of gallons of wastewater treated annually
2,979	2,836	4,307	3,319	2,920	Sewer line locate requests
					Water
2,911	2,847	2,865	2,449	2,755	Millions of gallons of water treated annually
271	281	283	290	292	Miles of water pipe maintained annually
1,953	1,992	1,877	2,025	1,914	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	2004	2005	2006	2007	2008
<b>GOVERNMENTAL ACTIVITIES</b>					
<b>Public Safety</b>					
Police Stations	1	1	1	1	1
Fire Stations	4	4	4	4	4
<b>Highways and Streets</b>					
Miles of improved streets	152	157	157	158	160
Miles of unimproved streets	20	20	28	28	28
Miles of gravel streets	8	8	8	8	8
<b>Culture and Recreation</b>					
Parks & Recreation					
Number of developed park sites	29	29	30	33	31
Acres of developed park land	621	621	603	612	772
Library					
Number of libraries	2	2	2	2	2
Number of volumes	150,210	152,200	154,611	160,562	169,217
<b>BUSINESS-TYPE ACTIVITIES</b>					
Enterprise					
Sewer					
Miles of sanitary sewer lines	200	210	212	217	219
Miles of storm sewer lines (12 inches or larger)	85	92	97	100	105
Number of sewer hookups	15,549	15,494	15,372	15,870	15,900
Water					
Miles of water lines	263	267	267	271	274
Number of water hookups	15,549	15,953	16,161	16,467	16,662
Number of water treatment plants	1	1	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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	
					<b>GOVERNMENTAL ACTIVITIES</b>
					<b>Public Safety</b>
1	1	1	1	1	Police Stations
4	4	4	4	4	Fire Stations
					<b>Highways and Streets</b>
160	163	165	165	166	Miles of improved streets
28	28	36	36	35	Miles of unimproved streets
8	8	8	8	8	Miles of gravel streets
					<b>Culture and Recreation</b>
					<b>Parks &amp; Recreation</b>
33	33	33	36	36	Number of developed park sites
735	424	564	564	564	Acres of developed park land
					<b>Library</b>
2	2	2	2	2	Number of libraries
184,573	213,059	210,071	210,071	242,966	Number of volumes
					<b>BUSINESS-TYPE ACTIVITIES</b>
					<b>Enterprise</b>
					<b>Sewer</b>
222	227	223	223	223	Miles of sanitary sewer lines
117	120	151	151	104	Miles of storm sewer lines (12 inches or larger)
17,330	15,848	15,712	15,912	17,586	Number of sewer hookups
					<b>Water</b>
279	286	283	290	292	Miles of water lines
16,662	17,114	17,463	17,551	18,320	Number of water hookups
2	2	2	2	2	Number of water treatment plants



If the power to do hard work is not a skill, it's the best possible substitute for it.

James Garfield  
20th U.S. president

# **COMPLIANCE SECTION**



## 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, 2013, and have issued our report thereon dated December 19, 2013.

### 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).

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

**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 as follows:

Expenditures in excess of appropriations occurred as follows:

<u>Fund/ Appropriation Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
Building Inspection - Electrical Permit Program	\$ 121,100	\$ 122,547	\$ (1,477)
Capital Projects - LID Construction Projects	2,274,500	2,349,232	(74,732)
Capital Projects - North Albany Park & Ride	500,000	533,685	(33,685)

**OAR 162-10-0230 Internal Control**

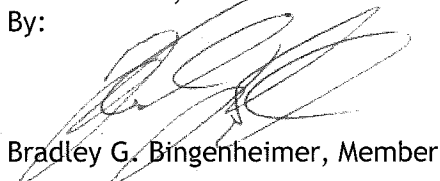
In planning and performing our audit, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion 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. Deficiencies in internal control, if any, were communicated separately.

**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  
December 19, 2013

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 Members  
of the City Council  
**CITY OF ALBANY**  
Albany, Oregon

We have audited, in accordance with auditing standard 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 19, 2013.

**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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

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

**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 (continued)**

**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*

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 19, 2013



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the 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.

**Opinion on Each Major Federal Program**

In our opinion, **CITY OF ALBANY**, complied, in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133 (Continued)**

**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 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 a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Boldt Carlisle & Smith*

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 19, 2013



CITY OF ALBANY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2013

**Section I Summary of Auditors' Results**

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***Financial Statements***

Type of auditor's report issued: *Unqualified*

Internal controls over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified that are not considered to be material weakness(es)? None reported

Noncompliance material to financial statements noted? No

***Federal awards***

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified that are not considered to be material weakness(es)? None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

Identification of major programs:

CFDA	
<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.500	Federal Transit Capital Investment Grants
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as a low-risk auditee: Yes

**Section II - Financial Statement Findings**

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None

**Section III - Federal Award Findings and Questioned Costs**

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None

CITY OF ALBANY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2013

<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 the Interior</i>			
<b>National Park Service</b>			
Passed through Oregon Department of Parks and Recreation Historic Preservation Fund Grants-In-Aid	15.904		\$ 3,674
<i>Department of Justice</i>			
<b>Bureau of Justice Assistance</b>			
Bulletproof Vest Partnership Program	16.607		1,476
<i>Department of Transportation</i>			
<b>Federal Aviation Administration</b>			
Airport Improvement Program	20.106	3-41-0001-012-2012	88,519
<b>Federal Highway Administration</b>			
Highway Planning and Construction - ARRA	20.205		9,350
<b>Federal Transit Administration</b>			
Passed through Oregon Department of Transportation Formula Grants for Other Than Urbanized Areas	20.509	28387/28388	424,220
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	27656	93,638
Federal Transit Capital Investment	20.500	OR-24-0024-01	426,948
<b>National Highway Traffic Safety Administration</b>			
Passed through Oregon Association of Chiefs of Police Alcohol Impaired Driving Countermeasures Incentive Grants	20.601		7,750
Occupant Protection	20.602		4,000
<b>Pipeline and Hazardous Materials Safety Administration</b>			
Passed through Oregon State Police Interagency Hazardous Materials Public Sector Training and Planning Grant	20.703		28,587
Total Department of Transportation			1,083,012
<i>Environmental Protection Agency</i>			
Passed through the Oregon Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds	66.458		36,126
<i>General Services Administration</i>			
Donation/Sale of Federal Surplus Property	39.003		781

Continued on next page

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

<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>Corporation for National and Community Service</i>			
Foster Grandparent Program	94.011	12SFPOR002	\$ 111,547
<i>Department of Homeland Security</i>			
Assistance to Firefighters Grant Program			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2011-FH-01079	339,201
Passed through Oregon Military Department			
Disaster Grants - Public Assistance	97.036		54,677
State Homeland Security Program	97.073		58
Subtotal State Homeland Security Program			54,735
Total Department of Homeland Security			393,936
Total Expenditures of Federal Awards			\$ 1,630,552

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards is a summary of the City's federal award program presented on the modified accrual basis of accounting in accordance with generally accepted accounting principle

The vast possibilities of our great future will become realities only if we make ourselves responsible for that future.

Gifford Pinchot