



CITY OF ALBANY, OREGON

2011

2012



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR YEAR ENDED JUNE 30, 2012

WWW.CITYOFALBANY.NET/FINANCE



If you teach your children nothing else, teach them the Golden Rule and "right-tighty, lefty-loosey."

Robert Brault

City of Albany, Oregon

**Comprehensive Annual Financial Report
for the Fiscal Year Ended
June 30, 2012**

* * * * *

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

Prepared by:

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

“When I’m King of Narnia the first thing I shall do will be to make some decent roads.”

Spoken by Edmund in The Lion, the Witch and Wardrobe by C. S. Lewis p. 91

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"Success is never final. Failure is never fatal, it's courage that counts."

John Wooden

City of Albany, Oregon

333 Broadalbin Street SW

Albany, Oregon 97321

www.cityofalbany.net

Officers, Council Members, and Administrative Staff
as of June 30, 2012

Council Members

Ward	Council	Years of Service	Term Expires
	Sharon Konopa, Mayor	16	December 31, 2012
I	Dick Olsen	14	December 31, 2014
I	Floyd Collins	5	December 31, 2012
II	Bill Coburn	4	December 31, 2012
II	Ray Kopczynski	0.75	December 31, 2014
III	Bessie Johnson	3	December 31, 2014
III	Jeff Christman	7	December 31, 2012

Administrative Staff

		Years in this Position	Years of Service with the City of Albany
City Manager	Wes Hare	7	7
Finance Director	Stewart Taylor	5	5
Public Works Director	Mark Shepard	1	20
Community Development Director	Vacant	0	0
Parks Director	Ed Hodney	9	9
Library Director	Ed Gallagher	9	14
Management Systems Director	Bob Woods	4	11
Police Chief	Ed Boyd	7	7
Fire Chief	John Bradner	4	23
Information Technology Director	Jorge Salinas	7	7
Human Resources Director	David Shaw	8	8

Principal Finance Staff

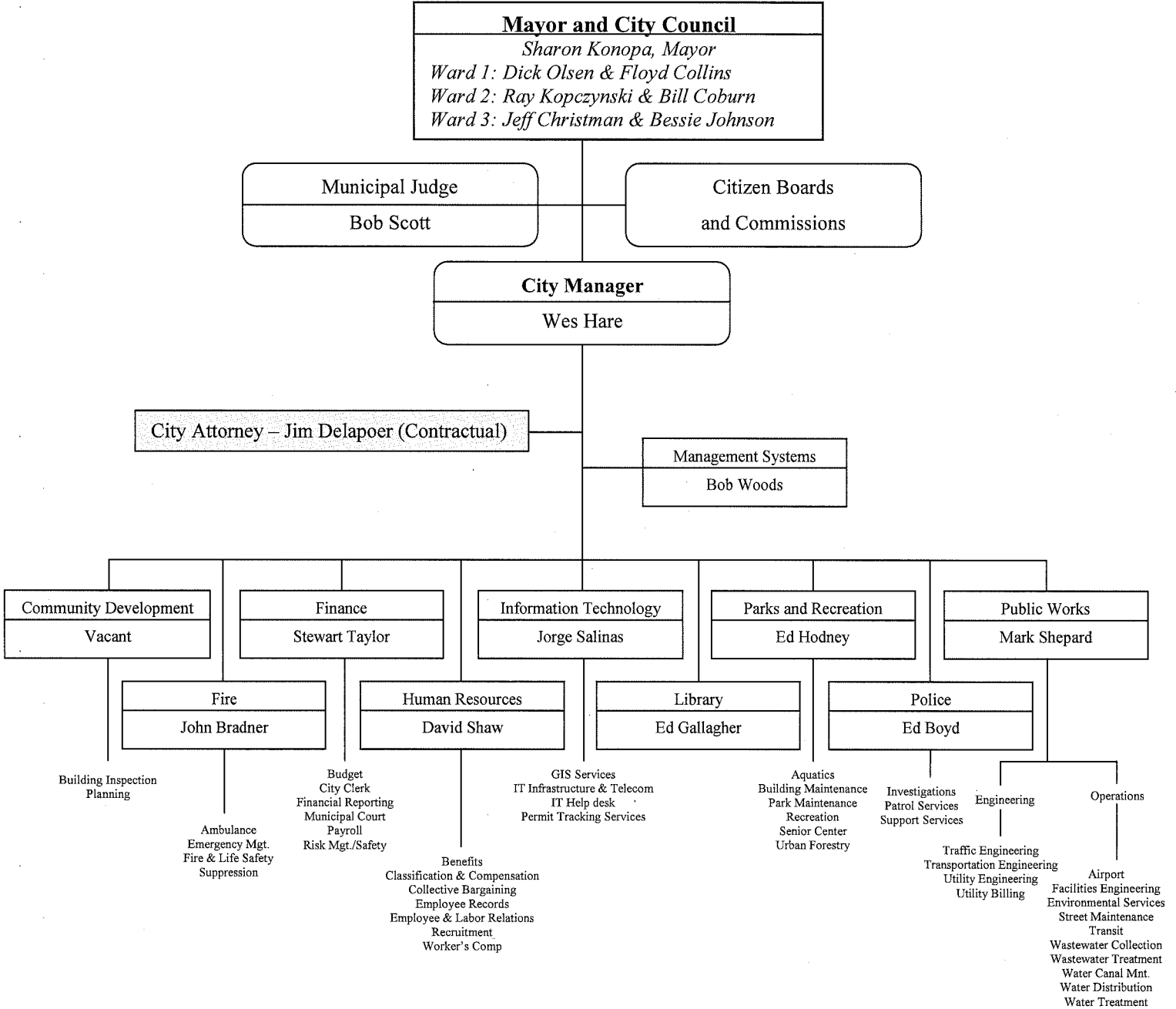
Finance Director
Stewart Taylor

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 21, 2012

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

The Comprehensive Annual Financial Report of the City of Albany, Oregon (City) for the fiscal year ended June 30, 2012, together with the unqualified opinion therein of our independent certified public accountants, Boldt, Carlisle & Smith, LLC, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City staff. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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.

The City provides a full range of services which includes police and fire protection; sewer services; water services; construction and maintenance of highways, streets, and infrastructure; recreational activities; and cultural events.

ABOUT ALBANY, OREGON

Albany is located in the heart of the Willamette Valley 40 miles north of Eugene, the state's second largest city, and 24 miles south of Salem, the state capital. With a 2012 population of 50,518, Albany is the state's 11th largest city. The City's boundaries span Linn and Benton Counties with a population of 42,900 in Linn County and 7,258 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 was founded in 1848, incorporated in 1864, and adopted its first charter in 1891. A directly elected nonpartisan Mayor with a two-year term leads a six-member City Council elected to four-year overlapping terms. A full-time City Manager administers the affairs of the City for the Council, and supervises a staff of ten department directors and 383 permanent employees.

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

ECONOMIC OUTLOOK AND CONDITION

The City's economic base is one of diversity. Oregon State University and Hewlett Packard in nearby Corvallis and Samaritan Health Services in Albany, employ almost 16,300 people. The development of the U. S. Bureau of Mines in Albany in the 1940s led to the location in the Albany area of a significant rare metals industry. Today, Albany is known as the "Rare Metals Capital of the World" due to the production volume of specialized metals. Manufacturing firms, such as ATI Wah Chang (estimated 1,100 full-time employees), create specialized products for aerospace, super conductivity, fiber optics, nuclear energy generation, and photography.

Although not as prominent as in the past, the nearby location of the Willamette National Forest continues to provide resources for the forest products sector in the area's economy. Timber harvesting, lumber and wood production, pulp and paper production, and secondary wood processing operations provide an estimated 1,500 jobs in the area. However, due to economic conditions, International Paper has closed down their pulp mill and this led to a loss of over 750 jobs.

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

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

Unemployment rates continue to be a concern for the region. Statistics published by the Oregon Employment Department show that as of June 30, 2012, the unemployment rates for Linn County and Benton County were 12 percent and 6.6 percent, respectively. These rates were 12.8 percent and 6.9 percent for June 30, 2011. Linn County's jobless rate ranked 31st of Oregon's 36 counties. Benton County's jobless rate of 6.6 percent was the second 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 -4.56 percent from \$4.251 billion to \$4.058 billion in the last fiscal year.

In November 2006, Albany voters approved the Public Safety Operating Levy effective July 1, 2008. This five-year, \$.95/1000 of assessed valuation 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; this is discussed in the Notes to the Financial Statements.

MAJOR INITIATIVES

Strategic Plan

The City's Strategic Plan was reformatted in FY 2011 to strengthen the links between strategic goals and operating objectives. Greater emphasis was made in FY 2012 to specific actions designed to support each of the four goals. All of the goals now have specific actions that clearly demonstrate the City's progress in completing the goals and objectives.

Public Information Office

In ongoing efforts to increase community awareness and public participation, the City created Facebook pages and Twitter accounts for the City of Albany and the Parks & Recreation Department. The same content is posted on the social media that is posted on the City Website in order to comply with Oregon public records laws. The hope is to reach people who might not be reached by more traditional news outlets. To date, 1,164 people like us on Facebook and 453 follow us on Twitter.

Library

The library initiated collaboration with Linn Benton Community College and Lebanon Public Library to share an open-source library software system (ILS) known as Evergreen. The three libraries migrated to the new system in the summer 2012. Albany's support costs will be reduced by \$15,000 per year as a result of this initiative, and all three libraries will gain more flexibility in maintenance and development of the ILS. Lebanon and Linn Benton will realize a combined yearly savings of nearly \$20,000. This is an effective government initiative based upon the City's Strategic Plan.

Fire

The Fire Department successfully retained a fire protection class rating of 3/8b from the Insurance Services Office (ISO). After the initial evaluation by ISO, we were informed that our rating was dropping to a 4/8b. This could have resulted in higher insurance rates for property owners who receive fire protection from the Albany Fire Department. After appealing our initial rating, we now hold the same overall rating we had prior to the evaluation.

The department participated in a Collaborative Efforts and Feasibility Study with the Corvallis Fire Department to consider areas for greater cooperation. Emergency Services Consulting International conducted this study, which provided recommendations and suggestions for the two departments to consider regarding collaboration.

The department completed a seismic upgrade and significant remodel to Fire Station 12. This project cost \$443,200, with \$280,023 coming from an Oregon Emergency Management Seismic Rehabilitation Grant and the remainder funded by the City Facilities Replacement Fund.

The department maintained funding for levy positions through renewal of the Public Safety Levy. The levy currently funds eight Fire Department positions.

Community Development

The Community Development Department greatly improved sustainability and efficiency while reducing expenditures. Instead of printing and mailing large agenda documents, the department created electronic distribution lists. Hardcopy mailings have been reduced by half.

The department received a \$178,000 grant from the Oregon Transportation and Growth Management Program to fund the South Albany Area Plan. Primary objectives of the plan include an analysis of infrastructure requirements, and a fresh land use and zoning layout. The area contains the most significant natural resource area remaining within the UGB, the Oak Creek drainage.

The Building Division processed permits with over \$55,000,000 in valuation from a wide variety of new construction and alterations. Commercial buildings accounted for 67% of the total, a valuation increase of 2% from the previous year and a valuation increase of over 30% for each of the past two years. 27% of the total project valuation included 83 new single family residences, duplexes, and manufactured homes, an increase of 24% over last year. The average value of the residences increased 4% to \$175,000 per house, up from \$168,000 last year.

Major projects completed this year include Samaritan Albany General Hospital's 4th floor remodel, a new Walmart, the Energ2 manufacturing plant, remodels of Target and Fire Station #12, the Social Security Office (Old City Library building), and a seismic retrofit of Central School.

Major commercial projects currently under construction are the new YMCA, a new Boys and Girls Club building, remodel of the existing Boys and Girls Club, Samaritan Albany General Hospital's 3rd floor remodel, China #1 Buffet, Grace Albany Building #1, Wynwood Manor, and the American Legion building. In addition, plans are under review for a complete remodel of the Fred Meyer store.

The Planning Division, working with several other departments and agencies, adopted new FEMA flood plain maps and completed a new floodplain ordinance as required by the federal government. This effort contributed to an improvement in the City's National Flood Insurance Program rating which will translate into lower insurance premiums for Albany property owners.

Parks and Recreation

The City built a new running track and irrigated the football/soccer field at Timber Ridge School, funded with Parks Systems 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 completed the second phase of their server virtualization project and virtualized an additional 15 servers for a total of 40 production servers now operating within their virtual infrastructure or 72%. This initiative will save the City around \$240,000 in future hardware replacement costs for the 40 virtual servers. They also virtualized 10 workstations and five of these have been assigned to the Police department to be used in the field by the Code Compliance officers.

The IT Department conducted a formal Request for Proposals (RFP) for the city's copier services. The copier contract was negotiated for 28 new copiers, which includes 6 additional units for about the same annual cost as the prior contract. The new contract will be four years with Associated Business Systems, a Ricoh Company and this includes all services and supplies.

The IT department also upgraded multiple applications and systems including financial, document management, and utility billing system; deployed an intranet solution based on Microsoft SharePoint; and supported the Utility Billing staff during the deployment of their online payment system.

Human Resources (HR)

The department completed reorganization by reclassifying specialists to generalists and assigning each generalist to specific a Departments. Feedback indicates improved service delivery and customer satisfaction.

HR completed negotiations with both AFSCME units (General and Transit) for successful bargaining agreements that include wage freezes during the first year.

HR successfully arbitrated a three-year agreement that includes a wage freeze for the first year with the Albany Police Association.

Finance

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 also included a ten-year history of revenues, expenditures, and fund balance for all city funds.

The City continued to be recognized by the Government Finance Officers Association by receiving the Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation awards.

Public Works

The Public Works Department greatly improved efficiency and effectiveness with a department reorganization. The reorganization saved the department almost \$500,000 in annual personnel costs while improving interdepartmental coordination and communication. These costs savings are passed onto the citizens of Albany through lower utility rate increases than would have otherwise been required. In addition, the department is working more collaboratively resulting in better service to the citizens of Albany.

Utility Billing

The Public Works Department developed five-year rate plans for the City Council to consider as part of their overall budget planning and discussions. In recent years there had not been a comprehensive look at the rate requirements for the sewer and water utility. Public Works developed a five-year plan with projected rate requirements to support various levels of service. This plan provided the Council with a picture of rate requirements over a longer horizon than just the current year. It also helped them put the rate requirements in context with the larger City-wide budget challenges. This plan provided the Council with the information and context they required to make rate and budget decisions. It also provided an opportunity for the public to better understand more about water and sewer system needs and challenges.

Storm Water Master Plan

The Engineering Division continues to make substantial progress on stormwater management. 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. This past year the City completed the North Albany Floodplain Study and is working with FEMA toward formal approval and to complete the update of flood mapping. 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. Staff has developed program outlines and has initiated public outreach activities to help shape the program. It is anticipated that this new program will be fully operational in Spring 2013.

Capital Projects

The Engineering Division has completed several significant capital projects over the last year. In addition to typical routine pipe replacement and major maintenance projects, staff designed and has supervised several construction projects: an urban upgrade of Oak Street from Queen Avenue to 9th Avenue with a punch through to Highway 99; reconstruction of Jackson Street from 13th Avenue to the Highway 99 overpass; reconstruction of 36th Avenue adjacent to South Albany High School; dredging a portion of the Santiam-Albany Canal; a number of water reservoir upgrades to improve/maintain water quality and the overall level of service to our customers; and installation of a 30-inch HDPE water main under the Calapooia River; Willamette River, and Highway 20 utilizing horizontal direction drilling equipment with a total drill distance of approximately 3,300 feet. Installation of this large water transmission main provides a second source of water supply to North Albany residents and will improve/maintain water quality for the rest of Albany which is served by the City's largest water reservoir, the 8 million gallon Broadway Reservoir.

Transit

Transit staff worked with the Oregon Department of Transportation and a local contractor to convert the transit schedule information to a format compatible with web-based mapping applications such as Google Maps. This allows transit users to plan their trip using a web-based map, including making connections to other local transit systems and modes of transportation.

Engineering

The Engineering Division has become more sustainable in the way contracts are processed. Contracts used to be mailed to all plan centers and vendors upon request. This process is done entirely online now. All Public Works filing is now in Laserfiche, fully indexed and searchable.

LONG-TERM FINANCIAL PLANNING

In the 2007-08 Fiscal Year, long-term financial 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.

The City's Strategic Plan is the key building block for the long-term planning of the City. The Council's goal is to update the Plan annually. This Plan is supported by the City's Financial Policies which are discussed next.

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, 2012, 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.

For Fiscal Year 2010-11, the City implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. For additional information concerning the effects of implementation see the notes to the financial statements starting on page 33.

During the Fiscal Year 2011-2012, 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).

Risk Management

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

Cash and Investment Management

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

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Boldt, Carlisle & Smith, LLC performed the audit for the fiscal year ended June 30, 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. The auditor must determine whether the City followed generally accepted accounting and reporting principles.

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, 2011. 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.

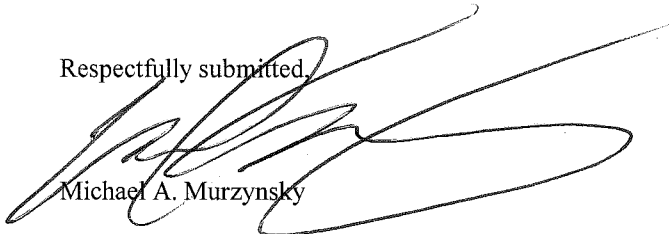
A Certificate of Achievement is valid for one year only. The City has received a Certificate of Achievement for the last 28 consecutive years (1984-2011). We believe our current report continues to conform to the Certificate of Achievement standards.

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 A. Murzynsky

Senior Accountant



Anne Baker

Senior Accountant

"Don't pray when it rains if you don't pray when the sun shines."
Satchel Paige

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Dandson

President

Jeffrey R. Enos

Executive Director

"I think I can, I think I can....."
The little train that could, Disney

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"To fly a kite is to hold the wind in your hands."

A Favorite Chinese Quote



INDEPENDENT AUDITOR'S REPORT

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

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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012, 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* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT (Continued)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, supplementary data 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 supplementary data 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. The 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 section 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.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 21, 2012
By:


Brad 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, 2012. 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 126).

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$305,237,427 (net assets). Of this amount, \$46,541,941 (unrestricted net assets) 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 \$35,132,456, a decrease of (\$2,950,899) in comparison with the previous year. The General Fund ending fund balance increased by \$106,822 (3.93 percent) to \$2,821,976. In the General Fund, the ratio of ending fund balance to total expenditures less capital is 10.54 percent.

The Parks and Recreation ending fund balance decreased by (\$664,894), (-25.22 percent). The decrease in fund balance was due to a decrease in revenue transfers-in of \$590,800 plus an increase in transfers-out of \$776,080. Had the department not continually monitored all expenditures (there was a savings of \$467,305) the decrease in fund balance could have been worse. As predicted the Parks and Recreation fund balance will decrease over the next several years as systems development fees collected in prior years are used for capital projects described in the master plan.

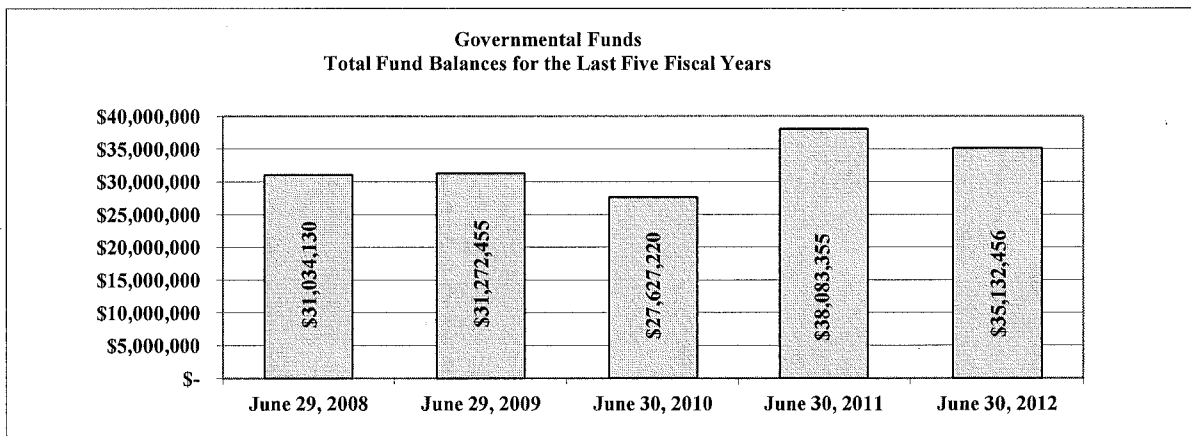
The Risk Management fund is the fund where the settlement proceeds from the SVC Manufacturing (a wholly owned subsidiary of Pepsi) litigation are held. The proceeds will be transferred and committed to other City activities as directed by the City Council. As of June 30, 2012, the ending fund balance decreased from \$16,182,645 to \$13,723,060 or (-15.2 percent).

The Street Fund ending fund balance decreased by (\$3,094,874), (-31.04 percent), as compared to the \$1,642,322 increase from the 2010-11 Fiscal Year. The Street Fund ending fund balance of \$6,874,827 includes \$4,707,558 in the Transportation Systems Development Charges (TSDC) Projects program. The TSDC fund balance decreased due to a transfer of \$3.5M to the Capital Projects fund which help fund the Oak Street Reconstruction project. Also as predicted in the Parks and Recreation fund, the Street Fund ending fund balance will decrease over the next several years as the SDC monies are used for capital projects.

The City's Capital Projects Fund ending fund balance increased by \$2,449,684 (89.13 percent), to (\$298,795). Significant capital outlays included 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 fund balance decreased from \$232,619 to \$145,957; a decrease of (\$86,662) or (-37.25 percent). The decrease can be attributed to the slow down of home building in the area. This is a situation that will require close attention in the Fiscal Year 2012-13.

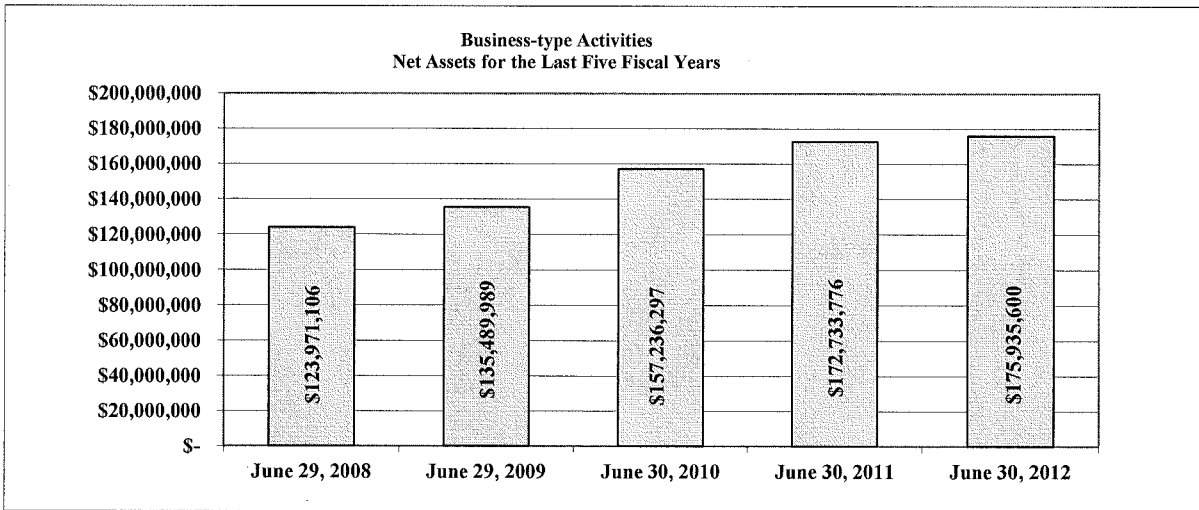
In the Public Safety Levy Fund, property taxes fell \$250K which decreased the transfers to the General Fund and the Ambulance Fund. The reason for the decrease was due to compression, for details please refer to the Oregon State Department of Revenue. The Albany Revitalization Agency (ARA) ending fund balance increased by \$720,203 (43.22 percent). The primary contributor to the increase was an increase in property tax revenues (\$141,453) and a decrease in total expenditures of \$317,887.



Governmental Funds: Changes in Fund Balance

Fund	June 30, 2012	June 30, 2011	Increase (decrease)	Per cent Change
	Fund Balance	Fund Balance		
General Fund	\$ 2,821,976	\$ 2,715,154	\$ 106,822	3.93%
Parks & Recreation	1,971,668	2,636,562	(664,894)	-25.22%
Grants	112,049	(33,913)	145,962	-
Building Inspection	145,957	232,619	(86,662)	-37.25%
Risk Management	13,723,060	16,182,645	(2,459,585)	-15.20%
Economic Development	539,159	408,678	130,481	31.93%
Ambulance	46,704	62,146	(15,442)	-24.85%
Public Transit	282,920	58,180	224,740	386.28%
Public Safety Levy	51,615	216,893	(165,278)	-76.20%
Capital Replacement	6,020,522	5,843,677	176,845	3.03%
Street	6,874,827	9,969,701	(3,094,874)	-31.04%
ARA	2,386,631	1,666,428	720,203	43.22%
Debt Service	319,703	738,624	(418,921)	-56.72%
Capital Projects	(298,795)	(2,748,479)	2,449,684	-89.13%
Senior Center Endowment	50,584	50,218	366	0.73%
Library Trust	83,876	84,222	(346)	-0.41%
Totals	\$ 35,132,456	\$ 38,083,355	\$ (2,950,899)	-7.75%

Business-type net assets increased \$3,201,824 (1.85 percent) for the 2011-12 Fiscal Year. Operating income for the Water and Sewer Funds was \$5,670,418. The net asset decrease from nonoperating revenues and expenses was \$3,678,383. Capital contributions from developer site improvements and development fees were \$1,861,591. The Sewer Fund Talking Water Gardens project was completed and transferred in the 2011-12 Fiscal Year.



Changes in Net Assets: Proprietary Funds

Fund	June 30, 2012		June 30, 2011		Increase (decrease)	Per cent Change
	Net Assets	Net Assets	Net Assets	Net Assets		
Water	\$ 71,544,972	\$ 70,668,103	\$ 70,668,103	\$ 70,668,103	\$ 876,869	1.24%
Sewer	104,926,484	102,369,612	102,369,612	102,369,612	2,556,872	2.50%
Central Services	(194,836)	24,334	24,334	24,334	(219,170)	-900.67%
Public Works Services	(407,726)	(197,868)	(197,868)	(197,868)	(209,858)	-106.06%
Totals	\$ 175,868,894	\$ 172,864,181	\$ 172,864,181	\$ 172,864,181	\$ 3,004,713	1.74%

For Fiscal Year 2011-12 there was limited to modest growth in net assets for the City's two enterprise funds, where net assets increased 1.24 percent in the Water Fund and 2.5 percent in the Sewer Fund.

The City utilizes two internal service funds: Central Services and Public Works Services and this is the first year where the GASB pronouncements 34 and 45 are skewing the data. At the Budget to Actual level of the financials, the ending fund balance for both the Central Services \$356,070 and Public Works Services \$146,142 show that they are operating at a sustainable level or at break-even as these balances are carried to the next fiscal year to sustain operations. However, at the Government-wide level of the financials, the ending fund balance for both the Central Services (\$194,836) and Public Works Services (\$407,726) show that they are not operating at a sustainable level or at break-even. What it does show is the City is not funding the two funds OPEB and Compensated Absences liabilities. The addition of these numbers to the financials makes further analysis impossible.

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 Assets* presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 15.

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: Nonspendable, Restricted, Committed, Assigned, and Unassigned. Below is a brief explanation of each of these fund balance categories:

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

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

At June 30, 2012, the City's governmental funds reported ending fund balances by category of:

Nonspendable	\$ 180,277
Restricted	10,972,119
Committed	21,684,593
Unassigned	<u>2,295,467</u>
	<u>\$ 35,132,456</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 71 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 18.

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 28.

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 33.

Supplementary Data.

The combining statements, referred to earlier in connection with nonmajor governmental funds, can be found starting on page 71.

Statistical Information.

The City would like to direct the reader's attention to the Statistical Section, starting on page 126, for additional information including graphs, tables, and analysis of current and historical information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. The City's assets exceeded liabilities by \$305,237,427 at the close of the fiscal year, an increase of 0.88 percent from the previous year. At fiscal year end, June 30, 2012, the City had \$231,059,558 invested in capital assets, net of related debt, and an unrestricted net asset balance of \$46,541,941.

By far the largest portion of the City's net assets 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 assets (\$27,635,928, or 9 percent) represents resources that are subject to restrictions on how they may be used. For Governmental Activities, net assets restricted for capital projects, (\$6,240,341), and for debt service, (\$6,815,369), account for nearly all of the restricted net assets.

Selected Financial Statistics:

Population	50,518
Assessed value per capita	\$ 64,652
Market value per capita	\$ 77,787
Long-term debt (bonds, notes, certificates of participation, capital leases)	\$116,708,625
Total long-term debt per capita	\$ 2,310
Total general obligation debt	\$ 3,760,000
General obligation debt per capita	\$ 74
General obligation debt per \$1,000 of assessed value	\$ 1.15
General obligation debt service for Fiscal Year 2011-12 per \$1,000 of assessed value	\$ 0.3582
Property taxes as a percentage of General Fund expenditures*	72%
Public safety expenditures as a percentage of General Fund expenditures	89%

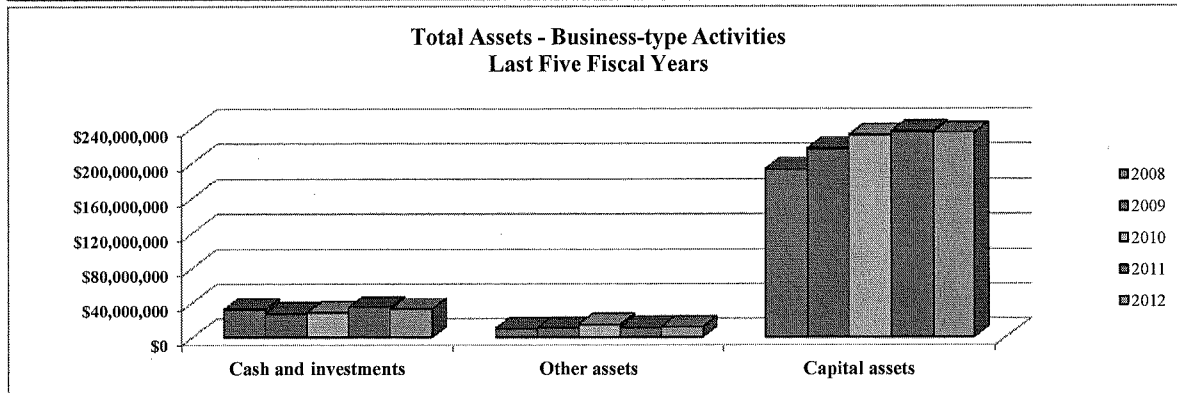
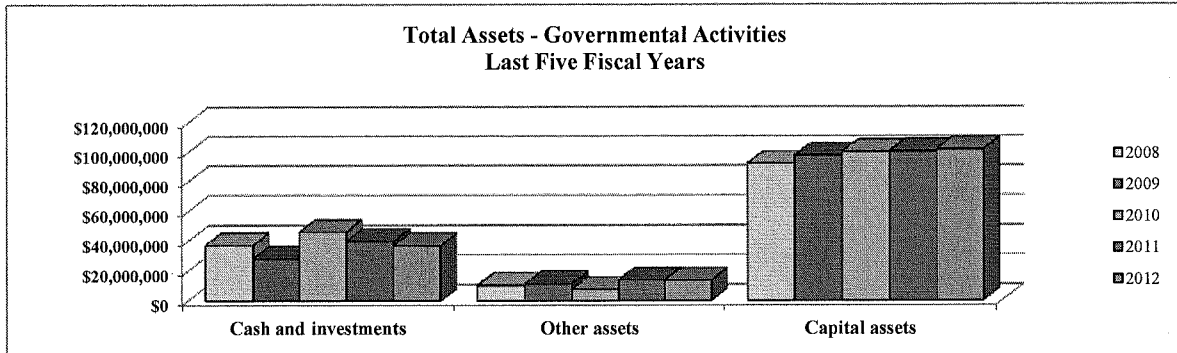
* Property taxes from the public safety levy are recorded as tax receipts in the Public Safety Levy Fund. In order to accurately reflect the significance of property taxes in the General Fund, transfers into the General Fund from the Public Safety Levy Fund have been included in total General Fund revenues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

**Table 1 - Net Assets Summary
Governmental and Business-type Activities
for the years ended June 30, 2012 and 2011**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Cash and investments	\$ 37,381,117	\$ 40,282,941	\$ 32,841,740	\$ 34,560,923	\$ 70,222,857	\$ 74,843,864
Other assets	13,877,269	14,184,438	12,015,631	11,497,449	25,892,900	25,681,887
Capital assets	102,295,064	101,193,211	234,411,362	236,034,275	336,706,426	337,227,486
Total assets	153,553,450	155,660,590	279,268,733	282,092,647	432,822,183	437,753,237
Other liabilities	3,076,181	3,042,329	2,530,345	2,615,802	5,606,526	5,658,131
Long term debt outstanding	21,175,440	22,767,612	100,802,788	106,743,069	121,978,228	129,510,681
Total liabilities	24,251,621	25,809,941	103,333,133	109,358,871	127,584,754	135,168,812
Net assets:						
Invested in capital assets, net of related debt	96,500,517	93,826,390	134,559,041	130,139,819	231,059,558	223,966,209
Restricted	13,190,170	18,879,050	14,445,758	19,785,270	27,635,928	38,664,320
Unrestricted	19,611,140	17,145,209	26,930,801	22,808,687	46,541,941	39,953,896
Total net assets	\$129,301,827	\$ 129,850,649	\$175,935,600	\$172,733,776	\$305,237,427	\$302,584,425

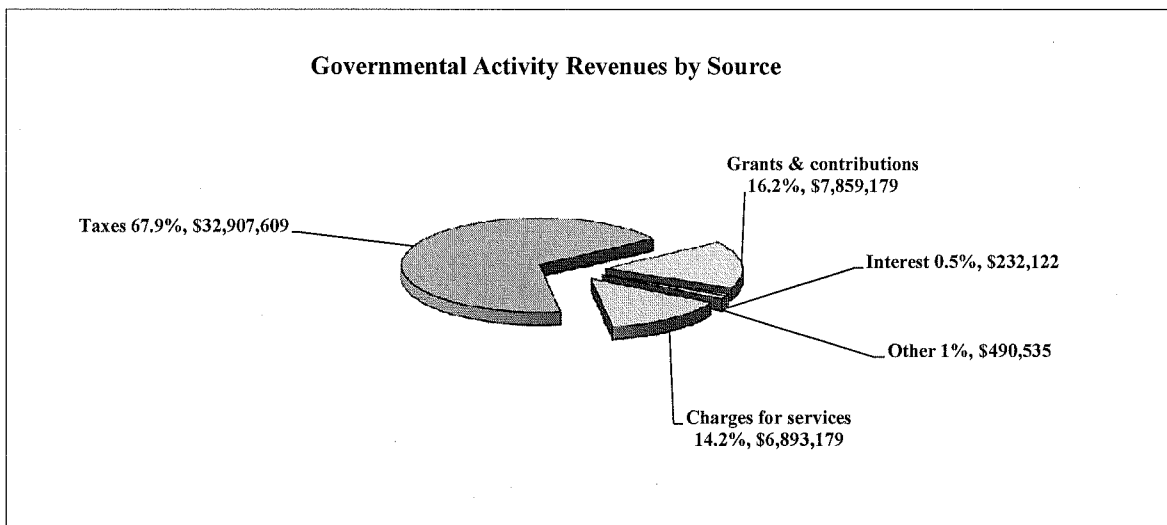
In the governmental activities, total assets decreased by (\$2,107,140) or -1.35 percent, while in the business-type activities, capital assets decreased (\$1,622,913) (-1 percent).

At the end of the fiscal year, the City had positive balances in all three categories of net assets, for the government as a whole as well as for its separate governmental and business-type activities. The City's net assets increased by \$2,653,002 (0.88 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.



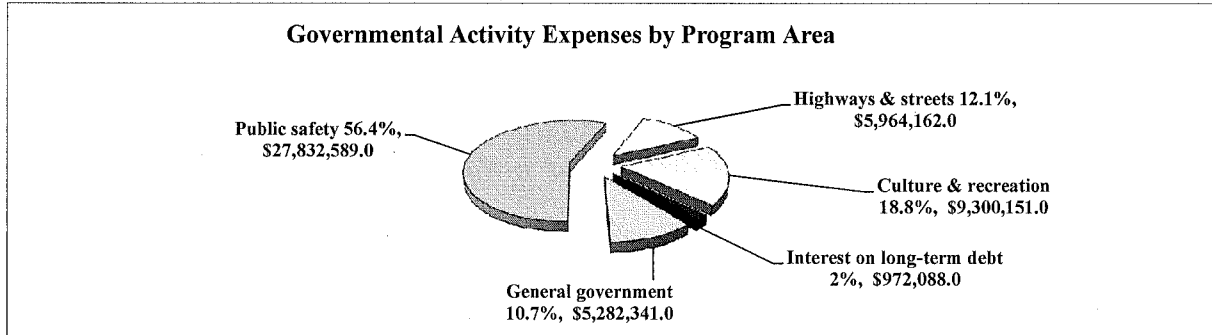
**Table 2 - Statement of Activities Summary
Governmental and Business-type Activities
for the years ended June 30, 2012 and 2011**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
REVENUES						
Program revenues						
Charges for services	\$ 6,893,179	\$ 7,034,555	\$ 23,699,480	\$ 23,200,366	\$ 30,592,659	\$ 30,234,921
Grants and contributions:						
Operating	5,245,587	4,354,299	-	-	5,245,587	4,354,299
Capital	2,613,592	7,433,911	1,861,591	1,414,854	4,475,183	8,848,765
General revenues						
Taxes	32,907,609	32,633,758	8,655	(2,852)	32,916,264	32,630,906
Interest	232,122	360,650	224,922	272,181	457,044	632,831
Other	490,535	196,111	2,998,110	6,858,672	3,488,645	7,054,783
Total revenues	48,382,624	52,013,284	28,792,758	31,743,221	77,175,382	83,756,505
EXPENSES						
Governmental activities:						
General government	5,282,341	5,512,747	-	-	5,282,341	5,512,747
Public safety	27,832,589	27,512,458	-	-	27,832,589	27,512,458
Highways and streets	5,964,162	7,098,212	-	-	5,964,162	7,098,212
Culture and recreation	9,300,151	8,035,033	-	-	9,300,151	8,035,033
Interest on long-term debt	972,088	1,074,180	-	-	972,088	1,074,180
Business-type activities:						
Water	-	-	10,970,041	11,239,646	10,970,041	11,239,646
Sewer	-	-	14,201,008	12,210,391	14,201,008	12,210,391
Total expenses	49,351,331	49,232,630	25,171,049	23,450,037	74,522,380	72,682,667
Increase (Decrease) in net assets before transfers and gain on disposal of real property	(968,707)	2,780,654	3,621,709	8,293,184	2,653,002	11,073,838
Transfers	419,885	1,028,256	(419,885)	(1,028,256)	-	-
Increase (Decrease) in net assets	(548,822)	3,808,910	3,201,824	7,264,928	2,653,002	11,073,838
Beginning net assets	129,850,649	126,041,739	172,733,776	165,468,848	302,584,425	291,510,587
Ending net assets	\$129,301,827	\$ 129,850,649	\$175,935,600	\$172,733,776	\$305,237,427	\$302,584,425

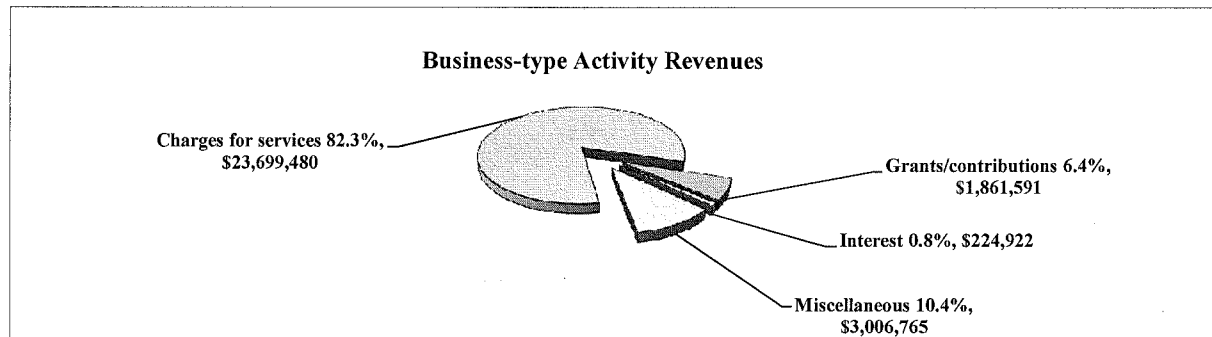


The previous chart indicates that 67.9 percent (\$32,907,609) of 2011-12 governmental activity revenues received by the City were taxes. Property taxes (\$25,844,150) represent the largest portion of total taxes received. Other major tax revenues were the City's share of state-wide fuel tax (\$2,746,350) and City privilege taxes for natural gas and electricity (\$2,901,489). The City also received \$699,755 for its share of state-imposed liquor and cigarette taxes and \$715,865 for City-imposed hotel/motel room taxes.

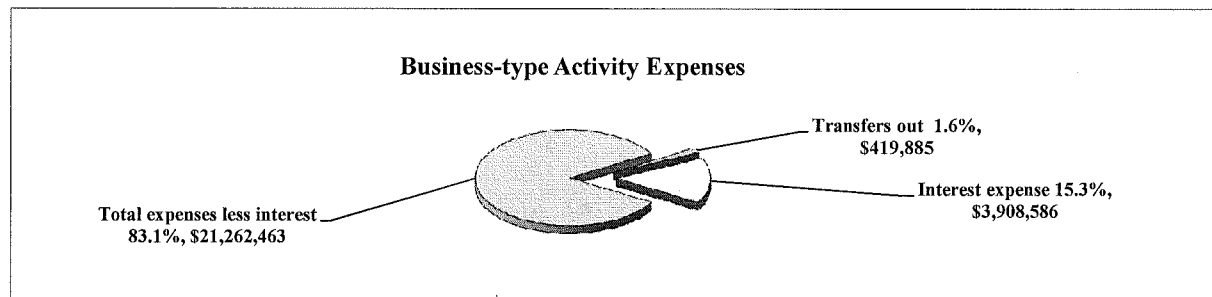
Grants and contributions accounted for 16.2 percent of governmental activity revenues. Major items included in the \$7,859,179 total for grants and contributions were: \$1,383,093 from the local rural fire protection districts; \$926,055 from City Building Division builder fees; and \$892,855 for Sewer and Water in-lieu-of Franchise Fees.



More than one-half of all governmental activity expenses were for public safety (56.4 percent). As an indication of the City's favorable debt position, interest on long-term debt accounted for only 2 percent of governmental activity total expenses. Management's intention was for the interest to decrease and so far it is following the plan.



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 94.8 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 (9.25 percent) between 2011-12 and 2010-11 fiscal years, as compared to the previous two years, 2010-11 and 2009-10, where they decreased by (-0.4 percent).

BUDGETARY HIGHLIGHTS

The City Council approved resolutions which changed the adopted 2011-12 budget by 3.65 percent (\$6,480,554). Appropriations in the General Fund were increased by \$18,900 (0.06 percent). In the General Fund, after eliminating the \$1,514,300 contingency, actual expenditures were 92 percent of the final budget, yielding a favorable budget variance of \$3,726,515. Of this total savings of \$3,726,515 the major contributors to the savings were: Contingency savings (\$1,514,300); Fire Suppression (\$674,978); Police (\$973,488); and Housing (\$214,877).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, the City had \$336,706,426 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 44.

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

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land, land rights, & land improvements	\$ 12,052,594	\$ 11,052,594	\$ 6,221,177	\$ 6,222,270	\$ 18,273,771	\$ 17,274,864
Buildings and improvements	15,785,815	15,748,163	118,220,785	97,733,590	134,006,600	113,481,753
Vehicles and equipment	4,135,565	4,787,874	1,100,132	1,158,551	5,235,697	5,946,425
Infrastructure	63,067,342	61,515,904	93,458,281	87,725,393	156,525,623	149,241,297
Construction in progress	7,253,748	8,088,676	15,410,987	43,194,470	22,664,735	51,283,146
	<u>\$102,295,064</u>	<u>\$ 101,193,211</u>	<u>\$234,411,362</u>	<u>\$236,034,274</u>	<u>\$336,706,426</u>	<u>\$337,227,485</u>

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

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

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Beginning Balance	\$101,193,211	\$ 100,684,090	\$236,034,275	\$231,810,610	\$337,227,486	\$332,494,700
Additions	6,648,305	6,417,324	4,080,446	9,330,025	10,728,751	15,747,349
Retirements	(113,621)	-	-	-	(113,621)	-
Depreciation	(5,432,831)	(5,908,203)	(5,703,359)	(5,106,360)	(11,136,190)	(11,014,563)
Ending balance	<u>\$102,295,064</u>	<u>\$ 101,193,211</u>	<u>\$234,411,362</u>	<u>\$236,034,275</u>	<u>\$336,706,426</u>	<u>\$337,227,486</u>

Governmental capital assets increased by \$1,101,853 net of accumulated depreciation. Additions to capital assets equaled \$6,534,684 for the year including: \$363,323 for street and bridge projects, \$150,142 for park renovation and bridge projects, \$1,056,315 for last phase of East Thornton Lake land purchase, \$399,825 for completion of Fire Station #12 seismic upgrade, \$470,000 for Timber Ridge Elementary Track and Soccer Field, \$2,576,211 to begin the Oak Street Reconstruction project, and \$180,895 for Albany Airport runway improvements.

Business-type capital assets decreased by (\$1,622,913) net of accumulated depreciation. Included in the \$4,080,446 of new capital assets was \$295,524 for Sewer System capital projects and \$517,132 to complete construction of the Wetlands Treatment Project. In the Water Fund, additions included \$2,273,684 for water line construction.

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

	2011-12	2010-011
Capital assets net of depreciation and related debt	\$231,059,558	\$223,966,209
Total net assets	305,237,427	302,584,425
Ratio of capital assets net of related debt to total net assets	<u>75.70%</u>	<u>74.02%</u>

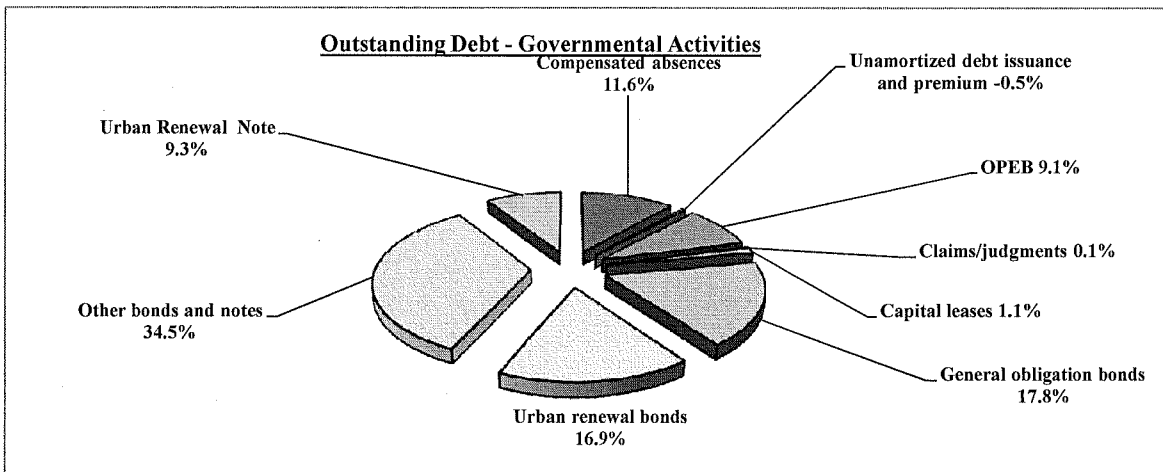
Debt Outstanding

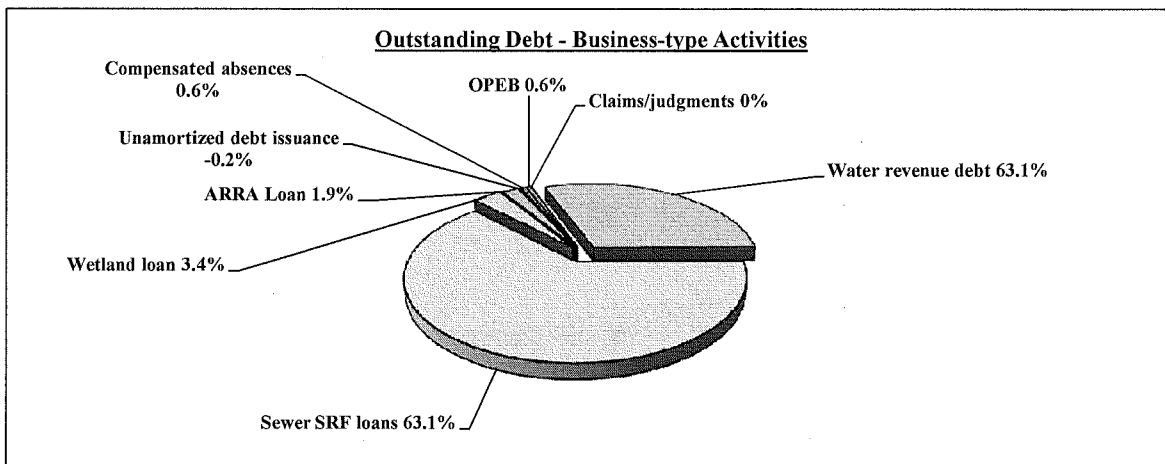
At June 30, 2012, the City had \$121,978,228 in debt outstanding compared to \$129,510,679 on June 30, 2011. Of the amount outstanding, \$9,684,455 is due within one year. For the 2011-12 Fiscal Year, there were no significant additions to the City's debt.

The debt consisted of outstanding bonds and certificates of participation, \$45,359,557; loans, \$71,107,026; unfunded compensated absences, \$3,019,784; claims and judgments, \$34,554; capital leases, \$242,042. and unfunded other postemployment benefits, \$2,523,983. The ratio of the City's capital assets, net of related debt, as compared to total net assets is 76 percent. Details of long-term debt payable can be found beginning on page 51 in the notes to the basic financial statements.

Table 5 - Outstanding Debt at Year End

	June 30, 2012	June 30, 2011
Governmental Activities		
General obligation	\$ 3,760,000	\$ 4,855,000
Special assessment debt with governmental commitment	-	197,735
Limited tax pension	5,513,557	5,606,508
Revenue	-	-
General revenue	1,660,000	2,000,000
Oregon Economic Development Department note	132,505	162,389
CARA bonds	3,586,000	3,848,000
CARA Note	1,962,200	1,958,800
Other postemployment benefits	1,932,119	1,573,142
Unamortized debt issuance cost (net)	(139,155)	(174,808)
Unamortized premium on debt issuance	42,788	57,464
Compensated absences	2,464,606	2,493,107
Claims and judgments	18,778	38,578
Capital leases	242,042	151,695
Sub-total	21,175,440	22,767,610
Business-type Activities		
Water revenue	30,840,000	31,800,000
Water general obligation	-	-
Water certificates of deposit	-	75,678
Sewer revenue	-	-
Oregon DEQ State Revolving Fund loan	63,632,619	66,356,540
Wetland Loan	3,429,702	3,778,560
ARRA Loan	1,950,000	3,883,678
Other postemployment benefits	591,864	482,824
Unamortized debt issuance cost (net)	(212,351)	(222,347)
Compensated absences	555,178	553,402
Claims and judgments	15,776	34,734
Sub-total	100,802,788	106,743,069
Total	\$121,978,228	\$129,510,679





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 \$114,275,067, which is well above the City's outstanding general obligation debt, \$3,760,000.

Additional information on the City's long-term debt can be found in the notes to the basic financial statements, starting on page 51.

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 2011-12 were \$2,321,264 as compared to 2010-11 collections of \$2,571,987. Annual collections were expected to increase three to five percent for the life of the levy. However, with the increased property tax compression we are no longer expecting these increases and have scaled back growth estimates to one percent. You might ask, is Oregon's property tax system broken? That is something management is watching because property taxes are a very big part of our revenue.

At fiscal year end, Oregon's unemployment rate was 8.6 percent as of June 30, 2012 and at the time of this report, 8.1 percent. The unemployment rates for Linn and Benton Counties at the close of the fiscal year were 10.9 percent and 6.4 percent respectively. At the time of preparation of this report, the unemployment rates were 10.4 percent and 5.8 percent.

Management is anticipating costs of providing medical insurance coverage to employees will increase by approximately 15 percent in the next fiscal year. PERS will be calculated at 21 percent of monthly salaries.

In preparing the City-wide budget for 2011-12, the City Finance Department assembled assumption for the budget as follows: assessed value of property will increase by one percent increase as will interest income. The Local Option Public Safety Levy for the budget will be impacted by property tax compression so downward adjustment will be made. Property tax revenues in the Public Safety Levy were estimated to be reduced by \$150,000 due to compression.

The 2011-12 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 and incorporated into the budget in order to achieve each theme. The Plan is reviewed annually by the City Council.

Finally, within the Enterprise Funds or the Sewer and Water Funds, a sewer rate increase of 9.0 percent and a water rate increase of 4.0 percent were included.

All of these factors were considered in preparing the City's budget for the Fiscal Year 2011-12.

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.

“Breathe in, breathe out, move on”
Jimmy Buffett

CITY OF ALBANY, OREGON
STATEMENT OF NET ASSETS

June 30, 2012

	Govern- mental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments	\$ 34,649,706	\$ 17,852,019	\$ 52,501,725
Cash with fiscal agents	34,102	-	34,102
Internal balances	128,131	(128,131)	-
Receivables			
Property taxes	2,164,213	18,056	2,182,269
Accounts	1,417,765	6,013,742	7,431,507
Assessments	4,035,346	62,692	4,098,038
Interest	159	-	159
Loans, net of allowance for uncollectible loans	955,779	4,922,760	5,878,539
Other	-	84,276	84,276
Inventories	99,994	1,042,236	1,142,230
Prepaid items	63,857	-	63,857
Restricted cash and investments	2,697,309	14,989,721	17,687,030
Prepaid pension contribution	5,012,025	-	5,012,025
Land and construction in progress	19,306,342	21,627,042	40,933,384
Other capital assets, net of depreciation	82,988,722	212,784,320	295,773,042
Total assets	153,553,450	279,268,733	432,822,184
LIABILITIES			
Accounts payable	2,731,009	1,040,873	3,771,882
Accrued interest payable	101,910	1,329,468	1,431,378
Refundable deposits and advances	217,891	160,004	377,895
Amount held in trust	25,371	-	25,371
Long-term obligations			
Due within one year			
All other debt	5,291,443	4,393,012	9,684,455
Due in more than one year			
All other debt	15,883,997	96,409,776	112,293,773
Total liabilities	24,251,621	103,333,133	127,584,755
NET ASSETS			
Invested in capital assets, net of related debt	96,500,517	134,559,041	231,059,558
Restricted for:			
Capital projects	6,240,341	6,237,741	12,478,082
Debt service	6,815,369	8,208,017	15,023,386
Other purposes - expendable	16,800	-	16,800
Other purposes - nonexpendable	117,660	-	117,660
Unrestricted	19,611,140	26,930,801	46,541,941
Total net assets	\$ 129,301,827	\$ 175,935,600	\$ 305,237,427

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, 2012

	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS					
Governmental activities					
General government	\$ 5,282,341	\$ 2,699,581	\$ 1,789,891	\$ 1,086,423	\$ 5,575,895
Public safety	27,832,589	3,174,653	2,057,302	30,150	5,262,105
Highways and streets	5,964,162	110,792	92,033	714,304	917,129
Culture and recreation	9,300,151	908,153	1,306,361	782,715	2,997,229
Interest on long-term obligations	972,088	-	-	-	-
Total governmental activities	<u>49,351,331</u>	<u>6,893,179</u>	<u>5,245,587</u>	<u>2,613,592</u>	<u>14,752,358</u>
Business-type activities					
Water	10,970,041	11,353,600	-	520,187	11,873,787
Sewer	14,201,008	12,345,880	-	1,341,404	13,687,284
Total business-type activities	<u>25,171,049</u>	<u>23,699,480</u>	<u>-</u>	<u>1,861,591</u>	<u>25,561,071</u>
Totals	<u>\$ 74,522,380</u>	<u>\$ 30,592,659</u>	<u>\$ 5,245,587</u>	<u>\$ 4,475,183</u>	<u>\$ 40,313,429</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

Total general revenues

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

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

Net (Expense) Revenue and
Change in Net Assets

Govern- mental Activities	Business- type Activities	Totals	
			Governmental activities
\$ 293,554	\$ -	\$ 293,554	General government
(22,570,484)	-	(22,570,484)	Public safety
(5,047,033)	-	(5,047,033)	Highways and streets
(6,302,922)	-	(6,302,922)	Culture and recreation
(972,088)	-	(972,088)	Interest on long-term obligations
<u>(34,598,973)</u>	<u>-</u>	<u>(34,598,973)</u>	Total governmental activities
			Business-type activities
-	903,746	903,746	Water
-	(513,724)	(513,724)	Sewer
<u>-</u>	<u>390,022</u>	<u>390,022</u>	Total business-type activities
<u>(34,598,973)</u>	<u>390,022</u>	<u>(34,208,951)</u>	Totals
			General revenues:
22,540,932	-	22,540,932	Property taxes used for general purposes
3,303,218	8,655	3,311,873	Property taxes used for debt service
715,865	-	715,865	Transient room taxes used for general purposes
2,746,350	-	2,746,350	Motor fuel taxes
699,755	-	699,755	Cigarette and alcoholic beverage taxes
2,901,489	-	2,901,489	Privilege taxes
232,122	224,922	457,044	Unrestricted investment earnings
490,535	2,998,110	3,488,645	Miscellaneous
<u>33,630,266</u>	<u>3,231,687</u>	<u>36,861,953</u>	Total general revenues
419,885	(419,885)	-	Transfers
<u>34,050,151</u>	<u>2,811,802</u>	<u>36,861,953</u>	Total general revenues and transfers
(548,822)	3,201,824	2,653,002	Change in net assets
<u>129,850,649</u>	<u>172,733,776</u>	<u>302,584,425</u>	Net assets - beginning
<u>\$ 129,301,827</u>	<u>\$ 175,935,600</u>	<u>\$ 305,237,427</u>	Net assets - ending

CITY OF ALBANY, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2012

	General	Parks and Recreation	Risk Management	Street	Capital Projects	Other Governmental	Totals
ASSETS							
Cash and investments	\$ 3,106,928	\$ 741,893	\$ 10,383,432	\$ 6,272,036	\$ 3,895,815	\$ 9,700,230	\$34,100,334
Cash with fiscal agents	-	-	-	-	-	34,102	34,102
Receivables:							
Property taxes	1,320,065	324,615	-	-	-	519,533	2,164,213
Accounts	254,727	80,836	21,443	106,912	99,495	852,223	1,415,636
Assessments	21,717	-	-	-	3,999,978	13,651	4,035,346
Interest	-	-	-	-	-	159	159
Loans, net of allowance for uncollectible loans	200,066	-	-	-	-	755,714	955,780
Prepaid items	62,147	470	-	-	-	1,240	63,857
Interfund loan receivable	-	-	3,458,977	-	-	-	3,458,977
Restricted cash and investments	165,567	1,361,082	-	768,403	-	402,257	2,697,309
Total assets	\$ 5,131,217	\$ 2,508,896	\$ 13,863,852	\$ 7,147,351	\$ 7,995,288	\$12,279,109	\$48,925,713
LIABILITIES							
Accounts payable	\$ 852,097	\$ 230,334	\$ 140,792	\$ 213,212	\$ 620,244	\$ 478,899	\$ 2,535,578
Deposits	-	-	-	1,000	214,891	2,000	217,891
Deferred revenue	1,431,773	306,894	-	58,312	3,999,971	1,758,490	7,555,440
Amounts held in trust	25,371	-	-	-	-	-	25,371
Interfund loans payable	-	-	-	-	3,458,977	-	3,458,977
Total liabilities	2,309,241	537,228	140,792	272,524	8,294,083	2,239,389	13,793,257
FUND BALANCES							
Nonspendable	62,147	470	-	-	-	117,660	180,277
Restricted	-	1,070,513	-	6,874,827	-	3,026,779	10,972,119
Committed	165,567	900,685	13,723,060	-	-	6,895,281	21,684,593
Unassigned	2,594,262	-	-	-	(298,795)	-	2,295,467
Total fund balances	2,821,976	1,971,668	13,723,060	6,874,827	(298,795)	10,039,720	35,132,456
Total liabilities and fund balances	\$ 5,131,217	\$ 2,508,896	\$ 13,863,852	\$ 7,147,351	\$ 7,995,288	\$12,279,109	\$48,925,713

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 ASSETS
June 30, 2012

Total fund balances per Governmental Funds Balance Sheet (page 18) \$ 35,132,456

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	12,052,594	
Construction in progress	7,253,748	
Other	149,119,805	
Accumulated depreciation	<u>(66,138,679)</u>	
Total capital assets adjustments		102,287,468

Other long-term assets are not available to pay current-period expenditures and, therefore, are deferred in the funds.

Property taxes	2,002,969	
Accounts receivable	596,720	
Assessments	3,999,971	
Loans	<u>955,780</u>	
Total deferred revenue adjustments		7,555,440

Inventories of materials and supplies are capitalized on the Statement of Net Assets. 99,994

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 Assets.

Net assets reported as governmental activities	130,405	
Profit/(loss) reported as governmental activities	<u>(197,110)</u>	
Net adjustments for internal service funds		(66,705)

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	(16,468,002)	
Long-term obligations - loans payable	(1,962,200)	
Interest payable on long-term debt	(101,910)	
Claims and judgments	(18,161)	
Compensated absences	<u>(2,168,578)</u>	
Total long-term obligations adjustments		(20,718,851)

Other adjustments

Net pension asset	<u>5,012,025</u>	
Total other adjustments		5,012,025

Net assets of governmental activities (page 15) \$ 129,301,827

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

CITY OF ALBANY, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
for the year ended June 30, 2012

	General	Parks and Recreation	Risk Management	Street	Capital Projects	Other Governmental	Totals
REVENUES							
Taxes:							
Property	\$ 16,204,832	\$4,051,531	\$ -	\$ -	\$ -	\$ 5,594,821	\$ 25,851,184
Transient room	-	-	-	-	-	715,865	715,865
Assessment collections	-	-	-	-	47,083	651	47,734
Franchise fees, privilege taxes, licenses, and permits	4,239,730	9,049	-	415,283	-	985,118	5,649,180
Intergovernmental	2,614,857	11,896	-	2,816,363	139,398	3,806,925	9,389,439
Charges for services	433,739	941,426	-	-	-	3,592,645	4,967,810
Fines and forfeitures	731,135	-	-	-	-	-	731,135
Interest on investments	25,281	15,418	77,946	57,660	12,650	73,576	262,531
Miscellaneous	180,465	278,165	-	214,550	6,401	156,757	836,338
Total revenues	<u>24,430,039</u>	<u>5,307,485</u>	<u>77,946</u>	<u>3,503,856</u>	<u>205,532</u>	<u>14,926,358</u>	<u>48,451,216</u>
EXPENDITURES							
Current:							
General government	483,082	-	393,910	-	80,033	4,487,397	5,444,422
Public safety	23,170,937	-	-	-	-	2,472,093	25,643,030
Highways and streets	-	-	-	3,459,331	-	23,839	3,483,170
Culture and recreation	2,298,352	5,117,708	22,633	-	-	1,036,344	8,475,037
Debt service:							
Principal	-	-	-	-	-	2,017,524	2,017,524
Interest	-	-	-	-	-	958,731	958,731
Capital outlay	-	551,352	-	361,079	2,720,803	2,166,852	5,800,086
Total expenditures	<u>25,952,371</u>	<u>5,669,060</u>	<u>416,543</u>	<u>3,820,410</u>	<u>2,800,836</u>	<u>13,162,780</u>	<u>51,822,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,522,332)</u>	<u>(361,575)</u>	<u>(338,597)</u>	<u>(316,554)</u>	<u>(2,595,304)</u>	<u>1,763,578</u>	<u>(3,370,784)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	2,448,468	326,317	-	892,855	5,044,988	1,704,989	10,417,617
Transfers out	(819,314)	(629,636)	(2,120,988)	(3,671,175)	-	(2,756,619)	(9,997,732)
Total other financing sources (uses)	<u>1,629,154</u>	<u>(303,319)</u>	<u>(2,120,988)</u>	<u>(2,778,320)</u>	<u>5,044,988</u>	<u>(1,051,630)</u>	<u>419,885</u>
Net change in fund balances	106,822	(664,894)	(2,459,585)	(3,094,874)	2,449,684	711,948	(2,950,899)
Fund balance - beginning	2,715,154	2,636,562	16,182,645	9,969,701	(2,748,479)	9,327,772	38,083,355
Fund balance - ending	<u>\$ 2,821,976</u>	<u>\$1,971,668</u>	<u>\$ 13,723,060</u>	<u>\$6,874,827</u>	<u>\$ (298,795)</u>	<u>\$ 10,039,720</u>	<u>\$ 35,132,456</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, 2012

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

Net change in fund balances - total governmental funds (page 20).		\$ (2,950,899)
<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	5,764,681	
Depreciation for the current fiscal year	(5,428,573)	
Total capital outlay/depreciation adjustment		1,078,713
<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>		
		(16,817)
<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	(7,034)	
Capital asset donations	27,398	
Principal portion of loan receipts	(26,420)	
Other fees and charges	(15,881)	
Loans receivable	287,944	
Assessments	(47,078)	
Total revenue adjustments		218,929
<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>		
		1,902,801
<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	15,027	
Other postemployment benefit	(310,735)	
Accrued interest on long-term debt	5,486	
Net pension asset amortization	(313,207)	
Pending insurance claims	18,990	
Total expense/expenditure adjustments		(584,439)
<p>The net expense of certain activities of internal service funds is reported with governmental activities.</p>		
Central Services Fund	(166,212)	
Public Works Services Fund	(30,898)	
Total internal service fund adjustments		(197,110)
Change in net assets of the governmental activities (pages 16-17)		<u>\$ (548,822)</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, 2012

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 16,150,500	\$ 16,150,500	\$ 15,543,586	\$ (606,914)
Delinquent	400,000	400,000	661,246	261,246
Privilege tax: electric	1,943,400	1,943,400	2,215,746	272,346
Franchise fee: communications facilities	50,000	50,000	52,856	2,856
Franchise fee: telephone	157,000	157,000	130,185	(26,815)
Franchise fee: garbage collection	412,000	412,000	434,762	22,762
Privilege tax: natural gas	904,400	904,400	685,743	(218,657)
Franchise fee: cable television	504,000	504,000	521,337	17,337
Permit fees	1,800	1,800	2,025	225
Dog Permit fees	1,500	1,500	900	(600)
Licenses	6,000	6,000	9,320	3,320
Library fees	75,200	75,200	79,895	4,695
Planning fees	70,900	70,900	93,821	22,921
Alarm fees	15,200	15,200	13,140	(2,060)
DUII enforcement grant	16,000	16,000	10,550	(5,450)
FEMA Disaster Reimbursement	-	-	3,023	3,023
State liquor taxes	591,400	591,400	625,354	33,954
State cigarette taxes	71,800	71,800	74,401	2,601
State revenue sharing	366,100	366,100	428,706	62,606
Conflagration response reimbursement	30,000	30,000	32,134	2,134
Workers' Compensation wage subsidy reimbursement	5,600	5,600	526	(5,074)
Linn County	40,000	40,000	14,510	(25,490)
Albany Rural Fire Protection District	1,091,700	1,091,700	952,371	(139,329)
North Albany Rural Fire Protection District	291,200	291,200	285,030	(6,170)
Palestine Rural Fire Protection District	145,400	145,400	145,692	292
Greater Albany Public Schools police grant	40,000	40,000	40,000	-
Linn County Victim Impact Panel Grant	7,000	9,600	2,560	(7,040)
OSFM/USAR Team Response Reimbursement	12,000	12,000	16,439	4,439
Space rental charges	411,400	411,400	417,300	5,900
Municipal Court fines	664,400	664,400	731,135	66,735
Parking violations	4,600	4,600	2,783	(1,817)
Nuisance vehicle administration fee	9,100	9,100	1,450	(7,650)
Dog control assessment	1,300	1,300	1,839	539
Gifts and donations	17,000	17,000	7,531	(9,469)
Grass Abatement Fee Principal	300	300	-	(300)
Miscellaneous	40,000	56,300	118,255	61,955
Albany Economic Improvement District principal	44,000	44,000	34,475	(9,525)
Albany Economic Improvement District interest	600	600	699	99
Loan Repayment-Interest	7,800	7,800	13,433	5,633
Interest on investments	18,000	18,000	25,281	7,281
Total revenues	<u>24,618,600</u>	<u>24,637,500</u>	<u>24,430,039</u>	<u>(207,461)</u>
Other financing sources				
Transfer from Water Fund	50,000	50,000	50,000	-
Transfer from Public Safety Levy Fund	566,300	566,300	516,683	(49,617)
Transfer from Public Safety Levy Fund	1,004,200	1,004,200	889,662	(114,538)

Continued on page 23

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, 2012

	Original Budget	Final Budget	Actual	Over (Under)
Other financing sources, continued				
Transfer from Sewer Fund	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Transfer from Public Safety Levy Fund	937,800	937,800	910,923	(26,877)
Transfer from Economic Development Fund	31,200	31,200	31,200	-
Total other financing sources	2,639,500	2,639,500	2,448,468	(191,032)
Fund balance, beginning				
Designated for Housing	237,300	237,300	170,612	(66,688)
Undesignated	2,983,900	2,983,900	2,544,542	(439,358)
Total Fund Balance, beginning	3,221,200	3,221,200	2,715,154	(506,046)
Amount available for appropriation	\$30,479,300	\$30,498,200	\$29,593,661	\$ (904,539)
Expenditures				
Nondepartmental:				
Materials and services	\$ 281,500	\$ 281,500	268,701	\$ 12,799
General operating contingency	1,539,300	1,514,300	-	1,514,300
Municipal Court	652,200	667,200	664,135	3,065
Code Enforcement	21,000	21,000	3,936	17,064
Fire Suppression	8,448,700	8,448,700	7,909,745	538,955
Public Safety Levy - Fire	992,200	992,200	951,916	40,284
Fire and Life Safety	766,400	766,400	670,661	95,739
Police	12,052,000	12,058,400	11,146,831	911,569
Public Safety Levy - Police	1,013,200	1,013,200	951,281	61,919
Planning	1,189,600	1,189,600	1,052,890	136,710
Housing	248,800	248,800	33,923	214,877
Library	2,450,700	2,473,200	2,298,352	174,848
Total expenditures	29,655,600	29,674,500	25,952,371	3,722,129
Other financing uses				
Transfers to other funds	823,700	823,700	819,314	4,386
Total expenditures and other financing uses	\$30,479,300	\$30,498,200	26,771,685	\$ 3,726,515
Fund balance, ending			\$ 2,821,976	

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, 2012

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Property Taxes - Current	\$ 4,037,600	\$ 4,037,600	\$ 3,885,907	\$ (151,693)
Property Taxes - Delinquent	105,000	105,000	165,624	60,624
Financed park system development charges				
Principal	5,000	5,000	6,481	1,481
Interest	1,500	1,500	360	(1,140)
Park system development charges	100,000	100,000	122,833	22,833
Street tree development fees	20,000	20,000	-	(20,000)
State Marine Board	9,000	9,000	9,000	-
WC Wage Subsidy	-	-	2,896	2,896
Charges for Services	2,100	2,100	1,107	(993)
Children/Youth/Family recreation fees	38,200	38,200	42,019	3,819
Children/Youth/Family sponsorships	5,000	5,000	1,600	(3,400)
Adult recreation fees	25,700	25,700	4,213	(21,487)
Swimming pool	80,000	80,000	75,660	(4,340)
Senior Center rental fees	23,400	23,400	25,309	1,909
Maple Lawn Preschool fees	63,100	63,100	70,646	7,546
Sports program fees	93,200	93,200	96,798	3,598
Waverly boat rentals	5,000	5,000	7,001	2,001
Park permits	6,000	6,000	15,731	9,731
Fitness program fees	68,700	68,700	38,902	(29,798)
Preschool materials and services fees	3,300	3,300	3,180	(120)
Senior program fees	5,000	5,000	16,023	11,023
Northwest Art and Air Festival fees	11,000	11,000	10,643	(357)
Hot air balloon rides	10,000	10,000	9,700	(300)
Senior newsletter	3,000	3,000	1,577	(1,423)
Gift shop	6,500	6,500	7,965	1,465
Trip	43,400	43,400	54,572	11,172
Merchandise sales - aquatics	4,500	4,500	2,509	(1,991)
Cool! Pool facility rental fees	8,000	8,000	8,805	805
Concession sales - aquatics	15,000	15,000	10,201	(4,799)
Concession sales - sports	2,500	2,500	2,881	381
Public arts	4,000	4,000	5,129	1,129
Swanson room rental fees	1,000	1,000	3,445	2,445
Track Club	2,500	2,500	4,690	2,190
Facility enhancement fee	5,500	5,500	6,260	760
ACP swimming pool	155,000	155,000	176,905	21,905
ACP facility rental fees	23,100	23,100	22,717	(383)
Sport Camp Fees	500	500	-	(500)
Tournament Rental Fees	5,500	5,500	5,842	342
Event Donations	-	-	1,620	1,620
Youth Program User Fees	3,500	3,500	-	(3,500)
Community Garden	500	500	1,060	560
Pool Room	1,200	1,200	1,084	(116)
River Rhythms Food Faire	8,800	8,800	11,775	2,975
NWAAF Food Vendors	11,500	11,500	13,663	2,163
Mondays at Monteith Food Vendors	1,200	1,200	1,654	454
River Rhythms Souvenir Sales	500	500	1,371	871
NWAAF Souvenir Sales	6,000	6,000	1,031	(4,969)
Trolley rental charges	3,000	3,000	1,816	(1,184)
River Rhythms Donations	13,000	13,000	12,470	(530)
NWAAF Donations	13,500	13,500	20,704	7,204
Mondays at Monteith Donations	2,100	2,100	2,868	768
July 4th Sponsorships	-	-	17,000	17,000
Gifts and donations	64,000	64,000	8,650	(55,350)
Monday night concert series	15,000	15,000	13,880	(1,120)
Senior Center sponsorships	7,500	7,500	12,319	4,819
Children's Performing Arts Series sponsorships	8,300	8,300	10,000	1,700

Continued on page 25

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, 2012

	Original Budget	Final Budget	Actual	Over (Under)
Revenues, continued				
River Rhythms sponsorships	\$ 55,000	\$ 55,000	\$ 59,496	\$ 4,496
NWAAF sponsorships	72,500	72,500	74,362	1,862
Aquatic Sponsorship	3,500	3,500	58,925	55,425
Adult Rec & Fitness Sponsorships	1,000	1,000	-	(1,000)
Sports Sponsorship	5,000	5,000	1,300	(3,700)
Miscellaneous Event Sponsorship/Donation	-	-	894	894
Aquatics Donations	68,000	68,000	22,000	(46,000)
Miscellaneous	2,000	2,000	15,529	13,440
Brochure advertising	2,500	2,500	1,015	(1,485)
General fundraising	800	800	450	(350)
Interest on investments	16,100	16,100	15,418	(682)
Total revenues	<u>5,383,800</u>	<u>5,383,800</u>	<u>5,307,485</u>	<u>(76,315)</u>
Other financing sources				
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	1,010,000	1,010,000	470,000	(540,000)
Transfer from Grants Fund	-	100	17	(83)
Transfer from Economic Development Fund	59,100	59,100	59,100	-
Total other financing sources	<u>1,336,300</u>	<u>1,336,400</u>	<u>796,317</u>	<u>(540,083)</u>
Fund balance, beginning	<u>2,158,100</u>	<u>2,158,100</u>	<u>2,636,562</u>	<u>478,462</u>
Amount available for appropriation	<u>\$ 8,878,200</u>	<u>\$ 8,878,300</u>	<u>8,740,364</u>	<u>\$ (137,936)</u>
Expenditures				
Sports Programs	\$ 235,900	\$ 242,900	239,437	\$ 3,463
Children/Youth/Family Recreation Services	265,400	265,400	208,958	56,442
Resource Development/Marketing Services	296,600	296,600	275,977	20,623
Park Maintenance Services	1,843,800	1,843,800	1,815,226	28,574
Parks and Recreation Administration	1,107,500	1,100,500	1,064,744	35,756
Aquatic Services	774,900	774,900	740,458	34,442
Adult Recreation and Fitness Services	502,500	502,500	420,892	81,608
Performance and Cultural Arts	402,300	402,300	331,954	70,346
Park System Development Charge Projects	675,200	410,200	34,175	376,025
Senior Center Foundation	19,600	19,600	9,467	10,133
Parks Capital Improvement Program	1,072,400	1,072,300	527,772	544,528
Total expenditures	<u>\$ 7,196,100</u>	<u>\$ 6,931,000</u>	<u>5,669,060</u>	<u>\$ 1,261,940</u>
Other financing uses				
Transfers to other funds	368,200	637,000	629,636	7,364
Intrafund transfers out	1,010,000	1,010,000	470,000	540,000
Contingency	303,900	300,300	-	300,300
Total other financing uses	<u>1,682,100</u>	<u>1,947,300</u>	<u>1,099,636</u>	<u>847,664</u>
Total expenditures and other financing uses	<u>\$ 8,878,200</u>	<u>\$ 8,878,300</u>	<u>\$ 6,768,696</u>	<u>\$ 2,109,604</u>
Fund balance, ending			<u>\$ 1,971,668</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, 2012

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interest on investments	\$ 69,800	\$ 69,800	\$ 77,946	\$ 8,146
Total revenues	<u>69,800</u>	<u>69,800</u>	<u>77,946</u>	<u>8,146</u>
Other financing sources				
Transfers from Capital Projects Fund	2,127,700	2,127,700	-	(2,127,700)
Fund balance, beginning	11,212,800	11,212,800	12,723,668	1,510,868
Amount available for appropriation	<u>\$ 13,410,300</u>	<u>\$ 13,410,300</u>	<u>\$ 12,801,614</u>	<u>\$ (608,686)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Risk Management	\$ 1,578,800	\$ 1,578,800	340,597	1,238,203
Litigation Settlement Projects	\$ 10,943,500	\$ 9,662,512	34,913	9,627,599
HARP	\$ 48,000	\$ 48,000	41,033	6,967
Total expenditures	<u>\$ 12,570,300</u>	<u>\$ 11,289,312</u>	416,543	<u>\$ 10,872,769</u>
Other financing uses				
Transfers to other funds	840,000	2,120,988	2,120,988	-
Total expenditures and other financing uses	<u>13,410,300</u>	<u>13,410,300</u>	2,537,531	10,872,769
Budgetary Fund Balance			10,264,083	
Adjustment for Interfund Loan			3,458,977	
Fund balance, ending			<u>\$ 13,723,060</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, 2012

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Financed transportation system development charges				
Principal	\$ 9,500	\$ 9,500	\$ 12,164	\$ 2,664
Interest	3,500	3,500	2,470	(1,030)
Financed improvement assurance fees				
Principal	1,000	1,000	13,237	12,237
Interest	1,000	1,000	3,568	2,568
Street connection fees	-	-	104,754	104,754
Transportation system development charges	173,400	173,400	234,626	61,226
Public facility construction permit	12,000	12,000	8,484	(3,516)
EPSC permit	20,000	20,000	35,980	15,980
FEMA Disaster Reimbursement	-	-	21,413	21,413
State gasoline tax	2,700,000	2,700,000	2,745,670	45,670
Surface transportation program	1,190,000	1,190,000	48,600	(1,141,400)
Workers Comp wage subsidy	-	-	680	680
Miscellaneous	3,500	3,500	214,550	211,050
Interest on investments	75,000	75,000	57,660	(17,340)
Total revenues	<u>4,188,900</u>	<u>4,188,900</u>	<u>3,503,856</u>	<u>(685,044)</u>
Other financing sources				
Transfer from Economic Development Fund	1,600	1,600	1,600	-
Transfer from Sewer Fund	326,000	450,000	446,858	(3,142)
Transfer from Water Fund	430,000	450,000	444,397	(5,603)
Total other financing sources	<u>757,600</u>	<u>901,600</u>	<u>892,855</u>	<u>(8,745)</u>
Fund balance, beginning	<u>7,963,000</u>	<u>7,963,000</u>	<u>9,969,701</u>	<u>2,006,701</u>
Amount available for appropriation	<u>\$12,909,500</u>	<u>\$13,053,500</u>	<u>14,366,412</u>	<u>\$ 1,312,912</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 839,700	\$ 839,700	766,542	\$ 73,158
Materials and services	2,990,200	2,990,200	2,692,788	297,412
Capital	8,415,600	5,388,600	361,080	5,027,520
Contingencies	-	144,000	-	144,000
Total expenditures	<u>\$12,245,500</u>	<u>\$ 9,362,500</u>	<u>3,820,410</u>	<u>\$ 5,542,090</u>
Other financing uses				
Transfers to other funds	664,000	3,691,000	3,671,175	19,825
Total expenditures and other financing uses	<u>\$12,909,500</u>	<u>\$13,053,500</u>	<u>\$ 7,491,585</u>	<u>\$ 5,561,915</u>
Fund balance, ending			<u>\$ 6,874,827</u>	

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

CITY OF ALBANY, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2012

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
ASSETS				
Current assets:				
Cash and investments	\$ 9,360,070	\$ 8,086,903	\$ 17,446,973	\$ 954,418
Receivables:				
Property taxes	18,056	-	18,056	-
Accounts	1,775,227	4,238,439	6,013,666	2,204
Other	-	84,276	84,276	-
Inventories	718,526	323,710	1,042,236	-
Total current assets	<u>11,871,879</u>	<u>12,733,328</u>	<u>24,605,207</u>	<u>956,622</u>
Noncurrent assets:				
Cash and investments restricted for debt service	1,192,506	8,145,325	9,337,831	-
Cash and investments restricted for capital projects	4,108,759	1,543,131	5,651,890	-
Assessments receivable	-	62,692	62,692	-
Loans receivable	-	4,922,760	4,922,760	-
Capital assets (net of depreciation)	86,426,994	147,856,654	234,283,648	135,310
Unamortized debt issuance costs and deferred charges, net	212,351	-	212,351	-
Total noncurrent assets	<u>91,940,610</u>	<u>162,530,562</u>	<u>254,471,172</u>	<u>135,310</u>
Total assets	<u>103,812,489</u>	<u>175,263,890</u>	<u>279,076,379</u>	<u>1,091,932</u>
LIABILITIES				
Current liabilities:				
Accounts payable	402,690	379,204	781,894	454,410
Compensated absences	53,462	52,615	106,077	325,374
Claims and judgments	9,415	5,382	14,797	1,596
Interest payable	612,966	716,502	1,329,468	-
Refundable deposits	159,195	809	160,004	-
Loans payable, current portion	-	3,269,647	3,269,647	-
Bonds payable, current portion	830,000	-	830,000	-
Total current liabilities	<u>2,067,728</u>	<u>4,424,159</u>	<u>6,491,887</u>	<u>781,380</u>
Long-term debt				
Compensated absences	52,951	42,112	95,063	324,692
Other postemployment benefits	136,838	128,461	265,299	588,422
Loans payable - long-term portion	-	65,742,674	65,742,674	-
Bonds payable - long-term portion	30,010,000	-	30,010,000	-
Total long-term debt	<u>30,199,789</u>	<u>65,913,247</u>	<u>96,113,036</u>	<u>913,114</u>
Total liabilities	<u>32,267,517</u>	<u>70,337,406</u>	<u>102,604,923</u>	<u>1,694,494</u>
NET ASSETS				
Invested in capital assets, net of related debt	55,586,994	78,844,333	134,431,327	135,310
Restricted for capital construction	2,075,941	4,161,800	6,237,741	-
Restricted for debt service	-	8,208,017	8,208,017	-
Unrestricted	13,882,037	13,712,334	27,594,371	(737,872)
Total net assets	<u>\$ 71,544,972</u>	<u>\$ 104,926,484</u>	<u>176,471,456</u>	<u>\$ (602,562)</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(535,856)
Net assets of business-type activities (page 15)	\$ 175,935,600

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

CITY OF ALBANY, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
for the year ended June 30, 2012

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
OPERATING REVENUES:				
Service charges and fees	\$ 11,353,600	\$ 12,345,880	\$ 23,699,480	\$ 11,685,405
Miscellaneous	508,312	2,489,798	2,998,110	55,074
Total operating revenues	11,861,912	14,835,678	26,697,590	11,740,479
OPERATING EXPENSES:				
Salaries and wages	2,105,498	1,851,838	3,957,336	9,128,087
Contracted services	447,117	1,341,929	1,789,046	410,638
Operating supplies	549,643	521,256	1,070,899	1,133,087
Utilities	414,629	614,988	1,029,617	213,137
Depreciation and amortization	2,423,215	3,273,916	5,697,131	20,482
Repairs and maintenance	555,449	539,143	1,094,592	202,686
Charges for services	2,887,999	3,482,985	6,370,984	1,066,846
Miscellaneous	-	17,567	17,567	1,937
Total operating expenses	9,383,550	11,643,622	21,027,172	12,176,900
Operating income (loss)	2,478,362	3,192,056	5,670,418	(436,421)
NONOPERATING REVENUES (EXPENSES):				
Property taxes	8,655	-	8,655	-
Interest on investments	97,547	124,001	221,548	7,393
Interest	(1,475,670)	(2,432,916)	(3,908,586)	-
Total nonoperating revenues (expenses)	(1,369,468)	(2,308,915)	(3,678,383)	7,393
Income (loss) before capital contributions and transfers	1,108,894	883,141	1,992,035	(429,028)
Capital contributions	520,187	1,341,404	1,861,591	-
Transfers out	(752,212)	(507,673)	(1,259,885)	-
Change in net assets	876,869	2,556,872	3,433,741	(429,028)
Net assets - beginning	70,668,103	102,369,612		(173,534)
Net assets - ending	\$ 71,544,972	\$ 104,926,484		\$ (602,562)
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.			(231,917)	
Change in net assets of business-type activities (pages 16-17)			\$ 3,201,824	

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

CITY OF ALBANY, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
for the year ended June 30, 2012

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 11,112,149	\$ 12,224,237	\$ 23,336,386	\$ 11,686,855
Cash payments to suppliers of goods and services	(4,681,581)	(6,733,971)	(11,415,552)	(2,944,991)
Cash payments to employees for services	(2,080,126)	(1,838,662)	(3,918,788)	(9,022,892)
Other operating revenues	508,312	2,489,798	2,998,110	55,074
Net cash provided by (used in) operating activities	<u>4,858,754</u>	<u>6,141,402</u>	<u>11,000,156</u>	<u>(225,954)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	24,782	-	24,782	-
Transfers out	(752,212)	(507,673)	(1,259,885)	-
Net cash (used in) noncapital financing activities	<u>(727,430)</u>	<u>(507,673)</u>	<u>(1,235,103)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(2,427,261)	(837,402)	(3,264,663)	-
ARRA Forgivable Loan	-	(2,000,000)	(2,000,000)	-
Interfund Transfer from Risk Management	-	840,000	840,000	-
Receipt of assessments and fees	87,179	28,931	116,110	-
Principal paid on loan	-	(3,122,779)	(3,122,779)	-
Principal paid on bonds	(960,000)	-	(960,000)	-
Principal paid on certificates of participation	(75,679)	-	(75,679)	-
Adjustment to Millersburg Loan	-	417,318	417,318	-
Interest paid on long-term debt	(1,491,069)	(2,468,090)	(3,959,159)	-
Receipt of Final portion of ARRA Loan	-	116,322	116,322	-
System development charges collected	210,849	35,320	246,169	-
Net cash (used) in capital and related financing activities	<u>(4,655,981)</u>	<u>(6,990,380)</u>	<u>(11,646,361)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	105,753	134,103	239,856	8,240
Net increase (decrease) in cash and investments	(418,904)	(1,222,548)	(1,641,452)	(217,714)
Cash and investments, July 1, 2011	<u>15,080,239</u>	<u>18,997,907</u>	<u>34,078,146</u>	<u>1,172,132</u>
Cash and investments, June 30, 2012	<u>\$ 14,661,335</u>	<u>\$ 17,775,359</u>	<u>\$ 32,436,694</u>	<u>\$ 954,418</u>

Continued on page 31

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

CITY OF ALBANY, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (continued)
for the year ended June 30, 2012

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss) (page 29)	\$ 2,478,362	\$ 3,192,056	\$ 5,670,418	\$ (436,421)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,423,215	3,273,916	5,697,131	\$ 20,482
Changes in assets and liabilities:				
Receivables	(243,586)	(131,275)	(374,861)	1,450
Inventories	55,292	88,978	144,270	-
Other assets	585	(81,727)	(81,142)	2,578
Accounts payable	124,551	(202,968)	(78,417)	80,762
Compensated absences	(511)	(10,504)	(11,015)	(683)
Claims and judgments	(7,173)	(10,754)	(17,927)	(1,841)
Other postemployment benefits	25,883	23,680	49,563	107,719
Refundable deposits	2,136	-	2,136	-
Total adjustments	<u>2,380,392</u>	<u>2,949,346</u>	<u>5,329,738</u>	<u>210,467</u>
Net cash provided by (used in) operating activities	<u>\$ 4,858,754</u>	<u>\$ 6,141,402</u>	<u>\$ 11,000,156</u>	<u>\$ (225,954)</u>

STATEMENT OF NET ASSETS RECONCILIATION

Cash and investments from above	\$ 14,661,335	\$ 17,775,359	\$ 32,436,694	\$ 954,418
Less: restricted cash and investments	(5,301,265)	(9,688,456)	(14,989,721)	-
Cash and investments per Statements of Net Assets for Proprietary Funds (page 28)	<u>\$ 9,360,070</u>	<u>\$ 8,086,903</u>	<u>\$ 17,446,973</u>	<u>\$ 954,418</u>

NONCASH CAPITAL ACTIVITIES:

Amortization of bond issuance costs	<u>\$ 9,996</u>	<u>\$ -</u>	<u>\$ 9,996</u>
Contribution of capital assets to government	<u>\$ 520,187</u>	<u>\$ 1,341,404</u>	<u>\$ 1,861,591</u>

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

"Balanced budget requirements seem more likely to produce accounting ingenuity than genuinely balanced budgets."

Thomas Sowell

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

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 well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected to not apply FASB statements issued after November 30, 1989. 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 June 30 year-end.

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, PO Box 490, Albany, OR 97321.

Basic Financial Statements

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

Government-wide financial statements display information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Assets 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 function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as *general revenues*.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

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, franchise fees, privilege taxes, rural fire protection district fees, state shared revenues, municipal court fines, licenses, and permits. Primary expenditures are for general government (planning, code enforcement, and housing), public safety (municipal court, police, fire, fire suppression, and fire life safety), and culture and recreation (library).

Parks and Recreation

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

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

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

Capital Projects

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

Sewer

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

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.

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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Restricted Assets

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

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.

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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets (continued)

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets. 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. All vacation pay is accrued 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 Assets. 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 assets and displayed in three components:

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

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Equity (continued)

In February 2009, effective for reporting periods beginning after June 15, 2010, GASB approved 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 ordinances or resolutions approved by the City Council.

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.

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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY continued

Budgetary Information (continued)

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 2011-12 was \$3,197,043,335. Assessed value is calculated on a property-by-property basis and is limited to a three percent increase annually. Compression of tax revenues comes into play when the real market value of an individual residential property is not sufficient to allow for an annual three percent increase in the assessed value.

The City 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	

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY continued

Budgetary Information (continued)

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, 2012, the City made supplemental budget changes which totaled \$6,480,554.00, a 3.79% increase over the adopted budget. The following table outlines the supplemental budget changes by fund:

	2011-12 <u>Adopted Budget</u>	2011-12 <u>Final Budget</u>	<u>Change</u>
GENERAL FUND	\$ 30,479,300	\$ 30,498,200	\$ 18,900
PARKS & RECREATION	8,878,200	8,878,300	100
GRANTS	2,562,700	3,974,166	1,411,466
BUILDING INSPECTION	1,301,600	1,301,600	-
RISK MANAGEMENT	13,410,300	13,410,300	-
ECONOMIC DEVELOPMENT	1,433,100	1,453,100	20,000
AMBULANCE	2,244,300	2,244,300	-
PUBLIC TRANSIT	1,604,700	1,637,300	32,600
PUBLIC SAFETY LEVY	2,753,600	2,753,600	-
CAPITAL REPLACEMENT	7,365,600	7,388,900	23,300
STREET	12,909,500	13,053,500	144,000
ARA	5,999,100	5,999,100	-
DEBT SERVICE	2,880,400	2,880,400	-
CAPITAL PROJECTS	4,954,800	9,499,788	4,544,988
SENIOR CENTER ENDOWMENT	50,600	50,600	-
LIBRARY TRUST	83,900	83,900	-
SEWER	31,845,000	32,080,600	235,600
WATER	27,017,100	27,066,700	49,600
CENTRAL SERVICES	5,862,400	5,862,400	-
PUBLIC WORKS SERVICES	7,329,100	7,329,100	-
	<u>\$ 170,965,300</u>	<u>\$ 177,445,854</u>	<u>\$ 6,480,554</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 2011-12.

Excess of Expenditures over Appropriations

The City had no expenditures which exceeded approved appropriations.

Deficit Fund Equity

For Fiscal Year 2011-12, the Capital Projects fund ended the year with 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 pay the loans back over time. However, the City is considering alternate pay back methods due to delinquent payments of one of the property owners in the area.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

3. DETAILED NOTES

Cash and Investments

The City pools virtually all funds for investment purposes. Each fund type's portion is displayed on the Statement of Net Assets as 'Cash and investments' and 'Restricted cash and investments' (page 15).

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

Cash on hand	\$ 33,590
Cash with fiscal agents	34,102
Bank balances with financial institutions	(3,250)
State of Oregon Treasurer's short-term investment pool	22,848,194
Other investments	47,296,479
Interest accrued on investments at time of purchase	13,742
Total cash and investments	<u>\$ 70,222,857</u>

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

Cash and investments	\$ 52,501,725
Cash with fiscal agents	34,102
Restricted cash and investments	17,687,030
Total cash and investments	<u>\$ 70,222,857</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 (\$3,250) and the bank balance was \$1,051,427.

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.

As of June 30, 2012, 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	\$ 9,548,118	\$ 9,655,545	1.321	14%
FFCB-Federal Farm Credit Bank	Aaa	8,502,550	8,527,730	2.295	12%
FHLB-Federal Home Loan Bank	Aaa	16,169,817	16,220,100	1.791	23%
FNMA-Federal National Mortgage Association	Aaa	8,039,486	8,062,020	2.303	12%
Oregon Short-term Fund	NR	22,848,194	22,848,194	0.003	33%
Corporate indebtedness	Aaa	5,034,508	5,044,850	0.447	7%
Accrued trust fees	-	2,000	2,000		
Totals		<u>\$ 70,144,673</u>	<u>\$ 70,360,439</u>		<u>100%</u>
Portfolio weighted average maturity				<u>1.168</u>	

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

3. DETAILED NOTES, continued

Investments (continued)

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, 2012, was 1.17 years.

Credit and concentration of credit risks

State statutes 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.

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, 2011, the City of Albany's bank balance of \$1,051,427 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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

3. DETAILED NOTES, continued

Capital Assets

Governmental Activities

Capital activity for the year ended June 30, 2012, was as follows:

	July 1, 2011 Balance	Additions	Deletions, Transfers in, Transfers out	June 30, 2012 Balance
Non-depreciable capital assets				
Land	\$ 11,052,594	\$ 1,000,000	\$ -	\$ 12,052,594
Construction in progress	8,088,676	2,891,508	(3,726,436)	7,253,748
Total non-depreciable capital assets	<u>19,141,270</u>	<u>3,891,508</u>	<u>(3,726,436)</u>	<u>19,306,342</u>
Depreciable capital assets				
Buildings and improvements	20,464,121	425,425	-	20,889,546
Vehicles and equipment	12,694,773	359,671	(113,621)	12,940,823
Infrastructure	109,600,899	1,971,701	3,726,436	115,299,036
Total depreciable capital assets	<u>142,759,793</u>	<u>2,756,797</u>	<u>3,612,815</u>	<u>149,129,405</u>
Total capital assets	<u>161,901,063</u>	<u>6,648,305</u>	<u>(113,621)</u>	<u>168,435,747</u>
Accumulated depreciation				
Buildings and improvements	(4,715,958)	(387,773)	-	(5,103,731)
Vehicles and equipment	(7,906,899)	(898,359)	-	(8,805,258)
Infrastructure	(48,084,995)	(4,146,699)	-	(52,231,694)
Total accumulated depreciation	<u>(60,707,852)</u>	<u>(5,432,831)</u>	<u>-</u>	<u>(66,140,683)</u>
Depreciable capital assets net of depreciation	<u>82,051,941</u>	<u>(2,676,034)</u>	<u>3,612,815</u>	<u>82,988,722</u>
Governmental activities, capital assets, net	<u>\$101,193,211</u>	<u>\$ 1,215,474</u>	<u>\$ (113,621)</u>	<u>\$102,295,064</u>

Depreciation expense for governmental activities has been charged as follows:

General government	\$ 906,938
Public safety	606,247
Highways and streets	3,198,660
Culture and recreation	720,986
Total depreciation for governmental activities	<u>\$ 5,432,831</u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

3. DETAILED NOTES, continued

Capital Assets (continued)

Business-type Activities

Capital activity for the year ended June 30, 2012, was as follows:

	July 1, 2011 Balance	Additions	Deletions, Transfers in, Transfers out	June 30, 2012 Balance
Non-depreciable capital assets				
Land	\$ 6,216,055	\$ -	\$ -	\$ 6,216,055
Construction in progress	43,194,470	2,075,505	(29,858,988)	15,410,987
Total non-depreciable capital assets	49,410,525	2,075,505	(29,858,988)	21,627,042
Depreciable capital assets				
Land rights	19,794	-	-	19,794
Land improvements	25,178	-	-	25,178
Buildings and improvements	116,846,654	279,094	22,907,965	140,033,713
Vehicles and equipment	7,146,990	169,057	-	7,316,047
Infrastructure	128,487,676	1,556,790	6,951,023	136,995,489
Total depreciable capital assets	252,526,292	2,004,941	29,858,988	284,390,221
Total capital assets	301,936,817	4,080,446	-	306,017,263
Accumulated depreciation				
Land rights	(17,484)	(659)	-	(18,143)
Land improvements	(21,273)	(434)	-	(21,707)
Buildings and improvements	(19,113,065)	(2,699,863)	-	(21,812,928)
Vehicles and equipment	(5,988,439)	(227,476)	-	(6,215,915)
Infrastructure	(40,762,281)	(2,774,927)	-	(43,537,208)
Total accumulated depreciation	(65,902,542)	(5,703,359)	-	(71,605,901)
Depreciable capital assets net of depreciation	186,623,750	(3,698,418)	29,858,988	212,784,320
Business-type activities, capital assets, net	\$236,034,275	\$ (1,622,913)	\$ -	\$234,411,362

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

Water Fund	\$ 2,420,581
Sewer Fund	3,282,778
Total depreciation for business-type activities	\$ 5,703,359

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

Total business-type capital assets, net of depreciation, from above	\$234,411,362
Internal service fund capital assets reported as business-type activities:	
Public Works Services Fund	(127,714)
Capital assets (net), Statement of Net Assets of Proprietary Funds (page 28)	<u>\$234,283,648</u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

3. DETAILED NOTES, continued

Restricted Net Assets

Certain assets are classified on the Statement of Net Assets as restricted assets because their use is limited by applicable bond indentures or other legal provisions. Total restricted net assets of \$27,631,484 include \$134,460 restricted for permanent endowments and \$27,497,024 restricted by enabling legislation as follows:

Governmental activities	\$	13,190,170	
Business-type activities		14,445,758	
Total	\$	27,635,928	

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, 2012, amounted to \$514,114, which represented approximately 12.5 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, 2012. The ARA loans have been restated to show the division of regular and forgivable loans.

	June 30, 2011		Increase	Decrease	June 30, 2012
	Balance				Balance
Governmental Funds					
General	\$ 200,066	\$ -	\$ -	\$ -	\$ 200,066
Economic Development	161,039	-	(43,895)		117,144
Albany Revitalization Agency (ARA) Regular loans	331,329	309,150	(1,910)		638,569
Total Governmental Funds	692,434	309,150	(45,805)		955,779
Enterprise Fund - Sewer	5,340,076	-	(417,315)		4,922,760
Total government-wide loans	\$ 6,032,510	\$ 309,150	\$ (463,120)		\$ 5,878,539

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, 2012, 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, 2012, Helping Hands is making interest-only payments.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

3. DETAILED NOTES, continued

Loans Receivable (continued)

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, 2012, the balance of the receivable from the Dayton Hudson Corporation was \$117,144.

During the FY 2010-11, Quality Inn became in arrears with the City for its monthly Transient Room tax in the amount of \$17,474. During the month of June 2011 they agreed to pay off this balance in one year; this loan is part of the Economic Development fund. As of June 30, 2012 the loan was paid in full by Quality Inn.

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. It is the belief of City officials that the buyer will fulfill the requirements and the 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, 2012, 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, 2012, 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 \$5,581 has been received against these loans, leading to a June 30, 2012, outstanding balance of \$204,419.

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, 2012, \$148,000 of the approved loan amount had been disbursed.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

3. DETAILED NOTES, continued

Loans Receivable (continued)

Albany Revitalization Area (ARA) Fund (continued)

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, 2012, \$235,150 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.

Borrower	Loan Draws to Date	Forgiven	Balance yet to be forgiven
Flinn Block LLC - Manley	\$ 74,000	\$ -	\$ 74,000
R3 Development - Mikesell	200,066	-	200,066
CADD Connection - Yamamoto	97,500	13,929	83,571
Albany Redevelopment - Ward	23,568	-	23,568
Edgewater Village	2,400,000	-	2,400,000
Poris , Linda	63,215	-	63,215
Albany Carousel	63,257	-	63,257
Catlin, Rich	10,000	6,000	4,000
Eaton, Emma and Jacho	25,000	5,000	20,000
Van Rossman, Robyn and Rusty	3,360	-	3,360
Vaughan, Timothy	28,900	5,780	23,120
Olivetti, Thad and Shannon	17,613	-	17,613
Valley Homes - Siegner, Mark	67,428	-	67,428
	<u>3,073,907</u>	<u>30,709</u>	<u>3,043,198</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. The project went online in 2010-11 and final project costs plus adjustments totaled \$1,047,628. Millersburg paid \$426,336 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, 2012, Millersburg's loan balance was \$4,922,760.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

3. DETAILED NOTES, continued

Deferred Revenue

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	\$	1,209,990
Parks and Recreation		297,096
Other governmental		482,225
Accounts receivable		593,674
Assessments receivable		4,016,674
Community development loans		200,066
Economic development loans		755,714
Total deferred revenue	\$	<u><u>7,555,440</u></u>

Construction Commitments

The City has active construction projects as of June 30, 2012. The projects which include the completion of the wastewater treatment plant expansion project; Valley View Reservoir; Wetlands Treatment Project; Broadway Reservoir and related Transmission lines; and the Shady Lane waterline are found in the Water, Sewer, and Street Funds.

<u>Capital Projects</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
Valley View Reservoir - Water	\$ 562,618	\$ 73,552
Oak Street Reconstruction - Street	602,817	1,795,528
Wetlands Treatment Project - Sewer	1,817,792	141,898
Wastewater Treatment Plant Expansion	-	163,342
Broadway Reservoir - Water	47,250	2,130,260
Broadway Reservoir Transmission - Water	125,056	25,614
Shady Lane Waterline - Water	-	65,965
Totals	<u><u>\$ 3,155,533</u></u>	<u><u>\$ 4,396,159</u></u>

The wastewater treatment plant expansion project was funded by a Clean Water State Revolving Fund loan. The remaining commitments are related to the retainage related to the Siemens issue; see subsequent events for further explanation. The remaining Water and Sewer capital projects are financed from capital project resources of the Water and Sewer Funds. Capital project resources of the Street Fund are financing the Oak Street reconstruction project.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

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	\$ 242,042

The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2012, are as follows:

	Governmental Activities
Years ending June 30,	
2012	\$ 146,130
2013	105,206
2014	8,785
2015	8,785
Total minimum lease payments	268,906
Less: amount representing interest	(26,864)
Present value of minimum lease payments	\$ 242,042

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

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	Increase	Decrease	Ending Balance	Due in 2012/2013
Governmental Activities					
General obligation bonds, Series 2007 Refunding	\$ 4,855,000	\$ -	\$ 1,095,000	\$ 3,760,000	\$ 1,170,000
Special assessment debt with governmental commitment, Series 2002	197,735	-	197,735	-	-
Limited tax pension obligations, Series 2002	5,606,508	-	92,951	5,513,557	97,868
General revenue obligations, Series 2004	2,000,000	-	340,000	1,660,000	355,000
Urban Renewal Bonds					
2007 CARA Series A Tax-exempt	2,822,000	-	-	2,822,000	-
2007 CARA Series B Taxable	1,026,000	-	262,000	764,000	279,000
Notes payable					
2010 CARA Urban Renewal Revenue Note	1,958,800	3,400	-	1,962,200	1,962,200
OEDD-Target Infrastructure	162,389	-	29,884	132,505	30,164
Subtotal	18,628,432	3,400	2,017,570	16,614,262	3,894,232
Other postemployment benefits	1,573,142	358,977	-	1,932,119	-
Unamortized debt issuance costs (net)	(174,808)	-	(35,653)	(139,155)	-
Unamortized premium on debt issuance	57,464	-	14,676	42,788	-
Compensated absences	2,493,107	2,271,711	2,300,212	2,464,606	1,232,303
Claims and judgments	38,578	18,779	38,579	18,778	18,778
Capital leases	151,695	307,001	216,654	242,042	146,130
Total Governmental Activities	22,767,610	2,959,868	4,552,038	21,175,440	5,291,443
Business-type Activities					
Water revenue bonds					
2003 Water Revenue/Refunding	31,800,000	-	960,000	30,840,000	830,000
Certificates of participation					
Joint Water Project	75,678	-	75,678	-	-
Loans payable					
2009 Wetland Loan	3,778,560	-	348,858	3,429,702	362,812
2010 SRF Loan - WWTP	66,356,540	-	2,723,921	63,632,619	2,806,835
2012 SRF Loan	3,883,678	116,322	2,050,000	1,950,000	100,000
Subtotal	105,894,456	116,322	6,158,457	99,852,321	4,099,647
Other postemployment benefits	482,824	109,040	-	591,864	-
Unamortized debt issuance costs (net)	(222,347)	-	(9,996)	(212,351)	-
Compensated absences	553,402	541,297	539,521	555,178	277,589
Claims and judgments	34,734	15,776	34,734	15,776	15,776
Total Business-type Activities	106,743,069	782,435	6,722,716	100,802,788	4,393,012
Totals	\$129,510,679	\$ 3,742,303	\$11,274,754	\$121,978,228	\$ 9,684,455

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

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 (\$296,028) and claims and judgments (\$617), are included in the above totals for governmental activities. Central Services also service the business-type activities and \$52,958 (for compensated absences, and claims and judgments) are included in the above totals for the business-type activities. For governmental activities and business-type activities, claims and judgments and compensated absences 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, 2012, is \$3,760,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2013	1,170,000	150,400	1,320,400
2014	1,255,000	103,600	1,358,600
2015	1,335,000	53,400	1,388,400
Totals	\$ 3,760,000	\$ 307,400	\$ 4,067,400

Special Assessment Bancroft Bonds with Governmental Commitment

The City has established several LID to finance capital improvements in specific areas through the sale of special assessment bonds. Project costs are assessed to each property benefiting from the improvement, with payments then used to pay debt service on the bonds. In the event a deficiency exists because of unpaid or delinquent special assessments at the time debt service is due, the City must provide resources to cover the deficiency.

In June 2002, the City issued \$736,255 in limited tax assessment bonds to finance the following local improvement districts: Timber Street, Alandale, Marion Street, Riverside Drive, Hickory Street, 12th Avenue, and Lehigh/Riderwood. The interest rate is 5.5 percent for the ten-year bonds. The bonds matured on June 17, 2012, leaving no outstanding balance as of June 30, 2012.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

3. DETAILED NOTES, continued

Long-term obligations (continued)

Governmental Activities (continued)

Revenue Obligations

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, 2012, is \$5,513,557. Annual debt service requirements to maturity for the limited tax pension obligations are as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 97,868	\$ 432,369	\$ 530,237
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
2025-2028	2,335,000	454,839	2,789,839
Totals	\$ 5,513,557	\$ 5,658,084	\$ 11,171,641

General Revenue Obligations

The City issued \$3,720,000 of general revenue obligations in December 2004, secured by and payable from any unobligated, non-property tax revenues legally available to the City, to finance the construction of a public swimming pool, and repayment and/or defeasance of the City's Certificates of Participation, Series 1994. Interest rates range from two percent to five percent for the 15-year bonds. Final maturity is January 1, 2020. The balance outstanding at June 30, 2012, is \$1,660,000. Annual debt service requirements to maturity for the general revenue obligations are as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 355,000	\$ 68,204	\$ 423,204
2014	365,000	52,229	417,229
2015-2019	940,000	141,258	1,081,258
Totals	\$ 1,660,000	\$ 261,691	\$ 1,921,691

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

3. DETAILED NOTES, continued

Long Term Obligations (continued)

Governmental Activities (continued)

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, 2012, is \$3,586,000. Annual debt service requirements to maturity for urban renewal bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 279,000	\$ 184,617	\$ 463,617
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
Totals	\$ 3,586,000	\$ 1,048,089	\$ 4,634,089

Notes Payable

In March 2010, the ARA, in conjunction with Bank of America, created a \$5,000,000 Non-revolving Line-of-Credit to be used to provide financing or refinancing for projects within the Central Albany Revitalization Agency area. The interest rate is based on 63.5% of the British Bankers Association LIBOR floating rate, plus 1.25% subject to an all-in floor of 1.73%. The interest accrued will be paid every quarter beginning June 1, 2010. The final maturity date was March 12, 2012, however on February 22, 2012, it was extended to September 1, 2012. As of June 30, 2012, ARA has drawn \$1,962,200 of the line of credit.

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, 2012, is \$132,505 (Dayton-Hudson Corporation, \$117,145; City, \$15,360). The annual debt service requirements for this debt are as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 30,164	\$ 7,619	\$ 37,783
2014	30,460	5,886	36,346
2014-2016	71,881	6,211	78,092
Totals	\$ 132,505	\$ 19,716	\$ 152,221

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

3. DETAILED NOTES, continued

Long-Term Obligations (continued)

Business-type Activities

Revenue Bonds

In November 2003, the City issued \$40,485,000 of Water Revenue and Refunding Bonds, Series 2003, to refund the Second Lien Water Revenue Advance Refunding Bonds, Series 1993B, and to finance the costs of acquiring real and personal property, and additions, replacements, expansions, or improvements to the City's water system and all necessary equipment and appurtenances. Debt service requirements are payable from pledged water system revenues, i.e. water service charges and system development charges. Interest rates range from two percent to 5.125 percent for the 30-year bonds. Final maturity is August 1, 2033. The balance outstanding of the bonds at June 30, 2012, is \$30,840,000.

Year Ending June 30	Principal	Interest	Total
2013	\$ 830,000	\$ 1,455,556	\$ 2,285,556
2014	865,000	1,422,694	2,287,694
2015-2019	4,915,000	6,540,212	11,455,212
2020-2024	6,165,000	5,232,099	11,397,099
2025-2029	7,885,000	3,534,110	11,419,110
2030-2034	10,180,000	1,324,250	11,504,250
Totals	\$ 30,840,000	\$19,508,921	\$50,348,921

Certificates of Participation

In March 2002, the City issued \$600,000 of certificates of participation (COP) to finance the cost of acquiring real and personal property to be used as a City water intake, pumping station, and raw water transmission facility. Debt service requirements are payable solely from the net revenues of the City's water system. The interest rate is 5.5 percent for the ten-year certificates. The COP's matured on and final payment was made March 1, 2012, leaving no balance outstanding as of June 30, 2012.

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, 2012, the balance outstanding is \$63,632,619. The final maturity date is October 1, 2029.

Year Ending June 30	Principal	Interest	Total
2013	\$ 2,806,835	\$ 2,220,414	\$ 5,027,249
2014	2,892,278	2,120,937	5,013,215
2015	2,980,325	2,018,428	4,998,753
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	\$ 63,632,619	\$21,963,985	\$85,596,604

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

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, 2012, the balance outstanding is \$3,429,702.

Year Ending June 30	Principal	Interest	Total
2013	\$ 362,812	\$ 137,188	\$ 500,000
2014	377,324	122,676	500,000
2015	392,417	107,583	500,000
2016	408,114	91,886	500,000
2017	424,439	75,561	500,000
2018	441,416	58,584	500,000
2019	459,073	40,927	500,000
2020	477,436	22,564	500,000
2021	86,671	3,467	90,138
Totals	\$ 3,429,702	\$ 660,436	\$ 4,090,138

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 against the same project. These two loans are forgivable; 75% for the City of Millersburg and 50% for the City of Albany. The balance outstanding as of June 30, 2012, has been adjusted to \$1,950,000. 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
2013	100,000	9,750	109,750
2014	100,000	9,250	109,250
2015-2019	500,000	38,750	538,750
2020-2024	500,000	26,250	526,250
2025-2029	500,000	13,750	513,750
2030-2032	250,000	2,250	252,250
Totals	\$ 1,950,000	\$ 100,000	\$ 2,050,000

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

3. DETAILED NOTES, continued

Long-Term Obligations (continued)

Business-type Activities (continued)

Defeased Bonds

In prior years, the City defeased all or a portion of the 1994 City Hall Certificates of Participation; the Fire and Emergency General Obligation Bonds, Series 1996; and the Street Reconstruction General Obligation Bonds, Series 1999 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 \$1,575,000; and for the business-type activities was \$3,350,000, for a total outstanding balance of defeased bonds of \$4,925,000 at June 30, 2012.

Interfund Transfers

<u>Transfers out</u>	Transfers In						Total
	General	Parks and Recreation	Street	Capital Projects	Other Governmental	Proprietary Funds	
Governmental funds							
General	\$ -	\$ 187,200	\$ -	\$ -	\$ 632,114	\$ -	\$ 819,314
Parks and Recreation	-	-	-	-	629,636	-	629,636
Risk Management	-	-	-	1,280,988	-	840,000	2,120,988
Street	-	80,000	-	3,517,000	74,175	-	3,671,175
Other governmental funds	2,348,468	59,117	1,600	-	355,391	-	2,764,576
Total governmental funds	2,348,468	326,317	1,600	4,797,988	1,691,316	840,000	10,005,689
Proprietary funds							
Water	50,000	-	444,397	247,000	10,815	-	752,212
Sewer	50,000	-	446,858	-	10,815	-	507,673
Total Proprietary funds	100,000	-	891,255	247,000	21,630	-	1,259,885
Total transfers	\$ 2,448,468	\$ 326,317	\$ 892,855	\$ 5,044,988	\$ 1,712,946	\$ 840,000	\$ 11,265,574

Interfund Loans:

Governmental Funds

Risk Management - Receivable

3,458,977

Capital Projects - Payable

(3,458,977)

Total Interfund Loans

\$ -

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

3. DETAILED NOTES, continued

Interfund Transfers (continued)

Governmental Funds

Transfers from the General Fund

Transfers out of the General Fund totaled \$819,314 for FY 2011-12. 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. \$366,100 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, \$240,051, was transferred to the Debt Service Fund. The amount of \$25,963 was transferred to the Building Inspection Fund for the Americans with Disabilities Act Code Enforcement program.

Transfers from the Parks and Recreation Fund

Parks and Recreation transfers out totaled \$629,636. Major activity included a transfer to the Debt Service Fund for the Parks and Recreation Fund share of the debt service requirement for the 2004 Revenue Obligations, \$178,937. A transfer of \$42,657 was made to the Grants Fund for the Periwinkle Path & Bridge and Teloh Calapooia Park Playground projects. Also, \$408,042 was transferred to the Grants Fund to close out the East Thornton Lake Natural Area project.

Transfers from the Risk Management Fund

Risk Management transfers out totaled \$2,120,988. Major transfers included a transfer of \$840,000 was made to the Sewer Fund which was used to offset the 2011-12 Sewer rate increase. The amount of \$1,280,988 was transferred to the Capital Projects fund for use in the Oak Street Reconstruction project.

Transfers from the Street Fund

A total of \$3,671,175 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, \$34,000 was transferred to the Debt Service fund for final payment of the Bancroft bonds, \$2,245 was transferred to the Grants Fund, \$37,930 was made to the Capital Replacement Fund for the North Albany Fire Station 14 parking lot restoration, and \$3,517,000 was moved to the Capital Projects Fund for the Oak Street Reconstruction Project.

Transfers from Other Governmental Funds

Public Safety Levy Fund

The amount of \$516,683 was transferred to the General Fund to offset inflationary costs in the Fire Suppression and Police programs. Other transfers included \$170,453 to the Ambulance Fund for operational costs, \$889,662 to the General Fund for the Public Safety Levy - Police program, and \$910,923 to the General Fund for the Public Safety Levy - Fire program.

Central Albany Redevelopment Area

To support the cost of personnel, \$109,700 was transferred to the Economic Development Fund.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

3. DETAILED NOTES, continued

Interfund Transfers (continued)

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 amount of \$444,397 was transferred to the Streets fund as its In-Lieu of revenue. A transfer of \$247,000 was made to the Capital Projects Fund for the Oak Street Reconstruction project.

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 amount of \$446,858 was transferred to the Streets fund as its In-Lieu of revenue.

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.

Now for a short pause in the Notes to the Basic Financial Statements.....

“I worked in accounting for two and a half years, realized that wasn't what I wanted to do with the rest of my life, and decided I was just going to give comedy a try.”

Bob Newhart

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

3. DETAILED NOTES, continued

Governmental Fund Balances - GASB 54

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	Other Governmental	Total
Nonspendable:							
Prepaid	\$ 62,147	\$ 470	\$ -	\$ -	\$ -	\$ -	\$ 62,617
Permanent fund principal	-	-	-	-	-	117,660	117,660
	<u>62,147</u>	<u>470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,660</u>	<u>180,277</u>
Restricted for:							
Park and Recreation SDC's	-	1,057,800	-	-	-	-	1,057,800
Senior Center Foundation	-	12,713	-	-	-	-	12,713
Building Inspection	-	-	-	-	-	123,992	123,992
Electrical Inspection	-	-	-	-	-	12,205	12,205
Target Utilities	-	-	-	-	-	3,784	3,784
Public Safety Levy	-	-	-	-	-	51,615	51,615
Street Operations	-	-	-	348,708	-	-	348,708
Street Capital & Restoration	-	-	-	984,767	-	-	984,767
North Albany Frontage Fee	-	-	-	768,403	-	-	768,403
Transportation SDC Projects	-	-	-	4,772,949	-	-	4,772,949
CARA	-	-	-	-	-	1,216,502	1,216,502
CARA Debt Service	-	-	-	-	-	1,170,129	1,170,129
Bancroft Debt Service	-	-	-	-	-	2,441	2,441
2002 Limited Tax Pension Bonds	-	-	-	-	-	171,784	171,784
2007 GO Refunding Bonds	-	-	-	-	-	145,478	145,478
Library Programs	-	-	-	-	-	4,449	4,449
Grants Fund	-	-	-	-	-	112,049	112,049
Parks and Recreation Programs	-	-	-	-	-	12,351	12,351
	<u>-</u>	<u>1,070,513</u>	<u>-</u>	<u>6,874,827</u>	<u>-</u>	<u>3,026,779</u>	<u>10,972,119</u>
Committed for:							
Community Development	165,567	-	-	-	-	-	165,567
Park and Recreation Operations	-	900,685	-	-	-	-	900,685
ADA Code Enforcement	-	-	-	-	-	9,760	9,760
Risk Management Reserve	-	-	1,254,403	-	-	-	1,254,403
SVC Litigation Projects	-	-	12,450,482	-	-	-	12,450,482
HARP	-	-	18,175	-	-	-	18,175
Economic Development	-	-	-	-	-	275,912	275,912
Albany Municipal Airport	-	-	-	-	-	259,463	259,463
Ambulance Fund	-	-	-	-	-	46,704	46,704
Albany Transit	-	-	-	-	-	261,843	261,843
Paratransit System	-	-	-	-	-	21,077	21,077
Equipment Replacement	-	-	-	-	-	3,189,788	3,189,788
City Facilities Replacement	-	-	-	-	-	255,179	255,179
General Fund Facilities	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	311,591	311,591
IT Equipment Replacement	-	-	-	-	-	1,702,179	1,702,179
Public Works Facilities	-	-	-	-	-	561,785	561,785
	<u>165,567</u>	<u>900,685</u>	<u>13,723,060</u>	<u>-</u>	<u>-</u>	<u>6,895,281</u>	<u>21,684,593</u>
Unassigned:							
General Fund	2,594,262	-	-	-	-	-	2,594,262
City Facilities Replacement	-	-	-	-	(298,795)	-	(298,795)
	<u>2,594,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(298,795)</u>	<u>-</u>	<u>2,295,467</u>
Total Fund Balances	<u>\$ 2,821,976</u>	<u>\$ 1,971,668</u>	<u>\$ 13,723,060</u>	<u>\$ 6,874,827</u>	<u>\$ (298,795)</u>	<u>\$ 10,039,720</u>	<u>\$ 35,132,456</u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

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 methods and assumptions that are acceptable for financial reporting.

When the methods and assumptions 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, 2012

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 Assets, 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 \$1,530,643 (six percent of covered payroll for 2011-12), in lieu of a six percent pay increase.

In addition, the City contributed \$3,888,478 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 9.7 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.

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, 2012, was as follows:

Three-year Trend Information:

Year Ended June 30,	Employer Contributions		
	Annual Pension Cost (APC)	Amount of APC Contributed	Percentage of APC Contributed
2010	5,426,373	5,426,373	100%
2011	4,159,781	4,159,781	100%
2012	5,419,121	5,419,121	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, 2012, were as follows:

Prepaid pension contributions, beginning of year	\$ 5,325,277
Decrease in prepaid pension contributions	(313,252)
Prepaid pension contributions, end of year	\$ 5,012,025

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

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 of seven percent per year.

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, 2010 (**the date of the last actuarial valuation**), consisted of the following:

Active employees	395
Retirees, spouses, or dependents	60
Total	455

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

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 PPO/Prime - Albany Police Association	\$ 561.94	\$ 994.96	\$ 1,214.31	\$ 1,635.07
Pacific Source PPO/Prime - All other Albany Employees	\$ 515.75	\$ 905.62	\$ 1,104.26	\$ 1,486.70
ODS Dental/Vision	54.31	102.94	96.17	144.80
Blue Classic, medical/dental (Fire Union)	1,137.35	1,137.35	1,137.35	1,137.35
Fire Union COBRA & Retiree		Employee	Two-Party	Family
Blue Classic Medical		\$ 439.80	\$ 923.30	\$ 1,276.10
Blue Classic Medical/Dental/Vision		496.10	1,027.55	1,455.47

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, 2012, is equal to the ARC as follows:

Normal Cost	\$ 453,275
Amortization of UAAL	463,204
<u>Annual required contribution (ARC)</u>	<u>\$ 916,479</u>

The net OPEB obligation as of June 30, 2012, was calculated as follows:

Annual required contribution	\$ 916,479
Implicit benefit payments	(390,979)
Interest on prior year Net OPEB Obligation	82,239
Adjustment to ARC	(139,722)
Adjustment to Net OPEB beginning balance	-
Increase in net OPEB obligation	\$ 468,017
Net OPEB at beginning of the year	2,055,966
<u>Net OPEB at end of the year</u>	<u>\$ 2,523,983</u>

The NOPEBO is allocated between the Government-wide activities and Business-type activities in the following amounts, \$1,932,119 and \$591,864, respectively.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

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, 2012, 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	21.03%	\$ 2,523,983

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, 2010, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$6,337,576, and the actuarial value of assets was zero, resulting in an unfunded accrued liability of \$6,337,576.

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%

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, 2010, 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, 2012

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 4.0 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 8.5 percent in the first year, graded down one percent per year to .5 percent in the fourth year and beyond. Health cost trend affects both the projected health care costs and the projected health care premiums.

The **annual payroll increases** are 3.75 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 65 percent of active members will elect coverage upon retirement until age 65. Fifty percent of 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 15 years. The amortization is "open" which means that on each valuation date, the amortization amount is recalculated assuming 15 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. At June 30, 2012, amounts accrued as liabilities for FY 2008-09 were \$27,280, and for FY 2010-11, \$7,274.

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. 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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

4. OTHER INFORMATION, continued

Risk Management (continued)

Fiscal Year Ended June 30,	Claims and Changes in Estimates	Claim Payments	Liability Balance at the End of the Year
2009	\$ 75,000	\$ 47,720	\$ 27,280
2010	75,000	67,726	7,274

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, 2012, the LRFF's total equity balance as reported in its audited financial statements is \$414,916. 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 with the City of Millersburg to plan, design, permit, construct, operate, and maintain a joint water supply system. The agreement specifies that the ownership of the joint water supply system will be allocated initially based on the facility's capacity sizing, but may be reallocated based on future capacity expansions made by one or both parties.

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

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2012

4. OTHER INFORMATION, continued

Intergovernmental Agreements (continued)

Water Supply System, continued

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

On August 22, 2012, the City Council accepted the offer of settlement between the City of Albany and Siemens Industry, Inc for the Vertical Loop Reactor Equipment and Cannibal Process Equipment. On October 4th, 2012, Siemens wired \$4,750,000 to the City of Albany's bank account to complete the settlement.

"Trust, but verify."
Ronald Reagan

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
OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	Special Revenue	Debt Service	Capital Replacement	Permanent	Totals
ASSETS					
Cash and investments	\$ 3,571,510	\$ -	\$ 6,128,720	\$ -	\$ 9,700,230
Cash with Fiscal Agents	-	34,102	-	-	34,102
Receivables:					
Property taxes	358,812	160,721	-	-	519,533
Accounts	838,769	13,454	-	-	852,223
Assessments	-	13,651	-	-	13,651
Interest	159	-	-	-	159
Loans	755,714	-	-	-	755,714
Prepaid items	-	-	1,240	-	1,240
Restricted cash and investments	3,783	263,997	-	134,477	402,257
Total assets	\$ 5,528,747	\$ 485,925	\$ 6,129,960	\$ 134,477	\$ 12,279,109
LIABILITIES					
Accounts payable	\$ 369,444	\$ -	\$ 109,438	\$ 17	\$ 478,899
Deferred revenue	1,592,268	166,222	-	-	1,758,490
Deposits	2,000	-	-	-	2,000
Total liabilities	1,963,712	166,222	109,438	17	2,239,389
FUND BALANCES					
Nonspendable	-	-	-	117,660	117,660
Restricted	2,690,276	319,703	-	16,800	3,026,779
Committed	874,759	-	6,020,522	-	6,895,281
Total fund balances	3,565,035	319,703	6,020,522	134,460	10,039,720
Total liabilities and fund balances	\$ 5,528,747	\$ 485,925	\$ 6,129,960	\$ 134,477	\$ 12,279,109

CITY OF ALBANY, OREGON
OTHER GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2012

	Special Revenue	Debt Service	Capital Replacement	Permanent	Totals
REVENUES					
Property taxes	\$ 4,261,631	\$1,333,190	\$ -	\$ -	\$ 5,594,821
Transient room taxes	715,865	-	-	-	715,865
Assessment collections	-	651	-	-	651
Franchise fees, privilege taxes, licenses, and permits	985,118	-	-	-	985,118
Intragovernmental	3,804,595	-	2,330	-	3,806,925
Charges for services	2,447,093	207,401	938,151	-	3,592,645
Interest on investments	23,682	8,339	40,645	910	73,576
Miscellaneous	121,822	-	34,910	25	156,757
Total revenues	<u>12,359,806</u>	<u>1,549,581</u>	<u>1,016,036</u>	<u>935</u>	<u>14,926,358</u>
EXPENDITURES					
Current:					
General government	4,108,656	1,426	377,315	-	4,487,397
Public safety	2,472,093	-	-	-	2,472,093
Highway and streets	23,839	-	-	-	23,839
Culture and recreation	1,035,429	-	-	915	1,036,344
Debt service:					
Principal	291,884	1,725,640	-	-	2,017,524
Interest	264,307	694,424	-	-	958,731
Capital outlay	1,652,261	-	514,591	-	2,166,852
Total expenditures	<u>9,848,469</u>	<u>2,421,490</u>	<u>891,906</u>	<u>915</u>	<u>13,162,780</u>
Excess of revenues over (under) expenditures	<u>2,511,337</u>	<u>(871,909)</u>	<u>124,130</u>	<u>20</u>	<u>1,763,578</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,182,991	452,988	69,010	-	1,704,989
Transfers out	<u>(2,740,324)</u>	-	<u>(16,295)</u>	-	<u>(2,756,619)</u>
Total other financing sources (uses)	<u>(1,557,333)</u>	<u>452,988</u>	<u>52,715</u>	<u>-</u>	<u>(1,051,630)</u>
Net change in fund balances	954,004	(418,921)	176,845	20	711,948
Fund balance - beginning	2,611,031	738,624	5,843,677	134,440	9,327,772
Fund balance - ending	<u>\$ 3,565,035</u>	<u>\$ 319,703</u>	<u>\$ 6,020,522</u>	<u>\$ 134,460</u>	<u>\$ 10,039,720</u>

**Combining Statements and
Schedules of Revenues and Expenditures - Budget and Actual
Other 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
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	Grants	Building Inspection	Economic Develop- ment	Ambulance	Public Transit
ASSETS					
Cash and investments	\$ 96,447	\$ 238,441	\$ 527,750	\$ 109,359	\$ 250,514
Receivables:					
Property taxes	-	-	-	-	-
Accounts	151,322	-	18,247	506,893	87,160
Interest	159	-	-	-	-
Loans	-	-	117,145	-	-
Restricted cash and investments	-	-	3,783	-	-
Total assets	\$ 247,928	\$ 238,441	\$ 666,925	\$ 616,252	\$ 337,674
LIABILITIES					
Accounts payable	\$ 135,879	\$ 92,484	\$ 8,621	\$ 62,655	\$ 54,754
Deferred revenue	-	-	117,145	506,893	-
Deposits	-	-	2,000	-	-
Total liabilities	135,879	92,484	127,766	569,548	54,754
FUND BALANCES					
Restricted	112,049	136,198	3,783	-	-
Committed	-	9,759	535,376	46,704	282,920
Total fund balances	112,049	145,957	539,159	46,704	282,920
Total liabilities and fund balances	\$ 247,928	\$ 238,441	\$ 666,925	\$ 616,252	\$ 337,674

Public Safety Levy	Albany Revitalization Agency	Totals
\$ -	\$ 2,348,999	\$ 3,571,510
204,751	154,061	358,812
34,502	40,645	838,769
-	-	159
-	638,569	755,714
-	-	3,783
<u>\$ 239,253</u>	<u>\$ 3,182,274</u>	<u>\$ 5,528,747</u>

ASSETS

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

\$ -	\$ 15,051	\$ 369,444
187,638	780,592	1,592,268
-	-	2,000
<u>187,638</u>	<u>795,643</u>	<u>1,963,712</u>

LIABILITIES

Accounts payable
Deferred revenue
Deposits
Total liabilities

51,615	2,386,631	2,690,276
-	-	874,759
<u>51,615</u>	<u>2,386,631</u>	<u>3,565,035</u>
<u>\$ 239,253</u>	<u>\$ 3,182,274</u>	<u>\$ 5,528,747</u>

FUND BALANCES

Restricted
Committed
Total fund balances
Total liabilities and fund balances

CITY OF ALBANY, OREGON
OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2012

	Grants	Building Inspection	Economic Develop- ment	Ambulance	Public Transit
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Transient room taxes	-	-	715,865	-	-
Licenses and fees	-	985,118	-	-	-
Intragovernmental	2,724,578	-	-	-	1,080,017
Charges for services	-	50,522	242,964	1,992,581	161,026
Interest on investments	-	1,743	3,059	732	1,210
Miscellaneous	50,485	-	34,674	5,147	1,335
Total revenues	<u>2,775,063</u>	<u>1,037,383</u>	<u>996,562</u>	<u>1,998,460</u>	<u>1,243,588</u>
EXPENDITURES					
Current:					
General government	195,959	1,171,638	855,899	-	1,269,126
Public safety	287,738	-	-	2,184,355	-
Highways and streets	23,839	-	-	-	-
Culture and recreation	1,035,429	-	-	-	-
Debt service:					
Principal	-	-	29,884	-	-
Interest	-	-	9,337	-	-
Capital outlay	1,508,339	-	-	-	120,522
Total expenditures	<u>3,051,304</u>	<u>1,171,638</u>	<u>895,120</u>	<u>2,184,355</u>	<u>1,389,648</u>
Excess of revenues over (under) expenditures	<u>(276,241)</u>	<u>(134,255)</u>	<u>101,442</u>	<u>(185,895)</u>	<u>(146,060)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	465,406	47,593	128,739	170,453	370,800
Transfers out	(43,203)	-	(99,700)	-	-
Total other financing sources (uses)	<u>422,203</u>	<u>47,593</u>	<u>29,039</u>	<u>170,453</u>	<u>370,800</u>
Net change in fund balances	145,962	(86,662)	130,481	(15,442)	224,740
Fund balance - beginning	(33,913)	232,619	408,678	62,146	58,180
Fund balance - ending	<u>\$ 112,049</u>	<u>\$ 145,957</u>	<u>\$ 539,159</u>	<u>\$ 46,704</u>	<u>\$ 282,920</u>

Public Safety Levy	Albany Revitalization Agency	Totals	
			REVENUES
\$ 2,321,264	\$ 1,940,367	\$ 4,261,631	Property taxes
-	-	715,865	Transient room taxes
-	-	985,118	Licenses and fees
-	-	3,804,595	Intragovernmental
-	-	2,447,093	Charges for services
1,179	15,759	23,682	Interest on investments
-	30,181	121,822	Miscellaneous
<u>2,322,443</u>	<u>1,986,307</u>	<u>12,359,806</u>	Total revenues
			EXPENDITURES
			Current:
-	616,034	4,108,656	General government
-	-	2,472,093	Public safety
-	-	23,839	Highways and streets
-	-	1,035,429	Culture and recreation
			Debt service:
-	262,000	291,884	Principal
-	254,970	264,307	Interest
-	23,400	1,652,261	Capital outlay
-	1,156,404	9,848,469	Total expenditures
<u>2,322,443</u>	<u>829,903</u>	<u>2,511,337</u>	Excess of revenues over (under) expenditures
			OTHER FINANCING SOURCES (USES)
-	-	1,182,991	Transfers in
(2,487,721)	(109,700)	(2,740,324)	Transfers out
<u>(2,487,721)</u>	<u>(109,700)</u>	<u>(1,557,333)</u>	Total other financing sources (uses)
(165,278)	720,203	954,004	Net change in fund balances
216,893	1,666,428	2,611,031	Fund balance - beginning
<u>\$ 51,615</u>	<u>\$ 2,386,631</u>	<u>\$ 3,565,035</u>	Fund balance - ending

CITY OF ALBANY, OREGON
GRANTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2012

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Non-Medical Medicaid	\$ 16,900	\$ 16,900	\$ 13,150	\$ (3,750)
Bureau of Justice	10,200	10,200	4,861	(5,339)
Federal Aviation Administration	296,400	363,900	171,769	(192,131)
US Department of Homeland Security	31,900	31,900	17,633	(14,267)
Land and Water Conservation	-	50,000	12,813	(37,187)
Community Development Block Grant	-	100,000	186,806	86,806
State of Oregon	1,258,000	1,211,966	1,065,458	(146,508)
Oregon Community Foundation	93,000	1,043,000	981,276	(61,724)
Oregon Emergency Management	270,000	310,800	270,811	(39,989)
Albany Library Foundation	25,000	25,000	-	(25,000)
Gifts and donations	100,000	26,000	50,464	24,464
Interest on investments	900	900	22	(878)
Total revenues	<u>2,102,300</u>	<u>3,190,566</u>	<u>2,775,063</u>	<u>(415,503)</u>
Other financing sources				
Transfer from Parks Fund	189,000	457,800	450,699	(7,101)
Transfer from Public Works Services Fund	15,600	38,300	14,707	(23,593)
Total other financing sources	<u>204,600</u>	<u>496,100</u>	<u>465,406</u>	<u>(30,694)</u>
Fund balance, beginning	<u>255,800</u>	<u>287,500</u>	<u>(33,913)</u>	<u>(321,413)</u>
Amount available for appropriation	<u>\$ 2,562,700</u>	<u>\$ 3,974,166</u>	<u>3,206,556</u>	<u>\$ (767,610)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 33,500	\$ 93,029	33,198	\$ 59,831
Materials and services	813,000	2,055,537	1,509,767	545,770
Capital	1,716,200	1,781,300	1,508,339	272,961
Total expenditures	<u>\$ 2,562,700</u>	<u>\$ 3,929,866</u>	<u>3,051,304</u>	<u>\$ 878,562</u>
Other financing uses				
Transfer to Parks and Recreation Fund	-	44,300	43,203	1,097
	<u>\$ 2,562,700</u>	<u>\$ 3,974,166</u>	<u>\$ 3,094,507</u>	<u>\$ 879,659</u>
Fund balance, ending			<u>\$ 112,049</u>	

CITY OF ALBANY, OREGON
BUILDING INSPECTION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Building permit surcharge	\$ 72,000	\$ 72,000	\$ 74,575	\$ 2,575
Master electrical permit	1,500	1,500	881	(619)
Electrical minor labels	4,000	4,000	3,975	(25)
Residential building permits	300,000	300,000	315,614	15,614
Commercial building permits	480,000	480,000	425,573	(54,427)
Land use plan review fee	5,500	5,500	5,325	(175)
Manufactured home set-up fees	2,500	2,500	2,475	(25)
Fire sprinkler permits	15,700	15,700	19,332	3,632
Parking lot permits	15,000	15,000	13,667	(1,333)
Residential electrical permits	99,700	99,700	86,886	(12,814)
Fire alarm permits	5,000	5,000	8,372	3,372
Sign permits	2,500	2,500	3,166	666
Document imaging fees	20,000	20,000	23,463	3,463
Electrical Document Imaging	2,000	2,000	1,814	(186)
Charges for Services	35,000	35,000	50,522	15,522
Interest on investments	-	-	1,743	1,743
Total revenues	<u>1,060,400</u>	<u>1,060,400</u>	<u>1,037,383</u>	<u>(23,017)</u>
Other financing sources				
Transfer from General Fund	30,000	30,000	25,963	(4,037)
Transfer from Water Fund	12,500	12,500	10,815	(1,685)
Transfer from Sewer Fund	12,500	12,500	10,815	(1,685)
Intrafund Transfer from Building Inspection	12,500	12,500	8,824	(3,676)
Total other financing sources	<u>67,500</u>	<u>67,500</u>	<u>56,417</u>	<u>(11,083)</u>
Fund balance, beginning	<u>173,700</u>	<u>173,700</u>	<u>232,619</u>	<u>58,919</u>
Amount available for appropriation	<u>\$ 1,301,600</u>	<u>\$ 1,301,600</u>	<u>1,326,419</u>	<u>\$ 24,819</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Building Inspection	\$ 1,102,400	\$ 1,102,400	1,009,270	\$ 93,130
Electrical Permit Program	119,200	119,200	106,055	13,145
ADA Code Enforcement	67,500	67,500	56,313	11,187
Total expenditures	<u>\$ 1,289,100</u>	<u>\$ 1,289,100</u>	<u>1,171,638</u>	<u>\$ 117,462</u>
Other financing uses				
Intrafund Transfers out to ADA Enforcement Program	12,500	12,500	8,824	3,676
Total expenditures and other financing uses	<u>\$ 1,301,600</u>	<u>\$ 1,301,600</u>	<u>1,180,462</u>	<u>\$ 121,138</u>
Fund balance, ending			<u>\$ 145,957</u>	

CITY OF ALBANY, OREGON
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2012

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Transient room tax	\$ 638,700	\$ 638,700	\$ 715,865	\$ 77,165
Airport fuel	141,900	141,900	158,519	16,619
Airport tie down rentals	-	-	1,075	1,075
Airport lease	33,000	33,000	52,770	19,770
Fixed base operator	9,000	9,000	3,000	(6,000)
Space rental	28,200	28,200	27,600	(600)
Dayton Hudson Corp. (Target)	34,700	34,700	34,674	(26)
Interest on investments	1,900	1,900	3,059	1,159
Total revenues	<u>887,400</u>	<u>887,400</u>	<u>996,562</u>	<u>109,162</u>
Other financing sources				
Transfer from Albany Revitalization Agency Fund	109,700	109,700	109,700	-
Intratransfer from Transient Room Tax Program	61,800	61,800	61,800	-
Transfer from Grant Fund	-	20,000	19,039	(961)
Total other financing sources	<u>171,500</u>	<u>191,500</u>	<u>190,539</u>	<u>(961)</u>
Fund balance, beginning	<u>374,200</u>	<u>374,200</u>	<u>408,678</u>	<u>34,478</u>
Amount available for appropriation	<u>\$ 1,433,100</u>	<u>\$ 1,453,100</u>	<u>1,595,779</u>	<u>\$ 142,679</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Target Utilities	\$ 43,500	\$ 43,500	39,221	\$ 4,279
Economic Development Activity	747,000	747,000	603,114	143,886
Albany Airport	419,100	439,100	252,785	186,315
Albany Airport Capital Projects	46,400	46,400	-	46,400
Total expenditures	<u>\$ 1,256,000</u>	<u>\$ 1,276,000</u>	<u>895,120</u>	<u>\$ 380,880</u>
Other financing uses				
Transfers out to other funds	115,300	115,300	99,700	15,600
Intrafund Transfer out	61,800	61,800	61,800	-
Total expenditures and other financing uses	<u>\$ 1,433,100</u>	<u>\$ 1,453,100</u>	<u>\$ 1,056,620</u>	<u>\$ 396,480</u>
Fund balance, ending			<u>\$ 539,159</u>	

CITY OF ALBANY, OREGON
AMBULANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2012

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Ambulance service fees	\$ 1,850,000	\$ 1,850,000	\$ 1,828,056	\$ (21,944)
Ambulance subscription fees	108,000	108,000	164,525	56,525
Miscellaneous	-	-	5,147	5,147
Interest on investments	1,000	1,000	732	(268)
Total revenues	<u>1,959,000</u>	<u>1,959,000</u>	<u>1,998,460</u>	<u>39,460</u>
Other financing sources				
Transfer from Public Safety Levy Fund	245,300	245,300	170,453	(74,847)
Fund balance, beginning	<u>40,000</u>	<u>40,000</u>	<u>62,146</u>	<u>22,146</u>
Amount available for appropriation	<u>\$ 2,244,300</u>	<u>\$ 2,244,300</u>	<u>2,231,059</u>	<u>\$ (13,241)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 1,884,800	\$ 1,884,800	1,833,284	\$ 51,516
Materials and services	359,500	359,500	351,071	8,429
Total expenditures	<u>\$ 2,244,300</u>	<u>\$ 2,244,300</u>	<u>2,184,355</u>	<u>\$ 59,945</u>
Fund balance, ending			<u>\$ 46,704</u>	

CITY OF ALBANY, OREGON
PUBLIC TRANSIT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2012

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Business Energy Tax Credit grant	\$ 147,300	\$ 147,300	\$ 404,946	\$ 257,646
FTA Section 5311 grant	446,100	446,100	416,000	(30,100)
FTA-ODOT grant	175,500	208,100	152,207	(55,893)
Workers' Comp wage subsidy	-	-	1,341	1,341
Oregon Department of Transportation	-	-	94	94
City of Millersburg	2,500	2,500	2,994	494
Local funds	58,800	58,800	70,750	11,950
Oregon cigarette tax transit grant - Linn County	17,000	17,000	23,060	6,060
Oregon cigarette tax transit grant - Benton County	4,000	4,000	8,625	4,625
Advertising	13,000	13,000	15,788	2,788
Bus fares	40,000	40,000	34,085	(5,915)
Linn Benton Community College fare match program	93,400	93,400	97,400	4,000
Call-a-Ride	15,000	15,000	13,753	(1,247)
Gifts and donations	500	500	680	180
Miscellaneous	500	500	655	155
Interest on investments	300	300	1,210	910
Total revenues	<u>1,013,900</u>	<u>1,046,500</u>	<u>1,243,588</u>	<u>197,088</u>
Other financing sources				
Transfer from General Fund	366,100	366,100	366,100	-
Transfer from Capital Replacement Fund	4,700	4,700	4,700	-
Total other financing sources	<u>370,800</u>	<u>370,800</u>	<u>370,800</u>	<u>-</u>
Fund balance, beginning	<u>220,000</u>	<u>220,000</u>	<u>58,180</u>	<u>(161,820)</u>
Amount available for appropriation	<u>1,604,700</u>	<u>1,637,300</u>	<u>1,672,568</u>	<u>\$ 35,268</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Albany Transit System	\$ 684,100	\$ 684,100	538,510	\$ 145,590
Transit Loop System	509,100	509,100	417,867	91,233
Paratransit System	411,500	444,100	433,271	10,829
Total expenditures	<u>\$ 1,604,700</u>	<u>\$ 1,637,300</u>	<u>1,389,648</u>	<u>\$ 247,652</u>
Fund balance, ending			<u>\$ 282,920</u>	

CITY OF ALBANY, OREGON
PUBLIC SAFETY LEVY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes				
Current	\$ 2,568,400	\$ 2,568,400	\$ 2,212,421	\$ (355,979)
Delinquent	70,000	70,000	108,843	38,843
Interest on investments	5,000	5,000	1,179	(3,821)
Total revenues	2,643,400	2,643,400	2,322,443	(320,957)
Fund balance, beginning	110,200	110,200	216,893	106,693
Amount available for appropriation	<u>\$ 2,753,600</u>	<u>\$ 2,753,600</u>	<u>2,539,336</u>	<u>\$ (214,264)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Other financing uses				
Transfers out	<u>\$ 2,753,600</u>	<u>\$ 2,753,600</u>	2,487,721	<u>\$ 265,879</u>
Fund balance, ending			<u>\$ 51,615</u>	

CITY OF ALBANY, OREGON
ALBANY REVITALIZATION AGENCY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2012

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes - current	\$ 1,741,300	\$ 1,741,300	\$ 1,872,245	\$ 130,945
Property taxes - delinquent	47,400	47,400	68,122	20,722
Miscellaneous	-	-	5,500	5,500
Loan repayment-principal	31,600	31,600	4,335	(27,265)
Loan repayment-interest	11,700	11,700	20,346	8,646
Interest on investments	9,000	9,000	15,759	6,759
Total revenues	<u>1,841,000</u>	<u>1,841,000</u>	<u>1,986,307</u>	<u>145,307</u>
Other financing sources				
Issuance of short-term debt	3,041,200	3,041,200	-	(3,041,200)
Fund balance, beginning	<u>1,116,900</u>	<u>1,116,900</u>	<u>1,666,428</u>	<u>549,528</u>
Amount available for appropriation	<u>\$ 5,999,100</u>	<u>\$ 5,999,100</u>	<u>3,652,735</u>	<u>\$ (2,346,365)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
ARA	\$ 4,122,300	\$ 4,122,300	596,835	\$ 3,525,465
ARA Debt Service	1,767,100	1,767,100	559,569	1,207,531
Total expenditures	<u>5,889,400</u>	<u>5,889,400</u>	<u>1,156,404</u>	<u>4,732,996</u>
Other financing uses				
Transfer to Economic Development Fund	109,700	109,700	109,700	-
Total expenditures and other financing uses	<u>\$ 5,999,100</u>	<u>\$ 5,999,100</u>	<u>1,266,104</u>	<u>\$ 4,732,996</u>
Fund balance, ending			<u>\$ 2,386,631</u>	

Schedule of Revenues and Expenditures - Budget and Actual

Other 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 Fund and the Parks and Recreation Fund.

CITY OF ALBANY, OREGON
DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes - current	\$ 1,289,200	\$ 1,289,200	\$ 1,288,162	\$ (1,038)
Property taxes - delinquent	20,000	20,000	45,028	25,028
Charges for services	505,300	505,300	207,401	(297,899)
Bonded assessment collections:				
Principal	1,500	1,500	604	(896)
Interest	100	100	47	(53)
Interest on investments	11,100	11,100	8,339	(2,761)
Total revenues	<u>1,827,200</u>	<u>1,827,200</u>	<u>1,549,581</u>	<u>(277,619)</u>
Other financing sources				
Transfer from Parks and Recreation Fund	179,200	179,200	178,937	(263)
Transfer from General Fund	240,400	240,400	240,051	(349)
Transfer from Street Fund	34,000	34,000	34,000	-
Total other financing sources	<u>453,600</u>	<u>453,600</u>	<u>452,988</u>	<u>(612)</u>
Fund balance, beginning	599,600	599,600	738,624	139,024
Amount available for appropriation	<u>\$ 2,880,400</u>	<u>\$ 2,880,400</u>	<u>2,741,193</u>	<u>\$ (139,207)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Bancroft Bond Debt Service	\$ 206,900	\$ 206,900	206,723	\$ 177
2002 Limited Tax Pension Obligations (PERS)	845,400	845,400	505,803	339,597
2004 Revenue Obligations	419,600	419,600	419,414	186
2007 General Obligation Refunding Bonds	1,408,500	1,408,500	1,289,550	118,950
Total expenditures	<u>\$ 2,880,400</u>	<u>\$ 2,880,400</u>	<u>2,421,490</u>	<u>\$ 458,910</u>
Fund balance, ending			<u>\$ 319,703</u>	

Schedule of Revenues and Expenditures - Budget and Actual

Capital Projects Fund

Capital Project 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, 2012

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Federal Transportation Equity Act (TEA) Grant	\$ 836,000	\$ 836,000	\$ 139,398	\$ (696,602)
Charges for Services				
Financed Principal	40,000	40,000	47,083	7,083
Unfinanced Principal	2,021,700	2,021,700	-	(2,021,700)
Interest	15,000	15,000	6,401	(8,599)
Interest	106,000	106,000	-	(106,000)
Interest on investments	1,200	1,200	12,650	11,450
Total revenues	<u>3,019,900</u>	<u>3,019,900</u>	<u>205,532</u>	<u>(2,814,368)</u>
Other financing sources				
Transfer from Street Fund	500,000	3,517,000	3,517,000	-
Transfer from Water Fund	-	247,000	247,000	-
Transfer from Risk Management Fund	-	1,280,988	1,280,988	-
Total other financing sources	<u>500,000</u>	<u>5,044,988</u>	<u>5,044,988</u>	<u>-</u>
Fund balance, beginning	<u>1,434,900</u>	<u>1,434,900</u>	<u>710,498</u>	<u>(724,402)</u>
Amount available for appropriation	<u>\$ 4,954,800</u>	<u>\$ 9,499,788</u>	<u>5,961,018</u>	<u>\$ (3,538,770)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Albany Data Integration Project	\$ 95,100	\$ 95,100	79,638	\$ 15,462
LID Construction Projects	1,580,000	6,124,988	2,576,605	3,548,383
Albany Station REA Building Project	110,000	110,000	15,732	94,268
Albany Station Pathway	157,000	157,000	18,298	138,702
North Albany Park & Ride	885,000	885,000	110,563	774,437
Total expenditures	<u>2,827,100</u>	<u>7,372,088</u>	<u>2,800,836</u>	<u>4,571,252</u>
Other financing uses				
Repayment of Interfund Loan to Risk Management Fund	2,127,700	2,127,700	-	2,127,700
Total other financing uses	<u>2,127,700</u>	<u>2,127,700</u>	<u>-</u>	<u>2,127,700</u>
Total expenditures and other financing uses	<u>\$ 4,954,800</u>	<u>\$ 9,499,788</u>	<u>\$ 2,800,836</u>	<u>\$ 6,698,952</u>
Budgetary Fund Balance			\$ 3,160,182	
Adjustment for Interfund Loans to Risk Management			(3,458,977)	
Fund Balance - ending			<u>\$ (298,795)</u>	

CITY OF ALBANY, OREGON
CAPITAL REPLACEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2012

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Oregon Community Foundation	\$ -	\$ -	\$ 2,330	\$ 2,330
Equipment replacement charges	1,096,300	1,096,300	863,151	(233,149)
Departmental Charges	150,000	150,000	-	(150,000)
Phone system charges	75,000	75,000	75,000	-
Miscellaneous	9,000	9,000	34,910	25,910
Interest on investments	42,800	42,800	40,645	(2,155)
Total revenues	<u>1,373,100</u>	<u>1,373,100</u>	<u>1,016,036</u>	<u>(357,064)</u>
Other financing sources				
Transfer from Street Fund	50,000	50,000	37,930	(12,070)
Transfer from Grants Fund	-	23,300	23,280	(20)
Transfer from Economic Development Fund	7,800	7,800	7,800	-
Total Other financing sources	<u>57,800</u>	<u>81,100</u>	<u>69,010</u>	<u>(12,090)</u>
Fund balance, beginning	5,934,700	5,934,700	5,843,677	(91,023)
Amount available for appropriation	<u>\$ 7,365,600</u>	<u>\$ 7,388,900</u>	<u>6,928,723</u>	<u>\$ (460,177)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Equipment Replacement	\$ 3,861,500	\$ 3,873,000	460,270	\$ 3,412,730
City Facilities Replacement	531,000	531,000	236,928	294,072
General Fund Building Maintenance Projects	383,600	383,600	54,960	328,640
Information Technology Equipment Replacement	1,874,100	1,874,100	139,748	1,734,352
Public Works Facilities Replacement	710,700	710,700	-	710,700
Total expenditures	<u>\$ 7,360,900</u>	<u>\$ 7,372,400</u>	<u>\$ 891,906</u>	<u>\$ 6,480,494</u>
Other financing uses				
To Grants Fund	-	11,800	11,595	205
To Public Transit Fund	4,700	4,700	4,700	-
Total other financing uses	<u>4,700</u>	<u>16,500</u>	<u>16,295</u>	<u>205</u>
Total expenditures and other financing uses	<u>\$ 7,365,600</u>	<u>\$ 7,388,900</u>	<u>\$ 908,201</u>	<u>\$ 6,480,699</u>
Fund balance, ending			<u>\$ 6,020,522</u>	

But I can't be overdrawn; I still have checks left!

Anonymous

**Combining Statements and
Schedules of Revenues and Expenditures - Budget and Actual
Other 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 proceeds of the Manela Trust (\$69,429) may be used to purchase scientific, educational, and technical books.

**CITY OF ALBANY, OREGON
PERMANENT FUNDS
COMBINING BALANCE SHEET
June 30, 2012**

	Senior Center Endowment	Library Trust	Totals
ASSETS			
Restricted cash and investments	\$ 50,584	\$ 83,893	\$ 134,477
LIABILITIES			
Accounts payable	\$ -	\$ 17	\$ 17
FUND BALANCES			
Nonspendable	38,233	79,427	117,660
Restricted - Library Programs	-	4,449	4,449
Restricted - Parks and Recreation Programs	12,351	-	12,351
Total fund balances	50,584	83,876	134,460
Total liabilities and fund balances	\$ 50,584	\$ 83,893	\$ 134,477

CITY OF ALBANY, OREGON
PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
for the year ended June 30, 2012

	Senior Center Endowment	Library Trust	Totals
REVENUES			
Interest on investments	\$ 341	\$ 569	\$ 910
Miscellaneous	25	-	25
Total revenues	<u>366</u>	<u>569</u>	<u>935</u>
EXPENDITURES			
Culture and recreation	-	915	915
Excess (deficiency) of revenues over (under) expenditures	366	(346)	20
Fund balance - beginning	50,218	84,222	134,440
Fund balance - ending	<u>\$ 50,584</u>	<u>\$ 83,876</u>	<u>\$ 134,460</u>

CITY OF ALBANY, OREGON
SENIOR CENTER ENDOWMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2012

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Gifts and donations	\$ 200	\$ 200	\$ 25	\$ (175)
Interest on investments	300	300	341	41
Total revenues	500	500	366	(134)
Fund balance, beginning	50,100	50,100	50,218	118
Amount available for appropriation	<u>\$ 50,600</u>	<u>\$ 50,600</u>	<u>50,584</u>	<u>\$ (16)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 300	\$ 300	-	\$ 300
Unappropriated	50,300	50,300	-	50,300
Total expenditures	<u>\$ 50,600</u>	<u>\$ 50,600</u>	<u>-</u>	<u>\$ 50,600</u>
Fund balance, ending			<u>\$ 50,584</u>	

CITY OF ALBANY, OREGON
LIBRARY TRUST FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2012

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Interest on investments	\$ 700	\$ 700	\$ 569	\$ (131)
Fund balance, beginning	<u>83,200</u>	<u>83,200</u>	<u>84,222</u>	<u>1,022</u>
Amount available for appropriation	<u>\$ 83,900</u>	<u>\$ 83,900</u>	<u>84,791</u>	<u>\$ 891</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
V. O. Torney Trust	\$ 12,900	\$ 12,900	-	\$ 12,900
Manela Trust	<u>71,000</u>	<u>71,000</u>	<u>915</u>	<u>70,085</u>
Total expenditures	<u>\$ 83,900</u>	<u>\$ 83,900</u>	<u>915</u>	<u>\$ 82,985</u>
Fund balance, ending			<u>\$ 83,876</u>	

"Well done is better than well said."
Benjamin Franklin

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, 2012

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Delinquent	\$ -	\$ -	\$ 25,898	\$ 25,898
Water service				
Water service charges	10,901,800	10,901,800	10,519,949	(381,851)
Water service charges-Millersburg	180,000	180,000	289,547	109,547
Dumbeck Water District	72,000	72,000	77,508	5,508
North Albany capital charges	98,200	98,200	98,200	-
Collection agency payments	3,000	3,000	2,008	(992)
Charges for services				
City of Lebanon	50,000	50,000	77,000	27,000
Hydropower	80,000	80,000	95,996	15,996
Equipment replacement charges	130,500	130,500	130,500	-
Financed system development charges				
Principal	4,000	4,000	8,062	4,062
Interest	900	900	445	(455)
Water expansion				
Public facility construction permits	3,000	3,000	8,415	5,415
Water connection fees	20,000	20,000	87,179	67,179
Water systems development charges	142,800	142,800	202,787	59,987
Water service installation fee	60,000	60,000	39,688	(20,312)
FEMA Grant	75,000	75,000	390,928	315,928
FEMA Disaster Reimbursement	-	-	2,223	2,223
Workers' Comp Wage Subsidy	-	-	8,694	8,694
Miscellaneous	7,000	7,000	5,814	(1,186)
Interest on investments	115,900	115,900	97,547	(18,353)
Total revenues	<u>11,944,100</u>	<u>11,944,100</u>	<u>12,168,388</u>	<u>224,288</u>
Other financing sources				
Intrafund Transfer from Water SDC Improvement Projects	353,000	353,000	353,000	-
Intrafund Transfer from Water General Obligation Debt Service	-	49,600	49,501	(99)
Total other financing sources	<u>353,000</u>	<u>402,600</u>	<u>402,501</u>	<u>(99)</u>
Fund balance, beginning	13,140,500	13,140,500	13,281,176	140,676
Fund balance, beginning, designated for debt service	1,579,500	1,579,500	1,557,202	(22,298)
Amount available for appropriation	<u>\$ 27,017,100</u>	<u>\$ 27,066,700</u>	<u>27,409,267</u>	<u>\$ 364,865</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 2,378,500	\$ 2,378,500	2,080,126	\$ 298,374
Materials and services	6,420,600	6,420,600	6,297,786	122,814
Capital	13,285,100	13,038,100	2,427,261	10,610,839
Debt service	3,672,100	3,672,100	1,035,679	2,636,421
Contingencies	415,300	395,300	-	395,300
Total expenditures	<u>26,171,600.00</u>	<u>25,904,600.00</u>	<u>11,840,852.00</u>	<u>14,063,748.00</u>
Other financing uses				
Transfers out to other funds	492,500	759,500	752,212	7,288
Intrafund transfer out	353,000	402,600	402,501	99
Total other financing uses	<u>845,500</u>	<u>1,162,100</u>	<u>1,154,713</u>	<u>7,387</u>
Total expenditures and other financing uses	<u>\$ 27,017,100</u>	<u>\$ 27,066,700</u>	<u>12,995,565</u>	<u>\$ 14,071,135</u>
Budgetary fund balance			<u>\$ 14,413,702</u>	

CITY OF ALBANY, OREGON
WATER FUND
RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS OF PROPRIETARY FUNDS
for the year ended June 30, 2012

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance/ Net Assets</u>
Totals from page 98	\$ 12,168,388	\$ 12,995,565	\$ 14,413,702
Reconciling items:			
June 30, 2011, asset and liability balances:			
Capital assets, net	-	-	86,188,880
Accounts receivable	-	-	1,383,190
Loans receivable	-	-	-
Unamortized issue costs/loss on defeasance	-	-	222,347
Inventory balance	-	-	773,819
Salaries, withholdings, and vacations payable	-	-	(106,924)
Claims and judgments	-	-	(16,588)
OPEB payable	-	-	(110,955)
Interest payable	-	-	(628,365)
Bonds payable	-	-	(31,875,679)
Adjustments to current year revenues			
Property taxes	(25,898)	-	-
Interest on investments	(97,547)	-	-
System development charges	(210,849)	-	-
In-lieu-of assessment fees	(87,179)	-	-
Change in accounts receivable	114,997	-	-
Adjustments to current year expenses			
Interest expense	-	(1,491,069)	15,399
Eliminate transfers out	-	(1,154,713)	-
Change in compensated absences liability	-	(511)	511
Change in OPEB obligation	-	25,883	(25,883)
Bond principal	-	(960,000)	960,000
Certificate of participation principal	-	(75,679)	75,679
Depreciation and amortization	-	2,423,215	(2,423,215)
Expenditures capitalized	-	(2,427,261)	2,427,261
Changes in inventories	-	55,293	(55,293)
Changes in insurance liability	-	(7,173)	7,173
Other adjustments			
Change in accounts receivable	-	-	95,841
Capital contributions	-	-	224,072
Operating revenues, operating expenses, and ending net assets from Statement of Revenues, Expenses, and Changes in Fund Net Assets of Proprietary Funds (page 29)	<u>\$ 11,861,912</u>	<u>\$ 9,383,550</u>	<u>\$ 71,544,972</u>

CITY OF ALBANY, OREGON
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2012

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Sewer service charges				
Albany sewer service charges	\$ 11,800,000	\$ 11,800,000	\$ 11,791,545	\$ (8,455)
ARRA: Wetlands-Albany	-	-	-	-
ARRA: Wetlands-Millersburg	-	-	232,743	232,743
FEMA Disaster Reimbursement	-	-	17,815	17,815
Charges collected through property taxes	30,000	30,000	24,085	(5,915)
Collection agency payments	2,000	2,000	2,008	8
Financed system development charges				
Principal	32,000	32,000	20,901	(11,099)
Interest	4,400	4,400	3,752	(648)
Financed assessments				
Principal	21,000	21,000	28,341	7,341
Interest	4,000	4,000	12,320	8,320
Financed connection fees				
Principal	1,500	1,500	3,063	1,563
Interest	800	800	375	(425)
Sewer oversizing and expansion				
Public facility construction permits	5,000	5,000	1,961	(3,039)
Sewer system development charges	168,100	168,100	323,151	155,051
General Sewer connection Fees	5,000	5,000	22,741	17,741
Storm Drain connection Fees	100	100	56,406	56,306
Sewer connection fees	-	-	11,924	11,924
Storm drain plan review/inspection fees	2,500	2,500	1,797	(703)
Charges for services				
Equipment replacement charges	93,600	93,600	93,600	-
Millersburg operation and maintenance charges	110,000	110,000	151,082	41,082
Wah Chang operation and maintenance charges	-	-	75,503	75,503
City of Millersburg	425,000	425,000	417,316	(7,684)
Miscellaneous	5,000	5,000	18,738	13,738
Interest on investments	94,100	94,100	124,001	29,901
Total revenues	<u>12,804,100</u>	<u>12,804,100</u>	<u>13,435,168</u>	<u>631,068</u>
Other financing sources				
Transfer from Risk Management Fund	840,000	840,000	840,000	-
Intrafund Transfer from Wastewater Facilities Improvement	-	235,600	235,538	(62)
Total other financing sources	<u>840,000</u>	<u>1,075,600</u>	<u>1,075,538</u>	<u>(62)</u>
Fund balance, beginning	<u>18,200,900</u>	<u>18,200,900</u>	<u>18,427,707</u>	<u>226,807</u>
Amount available for appropriation	<u>\$ 31,845,000</u>	<u>\$ 32,080,600</u>	<u>32,938,413</u>	<u>\$ 857,813</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 2,124,900	\$ 2,124,900	1,838,662	\$ 286,238
Materials and services	6,192,900	6,442,900	6,439,644	3,256
Capital	9,198,500	9,198,500	837,402	8,361,098
Debt Service	13,535,500	13,535,500	5,590,869	7,944,631
Contingencies	404,700	30,700	-	30,700
Total expenditures	<u>31,456,500</u>	<u>31,332,500</u>	<u>14,706,577</u>	<u>16,625,923</u>
Other financing uses				
Transfers out to other funds	388,500	512,500	507,673	4,827
Interfund transfers out	-	235,600	235,538	62
Total other financing uses	<u>388,500</u>	<u>748,100</u>	<u>743,211</u>	<u>4,889</u>
Total expenditures and other financing uses	<u>\$ 31,845,000</u>	<u>\$ 32,080,600</u>	<u>15,449,788</u>	<u>\$ 16,630,812</u>
Budgetary fund balance			<u>\$ 17,488,625</u>	

CITY OF ALBANY, OREGON
SEWER FUND

**RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS OF PROPRIETARY FUNDS**
for the year ended June 30, 2012

	Revenues	Expenditures	Fund Balance/ Net Assets
Totals from page 100	\$ 13,435,168	\$ 15,449,788	\$ 17,488,625
Reconciling items:			
June 30, 2011, asset and liability balances:			
Capital assets, net	-	-	149,701,457
Accounts receivable	-	-	3,484,286
Loans receivable			5,340,076
Inventory	-	-	412,688
Salaries, withholdings, and vacations payable	-	-	(105,231)
Claims and judgments	-	-	(16,136)
OPEB payable	-	-	(104,781)
Interest payable	-	-	(751,676)
Bonds payable	-	-	(74,018,778)
Adjustments to current year revenues			
Interest on investments	(124,001)	-	-
ARRA forgivable revenue recognition	2,000,000	-	-
Receipt of ARRA Loan proceeds	(116,322)	-	-
System development charges	(35,320)	-	-
In-lieu-of assessment fees	(590)	-	-
Change in accounts receivable	122,400	-	-
Sewer construction assessments	(28,341)	-	-
Adjustments to current year expenses			
Expenditures capitalized	-	(837,402)	837,402
Change in inventory	-	88,978	(88,978)
Interest expense	-	(2,468,090)	2,468,090
Change in compensated absences liability	-	(10,504)	10,504
Change in OPEB obligation	-	23,680	(23,680)
Bond principal	-	-	-
Loan principal	-	(3,122,779)	3,122,779
Depreciation and amortization	-	3,273,916	(3,273,916)
Change in insurance liability	-	(10,754)	10,754
Eliminate transfers out	-	(743,211)	235,538
Other adjustments			
Change in accounts receivable	-	-	(394,248)
Capital contributions	-	-	591,711
Millersburg loan reclassification	(417,316)	-	-
Operating revenues, operating expenses, and ending net assets from Statement of Revenues, Expenses, and Changes in Fund Net Assets of Proprietary Funds (page 29)	\$ 14,835,678	\$ 11,643,622	\$ 104,926,484

"All right everyone, line up alphabetically according to your height."
Casey Stengel

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
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2012

	Central Services	Public Works Services	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 549,372	\$ 405,046	\$ 954,418
Accounts receivable	2,129	\$ 75	2,204
Total current assets	<u>551,501</u>	<u>405,121</u>	<u>956,622</u>
Noncurrent assets:			
Capital assets (net of depreciation)	7,596	127,714	135,310
Total noncurrent assets	<u>7,596</u>	<u>127,714</u>	<u>135,310</u>
Total assets	<u>559,097</u>	<u>532,835</u>	<u>1,091,932</u>
LIABILITIES			
Current liabilities:			
Accounts payable	195,431	258,979	454,410
Compensated absences	296,028	354,038	650,066
Claims and judgments	617	979	1,596
Other postemployment benefits	261,857	326,565	588,422
Total liabilities	<u>753,933</u>	<u>940,561</u>	<u>1,694,494</u>
NET ASSETS			
Invested in capital assets, net of related debt	7,596	127,714	135,310
Unrestricted	(202,432)	(535,440)	(737,872)
Total net assets	<u>\$ (194,836)</u>	<u>\$ (407,726)</u>	<u>\$ (602,562)</u>

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
for the year ended June 30, 2012

	Central Services	Public Works Services	Totals
OPERATING REVENUES			
Service charges and fees	\$ 5,235,776	\$ 6,449,629	\$11,685,405
Miscellaneous	50,178	4,896	55,074
Total operating revenues	<u>5,285,954</u>	<u>6,454,525</u>	<u>11,740,479</u>
OPERATING EXPENSES			
Salaries and wages	3,982,449	5,145,638	9,128,087
Contracted services	161,957	248,681	410,638
Operating supplies	639,230	493,857	1,133,087
Utilities	92,540	120,597	213,137
Depreciation	4,258	16,224	20,482
Repairs and maintenance	131,260	71,426	202,686
Charges for services	495,512	571,334	1,066,846
Miscellaneous	1,937	-	1,937
Total operating expenses	<u>5,509,143</u>	<u>6,667,757</u>	<u>12,176,900</u>
Operating loss	(223,189)	(213,232)	(436,421)
NONOPERATING REVENUES			
Interest on investments	4,019	3,374	7,393
Change in net assets	(219,170)	(209,858)	(429,028)
Net assets, July 1, 2011	24,334	(197,868)	(173,534)
Net assets, June 30, 2012	<u>\$ (194,836)</u>	<u>\$ (407,726)</u>	<u>\$ (602,562)</u>

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
for the year ended June 30, 2012

	Central Services	Public Works Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,235,602	\$ 6,451,253	\$ 11,686,855
Cash payments to suppliers of goods and services	(1,481,662)	(1,463,329)	(2,944,991)
Cash payments to employees for services	(3,948,491)	(5,074,401)	(9,022,892)
Other operating revenues	50,178	4,896	55,074
Net cash (used in) operating activities	<u>(144,373)</u>	<u>(81,581)</u>	<u>(225,954)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	4,390	3,850	8,240
Net (decrease) in cash and investments	<u>(139,983)</u>	<u>(77,731)</u>	<u>(217,714)</u>
CASH AND INVESTMENTS, July 1, 2011	689,355	482,777	1,172,132
CASH AND INVESTMENTS, June 30, 2012	<u>\$ 549,372</u>	<u>\$ 405,046</u>	<u>\$ 954,418</u>
 RECONCILIATION OF OPERATING (LOSS)			
TO NET CASH (USED IN)			
OPERATING ACTIVITIES			
Operating (loss)	\$ (223,189)	\$ (213,232)	\$ (436,421)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:			
Depreciation	4,258	16,224	20,482
Changes in assets and liabilities:			
Accounts receivable	(174)	1,624	1,450
Other	1,409	1,169	2,578
Accounts payable	39,365	41,397	80,762
Compensated absences	(13,474)	12,791	(683)
Claims and judgments	(810)	(1,031)	(1,841)
Other postemployment benefits	48,242	59,477	107,719
Total adjustments	<u>78,816</u>	<u>131,651</u>	<u>210,467</u>
Net cash (used in) operating activities	<u>\$ (144,373)</u>	<u>\$ (81,581)</u>	<u>\$ (225,954)</u>

CITY OF ALBANY, OREGON
CENTRAL SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2012

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Workers' Compensation Wage Subsidy	\$ -	\$ -	\$ 5,045	\$ 5,045
Building maintenance charges	642,100	642,100	615,346	(26,754)
Administrative services charges	3,026,400	3,026,400	3,026,373	(27)
Information technology charges	1,199,500	1,199,500	1,159,516	(39,984)
GIS services charge	394,900	394,900	353,764	(41,136)
Permit Tracking services charge	96,900	96,900	80,750	(16,150)
GIS information sales	500	500	180	(320)
Miscellaneous	40,000	40,000	44,980	4,980
Interest on investments	4,200	4,200	4,019	(181)
Total revenues	<u>5,404,500</u>	<u>5,404,500</u>	<u>5,289,973</u>	<u>(114,527)</u>
Fund balance, beginning	<u>457,900</u>	<u>457,900</u>	<u>537,024</u>	<u>79,124</u>
Amount available for appropriation	<u>\$ 5,862,400</u>	<u>\$ 5,862,400</u>	<u>5,826,997</u>	<u>\$ (35,403)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Council and Nondepartmental	\$ 272,600	\$ 272,600	244,922	\$ 27,678
City Manager's Office	1,149,500	1,149,500	1,090,580	58,920
Information Technology Services	1,254,500	1,254,500	1,170,101	84,399
Human Resources	616,300	616,300	547,303	68,997
Facilities Maintenance	642,100	642,100	626,111	15,989
Finance	1,392,100	1,392,100	1,360,923	31,177
GIS Services	438,400	438,400	351,363	87,037
Permit Tracking Services	96,900	96,900	79,624	17,276
Total expenditures	<u>\$ 5,862,400</u>	<u>\$ 5,862,400</u>	<u>5,470,927</u>	<u>\$ 391,473</u>
Fund balance, ending			<u>\$ 356,070</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Assets of Internal Service Funds, see page 109.

CITY OF ALBANY, OREGON
PUBLIC WORKS SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2012

Revenues:	Original Budget	Final Budget	Actual	Over (Under)
FEMA Disaster Reimbursement	\$ -	\$ -	\$ 1,032	\$ 1,032
Charges for services - Water	2,457,400	2,457,400	2,199,173	(258,227)
Charges for services - Sewer	2,720,400	2,720,400	2,647,205	(73,195)
Charges for services - Streets	775,100	775,100	775,609	509
Charges for services - Airport	10,600	10,600	9,395	(1,205)
Charges for services - Transit	40,800	40,800	36,231	(4,569)
Charges for services - Construction in Progress	1,324,800	1,324,800	782,016	(542,784)
Miscellaneous	-	-	3,864	3,864
Interest	-	-	3,374	3,374
Total revenues	<u>7,329,100</u>	<u>7,329,100</u>	<u>6,457,899</u>	<u>(871,201)</u>
Fund balance, beginning	-	-	268,539	268,539
Amount available for appropriation	<u>\$ 7,329,100</u>	<u>\$ 7,329,100</u>	<u>6,726,438</u>	<u>\$ (602,662)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Public Works Administration	\$ 608,100	\$ 608,100	553,277	\$ 54,823
Engineering Services	2,643,700	2,643,700	2,335,835	307,865
Operations Administration	1,348,700	1,348,700	1,252,505	96,195
Water Quality Control Services	367,900	367,900	337,814	30,086
Public Works Customer Service	1,124,100	1,124,100	1,026,394	97,706
Facilities and Maintenance Engineering	1,236,600	1,236,600	1,074,471	162,129
Total expenditures	<u>\$ 7,329,100</u>	<u>\$ 7,329,100</u>	<u>6,580,296</u>	<u>\$ 748,804</u>
Fund balance, ending			<u>\$ 146,142</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Assets of Internal Service Funds, see page 109.

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, FUND BALANCE TO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS OF INTERNAL SERVICE FUNDS
for the year ended June 30, 2012

	Central Services	Public Works Service	Totals
<u>REVENUES</u>			
Total revenues from Schedule of Revenues and Expenditures - Budget and Actual (pages 107 and 108)	\$5,289,973	\$6,457,899	\$ 11,747,872
Reconciling item:			
Interest on investments	(4,019)	(3,374)	(7,393)
Operating revenues from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 105)	<u>\$5,285,954</u>	<u>\$6,454,525</u>	<u>\$ 11,740,479</u>
<u>EXPENDITURES</u>			
Total expenditures from Schedule of Revenues and Expenditures - Budget and Actual (pages 107 and 108)	\$5,470,927	\$6,580,296	\$ 12,051,223
Reconciling items:			
Depreciation	4,258	16,224	20,482
Change in compensated absences liability	(13,474)	12,791	(683)
Change in insurance liability	(810)	(1,031)	(1,841)
Change in OPEB obligation	48,242	59,477	107,719
Operating expenses from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 105)	<u>\$5,509,143</u>	<u>\$6,667,757</u>	<u>\$ 12,176,900</u>
<u>FUND BALANCE</u>			
Fund balance from Schedule of Revenues and Expenditures - Budget and Actual (pages 107 and 108)	\$ 356,070	\$ 146,142	\$ 502,212
Reconciling items:			
June 30, 2011, asset balance:			
Capital assets, net	11,854	143,938	155,792
June 30, 2011, liability balances:			
Salaries, withholdings, and vacations payable	(309,502)	(341,247)	(650,749)
Insurance payable	(1,427)	(2,010)	(3,437)
Depreciation	(4,258)	(16,224)	(20,482)
Change in compensated absences liability	13,474	(12,791)	683
Change in insurance liability	810	1,031	1,841
Change in OPEB obligation	(261,857)	(326,565)	(588,422)
Net assets from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 105)	<u>\$ (194,836)</u>	<u>\$ (407,726)</u>	<u>\$ (602,562)</u>

"Electricity is really just organized lightning. "
George Carlin

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

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
as of June 30, 2012

Governmental capital assets	
Land	\$ 12,052,594
Buildings	20,889,546
Equipment	12,554,916
Infrastructure	115,299,036
Construction in progress	7,253,748
Total governmental capital assets	<u>\$168,049,840</u>
Investment in capital assets from:	
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	3,157,021
Transfer from special revenue funds	4,497,384
Other sources	1,587,191
General Fund	14,177,358
Special revenue funds	50,036,625
Local improvement districts	20,040,918
Urban renewal districts	4,155,666
Donations	23,061,740
Total investment in governmental capital assets	<u>\$168,049,840</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	\$168,049,840
Capital assets of the Central Services Fund	385,907
Total capital assets of governmental activities	<u>\$168,435,747</u>

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
for the fiscal year ended June 30, 2012

	Balances July 1, 2011	Additions	Deletions, Transfers out, Transfers in	Balances June 30, 2012
<u>CAPITAL ASSETS:</u>				
Land	\$ 11,052,594	\$ 1,000,000	\$ -	\$ 12,052,594
Buildings and improvements	20,464,121	425,425	-	20,889,546
Machinery and equipment	12,308,866	359,671	(113,621)	12,554,916
Infrastructure	109,600,899	1,971,701	3,726,436	115,299,036
Construction in progress	8,088,676	2,891,508	(3,726,436)	7,253,748
Total capital assets	<u>\$161,515,156</u>	<u>\$ 6,648,305</u>	<u>\$ (113,621)</u>	<u>\$168,049,840</u>

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
as of June 30, 2012

<u>Function and Activity:</u>	Land	Buildings and Improvements	Machinery and Equipment	Infra- structure	Construction in Progress	Total
General Government:						
Building Maintenance	\$ -	\$ -	\$ 154,823	\$ -	\$ -	\$ 154,823
Building Inspection	-	-	28,192	-	-	28,192
General Fund	3,097,452	5,827,460	592,567	10,761,595	-	20,279,074
Airport Maintenance	33,510	68,215	8,700	3,404,645	-	3,515,070
Public Transit	-	-	1,783,389	-	-	1,783,389
Total general government	3,130,962	5,895,675	2,567,671	14,166,240	-	25,760,548
Public Safety:						
Municipal Court	-	-	23,571	-	-	\$ 23,571
Police	-	1,313,228	1,806,384	-	-	3,119,612
Fire	987,859	4,293,083	4,034,388	-	-	9,315,330
Ambulance	-	-	1,149,535	-	-	1,149,535
Total public safety	987,859	5,606,311	7,013,878	-	-	13,608,048
Culture and Recreation:						
Library	653,570	6,763,764	343,148	-	-	7,760,482
Parks and Recreation	6,211,138	2,359,996	1,482,346	12,525,730	-	22,579,210
Total culture and recreation	6,864,708	9,123,760	1,825,494	12,525,730	-	30,339,692
Highways and Streets:						
Street Maintenance	1,069,065	263,800	1,147,873	88,607,066	-	91,087,804
Construction in progress	-	-	-	-	7,253,748	7,253,748
Total capital assets	\$12,052,594	\$20,889,546	\$12,554,916	\$ 115,299,036	\$ 7,253,748	\$168,049,840

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
for the fiscal year ended June 30, 2012

Function and Activity:	Capital Assets July 1, 2011	Additions	Deletions, Transfers in, Transfers out	Capital Assets June 30, 2012
General Government:				
Building Maintenance	\$ 154,823	\$ -	\$ -	\$ 154,823
Code Enforcement	28,192	-	-	28,192
General Fund	19,878,355	415,046	(14,327)	20,279,074
Economic Development (Airport)	3,515,070	-	-	3,515,070
Public Transit	1,783,389	-	-	1,783,389
Total general government	<u>25,359,829</u>	<u>415,046</u>	<u>(14,327)</u>	<u>25,760,548</u>
Public Safety:				
Municipal Court	23,571	-	-	23,571
Police	3,119,226	26,515	(26,129)	3,119,612
Fire	8,847,029	502,146	(33,845)	9,315,330
Ambulance	1,149,535	-	-	1,149,535
Total public safety	<u>13,139,361</u>	<u>528,661</u>	<u>(59,974)</u>	<u>13,608,048</u>
Culture and Recreation:				
Library	7,760,482	-	-	7,760,482
Parks and Recreation	19,780,233	1,778,691	1,020,286	22,579,210
Total culture and recreation	<u>27,540,715</u>	<u>1,778,691</u>	<u>1,020,286</u>	<u>30,339,692</u>
Highways and Streets:				
Street Maintenance	<u>87,386,575</u>	<u>1,034,399</u>	<u>2,666,830</u>	<u>91,087,804</u>
Construction in progress	<u>8,088,676</u>	<u>2,891,508</u>	<u>(3,726,436)</u>	<u>7,253,748</u>
Total capital assets	<u>\$161,515,156</u>	<u>\$ 6,648,305</u>	<u>\$ (113,621)</u>	<u>\$168,049,840</u>

"Wisdom is always an overmatch for strength. "

Phil Jackson

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, 2012

	Interest Rate	Date of Issue	Years of Maturity	Outstanding July 1, 2011	Issued During Year	Matured/ Defeased/ Paid off During Year	Outstanding June 30, 2012
GOVERNMENTAL ACTIVITIES							
1992 OEDD Notes Payable (1)	5.47	12/01/95	2015-2016	\$ 162,389	\$ -	\$ 29,884	\$ 132,505
1995 Motel/Hotel Tax Revenue	3.90-5.75	08/01/95	1996-2011	-	-	-	-
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	2002-2028	5,606,508	-	92,951	5,513,557
2002 Limited Tax Assessment Bancroft	5.05	06/17/02	2003-2012	197,735	-	197,735	-
2004 General Revenue Obligations	2.50-4.00	12/15/04	2006-2020	2,000,000	-	340,000	1,660,000
2007 General Obligation Refunding	4.00	06/01/07	2007-2015	4,855,000	-	1,095,000	3,760,000
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	1,026,000	-	262,000	764,000
2010 CARA Urban Renewal Revenue Note				1,958,800	3,400	-	1,962,200
Total governmental activities				<u>\$ 18,628,432</u>	<u>\$ 3,400</u>	<u>\$ 2,017,570</u>	<u>\$ 16,614,262</u>
BUSINESS-TYPE ACTIVITIES							
2002 Water Certificates of Participation	5.50	03/01/02	2002-2012	\$ 75,678	\$ -	\$ 75,678	\$ -
2003 Series Water Bonds	2.00-5.125	08/01/03	2004-2033	31,800,000	-	960,000	30,840,000
2007 Oregon DEQ SRF Notes Payable (2)	3.40-3.64	09/21/06	2007-2030	66,356,540	-	2,723,921	63,632,619
2009 Wetland Loans Payable	4.0	12/21/09	2010-2020	3,778,560	-	348,858	3,429,702
2012 SRF/ARRA Loan	4.0			3,883,678	116,322	2,050,000	1,950,000
Total business-type activities				<u>\$105,894,456</u>	<u>\$ 116,322</u>	<u>\$ 6,158,457</u>	<u>\$ 99,852,321</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, 2012

	Interest Rate	Date of Issue	Outstanding July 1, 2011	Matured Interest on Debt Issued, Called, or Refunded During Year	Interest Retired/Defeased During Year	Outstanding June 30, 2012
GOVERNMENTAL ACTIVITIES						
1992 OEDD Notes Payable (1)	5.47	12/01/95	\$ 29,053	\$ -	\$ 9,337	\$ 19,716
1995 Motel/Hotel Tax Revenue	3.90-5.75	08/01/95	-	-	-	-
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	6,070,370	-	412,286	5,658,084
2002 Limited Tax Assessment Bancroft	5.05	06/17/02	9,035	-	9,035	-
2004 General Revenue Obligations	2.50-4.00	12/15/04	340,605	-	78,914	261,691
2007 General Obligation Refunding	4.00	06/01/07	501,600	-	194,200	307,400
2007 Series A CARA Tax-exempt	4.85	10/15/07	1,095,081	-	136,867	958,214
2007 Series B CARA Taxable	6.25	10/15/07	154,000	-	64,125	89,875
2010 CARA Urban Renewal Revenue Note (3)	4		-	-	54,288	-
Total governmental activities			\$ 8,199,744	\$ -	\$ 959,052	\$ 7,294,980
BUSINESS-TYPE ACTIVITIES						
2002 Water Certificates of Participation	5.50	03/01/02	\$ 3,150	\$ -	\$ 3,150	\$ -
2003 Series Water Bonds	2.00-5.125	08/01/03	20,996,839	-	1,487,918	19,508,921
2007 Oregon DEQ SRF Notes Payable (2)	3.40-3.64	09/21/06	24,280,933	-	2,316,948	21,963,985
2009 Wetland Loans Payable	4.0	12/21/09	811,578	-	151,142	660,436
2012 SRF/ARRA Loan	4	02/01/12	-	100,000	-	100,000
Total business-type activities			\$46,092,500	\$ 100,000	\$ 3,959,158	\$ 42,233,342

(1) Oregon Economic Development Department

(2) Department of Environmental Quality State Revolving Loan

(3) 2010 CARA Urban Renewal Revenue Note of \$1,962,200 has no set maturity date as of June 30, 2012, so it is excluded from this schedule. However there is a quarterly interest-only payment.

CITY OF ALBANY, OREGON
SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS
GOVERNMENTAL ACTIVITIES
June 30, 2012

Years of Maturity	Total Requirements			Oregon Economic Development Department Notes Payable		2002 Limited Tax Pension Obligations		2004 General Revenue Obligations	
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Interest
2012-2013	3,894,232	843,209	4,737,441	30,164	7,619	97,868	432,369	355,000	68,204
2013-2014	2,048,147	782,445	2,830,592	30,460	5,886	101,687	453,551	365,000	52,229
2014-2015	1,930,794	725,886	2,656,680	35,774	4,134	105,020	480,218	140,000	39,454
2015-2016	621,605	675,127	1,296,732	36,107	2,077	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>\$16,614,262</u>	<u>\$ 7,294,980</u>	<u>\$23,909,242</u>	<u>\$132,505</u>	<u>\$ 19,716</u>	<u>\$5,513,557</u>	<u>\$5,658,084</u>	<u>\$1,660,000</u>	<u>\$261,691</u>

General Obligation Refunding Series 2007		Albany Revitalization Agency 2007 Series A Tax-Exempt Bonds		Albany Revitalization Agency 2007 Series B Taxable Bonds		Albany Revitalization Agency 2010 Revenue Note		Years of Maturity
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
1,170,000	150,400	-	136,867	279,000	47,750	1,962,200	-	2012-2013
1,255,000	103,600	-	136,867	296,000	30,312	-	-	2013-2014
1,335,000	53,400	126,000	136,867	189,000	11,813	-	-	2014-2015
-	-	333,000	130,756	-	-	-	-	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>\$3,760,000</u>	<u>\$ 307,400</u>	<u>\$2,822,000</u>	<u>\$ 958,214</u>	<u>\$ 764,000</u>	<u>\$ 89,875</u>	<u>\$1,962,200</u>	<u>\$ -</u>	

CITY OF ALBANY, OREGON
SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS
BUSINESS-TYPE ACTIVITIES
 June 30, 2012

Years of Maturity	Total Requirements			2007 Oregon DEQ State Revolving Fund Loan		2011 SRF ARRA Loan	
	Principal	Interest	Total	Principal	Interest	Principal	Fee
2012-2013	4,099,647	3,822,908	7,922,555	2,806,835	2,220,414	100,000	9,750
2013-2014	4,234,602	3,675,557	7,910,159	2,892,278	2,120,937	100,000	9,250
2014-2015	4,372,742	3,522,155	7,894,897	2,980,325	2,018,428	100,000	8,750
2015-2016	4,519,170	3,363,525	7,882,695	3,071,056	1,912,795	100,000	8,250
2016-2017	4,668,993	3,198,835	7,867,828	3,164,554	1,803,943	100,000	7,750
2017-2018	4,827,320	3,027,191	7,854,511	3,260,904	1,691,770	100,000	7,250
2018-2019	4,989,265	2,844,911	7,834,176	3,360,192	1,576,178	100,000	6,750
2019-2020	5,159,944	2,652,181	7,812,125	3,462,508	1,457,061	100,000	6,250
2020-2021	4,924,615	2,452,585	7,377,200	3,567,944	1,334,312	100,000	5,750
2021-2022	5,006,596	2,262,126	7,268,722	3,676,596	1,207,820	100,000	5,250
2022-2023	5,178,561	2,068,278	7,246,839	3,788,561	1,077,472	100,000	4,750
2023-2024	5,358,943	1,869,023	7,227,966	3,903,943	943,148	100,000	4,250
2024-2025	5,542,843	1,664,196	7,207,039	4,022,843	804,727	100,000	3,750
2025-2026	5,740,371	1,451,824	7,192,195	4,145,371	662,086	100,000	3,250
2026-2027	5,946,636	1,228,466	7,175,102	4,271,636	515,094	100,000	2,750
2027-2028	6,156,754	996,823	7,153,577	4,401,754	363,617	100,000	2,250
2028-2029	6,375,842	759,596	7,135,438	4,535,842	207,521	100,000	1,750
2029-2030	4,254,477	511,037	4,765,514	2,319,477	46,662	100,000	1,250
2030-2031	2,030,000	369,750	2,399,750	-	-	100,000	750
2031-2032	2,080,000	270,250	2,350,250	-	-	50,000	250
2032-2033	2,135,000	165,875	2,300,875	-	-	-	-
2033-2034	2,250,000	56,250	2,306,250	-	-	-	-
	<u>\$ 99,852,321</u>	<u>\$42,233,342</u>	<u>\$142,085,663</u>	<u>\$63,632,619</u>	<u>\$21,963,985</u>	<u>\$ 1,950,000</u>	<u>\$ 100,000</u>

2003 Water Revenue/Refunding		2010 Wetlands Loan		Years of Maturity
Principal	Interest	Principal	Interest	
830,000	1,455,556	362,812	137,188	2012-2013
865,000	1,422,694	377,324	122,676	2013-2014
900,000	1,387,394	392,417	107,583	2014-2015
940,000	1,350,594	408,114	91,886	2015-2016
980,000	1,311,581	424,439	75,561	2016-2017
1,025,000	1,269,587	441,416	58,584	2017-2018
1,070,000	1,221,056	459,073	40,927	2018-2019
1,120,000	1,166,306	477,436	22,564	2019-2020
1,170,000	1,109,056	86,671	3,467	2020-2021
1,230,000	1,049,056	-	-	2021-2022
1,290,000	986,056	-	-	2022-2023
1,355,000	921,625	-	-	2023-2024
1,420,000	855,719	-	-	2024-2025
1,495,000	786,488	-	-	2025-2026
1,575,000	710,622	-	-	2026-2027
1,655,000	630,956	-	-	2027-2028
1,740,000	550,325	-	-	2028-2029
1,835,000	463,125	-	-	2029-2030
1,930,000	369,000	-	-	2030-2031
2,030,000	270,000	-	-	2031-2032
2,135,000	165,875	-	-	2032-2033
2,250,000	56,250	-	-	2033-2034
<u>\$30,840,000</u>	<u>\$19,508,921</u>	<u>\$ 3,429,702</u>	<u>\$ 660,436</u>	

CITY OF ALBANY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
for the year ended June 30, 2012

Tax Year	Taxes Receivable June 30, 2011	Levy as extended by assessor	Collections	Discounts & Adjustments	Taxes Receivable June 30, 2012
2011-12	\$ -	\$26,575,455	\$(24,933,010)	\$ (620,918)	\$ 1,021,527
2010-11	1,161,309	-	(469,619)	(64,077)	627,613
2009-10	525,962	-	(152,231)	(52,454)	321,277
2008-09	294,758	-	(193,468)	41,874	143,164
2007-08	101,104	-	(97,037)	24,467	28,534
2006-07	26,356	-	(16,110)	2,589	12,835
2005-06	10,695	-	(6,556)	67	4,206
2004-05	-	-	-	-	-
2003-04	-	-	-	-	-
2002-03	-	-	-	-	-
2001-02	-	-	-	-	-
and prior	31,605	-	(9,051)	559	23,113
	<u>\$ 2,151,789</u>	<u>\$26,575,455</u>	<u>\$(25,877,082)</u>	<u>\$ (667,893)</u>	<u>\$ 2,182,269</u>

SUMMARY OF COLLECTIONS AND BALANCES RECEIVABLE

Governmental activities/funds		
General	\$ 16,204,832	\$ 1,320,065
Special Revenue		
Parks and Recreation	4,051,531	324,615
Public Safety Levy	2,321,264	204,751
Albany Revitalization Agency	1,940,367	154,061
Debt Service	1,333,190	160,721
Total governmental activities/funds	<u>25,851,184</u>	<u>2,164,213</u>
Proprietary fund		
Water	25,898	18,056
Totals	<u>\$ 25,877,082</u>	<u>\$ 2,182,269</u>

RECONCILIATION OF TAX COLLECTIONS TO THE STATEMENT OF ACTIVITIES

Fund	Collections from Above	Tax Accrual Net Change	Statement of Activities
General	\$ 16,204,832	\$ (17,345)	\$ 16,187,487
Parks and Recreation	4,051,531	(4,026)	4,047,505
Public Safety Levy	2,321,264	(15,324)	2,305,940
Albany Revitalization Agency	1,940,367	11,212	1,951,579
Debt Service	1,333,190	18,449	1,351,639
Water	25,898	(17,243)	8,655
Totals	<u>\$ 25,877,082</u>	<u>\$ (24,277)</u>	<u>\$ 25,852,805</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 ASSETS BY COMPONENT
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2003	2004	2005	2006	2007
Governmental Activities					
Invested in capital assets, net of related debt	\$ 52,149,287	\$ 55,569,708	\$ 64,678,843	\$ 72,113,680	\$ 77,816,952
Restricted	13,108,189	5,249,133	9,358,060	15,878,361	13,984,682
Unrestricted	7,608,794	18,659,845	18,067,214	14,336,075	15,195,602
Total governmental activities net assets	<u>72,866,270</u>	<u>79,478,686</u>	<u>92,104,117</u>	<u>102,328,116</u>	<u>106,997,236</u>
Business-type activities					
Invested in capital assets, net of related debt	72,820,092	76,643,262	84,900,880	91,009,502	102,945,424
Restricted	9,056,486	9,401,040	15,860,141	14,984,960	14,764,342
Unrestricted	14,458,875	18,359,252	17,514,640	17,976,644	17,780,223
Total business-type activities net assets	<u>96,335,453</u>	<u>104,403,554</u>	<u>118,275,661</u>	<u>123,971,106</u>	<u>135,489,989</u>
Total City of Albany					
Invested in capital assets, net of related debt	124,969,379	132,212,970	149,579,723	163,123,182	180,762,376
Restricted	22,164,675	14,650,173	25,218,201	30,863,321	28,749,024
Unrestricted	22,067,669	37,019,097	35,581,854	32,312,719	32,975,825
Total net assets	<u>\$ 169,201,723</u>	<u>\$ 183,882,240</u>	<u>\$ 210,379,778</u>	<u>\$ 226,299,222</u>	<u>\$ 242,487,225</u>

In the ten years since the City began reporting under GASB Statement 34, the net assets of governmental activities increased by just over 44 percent (\$56,436,000). Included in program revenues for the eight-year period are \$27,209,000 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 assets for governmental activities has been positive for the years prior to the 2011-12 Fiscal Year.

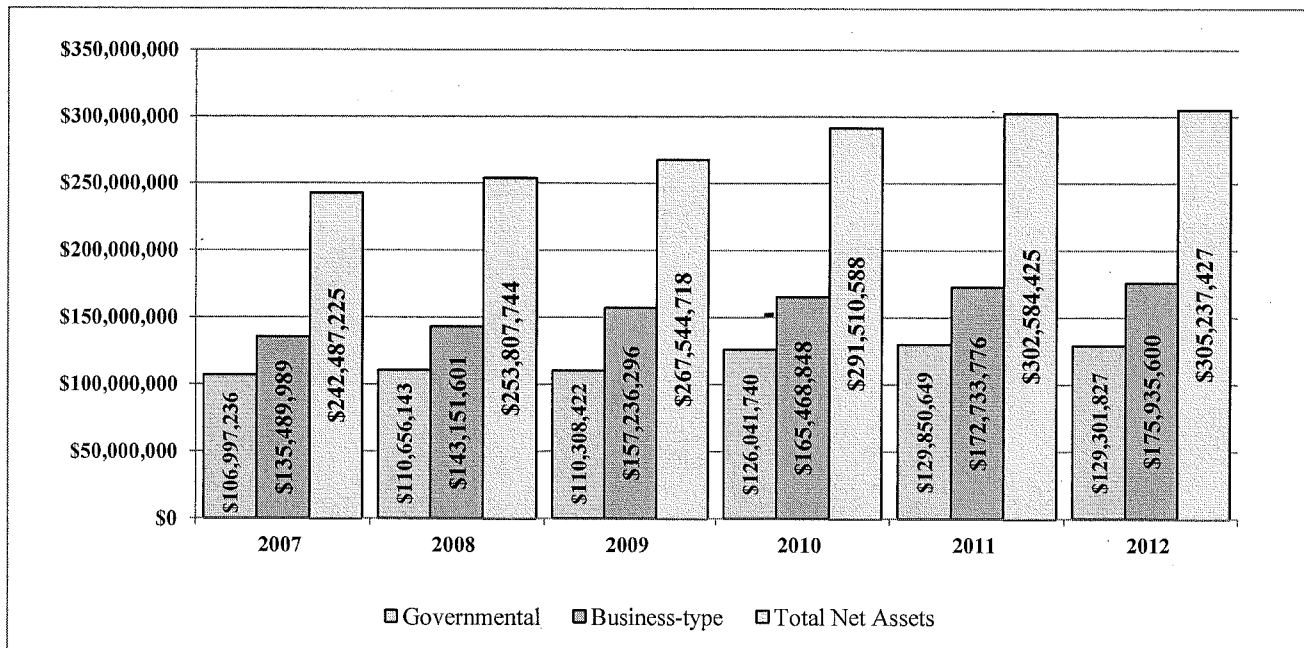
During the same time frame (ten years), the net assets of the business-type activities have increased by 45 percent (\$79,600,000). The two major components of the increase have been operating income (\$49,034,000) and capital contributions (\$49,658,000). Capital contributions consist of development 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 2003-2012 Comprehensive Annual Financial Reports

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

2008	2009	2010	2011	2012	
\$ 80,243,676	\$ 86,710,887	\$ 90,807,172	\$ 93,826,390	\$ 96,500,517	Governmental Activities
17,874,256	15,077,460	16,512,436	18,879,050	13,190,170	Invested in capital assets, net of related debt
12,538,211	8,520,075	18,722,132	17,145,209	19,611,140	Restricted
110,656,143	110,308,422	126,041,740	129,850,649	129,301,827	Unrestricted
					Total governmental activities net assets
106,681,579	125,267,350	127,645,184	130,139,819	\$ 134,559,041	Business-type activities
8,494,861	5,372,200	25,649,567	19,785,270	14,445,758	Invested in capital assets, net of related debt
27,975,161	26,596,746	12,174,097	22,808,687	26,930,801	Restricted
143,151,601	157,236,296	165,468,848	172,733,776	175,935,600	Unrestricted
					Total business-type activities net assets
186,925,255	211,978,237	218,452,356	223,966,209	231,059,558	Total City of Albany
26,369,117	20,449,660	42,162,003	38,664,320	27,635,928	Invested in capital assets, net of related debt
40,513,372	35,116,821	30,896,229	39,953,896	46,541,941	Restricted
\$ 253,807,744	\$ 267,544,718	\$ 291,510,588	\$ 302,584,425	\$ 305,237,427	Unrestricted
					Total net assets

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



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

	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 6,887,965	\$ 3,975,367	\$ 4,808,302	5,799,062	6,468,368
Public safety	14,262,937	16,138,117	17,344,947	18,484,074	21,156,907
Highways and streets	4,327,021	4,983,961	5,056,827	5,605,789	6,489,273
Culture and recreation	5,391,355	5,633,112	5,905,119	6,387,685	7,222,964
Interest on long-term debt	1,265,139	1,317,826	1,190,214	1,224,183	1,138,930
Total governmental activities expenses	<u>32,134,417</u>	<u>32,048,383</u>	<u>34,305,409</u>	<u>37,500,793</u>	<u>42,476,442</u>
Business-type activities					
Water	\$ 7,135,802	7,797,815	6,946,851	9,494,225	11,253,334
Sewer	7,186,899	7,637,300	7,436,459	7,952,494	8,829,900
Total business-type activities expenses	<u>14,322,701</u>	<u>15,435,115</u>	<u>14,383,310</u>	<u>17,446,719</u>	<u>20,083,234</u>
Program Revenues					
Governmental activities:					
Charges for services (** See pages 126-127)	6,239,968	3,297,211	3,481,479	4,865,745	6,260,183
Operating grants and contributions	4,241,022	4,166,669	5,583,570	8,964,353	6,566,201
Capital grants and contributions	8,038,879	8,210,768	11,708,909	5,896,271	5,438,422
Total governmental activities program revenues	<u>18,519,869</u>	<u>15,674,648</u>	<u>20,773,958</u>	<u>19,726,369</u>	<u>18,264,806</u>
Business-type activities					
Water	9,222,539	12,629,094	17,456,186	13,071,306	14,096,457
Sewer	8,395,543	9,524,763	10,927,340	12,750,140	14,334,830
Total business-type activities program revenues	<u>17,618,082</u>	<u>22,153,857</u>	<u>28,383,526</u>	<u>25,821,446</u>	<u>28,431,287</u>
Total program revenues	<u>36,137,951</u>	<u>37,828,505</u>	<u>49,157,484</u>	<u>45,547,815</u>	<u>46,696,093</u>
General Revenues					
Governmental activities:					
Taxes:					
Property taxes used for general purposes	13,512,030	15,979,937	17,105,625	18,275,628	19,691,258
Property taxes used for debt service	1,020,694	1,077,292	1,063,905	1,113,145	951,815
Transient room taxes used for general purposes	283,589	270,227	299,200	354,502	459,569
Transient room taxes used for debt service	230,521	239,540	251,204	256,014	241,343
Motor fuel	1,707,732	1,898,605	2,119,250	2,170,883	2,152,446
Cigarette and alcoholic beverage	456,965	469,130	497,499	545,979	867,362
Privilege	1,896,396	1,987,951	2,099,290	2,268,032	2,480,090
Contributions to permanent funds	3,828	454	3,042	2,414	923
Grants and contributions not restricted to specific programs	537,570	515,559	60,390	169,251	59,305
Unrestricted interest earnings	327,154	243,671	467,924	1,303,367	1,745,218
Premium on debt issuance	-	-	50,244	-	-
Miscellaneous	-	-	-	153,912	130,653
Total governmental activities general revenues	<u>19,976,479</u>	<u>22,682,366</u>	<u>24,017,573</u>	<u>26,613,127</u>	<u>28,779,982</u>
(Loss) on disposal of capital assets	(1,018)	-	-	-	-
Transfers	95,049	303,785	1,027,456	373,918	490,975
Total governmental activities	<u>20,070,510</u>	<u>22,986,151</u>	<u>25,045,029</u>	<u>26,987,045</u>	<u>29,270,957</u>

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

2008	2009	2010	2011	2012	
					Expenses
					Governmental activities:
8,791,969	7,813,659	9,227,210	5,512,747	5,282,341	General government
22,831,077	25,723,911	26,364,368	27,512,458	27,832,589	Public safety
6,717,357	6,794,651	6,927,620	7,098,212	5,964,162	Highways and streets
7,542,294	8,238,041	8,372,888	8,035,033	9,300,151	Culture and recreation
1,171,934	1,202,841	1,138,531	1,074,180	972,088	Interest on long-term debt
<u>47,054,631</u>	<u>49,773,103</u>	<u>52,030,617</u>	<u>49,232,630</u>	<u>49,351,331</u>	Total governmental activities expenses
					Business-type activities
11,495,380	11,445,203	11,252,016	11,239,646	10,970,041	Water
9,317,599	9,516,905	10,119,746	12,210,391	14,201,008	Sewer
<u>20,812,979</u>	<u>20,962,108</u>	<u>21,371,762</u>	<u>23,450,037</u>	<u>25,171,049</u>	Total business-type activities expenses
					Program Revenues
					Governmental activities:
6,780,166	7,747,816	7,056,305	7,034,555	6,893,179	Charges for services (** See pages 126-127)
5,242,275	4,705,458	5,385,159	4,354,299	5,245,587	Operating grants and contributions
7,418,560	4,767,440	4,629,070	7,433,911	2,613,592	Capital grants and contributions
<u>19,441,001</u>	<u>17,220,714</u>	<u>17,070,534</u>	<u>18,822,765</u>	<u>14,752,358</u>	Total governmental activities program revenues
					Business-type activities
13,241,504	12,906,796	12,003,928	11,520,604	11,873,787	Water
12,035,561	20,012,557	13,637,347	13,094,616	13,687,284	Sewer
<u>25,277,065</u>	<u>32,919,353</u>	<u>25,641,275</u>	<u>24,615,220</u>	<u>25,561,071</u>	Total business-type activities program revenues
<u>44,718,066</u>	<u>50,140,067</u>	<u>42,711,809</u>	<u>43,437,985</u>	<u>40,313,429</u>	Total program revenues
					General Revenues
					Governmental activities:
					Taxes:
20,009,812	21,133,841	21,816,218	22,430,005	22,540,932	Property taxes used for general purposes
2,174,926	2,317,806	3,099,335	3,849,690	3,303,218	Property taxes used for debt service
510,037	478,150	382,054	655,879	715,865	Transient room taxes used for general purposes
231,083	196,594	213,174	-	-	Transient room taxes used for debt service
2,056,995	2,674,179	2,029,262	2,365,624	2,746,350	Motor fuel
995,174	1,023,060	624,444	651,683	699,755	Cigarette and alcoholic beverage
2,717,412	2,759,292	2,570,602	2,680,877	2,901,489	Privilege
295	133	160	-	-	Contributions to permanent funds
124,421	107,027	-	-	-	Grants and contributions not restricted to specific programs
1,738,924	981,571	605,921	360,650	232,122	Unrestricted interest earnings
-	-	-	-	-	Premium on debt issuance
431,229	329,267	18,871,796	196,111	490,535	Miscellaneous
<u>30,990,308</u>	<u>32,000,920</u>	<u>50,212,966</u>	<u>33,190,519</u>	<u>33,630,266</u>	Total governmental activities general revenues
-	-	-	-	-	(Loss) on disposal of capital assets
282,229	203,748	480,438	1,028,256	419,885	Transfers
<u>31,272,537</u>	<u>32,204,668</u>	<u>50,693,404</u>	<u>34,218,775</u>	<u>34,050,151</u>	Total governmental activities

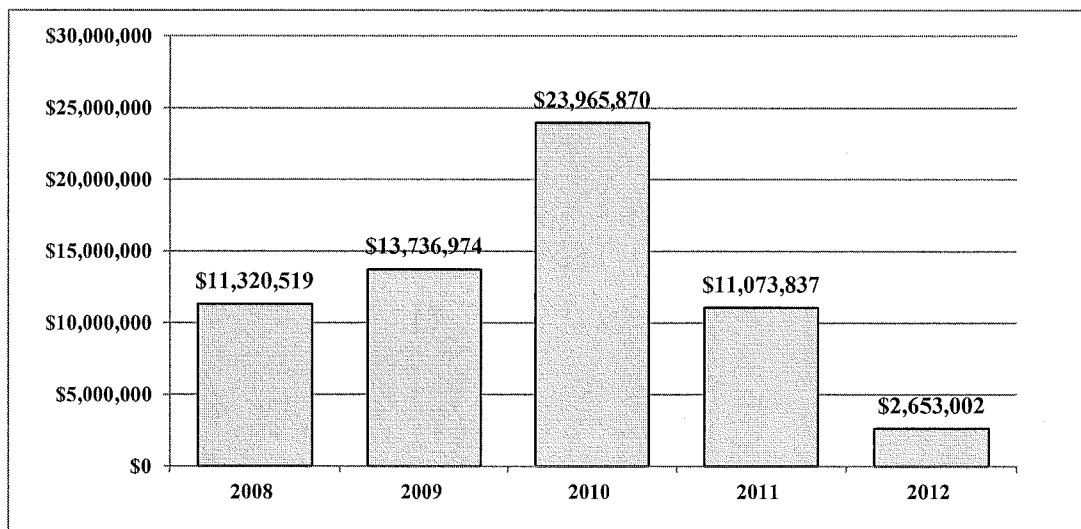
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Schedule 2
CITY OF ALBANY, OREGON
CHANGE IN NET ASSETS, continued
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2003	2004	2005	2006	2007
General Revenues, continued					
Business-type activities					
Property taxes used for debt service	778,058	787,570	782,683	759,865	753,308
Unrestricted investment earnings	377,023	286,658	488,123	1,240,546	1,506,557
Gain on disposal of real property	-	-	-	-	-
Miscellaneous	352,592	578,916	455,720	687,743	653,135
Total business-type activities general revenues	1,507,673	1,653,144	1,726,526	2,688,154	2,913,000
(Loss) on disposal of capital assets	(23,952)	-	-	-	-
Transfers	(95,049)	(303,785)	(1,027,456)	(373,918)	(490,975)
Total business-type activities	1,388,672	1,349,359	699,070	2,314,236	2,422,025
Change in Net Assets					
Governmental activities	6,455,962	6,612,416	11,513,578	9,212,621	5,059,321
Business-type activities	4,684,053	8,068,101	14,699,286	10,688,963	10,770,078
Total Change in net assets	11,140,015	14,680,517	26,212,864	19,901,584	15,829,399
Net assets - beginning	158,061,708	169,201,723	183,882,240	210,379,778	226,299,222
Prior period adjustments	-	-	284,674	(3,982,140)	358,604
Net assets - ending	\$169,201,723	\$ 183,882,240	\$210,379,778	\$226,299,222	\$242,487,225

** Charges for services - Major
 Ambulance Service Fee
 Equipment Replacement and Departmental Charges
 Franchise Fees
 Park Department Activity Fees

Change in Net Assets
 last five years

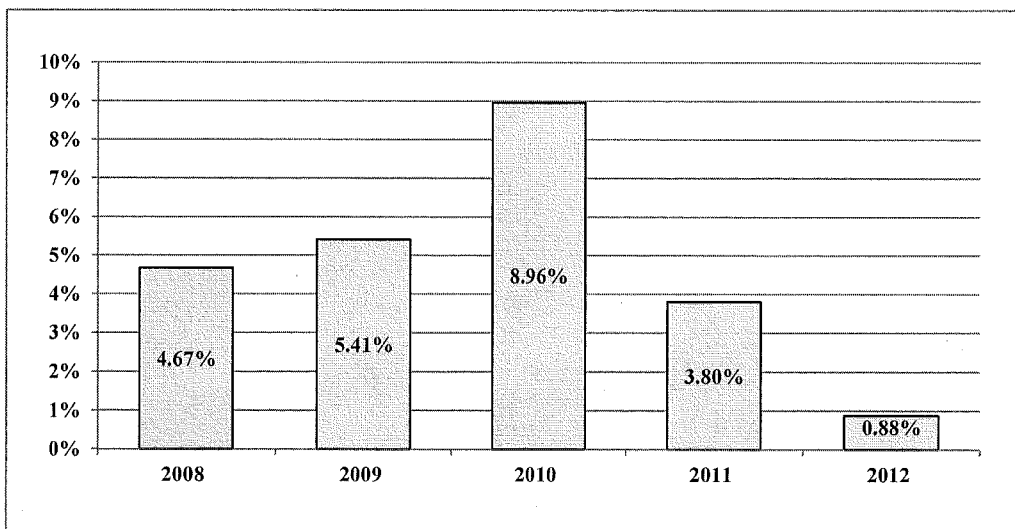


Source: City of Albany 2003-2012 Comprehensive Annual Financial Reports

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

2008	2009	2010	2011	2012	
					General Revenues, continued
					Business-type activities
824,530	813,948	660,343	(2,852)	8,655	Property taxes used for debt service
1,428,407	853,758	623,298	272,181	224,922	Unrestricted investment earnings
319,069	-	-	-	-	Gain on disposal of real property
907,749	663,492	3,159,835	6,858,672	2,998,110	Miscellaneous
3,479,755	2,331,198	4,443,476	7,128,001	3,231,687	Total business-type activities general revenues
-	-	-	-	-	(Loss) on disposal of capital assets
(282,229)	(203,748)	(480,438)	(1,028,256)	(419,885)	Transfers
3,197,526	2,127,450	3,963,038	6,099,745	2,811,802	Total business-type activities
					Change in Net Assets
3,658,907	(347,721)	15,733,321	3,808,910	(548,822)	Governmental activities
7,661,612	14,084,695	8,232,551	7,264,928	3,201,824	Business-type activities
11,320,519	13,736,974	23,965,872	11,073,838	2,653,002	Total Change in net assets
242,487,225	253,807,744	267,544,716	291,510,587	302,584,425	Net assets - beginning
-	-	-	-	-	Prior period adjustments
<u>\$253,807,744</u>	<u>\$267,544,718</u>	<u>\$291,510,588</u>	<u>\$302,584,425</u>	<u>\$305,237,427</u>	Net assets - ending
	1,953,553	1,912,918	2,008,138	1,992,581	** Charges for services - Major
	2,139,050	2,198,779	1,458,688	1,294,651	Ambulance Service Fee
	1,197,872	1,082,094	1,099,172	1,139,140	Equipment Replacement and Departmental Charges
	716,585	865,357	809,323	328,514	Franchise Fees
					Park Department Activity Fees

Year to Year Percentage Change in Net Assets
 last five years

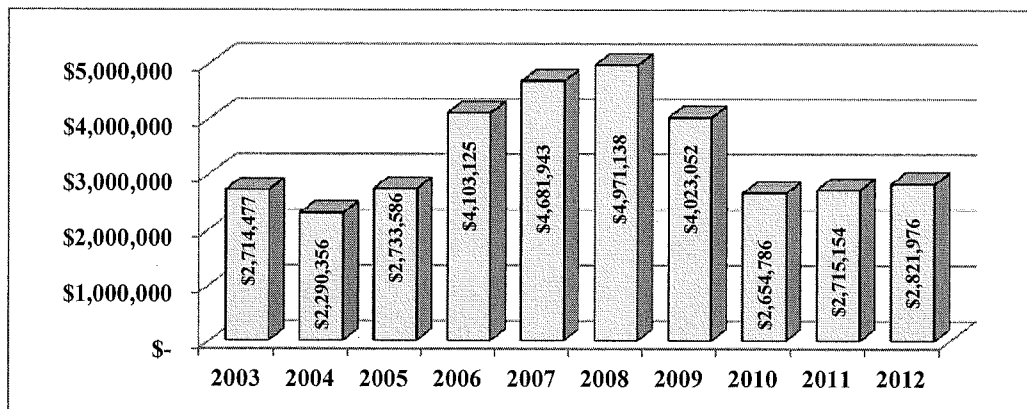


Schedule 3
CITY OF ALBANY, OREGON
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years (1)
 (modified accrual basis of accounting)

	2003	2004	2005	2006	2007
General Fund					
Unreserved	\$ 2,714,477	\$ 2,290,356	\$ 2,733,586	\$ 4,103,125	\$ 4,681,943
Nonspendable	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>2,714,477</u>	<u>2,290,356</u>	<u>2,733,586</u>	<u>4,103,125</u>	<u>4,681,943</u>
All other governmental funds					
Reserved for:					
Capital projects	2,755,767	6,012,244	8,248,404	15,591,619	9,515,787
Debt service	2,179,270	2,616,579	2,877,865	2,865,706	1,220,782
Library programs	74,296	89,886	90,474	8,437	11,799
Parks & Recreation programs	359,718	314,284	12,036	11,848	11,675
Perpetual care	107,206	108,906	111,585	115,189	115,834
Unreserved, reported in:					
Special revenue funds	5,795,739	8,021,014	8,744,939	8,338,206	15,714,635
Capital project fund	2,578,524	1,162,841	3,169,042	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>13,850,520</u>	<u>18,325,754</u>	<u>23,254,345</u>	<u>26,931,005</u>	<u>26,590,512</u>
Total fund balances of governmental funds	<u>\$ 16,564,997</u>	<u>\$ 20,616,110</u>	<u>\$ 25,987,931</u>	<u>\$ 31,034,130</u>	<u>\$ 31,272,455</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 2003-2012 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)

2008	2009	2010	2011	2012	
					General Fund
\$ 4,971,138	\$ 4,023,052	\$ 2,654,786	\$ -	\$ -	Unreserved
-	-	-	65,245	62,147	Nonspendable
-	-	-	185,139	165,567	Committed
-	-	-	2,464,770	2,594,262	Unassigned
<u>4,971,138</u>	<u>4,023,052</u>	<u>2,654,786</u>	<u>2,715,154</u>	<u>2,821,976</u>	Total General Fund
					All other governmental funds
					Reserved for:
10,555,792	7,853,494	7,879,049	-	-	Capital projects
1,176,797	931,686	874,973	-	-	Debt service
11,688	11,464	7,265	-	-	Library programs
11,874	11,079	11,733	-	-	Parks & Recreation programs
117,502	117,502	117,500	-	-	Perpetual care
					Unreserved, reported in:
16,884,061	14,190,275	30,682,955	-	-	Special revenue funds
1,109,238	488,673	(2,046,965)	-	-	Capital projects fund
-	-	-	130,860	118,130	Nonspendable
-	-	-	14,739,849	10,972,119	Restricted
-	-	-	23,279,884	21,519,026	Committed
-	-	-	(2,782,392)	(298,795)	Unassigned
<u>29,866,952</u>	<u>23,604,173</u>	<u>37,526,510</u>	<u>35,368,201</u>	<u>32,310,480</u>	Total all other governmental funds
<u>\$ 34,838,090</u>	<u>\$ 27,627,225</u>	<u>\$ 40,181,296</u>	<u>\$ 38,083,355</u>	<u>\$ 35,132,456</u>	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
2003	\$ 2,714,477	-
2004	2,290,356	-15.62%
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%

The General Fund unreserved fund balance has decreased by -4.43 percent over the last ten years. The 2011-12 unassigned fund balance of \$2,594,262 is 10 percent of total expenditures before transfers out, 8.82 percent of the total General Fund 2010-11 budget, and 8.51 percent of the 2011-12 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)

	2003	2004	2005	2006	2007
Revenues					
Taxes	\$ 14,981,840	\$ 17,604,792	\$ 18,460,938	\$ 20,225,202	\$ 21,369,433
Special assessments	621,006	980,652	2,812,677	752,013	284,316
Franchise fees, privilege taxes, licenses, and permits	6,468,494	6,676,869	7,988,856	7,637,192	8,173,745
Intergovernmental	6,511,342	8,319,812	12,317,895	6,643,124	7,160,835
Charges for services	6,003,485	3,072,882	3,698,501	3,722,670	4,184,394
Fines and forfeitures	614,142	556,974	545,296	581,972	730,232
Gifts and donations	3,828	454	3,042	3,178,018	4,119
Interest on investments	382,755	306,052	624,257	1,265,344	1,677,487
Miscellaneous	460,850	573,834	764,322	653,788	1,308,177
Total revenues	<u>36,047,742</u>	<u>38,092,321</u>	<u>47,215,784</u>	<u>44,659,323</u>	<u>44,892,738</u>
Expenditures					
General government	6,650,355	3,692,811	4,934,984	5,260,948	6,286,630
Public safety	13,844,935	15,577,882	16,809,154	18,302,131	20,586,681
Highways and streets	2,183,939	2,617,631	2,768,538	3,103,766	3,499,426
Culture and recreation	4,987,709	5,231,589	5,831,360	6,093,309	6,646,681
Capital outlay	7,777,230	5,000,187	13,033,514	7,871,125	4,685,842
Debt service					
Principal	1,036,687	1,097,997	2,876,939	1,328,965	3,288,914
Interest	1,269,338	1,224,295	1,201,415	1,181,496	1,342,964
Total expenditures	<u>37,750,193</u>	<u>34,442,392</u>	<u>47,455,904</u>	<u>43,141,740</u>	<u>46,337,138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,702,451)</u>	<u>3,649,929</u>	<u>(240,120)</u>	<u>1,517,583</u>	<u>(1,444,400)</u>
Other financing sources (uses)					
Debt issuance	-	-	3,720,000	1,459,399	9,065,000
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
Transfers in	1,341,168	3,484,872	6,968,005	14,248,234	6,261,817
Transfers out	(1,213,283)	(3,083,688)	(5,207,075)	(13,341,755)	(5,663,645)
Total other financing sources (uses)	<u>127,885</u>	<u>401,184</u>	<u>5,693,234</u>	<u>2,517,238</u>	<u>1,682,725</u>
Prior period adjustments	178,827	-	(81,293)	1,011,378	-
Net change in fund balances	<u>\$ (1,395,739)</u>	<u>\$ 4,051,113</u>	<u>\$ 5,371,821</u>	<u>\$ 5,046,199</u>	<u>\$ 238,325</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	\$ 2,306,025	\$ 2,322,292	\$ 4,078,354	\$ 2,510,461	\$ 4,631,878
Total noncapital expenditures	<u>29,972,963</u>	<u>29,442,205</u>	<u>34,422,390</u>	<u>35,270,615</u>	<u>41,651,296</u>
Ratio of total debt service expenditures less refundings to total noncapital expenditures	<u>7.69%</u>	<u>7.89%</u>	<u>11.85%</u>	<u>7.12%</u>	<u>11.12%</u>

Source: City of Albany 2003-2012 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)

2008	2009	2010	2011	2012	
\$ 22,857,443	\$ 23,723,701	\$ 25,163,569	\$ 26,932,006	\$ 26,567,049	Revenues
92,321	82,653	64,604	42,830	47,734	Taxes
7,752,797	6,654,711	6,390,875	6,169,128	5,649,180	Special assessments
8,303,684	7,124,187	8,129,421	9,331,327	9,389,439	Franchise fees, privilege taxes, licenses, and permits
4,608,381	5,599,253	5,043,672	5,204,052	4,967,810	Intergovernmental
988,983	927,897	839,861	769,200	731,135	Charges for services
2,008,320	-	-	-	-	Fines and forfeitures
1,717,615	964,613	595,031	348,336	262,531	Gifts and donations
1,168,815	2,776,430	19,366,270	481,375	836,338	Interest on investments
49,498,359	47,853,445	65,593,303	49,278,254	48,451,216	Miscellaneous
					Total revenues
8,472,015	8,223,631	9,002,393	5,916,136	5,444,422	Expenditures
22,040,875	23,932,216	24,225,530	25,218,770	25,643,030	General government
3,864,623	3,651,135	3,599,042	3,553,451	3,483,170	Public safety
6,768,031	7,349,399	7,569,933	7,078,644	8,475,037	Highways and streets
6,183,849	9,541,626	8,135,811	5,975,749	5,800,086	Culture and recreation
2,900,558	3,854,453	1,908,434	3,585,926	2,017,524	Capital outlay
1,203,625	1,170,493	1,112,461	1,075,775	958,731	Debt service
51,433,576	57,722,953	55,553,604	52,404,451	51,822,000	Principal
					Interest
					Total expenditures
(1,935,217)	(9,869,508)	10,039,699	(3,126,197)	(3,370,784)	Excess (deficiency) of revenues over (under) expenditures
5,051,998	2,102,500	1,958,800	-	-	Other financing sources (uses)
-	-	-	-	-	Debt issuance
-	-	-	-	-	Premium on debt issuance
74,362	352,395	75,139	-	-	Payment to escrow agent for refunded bonds
5,994,473	5,869,492	5,836,489	10,705,097	10,417,617	Capital lease
(5,619,981)	(5,665,744)	(5,356,051)	(9,676,841)	(9,997,732)	Transfers in
5,500,852	2,658,643	2,514,377	1,028,256	419,885	Transfers out
-	-	-	-	-	Total other financing sources (uses)
\$ 3,565,635	\$ (7,210,865)	\$ 12,554,076	\$ (2,097,941)	\$ (2,950,899)	Prior period adjustments
					Net change in fund balances
\$ 2,404,183	\$ 5,024,946	\$ 3,020,895	\$ 4,661,701	\$ 2,976,255	Total debt service expenditures
45,249,727	48,181,327	47,417,793	46,428,702	46,021,914	Total noncapital expenditures
5.31%	10.43%	6.37%	10.04%	6.47%	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

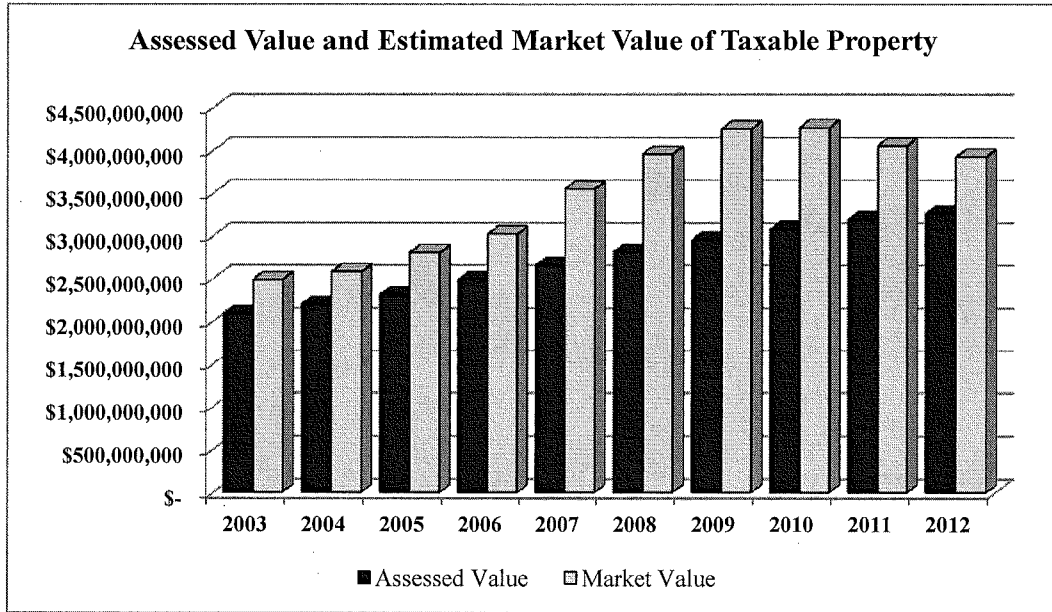
Fiscal Year Ended June 30,	County	Taxable Assessed Value (1)	Direct Tax Rate Per \$1,000 of Assessed Value	Urban Renewal District Assessed Value (2)	Total Assessed Value	Estimated Market Value	Assessed Value as a % of Market Value
2003	Linn	1,752,832,617	7.23	22,646,610	1,775,479,227	2,092,129,723	84.86%
	Benton	334,249,796	7.23	-	334,249,796	395,820,350	84.44%
	Total	2,087,082,413		22,646,610	2,109,729,023	2,487,950,073	84.80%
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%

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

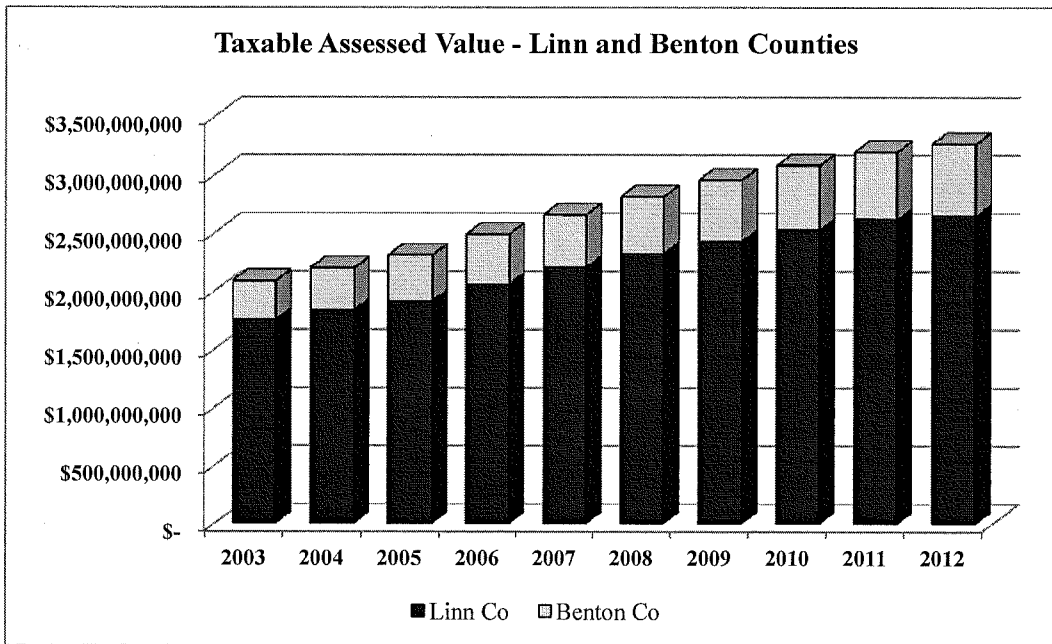
(2) Urban renewal district incremental amount.

Source: Linn and Benton Counties Tax Assessor

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



The "gap" between the market value and the assessed value is important to note. Oregon statutes allow the assessed value on a single piece of property to rise no more than three percent annually up to the market value, where the assessed value is capped. Currently, the assessed value is 85.94 percent of market value, leaving a \$552,354,802 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.

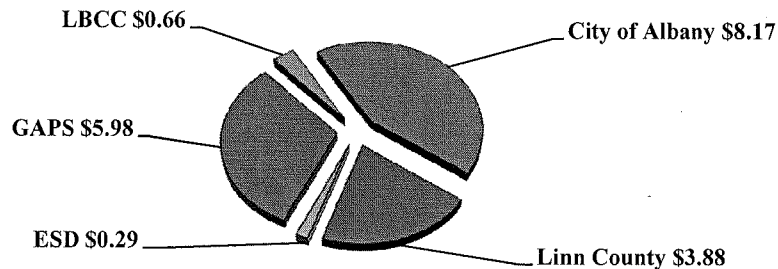


Schedule 6
CITY OF ALBANY, OREGON
DIRECT AND OVERLAPPING TAX RATES (1)
 Last Ten Fiscal Years

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
2003	Linn	6.40	-	0.83	7.23	-	7.23
	Benton	6.40	-	0.83	7.23	-	7.23
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

Linn County Tax Rates per \$1,000 of Assessed Value



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

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

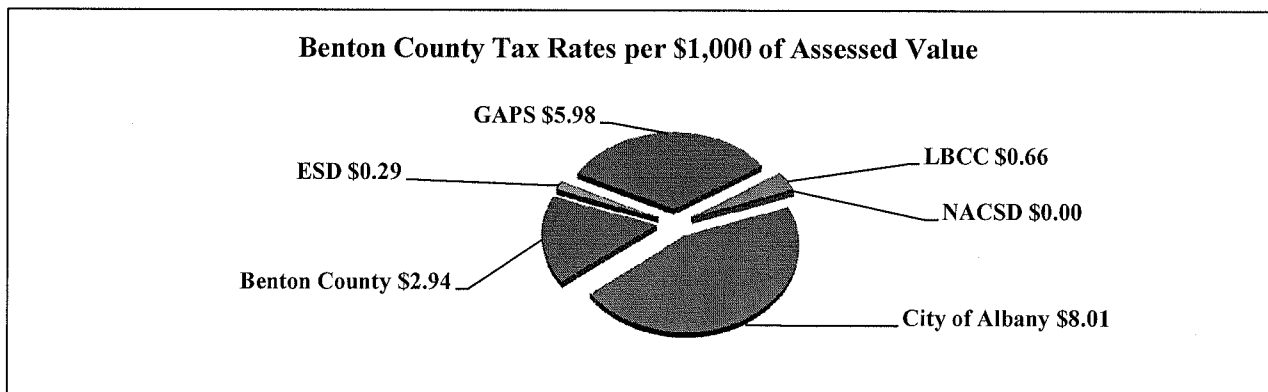
LBCC - Linn-Benton Community College
 NACSD - North Albany County Service District

Source: Linn and Benton County Tax Assessors

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

Overlapping Rates

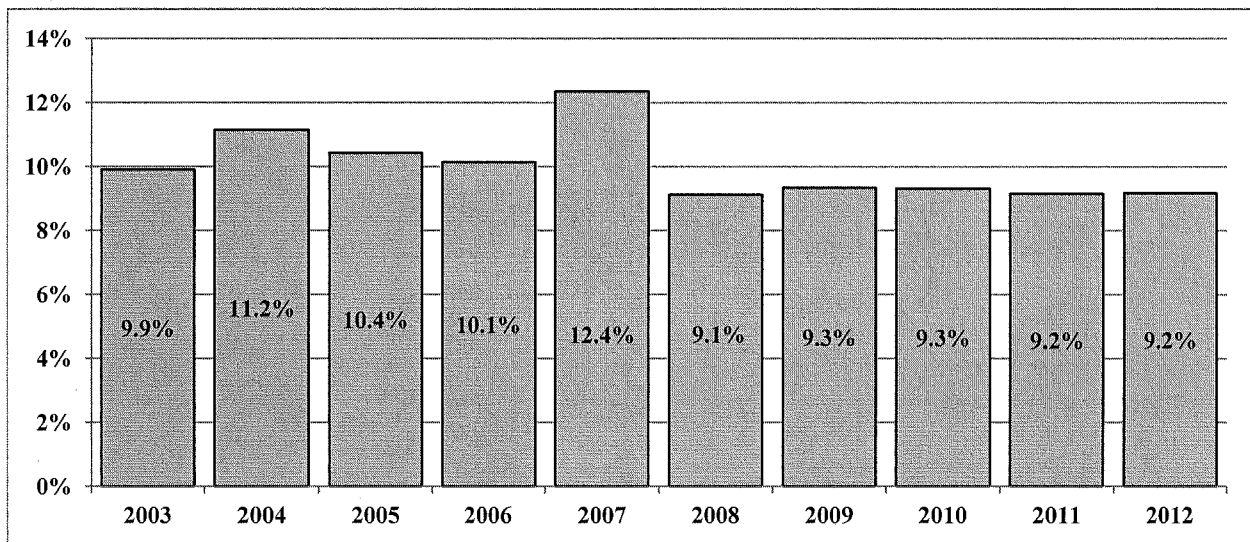
Linn County	Benton County	4H Extension District (2)	ESD(2) Linn/Benton Counties	Greater Albany Public School District	Linn-Benton Community College	North Albany County Service District	Total Direct & Overlapping Rates
3.04	-	-	0.30	4.93	0.69	-	16.19
-	2.85	-	0.30	4.93	0.70	0.46	16.47
3.34	-	-	0.30	4.92	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



Schedule 7
CITY OF ALBANY, OREGON
PRINCIPAL PROPERTY TAXPAYERS
 Fiscal Years 2002-2003 and 2011-2012

Taxpayer	2011-2012		% of Total Taxable Assessed Value	2002-2003		% of Total Taxable Assessed Value
	Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
Dayton Hudson Corporation	\$ 76,005,000	1	2.33%	\$ 69,281,650	1	3.32%
Oregon Metallurgical Corporation	66,046,000	2	2.02%	28,006,140	2	1.34%
Oregon Freeze Dry Foods, Inc.	30,521,170	3	0.93%	21,738,380	4	1.04%
Pacific Cast Technologies Inc	26,039,759	5	0.80%	16,932,340	7	0.81%
Wells Fargo Bank (1)	24,363,129	6	0.75%	17,763,230	6	-
Waverly Land Management	24,139,300	7	0.74%	21,893,530	3	1.05%
Mennonite Home of Albany Inc	18,731,790	8	0.57%	-	-	-
Metropolitan Life Insurance	17,416,150	9	0.53%	15,103,950	8	0.72%
Wal-Mart	16,144,290	10	0.49%	-	-	-
Synthetec	-	-	-	20,891,370	5	1.00%
Eugene Freezing and Storage Co.	-	-	-	11,817,890	10	0.57%
National Health Properties	-	-	-	11,903,850	9	0.57%
Total	\$ 299,406,588		9.17%	\$ 235,332,330		11.28%
Utilities:						
Phone, electricity, natural gas	\$ 107,350,335		3.29%	\$ 66,799,389		3.20%
Total taxable assessed value, all properties	<u>\$ 3,266,101,486</u>			<u>\$ 2,087,082,413</u>		

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



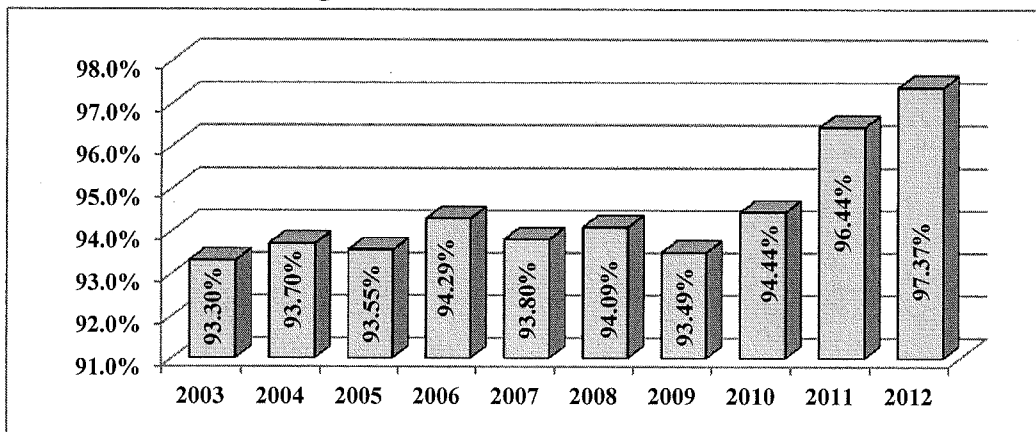
Source: Linn and Benton County Tax Assessors

(1) Wells Fargo Bank foreclosed on the Steadfast Heritage 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
2003	15,615,495	14,569,267	93.30%	654,919	15,224,186	97.49%
2004	18,341,731	17,185,584	93.70%	650,735	17,836,319	97.24%
2005	19,312,644	18,066,785	93.55%	666,819	18,733,604	97.00%
2006	20,740,111	19,555,255	94.29%	756,850	20,312,105	97.94%
2007	22,142,401	20,770,157	93.80%	671,490	21,441,647	96.84%
2008	23,648,423	22,251,321	94.09%	712,401	22,963,722	97.10%
2009	24,835,283	23,217,769	93.49%	727,968	23,945,737	96.42%
2010	25,742,434	24,311,929	94.44%	814,174	25,126,103	97.61%
2011	27,273,089	26,303,489	96.44%	537,201	26,840,690	98.41%
2012	26,575,455	25,877,086	97.37%	-	25,877,086	97.37%

Percentage of Taxes Collected in the Year Assessed



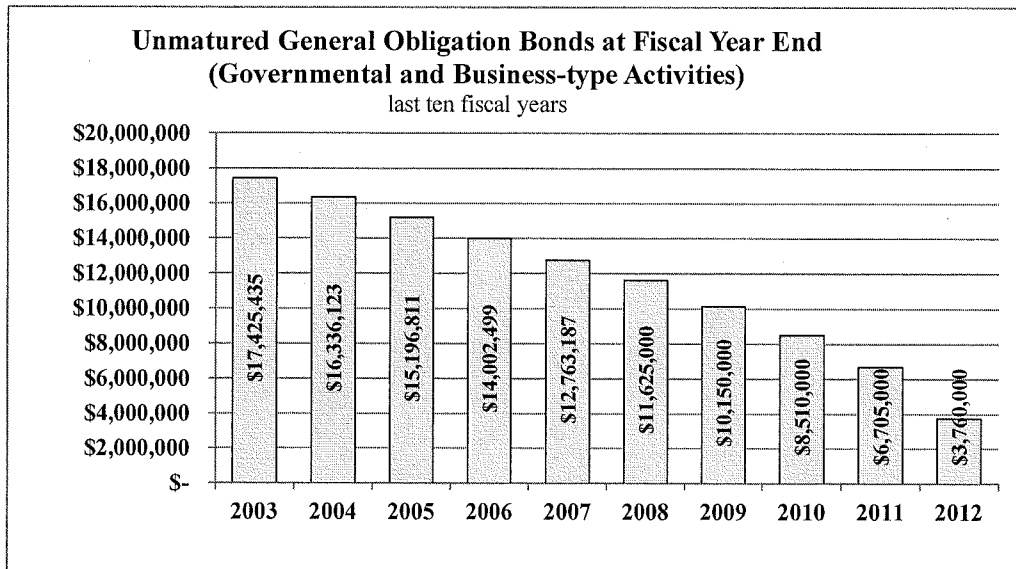
The City has chosen to calculate the property tax collection rate based on the gross amount of the levy as extended by the Linn and Benton County Assessors. The resulting rate is a lower percentage, but for comparative purposes it can be applied to future years' levies without having to estimate discounts and adjustments. This method of calculating the collection rate is the same one used for the budget. In past annual reports the collection percentage was based on a net levy, which included discounts and adjustments. Using the new method, the ten-year average first-year collection rate is 94.6 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 are: 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 2012-13 revenues. The tax collection rate will also be a factor in the preparation of the 2012-13 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 TIF Bonds(2)	Notes Payable	Capital Leases
2003	11,885,000	2,806,255	1,715,000	6,826,913	2,125,000	-	-	356,433	-
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



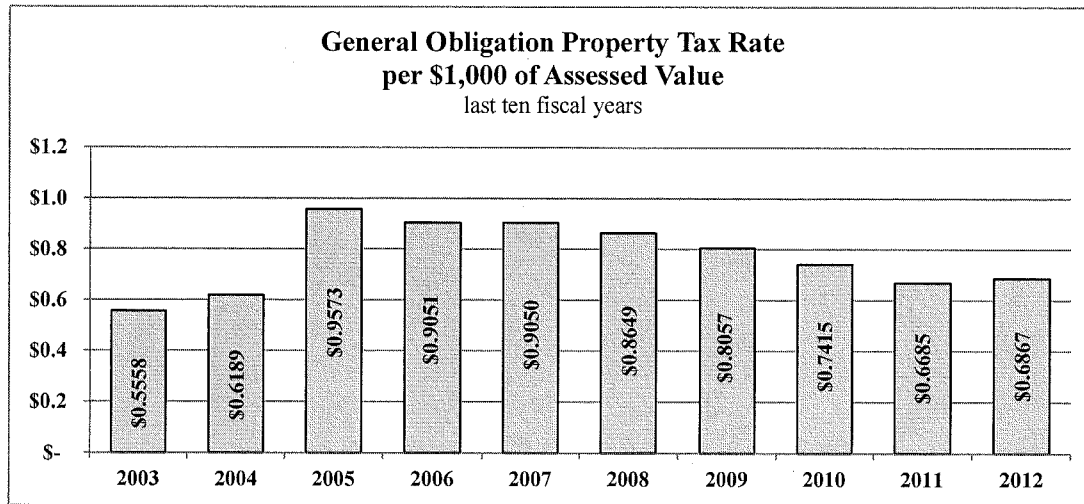
As the above chart indicates, there has been a nearly linear reduction in the amount of the outstanding general obligation debt over the last ten years. The trend will continue as the existing bonds approach retirement. There are no plans to issue general obligation debt in the coming fiscal year.

- (1) Special assessment debt with governmental commitment
- (2) TIF-Tax Increment Financing
- (3) Includes \$63,632,619 State of Oregon Revolving Fund loan for the new sewage treatment plant

Source: City of Albany 2003-2012 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

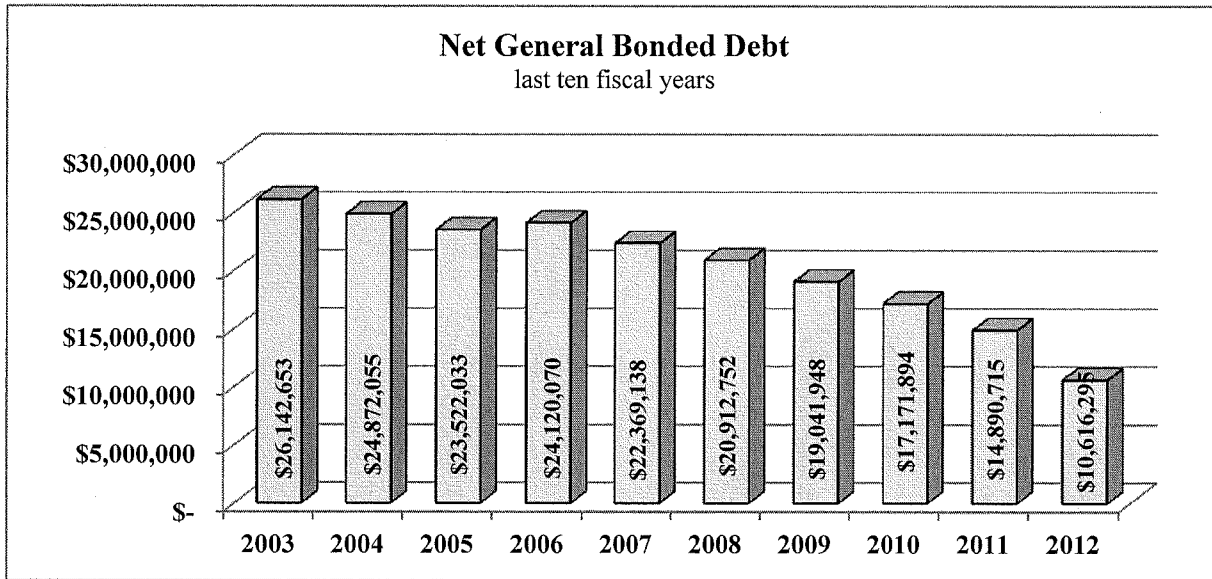
BUSINESS-TYPE ACTIVITIES							
General Obligation Bonds	Water Revenue Bonds	Sewer Revenue Bonds	Certificates of Participation	Notes Payable (3)	Total Outstanding Debt	% of Personal Income	Debt per Capita
5,540,435	5,230,595	5,685,973	600,000	1,610,803	44,382,407	1.66%	944
4,961,123	4,770,995	5,127,458	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	n/a	2,310



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
2003	41,145	\$2,087,082,413	\$17,425,435 (2)	\$ 6,826,913	\$2,125,000	\$ -
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	2,657,492,144	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	50,518	3,266,101,486	3,760,000	5,513,557	-	1,660,000



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

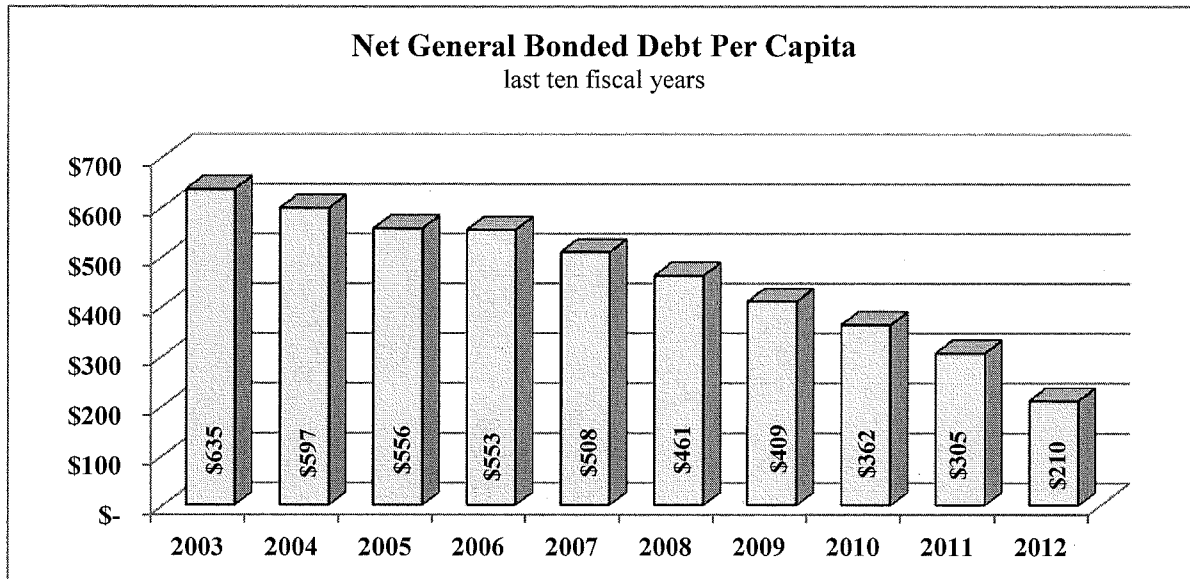
(2) In March 1999, \$9,850,000 of general obligation bonds were issued to finance the reconstruction of four major arterial roads within the City.

(3) \$145,478 available for General Obligation Debt. \$171,784 available for the Limited Tax Pension Bonds.

Source: City of Albany 2003-2012 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
234,695	\$ 26,142,653	1.2526%	\$ 635.38	1.03%
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 (3)	10,616,295	0.3250%	210.15	n/a

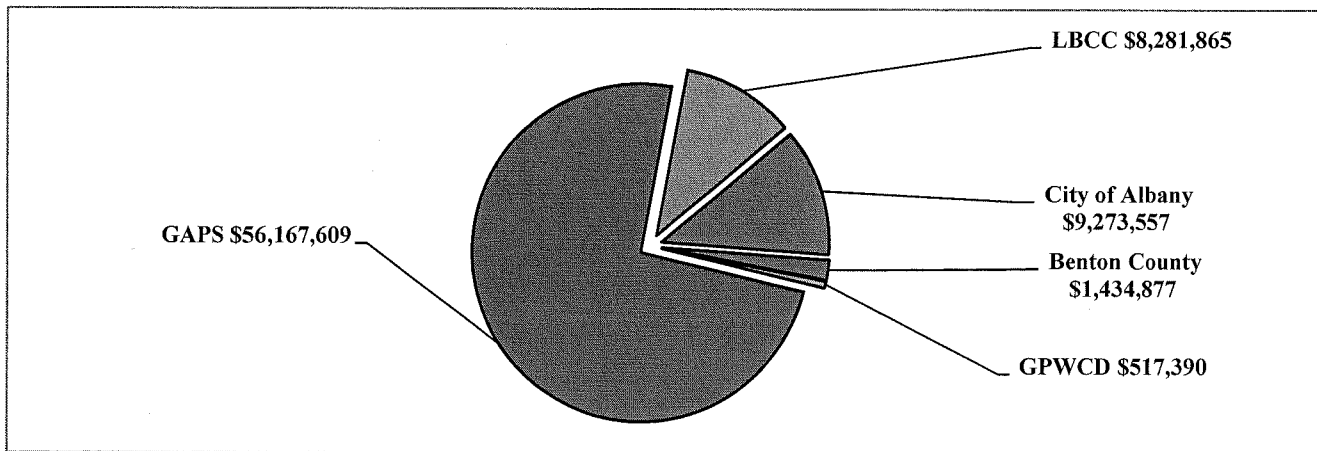


With sufficient thrust pigs fly just fine...
Author unknown

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	Amount Applicable to the City of Albany
DIRECT DEBT			
City of Albany (2)	\$ 9,273,557	100.0000%	\$ 9,273,557
OVERLAPPING DEBT			
Benton County	18,190,856	7.8900%	1,434,877
Grand Prairie Water Control District (GPWCD)	674,471	76.7100%	517,390
Greater Albany Public School (GAPS) District 8J	79,342,082	70.7900%	56,167,609
Linn Benton Community College (LBCC)	38,785,670	21.3500%	8,281,865
<u>Total overlapping debt</u>	<u>136,993,079</u>		<u>66,401,741</u>
<u>Total direct and overlapping debt</u>	<u>\$ 146,266,636</u>		<u>\$ 75,675,298</u>

Direct and Overlapping Debt Applicable to the City of Albany



(1) Source - State of Oregon, Treasury Department has calculated the overlapping source data.

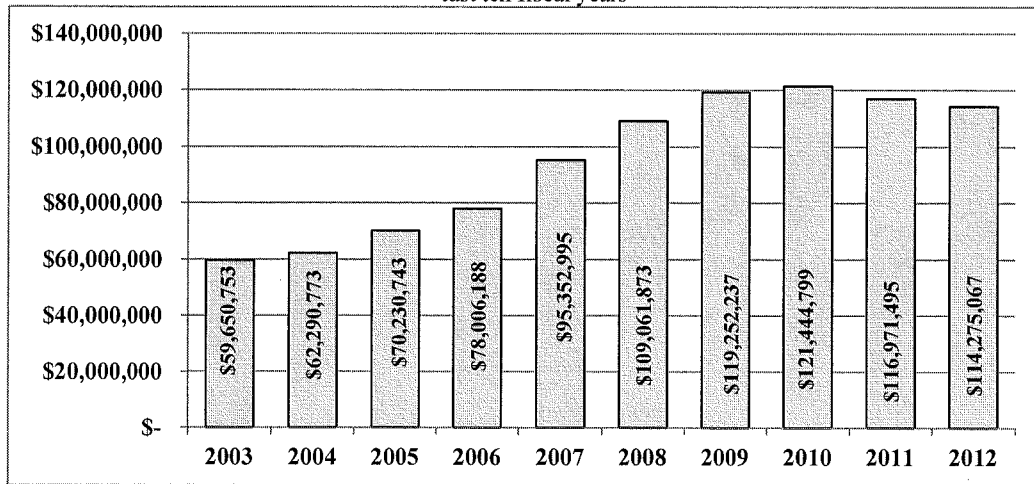
(2) City of Albany net outstanding debt

General Obligation Bonds	\$ 3,760,000
2002 Limited Tax Assessment Bonds	-
Limited Tax Pension Obligations, Series 2002	5,513,557
<u>Total City of Albany net outstanding debt</u>	<u>\$ 9,273,557</u>

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

	2003	2004	2005	2006
Debt limitation	\$ 75,705,895	\$ 77,149,570	\$ 83,847,424	\$ 90,355,908
Total net debt applicable to limitation	16,055,142	14,858,797	13,616,681	12,349,720
Legal debt margin	<u>\$ 59,650,753</u>	<u>\$ 62,290,773</u>	<u>\$ 70,230,743</u>	<u>\$ 78,006,188</u>
Ratio of net debt applicable to the debt limitation	<u>21.21%</u>	<u>19.26%</u>	<u>16.24%</u>	<u>13.67%</u>

Legal Debt Margin
 last ten fiscal years



The state-mandated legal debt margin for general obligation debt is three percent of true cash value (market value). The legal debt margin is a direct function of the true cash value of properties in the City and the City's net general obligation debt. The City's legal debt margin has increased by 91.57 percent (\$54,624,314) over the last ten years. During the same period, the City's true cash value increased by 55.72 percent (\$42,183,694) and the City's general obligation debt decreased by 77.49 percent (\$12,440,620). 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

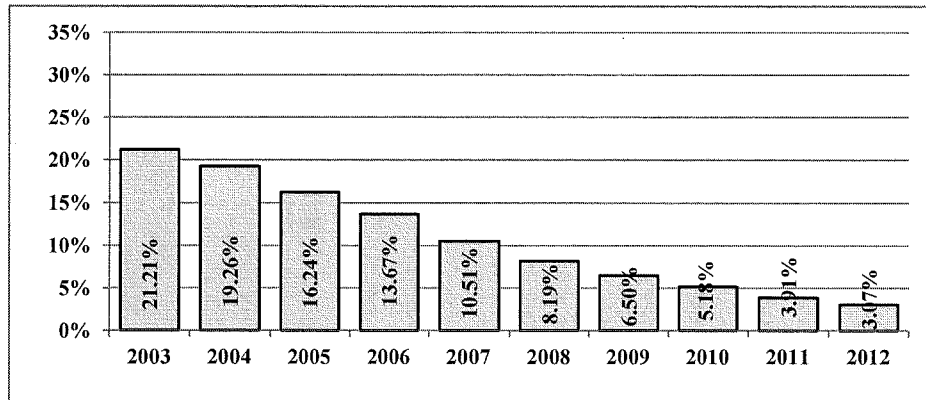
Schedule 12
CITY OF ALBANY, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
 Last Ten Fiscal Years

2007	2008	2009	2010	2011	2012	
\$106,555,821	\$118,794,436	\$127,544,266	\$128,080,822	\$121,727,765	\$117,889,589	Debt limitation
11,202,826	9,732,563	8,292,029	6,636,023	4,756,270	3,614,522	Total net debt applicable to limitation
<u>\$95,352,995</u>	<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>	Legal debt margin
10.51%	8.19%	6.50%	5.18%	3.91%	3.07%	Ratio of net debt applicable to the debt limitation

Legal debt margin calculation for Fiscal Year

True cash value	\$ 3,929,652,978
General obligation debt limit - 3% of true cash value	3%
General obligation debt limit	117,889,589
Gross general obligation bonded debt principal	
2007 General Obligation Refunding Bonds	3,760,000
Less: Debt service monies available	
Debt Service Fund:	
2007 GO Refunding bonds	145,478
Net debt subject to the three percent limitation	3,614,522
Legal debt margin	<u>\$ 114,275,067</u>

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



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

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

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses	Net Available Resources	Debt Service			Coverage Percentage
				Principal	Interest	Total	
Special Assessment Debt							
2003	1,708,342	150	1,708,192	228,610	132,272	360,882	473.34%
2004	2,099,195	839	2,098,356	236,096	121,687	357,783	586.49%
2005	2,557,698	150	2,557,548	243,709	110,564	354,273	721.91%
2006	2,466,355	150	2,466,205	256,455	99,077	355,532	693.67%
2007	2,213,706	150	2,213,556	1,374,342	86,990	1,461,332	151.48%
2008	482,153	-	482,153	62,377	22,808	85,185	566.01%
2009	417,353	-	417,353	65,607	19,578	85,185	489.94%
2010	338,833	-	338,833	68,922	16,263	85,185	397.76%
2011	256,443	-	256,443	72,446	12,691	85,137	301.21%
2012	209,164	-	209,164	197,689	9,034	206,723	101.18%

Proceeds from public improvement assessments are used to meet the debt service requirements of the City's special assessment debt. In addition, should assessment revenues not be sufficient to make debt service payments, the City may levy a tax on all taxable properties for the purpose of making the debt service payments. In the table above, operating revenues consist of assessment principal and interest, investment earnings, and the balance of available funds from the previous year. On June 17, 2012, the related debt was retired leaving no outstanding balance as of June 30, 2012.

Water Revenue Debt (Coverage requirement equals 125%)

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses	Net Available Resources	Debt Service			Coverage Percentage
				Principal	Interest	Total	
2003	8,257,944	6,609,529	1,227,572	470,000	246,368	716,368	401.47%
2004	11,204,936	7,377,883	1,410,113	543,960	254,876	798,836	655.60%
2005	10,726,171	6,778,877	1,359,107	1,266,770	1,796,347	3,063,117	173.24%
2006	11,081,731	8,305,444	1,754,196	1,284,657	1,769,010	3,053,667	148.36%
2007	12,145,427	9,378,920	2,049,219	1,307,704	1,741,163	3,048,867	157.95%
2008	12,127,657	9,896,712	2,124,833	1,340,875	1,693,492	3,034,367	143.55%
2009	12,496,597	9,635,861	2,191,108	1,374,316	1,625,302	2,999,618	168.42%
2010	12,131,078	9,719,493	2,359,026	1,412,902	1,568,791	2,981,693	160.00%
2011	11,277,156	9,688,766	2,431,714	1,126,688	1,528,345	2,655,033	151.41%
2012	11,861,912	9,383,550	2,423,215	1,035,678	1,491,069	2,526,747	193.99%

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.

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

Sewer Revenue Debt Coverage requirement equals 105%)

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses	Depreciation	Net Available Resources	Principal	Debt Service Interest	Total	Coverage Percentage
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%
2003	6,111,911	6,829,484	1,709,623	992,050	430,000	241,600	671,600	147.71%
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%

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.

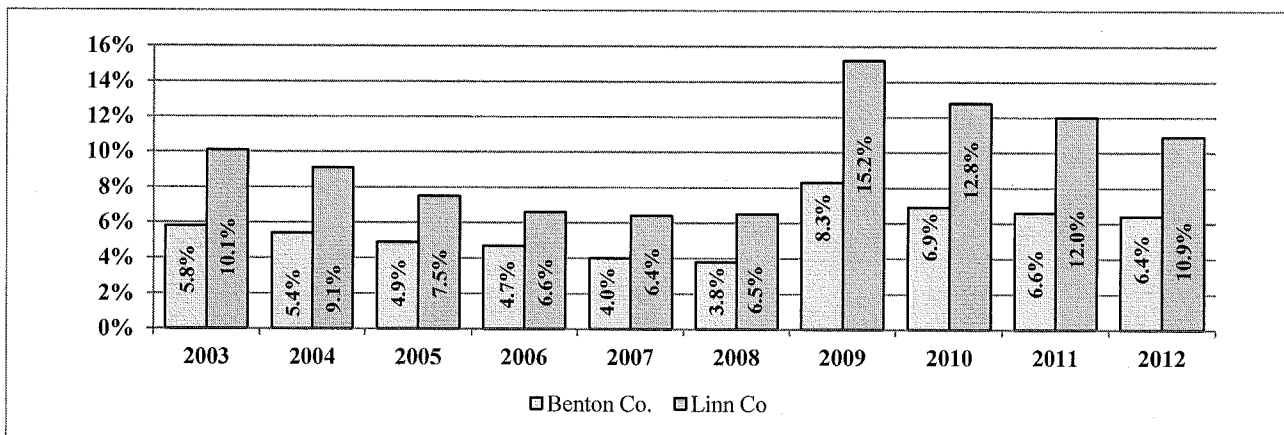
Source: City of Albany 2003-2012 Comprehensive Annual Financial Reports

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.
2003	42,280	104,000	2,533,232,000	24,358	8,438	10.1%	5.8%
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	n/a	n/a	9,911	10.9%	6.4%

Over the last ten years, the City's population has increased by 19.49 percent (8,240). From 2003 to 2011 per capita personal income has risen by 19.87 percent (\$4,839) in the Albany-Lebanon micropolitan statistical area. Albany's city boundaries span two counties: Linn County (population 43,822) and Benton County (population 6,698). As of Fiscal Year 2010-11 (per capita data lags one year), per capita personal income was \$29,197 for Linn County, \$37,333 for Benton County, and \$37,527 for the state as a whole. For the ten-year period, enrollment in the Greater Albany Public School District increased by 17.46 percent (1,473 students).

Unemployment Rates, Linn and Benton Counties
last 10 fiscal years



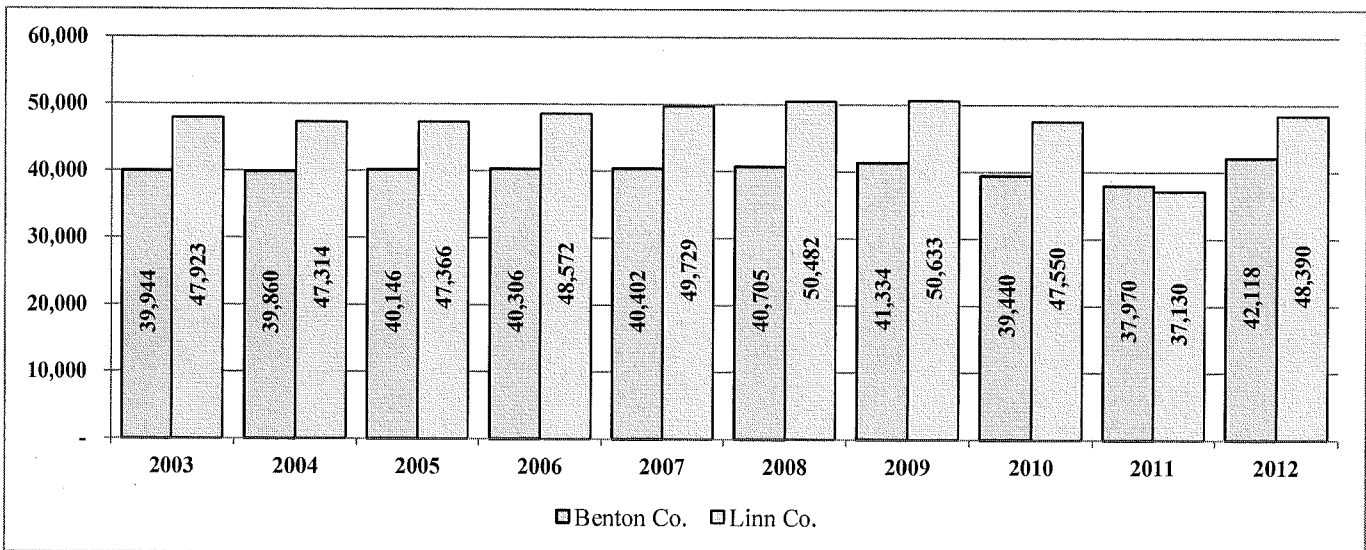
Sources:

- (1) Portland State University, Population Research and Census Center
- (2) U. S. Department of Commerce, Bureau of Economic Analysis (2011 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, 2003, and June 30, 2012

Employer	June 30, 2012			June 30, 2003		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Oregon State University	10,510	1	11.61%	9,011	1	10.26%
Samaritan Health Services (Albany General Hospital - 1998)	4,255	2	4.70%	881	6	1.00%
Hewlett Packard	2,000	3	2.21%	4,200	2	4.78%
Greater Albany Public School District 8J	1,080	4	1.19%	937	5	1.07%
Linn Benton Community College	978	5	1.08%	1,069	4	1.22%
ATI Wah Chang (Teledyne Wah Chang - 1997)	949	6	1.05%	1,256	3	1.43%
Linn County	627	7	0.69%	747	9	0.85%
Dayton-Hudson Corporation (Target)	631	8	0.70%	779	8	0.89%
Express Personnel	270	9	0.30%	-	-	0.00%
City of Albany	382	10	0.42%	334	10	0.38%
International Paper (Willamette Industries - 1997)	-	-	-	817	7	0.93%
Totals	21,682		23.96%	20,031		22.80%
Total employment in Linn and Benton Counties	90,508			87,867		

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 91,967 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.

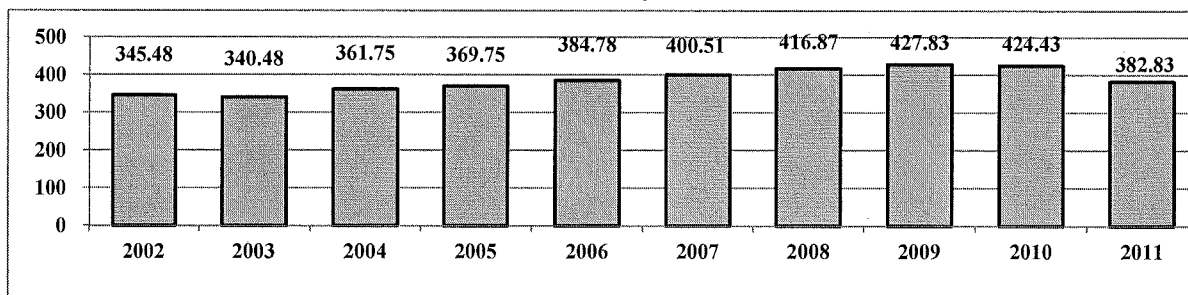
Sources:

- Employer personnel offices
- Oregon Employment Department

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

Function	2003	2004	2005	2006	2007
GOVERNMENTAL ACTIVITIES					
General Government					
Building Maintenance	3.35	2.85	2.85	2.00	-
Economic Development	-	-	-	-	1.00
Public Transit	6.20	5.95	5.75	5.75	5.75
Planning	7.50	7.50	7.50	7.50	8.50
Building Inspection	8.25	9.25	9.25	9.25	12.00
Electrical Permit Program	1.25	1.25	1.25	1.25	1.50
Total General Government	<u>26.55</u>	<u>26.80</u>	<u>26.60</u>	<u>25.75</u>	<u>28.75</u>
Public Safety					
Fire	65.00	65.00	73.00	76.00	76.00
Police	77.25	72.00	86.25	86.25	87.00
Municipal Court	4.03	4.03	4.05	4.05	4.05
Total Public Safety	<u>146.28</u>	<u>141.03</u>	<u>163.30</u>	<u>166.30</u>	<u>167.05</u>
Highways and Streets					
Street Fund	12.30	12.30	11.50	10.65	8.00
Airport	-	-	-	-	-
Total Highways and Streets	<u>12.30</u>	<u>12.30</u>	<u>11.50</u>	<u>10.65</u>	<u>8.00</u>
Culture and Recreation					
Parks & Recreation	25.21	25.21	25.21	26.36	29.94
Library	19.59	19.59	19.59	20.04	20.04
Total Culture and Recreation	<u>44.80</u>	<u>44.80</u>	<u>44.80</u>	<u>46.40</u>	<u>49.98</u>
Total Governmental Activities	<u>229.93</u>	<u>224.93</u>	<u>246.20</u>	<u>249.10</u>	<u>253.78</u>
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Water	38.00	37.50	37.50	27.04	20.50
Sewer	37.50	38.00	38.00	26.31	21.50
Total Enterprise	<u>75.50</u>	<u>75.50</u>	<u>75.50</u>	<u>53.35</u>	<u>42.00</u>
Internal Service					
Central Services	32.40	32.40	32.40	35.30	37.00
Public Works Services	-	-	-	26.00	52.00
Equipment Maintenance	7.65	7.65	7.65	6.00	-
Total Internal Service	<u>40.05</u>	<u>40.05</u>	<u>40.05</u>	<u>67.30</u>	<u>89.00</u>
Total Business-type Activities	<u>115.55</u>	<u>115.55</u>	<u>115.55</u>	<u>120.65</u>	<u>131.00</u>
Grand Total - All Full-time Equivalents	<u>345.48</u>	<u>340.48</u>	<u>361.75</u>	<u>369.75</u>	<u>384.78</u>

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

2008	2009	2010	2011	2012	
					GOVERNMENTAL ACTIVITIES
					General Government
-	-	-	-	-	Building Maintenance
3.77	3.00	1.00	1.00	1.00	Economic Development
9.34	10.18	11.68	10.68	10.63	Public Transit
8.50	9.00	9.50	9.50	7.50	Planning
12.00	14.50	14.00	14.00	7.50	Building Inspection
1.50	1.50	1.50	1.50	0.75	Electrical Permit Program
<u>35.10</u>	<u>38.18</u>	<u>37.68</u>	<u>36.68</u>	<u>27.38</u>	Total General Government
					Public Safety
75.00	78.00	80.00	79.60	73.60	Fire
92.00	93.25	94.25	94.25	87.75	Police
4.05	5.13	5.38	5.38	4.38	Municipal Court
<u>171.05</u>	<u>176.38</u>	<u>179.63</u>	<u>179.23</u>	<u>165.73</u>	Total Public Safety
					Highways and Streets
10.20	8.00	8.00	8.00	7.45	Street Fund
-	-	-	0.50	0.10	Airport
<u>10.20</u>	<u>8.00</u>	<u>8.00</u>	<u>8.50</u>	<u>7.55</u>	Total Highways and Streets
					Culture and Recreation
30.98	31.98	35.95	35.95	26.43	Parks & Recreation
20.04	20.23	21.98	21.98	20.90	Library
<u>51.01</u>	<u>52.21</u>	<u>57.93</u>	<u>57.93</u>	<u>47.33</u>	Total Culture and Recreation
<u>267.36</u>	<u>274.77</u>	<u>283.23</u>	<u>281.83</u>	<u>247.98</u>	Total Governmental Activities
					BUSINESS-TYPE ACTIVITIES
					Enterprise
28.21	22.50	23.50	22.50	22.50	Water
29.59	21.50	21.50	21.50	22.50	Sewer
<u>57.80</u>	<u>44.00</u>	<u>45.00</u>	<u>44.00</u>	<u>45.00</u>	Total Enterprise
					Internal Service
40.60	44.10	43.60	43.60	39.85	Central Services
34.75	54.00	56.00	55.00	50.00	Public Works Services
-	-	-	-	-	Equipment Maintenance
<u>75.35</u>	<u>98.10</u>	<u>99.60</u>	<u>98.60</u>	<u>89.85</u>	Total Internal Service
<u>133.15</u>	<u>142.10</u>	<u>144.60</u>	<u>142.60</u>	<u>134.85</u>	Total Business-type Activities
<u>400.51</u>	<u>416.87</u>	<u>427.83</u>	<u>424.43</u>	<u>382.83</u>	Grand Total - All Full-time Equivalents

Fiscal Year	Total FTE	Annual Percentage Change	Total Percentage Change from 1999
2002	345.48	-	-
2003	340.48	-1.45%	-1.45%
2004	361.75	6.25%	4.71%
2005	369.75	2.21%	7.03%
2006	384.78	4.06%	11.38%
2007	400.51	4.09%	15.93%
2008	416.87	4.08%	20.66%
2009	427.83	2.63%	23.83%
2010	424.43	-0.79%	22.85%
2011	382.83	-9.80%	10.81%

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	2003	2004	2005	2006	2007
GOVERNMENTAL ACTIVITIES					
General Government					
Planning and Community Development					
Number of planning applications	168	158	167	161	150
Total permits issued	3,695	4,329	4,736	4,574	4,200
New construction permits issued	692	714	617	476	430
Single-family permits issued	427	404	558	417	400
Electrical permits issued	1,340	1,337	1,558	1,423	1,600
Building Maintenance					
Square footage of buildings maintained	117,848	143,000	167,020	167,020	217,020
Work orders completed	1,425	1,540	1,649	1,680	1,804
Public Transit					
Total number of riders	72,008	74,035	69,973	72,936	75,000
Total annual route miles	73,370	73,660	72,879	80,153	80,400
Public Safety					
Municipal Court					
Number of warrants issued	2,811	2,566	2,265	1,892	2,500
Case numbers issued	4,383	4,350	4,866	6,202	4,900
Police					
Total arrests	3,540	3,785	3,763	4,374	3,800
Traffic citations issued	5,066	3,755	3,536	5,862	7,500
Animal and abandoned vehicle calls	1,858	2,349	3,365	3,160	3,300
Fire					
Total calls for emergency fire and EMS services	4,895	5,343	5,594	5,995	6,200
Full response structure fires	101	258	82	71	88
Highways and Streets					
Street Fund					
Miles of streets slurry-sealed annually	8	8	6	5	8
Customer service work order/complaint responses	562	735	735	540	600
Miles of painted paving marking	48	48	48	48	48
Culture and Recreation					
Parks & Recreation					
Number of participants in classes, Senior Center activities, sports programs, and aquatic programs	106,942	89,223	95,000	106,500	108,900
Annual performance series and Northwest Art and Air Festival attendance	n/a	72,011	103,300	85,000	102,000
Library					
Total number of library items borrowed	533,067	568,459	584,862	578,595	600,000
Total number of reference questions	15,773	17,601	27,863	36,541	35,000
BUSINESS-TYPE ACTIVITIES					
Sewer					
Dry tons of biosolids applied annually	723	665	648	681	650
Millions of gallons of wastewater treated annually	2,977	2,835	2,352	3,010	2,830
Sewer line locate requests	4,050	4,279	4,298	4,000	4,400
Water					
Millions of gallons of water treated annually	3,105	3,146	2,644	1,645	1,650
Miles of water pipe maintained annually	225	234	234	245	255
Number of fire hydrants maintained in the water system	1,330	1,550	1,550	1,670	1,670

Source: City of Albany annual budget

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

2008	2009	2010	2011	2012	
					GOVERNMENTAL ACTIVITIES
					General Government
					Planning and Community Development
181	96	108	134	143	Number of planning applications
3,285	2,535	2,245	1,939	1,939	Total permits issued
33	177	192	11	6	New construction permits issued
186	97	156	76	80	Single-family permits issued
1,158	990	878	755	751	Electrical permits issued
					Building Maintenance
220,000	220,000	206,780	206,780	233,780	Square footage of buildings maintained
1,417	2,002	2,228	2,250	2,203	Work orders completed
					Public Transit
177,305	205,220	218,511	228,663	237,424	Total number of riders
264,591	241,359	252,097	262,990	260,222	Total annual route miles
					Public Safety
					Municipal Court
1,487	1,584	1,347	1,398	1,680	Number of warrants issued
8,174	8,834	6,202	4,900	3,891	Case numbers issued
					Police
4,406	4,227	3,548	2,731	3,453	Total arrests
11,303	6,097	5,851	4,681	4,120	Traffic citations issued
2,304	2,401	2,484	1,496	2,266	Animal and abandoned vehicle calls
					Fire
6,407	6,410	6,049	6,388	6,432	Total calls for emergency fire and EMS services
60	85	67	91	113	Full response structure fires
					Highways and Streets
					Street Fund
6	6	-	-	-	Miles of streets slurry-sealed annually
540	720	554	541	509	Customer service work order/complaint responses
46	46	52	51	65	Miles of painted paving marking
					Culture and Recreation
					Parks & Recreation
111,700	112,150	172,630	184,154	187,261	Number of participants in classes, Senior Center activities, sports programs, and aquatic programs
103,091	102,011	99,100	118,700	121,104	Annual performance series and Northwest Art and Air Festival attendance
					Library
609,273	696,327	773,960	780,188	700,619	Total number of library items borrowed
31,080	38,860	44,297	41,043	42,766	Total number of reference questions
					BUSINESS-TYPE ACTIVITIES
					Sewer
637	599	121	-	-	Dry tons of biosolids applied annually
3,156	2,708	2,697	3,300	3,094	Millions of gallons of wastewater treated annually
3,471	2,979	2,836	4,307	3,319	Sewer line locate requests
					Water
3,068	2,911	2,847	2,865	2,449	Millions of gallons of water treated annually
270	271	281	283	290	Miles of water pipe maintained annually
1,891	1,953	1,992	1,877	2,025	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	2003	2004	2005	2006	2007
GOVERNMENTAL ACTIVITIES					
Public Safety					
Police Stations	1	1	1	1	1
Fire Stations	4	4	4	4	4
Highways and Streets					
Miles of improved streets	150	152	157	157	158
Miles of unimproved streets	20	20	20	28	28
Miles of gravel streets	7	8	8	8	8
Culture and Recreation					
Parks & Recreation					
Number of developed park sites	29	29	29	30	33
Acres of developed park land	621	621	621	603	612
Library					
Number of libraries	2	2	2	2	2
Number of volumes	141,221	150,210	152,200	154,611	160,562
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Sewer					
Miles of sanitary sewer lines	199	200	210	212	217
Miles of storm sewer lines (12 inches or larger)	85	85	92	97	100
Number of sewer hookups	18,827	15,549	15,494	15,372	15,870
Water					
Miles of water lines	246	263	267	267	271
Number of water hookups	15,493	15,549	15,953	16,161	16,467
Number of water treatment plants	1	1	1	2	2

Source: City of Albany departmental records

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

2008	2009	2010	2011	2012	
					GOVERNMENTAL ACTIVITIES
					Public Safety
1	1	1	1	1	Police Stations
4	4	4	4	4	Fire Stations
					Highways and Streets
160	160	163	165	165	Miles of improved streets
28	28	28	36	36	Miles of unimproved streets
8	8	8	8	8	Miles of gravel streets
					Culture and Recreation
					Parks & Recreation
31	33	33	33	36	Number of developed park sites
772	735	424	564	564	Acres of developed park land
					Library
2	2	2	2	2	Number of libraries
169,217	184,573	213,059	210,071	210,071	Number of volumes
					BUSINESS-TYPE ACTIVITIES
					Enterprise
					Sewer
219	222	227	223	223	Miles of sanitary sewer lines
105	117	120	151	151	Miles of storm sewer lines (12 inches or larger)
15,900	17,330	15,848	15,712	15,912	Number of sewer hookups
					Water
274	279	286	283	290	Miles of water lines
16,662	16,662	17,114	17,463	17,551	Number of water hookups
2	2	2	2	2	Number of water treatment plants

Twas the Night of the Audit

'Twas the night of the audit and all through the room
Not a person was happy, they all sat in gloom.
The files were stored in the cabinets with care
'Cause internal auditing soon would be there.
Employees all hid in their cubes full of dread
While visions of firings danced in their heads.
My admin had data, and me, my reports,
And we'd just settled down to go through our support
When out on the street there arose such a clatter
I sprang to my feet to see what was the matter.
Out of the office I flew like a flash,
Ran out to the lobby in one headlong dash.
The moon on the black of the asphalt outside
Was creepy and made me want to go hide.
When, what to my wondering eyes did I glean,
But two rental cars and the auditing team.
With a dark-suited driver who moved with such speed,
I knew in a moment it must be the lead.
More rapid than year-end the auditors came.
He encouraged and prompted and called them by name.
Now Fieldwork! Now Findings! Now Grapevine
and Grammar!
On Chapter! On Charter! On Program and
Planner!
To the front office foyer! Now inside the halls!
Now get in there! Get in there! Get in there all!
As reasons to leave a meeting room fly
'Cause the meeting's so boring you just want to die,
So, into the office the auditors flew
With computers and bags and the audit lead, too.
And then, in a twinkling, I heard at each desk
The ticking and tying of auditing's best.
As I walked to my office and then turned around,
Through the door the lead auditor came with a bound.
He was dressed in professional business attire,
Neither looking too flashy nor too old and tired.
A very thick folder he had in his hands
And he looked like he had every moment well
planned.

His eyes – they were focused! I knew he was serious.

The look on his face was almost mysterious.

His droll little mouth had a hint of a smile

As he sat 'cross my desk and pulled out some files

The stump of a pen he held tight in his fist

And the papers went flying as he worked on his list.

He had a quick way of filling out forms

That shook the whole room like a ship in a storm.

Immersed in his duties, absorbed by his tasks,

No word was wasted when questions he asked.

Then he glanced with a smile, gave a twist to his head,

And that's when I knew I had nothing to dread.

He spoke not a word, but finished his work,

And with his sheets filled he turned with a jerk.

And, laying workpapers inside his briefcase,

He gave me a nod and then left my place.

He ran to the halls, to his team gave a whistle,

And away they did go like a fired up missile.

But I heard him exclaim, 'ere he drove out of sight'

"Effective opinion! Now go home! Good Night!"

Author unknown

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 the basic financial statements of the **CITY OF ALBANY** as of and for the year ended June 30, 2012, and have issued our report thereon dated December 21, 2012. 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.

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 162-10-240 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, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, 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

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.

Internal Control OAR 162-10-0230

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 21, 2012

By:


Brad Bingenheimer, Member



**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 the 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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 21, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

**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 of 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*.

This report is intended solely for the information and use of management, the City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Boldt Carlisle + Smith

Certified Public Accountants
Salem, Oregon
December 21, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

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

Compliance

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 the City's major federal programs for the year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, **CITY OF ALBANY** complied, in all material respects, with the 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, 2012.

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)**

Internal Control Over Compliance

Management of the **CITY OF ALBANY** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Boldt Carlisle + Smith

Certified Public Accountants
Salem, Oregon
December 21, 2012

CITY OF ALBANY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

Section I Summary of Auditors' Results

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:

<u>CFDA</u> <u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.509	Formula Grants For Other Than Urbanized Areas
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities

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

None

Section III - Federal Award Findings and Questioned Costs

None

CITY OF ALBANY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>Department of Housing and Urban Development</i>			
Community Development Block Grants / State's program and Non-Entitlement Grants in Hawaii	14.228	HR101	\$ 186,806
<i>Department of the Interior</i>			
National Park Service			
Passed through Oregon Department of Parks and Recreation Historic Preservation Fund Grants-In-Aid	15.904	OR-10-01	8,930
<i>Department of Justice</i>			
Bureau of Justice Assistance			
Bulletproof Vest Partnership Program	16.607		7,276
<i>Department of Transportation</i>			
Federal Aviation Administration			
Airport Improvement Program	20.106		171,769
Federal Highway Administration			
Highway Planning and Construction - ARRA	20.205	OR04002400	119,333
Passed through Oregon Parks and Recreation Department Recreational Trails Program	20.219	RT10(021)	67,701
Federal Transit Administration			
Passed through Oregon Department of Transportation Formula Grants for Other Than Urbanized Areas	20.509	27389 27410	233,956 172,964
Subtotal Formula Grants for Other Than Urbanized Areas			406,920
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	26079	124,910
National Highway Traffic Safety Administration			
Passed through Oregon Association of Chiefs of Police Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		4,230
Occupant Protection	20.602		4,710
Pipeline and Hazardous Materials Safety Administration			
Passed through Oregon State Police Interagency Hazardous Materials Public Sector Training and Planning Gran	20.703	195-2011	4,223
Total Department of Transportation			903,796
<i>Environmental Protection Agency</i>			
Passed through the Oregon Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds	66.458		36,918

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		\$ 24,151
<i>Department of Homeland Security</i>			
Passed through Oregon Military Department			
Disaster Grants - Public Assistance	97.036		45,506
Pre-Disaster Mitigation	97.047		57,062
State Homeland Security Program	97.073		
		09-201	594
		10-202	7,120
		10-201	10,795
Subtotal State Homeland Security Program			18,509
Total Department of Homeland Security			121,077
Total Expenditures of Federal Awards			\$ 1,288,954

Note 1. Basis of Presentation

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

"When somebody tells you nothing is impossible, ask them to dribble a football."

Author unknown