

CITY OF ALBANY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prepared by:
Department of Finance and Administrative Services

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FOR THE FISCAL YEAR ENDED JUNE 30, 2011
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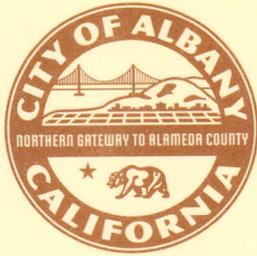
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City of Albany

1000 San Pablo Avenue • Albany, California 94706
(510) 528-5710 • www.albanyca.org

March 22, 2012

Honorable Mayor and
Members of the City Council
City of Albany, California

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Albany for the fiscal year ended June 30, 2011. This report consists of management's representations concerning the finances of the City of Albany. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Albany has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse, and to compile reliable information for the preparation of the City of Albany's financial statements, in conformity with United States generally accepted accounting principles (GAAP).

The cost of internal controls should not outweigh their benefits; therefore, the City of Albany's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Caporicci & Larson, a firm of licensed certified public accountants, has audited the accompanying City of Albany's financial statements. The goal of their independent audit was to provide reasonable assurance that the financial statements of the City of Albany, for the fiscal year ended June 30, 2011, are free of material misstatement. Their independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Albany's financial statements for the fiscal year ended June 30, 2011 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The engagement for this independent audit of the financial statements of the City of Albany includes performance of a "Single Audit" designed to meet the special needs of federal grantor agencies. For the year ended June 30, 2011 the City's expenditures of federal funds did meet the level required to perform the Single Audit. As such, Single Audit was performed for the fiscal year ended June 30, 2011.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Albany's MD&A can be found immediately following the report of the independent auditors.

The City of Albany is dedicated to maintaining its small town ambience, responding to the needs of a diverse community, and providing a safe, healthy and sustainable environment.



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AWARDS

The City of Albany's CAFR for the year ended June 30, 2009 was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). This was the sixteenth consecutive year that the City has received this prestigious award that is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and acceptable legal requirements.

PROFILE OF THE CITY

The City lies in the northwestern corner of Alameda County, bordered by the cities of El Cerrito and Richmond on the north and the City of Berkeley on the east and south sides. The most distinguishing geographical feature in the city is Albany Hill, which anchors the northwest corner of the city. The City was incorporated in 1908 as the City of Ocean View, but the name was changed to Albany in 1909. In 1927 the City adopted its first charter, giving the City full control over its own affairs as long as there is no conflict with state or federal laws.

The City is governed by a five-member City Council who annually elects a council member to serve as Mayor. Council members serve four year staggered terms. Other elected officials are the City Treasurer and the City Attorney. A City Manager is appointed by the Council to carry out the policies and ordinances of the Council and to supervise the daily activities of City employees.

The City provides a full range of services including police and fire protection, paramedic service, street and sewer maintenance, recreational activities and cultural events. A public library is operated by the County of Alameda, in facilities provided by the City.

The 2010 Census reported the following demographic information for the City:

| | | |
|---|----------------------|-------|
| ❖ Population | 18,539 | |
| ❖ Race | | |
| ○ White | 9,136 | 49.3% |
| ○ Asian | 5,754 | 31.0% |
| ○ Hispanic (any race) | 1,891 | 10.2% |
| ○ African American | 621 | 3.3% |
| ○ Other | 181 | 1.0% |
| ○ Two or more races | 956 | 5.2% |
| ❖ Sex | Male 47%, Female 53% | |
| ❖ Age | | |
| ○ 17 years and under | | 23% |
| ○ 18 to 24 years | | 7% |
| ○ 25 to 34 years | | 18% |
| ○ 34 to 44 years | | 17% |
| ○ 45 to 64 years | | 24% |
| ○ 65 and over | | 11% |
| ❖ Housing Occupancy | | |
| ○ Occupied housing units | 7,011 | |
| ○ Owner occupied | 3,550 | 50.6% |
| ○ Renter occupied | 3,461 | 49.4% |
| ❖ Highest Education (25 years and over) | | |
| ○ High school education or higher | | 94% |
| ○ Bachelor's degree or higher | | 64% |

The estimated population of the City at January 1, 2010 was 18,539.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

The City of Albany maintains its financial records and prepares financial statements in accordance with generally accepted accounting principles applicable to governmental entities. The general ledger accounts of the City are organized on the basis of funds with each fund considered an individual accounting entity. The funds are categorized into three major fund types: Governmental, Proprietary and Fiduciary.

A biannual operating budget and a capital improvement program budget are adopted by the City Council prior to the beginning of the fiscal year, with budget reviews and revisions occurring within the fiscal year when necessary. The City Council may amend the budget through resolution or minute action throughout the fiscal year. In addition, the City Manager and the Finance & Administrative Services Director may approve intrafund and interfund line-item transfers throughout the year, provided that the interfund transfer does not exceed the total initial appropriation. Operating appropriations not expended within the fiscal year are not carried over to the following fiscal year. Capital improvement program funds not expended within the fiscal year are carried forward each fiscal year until the project is completed or terminated.

Internal accounting controls that have been previously developed and implemented, as well as any new controls adopted during the year, are reviewed annually, to ensure that they provide for reasonable safeguarding of assets and reliability of financial records. To the extent feasible, the City maintains separation of duties so that no individual has access to both the City's assets and the City's accounting records. Additional accounting and administrative controls in place include dual custody check writer keys, serial numbered purchase orders, protected check stock, fund transfer restrictions, monthly bank account reconciliation, review of payroll registers, and restricted access to computer programs and files.

REPORTING ENTITY

As of June 30, 2011, four separate legal entities exist, which are controlled by or dependent upon the City of Albany. These entities are:

- ❖ ***The City of Albany Police and Fire Relief or Pension Fund*** is a separate legal trust established to provide pension benefits for eligible City employees. The Trust's governing board is comprised of the Mayor or designee, City Treasurer, City Clerk, Fire and Police representatives and appointed alternates. All accounting and administrative functions are performed by the City and the financial activities of the Trust are included in the accompanying financial statements as the Police and Fire Pension Trust Fund.
- ❖ ***The City of Albany Public Facilities Financing Authority*** was established to facilitate financing, by the City, of the acquisition of real property and improvements for the benefit of the community. The Authority's board is comprised of the City Council, all accounting and administrative functions are performed by City staff, and the Authority is financially dependent upon the City. The financial activities of the Authority are included in the accompanying financial statements in the Public Facilities Financing Authority Debt Service Fund.
- ❖ ***The Albany Community Reinvestment Agency*** was formed to promote economic development and redevelopment within the City. The redevelopment project area was formed in 1997 along the Cleveland Avenue/Eastshore Highway. The Agency is a component unit of the City and its financial activities have been included within the financial statements of the City.
- ❖ ***The Albany Municipal Services Joint Powers Authority (JPA)*** was established by the City of Albany and the Albany Community Reinvestment Agency to employ management employees of the City that are not members of an organized bargaining unit. Members of the Albany City Council serve on the governing board of the JPA, and all expenses of the JPA are reimbursed by the City of Albany.

GENERAL GOVERNMENT FUNCTIONS

The City Council and staff management have established as a citywide objective, quick and efficient response to the needs of the citizens of Albany. Local government functions are performed by the nine departments listed below:

- City Manager
- City Clerk
- City Treasurer
- City Attorney
- Finance & Administrative Services
- Police
- Fire & Emergency Medical Services (EMS)
- Recreation & Community Services
- Community Development

The functions of each department and major accomplishments, within the last year follow:

City Manager

The City Manager advises and makes recommendations to the City Council concerning conditions or situations that require Council direction or policy determination. It is the responsibility of the City Manager to implement the policies of the Council. In conjunction with the Finance and Administrative Services Director, the City Manager prepares the recommended operating and capital improvement program budgets for Council consideration and adoption.

The City Manager serves as the Municipal Employee Relations Officer, the City's Risk Manager, and as the Executive Director of the Albany Public Facilities Financing Authority and the Albany Community Reinvestment Agency. Personnel administration, city economic development activities, franchise agreement administration, information technology management, and public information programs are all under the direct supervision of the City Manager who is assisted by three staff members.

Staff accomplishments during this last year include coordinating the return of City Hall based departments, and Police and Fire services to the newly retrofitted and renovated Civic Center; completion of the Voices to Vision visioning process for Albany and its waterfront; implementation of an economic development action plan and development of a five year implementation plan for the City's redevelopment zone; a review of the City's Commission, Committee, and Board structure, and planning for a permanent city owned location for the City's maintenance yard.

The City Manager advises and makes recommendations to the City Council concerning conditions or situations that require Council direction or policy determination. It is the responsibility of the City Manager to implement the policies of the Council. In conjunction with the Finance and Administrative Services Director, the City Manager prepares the recommended operating and capital improvement program budgets for Council consideration and adoption.

City Clerk

The City Clerk is the custodian of the official records of the City. The City Clerk prepares the agenda packet for City Council meetings, records official minutes of Council proceedings, and prepares and distributes the official documents for actions taken by the City Council. In addition, the City Clerk maintains the legislative history, certifies copies of official documents, receives and opens bid documents, publishes legal notices, administers oaths, receives claims and lawsuits against the City, and serves as the City's Elections Officer. The City Clerk is also certified as a passport agent and accepts applications at Albany City Hall. In addition, the City Clerk serves as the Deputy City Treasurer and is a member of the Police and Fire Relief or Pension Fund Trust Board of Trustees. The City Clerk performs the above duties as a department of one person, with back-up support from Administrative staff.

City Treasurer

The City Treasurer is an elected, part-time position responsible for the receipt and safe keeping of the City's financial assets. The Treasurer works closely with the Finance and Administrative Services Department, but the treasurer's position is independent from that department, and as such, provides enhanced internal control through segregation of duties, such as signing checks that are prepared by the Finance and Administrative Services Department. The Treasurer is responsible for investing the City's cash reserves and any other available funds, such as bond proceeds prior to their expenditure. The Treasurer is responsible for administration and compliance enforcement of the City's business license program. Business licensing generated revenue of \$523,741 in fiscal year 2010-11.

The City Treasurer also serves as a Trustee of the Police and Fire Relief or Pension Fund Trust, oversees the investment of the Fund's assets, and is responsible for the administration of the Fund. The City Treasurer performs the above duties as a department of one person, with support from Finance staff.

City Attorney

The City Attorney is an elected official whose duty is to advise the City Council and staff on all matters of general and municipal law. The City Attorney provides legal counsel on municipal legal matters, including application of the California Environmental Quality Act, planning and development legislation, conduct of public meetings, employee-employer relations, contracts, real property transactions and other matters. The City Attorney also either oversees litigation matters that are being handled by special outside counsel or represents the City in litigation.

Finance & Administrative Services

The Finance & Administrative Services Department has three primary areas of responsibility: (1) general accounting and financial reporting, (2) budget preparation and financial planning, and (3) telephonic communications systems.

General accounting and financial reporting includes accounts payable, accounts receivable, payroll, business license, pet license, and general cashier functions. The department prepares monthly revenue and expenditure reports for internal management purposes, quarterly general fund revenue and expenditure statements for the City Council. Annual financial reports include the City's Comprehensive Annual Financial Report (CAFR), Police and Fire Relief or Pension Fund Trust, Albany Community Reinvestment Agency, Alameda County Measure B, Transportation Development Act, and Single Audit. The department prepares numerous reports required by the state, including the Cities Financial Transactions Report.

Budget preparation and financial planning responsibilities include preparation of the biannual operating budget, the five-year capital improvement program (CIP), analyses of labor contract proposals, budget oversight and control, debt issuance, and the financial component of grant administration. The department is also called upon to perform special tasks such as reviewing the financial reports of organizations with close ties to the City, and budget review and analysis for such organizations.

The department administers the telephonic communications facilities of the City, including cellular phones and voicemail. The Finance & Administrative Services Directors serves as City liaison to the Albany Library Board.

Major activities of the department in the past year were: implementation of a new finance system, preparation of the 2010-11 and 2011-12 operating budgets, and updating and publication of the Master Fee Schedule.

The staff of the Finance and Administrative Services Department consists of the Director, Accountant, and three Accounting Technicians.

Police

The Albany Police Department is responsible for the preservation of public peace, enforcement of laws, protection of life and property, and providing law enforcement related services to the community. These responsibilities are accomplished through proactive police patrol, traffic enforcement, criminal investigation, and support services activities. The Albany Police Department provides a high level of service to the community by responding quickly to all calls for service.

The Police Department maintains a 24-hour Public Safety Answering Point (PSAP) for 911 emergency police, fire and medical dispatch, as well as routine telecommunications services for these three professional disciplines. The PSAP utilizes a modern Computer Aided Dispatch and Records Management System which is integrated with mobile computers in each police patrol vehicle. This secure, wireless communications system allows field supervisors and officers rapid access to information from local, regional, state and national criminal justice databases, and allows officers to wirelessly transmit crime reports to a central data server. The Albany Police Department focuses on crime prevention through active community engagement efforts, including the Neighborhood Watch program and Albany Police Activities League youth services programs.

The Police Department is staffed by the Chief of Police, two Lieutenants, five Sergeants, an Administrative Supervisor, fourteen patrol officers, three Detectives, six Public Safety Dispatchers, and various support services personnel for the equivalent of thirty-seven full-time employees. The department also administers the School Crossing Guard program and a corps of volunteer reserve police officers supplements the department staff.

Fire and Emergency Medical Services

The Albany Fire and Emergency Medical Services Department provides the community with a wide range of services, including fire suppression and rescue services, paramedic emergency medical response and ambulance transport, fire prevention services, and community education and disaster preparedness. The Fire Department is also responsible for the City's Emergency Operations Center (EOC). The EOC facility will serve as the central command and communications center in the event of a major disaster.

The Fire Department conducts fire and life safety inspections of businesses and commercial properties located in the city. Additionally, the Fire Prevention Office reviews plans and inspects all residential properties that require smoke detectors and fire extinguishing systems. The Department also has responsibilities in the areas of hazardous materials management and emergency response, and storm water inspections. These responsibilities require extensive interaction with merchants, vendors and the public, with a focus on customer service.

The department is noted for its many successful community service programs and activities such as the sale of low cost bicycle helmets, CPR courses, smoke alarm installation for residents, annual open house and pancake breakfast, and collection of Christmas toys for underprivileged children.

The department is composed of a Chief (half time shared), a Battalion Chief, and eighteen fire fighters and paramedic personnel.

Recreation and Community Services Department

The Recreation and Community Services Department creates community through people, parks, and programs. The department was instrumental in creating and coordinating the 2010 Dinner With Albany Celebration, which took place in September of 2010 and brought together over 2000 Albany residents to celebrate the importance of community. In addition to City-wide special events, the Recreation and Community Services Department provides services in the following areas:

- Civic arts
- Facility administration
- Child care and summer camps
- Recreation classes, sports classes and special events
- Teen activities
- Senior services
- Paratransit services
- Volunteer Services
- Coordination of the local access station KALB Channel 33

The Department manages four city-owned facilities:

- Albany Community Center
- Senior Center
- Friendship Club Child Care Center
- Teen Center

Management and rental of the City's tennis courts, athletic fields and picnic areas are also the responsibility of this department.

Administrative responsibilities include staff support to the Park and Recreation Commission, the Arts Committee, Citizen's Community Media Access Committee, Ad Hoc Dog Committee, and the Tree Task Force. Staff is also actively involved with the Friends of Albany Seniors, the Albany Police Activities League Board of Directors and the Prevention Council. The Department maintains a collaborative relationship with community groups and organizations such as the YMCA, Albany Unified School District, University Village, service groups, the Albany Chamber of Commerce and other similar entities.

Youth and Childcare Services

The Recreation and Community Services Department offers a range of programs for youth. There are pre-school classes and activities, school-age programs, and a vibrant teen program. The department also provides after school programs for first graders through high school students. Youth activities include sports, arts and crafts, enrichment classes, music video production activities, community service projects, special events and trips, as well as homework assistance. The Albany Teen Center offers recreational and social activities geared toward middle-school age youth. In this past year the Teen Center and Childcare Centers switched locations so that more students could walk to their respective after school facility.

Classes, Facility Rentals and Special Events

The Recreation and Community Services Department provides over 200 special interest classes each quarter that are publicized in the Recreation and Community Services Activity Guide. The community may also rent facilities for meetings, parties and special events. The department also sponsors community building special events such as Block Movie nights, Music in the Park concerts, the Spring Arts and Music, and the July 4th Celebration.

Senior Services

The City of Albany is committed to providing quality services and a variety of activities for its senior citizens. Some services like Paratransit are also provided to disabled adults 18 years of age and over. Activities and services include: classes, recreational group trips and walking trips, congregate meals and meals on wheels, transportation, special events, information and referral services, podiatry, notary, chair massage and health insurance counseling.

Volunteer Services

The Recreation and Community Services Department is responsible for maintaining the City's Volunteer Program. This program, designed to both encourage volunteer participation and to create a cohesive system for tracking and managing volunteers. Current activities of the program include creating and producing volunteer application materials, establishing a database for volunteer participation and advertising and expanding the program.

The Recreation and Community Services Department is staffed by a Director, 9.75 full-time staff members and 15 to 30 part-time and volunteer staff members, depending on the number of programs and activities in progress at any one time.

KALB Channel 33

The City of Albany cablecasts community access television programming on KALB, Cable Channel 33, and streams programming online. KALB is channel 33 on the local Comcast lineup.

KALB supports community access television as a way for Albany citizens to share in the political and social life of their community, and as a vehicle for self-expression and communication. KALB is committed to airing Albany City Council meetings, as well as other important public meetings as well as to help community members make their own television, offering technical support and airtime. KALB's mission is to provide a public forum for expression reflecting the diverse backgrounds, views, and interests of Albany citizens.

Community Development

The Community Development Department provides a broad array of services to the citizens of Albany. The department's primary responsibility is to maintain and improve the physical environment of the City. As such, the department coordinates the current development of the City with the future needs and expectations of the community.

The department is composed of three divisions, Planning and Building, Public Works, and Environmental Resources. The Planning and Building Division is responsible for reviewing and processing all plans for private development in the City, to ensure compliance with applicable zoning and building codes. Approximately 100 zoning applications are processed each year, 600 building permits issued and 30-40 building inspections are conducted each week.

The Public Works Division is responsible for the design, construction, and maintenance of all City-owned public facilities, including streets, sewers, storm drains, parks, urban forestry, public building and grounds. Typical Public Works activities include reviewing the design of planned park improvements, managing the renovation of City buildings, maintaining street signs and markings, engineering plan checking of proposed new private construction, cleaning and repairing sewer lines, street sweeping, collecting trash from public receptacles, mowing parks, maintaining play fields and irrigation, and many others.

Activities of the Environmental Resources Division include management of the City's Waterfront area, Clean Water Program, Waste Management Program, administration of various environmental grants such as oil recycling, building material recycling, and procurement of recycled products. The City Engineer is a contract employee of the City who reports to the Director of Community Development. The City Engineer provides technical oversight for City construction projects and computes the various special assessments collected by the County Tax Collector.

Department staff provides technical and administrative support for the Planning and Zoning Commission, Traffic and Safety Commission, Waterfront Committee, Sustainability Committee, and the Community Reinvestment Agency. Staff members also represent the City and provide technical support on a number of interagency and multi-agency ventures, including the Alameda County Department of Housing and Community Development, the Alameda County Transportation Commission, the Alameda County Clean Water Program, and the Alameda County Waste Management Authority.

The department's staff consists of a Community Development Director, Public Works Manager, Planning Manager, and 14 other staff.

ECONOMIC CONDITIONS AND OUTLOOK

The City of Albany is a full-service city, responsible for providing most of the essential services required by its citizens. The City's ability to provide high level of services to its citizens is dependent upon a stable revenue stream and consistent revenue growth over time. While the City's economic health is tied to the State and the Nation's economy, the economic fluctuations for the City have been moderate, and we expect them to continue to be moderate.

The City's major revenues include property taxes, sales taxes, and property transfer taxes. The growth of these tax revenues depends on the well being of the overall economy. The economy's impacts on these three revenue sources are discussed below.

The State is experiencing a continuing fiscal crisis, as the 2009-10 budget was balanced with: one-time funds, accounting maneuvers such as accelerating tax collections and deferring the last payroll of the fiscal year, and with revenue projections that were highly optimistic. The 2010-11 budget was balanced with revenue projections that were clearly recognized as invalid, and the State Governor and Assembly chose to pass the problems to the next administration. As of the date this report is written, the Governor and Assembly have been unable to come to an agreement on taxes and expenditures that provide a balanced budget for 2011-12. There is a very real possibility that the State may, in solving its budget crisis, directly or indirectly disrupt the existing revenue and expenditure patterns of local governments.

The investments held in the City's Police & Fire Pension Plan have suffered major declines in value in 2007-08 and 2008-09. The Plan went from being fully funded to having an unfunded liability of approximately \$1.8 million at September 30, 2009. The City resumed annual contributions to the Plan in fiscal year 2009-10, and will continue contributions in fiscal year 2010-11. These contributions will come from the Pension Override Tax Fund.

Property tax is the City's largest revenue source, and current information as to reassessments indicate that an annual growth rate of one to two percent per year is possible, this is significantly below the six to eight percent growth experienced in recent years. Some counties in the State, including Alameda County, may experience declining property tax revenue as homes are sold for less than the current appraised value, and as existing property is reassessed to recognize the decline in market value. The decline in property values has been moderate in Albany, but the possibility exists that overall Alameda County declines could affect the allocation of property taxes to Albany. Home foreclosures are at all time highs in California, but Albany has seen only moderate increases in foreclosure activity, and while property sales are likely to remain below the average of recent years, severe price declines are not projected.

Sales tax is the third largest revenue source for the City. Albany has consistently outperformed surrounding cities in sales tax growth in most months, or experiencing smaller rates of decline over the last two years. In fiscal 2009-10, Albany's sales tax revenue increased while most other cities in the County experienced declines. In the first two quarters of fiscal 2010-11 Albany's revenue was even with the first two quarters of the prior year.

Property transfer tax is part of the franchise and other taxes category, which is the second largest revenue source for the City. The number of home sales in the first quarter of fiscal year 2010-11 was down 12% from the first quarter of fiscal year 2009-10, and revenue decreased 13% for the same period.

CalPERS, the state administered retirement system to which Albany belongs, incurred significant losses in its investment portfolio in both 2008 and 2009. While there were substantial recovery of market losses in 2010, CalPERS has found it necessary to significantly increase rates for 2010 and 2011, and they have alerted members to be prepared for additional increases in 2012.

Albany has maintained its retirement benefits at levels that can be sustained by reasonably expected growth in revenues. Also, Albany has made lump sum payments to reduce its unfunded retirement plan liabilities. As a result, the City has been able to absorb the increases in costs, but the City will face increasing costs each year for the foreseeable future.

Labor agreements expired March 2011 for SEIU and expired in October 2011 for Police, and December 2011 for Fire/Paramedics. The poor outlook for the City's major revenue sources will limit the commitment that the City will be able to make for any increases in wages or benefits. Increases in the costs of medical care benefits remain a matter of concern as these cost will likely increase, even though there may be no changes in the labor agreements.

The City has no significant unfunded obligations for post employment benefits.

MAJOR INITIATIVES

Economic Development/Redevelopment

City officials continue to view the strengthening of the commercial base of the City as a necessary activity, in order for the growth of operating revenues to match the expected increases in expenses over the next several years. The City's economic development strategy is to enhance existing businesses and to attract and cultivate new businesses in the commercial areas of Solano Avenue, San Pablo Avenue, and the Cleveland Avenue/Eastshore Highway area. The City Council has added to the economic agenda an objective of promoting ecological responsibility and benefit in growth that may occur in the City.

Solano Avenue, the “*Main Street*” of “*small town Albany*” continues to be a strong regional attraction, visited by thousands of shoppers, diners and strollers each year. The City has continued its support of Solano Avenue merchants with cash and in-kind contributions to the annual “Solano Stroll.” The City Council has also supported the Solano Ave Merchants Association and the Albany Chamber of Commerce.

The City Council continues to support retail development on San Pablo Avenue, along with improvements as outlined in the Streetscape Master Plan. The Master Plan is designed to retain and attract retail business, improve aesthetics, and make the corridor more pedestrian friendly.

The Cleveland Avenue/Eastshore Highway corridor is included in the City’s Redevelopment Area. In November of 2010 the City’s Reinvestment Agency adopted a Five Year Implementation Plan to increase the attractiveness of this area for retail or other development. The Plan includes a variety of infrastructure improvements including paving, streetscape, drainage improvements, pathways, and the relocation of the City’s leased maintenance center to a site that will not impinge on future commercial development.

Open Space, Recreational Playfields and Creek Restoration

In November 1996, the citizens of Albany approved Measure R to provide an annual parcel assessment for the acquisition, development and maintenance of Open Space, Recreational Playfields, and Creek Restoration. The proceeds are divided fifty percent (50%) for open space on Albany Hill and twenty five percent (25%) each for playfields and creek restoration. In February 1999, the City issued a \$6.2 million limited obligation bond and pledged the revenues of the Measure R annual assessment to pay the bondholders. Utilizing the revenue from Measure R and the bond proceeds, the City purchased five acres of open space on Albany Hill.

The City is working with the City of Berkeley and the University of California on a project to restore Codornices Creek, and has successfully competed for grant monies to assist in this restoration effort. The first three phases of this project are completed.

During fiscal year 2008-09, the City of Albany worked with four other cities and agencies to develop two lighted playing fields with artificial turf, located on the waterfront at the end of Gilman Street adjacent to the Eastshore State Park.

Capital Projects

The following is a brief description of the City’s most significant capital projects or programs.

Renovation of Central Facilities

In November 2006, Albany voters approved a bond measure of \$5 million to augment an earlier bond measure in order to improve Albany’s fire safety and emergency response capability in the following ways: 1) by renovating and expanding the Fire Station and Police Station to better accommodate emergency equipment and personnel; and 2) to better serve the community during and after an emergency by constructing an Emergency Operations Center at the Fire/Police complex. The 2006 bond also added sustainable building features to the Fire/Police/Civic Center complex. Construction began in May 2008, and is anticipated to be completed in early 2010. This project is now completed.

In 2009/10 the City acquired a parcel of land adjacent to the existing senior center, with the intent of providing needed space to renovate and expand the existing senior center. The City acquisition of the Pierce Street Parcel and the use of that parcel for a permanent maintenance center, neighborhood park, and bicycle-pedestrian pathway is also currently being pursued by the City.

Sewer Operations and Compliance Program

Albany is continuing its multi-phase sewer rehabilitation program. The purpose of the program is to comply with the Clean Water Act and federal and state mandates to reduce groundwater inflow and infiltration as well as to address and correct substandard sewer lines. To finance the sewer rehabilitation program, Sewer Revenue Bonds were issued in September 2004. Completed projects over the past five years include the sewer line on San Pablo Avenue from Dartmouth to Brighton Streets; the easement sewers between Pomona and Key Route from Washington to Marin; and the easement line between Adams and Madison Avenue, easement sewers on the east side of Albany Hill, rehabilitation of the sewers on Madison from Solano to Washington, on Polk from 200 feet north of Buchanan to Solano, and on Solano Avenue 200 feet west of Madison Street. The City's 2011 CIP identifies the projects upcoming for the next five year period. The sewer rehabilitation program will result in the replacement or rehabilitation of most of the City's sanitary sewer system.

Storm Drain

In 2006, Albany voters approved Measure F, the "City of Albany Street Paving and Storm Drain Facility Improvement Parcel Tax." This measure will fund future street paving and storm drain improvement projects. Revenue from this tax was used to finance the "Neilson Storm Drain Project," a \$2.5 million reconstruction and rehabilitation effort from Neilson Street to Santa Fe Avenue to Codornices Creek. The project was completed in early 2009. In addition, to the storm drain construction, parallel sanitary sewer improvements were implemented at a cost of \$408,000, funded from sewer bond funds.

Traffic Management Plan

In May 2000, the City Council approved a city-wide Traffic Management Plan that recommended a variety of improvements designed to enhance pedestrian, bicycle safety, and traffic safety. In 2011, a draft Active Transportation Plan was prepared that evaluates bicycle and pedestrian issues anew, and purposes specific projects. Implementation is a multi-year process and has included a number of successful grant submittals, as well as design and implementation of traffic calming measures. Current funding is from Alameda County's Measure B transportation funds and the City's Measure F bond funds. Upcoming significant projects include traffic safety enhancements at School intersections and construction of significant bicycle and pedestrian paths connecting throughout the City. The City has received grants for the majority of these projects.

Park Improvements

The city has completed the renovation and improvement of all City parks over the past five year period. Phase II of the Memorial Park Improvement Project and improvements to Terrace and Ocean View Parks were completed in early 2008, including a variety of upgrades and improvements to three city parks. The Ocean View Sports Field Improvement Project was completed in 2009. Project improvements included addition of a batting cage, a bullpen, foul ball netting to the backstop, an electronic scoreboard, and a snack shop

PENSION

The City participates in the California Public Employees Retirement System (PERS) and maintains a City pension plan for police officers and firefighters employed by the City before July 1, 1971.

All qualified permanent and probationary employees are eligible to participate in PERS. Benefits vest after five years of service and are payable monthly for life upon retirement. Currently PERS requires City miscellaneous employees to contribute 8% and safety employees 9.81% of their annual salary, which is paid by the City. Benefit provisions and all other requirements are established by state statute and city ordinance.

Stock market declines in 2008 and 2009 have significantly reduced the value of assets held in the Police and Fire Pension Fund, and as a result, the fund has an unfunded liability of \$1,886,000. The City resumed contributions to the fund in fiscal year 2009-10, from the pension override property tax, in an amount sufficient to amortize the unfunded liability over 15 years.

CalPERS has incurred significant losses in its investment portfolio as a result of the stock market decline in 2008 and 2009, and they have advised member agencies to plan for increases in required contributions of payroll beginning in fiscal year 2010-11.

DEBT ADMINISTRATION

The City currently has general obligation bonded indebtedness of \$18.6 million, and other long-term obligations of \$16.4 million that are comprised of the: 1997 Refunding Certificates of Participation, the 2004 Sewer Revenue Bonds, 2009 Street & Storm Drain Parcel Tax Note, Lease Purchase agreement, and the Special Assessment District 1999 Limited Obligation Bonds.

In December 1997, the City refunded, through Certificates of Participation, the 1989 and 1992 Lease Revenue Bonds. The 1989 Lease Revenue bonds financed the purchase of the Library/Community Center site, as well as, improvements to a new maintenance center. The 1992 Lease Revenue bonds financed the construction of the Library/Community Center complex.

The 2004 Sewer Revenue Bonds of \$8.674 million were issued to finance a comprehensive sewer rehabilitation program. Semi-annual interest and principal payments are secured by and payable from the Sewer Enterprise Fund's operating revenues.

In June 2006, voters passed a ballot measure (Measure F) authorizing a street paving and storm drain parcel tax to finance citywide street paving and storm drain facility repairs and improvements. In April 2009, the City entered into a parcel tax note agreement with Capital One Public Financing, LLC in the amount of \$3.465 million. Interest payments are due August 1st and February 1st and beginning in 2010 principal payments are due August 1st and February 1st of each year, with the final payment due August 2, 2021.

In 1999 the City issued Limited Obligation Bonds (Measure R) in the amount of \$6.230 million, the outstanding balance of these bonds at June 30, 2011 is \$3.445 million.

Long-term debt is discussed in greater detail in the Notes to Financial Statements.

RISK MANAGEMENT

The City of Albany is a member of the Bay Cities Joint Powers Insurance Authority (BCJPIA). This seventeen-member entity provides general liability insurance, property insurance, earthquake and automobile insurance and legal assistance. The City also carries employment practices insurance through BCJPIA.

Albany is self-insured for workers' compensation costs up to \$150,000 per occurrence, and the City maintains a funded reserve workers' compensation claims. The Local Agency Workers' Excess Compensation (LAWXC) Joint Powers Authority covers claims in excess of \$150,000. The City is also self-insured for general liability claims up to \$50,000.

CASH MANAGEMENT

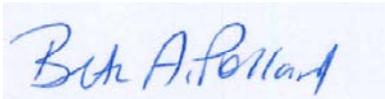
The City Treasurer manages the City of Albany's investment portfolio. Cash that is not required for current operations is pooled and invested in accordance with City Council policy, which adheres to the "prudent man rule" (California Civil Code §2261, et seq.). This policy affords the City considerable discretion in pursuing investment opportunities provided that the investment is prudent and safe with respect to the protection of principal and is allowable under the current laws of the State of California (Government Code §53600, et seq.).

The City maintains a conservative investment philosophy that emphasizes liquidity and the protection of principal; hence, the City has not invested any funds in high-risk securities, including derivatives and mortgage-backed securities. In fiscal year 2010-11, the City's had operating cash and investments (not including debt service accounts) in the Local Agency Investment Fund (LAIF), a governmental agency pooled money fund managed by the California State Treasurer, certificates of deposit, and Cal Trust, a Joint Powers Agency Authority composed of local public agencies, for the purpose of pooling assets for investment purposes.

ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report was accomplished through the coordinated efforts of Department of Finance and Administrative Services staff members. Guidance in preparation of the report was provided by the City's independent auditors, Caporicci & Larson, Certified Public Accountants, under the direction of Ahmed Badawi - Partner, and Priscilia Octarina – field supervisor. We also wish to express our appreciation to the Albany City Council for their support in our pursuit of excellence in financial reporting.

Respectfully submitted,



Beth A. Pollard
City Manager



Charles A. Adams
Finance and Administrative
Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Albany
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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. Sandison

President

Jeffrey R. Emer

Executive Director

CITY OF ALBANY
PRINCIPAL OFFICERS
JUNE 30, 2011

CITY COUNCIL

| | |
|---------------|----------------|
| Mayor | Farid Javandel |
| Vice Mayor | Joanne Wile |
| Councilmember | Marge Atkinson |
| Councilmember | Robert Lieber |
| Councilmember | Peggy Thomsen |

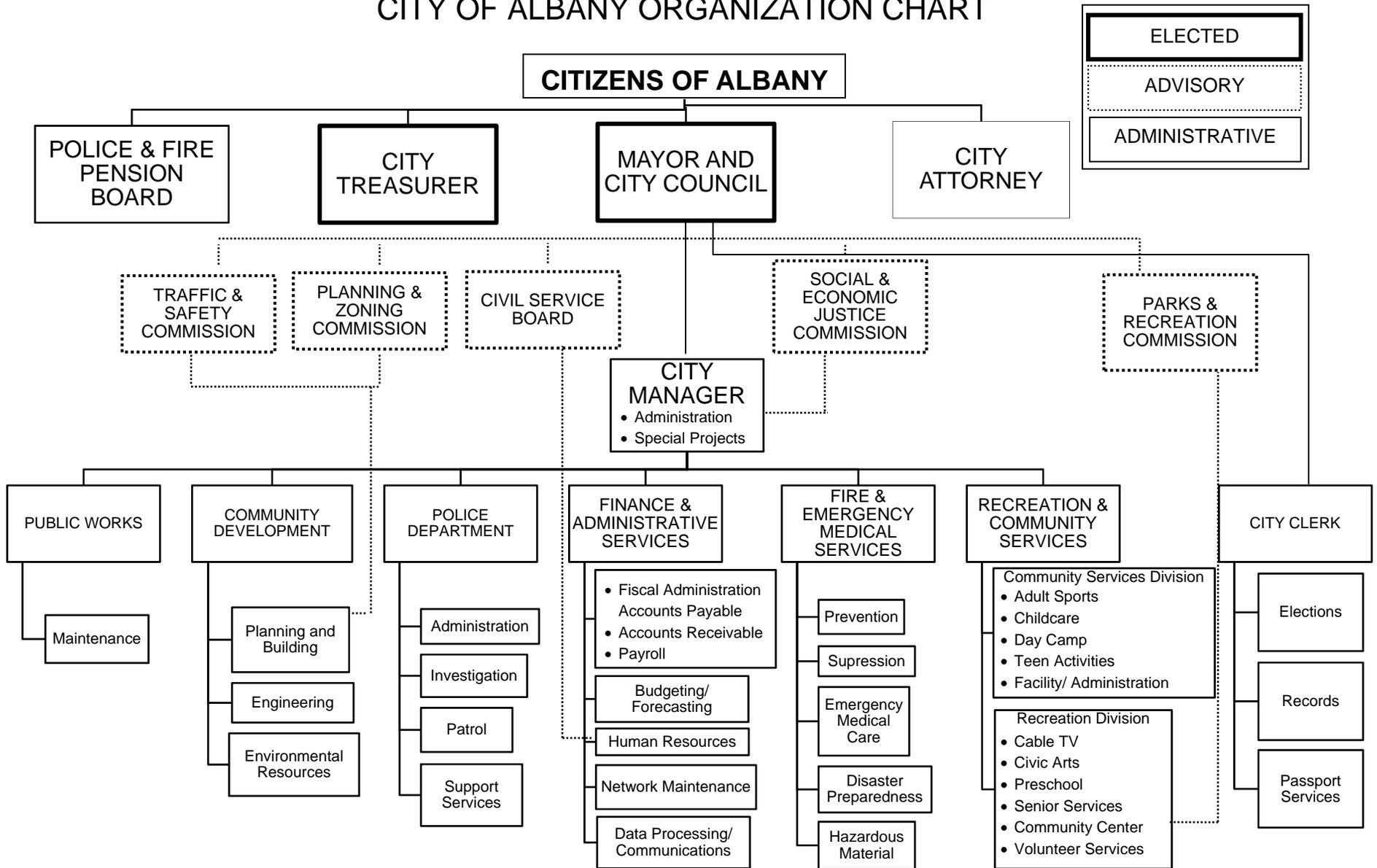
ELECTED OFFICIALS

| | |
|---------------|---------------|
| Treasurer | Kim Denton |
| City Attorney | Robert Zweben |

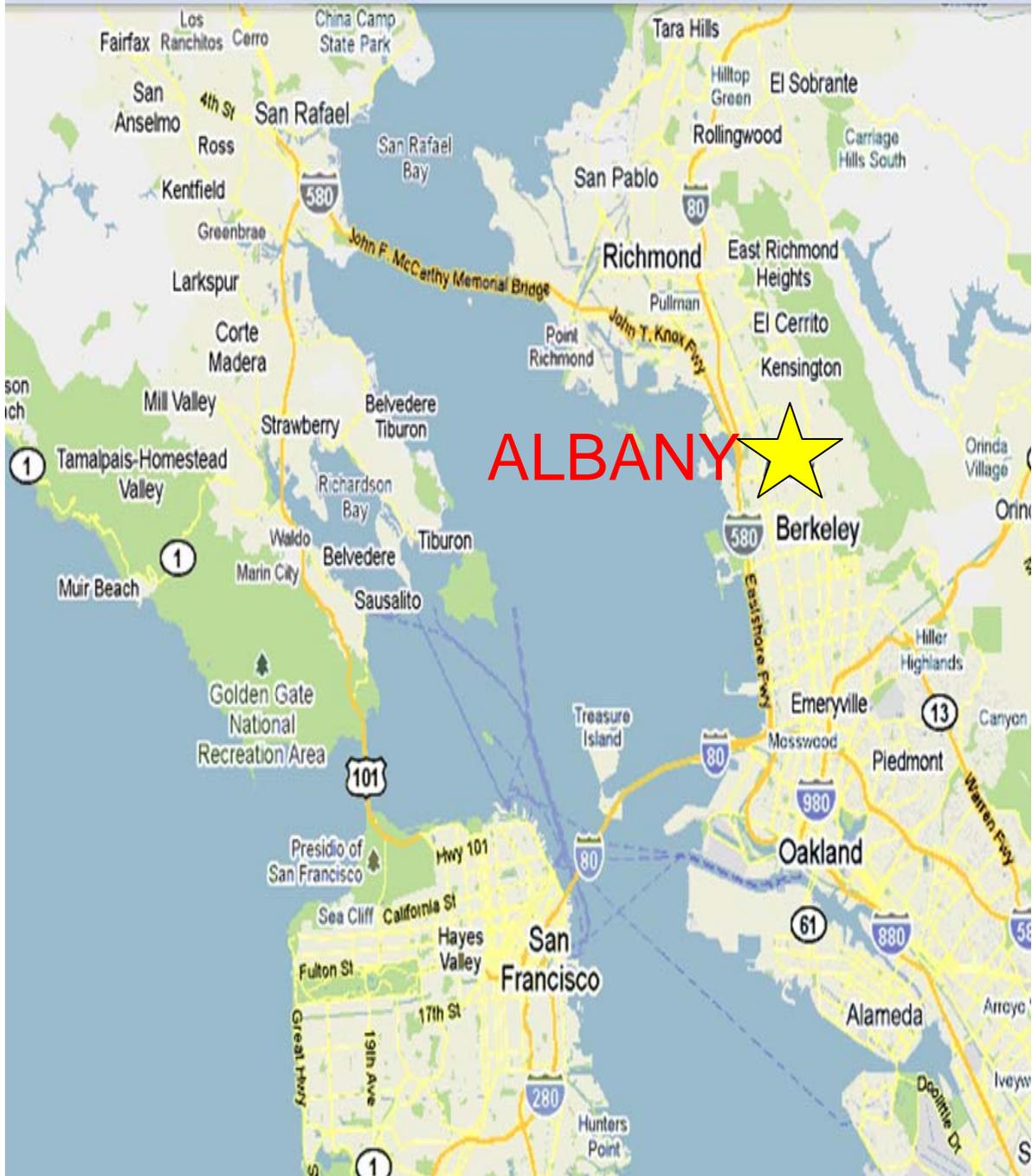
APPOINTED DEPARTMENT HEADS

| | |
|--|----------------|
| City Manager | Beth Pollard |
| Finance and Administrative Services Director | Charles Adams |
| City Clerk | Judy Lieberman |
| Community Development Director | Jeff Bond |
| Recreation and Community Services Director | Penelope Leach |
| Fire Chief | Ed Tubbs |
| Chief of Police | Mike McQuiston |

CITY OF ALBANY ORGANIZATION CHART



ALBANY, CALIFORNIA
94706





Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
of the City of Albany
Albany, California

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, California (City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and 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 opinion.

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, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 18 to the financial statements, on December 29, 2011, the Supreme Court of the State of California upheld the enforceability of legislation that provides for the dissolution of California redevelopment agencies. The full impact of this most recent development is not known at this time.

As described in Note 2 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and Governmental Accounting Standards Board (GASB) Statement No. 59, *Financial Instruments Omnibus*, as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 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.

To the Honorable Mayor and Members of City Council
of the City of Albany
Albany, California
Page Two

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages A3 through A17 and D18 through D29 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, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements 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 sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
March 22, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This is management's discussion and analysis of the City of Albany's financial activities and performance for the fiscal year ended June 30, 2011. Please read this discussion and analysis in conjunction with the transmittal letter, which can be found in the introductory section at the front of this report, and with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

Government-wide Financial Statements

- The Government-wide Statement of Net Assets is the first statement of the Basic Financial Statements (page B1) and is summarized on page A8 of this Management's Discussion and Analysis. The statement shows the City's assets of \$96,959,000, liabilities of \$35,383,000, and net assets of \$61,575,000.
- Net assets, as measured in the government-wide financial statements, increased \$2,827,000. Capital assets increased \$2,746,000 and net long-term debt decreased \$1,212,000. The major capital asset additions were completion of the renovation and seismic retrofit of the Police Department, Fire Department and City Hall buildings, and construction of the Emergency Operations Center.
- The Government-wide statement of activities and changes in net assets is summarized on page A9. This statement shows an increase in net assets of \$2,827,000 for the fiscal year ended June 30, 2011, as compared to an increase of \$3,034,000 for the fiscal year ended June 30, 2010. Revenues for the year increased \$1,624,000 and expenses increased by \$1,837,000, compared to the prior year. The majority of the increases in revenue is attributable to an increase in operating grants and contributions from \$1,386,000 to \$2,998,000. Expenses in the Sewer Enterprise Fund increased \$920,000 as a result of fifteen major repairs costing a total of \$897,000. Expenses in the Governmental Activities increased \$918,000, with the major factors being an accounting change which recorded self-insurance expenses in the General Fund rather than in the Special Revenue Funds as in past years. The Governmental Activities category also included Reinvestment Agency operating expenditures which increase in excess of \$200,000.

Governmental Funds Financial Statements

- A more targeted view of the financial status of the City is provided in the Governmental Funds Financial Statements. These statements appear on pages B3 – B5 of this report, and are discussed in detail in the Fund Financial Statements section of this Management's Discussion and Analysis.
- The core operations of the City are accounted for in the General Fund, and the General Fund fund balance is a key measure of the financial health of the City. As of June 30, 2011, the General Fund balance was \$4,944,453, a net decrease of \$121,023 from the balance at June 30, 2010. As of June 30, 2011, the unassigned fund balance for the General Fund was \$3,165,475.
- Transfers of \$3,430,101 were made to the General Fund from Emergency Medical Services, Pension Property Tax Override, Sewer Enterprise, and other Special Revenue Funds. These transfers to the General Fund are to reimburse the General Fund for expenditures made in support of activities funded outside the General Fund. Transfers of \$77,905 from the General Fund were made to: Safety Equipment Replacement Reserves and Special Revenue Fund. A complete schedule of inter-fund transfers is contained in Note 11 in the notes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's Basic Financial Statements consist of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to Basic Financial Statements. This Financial Section of this report also contains supplementary information for pension funding, combining financial statements, and budgetary comparisons for individual funds.

Government-wide Financial Statements

The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They provide information about the activities of the City as a whole and present a long-term view of the City's finances.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between assets and liabilities 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 of Albany is strengthening or weakening.

The Statement of Activities and Changes in Net Assets presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash receipts or disbursements (full accrual basis accounting). Thus, revenues and expenses are reported in this statement for some items that will only result in cash receipts or disbursements in future fiscal periods, such as property taxes assessed for the year ended June 30, but received between July 1 and August 31, or vacation leave earned in the current year but not utilized until a subsequent year.

In the government-wide financial statements, the activities of the City are classified as governmental or business-type. Total activities are presented for both the current and prior years.

Governmental activities are activities that are principally supported by taxes and intergovernmental revenues. For the City of Albany, governmental activities include police services, fire and emergency medical services, community development and environmental resources, recreation and community services, general government administration, and the activities of four component units.

Component units are organizations whose governing body is: (1) either the governing body of the primary reporting government or (2) a body who reports to the governing body of the primary reporting government, or (3) organizations for which the nature and significance of their relationship with the primary reporting government is such that exclusion would cause the reporting government's financial statements to be misleading or incomplete.

The City of Albany is the primary reporting government in this report, and incorporated into these financial statements are the financial statements of the City of Albany Police and Fire Relief or Pension Fund (Trust), the City of Albany Public Facilities Financing Authority, the Albany Community Reinvestment Agency, and the Albany Municipal Services Joint Powers Authority.

Business-type activities are activities that are primarily funded through user charges. The only business-type activity to be reported by the City of Albany is sewer services.

Governmental Funds 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 of Albany, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds used by the City are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 financial statements, which focus on the long-term, governmental funds financial statements focus on short-term inflows and outflows of spendable resources and the balances of these resources that are available for spending. This information is useful in evaluating a government's short-term financing requirements.

To assist the user of these financial statements in understanding the differences and the relationship between the government-wide financial statements and the governmental funds financial statements, reconciliations between the two sets of statements have been included in this report.

The reconciliation of the Government-wide Statement of Net Assets to the Governmental Funds Balance Sheet highlights the inclusion of capital assets and long-term liabilities in the government-wide financial statements.

The reconciliation of the Government-wide Statement of Activities and Changes in Net Assets to the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, highlights the exclusion from the governmental funds statements of: capital expenditures, depreciation of capital assets, amortization of intangible assets, and cash flows related to long-term debt.

The City of Albany maintains numerous individual governmental funds that, for financial reporting, are grouped according to their type (general fund, special revenue, capital projects, and debt service). Funds whose expenditures exceed 10% of the total expenditures for all governmental funds, or that meet other specific criteria for determining their importance to the financial statement user, are designated Major Funds, and are reported separately in the governmental funds statements. All other funds are grouped together for reporting purposes.

Major funds for the City of Albany are:

- General Fund
- Street & Storm Funds
- Reinvestment Fund

Individual fund data for each non-major governmental fund is provided in combining statements included in the *Combining Financial Statements and Other Supplementary Information* section of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds

Proprietary funds have as their focus the determination of operating income or cost recovery. There are two types of proprietary funds: enterprise funds and internal service funds.

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.
- Internal service funds are used to accumulate and allocate costs internally among the City's various funds and departments and to record assets and liabilities related to self-insurance programs and compensated absences.

The City accounts for the construction and maintenance of City sewers in the Sewer Enterprise Fund. Revenues are obtained through special district assessments collected with property taxes. The assessment rate for fiscal year 2010-11 was \$329.64 per residential unit. Total assessment revenue for the year was \$2,434,000; this was an increase of \$246,000 over the prior year. Revenues less expenses and transfers, including interest on bonds of \$263,000, resulted in a decrease in net assets of \$16,000. Funds of \$430,000 were invested in sewer system improvements.

The City uses an internal service fund to accumulate assets to fund self-insurance and compensated absences accrued liabilities. Total assets in the internal service funds at June 30, 2011 were \$3,259,000, a decrease of \$169,000 from the June 30, 2010 balance. Approximately \$35,000 of the decrease in reserves resulted from the payoff of vacation and sick leave accruals of employees who retired during the year. The required reserve for self-insurance liabilities was not changed as a result of no fluctuation of workers compensation and general liability claims during the year. Because these reserves predominantly benefit governmental activities, they have been included within the governmental activities in the government-wide financial statements.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the reporting government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City utilizes two types of fiduciary funds:

- Trust funds are used to record the assets and liabilities held for the benefit of others, under a trust agreement that specifies the degree of management performed by the trustee organization. The City accounts for the activities of the City of Albany Police and Fire Relief or Pension Fund in the Police and Fire Relief or Pension Trust Fund. There are no current employee members of this plan, but the City will continue to hold its assets in trust and administer the plan as long as there are members receiving benefits.
- Agency funds are used to record assets of separate organizations for which the City serves as a custodian for the organization. All assets in agency funds are offset by a liability to the organization on whose behalf they are held. The City currently maintains four agency funds that are reported in the Statement of Fiduciary Net Assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

This section consists of schedules of funding progress for the City's PERS (California Public Employee Retirement System) pension plans and the Albany Police and Fire Relief Pension Plan, as well as the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances Budget (GAAP Basis) and Actual.

Combining Financial Statements and Other Supplementary Information

This section contains combining financial statements and budgetary comparison statements for the summary fund groups reported in the basic financial statements.

Statistical Section

Graphic presentations of financial information and non-financial information, and statistical tables are included in this section, as an aid to understanding and evaluating the overall operation and status of the City.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Assets

Net assets are a measure of a government's financial position and, over time, a trend of increasing or decreasing net assets is an indicator of the financial health of the organization. The City of Albany's net assets exceeded liabilities by \$61,575,000 at June 30, 2011. A schedule of net assets is presented in the following table.

Net Assets
June 30, 2011 and 2010
(in thousands)

| | Governmental | | Business-type | | Total | | Change |
|--|---------------------|------------------|----------------------|------------------|------------------|------------------|---------------|
| | Activities | | Activities | | Primary | | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | |
| Current and other assets | \$ 30,733 | \$ 31,172 | \$ 5,942 | \$ 6,005 | \$ 36,675 | \$ 37,177 | -1.4% |
| Capital assets | 46,081 | 43,325 | 14,204 | 14,214 | 60,285 | 57,539 | 4.8% |
| Total assets | 76,814 | 74,497 | 20,146 | 20,219 | 96,960 | 94,716 | 2.4% |
| Current liabilities | 4,792 | 4,652 | 744 | 451 | 5,536 | 5,103 | 8.5% |
| Noncurrent liabilities | 23,639 | 24,305 | 6,210 | 6,560 | 29,849 | 30,865 | -3.3% |
| Total liabilities | 28,431 | 28,957 | 6,954 | 7,011 | 35,385 | 35,968 | -1.6% |
| Net assets: | | | | | | | |
| Invested in capital assets, net of related debt | 23,913 | 20,264 | 7,625 | 7,299 | 31,538 | 27,563 | 14.4% |
| Restricted | 20,630 | 20,049 | - | 1,107 | 20,630 | 21,156 | -2.5% |
| Unrestricted | 3,840 | 5,227 | 5,567 | 4,802 | 9,407 | 10,029 | -6.2% |
| Total net assets | \$ 48,383 | \$ 45,540 | \$ 13,192 | \$ 13,208 | \$ 61,575 | \$ 58,748 | 4.8% |

Net assets Invested in Capital Assets (e.g., land, buildings, equipment and infrastructure), Net of Related Debt of \$31,538,000 represent the cost of these assets less any outstanding debt used to acquire these assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future expenditures. Resources needed to repay the outstanding debt must be provided from other sources other than the related assets, because the capital assets themselves cannot be used to repay these debts.

Restricted net assets of \$20,630,000 represent resources that are subject to restrictions on how they may be used. The largest component of restricted net assets is \$14,695,000 that is restricted for capital projects not placed into service as of the balance sheet date. The next largest restricted net assets of \$4,575,000 is restricted for special projects, and the balance of restricted net assets \$1,360,000 is restricted for bond debt service.

Unrestricted net assets of \$9,407,000 may be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. However, all net assets are not liquid, meaning that they are not cash or securities that could be converted to cash within a year. (An analysis of liquid fund balance is provided in the funds financial statements at B3 and B5.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Changes in Net Assets

The City's net assets increased \$2,826,000 during the current fiscal year. This growth in the City's net assets is principally from the governmental activities. Information about changes in net assets is presented in the summary table below:

| Activities and Changes in Net Assets | | | | | | | |
|---|---------------------|------------------|----------------------|------------------|--------------------------|------------------|---------------|
| For the Fiscal Years Ended June 30, 2011 and 2010 | | | | | | | |
| (in thousands) | | | | | | | |
| | Governmental | | Business-type | | Total Primary | | Change |
| | Activities | | Activities | | Government | | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | |
| Revenues: | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for services | \$ 2,765 | \$ 2,671 | \$ 2,434 | \$ 2,188 | \$ 5,199 | \$ 4,859 | 7% |
| Operating grants and contributions | 2,998 | 1,386 | - | - | 2,998 | 1,386 | 116% |
| Capital grants and contributions | 248 | 609 | - | - | 248 | 609 | -59% |
| General revenues: | | | | | | | |
| Property taxes | 11,900 | 11,583 | - | - | 11,900 | 11,583 | 3% |
| Sales taxes | 2,166 | 2,119 | - | - | 2,166 | 2,119 | 2% |
| Franchise and other taxes | 3,783 | 3,927 | - | - | 3,783 | 3,927 | -4% |
| Earnings on investment | 155 | 222 | 25 | 48 | 180 | 270 | -33% |
| Unrestricted revenues from other agencies | 389 | 163 | - | - | 389 | 163 | 138% |
| Other revenue | 340 | 662 | - | - | 340 | 662 | -49% |
| Total revenues | 24,744 | 23,342 | 2,459 | 2,236 | 27,202 | 25,578 | 6% |
| Program expenses: | | | | | | | |
| General government | 3,867 | 3,081 | - | - | 3,867 | 3,081 | 26% |
| Police | 5,735 | 5,318 | - | - | 5,735 | 5,318 | 8% |
| Fire and emergency medical services | 4,686 | 4,642 | - | - | 4,686 | 4,642 | 1% |
| Community development and environmental resources | 4,602 | 5,006 | - | - | 4,602 | 5,006 | -8% |
| Recreation and community services | 2,902 | 2,817 | - | - | 2,902 | 2,817 | 3% |
| Interest on long-term debt | 1,006 | 1,017 | - | - | 1,006 | 1,017 | -1% |
| Sewer | - | - | 1,583 | 663 | 1,583 | 663 | 139% |
| Total program expenses | 22,799 | 21,881 | 1,583 | 663 | 24,381 | 22,544 | 8% |
| Increase/(decrease) in net assets before transfers and other sources | 1,945 | 1,461 | 876 | 1,573 | 2,821 | 3,034 | -7% |
| Transfers | 898 | 913 | (892) | (913) | 6 | - | |
| Change in net assets | 2,843 | 2,374 | (16) | 660 | 2,827 | 3,034 | -7% |
| Net assets - beginning of year | 45,540 | 43,166 | 13,208 | 12,548 | 58,748 | 55,714 | 5% |
| Net assets - end of year | \$ 48,383 | \$ 45,540 | \$ 13,192 | \$ 13,208 | \$ 61,575 | \$ 58,748 | 5% |

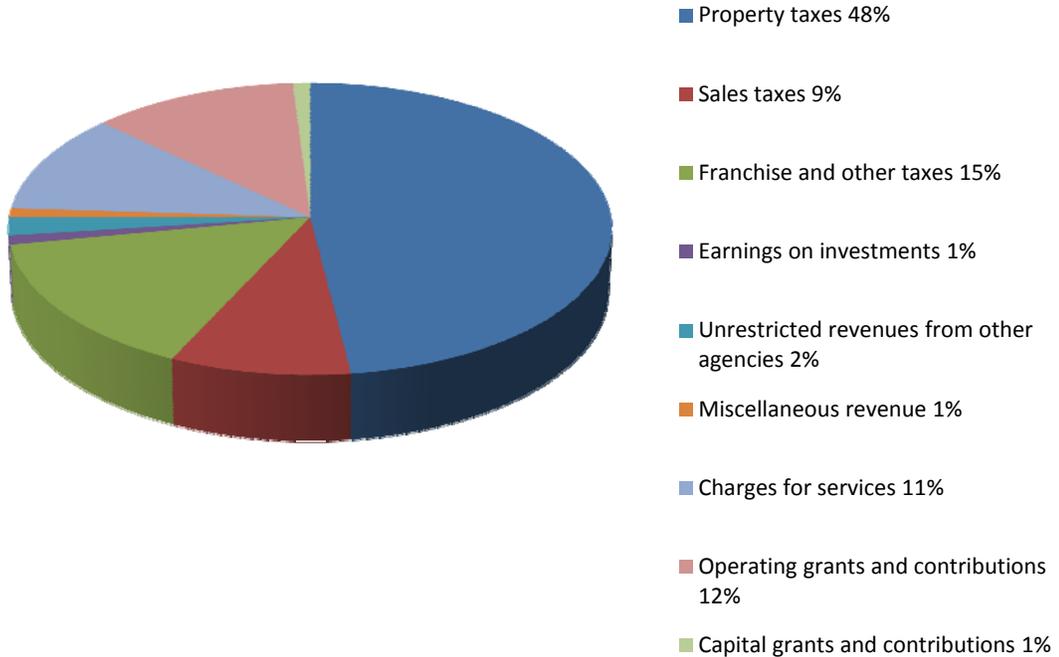
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Net assets of governmental activities increased \$2,843,000 in fiscal year 2010-11. An increase in net assets occurs when revenue and transfers-in exceeds expenses and transfers-out.

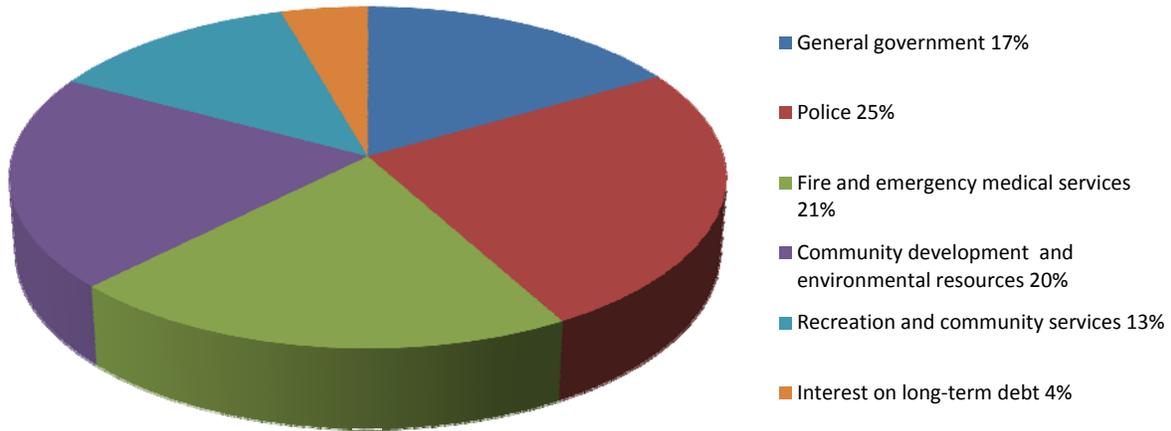
The largest revenue source is property taxes and at \$11.9 million they increased 2% over the prior year, and they decreased from 50% to 48% of total revenue.

Revenues by Source - Governmental Activities



The chart of revenues by source above, illustrates that property taxes are the largest source of operating revenue for the City. Property taxes have been one of the most stable and consistent growth revenues. Property taxes include the Safety Pension Override Tax, special district assessments, and bonded indebtedness, as well as the City's share of the 1.0% countywide tax. Franchise and other taxes are the second largest source of operating revenue, representing 15% of total revenues, down from 17% in the prior year. Major components of this revenue category are: business license, property transfer taxes, utility user taxes, race track taxes, garbage collection franchise fees and cable TV transmission franchise fees. Property transfer taxes are the largest component of this revenue category. Property transfer taxes increased from \$1,053,000 for fiscal year 2009-10 to \$914,000 for fiscal year 2010-11.

Expenses by Function - Governmental Activities



The chart of expenses graphically portrays the relative proportion of expenses by function, as listed in the summary statement on page A9 and the Statement of Activities and Changes in Net Assets Statement on page B2. The percentages for all expense categories are comparable to those of the prior year.

Business-type Activities

The decrease in business-type activities net assets of \$16,000 represents activity in the Sewer Enterprise Fund. The principal source of revenue of \$2,434,000 for this fund is the usage charge, which is assessed to property owners on the basis of equivalent residential units (ERU). The assessment for this fiscal year was \$329.64/ERU, an increase of 8.6% over the prior year rate.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure compliance with legal and grantor requirements and restrictions on expenditures of funds. The fund basis financial statements presented in this report demonstrate the City's compliance with financial restrictions, and they allow users of the statements to separately analyze individual funds. The City maintains three types of funds: Governmental, Proprietary and Fiduciary.

Governmental Funds

Activity of the Governmental funds is summarized in the following table (the full statement is located on page B5):

MANAGEMENT'S DISCUSSION AND ANALYSIS

The focus of the City's governmental funds is to provide information on cash near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**Governmental Funds
Revenues, Expenditures and Other Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011
(in thousands)**

| | General Fund | Street & Storm Funds | Reinvestment Fund | Other Governmental Funds | Total Governmental Funds |
|-----------------------------------|-------------------------|---|------------------------------|---|---|
| Revenues | \$ 13,328 | \$ 978 | \$ 361 | \$ 10,077 | \$ 24,744 |
| Current expenditures | 16,781 | 28 | 262 | 2,124 | 19,195 |
| Capital outlay | - | 466 | 856 | 3,873 | 5,195 |
| Debt service | 20 | - | 1 | 1,875 | 1,896 |
| Total expenditures | 16,801 | 494 | 1,119 | 7,872 | 26,286 |
| Net transfers & debt proceeds | 3,352 | (391) | (616) | (1,447) | 898 |
| Net change in fund balances | (121) | 93 | (1,374) | 758 | (644) |
| Fund balances, beginning of year | 5,065 | 3,518 | 292 | 16,239 | 25,114 |
| Fund balances, end of year | \$ 4,944 | \$ 3,611 | \$ (1,082) | \$ 16,997 | \$ 24,470 |

At June 30, 2011, the City's combined governmental funds reported an ending fund balance of \$24,470,000, a decrease of \$645,000 from the prior year. Of the \$24,470,000 fund balance: \$45,000 are non-spendable fund, \$10,004,000 are restricted fund, \$10,626,000 are committed fund, \$1,734,000 are assigned funds, and \$2,061,000 are unassigned fund.

The General Fund is the principal operating fund of the City. At June 30, 2011, the total fund balance was \$4,944,000, of which \$3,165,000 was unassigned. The unassigned fund balance serves as an operating reserve, and as such, it is important that it is maintained at an appropriate level in relationship to annual operating expenditures. The unassigned fund balance decreased by \$702,000 from the prior year balance, and equaled 19% of General Fund expenditures.

The Other Major Fund is the Storm and Street Fund and the Reinvestment Fund. The designation as a major fund is based upon a fund having either assets, liabilities, revenues or expenditures equal to or greater than 10% of their fund type total or 5% of the grand total of all funds. Funds designated as major funds in fiscal year 2010-11 differ from those of fiscal year 2009-10; thus, year to year comparisons of the combined major funds are not meaningful.

The Street & Storm Funds were used to record property tax revenues, debt proceeds and expenditures for various streets and storm drain projects. The Reinvestment Fund is used to account for activities of the Albany Community Reinvestment Agency. Other Governmental Funds are a combination of 45 funds that are scheduled on pages D4 through D59.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary Funds

At June 30, 2011, net assets of the Sewer Fund (an enterprise fund) were \$13,192,000 and net assets of the internal service funds were zero. The Sewer Fund total assets decreased \$74,000 from their balance at June 30, 2010, and long term debt was reduced by \$336,000. Total revenues increased by 11% while expenses increased 240%, mostly in major repairs, and materials and supplies. Sewer related expenses incurred in other funds are reimbursed to those funds by transfers from the Sewer Fund. Transfers in fiscal year 2010-11 were \$892,000, a decrease of 2.3%. Because the Sewer Fund is an enterprise fund, its fund balance largely represents capital assets, not liquid assets that are available for future expenditures. The unrestricted fund balance is \$4,358,000, and it is planned that these funds will be utilized in completion of a multi-year plan for renovation of the sewer system.

The internal service funds consist of the following three funds:

- Workers' Compensation Claims
- General Insurance Retention
- Compensated Absences Reserves

The Workers Compensation and General Liability Funds are funded by transfers from the General Fund that are based upon actuarial estimates of future claims expenses, and are fully funded at the end of the year. The Compensated Absence Fund is funded by transfers from the General Fund, based on actual recorded vacation, compensatory time and sick leave. The accrued benefits were fully funded at the end of June 30, 2011. Cash and investments held in these funds were \$3,259,000 at June 30, 2011. The balance of investments declined \$169,000 from the prior year because of the payoff of accrued leave balances.

Fiduciary Funds

The major fiduciary fund maintained by the City is the Police and Fire Relief or Pension Fund. The net assets of this fund totaled \$10,919,000 at June 30, 2011, an increase of \$594,000 from the prior year. The increase is the result of recovery in the market values of investments that had suffered severe declines in the prior two years.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

The original Fiscal Year 2010-11 budget was adopted in June 2010 as the second year of a two-year budget. The budget was not amended during the year. The table below summarizes the variances between budget and actual results for the year ended June 30, 2011.

**General Fund Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2011
(in thousands)**

| | Original Budget | Final Budget | Actual | Variance Final Budget |
|--------------------------------------|----------------------------|-------------------------|-----------------|----------------------------------|
| Beginning fund balances, | | | | |
| July 1, 2010 | \$ 4,272 | \$ 4,816 | \$ 5,065 | \$ 249 |
| Resources: | | | | |
| Revenues | 13,536 | 13,536 | 13,328 | (208) |
| Transfers in | - | - | 3,430 | 3,430 |
| Total Resources | 13,536 | 13,536 | 16,758 | 3,222 |
| Appropriations: | | | | |
| Expenditures | 16,764 | 16,764 | 16,801 | 37 |
| Transfers out | - | - | 78 | 78 |
| Total Appropriations | 16,764 | 16,764 | 16,879 | 115 |
| Resources over appropriations | (3,228) | (3,228) | (121) | 3,107 |
| Ending fund balances, | | | | |
| June 30, 2011 | \$ 1,044 | \$ 1,588 | \$ 4,944 | \$ 3,356 |

Transfers

Transfers in to the General Fund are generally made to match restricted revenue with related costs that have been recorded in the General Fund. An example of this type of transfer is the special assessment revenue for EMS (Emergency Medical Services) that is used to pay wages of firefighters/paramedics. Transfers out of the General Fund are made to fund reserves or to provide for capital expenditures that have been recorded in capital project funds.

Operating Variances

The City experienced positive results for the year in a comparison of actual resources and appropriations to the budget. The budget projected a net decrease in fund balance of \$3,228,000, but the actual results were a net decrease of \$121,000, a positive variance of \$3,107,000.

Total revenues were below the budget by \$208,000. Negative revenue variances were realized in all revenue categories except sales taxes, licenses and permits, revenue from other agencies, and other revenue.

Total appropriations exceeded the budget by \$115,000, which was net of unbudgeted expenditures of \$20,000 for debt service. The majority of the budget savings were obtained from holding unfilled staff position vacant and reducing Police Department overtime.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Detailed information regarding composition and activity in capital assets is provided in Note 5 to the financial statements. The City's investment in capital assets for governmental and business-type activities as of June 30, 2011 amounted to \$60,285,221 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, furniture and fixtures, machinery and equipment, vehicles, streets, highways, drainage systems, and construction in progress.

The majority of the \$1,930,556 and \$1,585,703 increases in capital assets arose from the purchase of land at Pierce Street and Codornices Creek project, respectively.

Capital Assets, Net of Accumulated Depreciation
June 30, 2011 and 2010
 (thousands)

| | Governmental | | Business-type | | Total | |
|--|---------------------|------------------|----------------------|------------------|------------------|------------------|
| | Activities | | Activities | | | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Land and construction in progress | \$ 9,608 | \$ 7,262 | \$ - | \$ - | \$ 9,608 | \$ 7,262 |
| Facilities, infrastructure, and equipment, net | 36,473 | 36,063 | 14,204 | 14,214 | 50,677 | 50,277 |
| Total | \$ 46,081 | \$ 43,325 | \$ 14,204 | \$ 14,214 | \$ 60,285 | \$ 57,539 |

Long-term Debt

At June 30, 2011, the City had total long-term debts and obligations as summarized below.

Outstanding Long-term Obligations
June 30, 2011 and 2010
 (thousands)

| | Governmental | | Business-type | | Total | |
|---|---------------------|------------------|----------------------|-----------------|------------------|------------------|
| | Activities | | Activities | | | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| 1997 Refunding COPS | \$ 535 | \$ 780 | \$ - | \$ - | \$ 535 | \$ 780 |
| 2003 General obligation bonds | 6,860 | 7,040 | - | - | 6,860 | 7,040 |
| Civic Center Improvement general obligation bonds | 4,765 | 4,850 | - | - | 4,765 | 4,850 |
| General obligation bonds II | 6,190 | 6,300 | - | - | 6,190 | 6,300 |
| 2009 Street & Storm Drain parcel tax note | 3,230 | 3,465 | - | - | 3,230 | 3,465 |
| Lease purchase agreement | 312 | 344 | - | - | 312 | 344 |
| 2011 California Energy Commission | 291 | - | - | - | 291 | - |
| Subtotal | 22,183 | 22,779 | - | - | 22,183 | 22,779 |
| Sewer revenue bonds | - | - | 6,580 | 6,915 | 6,580 | 6,915 |
| Unamortized bond premium | 270 | 281 | - | - | 270 | 281 |
| Total | \$ 22,453 | \$ 23,060 | \$ 6,580 | \$ 6,915 | \$ 29,033 | \$ 29,975 |

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City issued Sewer Revenue bonds in the amount of \$8,675,000 in September 2004. The bond proceeds were used for defeasance of outstanding bonds of \$2,750,000, and the balance will be used for major sewer rehabilitation and replacement projects over the next four years. Additional information about the City's long-term debt can be found in Notes 6, 7 and 8 to the financial statements.

In November 2002, voters passed Measure F to authorize the issuance of \$14.5 million of general obligation bonds. The first issuance of \$8 million took place in fiscal year 2003. In November 2006, voters also passed Measure C to authorize the issuance of \$5 million of general obligation bonds. The Measure C bonds and the remaining \$6.5 million Measure F bonds were issued in August 2007. The proceeds from both issuances will be used for various capital facilities as approved by the voters of the City.

In April, 2009, the City issued a 12-year note in the amount of \$3,465,000 to finance the Curtis Neilson storm drain and sewer repair. The City pledged a portion of the storm drain and street paving parcel tax passed in 2007 for repayment of this note.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Albany is a full-service city, responsible for providing most of the essential services required by its citizens. The City's ability to provide high quality services to its citizens is dependent upon a stable revenue stream and consistent revenue growth over time. While the City's economic health is tied to the State and the Nation's economy, the economic fluctuations for the City have been moderate, and we expect them to continue to be moderate.

The City's major revenues include property taxes, sales taxes, and property transfer taxes. The growth of these tax revenues depends on the well being of the overall economy. The economy's impacts on these three revenue sources are discussed below.

The investments held in the City's Police & Fire Pension Plan have suffered major declines in value in 2007-08 and 2008-09. The Plan went from being fully funded to having an unfunded liability of approximately \$1.8 million at September 30, 2009. The City resumed annual contributions to the Plan in fiscal year 2009-10, and will continue contributions in fiscal year 2010-11. These contributions will come from the Pension Override Tax Fund.

Property tax is the City's largest revenue source, and current information as to reassessments indicate that an annual growth rate of one to two percent per year is possible, this is significantly below the six to eight percent growth experienced in recent years. Some counties in the State, including Alameda County, may experience declining property tax revenue as homes are sold for less than the current appraised value, and as existing property is reassessed to recognize the decline in market value. The decline in property values has been moderate in Albany, but the possibility exists that overall Alameda County declines could affect the allocation of property taxes to Albany. Home foreclosures are at all time highs in California, but Albany has seen only moderate increases in foreclosure activity, and while property sales are likely to remain below the average of recent years, severe price declines are not projected.

Sales tax is the third largest revenue source for the City. Albany has consistently outperformed surrounding cities in sales tax growth in most months, or experiencing smaller rates of decline over the last two years. In fiscal 2009-10, Albany's sales tax revenue increased while most other cities in the County experienced declines. In the first two quarters of fiscal 2010-11 Albany's revenue was even with the first two quarters of the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Property transfer tax is part of the franchise and other taxes category, which is the second largest revenue source for the City. The number of home sales in the first quarter of fiscal year 2010-11 was down 12% from the first quarter of fiscal year 2009-10, and revenue decreased 13% for the same period.

CalPERS, the state administered retirement system to which Albany belongs, incurred significant losses in its investment portfolio in both 2008 and 2009. While there was substantial recovery of market losses in 2010, CalPERS has found it necessary to significantly increase rates for 2010 and 2011, and they have alerted members to be prepared for additional increases in 2012.

Albany has maintained its retirement benefits at levels that can be sustained by reasonably expected growth in revenues. Also, Albany has made lump sum payments to reduce its unfunded retirement plan liabilities. As a result, the City has been able to absorb the increases in costs, but the City will face increasing costs each year for the foreseeable future.

Labor agreements expire March 2011 for SEIU, October 2011 for Police, and December 2011 for Fire/Paramedics. The poor outlook for the City's major revenue sources will limit the commitment that the City will be able to make for any increases in wages or benefits. Increases in the costs of medical care benefits remain a matter of concern as these cost will likely increase.

The City has no significant unfunded obligations for post employment benefits.

REQUESTS FOR INFORMATION

This financial report is designed to provide a comprehensive and understandable portrayal of the City's finances, and to fulfill the City's financial accountability to Albany citizens, governmental entities, and other interested parties. This report is available on the City's website at: <http://www.albanyca.org>, click Departments, Finance, Financial Reports. Questions about this report, requests to purchase printed or computer disk copies of this report, and requests for separate financial statements for the Albany Community Reinvestment Agency, and the City of Albany Police and Fire Relief or Pension Fund may be addressed to:

Finance Department
City of Albany
1000 San Pablo Avenue
Albany, CA 94706

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**GOVERNMENT-WIDE
FINANCIAL
STATEMENTS**

CITY OF ALBANY
STATEMENT OF NET ASSETS
JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

| | Governmental Activities | Business-Type Activities | Totals | |
|---|----------------------------|-----------------------------|----------------------|----------------------|
| | | | 2011 | 2010 |
| ASSETS | | | | |
| Current assets: | | | | |
| Operating cash and investments | \$ 28,607,528 | \$ 5,789,330 | \$ 34,396,858 | \$ 34,548,650 |
| Debt service reserves held with trustee | 411,409 | - | 411,409 | 424,516 |
| Receivables: | | | | |
| Taxes | 695,075 | - | 695,075 | 616,089 |
| Accounts | 504,691 | 20,189 | 524,880 | 625,742 |
| Interest | 38,793 | - | 38,793 | 27,757 |
| Current portion of note receivable | - | - | - | 9,466 |
| Prepaid items | 45,152 | - | 45,152 | - |
| Total current assets | <u>30,302,648</u> | <u>5,809,519</u> | <u>36,112,167</u> | <u>36,252,220</u> |
| Noncurrent assets: | | | | |
| Note receivable, net | - | - | - | 325,886 |
| Deferred charges, net | 430,228 | 131,731 | 561,959 | 599,775 |
| Capital assets: | | | | |
| Nondepreciable assets | 9,608,004 | - | 9,608,004 | 7,261,673 |
| Depreciable assets, net | 36,472,628 | 14,204,589 | 50,677,217 | 50,277,116 |
| Total capital assets, net | <u>46,080,632</u> | <u>14,204,589</u> | <u>60,285,221</u> | <u>57,538,789</u> |
| Total noncurrent assets | <u>46,510,860</u> | <u>14,336,320</u> | <u>60,847,180</u> | <u>58,464,450</u> |
| Total assets | <u>76,813,508</u> | <u>20,145,839</u> | <u>96,959,347</u> | <u>94,716,670</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 1,171,548 | 123,628 | 1,295,176 | 1,225,272 |
| Accrued salaries & benefits | 507,993 | - | 507,993 | 478,955 |
| Accrued liabilities | 1,130,739 | 250,735 | 1,381,474 | 820,941 |
| Compensated absences | 350,375 | - | 350,375 | 685,044 |
| Claims liabilities | 448,495 | - | 448,495 | 439,801 |
| Unearned revenue | 230,398 | - | 230,398 | 211,684 |
| Current portion of long-term debt | 951,993 | 370,000 | 1,321,993 | 1,241,521 |
| Total current liabilities | <u>4,791,541</u> | <u>744,363</u> | <u>5,535,904</u> | <u>5,103,218</u> |
| Noncurrent liabilities: | | | | |
| Compensated absences | 1,051,126 | - | 1,051,126 | 766,849 |
| Claims liabilities | 1,355,758 | - | 1,355,758 | 1,364,450 |
| Long-term debt, net | 21,231,949 | 6,209,558 | 27,441,507 | 28,734,050 |
| Total noncurrent liabilities | <u>23,638,833</u> | <u>6,209,558</u> | <u>29,848,391</u> | <u>30,865,349</u> |
| Total liabilities | <u>28,430,374</u> | <u>6,953,921</u> | <u>35,384,295</u> | <u>35,968,567</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 23,913,021 | 7,625,031 | 31,538,052 | 27,563,218 |
| Restricted | 20,630,075 | - | 20,630,075 | 21,156,261 |
| Unrestricted | 3,840,038 | 5,566,887 | 9,406,925 | 10,028,624 |
| Total net assets | <u>\$ 48,383,134</u> | <u>\$ 13,191,918</u> | <u>\$ 61,575,052</u> | <u>\$ 58,748,103</u> |

CITY OF ALBANY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for the Fiscal Year Ended June 30, 2010)

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Change in Net Assets | | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|----------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Primary Government | | Total |
| | | | | | | Business-type Activities | 2011 | |
| PRIMARY GOVERNMENT | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 3,867,294 | \$ 30,495 | \$ - | \$ 12,682 | \$ (3,824,117) | \$ - | \$ (3,824,117) | \$ (3,047,976) |
| Police | 5,735,298 | 243,245 | 170,838 | - | (5,321,215) | - | (5,321,215) | (4,730,897) |
| Fire and emergency medical services | 4,685,603 | 875,853 | 22,627 | - | (3,787,123) | - | (3,787,123) | (3,720,230) |
| Community development and environmental resources | 4,602,316 | 456,883 | 2,584,953 | 235,699 | (1,324,781) | - | (1,324,781) | (3,093,710) |
| Recreation and community services | 2,901,884 | 1,158,490 | 219,214 | - | (1,524,180) | - | (1,524,180) | (1,604,612) |
| Interest on long-term debt | 1,006,138 | - | - | - | (1,006,138) | - | (1,006,138) | (1,017,478) |
| Total governmental activities | <u>22,798,533</u> | <u>2,764,966</u> | <u>2,997,632</u> | <u>248,381</u> | <u>(16,787,554)</u> | <u>-</u> | <u>(16,787,554)</u> | <u>(17,214,903)</u> |
| Business-type activities: | | | | | | | | |
| Sewer | 1,582,796 | 2,434,019 | - | - | - | 851,223 | 851,223 | 1,525,071 |
| Total business-type activities | <u>1,582,796</u> | <u>2,434,019</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>851,223</u> | <u>851,223</u> | <u>1,525,071</u> |
| Change in net assets: | | | | | | | | |
| Net (expense) revenue | <u>\$ 24,381,329</u> | <u>\$ 5,198,985</u> | <u>\$ 2,997,632</u> | <u>\$ 248,381</u> | <u>(16,787,554)</u> | <u>851,223</u> | <u>(15,936,331)</u> | <u>(15,689,832)</u> |
| General revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes | | | | | 11,899,905 | | 11,899,905 | 11,583,072 |
| Sales taxes | | | | | 2,166,369 | | 2,166,369 | 2,119,189 |
| Franchise and other taxes | | | | | 3,782,690 | | 3,782,690 | 3,926,883 |
| Earnings on investments | | | | | 155,206 | 24,596 | 179,802 | 269,644 |
| Unrestricted revenues from other agencies | | | | | 388,593 | | 388,593 | 163,258 |
| Other revenue | | | | | 339,922 | | 339,922 | 661,627 |
| Transfers | | | | | <u>897,693</u> | <u>(891,694)</u> | <u>5,999</u> | <u>-</u> |
| Total general revenues and transfers | | | | | <u>19,630,378</u> | <u>(867,098)</u> | <u>18,763,280</u> | <u>18,723,673</u> |
| Change in net assets | | | | | 2,842,824 | (15,875) | 2,826,949 | 3,033,841 |
| Net assets, beginning of year | | | | | 45,540,310 | 13,207,793 | 58,748,103 | 55,714,262 |
| Net assets, end of year | | | | | <u>\$ 48,383,134</u> | <u>\$ 13,191,918</u> | <u>\$ 61,575,052</u> | <u>\$ 58,748,103</u> |

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FUND

FINANCIAL

STATEMENTS

CITY OF ALBANY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

| | Major Funds | | | | Total Governmental Funds | |
|--|---------------------|----------------------|--------------------|--------------------------|--------------------------|----------------------|
| | General Fund | Street & Storm Funds | Reinvestment | Other Governmental Funds | 2011 | 2010 |
| ASSETS | | | | * | ** | |
| Operating cash and investments | \$ 4,217,190 | \$ 3,635,475 | \$ 136,937 | \$ 17,359,220 | \$ 25,348,822 | \$ 25,259,888 |
| Debt service reserves held with trustee | - | - | - | 411,409 | 411,409 | 424,516 |
| Receivables: | | | | | | |
| Taxes | 561,872 | - | 34,175 | 99,028 | 695,075 | 616,089 |
| Accounts | 225,159 | - | 6,003 | 273,529 | 504,691 | 623,324 |
| Interest | 38,793 | - | - | - | 38,793 | 27,757 |
| Note | - | - | - | - | - | 335,352 |
| Prepaid items | 45,152 | - | - | - | 45,152 | - |
| Due from other funds | 243,937 | - | - | - | 243,937 | 397,503 |
| Advances to other funds | 1,554,718 | - | - | - | 1,554,718 | 686,203 |
| Total assets | \$ 6,886,821 | \$ 3,635,475 | \$ 177,115 | \$ 18,143,186 | \$ 28,842,597 | \$ 28,370,632 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 989,164 | \$ 10,213 | \$ 1,237 | \$ 117,982 | \$ 1,118,596 | \$ 1,198,409 |
| Accrued salaries & benefits | 489,320 | - | 2,638 | 16,035 | 507,993 | 478,955 |
| Accrued liabilities | 269,268 | 14,512 | 69,916 | 363,146 | 716,842 | 283,212 |
| Due to other funds | - | - | - | 243,937 | 243,937 | 397,503 |
| Deferred revenue | 194,616 | - | 35,782 | - | 230,398 | 211,684 |
| Advances from other funds | - | - | 1,150,000 | 404,718 | 1,554,718 | 686,203 |
| Total liabilities | 1,942,368 | 24,725 | 1,259,573 | 1,145,818 | 4,372,484 | 3,255,966 |
| Fund balances | | | | | | |
| Nonspendable | | | | | | |
| Prepaid items | 45,152 | - | - | - | 45,152 | - |
| Notes receivable | - | - | - | - | - | 335,352 |
| | 45,152 | - | - | - | 45,152 | 335,352 |
| Restricted | | | | | | |
| Debt service | - | - | - | 1,359,716 | 1,359,716 | 1,687,444 |
| Capital projects | - | 3,610,750 | - | 458,601 | 4,069,351 | 4,680,604 |
| Grants | - | - | - | 309,532 | 309,532 | 210,111 |
| Highway and streets | - | - | - | 520,673 | 520,673 | 946,202 |
| Special assessments | - | - | - | 637,954 | 637,954 | 578,207 |
| Housing | - | - | - | 676,880 | 676,880 | 586,461 |
| Other | - | - | - | 2,430,370 | 2,430,370 | 1,791,925 |
| | - | 3,610,750 | - | 6,393,726 | 10,004,476 | 10,480,954 |
| Committed | | | | | | |
| Capital projects | - | - | - | 10,625,599 | 10,625,599 | 9,683,636 |
| Assigned | | | | | | |
| Advances to other funds | 1,554,718 | - | - | - | 1,554,718 | 686,203 |
| Equipment replacement | 179,108 | - | - | - | 179,108 | 176,891 |
| | 1,733,826 | - | - | - | 1,733,826 | 863,094 |
| Unassigned | 3,165,475 | | (1,082,458) | (21,957) | 2,061,060 | 3,751,630 |
| Total fund balances | 4,944,453 | 3,610,750 | (1,082,458) | 16,997,368 | 24,470,113 | 25,114,666 |
| Total liabilities and fund balances | \$ 6,886,821 | \$ 3,635,475 | \$ 177,115 | \$ 18,143,186 | \$ 28,842,597 | \$ 28,370,632 |

CITY OF ALBANY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Reconciliation for June 30, 2010)

| | 2011 | 2010 |
|---|----------------------|----------------------|
| Total Fund Balances - Total Governmental Funds (Page B3) | \$ 24,470,113 | \$ 25,114,666 |

Amounts reported for governmental activities in the statement of net assets are different because:

Deferred charges represent costs associated with the issuance of long-term debt which are deferred and amortized over the period which the debt is outstanding. The costs are reported as expenditures of the current period in the governmental funds:

| | | |
|---|---------|---------|
| 1997 Refunding COPS | 16,424 | 28,018 |
| 2003 General Obligation Bonds | 65,021 | 67,988 |
| Civic Center Improvement General Obligation Bonds | 87,089 | 90,428 |
| 2003 General Obligation Bonds II | 154,060 | 159,967 |
| 2009 Street Paving & Storm Drain Parcel Tax Note | 107,634 | 111,512 |

Capital assets used in governmental activities are not current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.

| | | |
|-------------------------------|--------------|-------------|
| Nondepreciable | 9,608,004 | 7,261,673 |
| Depreciable | 47,545,337 | 45,331,649 |
| Less accumulated depreciation | (11,072,709) | (9,268,808) |

Long-term liabilities are not due and payable in the current period and, therefore, were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:

| | | |
|---|-------------|-------------|
| 1997 Refunding COPS | (535,000) | (780,000) |
| 2003 General Obligation Bonds | (6,860,000) | (7,040,000) |
| Civic Center Improvement General Obligation Bonds | (4,765,000) | (4,850,000) |
| 2003 General Obligation Bonds II | (6,190,000) | (6,300,000) |
| Parcel Tax Note | (3,230,501) | (3,465,156) |
| Capital Lease | (312,636) | (344,502) |
| California Energy Commission LED Replacement Loan | (290,805) | |

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.

| | | |
|--|-----------|-----------|
| | (413,897) | (430,098) |
|--|-----------|-----------|

Cost incurred in issuance of General Obligation Bonds not included in Governmental Funds financial statements

| | | |
|--|---|-----------|
| | - | (280,544) |
|--|---|-----------|

Internal service funds are used by management to charge costs of certain activities such as equipment replacement, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-wide Statement of Net Assets.

| | | |
|--|---|---------|
| | - | 133,517 |
|--|---|---------|

Net Assets of Governmental Activities (Page B1)

| | | |
|--|----------------------|----------------------|
| | \$ 48,383,134 | \$ 45,540,310 |
|--|----------------------|----------------------|

CITY OF ALBANY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | Major Funds | | | | Total Governmental Funds | |
|---|---------------------|----------------------|-----------------------|--------------------------|--------------------------|----------------------|
| | General Fund | Street & Storm Funds | Reinvestment | Other Governmental Funds | 2011 | 2010 |
| REVENUES | * | ** | ** | *** | | |
| Property taxes | \$ 5,015,739 | \$ 965,985 | \$ 353,239 | \$ 5,564,942 | \$ 11,899,905 | \$ 11,583,072 |
| Sales taxes | 2,166,369 | - | - | - | 2,166,369 | 2,119,189 |
| Franchise and other taxes | 3,723,510 | - | - | 59,180 | 3,782,690 | 3,926,883 |
| Licenses and permits | 181,963 | - | - | 10,573 | 192,536 | 183,001 |
| Fines and forfeitures | 189,530 | - | - | - | 189,530 | 271,499 |
| Earnings on investments | 72,014 | 12,061 | 1,440 | 73,053 | 158,568 | 245,516 |
| Revenues from other agencies | 148,154 | - | - | 3,224,760 | 3,372,914 | 1,924,114 |
| Current services charges | 1,528,927 | - | - | 744,637 | 2,273,564 | 2,146,469 |
| Other revenue | 301,747 | - | 6,003 | 399,838 | 707,588 | 966,340 |
| Total revenues | 13,327,953 | 978,046 | 360,682 | 10,076,983 | 24,743,664 | 23,366,083 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 2,931,926 | - | 261,575 | 363,731 | 3,557,232 | 3,216,985 |
| Police | 5,466,542 | - | - | 107,687 | 5,574,229 | 5,172,781 |
| Fire and emergency medical services | 4,251,265 | - | - | 74,294 | 4,325,559 | 4,269,418 |
| Community development and environmental resources | 2,172,215 | 28,127 | - | 853,561 | 3,053,903 | 4,176,049 |
| Recreation and community services | 1,959,624 | - | - | 724,920 | 2,684,544 | 2,616,889 |
| Capital outlay | - | 465,473 | 856,148 | 3,872,801 | 5,194,422 | 6,391,342 |
| Debt service: | | | | | | |
| Principal | 4,329 | - | - | 882,192 | 886,521 | 805,488 |
| Interest | 15,271 | - | 1,470 | 992,759 | 1,009,500 | 1,041,027 |
| Total expenditures | 16,801,172 | 493,600 | 1,119,193 | 7,871,945 | 26,285,910 | 27,689,979 |
| REVENUES OVER (UNDER) EXPENDITURES | (3,473,219) | 484,446 | (758,511) | 2,205,038 | (1,542,246) | (4,323,896) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 3,430,101 | - | 34,073 | 2,485,838 | 5,950,012 | 4,622,999 |
| Transfers out | (77,905) | (391,384) | (650,000) | (3,933,030) | (5,052,319) | (3,710,273) |
| Total other financing sources (uses) | 3,352,196 | (391,384) | (615,927) | (1,447,192) | 897,693 | 912,726 |
| Net change in fund balances | (121,023) | 93,062 | (1,374,438) | 757,846 | (644,553) | (3,411,170) |
| Fund balances, beginning of year | 5,065,476 | 3,517,688 | 291,980 | 16,239,522 | 25,114,666 | 28,525,836 |
| Fund balances, end of year | \$ 4,944,453 | \$ 3,610,750 | \$ (1,082,458) | \$ 16,997,368 | \$ 24,470,113 | \$ 25,114,666 |

* See page D2 for budget comparisons.

** See page D49 for budget comparisons.

*** See page D5 for schedule of funds.

CITY OF ALBANY

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

FISCAL YEAR ENDED JUNE 30, 2011

(Comparative Totals: Fiscal Year Ended June 30, 2010)

| | <u>2011</u> | <u>2010</u> |
|--|----------------------------|----------------------------|
| Net Changes in Fund Balances - Total Governmental Funds | \$ (644,553) | \$ (3,411,170) |
| <p>Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets are different because:</p> | | |
| <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> | | |
| Capitalized expenditures | 4,773,934 | 6,388,738 |
| Depreciation expense | (2,088,420) | (1,686,297) |
| Principal repayments on long-term debt | 886,521 | 805,488 |
| <p>Some expenses reported in the Statement of Activities and Changes in Net Assets do not require the use of current financial resources and therefore are not reported as expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances.</p> | | |
| Amortization of bond premium | 10,358 | 10,358 |
| Amortization of bond issuance costs | 18,416 | (24,775) |
| Change in accrued interest payable | 20,085 | (64,105) |
| Internal service funds are used by management to charge the costs of certain activities, such as equipment replacement, to individual funds. The net revenue (expense) of the internal service funds is reported in the Statement of Activities and Changes in Net Assets but not in the Statement of Revenues, Expenditures and Changes in Fund Balances. | <u>(133,517)</u> | <u>355,581</u> |
| Total Changes in Net Assets of Governmental Activities | <u>\$ 2,842,824</u> | <u>\$ 2,373,818</u> |

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PROPRIETARY FUNDS

FINANCIAL

STATEMENTS

**CITY OF ALBANY
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2011**

(With Comparative Totals for June 30, 2010)

| | 2011 | | 2010 | |
|---|---|--|---|--|
| | Business-Type Activities- Enterprise Fund Sewer Fund | Governmental Activities- Internal Service Funds | Business-Type Activities- Enterprise Fund Sewer Fund | Governmental Activities- Internal Service Funds |
| ASSETS | | | | |
| Current assets: | | | | |
| Operating cash and investments | \$ 5,789,330 | \$ 3,258,706 | \$ 5,860,837 | \$ 3,427,925 |
| Accounts receivable | 20,189 | - | 2,418 | - |
| Total current assets | <u>5,809,519</u> | <u>3,258,706</u> | <u>5,863,255</u> | <u>3,427,925</u> |
| Noncurrent assets: | | | | |
| Deferred charges, net | 131,731 | - | 141,863 | - |
| Capital assets, net | 14,204,589 | - | 14,214,275 | - |
| Total noncurrent assets | <u>14,336,320</u> | <u>-</u> | <u>14,356,138</u> | <u>-</u> |
| Total assets | <u>20,145,839</u> | <u>3,258,706</u> | <u>20,219,393</u> | <u>3,427,925</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 123,628 | 52,952 | 4,998 | 22,170 |
| Accrued liabilities | 250,735 | - | 91,233 | 16,094 |
| Compensated absences | - | 350,375 | - | 685,044 |
| Claims liabilities | - | 448,495 | - | 439,801 |
| Current portion of long-term debt | 370,000 | - | 355,000 | - |
| Total current liabilities | <u>744,363</u> | <u>851,822</u> | <u>451,231</u> | <u>1,163,109</u> |
| Noncurrent liabilities: | | | | |
| Compensated absences | - | 1,051,126 | - | 766,849 |
| Claims liabilities | - | 1,355,758 | - | 1,364,450 |
| Long-term debt | 6,209,558 | - | 6,560,369 | - |
| Total noncurrent liabilities | <u>6,209,558</u> | <u>2,406,884</u> | <u>6,560,369</u> | <u>2,131,299</u> |
| Total liabilities | <u>6,953,921</u> | <u>3,258,706</u> | <u>7,011,600</u> | <u>3,294,408</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 7,625,031 | - | 7,298,906 | - |
| Restricted for capital projects | 1,209,374 | - | 1,107,071 | - |
| Unrestricted | 4,357,513 | - | 4,801,816 | 133,517 |
| Total net assets | <u>\$ 13,191,918</u> | <u>\$ -</u> | <u>\$ 13,207,793</u> | <u>\$ 133,517</u> |

CITY OF ALBANY
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(With Comparative Totals for the Fiscal Year Ended June 30, 2010)

| | 2011 | | 2010 | |
|---|---|--|---|--|
| | Business-Type Activities- Enterprise Fund Sewer Fund | Governmental Activities- Internal Service Funds | Business-Type Activities- Enterprise Fund Sewer Fund | Governmental Activities- Internal Service Funds |
| OPERATING REVENUES | | | | |
| Services charges | \$ 2,434,019 | \$ 634,409 | \$ 2,188,255 | \$ 333,794 |
| Total operating revenue | <u>2,434,019</u> | <u>634,409</u> | <u>2,188,255</u> | <u>333,794</u> |
| OPERATING EXPENSES | | | | |
| Insurance premiums | - | 634,409 | - | 383,145 |
| Net self insurance accrual | - | 133,517 | - | (404,932) |
| Materials, supplies and other | 146,101 | - | 43,556 | - |
| Major repairs | 799,520 | - | - | - |
| Depreciation | 373,999 | - | 315,119 | - |
| Total operating expenses | <u>1,319,620</u> | <u>767,926</u> | <u>387,998</u> | <u>(21,787)</u> |
| Operating income (loss) | <u>1,114,399</u> | <u>(133,517)</u> | <u>1,800,257</u> | <u>355,581</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest income | 24,596 | - | 47,677 | - |
| Interest expense | (263,176) | - | (275,186) | - |
| Net nonoperating revenues (expenses) | <u>(238,580)</u> | <u>-</u> | <u>(227,509)</u> | <u>-</u> |
| Income (loss) before transfers | 875,819 | (133,517) | 1,572,748 | 355,581 |
| Transfers out | (891,694) | - | (912,725) | - |
| Net transfers | <u>(891,694)</u> | <u>-</u> | <u>(912,725)</u> | <u>-</u> |
| Changes in net assets | (15,875) | (133,517) | 660,023 | 355,581 |
| Net assets, beginning of year | <u>13,207,793</u> | <u>133,517</u> | <u>12,547,770</u> | <u>(222,064)</u> |
| Net assets, end of year | <u>\$ 13,191,918</u> | <u>\$ -</u> | <u>\$ 13,207,793</u> | <u>\$ 133,517</u> |

CITY OF ALBANY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for the Fiscal Year Ended June 30, 2010)

| | 2011 | | 2010 | |
|---|---|--|---|--|
| | Business-Type Activities- Enterprise Fund Sewer Fund | Governmental Activities- Internal Service Funds | Business-Type Activities- Enterprise Fund Sewer Fund | Governmental Activities- Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers | \$ 2,416,248 | \$ 634,409 | \$ 2,208,120 | \$ 333,794 |
| Cash paid to suppliers | (638,168) | (803,628) | (79,362) | (208,103) |
| Net cash provided by (used by) operating activities | <u>1,778,080</u> | <u>(169,219)</u> | <u>2,128,758</u> | <u>125,691</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Increase (decrease) Due to General Fund | | | | (222,351) |
| Transfers out to other funds | (891,694) | - | (912,725) | - |
| Claims and Workers' Compensation liabilities transferred to General Fund | - | - | - | - |
| Net cash provided by (used by) no capital financing activities | <u>(891,694)</u> | <u>-</u> | <u>(912,725)</u> | <u>(222,351)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets | (364,313) | - | (416,177) | - |
| Principal payments - bonds | (355,000) | - | (350,000) | - |
| Interest paid | (263,176) | - | (275,186) | - |
| Net cash provided by (used by) capital and related financing activities | <u>(982,489)</u> | <u>-</u> | <u>(1,041,363)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received | 24,596 | - | 47,677 | - |
| Net cash provided by investing activities | <u>24,596</u> | <u>-</u> | <u>47,677</u> | <u>-</u> |
| Net change in cash and cash equivalents | (71,507) | (169,219) | 222,347 | (96,660) |
| Cash and cash equivalents at beginning of year | 5,860,837 | 3,427,925 | 5,638,490 | 3,524,585 |
| Cash and cash equivalents at end of year | <u>\$ 5,789,330</u> | <u>\$ 3,258,706</u> | <u>\$ 5,860,837</u> | <u>\$ 3,427,925</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | \$ 1,114,399 | \$ (133,517) | \$ 1,800,257 | \$ 355,581 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Increase (decrease) in compensated absences | - | (50,392) | - | 147,462 |
| Increase (decrease) in net self insurance accrual | - | 2 | - | (401,154) |
| Depreciation and amortization expense | 373,999 | - | 344,442 | - |
| Changes in assets and liabilities: | | | | |
| Decrease (increase) in accounts receivable and deferred charges | 11,550 | - | 19,864 | - |
| Increase (decrease) in accounts payable and accrued liabilities | 278,132 | 14,688 | (35,805) | 23,802 |
| Net cash provided by (used by) operating activities | <u>\$ 1,778,080</u> | <u>\$ (169,219)</u> | <u>\$ 2,128,758</u> | <u>\$ 125,691</u> |

FIDUCIARY FUNDS

FINANCIAL

STATEMENTS

CITY OF ALBANY
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

| | <u>2011</u> | | <u>2010</u> | |
|---|------------------------------|-----------------|------------------------------|-----------------|
| | <u>Pension</u> | Agency Funds | <u>Pension</u> | Agency Funds |
| | <u>Trust Fund</u> | | <u>Trust Fund</u> | |
| | (Police and Fire Pension) | | (Police and Fire Pension) | |
| ASSETS | | | | |
| Operating cash and investments | \$ 9,582 | \$ 519,379 | \$ 6,463 | \$ 630,332 |
| Debt service reserves held with trustee | | 479,824 | - | 479,824 |
| Receivables: | | * | | |
| Interest | 171 | - | 296 | - |
| Other | 300,000 | - | - | 64,605 |
| Investments, at fair value: | | | | |
| Local Agency Investment Fund | 97,000 | - | 57,000 | - |
| Cash and Money Market Fund | 452,546 | - | 130,000 | - |
| Mutual funds | 10,059,454 | - | 10,131,324 | - |
| Total investments, fair value | 10,609,000 | - | 10,318,324 | - |
| Total assets | 10,918,753 | \$ 999,203 | 10,325,083 | \$ 1,174,761 |
| LIABILITIES | | | | |
| Accounts payable | - | \$ 7,857 | - | \$ 101,640 |
| Due to bondholders | - | 870,977 | - | 827,723 |
| Member deposits | - | 28,368 | - | 37,354 |
| Refundable deposits | - | 92,001 | - | 208,044 |
| Total liabilities | - | 999,203 | - | 1,174,761 |
| NET ASSETS | | | | |
| Assets held in trust for pension benefits | 10,918,753 | | 10,325,083 | |
| Total net assets | \$ 10,918,753 | | \$ 10,325,083 | |

* See page D59 for schedule of funds.

CITY OF ALBANY
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | <u>2011</u> | <u>2010</u> |
|--|---|---|
| | Pension Trust Fund (Police and Fire Pension) | Pension Trust Fund (Police and Fire Pension) |
| ADDITIONS | | |
| Contributions: | | |
| Employer | \$ 300,000 | \$ 300,000 |
| Total contributions | <u>300,000</u> | <u>300,000</u> |
| Investment income: | | |
| Net appreciation (depreciation) in fair value of investments | 1,388,224 | 1,102,285 |
| Interest | 874 | 4,196 |
| Dividends | 382,536 | 346,919 |
| Total investment income (loss) | <u>1,771,634</u> | <u>1,453,400</u> |
| Less investment expenses | | 42,197 |
| Net investment income (loss) | <u>1,771,634</u> | <u>1,411,203</u> |
| Total additions (subtractions) to net assets | <u>2,071,634</u> | <u>1,711,203</u> |
| DEDUCTIONS | | |
| Benefits paid | 1,416,172 | 1,397,580 |
| Administrative expenses | 61,762 | 22,412 |
| Other expenses | 30 | 47 |
| Total deductions from net assets | <u>1,477,964</u> | <u>1,420,039</u> |
| Changes in net assets | 593,670 | 291,164 |
| Net assets, beginning of year | <u>10,325,083</u> | <u>10,033,919</u> |
| Net assets, end of year | <u>\$ 10,918,753</u> | <u>\$ 10,325,083</u> |

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**NOTES TO
BASIC FINANCIAL
STATEMENTS**

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – Background

The City of Albany is a largely residential community located on San Francisco Bay in Alameda County, California. The City was incorporated in 1908. The population as of January 2010 was 18,539 as estimated by the U.S. Census Bureau, 2010 Census.

The City operates under the Council-City Manager form of government, with a full-time City Manager. The governing body is a five-member council, with one council member serving as mayor. Other elected officials are the City Treasurer and the City Attorney.

In addition to finance and administrative functions, the City Manager oversees 97 full-time equivalent employees in the functions of:

- *Police services* - the Police Department is composed of a Chief of Police, two Lieutenants, five Sergeants, an Administrative Supervisor, fourteen patrol officers, three Detectives, six Public Safety Dispatchers, and various support services personnel for the equivalent of thirty-seven full-time employees. In addition to enforcement of laws and protection of life and property, the department supports the Albany Police Activities League (APAL) and numerous other community service programs.
- *Fire and Emergency Medical Services* - the Fire and Emergency Medical Services Department is composed of a Chief, a Battalion Chief, and eighteen fire fighters and paramedic personnel. The Fire Department is responsible for operation of the City's Emergency Operations Center. Department personnel perform numerous services to benefit the community, such as Christmas toy drives, sale of low cost bicycle helmets and conducting CPR courses.
- *Recreation and Community Services* - the City provides many recreational activities for its citizens, with emphasis on services to youth and seniors. City owned recreational facilities operated by the department are:
 - Community Center
 - Senior Center
 - Memorial Park Child Care Center
 - Albany Teen Center
- *Community Development and Environmental Resources* - the functions of City infrastructure maintenance and administration of licensing, permit and zoning activities are assigned to this department. The department is composed of the following two divisions:
 - Planning and Building
 - Environmental Resources
- *Finance and Administrative Services* – performs financial accounting, budgeting, insurance administration, investment management, capital projects accounting, and other finance and administrative tasks, as required.
- *Public Works* – responsibilities include the design, construction and maintenance of all City-owned facilities including streets, sewers, storm drains, parks, buildings, and grounds.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – Summary of Significant Accounting Policies

The following is a summary of the accounting policies of the City, which conform with generally accepted accounting principles in the United States of America as applicable to governments.

A. Reporting Entity

The financial statements of the City include the financial activities of the City as well as separate legal entities, called component units, which are controlled by or dependent on the City. While these are separate legal entities, the City Council may serve, in separate session, as their governing body and their financial activities are integral to those of the City. Their financial activities have been aggregated and merged (termed “blending”) with those of the City, in the accompanying financial statements except for the Pension Trust.

- *The City of Albany Police and Fire Relief or Pension Fund (Trust)* is a separate legal trust whose purpose is to provide pension benefits for certain eligible City employees. The Trust’s governing board is composed of a City Council person, City Treasurer, City Clerk, and two members of the Trust. All accounting and administrative functions are performed by the City. The activities of the Trust have been included in the Police and Fire Relief Pension Trust Fund. Separate financial statements for the Trust may be obtained from the City of Albany administrative offices located at 1000 San Pablo Avenue, Albany, CA 94706.
- *The City of Albany Public Facilities Financing Authority* is a financing authority whose purpose is to provide financing assistance to the City for acquiring real property and improvements for the benefit of the City and surrounding areas. The Authority’s board is composed of the City Council, and all accounting and administrative functions are performed by City staff. The Authority is dependent upon the City for its cash flows, and the activities of the Authority have been recorded in the Public Facilities Financing Authority Debt Service Fund of the City. Separate financial statements are not issued for this entity.
- *The City of Albany Community Reinvestment Agency (Agency)* was activated in the 1998-99 fiscal year pursuant to the State of California Health and Safety Code Section 33000, entitled “Community Redevelopment Law.” Its purpose is to prepare and carry out plans for improvements, rehabilitation, and redevelopment of blighted areas within territorial limits of the City of Albany. The Agency meets the definition of a “component unit”, and is presented on a “blended” basis, as if part of the primary government. Although it is a legally separate entity, the governing board of the Agency is comprised of the same membership as the City Council. The City may impose its will on the Agency, including the ability to appoint, hire, reassign, or dismiss management. There is also a financial benefit/burden relationship between the City and the Agency. Separate financial statements for the Agency can be obtained from the City of Albany administrative offices located at 1000 San Pablo Avenue, Albany, CA 94706.
- *Albany Municipal Services Joint Powers Authority (Authority)* was established by the City of Albany and the Albany Community Reinvestment Agency to employ management employees of the City that are not members of an organized bargaining unit. Members of the City Council serve on the governing board, and the City reimburses the Authority for all expenses. Because the Authority’s financial activities are related solely to those of the City, they are included in the City’s financial statements. Separate financial statements are not issued for this entity.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting/Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements

The City Government-wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type Activities for the City, accompanied by a total column. Internal Service Funds activities are excluded to avoid “doubling up” revenues and expenses. Fiduciary activities of the City are not included in the government-wide statements.

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities and Changes in Net Assets presents revenues, expenditure and fund transfers that produce changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which the liability is incurred.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

Certain eliminations have been made in regards to interfund activities, payables and receivables. The City does not have internal payments that are treated as program revenue. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, transactions between governmental and business-type activities have not been eliminated.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting/Measurement Focus (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements.

Revenues subject to accrual are property taxes, franchise taxes, interest revenue, and charges for services. Sales taxes collected and held by the State at year-end on behalf of the City also are recognized as revenue. Licenses and permits are not subject to accrual because, generally, they are not measurable until received in cash.

Expenditures are generally recognized when a liability is incurred, under the modified accrual basis of accounting. Principal and interest on general long-term debt are recognized when due. Financial resources are appropriated in other funds for transfer to a debt service fund in the period in which maturing debt principal and interest must be paid. Thus, amounts are not current liabilities of the debt service fund, as their settlement will not require expenditure of existing fund assets.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting/Measurement Focus (Continued)

All governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The statement of revenues, expenditures and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as subject to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The major governmental funds of the City are:

- *General Fund* – This is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- *Street & Storm Funds* – This fund is used to record property tax revenues, debt proceeds and expenditures for various street and storm drain projects.
- *Reinvestment Fund* – This fund is used to account for activities of the Albany Community Reinvestment Agency.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

The City of Albany reports the Sewer Enterprise Fund as a major proprietary fund type. The Sewer Enterprise Fund accounts for sewage transmission provided to City residents. The cost of this service, including depreciation, is recovered through user charges.

The City's internal service funds at June 30, 2011 are the Workers' Compensation Fund, General Liability Fund, and the Compensated Absences Fund. The Workers' Compensation Fund is used to cover known and unknown claims that may occur relating to worker injuries. The General Liability Fund is used to cover future general liability claims against the City. The Compensated Absences Fund is used to reserve funds required to pay off accrued liabilities for vacations, compensatory time and sick leave upon employees' retirement or other termination of employment.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting/Measurement Focus (Continued)

Proprietary funds are accounted for using the *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund; all other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund, and all other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a statement of net assets and a statement of changes in net assets. The City's fiduciary funds represent agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City includes in its Comprehensive Annual Financial Report (CAFR) the Police and Fire Pension Trust Fund, which accounts for the activities of the Police and Fire Relief or Pension Fund Trust.

Agency funds are custodial in nature and do not require reporting of the results of operations and no measurement focus is applied to these funds. The accrual basis of accounting is utilized for reporting revenues and expenditures in agency funds. The City collects and distributes fees, special assessments, and deposits for outside parties based on agreements. Agency fund transactions are presented in the statement of changes in fiduciary assets and liabilities on page D61.

C. Revenue Recognition for the Sewer Enterprise Fund

Sewer service charges are billed and collected by the Alameda County Auditor-Controller's Office. Semi-annual payments are due November 1 and February 1 of the fiscal year in which the service is provided. Any charges billed but not received, as of the end of the fiscal year, are accrued.

D. Compensated Absences

City employees have a vested interest in accrued vacation time and twenty-five percent of accrued sick leave time. This accrued leave time will eventually be used by employees or paid-off by the City. The City has obligations for accrued vacation and sick leave in the amount of \$1,401,501, which is recorded in the Compensated Absences Internal Service Fund. The current portion of the liability is \$661,268, (based on actual and anticipated payouts made between June 30, 2011 and the preparation of this report) and the noncurrent portion is \$740,233.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – Summary of Significant Accounting Policies (Continued)

E. Property Tax

Alameda County officials assess property, issue assessments and collect the tax proceeds. The County distributes taxes, plus any related interest and penalties, to the City.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and become delinquent on August 31.

The term “unsecured” refers to taxes on personal property other than real estate, land, and buildings, which are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

F. Cash and Cash Equivalents, and Cash Flows

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Proprietary fund types operating cash and investments have been used to prepare the statements of cash flows. Debt service reserves with trustees have original maturity terms of more than three months, and are not included as cash equivalent in the statement of cash flows. For the purpose of the statement of cash flows of the proprietary funds types, cash and cash equivalents include all investments, as the City operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

G. Prepaid Items

Prepaid items represent amounts paid in advance for a benefit not yet received. This type of expenditure normally includes costs paid in one fiscal year (or period) that benefits a future year (or period). The City uses the consumption method of accounting for prepaid items under which purchases are debited to a prepaid asset account and are recorded as expenditures or expenses when used.

H. Capital Assets

Governmental activity capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Infrastructure assets include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Capital assets are recorded at cost and depreciated over their estimated useful lives. Depreciation is charged to governmental activities, by function.

Business-type activity capital assets are recorded at cost and depreciated over their estimated useful lives. The purpose of depreciation is to spread the costs of business-type capital assets equitably among all customers over the life of these assets, so that each customer’s bill includes a pro rata share of the cost of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of the cost of business-type activities capital assets.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

The capitalization threshold for capital assets is \$5,000 with a useful life of at least two years. Depreciation of capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, accumulated depreciation, is reported on the Statement of Net Assets as a reduction in the book value of capital assets.

Depreciation of capital assets in service is provided using the straight-line method, which means the cost of the asset is divided by its expected useful life in years, and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets.

| | |
|-----------------------------------|-------------|
| Buildings | 20-50 years |
| Improvements other than buildings | 20 years |
| Furniture and fixtures | 5-10 years |
| Machinery and equipment | 5-10 years |
| Vehicles | 5 years |
| Sewer transmission lines | 50 years |
| Infrastructure | 20-70 years |

I. Deferred Compensation Plan

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them; distributions may be made only at termination of employment, retirement, death, or in an emergency as defined by the plan.

J. New Accounting Pronouncements

The city implemented the following GASB statements during fiscal year 2011:

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

This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement were effective for financial statements for periods beginning after June 15, 2010.

GASB Statement No. 59, Financial Instruments Omnibus

This statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools.

K. Use of Estimates

The preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – Summary of Significant Accounting Policies (Continued)

L Fund Balances

Fund Financial Statements

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). The new classification of fund balances is as follows:

Nonspendable Fund Balances

These include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact, e.g., the principal of an endowment fund. Examples of “not in spendable form” include prepaid amounts, long-term notes and loans, and other items not expected to be converted to cash. However, if the proceeds from the eventual sale or liquidation of the items would be considered restricted, committed or assigned (as defined further on) then these amounts would be included in the restricted, committed or assigned instead of the nonspendable classification. A debt service reserve fund held by a trustee is an example of fund balance in nonspendable form that is classified as restricted instead of nonspendable since the reserve is eventually liquidated to make the final debt service principal payment.

Restricted Fund Balances

Restricted fund balances have externally enforceable limitations on use. The limitations on use can be imposed by creditors, grantors, or contributors as well as by constitutional provisions, City charter, enabling legislation, laws and government regulations. Examples of funds subject to limitation by grantors include FEMA assistance to firefighters grants for safety equipment, the Office of Traffic Safety grant for the Selective Traffic Enforcement Program, and Community Block Development Grants.

Taxes and assessments collected under voter-approved indebtedness, revenues pledged by indenture to secure debt repayment, debt service reserve funds and the unspent fund balances from these revenues are examples of fund balances subject to limitations imposed by creditors. Developer impact fees, Measure A sales tax, the gas tax, and the Redevelopment tax increment are examples of revenue enabled by legislation or government regulation for which the unspent balance would be classified as restricted in the fund within which they are accounted.

Committed Fund Balances

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council are classified as committed fund balances. In the City of Albany, this category generally is comprised of the General Fund transfers committed to specific projects in Capital Improvement Program and the Major Planning Fund.

Assigned Fund Balances

Fund balance amounts for which there is an expressed intent for use, but formal action to commit funds has not been taken by the City Council, are reported as assigned under GASB 54. Assigned fund balances include short-term advances from the General Fund to other funds, and equipment replacement reserves.

**CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

L Fund Balances, Continued

Unassigned Fund Balance

The residual balance of fund remaining after classification of the fund as described above, is classified as Unassigned. Only the General Fund may report a positive unassigned fund balance.

Hierarchy of Expenditures to Classify Fund Balance Amounts

To determine the composition of ending fund balances, the Council established the order in which restricted and unrestricted (committed, assigned and unassigned) funds are to be expended. To this purpose, for expenditures made in any governmental fund, the restricted amounts will be reduced first, followed by committed amounts, assigned amounts, and then unassigned amounts.

M. Reclassifications/Comparative Data

Changes in the level of activities in selected funds have required that funds be grouped differently in the current year than they were grouped in the prior year. To provide comparative prior year totals, some funds have been reclassified from the prior year classifications to conform with the current year classifications. Prior year total columns on the accompanying financial statements are not necessary for a fair presentation of the financial statements, but are presented to facilitate financial analysis.

NOTE 3 – Operating Cash and Investments

The City's dependence on property tax receipts and seasonal revenue sources requires it to maintain significant cash reserves to finance operations. Except for debt service reserves with trustees, bond proceeds from special assessment districts, and bond proceeds from sewer revenue bonds, the City pools operating cash and investments from all sources and funds, so that these funds may be invested at the maximum yield, consistent with safety and liquidity, while allowing expenditures from individual funds at any time.

The following is a summary of pooled cash and investments, including debt service reserves with trustees at June 30, 2011:

| | Government-Wide | | Fiduciary | |
|---|----------------------------|-----------------------------|----------------------------|----------------------|
| | Statement of Net Assets | | Funds | |
| | Governmental Activities | Business-Type Activities | Statement of Net Assets | Total |
| Operating cash and investments | \$ 28,607,528 | \$ 5,789,330 | \$ 11,137,961 | \$ 45,534,819 |
| Debt service reserves held with trustee | 411,409 | - | 479,824 | 891,233 |
| Total | \$ 29,018,937 | \$ 5,789,330 | \$ 11,617,785 | \$ 46,426,052 |

**CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3 – Operating Cash and Investments (Continued)

At June 30, 2011 the City’s pooled cash, investments, and debt service reserves with trustees consisted of the following:

| | |
|--|----------------------|
| City Treasury: | |
| Deposits: | |
| Cash on hand | \$ 30,415 |
| Deposits with financial institutions | 1,966,930 |
| Total Deposits | 1,997,345 |
| Investments: | |
| State investment pool | 30,750,533 |
| Mutual funds | 10,059,454 |
| CalTrust investment pool | 2,274,941 |
| Cash and money market funds | 452,546 |
| Total investments | 43,537,474 |
| Total City Treasury | 45,534,819 |
| Debt service reserves held with trustee | 891,233 |
| Total City and trustee cash and investments | \$ 46,426,052 |

A. Authorized Investments

The table below identifies the investment types that are authorized by the City’s Investment Policy. The table also identifies certain provisions of the City’s Investment Policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the City’s investment policy.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of *Portfolio | Maximum Investment in One Issuer |
|---|---------------------|--|--|
| U.S. Treasury Obligations | N/A | N/A | N/A |
| U.S. Agency Securities | N/A | N/A | N/A |
| Banker's Acceptance | 180 days | 40% | 10% |
| Commercial Paper | 270 days | 15% | 10% |
| Medium-Term Notes | One year | 15% | 5% |
| Money Market Mutual Funds | N/A | N/A | N/A |
| Repurchase Agreements | 7 days | N/A | N/A |
| Local Agency Investment Fund (LAIF) | N/A | N/A | N/A |
| Investment Trust of California (CalTrust) | N/A | 25% | N/A |
| Negotiable Certificates of Deposits | One year | 15% | N/A |

*Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

**CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3 – Operating Cash and Investments (Continued)

A. Authorized Investments (Continued)

Debt Service Reserves with trustee are invested in accordance with indentures governing the related debt. The trustee may invest in U.S. treasury notes and bonds, and in pooled investments that invest in those securities.

B. Risk Disclosures

Interest Rate Risk. This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City monitors the interest rate risk inherent in its portfolio by measuring the maturity of its portfolio. In accordance with the City's investment policy, the City is not allowed to invest more than 25% of its investment portfolio in maturities greater than one year. Investments which exceed five years in maturity require City Council's approval. Further, each individual security is limited to one million dollars.

At June 30, 2011 all of the City's investments had remaining maturities of twelve months or less.

| Investment Type | Fair Value | Maturity: 12 Months Or Less |
|-----------------------------|---------------|-----------------------------------|
| State investment pool | \$ 30,750,533 | \$ 30,750,533 |
| Mutual funds | 10,059,454 | 10,059,454 |
| CalTrust investment pool | 2,274,941 | 2,274,941 |
| Cash and money market funds | 452,546 | 452,546 |
| Total | \$ 43,537,474 | \$ 43,537,474 |

Credit Risk. This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. That is measured by the assignment of a rating by a nationally recognized credit rating organization. The City's investment facilities listed above were not assigned ratings by a nationally recognized credit rating organization.

The City's general policy is to apply the prudent-investor rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. As of June 30, 2011 there are no investments in any one issuer that represent 5% or more of total City investments.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 – Operating Cash and Investments (Continued)

B. Risk Disclosures (Continued)

Custodial Credit Risk. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a depositor will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counter party (e.g., broker-dealer) to a transaction, a depositor will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governments units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2011, City bank balances were \$1,311,353 at one institution. \$250,000 was covered by depository insurance and the remaining balance of \$1,061,353 was held in accounts collateralized with securities held by the financial institutions.

C. Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The City is required to disclose its methods and assumptions used to estimate the fair value of its holdings in LAIF. The City relied upon information provided by the State Treasurer in estimating the City's fair value position of its holding in LAIF. The City had a contractual withdrawal value of \$30,750,533 whose pro-rata share of fair value was estimated by the state Treasurer to be \$30,799,196. The fair value change in this investment for the year came to an amount that was not material for presentation in the financial statements.

The City's investments with LAIF at June 30, 2011 included a portion of the pooled funds invested in structured notes and asset-backed securities. Structured notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options. Asset-backed securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMS) or credit card receivables. As of June 30 2011, the State Treasurer had invested 5.01% of the pool's funds in structured notes and asset-backed securities.

D. Fair Value of Investments

Accounting pronouncement, GASB Statement No. 31, generally applies to investments in external investment pools, investments purchased with maturities greater than one year, mutual funds, and certain investment pools/agreements. Generally, governmental entities need to report the "fair value" changes for these investments at year-end and records these gains or losses on their income statement.

**CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3 – Operating Cash and Investments (Continued)

D. Fair Value of Investments (Continued)

Methods and assumptions used to estimate fair value: The City maintains investment accounting records on amortized cost, and adjusts those records to “fair value” for external reporting purpose. The Funds investment custodians provide market values for each investment instrument on a monthly basis. The investments held by the Funds are widely traded in the financial markets, and trading values are readily available from numerous published sources. The Funds have elected to report their money market investments (those investments with maturities of less than one year) at amortized cost adjusted to fair value. Unrealized gains and losses are recorded and the carrying value of their investments is considered “fair value.”

E. Albany Police and Fire Relief Pension Fund Operating Cash and Investments

Operating Cash

At June 30, 2011, the Fund’s operating cash balance was \$9,582. The Fund’s bank balance of \$38,646 (inclusive of outstanding checks) was held at one institution which was fully covered by depository insurance.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market price are reported at estimated fair value. Net gains and losses include gains and losses from the sale of investments and unrealized net increases or decreases in market value.

Investment Management

Fund investments are managed by an investment manager (Dodge & Cox) under an agreement which authorizes the Manager to purchase and sell securities, within the guidelines of the Fund’s investment policy.

At June 30, 2011, the Fund’s assets were invested in the Dodge & Cox Stock Fund, Income Fund, and International Stock Fund, PIMCO Bond Fund, and Aston Montag Equity Fund.

The Fund’s Investment Policy and the California Government Code allow the Fund to invest in domestic equity, international equity, and debt securities. Each type of investment is subject to a target allocation and includes maximum and minimum general guidelines as a percentage of the overall portfolio.

| <u>Authorized Investment Type</u> | <u>Target Allocation</u> | <u>Minimum Percentage of Portfolio</u> | <u>Maximum Percentage of Portfolio</u> |
|---------------------------------------|------------------------------|--|--|
| Large Cap Equity | 40% | 25% | 55% |
| International Equity | 10% | 5% | 15% |
| Fixed Income | 50% | 40% | 60% |
| Cash | N/A | N/A | 10% |

**CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3 – Operating Cash and Investments (Continued)

E. Albany Police and Fire Relief Pension Fund Operating Cash and Investments (Continued)

Investment Management (Continued)

As of June 30, 2011, the Fund's allocations met the requirements set by the Fund's policy as described above.

Investments at June 30, 2011 are as follows:

| Investment Type | Fair Value |
|-------------------------------------|---------------|
| Local Agency Investment Fund (LAIF) | \$ 97,000 |
| Cash and money market funds | 452,546 |
| Mutual funds: | |
| Stock fund | 4,051,317 |
| Income fund | 3,119,781 |
| International stock fund | 1,391,647 |
| PIMCO bond fund | 904,940 |
| Aston Montag growth fund | 591,769 |
| Total | \$ 10,609,000 |

The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of fund investments. Unrealized gains and losses on investments that had been held for more than one year were included in net appreciation (depreciation) reported in prior years.

The realized gains on investments for the year ended June 30, 2011 were \$1,388,140.

Risk Disclosures

Interest Rate Risk. This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Fund manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The Fund monitors the interest rate risk inherent in its portfolio by measuring the maturity of its portfolio.

Credit Risk. This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. That is measured by the assignment of a rating by a nationally recognized credit rating organization. The Fund's general policy is to apply the prudent-investor rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. As of June 30, 2011, there are no investments in any one issuer that represent 5% or more of total Fund investments.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 – Operating Cash and Investments (Continued)

E. Albany Police and Fire Relief Pension Fund Operating Cash and Investments (Continued)

Investment in State Investment Pool

The Fund is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The Fund is required to disclose its methods and assumptions used to estimate the fair value of its holdings in LAIF. The Fund relied upon information provided by the State Treasurer in estimating the Fund's fair value position of its holding in LAIF. The Fund had a contractual withdrawal value of \$97,000. The fair value change of assets invested in the LAIF was not material for presentation in the financial statements for the year ended June 30, 2011.

The Fund's investments with LAIF at June 30, 2011 included a portion of the pooled funds invested in structured notes and asset-backed securities. Structured notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options. Asset-backed securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMS) or credit card receivables. As of June 30 2011, the State Treasurer had invested 5.01% of the pool's funds in structured notes and asset-backed securities.

NOTE 4 – Receivables

Note Receivable

Per the employment agreement between the City and the City Manager, in September 2001, the City loaned the City Manager \$400,000 to be used toward the purchase of her principal residence. The loan includes interest at one-eighth of a percentage point above the interest that the City earned from LAIF (Local Agency Investment Fund Account) as of the date of the loan. The outstanding principal balance of the loan at June 30, 2010, was \$335,352, and is recorded in the General Fund as a note receivable. This note was repaid in full during the year ended June 30, 2011.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – Capital Assets

The following is a summary of capital assets as of June 30, 2011:

| | Governmental Activities | Business-Type Activities | Total |
|-----------------------------------|----------------------------|-----------------------------|---------------|
| Nondepreciable assets: | | | |
| Land | \$ 8,194,487 | \$ - | \$ 8,194,487 |
| Construction in progress | 1,413,517 | - | 1,413,517 |
| Total nondepreciable assets | 9,608,004 | - | 9,608,004 |
| Depreciable assets: | | | |
| Buildings | 21,230,005 | - | 21,230,005 |
| Improvements other than buildings | 8,394,691 | - | 8,394,691 |
| Furniture and fixtures | 629,461 | - | 629,461 |
| Machinery and equipment | 1,235,092 | 56,928 | 1,292,020 |
| Vehicles | 2,911,052 | - | 2,911,052 |
| Sewer lines | - | 18,591,793 | 18,591,793 |
| Infrastructure | 13,145,036 | - | 13,145,036 |
| Total depreciable assets | 47,545,337 | 18,648,721 | 66,194,058 |
| Less accumulated depreciation: | 11,072,709 | 4,444,132 | 15,516,841 |
| Depreciable capital assets, net | 36,472,628 | 14,204,589 | 50,677,217 |
| Total capital assets, net | \$ 46,080,632 | \$ 14,204,589 | \$ 60,285,221 |

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – Capital Assets (Continued)

Transactions and balances of capital assets were as follows:

| | Balance June 30, 2010 | Additions | Transfers/ Retirements | Balance June 30, 2011 |
|--|--------------------------|---------------------|---------------------------|--------------------------|
| Governmental Activities: | | | | |
| Nondepreciable assets: | | | | |
| Land | \$ 6,263,931 | \$ 1,930,556 | \$ - | \$ 8,194,487 |
| Construction in progress | 997,742 | 558,301 | 142,526 | 1,413,517 |
| Total nondepreciable assets | <u>7,261,673</u> | <u>2,488,857</u> | <u>142,526</u> | <u>9,608,004</u> |
| Depreciable assets: | | | | |
| Buildings | 21,230,005 | | - | 21,230,005 |
| Improvements other than buildings | 6,470,884 | 1,923,807 | - | 8,394,691 |
| Furniture and fixtures | 661,612 | 8,195 | 40,346 | 629,461 |
| Machinery and equipment | 1,219,416 | 33,734 | 18,058 | 1,235,092 |
| Vehicles | 2,924,037 | | 12,985 | 2,911,052 |
| Infrastructure | 12,825,695 | 319,341 | - | 13,145,036 |
| Total depreciable assets | <u>45,331,649</u> | <u>2,285,077</u> | <u>71,389</u> | <u>47,545,337</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 3,329,048 | 423,888 | - | 3,752,936 |
| Improvements other than buildings | 1,425,067 | 394,301 | - | 1,819,368 |
| Furniture and fixtures | 180,162 | 59,729 | 40,346 | 199,545 |
| Machinery and equipment | 546,973 | 172,971 | 18,058 | 701,886 |
| Vehicles | 1,712,283 | 353,606 | 12,985 | 2,052,904 |
| Infrastructure | 2,075,275 | 470,795 | - | 2,546,070 |
| Total accumulated depreciation | <u>9,268,808</u> | <u>1,875,290</u> | <u>71,389</u> | <u>11,072,709</u> |
| Total depreciable assets, net | <u>36,062,841</u> | <u>409,787</u> | <u>-</u> | <u>36,472,628</u> |
| Total governmental activities capital assets | <u>\$ 43,324,514</u> | <u>\$ 2,898,644</u> | <u>\$ 142,526</u> | <u>\$ 46,080,632</u> |

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – Capital Assets (Continued)

Depreciation was charged to governmental functions as follows:

Governmental activities:

| | | |
|--|----|-----------|
| General government | \$ | 216,963 |
| Police | | 161,069 |
| Fire and emergency medical services | | 361,245 |
| Community development and environmental resources | | 918,673 |
| Recreation and community services | | 217,340 |
| Total governmental activities depreciation expense | \$ | 1,875,290 |

| | Balance June 30, 2010 | Additions | Transfers/ Retirements | Balance June 30, 2011 |
|---|--------------------------|------------|---------------------------|--------------------------|
| Business-Type Activities: | | | | |
| Depreciable assets: | | | | |
| Sewer lines | \$ 18,227,480 | \$ 364,313 | \$ - | \$ 18,591,793 |
| Machinery and equipment | 56,928 | - | - | 56,928 |
| Total depreciable assets | 18,284,408 | 364,313 | - | 18,648,721 |
| Less accumulated depreciation for: | | | | |
| Sewer lines | 4,041,197 | 364,550 | - | 4,405,747 |
| Machinery and equipment | 28,936 | 9,449 | - | 38,385 |
| Total accumulated depreciation | 4,070,133 | 373,999 | - | 4,444,132 |
| Total depreciable assets, net | 14,214,275 | (9,686) | - | 14,204,589 |
| Total business-type activities capital assets | \$ 14,214,275 | \$ (9,686) | \$ - | \$ 14,204,589 |

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – Governmental Activities Debt

The City generally incurs debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The City's debt issues and transactions related to governmental activities are summarized below and discussed in detail subsequently.

| <u>Governmental Activities</u> | <u>Balance June 30, 2010</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance June 30, 2011</u> | <u>Due Within One Year</u> |
|--------------------------------|----------------------------------|-------------------|--------------------|----------------------------------|--------------------------------|
| 1997 Refunding COPS | | | | | |
| 4.25-4.80%, 9/1/12 | \$ 780,000 | \$ - | \$ 245,000 | \$ 535,000 | \$ 260,000 |
| 2003 GO Bonds | | | | | |
| 3.00-4.00%, 8/1/33 | 7,040,000 | - | 180,000 | 6,860,000 | 185,000 |
| Civic Center Improvement | | | | | |
| GO Bonds, 4.00-8.00%, 8/1/37 | 4,850,000 | - | 85,000 | 4,765,000 | 90,000 |
| GO Bonds II | | | | | |
| 4.00-7.00%, 8/1/37 | 6,300,000 | - | 110,000 | 6,190,000 | 120,000 |
| 2009 Street & Storm Drain | | | | | |
| Parcel tax note, 4.60%, 8/1/21 | 3,465,156 | - | 234,655 | 3,230,501 | 245,573 |
| Lease purchase agreement | | | | | |
| 4.52%, 9/3/18 | 344,502 | - | 31,866 | 312,636 | 33,306 |
| 2011 California Energy | | | | | |
| Commission 1.0%, 6/2025 | - | 290,805 | - | 290,805 | 18,114 |
| Subtotal | <u>22,779,658</u> | <u>290,805</u> | <u>886,521</u> | <u>22,183,942</u> | <u>951,993</u> |
| Unamortized bond premium | <u>280,544</u> | <u>-</u> | <u>10,358</u> | <u>270,186</u> | |
| Total long-term debt | <u>\$ 23,060,202</u> | <u>\$ 290,805</u> | <u>\$ 896,879</u> | <u>\$ 22,454,128</u> | |

A. 1997 Refunding Certificates of Participation

On December 1, 1997 the City issued \$4,760,000 in Refunding Certificates of Participation (COPS) with interest rates ranging from 4.25 percent to 4.80 percent, to advance refund the \$1,465,000 1989 Refunding COPS with interest rates ranging from 6.6 percent to 7.85 percent, and the \$2,980,000 1992 Refunding COPS with interest rates ranging from 4.75 percent to 6.9 percent. The Net proceeds of \$ 4,579,934 (after payment of \$180,466 in underwriting fees, insurance, and other issuance costs) plus an additional \$500,516 of 1989 and 1992 reserve funds, were deposited into trust to defease the 1989 and 1992 bonds. The 1989 and 1992 lease revenue bonds that have been advanced refunded financed improvements to the maintenance center, and the acquisition of the Library/Community Center complex site and construction of the Center. The 1997 COPS are collateralized by the City's non-cancelable lease covering the Library/Community Center Complex, which terminates September 1, 2012.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – Governmental Activities Debt (Continued)

A. 1997 Refunding Certificates of Participation (Continued)

General Fund, Sewer Fund, and Lighting and Landscaping Assessment District Fund revenues are used to service the COPS. A portion of the assessments from the City's Lighting and Landscape Assessment District Fund are being pledged to pay for the debt. Annual principal and interest payments on the debt require about 67% of the assessments (the portion contributed from assessments). The total principal and interest remaining to be paid on the bonds is \$561,584. Principal and interest paid for the current year were \$277,096. Assessments for the 2010-2011 fiscal year were \$502,232.

B. 2003 General Obligation Bonds

In November 2002, voters passed a ballot measure authorizing the issuance of general obligation bonds in the amount of \$14,500,000, the proceeds to be used for various capital improvements over a period of several years. In June 2003, the City issued \$8,000,000 of the bonds. Interest payments are due February 1st and August 1st and principal payments are due August 1st of each year, with the final payment due August 1, 2033.

C. Civic Center Improvement General Obligation Bonds

In November 2006, voters passed a ballot measure authorizing the issuance of general obligation bonds in the amount of \$5,000,000, the proceeds to be used for the structural improvements of the Fire Department, Police Department and City Hall buildings. The bonds were issued in August 2007. Interest payments are due February 1st and August 1st and principal payments are due August 1st of each year, with the final payment due August 1, 2037.

D. General Obligation Bonds II

This is the second issuance of the \$14,500,000 bonds approved by the voters in November 2002. The first issuance of \$8,000,000 was made in June 2003. The remaining \$6,500,000 was issued in August 2007 along with the \$5,000,000 Civic Center Improvement bonds. The proceeds to be used for various capital improvements including the civic center retrofit project. Interest payments are due February 1st and August 1st and principal payments are due August 1st of each year, with the final payment due August 1, 2037.

E. 2009 Street & Storm Drain Parcel Tax Note

In June 2006, voters passed a ballot measure (Measure F) authorizing a street paving and storm drain parcel tax to finance citywide street paving and storm drain facility repairs and improvements. In April 2009, the City entered into a parcel tax note agreement with Capital One Public Financing, LLC in the amount of \$3,465,156. Interest payments are due August 1st and February 1st and beginning in 2010 principal payments are due August 1st and February 1st of each year, with the final payment due August 2, 2021.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – Governmental Activities Debt (Continued)

F. Lease Purchase Agreement

On September 3, 2008, the City entered into a lease purchase agreement with Sun Trust Equipment Finance & Leasing Corp in the amount of \$374,990 to finance the purchase of a fire engine.

Ownership of the fire engine passes to the City at the end of the lease. The cost of the fire engine has been included in the City's financial statements.

G. California Energy Commission Note

In March 2010 the City entered into an agreement with the California Energy Commission to replace existing high pressure sodium vapor street lights with energy efficient light-emitting diode lights. As part of this agreement, the City issued a note of \$290,805 with an interest rate of 1% and term of 14 years.

H. Future Governmental Activities Debt Service

Debt service schedules for the COP's, general obligation bonds, and lease purchases are as follows at June 30, 2011:

| Year Ending June 30: | Total Principal | Total Interest |
|-------------------------|----------------------|----------------------|
| 2012 | \$ 952,142 | \$ 966,220 |
| 2013 | 1,002,387 | 916,093 |
| 2014 | 766,124 | 875,160 |
| 2015 | 795,492 | 843,197 |
| 2016-2020 | 4,496,956 | 3,699,599 |
| 2021-2025 | 3,800,841 | 2,788,817 |
| 2026-2031 | 4,835,000 | 2,284,538 |
| 2032-2036 | 4,175,000 | 797,225 |
| 2037-2038 | 1,360,000 | 68,748 |
| Total | <u>\$ 22,183,942</u> | <u>\$ 13,239,597</u> |

**CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6 – Governmental Activities Debt (Continued)

H. Future Governmental Activities Debt Service (Continued)

| Year Ending June 30 | Principal | | | | | | |
|---------------------------|-------------------|---------------------|---|--------------------|---|--------------------------------|------------------------------------|
| | 1997 COPS | 2003 GO Bonds | Civic Center Improvement GO Bonds | GO Bonds II | 2009 Street & Storm Drain Parcel Tax Note | Lease Purchase Agreement | California Energy Commission |
| 2012 | \$ 260,000 | \$ 185,000 | \$ 90,000 | \$ 120,000 | \$ 245,573 | \$ 33,306 | \$ 18,263 |
| 2013 | 275,000 | 190,000 | 100,000 | 125,000 | 256,999 | 34,812 | 20,575 |
| 2014 | - | 200,000 | 105,000 | 135,000 | 268,957 | 36,385 | 20,783 |
| 2015 | - | 205,000 | 110,000 | 140,000 | 281,472 | 38,030 | 20,990 |
| 2016-2020 | - | 1,160,000 | 615,000 | 805,000 | 1,616,428 | 170,103 | 130,425 |
| 2021-2025 | - | 1,420,000 | 755,000 | 985,000 | 561,071 | - | 79,769 |
| 2026-2031 | - | 2,180,000 | 1,150,000 | 1,505,000 | - | - | - |
| 2032-2036 | - | 1,320,000 | 1,245,000 | 1,610,000 | - | - | - |
| 2037-2038 | - | - | 595,000 | 765,000 | - | - | - |
| Total | \$ 535,000 | \$ 6,860,000 | \$ 4,765,000 | \$6,190,000 | \$ 3,230,500 | \$ 312,636 | \$ 290,805 |

| Year Ending June 30 | Interest | | | | | | |
|---------------------------|------------------|---------------------|---|---------------------|---|--------------------------------|------------------------------------|
| | 1997 COPS | 2003 GO Bonds | Civic Center Improvement GO Bonds | GO Bonds II | 2009 Street & Storm Drain Parcel Tax Note | Lease Purchase Agreement | California Energy Commission |
| 2012 | \$ 19,846 | \$ 268,476 | \$ 223,479 | \$ 289,490 | \$ 145,811 | \$ 14,131 | \$ 4,987 |
| 2013 | 6,738 | 260,976 | 217,779 | 280,915 | 134,385 | 12,626 | 2,674 |
| 2014 | - | 254,176 | 212,548 | 272,490 | 122,427 | 11,052 | 2,469 |
| 2015 | - | 247,998 | 207,979 | 265,640 | 109,913 | 9,408 | 2,260 |
| 2016-2020 | - | 1,129,096 | 965,366 | 1,235,925 | 340,493 | 19,646 | 9,074 |
| 2021-2025 | - | 891,239 | 820,684 | 1,049,284 | 26,005 | - | 1,604 |
| 2026-2031 | - | 627,342 | 728,163 | 929,033 | - | - | - |
| 2032-2036 | - | 85,850 | 310,625 | 400,750 | - | - | - |
| 2037-2038 | - | - | 30,125 | 38,623 | - | - | - |
| Total | \$ 26,584 | \$ 3,765,153 | \$ 3,716,748 | \$ 4,762,150 | \$ 879,034 | \$ 66,863 | \$ 23,068 |

The City is required to maintain amounts of restricted cash and investments with trustees or fiscal agents under the terms of the above debt issues. These funds are pledged as reserves to be used if the City fails to meet its obligations under debt issues. These reserves totaled \$411,409 and \$424,516, respectively at June 30, 2011 and 2010. The California Government Code requires these funds to be invested in accordance with the City ordinance, bond indentures or State statute. All funds have been invested as permitted under the Code.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 – Special Assessment District Debt

On February 10, 1999 the City issued Limited Obligation Improvement Bonds in the amount of \$6,230,000, pursuant to the provisions of the Improvement Bond Act of 1915 and the 1972 LLMD Act. The bonds were issued to finance certain improvements and acquisitions in the City's Open Space, Recreational Playfield, and Creek Restoration Assessment District No. 1996-1 (the District). Assessments sufficient to meet annual debt service on the bonds are billed by the County of Alameda to owners of assessment parcels located within the District.

Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged to the payment of the bonds. Therefore, the debt is not recorded in the City's Government-wide Financial Statements.

The outstanding balance of the bonds as of June 30, 2011 is \$3,445,000.

NOTE 8 – Business-Type Activities Debt

On September 1, 2004, the City issued \$8,675,000 in Sewer Revenue Bonds, in which a portion of the proceeds was used to defease the City's 1993 Sewer Revenue Bonds in the amount of \$2,750,000 as of the issue date. The reacquisition price exceeded the net carrying amount of the old debt by \$142,377. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The remaining proceeds will be used to finance certain improvements to the City's sewer system. The bonds mature serially, each September 1, and semi-annual interest payments are due each September 1 and March 1.

The Bonds are special obligations of the City and are secured by and payable solely from operating revenue of the Sewer Enterprise Fund. The bonds maturing on or before September 1, 2014, are not subject to optional redemption prior to maturity. The bonds maturing on or after September 1, 2015, are subject to redemption prior to their respective maturity dates, at the option of the City, from any source of available funds, as a whole on any date on or after September 1, 2014, at a redemption price equal to the principal amount of the bonds together with a premium. These mandatory redemptions are to be made from sinking fund payments made by the City in the year of redemption. Bonds maturing on or after September 1, 2014 may be redeemed at par plus a 2 percent premium, which decreases until September 1, 2016, at which time they may be redeemed at par. The interest rates range from 2.00% to 4.40%.

The City has pledged future sewer service charges, net of specified operating expenses, to repay the debt. Annual principal and interest payments on the debt are payable solely from net revenues through 2024. The total principal and interest remaining to be paid on the bonds is \$8,763,031. Principal and interest paid for the current year was \$623,550 and sewer revenue net of operating expenses was \$1,114,399.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 8 – Business-Type Activities Debt (Continued)

The following is a summary of changes in business-type activities long-term debt.

| | Balance June 30, 2010 | Additions | Retirements | Balance June 30, 2011 | Due Within One Year |
|------------------------------------|--------------------------|-------------|-------------------|--------------------------|------------------------|
| Sewer revenue bonds | \$ 7,010,000 | \$ - | \$ 355,000 | \$ 6,655,000 | \$ 370,000 |
| Deferred amortization on refunding | (47,457) | - | (15,820) | (31,637) | - |
| Original issue discount | (47,175) | - | (3,370) | (43,805) | - |
| Total long-term debt | \$ 6,915,368 | \$ - | \$ 335,810 | \$ 6,579,558 | \$ 370,000 |
| Unamortized bond issuance cost | <u>\$ 141,863</u> | <u>\$ -</u> | <u>\$ 10,132</u> | <u>\$ 131,731</u> | |

Annual debt service repayment requirements to repay the Sewer Revenue Bonds and amortization of bond issuance costs and refunding discount at June 30, 2011 are:

| Year Ending June 30 | Debt Service Payments | | | Amortization | | |
|------------------------|-----------------------|---------------------|---------------------|-------------------|-----------------------|-------------------|
| | Principal | Interest | Total | Issuance Cost | Refunding Discount | Total |
| 2012 | \$ 370,000 | \$ 257,575 | \$ 627,575 | \$ 10,133 | \$ 19,189 | \$ 29,322 |
| 2013 | 380,000 | 245,383 | 625,383 | 10,133 | 19,189 | 29,322 |
| 2014 | 395,000 | 232,105 | 627,105 | 10,133 | 3,369 | 13,502 |
| 2015 | 410,000 | 217,812 | 627,812 | 10,133 | 3,369 | 13,502 |
| 2016-2020 | 2,290,000 | 839,870 | 3,129,870 | 50,665 | 16,845 | 67,510 |
| 2021-2025 | 2,810,000 | 315,286 | 3,125,286 | 40,532 | 13,476 | 54,008 |
| Total | \$ 6,655,000 | \$ 2,108,031 | \$ 8,763,031 | \$ 131,729 | \$ 75,437 | \$ 207,166 |

Internal Service Fund Debt

The liability related to compensated absences at June 30, 2011 is summarized below:

| | Balance June 30, 2010 | Additions | Retirements | Balance June 30, 2011 | Estimated Payments in One Year |
|----------------------|--------------------------|-------------------|-------------------|--------------------------|--------------------------------------|
| Compensated Absences | <u>\$ 1,451,893</u> | <u>\$ 117,817</u> | <u>\$ 168,209</u> | <u>\$ 1,401,501</u> | <u>\$ 350,375</u> |

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 9 – Fund Equity

A. Designation

Designations are resources designated for future activities associated with special programs. The City intends to use the designated funds for Community Development, Recreation, Police, and Fire projects. These projects include various street and facility maintenance programs, park, open space and library operations, front line law enforcement activities, and safety pension plans.

B. Major Fund Budget Variances

General Fund

- Property taxes at \$5,015,739 were 38% of General Fund revenues and continue to be the largest single source of General Fund revenue. These revenues increased 0.8% from the prior year, and were 1% below the original and final budgets. The increase in property tax revenue is due to an increase in assessed value of taxable property.
- Franchise and other taxes of \$3,723,510 were \$145,593 below the prior year, and were \$136,790 below the original and final budgets. The unfavorable budget variances are largely due to property transfer taxes, utility user taxes and business licenses all falling below budget.
- Fines and forfeitures revenue of \$189,963 was \$95,470 below budget, an unfavorable variance of 33%. Moving vehicle fines were 7.4% above budget and parking fines were 45.6% below budget. Factors contributing to the unfavorable variance for parking fines were a decline in street sweeping violations and a vacancy in the parking enforcement position for a portion of the year.
- Other revenue of \$301,747 exceeded the budget by \$75,897. This favorable variance is attributable to reimbursements for expenditures related to the proposed location of the Lawrence Berkeley National Laboratory second campus on property currently utilized by the Golden Gate Fields Race Track.
- General government expenditures exceeded the budget by \$498,244 because of a change in the procedure for self-insurance expense. This expense is now reflected in the General Fund, while per the adopted budget the expense was shown only in the Internal Service Fund.
- Expenditures for the Police Department of \$5,466,542 were \$78,611 below the final budget. This 1 % budget variance is principally due to savings in salaries and benefits resulted from vacancies in budgeted positions.
- Fire and Emergency Medical Service expenses were \$104,633 (2.4%) under budget. This favorable variance is principally attributable to savings of salary and benefits cost from the retirement of the Fire Chief, and savings in overtime because there were no temporary assignments of fire fighters that required overtime to backfill.
- Expenditures for the Community Development and Environmental Resources Department were \$343,027 below the final budget. This 14 % budget variance resulted from savings in professional staff salaries and benefits of \$374,000. The savings in professional staff salaries and benefits were obtained from vacancies in budgeted positions.

Street & Storm Funds

- Property taxes revenue of \$965,985 was \$78,121 over the budget due to the collection of delinquent assessments from the prior two years.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 9 – Fund Equity

B. Major Fund Budget Variances (Continued)

Reinvestment

- Revenue was \$140,426 over budget due to a shift of \$100,000 from the Debt Service Fund, and the increase assessed value of property in the redevelopment district. Expenditures were \$238,937 over budget principally due to salaries and benefits, professional services, and supplemental education revenue augmentation funds (SERAF) payment. The Agency was reimbursed \$6,003 by Alameda County as a revision of prior year pass-through tax increment from the Agency to the County.

C. Fund Deficits

Four special purpose funds had deficit fund balances at June 30, 2011, as follows:

- Waste Management Fund - \$15,616. This deficit resulted from the expenditures made in fiscal year 2010-11 that were not billed to Waste Management until fiscal year 2011-12.
- Reinvestment Capital Projects Fund and Reinvestment Debt Service Fund - \$1,082,458 and \$385,445, respectively. The deficits resulted the expenditure of \$850,000 for the purchase of property, and the transfer to the City of \$650,000 to fund Capital Projects in the redevelopment project area.
- Pierce Street Project Fund - \$6,341. This deficit occurred when the cost of acquisition of the Pierce Street Property exceeded the funds which had been allocated for the purchase. The elimination of the deficit will be accomplished when funding for development of the property is finalized.

NOTE 10 – Net Assets and Fund Balances

In the Government-Wide Financial Statements, net assets are classified in the following categories:

Invested in capital assets, net of related debt

This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets, reduce this category.

Restricted net assets

This category represents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation. Additionally, this category includes restrictions established by the City Council.

Unrestricted net assets

This category represents the net assets of the City, which are not restricted or invested in capital assets net of related debt.

In the Fund Financial Statements, in accordance with Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

**CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 10 – Net Assets and Fund Balances (Continued)

Non-spendable

Fund balance amounts that cannot be spent because they are either (a) not expected to be converted to cash or (b) legally or contractually required to be maintained intact.

Restricted

Fund balance amounts that are subject to externally enforceable legal restrictions or constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed

Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the City Council. The City Council must take action to allow for removal or change to the constraint.

Assigned

Fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

Unassigned

The fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

NOTE 11 – Interfund Transactions

Interfund Balances

The following is a summary of interfund balances as of June 30, 2011:

| | Due From Other Funds | Due To Other Funds |
|---|-------------------------|-----------------------|
| MAJOR GOVERNMENTAL FUNDS | | |
| General Fund | \$ 243,937 | |
| Total major funds | \$ 243,937 | |
| NON-MAJOR GOVERNMENTAL FUNDS | | |
| Special revenue funds: | | |
| Alameda County Measure B | | \$ 117,959 |
| Emergency Medical Services | | 73,373 |
| Community Development Block Grant | | 9,980 |
| Waste Management | | 15,406 |
| Operating Grants | | 5,499 |
| Paratransit | | 2,411 |
| Measure WW | | 12,968 |
| | | 237,596 |
| Capital Projects funds: | | |
| Pierce Street Property | | 6,341 |
| | | 6,341 |
| Total non-major governmental funds | | 243,937 |
| Total Interfund Transfers | | \$ 243,937 |

**CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 11 – Interfund Transactions (Continued)

Interfund Transfers (Continued)

Funds are primarily advanced from the General Fund to cover current cash flow requirements. The amounts shown above are expected to be repaid in the following fiscal year.

The principal purpose of interfund transfers is to match revenue, which is recorded in funds designated for specific purposes, with the expenditures funded by these revenues. Examples are the Emergency Medical Services fees that are used to pay paramedic service expenses recorded in the General Fund, and Lighting and Landscape Assessment fees that are used to pay expenditures in the debt service funds. Interfund transfers are also used to fund insurance reserves and equipment replacement funds. The following is a summary of interfund transfers as of June 30, 2011.

Advances to and from other funds at June 30, 2011 were as follows:

| Fund | Advances to Other Funds | Advances from Other Funds |
|---|----------------------------|------------------------------|
| MAJOR GOVERNMENTAL FUNDS | | |
| General | \$ 1,554,718 | \$ - |
| Total major governmental funds | 1,554,718 | - |
| NON-MAJOR GOVERNMENTAL FUNDS | | |
| Special - Waste Management | | \$ 18,515 |
| Capital - Reinvestment | | 1,150,000 |
| Debt Service - Reinvestment | | 386,203 |
| Total non-major governmental funds | 1,554,718 | 1,554,718 |
| Total | \$ 1,554,718 | \$ 1,554,718 |

The General Fund advanced money on behalf of the Debt Service – Reinvestment Fund to finance certain costs and expenses, as set forth in the Cooperation Agreement between the City and the Albany Community Reinvestment Agency. Under the terms of the agreement, interest is accrued at rates based on the current Local Agency Investment Fund rate. Any unpaid accrued interest is added to the total obligation on an annual basis. At June 30, 2011, the balance of principal was \$386,203. The total obligation is subordinate to any external debt of the Agency as well as the \$1,150,000 advance discussed below. The Agency expects to repay the obligation using future incremental tax revenues. There is no fixed due date for repayment.

A \$400,000 advance from the General Fund to the Capital Projects – Reinvestment Fund was made for the specific purpose of providing funds for the development of the Buchanan-Eastshore Highway Interchange project located in the Cleveland Avenue/Eastshore Highway Project Area. Additional \$850,000 advance was made for the purchase property between Pierce Street and the Eastshore Freeway. This advance is expected to be repaid from property tax increment revenues, in installments of principal plus interest at rates based on the current Local Agency Investment Fund rate. At June 30, 2011, the balance of principal was \$1,150,000.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11 – Interfund Transactions (Continued)

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--|---------------------|----------------------|
| MAJOR GOVERNMENTAL FUNDS | | |
| General Fund | \$ 3,430,101 | \$ 77,905 |
| NON-MAJOR GOVERNMENTAL FUNDS | | |
| Special revenue funds: | | |
| Pension Property Tax | | 1,000,000 |
| Gas Tax | | 237,610 |
| Traffic Congestion Relief | | 67,326 |
| Emergency Medical Services | | 1,346,445 |
| Open Space | 3,000 | |
| Recreational Playfields | 1,500 | |
| Creek Restoration | 1,500 | |
| Lighting and Landscape Assessment District | | 257,206 |
| Law Enforcement Grants | 53,905 | 16,014 |
| Park Bond | 59,702 | |
| Street | 13,272 | |
| | <u>132,879</u> | <u>2,924,601</u> |
| Capital projects funds: | | |
| Street and Storm Drain | | 391,384 |
| Capital Projects | 187,938 | 122,843 |
| Reinvestment | 34,073 | 650,000 |
| Pierce Street Property | 1,050,000 | |
| Civic Center Improvement | | 451,512 |
| General Obligation Bond I & II | 394,042 | |
| Major Planning (formerly Waterfront Plan) | | 34,073 |
| Emergency Medical Service Equipment | 22,500 | |
| Fire Equipment Reserve | 24,000 | |
| | <u>1,712,553</u> | <u>1,649,812</u> |
| Debt service funds: | | |
| Reinvestment Debt Service | | 400,000 |
| Parcel Tax Note | 391,384 | |
| Debt Service APFFA | 283,095 | |
| | <u>674,479</u> | <u>400,000</u> |
| Total non-major governmental funds | <u>2,519,911</u> | <u>4,974,413</u> |
| PROPRIETARY FUNDS: | | |
| Sewer Enterprise Fund | | 891,694 |
| Total proprietary funds | <u>-</u> | <u>891,694</u> |
| AGENCY FUNDS: | | |
| 1996-1 Assessment District Bond | | 6,000 |
| Total proprietary funds | <u>-</u> | <u>6,000</u> |
| Total Interfund Transfers | <u>\$ 5,950,012</u> | <u>\$ 5,950,012</u> |

**CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 12 – Albany Police and Fire Relief Pension Fund

A. Plan Description

The Albany Police and Fire Relief or Pension Fund (“Fund”) is a sole employer defined benefit pension plan for the City of Albany’s police and fire employees hired before July 1, 1971. The Fund is closed to new participants. Participants in the fund are as follows:

| | |
|---------------------------------|----|
| Terminated vested participants: | |
| Retired | 12 |
| Disabled | 9 |
| Survivor | 4 |
| | 25 |

Employees who retire, regardless of age, with 30 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to two-thirds of the amount of the average yearly compensation attached to the rank he or she held during three years preceding retirement. A member may retire with an early allowance (computed in the same manner as above, but reduced by one-thirtieth for each year of service less than thirty) after attaining age 50 and with 25 years credited service. The Fund also provides death, disability, and survivor benefits. These benefit provisions and all other requirements are established by City Charter Section 9.01.

B. Funding Status and Progress

The actuarial accrued liability presented below was determined as part of an actuarial valuation at June 30, 2009 (the most recent available). The entry age actuarial cost method and significant actuarial assumptions were used in determining the actuarial accrued liability and included: (a) a rate of return on the investment of present and future assets of 6.75 percent per year compounded annually, and (b) projected inflation rate of 4 percent per year.

The method for determining the actuarial value of assets adjusts market value to recognize, over a five-year period, the differences between assumed and actual investment return. That is, only 20 percent of realized and unrealized gains and losses are recognized in any one-year. These modified asset values are called the Actuarial Book Value.

The actuarial accrued liability and asset for participants at June 30, 2009 (most recent available) is as follows:

| Actuarial Valuation Date | Actuarial Asset Value | Entry Age Actuarial Accrued Liability | Unfunded Liability | Funded Ratio |
|--------------------------------|-----------------------------|---|-----------------------|-----------------|
| 2009 | \$ 12,684,186 | \$ 14,570,549 | \$ 1,886,363 | 87% |

An actuarial valuation of the Fund is performed as frequently as deemed necessary by the Fund’s Board of Trustees, but not less than every three years. Accordingly, the next actuarial valuation is scheduled as of June 30, 2012.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 12 – Albany Police and Fire Relief Pension Fund (Continued)

B. Funding Status and Progress (Continued)

The schedule of funding progress for the postemployment defined benefit pension plan immediately following the notes to the basic financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

C. Contribution Requirements and Contribution Made

The City Charter requires an annual contribution to the Fund equal to 18 percent of the gross wages of active fund participants; however, there are no active fund participants as of June 30, 2010 and the Fund is closed to new participants.

Based on actuarial valuations, the Fund's assets exceeded the Fund's liabilities for fiscal years 2004-2005 through 2006-2007; therefore, no contributions were made to the Fund. The actuarial valuation performed as of June 30, 2009 determined the unfunded liability to be \$1,886,363; and required annual contribution to be \$194,852. The City chose to make an employer's contributions of \$300,000 in both the 2009-2010 and 2010-2011 fiscal years. The funding policy of the Board of Trustees is to make a minimum contribution upon completion of the actuarial valuation, as required to amortize any unfunded liability over the expected life of the Fund.

D. Separate stand-alone financial statements for the Police and Fire Relief or Pension Fund can be obtained from the City of Albany administrative offices located at 1000 San Pablo Avenue, Albany, CA 94706.

NOTE 13 – PERS Pension Plan

A. Plan Description

The City of Albany contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their website www.calpers.ca.gov or from CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, California 94229-2703.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13 – PERS Pension Plan (Continued)

B. Funding Policy

Participants are required to contribute 8 percent (9 percent for safety employees) of their annual covered salary. The City's actuarially determined employer contribution rates for fiscal year 2010-11 were:

| | |
|--------------------------|---------|
| City Miscellaneous | 10.659% |
| Safety Police | 16.407% |
| Safety Fire | 16.407% |
| Albany JPA Miscellaneous | 10.269% |

As discussed in paragraph E of this note, the City's CalPERS plans have been placed in risk pools, the employer contribution to each of the plans will be based on a combination of a declining percentage of the normal cost of the plan as a stand-alone plan is based on the pools normal cost.

The schedule of funding progress for the postemployment defined benefit pension plan immediately following the notes to the basic financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

C. Annual Pension

For fiscal 2010-11, the City's annual pension cost of \$2,011,116 for PERS plans was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service age, and type of employment, and (c) 3.25 percent per year payroll growth. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments such that the actuarial value of assets is 80% and 120% of the actual market value. Unfunded actuarial accrued liabilities are being amortized as a level percentage of assumed future payrolls. All changes in liability due to plan amendments are amortized separately over a closed 20-year period. Gains and losses are tracked and amortized over a rolling 30 year period.

D. Three Year Trend Information – Combined Contributions Made

| Fiscal Year | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------|---------------------------------|-------------------------------------|------------------------------|
| 2009 | \$ 2,098,918 | 100% | - |
| 2010 | 1,946,942 | 100% | - |
| 2011 | 2,011,166 | 100% | - |

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13 – PERS Pension Plan (Continued)

E. Risk Pool & Side Funds

As part of a program to smooth the changes in required employer contributions for smaller plans, resulting from changes in actuarial assumptions and short-term experience factors, PERS placed plans of 100 or fewer members into “risk pools.” Funding status for individual pool plan members is not available.

Formation of the risk pools required the establishment of “side funds,” that represent unfunded liabilities, which are to be amortized over periods of 9 to 18 years for the City’s four plans. As of June 30, 2010 (most recently available information), the balance of the side funds for miscellaneous plans totaled \$335,232. The side funds for safety plans were eliminated by lump sum payments in prior years.

F. Social Security

The Omnibus Budget Reconciliation Act of 1990 (OBRA) mandates that public sector employees, who are not members of their employer’s existing systems as of January 1, 1992, be covered by either Social Security or an alternative plan.

The City’s Local 790 union members and part-time employees are covered under Social Security, which requires these employees to contribute 4.2 percent of the employee’s pay for the calendar year of 2011 and 6.2 percent of the employee’s pay for the calendar year of 2010, and the City to contribute 6.2 percent of the employee’s pay to the Social Security Fund. Total contributions to Social Security during the year ended June 30, 2011 were \$198,414, of which the City paid \$107,221.

The City’s seasonal and temporary employees are covered under an ICMA alternative plan that requires these employees to contribute 7.5 percent of their earnings to the plan. Total contributions to the plan during the year ended June 30, 2011 were \$22,231. There is no matching contribution requirement for the City.

NOTE 14 – Post-Retirement Benefits

The City does not provide post-retirement benefits to employees, but retirees may continue participation in City sponsored health plans after retirement, by paying the premium. Under the Public Employee’s Medical & Hospital Care Act, employers are required to pay a portion of the premium for its retired employees who chose to remain active in the plan.

The City had ten retiree health plan members in fiscal year 2010-11, and the monthly employer premium per retiree ranged from \$84.00 to \$91.80. Total premiums paid by the City for the year were \$12,238. Because of the small number of plan participants and the modest premium cost, the City has chosen to fund the plan on a pay-as-you-go basis.

NOTE 15 – Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. The City manages risk by participating in the public entity risk pools described below and by retaining certain risks.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 – Risk Management (Continued)

Public entity risk pools are formally organized separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these risk pools exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the board.

A. Risk Pools

The City participates in the Bay Cities Joint Powers Insurance Authority (BCJPIA) general liability risk pool, which in turn participates in the California Affiliated Risk Management Authorities (CARMA) risk pool. BCJPIA covers general liability claims in an amount up to \$1,000,000. The City has a deductible (or uninsured liability) of up to \$50,000 per claim. Once the City's deductible is met BCJPIA becomes responsible for payments of all claims up to \$1,000,000. CARMA covers claims from \$1,000,000 to \$28,000,000. The City contributed \$154,017 for coverage during the fiscal year ended June 30, 2011.

Condensed audited financial information of BCJPIA at and for the fiscal year ended June 30, 2011 is as follows:

| | |
|-------------------|----------------------------|
| Total assets | \$ 23,605,320 |
| Total liabilities | <u>14,163,410</u> |
| Net assets | <u><u>\$ 9,441,910</u></u> |
| | |
| Total revenues | \$ 10,298,131 |
| Total expenses | <u>10,919,098</u> |
| Net expense | <u><u>\$ (620,967)</u></u> |

The City is a participant in the BCJPIA workers compensation risk pool, which in turn participates in the Local Agency Workers Compensation Excess Insurance Joint Powers Authority's (LAWCX) risk pool, and LAWCX in turn purchases coverage above the \$1 million coverage provided by its pool. The City has a self-insured retention of \$150,000 for claims, and the BCJPIA pool covers claims from \$150,000 to \$1,000,000. Claims from \$1,000,000 to the statutory limit are covered by LAWCX.

The City's contributions with each risk pool equal the ratio of the City's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. During the fiscal year ended June 30, 2011, the City incurred costs of \$367,443 for coverage premiums and administration of the risk pools.

During the past four fiscal (claims) years, none of the above programs have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 – Risk Management (Continued)

A. Risk Pools (Continued)

Financial statements for BCJPIA and LAWCX may be obtained from Bickmore Risk Services, 1750 Creekside Oaks Drive, Suite 200, Sacramento, California 95833.

B. Liability for Uninsured Claims

The City estimates its liability for the uninsured portion of claims, including a provision for claims incurred but not reported, based on claims experience. Claims activity for the years ended June 30, 2011 and 2010 were as follows:

| | 2011 | | | Fiscal |
|---------------------------------------|--------------------------|----------------------|---------------------|---------------------|
| | Workers' Compensation | General Liability | Total | 2010 Total |
| Claims liabilities, beginning of year | \$ 1,573,059 | \$231,192 | \$ 1,804,251 | \$ 2,205,405 |
| Provision for claims losses | 367,443 | 266,965 | 634,408 | 46,687 |
| Claim payments | (367,443) | (266,965) | (634,408) | (447,841) |
| Claims liabilities, end of year | <u>\$ 1,573,059</u> | <u>\$249,055</u> | <u>\$ 1,804,251</u> | <u>\$ 1,804,251</u> |
| Estimated payable in one year | \$ 361,000 | \$ 87,494 | \$ 448,494 | \$ 439,801 |
| Estimated payable in future years | 1,212,059 | 143,698 | 1,355,757 | 1,364,450 |

NOTE 16 – Related Party Transaction

In September 2001, per the employment agreement between the City and the City Manager, the City loaned the City Manager \$400,000 to be used toward the purchase of her principal residence. The outstanding principal balance of the loan was paid off during the current year (Note 4).

NOTE 17 – Commitments and Contingent Liabilities

The City participates in several Federal and State grant programs. These programs have been audited by the City's independent accountants when required, in accordance with the provisions of the Federal Single Audit Act and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney, there is no pending litigation, which is likely to have a material adverse effect on the financial position of the City.

CITY OF ALBANY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 18 – Subsequent Events

On June 29, 2011, the Governor of the State of California signed Assembly Bill X1 26 which terminated all Redevelopment Agencies in the state, and Assembly Bill X1 27 which allowed cities to voluntarily share tax increment revenue with the State and continue operation of their redevelopment agencies.

The League of California Cities and the California Redevelopment Association file a lawsuit on July 18, 2011, requesting the California Supreme Court to overturn AB 1X 26 and AB 1X27 on the grounds that they were unconstitutional. On December 29, 2011 the Supreme Court upheld AB 1X 26 and overturned AB 1X27.

The full impact of the termination of the Albany Community Reinvestment Agency to the City of Albany is unknown because of the uncertainties of the termination process. The major potential unfavorable impact to the City would be that loans from the City to the Agency totaling \$1.2 million, would not be allowed as enforceable obligations of the Successor Agency, to be repaid from future tax increment revenue.

Management believes that the Reinvestment Agency and its Successor Agency will have sufficient funds and revenues to pay all Agency obligations as they become due during the fiscal year ending June 30, 2012.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

CITY OF ALBANY
Required Supplementary Information - Budgetary Policies

Budgetary Policies

Procedures followed in establishing the budgetary data reflected in the financial statements are presented below:

1. By June 1, of even-numbered years, the City Manager submits to the City Council an operating budget and capital improvement budget for the two fiscal years commencing the following July 1. The operating budget includes proposed expenditures and the sources of financing.
2. Public hearings and work sessions are conducted to obtain comments from interested individuals and organizations.
3. The budget is formalized and legally enacted through City Council adoption
4. All intrafund transfers above \$5,000 require the approval of the City Manager (or designee). All intrafund transfers below \$5,000 require the approval of the Finance and Administrative Services Director (or designee). Interfund transfer approval must be obtained from both the City Manager and Finance and Administrative Services Director. Such approval shall only be given provided the interfund transfer does not change the total initial appropriation for all funds requiring budgets. Changes in appropriations at the fund level must be approved by the City Council.
5. Formal budgetary integration, in the form of the annual budgets, is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Project Funds and Debt Service Funds.
6. Budgets for General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles in the United States of America. Appropriations lapse at the end of the fiscal year.
7. As needed, budgeted amounts are subjected to amendments presented to City Council for approval. Budgeted amounts appearing in these statements are as amended by the City Council through June 30, 2011.

**CITY OF ALBANY
REQUIRED SUPPLEMENTARY INFORMATION -STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable/ (Unfavorable) |
|---|--------------------|---------------------|---|
| REVENUES | | | |
| Property taxes | \$ 5,062,363 | \$ 5,015,739 | \$ (46,624) |
| Sales taxes | 2,154,357 | 2,166,369 | 12,012 |
| Franchise and other taxes | 3,887,100 | 3,723,510 | (163,590) |
| Licenses and permits | 169,400 | 181,963 | 12,563 |
| Fines and forfeitures | 285,000 | 189,530 | (95,470) |
| Earnings on investments | 100,000 | 72,014 | (27,986) |
| Revenues from other agencies | 107,440 | 148,154 | 40,714 |
| Current services charges | 1,571,660 | 1,528,927 | (42,733) |
| Other revenue | 225,850 | 301,747 | 75,897 |
| | <u>13,563,170</u> | <u>13,327,953</u> | <u>(235,217)</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 2,476,535 | 2,951,525 | (474,990) |
| Police | 5,545,151 | 5,466,542 | 78,609 |
| Fire and emergency medical services | 4,355,898 | 4,231,665 | 124,233 |
| Community development and environmental resources | 2,497,392 | 2,172,217 | 325,175 |
| Recreation and community services | 1,914,431 | 1,959,623 | (45,192) |
| Capital outlay | | | |
| Debt service: | | | |
| Principal | - | 4,329 | (4,329) |
| Interest | - | 15,271 | (15,271) |
| | <u>16,789,407</u> | <u>16,801,172</u> | <u>(11,765)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(3,226,237)</u> | <u>(3,473,219)</u> | <u>(246,982)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 3,482,298 | 3,430,101 | |
| Transfers out | <u>(244,000)</u> | <u>(77,905)</u> | |
| Total other financing sources (uses) | <u>3,238,298</u> | <u>3,352,196</u> | |
| Excess of revenues and other financing sources over expenditures and other financing uses | <u>\$ 12,061</u> | (121,023) | |
| Fund balances, beginning of year | | <u>5,065,476</u> | |
| Fund balances, end of year | | <u>\$ 4,944,453</u> | |

**CITY OF ALBANY
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)**

CalPERS Risk Pool for Small Employers*:

| | Valuation Date | (b) Entry Age Actuarial Accrued Liability | (a) Actuarial Asset Value | (c) Unfunded Liability/ (Excess Assets) | (a)/(b) Funded Ratio | (d) Annual Covered Payroll | (c)/(d) UAAL as a Percentage of Payroll |
|----------------------|----------------|---|------------------------------|---|-------------------------|-------------------------------|--|
| Safety | 6/30/2007 | \$ 1,648,159,522 | \$ 1,422,143,105 | \$ 226,016,417 | 86% | \$ 200,537,256 | 113% |
| | 6/30/2008 | 1,755,559,311 | 1,517,609,609 | 237,949,702 | 86% | 210,590,567 | 113% |
| | 6/30/2009 | 1,802,882,330 | 1,520,081,330 | 282,801,000 | 84% | 221,600,192 | 128% |
| | 6/30/2010 | 1,915,095,826 | 1,628,915,283 | 286,180,543 | 85% | 224,562,008 | 127% |
| Miscellaneous | 6/30/2007 | 1,315,454,361 | 1,149,247,298 | 166,207,063 | 87% | 289,090,187 | 57% |
| | 6/30/2008 | 1,537,909,933 | 1,337,707,835 | 200,202,098 | 87% | 333,307,600 | 60% |
| | 6/30/2009 | 1,834,424,640 | 1,493,430,431 | 340,994,209 | 81% | 355,150,151 | 96% |
| | 6/30/2010 | 1,972,910,641 | 1,603,482,152 | 369,428,489 | 81% | 352,637,380 | 105% |

* The City's CalPERS plans became part of a CalPERS Risk Pool for employers with less than 100 active plan members during fiscal year 2003. The schedule of funding progress above represents the risk pool's multiple-employer benefit plan. See Note 13 for details.

Albany Police and Fire Relief Pension Plan:

| | Valuation Date ** | (b) Actuarial Accrued Liability | (a) Actuarial Asset Value | (c) Unfunded Liability/ (Excess Assets) | (a)/(b) Funded Ratio | (d) Annual Covered Payroll | (c)/(d) UAAL as a Percentage of Payroll |
|--|-------------------|------------------------------------|------------------------------|---|-------------------------|-------------------------------|--|
| | 1992 | \$ 14,785,000 | \$ 5,477,000 | \$ 9,308,000 | 37% | \$ 440,540 | 2113% |
| | 1993 | 14,785,000 | 5,869,000 | 8,916,000 | 40% | 476,607 | 1871% |
| | 1994 | 14,785,000 | 6,272,000 | 8,513,000 | 42% | 269,989 | 3153% |
| | 1995 | 14,528,411 | 7,076,325 | 7,452,086 | 49% | 230,459 | 3234% |
| | 1998 | 14,861,531 | 9,613,552 | 5,247,979 | 65% | 197,328 | 2660% |
| | 2000 | 16,020,009 | 11,452,836 | 4,567,173 | 71% | 162,826 | 2805% |
| | 2002 | 15,573,854 | 13,453,340 | 2,120,514 | 86% | 79,385 | 2671% |
| | 2003 | 14,950,360 | 14,415,847 | 534,513 | 96% | 32,055 | 1667% |
| | 2006 | 14,075,219 | 14,479,158 | (403,939) | 103% | - | N/A |
| | 2009 | 14,570,549 | 12,684,186 | 1,886,363 | 87% | - | N/A |

** The most recent actuarial valuation information is presented here. Because this plan is closed to new participants, the Pension Board adopted a policy in 1996 to perform actuarial valuations as frequently as deemed necessary by the Pension Board of Trustees, but not less than every three years. No actuarial valuations were performed for the years not listed.

**COMBINING STATEMENTS
AND
OTHER SUPPLEMENTARY INFORMATION**

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NONMAJOR GOVERNMENTAL FUNDS

CITY OF ALBANY

Nonmajor Governmental Funds

Other Special Revenue Funds - accounts for revenues derived from specific revenue sources. These funds are required by statute or ordinance to finance particular functions or activities of government.

Other Capital Projects Funds - accounts for financial resources to be used for the acquisition or construction of major capital facilities and equipment other than those financed by proprietary funds.

Other Debt Service Funds - accounts for financial resources to be used for payment for City's long-term debt.

Note: Changes in the level of activities in selected funds have required that funds be grouped differently in the current year than they were grouped in the prior year. To provide comparative prior year totals, some funds have been reclassified from the prior year classifications to conform with the current year classifications. Prior year total columns on the accompanying financial statements are not necessary for a fair presentation of the financial statements, but are presented to facilitate financial analysis.

CITY OF ALBANY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

| | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | Totals | |
|---|-----------------------------|------------------------------|--------------------------|----------------------|----------------------|
| | | | | 2011 | 2010 |
| ASSETS | * | ** | *** | | |
| Operating cash and investments | \$ 5,334,219 | \$ 10,687,687 | \$ 1,337,314 | \$ 17,359,220 | \$ 20,698,949 |
| Debt service reserves held with trustee | - | - | 411,409 | 411,409 | 424,516 |
| Receivables: | | | | | |
| Taxes | 99,028 | - | - | 99,028 | 54,077 |
| Accounts | 236,529 | 37,000 | - | 273,529 | 482,207 |
| Interest | - | - | - | - | - |
| Total assets | <u>\$ 5,669,776</u> | <u>\$ 10,724,687</u> | <u>\$ 1,748,723</u> | <u>\$ 18,143,186</u> | <u>\$ 21,659,749</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 70,428 | \$ 47,054 | \$ 500 | \$ 117,982 | \$ 790,616 |
| Accrued salaries & benefits | 16,035 | - | - | 16,035 | 12,334 |
| Accrued liabilities | 348,587 | 12,255 | 2,304 | 363,146 | 62,775 |
| Due to other funds | 237,596 | 6,341 | - | 243,937 | 397,503 |
| Deferred revenue | - | - | - | - | 41,108 |
| Advance from other funds | 18,515 | - | 386,203 | 404,718 | 686,203 |
| Total liabilities | <u>691,161</u> | <u>65,650</u> | <u>389,007</u> | <u>1,145,818</u> | <u>1,990,539</u> |
| Fund balances: | | | | | |
| Restricted | 4,994,231 | 39,779 | 1,359,716 | 6,393,726 | 10,100,974 |
| Committed | | 10,625,599 | | 10,625,599 | 9,683,636 |
| Unassigned | (15,616) | (6,341) | | (21,957) | (115,400) |
| Total fund balances | <u>4,978,615</u> | <u>10,659,037</u> | <u>1,359,716</u> | <u>16,997,368</u> | <u>19,669,210</u> |
| Total liabilities and fund balances | <u>\$ 5,669,776</u> | <u>\$ 10,724,687</u> | <u>\$ 1,748,723</u> | <u>\$ 18,143,186</u> | <u>\$ 21,659,749</u> |

* See pages D9 - D12 for schedule of funds.

** See pages D32 - D34 for schedule of funds.

*** See page D52 - D53 for schedule of funds.

CITY OF ALBANY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | Special Revenue Funds * | Capital Projects Funds ** | Debt Service Funds *** | Totals | |
|--|----------------------------------|------------------------------------|---------------------------------|---------------|--------------|
| | | | | 2011 | 2010 |
| REVENUES | | | | | |
| Property taxes | \$4,310,813 | \$ - | \$ 1,254,129 | \$ 5,564,942 | \$ 6,607,192 |
| Franchise and other taxes | 59,180 | - | - | 59,180 | - |
| Licenses and permits | 573 | 10,000 | - | 10,573 | 493 |
| Earnings on investments | 17,563 | 51,902 | 3,588 | 73,053 | 118,090 |
| Revenues from other agencies | 1,327,075 | 1,882,623 | 15,062 | 3,224,760 | 1,805,644 |
| Current services charges | 657,979 | 86,658 | - | 744,637 | 696,644 |
| Other revenue | 3,999 | 395,839 | - | 399,838 | 651,715 |
| Total revenues | 6,377,182 | 2,427,022 | 1,272,779 | 10,076,983 | 9,937,558 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 323,462 | 12,697 | 27,572 | 363,731 | 352,658 |
| Police | 47,599 | 60,088 | - | 107,687 | 132,564 |
| Fire and emergency medical services | 4,548 | 69,746 | - | 74,294 | 62,111 |
| Community development and environmental resources | 811,441 | 42,120 | - | 853,561 | 1,957,607 |
| Recreation and community services | 715,838 | 9,082 | - | 724,920 | 776,993 |
| Capital outlay | 1,161,083 | 2,711,718 | - | 3,872,801 | 3,543,745 |
| Debt service: | | | | | |
| Principal | - | 27,537 | 854,655 | 882,192 | 802,537 |
| Interest | - | - | 992,759 | 992,759 | 1,024,077 |
| Total expenditures | 3,063,971 | 2,932,988 | 1,874,986 | 7,871,945 | 8,652,292 |
| REVENUES OVER (UNDER) EXPENDITURES | 3,313,211 | (505,966) | (602,207) | 2,205,038 | 1,285,266 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Issuance of debt | - | - | - | - | - |
| Transfers in | 132,879 | 1,678,480 | 674,479 | 2,485,838 | 1,290,818 |
| Transfers out | (2,924,602) | (608,428) | (400,000) | (3,933,030) | (3,110,021) |
| Total other financing sources (uses) | (2,791,723) | 1,070,052 | 274,479 | (1,447,192) | (1,819,203) |
| Net change in fund balances | 521,488 | 564,086 | (327,728) | 757,846 | (533,937) |
| Fund balances, beginning of year | 4,457,127 | 10,094,951 | 1,687,444 | 16,239,522 | 20,203,147 |
| Fund balances, end of year | \$4,978,615 | \$ 10,659,037 | \$ 1,359,716 | \$ 16,997,368 | \$19,669,210 |

* See pages D13 - D17 for schedule of funds.

** See pages D35 - D38 for schedule of funds.

*** See page D54 - D55 for schedules of funds.

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OTHER SPECIAL REVENUE FUNDS

CITY OF ALBANY

Other Special Revenue Funds

Special Revenue Funds are used to account for revenues derived from specific revenue sources. These funds are required by statute or ordinance to finance particular functions or activities of government. The City's Other Special Revenue Funds and revenue sources are:

Proposition 1B Transportation Fund - accounts for State transportation bond money allocated to the City. The money must be expended for specific street maintenances and transportation projects.

Gas Tax Fund - accounts for revenue received and expended under the State of California, Street and Highways Code Sections 2106, 2107, and 2107.5. These revenues must be expended for street maintenance or construction.

Traffic Congestion Relief Fund - accounts for revenue received and expended under the State of California, Traffic Congestion Relief Program. These revenues must be expended for street maintenance or construction.

Pension Property Tax – accounts for the property tax override passed by the voters to fund City safety retirement plans contributions.

Community Development Block Grant Fund - accounts for revenues received and expended under the Federal Community Development Act of 1974. The funds are distributed through the Alameda County Housing and Community Development Department to assist low income and disabled people in Albany.

Street Fund - accounts for capital street improvements. Monies are transferred from other funds to pay for expenditures.

Library Operations Fund - accounts for voter approved parcel taxes in support of library operations.

Storm Drain Fund - accounts for revenue and expenditures for programs and activities used to prevent non-point source pollution.

Alameda County Measure B Fund - accounts for the City's share of a one-half cent sales tax which is restricted for transportation purposes.

Waste Management Fund - accounts for monies received from the Alameda County Waste Management Authority. Expenditures are made from this fund on a variety of waste reduction programs to comply with State Legislation AB 939, and for oversight of the City's garbage franchise.

Operating Grants – accounts for grant revenues and expenditure for general purposes. In fiscal year 2010-11 this fund was use activities of the EPA Climate Showcase Grant.

Paratransit Fund - accounts for paratransit transportation services provided to qualified Albany senior residents and to people with disabilities 18 years and over.

Lighting and Landscape Assessment District Fund - accounts for assessments levied on district property and are used for landscape and lighting projects, services and maintenance, and debt service on the 1997 Refunding COPS.

CITY OF ALBANY

Other Special Revenue Funds

Emergency Medical Services Fund - accounts for revenue received from emergency medical services including ambulance fees and Paramedic Emergency Medical Service and Advanced Life Support assessments. These funds are expended for emergency medical services provided by the City.

Open Space Fund - accounts for the purchase of open space on Albany Hill, through the City of Albany Open Space, Recreational Playfield and Creek Restoration Assessment District No. 1996-1.

Recreational Playfields Fund - accounts for the acquisition, development and maintenance of recreational playfields throughout the City of Albany Open Space, Recreational Playfield and Creek Restoration Assessment District No. 1996-1.

Creek Restoration Fund - accounts for restoration of creeks through the City of Albany Open Space, Recreational Playfield and Creek Restoration Assessment District No. 1996-1.

Park Bond Fund - accounts for monies received for the City's per capita and block grant awards from the Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection Acts of 2000 and 2002. These funds are used for rehabilitation and restoration of parks and recreation facilities.

EBRPD Measure WW Fund - accounts for monies received from the East Bay Regional Parks District Measure WW Bond. These funds are used for rehabilitation and restoration of parks and recreation facilities.

Reinvestment Low-Mod Housing - accounts for the set-aside requirements for the tax increment revenue received from the redevelopment area.

Law Enforcement Grants - accounts for revenues received under Legislation (AB3229) to fund various front line law enforcement activities.

Poet Laureate - accounts for revenues, donations and expenses associated with the sponsoring of a local poet to write poetry, to express and celebrate the spirit of the community.

Asset Forfeiture - accounts for assets forfeited by someone convicted of drug sales or manufacturing charges. These funds are restricted to law enforcement and/or training related expenses.

Transportation Fund for Clean Air - accounts for expenditures incurred in the joint development of a Climate Action Plan by the Cities of Piedmont and Albany.

**CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011**

(With Comparative Totals for June 30, 2010)

| | Proposition 1B Transportation Fund | Gas Tax | Pension Property Tax | Community Development Block Grant | Street | Library Operations |
|--------------------------------------|--|-------------------|----------------------------|---|-------------------|-----------------------|
| ASSETS | | | | | | |
| Operating cash and investments | \$ 208,937 | \$ 198,758 | \$ 2,719,065 | \$ - | \$ 134,362 | \$ 115,198 |
| Receivables: | | | | | | |
| Taxes | - | - | - | - | - | - |
| Accounts | - | - | - | 15,005 | - | 2,644 |
| Deposits | - | - | - | - | - | - |
| Total assets | <u>\$ 208,937</u> | <u>\$ 198,758</u> | <u>\$ 2,719,065</u> | <u>\$ 15,005</u> | <u>\$ 134,362</u> | <u>\$ 117,842</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 2,656 | \$ - | \$ - | \$ 4,200 | \$ 146 | \$ - |
| Accrued salaries & benefits | - | - | - | 825 | - | - |
| Accrued liabilities | 26,859 | - | 300,000 | - | - | - |
| Due to other funds | - | - | - | 9,980 | - | - |
| Deferred revenue | - | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - | - |
| Total liabilities | <u>29,515</u> | <u>-</u> | <u>300,000</u> | <u>15,005</u> | <u>146</u> | <u>-</u> |
| Fund balances: | | | | | | |
| Restricted | 179,422 | 198,758 | 2,419,065 | - | 134,216 | 117,842 |
| Unassigned | - | - | - | - | - | - |
| Total fund balances | <u>179,422</u> | <u>198,758</u> | <u>2,419,065</u> | <u>-</u> | <u>134,216</u> | <u>117,842</u> |
| Total liabilities and fund balances | <u>\$ 208,937</u> | <u>\$ 198,758</u> | <u>\$ 2,719,065</u> | <u>\$ 15,005</u> | <u>\$ 134,362</u> | <u>\$ 117,842</u> |

Continued
on next page

CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

(With Comparative Totals for June 30, 2010)

| | Storm Drain | Alameda County Measure B | Waste Management | Operating Grants | Paratransit | L&L Assessment District 1998-1 | Emergency Medical Services |
|--|-----------------------|--------------------------------|----------------------|----------------------|----------------------|---|----------------------------------|
| ASSETS | | | | | | | |
| Operating cash and investments | \$ 395,764 | \$ - | \$ - | \$ - | \$ - | \$ 153,190 | \$ - |
| Receivables: | | | | | | | |
| Taxes | - | 92,219 | - | - | 6,809 | - | - |
| Accounts | 1,776 | 35,443 | 24,187 | 14,555 | 9,999 | - | 73,672 |
| Deposits | | | | | | | |
| Total assets | <u>\$ 397,540</u> | <u>\$ 127,662</u> | <u>\$ 24,187</u> | <u>\$ 14,555</u> | <u>\$ 16,808</u> | <u>\$ 153,190</u> | <u>\$ 73,672</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 12,224 | \$ 1,472 | \$ 7 | \$ 2,170 | \$ 1,829 | \$ 6,463 | \$ 299 |
| Accrued salaries & benefits | 7,170 | - | 2,840 | - | 1,245 | 3,161 | - |
| Accrued liabilities | - | - | 3,035 | - | - | 1,600 | - |
| Due to other funds | - | 117,959 | 15,406 | 5,499 | 2,411 | - | 73,373 |
| Deferred revenue | - | - | - | - | - | - | - |
| Advances from other funds | - | - | 18,515 | - | - | - | - |
| Total liabilities | <u>19,394</u> | <u>119,431</u> | <u>39,803</u> | <u>7,669</u> | <u>5,485</u> | <u>11,224</u> | <u>73,672</u> |
| Fund balances: | | | | | | | |
| Restricted | 378,146 | 8,231 | | 6,886 | 11,323 | 141,966 | - |
| Unassigned | - | - | (15,616) | - | - | - | - |
| Total fund balances | <u>378,146</u> | <u>8,231</u> | <u>(15,616)</u> | <u>6,886</u> | <u>11,323</u> | <u>141,966</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 397,540</u> | <u>\$ 127,662</u> | <u>\$ 24,187</u> | <u>\$ 14,555</u> | <u>\$ 16,808</u> | <u>\$ 153,190</u> | <u>\$ 73,672</u> |

Continued
on next page

**CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011**

(With Comparative Totals for June 30, 2010)

| | L&L Assessment District 1996-1 | | | Park Bond | EBRPD Measure WW | Reinvestment Low-Mod Housing |
|--|--------------------------------|----------------------------|----------------------|-------------|---------------------|------------------------------------|
| | Open Space | Recreational Playfields | Creek Restoration | | | |
| ASSETS | | | | | | |
| Operating cash and investments | \$ 162,096 | \$ 66,829 | \$ 201,849 | \$ - | \$ - | \$ 676,880 |
| Receivables: | | | | | | |
| Taxes | - | - | - | - | - | - |
| Accounts | - | - | - | - | 38,211 | - |
| Deposits | | | | | | |
| Total assets | <u>\$ 162,096</u> | <u>\$ 66,829</u> | <u>\$ 201,849</u> | <u>\$ -</u> | <u>\$ 38,211</u> | <u>\$ 676,880</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ 11,179 | \$ - |
| Accrued salaries & benefits | - | - | - | - | - | - |
| Accrued liabilities | 5,611 | - | - | - | 11,482 | - |
| Due to other funds | - | - | - | - | 12,968 | - |
| Deferred revenue | - | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - | - |
| Total liabilities | <u>5,611</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>35,629</u> | <u>-</u> |
| Fund balances: | | | | | | |
| Restricted | 156,485 | 66,829 | 201,849 | - | 2,582 | 676,880 |
| Unassigned | - | - | - | - | - | - |
| Total fund balances | <u>156,485</u> | <u>66,829</u> | <u>201,849</u> | <u>-</u> | <u>2,582</u> | <u>676,880</u> |
| Total liabilities and fund balances | <u>\$ 162,096</u> | <u>\$ 66,829</u> | <u>\$ 201,849</u> | <u>\$ -</u> | <u>\$ 38,211</u> | <u>\$ 676,880</u> |

Continued
on next page

**CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011**

(With Comparative Totals for June 30, 2010)

| | Law | Poet | Asset | Transportation | Totals | |
|--|-----------------------|---------------|------------------|-----------------------|---------------------|---------------------|
| | Enforcement Grants | Laureate | Forfeiture | Fund For Clean Air | 2011 | 2010 |
| ASSETS | | | | | | |
| Operating cash and investments | \$ 262,175 | \$ 800 | \$ 38,270 | \$ 46 | \$ 5,334,219 | \$ 4,820,742 |
| Receivables: | | | | | | |
| Taxes | - | - | - | - | 99,028 | 54,077 |
| Accounts | 21,037 | - | - | - | 236,529 | 362,215 |
| Deposits | | | | | - | - |
| Total assets | <u>\$ 283,212</u> | <u>\$ 800</u> | <u>\$ 38,270</u> | <u>\$ 46</u> | <u>\$ 5,669,776</u> | <u>\$ 5,237,034</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 18 | \$ - | \$ 27,765 | \$ - | \$ 70,428 | \$ 376,020 |
| Accrued salaries & benefits | 794 | - | - | - | 16,035 | 11,097 |
| Accrued liabilities | - | - | - | - | 348,587 | 18,836 |
| Due to other funds | - | - | - | - | 237,596 | 373,954 |
| Deferred revenue | - | - | - | - | - | - |
| Advances from other funds | - | - | - | - | 18,515 | - |
| Total liabilities | <u>812</u> | <u>-</u> | <u>27,765</u> | <u>-</u> | <u>691,161</u> | <u>779,907</u> |
| Fund balances: | | | | | | |
| Restricted | 282,400 | 800 | 10,505 | 46 | 4,994,231 | 4,572,527 |
| Unassigned | - | - | - | - | (15,616) | (115,400) |
| Total fund balances | <u>282,400</u> | <u>800</u> | <u>10,505</u> | <u>46</u> | <u>4,978,615</u> | <u>4,457,127</u> |
| Total liabilities and fund balances | <u>\$ 283,212</u> | <u>\$ 800</u> | <u>\$ 38,270</u> | <u>\$ 46</u> | <u>\$ 5,669,776</u> | <u>\$ 5,237,034</u> |

CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | Proposition 1B Transportation Fund * | Gas Tax * | Pension Property Tax * | Community Development Block Grant * | Street * |
|---|---|-------------------|---------------------------------|--|-------------------|
| REVENUES | | | | | |
| Property taxes | \$ - | \$ - | \$ 1,930,553 | \$ - | \$ - |
| Franchise and other taxes | - | - | - | - | - |
| License and permits | - | - | - | - | - |
| Earnings on investments | 1,503 | 1,056 | 7,917 | 27 | 241 |
| Revenues from other agencies | - | 414,619 | 23,187 | 34,637 | - |
| Current service charges | - | - | - | - | - |
| Other revenue | - | - | - | - | - |
| Total revenues | <u>1,503</u> | <u>415,675</u> | <u>1,961,657</u> | <u>34,664</u> | <u>241</u> |
| EXPENDITURES | | | | | |
| General government | - | - | 323,462 | - | - |
| Police | - | - | - | - | - |
| Fire and emergency medical services | - | - | - | - | - |
| Community development and environmental resources | - | - | - | 19,637 | - |
| Recreation and community services | - | - | - | 15,027 | - |
| Capital outlay | 286,750 | 227,862 | - | - | 13,270 |
| Total expenditures | <u>286,750</u> | <u>227,862</u> | <u>323,462</u> | <u>34,664</u> | <u>13,270</u> |
| Excess of revenues over (under) expenditures | <u>(285,247)</u> | <u>187,813</u> | <u>1,638,195</u> | <u>-</u> | <u>(13,029)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | - | 13,272 |
| Transfers out | (67,327) | (237,610) | (1,000,000) | - | - |
| Total other financing sources (uses) | <u>(67,327)</u> | <u>(237,610)</u> | <u>(1,000,000)</u> | <u>-</u> | <u>13,272</u> |
| Net change in fund balances | (352,574) | (49,797) | 638,195 | - | 243 |
| Fund balances, beginning of year | 531,996 | 248,555 | 1,780,870 | - | 133,973 |
| Fund balances, end of year | <u>\$ 179,422</u> | <u>\$ 198,758</u> | <u>\$ 2,419,065</u> | <u>\$ -</u> | <u>\$ 134,216</u> |

* See page D18-D29 for budget comparisons.

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on next page

CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | Library Operations | Storm Drain | Alameda County Measure B | Waste Management | Operating Grants | Paratransit |
|---|-----------------------|-------------------|--------------------------------|---------------------|---------------------|------------------|
| | * | * | * | * | | * |
| REVENUES | | | | | | |
| Property taxes | \$ 734,666 | \$ 318,571 | \$ - | \$ - | \$ - | \$ - |
| Franchise and other taxes | - | 59,180 | - | - | - | - |
| License and permits | - | 573 | - | - | - | - |
| Earnings on investments | 420 | 1,104 | 205 | 34 | - | 7 |
| Revenues from other agencies | - | - | 447,176 | 60,517 | 34,516 | 43,772 |
| Current service charges | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - |
| Total revenues | <u>735,086</u> | <u>379,428</u> | <u>447,381</u> | <u>60,551</u> | <u>34,516</u> | <u>43,779</u> |
| EXPENDITURES | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | - | - | - | - | - |
| Community development and environmental resources | - | 306,517 | 310,491 | 124,436 | 27,630 | - |
| Recreation and community services | 683,919 | - | - | - | - | 16,892 |
| Capital outlay | - | 10,177 | 160,337 | - | - | 18,088 |
| Total expenditures | <u>683,919</u> | <u>316,694</u> | <u>470,828</u> | <u>124,436</u> | <u>27,630</u> | <u>34,980</u> |
| Excess of revenues over (under) expenditures | <u>51,167</u> | <u>62,734</u> | <u>(23,447)</u> | <u>(63,885)</u> | <u>6,886</u> | <u>8,799</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 51,167 | 62,734 | (23,447) | (63,885) | 6,886 | 8,799 |
| Fund balances, beginning of year | 66,675 | 315,412 | 31,678 | 48,269 | - | 2,524 |
| Fund balances, end of year | <u>\$ 117,842</u> | <u>\$ 378,146</u> | <u>\$ 8,231</u> | <u>\$ (15,616)</u> | <u>\$ 6,886</u> | <u>\$ 11,323</u> |

* See page D18-D29 for budget comparisons.

Continued
on next page

CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | L&L | Emergency Medical Services | L&L Assessment District 1996-1 | | | Park Bond |
|---|----------------------------------|----------------------------------|--------------------------------|----------------------------|----------------------|-----------|
| | Assessment District 1998-1 | | Open Space | Recreational Playfields | Creek Restoration | |
| | * | * | * | * | * | * |
| REVENUES | | | | | | |
| Property taxes | \$ 550,040 | \$ 688,673 | \$ - | \$ - | \$ - | \$ - |
| Franchise and other taxes | - | - | - | - | - | - |
| License and permits | - | - | - | - | - | - |
| Earnings on investments | 651 | - | 554 | 220 | 672 | - |
| Revenues from other agencies | - | - | - | - | - | - |
| Current service charges | - | 657,979 | - | - | - | - |
| Other revenue | 3,749 | - | - | - | - | - |
| Total revenues | 554,440 | 1,346,652 | 554 | 220 | 672 | - |
| EXPENDITURES | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | 4,548 | - | - | - | - |
| Community development and environmental resources | 22,730 | - | - | - | - | - |
| Recreation and community services | - | - | - | - | - | - |
| Capital outlay | 324,317 | - | 23,909 | 216 | 215 | 77,266 |
| Total expenditures | 347,047 | 4,548 | 23,909 | 216 | 215 | 77,266 |
| Excess of revenues over (under) expenditures | 207,393 | 1,342,104 | (23,355) | 4 | 457 | (77,266) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | 3,000 | 1,500 | 1,500 | 59,702 |
| Transfers out | (257,206) | (1,346,445) | - | - | - | - |
| Total other financing sources (uses) | (257,206) | (1,346,445) | 3,000 | 1,500 | 1,500 | 59,702 |
| Net change in fund balances | (49,813) | (4,341) | (20,355) | 1,504 | 1,957 | (17,564) |
| Fund balances, beginning of year | 191,779 | 4,341 | 176,840 | 65,325 | 199,892 | 17,564 |
| Fund balances, end of year | \$ 141,966 | \$ - | \$ 156,485 | \$ 66,829 | \$ 201,849 | \$ - |

* See page D18-D29 for budget comparisons.

Continued
on next page

CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | EBRPD Measure WW * | Reinvestment Low-Mod Housing * | Law Enforcement Grants * | Poet Laureate * | Asset Forfeiture * |
|---|--------------------------|---|-----------------------------------|-----------------------|--------------------------|
| REVENUES | | | | | |
| Property taxes | \$ - | \$ 88,310 | \$ - | \$ - | \$ - |
| Franchise and other taxes | - | - | - | - | - |
| License and permits | - | - | - | - | - |
| Earnings on investments | - | 2,109 | 797 | - | - |
| Revenues from other agencies | 136,658 | - | 131,993 | - | - |
| Current service charges | - | - | - | - | - |
| Other revenue | - | - | - | 250 | - |
| Total revenues | 136,658 | 90,419 | 132,790 | 250 | - |
| EXPENDITURES | | | | | |
| General government | - | - | - | - | - |
| Police | - | - | 47,599 | - | - |
| Fire and emergency medical services | - | - | - | - | - |
| Community development and environmental resources | - | - | - | - | - |
| Recreation and community services | - | - | - | - | - |
| Capital outlay | 18,676 | - | - | - | - |
| Total expenditures | 18,676 | - | 47,599 | - | - |
| Excess of revenues over (under) expenditures | 117,982 | 90,419 | 85,191 | 250 | - |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | 53,905 | - | - |
| Transfers out | - | - | (16,014) | - | - |
| Total other financing sources (uses) | - | - | 37,891 | - | - |
| Net change in fund balances | 117,982 | 90,419 | 123,082 | 250 | - |
| Fund balances, beginning of year | (115,400) | 586,461 | 159,318 | 550 | 10,505 |
| Fund balances, end of year | \$ 2,582 | \$ 676,880 | \$ 282,400 | \$ 800 | \$ 10,505 |

* See page D18-D29 for budget comparisons.

Continued
on next page

CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | Transportation Fund For Clean Air * | Totals | |
|---|--|--------------|--------------|
| | | 2011 | 2010 |
| REVENUES | | | |
| Property taxes | \$ - | \$ 4,310,813 | \$ 4,141,650 |
| Franchise and other taxes | - | 59,180 | 57,780 |
| License and permits | - | 573 | 493 |
| Earnings on investments | 46 | 17,563 | 32,159 |
| Revenues from other agencies | - | 1,327,075 | 1,500,658 |
| Current service charges | - | 657,979 | 611,974 |
| Other revenue | - | 3,999 | 50,872 |
| Total revenues | 46 | 6,377,182 | 6,395,586 |
| EXPENDITURES | | | |
| General government | - | 323,462 | 305,944 |
| Police | - | 47,599 | 81,008 |
| Fire and emergency medical services | - | 4,548 | 2,453 |
| Community development and environmental resources | - | 811,441 | 962,343 |
| Recreation and community services | - | 715,838 | 749,191 |
| Capital outlay | - | 1,161,083 | 504,904 |
| Total expenditures | - | 3,063,971 | 2,605,843 |
| Excess of revenues over (under) expenditures | 46 | 3,313,211 | 3,789,743 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | 132,879 | 41,463 |
| Transfers out | - | (2,924,602) | (2,950,701) |
| Total other financing sources (uses) | - | (2,791,723) | (2,909,238) |
| Net change in fund balances | 46 | 521,488 | 880,505 |
| Fund balances, beginning of year | - | 4,457,127 | 3,576,622 |
| Fund balances, end of year | \$ 46 | \$ 4,978,615 | \$ 4,457,127 |

* See page D18-D29 for budget comparisons.

**CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Proposition 1B Transportation Fund | | | Gas Tax | | |
|---|--|-------------------|------------------------------------|---------------------|-------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Franchise and other taxes | - | - | - | - | - | - |
| License and permits | - | - | - | - | - | - |
| Earnings on investments | 2,000 | 1,503 | (497) | 1,000 | 1,056 | 56 |
| Revenues from other agencies | - | - | - | 300,000 | 414,619 | 114,619 |
| Current service charges | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - |
| Total revenues | <u>2,000</u> | <u>1,503</u> | <u>(497)</u> | <u>301,000</u> | <u>415,675</u> | <u>114,675</u> |
| EXPENDITURES | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | - | - | - | - | - |
| Community development and environmental resources | - | - | - | - | - | - |
| Recreation and community services | - | - | - | - | - | - |
| Capital outlay | 250,000 | 286,750 | (36,750) | - | 227,862 | (22,862) |
| Total expenditures | <u>250,000</u> | <u>286,750</u> | <u>(36,750)</u> | <u>-</u> | <u>227,862</u> | <u>(22,862)</u> |
| Excess of revenues over (under) expenditures | <u>(248,000)</u> | <u>(285,247)</u> | <u>(37,247)</u> | <u>301,000</u> | <u>187,813</u> | <u>(113,187)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | (67,327) | (67,327) | (442,893) | (237,610) | 205,283 |
| Total other financing sources (uses) | <u>-</u> | <u>(67,327)</u> | <u>(67,327)</u> | <u>(442,893)</u> | <u>(237,610)</u> | <u>205,283</u> |
| Net change in fund balances | <u>\$ (248,000)</u> | <u>(352,574)</u> | <u>\$ (104,574)</u> | <u>\$ (141,893)</u> | <u>(49,797)</u> | <u>\$ 92,096</u> |
| Fund balances, beginning of year | | <u>531,996</u> | | | <u>248,555</u> | |
| Fund balances, end of year | | <u>\$ 179,422</u> | | | <u>\$ 198,758</u> | |

Continued
on next page

**CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Pension Property Tax | | | Community Development Block Grant | | |
|---|-------------------------|---------------------|------------------------------------|---|---------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ 1,900,000 | \$ 1,930,553 | \$ 30,553 | \$ - | \$ - | \$ - |
| Franchise and other taxes | - | - | - | - | - | - |
| License and permits | - | - | - | - | - | - |
| Earnings on investments | - | 7,917 | 7,917 | - | 27 | 27 |
| Revenues from other agencies | - | 23,187 | 23,187 | - | 34,637 | 34,637 |
| Current service charges | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - |
| Total revenues | <u>1,900,000</u> | <u>1,961,657</u> | <u>61,657</u> | <u>-</u> | <u>34,664</u> | <u>34,664</u> |
| EXPENDITURES | | | | | | |
| General government | - | 323,462 | (323,462) | - | - | - |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | - | - | - | - | - |
| Community development and environmental resources | - | - | - | - | 19,637 | (19,637) |
| Recreation and community services | - | - | - | - | 15,027 | (15,027) |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>323,462</u> | <u>(323,462)</u> | <u>-</u> | <u>34,664</u> | <u>(34,664)</u> |
| Excess of revenues over (under) expenditures | <u>1,900,000</u> | <u>1,638,195</u> | <u>(261,805)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | <u>(1,000,000)</u> | <u>(1,000,000)</u> | - | - | - | - |
| Total other financing sources (uses) | <u>(1,000,000)</u> | <u>(1,000,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>\$ 900,000</u> | <u>638,195</u> | <u>\$ (261,805)</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| Fund balances, beginning of year | - | <u>1,780,870</u> | - | - | <u>-</u> | - |
| Fund balances, end of year | - | <u>\$ 2,419,065</u> | - | - | <u>\$ -</u> | - |

Continued
on next page

**CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Street | | | Library Operations | | |
|---|-----------------|-------------------|------------------------------|--------------------|-------------------|------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 687,186 | \$ 734,666 | \$ 47,480 |
| Franchise and other taxes | - | - | - | - | - | - |
| License and permits | - | - | - | - | - | - |
| Earnings on investments | 1,000 | 241 | (759) | 200 | 420 | 220 |
| Revenues from other agencies | - | - | - | - | - | - |
| Current service charges | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - |
| Total revenues | <u>1,000</u> | <u>241</u> | <u>(759)</u> | <u>687,386</u> | <u>735,086</u> | <u>47,700</u> |
| EXPENDITURES | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | - | - | - | - | - |
| Community development and environmental resources | - | - | - | - | - | - |
| Recreation and community services | - | - | - | 690,186 | 683,919 | 6,267 |
| Capital outlay | 50,000 | 13,270 | 36,730 | - | - | - |
| Total expenditures | <u>50,000</u> | <u>13,270</u> | <u>36,730</u> | <u>690,186</u> | <u>683,919</u> | <u>6,267</u> |
| Excess of revenues over (under) expenditures | <u>(49,000)</u> | <u>(13,029)</u> | <u>35,971</u> | <u>(2,800)</u> | <u>51,167</u> | <u>53,967</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 50,000 | 13,272 | (36,728) | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>50,000</u> | <u>13,272</u> | <u>(36,728)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>\$ 1,000</u> | <u>243</u> | <u>\$ (757)</u> | <u>\$ (2,800)</u> | <u>51,167</u> | <u>\$ 53,967</u> |
| Fund balances, beginning of year | | <u>133,973</u> | | | <u>66,675</u> | |
| Fund balances, end of year | | <u>\$ 134,216</u> | | | <u>\$ 117,842</u> | |

Continued on next page

**CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Storm Drain | | | Alameda County Measure B | | |
|---|------------------|-------------------|------------------------------|--------------------------|-----------------|------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ 295,105 | \$ 318,571 | \$ 23,466 | \$ - | \$ - | \$ - |
| Franchise and other taxes | 58,000 | 59,180 | 1,180 | - | - | - |
| License and permits | - | 573 | 573 | - | - | - |
| Earnings on investments | 1,000 | 1,104 | 104 | 250 | 205 | (45) |
| Revenues from other agencies | - | - | - | 400,000 | 447,176 | 47,176 |
| Current service charges | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - |
| Total revenues | <u>354,105</u> | <u>379,428</u> | <u>25,323</u> | <u>400,250</u> | <u>447,381</u> | <u>47,131</u> |
| EXPENDITURES | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | - | - | - | - | - |
| Community development and environmental resources | 300,000 | 306,517 | (6,517) | 300,000 | 310,491 | (10,491) |
| Recreation and community services | - | - | - | - | - | - |
| Capital outlay | - | 10,177 | (10,177) | 100,000 | 160,337 | (60,337) |
| Total expenditures | <u>300,000</u> | <u>316,694</u> | <u>(16,694)</u> | <u>400,000</u> | <u>470,828</u> | <u>(70,828)</u> |
| Excess of revenues over (under) expenditures | <u>54,105</u> | <u>62,734</u> | <u>8,629</u> | <u>250</u> | <u>(23,447)</u> | <u>(23,697)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>\$ 54,105</u> | <u>62,734</u> | <u>\$ 8,629</u> | <u>\$ 250</u> | <u>(23,447)</u> | <u>\$ (23,697)</u> |
| Fund balances, beginning of year | | <u>315,412</u> | | | <u>31,678</u> | |
| Fund balances, end of year | | <u>\$ 378,146</u> | | | <u>\$ 8,231</u> | |

Continued on next page

**CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Waste Management | | | Operating Grants | | |
|---|------------------|--------------------|------------------------------|------------------|-----------------|------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Franchise and other taxes | - | - | - | - | - | - |
| License and permits | - | - | - | - | - | - |
| Earnings on investments | 250 | 34 | (216) | - | - | - |
| Revenues from other agencies | 90,000 | 60,517 | (29,483) | - | 34,516 | 34,516 |
| Current service charges | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - |
| Total revenues | <u>90,250</u> | <u>60,551</u> | <u>(29,699)</u> | <u>-</u> | <u>34,516</u> | <u>34,516</u> |
| EXPENDITURES | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | - | - | - | - | - |
| Community development and environmental resources | 90,000 | 124,436 | (34,436) | - | 27,630 | (27,630) |
| Recreation and community services | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | <u>90,000</u> | <u>124,436</u> | <u>(34,436)</u> | <u>-</u> | <u>27,630</u> | <u>(27,630)</u> |
| Excess of revenues over (under) expenditures | <u>250</u> | <u>(63,885)</u> | <u>(64,135)</u> | <u>-</u> | <u>6,886</u> | <u>6,886</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>\$ 250</u> | <u>(63,885)</u> | <u>\$ (64,135)</u> | <u>\$ -</u> | <u>6,886</u> | <u>\$ 6,886</u> |
| Fund balances, beginning of year | | <u>48,269</u> | | | <u>-</u> | |
| Fund balances, end of year | | <u>\$ (15,616)</u> | | | <u>\$ 6,886</u> | |

Continued on next page

**CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Paratransit | | | L&L Assessment District 1998-1 | | |
|---|---------------|------------------|------------------------------------|---|-------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 514,269 | \$ 550,040 | \$ 35,771 |
| Franchise and other taxes | - | - | - | - | - | - |
| License and permits | - | - | - | - | - | - |
| Earnings on investments | - | 7 | 7 | 1,000 | 651 | (349) |
| Revenues from other agencies | 30,000 | 43,772 | 13,772 | - | - | - |
| Current service charges | - | - | - | - | - | - |
| Other revenue | - | - | - | 8,792 | 3,749 | (5,043) |
| Total revenues | <u>30,000</u> | <u>43,779</u> | <u>13,779</u> | <u>524,061</u> | <u>554,440</u> | <u>30,379</u> |
| EXPENDITURES | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | - | - | - | - | - |
| Community development and environmental resources | - | - | - | 255,659 | 22,730 | 232,929 |
| Recreation and community services | 30,000 | 16,892 | 13,108 | - | - | - |
| Capital outlay | - | 18,088 | (18,088) | - | 324,317 | (324,317) |
| Total expenditures | <u>30,000</u> | <u>34,980</u> | <u>(4,980)</u> | <u>255,659</u> | <u>347,047</u> | <u>(91,388)</u> |
| Excess of revenues over (under) expenditures | - | 8,799 | 8,799 | 268,402 | 207,393 | (61,009) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | (257,206) | (257,206) | - |
| Total other financing sources (uses) | - | - | - | <u>(257,206)</u> | <u>(257,206)</u> | - |
| Net change in fund balances | <u>\$ -</u> | <u>8,799</u> | <u>\$ 8,799</u> | <u>\$ 11,196</u> | <u>(49,813)</u> | <u>\$ (61,009)</u> |
| Fund balances, beginning of year | | <u>2,524</u> | | | <u>191,779</u> | |
| Fund balances, end of year | | <u>\$ 11,323</u> | | | <u>\$ 141,966</u> | |

Continued
on next page

**CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Emergency Medical Services | | | L&L Assessment District 1996-1 | | |
|---|----------------------------|--------------------|------------------------------|--------------------------------|-------------------|------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ 681,440 | \$ 688,673 | \$ 7,233 | \$ - | \$ - | \$ - |
| Franchise and other taxes | - | - | - | - | - | - |
| License and permits | - | - | - | - | - | - |
| Earnings on investments | - | - | - | 750 | 554 | (196) |
| Revenues from other agencies | - | - | - | - | - | - |
| Current service charges | 565,660 | 657,979 | 92,319 | - | - | - |
| Other revenue | - | - | - | - | - | - |
| Total revenues | <u>1,247,100</u> | <u>1,346,652</u> | <u>99,552</u> | <u>750</u> | <u>554</u> | <u>(196)</u> |
| EXPENDITURES | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | 4,548 | (4,548) | - | - | - |
| Community development and environmental resources | - | - | - | - | - | - |
| Recreation and community services | - | - | - | 3,000 | - | 3,000 |
| Capital outlay | - | - | - | - | 23,909 | (23,909) |
| Total expenditures | <u>-</u> | <u>4,548</u> | <u>(4,548)</u> | <u>3,000</u> | <u>23,909</u> | <u>(20,909)</u> |
| Excess of revenues over (under) expenditures | <u>1,247,100</u> | <u>1,342,104</u> | <u>95,004</u> | <u>(2,250)</u> | <u>(23,355)</u> | <u>(21,105)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | 3,000 | 3,000 | - |
| Transfers out | (1,247,100) | (1,346,445) | (99,345) | - | - | - |
| Total other financing sources (uses) | <u>(1,247,100)</u> | <u>(1,346,445)</u> | <u>(99,345)</u> | <u>3,000</u> | <u>3,000</u> | <u>-</u> |
| Net change in fund balances | <u>\$ -</u> | <u>(4,341)</u> | <u>\$ (4,341)</u> | <u>\$ 750</u> | <u>(20,355)</u> | <u>\$ (21,105)</u> |
| Fund balances, beginning of year | | <u>4,341</u> | | | <u>176,840</u> | |
| Fund balances, end of year | | <u>\$ -</u> | | | <u>\$ 156,485</u> | |

Continued on next page

**CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | L&L Assessment District 1996-1 Recreational Playfields | | | L&L Assessment District 1996-1 Creek Restoration | | |
|---|--|------------------|------------------------------------|--|-------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Franchise and other taxes | - | - | - | - | - | - |
| License and permits | - | - | - | - | - | - |
| Earnings on investments | 350 | 220 | (130) | 350 | 672 | 322 |
| Revenues from other agencies | - | - | - | - | - | - |
| Current service charges | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - |
| Total revenues | <u>350</u> | <u>220</u> | <u>(130)</u> | <u>350</u> | <u>672</u> | <u>322</u> |
| EXPENDITURES | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | - | - | - | - | - |
| Community development and environmental resources | 1,500 | - | 1,500 | 1,500 | - | 1,500 |
| Recreation and community services | - | - | - | - | - | - |
| Capital outlay | - | 216 | (216) | - | 215 | (215) |
| Total expenditures | <u>1,500</u> | <u>216</u> | <u>1,284</u> | <u>1,500</u> | <u>215</u> | <u>1,285</u> |
| Excess of revenues over (under) expenditures | <u>(1,150)</u> | <u>4</u> | <u>1,154</u> | <u>(1,150)</u> | <u>457</u> | <u>1,607</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 1,500 | 1,500 | - | 1,500 | 1,500 | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>1,500</u> | <u>1,500</u> | <u>-</u> | <u>1,500</u> | <u>1,500</u> | <u>-</u> |
| Net change in fund balances | <u>\$ 350</u> | <u>1,504</u> | <u>\$ 1,154</u> | <u>\$ 350</u> | <u>1,957</u> | <u>\$ 1,607</u> |
| Fund balances, beginning of year | | <u>65,325</u> | | | <u>199,892</u> | |
| Fund balances, end of year | | <u>\$ 66,829</u> | | | <u>\$ 201,849</u> | |

Continued
on next page

**CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Park Bond | | | EBRPD Measure WW | | |
|---|-------------------|-----------------|------------------------------|---------------------|-----------------|------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Franchise and other taxes | - | - | - | - | - | - |
| License and permits | - | - | - | - | - | - |
| Earnings on investments | - | - | - | - | - | - |
| Revenues from other agencies | - | - | - | - | 136,658 | 136,658 |
| Current service charges | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - |
| Total revenues | - | - | - | - | 136,658 | 136,658 |
| EXPENDITURES | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | - | - | - | - | - |
| Community development and environmental resources | - | - | - | - | - | - |
| Recreation and community services | 1,290 | - | 1,290 | - | - | - |
| Capital outlay | - | 77,266 | (77,266) | 120,000 | 18,676 | 101,324 |
| Total expenditures | 1,290 | 77,266 | (75,976) | 120,000 | 18,676 | 101,324 |
| Excess of revenues over (under) expenditures | (1,290) | (77,266) | (75,976) | (120,000) | 117,982 | 237,982 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | 59,702 | 59,702 | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | 59,702 | 59,702 | - | - | - |
| Net change in fund balances | <u>\$ (1,290)</u> | <u>(17,564)</u> | <u>\$ (16,274)</u> | <u>\$ (120,000)</u> | 117,982 | <u>\$ 237,982</u> |
| Fund balances, beginning of year | | 17,564 | | | (115,400) | |
| Fund balances, end of year | | <u>\$ -</u> | | | <u>\$ 2,582</u> | |

Continued on next page

**CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Reinvestment Low-Mod Housing | | | Law Enforcement Grants | | |
|---|------------------------------------|-------------------|------------------------------------|------------------------------|-------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ 87,500 | \$ 88,310 | \$ 810 | \$ - | \$ - | \$ - |
| Franchise and other taxes | - | - | - | - | - | - |
| License and permits | - | - | - | - | - | - |
| Earnings on investments | 5,000 | 2,109 | (2,891) | 500 | 797 | 297 |
| Revenues from other agencies | - | - | - | 120,000 | 131,993 | 11,993 |
| Current service charges | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - |
| Total revenues | <u>92,500</u> | <u>90,419</u> | <u>(2,081)</u> | <u>120,500</u> | <u>132,790</u> | <u>12,290</u> |
| EXPENDITURES | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | 20,000 | 47,599 | (27,599) |
| Fire and emergency medical services | - | - | - | - | - | - |
| Community development and environmental resources | - | - | - | - | - | - |
| Recreation and community services | - | - | - | - | - | - |
| Capital outlay | - | - | - | 100,000 | - | 100,000 |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>120,000</u> | <u>47,599</u> | <u>72,401</u> |
| Excess of revenues over (under) expenditures | <u>92,500</u> | <u>90,419</u> | <u>(2,081)</u> | <u>500</u> | <u>85,191</u> | <u>84,691</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | 53,905 | 53,905 |
| Transfers out | - | - | - | - | (16,014) | (16,014) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>37,891</u> | <u>37,891</u> |
| Net change in fund balances | <u>\$ 92,500</u> | <u>90,419</u> | <u>\$ (2,081)</u> | <u>\$ 500</u> | <u>123,082</u> | <u>\$ 122,582</u> |
| Fund balances, beginning of year | | <u>586,461</u> | | | <u>159,318</u> | |
| Fund balances, end of year | | <u>\$ 676,880</u> | | | <u>\$ 282,400</u> | |

Continued
on next page

**CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Poet Laureate | | | Asset Forfeiture | | |
|---|---------------|--------|------------------------------|------------------|-----------|------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Franchise and other taxes | - | - | - | - | - | - |
| License and permits | - | - | - | - | - | - |
| Earnings on investments | - | - | - | - | - | - |
| Revenues from other agencies | - | - | - | - | - | - |
| Current service charges | - | - | - | - | - | - |
| Other revenue | 500 | 250 | (250) | 100 | - | (100) |
| Total revenues | 500 | 250 | (250) | 100 | - | (100) |
| EXPENDITURES | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | 100 | - | 100 |
| Fire and emergency medical services | - | - | - | - | - | - |
| Community development and environmental resources | - | - | - | - | - | - |
| Recreation and community services | 500 | - | 500 | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 500 | - | 500 | 100 | - | 100 |
| Excess of revenues over (under) expenditures | - | 250 | 250 | - | - | - |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Net change in fund balances | \$ - | 250 | \$ 250 | \$ - | - | \$ - |
| Fund balances, beginning of year | | 550 | | | 10,505 | |
| Fund balances, end of year | | \$ 800 | | | \$ 10,505 | |

Continued on next page

**CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Transportation Fund for Clean Air | | | Total | | |
|---|--------------------------------------|--------|------------------------------------|--------------|--------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 4,165,500 | \$ 4,310,813 | \$ 145,313 |
| Franchise and other taxes | - | - | - | 58,000 | 59,180 | 1,180 |
| License and permits | - | - | - | - | 573 | 573 |
| Earnings on investments | - | 46 | 46 | 13,650 | 17,563 | 3,913 |
| Revenues from other agencies | - | - | - | 940,000 | 1,327,075 | 387,075 |
| Current service charges | - | - | - | 565,660 | 657,979 | 92,319 |
| Other revenue | - | - | - | 9,392 | 3,999 | (5,393) |
| Total revenues | - | 46 | 46 | 5,752,202 | 6,377,182 | 624,980 |
| EXPENDITURES | | | | | | |
| General government | - | - | - | - | 323,462 | (323,462) |
| Police | - | - | - | 20,100 | 47,599 | (27,499) |
| Fire and emergency medical services | - | - | - | - | 4,548 | (4,548) |
| Community development and environmental resources | 1,000 | - | 1,000 | 949,659 | 811,441 | 138,218 |
| Recreation and community services | - | - | - | 724,976 | 715,838 | 9,138 |
| Capital outlay | - | - | - | 620,000 | 1,161,083 | (541,083) |
| Total expenditures | 1,000 | - | 1,000 | 2,314,735 | 3,063,971 | (749,236) |
| Excess of revenues over (under) expenditures | (1,000) | 46 | 1,046 | 3,437,467 | 3,313,211 | (124,256) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 1,000 | - | (1,000) | 57,000 | 132,879 | 75,879 |
| Transfers out | - | - | - | (2,947,199) | (2,924,602) | 22,597 |
| Total other financing sources (uses) | 1,000 | - | (1,000) | (2,890,199) | (2,791,723) | 98,476 |
| Net change in fund balances | \$ - | 46 | \$ 46 | \$ 547,268 | 521,488 | \$ (25,780) |
| Fund balances, beginning of year | | - | | | 4,457,127 | |
| Fund balances, end of year | | \$ 46 | | | \$ 4,978,615 | |

OTHER CAPITAL PROJECTS FUNDS

CITY OF ALBANY

Other Capital Project Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment other than those financed by proprietary funds. The City's Other Capital Projects Funds are:

Fire Equipment Reserve Fund - is used to accumulate resources for replacement of fire engines and equipment.

Police Equipment Reserve Fund - is used to accumulate resources for replacement of police vehicles and equipment.

Emergency Medical Service Equipment Reserve Fund - is used to accumulate resources for replacement of emergency medical service equipment.

Fire Operations Equipment Reserve Fund - is used to accumulate resources for replacement of fire operations equipment.

Capital Facilities Developer Fee - is used to account for a fee on new developments, to assist in paying for capital improvements in the community. The fee is based on the City's anticipated capital improvement requirements and the proportion of the cost of these improvements attributable to the new developments.

Capital Facilities Reserve Fund - is used to accumulate resources for future construction of the maintenance center and other facilities as determined by the City Council.

Community Development Equipment Reserve Fund - is used to accumulate resources to be used for replacement of public works and park equipment.

Civic Center Improvement Bonds - is used to account for the General Obligation Bond, Series 2007, issued to finance the structural improvements of the fire department, police department and city hall buildings.

Major Planning Reserve - is used to account for activities related to broad based economic development and land use.

Equipment Replacement Reserve Fund - is used to accumulate resources for replacement of equipment not provided in other capital projects funds.

R & CS Reserve Fund (Recreation & Community Services) - is used to accumulate resources for the replacement of equipment and furniture, and for maintenance and repair of the Community Center building.

Capital Projects Fund - is used to account for major capital projects not provided for in one of the other capital projects funds.

1996-1 Assessment District Bond Fund – is used to pay for the acquisition, development and maintenance of open space on Albany Hill; the acquisition, development and maintenance of recreational playfields; and the activities relating to creek restoration, as part of the Open Space, Recreational Playfields and Creek Restoration Assessment District No.1996-1.

CITY OF ALBANY

Other Capital Project Funds

Public Arts Fund – is used to account for a fee of 1.75% of construction cost assessed on certain building permits, as an in-lieu fee in place of the inclusion of a public art feature in new public construction. The use of fees collected is restricted to the promotion of public art.

Pierce Street Property – is used to account for activities related to the acquisition and development of the proposed Pierce Street Park and City of Albany Maintenance Center.

General Obligation Bond 2003 - is used to account for the General Obligation Bond, Series 2003, issued to finance the repair and improvement of recreational facilities; structural improvements to the fire department, police department and city hall buildings; residential street improvements; bike path improvements, construction and safety lighting; create and improve new and existing parks; and resurface city streets.

General Obligation Bond II - is used to account for the General Obligation Bond, Series 2007, issued to finance the repair and improvement of recreational facilities; structural improvements to the fire department, police department and city hall buildings; residential street improvements; bike path improvements, construction and safety lighting; create and improve new and existing parks; and resurface city streets. This is the second issuance of the 2002 Election Bonds. The first issuance was issued in June 2003 for \$8,000,000.

Note: Changes in the level of activities in selected funds have required that funds be grouped differently in the current year than they were grouped in the prior year. To provide comparative prior year totals, some funds have been reclassified from the prior year classifications to conform with the current year classifications. Prior year total columns on the accompanying financial statements are not necessary for a fair presentation of the financial statements, but are presented to facilitate financial analysis.

CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

(With Comparative Totals for June 30, 2010)

| | Fire Equipment Reserve | Police Equipment Reserve | Emergency Medical Service Equipment | Fire Operations Equipment | Capital Facilities Developer Fee | Capital Facilities Reserve | Community Development Reserve |
|--------------------------------------|------------------------------|--------------------------------|--|---------------------------------|---|----------------------------------|-------------------------------------|
| ASSETS | | | | | | | |
| Operating cash and investments | \$ 39,117 | \$ 259,570 | \$ 145,683 | \$ 27,714 | \$ 223,951 | \$ 993,249 | \$ 255,121 |
| Receivables: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Accounts | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Total assets | <u>\$ 39,117</u> | <u>\$ 259,570</u> | <u>\$ 145,683</u> | <u>\$ 27,714</u> | <u>\$ 223,951</u> | <u>\$ 993,249</u> | <u>\$ 255,121</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 16,288 | \$ - |
| Accrued salaries & benefits | - | - | - | - | - | - | - |
| Accrued liabilities | - | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - | - | - |
| Advance from other funds | - | - | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>16,288</u> | <u>-</u> |
| Fund balances: | | | | | | | |
| Restricted | - | - | - | - | - | - | - |
| Committed | 39,117 | 259,570 | 145,683 | 27,714 | 223,951 | 976,961 | 255,121 |
| Unassigned | - | - | - | - | - | - | - |
| Total fund balances (deficit) | <u>39,117</u> | <u>259,570</u> | <u>145,683</u> | <u>27,714</u> | <u>223,951</u> | <u>976,961</u> | <u>255,121</u> |
| Total liabilities and fund balances | <u>\$ 39,117</u> | <u>\$ 259,570</u> | <u>\$ 145,683</u> | <u>\$ 27,714</u> | <u>\$ 223,951</u> | <u>\$ 993,249</u> | <u>\$ 255,121</u> |

Continued
on next page

CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

(With Comparative Totals for June 30, 2010)

| | Civic Center Improvement | Major Planning Reserve | Equipment Replacement Reserve | R & CS Reserve | Capital Projects Fund | 1996-1 Assessment District Bond Fund | Public Art Fee |
|--------------------------------------|--------------------------------|------------------------------|-------------------------------------|-------------------|-----------------------------|---|-------------------|
| ASSETS | | | | | | | |
| Operating cash and investments | \$ - | \$ 367,797 | \$ 784,312 | \$ 251,253 | \$ 1,459,930 | \$ 2,760,263 | \$ 39,779 |
| Receivables: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Accounts | - | - | - | - | 37,000 | - | - |
| Interest | - | - | - | - | - | - | - |
| Total assets | <u>\$ -</u> | <u>\$ 367,797</u> | <u>\$ 784,312</u> | <u>\$ 251,253</u> | <u>\$ 1,496,930</u> | <u>\$ 2,760,263</u> | <u>\$ 39,779</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ 1,561 | \$ 7,145 | \$ - |
| Accrued salaries & benefits | - | - | - | - | - | - | - |
| Accrued liabilities | - | - | - | - | 6,036 | - | - |
| Due to other funds | - | - | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - | - | - |
| Advance from other funds | - | - | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,597</u> | <u>7,145</u> | <u>-</u> |
| Fund balances: | | | | | | | |
| Restricted | - | - | - | - | - | - | 39,779 |
| Committed | - | 367,797 | 784,312 | 251,253 | 1,489,333 | 2,753,118 | - |
| Unassigned | - | - | - | - | - | - | - |
| Total fund balances (deficit) | <u>-</u> | <u>367,797</u> | <u>784,312</u> | <u>251,253</u> | <u>1,489,333</u> | <u>2,753,118</u> | <u>39,779</u> |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ 367,797</u> | <u>\$ 784,312</u> | <u>\$ 251,253</u> | <u>\$ 1,496,930</u> | <u>\$ 2,760,263</u> | <u>\$ 39,779</u> |

Continued
on next page

**CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011**

(With Comparative Totals for June 30, 2010)

| | Pierce Street Property | General Obligation Bond I & II | Totals | |
|--------------------------------------|------------------------------|--------------------------------------|----------------------|----------------------|
| | | | 2011 | 2010 |
| ASSETS | | | | |
| Operating cash and investments | \$ - | \$ 3,079,948 | \$ 10,687,687 | \$ 14,213,460 |
| Receivables: | | | | |
| Taxes | - | - | - | - |
| Accounts | - | - | 37,000 | 119,992 |
| Interest | - | - | - | - |
| Total assets | <u>\$ -</u> | <u>\$ 3,079,948</u> | <u>\$ 10,724,687</u> | <u>\$ 14,333,452</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 22,060 | \$ 47,054 | \$ 414,095 |
| Accrued salaries & benefits | - | - | - | 1,237 |
| Accrued liabilities | - | 6,219 | 12,255 | 43,939 |
| Due to other funds | 6,341 | - | 6,341 | 8,434 |
| Deferred revenue | - | - | - | 41,108 |
| Advance from other funds | - | - | - | 300,000 |
| Total liabilities | <u>6,341</u> | <u>28,279</u> | <u>65,650</u> | <u>808,813</u> |
| Fund balances: | | | | |
| Restricted | - | - | 39,779 | 31,335 |
| Committed | - | 3,051,669 | 10,625,599 | 13,493,304 |
| Unassigned | (6,341) | - | (6,341) | - |
| Total fund balances (deficit) | <u>(6,341)</u> | <u>3,051,669</u> | <u>10,659,037</u> | <u>13,524,639</u> |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ 3,079,948</u> | <u>\$ 10,724,687</u> | <u>\$ 14,333,452</u> |

CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | Fire Equipment Reserve * | Police Equipment Reserve * | Emergency Medical Service Equipment * | Fire Operations Equipment * | Capital Facilities Developer Fee * | Capital Facilities Reserve * |
|--|-----------------------------------|-------------------------------------|---|--------------------------------------|--|---------------------------------------|
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | | | | | 10,000 | |
| Earnings on investments | - | - | - | - | 738 | 3,435 |
| Revenues from other agencies | - | - | - | - | - | - |
| Current service charges | - | - | - | - | 17,960 | - |
| Other revenue | - | - | - | - | 340 | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>29,038</u> | <u>3,435</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | - | 13,610 | 12,623 | - | - |
| Community development and environmental resources | - | - | - | - | - | - |
| Recreation and community services | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | 43,641 |
| Debt service: | | | | | | |
| Principal | 27,537 | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Total expenditures | <u>27,537</u> | <u>-</u> | <u>13,610</u> | <u>12,623</u> | <u>-</u> | <u>43,641</u> |
| Excess of revenues over (under) expenditures | <u>(27,537)</u> | <u>-</u> | <u>(13,610)</u> | <u>(12,623)</u> | <u>29,038</u> | <u>(40,206)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Issuance of debt | - | - | - | - | - | - |
| Transfers in | - | - | 22,500 | 24,000 | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>22,500</u> | <u>24,000</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (27,537) | - | 8,890 | 11,377 | 29,038 | (40,206) |
| Fund balances, beginning of year | 66,654 | 259,570 | 136,793 | 16,337 | 194,913 | 1,017,167 |
| Fund balances, end of year | <u>\$ 39,117</u> | <u>\$ 259,570</u> | <u>\$ 145,683</u> | <u>\$ 27,714</u> | <u>\$ 223,951</u> | <u>\$ 976,961</u> |

* See page D39-D47 for budget comparisons.

Continued
on next page

CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | Community Development Reserve * | Civic Center Improvement * | Major Planning Reserve * | Equipment Replacement Reserve * | R & CS Reserve * | Capital Projects Fund * |
|---|--|-------------------------------------|-----------------------------------|--|------------------------|----------------------------------|
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | | | | | | |
| Earnings on investments | - | 22,420 | - | - | - | 984 |
| Revenues from other agencies | - | - | - | - | - | 1,808,136 |
| Current service charges | - | - | - | - | 51,172 | - |
| Other revenue | - | 61,718 | - | - | - | 312,234 |
| Total revenues | <u>-</u> | <u>84,138</u> | <u>-</u> | <u>-</u> | <u>51,172</u> | <u>2,121,354</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | 830 | - | 11,867 |
| Police | - | - | - | 60,088 | - | - |
| Fire and emergency medical services | - | - | - | 43,513 | - | - |
| Community development and environmental resources | - | 12,606 | - | - | - | - |
| Recreation and community services | - | - | - | - | - | - |
| Capital outlay | - | - | - | 472 | 10,923 | 1,577,136 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>12,606</u> | <u>-</u> | <u>104,903</u> | <u>10,923</u> | <u>1,589,003</u> |
| Excess of revenues over (under) expenditures | <u>-</u> | <u>71,532</u> | <u>-</u> | <u>(104,903)</u> | <u>40,249</u> | <u>532,351</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Issuance of debt | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | 187,938 |
| Transfers out | - | (451,512) | (34,073) | - | - | (122,843) |
| Total other financing sources (uses) | <u>-</u> | <u>(451,512)</u> | <u>(34,073)</u> | <u>-</u> | <u>-</u> | <u>65,095</u> |
| Net change in fund balances | - | (379,980) | (34,073) | (104,903) | 40,249 | 597,446 |
| Fund balances, beginning of year | 255,121 | 379,980 | 401,870 | 889,215 | 211,004 | 891,887 |
| Fund balances, end of year | <u>\$ 255,121</u> | <u>\$ -</u> | <u>\$ 367,797</u> | <u>\$ 784,312</u> | <u>\$ 251,253</u> | <u>\$ 1,489,333</u> |

* See page D39-D47 for budget comparisons.

Continued
on next page

CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | 1996-1 Assessment District Bond Fund | Public Art Fee | Pierce Street Property | General Obligation Bond I & II | Totals 2011 |
|--|---|-------------------|------------------------------|--------------------------------------|----------------|
| | * | * | * | * | |
| REVENUES | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | | | | | 10,000 |
| Earnings on investments | 10,474 | - | - | 13,851 | 51,902 |
| Revenues from other agencies | - | - | - | 74,487 | 1,882,623 |
| Current service charges | - | 17,526 | - | - | 86,658 |
| Other revenue | 8,865 | - | - | 12,682 | 395,839 |
| Total revenues | 19,339 | 17,526 | - | 101,020 | 2,427,022 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | 12,697 |
| Police | - | - | - | - | 60,088 |
| Fire and emergency medical services | - | - | - | - | 69,746 |
| Community development and environmental resources | - | - | - | 29,514 | 42,120 |
| Recreation and community services | - | 9,082 | - | - | 9,082 |
| Capital outlay | 21,802 | - | 1,056,341 | 1,403 | 2,711,718 |
| Debt service: | | | | | |
| Principal | - | - | - | - | 27,537 |
| Interest | - | - | - | - | - |
| Total expenditures | 21,802 | 9,082 | 1,056,341 | 30,917 | 2,932,988 |
| Excess of revenues over (under) expenditures | (2,463) | 8,444 | (1,056,341) | 70,103 | (505,966) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Issuance of debt | - | - | - | - | - |
| Transfers in | - | - | 1,050,000 | 394,042 | 1,678,480 |
| Transfers out | - | - | - | - | (608,428) |
| Total other financing sources (uses) | - | - | 1,050,000 | 394,042 | 1,070,052 |
| Net change in fund balances | (2,463) | 8,444 | (6,341) | 464,145 | 564,086 |
| Fund balances, beginning of year | 2,755,581 | 31,335 | - | 2,587,524 | 10,094,951 |
| Fund balances, end of year | \$ 2,753,118 | \$ 39,779 | \$ (6,341) | \$ 3,051,669 | \$ 10,659,037 |

* See page D39-D47 for budget comparisons.

Continued
on next page

CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | <u>2010</u> |
|---|----------------------|
| REVENUES | |
| Property taxes | \$ 1,220,880 |
| Licenses and permits | - |
| Earnings on investments | 79,042 |
| Revenues from other agencies | 289,355 |
| Current service charges | 84,670 |
| Other revenue | 600,843 |
| Total revenues | <u>2,274,790</u> |
| EXPENDITURES | |
| Current: | |
| General government | 33,936 |
| Police | 51,556 |
| Fire and emergency medical services | 59,658 |
| Community development and environmental resources | 995,264 |
| Recreation and community services | 27,802 |
| Capital outlay | 3,038,841 |
| Debt service: | |
| Principal | 27,537 |
| Interest | 8,434 |
| Total expenditures | <u>4,243,028</u> |
| Excess of revenues over (under) expenditures | <u>(1,968,238)</u> |
| OTHER FINANCING SOURCES (USES) | |
| Issuance of debt | - |
| Transfers in | 663,323 |
| Transfers out | (159,320) |
| Total other financing sources (uses) | <u>504,003</u> |
| Net change in fund balances | (1,464,235) |
| Fund balances, beginning of year | <u>14,988,874</u> |
| Fund balances, end of year | <u>\$ 13,524,639</u> |

* See page D39-D47 for budget comparisons.

**CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Fire Equipment | | | Police Equipment | | |
|---|--------------------|------------------|------------------------------|------------------|-------------------|------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - |
| Earnings on investments | - | - | - | - | - | - |
| Revenues from other agencies | - | - | - | - | - | - |
| Current service charges | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - |
| Total revenues | - | - | - | - | - | - |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | - | - | - | - | - |
| Community development and environmental resources | - | - | - | - | - | - |
| Recreation and community services | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Debt Service: | | | | | | |
| Principal | 27,537 | 27,537 | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Total expenditures | 27,537 | 27,537 | - | - | - | - |
| Excess of revenues over (under) expenditures | (27,537) | (27,537) | - | - | - | - |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Net change in fund balances | <u>\$ (27,537)</u> | <u>(27,537)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| Fund balances, beginning of year | | <u>66,654</u> | | | <u>259,570</u> | |
| Fund balances, end of year | | <u>\$ 39,117</u> | | | <u>\$ 259,570</u> | |

Continued on next page

**CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Emergency Medical Service Equipment | | | Fire Operations Equipment | | |
|---|-------------------------------------|------------|------------------------------|---------------------------|-----------|------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - |
| Earnings on investments | - | - | - | - | - | - |
| Revenues from other agencies | - | - | - | - | - | - |
| Current service charges | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - |
| Total revenues | - | - | - | - | - | - |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | 22,500 | 13,610 | 8,890 | 14,000 | 12,623 | 1,377 |
| Community development and environmental resources | - | - | - | - | - | - |
| Recreation and community services | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Total expenditures | 22,500 | 13,610 | 8,890 | 14,000 | 12,623 | 1,377 |
| Excess of revenues over (under) expenditures | (22,500) | (13,610) | 8,890 | (14,000) | (12,623) | 1,377 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 22,500 | 22,500 | - | 24,000 | 24,000 | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | 22,500 | 22,500 | - | 24,000 | 24,000 | - |
| Net change in fund balances | \$ - | 8,890 | \$ 8,890 | \$ 10,000 | 11,377 | \$ 1,377 |
| Fund balances, beginning of year | | 136,793 | | | 16,337 | |
| Fund balances, end of year | | \$ 145,683 | | | \$ 27,714 | |

Continued on next page

**CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Capital Facilities Developer Fee | | | Capital Facilities Reserve | | |
|---|----------------------------------|-------------------|------------------------------|----------------------------|-------------------|------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | | 10,000 | 10,000 | | | |
| Earnings on investments | 800 | 738 | (62) | 4,000 | 3,435 | (565) |
| Revenues from other agencies | | - | - | | - | - |
| Current service charges | 15,000 | 17,960 | 2,960 | | | |
| Other revenue | - | 340 | 340 | | | |
| Total revenues | <u>15,800</u> | <u>29,038</u> | <u>13,238</u> | <u>4,000</u> | <u>3,435</u> | <u>(565)</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | - | - | - | - | - |
| Community development and environmental resources | - | - | - | - | - | - |
| Recreation and community services | - | - | - | - | - | - |
| Capital outlay | - | - | - | 50,000 | 43,641 | 6,359 |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>50,000</u> | <u>43,641</u> | <u>6,359</u> |
| Excess of revenues over (under) expenditures | <u>15,800</u> | <u>29,038</u> | <u>13,238</u> | <u>(46,000)</u> | <u>(40,206)</u> | <u>5,794</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>\$ 15,800</u> | <u>29,038</u> | <u>\$ 13,238</u> | <u>\$ (46,000)</u> | <u>(40,206)</u> | <u>\$ 5,794</u> |
| Fund balances, beginning of year | | <u>194,913</u> | | | <u>1,017,167</u> | |
| Fund balances, end of year | | <u>\$ 223,951</u> | | | <u>\$ 976,961</u> | |

Continued on next page

**CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Community Development Reserve | | | Civic Center Improvement | | |
|---|-------------------------------|-------------------|------------------------------|--------------------------|------------------|------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | | | | | | |
| Earnings on investments | - | - | - | 25,000 | 22,420 | (2,580) |
| Revenues from other agencies | - | - | - | - | - | - |
| Current service charges | - | - | - | - | - | - |
| Other revenue | - | - | - | - | 61,718 | 61,718 |
| Total revenues | - | - | - | 25,000 | 84,138 | 59,138 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | - | - | - | - | - |
| Community development and environmental resources | - | - | - | - | 12,606 | (12,606) |
| Recreation and community services | - | - | - | - | - | - |
| Capital outlay | 50,000 | - | 50,000 | 450,000 | - | 450,000 |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Total expenditures | 50,000 | - | 50,000 | 450,000 | 12,606 | 437,394 |
| Excess of revenues over (under) expenditures | (50,000) | - | 50,000 | (425,000) | 71,532 | 496,532 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | (451,512) | (451,512) |
| Total other financing sources (uses) | - | - | - | - | (451,512) | (451,512) |
| Net change in fund balances | <u>\$ (50,000)</u> | - | <u>\$ 50,000</u> | <u>\$ (425,000)</u> | <u>(379,980)</u> | <u>\$ 45,020</u> |
| Fund balances, beginning of year | | 255,121 | | | 379,980 | |
| Fund balances, end of year | | <u>\$ 255,121</u> | | | <u>\$ -</u> | |

Continued on next page

**CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Major Planning Reserve | | | Equipment Replacement Reserve | | |
|---|------------------------|-------------------|------------------------------|-------------------------------|-------------------|------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - |
| Earnings on investments | - | - | - | - | - | - |
| Revenues from other agencies | - | - | - | - | - | - |
| Current service charges | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - |
| Total revenues | - | - | - | - | - | - |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | 830 | (830) |
| Police | - | - | - | - | 60,088 | (60,088) |
| Fire and emergency medical services | - | - | - | - | 43,513 | (43,513) |
| Community development and environmental resources | 100,000 | - | 100,000 | - | - | - |
| Recreation and community services | - | - | - | - | - | - |
| Capital outlay | - | - | - | 300,000 | 472 | 299,528 |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Total expenditures | 100,000 | - | 100,000 | 300,000 | 104,903 | 195,097 |
| Excess of revenues over (under) expenditures | (100,000) | - | 100,000 | (300,000) | (104,903) | 195,097 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | (34,073) | (34,073) | - | - | - |
| Total other financing sources (uses) | - | (34,073) | (34,073) | - | - | - |
| Net change in fund balances | <u>\$ (100,000)</u> | <u>(34,073)</u> | <u>\$ 65,927</u> | <u>\$ (300,000)</u> | <u>(104,903)</u> | <u>\$ 195,097</u> |
| Fund balances, beginning of year | | 401,870 | | | 889,215 | |
| Fund balances, end of year | | <u>\$ 367,797</u> | | | <u>\$ 784,312</u> | |

Continued on next page

**CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | R & CS Reserve | | | Capital Projects Fund | | |
|---|--------------------|-------------------|------------------------------|-----------------------|---------------------|------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | | | | | | |
| Earnings on investments | - | - | - | - | 984 | 984 |
| Revenues from other agencies | - | - | - | 1,500,000 | 1,808,136 | 308,136 |
| Current service charges | 50,000 | 51,172 | 1,172 | - | - | - |
| Other revenue | - | - | - | 20,000 | 312,234 | 292,234 |
| Total revenues | <u>50,000</u> | <u>51,172</u> | <u>1,172</u> | <u>1,520,000</u> | <u>2,121,354</u> | <u>601,354</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | 11,867 | (11,867) |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | - | - | - | - | - |
| Community development and environmental resources | - | - | - | 20,000 | - | 20,000 |
| Recreation and community services | 10,000 | - | 10,000 | - | - | - |
| Capital outlay | 50,000 | 10,923 | 39,077 | 1,500,000 | 1,577,136 | (77,136) |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Total expenditures | <u>60,000</u> | <u>10,923</u> | <u>49,077</u> | <u>1,520,000</u> | <u>1,589,003</u> | <u>(69,003)</u> |
| Excess of revenues over (under) expenditures | <u>(10,000)</u> | <u>40,249</u> | <u>50,249</u> | <u>-</u> | <u>532,351</u> | <u>532,351</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | 187,938 | 187,938 |
| Transfers out | - | - | - | - | (122,843) | (122,843) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>65,095</u> | <u>65,095</u> |
| Net change in fund balances | <u>\$ (10,000)</u> | <u>40,249</u> | <u>\$ 50,249</u> | <u>\$ -</u> | <u>597,446</u> | <u>\$ 597,446</u> |
| Fund balances, beginning of year | | <u>211,004</u> | | | <u>891,887</u> | |
| Fund balances, end of year | | <u>\$ 251,253</u> | | | <u>\$ 1,489,333</u> | |

Continued
on next page

**CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | 1996-1 Assessment District Bond Fund | | | Public Art Fee | | |
|---|---|---------------------|------------------------------------|-------------------|------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | | | | | | |
| Earnings on investments | 8,000 | 10,474 | 2,474 | - | - | - |
| Revenues from other agencies | - | - | - | - | - | - |
| Current service charges | - | - | - | 20,000 | 17,526 | (2,474) |
| Other revenue | - | 8,865 | 8,865 | - | - | - |
| Total revenues | <u>8,000</u> | <u>19,339</u> | <u>11,339</u> | <u>20,000</u> | <u>17,526</u> | <u>(2,474)</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | - | - | - | - | - |
| Community development and environmental resources | - | - | - | 10,000 | - | 10,000 |
| Recreation and community services | 100,000 | - | 100,000 | - | 9,082 | (9,082) |
| Capital outlay | | 21,802 | (21,802) | - | - | - |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Total expenditures | <u>100,000</u> | <u>21,802</u> | <u>78,198</u> | <u>10,000</u> | <u>9,082</u> | <u>918</u> |
| Excess of revenues over (under) expenditures | <u>(92,000)</u> | <u>(2,463)</u> | <u>89,537</u> | <u>10,000</u> | <u>8,444</u> | <u>(1,556)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>\$ (92,000)</u> | <u>(2,463)</u> | <u>\$ 89,537</u> | <u>\$ 10,000</u> | <u>8,444</u> | <u>\$ (1,556)</u> |
| Fund balances, beginning of year | | <u>2,755,581</u> | | | <u>31,335</u> | |
| Fund balances, end of year | | <u>\$ 2,753,118</u> | | | <u>\$ 39,779</u> | |

Continued
on next page

**CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Pierce Street Property | | | General Obligation Bond I & II | | |
|---|---------------------------|-------------|------------------------------------|-----------------------------------|--------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | | | | | | |
| Earnings on investments | - | - | - | 14,000 | 13,851 | (149) |
| Revenues from other agencies | - | - | - | - | 74,487 | 74,487 |
| Current service charges | - | - | - | - | - | - |
| Other revenue | - | - | - | - | 12,682 | 12,682 |
| Total revenues | - | - | - | 14,000 | 101,020 | 87,020 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | - | - | - | - | - |
| Community development and environmental resources | - | - | - | - | 29,514 | (29,514) |
| Recreation and community services | - | - | - | - | - | - |
| Capital outlay | - | 1,056,341 | (1,056,341) | 1,500,000 | 1,403 | 1,498,597 |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Total expenditures | - | 1,056,341 | (1,056,341) | 1,500,000 | 30,917 | 1,469,083 |
| Excess of revenues over (under) expenditures | - | (1,056,341) | (1,056,341) | (1,486,000) | 70,103 | 1,556,103 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | 1,050,000 | 1,050,000 | - | 394,042 | 394,042 |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | 1,050,000 | 1,050,000 | - | 394,042 | 394,042 |
| Net change in fund balances | \$ - | (6,341) | \$ (6,341) | \$ (1,486,000) | 464,145 | \$ 1,950,145 |
| Fund balances, beginning of year | | - | | | 2,587,524 | |
| Fund balances, end of year | | \$ (6,341) | | | \$ 3,051,669 | |

Continued
on next page

**CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Total | | Variance |
|---|-----------------------|----------------------|------------------------|
| | Budget | Actual | Positive (Negative) |
| REVENUES | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Licenses and permits | | 10,000 | 10,000 |
| Earnings on investments | 51,800 | 51,902 | 102 |
| Revenues from other agencies | 1,500,000 | 1,882,623 | 382,623 |
| Current service charges | 85,000 | 86,658 | 1,658 |
| Other revenue | 20,000 | 395,839 | 375,839 |
| Total revenues | <u>1,656,800</u> | <u>2,427,022</u> | <u>770,222</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | - | 12,697 | (12,697) |
| Police | - | 60,088 | (60,088) |
| Fire and emergency medical services | 36,500 | 69,746 | (33,246) |
| Community development and environmental resources | 130,000 | 42,120 | 87,880 |
| Recreation and community services | 110,000 | 9,082 | 100,918 |
| Capital outlay | 3,850,000 | 2,711,718 | 1,138,282 |
| Debt Service: | | | |
| Principal | 27,537 | 27,537 | - |
| Interest | - | - | - |
| Total expenditures | <u>4,154,037</u> | <u>2,932,988</u> | <u>1,221,049</u> |
| Excess of revenues over (under) expenditures | <u>(2,497,237)</u> | <u>(505,966)</u> | <u>1,991,271</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 46,500 | 1,678,480 | 1,631,980 |
| Transfers out | - | (608,428) | (608,428) |
| Total other financing sources (uses) | <u>46,500</u> | <u>1,070,052</u> | <u>1,023,552</u> |
| Net change in fund balances | <u>\$ (2,450,737)</u> | 564,086 | <u>\$ 3,014,823</u> |
| Fund balances, beginning of year | | <u>10,094,951</u> | |
| Fund balances, end of year | | <u>\$ 10,659,037</u> | |

MAJOR CAPITAL PROJECTS FUNDS

CITY OF ALBANY

Major Capital Project Funds

The City's Major Capital Projects Funds are:

Street & Storm Funds – are used to record property tax revenues, debt proceeds and expenditures for various street and storm drain projects.

Reinvestment Fund - is used to account for activities of the Albany Community Reinvestment Agency.

CITY OF ALBANY
CAPITAL PROJECTS FUNDS - MAJOR FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | Street & Storm Funds | | | Reinvestment | | |
|---|-------------------------|---------------------|------------------------------------|---------------------|-----------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ 887,864 | \$ 965,985 | \$ 78,121 | \$ 130,000 | \$ 353,239 | \$ 223,239 |
| Earnings on investments | 12,000 | 12,061 | 61 | 2,000 | 1,440 | (560) |
| Revenues from other agencies | - | - | - | - | - | - |
| Current service charges | - | - | - | - | - | - |
| Other revenue | - | - | - | - | 6,003 | 6,003 |
| Total revenues | <u>899,864</u> | <u>978,046</u> | <u>78,182</u> | <u>132,000</u> | <u>360,682</u> | <u>228,682</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | 261,575 | (261,575) |
| Police | - | - | - | - | - | - |
| Fire and emergency medical services | - | - | - | - | - | - |
| Community development and environmental resources | - | 28,127 | (28,127) | 55,000 | - | 55,000 |
| Recreation and community services | - | - | - | - | - | - |
| Capital outlay | 500,000 | 465,473 | 34,527 | 737,000 | 856,148 | (119,148) |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest | - | - | - | - | 1,470 | (1,470) |
| Total expenditures | <u>500,000</u> | <u>493,600</u> | <u>6,400</u> | <u>792,000</u> | <u>1,119,193</u> | <u>(327,193)</u> |
| Excess of revenues over (under) expenditures | <u>399,864</u> | <u>484,446</u> | <u>84,582</u> | <u>(660,000)</u> | <u>(758,511)</u> | <u>(98,511)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Issuance of debt | - | - | - | - | - | - |
| Transfers in | - | - | - | - | 34,073 | 34,073 |
| Transfers out | (400,000) | (391,384) | 8,616 | - | (650,000) | (650,000) |
| Total other financing sources (uses) | <u>(400,000)</u> | <u>(391,384)</u> | <u>8,616</u> | <u>-</u> | <u>(615,927)</u> | <u>(615,927)</u> |
| Net change in fund balances | <u>\$ (136)</u> | <u>93,062</u> | <u>\$ 93,198</u> | <u>\$ (660,000)</u> | <u>(1,374,438)</u> | <u>\$ (714,438)</u> |
| Fund balances, beginning of year | | <u>3,517,688</u> | | | <u>291,980</u> | |
| Fund balances, end of year | | <u>\$ 3,610,750</u> | | | <u>\$ (1,082,458)</u> | |

OTHER DEBT SERVICE FUNDS

CITY OF ALBANY

Other Debt Service Funds

Debt Service Funds are used to account for financial resources to be used for payment for City's long-term debt. The City's Other Debt Service Funds are:

Albany Public Facilities Financing Authority Fund - accounts for accumulation of resources for the payments of special district long-term debt principal and interest.

Reinvestment Debt Service - accounts for property tax increment revenue and other revenues generated by activities in the redevelopment area, and used to service debt incurred by the Reinvestment Agency.

G.O. Bond Debt Service - accounts for accumulation of resources for the payments of general obligation bond principal and interest of the 2002 Election Bonds, Series 2003.

G.O. Bond II Debt Service - accounts for accumulation of resources for the payments of general obligation bond principal and interest of the 2002 Election Bonds, Series 2007.

Civic Center Improvement Bond Debt Service - accounts for accumulation of resources for the payments of general obligation bond principal and interest of the 2006 Election Bonds, Series 2007.

2009 Street & Storm Drain Parcel Tax Debt Service – accounts for accumulation of resources for the payments of parcel tax note payable principal and interest of the 2006 Election parcel tax, Series 2009.

CITY OF ALBANY
OTHER DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | <u>Debt Service APFFA</u> | <u>Reinvestment Debt Service</u> | <u>G.O. Bond Debt Service</u> | <u>G.O. Bond II Debt Service</u> |
|---|-------------------------------|--------------------------------------|-----------------------------------|--------------------------------------|
| ASSETS | | | | |
| Operating cash and investments | \$ 90,782 | \$ 758 | \$ 581,332 | \$ 356,164 |
| Debt service reserves held with trustee | 64,893 | - | - | - |
| Total assets | <u>\$ 155,675</u> | <u>\$ 758</u> | <u>\$ 581,332</u> | <u>\$ 356,164</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ 500 | \$ - |
| Accrued liabilities | 2,304 | | | |
| Due to other funds | - | - | - | - |
| Advances from other funds | - | 386,203 | - | - |
| Total liabilities | <u>2,304</u> | <u>386,203</u> | <u>500</u> | <u>-</u> |
| Fund balances: | | | | |
| Restricted | <u>153,371</u> | <u>(385,445)</u> | <u>580,832</u> | <u>356,164</u> |
| Total liabilities and fund balances | <u>\$ 155,675</u> | <u>\$ 758</u> | <u>\$ 581,332</u> | <u>\$ 356,164</u> |

Continued
on next page

CITY OF ALBANY
OTHER DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | Civic Center Debt Service | Street Paving & Storm Drain Debt Service | <u>Totals</u> | |
|---|------------------------------|--|---------------------|---------------------|
| | | | 2011 | 2010 |
| ASSETS | | | | |
| Operating cash and investments | \$ 308,278 | \$ - | \$ 1,337,314 | \$ 1,664,747 |
| Debt service reserves held with trustee | - | 346,516 | 411,409 | 424,516 |
| Total assets | <u>\$ 308,278</u> | <u>\$ 346,516</u> | <u>\$ 1,748,723</u> | <u>\$ 2,089,263</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ 500 | \$ 501 |
| Accrued liabilities | | | 2,304 | - |
| Due to other funds | - | - | - | 15,115 |
| Advances from other funds | - | - | 386,203 | 386,203 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>389,007</u> | <u>401,819</u> |
| Fund balances: | | | | |
| Restricted | 308,278 | 346,516 | 1,359,716 | 1,687,444 |
| Total liabilities and fund balances | <u>\$ 308,278</u> | <u>\$ 346,516</u> | <u>\$ 1,748,723</u> | <u>\$ 2,089,263</u> |

CITY OF ALBANY
OTHER DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | Debt Service APFFA * | Reinvestment Debt Service * | G.O. Bond I Debt Service * | G.O. Bond II Debt Service * |
|--|----------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| REVENUES | | | | |
| Property taxes | \$ - | \$ - | \$ 482,161 | \$ 437,576 |
| Earnings on investments | - | 939 | 1,343 | 672 |
| Revenues from other agencies | - | - | 5,791 | 5,255 |
| Total revenues | <u>-</u> | <u>939</u> | <u>489,295</u> | <u>443,503</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 18,351 | - | 3,584 | 3,845 |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | 245,000 | - | 180,000 | 110,000 |
| Interest | 32,094 | 1,892 | 275,775 | 297,540 |
| Total expenditures | <u>295,445</u> | <u>1,892</u> | <u>459,359</u> | <u>411,385</u> |
| Excess of revenues over (under) expenditures | <u>(295,445)</u> | <u>(953)</u> | <u>29,936</u> | <u>32,118</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 283,095 | - | - | - |
| Transfers out | - | (400,000) | - | - |
| Total other financing sources (uses) | <u>283,095</u> | <u>(400,000)</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (12,350) | (400,953) | 29,936 | 32,118 |
| Fund balances, beginning of year | 165,721 | 15,508 | 550,896 | 324,046 |
| Fund balances, end of year | <u>\$ 153,371</u> | <u>\$ (385,445)</u> | <u>\$ 580,832</u> | <u>\$ 356,164</u> |

* See page D55-D58 for budget comparisons.

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on next page

CITY OF ALBANY
OTHER DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | Civic Center Debt Service * | Street Paving & Storm Drain Debt Service * | Totals | |
|--|-----------------------------------|---|---------------------|---------------------|
| | | | 2011 | 2010 |
| REVENUES | | | | |
| Property taxes | \$ 334,392 | \$ - | \$ 1,254,129 | \$ 1,244,662 |
| Earnings on investments | 634 | - | 3,588 | 6,889 |
| Revenues from other agencies | 4,016 | - | 15,062 | 15,631 |
| Total revenues | <u>339,042</u> | <u>-</u> | <u>1,272,779</u> | <u>1,267,182</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 1,792 | - | 27,572 | 12,778 |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | 85,000 | 234,655 | 854,655 | 775,000 |
| Interest | 228,729 | 156,729 | 992,759 | 1,015,643 |
| Total expenditures | <u>315,521</u> | <u>391,384</u> | <u>1,874,986</u> | <u>1,803,421</u> |
| Excess of revenues over (under) expenditures | <u>23,521</u> | <u>(391,384)</u> | <u>(602,207)</u> | <u>(536,239)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 391,384 | 674,479 | 586,032 |
| Transfers out | - | - | (400,000) | - |
| Total other financing sources (uses) | <u>-</u> | <u>391,384</u> | <u>274,479</u> | <u>586,032</u> |
| Net change in fund balances | 23,521 | - | (327,728) | 49,793 |
| Fund balances, beginning of year | 284,757 | 346,516 | 1,687,444 | 1,637,651 |
| Fund balances, end of year | <u>\$ 308,278</u> | <u>\$ 346,516</u> | <u>\$ 1,359,716</u> | <u>\$ 1,687,444</u> |

* See page D55-D58 for budget comparisons.

**CITY OF ALBANY
OTHER DEBT SERVICE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Debt Service APFFA | | | Reinvestment Debt Service | | |
|--|-----------------------|-------------------|------------------------------------|------------------------------|---------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 100,000 | \$ - | \$ (100,000) |
| Earnings on investments | - | - | - | 1,000 | 939 | (61) |
| Revenues from other agencies | - | - | - | - | - | - |
| Total revenues | - | - | - | 101,000 | 939 | (100,061) |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 7,000 | 18,351 | (11,351) | - | - | - |
| Capital outlay | | | | | | |
| Debt Service: | | | | | | |
| Principal | 267,095 | 245,000 | 22,095 | 101,000 | - | 101,000 |
| Interest | 32,095 | 32,094 | 1 | | 1,892 | (1,892) |
| Total expenditures | 306,190 | 295,445 | 10,745 | 101,000 | 1,892 | 99,108 |
| Excess of revenues over (under) expenditures | (306,190) | (295,445) | 10,745 | - | (953) | (953) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Issuance of debt | - | - | - | - | - | - |
| Transfers in | 283,095 | 283,095 | - | - | - | - |
| Transfers out | - | - | - | (400,000) | (400,000) | - |
| Total other financing sources (uses) | 283,095 | 283,095 | - | (400,000) | (400,000) | - |
| Net change in fund balances | <u>\$ (23,095)</u> | <u>(12,350)</u> | <u>\$ 10,745</u> | <u>\$ (400,000)</u> | <u>(400,953)</u> | <u>\$ 953</u> |
| Fund balances, beginning of year | | 165,721 | | | 15,508 | |
| Fund balances, end of year | | <u>\$ 153,371</u> | | | <u>\$ (385,445)</u> | |

Continued
on next page

**CITY OF ALBANY
OTHER DEBT SERVICE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | G.O. Bond Debt Service | | | G.O. Bond II Debt Service | | |
|--|---------------------------|-------------------|------------------------------------|------------------------------|-------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ 457,175 | \$ 482,161 | \$ 24,986 | \$ 413,690 | \$ 437,576 | \$ 23,886 |
| Earnings on investments | 1,000 | 1,343 | 343 | 500 | 672 | 172 |
| Revenues from other agencies | 6,000 | 5,791 | (209) | 5,500 | 5,255 | (245) |
| Total revenues | <u>464,175</u> | <u>489,295</u> | <u>25,120</u> | <u>419,690</u> | <u>443,503</u> | <u>23,813</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 4,000 | 3,584 | 416 | 4,000 | 3,845 | 155 |
| Capital outlay | | - | - | | - | - |
| Debt Service: | | | | | | |
| Principal | 180,000 | 180,000 | - | 120,000 | 110,000 | 10,000 |
| Interest | 279,375 | 275,775 | 3,600 | 293,690 | 297,540 | (3,850) |
| Total expenditures | <u>463,375</u> | <u>459,359</u> | <u>4,016</u> | <u>417,690</u> | <u>411,385</u> | <u>6,305</u> |
| Excess of revenues over (under) expenditures | <u>800</u> | <u>29,936</u> | <u>29,136</u> | <u>2,000</u> | <u>32,118</u> | <u>30,118</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Issuance of debt | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - |
| Transfers out | | - | - | | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>\$ 800</u> | <u>29,936</u> | <u>\$ 29,136</u> | <u>\$ 2,000</u> | <u>32,118</u> | <u>\$ 30,118</u> |
| Fund balances, beginning of year | | <u>550,896</u> | | | <u>324,046</u> | |
| Fund balances, end of year | | <u>\$ 580,832</u> | | | <u>\$ 356,164</u> | |

Continued
on next page

**CITY OF ALBANY
OTHER DEBT SERVICE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Civic Center Debt Service | | | Street Paving & Storm Drain Debt Service | | |
|--|------------------------------|-------------------|------------------------------------|---|-------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | \$ 316,179 | \$ 334,392 | \$ 18,213 | \$ - | \$ - | \$ - |
| Earnings on investments | 500 | 634 | 134 | - | - | - |
| Revenues from other agencies | | 4,016 | 4,016 | - | - | - |
| Total revenues | <u>316,679</u> | <u>339,042</u> | <u>22,363</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 2,000 | 1,792 | 208 | - | - | - |
| Capital outlay | | - | - | | - | - |
| Debt Service: | | | | | | |
| Principal | 90,000 | 85,000 | 5,000 | 234,655 | 234,655 | - |
| Interest | 226,179 | 228,729 | (2,550) | 156,729 | 156,729 | - |
| Total expenditures | <u>318,179</u> | <u>315,521</u> | <u>2,658</u> | <u>391,384</u> | <u>391,384</u> | <u>-</u> |
| Excess of revenues over (under) expenditures | <u>(1,500)</u> | <u>23,521</u> | <u>25,021</u> | <u>(391,384)</u> | <u>(391,384)</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Issuance of debt | - | - | - | - | - | - |
| Transfers in | - | - | - | 391,384 | 391,384 | - |
| Transfers out | | | | | | |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>391,384</u> | <u>391,384</u> | <u>-</u> |
| Net change in fund balances | <u>\$ (1,500)</u> | <u>23,521</u> | <u>\$ 25,021</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| Fund balances, beginning of year | | <u>284,757</u> | | | <u>346,516</u> | |
| Fund balances, end of year | | <u>\$ 308,278</u> | | | <u>\$ 346,516</u> | |

Continued
on next page

**CITY OF ALBANY
OTHER DEBT SERVICE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Total | | |
|--|--------------------|---------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | |
| Property taxes | \$ 1,287,044 | \$ 1,254,129 | \$ (32,915) |
| Earnings on investments | 3,000 | 3,588 | 588 |
| Revenues from other agencies | 11,500 | 15,062 | 3,562 |
| Total revenues | <u>1,301,544</u> | <u>1,272,779</u> | <u>(28,765)</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 17,000 | 27,572 | (10,572) |
| Capital outlay | | - | - |
| Debt Service: | | | |
| Principal | 992,750 | 854,655 | 138,095 |
| Interest | 988,068 | 992,759 | (4,691) |
| Total expenditures | <u>1,997,818</u> | <u>1,874,986</u> | <u>122,832</u> |
| Excess of revenues over (under) expenditures | <u>(696,274)</u> | <u>(602,207)</u> | <u>94,067</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Issuance of debt | - | - | - |
| Transfers in | 674,479 | 674,479 | - |
| Transfers out | | (400,000) | (400,000) |
| Total other financing sources (uses) | <u>674,479</u> | <u>274,479</u> | <u>(400,000)</u> |
| Net change in fund balances | <u>\$ (21,795)</u> | <u>(327,728)</u> | <u>\$ (305,933)</u> |
| Fund balances, beginning of year | | <u>1,687,444</u> | |
| Fund balances, end of year | | <u>\$ 1,359,716</u> | |

AGENCY FUNDS

CITY OF ALBANY

Agency Funds

Agency Funds are used to account for assets held by the City in a fiduciary capacity or as an agent for individuals, governmental entities and others. Such funds are operated to carry out the specific actions of trust agreements, ordinances, bylaws, and other governing regulations. The City's Agency Funds are:

Codornices Trail – is used to track activities of funds held for third parties, to be used to provide maintenance for Codornices Creek.

Bond and Trust Fund - is used to track security or performance bond deposits on projects that encroach upon the City facilities right of ways.

School Facility Fee Fund - accounts for development impact fees levied by and due to the Albany Unified School District.

1996-1 Assessment District Bond Fund - is used to pay for acquisition, development and maintenance of open space on Albany Hill; the acquisition, development and maintenance of recreational playfields; and the activities relating to creek restoration, as part of the Open Space, Recreational Playfields and Creek Restoration Assessment District No. 1996-1.

CITY OF ALBANY
AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for Fiscal Year Ended June 30, 2010)

| | Codornices Trail | Bond & Trust | School Facility Fees | 1996-1 Assessment District Bond Funds | Totals | |
|---|---------------------|------------------|-------------------------|--|-------------------|---------------------|
| | | | | | 2011 | 2010 |
| ASSETS | | | | | | |
| Operating cash and investments | \$ 33,441 | \$ 93,013 | \$ 1,772 | \$ 391,153 | \$ 519,379 | \$ 630,332 |
| Debt service reserves held with trustee | - | - | - | 479,824 | 479,824 | 479,824 |
| Receivables | - | - | - | - | - | 64,605 |
| Total assets | <u>\$ 33,441</u> | <u>\$ 93,013</u> | <u>\$ 1,772</u> | <u>\$ 870,977</u> | <u>\$ 999,203</u> | <u>\$ 1,174,761</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 5,073 | \$ 1,012 | \$ 1,772 | \$ - | \$ 7,857 | \$ 101,640 |
| Due to bondholders | - | - | - | 870,977 | 870,977 | 827,723 |
| Member deposits | 28,368 | - | - | - | 28,368 | 37,354 |
| Refundable deposits | - | 92,001 | - | - | 92,001 | 208,044 |
| Total liabilities | <u>\$ 33,441</u> | <u>\$ 93,013</u> | <u>\$ 1,772</u> | <u>\$ 870,977</u> | <u>\$ 999,203</u> | <u>\$ 1,174,761</u> |

**CITY OF ALBANY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Balance June 30, 2010 | Additions | Reductions | Balance June 30, 2011 |
|--|--------------------------|---------------------|---------------------|--------------------------|
| Codornices Trail | | | | |
| Assets: | | | | |
| Operating cash and investments | \$ 37,354 | \$ 116 | \$ 4,029 | \$ 33,441 |
| Total assets | <u>\$ 37,354</u> | <u>\$ 116</u> | <u>\$ 4,029</u> | <u>\$ 33,441</u> |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 7,722 | \$ 2,649 | \$ 5,073 |
| Member deposits | 37,354 | 116 | 9,102 | 28,368 |
| Total liabilities | <u>\$ 37,354</u> | <u>\$ 7,838</u> | <u>\$ 11,751</u> | <u>\$ 33,441</u> |
| Bond and Trust | | | | |
| Assets: | | | | |
| Operating cash and investments | \$ 240,132 | \$ 65,153 | \$ 212,272 | \$ 93,013 |
| Receivables | 64,605 | | 64,605 | - |
| Total assets | <u>\$ 304,737</u> | <u>\$ 65,153</u> | <u>\$ 276,877</u> | <u>\$ 93,013</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 96,693 | \$ 138,238 | \$ 233,919 | \$ 1,012 |
| Refundable deposits | 208,044 | 152,366 | 268,409 | 92,001 |
| Total liabilities | <u>\$ 304,737</u> | <u>\$ 290,604</u> | <u>\$ 502,328</u> | <u>\$ 93,013</u> |
| School Facility Fees | | | | |
| Assets: | | | | |
| Operating cash and investments | \$ 4,947 | \$ 41,151 | \$ 44,326 | \$ 1,772 |
| Total assets | <u>\$ 4,947</u> | <u>\$ 41,151</u> | <u>\$ 44,326</u> | <u>\$ 1,772</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 4,947 | \$ 41,151 | \$ 44,326 | \$ 1,772 |
| Total liabilities | <u>\$ 4,947</u> | <u>\$ 41,151</u> | <u>\$ 44,326</u> | <u>\$ 1,772</u> |
| 1996-1 Assessment District Bond Funds | | | | |
| Assets: | | | | |
| Operating cash and investments | \$ 347,899 | \$ 524,639 | \$ 481,385 | \$ 391,153 |
| Debt service reserves held with trustee | 479,824 | | - | 479,824 |
| Total assets | <u>\$ 827,723</u> | <u>\$ 524,639</u> | <u>\$ 481,385</u> | <u>\$ 870,977</u> |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 472,359 | \$ 472,359 | \$ - |
| Due to bondholders | 827,723 | 521,613 | 478,359 | 870,977 |
| Total liabilities | <u>\$ 827,723</u> | <u>\$ 521,613</u> | <u>\$ 478,359</u> | <u>\$ 870,977</u> |
| Total Agency Funds | | | | |
| Assets: | | | | |
| Operating cash and investments | \$ 630,332 | \$ 631,059 | \$ 742,012 | \$ 519,379 |
| Debt service reserves held with trustee | 479,824 | - | - | 479,824 |
| Receivables | 64,605 | - | 64,605 | - |
| Total assets | <u>\$ 1,174,761</u> | <u>\$ 631,059</u> | <u>\$ 806,617</u> | <u>\$ 999,203</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 101,640 | \$ 659,470 | \$ 753,253 | \$ 7,857 |
| Due to bondholders | 827,723 | 521,613 | 478,359 | 870,977 |
| Member deposits | 37,354 | 116 | 9,102 | 28,368 |
| Refundable deposits | 208,044 | 152,366 | 268,409 | 92,001 |
| Total liabilities | <u>\$ 1,174,761</u> | <u>\$ 1,333,565</u> | <u>\$ 1,509,123</u> | <u>\$ 999,203</u> |

STATISTICAL

SECTION

STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

| <u>Contents</u> | <u>Page</u> |
|---|--------------------|
| 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. | E2 |
| Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes. | E8 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | E12 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. | E16 |
| Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. | E18 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Government Accounting Standard Board Statement 34 in fiscal year 2002-03, and schedules that present government-wide information include data beginning in fiscal year 2002-03.

CITY OF ALBANY
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Governmental activities: | | | | | | | | | | |
| Invested in capital assets, net of related debt | | \$ 16,470 | \$ 17,257 | \$ 17,782 | \$ 18,532 | \$ 19,778 | \$ 21,476 | \$ 15,045 | \$ 20,264 | \$ 23,913 |
| Restricted | | 6,027 | 6,699 | 10,217 | 10,500 | 12,087 | 14,448 | 23,246 | 20,049 | 20,630 |
| Unrestricted | | 2,025 | 3,814 | 2,411 | 3,681 | 4,697 | 4,970 | 5,253 | 5,227 | 3,840 |
| Total governmental activities assets | | <u>\$ 24,522</u> | <u>\$ 27,770</u> | <u>\$ 30,410</u> | <u>\$ 32,713</u> | <u>\$ 36,562</u> | <u>\$ 40,894</u> | <u>\$ 43,544</u> | <u>\$ 45,540</u> | <u>\$ 48,383</u> |
| Business-type activities: | | | | | | | | | | |
| Invested in capital assets, net of related debt | | \$ 7,140 | \$ 7,117 | \$ 7,106 | \$ 7,155 | \$ 7,191 | \$ 7,263 | \$ 5,735 | \$ 7,299 | \$ 7,550 |
| Restricted | | - | - | - | - | 3,041 | 2,164 | 1,132 | 1,107 | - |
| Unrestricted | | 2,183 | 2,571 | 3,078 | 3,596 | 1,117 | 2,606 | 5,681 | 4,802 | 5,642 |
| Total business-type activities net assets | | <u>\$ 9,323</u> | <u>\$ 9,688</u> | <u>\$ 10,184</u> | <u>\$ 10,751</u> | <u>\$ 11,349</u> | <u>\$ 12,033</u> | <u>\$ 12,548</u> | <u>\$ 13,208</u> | <u>\$ 13,192</u> |
| Primary government: | | | | | | | | | | |
| Invested in capital assets, net of related debt | | \$ 23,611 | \$ 24,374 | \$ 24,888 | \$ 25,687 | \$ 26,969 | \$ 28,738 | \$ 20,780 | \$ 27,563 | \$ 31,463 |
| Restricted | | 6,027 | 6,699 | 10,217 | 10,500 | 15,127 | 16,613 | 24,378 | 21,156 | 20,630 |
| Unrestricted | | 4,208 | 6,385 | 5,489 | 7,277 | 5,814 | 7,576 | 10,934 | 10,029 | 9,482 |
| Total primary government net assets | | <u>\$ 33,846</u> | <u>\$ 37,458</u> | <u>\$ 40,594</u> | <u>\$ 43,464</u> | <u>\$ 47,910</u> | <u>\$ 52,927</u> | <u>\$ 56,092</u> | <u>\$ 58,748</u> | <u>\$ 61,575</u> |

Source: CAFR, Statement of Net Assets.

Note: The City of Albany implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is unavailable.

CITY OF ALBANY
 CHANGES IN NET ASSETS
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (amounts expressed in thousands)

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | | \$ 4,323 | \$ 3,554 | \$ 3,471 | \$ 2,184 | \$ 2,511 | \$ 3,330 | \$ 3,047 | \$ 3,081 | \$ 3,867 |
| Police | | 3,879 | 3,647 | 3,896 | 5,551 | 5,226 | 5,319 | 6,260 | 5,318 | 5,735 |
| Fire and emergency medical services | | 2,806 | 3,000 | 3,212 | 4,477 | 4,046 | 4,220 | 5,191 | 4,642 | 4,686 |
| Community development and environmental resources | | 3,288 | 3,570 | 4,289 | 3,647 | 5,105 | 4,122 | 5,896 | 5,006 | 4,602 |
| Recreation and community services | | 2,645 | 1,902 | 1,970 | 2,080 | 2,268 | 2,528 | 2,823 | 2,817 | 2,902 |
| Interest on long-term debt | | 255 | 345 | 446 | 423 | 398 | 856 | 910 | 1,017 | 1,006 |
| Total governmental activities expenses | | 17,196 | 16,018 | 17,284 | 18,362 | 19,554 | 20,375 | 24,127 | 21,881 | 22,798 |
| Business-type activities: | | | | | | | | | | |
| Sewer | | 657 | 599 | 619 | 638 | 701 | 686 | 754 | 663 | 1,583 |
| Total business-type activities expenses | | 657 | 599 | 619 | 638 | 701 | 686 | 754 | 663 | 1,583 |
| Total primary government expenses | | 17,853 | 16,617 | 17,903 | 19,000 | 20,255 | 21,061 | 24,881 | 22,544 | 24,381 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | | 89 | 120 | 110 | 104 | 106 | 100 | 105 | 29 | 30 |
| Police | | 375 | 318 | 243 | 187 | 248 | 326 | 330 | 360 | 243 |
| Fire and emergency medical services | | 497 | 473 | 498 | 500 | 605 | 654 | 808 | 823 | 876 |
| Community development and environmental resources | | 394 | 671 | 504 | 469 | 378 | 568 | 386 | 492 | 457 |
| Recreation and community services | | 552 | 611 | 606 | 715 | 821 | 858 | 969 | 967 | 1,158 |
| Operating grants and contributions | | 1,298 | 1,032 | 960 | 1,155 | 1,017 | 1,085 | 1,675 | 1,386 | 2,998 |
| Capital grants and contributions | | 1,147 | 495 | 1,314 | 259 | 1,181 | 773 | 3,248 | 609 | 248 |
| Total governmental activities program revenues | | 4,352 | 3,720 | 4,235 | 3,389 | 4,356 | 4,364 | 7,521 | 4,666 | 6,010 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Sewer | | 1,786 | 1,730 | 1,774 | 1,821 | 1,838 | 1,987 | 2,060 | 2,188 | 2,434 |
| Total business-type activities program revenues | | 1,786 | 1,730 | 1,774 | 1,821 | 1,838 | 1,987 | 2,060 | 2,188 | 2,434 |
| Total primary government program revenues | | 6,138 | 5,450 | 6,009 | 5,210 | 6,194 | 6,351 | 9,581 | 6,854 | 8,444 |
| Net revenues (expenses): | | | | | | | | | | |
| Governmental activities | | (12,844) | (12,298) | (13,049) | (14,973) | (15,198) | (16,011) | (16,606) | (17,215) | (16,788) |
| Business-type activities | | 1,129 | 1,131 | 1,155 | 1,183 | 1,137 | 1,301 | 1,306 | 1,525 | 851 |

CITY OF ALBANY
 CHANGES IN NET ASSETS
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (amounts expressed in thousands)

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total primary government net expense | | \$ (11,715) | \$ (11,167) | \$ (11,894) | \$ (13,790) | \$ (14,061) | \$ (14,710) | \$ (15,300) | \$ (15,690) | \$ (15,937) |
| General Revenues and Other Changes in Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | | \$ 5,280 | \$ 6,146 | \$ 7,422 | \$ 8,422 | \$ 9,762 | \$ 11,166 | \$ 11,202 | \$ 11,583 | \$ 11,900 |
| Sales taxes | | 1,340 | 1,357 | 1,599 | 2,043 | 2,242 | 2,183 | 2,223 | 2,119 | 2,166 |
| Franchise and other taxes | | 3,656 | 4,506 | 4,557 | 4,442 | 4,317 | 4,135 | 3,946 | 3,927 | 3,783 |
| Earnings on investments | | 322 | 354 | 475 | 924 | 1,237 | 1,468 | 719 | 222 | 155 |
| Unrestricted revenues from other agencies | | 1,001 | 803 | 410 | 226 | 281 | 183 | 148 | 163 | 389 |
| Other revenue | | 279 | 1,600 | 386 | 364 | 342 | 332 | 119 | 662 | 340 |
| Transfers | | 770 | 781 | 836 | 852 | 864 | 879 | 898 | 913 | 898 |
| Total governmental activities | | 12,648 | 15,547 | 15,685 | 17,273 | 19,045 | 20,346 | 19,255 | 19,589 | 19,631 |
| Business-type activities: | | | | | | | | | | |
| Earnings on investments | | 46 | 15 | 175 | 236 | 325 | 262 | 107 | 48 | 25 |
| Other revenue | | 2 | - | 3 | - | - | - | - | - | - |
| Transfers | | (759) | (781) | (836) | (852) | (864) | (879) | (898) | (913) | (892) |
| Total business-type activities | | (711) | (766) | (658) | (616) | (539) | (617) | (791) | (865) | (867) |
| Total primary government | | \$ 11,937 | \$ 14,781 | \$ 15,027 | \$ 16,657 | \$ 18,506 | \$ 19,729 | \$ 18,464 | \$ 18,724 | \$ 18,764 |
| Changes in Net Assets | | | | | | | | | | |
| Governmental activities | | (196) | 3,249 | 2,636 | 2,300 | 3,847 | 4,335 | 2,649 | 2,374 | 2,843 |
| Business-type activities | | 418 | 365 | 497 | 567 | 598 | 684 | 515 | 660 | (16) |
| Total primary government | | \$ 222 | \$ 3,614 | \$ 3,133 | \$ 2,867 | \$ 4,445 | \$ 5,019 | \$ 3,164 | \$ 3,034 | \$ 2,827 |

Source: CAFR, Statement of Activities and Changes in Net Assets.

Note: The City of Albany implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is unavailable.

CITY OF ALBANY
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (amounts expressed in thousands)

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|------------------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| General fund: | | | | | | | | | | |
| Reserved | \$ 397 | \$ 2,566 | \$ 1,247 | \$ 1,258 | \$ 1,250 | \$ 1,147 | \$ 1,169 | \$ 1,062 | \$ 1,022 | |
| Unreserved | 2,555 | 1,175 | 2,614 | 2,711 | 2,938 | 3,455 | 3,610 | 3,963 | 4,044 | |
| Nonspendable fund balance | | | | | | | | | | \$ 45 |
| Restricted fund balance | | | | | | | | | | - |
| Committed fund balance | | | | | | | | | | - |
| Assigned fund balance | | | | | | | | | | 1,734 |
| Unassigned fund balance | | | | | | | | | | 3,165 |
| Total general fund | <u>\$ 2,952</u> | <u>\$ 3,741</u> | <u>\$ 3,861</u> | <u>\$ 3,969</u> | <u>\$ 4,188</u> | <u>\$ 4,602</u> | <u>\$ 4,779</u> | <u>\$ 5,025</u> | <u>\$ 5,066</u> | <u>\$ 4,944</u> |
| All other governmental funds: | | | | | | | | | | |
| Reserved | \$ 5,852 | \$ 14,015 | \$ 14,007 | \$ 14,065 | \$ 14,889 | \$ 14,521 | \$ 25,038 | \$ 20,018 | \$ 20,049 | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 1,960 | 1,826 | 1,745 | 3,154 | 2,161 | 2,621 | 3,730 | 3,483 | - | |
| Capital project funds | - | (1,569) | (270) | (234) | - | - | - | - | - | |
| Debt service funds | - | (427) | (432) | (400) | (372) | (95) | - | - | - | |
| Nonspendable fund balance | | | | | | | | | | \$ - |
| Restricted fund balance | | | | | | | | | | 10,004 |
| Committed fund balance | | | | | | | | | | 10,626 |
| Assigned fund balance | | | | | | | | | | - |
| Unassigned fund balance | | | | | | | | | | (1,104) |
| Total all other governmental funds | <u>\$ 7,812</u> | <u>\$ 13,845</u> | <u>\$ 15,050</u> | <u>\$ 16,585</u> | <u>\$ 16,678</u> | <u>\$ 17,047</u> | <u>\$ 28,768</u> | <u>\$ 23,501</u> | <u>\$ 20,049</u> | <u>\$ 19,526</u> |

Source: CAFR, Governmental Funds Balance Sheet.

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CITY OF ALBANY
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (amounts expressed in thousands)

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|
| Revenues: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 5,076 | \$ 5,280 | \$ 6,146 | \$ 7,422 | \$ 8,422 | \$ 9,762 | \$ 11,166 | \$ 11,202 | \$ 11,583 | \$ 11,900 |
| Sales taxes | 1,410 | 1,340 | 1,357 | 1,599 | 2,043 | 2,242 | 2,183 | 2,223 | 2,119 | 2,166 |
| Franchise and other taxes | 3,451 | 3,656 | 4,506 | 4,557 | 4,442 | 4,317 | 4,135 | 3,946 | 3,927 | 3,783 |
| Licenses and permits | 186 | 175 | 347 | 212 | 198 | 154 | 177 | 173 | 183 | 193 |
| Fines and forfeitures | 252 | 334 | 282 | 216 | 154 | 189 | 269 | 267 | 271 | 189 |
| Earnings on investments | 481 | 322 | 354 | 475 | 955 | 1,370 | 1,498 | 749 | 246 | 159 |
| Revenues from other agencies | 5,801 | 3,446 | 2,329 | 2,426 | 1,536 | 2,468 | 1,939 | 4,557 | 1,924 | 3,373 |
| Current services charges | 1,498 | 1,397 | 1,565 | 1,533 | 1,623 | 1,816 | 2,059 | 2,196 | 2,146 | 2,273 |
| Other revenue | 343 | 276 | 1,600 | 336 | 471 | 355 | 433 | 577 | 966 | 708 |
| Total revenues | 18,498 | 16,226 | 18,486 | 18,776 | 19,844 | 22,673 | 23,859 | 25,890 | 23,365 | 24,744 |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 3,794 | 3,915 | 3,907 | 3,433 | 2,439 | 2,013 | 2,522 | 2,629 | 3,217 | 3,557 |
| Police | 3,856 | 3,826 | 3,647 | 3,952 | 5,407 | 5,106 | 5,208 | 6,147 | 5,173 | 5,574 |
| Fire and emergency medical services | 2,489 | 2,742 | 2,941 | 3,185 | 4,403 | 4,013 | 4,189 | 5,106 | 4,269 | 4,325 |
| Community development and environmental resources | 2,456 | 2,800 | 3,275 | 3,018 | 3,353 | 3,733 | 4,055 | 5,586 | 4,176 | 3,054 |
| Recreation and community services | 1,055 | 1,470 | 1,651 | 1,831 | 2,003 | 2,130 | 2,419 | 2,644 | 2,617 | 2,685 |
| Capital outlay | 3,878 | 2,591 | 1,736 | 1,912 | 1,414 | 3,053 | 4,332 | 11,862 | 6,389 | 5,194 |
| Debt service: | | | | | | | | | | |
| Principal | 362 | 330 | 351 | 478 | 535 | 551 | 540 | 730 | 805 | 887 |
| Interest | 231 | 246 | 384 | 470 | 461 | 447 | 671 | 922 | 1,041 | 1,010 |
| Total expenditures | 18,121 | 17,920 | 17,892 | 18,279 | 20,015 | 21,046 | 23,936 | 35,626 | 27,687 | 26,286 |
| Excess (deficiency) of revenues over (under) expenditures | 377 | (1,694) | 594 | 497 | (171) | 1,627 | (77) | (9,736) | (4,322) | (1,542) |

Other financing sources (uses):

| | | | | | | | | | | |
|--|---------------|-----------------|-----------------|-----------------|-------------------|-----------------|------------------|-------------------|-------------------|------------------------------|
| Issuance of debt | - | 8,003 | - | - | - | - | 11,500 | 3,840 | - | - |
| Bond premium | - | - | - | - | - | - | 311 | - | - | - |
| Transfers in | 3,301 | 3,300 | 4,669 | 3,666 | 4,596 | 4,868 | 4,610 | 4,540 | 4,623 | 5,950 |
| Transfers out | (3,443) | (2,711) | (3,938) | (2,830) | (7,364) | (4,741) | (4,447) | (3,919) | (3,710) | (5,052) |
| Other sources | - | - | - | 308 | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>(142)</u> | <u>8,592</u> | <u>731</u> | <u>1,145</u> | <u>(2,767)</u> | <u>127</u> | <u>11,974</u> | <u>4,461</u> | <u>913</u> | <u>898</u> |
| Net change in fund balances | <u>\$ 235</u> | <u>\$ 6,898</u> | <u>\$ 1,325</u> | <u>\$ 1,642</u> | <u>\$ (2,938)</u> | <u>\$ 1,754</u> | <u>\$ 11,897</u> | <u>\$ (5,275)</u> | <u>\$ (3,409)</u> | <u>\$ (644)</u> ¹ |
| Debt service as a percentage of noncapital expenditures | 4.2% | 3.8% | 4.5% | 5.8% | 5.4% | 5.5% | 6.2% | 7.0% | 8.7% | 9.0% |

Source: CAFR, Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances.

¹ See Management's Discussion and Analysis for comments regarding the net decrease in fund balance.

CITY OF ALBANY
 ASSESSED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (in thousands of dollars)

| Fiscal Year | City | | | | Redevelopment Agency | | | | Total Direct Tax Rate ¹ |
|-------------|---------------|-------------------|-----------------|------------------------|----------------------|-------------------|-----------------|------------------------|------------------------------------|
| | Real Property | Personal Property | Less Exemptions | Taxable Assessed Value | Real Property | Personal Property | Less Exemptions | Taxable Assessed Value | |
| 2002 | \$1,104,775 | \$ 18,684 | \$ 40,717 | \$ 1,082,742 | \$ 19,502 | \$ 1,415 | \$ - | \$ 20,917 | 10.993 |
| 2003 | 1,174,556 | 20,191 | 44,656 | 1,150,091 | 21,810 | 1,682 | - | 23,493 | 10.993 |
| 2004 | 1,368,929 | 19,715 | 45,610 | 1,343,034 | 26,133 | 2,097 | - | 28,231 | 11.375 |
| 2005 | 1,261,551 | 20,402 | 45,552 | 1,236,402 | 23,151 | 1,772 | - | 24,923 | 11.345 |
| 2006 | 1,510,814 | 19,714 | 46,074 | 1,484,455 | 46,447 | 2,588 | - | 49,035 | 11.311 |
| 2007 | 1,643,887 | 19,567 | 46,968 | 1,616,486 | 49,567 | 1,861 | - | 51,428 | 11.281 |
| 2008 | 1,749,300 | 25,347 | 48,341 | 1,726,307 | 50,318 | 2,212 | - | 52,530 | 11.668 |
| 2009 | 1,835,524 | 21,620 | 51,037 | 1,806,107 | 51,030 | 2,263 | - | 53,292 | 11.653 |
| 2010 | 1,875,291 | 23,472 | 50,743 | 1,848,019 | 51,662 | 2,304 | - | 53,966 | 11.645 |
| 2011 | 1,899,389 | 24,236 | 56,681 | 1,866,944 | 51,796 | 2,037 | - | 53,833 | 11.638 |

Source: Alameda County Auditor-Controller Office and City financial records.

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxes. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

¹ Total Direct Tax Rate includes Alameda County 1% ad valorem and City of Albany direct tax rate. Rates are per \$1,000 of assessed value.

CITY OF ALBANY
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(Rates per \$1,000 of assessed value)
LAST TEN FISCAL YEARS

| | Fiscal Year | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Direct Rates: | | | | | | | | | | |
| 1% county tax | \$ 10.000 | \$ 10.000 | \$ 10.000 | \$ 10.000 | \$ 10.000 | \$ 10.000 | \$ 10.000 | \$ 10.000 | \$ 10.000 | \$ 10.000 |
| City Direct Rate | 0.993 | 0.993 | 1.375 | 1.345 | 1.311 | 1.281 | 1.668 | 1.653 | 1.645 | 1.638 |
| Total Direct Rate | 10.993 | 10.993 | 11.375 | 11.345 | 11.311 | 11.281 | 11.668 | 11.653 | 11.645 | 11.638 |
| Overlapping Rates: | | | | | | | | | | |
| Albany Unified School District | 1.403 | 1.481 | 1.312 | 1.611 | 1.316 | 1.653 | 1.284 | 1.451 | 1.709 | 1.725 |
| Peralta Community College | 0.154 | 0.176 | 0.159 | 0.208 | 0.238 | 0.272 | 0.223 | 0.362 | 0.430 | 0.430 |
| Bay Area Rapid Transit | - | - | - | - | 0.048 | 0.050 | 0.076 | 0.090 | 0.057 | 0.031 |
| East Bay Regional Park | 0.072 | 0.065 | 0.057 | 0.057 | 0.057 | 0.085 | 0.080 | 0.100 | 0.108 | 0.084 |
| East Bay Mud Special District 1 | 0.084 | 0.084 | 0.079 | 0.076 | 0.072 | 0.068 | 0.065 | 0.064 | 0.065 | 0.067 |
| Total Direct and Overlapping Rate | \$ 12.706 | \$ 12.799 | \$ 12.982 | \$ 13.297 | \$ 13.042 | \$ 13.409 | \$ 13.396 | \$ 13.720 | \$ 14.014 | \$ 13.975 |

Source: Alameda County Treasurer and Tax Collector.

Note: In 1978, California votes passed Proposition 13 which sets the property tax rate at 1.00% assessed value. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% and other direct taxes listed in the table, property owners are charged various fixed charges and special assessments.

CITY OF ALBANY
 PRINCIPAL TAXPAYERS
 CURRENT YEAR AND TEN YEARS AGO
 (amounts expressed in thousands)

| Assessed Name | 2011 | | | 2001 | | |
|---|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percent of Total Taxable Assessed Value (1) | Taxable Assessed Value | Rank | Percent of Total Taxable Assessed Value (1) |
| Golden Gate Land Holdings, Inc. | \$ 47,146 | 1 | 2.45% | \$ 30,140 | 1 | 2.96% |
| Target Corporation | 30,608 | 2 | 1.59% | - | - | - |
| ESMHT, LLC | 9,504 | 3 | 0.49% | - | - | - |
| Eichner, Erik & Rose | 7,309 | 4 | 0.38% | 6,403 | 3 | 0.63% |
| Villa De Albany, LLC | 6,880 | 5 | 0.36% | - | - | - |
| Fire in the Hole, LLC | 5,218 | 6 | 0.27% | - | - | - |
| Biggs, Edward & Charlotte | 5,213 | 7 | 0.27% | 7,392 | 2 | 0.73% |
| Safeway, Inc. | 4,832 | 8 | 0.25% | 4,269 | 5 | 0.42% |
| Nassiri Matt & Farrokhtala Katy Trs Etal Exmp Trust | 4,159 | 9 | 0.22% | - | - | - |
| Albany Bowl Properties | 3,429 | 10 | 0.18% | 3,170 | 8 | 0.31% |
| Hillside Partners | 1,769 | 11 | 0.09% | - | - | - |
| Magna Entertainment Corporation | - | - | - | 1,508 | 9 | 0.15% |
| Farrokhtaka, Javad & Kafieh | - | - | - | 3,488 | 6 | 0.34% |
| Union Pacific | - | - | - | 5,425 | 4 | 0.53% |
| Ritchey Deborah L. Etal | - | - | - | 3,468 | 7 | 0.34% |
| Totals | <u>\$ 126,067</u> | | <u>6.56%</u> | <u>\$ 65,264</u> | | <u>6.41%</u> |

Source: Alameda County Auditor-Controller Office.

(1) The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

CITY OF ALBANY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

| Fiscal Year | Taxes Levied for the Fiscal Year ¹ | Collected within the Fiscal Year of Levy ¹ | | Collected after the Fiscal Year of Levy ¹ | | Total Collected for the Fiscal Year of Levy ¹ | |
|-------------|---|---|---------------------|--|-----------------|--|-----------------|
| | | Amount | Percent of Levy | Amount | Percent of Levy | Amount | Percent of Levy |
| 2002 | 2,300,137 | 2,245,812 | ² 97.64% | | | | |
| 2003 | 2,367,418 | 2,306,724 | ² 97.44% | | | | |
| 2004 | 2,466,661 | 2,413,152 | ² 97.83% | | | | |
| 2005 | 2,713,815 | 2,657,474 | ² 97.92% | | | | |
| 2006 | 3,264,081 | 3,183,701 | ² 97.54% | | | | |
| 2007 | 3,671,315 | 3,603,724 | ² 98.16% | | | | |
| 2008 | 3,858,156 | 3,756,485 | ² 97.36% | | | | |
| 2009 | 3,900,176 | 3,672,789 | ² 94.17% | | | | |
| 2010 | 3,952,353 | 3,832,720 | ² 96.97% | | | | |
| 2011 | 3,966,980 | 4,010,787 | 101.10% | 55,449 | 1.40% | 4,066,236 | 102.50% |

Source: Alameda County Auditor-Controller Office.

Notes:

¹ The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the Redevelopment Agency that were passed-through to other agencies.

² Subsequent collections are included in the year

CITY OF ALBANY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita amount)

| Fiscal Year | Governmental Activities | | | Business-type Activities | Total Primary Government | Percentage of Personal Income | Debt Per Capita |
|-------------|--------------------------|-------------------------------|-------|--------------------------|--------------------------|-------------------------------|-----------------|
| | General Obligation Bonds | Certificates of Participation | Other | Sewer Revenue Bonds | | | |
| 2002 | \$ - | \$ 3,620 | \$ - | \$ 3,430 | \$ 7,050 | 1.11% | \$ 421 |
| 2003 | 8,000 | 3,315 | - | 3,215 | 14,530 | 2.23% | 865 |
| 2004 | 8,000 | 2,995 | - | 2,990 | 13,985 | 2.05% | 837 |
| 2005 | 7,875 | 2,670 | - | 8,675 | 19,220 | 2.67% | 1,148 |
| 2006 | 7,715 | 2,325 | - | 8,355 | 18,395 | 2.41% | 1,103 |
| 2007 | 7,550 | 1,965 | - | 8,030 | 17,545 | 2.10% | 1,049 |
| 2008 | 18,885 | 1,590 | - | 7,700 | 28,175 | 3.36% | 1,669 |
| 2009 | 18,550 | 1,195 | 3,840 | 7,360 | 30,945 | Unavailable | 1,831 |
| 2010 | 18,190 | 780 | 3,810 | 7,010 | 29,790 | Unavailable | 1,607 |
| 2011 | 17,815 | 535 | 3,834 | 6,655 | 28,839 | Unavailable | 1,549 |

Sources: City of Albany financial reports
California Department of Finance
Alameda County Auditor-Controller Office.

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) The Sewer Revenue Bonds outstanding at 2004 were refunded by issuance of revenue bonds of \$8,675,000 in 2005.
- (3) The county personal income is used for the percentage of personal income calculation. The data at the city level is not available.
- (4) "Other" type of debt includes notes payable and lease purchases.

CITY OF ALBANY
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita amount)

| Fiscal Year | General Obligation Bonds | Percentage of Assessed Estimated Taxable Value of Property | Per Capita |
|----------------|--------------------------------|--|------------|
| 2002 | \$ - | - | \$ - |
| 2003 | 8,000 | 0.70% | 476 |
| 2004 | 8,000 | 0.60% | 479 |
| 2005 | 7,875 | 0.64% | 470 |
| 2006 | 7,715 | 0.52% | 463 |
| 2007 | 7,550 | 0.47% | 452 |
| 2008 | 18,885 | 1.09% | 1,119 |
| 2009 | 18,550 | 1.03% | 1,098 |
| 2010 | 18,190 | 0.98% | 981 |
| 2011 | 17,815 | 0.95% | 957 |

Sources: City of Albany financial reports
California Department of Finance
Alameda County Auditor-Controller Office.

Notes:

(1) Percentage of assessed value is presented because the actual value of taxable property is not readily available in the State of California.

(2) The general obligation bonds were issued in fiscal years 2002-03 and 2007-08 for \$8,000,000 and \$11,500,000, respectively .

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
PROPERTY TAX RATES
June 30, 2011

| | |
|--------------------------------------|-------------------|
| | <u>Actual</u> |
| 2010-11 Assessed Valuation: | \$1,890,353,250 |
| Redevelopment Incremental Valuation: | <u>39,600,457</u> |
| Adjusted Assessed Valuation: | \$1,850,752,793 |

OVERLAPPING TAX AND ASSESSMENT DEBT:

| | <u>6/30/2011</u> | <u>% Applicable(1)</u> | <u>Debt 6/30/11</u> |
|---|------------------|------------------------|---------------------|
| Bay Area Rapid Transit District | \$413,865,000 | 0.425% | \$1,758,926 |
| Peralta Community College District | 435,575,000 | 3.369 | 14,674,522 |
| Albany Unified School District | 42,560,000 | 100 | 42,560,000 |
| East Bay Municipal Utility District, Special District No. 1 | 24,545,000 | 3.109 | 763,104 |
| East Bay Regional Park District | 153,990,000 | 0.659 | 1,014,794 |
| City of Albany Assessment District No. 1996-1 | 3,445,000 | 100 | <u>3,445,000</u> |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | | \$64,216,346 |

OVERLAPPING GENERAL FUND DEBT:

| | | | |
|---|---------------|--------|-----------------|
| Alameda County General Fund Obligations | \$711,512,000 | 1.097% | \$7,805,287 (2) |
| Alameda County Pension Obligations | 154,584,741 | 1.097 | 1,695,795 |
| Peralta Community College District Pension Obligations | 151,709,090 | 3.369 | 5,111,079 |
| Alameda-Contra Costa Transit District Certificates of Participation | 37,465,000 | 1.339 | <u>501,656</u> |
| TOTAL OVERLAPPING GENERAL FUND DEBT | | | 15,113,817 |

TOTAL OVERLAPPING DEBT

79,330,163

DIRECT TAX AND ASSESSMENT DEBT:

| | | | |
|--------------------------------------|---------------------|------------|----------------------------|
| City of Albany | \$17,815,000 | 100 | <u>\$17,815,000</u> |
| TOTAL DIRECT TAX AND ASSESSMENT DEBT | | | 17,815,000 |

DIRECT GENERAL FUND DEBT:

| | | | |
|---|------------------|------------|-------------------------|
| City of Albany Certificates of Participation | \$535,000 | 100 | <u>\$535,000</u> |
| TOTAL DIRECT GENERAL FUND DEBT | | | 535,000 |

TOTAL DIRECT DEBT

18,350,000

COMBINED TOTAL DIRECT AND OVERLAPPING DEBT

\$97,680,163 (3)

Ratios to 2010-11 Assessed Valuation:

| | |
|--|--------------|
| Direct Debt (\$17,815,000) | 0.94% |
| Total Overlapping Tax and Assessment Debt..... | 4.34% |

Ratios to Adjusted Assessed Valuation:

| | |
|--|--------------|
| Combined Direct Debt (\$18,350,000) | 0.99% |
| Combined Total Direct and Overlapping Debt..... | 5.28% |

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$0

Source: California Municipal Statistics, Inc.

(1) Percentage of overlapping agency's assessed valuation located within the boundaries of the city.

(2) Includes share of City of Oakland-Alameda County Coliseum obligations.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

(i) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another government unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

(ii) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF ALBANY
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

| | Fiscal Year | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Assessed valuation | \$ 1,082,742 | \$ 1,150,091 | \$ 1,343,034 | \$ 1,236,402 | \$ 1,484,455 | \$ 1,616,486 | \$ 1,726,307 | \$ 1,806,107 | \$ 1,848,019 | \$ 1,866,944 |
| Conversion percentage | <u>25%</u> |
| Adjusted assessed valuation | \$ 270,686 | \$ 287,523 | \$ 335,758 | \$ 309,100 | \$ 371,114 | \$ 404,121 | \$ 431,577 | \$ 451,527 | \$ 462,005 | \$ 466,736 |
| Debt limit percentage | <u>15%</u> |
| Debt limit | 40,603 | 43,128 | 50,364 | 46,365 | 55,667 | 60,618 | 64,737 | 67,729 | 69,301 | 70,010 |
| Total net debt applicable to limit: General obligation bonds | - | 8,000 | 8,000 | 7,875 | 7,715 | 7,550 | 18,885 | 18,550 | 18,190 | 17,815 |
| Legal debt margin | <u>\$ 40,603</u> | <u>\$ 35,128</u> | <u>\$ 42,364</u> | <u>\$ 38,490</u> | <u>\$ 47,952</u> | <u>\$ 53,068</u> | <u>\$ 45,852</u> | <u>\$ 49,179</u> | <u>\$ 51,111</u> | <u>\$ 52,195</u> |
| Total debt applicable to the limit as a percentage of debt limit | - | 18.55% | 15.88% | 16.98% | 13.86% | 12.46% | 29.17% | 27.39% | 26.25% | 25.45% |

Sources: City of Albany financial reports
Alameda County Auditor-Controller Office.

Note: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

CITY OF ALBANY
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS

| Calendar Year | City Population (1) | County Personal Income (amounts expressed in thousands) (2) | County Per Capita Personal Income (2) | City Unemployment Rate (3) |
|------------------|------------------------|--|--|----------------------------------|
| 2002 | 16,750 | \$ 55,317 | \$ 37,755 | 2.7% |
| 2003 | 16,800 | 56,424 | 38,712 | 2.9% |
| 2004 | 16,700 | 59,339 | 40,915 | 2.3% |
| 2005 | 16,743 | 62,166 | 42,974 | 2.2% |
| 2006 | 16,680 | 66,325 | 45,689 | Unavailable |
| 2007 | 16,722 | 72,328 | 49,915 | Unavailable |
| 2008 | 16,877 | 73,160 | 49,757 | Unavailable |
| 2009 | 16,898 | Unavailable | Unavailable | 4.8% |
| 2010 | 18,539 | Unavailable | Unavailable | 4.9% |
| 2011 | 18,622 | Unavailable | Unavailable | 4.7% |

Sources: (1) 2002-2009 and 2011 per California Department of Finance; 2010 per U.S. Census
 (2) U.S. Department of Commerce, Bureau of Economic Analysis
 (3) State of California Employment Development Department

Note: Data shown for personal income, per capita personal income is for Alameda County.

CITY OF ALBANY
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

| Company | Product /Service | 2011 | | | 2002 | | |
|--|-----------------------|-------------|------|----------------------------------|-------------|------|----------------------------------|
| | | Employees | Rank | Percent of Total City Employment | Employees | Rank | Percent of Total City Employment |
| Albany Unified School District | Education | 365 | 1 | 4.35% | 300 | 2 | 3.30% |
| United States Department of Agriculture and Research | Agricultural Research | 255 | 2 | 3.04% | 307 | 1 | 3.37% |
| Target Store | Department Store | 231 | 3 | 2.75% | | | - |
| Golden Gate Fields | Race Track | 230 | 4 | 2.74% | 300 | 2 | 3.30% |
| City of Albany | Government | 91 | 5 | 1.08% | 123 | 4 | 1.35% |
| St. Mary's College High School | School | 70 | 6 | 0.83% | | | - |
| Albany Ford Subaru | Automotive Dealer | 56 | 7 | 0.67% | 80 | 6 | 0.88% |
| California Orientation Center for the Blind | Skills Assessment | 52 | 8 | 0.62% | | | - |
| Albany Bowl | Bowling | 50 | 9 | 0.60% | 46 | 8 | 0.51% |
| Safeway Store | Retail Grocery | 45 | 10 | 0.54% | 113 | 5 | 1.24% |
| United States Department of Forest Services | Forest Research | 35 | - | 0.42% | 80 | 6 | 0.88% |
| Sizzler USA Restaurants | Restaurant | - | - | - | 32 | 9 | 0.35% |
| NVT Technologies, Inc. | Maintenance Services | - | - | - | 32 | 9 | 0.35% |
| Total | | <u>1480</u> | | <u>17.64%</u> | <u>1413</u> | | <u>15.53%</u> |

Sources: City of Albany business license applications and survey of employers
State of California Employment Development Department.

CITY OF ALBANY
 FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS

| Full-time Equivalent Employees as of June 30 | | | | | | |
|--|-----------------------|------------------|-----------------|--------------------------|------------|-------|
| Fiscal Year | General Government | Public Safety | Public Works | Community Development | Recreation | Total |
| 2002 | 12 | 59 | 10 | 9 | 9 | 99 |
| 2003 | 12 | 59 | 10 | 9 | 9 | 99 |
| 2004 | 12 | 59 | 10 | 9 | 9 | 99 |
| 2005 | 12 | 61 | 10 | 12 | 9 | 104 |
| 2006 | 12 | 61 | 10 | 12 | 9 | 104 |
| 2007 | 12 | 61 | 10 | 12 | 11 | 106 |
| 2008 | 12 | 61 | 10 | 12 | 11 | 106 |
| 2009 | 12 | 62 | 10 | 11 | 10 | 105 |
| 2010 | 11 | 59 | 9 | 8 | 10 | 97 |
| 2011 | 10 | 55 | 9 | 8 | 9 | 91 |

Source: City of Albany Human Resources Department.

CITY OF ALBANY
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

| | Fiscal Year | | | | | | | | | |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------|--------|--------|--------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Police: | | | | | | | | | | |
| Arrests | 462 | 506 | 703 | 537 | 663 | 850 | 814 | 884 | 798 | 704 |
| Parking citations issued | Unavailable | 13,247 | 9,627 | 6,665 | 4,717 | 7,057 | 8,193 | 8,109 | 7,851 | 6,376 |
| Fire: | | | | | | | | | | |
| Number of emergency calls | 1,373 | 1,364 | 1,316 | 1,360 | 1,515 | 1,525 | 1,620 | 1,600 | 1,515 | 1,495 |
| Inspections | 750 | 750 | 750 | 750 | 750 | 750 | 750 | 800 | 812 | 1,121 |
| Parks and Recreation: | | | | | | | | | | |
| Number of recreation classes | 525 | 670 | 877 | 871 | 821 | 780 | 798 | 612 | 595 | 1,399 |
| Number of facility rentals | 1,151 | 1,252 | 1,507 | 852 | 755 | 458 | 597 | 682 | 681 | 661 |
| Number of class registrations | Unavailable | Unavailable | Unavailable | Unavailable | Unavailable | Unavailable | 10,133 | 13,466 | 13,995 | 15,125 |

Source: City of Albany departmental records.

CITY OF ALBANY
CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

| | Fiscal Year | | | | | | | | | |
|-------------------------|-------------|------|------|------|------|------|------|------|------|------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Works: | | | | | | | | | | |
| Street (miles) | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 |
| Streetlights | 870 | 870 | 870 | 870 | 870 | 870 | 870 | 870 | 870 | 870 |
| Traffic signals | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 16 | 16 | 16 |
| Parks and Recreation: | | | | | | | | | | |
| Parks | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Community centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Wastewater: | | | | | | | | | | |
| Sanitary sewers (miles) | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 |
| Storm sewers (miles) | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |

Source: City of Albany departmental records.



Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

**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**

To the Honorable Mayor and Members of City Council
of the City of Albany
Albany, California

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, California (City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 22, 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 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 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.

To the Honorable Mayor and Members of City Council
of the City of Albany
Albany, California
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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, 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.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
March 22, 2012