

**CITY OF ALBANY, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Prepared by:**  
**Department of Finance and Administrative Services**

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**CITY OF ALBANY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
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# ALBANY CALIFORNIA



CITY OF ALBANY  
1000 SAN PABLO AVENUE  
ALBANY, CA 94706  
[www.AlbanyCA.org](http://www.AlbanyCA.org)

February 25, 2014

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, 2013. The information transmitted in this document is prepared in accordance with United States Generally Accepted Accounting Principles (GAAP), as established by the Governmental Accounting Standards Board (GASB).

The City is responsible for accurate and fair reporting concerning the finances of the City of Albany. Consequently, management staff, assume full responsibility for the completeness and reliability of all of the information presented in this report.

Badawi & Associates, 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, 2013, 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, 2013 are fairly presented in conformity with GAAP. The independent auditors' report is included in this Comprehensive Annual Financial Report.

This transmittal letter serves as an overview to assist readers with background information in reviewing the City's financial statements. This includes a brief overview of the economic conditions impacting the City. For a more detailed discussion of the financial statements readers are directed to the information presented in a separate narrative section comprised of Management's Discussion and Analysis (MD&A). The MD&A provides financial highlights and comparisons and information on certain trends based on information in the financial statements.

## PROFILE OF THE CITY

The City of Albany lies in the northwestern corner of Alameda County, on the north side it is bordered by the cities of El Cerrito and Richmond (which are located in Contra Costa County) and to both the east and south is the City of Berkeley. 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 limits cover approximately 1.7 square miles including shoreline areas along the San Francisco Bay. The California State Department of Finance estimated Albany's population as of January 1, 2013 at 18,430.

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. The City Treasurer is also an elected position. 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.

### **GENERAL GOVERNMENT FUNCTIONS**

The City provides a full range of services including police and fire protection, paramedic service, street and sanitary sewer maintenance, recreational activities and cultural events. The City owns the building which houses a branch library in the Alameda County Library system. In addition, the City financially supplements the operation of a public library operated by the County of Alameda. The current full-time City Staffing is comprised of approximately 84 positions.

Current City services include the following functions: City Manager; City Clerk; City Treasurer (an elected position); City Attorney (an appointed contract position); Finance & Administrative Services; Police; Fire & Emergency Medical Services (EMS); Recreation & Community Services; Community Development (including land-use planning and building regulation); and Public Works (including street maintenance; park maintenance; storm and sanitary sewer maintenance; and engineering).

### **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.

Employers within the City include both manufacturing and non manufacturing; service industries and retail outlets. Among the largest employers are government agencies which include the Albany Unified School District; United States Department of Agriculture; and the California Department of Rehabilitation. Overall employment in the region has increased since 2010 as reported by the California Economic Development Department. Like much of the nation the rate of employment growth has been in rather small increments.

Property tax is the City's largest revenue source representing 37% of General Fund Revenue. Given that the majority of parcels in the City are residential uses, increased revenue is impacted by the sales price which has been increasing in recent years. In November 2013, the East Bay Economic Development Alliance released a report prepared by the firm of Beacon Economics to assess the regional economic trends. In the area of residential real estate the report noted that the inventory of distressed property in the region had decreased drastically. They also noted that although the number of sales were declining prices were on an upward trend. They also noted that increased construction permit activity in areas of the County where new housing was being developed, was an indication that the commercial home building industry is forecasting continued demand for housing.

Retail sales can also be a good indicator of economic conditions. Sales tax is also the third largest General Fund revenue source for the City. The sectors represented in Albany's retail sales are relatively diverse. In Calendar 2012 retail sales allocated to the City grew by approximately 2%. In addition to the improving local economy, this revenue source is expected to grow as a result of a November 2012 voter approved increase in the local sales tax rate. The collection of the new tax began April 1, 2013 and it increased the local share of sales tax by an additional 0.5%. Fiscal Year 2013/2014 will be the first full year the tax will be collected. Under the terms presented to the voters it will sunset in eight years unless renewed by the voters.

The City of Albany obtains retirement benefits from CalPERS, the state administered retirement system. As a result of the economic downturn beginning in 2007, PERS investment portfolios experienced significant deterioration. The end result has been a need to increase employer contribution rates in order to adequately fund benefits. The rate setting process used by PERS delays changes from updated valuations by approximately two years. The City is just beginning to experience adjustments and they are projected to continue in the coming years. One mitigating factor will be changes by the State Legislature impacting new members to the PERS system. The pension reform measure reduces the benefit formula thereby reducing the cost for new members. Because it will only impact new hires that have never been covered by a PERS plan, significant relief will not occur for many years. The City Council will need to consider the impacts of future PERS retirement costs as it identifies available resources. PERS is also planning in 2013/2014 to undertake a review of actuarial assumptions used, that will be expected to increase costs to the City.

The Albany Police and Fire Relief Pension Fund is the pension plan that provided benefits to those hired before July 1, 1971. This plan is closed to new participants and it is established to carry out the obligations to those who retired under the plan and their qualified beneficiaries. There is a special tax collected by the City that is used to make contributions to the assets held by the Pension Fund. Based on the June 30, 2012 actuarial valuation for the plan, a smaller contribution was required in Fiscal Year 2012/2013 than had been made in the previous three years. The plan also had significant gains from investments in Fiscal Year 2012/2013 and is on course to meet its funding obligations as projected in the 2012 actuarial valuation.

The City in the coming years will need to allocate resources for basic City Services including public safety, as well as planning for major capital improvements. A near term operating impact involves developing programs to address the transfer of shoreline property known as "The Bulb" to the State of California. The land has been part of plans for a State Park for many years. The City Council adopted a Albany Waterfront Park Transition Plan "ACT", which includes three major elements: **Assistance** to Homeless including housing-centered outreach, transitional services, support, and shelter; **Cleanup** and Maintenance of the Bulb; and **Transfer** of the Bulb to McLaughlin Eastshore State Park.

Many of the planned capital projects reflect major rehabilitation to aging infrastructure including area streets and sanitary sewers. There are also plans to acquire and develop a Maintenance Center that can be a base to support the general upkeep and performance of preventative maintenance, which is a cost effective means to protect the City assets. The City also plans to increase public facilities with the planned development of Pierce Street Park. Achieving all of these goals will require careful attention to resources and continued focus on financial plans.

## FINANCIAL PLANNING AND POLICIES

Approximately every five years, the City Council creates its vision for the City government as part of a Strategic Planning process. The City Council identifies goals and objectives, which are then

integrated into a two-year budget document. This approach is helpful in allowing for a process that considers a longer time horizon than just a single year focus.

On June 17, 2013 the City Council adopted updated Goals & Objectives resulting from the Strategic Planning process, that will serve as a guide for the next two-year budget cycle. There are four goals as follows: Maximize Park and Open Space, Promote Vital and Inviting Business Areas, Inspire Community Climate Action, and Engage Our Diverse Community. The Budget document forecasts a two-year time horizon with appropriations made for one year at a time and the opportunity for mid cycle adjustments based upon actual performance. The City Council examines Capital Improvement Projects over a five-year timeframe and formally adopts a Capital Improvement Plan. The City has used a variety of revenue sources including grant funding and locally generated fees and taxes to address capital needs. Efforts are made to also prioritize the capital projects based upon links to the strategic plan and goals established by the City Council.

### AWARDS

The City of Albany's CAFR for the year ended June 30, 2012 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 eighteenth consecutive year that the City has received this award. In order to receive this recognition the preparation of the report and its content must go beyond the minimum requirements for producing financial statements. The awards program strives to encourage public agencies to produce an easily readable and efficiently organized Comprehensive Annual Financial Report. The report must also satisfy both generally accepted accounting principles and applicable legal requirements.

### ACKNOWLEDGEMENTS

The finalization and transmittal of the June 30, 2013 CAFR is unique for the presenters of the information. The City Manager was newly appointed to the position and the Interim Finance Director served as a consultant and both placements occurred after the close of the fiscal year being reported. It is clear that although preparation of the Comprehensive Annual Financial Report is finalized by Finance and Administrative Services staff members, it could not be accomplished without contributions from Staff in each department.

A special thanks goes to Frank Williamson, Accountant. Staff appreciates the City's independent auditors, Badawi & Associates, Certified Public Accountants, under the direction of Ahmed Badawi, Principal and Jennifer Ye, Supervisor and the members of their team. Their efforts and suggestions were helpful in providing the report.

The Albany City Council should also be commended for their continued support of resources to ensure the public they serve are provided a thorough record of financial information.

Respectfully submitted,



Penelope Leach  
City Manager



Paul S. Rankin  
Interim Finance Director





Government Finance Officers Association

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, 2012**

Executive Director/CEO

CITY OF ALBANY  
PRINCIPAL OFFICERS  
JUNE 30, 2013

CITY COUNCIL

Mayor	Peggy Thomsen
Vice Mayor	Joanne Wile
Councilmember	Marge Atkinson
Councilmember	Michael Barnes
Councilmember	Peter Maass

OTHER ELECTED OFFICIAL

Treasurer	Kim Denton
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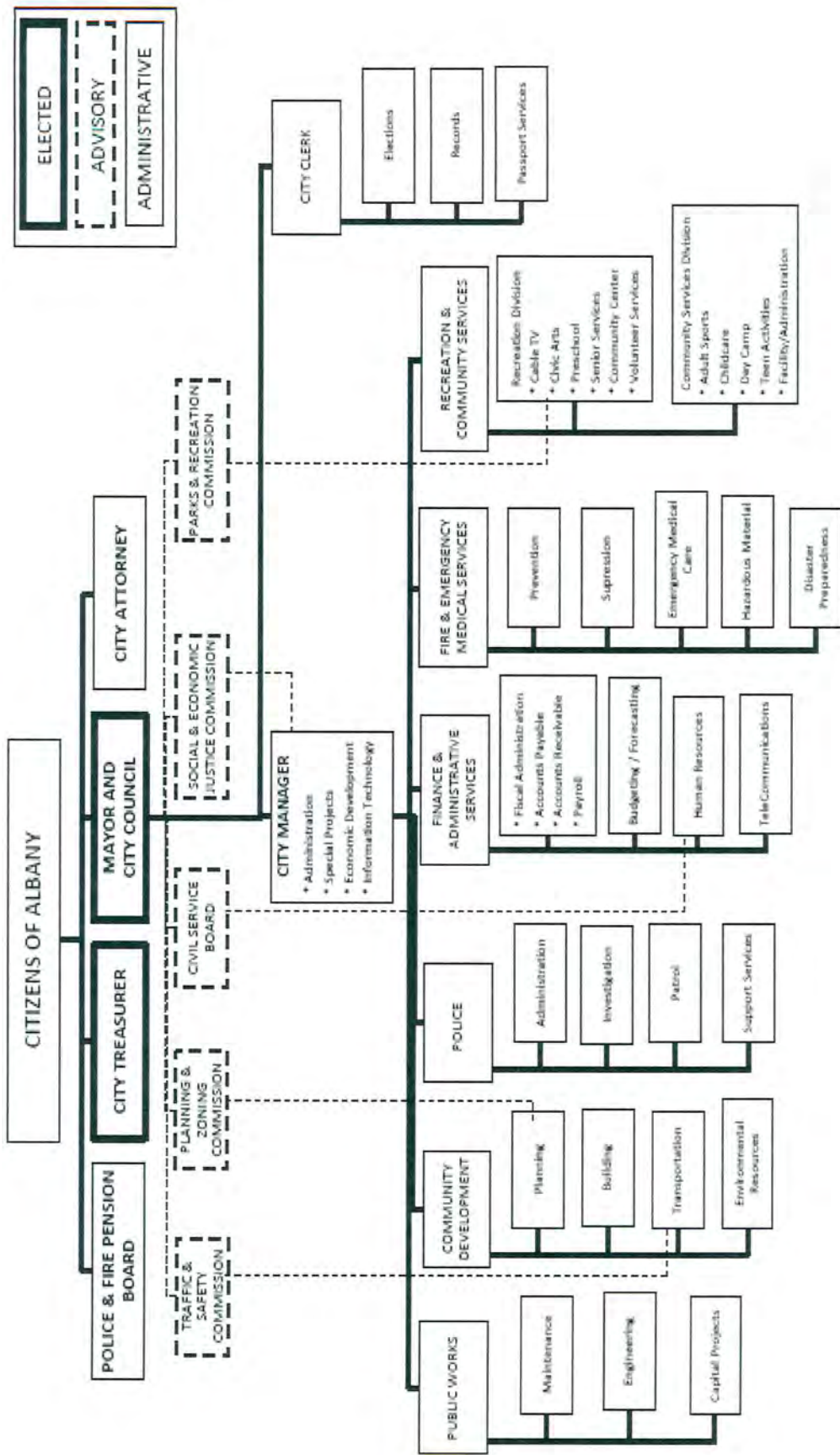
APPOINTED DEPARTMENT DIRECTORS

City Manager	Penelope Leach
Interim Finance Director*	Paul S. Rankin, <i>Interim</i>
City Attorney	Craig Labadie
City Clerk	Nicole Almaguer
Community Development Director	Jeff Bond
Recreation and Community Services Director	Chelle Putzer
Fire Chief	Lance Calkins
Chief of Police	Mike McQuiston

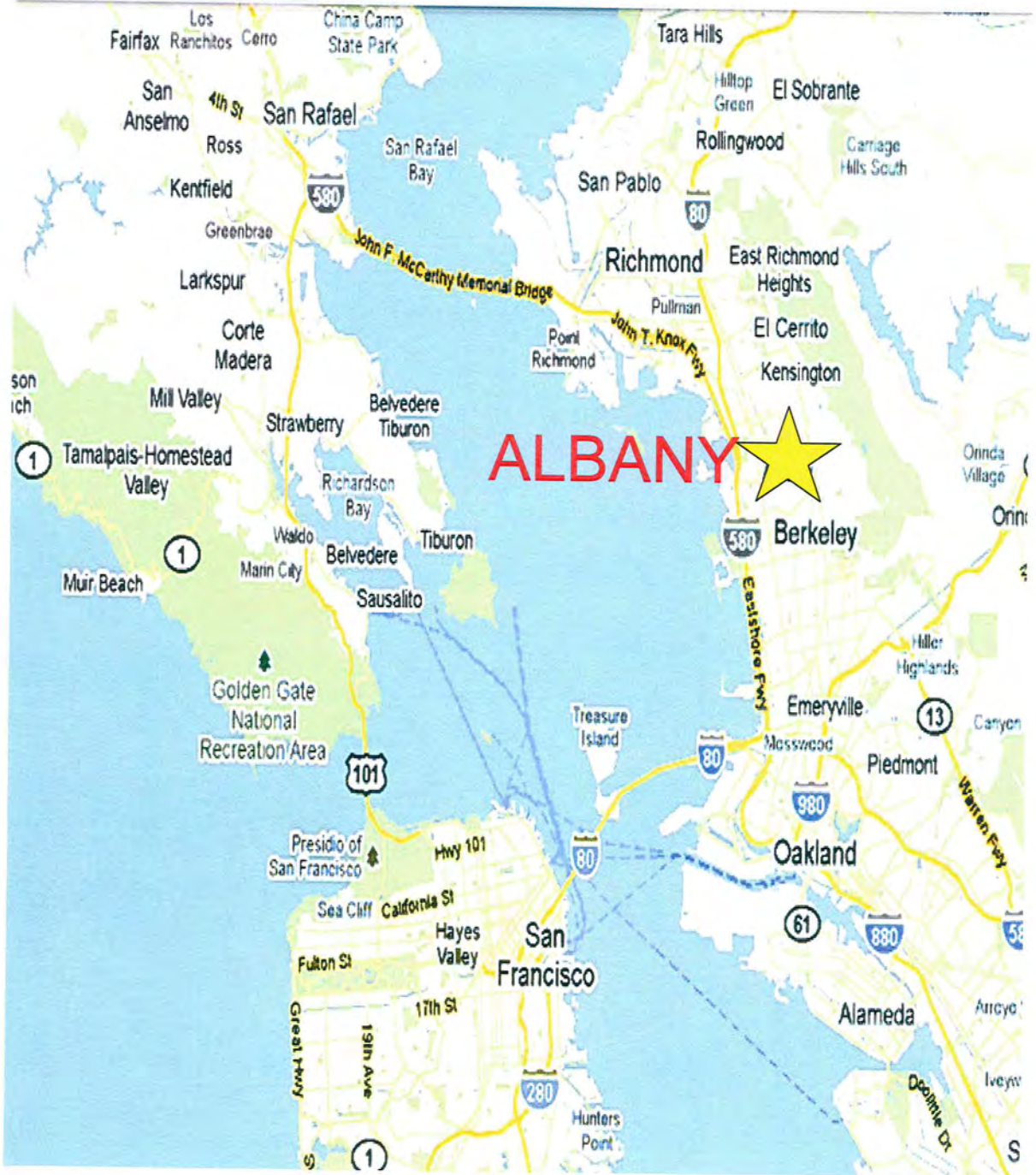
\* Interim Finance Director is not an appointed Director. These services were provided under a contract between the City of Albany and Regional Government Services Authority

# City of Albany

## ORGANIZATION CHART



ALBANY, CALIFORNIA  
94706





## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Albany, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budget comparison information for other governmental funds and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

To the Honorable Mayor and Members of the City Council  
of the City of Albany  
Page 3

The combining and individual nonmajor fund financial statements, and budget comparison information for other governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and budget comparison information for other governmental funds are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Badawi & Associates  
Certified Public Accountants  
Oakland, California  
February 25, 2014

**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

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The City's management offers readers of the financial statement this discussion and analysis of the City of Albany's financial activities and performance for the fiscal year ended June 30, 2013. Please read this discussion and analysis in conjunction with the transmittal letter, and the accompanying basic financial statements, which follow.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the City's basic financial statements. The City's Basic Financial Statements consist of the following three components:

- 1) Government-wide Financial Statements – These include the Statement of Net Position and Statement of Activities. These schedules present financial information about the activities of the City as a whole and the overall financial condition of the City, similar to the presentations used by private business.
- 2) Fund Financial Statements – These statements provide additional information about the City's major funds, including fund balances available for financing future projects.
- 3) Notes to Basic Financial Statements – The notes provide additional detail that is essential to a full understanding of the information contained in the Government-wide and Fund Financial Statements.

In addition to the financial statements and accompanying notes, the report also presents certain additional information concerning the budget and the City's progress in funding pension benefits. This information follows the notes and is labeled as Required Supplementary Information (RSI).

**Government-wide Financial Statements - Description**

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities and Changes in Net Position. 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. It is important to understand that a complete assessment of the City's condition may also require looking at non-financial indicators such as the changes in revenues; condition of City infrastructure; etc.

The Statement of Activities and Changes in Net Position presents information showing how the City's net assets changed during the fiscal year. In the government-wide financial statements, the activities of the City are classified as governmental or business-type.

*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 component units.

*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.



**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

**Government-wide Financial Statements – Analysis**

The net position serves as an overall indicator of the City's financial position. Table 1 provides a summary of year to year changes in the net position. Data is shown individually for Governmental Activities and Business-type Activities, as well as the combined total.

**TABLE 1: SUMMARY OF NET POSITION  
June 30, 2013 and 2012**

	Governmental Activities		Business-type Activities		Total		Total Change
	2013	2012	2013	2012	2013	2012	
Current and other assets	\$ 31,354,506	\$ 29,889,850	\$ 5,106,219	\$ 5,286,785	\$ 36,460,725	\$ 35,176,635	3.7%
Capital assets	48,889,319	47,767,847	14,626,043	13,823,479	63,515,362	61,591,326	3.1%
<b>Total assets</b>	<b>80,243,825</b>	<b>77,657,697</b>	<b>19,732,262</b>	<b>19,110,264</b>	<b>99,976,087</b>	<b>96,767,961</b>	<b>3.3%</b>
Current liabilities	3,398,769	4,118,772	614,717	588,182	4,013,486	4,706,954	-14.7%
Noncurrent liabilities	21,663,132	22,269,012	5,472,935	5,848,746	27,136,067	28,117,758	-3.5%
<b>Total liabilities</b>	<b>25,061,901</b>	<b>26,387,784</b>	<b>6,087,652</b>	<b>6,436,928</b>	<b>31,149,553</b>	<b>32,824,712</b>	<b>-5.1%</b>
Net position:							
Invested in capital assets, net of related debt	28,658,726	26,535,697	8,758,108	7,594,733	37,416,834	34,130,430	9.6%
Restricted	15,462,064	11,932,569	1,500,000	1,311,677	16,962,064	13,244,246	28.1%
Unrestricted	11,061,134	12,801,647	3,386,502	3,766,926	14,447,636	16,568,573	-12.8%
<b>Total net position</b>	<b>\$ 55,181,924</b>	<b>\$ 51,269,913</b>	<b>\$ 13,644,610</b>	<b>\$ 12,673,336</b>	<b>\$ 68,826,534</b>	<b>\$ 63,943,249</b>	<b>7.6%</b>

As shown above as of June 30, 2013 the total net position (formerly net assets) totaled \$68.8 million. The total increased by approximately \$4.9 million which represented an increase of approximately 7.6%. The amount of change is affected by a combination of factors. Some of the key contributing factors are discussed below:

- The statement shows the City's assets increased by approximately \$3.2 million or 3.3%. Of this increase approximately \$1.9 million or 60% of the increase was attributable to additional capital assets. A significant portion of the change in current assets was attributable to increased assets in the Pension Tax Fund which has restricted uses.
- The total liabilities decreased by approximately \$1.7 million or 5.1%. This decrease occurred as a result of decreases in both current and noncurrent liabilities. Decreases in liabilities primarily represented the retirement of debt as a result of scheduled payments.
- As displayed in the schedule contained in Table 1, the net position is further segregated into three categories. The largest category (\$63.5 million) represents the investment in capital assets (e.g., land, buildings, equipment and infrastructure). This category increased by approximately \$1.9 million. Among the contributing factors were completion of large capital projects including the Pierce Street Pavement Improvements; Traffic Signals at two intersections as well as sewer improvements. This category represents 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.
- The remainder of the net position is presented as Restricted and Unrestricted. Restricted net position of \$16,962,064 represents resources that are subject to restrictions on how they may be used. Unrestricted net assets of \$14,447,636 may be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

Table 2 provides a more detailed analysis of the changes that occurred between Fiscal Year 2012 and 2013. A comparison of the Statement of Activities is based on revenue, program expenses, and transfers. Similar to the previous Table data is provided for both the current and previous fiscal year and for Governmental Activities and Business-type Activities, as well as the combined total.

**TABLE 2: SUMMARY OF ACTIVITIES AND CHANGE IN NET POSITION  
June 30, 2013 and 2012**

	Governmental Activities		Business-type Activities		Total		Change
	2013	2012	2013	2012	2013	2012	
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 2,616,248	\$ 2,940,457	\$ 2,995,676	\$ 2,564,871	\$ 5,611,924	\$ 5,505,328	2%
Operating grants and contributions	1,429,138	2,007,672			1,429,138	2,007,672	-29%
Capital grants and contributions	2,092,824	364,401			2,092,824	364,401	474%
General revenues:							
Property taxes	11,810,889	11,495,331			11,810,889	11,495,331	3%
Sales taxes	2,267,358	2,192,534			2,267,358	2,192,534	3%
Franchise and other taxes	4,358,834	3,923,416			4,358,834	3,923,416	11%
Earnings on investment	59,068	77,643	23,390	29,525	82,458	107,168	-23%
Unrestricted revenues from other agencies	152,575	53,845			152,575	53,845	183%
Other revenue	927,278	235,183			927,278	235,183	294%
<b>Total revenues</b>	<b>25,714,212</b>	<b>23,290,482</b>	<b>3,019,066</b>	<b>2,594,396</b>	<b>28,733,278</b>	<b>25,884,878</b>	<b>11%</b>
<b>Expenses:</b>							
General government	3,297,504	3,570,650			3,297,504	3,570,650	-8%
Police	5,679,367	5,607,658			5,679,367	5,607,658	1%
Fire & emergency medical services	4,796,923	4,747,880			4,796,923	4,747,880	1%
Community development and environmental resources	4,385,787	4,286,471			4,385,787	4,286,471	2%
Recreation & community services	3,578,475	3,296,086			3,578,475	3,296,086	9%
Interest on long-term debt	900,193	949,494			900,193	949,494	-5%
Sewer			1,211,743	2,248,238	1,211,743	2,248,238	-46%
<b>Total expenses</b>	<b>22,638,249</b>	<b>22,458,239</b>	<b>1,211,743</b>	<b>2,248,238</b>	<b>23,849,992</b>	<b>24,706,477</b>	<b>-3%</b>
<b>Increase/(decrease) in net position before transfers and other sources</b>	<b>3,075,963</b>	<b>832,243</b>	<b>1,807,323</b>	<b>346,158</b>	<b>4,883,286</b>	<b>1,178,401</b>	<b>314%</b>
Transfers	836,049	864,740	(836,049)	(864,740)	-	-	
Extraordinary items		1,189,797			-	1,189,797	-100%
<b>Change in net position</b>	<b>3,912,012</b>	<b>2,886,780</b>	<b>971,274</b>	<b>(518,582)</b>	<b>4,883,286</b>	<b>2,368,198</b>	<b>106%</b>
Net position - beginning of year	51,269,912	48,383,134	12,673,336	13,191,918	63,943,248	61,575,052	4%
Net position - end of year	<u>\$55,181,924</u>	<u>\$51,269,914</u>	<u>\$13,644,610</u>	<u>\$12,673,336</u>	<u>\$68,826,534</u>	<u>\$63,943,250</u>	<u>8%</u>

Overall a majority of the change is attributable to Governmental Activities. The following highlights key areas of change and the contributing factors.

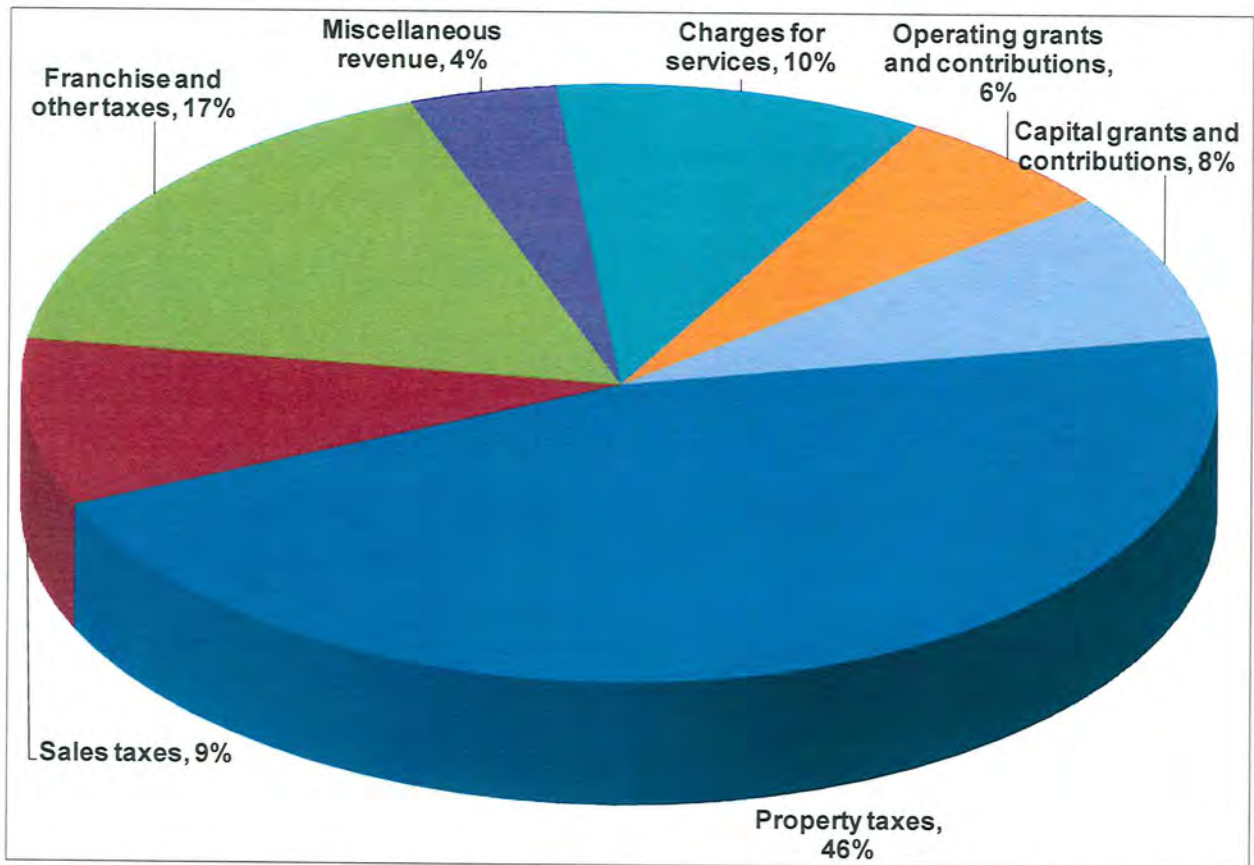
- Revenues from Governmental activities increased by approximately \$2.4 million. The single largest factor in this was an increase in capital grants which increased by approximately \$1.7 million. This is a one-time revenue source and used to fund capital expenses. There were also positive increases in property tax revenue and the franchise and other tax category. These reflect an improving economic conditions and property sales. These increases were partially offset by a decrease in operating grants and charges for services.

**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
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- Expenses in Governmental activities were flat with the year to year change being an increase of \$180,010. This is reflective of the continued need to control costs and provide services that are balanced with the resources available.
- Business-type activities had a revenue increase of approximately \$426,670 which reflected periodic adjustments to charges for services as well as the one time-collection of sewer service charges owed by the Federal Government Agency.
- Business-type activities experienced a significant decrease in expenditures from the previous year of approximately \$1 million. This is the result of less capital project activity in Fiscal Year 2013. It is typical for capital project costs to fluctuate based on the timing of projects and having adequate resources to finance the project.

The charts which follow display both Revenue and Expenses in a format which highlights the proportionate elements within the governmental funds.

**TOTAL GOVERNMENTAL FUND REVENUE BY TYPE \$25.7 MILLION**



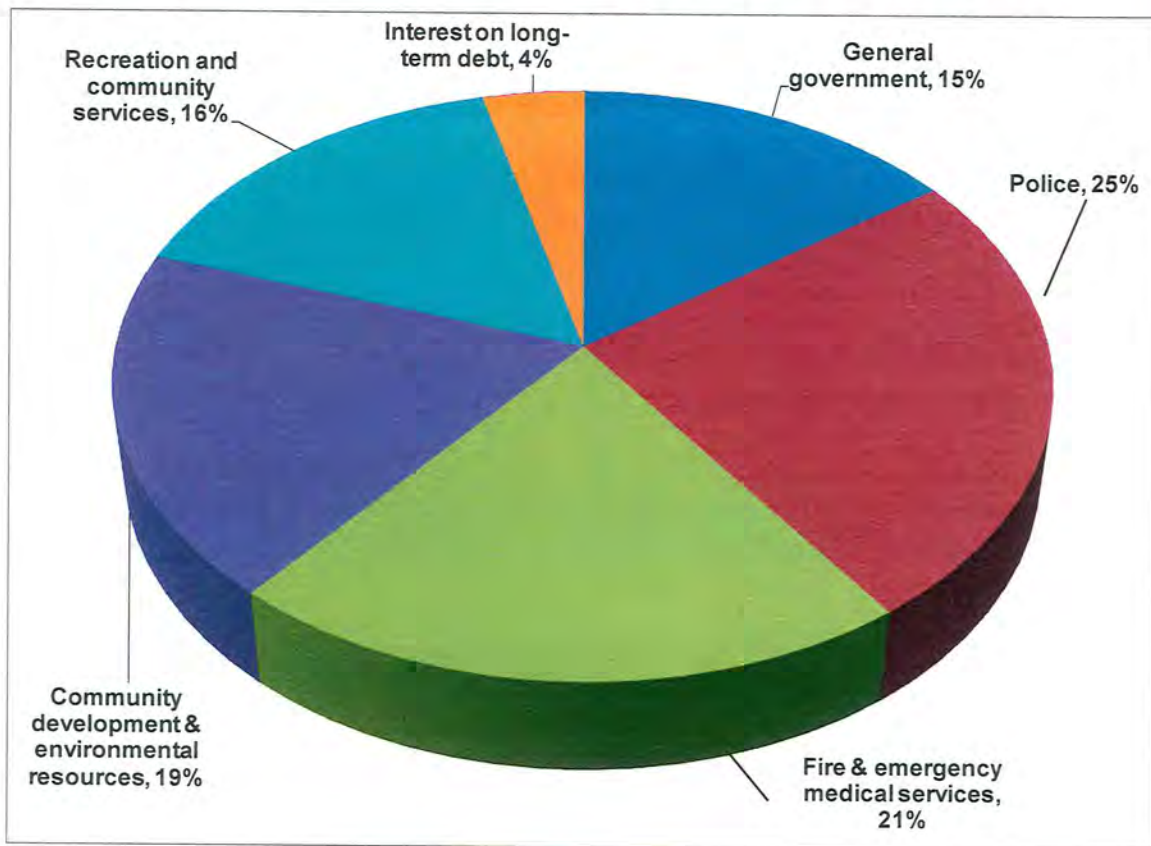
As displayed above Property Taxes; Franchise and Other Taxes; and Sales Tax combined represent approximately 72% of the total revenue.

**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
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**TOTAL GOVERNMENTAL FUND EXPENSES BY PROGRAM \$22.6 MILLION**



As displayed above a significant percentage of the expenses are associated with the public safety functions of Police and Fire / Emergency Medical Services. When combined these account for 46% of the expenses in the governmental funds. The distribution of expenses remains relatively consistent with the results in the previous year.

#### **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.

**CITY OF ALBANY  
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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 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). In accordance with accounting standards, Major Funds are determined based on their relative size when measured among Governmental Funds. The examination compares expenditures, assets, liabilities, and revenues. Management may also include as Major Funds, those funds that are deemed of importance to the users of the financial statements. All Major Funds are reported separately in the governmental funds statements. The criteria for defining a Major Fund can result in differences in the funds identified from one year to the next. All other funds are grouped together for reporting purposes.

Major funds for the City of Albany as of June 30, 2013 are: General Fund; Pension Property Tax; Street & Storm Funds; 1996-1 Assessment District Bond Fund; and Congestion Mitigation & Air Quality (CMAQ). For comparison in the previous CAFR only three funds were presented as Major Funds (General Fund; Street & Storm Drain Fund; and 1996-1 Assessment District 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.

**FINANCIAL HIGHLIGHTS GOVERNMENTAL FUNDS**

**Governmental Funds Financial Statements**

The following Table summarizes the activity in the Governmental Funds displaying at a high level the revenues expenditures and change in fund balance. Information is presented separately for each of the Major Funds and a consolidated number is presented for all other governmental funds. As part of the overall CAFR the City has also provided information on individual funds later in the report. The total net change in fund balance for all Governmental Funds was approximately \$701,221. An analysis of the factors contributing to the change is discussed following Table 3.

**TABLE 3: SUMMARY GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	General Fund	Pension Property Tax Funds	Street & Storm Drain Fund	1996-1 Assessment District Bond Fund	Congestion Mitigation Air Quality(CMAQ)	Other Governmental Funds	Total Governmental Funds
Revenues	\$ 14,630,708	\$ 1,749,108	\$ 1,181,875	\$ 6,261	\$ 538,423	\$ 6,366,768	\$ 24,473,143
Current expenditures	17,068,929	110,105	63,296	-	-	1,766,105	19,008,435
Capital outlay	73,424	-	405,796	12,905	1,201,450	1,988,309	3,681,884
Debt service	35,858	-	-	-	-	1,881,794	1,917,652
Total expenditures	17,178,211	110,105	469,092	12,905	1,201,450	5,636,208	24,607,971
Net transfers	2,144,285	-	(391,384)	-	-	(916,852)	836,049
Net change in fund balances	(403,218)	1,639,003	321,399	(6,644)	(663,027)	(186,292)	701,221
Fund balances, beginning of year	6,248,184	1,810,533	3,298,064	2,793,172	-	10,597,431	24,747,384
<b>Fund balances, end of year</b>	<b>\$ 5,844,966</b>	<b>\$ 3,449,536</b>	<b>\$ 3,619,463</b>	<b>\$ 2,786,528</b>	<b>\$ (663,027)</b>	<b>\$ 10,411,139</b>	<b>\$ 25,448,605</b>

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General Fund

The General Fund is the principal operating fund and represents the most significant portion of Governmental Fund revenues and expenditures (60% of the revenue and 70% of expenditures). This fund also received transfers from other funds totaling approximately \$2.1 million. The Notes section of the CAFR provides additional information on the source of all inter-fund transfers (See Note 8). As of June 30, 2013 the fund balance was \$5.8 million and of this amount approximately \$4 million is unassigned. The unassigned fund balance serves to provide an operating reserve, and as such, it is important that it is maintained at an appropriate level in relationship to annual operating expenditures.

During Fiscal Year 2012–2013 the fund balance decreased by approximately \$403,218. The primary reason for the decrease was a reduction in net transfers from other funds. A scheduled transfer from the Pension Tax Fund of \$1.1 million was advanced in the previous year, which resulted in no transfer in Fiscal Year 2012-2013.

Pension Property Tax Fund

This fund is used to record the collection of a special property tax increment collected to support public safety pension expenses. The total revenue collected was approximately \$1.7 million. As discussed in the General Fund analysis above, this fund did not make a transfer to the General Fund in Fiscal Year 2012-2013. This contributed to the net increase in fund balance of approximately \$1.6 million. The entire fund balance of \$3.4 million as of June 30, 2013 is restricted due to legal limitations that require these funds to only be used for specified pension expenditures.

Street and Storm Drain Fund

This fund had revenues of approximately \$1.8 million which funded current year expenditures of approximately \$469,092 and Transfers of \$391,394. The transfers were associated with debt service that is financed by this fund. Overall this produced an increase in the fund balance of approximately \$321,399. The ending fund balance as of June 30, 2013 was \$3.6 million, which is restricted for future capital improvement projects.

1996-1 Assessment District Bond Fund

This fund had an ending balance of approximately \$2.8 million. The entire balance is restricted for use on planned capital projects.

Congestion Mitigation Air Quality (CMAQ) Fund

This fund represents activities associated with a major infrastructure project constructing the Buchanan Avenue Bike lane improvements. As a capital grant this fund accounts for revenue and expenditures that are likely to be one-time events. Revenues received within the reporting criteria of this report totaled \$538,423. Total expenditures were approximately \$1.2 million. This resulted in a deficit fund balance as of June 30, 2013 of \$663,027. As explained in the Notes section of the report the deficit was the result of expenditures incurred in advance of receiving the grant revenue. Receipt of the grant reimbursement was not available after 60 days following the close of the Fiscal Year. The deficit is expected to be eliminated upon receipt of the grant revenue.

Other Governmental Funds

As noted earlier this information aggregates financial results from several funds. As of June 30, 2013 the combined fund balance was approximately \$10.4 million. The net change in fund balance was approximately \$186,292.

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**Proprietary (Business-Type) Funds Financial Statements**

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.

Both types of accounts are used by the City of Albany. The City accounts for the construction and maintenance of City sewers in the Sewer Enterprise Fund. The City uses an internal service fund to accumulate assets to fund self-insurance and compensated absences accrued liabilities.

**FINANCIAL HIGHLIGHTS PROPRIETARY FUNDS**

Sewer Enterprise Fund

Although total assets within this fund are in excess of \$19.7 million, it is important to note that approximately \$14.6 million of assets are related to noncurrent capital assets. Total current assets total approximately \$5.1 million.

Revenues are obtained through user fees that are collected on the property tax bill. The assessment rate for fiscal year 2012-2013 was \$391.56 per residential unit. Total assessment revenue for the year was \$2,995,676; this was an increase of \$430,805 over the prior year. Revenues less expenses and transfers, including interest on bonds of \$245,383, resulted in an increase in the net position from \$12,673,336 as of June 30, 2012 to \$13,644,610 as of June 30, 2013 (increase of \$430,805). The major reason for the change was that there were not significant capital expenditures. The user fee revenue is used to rehabilitate and bring the entire sewer system up to current standards. Planning has begun for major improvements that will require the use of operating cash within this fund.

Internal Service Funds

Total assets in the internal service funds at June 30, 2013 were approximately \$2.8 million, a decrease of approximately \$411,153 from the June 30, 2012 balance. Because these reserves predominantly benefit governmental activities, they have been included within the governmental activities in the government-wide financial statements. The City adjusts its liabilities for claims based on actuarial projections, including an allowance for claims which may be incurred, but have not been reported. The net changes combined for workers compensation liabilities and general liabilities remained relatively unchanged during the year ended June 30, 2013. The overall liability for compensated absences was reduced as of June 30, 2013 as a result primarily of employee turnover, including retirements.

**Proprietary (Business-Type) Funds Financial Statements**

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:

**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
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- 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 has two funds that fit this definition (Police and Fire Relief or Pension Trust Fund and Successor Agency Trust Fund).
- 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 Position.

**FINANCIAL HIGHLIGHTS FIDUCIARY FUNDS**

Trust Funds

The major fiduciary fund maintained by the City is the Police and Fire Relief or Pension Fund. The net position of this fund totaled \$9,591,843 at June 30, 2013, a decrease of \$204,722 from the prior year. The decrease is the result of payments to beneficiaries, which was significantly offset by contributions and investment earnings. The Successor Agency fund has a negative net position due to advances made in prior years.

Agency Funds

As described above, these assets are fully offset by a liability and no further analysis is presented.

**ADDITIONAL COMPONENTS INCLUDED IN THE COMPREHENSIVE FINANCIAL REPORT**

**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 the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances Budget (GAAP Basis) and Actual. In addition schedules related to the funding status of pension and other post employment benefits are presented.

**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.



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MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Fiscal Year 2012-2013 budget was presented at a public hearing in June 2012 and adopted by the City Council in July. This budget represented 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, 2013.

**TABLE 4: SUMMARY GENERAL FUND BUDGETARY COMPARISON  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget</u>
Resources:				
Revenues	13,529,190	13,529,190	14,630,708	1,101,518
Transfers in	3,784,000	3,784,000	2,270,586	(1,513,414)
<b>Total Resources</b>	<b><u>17,313,190</u></b>	<b><u>17,313,190</u></b>	<b><u>16,901,294</u></b>	<b><u>(411,896)</u></b>
Appropriations:				
Expenditures	17,285,046	17,285,046	17,178,211	(106,835)
Transfers out	24,000	24,000	126,301	102,301
<b>Total Appropriations</b>	<b><u>17,309,046</u></b>	<b><u>17,309,046</u></b>	<b><u>17,304,512</u></b>	<b><u>(4,534)</u></b>
<b>Resources over appropriation</b>	<b><u>4,144</u></b>	<b><u>4,144</u></b>	<b><u>(403,218)</u></b>	<b><u>(407,362)</u></b>
<b>Fund balance beginning of year</b>			<b><u>6,248,184</u></b>	
<b>Fund bance end of year</b>			<b><u>\$ 5,844,966</u></b>	

Total revenues exceeded the budget by approximately \$1.1 million. Primary factors that contributed to this were positive variances in property taxes and the franchise and other tax category. The property tax revenue exceeded budget by approximately \$339,110 and this reflects increasing property values as well as sales activity. This also contributed to the "Other Taxes" category which had a positive variance of approximately \$327,802. This category includes property transfer taxes, business license taxes, and franchise taxes all of which tend to increase when the general economy is strong. Additional positive variances were experienced with the revenue recorded as Revenues from other agencies. This category includes State funds distributed from sales tax for public safety. The Other Revenue category also had a positive variance of approximately \$318,931, which was impacted primarily by one-time reimbursements.

The positive variance in General Fund revenue compared to budget was fully offset by a negative variance in the amount of Transfers In. 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. A significant portion of this variance was the fact that a \$1.1 million Transfer In from the Pension Tax Fund was not required because the funds were advanced in the prior Fiscal Year.

**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

As noted, in Table 4 overall expenditures in the General fund were very close to the total budget with a positive variance of \$106,835 (less than one percent). Expenditures were less than budgeted for both Police and Fire, which offset minor budget overruns in other programs. Nearly the entire small expenditure savings were offset by Transfers Out which exceeded the original budget. Transfers out of the General Fund are typically made to fund reserves or to provide for capital expenditures that have been recorded in capital project funds. The overall, impact on the General Fund fund balance was a decrease of \$403,218.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

Detailed information regarding composition and activity in capital assets is provided in Note 4 to the financial statements. The City's investment in capital assets for governmental and business-type activities as of June 30, 2013 amounted to \$63,515,362, (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. A comparison is presented in Table 5 below:

**TABLE 5: CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION  
JUNE 30, 2013 AND 2012**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land and construction in progress	\$ 11,182,566	\$ 10,398,425	\$ -	\$ -	\$ 11,182,566	\$ 10,398,425
Facilities, infrastructure, and equipment, net	37,706,753	37,369,421	14,626,043	13,823,479	52,332,796	51,192,900
<b>Total</b>	<b>\$ 48,889,319</b>	<b>\$ 47,767,846</b>	<b>\$ 14,626,043</b>	<b>\$ 13,823,479</b>	<b>\$ 63,515,362</b>	<b>\$ 61,591,325</b>

The combined total net change was approximately \$1.9 million which was a combination of an increase Governmental Activities capital assets, primarily Street Infrastructure as well as Sewer improvements.

Long-term Debt

As of June 30, 2013 the total balance outstanding was approximately \$26.1 million. Approximately 23 percent of this balance is attributable to the Sewer Enterprise Fund. The combined balance outstanding decreased by \$1.4 million from the prior year (a 5% decrease). Significant details related to outstanding debt can also be found in Notes 5-7 of the financial statements. At June 30, 2013, the City had total long-term debts and obligations as summarized in Table 6 below.

**TABLE 6: OUTSTANDING LONG-TERM OBLIGATIONS  
JUNE 30, 2013 AND 2012**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
1997 Refunding COPS	\$ -	\$ 275,000	\$ -	\$ -	\$ -	\$ 275,000
2003 General obligation bonds	6,485,000	6,675,000	-	-	6,485,000	6,675,000
Civic Center Improvement						
general obligation bonds	4,575,000	4,675,000	-	-	4,575,000	4,675,000
General obligation bonds II	5,945,000	6,070,000	-	-	5,945,000	6,070,000
2009 Street & Storm Drain						
parcel tax note	2,727,929	2,984,928	-	-	2,727,929	2,984,928
Lease purchase agreement	244,518	279,330	-	-	244,518	279,330
2011 Calif. Energy Commission	252,946	272,691	-	-	252,946	272,691
Sewer revenue bonds	-	-	5,942,065	6,341,253	5,942,065	6,341,253
<b>Total</b>	<b>\$ 20,230,393</b>	<b>\$ 21,231,949</b>	<b>\$ 5,942,065</b>	<b>\$ 6,341,253</b>	<b>\$ 26,172,458</b>	<b>\$ 27,573,202</b>

**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

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**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 level of services to its citizens is dependent upon a balancing expenditure growth with what is occurring to City revenue. 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. Although it is noted in many financial forecasts that the general economy is expected to have positive growth, it is not expected to change drastically. Projections are for a slower moderate incremental changes.

Although a balanced budget was presented for Fiscal Year 2013-2014, it was based on projections that the General Fund expenditures would grow at a faster rate than revenues. This will need to be closely monitored to avoid establishing on-going operating costs that cannot be sustained in the long term. Also, as more resources are used for day-to-day operating costs this places a strain on the City's ability to finance capital infrastructure and capital asset replacements.

The City is also expected to experience increased costs in future years from CalPERS, the state administered retirement system. They have alerted members to be prepared for additional increases as a result of an in-depth review of actuarial assumptions being undertaken in Fiscal Year 2013-14. The changes are expected to result in increased employer costs. The City will also need to make decisions related to funding of Retiree Medical Benefits, which are currently funded on a pay-as-you-go basis. Labor agreements expire in Fiscal Year 2013-2014 for Fire/Paramedics and SEIU. Modifications that impact expenditures will need to take into consideration all of these economic factors. A copy of the two year adopted budget for 2013-2014 and 2014-2015 is available on line at [www.albanyca.org](http://www.albanyca.org).

**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 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 POSITION  
JUNE 30, 2013**

	Governmental Activities	Business-Type Activities	Total 2013
<b>ASSETS</b>			
<b>Current assets:</b>			
Operating cash and investments	\$26,402,007	\$ 4,873,946	\$ 31,275,953
Debt service reserves held with trustee	346,516	-	346,516
Receivables:			
Taxes	985,178	-	985,178
Accounts	1,702,569	120,809	1,823,378
Interest	17,876	-	17,876
Total current assets	<u>29,454,146</u>	<u>4,994,755</u>	<u>34,448,901</u>
<b>Noncurrent assets:</b>			
Note receivable, net	1,536,203	-	1,536,203
Deferred charges, net	364,157	111,464	475,621
Capital assets:			
Nondepreciable assets	11,182,566	151,717	11,334,283
Depreciable assets, net	37,706,753	14,474,326	52,181,079
Total capital assets, net	<u>48,889,319</u>	<u>14,626,043</u>	<u>63,515,362</u>
Total noncurrent assets	<u>50,789,679</u>	<u>14,737,507</u>	<u>65,527,186</u>
Total assets	<u>80,243,825</u>	<u>19,732,262</u>	<u>99,976,087</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	955,063	133,859	1,088,922
Accrued salaries & benefits	252,445	-	252,445
Accrued liabilities	467,079	85,858	552,937
Compensated absences	288,964	-	288,964
Claims liabilities	478,576	-	478,576
Unearned revenue	191,357	-	191,357
Current portion of long-term debt	765,285	395,000	1,160,285
Total current liabilities	<u>3,398,769</u>	<u>614,717</u>	<u>4,013,486</u>
<b>Noncurrent liabilities:</b>			
Compensated absences	866,891	-	866,891
Claims liabilities	1,203,616	-	1,203,616
OPEB Liabilities	127,317	-	127,317
Long-term debt, net	19,465,308	5,472,935	24,938,243
Total noncurrent liabilities	<u>21,663,132</u>	<u>5,472,935</u>	<u>27,136,067</u>
Total liabilities	<u>25,061,901</u>	<u>6,087,652</u>	<u>31,149,553</u>
<b>NET POSITION</b>			
Net Invested in capital assets	28,658,726	8,758,108	37,416,834
Restricted for:			
Debt service	1,768,357	-	1,768,357
Capital projects	7,923,025	1,500,000	9,423,025
Public safety	313,774	-	313,774
Highway and streets	845,630	-	845,630
Special assessments	1,523,311	-	1,523,311
Safety retirement funding	3,690,697	-	3,690,697
Other	60,297	-	60,297
Total restricted	<u>16,125,091</u>	<u>1,500,000</u>	<u>17,625,091</u>
Unrestricted	<u>10,398,107</u>	<u>3,386,502</u>	<u>13,784,609</u>
Total Net Position	<u>\$ 55,181,924</u>	<u>\$ 13,644,610</u>	<u>\$ 68,826,534</u>

CITY OF ALBANY  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Primary Government	Total
					Activities	Business-type Activities	2013
<b>PRIMARY GOVERNMENT</b>							
<b>Governmental activities:</b>							
General government	\$ 3,297,504	\$ 33,748	\$ -	\$ -	\$ (3,263,756)	\$ -	\$ (3,263,756)
Police	5,679,367	230,806	231,886	-	(5,216,675)	-	(5,216,675)
Fire and emergency medical services	4,796,923	837,733	60,800	-	(3,898,390)	-	(3,898,390)
Community development and environmental resources	4,385,787	413,825	1,057,196	1,997,949	(916,817)	-	(916,817)
Recreation and community services	3,578,475	1,100,136	79,256	94,875	(2,304,208)	-	(2,304,208)
Interest on long-term debt	900,193	-	-	-	(900,193)	-	(900,193)
Total governmental activities	22,638,249	2,616,248	1,429,138	2,092,824	(16,500,039)	-	(16,500,039)
<b>Business-type activities:</b>							
Sewer	1,211,743	2,995,676	-	-	-	1,783,933	1,783,933
Total business-type activities	1,211,743	2,995,676	-	-	-	1,783,933	1,783,933
<b>Change in net position:</b>							
Net (expense) revenue	\$ 23,849,992	\$ 5,611,924	\$ 1,429,138	\$ 2,092,824	(16,500,039)	1,783,933	(14,716,106)
<b>General revenues:</b>							
Taxes:							
Property taxes					11,810,889	-	11,810,889
Sales taxes					2,267,358	-	2,267,358
Franchise and other taxes					4,358,834	-	4,358,834
Earnings on investments					59,068	23,390	82,458
Unrestricted revenues from other agencies					152,575	-	152,575
Other revenue					927,278	-	927,278
<b>Transfers</b>					836,049	(836,049)	-
Total general revenues and transfers					20,412,051	(812,659)	19,599,392
Change in Net Position					3,912,012	971,274	4,883,286
<b>Net Position:</b>							
Beginning of year					51,269,912	12,673,336	63,943,248
End of year					\$ 55,181,924	\$ 13,644,610	\$ 68,826,534

See accompanying notes to basic financial statements.

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**FUND**  
**FINANCIAL**  
**STATEMENTS**

**CITY OF ALBANY  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	Major Funds					Total Governmental Funds 2013	
	General Fund	Pension Property Tax	Street & Storm Funds	1996-1 Assessment District Bond Fund	Congestion Mitigation & Air Quality (CMAQ)		Other Governmental Funds
<b>ASSETS</b>							
Operating cash and investments	\$ 3,351,932	\$ 3,449,536	\$ 3,621,633	\$ 2,792,720	\$ -	\$ 10,375,044	\$ 23,590,865
Debt service reserves held with trustee	-	-	-	-	-	346,516	346,516
Receivables:							
Taxes	764,781	23,562	6,462	-	-	190,373	985,178
Accounts	299,222	217,599	-	-	663,027	486,310	1,666,158
Interest	16,610	-	-	1,266	-	-	17,876
Due from other funds	792,248	-	-	-	-	-	792,248
Notes receivable Successor Agency	1,536,203	-	-	-	-	-	1,536,203
<b>Total assets</b>	<b>\$ 6,760,996</b>	<b>\$ 3,690,697</b>	<b>\$ 3,628,095</b>	<b>\$ 2,793,986</b>	<b>\$ 663,027</b>	<b>\$ 11,398,243</b>	<b>\$ 28,935,044</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 353,012	\$ -	\$ 2,170	\$ 7,458	\$ 149,517	\$ 433,400	\$ 945,557
Accrued salaries & benefits	252,445	-	-	-	-	-	252,445
Accrued liabilities	40,016	-	-	-	-	23,747	63,763
Due to other funds	-	-	-	-	513,510	278,738	792,248
Unearned revenue	191,357	-	-	-	-	-	191,357
Unavailable revenue	79,200	241,161	6,462	-	663,027	251,219	1,241,069
<b>Total liabilities</b>	<b>916,030</b>	<b>241,161</b>	<b>8,632</b>	<b>7,458</b>	<b>1,326,054</b>	<b>987,104</b>	<b>3,486,439</b>
<b>Fund balances</b>							
<b>Nonspendable</b>							
-	-	-	-	-	-	-	-
<b>Restricted</b>							
Debt service	-	-	-	-	-	1,753,481	1,753,481
Capital projects	-	-	3,619,463	2,786,528	-	1,510,572	7,916,563
Public safety	-	-	-	-	-	313,774	313,774
Highway and streets	-	-	-	-	-	845,630	845,630
Special assessments	-	-	-	-	-	1,510,546	1,510,546
Safety retirement funding	-	3,449,536	-	-	-	-	3,449,536
Other	-	-	-	-	-	47,127	47,127
-	3,449,536	3,619,463	2,786,528	-	-	5,981,130	15,836,657
<b>Assigned</b>							
Capital projects	-	-	-	-	-	1,979,255	1,979,255
Notes receivable from Successor Agency	1,536,203	-	-	-	-	-	1,536,203
Equipment replacement	77,040	-	-	-	-	2,533,475	2,610,515
Cable TV Reserve	52,924	-	-	-	-	-	52,924
Meals On Wheels Program	13,465	-	-	-	-	-	13,465
Affordable Housing Program	134,313	-	-	-	-	-	134,313
-	1,813,945	-	-	-	-	4,512,730	6,326,675
<b>Unassigned</b>							
-	4,031,021	-	-	-	(663,027)	(82,721)	3,285,273
-	4,031,021	-	-	-	(663,027)	(82,721)	3,285,273
<b>Total fund balances</b>	<b>5,844,966</b>	<b>3,449,536</b>	<b>3,619,463</b>	<b>2,786,528</b>	<b>(663,027)</b>	<b>10,411,139</b>	<b>25,448,605</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,760,996</b>	<b>\$ 3,690,697</b>	<b>\$ 3,628,095</b>	<b>\$ 2,793,986</b>	<b>\$ 663,027</b>	<b>\$ 11,398,243</b>	<b>\$ 28,935,044</b>

\*See page 69 for schedule of funds.

**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, 2013**

<b>Total Fund Balances - Total Governmental Funds</b>	<u>2013</u> <b>\$ 25,448,605</b>
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Amounts reported for governmental activities in the statement of net position 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:	364,157
---	---------

Capital assets used in governmental activities are not current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.	48,889,319
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Deferred inflows of resources recorded in the Fund Financial Statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements.	\$1,241,069
--	-------------

Long-term liabilities are not due and payable in the current period and, therefore, were not reported in the Governmental Funds Balance Sheet.	(20,357,910)
--	--------------

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.	<u>(403,316)</u>
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<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 55,181,924</u></u></b>
--	------------------------------------

**CITY OF ALBANY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Major Funds						Total Governmental Funds  2013
	General Fund	Pension Property Tax	Street & Storm Funds	1996-1 Assessment District Bond Fund	Congestion Mitigation Air Quality (CMAQ)	Other Governmental Funds	
<b>REVENUES</b>	*	**	***	***	***	****	
Property taxes	\$ 5,398,688	\$ 1,718,908	\$ 925,504	\$ -	\$ -	\$ 3,486,578	\$ 11,529,678
Sales taxes	2,267,358	-	-	-	-	-	2,267,358
Franchise and other taxes	4,272,042	-	-	-	-	86,792	4,358,834
Licenses and permits	172,986	-	-	-	-	679	173,665
Fines and forfeitures	196,385	-	-	-	-	-	196,385
Earnings on investments	18,147	6,977	10,079	6,261	-	17,604	59,068
Revenues from other agencies	248,366	23,223	-	-	538,423	1,923,072	2,733,084
Current services charges	1,536,105	-	-	-	-	770,888	2,306,993
Other revenue	520,631	-	246,292	-	-	81,155	848,078
<b>Total revenues</b>	<b>14,630,708</b>	<b>1,749,108</b>	<b>1,181,875</b>	<b>6,261</b>	<b>538,423</b>	<b>6,366,768</b>	<b>24,473,143</b>
<b>EXPENDITURES</b>							
Current:							
General government	2,867,961	110,105	-	-	-	4,952	2,983,018
Police	5,432,531	-	-	-	-	42,901	5,475,432
Fire and emergency medical services	4,363,347	-	-	-	-	19,908	4,383,255
Community development and environmental resources	2,368,545	-	63,296	-	-	842,241	3,274,082
Recreation and community services	2,036,545	-	-	-	-	856,103	2,892,648
Capital outlay	73,424	-	405,796	12,905	1,201,450	1,988,309	3,681,884
Debt service:							
Principal	23,232	-	-	-	-	978,324	1,001,556
Interest	12,626	-	-	-	-	903,470	916,096
<b>Total expenditures</b>	<b>17,178,211</b>	<b>110,105</b>	<b>469,092</b>	<b>12,905</b>	<b>1,201,450</b>	<b>5,636,208</b>	<b>24,607,971</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,547,503)</b>	<b>1,639,003</b>	<b>712,783</b>	<b>(6,644)</b>	<b>(663,027)</b>	<b>730,560</b>	<b>(134,828)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	2,270,586	-	-	-	-	772,490	3,043,076
Transfers out	(126,301)	-	(391,384)	-	-	(1,689,342)	(2,207,027)
<b>Total other financing sources (uses)</b>	<b>2,144,285</b>	<b>-</b>	<b>(391,384)</b>	<b>-</b>	<b>-</b>	<b>(916,852)</b>	<b>836,049</b>
<b>Net change in fund balances</b>	<b>(403,218)</b>	<b>1,639,003</b>	<b>321,399</b>	<b>(6,644)</b>	<b>(663,027)</b>	<b>(186,292)</b>	<b>701,221</b>
Fund balances, beginning of year	6,248,184	1,810,533	3,298,064	2,793,172	-	10,597,431	24,747,384
Fund balances, end of year	<u>\$ 5,844,966</u>	<u>\$ 3,449,536</u>	<u>\$ 3,619,463</u>	<u>\$ 2,786,528</u>	<u>\$ (663,027)</u>	<u>\$ 10,411,139</u>	<u>\$ 25,448,605</u>

\* See page 83 for budget comparisons.

\*\* See page 84 for budget comparisons.

\*\*\* See page 135 for budget comparisons.

\*\*\*\* See page 91 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**

**FISCAL YEAR ENDED JUNE 30, 2013**

	<u>2013</u>
<b>Net Changes in Fund Balances - Total Governmental Funds</b>	<b>\$ 701,221</b>
<p>Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capitalized expenditures	3,177,559
Depreciation expense	(2,056,086)
<p>Revenues that have not met the revenue recognition criteria in the Fund Financial Statements are recognized as revenue in the Government-Wide Statement of Activities.</p>	
	1,241,069
<p>Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.</p>	
	1,001,556
<p>Amortization of bond premium and issuance cost and accrued interest expenses, reported in the Statement of Activities and Changes in Net Position 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>	
	(23,990)
<p>Other post-employment benefit costs reported in the Statement of Activities and Changes in Net Position 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>	
	(127,317)
<p>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 Position but not in the Statement of Revenues, Expenditures and Changes in Fund Balances.</p>	
	<u>(2,000)</u>
<b>Total Changes in Net Position of Governmental Activities</b>	<b><u>\$ 3,912,012</u></b>

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**PROPRIETARY FUNDS**

**FINANCIAL**

**STATEMENTS**

**CITY OF ALBANY  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2013**

	<b>2013</b>	
	Business-Type Activities- Enterprise Fund Sewer Fund	Governmental Activities- Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Operating cash and investments	\$ 4,873,946	\$ 2,811,142
Accounts receivable	120,809	36,411
Total current assets	4,994,755	2,847,553
Noncurrent assets:		
Deferred charges, net	111,464	-
Capital assets, net	14,626,043	-
Total noncurrent assets	14,737,507	-
Total assets	19,732,262	2,847,553
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	133,859	9,506
Accrued liabilities	85,858	-
Compensated absences	-	288,964
Claims liabilities	-	478,576
Current portion of long-term debt	395,000	-
Total current liabilities	614,717	777,046
Noncurrent liabilities:		
Compensated absences	-	866,891
Claims liabilities	-	1,203,616
Long-term debt	5,472,935	-
Total noncurrent liabilities	5,472,935	2,070,507
Total liabilities	6,087,652	2,847,553
<b>NET POSITION</b>		
Net investment in capital assets	8,758,108	-
Restricted for capital projects	1,500,000	-
Unrestricted	3,386,502	-
Total Net Position	\$ 13,644,610	\$ -



**CITY OF ALBANY  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>2013</b>	
	Business-Type Activities- Enterprise Fund Sewer Fund	Governmental Activities- Internal Service Funds
<b>OPERATING REVENUES</b>		
Services charges	\$ 2,995,676	\$ 385,002
Total operating revenue	<u>2,995,676</u>	<u>385,002</u>
<b>OPERATING EXPENSES</b>		
Insurance premiums	-	387,002
Net self insurance accrual	-	-
Materials, supplies and other	127,580	-
Major repairs	447,820	-
Depreciation	390,960	-
Total operating expenses	<u>966,360</u>	<u>387,002</u>
Operating income (loss)	<u>2,029,316</u>	<u>(2,000)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	23,390	-
Interest expense	(245,383)	-
Net nonoperating revenues (expenses)	<u>(221,993)</u>	<u>-</u>
Income (loss) before transfers	1,807,323	(2,000)
Transfers out	(836,049)	-
Net transfers	<u>(836,049)</u>	<u>-</u>
Changes in net position	971,274	(2,000)
Net position, beginning of year	<u>12,673,336</u>	<u>2,000</u>
Net position, end of year	<u>\$ 13,644,610</u>	<u>\$ -</u>

**CITY OF ALBANY  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	2013	
	Business-Type Activities- Enterprise Fund Sewer Fund	Governmental Activities- Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 2,907,352	\$ 348,591
Cash paid to suppliers	(563,864)	(476,327)
Net cash provided by (used by) operating activities	<u>2,343,488</u>	<u>(127,736)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Increase (decrease) Due to General Fund		
Transfers out to other funds	(836,049)	-
Claims and Workers' Compensation liabilities transferred to General Fund	-	-
Net cash provided by (used by) noncapital financing activities	<u>(836,049)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(1,193,524)	-
Principal payments - bonds	(380,000)	-
Interest paid	(226,195)	-
Net cash provided by (used by) capital and related financing activities	<u>(1,799,719)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	23,390	-
Net cash provided by investing activities	<u>23,390</u>	<u>-</u>
Net change in cash and cash equivalents	(268,890)	(127,736)
Cash and cash equivalents at beginning of year	5,142,836	2,938,878
Cash and cash equivalents at end of year	<u>\$ 4,873,946</u>	<u>\$ 2,811,142</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 2,029,316	\$ (2,000)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Increase (decrease) in compensated absences	-	(81,932)
Increase (decrease) in net self insurance accrual	-	(24)
Depreciation and amortization expense	390,960	-
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable and deferred charges	(88,324)	(36,411)
Increase (decrease) in accounts payable and accrued liabilities	11,536	(7,369)
Net cash provided by (used by) operating activities	<u>\$ 2,343,488</u>	<u>\$ (127,736)</u>

**FIDUCIARY FUNDS**

**FINANCIAL**

**STATEMENTS**

**CITY OF ALBANY  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2013**

	2013		
	Pension Trust Fund (Police and Fire Pension)	Successor Agency Trust Funds	Agency Funds *
<b>ASSETS</b>			
Operating cash and investments	\$ 4,115	\$ 306,903	\$ 577,439
Debt service reserves held with trustee		-	479,824
Receivables:			
Interest	386	-	-
Other	-	-	4,253
Investments, at fair value:			
Local Agency Investment Fund	496,474	-	-
Cash and Money Market Fund	100,412	-	-
Mutual funds	9,208,055	-	-
Total investments, fair value	<u>9,804,941</u>	<u>-</u>	<u>-</u>
Total assets	<u>9,809,442</u>	<u>306,903</u>	<u>1,061,516</u>
<b>LIABILITIES</b>			
Accounts payable	217,599	61,528	25,773
Due to bondholders	-	-	870,978
Member deposits	-	-	54,390
Refundable deposits	-	-	110,375
Unearned revenue	-	-	-
Payable to City of Albany:		1,536,203	
Due to RPTTF		<u>38,605</u>	
Total liabilities	<u>217,599</u>	<u>1,636,336</u>	<u>1,061,516</u>
<b>NET POSITION (LIABILITIES)</b>			
Net position or liabilities of Trust Funds	<u>\$ 9,591,843</u>	<u>\$ (1,329,433)</u>	

\* See page 147 for schedule of funds.

**CITY OF ALBANY  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>2013</b>	
	Pension Trust Fund (Police and Fire Pension)	Successor Agency Trust Fund
<b>ADDITIONS</b>		
Revenue from taxes		\$ 224,954
Employer contributions	\$ 82,401	
Total additions	<u>82,401</u>	<u>224,954</u>
Investment income:		
Net appreciation (depreciation) in fair value of investments	836,219	
Interest	2,195	2,337
Dividends	291,220	
Total investment income (loss)	<u>1,129,634</u>	<u>2,337</u>
Total additions to assets	<u>1,212,035</u>	<u>227,291</u>
<b>DEDUCTIONS</b>		
Pension benefits paid	1,365,105	
Administrative expenses	51,650	121,582
Payments to the County		141,200
Other expenses		<u>23,043</u>
Total deductions from assets	<u>1,416,755</u>	<u>285,825</u>
Changes in net position	(204,720)	(58,534)
Net position, beginning of year	<u>9,796,563</u>	<u>(1,270,899)</u>
Net position, end of year	<u>\$ 9,591,843</u>	<u>\$ (1,329,433)</u>

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**NOTES TO  
BASIC FINANCIAL  
STATEMENTS**

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**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 2013 estimated by the State of California, Department of Finance to be 18,430.

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. The members are elected at large to serve a four year term. The City Treasurer is also an elected official.

In addition to finance and administrative functions, the City Manager oversees 84 fulltime-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 and a Senior Center Annex
  - Child Care Centers
  - 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
- *Public Works* – responsibilities include the design, construction and maintenance of all City-owned facilities including streets, sewers, storm drains, parks, buildings, and grounds.
- *Finance and Administrative Services* – performs financial accounting, budgeting, insurance administration, investment management, capital projects accounting, and other finance and administrative tasks, as required.



**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**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 or “blended” with those of the City, in the accompanying financial statements. The one exception is the *City of Albany Police and Fire or Pension Fund*, which does issue separate financial statements.

- *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, at the direction of the Trust Board of Commissioners. 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 Successor Agency (Agency)* was established under state law as a replacement of the Albany Community Reinvestment Agency (CRA). The CRA 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 original purpose was to prepare and carry out plans for improvements, rehabilitation, and redevelopment of blighted areas with the territorial limits of the City of Albany.

Effective January 31, 2012, the legal authority under which the CRA operated was terminated by the State Legislature and agencies were required to establish a Successor Agency to carry out winding-down activities of the previous CRA. Although the Successor Agency is a legally separate entity, the governing board of the Agency is comprised of the same membership as the City Council. The activities of the Agency through June 30, 2013 have been included in these financial statements as a separate trust fund. Separate financial statements are not issued for this entity.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

- *Albany Municipal Services Joint Powers Authority* (Authority) was originally established by the City of Albany and the Albany Community Reinvestment Agency (CRA). The CRA role has subsequently been assumed by the Successor Agency. The purpose of the Authority is to employ certain 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. In the Fiscal Year ending June 30, 2013 reimbursements totaled \$2,453,716. 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.

**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 Position and a Statement of Activities. 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 Position. The Statement of Activities presents revenues, expenditure and fund transfers that produce changes in the net position. 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.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

B. Basis of Accounting/Measurement Focus (Continued)

Certain eliminations have been made as prescribed by Governmental Accounting Standards Board Statement No. 34 in regards to inter-fund activities, payables and receivables. All internal balances in the Statement of Net Position 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.

Net position should be reported as restricted when constraints placed on the net position 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 position 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. Non-major 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 position as presented in these statements to the net position 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.

CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

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**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

**B. Basis of Accounting/Measurement Focus (Continued)**

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.

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 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.
- *1996-1 Assessment District Bond Fund* – This fund reports the balances and expenditures of revenues provided by the Open Space, Recreational Playfields and Creek Restoration Assessment District No. 1996-1.
- *Pension Tax Fund* – This fund reports the balances and expenditures of revenues provided by the special property tax levied to fund the obligations of *City of Albany Police and Fire Relief or Pension Fund (Trust)* as well as a portion of the current police and fire retirement benefits.
- *Congestion Mitigation Air Quality Improvement Program (CMAQ)* - This fund reports the balances and expenditures of revenues provided by a Federal Grant which was part of the funding for the Buchanan Avenue Bike Lane Capital Project.

***Proprietary Fund Financial Statements***

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, 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.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

B. Basis of Accounting/Measurement Focus (Continued)

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

The City's internal service funds at June 30, 2013 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.

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 position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. 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 position and a statement of changes in net position. 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. The Successor Agency Fund is also reported as an agency fund.

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 126.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

C. Revenue Recognition for the Sewer Enterprise Fund

Sewer service charges are billed and collected by the Alameda County Tax Collector as part of the property tax bill. Semi-annual payments are due November 1 and February 1 of the fiscal year in which the service is provided. Any charges, of a material amount, billed but not received, as of the end of the fiscal year, are accrued.

D. Compensated Absences

City employees under state laws are entitled to payment of accrued and unused vacation leave hours. In addition the City bargaining agreements and personnel rules allow for those who retire with unused sick leave to receive payment of twenty-five percent of accrued and unused sick leave, at the time of retirement. The City has obligations for accrued vacation and sick leave in the amount of \$1,155,855, which is recorded in the Compensated Absences Internal Service Fund. The current portion of the liability is \$288,964, (based on actual and anticipated payouts made between June 30, 2012 and the preparation of this report) and the noncurrent portion is \$866,891.

E. Property Tax

Alameda County officials assess property, calculate and collect taxes due. The County distributes taxes, plus related interest and penalties, allocated to the City.

Secured property tax is due in two installments, on November 1 and February 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 charged to a prepaid asset account and are recorded as expenditures or expenses when used.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

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, which 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.

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 Position 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	2-10 years
Vehicles	5 – 7 years
Sewer transmission lines	50 years
Infrastructure	20-70ears

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. In accordance with GASB Statement No. 32, the funds have been placed in a trust administered by ICMA-Retirement Corporation and are not available to the City's general creditors. Accordingly, the City does not report these assets in the City's financial statements.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

J. Net Position and Fund Balances

In the government-wide financial statements, net position is classified in the following categories:

*Invested in Capital Assets, Net of Related Debt:* This category groups all capital assets into one component of net position. Accumulated depreciation on these assets and the outstanding principal of related debt reduce this category.

*Restricted Net Position:* This category represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position:* This category represents the net position of the City that is not externally restricted for any project or other purpose.

In the fund financial statements, governmental funds are classified in the following categories in accordance with a policy adopted by the City Council:

*Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

*Restricted Fund Balance* – includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

*Committed Fund Balance* – includes amounts that can only be used for the specific purposes established by the City Council. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

*Assigned Fund Balance* – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) City Council or (b) a body (a budget, finance committee, or management (City Wide Leadership team, which consists of the City Manager and Executive Department Heads)) to which the assigned amounts are to be used for specific purposes. The City Council has delegated this authority to the City Manager. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) other than the General Fund, that are not classified as nonspendable, restricted, or committed.

*Unassigned Fund Balance* – the residual classification for the General Fund includes all amounts not contained in the other classifications. Governmental funds report residual negative balances as unassigned fund balance.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.



**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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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.

L. New Pronouncements

In fiscal year 2013, the City adopted the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* – This statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into.
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* – This statement amended GASB No. 14 and No. 34 to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* – This statement incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* – This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

**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 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. Disclosure for the Police and Fire Relief Pension Fund investments can be found in Note 12.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 3 – Operating Cash and Investments (continued)**

The following is a summary of pooled cash and investments, including debt service reserves with trustees at June 30, 2013:

	Government-Wide Statement of Net Assets		Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities	Statement of Net Assets	
Operating cash and investments	\$ 26,402,007	\$ 4,873,946	\$ 10,693,398	\$ 41,969,351
Debt service reserves held with trustee	346,516	-	479,824	826,340
<b>Total</b>	<b>\$ 26,748,523</b>	<b>\$ 4,873,946</b>	<b>\$ 11,173,222</b>	<b>\$ 42,795,691</b>

At June 30, 2013 the City's pooled cash and investments, including debt service reserves with trustees consisted of the following:

<b>City Treasury:</b>	
Deposits:	
Cash on hand	\$ 21,134
Deposits with financial institutions	654,228
<b>Total Deposits</b>	<b>675,362</b>
Investments:	
State investment pool	29,695,864
Mutual funds	9,208,054
CalTrust investment pool	2,289,840
Cash and money market funds	100,231
<b>Total investments</b>	<b>41,293,989</b>
<b>Total City Treasury</b>	<b>41,969,351</b>
<b>Debt service reserves held with trustee</b>	<b>826,340</b>
<b>Total City and trustee cash and investments</b>	<b>\$ 42,795,691</b>

**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.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 3 – Operating Cash and Investments (Continued)**

**A. Authorized Investments (Continued)**

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.

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, 2013 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	\$ 29,695,863	\$ 29,695,863
Mutual funds	9,208,055	9,208,055
CalTrust investment pool	2,289,840	2,289,840
Cash and money market funds	100,231	100,231
Total	<u>\$ 41,293,989</u>	<u>\$ 41,293,989</u>

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 3 – Operating Cash and Investments (Continued)**

**B. Risk Disclosures (Continued)**

*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, 2013 there are no investments in any one issuer that represent 5% or more of total City investments.

*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, 2013, bank balances were \$650,262 at one institution. Of the total balances \$257,368 was covered by depository insurance and the remaining balance of \$392,895 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 \$29,695,865 whose pro-rata share of fair value was estimated by the state Treasurer to be \$29,703,997. 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, 2013 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-

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 3 – Operating Cash and Investments (Continued)**

C. Investment in State Pool (Continued)

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 2013, the State Treasurer had invested 1.96% 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.

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 purposes. 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 these investments is considered "fair value."

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

*Operating Cash*

At June 30, 2013, the Fund's operating cash balance was \$4,1155. The Fund's bank balance of \$30,589 (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 (Atlantic Trust) under an agreement which authorizes the Manager to purchase and sell securities, within the guidelines of the Fund's governing board, which meets with the investment manager quarterly.

At June 30, 2013, the Fund's assets were invested in the Schwab Money Market Fund (SWMXX); Dodge & Cox Income Fund (DODIX); PIMCO Investment Grade (PIGIX); Ridgeworth Seix Float (SAMBX); Aston Montag & Caldwell (MCGIX); Dodge & Cox Stock Fund (DODGX); IVA Intl Fund CL I (IVQX); Mainstay Epoch Global (EPYX); Neurberger Berman Equity (NBHIX); and PIMCO Commodity Real (PCRIX).

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 3 – Operating Cash and Investments (Continued)**

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

The Fund's Investment Policy allows 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.

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

As of June 30, 2013, the Fund's allocations reflected the general guidelines set by the Fund's policy as described above.

Investments at June 30, 2013 are as follows:

Investment Type	Fair Value
Cash and money market funds	\$ 100,412
State investment pool (LAIF)	496,474
Mutual funds:	
Bond Funds	4,074,345
Equity Funds	5,133,710
Total	<u>\$ 9,804,941</u>

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 net increase in fair value of investments for the year ended June 30, 2013 was \$836,219.

*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

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 3 – Operating Cash and Investments (Continued)**

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

discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. As of June 30, 2013, there are no investments in any one issuer that represent 5% or more of total Fund investments.

*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 \$496,474. 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, 2013.

The Fund's investments with LAIF at June 30, 2013 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 2013, the State Treasurer had invested 1.96% of the pool's funds in structured notes and asset-backed securities.

**NOTE 4 – Capital Assets**

The following is a summary of capital assets as of June 30, 2013:

	Governmental Activities	Business- Type Activities	Total
Nondepreciable assets:			
Land	\$ 8,194,487	\$ -	\$ 8,194,487
Construction in progress	2,988,079	151,717	3,139,796
Total nondepreciable assets	11,182,566	151,717	11,334,283
Depreciable assets:			
Buildings	21,230,005	-	21,230,005
Improvements other than buildings	8,517,820	-	8,517,820
Furniture and fixtures	629,461	-	629,461
Machinery and equipment	1,658,302	56,928	1,715,230
Vehicles	3,128,952	-	3,128,952
Sewer lines	-	19,633,600	19,633,600
Infrastructure	17,472,438	-	17,472,438
Total depreciable assets	52,636,978	19,690,528	72,327,506
Less accumulated depreciation:	14,930,225	5,216,202	20,146,427
Depreciable capital assets, net	37,706,753	14,474,326	52,181,079
Total capital assets, net	\$ 48,889,319	\$14,626,043	\$63,515,362

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 4 – Capital Assets (Continued)**

Transactions and balances of capital assets were as follows:

	Balance June 30, 2012	Additions	Transfers/ Retirements	Balance June 30, 2013
<b>Governmental Activities:</b>				
Nondepreciable assets:				
Land	\$ 8,194,487	\$ -	\$ -	\$ 8,194,487
Construction in progress	2,203,938	2,068,528	(1,284,387)	2,988,079
Total nondepreciable assets	<u>10,398,425</u>	<u>2,068,528</u>	<u>(1,284,387)</u>	<u>11,182,566</u>
Depreciable assets:				
Buildings	21,230,005		-	21,230,005
Improvements other than buildings	8,482,995	34,825	-	8,517,820
Furniture and fixtures	629,461		-	629,461
Machinery and equipment	1,658,302		-	1,658,302
Vehicles	2,835,115	293,837	-	3,128,952
Infrastructure	15,407,682	780,369	1,284,387	17,472,438
Total depreciable assets	<u>50,243,560</u>	<u>1,109,031</u>	<u>1,284,387</u>	<u>52,636,978</u>
Less accumulated depreciation for:				
Buildings	4,176,824	423,889	-	4,600,713
Improvements other than buildings	2,225,790	410,693	-	2,636,483
Furniture and fixtures	259,479	60,344	-	319,823
Machinery and equipment	883,102	229,991	-	1,113,093
Vehicles	2,299,610	324,652	-	2,624,262
Infrastructure	3,029,334	606,517	-	3,635,851
Total accumulated depreciation	<u>12,874,139</u>	<u>2,056,086</u>	<u>-</u>	<u>14,930,225</u>
Total depreciable assets, net	<u>37,369,421</u>	<u>(947,055)</u>	<u>-</u>	<u>37,706,753</u>
Total governmental activities capital assets:	<u>\$ 47,767,846</u>	<u>\$ 1,121,473</u>	<u>\$ -</u>	<u>\$ 48,889,319</u>

Depreciation was charged to governmental functions as follows:

Governmental activities:	
General government	\$ 193,900
Police	154,738
Fire and emergency medical services	388,551
Community development and environmental resources	657,189
Recreation and community services	661,708
Total governmental activities depreciation expense	<u>\$2,056,086</u>



**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 4 – Capital Assets (Continued)**

	Balance June 30, 2012	Additions	Transfers/ Retirements	Balance June 30, 2013
<b>Business-Type Activities:</b>				
Non-Depreciable assets:				
Construction in progress	\$ -	\$ 151,717	\$ -	\$ 151,717
Total non-depreciable assets	-	151,717	-	151,717
Depreciable assets:				
Sewer lines	\$ 18,591,793	\$ 1,041,807	\$ -	\$ 19,633,600
Machinery and equipment	56,928	-	-	56,928
Total depreciable assets	18,648,721	1,041,807	-	19,690,528
Less accumulated depreciation for:				
Sewer lines	4,777,584	381,690	-	5,159,274
Machinery and equipment	47,658	9,270	-	56,928
Total accumulated depreciation	4,825,242	390,960	-	5,216,202
Total depreciable assets, net	13,823,479	650,847	-	14,474,326
Total business-type activities capital assets	\$ 13,823,479	\$ 802,564	\$ -	\$ 14,626,043

**NOTE 5 – 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.

Governmental Activities	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
1997 Refunding COPS 4.25-4.80%, 9/1/12	\$ 275,000	\$ -	\$ 275,000	\$ -	\$ -
2003 GO Bonds 3.00-4.00%, 8/1/33	6,675,000	-	190,000	6,485,000	200,000
Civic Center Improvement GO Bonds, 4.00-8.00%, 8/1/37	4,675,000	-	100,000	4,575,000	105,000
GO Bonds II 4.00-7.00%, 8/1/37	6,070,000	-	125,000	5,945,000	135,000
2009 Street & Storm Drain Parcel tax note, 4.60%, 8/1/21	2,984,928	-	256,999	2,727,929	268,957
Lease purchase agreement 4.52%, 9/3/18	279,330	-	34,812	244,518	36,385
2011 California Energy Commission 1.0%, 6/2025	272,691	-	19,745	252,946	19,943
Total long-term debt	\$ 21,231,949	\$ -	\$ 1,001,556	\$ 20,230,393	\$ 765,285

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 5 – Governmental Activities Debt (continued)**

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. The 1997 COPS were collateralized by the City's non-cancelable lease covering the Library/Community Center Complex, which terminated September 1, 2012 with the final principal and interest payment of \$281,738. The proceeds were used to advance refund the \$1,465,000 1989 Refunding COPS and \$2,980,000 1992 Refunding COPS. 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 for defeasement of 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.

A. 2003 General Obligation Bonds I

In November 2002, voters passed a ballot measure authorizing the issuance of general obligation bonds in the amount of \$14,500,000. The proceeds were to be used for various capital improvement projects. In June 2003, the City issued the first \$8,000,000 of the total bonds. Interest payments are due February 1<sup>st</sup> and August 1<sup>st</sup> and principal payments are due August 1<sup>st</sup> of each year, with the final payment due August 1, 2033.

B. 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 1<sup>st</sup> and August 1<sup>st</sup> and principal payments are due August 1<sup>st</sup> of each year, with the final payment due August 1, 2037.

C. 2007 General Obligation Bonds II

This is the second installment of bonds approved by the voters in November 2002. The total authorization limit was \$14,500,000. 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 1<sup>st</sup> and August 1<sup>st</sup> and principal payments are due August 1<sup>st</sup> of each year, with the final payment due August 1, 2037.

D. 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. The financing provided funding to advance storm drain improvements. Interest payments are due August 1<sup>st</sup> and February 1<sup>st</sup> and beginning in 2010 principal payments are due August 1<sup>st</sup> and February 1<sup>st</sup> of each year, with the final payment due August 2, 2021.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 5 – Governmental Activities Debt (Continued)**

E. 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 capital assets.

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 a term of 14 years.

F. Arbitrage

As of June 30, 2013, it is not anticipated that any bond funds will incur arbitrage liabilities within the next year. Management does not anticipate that any potential arbitrage liability would have material effect on the bond funds to which they were assessed.

G. Future Governmental Activities Debt Service

Debt service schedules for the COP's, general obligation bonds, and lease purchases are as follows at June 30, 2013:

Year Ending June 30:	Total Principal	Total Interest
2014	\$ 765,285	\$ 875,172
2015	794,644	843,217
2016	834,656	810,952
2017	870,368	776,884
2018	901,795	741,370
2019-2023	4,304,356	3,132,599
2024-2028	3,649,289	2,331,447
2029-2033	4,490,000	1,425,837
20134-2038	3,620,000	420,525
Total	<u>\$ 20,230,393</u>	<u>\$ 11,358,003</u>

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 5 – Governmental Activities Debt (Continued)**

H. Future Governmental Activities Debt Service (Continued)

<b>PRINCIPAL</b>						
Year Ending June 30	2003 GO Bonds	Civic Center Improvement GO Bonds	GO Bonds II	2009 Street & Storm Drain Parcel Tax Note	Lease Purchase Agreement	California Energy Commission
2014	\$ 200,000	\$ 105,000	\$ 135,000	\$ 268,957	\$ 36,385	\$ 19,943
2015	205,000	110,000	140,000	281,472	38,030	20,143
2016	215,000	115,000	150,000	294,568	39,749	20,339
2017	225,000	120,000	155,000	308,274	41,545	20,548
2018	230,000	125,000	160,000	322,618	43,423	20,754
2019-2023	1,305,000	690,000	905,000	1,252,040	45,386	106,931
2024-2028	1,625,000	855,000	1,125,000	-	-	44,289
2029-2033	2,020,000	1,075,000	1,395,000	-	-	-
2034-2038	460,000	1,380,000	1,780,000	-	-	-
<b>Totals</b>	<b>\$ 6,485,000</b>	<b>\$ 4,575,000</b>	<b>\$ 5,945,000</b>	<b>\$ 2,727,929</b>	<b>\$ 244,518</b>	<b>\$ 252,946</b>

<b>INTEREST</b>						
Year Ending June 30	2003 GO Bonds	Civic Center Improvement GO Bonds	GO Bonds II	2009 Street & Storm Drain Parcel Tax Note	Lease Purchase Agreement	California Energy Commission
2014	\$ 254,176	\$ 212,548	\$ 272,490	\$ 122,427	\$ 11,052	\$ 2,480
2015	247,998	207,979	265,640	109,913	9,408	2,280
2016	241,326	203,198	259,840	96,816	7,689	2,084
2017	234,064	198,204	253,740	83,110	5,892	1,874
2018	226,328	193,154	247,440	68,766	4,014	1,668
2019-2023	996,060	883,219	1,130,203	117,806	2,051	3,260
2024-2028	706,068	713,313	910,146	-	-	1,921
2029-2033	319,906	484,375	620,999	-	-	556
2034-2038	9,775	179,500	231,250	-	-	-
<b>Totals</b>	<b>\$3,235,701</b>	<b>\$3,275,488</b>	<b>\$4,191,748</b>	<b>\$598,837</b>	<b>\$40,106</b>	<b>\$16,123</b>

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 total \$346,516 at June 30, 2013. 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, 2013**

**NOTE 6 – 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, 2013 is \$2,790,000.

**NOTE 7 – 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 1st, and semi-annual interest payments are due each September 1st and March 1st.

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 \$7,510,073. Principal and interest paid for the current year was \$625,383 and sewer revenue net of operating expenses was \$ 2,029,316.

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

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
Sewer revenue bonds	\$ 6,285,000	\$ -	\$ 380,000	\$ 5,905,000	\$ 395,000
Deferred amortization on refunding	15,819	-	15,819	-	-
Original issue discount	40,434	-	3,369	37,065	-
<b>Total long-term debt</b>	<b>\$ 6,341,253</b>	<b>\$ -</b>	<b>\$ 399,188</b>	<b>\$ 5,942,065</b>	<b>\$ 395,000</b>

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 7 – Business-Type Activities Debt (Continued)**

Annual debt service repayment requirements to repay the Sewer Revenue Bonds and amortization of bond issuance costs and refunding discount at June 30, 2013 are:

Year Ending June 30	Debt Service Payments			Amortized Amount		
	Principal	Interest	Total	Issuance Cost	Refunding Discount	Total
2014	\$ 395,000	\$ 232,105	\$ 627,105	\$ 10,133	\$ 3,370	\$ 13,503
2015	410,000	217,812	627,812	10,133	3,370	13,503
2016	425,000	202,570	627,570	10,133	3,370	13,503
2017	440,000	186,348	626,348	10,133	3,370	13,503
2018	455,000	169,115	624,115	10,133	3,370	13,503
2019 - 2023	2,585,000	544,139	3,129,139	50,665	16,850	67,515
2024 - 2025	1,195,000	52,984	1,247,984	10,134	3,365	13,499
<b>Total</b>	<b>\$ 5,905,000</b>	<b>\$ 1,605,073</b>	<b>\$ 7,510,073</b>	<b>\$ 111,464</b>	<b>\$ 37,065</b>	<b>\$ 148,529</b>

**Internal Service Fund Debt**

The liability related to compensated absences at June 30, 2013 is summarized below:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Estimated Payments in One Year
Compensated Absences	\$ 1,237,787	\$ 114,225	\$ 196,157	\$ 1,155,855	\$ 288,964

All liabilities for compensated absences are liquidated by charges to the General Fund.

**NOTE 8 – Interfund Transactions**

Due To / From

During the normal course of business the General Fund may make a temporary inter-fund transfer to cover deficit cash balances caused by expenditures for reimbursement type grants and other reimbursements or timing differences between when revenue is received. During the year inter-fund transfers were made to Special Revenue Funds as outlined below:

	Due From Other Funds	Due To Other Funds
<b>MAJOR GOVERNMENTAL FUNDS</b>		
General Fund	\$ 792,248	\$ -
Congestion Mitigation Air Quality (CMAQ)	-	513,510
<b>Total major funds</b>	<b>\$ 792,248</b>	<b>\$ 513,510</b>
<b>NON-MAJOR GOVERNMENTAL FUNDS</b>		
<b>Special revenue funds:</b>		
Law Enforcement Grants	\$ -	\$ 6,094
Transportation Fund For Clean Air	-	28,193
Emergency Medical Services	-	172,654
Community Development Block Grant	-	14,299
Waste Management	-	3,037
Operating Grants	-	39,947
Paratransit	-	3,166
Measure WW	-	11,347
<b>Total non-major funds</b>	<b>-</b>	<b>278,738</b>
<b>Capital Projects funds:</b>		
	\$ -	\$ -
<b>Total Interfund Transfers</b>	<b>\$ 792,248</b>	<b>\$ 792,248</b>

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 8 – Interfund Transactions (Continued)**

Receivables From Successor Agency Trust Fund

Advances of \$1,536,203 represent monies owed to the City of Albany General Fund from the Successor Agency to the Albany Community Reinvestment Agency. The advances were made to the Albany Community Reinvestment Agency and the liability was transferred to the Successor Agency upon termination of the Reinvestment Agency on January 31, 2012. Under the provision of California legislation, repayment of these advances is to begin following approval by the State Department of Finance of a repayment plan. The maximum annual payment shall be one-half of the increase in tax increment revenue distributable to taxing entities in the former Redevelopment Area, in that fiscal year, over the amount distributed to taxing entities in the base fiscal year of 2012-13.

Interfund Transfers (Transfers In / Out)

The principal purpose of Interfund Transfers is to match revenue, recorded in funds with a designated special purpose with the expenditures funded by the revenues. The major transfers include: \$1.4 million from the Emergency Medical Services Fees that were used to pay for paramedic related expenses recorded in the General Fund; \$0.8 million from Sewer Fees to offset sewer operating expenses in the General Fund; contributions to replacement reserves; and transfers to repay debt service. A summary of all Interfund Transfers for the year ended June 30, 2013 were as follows:

		FUND MAKING TRANSFER							
		Major Funds		Other Non-Major Funds					
		General Fund	Street & Storm Drain	Emergency Medical Services	State Park Bond Fund	Measure WW EBRPD	Sewer Fund	Lighting & Landscaping	TOTAL
<b>FUND</b>	<b>Major Funds</b>								
	General Fund	\$ -	\$ -	\$ 1,372,987	\$ 72,498	\$ 2,581	\$ 793,567	\$ 28,953	\$ 2,270,586
	Street & Storm	-	-	-	-	-	-	-	-
	1996-1 Assmt Dist. Capital Project	-	-	-	-	-	-	-	-
	Pension Tax	-	-	-	-	-	-	-	-
	Congestion Mgt (CMAQ)	-	-	-	-	-	-	-	-
	<b>Sub-Total Major Funds</b>	<b>-</b>	<b>-</b>	<b>1,372,987</b>	<b>72,498</b>	<b>2,581</b>	<b>793,567</b>	<b>28,953</b>	<b>2,270,586</b>
	<b>Special Revenue Funds</b>								
	Law Enforcement Grants	210	-	-	-	-	-	-	210
	Operating Grants	18,388	-	-	-	-	-	-	18,388
Street	14,096	-	-	-	-	-	-	14,096	
<b>Sub-Total Special Revenue (Non-Major) Funds</b>	<b>32,694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,694</b>	
<b>Capital Project Funds</b>	Capital Projects	-	-	-	-	35,629	-	-	35,629
	Police Equipment Reserve	45,607	-	-	-	-	-	-	45,607
	Fire Equipment Reserve	24,000	-	-	-	-	-	-	24,000
	Emergency Medical Service Equip.	-	-	22,500	-	-	-	-	22,500
	Fire Operating Equipment Reserve	24,000	-	-	-	-	-	-	24,000
	<b>Sub-Total Capital (Non-Major) Funds</b>	<b>93,607</b>	<b>-</b>	<b>22,500</b>	<b>-</b>	<b>35,629</b>	<b>-</b>	<b>-</b>	<b>151,736</b>
<b>Debt Service Funds</b>	Street Paving & Storm Drain	-	391,384	-	-	-	-	-	391,384
	APFFA	-	-	-	-	-	42,482	154,194	196,676
	<b>Sub-Total Capital Debt Service Funds</b>	<b>-</b>	<b>391,384</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,482</b>	<b>154,194</b>	<b>588,060</b>
<b>TOTAL ALL FUNDS</b>		<b>\$126,301</b>	<b>\$ 391,384</b>	<b>\$1,395,487</b>	<b>\$72,498</b>	<b>\$38,210</b>	<b>\$836,049</b>	<b>\$ 183,147</b>	<b>\$ 3,043,076</b>

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 9 – Excess Expenditures Over Budgeted Appropriations**

This note discusses budget variances for budgeted major funds, excluding Capital Project Funds.

General Fund

When viewed in total General Fund Expenditures were less than the budgeted amount by approximately \$106,835. However, between individual programs there were budget variances. A discussion of significant variances are explained below.

- Operating expenditures for the Police Department were \$329,375 below budget. Police expenditures represented 32 percent of the total General Fund expenditures. This favorable variance is primarily attributable to vacancies resulting in savings of salary and benefit costs.
- Operating expenditures for the Community Development and Environmental Resources Department exceeded budget by \$102,110. This division represents approximately 14 percent of the General Fund expenditures. This division is comprised of Community Development programs such as Planning and Building Regulation; Environmental Services; and Public Works programs including Streets; Sewer; and Parks Maintenance. There were both positive and negative variances among the programs. Two primary factors contributed to the budget overage. Approximately \$64,000 was related to an increase in professional services costs associated with the Sewer activity. The General Fund was reimbursed for these costs as part of an annual transfer from the Sewer fund, which is supported by charges for service. The second area was the result of the allocation of salaries and benefits across the various programs.
- Operating expenditures for Recreation and Community Services were \$143,417 over budget. This division represents approximately 12 percent of the total General Fund expenditures. The primary factors that contributed to exceeding the budget were: purchase of updated and replacement cable cast equipment; programs had increased participation which was accompanied by revenue which offset the increased cost; and utility costs allocated exceeded the budget.
- Capital Outlay expenditures in the General Fund exceeded the Budget by \$73,424. This was the result of the City expanding the scope of a grant funded project to accommodate work associated with East Bay Municipal Utilities District (EBMUD) facilities. EBMUD reimbursed the City for these expenses and both the revenue and expenditures were recorded in the General Fund.

Pension Tax Fund

Budgeted expenditures in the Pension Tax Fund were within the approved appropriations.

**NOTE 10 – Net Position and Fund Balances**

The format of the Government Wide Financial Statements use the term “Net position” to describe what had been previously referred to as “net assets” in previous Comprehensive Annual Financial Reports (CAFR’s). The Net Position is further categorized as Restricted or Unrestricted. Restricted portions of net position include external restrictions as well as restrictions based on policies established by the City Council. Unrestricted portions of the net position reflect categories that are not restricted or invested in capital assets net of related debt.



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**NOTE 10 – Fund Balances and Net Position (Continued)**

The Governmental Accounting Standards Board (GASB) established fund balance classifications for governmental funds, which are also incorporated in an adopted City policy. The City Council has adopted a Resolution setting forth its policy using the GASB designations. In the Fund Financial Statements, in accordance with Government Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

**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 adopted policy 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. In accordance with the adopted City Policy the City Council has authorized the City Manager to assign balances.

**Unassigned**

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

Deficit Balances

As of June 30, 2013 the following funds had a deficit balance:

Fund	Deficit
Congestion Mitigation Air Quality (CMAQ)	\$ 663,027
Transportation Fund For Clean Air (TFCA)	28,193
Emergency Medical Services	5,947
Community Development Block Grants	10,642
Operating Grants	26,591
East Bay Regional Park District (EBRPD) WW	11,348

These deficits were the result of expenditures incurred in advance of receiving the receipt of revenue and the revenue was not available after 60 days. All deficits are expected to be eliminated upon receipt of the revenue.

**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:

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

A. Plan Description (Continued)

Terminated and vested participants:

Retired	11
Disabled	9
Survivor	3
Total	23

Under this Plan, Employees who retired, 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 survivor benefits. These benefit provisions and all other requirements are established by City Charter Section 9.01.

B. Funding Status and Progress

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 2.5 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, 2012 (most recent available) is as follows:

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Liability	Funded Ratio
2012	\$ 11,922,744	\$ 12,710,552	\$ 787,808	94%

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, 2015.

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.

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

**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, 2013 and the Fund is closed to new participants.

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 as a level dollar amount over a 15-year period from July 1, 2012.

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 for both valuations is \$194,852. The City chose to make contributions of \$300,000 in the 2009-2010; 2010-2011; and 2011-2012 fiscal years.

The actuarial valuation performed June 30, 2012 determined the unfunded liability to be \$787,808 and the City made the scheduled \$82,401 contribution in fiscal year 2012-2013.

Fiscal Year Ending June 30th	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Assets
2011	\$ 194,852	154%	\$ 105,148
2012	\$ 194,852	154%	\$ 105,148
2013	\$ 82,401	100%	\$ -

**D. Financial Statements**

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](http://www.calpers.ca.gov) or from CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, California 94229-2703. PERS offers different retirement formulas and plans based on employee classifications and the City agreement for benefits. The two primary categories are Miscellaneous Plans and Safety Plans.

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 13 – PERS Pension Plan (Continued)**

B. Funding Policy

Employees who are not considered “Safety Employees” under the PERS Plans are assigned to a Miscellaneous Plan. The City has two “Tiers” of benefits based on when the employee was hired. Participants in Tier 1 are required to contribute 8 percent of their annual covered salary and participants in Tier 2 contribute 7 percent of their covered salary. The City’s actuarially determined employer contribution rates for fiscal year 2012-13 were:

	Tier 1	Tier 2
City Miscellaneous	14.294%	7.846%
Albany JPA Miscellaneous	13.967%	7.846%

Employees in the Safety Plans contribute an Employee share of 9 percent of their annual covered salary. The City has two “Tiers” of benefits based on when the employee was hired.

	Tier 1	Tier 2
Police Safety	20.999%	20.774%
Fire Safety	20.999%	20.774%

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 2012-13, the City’s annual pension cost of \$2,283,519 for PERS plans was equal to the City’s required and actual contributions. The required contribution was determined as part of the June 30, 2010 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 payrolls over a closed 30-year period. 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.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 13 – PERS Pension Plan (Continued)**

D. Three Year Trend Information – Combined Contributions Made

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Percentage of APC Contributed</u>
2011	2,011,166	100%	-
2012	2,343,490	100%	-
2013	2,283,519	100%	-

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 at the time the Risk Pool was created. The side funds for safety plans were eliminated by lump sum payments in prior years. The elimination of the Side Fund is included as a component of the annual rate and was originally to be amortized over periods of 9 to 18 years. The City Miscellaneous Plan and the JPA Miscellaneous plan have side fund balances. As of June 30, 2012 (most recently available information), the balance of the side funds for miscellaneous plans totaled \$386,601 (\$170,552 - City Plan and \$216,049 – JPA Plan). The City Plan was amortized over 12 years and the JPA Plan is amortized over 14 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 1021 union members are covered under Social Security, which requires these employees to contribute 6.2 percent of their pay for the calendar year of 2013 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, 2013 were \$186,485, of which the City paid \$101,480.

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, 2013 were \$27,433. There is no matching contribution requirement for the City.

**NOTE 14 – Post-Retirement Benefits**

The City obtains Medical Insurance under the CalPERS Health Benefits Program governed by Public Employees’ Medical and Hospital Care Act (PEMCHA). Contracting agencies must offer eligible retirees minimum benefits. The Albany Municipal Services Joint Powers Authority also obtains health insurance benefits under this program.

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**NOTE 14 – Post-Retirement Benefits (continued)**

The Retiree Health Plans annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the Employer, an amount to be determined in accordance with GASB Statement 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover costs. Prior to this report the City did not present a calculation of the liability.

A. *City of Albany Health Plan*

*Plan Description:* The City of Albany Retiree Health Plan is a single-employer defined benefit healthcare plan administered by the California Public Employees' Retirement System (CalPERS). The Plan provides medical insurance benefits to eligible retirees and their eligible dependents. In accordance with Public Employees' Retirement Law (Article 2), the CalPERS Board of Administration has the responsibility to approve health benefit plans and may contract with carriers offering health benefit plans. The Board of Administration is responsible for adopting all rules and regulations, including the scope and content of basic health plans. The California Government Code also defines certain rules for contract agencies to purchase health insurance benefits.

*Funding Policy:* The City obtains health insurance benefits from the PEMHCA, which is administered by CalPERS. The program as established by CalPERS requires the offering of retiree medical benefits at a minimum level. The City plan is under the "Unequal Provision" offered by CalPERS for the "Minimum Employer Contribution" (MEC). The 2013 MEC is \$115.00 per month which adjusts annually based on the Medical Costs of the Consumer Price Index. Under the "Unequal Provision" the current City Contribution is less than the minimum MEC, however it will also adjust annually until the two are equal.

Under the unequal provisions, an employer may initially contribute a lesser amount toward health coverage for retirees than for active employees. Annual increases to the retirees' health coverage, will be administered until contributions for retirees are equal. The unequal provision is authorized by Government Code Section 22892 (c).

Employees who retire directly from the City under CalPERS service are eligible for retiree health benefits. The retiree may include coverage for a spouse, registered domestic partner and/or dependants. The level of coverage is selected by the retiree and eligibility is governed by CalPERS. In 2013, the City contributed the required \$109.25 per month for retirees as the MEC (based on the "Unequal Provision"). The retiree is responsible for payment of the balance of the premium. All coverage options require the retiree to contribute to the cost.

For Fiscal year 2012-2013 the City contributed \$19,029 to the plan, all of which was for current contributions. No other contributions were made.

*Annual OPEB Cost and Net OPEB Obligation:* The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan and changes in the net OPEB.

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 14 – Post-Retirement Benefits (continued)**

A. City of Albany Health Plan (Continued)

Actuarial required contribution	\$111,274
Interest on Net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB expense (income)	\$111,274
Contributions made	(19,029)
Increase (decrease) in net OPEB obligation	\$92,245
Net OPEB obligation (asset) - beginning of year	-
Net OPEB obligation (asset) - end of year	\$92,245

The City Retiree Health annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net obligation data available for 2013 and previous years were as follows:

Year Ended	Annual OPEB Cost	Percentage Annual OPEB Contributed	OPEB Obligation
6/30/2011	*	*	*
6/30/2012	*	*	*
6/30/2013	\$ 111,274	17%	\$ 92,245

\*Data is unavailable for prior years. Funding was provide on a pay-as-you-go basis and calculations of the liability were not completed.

*Funded Status and Funding Progress:* As of June 30, 2013, the most recent actuarial valuation date, the plan was not funded. Therefore, both the actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) equaled \$1,183,500. The covered payroll (annual payroll of active employees covered by the plan) was \$6,325,223 and the ratio of UAAL to covered payroll was 19 percent.

*Actuarial Methods and Assumptions* - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

A sole or agent employer that meets any of the eligibility criteria in paragraph 11 of GASB 45 is permitted to apply the alternative measurement method set forth in paragraphs 33 through 35 of GASB 45, which allows for certain simplifying modifications to the selection of assumptions for purposes of measuring the ARC (Annual Required Contribution) and the plan's actuarial accrued liabilities and funded status. In the June 30, 2012 actuarial valuation prepared by Vavrinek, Trine, Day & Co., LLP the actuarial used was Alternative Measurement Method with the Entry Age cost method.

The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), calculated based on the funded level of the plan at the valuation date. The expected rate of increase in the minimum employer contribution is the average rate of

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**NOTE 14 – Post-Retirement Benefits (continued)**

**A. City of Albany Health Plan (Continued)**

increase in the PEMCHA, minimum contribution over the last four fiscal years. The increases are as follows:

Economic Assumptions	For Fiscal Yr Ending	Rate
Minimum Employer Contribution	2014	3.29%
	2015	3.29%
	2016	3.29%
	2017	3.29%
	2018	3.29%
	2019	3.29%
	2020 & later	3.29%

The Actuarial Accrued Liability (AAL) is the cumulative value, on the valuation date, of prior Normal Costs. For retirees, the AAL is the present value of all projected benefits. GASB 45 allows an amortization period not to exceed 30 years. The unfunded AAL is amortized over 30 years as a level of dollar amount.

**B. Albany Municipal Services Joint Powers Authority (JPA) Health Plan**

*Plan Description:* The JPA’s Retiree Health Plan is a single-employer defined benefit healthcare plan administered by the California Public Employees’ Retirement System (CalPERS). The Plan provides medical insurance benefits to eligible retirees and their eligible dependents. In accordance with Public Employee Retirement Law (Article 2), the CalPERS Board of Administration has the responsibility to approve health benefit plans and may contract with carriers offering health benefit plans. The Board of Administration is responsible for adopting all rules and regulations, including the scope and content of basic health plans. The California Government Code also defines certain rules for contract agencies to purchase health insurance benefits.

*Funding Policy:* The JPA obtains health insurance benefits from the PEMHCA, which is administered by CalPERS. The program as established by CalPERS requires the offering of retiree medical benefits at a minimum level. The Albany JPA plan is under the “Unequal Provision” offered by CalPERS for the “Minimum Employer Contribution” (MEC). The 2013 MEC is \$115.00 per month which adjusts annually based on the Medical Costs of the Consumer Price Index. Under the “Unequal Provision” the current JPA Contribution is less than the minimum MEC, however it will also adjust annually until the two are equal.

Under the unequal provisions, an employer may initially contribute a lesser amount toward health coverage for retirees than for active employees. Annual increases to the retirees’ health coverage, will be administered until contributions for retirees are equal. The unequal provision is authorized by Government Code Section 22892 (c).

Employees who retire directly from the JPA under CalPERS service are eligible for retiree health benefits. The retiree may include coverage for a spouse, registered domestic partner and/or dependants. The level of coverage is selected by the retiree and eligibility is governed by CalPERS. In 2013, the JPA contributes the required \$80.50 monthly for retirees as the MEC (based on the “Unequal Provision”). The retiree is responsible for payment of the balance of the premium. All coverage options require the retiree to contribute to the cost.



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**NOTE 14 – Post-Retirement Benefits (continued)**

**B. Albany Municipal Services Joint Powers Authority (JPA) Health Plan (Continued)**

For Fiscal year 2012-2013 the JPA contributed \$5,257 to the plan, all of which was for current contributions. No other contributions were made.

*Annual OPEB Cost and Net OPEB Obligation:* The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan and changes in the net OPEB.

Actuarial required contribution	\$40,329
Interest on Net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB expense (income)	\$40,329
Contributions made	(5,257)
Increase (decrease) in net OPEB obligation	\$35,072
Net OPEB obligation (asset) - beginning of year	-
Net OPEB obligation (asset) - end of year	\$35,072

The JPA Retiree Health annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net obligation data available for 2013 and previous years were as follows:

Year Ended	Annual OPEB Cost	Percentage Annual OPEB Contributed	OPEB Obligation
6/30/2011	*	*	*
6/30/2012	*	*	*
6/30/2013	\$ 40,329	13%	\$ 35,072

\*Data is unavailable for prior years. Funding was provide on a pay-as-you-go basis and calculations of the liability were not completed.

*Funded Status and Funding Progress:* As of June 30, 2013, the most recent actuarial valuation date, the plan was not funded. Therefore, both the actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) equaled \$243,964. The covered payroll (annual payroll of active employees covered by the plan) was \$1,868,591 and the ratio of UAAL to covered payroll was 13 percent.

*Actuarial Methods and Assumptions -* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

A sole or agent employer that meets any of the eligibility criteria in paragraph 11 of GASB 45 is permitted to apply the alternative measurement method set forth in paragraphs 33 through 35 of GASB 45, which allows for certain simplifying modifications to the selection of assumptions for purposes of measuring the ARC (Annual Required Contribution) and the

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**NOTE 14 – Post-Retirement Benefits (continued)**

**B. Albany Municipal Services Joint Powers Authority (JPA) Health Plan (Continued)**

plan's actuarial accrued liabilities and funded status. In the June 30, 2012 actuarial valuation prepared by Vavrinek, Trine, Day & Co., LLP the actuarial used was Alternative Measurement Method with the Entry Age cost method.

The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), calculated based on the funded level of the plan at the valuation date. The expected rate of increase in the minimum employer contribution is the average rate of increase in the PEMCHA, minimum contribution over the last four fiscal years. The increases are as follows:

Economic Assumptions	For Fiscal Yr Ending	Rate
Minimum Employer Contribution	2014	3.29%
	2015	3.29%
	2016	3.29%
	2017	3.29%
	2018	3.29%
	2019	3.29%
	2020 & later	3.29%

The Actuarial Accrued Liability (AAL) is the cumulative value, on the valuation date, of prior Normal Costs. For retirees, the AAL is the present value of all projected benefits. GASB45 allows an amortization period not to exceed 30 years. The unfunded AAL is amortized over 30 years as a level of dollar amount.

**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.

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 \$206,830 for coverage during the fiscal year ended June 30, 2013.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 15 – Risk Management (Continued)**

**A. Risk Pools (Continued)**

Condensed audited financial information of BCJPIA at and for the fiscal year ended June 30, 2013 is as follows:

Total assets	\$	25,252,772
Total liabilities		16,562,536
Net assets		8,690,236
Total revenues	\$	10,054,558
Total expenses		9,997,381
Net expense		57,177

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, 2013, the City incurred costs of \$193,769 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.

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 (IBNR), which is based on claims experience and estimates provided by BCJPIA. Changes in the balance of claim liabilities are as follows:

	Workers' Compensation	General Liability	Total
Balance July 1, 2011	\$ 1,573,059	\$ 231,192	\$ 1,804,251
Incurred claims and changes in estimates	113,278	172,157	285,435
Claim paid	(224,337)	(183,133)	(407,470)
<hr/>			
Balance June 30, 2012	1,462,000	220,216	1,682,216
Incurred claims and changes in estimates	54,775	59,114	113,889
Claim paid	(19,775)	(94,138)	(113,914)
<hr/>			
Balance June 30, 2013	\$ 1,497,000	\$ 185,192	\$ 1,682,192

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 16 – Commitments and Contingent Liabilities**

On May 14, 2013 the California Department of Finance (DOF) issued a letter report of their findings regarding the Other Funds and Accounts Due Diligence Review of the City of Albany Successor Agency's report of cash available for distribution to affected taxing agencies. The principal finding of the DOF was the disallowance of transfers totaling \$1,050,000 from the Albany Community Reinvestment Agency to the City, a demand that this cash be remitted to the County Auditor Controller. This cash was expended in the purchase of real property from the State of California, and is not available for remittance to the County Auditor-Controller.

The City has proceeded with litigation, in an effort to obtain a reversal of the DOF findings. Both the City and the Successor Agency are plaintiffs in the legal filing. Should the City ultimately be held liable for payment of disallowed cash transfers, and required to make a payment, no source of current funds has been identified to satisfy this contingent liability.

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.

**NOTE 17 – Report Preparation Disclosure**

California Government code section 7550(a) provides that written reports prepared for a local agency, prepared in whole or in part by nonemployees of the agency, shall contain the numbers and dollar amounts of all contracts relating to the preparation of the written report. The City of Albany Finance and Administrative Services Director retired in August 2013. The City obtained the services of an Interim Finance Director under a contract agreement with Regional Government Services Authority. Among the duties of the Interim Director was the preparation of the Comprehensive Annual Financial Report. The total contract amount is \$125,000, which represents compensation for multiple written reports as well as other services.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

## CITY OF ALBANY

### Required Supplementary Information - Budgetary Policies

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#### 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 budget, 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, 2013.

**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, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>REVENUES</b>				
Property taxes	\$ 5,059,578	\$ 5,059,578	\$ 5,398,688	\$ 339,110
Sales taxes	2,250,492	2,250,492	2,267,358	16,866
Franchise and other taxes	3,944,240	3,944,240	4,272,042	327,802
Licenses and permits	180,500	180,500	172,986	(7,514)
Fines and forfeitures	223,500	223,500	196,385	(27,115)
Earnings on investments	95,000	95,000	18,147	(76,853)
Revenues from other agencies	57,240	57,240	248,366	191,126
Current services charges	1,516,940	1,516,940	1,536,105	19,165
Other revenue	201,700	201,700	520,631	318,931
Total revenues	<u>13,529,190</u>	<u>13,529,190</u>	<u>14,630,708</u>	<u>1,101,518</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,829,616	2,829,616	2,867,961	(38,345)
Police	5,761,906	5,761,906	5,432,531	329,375
Fire and emergency medical services	4,514,061	4,514,061	4,363,347	150,714
Community development and environmental resources	2,266,435	2,266,435	2,368,545	(102,110)
Recreation and community services	1,893,128	1,893,128	2,036,545	(143,417)
Capital outlay			73,424	(73,424)
Debt service:			-	
Principal	5,769	5,769	23,232	(17,463)
Interest	14,131	14,131	12,626	1,505
Total expenditures	<u>17,285,046</u>	<u>17,285,046</u>	<u>17,178,211</u>	<u>106,835</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(3,755,856)</u>	<u>(3,755,856)</u>	<u>(2,547,503)</u>	<u>1,208,353</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,784,000	3,784,000	2,270,586	(1,513,414)
Transfers out	(24,000)	(24,000)	(126,301)	(102,301)
Total other financing sources (uses)	<u>3,760,000</u>	<u>3,760,000</u>	<u>2,144,285</u>	<u>(1,615,715)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ 4,144</u>	<u>\$ 4,144</u>	(403,218)	
Fund balances, beginning of year			<u>6,248,184</u>	
Fund balances, end of year			<u>\$ 5,844,966</u>	

**CITY OF ALBANY  
REQUIRED SUPPLEMENTARY INFORMATION -STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL - PENSION TAX FUND (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>REVENUES</b>				
Property taxes	\$ 1,960,000	\$ 1,960,000	\$ 1,718,908	(241,092)
Sales taxes	-	-	-	-
Franchise and other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Earnings on investments	-	-	6,977	6,977
Revenues from other agencies	-	-	23,223	23,223
Current services charges	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>1,960,000</u>	<u>1,960,000</u>	<u>1,749,108</u>	<u>(210,892)</u>
<b>EXPENDITURES</b>				
Current:				
General government	330,000	330,000	110,105	219,895
Police	-	-	-	-
Fire and emergency medical services	-	-	-	-
Community development and environmental resources	-	-	-	-
Recreation and community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>330,000</u>	<u>330,000</u>	<u>110,105</u>	<u>219,895</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,630,000</u>	<u>1,630,000</u>	<u>1,639,003</u>	<u>9,003</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(1,100,000)	(1,100,000)	-	(1,100,000)
Total other financing sources (uses)	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>-</u>	<u>(1,100,000)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ 530,000</u>	<u>\$ 530,000</u>	1,639,003	
Fund balances, beginning of year			<u>1,810,533</u>	
Fund balances, end of year			<u>\$ 3,449,536</u>	



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

**CalPERS Risk Pool for Small Employers:**

The City of Albany and the Albany Municipal Services Joint Powers Authority (JPA) provide pension retirement benefits in accordance with contracted benefits from California Public Employees Retirement System (CalPERS). Effective Fiscal Year 2003 CalPERS assigned all employee groups of less than 100 to a Risk Pool. This included the Safety and Miscellaneous plans used by the City. Actuarial valuations that are prepared by CalPERS aggregate data from multiple agencies assigned to the same risk pool. Therefore, standalone information of the schedule of funding progress for the City's Safety and Miscellaneous plans and the JPA Miscellaneous Plan are no longer available.

CalPERS does publish information for the risk pools which is available at the CalPERS website: <http://www.calpers.ca.gov/index.jsp?bc=/employer/actuarial-gasb/risk-pooling/valuation-reports.xml>. Inquiries may also be made via United State Mail addressed to CalPERS – Actuarial and Employer Services Post Office Box 942709 Sacramento, California 94229-2709

**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
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
2012	12,710,552	11,922,744	787,808	94%	-	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.

**Albany Employees Retiree Health Plan\*\*:**

Valuation Date	Actuarial Accrued Liability	Actuarial Asset Value	Liability / (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Payroll
6/30/2013	\$ 1,183,500	\$ -	\$ 1,183,500	0%	\$ 6,325,223	19%

**Albany Municipal Services JPA Retiree Health Plan\*\*:**

Valuation Date	Actuarial Accrued Liability	Actuarial Asset Value	Liability / (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Payroll
6/30/2013	\$ 243,964	\$ -	\$ 243,964	0%	\$ 1,868,591	13%

\*\*Note: Data is unavailable for prior years. Funding was completed on a pay-as-you-go basis without calculating the liability.

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**COMBINING STATEMENTS  
AND  
OTHER SUPPLEMENTARY INFORMATION**

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## **NONMAJOR GOVERNMENTAL FUNDS**

CITY OF ALBANY

**Nonmajor Governmental Funds**

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**Other Special Revenue Funds** - account for revenues derived from specific revenue sources. These funds are required by statute, ordinance, or grantor restrictions to finance specified functions or activities of government.

**Other Capital Projects Funds** - 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.

**Other Debt Service Funds** - account for financial resources to be used for payment of the City's long-term debt.

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

	Special Revenue Funds *	Capital Projects Funds **	Debt Service Funds ***	Total  2013
<b>ASSETS</b>				
Operating cash and investments	\$ 2,909,355	\$ 6,058,224	\$ 1,407,465	\$ 10,375,044
Debt service reserves held with trustee	-	-	346,516	346,516
Receivables:				
Taxes	175,497	-	14,876	190,373
Accounts	298,706	187,604	-	486,310
Total assets	<u>\$ 3,383,558</u>	<u>\$ 6,245,828</u>	<u>\$ 1,768,857</u>	<u>\$ 11,398,243</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 338,061	\$ 94,839	\$ 500	\$ 433,400
Accrued salaries & benefits	-	-	-	-
Accrued liabilities	23,747	-	-	23,747
Due to other funds	278,738	-	-	278,738
Unavailable revenue	108,656	127,687	14,876	251,219
Total liabilities	<u>749,202</u>	<u>222,526</u>	<u>15,376</u>	<u>987,104</u>
<b>Fund balances:</b>				
Restricted	2,634,356	1,510,572	1,753,481	5,898,409
Assigned	-	4,512,730	-	4,512,730
Unassigned	-	-	-	-
Total fund balances	<u>2,634,356</u>	<u>6,023,302</u>	<u>1,753,481</u>	<u>10,411,139</u>
Total liabilities and fund balances	<u>\$ 3,383,558</u>	<u>\$ 6,245,828</u>	<u>\$ 1,768,857</u>	<u>\$ 11,398,243</u>

\* See pages 96 - 99 for schedule of funds.

\*\* See pages 120-121 for schedule of funds.

\*\*\* See page 139 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, 2013**

	Special Revenue Funds *	Capital Projects Funds **	Debt Service Funds ***	Total 2013
<b>REVENUES</b>				
Property taxes	\$2,264,020	\$ -	\$ 1,222,558	\$ 3,486,578
Franchise and other taxes	86,792	-	-	86,792
Licenses and permits	679	-	-	679
Earnings on investments	7,416	7,641	2,547	17,604
Revenues from other agencies	1,351,883	556,529	14,660	1,923,072
Current services charges	691,097	79,791	-	770,888
Other revenue	76,919	4,236	-	81,155
Total revenues	<u>4,478,806</u>	<u>648,197</u>	<u>1,239,765</u>	<u>6,366,768</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	4,952	4,952
Police	41,623	1,278	-	42,901
Fire and emergency medical services	13,485	6,423	-	19,908
Community development and environmental resources	830,866	11,375	-	842,241
Recreation and community services	847,753	8,350	-	856,103
Capital outlay	613,304	1,375,005	-	1,988,309
Debt service:				
Principal	19,745	11,580	946,999	978,324
Interest	2,678	-	900,792	903,470
Total expenditures	<u>2,369,454</u>	<u>1,414,011</u>	<u>1,852,743</u>	<u>5,636,208</u>
REVENUES OVER (UNDER) EXPENDITURES	2,109,352	(765,814)	(612,978)	730,560
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	32,694	151,736	588,060	772,490
Transfers out	<u>(1,689,342)</u>	-	-	<u>(1,689,342)</u>
Total other financing sources (uses)	<u>(1,656,648)</u>	<u>151,736</u>	<u>588,060</u>	<u>(916,852)</u>
Net change in fund balances	452,704	(614,078)	(24,918)	(186,292)
Fund balances, beginning of year	<u>2,181,652</u>	<u>6,637,380</u>	<u>1,778,399</u>	<u>10,597,431</u>
Fund balances, end of year	<u>\$2,634,356</u>	<u>\$ 6,023,302</u>	<u>\$ 1,753,481</u>	<u>\$ 10,411,139</u>



## **OTHER SPECIAL REVENUE FUNDS**

## CITY OF ALBANY

### Other Special Revenue Funds

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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:

**Gas Tax Fund (#230)** - 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.

**Community Development Block Grant Fund (#270)** - 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 (#720)**- accounts for capital street improvements. Monies are transferred from other funds to pay for expenditures.

**Library Operations Fund (#470)** - accounts for voter approved parcel taxes in support of library operations.

**Storm Drain Fund (#620)** - 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 (#410/#441)** - 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 (#443)** – accounts for grant revenues and expenditure for general purposes.

**Paratransit Fund (#490)** - 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 1998-1 (#730)** - 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.

**Emergency Medical Services Fund (#265)** - 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.

**L&LAD 1996-1 Open Space Fund (#480)** - 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.

## CITY OF ALBANY

### Other Special Revenue Funds

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**L&LAD 1996-1 Recreational Playfields Fund (#481)** - 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.

**L&LAD 1996-1 Creek Restoration Fund (#482)** - 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 (#485)** - 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 (#495)** - 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.

**Law Enforcement Grants (#108 / #130)** - accounts for revenues received under Legislation (AB3229) to fund various front line law enforcement activities.

**Poet Laureate (#896)** - 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 (#261)** - 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.

**Alameda County Vehicle Registration Fee (#234)** - accounts for revenue the city receives from the county that is an allocation of vehicle registration fees collected by the State. Expenditures are restricted to transportation purposes.

**Transportation Fund for Clean Air (#231)** - 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, 2013**

	Gas Tax	Community Development Block Grant	Street	Library Operations	Storm Drain	Alameda County Measure B	Waste Management
<b>ASSETS</b>							
Operating cash and investments	\$ 436,170	\$ -	\$ 182,634	\$ 319,039	\$ 478,048	\$ 320,769	\$ 40,017
Receivables:							
Taxes	38,871	-	-	5,744	2,600	110,186	-
Accounts	-	44,224	-	2,126	4,252	-	18,427
Total assets	<u>\$ 475,041</u>	<u>\$ 44,224</u>	<u>\$ 182,634</u>	<u>\$ 326,909</u>	<u>\$ 484,900</u>	<u>\$ 430,955</u>	<u>\$ 58,444</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 62,490	\$ 29,925	\$ -	\$ 174,123	\$ 7,270	\$ 4,970	\$ -
Accrued salaries & benefits	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-
Due to other funds	-	14,299	-	-	-	-	3,037
Unavailable revenue	-	10,642	-	5,744	2,600	-	13,170
Total liabilities	<u>62,490</u>	<u>54,866</u>	<u>-</u>	<u>179,867</u>	<u>9,870</u>	<u>4,970</u>	<u>16,207</u>
Fund balances:							
Restricted	412,551	(10,642)	182,634	147,042	475,030	425,985	42,237
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>412,551</u>	<u>(10,642)</u>	<u>182,634</u>	<u>147,042</u>	<u>475,030</u>	<u>425,985</u>	<u>42,237</u>
Total liabilities and fund balances	<u>\$ 475,041</u>	<u>\$ 44,224</u>	<u>\$ 182,634</u>	<u>\$ 326,909</u>	<u>\$ 484,900</u>	<u>\$ 430,955</u>	<u>\$ 58,444</u>

**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013**

	Operating Grants	Paratransit	L&L Assessment District 1998-1	Emergency Medical Services	L&L Assessment District 1996-1		
					Open Space	Recreational Playfields	Creek Restoration
<b>ASSETS</b>							
Operating cash and investments	\$ 18,388	\$ -	\$ 244,708	\$ 63,660	\$ 181,007	\$ 79,227	\$ 212,489
Receivables:							
Taxes	-	-	4,421	5,947	-	-	-
Accounts	26,591	7,728	-	109,584	-	-	-
Total assets	<u>\$ 44,979</u>	<u>\$ 7,728</u>	<u>\$ 249,129</u>	<u>\$ 179,191</u>	<u>\$ 181,007</u>	<u>\$ 79,227</u>	<u>\$ 212,489</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 5,032	\$ 472	\$ 11,591	\$ 6,537	\$ -	\$ -	\$ -
Accrued salaries & benefits	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-
Due to other funds	39,947	3,166	-	172,654	-	-	-
Unavailable revenue	26,591	-	4,421	5,947	-	-	-
Total liabilities	<u>71,570</u>	<u>3,638</u>	<u>16,012</u>	<u>185,138</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Restricted	(26,591)	4,090	233,117	(5,947)	181,007	79,227	212,489
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>(26,591)</u>	<u>4,090</u>	<u>233,117</u>	<u>(5,947)</u>	<u>181,007</u>	<u>79,227</u>	<u>212,489</u>
Total liabilities and fund balances	<u>\$ 44,979</u>	<u>\$ 7,728</u>	<u>\$ 249,129</u>	<u>\$ 179,191</u>	<u>\$ 181,007</u>	<u>\$ 79,227</u>	<u>\$ 212,489</u>

**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013**

	Park Bond	EBRPD Measure WW	Reinvestment Low-Mod Housing	Law Enforcement Grants	Poet Laureate	Asset Forfeiture	Alameda County VRF
<b>ASSETS</b>							
Operating cash and investments	\$ -	-	\$ -	\$ 273,008	\$ 800	\$ 34,838	\$ 24,553
Receivables:	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-
Accounts	-	11,348	-	6,095	-	33,979	13,887
Total assets	\$ -	\$ 11,348	\$ -	\$ 279,103	\$ 800	\$ 68,817	\$ 38,440
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ 4,305	\$ -	\$ -	\$ 31,346
Accrued salaries & benefits	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	23,747	-
Due to other funds	-	11,348	-	6,094	-	-	-
Unavailable revenue	-	11,348	-	-	-	-	-
Total liabilities	-	22,696	-	10,399	-	23,747	31,346
Fund balances:							
Restricted	-	(11,348)	-	268,704	800	45,070	7,094
Unassigned	-	-	-	-	-	-	-
Total fund balances	-	(11,348)	-	268,704	800	45,070	7,094
Total liabilities and fund balances	\$ -	\$ 11,348	\$ -	\$ 279,103	\$ 800	\$ 68,817	\$ 38,440

**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013**

	Transportation Fund For Clean Air	<u>Totals</u> <u>2013</u>
<b>ASSETS</b>		
Operating cash and investments	\$ -	\$ 2,909,355
Receivables:		
Taxes	-	167,769
Accounts	28,193	306,434
Total assets	<u>\$ 28,193</u>	<u>\$ 3,383,558</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ -	\$ 338,061
Accrued salaries & benefits	-	-
Accrued liabilities	-	23,747
Due to other funds	28,193	278,738
Unavailable revenue	28,193	108,656
Total liabilities	<u>56,386</u>	<u>749,202</u>
Fund balances:		
Restricted	(28,193)	2,634,356
Unassigned	-	-
Total fund balances	<u>(28,193)</u>	<u>2,634,356</u>
Total liabilities and fund balances	<u>\$ 28,193</u>	<u>\$ 3,383,558</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, 2013**

	Gas Tax	Community Development Block Grant	Street	Library Operations	Storm Drain	Alameda County Measure B
	*	*	*	*	*	*
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ 727,624	\$ 296,020	\$ -
Franchise and other taxes	-	-	-	-	86,792	-
License and permits	-	-	-	-	679	-
Earnings on investments	1,747	-	454	614	1,188	445
Revenues from other agencies	428,676	88,948	-	-	-	444,562
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	8,720	-	-
Total revenues	<u>430,423</u>	<u>88,948</u>	<u>454</u>	<u>736,958</u>	<u>384,679</u>	<u>445,007</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	217,882	-	-	-	316,729	14,095
Recreation and community services	-	54,457	-	710,713	-	-
Capital outlay	246,406	45,292	14,550	-	-	18,425
Debt service:						
Principal	19,745	-	-	-	-	-
Interest	2,678	-	-	-	-	-
Total expenditures	<u>486,711</u>	<u>99,749</u>	<u>14,550</u>	<u>710,713</u>	<u>316,729</u>	<u>32,520</u>
Excess of revenues over (under) expenditures	<u>(56,288)</u>	<u>(10,801)</u>	<u>(14,096)</u>	<u>26,245</u>	<u>67,950</u>	<u>412,487</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	14,096	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>14,096</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(56,288)	(10,801)	-	26,245	67,950	412,487
Fund balances, beginning of year	468,839	159	182,634	120,797	407,080	13,498
Fund balances, end of year	<u>\$ 412,551</u>	<u>\$ (10,642)</u>	<u>\$ 182,634</u>	<u>\$ 147,042</u>	<u>\$ 475,030</u>	<u>\$ 425,985</u>

\* See pages 106 - 116 for budget comparisons.

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**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Waste Management *	Operating Grants *	Paratransit *	L&L Assessment District 1998-1 *	Emergency Medical Services *
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ 528,189	\$ 712,187
Franchise and other taxes	-	-	-	-	-
License and permits	-	-	-	-	-
Earnings on investments	40	24	-	631	-
Revenues from other agencies	45,126	10,333	36,816	-	-
Current service charges	-	-	260	-	690,837
Other revenue	-	-	849	5,640	-
Total revenues	<u>45,166</u>	<u>10,357</u>	<u>37,925</u>	<u>534,460</u>	<u>1,403,024</u>
<b>EXPENDITURES</b>					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	13,485
Community development and environmental resources	22,775	48,294	-	208,466	-
Recreation and community services	-	45,177	36,995	-	-
Capital outlay	-	-	-	36,217	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>22,775</u>	<u>93,471</u>	<u>36,995</u>	<u>244,683</u>	<u>13,485</u>
Excess of revenues over (under) expenditures	<u>22,391</u>	<u>(83,114)</u>	<u>930</u>	<u>289,777</u>	<u>1,389,539</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	18,388	-	-	-
Transfers out	-	-	-	(183,147)	(1,395,486)
Total other financing sources (uses)	<u>-</u>	<u>18,388</u>	<u>-</u>	<u>(183,147)</u>	<u>(1,395,486)</u>
Net change in fund balances	22,391	(64,726)	930	106,630	(5,947)
Fund balances, beginning of year	19,846	38,135	3,160	126,487	-
Fund balances, end of year	<u>\$ 42,237</u>	<u>\$ (26,591)</u>	<u>\$ 4,090</u>	<u>\$ 233,117</u>	<u>\$ (5,947)</u>

\* See pages 106 - 116 for budget comparisons.

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**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	L&L Assessment District 1996-1			Park Bond	EBRPD Measure WW	Law Enforcement Grants
	Open Space	Recreational Playfields	Creek Restoration			
	*	*	*	*	*	*
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	471	207	581	207	40	655
Revenues from other agencies	-	-	-	-	38,231	116,652
Current service charges	-	-	-	-	-	-
Other revenue	13,865	6,933	6,933	-	-	-
Total revenues	14,336	7,140	7,514	207	38,271	117,307
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	41,623
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	2,625	-	-	-
Recreation and community services	411	-	-	-	-	-
Capital outlay	-	-	-	-	13,990	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	411	-	2,625	-	13,990	41,623
Excess of revenues over (under) expenditures	13,925	7,140	4,889	207	24,281	75,684
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	210
Transfers out	-	-	-	(72,498)	(38,211)	-
Total other financing sources (uses)	-	-	-	(72,498)	(38,211)	210
Net change in fund balances	13,925	7,140	4,889	(72,291)	(13,930)	75,894
Fund balances, beginning of year	167,082	72,087	207,600	72,291	2,582	192,810
Fund balances, end of year	\$ 181,007	\$ 79,227	\$ 212,489	\$ -	\$ (11,348)	\$ 268,704

\* See pages 106 - 116 for budget comparisons.

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**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Poet Laureate	Asset Forfeiture	Alameda Co VRF	Transportation Fund For Clean Air	Total 2013
	*	*	*	*	
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,264,020
Franchise and other taxes	-	-	-	-	86,792
License and permits	-	-	-	-	679
Earnings on investments	-	-	112	-	7,416
Revenues from other agencies	-	-	76,985	65,554	1,351,883
Current service charges	-	-	-	-	691,097
Other revenue	-	33,979	-	-	76,919
Total revenues	-	33,979	77,097	65,554	4,478,807
<b>EXPENDITURES</b>					
General government	-	-	-	-	-
Police	-	-	-	-	41,623
Fire and emergency medical services	-	-	-	-	13,485
Community development and environmental resources	-	-	-	-	830,866
Recreation and community services	-	-	-	-	847,753
Capital outlay	-	-	144,677	93,747	613,304
Debt service:					
Principal	-	-	-	-	19,745
Interest	-	-	-	-	2,678
Total expenditures	-	-	144,677	93,747	2,369,454
Excess of revenues over (under) expenditures	-	33,979	(67,580)	(28,193)	2,109,353
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	32,694
Transfers out	-	-	-	-	(1,689,342)
Total other financing sources (uses)	-	-	-	-	(1,656,648)
Net change in fund balances	-	33,979	(67,580)	(28,193)	452,704
Fund balances, beginning of year	800	11,091	74,674	-	2,181,652
Fund balances, end of year	\$ 800	\$ 45,070	\$ 7,094	\$ (28,193)	\$ 2,634,356

\* See pages 106 - 116 for budget comparisons.

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**OTHER SPECIAL REVENUE FUNDS**  
**BUDGETARY COMPARISON**

**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

	Gas Tax			Community Development Block Grant		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	1,000	1,747	747	-	-	-
Revenues from other agencies	579,500	428,676	(150,824)	94,500	88,948	(5,552)
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>580,500</u>	<u>430,423</u>	<u>(150,077)</u>	<u>94,500</u>	<u>88,948</u>	<u>(5,552)</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	217,882	(217,882)	-	-	-
Recreation and community services	-	-	-	19,659	54,457	(34,798)
Capital outlay	300,000	246,406	53,594	75,000	45,292	29,708
Debt service:						
Principal	-	19,745	(19,745)	-	-	-
Interest	-	2,678	(2,678)	-	-	-
Total expenditures	<u>300,000</u>	<u>486,711</u>	<u>(186,711)</u>	<u>94,659</u>	<u>99,749</u>	<u>(5,090)</u>
Excess of revenues over (under) expenditures	<u>280,500</u>	<u>(56,288)</u>	<u>(336,788)</u>	<u>(159)</u>	<u>(10,801)</u>	<u>(10,642)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(533,000)	-	533,000	-	-	-
Total other financing sources (uses)	<u>(533,000)</u>	<u>-</u>	<u>533,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (252,500)</u>	<u>(56,288)</u>	<u>\$ 196,212</u>	<u>\$ (159)</u>	<u>(10,801)</u>	<u>\$ (10,642)</u>
Fund balances, beginning of year		<u>468,839</u>			<u>159</u>	
Fund balances, end of year		<u>\$ 412,551</u>			<u>\$ (10,642)</u>	

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**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

	Street			Library Operations		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ 716,214	\$ 727,624	\$ 11,410
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	454	454	200	614	414
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	8,720	8,720
Total revenues	-	454	454	716,414	736,958	20,544
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	72,422	-	72,422	-	-	-
Recreation and community services	-	-	-	700,000	710,713	(10,713)
Capital outlay	-	14,550	(14,550)	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	72,422	14,550	57,872	700,000	710,713	(10,713)
Excess of revenues over (under) expenditures	(72,422)	(14,096)	58,326	16,414	26,245	9,831
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	83,000	14,096	(68,904)	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	83,000	14,096	(68,904)	-	-	-
Net change in fund balances	\$ 10,578	-	\$ (10,578)	\$ 16,414	26,245	\$ 9,831
Fund balances, beginning of year		182,634			120,797	
Fund balances, end of year		\$ 182,634			\$ 147,042	

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**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

	Storm Drain			Alameda County Measure B		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ 295,105	\$ 296,020	\$ 915	\$ -	\$ -	\$ -
Franchise and other taxes	72,243	86,792	14,549	-	-	-
License and permits	-	679	679	-	-	-
Earnings on investments	1,000	1,188	188	463	445	(18)
Revenues from other agencies	-	-	-	435,000	444,562	9,562
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>368,348</u>	<u>384,679</u>	<u>16,331</u>	<u>435,463</u>	<u>445,007</u>	<u>9,544</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	230,707	316,729	(86,022)	448,963	14,095	434,868
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	-	18,425	(18,425)
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>230,707</u>	<u>316,729</u>	<u>(86,022)</u>	<u>448,963</u>	<u>32,520</u>	<u>416,443</u>
Excess of revenues over (under) expenditures	<u>137,641</u>	<u>67,950</u>	<u>(69,691)</u>	<u>(13,500)</u>	<u>412,487</u>	<u>425,987</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
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>\$ 137,641</u>	<u>67,950</u>	<u>\$ (69,691)</u>	<u>\$ (13,500)</u>	<u>412,487</u>	<u>\$ 425,987</u>
Fund balances, beginning of year		<u>407,080</u>			<u>13,498</u>	
Fund balances, end of year		<u>\$ 475,030</u>			<u>\$ 425,985</u>	

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**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

	Waste Management			Operating Grants		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	250	40	(210)	-	24	24
Revenues from other agencies	33,000	45,126	12,126	92,433	10,333	(82,100)
Current service charges	19,227	-	(19,227)	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>52,477</u>	<u>45,166</u>	<u>(7,311)</u>	<u>92,433</u>	<u>10,357</u>	<u>(82,076)</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	55,729	22,775	32,954	-	48,294	(48,294)
Recreation and community services	-	-	-	55,530	45,177	10,353
Capital outlay	-	-	-	36,903	-	36,903
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>55,729</u>	<u>22,775</u>	<u>32,954</u>	<u>92,433</u>	<u>93,471</u>	<u>(1,038)</u>
Excess of revenues over (under) expenditures	<u>(3,252)</u>	<u>22,391</u>	<u>25,643</u>	<u>-</u>	<u>(83,114)</u>	<u>(83,114)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	18,388	18,388
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,388</u>	<u>18,388</u>
Net change in fund balances	<u>\$ (3,252)</u>	<u>22,391</u>	<u>\$ 25,643</u>	<u>\$ -</u>	<u>(64,726)</u>	<u>\$ (64,726)</u>
Fund balances, beginning of year		<u>19,846</u>			<u>38,135</u>	
Fund balances, end of year		<u>\$ 42,237</u>			<u>\$ (26,591)</u>	

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**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

	Paratransit			L&L Assessment District 1998-1		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ 514,269	\$ 528,189	\$ 13,920
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	4,000	631	(3,369)
Revenues from other agencies	38,662	36,816	(1,846)	-	-	-
Current service charges	-	260	260	-	-	-
Other revenue	-	849	849	4,000	5,640	1,640
Total revenues	<u>38,662</u>	<u>37,925</u>	<u>(737)</u>	<u>522,269</u>	<u>534,460</u>	<u>12,191</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	337,654	208,466	129,188
Recreation and community services	41,836	36,995	4,841	-	-	-
Capital outlay	-	-	-	90,000	36,217	53,783
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>41,836</u>	<u>36,995</u>	<u>4,841</u>	<u>427,654</u>	<u>244,683</u>	<u>182,971</u>
Excess of revenues over (under) expenditures	<u>(3,174)</u>	<u>930</u>	<u>4,104</u>	<u>94,615</u>	<u>289,777</u>	<u>195,162</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(239,005)	(183,147)	55,858
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(239,005)</u>	<u>(183,147)</u>	<u>55,858</u>
Net change in fund balances	<u>\$ (3,174)</u>	<u>930</u>	<u>\$ 4,104</u>	<u>\$ (144,390)</u>	<u>106,630</u>	<u>\$ 251,020</u>
Fund balances, beginning of year		<u>3,160</u>			<u>126,487</u>	
Fund balances, end of year		<u>\$ 4,090</u>			<u>\$ 233,117</u>	

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**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

	Emergency Medical Services			L&L Assessment District 1996-1		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ 681,440	\$ 712,187	\$ 30,747	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	782	471	(311)
Revenues from other agencies	-	-	-	-	-	-
Current service charges	781,560	690,837	(90,723)	-	-	-
Other revenue	-	-	-	-	13,865	13,865
Total revenues	<u>1,463,000</u>	<u>1,403,024</u>	<u>(59,976)</u>	<u>782</u>	<u>14,336</u>	<u>13,554</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	4,000	13,485	(9,485)	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	411	(411)
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>4,000</u>	<u>13,485</u>	<u>(9,485)</u>	<u>-</u>	<u>411</u>	<u>(411)</u>
Excess of revenues over (under) expenditures	<u>1,459,000</u>	<u>1,389,539</u>	<u>(69,461)</u>	<u>782</u>	<u>13,925</u>	<u>13,143</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	20,037	-	(20,037)
Transfers out	(1,356,500)	(1,395,486)	(38,986)	-	-	-
Total other financing sources (uses)	<u>(1,356,500)</u>	<u>(1,395,486)</u>	<u>(38,986)</u>	<u>20,037</u>	<u>-</u>	<u>(20,037)</u>
Net change in fund balances	<u>\$ 102,500</u>	<u>(5,947)</u>	<u>\$ (108,447)</u>	<u>\$ 20,819</u>	<u>13,925</u>	<u>\$ (6,894)</u>
Fund balances, beginning of year		-			167,082	
Fund balances, end of year		<u>\$ (5,947)</u>			<u>\$ 181,007</u>	

Continued  
on next page

**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

	L&L Assessment District 1996-1			L&L Assessment District 1996-1		
	Recreational Playfields			Creek Restoration		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	334	207	(127)	360	581	221
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	6,933	6,933	-	6,933	6,933
Total revenues	<u>334</u>	<u>7,140</u>	<u>6,806</u>	<u>360</u>	<u>7,514</u>	<u>7,154</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	5,000	2,625	2,375
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>2,625</u>	<u>2,375</u>
Excess of revenues over (under) expenditures	<u>334</u>	<u>7,140</u>	<u>6,806</u>	<u>(4,640)</u>	<u>4,889</u>	<u>9,529</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	10,018	-	(10,018)	10,018	-	(10,018)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>10,018</u>	<u>-</u>	<u>(10,018)</u>	<u>10,018</u>	<u>-</u>	<u>(10,018)</u>
Net change in fund balances	<u>\$ 10,352</u>	<u>7,140</u>	<u>\$ (3,212)</u>	<u>\$ 5,378</u>	<u>4,889</u>	<u>\$ (489)</u>
Fund balances, beginning of year		<u>72,087</u>			<u>207,600</u>	
Fund balances, end of year		<u>\$ 79,227</u>			<u>\$ 212,489</u>	

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on next page

**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

	Park Bond			EBRPD Measure WW		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	207	207	-	40	40
Revenues from other agencies	-	-	-	45,000	38,231	(6,769)
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	207	207	45,000	38,271	(6,729)
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	45,000	13,990	31,010
Debt service:	72,291	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	72,291	-	-	45,000	13,990	31,010
Excess of revenues over (under) expenditures	(72,291)	207	207	-	24,281	24,281
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	(72,498)	(72,498)	-	(38,211)	(38,211)
Total other financing sources (uses)	-	(72,498)	(72,498)	-	(38,211)	(38,211)
Net change in fund balances	\$ (72,291)	(72,291)	\$ (72,291)	\$ -	(13,930)	\$ (13,930)
Fund balances, beginning of year		72,291			2,582	
Fund balances, end of year		\$ -			\$ (11,348)	

Continued  
on next page

**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

	Law Enforcement Grants			Poet Laureate		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	655	655	-	-	-
Revenues from other agencies	109,000	116,652	7,652	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>109,000</u>	<u>117,307</u>	<u>8,307</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	258,000	41,623	216,377	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>258,000</u>	<u>41,623</u>	<u>216,377</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(149,000)</u>	<u>75,684</u>	<u>224,684</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	210	210	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>210</u>	<u>210</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (149,000)</u>	<u>75,894</u>	<u>\$ 224,894</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year		<u>192,810</u>			<u>800</u>	
Fund balances, end of year		<u>\$ 268,704</u>			<u>\$ 800</u>	

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on next page

**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

	Asset Forfeiture			Alameda County VRF Transportation		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	-	112	112
Revenues from other agencies	-	-	-	70,811	76,985	6,174
Current service charges	-	-	-	-	-	-
Other revenue	1,000	33,979	32,979	-	-	-
Total revenues	<u>1,000</u>	<u>33,979</u>	<u>32,979</u>	<u>70,811</u>	<u>77,097</u>	<u>6,286</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	145,485	144,677	808
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,485</u>	<u>144,677</u>	<u>808</u>
Excess of revenues over (under) expenditures	<u>1,000</u>	<u>33,979</u>	<u>32,979</u>	<u>(74,674)</u>	<u>(67,580)</u>	<u>7,094</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
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>\$ 1,000</u>	<u>33,979</u>	<u>\$ 32,979</u>	<u>\$ (74,674)</u>	<u>(67,580)</u>	<u>\$ 7,094</u>
Fund balances, beginning of year		<u>11,091</u>			<u>74,674</u>	
Fund balances, end of year		<u>\$ 45,070</u>			<u>\$ 7,094</u>	

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on next page

**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

	Transportation Fund for Clean Air			Total		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ 2,207,028	\$ 2,264,020	\$ 56,992
Franchise and other taxes	-	-	-	72,243	86,792	14,549
License and permits	-	-	-	-	679	679
Earnings on investments	-	-	-	8,389	7,416	(973)
Revenues from other agencies	-	65,554	65,554	1,334,662	1,351,883	17,221
Current service charges	-	-	-	800,787	691,097	(109,690)
Other revenue	-	-	-	5,000	76,919	71,919
Total revenues	-	65,554	65,554	4,428,109	4,478,806	50,697
<b>EXPENDITURES</b>						
General government	-	-	-	\$ -	\$ -	-
Police	-	-	-	258,000	41,623	216,377
Fire and emergency medical services	-	-	-	4,000	13,485	(9,485)
Community development and environmental resources	-	-	-	1,150,475	830,866	319,609
Recreation and community services	-	-	-	761,495	847,753	(86,258)
Capital outlay	-	93,747	(93,747)	510,000	613,304	(103,304)
Debt service:						
Principal	-	-	-	19,745	19,745	
Interest	-	-	-	2,678	2,678	
Total expenditures	-	93,747	(93,747)	2,706,393	2,369,454	336,939
Excess of revenues over (under) expenditures	-	(28,193)	(28,193)	1,721,716	2,109,352	387,636
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	123,073	32,694	(90,379)
Transfers out	-	-	-	(2,128,505)	(1,689,342)	439,163
Total other financing sources (uses)	-	-	-	(2,005,432)	(1,656,648)	348,784
Net change in fund balances	\$ -	(28,193)	\$ (28,193)	\$ (283,716)	452,704	\$ 736,420
Fund balances, beginning of year		-			2,181,652	
Fund balances, end of year	\$ (28,193)				\$ 2,634,356	



## **OTHER CAPITAL PROJECTS FUNDS**

## CITY OF ALBANY

### Other Capital Project Funds

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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 (#830)** - is used to accumulate resources for replacement of fire engines and equipment.

**Police Equipment Reserve Fund (#805)** - is used to accumulate resources for replacement of police vehicles and equipment.

**Emergency Medical Service Equipment Reserve Fund (#834)** - is used to accumulate resources for replacement of emergency medical service equipment.

**Fire Operations Equipment Reserve Fund (#836)** - is used to accumulate resources for replacement of fire operations equipment.

**Capital Facilities Developer Fee (#750 / #751)** - 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 (#841)** - 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 (#805)** - is used to accumulate resources to be used for replacement of public works and park equipment.

**Major Planning Reserve (#790)** - is used to account for activities related to broad based economic development and land use.

**Equipment Replacement Reserve Fund (#849)** - is used to accumulate resources for replacement of equipment not provided in other capital projects funds.

**R & CS Reserve Fund (Recreation & Community Services # 801/#802)** - 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 (#700 / #701 / #702 / #842)** - is used to account for major capital projects not provided for in one of the other capital projects funds.

**Public Arts Fund (#460)** – 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.

**CITY OF ALBANY**  
**Other Capital Project Funds**

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**General Obligation Bond I & II (#770 / #775)** - is used to account for the General Obligation Bond proceeds issued in two separate series. In 2002 the voters approved issuance of bonds in the amount of \$14,500,000. Series 2003 was issued for \$8,000,000 and Series 2007 was issued for \$6,500,000. The proceeds were used 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.

**CITY OF ALBANY  
OTHER CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013**

	Fire Equipment Reserve	Police Equipment Reserve	Emergency Medical Service Equipment	Fire Operations Equipment	Capital Facilities Developer Fee	Capital Facilities Reserve	Community Development Reserve
<b>ASSETS</b>							
Operating cash and investments	\$ 43,380	\$ 323,649	\$ 51,389	\$ 75,714	\$ 248,512	\$ 716,831	\$ 255,121
Accounts Receivable	-	-	-	-	-	50,000	-
Total assets	<u>\$ 43,380</u>	<u>\$ 323,649</u>	<u>\$ 51,389</u>	<u>\$ 75,714</u>	<u>\$ 248,512</u>	<u>\$ 766,831</u>	<u>\$ 255,121</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 1,803	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,803</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>							
Restricted	-	-	-	-	248,512	-	-
Assigned	43,380	323,649	51,389	73,911	-	766,831	255,121
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficit)	<u>43,380</u>	<u>323,649</u>	<u>51,389</u>	<u>73,911</u>	<u>248,512</u>	<u>766,831</u>	<u>255,121</u>
Total liabilities and fund balances	<u>\$ 43,380</u>	<u>\$ 323,649</u>	<u>\$ 51,389</u>	<u>\$ 75,714</u>	<u>\$ 248,512</u>	<u>\$ 766,831</u>	<u>\$ 255,121</u>

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**CITY OF ALBANY  
OTHER CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013**

	Major Planning Reserve	Equipment Replacement Reserve	R & CS Reserve	Capital Projects Fund	Public Art Fee	General Obligation Bond I & II	Total 2013
<b>ASSETS</b>							
Operating cash and investments	\$ 560,867	\$ 756,604	\$277,189	\$1,426,691	\$ 62,396	\$ 1,259,881	\$ 6,058,224
Accounts Receivable	-	-	-	137,603	-	1	187,604
Total assets	<u>\$ 560,867</u>	<u>\$ 756,604</u>	<u>\$277,189</u>	<u>\$1,564,294</u>	<u>\$ 62,396</u>	<u>\$ 1,259,882</u>	<u>\$ 6,245,828</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 4,445	\$ -	\$ 14,599	\$ 13,774	\$ -	\$ 60,218	\$ 94,839
Accrued liabilities	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unavailable revenue	-	-	-	127,687	-	-	127,687
Total liabilities	<u>4,445</u>	<u>-</u>	<u>14,599</u>	<u>141,461</u>	<u>-</u>	<u>60,218</u>	<u>222,526</u>
<b>Fund balances:</b>							
Restricted	-	-	-	-	62,396	1,199,664	1,510,572
Assigned	556,422	756,604	262,590	1,422,833	-	-	4,512,730
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficit)	<u>556,422</u>	<u>756,604</u>	<u>262,590</u>	<u>1,422,833</u>	<u>62,396</u>	<u>1,199,664</u>	<u>6,023,302</u>
Total liabilities and fund balances	<u>\$ 560,867</u>	<u>\$ 756,604</u>	<u>\$277,189</u>	<u>\$1,564,294</u>	<u>\$ 62,396</u>	<u>\$ 1,259,882</u>	<u>\$ 6,245,828</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, 2013**

	Fire Equipment Reserve	Police Equipment Reserve	Emergency Medical Service Equipment	Fire Operations Equipment	Capital Facilities Developer Fee	Capital Facilities Reserve	Community Development Reserve
<b>REVENUES</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Earnings on investments	-	-	-	-	685	2,671	-
Revenues from other agencies	-	-	-	-	-	-	-
Current service charges	-	-	-	-	9,992	-	-
Other revenue	-	-	-	-	-	-	-
Total revenues	-	-	-	-	10,677	2,671	-
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	-
Police	-	1,278	-	-	-	-	-
Fire and emergency medical services	4,620	-	-	1,803	-	-	-
Community development and environmental resources	-	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	194,271	-
Debt service	11,580	-	-	-	-	-	-
Total expenditures	16,200	1,278	-	1,803	-	194,271	-
Excess of revenues over (under) expenditures	(16,200)	(1,278)	-	(1,803)	10,677	(191,600)	-
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	24,000	45,607	22,500	24,000	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	24,000	45,607	22,500	24,000	-	-	-
Net change in fund balances	7,800	44,329	22,500	22,197	10,677	(191,600)	-
Fund balances, beginning of year	35,580	279,320	28,889	51,714	237,835	958,431	255,121
Fund balances, end of year	\$ 43,380	\$ 323,649	\$ 51,389	\$ 73,911	\$ 248,512	\$ 766,831	\$ 255,121

\* See pages 126 -132 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, 2013**

	Major Planning Reserve	Equipment Replacement Reserve	R & CS Reserve	Capital Projects Fund	Public Art Fee	General Obligation Bond I & II	Total 2013
<b>REVENUES</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Earnings on investments	-	-	-	64	-	4,221	7,641
Revenues from other agencies	-	-	-	556,529	-	-	556,529
Current service charges	-	-	69,799	-	-	-	79,791
Other revenue	-	-	-	236	-	4,000	4,236
Total revenues	-	-	69,799	556,829	-	8,221	648,197
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	1,278
Fire and emergency medical services	-	-	-	-	-	-	6,423
Community development and environmental resources	11,375	-	-	-	-	-	11,375
Recreation and community services	-	-	-	-	8,350	-	8,350
Capital outlay	-	21,244	48,758	654,336	-	456,396	1,375,005
Debt service	-	-	-	-	-	-	11,580
Total expenditures	11,375	21,244	48,758	654,336	8,350	456,396	1,414,011
Excess of revenues over (under) expenditures	(11,375)	(21,244)	21,041	(97,507)	(8,350)	(448,175)	(765,814)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	35,629	-	-	151,736
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	35,629	-	-	151,736
Net change in fund balances	(11,375)	(21,244)	21,041	(61,878)	(8,350)	(448,175)	(614,078)
Fund balances, beginning of year	567,797	777,848	241,549	1,484,711	70,746	1,647,839	6,637,380
Fund balances, end of year	<u>\$556,422</u>	<u>\$ 756,604</u>	<u>\$262,590</u>	<u>\$ 1,422,833</u>	<u>\$62,396</u>	<u>\$ 1,199,664</u>	<u>\$ 6,023,302</u>

\* See pages 126 -132 for budget comparis

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**OTHER CAPITAL PROJECT FUNDS**  
**BUDGETARY COMPARISON**

CITY OF ALBANY  
OTHER CAPITAL PROJECTS FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Fire Equipment			Police Equipment		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	-	-	-
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	1,278	(1,278)
Fire and emergency medical services	-	4,620	(4,620)	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	27,537	-	27,537	-	-	-
Debt Service	-	11,580	-	-	-	-
Total expenditures	27,537	16,200	22,917	-	1,278	(1,278)
Excess of revenues over (under) expenditures	(27,537)	(16,200)	22,917	-	(1,278)	(1,278)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	24,000	24,000	-	45,607	45,607
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	24,000	24,000	-	45,607	45,607
Net change in fund balances	<u>\$ (27,537)</u>	7,800	<u>\$ 46,917</u>	<u>\$ -</u>	44,329	<u>\$ 44,329</u>
Fund balances, beginning of year		<u>35,580</u>			<u>279,320</u>	
Fund balances, end of year		<u>\$ 43,380</u>			<u>\$ 323,649</u>	

Continued  
on next page

**CITY OF ALBANY  
OTHER CAPITAL PROJECTS FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Emergency Medical Service Equipment			Fire Operations Equipment		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	-	-	-
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	10,000	1,803	8,197
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Total expenditures	-	-	-	10,000	1,803	8,197
Excess of revenues over (under) expenditures	-	-	-	(10,000)	(1,803)	8,197
<b>OTHER FINANCING SOURCES (USES)</b>						
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	<u>\$ 22,500</u>	22,500	<u>\$ -</u>	<u>\$ 14,000</u>	22,197	<u>\$ 8,197</u>
Fund balances, beginning of year		<u>28,889</u>			<u>51,714</u>	
Fund balances, end of year		<u>\$ 51,389</u>			<u>\$ 73,911</u>	

Continued  
on next page

CITY OF ALBANY  
 OTHER CAPITAL PROJECTS FUNDS  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Capital Facilities Developer Fee			Capital Facilities Reserve		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Earnings on investments	800	685	(115)	-	2,671	2,671
Revenues from other agencies	-	-	-	-	-	-
Current service charges	20,200	9,992	(10,208)	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>21,000</u>	<u>10,677</u>	<u>(10,323)</u>	<u>-</u>	<u>2,671</u>	<u>2,671</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	-	194,271	(194,271)
Debt Service	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,271</u>	<u>(194,271)</u>
Excess of revenues over (under) expenditures	<u>21,000</u>	<u>10,677</u>	<u>(10,323)</u>	<u>-</u>	<u>(191,600)</u>	<u>(191,600)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
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>\$ 21,000</u>	<u>10,677</u>	<u>\$ (10,323)</u>	<u>\$ -</u>	<u>(191,600)</u>	<u>\$ (191,600)</u>
Fund balances, beginning of year		<u>237,835</u>			<u>958,431</u>	
Fund balances, end of year		<u>\$ 248,512</u>			<u>\$ 766,831</u>	

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CITY OF ALBANY  
 OTHER CAPITAL PROJECTS FUNDS  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Community Development Equipment Reserve			Major Planning Reserve		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	-	-	-
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	250,000	11,375	238,625
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Total expenditures	-	-	-	250,000	11,375	238,625
Excess of revenues over (under) expenditures	-	-	-	(250,000)	(11,375)	238,625
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ -	\$ (250,000)	(11,375)	\$ 238,625
Fund balances, beginning of year		255,121			567,797	
Fund balances, end of year		\$ 255,121			\$ 556,422	

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CITY OF ALBANY  
OTHER CAPITAL PROJECTS FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Equipment Replacement Reserve			Recreation & Community Services Reserve		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	-	-	-
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	51,500	69,799	18,299
Other revenue	-	-	-	-	-	-
Total revenues	-	-	-	51,500	69,799	18,299
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	21,244	(21,244)	29,000	48,758	(19,758)
Debt Service	-	-	-	-	-	-
Total expenditures	-	21,244	(21,244)	29,000	48,758	(19,758)
Excess of revenues over (under) expenditures	-	(21,244)	(21,244)	22,500	21,041	(1,459)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	\$ -	(21,244)	\$ (21,244)	\$ 22,500	21,041	\$ (1,459)
Fund balances, beginning of year		777,848			241,549	
Fund balances, end of year		\$ 756,604			\$ 262,590	

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on next page

**CITY OF ALBANY  
OTHER CAPITAL PROJECTS FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Capital Projects Fund			Public Art Fee		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Earnings on investments	-	64	64	-	-	-
Revenues from other agencies	-	556,529	556,529	-	-	-
Current service charges	-	-	-	5,000	-	-
Other revenue	-	236	236	-	-	-
Total revenues	-	556,829	556,829	5,000	-	-
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	1,000,000	654,336	345,664	-	8,350	-
Debt Service	-	-	-	-	-	-
Total expenditures	1,000,000	654,336	345,664	-	8,350	-
Excess of revenues over (under) expenditures	(1,000,000)	(97,507)	902,493	-	(8,350)	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	35,629	35,629	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	35,629	35,629	-	-	-
Net change in fund balances	<u>\$ (1,000,000)</u>	<u>(61,878)</u>	<u>\$ 938,122</u>	<u>\$ -</u>	<u>(8,350)</u>	<u>\$ -</u>
Fund balances, beginning of year		<u>1,484,711</u>			<u>70,746</u>	
Fund balances, end of year		<u>\$ 1,422,833</u>			<u>\$ 62,396</u>	

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CITY OF ALBANY  
OTHER CAPITAL PROJECTS FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Obligation Bond I & II			Total		Variance Positive (Negative)
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Earnings on investments	-	4,221	4,221	800	7,641	6,841
Revenues from other agencies	-	-	-	-	556,529	556,529
Current service charges	-	-	-	71,700	79,791	8,091
Other revenue	-	4,000	4,000	-	4,236	4,236
Total revenues	-	8,221	8,221	72,500	648,197	575,697
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	1,278	(1,278)
Fire and emergency medical services	-	-	-	10,000	6,423	3,577
Community development and environmental resources	-	-	-	250,000	11,375	238,625
Recreation and community services	-	-	-	-	-	-
Capital outlay	2,000,000	456,396	1,543,604	3,056,537	1,383,355	1,673,182
Debt Service	-	-	-	-	11,580	-
Total expenditures	2,000,000	456,396	1,543,604	3,316,537	1,414,011	1,914,106
Excess of revenues over (under) expenditures	(2,000,000)	(448,175)	1,551,825	(3,244,037)	(765,814)	2,489,803
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	46,500	151,736	105,236
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	46,500	151,736	105,236
Net change in fund balances	<u>\$ (2,000,000)</u>	<u>(448,175)</u>	<u>\$ 1,551,825</u>	<u>\$ (3,197,537)</u>	<u>(614,078)</u>	<u>\$ 2,595,039</u>
Fund balances, beginning of year		<u>1,647,839</u>			<u>6,637,380</u>	
Fund balances, end of year		<u>\$ 1,199,664</u>			<u>\$ 6,023,302</u>	



**MAJOR CAPITAL PROJECTS FUNDS**  
**BUDGETARY COMPARISON**

## CITY OF ALBANY

### **Major Capital Project Funds**

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The City's Major Capital Projects Funds are:

**Street & Storm Funds (#760 & #821)**– are used to record property tax revenues, debt proceeds and expenditures for various street and storm drain projects.

**1996-1 Assessment District Bond Fund (#780-#782)** - is used to pay for 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.

**Congestion Mitigation Air Quality Fund (#235)** - is a Federal Transportation Grant Program. The CMAQ program was implemented to support surface transportation projects and other related efforts that contribute air quality improvements and provide congestion relief. It is administered by FHWA and the Federal Transit Administration.

CITY OF ALBANY  
 CAPITAL PROJECTS FUNDS - MAJOR FUNDS  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Congestion Mitigation And Air Quality (CMAQ)			Street & Storm Funds			1996-1 Assessment District Bond Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>									
Property taxes	\$ -	\$ -	\$ -	\$ 923,428	\$ 925,504	\$ 2,076	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	10,079	10,079	13,000	6,261	(6,739)
Revenues from other agencies	-	538,423	538,423	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	246,292	246,292	-	-	-
Total revenues	-	538,423	538,423	923,428	1,181,875	258,447	13,000	6,261	(6,739)
<b>EXPENDITURES</b>									
Current:									
General government	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-	-	-	-
Community development and environmental resources	-	-	-	100,000	63,296	36,704	-	-	-
Recreation and community services	-	-	-	-	-	-	-	-	-
Capital outlay	-	1,201,450	(1,201,450)	900,000	405,796	494,204	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	56,000	12,905	-
Interest	-	-	-	-	-	-	-	-	-
Total expenditures	-	1,201,450	(1,201,450)	1,000,000	469,092	530,908	56,000	12,905	-
Excess of revenues over (under)	-	(663,027)	(663,027)	(76,572)	712,783	789,355	(43,000)	(6,644)	(6,739)
<b>OTHER FINANCING SOURCES (USES)</b>									
Issuance of debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	391,384	(391,384)	(782,768)	-	-	-
Total other financing sources (uses)	-	-	-	391,384	(391,384)	(782,768)	-	-	-
Net change in fund balances	\$ -	(663,027)	\$ (663,027)	\$ 314,812	321,399	\$ 6,587	\$ (43,000)	(6,644)	\$ (6,739)
Fund balances, beginning of year					3,298,064			2,793,172	
Fund balances, end of year		\$ (663,027)			\$ 3,619,463			\$ 2,786,528	

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## **OTHER DEBT SERVICE FUNDS**

## **CITY OF ALBANY**

### **Other Debt Service Funds**

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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 (#839)** - accounts for resources used for the payment of special district long-term debt principal and interest. The final payment was made in October 2012.

**G.O. Bond I Debt Service (#771)** - 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 (#772)** - 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 (#774)** - 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 (#823)** – 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, 2013**

	<u>APFFA Debt Service</u>	<u>G.O. Bond I Debt Service</u>	<u>G.O. Bond II Debt Service</u>	<u>Civic Center Debt Service</u>	<u>Street Paving &amp; Storm Drain Debt Service</u>	<u>Total Debt Service 2013</u>
<b>ASSETS</b>						
Operating cash and investments	\$ -	\$ 642,351	\$ 411,216	\$ 353,898	\$ -	\$ 1,407,465
Receivables:						
Taxes	-	5,716.00	5,151.00	4,009.00	-	14,876
Accounts	-	-	-	-	-	-
Debt service reserves held with trustee	-	-	-	-	346,516	346,516
Total assets	<u>-</u>	<u>\$ 648,067</u>	<u>\$ 416,367</u>	<u>\$ 357,907</u>	<u>\$ 346,516</u>	<u>\$ 1,768,857</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	-	\$ 500	\$ -	\$ -	\$ -	\$ 500
Advances from other funds	-	-	-	-	-	-
Unavailable revenue	-	5,716	5,151	4,009	-	14,876
Total liabilities	<u>-</u>	<u>6,216</u>	<u>5,151</u>	<u>4,009</u>	<u>-</u>	<u>15,376</u>
<b>Fund balances:</b>						
Restricted	-	641,851	411,216	353,898	346,516	1,753,481
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 648,067</u>	<u>\$ 416,367</u>	<u>\$ 357,907</u>	<u>\$ 346,516</u>	<u>\$ 1,768,857</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, 2013

	Debt Service	2003	2007	Civic Center	2009 St. Paving	Total
	APFFA	G.O. Bond I	G.O. Bond II		& Storm Drain	
	*	*	*	*	*	2013
<b>REVENUES</b>						
Property taxes	\$ -	\$ 469,753	\$ 423,314	\$ 329,491	\$ -	\$ 1,222,558
Earnings on investments	89	1,212	647	599	-	2,547
Revenues from other agencies	-	5,633	5,076	3,951	-	14,660
Total revenues	89	476,598	429,037	334,041	-	1,239,765
<b>EXPENDITURES</b>						
Current:						
General government	1,000	1,442	1,349	1,161	-	4,952
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	275,000	190,000	125,000	100,000	256,999	946,999
Interest	6,738	260,975	280,915	217,779	134,385	900,792
Total expenditures	282,738	452,417	407,264	318,940	391,384	1,852,743
Excess of revenues over (under) expenditures	(282,649)	24,181	21,773	15,101	(391,384)	(612,978)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	196,676	-	-	-	391,384	588,060
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	196,676	-	-	-	391,384	588,060
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	(85,973)	24,181	21,773	15,101	-	(24,918)
Fund balances, beginning of year	85,973	617,670	389,443	338,797	346,516	1,778,399
Fund balances, end of year	\$ -	\$ 641,851	\$ 411,216	\$ 353,898	\$ 346,516	\$ 1,753,481

\* See pages 142-144 for budget comparisons.



**DEBT SERVICE FUNDS**  
**BUDGETARY COMPARISON**

**CITY OF ALBANY  
OTHER DEBT SERVICE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Debt Service APFFA			2003 G.O. Bond I Debt Service		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ 450,575	\$ 469,753	\$ 19,178
Earnings on investments	-	89	89	1,000	1,212	212
Revenues from other agencies	-	-	-	5,600	5,633	33
Total revenues	-	89	89	457,175	476,598	19,423
<b>EXPENDITURES</b>						
Current:						
General government	2,000	1,000	1,000	3,800	1,442	2,358
Capital outlay	-	-	-	-	-	-
Debt Service:						
Principal	275,000	275,000	-	190,000	190,000	-
Interest	6,738	6,738	-	260,975	260,975	-
Total expenditures	283,738	282,738	1,000	454,775	452,417	2,358
Excess of revenues over (under) expenditures	(283,738)	(282,649)	1,089	2,400	24,181	21,781
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt	-	-	-	-	-	-
Transfers in	280,022	196,676	(83,346)	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	280,022	196,676	(83,346)	-	-	-
Net change in fund balances	\$ (3,716)	(85,973)	\$ (82,257)	\$ 2,400	24,181	\$ 21,781
Fund balances, beginning of year		85,973			617,670	
Fund balances, end of year		\$ -			\$ 641,851	

Continued  
on next page

**CITY OF ALBANY  
OTHER DEBT SERVICE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	2007 G.O. Bond II Debt Service			Civic Center Debt Service		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ 405,540	\$ 423,314	\$ 17,774	\$ 315,279	\$ 329,491	\$ 14,212
Earnings on investments	1,000	647	(353)	500	599	99
Revenues from other agencies	5,000	5,076	76	4,000	3,951	(49)
Total revenues	<u>411,540</u>	<u>429,037</u>	<u>17,497</u>	<u>319,779</u>	<u>334,041</u>	<u>14,262</u>
<b>EXPENDITURES</b>						
Current:						
General government	1,250	1,349	(99)		1,161	(1,161)
Capital outlay		-	-		-	-
Debt Service:						
Principal	125,000	125,000	-	100,000	100,000	-
Interest	285,290	280,915	4,375	219,779	217,779	2,000
Total expenditures	<u>411,540</u>	<u>407,264</u>	<u>4,276</u>	<u>319,779</u>	<u>318,940</u>	<u>839</u>
Excess of revenues over (under) expenditures	-	21,773	21,773	-	15,101	15,101
<b>OTHER FINANCING SOURCES (USES)</b>						
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>\$ -</u>	<u>21,773</u>	<u>\$ 21,773</u>	<u>\$ -</u>	<u>15,101</u>	<u>\$ 15,101</u>
Fund balances, beginning of year		<u>389,443</u>			<u>338,797</u>	
Fund balances, end of year		<u>\$ 411,216</u>			<u>\$ 353,898</u>	

Continued  
on next page

**CITY OF ALBANY  
OTHER DEBT SERVICE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	2009 Street Paving & Storm Drain Debt Service			Total		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ 1,171,394	\$ 1,222,558	\$ 51,164
Earnings on investments	-	-	-	2,500	2,547	47
Revenues from other agencies	-	-	-	14,600	14,660	60
Total revenues	-	-	-	1,188,494	1,239,765	51,271
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	7,050	4,952	2,098
Capital outlay	-	-	-	-	-	-
Debt Service:						
Principal	256,999	256,999	-	946,999	946,999	-
Interest	134,385	134,385	-	907,167	900,792	6,375
Total expenditures	391,384	391,384	-	1,861,216	1,852,743	8,473
Excess of revenues over (under) expenditures	(391,384)	(391,384)	-	(672,722)	(612,978)	59,744
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt	-	-	-	-	-	-
Transfers in	391,384	391,384	-	671,406	588,060	(83,346)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	391,384	391,384	-	671,406	588,060	(83,346)
Net change in fund balances	\$ -	\$ -	\$ -	\$ (1,316)	(24,918)	\$ (23,602)
Fund balances, beginning of year		346,516			1,778,399	
Fund balances, end of year		\$ 346,516			\$ 1,753,481	

## **AGENCY FUNDS**

## CITY OF ALBANY

### Agency Funds

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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 (Fund # 450)** – is used to track activities of funds held for third parties, to be used to provide maintenance for Codornices Creek.

**Bond and Trust Fund (Fund #110)** - is used to track security or performance bond deposits on projects that encroach upon the City facilities right of ways.

**School Facility Fee Fund (Fund#445)** - accounts for development impact fees levied by and due to the Albany Unified School District.

**1996-1 Assessment District Bond (Fund #483)** - 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  
 JUNE 30, 2013**

	Codornices Trail	Bond & Trust	School Facility Fees	1996-1 Assessment District Bond Funds	<u>Totals</u> 2013
<b>ASSETS</b>					
Operating cash and investments	\$ 56,370	\$ 129,014	\$ 5,154	\$ 386,901	\$ 577,439
Receiveables:					-
Interest					
Other				4,253	4,253
Debt service reserves held with trustee	-	-	-	479,824	479,824
Total assets	<u>\$ 56,370</u>	<u>\$ 129,014</u>	<u>\$ 5,154</u>	<u>\$ 870,978</u>	<u>\$1,061,516</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,980	\$ 18,639	\$ 5,154	\$ -	\$ 25,773
Due to bondholders	-	-	-	870,978	870,978
Member deposits	54,390	-	-	-	54,390
Refundable deposits	-	110,375	-	-	110,375
Total liabilities	<u>\$ 56,370</u>	<u>\$ 129,014</u>	<u>\$ 5,154</u>	<u>\$ 870,978</u>	<u>\$1,061,516</u>

**CITY OF ALBANY  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013
<b>Codornices Creek Trail (Fund # 450)</b>				
Assets:				
Operating cash and investments	\$ 89,140	\$ 199	\$ 32,969	\$ 56,370
Total assets	<u>\$ 89,140</u>	<u>\$ 199</u>	<u>\$ 32,969</u>	<u>\$ 56,370</u>
Liabilities:				
Accounts payable	\$ 4,110	\$ 32,324	\$ 34,454	\$ 1,980
Member deposits	85,029	199	30,838	54,390
Total liabilities	<u>\$ 89,140</u>	<u>\$ 32,523</u>	<u>\$ 65,292</u>	<u>\$ 56,370</u>
<b>Bond and Trust(Fund #110)</b>				
Assets:				
Operating cash and investments	\$ 154,544	\$ 137,182	\$ 162,712	\$ 129,014
Receivables	-	-	-	-
Total assets	<u>\$ 154,544</u>	<u>\$ 137,182</u>	<u>\$ 162,712</u>	<u>\$ 129,014</u>
Liabilities:				
Accounts payable	\$ 26,340	\$ 165,803	\$ 173,505	\$ 18,638
Refundable deposits	128,204	140,363	158,191	110,376
Total liabilities	<u>\$ 154,544</u>	<u>\$ 306,166</u>	<u>\$ 331,696</u>	<u>\$ 129,014</u>
<b>School Facility Fees (Fund # 445)</b>				
Assets:				
Operating cash and investments	\$ 12,235	\$ 28,637	\$ 35,718	\$ 5,154
Total assets	<u>\$ 12,235</u>	<u>\$ 28,637</u>	<u>\$ 35,718</u>	<u>\$ 5,154</u>
Liabilities:				
Accounts payable	\$ 12,235	\$ 40,872	\$ 47,953	\$ 5,154
Total liabilities	<u>\$ 12,235</u>	<u>\$ 40,872</u>	<u>\$ 47,953</u>	<u>\$ 5,154</u>
<b>1996-1 Assessment District Bond (Fund #483)</b>				
Assets:				
Operating cash and investments	\$ 391,154	\$ 503,581	\$ 507,834	\$ 386,901
Debt service reserves held with trustee	479,824	-	-	479,824
Accounts receivable	-	4,253	-	4,253
Total assets	<u>\$ 870,978</u>	<u>\$ 507,834</u>	<u>\$ 507,834</u>	<u>\$ 870,978</u>
Liabilities:				
Accounts payable	\$ -	\$ 474,908	\$ 474,908	\$ -
Due to bondholders	870,978	510,975	510,975	870,978
Total liabilities	<u>\$ 870,978</u>	<u>\$ 510,975</u>	<u>\$ 510,975</u>	<u>\$ 870,978</u>
<b>Total Agency Funds</b>				
Assets:				
Operating cash and investments	\$ 647,073	\$ 669,599	\$ 739,233	\$ 577,439
Debt service reserves held with trustee	479,824	-	-	479,824
Receivables	-	4,253	-	4,253
Total assets	<u>\$ 1,126,897</u>	<u>\$ 673,852</u>	<u>\$ 739,233</u>	<u>\$ 1,061,516</u>
Liabilities:				
Accounts payable	\$ 42,685	\$ 713,907	\$ 730,820	\$ 25,772
Due to bondholders	870,978	510,975	510,975	870,978
Member deposits	85,029	199	30,838	54,390
Refundable deposits	128,204	140,363	158,191	110,376
Total liabilities	<u>\$ 1,126,896</u>	<u>\$ 1,365,444</u>	<u>\$ 1,430,824</u>	<u>\$ 1,061,516</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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	151-157
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	158-161
<b>Debt Capacity</b> 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.	162 -165
<b>Demographic and Economic Information</b> 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.	166-167
<b>Operating Information</b> 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.	168-170

**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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities:</b>										
Invested in capital assets, net of related debt	\$ 17,257	\$ 17,782	\$ 18,532	\$ 19,778	\$ 21,476	\$ 15,045	\$ 20,264	\$ 23,913	\$ 26,536	\$ 28,659
Restricted	6,699	10,217	10,500	12,087	14,448	23,246	20,049	20,630	11,932	15,462
Unrestricted	3,814	2,411	3,681	4,697	4,970	5,253	5,227	3,840	12,802	11,061
<b>Total governmental activities assets</b>	<b>\$ 27,770</b>	<b>\$ 30,410</b>	<b>\$ 32,713</b>	<b>\$ 36,562</b>	<b>\$ 40,894</b>	<b>\$ 43,544</b>	<b>\$ 45,540</b>	<b>\$ 48,383</b>	<b>\$ 51,270</b>	<b>\$ 55,182</b>
<b>Business-type activities:</b>										
Invested in capital assets, net of related debt	\$ 7,117	\$ 7,106	\$ 7,155	\$ 7,191	\$ 7,263	\$ 5,735	\$ 7,299	\$ 7,550	\$ 7,595	\$ 8,758
Restricted	-	-	-	3,041	2,164	1,132	1,107	-	1,311	1,500
Unrestricted	2,571	3,078	3,596	1,117	2,606	5,681	4,802	5,642	3,767	3,387
<b>Total business-type activities net assets</b>	<b>\$ 9,688</b>	<b>\$ 10,184</b>	<b>\$ 10,751</b>	<b>\$ 11,349</b>	<b>\$ 12,033</b>	<b>\$ 12,548</b>	<b>\$ 13,208</b>	<b>\$ 13,192</b>	<b>\$ 12,673</b>	<b>\$ 13,645</b>
<b>Primary government:</b>										
Invested in capital assets, net of related debt	\$ 24,374	\$ 24,888	\$ 25,687	\$ 26,969	\$ 28,738	\$ 20,780	\$ 27,563	\$ 31,463	\$ 34,131	\$ 37,417
Restricted	6,699	10,217	10,500	15,127	16,613	24,378	21,156	20,630	13,243	16,962
Unrestricted	6,385	5,489	7,277	5,814	7,576	10,934	10,029	9,482	16,569	14,448
<b>Total primary government net assets</b>	<b>\$ 37,458</b>	<b>\$ 40,594</b>	<b>\$ 43,464</b>	<b>\$ 47,910</b>	<b>\$ 52,927</b>	<b>\$ 56,092</b>	<b>\$ 58,748</b>	<b>\$ 61,575</b>	<b>\$ 63,943</b>	<b>\$ 68,827</b>

**Source:** CAFR, Statement of Net Assets.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,554	\$ 3,471	\$ 2,184	\$ 2,511	\$ 3,330	\$ 3,047	\$ 3,081	\$ 3,867	\$ 3,571	\$ 3,282
Police	3,647	3,896	5,551	5,226	5,319	6,260	5,318	5,735	5,608	5,679
Fire and emergency medical services	3,000	3,212	4,477	4,046	4,220	5,191	4,642	4,686	4,748	4,797
Community development										
and environmental resources	3,570	4,289	3,647	5,105	4,122	5,896	5,006	4,602	4,286	4,400
Recreation and community services	1,902	1,970	2,080	2,268	2,528	2,823	2,817	2,902	3,296	3,579
Interest on long-term debt	345	446	423	398	856	910	1,017	1,006	949	900
Total governmental activities expenses	16,018	17,284	18,362	19,554	20,375	24,127	21,881	22,798	22,458	22,637
Business-type activities:										
Sewer	599	619	638	701	686	754	663	1,583	2,248	1,212
Total business-type activities expenses	599	619	638	701	686	754	663	1,583	2,248	1,212
Total primary government expenses	16,617	17,903	19,000	20,255	21,061	24,881	22,544	24,381	24,706	23,849
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	120	110	104	106	100	105	29	30	31	34
Police	318	243	187	248	326	330	360	243	248	231
Fire and emergency medical services	473	498	500	605	654	808	823	876	1,035	838
Community development										
and environmental resources	671	504	469	378	568	386	492	457	464	414
Recreation and community services	611	606	715	821	858	969	967	1,158	1,162	1,100
Operating grants and contributions	1,032	960	1,155	1,017	1,085	1,675	1,386	2,998	2,008	1,429
Capital grants and contributions	495	1,314	259	1,181	773	3,248	609	248	364	2,093
Total governmental activities program revenues	3,720	4,235	3,389	4,356	4,364	7,521	4,666	6,010	5,312	6,139
Business-type activities:										
Charges for services:										
Sewer	1,730	1,774	1,821	1,838	1,987	2,060	2,188	2,434	2,565	2,996
Total business-type activities program revenues	1,730	1,774	1,821	1,838	1,987	2,060	2,188	2,434	2,565	2,996
Total primary government program revenues	5,450	6,009	5,210	6,194	6,351	9,581	6,854	8,444	7,877	9,135
Net revenues (expenses):										
Governmental activities	(12,298)	(13,049)	(14,973)	(15,198)	(16,011)	(16,606)	(17,215)	(16,788)	(17,146)	(16,498)
Business-type activities	1,131	1,155	1,183	1,137	1,301	1,306	1,525	851	317	1,784
Total primary government net expense	\$ (11,167)	\$ (11,894)	\$ (13,790)	\$ (14,061)	\$ (14,710)	\$ (15,300)	\$ (15,690)	\$ (15,937)	\$ (16,829)	\$ (14,714)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
\$	6,146	7,422	8,422	9,762	11,166	11,202	11,583	11,900	11,495	11,811
Property taxes	1,357	1,599	2,043	2,242	2,183	2,223	2,119	2,166	2,193	2,267
Sales taxes	4,506	4,557	4,442	4,317	4,135	3,946	3,927	3,783	3,923	4,359
Franchise and other taxes	354	475	924	1,237	1,468	719	222	155	78	59
Earnings on investments	803	410	226	281	183	148	163	389	54	153
Unrestricted revenues from other agencies	1,600	386	364	342	332	119	662	340	235	927
Other revenue	781	836	852	864	879	898	913	898	865	836
Transfers										
Extraordinary items (Note 9)									1,189	
Total governmental activities	15,547	15,685	17,273	19,045	20,346	19,255	19,589	19,631	20,032	20,412
Business-type activities:										
Earnings on investments	15	175	236	325	262	107	48	25	30	23
Other revenue	-	3	-	-	-	-	-	-	-	-
Transfers	(781)	(836)	(852)	(864)	(879)	(898)	(913)	(892)	(865)	(836)
Total business-type activities	(766)	(658)	(616)	(539)	(617)	(791)	(865)	(867)	(835)	(813)
<b>Total primary government</b>	<b>\$ 14,781</b>	<b>\$ 15,027</b>	<b>\$ 16,657</b>	<b>\$ 18,506</b>	<b>\$ 19,729</b>	<b>\$ 18,464</b>	<b>\$ 18,724</b>	<b>\$ 18,764</b>	<b>\$ 19,197</b>	<b>\$ 19,599</b>
<b>Changes in Net Assets</b>										
Governmental activities	3,249	2,636	2,300	3,847	4,335	2,649	2,374	2,843	2,887	3,912
Business-type activities	365	497	567	598	684	515	660	(16)	(519)	971
Total primary government	<b>\$ 3,614</b>	<b>\$ 3,133</b>	<b>\$ 2,867</b>	<b>\$ 4,445</b>	<b>\$ 5,019</b>	<b>\$ 3,164</b>	<b>\$ 3,034</b>	<b>\$ 2,827</b>	<b>\$ 2,368</b>	<b>\$ 4,883</b>

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General fund:</b>										
Reserved	\$ 1,247	\$ 1,258	\$ 1,250	\$ 1,147	\$ 1,169	\$ 1,062	\$ 1,022	\$ -	\$ -	\$ -
Unreserved	2,614	2,711	2,938	3,455	3,610	3,963	4,044	-	-	-
Nonspendable fund balance	-	-	-	-	-	-	-	45	-	-
Assigned fund balance	-	-	-	-	-	-	-	1,734	1,715	1,814
Unassigned fund balance	-	-	-	-	-	-	-	3,165	4,533	4,031
<b>Total general fund</b>	<b>\$ 3,861</b>	<b>\$ 3,969</b>	<b>\$ 4,188</b>	<b>\$ 4,602</b>	<b>\$ 4,779</b>	<b>\$ 5,025</b>	<b>\$ 5,066</b>	<b>\$ 4,944</b>	<b>\$ 6,248</b>	<b>\$ 5,845</b>
<b>All other governmental funds:</b>										
Reserved	\$ 14,007	\$ 14,065	\$ 14,889	\$ 14,521	\$ 25,038	\$ 20,018	\$ 20,049	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,745	3,154	2,161	2,621	3,730	3,483	-	-	-	-
Capital project funds	(270)	(234)	-	-	-	-	-	-	-	-
Debt service funds	(432)	(400)	(372)	(95)	-	-	-	-	-	-
Restricted fund balance	-	-	-	-	-	-	-	10,004	11,932	15,174
Committed fund balance	-	-	-	-	-	-	-	10,626	-	-
Assigned fund balance	-	-	-	-	-	-	-	-	6,567	4,513
Unassigned fund balance	-	-	-	-	-	-	-	(1,104)	-	(83)
<b>Total all other governmental funds</b>	<b>\$ 15,050</b>	<b>\$ 16,585</b>	<b>\$ 16,678</b>	<b>\$ 17,047</b>	<b>\$ 28,768</b>	<b>\$ 23,501</b>	<b>\$ 20,049</b>	<b>\$ 19,526</b>	<b>\$ 18,499</b>	<b>\$ 19,604</b>

**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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues:</b>										
<b>Taxes:</b>										
Property taxes	\$ 6,146	\$ 7,422	\$ 8,422	\$ 9,762	\$ 11,166	\$ 11,202	\$ 11,583	\$ 11,900	\$ 11,495	\$ 11,530
Sales taxes	1,357	1,599	2,043	2,242	2,183	2,223	2,119	2,166	2,193	2,267
Franchise and other taxes	4,506	4,557	4,442	4,317	4,135	3,946	3,927	3,783	3,923	4,359
Licenses and permits	347	212	198	154	177	173	183	193	213	174
Fines and forfeitures	282	216	154	189	269	267	271	189	213	196
Earnings on investments	354	475	955	1,370	1,498	749	246	159	78	59
Revenues from other agencies	2,329	2,426	1,536	2,468	1,939	4,557	1,924	3,373	2,095	2,733
Current services charges	1,565	1,533	1,623	1,816	2,059	2,196	2,146	2,273	2,431	2,307
Other revenue	1,600	336	471	355	433	577	966	708	649	848
<b>Total revenues</b>	<b>18,486</b>	<b>18,776</b>	<b>19,844</b>	<b>22,673</b>	<b>23,859</b>	<b>25,890</b>	<b>23,365</b>	<b>24,744</b>	<b>23,290</b>	<b>24,473</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	3,907	3,433	2,439	2,013	2,522	2,629	3,217	3,557	3,015	2,967
Police	3,647	3,952	5,407	5,106	5,208	6,147	5,173	5,574	5,546	5,476
Fire and emergency medical services	2,941	3,185	4,403	4,013	4,189	5,106	4,269	4,325	4,439	4,383
Community development and environmental resources	3,275	3,018	3,353	3,733	4,055	5,586	4,176	3,054	3,482	3,289
Recreation and community services	1,651	1,831	2,003	2,130	2,419	2,644	2,617	2,685	2,661	2,893
Capital outlay	1,736	1,912	1,414	3,053	4,332	11,862	6,389	5,194	4,028	3,682
<b>Debt service:</b>										
Principal	351	478	535	551	540	730	805	887	952	1,002
Interest	384	470	461	447	671	922	1,041	1,010	944	916
<b>Total expenditures</b>	<b>17,892</b>	<b>18,279</b>	<b>20,015</b>	<b>21,046</b>	<b>23,936</b>	<b>35,626</b>	<b>27,687</b>	<b>26,286</b>	<b>25,067</b>	<b>24,608</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>594</b>	<b>497</b>	<b>(171)</b>	<b>1,627</b>	<b>(77)</b>	<b>(9,736)</b>	<b>(4,322)</b>	<b>(1,542)</b>	<b>(1,777)</b>	<b>(135)</b>



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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Other financing sources (uses):</b>										
Issuance of debt	-	-	-	-	11,500	3,840	-	-	-	-
Bond premium	-	-	-	-	311	-	-	-	-	-
Transfers in	4,669	3,666	4,596	4,868	4,610	4,540	4,623	5,950	7,735	3,043
Transfers out	(3,938)	(2,830)	(7,364)	(4,741)	(4,447)	(3,919)	(3,710)	(5,052)	(6,870)	(2,207)
Expenditures recovery and fund balance adjustment	-	308	-	-	-	-	-	-	-	-
Total other financing sources (uses)	731	1,145	(2,767)	127	11,974	4,461	913	898	865	836
<b>Extraordinary Items:</b>										
Redevelopment dissolution									729	
Non-recurring credits									460	
Net change in fund balances	\$ 1,325	\$ 1,642	\$ (2,938)	\$ 1,754	\$ 11,897	\$ (5,275)	\$ (3,409)	\$ (644)	\$ 277	\$ 701
Debt service as a percentage of noncapital expenditures	4.5%	5.8%	5.4%	5.5%	6.2%	7.0%	8.7%	9.0%	9.0%	9.2%

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

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 <sup>1</sup>
	Real Property	Personal Property	Less Exemptions	Taxable Assessed Value	Real Property	Personal Property	Less Exemptions	Taxable Assessed Value	
2004	\$ 1,368,929	\$ 19,715	\$ 45,610	\$ 1,343,034	\$ 26,133	\$ 2,097	\$ -	\$ 28,231	0.1375%
2005	1,261,551	20,402	45,552	1,236,402	23,151	1,772	-	24,923	0.1345%
2006	1,510,814	19,714	46,074	1,484,455	46,447	2,588	-	49,035	0.1311%
2007	1,643,887	19,567	46,968	1,616,486	49,567	1,861	-	51,428	0.1281%
2008	1,749,300	25,347	48,341	1,726,307	50,318	2,212	-	52,530	0.1668%
2009	1,835,524	21,620	51,037	1,806,107	51,030	2,263	-	53,292	0.1653%
2010	1,875,291	23,472	50,743	1,848,019	51,662	2,304	-	53,966	0.1645%
2011	1,899,389	24,236	56,681	1,866,944	51,796	2,037	-	53,833	0.1638%
2012	1,926,916	22,965	55,609	1,894,272	52,010	2,344	-	54,354	0.1628%
2013	1,961,404	24,860	27,132	1,959,132	-	-	-	-	0.1620%

**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.

<sup>1</sup> 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 \$100 of assessed value)  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Basic Levy*	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Albany Unified School District	0.1312	0.1611	0.1316	0.1653	0.1284	0.1451	0.1709	0.1725	0.1645	0.1598
Peralta Community College	0.0159	0.0208	0.0238	0.0272	0.0223	0.0362	0.0430	0.0430	0.0436	0.0434
Bay Area Rapid Transit	0.0000	0.0000	0.0048	0.0050	0.0076	0.0090	0.0057	0.0031	0.0041	0.0043
East Bay Regional Park	0.0057	0.0057	0.0057	0.0085	0.0080	0.0100	0.0108	0.0084	0.0071	0.0051
East Bay Mud Special District 1	0.0079	0.0076	0.0720	0.0680	0.0650	0.0640	0.0065	0.0067	0.0067	0.0068
<b>Total Direct and Overlapping Tax Rate</b>	<b>1.1607</b>	<b>1.1952</b>	<b>1.2379</b>	<b>1.2740</b>	<b>1.2313</b>	<b>1.2643</b>	<b>1.2369</b>	<b>1.2337</b>	<b>1.2260</b>	<b>1.2194</b>
<b>Total Direct Rate</b>	<b>0.1375</b>	<b>0.1345</b>	<b>0.1311</b>	<b>0.1281</b>	<b>0.1668</b>	<b>0.1653</b>	<b>0.1645</b>	<b>0.1638</b>	<b>0.1628</b>	<b>0.1620</b>

**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 NINE YEARS AGO  
 (amounts expressed in thousands)

Assessed Name	2013			2004		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value (1)
Golden Gate Land Holdings, Inc.	\$ 49,419	1	2.52%	\$ 31,985	1	2.73%
Target Corporation	30,952	2	1.58%			
St Mary's College High School	29,320	3	1.50%			
ESMHT, LLC	9,733	4	0.50%			
Eichner, Erik & Rose	7,660	5	0.39%	6,516	3	0.56%
La Cha Farrel LLC	6,885	6	0.35%			
Fire in the Hole, LLC	5,233	7	0.27%			
401 Park Plaza LLC	4,787	8	0.24%			
Farrokhtala Katy & Amiry Ferri Trs	4,359	9	0.22%			
Hillside Partners	1,854	10	0.09%	1,561	10	0.13%
Biggs, Edward & Charlotte				6,917	2	0.59%
TMG Albany Associates LP				6,186	4	0.53%
Safeway, Inc.				4,107	5	0.35%
Mahmoudian M & Murray T C Trs Exemption Trust				3,718	6	0.32%
Meier Charles L & Friedman Sharon G Trs Etal				3,680	7	0.31%
Albany Bowl Properties				3,452	8	0.29%
Biggs, Edward & Charlotte				2,644	9	0.23%
Totals	<u>\$ 150,202</u>		<u>7.67%</u>	<u>\$ 70,768</u>		<u>6.03%</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	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy	Amount <sup>1</sup>	Amount	Percent of Levy
2004	\$ 2,466,661	\$ 2,413,152	97.8%	\$ -	\$ 2,413,152	97.8%
2005	2,713,815	2,657,474	97.9%	-	2,657,474	97.9%
2006	3,264,081	3,183,701	97.5%	-	3,183,701	97.5%
2007	3,671,315	3,603,724	98.2%	-	3,603,724	98.2%
2008	3,858,156	3,756,485	97.4%	-	3,756,485	97.4%
2009	3,900,176	3,672,789	94.2%	172,314	3,845,103	98.6%
2010	3,952,353	3,832,720	97.0%	117,675	3,950,395	100.0%
2011	3,967,180	3,938,833	99.3%	109,621	4,048,454	102.0%
2012	4,010,791	3,952,135	98.5%	92,977	4,045,112	100.9%
2013	3,712,964	3,728,352	100.4%	N/A	3,728,352	100.4%

**Source:** Alameda County Auditor-Controller Office.

**Notes:**

<sup>1</sup> Data not available for fiscal years prior to 2010.

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				
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	3.81%	1,831	
2010	18,190	780	3,810	7,010	29,790	3.34%	1,607	
2011	17,815	535	3,834	6,655	28,839	3.12%	1,549	
2012	17,420	275	3,537	6,285	27,517	2.72%	1,488	
2013	17,005	-	3,225	5,905	26,135	Unavailable	1,418	

**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
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
2012	17,420	0.92%	942
2013	17,005	0.87%	923

**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, 2013

2012-13 Assessed Valuation: Actual  
\$1,982,430,874

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>6/30/2013</u>	<u>% Applicable(1)</u>	<u>Debt 6/30/13</u>	
Bay Area Rapid Transit District	\$410,690,000	0.394%	\$1,618,119	
Peralta Community College District	415,480,000	2.784	11,566,963	
Albany Unified School District	38,640,000	100	38,640,000	
East Bay Municipal Utility District, Special District No. 1	18,555,000	2.603	482,987	
East Bay Regional Park District	135,565,000	0.610	826,947	
City of Albany Assessment District No. 1996-1	2,790,000	100	<u>2,790,000</u>	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT				\$55,925,016
 <u>DIRECT TAX AND ASSESSMENT DEBT:</u>				
<b>City of Albany</b>	<b>\$20,230,393</b>	<b>100</b>	<b><u>\$20,230,393</u></b>	
TOTAL DIRECT TAX AND ASSESSMENT DEBT				20,230,393
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT				76,155,409
 <u>OVERLAPPING GENERAL FUND DEBT:</u>				
Alameda County General Fund Obligations	\$638,960,000	1.003%	\$6,408,769 (2)	
Alameda County Pension Obligations	109,277,602	1.003	1,096,054	
Peralta Community College District Pension Obligations	160,149,090	2.784	4,458,551	
Alameda-Contra Costa Transit District Certificates of Participation	31,380,000	1.171	<u>367,460</u>	
TOTAL OVERLAPPING GENERAL FUND DEBT				12,330,834
TOTAL DIRECT DEBT				\$20,230,393
TOTAL OVERLAPPING DEBT				68,255,850
COMBINED TOTAL DIRECT AND OVERLAPPING DEBT				<u><u>88,486,243</u></u> (3)

Ratios to 2012-13 Assessed Valuation:

<b>Direct Debt (\$21,232,149)</b> .....	<b>1.02%</b>
Total Direct and Overlapping Tax and Assessment Debt.....	3.84%
Combined Total Direct and Overlapping Debt.....	4.46%

**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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed valuation	\$ 1,343,034	\$ 1,236,402	\$ 1,484,455	\$ 1,616,486	\$ 1,726,307	\$ 1,806,107	\$ 1,848,019	\$ 1,866,944	\$ 1,894,272	\$ 1,959,132
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	\$ 335,758	\$ 309,100	\$ 371,114	\$ 404,121	\$ 431,577	\$ 451,527	\$ 462,005	\$ 466,736	\$ 473,568	\$ 489,783
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	50,364	46,365	55,667	60,618	64,737	67,729	69,301	70,010	71,035	73,467
Total net debt applicable to limit:										
General obligation bonds	8,000	7,875	7,715	7,550	18,885	18,550	18,190	17,815	17,420	17,005
Legal debt margin	\$ 42,364	\$ 38,490	\$ 47,952	\$ 53,068	\$ 45,852	\$ 49,179	\$ 51,111	\$ 52,195	\$ 53,615	\$ 56,462
Total debt applicable to the limit as a percentage of debt limit	15.88%	16.98%	13.86%	12.46%	29.17%	27.39%	26.25%	25.45%	24.52%	23.15%

**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)
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	1.9%
2007	16,722	72,328	49,915	2.0%
2008	16,877	73,160	49,757	2.6%
2009	16,898	70,217	48,004	4.8%
2010	18,539	72,757	48,087	4.9%
2011	18,622	75,908	49,617	4.7%
2012	18,488	85,017	54,683	4.0%
2013	18,430	Unavailable	Unavailable	2.8%

**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	2013				2004			
		Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment		
Albany Unified School District	Education	383	1	4.12%	525	1	5.83%		
Target Store	Department Store	358	2	3.85%	-	-	-		
United States Department of Agriculture and Research	Agricultural Research	266	3	2.86%	475	2	5.28%		
Golden Gate Fields	Race Track	199	4	2.14%	211	3	2.34%		
City of Albany	Government	84	5	0.90%	116	4	1.29%		
St. Mary's College High School	School	70	6	0.75%	-	-	-		
Albany Ford Subaru	Automotive Dealer	56	7	0.60%	65	6	0.72%		
Safeway Store	Retail Grocery	45	8	0.48%	-	-	-		
California Orientation Center for the Blind	Skills Assessment	45	8	0.48%	-	-	-		
Albany Bowl	Bowling	43	10	0.46%	35	8	0.39%		
United States Department of Forest Services	Forest Research	-	-	-	75	5	0.83%		
Andronico's Markets Inc.	Retail Grocery	-	-	-	36	7	0.40%		
Sizzler USA Restaurants	Restaurant	-	-	-	33	9	0.37%		
NVT Technologies, Inc.	Maintenance Services	-	-	-	32	10	0.36%		
<b>Total</b>		<u>1,549</u>		<u>16.64%</u>	<u>1,603</u>		<u>17.81%</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

Fiscal Year	Full-time Equivalent Employees as of June 30					Total
	General Government	Public Safety	Public Works	Community Development	Recreation	
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
2012	10	51	8	9	9	87
2013	10	48	11	6	9	84

**Source:** City of Albany Human Resources Department

CITY OF ALBANY  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Police:</b>										
Arrests	703	537	663	850	814	884	798	704	485	451
Parking citations issued	9,627	6,665	4,717	7,057	8,193	8,109	7,851	6,376	5,933	7,148
<b>Fire:</b>										
Number of emergency calls	1,316	1,360	1,515	1,525	1,620	1,600	1,515	1,495	1,662	1,849
Inspections	750	750	750	750	750	800	812	1,121	1,129	893
<b>Parks and Recreation:</b>										
Number of recreation classes	877	871	821	780	798	612	595	1,399	1,208	1,199
Number of facility rentals	1,507	852	755	458	597	682	681	661	1,145	2,230
Number of class registrations	Unavailable	Unavailable	Unavailable	Unavailable	10,133	13,466	13,995	15,125	8,594	8,181

**Source:** City of Albany departmental records.

**Note:** The decline in number of class registrations in 2012 is largely due to a change in procedure for recording registration for drop-in classes. This change was instituted in conjunction with a change in administrative software. The change in software also affected the recording of classes.

CITY OF ALBANY  
CAPITAL ASSET STATISTICS  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	29.4
Streetlights	870	870	870	870	870	870	870	870	949	949
Traffic signals	15	15	15	15	15	16	16	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	46.2	44.3
Storm sewers (miles)	7	7	7	7	7	7	7	7	12	12

**Source:** City of Albany departmental records.

**Notes:**

The street light count in 2012 increased as a result of the replacement by PG&E of luminary lights with LED lamps, and the addition of lights in coordination with the installation of two new traffic signals.

The sewer miles reported in 2012 increased because of the inclusion of lower lateral lines maintained by the City, and the use of a new survey performed in conjunction with the City's GIS mapping.

**REPORT ON  
INTERNAL CONTROLS**



**INDEPENDENT AUDITORS' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Albany, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 25, 2014.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses we identified one deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item FS 2013-01 to be a material weakness.



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

### Compliance and Other Matters

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

### City's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Badawi & Associates  
Certified Public Accountants  
Oakland, California  
February 25, 2014

**City of Albany**  
**Schedule of Findings and Responses**  
**For the year ended June 30, 2013**

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**2013-01 Internal Controls over Financial Reporting and Preparation of the Financial Statements**  
**(Material Weakness)**

**Criteria:**

The City is responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. In addition, timely financial reporting provides reasonable assurance for the reliability of financial information, and compliance with laws and regulations.

**Condition:**

During the performance of the audit, we noted that processes utilized for closing and reporting of financial activity for the fiscal year ended June 30, 2013 were not effective, which contributed to the City's delayed closing of the City's trial balances, and unpreparedness for the audit. The City posted numerous closing adjustments and corrections subsequent to the trial balance being provided for the audit.

In addition, there were several misstatements that were discovered in the City's financial statements and note disclosures that were initially prepared by the City.

**Cause:**

The City encountered difficulties in financial reporting due to the following:

- The City's Finance department experienced significant turnover in position with relevant roles in the City's financial reporting and financial statement preparation processes.
- The City does not have an adequate review process in place to ensure financial statement and note disclosures are free of material misstatements and that all required disclosures have been properly reflected.

**Context and Effect:**

The City was unable to close its books and generate year end reports, reconciliations, and accurate supporting schedules in timely manner.

The financial statements and related note disclosures were not prepared in accordance with accounting principles generally accepted in the United States of America.

**Recommendation:**

We recommend the following:

- The City develop checklists or other guidance documents over the City's closing process to ensure all closing entries are captured in the City's general ledger in a timely manner, and supporting schedules agree or reconcile to respective account balances prior to the trial balance being provided for the audit.
- The City incorporate review procedures and checklists over the City's financial reporting process to ensure accurate and complete preparation of the City's financial statements.

**City of Albany**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2013**

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**2013-01 Internal Controls over Financial Reporting and Preparation of the Financial Statements (Material Weakness), Continued**

**Management Response:**

Staff concurs that there were one-time events that impacted the timely completion of the Comprehensive Financial Report for the period ending June 30, 2013. This included staff turnover which occurred within six weeks of the June 30<sup>th</sup> year end. (Accounts Payable and Finance Director - 40% of assigned Finance Staff separated from the Agency). The Finance Director was a long term employee who had institutional knowledge related to the operations over the last twelve years.

Because of the vacancies, the remaining Staff had to assume some additional assignments and also assist with the training of the new Staff. The City Council delayed the recruitment process to first fill the vacant City Manager position and key duties of the Finance Director were contracted as an interim service. The City was also required to devote finance staff resources to external audits related to Public Employees Retirement System (PERS) reporting and Successor Agency transfers that occurred as part of the Redevelopment Agency dissolution.

The City did make progress in having several of the financial statements complete by the time the Auditors reviewed the schedules. Due to changes in the Major Funds City Staff required additional time to revise the set-up of the financial statement templates. It should also be noted that several of the adjusting entries were identified and initiated by City Staff. However because of the timing they were held in order to coordinate the entries with the Auditors.

The City is aware that changes are required to enhance the overall financial reporting process. It is expected that filling the Finance and Administrative Services Director position will be an important step. In addition the following tasks require increased emphasis under the new leadership:

- Regular analytical reviews throughout the year to identify discrepancies and necessary adjustments prior to year end. This is a shared responsibility with Department Staff and may require additional training.
- Evaluation of the computerized accounting system and chart of accounts to ensure that the technology has been implemented and is used in a manner that enhances reporting and tracking of projects and funds.
- Consideration of additional contracted resources to augment Staff during the time of preparing the Comprehensive Annual Financial Report.

For the preparation of the June 30, 2014 report Staff anticipates having the permanent Staff in place and conducting additional review and utilizing checklists to emphasize areas where post closing adjustments were required this year. The Finance Director will need to be involved in the review and report preparation prior to the auditors beginning a separate review.

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