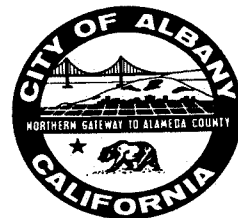


City of Albany

June 30, 2005

*Comprehensive
Annual
Financial
Report*



CITY OF ALBANY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Prepared by:
Department of Finance and Administrative Services

CITY OF ALBANY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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City of Albany

1000 SAN PABLO AVENUE • ALBANY, CALIFORNIA 94706-2295

November 16, 2005

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

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**COMMUNITY DEVELOPMENT &
ENVIRONMENTAL RESOURCES**

- Building
- Engineering
- Environmental Resources
- Maintenance
- Planning

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**FINANCE & ADMINISTRATIVE
SERVICES**

CITY TREASURER
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**FIRE & EMERGENCY MEDICAL
SERVICES**

PH. (510) 528-5771
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PERSONNEL
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POLICE
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FAX (510) 525-1360

**RECREATION & COMMUNITY
SERVICES**

1249 Marin Avenue
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FAX (510) 528-8914

- Friendship Club/
Childcare Program
PH. (510) 559-7220
- Senior Center
PH. (510) 524-9122
FAX (510) 524-8940
- Teen Center
PH. (510) 525-0576

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Albany for the fiscal year ended June 30, 2005. This report consists of management's representations concerning the finances of the City of Albany. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Albany has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse, and to compile reliable information for the preparation of the City of Albany's financial statements, in conformity with generally accepted accounting principles (GAAP).

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

This report is composed of the following sections:

- ❖ **Introductory Section** This section includes this letter of transmittal, a directory of principal officials, an organization chart, a location map, and the GFOA Certificate of Achievement for Excellence in Financial Reporting.
- ❖ **Financial Section** This section includes the City's independent auditors' report, management's discussion and analysis, basic financial statements, and required supplementary information.
- ❖ **Statistical Section** This section provides historical perspective and trend information including population, demographics, assessed valuations, revenues, expenditures and debt. This information is presented in both tabular form and graphically, where appropriate.

Odenberg, Ullakko, Muranishi & Co. LLP, 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, 2005, 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, 2005 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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



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The engagement for this independent audit of the financial statements of the City of Albany was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The City's expenditures of federal funds for the year ended June 30, 2005 were below the level for which a separate "Single Audit" is required by federal guidelines.

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

AWARDS

The City of Albany's CAFR for the year ended June 30, 2004, 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 twelfth consecutive year that the City has received this prestigious award that is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and acceptable legal requirements.

The GFOA certificate is valid for a period of one year only. We believe that our current CAFR continues to meet the certificate award requirements, and we shall submit it to the GFOA for review and consideration for award.

PROFILE OF THE CITY

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

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

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

The 2000 Census reported the following demographic information for the City:

❖ Population	16,444	
❖ Race		
○ White	9,461	57.6%
○ Asian	4,094	24.9%
○ Hispanic (any race)	1,312	8.0%
○ African American	644	3.9%
○ Other	153	.9%
○ Two or more races	780	4.7%
❖ Sex	Male 46.6%, Female 53.4%	
❖ Age		
○ Under 5 years		6.0%
○ 5 to 17 years		16.8%
○ 18 to 64 years		66.1%
○ 65 years and over		11.1%
❖ Housing Occupancy		
○ Occupied housing units	7,011	
○ Owner occupied	3,550	50.6%
○ Renter occupied	3,461	49.4%
❖ Highest Education (25 years and over)		
○ High school graduate		10.9%
○ Bachelor's degree		30.0%
○ Graduate or professional degree		34.0%

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

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

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

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

REPORTING ENTITY

As of June 30, 2005, four separate legal entities exist, which are controlled by or dependent upon the City of Albany. These entities are:

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

GENERAL GOVERNMENT FUNCTIONS

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

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

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

City Administrator

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

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

During this last year, the City Administrator completed the 14-month objectives established by Council in November 2003. Staff accomplishments include the completion of comprehensive revisions to the zoning ordinance; completion of a Parks, Recreation, and Open Space Master Plan; construction of the Codornices Creek Restoration Project, and the San Pablo Avenue sewer rehabilitation project; development of a potential capital and operations tax measure; and expansion of information on the City website.

City Clerk

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

City Treasurer

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

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

City Attorney

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

Finance & Administrative Services

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

General accounting and financial reporting includes accounts payable, accounts receivable, payroll, business license administration and issuance of various permits and other cashier functions. The department prepares monthly revenue and expenditure reports for internal management purposes, quarterly general fund revenue and expenditure statements for the City Council, and the City's annual comprehensive annual financial report (CAFR). The department prepares numerous reports required by the state, including the Cities Financial Transactions Report.

Budget preparation and financial planning responsibilities include preparation of the biannual operating budget, the five-year capital improvement program (CIP), analyses of labor contract proposals, budget oversight and control, debt issuance, and the financial component of grant administration.

The department administers the telephonic communications facilities of the City, including cellular phones and voicemail.

Major activities of the department in the past year were: coordinating of the publication of a five-year capital improvement plan, coordinating the issuance of an \$8.675 million Sewer Revenue Bond and refunding of the outstanding bonds, compilation of a financial review of the operation of Golden Gate Fields Race Track, and installation of an internet based financial information program to provide real-time financial information to department managers.

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

Police

The Albany Police Department is responsible for the preservation of public peace, enforcement of laws, and protection of life and property. These responsibilities are accomplished through police patrol, traffic control and enforcement, criminal investigation and the ongoing dispatch and records management support functions.

The Albany Police Department provides a high level of service to the community by responding quickly to all calls for service. The department operates its own police and fire

dispatch center, insuring that emergency calls (911) are answered by dispatchers who are supervised by Albany Police Department Sergeants under the direction of a Police Lieutenant.

The Albany Police Department focuses on crime prevention through an active community policing effort. In addition, the department has continued its successful drug and alcohol diversion program for first time youthful offenders. The Police Department sponsors the City's Police Athletic League (PAL). The Albany PAL program provides a myriad of structured year-round athletic activities as well as supervised field excursions for teenagers. The Albany PAL also serves high school students who are interested in community service projects, through the Youth Directors Council (YDC). Additionally, the department provides a School Resource Officer in conjunction with the Albany Unified School District.

The Police Department is staffed by the Department Chief, two Lieutenants, five Sergeants, sixteen patrol officers, two Detectives, one School Resource Officer, five Dispatchers, and various support personnel for the equivalent of thirty-seven full-time employees.

Fire and Emergency Medical Services

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

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

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

The Department is staffed by a Fire Chief, Battalion Chief/Fire Marshal, 18 line personnel of which 14 are paramedics, and a part-time secretary.

Recreation and Community Services Department

The Recreation and Community Services Department provides services in the following areas:

- Civic arts
- Facility administration
- Child care and summer camps
- Recreation classes, sports classes and special events
- Teen activities
- Senior services

- Paratransit services
- Volunteer Services
- Coordination of the local access cable TV channel

The Department manages four city-owned facilities:

- Albany Community Center
- Senior Center
- Memorial Park Child Care Center
- Teen Center

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

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

Youth and Childcare Services

The Department is responsible for implementation of the Youth Master Plan. This plan was developed to create a comprehensive, integrated system to support and strengthen youth, families, and neighborhoods by providing a wide range of readily accessible activities for youth of all ages, and by creating opportunities for personal growth. The Youth Master Plan has six specific goals:

- Community building
- Mental and physical health services
- Social and recreational activities
- Educational opportunities
- Family support services
- Community communications.

The Recreation and Community Services Department offers a range of programs for youth. There are pre-school classes and activities, school-age programs and a vibrant teen program. The Albany Teen Center offers recreational and social activities geared toward middle-school age youth. Activities include sports, computers, counseling, enrichment classes, a music video production studio, community service projects, special events and trips, and homework assistance.

The department's childcare program provides school year licensed childcare and summer camps at the Child Care Center in Memorial Park for children in first through fifth grade. Other programs include a wide variety of weekly specialty activities and special excursions during mid-winter and spring breaks to meet the changing needs of community youth.

Classes, Facility Rentals and Special Events

The Recreation and Community Services Department provides over 200 special interest classes each quarter that are publicized in the Recreation and Community Services Activity Guide. The community may also rent facilities for meetings, parties and special events.

Senior Services

The City of Albany is committed to providing quality senior services and a variety of activities for its senior citizens. Some services like Paratransit are also provided to those who are disabled and are under the age of 60. Activities and services include:

- Information, assistance and referrals for issues such as home assistance, in-home support, legal, health insurance, counseling and case management
- Modestly priced dinners offered at the Albany Senior Center and the delivery of meals for homebound elderly residents.
- Classes, including Humanities, World Literature, Paper Mache, Watercolor and Drawing, Rosen Movement Exercise, Quilting, Music Appreciation and Memoir Writing.
- Senior trips, health screenings by a licensed nurse, tax assistance, and podiatry are provided for free or low cost.
- Free medical equipment loans, free video checkouts along with other income support materials such as groceries twice per month.
- Door-to-door Paratransit services through the use of taxis and a shopping van.

Volunteer Services

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

The department is staffed by a Director, 7.75 full-time staff members and 15 to 30 part-time and volunteer staff members, depending on the number of programs and activities in progress at any one time.

Community Development

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

The department is composed of three divisions, Planning and Building, Public Works, and Environmental Resources. The Planning and Building Division is responsible for reviewing and processing all plans for private development in the City, to ensure compliance with applicable zoning and building codes. Approximately 200 zoning applications are processed each year, 850 building permits issued and 30-40 building inspections are conducted each week.

The Public Works Division is responsible for the design, construction, and maintenance of all City-owned public facilities, including streets, sewers, storm drains, parks, public building and grounds. Typical Public Works activities include reviewing the design of planned park

improvements, managing the renovation of City buildings, maintaining street signs and markings, engineering plan checking of proposed new private construction, cleaning and repairing sewer lines, street sweeping, collecting trash from public receptacles, mowing parks, maintaining play fields and irrigation, and many others.

Activities of the Environmental Resources Division include management of the City's tree planting program, Waterfront area, Clean Water Program, Waste Management Program, administration of various environmental grants such as oil recycling, building material recycling, and procurement of recycled products.

The City Engineer is a contract employee of the City who reports to the Director of Community Development. The City Engineer provides technical oversight for City construction projects and computes the various special assessments collected by the County Tax Collector.

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

Major activities and accomplishments this past year included the opening of three retail stores in the Redevelopment Area, completion of Phase I of the Memorial Park Improvement Plan, initiating a joint project with the City of Berkeley and the University of California for restoration of Codornices Creek, approval of a 25 unit multi-family mixed use development, completion of neighborhood traffic calming projects, initiation of the San Pablo Sewer Rehabilitation project, and adoption of the revised Zoning Ordinance.

The department's staff consists of a Director, Planning Manager, Public Works Manager, and 17 planners, engineers, inspectors, maintenance workers and administrative staff.

ECONOMIC CONDITIONS AND OUTLOOK

Economic conditions in the City for the fiscal year ended June 30, 2005 remained favorable, with most revenue sources increasing over the prior fiscal year. Business License Fee and Utility Users Tax revenue were unchanged - Sales Tax revenue increased 18%, Property Transfer Tax revenue increased 2.6%, Earnings on Investments increased 34%, Race Track Tax revenue decreased 1.7%, and License and Permit revenue decreased 39%. In October 2005, the State resumed payment to cities and counties of Prop 42, Gas Tax revenues that were suspended two years ago. The State has also resume payment of some mandated cost claims, but the mandates of greatest dollar value to the City of Albany remain suspended or have been terminated.

Sales tax collections for the fiscal year as reported by MBIA, MuniServices Company, increased 7.5% statewide, 5.3% in Alameda County, and 21.3% the City of Albany. The reason Albany outpaced the County and State in sales tax growth was the opening of Target department store in October 2004. Two additional tax generating retail stores opened in fiscal year 2004-05, and their operation for the entire fiscal year 2005-06 should ensure another year of high growth in City sale tax revenue, even though sales for the miscellaneous retail sector in the City declined in 2004-05, and there are no current

indications of a recovery to the higher levels for the miscellaneous retail sector.

The assessed value of property in the City, for fiscal year 2005-06 property taxes, increased 10.5% over the prior year. The collections of assessed taxes has continued at close to 100% of assessments, and with supplemental assessments figured in, collections for fiscal year 2005-06 are expected to exceed fiscal year 2004-05 by more than the 10.5% increase in assessed value. Because Albany is a "built-out city," there is little room for new residential property to be placed on the tax rolls. Only 5 new residential construction permits were issued in fiscal year 2004-05, and only 29 permits have been issued in the last 10 years. There is potential growth by way of multi-family units and combination residential/commercial units, but no major projects are underway at this time.

Revenues from property transfer taxes increased 2.6% in fiscal year 2004-05 over the prior year, even though the number of transfers decreased 11.5%. The average value of property transferred increased 16%. Projection of property transfer tax revenue for fiscal year 2005-06 is difficult, as the real estate market is subject to cycles and factors such as interest rates and availability of mortgage loans. Early indications are that mortgage interest rates will increase throughout fiscal year 2005-06, and this and possibly other factors will cause the number of property transfers to decline. As for the value of property transferred, a slowing of the number of transfers is likely to be accompanied by a slowing in the rate of increase in property values, or possibly a decline in values.

The outlook for construction and property development in the City of Albany continues to be modest. As previously mentioned, four new businesses (Target, PetsMart, Bridal Evening Prom Discount, Toyota-Team Albany) opened in the Redevelopment Area in 2004 and 2005, and additional growth is desired, but not assured. The University of California is continuing its development of plans for residential and commercial development in University Village. Upon completion, the commercial units will generate sales and property tax revenues, as well as service fees such as sewer fees and special assessments for emergency medical services, clean water programs, and the City's Landscape & Lighting Districts. There are no commencement and completion dates for the University's development, at this time.

The owners of Golden Gate Fields, Magna Entertainment, have initiated the process for obtaining permits for developing a portion of the Golden Gate Fields property for commercial, residential and recreational use. They have engaged Caruso Affiliate Holdings as developer for the project, and Caruso is expected to seek approval of a development plan in fiscal year 2005-06. The economic impact of the project will be evaluated as the plans become known.

Operating expenses for the City will increase in several areas in the next year. Salaries will increase 3% to 8%, as a result of rate increases, step progression, reclassification of employees, and filling of vacant positions. Health care costs continue to increase at double-digit rates and new union agreements may require the City to pay a greater portion of the health care cost. Retirement benefits costs are also continuing to increase at double-digit rates, as the unfavorable investment returns and losses PERS has incurred in past years filter through the PERS rate setting process.

Workers compensation insurance costs are projected to decline as the City's self-insurance reserve has been brought up to the recommended level, and catch-up deposits will no longer be required. Insurance premiums for excess cost coverage are expected to decline as the reform measures enacted by the State Legislature lower the cost of worker claims. General liability insurance and property damage self-insurance costs and excess insurance premiums are expected to remain near current levels unless unforeseen events create higher than normal losses.

Utility costs increased only moderately in the past year, but large increases are anticipated because of interruption of crude oil production resulting from the Iraq war and Gulf Coast hurricanes.

A summary assessment of the economic forecast for the City of Albany is that the City can expect its principal sources of revenues to continue a trend of moderate growth, but major cost categories of health care benefits, pension benefits and utilities costs will increase at a faster rate than revenue growth. This means that new revenue generation, such as the Target store in the Redevelopment Area and increases in fees for service performed by the City, will be necessary in order to maintain a balanced budget, without reducing services.

MAJOR INITIATIVES

Economic Development/Redevelopment

Maintenance and enhancement of Albany's economic base is necessary in order for the City government to continue to provide the high level of service the residents of Albany expect. Neighboring cities of El Cerrito, Emeryville, and San Pablo have been aggressive in seeking commercial development, and Albany must continue to pursue economic development or risk financial decline as business shifts to other cities. The City is continuing its economic development strategy designed to enhance existing businesses and to attract and cultivate new businesses. These strategies address three specific areas: Solano Avenue, San Pablo Avenue, and the Cleveland Avenue/Eastshore Highway area.

Solano Avenue, the "*Main Street*" of "*small town Albany*" continues to be a strong regional attraction, visited by thousands of shoppers, diners and strollers each year. The City has continued its support of Solano Avenue merchants with cash and in-kind contributions to the annual "Solano Stroll."

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

The Cleveland Avenue/Eastshore Highway corridor is included in the City's Redevelopment Area. In order to increase the attractiveness of this area for retail development, a freeway connector between the Eastshore Highway and Interstate 80/580 was completed in August 2002. This strategy has proven successful, as four retail outlets, Target, PetsMart, Bridal Evening Prom Discount, and Toyota – Team Albany have opened in the corridor. Additional enhancements to traffic flow in this area are planned and efforts will continue to introduce revenue generating businesses to the area.

Open Space, Recreational Playfields and Creek Restoration

In November 1996, the citizens of Albany approved Measure R to provide an annual parcel assessment for the acquisition, development and maintenance of Open Space, Recreational Playfields, and Creek Restoration. The proceeds are divided fifty percent (50%) for open space on Albany Hill and twenty five percent (25%) each for playfields and creek restoration.

In February 1999, the City issued a \$6.2 million limited obligation bond and pledged the revenues of the Measure R annual assessment to pay the bondholders. Utilizing the revenue from Measure R and the bond proceeds, the City purchased five acres of open

space on Albany Hill.

The City is working with the City of Berkeley and the University of California on a project to restore Codornices Creek, and has successfully competed for grant monies to assist in this restoration effort. Creek restoration work along Cerrito Creek near Albany Hill is also being pursued. The latter project is a follow-up to the joint Albany-Berkeley sewer project in the Cerrito Creek area. Creating new recreational playing fields remains a priority of the City.

The City is also working with the University on the replacement of the existing playing fields in University Village when the University undertakes its redevelopment project, and is working with other agencies to locate playing fields in the area of the future Eastshore State Park on the waterfront.

The City continues to have discussions with CalTrans regarding acquisition property on Pierce Street for use as a park. Funds have been designated for purchase of the property, but funding for construction and maintenance of the park have not been secured.

Capital Projects

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

Sewer Operations

Albany is continuing its multi-phase sewer rehabilitation program that will result in the replacement or rehabilitation of most of the City's sanitary sewer system. The purpose of the program is to comply with the Clean Water Act and federal and state mandates to reduce groundwater inflow and infiltration as well as to address and correct substandard sewer lines. To finance the sewer rehabilitation program, the existing Sewer Revenue Bonds were issued in September 2004.

The first phase of the program, relocation of the sewer line on San Pablo Avenue, has been completed. The entire line from the Berkeley border to the El Cerrito border was replaced and relocated.

Traffic Management Plan

In May 2000, the City Council approved the Traffic Management Plan. This plan recommends a variety of improvements and programs designed to enhance pedestrian and bicycle safety, as well as traffic safety. Implementation will be a multi-year process and has begun with a number of grant submittals and development of design and implementation plans for traffic calming measures. Current funding is from the Alameda County's Measure B transportation funds and the City's Measure F funds. Reconfiguration of traffic flows on Marin Avenue was completed in October 2005.

Landfill Closure

The City has received notice from the California Regional Water Quality Control Board regarding its Order No. 99-068 related to the construction landfill known as the Albany Bulb, that the City is in compliance and that no further action is required for this site. This clears the way for transfer of the property for inclusion in the Eastshore State Park.

Memorial Park Improvements

Phase I of the Memorial Park Improvement Plan was completed during fiscal year 2003-04. Major features of the plan were relocation of the playground, installation of new playground equipment, and drainage and landscape improvements. Phase II of the park improvements was begun in 2005 and this phase will concentrate on adding amenities to increase the utility and enjoyment of the park.

Fire Station/Police Station/City Hall

The City Council has approved retrofitting of the fire station and the police/city hall buildings to bring them into compliance with current earthquake standards. The retrofit will also replace the heating, ventilation and air conditioning systems of the administration and police buildings.

PENSION

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

All qualified permanent and probationary employees are eligible to participate in PERS. Benefits vest after five years of service and are payable monthly for life upon retirement. PERS requires City employees to contribute between 7% and 9% of their annual salary, which is paid by the City. Benefit provisions and all other requirements are established by state statute and city ordinance. PERS and its Board of Administration determine contributions necessary to fund PERS as indicated by annual actuarial projections.

DEBT ADMINISTRATION

The City currently has general obligation bonded indebtedness of \$8 million and other long-term obligations that are comprised of the 1997 Refunding Certificates of Participation and the 2004 Sewer Revenue Bonds.

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

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

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

RISK MANAGEMENT

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

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

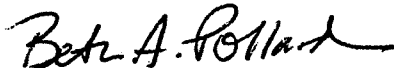
CASH MANAGEMENT

The City Treasurer manages the City of Albany's investment portfolio. Cash that is not required for current operations is pooled and invested in accordance with City Council policy, which adheres to the "prudent man rule" (California Civil Code §2261, et seq.). This policy affords the City considerable discretion in pursuing investment opportunities provided that the investment is prudent and safe with respect to the protection of principal and is allowable under the current laws of the State of California (Government Code §53600, et seq.). However, the City maintains a conservative investment philosophy that emphasizes liquidity and the protection of principal. Hence, the City has not invested any funds in high-risk securities, including derivatives. In fiscal year 2004-05, the City's available cash (not including debt service accounts) was invested in the Local Agency Investment Fund (LAIF), a governmental agency pooled money fund managed by the California State Treasurer, and in government or government agencies securities, held in safekeeping by Wells Fargo Bank.

ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report was accomplished through the coordinated efforts of Department of Finance and Administrative Services staff members Susan Hsieh, Stephanie Wellemeyer, Stephanie Gaines and Minnie Swygert. Guidance in preparation of the report was provided by the City's independent auditors, Odenberg, Ullakko, Muranishi & Co. LLP, Certified Public Accountants, under the direction of Chris Millias, Partner and Scott Miller, Manager. We also wish to express our appreciation to the Albany City Council for their support in our pursuit of excellence in financial reporting.

Respectfully submitted,



Beth A. Pollard
City Administrator



Charles A. Adams
Finance and Administrative
Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Albany,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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



Nancy L. Zielke

President

Jeffrey R. Emery

Executive Director

CITY OF ALBANY
PRINCIPAL OFFICERS
JUNE 30, 2005

CITY COUNCIL

Mayor	Robert Good
Vice Mayor	Allan Maris
Councilmember	Farid Javandel
Councilmember	Robert Lieber
Councilmember	Jewel Okawachi

ELECTED OFFICIALS

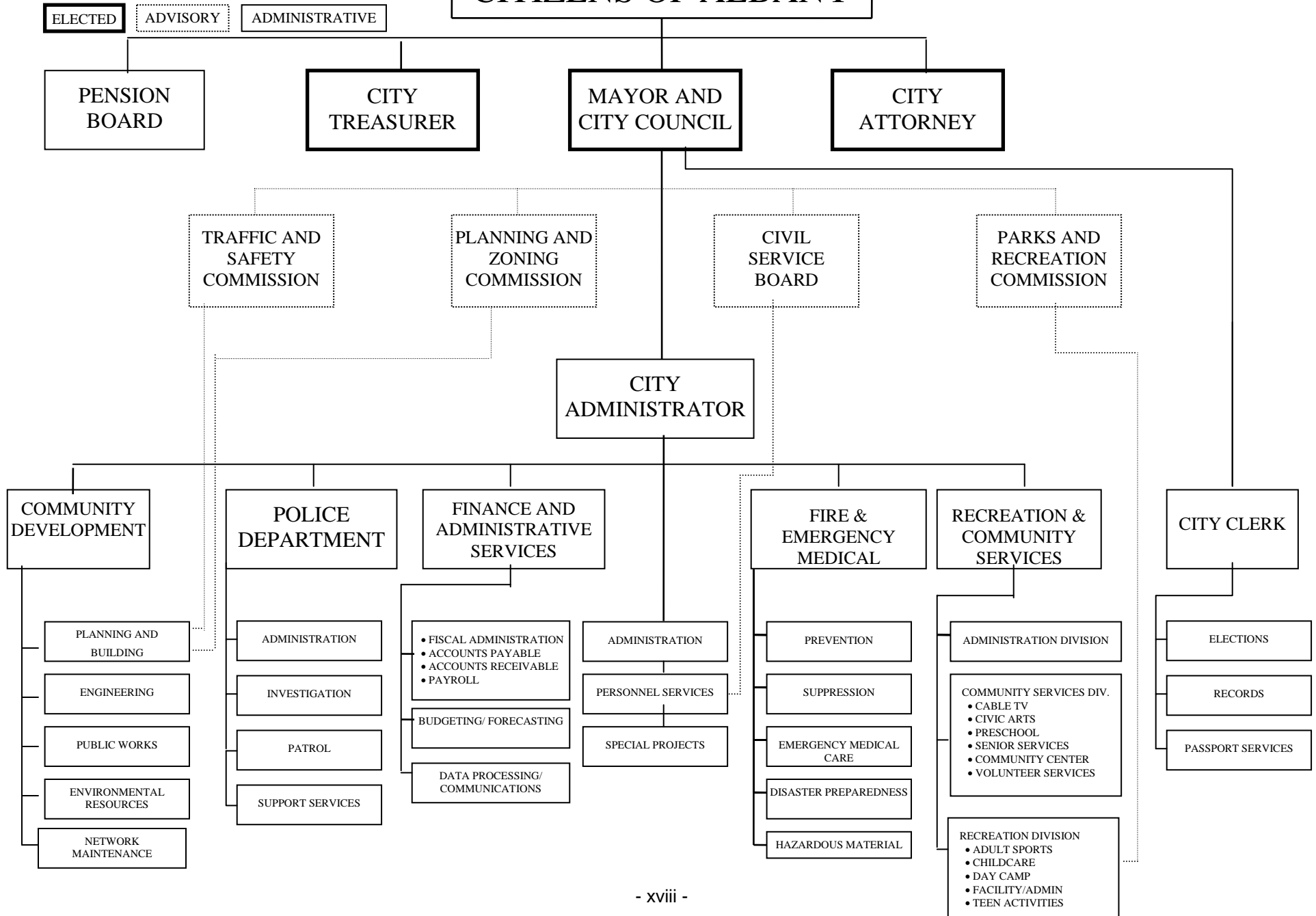
Treasurer	Kim Denton
City Attorney	Robert Zweben

APPOINTED DEPARTMENT HEADS

City Administrator	Beth Pollard
Finance and Administrative Services Director	Charles Adams
City Clerk	Jacqueline Bucholz
Community Development Director	Ann Chaney
Recreation & Community Services Director	Melinda Chinn
Fire Chief	Marc McGinn
Chief of Police	Greg Bone

ORGANIZATION CHART - CITY OF ALBANY

CITIZENS OF ALBANY



ALBANY CALIFORNIA 94706



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Albany, California, (the "City") as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic 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 for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial positions of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Albany at June 30, 2005, and the respective changes in financial position and cash flows where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 28, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages A3 through A18 and the schedule of funding progress on page D1 are not a required part of the basic financial statements, but are supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

Our audit was made for the purpose of forming an opinion on the basic financial statements, taken as a whole. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Odenberg Ollakko Muravish & Co LLP

San Francisco, California
September 28, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

This is management's discussion and analysis of the City of Albany's financial activities and performance for the fiscal year ended June 30, 2005. Please read this discussion and analysis in conjunction with the transmittal letter, which can be found in the introductory section at the front of this report, and with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

Government-wide Financial Statements

- The Government-wide Statement of Net Assets is the first statement of the Basic Financial Statements (page B1) and is summarized on page A8 of this Management's Discussion and Analysis. The statement shows the City's assets of \$66,745,000, liabilities of \$26,151,000, and net assets of \$40,594,000.
- Net assets, as measured in the government-wide financial statements, increased \$3,135,000. The single largest transaction affecting assets and non-current liabilities during the year was the refunding of sewer revenue bonds, which is reflected in the "Business-type Activities" segment of the Statement of Net Assets. The outstanding bonds of \$2,990,000 were refinanced with 20 year \$8,675,000 bonds.
- The City's long-term debt increased by \$4,992,000 as a result of a net increase in sewer bond debt of \$5,494,000, debt payments of \$482,000, and net reduction of the long-term liability for compensation absences of \$78,000.
- The Government-wide statement of activities and changes in net assets is summarized on page A9. This statement shows an increase in net assets of \$3,135,000 for the fiscal year ended June 30, 2005, as compared to an increase of \$3,614,000 for the fiscal year ended June 30, 2004. Expenses for the year increased \$1,284,000 and revenues increased \$497,000 over the prior year. The major increases in revenue occurred in capital grants, property taxes, and sales taxes. Capital grants increased \$819,000 with the largest grant being \$759,000 for restoration of Codornices Creek. Property tax revenue increased \$1,277,000, largely attributable to the effect of the "Triple Flip" which provided the City additional property tax revenue of \$898,000 in lieu of vehicle license fee revenue. Tax increment revenue for the redevelopment area increased \$53,000. Sale tax revenue increased \$242,000, which was a net of new revenue from Target and other new retail stores in the City, less declines in the sales for some larger tax generators in the City.

Governmental Funds Financial Statements

- A more targeted view of the financial status of the City is provided in the Governmental Funds Financial Statements. These statements appear on pages B3 – B4 of this report, and are discussed in detail in the Fund Financial Statements section of this Management's Discussion and Analysis.
- The core operations of the City are accounted for in the General Fund, and the General Fund fund balance is a key measure of the financial health of the City. As of June 30, 2005, the General Fund fund balance was \$3,969,000, a net increase of \$107,000 over the balance at June 30, 2004. As of June 30, 2005, the unreserved-undesignated fund balance for the General Fund was \$2,315,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- To ensure the soundness of the City's General Fund: the reserve for workers' compensation self-insurance was raised to the 85% confidence level by a contribution of \$331,000, the liability for compensated absences was funded for \$100,000 in recognition of potential payoff of employees who have become eligible for retirement, the reserve for general equipment replacement was increased by \$300,000 in anticipation of future financial software purchase, and a transfer of \$200,000 was made to the Capital Improvements Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

Governmental Funds Financial Statements

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

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, which focus on the long-term, governmental funds financial statements focus on short-term inflows and outflows of spendable resources and the balances of these resources that are available for spending. This information is useful in evaluating a government's short-term financing requirements.

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

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

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

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

- General Fund
- 1996-1 Assessment District Bond Fund
- General Obligation Bond 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

Proprietary funds

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

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.
- Internal service funds are used to accumulate and allocate costs internally among the City's various funds and departments.

The City accounts for the construction and maintenance of City sewers in the Sewer Enterprise Fund. Revenues are obtained through special district assessments collected with property taxes. The assessment rate for fiscal year 2004-05 was \$245.52 per year, per residential unit. Total assessment revenue for the year was \$1,774,000; this was an increase of \$44,000 from the prior year. Revenues less expenditures and transfers, including interest on bonds of \$302,000, resulted in an increase of net assets for the year by \$496,000. The outstanding sewer revenue bonds of \$2,990,000 were refunded by the issuance of 20 year bonds of \$8,675,000 in September 2004.

The City uses an internal service fund to account for anticipated replacement costs of public works and park equipment. Because this reserve predominantly benefits governmental activities, it has been included within the governmental activities in the government-wide financial statements.

Fiduciary funds

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the Financial Statements

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

Required Supplementary Information

This section consists of schedules of funding progress for the City's PERS (California Public Employee Retirement System) pension plans and the Albany Police and Fire Relief Pension Plan.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Assets

Net assets are a measure of a government's financial position and, over time, a trend of increasing or decreasing net assets is an indicator of the financial health of the organization. The City of Albany's net assets exceeded liabilities by \$40,594,000 at June 30, 2005. A schedule of net assets is presented in the following table.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Net Assets
June 30, 2005 and 2004
(thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2005	2004	2005	2004	2005	2004	
Current and other assets	\$ 26,281	\$ 24,168	\$ 7,380	\$ 2,654	\$ 33,661	\$ 26,822	25%
Capital assets	21,683	21,199	11,401	10,107	33,084	31,306	6%
Total assets	47,964	45,367	18,781	12,761	66,745	58,128	15%
Current liabilities	5,915	5,397	433	323	6,348	5,720	11%
Noncurrent liabilities	11,639	12,199	8,164	2,750	19,803	14,949	32%
Total liabilities	17,554	17,596	8,597	3,073	26,151	20,669	27%
Net assets:							
Invested in capital assets, net of related debt	17,782	17,257	7,106	7,117	24,888	24,374	2%
Restricted	10,217	8,445	-	-	10,217	8,445	21%
Unrestricted	2,411	2,069	3,078	2,571	5,489	4,640	18%
Total net assets	\$ 30,410	\$ 27,771	\$ 10,184	\$ 9,688	\$ 40,594	\$ 37,459	8%

Net assets invested in capital assets (e.g., land, buildings, equipment and infrastructure) of \$24,888,000 represent the cost of these assets less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future expenditures. Resources needed to repay the outstanding debt must be provided from other sources other than the related assets, because the capital assets themselves cannot be used to repay these debts.

Restricted net assets of \$10,217,000 represent resources that are subject to restrictions on how they may be used. The largest component of restricted net assets is \$6,355,000 that is restricted for future capital projects: of this amount, \$4,304,000 is Measure R (Open Space, Recreation Fields and Creek Restoration) funds, and \$2,051,000 is a combination of various capital assets replacements funds. Nineteen Special Revenue funds have a combined restricted fund balance (restricted net assets) of \$3,154,000; these funds are scheduled on pages D8 – D12. The balance of restricted net assets of \$708,000 is contained in bond debt service funds.

The remaining balance of unrestricted net assets \$5,489,000 may be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. However, all net assets are not liquid, meaning that they are not cash or securities that could be converted to cash within a year. An analysis of liquid fund balance is provided in the funds financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Changes in Net Assets

The City's net assets increased by \$3,135,000 during the current fiscal year. This growth in the City's net assets is principally from the governmental activities. Information about changes in net assets is presented in the summary table below:

**Activities and Changes in Net Assets
For the Fiscal Years Ended June 30, 2005 and 2004
(thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2005	2004	2005	2004	2005	2004	
Revenues:							
Program revenues:							
Charges for services	\$ 1,961	\$ 2,193	\$ 1,774	\$ 1,730	\$ 3,735	\$ 3,923	-5%
Operating grants and contributions	960	1,032	-	-	960	1,032	-7%
Capital grants and contributions	1,314	495	-	-	1,314	495	165%
General revenues:							
Property taxes	7,423	6,146	-	-	7,423	6,146	21%
Sales taxes	1,599	1,357	-	-	1,599	1,357	18%
Franchise and other taxes	4,557	4,506	-	-	4,557	4,506	1%
Earnings on investment	475	354	175	15	650	369	76%
Revenues from other agencies	410	803	-	-	410	803	-49%
Other revenue	386	1,600	2	-	388	1,600	-76%
Total revenues	19,085	18,486	1,951	1,745	21,036	20,231	4%
Program expenses:							
General government	3,471	3,554	-	-	3,471	3,554	-2%
Police	3,896	3,647	-	-	3,896	3,647	7%
Fire and emergency medical services	3,212	3,000	-	-	3,212	3,000	7%
Community development and environmental resources	4,288	3,570	-	-	4,288	3,570	20%
Recreation and community services	1,970	1,902	-	-	1,970	1,902	4%
Interest on long-term debt	445	345	-	-	445	345	29%
Sewer	-	-	619	599	619	599	3%
Total program expenses	17,282	16,018	619	599	17,901	16,617	8%
Increase/(decrease) in net assets before transfers and other sources	1,803	2,468	1,332	1,146	3,135	3,614	-13%
Transfers	836	781	(836)	(781)	-	-	
Change in net assets	2,639	3,249	496	365	3,135	3,614	-13%
Net assets - beginning of year	27,771	24,522	9,688	9,323	37,459	33,845	11%
Net assets - end of year	\$ 30,410	\$ 27,771	\$ 10,184	\$ 9,688	\$ 40,594	\$ 37,459	8%

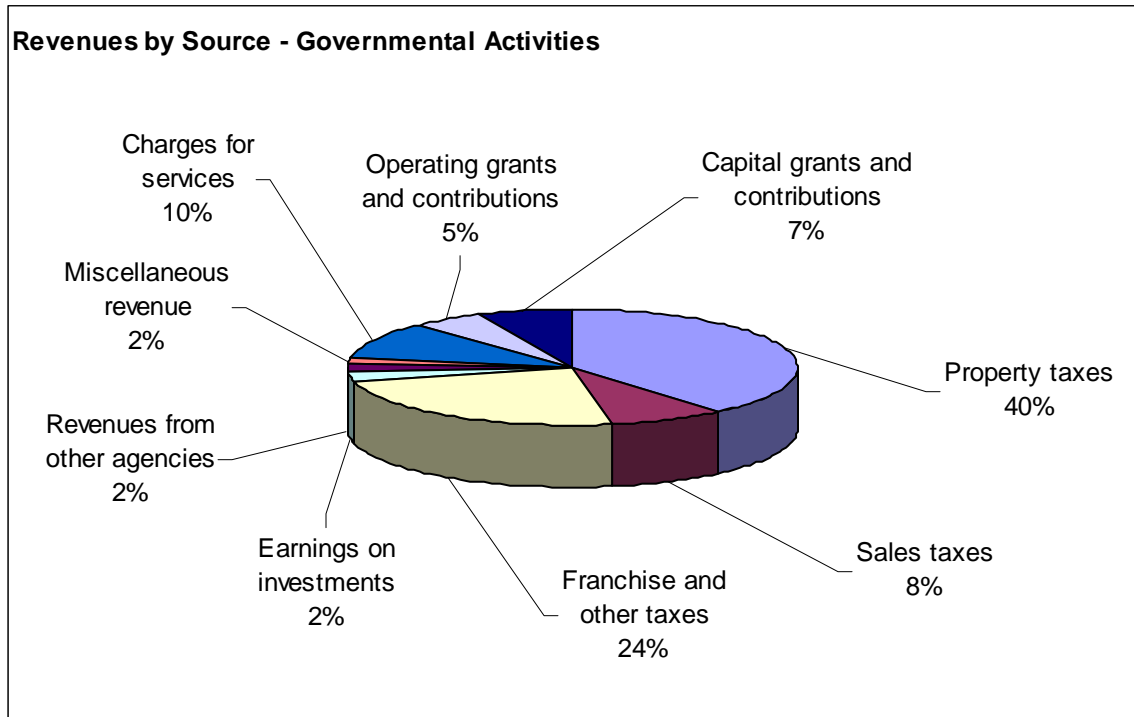
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Net assets of governmental activities increased \$2,639,000 in fiscal year 2004-05. An increase in net assets occurs when revenue exceeds expenditures or when capital assets are acquired utilizing revenues received in the current year, and the cost of the acquired asset is to be expensed over the useful life of the asset.

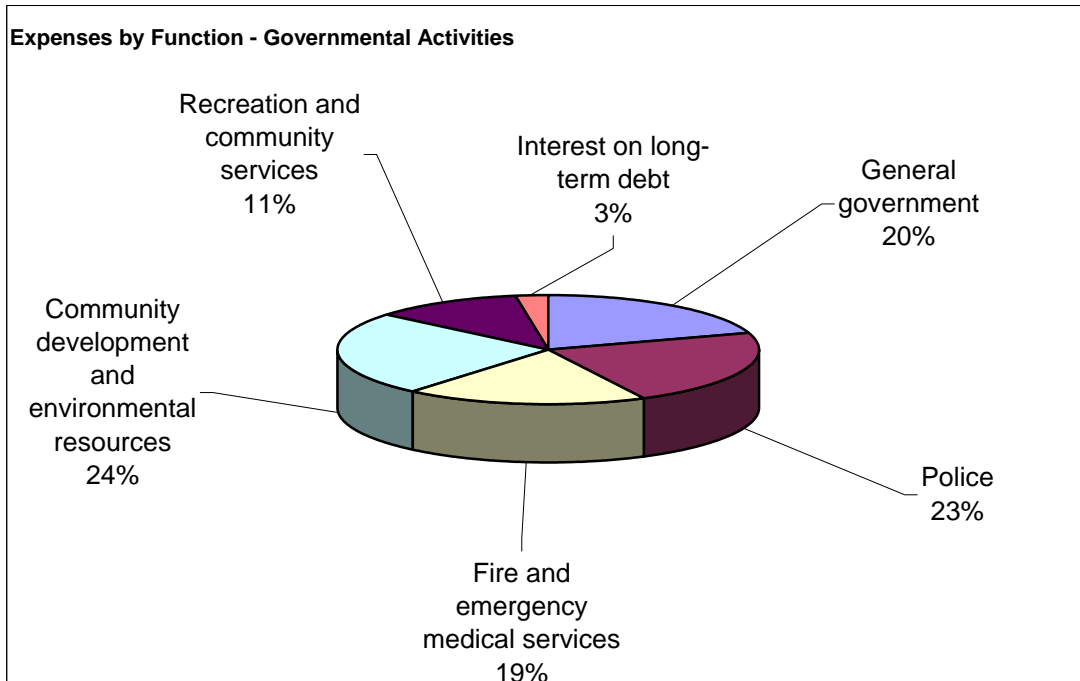
Capital grants and contributions were 7% of total governmental activities revenues, up from 3% in the prior year. This increase is due to revenues of \$759,000 from the California Department of Water Resources for restoration of Codornices Creek, and \$283,000 from the California Department of Transportation as the final reimbursement on the Buchanan-Eastshore interconnection, which was completed in a previous fiscal year.

Miscellaneous revenue was 2% of total governmental activities revenues, down from 9% in the prior year. The fiscal year 2003-04 revenue included \$898,000 in damage recovery for construction defect at the Community and Childcare Centers, and \$219,000 of reimbursement for services provided developers who explored major developments in the City.



The chart of revenues by source above, illustrates that property taxes are the largest source of operating revenue for the City. It is also one of the most stable and consistent growth revenues. Property taxes, at 40% of revenue, include the .0993% pension override tax, special district assessments, and bonded indebtedness, as well as the City's 0.2% share of the 1.0% countywide tax. Franchise and other taxes are the second largest source of operating revenue, with property transfer taxes composing approximately 41% of this revenue. The major components of this revenue category are: business license, property transfer taxes, utility user taxes, race track taxes, garbage collection franchise fees and cable TV transmission franchise fees.

MANAGEMENT'S DISCUSSION AND ANALYSIS



The chart of expenses graphically portrays the relative proportion of expenditures by function, as listed in the summary statement on page A9 and the Statement of Activities and Changes in Net Assets Statement on page B2.

Business-type Activities

The increase in business-type activities net assets of \$496,000 represents activity in the Sewer Enterprise Fund. The principal source of revenue of \$1,951,000 for this fund is charges for usage, and users are assessed on the basis of equivalent residential units (ERU). The assessment for this fiscal year was \$245.52/ERU, an increase of 1.8% over the prior year rate. Earnings on investments increased from \$15,000 to \$175,000 as a result of bond refunding providing increased funds for investment, and the improved earnings rate of LAIF (Local Agency Investment Fund). Bond interest expense and major maintenance expenses are recorded in this fund. Routine sewer operating and maintenance expenses are recorded in the General Fund, and net transfers of \$836,000 were made from the Sewer Fund to the General Fund to cover these expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure compliance with finance related legal requirements and restrictions. The fund basis financial statements presented in this report address the need of the City to demonstrate compliance with financial restrictions, and they allow the statements' users to separately analyze individual funds. The City maintains three types of funds: Governmental, Proprietary and Fiduciary.

Governmental Funds

Activity of the Governmental funds is summarized in the following table:

**Governmental Funds
Revenues, Expenditures and Other Changes in Fund Balances
For the Fiscal Year Ended June 30, 2005
(thousands)**

	<u>General Fund</u>	<u>Other Major Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues	\$ 11,676	\$ 276	\$ 6,825	\$ 18,777
Current expenditures	13,602	122	1,696	15,420
Capital outlay	-	874	1,038	1,912
Debt service	-	-	948	948
	<u>13,602</u>	<u>996</u>	<u>3,682</u>	<u>18,280</u>
Net transfers and other sources	<u>2,033</u>	<u>57</u>	<u>(946)</u>	<u>1,144</u>
Net change in fund balances	107	(663)	2,197	1,641
Fund balances, beginning of year	<u>3,862</u>	<u>11,797</u>	<u>3,253</u>	<u>18,912</u>
Fund balances, end of year	<u>\$ 3,969</u>	<u>\$ 11,134</u>	<u>\$ 5,450</u>	<u>\$ 20,553</u>

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

As of the end of the current fiscal year, the City's combined governmental funds reported an ending fund balance of \$20,553,000, an increase of \$1,641,000 from the prior year. Of the \$20,553,000 fund balance: \$1,258,000 is reserved for long-term receivables, \$13,185,000 is reserved to fund capital projects, \$880,000 is reserved for debt service, \$3,550,000 has been designated for specific purposes or is held in special revenue funds, and unreserved fund balances and fund deficits are a net \$1,680,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The remainder of the fund balance is reserved to indicate that it is not available for new expenditures because it has been committed to: (1) fund long term notes and inter-fund receivables (\$1,258,000), (2) fund capital projects in future fiscal years (\$13,185,000), and (3) fund debt service requirements \$880,000.

The increase of \$2,197,000 in the combined fund balances of other governmental funds is the net result of increases in several revenue sources as described in the previous *Analysis of Changes in Net Assets* of \$2,639,000, offset by an increase in workers' compensation reserve of \$331,000 and funding of a reserve for compensated absences of \$100,000.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, the total fund balance was \$3,969,000, of which \$2,315,000 was unreserved and undesignated. The unreserved-undesignated fund balance serves as an operating reserve, and as such, it is important that it is maintained at an appropriate level in relationship to annual operating expenditures. The unreserved-undesignated fund balance increased by \$117,000 over the prior years balance, and it was 17% of General Fund expenditures in both the current and prior fiscal years.

Proprietary Funds

At June 30, 2005, net assets of the Sewer Fund (an enterprise fund) were \$10,184,000 and net assets of the Community Development Reserve Fund (an internal service fund) were \$265,000. The Sewer Fund net assets increased \$496,000 over their balance at June 30, 2004. Because the Sewer Fund is an enterprise fund, its fund balance largely represents capital assets, not assets that are available for future expenditures. The unrestricted fund balance is \$3,078,000, and it is planned that these funds will be utilized in completion of a five-year plan for renovation of the sewer system.

The only accounting activity in the Community Development Reserve Fund in the current fiscal year was the recording of depreciation of capital assets held in the fund. The current assets held in this fund will be used to fund major maintenance activities in future years.

Fiduciary Funds

The major fiduciary fund maintained by the City is the Police and Fire Relief and Pension Fund. The net assets of this fund totaled \$14,863,000 at June 30, 2005, which is a decrease of \$128,000 from the prior year. The assets of this fund will decrease, as the liability for future pension payments decreases. The latest actuarial valuation of the plan's assets and liabilities determined the plan to be fully funded.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

**General Fund Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2005
(thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget</u>
Beginning fund balances, July 1, 2004	\$ 3,680	\$ 3,862	\$ 3,862	\$ -
Resources:				
Revenues	11,539	11,210	11,676	466
Transfers in	2,310	2,310	2,310	-
Other sources of funds	-	-	308	308
Total Resources	<u>13,849</u>	<u>13,520</u>	<u>14,294</u>	<u>774</u>
Appropriations:				
Expenditures	13,724	13,386	13,602	(216)
Transfers out	101	85	585	(500)
Total Appropriations	<u>13,825</u>	<u>13,471</u>	<u>14,187</u>	<u>(716)</u>
Resources over (under) appropriations	<u>24</u>	<u>49</u>	<u>107</u>	<u>58</u>
Ending fund balances, June 30, 2005	<u><u>\$ 3,704</u></u>	<u><u>\$ 3,911</u></u>	<u><u>\$ 3,969</u></u>	<u><u>\$ 58</u></u>

Budget Modifications

The original Fiscal Year 2004-05 budget was adopted in June 2004 as the first year of a two-year budget. The final revised budget for the fiscal year was adopted in February 2005. The net change in the revised budget was an increase in the excess of resources over charges to appropriations of \$25,000. The major changes in the final budget were a reduction in projected property transfer tax revenue of \$200,000, a reduction in projected fines revenue of \$100,000, a reduction in salary expenses of \$200,000, and a reduction in fringe benefits of \$100,000.

Transfers

Transfers in to the General Fund are generally made to match restricted revenue with related costs that have been recorded in the General Fund. An example of this type of transfer is the special assessment revenue for EMS (Emergency Medical Services) that is used to pay wages of firefighters/paramedics. Transfers out of the General Fund are most frequently made to fund reserves or to provide for capital expenditures that have been recorded in capital project funds. In addition to the budgeted transfers to reserves, management determined a need to increase the General Equipment Reserve by \$300,000, and to transfer \$200,000 to the Capital Projects Fund, to replenish the fund for expenditures made on several funded projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Variances

The City experienced positive results for the year in a comparison of actual resources and appropriations to the final budget. The budget projected a net increase in fund balance of \$49,000, but the actual results were a net increase of \$107,000, a positive variance of \$58,000.

Total revenues exceeded budget by \$466,000. The major components of this budget variance were:

- Service charges which exceeded budget by \$133,000 as the result of charges on major retail developments occurring during the year.
- Earnings on investments which exceeded budget by \$112,000 as the result of an improvement in the earnings rate of State Local Agency Investment Fund, and better than expected cash flows, providing additional funds for investment.
- Other taxes exceeded budget by \$112,000 with both property transfer taxes and utility users taxes exceeding estimates.
- Other revenue exceeded budget by \$67,000 with the major items being passport fees and fire inspection fees.
- Sales tax revenue was \$100,000 below budget, but this revenue loss was offset by gains in property taxes, franchise fees, permits, fines and revenues from other agencies.

Other sources of revenue, which were not budgeted, totaled \$308,000. The components were proceeds of \$258,000 from the sale of the 2004 Vehicle License Fee loan to the State of \$284,000, a liability insurance rebate of \$42,000 related to premiums paid in 1993 through 2001, and proceeds of \$8,000 from the disposition of securities received in a prior year from the termination of an insurance contract.

Total expenditures exceeded budget by \$216,000, largely due to a larger than budgeted level of reimbursable services, and management's decision to increase funded reserves for workers compensation and for compensated leave. Major individual account variances were:

- Salaries were \$245,000 below budget as a result of vacant salaried positions that existed during the year. Fringe benefits were \$406,000 above budget as a result of a lump sum payment to the PERS pension fund and accrual of expense for payoff of accumulated leave time for employees who have become eligible for retirement.
- Professional services expense was \$156,000 above budget due to the high level of fee based services, as noted in the discussion of service charge revenue.
- Insurance and claim expense exceeded budget by \$110,000 as a result of deposits to the workers compensation self-insurance reserve.
- Other expenditure accounts incurred variances under \$50,000 each, for a combined variance of \$210,000 below budget. Larger variances in this group were overtime, utilities and equipment purchases.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Detailed information regarding composition and activity in capital assets is provided in Note 5 to the financial statements. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2005 amounted to \$33,084,000 (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.

Major events affecting capital assets during the current fiscal year included the following:

- Sewer construction of \$1,545,000 including the replacement of the sewer line on San Pablo Avenue.
- Construction in progress at June 30, 2005 totaled \$316,000 and included resurfacing and other improvements on several streets, and improvements at Oceanview and Memorial Parks, totaling \$56,000.

**Capital Assets, Net of Accumulated Depreciation
June 30, 2005 and 2004
(thousands)**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land and construction in progress	\$ 8,282	\$ 7,918	\$ -	\$ -	\$ 8,282	\$ 7,918
Facilities, infrastructure, and equipment	13,401	13,280	11,401	10,107	24,802	23,387
Total	\$ 21,683	\$ 21,198	\$ 11,401	\$ 10,107	\$ 33,084	\$ 31,305

Additional information about the City's capital assets can be found in Note 5 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term Debt

At June 30, 2005, the City had total long-term debts and obligations as summarized below.

**Outstanding Long-term Obligations
June 30, 2005 and 2004
(thousands)**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
1997 Refunding COPS	\$ 2,670	\$ 2,995	\$ -	\$ -	\$ 2,670	\$ 2,995
2003 general obligation bonds	7,875	8,000	-	-	7,875	8,000
Sewer revenue bonds	-	-	8,484	2,990	8,484	2,990
Capital leases	56	84	-	-	56	84
Workers' compensation	-	-	-	-	-	-
Other long-term obligations	1,573	1,598	-	-	1,573	1,598
Total	\$ 12,174	\$ 12,677	\$ 8,484	\$ 2,990	\$ 20,658	\$ 15,667

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the date of publication of this report, the economic factors related to City revenues appear relatively stable and positive. Property tax is the largest source of revenue and it will continue to grow at a modest rate as property is sold and reassessed. Even if the increase in property sale prices ceases, the run-up in value has been so great that virtually any property sold will assess at a higher value than currently assessed.

Property transfer taxes have become increasingly important to the City's budget. This revenue is subject to decline if housing sales decline, or if housing prices decline, as a result of rising mortgage interest rates. However, while many economists forecast declining sales and stabilization of prices, they do not forecast a significant decline in housing prices.

Sales taxes are the second largest source of revenue to the City and they are subject to significant fluctuation in concert with the Bay Area economy. New retail developments in the redevelopment area produced increase sales tax revenue for the City in the past year, and further increases in revenue are probable. The addition of a high volume retail store in the City has not only increased the amount of sales tax revenue received by the City, it has broadened the revenue base, making it less susceptible to economic downturns.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Interest rates are expected to rise throughout the next year and this is both positive and negative for the City. The City is contemplating issuing bonds to finance capital projects, and having to pay higher rates will mean less net proceeds for the capital improvement, assuming that tax assessment rate is the controlling factor in determining the size of the bond issuance. The positive side of rising interest rates is that short-term interest rates have been rising faster than long-term rates, and the majority of the City's investments are placed in short-term securities.

The City expects to be able to maintain its moderate and responsible fiscal policies related to operating expenditures; however, the City is currently in negotiations with the Albany Peace Officer's Association whose Memorandum of Understanding expired March 31, 2005. Police officers' salaries are the largest item in the operating budget and, as a consequence, the financial stability of the City is significantly affected by the cost of police services. Rising costs of workers compensation insurance and costs of PERS retirement plan contributions have been major concerns of the City for the past few years, but there is reason to believe that these costs will level off or at least rise at a more modest and sustainable rate. Rising costs of medical insurance continues to put pressure on the City's budget, and should double digit annual cost increases continue, the City will find it difficult to absorb these cost increases, while continuing to provide the current level of services to residents.

There are three new commercial facilities in the redevelopment area, which will generate increased property tax increment revenue for the Albany Reinvestment Agency; however, the State has required redevelopment agencies to return to the State \$250,000,000 in fiscal years 2005 and 2006. The amount of revenue loss to the City of Albany was modest in fiscal year 2004-05, but the loss for fiscal year 2005-06 has not been determined.

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. Questions about this report, requests for printed or computer disk copies of this report, and requests for separate financial statements for the Albany Community Reinvestment Agency, and the City of Albany Police and Fire Relief and Pension Fund may be addressed to:

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

**GOVERNMENT-WIDE
FINANCIAL
STATEMENTS**

CITY OF ALBANY
STATEMENT OF NET ASSETS
JUNE 30, 2005
(With Comparative Totals for June 30, 2004)

	Governmental Activities	Business-Type Activities	Totals	
			2005	2004
ASSETS				
Current assets:				
Operating cash and investments	\$ 23,911,703	\$ 7,180,463	\$ 31,092,166	\$ 23,888,995
Debt service reserves held with trustee	476,741	-	476,741	862,226
Receivables:				
Other taxes	744,123	-	744,123	597,198
Accounts, less allowance of \$283,221 in fiscal 2004	393,336	7,887	401,223	674,659
Interest	209,241	-	209,241	90,020
Current portion of note receivable	7,537	-	7,537	7,202
Total current assets	<u>25,742,681</u>	<u>7,188,350</u>	<u>32,931,031</u>	<u>26,120,300</u>
Noncurrent assets:				
Note receivable, net	369,157	-	369,157	376,391
Deferred charges, net	168,806	192,529	361,335	325,743
Capital assets:				
Nondepreciable assets	8,281,964	-	8,281,964	7,918,248
Depreciable assets, net	13,401,032	11,400,764	24,801,796	23,387,397
Total capital assets, net	<u>21,682,996</u>	<u>11,400,764</u>	<u>33,083,760</u>	<u>31,305,645</u>
Total noncurrent assets	<u>22,220,959</u>	<u>11,593,293</u>	<u>33,814,252</u>	<u>32,007,779</u>
Total assets	<u>47,963,640</u>	<u>18,781,643</u>	<u>66,745,283</u>	<u>58,128,079</u>
LIABILITIES				
Current liabilities:				
Accounts payable	344,974	5,621	350,595	680,571
Accrued salaries & benefits	472,194	-	472,194	275,713
Accrued liabilities	875,087	107,266	982,353	847,208
Claims liabilities	3,250,843	-	3,250,843	2,919,843
Deferred revenue	437,011	-	437,011	279,272
Current portion of long-term debt	534,540	320,000	854,540	717,923
	<u>5,914,649</u>	<u>432,887</u>	<u>6,347,536</u>	<u>5,720,530</u>
Noncurrent liabilities:				
Long-term debt, net	<u>11,639,373</u>	<u>8,164,422</u>	<u>19,803,795</u>	<u>14,948,543</u>
Total liabilities	<u>17,554,022</u>	<u>8,597,309</u>	<u>26,151,331</u>	<u>20,669,073</u>
NET ASSETS				
Invested in capital assets, net of related debt	17,781,968	7,106,252	24,888,220	24,374,434
Restricted for:				
Capital projects	6,354,916	-	6,354,916	6,085,653
Debt service	708,136	-	708,136	613,520
Specific purposes and programs	3,153,947	-	3,153,947	1,745,347
Unrestricted	2,410,651	3,078,082	5,488,733	4,640,052
Total net assets	<u>\$ 30,409,618</u>	<u>\$ 10,184,334</u>	<u>\$ 40,593,952</u>	<u>\$ 37,459,006</u>

CITY OF ALBANY

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

(With Comparative Totals for the Fiscal Year Ended June 30, 2004)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
						2005	2004	
PRIMARY GOVERNMENT								
Governmental activities:								
General government	\$ 3,470,925	\$ 110,250	\$ -	\$ -	\$ (3,360,675)	\$ -	\$ (3,360,675)	\$ (3,434,040)
Police	3,895,781	242,783	136,742	-	(3,516,256)	-	(3,516,256)	(3,125,700)
Fire and emergency medical services	3,211,605	497,834	-	-	(2,713,771)	-	(2,713,771)	(2,511,231)
Community development and environmental resources	4,288,600	504,282	763,542	1,314,001	(1,706,775)	-	(1,706,775)	(1,639,558)
Recreation and community services	1,970,000	606,022	59,973	-	(1,304,005)	-	(1,304,005)	(1,242,366)
Interest on long-term debt	445,989	-	-	-	(445,989)	-	(445,989)	(345,487)
Total governmental activities	17,282,900	1,961,171	960,257	1,314,001	(13,047,471)	-	(13,047,471)	(12,298,382)
Business-type activities:								
Sewer	619,126	1,773,877	-	-	-	1,154,751	1,154,751	1,130,827
Total business-type activities	619,126	1,773,877	-	-	-	1,154,751	1,154,751	1,130,827
Change in net assets:								
Net (expense) revenue	\$ 17,902,026	\$ 3,735,048	\$ 960,257	\$ 1,314,001	(13,047,471)	1,154,751	(11,892,720)	(11,167,555)
General revenues:								
Taxes:								
Property taxes					7,422,406	-	7,422,406	6,146,426
Sales taxes					1,599,449	-	1,599,449	1,356,985
Franchise and other taxes					4,557,311	-	4,557,311	4,506,463
Earnings on investments					474,975	175,321	650,296	368,969
Revenues from other agencies					409,822	-	409,822	802,813
Other revenue					385,667	2,715	388,382	1,599,794
Transfers					836,378	(836,378)	-	-
Total general revenues and transfers					15,686,008	(658,342)	15,027,666	14,781,450
Change in net assets					2,638,537	496,409	3,134,946	3,613,895
Net assets, beginning of year					27,771,081	9,687,925	37,459,006	33,845,111
Net assets, end of year					\$ 30,409,618	\$ 10,184,334	\$ 40,593,952	\$ 37,459,006

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FUND

FINANCIAL

STATEMENTS

CITY OF ALBANY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2005
(With Comparative Totals for June 30, 2004)

	Major Funds				Total Governmental Funds	
	1996-1					
	General Fund	Assessment District Bond Fund	General Obligation Bond 2003	Other Governmental Funds	2005	2004
ASSETS				*	**	
Operating cash and investments	\$ 6,431,463	\$ 4,341,165	\$ 6,957,661	\$ 5,926,293	\$ 23,656,582	\$ 21,510,766
Debt service reserves held with trustee	-	-	-	476,741	476,741	473,784
Receivables:						
Other taxes	648,281	-	-	95,842	744,123	597,198
Accounts, less allowance of \$283,221 in fiscal 2004	73,448	-	-	319,888	393,336	674,659
Interest	179,436	29,805	-	-	209,241	90,020
Note	376,694	-	-	-	376,694	383,593
Due from other funds	229,268	-	-	-	229,268	327,046
Advances to other funds	881,398	-	-	-	881,398	863,866
Total assets	<u>\$ 8,819,988</u>	<u>\$ 4,370,970</u>	<u>\$ 6,957,661</u>	<u>\$ 6,818,764</u>	<u>\$ 26,967,383</u>	<u>\$ 24,920,932</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 200,828	\$ 6,710	\$ 87,530	\$ 49,906	\$ 344,974	\$ 646,507
Accrued salaries & benefits	460,399	640	-	11,155	472,194	275,713
Accrued liabilities	563,372	47,706	39,969	51,845	702,892	619,245
Due to other funds	-	11,457	-	217,811	229,268	327,046
Claims liabilities	3,250,843	-	-	-	3,250,843	2,919,843
Deferred revenue	375,609	-	-	156,597	532,206	356,935
Advances from other funds	-	-	-	881,398	881,398	863,866
Total liabilities	<u>4,851,051</u>	<u>66,513</u>	<u>127,499</u>	<u>1,368,712</u>	<u>6,413,775</u>	<u>6,009,155</u>
Fund balances						
Reserved for long-term note receivable	376,694	-	-	-	376,694	383,593
Reserved for interfund receivable	881,398	-	-	-	881,398	863,866
Reserved for capital projects	-	4,304,457	6,830,162	2,050,459	13,185,078	13,214,384
Reserved for debt service	-	-	-	880,331	880,331	792,566
Unreserved:						
Designated - General Fund-equipment replacement	396,260	-	-	-	396,260	416,768
Designated - Special Revenue Funds	-	-	-	3,153,947	3,153,947	1,745,347
Undesignated - General Fund	2,314,585	-	-	-	2,314,585	2,197,618
Unreserved (deficit) - Capital Project Funds	-	-	-	(234,453)	(234,453)	(270,093)
Unreserved (deficit) - Debt Service Funds	-	-	-	(400,232)	(400,232)	(432,272)
Total fund balances	<u>3,968,937</u>	<u>4,304,457</u>	<u>6,830,162</u>	<u>5,450,052</u>	<u>20,553,608</u>	<u>18,911,777</u>
Total liabilities and fund balances	<u>\$ 8,819,988</u>	<u>\$ 4,370,970</u>	<u>\$ 6,957,661</u>	<u>\$ 6,818,764</u>	<u>\$ 26,967,383</u>	<u>\$ 24,920,932</u>
Total fund balances					\$ 20,553,608	\$ 18,911,777
Amounts reported for governmental activities in the statement of net assets are different because:						
Deferred charges for debt issuance expensed in government funds statement.					168,806	183,366
Net capital assets not reported in government funds statements.					21,672,693	21,185,272
Net assets and liabilities not requiring current resources; therefore not included in government funds statement.					(77,000)	(101,383)
Long-term liabilities not due within one year; therefore not included in government funds statement.					(12,173,913)	(12,676,466)
Net assets of internal service funds not included in government funds statement.					265,424	268,515
Net assets of governmental activities					<u>\$ 30,409,618</u>	<u>\$ 27,771,081</u>

* See page D3 for schedule of funds.

** See page D5 for details of the Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets.

CITY OF ALBANY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(With Comparative Totals for the Fiscal Year Ended June 30, 2004)

	Major Funds				Total Governmental Funds	
	1996-1				2005	2004
	General Fund	Assessment District Bond Fund	General Obligation Bond 2003	Other Governmental Funds		
*	**	**	***			
REVENUES						
Property taxes	\$ 3,491,779	\$ -	\$ -	\$ 3,930,627	\$ 7,422,406	\$ 6,146,426
Sales taxes	1,599,449	-	-	-	1,599,449	1,356,985
Franchise and other taxes	4,502,985	-	-	54,326	4,557,311	4,506,463
Licenses and permits	210,087	-	-	1,520	211,607	347,046
Fines and forfeitures	216,450	-	-	-	216,450	281,592
Earnings on investments	137,270	95,268	180,384	62,053	474,975	353,941
Revenues from other agencies	169,266	-	-	2,256,354	2,425,620	2,329,432
Current services charges	1,103,755	-	-	429,360	1,533,115	1,564,775
Other revenue	245,035	-	-	90,734	335,769	1,599,794
Total revenues	11,676,076	95,268	180,384	6,824,974	18,776,702	18,486,454
EXPENDITURES						
Current:						
General government	3,418,893	-	-	13,974	3,432,867	3,906,930
Police	3,808,482	-	-	143,853	3,952,335	3,646,731
Fire and emergency medical services	3,159,889	-	-	24,705	3,184,594	2,940,876
Community development and environmental resources	1,978,862	-	102,790	936,545	3,018,197	3,275,181
Recreation and community services	1,236,126	18,870	-	576,102	1,831,098	1,650,727
Capital outlay	-	440,081	434,018	1,038,121	1,912,220	1,735,721
Debt service:						
Principal	-	-	-	477,923	477,923	351,083
Interest	-	-	-	470,372	470,372	384,147
Total expenditures	13,602,252	458,951	536,808	3,681,595	18,279,606	17,891,396
REVENUES OVER (UNDER) EXPENDITURES	(1,926,176)	(363,683)	(356,424)	3,143,379	497,096	595,058
OTHER FINANCING SOURCES (USES)						
Transfers in	2,309,948	-	57,855	1,298,218	3,666,021	4,668,815
Transfers out	(585,037)	-	-	(2,244,606)	(2,829,643)	(3,938,226)
Other sources	308,357	-	-	-	308,357	-
Total other financing sources (uses)	2,033,268	-	57,855	(946,388)	1,144,735	730,589
Net change in fund balances	107,092	(363,683)	(298,569)	2,196,991	1,641,831	1,325,647
Fund balances, beginning of year	3,861,845	4,668,140	7,128,731	3,253,061	18,911,777	17,586,130
Fund balances, end of year	\$ 3,968,937	\$ 4,304,457	\$ 6,830,162	\$ 5,450,052	\$ 20,553,608	\$ 18,911,777

* See page B6 for budget comparisons.

** See page D41 for budget comparisons.

*** See page D4 for schedule of funds.

CITY OF ALBANY

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(With Comparative Totals for the Fiscal Year Ended June 30, 2004)

	<u>2005</u>	<u>2004</u>
Net Changes in Fund Balances - Total Governmental Funds	\$ 1,641,831	\$ 1,325,647
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	1,022,279	1,833,851
Depreciation expense	(531,023)	(508,978)
<p>Losses on the disposal of capital assets are reported in the Statement of Activities and Changes in Net Assets, but do not require the use of current financial resources. Therefore, it is not reported as an expenditure in governmental funds.</p>		
	(3,834)	(18,515)
<p>Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but deferred and amortized throughout the period during which the related debt is outstanding. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net assets.</p>		
Issuance of long-term debt	-	-
Principal repayments on long-term debt	477,923	346,395
Reclassification of long-term workers' compensation to short-term liability	-	335,741
Reduction in arbitrage liability	4,100	-
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Amortization of bond issuance costs	(14,560)	(14,560)
Change in compensated absences	20,529	(74,185)
Change in accrued interest payable	6,851	(101,340)
<p>Some interest expenses due to other funds reported in the governmental funds are not reported in the Statement of Activities.</p>		
	17,532	77,663
<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 with the governmental funds.</p>		
	<u>(3,091)</u>	<u>46,910</u>
Total Changes in Net Assets of Governmental Activities	<u>\$ 2,638,537</u>	<u>\$ 3,248,629</u>

CITY OF ALBANY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive/ (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 3,412,576	\$ 3,430,634	\$ 3,491,779	\$ 61,145
Sales taxes	1,700,448	1,700,448	1,599,449	(100,999)
Franchise and other taxes	4,607,335	4,391,105	4,502,985	111,880
Licenses and permits	178,018	178,018	210,087	32,069
Fines and forfeitures	307,000	204,000	216,450	12,450
Earnings on investments	25,000	25,000	137,270	112,270
Revenues from other agencies	160,075	130,900	169,266	38,366
Current services charges	970,958	970,958	1,103,755	132,797
Other revenue	178,453	178,453	245,035	66,582
Total revenues	11,539,863	11,209,516	11,676,076	466,560
EXPENDITURES				
Current:				
General government	2,831,226	2,807,113	3,418,893	(611,780)
Police	4,217,143	3,975,267	3,808,482	166,785
Fire and emergency medical services	3,364,984	3,329,294	3,159,889	169,405
Community development and environmental resources	2,038,426	2,008,683	1,978,862	29,821
Recreation and community services	1,272,693	1,265,226	1,236,126	29,100
Total expenditures	13,724,472	13,385,583	13,602,252	(216,669)
REVENUES OVER (UNDER) EXPENDITURES	(2,184,609)	(2,176,067)	(1,926,176)	249,891
OTHER FINANCING SOURCES (USES)				
Transfers in	2,310,049	2,310,049	2,309,948	(101)
Transfers out	(101,037)	(85,037)	(585,037)	(500,000)
Other sources	-	-	308,357	308,357
Total other financing sources (uses)	2,209,012	2,225,012	2,033,268	(191,744)
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing uses	\$ 24,403	\$ 48,945	107,092	\$ 58,147
Fund balances, beginning of year			3,861,845	
Fund balances, end of year			\$ 3,968,937	

CITY OF ALBANY
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2005

(With Comparative Totals for June 30, 2004)

	2005		2004	
	Business-Type Activities- Enterprise Fund Sewer Fund	Governmental Activities- Internal Service Funds	Business-Type Activities- Enterprise Fund Sewer Fund	Governmental Activities- Internal Service Funds
ASSETS				
Current assets:				
Operating cash and investments	\$ 7,180,463	\$ 255,121	\$ 2,123,108	\$ 255,121
Debt service reserves held with trustee	-	-	388,442	-
Receivables	7,887	-	-	-
Total current assets	<u>7,188,350</u>	<u>255,121</u>	<u>2,511,550</u>	<u>255,121</u>
Noncurrent assets:				
Deferred charges, net	192,529	-	142,377	-
Capital assets, net	11,400,764	10,303	10,106,979	13,394
Total noncurrent assets	<u>11,593,293</u>	<u>10,303</u>	<u>10,249,356</u>	<u>13,394</u>
Total assets	<u>18,781,643</u>	<u>265,424</u>	<u>12,760,906</u>	<u>268,515</u>
LIABILITIES				
Current liabilities:				
Accounts payable	5,621	-	34,064	-
Accrued salaries & benefits	-	-	-	-
Accrued liabilities	107,266	-	48,917	-
Current portion of long-term debt	320,000	-	240,000	-
Total current liabilities	<u>432,887</u>	<u>-</u>	<u>322,981</u>	<u>-</u>
Noncurrent liabilities:				
Long-term debt	8,164,422	-	2,750,000	-
Total liabilities	<u>8,597,309</u>	<u>-</u>	<u>3,072,981</u>	<u>-</u>
NET ASSETS				
Invested in capital assets, net of related debt	7,106,252	10,303	7,116,979	13,394
Unrestricted	3,078,082	255,121	2,570,946	255,121
Total net assets	<u>\$ 10,184,334</u>	<u>\$ 265,424</u>	<u>\$ 9,687,925</u>	<u>\$ 268,515</u>

CITY OF ALBANY
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(With Comparative Totals for the Fiscal Year Ended June 30, 2004)

	2005		2004	
	Business-Type Activities- Enterprise Fund Sewer Fund	Governmental Activities- Internal Service Funds	Business-Type Activities- Enterprise Fund Sewer Fund	Governmental Activities- Internal Service Funds
OPERATING REVENUES				
Services charges	\$ 1,773,877	\$ -	\$ 1,729,775	\$ -
Total operating revenue	<u>1,773,877</u>	<u>-</u>	<u>1,729,775</u>	<u>-</u>
OPERATING EXPENSES				
Materials, supplies and other	37,202	-	193,588	-
Amortization	29,323	-	15,819	-
Depreciation	250,728	3,091	248,154	3,090
Total operating expenses	<u>317,253</u>	<u>3,091</u>	<u>457,561</u>	<u>3,090</u>
Operating income (loss)	<u>1,456,624</u>	<u>(3,091)</u>	<u>1,272,214</u>	<u>(3,090)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	175,321	-	15,028	-
Miscellaneous	2,715	-	-	-
Interest expense	(301,873)	-	(141,387)	-
Net nonoperating revenues (expenses)	<u>(123,837)</u>	<u>-</u>	<u>(126,359)</u>	<u>-</u>
Income (loss) before transfers	1,332,787	(3,091)	1,145,855	(3,090)
Transfers in	-	-	13,418	50,000
Transfers out	(836,378)	-	(794,007)	-
Net transfers	<u>(836,378)</u>	<u>-</u>	<u>(780,589)</u>	<u>50,000</u>
Changes in net assets	496,409	(3,091)	365,266	46,910
Net assets, beginning of year	<u>9,687,925</u>	<u>268,515</u>	<u>9,322,659</u>	<u>221,605</u>
Net assets, end of year	<u>\$ 10,184,334</u>	<u>\$ 265,424</u>	<u>\$ 9,687,925</u>	<u>\$ 268,515</u>

CITY OF ALBANY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(With Comparative Totals for the Fiscal Year Ended June 30, 2004)

	2005		2004	
	Business-Type Activities- Enterprise Fund Sewer Fund	Governmental Activities- Internal Service Funds	Business-Type Activities- Enterprise Fund Sewer Fund	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,765,990	\$ -	\$ 1,755,636	\$ -
Cash paid to suppliers	(7,296)	-	(182,912)	-
Cash paid to employees	-	-	(5,670)	-
Net cash provided by operating activities	<u>1,758,694</u>	<u>-</u>	<u>1,567,054</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	-	-	13,418	50,000
Transfers out to other funds	(836,378)	-	(794,007)	-
Claims and workers' compensation liabilities transferred to general fund	-	-	-	-
Net cash provided by (used by) noncapital financing activities	<u>(836,378)</u>	<u>-</u>	<u>(780,589)</u>	<u>50,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	8,407,661	-	-	-
Acquisition and construction of capital assets	(1,544,512)	-	-	-
Principal payments - bonds	(2,990,000)	-	(225,000)	-
Interest paid	(301,873)	-	(141,387)	-
Other	-	-	-	-
Net cash used by capital and related financing activities	<u>3,571,276</u>	<u>-</u>	<u>(366,387)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	175,321	-	15,028	-
Decrease in restricted investments	388,442	-	576	-
Net cash provided by investing activities	<u>563,763</u>	<u>-</u>	<u>15,604</u>	<u>-</u>
Net change in cash and cash equivalents	5,057,355	-	435,682	50,000
Cash and cash equivalents at beginning of year	2,123,108	255,121	1,687,426	205,121
Cash and cash equivalents at end of year	<u>\$ 7,180,463</u>	<u>\$ 255,121</u>	<u>\$ 2,123,108</u>	<u>\$ 255,121</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 1,456,624	\$ (3,091)	\$ 1,272,214	\$ (3,090)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization expense	280,051	3,091	263,973	3,090
Miscellaneous non-operating revenue (expense)	-	-	10,012	-
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	(7,887)	-	25,861	-
Decrease (increase) in accounts payable and accrued liabilities	29,906	-	(5,006)	-
Net cash provided by operating activities	<u>\$ 1,758,694</u>	<u>\$ -</u>	<u>\$ 1,567,054</u>	<u>\$ -</u>

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CITY OF ALBANY
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2005

(With Comparative Totals for June 30, 2004)

	2005		2004	
	Pension Trust Fund (Police and Fire Pension)	Agency Funds	Pension Trust Fund (Police and Fire Pension)	Agency Funds
ASSETS		*		
Operating cash and investments	\$ -	\$ 693,350	\$ -	\$ 613,304
Debt service reserves held with trustee	-	483,332	-	497,461
Receivables:				
Contributions and other	-	-	534,513	-
Interest	87,240	-	99,165	-
Investments, at fair value:				
U.S. government securities	4,783,058	-	4,046,651	-
Corporate bonds and debentures	2,415,670	-	3,159,641	-
Common stock	6,149,478	-	6,152,981	-
Investment pools	167,058	-	374,295	-
Money market fund	1,276,386	-	640,359	-
Total investments, fair value	14,791,650	-	14,373,927	-
Total assets	14,878,890	1,176,682	15,007,605	1,110,765
LIABILITIES				
Accounts payable	15,505	10,762	16,689	20,099
Due to bondholders	-	882,537	-	915,638
Refundable deposits	-	283,383	-	175,028
Total liabilities	15,505	1,176,682	16,689	1,110,765
NET ASSETS				
Assets held in trust for pension benefits	14,863,385	-	14,990,916	-
Total net assets	\$ 14,863,385	\$ -	\$ 14,990,916	\$ -

* See page D49 for schedule of funds.

CITY OF ALBANY
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(With Comparative Totals for the Fiscal Year Ended June 30, 2004)

	2005	2004
	Pension Trust Fund (Police and Fire Pension)	Pension Trust Fund (Police and Fire Pension)
ADDITIONS		
Contributions:		
Employer	\$ -	\$ -
Plan members	-	-
Total contributions	<u>-</u>	<u>-</u>
Investment income:		
Net appreciation in fair value of investments	771,013	957,768
Interest	428,278	485,039
Dividends	116,920	104,146
Total investment income	<u>1,316,211</u>	<u>1,546,953</u>
Less investment expense	130,727	133,491
Net investment income	<u>1,185,484</u>	<u>1,413,462</u>
Other:		
Property tax override	-	534,513
Total additions to net assets	<u>1,185,484</u>	<u>1,947,975</u>
DEDUCTIONS		
Benefits paid	1,289,017	1,261,307
Administrative expenses	19,760	19,491
Other expenses	4,238	7,500
Total deductions from net assets	<u>1,313,015</u>	<u>1,288,298</u>
Changes in net assets	(127,531)	659,677
Net assets, beginning of year	<u>14,990,916</u>	<u>14,331,239</u>
Net assets, end of year	<u><u>\$ 14,863,385</u></u>	<u><u>\$ 14,990,916</u></u>

**NOTES TO
BASIC FINANCIAL
STATEMENTS**

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

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 June 30, 2005, as estimated by the California Department of Finance was 16,743.

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

In addition to finance and administrative functions, the City Administrator oversees approximately 106 fulltime-equivalent employees in the functions of:

- *Police services* - the Police Department is composed of a Chief, 26 sworn officers and 10 unsworn personnel. A force of 12 reserve officers augments the fulltime police force. In addition to enforcement of laws and protection of life and property, the department is involved in numerous community service programs.
- *Fire and Emergency Medical Services* - the Fire and Emergency Medical Services Department is composed of a Chief, a Battalion Chief, and 18 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 sale of bicycle helmets and conducting CPR courses.
- *Recreation and Community Services* - the City provides many recreational services to its citizens, with emphasis on services to youth and seniors. City owned facilities operated by this department are:
 - Community Center,
 - Senior Center,
 - Memorial Park Child Care Center, and
 - Albany Teen Center.
- *Community Development* - the functions of maintaining the infrastructure of the City and administering licensing, permit and zoning are assigned to this department. The functions performed by this department are administered in three divisions:
 - Planning and Building,
 - Public Works, and
 - Environmental Resources.

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 2 – Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 2 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting/Measurement Focus

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

Government - wide Financial Statements

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

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, transactions between governmental and business-type activities have not been eliminated.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 2 – Summary of Significant Accounting Policies (Continued)

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

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

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

Governmental Fund Financial Statements

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

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

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

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 2 – Summary of Significant Accounting Policies (Continued)

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

The major governmental funds of the City are:

- *General Fund* – This is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- *1996-1 Assessment District Bond Fund* – This fund is used to pay for the acquisition, development and maintenance of open space on Albany Hill; the acquisition, development and maintenance of recreational playfields; and the activities relating to creek restoration, as part of the Open Space, Recreational Playfields and Creek Restoration Assessment District No.1996-1.
- *General Obligation Bond 2003* - This fund is used to account for the General Obligation Bond, Series 2003, issued to finance the repair and improvement of recreational facilities; structural improvements to the fire department, police department and city hall buildings; residential street improvements; bike path improvements, construction and safety lighting; create new parks and improve existing parks; and resurface city streets.

Proprietary Fund Financial Statements

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

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

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 2 – Summary of Significant Accounting Policies (Continued)

The City's only internal service fund at June 30, 2005 is the Community Development Equipment Reserve Fund. This fund is being used to accumulate resources to be used for replacement of public works and park equipment.

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

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

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a statement of net assets and a statement of changes in net assets. The City's fiduciary funds represent agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting, as are the governmental funds explained above.

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

Agency funds are custodial in nature and do not require reporting of the results of operations and no measurement focus is applied to these funds. The modified accrual basis of accounting is utilized for reporting revenues and expenditures in agency funds.

C. 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 Administrator 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.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 2 – Summary of Significant Accounting Policies (Continued)

3. The budget is formalized and legally enacted through City Council resolution.
4. All intrafund transfers above \$5,000 require the approval of the City Administrator (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 Administrator and Finance and Administrative Services Director. Such approval shall only be given provided the interfund transfer does not change the total initial appropriation for all funds requiring budgets. Changes in appropriations at the fund level must be approved by the City Council.
5. Formal budgetary integration, in the form of the annual budgets, is employed as a management control device during the year for the General Fund, Special Revenue Funds and all Capital Projects Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is achieved through general obligation bond indenture provisions and other debt agreements.
6. Budgets for General, Special Revenue, and Capital Projects Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations lapsed at June 30, 2005, the end of the fiscal year of the current annual budget.

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, 2005.

D. Revenue Recognition for the Sewer Enterprise Fund

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

E. Compensated Absences

City employees have a vested interest in accrued vacation time and twenty-five percent of accrued sick leave time. This accrued leave time will eventually be used by employees or paid-off by the City. The City has obligations for accrued vacation and sick leave in the amount of \$923,309, for which \$100,000 is recorded as a current liability and \$823,309 as a non-current liability.

F. Property Tax

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

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

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 2 – Summary of Significant Accounting Policies (Continued)

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.

G. 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.

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. Public domain (infrastructure) general fixed assets include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Capital assets are recorded at cost and depreciated over their estimated useful lives. Depreciation is charged to governmental activities, by function.

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

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

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

Furniture and Equipment	5-10 years
Sewer transmission lines	50 years
Vehicles	5 years
Buildings	20-50 years
Infrastructure	20-70 years

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 2 – Summary of Significant Accounting Policies (Continued)

I. Deferred Compensation Plan

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

J. New Accounting Pronouncements

In December 2004, the GASB issued Statement No. 46, *Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34*. GASB Statement 46 requires disclosure of the primary government's net assets at the end of the reporting period that are restricted by enabling legislation. Net assets are considered restricted by enabling legislation when the resources can only be used for purposes specified by the legislation. The provisions of GASB Statement No. 46 are effective for financial statements for periods beginning after June 15, 2005; however, the City has elected to implement the provisions of the Statement for the fiscal year ended June 30, 2005 (see Note 10).

K. Use of Estimates

The preparation of the basic financial statements in conformity with 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. Reclassifications/Comparative Data

Certain prior period amounts have been reclassified in order to conform to the fiscal 2005 financial statement presentation. Prior year total columns on the accompanying financial statements are not necessary for a fair presentation of the financial statements, but are presented to facilitate financial analysis.

NOTE 3 – 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 cash 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 Albany Police and Fire Relief and Pension Plan investments can be found in Note 12.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 3 – Cash and Investments (Continued)

A. Summary of Cash and Investments

Cash and investments as of June 30, 2005 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 31,092,166
Debt service reserves held with trustee	476,741
Fiduciary funds:	
Cash and investments	15,485,000
Debt service reserves held with trustee	483,332
	<hr/>
Total cash and investments	\$ 47,537,239
	<hr/> <hr/>

B. Cash and investments as of June 30, 2005 consist of the following:

Cash on hand	\$ 3,300
Deposits with financial institutions	151,026
Investments	47,382,913
	<hr/>
Total cash and investments	\$ 47,537,239
	<hr/> <hr/>

C. 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, 2005

NOTE 3 – Cash and 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
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.

D. 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.

Investment Type	Fair Value	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury notes	\$ 496,150	\$ 496,150	-	-	-
Federal agency securities	982,345	-	\$ 495,155	\$ 487,190	-
State investment pool	29,619,806	29,619,806	-	-	-
Money market funds	532,888	532,888	-	-	-
Held by bond trustee:					
U.S. Treasury notes	960,073	960,073	-	-	-
Total	\$ 32,591,262	\$ 31,608,917	\$ 495,155	\$ 487,190	\$ -

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 3 – Cash and Investments (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. Presented below is the actual rating as of year end for each investment type.

Investment Type	Fair Value	Exempt From Disclosure	Rating as of Year End	
			AAA	Not Rated
U.S. Treasury notes	\$ 496,150	\$ 496,150		
Federal agency securities	982,345		\$ 982,345	
State investment pool	29,619,806			\$ 29,619,806
Money market funds	532,888			532,888
Held by bond trustee:				
U.S. Treasury notes	960,073	960,073		
Total	<u>\$ 32,591,262</u>	<u>\$ 1,456,223</u>	<u>\$ 982,345</u>	<u>\$ 30,152,694</u>

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, 2005, 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, 2005, \$227,655 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2005, there were no investments held by the same broker-dealer that was used by the City to buy the securities. Securities purchased through Wells Fargo Institutional Securities, LLC are held in the custody of Wells Fargo Bank National Association, in the name of the City.

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 3 – Cash and Investments (Continued)

E. 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 \$29,619,806 whose pro-rata share of fair value was estimated by the state Treasurer to be \$29,553,089. The fair value change in this investment for the year came to an amount that was not material for presentation in the financial statements.

F. Fair Value of Investments

Accounting pronouncement GASB Statement 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 purpose. The Funds investment custodians provide market values on each investment instrument on a monthly basis. The investments held by the Funds are widely traded in the financial markets, and

trading values are readily available from numerous published sources. The Funds have elected to report their money market investments (those investments with maturities of less than one year) at amortized cost adjusted to fair value. Unrealized gains and losses are recorded and the carrying value of their investments is considered "fair value".

NOTE 4 – Receivables

Note Receivable

During September 2001, per the employment agreement between the City and the City Administrator, the City loaned the City Administrator \$400,000 to be used toward the purchase of her principal residence. The loan includes interest at one-eighth of a percentage point above the interest that the City earned from LAIF (Local Agency Investment Fund Account) as of the date of the loan. The outstanding principal balance of the loan at June 30, 2005, was \$376,694, and is recorded in the General Fund as a note receivable.

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 5 – Capital Assets

The following is a summary of capital assets as of June 30, 2005:

	Governmental Activities	Business- Type Activities	Total
Capital assets not being depreciated:			
Land and improvements	\$ 7,966,023	\$ -	\$ 7,966,023
Construction in progress	315,941	-	315,941
	<u>8,281,964</u>	<u>-</u>	<u>8,281,964</u>
Depreciable capital assets:			
Buildings	8,254,565	-	8,254,565
Furniture and fixtures	114,262	-	114,262
Machinery and equipment	678,463	-	678,463
Vehicles	1,848,510	-	1,848,510
Sewer lines	-	13,952,187	13,952,187
Infrastructure	7,483,667	-	7,483,667
Total	<u>18,379,467</u>	<u>13,952,187</u>	<u>32,331,654</u>
Less: accumulated depreciation	<u>4,978,435</u>	<u>2,551,423</u>	<u>7,529,858</u>
Depreciable capital assets, net	<u>13,401,032</u>	<u>11,400,764</u>	<u>24,801,796</u>
Total capital assets, net	<u>\$ 21,682,996</u>	<u>\$ 11,400,764</u>	<u>\$ 33,083,760</u>

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 5 – Capital Assets (Continued)

Transactions and balances of capital assets were as follows:

	Balances June 30, 2004	Additions	Transfers/ Retirements	Balances June 30, 2005
Governmental activities:				
Nondepreciable assets:				
Land and improvements	\$ 7,868,198	\$ 97,825	\$ -	\$ 7,966,023
Construction in progress	50,050	315,941	50,050	315,941
Total nondepreciable assets	<u>7,918,248</u>	<u>413,766</u>	<u>50,050</u>	<u>8,281,964</u>
Depreciable assets:				
Buildings	8,254,565	-	-	8,254,565
Furniture and fixtures	114,262	-	-	114,262
Machinery and equipment	578,390	140,055	39,982	678,463
Vehicles	1,412,654	107,973	103,160	1,417,467
Infrastructure	7,073,133	410,534	-	7,483,667
Total depreciable assets	<u>17,433,004</u>	<u>658,562</u>	<u>143,142</u>	<u>17,948,424</u>
Less accumulated depreciation for:				
Buildings	2,124,879	164,380	-	2,289,259
Furniture and fixtures	75,215	6,867	-	82,082
Machinery and equipment	412,414	46,988	38,352	421,050
Vehicles	1,105,697	124,319	100,956	1,129,060
Infrastructure	447,775	188,469	-	636,244
Total accumulated depreciation	<u>4,165,980</u>	<u>531,023</u>	<u>139,308</u>	<u>4,557,695</u>
Total depreciable assets, net	<u>13,267,024</u>	<u>127,539</u>	<u>3,834</u>	<u>13,390,729</u>
Internal service fund fixed assets:				
Depreciable assets:				
Vehicles	431,043	-	-	431,043
Total depreciable assets	<u>431,043</u>	<u>-</u>	<u>-</u>	<u>431,043</u>
Less: accumulated depreciation	<u>417,649</u>	<u>3,091</u>	<u>-</u>	<u>420,740</u>
Total depreciable assets, net	<u>13,394</u>	<u>(3,091)</u>	<u>-</u>	<u>10,303</u>
Total governmental activities	<u>\$ 21,198,666</u>	<u>\$ 538,214</u>	<u>\$ 53,884</u>	<u>\$ 21,682,996</u>

Depreciation was charged to function as follows:

Governmental activities:	
General government	\$ 31,127
Police	95,015
Fire and emergency medical services	32,312
Community development and environmental resources	208,866
Recreation and community services	166,794
Total governmental activities depreciation expense	<u>\$ 534,114</u>

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 5 – Capital Assets (Continued)

	Balances June 30, 2004	Additions	Retirements	Balances June 30, 2005
Business-type activities:				
Sewer Enterprise Fund fixed assets:				
Depreciable Assets:				
Sewer lines	\$ 12,407,676	\$ 1,544,512	\$ -	\$ 13,952,188
Total depreciable assets	<u>12,407,676</u>	<u>1,544,512</u>	<u>-</u>	<u>13,952,188</u>
Less accumulated depreciation for:				
Sewer lines	2,300,697	250,727	-	2,551,424
Total accumulated depreciation	<u>2,300,697</u>	<u>250,727</u>	<u>-</u>	<u>2,551,424</u>
 Total depreciable assets, net	 <u>\$ 10,106,979</u>	 <u>\$ 1,293,785</u>	 <u>\$ -</u>	 <u>\$ 11,400,764</u>

NOTE 6 – Governmental Activities Debt

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

Debt-Governmental Activities	Balances June 30, 2004	Additions	Retirements	Balances June 30, 2005	Due within one year
Long-term debt:					
1997 Refunding COPS					
4.25-4.8%, 9/1/12	\$ 2,995,000	\$ -	\$ 325,000	\$ 2,670,000	\$ 345,000
2003 general obligation					
bonds 3.00-4.00%, 8/1/33	8,000,000	-	125,000	7,875,000	160,000
Capital leases					
1997 Fire truck					
6.1%, 2/15/2007	74,084	-	23,350	50,734	24,670
2001 vehicle lease	9,443	-	4,573	4,870	4,870
	<u>11,078,527</u>	<u>-</u>	<u>477,923</u>	<u>10,600,604</u>	<u>534,540</u>
Arbitrage on the 1997					
Refunding COPS	4,100	-	4,100	-	-
Landfill postclosure costs	750,000	-	-	750,000	-
Compensated absences	843,839	98,508	19,038	923,309	100,000
Total long-term debt	<u>\$ 12,676,466</u>	<u>\$ 98,508</u>	<u>\$ 501,061</u>	<u>\$ 12,273,913</u>	<u>\$ 634,540</u>

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 6 – Governmental Activities Debt (Continued)

Claims and judgments and compensated absences are generally liquidated by the general fund. The compensated absences due in one year are included in accrued salaries and benefits. The City anticipates securing governmental grant funding for liquidation of the landfill post closure costs.

A. 1997 Refunding Certificates of Participation

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

B. 2003 General Obligation Bonds

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

C. Capital Leases

On February 15, 1997, the City leased a fire truck in the amount of \$206,070. The lease requires annual principal and interest payments each February 15th. The City is using General Fund resources to make lease payments. Future lease payments are detailed in the accompanying table.

The City entered into a lease agreement during the 2000-2001 fiscal year to acquire a vehicle. The lease requires annual lease payments of \$5,187. The City is using the General Fund resources to make these payments. Future lease payments are detailed in the accompanying table.

D. Compensated Absences

The City's accrued liability for compensated absences (vacation, sick leave, administrative leave, and compensatory time) totaled \$923,309 at June 30, 2005, of which \$100,000 is classified as short-term liability and \$823,309 as non-current liability.

E. Arbitrage

The City has completed arbitrage calculations for the governmental activities long-term debt, and the City has no arbitrage liability as of June 30, 2005.

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 6 – Governmental Activities Debt (Continued)

F. Landfill Postclosure Costs

See Note 15 for a complete discussion of the landfill postclosure costs.

G. Future Governmental Activities Debt Service

Debt service schedules for the COPS, general obligation bonds and lease purchases are as follows:

	Principal			Interest		
	1997 COPS	2003		1997 COPS	2003	
		GO Bonds	Total		GO Bonds	Total
2006	\$ 345,000	\$ 160,000	\$ 505,000	\$ 117,853	\$ 309,576	\$ 427,429
2007	360,000	165,000	525,000	101,900	303,076	404,976
2008	375,000	165,000	540,000	85,085	296,476	381,561
2009	395,000	170,000	565,000	67,178	289,776	356,954
2010	415,000	175,000	590,000	47,936	282,876	330,812
2011-2015	780,000	960,000	1,740,000	58,680	1,307,402	1,366,082
2016-2020	-	1,160,000	1,160,000	-	1,129,096	1,129,096
2021-2025	-	1,420,000	1,420,000	-	891,240	891,240
2026-2030	-	1,775,000	1,775,000	-	562,636	562,636
2031-2034	-	1,725,000	1,725,000	-	150,556	150,556
Totals	\$ 2,670,000	\$ 7,875,000	\$ 10,545,000	\$ 478,632	\$ 5,522,710	\$ 6,001,342

	Principal			Interest		
	1997 Lease	2001 Lease	Total	1997 Lease	2001 Lease	Total
2006	\$ 24,670	\$ 4,870	\$ 29,540	\$ 2,866	\$ 317	\$ 3,183
2007	26,064	-	26,064	1,473	-	1,473
Totals	\$ 50,734	\$ 4,870	\$ 55,604	\$ 4,339	\$ 317	\$ 4,656

General Fund, Sewer Fund, and Landscape and Lighting Special Revenue Fund revenues are used to service the COPS.

The City is required to maintain amounts of cash and investments with trustees or fiscal agents under the terms of the above debt issues. These funds are pledged as reserves to be used if the City fails to meet its obligations under debt issues. These reserves totaled \$476,741 and \$473,784, respectively at June 30, 2005 and 2004.

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, 2005**

NOTE 7 – Special Assessment District Debt

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

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

The outstanding balance of the bonds as of June 30, 2005 is \$5,110,000.

NOTE 8 – Business-Type Activities Debt

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

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

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

	Balances June 30, 2004	Additions	Retirements	Balances June 30, 2005	Due within one year
Sewer revenue bonds	\$ 2,990,000	\$ 8,675,000	\$ 2,990,000	\$ 8,675,000	\$ 320,000
Deferred amortization on refunding	-	(142,377)	15,820	(126,557)	
Original issue discount	-	(67,390)	3,369	(64,021)	320,000
	<u>\$ 2,990,000</u>	<u>\$ 8,465,233</u>	<u>\$ 3,009,189</u>	<u>\$ 8,484,422</u>	<u>\$ 320,000</u>

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 8 – 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, 2005 are:

Year ending June 30,	Bond Service Payments			Amortization		
	Principal	Interest	Total	Issuance Cost	Refunding Discount	Total
2006	\$ 320,000	\$ 306,402	\$ 626,402	\$ 10,133	\$ 19,189	\$ 29,322
2007	325,000	299,952	624,952	10,133	19,189	29,322
2008	330,000	293,402	623,402	10,133	19,189	29,322
2009	340,000	286,362	626,362	10,133	19,189	29,322
2010	350,000	278,160	628,160	10,133	19,189	29,322
2011-2015	1,910,000	1,221,425	3,131,425	50,665	64,305	114,970
2016-2020	2,290,000	839,870	3,129,870	50,665	16,845	67,510
2021-2025	2,810,000	315,288	3,125,288	40,534	13,483	54,017
Totals	\$ 8,675,000	\$ 3,840,861	\$12,515,861	\$ 192,529	\$ 190,578	\$ 383,107

NOTE 9 – Fund Equity

The following funds have deficits in fund balances at June 30, 2005:

<u>Other governmental funds</u>	
Capital Projects - Reinvestment	\$234,453
Debt Service - Reinvestment	\$400,232

Capital Projects – Reinvestment: The establishment of the Albany Reinvestment Authority was funded by advances to the Agency from the City of Albany General Fund. As revenues are available to repay the General Fund, the Reinvestment Agency deficit fund balance will be eliminated.

Debt Service – Reinvestment: The Reinvestment Agency incurred a debt to the City of Albany General Fund of \$400,000, so as to pay the local share match of the cost of the construction of the Buchanan-Eastshore Highway interchange construction. The loan will be repaid from property tax increment revenue. Repayment of the loan will result in elimination of the negative fund balance in the Debt Service Fund.

NOTE 10 – Net Assets

Accounting pronouncement GASB Statement 46 requires state and local government to disclose the amount of the primary government’s net assets at the end of the reporting period that are restricted by enabling legislation. As of June 30, 2005, the government-wide statement of net assets reports \$10,216,999 of restricted net assets, of which \$3,153,947 is restricted by enabling legislation. As a result of the implementation of new accounting pronouncement, \$1,745,347 of prior year unrestricted net assets was reclassified to restricted assets for specific purposes and programs. Prior year unrestricted net assets for the primary government were reduced to \$4,640,052 from \$6,385,399 due to the reclassification. Restricted net assets will be used for the purposes specified by the legislation. The City’s restricted net assets represent unspent resources received from granting agencies and fees and taxes levied for specific programs.

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 11 – Interfund Transactions

Interfund Transfers

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
MAJOR GOVERNMENTAL FUNDS		
General	\$ 2,309,948	\$ 585,037
General Obligation Bond 2003	57,855	-
Total major funds	<u>2,367,803</u>	<u>585,037</u>
NON-MAJOR GOVERNMENTAL FUNDS		
Special revenue funds:		
Gas Tax	-	263,269
Transportation For Clean Air	-	15,649
Community Development Block Grant	-	160,915
Streets	-	22,706
Lighting and Landscape Assessment District	-	394,148
Emergency Medical Services	-	946,419
Pension Property Tax	-	350,000
	<u>-</u>	<u>2,153,106</u>
Debt service funds:		
Debt Service APFFA	457,766	-
	<u>457,766</u>	<u>-</u>
Capital projects funds:		
Fire Equipment	123,537	-
Police Equipment	9,500	-
Emergency Medical Service Equipment	22,500	72,000
Fire Operations Equipment	24,000	-
Capital Projects	360,915	19,500
Equipment Replacement Reserve Fund	300,000	-
	<u>840,452</u>	<u>91,500</u>
Total non-major governmental funds	<u>1,298,218</u>	<u>2,244,606</u>
PROPRIETARY FUND (Sewer Fund)	<u>-</u>	<u>836,378</u>
Total Interfund Transfers	<u>\$ 3,666,021</u>	<u>\$ 3,666,021</u>

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 11 – Interfund Transactions (Continued)

Interfund Balances

The following is a summary of interfund balances as of June 30, 2005:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
MAJOR GOVERNMENTAL FUNDS		
General fund	\$ 229,268	\$ -
1996-1 Assessment District Bond Fund	-	11,457
Total major funds	<u>229,268</u>	<u>11,457</u>
NON-MAJOR GOVERNMENTAL FUNDS		
Special revenue funds:		
Community Development Block Grant	-	148,896
Alameda County Measure B	-	3,998
M.T.C. Taxi Scrip	-	1,753
Emergency Medical Services	-	51,600
	<u>-</u>	<u>206,247</u>
Capital projects funds:		
Albany Bulb	-	11,564
	<u>-</u>	<u>11,564</u>
Total non-major governmental funds	<u>-</u>	<u>217,811</u>
Total	<u>\$ 229,268</u>	<u>\$ 229,268</u>

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

Advances to and from other funds at June 30, 2005 were as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
MAJOR GOVERNMENTAL FUNDS		
General	\$ 881,398	\$ -
Total major governmental funds	<u>881,398</u>	<u>-</u>
NON-MAJOR GOVERNMENTAL FUNDS		
Capital - Reinvestment	-	415,040
Debt Service - Reinvestment	-	466,358
Total non-major governmental funds	<u>-</u>	<u>881,398</u>
	<u>\$ 881,398</u>	<u>\$ 881,398</u>

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 11 – Interfund Transactions (Continued)

The General Fund advanced certain monies on behalf of the Debt Service – Reinvestment Fund to finance certain costs and expenses, as set forth in the Cooperation Agreement between the City and the Albany Community Reinvestment Agency. Under the terms of the agreement, interest is accrued at rates based on the current Local Agency Investment Fund rate. Any unpaid accrued interest is added to the total obligation on an annual basis. At June 30, 2005, the balance of principal and interest was \$466,358. The total obligation is subordinate to any external debt of the Agency as well as the \$415,040 advance discussed below. The Agency expects to repay the obligation using future incremental tax revenues. There is no fixed due date for repayment.

A \$400,000 advance from the General Fund to the Capital Projects – Reinvestment Fund was made for the specific purpose of providing funds for the development of the Buchanan-Eastshore Highway Interchange project located in the Cleveland Avenue/Eastshore Highway Project Area. This advance is expected to be repaid from property tax increment revenues, in installments of principal plus interest at rates based on the current Local Agency Investment Fund rate. At June 30, 2005, the balance of principal and interest was \$415,040.

NOTE 12 – Albany Police and Fire Relief and Pension Plan

A. Plan Description

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

Terminated vested participants:	
Retired	15
Disabled	10
Survivor	6
	<u>31</u>

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

B. Cash and Investments

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

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

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

The Plan's Investment Policy and the California Government Code allow the Plan to invest in the following type of investments:

- Fixed Income Securities – Fixed income securities include U.S. Government Obligations, federally sponsored credit agency securities, corporate bonds, Canadian government bonds, Yankee bonds, non-governmental asset-backed securities, collateralized mortgage obligations rated investment grade, money market funds, STIF accounts, certificates of deposit, bankers acceptances, commercial paper, or any other short-term securities rated investment grade Guaranteed Investment Contracts rated A+ by A. M. Best Company.
- Equity Securities – Equity securities are comprised of common stocks, convertible and non-convertible preferred stocks, convertible debt securities, and American Depository Receipts (ADRs) of foreign 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 as set forth in the investment policy. No more than 5 percent of any single equity portfolio may be invested in one equity security at cost. Except for securities issued by the U.S. Government and its agencies, no more than 5 percent of any single fixed income portfolio based on market value shall be invested in securities of any one issuing corporation at the time of purchase.
- Common and convertible preferred stocks should be of investment grade quality and listed on the New York Stock Exchange, American Stock Exchange, NASDAQ system, or national market exchange. Fixed income securities must have a rating of BBB or higher by Standard & Poor's or Baa or higher by Moody's.

In accordance with the Plan's investment policy, the Plan can invest no more than 10% of the total investments in cash and cash equivalents, 45% in equities, and 75% in fixed income securities. As of June 30, 2005, the rating on the Plan's fixed income securities met the rating requirements set by the Plan's policy as described above.

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

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

The Plan's assets (except for LAIF) are in the bank's name, but are held by its Trust Department in a separate account in the Plan's name. As of June 30, 2005, the Plan held the following securities:

Investment Type	Fair Value	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury notes	\$ 2,168,771	\$ 1,074,501	\$ 699,207	\$ 395,063	-
Federal agency securities	191,304	-	-	50,600	\$ 140,704
Mortgage-related debt instruments	2,422,990	211	43,939	606,150	1,772,690
Finance-related debt instruments	268,015	-	-	76,236	191,779
Industrial-related debt instruments	1,572,575	-	-	224,647	1,347,928
Transportation-related debt instruments	575,081	-	-	-	575,081
Common stocks	6,149,470	6,149,470	-	-	-
Local Agency Investment Fund (LAIF)	167,058	167,058	-	-	-
Money market funds	1,276,386	1,276,386	-	-	-
Total	\$ 14,791,650	\$ 8,667,626	\$ 743,146	\$ 1,352,696	\$ 4,028,182

C. Funding Status and Progress

The actuarial accrued liability presented below was determined as part of an actuarial valuation at June 30, 2003. The projected unit 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 7.5 percent per year compounded annually, and (b) projected inflation rate of 4.5 percent per year. The Plan's unfunded actuarial accrued liability was projected to be fully funded by June 30, 2004.

In valuing Plan assets used in determining funding status, the actuary spreads realized and unrealized gains and losses over five years. 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 unfunded actuarial accrued liability for participants at June 30, 2003 is as follows:

Actuarial accrued liability	
Retirees and beneficiaries currently receiving benefits	\$ 14,950,360
Current employees vested	-
Total actuarial accrued liability	<u>14,950,360</u>
Actuarial book value of assets available for benefits	<u>14,415,847</u>
Unfunded actuarial accrued liability	<u>\$ 534,513</u>

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

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

D. Contribution Requirements and Contribution Made

Contributions are based on the City Charter, which requires the City to contribute 9 percent of gross wages and active plan participants to contribute 9 percent of gross wages. Active plan participant's contributions are reduced to zero percent, and the City's required contribution is increased to 18 percent in accordance with the current union contract. There are no active Plan participants and the plan is closed to new participants. Because there were no active Plan participants, but the Plan carried an unfunded actuarial liability through June 30, 2005, an employer contribution was made each year utilizing revenue from the property override tax initiated in 1982 to partially fund pension cost. Following the contribution of \$534,513 made in the fiscal year ended June 30, 2004, the Plan is fully funded and no additional contributions have been required. Actuarial valuation of the Plan continues on a two-year cycle, and any newly determined unfunded liability will be disposed by employer contributions.

The following is the three-year trend information for the Plan:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/03	\$ 1,256,946	100%	-
6/30/04	534,513	100%	-
6/30/05	-	0%	-

E. Contributions

Annual contributions received by the Plan were as follows:

Year	Employee	Employer	Override	Total
1994-1995	\$ 20,704	\$ 20,704	\$ 783,008	\$ 824,416
1995-1996	23,738	23,738	815,722	863,198
1996-1997	19,110	19,110	853,184	891,404
1997-1998	17,396	17,396	859,910	894,702
1998-1999	18,451	18,451	943,373	980,275
1999-2000	14,798	14,798	1,046,235	1,075,831
2000-2001	11,175	11,175	1,006,065	1,028,415
2001-2002	7,199	7,199	1,164,678	1,179,076
2002-2003	2,885	2,885	1,251,176	1,256,946
2003-2004	-	-	534,513	534,513

F. The City implemented Governmental Accounting Standards Board Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" during the 1996-97 fiscal year.

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

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 13 – PERS Pension Plan

A. Plan Description

The City of Albany contributes to the California Public Employees Retirement System (PERS), an agent 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 Executive Office – 400 P Street – Sacramento, California 95814.

B. Funding Policy

Participants are required to contribute 7 percent (9 percent for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; for the fiscal year 2005, the rate was 2.265 percent for non-safety employees in the miscellaneous plan, 8.345 percent for non-safety employees in the miscellaneous JPA plan, 22.482 percent for police employees, and 17.120 percent for fire employees, of annual covered payroll. As discussed in paragraph E of this note, the City's CalPERS plans have been placed in risk pools, and beginning in fiscal year 2005-06 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 and an increasing percentage of the pools normal cost until fiscal year 2010-11 when the plans will be subject to 100% of the pool's normal cost.

C. Annual Pension

For fiscal 2005, the City's annual pension cost of \$1,421,461 for PERS plans was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2003 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 90% and 110% of the actual market value. Unfunded actuarial accrued liabilities are being amortized as a level percentage of assumed future payrolls. All changes in liability due to plan amendments are amortized separately over a closed 20-year period. Gains and losses are tracked and 10% of the net unamortized gain or loss is amortized each year.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 13 – PERS Pension Plan (Continued)

D. Three Year Trend Information – Combined Contributions Made

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2003	785,211	100%	-
6/30/2004	980,850	100%	-
6/30/2005	1,421,461	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.” Formation of the risk pools required the establishment of “side funds,” that represent unfunded liabilities to be amortized over periods of 9 to 18 years for the City’s four plans. As of June 30, 2004 valuations, the balances of the side funds totaled \$4,379,325. The City Council authorized a lump sum partial payment of the side fund liability of \$500,000, as a fiscal year 2004-05 expense, and future lump sum side fund payments are contemplated. Lump sum payments of the side funds liabilities have the effect of reducing future required employer contributions.

F. Social Security

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

The City’s Local 790 union members and part-time employees are covered under Social Security, which requires these employees and the City to each 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, 2005 were \$152,648, of which the City paid one-half.

The City’s seasonal and temporary employees are covered under an ICMA alternative plan that requires these employees to contribute 7.5 percent of the pay to the plan. Total contributions to the plan during the year ended June 30, 2005 were \$21,679. There is no matching contribution requirement for the City.

NOTE 14 – Risk Management

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

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 14 – Risk Management (Continued)

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

A. Risk Pools

Bay Cities Joint Powers (BCJPIA) Insurance Authority covers general liability claims in an amount up to \$14,000,000. 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 the limit. The City contributed \$250,604 for coverage during the fiscal year ended June 30, 2005.

Condensed audited financial information of BCJPIA at and for the fiscal year ended June 30, 2005 is as follows:

Total assets	\$13,090,975
Total liabilities	9,815,445
Net assets	<u>\$3,275,530</u>
Total revenues	\$9,006,507
Total expenses	10,481,934
Net loss	<u>(\$1,475,427)</u>

The City is a participant in the BCJPIA workers compensation risk pool, which in turn participates in the Local Agency Workers Compensation Excess Insurance Joint Powers Authority's (LAWCX) risk pool, and LAWXCX 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 \$500,000. Claims from \$500,000 to \$50 million are covered by LAWXCX.

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, 2005, the City incurred costs of \$165,905 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 LAWXCX may be obtained from Bickmore Risk Services, 1831 K Street, Sacramento, CA 95814.

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 14 – Risk Management (Continued)

B. Liability for Uninsured Claims

The City estimates its liability for the uninsured portion of claims, including a provision for claims incurred but not reported, based on claims experience. Claims activity for the years ended June 30, 2005 and June 30, 2004 were as follows:

	2005			Fiscal 2004
	Workers' Compensation	General Liability	Total	Total
Claims liabilities, beginning of year	\$ 2,648,000	\$ 271,843	\$ 2,919,843	\$ 2,510,843
Provision for claims losses	696,554	68,612	765,166	932,531
Claim payments	<u>(365,554)</u>	<u>(68,612)</u>	<u>(434,166)</u>	<u>(523,531)</u>
Claims liabilities, end of year	<u>\$ 2,979,000</u>	<u>\$ 271,843</u>	<u>\$ 3,250,843</u>	<u>\$ 2,919,843</u>
Claims liabilities - current	\$ 2,979,000	\$ 271,843	\$ 3,250,843	
Claims liabilities - non-current	-	-	-	
Total claims liabilities	<u>\$ 2,979,000</u>	<u>\$ 271,843</u>	<u>\$ 3,250,843</u>	

General liability estimated claims remain unchanged due to favorable claims experiences abrogating the need to adjust the recorded liability as of June 30, 2005.

NOTE 15 – Landfill Postclosure Costs

The City of Albany operated a Class III landfill (construction debris only) in a 36-acre site known as the Albany Bulb, until 1974. In 1999 the California Regional Water Control Board (Board) issued a closure order for this site. On May 16, 2005, the Board issued a finding that the City was in compliance with the closure order and that no further action is required for the site. The City anticipates transferring this site to another governmental entity to be developed for public use. The City has accrued an unfunded liability of \$750,000 for potential costs related to the transfer of the site.

NOTE 16 – Related Party Transaction

During September 2001, per the employment agreement between the City and the City Administrator, the City loaned the City Administrator \$400,000 to be used toward the purchase of her principal residence. The outstanding principal balance of the loan at June 30, 2005 was \$376,694 (see Note 4).

NOTE 17 – Commitments and Contingent Liabilities

The City has committed to install a traffic signal in the redevelopment area at an estimated net cost to the City of \$250,000 to \$350,000. As of June 30, 2005, a permit had not yet been obtained for the signal.

CITY OF ALBANY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 17 – Commitments and Contingent Liabilities (Continued)

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.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**CITY OF ALBANY
PENSION PLANS
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)**

PERS:

	Valuation Date *	(b) Entry Age Actuarial Accrued Liability	(a) Actuarial Asset Value	(c) Unfunded Liability/ (Excess Assets)	(a)/(b) Funded Ratio	(d) Annual Covered Payroll	(c)/(d) UAAL as a Percentage of Payroll
Safety Police	6/30/2003	\$ 1,248,172,736	\$ 1,045,895,860	\$ 202,276,876	84%	\$ 154,384,703	131%
	6/30/2004	1,252,474,736	1,026,500,742	225,973,994	82%	154,903,754	146%
	6/30/2005			*** not available ***			
Safety Fire	6/30/2003	1,218,082,935	1,083,690,137	134,392,798	89%	184,098,257	73%
	6/30/2004	996,203,370	885,549,650	110,653,720	89%	149,407,703	74%
	6/30/2005			*** not available ***			
Miscellaneous	6/30/2003	2,596,966,545	2,372,879,034	224,087,511	91%	725,020,458	31%
	6/30/2004	2,746,095,668	2,460,944,656	285,151,012	90%	743,691,970	38%
	6/30/2005			*** not available ***			

* The City's CalPERS plans were consolidated into risk pools in fiscal year 2003 as part of a program to smooth the changes in required employer contributions for smaller plans. See Note 13 for details.

Albany Police and Fire Relief Pension Plan:

	Valuation Date **	(b) Entry Age Actuarial Accrued Liability	(a) Actuarial Asset Value	(c) Unfunded Liability/ (Excess Assets)	(a)/(b) Funded Ratio	(d) Annual Covered Payroll	(c)/(d) UAAL as a Percentage of Payroll
	1991	\$ 12,763,000	\$ 5,144,000	\$ 7,619,000	40%	\$ 468,800	1625%
	1992	14,785,000	5,477,000	9,308,000	37%	440,540	2113%
	1993	14,785,000	5,869,000	8,916,000	40%	476,607	1871%
	1994	14,785,000	6,272,000	8,513,000	42%	269,989	3153%
	1995	14,528,411	7,076,325	7,452,086	49%	230,459	3234%
	1998	14,861,531	9,613,552	5,247,979	65%	197,328	2660%
	2000	16,020,009	11,452,836	4,567,173	71%	162,826	2805%
	2002	15,573,854	13,453,340	2,120,514	86%	79,385	2671%
	2003	14,950,360	14,415,847	534,513	96%	32,055	1667%

** Because this plan is closed to new participants and the actuarial liability is projected to be fully funded in 2004, the Pension Board adopted a policy in 1996 to perform actuarial valuations periodically, as needed. No actuarial valuations were performed for the years not listed.

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CITY OF ALBANY

Nonmajor Governmental Funds

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

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

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

CITY OF ALBANY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005
(With Comparative Totals for June 30, 2004)

	Special Revenue Funds *	Capital Projects Funds **	Debt Service Funds ***	Totals	
				2005	2004
ASSETS					
Operating cash and investments	\$ 3,211,871	\$ 2,242,923	\$ 471,499	\$ 5,926,293	\$ 4,209,430
Debt service reserves held with trustee	-	-	476,741	476,741	473,784
Receivables:					
Other taxes	95,842	-	-	95,842	87,861
Accounts	227,193	92,695	-	319,888	529,190
Total assets	<u>\$ 3,534,906</u>	<u>\$ 2,335,618</u>	<u>\$ 948,240</u>	<u>\$ 6,818,764</u>	<u>\$ 5,300,265</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 28,084	\$ 20,039	\$ 1,783	\$ 49,906	\$ 117,941
Accrued salaries & benefits	10,175	980	-	11,155	4,101
Accrued liabilities	34,322	17,523	-	51,845	588,478
Due to other funds	206,247	11,564	-	217,811	327,046
Deferred revenue	102,131	54,466	-	156,597	145,772
Advance from other funds	-	415,040	466,358	881,398	863,866
Total liabilities	<u>380,959</u>	<u>519,612</u>	<u>468,141</u>	<u>1,368,712</u>	<u>2,047,204</u>
Fund balances:					
Reserved	-	2,050,459	880,331	2,930,790	2,210,079
Designated	3,153,947	-	-	3,153,947	1,745,347
Unreserved (deficit)	-	(234,453)	(400,232)	(634,685)	(702,365)
Total fund balances	<u>3,153,947</u>	<u>1,816,006</u>	<u>480,099</u>	<u>5,450,052</u>	<u>3,253,061</u>
Total liabilities and fund balances	<u>\$ 3,534,906</u>	<u>\$ 2,335,618</u>	<u>\$ 948,240</u>	<u>\$ 6,818,764</u>	<u>\$ 5,300,265</u>

* See pages D8 - D12 for schedule of funds.
** See pages D29 - D31 for schedule of funds.
*** See page D44 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, 2005

(With Comparative Totals for the Fiscal Year Ended June 30, 2004)

	Special Revenue Funds *	Capital Projects Funds **	Debt Service Funds ***	Totals	
				2005	2004
REVENUES					
Property taxes	\$3,313,065	\$ 51,485	\$ 566,077	\$ 3,930,627	\$ 3,626,215
Franchise and other taxes	54,326	-	-	54,326	-
Licenses and permits	1,520	-	-	1,520	18,011
Earnings on investments	33,966	16,282	11,805	62,053	55,803
Revenues from other agencies	1,148,152	1,108,202	-	2,256,354	1,355,756
Current services charges	370,524	58,836	-	429,360	528,207
Other revenue	51,821	38,913	-	90,734	960,138
Total revenues	<u>4,973,374</u>	<u>1,273,718</u>	<u>577,882</u>	<u>6,824,974</u>	<u>6,544,130</u>
EXPENDITURES					
Current:					
General government	4,783	-	9,191	13,974	615,737
Police	143,853	-	-	143,853	209,450
Fire and emergency medical services	1,628	23,077	-	24,705	9,624
Community development and environmental resources	777,742	158,803	-	936,545	1,105,217
Recreation and community services	483,662	92,440	-	576,102	529,935
Capital outlay	-	1,038,121	-	1,038,121	921,324
Debt service:					
Principal	-	27,923	450,000	477,923	351,083
Interest	-	13,720	456,652	470,372	351,396
Total expenditures	<u>1,411,668</u>	<u>1,354,084</u>	<u>915,843</u>	<u>3,681,595</u>	<u>4,093,766</u>
REVENUES OVER (UNDER) EXPENDITURES	3,561,706	(80,366)	(337,961)	3,143,379	2,450,364
OTHER FINANCING SOURCES (USES)					
Transfers in	-	840,452	457,766	1,298,218	2,304,872
Transfers out	(2,153,106)	(91,500)	-	(2,244,606)	(2,797,163)
Total other financing sources (uses)	<u>(2,153,106)</u>	<u>748,952</u>	<u>457,766</u>	<u>(946,388)</u>	<u>(492,291)</u>
Net change in fund balances	1,408,600	668,586	119,805	2,196,991	1,958,073
Fund balances, beginning of year	1,745,347	1,147,420	360,294	3,253,061	1,294,988
Fund balances, end of year	<u>\$3,153,947</u>	<u>\$1,816,006</u>	<u>\$ 480,099</u>	<u>\$5,450,052</u>	<u>\$ 3,253,061</u>

* See pages D13 - D17 for schedule of funds.

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

*** See page D45 for schedules of funds.

CITY OF ALBANY

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

JUNE 30, 2005

(With Comparative Totals for June 30, 2004)

	<u>2005</u>	<u>2004</u>
Total Fund Balances - Total Governmental Funds	\$ 20,553,608	\$ 18,911,777
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>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:</p>		
1997 Refunding COPS	85,985	97,578
2003 General Obligation Bonds	82,821	85,788
<p>Capital assets used in governmental activities are not current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.</p>		
Nondepreciable	8,281,964	7,918,248
Depreciable	17,948,424	17,433,004
Less accumulated depreciation	(4,557,695)	(4,165,980)
<p>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.</p>		
	(172,195)	(179,046)
<p>Some assets will not be available to pay for current period expenditures because the focus of governmental fund is not short-term financing. Those assets are offset by deferred revenue in the funds.</p>		
	95,195	77,663
<p>Long-term liabilities are not due and payable in the current period and, therefore, were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:</p>		
Accrued compensated absences	(823,309)	(843,839)
1997 Refunding COPS	(2,670,000)	(2,995,000)
2003 General Obligation Bonds	(7,875,000)	(8,000,000)
Capital leases	(55,604)	(83,527)
Arbitrage liability	-	(4,100)
Landfill postclosure cost liability	(750,000)	(750,000)
<p>Internal service funds are used by management to charge costs of certain activities such as equipment replacement, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.</p>		
	<u>265,424</u>	<u>268,515</u>
Net Assets of Governmental Activities	<u>\$ 30,409,618</u>	<u>\$ 27,771,081</u>

CITY OF ALBANY

Other Special Revenue Funds

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

Waterfront Fund - accounts for the activities relating to the Regional Water Quality Central Board Closure Order and site security-population issues.

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

Transportation Fund For Clean Air - accounts for revenue received and expended for bike lane projects in order to improve air quality.

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

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

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

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

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

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

M.T.C. Tax Scrip Fund - accounts for reimbursement and purchase of van vouchers and taxi scrip.

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

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

CITY OF ALBANY

Other Special Revenue Funds

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

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

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

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

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

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

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

CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005
(With Comparative Totals for June 30, 2004)

	Waterfront	Gas Tax	Transportation Fund For Clean Air	Community Development Block Grant	Streets
ASSETS					
Operating cash and investments	\$ 2,584	\$ 116,483	\$ -	\$ -	\$ 78,839
Receivables:					
Other taxes	-	30,985	-	-	-
Accounts	-	-	-	163,288	-
Total assets	<u>\$ 2,584</u>	<u>\$ 147,468</u>	<u>\$ -</u>	<u>\$ 163,288</u>	<u>\$ 78,839</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 13,509	\$ 182
Accrued salaries & benefits	-	-	-	449	-
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	148,896	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,854</u>	<u>182</u>
Fund balances:					
Unreserved-designated	2,584	147,468	-	434	78,657
Total fund balances	<u>2,584</u>	<u>147,468</u>	<u>-</u>	<u>434</u>	<u>78,657</u>
 Total liabilities and fund balances	<u>\$ 2,584</u>	<u>\$ 147,468</u>	<u>\$ -</u>	<u>\$ 163,288</u>	<u>\$ 78,839</u>

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)

June 30, 2005

(With Comparative Totals for June 30, 2004)

	Library Operations	Storm Drain	Alameda County Measure B	Waste Management	M.T.C. Taxi Scrip
ASSETS					
Operating cash and investments	\$ 1,367	\$ 167,761	\$ -	\$ 99,551	\$ -
Receivables:					
Other taxes	-	-	57,227	-	7,630
Accounts	-	2,124	-	-	-
Total assets	<u>\$ 1,367</u>	<u>\$ 169,885</u>	<u>\$ 57,227</u>	<u>\$ 99,551</u>	<u>\$ 7,630</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 1,551	\$ -	\$ 9,369	\$ 520
Accrued salaries & benefits	-	4,779	-	2,098	1,260
Accrued liabilities	-	175	26,753	600	85
Due to other funds	-	-	3,998	-	1,753
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>6,505</u>	<u>30,751</u>	<u>12,067</u>	<u>3,618</u>
Fund balances:					
Unreserved-designated	<u>1,367</u>	<u>163,380</u>	<u>26,476</u>	<u>87,484</u>	<u>4,012</u>
Total fund balances	<u>1,367</u>	<u>163,380</u>	<u>26,476</u>	<u>87,484</u>	<u>4,012</u>
 Total liabilities and fund balances	<u>\$ 1,367</u>	<u>\$ 169,885</u>	<u>\$ 57,227</u>	<u>\$ 99,551</u>	<u>\$ 7,630</u>

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)

June 30, 2005

(With Comparative Totals for June 30, 2004)

	Lighting and Landscape Assessment District	Emergency Medical Services	Open Space	Recreational Playfields	Creek Restoration
ASSETS					
Operating cash and investments	\$ 576,556	\$ -	\$ 125,431	\$ 25,895	\$ 120,865
Receivables:					
Other taxes	-	-	-	-	-
Accounts	-	52,758	-	-	-
Total assets	<u>\$ 576,556</u>	<u>\$ 52,758</u>	<u>\$ 125,431</u>	<u>\$ 25,895</u>	<u>\$ 120,865</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,812	\$ -	\$ 391	\$ 375	\$ 375
Accrued salaries & benefits	157	-	-	-	-
Accrued liabilities	3,733	1,158	-	-	-
Due to other funds	-	51,600	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>5,702</u>	<u>52,758</u>	<u>391</u>	<u>375</u>	<u>375</u>
Fund balances:					
Unreserved-designated	570,854	-	125,040	25,520	120,490
Total fund balances	<u>570,854</u>	<u>-</u>	<u>125,040</u>	<u>25,520</u>	<u>120,490</u>
 Total liabilities and fund balances	 <u>\$ 576,556</u>	 <u>\$ 52,758</u>	 <u>\$ 125,431</u>	 <u>\$ 25,895</u>	 <u>\$ 120,865</u>

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)

June 30, 2005

(With Comparative Totals for June 30, 2004)

	Park Bond	Reinvestment Low-Mod Housing	Law Enforcement Grants	Pension Property Tax
ASSETS				
Operating cash and investments	\$ 103,732	\$ 99,732	\$ 104,240	\$ 1,588,835
Receivables:				
Other taxes	-	-	-	-
Accounts	-	726	8,297	-
Total assets	<u>\$ 103,732</u>	<u>\$ 100,458</u>	<u>\$ 112,537</u>	<u>\$ 1,588,835</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries & benefits	1,432	-	-	-
Accrued liabilities	1,818	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	102,131	-
Total liabilities	<u>3,250</u>	<u>-</u>	<u>102,131</u>	<u>-</u>
Fund balances:				
Unreserved-designated	<u>100,482</u>	<u>100,458</u>	<u>10,406</u>	<u>1,588,835</u>
Total fund balances	<u>100,482</u>	<u>100,458</u>	<u>10,406</u>	<u>1,588,835</u>
 Total liabilities and fund balances	 <u>\$ 103,732</u>	 <u>\$ 100,458</u>	 <u>\$ 112,537</u>	 <u>\$ 1,588,835</u>

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on next page

CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)

June 30, 2005

(With Comparative Totals for June 30, 2004)

	<u>Totals</u>	
	<u>2005</u>	<u>2004</u>
ASSETS		
Operating cash and investments	\$ 3,211,871	\$ 2,381,447
Receivables:		
Other taxes	95,842	87,861
Accounts	227,193	125,324
Total assets	<u>\$ 3,534,906</u>	<u>\$ 2,594,632</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 28,084	\$ 59,571
Accrued salaries & benefits	10,175	3,897
Accrued liabilities	34,322	552,310
Due to other funds	206,247	140,590
Deferred revenue	102,131	92,917
Total liabilities	<u>380,959</u>	<u>849,285</u>
Fund balances:		
Unreserved-designated	<u>3,153,947</u>	<u>1,745,347</u>
Total fund balances	<u>3,153,947</u>	<u>1,745,347</u>
 Total liabilities and fund balances	 <u>\$ 3,534,906</u>	 <u>\$ 2,594,632</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, 2005

(With Comparative Totals for the Fiscal Year Ended June 30, 2004)

	Waterfront *	Gas Tax *	Transportation Fund For Clean Air **	Community Development Block Grant **	Streets ***
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-
License and permits	-	-	-	-	-
Earnings on investments	-	4,837	-	-	1,770
Revenues from other agencies	2,898	319,036	15,649	176,128	22,706
Current service charges	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	<u>2,898</u>	<u>323,873</u>	<u>15,649</u>	<u>176,128</u>	<u>24,476</u>
EXPENDITURES					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-
Community development and environmental resources	3,890	-	-	-	-
Recreation and community services	-	-	-	14,779	-
Total expenditures	<u>3,890</u>	<u>-</u>	<u>-</u>	<u>14,779</u>	<u>-</u>
Excess of revenues over (under) expenditure	<u>(992)</u>	<u>323,873</u>	<u>15,649</u>	<u>161,349</u>	<u>24,476</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	(263,269)	(15,649)	(160,915)	(22,706)
Total other financing sources (uses)	<u>-</u>	<u>(263,269)</u>	<u>(15,649)</u>	<u>(160,915)</u>	<u>(22,706)</u>
Net change in fund balances	(992)	60,604	-	434	1,770
Fund balances, beginning of year	3,576	86,864	-	-	76,887
Fund balances, end of year	<u>\$ 2,584</u>	<u>\$ 147,468</u>	<u>\$ -</u>	<u>\$ 434</u>	<u>\$ 78,657</u>

* See page D18 for budget comparisons.

** See page D19 for budget comparisons.

*** See page D20 for budget comparisons.

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(With Comparative Totals for the Fiscal Year Ended June 30, 2004)

	Library Operations *	Storm Drain **	Alameda County Measure B **	Waste Management ***	M.T.C. Taxi Scrip ***
REVENUES					
Property taxes	\$ 415,089	\$ 283,926	\$ -	\$ -	\$ -
Franchise and other taxes	-	54,326	-	-	-
License and permits	-	1,520	-	-	-
Earnings on investments	-	3,060	1,303	1,094	96
Revenues from other agencies	-	-	347,141	99,642	28,210
Current service charges	-	-	-	-	-
Other revenue	-	-	-	-	636
Total revenues	415,089	342,832	348,444	100,736	28,942
EXPENDITURES					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-
Community development and environmental resources	-	279,959	332,565	67,844	-
Recreation and community services	421,681	-	-	-	34,566
Total expenditures	421,681	279,959	332,565	67,844	34,566
Excess of revenues over (under) expenditure	(6,592)	62,873	15,879	32,892	(5,624)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	(6,592)	62,873	15,879	32,892	(5,624)
Fund balances, beginning of year	7,959	100,507	10,597	54,592	9,636
Fund balances, end of year	\$ 1,367	\$ 163,380	\$ 26,476	\$ 87,484	\$ 4,012

* See page D20 for budget comparisons.

** See page D21 for budget comparisons.

*** See page D22 for budget comparisons.

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(With Comparative Totals for the Fiscal Year Ended June 30, 2004)

	Lighting and Landscape Assessment District *	Emergency Medical Services *	Open Space **	Recreational Playfields **	Creek Restoration ***
REVENUES					
Property taxes	\$ 511,202	\$ 577,523	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-
License and permits	-	-	-	-	-
Earnings on investments	7,356	-	2,994	566	2,942
Revenues from other agencies	-	-	-	-	-
Current service charges	-	370,524	-	-	-
Other revenue	-	-	25,593	12,796	12,796
Total revenues	518,558	948,047	28,587	13,362	15,738
EXPENDITURES					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire and emergency medical services	-	1,628	-	-	-
Community development and environmental resources	93,484	-	-	-	-
Recreation and community services	-	-	1,457	375	1,441
Total expenditures	93,484	1,628	1,457	375	1,441
Excess of revenues over (under) expenditure	425,074	946,419	27,130	12,987	14,297
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(394,148)	(946,419)	-	-	-
Total other financing sources (uses)	(394,148)	(946,419)	-	-	-
Net change in fund balances	30,926	-	27,130	12,987	14,297
Fund balances, beginning of year	539,928	-	97,910	12,533	106,193
Fund balances, end of year	\$ 570,854	\$ -	\$ 125,040	\$ 25,520	\$ 120,490

* See page D23 for budget comparisons.

** See page D24 for budget comparisons.

*** See page D25 for budget comparisons.

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(With Comparative Totals for the Fiscal Year Ended June 30, 2004)

	Park Bond *	Reinvestment Low-Mod Housing **	Law Enforcement Grants **	Pension Property Tax ***
REVENUES				
Property taxes	\$ -	\$ 28,029	\$ -	\$ 1,497,296
Franchise and other taxes	-	-	-	-
License and permits	-	-	-	-
Earnings on investments	2,599	1,982	3,367	-
Revenues from other agencies	-	-	136,742	-
Current service charges	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>2,599</u>	<u>30,011</u>	<u>140,109</u>	<u>1,497,296</u>
EXPENDITURES				
General government	-	-	-	4,783
Police	-	-	143,853	-
Fire and emergency medical services	-	-	-	-
Community development and environmental resources	-	-	-	-
Recreation and community services	9,363	-	-	-
Total expenditures	<u>9,363</u>	<u>-</u>	<u>143,853</u>	<u>4,783</u>
Excess of revenues over (under) expenditure	<u>(6,764)</u>	<u>30,011</u>	<u>(3,744)</u>	<u>1,492,513</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(350,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(350,000)</u>
Net change in fund balances	(6,764)	30,011	(3,744)	1,142,513
Fund balances, beginning of year	107,246	70,447	14,150	446,322
Fund balances, end of year	<u>\$ 100,482</u>	<u>\$ 100,458</u>	<u>\$ 10,406</u>	<u>\$ 1,588,835</u>

* See page D25 for budget comparisons.

** See page D26 for budget comparisons.

*** See page D27 for budget comparisons.

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(With Comparative Totals for the Fiscal Year Ended June 30, 2004)

	<u>Totals</u>	
	<u>2005</u>	<u>2004</u>
REVENUES		
Property taxes	\$ 3,313,065	\$ 3,083,870
Franchise and other taxes	54,326	-
License and permits	1,520	18,011
Earnings on investments	33,966	31,402
Revenues from other agencies	1,148,152	1,100,755
Current service charges	370,524	368,008
Other revenue	51,821	10,200
Total revenues	<u>4,973,374</u>	<u>4,612,246</u>
EXPENDITURES		
General government	4,783	540,512
Police	143,853	209,450
Fire and emergency medical services	1,628	9,624
Community development and environmental resources	777,742	911,534
Recreation and community services	483,662	456,278
Total expenditures	<u>1,411,668</u>	<u>2,127,398</u>
Excess of revenues over (under) expenditure	<u>3,561,706</u>	<u>2,484,848</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	<u>(2,153,106)</u>	<u>(2,565,791)</u>
Total other financing sources (uses)	<u>(2,153,106)</u>	<u>(2,565,791)</u>
Net change in fund balances	1,408,600	(80,943)
Fund balances, beginning of year	1,745,347	1,826,290
Fund balances, end of year	<u>\$ 3,153,947</u>	<u>\$ 1,745,347</u>

CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Waterfront			Gas Tax		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	690	4,837	4,147
Revenues from other agencies	-	2,898	2,898	309,516	319,036	9,520
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	2,898	2,898	310,206	323,873	13,667
EXPENDITURES						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	3,890	(3,890)	-	-	-
Recreation and community services	-	-	-	-	-	-
Total expenditures	-	3,890	(3,890)	-	-	-
Excess of revenues over (under) expenditures	-	(992)	(992)	310,206	323,873	13,667
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(310,206)	(263,269)	46,937
Total other financing sources (uses)	-	-	-	(310,206)	(263,269)	46,937
Net change in fund balances	\$ -	(992)	\$ (992)	\$ -	60,604	\$ 60,604
Fund balances, beginning of year		3,576			86,864	
Fund balances, end of year		\$ 2,584			\$ 147,468	

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Transportation For Clean Air			Community Development Block Grant		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	-	-	-
Revenues from other agencies	-	15,649	15,649	152,352	176,128	23,776
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	15,649	15,649	152,352	176,128	23,776
EXPENDITURES						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	13,188	-	13,188
Recreation and community services	-	-	-	-	14,779	(14,779)
Total expenditures	-	-	-	13,188	14,779	(1,591)
Excess of revenues over (under) expenditures	-	15,649	15,649	139,164	161,349	22,185
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(15,649)	(15,649)	-	(138,552)	(160,915)	(22,363)
Total other financing sources (uses)	(15,649)	(15,649)	-	(138,552)	(160,915)	(22,363)
Net change in fund balances	<u>\$ (15,649)</u>	<u>-</u>	<u>\$ 15,649</u>	<u>\$ 612</u>	<u>434</u>	<u>\$ (178)</u>
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ 612</u>	<u>\$ 434</u>	<u>-</u>

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Streets			Library Operations		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ 417,000	\$ 415,089	\$ (1,911)
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	884	1,770	886	-	-	-
Revenues from other agencies	-	22,706	22,706	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	884	24,476	23,592	417,000	415,089	(1,911)
EXPENDITURES						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	52,500	-	52,500	-	-	-
Recreation and community services	-	-	-	422,000	421,681	319
Total expenditures	52,500	-	52,500	422,000	421,681	319
Excess of revenues over (under) expenditures	(51,616)	24,476	76,092	(5,000)	(6,592)	(1,592)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(22,706)	(22,706)	-	-	-	-
Total other financing sources (uses)	(22,706)	(22,706)	-	-	-	-
Net change in fund balances	<u>\$ (74,322)</u>	1,770	<u>\$ 76,092</u>	<u>\$ (5,000)</u>	(6,592)	<u>\$ (1,592)</u>
Fund balances, beginning of year		<u>76,887</u>			<u>7,959</u>	
Fund balances, end of year		<u>\$ 78,657</u>			<u>\$ 1,367</u>	

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Storm Drain			Alameda County Measure B		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ 290,000	\$ 283,926	\$ (6,074)	\$ -	\$ -	\$ -
Franchise and other taxes	55,255	54,326	(929)	-	-	-
License and permits	-	1,520	1,520	-	-	-
Earnings on investments	3,522	3,060	(462)	555	1,303	748
Revenues from other agencies	-	-	-	310,000	347,141	37,141
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>348,777</u>	<u>342,832</u>	<u>(5,945)</u>	<u>310,555</u>	<u>348,444</u>	<u>37,889</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	312,914	279,959	32,955	310,000	332,565	(22,565)
Recreation and community services	-	-	-	-	-	-
Total expenditures	<u>312,914</u>	<u>279,959</u>	<u>32,955</u>	<u>310,000</u>	<u>332,565</u>	<u>(22,565)</u>
Excess of revenues over (under) expenditures	<u>35,863</u>	<u>62,873</u>	<u>27,010</u>	<u>555</u>	<u>15,879</u>	<u>15,324</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 35,863</u>	<u>62,873</u>	<u>\$ 27,010</u>	<u>\$ 555</u>	<u>15,879</u>	<u>\$ 15,324</u>
Fund balances, beginning of year		<u>100,507</u>			<u>10,597</u>	
Fund balances, end of year		<u>\$ 163,380</u>			<u>\$ 26,476</u>	

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Waste Management			M.T.C. Taxi Scrip		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	1,094	1,094	-	96	96
Revenues from other agencies	96,000	99,642	3,642	29,242	28,210	(1,032)
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	430	636	206
Total revenues	<u>96,000</u>	<u>100,736</u>	<u>4,736</u>	<u>29,672</u>	<u>28,942</u>	<u>(730)</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	67,636	67,844	(208)	-	-	-
Recreation and community services	-	-	-	29,580	34,566	(4,986)
Total expenditures	<u>67,636</u>	<u>67,844</u>	<u>(208)</u>	<u>29,580</u>	<u>34,566</u>	<u>(4,986)</u>
Excess of revenues over (under) expenditures	<u>28,364</u>	<u>32,892</u>	<u>4,528</u>	<u>92</u>	<u>(5,624)</u>	<u>(5,716)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 28,364</u>	<u>32,892</u>	<u>\$ 4,528</u>	<u>\$ 92</u>	<u>(5,624)</u>	<u>\$ (5,716)</u>
Fund balances, beginning of year		<u>54,592</u>			<u>9,636</u>	
Fund balances, end of year		<u>\$ 87,484</u>			<u>\$ 4,012</u>	

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Lighting and Landscape Assessment District			Emergency Medical Services		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ 519,000	\$ 511,202	\$ (7,798)	\$ 582,983	\$ 577,523	\$ (5,460)
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	3,866	7,356	3,490	-	-	-
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	370,000	370,524	524
Other revenue	-	-	-	-	-	-
Total revenues	<u>522,866</u>	<u>518,558</u>	<u>(4,308)</u>	<u>952,983</u>	<u>948,047</u>	<u>(4,936)</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	3,400	1,628	1,772
Community development and environmental resources	107,002	93,484	13,518	-	-	-
Recreation and community services	-	-	-	-	-	-
Total expenditures	<u>107,002</u>	<u>93,484</u>	<u>13,518</u>	<u>3,400</u>	<u>1,628</u>	<u>1,772</u>
Excess of revenues over (under) expenditures	<u>415,864</u>	<u>425,074</u>	<u>9,210</u>	<u>949,583</u>	<u>946,419</u>	<u>(3,164)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(394,148)	(394,148)	-	(949,583)	(946,419)	3,164
Total other financing sources (uses)	<u>(394,148)</u>	<u>(394,148)</u>	<u>-</u>	<u>(949,583)</u>	<u>(946,419)</u>	<u>3,164</u>
Net change in fund balances	<u>\$ 21,716</u>	<u>30,926</u>	<u>\$ 9,210</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year		<u>539,928</u>			<u>-</u>	
Fund balances, end of year		<u>\$ 570,854</u>			<u>\$ -</u>	

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Open Space			Recreational Playfields		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	978	2,994	2,016	221	566	345
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	25,593	25,593	-	12,796	12,796	-
Total revenues	26,571	28,587	2,016	13,017	13,362	345
EXPENDITURES						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	1,457	(1,457)	-	375	(375)
Total expenditures	-	1,457	(1,457)	-	375	(375)
Excess of revenues over (under) expenditures	26,571	27,130	559	13,017	12,987	(30)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	\$ 26,571	27,130	\$ 559	\$ 13,017	12,987	\$ (30)
Fund balances, beginning of year		97,910			12,533	
Fund balances, end of year		\$ 125,040			\$ 25,520	

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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Creek Restoration			Park Bond		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	981	2,942	1,961	-	2,599	2,599
Revenues from other agencies	-	-	-	317,330	-	(317,330)
Current service charges	-	-	-	-	-	-
Other revenue	12,796	12,796	-	-	-	-
Total revenues	<u>13,777</u>	<u>15,738</u>	<u>1,961</u>	<u>317,330</u>	<u>2,599</u>	<u>(314,731)</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	1,441	(1,441)	316,273	9,363	306,910
Total expenditures	<u>-</u>	<u>1,441</u>	<u>(1,441)</u>	<u>316,273</u>	<u>9,363</u>	<u>306,910</u>
Excess of revenues over (under) expenditures	<u>13,777</u>	<u>14,297</u>	<u>520</u>	<u>1,057</u>	<u>(6,764)</u>	<u>(7,821)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 13,777</u>	<u>14,297</u>	<u>\$ 520</u>	<u>\$ 1,057</u>	<u>(6,764)</u>	<u>\$ (7,821)</u>
Fund balances, beginning of year		<u>106,193</u>			<u>107,246</u>	
Fund balances, end of year		<u>\$ 120,490</u>			<u>\$ 100,482</u>	

Continued
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CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Reinvestment Low-Mod Housing			Law Enforcement Grants		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ 18,553	\$ 28,029	\$ 9,476	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	452	1,982	1,530	1,600	3,367	1,767
Revenues from other agencies	-	-	-	109,000	136,742	27,742
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>19,005</u>	<u>30,011</u>	<u>11,006</u>	<u>110,600</u>	<u>140,109</u>	<u>29,509</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Police	-	-	-	125,895	143,853	(17,958)
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,895</u>	<u>143,853</u>	<u>(17,958)</u>
Excess of revenues over (under) expenditures	<u>19,005</u>	<u>30,011</u>	<u>11,006</u>	<u>(15,295)</u>	<u>(3,744)</u>	<u>11,551</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 19,005</u>	<u>30,011</u>	<u>\$ 11,006</u>	<u>\$ (15,295)</u>	<u>(3,744)</u>	<u>\$ 11,551</u>
Fund balances, beginning of year		<u>70,447</u>			<u>14,150</u>	
Fund balances, end of year		<u>\$ 100,458</u>			<u>\$ 10,406</u>	

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on next page

CITY OF ALBANY
OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Pension Property Tax			Total		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ 1,258,440	\$ 1,497,296	\$ 238,856	\$ 3,085,976	\$ 3,313,065	\$ 227,089
Franchise and other taxes	-	-	-	55,255	54,326	(929)
License and permits	-	-	-	-	1,520	1,520
Earnings on investments	-	-	-	13,749	33,966	20,217
Revenues from other agencies	-	-	-	1,323,440	1,148,152	(175,288)
Current service charges	-	-	-	370,000	370,524	524
Other revenue	-	-	-	51,615	51,821	206
Total revenues	1,258,440	1,497,296	238,856	4,900,035	4,973,374	73,339
EXPENDITURES						
General government	5,500	4,783	717	5,500	4,783	717
Police	-	-	-	125,895	143,853	(17,958)
Fire and emergency medical services	-	-	-	3,400	1,628	1,772
Community development and environmental resources	-	-	-	863,240	777,742	85,498
Recreation and community services	-	-	-	767,853	483,662	284,191
Total expenditures	5,500	4,783	717	1,765,888	1,411,668	354,220
Excess of revenues over (under) expenditures	1,252,940	1,492,513	239,573	3,134,147	3,561,706	427,559
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(350,000)	(350,000)	-	(2,180,844)	(2,153,106)	27,738
Total other financing sources (uses)	(350,000)	(350,000)	-	(2,180,844)	(2,153,106)	27,738
Net change in fund balances	\$ 902,940	1,142,513	\$ 239,573	\$ 953,303	1,408,600	\$ 455,297
Fund balances, beginning of year		446,322			1,745,347	
Fund balances, end of year		\$ 1,588,835			\$ 3,153,947	

CITY OF ALBANY

Other Capital Projects Funds

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

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

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

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

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

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

Capital Facilities Reserve Fund - is used to accumulate resources for future construction of the Community Development Maintenance Center.

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

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

Albany Bulb - is used to account for activities related to environmental enhancement of the two lagoons on the Bulb in order to comply with a closure order for the Albany Landfill.

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

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

CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005
(With Comparative Totals for June 30, 2004)

	Fire Equipment	Police Equipment	Emergency Medical Service Equipment	Fire Operations Equipment	Capital Facilities Developer Fee
ASSETS					
Operating cash and investments	\$ 159,873	\$ 266,187	\$ 72,662	\$ 9,861	\$ 10,350
Receivables:					
Accounts	-	-	-	-	-
Total assets	<u>\$ 159,873</u>	<u>\$ 266,187</u>	<u>\$ 72,662</u>	<u>\$ 9,861</u>	<u>\$ 10,350</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 44	\$ -	\$ -	\$ -
Accrued salaries & benefits	-	-	-	-	-
Accrued liabilities	-	-	-	1,210	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>44</u>	<u>-</u>	<u>1,210</u>	<u>-</u>
Fund balances:					
Reserved for capital projects	159,873	266,143	72,662	8,651	10,350
Unreserved (deficit)	-	-	-	-	-
Total fund balances (deficit)	<u>159,873</u>	<u>266,143</u>	<u>72,662</u>	<u>8,651</u>	<u>10,350</u>
Total liabilities and fund balances	<u>\$ 159,873</u>	<u>\$ 266,187</u>	<u>\$ 72,662</u>	<u>\$ 9,861</u>	<u>\$ 10,350</u>

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CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2005

(With Comparative Totals for June 30, 2004)

	Capital Facilities	Capital Projects Fund	Reinvestment	Albany Bulb	Equipment Replacement Reserve
ASSETS					
Operating cash and investments	\$ 443,638	\$ 710,499	\$ 225,233	\$ -	\$ 300,000
Receivables:					
Accounts	-	58,529	22,602	11,564	-
Total assets	<u>\$ 443,638</u>	<u>\$ 769,028</u>	<u>\$ 247,835</u>	<u>\$ 11,564</u>	<u>\$ 300,000</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 19,642	\$ 341	\$ -	\$ -
Accrued salaries & benefits	626	-	354	-	-
Accrued liabilities	-	250	16,063	-	-
Due to other funds	-	-	-	11,564	-
Deferred revenue	-	-	50,490	-	-
Advance from other funds	-	-	415,040	-	-
Total liabilities	<u>626</u>	<u>19,892</u>	<u>482,288</u>	<u>11,564</u>	<u>-</u>
Fund balances:					
Reserved for capital projects	443,012	749,136	-	-	300,000
Unreserved (deficit)	-	-	(234,453)	-	-
Total fund balances (deficit)	<u>443,012</u>	<u>749,136</u>	<u>(234,453)</u>	<u>-</u>	<u>300,000</u>
Total liabilities and fund balances	<u>\$ 443,638</u>	<u>\$ 769,028</u>	<u>\$ 247,835</u>	<u>\$ 11,564</u>	<u>\$ 300,000</u>

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CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2005

(With Comparative Totals for June 30, 2004)

		<u>Totals</u>	
	R & CS Reserve	2005	2004
ASSETS			
Operating cash and investments	\$ 44,620	\$ 2,242,923	\$ 1,483,117
Receivables:			
Accounts	-	92,695	403,866
Total assets	<u>\$ 44,620</u>	<u>\$ 2,335,618</u>	<u>\$ 1,886,983</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 12	\$ 20,039	\$ 58,370
Accrued salaries & benefits	-	980	204
Accrued liabilities	-	17,523	35,558
Due to other funds	-	11,564	186,456
Deferred revenue	3,976	54,466	52,855
Advance from other funds	-	415,040	406,120
Total liabilities	<u>3,988</u>	<u>519,612</u>	<u>739,563</u>
Fund balances:			
Reserved for capital projects	40,632	2,050,459	1,417,513
Unreserved (deficit)	-	(234,453)	(270,093)
Total fund balances (deficit)	<u>40,632</u>	<u>1,816,006</u>	<u>1,147,420</u>
Total liabilities and fund balances	<u>\$ 44,620</u>	<u>\$ 2,335,618</u>	<u>\$ 1,886,983</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, 2005

(With Comparative Totals for the Fiscal Year Ended June 30, 2004)

	Fire Equipment *	Police Equipment *	Emergency Medical Service Equipment **	Fire Operations Equipment **	Capital Facilities Developer Fee **
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	94
Revenues from other agencies:	-	-	-	-	-
Current service charges	-	-	-	-	23,889
Other revenue	-	11,573	-	-	-
Total revenues	<u>-</u>	<u>11,573</u>	<u>-</u>	<u>-</u>	<u>23,983</u>
EXPENDITURES					
Current:					
Fire and emergency medical service:	7,728	-	-	15,349	-
Community development and environmental resources:	-	-	-	-	-
Recreation and community service:	-	-	-	-	15,082
Capital outlay	36,535	50,957	-	-	-
Debt service:					
Principal	23,350	-	-	-	-
Interest	4,186	-	-	-	-
Total expenditures:	<u>71,799</u>	<u>50,957</u>	<u>-</u>	<u>15,349</u>	<u>15,082</u>
Excess of revenues over (under) expenditures	<u>(71,799)</u>	<u>(39,384)</u>	<u>-</u>	<u>(15,349)</u>	<u>8,901</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	123,537	9,500	22,500	24,000	-
Transfers out	-	-	(72,000)	-	-
Total other financing sources (uses)	<u>123,537</u>	<u>9,500</u>	<u>(49,500)</u>	<u>24,000</u>	<u>-</u>
Net change in fund balances	51,738	(29,884)	(49,500)	8,651	8,901
Fund balances, beginning of year	108,135	296,027	122,162	-	1,449
Fund balances, end of year	<u>\$ 159,873</u>	<u>\$ 266,143</u>	<u>\$ 72,662</u>	<u>\$ 8,651</u>	<u>\$ 10,350</u>

* See page D35 for budget comparisons.

** See page D36 for budget comparisons.

*** See page D37 for budget comparisons.

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CITY OF ALBANY

OTHER CAPITAL PROJECTS FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(With Comparative Totals for the Fiscal Year Ended June 30, 2004)

	Capital Facilities *	Capital Projects Fund **	Reinvestment **	Albany Bulb ***	Equipment Replacement Reserve ***
REVENUES					
Property taxes	\$ -	\$ -	\$ 51,485	\$ -	\$ -
Earnings on investments	10,986	-	5,202	-	-
Revenues from other agencies:	-	1,096,638	-	11,564	-
Current service charges	-	-	-	-	-
Other revenue	-	-	27,340	-	-
Total revenues	<u>10,986</u>	<u>1,096,638</u>	<u>84,027</u>	<u>11,564</u>	<u>-</u>
EXPENDITURES					
Current:					
Fire and emergency medical service:	-	-	-	-	-
Community development and environmental resources:	-	114,069	33,170	11,564	-
Recreation and community service:	-	-	-	-	-
Capital outlay	-	944,332	6,297	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	8,920	-	-
Total expenditures:	<u>-</u>	<u>1,058,401</u>	<u>48,387</u>	<u>11,564</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>10,986</u>	<u>38,237</u>	<u>35,640</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	360,915	-	-	300,000
Transfers out	-	(19,500)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>341,415</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Net change in fund balances	10,986	379,652	35,640	-	300,000
Fund balances, beginning of year	432,026	369,484	(270,093)	-	-
Fund balances, end of year	<u>\$ 443,012</u>	<u>\$ 749,136</u>	<u>\$ (234,453)</u>	<u>\$ -</u>	<u>\$ 300,000</u>

* See page D37 for budget comparisons.

** See page D38 for budget comparisons.

*** See page D39 for budget comparisons.

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on next page

CITY OF ALBANY

OTHER CAPITAL PROJECTS FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

(With Comparative Totals for the Fiscal Year Ended June 30, 2004)

	R & CS Reserve *	Totals	
		2005	2004
REVENUES			
Property taxes	\$ -	\$ 51,485	\$ 54,994
Earnings on investments	-	16,282	9,840
Revenues from other agencies:	-	1,108,202	255,001
Current service charges	34,947	58,836	160,199
Other revenue	-	38,913	949,938
Total revenues	<u>34,947</u>	<u>1,273,718</u>	<u>1,429,972</u>
EXPENDITURES			
Current:			
Fire and emergency medical service:	-	23,077	-
Community development and environmental resources:	-	158,803	193,683
Recreation and community service:	77,358	92,440	73,657
Capital outlay	-	1,038,121	921,324
Debt service:			
Principal	4,573	27,923	31,083
Interest	614	13,720	7,144
Total expenditures:	<u>82,545</u>	<u>1,354,084</u>	<u>1,226,891</u>
Excess of revenues over (under) expenditures	<u>(47,598)</u>	<u>(80,366)</u>	<u>203,081</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	840,452	1,853,077
Transfers out	-	(91,500)	(231,372)
Total other financing sources (uses)	<u>-</u>	<u>748,952</u>	<u>1,621,705</u>
Net change in fund balances	(47,598)	668,586	1,824,786
Fund balances, beginning of year	88,230	1,147,420	(677,366)
Fund balances, end of year	<u>\$ 40,632</u>	<u>\$ 1,816,006</u>	<u>\$ 1,147,420</u>

* See page D40 for budget comparisons.

CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Fire Equipment			Police Equipment		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	-	-
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	2,340	11,573	9,233
Total revenues	-	-	-	2,340	11,573	9,233
EXPENDITURES						
Current:						
Fire and emergency medical services	-	7,728	(7,728)	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	30,000	36,535	(6,535)	-	50,957	(50,957)
Debt Service:						
Principal	23,351	23,350	1	-	-	-
Interest	4,186	4,186	-	-	-	-
Total expenditures	57,537	71,799	(14,262)	-	50,957	(50,957)
Excess of revenues over (under) expenditures	(57,537)	(71,799)	(14,262)	2,340	(39,384)	(41,724)
OTHER FINANCING SOURCES (USES)						
Transfers in	123,537	123,537	-	9,500	9,500	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	123,537	123,537	-	9,500	9,500	-
Net change in fund balances	\$ 66,000	51,738	\$ (14,262)	\$ 11,840	(29,884)	\$ (41,724)
Fund balances, beginning of year		108,135			296,027	
Fund balances, end of year		\$ 159,873			\$ 266,143	

CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Emergency Medical Service Equipment			Fire Operations Equipment		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	-	-
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
EXPENDITURES						
Current:						
Fire and emergency medical services	-	-	-	24,000	15,349	8,651
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	55,000	-	55,000	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	55,000	-	55,000	24,000	15,349	8,651
Excess of revenues over (under) expenditures	(55,000)	-	55,000	(24,000)	(15,349)	8,651
OTHER FINANCING SOURCES (USES)						
Transfers in	22,500	22,500	-	-	24,000	24,000
Transfers out	(72,000)	(72,000)	-	-	-	-
Total other financing sources (uses)	(49,500)	(49,500)	-	-	24,000	24,000
Net change in fund balances	<u>\$ (104,500)</u>	<u>(49,500)</u>	<u>\$ 55,000</u>	<u>\$ (24,000)</u>	<u>8,651</u>	<u>\$ 32,651</u>
Fund balances, beginning of year		<u>122,162</u>			<u>-</u>	
Fund balances, end of year		<u>\$ 72,662</u>			<u>\$ 8,651</u>	

CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Capital Facilities Developer Fee			Capital Facilities		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	94	94	3,757	10,986	7,229
Revenues from other agencies	-	-	-	-	-	-
Current service charges	20,000	23,889	3,889	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>20,000</u>	<u>23,983</u>	<u>3,983</u>	<u>3,757</u>	<u>10,986</u>	<u>7,229</u>
EXPENDITURES						
Current:						
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	24,878	-	24,878
Recreation and community services	4,800	15,082	(10,282)	-	-	-
Capital outlay	8,400	-	8,400	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>13,200</u>	<u>15,082</u>	<u>(1,882)</u>	<u>24,878</u>	<u>-</u>	<u>24,878</u>
Excess of revenues over (under) expenditures	<u>6,800</u>	<u>8,901</u>	<u>2,101</u>	<u>(21,121)</u>	<u>10,986</u>	<u>32,107</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 6,800</u>	<u>8,901</u>	<u>\$ 2,101</u>	<u>\$ (21,121)</u>	<u>10,986</u>	<u>\$ 32,107</u>
Fund balances, beginning of year		<u>1,449</u>			<u>432,026</u>	
Fund balances, end of year		<u>\$ 10,350</u>			<u>\$ 443,012</u>	

CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Capital Projects Fund			Reinvestment		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ 34,211	\$ 51,485	\$ 17,274
Earnings on investments	-	-	-	942	5,202	4,260
Revenues from other agencies	1,013,823	1,096,638	82,815	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	27,340	27,340
Total revenues	<u>1,013,823</u>	<u>1,096,638</u>	<u>82,815</u>	<u>35,153</u>	<u>84,027</u>	<u>48,874</u>
EXPENDITURES						
Current:						
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	28,700	114,069	(85,369)	31,518	33,170	(1,652)
Recreation and community services	-	-	-	-	-	-
Capital outlay	1,233,675	944,332	289,343	340,000	6,297	333,703
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	8,920	(8,920)
Total expenditures	<u>1,262,375</u>	<u>1,058,401</u>	<u>203,974</u>	<u>371,518</u>	<u>48,387</u>	<u>323,131</u>
Excess of revenues over (under) expenditures	<u>(248,552)</u>	<u>38,237</u>	<u>286,789</u>	<u>(336,365)</u>	<u>35,640</u>	<u>372,005</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	98,552	360,915	262,363	-	-	-
Transfers out	(19,500)	(19,500)	-	-	-	-
Total other financing sources (uses)	<u>79,052</u>	<u>341,415</u>	<u>262,363</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (169,500)</u>	<u>379,652</u>	<u>\$ 549,152</u>	<u>\$ (336,365)</u>	<u>35,640</u>	<u>\$ 372,005</u>
Fund balances, beginning of year		<u>369,484</u>			<u>(270,093)</u>	
Fund balances, end of year		<u>\$ 749,136</u>			<u>\$ (234,453)</u>	

CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Albany Bulb			Equipment Replacement		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	-	-
Revenues from other agencies	11,565	11,564	(1)	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>11,565</u>	<u>11,564</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Current:						
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	11,565	11,564	1	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>11,565</u>	<u>11,564</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	300,000	300,000
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	<u>300,000</u>	<u>300,000</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>300,000</u>	<u>\$ 300,000</u>
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>-</u>

CITY OF ALBANY
OTHER CAPITAL PROJECTS FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	R & CS Reserve			Total		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ 34,211	\$ 51,485	\$ 17,274
Earnings on investments	-	-	-	4,699	16,282	11,583
Revenues from other agencies	-	-	-	1,025,388	1,108,202	82,814
Current service charges	28,000	34,947	6,947	48,000	58,836	10,836
Other revenue	-	-	-	2,340	38,913	36,573
Total revenues	28,000	34,947	6,947	1,114,638	1,273,718	159,080
EXPENDITURES						
Current:						
Fire and emergency medical services	-	-	-	24,000	23,077	923
Community development and environmental resources	-	-	-	96,661	158,803	(62,142)
Recreation and community services	69,314	77,358	(8,044)	74,114	92,440	(18,326)
Capital outlay	-	-	-	1,667,075	1,038,121	628,954
Debt Service:						
Principal	4,573	4,573	-	27,924	27,923	1
Interest	614	614	-	4,800	13,720	(8,920)
Total expenditures	74,501	82,545	(8,044)	1,894,574	1,354,084	540,490
Excess of revenues over (under) expenditures	(46,501)	(47,598)	(1,097)	(779,936)	(80,366)	699,570
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	254,089	840,452	586,363
Transfers out	-	-	-	(91,500)	(91,500)	-
Total other financing sources (uses)	-	-	-	162,589	748,952	586,363
Net change in fund balances	\$ (46,501)	(47,598)	\$ (1,097)	\$ (617,347)	668,586	\$ 1,285,933
Fund balances, beginning of year		88,230			1,147,420	
Fund balances, end of year		\$ 40,632			\$ 1,816,006	

CITY OF ALBANY
CAPITAL PROJECTS FUNDS - MAJOR FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	1996-1 Assessment District Bond Fund			General Obligation Bond 2003		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	39,608	95,268	55,660	-	-	-
Revenues from other agencies	100,000	-	(100,000)	-	-	-
Current service charges	-	-	-	120,000	180,384	60,384
Other revenue	-	-	-	-	-	-
Total revenues	<u>139,608</u>	<u>95,268</u>	<u>(44,340)</u>	<u>120,000</u>	<u>180,384</u>	<u>60,384</u>
EXPENDITURES						
Current:						
Community development and environmental resources	-	-	-	60,000	102,790	(42,790)
Recreation and community services	208,351	18,870	189,481	-	-	-
Capital outlay	124,524	440,081	(315,557)	269,231	434,018	(164,787)
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>332,875</u>	<u>458,951</u>	<u>(126,076)</u>	<u>329,231</u>	<u>536,808</u>	<u>(207,577)</u>
Excess of revenues over (under) expenditures	<u>(193,267)</u>	<u>(363,683)</u>	<u>(170,416)</u>	<u>(209,231)</u>	<u>(356,424)</u>	<u>(147,193)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	57,855	57,855	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,855</u>	<u>57,855</u>	<u>-</u>
Net change in fund balances	<u>\$ (193,267)</u>	<u>(363,683)</u>	<u>\$ (170,416)</u>	<u>\$ (151,376)</u>	<u>(298,569)</u>	<u>\$ (147,193)</u>
Fund balances, beginning of year		<u>4,668,140</u>			<u>7,128,731</u>	
Fund balances, end of year		<u>\$ 4,304,457</u>			<u>\$ 6,830,162</u>	

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on next page

CITY OF ALBANY
CAPITAL PROJECTS FUNDS - MAJOR FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Total		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Earnings on investments	39,608	95,268	55,660
Revenues from other agencies	100,000	-	(100,000)
Current service charges	120,000	180,384	60,384
Other revenue	-	-	-
Total revenues	<u>259,608</u>	<u>275,652</u>	<u>16,044</u>
EXPENDITURES			
Current:			
Community development and environmental resources	60,000	102,790	(42,790)
Recreation and community services	208,351	18,870	189,481
Capital outlay	393,755	874,099	(480,344)
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>662,106</u>	<u>995,759</u>	<u>(333,653)</u>
Excess of revenues over (under) expenditures	<u>(402,498)</u>	<u>(720,107)</u>	<u>(317,609)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	57,855	57,855	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>57,855</u>	<u>57,855</u>	<u>-</u>
Net change in fund balances	<u>\$ (344,643)</u>	<u>(662,252)</u>	<u>\$ (317,609)</u>
Fund balances, beginning of year		<u>11,796,871</u>	
Fund balances, end of year		<u>\$ 11,134,619</u>	

CITY OF ALBANY

Other Debt Service Funds

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

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

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

G.O. Bond Debt Service - accounts for accumulation of resources for the payments of general obligation bond principal and interest.

CITY OF ALBANY
OTHER DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005
(With Comparative Totals for June 30, 2004)

	Debt Service APFFA	Reinvestment Debt Service	G.O. Bond Debt Service	Totals	
				2005	2004
ASSETS					
Operating cash and investments	\$ 18,265	\$ 66,126	\$ 387,108	\$ 471,499	\$ 344,866
Debt service reserves held with trustee	476,741	-	-	476,741	473,784
Total assets	<u>\$ 495,006</u>	<u>\$ 66,126</u>	<u>\$ 387,108</u>	<u>\$ 948,240</u>	<u>\$ 818,650</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,283	\$ -	\$ 500	\$ 1,783	\$ 610
Advances from other funds	-	466,358	-	466,358	457,746
Total liabilities	<u>1,283</u>	<u>466,358</u>	<u>500</u>	<u>468,141</u>	<u>458,356</u>
Fund balances:					
Reserved for debt service	493,723	-	386,608	880,331	792,566
Unreserved (deficit)	-	(400,232)	-	(400,232)	(432,272)
Total fund balances	<u>493,723</u>	<u>(400,232)</u>	<u>386,608</u>	<u>480,099</u>	<u>360,294</u>
Total liabilities and fund balances	<u>\$ 495,006</u>	<u>\$ 66,126</u>	<u>\$ 387,108</u>	<u>\$ 948,240</u>	<u>\$ 818,650</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, 2005
(With Comparative Totals for the Fiscal Year Ended June 30, 2004)

	Debt Service APFFA	Reinvestment Debt Service	G.O. Bond Debt Service	Totals	
				2005	2004
REVENUES	*	*	**		
Property taxes	\$ -	\$ 40,000	\$ 526,077	\$ 566,077	\$ 487,351
Earnings on investments	6,677	652	4,476	11,805	14,561
Total revenues	<u>6,677</u>	<u>40,652</u>	<u>530,553</u>	<u>577,882</u>	<u>501,912</u>
EXPENDITURES					
Current:					
General government	5,351	-	3,840	9,191	75,225
Debt service:					
Principal	325,000	-	125,000	450,000	320,000
Interest	132,765	8,612	315,275	456,652	344,252
Total expenditures	<u>463,116</u>	<u>8,612</u>	<u>444,115</u>	<u>915,843</u>	<u>739,477</u>
Excess of revenues over (under) expenditures	<u>(456,439)</u>	<u>32,040</u>	<u>86,438</u>	<u>(337,961)</u>	<u>(237,565)</u>
OTHER FINANCING SOURCES (USES)					
Debt proceeds	-	-	-	-	-
Transfers in	457,766	-	-	457,766	451,795
Total other financing sources (uses)	<u>457,766</u>	<u>-</u>	<u>-</u>	<u>457,766</u>	<u>451,795</u>
Net change in fund balances	1,327	32,040	86,438	119,805	214,230
Fund balances, beginning of year	492,396	(432,272)	300,170	360,294	146,064
Fund balances, end of year	<u>\$ 493,723</u>	<u>\$ (400,232)</u>	<u>\$ 386,608</u>	<u>\$ 480,099</u>	<u>\$ 360,294</u>

* See page D46 for budget comparisons.
** See page D47 for budget comparisons.

CITY OF ALBANY
OTHER DEBT SERVICE FUNDS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Debt Service APFFA			Reinvestment Debt Service		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ -
Earnings on investments	6,250	6,677	427	218	652	434
Total revenues	<u>6,250</u>	<u>6,677</u>	<u>427</u>	<u>40,218</u>	<u>40,652</u>	<u>434</u>
EXPENDITURES						
Current:						
General government	8,939	5,351	3,588	-	-	-
Debt Service:						
Principal	325,000	325,000	-	40,000	-	40,000
Interest	132,766	132,765	1	-	8,612	(8,612)
Total expenditures	<u>466,705</u>	<u>463,116</u>	<u>3,589</u>	<u>40,000</u>	<u>8,612</u>	<u>31,388</u>
Excess of revenues over (under) expenditures	<u>(460,455)</u>	<u>(456,439)</u>	<u>4,016</u>	<u>218</u>	<u>32,040</u>	<u>31,822</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	457,766	457,766	-	-	-	-
Total other financing sources (uses)	<u>457,766</u>	<u>457,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (2,689)</u>	<u>1,327</u>	<u>\$ 4,016</u>	<u>\$ 218</u>	<u>32,040</u>	<u>\$ 31,822</u>
Fund balances, beginning of year		<u>492,396</u>			<u>(432,272)</u>	
Fund balances, end of year		<u>\$ 493,723</u>			<u>\$ (400,232)</u>	

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on next page

CITY OF ALBANY
OTHER DEBT SERVICE FUNDS
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	G.O. Bond Debt Service			Total		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$ 473,974	\$ 526,077	\$ 52,103	\$ 513,974	\$ 566,077	\$ 52,103
Earnings on investments	4,600	4,476	(124)	11,068	11,805	737
Total revenues	<u>478,574</u>	<u>530,553</u>	<u>51,979</u>	<u>525,042</u>	<u>577,882</u>	<u>52,840</u>
EXPENDITURES						
Current:						
General government	3,000	3,840	(840)	11,939	9,191	2,748
Debt Service:						
Principal	125,000	125,000	-	490,000	450,000	40,000
Interest	315,276	315,275	1	448,042	456,652	(8,610)
Total expenditures	<u>443,276</u>	<u>444,115</u>	<u>(839)</u>	<u>949,981</u>	<u>915,843</u>	<u>34,138</u>
Excess of revenues over (under) expenditures	<u>35,298</u>	<u>86,438</u>	<u>51,140</u>	<u>(424,939)</u>	<u>(337,961)</u>	<u>86,978</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	457,766	457,766	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>457,766</u>	<u>457,766</u>	<u>-</u>
Net change in fund balances	<u>\$ 35,298</u>	<u>86,438</u>	<u>\$ 51,140</u>	<u>\$ 32,827</u>	<u>119,805</u>	<u>\$ 86,978</u>
Fund balances, beginning of year		<u>300,170</u>			<u>360,294</u>	
Fund balances, end of year		<u>\$ 386,608</u>			<u>\$ 480,099</u>	

CITY OF ALBANY

Agency Funds

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

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

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

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

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

CITY OF ALBANY
AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2005
(With Comparative Totals for June 30, 2004)

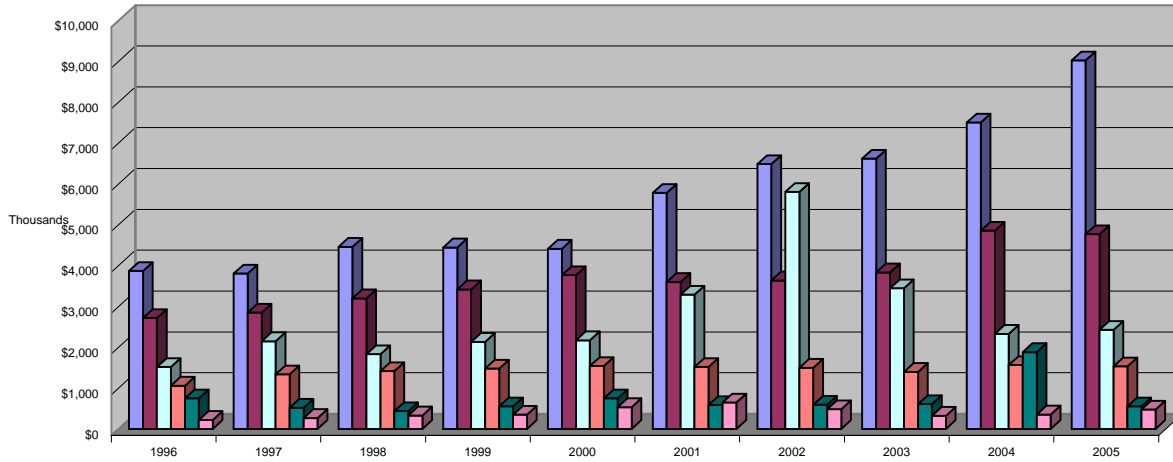
	Codornices Trail	Bond & Trust	School Facility Fee	1996-1 Assessment District Bond Funds	Totals	
					2005	2004
ASSETS						
Operating cash and investments	\$ 102,550	\$ 183,112	\$ 8,483	\$ 399,205	\$ 693,350	\$ 613,304
Debt service reserves held with trustee	-	-	-	483,332	483,332	497,461
Total assets	<u>\$ 102,550</u>	<u>\$ 183,112</u>	<u>\$ 8,483</u>	<u>\$ 882,537</u>	<u>\$ 1,176,682</u>	<u>\$ 1,110,765</u>
LIABILITIES						
Accounts payable	\$ -	\$ 2,279	\$ 8,483	\$ -	\$ 10,762	\$ 20,099
Due to bondholders	-	-	-	882,537	882,537	915,638
Refundable deposits	102,550	180,833	-	-	283,383	175,028
Total liabilities	<u>\$ 102,550</u>	<u>\$ 183,112</u>	<u>\$ 8,483</u>	<u>\$ 882,537</u>	<u>\$ 1,176,682</u>	<u>\$ 1,110,765</u>

CITY OF ALBANY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005
Codornices Trail				
Assets:				
Operating cash and investments	\$ -	\$ 102,550	\$ -	\$ 102,550
Total assets	<u>\$ -</u>	<u>\$ 102,550</u>	<u>\$ -</u>	<u>\$ 102,550</u>
Liabilities:				
Refundable deposits	\$ -	\$ 102,550	\$ -	\$ 102,550
Total liabilities	<u>\$ -</u>	<u>\$ 102,550</u>	<u>\$ -</u>	<u>\$ 102,550</u>
Bond and Trust				
Assets:				
Operating cash and investments	\$ 183,355	\$ -	\$ 243	\$ 183,112
Liabilities:				
Accounts payable	\$ 8,327	\$ 2,279	\$ 8,327	\$ 2,279
Refundable deposits	175,028	5,805		180,833
Total liabilities	<u>\$ 183,355</u>	<u>\$ 8,084</u>	<u>\$ 8,327</u>	<u>\$ 183,112</u>
School Facility Fees				
Assets:				
Operating cash and investments	\$ 11,772	\$ -	\$ 3,289	\$ 8,483
Liabilities:				
Accounts payable	\$ 11,772	\$ -	\$ 3,289	\$ 8,483
1996-1 Assessment District Bond Funds				
Assets:				
Operating cash and investments	\$ 418,177	\$ 492,173	\$ 511,145	\$ 399,205
Debt service reserves held with trustee	497,461	-	14,129	483,332
Accounts receivable	-	-	-	-
Total assets	<u>\$ 915,638</u>	<u>\$ 492,173</u>	<u>\$ 525,274</u>	<u>\$ 882,537</u>
Liabilities:				
Due to bondholders	\$ 915,638	\$ -	\$ 33,101	\$ 882,537
Total Agency Funds				
Assets:				
Operating cash and investments	\$ 613,304	\$ 594,723	\$ 514,677	\$ 693,350
Debt service reserves held with trustee	497,461	-	14,129	483,332
Total assets	<u>\$ 1,110,765</u>	<u>\$ 594,723</u>	<u>\$ 528,806</u>	<u>\$ 1,176,682</u>
Liabilities:				
Accounts payable	\$ 20,099	\$ 2,279	\$ 11,616	\$ 10,762
Due to bondholders	915,638	-	33,101	882,537
Refundable deposits	175,028	108,355	-	283,383
Total liabilities	<u>\$ 1,110,765</u>	<u>\$ 110,634</u>	<u>\$ 44,717</u>	<u>\$ 1,176,682</u>

**STATISTICAL
SECTION**

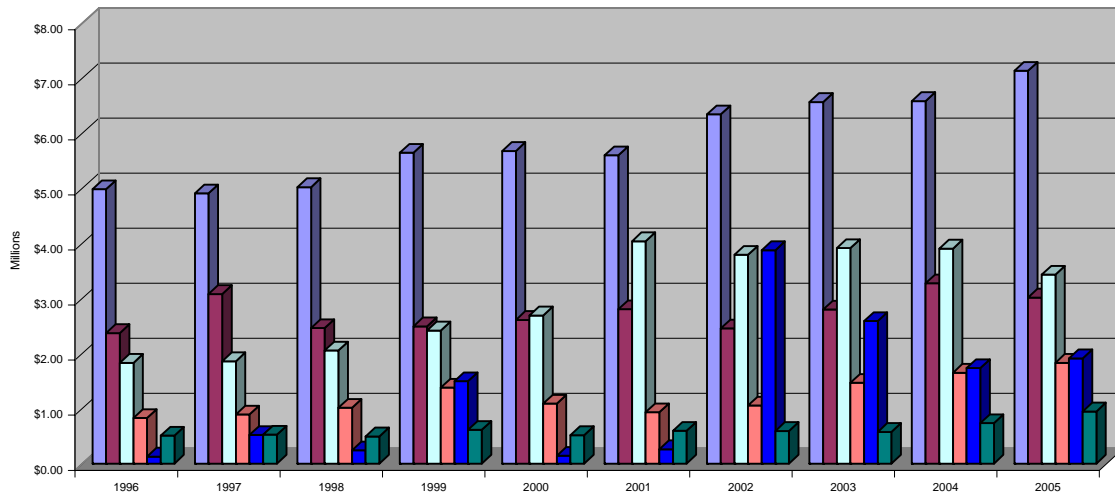
CITY OF ALBANY
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS



Fiscal Year	Property and Sales Taxes	Licenses, Fees, and Other Taxes	Revenue from Other Agencies	Current Service Charges	Fines, Forfeits, and Misc Revenue	Earnings on Investments	Total
1996	\$ 3,868,641	\$ 2,714,217	\$ 1,518,340	\$ 1,060,721	\$ 750,338	\$ 220,156	\$ 10,132,413
1997	3,807,308	2,851,096	2,147,524	1,335,549	517,012	266,969	10,925,458
1998	4,458,578	3,198,856	1,831,525	1,416,671	434,442	331,456	11,671,528
1999	4,443,266	3,418,657	2,131,782	1,479,948	553,025	351,115	12,377,793
2000	4,412,814	3,766,132	2,172,580	1,542,089	750,466	535,557	13,179,638
2001	5,781,219	3,596,853	3,286,659	1,519,300	587,108	648,551	15,419,690
2002	6,486,472	3,636,468	5,801,430	1,497,888	594,893	481,187	18,498,338
2003	6,619,467	3,831,580	3,446,053	1,397,153	609,449	322,236	16,225,938
2004	7,503,411	4,853,509	2,329,432	1,564,775	1,881,386	353,941	18,486,454
2005	9,021,855	4,768,918	2,425,620	1,533,115	552,219	474,975	18,776,702

Source: City of Albany financial reports, budget reports and accounting records.

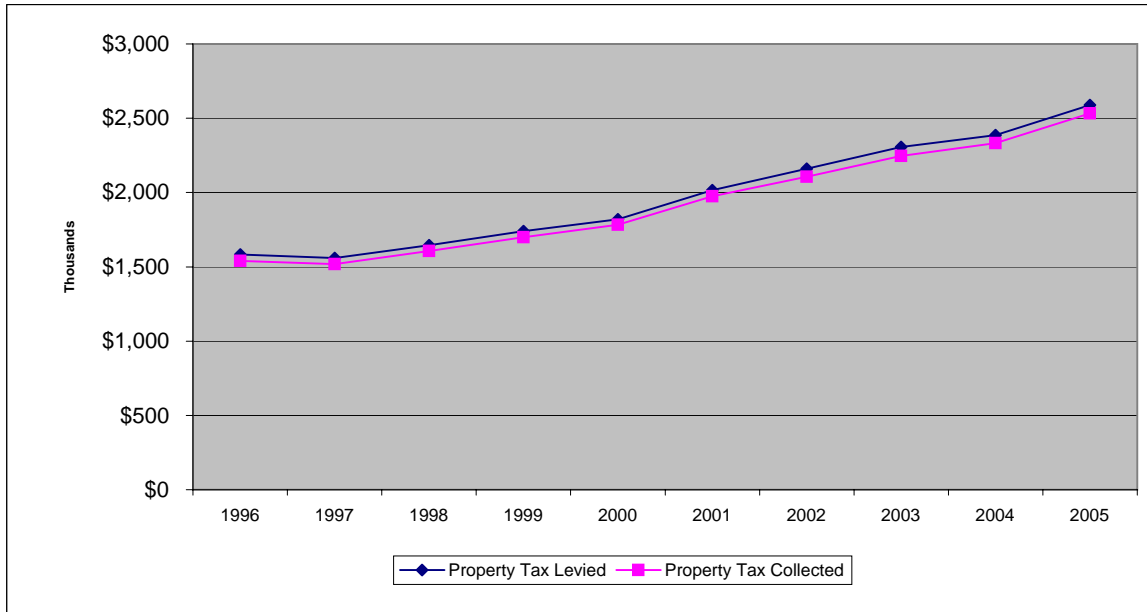
CITY OF ALBANY
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS



Fiscal Year	Police, Fire and Emergency Medical Services	Community Development	General Government	Recreation and Community Services	Capital Outlay	Debt Service	Total
1996	\$ 4,985,850	\$ 2,371,400	\$ 1,832,910	\$ 829,504	\$ 129,394	\$ 509,704	\$ 10,658,762
1997	4,910,945	3,082,950	1,860,905	892,925	521,025	527,160	11,795,910
1998	5,022,973	2,463,771	2,054,353	1,016,598	241,164	496,608	11,295,467
1999	5,647,615	2,495,657	2,418,360	1,382,833	1,497,323	613,449	14,055,237
2000	5,679,593	2,611,152	2,692,687	1,090,717	144,150	518,442	12,736,741
2001	5,601,600	2,804,457	4,040,796	933,235	262,683	596,926	14,239,697
2002	6,344,966	2,456,477	3,793,923	1,054,981	3,877,700	593,021	18,121,068
2003	6,568,160	2,800,042	3,915,322	1,470,303	2,591,462	576,285	17,921,574
2004	6,587,607	3,275,181	3,906,930	1,650,727	1,735,721	735,230	17,891,396
2005	7,136,929	3,018,197	3,432,867	1,831,098	1,912,220	948,295	18,279,606

Source: City of Albany financial reports, budget reports and accounting records.

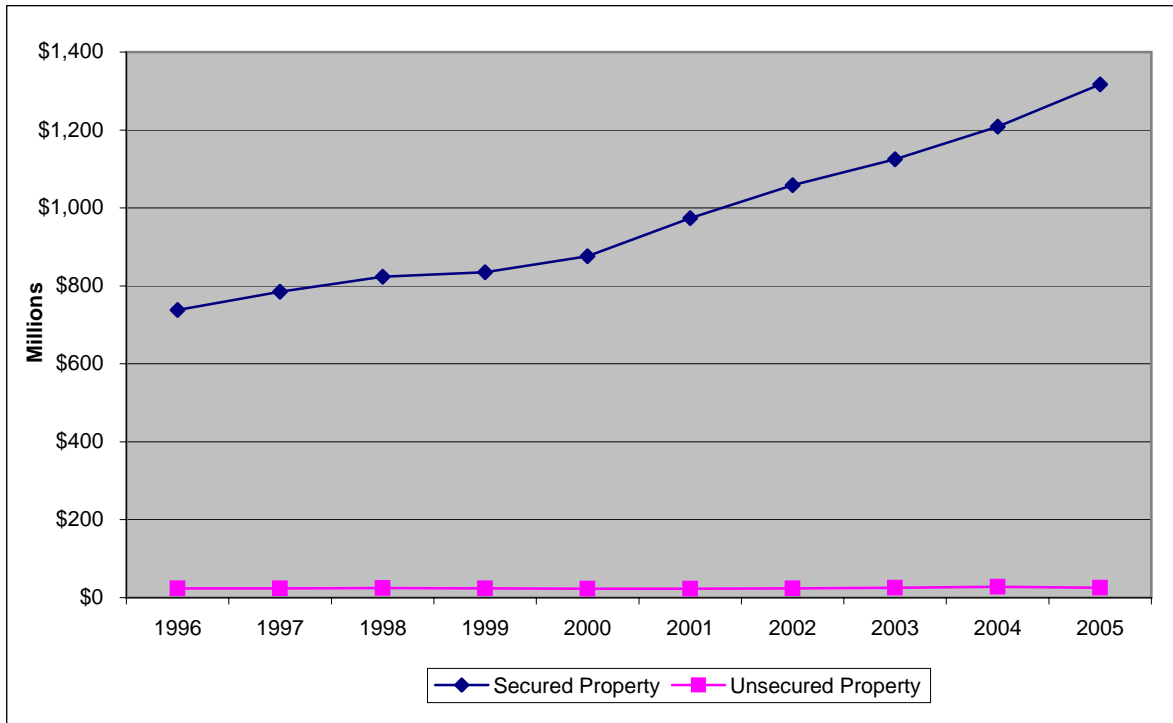
CITY OF ALBANY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS



<u>Fiscal Year</u>	<u>Property Tax Levied</u>	<u>Property Tax Collected</u>	<u>Percent Collected</u>
1996	1,582,044	1,539,165	97.29%
1997	1,559,255	1,518,008	97.35%
1998	1,645,641	1,606,487	97.62%
1999	1,741,121	1,699,031	97.58%
2000	1,819,144	1,783,414	98.04%
2001	2,015,504	1,974,254	97.95%
2002	2,160,733	2,106,408	97.49%
2003	2,305,947	2,245,253	97.37%
2004	2,386,690	2,333,181	97.76%
2005	2,588,616	2,532,275	97.82%

Source: Alameda County Auditor-Controller Office

CITY OF ALBANY
 ASSESSED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS



Fiscal Year	Secured Property	Percent Change Secured Property	Unsecured Property	Percent Change Unsecured Property	Total Assessed
1996	\$ 738,224,153	3.28%	\$ 23,597,828	-4.95%	\$ 761,821,981
1997	784,842,580	6.31%	24,084,240	2.06%	808,926,820
1998	823,475,667	4.92%	24,889,516	3.34%	848,365,183
1999	835,085,828	1.41%	23,492,862	-5.61%	858,578,690
2000	875,791,849	4.87%	22,919,766	-2.44%	898,711,615
2001	973,731,605	11.18%	22,895,997	-0.10%	996,627,602
2002	1,058,671,736	8.72%	23,750,147	3.73%	1,082,421,883
2003	1,124,537,380	6.22%	25,253,021	6.33%	1,149,790,401
2004	1,208,571,884	7.47%	27,526,876	9.00%	1,236,098,760
2005	1,317,477,585	9.01%	25,179,040	-8.53%	1,342,656,625

Source: Alameda County Auditor-Controller Office

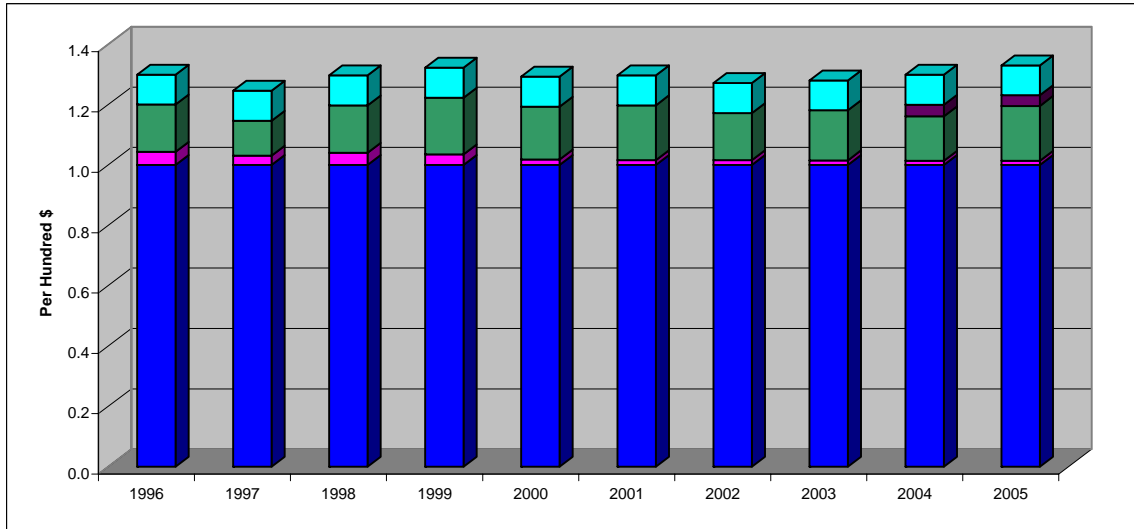
CITY OF ALBANY
 PERCENTAGE CHANGE IN ASSESSED
 VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS



Fiscal Year	Secured Property	Percent Change Secured Property	Unsecured Property	Percent Change Unsecured Property	Total Assessed
1996	\$ 738,224,153	3.28%	\$ 23,597,828	-4.95%	\$ 761,821,981
1997	784,842,580	6.31%	24,084,240	2.06%	808,926,820
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2005	1,317,477,585	9.01%	25,179,040	-8.53%	1,342,656,625

Source: Alameda County Auditor-Controller Office

CITY OF ALBANY
PROPERTY TAX RATES
ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

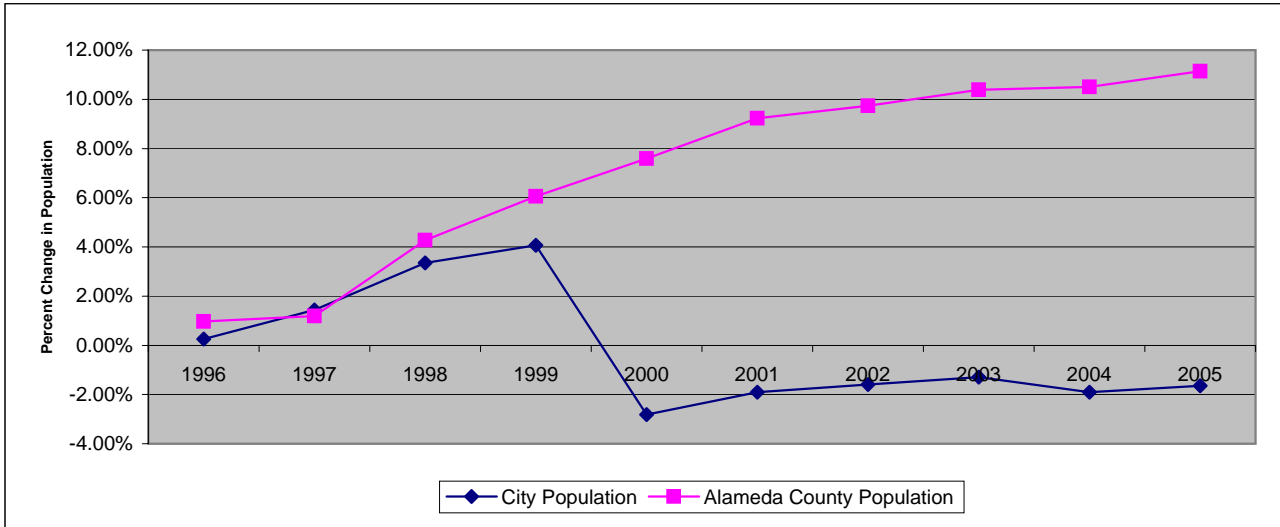


Fiscal Year	City of Albany Pension Fund	General Obligation Debt	School Districts	Special Districts	Basic County Wide Levy
1996	0.0993	-	0.1565	0.0432	1.0000
1997	0.0993	-	0.1156	0.0305	1.0000
1998	0.0993	-	0.1573	0.0397	1.0000
1999	0.0993	-	0.1874	0.0350	1.0000
2000	0.0993	-	0.1752	0.0175	1.0000
2001	0.0993	-	0.1823	0.0150	1.0000
2002	0.0993	-	0.1557	0.0156	1.0000
2003	0.0993	-	0.1657	0.0149	1.0000
2004	0.0993	0.0382	0.1471	0.0136	1.0000
2005	0.0993	0.0352	0.1819	0.0133	1.0000

Note: The general obligation debt tax was effective beginning fiscal year 2004. Fixed charges and special assessments totaled \$940.72 per residential parcel in 2005.

Source: Alameda County Tax Rates - Auditor/Controller of Alameda County

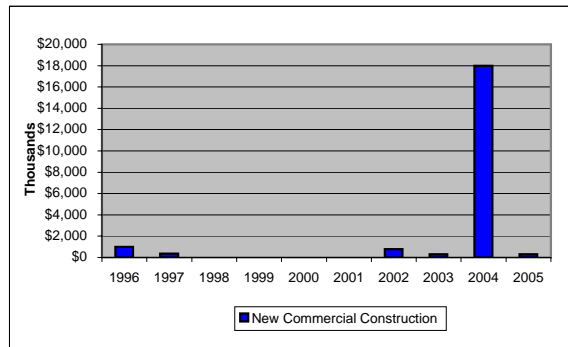
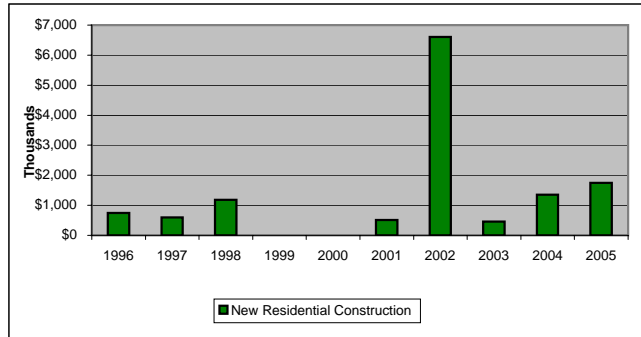
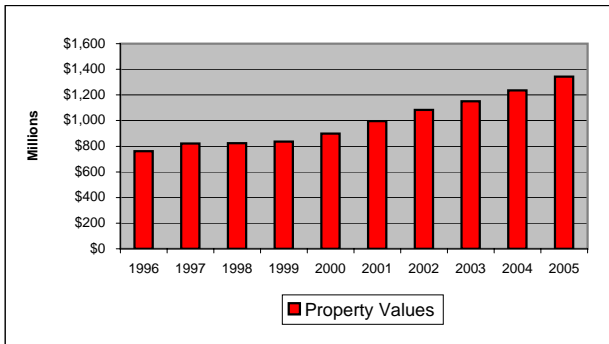
CITY OF ALBANY
 DEMOGRAPHIC STATISTICS
 CUMULATIVE PERCENTAGE CHANGE IN POPULATION
 LAST TEN FISCAL YEARS



Fiscal Year	City Population	Percent Change City Population		Alameda County Population	Percent Change County Population		City Population % of County
		Annual	Cumulative		Annual	Cumulative	
1996	17,113	0.26%	0.26%	1,362,893	0.97%	0.97%	1.26%
1997	17,315	1.18%	1.44%	1,365,938	0.22%	1.19%	1.27%
1998	17,645	1.91%	3.35%	1,408,073	3.08%	4.27%	1.25%
1999	17,770	0.71%	4.06%	1,433,309	1.79%	6.06%	1.24%
2000	16,550	-6.87%	-2.81%	1,455,300	1.53%	7.59%	1.14%
2001	16,700	0.91%	-1.90%	1,479,100	1.64%	9.23%	1.13%
2002	16,750	0.30%	-1.60%	1,486,600	0.51%	9.74%	1.13%
2003	16,800	0.30%	-1.30%	1,496,200	0.65%	10.39%	1.12%
2004	16,700	-0.60%	-1.90%	1,498,000	0.12%	10.51%	1.11%
2005	16,743	0.26%	-1.64%	1,507,500	0.63%	11.14%	1.11%

Source: California Department of Finance

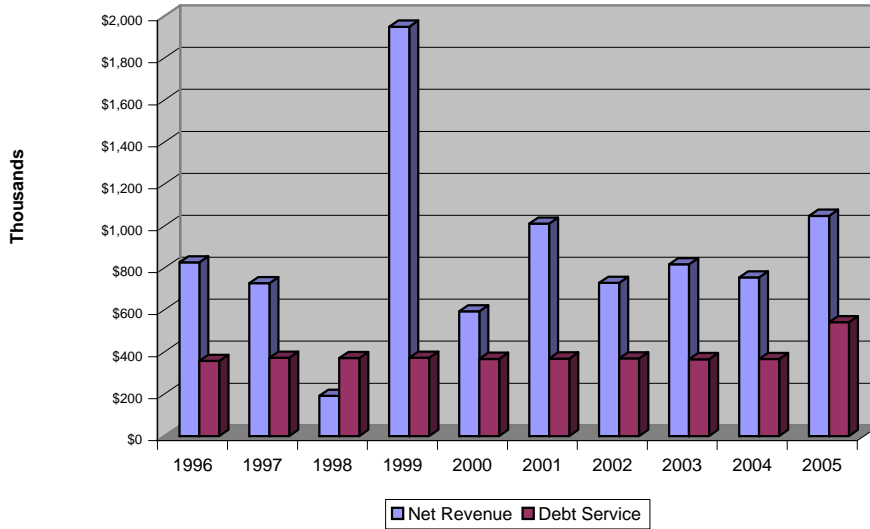
CITY OF ALBANY
PROPERTY VALUES AND CONSTRUCTION
LAST TEN FISCAL YEARS



Fiscal Year	Property Values	New Commercial Construction		New Residential Construction	
		Number of Permits	Value	Number of Permits	Value
1996	\$ 761,821,981	10	\$ 981,600	4	\$ 748,000
1997	821,076,227	1	375,000	3	593,898
1998	823,475,667	0	0	4	1,183,345
1999	835,085,828	0	0	0	0
2000	898,711,615	0	0	0	0
2001	996,627,602	0	0	1	515,294
2002	1,082,421,883	2	771,330	5	6,610,156
2003	1,149,790,401	1	298,985	3	457,666
2004	1,236,098,760	2	17,993,640	4	1,353,193
2005	1,342,656,625	1	294,773	5	1,747,426

Source: City of Albany Community Development Department

CITY OF ALBANY
SEWER REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS



Fiscal Year	Revenues	Expenses (Excluding Depreciation)	Net Revenue Available for Debt Service	Debt Service		Total	Coverage
				Principal	Interest		
1996	\$ 1,667,508	\$ 840,949	\$ 826,559	\$ 165,000	\$ 191,866	\$ 356,866	2.32
1997	1,544,507	817,183	727,324	170,000	202,905	372,905	1.95
1998	1,867,296	1,675,802	191,494	175,000	195,574	370,574	0.52
1999	3,470,827	1,520,813	1,950,014	185,000	187,924	372,924	5.23
2000	1,667,276	1,073,544	593,732	190,000	177,263	367,263	1.62
2001	1,864,489	852,810	1,011,679	200,000	168,834	368,834	2.74
2002	1,975,339	1,246,336	729,003	210,000	159,980	369,980	1.97
2003	1,844,248	1,026,301	817,947	215,000	150,868	365,868	2.24
2004	1,758,221	1,003,414	754,807	225,000	141,387	366,387	2.06
2005	1,951,913	902,903	1,049,010	240,000	301,873	541,873	1.94

Sewer Revenue Bonds were issued in 1994-95.

Revenues include operating revenues, operating transfers in and other non-operating revenues. Expenses include operating expenses and operating transfers out.

In 2005 the outstanding bonds of \$2,990,000 were refunded by issuance of bonds of \$8,675,000.

Source: Official Statements for Sewer Revenue Bond Funds
City of Albany financial reports

CITY OF ALBANY
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 JUNE 30, 2005

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/05</u>
Bay Area Rapid Transit District	0.404%	\$ 404,000
Peralta Community College District	3.173%	4,867,858
Albany Unified School District	100.000%	27,260,000
City of Albany	100.000%	7,875,000
East Bay Municipal Utility District	1.147%	34,984
East Bay Municipal Utility District, Special District No. 1	2.916%	1,121,931
East Bay Regional Park District	0.597%	868,277
City of Albany Assessment District No. 1996-1	100.000%	<u>5,110,000</u>
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		47,542,050
Less: East Bay Municipal Utility District (100% self-supporting)		<u>34,984</u>
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		<u>47,507,066</u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Alameda County General Fund Obligations	1.016%	\$ 6,475,202 (1)
Alameda County Pension Obligations	1.016%	3,117,730
Alameda County Board of Education Certificates of Participation	1.016%	20,726
Alameda-Contra Costa Transit District Certificates of Participation	1.211%	251,101
City of Albany Certificates of Participation	100.000%	<u>2,670,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		<u>12,534,759</u>
GROSS COMBINED TOTAL DEBT		<u>\$60,076,809</u> (2)
NET COMBINED TOTAL DEBT		<u>\$60,041,825</u>

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

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

Ratios to 2004-05 Assessed Valuation:

Direct Debt (\$7,875,000).....	0.58%
Total Gross Direct and Overlapping Tax and Assessment Debt.....	3.48%
Total Net Direct and Overlapping Tax and Assessment Debt.....	3.48%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$10,545,000)	0.78%
Gross Combined Total Debt	4.43%
Net Combined Total Debt	4.43%

Source: California Municipal Statistics, Inc.

CITY OF ALBANY
 COMPUTATION OF LEGAL DEBT MARGIN
 JUNE 30, 2005

ASSESSED VALUATION:

Net assessed value	\$ 1,342,656,625	
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BONDED DEBT LIMIT (15% of assessed value)		\$ 201,398,494
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AMOUNT OF DEBT SUBJECT TO LIMIT:

Lease Revenue Bonds	2,670,000	
General Obligation Bonds	<u>7,875,000</u>	

Total Bonded Debt	10,545,000	
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Less Lease Revenue Bonds, not subject to limit	<u>2,670,000</u>	
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Amount of debt subject to limit		<u>7,875,000</u>
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LEGAL DEBT MARGIN		<u>\$ 193,523,494</u>
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Source: City of Albany financial reports
 City of Albany Charter Section 4.07

CITY OF ALBANY
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST THREE FISCAL YEARS

Fiscal Year	City Population	Net Assessed Value	Gross Bonded Debt	Less Debt Service Fund (1)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2003	16,800	\$ 1,149,790,401	\$ 8,000,000	\$ -	\$ 8,000,000	0.70%	\$ 476
2004	16,700	1,236,098,760	8,000,000	300,170	7,699,830	0.62%	461
2005	16,743	1,342,656,625	7,875,000	386,608	7,488,392	0.56%	447

(1) Amount available for repayment of general obligation bonds.

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

CITY OF ALBANY
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
 BONDED DEBT TO TOTAL GENERAL GOVERNMENT EXPENDITURES
 LAST THREE FISCAL YEARS

Fiscal Year	Total General Obligation Bonded Debt Service Expenditures	Total General Government Expenditures	Ratio of Debt Service to General Government Expenditures
2003	\$ -	\$ 17,921,574	*
2004	191,548	17,891,396	1.07%
2005	444,115	18,279,606	2.43%

* General obligation bonds were issued in June 2003, no debt service expenditures were made in this fiscal year.

Source: City of Albany financial reports

CITY OF ALBANY
 PRINCIPAL TAXPAYERS
 JUNE 30, 2005

<u>Assessed Name</u>	<u>Assessed Value</u>	<u>Percent of Total Assessed Value</u>
Ladbroke Land Holdings Inc	\$ 42,803,420	3.19%
Target Corporation	8,965,000	0.67%
Biggs, Edward & Charlotte	7,045,558	0.52%
Eichner, Erik & Rose	6,640,950	0.49%
Tabatabaee Hashem Tr	4,909,431	0.37%
Safeway Inc	4,005,187	0.30%
Nassiri Matt & Farrokhtala Katy Trs Etal Exmp Trust	3,787,357	0.28%
Albany Bowl Properties	3,535,474	0.26%
Biggs, Edward & Charlotte	2,693,558	0.20%
Hillside Partners	<u>1,602,697</u>	<u>0.12%</u>
Top Ten Total	<u>\$ 85,988,632</u>	<u>6.40%</u>
City Total	<u>\$ 1,342,656,625</u>	

Source: County of Alameda

CITY OF ALBANY
LARGEST EMPLOYERS
JUNE 30, 2005

Company	Product /Service	Employees
Albany Unified School District	Education	550
United States Department of Agriculture and Research	Agricultural Research	475
Target Store	Department Store	256
Golden Gate Fields	Race Track	166
City of Albany	Government	106
Safeway Store	Retail Grocery	89
Albany Ford Subaru	Automotive Dealer	66
United States Department of Forest Services	Forest Research	50
Andronico's Markets Inc.	Food Chain Office	42
NVT Technologies Inc.	Maintenance Services	34

Source: City of Albany business license applications and survey of employers.

CITY OF ALBANY
 MISCELLANEOUS STATISTICS
 JUNE 30, 2005

DATE OR INCORPORATION	1908	PARKS & RECREATION:	
FORM OF GOVERNMENT	Council-Administrator	PARKS	8
EMPLOYEES	106	ACRES IN PARKS	22.5
		TAXABLE SALES	\$150,100,500
FIRE PROTECTION:		NUMBER OF REGISTERED VOTERS	9,907
NUMBER OF STATIONS	1	COMMUNITY FACILITIES:	
NUMBER OF FIREFIGHTERS	20	CITY HALL	
		LIBRARY	
POLICE PROTECTION:		COMMUNITY CENTER	
NUMBER OF STATIONS	1	SENIOR CENTER	
NUMBER OF POLICE OFFICERS	27	TEEN CENTER	
NUMBER OF SUPPORT PERSONNEL	10	CHILD CARE CENTER	
		EDUCATION:	
		ELEMENTARY SCHOOLS	3
		MIDDLE SCHOOLS	1
		HIGH SCHOOLS	1
		CONTINUATION SCHOOL	1
		ADULT SCHOOL	1
LENGTH OF SEWER LINES	184,800 Lineal feet		

Source: Various City records

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