

# *City of Albany*

*For the Fiscal Year June 30, 2012*

*Comprehensive  
Annual  
Financial  
Report*

**CITY OF ALBANY, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
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# ALBANY CALIFORNIA



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

June 24, 2013

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Albany for the fiscal year ended June 30, 2012. This report consists of management's representations concerning the finances of the City of Albany. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Albany has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse, and to compile reliable information for the preparation of the City of Albany's financial statements, in conformity with United States generally accepted accounting principles (GAAP).

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

Badawi & Associates, a firm of licensed certified public accountants has audited the accompanying City of Albany's financial statements. The goal of their independent audit was to provide reasonable assurance that the financial statements of the City of Albany, for the fiscal year ended June 30, 2012, 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, 2012 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The engagement of Badawi & Associates for independent audit of the financial statements of the City of Albany includes performance of a "Single Audit" designed to meet the special needs of federal grantor agencies. For the year ended June 30, 2012 the City's expenditures of federal funds was less than the level requiring a Single Audit. As such, Single Audit was not performed for the fiscal year ended June 30, 2012.

Management has provided 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, 2011 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 seventeenth 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 applicable legal requirements.

## **PROFILE OF THE CITY**

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

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

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

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

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

The California Department of Finance estimated population of the City at January 1, 2012 was 18,488.

### **ACCOUNTING SYSTEM AND BUDGETARY CONTROLS**

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

A biannual operating budget and a capital improvement program budget are adopted by the City Council prior to the beginning of the fiscal year, with budget reviews and revisions occurring within the fiscal year when necessary. The City Council may amend the budget through resolution or minute action throughout the fiscal year. In addition, the City Manager and the Finance & Administrative Services Director may approve intra-fund and inter-fund 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 admin-



istrative controls in place include dual password requirement for check printing, 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, 2012, three separate legal entities exist, which are controlled by or dependent upon the City of Albany. These entities are:

- ❖ ***The City of Albany Police and Fire Relief or Pension Fund*** is a separate legal trust established to provide pension benefits for eligible City employees. The Trust's governing board is comprised of the Mayor or designee, City Treasurer, City Clerk, Fire and Police representatives and appointed alternates. All accounting and administrative functions are performed by the City and the financial activities of the Trust are included in the accompanying financial statements as the Police and Fire Pension Trust Fund.
- ❖ ***The City of Albany Public Facilities Financing Authority*** was established to facilitate financing, by the City, of the acquisition of real property and improvements for the benefit of the community. The Authority's board is comprised of the City Council, all accounting and administrative functions are performed by City staff, and the Authority is financially dependent upon the City. The financial activities of the Authority are included in the accompanying financial statements in the Public Facilities Financing Authority Debt Service Fund.
- ❖ ***The Albany 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.

The Albany Community Reinvestment Agency existed as a separate legal entity, controlled by the City from 1997 to January 31, 2012, when the Agency was terminated by order of the State Legislature. The asset and liabilities of the Agency, excluding assets of the Low and Moderate Income Housing Fund, were transferred to the Successor Agency of the Albany Community Reinvestment Agency. In accordance with the policy established by the State, the Successor Agency is not considered a component the City for financial reporting.

## 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 ten departments listed below:

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

The principal functions of each department follow:

### **City Manager**

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

The City Manager serves as the Municipal Employee Relations Officer, the City's Risk Manager, Executive Director of the Albany Public Facilities Financing Authority, and is a member of the Oversight Board to the Successor Agency for the Albany Community Reinvestment Agency. City economic development activities, real property acquisition, franchise agreement administration, Information technology, and public information programs are all under the direct supervision of the City Manager.

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

### **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 oversees a US Passport program for receipt of applications at Albany City Hall. In addition, the City Clerk serves as the Deputy City Treasurer, is a member of the Police and Fire Relief or Pension Fund Trust Board of Trustees, and serves as the City's Public Information Officer. The City Clerk performs the above duties as a department of one person, with back-up support from Administrative staff.

## **City Treasurer**

The City Treasurer is an elected, part-time position responsible for the receipt and safe keeping of the City's financial assets. The Treasurer works closely with the Finance and Administrative Services Department, but the Treasurer's position is independent from that department, and as such, provides enhanced internal control through segregation of duties, such as signing checks that are prepared by the Finance and Administrative Services Department. The Treasurer is responsible for investing the City's cash reserves and any other available funds, such as bond proceeds prior to their expenditure. The Treasurer is responsible for administration and compliance enforcement of the City's business license program. Business licensing generated revenue of \$544,914 in fiscal year 2011-12.

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

## **City Attorney**

The City Attorney is an appointed 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 represents the City in litigation or oversees litigation matters that are being handled by special outside counsel.

## **Finance & Administrative Services**

The Finance & Administrative Services Department has four primary areas of responsibility: general accounting and financial reporting, budget preparation and financial planning, telephonic communications systems, and human resources administration.

General accounting and financial reporting includes accounts payable, accounts receivable, payroll, business license, pet license, and general cashier functions. The department prepares quarterly financial reports for the City Council. Annual financial reports include the City's Comprehensive Annual Financial Report (CAFR), Police and Fire Relief or Pension Fund Trust, Alameda County Measure B, Transportation Development Act. 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 staff of the Finance and Administrative Services Department consists of the Director, Accountant, and three Accounting Technicians, and Human Resources Manager.

## **Police**

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

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

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

## **Fire and Emergency Medical Services**

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

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

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

The department is composed of a Chief (shared with the City of Piedmont), a Battalion Chief, and eighteen fire fighters and paramedic personnel.

## **Recreation and Community Services Department**

The Recreation and Community Services Department creates community through people, parks, and programs. The department coordinates the Dinner With Albany Celebration, which takes place in September of even-numbered years, and brings together over 2,000 Albany residents to celebrate the importance of community. In addition to City-wide special events, the Recreation and Community Services Department provides services in the following areas:

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

The Department manages four city-owned facilities:

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

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

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

### ***Youth and Childcare Services***

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

### ***Classes, Facility Rentals and Special Events***

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

### ***Senior Services***

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

### ***KALB Channel 33***

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

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

### ***Community Development***

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

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

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

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

The department's staff consists of a Community Development Director and 5 staff members.

### **Public Works**

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

The department's staff consists of the Public Works Director/City Engineer and 12 staff members.

## **ECONOMIC CONDITIONS AND OUTLOOK**

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

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

The investments held in the City's Police & Fire Pension Plan suffered major declines in value in 2007-08 and 2008-09. The Plan went from being fully funded to having an unfunded liability of approximately \$1.8 million at September 30, 2009. The City resumed annual contributions to the Plan in fiscal year 2009-10. The market value of plan investments rebounded in 2012 and it is anticipated that the plan will again be fully funded within the next several years.

Property tax is the City's largest revenue source and the current trend is for an annual growth rate of one to three percent per year is possible. The increase in assessed value for fiscal year 2011-12 was 1.5 percent.

Sales tax is the third largest revenue source for the City. Albany has consistently outperformed surrounding cities in sales tax growth in most months, or experiencing smaller rates of decline over the last three years. However, Albany has lagged behind the County and the State in revenue growth in the first two quarters of fiscal year 2012-13.

Property transfer tax is part of the franchise and other taxes category, which is the second largest revenue source for the City. The number of property transfers in the first quarter of fiscal year 2012-13 was up 44% from the first quarter of fiscal year 2011-12, and revenue increased 48% for the same period.

CalPERS, the state administered retirement system to which Albany belongs, incurred significant losses in its investment portfolio in both calendar years 2008 and 2009. While there were substantial recovery of market losses in calendar year 2012, CalPERS has given notice that contribution rate increases will be required to bring plans to recommended funding levels.

The termination of redevelopment and the tax increment revenue it provided will not have a major affect on the general government functions of the City of Albany. However, the loss of about \$500,000 a year in tax increment revenue will significantly impact capital facilities development and economic development projects that have been initiated or have been planned for the next five years.

## **MAJOR INITIATIVES**

### **Economic Development/Redevelopment**

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

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

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



## **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 in a consortium with the City of Berkeley and the University of California, has completed the restoration of Codornices Creek and the City now manages the continuing maintenance of the creek.

## **Capital Projects**

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

### ***Renovation of Central Facilities***

In 2009/10 the City acquired a parcel of land and building adjacent to the existing senior center, with the intent of providing needed space to renovate and expand the existing senior center. The City acquired the 4.5 acre Pierce Street Parcel in June 2011 for use as a permanent maintenance center, neighborhood park, and a bicycle-pedestrian pathway.

### ***Sewer Operations and Compliance Program***

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

### ***Storm Drain***

In 2006, Albany voters approved Measure F, the "City of Albany Street Paving and Storm Drain Facility Improvement Parcel Tax." This measure will fund future street paving and storm drain improvement projects. Revenue from this tax was used to finance the "Neilson Storm Drain Project," a \$2.5 million reconstruction and rehabilitation effort from Neilson Street to Santa Fe Avenue to Codornices Creek.

### ***Traffic Management Plan***

In May 2000, the City Council approved a city-wide Traffic Management Plan that recommended a variety of improvements designed to enhance pedestrian, bicycle safety, and traffic safety. In 2012, an Active Transportation Plan was adopted that evaluates bicycle and pedestrian issues anew, and purposes specific projects. Implementation is a multi-year process and has included a number of successful grant submittals, as well as design and implementation of traffic calming measures. Current funding is from Alameda County's Measure B transportation funds and the City's Measure F bond funds. Significant projects include traffic safety enhancements at School intersections and construction of significant bicycle and pedestrian paths connecting throughout the City. The reconfiguration of the intersection of Santa Fe and Marin streets at Marin School and installation of a traffic light was completed in 2012, while the reconfiguration of the intersection of Buchanan and Jackson at Ocean View School was completed in 2011.

### **PENSION**

The City participates in the California Public Employees Retirement System (PERS) for current employees, 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. During the year, the City adopted new second tier retirement formulas for new hires for all of the retirement groups. The second tier for safety provides a 2.7% at 57 formula, compared to the 3% at 55 of the first tier plan. The second tier for management provides a 2% at 60 formula compared to 2.5% at 55 of the first tier plan. The second tier for administrative staff provides a 2% at 60 formula compared to 2.5% at 55 of the first tier plan.

In March 2012, the CalPERS board adopted a policy to lower the discount rate from 7.75 to 7.50 percent. The board had previously considered lowering the rate in 2011, but opted to retain the 7.75 percent rate. The last change had been ten years ago when the rate had been lowered to 7.75 percent from 8.25 percent. CalPERS disclosed that the impact would result in employer rate increases of 1.0 to 2.0 percent of payroll for miscellaneous plans and a 2.0 to 3.0 percent of payroll increase for most safety plans. These increases are to be phased in over a period of two years beginning in fiscal year 2013-14.

### **DEBT ADMINISTRATION**

The City currently has general obligation bonded indebtedness of \$17.4 million, and other long-term obligations of \$13.4 million that are comprised of the: 1997 Refunding Certificates of Participation, the 2004 Sewer Revenue Bonds, 2009 Street & Storm Drain Parcel Tax Note, Lease Purchase agreement, and the Special Assessment District 1999 Limited Obligation Bonds.

In December 1997, the City refunded, through Certificates of Participation, the 1989 and 1992 Lease Revenue Bonds. The 1989 Lease Revenue bonds financed the purchase of the

Library/Community Center site, as well as, improvements to a new maintenance center. The 1992 Lease Revenue bonds financed the construction of the Library/Community Center complex.

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

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

In 1999 the City issued Limited Obligation Bonds (Measure R) in the amount of \$6.230 million, the outstanding balance of these bonds at June 30, 2012 is \$3.125 million.

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

## **RISK MANAGEMENT**

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

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

## **CASH MANAGEMENT**

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

The City maintains a conservative investment philosophy that emphasizes liquidity and the protection of principal; hence, the City has not invested any funds in high-risk securities, including derivatives and mortgage-backed securities. In fiscal year 2011-12, the City's had operating cash and investments (not including debt service accounts) in the Local Agency Investment Fund (LAIF), a governmental agency pooled money fund managed by the California State Treasurer, certificates of deposit, and Cal Trust, a Joint Powers Agency Authority composed of local public agencies, for the purpose of pooling assets for investment purposes.

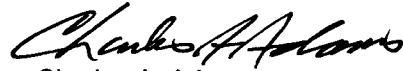
## ACKNOWLEDGEMENTS

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

Respectfully submitted,



Beth A. Pollard  
City Manager



Charles A. Adams  
Finance and Administrative  
Services Director

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# 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, 2011

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



*Christopher P. Howell*

President

*Jeffrey R. Emen*

Executive Director

CITY OF ALBANY  
PRINCIPAL OFFICERS  
JUNE 30, 2012

CITY COUNCIL

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

ELECTED OFFICIALS

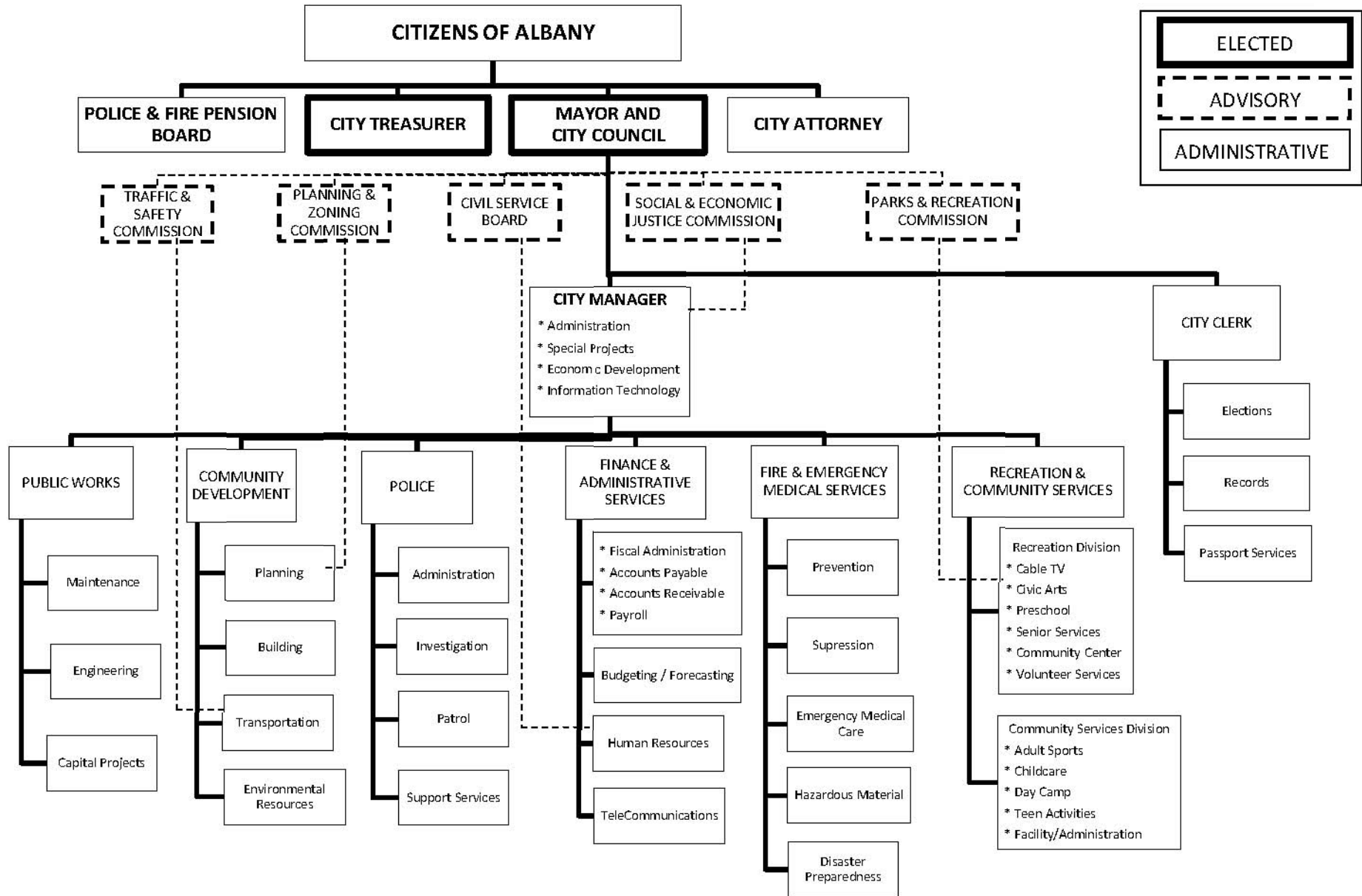
Treasurer	Kim Denton
City Attorney	Craig Labadie

APPOINTED DEPARTMENT HEADS

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

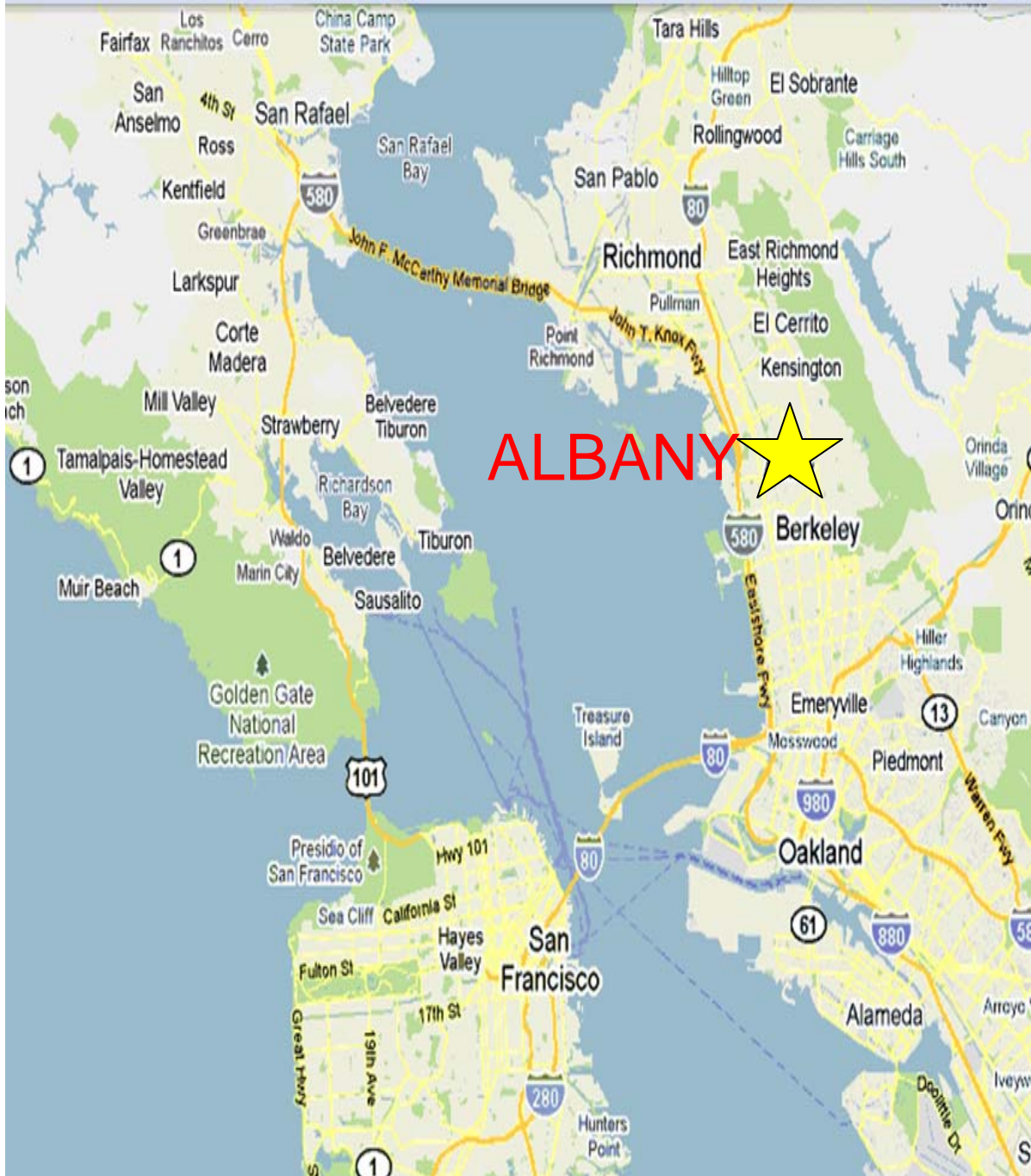
# City of Albany

## ORGANIZATION CHART





ALBANY, CALIFORNIA  
94706





## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Albany, California (City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year financial statements of the City as of June 30, 2011, were audited by other auditors, whose report dated March 22, 2012 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

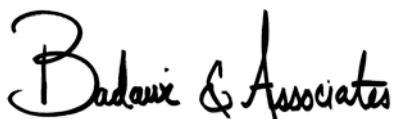
In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Page 2

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, funding status of pension plans and budgetary comparison information on pages A3 through A17 and D1 through D3 respectively, is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information for non-major governmental funds and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, and budgetary comparison information for non-major governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Badawi & Associates

Certified Public Accountants

Oakland, California

June 21, 2013

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This is management's discussion and analysis of the City of Albany's financial activities and performance for the fiscal year ended June 30, 2012. 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 A7 of this Management's Discussion and Analysis. The statement shows the City's assets of \$96,768,000, liabilities of \$32,825,000, and net assets of \$63,943,000. Net assets, as measured in the government-wide financial statements, increased \$2,368,000.
- 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 \$2,368,000 for the fiscal year ended June 30, 2012, as compared to an increase of \$2,827,000 for the fiscal year ended June 30, 2011.

#### Governmental Funds Financial Statements

- A more targeted view of the financial status of the City is provided in the Governmental Funds Financial Statements. These statements appear on pages B3 – B5 of this report, and are discussed in detail in the Fund Financial Statements section of this Management's Discussion and Analysis.
- The core operations of the City are accounted for in the General Fund, and the General Fund fund balance is a key measure of the financial health of the City. As of June 30, 2012, the General Fund balance was \$6,248,000, a net increase of \$1,304,000 from the balance at June 30, 2011. As of June 30, 2012, the unassigned fund balance for the General Fund was \$4,533,000.
- Transfers of \$4,766,000 were made to the General Fund from Emergency Medical Services, Pension Property Tax Override, Sewer Enterprise, and other Special Revenue Funds. These transfers to the General Fund are to reimburse the General Fund for expenditures made in support of activities funded outside the General Fund. Transfers of \$694,000 from the General Fund were made to: Safety Equipment Replacement Reserves and Capital Project Funds. A complete schedule of inter-fund transfers is contained in Note 11 in the notes to the financial statements.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Government-wide Financial Statements

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

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

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

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

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

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

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Governmental Funds Financial Statements

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

#### Governmental funds

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

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

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

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

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

Major funds for the City of Albany are:

- General Fund
- Street & Storm Funds
- 1996-1 Assessment District Bond Fund

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

#### 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The City accounts for the construction and maintenance of City sewers in the Sewer Enterprise Fund. Revenues are obtained through special district assessments collected with property taxes. The assessment rate for fiscal year 2011-12 was \$350.28 per residential unit. Total assessment revenue for the year was \$2,565,000; this was an increase of \$131,000 over the prior year. Revenues less expenses and transfers, including interest on bonds of \$258,000, resulted in a decrease in net assets of \$519,000.

The City uses an internal service fund to accumulate assets to fund self-insurance and compensated absences accrued liabilities. Total assets in the internal service funds at June 30, 2012 were \$2,939,000, a decrease of \$320,000 from the June 30, 2011 balance. Because these reserves predominantly benefit governmental activities, they have been included within the governmental activities in the government-wide financial statements.

### Fiduciary funds

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

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

### **Notes to the Financial Statements**

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

### **Required Supplementary Information**

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**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 \$63,943,000 at June 30, 2012. A schedule of net assets is presented in the following table.

**Net Assets**  
**June 30, 2012 and 2011**  
**(in thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>		<b>Change</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	
Current and other assets	\$ 29,890	\$ 30,733	\$ 5,287	\$ 5,942	\$ 35,177	\$ 36,675	<b>-4.1%</b>
Capital assets	47,768	46,081	13,823	14,204	61,591	60,285	<b>2.2%</b>
<b>Total assets</b>	<b>77,658</b>	<b>76,814</b>	<b>19,110</b>	<b>20,146</b>	<b>96,768</b>	<b>96,960</b>	<b>-0.2%</b>
Current liabilities	4,119	4,792	588	744	4,707	5,536	<b>-15.0%</b>
Noncurrent liabilities	22,269	23,639	5,849	6,210	28,118	29,849	<b>-5.8%</b>
<b>Total liabilities</b>	<b>26,388</b>	<b>28,431</b>	<b>6,437</b>	<b>6,954</b>	<b>32,825</b>	<b>35,385</b>	<b>-7.2%</b>
Net assets:							
Invested in capital assets, net of related debt	26,536	23,913	7,595	7,625	34,131	31,538	<b>8.2%</b>
Restricted	11,933	20,630	1,311	-	13,244	20,630	<b>-35.8%</b>
Unrestricted	12,801	3,840	3,767	5,567	16,568	9,407	<b>76.1%</b>
<b>Total net assets</b>	<b>\$ 51,270</b>	<b>\$ 48,383</b>	<b>\$ 12,673</b>	<b>\$ 13,192</b>	<b>\$ 63,943</b>	<b>\$ 61,575</b>	<b>3.8%</b>



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Net assets Invested in Capital Assets (e.g., land, buildings, equipment and infrastructure) of \$34,130,000 represent the cost of these assets less any outstanding debt used to acquire these assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future expenditures. Resources needed to repay the outstanding debt must be provided from other sources other than the related assets, because the capital assets themselves cannot be used to repay these debts.

Restricted net assets of \$13,244,000 represent resources that are subject to restrictions on how they may be used. Unrestricted net assets of \$16,568,000 may be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. However, all net assets are not liquid, meaning that they are not cash or securities that could be converted to cash within a year. (An analysis of liquid fund balance is provided in the funds financial statements at B3 and B5.)

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Analysis of Changes in Net Assets**

The City's net assets increased \$2,368,000 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:

<b>Activities and Changes in Net Assets</b>							
<b>For the Fiscal Years Ended June 30, 2012 and 2011</b>							
(in thousands)							
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>		<b>Change</b>
	<b>Activities</b>		<b>Activities</b>		<b>Primary</b>		
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 2,940	\$ 2,765	\$ 2,565	\$ 2,434	\$ 5,505	\$ 5,199	6%
Operating grants and contributions	2,008	2,998	-	-	2,008	2,998	-33%
Capital grants and contributions	364	248	-	-	364	248	47%
General revenues:							
Property taxes	11,495	11,900	-	-	11,495	11,900	-3%
Sales taxes	2,193	2,166	-	-	2,193	2,166	1%
Franchise and other taxes	3,924	3,783	-	-	3,924	3,783	4%
Earnings on investment	78	155	30	25	107	180	-41%
Unrestricted revenues from other agencies	54	389	-	-	54	389	-86%
Other revenue	235	340	-	-	235	340	-31%
<b>Total revenues</b>	<b>23,291</b>	<b>24,744</b>	<b>2,594</b>	<b>2,236</b>	<b>25,885</b>	<b>27,202</b>	<b>-5%</b>
<b>Program expenses:</b>							
General government	3,570	3,867	-	-	3,570	3,867	-8%
Police	5,607	5,735	-	-	5,607	5,735	-2%
Fire and emergency medical services	4,747	4,686	-	-	4,747	4,686	1%
Community development and environmental resources	4,286	4,602	-	-	4,286	4,602	-7%
Recreation and community services	3,296	2,902	-	-	3,296	2,902	14%
Interest on long-term debt	949	1,006	-	-	949	1,006	-6%
Sewer	-	-	2,248	1,583	2,248	1,583	42%
<b>Total program expenses</b>	<b>22,456</b>	<b>22,799</b>	<b>2,248</b>	<b>1,583</b>	<b>24,703</b>	<b>24,381</b>	<b>1%</b>
<b>Increase/(decrease) in net assets before transfers and other sources</b>							
	832	1,945	346	876	1,178	2,821	-58%
Transfers	865	898	(865)	(892)	0	6	
Other sources and extraordinary items	1,190				1,190		
<b>Change in net assets</b>	<b>2,887</b>	<b>2,843</b>	<b>(519)</b>	<b>(16)</b>	<b>2,368</b>	<b>2,827</b>	<b>-16%</b>
Net assets - beginning of year	48,383	45,540	13,192	13,208	61,575	58,748	5%
<b>Net assets - end of year</b>	<b>\$ 51,270</b>	<b>\$ 48,383</b>	<b>\$ 12,673</b>	<b>\$ 13,192</b>	<b>\$ 63,943</b>	<b>\$ 61,575</b>	<b>4%</b>

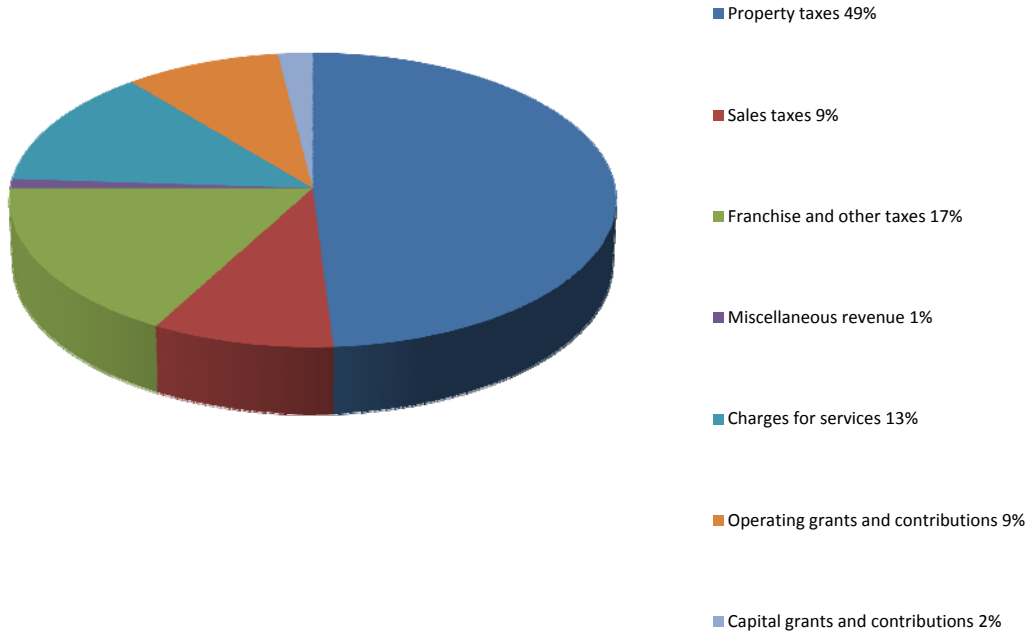
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Net assets of governmental activities increased \$2,887,000 in fiscal year 2011-12. An increase in net assets occurs when revenue and transfers-in exceeds expenses and transfers-out.

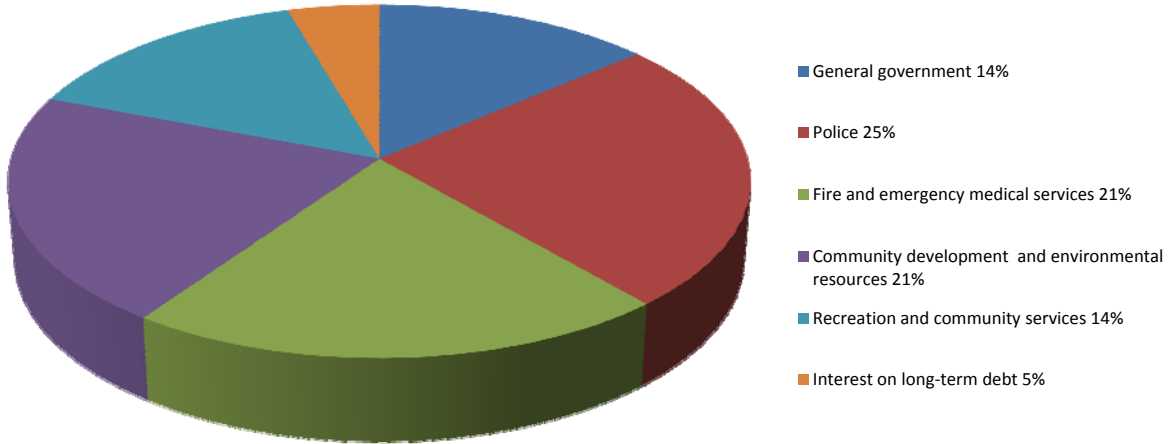
The largest revenue source is property taxes and at \$11.5 million they decreased 3% from the prior year, but they increased from 48% to 49% of total revenue.

**Revenues by Source - Governmental Activities**



The chart of revenues by source above, illustrates that property taxes are the largest source of operating revenue for the City. Property taxes have been one of the most stable and consistent revenues. Property taxes include the Safety Pension Override Tax, special district assessments, and bonded indebtedness, as well as the City's share of the 1.0% countywide tax. Franchise and other taxes are the second largest source of operating revenue, representing 17% of total revenues. Major components of this revenue category are: business license, property transfer taxes, utility user taxes, race track taxes, garbage collection franchise fees and cable TV transmission franchise fees. Property transfer taxes are the largest component of this revenue category. Property transfer taxes declined from \$914,000 for fiscal year 2010-11 to \$813,000 for fiscal year 2011-12, a decrease of 11%.

## Expenses by Function - Governmental Activities



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

### Business-type Activities

The decrease in business-type activities net assets of \$519,000 represents activity in the Sewer Enterprise Fund. The principal source of revenue of \$2,565,000 for this fund is the usage charge, which is assessed to property owners on the basis of equivalent residential units (ERU). The assessment for this fiscal year was \$350.28/ERU, an increase of 3.8% over the prior year rate.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

### Governmental Funds

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**Governmental Funds  
Revenues, Expenditures and Other Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2012  
(in thousands)**

	<b>General Fund</b>	<b>Street &amp; Storm Funds</b>	<b>1996-1 Assessment District Bond Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Revenues	\$ 13,688	\$ 916	\$ 97	\$ 8,600	\$ 23,301
Current expenditures	16,897	-	-	2,247	19,143
Capital outlay	-	838	57	3,134	4,029
Debt service	20	-	-	1,876	1,896
Total expenditures	<u>16,917</u>	<u>838</u>	<u>57</u>	<u>7,257</u>	<u>25,068</u>
Prior and extraordinary adjustments	461			729	1,190
Net transfers & debt proceeds	<u>4,072</u>	<u>(391)</u>	<u>-</u>	<u>(2,827)</u>	<u>854</u>
Net change in fund balances	1,304	(313)	40	(754)	277
Fund balances, beginning of year	<u>4,944</u>	<u>3,611</u>	<u>2,753</u>	<u>13,162</u>	<u>24,470</u>
<b>Fund balances, end of year</b>	<b><u>\$ 6,248</u></b>	<b><u>\$ 3,298</u></b>	<b><u>\$ 2,793</u></b>	<b><u>\$ 12,408</u></b>	<b><u>\$ 24,747</u></b>

At June 30, 2012, the City's combined governmental funds reported an ending fund balance of \$24,747,000, an increase of \$277,000 from the prior year. Of the \$24,747,000 fund balance, \$11,932,000 are restricted funds, \$8,282,000 are assigned funds, and \$4,533,000 are unassigned funds.

The General Fund is the principal operating fund of the City. At June 30, 2012, the total fund balance was \$6,248,000, of which \$4,533,000 was unassigned. The unassigned fund balance serves as an operating reserve, and as such, it is important that it is maintained at an appropriate level in relationship to annual operating expenditures.

The Other Major Funds are: the Storm and Street Fund and the 1996-1 Assessment District Bond Fund. The designation as a major fund is based upon a fund having either assets, liabilities, revenues or expenditures equal to or greater than 10% of their fund type total or 5% of the grand total of all funds. Funds designated as major funds in fiscal year 2011-12 differ from those of fiscal year 2010-11; thus, year to year comparisons of the combined major funds are not meaningful.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Street & Storm Funds were used to record property tax revenues, debt proceeds and expenditures for various streets and storm drain projects. The 1996-1 Assessment District Bond Fund Reinvestment Fund is used to account for improvements and acquisitions in the City's Assessment District.

Other Governmental Funds are a combination of 43 funds that are scheduled on pages D4 through D59.

### Proprietary Funds

At June 30, 2012, net assets of the Sewer Fund (an enterprise fund) were \$12,673,000 and net assets of the internal service funds were \$2,000. The Sewer Fund total assets decreased \$1,036,000 from their balance at June 30, 2011, and long term debt was reduced by \$351,000. Total revenues increased by 5% while expenses increased 51%, mostly in major repairs, and materials and supplies. Sewer related expenses incurred in other funds are reimbursed to those funds by transfers from the Sewer Fund. Transfers in fiscal year 2011-12 were \$865,000, a decrease of 3%. Because the Sewer Fund is an enterprise fund, its fund balance largely represents capital assets, not liquid assets that are available for future expenditures. The unrestricted fund balance is \$3,767,000, and it is planned that these funds will be utilized in completion of a multi-year plan for renovation of the sewer system.

The internal service funds consist of the following three funds:

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

The Workers Compensation and General Liability Funds are funded by transfers from the General Fund that are based upon actuarial estimates of future claims expenses, and are fully funded at the end of the year. The Compensated Absence Fund is funded by transfers from the General Fund, based on actual recorded vacation, compensatory time and sick leave. The accrued benefits were fully funded at the end of June 30, 2012. Cash and investments held in these funds were \$2,939,000 at June 30, 2012. The balance of investments declined \$320,000 from the prior year because of the payoff of accrued leave balances.

### Fiduciary Funds

The major fiduciary fund maintained by the City is the Police and Fire Relief or Pension Fund. The net assets of this fund totaled \$9,797,000 at June 30, 2012, a decrease of \$1,122,000 from the prior year. The decrease is the result of payments to beneficiaries, and a decline in the market value of some investments.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Fiscal Year 2011-12 budget was adopted in June 2011 as the second year of a two-year budget. The budget was not amended during the year. The table below summarizes the variances between budget and actual results for the year ended June 30, 2012.

**General Fund Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2012  
(in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget</u>
<b>Beginning fund balances,</b>				
<b>July 1, 2011</b>	\$ 4,944	\$ 4,944	\$ 4,944	\$ -
Resources:				
Revenues	13,383	13,383	13,688	305
Transfers in	3,535	3,535	4,766	1,231
Other sources and extraordinary items			461	461
<b>Total Resources</b>	<u>16,918</u>	<u>16,918</u>	<u>18,915</u>	<u>1,997</u>
Appropriations:				
Expenditures	16,886	16,886	16,917	31
Transfers out	24	24	694	670
<b>Total Appropriations</b>	<u>16,910</u>	<u>16,910</u>	<u>17,611</u>	<u>701</u>
<b>Resources over appropriations</b>	<u>8</u>	<u>8</u>	<u>1,304</u>	<u>1,296</u>
<b>Ending fund balances,</b>				
<b>June 30, 2012</b>	<u>\$ 4,952</u>	<u>\$ 4,952</u>	<u>\$ 6,248</u>	<u>\$ 1,296</u>

Transfers

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

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Operating Variances

The City experienced positive results for the year in a comparison of actual resources and appropriations to the budget. The budget projected a net increase in fund balance of \$8,000, but the actual results were a net increase of \$1,304,000, a positive variance of \$1,296,000.

Total revenues exceeded budget by \$305,000. Positive revenue variances were realized mostly from other revenue, one time donations.

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 4 to the financial statements. The City's investment in capital assets for governmental and business-type activities as of June 30, 2012 amounted to \$61,591,000, (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.

Capital Assets, Net of Accumulated Depreciation  
June 30, 2012 and 2011  
(thousands)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and construction in progress	\$ 8,195	\$ 9,608	\$ -	\$ -	\$ 8,195	\$ 9,608
Facilities, infrastructure, and equipment, net	39,573	36,473	13,823	14,204	53,396	50,677
<b>Total</b>	<b>\$ 47,768</b>	<b>\$ 46,081</b>	<b>\$ 13,823</b>	<b>\$ 14,204</b>	<b>\$ 61,591</b>	<b>\$ 60,285</b>



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Long-term Debt

At June 30, 2012, the City had total long-term debts and obligations as summarized below.

**Outstanding Long-term Obligations  
June 30, 2012 and 2011  
(thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
1997 Refunding COPS	\$ 275	\$ 535	\$ -	\$ -	\$ 275	\$ 535
2003 General obligation bonds	6,675	6,860			6,675	6,860
Civic Center Improvement general obligation bonds	4,675	4,765			4,675	4,765
General obligation bonds II	6,070	6,190			6,070	6,190
2009 Street & Storm Drain parcel tax note	2,985	3,230			2,985	3,230
Lease purchase agreement	279	312			279	312
2011 California Energy Commission	273	291			273	291
Sewer revenue bonds	-	-	6,229	6,580	6,229	6,580
<b>TOTAL</b>	<b>\$ 21,232</b>	<b>\$ 22,183</b>	<b>\$ 6,229</b>	<b>\$ 6,580</b>	<b>\$ 27,461</b>	<b>\$ 28,763</b>

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 5, 6 and 7 to the financial statements.

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

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The investments held in the City's Police & Fire Pension Plan exceeded the liabilities for fiscal years 2009-10 and 2010-11. The actuarial valuation performed as of June 30, 2012 determined the unfunded liability to be \$787,808. The City chose to make annual contributions to the Plan in fiscal year 2011-12, and will continue contributions in fiscal year 2012-13. These contributions will come from the Pension Override Tax Fund.

Property tax is the City's largest revenue source and the current trend is for an annual growth rate of one to three percent per year is possible. The increase in assessed value for fiscal year 2011-12 was 1.5 percent.

Sales tax is the third largest revenue source for the City. Albany has consistently outperformed surrounding cities in sales tax growth in most months, or experiencing smaller rates of decline over the last three years. However, Albany has lagged behind the County and the State in revenue growth in the first two quarters of fiscal year 2012-13.

Property transfer tax is part of the franchise and other taxes category, which is the second largest revenue source for the City. The number of home sales in the first quarter of fiscal year 2012-13 was up 44% from the first quarter of fiscal year 2011-12, and revenue increased 48% for the same period.

CalPERS, the state administered retirement system to which Albany belongs, incurred significant losses in its investment portfolio in both 2008 and 2009. While there were substantial recovery of market losses in 2010, CalPERS has found it necessary to significantly increase rates for 2011 and 2012, and they have alerted members to be prepared for additional increases in 2013-14.

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

Labor agreements expire or expired March 2014 for SEIU, October 2011 for Police, and December 2013 for Fire/Paramedics. The poor outlook for the City's major revenue sources will limit the commitment that the City will be able to make for any increases in wages or benefits. Increases in the costs of medical care benefits remain a matter of concern as these cost will likely increase.

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

### REQUESTS FOR INFORMATION

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

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

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**GOVERNMENT-WIDE  
FINANCIAL  
STATEMENTS**

**CITY OF ALBANY**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**  
(With Comparative Totals for June 30, 2011)

	Governmental Activities	Business-Type Activities	Totals	
			2012	2011
<b>ASSETS</b>				
<b>Current assets:</b>				
Operating cash and investments	\$26,460,142	\$ 5,142,836	\$ 31,602,978	\$ 34,396,858
Debt service reserves held with trustee	400,016	-	400,016	411,409
Receivables:				
Taxes	671,212	-	671,212	695,075
Accounts	391,051	22,352	413,403	524,880
Interest	27,176	-	27,176	38,793
Prepaid items	-	-	-	45,152
Total current assets	<u>27,949,597</u>	<u>5,165,188</u>	<u>33,114,785</u>	<u>36,112,167</u>
<b>Noncurrent assets:</b>				
Note receivable, net	1,536,203	-	1,536,203	-
Deferred charges, net	404,050	121,597	525,647	561,959
Capital assets:				
Nondepreciable assets	10,398,425	-	10,398,425	9,608,004
Depreciable assets, net	<u>37,369,421</u>	<u>13,823,479</u>	<u>51,192,900</u>	<u>50,677,217</u>
Total capital assets, net	<u>47,767,846</u>	<u>13,823,479</u>	<u>61,591,325</u>	<u>60,285,221</u>
Total noncurrent assets	<u>49,708,099</u>	<u>13,945,076</u>	<u>63,653,175</u>	<u>60,847,180</u>
Total assets	<u>77,657,696</u>	<u>19,110,264</u>	<u>96,767,960</u>	<u>96,959,347</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	798,879	122,323	921,202	1,295,176
Accrued salaries & benefits	233,531	-	233,531	507,993
Accrued liabilities	1,025,518	85,858	1,111,376	1,381,474
Compensated absences	309,447	-	309,447	350,375
Claims liabilities	563,526	-	563,526	448,495
Unearned revenue	177,705	-	177,705	230,398
Current portion of long-term debt	<u>1,010,167</u>	<u>380,000</u>	<u>1,390,167</u>	<u>1,321,993</u>
Total current liabilities	<u>4,118,772</u>	<u>588,182</u>	<u>4,706,953</u>	<u>5,535,904</u>
<b>Noncurrent liabilities:</b>				
Compensated absences	928,340	-	928,340	1,051,126
Claims liabilities	1,118,690	-	1,118,690	1,355,758
Long-term debt, net	<u>20,221,982</u>	<u>5,848,746</u>	<u>26,070,728</u>	<u>27,441,507</u>
Total noncurrent liabilities	<u>22,269,013</u>	<u>5,848,746</u>	<u>28,117,759</u>	<u>29,848,391</u>
Total liabilities	<u>26,387,784</u>	<u>6,436,928</u>	<u>32,824,712</u>	<u>35,384,295</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	26,535,697	7,594,733	34,130,430	31,538,052
Restricted:				
Debt service	1,778,399	-	1,778,399	1,359,716
Capital projects	6,161,982	1,311,677	7,473,659	4,069,351
Public safety	192,810	-	192,810	282,401
Community development and services	136,173	-	136,173	27,131
Highway and streets	739,646	-	739,646	520,673
Special assessments	1,101,134	-	1,101,134	637,954
Safety retirement funding	1,810,533	-	1,810,533	676,880
Other	11,892	-	11,892	2,430,370
Total restricted	<u>11,932,569</u>	<u>1,311,677</u>	<u>13,244,246</u>	<u>10,004,476</u>
Unrestricted	<u>12,801,647</u>	<u>3,766,926</u>	<u>16,568,573</u>	<u>20,032,524</u>
Total net assets	<u>\$ 51,269,913</u>	<u>\$ 12,673,336</u>	<u>\$ 63,943,249</u>	<u>\$ 61,575,052</u>

**CITY OF ALBANY**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With Comparative Totals for the Fiscal Year Ended June 30, 2011)

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		Total	
					Governmental Activities	Business-type Activities	2012	2011
<b>PRIMARY GOVERNMENT</b>								
<b>Governmental activities:</b>								
General government	\$ 3,570,650	\$ 30,987	\$ 121,435	\$ -	\$ (3,418,228)	\$ -	\$ (3,418,228)	\$ (3,824,117)
Police	5,607,658	248,383	155,903		(5,203,372)		(5,203,372)	(5,321,215)
Fire and emergency medical services	4,747,880	1,035,185	4,524		(3,708,171)		(3,708,171)	(3,787,123)
Community development and environmental resources	4,286,471	464,365	1,613,822	292,360	(1,915,924)		(1,915,924)	(1,324,781)
Recreation and community services	3,296,086	1,161,537	111,988	72,041	(1,950,520)		(1,950,520)	(1,524,180)
Interest on long-term debt	949,494	-	-		(949,494)		(949,494)	(1,006,138)
Total governmental activities	<u>22,458,239</u>	<u>2,940,457</u>	<u>2,007,672</u>	<u>364,401</u>	<u>(17,145,709)</u>		<u>(17,145,709)</u>	<u>(16,787,554)</u>
<b>Business-type activities:</b>								
Sewer	2,248,238	2,564,871	-	-	-	316,634	316,634	851,223
Total business-type activities	<u>2,248,238</u>	<u>2,564,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,634</u>	<u>316,634</u>	<u>851,223</u>
<b>Change in net assets:</b>								
Net (expense) revenue	<u>\$ 24,706,477</u>	<u>\$ 5,505,328</u>	<u>\$ 2,007,672</u>	<u>\$ 364,401</u>	<u>(17,145,709)</u>	<u>316,634</u>	<u>(16,829,076)</u>	<u>(15,936,331)</u>
<b>General revenues:</b>								
Taxes:								
Property taxes					11,495,331	-	11,495,331	11,899,905
Sales taxes					2,192,534	-	2,192,534	2,166,369
Franchise and other taxes					3,923,416	-	3,923,416	3,782,690
Earnings on investments					77,643	29,525	107,167	179,802
Unrestricted revenues from other agencies					53,845	-	53,845	388,593
Other revenue					235,183	-	235,183	339,922
<b>Extraordinary items:</b>								
Redevelopment dissolution					729,383	-	729,383	
Non-recurring Credits					460,414	-	460,414	
Transfers					864,740	(864,740)	0	5,999
Total general revenues and transfers					<u>20,032,489</u>	<u>(835,215)</u>	<u>19,197,273</u>	<u>18,763,280</u>
Change in net assets					2,886,779	(518,582)	2,368,198	2,826,949
Net assets, beginning of year					48,383,134	13,191,918	61,575,052	58,748,103
Net assets, end of year					<u>\$ 51,269,913</u>	<u>\$ 12,673,336</u>	<u>\$ 63,943,249</u>	<u>\$ 61,575,052</u>

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**FUND**

**FINANCIAL**

**STATEMENTS**



**CITY OF ALBANY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**  
(With Comparative Totals for June 30, 2011)

	Major Funds				Total Governmental Funds	
	General Fund	Street & Storm Funds	1996-1		2012	2011
			District Bond Fund	Assessment District		
<b>ASSETS</b>						
Operating cash and investments	\$ 4,668,934	\$ 3,326,358	\$ 2,796,396	\$ 12,729,576	\$ 23,521,264	\$ 25,348,822
Debt service reserves held with trustee	-	-	-	400,016	400,016	411,409
Receivables:						
Taxes	545,589	-	-	125,623	671,212	695,075
Accounts	139,624	-	-	251,427	391,051	504,691
Interest	25,331	-	1,845	-	27,176	38,793
Prepaid items	-	-	-	-	-	45,152
Due from other funds	219,680	-	-	-	219,680	243,937
Advances to other funds	-	-	-	-	-	1,554,718
Notes receivables from RDA trust fund	1,536,203	-	-	-	1,536,203	-
<b>Total assets</b>	<b>\$ 7,135,361</b>	<b>\$ 3,326,358</b>	<b>\$ 2,798,241</b>	<b>\$ 13,506,642</b>	<b>\$ 26,766,602</b>	<b>\$ 28,842,597</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 362,637	\$ 28,294	\$ 5,069	\$ 395,317	\$ 791,318	\$ 1,118,596
Accrued salaries & benefits	233,531	-	-	-	233,531	507,993
Accrued liabilities	113,304	-	-	483,681	596,985	716,842
Due to other funds	-	-	-	219,680	219,680	243,937
Deferred revenue	177,705	-	-	-	177,705	230,398
Advances from other funds	-	-	-	-	-	1,554,718
<b>Total liabilities</b>	<b>887,177</b>	<b>28,294</b>	<b>5,069</b>	<b>1,098,678</b>	<b>2,019,219</b>	<b>4,372,484</b>
<b>Fund balances</b>						
<b>Nonspendable</b>						
Prepaid items	-	-	-	-	-	45,152
<b>Restricted</b>						
Debt service	-	-	-	1,778,399	1,778,399	1,359,716
Capital projects	-	3,298,064	2,793,172	70,746	6,161,982	4,069,351
Public safety	-	-	-	192,810	192,810	282,401
Community development and services	-	-	-	136,173	136,173	27,131
Highway and streets	-	-	-	739,646	739,646	520,673
Special assessments	-	-	-	1,101,134	1,101,134	637,954
Safety retirement funding	-	-	-	1,810,533	1,810,533	676,880
Other	-	-	-	11,892	11,892	2,430,370
<b>Total restricted</b>	<b>-</b>	<b>3,298,064</b>	<b>2,793,172</b>	<b>5,841,333</b>	<b>11,932,569</b>	<b>10,004,476</b>
<b>Assigned</b>						
Capital projects	-	-	-	6,566,632	6,566,632	10,625,599
Loans to RDA Trust Fund	1,536,203	-	-	-	1,536,203	1,554,718
Equipment replacement	127,979	-	-	-	127,979	135,029
Public, Educational & Government Programming	51,129	-	-	-	51,129	44,079
<b>Total assigned</b>	<b>1,715,311</b>	<b>-</b>	<b>-</b>	<b>6,566,632</b>	<b>8,281,943</b>	<b>12,359,425</b>
<b>Unassigned</b>	<b>4,532,873</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,532,873</b>	<b>2,061,060</b>
<b>Total fund balances</b>	<b>6,248,184</b>	<b>3,298,064</b>	<b>2,793,172</b>	<b>12,407,965</b>	<b>24,747,385</b>	<b>24,470,113</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,135,361</b>	<b>\$ 3,326,358</b>	<b>\$ 2,798,241</b>	<b>\$ 13,506,643</b>	<b>\$ 26,766,602</b>	<b>\$ 28,842,597</b>

\*See page D5 for schedule of funds.

**CITY OF ALBANY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With Comparative Reconciliation for June 30, 2011)

	<u>2012</u>	<u>2011</u>
<b>Total Fund Balances - Total Governmental Funds (Page B3)</b>	<b>\$ 24,747,385</b>	<b>\$ 24,470,113</b>
Amounts reported for governmental activities in the statement of net assets are different because:		
Deferred charges represent costs associated with the issuance of long-term debt which are deferred and amortized over the period which the debt is outstanding. The costs are reported as expenditures of the current period in the governmental funds:	404,050	430,228
Capital assets used in governmental activities are not current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.	47,767,846	46,080,632
Long-term liabilities are not due and payable in the current period and, therefore, were not reported in the Governmental Funds Balance Sheet.	(21,232,149)	(22,183,942)
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.	(419,219)	(413,897)
Internal service funds are used by management to charge costs of certain activities such as equipment replacement, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-wide Statement of Net Assets.	<u>2,000</u>	<u>-</u>
<b>Net Assets of Governmental Activities (Page B1)</b>	<b><u>\$ 51,269,913</u></b>	<b><u>\$ 48,383,134</u></b>

**CITY OF ALBANY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With Comparative Totals for Fiscal Year Ended June 30, 2011)

	Major Funds				Total Governmental Funds	
	General Fund	Street & Storm Funds	1996-1 Assessment District Bond Fund	Other Governmental Funds	2012	2011
<b>REVENUES</b>	*	**	**	***		
Property taxes	\$ 5,081,849	\$ 889,013	\$ -	\$ 5,524,469	\$ 11,495,331	\$ 11,899,905
Sales taxes	2,192,534	-	-	-	2,192,534	2,166,369
Franchise and other taxes	3,850,715	-	-	72,701	3,923,416	3,782,690
Licenses and permits	211,833	-	-	1,552	213,385	192,536
Fines and forfeitures	212,799	-	-	-	212,799	189,530
Earnings on investments	16,841	13,107	10,229	37,466	77,643	158,568
Revenues from other agencies	66,067	-	-	2,029,112	2,095,179	3,372,914
Current services charges	1,542,534	-	-	888,970	2,431,504	2,273,564
Other revenue	512,922	14,219	86,552	35,000	648,693	707,588
<b>Total revenues</b>	<b>13,688,093</b>	<b>916,339</b>	<b>96,781</b>	<b>8,589,268</b>	<b>23,290,482</b>	<b>24,743,664</b>
<b>EXPENDITURES</b>						
Current:						
General government	2,552,122	-	-	463,064	3,015,186	3,557,232
Police	5,522,528	-	-	23,054	5,545,582	5,574,229
Fire and emergency medical services	4,434,770	-	-	4,004	4,438,774	4,325,559
Community development and environmental resources	2,486,140	-	-	996,032	3,482,172	3,053,903
Recreation and community services	1,901,593	-	-	760,170	2,661,763	2,684,544
Capital outlay	-	837,641	56,727	3,133,936	4,028,304	5,194,422
Debt service:						
Principal	5,769	-	-	946,024	951,793	886,521
Interest	14,130	-	-	930,042	944,172	1,009,500
<b>Total expenditures</b>	<b>16,917,052</b>	<b>837,641</b>	<b>56,727</b>	<b>7,256,327</b>	<b>25,067,747</b>	<b>26,285,910</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,228,959)</b>	<b>78,698</b>	<b>40,054</b>	<b>1,332,942</b>	<b>(1,777,265)</b>	<b>(1,542,246)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	4,766,276	-	-	2,968,862	7,735,138	5,950,012
Transfers out	(694,000)	(391,384)	-	(5,785,013)	(6,870,397)	(5,052,319)
<b>Total other financing sources (uses)</b>	<b>4,072,276</b>	<b>(391,384)</b>	<b>-</b>	<b>(2,816,152)</b>	<b>864,740</b>	<b>897,693</b>
<b>EXTRAORDINARY ITEMS</b>						
Redevelopment dissolution	-	-	-	729,383	729,383	-
Non-recurring Credits	460,414	-	-	-	460,414	-
<b>Net change in fund balances</b>	<b>1,303,731</b>	<b>(312,686)</b>	<b>40,054</b>	<b>(753,827)</b>	<b>277,273</b>	<b>(644,553)</b>
<b>Fund balances, beginning of year</b>	<b>4,944,453</b>	<b>3,610,750</b>	<b>2,753,118</b>	<b>13,161,791</b>	<b>24,470,112</b>	<b>25,114,666</b>
<b>Fund balances, end of year</b>	<b>\$ 6,248,184</b>	<b>\$ 3,298,064</b>	<b>\$ 2,793,172</b>	<b>\$ 12,407,965</b>	<b>\$ 24,747,385</b>	<b>\$ 24,470,113</b>

\* See page D2 for budget comparisons.

\*\* See page D49 for budget comparisons.

\*\*\* See page D6 for schedule of funds.

**CITY OF ALBANY**

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

**FISCAL YEAR ENDED JUNE 30, 2012**

(Comparative Totals: Fiscal Year Ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
<b>Net Changes in Fund Balances - Total Governmental Funds</b>	<b>\$ 277,273</b>	<b>\$ (644,553)</b>
<p>Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capitalized expenditures	3,564,581	4,773,934
Depreciation expense	(1,877,367)	(2,088,420)
Principal repayments on long-term debt	951,793	886,521
<p>Amortization of bond premium and issuance cost and accrued interest expenses, reported in the Statement of Activities and Changes in Net Assets do not require the use of current financial resources and therefore are not reported as expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances.</p>		
	(31,501)	48,859
<p>Internal service funds are used by management to charge the costs of certain activities, such as equipment replacement, to individual funds. The net revenue (expense) of the internal service funds is reported in the Statement of Activities and Changes in Net Assets but not in the Statement of Revenues, Expenditures and Changes in Fund Balances.</p>		
	<u>2,000</u>	<u>(133,517)</u>
<b>Total Changes in Net Assets of Governmental Activities</b>	<b><u>\$ 2,886,779</u></b>	<b><u>\$ 2,842,824</u></b>

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**PROPRIETARY FUNDS**

**FINANCIAL**

**STATEMENTS**

**CITY OF ALBANY  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2012**

(With Comparative Statements for June 30, 2011)

	<u>2012</u>		<u>2011</u>	
	Business-Type Activities- Enterprise Fund Sewer Fund	Governmental Activities- Internal Service Funds	Business-Type Activities- Enterprise Fund Sewer Fund	Governmental Activities- Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Operating cash and investments	\$ 5,142,836	\$ 2,938,878	\$ 5,789,330	\$ 3,258,706
Accounts receivable	22,352	-	20,189	-
Total current assets	<u>5,165,188</u>	<u>2,938,878</u>	<u>5,809,519</u>	<u>3,258,706</u>
Noncurrent assets:				
Deferred charges, net	121,597	-	131,731	-
Capital assets, net	13,823,479	-	14,204,589	-
Total noncurrent assets	<u>13,945,076</u>	<u>-</u>	<u>14,336,320</u>	<u>-</u>
Total assets	<u>19,110,264</u>	<u>2,938,878</u>	<u>20,145,839</u>	<u>3,258,706</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	122,323	7,561	123,628	52,952
Accrued liabilities	85,858	9,314	250,735	-
Compensated absences	-	309,447	-	350,375
Claims liabilities	-	563,526	-	448,495
Current portion of long-term debt	380,000	-	370,000	-
Total current liabilities	<u>588,182</u>	<u>889,847</u>	<u>744,363</u>	<u>851,822</u>
Noncurrent liabilities:				
Compensated absences	-	928,340	-	1,051,126
Claims liabilities	-	1,118,690	-	1,355,758
Long-term debt	5,848,746	-	6,209,558	-
Total noncurrent liabilities	<u>5,848,746</u>	<u>2,047,031</u>	<u>6,209,558</u>	<u>2,406,884</u>
Total liabilities	<u>6,436,928</u>	<u>2,936,878</u>	<u>6,953,921</u>	<u>3,258,706</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	7,594,733	-	7,625,031	-
Restricted for capital projects	1,311,677	-	1,209,374	-
Unrestricted	3,766,927	2,000	4,357,513	-
Total net assets	<u>\$ 12,673,336</u>	<u>\$ 2,000</u>	<u>\$ 13,191,918</u>	<u>\$ -</u>

**CITY OF ALBANY**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(With Comparative Statements for the Fiscal Year Ended June 30, 2011)

	<b>2012</b>		<b>2011</b>	
	Business-Type Activities- Enterprise Fund Sewer Fund	Governmental Activities- Internal Service Funds	Business-Type Activities- Enterprise Fund Sewer Fund	Governmental Activities- Internal Service Funds
<b>OPERATING REVENUES</b>				
Services charges	\$ 2,564,871	\$ 23,406	\$ 2,434,019	\$ 634,409
Total operating revenue	<u>2,564,871</u>	<u>23,406</u>	<u>2,434,019</u>	<u>634,409</u>
<b>OPERATING EXPENSES</b>				
Insurance premiums	-	21,406	-	634,409
Net self insurance accrual	-	-	-	133,517
Materials, supplies and other	326,090	-	146,101	-
Major repairs	1,283,463	-	799,520	-
Depreciation	381,110	-	373,999	-
Total operating expenses	<u>1,990,663</u>	<u>21,406</u>	<u>1,319,620</u>	<u>767,926</u>
Operating income (loss)	<u>574,209</u>	<u>2,000</u>	<u>1,114,399</u>	<u>(133,517)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	29,525	-	24,596	-
Interest expense	<u>(257,575)</u>	<u>-</u>	<u>(263,176)</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>(228,050)</u>	<u>-</u>	<u>(238,580)</u>	<u>-</u>
Income (loss) before transfers	346,158	2,000	875,819	(133,517)
Transfers out	<u>(864,740)</u>	<u>-</u>	<u>(891,694)</u>	<u>-</u>
Net transfers	<u>(864,740)</u>	<u>-</u>	<u>(891,694)</u>	<u>-</u>
Changes in net assets	(518,582)	2,000	(15,875)	(133,517)
Net assets, beginning of year	<u>13,191,918</u>	<u>-</u>	<u>13,207,793</u>	<u>133,517</u>
Net assets, end of year	<u>\$ 12,673,336</u>	<u>\$ 2,000</u>	<u>\$ 13,191,918</u>	<u>\$ -</u>



**CITY OF ALBANY**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With Comparative Totals for the Fiscal Year Ended June 30, 2011)

	2012		2011	
	Business-Type Activities- Enterprise Fund Sewer Fund	Governmental Activities- Internal Service Funds	Business-Type Activities- Enterprise Fund Sewer Fund	Governmental Activities- Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 2,562,708	\$ 23,406	\$ 2,416,248	\$ 634,407
Cash paid to suppliers	(1,765,600)	(343,234)	(638,168)	(803,626)
Net cash provided by (used by) operating activities	797,108	(319,828)	1,778,080	(169,219)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Increase (decrease) Due to General Fund				
Transfers out to other funds	(864,740)	-	(891,694)	-
Claims and Workers' Compensation liabilities transferred to General Fund	-	-	-	-
Net cash provided by (used by) no capital financing activities	(864,740)	-	(891,694)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	-	-	(364,313)	-
Principal payments - bonds	(350,812)	-	(355,000)	-
Interest paid	(257,575)	-	(263,176)	-
Net cash provided by (used by) capital and related financing activities	(608,387)	-	(982,489)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	29,525	-	24,596	-
Net cash provided by investing activities	29,525	-	24,596	-
Net change in cash and cash equivalents	(646,494)	(319,828)	(71,507)	(169,219)
Cash and cash equivalents at beginning of year	5,789,330	3,258,706	5,860,837	3,427,925
Cash and cash equivalents at end of year	\$ 5,142,836	\$ 2,938,878	\$ 5,789,330	\$ 3,258,706
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
<b>Operating income (loss)</b>	\$ 574,209	\$ 2,000	\$ 1,114,399	\$ (133,517)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Increase (decrease) in compensated absences	-	(163,714)	-	(50,392)
Increase (decrease) in net self insurance accrual	-	(122,037)	-	2
Depreciation and amortization expense	381,110	-	373,999	-
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable and deferred charges	7,971	-	11,550	-
Increase (decrease) in accounts payable and accrued liabilities	(166,181)	(36,077)	278,132	14,688
Net cash provided by (used by) operating activities	\$ 797,108	\$ (319,828)	\$ 1,778,080	\$ (169,219)

**FIDUCIARY FUNDS**

**FINANCIAL**

**STATEMENTS**

**CITY OF ALBANY**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2012**

(With Comparative Statements for June 30, 2011)

	2012			2011	
	Pension Trust Fund (Police and Fire Pension)	RDA /LMIH Successor Agencies Trust Funds	Agency Funds	Pension Trust Fund (Police and Fire Pension)	Agency Funds
<b>ASSETS</b>			*		
Operating cash and investments	\$ 9,447	\$ 1,022,232	\$ 647,073	\$ 9,582	\$ 519,379
Debt service reserves held with trustee			479,824		479,824
Receivables:					
Interest	583		-	171	-
Other	300,000	23,043	-	300,000	-
Investments, at fair value:					
Local Agency Investment Fund	515,507		-	97,000	-
Cash and Money Market Fund	69,281		-	452,546	-
Mutual funds	8,901,747		-	10,059,454	-
Total investments, fair value	9,486,535	-	-	10,609,000	-
Total assets	9,796,565	1,045,275	\$ 1,126,897	10,918,753	\$ 999,203
<b>LIABILITIES</b>					
Accounts payable	-	64,552	\$ 42,686	-	\$ 7,857
Due to bondholders	-		870,978	-	870,977
Member deposits	-		85,030	-	28,368
Refundable deposits	-		128,204	-	92,001
Unearned revenue	-	35,782			
Advances from City of Albany		1,536,203			
Due to RPTTF		679,637			
Total liabilities	-	2,316,174	\$ 1,126,897	-	\$ 999,203
<b>NET ASSETS (LIABILITIES)</b>					
Net assets or liabilities of Trust Funds	\$ 9,796,565	\$ (1,270,899)		\$ 10,918,753	

\* See page D61 for schedule of funds.

**CITY OF ALBANY**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With Comparative Statements for Fiscal Year Ended June 30, 2011)

	<b>2012</b>		<b>2011</b>	
	Pension Trust Fund (Police and Fire Pension)	RDA /LMIH Successor Agencies Trust Funds	Pension Trust Fund (Police and Fire Pension)	
<b>ADDITIONS</b>				
Revenue from taxes		\$ 165,131		
Employer contributions	\$ 300,000		\$ 300,000	
Total additions	<u>300,000</u>	<u>165,131</u>	<u>300,000</u>	
Investment income:				
Net appreciation (depreciation) in fair value of investments	(288,454)		1,388,224	
Interest	2,100	65	874	
Dividends	327,481		382,536	
Total investment income (loss)	<u>41,127</u>	<u>65</u>	<u>1,771,634</u>	
Total additions to assets	<u>341,127</u>	<u>165,196</u>	<u>2,071,634</u>	
<b>DEDUCTIONS</b>				
Pension benefits paid	1,415,881		1,416,172	
Administrative expenses	47,434	29,832	61,762	
Payments to the County		676,880		
Other expenses			30	
Total deductions from assets	<u>1,463,315</u>	<u>706,712</u>	<u>1,477,964</u>	
Disposition of Reinvestment Agency assets and liabilities on termination		(729,383)		
Changes in net assets	(1,122,188)	(1,270,899)	593,670	
Net assets, beginning of year	<u>10,918,753</u>	<u>-</u>	<u>10,325,083</u>	
Net assets, end of year	<u>\$ 9,796,565</u>	<u>\$ (1,270,899)</u>	<u>\$ 10,918,753</u>	

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**NOTES TO  
BASIC FINANCIAL  
STATEMENTS**

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 1 – Background**

The City of Albany is a largely residential community located on San Francisco Bay in Alameda County, California. The City was incorporated in 1908. The population as of January 2012 was 18,488 as estimated by the State of California, Department of Finance.

The City operates under the Council-City Manager form of government, with a full-time City Manager. The governing body is a five-member council, with one council member serving as mayor. The City Treasurer is also an elected official.

In addition to finance and administrative functions, the City Manager oversees 91 fulltime-equivalent employees in the functions of:

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

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 2 – Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

- *The City of Albany Police and Fire Relief or Pension Fund (Trust)* is a separate legal trust whose purpose is to provide pension benefits for certain eligible City employees. The Trust’s governing board is composed of a City Council person, City Treasurer, City Clerk, and two members of the Trust. All accounting and administrative functions are performed by the City. The activities of the Trust have been included in the Police and Fire Relief Pension Trust Fund. Separate financial statements for the Trust may be obtained from the City of Albany administrative offices located at 1000 San Pablo Avenue, Albany, CA 94706.
- *The City of Albany Public Facilities Financing Authority* is a financing authority whose purpose is to provide financing assistance to the City for acquiring real property and improvements for the benefit of the City and surrounding areas. The Authority’s board is composed of the City Council, and all accounting and administrative functions are performed by City staff. The Authority is dependent upon the City for its cash flows, and the activities of the Authority have been recorded in the Public Facilities Financing Authority Debt Service Fund of the City. Separate financial statements are not issued for this entity.
- *The City of Albany Community Reinvestment Agency (Agency)* was activated in the 1998-99 fiscal year pursuant to the State of California Health and Safety Code Section 33000, entitled “Community Redevelopment Law.” Its purpose is to prepare and carry out plans for improvements, rehabilitation, and redevelopment of blighted areas 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 legal authority under which the Agency operated was terminated by the State Legislature effective January 31, 2012. The activities of the Agency through January 31, 2012 have been included in these financial statements. Separate audited financial statements for the Agency have not been issued for the year ended June 30, 2012. Separate unaudited financial statements for the Agency, for the period ended January 31, 2012, 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, 2012**

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

- *Albany Municipal Services Joint Powers Authority* (Authority) was established by the City of Albany and the Albany Community Reinvestment Agency to employ management employees of the City that are not members of an organized bargaining unit. Members of the City Council serve on the governing board, and the City reimburses the Authority for all expenses. Because the Authority's financial activities are related solely to those of the City, they are included in the City's financial statements. Separate financial statements are not issued for this entity.

**B. Basis of Accounting/Measurement Focus**

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

***Government-wide Financial Statements***

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

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

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

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

B. Basis of Accounting/Measurement Focus (Continued)

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

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.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

B. Basis of Accounting/Measurement Focus (Continued)

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

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

The major governmental funds of the City are:

- *General Fund* – This is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- *Street & Storm Funds* – This fund is used to record property tax revenues, debt proceeds and expenditures for various street and storm drain projects.
- *1996-1 Assessment District Bond Fund* – This fund reports the balances and expenditures of revenues provided by the Open Space, Recreational Playfields and Creek Restoration Assessment District No. 1996-1.

***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.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

B. Basis of Accounting/Measurement Focus (Continued)

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

The City's internal service funds at June 30, 2012 are the Workers' Compensation Fund, General Liability Fund, and the Compensated Absences Fund. The Workers' Compensation Fund is used to cover known and unknown claims that may occur relating to worker injuries. The General Liability Fund is used to cover future general liability claims against the City. The Compensated Absences Fund is used to reserve funds required to pay off accrued liabilities for vacations, compensatory time and sick leave upon employees' retirement or other termination of employment.

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

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

***Fiduciary Fund Financial Statements***

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

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

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

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

C. Revenue Recognition for the Sewer Enterprise Fund

Sewer service charges are billed and collected by the Alameda County 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, of a material amount, billed but not received, as of the end of the fiscal year, are accrued.

D. Compensated Absences

City employees have a vested interest in accrued vacation time and twenty-five percent of accrued sick leave time. This accrued leave time will eventually be used by employees or paid-off by the City. The City has obligations for accrued vacation and sick leave in the amount of \$1,237,787, which is recorded in the Compensated Absences Internal Service Fund. The current portion of the liability is \$309,447, (based on actual and anticipated payouts made between June 30, 2012 and the preparation of this report) and the noncurrent portion is \$928,340.

E. Property Tax

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

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

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

F. Cash and Cash Equivalents, and Cash Flows

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

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

G. Prepaid Items

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

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

H. Capital Assets

Governmental activity capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Infrastructure assets include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. 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.

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

I. Deferred Compensation Plan

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

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

J. Net Assets and Fund Balances

In the government-wide financial statements, net assets are classified in the following categories:

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

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

*Unrestricted Net Assets:* This category represents the net assets of the City that are not externally restricted for any project or other purpose.

In the fund financial statements, governmental funds are classified in the following categories:

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

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

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

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

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

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

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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K. Use of Estimates

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

L. Reclassifications/Comparative Data

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

**NOTE 3 – Operating Cash and Investments**

The City's dependence on property tax receipts and seasonal revenue sources requires it to maintain significant cash reserves to finance operations. Except debt service reserves with trustees, bond proceeds from special assessment districts, and bond proceeds from sewer revenue bonds, the City pools operating cash and investments from all sources and funds, so that these funds may be invested at the maximum yield, consistent with safety and liquidity, while allowing expenditures from individual funds at any time. Disclosure for the Police and Fire Relief Pension Fund investments can be found in Note 12.



**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

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

The following is a summary of pooled cash and investments, including debt service reserves with trustees at June 30, 2012:

	Government-Wide		Fiduciary	
	Statement of Net Assets		Funds	
	Governmental Activities	Business-Type Activities	Statement of Net Assets	Total
Operating cash and investments	\$ 26,460,142	\$ 5,142,836	\$ 11,165,287	\$ 42,768,265
Debt service reserves held with trustee	400,016	-	479,824	879,840
<b>Total</b>	<b>\$ 26,860,158</b>	<b>\$ 5,142,836</b>	<b>\$ 11,645,111</b>	<b>\$ 43,648,105</b>

At June 30, 2012 the City's pooled cash and investments, including debt service reserves with trustees consisted of the following:

**City Treasury:**

Deposits:	
Deposits with financial institutions	\$ 517,952
Investments:	
State investment pool	30,997,848
Mutual funds	8,901,747
CalTrust investment pool	2,284,017
Cash and money market funds	66,701
Total investments	42,250,313
<b>Total City Treasury</b>	<b>42,768,265</b>
<b>Debt service reserves held with trustee</b>	<b>879,840</b>
<b>Total City and trustee cash and investments</b>	<b>\$ 43,648,105</b>

**A. Authorized Investments**

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

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

A. Authorized Investments (Continued)

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

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

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

B. Risk Disclosures

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

At June 30, 2012 all of the City's investments had remaining maturities of twelve months or less.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

B. Risk Disclosures (Continued)

Investment Type	Fair Value	Maturity: 12 Months Or Less
State investment pool	\$ 30,997,848	\$ 30,997,848
Mutual funds	8,901,747	8,901,747
CalTrust investment pool	2,284,017	2,284,017
Cash and money market funds	66,701	66,701
Total	\$ 42,250,313	\$ 42,250,313

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

The City's general policy is to apply the prudent-investor rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. As of June 30, 2012 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, 2012, City bank balances were \$610,992 at one institution. \$250,000 was covered by depository insurance and the remaining balance of \$360,992 was held in accounts collateralized with securities held by the financial institutions.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

C. Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The City is required to disclose its methods and assumptions used to estimate the fair value of its holdings in LAIF. The City relied upon information provided by the State Treasurer in estimating the City's fair value position of its holding in LAIF. The City had a contractual withdrawal value of \$29,949,775 whose pro-rata share of fair value was estimated by the state Treasurer to be \$29,986,303. The fair value change in this investment for the year came to an amount that was not material for presentation in the financial statements.

The City's investments with LAIF at June 30, 2012 included a portion of the pooled funds invested in structured notes and asset-backed securities. Structured notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options. Asset-backed securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMS) or credit card receivables. As of June 30 2012, the State Treasurer had invested 3.47% of the pool's funds in structured notes and asset-backed securities.

D. Fair Value of Investments

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

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

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

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

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

*Operating Cash*

At June 30, 2012, the Fund's operating cash balance was \$9,447. The Fund's bank balance of \$36,302 (inclusive of outstanding checks) was held at one institution which was fully covered by depository insurance.

*Method Used to Value Investments*

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

*Investment Management*

Fund investments are managed by an investment manager (Atlantic Trust) under an agreement which authorizes the Manager to purchase and sell securities, within the guidelines of the Fund's governing board, which meets with the investment manager quarterly.

At June 30, 2012, the Fund's assets were invested in the Dodge & Cox Stock Fund, Income Fund, and International Stock Fund, PIMCO Bond Fund, and Aston Montag Equity Fund.

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

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

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

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

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

*Investment Management (Continued)*

As of June 30, 2012, the Fund's allocations met the requirements set by the Fund's policy as described above.

Investments at June 30, 2012 are as follows:

Investment Type	Fair Value
Local Agency Investment Fund (LAIF)	\$ 515,507
Cash and money market funds	69,281
Mutual funds:	
Stock fund	3,611,763
Income fund	3,175,783
International stock fund	609,913
PIMCO bond fund	925,333
Aston Montag growth fund	578,955
Total	\$ 9,486,535

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

The net decrease in fair value of investments for the year ended June 30, 2012 was \$288,454.

*Risk Disclosures*

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

*Credit Risk.* This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. That is measured by the assignment of a rating by a nationally recognized credit rating organization. The Fund's general policy is to apply the prudent-investor rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. As of June 30, 2012, there are no investments in any one issuer that represent 5% or more of total Fund investments.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

*Investment in State Investment Pool*

The Fund is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The Fund is required to disclose its methods and assumptions used to estimate the fair value of its holdings in LAIF. The Fund relied upon information provided by the State Treasurer in estimating the Fund's fair value position of its holding in LAIF. The Fund had a contractual withdrawal value of \$515,507. The fair value change of assets invested in the LAIF was not material for presentation in the financial statements for the year ended June 30, 2012.

The Fund's investments with LAIF at June 30, 2012 included a portion of the pooled funds invested in structured notes and asset-backed securities. Structured notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options. Asset-backed securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMS) or credit card receivables. As of June 30 2012, the State Treasurer had invested 3.47% of the pool's funds in structured notes and asset-backed securities.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 4 – Capital Assets**

The following is a summary of capital assets as of June 30, 2012:

	Governmental Activities	Business-Type Activities	Total
Nondepreciable assets:			
Land	\$ 8,194,487	\$ -	\$ 8,194,487
Construction in progress	2,203,938	-	2,203,938
Total nondepreciable assets	10,398,425	-	10,398,425
Depreciable assets:			
Buildings	21,230,005	-	21,230,005
Improvements other than buildings	8,482,995	-	8,482,995
Furniture and fixtures	629,461	-	629,461
Machinery and equipment	1,658,302	56,928	1,715,230
Vehicles	2,835,115	-	2,835,115
Sewer lines	-	18,591,792	18,591,792
Infrastructure	15,407,682	-	15,407,682
Total depreciable assets	50,243,560	18,648,720	68,892,280
Less accumulated depreciation:	12,874,139	4,825,241	17,699,380
Depreciable capital assets, net	37,369,421	13,823,479	51,192,900
Total capital assets, net	<u>\$ 47,767,846</u>	<u>\$ 13,823,479</u>	<u>\$ 61,591,325</u>



**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

Transactions and balances of capital assets were as follows:

	Balance June 30, 2011	Additions	Transfers/ Retirements	Balance June 30, 2012
<b>Governmental Activities:</b>				
Nondepreciable assets:				
Land	\$ 8,194,487	\$ -	\$ -	\$ 8,194,487
Construction in progress	1,413,517	790,421	-	2,203,938
Total nondepreciable assets	<u>9,608,004</u>	<u>790,421</u>	<u>-</u>	<u>10,398,425</u>
Depreciable assets:				
Buildings	21,230,005	-	-	21,230,005
Improvements other than buildings	8,394,691	88,304	-	8,482,995
Furniture and fixtures	629,461	-	-	629,461
Machinery and equipment	1,235,092	423,210	-	1,658,302
Vehicles	2,911,052	-	75,937	2,835,115
Infrastructure	13,145,036	2,262,646	-	15,407,682
Total depreciable assets	<u>47,545,337</u>	<u>2,774,160</u>	<u>75,937</u>	<u>50,243,560</u>
Less accumulated depreciation for:				
Buildings	3,752,936	423,888	-	4,176,824
Improvements other than buildings	1,819,368	406,422	-	2,225,790
Furniture and fixtures	199,545	59,934	-	259,479
Machinery and equipment	701,886	181,216	-	883,102
Vehicles	2,052,904	322,643	75,937	2,299,610
Infrastructure	2,546,070	483,264	-	3,029,334
Total accumulated depreciation	<u>11,072,709</u>	<u>1,877,367</u>	<u>75,937</u>	<u>12,874,139</u>
Total depreciable assets, net	<u>36,472,628</u>	<u>896,793</u>	<u>-</u>	<u>37,369,421</u>
Total governmental activities capital assets	<u>\$ 46,080,632</u>	<u>\$ 1,687,214</u>	<u>\$ -</u>	<u>\$ 47,767,846</u>

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

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

Depreciation was charged to governmental functions as follows:

Governmental activities:

General government	\$	217,204
Police		161,248
Fire and emergency medical services		361,645
Community development and environmental resources		919,690
Recreation and community services		217,580
Total governmental activities depreciation expense	\$	1,877,367

	Balance June 30,2010	Additions	Transfers/ Retirements	Balance June 30,2011
<b>Business-Type Activities:</b>				
Depreciable assets:				
Sewer lines	\$ 18,591,793	\$ -	\$ -	\$ 18,591,793
Machinery and equipment	56,928	-	-	56,928
Total depreciable assets	18,648,721	-	-	18,648,721
Less accumulated depreciation for:				
Sewer lines	4,405,747	371,837	-	4,777,584
Machinery and equipment	38,385	9,273	-	47,658
Total accumulated depreciation	4,444,132	381,110	-	4,825,242
Total depreciable assets, net	14,204,589	(381,110)	-	13,823,479
Total business-type activities capital assets	\$ 14,204,589	\$ (381,110)	\$ -	\$ 13,823,479

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 5 – Governmental Activities Debt**

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

<u>Governmental Activities</u>	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2012</u>	<u>Due Within One Year</u>
1997 Refunding COPS					
4.25-4.80%, 9/1/12	\$ 535,000	\$ -	\$ 260,000	\$ 275,000	\$ 275,000
2003 GO Bonds					
3.00-4.00%, 8/1/33	6,860,000	-	185,000	6,675,000	190,000
Civic Center Improvement					
GO Bonds, 4.00-8.00%, 8/1/37	4,765,000	-	90,000	4,675,000	100,000
GO Bonds II					
4.00-7.00%, 8/1/37	6,190,000	-	120,000	6,070,000	125,000
2009 Street & Storm Drain					
Parcel tax note, 4.60%, 8/1/21	3,230,501	-	245,573	2,984,928	256,999
Lease purchase agreement					
4.52%, 9/3/18	312,636	-	33,306	279,330	43,423
2011 California Energy					
Commission 1.0%, 6/2025	290,805	-	17,914	272,891	19,745
Total long-term debt	<u>\$ 22,183,942</u>	<u>\$ -</u>	<u>\$ 951,793</u>	<u>\$ 21,232,149</u>	<u>\$ 1,010,167</u>

**A. 1997 Refunding Certificates of Participation**

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

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

A. 1997 Refunding Certificates of Participation (Continued)

General Fund, Sewer Fund, and Lighting and Landscaping Assessment District Fund revenues are used to service the COPS. A portion of the assessments from the City's Lighting and Landscape Assessment District Fund are being pledged to pay for the debt. Annual principal and interest payments on the debt require about 67% of the assessments (the portion contributed from assessments). The total principal and interest remaining to be paid on the bonds is \$281,738. Principal and interest paid for the current year were \$279,845. Assessments for the 2011-2012 fiscal year were \$503,779.

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 1<sup>st</sup> and August 1<sup>st</sup> and principal payments are due August 1<sup>st</sup> of each year, with the final payment due August 1, 2033.

C. Civic Center Improvement General Obligation Bonds

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

D. General Obligation Bonds II

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

E. 2009 Street & Storm Drain Parcel Tax Note

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

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

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

F. Lease Purchase Agreement

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

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

G. California Energy Commission Note

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

G. Arbitrage

As of June 30, 2012, it is not anticipated that any bond funds will incur arbitrage liabilities within the next year. Management does not anticipate that any potential arbitrage liability would have material effect on the bond funds to which they were assessed.

H. Future Governmental Activities Debt Service

Debt service schedules for the COP's, general obligation bonds, and lease purchases are as follows at June 30, 2012:

Year Ending 30-Jun	Total Principal	Total Interest
2013	\$ 1,002,387	\$ 916,093
2014	766,124	875,162
2015	795,841	843,198
2016-2020	4,496,956	3,699,600
2021-2025	3,800,841	2,788,816
2026-2030	3,935,000	1,997,232
2031-2035	4,445,000	1,000,781
2036-2038	1,990,000	152,500
Total	<u>\$ 21,232,149</u>	<u>\$ 12,273,382</u>

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

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

H. Future Governmental Activities Debt Service (Continued)

Year Ending June 30	<b>Principal</b>						
	1997 COPS	2003 GO Bonds	Civic Center Improvement GO Bonds	GO Bonds II	2009 Street & Storm Drain Parcel Tax Note	Lease Purchase Agreement	California Energy Commission
2013	\$ 275,000	\$ 190,000	\$ 100,000	\$ 125,000	\$ 256,999	\$ 43,423	\$ 19,745
2014	-	200,000	105,000	135,000	268,957	36,385	20,783
2015	-	205,000	110,000	140,000	281,472	38,030	21,339
2016-2020	-	1,160,000	615,000	805,000	1,616,428	161,492	130,425
2021-2025	-	1,420,000	755,000	985,000	561,072	-	80,599
2026-2030	-	1,775,000	935,000	1,225,000	-	-	-
2031-2035	-	1,725,000	1,185,000	1,535,000	-	-	-
2036-2038	-	-	870,000	1,120,000	-	-	-
<b>Total</b>	<b>\$ 275,000</b>	<b>\$ 6,675,000</b>	<b>\$ 4,675,000</b>	<b>\$6,070,000</b>	<b>\$ 2,984,928</b>	<b>\$ 279,330</b>	<b>\$ 272,891</b>

Year Ending June 30	<b>Interest</b>						
	1997 COPS	2003 GO Bonds	Civic Center Improvement GO Bonds	GO Bonds II	2009 Street & Storm Drain Parcel Tax Note	Lease Purchase Agreement	California Energy Commission
2013	\$ 6,738	\$ 260,976	\$ 217,779	\$ 280,915	\$ 134,385	\$ 12,626	\$ 2,674
2014	-	254,176	212,548	272,490	122,427	11,052	2,469
2015	-	247,998	207,979	265,640	109,913	9,408	2,260
2016-2020	-	1,129,096	965,366	1,235,925	340,493	19,646	9,074
2021-2025	-	891,239	820,684	1,049,284	26,005	-	1,604
2026-2030	-	562,636	630,788	803,808	-	-	-
2031-2035	-	150,556	371,375	478,850	-	-	-
2036-2038	-	-	66,750	85,750	-	-	-
<b>Total</b>	<b>\$ 6,738</b>	<b>\$ 3,496,677</b>	<b>\$ 3,493,267</b>	<b>\$ 4,472,662</b>	<b>\$ 733,223</b>	<b>\$ 52,732</b>	<b>\$ 18,081</b>

The City is required to maintain amounts of restricted cash and investments with trustees or fiscal agents under the terms of the above debt issues. These funds are pledged as reserves to be used if the City fails to meet its obligations under debt issues. These reserves totaled \$400,016 and \$411,409, respectively at June 30, 2012 and 2011. 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, 2012**

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**NOTE 6 – Special Assessment District Debt**

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

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

The outstanding balance of the bonds as of June 30, 2012 is \$3,125,000.

**NOTE 7 – Business-Type Activities Debt**

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

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

The City has pledged future sewer service charges, net of specified operating expenses, to repay the debt. Annual principal and interest payments on the debt are payable solely from net revenues through 2024. The total principal and interest remaining to be paid on the bonds is \$8,261,233. Principal and interest paid for the current year was \$631,748 and sewer revenue net of operating expenses was \$574,209.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Due Within One Year
Sewer revenue bonds	\$ 6,655,000	\$ -	\$ 370,000	\$ 6,285,000	\$ 380,000
Deferred amortization on refunding	(31,637)	-	(15,819)	(15,818)	-
Original issue discount	(43,805)	-	(3,369)	(40,436)	-
<b>Total long-term debt</b>	<b>\$ 6,579,558</b>	<b>\$ -</b>	<b>\$ 350,812</b>	<b>\$ 6,228,746</b>	<b>\$ 380,000</b>

Annual debt service repayment requirements to repay the Sewer Revenue Bonds and amortization of bond issuance costs and refunding discount at June 30, 2012 are:

Year Ending June 30	Debt Service Payments			Amortization		
	Principal	Interest	Total	Issuance Cost	Refunding Discount	Total
2013	\$ 380,000	\$ 245,383	\$ 625,383	\$ 10,133	\$ 19,189	\$ 29,322
2014	395,000	232,105	627,105	10,133	3,369	13,502
2015	410,000	217,812	627,812	10,133	3,369	13,502
2016-2020	2,290,000	839,870	3,129,870	50,665	16,845	67,510
2021-2025	2,810,000	315,286	3,125,286	40,533	13,482	54,015
<b>Total</b>	<b>\$6,285,000</b>	<b>\$ 1,850,456</b>	<b>\$ 8,135,456</b>	<b>\$ 121,597</b>	<b>\$ 56,254</b>	<b>\$ 177,851</b>

**Internal Service Fund Debt**

The liability related to compensated absences at June 30, 2012 is summarized below:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Estimated Payments in One Year
Compensated Absences	\$ 1,401,501	\$ 21,786	\$ 185,500	\$ 1,237,787	\$ 309,447

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



**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 8 – Advances Receivable and Deferred**

Advances of \$1,536,203 represent monies owed to the City of Albany General Fund from the Successor Agency to the Albany Community Reinvestment Agency. The advances were made to the Albany Community Reinvestment Agency and the liability was transferred to the Successor Agency upon termination of the Reinvestment Agency on January 31, 2012. Under the provision of California legislation AB 1484, repayment of these advances is to begin in fiscal year 2013-14. The maximum annual payment shall be one-half of the increase in tax increment revenue distributable to taxing entities in the Redevelopment Area, in that fiscal year, over the amount distributed to taxing entities in the base fiscal year of 2012-13.

The advance to the General Fund of \$1,100,000 was a short-term cash flow management advance from the Pension Property Tax Fund. The advance was cleared by a inter-fund transfer from the Pension Property Tax Fund to the General Fund in July 2012.

**NOTE 9 – Major Fund Budget Variances**

General Fund

- Property taxes at \$5,081,849 were 37% of General Fund revenues and continue to be the largest single source of General Fund revenue. These revenues increased 3.1% from the prior year, and were 3.4% above the original and final budgets. The increase in property tax revenue is due to an increase in assessed value of taxable property.
- Franchise and other taxes of \$3,850,715 were \$127,205 above the prior year, and were \$89,015 above the original and final budgets. The increase in revenue over the prior year was a net of \$58,000 increase in garbage collection franchise fees, a \$184,000 increase in telephone utility users tax, a \$100,000 decrease in property transfer tax, a \$35,000 decrease in race track tax, and smaller increases and decreases in other taxes. The major budget variances were property transfer tax \$290,000 below budget, race track tax \$75,000 below budget, and garbage collection franchise fee \$58,000 above budget.
- Fines and forfeitures revenue of \$212,799 was \$23,769 above the prior year and \$77,201 above the final budget.
- Revenue from other agencies of \$66,067 was down \$82,087 from the prior year and \$40,714 below the final budget. The decline in revenue is due to the shifting by the State of local revenue from Motor Vehicle License Fees to Gasoline Tax

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 9 – Major Fund Budget Variances (Continued)**

- Current services charges of \$1,542,534 were \$16,000 over the prior year, but were \$170,000 below budget. The budget variance reflects a \$90,000 change in accounting policy for insurance reimbursement by retired employees. The other major factor in the variance was recreation classes and activities that were \$79,000 below budget.
- Other revenue of \$487,483 exceeded the budget by \$284,483. This favorable variance is attributable to the Margret & Gardner Young bequest of \$188,000, and a staffing grant of \$54,000 from Waste Management.
- Operating expenditures for the Police Department were \$218,166 below budget. This favorable variance is attributable to the Police Department employees paying the employee CalPERS contribution, previously paid by the City.
- Operating expenditures for the Community Development and Environmental Resources Department exceeded budget by \$349,882, due to contracted services incurred in conjunction with the proposed development of the Lawrence Berkeley National Laboratory in Albany. The City was reimbursed for these expenditures.
- The non-recurring credit of \$460,414 is the reimbursement from Golden Gate Fields for expenses incurred by the City in evaluating the proposal for development of the LBNL Second Campus on a portion of the land current occupied by the Golden Gate Field Racetrack.

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

In the Government-Wide Financial Statements, net assets are classified in the following categories, in accordance with Government Accounting Standards Board Statement No. 46:

Invested in capital assets, net of related debt

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

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

Restricted net assets

This category represents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments, and restrictions imposed by law through

constitutional provisions or enabling legislation. Additionally, this category includes restrictions established by the City Council.

Unrestricted net assets

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

In the Fund Financial Statements, in accordance with Government Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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Non-spendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

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**NOTE 11 – Interfund Transactions**

Interfund Balances

The following is a summary of interfund balances as of June 30, 2012:

	Due From Other Funds	Due To Other Funds
<b>MAJOR GOVERNMENTAL FUNDS</b>		
General Fund	\$ 219,680	
<b>Total major funds</b>	<b>\$ 219,680</b>	
<b>NON-MAJOR GOVERNMENTAL FUNDS</b>		
<b>Special revenue funds:</b>		
Alameda County Measure B		\$ 51,010
EBRPD Measure WW		35,628
Emergency Medical Services		90,545
Community Development Block Grant		25,250
Waste Management		16,607
Paratransit		640
		<b>\$ 219,680</b>

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

Interfund Transfers

The principal purpose of interfund transfers is to match revenue, which is recorded in funds designated for specific purposes, with the expenditures funded by these revenues. Examples are the Emergency Medical Services fees that are used to pay paramedic service expenses recorded in the General Fund, and Lighting and Landscape Assessment fees that are used to pay expenditures in the debt service funds. Interfund transfers are also used to fund insurance reserves and equipment replacement funds. The following is a summary of interfund transfers for the fiscal year ended June 30, 2012.

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 11 – Interfund Transactions (Continued)**

	Transfers In	Transfers Out
<b>MAJOR GOVERNMENTAL FUNDS</b>		
General Fund	\$ 4,766,276	\$ 694,000
Street & Storm Drain	-	391,384
<b>NON-MAJOR GOVERNMENTAL FUNDS</b>		
<b>Special revenue funds:</b>		
Pension Property Tax		2,200,000
Gas Tax		314,477
Traffic Congestion Relief		46
Emergency Medical Services		1,457,253
Lighting and Lanscape Assessment District		253,539
Law Enforcement Grants	17,380	
Park Bond	35,629	
Street	83,000	
	136,009	4,225,315
<b>Capital projects funds:</b>		
Capital Projects	400,000	35,629
Capital Facilities Reserve		6,341
Pierce Street Property	6,341	
Civic Center Improvement		270
General Obligation Bond I & II	1,500,348	1,500,078
Major Planning	200,000	
Emergency Medical Service Equipment	22,500	
Fire Equipment Reserve	24,000	
Fire Operating Equip. Reserve	24,000	
Police Equipment Reserve	46,000	17,380
	2,223,189	1,559,698
<b>Debt service funds:</b>		
Street & Storm Drain Debt Service	391,384	
Debt Service APFFA	218,279	
	609,663	-
<b>Total non-major governmental funds</b>	2,968,861	5,785,013
<b>PROPRIETARY FUNDS:</b>		
Sewer Enterprise Fund	-	864,740
<b>Total proprietary funds</b>	-	864,740
<b>Total Interfund Transfers</b>	\$ 7,735,137	\$ 7,735,137

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 12 – Albany Police and Fire Relief Pension Fund**

A. Plan Description

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

Terminated vested participants:

Retired	12
Disabled	9
Survivor	4
	25

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

B. Funding Status and Progress

The entry age actuarial cost method and significant actuarial assumptions were used in determining the actuarial accrued liability and included: (a) a rate of return on the investment of present and future assets of 6.75 percent per year compounded annually, and (b) projected inflation rate of 4 percent per year.

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

The actuarial accrued liability and asset for participants at June 30, 2012 is as follows:

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

An actuarial valuation of the Fund is performed as frequently as deemed necessary by the Fund’s Board of Trustees, but not less than every three years. Accordingly, the next actuarial valuation is scheduled as of June 30, 2015.

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

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

**B. Funding Status and Progress (Continued)**

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

**C. Contribution Requirements and Contribution Made**

The City Charter requires an annual contribution to the Fund equal to 18 percent of the gross wages of active fund participants; however, there are no active fund participants as of June 30, 2012 and the Fund is closed to new participants.

Based on actuarial valuations, the Fund's assets exceeded the Fund's liabilities for fiscal years 2004-2005 through 2006-2007; therefore, no contributions were made to the Fund. The actuarial valuation performed as of June 30, 2012 and 2009 determined the unfunded liability to be \$787,808 and \$1,886,363; and required annual contribution for both valuations is \$194,852. The City made annual required contributions in both the 2010-2011 and 2011-2012 fiscal years. The funding policy of the Board of Trustees is to make a minimum contribution upon completion of the actuarial valuation, as required to amortize any unfunded liability as a level dollar amount over a 15-year period.

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Assets</u>
2010	\$ 194,852	100%	\$ -
2011	\$ 194,852	100%	\$ -
2012	\$ 194,852	100%	\$ -

**D. Financial Statements**

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

**NOTE 13 – PERS Pension Plan**

**A. Plan Description**

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

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 13 – PERS Pension Plan (Continued)**

**B. Funding Policy**

Participants are required to contribute 8 percent (9 percent for safety employees) of their annual covered salary. The City's actuarially determined employer contribution rates for fiscal year 2011-12 were:

	<u>Tier 1</u>	<u>Tier 2</u>
City Miscellaneous	13.713%	7.733%
Safety Police	21.252%	n/a
Safety Fire	21.252%	20.308%
Albany JPA Miscellaneous	13.349%	7.733%

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

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

**C. Annual Pension**

For fiscal 2011-12, the City's annual pension cost of \$2,343,490 for PERS plans was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5 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) 3.0 percent per year payroll growth. Both (a) and (b) included an inflation component of 2.75 percent. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments such that the actuarial value of assets is 80% and 120% of the actual market value. Unfunded actuarial accrued liabilities are being amortized as a level percentage of payrolls over a closed 30-year period. All changes in liability due to plan amendments are amortized separately over a closed 20-year period. Gains and losses are tracked and amortized over a rolling 30 year period.

**D. Three Year Trend Information – Combined Contributions Made**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2010	\$ 1,946,942	100%	-
2011	2,011,166	100%	-
2012	2,343,490	100%	-



**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 13 – PERS Pension Plan (Continued)**

E. Risk Pool & Side Funds

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

Formation of the risk pools required the establishment of “side funds,” that represent unfunded liabilities, which are to be amortized over periods of 9 to 18 years for the City’s four plans. As of June 30, 2011 (most recently available information), the balance of the side funds for miscellaneous plans totaled \$183,677. The side funds for safety plans were eliminated by lump sum payments in prior years.

F. Social Security

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

The City’s Local 790 union members and part-time employees are covered under Social Security, which requires these employees to contribute 4.2 percent of the employee’s pay for the calendar year of 2012 and 6.2 percent of the employee’s pay for the calendar year of 2011, and the City to contribute 6.2 percent of the employee’s pay to the Social Security Fund. Total contributions to Social Security during the year ended June 30, 2012 were \$178,373, of which the City paid \$106,338.

The City’s seasonal and temporary employees are covered under an ICMA alternative plan that requires these employees to contribute 7.5 percent of their earnings to the plan. Total contributions to the plan during the year ended June 30, 2012 were \$23,503. There is no matching contribution requirement for the City.

**NOTE 14 – Post-Retirement Benefits**

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

The City had thirteen retiree health plan members in fiscal year 2011-12, and the monthly employer premium per retiree ranged from \$91.80 to \$100.80. Total premiums paid by the City for the year were \$14,931. Because of the small number of plan participants and the modest premium cost, the City has chosen to fund the plan on a pay-as-you-go basis. The disclosures in this note are deemed by management as appropriate to satisfy the requirements of the Governmental Accounting Standards Board Statement No. 45.

**NOTE 15 – Risk Management**

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

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 15 – Risk Management (Continued)**

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

A. Risk Pools

The City participates in the Bay Cities Joint Powers Insurance Authority (BCJPIA) general liability risk pool, which in turn participates in the California Affiliated Risk Management Authorities (CARMA) risk pool. BCJPIA covers general liability claims in an amount up to \$1,000,000. The City has a deductible (or uninsured liability) of up to \$50,000 per claim. Once the City's deductible is met BCJPIA becomes responsible for payments of all claims up to \$1,000,000. CARMA covers claims from \$1,000,000 to \$28,000,000. The City contributed \$147,972 for coverage during the fiscal year ended June 30, 2012.

Condensed audited financial information of BCJPIA at and for the fiscal year ended June 30, 2012 is as follows:

Total assets	\$ 23,351,254
Total liabilities	<u>14,718,195</u>
Net assets	<u><u>\$ 8,633,059</u></u>
Total revenues	\$ 9,438,003
Total expenses	<u>10,411,101</u>
Net expense	<u><u>\$ (973,098)</u></u>

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

The City's contributions with each risk pool equal the ratio of the City's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. During the fiscal year ended June 30, 2012, the City incurred costs of \$224,337 for coverage premiums and administration of the risk pools.

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

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 15 – Risk Management (Continued)**

A. Risk Pools (Continued)

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

B. Liability for Uninsured Claims

The City estimates its liability for the uninsured portion of claims, including a provision for claims incurred but not reported, based on claims experience. Claims activity for the years ended June 30, 2012 and 2011 were as follows:

	2012			Fiscal
	Workers' Compensation	General Liability	Total	2011 Total
Claims liabilities, beginning of year	\$ 1,573,059	\$231,192	\$ 1,804,251	\$ 1,804,251
Provision for claims losses	21,406	99,855	121,261	634,408
Claim payments	(30,457)	(183,133)	(213,590)	(634,408)
Change of estimates	(102,008)	72,302	(29,706)	-
Claims liabilities, end of year	<u>\$ 1,462,000</u>	<u>\$220,216</u>	<u>\$ 1,682,216</u>	<u>\$ 1,804,251</u>
Estimated payable in one year	\$ 478,295	\$ 85,231	\$ 563,526	\$ 448,494
Estimated payable in future years	983,705	134,985	1,118,690	1,355,757

**NOTE 16 – Successor Agency to the Albany Community Reinvestment Agency**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Albany that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 11, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution 2012-6.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 16 – Successor Agency to the Albany Community Reinvestment Agency  
(Continued)**

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure, the State Controller may contest the legality of the transfer. The Department of Finance provided notice to City of disallowance of transfer to the City of \$1,050,000. A final determination has not been issued as of the report date.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City.

The termination of the Reinvestment Agency and cancelation of certain obligations between the Agency and the City resulted in an extraordinary gain of \$729,383 in the governmental funds.

**NOTE 17 – Commitments and Contingent Liabilities**

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

The City is investigating means, including litigation, of obtaining a reversal of the DOF findings, or having the payment made from future tax increment revenues. Should the City ultimately be held liable for payment of disallowed cash transfers, the payment would not affect General Fund revenues and expenditure or General Fund Reserves.

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.

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**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**CITY OF ALBANY**  
**Required Supplementary Information - Budgetary Policies**

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Budgetary Policies

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

1. By June 1, of even-numbered years, the City Manager submits to the City Council an operating budget and capital improvement budget for the two fiscal years commencing the following July 1. The operating budget includes proposed expenditures and the sources of financing.
2. Public hearings and work sessions are conducted to obtain comments from interested individuals and organizations.
3. The budget is formalized and legally enacted through City Council adoption.
4. All intrafund transfers above \$5,000 require the approval of the City Manager (or designee). All intrafund transfers below \$5,000 require the approval of the Finance and Administrative Services Director (or designee). Interfund transfer approval must be obtained from both the City Manager and Finance and Administrative Services Director. Such approval shall only be given provided the interfund transfer does not change the total initial appropriation for all funds requiring budgets. Changes in appropriations at the fund level must be approved by the City Council.
5. Formal budgetary integration, in the form of the annual budget, is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Project Funds and Debt Service Funds.
6. Budgets for General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles in the United States of America. Appropriations lapse at the end of the fiscal year.
7. As needed, budgeted amounts are subjected to amendments presented to City Council for approval. Budgeted amounts appearing in these statements are as amended by the City Council through June 30, 2012.

**CITY OF ALBANY  
REQUIRED SUPPLEMENTARY INFORMATION - STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 4,916,186	\$ 5,081,849	\$ 165,663
Sales taxes	2,223,532	2,192,534	(30,998)
Franchise and other taxes	3,761,700	3,850,715	89,015
Licenses and permits	185,000	211,833	26,833
Fines and forfeitures	169,000	212,799	43,799
Earnings on investments	75,000	16,841	(58,159)
Revenues from other agencies	138,440	66,067	(72,373)
Current services charges	1,710,840	1,542,534	(168,306)
Other revenue	203,000	512,922	309,922
Total revenues	<u>13,382,698</u>	<u>13,688,093</u>	<u>305,395</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,509,919	2,552,122	(42,203)
Police	5,740,694	5,522,528	218,166
Fire and emergency medical services	4,531,031	4,434,770	96,261
Community development and environmental resources	2,091,258	2,486,140	(394,882)
Recreation and community services	2,013,311	1,901,593	111,718
Capital outlay		-	
Debt service:			
Principal	-	5,769	(5,769)
Interest	-	14,130	(14,130)
Total expenditures	<u>16,886,213</u>	<u>16,917,052</u>	<u>(30,840)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(3,503,515)</u>	<u>(3,228,959)</u>	<u>274,555</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	3,535,545	4,766,276	
Transfers out	<u>(24,000)</u>	<u>(694,000)</u>	
Total other financing sources (uses)	<u>3,511,545</u>	<u>4,072,276</u>	
<b>EXTRAORDINARY ITEMS</b>			
Non-recurring Credits	<u>-</u>	<u>460,414</u>	
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ 8,030</u>	1,303,731	
Fund balances, beginning of year		<u>4,944,453</u>	
Fund balances, end of year		<u>\$ 6,248,184</u>	



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

**CalPERS Risk Pool for Small Employers\*:**

	Valuation Date	(b) Entry Age Actuarial Accrued Liability	(a) Actuarial Asset Value	(c) Unfunded Liability/ (Excess Assets)	(a)/(b) Funded Ratio	(d) Annual Covered Payroll	(c)/(d) UAAL as a Percentage of Payroll
<b>Safety</b>	6/30/2007	\$ 1,648,159,522	\$ 1,422,143,105	\$ 226,016,417	86%	\$ 200,537,256	113%
	6/30/2008	1,755,559,311	1,517,609,609	237,949,702	86%	210,590,567	113%
	6/30/2009	1,802,882,330	1,520,081,330	282,801,000	84%	221,600,192	128%
	6/30/2010	1,915,095,826	1,628,915,283	286,180,543	85%	224,562,008	127%
	6/30/2011	2,061,923,933	1,759,286,797	302,637,136	85%	225,026,216	135%
<b>Miscellaneous</b>	6/30/2007	1,315,454,361	1,149,247,298	166,207,063	87%	289,090,187	57%
	6/30/2008	1,537,909,933	1,337,707,835	200,202,098	87%	333,307,600	60%
	6/30/2009	1,834,424,640	1,493,430,431	340,994,209	81%	355,150,151	96%
	6/30/2010	1,972,910,641	1,603,482,152	369,428,489	81%	352,637,380	105%
	6/30/2011	2,135,350,204	1,724,200,585	411,149,619	81%	350,121,750	117%

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

**Albany Police and Fire Relief Pension Plan:**

Valuation Date **	(b) Actuarial Accrued Liability	(a) Actuarial Asset Value	(c) Unfunded Liability/ (Excess Assets)	(a)/(b) Funded Ratio	(d) Annual Covered Payroll	(c)/(d) UAAL as a Percentage of Payroll
1993	14,785,000	5,869,000	8,916,000	40%	476,607	1871%
1994	14,785,000	6,272,000	8,513,000	42%	269,989	3153%
1995	14,528,411	7,076,325	7,452,086	49%	230,459	3234%
1998	14,861,531	9,613,552	5,247,979	65%	197,328	2660%
2000	16,020,009	11,452,836	4,567,173	71%	162,826	2805%
2002	15,573,854	13,453,340	2,120,514	86%	79,385	2671%
2003	14,950,360	14,415,847	534,513	96%	32,055	1667%
2006	14,075,219	14,479,158	(403,939)	103%	-	N/A
2009	14,570,549	12,684,186	1,886,363	87%	-	N/A
2012	12,710,552	11,922,744	787,808	94%	-	N/A

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

**COMBINING STATEMENTS  
AND  
OTHER SUPPLEMENTARY INFORMATION**

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## **NONMAJOR GOVERNMENTAL FUNDS**

**CITY OF ALBANY**

**Nonmajor Governmental Funds**

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

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

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

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

**CITY OF ALBANY  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2012  
(With Comparative Totals for June 30, 2011)**

	Special Revenue Funds *	Capital Projects Funds **	Debt Service Funds ***	Totals	
				2012	2011
<b>ASSETS</b>					
Operating cash and investments	\$ 4,491,403	\$ 6,857,658	\$ 1,380,515	\$ 12,729,576	\$ 14,598,957
Debt service reserves held with trustee	-	-	400,016	400,016	411,409
Receivables:					
Taxes	125,623	-	-	125,623	99,028
Accounts	212,178	39,249	-	251,427	273,529
Total assets	<u>\$ 4,829,205</u>	<u>\$ 6,896,907</u>	<u>\$ 1,780,531</u>	<u>\$ 13,506,642</u>	<u>\$ 15,382,923</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 133,656	\$ 259,528	\$ 2,132	\$ 395,317	\$ 110,837
Accrued salaries & benefits	-	-	-	-	16,035
Accrued liabilities	483,681	-	-	483,681	363,146
Due to other funds	219,680	-	-	219,680	243,937
Deferred revenue	-	-	-	-	-
Advance from other funds	-	-	-	-	404,718
Total liabilities	<u>837,018</u>	<u>259,528</u>	<u>2,132</u>	<u>1,098,678</u>	<u>1,138,673</u>
<b>Fund balances:</b>					
Restricted	3,992,187	70,746	1,778,399	5,841,333	6,393,726
Assigned	-	6,566,632	-	6,566,632	7,872,481
Unassigned	-	-	-	-	(21,957)
Total fund balances	<u>3,992,187</u>	<u>6,637,379</u>	<u>1,778,399</u>	<u>12,407,965</u>	<u>14,244,250</u>
Total liabilities and fund balances	<u>\$ 4,829,205</u>	<u>\$ 6,896,907</u>	<u>\$ 1,780,531</u>	<u>\$ 13,506,642</u>	<u>\$ 15,382,923</u>

\* See pages D9 - D12 for schedule of funds.

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

\*\*\* See pages D51 - D52 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, 2012**  
(With Comparative Totals for Fiscal Year Ended June 30, 2011)

	Special Revenue Funds *	Capital Projects Funds **	Debt Service Funds ***	Totals	
				2012	2011
<b>REVENUES</b>					
Property taxes	\$4,079,897	\$ 178,743	\$ 1,265,830	\$ 5,524,469	\$ 5,564,942
Franchise and other taxes	72,701	-	-	72,701	59,180
Licenses and permits	1,552	-	-	1,552	10,573
Earnings on investments	20,265	14,345	2,856	37,466	62,579
Revenues from other agencies	1,636,448	377,792	14,872	2,029,112	3,224,760
Current services charges	778,309	110,660	-	888,970	744,637
Other revenue	31,002	3,998	-	35,000	390,973
Total revenues	<u>6,620,173</u>	<u>685,538</u>	<u>1,283,558</u>	<u>8,589,268</u>	<u>10,057,644</u>
<b>EXPENDITURES</b>					
Current:					
General government	329,369	121,388	12,307	463,064	363,731
Police	23,054	-	-	23,054	107,687
Fire and emergency medical services	4,004	-	-	4,004	74,294
Community development and environmental resources	987,852	8,180	-	996,032	853,561
Recreation and community services	760,170	-	-	760,170	724,920
Capital outlay	735,966	2,397,971	-	3,133,936	3,850,999
Debt service:					
Principal	-	27,537	918,487	946,024	882,192
Interest	-	-	930,042	930,042	992,759
Total expenditures	<u>2,840,416</u>	<u>2,555,076</u>	<u>1,860,836</u>	<u>7,256,327</u>	<u>7,850,143</u>
REVENUES OVER (UNDER) EXPENDITURES	3,779,757	(1,869,538)	(577,278)	1,332,942	2,207,501
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	136,009	2,223,189	609,663	2,968,862	2,485,838
Transfers out	(4,225,315)	(1,559,698)	-	(5,785,013)	(3,933,030)
Total other financing sources (uses)	<u>(4,089,306)</u>	<u>663,491</u>	<u>609,663</u>	<u>(2,816,152)</u>	<u>(1,447,192)</u>
<b>EXTRAORDINARY ITEM</b>					
Redevelopment dissolution	(676,880)	1,019,966	386,298	729,383	
Net change in fund balances	(986,429)	(186,081)	418,683	(753,827)	760,309
Fund balances, beginning of year	<u>4,978,615</u>	<u>6,823,460</u>	<u>1,359,716</u>	<u>13,161,791</u>	<u>13,483,941</u>
Fund balances, end of year	<u>\$3,992,187</u>	<u>\$ 6,637,379</u>	<u>\$ 1,778,399</u>	<u>\$ 12,407,965</u>	<u>\$14,244,250</u>

\* See pages D13 - D17 for schedule of funds.

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

\*\*\* See pages D53 - D54 for schedules of funds.

## **OTHER SPECIAL REVENUE FUNDS**



## CITY OF ALBANY

### Other Special Revenue Funds

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

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

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

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

**Community Development Block Grant Fund** - accounts for revenues received and expended under the Federal

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

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

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

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

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

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

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

**Lighting and Landscape Assessment District Fund 1998-1** - 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 Paramedic Emergency Medical Service and Advanced Life Support assessments. These funds are expended for emergency medical services provided by the City.

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

## CITY OF ALBANY

### Other Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

**CITY OF ALBANY**  
**OTHER SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2012**  
(With Comparative Totals for June 30, 2011)

	Proposition 1B Transportation Fund	Gas Tax	Pension Property Tax	Community Development Block Grant	Street	Library Operations
<b>ASSETS</b>						
Operating cash and investments	\$ 7,961	\$ 414,224	\$ 2,110,533	\$ -	\$ 182,983	\$ 291,417
Receivables:						
Taxes	-	54,615	-	-	-	-
Accounts	-	-	-	25,530	-	3,763
Total assets	<u>\$ 7,961</u>	<u>\$ 468,839</u>	<u>\$ 2,110,533</u>	<u>\$ 25,530</u>	<u>\$ 182,983</u>	<u>\$ 295,180</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 7,961	\$ -	\$ -	\$ 120	\$ 349	\$ 1,659
Accrued salaries & benefits	-	-	-	-	-	-
Accrued liabilities	-	-	300,000	-	-	172,724
Due to other funds	-	-	-	25,250	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	<u>7,961</u>	<u>-</u>	<u>300,000</u>	<u>25,370</u>	<u>349</u>	<u>174,383</u>
Fund balances:						
Restricted	-	468,839	1,810,533	159	182,634	120,797
Unassigned	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>468,839</u>	<u>1,810,533</u>	<u>159</u>	<u>182,634</u>	<u>120,797</u>
Total liabilities and fund balances	<u>\$ 7,961</u>	<u>\$ 468,839</u>	<u>\$ 2,110,533</u>	<u>\$ 25,530</u>	<u>\$ 182,983</u>	<u>\$ 295,180</u>

**CITY OF ALBANY**  
**OTHER SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2012**  
(With Comparative Totals for June 30, 2011)

	Storm Drain	Alameda County Measure B	Waste Management	Operating Grants	Paratransit	L&L Assessment District 1998-1	Emergency Medical Services
<b>ASSETS</b>							
Operating cash and investments	\$ 414,714	\$ -	\$ -	\$ 12,422	\$ -	\$ 150,423	\$ -
Receivables:							
Taxes	-	-	-	-	-	-	-
Accounts	3,881	66,495	37,430	25,713	4,513	-	95,441
Total assets	<u>\$ 418,595</u>	<u>\$ 66,495</u>	<u>\$ 37,430</u>	<u>\$ 38,135</u>	<u>\$ 4,513</u>	<u>\$ 150,423</u>	<u>\$ 95,441</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 11,514	\$ 1,988	\$ 977	\$ -	\$ 713	\$ 15,171	\$ 2,704
Accrued salaries & benefits	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	8,765	2,193
Due to other funds	-	51,010	16,607	-	640	-	90,545
Advances from other funds	-	-	-	-	-	-	-
Total liabilities	<u>11,514</u>	<u>52,997</u>	<u>17,584</u>	<u>-</u>	<u>1,353</u>	<u>23,936</u>	<u>95,441</u>
Fund balances:							
Restricted	407,080	13,498	19,846	38,135	3,160	126,487	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>407,080</u>	<u>13,498</u>	<u>19,846</u>	<u>38,135</u>	<u>3,160</u>	<u>126,487</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 418,595</u>	<u>\$ 66,495</u>	<u>\$ 37,430</u>	<u>\$ 38,135</u>	<u>\$ 4,513</u>	<u>\$ 150,423</u>	<u>\$ 95,441</u>

**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2012**

(With Comparative Totals for June 30, 2011)

	L&L Assessment District 1996-1					Reinvestment	Law
	Open	Recreational	Creek	Park Bond	EBRPD	Low-Mod	Enforcement
	Space	Playfields	Restoration		Measure WW	Housing	Grants
<b>ASSETS</b>							
Operating cash and investments	\$ 169,651	\$ 73,372	\$ 208,883	\$ 72,291	33,204	\$ -	\$ 192,805
Receivables:							
Taxes	-	-	-	-	-	-	-
Accounts	-	-	-	-	5,006	-	3,315
Total assets	<u>\$ 169,651</u>	<u>\$ 73,372</u>	<u>\$ 208,883</u>	<u>\$ 72,291</u>	<u>\$ 38,210</u>	<u>\$ -</u>	<u>\$ 196,120</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 2,568	\$ 1,285	\$ 1,284	\$ -	\$ -	\$ -	\$ 3,310
Accrued salaries & benefits	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	35,628	-	-
Advances from other funds	-	-	-	-	-	-	-
Total liabilities	<u>2,568</u>	<u>1,285</u>	<u>1,284</u>	<u>-</u>	<u>35,628</u>	<u>-</u>	<u>3,310</u>
Fund balances:							
Restricted	167,083	72,087	207,599	72,291	2,582	-	192,810
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>167,083</u>	<u>72,087</u>	<u>207,599</u>	<u>72,291</u>	<u>2,582</u>	<u>-</u>	<u>192,810</u>
Total liabilities and fund balances	<u>\$ 169,651</u>	<u>\$ 73,372</u>	<u>\$ 208,883</u>	<u>\$ 72,291</u>	<u>\$ 38,210</u>	<u>\$ -</u>	<u>\$ 196,120</u>

**CITY OF ALBANY**  
**OTHER SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2012**  
(With Comparative Totals for June 30, 2011)

	Poet Laureate	Asset Forfeiture	Alameda County VRF	Transportation Fund For Clean Air	Totals	
					2012	2011
<b>ASSETS</b>						
Operating cash and investments	\$ 800	\$ 93,146	\$ 62,574	\$ -	\$ 4,491,403	\$ 5,334,219
Receivables:						
Taxes	-	-	-	-	54,615	99,028
Accounts	-	-	12,100	-	283,187	236,529
Total assets	\$ 800	\$ 93,146	\$ 74,674	\$ -	\$ 4,829,205	\$ 5,669,776
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ 82,054	\$ -	\$ -	\$ 133,656	\$ 70,428
Accrued salaries & benefits	-	-	-	-	-	16,035
Accrued liabilities	-	-	-	-	483,681	348,587
Due to other funds	-	-	-	-	219,680	237,596
Advances from other funds	-	-	-	-	-	18,515
Total liabilities	-	82,054	-	-	837,018	691,161
Fund balances:						
Restricted	800	11,091	74,674	-	3,992,187	4,994,231
Unassigned	-	-	-	-	-	(15,616)
Total fund balances	800	11,091	74,674	-	3,992,187	4,978,615
Total liabilities and fund balances	\$ 800	\$ 93,146	\$ 74,674	\$ -	\$ 4,829,205	\$ 5,669,776

**CITY OF ALBANY**  
**OTHER SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With Comparative Totals for Fiscal Year Ended June 30, 2011)

	Proposition 1B Transportation Fund	Gas Tax	Pension Property Tax	Community Development Block Grant	Street	Library Operations
	*	*	*	*	*	*
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ 1,885,764	\$ -	\$ -	\$ 698,019
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	52	1,751	11,811	-	474	890
Revenues from other agencies	-	582,807	23,262	165,600	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	1,862	-	-
Total revenues	52	584,558	1,920,837	167,462	474	698,909
<b>EXPENDITURES</b>						
General government	-	-	329,369	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	24,327	35,056	-
Recreation and community services	-	-	-	16,702	-	695,953
Capital outlay	179,474	-	-	126,273	-	-
Total expenditures	179,474	-	329,369	167,303	35,056	695,953
Excess of revenues over (under) expenditures	(179,422)	584,558	1,591,468	159	(34,581)	2,955
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	83,000	-
Transfers out	-	(314,477)	(2,200,000)	-	-	-
Total other financing sources (uses)	-	(314,477)	(2,200,000)	-	83,000	-
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	(179,422)	270,081	(608,532)	159	48,419	2,955
Fund balances, beginning of year	179,422	198,758	2,419,065	-	134,216	117,842
Fund balances, end of year	\$ -	\$ 468,839	\$ 1,810,533	\$ 159	\$ 182,634	\$ 120,797

\* See pages D18-D29 for budget comparisons.

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**CITY OF ALBANY**  
**OTHER SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With Comparative Totals for Fiscal Year Ended June 30, 2011)

	Storm Drain *	Alameda County Measure B *	Waste Management *	Operating Grants *	Paratransit *	L&L Assessment District 1998-1 *
<b>REVENUES</b>						
Property taxes	\$ 292,226	\$ -	\$ -	\$ -	\$ -	\$ 520,940
Franchise and other taxes	72,701	-	-	-	-	-
License and permits	1,552	-	-	-	-	-
Earnings on investments	1,305	198	15	-	-	808
Revenues from other agencies	-	422,661	105,297	81,145	31,752	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	3,380
Total revenues	<u>367,784</u>	<u>422,859</u>	<u>105,312</u>	<u>81,145</u>	<u>31,752</u>	<u>525,128</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	338,850	416,639	69,850	49,806	-	53,325
Recreation and community services	-	-	-	90	39,914	-
Capital outlay	-	953	-	-	-	233,742
Total expenditures	<u>338,850</u>	<u>417,592</u>	<u>69,850</u>	<u>49,896</u>	<u>39,914</u>	<u>287,067</u>
Excess of revenues over (under) expenditures	<u>28,934</u>	<u>5,267</u>	<u>35,462</u>	<u>31,249</u>	<u>(8,162)</u>	<u>238,061</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(253,539)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(253,539)</u>
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	28,934	5,267	35,462	31,249	(8,162)	(15,478)
Fund balances, beginning of year	378,146	8,231	(15,616)	6,886	11,323	141,965
Fund balances, end of year	<u>\$ 407,080</u>	<u>\$ 13,498</u>	<u>\$ 19,846</u>	<u>\$ 38,135</u>	<u>\$ 3,160</u>	<u>\$ 126,487</u>

\* See pages D18-D29 for budget comparisons.

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on next page



**CITY OF ALBANY**  
**OTHER SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With Comparative Totals for Fiscal Year Ended June 30, 2011)

	Emergency Medical Services	L&L Assessment District 1996-1			Park Bond	EBRPD Measure WW
	*	Open Space	Recreational Playfields	Creek Restoration	*	*
<b>REVENUES</b>						
Property taxes	\$ 682,948	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	579	249	741	248	-
Revenues from other agencies	-	-	-	-	36,414	2,374
Current service charges	778,309	-	-	-	-	-
Other revenue	-	12,587	6,293	6,293	-	-
Total revenues	<u>1,461,257</u>	<u>13,166</u>	<u>6,542</u>	<u>7,034</u>	<u>36,662</u>	<u>2,374</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	4,004	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	2,568	1,285	1,284	-	2,374
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>4,004</u>	<u>2,568</u>	<u>1,285</u>	<u>1,284</u>	<u>-</u>	<u>2,374</u>
Excess of revenues over (under) expenditures	<u>1,457,253</u>	<u>10,597</u>	<u>5,258</u>	<u>5,750</u>	<u>36,662</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	35,629	-
Transfers out	(1,457,253)	-	-	-	-	-
Total other financing sources (uses)	<u>(1,457,253)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,629</u>	<u>-</u>
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	-	10,597	5,258	5,750	72,291	-
Fund balances, beginning of year	-	156,485	66,829	201,849	-	2,582
Fund balances, end of year	<u>\$ -</u>	<u>\$ 167,083</u>	<u>\$ 72,087</u>	<u>\$ 207,599</u>	<u>\$ 72,291</u>	<u>\$ 2,582</u>

\* See pages D18-D29 for budget comparisons.

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**CITY OF ALBANY**  
**OTHER SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With Comparative Totals for Fiscal Year Ended June 30, 2011)

	Reinvestment Low-Mod Housing	Law Enforcement Grants	Poet Laureate	Asset Forfeiture	Alameda Co VRF	Transportation Fund For Clean Air
	*	*	*	*	*	*
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	1,143	-	-	-	-
Revenues from other agencies	-	110,463	-	-	74,674	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	587	-	-
Total revenues	-	111,606	-	587	74,674	-
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	23,054	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	195,523	-	-	-	-
Total expenditures	-	218,577	-	-	-	-
Excess of revenues over (under) expenditures	-	(106,971)	-	587	74,674	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	17,380	-	-	-	-
Transfers out	-	-	-	-	-	(46)
Total other financing sources (uses)	-	17,380	-	-	-	(46)
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution	(676,880)					
Net change in fund balances	(676,880)	(89,591)	-	587	74,674	(46)
Fund balances, beginning of year	676,880	282,401	800	10,505	-	46
Fund balances, end of year	\$ -	\$ 192,810	\$ 800	\$ 11,091	\$ 74,674	\$ -

\* See pages D18-D29 for budget comparisons.

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**CITY OF ALBANY**  
**OTHER SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With Comparative Totals for Fiscal Year Ended June 30, 2011)

	<u>Totals</u>	
	<u>2012</u>	<u>2011</u>
<b>REVENUES</b>		
Property taxes	\$ 4,079,897	\$ 4,310,813
Franchise and other taxes	72,701	59,180
License and permits	1,552	573
Earnings on investments	20,265	17,563
Revenues from other agencies	1,636,448	1,327,075
Current service charges	778,309	657,979
Other revenue	31,002	3,999
Total revenues	<u>6,620,174</u>	<u>6,377,182</u>
<b>EXPENDITURES</b>		
General government	329,369	323,462
Police	23,054	47,599
Fire and emergency medical services	4,004	4,548
Community development and environmental resources	987,852	811,441
Recreation and community services	760,170	715,838
Capital outlay	735,966	1,161,083
Total expenditures	<u>2,840,416</u>	<u>3,063,971</u>
Excess of revenues over (under) expenditures	<u>3,779,758</u>	<u>3,313,211</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	136,009	132,879
Transfers out	(4,225,315)	(2,924,602)
Total other financing sources (uses)	<u>(4,089,306)</u>	<u>(2,791,723)</u>
<b>EXTRAORDINARY ITEM</b>		
Redevelopment dissolution	(676,880)	
Net change in fund balances	(986,428)	521,488
Fund balances, beginning of year	4,978,615	4,457,127
Fund balances, end of year	<u>\$ 3,992,187</u>	<u>\$ 4,978,615</u>

\* See pages D18-D29 for budget comparisons.

**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Proposition 1B Transportation Fund			Gas Tax		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	52	52	1,000	1,751	751
Revenues from other agencies	-	-	-	300,000	582,807	282,807
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	52	52	301,000	584,558	283,558
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	250,000	179,474	70,526	-	-	-
Total expenditures	250,000	179,474	70,526	-	-	-
Excess of revenues over (under) expenditures	(250,000)	(179,422)	70,578	301,000	584,558	283,558
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(442,893)	(314,477)	128,416
Total other financing sources (uses)	-	-	-	(442,893)	(314,477)	128,416
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	<u>\$ (250,000)</u>	<u>(179,422)</u>	<u>\$ 70,578</u>	<u>\$ (141,893)</u>	<u>270,081</u>	<u>\$ 411,974</u>
Fund balances, beginning of year		<u>179,422</u>			<u>198,758</u>	
Fund balances, end of year		<u>\$ -</u>			<u>\$ 468,839</u>	

Continued  
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**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Pension Property Tax			Community Development Block Grant		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ 1,900,000	\$ 1,885,764	\$ (14,236)	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	11,811	11,811	-	-	-
Revenues from other agencies	-	23,262	23,262	-	165,600	165,600
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	1,862	1,862
Total revenues	<u>1,900,000</u>	<u>1,920,837</u>	<u>20,837</u>	<u>-</u>	<u>167,462</u>	<u>167,462</u>
<b>EXPENDITURES</b>						
General government	-	329,369	(329,369)	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	24,327	(24,327)
Recreation and community services	-	-	-	-	16,702	(16,702)
Capital outlay	-	-	-	-	126,273	(126,273)
Total expenditures	<u>-</u>	<u>329,369</u>	<u>(329,369)</u>	<u>-</u>	<u>167,303</u>	<u>(167,303)</u>
Excess of revenues over (under) expenditures	<u>1,900,000</u>	<u>1,591,468</u>	<u>(308,532)</u>	<u>-</u>	<u>159</u>	<u>159</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	<u>(1,000,000)</u>	<u>(2,200,000)</u>	<u>(1,200,000)</u>	-	-	-
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>(2,200,000)</u>	<u>(1,200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution	-	-	-	-	-	-
Net change in fund balances	<u>\$ 900,000</u>	<u>(608,532)</u>	<u>\$ (1,508,532)</u>	<u>\$ -</u>	<u>159</u>	<u>\$ 159</u>
Fund balances, beginning of year	-	<u>2,419,065</u>	-	-	-	-
Fund balances, end of year	-	<u>\$ 1,810,533</u>	-	<u>\$ 159</u>	-	-

Continued  
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**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Street			Library Operations		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ 687,186	\$ 698,019	\$ 10,833
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	1,000	474	(526)	200	890	690
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>1,000</u>	<u>474</u>	<u>(526)</u>	<u>687,386</u>	<u>698,909</u>	<u>11,523</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	35,056	(35,056)	-	-	-
Recreation and community services	-	-	-	690,186	695,953	(5,767)
Capital outlay	50,000	-	50,000	-	-	-
Total expenditures	<u>50,000</u>	<u>35,056</u>	<u>14,944</u>	<u>690,186</u>	<u>695,953</u>	<u>(5,767)</u>
Excess of revenues over (under) expenditures	<u>(49,000)</u>	<u>(34,581)</u>	<u>14,419</u>	<u>(2,800)</u>	<u>2,955</u>	<u>5,755</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	50,000	83,000	33,000	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>50,000</u>	<u>83,000</u>	<u>33,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	<u>\$ 1,000</u>	<u>48,419</u>	<u>\$ 47,419</u>	<u>\$ (2,800)</u>	<u>2,955</u>	<u>\$ 5,755</u>
Fund balances, beginning of year		<u>134,216</u>			<u>117,842</u>	
Fund balances, end of year		<u>\$ 182,634</u>			<u>\$ 120,797</u>	

Continued on next page

**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Storm Drain			Alameda County Measure B		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ 295,105	\$ 292,226	\$ (2,879)	\$ -	\$ -	\$ -
Franchise and other taxes	58,000	72,701	14,701	-	-	-
License and permits	-	1,552	1,552	-	-	-
Earnings on investments	1,000	1,305	305	250	198	(52)
Revenues from other agencies	-	-	-	400,000	422,661	22,661
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>354,105</u>	<u>367,784</u>	<u>13,679</u>	<u>400,250</u>	<u>422,859</u>	<u>22,609</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	300,000	338,850	(38,850)	300,000	416,639	(116,639)
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	100,000	953	99,047
Total expenditures	<u>300,000</u>	<u>338,850</u>	<u>(38,850)</u>	<u>400,000</u>	<u>417,592</u>	<u>(17,592)</u>
Excess of revenues over (under) expenditures	<u>54,105</u>	<u>28,934</u>	<u>(25,171)</u>	<u>250</u>	<u>5,267</u>	<u>5,017</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	<u>\$ 54,105</u>	<u>28,934</u>	<u>\$ (25,171)</u>	<u>\$ 250</u>	<u>5,267</u>	<u>\$ 5,017</u>
Fund balances, beginning of year		<u>378,146</u>			<u>8,231</u>	
Fund balances, end of year		<u>\$ 407,080</u>			<u>\$ 13,498</u>	

Continued on next page

**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Waste Management			Operating Grants		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	250	15	(235)	-	-	-
Revenues from other agencies	90,000	105,297	15,297	-	81,145	81,145
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>90,250</u>	<u>105,312</u>	<u>15,062</u>	<u>-</u>	<u>81,145</u>	<u>81,145</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	90,000	69,850	20,150	-	49,806	(49,806)
Recreation and community services	-	-	-	-	90	(90)
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>90,000</u>	<u>69,850</u>	<u>20,150</u>	<u>-</u>	<u>49,896</u>	<u>(49,896)</u>
Excess of revenues over (under) expenditures	<u>250</u>	<u>35,462</u>	<u>35,212</u>	<u>-</u>	<u>31,249</u>	<u>31,249</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution	-	-	-	-	-	-
Net change in fund balances	<u>\$ 250</u>	<u>35,462</u>	<u>\$ 35,212</u>	<u>\$ -</u>	<u>31,249</u>	<u>\$ 31,249</u>
Fund balances, beginning of year		<u>(15,616)</u>			<u>6,886</u>	
Fund balances, end of year		<u>\$ 19,846</u>			<u>\$ 38,135</u>	

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**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Paratransit			L&L Assessment District 1998-1		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ 514,269	\$ 520,940	\$ 6,671
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	1,000	808	(192)
Revenues from other agencies	30,000	31,752	1,752	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	8,792	3,380	(5,412)
Total revenues	<u>30,000</u>	<u>31,752</u>	<u>1,752</u>	<u>524,061</u>	<u>525,128</u>	<u>1,067</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	255,659	53,325	202,334
Recreation and community services	30,000	39,914	(9,914)	-	-	-
Capital outlay	-	-	-	-	233,742	(233,742)
Total expenditures	<u>30,000</u>	<u>39,914</u>	<u>(9,914)</u>	<u>255,659</u>	<u>287,067</u>	<u>(31,408)</u>
Excess of revenues over (under) expenditures	-	(8,162)	(8,162)	268,402	238,061	(30,341)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(257,206)	(253,539)	3,667
Total other financing sources (uses)	-	-	-	<u>(257,206)</u>	<u>(253,539)</u>	<u>3,667</u>
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	<u>\$ -</u>	<u>(8,162)</u>	<u>\$ (8,162)</u>	<u>\$ 11,196</u>	<u>(15,478)</u>	<u>\$ (26,674)</u>
Fund balances, beginning of year		<u>11,323</u>			<u>141,965</u>	
Fund balances, end of year		<u>\$ 3,160</u>			<u>\$ 126,487</u>	

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on next page

**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Emergency Medical Services			L&L Assessment District 1996-1 Open Space		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ 681,440	\$ 682,948	\$ 1,508	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	750	579	(171)
Revenues from other agencies	-	-	-	-	-	-
Current service charges	565,660	778,309	212,649	-	-	-
Other revenue	-	-	-	-	12,587	12,587
Total revenues	<u>1,247,100</u>	<u>1,461,257</u>	<u>214,157</u>	<u>750</u>	<u>13,166</u>	<u>12,416</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	4,004	(4,004)	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	3,000	2,568	432
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>4,004</u>	<u>(4,004)</u>	<u>3,000</u>	<u>2,568</u>	<u>432</u>
Excess of revenues over (under) expenditures	<u>1,247,100</u>	<u>1,457,253</u>	<u>210,153</u>	<u>(2,250)</u>	<u>10,597</u>	<u>12,847</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	3,000	-	(3,000)
Transfers out	<u>(1,247,100)</u>	<u>(1,457,253)</u>	<u>(210,153)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,247,100)</u>	<u>(1,457,253)</u>	<u>(210,153)</u>	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution	-	-	-	-	-	-
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>10,597</u>	<u>\$ 9,847</u>
Fund balances, beginning of year	-	-	-	-	156,485	-
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ 750</u>	<u>\$ 167,083</u>	<u>-</u>

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**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	L&L Assessment District 1996-1 Recreational Playfields			L&L Assessment District 1996-1 Creek Restoration		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	350	249	(101)	350	741	391
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	6,293	6,293	-	6,293	6,293
Total revenues	<u>350</u>	<u>6,542</u>	<u>6,192</u>	<u>350</u>	<u>7,034</u>	<u>6,684</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	1,500	-	1,500	1,500	-	1,500
Recreation and community services	-	1,285	(1,285)	-	1,284	(1,284)
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>1,500</u>	<u>1,285</u>	<u>215</u>	<u>1,500</u>	<u>1,284</u>	<u>216</u>
Excess of revenues over (under) expenditures	<u>(1,150)</u>	<u>5,258</u>	<u>6,408</u>	<u>(1,150)</u>	<u>5,750</u>	<u>6,900</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,500	-	(1,500)	1,500	-	(1,500)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	<u>\$ 350</u>	<u>5,258</u>	<u>\$ 4,908</u>	<u>\$ 350</u>	<u>5,750</u>	<u>\$ 5,400</u>
Fund balances, beginning of year		<u>66,829</u>			<u>201,849</u>	
Fund balances, end of year		<u>\$ 72,087</u>			<u>\$ 207,599</u>	

Continued  
on next page

**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Park Bond			EBRPD Measure WW		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	248	248	-	-	-
Revenues from other agencies	-	36,414	36,414	-	2,374	2,374
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	36,662	36,662	-	2,374	2,374
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	1,290	-	1,290	-	2,374	(2,374)
Capital outlay	-	-	-	120,000	-	120,000
Total expenditures	1,290	-	1,290	120,000	2,374	117,626
Excess of revenues over (under) expenditures	(1,290)	36,662	37,952	(120,000)	-	120,000
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	35,629	35,629	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	35,629	35,629	-	-	-
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	<u>\$ (1,290)</u>	72,291	<u>\$ 73,581</u>	<u>\$ (120,000)</u>	-	<u>\$ 120,000</u>
Fund balances, beginning of year		-			2,582	
Fund balances, end of year		<u>\$ 72,291</u>			<u>\$ 2,582</u>	

Continued on next page

**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Reinvestment Low-Mod Housing			Law Enforcement Grants		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ 87,500	\$ -	\$ (87,500)	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	5,000	-	(5,000)	500	1,143	643
Revenues from other agencies	-	-	-	120,000	110,463	(9,537)
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>92,500</u>	<u>-</u>	<u>(92,500)</u>	<u>120,500</u>	<u>111,606</u>	<u>(8,894)</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	20,000	23,054	(3,054)
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	100,000	195,523	(95,523)
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,000</u>	<u>218,577</u>	<u>(98,577)</u>
Excess of revenues over (under) expenditures	<u>92,500</u>	<u>-</u>	<u>(92,500)</u>	<u>500</u>	<u>(106,971)</u>	<u>(107,471)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	17,380	17,380
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,380</u>	<u>17,380</u>
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution		(676,880)				
Net change in fund balances	<u>\$ 92,500</u>	<u>(676,880)</u>	<u>\$ (92,500)</u>	<u>\$ 500</u>	<u>(89,591)</u>	<u>\$ (90,091)</u>
Fund balances, beginning of year		<u>676,880</u>			<u>282,401</u>	
Fund balances, end of year		<u>\$ -</u>			<u>\$ 192,810</u>	

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**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Poet Laureate			Asset Forfeiture		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	-	-	-
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	500	-	(500)	100	587	487
Total revenues	500	-	(500)	100	587	487
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	100	-	100
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	500	-	500	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	500	-	500	100	-	100
Excess of revenues over (under) expenditures	-	-	-	-	587	587
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	\$ -	-	\$ -	\$ -	587	\$ 587
Fund balances, beginning of year		800			10,505	
Fund balances, end of year		\$ 800			\$ 11,091	

Continued on next page

**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Alameda County VRF Transportation			Transportation Fund for Clean Air		
	Budget	Actual	Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
License and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	-	-	-
Revenues from other agencies	-	74,674	74,674	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	74,674	74,674	-	-	-
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	1,000	-	1,000
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	-	-	-	1,000	-	1,000
Excess of revenues over (under) expenditures	-	74,674	74,674	(1,000)	-	1,000
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	1,000	-	(1,000)
Transfers out	-	-	-	-	(46)	(46)
Total other financing sources (uses)	-	-	-	1,000	(46)	(1,046)
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	\$ -	74,674	\$ 74,674	\$ -	(46)	\$ (46)
Fund balances, beginning of year		-			46	
Fund balances, end of year		\$ 74,674			\$ -	

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on next page

**CITY OF ALBANY  
OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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	Total		Variance
	Budget	Actual	Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 4,165,500	\$ 4,079,897	\$ (85,603)
Franchise and other taxes	58,000	72,701	14,701
License and permits	-	1,552	1,552
Earnings on investments	11,650	20,265	8,615
Revenues from other agencies	940,000	1,636,448	696,448
Current service charges	565,660	778,309	212,649
Other revenue	9,392	31,002	21,610
Total revenues	<u>5,750,202</u>	<u>6,620,173</u>	<u>869,971</u>
<b>EXPENDITURES</b>			
General government	-	\$ 329,369	(329,369)
Police	20,100	23,054	(2,954)
Fire and emergency medical services	-	4,004	(4,004)
Community development and environmental resources	949,659	987,852	(38,193)
Recreation and community services	724,976	760,170	(35,194)
Capital outlay	620,000	735,966	(115,966)
Total expenditures	<u>2,314,735</u>	<u>2,840,416</u>	<u>(525,681)</u>
Excess of revenues over (under) expenditures	<u>3,435,467</u>	<u>3,779,757</u>	<u>344,290</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	57,000	136,009	79,009
Transfers out	<u>(2,947,199)</u>	<u>(4,225,315)</u>	<u>(1,278,116)</u>
Total other financing sources (uses)	<u>(2,890,199)</u>	<u>(4,089,306)</u>	<u>(1,199,107)</u>
<b>EXTRAORDINARY ITEM</b>			
Redevelopment dissolution		(676,880)	
Net change in fund balances	<u>\$ 545,268</u>	<u>(986,429)</u>	<u>\$ (854,817)</u>
Fund balances, beginning of year		<u>4,978,615</u>	
Fund balances, end of year		<u>\$ 3,992,187</u>	



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## **OTHER CAPITAL PROJECTS FUNDS**

## **CITY OF ALBANY**

### **Other Capital Project Funds**

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

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

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

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

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

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

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

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

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

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

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

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

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

## **CITY OF ALBANY**

### **Other Capital Project Funds**

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

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

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

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

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

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

**CITY OF ALBANY**  
**OTHER CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2012**  
(With Comparative Totals for June 30, 2011)

	Fire Equipment Reserve	Police Equipment Reserve	Emergency Medical Service Equipment	Fire Operations Equipment	Capital Facilities Developer Fee	Capital Facilities Reserve	Community Development Reserve
<b>ASSETS</b>							
Operating cash and investments	\$ 35,580	\$ 283,509	\$ 28,889	\$ 51,714	\$ 237,835	\$ 959,497	\$ 255,121
Accounts Receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 35,580</u>	<u>\$ 283,509</u>	<u>\$ 28,889</u>	<u>\$ 51,714</u>	<u>\$ 237,835</u>	<u>\$ 959,497</u>	<u>\$ 255,121</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ 4,189	\$ -	\$ -	\$ -	\$ 1,066	\$ -
Accrued liabilities	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>4,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,066</u>	<u>-</u>
<b>Fund balances:</b>							
Restricted	-	-	-	-	-	-	-
Assigned	35,580	279,320	28,889	51,714	237,835	958,431	255,121
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficit)	<u>35,580</u>	<u>279,320</u>	<u>28,889</u>	<u>51,714</u>	<u>237,835</u>	<u>958,431</u>	<u>255,121</u>
Total liabilities and fund balances	<u>\$ 35,580</u>	<u>\$ 283,509</u>	<u>\$ 28,889</u>	<u>\$ 51,714</u>	<u>\$ 237,835</u>	<u>\$ 959,497</u>	<u>\$ 255,121</u>

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**CITY OF ALBANY**  
**OTHER CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2012**  
(With Comparative Totals for June 30, 2011)

	Civic Center Improvement	Major Planning Reserve	Equipment Replacement Reserve	R & CS Reserve	Capital Projects Fund	Public Art Fee
<b>ASSETS</b>						
Operating cash and investments	\$ -	\$ 567,797	\$ 784,312	\$ 242,239	\$ 1,644,553	\$ 70,746
Accounts Receivable	-	-	-	-	39,248	-
Total assets	\$ -	\$ 567,797	\$ 784,312	\$ 242,239	\$ 1,683,801	\$ 70,746
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ 6,464	\$ 691	\$ 199,090	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	6,464	691	199,090	-
<b>Fund balances:</b>						
Restricted	-	-	-	-	-	70,746
Assigned	-	567,797	777,848	241,549	1,484,711	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficit)	-	567,797	777,848	241,549	1,484,711	70,746
Total liabilities and fund balances	\$ -	\$ 567,797	\$ 784,312	\$ 242,239	\$ 1,683,801	\$ 70,746

Continued  
on next page

**CITY OF ALBANY  
OTHER CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2012**

(With Comparative Totals for June 30, 2011)

	Pierce Street Property	Reinvestment	General Obligation Bond I & II	Totals	
				2012	2011
<b>ASSETS</b>					
Operating cash and investments	\$ -	\$ -	\$ 1,695,866	\$ 6,857,658	\$ 10,687,687
Accounts Receivable	-	-	1	39,249	37,000
Total assets	\$ -	\$ -	\$ 1,695,867	\$ 6,896,907	\$ 10,724,687
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ 48,028	\$ 259,528	\$ 47,054
Accrued liabilities	-	-	-	-	12,255
Due to other funds	-	-	-	-	6,341
Total liabilities	-	-	48,028	259,528	65,650
<b>Fund balances:</b>					
Restricted	-	-	-	70,746	39,779
Assigned	-	-	1,647,839	6,566,633	10,625,599
Unassigned	-	-	-	-	(6,341)
Total fund balances (deficit)	-	-	1,647,839	6,637,379	10,659,037
Total liabilities and fund balances	\$ -	\$ -	\$ 1,695,867	\$ 6,896,907	\$ 10,724,687

**CITY OF ALBANY**  
**OTHER CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With Comparative Totals for Fiscal Year Ended June 30, 2011)

	Fire Equipment Reserve *	Police Equipment Reserve *	Emergency Medical Service Equipment *	Fire Operations Equipment *	Capital Facilities Developer Fee *	Capital Facilities Reserve *
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	-	857	3,585
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	19,726	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,583</u>	<u>3,585</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	6,700	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	8,870	139,294	-	-	15,774
Debt service	27,537	-	-	-	-	-
Total expenditures	<u>27,537</u>	<u>8,870</u>	<u>139,294</u>	<u>-</u>	<u>6,700</u>	<u>15,774</u>
Excess of revenues over (under) expenditures	<u>(27,537)</u>	<u>(8,870)</u>	<u>(139,294)</u>	<u>-</u>	<u>13,883</u>	<u>(12,189)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	24,000	46,000	22,500	24,000	-	-
Transfers out	-	(17,380)	-	-	-	(6,341)
Total other financing sources (uses)	<u>24,000</u>	<u>28,620</u>	<u>22,500</u>	<u>24,000</u>	<u>-</u>	<u>(6,341)</u>
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	(3,537)	19,750	(116,794)	24,000	13,883	(18,530)
Fund balances, beginning of year	39,117	259,570	145,683	27,714	223,951	976,961
Fund balances, end of year	<u>\$ 35,580</u>	<u>\$ 279,320</u>	<u>\$ 28,889</u>	<u>\$ 51,714</u>	<u>\$ 237,835</u>	<u>\$ 958,431</u>

\* See pages D39-D47 for budget comparisons.

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**CITY OF ALBANY**  
**OTHER CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With Comparative Totals for Fiscal Year Ended June 30, 2011)

	Community Development Reserve *	Civic Center Improvement *	Major Planning Reserve *	Equipment Replacement Reserve *	R & CS Reserve *	Capital Projects Fund *
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	1,093
Earnings on investments	-	-	-	-	-	366,226
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	59,967	-
Other revenue	-	1,750	-	-	-	2,248
Total revenues	-	1,750	-	-	59,967	369,567
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	4,331
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	1,480	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	6,464	69,671	734,229
Debt service	-	-	-	-	-	-
Total expenditures	-	1,480	-	6,464	69,671	738,560
Excess of revenues over (under) expenditures	-	270	-	(6,464)	(9,704)	(368,993)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	200,000	-	-	400,000
Transfers out	-	(270)	-	-	-	(35,629)
Total other financing sources (uses)	-	(270)	200,000	-	-	364,371
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	-	-	200,000	(6,464)	(9,704)	(4,622)
Fund balances, beginning of year	255,121	-	367,797	784,312	251,253	1,489,333
Fund balances, end of year	\$ 255,121	\$ -	\$ 567,797	\$ 777,848	\$ 241,549	\$ 1,484,711

\* See pages D39-D47 for budget comparisons.

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**CITY OF ALBANY**  
**OTHER CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With Comparative Totals for Fiscal Year Ended June 30, 2011)

	Public Art Fee *	Pierce Street Property *	Reinvestment *	General Obligation Bond I & II *
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ 178,743	\$ -
Licenses and permits	-	-	-	-
Earnings on investments	-	-	808	8,003
Revenues from other agencies	-	-	-	11,566
Current service charges	30,967	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>30,967</u>	<u>-</u>	<u>179,551</u>	<u>19,568</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	117,057	-
Police	-	-	-	-
Fire and emergency medical services	-	-	-	-
Community development and environmental resources	-	-	-	-
Recreation and community services	-	-	-	-
Capital outlay	-	-	-	1,423,669
Debt service	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>117,057</u>	<u>1,423,669</u>
Excess of revenues over (under) expenditures	<u>30,967</u>	<u>-</u>	<u>62,494</u>	<u>(1,404,101)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	6,341	-	1,500,348
Transfers out	-	-	-	(1,500,078)
Total other financing sources (uses)	<u>-</u>	<u>6,341</u>	<u>-</u>	<u>270</u>
<b>EXTRAORDINARY ITEM</b>				
Redevelopment dissolution			1,019,966	
Net change in fund balances	30,967	6,341	1,082,459	(1,403,831)
Fund balances, beginning of year	39,779	(6,341)	(1,082,459)	3,051,669
Fund balances, end of year	<u>\$ 70,746</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,647,839</u>

\* See pages D39-D47 for budget comparisons.

Continued  
on next page

**CITY OF ALBANY  
OTHER CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With Comparative Totals for Fiscal Year Ended June 30, 2011)

	<u>Totals</u>	
	<u>2012</u>	<u>2011</u>
<b>REVENUES</b>		
Property taxes	\$ 178,743	\$ -
Licenses and permits	-	10,000
Earnings on investments	14,345	51,902
Revenues from other agencies	377,792	1,882,623
Current service charges	110,660	86,658
Other revenue	3,998	395,839
Total revenues	<u>685,538</u>	<u>2,427,022</u>
<b>EXPENDITURES</b>		
Current:		
General government	121,388	12,697
Police	-	60,088
Fire and emergency medical services	-	69,746
Community development and environmental resources	8,180	42,120
Recreation and community services	-	9,082
Capital outlay	2,397,971	2,711,718
Debt service	27,537	27,537
Total expenditures	<u>2,555,076</u>	<u>2,932,988</u>
Excess of revenues over (under) expenditures	<u>(1,869,538)</u>	<u>(505,966)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	2,223,189	1,678,480
Transfers out	(1,559,698)	(608,428)
Total other financing sources (uses)	<u>663,491</u>	<u>1,070,052</u>
<b>EXTRAORDINARY ITEM</b>		
Redevelopment dissolution	1,019,966	
Net change in fund balances	(186,081)	564,086
Fund balances, beginning of year	6,823,460	10,094,951
Fund balances, end of year	<u>\$ 6,637,379</u>	<u>\$ 10,659,037</u>

\* See pages D39-D47 for budget comparisons.

**CITY OF ALBANY  
OTHER CAPITAL PROJECTS FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Fire Equipment			Police Equipment		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	-	-	-
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	-	8,870	(8,870)
Debt Service	-	27,537	-	-	-	-
Total expenditures	-	27,537	-	-	8,870	(8,870)
Excess of revenues over (under) expenditures	-	(27,537)	-	-	(8,870)	(8,870)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	24,000	24,000	-	46,000	46,000
Transfers out	-	-	-	-	(17,380)	(17,380)
Total other financing sources (uses)	-	24,000	24,000	-	28,620	28,620
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	\$ -	(3,537)	\$ 24,000	\$ -	19,750	\$ 19,750
Fund balances, beginning of year		39,117			259,570	
Fund balances, end of year		\$ 35,580			\$ 279,320	

Continued on next page

**CITY OF ALBANY  
OTHER CAPITAL PROJECTS FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Emergency Medical Service Equipment			Fire Operations Equipment		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	-	-	-
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	22,500	-	22,500	14,000	-	14,000
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	139,294	(139,294)	-	-	-
Debt Service						
Total expenditures	22,500	139,294	(116,794)	14,000	-	14,000
Excess of revenues over (under) expenditures	(22,500)	(139,294)	(116,794)	(14,000)	-	14,000
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	22,500	22,500	-	24,000	24,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	22,500	22,500	-	24,000	24,000	-
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	\$ -	(116,794)	\$ (116,794)	\$ 10,000	24,000	\$ 14,000
Fund balances, beginning of year		145,683			27,714	
Fund balances, end of year		\$ 28,889			\$ 51,714	

Continued on next page

**CITY OF ALBANY  
OTHER CAPITAL PROJECTS FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Capital Facilities Developer Fee			Capital Facilities Reserve		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits		-	-		-	-
Earnings on investments	800	857	57	4,000	3,585	(415)
Revenues from other agencies		-	-		-	-
Current service charges	15,000	19,726	4,726	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>15,800</u>	<u>20,583</u>	<u>4,783</u>	<u>4,000</u>	<u>3,585</u>	<u>(415)</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	6,700	(6,700)	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	50,000	15,774	34,226
Debt Service						
Total expenditures	<u>-</u>	<u>6,700</u>	<u>(6,700)</u>	<u>50,000</u>	<u>15,774</u>	<u>34,226</u>
Excess of revenues over (under) expenditures	<u>15,800</u>	<u>13,883</u>	<u>(1,917)</u>	<u>(46,000)</u>	<u>(12,189)</u>	<u>33,811</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(6,341)	(6,341)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,341)</u>	<u>(6,341)</u>
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	<u>\$ 15,800</u>	<u>13,883</u>	<u>\$ (1,917)</u>	<u>\$ (46,000)</u>	<u>(18,530)</u>	<u>\$ 27,470</u>
Fund balances, beginning of year		<u>223,951</u>			<u>976,961</u>	
Fund balances, end of year		<u>\$ 237,835</u>			<u>\$ 958,431</u>	

Continued on next page

**CITY OF ALBANY  
OTHER CAPITAL PROJECTS FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Community Development Reserve			Civic Center Improvement		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -		\$ -	\$ -
Licenses and permits						
Earnings on investments	-	-	-	25,000	-	(25,000)
Revenues from other agencies	-	-	-		-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	1,750	1,750
Total revenues	-	-	-	25,000	1,750	(23,250)
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	1,480	(1,480)
Recreation and community services	-	-	-	-	-	-
Capital outlay	50,000	-	50,000	450,000	-	450,000
Debt Service						
Total expenditures	50,000	-	50,000	450,000	1,480	448,520
Excess of revenues over (under) expenditures	(50,000)	-	50,000	(425,000)	270	425,270
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(270)	(270)
Total other financing sources (uses)	-	-	-	-	(270)	(270)
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	<u>\$ (50,000)</u>	-	<u>\$ 50,000</u>	<u>\$ (425,000)</u>	-	<u>\$ 425,000</u>
Fund balances, beginning of year		<u>255,121</u>			<u>-</u>	
Fund balances, end of year		<u>\$ 255,121</u>			<u>\$ -</u>	

Continued on next page

**CITY OF ALBANY  
OTHER CAPITAL PROJECTS FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Major Planning Reserve			Equipment Replacement Reserve		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	-	-	-
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	100,000	-	100,000	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	300,000	6,464	293,536
Debt Service	-	-	-	-	-	-
Total expenditures	100,000	-	100,000	300,000	6,464	293,536
Excess of revenues over (under) expenditures	(100,000)	-	100,000	(300,000)	(6,464)	293,536
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	200,000	200,000	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	200,000	200,000	-	-	-
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	<u>\$ (100,000)</u>	200,000	<u>\$ 300,000</u>	<u>\$ (300,000)</u>	(6,464)	<u>\$ 293,536</u>
Fund balances, beginning of year		<u>367,797</u>			<u>784,312</u>	
Fund balances, end of year		<u>\$ 567,797</u>			<u>\$ 777,848</u>	

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on next page



**CITY OF ALBANY  
OTHER CAPITAL PROJECTS FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	R & CS Reserve			Capital Projects Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	-	1,093	1,093
Revenues from other agencies	-	-	-	1,500,000	366,226	(1,133,774)
Current service charges	50,000	59,967	9,967	-	-	-
Other revenue	-	-	-	20,000	2,248	(17,752)
Total revenues	<u>50,000</u>	<u>59,967</u>	<u>9,967</u>	<u>1,520,000</u>	<u>369,567</u>	<u>(1,150,433)</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	4,331	(4,331)
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	20,000	-	20,000
Recreation and community services	10,000	-	10,000	-	-	-
Capital outlay	50,000	69,671	(19,671)	1,500,000	734,229	765,771
Debt Service	-	-	-	-	-	-
Total expenditures	<u>60,000</u>	<u>69,671</u>	<u>(9,671)</u>	<u>1,520,000</u>	<u>738,560</u>	<u>781,440</u>
Excess of revenues over (under) expenditures	<u>(10,000)</u>	<u>(9,704)</u>	<u>296</u>	<u>-</u>	<u>(368,993)</u>	<u>(368,993)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	400,000	400,000
Transfers out	-	-	-	-	(35,629)	(35,629)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>364,371</u>	<u>364,371</u>
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	<u>\$ (10,000)</u>	<u>(9,704)</u>	<u>\$ 296</u>	<u>\$ -</u>	<u>(4,622)</u>	<u>\$ (4,622)</u>
Fund balances, beginning of year		<u>251,253</u>			<u>1,489,333</u>	
Fund balances, end of year		<u>\$ 241,549</u>			<u>\$ 1,484,711</u>	

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on next page

**CITY OF ALBANY  
OTHER CAPITAL PROJECTS FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Public Art Fee			Pierce Street Property		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits		-			-	
Earnings on investments		-			-	
Revenues from other agencies		-			-	
Current service charges		30,967		20,000	-	(20,000)
Other revenue		-			-	
Total revenues	-	30,967	-	20,000	-	(20,000)
<b>EXPENDITURES</b>						
Current:						
General government		-		-	-	-
Police		-		-	-	-
Fire and emergency medical services		-		-	-	-
Community development and environmental resources		-		10,000	-	10,000
Recreation and community services		-		-	-	-
Capital outlay		-		-	-	-
Debt Service		-		-	-	-
Total expenditures	-	-	-	10,000	-	10,000
Excess of revenues over (under) expenditures		30,967		10,000	-	(10,000)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in		-		-	6,341	6,341
Transfers out		-		-	-	-
Total other financing sources (uses)	-	-	-	-	6,341	6,341
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution						
Net change in fund balances	\$ -	30,967	\$ -	\$ 10,000	6,341	\$ (3,659)
Fund balances, beginning of year		39,779			(6,341)	
Fund balances, end of year		\$ 70,746			\$ -	

Continued on next page

**CITY OF ALBANY  
OTHER CAPITAL PROJECTS FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Reinvestment Fund			General Obligation Bond I & II		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ 178,743	\$ 178,743	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Earnings on investments	-	808	808	14,000	8,003	(5,997)
Revenues from other agencies	-	-	-	-	11,566	11,566
Current service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	179,551	179,551	14,000	19,568	5,568
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	117,057	(117,057)	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	1,500,000	1,423,669	76,331
Debt Service	-	-	-	-	-	-
Total expenditures	-	117,057	(117,057)	1,500,000	1,423,669	76,331
Excess of revenues over (under) expenditures	-	62,494	62,494	(1,486,000)	(1,404,101)	81,899
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	1,500,348	1,500,348
Transfers out	-	-	-	-	(1,500,078)	(1,500,078)
Total other financing sources (uses)	-	-	-	-	270	270
<b>EXTRAORDINARY ITEM</b>						
Redevelopment dissolution		1,019,966				
Net change in fund balances	\$ -	1,082,459	\$ 62,494	\$ (1,486,000)	(1,403,831)	\$ 82,169
Fund balances, beginning of year		(1,082,459)			3,051,669	
Fund balances, end of year		\$ -			\$ 1,647,839	

Continued on next page

**CITY OF ALBANY  
OTHER CAPITAL PROJECTS FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Total		Variance
	Budget	Actual	Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ -	\$ 178,743	\$ 178,743
Licenses and permits	-	-	-
Earnings on investments	43,800	14,345	(29,455)
Revenues from other agencies	1,500,000	377,792	(1,122,208)
Current service charges	85,000	110,660	25,660
Other revenue	20,000	3,998	(16,002)
Total revenues	<u>1,648,800</u>	<u>685,538</u>	<u>(963,262)</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	4,331	(4,331)
Police	-	-	-
Fire and emergency medical services	36,500	-	36,500
Community development and environmental resources	130,000	125,237	4,763
Recreation and community services	10,000	-	10,000
Capital outlay	3,850,000	2,397,971	1,452,029
Debt Service	-	27,537	-
Total expenditures	<u>4,026,500</u>	<u>2,555,076</u>	<u>1,498,961</u>
Excess of revenues over (under) expenditures	<u>(2,377,700)</u>	<u>(1,869,538)</u>	<u>535,699</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	46,500	2,223,189	2,176,689
Transfers out	-	(1,559,698)	(1,559,698)
Total other financing sources (uses)	<u>46,500</u>	<u>663,491</u>	<u>616,991</u>
<b>EXTRAORDINARY ITEM</b>			
Redevelopment dissolution		1,019,966	
Net change in fund balances	<u>\$ (2,331,200)</u>	<u>(186,081)</u>	<u>\$ 1,152,690</u>
Fund balances, beginning of year		<u>6,823,460</u>	
Fund balances, end of year		<u>\$ 6,637,379</u>	

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## **MAJOR CAPITAL PROJECTS FUNDS**

## CITY OF ALBANY

### **Major Capital Project Funds**

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The City's Major Capital Projects Funds are:

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

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

**CITY OF ALBANY**  
**CAPITAL PROJECTS FUNDS - MAJOR FUNDS**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Street & Storm Funds			1996-1 Assessment District Bond Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes		\$ 889,013	\$ 889,013	\$ -	\$ -	\$ -
Earnings on investments		13,107	13,107	-	10,229	10,229
Revenues from other agencies	-	-	-	-	-	-
Current service charges	-	-	-	-	-	-
Other revenue	-	14,219	14,219	-	86,552	86,552
Total revenues	-	916,339	916,339	-	96,781	96,781
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay		837,641	(837,641)	-	-	-
Debt Service:					56,727	
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	-	837,641	(837,641)	-	56,727	-
Excess of revenues over (under) expenditures	-	78,698	78,698	-	40,054	96,781
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	(391,384)	(391,384)	-	-	-
Total other financing sources (uses)	-	(391,384)	(391,384)	-	-	-
Net change in fund balances	\$ -	(312,686)	\$ (312,686)	\$ -	40,054	\$ 96,781
Fund balances, beginning of year		3,610,750			2,753,118	
Fund balances, end of year		\$ 3,298,064			\$ 2,793,172	



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## **OTHER DEBT SERVICE FUNDS**

## **CITY OF ALBANY**

### **Other Debt Service Funds**

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

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

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

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

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

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

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

**CITY OF ALBANY**  
**OTHER DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With Comparative Totals for Fiscal Year Ended June 30, 2011)

	<u>APFFA</u> <u>Debt Service</u>	<u>Reinvestment</u> <u>Debt Service</u>	<u>G.O. Bond</u> <u>Debt Service</u>	<u>G.O. Bond II</u> <u>Debt Service</u>
<b>ASSETS</b>				
Operating cash and investments	\$ 34,105	\$ -	\$ 618,170	\$ 389,443
Debt service reserves held with trustee	53,500	-	-	-
Total assets	<u>\$ 87,605</u>	<u>\$ -</u>	<u>\$ 618,170</u>	<u>\$ 389,443</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,632	\$ -	\$ 500	\$ -
Accrued liabilities	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	<u>1,632</u>	<u>-</u>	<u>500</u>	<u>-</u>
<b>Fund balances:</b>				
Restricted	<u>85,973</u>	<u>-</u>	<u>617,670</u>	<u>389,443</u>
Total liabilities and fund balances	<u>\$ 87,605</u>	<u>\$ -</u>	<u>\$ 618,170</u>	<u>\$ 389,443</u>

Continued  
on next page

**CITY OF ALBANY**  
**OTHER DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With Comparative Totals for Fiscal Year Ended June 30, 2011)

	Civic Center Debt Service	Street Paving & Storm Drain Debt Service	<u>Totals</u>	
			<u>2012</u>	<u>2011</u>
<b>ASSETS</b>				
Operating cash and investments	\$ 338,797	\$ -	\$ 1,380,515	\$ 1,337,314
Debt service reserves held with trustee	-	346,516	400,016	411,409
Total assets	<u>\$ 338,797</u>	<u>\$ 346,516</u>	<u>\$ 1,780,531</u>	<u>\$ 1,748,723</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 2,132	\$ 500
Accrued liabilities	-	-	-	2,304
Advances from other funds	-	-	-	386,203
Total liabilities	<u>-</u>	<u>-</u>	<u>2,132</u>	<u>389,007</u>
<b>Fund balances:</b>				
Restricted	<u>338,797</u>	<u>346,516</u>	<u>1,778,399</u>	<u>1,359,716</u>
Total liabilities and fund balances	<u>\$ 338,797</u>	<u>\$ 346,516</u>	<u>\$ 1,780,531</u>	<u>\$ 1,748,723</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, 2012**  
(With Comparative Totals for Fiscal Year Ended June 30, 2011)

	Debt Service APFFA *	Reinvestment Debt Service *	G.O. Bond I Debt Service *	G.O. Bond II Debt Service *
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ 485,209	\$ 439,779
Earnings on investments	-	3	1,439	721
Revenues from other agencies	-	-	5,690	5,152
Total revenues	<u>-</u>	<u>3</u>	<u>492,337</u>	<u>445,651</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,832	-	2,025	2,882
Capital outlay	-	-	-	-
Debt service:				
Principal	260,000	-	185,000	120,000
Interest	19,845	856	268,475	289,490
Total expenditures	<u>285,677</u>	<u>856</u>	<u>455,500</u>	<u>412,372</u>
Excess of revenues over (under) expenditures	<u>(285,677)</u>	<u>(853)</u>	<u>36,838</u>	<u>33,279</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	218,279	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>218,279</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXTRAORDINARY ITEM</b>				
Redevelopment dissolution		386,298		
Net change in fund balances	(67,398)	(853)	36,838	33,279
Fund balances, beginning of year	153,371	(385,445)	580,832	356,164
Fund balances, end of year	<u>\$ 85,973</u>	<u>\$ -</u>	<u>\$ 617,670</u>	<u>\$ 389,443</u>

\* See pages D55-D58 for budget comparisons.

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**CITY OF ALBANY**  
**OTHER DEBT SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With Comparative Totals for Fiscal Year Ended June 30, 2011)

	Civic Center Debt Service	Street Paving & Storm Drain Debt Service	Totals	
			2012	2011
<b>REVENUES</b>	*	*		
Property taxes	\$ 340,842	\$ -	\$ 1,265,830	\$ 1,254,129
Earnings on investments	693	-	2,856	3,588
Revenues from other agencies	4,031	-	14,872	15,062
Total revenues	345,566	-	1,283,558	1,272,779
<b>EXPENDITURES</b>				
Current:				
General government	1,568	-	12,307	27,572
Capital outlay	-	-	-	-
Debt service:				
Principal	90,000	263,487	918,487	854,655
Interest	223,479	127,897	930,042	992,759
Total expenditures	315,047	391,384	1,860,836	1,874,986
Excess of revenues over (under) expenditures	30,519	(391,384)	(577,278)	(602,207)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	391,384	609,663	674,479
Transfers out	-	-	-	(400,000)
Total other financing sources (uses)	-	391,384	609,663	274,479
<b>EXTRAORDINARY ITEM</b>				
Redevelopment dissolution			386,298	
Net change in fund balances	30,519	-	418,683	(327,728)
Fund balances, beginning of year	308,278	346,516	1,359,716	1,687,444
Fund balances, end of year	\$ 338,797	\$ 346,516	\$ 1,778,399	\$ 1,359,716

\* See pages D55-D58 for budget comparisons.

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**CITY OF ALBANY  
OTHER DEBT SERVICE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Debt Service APFFA			Reinvestment Debt Service		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ (100,000)
Earnings on investments	-	-	-	1,000	3	(997)
Revenues from other agencies	-	-	-	-	-	-
Total revenues	-	-	-	101,000	3	(100,997)
<b>EXPENDITURES</b>						
Current:						
General government	7,000	5,832	1,168	-	-	-
Capital outlay		-	-		-	-
Debt Service:						
Principal	267,095	260,000	7,095	101,000	-	101,000
Interest	32,095	19,845	12,250		856	(856)
Total expenditures	306,190	285,677	20,513	101,000	856	100,144
Excess of revenues over (under) expenditures	(306,190)	(285,677)	20,513	-	(853)	(853)
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt	-	-	-	-	-	-
Transfers in	283,095	218,279	(64,816)	-	-	-
Transfers out	-	-	-	(400,000)	-	(400,000)
Total other financing sources (uses)	283,095	218,279	(64,816)	(400,000)	-	-
<b>EXTRAORDINARY ITEM</b>						
Assets transferred to/liabilities assumed by Successor Agency					386,298	
Net change in fund balances	<u>\$ (23,095)</u>	<u>(67,398)</u>	<u>\$ (44,303)</u>	<u>\$ (400,000)</u>	<u>385,445</u>	<u>\$ (785,445)</u>
Fund balances, beginning of year		153,371			(385,445)	
Fund balances, end of year		<u>\$ 85,973</u>			<u>\$ 0</u>	

Continued  
on next page



**CITY OF ALBANY  
OTHER DEBT SERVICE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	G.O. Bond Debt Service			G.O. Bond II Debt Service		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ 457,175	\$ 485,209	\$ 28,034	\$ 413,690	\$ 439,779	\$ 26,089
Earnings on investments	1,000	1,439	439	500	721	221
Revenues from other agencies	6,000	5,690	(310)	5,500	5,152	(348)
Total revenues	<u>464,175</u>	<u>492,337</u>	<u>28,162</u>	<u>419,690</u>	<u>445,651</u>	<u>25,961</u>
<b>EXPENDITURES</b>						
Current:						
General government	4,000	2,025	1,975	4,000	2,882	1,118
Capital outlay		-	-		-	-
Debt Service:						
Principal	180,000	185,000	(5,000)	120,000	120,000	-
Interest	279,375	268,475	10,900	293,690	289,490	4,200
Total expenditures	<u>463,375</u>	<u>455,500</u>	<u>7,875</u>	<u>417,690</u>	<u>412,372</u>	<u>5,318</u>
Excess of revenues over (under) expenditures	<u>800</u>	<u>36,838</u>	<u>36,038</u>	<u>2,000</u>	<u>33,279</u>	<u>31,279</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out		-	-		-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXTRAORDINARY ITEM</b>						
Assets transferred to/liabilities assumed by Successor Agency						
Net change in fund balances	<u>\$ 800</u>	<u>36,838</u>	<u>\$ 36,038</u>	<u>\$ 2,000</u>	<u>33,279</u>	<u>\$ 31,279</u>
Fund balances, beginning of year		<u>580,832</u>			<u>356,164</u>	
Fund balances, end of year		<u>\$ 617,670</u>			<u>\$ 389,443</u>	

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on next page

**CITY OF ALBANY  
OTHER DEBT SERVICE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Civic Center Debt Service			Street Paving & Storm Drain Debt Service		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ 316,179	\$ 340,842	\$ 24,663	\$ -	\$ -	\$ -
Earnings on investments	500	693	193	-	-	-
Revenues from other agencies		4,031	4,031	-	-	-
Total revenues	<u>316,679</u>	<u>345,566</u>	<u>28,887</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>						
Current:						
General government	2,000	1,568	432	-	-	-
Capital outlay		-	-		-	-
Debt Service:						
Principal	90,000	90,000	-	234,655	263,487	(28,832)
Interest	226,179	223,479	2,700	156,729	127,897	28,832
Total expenditures	<u>318,179</u>	<u>315,047</u>	<u>3,132</u>	<u>391,384</u>	<u>391,384</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(1,500)</u>	<u>30,519</u>	<u>32,019</u>	<u>(391,384)</u>	<u>(391,384)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt	-	-	-	-	-	-
Transfers in	-	-	-	391,384	391,384	-
Transfers out						
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>391,384</u>	<u>391,384</u>	<u>-</u>
<b>EXTRAORDINARY ITEM</b>						
Assets transferred to/liabilities assumed by Successor Agency						
Net change in fund balances	<u>\$ (1,500)</u>	<u>30,519</u>	<u>\$ 32,019</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year		<u>308,278</u>			<u>346,516</u>	
Fund balances, end of year		<u>\$ 338,797</u>			<u>\$ 346,516</u>	

Continued  
on next page

**CITY OF ALBANY  
OTHER DEBT SERVICE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Total		Variance
	Budget	Actual	Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 1,287,044	\$ 1,265,830	\$ (21,215)
Earnings on investments	3,000	2,856	(144)
Revenues from other agencies	11,500	14,872	3,372
Total revenues	<u>1,301,544</u>	<u>1,283,558</u>	<u>(17,986)</u>
<b>EXPENDITURES</b>			
Current:			
General government	17,000	12,308	4,692
Capital outlay		-	-
Debt Service:			
Principal	992,750	918,487	74,263
Interest	988,068	930,042	58,026
Total expenditures	<u>1,997,818</u>	<u>1,860,837</u>	<u>136,981</u>
Excess of revenues over (under) expenditures	<u>(696,274)</u>	<u>(577,279)</u>	<u>118,995</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	-	-	-
Transfers in	674,479	609,663	(64,816)
Transfers out		-	-
Total other financing sources (uses)	<u>674,479</u>	<u>609,663</u>	<u>(64,816)</u>
<b>EXTRAORDINARY ITEM</b>			
Assets transferred to/liabilities assumed by Successor Agency		<u>386,298</u>	
Net change in fund balances	<u>\$ (21,795)</u>	<u>418,682</u>	<u>\$ 54,179</u>
Fund balances, beginning of year		<u>1,359,716</u>	
Fund balances, end of year		<u>\$ 1,778,399</u>	

## **AGENCY FUNDS**

## **CITY OF ALBANY**

### **Agency Funds**

---

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

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

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

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

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

**CITY OF ALBANY**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2012**  
(With Comparative Totals for June 30, 2011)

	Codornices Trail	Bond & Trust	School Facility Fees	1996-1 Assessment District Bond Funds	Totals	
					2012	2011
<b>ASSETS</b>						
Operating cash and investments	\$ 89,140	\$ 154,544	\$ 12,235	\$ 391,154	\$ 647,073	\$ 519,379
Debt service reserves held with trustee	-	-	-	479,824	479,824	479,824
Total assets	<u>\$ 89,140</u>	<u>\$ 154,544</u>	<u>\$ 12,235</u>	<u>\$ 870,978</u>	<u>\$ 1,126,897</u>	<u>\$ 999,203</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 4,110	\$ 26,340	\$ 12,235	\$ -	\$ 42,686	\$ 7,857
Due to bondholders	-	-	-	870,978	870,978	870,977
Member deposits	85,030	-	-	-	85,030	28,368
Refundable deposits	-	128,204	-	-	128,204	92,001
Total liabilities	<u>\$ 89,140</u>	<u>\$ 154,544</u>	<u>\$ 12,235</u>	<u>\$ 870,978</u>	<u>\$ 1,126,897</u>	<u>\$ 999,203</u>

**CITY OF ALBANY  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012
<b>Codornices Trail</b>				
Assets:				
Operating cash and investments	\$ 33,441	\$ 75,272	\$ 19,573	\$ 89,140
Total assets	<u>\$ 33,441</u>	<u>\$ 75,272</u>	<u>\$ 19,573</u>	<u>\$ 89,140</u>
Liabilities:				
Accounts payable	\$ 5,073	\$ 23,683	\$ 24,646	\$ 4,110
Member deposits	28,368	75,272	18,611	85,029
Total liabilities	<u>\$ 33,441</u>	<u>\$ 98,955</u>	<u>\$ 43,257</u>	<u>\$ 89,140</u>
<b>Bond and Trust</b>				
Assets:				
Operating cash and investments	\$ 93,013	\$ 183,632	\$ 122,101	\$ 154,544
Receivables	-	-	-	-
Total assets	<u>\$ 93,013</u>	<u>\$ 183,632</u>	<u>\$ 122,101</u>	<u>\$ 154,544</u>
Liabilities:				
Accounts payable	\$ 1,012	\$ 153,730	\$ 128,402	\$ 26,340
Refundable deposits	92,001	215,197	178,995	128,204
Total liabilities	<u>\$ 93,013</u>	<u>\$ 368,927</u>	<u>\$ 307,397</u>	<u>\$ 154,544</u>
<b>School Facility Fees</b>				
Assets:				
Operating cash and investments	\$ 1,772	\$ 59,774	\$ 49,311	\$ 12,235
Total assets	<u>\$ 1,772</u>	<u>\$ 59,774</u>	<u>\$ 49,311</u>	<u>\$ 12,235</u>
Liabilities:				
Accounts payable	\$ 1,772	\$ 59,774	\$ 49,311	\$ 12,235
Total liabilities	<u>\$ 1,772</u>	<u>\$ 59,774</u>	<u>\$ 49,311</u>	<u>\$ 12,235</u>
<b>1996-1 Assessment District Bond Funds</b>				
Assets:				
Operating cash and investments	\$ 391,153	\$ 504,664	\$ 504,663	\$ 391,154
Debt service reserves held with trustee	479,824	-	-	479,824
Total assets	<u>\$ 870,977</u>	<u>\$ 504,664</u>	<u>\$ 504,663</u>	<u>\$ 870,978</u>
Liabilities:				
Accounts payable	\$ -	\$ 474,074	\$ 474,074	\$ -
Due to bondholders	870,977	479,536	479,535	870,978
Total liabilities	<u>\$ 870,977</u>	<u>\$ 479,536</u>	<u>\$ 479,535</u>	<u>\$ 870,978</u>
<b>Total Agency Funds</b>				
Assets:				
Operating cash and investments	\$ 519,379	\$ 823,342	\$ 695,648	\$ 647,073
Debt service reserves held with trustee	479,824	-	-	479,824
Receivables	-	-	-	-
Total assets	<u>\$ 999,203</u>	<u>\$ 823,342</u>	<u>\$ 695,648</u>	<u>\$ 1,126,897</u>
Liabilities:				
Accounts payable	\$ 7,857	\$ 711,261	\$ 676,433	\$ 42,686
Due to bondholders	870,977	479,536	479,535	870,978
Member deposits	28,368	75,272	18,611	85,029
Refundable deposits	92,001	215,197	178,995	128,204
Total liabilities	<u>\$ 999,203</u>	<u>\$ 1,481,267</u>	<u>\$ 1,353,573</u>	<u>\$ 1,126,897</u>

**STATISTICAL  
SECTION**



# STATISTICAL SECTION

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

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

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Invested in capital assets, net of related debt	\$ 16,470	\$ 17,257	\$ 17,782	\$ 18,532	\$ 19,778	\$ 21,476	\$ 15,045	\$ 20,264	\$ 23,913	\$ 26,536
Restricted	6,027	6,699	10,217	10,500	12,087	14,448	23,246	20,049	20,630	11,932
Unrestricted	2,025	3,814	2,411	3,681	4,697	4,970	5,253	5,227	3,840	12,802
Total governmental activities assets	<u>\$ 24,522</u>	<u>\$ 27,770</u>	<u>\$ 30,410</u>	<u>\$ 32,713</u>	<u>\$ 36,562</u>	<u>\$ 40,894</u>	<u>\$ 43,544</u>	<u>\$ 45,540</u>	<u>\$ 48,383</u>	<u>\$ 51,270</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 7,140	\$ 7,117	\$ 7,106	\$ 7,155	\$ 7,191	\$ 7,263	\$ 5,735	\$ 7,299	\$ 7,550	\$ 7,595
Restricted	-	-	-	-	3,041	2,164	1,132	1,107	-	1,311
Unrestricted	2,183	2,571	3,078	3,596	1,117	2,606	5,681	4,802	5,642	3,767
Total business-type activities net assets	<u>\$ 9,323</u>	<u>\$ 9,688</u>	<u>\$ 10,184</u>	<u>\$ 10,751</u>	<u>\$ 11,349</u>	<u>\$ 12,033</u>	<u>\$ 12,548</u>	<u>\$ 13,208</u>	<u>\$ 13,192</u>	<u>\$ 12,673</u>
Primary government:										
Invested in capital assets, net of related debt	\$ 23,611	\$ 24,374	\$ 24,888	\$ 25,687	\$ 26,969	\$ 28,738	\$ 20,780	\$ 27,563	\$ 31,463	\$ 34,131
Restricted	6,027	6,699	10,217	10,500	15,127	16,613	24,378	21,156	20,630	13,243
Unrestricted	4,208	6,385	5,489	7,277	5,814	7,576	10,934	10,029	9,482	16,569
Total primary government net assets	<u>\$ 33,846</u>	<u>\$ 37,458</u>	<u>\$ 40,594</u>	<u>\$ 43,464</u>	<u>\$ 47,910</u>	<u>\$ 52,927</u>	<u>\$ 56,092</u>	<u>\$ 58,748</u>	<u>\$ 61,575</u>	<u>\$ 63,943</u>

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

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental activities:										
General government	\$ 4,323	\$ 3,554	\$ 3,471	\$ 2,184	\$ 2,511	\$ 3,330	\$ 3,047	\$ 3,081	\$ 3,867	\$ 3,571
Police	3,879	3,647	3,896	5,551	5,226	5,319	6,260	5,318	5,735	5,608
Fire and emergency medical services	2,806	3,000	3,212	4,477	4,046	4,220	5,191	4,642	4,686	4,748
Community development and environmental resources	3,288	3,570	4,289	3,647	5,105	4,122	5,896	5,006	4,602	4,286
Recreation and community services	2,645	1,902	1,970	2,080	2,268	2,528	2,823	2,817	2,902	3,296
Interest on long-term debt	255	345	446	423	398	856	910	1,017	1,006	949
Total governmental activities expenses	17,196	16,018	17,284	18,362	19,554	20,375	24,127	21,881	22,798	22,458
Business-type activities:										
Sewer	657	599	619	638	701	686	754	663	1,583	2,248
Total business-type activities expenses	657	599	619	638	701	686	754	663	1,583	2,248
Total primary government expenses	17,853	16,617	17,903	19,000	20,255	21,061	24,881	22,544	24,381	24,706
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	89	120	110	104	106	100	105	29	30	31
Police	375	318	243	187	248	326	330	360	243	248
Fire and emergency medical services	497	473	498	500	605	654	808	823	876	1,035
Community development and environmental resources	394	671	504	469	378	568	386	492	457	464
Recreation and community services	552	611	606	715	821	858	969	967	1,158	1,162
Operating grants and contributions	1,298	1,032	960	1,155	1,017	1,085	1,675	1,386	2,998	2,008
Capital grants and contributions	1,147	495	1,314	259	1,181	773	3,248	609	248	364
Total governmental activities program revenues	4,352	3,720	4,235	3,389	4,356	4,364	7,521	4,666	6,010	5,312
Business-type activities:										
Charges for services:										
Sewer	1,786	1,730	1,774	1,821	1,838	1,987	2,060	2,188	2,434	2,565
Total business-type activities program revenues	1,786	1,730	1,774	1,821	1,838	1,987	2,060	2,188	2,434	2,565
Total primary government program revenues	6,138	5,450	6,009	5,210	6,194	6,351	9,581	6,854	8,444	7,877
Net revenues (expenses):										
Governmental activities	(12,844)	(12,298)	(13,049)	(14,973)	(15,198)	(16,011)	(16,606)	(17,215)	(16,788)	(17,146)
Business-type activities	1,129	1,131	1,155	1,183	1,137	1,301	1,306	1,525	851	317
Total primary government net expense	\$ (11,715)	\$ (11,167)	\$ (11,894)	\$ (13,790)	\$ (14,061)	\$ (14,710)	\$ (15,300)	\$ (15,690)	\$ (15,937)	\$ (16,829)

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues and Other Changes in Assets</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 5,280	\$ 6,146	\$ 7,422	\$ 8,422	\$ 9,762	\$ 11,166	\$ 11,202	\$ 11,583	\$ 11,900	\$ 11,495
Sales taxes	1,340	1,357	1,599	2,043	2,242	2,183	2,223	2,119	2,166	2,193
Franchise and other taxes	3,656	4,506	4,557	4,442	4,317	4,135	3,946	3,927	3,783	3,923
Earnings on investments	322	354	475	924	1,237	1,468	719	222	155	78
Unrestricted revenues from other agencies	1,001	803	410	226	281	183	148	163	389	54
Other revenue	279	1,600	386	364	342	332	119	662	340	235
Transfers	770	781	836	852	864	879	898	913	898	865
Extraordinary items (Note 9)										1,189
<b>Total governmental activities</b>	<b>12,648</b>	<b>15,547</b>	<b>15,685</b>	<b>17,273</b>	<b>19,045</b>	<b>20,346</b>	<b>19,255</b>	<b>19,589</b>	<b>19,631</b>	<b>20,032</b>
Business-type activities:										
Earnings on investments	46	15	175	236	325	262	107	48	25	30
Other revenue	2	-	3	-	-	-	-	-	-	-
Transfers	(759)	(781)	(836)	(852)	(864)	(879)	(898)	(913)	(892)	(865)
<b>Total business-type activities</b>	<b>(711)</b>	<b>(766)</b>	<b>(658)</b>	<b>(616)</b>	<b>(539)</b>	<b>(617)</b>	<b>(791)</b>	<b>(865)</b>	<b>(867)</b>	<b>(835)</b>
<b>Total primary government</b>	<b>\$ 11,937</b>	<b>\$ 14,781</b>	<b>\$ 15,027</b>	<b>\$ 16,657</b>	<b>\$ 18,506</b>	<b>\$ 19,729</b>	<b>\$ 18,464</b>	<b>\$ 18,724</b>	<b>\$ 18,764</b>	<b>\$ 19,197</b>
<b>Changes in Net Assets</b>										
Governmental activities	(196)	3,249	2,636	2,300	3,847	4,335	2,649	2,374	2,843	2,887
Business-type activities	418	365	497	567	598	684	515	660	(16)	(519)
<b>Total primary government</b>	<b>\$ 222</b>	<b>\$ 3,614</b>	<b>\$ 3,133</b>	<b>\$ 2,867</b>	<b>\$ 4,445</b>	<b>\$ 5,019</b>	<b>\$ 3,164</b>	<b>\$ 3,034</b>	<b>\$ 2,827</b>	<b>\$ 2,368</b>

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund:										
Reserved	\$ 2,566	\$ 1,247	\$ 1,258	\$ 1,250	\$ 1,147	\$ 1,169	\$ 1,062	\$ 1,022		
Unreserved	1,175	2,614	2,711	2,938	3,455	3,610	3,963	4,044		
Nonspendable fund balance									\$ 45	\$ -
Assigned fund balance									1,734	1,715
Unassigned fund balance									3,165	4,533
<b>Total general fund</b>	<b>\$ 3,741</b>	<b>\$ 3,861</b>	<b>\$ 3,969</b>	<b>\$ 4,188</b>	<b>\$ 4,602</b>	<b>\$ 4,779</b>	<b>\$ 5,025</b>	<b>\$ 5,066</b>	<b>\$ 4,944</b>	<b>\$ 6,248</b>
All other governmental funds:										
Reserved	\$ 14,015	\$ 14,007	\$ 14,065	\$ 14,889	\$ 14,521	\$ 25,038	\$ 20,018	\$ 20,049		
Unreserved, reported in:										
Special revenue funds	1,826	1,745	3,154	2,161	2,621	3,730	3,483	-		
Capital project funds	(1,569)	(270)	(234)	-	-	-	-	-		
Debt service funds	(427)	(432)	(400)	(372)	(95)	-	-	-		
Restricted fund balance									\$ 10,004	\$ 11,932
Committed fund balance									10,626	-
Assigned fund balance									-	6,567
Unassigned fund balance									(1,104)	-
<b>Total all other governmental funds</b>	<b>\$ 13,845</b>	<b>\$ 15,050</b>	<b>\$ 16,585</b>	<b>\$ 16,678</b>	<b>\$ 17,047</b>	<b>\$ 28,768</b>	<b>\$ 23,501</b>	<b>\$ 20,049</b>	<b>\$ 19,526</b>	<b>\$ 18,499</b>

**Source:** CAFR, Governmental Funds Balance Sheet.

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes:										
Property taxes	\$ 5,280	\$ 6,146	\$ 7,422	\$ 8,422	\$ 9,762	\$ 11,166	\$ 11,202	\$ 11,583	\$ 11,900	\$ 11,495
Sales taxes	1,340	1,357	1,599	2,043	2,242	2,183	2,223	2,119	2,166	2,193
Franchise and other taxes	3,656	4,506	4,557	4,442	4,317	4,135	3,946	3,927	3,783	3,923
Licenses and permits	175	347	212	198	154	177	173	183	193	213
Fines and forfeitures	334	282	216	154	189	269	267	271	189	213
Earnings on investments	322	354	475	955	1,370	1,498	749	246	159	78
Revenues from other agencies	3,446	2,329	2,426	1,536	2,468	1,939	4,557	1,924	3,373	2,095
Current services charges	1,397	1,565	1,533	1,623	1,816	2,059	2,196	2,146	2,273	2,431
Other revenue	276	1,600	336	471	355	433	577	966	708	649
Total revenues	16,226	18,486	18,776	19,844	22,673	23,859	25,890	23,365	24,744	23,290
Expenditures:										
Current:										
General government	3,915	3,907	3,433	2,439	2,013	2,522	2,629	3,217	3,557	3,015
Police	3,826	3,647	3,952	5,407	5,106	5,208	6,147	5,173	5,574	5,546
Fire and emergency medical services	2,742	2,941	3,185	4,403	4,013	4,189	5,106	4,269	4,325	4,439
Community development and environmental resources	2,800	3,275	3,018	3,353	3,733	4,055	5,586	4,176	3,054	3,482
Recreation and community services	1,470	1,651	1,831	2,003	2,130	2,419	2,644	2,617	2,685	2,661
Capital outlay	2,591	1,736	1,912	1,414	3,053	4,332	11,862	6,389	5,194	4,028
Debt service:										
Principal	330	351	478	535	551	540	730	805	887	952
Interest	246	384	470	461	447	671	922	1,041	1,010	944
Total expenditures	17,920	17,892	18,279	20,015	21,046	23,936	35,626	27,687	26,286	25,067
Excess (deficiency) of revenues over (under) expenditures	(1,694)	594	497	(171)	1,627	(77)	(9,736)	(4,322)	(1,542)	(1,777)

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Other financing sources (uses):</b>										
Issuance of debt	8,003	-	-	-	-	11,500	3,840	-	-	-
Bond premium	-	-	-	-	-	311	-	-	-	-
Transfers in	3,300	4,669	3,666	4,596	4,868	4,610	4,540	4,623	5,950	7,735
Transfers out	(2,711)	(3,938)	(2,830)	(7,364)	(4,741)	(4,447)	(3,919)	(3,710)	(5,052)	(6,870)
Expenditures recovery and fund balance adjustment	-	-	308	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>8,592</b>	<b>731</b>	<b>1,145</b>	<b>(2,767)</b>	<b>127</b>	<b>11,974</b>	<b>4,461</b>	<b>913</b>	<b>898</b>	<b>865</b>
<b>Extraordinary Items:</b>										
Redevelopment dissolution										729
Non-recurring credits										460
<b>Net change in fund balances</b>	<b>\$ 6,898</b>	<b>\$ 1,325</b>	<b>\$ 1,642</b>	<b>\$ (2,938)</b>	<b>\$ 1,754</b>	<b>\$ 11,897</b>	<b>\$ (5,275)</b>	<b>\$ (3,409)</b>	<b>\$ (644)</b>	<b>\$ 277</b>
Debt service as a percentage of noncapital expenditures	3.8%	4.5%	5.8%	5.4%	5.5%	6.2%	7.0%	8.7%	9.0%	9.0%

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

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



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

Fiscal Year	City				Redevelopment Agency				Total Direct Tax Rate <sup>1</sup>
	Real Property	Personal Property	Less Exemptions	Taxable Assessed Value	Real Property	Personal Property	Less Exemptions	Taxable Assessed Value	
2003	1,174,556	20,191	44,656	1,150,091	21,810	1,682	-	23,493	10.993
2004	1,368,929	19,715	45,610	1,343,034	26,133	2,097	-	28,231	11.375
2005	1,261,551	20,402	45,552	1,236,402	23,151	1,772	-	24,923	11.345
2006	1,510,814	19,714	46,074	1,484,455	46,447	2,588	-	49,035	11.311
2007	1,643,887	19,567	46,968	1,616,486	49,567	1,861	-	51,428	11.281
2008	1,749,300	25,347	48,341	1,726,307	50,318	2,212	-	52,530	11.668
2009	1,835,524	21,620	51,037	1,806,107	51,030	2,263	-	53,292	11.653
2010	1,875,291	23,472	50,743	1,848,019	51,662	2,304	-	53,966	11.645
2011	1,899,389	24,236	56,681	1,866,944	51,796	2,037	-	53,833	11.638
2012	1,926,916	22,965	55,609	1,894,272	52,010	2,344	-	54,354	11.628

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

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

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Direct Rates:										
1% county tax	\$ 10.000	\$ 10.000	\$ 10.000	\$ 10.000	\$ 10.000	\$ 10.000	\$ 10.000	\$ 10.000	\$ 10.000	\$ 10.000
City Direct Rate	0.993	1.375	1.345	1.311	1.281	1.668	1.653	1.645	1.638	1.628
Total Direct Rate	10.993	11.375	11.345	11.311	11.281	11.668	11.653	11.645	11.638	11.628
Overlapping Rates:										
Albany Unified School District	1.481	1.312	1.611	1.316	1.653	1.284	1.451	1.709	1.725	1.645
Peralta Community College	0.176	0.159	0.208	0.238	0.272	0.223	0.362	0.430	0.430	0.436
Bay Area Rapid Transit	-	-	-	0.048	0.050	0.076	0.090	0.057	0.031	0.041
East Bay Regional Park	0.065	0.057	0.057	0.057	0.085	0.080	0.100	0.108	0.084	0.071
East Bay Mud Special District 1	0.084	0.079	0.076	0.072	0.068	0.065	0.064	0.065	0.067	0.067
Total Direct and Overlapping Rate	\$ 12.799	\$ 12.982	\$ 13.297	\$ 13.042	\$ 13.409	\$ 13.396	\$ 13.720	\$ 14.014	\$ 13.975	\$ 13.888

**Source:** Alameda County Treasurer and Tax Collector.

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

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

Assessed Name	2012			2002		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value (1)
Golden Gate Land Holdings, Inc.	\$ 48,451	1	2.52%	\$ 30,743	1	3.02%
Target Corporation	30,345	2	1.58%			
ESMHT, LLC	9,200	3	0.48%			
Eichner, Erik & Rose	7,511	4	0.39%	6,530	2	0.64%
Safeway, Inc.	4,892	5	0.25%	4,161	5	0.41%
401 Park Plaza LLC	4,693	6	0.24%			
Albany Bowl Properties	4,378	7	0.23%	7,392	8	0.73%
Nassiri Matt & Farrokhtala Katy Trs Etal Exmp Trust	4,273	8	0.22%	3,345	6	0.33%
La Cha Farrel LLC	1,950	9	0.10%			
Hillside Partners	1,818	10	0.09%	1,538	10	0.15%
TMG Albany Associates LP				5,896	3	0.58%
Biggs, Edward & Charlotte				4,997	4	0.49%
Ritchey Deborah L. Etal				3,557	7	0.35%
Biggs, Edward & Charlotte				2,543	9	0.25%
Totals	<u>\$ 117,511</u>		<u>6.12%</u>	<u>\$ 70,703</u>		<u>6.94%</u>

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

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

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

Fiscal Year	Taxes Levied for the Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of Levy <sup>1</sup>		Collected after the Fiscal Year of Levy <sup>1</sup>		Total Collected for the Fiscal Year of Levy <sup>1</sup>	
		Amount	Percent of Levy	Amount	Percent of Levy	Amount	Percent of Levy
2003	2,367,418	2,306,724	<sup>2</sup> 97.44%				
2004	2,466,661	2,413,152	<sup>2</sup> 97.83%				
2005	2,713,815	2,657,474	<sup>2</sup> 97.92%				
2006	3,264,081	3,183,701	<sup>2</sup> 97.54%				
2007	3,671,315	3,603,724	<sup>2</sup> 98.16%				
2008	3,858,156	3,756,485	<sup>2</sup> 97.36%				
2009	3,900,176	3,672,789	<sup>2</sup> 94.17%				
2010	3,952,353	3,832,720	<sup>2</sup> 96.97%				
2011	3,966,980	4,010,787	<sup>2</sup> 101.10%	55,449	1.40%	4,066,236	102.50%
2012	4,010,791	3,952,135	<sup>2, 3</sup> 98.54%	61,780	1.54%	4,013,916	100.08%

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

**Notes:**

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

<sup>2</sup> Subsequent collections are included in the year of levy.

<sup>3</sup> Includes \$223,000 paid to the Redevelopment Agency, and \$223,000 paid to the Redevelopment Property Tax Trust Fund.

CITY OF ALBANY  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Certificates of Participation	Other	Sewer Revenue Bonds	Revenue Bonds				
2003	\$ 8,000	\$ 3,315	\$ -	\$ 3,215		\$ 14,530	2.23%	\$ 865	
2004	8,000	2,995	-	2,990		13,985	2.05%	837	
2005	7,875	2,670	-	8,675		19,220	2.67%	1,148	
2006	7,715	2,325	-	8,355		18,395	2.41%	1,103	
2007	7,550	1,965	-	8,030		17,545	2.10%	1,049	
2008	18,885	1,590	-	7,700		28,175	3.36%	1,669	
2009	18,550	1,195	3,840	7,360		30,945	Unavailable	1,831	
2010	18,190	780	3,810	7,010		29,790	Unavailable	1,607	
2011	17,815	535	3,834	6,655		28,839	Unavailable	1,549	
2012	17,420	275	3,537	6,285		27,517	Unavailable	1,488	

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

**Notes:**

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

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

Fiscal Year	General Obligation Bonds	Percentage of Assessed Estimated Taxable Value of Property	Per Capita
2003	\$ 8,000	0.70%	\$ 476
2004	8,000	0.60%	479
2005	7,875	0.64%	470
2006	7,715	0.52%	463
2007	7,550	0.47%	452
2008	18,885	1.09%	1,119
2009	18,550	1.03%	1,098
2010	18,190	0.98%	981
2011	17,815	0.95%	957
2012	17,420	0.92%	942

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

**Notes:**

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

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
PROPERTY TAX RATES  
June 30, 2012

	Actual
2011-12 Assessed Valuation:	\$1,917,630,309
Redevelopment Incremental Valuation:	40,121,547
Adjusted Assessed Valuation:	\$1,877,508,762

OVERLAPPING TAX AND ASSESSMENT DEBT:	6/30/2012	% Applicable(1)	Debt 6/30/12	
Bay Area Rapid Transit District	\$412,540,000	0.431%	\$1,778,047	
Peralta Community College District	427,080,000	3.372	14,401,138	
Albany Unified School District	40,660,000	100	40,660,000	
East Bay Municipal Utility District, Special District No. 1	21,650,000	3.116	674,614	
East Bay Regional Park District	129,525,000	0.669	866,522	
City of Albany Assessment District No. 1996-1	3,125,000	100	3,125,000	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT				\$61,505,321

OVERLAPPING GENERAL FUND DEBT:				
Alameda County General Fund Obligations	\$669,510,500	1.112%	\$7,444,957	(2)
Alameda County Pension Obligations	131,540,555	1.112	1,462,731	
Peralta Community College District Pension Obligations	160,149,090	3.372	5,400,227	
Alameda-Contra Costa Transit District Certificates of Participation	34,485,000	1.35	465,548	
TOTAL OVERLAPPING GENERAL FUND DEBT				14,773,463

TOTAL OVERLAPPING DEBT	76,278,784
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DIRECT TAX AND ASSESSMENT DEBT:				
<b>City of Albany</b>	<b>\$17,420,000</b>	<b>100</b>	<b>\$17,420,000</b>	
TOTAL DIRECT TAX AND ASSESSMENT DEBT				17,420,000

DIRECT GENERAL FUND DEBT:				
<b>City of Albany Certificates of Participation</b>	<b>\$275,000</b>	<b>100</b>	<b>\$275,000</b>	
TOTAL DIRECT GENERAL FUND DEBT				275,000

TOTAL DIRECT DEBT	17,695,000
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COMBINED TOTAL DIRECT AND OVERLAPPING DEBT	\$93,973,784 (3)
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Ratios to 2011-12 Assessed Valuation:	
Direct Debt (\$17,420,000).....	0.91%
Total Overlapping Tax and Assessment Debt.....	3.21%

Ratios to Adjusted Assessed Valuation:	
Combined Direct Debt (\$17,695,000).....	0.94%
Combined Total Direct and Overlapping Debt.....	5.01%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12: \$0

**Source:** California Municipal Statistics, Inc.

- (1) Percentage of overlapping agency's assessed valuation located within the boundaries of the city.
- (2) Includes share of City of Oakland-Alameda County Coliseum obligations.
- (3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.
- (i) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another government unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.
- (ii) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed valuation	\$ 1,150,091	\$ 1,343,034	\$ 1,236,402	\$ 1,484,455	\$ 1,616,486	\$ 1,726,307	\$ 1,806,107	\$ 1,848,019	\$ 1,866,944	\$ 1,894,272
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	\$ 287,523	\$ 335,758	\$ 309,100	\$ 371,114	\$ 404,121	\$ 431,577	\$ 451,527	\$ 462,005	\$ 466,736	\$ 473,568
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	43,128	50,364	46,365	55,667	60,618	64,737	67,729	69,301	70,010	71,035
Total net debt applicable to limit: General obligation bonds	8,000	8,000	7,875	7,715	7,550	18,885	18,550	18,190	17,815	17,420
Legal debt margin	\$ 35,128	\$ 42,364	\$ 38,490	\$ 47,952	\$ 53,068	\$ 45,852	\$ 49,179	\$ 51,111	\$ 52,195	\$ 53,615
Total debt applicable to the limit as a percentage of debt limit	18.55%	15.88%	16.98%	13.86%	12.46%	29.17%	27.39%	26.25%	25.45%	24.52%

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

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



CITY OF ALBANY  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN CALENDAR YEARS

Calendar Year	City Population (1)	County Personal Income (amounts expressed in thousands) (2)	County Per Capita Personal Income (2)	City Unemployment Rate (3)
2003	16,800	\$ 56,424	\$ 38,712	2.9%
2004	16,700	59,339	40,915	2.3%
2005	16,743	62,166	42,974	2.2%
2006	16,680	66,325	45,689	Unavailable
2007	16,722	72,328	49,915	Unavailable
2008	16,877	73,160	49,757	Unavailable
2009	16,898	Unavailable	Unavailable	4.8%
2010	18,539	Unavailable	Unavailable	4.9%
2011	18,622	Unavailable	Unavailable	4.7%
2012	18,488	Unavailable	Unavailable	4.0%

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

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

CITY OF ALBANY  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND NINE YEARS AGO

Company	Product /Service	2012			2003		
		Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Albany Unified School District	Education	414	1	4.45%	525	1	5.97%
Golden Gate Fields	Race Track	230	2	2.47%	300	3	3.41%
Target Store	Department Store	228	3	2.45%	-		
United States Department of Agriculture and Research	Agricultural Research	218	4	2.34%	475	2	5.40%
City of Albany	Government	92	5	0.99%	119	4	1.35%
St. Mary's College High School	School	74	6	0.80%	-		
Albany Ford Subaru	Automotive Dealer	54	7	0.58%	73	7	0.83%
Safeway Store	Retail Grocery	44	8	0.47%	85	6	0.97%
United States Department of Forest Services	Forest Research	40	9	0.43%	76	5	0.86%
California Orientation Center for the Blind	Skills Assessment	32	10	0.34%	-		
Albany Bowl	Bowling	-	-	-	40	8	0.45%
Sizzler USA Restaurants	Restaurant	-	-	-	33	9	0.38%
NVT Technologies, Inc.	Maintenance Services	-	-	-	35	10	0.40%
<b>Total</b>		<b>1,426</b>		<b>15.32%</b>	<b>1,761</b>		<b>20.02%</b>

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

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

Full-time Equivalent Employees as of June 30

Fiscal Year	General Government	Public Safety	Public Works	Community Development	Recreation	Total
2003	12	59	10	9	9	99
2004	12	59	10	9	9	99
2005	12	61	10	12	9	104
2006	12	61	10	12	9	104
2007	12	61	10	12	11	106
2008	12	61	10	12	11	106
2009	12	62	10	11	10	105
2010	11	59	9	8	10	97
2011	10	55	9	8	9	91
2012	10	51	8	9	9	87

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

CITY OF ALBANY  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Police:</b>										
Arrests	506	703	537	663	850	814	884	798	704	485
Parking citations issued	13,247	9,627	6,665	4,717	7,057	8,193	8,109	7,851	6,376	5,933
<b>Fire:</b>										
Number of emergency calls	1,364	1,316	1,360	1,515	1,525	1,620	1,600	1,515	1,495	1,662
Inspections	750	750	750	750	750	750	800	812	1,121	1,129
<b>Parks and Recreation:</b>										
Number of recreation classes	670	877	871	821	780	798	612	595	1,399	1,208
Number of facility rentals	1,252	1,507	852	755	458	597	682	681	661	587
Number of class registrations	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	10,133	13,466	13,995	15,125	8,594

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

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

CITY OF ALBANY  
CAPITAL ASSET STATISTICS  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Street (miles)	29	29	29	29	29	29	29	29	29	29
Streetlights	870	870	870	870	870	870	870	870	870	949
Traffic signals	15	15	15	15	15	15	16	16	16	16
Parks and Recreation:										
Parks	8	8	8	8	8	8	8	8	8	8
Community centers	1	1	1	1	1	1	1	1	1	1
Wastewater:										
Sanitary sewers (miles)	35	35	35	35	35	35	35	35	35	46.2
Storm sewers (miles)	7	7	7	7	7	7	7	7	7	12

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

**Notes:**

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

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



**REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Albany (City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 21, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as item 2012-01 in the accompanying schedule of findings and responses to be a material weakness.

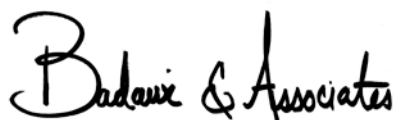
To the Honorable Mayor and Members of City Council  
of the City of Albany  
Albany, California  
Page Two

**Compliance and Other Matters**

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

City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City's response and, accordingly, we express no opinion on it

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

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates  
Certified Public Accountants  
Oakland, California  
June 21, 2013

**City of Albany**  
**Schedule of Findings and Responses**  
**For the year ended June 30, 2012**

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**2012-01. Internal Controls over Financial Reporting and Preparation of the Financial Statements**  
**(Material Weakness)**

**Criteria:**

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

**Condition:**

During the performance of the audit, we noted that processes utilized for closing and reporting of financial activity for the fiscal year ended June 30, 2012 were not effective, which contributed to the City's delayed closing of the City's trial balances, and unpreparedness for the audit. The City posted numerous closing adjustments and corrections subsequent to the trial balance being provided for the audit.

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

**Cause:**

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

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

**Context and Effect:**

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

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



**City of Albany**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2012**

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**2012-01. Internal Controls over Financial Reporting and Preparation of the Financial Statements**  
**(Material Weakness), Continued**

**Recommendation:**

We recommend the following:

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

**Management Response:**

The existing internal accounting controls have been and continue to be adequate to ensure the safeguarding the City's assets, control of its liabilities, and the internal reporting of revenues and expenditures. We do agree that the resources employed by the City for the preparation of the June 30, 2012 Comprehensive Annual Financial Report (CAFR) were not adequate, and did not perform at the level of competence that has existed in past years.

For the preparation of the June 30, 2013 general ledger trial balance, a checklist will be employed. This checklist will emphasize areas where post closing adjustments were required this year. The Finance Director will review the completed checklist and trial balance, before the trial balance is released to the auditors. The City will augment or otherwise revise its staffing for preparation of the CAFR, or contract this technical task to the external auditors.