

# City of Albany

Albany, California

## *Comprehensive Annual Financial Report*

*For the year ended June 30, 2014*

Prepared by:  
Finance Department  
Tina Mckenney  
Finance Director



# City of Albany

## Comprehensive Annual Financial Report

### Table of Contents

	<u>Page</u>
<b><u>INTRODUCTORY SECTION</u></b>	
Letter of Transmittal .....	i
GFOA Certificate of Achievement.....	v
Principal Officers.....	vi
Organization Chart.....	vii
Regional Map.....	viii
<b><u>FINANCIAL SECTION</u></b>	
<b>Independent Auditors' Report</b> .....	<b>1</b>
<b>Management Discussion and Analysis</b> .....	<b>5</b>
<b>Basic Financial Statements:</b>	
<b>Government – Wide Financial Statements:</b>	
Statement of Net Position .....	23
Statement of Activities .....	24
<b>Fund Financial Statements:</b>	
<b><i>Governmental Fund Financial Statements:</i></b>	
Balance Sheet .....	30
Reconciliation of the Governmental Funds Balance Sheet to the Government –Wide Statement of Net Position .....	33
Statement of Revenues, Expenditures and Changes in Fund Balances.....	34
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government- Wide Statement of Activities - Governmental Funds.....	36
<b><i>Proprietary Fund Financial Statements:</i></b>	
Statement of Fund Net Position .....	38
Statement of Revenues, Expenses and Changes in Net Position .....	39
Statement of Cash Flows .....	40
<b><i>Fiduciary Fund Financial Statements:</i></b>	
Statement of Fiduciary Funds Assets and Liabilities.....	42
Statement of Changes in Fiduciary Net Position.....	43
<b>Notes to Basic Financial Statements</b> .....	<b>45</b>
<b>Required Supplemental Information</b> .....	<b>91</b>

**SUPPLEMENTAL INFORMATION:*****Major Capital Project Funds:***

Budgetary Comparison Schedule - Street and Storm Capital Project Fund.....	99
--	----

***Non-Major Governmental Funds:***

Combining Balance Sheet .....	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	103

***Non-Major Special Revenue Funds:***

Combining Balance Sheet .....	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	110
Budgetary Comparison Schedule .....	114

***Non-Major Capital Projects Funds:***

Combining Balance Sheet .....	126
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	130
Budgetary Comparison Schedule .....	134

***Non-Major Debt Service Funds:***

Combining Balance Sheet .....	142
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	143
Budgetary Comparison Schedule .....	144

***Agency Funds:***

Combining Statement of Assets and Liabilities.....	148
Combining Statement of Changes in Assets and Liabilities .....	149

**STATISTICAL SECTION (Unaudited)**

Net Position by Component .....	153
Changes in Net Position .....	154
Fund Balances of Governmental Funds .....	156
Changes in Fund Balances of Governmental Funds .....	158
Assessed Value and Estimated Actual Value of Taxable Property .....	160
Property Tax Rates – Direct and Overlapping Governments .....	161
Principal Taxpayers .....	162
Property Tax Levies and Collections .....	163
Ratios of Outstanding Debt by Type .....	164
Ratio of General Bonded Debt Outstanding .....	165
Direct and Overlapping Governmental Activities Debt .....	166
Legal Debt Margin Information.....	167
Demographic and Economic Statistics .....	168
Principal Employers .....	169
Full-time Equivalent City Government Employees by Function.....	170
Operating Indicators by Function .....	171
Capital Asset Statistics .....	172

**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards .....**

175

# ALBANY CALIFORNIA



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

March 19, 2015

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, 2014. The information transmitted in this document is prepared in accordance with United States Generally Accepted Accounting Principles (GAAP), as established by the Governmental Accounting Standards Board (GASB).

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

Badawi & Associates, a firm of licensed certified public accountants has audited the accompanying City of Albany's financial statements. The goal of their independent audit was to provide reasonable assurance that the financial statements of the City of Albany, for the fiscal year ended June 30, 2014, 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 unmodified opinion that the City of Albany's financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. The independent auditors' report is included in this Comprehensive Annual Financial Report.

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

## PROFILE OF THE CITY

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

The City limits cover approximately 1.7 square miles including shoreline areas along the San Francisco Bay. The California State Department of Finance estimated Albany's population as of January 1, 2014 at 18,472.

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

### **GENERAL GOVERNMENT FUNCTIONS**

The City provides a full range of services including police and fire protection, paramedic service, street and sanitary sewer maintenance, recreational activities and cultural events. The City owns the building which houses a branch library in the Alameda County Library system. In addition, the City financially supplements the operation of a public library operated by the County of Alameda. The current full-time City Staffing is comprised of approximately 95 positions.

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

### **ECONOMIC CONDITIONS AND OUTLOOK**

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

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

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

Property tax is the City's largest revenue source representing 34% of General Fund Revenue. Given that the majority of parcels in the City are residential uses, increased revenue is impacted by the sales price which has been increasing in recent years. In November 2014, the East Bay Economic Development Alliance released a report prepared by the firm of Beacon Economics to assess the regional economic trends.

The Beacon Economic Report noted that from the second quarter of 2013 to the second quarter of 2014 the median price of residential properties sold in Alameda County increased by 17.7%. Although prices have been increasing in the region the number of homes sold have been decreasing. The report suggested that the decrease in residential sales transactions reflected the

decrease in the number of distressed properties sold compared to previous years. With the continued environment of low interest rates, the report does not anticipate a decrease in property values, which are direct factor to the amount of property tax collected.

Retail sales can also be a good indicator of economic conditions. Sales tax is also the third largest General Fund revenue source for the City. The sectors represented in Albany's retail sales are relatively diverse. In Calendar 2013 retail sales transactions that had a Point-of-Sale originating ifrom the City grew by approximately 3%. In addition to the improving local economy, this total sales tax source is increased as a result of the first full year of collection of a new local sales tax. The Local Sales Tax was approved by the voters in November 2012 and collection of the new tax began April 1, 2013. The November 2014 East Bay Economic Development Alliance report noted some slowing in the rate of growth, "however, taxable sales in the East Bay are higher than they have been at any point in the past..."

The City in the coming years will need to allocate resources for basic City Services including public safety, as well as planning for major capital improvements. A near term operating impact involves developing programs to address the transfer of shoreline property known as "The Bulb" to the State of California. The land has been part of plans for a State Park for many years. In the coming year, with assistance from a grant, the City will be embarking on planning for the future operation and potential transfer of the property for enjoyment as a public park.

Many of the planned capital projects reflect major rehabilitation to aging infrastructure including area streets and sanitary sewers. The City has also purchased a site to serve as a City Maintenance Center. This will improve the long term general upkeep and performance of preventative maintenance, which is a cost effective means to protect the City assets. The City has selected a developer for the project and final design approvals and construction is expected to begin in 2015. The City will also increase public facilities with the construction of Pierce Street Park, expected to begin in 2015. Achieving all of these goals will require careful attention to resources and continued focus on financial plans.

## **FINANCIAL PLANNING AND POLICIES**

Approximately every five years, the City Council creates its vision for the City government as part of a Strategic Planning process. The City Council identifies goals and objectives, which are then integrated into a two-year budget document. This approach is helpful in allowing for a process that considers a longer time horizon than just a single year focus. The Budget document forecasts a two-year time horizon with appropriations made for one year at a time and the opportunity for mid cycle adjustments based upon actual performance. For Fiscal Year 2016 a new two year Budget will be prepared. The financial budget plan will incorporate the City Council Strategic Plan Update that is being reviewed in the first quarter of 2015.

The City Council examines Capital Improvement Projects over a five-year timeframe and formally adopts a Capital Improvement Plan. The City has used a variety of revenue sources including grant funding and locally generated fees and taxes to address capital needs. Efforts are made to also prioritize the capital projects based upon links to the strategic plan and goals established by the City Council.

## AWARDS

The City of Albany's CAFR for the year ended June 30, 2013 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 nineteenth consecutive year that the City has received this award. In order to receive this recognition the preparation of the report and its content must go beyond the minimum requirements for producing financial statements. The awards program strives to encourage public agencies to produce an easily readable and efficiently organized Comprehensive Annual Financial Report. The report must also satisfy both generally accepted accounting principles and applicable legal requirements.

## ACKNOWLEDGEMENTS

Although preparation of the Comprehensive Annual Financial Report is finalized by Finance and Administrative Services staff members, it could not be accomplished without contributions from Staff in each department.

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

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

Respectfully submitted,



Penelope Leach  
City Manager



Tina Mckenney  
Finance & Administrative Services Director





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Albany  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

CITY OF ALBANY  
PRINCIPAL OFFICERS  
JUNE 30, 2014

CITY COUNCIL AT 6/30/14

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

OTHER ELECTED OFFICIAL

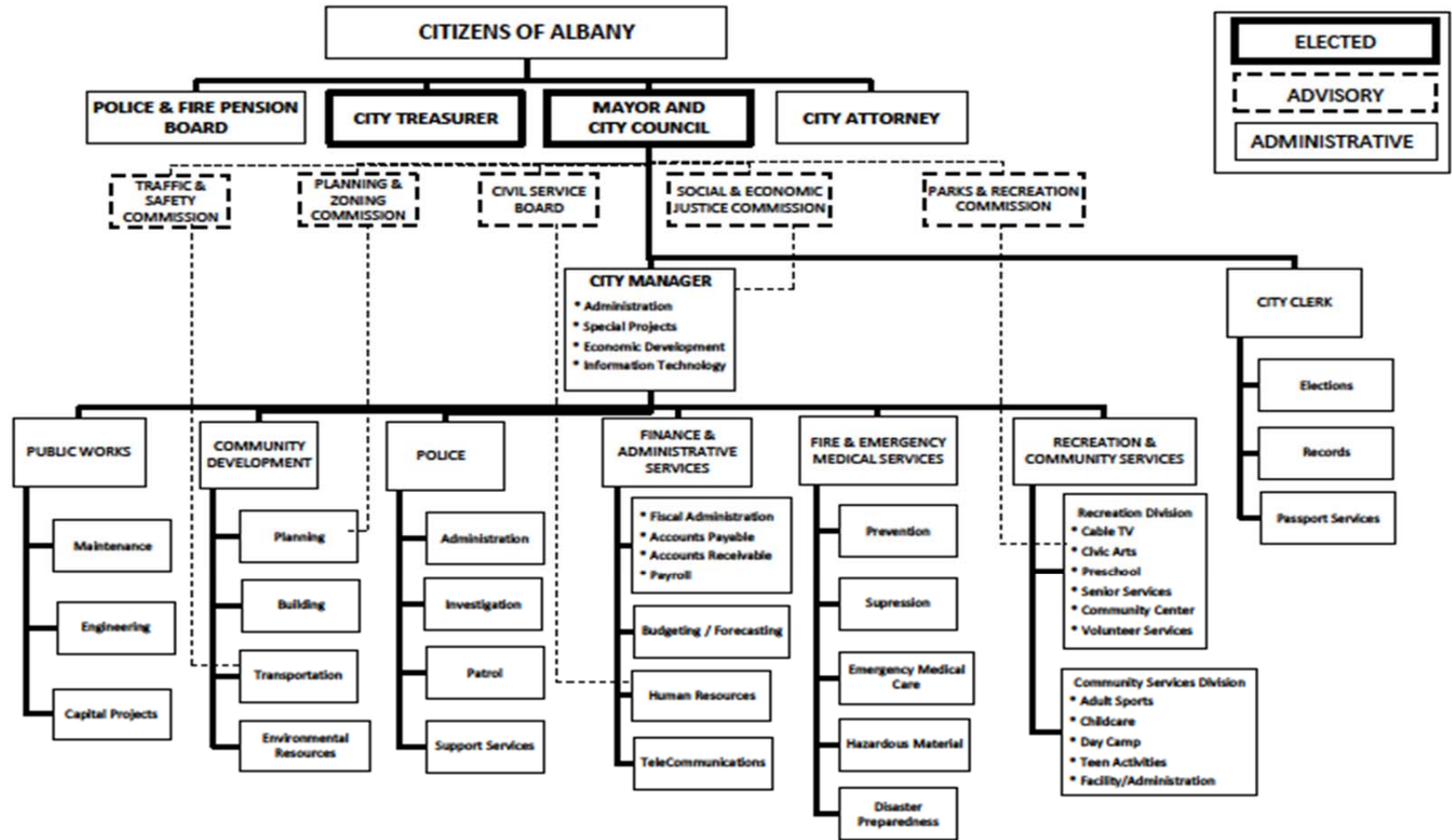
Treasurer	Kim Denton
-----------	------------

APPOINTED DEPARTMENT DIRECTORS

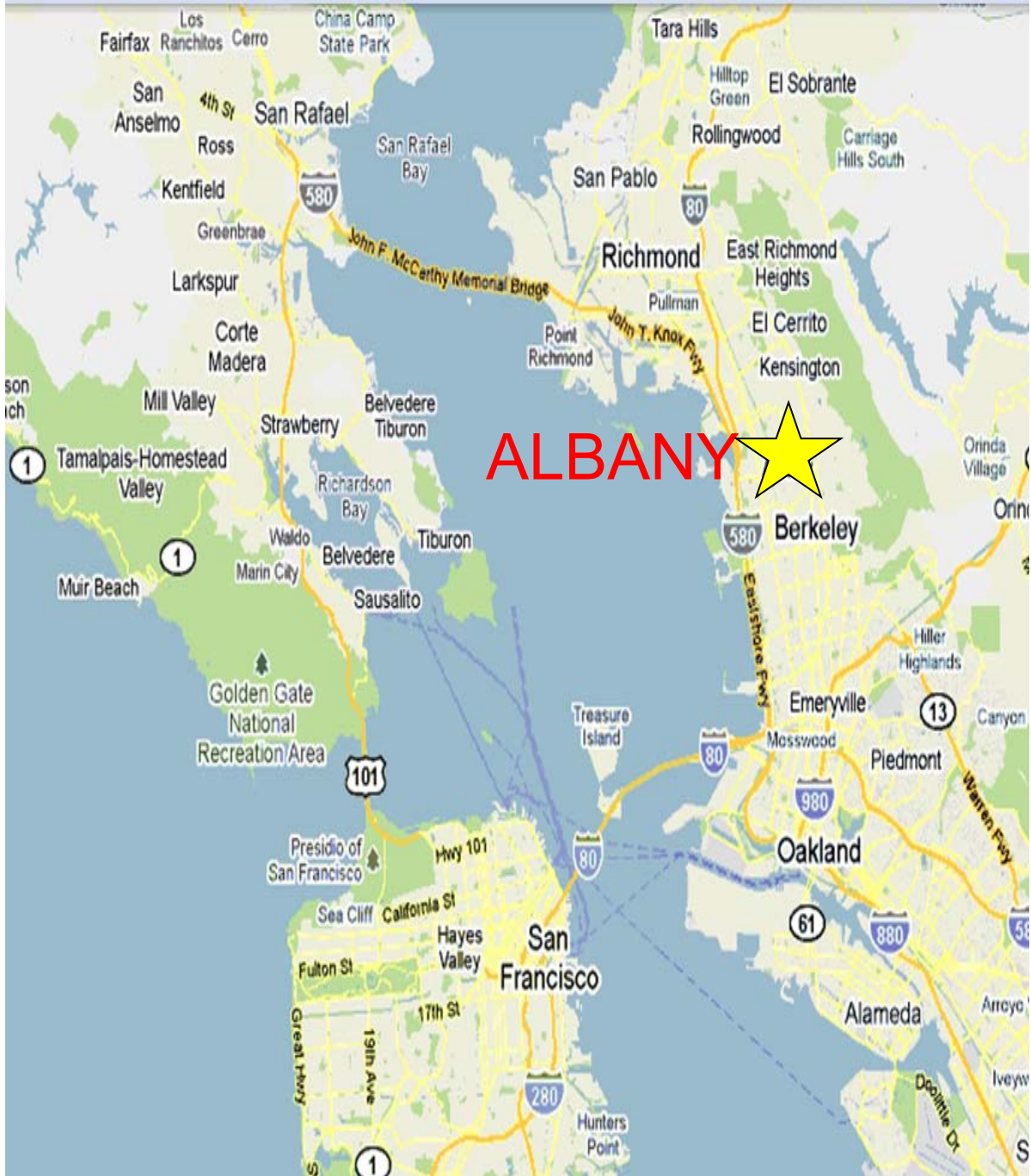
City Manager	Penelope Leach
Finance Director	Tina Mckenney
City Attorney	Craig Labadie
City Clerk	Nicole Almaguer
Community Development Director	Jeff Bond
Recreation and Community Services Director	Chelle Putzer
Fire Chief	Lance Calkins
Chief of Police	Mike McQuiston
Public Works	Ray Chan

# *City of Albany*

## ORGANIZATION CHART



ALBANY, CALIFORNIA  
94706





## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Albany, California (City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Other Information*

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

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

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

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

Page 3

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2015, on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

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

Badawi and Associates  
Certified Public Accountants  
Oakland, California  
March 19, 2015

*This page intentionally left blank*



**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

---

---

The City's management offers readers of the financial statement this discussion and analysis of the City of Albany's financial activities and performance for the fiscal year ended June 30, 2014. Please read this discussion and analysis in conjunction with the transmittal letter, and the accompanying basic financial statements, which follow.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**Government-wide Financial Statements - Description**

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They provide information about the activities of the City as a whole and present a long-term view of the City's finances. It is important to understand that a complete assessment of the City's condition may also require looking at non-financial indicators such as the changes in revenues; condition of City infrastructure; etc.

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

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

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

**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

**Government-wide Financial Statements – Analysis**

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

**TABLE 1: SUMMARY OF NET POSITION  
June 30, 2014 and 2013**

	Governmental Activities		Business-type Activities		Total		Total Change
	2014	2013	2014	2013	2014	2013	
Current and other assets	\$ 31,629,616	\$ 31,354,506	\$ 5,304,214	\$ 5,106,219	\$ 36,933,830	\$ 36,460,725	1.3%
Capital assets	49,973,453	48,889,319	15,647,306	14,626,043	65,620,759	63,515,362	3.3%
<b>Total assets</b>	<b>81,603,069</b>	<b>80,243,825</b>	<b>20,951,520</b>	<b>19,732,262</b>	<b>102,554,589</b>	<b>99,976,087</b>	<b>2.6%</b>
Current liabilities	3,622,887	3,398,769	635,393	614,717	4,258,280	4,013,486	6.1%
Noncurrent liabilities	20,292,838	21,663,132	5,066,305	5,472,935	25,359,143	27,136,067	-6.5%
<b>Total liabilities</b>	<b>23,915,725</b>	<b>25,061,901</b>	<b>5,701,698</b>	<b>6,087,652</b>	<b>29,617,423</b>	<b>31,149,553</b>	<b>-4.9%</b>
Net position:							
Invested in capital assets, net of related debt	30,508,345	28,658,726	10,171,001	8,758,108	40,679,346	37,416,834	8.7%
Restricted	16,712,803	15,462,064	-	1,500,000	16,712,803	16,962,064	-1.5%
Unrestricted	10,466,196	11,061,134	5,078,821	3,386,502	15,545,017	14,447,636	7.6%
<b>Total net position</b>	<b>\$ 57,687,344</b>	<b>\$ 55,181,924</b>	<b>\$ 15,249,822</b>	<b>\$ 13,644,610</b>	<b>\$ 72,937,166</b>	<b>\$ 68,826,534</b>	<b>6.0%</b>

As shown above as of June 30, 2014 the total net position (formerly net assets) totaled \$72.9 million. The total increased by approximately \$4.1 million which represented an increase of approximately 6.0%. The amount of change is affected by a combination of factors. Some of the key contributing factors are discussed below:

- The statement shows the City's assets increased by approximately \$2.6 million or 2.6%. Of this increase approximately \$2.1 million or 81% of the increase was attributable to additional capital assets. The total liabilities decreased by approximately \$1.5 million or 4.9%. This decrease occurred as a result of decreases in noncurrent liabilities. Decreases in liabilities primarily represented the retirement of debt as a result of scheduled payments.
- As displayed in the schedule contained in Table 1, the net position is further segregated into three categories. The largest category (\$40.7 million) represents the investment in capital assets (e.g., land, buildings, equipment and infrastructure). This category increased by approximately \$2.1 million. Among the contributing factors were the purchases of vehicles and operations equipments for the Police and Fire Departments. It is also explained by the acquisition of 540 Cleveland Avenue for the building of a Maintenance Center in Fiscal Year 2015. This category represents the cost of these assets less any outstanding debt used to acquire these assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future expenditures.
- The remainder of the net position is presented as Restricted and Unrestricted. Restricted net position of \$16.7 million represents resources that are subject to restrictions on how they may be used. Unrestricted net assets of \$15.5 million may be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

Table 2 provides a more detailed analysis of the changes that occurred between Fiscal Year 2013 and 2014. A comparison of the Statement of Activities is based on revenue, program expenses, and transfers. Similar to the previous Table data is provided for both the current and previous fiscal year and for Governmental Activities and Business-type Activities, as well as the combined total.

**TABLE 2: SUMMARY OF ACTIVITIES AND CHANGE IN NET POSITION  
June 30, 2014 and 2013**

	Governmental Activities		Business-type Activities		Total		Change
	2014	2013	2014	2013	2014	2013	
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 2,933,194	\$ 2,616,248	\$ 3,268,327	\$ 2,995,676	\$ 6,201,521	\$ 5,611,924	11%
Operating grants and contributions	717,107	1,429,138			717,107	1,429,138	-50%
Capital grants and contributions	1,570,008	2,092,824			1,570,008	2,092,824	-25%
General revenues:							
Property taxes	12,511,463	11,810,889			12,511,463	11,810,889	6%
Sales taxes	3,405,587	2,267,358			3,405,587	2,267,358	50%
Franchise and other taxes	4,618,993	4,358,834			4,618,993	4,358,834	6%
Earnings on investment	58,725	59,068	19,815	23,390	78,540	82,458	-5%
Unrestricted revenues from other agencies	634,032	152,575			634,032	152,575	316%
Other revenue	585,687	927,278			585,687	927,278	-37%
<b>Total revenues</b>	<b>27,034,796</b>	<b>25,714,212</b>	<b>3,288,142</b>	<b>3,019,066</b>	<b>30,322,938</b>	<b>28,733,278</b>	<b>6%</b>
<b>Expenses:</b>							
General government	2,813,487	3,297,504			2,813,487	3,297,504	-15%
Police	5,849,363	5,679,367			5,849,363	5,679,367	3%
Fire & emergency medical services	4,679,266	4,796,923			4,679,266	4,796,923	-2%
Community development and environmental resources	6,113,781	4,385,787			6,113,781	4,385,787	39%
Recreation & community services	3,876,048	3,578,475			3,876,048	3,578,475	8%
Interest on long-term debt	833,474	900,193			833,474	900,193	-7%
Sewer			1,571,466	1,211,743	1,571,466	1,211,743	30%
<b>Total expenses</b>	<b>24,165,419</b>	<b>22,638,249</b>	<b>1,571,466</b>	<b>1,211,743</b>	<b>25,736,885</b>	<b>23,849,992</b>	<b>8%</b>
<b>Increase/(decrease) in net position before transfers and other sources</b>	<b>2,869,377</b>	<b>3,075,963</b>	<b>1,716,676</b>	<b>1,807,323</b>	<b>4,586,053</b>	<b>4,883,286</b>	<b>-6%</b>
Transfers		836,049		(836,049)	-	-	0%
<b>Change in net position</b>	<b>2,869,377</b>	<b>3,912,012</b>	<b>1,716,676</b>	<b>971,274</b>	<b>4,586,053</b>	<b>4,883,286</b>	<b>-6%</b>
Net position - beginning of year, as restated	54,817,967	51,269,912	13,533,146	12,673,336	68,351,113	63,943,248	7%
Net position - end of year	<b>\$ 57,687,344</b>	<b>\$ 55,181,924</b>	<b>\$ 15,249,822</b>	<b>\$ 13,644,610</b>	<b>\$ 72,937,166</b>	<b>\$ 68,826,534</b>	<b>6%</b>

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

- Revenues from Governmental activities increased by approximately \$1.3 million which was primarily attributable to the receipt of a full year of the 1/2 cent local sales tax effective April, 2013. There were also positive increases in property tax revenue and the franchise and other tax category. These reflect improving economic conditions and property sales. These increases were partially offset by a decrease in operating and capital grants and other revenue.
- Expenses in Governmental activities increased by \$1.5 million mainly due to community development and environmental resources costs pertaining to the Waterfront Transition Plan.

**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

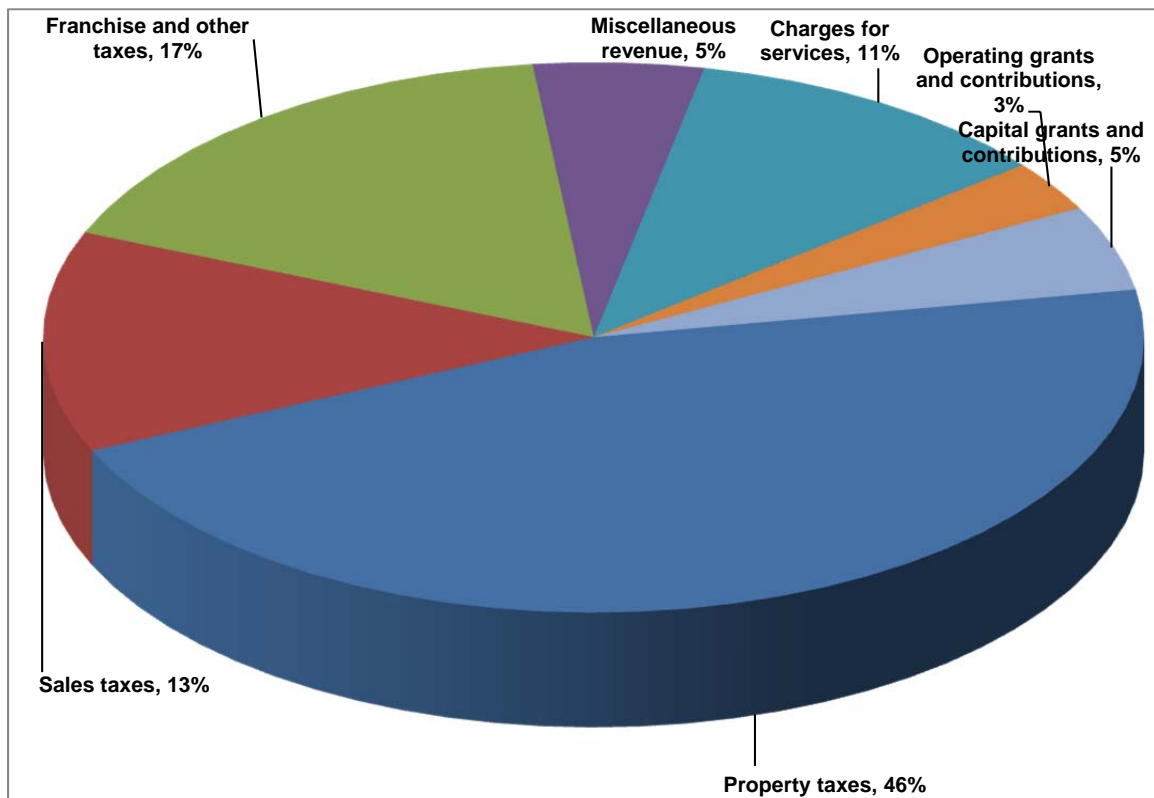
---

---

- Business-type activities had a revenue increase of approximately \$269,076 which reflected periodic adjustments to charges for services.
- Expenses in Business-type activities increased by \$359,723 primarily due to Sewer Operations. Salaries and benefits were directly charged to the Sewer Fund in Fiscal Year 2014. In prior years, these were charged to General Fund.

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

**TOTAL GOVERNMENTAL FUND REVENUE BY TYPE \$27 MILLION**



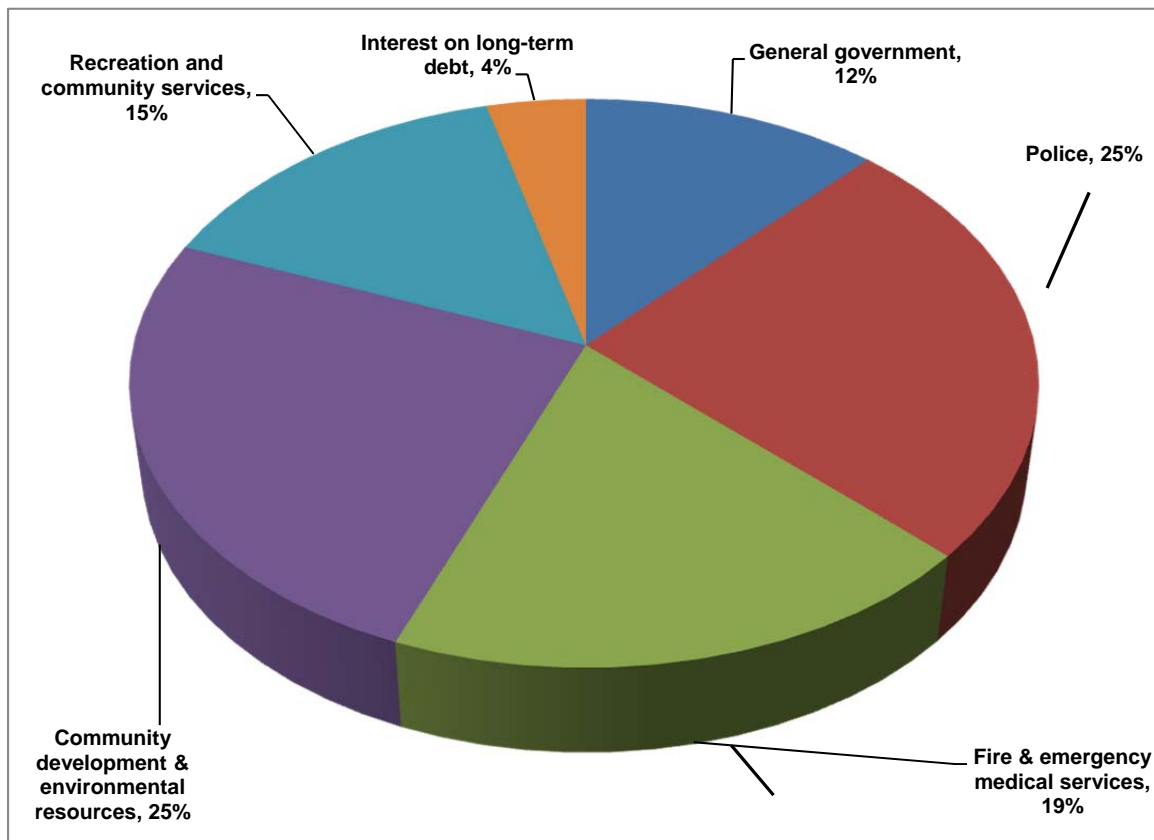
As displayed above Property Taxes; Franchise and Other Taxes; and Sales Tax combined represent approximately 76% of the total revenue.

**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

---

---

**TOTAL GOVERNMENTAL FUND EXPENSES BY PROGRAM \$24.2 MILLION**



As displayed above a significant percentage of the expenses are associated with the public safety functions of Police and Fire / Emergency Medical Services. When combined these account for 44% of the expenses in the governmental funds. The distribution of expenses remains relatively consistent with the results in the previous year.

### **Governmental Funds Financial Statements**

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

#### Governmental funds

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

**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

---

---

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

The City of Albany maintains numerous individual governmental funds that, for financial reporting, are grouped according to their type (general fund, special revenue, capital projects, and debt service). In accordance with accounting standards, Major Funds are determined based on their relative size when measured among Governmental Funds. The examination compares expenditures, assets, liabilities, and revenues. Management may also include as Major Funds, those funds that are deemed of importance to the users of the financial statements. All Major Funds are reported separately in the governmental funds statements. The criteria for defining a Major Fund can result in differences in the funds identified from one year to the next. All other funds are grouped together for reporting purposes.

Major funds for the City of Albany as of June 30, 2014 are: General Fund; Pension Property Tax; and Street & Storm Funds. For comparison, in the previous CAFR five funds were presented as Major Funds (General Fund; Pension Property Tax; Street & Storm Drain Fund; 1996-1 Assessment District Bond Fund; and Congestion Mitigation & Air Quality (CMAQ). Individual fund data for each non-major governmental fund is provided in combining statements included in the *Combining Financial Statements and Other Supplementary Information* section of this report.

**FINANCIAL HIGHLIGHTS GOVERNMENTAL FUNDS**

**Governmental Funds Financial Statements**

The following Table summarizes the activity in the Governmental Funds displaying at a high level of the revenues, expenditures and change in fund balances. Information is presented separately for each of the Major Funds and a consolidated number is presented for all other governmental funds. As part of the overall CAFR the City has also provided information on individual funds later in the report. The total net change in fund balance for all Governmental Funds was approximately \$1,183,273. An analysis of the factors contributing to the change is discussed following Table 3.

**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

**TABLE 3: SUMMARY GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND  
OTHER CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	General Fund	Pension Property Tax Funds	Street & Storm Drain Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues	\$ 16,902,940	\$ 2,298,038	\$ 971,480	\$ 8,103,407	\$ 28,275,865
Current expenditures	15,254,803	85,962	52,486	4,893,053	20,286,304
Capital outlay	287,035	-	52,409	3,676,387	4,015,831
Debt service	47,437	-	-	1,593,020	1,640,457
Total expenditures	15,589,275	85,962	104,895	10,162,460	25,942,592
Net transfers	(1,130,736)	(1,100,000)	(391,384)	1,472,120	(1,150,000)
Net change in fund balances	182,929	1,112,076	475,201	(586,933)	1,183,273
Fund balances, beginning of year, as restated	5,844,966	3,449,536	3,619,463	12,534,640	25,448,605
<b>Fund balances, end of year</b>	<b>\$ 6,027,895</b>	<b>\$ 4,561,612</b>	<b>\$ 4,094,664</b>	<b>\$ 11,947,707</b>	<b>\$ 26,631,878</b>

General Fund

The General Fund is the principal operating fund and represents the most significant portion of Governmental Fund revenues and expenditures (60% for both revenue and expenditures). Net transfers decreased in Fiscal Year 2014 due to a change in the methodology. In prior years, transfers in came from other funds such as the Gas Tax fund, Emergency Medical Services fund, and Wastewater funds as the administrative and personnel costs for the aforementioned funds were all budgeted in General Fund. Starting in Fiscal Year 2014, the budget was revised and the related costs were allocated to their respective funds. Therefore, no transfer in was made to offset the administrative costs in General Fund. The Notes section of the CAFR provides additional information on the source of all inter-fund transfers (See Note 8). As of June 30, 2014 the fund balance was \$6.0 million and of this amount approximately \$4.2 million is unassigned. The unassigned fund balance serves to provide an operating reserve, and as such, it is important that it is maintained at an appropriate level in relationship to annual operating expenditures.

During Fiscal Year 2013–2014 the fund balance had an increase of \$182,929. The primary reason for the change was a reduction in net transfers from other funds except for a scheduled transfer from in the Pension Tax Fund of \$867K to offset retirement costs of Police & Fire made in the current year. Also increased were contributions to equipment replacement reserves.

Pension Property Tax Fund

This fund is used to record the collection of a special property tax increment collected to support public safety pension expenses. The total revenue collected was approximately \$2.3 million. The fund balance increase of approximately \$1.1 million was attributable to a higher allocation of property tax. This fund made transfers of \$867K to the General Fund and approximately 233K to the EMS Fund in Fiscal Year 2013-2014 to offset retirement costs of Police & Fire made in the current year. The entire fund balance of \$4.6 million as of June 30, 2014 is restricted due to legal limitations that require these funds to only be used for specified pension expenditures.

**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

---

---

Street and Storm Drain Fund

This fund had revenues of approximately \$1 million which funded current year expenditures of \$104,895 and transfers of \$391,384. The transfers are associated with debt service that is financed by this fund. Overall this produced an increase in the fund balance of approximately \$475,201. The ending fund balance as of June 30, 2014 was \$4.1 million, which is restricted for future capital improvement projects.

Non-Major Governmental Funds

As noted earlier this information aggregates financial results from several funds. As of June 30, 2014 the combined fund balance was approximately \$11.9 million. The net change in fund balance was a decrease of approximately \$586,933.

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

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

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

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

**FINANCIAL HIGHLIGHTS PROPRIETARY FUNDS**

Sewer Enterprise Fund

Although total assets within this fund are in excess of \$20.9 million, it is important to note that approximately \$15.6 million of assets are related to noncurrent capital assets. Total current assets total approximately \$5.3 million.

Revenues are obtained through user fees that are collected on the property tax bill. The assessment rate for fiscal year 2013-2014 was \$426 per residential unit. Total assessment revenue for the year was \$3,268,327; this was an increase of \$272,651 over the prior year. Revenues less expenses and transfers, including interest on bonds of \$232,105, resulted in an increase in the net position from \$13,533,146 as of June 30, 2013 to \$15,249,822 as of June 30, 2014 (increase of \$1,716,676). The major reason for the change was that there were not significant capital expenditures. Moreover, the assessment rate was increased by approximately 8.8% per residential unit in Fiscal Year 2014. The user fee revenue is used to rehabilitate and bring the entire sewer system up to current standards. Planning has begun for major improvements that will require the use of operating cash within this fund.



**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

---

---

Internal Service Funds

Total assets in the internal service funds at June 30, 2014 were approximately \$3.3 million, a increase of approximately \$461,625 from the June 30, 2013 balance. Because these reserves predominantly benefit governmental activities, they have been included within the governmental activities in the government-wide financial statements. The City adjusts its liabilities for claims based on actuarial projections, including an allowance for claims which may be incurred, but have not been reported. The net changes combined for workers compensation liabilities and general liabilities remained relatively unchanged during the year ended June 30, 2014. The overall liability for compensated absences was reduced as of June 30, 2014 as a result primarily of employee turnover, including retirements and changes to the MOUs.

**Fiduciary Funds Financial Statements**

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

- Trust funds are used to record the assets and liabilities held for the benefit of others, under a trust agreement that specifies the degree of management performed by the trustee organization. The City has two funds that fit this definition (Police and Fire Relief or Pension Trust Fund and Successor Agency Trust Fund).
- Agency funds are used to record assets of separate organizations for which the City serves as a custodian for the organization. All assets in agency funds are offset by a liability to the organization on whose behalf they are held. The City currently maintains four agency funds that are reported in the Statement of Fiduciary Net Position.

**FINANCIAL HIGHLIGHTS FIDUCIARY FUNDS**

Trust Funds

The major fiduciary fund maintained by the City is the Police and Fire Relief or Pension Fund. The net position of this fund totaled \$9,577,361 at June 30, 2014, a decrease of \$14,482 from the prior year. The decrease is the result of payments to beneficiaries, which was significantly offset by contributions and investment earnings. The Successor Agency fund has a negative net position due to advances made in prior years.

Agency Funds

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

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

**Notes to the Financial Statements**

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

**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

**Required Supplementary Information**

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

**Combining Financial Statements and Other Supplementary Information**

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

**Statistical Section**

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Fiscal Year 2013-2014 budget was presented at a public hearing in June 2013 and adopted by the City Council in July. This budget represented the second year of a two-year budget. The budget was amended during the year. The table below summarizes the variances between budget and actual results for the year ended June 30, 2014.

**TABLE 4: SUMMARY GENERAL FUND BUDGETARY COMPARISON  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget</u>
Resources:				
Revenues	14,581,732	15,634,732	16,902,940	1,268,208
Transfers in	3,789,295	1,031,405	867,052	(164,353)
<b>Total Resources</b>	<b><u>18,371,027</u></b>	<b><u>16,666,137</u></b>	<b><u>17,769,992</u></b>	<b><u>1,103,855</u></b>
Appropriations:				
Expenditures	18,195,462	19,259,187	15,589,275	(3,669,912)
Transfers out	218,607	2,162,142	1,997,788	(164,354)
<b>Total Appropriations</b>	<b><u>18,414,069</u></b>	<b><u>21,421,329</u></b>	<b><u>17,587,063</u></b>	<b><u>(3,834,266)</u></b>
<b>Resources over appropriation</b>	<b><u>(43,042)</u></b>	<b><u>(4,755,192)</u></b>	<b><u>182,929</u></b>	<b><u>4,938,121</u></b>
<b>Fund balance beginning of year</b>			<b><u>5,844,966</u></b>	
<b>Fund bance end of year</b>			<b><u>\$ 6,027,895</u></b>	

Total revenues exceeded the budget by approximately \$1.3 million. Primary factors that contributed to this were positive variances in property taxes, sales taxes and the franchise and other tax category. The sales taxes revenue exceeded budget by approximately

**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

\$273,972 and this reflects increasing sales activity. This also contributed to the “Other Taxes” category which had a positive variance of approximately \$155,790. This category includes property transfer taxes, business license taxes, and franchise taxes all of which tend to increase when the general economy is strong. Additional positive variances were experienced with the revenue recorded as Revenues from other agencies. This category includes State funds distributed from sales tax for public safety. The Other Revenue category also had a positive variance of approximately \$590,533, which was impacted primarily by one-time reimbursements.

Transfers in to the General Fund decreased by approximately \$1.4 million due to costs being allocated directly to their respective funds starting in Fiscal Year 2014. As a result, transfers in were unnecessary to offset the administrative costs in General Fund. An example of this type of transfer was the special assessment revenue for EMS (Emergency Medical Services) that is used to pay wages of firefighters/paramedics.

As noted, in Table 4 overall expenditures in the General fund decreased by \$3.5 million and were mainly attributable to the aforementioned paragraph. Expenditures were less than budgeted for Fire and Emergency Medical Services as the administrative costs were allocated to the related fund in Fiscal Year 2014. Transfers out of the General Fund are typically made to fund operating shortfalls, to set-aside reserves or to provide for capital expenditures that have been recorded in capital project funds. Transfers out increased by approximately \$1.9 million and was mainly due to a \$1.2 million fund transfer to General Liability Insurance Reserves for potential return of funds regarding Successor Agency litigation. The overall, impact on the General Fund fund balance was a minor increase of \$637.

**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 capital assets for governmental and business-type activities as of June 30, 2014 amounted to \$65,620,759, (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, furniture and fixtures, machinery and equipment, vehicles, streets, highways, drainage systems, and construction in progress. A comparison is presented in Table 5 below:

**TABLE 5: CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION  
JUNE 30, 2014 AND 2013**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land and construction in progress	\$ 10,036,982	\$ 11,182,566	\$ -	\$ -	\$ 10,036,982	\$ 11,182,566
Facilities, infrastructure, and equipment, net	39,936,471	37,706,753	15,647,306	14,626,043	55,583,777	52,332,796
<b>Total</b>	<b>\$ 49,973,453</b>	<b>\$ 48,889,319</b>	<b>\$ 15,647,306</b>	<b>\$ 14,626,043</b>	<b>\$ 65,620,759</b>	<b>\$ 63,515,362</b>

The combined total net change was approximately \$2.2 million which was a combination of an increase in Governmental Activities capital assets, primarily Street Infrastructure as well as Sewer improvements within the Business-type Activities.

**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

Long-term Debt

As of June 30, 2014 the total balance outstanding was approximately \$25 million. Approximately 22 percent of this balance is attributable to the Sewer Enterprise Fund. The combined balance outstanding decreased by \$1.2 million from the prior year (a 5% decrease). Significant details related to outstanding debt can also be found in Notes 5-7 of the financial statements. At June 30, 2014, the City had total long-term debts and obligations as summarized in Table 6 below.

**TABLE 6: OUTSTANDING LONG-TERM OBLIGATIONS  
JUNE 30, 2014 AND 2013**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
1997 Refunding COPS		\$ -		\$ -	\$ -	\$ -
2003 General obligation bonds	6,285,000	6,485,000		-	6,285,000	6,485,000
Civic Center Improvement general obligation bonds	4,470,000	4,575,000		-	4,470,000	4,575,000
General obligation bonds II	5,810,000	5,945,000		-	5,810,000	5,945,000
2009 Street & Storm Drain parcel tax note	2,458,971	2,727,929		-	2,458,971	2,727,929
Lease purchase agreement	208,133	244,518		-	208,133	244,518
2011 Calif. Energy Commission	233,003	252,946		-	233,003	252,946
Sewer revenue bonds		-	5,476,305	5,942,065	5,476,305	5,942,065
<b>Total</b>	<b>\$ 19,465,107</b>	<b>\$ 20,230,393</b>	<b>\$ 5,476,305</b>	<b>\$ 5,942,065</b>	<b>\$ 24,941,412</b>	<b>\$ 26,172,458</b>

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

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

The City's major revenues include property taxes, sales taxes, and property transfer taxes. The growth of these tax revenues depends on the well being of the overall economy. Although it is noted in many financial forecasts that the general economy is expected to have positive growth, it is not expected to change drastically. Projections are for a slower moderate incremental changes.

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

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

**CITY OF ALBANY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

---

---

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a comprehensive and understandable portrayal of the City's finances, and to fulfill the City's financial accountability to Albany citizens, governmental entities, and other interested parties. This report is available on the City's website at: <http://www.albanyca.org>, click Departments, Finance, Financial Reports. Questions about this report may be addressed to:

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

*This page intentionally left blank*

---

**BASIC  
FINANCIAL STATEMENTS**

---

*This page intentionally left blank*



---

# GOVERNMENT-WIDE FINANCIAL STATEMENTS

---

*This page intentionally left blank*

**City of Albany**  
**Statement of Net Position**  
**June 30, 2014**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Current assets:			
Operating cash and investments	\$ 28,240,334	\$ 5,255,351	\$ 33,495,685
Debt service reserves held with trustee	346,516	-	346,516
Receivables:			
Taxes	874,992	-	874,992
Accounts	585,933	48,863	634,796
Interest	17,468	-	17,468
Deposits and prepayments	28,170	-	28,170
Total current assets	<u>30,093,413</u>	<u>5,304,214</u>	<u>35,397,627</u>
Noncurrent assets:			
Note receivable, net	1,536,203	-	1,536,203
Capital assets:			
Non-depreciable	10,036,982	-	10,036,982
Depreciable, net	39,936,471	15,647,306	55,583,777
Total capital asset	<u>49,973,453</u>	<u>15,647,306</u>	<u>65,620,759</u>
Total noncurrent assets	<u>51,509,656</u>	<u>15,647,306</u>	<u>67,156,962</u>
<b>Total assets</b>	<u>81,603,069</u>	<u>20,951,520</u>	<u>102,554,589</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,121,358	217,894	1,339,252
Accrued salaries & benefits	312,197	7,499	319,696
Interest payable	361,618	-	361,618
Unearned revenue	265,529	-	265,529
Compensated absences, due within one year	288,964	-	288,964
Claims liabilities, due within one year	478,576	-	478,576
Long term debt, due within one year	794,645	410,000	1,204,645
Total current liabilities	<u>3,622,887</u>	<u>635,393</u>	<u>4,258,280</u>
Noncurrent liabilities:			
OPEB liabilities	247,154	-	247,154
Compensated absences, due in more than one year	555,747	-	555,747
Claims payable, due in more than one year	819,474	-	819,474
Long term debt, due in more than one year	18,670,463	5,066,305	23,736,768
Total noncurrent liabilities	<u>20,292,838</u>	<u>5,066,305</u>	<u>25,359,143</u>
<b>Total liabilities</b>	<u>23,915,725</u>	<u>5,701,698</u>	<u>29,617,423</u>
<b>NET POSITION</b>			
Net investment in capital assets	<u>30,508,345</u>	<u>10,171,001</u>	<u>40,679,346</u>
Restricted for:			
Debt Service	1,878,373	-	1,878,373
Capital Projects	7,765,128	-	7,765,128
Public safety	190,330	-	190,330
Highway and streets	623,763	-	623,763
Special assessments	1,567,855	-	1,567,855
Safety retirement funding	4,561,612	-	4,561,612
Other	125,742	-	125,742
Total restricted	<u>16,712,803</u>	<u>-</u>	<u>16,712,803</u>
Unrestricted	<u>10,466,196</u>	<u>5,078,821</u>	<u>15,545,017</u>
<b>Total net position</b>	<u>\$ 57,687,344</u>	<u>\$ 15,249,822</u>	<u>\$ 72,937,166</u>

See accompanying Notes to Basic Financial Statements.

**City of Albany**  
**Statement of Activities**  
**For the year ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<b>Governmental activities:</b>					
General government	\$ 2,813,487	\$ 8,166	\$ 80,853	\$ -	\$ 89,019
Police	5,849,363	214,264	8,526	-	222,790
Fire and emergency medical services	4,679,266	1,118,301	298,727	-	1,417,028
Community development and environmental resources	6,113,781	616,883	165,056	1,570,008	2,351,947
Recreation and community services	3,876,048	975,580	163,945	-	1,139,525
Interest on long-term debt	833,474	-	-	-	-
<b>Total governmental activities</b>	<b>24,165,419</b>	<b>2,933,194</b>	<b>717,107</b>	<b>1,570,008</b>	<b>5,220,309</b>
<b>Business-type activities:</b>					
Sewer	1,571,466	3,268,327	-	-	3,268,327
<b>Total business-type activities</b>	<b>1,571,466</b>	<b>3,268,327</b>	<b>-</b>	<b>-</b>	<b>3,268,327</b>
<b>Total primary government</b>	<b>\$ 25,736,885</b>	<b>\$ 6,201,521</b>	<b>\$ 717,107</b>	<b>\$ 1,570,008</b>	<b>\$ 8,488,636</b>

**General Revenues:**

Taxes:

Property taxes

Sales taxes

Franchise and other taxes

Total taxes

Investment earnings

Unrestricted revenues from other agencies

Other revenue

**Total general revenues and transfers**

**Change in net position**

**Net position - beginning of , as restated**

**Net position - end of year**

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (2,724,468)	\$ -	\$ (2,724,468)
(5,626,573)	-	(5,626,573)
(3,262,238)	-	(3,262,238)
(3,761,834)	-	(3,761,834)
(2,736,523)	-	(2,736,523)
(833,474)	-	(833,474)
(18,945,110)	-	(18,945,110)
-	1,696,861	1,696,861
-	1,696,861	1,696,861
(18,945,110)	1,696,861	(17,248,249)
12,511,463	-	12,511,463
3,405,587	-	3,405,587
4,618,993	-	4,618,993
20,536,043	-	20,536,043
58,725	19,815	78,540
634,032	-	634,032
585,687	-	585,687
21,814,487	19,815	21,834,302
2,869,377	1,716,676	4,586,053
54,817,967	13,533,146	68,351,113
\$ 57,687,344	\$ 15,249,822	\$ 72,937,166

*This page intentionally left blank*

---

# FUND FINANCIAL STATEMENTS

---

*Governmental Fund Financial Statements*

*Proprietary Fund Financial Statements*

*Fiduciary Fund Financial Statements*

*This page intentionally left blank*



## GOVERNMENTAL FUND FINANCIAL STATEMENTS

*General Fund* accounts for the resources traditionally associated with governmental funds which are not required legally or by sound financial management to be accounted for in another fund.

*Pension Tax Fund* accounts for the balances and expenditures of revenues provided by the special property tax levied to fund the obligations of the City of Albany Police and Fire Relief or Pension Fund (Trust) as well as a portion of the current police and fire retirement benefits.

*Street & Storm Fund* accounts for property tax revenues, debt proceeds, and expenditures for various street and storm drain projects.

*Non-Major Governmental Fund* is the aggregate of all the non-major governmental funds.

**City of Albany**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

	Major Funds		
	General Fund	Pension Property Tax Fund	Street & Storm Funds
<b>ASSETS</b>			
Operating cash and investments	\$ 4,029,775	\$ 4,541,687	\$ 4,094,593
Debt service reserves held with trustee	-	-	-
Receivables:			
Taxes	682,409	19,925	5,739
Accounts	187,358	-	-
Interest	16,315	-	-
Prepaid Items	28,170	-	-
Due from other funds	404,659	-	-
Notes receivable Successor Agency	1,536,203	-	-
<b>Total assets</b>	<b>\$ 6,884,889</b>	<b>\$ 4,561,612</b>	<b>\$ 4,100,332</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 335,595	\$ -	\$ 1,038
Accrued salaries & benefits	257,500	-	4,630
Due to other funds	-	-	-
Unearned revenue	263,899	-	-
<b>Total liabilities</b>	<b>856,994</b>	<b>-</b>	<b>5,668</b>
<b>Fund Balances: (Note 9)</b>			
Nonspendable	1,564,373	-	-
Restricted	-	4,561,612	4,094,664
Assigned	245,072	-	-
Unassigned	4,218,450	-	-
<b>Total fund balances</b>	<b>6,027,895</b>	<b>4,561,612</b>	<b>4,094,664</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 6,884,889</b>	<b>\$ 4,561,612</b>	<b>\$ 4,100,332</b>

See accompanying Notes to Basic Financial Statements.

---



---

Non-Major Governmental Funds	Total Governmental Funds
\$ 12,265,101	\$ 24,931,156
346,516	346,516
166,919	874,992
398,575	585,933
1,153	17,468
-	28,170
-	404,659
-	1,536,203
<u>\$ 13,178,264</u>	<u>\$ 28,725,097</u>

\$ 774,201	\$ 1,110,834
50,067	312,197
404,659	404,659
1,630	265,529
<u>1,230,557</u>	<u>2,093,219</u>

-	1,564,373
8,302,406	16,958,682
3,891,180	4,136,252
(245,879)	3,972,571
<u>11,947,707</u>	<u>26,631,878</u>

<u>\$ 13,178,264</u>	<u>\$ 28,725,097</u>
----------------------	----------------------

*This page intentionally left blank*

**City of Albany**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2014**

**Total Fund Balances - Total Governmental Funds** \$ 26,631,878

Amounts reported for governmental activities in the Statement of Net Position were different because:

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

	Total
Non-depreciable	\$ 10,036,982
Depreciable, net	39,936,471
Total capital assets	49,973,453

Unavailable revenue recorded in the fund financial statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements. -

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet. (361,618)

Internal service funds were used by management to charge the costs of certain activities such as insurance and compensated absences to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Position. 1,155,893

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

	Government-Wide Statement of Net Position	Internal Service Funds	Total
Compensated absences - due within one year	\$ (288,964)	\$ 288,964	\$ -
Claims payable - due within one year	(478,576)	478,576	-
Long term debt - due within one year	(794,645)	-	(794,645)
Net OPEB Obligation	(247,154)		(247,154)
Compensated absences - due in more than one year	(555,747)	555,747	-
Claims payable - due in more than one year	(819,474)	819,474	-
Long term debt - due in more than one year	(18,670,463)	-	(18,670,463)
Total long-term liabilities	\$ (21,855,023)	\$ 2,142,761	(19,712,262)

**Net Position of Governmental Activities** \$ 57,687,344

See accompanying Notes to Basic Financial Statements.

**City of Albany**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2014**

	Major Funds		
	General Fund	Pension Property Tax Fund	Street & Storm Funds
<b>REVENUES:</b>			
Property taxes	\$ 5,605,496	\$ 2,265,547	\$ 962,644
Sales taxes	3,405,587	-	-
Franchise and other taxes	3,914,190	-	-
Licenses and permits	810,710	-	-
Fines and forfeitures	208,732	-	-
Earnings on investments	20,856	9,891	8,836
Revenues from other agencies	205,761	22,600	-
Current service charges	1,723,755	-	-
Other revenue	1,007,853	-	-
<b>Total revenues</b>	<b>16,902,940</b>	<b>2,298,038</b>	<b>971,480</b>
<b>EXPENDITURES:</b>			
Current:			
General government	2,648,357	85,962	-
Police	5,488,845	-	-
Fire and emergency medical services	2,264,878	-	-
Community development and environmental resources	2,076,777	-	52,486
Recreation and community services	2,775,946	-	-
Capital outlay	287,035	-	52,409
Debt service:			
Principal	36,385	-	-
Interest	11,052	-	-
<b>Total expenditures</b>	<b>15,589,275</b>	<b>85,962</b>	<b>104,895</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,313,665</b>	<b>2,212,076</b>	<b>866,585</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	867,052	-	-
Transfers out	(1,997,788)	(1,100,000)	(391,384)
<b>Total other financing sources (uses)</b>	<b>(1,130,736)</b>	<b>(1,100,000)</b>	<b>(391,384)</b>
<b>Net change in fund balances</b>	<b>182,929</b>	<b>1,112,076</b>	<b>475,201</b>
<b>FUND BALANCES:</b>			
Beginning of year, as restated	5,844,966	3,449,536	3,619,463
End of year	<u>\$ 6,027,895</u>	<u>\$ 4,561,612</u>	<u>\$ 4,094,664</u>

See accompanying Notes to Basic Financial Statements.

Non-Major Governmental Funds	Total Governmental Funds
\$ 3,677,776	\$ 12,511,463
-	3,405,587
91,973	4,006,163
1,571	812,281
-	208,732
19,150	58,733
3,157,507	3,385,868
994,148	2,717,903
161,282	1,169,135
<u>8,103,407</u>	<u>28,275,865</u>
21,778	2,756,097
154,175	5,643,020
2,154,225	4,419,103
1,649,463	3,778,726
913,412	3,689,358
3,676,387	4,015,831
728,900	765,285
864,120	875,172
<u>10,162,460</u>	<u>25,942,592</u>
<u>(2,059,053)</u>	<u>2,333,273</u>
1,684,858	2,551,910
<u>(212,738)</u>	<u>(3,701,910)</u>
<u>1,472,120</u>	<u>(1,150,000)</u>
(586,933)	1,183,273
<u>12,534,640</u>	<u>25,448,605</u>
<u>\$ 11,947,707</u>	<u>\$ 26,631,878</u>

# City of Albany

## Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities

For the year ended June 30, 2014

---

---

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 1,183,273
Amounts reported for governmental activities in the Statement of Activities were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	3,175,110
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds.	(2,090,976)
Revenues that have not met revenue recognition in the Fund Financial Statements are recognized as revenue in the Government-Wide Statement of Activities.	(1,241,069)
Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	765,285
Other post-employment benefit costs reported in the Statement of Activities 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.	(119,837)
Interest expense on long-term debt is reported on the accrual basis on the Government-Wide Statements, but expenditures on long-term debt in the governmental funds statements are recorded when paid. The following amount represents the changes in accrued interest from the prior year.	41,698
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service funds is reported in the Statement of Activities but not in the Statement of Revenues, Expenditures, and Changes in Fund Balances.	<u>1,155,893</u>
<b>Change in Net Position of Governmental Activities</b>	<u>\$ 2,869,377</u>



**PROPRIETARY FUND FINANCIAL STATEMENTS**

*Sewer Fund* accounts for wastewater and sewage collection provided to the City residents and businesses.

**City of Albany**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

	Business-Type Activities Enterprise Fund Sewer Fund	Governmental- Activities Internal Service Fund	Total
<b>ASSETS</b>			
Current assets:			
Operating cash and investments	\$ 5,255,351	\$ 3,309,178	\$ 8,564,529
Accounts receivable	48,863	-	48,863
Total current assets	5,304,214	3,309,178	8,613,392
Noncurrent assets:			
Capital assets, net	15,647,306	-	15,647,306
Total noncurrent assets	15,647,306	-	15,647,306
<b>Total assets</b>	<b>\$ 20,951,520</b>	<b>\$ 3,309,178</b>	<b>\$ 24,260,698</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 217,894	\$ 10,524	\$ 228,418
Accrued salaries & benefits	7,499	-	7,499
Compensated absences	-	288,964	288,964
Claims liabilities	-	478,576	478,576
Current portion of long term debt	410,000	-	410,000
Total current liabilities	635,393	778,064	1,413,457
Noncurrent liabilities:			
Compensated absences	-	555,747	555,747
Claims liabilities	-	819,474	819,474
Long-term debt	5,066,305	-	5,066,305
Total noncurrent liabilities	5,066,305	1,375,221	6,441,526
<b>Total liabilities</b>	<b>5,701,698</b>	<b>2,153,285</b>	<b>7,854,983</b>
<b>NET POSITION</b>			
Net investment in capital assets	10,171,001	-	10,171,001
Unrestricted	5,078,821	1,155,893	6,234,714
<b>Total net position</b>	<b>\$ 15,249,822</b>	<b>\$ 1,155,893</b>	<b>\$ 16,405,715</b>

See accompanying Notes to Basic Financial Statements.

**City of Albany**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2014**

	Business-Type Activities Enterprise Fund Sewer Fund	Governmental- Activities Internal Service Fund	Total
<b>OPERATING REVENUES:</b>			
Services charges	\$ 3,268,327	\$ 150,746	\$ 3,419,073
<b>Total operating revenues</b>	<b>3,268,327</b>	<b>150,746</b>	<b>3,419,073</b>
<b>OPERATING EXPENSES:</b>			
Insurance premiums	-	144,853	144,853
Personnel services	256,865	-	256,865
Materials, supplies and other	114,995	-	114,995
Major repairs	569,807	-	569,807
Depreciation	397,694	-	397,694
<b>Total operating expenses</b>	<b>1,339,361</b>	<b>144,853</b>	<b>1,484,214</b>
<b>OPERATING INCOME</b>	<b>1,928,966</b>	<b>5,893</b>	<b>1,934,859</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest income	19,815	-	19,815
Interest expense	(232,105)	-	(232,105)
<b>Total nonoperating revenues (expenses)</b>	<b>(212,290)</b>	<b>-</b>	<b>(212,290)</b>
<b>Income (loss) before transfers</b>	<b>1,716,676</b>	<b>5,893</b>	<b>1,722,569</b>
Transfers In	-	1,150,000	1,150,000
<b>Total Transfers</b>	<b>-</b>	<b>1,150,000</b>	<b>1,150,000</b>
<b>Change in net position</b>	<b>1,716,676</b>	<b>1,155,893</b>	<b>2,872,569</b>
<b>NET POSITION</b>			
Beginning of year, as restated	13,533,146	-	13,533,146
End of year	<b>\$ 15,249,822</b>	<b>\$ 1,155,893</b>	<b>\$ 16,405,715</b>

See accompanying Notes to Basic Financial Statements.

**City of Albany**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2014**

	Business-Type Activities Enterprise Fund Sewer Fund	Governmental- Activities Internal Service Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 3,340,273	\$ 187,157	\$ 3,527,430
Cash paid to employees	(249,366)	(311,144)	(560,510)
Cash paid to suppliers	(686,625)	(527,977)	(1,214,602)
<b>Net cash provided by operating activities</b>	<b>2,404,282</b>	<b>(651,964)</b>	<b>1,752,318</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in from other funds	-	1,150,000	1,150,000
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>1,150,000</b>	<b>1,150,000</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(1,418,957)	-	(1,418,957)
Principal payments - bonds	(395,000)	-	(395,000)
Interest paid	(228,735)	-	(228,735)
<b>Net cash (used in) capital and related financing activities</b>	<b>(2,042,692)</b>	<b>-</b>	<b>(2,042,692)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	19,815	-	19,815
<b>Net cash provided by investing activities</b>	<b>19,815</b>	<b>-</b>	<b>19,815</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>381,405</b>	<b>498,036</b>	<b>879,441</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>4,873,946</b>	<b>2,811,142</b>	<b>7,685,088</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 5,255,351</b>	<b>\$ 3,309,178</b>	<b>\$ 8,564,529</b>
<b>FINANCIAL STATEMENT PRESENTATION:</b>			
Cash and investments	\$ 5,255,351	\$ 3,309,178	\$ 8,564,529
<b>Total</b>	<b>\$ 5,255,351</b>	<b>\$ 3,309,178</b>	<b>\$ 8,564,529</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>			
<b>CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 1,928,966	\$ 5,893	\$ 1,934,859
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	397,694	-	397,694
Changes in assets and liabilities			
Decrease (increase) in accounts receivable	71,946	36,411	108,357
Increase (decrease) in accounts payable and accrued liabilities	(1,823)	1,018	(805)
Increase (decrease) in accrued salaries and benefits	7,499	-	7,499
Increase (decrease) in compensated absences	-	(311,144)	(311,144)
Increase (decrease) in claims payable	-	(384,142)	(384,142)
<b>Total adjustments</b>	<b>475,316</b>	<b>(657,857)</b>	<b>(182,541)</b>
<b>Net cash provided by operating activities</b>	<b>\$ 2,404,282</b>	<b>\$ (651,964)</b>	<b>\$ 1,752,318</b>

See accompanying Notes to Basic Financial Statements.

## FIDUCIARY FUND FINANCIAL STATEMENTS

### Private Purpose Trust Funds

*Police and Fire Pension Trust Fund* accounts for the City's Police and Fire Relief or Pension Trust Fund.

*Successor Agency Trust to the Redevelopment Agency Private-Purpose Trust Fund* accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. As discussed in Note 14, all Californian redevelopment agencies were dissolved as of January 31, 2012 and replaced with Successor Agencies responsible for winding down the affairs of the redevelopment agencies including disposing of their assets. This fund continues payments on the Enforceable Obligation Schedule and disposes of assets and property of the former Redevelopment Agency for the benefit of taxing agencies. The financial activities of the fund are excluded from the Government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

### Agency Funds

*Agency Fund* accounts for the amounts held by the City acting as an agent for a third party.

**City of Albany**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2014**

	Pension Trust Fund (Police and Fire Pension)	Successor Agency Trust Fund	Agency Funds
<b>ASSETS</b>			
Current assets			
Operating cash and investments	\$ 7,857	\$ 226,102	\$ 563,711
Debt service reserves held with trustee	-	-	479,824
Receivables:			
Interest	185	-	-
Investments, at fair value			
Local Agency Investment Fund	113,330	-	-
Cash and Money Market Fund	150,458	-	-
Mutual funds	9,305,531	-	-
Total investments, at fair value	<u>9,569,319</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u><u>\$ 9,577,361</u></u>	<u><u>\$ 226,102</u></u>	<u><u>\$ 1,043,535</u></u>
<b>LIABILITIES</b>			
<b>Liabilities:</b>			
Accounts payable	-	59,314	45,687
Due to bondholders	-	-	870,978
Member deposits	-	-	99,067
Refundable deposits	-	-	27,803
Payable to City of Albany	-	1,536,203	-
<b>Total liabilities</b>	<u>-</u>	<u>1,595,517</u>	<u>\$ 1,043,535</u>
<b>NET POSITION</b>			
<b>Total net position of Trust Funds</b>	<u><u>\$ 9,577,361</u></u>	<u><u>\$ (1,369,415)</u></u>	

See accompanying Notes to Basic Financial Statements.

**City of Albany**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2014**

	Pension Trust Fund (Police and Fire Pension)	Successor Agency Trust Fund
<b>ADDITIONS:</b>		
Revenue from taxes	\$ -	\$ -
Employer contributions	82,401	-
Total additions	<u>82,401</u>	<u>-</u>
Investment income:		
Net change in fair value of investments	1,033,447	-
Interest	1,339	201
Dividends	299,076	-
Total investment income (loss)	<u>1,333,862</u>	<u>201</u>
Total additions to assets	<u>1,416,263</u>	<u>201</u>
<b>DEDUCTIONS:</b>		
Pension benefits paid	1,384,481	-
Administrative expenses	46,264	17,608
Payments to the County	-	-
Other expenses	-	22,575
Total deductions from assets	<u>1,430,745</u>	<u>40,183</u>
<b>Changes in net position</b>	<b>(14,482)</b>	<b>(39,982)</b>
<b>NET POSITION:</b>		
Beginning of year	<u>9,591,843</u>	<u>(1,329,433)</u>
End of year	<u>\$ 9,577,361</u>	<u>\$ (1,369,415)</u>

See accompanying Notes to Basic Financial Statements.

*This page intentionally left blank*



**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

---

**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 2014 estimated by the State of California, Department of Finance to be 18,430.

The City operates under the Council-City Manager form of government, with a full-time City Manager. The governing body is a five-member council, with one council member serving as mayor. The members are elected at large to serve a four year term. The City Treasurer is also an elected official.

In addition to finance and administrative functions, the City Manager oversees 84 fulltime-equivalent employees in the functions of:

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

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

---

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

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

A. Reporting Entity

The financial statements of the City include the financial activities of the City as well as separate legal entities, called component units, which are controlled by or dependent on the City. While these are separate legal entities, the City Council may serve, in separate session, as their governing body and their financial activities are integral to those of the City. Their financial activities have been aggregated and merged or “blended” with those of the City, in the accompanying financial statements. The one exception is the *City of Albany Police and Fire or Pension Fund*, which does issue separate financial statements.

- *The City of Albany Police and Fire Relief or Pension Fund (Trust)* is a separate legal trust whose purpose is to provide pension benefits for certain eligible City employees. The Trust’s governing board is composed of a City Council person, City Treasurer, City Clerk, and two members of the Trust. All accounting and administrative functions are performed by the City, at the direction of the Trust Board of Commissioners. The activities of the Trust have been included in the Police and Fire Relief Pension Trust Fund. Separate financial statements for the Trust may be obtained from the City of Albany administrative offices located at 1000 San Pablo Avenue, Albany, CA 94706.
- *The City of Albany Public Facilities Financing Authority* is a financing authority whose purpose is to provide financing assistance to the City for acquiring real property and improvements for the benefit of the City and surrounding areas. The Authority’s board is composed of the City Council, and all accounting and administrative functions are performed by City staff. The Authority is dependent upon the City for its cash flows, and the activities of the Authority have been recorded in the Public Facilities Financing Authority Debt Service Fund of the City. Separate financial statements are not issued for this entity.
- *Albany Municipal Services Joint Powers Authority (Authority)* was originally established by the City of Albany and the Albany Community Reinvestment Agency (CRA). The CRA role has subsequently been assumed by the Successor Agency. The purpose of the Authority is to employ certain management employees of the City that are not members of an organized bargaining unit. Members of the City Council serve on the governing board, and the City reimburses the Authority for all expenses. In Fiscal Year ending June 30, 2014 reimbursements totaled \$2,280,664. Because the Authority’s financial activities are related solely to those of the City, they are included in the City’s financial statements. Separate financial statements are not issued for this entity.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

---

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

B. Basis of Accounting/Measurement Focus

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

***Government-wide Financial Statements***

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

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

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

Certain eliminations have been made as prescribed by Governmental Accounting Standards Board Statement No. 34 in regards to inter-fund 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 Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, transactions between governmental and business-type activities have not been eliminated.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

---

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

B. Basis of Accounting/Measurement Focus (Continued)

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

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

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

***Governmental Fund Financial Statements***

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

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

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

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

---

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

B. Basis of Accounting/Measurement Focus (Continued)

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

The major governmental funds of the City are:

- *General Fund* – This is the general operating fund of the City. It is used to account for all financial resources except those 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.
- *Pension Tax Fund* – This fund reports the balances and expenditures of revenues provided by the special property tax levied to fund the obligations of *City of Albany Police and Fire Relief or Pension Fund (Trust)* as well as a portion of the current police and fire retirement benefits.

***Proprietary Fund Financial Statements***

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

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

The City's internal service funds at June 30, 2014 are the Workers' Compensation Fund, General Liability Fund, and the Compensated Absences Fund. The Workers' Compensation Fund is used to cover known and unknown claims that may occur relating to worker injuries. The General Liability Fund is used to cover future general liability claims against the City. The Compensated Absences Fund is used to reserve funds required to pay off accrued liabilities for vacations, compensatory time and sick leave upon employees' retirement or other termination of employment.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

---

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

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

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

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

***Fiduciary Fund Financial Statements***

Fiduciary Fund Financial Statements include a statement of net position and a statement of changes in net position. The City's fiduciary funds represent a Pension trust fund, Private-purpose trust fund, and agency funds. Pension Trust Funds are used to report resources that are required to be held in trust by the City for the members and beneficiaries of defined benefit pension plans and defined contribution pension plans, Private-purpose trust funds are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments, and Agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City includes in its Comprehensive Annual Financial Report (CAFR) the Police and Fire Pension Trust Fund, which accounts for the activities of the Police and Fire Relief or Pension Fund Trust. The Successor Agency Fund is reported as a Private-purpose trust fund.

Agency funds are used by the City to report activity relating to amounts collected and distributed by the City, which include fees, special assessments, and deposits for outside parties based on agreements. Agency fund transactions are presented in the combining statement of changes in agency assets and liabilities on page 149.

**C. Revenue Recognition for the Sewer Enterprise Fund**

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

**D. Compensated Absences**

City employees under state laws are entitled to payment of accrued and unused vacation leave hours. In addition the City bargaining agreements and personnel rules allow for those who retire with unused sick leave to receive payment of twenty-five percent of accrued and unused sick leave, at the time of retirement. The City has obligations for accrued vacation and sick leave in the amount of \$844,711, which is recorded in the Compensated Absences Internal Service Fund. The current portion of the liability is \$288,964, and the noncurrent portion is \$555,747.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

---

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

E. Property Tax

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

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and become delinquent on August 31. The term “unsecured” refers to taxes on personal property other than real estate, land, and buildings, which are secured by liens on the property being taxed.

Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

F. Cash and Cash Equivalents, and Cash Flows

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

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

G. Prepaid Items

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

H. Capital Assets

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

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

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

---

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

H. Capital Assets (Continued)

The capitalization threshold for capital assets is \$5,000 with a useful life of at least two years. Depreciation of capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, accumulated depreciation, is reported on the Statement of Net Capital 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	2-10 years
Vehicles	5 years
Sewer transmission lines	50 years
Infrastructure	20-70 years

I. DEFERRED COMPENSATION PLAN

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them; distributions may be made only at termination of employment, retirement, death, or in an emergency as defined by the Plan. In accordance with GASB Statement No. 32, the funds have been placed in a trust administered by ICMA-Retirement Corporation and are not available to the City's general creditors. Accordingly, the City does not report the assets in the financial statements.

J. Net Position and Fund Balances

In the government-wide financial statements, net positions 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 position. Accumulated depreciation on these assets and the outstanding principal of related debt reduce this category.

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

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



**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

---

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

J. Net Position and Fund Balances (Continued)

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

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

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

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

*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 adopted Resolution No. 2012-2 that 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.

K. Use of Estimates

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

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

---

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

L. New Pronouncements

In fiscal year 2014, the City adopted the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* – This statement establishes financial and reporting accounting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City restated beginning net position as part of implementation of this standard.
- GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB No. 10 and No. 62* – This statement was issued to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of GASB Statement No. 54 and No. 62. There was no effect on net position as part of implementation of this standard.
- GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* – There was no effect on net position as part of implementation of this standard.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* – This statement establishes improved accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. There was no effect on net position as part of implementation of this standard.

M. Other Recently Issued Accounting Pronouncements

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In June 2012, the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, to improve the guidance for accounting and reporting on the pensions that governments provide to their employees.

Key changes include the following:

- Separating the determination of accounting and financial reporting from how pensions are funded.
- Employers with defined benefit pension plans will recognize a net pension liability, as defined by the standard, in their government-wide, proprietary and fiduciary fund financial statements.

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

M. Other Recently Issued Accounting Pronouncements (Continued)

- Incorporating ad hoc cost-of-living adjustments and other ad hoc postemployment benefit changes into projections of benefit payments, if an employer’s past practice and future expectations of granting them indicate they are essentially automatic.
- Using a discount rate that applies (a) the expected long-term rate of return on pension plan investments for which plan assets are expected to be available to make projected benefit payments, and (b) the yield or index rate on tax-exempt 20-year general obligation municipal bonds with an average rating of AA/Aa or higher to projected benefit payments for which plan assets are not expected to be available for long-term investment in a qualified trust.
- Adopting a single actuarial cost allocation method – entry age normal – rather than the current choice among six actuarial cost methods.
- Requiring more extensive note disclosures and required supplementary information.

The statement relates to accounting and financial reporting and does not apply to a government’s approach to the funding of its pension plan. At present, there generally is a close connection between the ways many governments fund pensions and how they account for and report information about them in financial statements. Statement No. 68 would separate how the accounting and financial reporting is determined from how pensions are funded. Application of this statement is effective for the City’s fiscal year ending June 30, 2015.

**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.

The following is a summary of pooled cash and investments, including debt service reserves with trustees at June 30, 2014:

	Government-Wide Statement of Net Position		Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities	Statement of Net Position	
Operating cash and investments	\$ 28,240,334	\$ 5,255,351	\$ 10,366,989	\$ 43,862,674
Debt service reserves held with trustee	346,516	-	479,824	826,340
<b>Total</b>	<b>\$ 28,586,850</b>	<b>\$ 5,255,351</b>	<b>\$ 10,846,813</b>	<b>\$ 44,689,014</b>

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

At June 30, 2014 the City’s pooled cash and investments, including debt service reserves with trustees consisted of the following:

<b>City Treasury:</b>	
Deposits:	
Cash on hand	\$ 4,880
Deposits with financial institutions	113,716
Total Deposits	118,596
Investments:	
State investment pool	31,985,117
Mutual funds	9,305,531
CalTrust investment pool	2,302,972
Cash and money market funds	150,458
Total investments	43,744,078
<b>Total City Treasury</b>	<b>43,862,674</b>
<b>Debt service reserves held with trustee</b>	<b>826,340</b>
<b>Total City and trustee cash and investments</b>	<b>\$ 44,689,014</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.

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

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

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

A. Authorized Investments (Continued)

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

B. Risk Disclosures

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

At June 30, 2014 all of the City's investments had remaining maturities of twelve months or less.

Investment Type	Fair Value	Maturity: 12 Months Or Less
State investment pool	\$ 31,985,117	\$ 31,985,117
Mutual funds	9,305,531	9,305,531
CalTrust investment pool	2,302,972	2,302,972
Cash and money market funds	150,458	150,458
Total	\$ 43,744,078	\$ 43,744,078

*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, 2014 there are no investments in any one issuer that represent 5% or more of total City investments.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

---

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

**B. Risk Disclosures (Continued)**

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

As of June 30, 2014, bank balances were \$96,206 at one institution. The total balance was covered by depository insurance.

**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 \$31,985,117 whose pro-rata share of fair value was estimated by the state Treasurer to be \$31,994,672. 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, 2014 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 2014, the State Treasurer had invested 1.86% of the pool's funds in structured notes and asset-backed securities.

**D. Fair Value of Investments**

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

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

**D. Fair Value of Investments (Continued)**

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

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

*Operating Cash*

At June 30, 2014, the Fund’s operating cash balance was \$7,856. The Fund’s bank balance of \$38,007 (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, 2014, the Fund’s assets were invested in the Schwab Money Market Fund (SWMXX); Dodge & Cox Income Fund (DODIX); PIMCO Investment Grade (PIGIX); Ridgworth Seix Float (SAMBX); Aston Montag & Caldwell (MCGIX); Dodge & Cox Stock Fund (DODGX); IVA Intl Fund CL I (IVIQX); Mainstay Epoch Global (EPSYX); and Neuberger Berman Equity (NBHIX).

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

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

As of June 30, 2014, the Fund’s allocations reflected the general guidelines set by the Fund’s policy as described above.

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

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

Investments at June 30, 2014 are as follows:

Investment Type	Fair Value
Money market funds	\$ 150,458
State investment pool (LAIF)	113,330
Mutual funds:	
Bond Funds	4,127,799
Equity Funds	5,177,732
Total	\$ 9,569,319

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

The net increase in fair value of investments for the year ended June 30, 2014 was \$1,033,447.

*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, 2014, there are no investments in any one issuer that represent 5% or more of total Fund investments.

*Investment in State Investment Pool*

The Fund is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The Fund is required to disclose its methods and assumptions used to estimate the fair value of its holdings in LAIF. The Fund relied upon information provided by the State Treasurer in estimating the Fund's fair value position of its holding in LAIF. The Fund had a contractual withdrawal value of \$113,330. 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, 2014.



**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

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

The Fund's investments with LAIF at June 30, 2014 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 2014, the State Treasurer had invested 1.86% of the pool's funds in structured notes and asset-backed securities.

**NOTE 4 – Capital Assets**

The following is a summary of capital assets as of June 30, 2014:

	Governmental Activities	Business- Type Activities	Total
Nondepreciable assets:			
Land	\$ 9,443,728	\$ -	\$ 9,443,728
Construction in progress	593,254	-	593,254
Total nondepreciable assets	10,036,982	-	10,036,982
Depreciable assets:			
Buildings	21,230,005	-	21,230,005
Improvements other than buildings	8,657,334	-	8,657,334
Furniture and fixtures	629,461	-	629,461
Machinery and equipment	1,983,787	56,928	2,040,715
Vehicles	3,320,356	-	3,320,356
Sewer lines	-	21,204,274	21,204,274
Infrastructure	21,052,831	-	21,052,831
Total depreciable assets	56,873,774	21,261,202	78,134,976
Less accumulated depreciation:	16,937,303	5,556,968	22,494,271
Depreciable capital assets, net	39,936,471	15,704,234	55,640,705
Total capital assets, net	\$ 49,973,453	\$ 15,704,234	\$ 65,677,687

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

Transactions and balances of capital assets were as follows:

	Balance June 30, 2013	Additions	Transfers/ Retirements	Balance June 30, 2014
<b>Governmental Activities:</b>				
Nondepreciable assets:				
Land	\$ 8,194,487	\$ 1,193,765	\$ 55,476	\$ 9,443,728
Construction in progress	2,988,079	334,046	(2,728,871)	593,254
Total nondepreciable assets	<u>11,182,566</u>	<u>1,527,811</u>	<u>(2,673,395)</u>	<u>10,036,982</u>
Depreciable assets:				
Buildings	21,230,005	-	-	21,230,005
Improvements other than buildings	8,517,820	85,147	54,367	8,657,334
Furniture and fixtures	629,461	-	-	629,461
Machinery and equipment	1,658,302	325,485	-	1,983,787
Vehicles	3,128,952	275,302	(83,898)	3,320,356
Infrastructure	17,472,438	961,366	2,619,027	21,052,831
Total depreciable assets	<u>52,636,978</u>	<u>1,647,300</u>	<u>2,589,496</u>	<u>56,873,774</u>
Less accumulated depreciation for:				
Buildings	4,600,713	423,887	-	5,024,600
Improvements other than buildings	2,636,483	408,898	-	3,045,381
Furniture and fixtures	319,823	58,311	-	378,134
Machinery and equipment	1,113,093	195,509	-	1,308,602
Vehicles	2,624,262	307,903	(83,898)	2,848,267
Infrastructure	3,635,851	696,468	-	4,332,319
Total accumulated depreciation	<u>14,930,225</u>	<u>2,090,976</u>	<u>(83,898)</u>	<u>16,937,303</u>
Total depreciable assets, net	<u>37,706,753</u>	<u>(443,676)</u>	<u>-</u>	<u>39,936,471</u>
Total governmental activities capital assets:	<u>\$ 48,889,319</u>	<u>\$ 1,084,135</u>	<u>\$ -</u>	<u>\$ 49,973,453</u>

Depreciation was charged to governmental functions as follows:

Governmental activities:	
General government	\$ 57,979
Police	88,863
Fire and emergency medical services	262,520
Community development and environmental resources	1,494,629
Recreation and community services	186,985
Total governmental activities depreciation expense	<u>\$2,090,976</u>

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

	Balance June 30, 2013	Additions	Transfers/ Retirements	Balance June 30, 2014
<b>Business-Type Activities:</b>				
Non-Depreciable assets:				
Construction in progress	\$ 151,717	\$ -	\$ (151,717)	\$ -
Total non-depreciable assets	151,717	-	(151,717)	-
Depreciable assets:				
Sewer lines	19,633,600	1,570,674	-	21,204,274
Machinery and equipment	56,928	-	-	56,928
Total depreciable assets	19,690,528	1,570,674	-	21,261,202
Less accumulated depreciation for:				
Sewer lines	5,159,274	397,694	-	5,556,968
Machinery and equipment	56,928	-	-	56,928
Total accumulated depreciation	5,216,202	397,694	-	5,613,896
Total depreciable assets, net	14,474,326	1,172,980	-	15,647,306
Total business-type activities capital assets	<u>\$ 14,626,043</u>	<u>\$ 1,172,980</u>	<u>\$ (151,717)</u>	<u>\$ 15,647,306</u>

**NOTE 5 – Governmental Activities Debt**

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

Governmental Activities	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Due Within One Year
2003 GO Bonds 3.00-4.00%, 8/1/33	6,485,000	-	200,000	6,285,000	205,000
Civic Center Improvement GO Bonds, 4.00-8.00%, 8/1/37	4,575,000	-	105,000	4,470,000	110,000
GO Bonds II 4.00-7.00%, 8/1/37	5,945,000	-	135,000	5,810,000	140,000
2009 Street & Storm Drain Parcel tax note, 4.60%, 8/1/21	2,727,929	-	268,957	2,458,972	281,472
Lease purchase agreement 4.52%, 9/3/18	244,518	-	36,385	208,133	38,030
2011 California Energy Commission 1.0%, 6/2025	252,946	-	19,943	233,003	20,143
Total long-term debt	<u>\$ 20,230,393</u>	<u>\$ -</u>	<u>\$ 765,285</u>	<u>\$ 19,465,108</u>	<u>\$ 794,645</u>

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

---

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

A. 2003 General Obligation Bonds I

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

B. Civic Center Improvement General Obligation Bonds

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

C. 2007 General Obligation Bonds II

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

D. 2009 Street & Storm Drain Parcel Tax Note

In June 2006, voters passed a ballot measure (Measure F) authorizing a street paving and storm drain parcel tax to finance citywide street paving and storm drain facility repairs and improvements. In April 2009, the City entered into a parcel tax note agreement with Capital One Public Financing, LLC in the amount of \$3,465,156. The financing provided funding to advance storm drain improvements. Interest payments are due August 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.

E. Lease Purchase Agreement

On September 3, 2008, the City entered into a lease purchase agreement with Sun Trust Equipment Finance & Leasing Corp in the amount of \$374,990 to finance the purchase of a fire engine. Ownership of the fire engine passes to the City at the end of the lease. The cost of the fire engine has been included in the City's financial statements.

F. 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.

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

G. Arbitrage

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

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, 2014:

Year Ending June 30:	Total Principal	Total Interest
2015	\$ 794,644	843,217
2016	834,656	810,952
2017	870,368	776,884
2018	901,795	741,370
2019	933,977	704,382
2020-2024	4,047,412	2,957,271
2025-2029	3,792,255	2,168,277
2030-2034	4,700,000	1,213,478
2035-2039	2,590,000	267,000
Total	\$ 19,465,107	\$ 10,482,831

**PRINCIPAL**

Year Ending June 30	2003 GO Bonds	Civic Center Improvement GO Bonds	GO Bonds II	2009 Street & Storm Drain Parcel Tax Note	Lease Purchase Agreement	California Energy Commission
2015	\$ 205,000	\$ 110,000	\$ 140,000	\$ 281,472	\$ 38,030	20,143
2016	215,000	115,000	150,000	294,568	39,749	20,339
2017	225,000	120,000	155,000	308,274	41,545	20,548
2018	230,000	125,000	160,000	322,618	43,423	20,754
2019	240,000	125,000	165,000	337,629	45,386	20,962
2020-2024	1,360,000	720,000	945,000	914,410	-	108,002
2025-2029	1,700,000	895,000	1,175,000	-	-	22,255
2030-2034	2,110,000	1,130,000	1,460,000	-	-	-
2035-2039	-	1,130,000	1,460,000	-	-	-
<b>Totals</b>	<b>6,285,000</b>	<b>4,470,000</b>	<b>5,810,000</b>	<b>2,458,971</b>	<b>208,133</b>	<b>233,003</b>

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

H. Future Governmental Activities Debt Service (Continued)

**INTEREST**

Year Ending June 30	2003 GO Bonds	Civic Center Improvement GO Bonds	GO Bonds II	2009 Street & Storm Drain Parcel Tax Note	Lease Purchase Agreement	California Energy Commission
2015	\$ 247,998	\$ 207,979	\$ 265,640	\$ 109,913	\$ 9,408	\$ 2,280
2016	241,326	203,198	259,840	96,816	7,689	2,084
2017	234,064	198,204	253,740	83,110	5,892	1,874
2018	226,328	193,154	247,440	68,766	4,014	1,668
2019	218,100	188,076	240,940	53,755	2,051	1,460
2020-2024	945,366	852,881	1,090,863	64,051	-	4,110
2025-2029	636,293	673,450	858,366	-	-	167
2030-2034	232,050	429,250	552,178	-	-	-
2035-2039	-	116,750	150,250	-	-	-
<b>Totals</b>	<b>2,981,525</b>	<b>3,062,942</b>	<b>3,919,257</b>	<b>476,411</b>	<b>29,054</b>	<b>13,643</b>

The City is required to maintain amounts of restricted cash and investments with trustees or fiscal agents under the terms of the above debt issues. These funds are pledged as reserves to be used if the City fails to meet its obligations under debt issues. These reserves total \$346,516 at June 30, 2014. 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.

**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, 2014 is \$2,445,000.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

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

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

The City has pledged future sewer service charges, net of specified operating expenses, to repay the debt. Annual principal and interest payments on the debt are payable solely from net revenues through 2024. The total principal and interest remaining to be paid on the bonds is \$6,882,968. Principal and interest paid for the current year was \$627,105 and sewer revenue net of operating expenses was \$1,932,334.

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

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Due Within One Year
Sewer revenue bonds	\$ 5,905,000	\$ -	\$ 395,000	\$ 5,510,000	\$ 410,000
Original issue discount	(37,065)	-	(3,370)	(33,695)	-
<b>Total long-term debt</b>	<b>\$ 5,867,935</b>	<b>\$ -</b>	<b>\$ 391,630</b>	<b>\$ 5,476,305</b>	<b>\$ 410,000</b>

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

Annual debt service repayment requirements to repay the Sewer Revenue Bonds and amortization of bond issuance costs and refunding discount at June 30, 2014 are:

Year Ending June 30	Debt Service Payments			Amortized Amount	
	Principal	Interest	Total	Refunding Discount	Total
2015	\$ 410,000	\$ 217,812	\$ 627,812	\$ 3,370	\$ 3,370
2016	425,000	202,570	627,570	3,370	3,370
2017	440,000	186,348	626,348	3,370	3,370
2018	455,000	169,115	624,115	3,370	3,370
2019	475,000	150,742	625,742	3,370	3,370
2020 - 2024	2,695,000	432,961	3,127,961	16,845	16,845
2025 - 2029	610,000	13,420	623,420	-	-
<b>Total</b>	<b>\$ 5,510,000</b>	<b>\$ 1,372,968</b>	<b>\$ 6,882,968</b>	<b>\$ 33,695</b>	<b>\$ 33,695</b>

**Internal Service Fund Debt**

The liability related to compensated absences at June 30, 2014 is summarized below:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Estimated Payments in One Year
Compensated Absences	\$ 1,155,855	\$ 114,225	\$ 425,369	\$ 844,711	\$ 288,964

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



**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 8 – Interfund Transactions**

Due To / From

During the normal course of business the General Fund may make a temporary inter-fund transfer to cover deficit cash balances caused by expenditures for reimbursement type grants and other reimbursements or timing differences between when revenue is received.

	Due From Other Funds	Due To Other Funds
<b>MAJOR GOVERNMENTAL FUNDS</b>		
General Fund	\$ 404,659	\$ -
<b>Total major funds</b>	404,659	-
<b>NON-MAJOR GOVERNMENTAL FUNDS</b>		
<b>Special Revenue funds:</b>		
Emergency Medical Services	-	62,240
Community Development Block Grant	-	48,250
Waste Management	-	3,422
<b>Total special revenue</b>	-	113,912
<b>Capital Projects funds:</b>		
Congestion Management Air Quality (CMAQ)	-	245,879
<b>Debt Service funds:</b>		
2009 Street and Storm DS	-	44,868
<b>Total All Funds</b>	\$ 404,659	\$ 404,659

Receivables From Successor Agency Trust Fund

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

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

Interfund Transfers (Transfers In / Out)

The principal purpose of Interfund Transfers is to match revenue, recorded in funds with a designated special purpose with the expenditures funded by the revenues. The major transfers include: \$1,150,000 set-aside in the Insurance Reserve Fund should the California Department of Finance (DOF) findings of disallowance of transfers between the Albany Community Reinvestment Agency to the City be ultimately upheld in court; \$190,000 towards purchase of the property located at 540 Cleveland Avenue; contributions to replacement reserves and transfers to repay debt. A summary of all Interfund Transfers for the year ended June 30, 2014 were as follows:

<b>FUND MAKING TRANSFER</b>								
		<b>Major Funds</b>			<b>Other Non-Major Funds</b>			
		<b>General Fund</b>	<b>Pension Property Tax</b>	<b>Street &amp; Storm Drain</b>	<b>Emergency Medical Services</b>	<b>Equipment Replacement Reserve Capital Project</b>	<b>TOTAL</b>	
<b>F U N D  R E C E I V I N G  S E R V I C E  F U N D  S</b>	<u>Major Funds</u>							
	General Fund	\$ -	\$ 867,052	\$ -	\$ -	\$ -	\$ 867,052	
		<b>Sub-Total Major Funds</b>	<b>-</b>	<b>867,052</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>867,052</b>
	<u>Special Revenue Funds</u>							
	EMS Fund	292,789	232,948	-	-	-	525,737	
		<b>Sub-Total Special Revenue (Non-Major) Funds</b>	<b>292,789</b>	<b>232,948</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>525,737</b>
	<u>Capital Project Funds</u>							
	Equipment Replacement Reserve Capital Project	55,000	-	-	-	-	55,000	
	Information System Reserve	105,000	-	-	-	-	105,000	
	Police Equipment Reserve	105,000	-	-	-	-	105,000	
	Fire Equipment Reserve	130,000	-	-	-	-	130,000	
	Recreation Equipment Reserve	70,000	-	-	-	-	70,000	
	Emergency Medical Service Equip.	40,000	-	-	22,500	-	62,500	
	Fire Operating Equipment Reserve	50,000	-	-	-	-	50,000	
	Capital Facilities Reserve Capital Project	-	-	-	-	190,237	190,237	
		<b>Sub-Total Capital (Non-Major) Funds</b>	<b>555,000</b>	<b>-</b>	<b>-</b>	<b>22,500</b>	<b>190,237</b>	<b>767,737</b>
	<u>Debt Service Funds</u>							
	Street Paving & Storm Drain	-	-	391,384	-	-	391,384	
		<b>Sub-Total Capital Debt Service Funds</b>	<b>-</b>	<b>-</b>	<b>391,384</b>	<b>-</b>	<b>-</b>	<b>391,384</b>
	<u>Proprietary Funds</u>							
General Liability Insurance Reserve Fund	1,150,000	-	-	-	-	1,150,000		
	<b>Sub-Total Proprietary Funds</b>	<b>1,150,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,150,000</b>	
	<b>TOTAL ALL FUNDS</b>	<b>\$ 1,997,789</b>	<b>\$ 1,100,000</b>	<b>\$ 391,384</b>	<b>\$ 22,500</b>	<b>\$ 190,237</b>	<b>\$ 3,701,910</b>	

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

---

**NOTE 9 – Excess Expenditures Over Budgeted Appropriations**

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

General Fund

When viewed in total General Fund Expenditures were less than the budgeted amount by approximately \$3,487,621. However, between individual programs there were budget variances. A discussion of significant variances are explained below.

- During Fiscal Year 2013-2014 there was turnover in the Police Department resulting in staff vacancies. This resulted in budgetary savings in the salary and fringe benefit line items that offset any increases in expenditures in overtime.
- Operating expenditures for the Fire and Emergency Medical Services Department were below budget by \$2,288,096. This year the Emergency Medical Services expenses of \$2,154,225 were charged to Fund 265 but the budget was not moved to Fund 265.
- Community Development and Environmental Resources were \$553,329 below budget. Public Works is included in Community Development and its salaries were charged directly to the Gas Tax Fund and other funds which decreased the salary expense.
- The budget for the Recreation & Community Services Department was bolstered in anticipation of an increase in usage of resources provided by the human services department as they related to the Waterfront Transition Plan. The anticipated increase was not realized and resulted in expenditures coming in under budget of about \$181K.

Pension Tax Fund

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

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

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

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

---

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

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

**Non-spendable**

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

**Restricted**

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

**Committed**

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

**Assigned**

Fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. In accordance with the adopted City Policy (Resolution No. 2012-2) the City Council has authorized the City Manager to assign balances.

**Unassigned**

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

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

Fund balances are classified in the above categories as follows:

	<u>Major Governmental Funds</u>			Non Major Government Funds	<b>Total Government</b>
	General	Pension Property Tax Fund	Street and Storm Fund		
Fund Balances					
<b>Nonspendable fund balance:</b>					
Prepaid items	\$ 28,170	\$ -	\$ -	\$ -	\$ 28,170
Note receivable					
Successor Agency	1,536,203	-	-	-	1,536,203
	<u>1,564,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,564,373</u>
<b>Restricted fund balance for:</b>					
Debt Service	-	-	-	1,878,373	1,878,373
Capital Projects	-	-	4,094,664	3,670,464	7,765,128
Public Safety	-	-	-	190,330	190,330
Highway and Streets	-	-	-	1,037,464	1,037,464
Special Assessments	-	-	-	1,400,033	1,400,033
Safety Retirement Funding	-	4,561,612	-	-	4,561,612
Other	-	-	-	125,742	125,742
	<u>-</u>	<u>4,561,612</u>	<u>4,094,664</u>	<u>8,302,406</u>	<u>16,958,682</u>
<b>Assigned fund balance for:</b>					
Capital Projects	-	-	-	2,453,246	2,453,246
Meals on Wheels Program	13,465	-	-	-	13,465
Cable TV Reserve	85,256	-	-	-	85,256
Affordable Housing Program	134,313	-	-	-	134,313
Equipment Replacement	12,038	-	-	1,437,934	1,449,972
	<u>245,072</u>	<u>-</u>	<u>-</u>	<u>3,891,180</u>	<u>4,136,252</u>
<b>Unassigned fund balance</b>	4,218,450	-	-	(245,879)	3,972,571
<b>Total Fund Balances</b>	<u>\$ 6,027,895</u>	<u>\$ 4,561,612</u>	<u>\$ 4,094,664</u>	<u>\$ 11,947,707</u>	<u>\$ 26,631,878</u>

Deficit Balances

As of June 30, 2014 the following funds had a deficit balance:

Fund	Deficit
Congestion Mitigation Air Quality (CMAQ)	\$ 245,879

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

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

A. GASB 27 Disclosure Information

*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 and vested participants:	
Retired	11
Disabled	9
Survivor	3
Total	23

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

*Funding Status and Progress*

The entry age actuarial cost method and significant actuarial assumptions were used in determining the actuarial accrued liability and included: (a) a rate of return on the investment of present and future assets of 6.75 percent per year compounded annually, and (b) projected inflation rate of 2.5 percent per year.

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

The actuarial accrued liability and asset for participants at June 30, 2012 (most recent available) is as follows:

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

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

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

A. GASB 27 Disclosure Information (Continued)

*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.

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, 2014 and the Fund is closed to new participants.

The funding policy of the Board of Trustees is to make a minimum contribution upon completion of the actuarial valuation, as required to amortize any unfunded liability as a level dollar amount over a 15-year period from July 1, 2012.

*Contribution Requirements and Contribution Made*

Based on actuarial valuations, the Fund's assets exceeded the Fund's liabilities for fiscal years 2004-2005 through 2006-2007; therefore, no contributions were made to the Fund.

The actuarial valuation performed as of June 30, 2009 determined the unfunded liability to be \$1,886,363; and required annual contribution for both valuations is \$194,852. The City chose to make contributions of \$300,000 in the 2009-2010; 2010-2011; and 2011-2012 fiscal years.

The actuarial valuation performed June 30, 2012 determined the unfunded liability to be \$787,808 and the City made the scheduled \$82,401 contribution in fiscal year 2013-2014.

Fiscal Year Ending June 30th	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Assets
2012	\$ 194,852	100%	\$ -
2013	\$ 82,401	100%	\$ -
2014	\$ 82,401	100%	\$ -

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.

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

**B. GASB 67 Disclosure Information**

*Summary of significant accounting policies – basis*

Investments are reported at fair value.

*Pension Fund Description*

Pension Fund administration. The Police and Fire Relief or Pension Fund (Pension Fund) is governed by Section 9.01 of the Charter of the City of Albany (the City) and is a sole employer defined benefit pension plan for the City’s police and fire department employees hired before July 1, 1971. The Pension Fund is closed to new participants. Benefit provisions and other requirements are established by the City Charter.

Pension Fund membership. At June 30, 2012, Pension Fund membership consisted of the following:

Inactive members of beneficiaries currently receiving benefits	24
Inactive members entitled to but not yet receiving benefits	0
Active members	<u>0</u>
	<u>24</u>

Benefits provided. Please see below for a summary of Pension Fund provided:

**Membership**

Employees of the Police and Fire Departments hired before July 1, 1971.

**Benefits**

I. Service Retirement

Eligibility: Age 50 with 25 years of service, or 30 years of service regardless of age.

Amount: A percentage (based on years of service) applied to average yearly salary:

Years of Service	Percentage of Average Yearly Salary
25	50.00%
26	53.33%
27	56.67%
28	60.00%
29	63.33%
30	66.67%

Average yearly salary means the average yearly salary for the rank in the three years prior to retirement.



**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

B. GASB 67 Disclosure Information (Continued)

II. Death Benefit

Eligibility: Death after retirement.

Amount: A percentage (based on marital status at retirement) of the member's retirement benefit to surviving spouse until death or remarriage.

Years Married At Retirement	Percentage of Average Yearly Salary
Less than five	16.67%
At least five	50.00%

Benefits are payable to eligible children if there is no spouse eligible for death benefits.

III. Cost of Living

A member's pension for service retirement or duty-related disability increases during the member's lifetime in conjunction with increases in salary for the rank used in the benefit determination.

Contributions: The City Charter requires an annual contribution to the Pension Fund equal to 18 percent of the gross wages of active members; however, there are no active members and the Pension Fund is closed to new participants.

The funding policy of the Board of Trustees is to make a minimum contribution upon completion of the actuarial valuation, as required to amortize any unfunded liability over the expected life of the Pension Fund. The unfunded Actuarial Liability is funded as a level dollar amount over a 15 year period from July 1, 2012.

*Investments*

Rate of return: For the year ended June 30, 2014, the annual money-weighted rate of return on Pension Fund investments, net of Pension Fund investment expense was 15.57%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Net Pension Liability*

The components of the net pension liability at June 30, 2014 were as follows:

Total pension liability	\$ 12,493,334
Fiduciary net position	(9,577,361)
Net pension liability	<u>\$ 2,915,973</u>
Fiduciary net position as a percentage of the total pension liability	76.66%

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

B. GASB 67 Disclosure Information (Continued)

*Actuarial Assumption*

The total pension liability as of June 30, 2014 was determined by rolling forward the Pension Fund’s total pension liability as of June 30, 2012 to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial cost method Entry Age Normal

Note: The level dollar method is used because there are no active embers and the Pension Fund is closed to new participants

Best estimates of arithmetic long-term expected rates of return for each major asset class included in the Pension Fund’s target asset allocation as of June 30, 2014 are summarized in the following table (note that the rates shown below include the inflation component):

Asset Class	Long-Term Expected Rate of Return
Equity	12.0%
Fixed income	5.7%
Short Term and Receivables	1.5%

The RP-2000 Combined Healthy Annuitant Tables (Male and Female), projected seven years (on a static basis) from the valuation date were used for mortality assumptions.

Discount rate: The discount rate used to measure the total pension liability was 5.66%.

The projection of cash flows used to determine the discount rate assumed that contributions will continue to follow the current funding policy. Based on those assumptions, the Pension Fund’s fiduciary net position was projected to be available to make projected future benefit payments of current members through 2029.

The discount rate was determined by blending the expected return on assets (6.75%) with the weighted average yield of S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2014 (3.66%).

The assumed discount rate has been determined in accordance with the method prescribed by GASB Statement No. 67. We believe this assumption is reasonable for the purposes of the measurements required by the Statement.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability, calculated using the discount rate of 5.66%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	1 % Decrease (4.66%)	Current Discount Rate (5.66%)	1 % Increase (6.66%)
Net Pension Liability	\$ 3,916,340	\$ 2,915,974	\$ 2,043,908

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

**NOTE 13 – PERS Pension Plan**

A. Plan Description

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

B. Funding Policy

Employees who are not considered "Safety Employees" under the PERS Plans are assigned to a Miscellaneous Plan. The City has two "Tiers" of benefits based on when the employee was hired. Participants in Tier 1 are required to contribute 8 percent of their annual covered salary and participants in Tier 2 contribute 7 percent of their covered salary. The City's actuarially determined employer contribution rates for fiscal year 2013-14 were:

	Tier 1	Tier 2
City Miscellaneous	15.185%	8.049%
Albany JPA Miscellaneous	13.967%	8.049%

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

	Tier 1	Tier 2
Police Safety	21.669%	20.774%
Fire Safety	21.669%	20.774%

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

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

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

**C. Annual Pension**

For fiscal 2013-14, the City’s annual pension cost of \$1,628,133 for PERS plans was equal to the City’s required and actual contributions. The required contribution was determined as part of the June 30, 2011 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 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>Percentage of APC Contributed</u>
2012	1,587,417	100%	-
2013	1,587,122	100%	-
2014	1,628,133	100%	-

**E. Risk Pool & Side Funds**

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

Formation of the risk pools required the establishment of “side funds,” that represent unfunded liabilities at the time the Risk Pool was created. The side funds for safety plans were eliminated by lump sum payments in prior years. The elimination of the Side Fund is included as a component of the annual rate and was originally to be amortized over periods of 9 to 18 years. The City Miscellaneous Plan and the JPA Miscellaneous plan have side fund balances. As of June 30, 2013 (most recently available information), the balance of the side funds for miscellaneous plans totaled \$386,601 (\$170,552 - City Plan and \$216,049 – JPA Plan). The City Plan was amortized over 12 years and the JPA Plan is amortized over 14 years.

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

---

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

F. Social Security

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

The City's Local 1021 union members are covered under Social Security, which requires these employees to contribute 6.2 percent of their pay for the calendar year of 2014 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, 2014 were \$202,846, of which the City paid \$111,489.

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, 2014 were \$40,535. There is no matching contribution requirement for the City.

**NOTE 14 – Post-Retirement Benefits**

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

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

A. City of Albany Health Plan

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

*Funding Policy:* The City obtains health insurance benefits from the PEMHCA, which is administered by CalPERS. The program as established by CalPERS requires the offering of retiree medical benefits at a minimum level. The City plan is under the "Unequal Provision" offered by CalPERS for the "Minimum Employer Contribution" (MEC). The 2014 MEC is \$115.00 per month which adjusts annually based on the Medical Costs of the Consumer Price Index. Under the "Unequal Provision" the current City Contribution is less than the minimum MEC, however it will also adjust annually until the two are equal.

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

A. City of Albany Health Plan (Continued)

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

Employees who retire directly from the City under CalPERS service are eligible for retiree health benefits. The retiree may include coverage for a spouse, registered domestic partner and/or dependants. The level of coverage is selected by the retiree and eligibility is governed by CalPERS. In 2014, the City contributes the required \$119.00 per month for retirees as the MEC (based on the "Unequal Provision"). The retiree is responsible for payment of the balance of the premium. All coverage options require the retiree to contribute to the cost.

For Fiscal year 2013-2014 the City contributed \$23,834 to the plan, all of which was for current contributions. No other contributions were made.

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

Actuarial required contribution	\$111,274
Interest on Net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB expense (income)	\$111,274
Contributions made	(23,834)
Increase (decrease) in net OPEB obligation	\$87,440
Net OPEB obligation (asset) - beginning of year	92,245
Net OPEB obligation (asset) - end of year	\$179,685

The City Retiree Health annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net obligation data available for 2014 and previous years were as follows:

Year Ended	Annual OPEB Cost	Percentage Annual OPEB Contributed	OPEB Obligation
6/30/2012	*	*	*
6/30/2013	\$ 111,274	17%	\$ 92,245
6/30/2014	\$ 111,274	21%	\$ 179,685

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

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

A. City of Albany Health Plan (Continued)

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

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

A sole or agent employer that meets any of the eligibility criteria in paragraph 11 of GASB 45 is permitted to apply the alternative measurement method set forth in paragraphs 33 through 35 of GASB 45, which allows for certain simplifying modifications to the selection of assumptions for purposes of measuring the ARC (Annual Required Contribution) and the plan's actuarial accrued liabilities and funded status. In the June 30, 2013 actuarial valuation prepared by Vavrinek, Trine, Day & Co., LLP the actuarial used was Alternative Measurement Method with the Entry Age cost method.

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

Economic Assumptions	For Fiscal Year Ending	Rate
Minimum Employer Contribution	2015	3.29%
	2016	3.29%
	2017	3.29%
	2018	3.29%
	2019	3.29%
	2020	3.29%
	2021 & later	3.29%

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

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

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

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

*Funding Policy:* The JPA obtains health insurance benefits from the PEMHCA, which is administered by CalPERS. The program as established by CalPERS requires the offering of retiree medical benefits at a minimum level. The Albany JPA plan is under the “Unequal Provision” offered by CalPERS for the “Minimum Employer Contribution” (MEC). The 2014 MEC is \$115.00 per month which adjusts annually based on the Medical Costs of the Consumer Price Index. Under the “Unequal Provision” the current JPA Contribution is less than the minimum MEC, however it will also adjust annually until the two are equal.

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

Employees who retire directly from the JPA under CalPERS service are eligible for retiree health benefits. The retiree may include coverage for a spouse, registered domestic partner and/or dependents. The level of coverage is selected by the retiree and eligibility is governed by CalPERS. In 2014, the JPA contributes the required \$89.25 monthly for retirees as the MEC (based on the “Unequal Provision”). The retiree is responsible for payment of the balance of the premium. All coverage options require the retiree to contribute to the cost.

For Fiscal year 2013-2014 the JPA contributed \$7,932 to the plan, all of which was for current contributions. No other contributions were made.

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

Actuarial required contribution	\$40,329
Interest on Net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB expense (income)	\$40,329
Contributions made	(7,932)
Increase (decrease) in net OPEB obligation	\$32,397
Net OPEB obligation (asset) - beginning of year	35,072
Net OPEB obligation (asset) - end of year	\$67,469



**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

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

The JPA Retiree Health annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net obligation data available for 2014 and previous years were as follows:

Year Ended	Annual OPEB Cost	Percentage Annual OPEB Contributed	OPEB Obligation
6/30/2012	*	*	*
6/30/2013	\$ 40,329	13%	\$ 35,072
6/30/2014	\$ 40,329	20%	\$ 67,469

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

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

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

A sole or agent employer that meets any of the eligibility criteria in paragraph 11 of GASB 45 is permitted to apply the alternative measurement method set forth in paragraphs 33 through 35 of GASB 45, which allows for certain simplifying modifications to the selection of assumptions for purposes of measuring the ARC (Annual Required Contribution) and the plan's actuarial accrued liabilities and funded status. In the June 30, 2013 actuarial valuation prepared by Vavrinek, Trine, Day & Co., LLP the actuarial used was Alternative Measurement Method with the Entry Age cost method.

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

Economic Assumptions	For Fiscal Year Ending	Rate
Minimum Employer Contribution	2015	3.29%
	2016	3.29%
	2017	3.29%
	2018	3.29%
	2019	3.29%
	2020	3.29%
	2021 & later	3.29%

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

---

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

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

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

**NOTE 15 – Risk Management**

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

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

**A. Risk Pools**

The City participates in the Bay Cities Joint Powers Insurance Authority (BCJPIA) general liability risk pool, which in turn participates in the California Affiliated Risk Management Authorities (CARMA) risk pool. BCJPIA covers general liability claims in an amount up to \$1,000,000. The City has a deductible (or uninsured liability) of up to \$50,000 per claim. Once the City's deductible is met BCJPIA becomes responsible for payments of all claims up to \$1,000,000. CARMA covers claims from \$1,000,000 to \$28,000,000. The City contributed \$206,830 for coverage during the fiscal year ended June 30, 2014.

Condensed audited financial information of BCJPIA at and for the fiscal year ended June 30, 2014 is as follows:

Total assets	\$ 25,597,416
Total liabilities	<u>19,205,340</u>
Net position	<u>\$ 10,392,076</u>
Total revenues	\$ 12,269,246
Total expenses	<u>10,567,405</u>
Net expense	<u>\$ 1,701,840</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.

**CITY OF ALBANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

A. Risk Pools (Continued)

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, 2014, the City incurred costs of \$106,893 for coverage premiums and administration of the risk pools.

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

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

B. Liability for Uninsured Claims

The City estimates its liability for the uninsured portion of claims, including a provision for claims incurred but not reported (IBNR), which is based on claims experience and estimates provided by BCJPIA. Changes in the balance of claim liabilities are as follows:

	Workers' Compensation	General Liability	Total
Balance July 1, 2012	\$ 1,462,000	\$ 220,216	\$ 1,682,216
Incurred claims and changes in estimates	54,775	59,114	113,889
Claim paid	(19,775)	(94,138)	(113,913)
Balance June 30, 2013	1,497,000	185,192	1,682,192
Incurred claims and changes in estimates	(406,262)	121,246	(285,016)
Claim paid	(7,738)	(91,388)	(99,126)
Balance June 30, 2014	<u>\$ 1,083,000</u>	<u>\$ 215,050</u>	<u>\$ 1,298,050</u>

**NOTE 16 – Commitments and Contingent Liabilities**

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

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

**CITY OF ALBANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 16 – Commitments and Contingent Liabilities (Continued)**

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

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

**NOTE 17 – Prior Period Adjustment**

The City recorded the following prior period adjustments to write off bond issuance costs as required as part of implementation of GASB Statement No. 65, and to reallocate expenditures and revenues recorded in the City’s Measure B Funds that were not directly related to Measure B sales tax revenues.

	Net Position, as Previously Reported	<u>Prior Period Adjustment</u> Bond Issuance Costs	Net Position, as Restated
<b>Government-Wide Statements</b>			
Governmental Activities	\$ 55,181,924	\$ (363,957)	\$ 54,817,967
	Fund Balance, as Previously Reported	<u>Prior Period Adjustment</u> Revenues      Expenditures	Fund Balance, as Restated
<b>Fund Statements</b>			
Bicycle & Pedestrian Fund	\$ 54,325	\$ (12,719)	\$ 41,606
Paratransit	\$ 4,090	\$ -	\$ 15,311
Operating Grants	\$ (26,591)	\$ 12,719	\$ (25,093)

---

# REQUIRED SUPPLEMENTARY INFORMATION

---

*This page intentionally left blank*

**CITY OF ALBANY  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2014**

---

---

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 the City Council for approval. Budgeted amounts appearing in these statements are as amended by the City Council though June 30, 2014.

# City of Albany

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### General Fund

For the year ended June 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 5,289,107	\$ 5,479,107	\$ 5,605,496	\$ 126,389
Sales taxes	2,811,615	3,131,615	3,405,587	273,972
Franchise and other taxes	3,518,400	3,758,400	3,914,190	155,790
Licenses and permits	803,500	803,500	810,710	7,210
Fines and forfeitures	195,000	170,000	208,732	38,732
Earnings on investments	15,000	15,000	20,856	5,856
Revenues from other agencies	162,440	202,440	205,761	3,321
Current service charges	1,657,350	1,657,350	1,723,755	66,405
Other revenue	129,320	417,320	1,007,853	590,533
<b>Total revenues</b>	<b>14,581,732</b>	<b>15,634,732</b>	<b>16,902,940</b>	<b>1,268,208</b>
<b>EXPENDITURES:</b>				
Current:				
General government	2,479,386	2,809,886	2,648,356	161,530
Police	5,903,721	5,950,746	5,488,845	461,901
Fire and emergency medical services	4,552,974	4,552,974	2,264,878	2,288,096
Community development and environmental resources	2,630,106	2,630,106	2,076,777	553,329
Recreation and community services	2,423,738	2,997,013	2,775,946	221,067
Capital outlay	158,100	271,025	283,035	(12,010)
Debt service:				
Principal	36,385	36,385	40,385	(4,000)
Interest, and fiscal charges	11,052	11,052	11,052	-
<b>Total expenditures</b>	<b>18,195,462</b>	<b>19,259,187</b>	<b>15,589,274</b>	<b>3,669,913</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,613,730)</b>	<b>(3,624,455)</b>	<b>1,313,666</b>	<b>4,938,121</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,789,295	1,031,405	867,051	(164,354)
Transfers out	(218,607)	(2,162,142)	(1,997,788)	164,354
<b>Total other financing sources (uses)</b>	<b>3,570,688</b>	<b>(1,130,737)</b>	<b>(1,130,737)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (3,613,730)</b>	<b>\$ (3,624,455)</b>	<b>182,929</b>	<b>\$ 4,938,121</b>
<b>FUND BALANCE:</b>				
Beginning of year			5,844,966	
End of year			<u>\$ 6,027,895</u>	



# City of Albany

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Pension Property Tax Fund

For the year ended June 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 1,900,000	\$ 1,900,000	\$ 2,265,547	\$ 365,547
Earnings on investments	-	-	9,891	9,891
Revenues from other agencies	-	-	22,600	22,600
<b>Total revenues</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>2,298,038</b>	<b>398,038</b>
<b>EXPENDITURES:</b>				
Current:				
General government	330,000	330,000	85,962	244,038
<b>Total expenditures</b>	<b>330,000</b>	<b>330,000</b>	<b>85,962</b>	<b>244,038</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,570,000</b>	<b>1,570,000</b>	<b>2,212,076</b>	<b>642,076</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer out	(1,100,000)	(1,100,000)	(1,100,000)	-
<b>Total other financing sources (uses)</b>	<b>(1,100,000)</b>	<b>(1,100,000)</b>	<b>(1,100,000)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 1,570,000</b>	<b>\$ 1,570,000</b>	<b>1,112,076</b>	<b>\$ 642,076</b>
<b>FUND BALANCE:</b>				
Beginning of year			3,449,536	
End of year			<u>\$ 4,561,612</u>	

**CITY OF ALBANY  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2014**

**CalPERS Risk Pool for Small Employers:**

The City of Albany and the Albany Municipal Joint Powers Authority (JPA0 provide pension retirement benefits in accordance with contracted benefits from California Public Employees Retirement System (CalPERS) Effective Fiscal Year 2003 CalPERS assigned all employee groups of less than 100 to a Risk Pool. This included the Safety and Miscellaneous plans used by the City. Actuarial valuations that are prescribed by CalPERS aggregate data from multiple agencies assigned to the same risk pool. Therefore, standalone information of schedule o funding progress for the City’s Safety and Miscellaneous plans and the JPA Miscellaneous Plan are no longer available.

CalPERS does publish information for the risk pools and are available at the CalPERS website. Inquiries may also be made via United State Mail addressed to CalPERS – Actuarial and Employer Services Post Office Box 942709 Sacramento, California 94229-2709.

**Albany Police and Fire Relief Pension Plan (GASB 27 Information)**

Actuarial Valuation Date *	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded / (Overfunded) Actuarial Accrued Liability	Funded Ratio AVA	Covered Payroll	Unfunded / (Overfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/06	14,479,158	14,075,219	(403,939)	102.9%	-	N/A
6/30/09	12,684,186	14,570,549	1,886,363	87.1%	-	N/A
6/30/12	11,922,744	12,710,552	787,808	93.8%	-	N/A

\* Latest information available

**CITY OF ALBANY  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2014**

**Albany Police and Fire Relief Pension Plan (GASB 67 Information)**

*Schedule of Changes in Net Pension Liability and Related Ratios*

	<u>2014</u>
<b>Total pension liability</b>	
Service cost	\$ -
Interest	774,708
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	945,018
Benefit payments	(1,384,481)
Net change in total pension liability	<u>\$ 335,245</u>
Total pension liability-beginning	\$ 12,158,089
Total pension liability-ending (a)	\$ 12,493,334
<b>Fiduciary net pension</b>	
Contributions-employer	82,401
Contributions-employee	-
Net investment income	1,287,598
Benefit payments, including refunds of employee contributions	(1,384,481)
Administrative expense	-
Other	-
Net change in fiduciary net position	<u>\$ (14,482)</u>
Fiduciary net position-beginning	\$ 9,591,843
Fiduciary net position-ending (b)	\$ 9,577,361
Net pension liability-ending (a)-(b)	<u>\$ 2,915,973</u>
Fiduciary net position as a percentage of the total pension liability	76.66%

*Notes to Schedule*

Benefit changes since June 30, 2012:

None.

Changes of assumptions since June 30, 2012:

None other than changes in discount rate from 6.75% (as of June 30, 2012) to 5.66% (as of June 30, 2014).

Schedule of Contributions

Actuarially determined contribution	\$ 82,401
Contribution related to the actuarially determined contribution	<u>82,401</u>
Contribution deficiency (excess)	\$ -

Valuation date: An actuarial valuation of the Pension Fund is performed as frequently as deemed necessary by the Board of Trustees, but not less than every three years. However, the actuarial valuation can be performed no less than every two years in accordance with GASB Statement No. 67. Therefore, the next actuarial valuation will be as of June 30, 2014.

Schedule of Investment Returns

Annual money-weighted rate of return, net of investment expenses 15.57%

**CITY OF ALBANY  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2014**

**Albany Employees Retiree Health Plan:**

Actuarial Valuation Date *	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded / (Overfunded) Actuarial Accrued Liability	Funded Ratio AVA	Covered Payroll	Unfunded / (Overfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/13	-	1,183,500	1,183,500	0.0%	6,325,223	18.7%

\* Latest information available

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

Actuarial Valuation Date *	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded / (Overfunded) Actuarial Accrued Liability	Funded Ratio AVA	Covered Payroll	Unfunded / (Overfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/13	-	243,964	243,964	0.0%	1,868,591	13.1%

\* Latest information available

---

# **SUPPLEMENTARY INFORMATION**

---

*This page intentionally left blank*

# City of Albany

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Street and Storm Fund

For the year ended June 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 693,750	\$ 693,750	\$ 962,644	\$ 268,894
Earnings on investments	-	-	8,836	8,836
Other revenue	231,250	231,250	-	(231,250)
<b>Total revenues</b>	<b>925,000</b>	<b>925,000</b>	<b>971,480</b>	<b>46,480</b>
<b>EXPENDITURES:</b>				
Current:				
Community development and environmental resources	135,000	135,000	52,486	82,514
Recreation and community services	-	-	-	-
Capital outlay	1,244,000	1,244,000	52,409	1,191,591
<b>Total expenditures</b>	<b>1,379,000</b>	<b>1,379,000</b>	<b>104,895</b>	<b>1,274,105</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(454,000)</b>	<b>(454,000)</b>	<b>866,585</b>	<b>1,320,585</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(391,384)	(391,384)	(391,384)	-
<b>Total other financing sources (uses)</b>	<b>(391,384)</b>	<b>(391,384)</b>	<b>(391,384)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (454,000)</b>	<b>\$ (454,000)</b>	<b>475,201</b>	<b>\$ 1,320,585</b>
<b>FUND BALANCE:</b>				
Beginning of year			3,619,463	
End of year			<u>\$ 4,094,664</u>	

*This page intentionally left blank*



**CITY OF ALBANY**  
**Nonmajor Governmental Funds**

---

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

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

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

**City of Albany**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2014**

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Operating cash and investments	\$ 2,959,992	\$ 7,740,962	\$ 1,564,147	\$ 12,265,101
Debt Service reserves held with trustee	-	-	346,516	346,516
Receivables:				
Interest	-	1,153	-	1,153
Taxes	154,341	-	12,578	166,919
Accounts	212,409	186,166	-	398,575
<b>Total assets</b>	<b>\$ 3,326,742</b>	<b>\$ 7,928,281</b>	<b>\$ 1,923,241</b>	<b>\$ 13,178,264</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 407,564	\$ 366,637	\$ -	\$ 774,201
Accrued salaries and benefits	50,067	-	-	50,067
Accrued liabilities	-	-	-	-
Due to other funds	113,912	245,879	44,868	404,659
Unearned revenue	1,630	-	-	1,630
<b>Total liabilities</b>	<b>573,173</b>	<b>612,516</b>	<b>44,868</b>	<b>1,230,557</b>
<b>Fund Balances:</b>				
Restricted	2,753,569	3,670,464	1,878,373	8,302,406
Assigned	-	3,891,180	-	3,891,180
Unassigned	-	(245,879)	-	(245,879)
<b>Total fund balances</b>	<b>2,753,569</b>	<b>7,315,765</b>	<b>1,878,373</b>	<b>11,947,707</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,326,742</b>	<b>\$ 7,928,281</b>	<b>\$ 1,923,241</b>	<b>\$ 13,178,264</b>

**City of Albany**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2014**

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
<b>REVENUES:</b>				
Property taxes	\$ 2,385,826	\$ -	\$ 1,291,950	\$ 3,677,776
Franchise and other taxes	91,973	-	-	91,973
Licenses and permits	1,571	-	-	1,571
Earnings on investments	7,976	9,038	2,136	19,150
Revenues from other agencies	1,668,225	1,475,015	14,267	3,157,507
Current Service charges	881,934	112,214	-	994,148
Other revenue	39,793	121,489	-	161,282
<b>Total revenues</b>	<b>5,077,298</b>	<b>1,717,756</b>	<b>1,308,353</b>	<b>8,103,407</b>
<b>EXPENDITURES:</b>				
General government	21,778	-	-	21,778
Police	154,122	53	-	154,175
Fire and emergency medical services	2,154,225	-	-	2,154,225
Community development and environmental resources	1,246,022	399,193	4,248	1,649,463
Recreation and community services	899,163	14,249	-	913,412
Capital outlay	963,589	2,712,798	-	3,676,387
Debt service:				
Principal	19,943	-	708,957	728,900
Interest	2,480	-	861,640	864,120
<b>Total expenditures</b>	<b>5,461,322</b>	<b>3,126,293</b>	<b>1,574,845</b>	<b>10,162,460</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(384,024)</b>	<b>(1,408,537)</b>	<b>(266,492)</b>	<b>(2,059,053)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	525,737	767,737	391,384	1,684,858
Transfers out	(22,500)	(190,238)	-	(212,738)
<b>Total other financing sources (uses)</b>	<b>503,237</b>	<b>577,499</b>	<b>391,384</b>	<b>1,472,120</b>
<b>Net change in fund balances</b>	<b>119,213</b>	<b>(831,038)</b>	<b>124,892</b>	<b>(586,933)</b>
<b>FUND BALANCES:</b>				
Beginning of the year	2,634,356	8,146,803	1,753,481	12,534,640
End of year	<u>\$ 2,753,569</u>	<u>\$ 7,315,765</u>	<u>\$ 1,878,373</u>	<u>\$ 11,947,707</u>

## City of Albany

### Other Special Revenue Funds

---

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

**Gas Tax Fund (#230)** - accounts for revenue received and expended under the State of California, Street and Highways Code Sections 2106, 2107, and 2107.5. These revenues must be expended for street maintenance or construction.

**Community Development Block Grant Fund (#270)** - accounts for revenues received and expended under the Federal Community Development Act of 1974. The funds are distributed through the Alameda County Housing and Community Development Department to assist low income and disabled people in Albany.

**Street Fund (#720)** - accounts for capital street improvements. Monies are transferred from other funds to pay for expenditures.

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

**Storm Drain Fund (#620)** - accounts for revenues and expenditures for programs and activities used to prevent non-point source pollution.

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

**Waste Management Fund (#410/#441)** - accounts for monies received from the Alameda County Waste Management Authority. Expenditures are made from this fund on a variety of waste reduction programs to comply with State Legislation AB 939, and for oversight of the City's garbage franchise.

**Operating Grants (#443)** - accounts for grant revenues and expenditures for general purposes.

**Paratransit Fund (#490)** - accounts for paratransit transportation services provided to qualified Albany senior residents and to people with disabilities 18 years and over.

**Lighting and Landscape Assessment District Fund 1998-1 (#730)** - accounts for assessments levied on district property and are used for landscape and lighting projects, services and maintenance, and debt service on the 1997 Refunding COPS

## City of Albany

### Other Special Revenue Funds

---

**Emergency Medical services Fund (#265)** - accounts for revenue received from emergency medical services including ambulance fees and Paramedic Emergency Medical Service and Advanced Life Support assessments. These funds are expended for emergency medical services provided by the City.

**L&LAD 1996-1 Open Space Fund (#480)** - accounts for the purchase of open space on Albany Hill, through the City of Albany Open Space, Recreational Playfield and Creek Restoration Assessment District No. 1996-1.

**L&LAD 1996-1 Recreational Playfields Fund (#481)** - accounts for the acquisition, development and maintenance of recreational playfields throughout the City of Albany Open Space, Recreational Playfield and Creek Restoration Assessment District No. 1996-1.

**L&LAD 1996-1Creek Restoration Fund (#482)** - accounts for restoration of creeks through the City of Albany Open Space, Recreational Playfield and Creek Restoration Assessment District No. 1996-1.

**Park Bond Fund (#485)** - accounts for monies received for the City's per capital and block grant awards from the Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection Acts of 2000 and 2002. These funds are used for rehabilitation and restoration of parks and recreation facilities.

**EBRPD Measure WW Fund (#495)** - accounts for monies received from the East Bay Regional Parks District Measure WW Bond. These funds are used for rehabilitation and restoration of parks and recreation facilities.

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

**Poet Laureate (#896)** - accounts for revenues, donations and expenses associated with the sponsoring of a local poet to write poetry, to express and celebrate the spirit of the community.

**Asset forfeiture (#261)** - accounts for assets forfeited by someone convicted of drug sales or manufacturing charges. These funds are restricted to law enforcement and/or training related expenses.

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

**Transportation Fund for Clean Air (#231)** - accounts for expenditures incurred in the joint development of a Climate Action Plan by the Cities of Piedmont and Albany.

**City of Albany**  
**Combining Balance Sheet**  
**Other Special Revenue Funds**  
**June 30, 2014**

	Special Revenue Funds				
	Gas Tax	Community Development Block Grant	Street	Library Operations	Storm Drain
<b>ASSETS</b>					
Operating cash and investments	\$ 693,741	\$ -	\$ 168,208	\$ 348,238	\$ 566,384
Receivables:					
Taxes	57,535	-	-	5,358	2,120
Accounts	-	48,250	-	4,871	4,705
<b>Total assets</b>	<b>\$ 751,276</b>	<b>\$ 48,250</b>	<b>\$ 168,208</b>	<b>\$ 358,467</b>	<b>\$ 573,209</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 20,002	\$ -	\$ 386	\$ 175,159	\$ 6,808
Accrued salaries and benefits	-	-	-	-	1,159
Accrued liabilities	-	-	-	-	-
Due to other funds	-	48,250	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>20,002</b>	<b>48,250</b>	<b>386</b>	<b>175,159</b>	<b>7,967</b>
<b>Fund Balances:</b>					
Restricted	731,274	-	167,822	183,308	565,242
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>731,274</b>	<b>-</b>	<b>167,822</b>	<b>183,308</b>	<b>565,242</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 751,276</b>	<b>\$ 48,250</b>	<b>\$ 168,208</b>	<b>\$ 358,467</b>	<b>\$ 573,209</b>

Special Revenue Funds

Alameda County Measure B Streets and Roads	Alameda County Measure B Bike and Pedestrian	Waste Management	Operating Grants	Paratransit	L&L Assessment District 1998-1	Emergency Medical Services
\$ 67,811	\$ 60,195	\$ 82,064	\$ 27,304	\$ 7,262	\$ 272,147	\$ -
61,742	8,653	-	-	5,203	4,280	5,419
-	-	17,889	-	-	-	113,573
<u>\$ 129,553</u>	<u>\$ 68,848</u>	<u>\$ 99,953</u>	<u>\$ 27,304</u>	<u>\$ 12,465</u>	<u>\$ 276,427</u>	<u>\$ 118,992</u>
\$ 77,588	\$ 2,376	\$ -	\$ 8,178	\$ 1,177	\$ 74,049	\$ 14,255
-	-	-	716	547	5,148	42,497
-	-	-	-	-	-	-
-	-	3,422	-	-	-	62,240
-	-	-	-	-	-	-
<u>77,588</u>	<u>2,376</u>	<u>3,422</u>	<u>8,894</u>	<u>1,724</u>	<u>79,197</u>	<u>118,992</u>
51,965	66,472	96,531	18,410	10,741	197,230	-
-	-	-	-	-	-	-
<u>51,965</u>	<u>66,472</u>	<u>96,531</u>	<u>18,410</u>	<u>10,741</u>	<u>197,230</u>	<u>-</u>
<u>\$ 129,553</u>	<u>\$ 68,848</u>	<u>\$ 99,953</u>	<u>\$ 27,304</u>	<u>\$ 12,465</u>	<u>\$ 276,427</u>	<u>\$ 118,992</u>

**City of Albany**  
**Combining Balance Sheet**  
**Other Special Revenue Funds**  
**June 30, 2014**

	Special Revenue Funds				
	L&L Assessment District 1996-1				
	Open Space	Recreational Playgrounds	Creek Restoration	Park Bond	EBRPD Measure WW
<b>ASSETS</b>					
Operating cash and investments	\$ 191,023	\$ 50,708	\$ 217,771	\$ -	\$ 60
Receivables:					
Taxes	2,015	1,008	1,008	-	-
Accounts	-	-	-	-	-
<b>Total assets</b>	<b>\$ 193,038</b>	<b>\$ 51,716</b>	<b>\$ 218,779</b>	<b>\$ -</b>	<b>\$ 60</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 9,280	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unavailable revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>9,280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Restricted	183,758	51,716	218,779	-	60
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>183,758</b>	<b>51,716</b>	<b>218,779</b>	<b>-</b>	<b>60</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 193,038</b>	<b>\$ 51,716</b>	<b>\$ 218,779</b>	<b>\$ -</b>	<b>\$ 60</b>



Special Revenue Funds					Total
Law Enforcement Grants	Poet Laureate	Asset Forfeiture	Alameda County VRF	Transportation Fund For Clean Air	Other Special Revenue Funds
\$ 144,096	\$ -	\$ 49,155	\$ 13,825	\$ -	\$ 2,959,992
-	-	-	-	-	154,341
8,624	-	-	14,497	-	212,409
<u>\$ 152,720</u>	<u>\$ -</u>	<u>\$ 49,155</u>	<u>\$ 28,322</u>	<u>\$ -</u>	<u>\$ 3,326,742</u>
\$ 6,634	\$ -	\$ 3,281	\$ 8,391	\$ -	\$ 407,564
-	-	-	-	-	50,067
-	-	-	-	-	-
-	-	-	-	-	113,912
-	-	1,630	-	-	1,630
<u>6,634</u>	<u>-</u>	<u>4,911</u>	<u>8,391</u>	<u>-</u>	<u>573,173</u>
146,086	-	44,244	19,931	-	2,753,569
-	-	-	-	-	-
<u>146,086</u>	<u>-</u>	<u>44,244</u>	<u>19,931</u>	<u>-</u>	<u>2,753,569</u>
<u>\$ 152,720</u>	<u>\$ -</u>	<u>\$ 49,155</u>	<u>\$ 28,322</u>	<u>\$ -</u>	<u>\$ 3,326,742</u>

**City of Albany**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Special Revenue Funds**  
**For the year ended June 30, 2014**

	Special Revenue				
	Gas Tax	Community Development Block Grant	Street	Library Operations	Storm Drain
<b>REVENUES:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ 759,477	\$ 301,284
Franchise and other taxes	-	-	-	-	91,973
Licenses and permits	-	-	-	-	1,571
Earnings on investments	1,285	-	381	518	1,057
Revenues from other agencies	588,291	138,926	-	-	-
Current Service charges	-	-	-	-	-
Other revenue	-	-	-	31,238	2,415
<b>Total revenues</b>	<b>589,576</b>	<b>138,926</b>	<b>381</b>	<b>791,233</b>	<b>398,300</b>
<b>EXPENDITURES:</b>					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-
Community development and environmental resources	180,808	-	-	-	307,514
Recreation and community services	4,947	58,872	-	754,967	-
Capital outlay	62,675	69,412	15,193	-	574
Debt service:					
Principal	19,943	-	-	-	-
Interest	2,480	-	-	-	-
<b>Total expenditures</b>	<b>270,853</b>	<b>128,284</b>	<b>15,193</b>	<b>754,967</b>	<b>308,088</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>318,723</b>	<b>10,642</b>	<b>(14,812)</b>	<b>36,266</b>	<b>90,212</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>318,723</b>	<b>10,642</b>	<b>(14,812)</b>	<b>36,266</b>	<b>90,212</b>
<b>FUND BALANCES:</b>					
Beginning of the year, as restated	412,551	(10,642)	182,634	147,042	475,030
End of year	<u>\$ 731,274</u>	<u>\$ -</u>	<u>\$ 167,822</u>	<u>\$ 183,308</u>	<u>\$ 565,242</u>

Special Revenue

Alameda County Measure B Streets and Roads	Alameda County Measure B Bike and Pedestrian	Waste Management	Operating Grants	Paratransit	L&L Assessment District 1998-1	Emergency Medical Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 538,579	\$ 742,972
-	-	-	-	-	-	-
-	-	-	-	-	-	-
857	275	132	8	14	600	683
382,154	53,558	69,184	110,315	32,207	-	32,784
-	-	-	-	-	-	881,934
-	-	-	-	-	3,212	-
<u>383,011</u>	<u>53,833</u>	<u>69,316</u>	<u>110,323</u>	<u>32,221</u>	<u>542,391</u>	<u>1,658,373</u>
-	2,061	-	-	-	8,803	-
-	-	-	-	-	-	-
-	-	-	-	-	-	2,154,225
87,224	14,283	15,022	6,496	-	519,692	-
-	-	-	40,127	36,791	-	-
615,482	12,623	-	20,197	-	49,783	1,438
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>702,706</u>	<u>28,967</u>	<u>15,022</u>	<u>66,820</u>	<u>36,791</u>	<u>578,278</u>	<u>2,155,663</u>
(319,695)	24,866	54,294	43,503	(4,570)	(35,887)	(497,290)
-	-	-	-	-	-	525,737
-	-	-	-	-	-	(22,500)
-	-	-	-	-	-	503,237
(319,695)	24,866	54,294	43,503	(4,570)	(35,887)	5,947
371,660	41,606	42,237	(25,093)	15,311	233,117	(5,947)
<u>\$ 51,965</u>	<u>\$ 66,472</u>	<u>\$ 96,531</u>	<u>\$ 18,410</u>	<u>\$ 10,741</u>	<u>\$ 197,230</u>	<u>\$ -</u>

**City of Albany**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Special Revenue Funds**  
**For the year ended June 30, 2014**

	Special Revenue Funds				
	L&L Assessment District 1996-1				EBRPD Measure WW
	Open Space	Recreational Playgrounds	Creek Restoration	Park Bond	
<b>REVENUES:</b>					
Property taxes	\$ 21,758	\$ 10,878	\$ 10,878	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-
License and permits	-	-	-	-	-
Earnings on investments	655	265	604	-	-
Revenues from other agencies	-	-	-	-	11,515
Current Service charges	-	-	-	-	-
Other revenue	-	-	-	-	-
<b>Total revenues</b>	<b>22,413</b>	<b>11,143</b>	<b>11,482</b>	<b>-</b>	<b>11,515</b>
<b>EXPENDITURES:</b>					
General government	4,212	2,106	2,106	-	-
Police	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-
Community development and environmental resources	14,121	35,883	2,421	-	107
Recreation and community services	1,329	665	665	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total expenditures</b>	<b>19,662</b>	<b>38,654</b>	<b>5,192</b>	<b>-</b>	<b>107</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,751</b>	<b>(27,511)</b>	<b>6,290</b>	<b>-</b>	<b>11,408</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>2,751</b>	<b>(27,511)</b>	<b>6,290</b>	<b>-</b>	<b>11,408</b>
<b>FUND BALANCES:</b>					
Beginning of the year, as restated	181,007	79,227	212,489	-	(11,348)
End of year	\$ 183,758	\$ 51,716	\$ 218,779	\$ -	\$ 60

Special Revenue Funds					Total
Law Enforcement Grants	Poet Laureate	Asset Forfeiture	Alameda County VRF	Transportation Fund For Clean Air	Other Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,385,826
-	-	-	-	-	91,973
-	-	-	-	-	1,571
608	-	-	34	-	7,976
133,992	-	-	80,853	34,446	1,668,225
-	-	-	-	-	881,934
-	-	2,928	-	-	39,793
134,600	-	2,928	80,887	34,446	5,077,298
-	-	-	2,490	-	21,778
150,368	-	3,754	-	-	154,122
-	-	-	-	-	2,154,225
-	-	-	62,451	-	1,246,022
-	800	-	-	-	899,163
106,850	-	-	3,109	6,253	963,589
-	-	-	-	-	19,943
-	-	-	-	-	2,480
257,218	800	3,754	68,050	6,253	5,461,322
(122,618)	(800)	(826)	12,837	28,193	(384,024)
-	-	-	-	-	525,737
-	-	-	-	-	(22,500)
-	-	-	-	-	503,237
(122,618)	(800)	(826)	12,837	28,193	119,213
268,704	800	45,070	7,094	(28,193)	2,634,356
\$ 146,086	\$ -	\$ 44,244	\$ 19,931	\$ -	\$ 2,753,569

**City of Albany**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the year ended June 30, 2014**

	Gas Tax			Community Development Block Grant		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Earnings on investments	-	1,285	1,285	-	-	-
Revenues from other agencies	600,000	588,291	(11,709)	80,000	138,926	58,926
Current Service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
<b>Total revenues</b>	<b>600,000</b>	<b>589,576</b>	<b>(10,424)</b>	<b>80,000</b>	<b>138,926</b>	<b>58,926</b>
<b>EXPENDITURES:</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	180,808	(180,808)	19,091	-	19,091
Recreation and community services	-	4,947	(4,947)	10,909	58,872	(47,963)
Capital outlay	400,000	62,675	337,325	50,000	69,412	(19,412)
Debt service:			-			-
Principal	-	19,943	(19,943)	-	-	-
Interest	-	2,480	(2,480)	-	-	-
<b>Total expenditures</b>	<b>400,000</b>	<b>270,853</b>	<b>129,147</b>	<b>80,000</b>	<b>128,284</b>	<b>(48,284)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>200,000</b>	<b>318,723</b>	<b>118,723</b>	<b>-</b>	<b>10,642</b>	<b>10,642</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 200,000</b>	<b>318,723</b>	<b>\$ 118,723</b>	<b>\$ -</b>	<b>10,642</b>	<b>\$ 10,642</b>
<b>FUND BALANCES:</b>						
Beginning of the year		412,551			(10,642)	
End of year		<u>\$ 731,274</u>			<u>\$ -</u>	

Street			Library Operations			Storm Drain		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ 785,024	\$ 759,477	\$ (25,547)	\$ 336,750	\$ 301,284	\$ (35,466)
-	-	-	-	-	-	112,250	91,973	(20,277)
-	-	-	-	-	-	-	1,571	1,571
-	381	381	-	518	518	-	1,057	1,057
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	31,238	31,238	-	2,415	2,415
-	381	381	785,024	791,233	6,209	449,000	398,300	(50,700)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
53,400	-	53,400	-	-	-	297,000	307,514	(10,514)
-	-	-	775,525	754,967	20,558	-	-	-
21,400	15,193	6,207	-	-	-	152,000	574	151,426
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
74,800	15,193	59,607	775,525	754,967	20,558	449,000	308,088	140,912
(74,800)	(14,812)	59,988	9,499	36,266	26,767	-	90,212	90,212
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ (74,800)	(14,812)	\$ 59,988	\$ 9,499	36,266	\$ 26,767	\$ -	90,212	\$ 90,212
	182,634			147,042			475,030	
	\$ 167,822			\$ 183,308			\$ 565,242	

**City of Albany**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the year ended June 30, 2014**

	Alameda County Measure B Streets and Roads			Alameda County Measure B Bike and Pedestrian		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Earnings on investments	-	857	857	-	275	275
Revenues from other agencies	-	382,154	382,154	489,800	53,558	(436,242)
Current Service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>383,011</b>	<b>383,011</b>	<b>489,800</b>	<b>53,833</b>	<b>(435,967)</b>
<b>EXPENDITURES:</b>						
General government	-	-	-	-	2,061	(2,061)
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	-	87,224	(87,224)	240,000	14,283	225,717
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	615,482	(615,482)	249,800	12,623	237,177
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>702,706</b>	<b>(702,706)</b>	<b>489,800</b>	<b>28,967</b>	<b>460,833</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(319,695)</b>	<b>(319,695)</b>	<b>-</b>	<b>24,866</b>	<b>24,866</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>(319,695)</b>	<b>\$ (319,695)</b>	<b>\$ -</b>	<b>24,866</b>	<b>\$ 24,866</b>
<b>FUND BALANCES:</b>						
Beginning of the year		371,660			41,606	
End of year		\$ 51,965			\$ 66,472	



Waste Management			Operating Grants			Paratransit		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	132	132	-	8	8	-	12	12
48,063	69,184	21,121	100,000	110,315	10,315	36,000	32,207	(3,793)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>48,063</u>	<u>69,316</u>	<u>21,253</u>	<u>100,000</u>	<u>110,323</u>	<u>10,323</u>	<u>36,000</u>	<u>32,219</u>	<u>(3,781)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
30,000	15,022	14,978	100,000	6,496	93,504	-	-	-
-	-	-	-	40,127	(40,127)	36,000	36,791	(791)
-	-	-	-	20,197	(20,197)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>30,000</u>	<u>15,022</u>	<u>14,978</u>	<u>100,000</u>	<u>66,820</u>	<u>33,180</u>	<u>36,000</u>	<u>36,791</u>	<u>(791)</u>
<u>18,063</u>	<u>54,294</u>	<u>36,231</u>	<u>-</u>	<u>43,503</u>	<u>43,503</u>	<u>-</u>	<u>(4,572)</u>	<u>(4,572)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 18,063</u>	<u>54,294</u>	<u>\$ 36,231</u>	<u>\$ -</u>	<u>43,503</u>	<u>\$ 43,503</u>	<u>\$ -</u>	<u>(4,572)</u>	<u>\$ (4,572)</u>
	<u>42,237</u>			<u>(25,093)</u>			<u>15,313</u>	
	<u>\$ 96,531</u>			<u>\$ 18,410</u>			<u>\$ 10,741</u>	

**City of Albany**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the year ended June 30, 2014**

	L&L Assessment District 1998-1			Emergency Medical Services		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Property taxes	\$ 522,269	\$ 538,579	\$ 16,310	\$ 766,975	\$ 742,972	\$ (24,003)
Franchise and other taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Earnings on investments	-	600	600	-	683	683
Revenues from other agencies	-	-	-	-	32,784	32,784
Current Service charges	-	-	-	627,525	881,934	254,409
Other revenue	-	3,212	3,212	-	-	-
<b>Total revenues</b>	<b>522,269</b>	<b>542,391</b>	<b>20,122</b>	<b>1,394,500</b>	<b>1,658,373</b>	<b>263,873</b>
<b>EXPENDITURES:</b>						
General government	-	8,803	(8,803)	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	2,154,225	(2,154,225)
Community development and environmental resources	463,340	519,692	(56,352)	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	120,000	49,783	70,217	-	1,438	(1,438)
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>583,340</b>	<b>578,278</b>	<b>5,062</b>	<b>-</b>	<b>2,155,663</b>	<b>(2,155,663)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(61,071)</b>	<b>(35,887)</b>	<b>25,184</b>	<b>1,394,500</b>	<b>(497,290)</b>	<b>(1,891,790)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	525,737	525,737	-
Transfers out	-	-	-	(22,500)	(22,500)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>503,237</b>	<b>503,237</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (61,071)</b>	<b>(35,887)</b>	<b>\$ 25,184</b>	<b>\$ 1,897,737</b>	<b>5,947</b>	<b>\$ (1,891,790)</b>
<b>FUND BALANCES:</b>						
Beginning of the year		233,117			(5,947)	
End of year		<u>\$ 197,230</u>			<u>\$ -</u>	

Open Space			Recreational Playgrounds			Creek Restoration		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ 21,758	\$ 21,758	\$ -	\$ 10,878	\$ 10,878	\$ -	\$ 10,878	\$ 10,878
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	655	655	-	265	265	-	604	604
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	22,413	22,413	-	11,143	11,143	-	11,482	11,482
-	4,212	(4,212)	-	2,106	(2,106)	-	2,106	(2,106)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
179,171	14,121	165,050	78,337	35,883	42,454	124,699	2,421	122,278
-	1,329	(1,329)	-	665	(665)	-	665	(665)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
179,171	19,662	159,509	78,337	38,654	39,683	124,699	5,192	119,507
(179,171)	2,751	181,922	(78,337)	(27,511)	50,826	(124,699)	6,290	130,989
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ (179,171)</u>	2,751	<u>\$ 181,922</u>	<u>\$ (78,337)</u>	(27,511)	<u>\$ 50,826</u>	<u>\$ (124,699)</u>	6,290	<u>\$ 130,989</u>
	181,007			79,227			212,489	
	<u>\$ 183,758</u>			<u>\$ 51,716</u>			<u>\$ 218,779</u>	

**City of Albany**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the year ended June 30, 2014**

	Park Bond			EBRPD Measure WW		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Earnings on investments	-	-	-	-	-	-
Revenues from other agencies	-	-	-	30,000	11,515	(18,485)
Current Service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,000</b>	<b>11,515</b>	<b>(18,485)</b>
<b>EXPENDITURES:</b>						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	72,291	-	72,291	-	107	(107)
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	30,000	-	30,000
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>72,291</b>	<b>-</b>	<b>72,291</b>	<b>30,000</b>	<b>107</b>	<b>29,893</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(72,291)</b>	<b>-</b>	<b>72,291</b>	<b>-</b>	<b>11,408</b>	<b>11,408</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (72,291)</b>	<b>-</b>	<b>\$ 72,291</b>	<b>\$ -</b>	<b>11,408</b>	<b>\$ 11,408</b>
<b>FUND BALANCES:</b>						
Beginning of the year		-			(11,348)	
End of year		\$ -			\$ 60	

Law Enforcement Grants			Poet Laureate			Asset Forfeiture		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	608	608	-	-	-	-	-	-
150,000	133,992	(16,008)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	5,000	2,928	(2,072)
150,000	134,600	(15,400)	-	-	-	5,000	2,928	(2,072)
-	-	-	-	-	-	-	-	-
201,000	150,368	50,632	-	-	-	5,000	3,754	1,246
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	800	(800)	-	-	-
-	106,850	(106,850)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
201,000	257,218	(56,218)	-	800	(800)	5,000	3,754	1,246
(51,000)	(122,618)	(71,618)	-	(800)	(800)	-	(826)	(826)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ (51,000)</u>	<u>(122,618)</u>	<u>\$ (71,618)</u>	<u>\$ -</u>	<u>(800)</u>	<u>\$ (800)</u>	<u>\$ -</u>	<u>(826)</u>	<u>\$ (826)</u>
	268,704			800			45,070	
	<u>\$ 146,086</u>			<u>\$ -</u>			<u>\$ 44,244</u>	

**City of Albany**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the year ended June 30, 2014**

	Alameda County VRF			Transportation Fund for Clean Air		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Earnings on investments	-	34	34	-	-	-
Revenues from other agencies	135,600	80,853	(54,747)	65,500	34,446	(31,054)
Current Service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
<b>Total revenues</b>	<b>135,600</b>	<b>80,887</b>	<b>(54,713)</b>	<b>65,500</b>	<b>34,446</b>	<b>(31,054)</b>
<b>EXPENDITURES:</b>						
General government	-	2,490	(2,490)	-	-	-
Police	-	-	-	-	-	-
Fire and emergency medical services	-	-	-	-	-	-
Community development and environmental resources	7,000	62,451	(55,451)	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	128,600	3,109	125,491	65,500	6,253	59,247
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>135,600</b>	<b>68,050</b>	<b>67,550</b>	<b>65,500</b>	<b>6,253</b>	<b>59,247</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>12,837</b>	<b>12,837</b>	<b>-</b>	<b>28,193</b>	<b>28,193</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>12,837</b>	<b>\$ 12,837</b>	<b>\$ -</b>	<b>28,193</b>	<b>\$ 28,193</b>
<b>FUND BALANCES:</b>						
Beginning of the year		7,094			(28,193)	
End of year		<u>\$ 19,931</u>			<u>\$ -</u>	

*This page intentionally left blank*

## City of Albany

### Other Capital Projects Funds

---

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

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

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

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

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

**Capital Facilities Developer Fee (#750 / #751)** - is used to account for a fee on new developments, to assist in paying for capital improvements in the community. The fee is based on the City's anticipated capital improvement requirements and the proportion of the cost of these improvements attributable to the new developments.

**Capital Facilities Reserve Fund (#841)** - is used to accumulate resources for future construction of the maintenance center and other facilities as determined by the City Council.

**Community Development Equipment Reserve Fund (#805)** - is used to accumulate resources to be used for replacement of public works and park equipment.

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

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

**R & CS Reserve Fund (Recreation & Community Services #801 / #802)** - is used to accumulate resources for the replacement of equipment and furniture, and for maintenance and repair of the Community Center building.

**Capital Projects Fund (#700 / #701 / #702 / #842)** - is used to account for major capital projects not provided for in one of the other capital projects funds.



## **City of Albany**

### **Other Capital Projects Funds**

---

**Public Arts Fund (#460)** - is used to account for a fee of 1.75% of construction cost assessed on certain building permits, as an in-lieu fee in place of the inclusion of a public art feature in new public construction. The use of fees collected is restricted to the promotion of public art.

**General Obligation Bond I & II (#770 / #775)** - is used to account for the General Obligation Bond proceeds issued in two separate series. In 2002 the voters approved issuance of bonds in the amount of \$14,500,000. Series 2003 was issued for \$8,000,000 and Series 2007 was issued for \$6,500,000. The proceeds were used to finance the repair and improvement of recreational facilities; structural improvements to the fire department, police department and city hall buildings; residential street improvements; bike path improvements, construction and safety lighting; create and improve new and existing parks; and resurface city streets.

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

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

**Information System Reserve (#850)** - is used to account for activities related to information systems.

**City of Albany**  
**Combining Balance Sheet**  
**Other Capital Projects Funds**  
**June 30, 2014**

	Fire Equipment Reserve	Police Equipment Reserve	Emergency Medical Service Equipment	Fire Operations Equipment	Capital Facilities Developer Fee
<b>ASSETS</b>					
Operating cash and investments	\$ 173,380	\$ 428,742	\$ 54,471	\$ 188,558	\$ 5,755
Receivables:					
Interest	-	-	-	-	-
Accounts	-	-	-	136,802	-
<b>Total assets</b>	<b>\$ 173,380</b>	<b>\$ 428,742</b>	<b>\$ 54,471</b>	<b>\$ 325,360</b>	<b>\$ 5,755</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 146	\$ -	\$ 270,239	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>146</b>	<b>-</b>	<b>270,239</b>	<b>-</b>
<b>Fund Balances:</b>					
Restricted	-	-	-	-	5,755
Assigned	173,380	428,596	54,471	55,121	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>173,380</b>	<b>428,596</b>	<b>54,471</b>	<b>55,121</b>	<b>5,755</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 173,380</b>	<b>\$ 428,742</b>	<b>\$ 54,471</b>	<b>\$ 325,360</b>	<b>\$ 5,755</b>



<u>Capital Facilities Reserve</u>	<u>Community Development Reserve</u>	<u>Major Planning Reserve</u>	<u>Equipment Replacement Reserve</u>	<u>R &amp; CS Reserve</u>	<u>Capital Projects Fund</u>	<u>Public Art Fee</u>
\$ 1,719	\$ 255,121	\$ 442,011	\$ 621,366	\$ 302,014	\$ 1,464,884	\$ 82,506
-	-	-	-	-	-	-
-	-	-	-	-	38,942	-
<u>\$ 1,719</u>	<u>\$ 255,121</u>	<u>\$ 442,011</u>	<u>\$ 621,366</u>	<u>\$ 302,014</u>	<u>\$ 1,503,826</u>	<u>\$ 82,506</u>

<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,737</u>	<u>\$ -</u>	<u>\$ 321</u>	<u>\$ 21,387</u>	<u>\$ -</u>
-	-	29,737	-	321	21,387	-

-	-	-	-	-	-	82,506
1,719	255,121	412,274	621,366	301,693	1,482,439	-
-	-	-	-	-	-	-
<u>1,719</u>	<u>255,121</u>	<u>412,274</u>	<u>621,366</u>	<u>301,693</u>	<u>1,482,439</u>	<u>82,506</u>
<u>\$ 1,719</u>	<u>\$ 255,121</u>	<u>\$ 442,011</u>	<u>\$ 621,366</u>	<u>\$ 302,014</u>	<u>\$ 1,503,826</u>	<u>\$ 82,506</u>

**City of Albany**  
**Combining Balance Sheet**  
**Other Capital Projects Funds**  
**June 30, 2014**

	General Obligation Bond I & II	Congestion Mitigation & Air Quality (CMAQ)	1996-1 Assessment Bond Fund	Information System Reserve	Total Non-Major Governmental Funds
<b>ASSETS</b>					
Operating cash and investments	\$ 825,025	\$ -	\$ 2,790,410	\$ 105,000	\$ 7,740,962
Receivables:					
Accrued interest		-	1,153	-	1,153
Accounts	10,422	-	-	-	186,166
<b>Total assets</b>	<b>\$ 835,447</b>	<b>\$ -</b>	<b>\$ 2,791,563</b>	<b>\$ 105,000</b>	<b>\$ 7,928,281</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 44,807	\$ -	\$ -	\$ -	\$ 366,637
<b>Total liabilities</b>	<b>44,807</b>	<b>245,879</b>	<b>-</b>	<b>-</b>	<b>612,516</b>
<b>Fund Balances:</b>					
Restricted	790,640	-	2,791,563	-	3,670,464
Assigned	-	-	-	105,000	3,891,180
Unassigned	-	(245,879)	-	-	(245,879)
<b>Total fund balances</b>	<b>790,640</b>	<b>(245,879)</b>	<b>2,791,563</b>	<b>105,000</b>	<b>7,315,765</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 835,447</b>	<b>\$ -</b>	<b>\$ 2,791,563</b>	<b>\$ 105,000</b>	<b>\$ 7,928,281</b>

*This page intentionally left blank*

# City of Albany

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Other Capital Projects Funds

For the year ended June 30, 2014

	Fire Equipment Reserve	Police Equipment Reserve	Emergency Medical Service Equipment	Fire Operations Equipment	Capital Facilities Developer Fee
<b>REVENUES:</b>					
Earnings on investments	\$ -	\$ -	\$ -	\$ -	\$ 477
Revenues from other agencies	-	-	129,141	136,802	-
Current Service charges	-	-	-	-	17,341
Other revenue	-	-	-	64,647	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>129,141</b>	<b>201,449</b>	<b>17,818</b>
<b>EXPENDITURES:</b>					
Police	-	53	-	-	-
Community development and environmental resource	-	-	-	-	-
Recreation and community services	-	-	-	-	-
Capital outlay	-	-	188,559	270,239	260,575
<b>Total expenditures</b>	<b>-</b>	<b>53</b>	<b>188,559</b>	<b>270,239</b>	<b>260,575</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(53)</b>	<b>(59,418)</b>	<b>(68,790)</b>	<b>(242,757)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	130,000	105,000	62,500	50,000	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>130,000</b>	<b>105,000</b>	<b>62,500</b>	<b>50,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>130,000</b>	<b>104,947</b>	<b>3,082</b>	<b>(18,790)</b>	<b>(242,757)</b>
<b>FUND BALANCES:</b>					
Beginning of the year	43,380	323,649	51,389	73,911	248,512
End of year	<u>\$ 173,380</u>	<u>\$ 428,596</u>	<u>\$ 54,471</u>	<u>\$ 55,121</u>	<u>\$ 5,755</u>

Capital Facilities Reserve	Community Development Reserve	Major Planning Reserve	Equipment Replacement Reserve	R & CS Reserve	Capital Projects Fund	Public Art Fee
\$ 1,307	\$ -	\$ -	\$ -	\$ -	\$ 46	\$ -
-	-	-	-	-	336,750	-
-	-	-	-	74,763	-	20,110
-	-	-	-	11,000	25,000	-
1,307	-	-	-	85,763	361,796	20,110
-	-	-	-	-	-	-
1,765	-	144,148	-	-	226,569	-
-	-	-	-	14,249	-	-
954,891	-	-	-	102,411	75,621	-
956,656	-	144,148	-	116,660	302,190	-
(955,349)	-	(144,148)	-	(30,897)	59,606	20,110
190,237	-	-	55,000	70,000	-	-
-	-	-	(190,238)	-	-	-
190,237	-	-	(135,238)	70,000	-	-
(765,112)	-	(144,148)	(135,238)	39,103	59,606	20,110
766,831	255,121	556,422	756,604	262,590	1,422,833	62,396
<u>\$ 1,719</u>	<u>\$ 255,121</u>	<u>\$ 412,274</u>	<u>\$ 621,366</u>	<u>\$ 301,693</u>	<u>\$ 1,482,439</u>	<u>\$ 82,506</u>

**City of Albany**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Capital Projects Funds**  
**For the year ended June 30, 2014**

	General Obligation Bond I & II	Congestion Mitigation & Air Quality (CMAQ)	1996-1 Assessment Bond Fund	Information System Reserve	Total Non-Major Governmental Funds
<b>REVENUES:</b>					
Earnings on investments	\$ 2,173	\$ -	\$ 5,035	\$ -	\$ 9,038
Revenues from other agencies	-	872,322	-	-	1,475,015
Current Service charges	-	-	-	-	112,214
Other revenue	20,842	-	-	-	121,489
<b>Total revenues</b>	<b>23,015</b>	<b>872,322</b>	<b>5,035</b>	<b>-</b>	<b>1,717,756</b>
<b>EXPENDITURES:</b>					
Police	-	-	-	-	53
Community development and environmental resources	26,711	-	-	-	399,193
Recreation and community services	-	-	-	-	14,249
Capital outlay	405,328	455,174	-	-	2,712,798
<b>Total expenditures</b>	<b>432,039</b>	<b>455,174</b>	<b>-</b>	<b>-</b>	<b>3,126,293</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(409,024)</b>	<b>417,148</b>	<b>5,035</b>	<b>-</b>	<b>(1,408,537)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	105,000	767,737
Transfers out	-	-	-	-	(190,238)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105,000</b>	<b>577,499</b>
<b>Net change in fund balances</b>	<b>(409,024)</b>	<b>417,148</b>	<b>5,035</b>	<b>105,000</b>	<b>(831,038)</b>
<b>FUND BALANCES:</b>					
Beginning of the year	1,199,664	(663,027)	2,786,528	-	8,146,803
End of year	\$ 790,640	\$ (245,879)	\$ 2,791,563	\$ 105,000	\$ 7,315,765



*This page intentionally left blank*

**City of Albany**  
**Budgetary Comparison Schedule**  
**Other Capital Projects Funds**  
**For the year ended June 30, 2014**

	Fire Equipment Reserve			Police Equipmet Reserve		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Earnings on investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from other agencies	-	-	-	-	-	-
Current Service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>						
Police	-	-	-	22,000	53	21,947
Community development and environmental resource	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	-	-	93,000	-	93,000
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115,000</b>	<b>53</b>	<b>114,947</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(115,000)</b>	<b>(53)</b>	<b>114,947</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	130,000	130,000	-	105,000	105,000	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>130,000</b>	<b>130,000</b>	<b>-</b>	<b>105,000</b>	<b>105,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 130,000</b>	<b>130,000</b>	<b>\$ -</b>	<b>\$ (10,000)</b>	<b>104,947</b>	<b>\$ 114,947</b>
<b>FUND BALANCES:</b>						
Beginning of the year		43,380			323,649	
End of year		<u>\$ 173,380</u>			<u>\$ 428,596</u>	

Emergency Medical Service Equipment			Fire Operations Equipment			Capital Facilities Developer Fee		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 477	\$ 477
-	129,141	129,141	136,802	136,802	-	-	-	-
-	-	-	-	-	-	10,000	17,341	7,341
-	-	-	64,648	64,647	(1)	-	-	-
-	129,141	129,141	201,450	201,449	(1)	10,000	17,818	7,818
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
60,000	188,559	(128,559)	1,170,240	270,239	900,001	-	260,575	(260,575)
60,000	188,559	(128,559)	1,170,240	270,239	900,001	-	260,575	(260,575)
(60,000)	(59,418)	582	(968,790)	(68,790)	900,000	10,000	(242,757)	(252,757)
62,500	62,500	-	50,000	50,000	-	-	-	-
-	-	-	-	-	-	-	-	-
62,500	62,500	-	50,000	50,000	-	-	-	-
<u>\$ 2,500</u>	3,082	<u>\$ 582</u>	<u>\$ (918,790)</u>	(18,790)	<u>\$ 900,000</u>	<u>\$ 10,000</u>	(242,757)	<u>\$ (252,757)</u>
	51,389			73,911			248,512	
	<u>\$ 54,471</u>			<u>\$ 55,121</u>			<u>\$ 5,755</u>	

**City of Albany**  
**Budgetary Comparison Schedule**  
**Other Capital Projects Funds**  
**For the year ended June 30, 2014**

	Capital Facilities Reserve			Community Development Reserve		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Earnings on investments	\$ -	\$ 1,307	\$ 1,307	\$ -	\$ -	\$ -
Revenues from other agencies	-	-	-	-	-	-
Current Service charges	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>1,307</b>	<b>1,307</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>						
Police	-	-	-	-	-	-
Community development and environmental resource	-	1,765	(1,765)	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	954,891	(954,891)	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>956,656</b>	<b>(956,656)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(955,349)</b>	<b>(955,349)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	190,237	190,237	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>190,237</b>	<b>190,237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 190,237</b>	<b>(765,112)</b>	<b>\$ (955,349)</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>FUND BALANCES:</b>						
Beginning of the year		766,831			255,121	
End of year		\$ 1,719			\$ 255,121	

Major Planning Reserve			Equipment Replacement Reserve			R & CS Reserve		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	64,000	74,763	10,763
-	-	-	-	-	-	-	11,000	11,000
-	-	-	-	-	-	64,000	85,763	21,763
-	-	-	-	-	-	-	-	-
-	144,148	(144,148)	-	-	-	-	-	-
-	-	-	-	-	-	-	14,249	(14,249)
500,000	-	500,000	600,000	-	600,000	62,000	102,411	(40,411)
500,000	144,148	355,852	600,000	-	600,000	62,000	116,660	(54,660)
(500,000)	(144,148)	355,852	(600,000)	-	600,000	2,000	(30,897)	(32,897)
-	-	-	55,000	55,000	-	70,000	70,000	-
-	-	-	(190,237)	(190,238)	(1)	-	-	-
-	-	-	(135,237)	(135,238)	(1)	70,000	70,000	-
<u>\$ (500,000)</u>	<u>(144,148)</u>	<u>\$ 355,852</u>	<u>\$ (735,237)</u>	<u>(135,238)</u>	<u>\$ 599,999</u>	<u>\$ 72,000</u>	39,103	<u>\$ (32,897)</u>
	556,422			756,604			262,590	
	<u>\$ 412,274</u>			<u>\$ 621,366</u>			<u>\$ 301,693</u>	

**City of Albany**  
**Budgetary Comparison Schedule**  
**Other Capital Projects Funds**  
**For the year ended June 30, 2014**

	Capital Projects Fund			Public Art Fee		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Earnings on investments	\$ -	\$ 46	\$ 46	\$ -	\$ -	\$ -
Revenues from other agencies	580,000	336,750	(243,250)	-	-	-
Current Service charges	-	-	-	-	20,110	20,110
Other revenue	-	25,000	25,000	-	-	-
<b>Total revenues</b>	<b>580,000</b>	<b>361,796</b>	<b>(218,204)</b>	<b>-</b>	<b>20,110</b>	<b>20,110</b>
<b>EXPENDITURES:</b>						
Police	-	-	-	-	-	-
Community development and environmental resource	-	226,569	(226,569)	-	-	-
Recreation and community services	-	-	-	8,000	-	8,000
Capital outlay	1,957,126	75,621	1,881,505	-	-	-
<b>Total expenditures</b>	<b>1,957,126</b>	<b>302,190</b>	<b>1,654,936</b>	<b>8,000</b>	<b>-</b>	<b>8,000</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,377,126)</b>	<b>59,606</b>	<b>1,436,732</b>	<b>(8,000)</b>	<b>20,110</b>	<b>28,110</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (1,377,126)</b>	<b>59,606</b>	<b>\$ 1,436,732</b>	<b>\$ (8,000)</b>	<b>20,110</b>	<b>\$ 28,110</b>
<b>FUND BALANCES:</b>						
Beginning of the year		1,422,833			62,396	
End of year		\$ 1,482,439			\$ 82,506	

General Obligation Bond I & II			Congestion Mitigation Air Quality Fund			1996-1 Assessment District Bond Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 4,000	\$ 2,173	\$ (1,827)	\$ -	\$ -	\$ -	\$ 18,800	\$ 5,035	\$ (13,765)
-	-	-	-	872,322	872,322	-	-	-
-	-	-	-	-	-	-	-	-
-	20,842	20,842	-	-	-	-	-	-
<u>4,000</u>	<u>23,015</u>	<u>19,015</u>	<u>-</u>	<u>872,322</u>	<u>872,322</u>	<u>18,800</u>	<u>5,035</u>	<u>(13,765)</u>
-	-	-	-	-	-	-	-	-
57,001	26,711	30,290	-	-	-	161,590	-	161,590
-	-	-	-	-	-	-	-	-
<u>294,015</u>	<u>405,328</u>	<u>(111,313)</u>	<u>-</u>	<u>455,174</u>	<u>(455,174)</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
<u>351,016</u>	<u>432,039</u>	<u>(81,023)</u>	<u>-</u>	<u>455,174</u>	<u>(455,174)</u>	<u>261,590</u>	<u>-</u>	<u>261,590</u>
<u>(347,016)</u>	<u>(409,024)</u>	<u>(62,008)</u>	<u>-</u>	<u>417,148</u>	<u>417,148</u>	<u>(242,790)</u>	<u>5,035</u>	<u>247,825</u>
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (347,016)</u>	<u>(409,024)</u>	<u>\$ (62,008)</u>	<u>\$ -</u>	<u>417,148</u>	<u>\$ 417,148</u>	<u>\$ (242,790)</u>	<u>5,035</u>	<u>\$ 247,825</u>
	<u>1,199,664</u>			<u>(663,027)</u>			<u>2,786,528</u>	
	<u>\$ 790,640</u>			<u>\$ (245,879)</u>			<u>\$ 2,791,563</u>	

**City of Albany**  
**Budgetary Comparison Schedule**  
**Other Capital Projects Funds**  
**For the year ended June 30, 2014**

	Information System Reserve		
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Earnings on investments	\$ -	\$ -	\$ -
Revenues from other agencies	-	-	-
Current Service charges	-	-	-
Other revenue	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>			
Police	-	-	-
Community development and environmental resource	-	-	-
Recreation and community services	-	-	-
Capital outlay	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	105,000	105,000	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>105,000</u>	<u>105,000</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 105,000</u>	105,000	<u>\$ -</u>
<b>FUND BALANCES:</b>			
Beginning of the year		<u>-</u>	
End of year		<u>\$ 105,000</u>	



## **City of Albany**

### **Other Debt Service Funds**

---

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

**G.O. Bond I Debt Service (#771)** - accounts for accumulation of resources for the payments of general obligation bond principal and interest of the 2002 Election Bonds, Series 2003.

**G.O. Bond II Debt Service (#772)** - accounts for accumulation of resources for the payments of general obligation bond principal and interest of the 2002 Election Bonds, Series 2007.

**Civic Center Improvement Bond Debt Service (#774)** - accounts for accumulation of resources for the payments of general obligation bond principal and interest of the 2006 Election Bonds, Series 2007.

**2009 Street & Storm Drain Parcel Tax Debt Service (#823)** - accounts for accumulation of resources for the payments of parcel tax note payable principal and interest of the 2006 Election parcel tax, Series 2009.

**City of Albany**  
**Combining Balance Sheet**  
**Other Debt Service Funds**  
**June 30, 2014**

	2003 G.O. Bond I Debt Service	2007 G.O. Bond II Debt Service	Civic Center Debt Service	2009 St. Paving & Storm Drain Debt Service	Total Debt Service 2014
<b>ASSETS</b>					
Operating cash and investments	\$ 684,921	\$ 449,928	\$ 384,430	\$ 44,868	\$ 1,564,147
Debt Service reserve held with trustee	-	-	-	346,516	346,516
Receivables:					
Taxes	4,833	4,355	3,390	-	12,578
<b>Total assets</b>	<b>\$ 689,754</b>	<b>\$ 454,283</b>	<b>\$ 387,820</b>	<b>\$ 391,384</b>	<b>\$ 1,923,241</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Due to other funds	-	-	-	44,868	44,868
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,868</b>	<b>44,868</b>
<b>Fund Balances:</b>					
Restricted	689,754	454,283	387,820	346,516	1,878,373
<b>Total fund balances</b>	<b>689,754</b>	<b>454,283</b>	<b>387,820</b>	<b>346,516</b>	<b>1,878,373</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 689,754</b>	<b>\$ 454,283</b>	<b>\$ 387,820</b>	<b>\$ 391,384</b>	<b>\$ 1,923,241</b>

**City of Albany**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Debt Service Funds**  
**For the year ended June 30, 2014**

	2003 G.O. Bond I Debt Service	2007 G.O. Bond II Debt Service	Civic Center Debt Service	2009 St. Paving & Storm Drain Debt Service	Total Debt Service 2014
<b>REVENUES:</b>					
Property taxes	\$ 496,430	\$ 447,314	\$ 348,206	\$ -	\$ 1,291,950
Earnings on investments	1,030	581	525	-	2,136
Revenues from other agencies	5,482	4,940	3,845	-	14,267
<b>Total revenues</b>	<b>502,942</b>	<b>452,835</b>	<b>352,576</b>	<b>-</b>	<b>1,308,353</b>
<b>EXPENDITURES:</b>					
Community development and environmental resources	864	2,278	1,106	-	4,248
Debt service:					
Principal	200,000	135,000	105,000	268,957	708,957
Interest	254,175	272,490	212,548	122,427	861,640
<b>Total expenditures</b>	<b>455,039</b>	<b>409,768</b>	<b>318,654</b>	<b>391,384</b>	<b>1,574,845</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>47,903</b>	<b>43,067</b>	<b>33,922</b>	<b>(391,384)</b>	<b>(266,492)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	391,384	391,384
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>391,384</b>	<b>391,384</b>
<b>Net change in fund balances</b>	<b>47,903</b>	<b>43,067</b>	<b>33,922</b>	<b>-</b>	<b>124,892</b>
<b>FUND BALANCES:</b>					
Beginning of the year	641,851	411,216	353,898	346,516	1,753,481
End of year	<u>\$ 689,754</u>	<u>\$ 454,283</u>	<u>\$ 387,820</u>	<u>\$ 346,516</u>	<u>\$ 1,878,373</u>

**City of Albany**  
**Budgetary Comparison Schedule**  
**Other Debt Service Funds**  
**For the year ended June 30, 2014**

	2003 G.O. Bond I Debt Service			2007 G.O. Bond II Debt Service		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Property taxes	\$ 460,000	\$ 496,430	\$ 36,430	\$ 415,000	\$ 447,314	\$ 32,314
Earnings on investments	-	1,030	1,030	-	581	581
Revenues from other agencies	-	5,482	5,482	-	4,940	4,940
<b>Total revenues</b>	<b>460,000</b>	<b>502,942</b>	<b>42,942</b>	<b>415,000</b>	<b>452,835</b>	<b>37,835</b>
<b>EXPENDITURES:</b>						
Community development and environmental resources	-	864	(864)	-	2,278	(2,278)
Debt service:						
Principal	205,729	200,000	5,729	123,462	135,000	(11,538)
Interest	251,446	254,175	(2,729)	288,078	272,490	15,588
<b>Total expenditures</b>	<b>457,175</b>	<b>455,039</b>	<b>2,136</b>	<b>411,540</b>	<b>409,768</b>	<b>1,772</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,825</b>	<b>47,903</b>	<b>45,078</b>	<b>3,460</b>	<b>43,067</b>	<b>39,607</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 2,825</b>	<b>47,903</b>	<b>\$ 45,078</b>	<b>\$ 3,460</b>	<b>43,067</b>	<b>\$ 39,607</b>
<b>FUND BALANCES:</b>						
Beginning of the year		641,851			411,216	
End of year		<u>\$ 689,754</u>			<u>\$ 454,283</u>	



Civic Center Debt Service			2009 St. Paving & Storm Drain Debt Service		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 322,000	\$ 348,206	\$ 26,206	\$ -	\$ -	\$ -
-	525	525	-	-	-
-	3,845	3,845	-	-	-
<u>322,000</u>	<u>352,576</u>	<u>30,576</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,106	(1,106)	-	-	-
95,933	105,000	(9,067)	273,969	268,957	5,012
<u>223,845</u>	<u>212,548</u>	<u>11,297</u>	<u>117,415</u>	<u>122,427</u>	<u>(5,012)</u>
<u>319,778</u>	<u>318,654</u>	<u>1,124</u>	<u>391,384</u>	<u>391,384</u>	<u>-</u>
<u>2,222</u>	<u>33,922</u>	<u>31,700</u>	<u>(391,384)</u>	<u>(391,384)</u>	<u>-</u>
-	-	-	391,384	391,384	-
-	-	-	391,384	391,384	-
<u>\$ 2,222</u>	<u>33,922</u>	<u>\$ 31,700</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
	<u>353,898</u>			<u>346,516</u>	
	<u>\$ 387,820</u>			<u>\$ 346,516</u>	

*This page intentionally left blank*

## 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 specific actions of trust agreements, ordinances, bylaws, and other governing regulations.

**Codornices Trail (#450)** - accounts for funds held for third parties, to be used to provide maintenance for Codornices Creek.

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

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

**1996-1 Assessment District Bond (#483)** - is used to pay for acquisition, development and maintenance of open space on Albany Hill; the acquisition, development and maintenance of recreational playfield; 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 Assets and Liabilities**  
**For the year ended June 30, 2014**

	Codornices Trail	Bond & Trust	School Facility Fees	1996-1 Assessment District Bond Funds	Total
<b>Assets:</b>					
Operating cash and investments	\$ 103,732	\$ 37,062	\$ 31,763	\$ 391,154	\$ 563,711
Debt service reserves held with trustee	-	-	-	479,824	479,824
<b>Total assets</b>	<b>\$ 103,732</b>	<b>\$ 37,062</b>	<b>\$ 31,763</b>	<b>\$ 870,978</b>	<b>\$ 1,043,535</b>
<b>Liabilities:</b>					
Accounts payable	\$ 4,665	\$ 9,259	\$ 31,763	-	\$ 45,687
Due to bondholders	-	-	-	870,978	870,978
Member deposits	99,067	-	-	-	99,067
Refundable deposits	-	27,803	-	-	27,803
<b>Total liabilities</b>	<b>\$ 103,732</b>	<b>\$ 37,062</b>	<b>\$ 31,763</b>	<b>\$ 870,978</b>	<b>\$ 1,043,535</b>



**City of Albany**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the year ended June 30, 2014**

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<b>Codornices Creek Trail (Fund #450)</b>				
<b>Assets:</b>				
Operating cash and investments	\$ 56,370	\$ 49,342	\$ 1,980	\$ 103,732
<b>Total assets</b>	<b>\$ 56,370</b>	<b>\$ 49,342</b>	<b>\$ 1,980</b>	<b>\$ 103,732</b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,980	\$ 4,665	\$ 1,980	\$ 4,665
Member deposits	54,390	44,677	-	99,067
<b>Total liabilities</b>	<b>\$ 56,370</b>	<b>\$ 49,342</b>	<b>\$ 1,980</b>	<b>\$ 103,732</b>
<b>Bond and Trust (Fund #110)</b>				
<b>Assets:</b>				
Operating cash and investments	\$ 129,014	\$ 9,259	\$ 101,211	\$ 37,062
<b>Total assets</b>	<b>\$ 129,014</b>	<b>\$ 9,259</b>	<b>\$ 101,211</b>	<b>\$ 37,062</b>
<b>Liabilities:</b>				
Accounts payable	\$ 18,638	\$ 9,259	\$ 18,638	\$ 9,259
Refundable deposits	110,376	-	82,573	27,803
<b>Total liabilities</b>	<b>\$ 129,014</b>	<b>\$ 9,259</b>	<b>\$ 101,211</b>	<b>\$ 37,062</b>
<b>School Facility Fees (Fund #445)</b>				
<b>Assets:</b>				
Operating cash and investments	\$ 5,154	\$ 26,609	\$ -	\$ 31,763
<b>Total assets</b>	<b>\$ 5,154</b>	<b>\$ 26,609</b>	<b>\$ -</b>	<b>\$ 31,763</b>
<b>Liabilities:</b>				
Accounts payable	\$ 5,154	\$ 26,609	\$ -	\$ 31,763
<b>Total liabilities</b>	<b>\$ 5,154</b>	<b>\$ 26,609</b>	<b>\$ -</b>	<b>\$ 31,763</b>
<b>1996-1 Assessment District Bond (Fund #483)</b>				
<b>Assets:</b>				
Operating cash and investments	\$ 386,901	\$ 471,372	\$ 467,119	\$ 391,154
Debt service reserves held with trustee	479,824	-	-	479,824
Receivables	4,253	-	4,253	-
<b>Total assets</b>	<b>\$ 870,978</b>	<b>\$ 471,372</b>	<b>\$ 471,372</b>	<b>\$ 870,978</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 870,978	\$ 471,372	\$ 471,372	\$ 870,978
<b>Total liabilities</b>	<b>\$ 870,978</b>	<b>\$ 471,372</b>	<b>\$ 471,372</b>	<b>\$ 870,978</b>
<b>Total Agency Funds</b>				
<b>Assets:</b>				
Operating cash and investments	\$ 577,439	\$ 556,582	\$ 570,310	\$ 563,711
Debt service reserves held with trustee	479,824	-	-	479,824
Receivables	4,253	-	4,253	-
<b>Total assets</b>	<b>\$ 1,061,516</b>	<b>\$ 556,582</b>	<b>\$ 574,563</b>	<b>\$ 1,043,535</b>
<b>Liabilities:</b>				
Accounts payable	\$ 25,772	\$ 40,533	\$ 20,618	\$ 45,687
Due to bondholders	870,978	471,372	471,372	870,978
Member deposits	54,390	44,677	-	99,067
Refundable deposits	110,376	-	82,573	27,803
<b>Total liabilities</b>	<b>\$ 1,061,516</b>	<b>\$ 556,582</b>	<b>\$ 574,563</b>	<b>\$ 1,043,535</b>

*This page intentionally left blank*

**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.	153-159
<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.	160-163
<b>Debt Capacity</b>	164 -167
<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.	168-169
<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.	170-172

**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 POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)  
(amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Invested in capital assets, net of related debt	\$ 17,782	\$ 18,532	\$ 19,778	\$ 21,476	\$ 15,045	\$ 20,264	\$ 23,913	\$ 26,536	\$ 28,659	\$ 30,508
Restricted	10,217	10,500	12,087	14,448	23,246	20,049	20,630	11,932	15,462	16,713
Unrestricted	2,411	3,681	4,697	4,970	5,253	5,227	3,840	12,802	11,061	10,466
Total governmental activities net position	<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>	<u>\$ 55,182</u>	<u>\$ 57,687</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 7,106	\$ 7,155	\$ 7,191	\$ 7,263	\$ 5,735	\$ 7,299	\$ 7,550	\$ 7,595	\$ 8,758	\$ 10,171
Restricted	-	-	3,041	2,164	1,132	1,107	-	1,311	1,500	-
	3,078	3,596	1,117	2,606	5,681	4,802	5,642	1,311	3,387	5,079
Total business-type activities net position	<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>\$ 10,217</u>	<u>\$ 13,645</u>	<u>\$ 15,250</u>
Primary government:										
Invested in capital assets, net of related debt	\$ 24,888	\$ 25,687	\$ 26,969	\$ 28,738	\$ 20,780	\$ 27,563	\$ 31,463	\$ 34,131	\$ 37,417	\$ 40,679
Restricted	10,217	10,500	15,127	16,613	24,378	21,156	20,630	13,243	16,962	16,713
Unrestricted	5,489	7,277	5,814	7,576	10,934	10,029	9,482	16,569	14,448	15,545
Total primary government net position	<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>	<u>\$ 68,827</u>	<u>\$ 72,937</u>

Source: CAFR, Statement of Net Position.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,471	\$ 2,184	\$ 2,511	\$ 3,330	\$ 3,047	\$ 3,081	\$ 3,867	\$ 3,571	\$ 3,282	\$ 2,814
Police	3,896	5,551	5,226	5,319	6,260	5,318	5,735	5,608	5,679	5,849
Fire and emergency medical services	3,212	4,477	4,046	4,220	5,191	4,642	4,686	4,748	4,797	4,679
Community development and environmental resources	4,289	3,647	5,105	4,122	5,896	5,006	4,602	4,286	4,400	6,114
Recreation and community services	1,970	2,080	2,268	2,528	2,823	2,817	2,902	3,296	3,579	3,876
Interest on long-term debt	446	423	398	856	910	1,017	1,006	949	900	833
Total governmental activities expenses	17,284	18,362	19,554	20,375	24,127	21,881	22,798	22,458	22,637	24,165
Business-type activities:										
Sewer	619	638	701	686	754	663	1,583	2,248	1,212	1,571
Total business-type activities expenses	619	638	701	686	754	663	1,583	2,248	1,212	1,571
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	110	104	106	100	105	29	30	31	34	8
Police	243	187	248	326	330	360	243	248	231	214
Fire and emergency medical services	498	500	605	654	808	823	876	1,035	838	1,118
Community development and environmental resources	504	469	378	568	386	492	457	464	414	617
Recreation and community services	606	715	821	858	969	967	1,158	1,162	1,100	976
Operating grants and contributions	960	1,155	1,017	1,085	1,675	1,386	2,998	2,008	1,429	717
Capital grants and contributions	1,314	259	1,181	773	3,248	609	248	364	2,093	1,570
Total governmental activities program revenues	4,235	3,389	4,356	4,364	7,521	4,666	6,010	5,312	6,139	5,220
Business-type activities:										
Charges for services:										
Sewer	1,774	1,821	1,838	1,987	2,060	2,188	2,434	2,565	2,996	3,268
Total business-type activities program revenues	1,774	1,821	1,838	1,987	2,060	2,188	2,434	2,565	2,996	3,268
Total primary government program revenues	6,009	5,210	6,194	6,351	9,581	6,854	8,444	7,877	9,135	8,488
Net revenues (expenses):										
Governmental activities	(13,049)	(14,973)	(15,198)	(16,011)	(16,606)	(17,215)	(16,788)	(17,146)	(16,498)	(18,945)
Business-type activities	1,155	1,183	1,137	1,301	1,306	1,525	851	317	1,784	1,697
Total primary government net expense	<u>\$ (11,894)</u>	<u>\$ (13,790)</u>	<u>\$ (14,061)</u>	<u>\$ (14,710)</u>	<u>\$ (15,300)</u>	<u>\$ (15,690)</u>	<u>\$ (15,937)</u>	<u>\$ (16,829)</u>	<u>\$ (14,714)</u>	<u>\$ (17,248)</u>

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 7,422	\$ 8,422	\$ 9,762	\$ 11,166	\$ 11,202	\$ 11,583	\$ 11,900	\$ 11,495	\$ 11,811	\$ 12,511
Sales taxes	1,599	2,043	2,242	2,183	2,223	2,119	2,166	2,193	2,267	3,406
Franchise and other taxes	4,557	4,442	4,317	4,135	3,946	3,927	3,783	3,923	4,359	4,619
Earnings on investments	475	924	1,237	1,468	719	222	155	78	59	59
Unrestricted revenues from other agencies	410	226	281	183	148	163	389	54	153	634
Other revenue	386	364	342	332	119	662	340	235	927	585
Transfers	836	852	864	879	898	913	898	865	836	-
Extraordinary items (Note 9)								1,189		
Total governmental activities	15,685	17,273	19,045	20,346	19,255	19,589	19,631	20,032	20,412	21,814
Business-type activities:										
Earnings on investments	175	236	325	262	107	48	25	30	23	20
Other revenue	3	-	-	-	-	-	-	-	-	-
Transfers	(836)	(852)	(864)	(879)	(898)	(913)	(892)	(865)	(836)	-
Total business-type activities	(658)	(616)	(539)	(617)	(791)	(865)	(867)	(835)	(813)	20
Total primary government	<b>\$ 15,027</b>	<b>\$ 16,657</b>	<b>\$ 18,506</b>	<b>\$ 19,729</b>	<b>\$ 18,464</b>	<b>\$ 18,724</b>	<b>\$ 18,764</b>	<b>\$ 19,197</b>	<b>\$ 19,599</b>	<b>\$ 21,834</b>
<b>Changes in Net Position</b>										
Governmental activities	2,636	2,300	3,847	4,335	2,649	2,374	2,843	2,887	3,912	2,869
Business-type activities	497	567	598	684	515	660	(16)	(519)	971	1,717
Total primary government	<b>\$ 3,133</b>	<b>\$ 2,867</b>	<b>\$ 4,445</b>	<b>\$ 5,019</b>	<b>\$ 3,164</b>	<b>\$ 3,034</b>	<b>\$ 2,827</b>	<b>\$ 2,368</b>	<b>\$ 4,883</b>	<b>\$ 4,586</b>

Source: CAFR, Statement of Activities.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund:										
Reserved	\$ 1,258	\$ 1,250	\$ 1,147	\$ 1,169	\$ 1,062	\$ 1,022	\$ -	\$ -	\$ -	\$ -
Unreserved	2,711	2,938	3,455	3,610	3,963	4,044	-	-	-	-
Nonspendable fund balance	-	-	-	-	-	-	45	-	-	1,564
Assigned fund balance	-	-	-	-	-	-	1,734	1,715	1,814	245
Unassigned fund balance	-	-	-	-	-	-	3,165	4,533	4,031	4,219
Total general fund	<u>\$ 3,969</u>	<u>\$ 4,188</u>	<u>\$ 4,602</u>	<u>\$ 4,779</u>	<u>\$ 5,025</u>	<u>\$ 5,066</u>	<u>\$ 4,944</u>	<u>\$ 6,248</u>	<u>\$ 5,845</u>	<u>\$ 6,028</u>
All other governmental funds:										
Reserved	\$ 14,065	\$ 14,889	\$ 14,521	\$ 25,038	\$ 20,018	\$ 20,049	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	3154	2161	2621	3730	3483	-	-	-	-	-
Capital project funds	(234)	-	-	-	-	-	-	-	-	-
Debt service funds	(400)	(372)	(95)	-	-	-	-	-	-	-
Restricted fund balance	-	-	-	-	-	-	10,004	11,932	15,174	16,959
Committed fund balance	-	-	-	-	-	-	10,626	-	-	-
Assigned fund balance	-	-	-	-	-	-	-	6,567	4,513	3,891
Unassigned fund balance	-	-	-	-	-	-	(1,104)	-	(83)	(245)
Total all other governmental funds	<u>\$ 16,585</u>	<u>\$ 16,678</u>	<u>\$ 17,047</u>	<u>\$ 28,768</u>	<u>\$ 23,501</u>	<u>\$ 20,049</u>	<u>\$ 19,526</u>	<u>\$ 18,499</u>	<u>\$ 19,604</u>	<u>\$ 20,605</u>

Source: CAFR, Governmental Funds Balance Sheet.



***This page left blank intentionally.***

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Taxes:										
Property taxes	\$ 7,422	\$ 8,422	\$ 9,762	\$ 11,166	\$ 11,202	\$ 11,583	\$ 11,900	\$ 11,495	\$ 11,530	\$ 12,511
Sales taxes	1,599	2,043	2,242	2,183	2,223	2,119	2,166	2,193	2,267	3,406
Franchise and other taxes	4,557	4,442	4,317	4,135	3,946	3,927	3,783	3,923	4,359	4,006
Licenses and permits	212	198	154	177	173	183	193	213	174	812
Fines and forfeitures	216	154	189	269	267	271	189	213	196	209
Earnings on investments	475	955	1,370	1,498	749	246	159	78	59	59
Revenues from other agencies	2,426	1,536	2,468	1,939	4,557	1,924	3,373	2,095	2,733	3,386
Current services charges	1,533	1,623	1,816	2,059	2,196	2,146	2,273	2,431	2,307	2,718
Other revenue	336	471	355	433	577	966	708	649	848	1,169
Total revenues	18,776	19,844	22,673	23,859	25,890	23,365	24,744	23,290	24,473	28,276
Expenditures:										
Current:										
General government	3,433	2,439	2,013	2,522	2,629	3,217	3,557	3,015	2,967	2,756
Police	3,952	5,407	5,106	5,208	6,147	5,173	5,574	5,546	5,476	5,643
Fire and emergency medical services	3,185	4,403	4,013	4,189	5,106	4,269	4,325	4,439	4,383	4,419
Community development and environmental resources	3,018	3,353	3,733	4,055	5,586	4,176	3,054	3,482	3,289	3,779
Recreation and community services	1,831	2,003	2,130	2,419	2,644	2,617	2,685	2,661	2,893	3,689
Capital outlay	1,912	1,414	3,053	4,332	11,862	6,389	5,194	4,028	3,682	4,016
Debt service:										
Principal	478	535	551	540	730	805	887	952	1,002	765
Interest	470	461	447	671	922	1,041	1,010	944	916	875
Total expenditures	18,279	20,015	21,046	23,936	35,626	27,687	26,286	25,067	24,608	25,942
Excess (deficiency) of revenues over (under) expenditures	497	(171)	1,627	(77)	(9,736)	(4,322)	(1,542)	(1,777)	(135)	2,334

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Other financing sources (uses):</b>										
Issuance of debt	-	-	-	11,500	3,840	-	-	-	-	-
Bond premium	-	-	-	311	-	-	-	-	-	-
Transfers in	3,666	4,596	4,868	4,610	4,540	4,623	5,950	7,735	3,043	2,552
Transfers out	(2,830)	(7,364)	(4,741)	(4,447)	(3,919)	(3,710)	(5,052)	(6,870)	(2,207)	(3,702)
Expenditures recovery and fund balance adjustment	308	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,145	(2,767)	127	11,974	4,461	913	898	865	836	(1,150)
<b>Extraordinary Items:</b>										
Redevelopment dissolution								729		
Non-recurring credits								460		
Net change in fund balances	\$ 1,642	\$ (2,938)	\$ 1,754	\$ 11,897	\$ (5,275)	\$ (3,409)	\$ (644)	\$ 277	\$ 701	\$ 1,184
Debt service as a percentage of noncapital expenditures	5.8%	5.4%	5.5%	6.2%	7.0%	8.7%	9.0%	9.0%	9.2%	7.5%

**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	
2005	\$1,261,551	\$ 20,402	\$ 45,552	\$ 1,236,402	\$ 23,151	\$ 1,772	\$ -	\$ 24,923	0.1345%
2006	1,510,814	19,714	46,074	1,484,455	46,447	2,588	-	49,035	0.1311%
2007	1,643,887	19,567	46,968	1,616,486	49,567	1,861	-	51,428	0.1281%
2008	1,749,300	25,347	48,341	1,726,307	50,318	2,212	-	52,530	0.1668%
2009	1,835,524	21,620	51,037	1,806,107	51,030	2,263	-	53,292	0.1653%
2010	1,875,291	23,472	50,743	1,848,019	51,662	2,304	-	53,966	0.1645%
2011	1,899,389	24,236	56,681	1,866,944	51,796	2,037	-	53,833	0.1638%
2012	1,926,916	22,965	55,609	1,894,272	52,010	2,344	-	54,354	0.1628%
2013	1,961,404	24,860	27,132	1,959,132	-	-	-	-	0.1620%
2014	2,060,381	26,914	25,841	2,061,454	-	-	-	-	0.1577%

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

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

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

CITY OF ALBANY  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
(Rates per \$100 of assessed value)  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Basic Levy*	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Albany Unified School District	0.1611	0.1316	0.1653	0.1284	0.1451	0.1709	0.1725	0.1645	0.1598	0.1591
Peralta Community College	0.0208	0.0238	0.0272	0.0223	0.0362	0.0430	0.0430	0.0436	0.0434	0.0419
Bay Area Rapid Transit	0.0000	0.0048	0.0050	0.0076	0.0090	0.0057	0.0031	0.0041	0.0043	0.0075
East Bay Regional Park	0.0057	0.0057	0.0085	0.0080	0.0100	0.0108	0.0084	0.0071	0.0051	0.0078
East Bay Mud Special District 1	0.0076	0.0072	0.0068	0.0065	0.0064	0.0065	0.0067	0.0067	0.0068	0.0066
City of Albany	0.1345	0.1311	0.1281	0.1668	0.1653	0.1645	0.1638	0.1628	0.1620	0.1577
<b>Total Direct and Overlapping Tax Rate</b>	<b>1.3297</b>	<b>1.3042</b>	<b>1.3409</b>	<b>1.3396</b>	<b>1.3720</b>	<b>1.4014</b>	<b>1.3975</b>	<b>1.3888</b>	<b>1.3814</b>	<b>1.3806</b>
Total Direct Rate	0.1345	0.1311	0.1281	0.1668	0.1653	0.1645	0.1638	0.1628	0.162	0.1577

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

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

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

Assessed Name	2014			2005		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value (1)
Golden Gate Land Holdings, Inc.	\$ 49,419	1	2.37%			
Target Corporation	33,346	2	1.60%	\$ 8,965	3	0.66%
St Mary's College High School	29,320	3	1.41%			
Eichner, Erik & Rose	9,267	4	0.44%	7,487	5	0.55%
La Cha Farrell LLC	6,885	5	0.33%			
ESMHT LLC	6,637	6	0.32%			
Fire in the Hole LLC	5,233	7	0.25%			
Safeway Inc Etal	4,982	8	0.24%	4,005	7	0.29%
1001 Eastshore Partners	4,809	9	0.23%			
401 Park Plaza LLC	4,787	10	0.23%			
Ladbroke Land Holdings Inc.				42,803	1	3.13%
Edward F Sr and Charlotte Biggs Trust				9,739	2	0.71%
Albany Commons				8,891	4	0.65%
Pacific Racing Association				4,790	6	0.35%
Matt Nassiri and Katy Farrokhtala Trust				3,788	8	0.28%
Meier Charles L & Friedman Sharon G Trs Etal				3,749	9	0.27%
Albany Bowl Properties				3,535	10	0.26%
Totals	<u>\$ 154,686</u>		<u>7.42%</u>	<u>\$ 97,753</u>		<u>7.16%</u>

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

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

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy	Amount <sup>1</sup>	Amount	Percent of Levy
2005	\$ 2,713,815	\$ 2,657,474	97.9%	\$ -	\$ 2,657,474	97.9%
2006	3,264,081	3,183,701	97.5%	-	3,183,701	97.5%
2007	3,671,315	3,603,724	98.2%	-	3,603,724	98.2%
2008	3,858,156	3,756,485	97.4%	-	3,756,485	97.4%
2009	3,900,176	3,672,789	94.2%	172,314	3,845,103	98.6%
2010	3,952,353	3,832,720	97.0%	117,675	3,950,395	100.0%
2011	3,967,180	3,938,833	99.3%	109,621	4,048,454	102.0%
2012	4,010,791	3,952,135	98.5%	92,977	4,045,112	100.9%
2013	3,712,964	3,728,352	100.4%	19,923	3,728,352	100.4%
2014	3,934,253	3,982,513	101.2%	N/A	3,982,513	101.2%

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

**Notes:**

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

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

Fiscal Year	Governmental Activities			Business-type Activities	Total Primary Government	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Certificates of Participation	Other	Sewer Revenue Bonds			
2005	\$ 7,875	\$ 2,670	\$ -	\$ 8,675	\$ 19,220	2.67%	\$ 1,148
2006	7,715	2,325	-	8,355	18,395	2.41%	1,103
2007	7,550	1,965	-	8,030	17,545	2.10%	1,049
2008	18,885	1,590	-	7,700	28,175	3.36%	1,669
2009	18,550	1,195	3,840	7,360	30,945	3.81%	1,831
2010	18,190	780	3,810	7,010	29,790	3.34%	1,607
2011	17,815	535	3,834	6,655	28,839	3.12%	1,549
2012	17,420	275	3,537	6,285	27,517	2.72%	1,488
2013	17,005	-	3,225	5,905	26,135	2.56%	1,417
2014	16,565	-	2,900	5,510	24,975	Unavailable	1,352

**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
2005	\$ 7,875	0.64%	\$ 470
2006	7,715	0.52%	463
2007	7,550	0.47%	452
2008	18,885	1.09%	1,119
2009	18,550	1.03%	1,098
2010	18,190	0.98%	981
2011	17,815	0.95%	957
2012	17,420	0.92%	942
2013	17,005	0.87%	922
2014	16,565	0.80%	897

**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, 2014

2013-14 Assessed Valuation: Actual  
\$2,084,715,180

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>6/30/2014</u>	<u>% Applicable(1)</u>	<u>Debt 6/30/14</u>	
Bay Area Rapid Transit District	\$648,275,000	0.397%	\$2,573,652	
Peralta Community College District	401,375,000	2.810	11,278,638	
Albany Unified School District	36,635,000	100	36,635,000	
East Bay Municipal Utility District, Special District No. 1	14,160,000	2.624	371,558	
East Bay Regional Park District	202,210,000	0.612	1,237,525	
City of Albany Assessment District No. 1996-1	2,445,000	100	<u>2,445,000</u>	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT				\$54,541,373
<u>DIRECT DEBT</u>				
<b>City of Albany</b>	<b>\$16,565,000</b>	<b>100</b>	<b><u>\$16,565,000</u></b>	
TOTAL DIRECT DEBT				16,565,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT				71,106,373
<u>OVERLAPPING GENERAL FUND DEBT:</u>				
Alameda County General Fund Obligations	\$893,799,500	1.002%	\$8,955,871 (2)	
Alameda County Pension Obligations	87,787,424	1.002	879,630	
Peralta Community College District Pension Obligations	167,209,090	2.81	4,698,575	
Alameda-Contra Costa Transit District Certificates of Participation	28,155,000	1.187	<u>334,200</u>	
TOTAL OVERLAPPING GENERAL FUND DEBT				14,868,276
<b>TOTAL DIRECT DEBT</b>				<b>\$16,565,000</b>
TOTAL OVERLAPPING DEBT				69,409,649
COMBINED TOTAL DIRECT AND OVERLAPPING DEBT				<u><b>\$ 85,974,649</b></u> (3)

Ratios to 2013-14 Assessed Valuation:

Direct Debt ( <b>\$16,565,000</b> ).....	<b>0.79%</b>
Total Direct and Overlapping Tax and Assessment Debt.....	3.41%
Combined Total Direct and Overlapping Debt.....	4.12%

AB:(\$425)

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

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided the district's total taxable assessed value.
- (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.

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed valuation	\$ 1,236,402	\$ 1,484,455	\$ 1,616,486	\$ 1,726,307	\$ 1,806,107	\$ 1,848,019	\$ 1,866,944	\$ 1,894,272	\$ 1,959,132	\$ 2,061,454
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	\$ 309,100	\$ 371,114	\$ 404,121	\$ 431,577	\$ 451,527	\$ 462,005	\$ 466,736	\$ 473,568	\$ 489,783	\$ 515,364
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	46,365	55,667	60,618	64,737	67,729	69,301	70,010	71,035	73,467	77,305
Total net debt applicable to limit: General obligation bonds	7,875	7,715	7,550	18,885	18,550	18,190	17,815	17,420	17,005	16,565
Legal debt margin	<u>\$ 38,490</u>	<u>\$ 47,952</u>	<u>\$ 53,068</u>	<u>\$ 45,852</u>	<u>\$ 49,179</u>	<u>\$ 51,111</u>	<u>\$ 52,195</u>	<u>\$ 53,615</u>	<u>\$ 56,462</u>	<u>\$ 60,740</u>
2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total debt applicable to the limit as a percentage of debt limit	16.98%	13.86%	12.46%	29.17%	27.39%	26.25%	25.45%	24.52%	23.15%	21.43%

**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)
2005	16,743	\$ 62,166	\$ 42,974	2.2%
2006	16,680	66,325	45,689	1.9%
2007	16,722	72,328	49,915	2.0%
2008	16,877	73,160	49,757	2.6%
2009	16,898	70,217	48,004	4.8%
2010	18,539	72,757	48,087	4.9%
2011	18,622	75,908	49,617	4.7%
2012	18,488	85,017	54,683	4.0%
2013	18,446	87,373	55,338	2.8%
2014	18,472	Unavailable	Unavailable	2.1%

**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	2014			2005		
		Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
United States Department of Agriculture and Research	Agricultural Research	339	1	3.65%	475	2	5.40%
Albany Unified School District	Education	336	2	3.61%	550	1	6.25%
Target Store	Department Store	238	3	2.56%	256	3	2.91%
Golden Gate Fields	Race Track	195	4	2.10%	166	4	1.89%
City of Albany	Government	86	5	0.92%	106	5	1.20%
St. Mary's College High School	School	74	6	0.80%	-	-	-
Albany Ford Subaru	Automotive Dealer	65	7	0.70%	66	7	0.75%
Albany Bowl	Bowling	50	8	0.54%	-	-	-
Safeway Store	Retail Grocery	45	9	0.48%	89	6	1.01%
The Adhesive Products Inc.	Printing	31	10	0.33%	-	-	-
United States Department of Forest Services	Forest Research	-	-	-	50	8	0.57%
Andronico's Markets Inc.	Retail Grocery	-	-	-	42	9	0.48%
NVT Technologies, Inc.	Maintenance Services	-	-	-	34	10	0.39%
Total		<u>1,459</u>		<u>15.69%</u>	<u>1,834</u>		<u>20.85%</u>

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

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

Full-time Equivalent Employees as of June 30						
Fiscal Year	General Government	Public Safety	Public Works	Community Development	Recreation	Total
2005	12	61	10	12	9	104
2006	12	61	10	12	9	104
2007	12	61	10	12	11	106
2008	12	61	10	12	11	106
2009	12	62	10	11	10	105
2010	11	59	9	8	10	97
2011	10	55	9	8	9	91
2012	10	51	8	9	9	87
2013	10	48	11	6	9	84
2014	11	49	11	6	9	86

CITY OF ALBANY  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police:										
Arrests	537	663	850	814	884	798	704	485	451	646
Parking citations issued	6,665	4,717	7,057	8,193	8,109	7,851	6,376	5,933	7,148	2,741
Fire:										
Number of emergency calls	1,360	1,515	1,525	1,620	1,600	1,515	1,495	1,662	1,849	1,823
Inspections	750	750	750	750	800	812	1,121	1,129	893	1,014
Parks and Recreation:										
Number of recreation classes	871	821	780	798	612	595	1,399	1,208	1,199	1,766
Number of facility rentals	852	755	458	597	682	681	661	1,145	2,230	2,069
Number of class registrations	Unavailable	Unavailable	Unavailable	10,133	13,466	13,995	15,125	8,594	8,181	9,193

**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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	29.4	29.4
Streetlights	870	870	870	870	870	870	870	949	949	949
Traffic signals	15	15	15	15	16	16	16	16	16	16
Parks and Recreation:										
Parks	8	8	8	8	8	8	8	8	8	8
Community centers	1	1	1	1	1	1	1	1	1	1
2014	1	1	1	1	1	1	1	1	1	1
Wastewater:										
Sanitary sewers (miles)	35	35	35	35	35	35	35	46.2	44.3	44.3
Storm sewers (miles)	7	7	7	7	7	7	7	12	12	12

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

**Notes:**

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

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



**REPORT ON  
INTERNAL CONTROLS**

*This page intentionally left blank*



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Albany, California (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 19, 2015.

**Internal Control Over Financial Reporting**

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

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

*A deficiency in internal control exists* when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item FS2014-01 to be a material weakness.

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

### **Compliance and Other Matters**

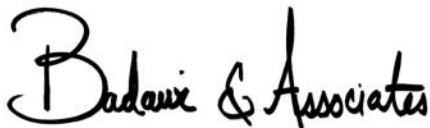
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items FS2014-02

### **City's Response to Findings**

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

### **Purpose of this Report**

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



Badawi & Associates  
Certified Public Accountants  
Oakland, California  
March 19, 2015

**City of Albany**  
**Schedule of Findings and Responses**  
**For the year ended June 30, 2014**

---

**FS 2014-01 Timely Closing of the City's General Ledger for Financial Reporting**

**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 the processes for closing and reporting of financial activity for the fiscal year ended June 30, 2014 were not performed timely that resulted in a delay in financial reporting.

**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.

**Context and Effect:**

As a result of the difficulties encountered by the City, there was a delay in the audit and financial reporting process.

**Recommendation:**

We recommend that the City update its risk assessment process to identify potential unusual circumstances that would result in significant delays in financial reporting, and develop policies and procedures to prevent or mitigate the effects of these circumstances when they occur.

**Management Response:**

City staff concurs that the unexpected turnover (40%) of two key Finance Department staff positions (Payroll and Accounts Payable) during the final phase of the audit and financial reporting process resulted in a delay in financial reporting. As a result, staff with significant and relevant roles in the City's finance reporting and financial statement preparation process had to assume additional assignments as well as assist with the training of new staff to ensure crucial duties of the departed staff continued to be completed in a timely manner. In an effort to mitigate the effects of these types of future occurrences, staff has begun to prepare documentation and written procedures to facilitate training of new staff; position descriptions have been revised to accommodate cross-training needs and management staff has assumed lead roles within the Department.

It should also be noted that staff continues to make progress in enhancing the overall financial reporting process:

- Additional checklists and procedures were implemented to facilitate City staff in closing the books in a timelier manner

**City of Albany**  
**Schedule of Findings and Responses**  
**For the year ended June 30, 2014**

---

---

- A financial analyst position was added to assist in reviewing funds on a more effective periodic basis.
  - To further assist in the review process, the Finance Department will be moving toward month-end closure of the general ledger and utilizing checklists to assist the Finance Director in the monthly/quarterly review of general ledger activity.
  - The City is in the process of implementing a new Enterprise Resource Planning (ERP) system and while doing so, is taking the opportunity to revamp the current chart of accounts to enhance the reporting and tracking of projects, grants and funds.
- As a result of these changes staff is continuing to make strides toward completing the audit and financial reporting process in a timelier manner.

**City of Albany**  
**Schedule of Findings and Responses**  
**For the year ended June 30, 2014**

---

**FS2014-02 Compliance with the Investment Policy for Police and Fire Relief Pension Fund**

**Criteria:**

The Investment Policy for Police and Fire Relief Pension Fund states “on at least an annual basis, the Investment Manager and Investment Consultant shall review the Investment Policy Statement with the Board of Trustees and provide advice to the Board of Trustees of any recommended amendments to the Investment Policy Statements”.

**Condition:**

The Investment Policy has never been reviewed and updated since 2004 to reflect current changes in investment activities.

**Cause:**

In practice, changes were individually approved by the Board of Trustees. However the Investment Policy as a document has not been updated to reflect the changes.

**Context and Effect:**

The City was not in compliance with the Investment Policy for Police and Fire Relief Pension Fund.

**Recommendation:**

We recommend the City review and update its Investment Policy for Police and Fire Relief Pension Fund on a regular basis to reflect current changes in investment activities.

**Management Response:**

City staff concurs. The City treasurer is in the process of searching for an investment advisor to review and update the investment policy for the Police and Fire Relief Pension Fund in addition to reviewing the accounts on a periodic basis.