



CITY OF ALBANY, OREGON

FY 2015-2016

Comprehensive Annual Financial Report

for the year ended June 30, 2016

CITYOFALBANY.NET/FINANCE



City of Albany, Oregon

Comprehensive Annual Financial Report

for the Fiscal Year Ended

June 30, 2016

*** * * * ***

Wes Hare, City Manager

Stewart Taylor, Finance Director

Prepared by:

**The Finance Department
City of Albany, Oregon**

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City of Albany, Oregon

333 Broadalbin Street SW

Albany, Oregon 97321

www.cityofalbany.net

Council Members, Administrative Staff and Principal Finance Staff

June 30, 2016

Council Members

Ward	Council	Years of Service	Term Expires
	Sharon Konopa, Mayor	20	December 31, 2016
I	Dick Olsen	18	December 31, 2018
I	Floyd Collins	9	December 31, 2016
II	Bill Coburn	8	December 31, 2016
II	Ray Kopczynski	5	December 31, 2018
III	Bessie Johnson	14	December 31, 2018
III	Rich Kellum	3	December 31, 2016

Administrative Staff

City Manager	Wes Hare
Finance Director	Stewart Taylor
Economic Development /Urban Renewal	Kate Porsche
Public Works Director (Ops)	Chris Bailey
Public Works Director (Eng/CD)	Jeff Blaine
Parks and Recreation Director	Ed Hodney
Library Director	Ed Gallagher
Police Chief	Mario Lattanzio
Fire Chief	John Bradner
Assistant City Manager/Chief Information Officer	Jorge Salinas
Human Resources Director	David Shaw
Public Information Officer	Marilyn Smith

Principal Finance Staff

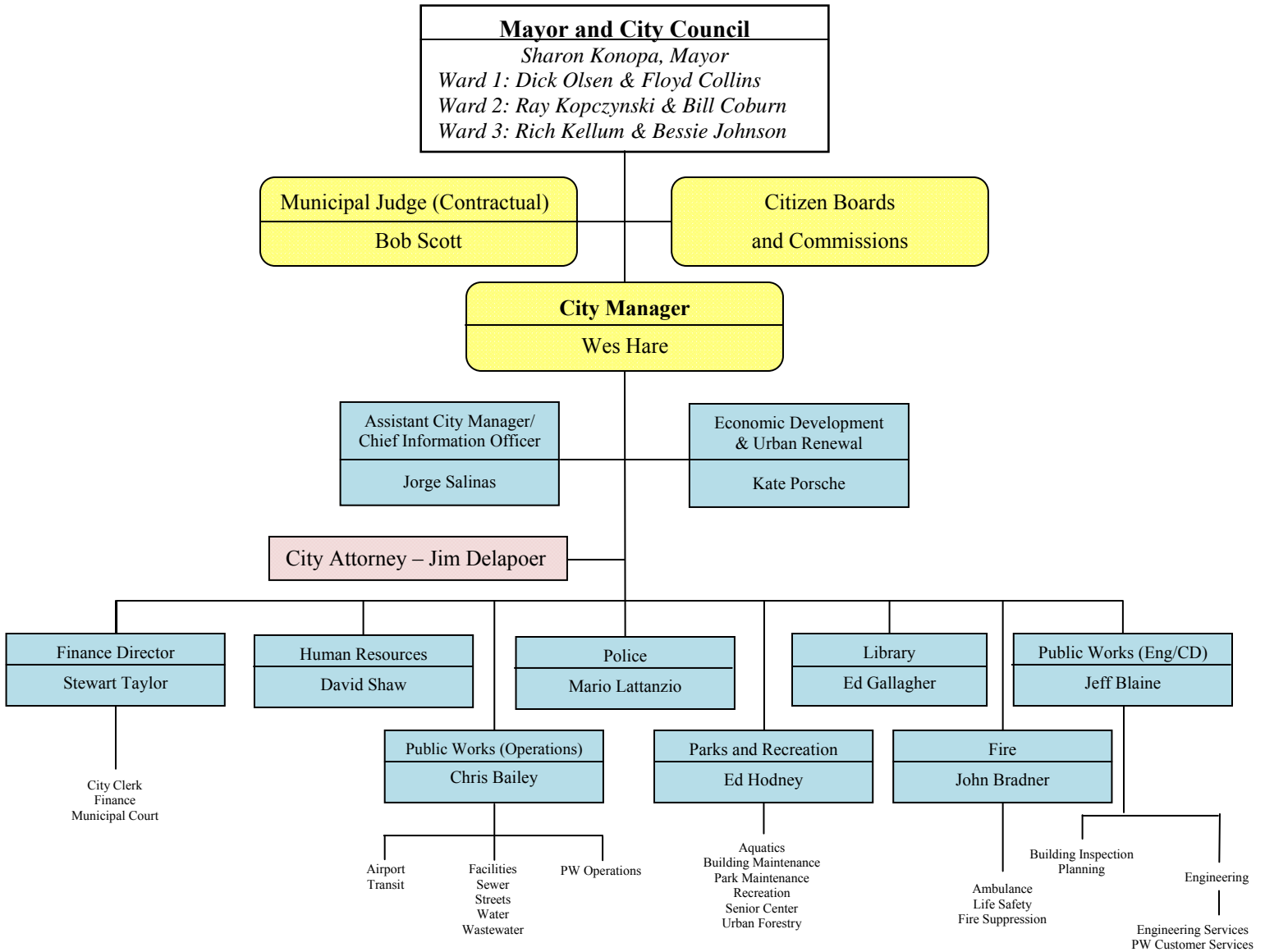
Finance Director
Stewart Taylor

Senior Accountant
Jeanna Yeager

Senior Accountant
Anne Baker

EXECUTIVE SUMMARY

CITIZENS OF THE CITY OF ALBANY



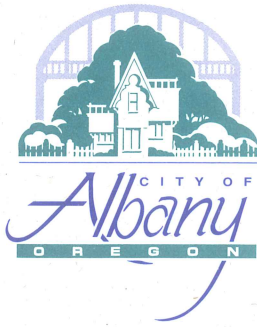
Elected

Appointed by Council

Recommended by City Manager, ratified by Council

Appointed by City Manager

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CITY HALL
333 Broadalbin Street SW
P.O. Box 490
Albany, OR 97321-0144
www.cityofalbany.net

541-917-7500

**CITY MANAGER/
ECONOMIC DEVELOPMENT/
URBAN RENEWAL**
541-917-7500
FAX 541-917-7511

FINANCE
Finance/Recorder
541-917-7532
FAX 541-917-7511

Municipal Court
541-917-7740
FAX 541-917-7748

**COMMUNITY
DEVELOPMENT
Planning**
541-917-7550
FAX 541-917-7598

Building Division
541-917-7553
FAX 541-917-7598

FIRE ADMINISTRATION
541-917-7700
FAX 541-917-7716

HUMAN RESOURCES
541-917-7515
FAX 541-704-2324

INFORMATION TECHNOLOGY
223 Third Avenue SW
541-917-7599
FAX 541-791-0075

**PUBLIC WORKS
Engineering**
541-917-7676
FAX 541-917-7573

Water/Sewer Billing
541-917-7547
FAX 541-917-7794

Call-A-Ride
112 Tenth Avenue SW
Albany, OR 97321
541-917-7770
FAX 541-812-2571
TDD 541-917-7762

Transit
112 Tenth Avenue SW
Albany, OR 97321
541-917-7667
FAX 541-812-2571

December 30, 2016

Honorable Mayor Sharon Konopa
Members of the Albany City Council
City of Albany, Oregon

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, unless extended, a complete set of audited financial statements. Thus, we are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Albany, Oregon (City) for the fiscal year ended June 30, 2016, together with the unqualified opinion therein of our independent certified public accountants, Boldt, Carlisle & Smith, LLC.

Management has full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for that purpose. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

In their audit, it is the responsibility of the independent accountants to express an opinion of the fairness of the basic financial statements. The independent accountants have attested to the fairness of the basic financial statements with an unqualified opinion as presented in the Report of Independent Accountants.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A is located immediately following the report of the independent auditors, beginning on page 3.

ABOUT ALBANY, OREGON

Albany is located in the heart of the Willamette Valley 40 miles north of Eugene, the state's second largest city, and 24 miles south of Salem, the state capital. With a 2016 population of 51,670, Albany is the state's 11th largest city. The City's boundaries span Linn and Benton Counties with a population of 44,403 in Linn County and 7,267 in Benton County. It is the county seat and largest city in Linn County and the second largest city in Benton County.

Population: City of Albany, Linn, and Benton Counties

Year	City of Albany	Linn County	Benton County
1970 Census	18,181	71,914	53,776
1980 Census	26,678	89,495	68,211
1990 Census	29,540	91,227	70,811
2000 Census	40,010	103,069	78,153
2010 Census	50,710	111,355	87,000

The City was founded in 1848, incorporated in 1864, and adopted its first charter in 1891. A directly elected nonpartisan Mayor with a two-year term leads a six-member City Council elected to four-year overlapping terms. A full-time City Manager administers the affairs of the City for the Council, and supervises a staff of ten department directors and 390 permanent employees.

The Albany community takes special pride in three historic districts within the City that are listed on the National Register for Historic Places. In 1985, the "Albany Community" was awarded the All-American City Award for its volunteer efforts to its citizens. The community has more than 240 volunteer groups.

ECONOMIC OUTLOOK AND CONDITION

The City's economic base is one of diversity. Oregon State University and Hewlett Packard in nearby Corvallis and Samaritan Health Services in Albany, employ over 17,130 people. The development of the U. S. Bureau of Mines in Albany in the 1940s led to the location in the Albany area of a significant rare metals industry. Today, Albany is known as the "Rare Metals Capital of the World" due to the production volume of specialized metals. Manufacturing firms, such as ATI Wah Chang (estimated 1,300 full-time employees), create specialized products for aerospace, super conductivity, fiber optics, nuclear energy generation, and photography.

Albany has the added benefit of being located in Oregon's Willamette Valley, one of the ten most productive agricultural areas of the world. The production, processing, and packaging of locally grown grass seeds, vegetable seeds, beans, corn, peas, strawberries, and many other crops continue to play a primary role in the strength of the Albany economy. Area food product manufacturers include unique freeze drying and meat smoking/drying operations, as well as conventional freezing of seafood and produce.

Region 4, in which Albany is located, is one of the most varied of the state's workforce regions, ranging from the coast in Lincoln County, to Benton County with Oregon State University, to Linn County located in an area from the Interstate-5 corridor east to the crest of the Cascades.

Although improving, unemployment rates continue to be a concern for the region. Statistics published by the Oregon Employment Department show that as of June 30, 2016, the unemployment rates for Linn County and Benton County were 5.8 percent and 4.2 percent, respectively. These rates were 7.3 percent and 4.6 percent for June 30, 2015.

Linn County's jobless rate ranked 24th of Oregon's 36 counties, and Benton County's jobless rate was the fifth lowest among the counties.

A factor in measuring the economic condition of a community is its overall real market value. For properties within the City, the real market value increased by 1.4 percent from \$4.19 billion to \$4.25 billion in the last fiscal year.

In May 2012, Albany voters approved the Public Safety Operating Levy effective July 1, 2013. This five-year, \$1.15/1000 of assessed valuation special levy will make available approximately \$2,500,000 each year for public safety purposes.

Albany voters also approved a \$18,000,000 bond issuance in May 2015 for the construction of public safety facilities. The 20-year bonds have interest rates ranging from three percent to five percent.

In October 2016, Council approved via resolution a \$8,400,000 loan from the Oregon Infrastructure Authority (IFA) for the financing of projects in the Central Albany Revitalization Area. The interest rate is 2.55 percent and payment will be made from the transfer of ARA incremental tax receipts. The agreement with the IFA was signed on November 17, 2016.

MAJOR INITIATIVES

Strategic Plan

The City Council reviews the Strategic Plan on an annual basis to reaffirm direction and priorities for the coming year. In FY 2016, the review focused on what has been accomplished in previous years and what can realistically be achieved over the next five years. All of the goals now include actions that clearly demonstrate the City's progress toward completing them.

Public Information Officer

City Bridges, the City's monthly electronic newsletter, continues to be sent to subscribers via email on the last Tuesday of each month. The most recent issue, was sent to 16,041 recipients, about 1,975 of those opened at least one story. The City also maintains 11 Facebook pages, four Twitter accounts, three FlashAlert accounts, an Expresit account, a photo-sharing Flickr account, and a YouTube channel. Three City accounts with Nixle were added this year, providing another platform for contacting residents via text message or email in emergencies and with real-time information about City activities and events such as the Northwest Art & Air Festival.

The City website served approximately 825,000 pageviews in almost 400,000 user sessions in 2016; an increase of almost 8% over the previous year. The average session duration increased by 28%, meaning users stayed longer and explored more pages per session. As of year-end, the balance of new versus returning visitors was a very desirable 52.5% to 47.5% respectively.

Most content on social media accounts points back to information that is posted on the City's website. Social media channels connect with residents who may not use more traditional methods of communication. Our public outreach using social media is done in addition to more established outlets such as newspaper and radio. The main City of Albany Facebook page has 2,151 likes; the most popular page is Albany Police

Department, with 8,697 likes. The main Twitter account has 1,353 followers; the main Nixle group has 1,979 members

The City continues to manage public access television Channel 28 provided through our Comcast franchise agreement. City Council and Budget Committee meetings are streamed live on the City website via the City's YouTube channel as well as simultaneously on Comcast Channel 28. Live stream videos of City Council and Budget Committee meetings are archived to YouTube by 1:00 p.m. the day after each meeting and then linked to from the City's website. The remainder of the programming in the 24-hour period is filled with rotating content including a calendar of public meetings and informational videos from the City, other government agencies, and community sources.

Economic Development

Staff completed research on information requests for 43 sites and worked with 15 existing businesses to help remove barriers to job creation.

Library

The Library partnered with the Greater Albany Public School System and our IT department to facilitate the use of Student ID cards as Library cards. This first of its kind endeavor in Oregon will be especially beneficial to at risk students who often have trouble getting to the Library to register for cards.

Performance Management

The city received the 2016 Excellence Award for Performance Management.

Public Safety

An \$18 million dollar bond measure for new police and fire stations was approved by Albany residents in the May 2015 election. David Evans and Associates, Inc., was selected as the Project Owner's Representative to provide professional, technical, and expert project management services to oversee the preliminary design contract and construction of both the Police and Fire Station projects. After conducting an Invitation to Bid process, the City awarded the construction contract for both facilities to Gerding Builders, LLC. Gerding Builders began construction on both the police station and downtown fire station in August 2016, with completion slated for summer/fall 2017. The new police station will be located in the 2600 block of Pacific Boulevard on 3.69 acres of property. It will be two stories, approximately 40,400 square feet, and will house all Police Department operations.

The Police Department, along with the Linn County Sheriff's Office and Albany Fire Department, selected a vendor for a new computer-aided dispatch, mobile reporting, and records management system. This new software and service will replace a 25+ year old system and eliminate the need for multiple add-on systems. The improved system will allow the Department to streamline work processes, provide integrated and reliable access to comprehensive data, and leverage current technology to improve efficiency, data sharing, and user functionality. Staff training on the new system has been ongoing, and the new system will officially go live on April 3, 2017.

A Code Compliance Officer (CCO) position was added. This position is solely dedicated to code compliance and enforcement, which allows the City to effectively and efficiently address code violation complaints while also reducing the number of blighted properties within the City. One of the first goals for the new CCO was to work on new Albany

Municipal Code (AMC) Chapters aimed at addressing derelict structures and chronic nuisance properties. In addition to the new Chapters, the CCO also amended AMC language for public nuisances, property maintenance, disorderly conduct, and maintenance of property for clarity. The new AMC Chapters and amendments were all approved by the City Council.

Building

The Building Division processed permits with over \$88,000,000 in permit valuation from a wide variety of new construction and building alterations.

- New and altered commercial buildings accounted for \$51 million, approximately 58% of the total valuation up from 21% of the total the previous year.
- In 2016 there were no new apartment units a decrease of 221 units from the previous year.
- In 2016 there were 125 permits for single-family-homes/duplexes and manufactured homes with the total permits issued accounting for approximately \$29.5 million, or 33.5%, of the total valuation. This included 114 new single family residences, 5 duplexes, and 6 manufactured homes, a decrease of 11 units from the previous year. The average permit value per dwelling of new residences increased from \$220,000 in 2014-2015 to \$243,815 in 2015-2016.
- 2,199 other miscellaneous permits not specifically based on value accounted for approximately 8.5% of the total valuation.
- There were 9,668 scheduled inspections up from 8,324 the previous year.

Planning

- The Planning Division implements the Albany Development Code, and supports the Planning, Landmarks Advisory, and Community Development Commissions. It `Local Government (CLG) historic preservation grant, and floodplain management programs.
- In FY 15-16, the Planning Division reached a decision on 94 planning applications and held 73 pre-application conferences.
- The Planning Division coordinated the review and approval of a package of Development Code amendments intended to clarify regulations and improve implementation. Currently a second package of amendments is under consideration which is intended to facilitate CARA objectives for the Central Albany Area.
- In FY 15-16, the City spent a total of \$220,680 in CDBG funds and served 183 Albany residents. Services included: infant abuse prevention, court appointed special advocates for children removed from their homes, shelter and case management for at-risk youth and for women and children, emergency housing assistance, housing rehabilitation, small business development, and fair housing education and outreach. The City finalized engineering for Sunrise Park storm drainage in preparation for a park remodel, pending state and federal approvals for work in wetlands on the site. The CLG grant was used to partner with the University of Oregon to develop communication and outreach plans to support local historic preservation efforts.
- The Planning Division completed the annual recertification to maintain the City's current Class 6 rating and participation in the Community Rating System (CRS), updated the Flood Hazard Section of the Natural Hazard Mitigation Plan, and completed flood information and insurance promotion public outreach plan.

Utility Billing

The Public Works Department updated the five-year rate plans for the sewer and water utilities for use by the City Council when considering utility rate adjustments. This comprehensive look at the rate requirements is an important tool for the City Council to use and also serves to help inform Albany citizens about rates and utility needs.

Engineering

In addition to ongoing pipe replacement and major maintenance projects, staff designed and saw several significant projects through construction in FY 15-16. Construction was completed on the North Albany Road and Gibson Hill Road Sidewalk projects. The North Albany Road improvements provided street restoration between Quarry Road and the railroad tracks, safe pedestrian and bicycle facilities, emergency access to North Albany during flood events, and a much needed water transmission main to the Broadway Reservoir. The Gibson Hill Road Sidewalk Improvements provided sidewalk and pedestrian improvements between Scenic Drive and the Gibson Hill/North Albany Roundabout; this project was envisioned years ago when Safe Routes to School requested Council consider constructing the sidewalk to provide a safe walking path.

The Engineering Division continues to make substantial progress to develop and implement a stormwater management plan and financial plan to meet state and federal laws and regulations. Efforts continue on an update to the citywide stormwater master plan and steps have been taken to implement a long-term funding strategy and dedicated funding source to address needed stormwater improvements. Staff is also working with DEQ on development of a new NPDES MS4 Phase II permit which the City anticipates being required in 2017.

Water Operations

The City successfully established and implemented a Strategic Energy Management Plan for the water treatment plants and pump stations with help from the Energy Trust of Oregon. The plan resulted in 144,000 kilowatt hours of electricity and 6,525 therms of natural gas saved in 2016. The City will receive an incentive check for approximately \$10,000 for their work on this plan. Water Department staff maintained compliance with all water quality regulations including the Long Term Enhanced Surface Water Treatment Rule which placed significant requirements on operation of the Vine Street water treatment plant.

Wastewater Operations

The Water Reclamation Facility staff participated in a Strategic Energy Management program offered by the Energy Trust of Oregon. This was a year-long engagement that included identifying, implementing and tracking energy savings projects and operational practices at the wastewater treatment facility. This effort resulted in an estimated annual energy savings of nearly one (1) million kilowatt-hours and over \$22,500 in incentive money from the Energy Trust.

Information Technology (IT)

IT designed and implemented a new Public Safety domain to support the CAD/RMS implementation. The CAD/RMS project is currently on schedule and within budget. Staff expects to go live by the end of April 2017.

Staff received the following awards:

- Government Technology's Top 25 Doers, Dreamers, Drivers Award
- Digital Cities Survey 2015 Award

Staff also worked on the following software/system upgrades:

- Upgraded the City's virtual infrastructure including replacement of shared network storage.
- Parks & Recreation went live with a new Class registration system.
- Laserfiche was upgraded to the new RIO platform.
- Continued to work with Finance to deploy electronic timesheets for the City.
- Upgraded the Council Chamber's audio system.
- Deployed large monitors in each conference room to facilitate presentations.

Human Resources

The Human Resources Department received and processed 1,214 applications for approximately 28 vacant positions. The Department also processed 80 applications for state and/or federal Family Medical Leave, including 24 requests for bereavement leave under the Oregon Family Leave Act. The Department processed 424 Personnel Action Forms. Additionally, the Human Resources Department reviewed 47 position-related requests. These include requests for reclassification, establishing a new classification, reviewing a position's compensation, and increasing or decreasing a position's FTE. The Department also completed negotiations with the American Federation for State, County and Municipal Employees (AFSCME) for a successor collective bargaining agreement which included a new health insurance model and the establishment of a Voluntary Employees' Beneficiary Association (VEBA).

Finance

Finance began the city-wide roll-out of NovaTime, a new automated time and attendance software that will allow the city to move away from paper timesheets. The City was recognized by the Government Finance Officers Association for receiving the Certificate of Achievement for Excellence in Financial Reporting, the Distinguished Budget Presentation Award, and the Award for Outstanding Achievement in Popular Annual Financial Reporting.

FINANCIAL INFORMATION

City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgments by management. To assure that credible and timely information is prepared in the most efficient manner possible, accounting policies, procedures, and systems, together with related internal controls, are monitored and reviewed when necessary to meet changing requirements.

Financial and Accounting Policies

This report is prepared in conformance with the guidelines for financial reporting developed by GFOA and the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. It presents fairly the financial position of the various funds of the City at June 30, 2016, the results of operations of such funds, and cash flow of the proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

During FY 2015-2016, the City utilized a total of 20 funds, of which 16 are governmental fund types and four are proprietary fund types. The modified accrual basis of accounting is used for the governmental fund types (General, Special Revenue, Debt Service, Capital Project, and Permanent). The accrual basis is used for the proprietary fund types (Enterprise and Internal Service).

Risk Management

The City is responsible not only for ensuring the provision of basic, affordable public services, but also for protecting its capital assets, property, and employees. This protection is the insurance purchased according to the Risk Management policy which is reviewed and updated every fiscal year. As part of the annual review, the City Council sets the parameters for the departments' responsibilities, retention and transfer of risk, allocation of insurance to departments, and accident and loss reporting. For further details concerning risk management see the notes to the financial statements.

Cash Management

The City's investment transactions are governed by a written investment policy. This policy, like the Risk Management policy, is reviewed annually by the City Council and periodically by the Oregon Short-Term Fund Board; the policy regulates the City's investment objectives, diversification, limitations, and reporting requirements. The City contracts with Government Portfolio Advisors, LLC for advice on the management of its investment portfolio. Additional cash and investment information is included in the notes to the financial statements.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Boldt, Carlisle & Smith, LLC performed the audit for the fiscal year ended June 30, 2016. This audit is conducted in accordance with generally accepted accounting standards, Government Auditing Standards, and Minimum Standards for Audits of Oregon Municipal Corporations as prescribed by the Secretary of State. The auditor must determine whether the City followed generally accepted accounting and reporting principles.

New Accounting Statement Implemented

With this audit report, the City implemented Government Accounting Standards Board, GASB Statement No. 72, *Fair Value Measurement and Application*. Summarized briefly, this statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date," and is determined using one of three valuation approaches: market, cost, or income.

These values are now reflected in the City's statement of net position and statement of activities for fiscal year ended June 30, 2016. This new guidance also requires the restatement of the prior year net position. The notes to the basic financial statements and management's discussion and analysis contain further information about the effects of implementing this statement.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and "reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP."

Awards

GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Albany for its CAFR for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

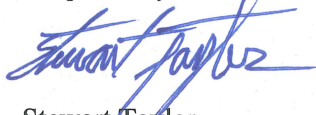
A Certificate of Achievement is valid for one year only. The City has received a Certificate of Achievement for the last 32 consecutive years (1984-2015). We believe our current report continues to conform to the Certificate of Achievement standards.

Acknowledgements

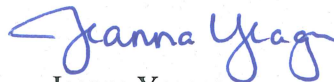
The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department and the certified public accountants of Boldt, Carlisle & Smith, LLC. Each has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Albany City Council, preparation of this report would not have been possible.

Respectfully submitted,



Stewart Taylor
Finance Director



Jeanna Yeager
Accounting Supervisor



Anne Baker
Accounting Supervisor

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Government Finance Officers Association

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For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
CITY OF ALBANY
Albany, Oregon

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 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

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 OF ALBANY, as of June 30, 2016, the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General, Parks and Recreation, Risk Management, and Street Funds, for the year then ended in conformity 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 on pages 4 through 16 and the required supplementary information on pages 85 and 86 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, supplementary data, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The supplementary data and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

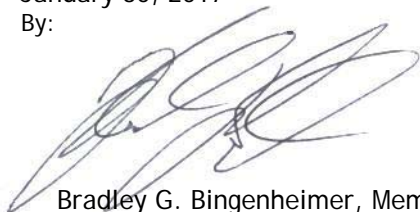
In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated January 30, 2017, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
January 30, 2017
By:

A handwritten signature in black ink, appearing to read 'Bradley G. Bingenheimer', is written over a faint, illegible stamp or background.

Bradley G. Bingenheimer, Member

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Management's Discussion and Analysis

As management of the City of Albany, Oregon, we offer the readers of the City's financial statements this narrative analysis and overview for the fiscal year ended June 30, 2016. We encourage readers to review and consider the information here in conjunction with the additional information in our letter of transmittal (page iii) and in the Statistical Section (page 128).

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$294,172,022 (net position). Of this amount, \$30,523,329 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$53,081,239, an increase of \$19,750,442 from the previous year. This includes a prior period adjustment due to changes in accounting procedures, as well as bond proceeds restricted to the public safety facilities. The General Fund ending fund balance increased by \$1,153,227, which included a prior period adjustment of \$547,083, to \$3,835,134.

The Parks and Recreation ending fund balance increased by \$149,484 (6.26 percent) over prior year, due in part to underspending on system development charge (SDC) projects.

The Risk Management fund holds settlement proceeds, which are committed to the economic development of the City as directed by the City Council. As of June 30, 2016, the ending fund balance had decreased from \$12,472,648 to \$7,675,844 (-38.50 percent), reflecting a transfer of \$5,000,000 to the Capital Projects Fund for the public safety facilities project.

The Street Fund ending fund balance increased by \$475,705 (8.22 percent). This includes a prior period adjustment, resulting from a change in accounting principle.

The Street Fund ending fund balance of \$6,265,149 includes \$2,978,562 in the Transportation Systems Development Charges (TSDC) Projects program. The TSDC fund balance has decreased for the last several years, and this trend is expected to continue as SDC monies are used for capital projects.

The City's Capital Projects Fund ending fund balance increased to \$20,908,229, which includes \$18,636,260 in proceeds from the 2015 Public Safety Facilities bond issuance and a \$5,000,000 transfer from the Risk Management Fund.

In the non-major funds there are a few items which should be noted. The Public Transit Fund ending fund balance increased from \$244,153 to \$383,155 an increase of 56.93 percent. The increase can be attributed to savings in the Albany Transit System program.

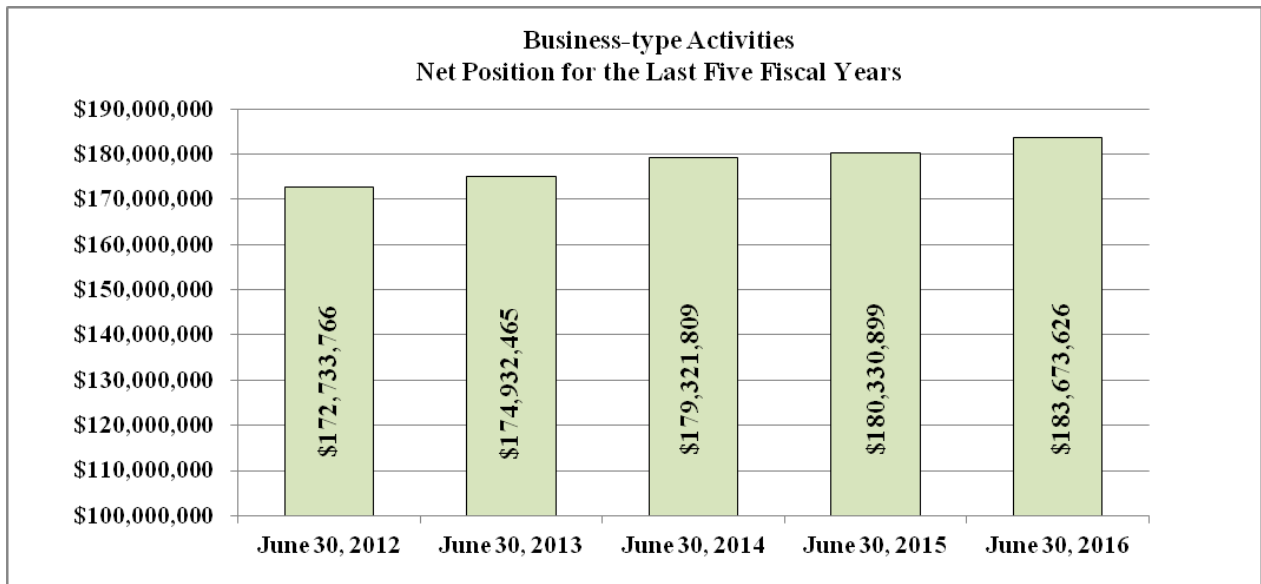
In the Grants Fund, the ending fund balance decreased by \$457,229 to \$77,157, a decrease of 85.56 percent. Most grant revenues are received on a reimbursement basis, which can lead to volatility in fund balance as these cross fiscal years.

The ARA ending fund balance decreased \$835,969 (21.38 percent), which can be attributed in part to increased spending after several years of keeping expenditures low.

Governmental Funds: Changes in Fund Balance

Fund	2016 Fund Balance	2015 Fund Balance	Increase (decrease)	Per cent Change
General Fund	\$ 3,835,134	\$ 2,681,907	\$ 1,153,227	43.00%
Parks & Recreation	2,448,516	2,299,032	149,484	6.50%
Grants	77,157	534,386	(457,229)	-85.56%
Building Inspection	1,381,501	1,160,814	220,687	19.01%
Risk Management	7,675,844	12,472,648	(4,796,804)	-38.46%
Economic Development	751,869	745,339	6,530	0.88%
Public Transit	383,155	244,153	139,002	56.93%
Public Safety Levy	69,868	72,286	(2,418)	-3.35%
Capital Replacement	5,799,563	5,690,226	109,337	1.92%
Street	6,265,149	5,789,444	475,705	8.22%
ARA	3,074,391	3,910,360	(835,969)	-21.38%
Debt Service	276,187	161,728	114,459	70.77%
Capital Projects	20,908,229	(2,566,638)	23,474,867	-914.62%
Senior Center Endowment	51,991	51,627	364	0.71%
Library Trust	82,685	83,485	(800)	-0.96%
Totals	\$ 53,081,239	\$ 33,330,797	\$ 19,750,442	59.26%

Business-type net position decreased \$2,732,135 (1.49 percent) for the 2015-2016 fiscal year, offset in part by a \$65,943 prior period adjustment. Operating income for the Water and Sewer Funds was \$2,299,930. The net of non-operating revenues and expenses totaled \$(2,504,073), which includes \$2,820,214 in debt interest expense.



Changes in Net Position: Proprietary Funds

Fund	2016 Net Position	2015 Net Position	Increase (decrease)	Per cent Change
Water	\$ 73,400,612	\$ 73,531,000	\$ (130,388)	-0.18%
Sewer	110,626,883	110,636,444	(9,561)	-0.01%
Central Services	(2,664,863)	(648,082)	(2,016,781)	311.19%
Public Works Services	(3,650,969)	(1,150,734)	(2,500,235)	-217.27%
Totals	\$ 177,711,663	\$ 182,368,628	\$ (4,656,965)	-2.55%

For Fiscal Year 2015-2016 there was a decrease in the net position for the City's two enterprise funds; net position decreased 0.18 percent in the Water Fund and increased 0.81 percent in the Sewer Fund. The net position for each fund reflects prior period adjustment related to changing accounting principles.

The City utilizes two internal service funds: Central Services and Public Works Services. Because GASB 34 requires the City to book Compensated Absences and GASB 45 requires us to book OPEB it has become impossible to analyze the results of operations at the governmental level. GASB 68, which has changed the way pensions are recorded required a prior period restatement, contributing to a lower net position. However, at the true area of operations, the Budget to Actual financials, the ending fund balance for both the Central Services \$126,232 and Public Works Services \$239,229 show that they are operating at a sustainable level or at break-even as these balances are carried to the next fiscal year to fund operations. However, at the Government-wide level of the financials, the ending fund balance for both the Central Services \$(2,664,863) and Public Works Services \$(3,650,969) show that they are not operating at a sustainable level or at break-even.

Overview of the Finance Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The City implemented Government Accounting Standards Board, GASB Statement No. 72, *Fair Value Measurement and Application*. Summarized briefly, this statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date," and is determined using one of three valuation approaches: market, cost, or income.

These values are now reflected in the City's statement of net position and statement of activities for fiscal year ended June 30, 2016. This new guidance also requires the restatement of the prior year net position. The notes to the basic financial statements and management's discussion and analysis contain further information about the effects of implementing this statement.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses

are reported in this statement for some items that will result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, streets and highways, and culture and recreation. The business-type activities are water and sanitary sewer.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate urban renewal district, known as the Albany Revitalization Agency (ARA), for which the City is financially accountable and which functions for all practical purposes as a department of the City. Financial information for this blended component unit has been included as an integral part of the primary government. ARA's complete financial statement may be obtained at the City's Administrative offices.

The government-wide financial statements can be found starting on page 17.

Fund 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into two categories: governmental and proprietary.

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 statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

To further enhance the governmental funds, the City implemented GASB Statement 54 for the fiscal year ending June 30, 2011. This GASB reporting requirement requires an analysis and breakdown of ending fund balance between five new fund balance categories. The new GASB fund balance categories are: Nonspendable, Restricted, Committed, Assigned, and Unassigned. Below is a brief explanation of each of these fund balance categories:

- Nonspendable - includes items not immediately converted to cash, such as prepaid items or inventories.
- Restricted - includes items that are restricted by external creditors, grantors, or contributors or by legal provisions.
- Committed - includes items committed by City Council formal resolutions.
- Assigned - includes items assigned for specific uses, authorized by the Director of Finance.
- Unassigned - this is the residual classification used for those balances not assigned to another category or for a negative balance.

Under GASB 54, the General Fund is the only fund type that should have an unassigned fund balance. See the GASB 54 footnote in the Notes to the Financials for further discussion.

At June 30, 2016, the City's governmental funds reported ending fund balances by category of:

Nonspendable	\$	193,338
Restricted		27,479,252
Committed		21,614,668
Unassigned		3,793,981
	\$	<u>53,081,239</u>

The City maintains 16 governmental funds. Information is presented separately on the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General, Parks and Recreation, Risk Management, Streets, and Capital Projects Funds, all of which are considered to be major governmental funds. Financial information for the remaining governmental funds (other governmental funds) is combined into a single aggregated presentation. Combining statements and budgetary comparisons for governmental and business-type funds can be found starting on page 88 of this report.

The City adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget. Reconciliation of differences between budgetary revenues and expenditures and fund revenues and expenditures/expenses is provided as necessary.

The basic governmental fund financial statements and respective reconciliations can be found starting on page 20.

Proprietary Funds

The City maintains two different types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. The City uses enterprise funds to account for its water and sewer systems.

An internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses two internal service funds: Central Services and Public Works Services. Programs within the Central Services are City Council, City Manager's Office, Finance, Human Resources, Information Technology, GIS, Permit Tracking, and Building Maintenance. The Central Services Fund, which predominantly benefits governmental functions, has been included with the governmental activities in the government-wide financial statements.

Public Works Administration, Operations, Engineering Services, Water Quality Control Services, Public Works Customer Services, and Facilities and Maintenance Engineering are programs in the Public Works Services Fund. The Public Works Services Fund, which predominantly benefits business-type functions, has been included with the business-type activities in the government-wide financial statements. The basic proprietary fund financial statements can be found starting on page 30.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 34.

Supplementary Data

The combining statements, referred to earlier in connection with nonmajor governmental funds, can be found starting on page 88.

Statistical Information

The City would like to direct the reader's attention to the Statistical Section, starting on page 132, for additional information about the City, including graphs, tables, and analysis of current and historical information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The City's assets exceeded liabilities by \$294,172,022 at the close of the fiscal year. At fiscal year end, June 30, 2016, the City had \$226,053,992 invested in capital assets, net of related debt, and an unrestricted net position balance of \$30,523,329.

By far the largest portion of the City's net position is the investment in capital assets (land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to its citizens; consequently, the assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

An additional portion of net position (\$37,594,701 or 12.78 percent) represents resources that are subject to restrictions on how they may be used. For Governmental Activities, net position restricted for capital projects (\$22,596,517), which includes the funding for the Public Safety facilities, and for revitalization programs (\$3,061,381) account for nearly all of the restricted net position.

Selected Financial Statistics:

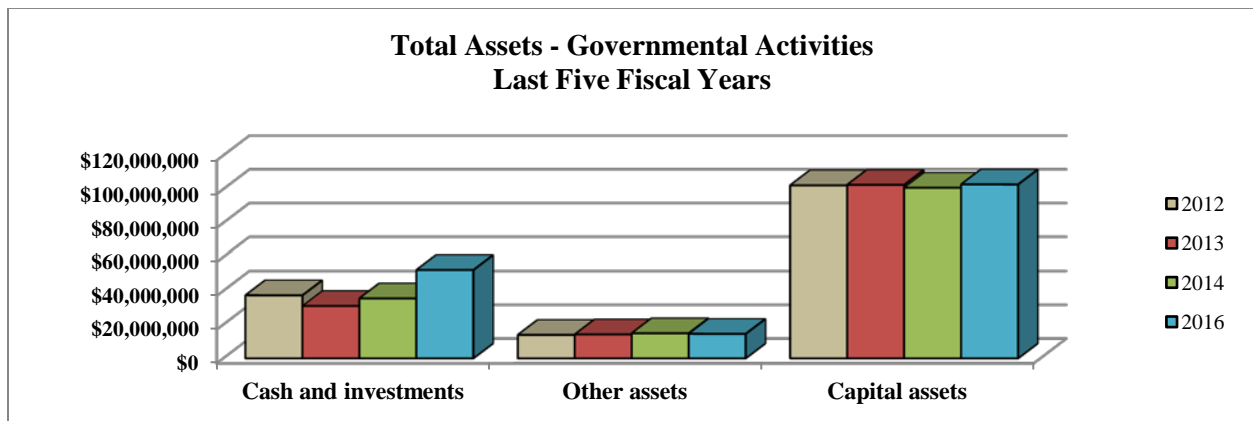
Population		51,670
Assessed value per capita	\$	71,974
Market value per capita	\$	82,282
Long-term debt (bonds, notes, certificates of participation, capital leases)	\$	49,280,711
Total long-term debt per capita	\$	954
Total general obligation debt	\$	17,605,000
General obligation debt per capita	\$	341
General obligation debt per \$1,000 of assessed value	\$	5
General obligation debt service for Fiscal Year 2016 per \$1,000 of assessed value	\$	0.25
Property taxes as a percentage of General Fund expenditures*		93%
Public safety expenditures as a percentage of General Fund expenditures		86%

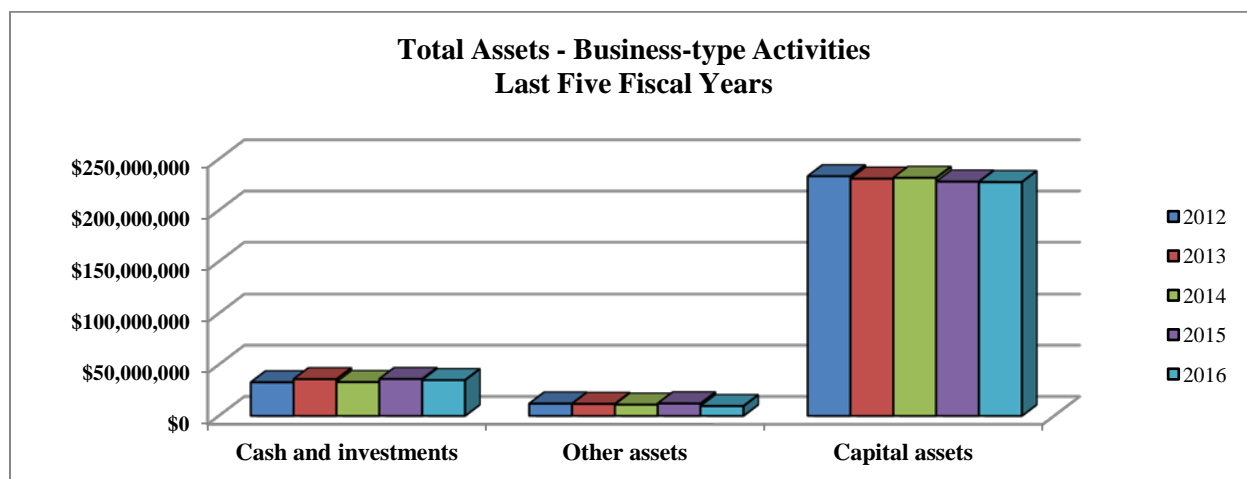
*Property taxes from the public safety levy are recorded as tax receipts in the Public Safety Levy Fund. In order to accurately reflect the significance of property taxes in the General Fund, transfers into the General Fund from the Public Safety Levy Fund have been included in total General Fund revenues and General Fund property tax revenues for this table.

**Table 1 - Net Position Summary
Governmental and Business-type Activities
for the years ended June 30, 2016 and 2015**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Cash and investments	\$ 52,660,485	\$ 35,672,630	\$ 35,376,574	\$ 36,022,476	\$ 88,037,059	\$ 71,695,106
Other assets	11,372,081	14,926,726	9,380,497	13,061,041	20,752,578	27,987,767
Capital assets	102,246,208	103,624,034	227,713,372	228,115,103	329,959,580	331,739,137
Total assets	166,278,774	154,223,390	272,470,443	277,198,620	438,749,217	431,422,010
Deferred Outflows of Resources	4,062,744	2,587,202	1,298,515	832,112	5,361,259	3,419,314.00
Other liabilities	3,031,368	3,081,357	2,866,857	2,431,652	5,898,225	5,513,009
Long term debt outstanding	49,280,711	14,375,273	89,399,716	88,751,953	138,680,427	103,127,226
Total liabilities	52,312,079	17,456,630	92,266,573	91,183,605	144,578,652	108,640,235
Deferred Inflows of Resources	4,020,823	12,286,249	1,338,979	3,951,586	5,359,802	16,237,835.00
Net Position:						
Net Investment in capital assets,	80,810,018	94,819,619	145,243,974	140,997,807	226,053,992	235,817,426
Restricted	27,479,162	11,071,442	10,281,207	10,717,596	37,760,369	21,789,038
Unrestricted	5,719,436	21,176,652	24,638,225	31,180,138	30,357,661	52,356,790
Total Net Position	\$ 114,008,616	\$ 127,067,713	\$ 180,163,406	\$ 182,895,541	\$ 294,172,022	\$ 309,963,254

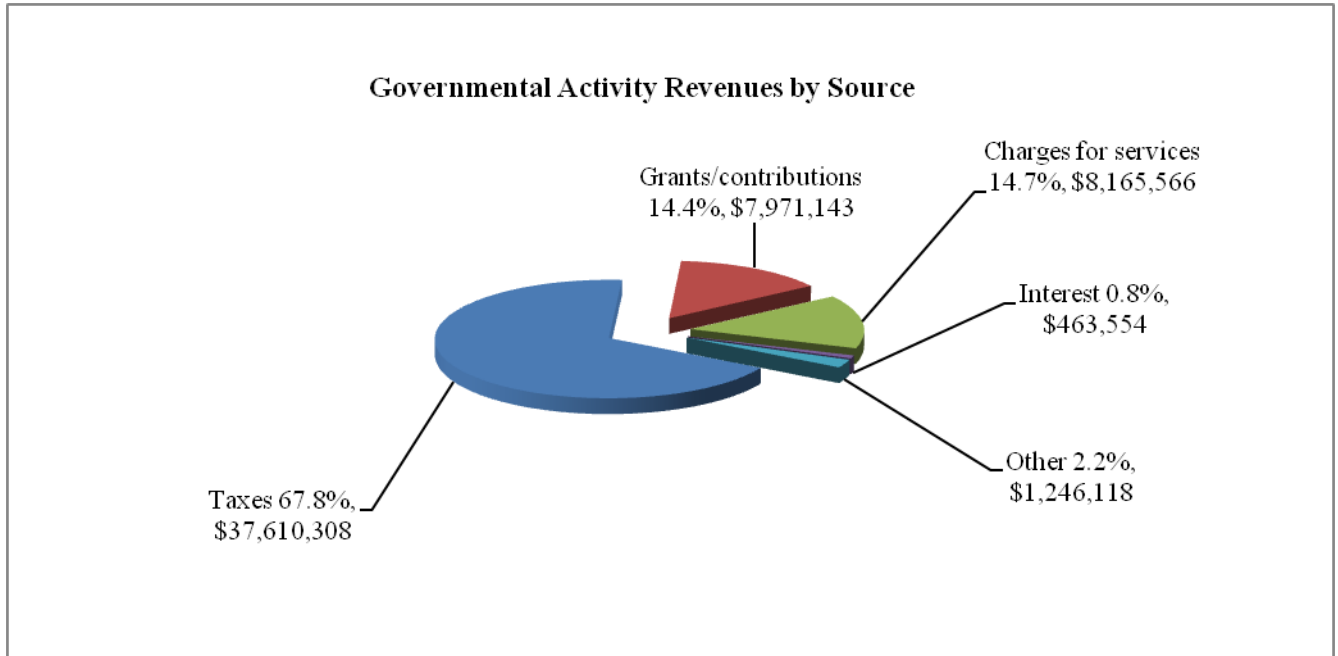
At the end of the fiscal year, the City had positive balances in all three categories of net position, for the government as a whole as well as for its separate governmental and business-type activities. The City's net position decreased by \$15,791,232 (-5.1 percent) during the current fiscal year, primarily due to changes in long term debt obligations, including the net pension liability, associated with GASB Statement No. 68.





**Table 2 - Statement of Activities Summary
Governmental and Business-type Activities
for the years ended June 30, 2016 and 2015**

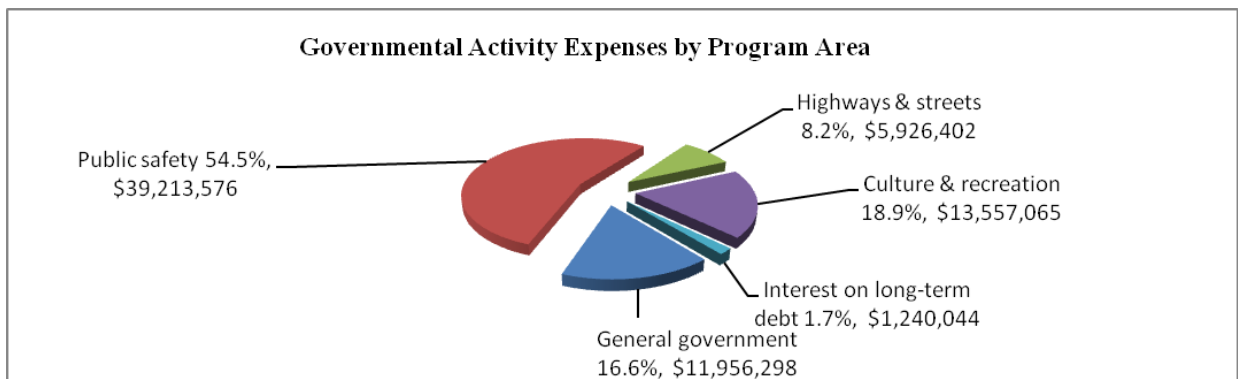
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenues						
Charges for services	\$ 8,165,566	\$ 7,768,008	\$ 29,045,868	\$ 27,694,246	\$ 37,211,434	\$ 35,462,254
Grants and contributions:						
Operating	5,461,409	5,591,657	-	-	5,461,409	5,591,657
Capital	2,509,734	3,459,206	1,194,355	2,809,181	3,704,089	6,268,387
General revenues						
Taxes	37,610,308	35,565,290	263	3,588	37,610,571	35,568,878
Interest	463,554	200,035	318,536	332,210	782,090	532,245
Other	1,246,118	901,434	52,702	62,372	1,298,820	963,806
Total revenues	<u>\$ 55,456,689</u>	<u>\$ 53,485,630</u>	<u>\$ 30,611,724</u>	<u>\$ 30,901,597</u>	<u>\$ 86,068,413</u>	<u>\$ 84,387,227</u>
EXPENSES						
Governmental activities:						
General government	11,956,298	7,667,638	-	-	11,956,298	7,667,638
Public safety	39,213,576	20,771,259	-	-	39,213,576	20,771,259
Highways and streets	5,926,402	6,577,224	-	-	5,926,402	6,577,224
Culture and recreation	13,557,065	7,939,789	-	-	13,557,065	7,939,789
Interest on long-term debt	1,240,044	710,061	-	-	1,240,044	710,061
Business-type activities:						
Water	-	-	14,550,636	10,329,623	14,550,636	10,329,623
Sewer	-	-	17,663,062	13,890,720	17,663,062	13,890,720
Total expenses	<u>\$ 71,893,385</u>	<u>\$ 43,665,971</u>	<u>\$ 32,213,698</u>	<u>\$ 24,220,343</u>	<u>\$ 104,107,083</u>	<u>\$ 67,886,314</u>
Increase (Decrease) in net position						
before transfers	(16,436,696)	9,819,659	(1,601,974)	6,681,254	(18,038,670)	16,500,913
Special Item	1,150,038	-	-	-	-	-
Transfers	1,196,104	1,083,453	(1,196,104)	(1,083,453)	-	-
Increase (Decrease) in net position	(14,090,554)	10,903,112	(2,798,078)	5,597,801	(18,038,670)	16,500,913
Beginning net position	127,067,713	132,368,042	182,895,541	180,330,897	309,963,254	312,698,939
Prior period adjustment	1,031,457	(16,203,441)	65,943	(3,033,157)	1,097,400	(19,236,598)
Ending net position	<u>\$ 114,008,616</u>	<u>\$ 127,067,713</u>	<u>\$ 180,163,406</u>	<u>\$ 182,895,541</u>	<u>\$ 293,021,984</u>	<u>\$ 309,963,254</u>



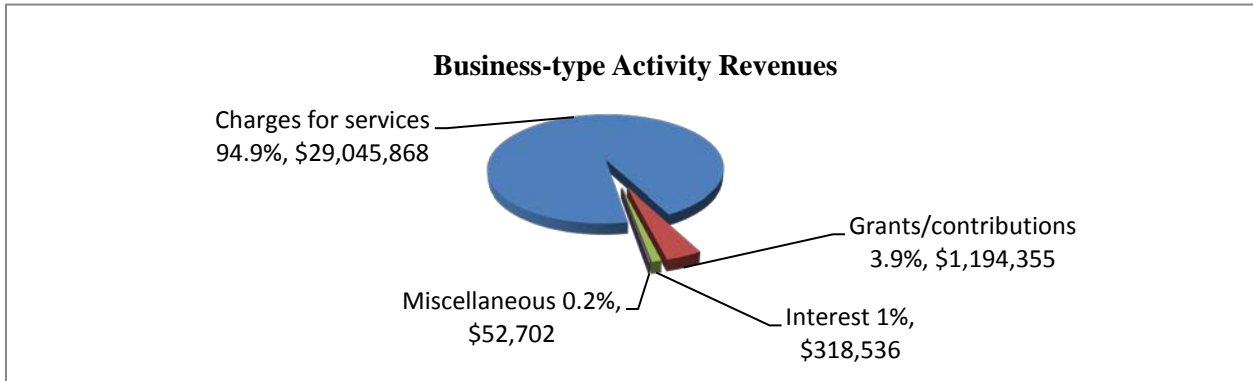
The previous chart indicates that 67.8 percent (\$37,610,308) of 2015-2016 governmental activity revenues received by the City were taxes. Property taxes (\$28,615,267) represent the largest portion of total taxes received. Other major tax revenues were the City's share of state-wide fuel tax (\$3,046,727) and City privilege taxes for natural gas and electricity (\$3,572,017). The City also received \$1,317,405 for its share of state-imposed liquor and cigarette taxes and \$1,058,892 for City-imposed hotel/motel room taxes.

Charges for service account for 14.7 percent of governmental activity revenues. Included are franchise fees (\$1,310,438), ambulance fees (\$2,375,242) and parks and recreation fees (\$941,503).

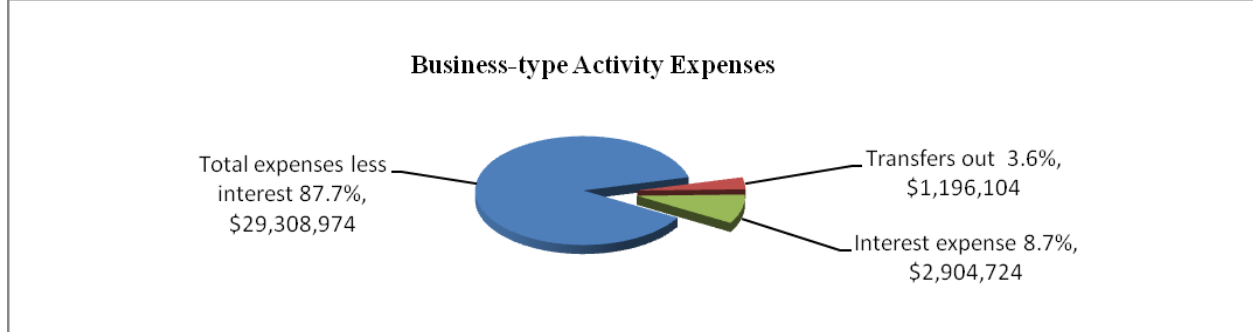
Grants and contributions in governmental funds totaled \$7,971,143 (14.4 percent): Revenues include \$1,492,987 from the local rural fire protection districts; \$1,424,527 from City Building Division builder fees; \$1,098,803 for the surface transportation program and \$924,805 for transportation SDCs; and \$495,180 from FTA section grants.



More than half of all governmental activity expenses were for public safety (54.5 percent). As an indication of the City's favorable debt position, interest on long-term debt accounted for only 1.7 percent of governmental activity total expenses.



As would be expected, charges for service accounted for the majority of revenues for business-type activities. Within this category are Water and Sewer charges which amount to 94.9 percent. Other major charges included within this category are charges to the City of Millersburg for their share of the operating and maintenance of both Water and Wastewater Treatment Plants.



Operating expenses for the Water and Sewer Funds increased 19.13 percent between the 2014-15 and 2015-16 fiscal years. This includes pension related expenses arising from new reporting standards associated with GASB Statement No. 68.

Budgetary Highlights

The City Council approved 13 resolutions which changed the adopted 2015-16 budget by 0.41 percent, \$196,545,500 to \$197,358,000. Appropriations in the General Fund increased by \$401,200 (1.19 percent). In the General Fund, after eliminating the \$1,084,400 contingency, actual expenditures were 96.5 percent of the final budget, yielding a favorable budget variance of \$2,213,976. Contributors to the savings: Contingency savings (\$1,084,400); Police (\$512,901); and Fire (\$382,686).

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2016, the City had \$329,959,580 invested in capital assets as reflected in the table below. Additional information concerning capital assets can be found in the notes to the basic financial statements, starting on page 48.

**Table 3 - Capital Assets at Year-end
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land, land rights, & land improvements	\$ 13,495,010	\$ 13,495,010	\$ 6,332,814	\$ 6,332,517	\$ 19,827,824	\$ 19,827,527
Buildings and improvements	14,909,423	14,952,428	116,824,353	120,900,747	131,733,776	135,853,175
Intangible assets	649,747	703,967	-	-	649,747	703,967
Vehicles and equipment	6,040,218	5,054,978	1,634,024	1,122,446	7,674,242	6,177,424
Infrastructure	67,147,431	69,039,834	101,532,176	96,203,721	168,679,607	165,243,555
Construction in progress	4,379	377,817	1,390,005	3,555,672	1,394,384	3,933,489
	<u>\$ 102,246,208</u>	<u>\$ 103,624,034</u>	<u>\$ 227,713,372</u>	<u>\$ 228,115,103</u>	<u>\$ 329,959,580</u>	<u>\$ 331,739,137</u>

The following table summarizes the change in capital assets between the last two fiscal years. Additions include assets acquired or under construction at year-end. Reductions are for asset depreciation, disposition, and retirement.

**Table 4 - Summary of Capital Asset Activity for the Last Two Fiscal Years
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Beginning Balance	\$ 103,624,034	\$ 100,851,553	\$ 228,115,103	\$ 231,840,892	\$ 331,739,137	\$ 332,692,445
Additions	6,505,168	9,116,292	7,040,429	3,899,030	13,545,597	13,015,322
Retirements	(1,318,228)	-	(150,960)	-	(1,469,188)	-
Depreciation	(6,564,766)	(6,343,811)	(7,291,200)	(7,624,819)	(13,855,966)	(13,968,630)
Ending balance	<u>\$ 102,246,208</u>	<u>\$ 103,624,034</u>	<u>\$ 227,713,372</u>	<u>\$ 228,115,103</u>	<u>\$ 329,959,580</u>	<u>\$ 331,739,137</u>

Governmental capital assets decreased by \$1,377,826 net of accumulated depreciation. Additions to capital assets equaled \$6,505,168 for the year including: \$3,429,376 for various City capital projects, and \$1,368,338 for public safety equipment.

Business-type capital assets decreased by \$401,731 net of accumulated depreciation. Additions to capital assets for the year include: \$1,541,950 for sewer line replacement and repair and \$3,342,531 in water line projects.

Table 5 - Ratio of Capital Assets Net of Related Debt to Total Net Position

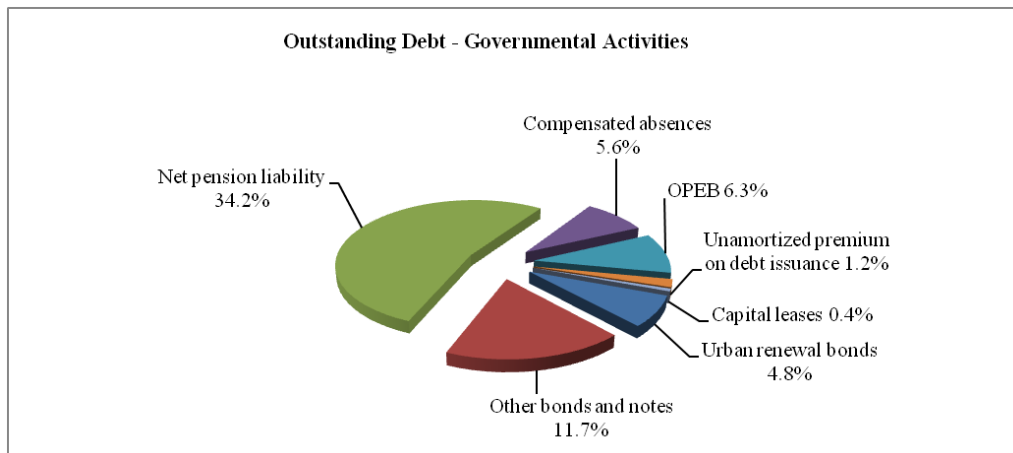
	2016	2015
Capital assets net of depreciation and related debt	\$ 226,053,992	\$ 235,817,426
Total net position	294,172,022	309,963,254
Ratio of capital assets net of related debt to total net position	<u>76.84%</u>	<u>76.08%</u>

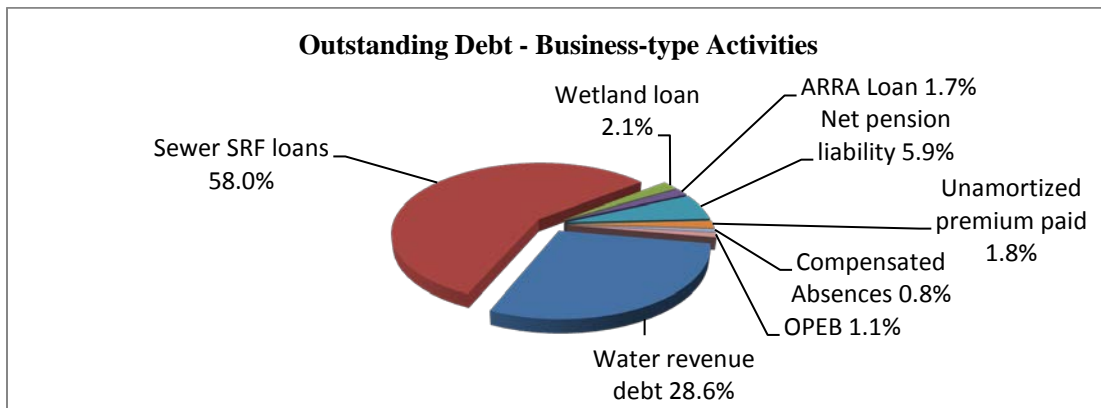
Debt Outstanding

At June 30, 2016, the City had \$138,680,427 in debt outstanding compared to \$103,127,226 on June 30, 2015. Of the amount outstanding, \$7,618,360 is due within one year. The debt consisted of outstanding bonds and certificates of participation, \$51,294,485; loans, \$55,321,160; unfunded compensated absences, \$3,455,863; capital leases, \$208,743; net pension liability, \$22,140,068; unfunded other postemployment benefits, \$4,077,423; and unamortized premiums, \$2,182,685. Details of long-term debt payable can be found beginning on page 56 in the notes to the basic financial statements.

Table 5 - Outstanding Debt at Year End

	June 30, 2016	June 30, 2015
Governmental Activities		
General obligation	\$ 17,605,000	\$ -
Special assessment debt with governmental commitment	-	-
Limited tax pension	5,101,485	5,208,983
Revenue	-	-
General revenue	655,000	800,000
Oregon Economic Development Department note	-	36,107
CARA revenue note	-	-
CARA bonds	2,363,000	2,696,000
CARA Note	-	-
Net pension liability	16,849,369	-
Other postemployment benefits	3,123,433	2,894,850
Unamortized premium on debt issuance	604,447	-
Compensated absences	2,770,234	2,676,008
Capital leases	208,743	63,325
Sub-total	49,280,711	14,375,273
Business-type Activities		
Water revenue	25,570,000	26,505,000
Oregon DEQ State Revolving Fund loan	51,882,125	54,953,181
Wetland Loan	1,889,035	2,297,149
ARRA Loan	1,550,000	1,650,000
Net pension liability	5,290,699	-
Other postemployment benefits	953,990	881,736
Unamortized premium on defeasance	1,578,238	1,711,965
Compensated absences	685,629	752,921
Sub-total	89,399,716	88,751,952
Total	\$ 138,680,427	\$ 103,127,225





Oregon Revised Statutes, Chapter 287, provides for a debt limit of three percent of the true cash value of all property within the City. The current debt limitation for the City's general obligation debt is \$127,544,869, and the City currently has \$17,605,000 outstanding in general obligation debt.

Additional information on the City's long-term debt can be found in the notes to the basic financial statements, starting on page 56.

Key Economic Factors and Budget Information for the Future

In May 2012 a new five-year levy was passed by the citizens of Albany, creating a new tax rate of \$1.15 per \$1,000 of assessed value. Tax collections in 2015-2016 totaled \$2,750,629.

At fiscal year end, Oregon's unemployment rate was 4.8 percent as of June 30, 2016. The unemployment rates for Linn and Benton Counties at the close of the fiscal year, June 30, 2016, were 5.8 percent and 4.2 percent respectively.

In order to drive down the costs of providing medical insurance coverage to employees, most City employees have moved to a high deductible plan. PERS will be calculated at 24 percent of monthly salaries.

In preparing the City-wide budget for 2015-2016, the City Finance Department assembled assumptions for the budget as follows: interest income will increase by 1.0 percent and the assessed value of property will increase by 3.0 percent. The Local Option Public Safety Levy for the budget will once again be impacted by property tax compression. The City's permanent tax rate will be \$6.3984/\$1,000 valuation.

The 2015-2016 Budget was prepared in accordance with the City's Strategic Plan (the Plan). As such, the budget becomes the implementing document for the Plan. The four themes of the Plan are Great Neighborhoods, Safe City, Healthy Economy, and Effective Government. Specific goals, objectives, and activities are determined by each department director and incorporated into their budgets in order to achieve each theme. The Plan is reviewed annually by the City Council.

In October 2016, Council approved an \$8,400,000 loan from the Oregon Infrastructure Authority (IFA) for the financing of projects in the Central Albany Revitalization Area. ARA will transfer incremental tax receipts to make the payments on the 2.55 percent loan.

Request for Information

This financial report is designed to provide a general overview of the City's finances and to demonstrate the City's accountability. Questions should be directed to the Finance Department, City of Albany, 333 Broadalbin Street SW, Albany, Oregon 97321.

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CITY OF ALBANY, OREGON
STATEMENT OF NET POSITION

June 30, 2016

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 52,660,485	35,376,574	\$ 88,037,059
Cash with fiscal agents	13,652	-	13,652
Internal balances	213,122	(213,122)	-
Receivables			
Property taxes	2,657,251	39,004	2,696,255
Accounts	3,859,330	4,292,416	8,151,746
Assessments	3,355,698	-	3,355,698
Interest	26,782	12,867	39,649
Loans, net of allowance for uncollectible loans	948,284	4,335,845	5,284,129
Inventories	114,252	913,487	1,027,739
Prepaid items	48,986	-	48,986
Restricted cash and investments	134,724	-	134,724
Capital assets			
Land and construction in progress	13,499,389	7,675,379	21,174,768
Other capital assets, net of depreciation	<u>88,746,819</u>	<u>220,037,993</u>	<u>308,784,812</u>
Total assets	<u>166,278,774</u>	<u>272,470,443</u>	<u>438,749,217</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	<u>4,062,744</u>	<u>1,298,515</u>	<u>5,361,259</u>
LIABILITIES			
Accounts payable	2,804,048	1,721,515	4,525,563
Accrued interest payable	75,121	975,983	1,051,104
Refundable deposits and advances	152,199	169,359	321,558
Long-term obligations			
Due within one year	2,477,823	5,140,537	7,618,360
Due in more than one year	<u>46,802,888</u>	<u>84,259,179</u>	<u>131,062,067</u>
Total liabilities	<u>52,312,079</u>	<u>92,266,573</u>	<u>144,578,652</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	<u>4,020,823</u>	<u>1,338,979</u>	<u>5,359,802</u>
NET POSITION			
Net investment in capital assets	80,810,018	145,243,974	226,053,992
Restricted for:			
Capital projects	22,596,517	5,084,450	27,680,967
Debt service	262,535	5,030,999	5,293,534
Grant programs	77,157	-	77,157
Revitalization programs	3,061,381	-	3,061,381
Other purposes - expendable	1,350,962	-	1,350,962
Other purposes - nonexpendable	130,700	-	130,700
Unrestricted	<u>5,719,346</u>	<u>24,803,983</u>	<u>30,523,329</u>
Total net position	<u>\$ 114,008,616</u>	<u>\$ 180,163,406</u>	<u>\$ 294,172,022</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF ALBANY, OREGON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Governmental activities				
General government	\$ 11,956,298	\$ 3,718,959	\$ 2,843,329	\$ 170,153
Public safety	39,213,576	3,291,540	2,177,618	22,439
Highways and streets	5,926,402	138,139	44,352	2,058,617
Culture and recreation	13,557,065	1,016,928	396,110	258,525
Interest on long-term obligations	1,240,044	-	-	-
Total governmental activities	<u>71,893,385</u>	<u>8,165,566</u>	<u>5,461,409</u>	<u>2,509,734</u>
Business-type activities				
Water	14,550,636	13,194,254	-	400,524
Sewer	17,663,062	15,851,614	-	793,831
Total business-type activities	<u>32,213,698</u>	<u>29,045,868</u>	<u>-</u>	<u>1,194,355</u>
Totals	<u>\$ 104,107,083</u>	<u>\$ 37,211,434</u>	<u>\$ 5,461,409</u>	<u>\$ 3,704,089</u>

General revenues:

Property taxes used for general purposes
Property taxes used for debt service
Transient room taxes used for general purposes
Motor fuel taxes
Cigarette and alcoholic beverage taxes
Privilege taxes
Unrestricted investment earnings
Miscellaneous

Special item - gain on sale of property

Transfers

Total general revenues, special item, and transfers

Change in net position

Net position - beginning

Prior period adjustments

Net position - ending

Net (Expense) Revenue and
Change in Net Position

Governmental Activities	Business- type Activities	Totals	
			Governmental activities
\$ (5,223,857)	\$ -	\$ (5,223,857)	General government
(33,721,979)	-	(33,721,979)	Public safety
(3,685,294)	-	(3,685,294)	Highways and streets
(11,885,502)	-	(11,885,502)	Culture and recreation
(1,240,044)	-	(1,240,044)	Interest on long-term obligations
<u>(55,756,676)</u>	<u>-</u>	<u>(55,756,676)</u>	Total governmental activities
			Business-type activities
-	(955,858)	(955,858)	Water
<u>-</u>	<u>(1,017,617)</u>	<u>(1,017,617)</u>	Sewer
<u>-</u>	<u>(1,973,475)</u>	<u>(1,973,475)</u>	Total business-type activities
<u>(55,756,676)</u>	<u>(1,973,475)</u>	<u>(57,730,151)</u>	Totals
			General revenues:
27,578,824	-	27,578,824	Property taxes used for general purposes
1,036,443	263	1,036,706	Property taxes used for debt service
1,058,892	-	1,058,892	Transient room taxes used for general purposes
3,046,727	-	3,046,727	Motor fuel taxes
1,317,405	-	1,317,405	Cigarette and alcoholic beverage taxes
3,572,017	-	3,572,017	Privilege taxes
463,554	318,536	782,090	Unrestricted investment earnings
1,246,118	52,702	1,298,820	Miscellaneous
1,150,038	-	1,150,038	Special item - gain on sale of property
1,196,104	(1,196,104)	-	Transfers
<u>41,666,122</u>	<u>(824,603)</u>	<u>40,841,519</u>	Total general revenues, special item, and transfers
(14,090,554)	(2,798,078)	(16,888,632)	Change in net position
127,067,713	182,895,541	309,963,254	Net position - beginning
<u>1,031,457</u>	<u>65,943</u>	<u>1,097,400</u>	Prior period adjustments
<u>\$ 114,008,616</u>	<u>\$ 180,163,406</u>	<u>\$ 294,172,022</u>	Net position - ending

The notes to the basic financial statements are an integral part of this statement.

CITY OF ALBANY, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General	Parks and Recreation	Risk Management	Street	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 3,754,553	\$ 2,777,767	\$ 4,188,883	\$ 6,408,297	\$ 24,833,599	\$ 10,416,837	\$ 52,379,936
Cash with fiscal agents	-	-	-	-	-	13,652	13,652
Receivables:							
Property taxes	1,609,405	396,537	-	-	-	651,309	2,657,251
Accounts	1,426,243	10,601	31,598	315,349	-	2,075,489	3,859,280
Assessments	12,169	-	-	13,024	3,330,505	-	3,355,698
Interest	2,075	1,419	741	1,628	11,822	8,720	26,405
Loans, net of allowance for uncollectible loans	-	-	-	-	-	948,284	948,284
Interfund loan	-	-	3,458,977	-	-	-	3,458,977
Prepaid items	41,153	6,419	-	-	-	1,414	48,986
Restricted cash and investments	-	-	-	-	-	134,724	134,724
Total assets	\$ 6,845,598	\$ 3,192,743	\$ 7,680,199	\$ 6,738,298	\$ 28,175,926	\$ 14,250,429	\$ 66,883,193
LIABILITIES							
Accounts payable	\$ 805,990	\$ 363,020	\$ 4,355	\$ 414,771	\$ 326,022	\$ 731,744	\$ 2,645,902
Deposits	-	-	-	1,000	152,199	2,400	155,599
Interfund loans payable	-	-	-	-	3,458,977	-	3,458,977
Total liabilities	805,990	363,020	4,355	415,771	3,937,198	734,144	6,260,478
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	2,204,474	381,207	-	57,378	3,330,499	1,567,918	7,541,476
FUND BALANCES							
Nonspendable	41,153	6,419	-	-	-	145,766	193,338
Restricted	-	1,631,262	-	2,978,562	18,000,000	4,869,428	27,479,252
Committed	-	810,835	7,675,844	3,286,587	2,908,229	6,933,173	21,614,668
Unassigned	3,793,981	-	-	-	-	-	3,793,981
Total fund balances	3,835,134	2,448,516	7,675,844	6,265,149	20,908,229	11,948,367	53,081,239
Total liabilities, deferred inflows of resources and fund balances	\$ 6,845,598	\$ 3,192,743	\$ 7,680,199	\$ 6,738,298	\$ 28,175,926	\$ 14,250,429	\$ 66,883,193

The notes to the basic financial statements are an integral part of this statement.

CITY OF ALBANY, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2016

Total fund balances per Governmental Funds Balance Sheet (page 20).		\$ 53,081,239
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land and construction in progress	13,499,389	
Other capital assets, net of depreciation	<u>88,746,819</u>	
Total capital asset adjustments		102,246,208
Other long-term assets are not available to pay current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
		7,541,476
Deferred outflows of resources.		
		3,564,452
Inventories of materials and supplies are capitalized on the Statement of Net Position.		
		114,252
Internal service funds are used by management to charge the costs of information systems services, central services, and geographic information system services to individual funds. A portion of the assets and liabilities of the internal service funds is included in governmental activities in the Statement of Net Position.		
		(2,451,743)
Long-term liabilities, including bonds payable, notes payable, accrued interest, deferred inflows of resources, compensated absences and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		
Long-term obligations	(26,537,675)	
Net pension liability	(14,729,444)	
Interest payable on long-term debt	(75,121)	
Deferred inflow - pension related	(3,558,052)	
Compensated absences	(2,476,124)	
Other postemployment benefits	<u>(2,710,852)</u>	
Total long-term obligations adjustments		<u>(50,087,268)</u>
		<u>\$ 114,008,616</u>

The notes to the basic financial statements are an integral part of this statement

CITY OF ALBANY, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	General	Parks and Recreation	Risk Management	Street	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES							
Taxes:							
Property	\$ 17,726,278	\$ 4,431,550	\$ -	\$ -	\$ -	\$ 6,390,178	\$ 28,548,006
Transient room	-	-	-	-	-	1,058,892	1,058,892
Construction excise taxes	-	-	-	-	-	290,305	290,305
Assessment collections	-	-	-	-	526,610	-	526,610
Franchise fees, privilege taxes, licenses, and permits	5,140,749	15,450	-	1,040,731	-	1,424,527	7,621,457
Intergovernmental	3,230,721	11,705	-	4,145,530	-	1,735,218	9,123,174
Charges for services	3,603,156	874,315	-	-	-	1,849,403	6,326,874
Fines and forfeitures	8,403	-	-	-	-	-	8,403
Land sales	-	11,496	-	-	-	-	11,496
Interest on investments	16,806	33,100	57,305	50,049	154,730	144,816	456,806
Miscellaneous	110,867	604,731	48,651	68,935	1,385	253,663	1,088,232
Total revenues	29,836,980	5,982,347	105,956	5,305,245	682,725	13,147,002	55,060,255
EXPENDITURES							
Current:							
General government	1,763,468	-	84,341	-	1,677,242	6,555,922	10,080,973
Public safety	26,876,288	-	-	-	379,808	148,337	27,404,433
Highways and streets	-	-	-	3,045,930	-	10,399	3,056,329
Culture and recreation	2,508,368	6,060,760	-	-	-	210,444	8,779,572
Health	-	-	-	-	-	125,745	125,745
Debt service:							
Principal	-	-	-	-	-	1,016,605	1,016,605
Interest	-	-	-	-	-	1,212,756	1,212,756
Capital outlay	5,200	46,708	-	3,215,033	92,063	3,126,111	6,485,115
Total expenditures	31,153,324	6,107,468	84,341	6,260,963	2,149,113	12,406,319	58,161,528
Excess (deficiency) of revenues over expenditures	(1,316,344)	(125,121)	21,615	(955,718)	(1,466,388)	740,683	(3,101,273)
OTHER FINANCING SOURCES (USES)							
Debt issuance	-	-	-	-	18,636,260	-	18,636,260
Capital lease	-	-	-	-	-	242,881	242,881
Transfers in	2,805,200	449,666	173,676	1,223,796	6,455,000	1,208,816	12,316,154
Transfers out	(882,712)	(180,304)	(5,000,000)	(80,000)	(196,877)	(4,780,157)	(11,120,050)
Total other financing sources (uses)	1,922,488	269,362	(4,826,324)	1,143,796	24,894,383	(3,328,460)	20,075,245
SPECIAL ITEM							
Proceeds from sale of police station	-	-	-	-	-	1,745,013	1,745,013
Net change in fund balances	606,144	144,241	(4,804,709)	188,078	23,427,995	(842,764)	18,718,985
Fund balance - beginning	2,681,907	2,299,032	12,472,648	5,789,444	(2,566,638)	12,654,404	33,330,797
Prior period adjustment	547,083	5,243	7,905	287,627	46,872	136,727	1,031,457
Fund balance - ending	\$ 3,835,134	\$ 2,448,516	\$ 7,675,844	\$ 6,265,149	\$ 20,908,229	\$ 11,948,367	\$ 53,081,239

The notes to the basic financial statements are an integral part of this statement.

CITY OF ALBANY, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

Net change in fund balances - total Governmental funds (page 22). \$ 16,973,972

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and disposals in the current period.

Capital outlay	6,490,269	
Donated capital assets	14,899	
Depreciation for the current fiscal year	(7,288,019)	
Disposal of capital assets	<u>1,150,038</u>	
Total capital outlay/depreciation adjustment		367,187

The purchase of goods is shown as an expenditure in the governmental funds, but the cost of materials on hand at the end of the year is capitalized on the Statement of Activities. 6,818

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and other revenues reported in the funds are not revenues reported in the Statement of Activities.

Property taxes	67,261	
Principal portion of loan receipts	285,259	
Other fees and charges	<u>22,307</u>	
Total revenue adjustments		374,827

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (17,733,259)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(148,570)	
Other postemployment benefits	(200,093)	
Accrued interest on long-term obligations	(21,076)	
Pension expense	<u>(11,785,531)</u>	
Total expense/expenditure adjustments		(12,155,270)

The net expense of certain activities of internal service funds is reported with governmental activities. (1,924,829)

Change in net position of Governmental Activities (pages 18-19) \$ (14,090,554)

CITY OF ALBANY, OREGON
GENERAL FUND
BUDGETARY COMPARISON STATEMENT
For the Year Ended June 30, 2016

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 16,836,400	\$ 16,836,400	\$ 17,197,145	\$ 360,745
Delinquent	550,000	550,000	529,133	(20,867)
Privilege tax: electric	3,260,200	3,260,200	3,000,224	(259,976)
Franchise fee: communications facilities	30,600	30,600	57,170	26,570
Franchise fee: telephone	98,500	98,500	90,921	(7,579)
Franchise fee: garbage collection	517,400	517,400	530,063	12,663
Privilege tax: natural gas	652,800	652,800	571,793	(81,007)
Franchise fee: cable television	586,000	586,000	632,284	46,284
Permit fees	1,000	1,000	1,500	500
Dog permit fees	900	900	700	(200)
Fire line fees	-	-	60,813	60,813
Licenses	7,000	7,000	11,090	4,090
Library fees	75,000	75,000	72,504	(2,496)
Planning fees	158,100	158,100	156,310	(1,790)
Alarm fees	15,600	15,600	16,040	440
Medical marijuana facility permit	-	-	150	150
DUII enforcement grant	8,500	8,500	10,213	1,713
State liquor taxes	767,100	767,100	740,186	(26,914)
State cigarette taxes	59,300	59,300	68,107	8,807
State revenue sharing	571,900	571,900	509,112	(62,788)
Conflagration response reimbursement	60,000	60,000	264,518	204,518
Workers' compensation wage subsidy reimbursement	6,100	6,100	35,735	29,635
Overtime reimbursement - DEA	-	-	2,193	2,193
Linn County	13,500	13,500	13,213	(287)
Albany Rural Fire Protection District	1,012,200	1,012,200	978,449	(33,751)
North Albany Rural Fire Protection District	343,300	343,300	347,830	4,530
Palestine Rural Fire Protection District	167,500	167,500	166,708	(792)
Greater Albany Public Schools police grant	40,000	40,000	40,000	-
Sungard outside agencies	-	-	34,366	34,366
OSFM/USAR team response reimbursement	32,900	32,900	20,091	(12,809)
Ambulance service fees	2,031,700	2,064,700	2,357,429	292,729
FireMed fees	170,000	170,000	172,990	2,990
Space rental charges	305,700	305,700	305,600	(100)
Parking violations	3,400	3,400	5,482	2,082
Municipal court fines	625,800	625,800	706,324	80,524
Nuisance vehicle administration fee	1,500	1,500	850	(650)
Dog control assessment	2,000	2,000	3,314	1,314
Damaged material fine	-	-	2,921	2,921
Gifts and donations	10,400	10,400	5,044	(5,356)
Grass abatement fee principal	300	300	-	(300)
Miscellaneous	60,000	60,000	71,354	11,354
Albany economic improvement district principal	31,800	31,800	29,484	(2,316)
Albany economic improvement district interest	700	700	546	(154)
Club sales	2,000	2,000	275	(1,725)
Interest on investments	20,100	20,100	16,806	(3,294)
Total revenues	<u>29,137,200</u>	<u>29,170,200</u>	<u>29,836,980</u>	<u>666,780</u>

Continued on next page

CITY OF ALBANY, OREGON
GENERAL FUND
BUDGETARY COMPARISON STATEMENT, continued
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Over (Under)
Other financing sources				
Transfer from Public Safety Levy Fund	\$ 2,506,000	\$ 2,756,000	\$ 2,756,000	\$ -
Transfer from Economic Development Fund	<u>49,200</u>	<u>49,200</u>	<u>49,200</u>	<u>-</u>
Total other financing sources	<u>2,555,200</u>	<u>2,805,200</u>	<u>2,805,200</u>	<u>-</u>
Fund balance, beginning				
Unassigned	2,162,200	2,280,400	2,681,907	401,507
Prior period adjustment	<u>-</u>	<u>-</u>	<u>547,083</u>	<u>547,083</u>
Total Fund Balance, beginning	<u>2,162,200</u>	<u>2,280,400</u>	<u>3,228,990</u>	<u>948,590</u>
Amount available for appropriation	<u>\$ 33,854,600</u>	<u>\$ 34,255,800</u>	<u>35,871,170</u>	<u>\$ 1,615,370</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Nondepartmental:				
Materials and services	\$ 284,000	\$ 284,000	\$ 227,238	\$ 56,762
General operating contingency	1,354,400	1,084,400	-	1,084,400
Municipal Court	724,300	724,300	717,318	6,982
Code Enforcement	17,300	17,300	12,552	4,748
Public Safety Levy - Fire	1,106,300	1,106,300	1,060,822	45,478
Fire and Life Safety	712,900	712,900	482,626	230,274
Fire Emergency Services	11,387,000	11,940,000	11,833,066	106,934
Police	12,853,300	12,853,300	12,418,338	434,962
Public Safety Levy - Police	1,125,500	1,125,500	1,047,561	77,939
Planning	950,300	950,300	845,435	104,865
Library	<u>2,569,000</u>	<u>2,569,000</u>	<u>2,508,368</u>	<u>60,632</u>
Total expenditures	33,084,300	33,367,300	31,153,324	2,213,976
Other financing uses				
Transfers to other funds	<u>770,300</u>	<u>888,500</u>	<u>882,712</u>	<u>5,788</u>
Total expenditures and other financing uses	<u>\$ 33,854,600</u>	<u>\$ 34,255,800</u>	<u>32,036,036</u>	<u>\$ 2,219,764</u>
Fund balance, ending			<u>\$ 3,835,134</u>	

The notes to the basic financial statements are an integral part of this statement.

CITY OF ALBANY, OREGON
PARKS AND RECREATION FUND
BUDGETARY COMPARISON STATEMENT
For the Year Ended June 30, 2016

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 4,209,100	\$ 4,209,100	\$ 4,299,292	\$ 90,192
Delinquent	98,000	98,000	132,258	34,258
Financed park system development charges				
Principal	5,000	5,000	1,187	(3,813)
Interest	1,000	1,000	162	(838)
Park system development charges	250,000	250,000	258,359	8,359
Street tree development fees	-	-	15,450	15,450
State Marine Board	7,600	7,600	8,400	800
Agricultural lease payments	2,100	2,100	3,305	1,205
Charges for services	15,000	15,000	15,000	-
SDC administrative charges	31,300	31,300	-	(31,300)
Children/youth/family recreation fees	55,000	55,000	63,980	8,980
Children/youth/family sponsorships	8,000	8,000	6,532	(1,468)
Adult recreation fees	42,000	42,000	57,687	15,687
Swimming pool	77,000	77,000	74,967	(2,033)
Senior Center rental fees	16,000	16,000	20,803	4,803
Maple Lawn preschool fees	84,400	84,400	90,566	6,166
Sports program fees	141,000	141,000	127,000	(14,000)
Waverly boat rentals	6,500	6,500	4,240	(2,260)
Park permits	7,000	7,000	21,057	14,057
Preschool materials and services fees	4,400	4,400	5,349	949
Senior program fees	8,000	8,000	8,543	543
Northwest Art and Air Festival fees	9,500	9,500	15,045	5,545
Hot air balloon rides	8,400	8,400	10,350	1,950
Senior newsletter	6,500	6,500	11,371	4,871
Gift shop	9,000	9,000	10,443	1,443
Trip	49,000	49,000	75,107	26,107
Merchandise sales - aquatics	2,000	2,000	2,785	785
Cool! Pool facility rental fees	8,500	8,500	8,728	228
Concession sales - sports	3,000	3,000	1,786	(1,214)
Concession sales - aquatics	12,500	12,500	13,820	1,320
Public arts	4,000	4,000	1,119	(2,881)
Track club	4,500	4,500	2,412	(2,088)
Facility enhancement fee	6,000	6,000	8,205	2,205
Albany Community Pool swimming pool	160,000	160,000	156,037	(3,963)
Albany Community Pool facility rental fees	20,000	20,000	24,207	4,207
Tournament rental Fees	6,500	6,500	7,871	1,371
Youth program user fees	2,500	2,500	2,500	-
Community garden	400	400	250	(150)
Pool room	900	900	809	(91)
River Rhythms Food Faire	10,000	10,000	14,732	4,732
NWAAF food vendors	11,000	11,000	15,545	4,545
River Rhythms souvenir sales	1,500	1,500	(778)	(2,278)
NWAAF souvenir sales	6,300	6,300	4,342	(1,958)
Summer Sounds - food vendors	2,500	2,500	2,781	281
Trolley rental charges	200	200	376	176
River Rhythms donations	14,000	14,000	13,725	(275)
NWAAF donations	19,700	19,700	21,074	1,374
July 4th sponsorships	20,000	20,000	-	(20,000)
Lumber to Legacy program revenues	10,000	10,000	224	(9,776)
Summer Sounds - donations	2,500	2,500	3,534	1,034
Summer Sounds - sponsorships	17,000	17,000	15,802	(1,198)
Festival Latino sponsorships	-	-	1,000	1,000
Gifts and donations	8,500	8,500	9,781	1,281
Senior Center sponsorships	8,000	8,000	4,687	(3,313)
Children's Performing Arts Series sponsorships	10,000	10,000	12,500	2,500

Continued on next page

CITY OF ALBANY, OREGON
PARKS AND RECREATION FUND
BUDGETARY COMPARISON STATEMENT (continued)
For the Year Ended June 30, 2016

Revenues, continued	Original Budget	Final Budget	Actual	Over (Under)
River Rhythms sponsorships	\$ 65,000	\$ 65,000	\$ 73,858	\$ 8,858
NWAAF sponsorships	105,000	105,000	57,633	(47,367)
Aquatic sponsorship	3,500	3,500	10,500	7,000
Sports sponsorship	1,500	1,500	2,350	850
Aquatics donations	62,000	62,000	73,700	11,700
East Thornton Lake donations	500	500	-	(500)
Albany GEMS	10,000	10,000	14,741	4,741
Miscellaneous	5,000	5,000	15,614	10,614
Brochure advertising	2,300	2,300	2,880	580
Land Sales	-	-	11,496	11,496
General fundraising	100	100	168	68
Interest on investments	11,100	11,100	33,100	22,000
Total revenues	<u>5,788,800</u>	<u>5,788,800</u>	<u>5,982,347</u>	<u>193,547</u>
Other financing sources				
Transfer from General Fund	187,200	187,200	187,200	-
Transfer from Capital Projects Fund	-	15,000	10,666	(4,334)
Transfer from Street Fund	80,000	80,000	80,000	-
Transfer from Economic Development Fund	171,800	171,800	171,800	-
Transfer from Parks SDC Program	50,000	50,000	-	(50,000)
Transfer from Parks Program	70,000	70,000	23,303	(46,697)
Total other financing sources	<u>559,000</u>	<u>574,000</u>	<u>472,969</u>	<u>(101,031)</u>
Fund balance, beginning				
Unassigned	1,989,500	1,989,500	2,299,032	309,532
Prior period adjustment	-	-	5,243	5,243
Total Fund Balance, beginning	<u>1,989,500</u>	<u>1,989,500</u>	<u>2,304,275</u>	<u>314,775</u>
Amount available for appropriation	<u>\$ 8,337,300</u>	<u>\$ 8,352,300</u>	<u>\$ 8,759,591</u>	<u>\$ 407,291</u>
Expenditures				
Sports programs	\$ 261,400	\$ 261,400	\$ 260,741	\$ 659
Children/youth/family recreation services	318,100	318,100	306,639	11,461
Resource development/marketing services	390,600	390,600	361,919	28,681
Park maintenance services	1,945,400	1,945,400	1,941,848	3,552
Parks and Recreation administration	1,247,100	1,226,300	1,259,928	(33,628)
Aquatic services	807,500	807,500	768,966	38,534
Adult recreation and fitness services	576,700	576,700	484,813	91,887
Performance and cultural arts	664,800	664,800	615,802	48,998
Park system development charge projects	1,502,300	1,517,300	69,717	1,447,583
Senior Center Foundation	23,800	23,800	11,821	11,979
Parks capital improvement program	120,000	120,000	25,274	94,726
Contingency	179,200	200,000	-	200,000
Total expenditures	<u>8,036,900</u>	<u>8,051,900</u>	<u>6,107,468</u>	<u>1,944,432</u>
Other financing uses				
Transfers to other funds	180,400	180,400	180,304	96
Transfers out	120,000	120,000	23,303	(96,697)
Total other financing uses	<u>300,400</u>	<u>300,400</u>	<u>203,607</u>	<u>96,793</u>
Total expenditures and other financing uses	<u>\$ 8,337,300</u>	<u>\$ 8,352,300</u>	<u>6,311,075</u>	<u>\$ 2,041,225</u>
Fund balance, ending			<u>\$ 2,448,516</u>	

The notes to the basic financial statements are an integral part of this statement.

CITY OF ALBANY, OREGON
RISK MANAGEMENT FUND
BUDGETARY COMPARISON STATEMENT
For the Year Ended June 30, 2016

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Miscellaneous	\$ -	\$ -	\$ 39,099	\$ 39,099
Loan repayment - principal	-	-	8,999	8,999
Loan repayment - interest	-	-	553	553
Interest on investments	<u>16,500</u>	<u>16,500</u>	<u>57,305</u>	<u>40,805</u>
Total revenues	<u>16,500</u>	<u>16,500</u>	<u>105,956</u>	<u>89,456</u>
 Other financing sources				
Transfers from Capital Projects Fund	139,700	139,700	139,700	-
Transfers from Building Inspection Fund				-
Transfers from General Fund	3,600	3,600	2,800	(800)
Transfers from Water Fund	2,700	2,700	15,588	12,888
Transfers from Sewer Fund	<u>2,700</u>	<u>15,700</u>	<u>15,588</u>	<u>(112)</u>
Total other financing sources	<u>148,700</u>	<u>161,700</u>	<u>173,676</u>	<u>11,976</u>
 Fund balance, beginning				
Unassigned	8,999,500	8,999,500	9,013,671	14,171
Prior period adjustment	<u>-</u>	<u>-</u>	<u>7,905</u>	<u>7,905</u>
Total Fund Balance, beginning	<u>8,999,500</u>	<u>8,999,500</u>	<u>9,021,576</u>	<u>22,076</u>
Amount available for appropriation	<u>\$ 9,164,700</u>	<u>\$ 9,177,700</u>	<u>9,301,208</u>	<u>\$ 115,603</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Risk Management	\$ 1,281,700	\$ 1,281,700	\$ 84,341	\$ 1,197,359
Litigation settlement projects	<u>2,883,000</u>	<u>2,896,000</u>	<u>-</u>	<u>2,896,000</u>
Total expenditures	4,164,700	4,177,700	84,341	4,093,359
 Other financing uses				
Transfers to other funds	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 9,164,700</u>	<u>\$ 9,177,700</u>	<u>\$ 5,084,341</u>	<u>\$ 4,093,359</u>
 Budgetary Fund Balance			4,216,867	
Adjustment for Interfund Loan			<u>3,458,977</u>	
Fund balance, ending			<u>\$ 7,675,844</u>	

The notes to the basic financial statements are an integral part of this statement.

CITY OF ALBANY, OREGON
STREET FUND
BUDGETARY COMPARISON STATEMENT
For the Year Ended June 30, 2016

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Financed transportation system development charges				
Principal	\$ 7,300	\$ 7,300	\$ 9,102	\$ 1,802
Interest	2,700	2,700	1,825	(875)
Financed improvement assurance fees				
Principal	1,600	1,600	898	(702)
Interest	400	400	41	(359)
Street connection fees	15,000	15,000	12,030	(2,970)
Street Mitigation fees	-	-	-	-
Transportation system development charges	437,500	437,500	891,653	454,153
Public facility construction permit	15,000	15,000	68,742	53,742
EPSC permit	42,000	42,000	56,440	14,440
FEMA Disaster Reimbursement	-	-	-	-
State gasoline tax	2,850,000	2,850,000	3,046,727	196,727
Surface transportation program	1,098,800	1,098,800	1,098,803	3
Workers Comp wage subsidy	-	-	-	-
Miscellaneous	1,000	1,000	68,935	67,935
Interest on investments	23,900	23,900	50,049	26,149
Total revenues	<u>4,495,200</u>	<u>4,495,200</u>	<u>5,305,245</u>	<u>810,045</u>
Other financing sources				
Transfer from Public Transit Fund	5,000	5,000	5,000	-
Transfer from Economic Development Fund	2,700	2,700	2,700	-
Transfer from Sewer Fund	598,800	628,800	622,854	(5,946)
Transfer from Water Fund	530,100	530,100	542,074	11,974
Transfer from Capital Projects Fund	-	65,000	46,511	(18,489)
Transfer from Grants Fund	-	5,000	4,657	(343)
Intrafund Transfer	20,000	20,000	20,000	-
Total other financing sources	<u>1,156,600</u>	<u>1,256,600</u>	<u>1,243,796</u>	<u>(12,804)</u>
Fund balance, beginning				
Unassigned	7,187,900	7,187,900	5,789,444	(1,398,456)
Prior period adjustment	-	-	287,627	287,627
Total Fund Balance, beginning	<u>7,187,900</u>	<u>7,187,900</u>	<u>6,077,071</u>	<u>(1,110,829)</u>
Amount available for appropriation	<u>\$ 12,839,700</u>	<u>\$ 12,939,700</u>	<u>12,626,112</u>	<u>\$ (601,215)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 899,900	\$ 899,900	\$ 835,695	\$ 64,205
Materials and services	2,448,300	2,448,300	2,210,235	238,065
Capital	8,374,900	8,474,900	3,215,033	5,259,867
Contingencies	257,800	257,800	-	257,800
Total expenditures	<u>11,980,900</u>	<u>12,080,900</u>	<u>6,260,963</u>	<u>5,819,937</u>
Other financing uses				
Transfers to other funds	838,800	838,800	80,000	758,800
Intrafund Transfers out	20,000	20,000	20,000	-
Total other financing uses	<u>858,800</u>	<u>858,800</u>	<u>100,000</u>	<u>758,800</u>
Total expenditures and other financing uses	<u>\$ 12,839,700</u>	<u>\$ 12,939,700</u>	<u>6,360,963</u>	<u>\$ 6,578,737</u>
Fund balance, ending			<u>\$ 6,265,149</u>	

The notes to the basic financial statements are an integral part of this statement.

CITY OF ALBANY, OREGON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2016

	Business-type Activities			Internal Service Funds
	Water	Sewer	Totals Enterprise Funds	
Assets				
Current assets:				
Cash and investments	\$ 13,097,311	\$ 21,842,183	\$ 34,939,494	\$ 717,632
Receivables:				
Property taxes	39,004	-	39,004	-
Accounts	1,591,209	2,701,081	4,292,290	176
Assessments	-	-	-	1,715
Accrued interest	6,159	5,368	11,527	-
Inventories	580,598	332,889	913,487	-
Total current assets	<u>15,314,281</u>	<u>24,881,521</u>	<u>40,195,802</u>	<u>719,523</u>
Noncurrent assets:				
Loans receivable	-	4,335,845	4,335,845	-
Capital assets (net of depreciation)	<u>88,215,409</u>	<u>139,433,129</u>	<u>227,648,538</u>	<u>64,834</u>
Total noncurrent assets	<u>88,215,409</u>	<u>143,768,974</u>	<u>231,984,383</u>	<u>64,834</u>
Total assets	<u>103,529,690</u>	<u>168,650,495</u>	<u>272,180,185</u>	<u>784,357</u>
Deferred Outflows of Resources				
Pension related items	<u>302,264</u>	<u>265,093</u>	<u>567,357</u>	<u>1,229,450</u>
Liabilities				
Current liabilities:				
Accounts payable	676,915	845,285	1,522,200	354,062
Compensated absences	79,107	61,579	140,686	349,186
Interest payable	407,456	568,527	975,983	-
Refundable deposits	168,550	809	169,359	-
Loans payable, current portion	-	3,688,993	3,688,993	-
Bonds payable, current portion	<u>1,108,728</u>	<u>-</u>	<u>1,108,728</u>	<u>-</u>
Total current liabilities	<u>2,440,756</u>	<u>5,165,193</u>	<u>7,605,949</u>	<u>703,248</u>
Long-term obligations				
Compensated absences	79,107	61,576	140,683	349,184
Other postemployment benefits	219,217	204,666	423,883	942,688
Loans payable - long-term portion	-	51,632,167	51,632,167	-
Net pension liability	1,485,803	782,128	2,267,931	5,142,693
Bonds payable - long-term portion	<u>26,039,510</u>	<u>-</u>	<u>26,039,510</u>	<u>-</u>
Total long-term obligations	<u>27,823,637</u>	<u>52,680,537</u>	<u>80,504,174</u>	<u>6,434,565</u>
Total liabilities	<u>30,264,393</u>	<u>57,845,730</u>	<u>88,110,123</u>	<u>7,137,813</u>
Deferred Inflows of Resources				
Pension related items	<u>166,949</u>	<u>442,975</u>	<u>609,924</u>	<u>1,191,826</u>
Net Position				
Net investment in capital assets	61,067,171	84,111,969	145,179,140	64,834
Restricted for capital construction	1,199,586	3,884,864	5,084,450	-
Restricted for debt service	1,610,928	3,420,071	5,030,999	-
Unrestricted	<u>9,522,927</u>	<u>19,209,979</u>	<u>28,732,906</u>	<u>(6,380,666)</u>
Total net position	<u>\$ 73,400,612</u>	<u>\$ 110,626,883</u>	<u>184,027,495</u>	<u>\$ (6,315,832)</u>
Adjustment to reflect the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.			<u>(3,864,089)</u>	
Net position of business-type activities (page 19)			<u>\$ 180,163,406</u>	

The notes to the basic financial statements are an integral part of this statement

CITY OF ALBANY, OREGON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Year Ended June 30, 2016

	Business-type Activities			Internal Service Funds
	Water	Sewer	Totals Enterprise Funds	
OPERATING REVENUES:				
Service charges and fees	\$ 13,039,877	\$ 15,631,736	\$ 28,671,613	\$ 12,988,582
Miscellaneous	<u>166,201</u>	<u>259,057</u>	<u>425,258</u>	<u>66,835</u>
Total operating revenues	<u>13,206,078</u>	<u>15,890,793</u>	<u>29,096,871</u>	<u>13,055,417</u>
OPERATING EXPENSES:				
Salaries and wages	3,363,200	2,946,921	6,310,121	14,137,138
Contracted services	442,768	1,073,700	1,516,468	467,659
Operating supplies	1,133,776	480,839	1,614,615	1,274,283
Utilities	498,098	622,381	1,120,479	179,338
Depreciation and amortization	2,971,270	4,591,095	7,562,365	15,720
Repairs and maintenance	646,165	895,544	1,541,709	210,293
Charges for services	3,422,718	3,670,578	7,093,296	1,294,419
Miscellaneous	<u>-</u>	<u>37,888</u>	<u>37,888</u>	<u>4,646</u>
Total operating expenses	<u>12,477,995</u>	<u>14,318,946</u>	<u>26,796,941</u>	<u>17,583,496</u>
Operating income (loss)	<u>728,083</u>	<u>1,571,847</u>	<u>2,299,930</u>	<u>(4,528,079)</u>
NONOPERATING REVENUES (EXPENSES):				
Property taxes	263	-	263	-
Interest on investments	120,967	193,214	314,181	11,063
Miscellaneous	-	1,697	1,697	-
Interest	<u>(847,282)</u>	<u>(1,972,932)</u>	<u>(2,820,214)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(726,052)</u>	<u>(1,778,021)</u>	<u>(2,504,073)</u>	<u>11,063</u>
Income (loss) before capital contributions and transfers	2,031	(206,174)	(204,143)	(4,517,016)
Capital contributions	400,524	793,831	1,194,355	-
Transfers out	<u>(557,662)</u>	<u>(638,442)</u>	<u>(1,196,104)</u>	<u>-</u>
Change in net position	(155,107)	(50,785)	(205,892)	(4,517,016)
Prior period adjustment	24,719	41,224	-	-
Net position - beginning	<u>73,531,000</u>	<u>110,636,444</u>	<u>(1,798,816)</u>	<u>(1,798,816)</u>
Net position - ending	<u>\$ 73,400,612</u>	<u>\$ 110,626,883</u>	<u>\$ (6,315,832)</u>	<u>\$ (6,315,832)</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds			<u>(2,592,186)</u>	
Change in net position of business-type activities (pages 18-19)			<u>\$ (2,798,078)</u>	

The notes to the basic financial statements are an integral part of this statement.

CITY OF ALBANY, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Business-type Activities			Governmental Activities
	Water	Sewer	Totals	Internal
			Enterprise Funds	Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 13,249,611	\$ 17,061,161	\$ 30,310,772	\$ 13,055,443
Cash payments to suppliers of goods and services	(5,910,792)	(6,461,195)	(12,371,987)	(3,396,242)
Cash payments to employees for services	(2,245,880)	(2,347,564)	(4,593,444)	(9,940,934)
Other revenues	-	1,697	1,697	-
Net cash provided by (used in) operating activities	<u>5,092,939</u>	<u>8,254,099</u>	<u>13,347,038</u>	<u>(281,733)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	263	-	263	-
Transfers out	(557,662)	(638,442)	(1,196,104)	-
Net cash (used in) noncapital financing activities	<u>(557,399)</u>	<u>(638,442)</u>	<u>(1,195,841)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(4,666,790)	(2,460,188)	(7,126,978)	-
System development charges collected	387,674	757,306	1,144,980	-
Principal paid on loan	-	(3,579,170)	(3,579,170)	-
Principal paid on bonds	(935,000)	-	(935,000)	-
Payment from City of Millersburg	-	256,653	256,653	-
Interest paid on long-term debt	(996,593)	(2,012,931)	(3,009,524)	-
Net cash (used in) capital and related financing activities	<u>(6,210,709)</u>	<u>(7,038,330)</u>	<u>(13,249,039)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	121,977	193,412	315,389	10,855
Net increase (decrease) in cash and cash equivalents	(1,553,192)	770,739	(782,453)	(270,878)
Cash and cash equivalents, July 1, 2015	14,625,784	21,030,220	35,656,004	988,510
Prior period adjustment	24,719	41,224	65,943	-
Cash and cash equivalents, June 30, 2016	<u>\$ 13,097,311</u>	<u>\$ 21,842,183</u>	<u>\$ 34,939,494</u>	<u>\$ 717,632</u>

Continued on next page

CITY OF ALBANY, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Business-type Activities			Governmental Activities
	Water	Sewer	Totals	Internal
			Enterprise Funds	Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 728,083	\$ 1,571,847	\$ 2,299,930	\$ (4,528,079)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,971,270	4,591,095	7,562,365	15,720
Other revenues	-	1,697	1,697	-
Changes in assets, deferred outflows, liabilities and deferred inflows:				
Receivables	53,837	1,170,368	1,224,205	26
Inventories	56,808	5,924	62,732	-
Prepaid items	-	-	-	2,823
Net pension asset	441,448	457,540	898,988	1,917,267
Deferred outflows of resources	(122,551)	(78,829)	(201,380)	(448,932)
Accounts payable	175,925	313,811	489,736	31,573
Net pension liability	1,485,803	782,128	2,267,931	5,142,693
Compensated absences	(19,882)	(132,127)	(152,009)	30,373
Other postemployment benefits	18,985	12,212	31,197	69,547
Refundable deposits	(10,304)	-	(10,304)	-
Deferred inflows of resources	(686,483)	(441,567)	(1,128,050)	(2,514,744)
Total adjustments	<u>4,364,856</u>	<u>6,682,252</u>	<u>11,047,108</u>	<u>4,246,346</u>
Net cash provided by operating activities	<u>\$ 5,092,939</u>	<u>\$ 8,254,099</u>	<u>\$ 13,347,038</u>	<u>\$ (281,733)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Contribution of capital assets to government	<u>\$ 12,850</u>	<u>\$ 36,525</u>	<u>\$ 49,375</u>	

The notes to the basic financial statements are an integral part of this statement.

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City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Albany (the City) have been prepared in accordance with generally accepted accounting principles (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reporting Entity

The City of Albany is a municipal corporation governed by an elected mayor and six-member council. As required by GAAP, these financial statements present the City and its one component unit, an entity for which the City is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the City's operations and, therefore, data from the unit is combined with the data of the City of Albany. The City's component unit operates on a June 30 year-end.

Blended Component Unit

The Albany Revitalization Agency (a component unit of the City of Albany, Oregon) was organized on August 8, 2001, as the Central Albany Revitalization Area, and commenced operations during fiscal year 2001 under the provisions of Oregon Revised Statutes, Chapter 457, to provide for rehabilitation of blighted and deteriorated areas within the City's designated urban renewal area. As provided by ORS 457, the City Council is the governing body of the Agency. The principal funding source is from bond sales, which will be repaid from property tax increment revenues and interest earnings. The Personnel of the City provide project management and administration. The Agency's complete financial statement may be obtained at the City's administrative offices, City of Albany, PO Box 490, Albany, OR 97321.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

Government-wide financial statements display information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated into a single column in the financial section of the basic financial statements. The City does not have any fiduciary fund types.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund-based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sanitary sewer enterprise funds and the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

expenses not meeting this definition are reported as nonoperating revenues and expenses.

In the government-wide and proprietary fund financial statements, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The City reports the following major governmental funds:

General

This is the City's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund. Principal sources of revenues are property taxes, franchise fees, privilege taxes, rural fire protection district fees, state shared revenues, municipal court fines, licenses, and permits. Primary expenditures are for general government (planning, code enforcement, and housing), public safety (municipal court, police, fire, fire suppression, and fire life safety), and culture and recreation (library).

Parks and Recreation

This fund accounts for the City's parks and recreation activities. Major sources of revenues are property taxes, charges for recreational activities, donations, and parks systems development charges. Expenditures are for park maintenance, administration, recreational programs, and other special activities such as the Children's Performing Arts Series, the summer concert series, and the Northwest Art and Air Festival.

Risk Management

This fund accounts for the City's risk management exposure. Major sources of revenues are insurance refunds and the accumulation of interest related to the settlement proceeds from the SVC Manufacturing, Inc. litigation. Expenditures are for deductibles related to insurance claims, any self-insured situation that may arise, and for the proceeds of the SVC Litigation.

Street

The major activities of the Street Fund are pavement management, traffic control, storm drain maintenance, bridge maintenance, right-of-way maintenance, and capital improvements of the City's transportation system. The primary sources of revenue are the state gasoline tax, franchise fees charged to the City's water and sewer utilities, and transportation systems development charges.

Capital Projects

The Capital Projects Fund is a governmental fund used to account for the acquisition or construction of major capital facilities other than those financed by proprietary funds. Sources of funds include local, state, and federal support (grants); donations; and transfers from other funds.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The City reports the following major proprietary funds:

Water

All operating (treatment and distribution), capital construction, and debt service activities of the City's water system are reported in this fund.

Sewer

All operating (collection and treatment), capital construction, and debt service activities of the City's sanitary sewer system are reported in this fund.

Additionally, the City reports the following nonmajor fund types:

Special Revenue

A governmental fund type used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service

The City utilizes this fund to account for debt service on bonds issued by the governmental funds. General obligation bonds are funded by property taxes. Other sources of funds include transient room taxes, financed assessments, and the general revenues of the City.

Capital Projects

A governmental fund type used to account for the acquisition or construction of major capital facilities other than those financed by proprietary funds. Sources of funds include local, state, and federal support; donations; and transfers from other funds.

Permanent

A governmental fund type used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Internal Service

A proprietary fund type that is used to account for central services provided to all funds, and public works services primarily to enterprise funds, which are charged a fee for those services on a cost reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments from other funds for City Hall space rental to the General Fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Investments

The City's cash on hand and short-term investments are considered to be cash and investments. State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, repurchase agreements, and the State Treasurer's Investment Pool.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The City adopted this new pronouncement in the current year, and has restated amounts of effected balances within the financial statements as of June 30, 2015.

	Governmental Activities	Business-type Activities	Total
Net position - beginning (as originally reported)	\$ 127,067,713	\$ 182,895,541	\$ 309,963,254
Cumulative effect of change in accounting principle	97,584	65,943	163,527
Other prior period adjustment related to revenue accruals	<u>933,873</u>	<u>-</u>	<u>933,873</u>
Net position - beginning (as restated)	<u>\$ 128,099,170</u>	<u>\$ 182,961,484</u>	<u>\$ 311,060,654</u>

Restricted Assets

Assets whose use is restricted for construction, debt service, or by other agreement are segregated on the Government-wide Statement of Net Position and the Proprietary Fund Statement of Net Position.

Inventories

Inventories are stated at cost (first-in, first-out method). Inventories are recorded as expenditures when purchased or donated and charged to expenses in the statement of activities and the enterprise funds when used.

Receivables

Management has determined that the direct method of accounting for uncollectible accounts receivable approximates the GAAP allowance for uncollectible accounts method. Therefore, no allowance for uncollectible accounts receivable has been presented. Property taxes receivable for the governmental fund types which are collected within 60 days following the year end are considered measurable and available and, accordingly, are recognized as revenues in the respective funds. All other property taxes receivable for the governmental fund types are offset by deferred revenues and, accordingly, have not been recorded as revenues. Uncollected property taxes, including delinquent accounts, are deemed to be substantially collectible or recoverable through foreclosure. The major

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables (continued)

sources of revenues which are subject to accrual include property taxes, user charges, property assessments, and interest.

Property taxes become a lien against the property as of July 1 in the year in which they are due and are assessed in October through billing by the counties to the property owner. Payments are due in three equal installments on November 15, February 15, and May 15, with a three percent discount available for payment in full on November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Assessments receivable in the debt service and capital projects funds are recorded at the time the property owners are assessed for property improvements. Assessments receivable are offset by deferred revenues and, accordingly, are not recorded as revenue until received.

Federal and state grants and state, county, and local shared revenues are recorded as revenues in all fund types as earned.

Proprietary funds record revenues as they are earned, including services not yet billed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair market value at the date of donation.

Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset, are capitalized. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Vehicles and equipment	3 – 25 years
Buildings and improvements	25 – 75 years
Infrastructure	20 – 50 years

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

It is the City's policy to permit employees to earn vacation and sick leave. No liability is reported for accumulated sick leave, as it does not vest when earned. Vacation leave is accrued as it is earned and is reported as a fund liability. All vacation leave is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured; for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs are reported as deferred charges and amortized over the term of the related obligations.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period of issuance. The face amount of the debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The items that qualify for reporting in this category are the deferred charges related to pensions in the government-wide Statement of Net Position.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows relating to pension reporting.

Equity

In the government-wide and proprietary fund financial statements equity is classified as net position and displayed in three components:

- 1) Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds,

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity (continued)

mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- 2) Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law, through constitutional provisions or enabling legislation.
- 3) Unrestricted net position – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the governmental fund financial statements equity is reported using the five fund balance categories listed below:

- 1) Non-spendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- 2) Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- 3) Committed – Amounts are those constrained by City Council through resolution or ordinance before the end of the fiscal year. The State of Oregon recognizes resolutions and ordinances as being equally binding, and the process for establishing, modifying, and rescinding resolutions and ordinances are substantively the same. Therefore, the City uses both to commit funds.
- 4) Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Council has granted authority to the City's Finance Director to assign fund balance amounts.
- 5) Unassigned – The residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

The City will use resources in the following order: restricted, committed, assigned, and unassigned, unless the City Council has provided otherwise in its commitment or assignment actions.

The City of Albany has adopted this order of categories in Resolution 6015 on June 22, 2011, and has classified equity in the proper category.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 - Local Budget Law). The City Manager submits a proposed budget to the Budget Committee (consisting of the City Council and an equal number of citizens of the City, 14 members in all). The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the City Council for final adoption. The City Council may not increase approved expenditures for each fund by more than 10 percent without returning to the Budget Committee for a second approval.

The City is required to budget each fund. The City's budget is prepared for each fund on the modified accrual basis of accounting. Revenues and other increases in financial resources are recognized when they become both measurable and available. For the City, available means that the funds are collectible within 60 days of the end of the current period.

Expenditures are recognized when the fund liability is incurred, except for inventories of materials and supplies that may be considered expenditures when purchased, and prepaid insurance and other similar items that may be considered expenditures either when paid or consumed.

A City Council resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of control is either total appropriations by program within a fund or total fund appropriations segregated into the following categories: personnel services, materials and services, capital outlay, transfers out, and contingency. The budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. Budget appropriations can be changed with City Council approval only.

An election must be held to approve general obligation debt pledging the full faith and credit of the City. As a result of Ballot Measure 50 and subsequent legislation, the City's permanent tax rate has been set at \$6.3984 per \$1,000 of assessed value. The assessed value (not including the urban renewal district) for 2015-2016 was \$3,718,890,337. Assessed value is calculated on a property-by-property basis and is limited to a three percent increase annually. Compression of tax revenues comes into play when the real market value of an individual residential property is not sufficient to allow for an annual three percent increase in the assessed value.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

The City appropriates at the program level with the exception of contingency and transfers out for the following funds:

General	Capital Project
Special Revenue	Capital Projects
Parks and Recreation	Capital Replacement
Building Inspection	Permanent
Risk Management	Library Trust
Economic Development	Internal Service
Public Transit	Central Services
Albany Revitalization Agency (ARA)	Public Works Services
Debt Service	

A budget is appropriated by total personnel services, materials and services, capital outlay, transfers out, and contingency for the following funds:

Special Revenue	Permanent
Grants	Senior Center Endowment
Street	Enterprise
Public Safety Levy	Water
	Sewer

Unexpected additional resources may be appropriated through the use of a supplemental budget and City Council action. The original and supplemental budgets require hearings before the public, publications in newspapers, notice postings, and approval by the City Council. Original and supplemental budgets may be modified during the fiscal year by use of appropriation transfers between legal categories. Such transfers require approval of the City Council.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

During the fiscal year ended June 30, 2016, the City made supplemental budget changes as outlined by fund in the following table:

Fund	2015-16		Changes
	Original Budget	Final Budget	
General	\$ 33,854,600	\$ 34,255,800	\$ 401,200
Parks and Recreation	8,337,300	8,352,300	15,000
Risk Management	9,164,700	9,177,700	13,000
Street	12,839,700	12,939,700	100,000
Grants	2,082,500	2,403,900	321,400
Building Inspection	2,228,600	2,228,600	-
Economic Development	2,047,900	2,047,900	-
Public Transit	2,010,200	2,010,200	-
Public Safety Levy	2,506,000	2,756,000	250,000
Albany Revitalization Agency	8,457,500	8,457,500	-
Debt Service	1,881,700	1,881,700	-
Capital Projects	26,220,900	26,220,900	-
Capital Replacement	7,640,800	7,759,000	118,200
Senior Center Endowment	51,700	51,700	-
Library Trust	84,400	84,400	-
Water	25,807,000	25,807,000	-
Sewer	37,125,000	37,125,000	-
Central Services	6,018,400	6,018,400	-
Public Works Services	8,186,600	8,186,600	-
	<u>\$ 196,545,500</u>	<u>\$ 197,764,300</u>	<u>\$ 1,218,800</u>

Expenditure appropriations may not legally be overspent, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted. The City currently uses encumbrances which lapse at the close of the fiscal year. No new funds were established in fiscal year 2015-16.

Excess of Expenditures over Appropriations

As a whole, the Parks and Recreation Fund, the Capital Projects Fund, the Water Fund, and the Central Services Fund, were within the adopted budget; however, each had one category where expenditures exceeded approved appropriations.

Fund/Category	Actual	Appropriation	Variance
Parks and Recreation - administration	\$ 1,259,928	\$ 1,226,300	\$ (33,628)
Capital Projects - Albany Station Pathway	35,798	32,300	(3,498)
Water - materials and supplies	6,057,708	5,930,500	(127,208)
Central Services - GIS	426,470	425,400	(1,070)

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES

Cash and Investments

The City pools virtually all funds for investment purposes. Each fund type's portion is displayed on the Statement of Net Position as 'cash and investments' and 'restricted cash and investments' (page 17).

Cash with fiscal agents	13,652
Bank balances with financial institutions	(1,248,456)
State of Oregon Treasurer's short-term investment pool	37,052,885
Other investments	52,364,361
Interest accrued on investments at time of purchase and unamortized premiums and discounts	<u>(29,997)</u>
Total cash and investments	<u>\$ 88,185,435</u>

Cash and investments are reflected on the Statement of Net Position as:

Cash and investments	\$ 88,037,059
Cash with fiscal agents	13,652
Restricted cash and investments	<u>134,724</u>
Total cash and investments	<u>\$ 88,185,435</u>

Financial Institutions

Deposits with financial institutions are comprised of bank demand deposits and savings accounts. At year end, the carrying amount of the City's net balance was \$(1,248,456) and the bank balance was \$484,348.

Equity in Pooled Cash and Investments

Oregon Revised Statutes, Chapter 294 authorize the City to invest in obligations of the U. S. Treasury, U. S. government agencies, bankers' acceptances issued by Oregon financial institutions, repurchase agreements, Oregon Short-term Fund, certain high-grade commercial paper, and various interest-bearing bonds of Oregon municipalities, among others. In addition, the City's investments are governed by written investment policy. The policy, which is reviewed by the Oregon Short-term Fund Board and adopted by the City Council, specifies the City's investment objectives, requires diversification within certain limitations, and sets forth security, safekeeping, and reporting requirements. The equity position of each fund participating in an internal investment pool is reported as assets of those funds. The City reports all investments at fair market value.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Cash and Investments (continued)

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At June 30, 2016, the City had the following recurring fair value measurements.

Investments by fair value level	6/30/2016	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
U.S. Government agency obligations:				
US Treasury Notes	\$ 11,082,157	\$ 11,082,157	\$ -	\$ -
Federal Home Loan Mortgage Corporation	15,090,003	-	15,090,003	-
Federal National Mortgage Association	15,128,611	-	15,128,611	-
Federal Home Loan Banks	5,018,047	-	5,018,047	-
Corporate Bonds				
Berkshire Hathaway	2,029,259	-	2,029,259	-
Apple	4,016,284	-	4,016,284	-
Totals	<u>\$ 52,364,361</u>	<u>\$ 11,082,157</u>	<u>\$ 41,282,204</u>	<u>\$ -</u>

The City's US Treasury notes are classified as Level 1, and have values based on institutional bond quotes – evaluations based on various market and industry inputs.

Level 2 are valued using the following approaches: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable for an asset. The City's US government agency mortgage-backed pools are based on mortgage-backed securities pricing, with evaluations based on various market and industry inputs. Corporate bond values are based on institutional bond quotes, with evaluations based on various market and industry inputs.

Level 3 inputs are unobservable and should reflect the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. The City does not currently hold any Level 3 investments.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2016.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Cash and Investments (continued)

As of June 30, 2016, the City had the following investments:

<u>Investment Type</u>	<u>Moody's Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (yrs)</u>	<u>Percent of Total Portfolio</u>
U.S. Government agency obligations:				
US Treasury Notes	AAA	\$ 11,082,157	0.18	12%
Federal Home Loan Mortgage Corporation	AAA	15,090,003	0.19	17%
Federal National Mortgage Association	AAA	15,128,611	0.31	17%
Federal Home Loan Banks	AAA	5,018,047	0.05	6%
Corporate Bonds				
Berkshire Hathaway	AA2	2,029,259	0.01	2%
Apple	AA1	4,016,284	0.08	
Oregon Short-term Fund	NR	<u>37,052,885</u>	<u>0.00</u>	<u>41%</u>
Totals		<u>\$ 89,417,246</u>		<u>100%</u>
Portfolio weighted average maturity			<u>0.82</u>	

The Oregon Short-Term Fund is an external investment pool as defined in GASB Statement No. 31. The Oregon Short-term Fund is not registered with the SEC as an investment company. The State's investment policies are governed by the Oregon Revised Statutes and the Oregon Investment Council.

Interest Rate Risk

The City's investment policy does not allow investments of more than five years. At least 25 percent of the total portfolio must mature in under one year. The weighted maturity of the total portfolio shall not exceed 1.50 years. The City's weighted average maturity as of June 30, 2016, was 0.82 years.

Credit and Concentration of Credit Risk

The City has adopted within its investment policy the State statutes which authorize the City to invest primarily in general obligations of the U. S. Government and its agencies; certain bonded obligations of Oregon, Washington, Idaho, and California municipalities; bank repurchase agreements; bankers' acceptances; certain commercial papers; and the Oregon Short-term Fund investment pool.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Cash and investments (continued)

Diversification constraints of the City's investment policy are:

Issuer Type	Percent of Total Portfolio
U. S. Treasury obligations	100%
GSE-Agency Securities	100%
Per Issuer	33%
FDIC - Temporary liquidity guarantee securities	0%
Commercial paper *	10%
Bankers Acceptance *	10%
Corporate indebtedness, Oregon issuers *	20%
Local Government Investment Pool	ORS Limit 294.810
Certificates of Deposit/Bank Deposits/Savings	10%
Obligations of the States (municipal securities) *	10%

* Shall be limited to 5% per issuer.

Custodial Risk – Investments

The laws of the State require that all purchased securities be bought on a delivery versus payment basis and be held in safekeeping by the City, an independent third-party financial institution, or in the City's designated depository. All safekeeping arrangements shall be designated by the Finance Director and an agreement of the terms executed in writing. The third-party custodian shall be required to issue original safekeeping receipts to the City listing each specific security, rate, description, maturity, and CUSIP number. Each safekeeping receipt will clearly state that the security is held for the City or pledged to the City. The safekeeping bank may not be within the same holding company as the bank from which the securities are pledged.

Custodial Risk – Deposits

This is the risk that in the event of a bank failure, the City of Albany's deposits might not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City of Albany's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest-bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2016, the City's bank balance greater than \$250,000, \$234,348, was exposed to custodial credit risk as it was collateralized with securities held by the pledging financial institution's agent but not in the City of Albany's name.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Capital Assets

Governmental Activities

Capital asset activity for the year ended June 30, 2016, was as follows:

	July 1, 2015 Balance	Additions	Deletions, Transfers in, Transfers out	June 30, 2016 Balance
Non-depreciable capital assets				
Land	\$ 13,495,010		\$ -	\$ 13,495,010
Construction in progress	-	4,379	-	4,379
Total non-depreciable capital assets	<u>13,495,010</u>	<u>4,379</u>	<u>-</u>	<u>13,499,389</u>
Depreciable capital assets				
Buildings and improvements	21,194,348	1,031,075	(1,318,228)	20,907,195
Intangible assets	800,000	-	-	800,000
Vehicles and equipment	15,522,267	2,000,166		17,522,433
Infrastructure	<u>137,208,383</u>	<u>3,469,548</u>	<u>-</u>	<u>140,677,931</u>
Total depreciable capital assets	<u>174,724,998</u>	<u>6,500,789</u>	<u>(1,318,228)</u>	<u>179,907,559</u>
Accumulated depreciation				
Buildings and improvements	(6,241,920)	(479,105)	723,253	(5,997,772)
Intangible asset	(96,033)	(54,220)	-	(150,253)
Vehicles and equipment	(10,467,289)	(1,014,926)	-	(11,482,215)
Infrastructure	<u>(67,790,732)</u>	<u>(5,739,768)</u>	<u>-</u>	<u>(73,530,500)</u>
Total accumulated depreciation	<u>(84,595,974)</u>	<u>(7,288,019)</u>	<u>723,253</u>	<u>(91,160,740)</u>
Depreciable capital assets net of depreciation	<u>90,129,024</u>	<u>(787,230)</u>	<u>(594,975)</u>	<u>88,746,819</u>
Governmental activities, capital assets, net	<u>\$ 103,624,034</u>	<u>\$ (782,851)</u>	<u>\$ (594,975)</u>	<u>\$ 102,246,208</u>

Depreciation expense for governmental activities has been charged as follows:

General government	\$ 1,606,488
Public safety	846,412
Highways and streets	2,701,848
Culture and recreation	<u>2,133,271</u>
 Total depreciation for governmental activities	 <u>\$ 7,288,019</u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Capital Assets (continued)

Business-type Activities

Capital asset activity for the year ended June 30, 2016, was as follows:

	July 1, 2015		Deletions, Transfers in, Transfers out	June 30, 2016
	<u>Balance</u>	<u>Additions</u>		<u>Balance</u>
Non-depreciable capital assets				
Land	\$ 6,330,346	\$ -	\$ (44,972)	\$ 6,285,374
Construction in progress	<u>3,555,671</u>	<u>1,390,005</u>	<u>(3,555,671)</u>	<u>1,390,005</u>
Total non-depreciable capital assets	<u>9,886,017</u>	<u>1,390,005</u>	<u>(3,600,643)</u>	<u>7,675,379</u>
Depreciable capital assets				
Land rights	19,794	-	-	19,794
Land improvements	25,178	57,157	-	82,335
Buildings and improvements	155,738,726	9,803	(105,988)	155,642,541
Vehicles and equipment	7,996,340	530,938		8,527,278
Infrastructure	<u>149,492,316</u>	<u>5,052,526</u>	<u>3,555,671</u>	<u>158,100,513</u>
Total depreciable capital assets	<u>313,272,354</u>	<u>5,650,424</u>	<u>3,449,683</u>	<u>322,372,461</u>
Accumulated depreciation				
Land rights	(19,794)	(333)	333	(19,794)
Land improvements	(23,007)	(11,889)	1	(34,895)
Buildings and improvements	(34,837,979)	(4,075,902)	95,693	(38,818,188)
Vehicles and equipment	(6,873,894)	(191,995)	172,635	(6,893,254)
Infrastructure	<u>(53,288,594)</u>	<u>(3,282,246)</u>	<u>2,503</u>	<u>(56,568,337)</u>
Total accumulated depreciation	<u>(95,043,268)</u>	<u>(7,562,365)</u>	<u>271,165</u>	<u>(102,334,468)</u>
Depreciable capital assets net of depreciation	<u>218,229,086</u>	<u>(1,911,941)</u>	<u>3,720,848</u>	<u>220,037,993</u>
Business-type activities, capital assets, net	<u>\$ 228,115,103</u>	<u>\$ (521,936)</u>	<u>\$ 120,205</u>	<u>\$ 227,713,372</u>

Depreciation expense for business-type activities has been charged as follows:

Water	\$ 2,971,270
Sewer	<u>4,591,095</u>

Total depreciation for business-type activities \$ 7,562,365

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Assessment Liens Receivable

Assessment liens receivable represent the uncollected amounts levied against property for the cost of local improvements. Total delinquent assessments receivable at June 30, 2016, amounted to \$2,204,278 which represented approximately 66 percent of the outstanding assessment receivables. Since assessments are liens against the benefited properties, an allowance for uncollectible accounts is not deemed necessary. Assessments are payable for a period of five to twenty years and bear an interest rate of nine percent for unbonded assessments and the bond rate plus 1.5 percent for financed assessments.

Loans Receivable

The listing which follows outlines the loans receivable as of June 30, 2016. The ARA loans have been restated to show the division of regular and forgivable loans.

	July 1, 2015			June 30, 2016
	Balance	Increase	Decrease	Balance
Governmental Funds				
General	\$ 51,983	\$ -	\$ (51,983)	\$ -
Economic Development	31,922	-	(31,922)	-
Albany Revitalization Agency (ARA) Regular loans	<u>579,120</u>	<u>780,307</u>	<u>(411,143)</u>	<u>948,284</u>
Total Governmental Funds	663,025	780,307	(495,048)	948,284
Enterprise Fund - Sewer	<u>4,592,498</u>	<u>-</u>	<u>(256,653)</u>	<u>4,335,845</u>
Total government-wide loans	<u>\$ 5,255,523</u>	<u>\$ 780,307</u>	<u>\$ (751,701)</u>	<u>\$ 5,284,129</u>

Community Development Block Grant Loans - General Fund

In 1982, the City received a nearly \$500,000 Community Development Block Grant which was used to finance loans for remodeling and repairs to owner-occupied homes. The loans are interest-free and are not due until ownership of the property changes. Council forgave a remaining loan for Helping Hands, resulting in a write-off of \$51,983. As of June 30, 2016, there is no outstanding balance.

Economic Development Fund

In 1995, the City received a \$441,137 loan from the Oregon Economic Development Department to make infrastructure improvements for the planned Target Distribution Center. Target is a wholly-owned subsidiary of the Dayton-Hudson Corporation. Dayton-Hudson Corporation agreed to reimburse the City for \$390,000 of the state loan. The loan was paid off in Fiscal Year 2016, resulting in a zero balance as of June 30, 2016.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Loans Receivable (continued)

Albany Revitalization Area (ARA) Fund

The ARA has made loans to individuals or corporations to help offset the costs of building and remodeling projects within the urban renewal district.

In December 2004, ARA approved a loan of \$82,500 to Allan and Jacqueline Swoboda to make improvements to property located in the urban renewal district. The loan was modified as of June 1, 2012, to a five-year amortization plan with interest accruing at the rate of four percent annually. The new modified loan and amount outstanding at June 30, 2016, is \$23,088 which consists of the original disbursement \$82,500 (which was disbursed before June 30, 2007) less repayments of \$59,412.

In October 2006, ARA approved a ten-year loan of \$42,500 to Allan and Jacqueline Swoboda to make improvements to the Frager Building. The loan, with an annual interest rate of 6.9 percent, is secured by a trust deed. The first payment was due on January 19, 2012, in the amount of \$14,365 principal and interest, with four similar payments due after that. During the year ended June 30, 2014, the City loaned an additional \$21,990 for this project. As of June 30, 2016, the balance outstanding was \$4,774.

In March 2009, ARA approved a ten-year loan of \$307,500 to Cameron House, LLC, and Herb Yamamoto, Principal, to renovate the structure known as CADD Connection Building at 705 Lyon Street. The first loan amount of \$112,500, with an annual interest rate of 4.85 percent, is secured by a promissory note and trust deed. The principal and accrued interest are fully due and payable on March 13, 2016. The second and third loan amounts are each \$97,500, one of which is in the forgivable category, and is secured by a promissory note and trust deed. A total of \$112,612 has been received against these loans, leading to a June 30, 2016 outstanding balance of \$97,388.

In fiscal year 2012 ARA approved a modification to the \$148,000 loan to Flinn Block, LLC, Marc and Anni Manley, personally. The original loan, dated February 12, 2008, was to make further improvements to the structure known as the Flinn and Ames Building. The modification, dated August 11, 2011, changed 50% of the loan (\$74,000) to a forgivable loan, and changed the interest rate on the remaining \$74,000 to two percent annually. Both portions are secured by a trust deed and promissory note. Interest for the loan will accrue from the modification date until the loan is paid in full. The second of five payments (\$16,660.67, principal and interest) was paid, resulting in an outstanding balance of \$47,105 at June 30, 2016.

In fiscal year 2012 ARA approved a three-year loan of \$235,000 to Albany Redevelopment, LLC to refinance existing debt and make further improvements to the structure known as the Woods Apartment Building. The loan, with an annual interest rate of 11 percent, is secured by a trust deed and personal guarantees of the husband and wife owners of the LLC. The first monthly payment was due on December 10, 2011, in the amount of \$2,238 principal and interest, with a total of 36 payments and a balloon payment due November 10, 2012. In fiscal year 2016, the City foreclosed on the property.

In fiscal year 2016 ARA approved a three-year loan of \$105,307, with an annual interest rate of 1.5 percent, to Scott and Jennifer Cowan to relocate a house that was on the property of the new fire station.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Loans Receivable (continued)

Albany Revitalization Area (ARA) Fund (continued)

Two annual payments of interest only begin on February 15, 2017, with a balloon payment of \$107,307 plus accrued interest due on February 15, 2019.

In fiscal year 2016 ARA approved a zero interest twenty-year loan of \$175,000, to Novak’s Hungarian Restaurant, for further improvements to the property located at 208 Second Avenue. This loan is secured by a promissory note and trust deed. Monthly payments of \$729.17 began on January 15, 2016. The outstanding balance at June 30, 2016 totaled \$170,622.

In fiscal year 2016 ARA approved a twenty-year loan of \$500,000, to Rick Mikesell, for renovations to the 1st Avenue Century Building. This no interest loan is secured by a promissory note and trust deed. Annual payments of \$25,000 will begin on September 15, 2016.

In May 2011, ARA approved a three-year loan of \$120,000 to Albany Redevelopment, for redevelopment of the historic Woods apartment building. The loan, with an interest rate of 6 percent, is secured by a trust deed in second position behind ARA’s 2012 loan (above), promissory note, and personal guarantees of the husband and wife owners of the corporation. The loan called for a balloon payment on May 10, 2014, on the principal and interest accrued over the 3 years. In fiscal year 2016, the City foreclosed on the property.

The following is a schedule of loans that ARA has made which are forgivable if certain conditions are met. The City believes that these conditions will be met, and thus will not record them as loans receivable.

<u>Borrower</u>	<u>Loan Draws</u>		<u>Balance yet</u>
	<u>to Date</u>	<u>Forgiven</u>	<u>to be forgiven</u>
Flinn Block LLC - Manley	\$ 74,000	\$ -	\$ 74,000
CADD Connection - Yamamoto	97,500	27,857	69,643
Edgewater Village	2,400,000	-	2,400,000
Albany Carousel	110,000	-	110,000
Eaton, Emma and Jacho	25,000	25,000	-
Van Rossman, Robyn and Rusty	3,360	2,688	672
Vaughan, Timothy	28,900	11,740	17,160
	<u>\$ 2,738,760</u>	<u>\$ 67,285</u>	<u>\$ 2,671,475</u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Loans Receivable (continued)

Wastewater Treatment Plan Loan - City of Millersburg

In August 2007, the cities of Albany and Millersburg approved an intergovernmental agreement for expansion and improvement of Albany's Davidson Street wastewater treatment plant. Costs of the project will be shared ninety percent for Albany and ten percent for Millersburg. The initial cost estimate was \$70 million. The project went online in 2010-11 and final project costs, plus adjustments totaled \$77,854,374. During the fiscal year 2015-16, Millersburg paid \$256,653 against the loan. The loan balance will be paid back over a 19-year period at the same interest rate charged for the Albany loan from the Clean Water State Revolving Fund. As of June 30, 2016, Millersburg's loan balance was \$4,335,845.

Deferred Inflows

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Delinquent property taxes	
General	\$ 1,520,980
Parks and Recreation	374,431
Nonmajor governmental	619,629
Accounts	678,100
Assessments	3,400,052
Economic development loans	<u>948,284</u>
Total unavailable revenue	<u>\$ 7,541,476</u>

Restricted Net Position

Total restricted net position of \$37,637,295 includes \$130,700 restricted for permanent endowments and \$27,680,967 restricted by enabling legislation as follows:

Governmental activities	\$ 22,596,517
Business-type activities	<u>5,084,450</u>
Total	<u>\$ 27,680,967</u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Construction Commitments

The City has active construction projects as of June 30, 2016 as follows:

<u>Construction Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Governmental Activities		
Police and fire stations	\$ 121,545	\$ 153,455
Stormwater master plan	-	148,841
Water		
Water treatment plant sand removal	159,257	100,198
Sewer		
Pipe bursting projects	151,830	671,595

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of equipment including police vehicles and an internet-based phone system. The lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of their future lease payments as of the inception date.

The assets acquired by capital lease are as follows:

	<u>Activities</u>
Vehicles and equipment	<u>\$ 208,743</u>

The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2016, were as follows:

<u>Years ending June 30,</u>	<u>Governmental Activities</u>
2017	\$ 77,409
2018	52,710
2019	37,845
2020	<u>40,779</u>
Total	<u>\$ 208,743</u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Operating Leases

The City has entered into a lease agreement for the use of police vehicles.

Total costs for the lease were \$31,864 for the year ended June 30, 2016. The future minimum lease payments for these leases are as follows:

<u>Years ending June 30,</u>	<u>Governmental Activities</u>
2017	\$ 31,864
2018	<u>31,864</u>
Total	<u>\$ 63,728</u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Long-term Obligations

Information is presented separately for governmental and business-type activities. The table below presents current year changes and amounts due within one year for each issue.

	Beginning Balance <u>June 30, 2015</u>	Increase	Decrease	Ending Balance <u>June 30, 2016</u>	Due Within One Year
Governmental Activities					
General obligation bonds, 2015 Public Safety Facilities Bonds	\$ -	\$ 18,000,000	\$ 395,000	\$ 17,605,000	\$ 370,000
Limited tax pension obligations, Series 2002	5,208,983	-	107,498	5,101,485	\$ 109,483
General revenue obligations, Series 2004	800,000	-	145,000	655,000	155,000
Urban Renewal Bonds 2007 CARA Series A Tax-exempt	2,696,000	-	333,000	2,363,000	349,000
Notes payable OEDD-Target Infrastructure	36,107	-	36,107	-	-
Subtotal	8,741,090	18,000,000	1,016,605	25,724,485	983,483
Net pension liability	-	16,849,369	-	16,849,369	-
Other postemployment benefits	2,894,850	228,583	-	3,123,433	-
Unamortized premium on debt issuance	-	636,260	31,813	604,447	31,813
Compensated absences	2,676,008	148,570	54,344	2,770,234	1,385,118
Capital leases	63,325	242,881	97,463	208,743	77,409
Total Governmental Activities	<u>14,375,273</u>	<u>36,105,663</u>	<u>1,200,225</u>	<u>49,280,711</u>	<u>2,477,823</u>
Business-type Activities					
Water revenue bonds 2013 Water Refunding Bonds	26,505,000	-	935,000	25,570,000	975,000
Loans payable 2007 SRF - WWTP	54,953,181	-	3,071,056	51,882,125	3,164,554
2009 Wetland	2,297,149	-	408,114	1,889,035	424,439
2012 SRF	1,650,000	-	100,000	1,550,000	100,000
Subtotal	85,405,330	-	4,514,170	80,891,160	4,663,993
Net pension liability	-	5,290,699	-	5,290,699	-
Other postemployment benefits	881,736	72,254	-	953,990	-
Unamortized premium on debt issuance	1,711,966	-	133,728	1,578,238	133,728
Compensated absences	752,921	84,717	152,009	685,629	342,816
Total Business-type Activities	<u>88,751,953</u>	<u>5,447,670</u>	<u>4,799,907</u>	<u>89,399,716</u>	<u>5,140,537</u>
Totals	<u>\$ 103,127,226</u>	<u>\$ 41,553,333</u>	<u>\$ 6,000,132</u>	<u>\$ 138,680,427</u>	<u>\$ 7,618,360</u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

One of the City's two internal service funds, Central Services, serves primarily governmental activities. At year end, long-term liabilities from the Central Service Fund for compensated absences in the amount of \$294,110 are included in the above totals for governmental activities. For governmental activities compensated absences are generally liquidated by the fund in which they were incurred, including the General, Parks and Recreation, Building Inspection, Street, Economic Development, and Public Transit Funds.

Governmental Activities

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

The City issued \$18,000,000 in general obligation bonds in August 2015 to finance construction of new public safety facilities. Interest rates range from three to five percent for the 20-year bonds. Final maturity is June 15, 2035. The balance outstanding at June 30, 2016, is \$17,605,000.

For the year ending June 30,	Principal	Interest	Total
2017	\$ 370,000	\$ 638,075	\$ 1,008,075
2018	415,000	623,275	1,038,275
2019	465,000	606,675	1,071,675
2020	520,000	588,075	1,108,075
2021	575,000	567,275	1,142,275
2022-2026	3,760,000	2,423,925	6,183,925
2027-2031	5,590,000	1,494,575	7,084,575
2032-2035	5,910,000	493,131	6,403,131
Totals	<u>\$ 17,605,000</u>	<u>\$ 7,435,006</u>	<u>\$ 25,040,006</u>

Limited Tax Pension Obligations

In March 2002, the City sold \$6,851,826 of Limited Tax Pension Obligations. Net proceeds in the amount of \$6,700,000 were used to finance a portion of the City's estimated unfunded liability in the Oregon Public Employees Retirement System. Debt service requirements are payable from available General Fund resources including property taxes. Interest rates range from 2 percent to 7.36 percent for the 26-year bonds. Final maturity is June 1, 2028. The City prepaid one bond in the amount of \$790,000, which led to interest being defeased in the amount of \$737,003. The balance outstanding at June 30, 2016, is \$5,101,485. Annual debt service requirements to maturity for the limited tax pension obligations are as follows:

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Governmental Activities (continued)

For the year ending June 30,	Principal	Interest	Total
2017	\$ 109,484	\$ 535,755	\$ 645,239
2018	111,140	564,098	675,238
2019	111,257	593,980	705,237
2020	159,604	580,634	740,238
2021	460,000	315,785	775,785
2022-2026	2,680,000	1,059,009	3,739,009
2027-2028	1,470,000	134,947	1,604,947
Totals	<u>\$ 5,101,485</u>	<u>\$ 3,784,208</u>	<u>\$ 8,885,693</u>

General Revenue Obligations

The City issued \$3,720,000 of general revenue obligations in December 2004, secured by and payable from any unobligated, non-property tax revenues legally available to the City, to finance the construction of a public swimming pool and repayment and/or defeasance of the City's Certificates of Participation, Series 1994. Interest rates range from two percent to five percent for the 15-year bonds. Final maturity is January 1, 2020. The balance outstanding at June 30, 2016, is \$655,000. Annual debt service requirements to maturity for the general revenue obligations are as follows:

For the year ending June 30,	Principal	Interest	Total
2017	\$ 155,000	\$ 27,304	\$ 182,304
2018	160,000	19,554	179,554
2019	165,000	13,394	178,394
2020	175,000	7,000	182,000
Totals	<u>\$ 655,000</u>	<u>\$ 67,252</u>	<u>\$ 722,252</u>

Albany Revitalization Agency Urban Renewal Bonds

In October 2007, the Albany Revitalization Agency, an urban renewal district, issued bonds totaling \$4,687,000 to finance authorized projects in the urban renewal area. Debt service requirements are payable from tax increment revenues. Interest rates range from 4.85 percent to 6.25 percent for the 15-year bonds. Final maturity is June 15, 2022. The balance outstanding at June 30, 2016, is \$2,363,000. Annual debt service requirements to maturity for urban renewal bonds are as follows:

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Governmental Activities (continued)

For the year ending June 30,	Principal	Interest	Total
2017	\$ 349,000	\$ 114,606	\$ 463,606
2018	366,000	97,679	463,679
2019	383,000	79,928	462,928
2020	402,000	61,352	463,352
2021	421,000	41,855	462,855
2022	442,000	21,437	463,437
Totals	<u>\$ 2,363,000</u>	<u>\$ 416,857</u>	<u>\$ 2,779,857</u>

Notes Payable

In 1995, the City borrowed \$441,137 from the Oregon Economic Development Department, Special Public Works Fund, to finance infrastructure (water, sewer, and street) improvements in the Linn-Benton Business Park to serve a 650,000-square-foot Target Stores Inc. regional distribution center. Dayton-Hudson Corporation DBA Target Stores, Inc. is responsible for \$390,000. The remaining balance, \$51,137, is payable by the City from resources of the Economic Development Fund. The interest rate is 5.47 percent for the 20-year note. Final maturity is December 15, 2015. There is no balance outstanding at June 30, 2016.

Business-type Activities

Revenue Bonds

In March 2013, the City issued \$28,405,000 of Water Refunding Bonds, Series 2013, to refund the 2003 Series Water Revenue and Refunding Bonds. The 2013 Series bonds are collateralized by City's pledge of its full faith and credit and taxing powers, plus are secured by a lien on the net revenues of the City's Water System. Debt service requirements are payable from pledged water system revenues, i.e. water service charges and system development charges. Interest rates range from three percent to five percent for the 20-year bonds. Final maturity is August 1, 2033. The balance outstanding of the bonds at June 30, 2016, is \$25,570,000.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Business-type Activities (continued)

For the year ending June 30,	Principal	Interest	Total
2017	\$ 975,000	\$ 958,394	\$ 1,933,394
2018	1,020,000	918,494	1,938,494
2019	1,060,000	876,894	1,936,894
2020	1,100,000	833,694	1,933,694
2021	1,140,000	783,194	1,923,194
2022-2026	6,490,000	3,119,395	9,609,395
2027-2031	8,150,000	1,583,195	9,733,195
2032-2034	<u>5,635,000</u>	<u>268,199</u>	<u>5,903,199</u>
Totals	<u>\$ 25,570,000</u>	<u>\$ 9,341,459</u>	<u>\$ 34,911,459</u>

Loans Payable

The City was approved for two loans totaling \$69,000,000 from the Clean Water State Revolving Fund to assist in the payment of construction costs to build a new wastewater treatment plant. The loan amounts are \$35,183,559 at a rate of 2.90 percent and \$33,816,441 at 3.14 percent. Debt service requirements are payable from pledged sewer system revenues, i.e. sewer service charges and a payment from the City of Millersburg. The loan payment schedule includes a 0.5% loan fee, effectively increasing the loan rates to 3.40 percent and 3.64 percent respectively. As of June 30, 2016, the balance outstanding is \$51,882,125. The final maturity date is October 1, 2029.

For the year ending June 30,	Principal	Interest	Total
2017	\$ 3,164,554	\$ 1,803,943	\$ 4,985,867
2018	3,260,904	1,691,770	4,970,514
2019	3,360,192	1,576,178	4,954,692
2020	3,462,508	1,457,061	4,938,389
2021	3,567,944	1,334,312	4,902,256
2022-2026	19,537,314	4,695,253	24,232,567
2027-2030	<u>15,528,709</u>	<u>1,132,894</u>	<u>16,661,603</u>
Totals	<u>\$ 51,882,125</u>	<u>\$ 13,691,411</u>	<u>\$ 65,573,536</u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Business-type Activities (continued)

Loans Payable (continued)

On December 21, 2009, the City of Albany purchased land to be used in the Wetlands Talking Water Garden for a total cost of \$4,639,457, of which \$4,114,000 was financed by the seller. The interest rate for the loan is 4.0 percent and the final maturity is December 21, 2021. Debt service requirements are payable from pledged sewer system revenues, i.e. sewer service charges. As of June 30, 2016, the balance outstanding is \$1,889,035.

For the year ending June 30,	Principal	Interest	Total
2017	\$ 424,439	\$ 75,561	\$ 500,000
2018	441,416	58,584	500,000
2019	459,073	40,927	500,000
2020	477,436	22,564	500,000
2021	<u>86,671</u>	<u>3,467</u>	<u>90,138</u>
Totals	<u>\$ 1,889,035</u>	<u>\$ 201,103</u>	<u>\$ 2,090,138</u>

The City of Albany has received a \$4 million loan from the Special Public Works Revolving Fund (SPWRF) which was funded by American Recovery and Reinvestment Act (ARRA) and was used to fund a portion of the Talking Water Garden project. The City of Millersburg forwarded their \$4 million loan from SPWRF to use against the same project. These two loans are forgivable; 75% for the City of Millersburg and 50% for the City of Albany. The balance outstanding as of June 30, 2016, is \$1,550,000. Debt service requirements are payable from pledged sewer system revenues, i.e. sewer service charges. The loan is interest free with the exception of the annual fee of 0.50%; the final maturity is August 1, 2031. The amortization schedule is as follows:

For the year ending June 30,	Principal	Interest	Total
2017	\$ 100,000	\$ 7,750	\$ 107,750
2018	100,000	7,250	107,250
2019	100,000	6,750	106,750
2020	100,000	6,250	106,250
2021	100,000	5,750	105,750
2022-2026	500,000	21,250	521,250
2027-2031	500,000	8,750	508,750
2032	<u>50,000</u>	<u>250</u>	<u>50,250</u>
Totals	<u>\$ 1,550,000</u>	<u>\$ 64,000</u>	<u>\$ 1,614,000</u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Interfund Transfers

Transfers out	Transfers In						Total
	General	Parks and Recreation	Risk Management	Street	Capital Projects	Nonmajor Governmental	
Governmental funds							
General	\$ -	\$ 187,200	\$ 2,800	\$ -	\$ -	\$ 692,712	\$ 882,712
Parks and Recreation	-	-	-	-	-	180,304	180,304
Risk Management	-	-	-	-	5,000,000	-	5,000,000
Street	-	80,000	-	-	-	-	80,000
Capital Projects	-	10,666	139,700	46,511	-	-	196,877
Nonmajor governmental funds	2,805,200	171,800	-	12,357	1,455,000	335,800	4,780,157
Total governmental funds	2,805,200	449,666	142,500	58,868	6,455,000	1,208,816	11,120,050
Proprietary funds							
Water	-	-	15,588	542,074	-	-	557,662
Sewer	-	-	15,588	622,854	-	-	638,442
Total proprietary funds	-	-	31,176	1,164,928	-	-	1,196,104
Total transfers	\$ 2,805,200	\$ 449,666	\$ 173,676	\$ 1,223,796	\$ 6,455,000	\$ 1,208,816	\$ 12,316,154
Interfund Loans:							
Governmental funds							
Risk Management - receivable							\$ 3,458,977
Capital Projects - payable							(3,458,977)
Total interfund loans							\$ -

Governmental Funds

Transfers from General Fund

Transfers out of the General Fund totaled \$882,712. Major activity included a transfer of \$187,200 to the Parks and Recreation Fund to support grants to outside agencies and the Urban Forestry program. An additional \$571,900 was transferred to the Public Transit Fund to support operation of the City's transit systems.

Transfers from Parks and Recreation Fund

Parks and Recreation transfers out totaled \$180,304 for the Parks and Recreation Fund share of the debt service requirement for the 2004 Revenue Obligations.

Transfer from Risk Management Fund

A transfer of \$5,000,000 was made to the Capital Project Fund for the public safety facilities project.

Transfers from Street Fund

A total of \$80,000 was transferred from the Street Fund to the Parks and Recreation Fund for the Urban Forestry program.

Transfers from Capital Projects Fund

Transfers out of the Capital Projects Fund totaled \$208,608, including \$10,666 to the Parks and Recreation Fund for SDC projects, \$151,431 from assessment payment proceeds to reimburse up-front costs paid from the Risk Management Fund, and \$46,511 to the Street Fund.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Interfund Transfers (continued)

Governmental Funds (continued)

Transfers from Other Governmental Funds

Public Safety Levy Fund

The amount of \$460,000 was transferred to the General Fund to offset inflationary costs in the Fire Suppression and Police programs. Other transfers to the General Fund included \$177,500 for Ambulance, \$1,025,400 for Public Safety Levy - Police program, and \$1,093,100 for the Public Safety Levy - Fire program.

Central Albany Redevelopment Area Fund

To support the cost of personnel, \$129,700 was transferred to the Economic Development Fund. An additional \$1,455,000 was transferred to the Capital Projects Fund for the public safety facilities construction project.

Economic Development Fund

Total transfers of \$429,800 included \$49,200 to the General Fund for fire and police programs, \$184,200 to the Parks Fund in support of the Northwest Art & Air Festival, the Monteith House, and the trolley, \$193,700 to the Capital Replacement Fund; and \$2,700 to the Street Fund.

Others

The Public Transit Fund transferred \$5,000 to the Street Fund.

The Grants Fund transferred \$4.657 to the Street Fund.

Proprietary Funds

Transfers from Water Fund

A transfer of \$542,074 was made to the Street Fund as its in-lieu-of revenue. A transfer of \$15,588 was made to the General Fund.

Transfer from Sewer Fund

The amount of \$622,854 was transferred to the Street Fund as its In-Lieu of revenue. A transfer of \$15,588 was made to the General Fund.

The loan of \$3,458,997 to the Risk Management Fund from the Capital Projects Fund will be paid back over time. The anticipated pledged revenue stream will be from LID assessments levied against the projects in the Timber Ridge School area.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

3. DETAILED NOTES (continued)

Governmental Fund Balances - GASB 54

The fund balance amounts for governmental funds have been reported in the categories listed below:

Fund Balances	General	Parks and Recreation	Risk Management	Street	Capital Projects	Nonmajor Governmental Funds	Total
Nonspendable:							
Funds held by fiscal agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,652	\$ 13,652
Prepaid	41,153	6,419				1,414	48,986
Permanent fund principal	-	-	-	-	-	130,700	130,700
	41,153	6,419	-	-	-	145,766	193,338
Restricted for:							
Park and Recreation SDC's	-	1,617,955	-	-	-		1,617,955
Senior Center Foundation	-	13,307	-	-	-		13,307
Building Inspection	-	-	-	-	-	1,276,720	1,276,720
Electrical Inspection	-	-	-	-	-	104,679	104,679
ADA Code Enforcement	-	-	-	-	-	102	102
Public Safety Levy	-	-	-	-	-	69,868	69,868
Transportation SDC Projects	-	-	-	2,978,562	-	-	2,978,562
CARA	-	-	-	-	-	3,074,391	3,074,391
Grants Fund	-	-	-	-	-	77,157	77,157
2002 Limited Tax Pension Bonds	-	-	-	-	-	172,240	172,240
2007 GO Refunding Bonds	-	-	-	-	-	2	2
2015 Public Safety Facilities	-	-	-	-	18,000,000	90,293	18,090,293
Library Programs	-	-	-	-	-	3,185	3,185
Parks and Recreation Programs	-	-	-	-	-	791	791
	-	1,631,262	-	2,978,562	18,000,000	4,869,428	27,479,252
Committed for:							
Park and Recreation Operations	-	810,835	-	-	-	-	810,835
Risk Management Reserve	-	-	1,206,438	-	-	-	1,206,438
SVC Litigation Projects	-	-	6,469,406	-	-	-	6,469,406
Street Operations	-	-	-	833,976	-	-	833,976
Street Capital & Restoration	-	-	-	2,245,722	-	-	2,245,722
North Albany Frontage Fee	-	-	-	144,162	-	-	144,162
ADA Capital Projects	-	-	-	62,727	-	-	62,727
Economic Development	-	-	-	-	-	329,107	329,107
Albany Municipal Airport	-	-	-	-	-	422,667	422,667
Target Utilities	-	-	-	-	-	95	95
Albany Transit	-	-	-	-	-	252,747	252,747
Paratransit System	-	-	-	-	-	50,459	50,459
Linn-Benton Loop	-	-	-	-	-	79,949	79,949
Equipment Replacement	-	-	-	-	-	4,445,911	4,445,911
City Facilities Replacement	-	-	-	-	-	116,514	116,514
General Fund Facilities Maintenance	-	-	-	-	-	54,359	54,359
IT Equipment Replacement	-	-	-	-	-	1,014,510	1,014,510
Public Works Facilities	-	-	-	-	-	166,855	166,855
Albany Integration Project	-	-	-	-	16,916	-	16,916
LID Construction Projects	-	-	-	-	1,169,883	-	1,169,883
Public Safety Facilities	-	-	-	-	1,719,437	-	1,719,437
Albany Station Pathway	-	-	-	-	1,993	-	1,993
	-	810,835	7,675,844	3,286,587	2,908,229	6,933,173	21,614,668
Unassigned:							
General Fund	3,793,981	-	-	-	-	-	3,793,981
Total Fund Balances	\$ 3,835,134	\$ 2,448,516	\$ 7,675,844	\$ 6,265,149	\$ 20,908,229	\$ 11,948,367	\$ 53,081,239

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

4. OTHER INFORMATION

Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employee Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Benefit Pension Plan

A. Plan description

Employees of the City of Albany are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A.

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan.

OPERS produces an independently audited Comprehensive Annual Financial Report and Actuarial Valuation which that can be obtained at:

www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

B. Description of benefit terms

Plan Benefits

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

- 1. Tier One/Tier Two Retirement Benefit (Chapter 238).** Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

4. OTHER INFORMATION (continued)

Pension Plan (continued)

B. Description of benefit terms (continued)

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in a OPERS-covered job,
or
- the member was on an official leave of absence from a OPERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cost-of-living increase for fiscal year 2015 was capped at 1.5 percent for all benefit recipients.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

4. OTHER INFORMATION (continued)

Pension Plan (continued)

B. Description of benefit terms (continued)

As a result of the *Moro Decision (Everice Moro et al v. State of Oregon et al)*, the cap on the cost-of-living increases are 2.0 percent for fiscal years 2016 and beyond.

2. Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP DB)

Pension Benefits

The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

4. OTHER INFORMATION (continued)

Pension Plan (continued)

B. Description of benefit terms (continued)

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

C. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2013, actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. The City of Albany has made a lump sum payment to establish a side account, and the City of Albany's rates have been reduced.

Tier 1/Tier 2 employer contribution rates are 17.20 percent and the OPSRP employer contribution rates are 9.93 percent for general service employees and 14.04 percent for public safety employees. Employer contributions for the year ended June 30, 2016, were \$3,908,588, excluding amounts to fund employer specific liabilities.

D. Pension Asset or Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City of Albany reported a liability of \$22,140,068 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 rolled forward to June 30, 2015. The City of Albany's proportion of the net pension liability was based on a projection of the City of Albany's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Employers' long-term contribution efforts are based on projected rates that have two major components:

1. Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

OTHER INFORMATION (continued)

Pension Plan (continued)

D. Pension Asset or Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

The employer's Normal Cost Rates for each payroll are combined with system-wide present value factors for each payroll to develop an estimated PVFNC. The present value factors are actuarially determined at a system level for simplicity and to allow for the PVFNC calculations to be audited in a timely, cost-effective manner.

2. UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is equal to the Unfunded Actuarial Liability (UAL). The UAL represents the portion of the projected long-term contribution effort related to past service.

UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is equal to the Unfunded Actuarial Liability (UAL). The UAL represents the portion of the projected long-term contribution effort related to past service.

The UAL has Tier 1/Tier 2 and OPSRP pieces. The Tier 1/Tier 2 piece is based on the employer's Tier 1/Tier 2 pooling arrangement. If an employer participates in one of the two large Tier 1/Tier 2 rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier 1/Tier 2 UAL is their pro-rata share of their pool's UAL.

The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a Tier 1/Tier 2 pooling arrangement, who are referred to as "Independent Employers", have their Tier 1/Tier 2 UAL tracked separately in the actuarial valuation.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

4. OTHER INFORMATION (continued)

Pension Plan (continued)

D. Pension Asset or Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The projected long-term contribution effort is the sum of the PVFNC and the UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

At June 30, 2015, the City of Albany's proportion was 0.38561728 percent, which was increased from its proportion of 0.37054571 percent measured as of June 30, 2014.

For the year ended June 30, 2016, the City of Albany recognized pension expense of \$17,719,304. At June 30, 2016, the City of Albany reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,193,904	\$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	-	4,641,060
Changes in proportion	258,767	
Differences between City contributions and proportionate share of contributors		718,742
City contributions subsequent to the measurement date	<u>3,908,588</u>	<u>-</u>
Total	<u>\$ 5,361,259</u>	<u>\$ 5,359,802</u>

\$3,908,588 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

4. OTHER INFORMATION (continued)

Pension Plan (continued)

D. Pension Asset or Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year ending June 30,	
2017	\$(2,048,821)
2018	(2,048,821)
2019	(2,048,821)
2020	2,170,423
2021	68,909
Thereafter	-

E. Actuarial Valuations

The employer contribution rates effective July 1, 2013, through June 30, 2015, and effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

4. OTHER INFORMATION (continued)

Pension Plan (continued)

F. Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2013
Measurement Date	June 30, 2015
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Long-Term Expected Rate of Return	7.75 percent
Discount Rate	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA
Mortality	Health retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 statistic combined disabled mortality sex-distinct table.

G. Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

4. OTHER INFORMATION (continued)

Pension Plan (continued)

G. Actuarial Methods and Assumptions Used in Developing Total Pension Liability (continued)

plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

4. OTHER INFORMATION (continued)

Pension Plan (continued)

G. Actuarial Methods and Assumptions Used in Developing Total Pension Liability (continued)

Assumed Asset Allocation:

<u>Asset Class / Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the OPERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows the actuary's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

4. OTHER INFORMATION (continued)

Pension Plan (continued)

G. Actuarial Methods and Assumptions Used in Developing Total Pension Liability (continued)

Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-term Bonds	8.00%	3.70%
Intermediate-term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds / Absolute Return	5.00%	6.10%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	1.25%	6.07%
Assumed Inflation - Mean		2.75%

Sensitivity of the City of Albany’s proportionate share of the net pension liability to changes in the discount rate.

The following presents the City of Albany’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City of Albany’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability (asset)	\$ 53,434,228	\$ 22,140,068	\$ (4,232,689)

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

4. OTHER INFORMATION (continued)

Pension Plan (continued)

G. Actuarial Methods and Assumptions Used in Developing Total Pension Liability (continued)

Changes of Assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2012 and 2014 Experience Study for the System, which were published on September 18, 2013, and September 23, 2015. These reports can be found at: http://www.oregon.gov/pers/Pages/section/financial_reports/mercer_reports.aspx.

H. Changes in Plan Provisions During the Measurement Period

On April 30, 2015 the Oregon Supreme Court ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually.

OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This change in benefit terms were reflected in the current valuation.

I. Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2015, measurement date.

Defined Contribution Plan

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

4. OTHER INFORMATION (continued)

Defined Contribution Plan (continued)

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions

The City of Albany makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2016, were \$1,650,419.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Other Post-Employment Benefits

Plan Description and Benefits Provided

The City provides other post-employment benefits (OPEB) for employees, retirees, spouses, and dependents through a single employer defined benefit plan in the form of group health insurance benefits. As required by ORS 243.303(2), retirees are allowed to continue, at the retiree's expense, coverage under the group health insurance plan of the City until age 65. The implicit employer subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged by the insurance carrier for the coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare. The City does not pay for any retiree OPEB under GASB 45.

Membership

The City's membership in the plan at August 1, 2014 (the date of the last actuarial valuation), consisted of the following:

Active employees	362
Retirees, spouses or dependents	<u>57</u>
Total	<u><u>419</u></u>

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

4. OTHER INFORMATION (continued)

Other Post-Employment Benefits (continued)

Funding Policy and Contributions

The City funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The monthly premium requirements, for both the City and the participating retirees, vary depending upon the options selected by the participants as follows:

	Employee	Employee + Child(ren)	Employee + Spouse	Employee + Family
Pacific Source	\$ 649.29	\$ 1,146.72	\$ 1,398.17	\$ 1,882.53
ODS Dental	60.82	126.54	107.66	173.40
Willamette Dental	43.89	77.67	94.93	127.83
ODS Vision	24.86	47.16	44.14	66.41
 <u>Fire Union</u>		<u>All-Coverage</u>		
Blue Classic, medical only		\$ 1,323.70		
Blue Classic, medical/dental/vision		1,679.50		
 <u>Fire Union COBRA & Retiree</u>		<u>Employee</u>	<u>Two-Party</u>	<u>Family</u>
Blue Classic Medical		\$ 650.50	\$ 1,366.10	\$ 1,886.40
Blue Classic Medical/Dental/Vision		731.80	1,516.50	2,145.40

The City has not established an irrevocable trust to accumulate assets to fund the cost of the OPEB obligation that arises from the implicit subsidy.

Annual OPEB Cost and Net OPEB Obligation

The City had its first actuarial valuation performed as of August 1, 2006, to determine the unfunded accrued actuarial liability (UAAL), annual required contribution (ARC), and NOPEBO as of that date. The ARC is equal to the normal cost plus an amount to amortize the UAAL as a level percent of payroll over 15 years. The annual OPEB cost, as of June 30, 2016, is equal to the ARC as follows:

Normal cost	\$ 319,784
Amortization of UAAL	615,376
 Annual required contribution	 \$ 935,160

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

4. OTHER INFORMATION (continued)

Other Post-Employment Benefits (continued)

The net OPEB obligation as of June 30, 2016, was calculated as follows:

Annual required contribution	\$ 935,160
Interest on prior year Net OPEB	132,181
Adjustment to ARC	(454,101)
Contributions made	<u>(312,403)</u>
Increase in net OPEB obligation	300,837
Net OPEB obligation at beginning of year	<u>3,776,586</u>
Net OPEB obligation at end of year	<u>\$ 4,077,423</u>

The NOPEBO is allocated between the Governmental Activities and Business-Type Activities in the following amounts, \$3,123,433 and \$953,990, respectively.

The City's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2016, are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	896,924	45%	3,017,854
June 30, 2014	743,951	51%	3,380,153
June 30, 2015	743,676	47%	3,776,586
June 30, 2016	613,240	51%	4,077,423

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents information about the actuarial value of plan assets and the unfunded actuarial liability.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

4. OTHER INFORMATION (continued)

Other Post-Employment Benefits (continued)

As of August 1, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$4,958,977, and the actuarial value of assets was zero, resulting in an unfunded accrued liability of \$4,958,977.

<u>Valuation Date</u>	<u>Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL/ Payroll</u>
August 1, 2010	-	6,337,576	6,337,576	0.00%	26,237,320	24.15%
August 1, 2012	-	5,399,990	5,399,990	0.00%	26,016,697	20.76%
August 1, 2014	-	4,958,977	4,958,977	0.00%	24,474,058	20.26%

Actuarial Methods and Assumptions

Actuarial valuations will be performed every two years for the City's plan. Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members and include the types of benefits provided at the time of each valuation and historical patterns of sharing benefit costs between employer and the 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 actuarially accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the August 1, 2014, actuarial valuation, the Projected Unit Credit Cost Method was used to determine contribution levels comprised of normal cost and amortized payments.

The inflation rate used for the 2014 valuation is an assumed rate of 2.75 percent.

The discount rate for unfunded liabilities is 3.5 percent, based on the expected long-term annual investment returns for Oregon's Local Government Investment Pool and comparable investment vehicles.

The health cost trend is 5.75 percent in the 2014 year and will vary from 5.00 percent to 6.50 percent depending upon the timing of the excise tax scheduled to affect health care benefits beginning in 2018. Health cost trend affects both the projected health care costs and the projected health care premiums. Dental costs were segregated out, and the projected increase will be 4.50 percent per year.

It is assumed that 55 percent of active members will elect coverage upon retirement until age 65. Seventy percent of male members and 35 percent of female members who elect coverage upon retirement are also assumed to elect spouse coverage until the spouse reaches age 65.

The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a period of 10 years. The amortization is "open" which means that on each valuation date, the amortization amount is recalculated assuming 10 years worth of future payments.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

4. OTHER INFORMATION (continued)

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; injuries to employees; and natural disasters.

The City participates in self-insurance pools of City/County Insurance Services for general, auto, cyber, and workers' compensation liability with self-insurance retention limits per occurrence. The pool pays all claims up to \$1,500,000 and purchases insurance to cover any excess liability up to a limit selected by the participating entity. The City has increased its liability coverage to \$4,500,000. Small losses for the City are those under \$5,000. Any claim over \$5,000 is shared with the pool's experience.

The City is assessed an annual maximum premium for auto and workers' compensation liability. For each fiscal year since June 30, 2007, the City is obligated to pay up to \$75,000 in claims and settlement costs. No insurance claims settled in each of the past three years have exceeded policy coverage.

Commitments and Contingent Liabilities

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operation. Claims are generally covered by insurance. In the opinion of management, based on the advice of Counsel with respect to such litigation and claims, the ultimate disposition of these matters will not have a material adverse affect on the financial position, results of operations, or cash flows of the City's funds.

Joint Ventures

In 1993, the City entered into an intergovernmental agreement to build, operate, and maintain the Linn Regional Fueling Facility (LRFF) along with Greater Albany Public School District 8J, Linn County, Linn-Benton-Lincoln Educational Service District, and Linn-Benton Community College. At that time, the City's sales estimate was 28.9%. In fiscal year 2016, it was 29.3%. The agreement specifies that the land and improvements constituting the regional fueling facility shall be owned by Linn County and that the capital costs of designing and building the facility will be repaid by all parties through surcharges and capital cost payments. The capital cost payments will end when the total capital cost of the facility has been recovered.

After five years' participation in the Agreement, a party becomes vested as a capital cost shareholder. If, after the five-year point, a party withdraws from the Agreement, the remaining parties agree to pay the withdrawing party an amount equal to 80 percent of that party's total capital cost payments. Operation and maintenance costs are shared by the parties proportionately in accordance with each party's usage of the facility. These costs are covered through surcharges and fees set by the LRFF Board.

At June 30, 2016, the Linn Regional Fueling Facility's equity balance as reported in its audited financial statements totaled \$355,648. A copy of the Linn Regional Fueling Facility audit report may be obtained from Linn County, P.O. Box 100, Albany, Oregon 97321.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

4. OTHER INFORMATION (continued)

Prior Period Adjustments

The City changed its procedures related to the accrual of some receivables in order to meet GAAP requirements. This resulted in a prior period adjustment of \$933,873 in the governmental funds.

Intergovernmental Agreements

Water supply system

On July 25, 2002, the City entered into an intergovernmental agreement with the City of Millersburg to plan, design, permit, construct, operate, and maintain a joint water supply system. The agreement specifies that the ownership of the joint water supply system will be allocated initially based on the facility's capacity sizing, but may be reallocated based on future capacity expansions made by one or both parties.

The Agreement further states that the City of Albany will serve as the operating entity and shall be responsible for conducting the day-to-day business affairs of the joint water supply system, including payment of invoices, accounting, budgeting, operation, planning, project management, records maintenance, providing public notices, and other duties as are required for operations. Each party is required to budget and appropriate its proportionate share of the operation and maintenance costs of the system, which shall be based on the actual percentage of total water consumption by each party.

Either party may elect to terminate all or part of its participation in this agreement by giving written notice to the other party and stating a date for termination, which shall not be less than two years from the date of notice. The nonterminating party shall have the option to purchase the terminating interest with the price being established within 90 days following the receipt of notice of termination. The payment price for the subject interest shall be paid in full within 18 months following the date of termination with interest on the amount owed at the Local Government Investment Pool rate.

Wastewater treatment facility

In August, 2007, the cities of Albany and Millersburg entered into an agreement setting forth terms and conditions for a joint venture to plan, design, permit, construct, operate, and maintain the Davidson Street Wastewater Treatment Plant (Davidson Plant) and future wastewater management facilities that will treat residential, commercial, and industrial wastewater needs of both communities. Each city has a specific undivided ownership interest in the Davidson Plant: Albany, 90 percent and Millersburg, 10 percent. The agreement provides that the City of Albany is responsible for operation and maintenance of the plant. Each city is required to budget for its share of the operation and maintenance costs of the system.

The Davidson Plant improvements will be constructed in phases to meet the growing treatment needs of Albany and Millersburg. Phase I improvements are estimated to cost \$70 million, shared \$63 million by Albany and \$7 million by Millersburg. Phase I was completed in December 2009. Phase I improvements will provide an average dry weather flow capacity of 12.3 million gallons per day (MGD), maximum month wet weather flow capacity of 29 MGD, and peak wet weather flow of 68

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2016

4. OTHER INFORMATION (continued)

Intergovernmental Agreements (continued)

Water supply system (continued)

MGD. Capacity of maximum month biochemical oxygen demand is 14,600 pounds per day. Capacity of maximum total suspended solids will be 19,100 pounds per day.

Either party may elect to terminate all or part of its participation in the agreement by giving written notice of its desire to terminate to the other party and stating the date of termination, which will not be less than six months from the date of notice. Upon termination, Albany will become the sole owner of the Davidson Plant and all other structures, equipment, and facilities. Following termination, Millersburg shall have a contractual right to continue to receive domestic and industrial wastewater treatment services from Albany. Albany is obligated to provide wastewater treatment services to Millersburg, up to the amount of treatment/disposal capacity paid for by Millersburg pursuant to the terms of the agreement, prior to its termination.

Subsequent Event

In October 2016, Council approved through resolution a \$8,400,000 loan from the Oregon Infrastructure Authority (IFA) for the financing of projects in the Central Albany Revitalization Area. The interest rate is 2.55 percent and payment will be made from the transfer of ARA incremental tax receipts. The agreement with the IFA was signed on November 17, 2016.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALBANY, OREGON

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Last Three Fiscal Years

Year Ended June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.38561728%	\$ 22,140,067	\$ 24,999,736	88.56%	91.90%
2015	0.37054571%	(8,399,214)	24,474,058	-34.32%	103.60%
2014	0.37054571%	18,909,490	23,890,519	79.15%	91.97%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF ALBANY, OREGON
SCHEDULE OF CONTRIBUTIONS
For the Last Three Fiscal Years

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2016	\$ 3,908,587	\$ 3,908,587	\$ -	\$ 24,999,736	15.63%
2015	3,419,315	3,419,315	-	24,474,058	13.97%
2014	3,383,501	3,383,501	-	23,890,519	14.16%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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SUPPLEMENTARY DATA

This section includes:

- Combining statements for nonmajor governmental funds and nonmajor proprietary funds.
- Budget comparison schedules for all funds, except General, Parks and Recreation, Risk Management, and Street.
- Schedules relating to:
 - Capital assets used in the operation of governmental activities
 - Property transactions and outstanding balances
 - Debt principal and interest future requirements

**CITY OF ALBANY, OREGON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2016

	Special Revenue	Debt Service	Capital Projects Replacement	Permanent	Totals
ASSETS					
Cash and investments	\$ 5,805,404	\$ 255,322	\$ 4,356,111	\$ -	\$ 10,416,837
Cash with fiscal agents	-	13,652	-	-	13,652
Receivables:					
Property taxes	470,766	180,543	-	-	651,309
Accounts	330,476	-	1,745,013	-	2,075,489
Assessments	-	-	-	-	-
Interest	5,601	1,469	1,608	42	8,720
Loans	948,284	-	-	-	948,284
Prepaid items	-	-	1,414	-	1,414
Restricted cash and investments	-	-	-	134,724	134,724
Total assets	<u>\$ 7,560,531</u>	<u>\$ 450,986</u>	<u>\$ 6,104,146</u>	<u>\$ 134,766</u>	<u>\$ 14,250,429</u>
LIABILITIES					
Accounts payable	\$ 427,071	\$ -	\$ 304,583	\$ 90	\$ 731,744
Deposits	2,400	-	-	-	2,400
Total liabilities	<u>429,471</u>	<u>-</u>	<u>304,583</u>	<u>90</u>	<u>734,144</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>1,393,119</u>	<u>174,799</u>	<u>-</u>	<u>-</u>	<u>1,567,918</u>
FUND BALANCES					
Nonspendable	-	13,652	1,414	130,700	145,766
Restricted	4,602,917	262,535	-	3,976	4,869,428
Committed	1,135,024	-	5,798,149	-	6,933,173
Total fund balances	<u>5,737,941</u>	<u>276,187</u>	<u>5,799,563</u>	<u>134,676</u>	<u>11,948,367</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,560,531</u>	<u>\$ 450,986</u>	<u>\$ 6,104,146</u>	<u>\$ 134,766</u>	<u>\$ 14,250,429</u>

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2016

	Special Revenue	Debt Service	Capital Projects Capital Replacement	Permanent	Totals
REVENUES					
Property taxes	\$ 5,368,898	\$ 1,021,280	\$ -	\$ -	\$ 6,390,178
Transient room taxes	1,058,892	-	-	-	1,058,892
Construction excise taxes	290,305	-	-	-	290,305
Franchise fees, privilege taxes, licenses, and permits	1,424,527	-	-	-	1,424,527
Intragovernmental	1,732,671	-	2,547	-	1,735,218
Charges for services	203,083	615,300	1,031,020	-	1,849,403
Interest on investments	63,161	26,596	54,154	905	144,816
Miscellaneous	139,800	-	113,838	25	253,663
Total revenues	<u>10,281,337</u>	<u>1,663,176</u>	<u>1,201,559</u>	<u>930</u>	<u>13,147,002</u>
EXPENDITURES					
Current:					
General government	6,098,338	750	456,834	-	6,555,922
Public safety	147,487	850	-	-	148,337
Highway and streets	10,399	-	-	-	10,399
Culture and recreation	209,078	-	-	1,366	210,444
Health	125,745	-	-	-	125,745
Debt service:					
Principal	369,107	647,498	-	-	1,016,605
Interest	132,833	1,079,923	-	-	1,212,756
Capital outlay	170,308	-	2,955,803	-	3,126,111
Total expenditures	<u>7,263,295</u>	<u>1,729,021</u>	<u>3,412,637</u>	<u>1,366</u>	<u>12,406,319</u>
Excess (deficiency) of revenues over expenditures	<u>3,018,042</u>	<u>(65,845)</u>	<u>(2,211,078)</u>	<u>(436)</u>	<u>740,683</u>
OTHER FINANCING SOURCES (USES)					
Capital lease	-	-	242,881	-	242,881
Transfers in	704,212	180,304	324,300	-	1,208,816
Transfers out	(4,780,157)	-	-	-	(4,780,157)
Total other financing sources (uses) □	<u>(4,075,945)</u>	<u>180,304</u>	<u>567,181</u>	<u>-</u>	<u>(3,328,460)</u>
SPECIAL ITEM					
Proceeds from sale of police station	-	-	1,745,013	-	1,745,013
Net change in fund balances	(1,057,903)	114,459	101,116	(436)	(842,764)
Fund balance - beginning	6,667,338	161,728	5,690,226	135,112	12,654,404
Prior period adjustment	128,506	-	8,221	-	136,727
Fund balance - ending	<u>\$ 5,737,941</u>	<u>\$ 276,187</u>	<u>\$ 5,799,563</u>	<u>\$ 134,676</u>	<u>\$ 11,948,367</u>

**CITY OF ALBANY, OREGON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2016

	<u>Grants</u>	<u>Building Inspection</u>	<u>Economic Development</u>	<u>Public Transit</u>	<u>Public Safety Levy</u>
ASSETS					
Cash and investments	\$ 76,002	\$ 1,489,307	\$ 669,236	\$ 289,514	\$ 56,100
Receivables:					
Property taxes	-	-	-	-	248,219
Accounts	49,763	-	122,053	158,660	-
Interest	437	792	193	631	610
Loans	-	-	-	-	-
Total assets	<u>\$ 126,202</u>	<u>\$ 1,490,099</u>	<u>\$ 791,482</u>	<u>\$ 448,805</u>	<u>\$ 304,929</u>
LIABILITIES					
Accounts payable	\$ 49,045	\$ 108,598	\$ 37,613	\$ 65,250	\$ -
Deposits	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>400</u>	<u>-</u>
Total liabilities	<u>49,045</u>	<u>108,598</u>	<u>39,613</u>	<u>65,650</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>235,061</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	77,157	1,381,501	-	-	69,868
Committed	<u>-</u>	<u>-</u>	<u>751,869</u>	<u>383,155</u>	<u>-</u>
Total fund balances	<u>77,157</u>	<u>1,381,501</u>	<u>751,869</u>	<u>383,155</u>	<u>69,868</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 126,202</u>	<u>\$ 1,490,099</u>	<u>\$ 791,482</u>	<u>\$ 448,805</u>	<u>\$ 304,929</u>

Albany Revitalization Agency	Totals
------------------------------------	--------

\$ 3,225,245	\$ 5,805,404
222,547	470,766
-	330,476
2,938	5,601
<u>948,284</u>	<u>948,284</u>
<u>\$ 4,399,014</u>	<u>\$ 7,560,531</u>

ASSETS

Cash and investments

Receivables:

Property taxes

Accounts

Interest

Loans

Total assets

LIABILITIES

Accounts payable

Deposits

Total liabilities

\$ 166,565	\$ 427,071
-	<u>2,400</u>
<u>166,565</u>	<u>429,471</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue

<u>1,158,058</u>	<u>1,393,119</u>
------------------	------------------

FUND BALANCES

Nonspendable

Restricted

Committed

Total fund balances

Total liabilities, deferred inflows of resources
and fund balances

-	-
3,074,391	4,602,917
-	<u>1,135,024</u>
<u>3,074,391</u>	<u>5,737,941</u>
<u>\$ 4,399,014</u>	<u>\$ 7,560,531</u>

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2016

	<u>Grants</u>	<u>Building Inspection</u>	<u>Economic Development</u>
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Transient room taxes	-	-	1,058,892
Construction excise taxes	-	290,305	-
Licenses and fees	-	1,424,527	-
Intragovernmental	628,863	-	-
Charges for services	-	18,576	92,301
Interest on investments	7,189	12,007	6,205
Miscellaneous	27,297	-	34,055
Total revenues	<u>663,349</u>	<u>1,745,415</u>	<u>1,191,453</u>
EXPENDITURES			
Current:			
General government	496,553	1,530,151	945,829
Public safety	147,487	-	-
Highways and streets	10,399	-	-
Culture and recreation	209,078	-	-
Health	125,745	-	-
Debt service:			
Principal	-	-	36,107
Interest	-	-	2,077
Capital outlay	126,659	-	4,781
Total expenditures	<u>1,115,921</u>	<u>1,530,151</u>	<u>988,794</u>
Excess (deficiency) of revenues over expenditures	<u>(452,572)</u>	<u>215,264</u>	<u>202,659</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	2,612	129,700
Transfers out	(4,657)	-	(429,800)
Total other financing sources (uses)	<u>(4,657)</u>	<u>2,612</u>	<u>(300,100)</u>
Net change in fund balances	(457,229)	217,876	(97,441)
Fund balances - beginning	534,386	1,160,814	745,339
Prior period adjustment	-	2,811	103,971
Fund balances - ending	<u>\$ 77,157</u>	<u>\$ 1,381,501</u>	<u>\$ 751,869</u>

Public Transit	Public Safety Levy	Albany Revitalization Agency	Totals	
\$ -	\$ 2,750,629	\$ 2,618,269	\$ 5,368,898	REVENUES
-	-	-	1,058,892	Property taxes
-	-	-	290,305	Transient room taxes
1,103,808	-	-	1,424,527	Construction excise taxes
92,206	-	-	1,732,671	Licenses and fees
1,254	2,953	33,553	203,083	Intragovernmental
7,424	-	71,024	63,161	Charges for services
<u>1,204,692</u>	<u>2,753,582</u>	<u>2,722,846</u>	<u>10,281,337</u>	Interest on investments
				Miscellaneous
				Total revenues
				EXPENDITURES
				Current:
1,648,227	-	1,477,578	6,098,338	General government
-	-	-	147,487	Public safety
-	-	-	10,399	Highways and streets
-	-	-	209,078	Culture and recreation
-	-	-	125,745	Health
				Debt service:
-	-	333,000	369,107	Principal
-	-	130,756	132,833	Interest
-	-	38,868	170,308	Capital outlay
<u>1,648,227</u>	<u>-</u>	<u>1,980,202</u>	<u>7,263,295</u>	Total expenditures
<u>(443,535)</u>	<u>2,753,582</u>	<u>742,644</u>	<u>3,018,042</u>	Excess (deficiency) of revenues over expenditures
				OTHER FINANCING SOURCES (USES)
571,900	-	-	704,212	Transfers in
<u>(5,000)</u>	<u>(2,756,000)</u>	<u>(1,584,700)</u>	<u>(4,780,157)</u>	Transfers out
<u>566,900</u>	<u>(2,756,000)</u>	<u>(1,584,700)</u>	<u>(4,075,945)</u>	Total other financing sources (uses)
123,365	(2,418)	(842,056)	(1,057,903)	Net change in fund balances
244,153	72,286	3,910,360	6,667,338	Fund balances - beginning
<u>15,637</u>	<u>-</u>	<u>6,087</u>	<u>128,506</u>	
<u>\$ 383,155</u>	<u>\$ 69,868</u>	<u>\$ 3,074,391</u>	<u>\$ 5,737,941</u>	Fund balances - ending

CITY OF ALBANY, OREGON
GRANTS FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2016

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Non-medical Medicaid	\$ 21,600	\$ 21,600	\$ 6,131	\$ (15,469)
Bureau of Justice	3,100	3,100	2,609	(491)
Federal Aviation Administration	150,000	150,000	38,221	(111,779)
Federal Emergency Management	-	5,000	19,212	14,212
InterCommunity Health	-	290,400	121,000	(169,400)
Community Development Block Grant	756,200	756,200	169,270	(586,930)
State of Oregon	283,000	283,000	142,168	(140,832)
Foster Grandparent Grant	-	-	3,551	3,551
Oregon Community Foundation	82,000	82,000	83,830	1,830
Oregon Emergency Management	21,000	47,000	22,439	(24,561)
Oregon State Week Board	25,000	25,000	-	(25,000)
Brownsfield Redevelopment Grant	26,400	26,400	9,492	(16,908)
Department of Justice Equitable Sharing	30,000	30,000	10,940	(19,060)
Albany Library Foundation	25,000	25,000	-	(25,000)
Gifts and donations	20,900	20,900	27,296	6,396
Interest on investments	1,500	1,500	7,190	5,690
Total revenues	<u>1,445,700</u>	<u>1,767,100</u>	<u>663,349</u>	<u>(1,103,751)</u>
Other financing sources				
Transfer from Economic Development Fund	15,000	15,000	-	(15,000)
Transfer from Street Fund	43,000	43,000	-	(43,000)
Total other financing sources	<u>58,000</u>	<u>58,000</u>	<u>-</u>	<u>(58,000)</u>
Fund balance, beginning	<u>578,800</u>	<u>578,800</u>	<u>534,386</u>	<u>(44,414)</u>
Amount available for appropriation	<u>\$ 2,082,500</u>	<u>\$ 2,403,900</u>	<u>\$ 1,197,735</u>	<u>\$ (1,206,165)</u>
Expenditures	Original	Final Budget	Actual	(Over) Under
Personnel services	\$ 100,600	\$ 310,700	\$ 210,920	\$ 99,780
Materials and services	1,301,500	1,448,800	778,342	670,458
Capital	680,400	639,400	126,659	512,741
Total expenditures	<u>\$ 2,082,500</u>	<u>\$ 2,398,900</u>	<u>1,115,921</u>	<u>\$ 1,282,979</u>
Other financing uses				
Transfer to Street Capital	-	5,000	4,657	(343)
Total expenditures and other financing uses	<u>\$ 2,082,500</u>	<u>\$ 2,403,900</u>	<u>1,120,578</u>	<u>\$ 1,283,322</u>
Fund balance, ending			<u>\$ 77,157</u>	

CITY OF ALBANY, OREGON
BUILDING INSPECTION FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Building permit surcharge	\$ 86,400	\$ 86,400	\$ -	\$ (86,400)
Master electrical permit	1,000	1,000	2,981	1,981
Electrical minor labels	6,600	6,600	5,250	(1,350)
Residential building permits	385,700	385,700	437,212	51,512
Commercial building permits	500,800	500,800	768,526	267,726
Land use plan review fee	5,500	5,500	3,815	(1,685)
Manufactured home set-up fees	1,200	1,200	2,200	1,000
Fire sprinkler permits	16,000	16,000	25,965	9,965
GAPS construction excise tax	-	-	290,305	290,305
CET administration fee	-	-	2,932	2,932
Parking lot permits	10,000	10,000	8,266	(1,734)
Residential electrical permits	127,000	127,000	134,339	7,339
Fire alarm permits	6,000	6,000	6,298	298
Sign permits	5,200	5,200	3,886	(1,314)
Document imaging fees	25,000	25,000	24,654	(346)
Electrical document imaging	1,000	1,000	1,135	135
Charges for services	42,000	42,000	15,644	(26,356)
Interest on investments	3,800	3,800	12,007	8,207
Total revenues	<u>1,223,200</u>	<u>1,223,200</u>	<u>1,745,415</u>	<u>522,215</u>
Other financing sources				
Transfer from General Fund	<u>7,600</u>	<u>7,600</u>	<u>2,612</u>	<u>(4,988)</u>
Fund balance, beginning				
Beginning	997,800	997,800	1,160,814	163,014
Prior period adjustment	-	-	2,811	2,811
Total Fund Balance, beginning	<u>997,800</u>	<u>997,800</u>	<u>1,163,625</u>	<u>165,825</u>
Amount available for appropriation	<u>\$ 2,228,600</u>	<u>\$ 2,228,600</u>	<u>\$ 2,911,652</u>	<u>\$ 683,052</u>
Expenditures				
Building Inspection	\$ 1,963,200	\$ 1,963,200	\$ 1,375,709	\$ 587,491
Electrical Permit Program	257,800	257,800	151,933	105,867
ADA Code Enforcement	<u>7,600</u>	<u>7,600</u>	<u>2,509</u>	<u>5,091</u>
Total expenditures	<u>\$ 2,228,600</u>	<u>\$ 2,228,600</u>	<u>1,530,151</u>	<u>\$ 698,449</u>
Fund balance, ending			<u>\$ 1,381,501</u>	

CITY OF ALBANY, OREGON
ECONOMIC DEVELOPMENT FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Transient room tax	\$ 942,000	\$ 942,000	\$ 1,058,892	\$ 116,892
Airport fuel	2,100	2,100	982	(1,118)
Airport tie down rentals	600	600	325	(275)
Airport lease	44,900	44,900	43,194	(1,706)
Fixed base operator	18,000	18,000	19,200	1,200
Space rental	28,200	28,200	28,600	400
Dayton Hudson Corp. (Target)	33,800	33,800	33,758	(42)
Miscellaneous	-	-	297	297
Interest on investments	1,500	1,500	6,205	4,705
Total revenues	<u>1,071,100</u>	<u>1,071,100</u>	<u>1,191,453</u>	<u>120,353</u>
 Other financing sources				
Transfer from Albany Revitalization Agency Fund	166,000	166,000	129,700	(36,300)
Transfer from Economic Development Fund	5,000	5,000	5,000	-
Transfer from Transient Room Tax Program	69,600	69,600	69,600	-
Total other financing sources	<u>240,600</u>	<u>240,600</u>	<u>204,300</u>	<u>(36,300)</u>
 Fund balance, beginning				
Beginning	736,200	736,200	745,339	9,139
Prior period adjustment	-	-	103,971	103,971
Total Fund Balance, beginning	<u>736,200</u>	<u>736,200</u>	<u>849,310</u>	<u>113,110</u>
Amount available for appropriation	<u>\$ 2,047,900</u>	<u>\$ 2,047,900</u>	<u>2,245,063</u>	<u>\$ 197,163</u>
 Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Target Utilities	38,800	38,800	38,184	\$ 616
Economic Development Activity	952,700	952,700	826,909	125,791
Albany Airport	302,300	287,300	113,348	173,952
Municipal Airport Capital Projects	234,700	249,700	10,353	239,347
Total expenditures	<u>1,528,500</u>	<u>1,528,500</u>	<u>988,794</u>	<u>539,706</u>
 Other financing uses				
Transfers out to other funds	444,800	444,800	429,800	15,000
Ttransfers out	74,600	74,600	74,600	-
Total other financing uses	<u>519,400</u>	<u>519,400</u>	<u>504,400</u>	<u>15,000</u>
Total expenditures and other financing uses	<u>\$ 2,047,900</u>	<u>\$ 2,047,900</u>	<u>1,493,194</u>	<u>\$ 554,706</u>
 Fund balance, ending			<u>\$ 751,869</u>	

CITY OF ALBANY, OREGON
PUBLIC TRANSIT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2016

Revenues	Original Budget	Final Budget	Actual	Over (Under)
FTA section 5307 grant	\$ 767,000	\$ 767,000	\$ 613,059	\$ (153,941)
FTA grant 5310	130,400	130,400	160,173	29,773
Workers' Comp wage subsidy	-	-	5,374	5,374
City of Millersburg	1,000	1,000	2,106	1,106
Local funds	-	-	9,750	9,750
Oregon cigarette tax transit grant - Linn County	59,600	59,600	54,720	(4,880)
Oregon cigarette tax transit grant - Benton County	54,000	54,000	27,000	(27,000)
OSU pass program	1,100	1,100	1,100	-
LBCC pass program	18,900	18,900	18,900	-
LBCC partnership	108,500	108,500	108,500	-
OSU partnership	108,500	108,500	108,500	-
Advertising	5,000	5,000	5,781	781
Bus fares	52,000	52,000	51,620	(380)
Call-a-Ride	30,500	30,500	34,805	4,305
Gifts and donations	300	300	610	310
Miscellaneous	-	-	1,440	1,440
Interest on investments	-	-	1,254	1,254
Total revenues	<u>1,336,800</u>	<u>1,336,800</u>	<u>1,204,692</u>	<u>(132,108)</u>
Other financing sources				
Transfer from General Fund	<u>571,900</u>	<u>571,900</u>	<u>571,900</u>	<u>-</u>
Total other financing sources	<u>571,900</u>	<u>571,900</u>	<u>571,900</u>	<u>-</u>
Fund balance, beginning				
Beginning	101,500	101,500	244,153	142,653
Prior period adjustment	<u>-</u>	<u>-</u>	<u>15,637</u>	<u>15,637</u>
Total Fund Balance, beginning	<u>101,500</u>	<u>101,500</u>	<u>259,790</u>	<u>158,290</u>
Amount available for appropriation	<u>\$ 2,010,200</u>	<u>\$ 2,010,200</u>	<u>2,036,382</u>	<u>\$ 26,182</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Albany Transit System	\$ 739,400	\$ 739,400	\$ 623,332	\$ 116,068
Transit Loop System	673,300	673,300	533,553	139,747
Paratransit System	<u>592,500</u>	<u>592,500</u>	<u>491,342</u>	<u>101,158</u>
Total expenditures	2,005,200	2,005,200	1,648,227	356,973
Other financing uses				
Transfers out to other funds	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 2,010,200</u>	<u>\$ 2,010,200</u>	<u>1,653,227</u>	<u>\$ 356,973</u>
Fund balance, ending			<u>\$ 383,155</u>	

CITY OF ALBANY, OREGON
PUBLIC SAFETY LEVY FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2016

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes				
Current	\$ 2,396,100	\$ 2,646,100	\$ 2,676,362	\$ 30,262
Delinquent	68,000	68,000	74,267	6,267
Interest on investments	1,000	1,000	2,953	1,953
Total revenues	2,465,100	2,715,100	2,753,582	38,482
Fund balance, beginning	<u>40,900</u>	<u>40,900</u>	<u>72,286</u>	<u>31,386</u>
Amount available for appropriation	<u>\$ 2,506,000</u>	<u>\$ 2,756,000</u>	<u>2,825,868</u>	<u>\$ 69,868</u>

Other financing uses	Original Budget	Final Budget	Actual	(Over) Under
Transfers out	<u>\$ 2,506,000</u>	<u>\$ 2,756,000</u>	<u>2,756,000</u>	<u>\$ -</u>
Fund balance, ending			<u>\$ 69,868</u>	

CITY OF ALBANY, OREGON
ALBANY REVITALIZATION AGENCY FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2016

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes - current	\$ 2,274,700	\$ 2,274,700	\$ 2,544,723	\$ 270,023
Property taxes - delinquent	40,000	40,000	73,546	33,546
Miscellaneous	-	-	5,000	5,000
Property management	-	-	15,754	15,754
Loan repayment-principal	63,000	63,000	50,270	(12,730)
Loan repayment-interest	5,500	5,500	-	(5,500)
Interest on investments	5,500	5,500	33,553	28,053
Total revenues	<u>2,388,700</u>	<u>2,388,700</u>	<u>2,722,846</u>	<u>334,146</u>
Other financing sources				
Issuance of short-term debt	3,030,000	3,030,000	-	(3,030,000)
Fund balance, beginning				
Beginning	3,038,800	3,038,800	3,910,360	871,560
Prior period adjustment	-	-	6,087	6,087
Total Fund Balance, beginning	<u>6,068,800</u>	<u>6,068,800</u>	<u>3,916,447</u>	<u>(2,152,353)</u>
Amount available for appropriation	<u>\$ 8,457,500</u>	<u>\$ 8,457,500</u>	<u>6,639,293</u>	<u>\$ (1,818,207)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
ARA	5,711,500	5,545,500	1,516,446	\$ 4,029,054
ARA Debt Service	1,291,000	1,291,000	463,756	827,244
Total expenditures	7,002,500	6,836,500	1,980,202	4,856,298
Other financing uses				
Transfers to other funds	1,455,000	1,621,000	1,584,700	36,300
Total expenditures and other financing uses	<u>\$ 8,457,500</u>	<u>\$ 8,457,500</u>	<u>3,564,902</u>	<u>\$ 4,892,598</u>
Fund balance, ending			<u>\$ 3,074,391</u>	

CITY OF ALBANY, OREGON
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Revenues				
Property taxes - current	\$ 964,900	\$ 964,900	\$ 976,000	\$ 11,100
Property taxes - delinquent	0	0	45,280	45,280
Charges for services	615,300	615,300	615,300	-
Interest on investments	<u>2,100</u>	<u>2,100</u>	<u>26,596</u>	<u>24,496</u>
 Total revenues	 <u>1,582,300</u>	 <u>1,582,300</u>	 <u>1,663,176</u>	 <u>80,876</u>
Other financing sources				
Transfer from Parks and Recreation Fund	<u>180,400</u>	<u>180,400</u>	<u>180,304</u>	<u>(96)</u>
Total other financing sources	<u>180,400</u>	<u>180,400</u>	<u>180,304</u>	<u>(96)</u>
Fund balance, beginning	<u>119,000</u>	<u>119,000</u>	<u>161,728</u>	<u>42,728</u>
Amount available for appropriation	<u>\$ 1,881,700</u>	<u>\$ 1,881,700</u>	<u>2,005,208</u>	<u>\$ 123,508</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Expenditures				
2002 Limited Tax Pension Obligations (PERS)	\$ 735,900	\$ 735,900	\$ 615,236	\$ 120,664
2004 Revenue Obligations	180,400	180,400	180,304	96
2015 Public Safety Facility Bonds	<u>965,400</u>	<u>965,400</u>	<u>933,481</u>	<u>31,919</u>
Total expenditures	<u>\$ 1,881,700</u>	<u>\$ 1,881,700</u>	<u>1,729,021</u>	<u>\$ 152,679</u>
 Fund balance, ending			 <u>\$ 276,187</u>	

CITY OF ALBANY, OREGON
CAPITAL PROJECTS FUND - A Major Fund
BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Charges for services	\$ 15,000	\$ 15,000	\$ 19,100	\$ 4,100
Financed principal	139,700	139,700	507,510	367,810
Unfinanced principal	2,500	2,500	883	(1,617)
Interest	3,400	3,400	154,731	151,331
Miscellaneous	-	-	501	501
Total revenues	160,600	160,600	682,725	522,125
Other financing sources				
Transfer from Street Fund	715,800	715,800	-	(715,800)
Transfer from Water Fund	75,000	75,000	-	(75,000)
Transfer from Albany Revitalization Fund	1,455,000	1,455,000	1,455,000	-
Transfer from Risk Management Fund	5,000,000	5,000,000	5,000,000	-
Proceeds from debt issuance	18,000,000	18,000,000	18,636,260	636,260
Total other financing sources	25,245,800	25,245,800	25,091,260	(154,540)
Fund balance, beginning				
Beginning	814,500	814,500	892,339	77,839
Prior period adjustment	-	-	46,872	46,872
Total Fund Balance, beginning	814,500	814,500	939,211	124,711
Amount available for appropriation	\$ 26,220,900	\$ 26,220,900	\$ 26,713,196	\$ 492,296
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
LID Construction Projects	\$ 1,513,900	\$ 1,513,900	\$ 44,798	\$ 1,469,102
Albany Station Pathway	112,300	32,300	35,798	(3,498)
Public Safety Facilities	24,455,000	24,455,000	2,068,517	22,386,483
Total expenditures	26,081,200	26,001,200	2,149,113	23,852,087
Other financing uses				
Repayment of Interfund Loan to Risk Management Fund	139,700	139,700	139,700	-
Transfer to street capital	-	65,000	46,511	18,489
Transfer to parks SDC	-	15,000	10,666	4,334
Total other financing uses	139,700	219,700	196,877	22,823
Total expenditures and other financing uses	\$ 26,220,900	\$ 26,220,900	2,345,990	\$ 23,874,910
Budgetary Fund Balance			24,367,206	
Adjustment for Interfund Loans to Risk Management			(3,458,977)	
Fund Balance, ending			\$ 20,908,229	

CITY OF ALBANY, OREGON
CAPITAL REPLACEMENT FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2016

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Equipment replacement charges	\$ 885,300	\$ 885,300	\$ 806,020	\$ (79,280)
Departmental charges	150,000	150,000	150,000	-
Phone system charges	75,000	75,000	75,000	-
Oregon Community Foundation	2,500	2,500	2,547	47
Energy Trust of Oregon	20,000	20,000	8,029	(11,971)
Property management	23,400	23,400	9,500	(13,900)
Albany Library Foundation	-	-	118	118
Miscellaneous	15,000	15,000	96,191	81,191
Interest on investments	<u>11,200</u>	<u>11,200</u>	<u>54,154</u>	<u>42,954</u>
Total revenues	<u>1,182,400</u>	<u>1,182,400</u>	<u>1,201,559</u>	<u>19,159</u>
Other financing sources				
Capital lease	-	-	242,881	242,881
Transfer from General Fund	-	118,200	118,200	-
Transfer from Economic Development Fund	<u>206,100</u>	<u>206,100</u>	<u>206,100</u>	<u>-</u>
Total other financing sources	<u>206,100</u>	<u>324,300</u>	<u>567,181</u>	<u>242,881</u>
Special item				
Proceeds from sale of police station	<u>-</u>	<u>-</u>	<u>1,745,013</u>	<u>1,745,013</u>
Fund balance, beginning				
Property management	8,400	8,400	-	(8,400)
Monteith House	43,400	43,400	-	(43,400)
Energy Trust	24,000	24,000	-	(24,000)
Committed	6,176,500	6,176,500	5,690,226	(486,274)
Prior period adjustment	<u>-</u>	<u>-</u>	<u>8,221</u>	<u>8,221</u>
Total fund balance, beginning	<u>6,252,300</u>	<u>6,252,300</u>	<u>5,698,447</u>	<u>(562,074)</u>
Amount available for appropriation	<u>\$ 7,640,800</u>	<u>\$ 7,759,000</u>	<u>\$ 9,212,200</u>	<u>\$ 1,453,200</u>
Expenditures	Budget	Budget	Actual	Under
Equipment replacement	\$ 4,517,900	\$ 4,636,100	\$ 1,606,037	\$ 3,030,063
City facilities replacement	147,400	147,400	12,905	134,495
General Fund building maintenance projects	158,200	158,200	67,827	90,373
Information technology equipment replacement	1,619,000	1,619,000	694,793	924,207
Public works facilities replacement	<u>1,198,300</u>	<u>1,198,300</u>	<u>1,031,075</u>	<u>167,225</u>
Total expenditures	<u>\$ 7,640,800</u>	<u>\$ 7,759,000</u>	<u>3,412,637</u>	<u>\$ 4,346,363</u>
 			<u>\$ 5,799,563</u>	

**CITY OF ALBANY, OREGON
COMBINING BALANCE SHEET
PERMANENT FUNDS**

June 30, 2016

	Senior Center Endowment	Library Trust	Totals
ASSETS			
Interest receivable	\$ 16	\$ 26	\$ 42
Restricted cash and investments	<u>51,975</u>	<u>82,749</u>	<u>134,724</u>
Total assets	<u>\$ 51,991</u>	<u>\$ 82,775</u>	<u>\$ 134,766</u>
LIABILITIES			
Accounts payable	<u>\$ -</u>	<u>\$ 90</u>	<u>\$ 90</u>
FUND BALANCES			
Nonspendable	51,200	79,500	130,700
Restricted - library programs	-	3,185	3,185
Restricted - parks and recreation programs	<u>791</u>	<u>-</u>	<u>791</u>
Total fund balances	<u>51,991</u>	<u>82,685</u>	<u>134,676</u>
Total liabilities and fund balances	<u>\$ 51,991</u>	<u>\$ 82,775</u>	<u>\$ 134,766</u>

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
For the Year Ended June 30, 2016

	<u>Senior Center Endowment</u>	<u>Library Trust</u>	<u>Totals</u>
REVENUES			
Interest on investments	\$ 339	\$ 566	\$ 905
Miscellaneous	<u>25</u>	<u>-</u>	<u>25</u>
Total revenues	364	566	930
EXPENDITURES			
Culture and recreation	<u>-</u>	<u>1,366</u>	<u>1,366</u>
Net change in fund balances	364	(800)	(436)
Fund balance - beginning	<u>51,627</u>	<u>83,485</u>	<u>135,112</u>
Fund balance - ending	<u>\$ 51,991</u>	<u>\$ 82,685</u>	<u>\$ 134,676</u>

CITY OF ALBANY, OREGON
SENIOR CENTER ENDOWMENT FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Gifts and donations	\$ 100	\$ 100	\$ 25	\$ (75)
Interest on investments	100	100	339	239
Total revenues	200	200	364	164
Fund balance, beginning	<u>51,500</u>	<u>51,500</u>	<u>51,627</u>	<u>127</u>
Amount available for appropriation	<u>\$ 51,700</u>	<u>\$ 51,700</u>	<u>51,991</u>	<u>\$ 291</u>
Expenditures				
Materials and services	\$ 200	\$ 200	-	\$ 200
Unappropriated surplus	<u>51,500</u>	<u>51,500</u>	<u>-</u>	<u>51,500</u>
Total expenditures	<u>\$ 51,700</u>	<u>\$ 51,700</u>	<u>-</u>	<u>\$ 51,700</u>
Fund Balance, ending			<u>\$ 51,991</u>	

CITY OF ALBANY, OREGON
LIBRARY TRUST FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interest on investments	\$ 400	\$ 400	\$ 566	\$ 166
Fund balance, beginning	84,000	84,000	83,485	(515)
Amount available for appropriation	\$ 84,400	\$ 84,400	84,051	\$ (349)
Expenditures				(Over) Under
V. O. Torney Trust	\$ 13,100	\$ 13,100	\$ -	\$ 13,100
Manela Trust	71,300	71,300	1,366	69,934
Total expenditures	\$ 84,400	\$ 84,400	1,366	\$ 83,034
Fund Balance, ending			\$ 82,685	

CITY OF ALBANY, OREGON
WATER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2016

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Delinquent	\$ -	\$ -	\$ 263	\$ 263
Water service				
Water service charges	11,991,600	11,991,600	12,229,733	238,133
Water service charges-Millersburg	200,000	200,000	360,622	160,622
Dumbeck Water District	48,100	48,100	64,041	15,941
North Albany capital charges	111,400	111,400	111,400	-
Collection agency payments	7,500	7,500	11,751	4,251
Charges for services				
City of Lebanon	77,000	77,000	77,000	-
Hydropower	70,000	70,000	77,273	7,273
Equipment replacement charges	146,400	146,400	146,400	-
Financed system development charges				
Principal	700	700	2,013	1,313
Interest	500	500	176	(324)
Water expansion				
Public facility construction permits	10,000	10,000	77,377	67,377
Water connection fees	15,000	15,000	25,135	10,135
Water systems development charges	299,700	299,700	385,485	85,785
Water service installation fee	60,000	60,000	109,804	49,804
Workers' Comp wage subsidy	-	-	2,535	2,535
Miscellaneous	6,000	6,000	9,289	3,289
Interest on investments	29,300	29,300	120,967	91,667
Total revenues	13,073,200	13,073,200	13,811,264	738,064
Other financing sources				
Transfer from Water SDC Improvement Projects	402,100	402,100	402,100	-
Fund balance, beginning				
Unassigned	10,704,100	10,704,100	12,419,655	1,715,555
Prior period adjustment	-	-	24,719	24,719
Fund balance, beginning, designated for debt service	1,627,600	1,627,600	1,632,354	4,754
Total fund balance, beginning	12,331,700	12,331,700	14,076,728	1,745,028
Amount available for appropriation	<u>\$ 25,807,000</u>	<u>\$ 25,807,000</u>	<u>\$ 28,290,092</u>	<u>\$ 2,483,092</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 2,436,600	\$ 2,436,600	\$ 2,245,880	\$ 190,720
Materials and services	6,005,500	5,930,500	6,057,708	(127,208)
Capital	11,840,000	11,915,000	4,695,799	7,219,201
Debt service	3,531,600	3,531,600	1,931,594	1,600,006
Contingencies	983,400	983,400	-	983,400
Total expenditures	24,797,100	24,797,100	14,930,981	9,866,119
Other financing uses				
Transfers out	607,800	607,800	557,662	50,138
Intrafund transfers out	402,100	402,100	402,100	-
Total other financing uses	1,009,900	1,009,900	959,762	50,138
Total expenditures and other financing uses	\$ 25,807,000	\$ 25,807,000	15,890,743	\$ 9,916,257
Budgetary fund balance, ending			<u>\$ 12,399,349</u>	

CITY OF ALBANY, OREGON
WATER FUND
RECONCILIATION OF BUDGETARY BASIS REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2016

	Revenues	Expenditures	Fund Balance/ Net Position
Totals from prior page	\$ 13,811,264	\$ 14,930,981	\$ 12,399,349
Reconciling items			
June 30, 2016, asset and liability balances:			
Capital assets, net	-	-	88,215,409
Accounts receivable	-	-	1,488,869
Unamortized issue costs/loss on defeasance	-	-	(1,578,238)
Inventory balance	-	-	580,598
Salaries, withholdings, and vacations payable	-	-	(158,214)
Net pension liability	-	-	(1,485,803)
Deferred outflows - pension related	-	-	302,264
Deferred inflows - pension related	-	-	(166,949)
OPEB payable	-	-	(219,217)
Interest payable	-	-	(407,456)
Bonds payable	-	-	(25,570,000)
Adjustments to current year revenues			
Change in accounts receivable	(96,282)	-	-
Adjustments to current year expenses			
Interest paid on long-term obligations	-	(996,594)	-
Eliminate principal paid on long-term obligations	-	(935,000)	-
Change in compensated absences liability	-	(19,882)	-
Change in OPEB obligation	-	18,985	-
Depreciation and amortization	-	2,971,270	-
Expenditures capitalized	-	(4,666,790)	-
Changes in inventories	-	56,808	-
Pension Expense	-	1,118,217	-
Adjustment to capital assets	-	-	-
Other adjustments			
Nonoperating revenues			
Property taxes	(263)	-	-
Interest on investments	(120,967)	-	-
Miscellaneous	-	-	-
Capital contributions	(387,674)	-	-
Operating revenues, operating expenses, and ending net position from Statement of Revenues, Expenses, and Changes in Fund Net Position of Proprietary Funds (page 31)	<u>\$ 13,206,078</u>	<u>\$ 12,477,995</u>	<u>\$ 73,400,612</u>

CITY OF ALBANY, OREGON
SEWER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2016

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Sewer service charges				
Albany sewer service charges	\$ 15,768,000	\$ 15,768,000	\$ 16,231,487	\$ 463,487
Charges collected through property taxes	40,000	40,000	46,471	6,471
Collection agency payments	5,000	5,000	13,289	8,289
Financed system development charges				
Principal	17,500	17,500	4,688	(12,812)
Interest	3,000	3,000	718	(2,282)
Financed assessments				
Principal	14,000	14,000	-	(14,000)
Interest	3,500	3,500	-	(3,500)
Financed connection fees				
Principal	3,900	3,900	7,097	3,197
Interest	2,900	2,900	4,585	1,685
Sewer oversizing and expansion				
Public facility construction permits	5,000	5,000	44,518	39,518
Sewer system development charges	363,400	363,400	752,618	389,218
General sewer connection fees	15,000	15,000	7,363	(7,637)
Storm drain connection fees	5,000	5,000	6,539	1,539
Sewer connection fees	-	-	3,876	3,876
Storm drain plan review/inspection fees	5,000	5,000	25,609	20,609
Stormwater Capital				
Stormwater quality permits	5,000	5,000	8,013	3,013
Stormwater deferred planting	5,000	5,000	-	(5,000)
Stormwater in-lieu of planting	5,000	5,000	20,565	15,565
Charges for services				
Equipment replacement charges	118,000	118,000	118,000	-
Millersburg operation and maintenance charges	110,000	110,000	199,454	89,454
Wah Chang operation and maintenance charges	115,000	115,000	219,971	104,971
City of Millersburg	416,500	416,500	416,508	8
Workers' Compensation wage subsidy reimbursement	-	-	979	979
Miscellaneous	25,000	25,000	34,594	9,594
Interest on investments	78,500	78,500	193,215	114,715
Total revenues	<u>17,129,200</u>	<u>17,129,200</u>	<u>18,360,157</u>	<u>1,230,957</u>
Other financing sources				
Transfer from SDC	<u>727,300</u>	<u>727,300</u>	<u>727,300</u>	<u>-</u>
Fund balance, beginning				
Unassigned	19,268,500	19,268,500	20,588,336	1,319,836
Prior period adjustment	-	-	41,224	41,224
Total Fund Balance, beginning	<u>19,268,500</u>	<u>19,268,500</u>	<u>20,629,560</u>	<u>1,361,060</u>
Amount available for appropriation	<u>\$ 37,125,000</u>	<u>\$ 37,125,000</u>	<u>39,717,017</u>	<u>\$ 2,592,017</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 2,503,300	\$ 2,503,300	\$ 2,347,565	\$ 155,735
Materials and services	7,425,200	7,425,200	6,737,118	688,082
Capital	15,842,300	15,842,300	2,460,188	13,382,112
Debt service	9,029,600	9,029,600	5,629,989	3,399,611
Contingencies	995,800	952,800	-	952,800
Total expenditures	<u>35,796,200</u>	<u>35,753,200</u>	<u>17,174,860</u>	<u>18,578,340</u>
Other financing uses				
Transfers out to other funds	<u>1,328,800</u>	<u>1,371,800</u>	<u>1,365,742</u>	<u>6,058</u>
Total other financing uses	<u>1,328,800</u>	<u>1,371,800</u>	<u>1,365,742</u>	<u>6,058</u>
Total expenditures and other financing uses	<u>\$ 37,125,000</u>	<u>\$ 37,125,000</u>	<u>18,540,602</u>	<u>\$ 18,584,398</u>
Budgetary fund balance, ending			<u>\$ 21,176,415</u>	

CITY OF ALBANY, OREGON
SEWER FUND
RECONCILIATION OF BUDGETARY BASIS REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2016

	Revenues	Expenditures	Fund Balance/ Net Position
Totals from prior page	\$ 18,360,157	\$ 17,174,860	\$ 21,176,415
Reconciling items			
June 30, 2016, asset and liability balances:			
Capital assets, net	-	-	139,433,129
Accounts receivable	-	-	2,526,123
Loans receivable	-	-	4,335,845
Inventories	-	-	332,889
Salaries, withholdings, and vacations payable	-	-	(123,155)
OPEB payable	-	-	(204,666)
Interest payable	-	-	(568,527)
Bonds payable	-	-	(55,321,160)
Net pension liability	-	-	(782,128)
Deferred outflows - pension related	-	-	265,093
Deferred inflows - pension related	-	-	(442,975)
Adjustments to current year revenues			
Change in accounts receivable	(1,260,493)	-	-
Adjustments to current year expenses			
Expenditures capitalized	-	(2,460,188)	-
Change in inventory	-	5,924	-
Interest expense	-	(2,012,931)	-
Change in compensated absences liability	-	(132,127)	-
Change in OPEB obligation	-	12,212	-
Loan principal	-	(3,579,170)	-
Depreciation and amortization	-	4,591,095	-
Pension expense	-	719,271	-
Other adjustments			
Nonoperating revenues			
Interest on investments	(193,215)		
Miscellaneous	(1,697)		
Capital contributions	(757,306)	-	-
Millersburg loan reclassification	(256,653)	-	-
Operating revenues, operating expenses, and ending net position from Statement of Revenues, Expenses, and Changes in Fund Net Position of Proprietary Funds (page 31)	<u>\$ 15,890,793</u>	<u>\$ 14,318,946</u>	<u>\$ 110,626,883</u>

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

June 30, 2016

	Central Services	Public Works Services	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 280,553	\$ 437,079	\$ 717,632
Accounts receivable	50	126	176
Accrued interest	376	1,339	1,715
Total current assets	280,979	438,544	719,523
Noncurrent assets:			
Capital assets (net of depreciation)	-	64,834	64,834
Total noncurrent assets	-	64,834	64,834
Total assets	280,979	503,378	784,357
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	498,292	731,158	1,229,450
LIABILITIES			
Current liabilities:			
Accounts payable	154,747	199,315	354,062
Compensated absences	147,056	202,130	349,186
Total current liabilities	301,803	401,445	703,248
Long-term debt obligations			
Compensated absences	147,054	202,130	349,184
Other postemployment benefits	412,581	530,107	942,688
Net pension liability	2,119,925	3,022,768	5,142,693
Total long-term debt obligations	2,679,560	3,755,005	6,434,565
Total liabilities	2,981,363	4,156,450	7,137,813
DEFERRED INFLOWS OF RESOURCES			
Pension related items	462,771	729,055	1,191,826
NET POSITION			
Investment in capital assets	-	64,834	64,834
Unrestricted	(2,664,863)	(3,715,803)	(6,380,666)
Total net position	\$ (2,664,863)	\$ (3,650,969)	\$ (6,315,832)

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2016

	Central Services	Public Works Services	Totals
	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUES			
Service charges and fees	\$ 5,502,902	\$ 7,485,680	\$ 12,988,582
Miscellaneous	<u>57,733</u>	<u>9,102</u>	<u>66,835</u>
Total operating revenues	<u>5,560,635</u>	<u>7,494,782</u>	<u>13,055,417</u>
 OPERATING EXPENSES			
Salaries and wages	5,720,839	8,416,299	14,137,138
Contracted services	182,880	284,779	467,659
Operating supplies	739,945	534,338	1,274,283
Utilities	90,220	89,118	179,338
Depreciation	-	15,720	15,720
Repairs and maintenance	140,562	69,731	210,293
Charges for services	705,032	589,387	1,294,419
Miscellaneous	<u>4,646</u>	<u>-</u>	<u>4,646</u>
Total operating expenses	<u>7,584,124</u>	<u>9,999,372</u>	<u>17,583,496</u>
Operating income (loss)	(2,023,489)	(2,504,590)	(4,528,079)
NONOPERATING REVENUES:			
Interest on investments	<u>6,708</u>	<u>4,355</u>	<u>11,063</u>
Change in net position	(2,016,781)	(2,500,235)	(4,517,016)
Net position - beginning	<u>(648,082)</u>	<u>(1,150,734)</u>	<u>(1,798,816)</u>
Net position - ending	<u>\$ (2,664,863)</u>	<u>\$ (3,650,969)</u>	<u>\$ (6,315,832)</u>

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2016

	Central Services	Public Works Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,560,726	\$ 7,494,717	\$ 13,055,443
Cash payments to suppliers of goods and services	(1,840,245)	(1,555,997)	(3,396,242)
Cash payments to employees for services	(4,068,614)	(5,872,320)	(9,940,934)
Net cash provided by (used in) operating activities	(348,133)	66,400	(281,733)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	6,648	4,207	10,855
Net increase (decrease) in cash and cash equivalents	(341,485)	70,607	(270,878)
Cash and cash equivalents, July 1, 2015	<u>622,038</u>	<u>366,472</u>	<u>988,510</u>
Cash and cash equivalents, June 30, 2016	<u>\$ 280,553</u>	<u>\$ 437,079</u>	<u>\$ 717,632</u>

RECONCILIATION OF OPERATING INCOME TO

NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

Operating income	\$ (2,023,489)	\$ (2,504,590)	\$ (4,528,079)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	-	15,720	15,720
Changes in assets, deferred outflows, liabilities and deferred inflows:			
(Increase) decrease in accounts receivable	91	(65)	26
(Increase) decrease in prepaid items	2,823	-	2,823
(Increase) decrease in net pension asset	772,250	1,145,017	1,917,267
(Increase) decrease in deferred outflows of resources	(183,909)	(265,023)	(448,932)
Increase (decrease) in net pension liability	2,119,925	3,022,768	5,142,693
Increase (decrease) in accounts payable	20,217	11,356	31,573
Increase (decrease) in accrued compensated absences	(54,344)	84,717	30,373
Increase (decrease) in other postemployment benefits	28,490	41,057	69,547
Increase (decrease) in deferred inflows of resources	(1,030,187)	(1,484,557)	(2,514,744)
Total adjustments	<u>1,675,356</u>	<u>2,570,990</u>	<u>4,246,346</u>
Net cash provided by operating activities	<u>\$ (348,133)</u>	<u>\$ 66,400</u>	<u>\$ (281,733)</u>

CITY OF ALBANY, OREGON
CENTRAL SERVICES FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2016

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Building maintenance charges	\$ 723,100	\$ 723,100	\$ 552,984	\$ (170,116)
Administrative services charges	3,237,600	3,237,600	3,106,496	(131,104)
Information technology charges	1,438,900	1,438,900	1,438,900	-
GIS services charge	425,400	425,400	298,180	(127,220)
Permit Tracking services charge	116,600	116,600	106,073	(10,527)
GIS information sales	-	-	90	90
Workers' Compensation wage subsidy	-	-	179	179
Miscellaneous	40,000	40,000	57,733	17,733
Interest on investments	1,000	1,000	6,707	5,707
Total revenues	<u>5,982,600</u>	<u>5,982,600</u>	<u>5,567,342</u>	<u>(415,258)</u>

Fund balance, beginning	<u>35,800</u>	<u>35,800</u>	<u>490,789</u>	<u>454,989</u>
Amount available for appropriation	<u>\$ 6,018,400</u>	<u>\$ 6,018,400</u>	<u>6,058,131</u>	<u>\$ 39,731</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Council and nondepartmental	\$ 220,900	\$ 220,900	\$ 217,522	\$ 3,378
City manager's office	869,700	869,700	857,001	12,699
Information technology services	1,552,500	1,552,500	1,535,682	16,818
Human resources	670,800	655,800	636,128	19,672
Facilities maintenance	723,100	723,100	701,507	21,593
Finance	1,439,400	1,454,400	1,444,353	10,047
GIS services	425,400	425,400	426,470	(1,070)
Permit tracking services	116,600	116,600	113,236	3,364
Total expenditures	<u>\$ 6,018,400</u>	<u>\$ 6,018,400</u>	<u>\$ 5,931,899</u>	<u>\$ 86,501</u>

Budgetary fund balance \$ 126,232

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Position, see page 115.

CITY OF ALBANY, OREGON
PUBLIC WORKS SERVICES FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Over (Under)
Revenues:				
Charges for services - Water	\$ 2,728,000	\$ 2,728,000	\$ 2,666,494	\$ (61,506)
Charges for services - Sewer	3,128,200	3,128,200	3,016,507	(111,693)
Charges for services - Streets	640,500	640,500	744,188	103,688
Charges for services - Airport	13,200	13,200	12,117	(1,083)
Charges for services - Transit	83,000	83,000	77,390	(5,610)
Charges for services - Building Inspection	139,400	139,400	128,433	(10,967)
Charges for services - Construction in Progress	1,376,700	1,376,700	840,551	(536,149)
Miscellaneous	-	-	9,102	9,102
Interest	-	-	4,354	4,354
Total revenues	<u>8,109,000</u>	<u>8,109,000</u>	7,499,136	(609,864)
Fund balance, beginning	<u>77,600</u>	<u>77,600</u>	179,765	<u>102,165</u>
Amount available for appropriation	<u>\$ 8,186,600</u>	<u>\$ 8,186,600</u>	<u>7,678,901</u>	<u>\$ (507,699)</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Public works administration	\$ 1,319,000	\$ 1,319,000	\$ 1,183,061	\$ 135,939
Engineering services	2,765,600	2,765,600	2,498,693	266,907
Operations administration	596,700	596,700	528,613	68,087
Water quality control services	383,600	383,600	356,223	27,377
Public works customer service	1,298,100	1,298,100	1,186,257	111,843
Facilities and maintenance engineering	<u>1,823,600</u>	<u>1,823,600</u>	<u>1,686,825</u>	<u>136,775</u>
Total expenditures	<u>\$ 8,186,600</u>	<u>\$ 8,186,600</u>	<u>7,439,672</u>	<u>\$ 746,928</u>
Budgetary fund balance			<u>\$ 239,229</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Position, see page 115.

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
RECONCILIATION OF BUDGETARY BASIS REVENUES, EXPENDITURES, FUND BALANCE TO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2016

	Central Services	Public Works Service	Totals
<u>REVENUES</u>			
Total revenues from Schedule of Revenues and Expenditures - Budget and Actual (pages 113 and 114)	\$ 5,567,342	\$ 7,499,136	\$ 13,066,478
Reconciling item:			
Interest on investments	<u>(6,707)</u>	<u>(4,354)</u>	<u>(11,061)</u>
Operating revenues from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position (page 111)	<u>\$ 5,560,635</u>	<u>\$ 7,494,782</u>	<u>\$ 13,055,417</u>
<u>EXPENDITURES</u>			
Total expenditures from Schedule of Revenues and Expenditures - Budget and Actual (pages 113 and 114)	\$ 5,931,899	\$ 7,439,672	\$ 13,371,571
Reconciling item:			
Depreciation	-	15,720	15,720
Change in compensated absences liability	(54,344)	84,717	30,373
Pension related expense	1,678,079	2,418,206	4,096,285
Change in OPEB obligation	<u>28,490</u>	<u>41,057</u>	<u>69,547</u>
Operating expenses from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position (page 111)	<u>\$ 7,584,124</u>	<u>\$ 9,999,372</u>	<u>\$ 17,583,496</u>
<u>FUND BALANCE</u>			
Fund balance from Schedule of Revenues and Expenditures - Budget and Actual (pages 113 and 114)	\$ 126,232	\$ 239,229	\$ 365,461
Reconciling item:			
Deferred outflows - pension related	498,292	731,158	1,229,450
Deferred inflows - pension related	(462,771)	(729,055)	(1,191,826)
Capital assets, net	-	64,834	64,834
Compensated absences liability	(294,110)	(404,260)	(698,370)
Net pension liability	(2,119,925)	(3,022,768)	(5,142,693)
OPEB obligation	<u>(412,581)</u>	<u>(530,107)</u>	<u>(942,688)</u>
Net Position from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position (page 111)	<u>\$ (2,664,863)</u>	<u>\$ (3,650,969)</u>	<u>\$ (6,315,832)</u>

**Capital Assets Used in
Governmental Activities**

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
as of June 30, 2016

Governmental capital assets	
Land	\$ 13,495,010
Buildings	20,907,195
Intangible asset	800,000
Vehicles and Equipment	17,522,433
Infrastructure	<u>140,682,310</u>
Total governmental capital assets	<u>\$ 193,406,948</u>
Investment in capital assets from:	
Balance as of June 30, 1993	\$ 5,022,808
Capital project funds:	
General obligation bonds	11,040,413
Certificates of participation	5,670,458
Federal grants	25,622,938
State grants	2,603,485
Transfer from General Fund	1,083,265
Transfer from special revenue funds	3,047,613
Other sources	793,030
General Fund	9,002,723
Special revenue funds	76,627,709
Local improvement districts	16,031,018
Urban renewal districts	4,257,080
Donations	<u>32,604,408</u>
Total investment in governmental capital assets	<u>\$ 193,406,948</u>

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CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
for the fiscal year ended June 30, 2016

	Balances June 30, 2015	Additions	Deletions, Transfers out, Transfers in	Balances June 30, 2016
<u>CAPITAL ASSETS</u>				
Land	\$ 13,495,010	\$ -	\$ -	\$ 13,495,010
Buildings and improvements	21,194,348	1,031,075	(1,318,228)	20,907,195
Intangible assets	800,000	-	-	800,000
Vehicles and equipment	15,522,267	2,000,166	-	17,522,433
Infrastructure	<u>137,208,383</u>	<u>3,473,927</u>	<u>-</u>	<u>140,682,310</u>
Total capital assets	<u>\$ 188,220,008</u>	<u>\$ 6,505,168</u>	<u>\$ (1,318,228)</u>	<u>\$ 193,406,948</u>

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
as of June 30, 2016

	Land	Buildings and Improvements	Intangible Asset	Vehicles and Equipment	Infrastructure	Total
Function and Activity:						
General Government:						
Building Maintenance	\$ -	\$ -	\$ -	\$ 183,823	\$ -	\$ 183,823
Building Inspection	-	-	-	28,192	-	28,192
General Fund	3,097,452	6,452,491	-	816,303	24,208,935	34,575,181
Airport Maintenance	33,510	68,215	-	22,468	3,746,154	3,870,347
Public Transit	-	-	-	2,570,871	-	2,570,871
Total general government	<u>3,130,962</u>	<u>6,520,706</u>	<u>-</u>	<u>3,621,657</u>	<u>27,955,089</u>	<u>41,228,414</u>
Public Safety:						
Municipal Court	-	-	-	23,571	-	23,571
Police	869,088	-	-	3,139,225	-	4,008,313
Fire	1,331,187	4,377,955	-	7,081,303	-	12,790,445
Total public safety	<u>2,200,275</u>	<u>4,377,955</u>	<u>-</u>	<u>10,244,099</u>	<u>-</u>	<u>16,822,329</u>
Highways and Streets:						
Street Maintenance	1,299,065	1,426,905	-	1,355,315	99,500,501	103,581,786
Culture and Recreation:						
Library	653,570	6,839,299	-	343,148	-	7,836,017
Parks and Recreation	6,211,138	1,742,330	800,000	1,958,214	13,226,720	23,938,402
Total culture and recreation	<u>6,864,708</u>	<u>8,581,629</u>	<u>800,000</u>	<u>2,301,362</u>	<u>13,226,720</u>	<u>31,774,419</u>
Total capital assets	<u>\$ 13,495,010</u>	<u>\$ 20,907,195</u>	<u>\$ 800,000</u>	<u>\$ 17,522,433</u>	<u>\$ 140,682,310</u>	<u>\$ 193,406,948</u>

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
for the fiscal year ended June 30, 2016

	Capital Assets June 30, 2015	Additions	Deletions, Transfers in, Transfers out	Capital Assets June 30, 2016
<u>Function and Activity:</u>				
General Government:				
Building Maintenance	\$ 154,823	\$ 29,000	\$ -	\$ 183,823
Building Inspection	28,192	-	-	28,192
General Fund	30,925,875	3,649,306	-	34,575,181
Airport Maintenance	3,865,566	4,781	-	3,870,347
Public Transit	2,570,871	-	-	2,570,871
	<hr/>	<hr/>	<hr/>	<hr/>
Total general government	37,545,327	3,683,087	-	41,228,414
	<hr/>	<hr/>	<hr/>	<hr/>
Public Safety:				
Municipal Court	23,571	-	-	23,571
Police	4,787,790	538,751	(1,318,228)	4,008,313
Fire	11,960,858	829,587	-	12,790,445
	<hr/>	<hr/>	<hr/>	<hr/>
Total public safety	16,772,219	1,368,338	(1,318,228)	16,822,329
	<hr/>	<hr/>	<hr/>	<hr/>
Highways and Streets:				
Street Maintenance	102,446,508	1,135,278	-	103,581,786
	<hr/>	<hr/>	<hr/>	<hr/>
Culture and Recreation:				
Library	7,836,017	-	-	7,836,017
Parks and Recreation	23,619,937	318,465	-	23,938,402
	<hr/>	<hr/>	<hr/>	<hr/>
Total culture and recreation	31,455,954	318,465	-	31,774,419
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets	\$ 188,220,008	\$ 6,505,168	\$ (1,318,228)	\$ 193,406,948

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OTHER FINANCIAL SCHEDULES

Debt Principal Transactions

Debt Interest Transactions

Future Debt Principal and Interest Requirements – Governmental Activities

Future Debt Principal and Interest Requirements – Business-type Activities

Property Tax Transactions and Outstanding Balances

CITY OF ALBANY, OREGON
SCHEDULE OF DEBT PRINCIPAL TRANSACTIONS
for the fiscal year ended June 30, 2016

	Interest Rate	Date of Issue	Years of Maturity	Outstanding June 30, 2015	Matured/ Paid off During Year	Outstanding June 30, 2016
GOVERNMENTAL ACTIVITIES						
2015 Public Safety Facilities	3.475	08/19/15	2015-2035	\$ -	\$ 395,000	\$ 17,605,000
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	2002-2028	5,208,982	107,498	5,101,484
2004 General Revenue Obligations	2.50-4.00	12/15/04	2006-2020	800,000	145,000	655,000
2007 Series A CARA Tax-Exempt	4.85	10/15/07	2008-2022	2,696,000	333,000	2,363,000
1996 OEDD Notes Payable (1)	5.47	12/01/95	2015-2016	<u>36,107</u>	<u>36,107</u>	<u>-</u>
Total governmental activities				<u>\$ 8,741,089</u>	<u>\$ 1,016,605</u>	<u>\$ 25,724,484</u>
BUSINESS-TYPE ACTIVITIES						
2013 Water Refunding Bonds	3.125-5.00	08/01/13	2013-2033	\$ 26,505,000	\$ 935,000	\$ 25,570,000
2007 Oregon DEQ SRF Notes Payable (2)	3.40-3.64	09/21/06	2007-2030	54,953,181	3,071,056	51,882,125
2009 Wetland Loans Payable	4.00	12/21/09	2010-2020	2,297,149	408,114	1,889,035
2012 SRF/ARRA Loan	4.00	02/01/12	2031-2032	<u>1,650,000</u>	<u>100,000</u>	<u>1,550,000</u>
Total business-type activities				<u>\$ 85,405,330</u>	<u>\$ 4,514,170</u>	<u>\$ 80,891,160</u>

(1) Oregon Economic Development Department

(2) Department of Environmental Quality State Revolving Fund Loans

CITY OF ALBANY, OREGON
SCHEDULE OF DEBT INTEREST TRANSACTIONS
for the fiscal year ended June 30, 2016

	Interest Rate	Date of Issue	Years of Maturity	Total Required Payments June 30, 2015	Interest Retired During Year	Total Required Payments June 30, 2016
GOVERNMENTAL ACTIVITIES						
2015 Public Safety Facilities	3.475	42235	2015-2035	\$ -	\$ 637,631	\$ 7,435,006
2002 Limited Tax Pension Obligations	2.00-7.36	37330	2002-2028	4,291,950	507,738	3,784,212
2004 General Revenue Obligations	2.50-4.00	38336	2006-2020	101,806	34,554	67,251
2007 Series A CARA Tax-Exempt	4.85	39370	2008-2022	547,613	130,756	416,857
1996 OEDD Notes Payable (1)	5.47	35034	2015-2016	<u>2,077</u>	<u>2,077</u>	<u>-</u>
Total governmental activities				<u>\$ 4,943,446</u>	<u>\$ 1,312,756</u>	<u>\$ 11,703,326</u>
BUSINESS-TYPE ACTIVITIES						
2013 Water Refunding Bonds	3.125-5.00	41487	2013-2033	\$ 10,338,053	\$ 996,594	\$ 9,341,459
2007 Oregon DEQ SRF Notes Payable (2)	3.40-3.64	38981	2007-2030	15,604,206	1,912,795	13,691,411
2009 Wetland Loans Payable	4.00	40168	2010-2020	292,989	91,886	201,103
2012 SRF/ARRA Loan	4.00	40940	2031-2032	<u>72,250</u>	<u>8,250</u>	<u>64,000</u>
Total business-type activities				<u>\$ 26,307,498</u>	<u>\$ 3,009,525</u>	<u>\$ 23,297,973</u>

(1) Oregon Economic Development Department

(2) Department of Environmental Quality State Revolving Fund Loans

CITY OF ALBANY, OREGON
SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS
GOVERNMENTAL ACTIVITIES
for the fiscal year ended June 30, 2016

Year of Maturity	Total Requirements			2002 Limited Tax Pension Obligations	
	Principal	Interest	Total	Principal	Interest
2016-2017	\$ 983,483	\$ 1,315,740	\$ 2,299,223	\$ 109,483	\$ 535,755
2017-2018	1,052,140	1,304,606	2,356,746	111,140	564,098
2018-2019	1,124,257	1,293,977	2,418,234	111,257	593,980
2019-2020	1,256,604	1,237,061	2,493,665	159,604	580,634
2020-2021	1,456,000	924,915	2,380,915	460,000	315,785
2021-2022	1,597,000	849,987	2,446,987	530,000	284,275
2022-2023	1,285,000	767,245	2,052,245	600,000	247,970
2023-2024	1,430,000	698,745	2,128,745	685,000	206,870
2024-2025	815,000	614,572	1,429,572	-	159,947
2025-2026	1,755,000	573,822	2,328,822	865,000	159,947
2026-2027	1,940,000	470,070	2,410,070	970,000	100,695
2027-2028	1,550,000	364,827	1,914,827	500,000	34,252
2028-2029	1,115,000	299,075	1,414,075	-	-
2029-2030	1,190,000	265,625	1,455,625	-	-
2030-2031	1,265,000	229,925	1,494,925	-	-
2031-2032	1,345,000	190,394	1,535,394	-	-
2032-2033	1,430,000	148,363	1,578,363	-	-
2033-2034	1,520,000	101,888	1,621,888	-	-
2034-2035	1,615,000	52,486	1,667,486	-	-
	<u>\$ 25,724,484</u>	<u>\$ 11,703,323</u>	<u>\$ 37,427,807</u>	<u>\$ 5,101,484</u>	<u>\$ 3,784,208</u>

2004 General Revenue Obligations		Albany Revitalization Agency 2007 Series A Tax-Exempt Bonds		2015 Public Safety Facilities Bonds		Year of Maturity
Principal	Interest	Principal	Interest	Principal	Interest	
\$ 155,000	\$ 27,304	\$ 349,000	\$ 114,606	\$ 370,000	\$ 638,075	2016-2017
160,000	19,554	366,000	97,679	415,000	623,275	2017-2018
165,000	13,394	383,000	79,928	465,000	606,675	2018-2019
175,000	7,000	402,000	61,352	520,000	588,075	2019-2020
-	-	421,000	41,855	575,000	567,275	2020-2021
-	-	442,000	21,437	625,000	544,275	2021-2022
-	-	-	-	685,000	519,275	2022-2023
-	-	-	-	745,000	491,875	2023-2024
-	-	-	-	815,000	454,625	2024-2025
-	-	-	-	890,000	413,875	2025-2026
-	-	-	-	970,000	369,375	2026-2027
-	-	-	-	1,050,000	330,575	2027-2028
-	-	-	-	1,115,000	299,075	2027-2029
-	-	-	-	1,190,000	265,625	2027-2030
-	-	-	-	1,265,000	229,925	2027-2031
-	-	-	-	1,345,000	190,394	2027-2032
-	-	-	-	1,430,000	148,363	2027-2033
-	-	-	-	1,520,000	101,888	2027-2034
-	-	-	-	1,615,000	52,486	2027-2035
<u>\$ 655,000</u>	<u>\$ 67,252</u>	<u>\$ 2,363,000</u>	<u>\$ 416,857</u>	<u>\$ 17,605,000</u>	<u>\$ 7,435,006</u>	

CITY OF ALBANY, OREGON
SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS
BUSINESS-TYPE ACTIVITIES
for the fiscal year ended June 30, 2016

Year of Maturity	Total Requirements			2013 Water Refunding Bond		2007 Oregon DEQ State Revolving Fund Notes	
	Principal	Interest	Total	Principal	Interest	Principal	Interest
2016-2017	\$ 4,663,993	\$ 2,845,648	\$ 7,509,641	\$ 975,000	\$ 958,394	\$ 3,164,554	\$ 1,803,943
2017-2018	4,822,320	2,676,098	7,498,418	1,020,000	918,494	3,260,904	1,691,770
2018-2019	4,979,265	2,500,749	7,480,014	1,060,000	876,894	3,360,192	1,576,178
2019-2020	5,139,944	2,319,569	7,459,513	1,100,000	833,694	3,462,508	1,457,061
2020-2021	4,894,615	2,126,723	7,021,338	1,140,000	783,194	3,567,944	1,334,312
2021-2022	4,971,596	1,943,864	6,915,460	1,195,000	730,794	3,676,596	1,207,820
2022-2023	5,128,561	1,764,316	6,892,877	1,240,000	682,094	3,788,561	1,077,472
2023-2024	5,293,943	1,578,892	6,872,835	1,290,000	631,494	3,903,943	943,148
2024-2025	5,467,843	1,380,546	6,848,389	1,345,000	572,069	4,022,843	804,727
2025-2026	5,665,371	1,168,280	6,833,651	1,420,000	502,944	4,145,371	662,086
2026-2027	5,871,636	955,288	6,826,924	1,500,000	437,444	4,271,636	515,094
2027-2028	6,061,754	742,111	6,803,865	1,560,000	376,244	4,401,754	363,617
2028-2029	6,260,842	521,815	6,782,657	1,625,000	312,544	4,535,842	207,521
2029-2030	4,124,477	302,381	4,426,858	1,705,000	254,469	2,319,477	46,662
2030-2031	1,860,000	203,244	2,063,244	1,760,000	202,494	-	-
2031-2032	1,865,000	147,984	2,012,984	1,815,000	147,734	-	-
2032-2033	1,875,000	90,078	1,965,078	1,875,000	90,078	-	-
2033-2034	1,945,000	30,387	1,975,387	1,945,000	30,387	-	-
	<u>\$ 80,891,160</u>	<u>\$ 23,297,973</u>	<u>\$ 104,189,133</u>	<u>\$ 25,570,000</u>	<u>\$ 9,341,459</u>	<u>\$ 51,882,125</u>	<u>\$ 13,691,411</u>

2010 Wetlands Loans		2012 SRF ARRA Loan		Year of Maturity
Principal	Interest	Principal	Interest	
\$ 424,439	\$ 75,561	\$ 100,000	\$ 7,750	2016-2017
441,416	58,584	100,000	7,250	2017-2018
459,073	40,927	100,000	6,750	2018-2019
477,436	22,564	100,000	6,250	2019-2020
86,671	3,467	100,000	5,750	2020-2021
-	-	100,000	5,250	2021-2022
-	-	100,000	4,750	2022-2023
-	-	100,000	4,250	2023-2024
-	-	100,000	3,750	2024-2025
-	-	100,000	3,250	2025-2026
-	-	100,000	2,750	2026-2027
-	-	100,000	2,250	2027-2028
-	-	100,000	1,750	2028-2029
-	-	100,000	1,250	2029-2030
-	-	100,000	750	2030-2031
-	-	50,000	250	2031-2032
-	-	-	-	2032-2033
-	-	-	-	2033-2034
<u>\$1,889,035</u>	<u>\$ 201,103</u>	<u>\$1,550,000</u>	<u>\$ 64,000</u>	

CITY OF ALBANY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
for the year ended June 30, 2016

Tax Year	Taxes Receivable June 30, 2015	Levy as extended by assessor	Collections	Discounts & Adjustments	Taxes Receivable June 30, 2016
2015-16	\$ -	\$ 29,171,625	\$(27,558,363)	\$ (615,696)	\$ 997,566
2014-15	1,005,612	-	(420,269)	(10,333)	575,010
2013-14	650,273	-	(221,738)	1,644	430,179
2012-13	457,048	-	(220,964)	21,253	257,337
2011-12	262,493	-	(103,158)	19,198	178,533
2010-11	171,898	-	(5,442)	(33,889)	132,567
2009-10	111,731	-	(6,738)	(6,051)	98,942
2008-09	383	-	-	(383)	-
2007-08	-	-	-	-	-
2006-07	-	-	-	-	-
2005-06	-	-	-	-	-
and prior	32,176	-	(11,597)	5,542	26,121
	<u>\$ 2,691,614</u>	<u>\$ 29,171,625</u>	<u>\$(28,548,269)</u>	<u>\$ (618,715)</u>	<u>\$ 2,696,255</u>

SUMMARY OF COLLECTIONS AND BALANCES RECEIVABLE

Governmental funds		
General	\$ 17,726,278	\$ 1,609,404
Special Revenue		
Parks and Recreation	4,431,550	396,538
Public Safety Levy	2,750,629	248,219
Albany Revitalization Agency	2,618,269	222,547
Debt Service	1,021,280	180,543
Total governmental funds	<u>28,548,006</u>	<u>2,657,251</u>
Proprietary fund		
Water	263	39,004
Totals	<u>\$ 28,548,269</u>	<u>\$ 2,696,255</u>

RECONCILIATION OF TAX COLLECTIONS TO THE STATEMENT OF ACTIVITIES

	Collections from Above	Tax Accrual Net Change	Statement of Activities
General	\$ 17,726,278	\$ 31,041	\$ 17,757,319
Parks and Recreation	4,431,550	8,063	4,439,613
Public Safety Levy	2,750,629	12,994	2,763,623
Albany Revitalization Agency	2,618,269	13,915	2,632,184
Debt Service	1,021,280	1,248	1,022,528
Water	263		263
Totals	<u>\$ 28,548,269</u>	<u>\$ 67,261</u>	<u>\$ 28,615,530</u>

STATISTICAL SCHEDULES

This section of the City of Albany's Comprehensive Annual Financial Report presents detailed information for understanding what the financial statements, note disclosures, and required supplementary information indicate about the City's overall financial health. The information is presented in five categories: financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City's financial performance and well-being has changed over time.

REVENUE CAPACITY

These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.

DEBT CAPACITY

The schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Presented in these schedules are demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

OPERATING INFORMATION

These schedules present service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services it provides and the activities it performs.

Schedule 1
CITY OF ALBANY, OREGON
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011
Governmental Activities					
Net investment in capital assets	\$ 77,816,952	\$ 80,243,676	\$ 86,710,887	\$ 90,807,172	\$ 93,826,390
Restricted	13,984,682	17,874,256	15,077,460	16,512,436	18,879,050
Unrestricted	15,195,602	12,538,211	8,520,075	18,722,132	17,145,209
Total governmental activities net position	106,997,236	110,656,143	110,308,422	126,041,740	129,850,649
Business-type activities					
Net investment in capital assets	102,945,424	106,681,579	125,267,350	127,645,184	130,139,819
Restricted	14,764,342	8,494,861	5,372,200	25,649,567	19,785,270
Unrestricted	17,780,223	27,975,161	26,596,746	12,174,097	22,808,687
Total business-type activities net position	135,489,989	143,151,601	157,236,296	165,468,848	172,733,776
Total City of Albany					
Net investment in capital assets	186,925,255	211,978,237	218,452,356	223,966,209	231,059,558
Restricted	26,369,117	20,449,660	42,162,003	38,664,320	27,635,928
Unrestricted	40,513,372	35,116,821	30,896,229	39,953,896	46,541,941
Total net position	\$ 253,807,744	\$ 267,544,718	\$ 291,510,588	\$ 302,584,425	\$ 305,237,427

Over the last ten years the net position of governmental activities increased by just over 7 percent (\$7,011,000). Included in program revenues are \$10,828,000 of capital contributions in the form of systems development charges, connection fees, improvement assurance fees, and site improvements.

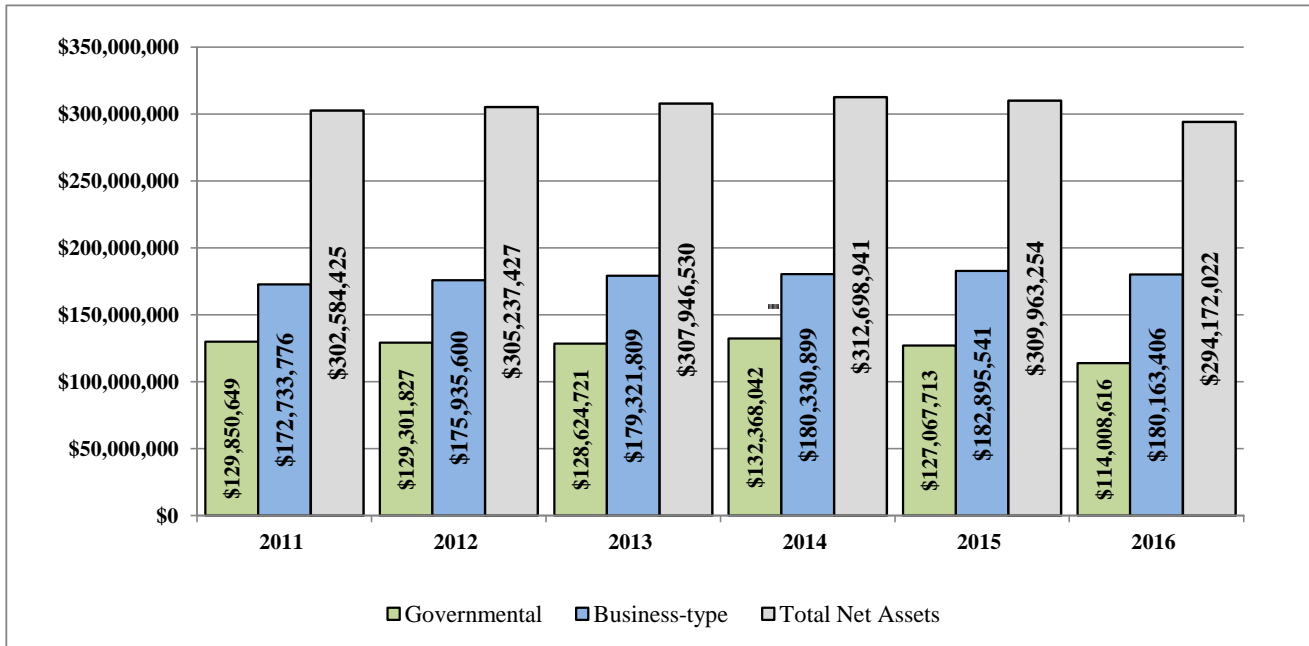
During the same time frame (ten years), the net position of the business-type activities have increased by 33 percent (\$44,673,000). The two major components of the increase have been operating income (\$56,352,000) and capital contributions (\$37,129,000), which consists of development fees (systems development charges, in-lieu-of assessment charges, and improvement assurances), and developer constructed water, sewer, and storm drain site improvements donated to the City.

Source: City of Albany 2007-2016 Comprehensive Annual Financial Reports

Schedule 1
CITY OF ALBANY, OREGON
NET POSITION BY COMPONENT, continued
 Last Ten Fiscal Years
 (accrual basis of accounting)

2012	2013	2014	2015	2016	
					Governmental Activities
\$ 96,500,517	\$ 95,848,731	\$ 90,297,428	\$ 94,819,619	\$ 80,810,018	Net investment in capital assets
13,190,170	11,874,882	16,359,363	11,071,442	27,479,252	Restricted
19,611,140	20,901,108	25,711,251	21,176,652	5,719,346	Unrestricted
129,301,827	128,624,721	132,368,042	127,067,713	114,008,616	Total governmental activities net position
					Business-type activities
134,559,041	136,828,820	140,222,126	140,997,807	145,243,974	Net investment in capital assets
14,445,758	13,514,952	10,863,027	10,717,596	10,115,449	Restricted
26,930,801	28,978,037	29,245,746	31,180,138	24,803,983	Unrestricted
175,935,600	179,321,809	180,330,899	182,895,541	180,163,406	Total business-type activities net position
					Total City of Albany
232,677,551	230,519,554	235,817,426	235,817,426	226,053,992	Net investment in capital assets
25,389,834	27,222,390	21,789,038	21,789,038	37,594,701	Restricted
49,879,145	53,953,862	52,356,790	52,356,790	30,523,329	Unrestricted
\$ 307,946,530	\$ 311,695,806	\$ 309,963,254	\$ 309,963,254	\$ 294,172,022	Total net position

Governmental, Business-type, and Total Net Position
 last 6 fiscal years



Schedule 2
CITY OF ALBANY, OREGON
CHANGE IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011
Expenses					
Governmental activities:					
General government	\$ 6,468,368	\$ 8,791,969	\$ 7,813,659	\$ 9,227,210	\$ 5,512,747
Public safety	21,156,907	22,831,077	25,723,911	26,364,368	27,512,458
Highways and streets	6,489,273	6,717,357	6,794,651	6,927,620	7,098,212
Culture and recreation	7,222,964	7,542,294	8,238,041	8,372,888	8,035,033
Interest on long-term debt	1,138,930	1,171,934	1,202,841	1,138,531	1,074,180
Total governmental activities expenses	42,476,442	47,054,631	49,773,103	52,030,617	49,232,630
Business-type activities					
Water	9,494,225	11,253,334	11,495,380	11,445,203	11,252,016
Sewer	7,952,494	8,829,900	9,317,599	9,516,905	10,119,746
Total business-type activities expenses	17,446,719	20,083,234	20,812,979	20,962,108	21,371,762
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	2,924,139	3,184,952	4,055,717	2,796,623	2,817,789
Public Safety	2,607,728	2,776,588	2,902,915	3,247,298	3,303,862
Highways and Streets	-	-	-	-	-
Culture and recreation	728,316	818,626	789,184	1,012,384	912,904
Operating grants and contributions	6,566,201	5,242,275	4,705,458	5,385,159	4,354,299
Capital grants and contributions	5,438,422	7,418,560	4,767,440	4,629,070	7,433,911
Total governmental activities program revenues	18,264,806	19,441,001	17,220,714	17,070,534	18,822,765
Business-type activities					
Water	14,096,457	13,241,504	12,906,796	12,003,928	11,520,604
Sewer	14,334,830	12,035,561	20,012,557	13,637,347	13,094,616
Total business-type activities program revenues	28,431,287	25,277,065	32,919,353	25,641,275	24,615,220
Total program revenues	46,696,093	44,718,066	50,140,067	42,711,809	43,437,985
General Revenues					
Governmental activities:					
Taxes:					
Property taxes used for general purposes	19,691,258	20,009,812	21,133,841	21,816,218	22,430,005
Property taxes used for debt service	951,815	2,174,926	2,317,806	3,099,335	3,849,690
Transient room taxes used for general purposes	459,569	510,037	478,150	382,054	655,879
Transient room taxes used for debt service	241,343	231,083	196,594	213,174	-
Motor fuel	2,152,446	2,056,995	2,674,179	2,029,262	2,365,624
Cigarette and alcoholic beverage	867,362	995,174	1,023,060	624,444	651,683
Privilege	2,480,090	2,717,412	2,759,292	2,570,602	2,680,877
Contributions to permanent funds	923	295	133	160	-
Grants and contributions not restricted to specific programs	59,305	124,421	107,027	-	-
Unrestricted interest earnings	1,745,218	1,738,924	981,571	605,921	360,650
Miscellaneous	130,653	431,229	329,267	18,871,796	196,111
Total governmental activities general revenues	28,779,982	30,990,308	32,000,920	50,212,966	33,190,519
Special item	-	-	-	-	-
Transfers	490,975	282,229	203,748	480,438	1,028,256
Total governmental activities	29,270,957	31,272,537	32,204,668	50,693,404	34,218,775

Schedule 2
CITY OF ALBANY, OREGON
CHANGE IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

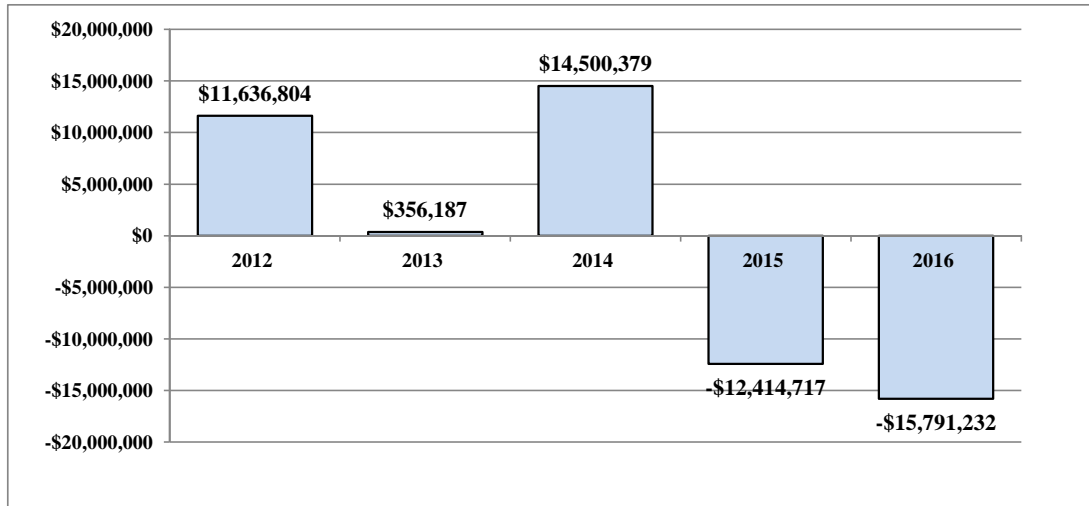
2012	2013	2014	2015	2016	
					Expenses
					Governmental activities:
\$ 5,282,341	\$ 6,998,687	\$ 7,493,529	\$ 7,667,638	\$ 11,956,298	General government
27,832,589	26,998,857	26,533,616	20,771,259	39,213,576	Public safety
5,964,162	7,165,295	7,015,625	6,577,224	5,926,402	Highways and streets
9,300,151	8,548,521	9,071,696	7,939,789	13,557,065	Culture and recreation
972,088	880,010	728,980	710,061	1,240,044	Interest on long-term debt
49,351,331	50,591,370	50,843,446	43,665,971	71,893,385	Total governmental activities expenses
					Business-type activities
11,239,646	10,970,041	12,281,328	11,524,422	14,550,636	Water
12,210,391	14,201,008	14,114,463	14,765,389	17,663,062	Sewer
23,450,037	25,171,049	26,395,791	26,289,811	32,213,698	Total business-type activities expenses
					Program Revenues
					Governmental activities:
					Charges for services:
2,699,581	3,509,363	4,081,131	3,487,011	3,718,959	General Government
3,174,653	2,562,519	2,693,877	3,150,776	3,291,540	Public Safety
110,792	-	158,753	134,615	138,139	Highways and Streets
908,153	1,181,152	893,172	995,606	1,016,928	Culture and recreation
5,245,587	3,245,250	5,336,946	5,591,657	5,461,409	Operating grants and contributions
2,613,592	4,357,201	4,134,157	3,459,206	2,509,734	Capital grants and contributions
14,752,358	14,855,485	17,298,036	16,818,871	16,136,709	Total governmental activities program revenues
					Business-type activities
11,873,787	12,338,047	13,055,548	13,820,209	13,594,778	Water
13,687,284	13,410,334	15,524,322	16,683,218	16,645,445	Sewer
25,561,071	25,748,381	28,579,870	30,503,427	30,240,223	Total business-type activities program revenues
40,313,429	40,603,866	45,877,906	47,322,298	46,376,932	Total program revenues
					General Revenues
					Governmental activities:
					Taxes:
22,540,932	22,159,102	25,857,223	26,146,965	27,578,824	Property taxes used for general purposes
3,303,218	3,430,326	1,346,036	1,305,558	1,036,443	Property taxes used for debt service
715,865	754,585	803,805	927,172	1,058,892	Transient room taxes used for general purposes
-	-	-	-	-	Transient room taxes used for debt service
2,746,350	2,764,402	2,913,483	2,899,968	3,046,727	Motor fuel
699,755	1,213,099	1,251,981	1,300,909	1,317,405	Cigarette and alcoholic beverage
2,901,489	2,761,418	2,966,949	2,984,718	3,572,017	Privilege
-	-	-	-	-	Contributions to permanent funds
-	-	-	-	-	Grants and contributions not restricted to specific programs
232,122	401,725	273,722	200,035	463,554	Unrestricted interest earnings
490,535	548,471	186,145	901,434	1,246,118	Miscellaneous
33,630,266	34,033,128	35,599,344	36,666,759	39,319,980	Total governmental activities general revenues
-	-	-	-	1,150,038	Special Item
419,885	1,025,651	1,689,391	1,083,453	1,196,104	Transfers
34,050,151	35,058,779	37,288,735	37,750,212	41,666,122	Total governmental activities

continued pages 131-132

Schedule 2
CITY OF ALBANY, OREGON
CHANGE IN NET POSITION, continued
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2007	2008	2009	2010	2011
General Revenues, continued					
Business-type activities					
Property taxes used for debt service	\$ 753,308	\$ 824,530	\$ 813,948	\$ 660,343	\$ (2,852)
Unrestricted investment earnings	1,506,557	1,428,407	853,758	623,298	272,181
Gain on disposal of real property	-	319,069	-	-	-
Miscellaneous	653,135	907,749	663,492	3,159,835	6,858,672
Total business-type activities general revenues	2,913,000	3,479,755	2,331,198	4,443,476	7,128,001
Transfers	(490,975)	(282,229)	(203,748)	(480,438)	(1,028,256)
Total business-type activities	2,422,025	3,197,526	2,127,450	3,963,038	6,099,745
Change in Net Position					
Governmental activities	3,658,907	(347,721)	15,733,321	3,808,910	(548,822)
Business-type activities	8,391,357	14,233,824	8,642,205	9,343,203	4,922,836
Total Change in net position	12,050,264	13,886,103	24,375,526	13,152,113	4,374,014
Net position - beginning	226,299,222	242,487,225	253,807,744	267,544,716	291,510,587
Prior period adjustments	358,604	-	-	-	-
Net position - ending	\$238,708,090	\$ 256,373,328	\$278,183,270	\$280,696,829	\$295,884,601

Change in Net Position
last five years



Source: City of Albany 2007-2016 Comprehensive Annual Financial Reports

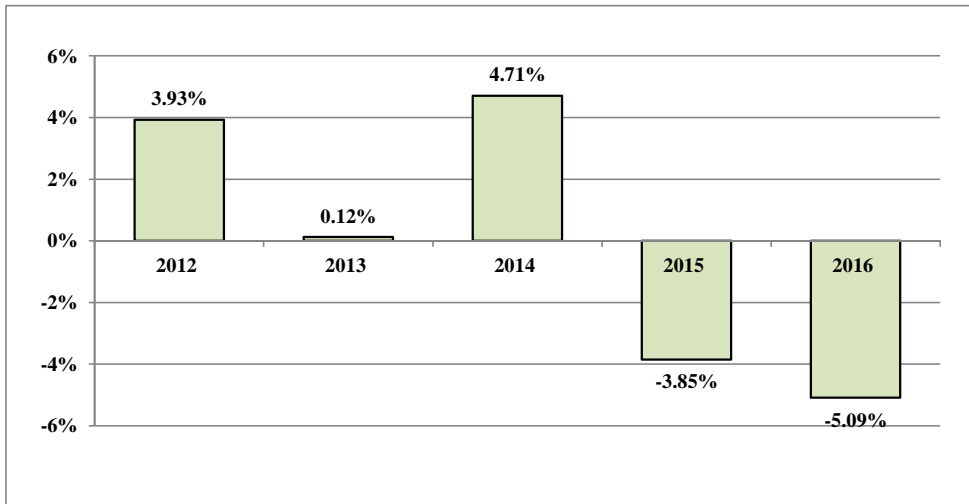
Schedule 2
CITY OF ALBANY, OREGON
CHANGE IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

2012	2013	2014	2015	2016	
					General Revenues, continued
					Business-type activities
\$ 8,655	\$ 12,205	\$ 2,298	\$ 3,588	\$ 263	Property taxes used for debt service
224,922	264,875	237,294	332,210	318,536	Unrestricted investment earnings
-	-	-	-	-	Gain on disposal of real property
2,998,110	5,785,325	168,830	62,372	52,702	Miscellaneous
3,231,687	6,062,405	408,422	398,170	371,501	Total business-type activities general revenues
(419,885)	(1,025,651)	(1,689,391)	(1,083,453)	(1,196,104)	Transfers
2,811,802	5,036,754	(1,280,969)	(685,283)	(824,603)	Total business-type activities
					Change in Net Position
(677,106)	3,743,325	10,903,112	10,903,112	(14,090,554)	Governmental activities
5,614,086	903,110	3,528,333	5,597,801	(2,798,078)	Business-type activities
4,936,980	4,646,435	14,431,445	16,500,913	(16,888,632)	Total Change in net position
302,584,425	304,234,292	307,946,526	312,698,939	309,963,254	Net position - beginning
-	(1,003,135)	-	(19,236,598)	1,097,400	Prior period adjustments
\$307,521,405	\$307,877,592	\$322,377,971	\$309,963,254	\$294,172,022	Net position - ending

Year to Year Percentage Change in Net Position

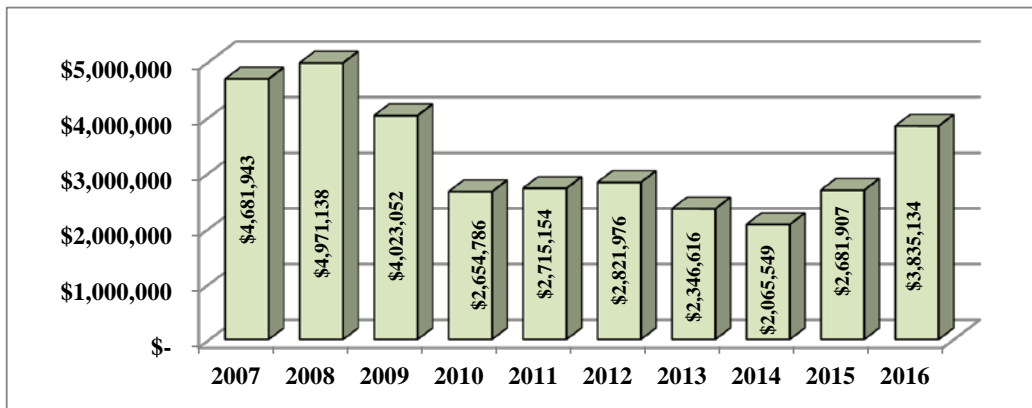
last five years



Schedule 3
CITY OF ALBANY, OREGON
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years (1)
 (modified accrual basis of accounting)

	2007	2008	2009	2010	2011
General Fund					
Unreserved	\$ 4,681,943	\$ 4,971,138	\$ 4,023,052	\$ 2,654,786	\$ -
Nonspendable	-	-	-	-	65,245
Committed	-	-	-	-	185,139
Unassigned	-	-	-	-	2,464,770
Total General Fund	4,681,943	4,971,138	4,023,052	2,654,786	2,715,154
All other governmental funds					
Reserved for:					
Capital projects	9,515,787	10,555,792	7,853,494	7,879,049	-
Debt service	1,220,782	1,176,797	931,686	874,973	-
Library programs	11,799	11,688	11,464	7,265	-
Parks & Recreation programs	11,675	11,874	11,079	11,733	-
Perpetual care	115,834	117,502	117,502	117,500	-
Unreserved, reported in:					
Special revenue funds	15,714,635	16,884,061	14,190,275	30,682,955	-
Capital project fund	-	1,109,238	488,673	(2,046,965)	-
Nonspendable	-	-	-	-	130,860
Restricted	-	-	-	-	14,739,849
Committed	-	-	-	-	23,279,884
Unassigned	-	-	-	-	(2,782,392)
Total all other governmental funds	26,590,512	29,866,952	23,604,173	37,526,510	35,368,201
Total fund balances of governmental funds	\$ 31,272,455	\$ 34,838,090	\$ 27,627,225	\$ 40,181,296	\$ 38,083,355

General Fund Unreserved Fund Balance
 Last Ten Fiscal Years



Note (1): The City has implemented GASB 54, effective Fiscal Year 2011. Due to the conversion, the City has reclassified ending fund balances, which has made prior periods not comparable. The above information will be accumulated yearly, until 10 years are reported.

Source: City of Albany 2007-2016 Comprehensive Annual Financial Reports

Schedule 3
CITY OF ALBANY, OREGON
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years (1)
(modified accrual basis of accounting)

2012	2013	2014	2015	2016	
					General Fund
\$ -	\$ -	\$ -	\$ -	\$ -	Unreserved
62,147	101,672	9,764	9,634	41,153	Nonspendable
165,567	176,067	279,918	-	-	Committed
2,594,262	2,068,877	1,775,867	2,672,273	3,793,981	Unassigned
2,821,976	2,346,616	2,065,549	2,681,907	3,835,134	Total General Fund
					All other governmental funds
					Reserved for:
-	-	-	-	-	Capital projects
-	-	-	-	-	Debt service
-	-	-	-	-	Library programs
-	-	-	-	-	Parks & Recreation programs
-	-	-	-	-	Perpetual care
					Unreserved, reported in:
-	-	-	-	-	Special revenue funds
-	-	-	-	-	Capital projects fund
118,130	135,077	156,092	169,542	152,185	Nonspendable
10,972,119	9,537,754	13,663,170	12,565,772	27,479,252	Restricted
21,519,026	21,919,612	21,652,083	20,480,214	21,614,668	Committed
(298,795)	(2,778,516)	(3,589,921)	(2,566,638)	-	Unassigned
32,310,480	28,813,927	31,881,424	30,648,890	49,246,105	Total all other governmental funds
\$ 35,132,456	\$ 31,160,543	\$ 33,946,973	\$ 33,330,797	\$ 53,081,239	Total fund balances of governmental funds

**General Fund Unreserved/Unassigned Fund Balance
and Annual Percentage Change**
Last Ten Fiscal Years

Fiscal Year	Fund Balance	% Change
2007	\$ 4,681,943	-
2008	4,971,138	6.18%
2009	4,023,052	-19.07%
2010	2,654,786	-34.01%
2011	2,464,770	-7.16%
2012	2,594,262	5.25%
2013	2,068,877	-20.25%
2014	1,775,867	-14.16%
2015	2,672,273	50.48%
2016	3,793,981	41.98%

The General Fund unreserved fund balance has decreased by -18.97 percent over the last ten years. The 2015-16 unassigned fund balance of \$3,793,981 is 12.81 percent of total expenditures before transfers out, and 11.62 percent of the total General Fund 2015-16 budget.

Schedule 4
CITY OF ALBANY, OREGON
CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	2007	2008	2009	2010	2011
Revenues					
Taxes	\$ 21,369,433	\$ 22,857,443	\$ 23,723,701	\$ 25,163,569	\$ 26,932,006
Special assessments	284,316	92,321	82,653	64,604	42,830
Franchise fees, privilege taxes, licenses, and permits	8,173,745	7,752,797	6,654,711	6,390,875	6,169,128
Intergovernmental	7,160,835	8,303,684	7,124,187	8,129,421	9,331,327
Charges for services	4,184,394	4,608,381	5,599,253	5,043,672	5,204,052
Fines and forfeitures	730,232	988,983	927,897	839,861	769,200
Gifts and donations	4,119	2,008,320	-	-	-
Land sales	-	-	-	-	-
Interest on investments	1,677,487	1,717,615	964,613	595,031	348,336
Miscellaneous	1,308,177	1,168,815	2,776,430	19,366,270	481,375
Total revenues	44,892,738	49,498,359	47,853,445	65,593,303	49,278,254
Expenditures					
General government	6,286,630	8,472,015	8,223,631	9,002,393	5,916,136
Public safety	20,586,681	22,040,875	23,932,216	24,225,530	25,218,770
Highways and streets	3,499,426	3,864,623	3,651,135	3,599,042	3,553,451
Culture and recreation	6,646,681	6,768,031	7,349,399	7,569,933	7,078,644
Health	-	-	-	-	-
Capital outlay	4,685,842	6,183,849	9,541,626	8,135,811	5,975,749
Debt service					
Principal	3,288,914	2,900,558	3,854,453	1,908,434	3,585,926
Interest	1,342,964	1,203,625	1,170,493	1,112,461	1,075,775
Total expenditures	46,337,138	51,433,576	57,722,953	55,553,604	52,404,451
Excess (deficiency) of revenues over (under) expenditures	(1,444,400)	(1,935,217)	(9,869,508)	10,039,699	(3,126,197)
Other financing sources (uses)					
Debt issuance	9,065,000	5,051,998	2,102,500	1,958,800	-
Premium on debt issuance	121,060	-	-	-	-
Payment to escrow agent for refunded bonds	(8,200,000)	-	-	-	-
Capital lease	98,493	74,362	352,395	75,139	-
Transfers in	6,261,817	5,994,473	5,869,492	5,836,489	10,705,097
Transfers out	(5,663,645)	(5,619,981)	(5,665,744)	(5,356,051)	(9,676,841)
Total other financing sources (uses)	1,682,725	5,500,852	2,658,643	2,514,377	1,028,256
Special Item					
Prior period adjustments	(81,293)	1,011,378	-	-	-
Net change in fund balances	\$ 157,032	\$ 4,577,013	\$ (7,210,865)	\$ 12,554,076	\$ (2,097,941)

Notes: In Fiscal Year 2004-05, the City issued \$1,700,000 in revenue obligations to refund the 1994 City Hall certificates of participation. In Fiscal Year 2006-07, the City issued \$8,335,000 in General Obligation (GO) Refunding bonds to refund the 1996 GO bonds and advance refund the 1999 GO bonds.

Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures

Total debt service expenditures	\$ 4,631,878	\$ 4,104,183	\$ 5,024,946	\$ 3,020,895	\$ 2,961,701
Total noncapital expenditures	41,651,296	45,249,727	48,181,327	47,417,793	46,428,702
Ratio of total debt service expenditures less refundings to total noncapital expenditures	11.12%	9.07%	10.43%	6.37%	6.38%

Source: City of Albany 2007-2016 Comprehensive Annual Financial Reports

Schedule 4
CITY OF ALBANY, OREGON
CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

2012	2013	2014	2015	2016	
					Revenues
\$ 26,567,049	\$ 26,566,424	\$ 27,416,529	\$ 28,286,016	\$ 29,897,203	Taxes
47,734	28,863	17,864	817,846	526,610	Special assessments
			-	-	Franchise fees, privilege taxes, licenses, and permits
5,649,180	5,831,905	6,502,757	7,217,726	7,621,457	Intergovernmental
9,389,439	9,039,634	10,517,304	9,332,104	9,123,174	Charges for services
4,967,810	5,697,879	6,082,333	5,927,810	6,326,874	Fines and forfeitures
731,135	3,101	3,123	3,127	8,403	Gifts and donations
-	-	-	-	-	Land sales
-	-	-	-	11,496	Interest on investments
262,531	397,315	271,182	197,437	456,806	Miscellaneous
836,338	1,180,098	1,337,583	1,159,726	1,088,232	Total revenues
48,451,216	48,745,219	52,148,675	52,941,792	55,060,255	
					Expenditures
5,444,422	7,064,448	6,686,132	7,544,431	10,080,973	General government
25,643,030	24,762,823	25,595,092	25,997,415	27,404,433	Public safety
3,483,170	3,472,264	3,128,945	2,980,799	3,056,329	Highways and streets
8,475,037	7,608,139	8,056,710	8,368,902	8,779,572	Culture and recreation
-	-	-	-	125,745	Health
5,800,086	6,226,543	3,952,086	7,926,087	6,485,115	Capital outlay
					Debt service
2,017,524	3,905,432	2,237,146	1,741,794	1,016,605	Principal
958,731	870,010	755,175	714,071	1,212,756	Interest
51,822,000	53,909,659	50,411,286	55,273,499	58,161,528	Total expenditures
(3,370,784)	(5,164,440)	1,737,389	(2,331,707)	(3,101,273)	Excess (deficiency) of revenues over (under) expenditures
					Other financing sources (uses)
-	-	-	-	18,636,260	Debt issuance
-	-	-	-	-	Premium on debt issuance
-	-	-	-	-	Payment to escrow agent for refunded bonds
-	166,876	-	86,005	242,881	Capital lease
10,417,617	4,960,950	6,660,676	6,577,243	12,316,154	Transfers in
(9,997,732)	(3,935,299)	(4,995,277)	(5,493,790)	(11,120,050)	Transfers out
419,885	1,192,527	1,665,399	1,169,458	20,075,245	Total other financing sources (uses)
-	-	-	-	1,745,013	Special Item
-	-	-	(70,285)	1,031,457	Prior period adjustments
\$ (2,950,899)	\$ (3,971,913)	\$ 3,402,788	\$ (1,232,534)	\$ 18,005,429	Net change in fund balances

\$ 2,976,255	\$ 4,775,442	\$ 2,992,321	\$ 2,455,865	\$ 2,229,361	Total debt service expenditures
46,021,914	47,683,116	44,350,115	51,002,132	51,671,259	Total noncapital expenditures
6.47%	10.01%	6.75%	4.82%	4.31%	Ratio of total debt service expenditures less refundings to total noncapital expenditures

Schedule 5
CITY OF ALBANY, OREGON
ASSESSED VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

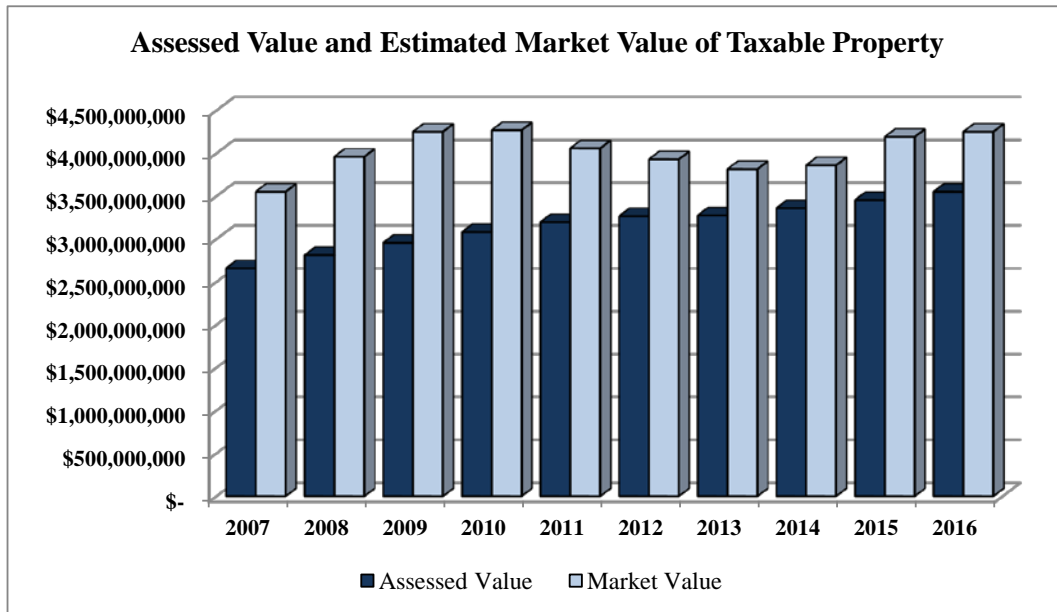
Fiscal Year Ended June 30,	County	Taxable Assessed Value (1)	Direct Tax Rate Per \$1,000 of Assessed Value	Urban Renewal District Assessed Value (2)	Total Assessed Value	Estimated Market Value	Assessed Value as a % of Market Value
2007	Linn	\$ 2,202,687,502	\$ 8.02	\$ 50,945,385	\$ 2,253,632,887	\$ 2,887,626,123	78.04%
	Benton	454,804,642	7.78	-	454,804,642	664,234,567	68.47%
	Total	2,657,492,144		50,945,385	2,708,437,529	3,551,860,690	76.25%
2008	Linn	2,323,996,912	8.04	62,008,472	2,386,005,384	3,241,435,594	73.61%
	Benton	487,155,971	7.86	-	487,155,971	718,378,931	67.81%
	Total	2,811,152,883		62,008,472	2,873,161,355	3,959,814,525	72.56%
2009	Linn	2,429,035,563	8.04	83,900,206	2,512,935,769	3,426,321,654	73.34%
	Benton	526,917,483	7.84	-	526,917,483	825,153,887	63.86%
	Total	2,955,953,046		83,900,206	3,039,853,252	4,251,475,541	71.50%
2010	Linn	2,529,699,882	7.99	90,157,811	2,619,857,693	3,433,300,300	76.31%
	Benton	550,561,377	7.78	-	550,561,377	836,060,448	65.85%
	Total	3,080,261,259		90,157,811	3,170,419,070	4,269,360,748	74.26%
2011	Linn	2,618,801,545	7.81	101,564,871	2,720,366,416	3,275,687,464	83.05%
	Benton	578,241,790	7.81	-	578,241,790	781,904,703	73.95%
	Total	3,197,043,335		101,564,871	3,298,608,206	4,057,592,167	81.29%
2012	Linn	2,648,804,108	7.52	111,196,690	2,760,000,798	3,201,432,516	86.21%
	Benton	617,297,378	7.52	-	617,297,378	728,220,462	84.77%
	Total	3,266,101,486		111,196,690	3,377,298,176	3,929,652,978	85.94%
2013	Linn	2,638,629,357	7.50	123,803,553	2,762,432,910	3,087,680,619	93.48%
	Benton	636,151,862	7.97	-	636,151,862	728,220,462	85.66%
	Total	3,274,781,219		123,803,553	3,398,584,772	3,815,901,081	89.06%
2014	Linn	2,690,866,895	7.66	135,999,495	2,826,866,390	3,117,569,985	90.68%
	Benton	668,393,866	7.92	-	668,393,866	742,624,187	90.00%
	Total	3,359,260,761		135,999,495	3,495,260,256	3,860,194,172	90.55%
2015	Linn	2,747,431,038	6.40	147,927,166	2,895,358,204	3,418,838,730	84.69%
	Benton	706,740,905	7.84	-	706,740,905	772,422,707	91.50%
	Total	3,454,171,943		147,927,166	3,602,099,109	4,191,261,437	85.94%
2016	Linn	2,843,619,873	9.11	166,529,559	3,010,149,432	3,435,409,825	87.62%
	Benton	708,740,905	7.84	-	708,740,905	816,085,814	86.85%
	Total	3,552,360,778		166,529,559	3,718,890,337	4,251,495,639	87.47%

(1) Does not include the assessed value of the urban renewal district.

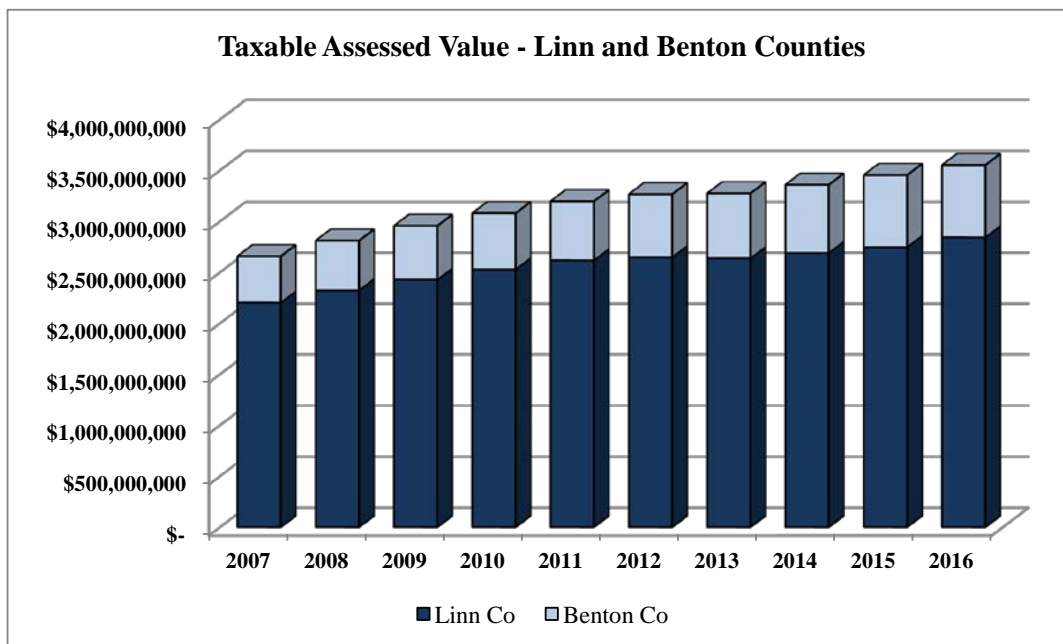
(2) Urban renewal district incremental amount.

Source: Linn and Benton Counties Tax Assessor

Schedule 5
CITY OF ALBANY, OREGON
ASSESSED VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years



The "gap" between the market value and the assessed value is important to note. Oregon statutes allow the assessed value on a single piece of property to rise no more than three percent annually up to the market value, where the assessed value is capped. Currently, the assessed value is 87.47 percent of market value, leaving a \$532,605,302 gap. Current economic conditions will have an effect on the market value of properties, but the extent of the effect is not known at this time.

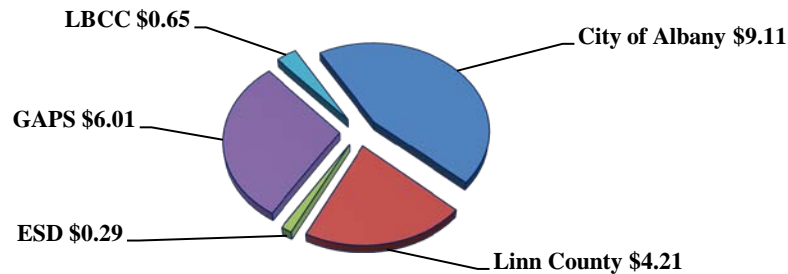


Schedule 6
CITY OF ALBANY, OREGON
DIRECT AND OVERLAPPING TAX RATES (1)
 Last Ten Fiscal Years

City of Albany Direct Rates

Fiscal Year Ended June 30,	County	Basic Rate	Local Option Public Safety Levy	General Obligation Debt Service	Total Before Urban Renewal	Albany Urban Renewal	Total Direct Rate
2007	Linn	\$ 6.40	\$ 0.95	\$ 0.67	\$ 8.02	\$ 0.30	\$ 8.32
	Benton	6.28	0.93	0.66	7.87	0.23	8.10
2008	Linn	6.40	0.95	0.69	8.04	0.42	8.46
	Benton	6.26	0.93	0.67	7.86	0.26	8.12
2009	Linn	6.40	0.95	0.69	8.04	0.42	8.46
	Benton	6.25	0.95	0.64	7.84	0.33	8.17
2010	Linn	6.40	0.95	0.64	7.99	0.47	8.46
	Benton	6.22	0.92	0.64	7.78	0.36	8.14
2011	Linn	6.20	0.92	0.69	7.81	0.56	8.37
	Benton	6.20	0.92	0.69	7.81	0.44	8.25
2012	Linn	6.19	0.92	0.41	7.52	0.66	8.17
	Benton	6.19	0.92	0.41	7.52	0.49	8.01
2013	Linn	6.16	0.92	0.42	7.50	0.73	8.23
	Benton	6.16	0.92	0.42	7.50	0.55	8.04
2014	Linn	6.40	1.15	0.43	7.98	0.80	8.78
	Benton	6.40	1.15	0.43	7.98	-	7.98
2015	Linn	6.40	1.15	0.37	7.92	1.27	9.19
	Benton	6.40	1.15	0.37	7.92	-	7.92
2016	Linn	6.40	1.15	0.29	7.84	1.27	9.11
	Benton	6.40	1.15	0.29	7.84	-	7.84

Linn County Tax Rates per \$1,000 of Assessed Value



(1) - Rate per \$1,000 of assessed value

ESD - Educational Service District
 GAPS - Greater Albany Public School District

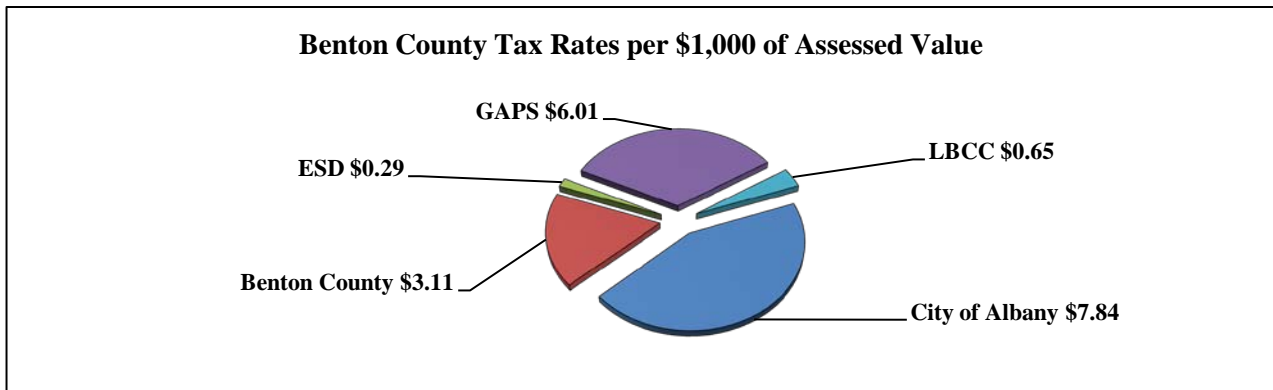
LBCC - Linn-Benton Community College
 NACSD - North Albany County Service District

Source: Linn and Benton County Tax Assessors

Schedule 6
CITY OF ALBANY, OREGON
DIRECT AND OVERLAPPING TAX RATES
 Last Ten Fiscal Years

Overlapping Rates

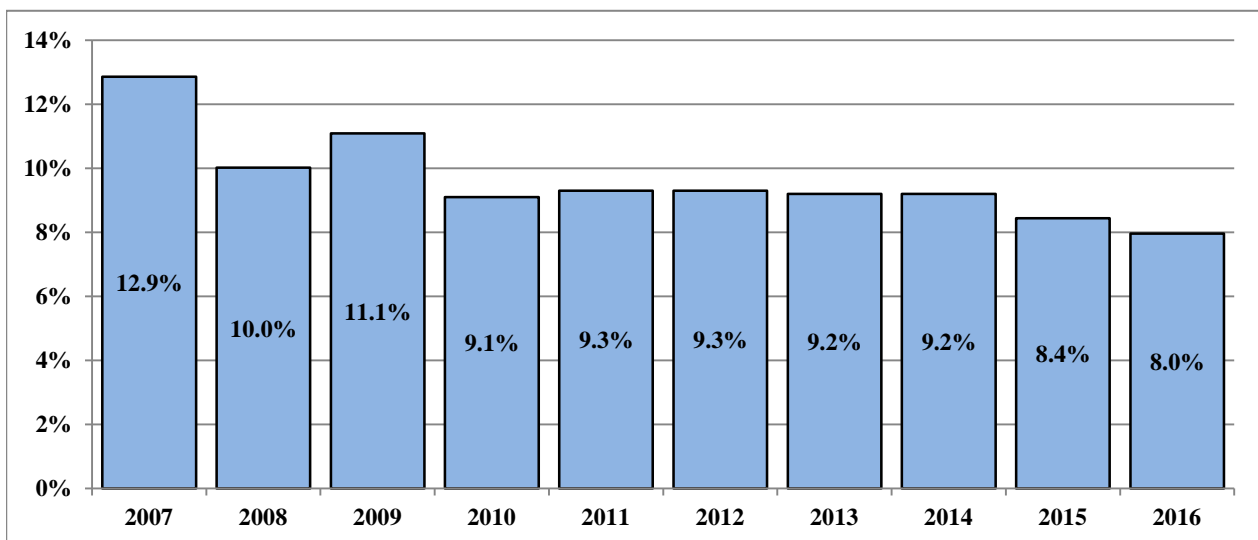
Linn County	Benton County	4H Extension District (2)	ESD(2) Linn/Benton Counties	Greater Albany Public School District	Linn-Benton Community College	North Albany County Service District	Total Direct & Overlapping Rates
\$ 3.60	\$ -	\$ -	\$ 0.30	\$ 6.03	\$ 0.66	\$ -	\$ 18.91
-	2.51	-	0.30	6.03	0.66	0.31	17.91
3.60	-	-	0.30	6.03	0.66	-	19.05
-	2.51	-	0.30	6.03	0.66	0.29	17.91
3.51	-	-	0.30	6.03	0.66	-	18.96
-	3.16	-	0.30	6.03	0.50	0.18	18.34
3.46	-	0.05	0.30	6.05	0.66	-	18.98
-	2.85	-	0.30	6.05	0.66	0.18	18.18
3.48	-	0.05	0.30	6.02	0.65	-	18.87
-	2.90	-	0.30	6.02	0.65	-	18.11
3.88	-	0.05	0.29	5.98	0.66	-	19.04
-	2.94	-	0.29	5.98	0.66	-	17.88
3.86	-	0.05	0.29	5.97	0.65	-	19.06
-	3.02	-	0.29	5.97	0.65	-	17.98
3.85	-	0.05	0.29	6.07	0.66	-	19.70
-	3.16	-	0.29	6.07	0.66	-	18.16
4.21	-	0.07	0.29	6.01	0.65	-	20.42
-	3.11	-	0.29	6.01	0.65	-	17.97
4.21	-	0.07	0.29	6.01	0.65	-	20.34
-	3.11	-	0.29	6.01	0.65	-	17.89



Schedule 7
CITY OF ALBANY, OREGON
PRINCIPAL PROPERTY TAXPAYERS
 Fiscal Years 2006-2007 and 2015-2016

Taxpayer	2015-2016		% of	2006-2007		% of
	Taxable Assessed Value	Rank	Total Taxable Assessed Value	Taxable Assessed Value	Rank	Total Taxable Assessed Value
Dayton Hudson Corporation	\$ 71,020,380	1	1.91%	\$ 76,737,235	1	2.91%
Oregon Freeze Dry Foods, Inc.	32,952,520	2	0.89%	31,643,122	3	1.05%
Comcast Corporation	32,863,600	3	0.88%	-		
Oregon Metallurgical Corporation	31,027,470	4	0.83%	35,488,437	2	1.15%
Pacific Cast Technologies	28,904,570	5	0.78%	11,374,298	9	
Waverly Land Management	24,877,020	6	0.67%	20,161,347	4	0.80%
Pacificorp (PP&L)	20,652,000	7	0.56%	-		2.31%
Metropolitan Life Insurance	17,679,270	8	0.48%	15,023,363	6	0.56%
Northwest Natural Gas	18,580,850	9	0.50%	-		1.49%
Wal-Mart Real Estate	17,641,280	10	0.47%	-		
Steadfast Heritage, LLC	-	-	-	19,999,640	5	0.91%
Mennonite Home of Albany	-	-	-	11,991,161	7	0.70%
Costco Wholesale Corp	-	-	-	11,640,742	8	0.49%
SVC Manufacturing	-	-	-	11,231,840	10	0.49%
Total	\$ 296,198,960		7.96%	\$ 245,291,185		12.86%
Total taxable assessed value, all properties	\$ 3,718,890,337			\$ 2,708,437,529		

Percentage of Total Assessed Value for the City of Albany Top Ten Taxpayers
for the last ten fiscal years



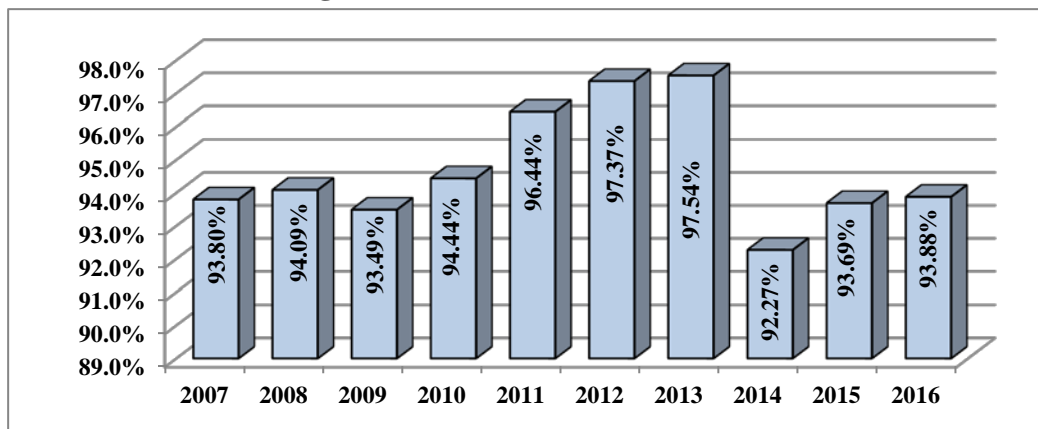
Source: Linn and Benton County Tax Assessors

(1) Wells Fargo Bank foreclosed on the Steadfast Heritage (aka Heritage Mall) LLC in the 2010-11 Fiscal Year

Schedule 8
CITY OF ALBANY, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Tax Levy as Extended by the Assessor (1)	Collected within the Fiscal Year of the Levy	Percentage Collected	Collections In Subsequent Years	Total Collections to Date	Percentage of Levy as Extended
2007	\$ 22,142,401	\$ 20,770,157	93.80%	\$ 1,372,244	\$ 22,142,401	100.00%
2008	23,648,423	22,251,321	94.09%	1,397,102	23,648,423	100.00%
2009	24,835,283	23,217,769	93.49%	1,617,514	24,835,283	100.00%
2010	25,742,434	24,311,929	94.44%	1,331,209	25,643,138	99.61%
2011	27,273,089	26,303,489	96.44%	860,632	27,164,121	99.60%
2012	26,575,455	25,877,086	97.37%	435,606	26,312,692	99.01%
2013	26,473,672	25,822,827	97.54%	434,774	26,257,601	99.18%
2014	27,562,841	25,431,964	92.27%	1,711,608	27,143,572	98.48%
2015	27,836,933	26,079,556	93.69%	420,269	26,499,825	95.20%
2016	29,171,625	27,387,358	93.88%	-	27,387,358	93.88%

Percentage of Taxes Collected in the Year Assessed



The City has chosen to calculate the property tax collection rate based on the gross amount of the levy as extended by the Linn and Benton County Assessors. The resulting rate is a lower percentage, but for comparative purposes it can be applied to future years' levies without having to estimate discounts and adjustments. This method of calculating the collection rate is the same one used for the budget. In past annual reports the collection percentage was based on a net levy, which included discounts and adjustments. Using the new method, the ten-year average first-year collection rate is 94.71 percent of the levy as extended by the assessors.

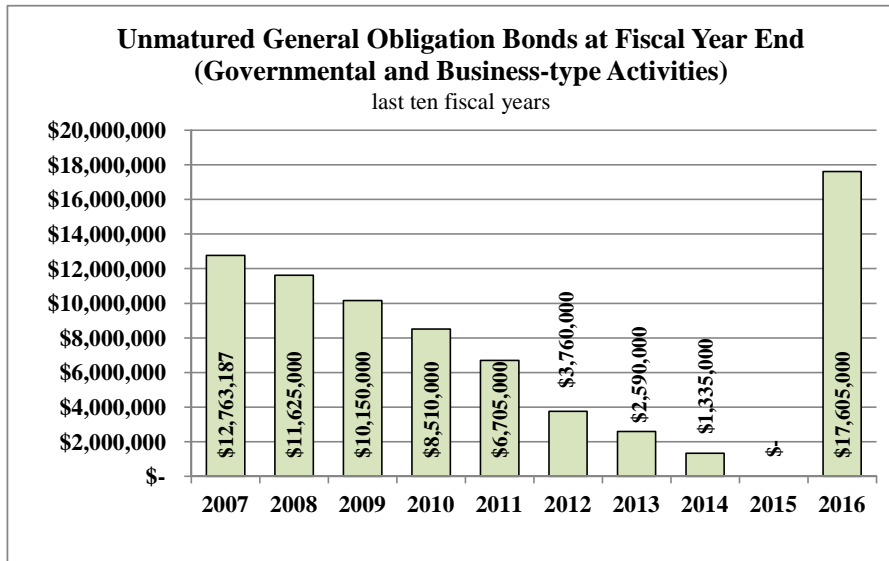
There are three ways in which property tax revenue can be adversely affected by a slowdown in the economy: 1) market value falls below assessed value; 2) assessed value falls; and 3) the rate of tax collection falls. Because of the healthy gap between market values and assessed values, there would be lag time before a downturn would directly affect the market value limit on assessed value. In the second situation, assessed values will not fall quickly. It is more likely that the rate of growth of the assessed value will slow. The third factor has the potential to have a more immediate effect. A one percentage point drop in the tax collection rate would translate into a \$250,000 decrease in current tax revenues. The City will monitor the tax collection rate to gauge its effect on 2016-17 revenues. The tax collection rate will also be a factor in the preparation of the 2017-18 budget.

Sources: Linn and Benton County Tax Assessors

(1) Levy as extended by the Linn and Benton Counties Assessor.

Schedule 9
CITY OF ALBANY, OREGON
SCHEDULE OF DEBT PER CAPITA AND DEBT AS A PERCENTAGE OF PERSONAL INCOME
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	GOVERNMENTAL ACTIVITIES							
	General Obligation Bonds	Special Assessment Debt (1)	Revenue Bonds	Limited Tax Pension Obligations	General Revenue Obligations	Urban Renewal (UR) TIF Bonds(2)	Notes Payable	Capital Leases
2007	\$ 9,710,000	\$1,841,385	\$1,030,000	\$ 6,739,431	\$3,490,000	\$ -	\$1,742,596	\$ 205,218
2008	9,235,000	467,043	830,000	6,683,781	3,265,000	-	1,648,674	190,248
2009	8,520,000	404,666	630,000	6,618,738	2,960,000	4,547,000	235,536	453,629
2010	7,675,000	339,099	420,000	6,545,507	2,645,000	4,328,000	211,381	557,626
2011	6,705,000	270,179	210,000	6,463,368	2,325,000	6,053,800	187,008	389,730
2012	3,760,000	-	-	5,513,557	1,660,000	5,548,200	132,505	242,042
2013	2,590,000	-	-	5,415,689	1,305,000	3,307,000	102,341	219,278
2014	1,335,000	-	-	5,314,001	940,000	2,822,000	71,881	71,241
2015	-	-	-	5,208,982	800,000	2,696,000	36,107	63,325
2016	17,605,000	-	-	5,101,484	655,000	2,363,000	-	208,742



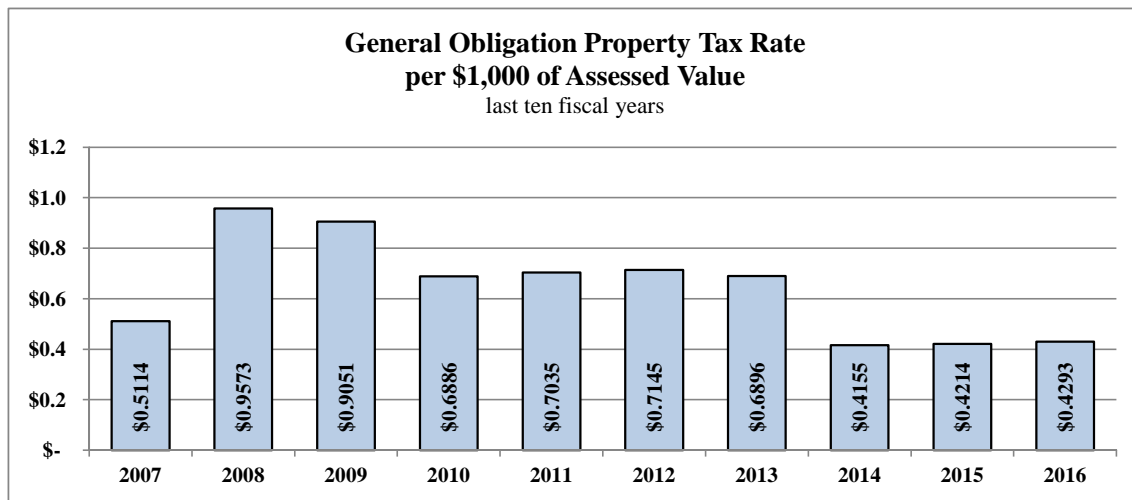
As the above chart indicates, there has been a nearly linear reduction in the amount of the outstanding general obligation debt over the last ten years. The trend will continue as the existing bonds approach retirement. In FY 2016, public facilities bonds will included.

- (1) Special assessment debt with governmental commitment
- (2) TIF-Tax Increment Financing
- (3) Includes \$57,933,506 State of Oregon Revolving Fund loan for the new sewage treatment plant
- (4) 2003 Water Revenue bonds defeased and replaced with 2013 Water Refunding Bonds

Source: City of Albany 2007-2016 Comprehensive Annual Financial Reports

Schedule 9
CITY OF ALBANY, OREGON
SCHEDULE OF DEBT PER CAPITA AND DEBT AS A PERCENTAGE OF PERSONAL INCOME
 Last Ten Fiscal Years

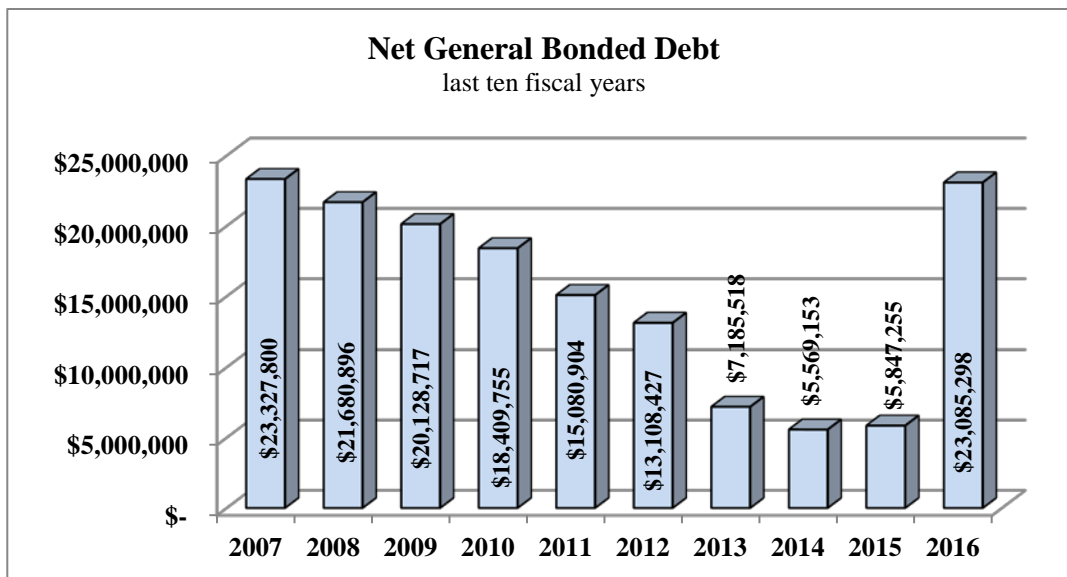
BUSINESS-TYPE ACTIVITIES							
General Obligation Bonds	Water Revenue Bonds (4)	Sewer Revenue Bonds	Certificates of Participation	Notes Payable (3)	Total Outstanding Debt	% of Personal Income	Debt per Capita
\$ 3,053,187	\$ 37,767,673	\$ 1,852,261	\$ 398,162	\$ 966,481	\$ 66,357,510	2.83%	\$ 1,666
2,390,000	36,790,000	1,475,000	340,458	30,063,744	95,428,771	2.64%	1,616
1,630,000	35,510,000	1,000,000	279,583	47,923,068	109,064,264	2.50%	1,517
835,000	34,200,000	505,000	215,267	55,399,277	113,758,629	3.20%	2,003
-	32,855,000	-	147,365	73,114,000	122,972,669	3.76%	2,332
-	30,840,000	-	-	69,012,321	112,791,629	3.21%	2,233
-	28,405,000	-	-	65,742,674	104,701,797	2.85%	2,065
-	27,400,000	-	-	62,373,072	98,577,486	2.62%	1,944
-	26,505,000	-	-	58,900,330	94,209,744	2.09%	1,838
-	25,570,000	-	-	55,321,160	106,824,386	n/a	2,067



The average annual increase in assessed value over the ten-year period is just under four percent, with a high of 6.72 percent in 2007 and a low of 0.27 percent in 2013.

Schedule 10
CITY OF ALBANY, OREGON
RATIO OF GENERAL BONDED DEBT (1) TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population	Assessed Value	General Obligation Bonds (2)	Limited Tax Pension Obligations	General Revenue Obligations
2007	46,610	\$ 2,490,249,118	\$ 14,002,499	\$ 6,683,781	\$ 3,265,000
2008	47,470	2,657,492,114	12,763,187	6,618,738	2,960,000
2009	49,165	2,811,152,883	11,625,000	6,545,507	2,645,000
2010	49,530	2,955,953,046	10,150,000	6,463,368	2,325,000
2011	50,325	3,080,261,259	8,510,000	5,513,557	1,660,000
2012	50,520	3,197,043,335	6,705,000	5,415,689	1,305,000
2013	50,710	3,252,729,392	1,335,000	5,314,001	940,000
2014	50,720	3,550,360,778	-	5,208,982	800,000
2015	51,270	3,550,360,778	-	5,208,982	800,000
2016	51,670	3,552,360,778	17,605,000	5,101,485	655,000

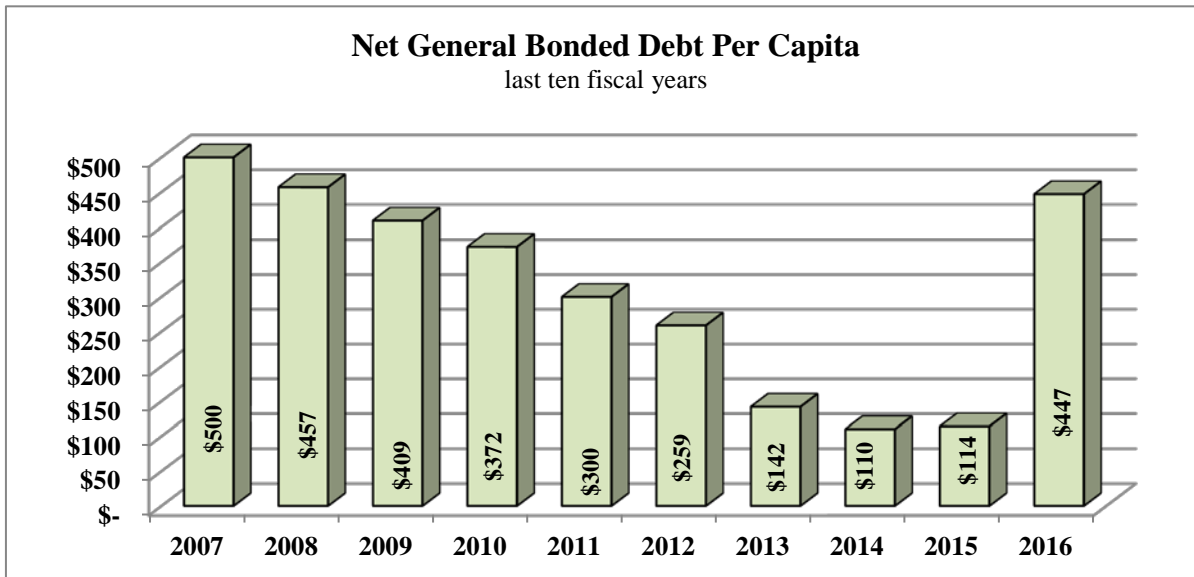


- (1) General bonded debt includes general obligation bonds and other bonded debt financed with any general governmental resources excluding special assessment bonds.
- (2) In August 2016, \$18,000,000 of general obligation bonds were issued to finance the construction of public safety facilities.
- (3) Available for the 2002 Limited Tax Pension Bonds and the 2015 Public Safety Facility Bonds.

Source: City of Albany 2007-2016 Comprehensive Annual Financial Reports

Schedule 10
CITY OF ALBANY, OREGON
RATIO OF GENERAL BONDED DEBT (1) TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
 Last Ten Fiscal Years

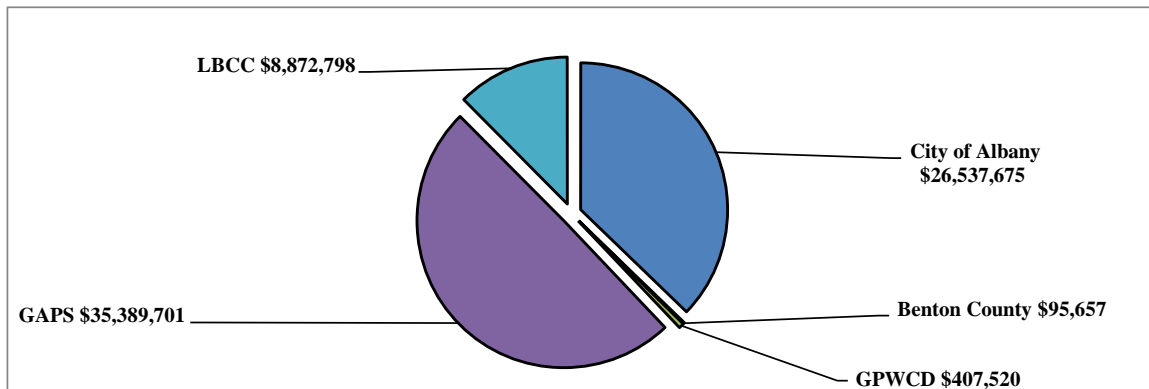
Less: Amounts Available in Debt Service Fund (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Net Bonded Debt as a Percent of Personal Income
\$ 623,480	\$ 23,327,800	0.9368%	\$ 500.49	0.80%
661,029	21,680,896	0.8158%	456.73	0.74%
686,790	20,128,717	0.7160%	409.41	0.62%
528,613	18,409,755	0.6228%	371.69	0.57%
602,653	15,080,904	0.4896%	299.67	0.44%
317,262	13,108,427	0.4100%	259.47	0.37%
403,483	7,185,518	0.2209%	141.70	0.20%
439,829	5,569,153	0.1569%	109.80	0.15%
161,727	5,847,255	0.1647%	114.05	0.13%
276,187	23,085,298	0.6499%	446.78	n/a



Schedule 11
CITY OF ALBANY, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
as of June 30, 2016

Jurisdiction	Net Outstanding Debt	Percentage Applicable to the City of Albany (1)	Amount Applicable to the City of Albany
DIRECT DEBT			
City of Albany (2) (3)	\$ 26,537,675	100.0000%	\$ 26,537,675
OVERLAPPING DEBT			
Benton County	800,000	11.9571%	95,657
Grand Prairie Water Control District (GPWCD)	516,873	78.8434%	407,520
Greater Albany Public School (GAPS) District 8J	47,624,284	74.3102%	35,389,701
Linn Benton Community College (LBCC)	38,440,000	23.0822%	8,872,798
Total overlapping debt	87,381,157		44,765,676
Total direct and overlapping debt	\$ 113,918,832		\$ 71,303,351

Direct and Overlapping Debt Applicable to the City of Albany



(1) Source - State of Oregon, Treasury Department, the overlapping debt percentage is determined by the percent of real market value the City shares between itself and another issuer. This data is provided to the Treasury Department annually by the Oregon Department of Revenue.

(2) City of Albany net outstanding debt

2015 Public Safety Facilities Bond	\$ 17,605,000
2002 Limited Tax Pension Obligations	5,101,485
Total City of Albany net outstanding debt - bonded	<u>22,706,485</u>

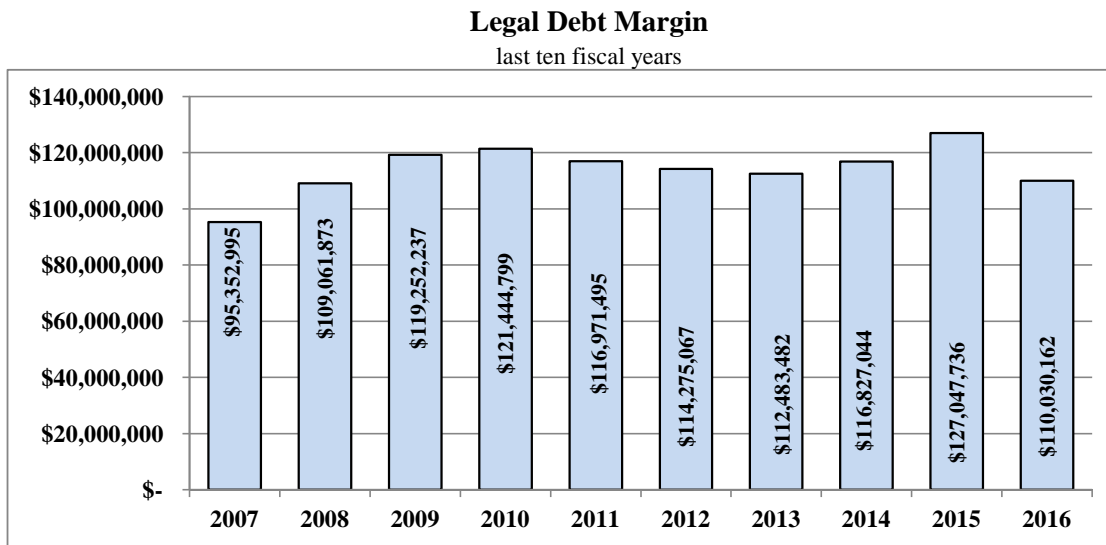
(3) Remaining City of Albany net outstanding debt

2004 General Revenue Obligations	655,000
2007 CARA Series A (Taxable) & B (Tax-exempt) UR Bonds	2,363,000
2016 Capital Leases for City of Albany Police Cars	208,743
Unamortized premium on debt issuance	604,447
Total Remaining City of Albany net outstanding debt	<u>3,831,190</u>
Grand Total of City of Albany net outstanding debt	<u>\$ 26,537,675</u>

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Schedule 12
CITY OF ALBANY, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
 Last Ten Fiscal Years

	2007	2008	2009	2010
Debt limitation	\$ 106,555,821	\$ 118,794,436	\$ 127,544,266	\$ 128,080,822
Total net debt applicable to limitation	11,202,826	9,732,563	8,292,029	6,636,023
Legal debt margin	\$ 95,352,995	\$ 109,061,873	\$ 119,252,237	\$ 121,444,799
Ratio of net debt applicable to the debt limitation	10.51%	8.19%	6.50%	5.18%



The state-mandated legal debt margin for general obligation debt is three percent of true cash value (market value). The legal debt margin is a direct function of the true cash value of properties in the City and the City's net general obligation debt. The City's legal debt margin has increased by 15.39 percent (\$14,677,167) over the last ten years. During the same period, the City's true cash value increased by 19.7 percent (\$699,634,949) and the City's general obligation debt decreased by -37.23 percent ((\$4,751,520)).

Sources: Linn and Benton County Tax Assessors and Notes to the Basic Financial Statements

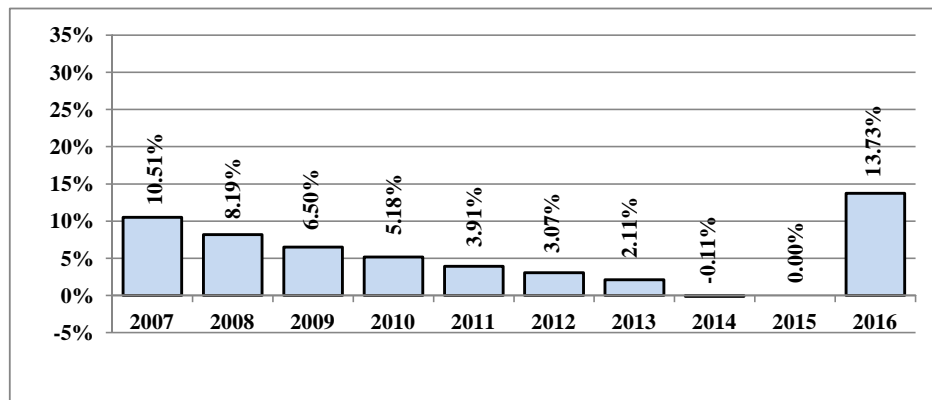
Schedule 12
CITY OF ALBANY, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
 Last Ten Fiscal Years

2011	2012	2013	2014	2015	2016	
\$121,727,765	\$117,889,589	\$114,909,144	\$116,699,781	\$127,047,736	\$127,544,869	Debt limitation
4,756,270	3,614,522	2,425,662	(127,263)	-	17,514,707	Total net debt applicable to limitation
\$116,971,495	\$114,275,067	\$112,483,482	\$116,827,044	\$127,047,736	\$110,030,162	Legal debt margin
3.91%	3.07%	2.11%	-0.11%	0.00%	13.73%	Ratio of net debt applicable to the debt limitation

Legal debt margin calculation for Fiscal Year

True cash value	\$ 4,251,495,639
General obligation debt limit - 3% of true cash value	3%
General obligation debt limit	127,544,869
Gross general obligation bonded debt principal	
2015 Public Safety Facility Bonds	\$ 17,605,000
Less: Debt service monies available	
Debt Service Fund:	
2015 Public Safety Facility Bonds	90,293
Net debt subject to the three percent limitation	17,514,707
Legal debt margin	\$ 110,030,162

Ratio of the Net Debt Applicable to the Debt Limitation
 last ten fiscal years



The lower the ratio of net debt applicable to the debt limitation, the greater the legal capacity to issue general obligation debt. However, the ratio indicates little about the City's economic condition and political atmosphere concerning the ability to issue additional general obligation debt.

Schedule 13
CITY OF ALBANY, OREGON
PLEDGED REVENUE COVERAGE
 Last Ten Fiscal Years

Water Revenue Debt (Coverage requirement equals 125%)

Fiscal Year Ended June 30,	Operating Revenues	Less:		Net Available Resources	Debt Service			Coverage Percentage
		Operating Expenses	Depreciation		Principal	Interest	Total	
2007	\$ 12,145,427	\$ 9,378,920	\$ 2,049,219	\$ 4,815,726	\$ 1,307,704	\$ 1,741,163	\$ 3,048,867	157.95%
2008	12,127,657	9,896,712	2,124,833	4,355,778	1,340,875	1,693,492	3,034,367	143.55%
2009	12,496,597	9,635,861	2,191,108	5,051,844	1,374,316	1,625,302	2,999,618	168.42%
2010	12,131,078	9,719,493	2,359,026	4,770,611	1,412,902	1,568,791	2,981,693	160.00%
2011	11,277,156	9,688,766	2,431,714	4,020,104	1,126,688	1,528,345	2,655,033	151.41%
2012	11,861,912	9,383,550	2,423,215	4,901,577	1,035,678	1,491,069	2,526,747	193.99%
2013	11,990,340	11,137,936	3,287,590	4,139,994	830,000	1,455,556	2,285,556	181.14%
2014	12,324,568	10,608,695	3,121,452	4,837,325	1,005,000	962,064	1,967,064	245.92%
2015	12,815,070	10,012,529	3,035,520	5,838,061	895,000	1,033,194	1,928,194	302.77%
2016	13,206,078	12,477,995	2,971,270	3,699,353	935,000	996,594	1,931,594	191.52%

The amount of net available resources for bond coverage is determined by subtracting operating expenses from operating revenues. Operating expenses are reduced by the amount of depreciation expense for the fiscal year. In October, 2003, the City sold \$40,485,000 of 30-year water revenue bonds to finance the construction of a new Water Treatment Plant, refund an existing water revenue bond issue, and make other capital improvements to the water system. In March 2013, the City completed an advanced refunding on the 2003 Bonds.

Sewer Revenue Debt Coverage requirement equals 105%)

Fiscal Year Ended June 30,	Operating Revenues	Less:		Net Available Resources	Debt Service			Coverage Percentage
		Operating Expenses	Depreciation		Principal	Interest	Total	
2007	\$ 9,685,266	\$ 8,736,409	\$ 2,130,168	\$ 3,079,025	\$ 465,000	\$ 331,354	\$ 796,354	386.64%
2008	10,842,503	9,414,548	2,186,620	3,614,575	636,080	1,379,442	2,015,522	179.34%
2009	11,310,398	9,335,578	2,188,811	4,163,631	656,080	1,351,712	2,007,792	207.37%
2010	14,057,229	9,880,471	2,208,526	6,385,284	988,241	4,312,405	5,300,646	120.46%
2011	18,781,882	9,696,304	2,668,459	11,754,037	2,643,460	2,410,626	5,054,086	232.57%
2012	14,835,678	11,643,622	3,273,916	6,465,972	2,723,921	2,316,948	5,040,869	128.27%
2013	18,865,187	11,850,582	4,256,844	11,271,449	2,806,835	2,220,414	5,027,249	224.21%
2014	14,850,594	12,779,201	4,343,400	6,414,793	2,892,278	1,968,873	4,861,151	131.96%
2015	15,674,502	12,481,568	4,573,578	7,766,512	2,980,325	1,873,595	4,853,920	160.00%
2016	15,890,793	14,318,946	4,591,095	6,162,942	3,071,056	1,912,795	4,983,851	123.66%

The amount of net available resources for bond coverage is determined by subtracting operating expenses from operating revenues. Interest payments on property assessments are deducted from operating revenues. Operating expenses are reduced by the amount of depreciation taken for the fiscal year.

During FY 2006-07, the City began construction of a new wastewater treatment plant financed by a State Revolving Fund. In 2009-10 the construction was completed and the loan amount was finalized at \$69,000,000. In 2010-11, the City began to pay back the new SRF Loan.

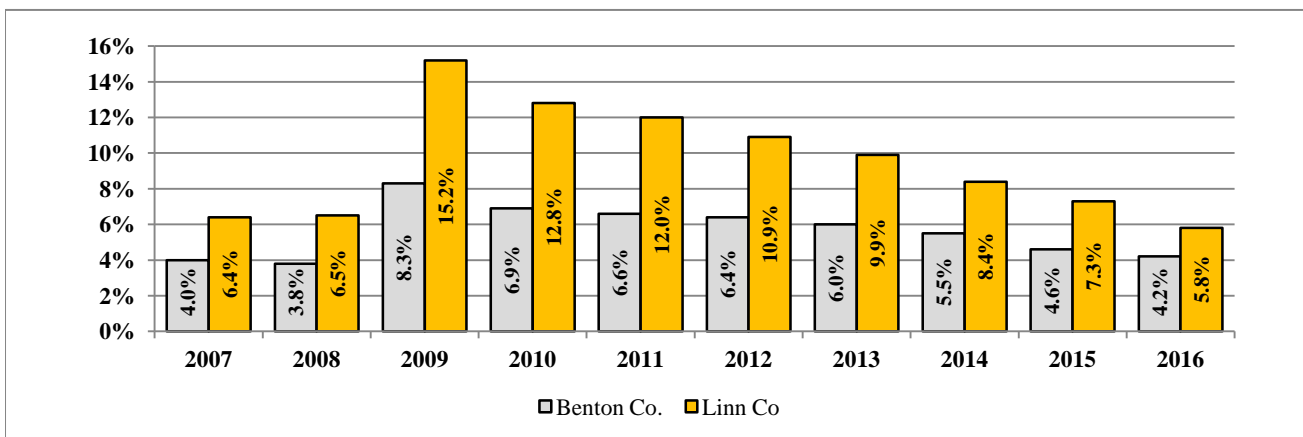
Source: City of Albany 2007-2016 Comprehensive Annual Financial Reports

Schedule 14
CITY OF ALBANY, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Albany-Lebanon Metropolitan Statistical Area						
	City of Albany Population(1)	Population(1)	Personal Income(2)	Per Capita Personal Income(2)	Albany School Enrollment(3)	Unemployment Rate (4)	
						Linn Co.	Benton Co.
2007	46,610	108,250	\$2,913,657,000	\$ 26,916	9,169	6.4%	4.0%
2008	47,470	109,320	2,942,457,120	26,916	9,100	6.5%	3.8%
2009	49,165	110,815	3,243,887,495	29,273	9,197	15.2%	8.3%
2010	49,530	110,185	3,245,058,435	29,451	9,213	12.8%	6.9%
2011	50,325	116,672	3,406,472,384	29,197	9,519	12.0%	6.6%
2012	50,520	116,857	3,515,409,131	30,083	9,911	10.9%	6.4%
2013	50,710	118,122	3,676,716,360	30,984	9,941	9.9%	6.0%
2014	50,720	118,665	3,768,672,515	31,483	9,925	8.4%	5.5%
2015	51,270	119,705	4,503,061,000	34,661	9,985	7.3%	4.6%
2016	51,670	122,315	n/a	n/a	9,760	5.8%	4.2%

Over the last ten years, the City's population has increased by 10.86 percent (5,060). From 2006 to 2015 per capita personal income has risen by 16.97 percent (\$4,567) in the Albany-Lebanon metropolitan statistical area. Albany's city boundaries span two counties: Linn County (population 44,403) and Benton County (population 7,267). As of Fiscal Year 2013-14 (per capita data lags one year), per capita personal income was \$34,661 for Linn County, \$37,160 for Benton County, and \$38,654 for the state as a whole. For the ten-year period, enrollment in the Greater Albany Public School District increased by 6.45 percent (591 students).

Unemployment Rates, Linn and Benton Counties
 last 10 fiscal years



Sources:

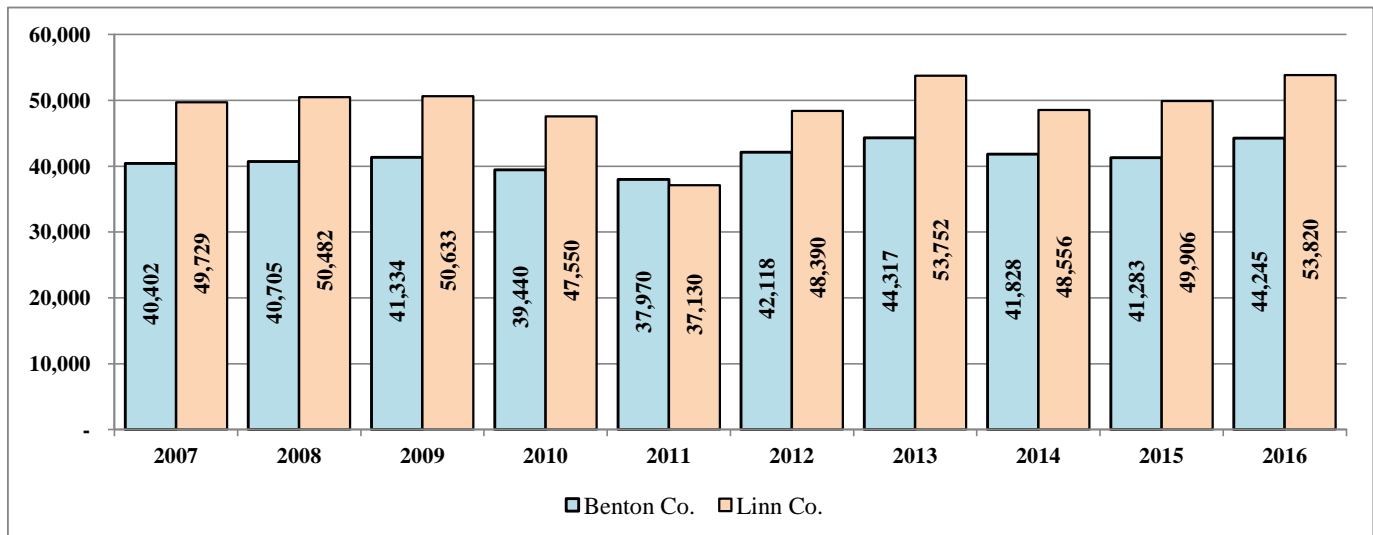
- (1) Portland State University, Population Research and Census Center
- (2) U. S. Department of Commerce, Bureau of Economic Analysis (2015 is the most current data available)
- (3) Greater Albany Public School District 8J
- (4) State of Oregon, Employment Department

Schedule 15
CITY OF ALBANY, OREGON
ALBANY AREA PRINCIPAL EMPLOYERS
for the Fiscal Years ended June 30, 2007, and June 30, 2016

Employer	June 30, 2016			June 30, 2007		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Oregon State University	10,430	1	10.64%	9,264	1	10.03%
Samaritan Health Services	5,159	2	5.26%	4,000	2	4.33%
Hewlett Packard	1,550	3	1.58%	2,500	3	2.71%
ATI Wah Chang (Teledyne Wah Chang - 1997)	1,300	4	1.33%	1,096	6	1.19%
Linn Benton Community College	1,100	5	1.12%	1,100	4	1.19%
Greater Albany Public School District 8J	1,035	6	1.06%	1,100	5	1.19%
Linn County	690	7	0.70%	730	8	0.79%
Assurant	500	8	-	-	-	0.00%
Dayton-Hudson Corporation (Target)	425	9	0.43%	500	10	0.54%
City of Albany	384	10	0.39%	-	-	-
Express Personnel	-	-	0.00%	559	9	-
Weyerhaeuser (Willamette Industries - 1997)	-	-	-	1,000	7	1.08%
Totals	22,573		23.02%	21,849		23.66%
Total employment in Linn and Benton Counties	98,065			92,334		

Employment, Benton and Linn Counties

last ten fiscal years



The percentage of top ten employers to total jobs for Linn and Benton Counties has been quite stable over the ten-year period, with a low of 21.41 percent in 2015 and a high of 25.56 percent in 2011. Total employment in Benton and Linn Counties has increased by 8.09 percent (2,311 jobs) over the last ten years. For the ten-year period, the low point was 75,100 jobs in June 2011, and the high point was 98,069 jobs in June 2013. National and international economic instability will likely have an adverse effect in the coming years, although at this time the extent is unknown.

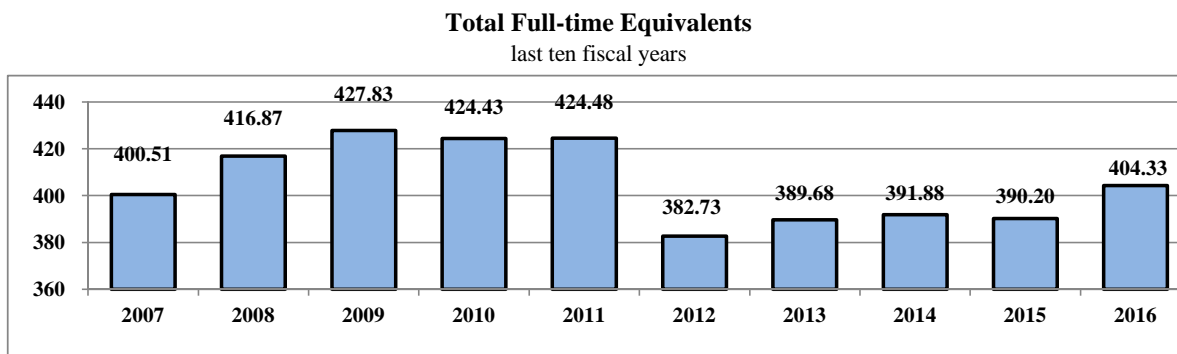
Sources:

- Employer personnel offices
- Oregon Employment Department

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Schedule 16
CITY OF ALBANY, OREGON
EMPLOYEE FULL-TIME EQUIVALENTS (FTE) BY FUNCTION
 Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011
GOVERNMENTAL ACTIVITIES					
General Government					
Economic Development	3.77	3.00	1.00	1.00	1.00
Public Transit	9.34	10.18	11.68	10.68	10.35
Planning	8.50	9.00	9.50	9.50	9.50
Building Inspection	12.00	14.50	14.00	14.00	14.00
Electrical Permit Program	1.50	1.50	1.50	1.50	1.50
Total General Government	35.10	38.18	37.68	36.68	36.35
Public Safety					
Fire	75.00	78.00	80.00	79.60	79.60
Police	92.00	93.25	94.25	94.25	94.25
Municipal Court	4.05	5.13	5.38	5.38	5.38
Total Public Safety	171.05	176.38	179.63	179.23	179.23
Highways and Streets					
Street Fund	10.20	8.00	8.00	8.00	8.00
Airport	-	-	-	0.50	0.45
Total Highways and Streets	10.20	8.00	8.00	8.50	8.45
Culture and Recreation					
Parks & Recreation	30.98	31.98	35.95	35.95	35.95
Library	20.04	20.23	21.98	21.98	21.78
Total Culture and Recreation	51.01	52.21	57.93	57.93	57.73
Total Governmental Activities	267.36	274.77	283.23	281.83	281.30
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Water	28.21	22.50	23.50	22.50	23.50
Sewer	29.59	21.50	21.50	21.50	21.50
Total Enterprise	57.80	44.00	45.00	44.00	45.00
Internal Service					
Central Services	40.60	44.10	43.60	43.60	43.80
Public Works Services	34.75	54.00	56.00	55.00	54.38
Equipment Maintenance	-	-	-	-	-
Total Internal Service	75.35	98.10	99.60	98.60	98.18
Total Business-type Activities	133.15	142.10	144.60	142.60	143.18
Grand Total - All Full-time Equivalents	400.51	416.87	427.83	424.43	424.48



Source: City of Albany Human Relations Department

Schedule 16
CITY OF ALBANY, OREGON
EMPLOYEE FULL-TIME EQUIVALENTS (FTE) BY FUNCTION
 Last Ten Fiscal Years

2012	2013	2014	2015	2016	
GOVERNMENTAL ACTIVITIES					
					General Government
1.00	1.00	2.00	1.00	2.00	Economic Development
10.63	10.63	11.30	11.30	12.88	Public Transit
7.50	8.25	6.10	6.42	6.42	Planning
7.50	5.75	5.75	5.43	6.43	Building Inspection
0.75	0.75	0.75	0.75	0.75	Electrical Permit Program
27.38	26.38	25.90	24.90	28.48	Total General Government
Public Safety					
73.60	79.20	78.40	75.60	79.40	Fire
87.75	87.88	87.88	88.88	92.25	Police
4.38	4.38	4.38	4.38	4.38	Municipal Court
165.73	171.45	170.65	168.85	176.03	Total Public Safety
Highways and Streets					
7.45	7.45	7.45	7.45	7.45	Street Fund
0.10	0.10	0.10	0.10	0.10	Airport
7.55	7.55	7.55	7.55	7.55	Total Highways and Streets
Culture and Recreation					
26.43	26.53	26.65	26.78	28.15	Parks & Recreation
20.90	20.93	20.93	20.93	20.93	Library
47.33	47.45	47.58	47.70	49.08	Total Culture and Recreation
247.88	252.73	251.68	249.00	261.13	Total Governmental Activities
BUSINESS-TYPE ACTIVITIES					
Enterprise					
22.50	21.50	21.50	21.50	21.50	Water
22.50	23.50	23.50	23.50	23.50	Sewer
45.00	45.00	45.00	45.00	45.00	Total Enterprise
Internal Service					
39.85	40.95	41.20	41.20	41.20	Central Services
50.00	51.00	54.00	55.00	57.00	Public Works Services
-	-	-	-	-	Equipment Maintenance
89.85	91.95	95.20	96.20	98.20	Total Internal Service
134.85	136.95	140.20	141.20	143.20	Total Business-type Activities
382.73	389.68	391.88	390.20	404.33	Grand Total - All Full-time Equivalents

Fiscal Year	Total FTE	Annual Percentage Change	Total Percentage Change from 1999
2007	400.51	-	-
2008	416.87	4.08%	4.08%
2009	427.83	2.63%	6.82%
2010	424.43	-0.79%	5.97%
2011	424.48	0.01%	5.98%
2012	382.73	-9.84%	-4.44%
2013	389.68	1.82%	-2.71%
2014	391.88	0.56%	-2.16%
2015	390.20	-0.43%	-2.57%
2016	404.33	3.62%	0.95%

The average annual rate of change over ten year period is 2.91%.

Schedule 17
CITY OF ALBANY, OREGON
OPERATING INDICATORS BY FUNCTION
 Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011
GOVERNMENTAL ACTIVITIES					
General Government					
Planning and Community Development					
Number of planning applications	150	181	96	108	134
Total permits issued	4,200	3,285	2,535	2,245	1,939
New construction permits issued	430	33	177	192	11
Single-family permits issued	400	186	97	156	76
Electrical permits issued	1,600	1,158	990	878	755
Building Maintenance					
Square footage of buildings maintained	217,020	220,000	220,000	206,780	206,780
Work orders completed	1,804	1,417	2,002	2,228	2,250
Public Transit					
Total number of riders	75,000	177,305	205,220	218,511	228,663
Total annual route miles	80,400	264,591	241,359	252,097	262,990
Public Safety					
Municipal Court					
Number of warrants issued	2,500	1,487	1,584	1,347	1,398
Case numbers issued	4,900	8,174	8,834	6,202	4,900
Police					
Total arrests	3,800	4,406	4,227	3,548	2,731
Traffic citations issued	7,500	11,303	6,097	5,851	4,681
Animal and abandoned vehicle calls	3,300	2,304	2,401	2,484	1,496
Fire					
Total calls for emergency fire and EMS services	6,200	6,407	6,410	6,049	6,388
Full response structure fires	88	60	85	67	91
Highways and Streets					
Street Fund					
Miles of streets slurry-sealed annually	8	6	6	-	-
Customer service work order/complaint responses	600	540	720	554	541
Miles of painted paving marking	48	46	46	52	51
Culture and Recreation					
Parks & Recreation					
Number of participants in classes, Senior Center activities, sports programs, and aquatic programs	108,900	111,700	112,150	172,630	184,154
Annual performance series and Northwest Art and Air Festival attendance	102,000	103,091	102,011	99,100	118,700
Library					
Total number of library items borrowed	600,000	609,273	696,327	773,960	780,188
Total number of reference questions	35,000	31,080	38,860	44,297	41,043
BUSINESS-TYPE ACTIVITIES					
Sewer					
Dry tons of biosolids applied annually	650	637	599	121	-
Millions of gallons of wastewater treated annually	2,830	3,156	2,708	2,697	3,300
Sewer line locate requests	4,400	3,471	2,979	2,836	4,307
Water					
Millions of gallons of water treated annually	1,650	3,068	2,911	2,847	2,865
Miles of water pipe maintained annually	255	270	271	281	283
Number of fire hydrants maintained in the water system	1,670	1,891	1,953	1,992	1,877

Source: City of Albany annual budget

Schedule 17
CITY OF ALBANY, OREGON
OPERATING INDICATORS BY FUNCTION
 Last Ten Fiscal Years

2012	2013	2014	2015	2016	
					GOVERNMENTAL ACTIVITIES
					General Government
					Planning and Community Development
143	62	132	138	197	Number of planning applications
1,939	2,189	2,332	2,359	2,549	Total permits issued
6	418	5	154	143	New construction permits issued
80	128	141	130	98	Single-family permits issued
751	816	905	910	1,011	Electrical permits issued
					Building Maintenance
233,780	233,780	296,233	317,366	317,366	Square footage of buildings maintained
2,203	2,001	1,886	1,627	1,725	Work orders completed
					Public Transit
237,424	234,186	231,224	214,865	209,595	Total number of riders
260,222	275,977	287,257	206,720	308,451	Total annual route miles
					Public Safety
					Municipal Court
1,680	1,777	2,516	3,102	2,970	Number of warrants issued
3,891	3,671	5,079	6,121	5,746	Case numbers issued
					Police
3,453	3,609	4,777	4,964	4,884	Total arrests
4,120	3,315	3,907	5,263	4,659	Traffic citations issued
2,266	2,320	2,288	2,513	2,349	Animal and abandoned vehicle calls
					Fire
6,432	6,448	7,133	7,511	8,029	Total calls for emergency fire and EMS services
113	53	49	42	53	Full response structure fires
					Highways and Streets
					Street Fund
-	-	-	-	-	Miles of streets slurry-sealed annually
509	492	461	382	392	Customer service work order/complaint responses
65	55	57	61	62	Miles of painted paving marking
					Culture and Recreation
					Parks & Recreation
187,261	186,401	188,102	196,005	202,155	Number of participants in classes, Senior Center activities, sports programs, and aquatic programs
121,104	123,200	122,206	131,209	137,211	Annual performance series and Northwest Art and Air Festival attendance
					Library
700,619	709,004	685,781	623,143	619,068	Total number of library items borrowed
42,766	34,435	33,338	33,193	33,581	Total number of reference questions
					BUSINESS-TYPE ACTIVITIES
					Sewer
-	9	25	-	-	Dry tons of biosolids applied annually
3,094	2,842	2,900	2,940	3,241	Millions of gallons of wastewater treated annually
3,319	2,920	3,458	3,732	3,829	Sewer line locate requests
					Water
2,449	2,755	2,660	2,853	2,809	Millions of gallons of water treated annually
290	292	282	283	287	Miles of water pipe maintained annually
2,025	1,914	1,740	1,970	1,816	Number of fire hydrants maintained in the water system

Schedule 18
CITY OF ALBANY, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011
GOVERNMENTAL ACTIVITIES					
Public Safety					
Police Stations	1	1	1	1	1
Fire Stations	4	4	4	4	4
Highways and Streets					
Miles of improved streets	158	160	160	163	165
Miles of unimproved streets	28	28	28	28	36
Miles of gravel streets	8	8	8	8	8
Culture and Recreation					
Parks & Recreation					
Number of developed park sites	33	31	33	33	33
Acres of developed park land	612	772	735	424	564
Library					
Number of libraries	2	2	2	2	2
Number of volumes	160,562	169,217	184,573	213,059	210,071
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Sewer					
Miles of sanitary sewer lines (6 inches or larger)	217	219	222	227	223
Miles of storm sewer lines (12 inches or larger)	100	105	117	120	151
Number of sewer hookups	15,870	15,900	17,330	15,848	15,712
Water					
Miles of water lines	271	274	279	286	283
Number of water hookups	16,467	16,662	16,662	17,114	17,463
Number of water treatment plants	2	2	2	2	2

Source: City of Albany departmental records

Schedule 18
CITY OF ALBANY, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

2012	2013	2014	2015	2016	
GOVERNMENTAL ACTIVITIES					
Public Safety					
1	1	1	1	1	Police Stations
4	4	4	4	4	Fire Stations
Highways and Streets					
165	166	166	181	200	Miles of improved streets
36	35	35	14	n/a	Miles of unimproved streets
8	8	n/a	n/a	n/a	Miles of gravel streets
Culture and Recreation					
Parks & Recreation					
36	36	36	36	36	Number of developed park sites
564	564	564	564	564	Acres of developed park land
Library					
2	2	2	2	2	Number of libraries
210,071	242,966	250,944	251,267	259,309	Number of volumes
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Sewer					
223	223	230	230	201	Miles of sanitary sewer lines
151	104	104	105	105	Miles of storm sewer lines (12 inches or larger)
15,912	17,586	16,556	16,187	16,292	Number of sewer hookups
Water					
290	292	276	261	264	Miles of water lines
17,551	18,320	18,000	17,079	17,105	Number of water hookups
2	2	2	2	2	Number of water treatment plants

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COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS

Honorable Mayor and Members
of the City Council
CITY OF ALBANY
Albany, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the CITY OF ALBANY as of and for the year ended June 30, 2016, and have issued our report thereon dated January 30, 2017.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

Honorable Mayor and Members
of the City Council
CITY OF ALBANY
Albany, Oregon

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY THE
MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)**

Compliance (continued)

In connection with our testing nothing came to our attention, except as noted below, that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-240 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except expenditures in excess of appropriations occurred as follows:

<u>Fund/ Appropriation Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
Parks and recreation - administration	\$ 1,226,300	\$1,259,928	\$ (33,628)
Capital projects - Albany station pathway	32,300	35,798	(3,498)
Water - materials and services	5,930,500	6,057,708	(127,208)
Central services - GIS	425,400	426,470	(1,070)

OAR 162-10-0230 Internal Control

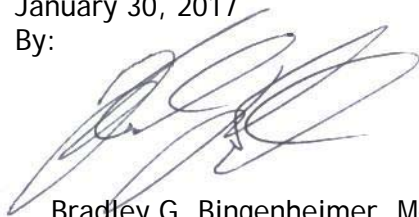
In planning and performing our audit, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion 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. Deficiencies in internal control, if any, were communicated separately.

Restriction on Use

This report is intended solely for the information and use of the City Council members and management of the CITY OF ALBANY and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
January 30, 2017

By:



Bradley G. Bingenheimer, Member



**INDEPENDENT AUDITOR'S 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**

Honorable Mayor and Members
of the City Council
CITY OF ALBANY
Albany, Oregon

We have audited, in accordance with auditing standard 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 the **CITY OF ALBANY** as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 30, 2017.

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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and Members
of the City Council
CITY OF ALBANY
Albany, Oregon

**INDEPENDENT AUDITOR'S 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 (Continued)**

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Boldt Carlisle & Smith

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
January 30, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Honorable Mayor and Members
of the City Council
CITY OF ALBANY
Albany, Oregon

Report on Compliance for Each Major Federal Program

We have audited the City's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, **CITY OF ALBANY**, complied, in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Honorable Mayor and Members
of the City Council
CITY OF ALBANY
Albany, Oregon

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (Continued)

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal program is not modified with respect to this matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-002, that we consider to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Honorable Mayor and Members
of the City Council
CITY OF ALBANY
Albany, Oregon

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (Continued)**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Boldt Carlisle & Smith

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
January 30, 2017

CITY OF ALBANY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

Section I Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified
Internal controls over financial reporting:
Material weakness(es) identified? No
Significant deficiency(ies) identified? None reported
Noncompliance material to financial statements noted? No

Federal awards

Internal control over major federal programs:
Material weakness(es) identified? No
Significant deficiency(ies) identified? Yes
Type of auditor's report issued on compliance for major federal programs: Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major federal programs:

Table with 2 columns: CFDA Number(s), Name of Federal Program or Cluster. Row 1: 20.507 Federal Transit Formula Grants

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
Auditee qualified as a low-risk auditee: No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

Finding 2016-001
U.S. DEPARTMENT OF TRANSPORTATION

Criteria:
2 CFR Part 200.430(i) establishes documentation requirements for personnel expenses charged to federal awards. 2 CFR Part 200.430(i)(1)(viii) states "Budget estimates alone do not qualify as support for charges to Federal awards".

Condition:
Personnel costs charged to the program for a split funded employee were based on budget estimates.

Cause:

Documentation of actual hours spent on the program were not maintained and compared to the budget estimates.

Effect:

Personnel costs charged to the program are not supported by documentation.

Questions Costs:

\$ 41,493.60

Perspective:

The questions costs represent the personnel costs of the split funded employee charged to the program.

Recommendations:

Documentation of actual time spent on program related activities should be maintained and used as the basis for personnel costs charged to the program.

Management's Response:

Documentation of time spent on program related activities by all employees will be maintained.

Finding 2016-002

U.S. DEPARTMENT OF TRANSPORTATION

Criteria:

2 CFR Part 200.303 requires the City to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the City managed the award in accordance with the federal requirements.

Condition:

The City's information and communication system used to accumulate and report the costs charged to the program on a quarterly basis did not include adjustments made after the close of the quarter.

Cause:

The City's information and communication system reported each quarter separately without consideration of adjustments made after the close of each quarter.

Effect:

The City could receive more reimbursements under federal awards than it was entitled to.

Questions Costs:

None

Recommendations:

The City should develop internal control procedures to fully capture changes made to expenditures for which reimbursement was previously obtained.

Management's Response:

The City will develop appropriate internal control procedures and modify the information and communication system to capture all transactions effecting the costs that should be charged to the program

CITY OF ALBANY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>Department of Housing and Urban Development</i>			
Community Development Block Grant	14.218	B-14-MC-41-0011	\$ 169,270
<i>Department of the Interior</i>			
National Park Service			
Historic Preservation Fund Grants-In-Aid	15.904		12,000
<i>Department of Justice</i>			
Bureau of Justice Assistance			
Bulletproof Vest Partnership Program	16.607		2,609
<i>Department of Transportation</i>			
Federal Aviation Administration			
Airport Improvement Program	20.106	3-41-0001-012-2012	38,221
Federal Transit Administration			
Formula Grants - Urbanized Area Formula	20.507		613,059
<i>Passed through Linn County, Oregon</i>			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	29313	157,770
National Highway Traffic Safety Administration			
<i>Passed through Oregon Association of Chiefs of Police</i>			
Highway Safety Cluster			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		3,363
Occupant Protection Incentive Grants	20.602		6,850
Subtotal Highway Safety Cluster			10,213
Pipeline and Hazardous Materials Safety Administration			
<i>Passed through Oregon State Police</i>			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	234-2013	15,039
Total Department of Transportation			834,302
Total Expenditures of Federal Awards			<u>\$ 1,018,181</u>

Notes to Schedule of Expenditures of Federal Awards

1 - Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Albany under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of City of Albany, it is not intended to and does not present the financial position, changes in net position, or cash flows of City of Albany.

2 - Summary of significant accounting policies

- a. Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. City of Albany has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.