

ENTRANCE

CITY OF ALBANY, OREGON

COMPREHENSIVE
ANNUAL
FINANCIAL REPORT

for the year ended June 30, 2018

FY 2017-2018



FINANCE.CITYOFALBANY.NET



City of Albany, Oregon

Comprehensive Annual Financial Report

for the Fiscal Year Ended

June 30, 2018

*** * * * ***

Peter Troedsson, City Manager

Jeanna Yeager, Finance Director

Prepared by:

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



CITY OF ALBANY

★ OREGON ★

Inc. 1864

City of Albany, Oregon
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
Table of Contents

| | <u>Page</u> |
|--|-------------|
| INTRODUCTORY SECTION | |
| Council Members, Administrative Staff and Principal Finance Staff | i |
| Executive Summary | ii |
| Letter of Transmittal | iii |
| Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2017 | xiii |
| FINANCIAL SECTION | |
| Independent Auditor’s Report | 1 |
| Management’s Discussion and Analysis | 4 |
| Basic Financial Statements | |
| Government-wide Financial Statements | |
| Statement of Net Position | 17 |
| Statement of Activities | 18 |
| Fund Financial Statements | |
| Governmental Funds | |
| Balance Sheet | 20 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 21 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | 22 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 23 |
| Major Governmental Funds Budgetary Comparison Statements | |
| General | 24 |
| Parks and Recreation | 26 |
| Risk Management | 28 |
| Street | 29 |
| Proprietary Funds: | |
| Statement of Net Position | 30 |
| Statement of Revenues, Expenses and Changes in Net Position | 31 |
| Statement of Cash Flows | 32 |
| Notes to the Basic Financial Statements | 34 |
| Required Supplementary Information | |
| Schedule of the Proportionate Share of the Net Pension Liability | 89 |
| Schedule of Contributions | 90 |
| Schedule of the Proportionate Share of the Net OPEB Liability | 91 |
| Schedule of OPEB Contributions | 92 |
| Schedule of Changes in the City’s Total Other Postemployment Benefit Liability and Related Ratios | 93 |

City of Albany, Oregon
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
Table of Contents, continued

| | <u>Page</u> |
|--|-------------|
| FINANCIAL SECTION (Continued) | |
| Supplementary Data | |
| Budgetary Comparison Schedule Capital Projects | 94 |
| Nonmajor Governmental Funds | |
| Combining Statements | |
| Combining Balance Sheet | 95 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 96 |
| Special Revenue Funds | |
| Combining Balance Sheet | 97 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 99 |
| Budgetary Comparison Schedules | |
| Grants | 101 |
| Building Inspection | 102 |
| Economic Development | 103 |
| Public Transit | 104 |
| Public Safety Levy | 105 |
| Albany Revitalization Agency | 106 |
| Debt Service Fund | |
| Combining Balance Sheet | 107 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 108 |
| Budgetary Comparison Schedule | |
| Debt Service | 109 |
| GO Debt Service | 110 |
| Capital Project Funds | |
| Budgetary Comparison Schedule | |
| Capital Replacement | 111 |
| Permanent Funds | |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 112 |
| Budgetary Comparison Schedules | |
| Senior Center Endowment | 113 |
| Library Trust | 114 |
| Proprietary Funds | |
| Enterprise Funds | |
| Water Fund Budgetary Comparison Schedule | 115 |
| Water Fund Reconciliation of Budgetary Revenues, Expenditures and Fund | |
| Balance to Statement of Revenues, Expenses and Changes in Net Position | 116 |
| Sewer Fund Budgetary Comparison Schedule | 117 |
| Sewer Fund Reconciliation of Budgetary Revenues, Expenditures and Fund | |
| Balance to Statement of Revenues, Expenses and Changes in Net Position | 118 |
| Stormwater Fund Budgetary Comparison Schedule | 119 |
| Stormwater Fund Reconciliation of Budgetary Revenues, Expenditures and Fund | |
| Balance to Statement of Revenues, Expenses and Changes in Net Position | 120 |

City of Albany, Oregon
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
Table of Contents, continued

| | <u>Page</u> |
|--|-------------|
| FINANCIAL SECTION (Continued) | |
| Supplementary Data (continued) | |
| Proprietary Funds (continued) | |
| Internal Service Funds | |
| Combining Statement of Net Position | 121 |
| Combining Statement of Revenues, Expenses and Changes in Net Position..... | 122 |
| Combining Statement of Cash Flows | 123 |
| Budgetary Comparison Schedules | |
| Central Services | 124 |
| Public Works Services | 125 |
| Reconciliation of Budgetary Revenues, Expenditures and Fund Balance to Statement of Revenues, Expenses and Changes in Net Position of Internal Service Funds | 126 |
| STATISTICAL SECTION | |
| Net Position by Component..... | 127 |
| Change in Net Position | 129 |
| Fund Balances of Governmental Funds | 133 |
| Change in Fund Balances of Governmental Funds | 135 |
| Assessed Values and Estimated Market Value of Taxable Property | 137 |
| Direct and Overlapping Tax Rates | 139 |
| Principal Property Taxpayers | 141 |
| Property Tax Levies and Collections | 142 |
| Schedule of Debt Per Capita and Debt as a Percentage of Personal Income | 143 |
| Ratio of General Bonded Debt To Assessed Value..... | 145 |
| Computation of Direct and Overlapping Debt | 147 |
| Computation of Legal Debt Margin | 148 |
| Pledged Revenue Coverage | 150 |
| Demographic and Economic Statistics | 151 |
| Albany Area Principal Employers..... | 152 |
| Employee Full-time Equivalents by Function | 153 |
| Operating Indicators by Function | 155 |
| Capital Asset Statistics by Function | 157 |
| COMPLIANCE SECTION | |
| Independent Auditor’s Report Required by Oregon State Regulations | 159 |

City of Albany, Oregon
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
Table of Contents, continued

| | <u>Page</u> |
|--|-------------|
| COMPLIANCE SECTION (continued) | |
| Government Auditing Standards and Uniform Guidance Reports | |
| Independent Auditor’s Report on Internal Control On Compliance for Each Major Program and on Internal Controls Over Compliance Required by Uniform Guidance | 161 |
| Independent Auditor’s Report on Compliance for Each Major Program and on Internal Controls Over Compliance Required by Uniform Guidance | 163 |
| Schedule of Findings and Questioned Costs | 165 |
| Schedule of Expenditures of Federal Awards and Notes to the Schedule of Expenditures of Federal Awards..... | 166 |
| Summary of Prior Audit Findings | 167 |

INTRODUCTORY SECTION

| | |
|---|-------------|
| Council Members, Administrative Staff and Principal Finance Staff..... | i |
| Executive Summary | ii |
| Letter of Transmittal..... | iii |
| Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year Ended June 30, 2017 | xiii |



CITY OF ALBANY

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Inc. 1864

City of Albany, Oregon

333 Broadalbin Street SW

Albany, Oregon 97321

www.cityofalbany.net

Council Members, Administrative Staff and Principal Finance Staff

June 30, 2018

Council Members

| Ward | Council | Years of Service | Term Expires |
|------|----------------------|------------------|-------------------|
| | Sharon Konopa, Mayor | 22 | December 31, 2018 |
| I | Dick Olsen | 20 | December 31, 2018 |
| I | Mike Sykes | 2 | December 31, 2020 |
| II | Bill Coburn | 10 | December 31, 2020 |
| II | Ray Kopczynski | 7 | December 31, 2018 |
| III | Bessie Johnson | 16 | December 31, 2018 |
| III | Rich Kellum | 5 | December 31, 2020 |

Administrative Staff

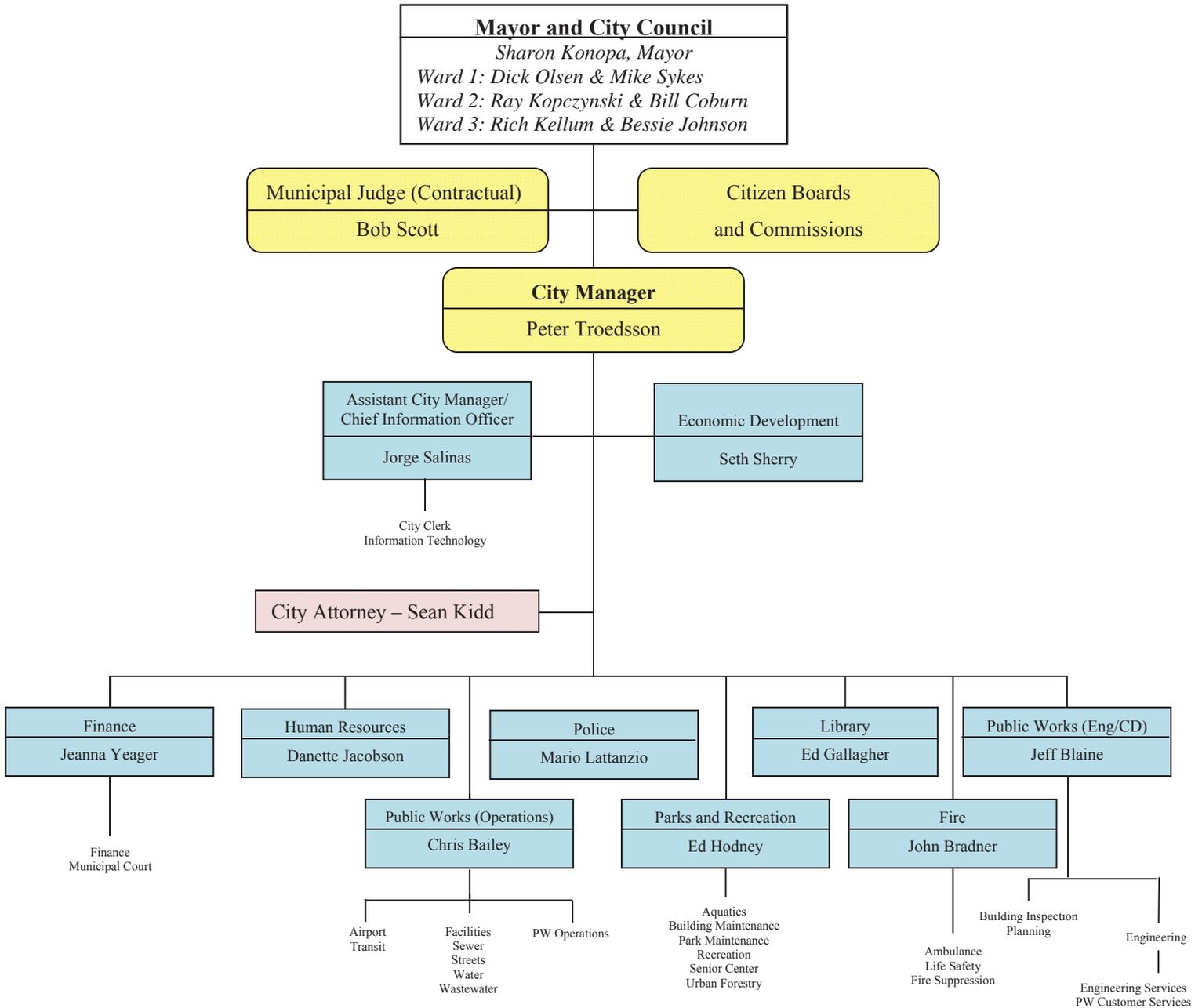
| | |
|---|-----------------|
| City Manager | Peter Troeddson |
| Finance Director | Jeanna Yeager |
| Deputy City Manager/Chief Information Officer | Jorge Salinas |
| Public Works Director (Ops) | Chris Bailey |
| Public Works Director (Eng/CD) | Jeff Blaine |
| Parks and Recreation Director | Ed Hodney |
| Library Director | Ed Gallagher |
| Police Chief | Mario Lattanzio |
| Fire Chief | John Bradner |
| Human Resources Director | Danette Jamison |
| Public Information Officer | Marilyn Smith |

Principal Finance Staff

| | |
|-----------------------|---------------|
| Finance Director | Jeanna Yeager |
| Accounting Supervisor | J.C. Rowley |
| Accounting Supervisor | 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



FINANCE

333 Broadalbin Street SW, PO Box 490, Albany, Oregon 97321-0144 | PHONE 541-917-7500

January 31, 2019

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, 2018, together with the unmodified opinion therein of our independent certified public accountants, Boldt Carlisle + Smith.

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 is accurate in all material respects and is 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 4.

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 2018 population of 52,710, Albany is the state's 11th largest city. The city's boundaries span Linn and Benton Counties with a population of 44,990 in Linn County and 7,720 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 nine department directors overseeing 424 permanent employees.

The Albany community takes special pride in four historic districts within the city that are listed on the National Register for Historic Places. In 1984 and 1985, the "Albany Community" was awarded the All-American City Award for its volunteer efforts by 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 in nearby Corvallis as well as Samaritan Health Services and ATI Wah Chang in Albany, employ over 15,692 people. The development of the U. S. Bureau of Mines in Albany in the 1940s led to the growth of a significant rare metals industry in the Albany area. 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 1,600 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 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.

Unemployment rates continue to decrease for the region. Statistics published by the Oregon Employment Department show that as of June 30, 2018, the unemployment rates for Linn County and Benton County were 5.2 percent and 4.1 percent, respectively. These rates were 4.8 percent and 3.4 percent for

June 30, 2017. Linn County's jobless rate ranked 12th of Oregon's 36 counties, and Benton County's jobless rate was ranked 8th.

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 10.7 percent from \$4.53 billion to \$5.01 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 3 to 5 percent.

In October 2016, Council approved via resolution an \$8.4 million loan from the Oregon Infrastructure Finance 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 Albany Revitalization Agency incremental tax receipts. The agreement with the IFA was signed on November 17, 2016. The recognition of this debt for financial reporting purposes will not occur until Fiscal Year 2018-2019.

MAJOR INITIATIVES

Strategic Plan

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

Communications 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 December 2018 issue was sent to 14,453 recipients, about 1,737 of those opened at least one story. The City also maintains 11 Facebook pages, 4 Twitter accounts, 3 Instagram accounts, 3 FlashAlert accounts, 3 Nixle accounts, a LinkedIn account, a Nextdoor account, an Expresit account, and a YouTube channel. Staff started engaging the public through a City Instagram account in August 2018. One goal was to produce messaging that reached a younger demographic than other currently utilized channels. In just two months, the account had 500 followers and currently sits at 755 and growing steadily. Followers are 74 percent women and are primarily in the 25-44 age group.

In 2018, the City website served approximately 971,849 external pageviews; an increase of 4.58 percent over the previous year.

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 our website and more established outlets such as newspaper and radio. The main City of Albany Facebook page has 3,194 likes;

the most popular page is Albany Police Department, with 13,846 likes. The main Twitter account has 1,883 followers; the main Nixle group has 3,663 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, occasionally, informational videos from the City, other government agencies, and community sources.

Accreditation

The Albany Police Department has been working toward becoming nationally accredited through the Commission on Accreditation for Law Enforcement Agencies (CALEA). The Department is currently in the self-assessment phase of the process, which takes several years to complete. The CALEA accreditation process provides public agencies the opportunity to voluntarily demonstrate meeting an established set of over 480 professional standards. Benefits of becoming CALEA accredited include: an improved relationship with the community, strengthening agency accountability, comprehensive policies, limiting liability and risk exposure, and support in our department's pursuit of excellence. The Albany Police Department will have their on-site assessment in June 2019. Accreditation will be granted at the CALEA conference in November 2019. This has been a long-term goal of the department. In 2017, the department added a full-time Accreditation Manager to coordinate the accreditation process. Every four years, the department will be re-accredited through another on-site assessment. This is an ongoing program that will take dedication and persistence to maintain our department standards at the highest level.

Body Cameras

The decision to field Body Worn Cameras (BWC) was made in 2016. Many products were researched and field tested. The WatchGuard BWC solution was ultimately selected. The WatchGuard Vehicle Camera system was already installed in the patrol fleet, so integration was much easier. In September 2017, 32 BWCs were ordered with charging docks, warranties, and related software. The equipment arrived in November 2017. There was a delay due to a software upgrade and some technical issues with the District Attorney's Office. In early 2018, a few selected officers began field testing BWCs. In July 2018, all of the challenges were resolved between the police department and the District Attorney's Office, and the remaining BWCs were deployed. The policy requires BWC devices be worn by uniformed members who are working enforcement assignments and other personnel as assigned by the department. Members who are assigned to wear BWC devices must use the equipment unless otherwise authorized by supervisory personnel. BWCs are a helpful tool that ultimately make our jobs and report writing easier and provide some protection for our actions.

Parks and Recreation

The department depends on donations of cash and services for roughly half the costs of its summer festivals and concert series. For the second consecutive year, 190 partnership agreements were secured with Albany businesses who donated nearly \$700,000 in cash and in-kind support.

After nearly four years of planning, design, and permitting, the department completed the remodel of Sunrise Park. The project included construction of a new and expanded play area, pedestrian plaza, picnic pavilion, a 15-car parking lot, landscaping, and other amenities. Community Development Block Grant funds and resources from the Parks and Recreation Fund paid for the \$375,000 project.

New perimeter fencing was installed around the softball complexes at both Bryant and Timber Linn parks. The project, completed before the spring 2018 softball season, establishes full perimeter security of the facilities and dramatically reduces maintenance and field preparation costs associated with unauthorized field uses.

Library

Albany Public Library is a sustaining member of Dolly Parton's Imagination Library, which includes 1,400 Linn County kids registered, receiving more than 43,000 books. Library programs have increase 11 percent over the current year, generating a 25 percent increase in attendance. An additional 0.50 FTE was added for bilingual professional Librarian focus and strategic management of Spanish language materials, programs, and community outreach.

Building

The Building Division processed 3,040 permits with over \$114 million permit valuation from a wide variety of new construction and building alterations.

- New and altered commercial buildings accounted for 160 permits and approximately \$57.2 million in valuation, or approximately 50 percent of the total permit valuation.
- Of those new commercial buildings, four new apartment buildings were issued. This added a total of 64 units into the market.
- New single-family-homes, duplexes, manufactured homes, and their accessory structures accounted for 232 permits and approximately \$51 million, or approximately 45 percent, of the total permit valuation. This included 180 new single-family residences, 7 duplexes, and 16 manufactured homes.
- The average permit value per dwelling unit of new residences had a slight increase from \$250,144 in FY 2016-2017 to \$253,387 in FY 2017-2018.
- Trade permits (mechanical, electrical, and plumbing), signs, parking lots, and single-family alterations accounted for the remaining 2,648 permits issued this fiscal year.
- Inspection load increased from 9,219 inspections in FY 2016-2017 to 11,293 scheduled inspections.

Planning

The Planning Division implements the Albany Development Code and supports the Planning, Landmarks Advisory, and Community Development commissions. It administers the City's Community Development Block Grant, Certified Local Government historic preservation grant, and floodplain management programs. Major initiatives include:

- Current Planning: Reviewed 128 planning applications and held 114 pre-application conferences.
- Long Range Planning: Coordinated the review and approval of an updated sign code to make regulations more content-neutral and improved the overall function, clarity, and readability of the sign regulations, as well as a set of amendments to reference expedited review timelines for multi-family housing and land divisions.
- Albany Development Code (ADC) Audit: With direction from the City Council, staff initiated the ADC Audit project in 2017. The project was initiated with the goals of providing clearer and more

objective standards (more certainty for developers); increasing efficiencies through changes to review processes for certain types of proposals (quicker decisions); improving overall functionality of the ADC; correcting inconsistencies with state requirements; and reassessing City Council, Planning Commission, and community goals.

- Community Development Block Grant (CDBG): In FY 2017-2018, the City was allocated \$394,197 from the Department of Housing and Urban Development to address community housing, economic, and community needs. CDBG-funded programs served 436 low- and moderate-income Albany residents with child abuse prevention, food boxes, and shelter and case management for homeless residents and youth. Two low-mod households received down payment assistance to become homeowners, two owner-occupied houses were rehabilitated, and one low-mod resident received assistance to grow his business. Infill sidewalk and curb ramps were provided on sections of the Dave Clark Path and the Sunrise Park remodel and new parking lot were completed.
- The City of Albany participates in the Certified Local Government (CLG) program, which is designed to promote historic preservation at the local level. The program is a federal program (National Park Service) that is administrated by the Oregon State Historic Preservation Office (SHPO). The City must meet certain qualifications to participate in the program and to be qualified to received matching grants from SHPO. CLG certification requirements include establishing a historic preservation commission, passing a preservation ordinance, agreeing to participate in updating and expanding the state's historic building inventory program, agreeing to review and comment on any National Register of Historic Places nomination of properties within the city of Albany, and enforcing the existing state preservation laws.
- Floodplain Management: Administered the floodplain program consistent with local and federal standards to ensure the City remains in good standing with the National Flood Insurance Program. This guarantees that everyone in the city of Albany is eligible to obtain flood insurance, within and outside of floodplains. Additionally, the annual recertification for the Community Rating System (CRS) was completed, which maintains the City's Class 5 rating. A CRS Class 5 rating extends up to a 25 percent discount on flood insurance through the NFIP within the city of Albany.

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 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 provided support to several other City departments in FY 2017-2018. This included design, construction, and overall project management support to Albany Revitalization Area (ARA) for downtown street improvements, Fire for the new Fire Station 11, Police for the new police station, and Community Development for delivery of a number of Community Development Block Grant (CDBG) projects.

Public Works Operations

In FY 2017-2018, Public Works Operations staff began the process to participate in a pilot program with the U.S. Geological Survey and other state and regional partners in an earthquake early warning system called ShakeAlert. This project is intended to give advance warning of an earthquake that may affect our infrastructure, which would allow staff to make immediate preparations to minimize damage to critical water and wastewater facilities.

As part of our routine operations in FY 2017-2018, Public Works Operations staff treated over 3 billion gallons of wastewater; maintained over 200 miles of sanitary sewer pipe, almost 300 miles of water pipe, and almost 200 miles of storm sewer pipes and ditches; produced over 2.8 billion gallons of drinking water; maintained 200 miles of streets; and provided over 200,000 rides on our public transit services.

Information Technology

The IT Staff worked on the following projects during FY 2017-2018:

- Upgraded Citywide phone system (call manager and unity voicemail system).
- Migrated all Microsoft Office suite programs from 2007 to Office 365.
- Implemented Citywide cybersecurity training, testing, and analysis tools.
- Developed a routing map service that enables the inspector routing feature in Accela.
- Implemented a new version of Accela including moving the payment system to PayPal.
- Implemented a new Citywide copier contract with National Photocopy Corp.
- Remodeled the former Fire Administration workspace and moved IT staff from a leased location to City Hall.
- Supported the Albany Police Department during their implementation of the body worn camera system.
- Worked with the City Manager's Office to redesign the City's logo and branding.
- Made multiple IT infrastructure changes and upgrades.
- Upgraded the Internet Services Provider (ISP) services for the City.
- Finished evaluation and selection process for the City's Enterprise Resource Planning (financial, human capital management, and utility billing) system.

Human Resources

The Human Resources Department received and processed 3,551 applications for approximately 76 vacant positions, 86 applications for state and/or federal Family Medical Leave, and 534 Personnel Action Forms, and reviewed 21 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 has contracted with a third party to complete a classification and compensation/equal pay study and is in the process of reviewing the results to put forth recommendations, along with continuing to negotiate with the AFSCME Union for a successor collective bargaining agreement. Additionally, HR has worked to prepare for implementation of the software update for the human capital management portion of the City's ERP system.

Finance

For the reporting year, the City is in the discovery phase of implementing a new Enterprise Resource Planning (financial, human capital management, and utility billing) system. This project is a large undertaking and will take months to develop. The financial systems and modules are scheduled to be utilized in March 2019, human capital management in July 2019, and utility billing in October 2019. 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 Government Finance Officers Association 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 as of June 30, 2018, 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 2017-2018, the City utilized a total of 21 funds, of which 16 are governmental fund types and five 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 performed the audit for the fiscal year ended June 30, 2018. 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Summarized briefly, this statement addresses accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits of OPEB).

The scope of this statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

This information is disclosed in the notes to the basic financial statements for fiscal year ended June 30, 2018.

Awards

GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Albany for its Certified Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. 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, the contents of which conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

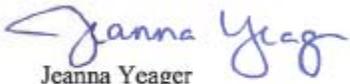
A Certificate of Achievement is valid for one year only. The City has received a Certificate of Achievement for the last 34 consecutive years (1984-2017). We believe our current report continues to conform to the Certificate of Achievement standards.

Acknowledgements

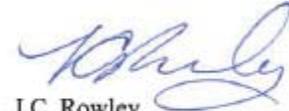
The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department and the certified public accountants of Boldt, Carlisle & Smith, LLC. Each has our sincere appreciation for the contributions made in the preparation of this report.

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

Respectfully submitted,


Jeanna Yeager
Finance Director


Anne Baker
Accounting Supervisor


J.C. Rowley
Accounting Supervisor



Government Finance Officers Association

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

Presented to

**City of Albany
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

| | |
|--|---------|
| Independent Auditor's Report..... | 1-3 |
| Management Discussion and Analysis | 4-16 |
| Basic Financial Statements | 17-88 |
| Required Supplementary Information..... | 89-93 |
| Supplementary Data | |
| Nonmajor Governmental Funds..... | 94-114 |
| Proprietary Funds..... | 115-126 |

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Member
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 the CITY OF ALBANY, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF ALBANY, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Parks and Recreation, Risk Management and Street Funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

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 schedules on pages 89 through 93 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, statistical section and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and statistical section has 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 it.

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 31, 2019 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)

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated January 31, 2019, on our consideration of the City's compliance with certain provisions of laws and regulation, 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 31, 2019

By:



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, 2018. 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 126).

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$293,320,882 (net position). Of this amount, \$16,282,716 (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 \$29,191,344, a decrease of \$9,736,790 from the previous year. This includes a prior period adjustment related to the correction of an error in the prior year. The General Fund ending fund balance decreased by \$674,810 to \$3,368,217.

The Parks and Recreation ending fund balance increased by \$237,313 (8.92 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, 2018, the ending fund balance had decreased from \$6,381,933 to \$5,406,788 (-15.28 percent).

The Street Fund ending fund balance increased by \$1,249,214 (14.39 percent), reflecting unanticipated revenues and underspending in the Transportation Systems Development Charges (TSDC) programs. About half of the ending fund balance of \$9,927,394 can be attributed to these TSDCs.

The City's Capital Projects Fund ending fund balance decreased to \$(1,621,935) from \$5,143,500. Prior year fund balance included unspent bond proceeds for the Public Safety Facilities project, which is considered completed and within the warranty period of the reporting fiscal year.

In the non-major funds there are a few items which should be noted. The Albany Revitalization Fund balance showing a large decrease of \$4,147,157. This is stemming from a large Downtown Streetscape Project to where the State of Oregon loan proceeds are not recognized until the following fiscal year.

In the Grants Fund, the ending fund balance increased by \$9,511 to \$167,267, an increase of 6.03 percent. Most grant revenues are received on a reimbursement basis, which can lead to volatility in fund balance as these cross fiscal years.

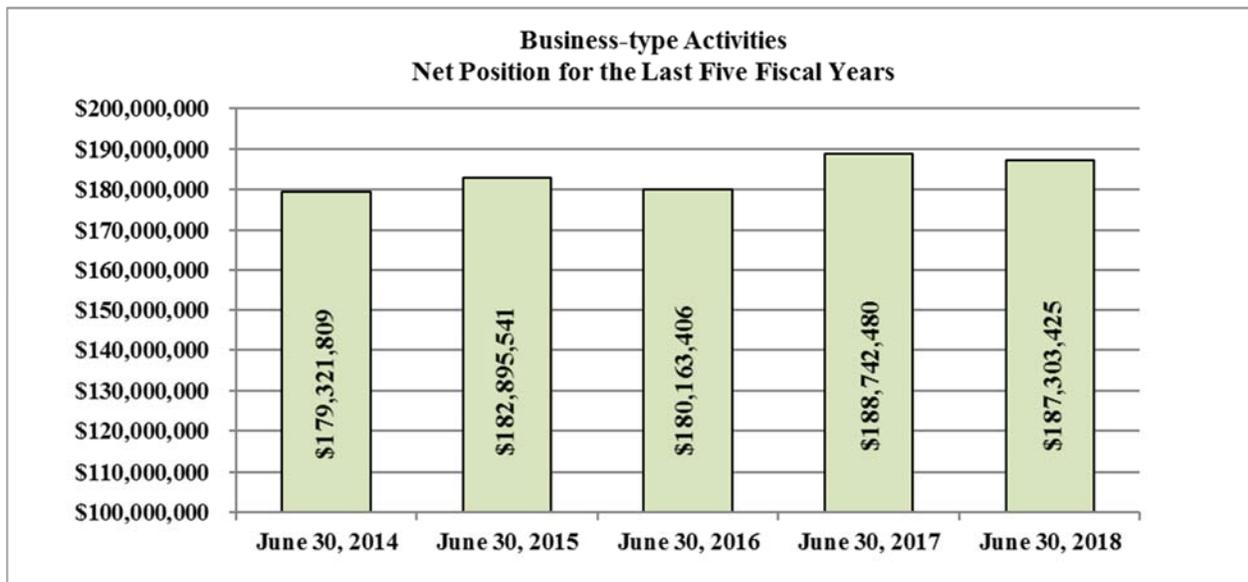
The Public Safety Levy Fund ending balance increased by \$373,907 to \$713,589 (110 percent), which can be attributed to underspending in public safety levy programs and less compression in the City's local option levy.

The relatively small remaining balance of the Senior Center Endowment was moved into the Parks and Recreation fund through council action.

Governmental Funds: Changes in Fund Balances

| Fund | 2018 Fund Balance | 2017 Fund Balance | Increase (decrease) | Percent Change |
|-------------------------|-------------------------|-------------------------|------------------------|-------------------|
| General Fund | \$ 3,368,217 | \$ 4,043,027 | \$ (674,810) | -16.69% |
| Parks & Recreation | 2,898,783 | 2,661,470 | 237,313 | 8.92% |
| Grants | 167,267 | 157,756 | 9,511 | 6.03% |
| Building Inspection | 2,193,248 | 1,682,620 | 510,628 | 30.35% |
| Risk Management | 5,406,788 | 6,381,933 | (975,145) | -15.28% |
| Economic Development | 474,487 | 701,773 | (227,286) | -32.39% |
| Public Transit | 216,768 | 396,657 | (179,889) | -45.35% |
| Public Safety Levy | 713,589 | 339,682 | 373,907 | 110.08% |
| Capital Replacement | 6,719,035 | 5,882,419 | 836,616 | 14.22% |
| Street | 9,927,394 | 8,678,180 | 1,249,214 | 14.39% |
| ARA | (1,756,298) | 2,390,859 | (4,147,157) | -173.46% |
| Debt Service | 192,196 | 189,912 | 2,284 | 1.20% |
| GO Debt Service | 208,489 | 148,413 | 60,076 | 40.48% |
| Capital Projects | (1,621,935) | 5,143,500 | (6,765,435) | -131.53% |
| Senior Center Endowment | - | 47,022 | (47,022) | -100.00% |
| Library Trust | 83,316 | 82,911 | 405 | 0.49% |
| Totals | \$ 29,191,344 | \$ 38,928,134 | \$(9,736,790) | -25.01% |

Business-type net position decreased \$1,344,772 (0.71 percent) for the 2017-2018 fiscal year. Operating income for the Water, and Sewer, and Stormwater Funds was \$6,262,961. The net of non-operating revenues and expenses totaled \$(1,769,552), which includes \$2,136,803 in debt interest expense.



Changes in Net Position: Proprietary Funds

| Fund | 2018 Net Position | 2017 Net Position | Increase (decrease) | Percent Change |
|-----------------------|-------------------------|-------------------------|------------------------|-------------------|
| Water | \$ 76,779,425 | \$ 77,399,500 | \$ (620,075) | -0.80% |
| Sewer | 115,169,818 | 115,331,334 | (161,516) | -0.14% |
| Stormwater | 742,574 | 566,363 | 176,211 | 31.11% |
| Central Services | (3,463,324) | (2,924,904) | (538,420) | 18.41% |
| Public Works Services | (5,053,882) | (4,390,469) | (663,413) | 15.11% |
| Totals | \$ 184,174,611 | \$ 185,981,824 | \$(1,807,213) | -0.97% |

For Fiscal Year 2017-2018 there was a decrease in the total net position for the City's three enterprise funds; net position decreased 0.80 percent in the Water Fund, decreased 0.14 percent in the Sewer Fund, and increase 31.1 percent in the Stormwater Fund.

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 75 requires us to book OPEB it has become impossible to analyze the results of operations at the governmental level. However, at the true area of operations, the Budget to Actual financials, the ending fund balance for both the Central Services \$257,894 and Public Works Services \$153,639 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 \$(3,463,324) and Public Works Services \$(5,053,882) show that they are not operating at a sustainable level or at break-even. Decreases from last year can be attributed to the prior period adjustment of \$115,497 from the implementation of GASB 75 and \$32,164 from the correction of an error.

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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Summarized briefly, this statement addresses accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It “establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.” This statement also allows for projecting benefit payments as well as recognizing actuarial present value for benefit payments.

These values are now reflected in the City’s statement of net position and statement of activities for fiscal year ended June 30, 2018. 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, 2018, the City's governmental funds reported ending fund balances by category of:

| | | |
|--------------|----|-------------------|
| Nonspendable | \$ | 124,900 |
| Restricted | | 10,336,691 |
| Committed | | 19,576,312 |
| Unassigned | | (846,559) |
| | \$ | <u>29,191,344</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 95 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, sewer and, stormwater 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.

Required Supplementary Information

Governmental Accounting Standards Board requires the presentation of historical schedules relating to the City’s net pension liability and its liability for other postemployment benefits.

Supplementary Data

The combining statements, referred to earlier in connection with nonmajor governmental funds, can be found starting on page 95.

Statistical Information

The City would like to direct the reader's attention to the Statistical Section, starting on page 127, 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 \$293,320,882 at the close of the fiscal year. At fiscal year end, June 30, 2018, the City had \$256,894,874 invested in capital assets, net of related debt, and an unrestricted net position balance of \$16,282,716.

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 (\$20,143,292 or 7 percent) represents resources that are subject to restrictions on how they may be used.

Selected Financial Statistics:

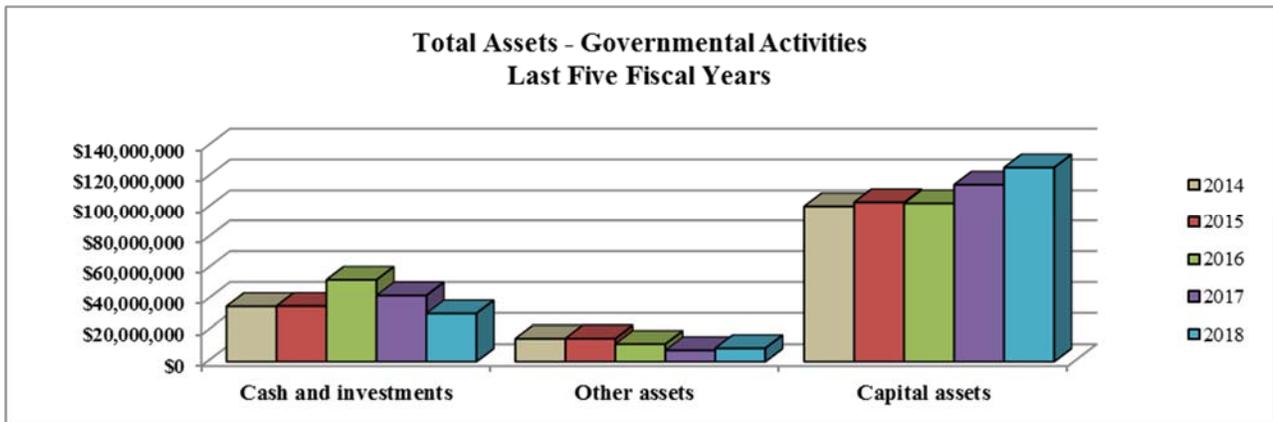
| | | |
|--|----|------------|
| Population | | 52,710 |
| Assessed value per capita | \$ | 76,343 |
| Market value per capita | \$ | 95,129 |
| Long-term debt (bonds, notes, certificates of participation, capital leases) | \$ | 66,315,009 |
| Total long-term debt per capita | \$ | 1,258 |
| Total general obligation debt | \$ | 16,820,000 |
| General obligation debt per capita | \$ | 319 |
| General obligation debt per \$1,000 of assessed value | \$ | 4 |
| General obligation debt service for Fiscal Year 2016 per \$1,000 of assessed value | \$ | 0.26 |
| Property taxes as a percentage of General Fund expenditures* | | 61% |
| Public safety expenditures as a percentage of General Fund expenditures | | 86% |

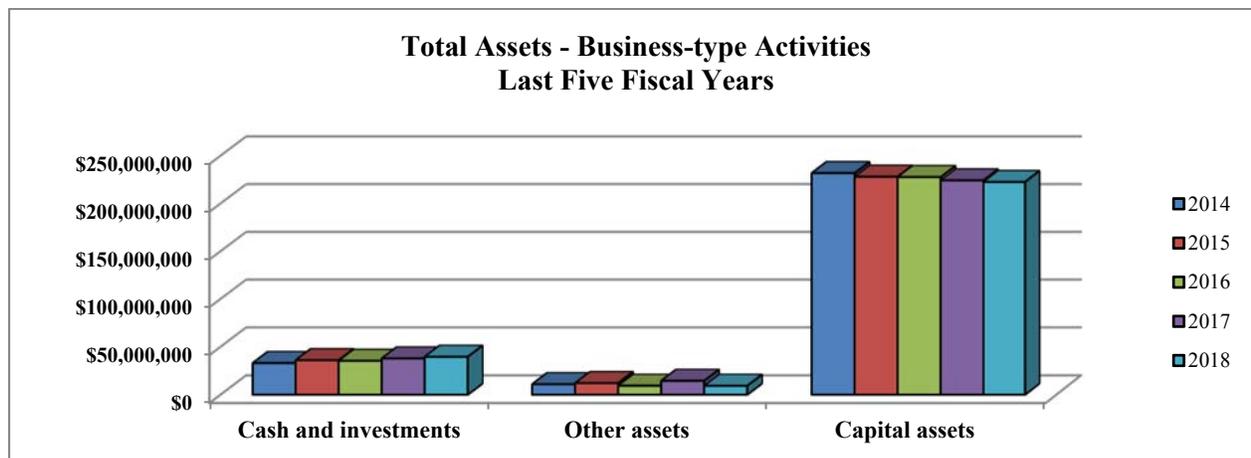
*Property taxes from the public safety levy are recorded as tax receipts in the Public Safety Levy Fund. In order to accurately reflect the significance of property taxes in the General Fund, transfers into the General Fund from the Public Safety Levy Fund have been included in total General Fund revenues 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, 2018 and 2017**

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|--------------------|--------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Cash and investments | \$ 30,906,808 | \$ 42,675,250 | \$ 39,601,144 | \$ 37,889,838 | \$ 70,507,952 | \$ 80,565,088 |
| Other assets | 8,644,176 | 7,211,504 | 9,310,542 | 14,519,556 | 17,954,718 | 21,731,060 |
| Capital assets | 126,091,217 | 114,945,193 | 222,587,416 | 224,269,740 | 348,678,633 | 339,214,933 |
| Total assets | 165,642,201 | 164,831,947 | 271,499,102 | 276,679,134 | 437,141,303 | 441,511,081 |
| Deferred outflows of resources | 13,253,966 | 21,280,948 | 4,247,143 | 6,485,337 | 17,501,109 | 27,766,285 |
| Other liabilities | 4,385,213 | 5,508,372 | 2,400,625 | 2,203,693 | 6,785,838 | 7,712,065 |
| Long-term debt outstanding | 66,315,009 | 71,826,779 | 85,245,116 | 91,617,911 | 151,560,125 | 163,444,690 |
| Total liabilities | 70,700,222 | 77,335,151 | 87,645,741 | 93,821,604 | 158,345,963 | 171,156,755 |
| Deferred inflows of resources | 2,272,772 | 1,993,044 | 702,795 | 600,386 | 2,975,567 | 2,593,430 |
| Net Position: | | | | | | |
| Net investment in capital assets | 106,976,281 | 94,492,224 | 149,918,593 | 146,556,723 | 256,894,874 | 241,048,947 |
| Restricted | 10,934,035 | 11,226,816 | 9,209,257 | 9,490,276 | 20,143,292 | 20,717,092 |
| Unrestricted | (11,987,143) | 1,065,660 | 28,269,859 | 32,695,482 | 16,282,716 | 33,761,142 |
| Total net position | \$ 105,923,173 | \$ 106,784,700 | \$ 187,397,709 | \$ 188,742,481 | 293,320,882 | 295,527,181 |

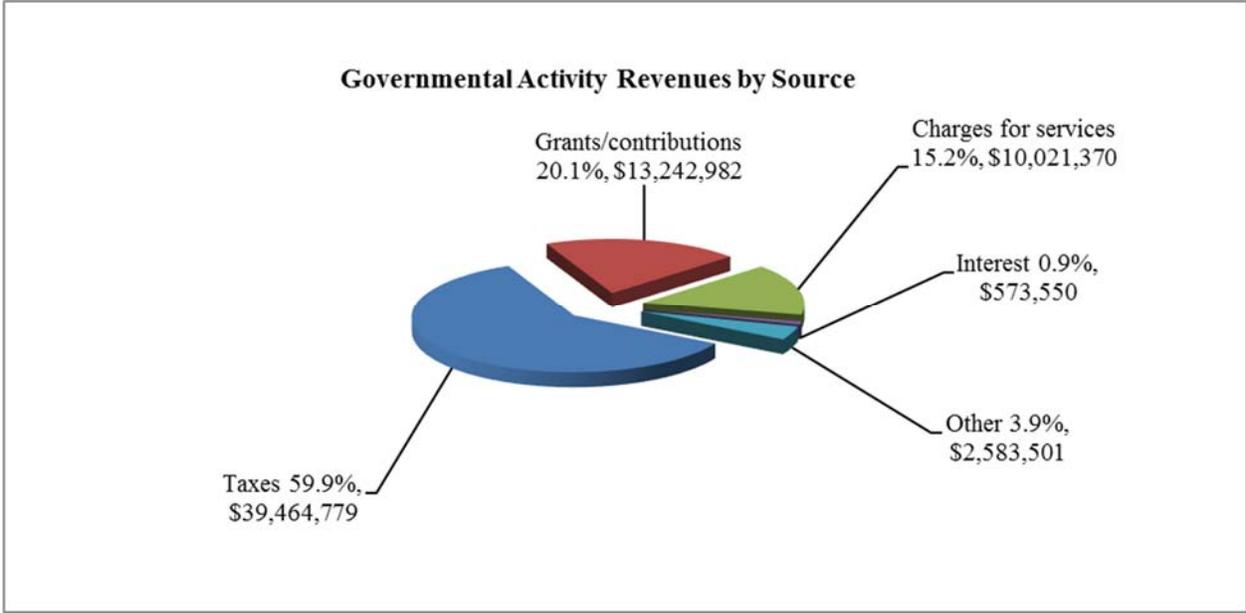
At the end of the fiscal year, the City had positive balances in all three categories of net position, for the government as a whole as well as for its business-type activities; however, unrestricted net position in Governmental Activities holds a negative net position of \$11,987,143 for the reported year. The City's net position decreased by \$2,206,299 (0.7 percent) during the current fiscal year, primarily due to decreases charges in service in the business-type activity funds.





**Table 2 – Statement of Activities Summary
Governmental and Business-type Activities
for the years ended June 30, 2018 and 2017**

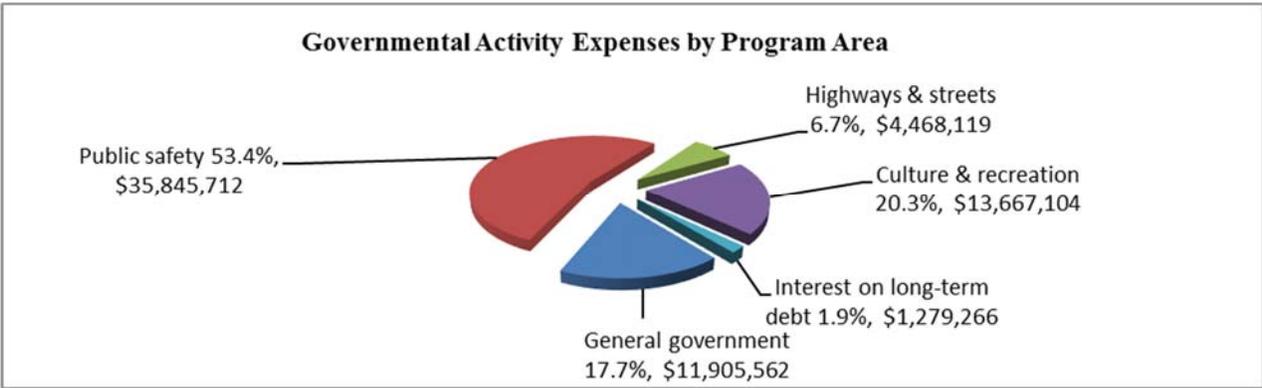
| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| REVENUES | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 10,021,370 | \$ 9,315,848 | \$ 32,384,577 | \$ 36,891,829 | \$ 42,405,947 | \$ 46,207,677 |
| Grants and contributions: | | | | | | |
| Operating | 11,016,549 | 8,791,788 | - | - | 11,016,549 | 8,791,788 |
| Capital | 2,226,433 | 2,700,427 | 1,595,202 | 1,810,082 | 3,821,635 | 4,510,509 |
| General revenues | | | | | | |
| Taxes | 39,464,779 | 36,514,911 | 184 | 62 | 39,464,963 | 36,514,973 |
| Interest | 573,550 | 334,206 | 362,699 | 189,390 | 936,249 | 523,596 |
| Other | 1,321,198 | 967,589 | 192,273 | 227,198 | 1,513,471 | 1,194,787 |
| Total revenues | 64,623,879 | 58,624,769 | 34,534,935 | 39,118,561 | 99,158,814 | 97,743,330 |
| EXPENSES | | | | | | |
| Governmental activities: | | | | | | |
| General government | 11,905,562 | 11,627,250 | - | - | 11,905,562 | 11,627,250 |
| Public safety | 35,845,712 | 33,190,548 | - | - | 35,845,712 | 33,190,548 |
| Highways and streets | 4,468,119 | 6,116,216 | - | - | 4,468,119 | 6,116,216 |
| Culture and recreation | 13,667,104 | 11,634,285 | - | - | 13,667,104 | 11,634,285 |
| Interest on long-term debt | 1,279,266 | 1,295,382 | - | - | 1,279,266 | 1,295,382 |
| Business-type activities: | | | | | | |
| Water | - | - | 12,267,390 | 12,640,992 | 12,267,390 | 12,640,992 |
| Sewer | - | - | 15,140,083 | 15,726,496 | 15,140,083 | 15,726,496 |
| Stormwater | - | - | 1,708,963 | 1,095,648 | 1,708,963 | 1,095,648 |
| Total expense | 67,165,763 | 63,863,681 | 29,116,436 | 29,463,136 | 96,282,199 | 93,326,817 |
| Increase (decrease) in net position | | | | | | |
| before transfers | (2,541,884) | (5,238,912) | 5,418,499 | 9,655,425 | 2,876,615 | 4,416,513 |
| Special items | 836,387 | - | - | - | 836,387 | - |
| Transfers | 1,262,303 | 1,076,350 | (1,262,303) | (1,076,350) | - | - |
| Increase (decrease) in net position | (443,194) | (4,162,562) | 4,156,196 | 8,579,075 | 3,713,002 | 4,416,513 |
| Beginning net position | 106,784,700 | 114,008,616 | 188,742,481 | 180,163,406 | 295,527,181 | 294,172,022 |
| Prior period adjustments | (418,333) | (3,061,354) | (5,500,968) | - | (5,919,301) | (3,061,354) |
| Ending net position | \$ 105,923,173 | \$ 106,784,700 | \$ 187,397,709 | \$ 188,742,481 | \$ 293,320,882 | \$ 295,527,181 |



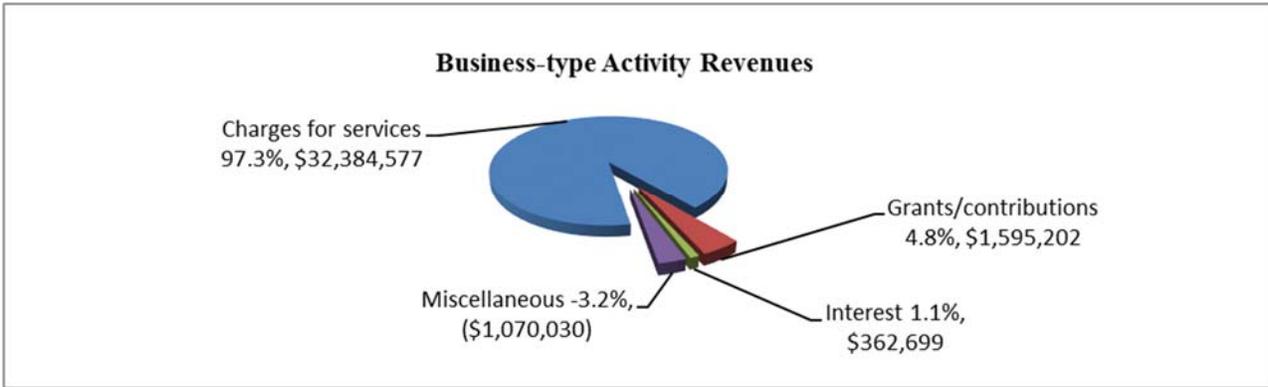
The previous chart indicates that 59.9 percent (\$39,464,799) of 2017-2018 governmental activity revenues received by the City were taxes. Property taxes (\$32,471,086) represent the largest portion of total taxes received. Other major tax revenues were the City's privilege taxes for natural gas and electricity (\$3,950,218). The City also received \$1,982,371 for its share of state-imposed liquor, marijuana and cigarette taxes and \$1,061,288 for City-imposed hotel/motel room taxes.

Charges for service account for 15.2 percent of governmental activity revenues. Included are franchise fees (\$1,997,485), ambulance fees (\$3,106,824) and parks and recreation fees (\$907,600).

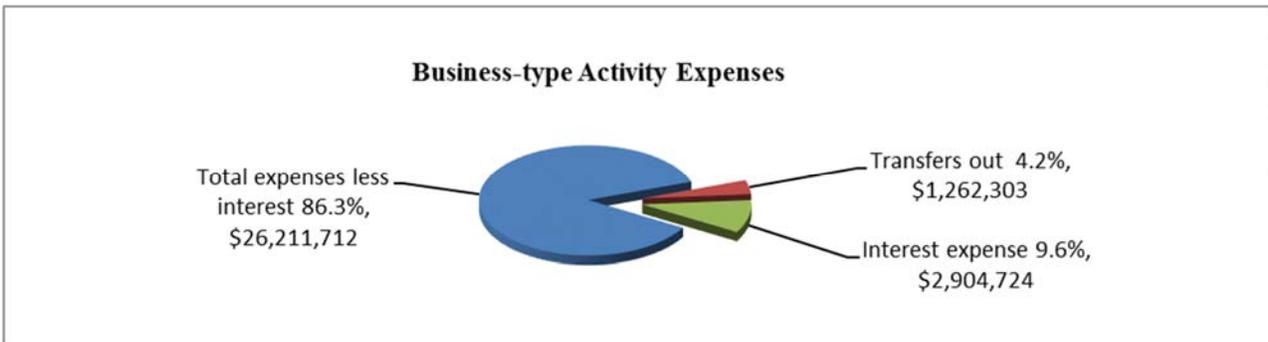
Grants and contributions in governmental funds totaled \$13,242,982 (20.1 percent): Revenues include \$1,666,242 from the local rural fire protection districts; \$1,764,222 from City Building Division builder fees; \$1,107,522 for transportation SDCs; and \$550,536 from CDBG grants.



More than half of all governmental activity expenses were for public safety (53 percent). As an indication of the City's favorable debt position, interest on long-term debt accounted for only 1.9 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 almost 97 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.



Budgetary Highlights

The City Council approved 12 resolutions which changed the adopted 2017-2018 budget by 3.09 percent, \$201,817,800 to \$208,054,800. Appropriations in the General Fund increased by \$548,400 (1.4 percent). In the General Fund, after eliminating the \$1,583,200 contingency, actual expenditures were 99.4 percent of the final budget, yielding a favorable budget variance of \$1,816,234. Contributors to the savings: Contingency savings (\$1,583,200; 21,600 of the original \$1,604,800 contingency used for an E-plans project).

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2018, the City had \$348,678,633 invested in capital assets as reflected in the next table. Additional information concerning capital assets can be found in the notes to the basic financial statements, starting on page 49.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land, land rights, & land improvements | \$ 13,854,274 | \$ 13,854,274 | \$ 6,285,374 | \$ 6,320,958 | \$ 20,139,648 | \$ 20,175,232 |
| Buildings and improvements | 36,239,708 | 14,612,509 | 108,708,142 | 112,740,458 | 144,947,850 | 127,352,967 |
| Intangible assets | 569,801 | 609,774 | - | - | 569,801 | 609,774 |
| Vehicles and equipment | 6,424,669 | 6,093,684 | 2,598,693 | 2,132,427 | 9,023,362 | 8,226,111 |
| Infrastructure | 64,400,956 | 62,876,825 | 101,191,714 | 100,878,745 | 165,592,670 | 163,755,570 |
| Construction in progress | 4,601,809 | 16,898,127 | 3,803,493 | 2,197,152 | 8,405,302 | 19,095,279 |
| | <u>\$ 126,091,217</u> | <u>\$ 114,945,193</u> | <u>\$ 222,587,416</u> | <u>\$ 224,269,740</u> | <u>\$ 348,678,633</u> | <u>\$ 339,214,933</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 | | Total | |
|-------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Beginning Balance | \$ 114,945,193 | \$ 102,246,208 | \$ 224,269,740 | \$ 227,713,372 | \$ 339,214,933 | \$ 329,959,580 |
| Additions | 19,792,651 | 20,187,325 | 6,375,179 | 4,466,683 | 26,167,830 | 24,654,008 |
| Retirements | (196,911) | - | (15,720) | (15,720) | (212,631) | (15,720) |
| Depreciation | (8,449,716) | (7,488,340) | (8,041,783) | (7,894,595) | (16,491,499) | (15,382,935) |
| Ending balance | <u>\$ 126,091,217</u> | <u>\$ 114,945,193</u> | <u>\$ 222,587,416</u> | <u>\$ 224,269,740</u> | <u>\$ 348,678,633</u> | <u>\$ 339,214,933</u> |

Governmental capital assets increased by \$11,146,024 net of accumulated depreciation. Additions to capital assets equaled \$19,761,783 for the year.

Business-type capital assets decreased by \$1,682,324 net of accumulated depreciation. Additions to capital assets for the year include: \$2,036,592 for sewer line replacement and repair and \$3,028,839 in water line projects.

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

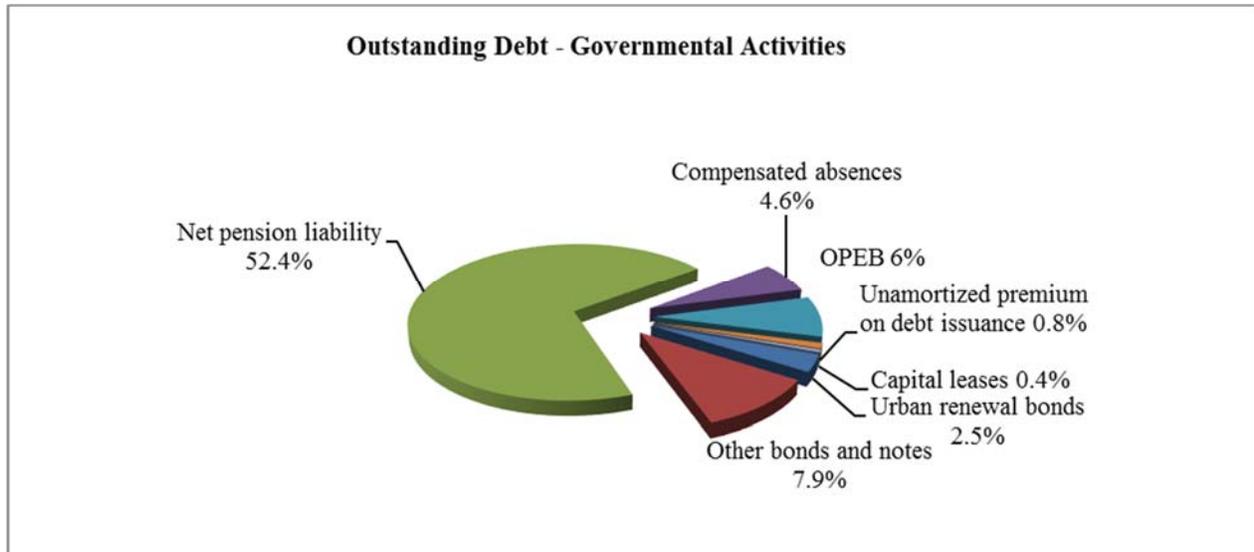
| | 2018 | 2017 |
|---|----------------|----------------|
| Capital assets net of depreciation and related debt | \$ 256,894,874 | \$ 241,048,947 |
| Total net position | 293,320,882 | 295,527,184 |
| Ratio of capital assets net of related debt to total net position | <u>87.58%</u> | <u>81.57%</u> |

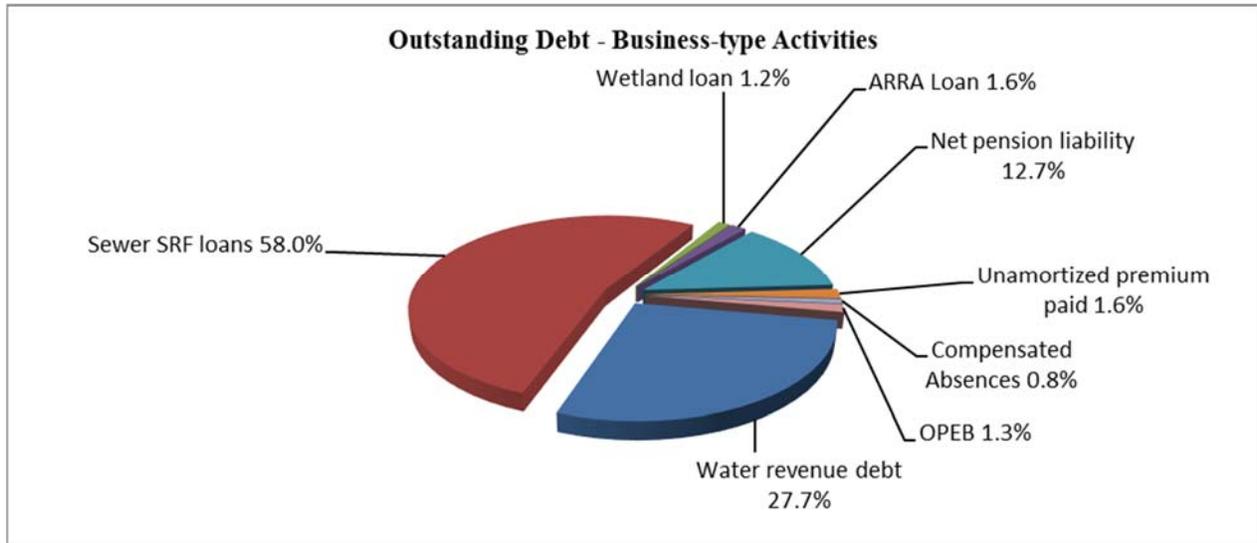
Debt Outstanding

At June 30, 2018, the City had \$151,560,125 in debt outstanding compared to \$164,247,217 on June 30, 2017. Of the amount outstanding, \$8,396,896 is due within one year. The debt consisted of outstanding bonds and certificates of participation, \$47,263,862; loans, \$47,700,361; unfunded compensated absences, \$3,726,108; capital leases, \$239,807; net pension liability, \$45,566,225; unfunded other postemployment benefits, \$5,129,479; and unamortized premiums, \$1,934,283. Details of long-term debt payable can be found beginning on page 56 in the notes to the basic financial statements. Due to prior period adjustments and restatements, the previous year's long-term debt outstanding do not agree to the footnote by \$802,527 due to the implementation of GASB 75 and the restatement of the other postemployment benefits liability.

Table 6 - Outstanding Debt at Year End

| | June 30, 2018 | June 30, 2017 |
|--|-----------------------|-----------------------|
| Governmental Activities | | |
| General obligation | \$ 16,820,000 | \$ 17,235,000 |
| Special assessment debt with governmental commitment | - | - |
| Limited tax pension | 4,880,862 | 4,992,002 |
| Revenue | - | - |
| General revenue | 340,000 | 500,000 |
| Oregon Economic Development Department note | - | - |
| CARA revenue note | - | - |
| CARA bonds | 1,648,000 | 2,014,000 |
| CARA Note | - | - |
| Net pension liability | 34,768,612 | 39,952,971 |
| Other postemployment benefits | 4,006,686 | 3,384,531 |
| Unamortized premium on debt issuance | 540,821 | 572,634 |
| Compensated absences | 3,070,221 | 3,044,307 |
| Capital leases | 239,807 | 131,334 |
| Sub-total | 66,315,009 | 71,826,779 |
| Business-type Activities | | |
| Water revenue | 23,575,000 | 24,595,000 |
| Oregon DEQ State Revolving Fund loan | 45,327,181 | 48,717,571 |
| Wetland Loan | 1,023,180 | 1,464,596 |
| ARRA Loan | 1,350,000 | 1,450,000 |
| Net pension liability | 10,797,613 | 12,250,443 |
| Other postemployment benefits | 1,122,793 | 1,019,559 |
| Unamortized premium on defeasance | 1,393,462 | 1,485,850 |
| Compensated absences | 655,887 | 634,892 |
| Sub-total | 85,245,116 | 91,617,911 |
| Total | \$ 151,560,125 | \$ 163,444,690 |





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 \$133,816,498, and the City currently has \$16,820,000 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 2017-2018 totaled \$3,774,865.

At fiscal year end, Oregon's unemployment rate was 4.0 percent as of June 30, 2018. The unemployment rates for Linn and Benton Counties at the close of the fiscal year, June 30, 2018, were 4.6 percent and 3.5 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 27 percent of monthly salaries.

In preparing the City-wide budget for 2017-2018, 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 2017-2018 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.

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, 2018

| | Governmental Activities | Business-type Activities | Totals |
|--|----------------------------|-----------------------------|-----------------------|
| ASSETS | | | |
| Cash and investments | \$ 30,817,107 | 39,601,144 | \$ 70,418,251 |
| Cash with fiscal agents | 6,697 | - | 6,697 |
| Internal balances | 240,226 | (240,226) | - |
| Receivables | | | |
| Property taxes | 3,402,439 | 38,585 | 3,441,024 |
| Accounts | 3,389,825 | 4,513,329 | 7,903,154 |
| Assessments | 325,263 | - | 325,263 |
| Interest | 114,202 | 123,361 | 237,563 |
| Loans, net of allowance for uncollectible loans | 948,328 | 3,788,049 | 4,736,377 |
| Inventories | 93,879 | 1,062,506 | 1,156,385 |
| Prepaid items | 41,293 | 76 | 41,369 |
| Restricted cash and investments | 83,004 | - | 83,004 |
| Net other postemployment benefit asset | 88,721 | 24,862 | 113,583 |
| Capital assets | | | |
| Land and construction in progress | 18,456,083 | 10,088,867 | 28,544,950 |
| Other capital assets, net of depreciation | <u>107,635,134</u> | <u>212,498,549</u> | <u>320,133,683</u> |
| Total assets | <u>165,642,201</u> | <u>271,499,102</u> | <u>437,141,303</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension and other postemployment benefit related items | <u>13,253,966</u> | <u>4,247,143</u> | <u>17,501,109</u> |
| LIABILITIES | | | |
| Accounts payable | 4,186,781 | 1,552,997 | 5,739,778 |
| Accrued interest payable | 65,413 | 713,283 | 778,696 |
| Refundable deposits and advances | 133,019 | 134,345 | 267,364 |
| Long-term obligations | | | |
| Due within one year | 2,766,508 | 5,630,388 | 8,396,896 |
| Due in more than one year | <u>63,548,501</u> | <u>79,614,728</u> | <u>143,163,229</u> |
| Total liabilities | <u>70,700,222</u> | <u>87,645,741</u> | <u>158,345,963</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension and other postemployment benefit related items | <u>2,272,772</u> | <u>702,795</u> | <u>2,975,567</u> |
| NET POSITION | | | |
| Net investment in capital assets | 106,976,281 | 149,918,593 | 256,894,874 |
| Restricted for: | | | |
| Capital projects | - | 3,974,197 | 3,974,197 |
| Debt service | 590,726 | 5,235,060 | 5,825,786 |
| Highways and Streets | 4,592,481 | - | 4,592,481 |
| Public safety | 1,034,263 | - | 1,034,263 |
| Grant programs | 167,267 | - | 167,267 |
| Parks and recreation | 2,272,734 | - | 2,272,734 |
| Other purposes - expendable | 2,197,064 | - | 2,197,064 |
| Other purposes - nonexpendable | 79,500 | - | 79,500 |
| Unrestricted | <u>(11,987,143)</u> | <u>28,269,859</u> | <u>16,282,716</u> |
| Total net position | <u>\$ 105,923,173</u> | <u>\$ 187,397,709</u> | <u>\$ 293,320,882</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, 2018

| | Expenses | Program Revenues | | |
|-----------------------------------|----------------------|----------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| FUNCTIONS/PROGRAMS | | | | |
| Governmental activities | | | | |
| General government | \$ 11,905,562 | \$ 4,621,225 | \$ 3,734,302 | \$ 552,647 |
| Public safety | 35,845,712 | 4,246,900 | 3,268,437 | 14,320 |
| Highways and streets | 4,468,119 | 104,238 | 3,471,483 | 1,187,636 |
| Culture and recreation | 13,667,104 | 1,049,007 | 542,327 | 471,830 |
| Interest on long-term obligations | 1,279,266 | - | - | - |
| Total governmental activities | <u>67,165,763</u> | <u>10,021,370</u> | <u>11,016,549</u> | <u>2,226,433</u> |
| Business-type activities | | | | |
| Water | 12,267,390 | 13,715,487 | - | 552,845 |
| Sewer | 15,140,083 | 16,633,424 | - | 1,042,357 |
| Stormwater | 1,708,963 | 2,035,666 | - | - |
| Total business-type activities | <u>29,116,436</u> | <u>32,384,577</u> | <u>-</u> | <u>1,595,202</u> |
| Totals | <u>\$ 96,282,199</u> | <u>\$ 42,405,947</u> | <u>\$ 11,016,549</u> | <u>\$ 3,821,635</u> |

General revenues:

- Property taxes used for general purposes
- Property taxes used for debt service
- Transient room taxes used for general purposes
- Marijuana, 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

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

Net (Expense) Revenue and
Change in Net Position

| Governmental Activities | Business- type Activities | Totals | |
|----------------------------|---------------------------------|-----------------------|---|
| | | | Governmental activities |
| \$ (2,997,388) | \$ - | \$ (2,997,388) | General government |
| (28,316,055) | - | (28,316,055) | Public safety |
| 295,238 | - | 295,238 | Highways and streets |
| (11,603,940) | - | (11,603,940) | Culture and recreation |
| (1,279,266) | - | (1,279,266) | Interest on long-term obligations |
| <u>(43,901,411)</u> | <u>-</u> | <u>(43,901,411)</u> | Total governmental activities |
| | | | Business-type activities |
| - | 2,000,942 | 2,000,942 | Water |
| - | 2,535,698 | 2,535,698 | Sewer |
| - | 326,703 | 326,703 | Stormwater |
| <u>-</u> | <u>4,863,343</u> | <u>4,863,343</u> | Total business-type activities |
| <u>(43,901,411)</u> | <u>4,863,343</u> | <u>(39,038,068)</u> | Totals |
| | | | General revenues: |
| 31,312,153 | - | 31,312,153 | Property taxes used for general purposes |
| 1,158,749 | 184 | 1,158,933 | Property taxes used for debt service |
| 1,061,288 | - | 1,061,288 | Transient room taxes used for general purposes |
| 1,982,371 | - | 1,982,371 | Marijuana, cigarette and alcoholic beverage taxes |
| 3,950,218 | - | 3,950,218 | Privilege taxes |
| 573,550 | 362,699 | 936,249 | Unrestricted investment earnings |
| 1,321,198 | 192,273 | 1,513,471 | Miscellaneous |
| 836,387 | - | 836,387 | Special item - gain on sale of property |
| <u>1,262,303</u> | <u>(1,262,303)</u> | <u>-</u> | Transfers |
| <u>43,458,217</u> | <u>(707,147)</u> | <u>42,751,070</u> | Total general revenues, special item, and transfers |
| (443,194) | 4,156,196 | 3,713,002 | Change in net position |
| 106,784,700 | 188,742,481 | 295,527,181 | Net position - beginning |
| <u>(418,333)</u> | <u>(5,500,968)</u> | <u>(5,919,301)</u> | Prior period adjustments |
| <u>\$ 105,923,173</u> | <u>\$ 187,397,709</u> | <u>\$ 293,320,882</u> | Net position - ending |

CITY OF ALBANY, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

| | General | Parks and Recreation | Risk Management | Street | Capital Projects | Total Nonmajor Funds | Total Governmental Funds |
|---|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|--------------------------|
| ASSETS | | | | | | | |
| Cash and investments | \$ 3,473,358 | \$ 3,217,337 | \$ 1,965,101 | \$ 10,409,856 | \$ 2,162,190 | \$ 9,074,078 | \$ 30,301,920 |
| Cash with fiscal agents | - | - | - | - | - | 6,697 | 6,697 |
| Receivables: | | | | | | | |
| Property taxes | 2,050,632 | 511,729 | - | - | - | 840,078 | 3,402,439 |
| Accounts | 1,900,872 | 2,333 | - | 360,004 | - | 1,125,763 | 3,388,972 |
| Assessments | 159,658 | - | - | 13,024 | 152,581 | - | 325,263 |
| Interest | 12,894 | 10,897 | 8,815 | 31,392 | 10,428 | 37,934 | 112,360 |
| Loans, net of allowance for uncollectible loans | - | - | - | - | - | 948,328 | 948,328 |
| Interfund loan | - | - | 3,458,977 | - | - | - | 3,458,977 |
| Other | 678 | - | - | - | - | - | 678 |
| Prepaid items | 156 | 38,093 | - | 7 | - | 447 | 38,703 |
| Restricted cash and investments | - | - | - | - | - | 83,004 | 83,004 |
| Total assets | \$ 7,598,248 | \$ 3,780,389 | \$ 5,432,893 | \$ 10,814,283 | \$ 2,325,199 | \$ 12,116,329 | \$ 42,067,341 |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ 1,305,676 | \$ 393,115 | \$ 16,105 | \$ 838,408 | \$ 202,557 | \$ 1,155,445 | \$ 3,911,306 |
| Deposits | - | - | 10,000 | 1,000 | 133,019 | 2,575 | 146,594 |
| Interfund loans payable | - | - | - | - | 3,458,977 | - | 3,458,977 |
| Total liabilities | 1,305,676 | 393,115 | 26,105 | 839,408 | 3,794,553 | 1,158,020 | 7,516,877 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Unavailable revenue | 2,924,355 | 488,491 | - | 47,481 | 152,581 | 1,746,212 | 5,359,120 |
| FUND BALANCES | | | | | | | |
| Nonspendable | 156 | 38,093 | - | 7 | - | 86,644 | 124,900 |
| Restricted | - | 2,272,734 | - | 4,592,481 | - | 3,471,476 | 10,336,691 |
| Committed | - | 587,956 | 5,406,788 | 5,334,906 | 836,387 | 7,410,275 | 19,576,312 |
| Unassigned | 3,368,061 | - | - | - | (2,458,322) | (1,756,298) | (846,559) |
| Total fund balances | 3,368,217 | 2,898,783 | 5,406,788 | 9,927,394 | (1,621,935) | 9,212,097 | 29,191,344 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 7,598,248 | \$ 3,780,389 | \$ 5,432,893 | \$ 10,814,283 | \$ 2,325,199 | \$ 12,116,329 | \$ 42,067,341 |

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, 2018

| | | |
|---|--------------------|-----------------------|
| Total fund balances per Governmental Funds Balance Sheet (page 20). | | \$ 29,191,344 |
| 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 | 18,456,083 | |
| Other capital assets, net of depreciation | <u>107,635,134</u> | |
| Total capital asset adjustments | | 126,091,217 |
| Other long-term assets are not available to pay current-period expenditures and, therefore, are reported as unavailable revenue in the funds. | | |
| | | 5,359,120 |
| Net other post employment benefit asset | | |
| | | 78,157 |
| Deferred outflows of resources | | |
| Pension related | 11,302,949 | |
| Other postemployment benefit related | <u>261,675</u> | |
| | | 11,564,624 |
| Inventories of materials and supplies are capitalized on the Statement of Net Position. | | |
| | | 93,879 |
| 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. | | |
| | | (3,223,098) |
| Deferred inflows of resources | | |
| Pension related | (1,724,923) | |
| Other postemployment benefit related | <u>(249,996)</u> | |
| | | (1,974,919) |
| 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 | (24,469,490) | |
| Net pension liability | (30,399,900) | |
| Interest payable on long-term debt | (65,413) | |
| Compensated absences | (2,792,755) | |
| Other postemployment benefits | <u>(3,529,593)</u> | |
| Total long-term obligations adjustments | | <u>(61,257,151)</u> |
| | | <u>\$ 105,923,173</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, 2018

| | General | Parks and Recreation | Risk Management | Street | Capital Projects | Total Nonmajor Funds | Total Governmental Funds |
|--|---------------------|----------------------|---------------------|---------------------|-----------------------|----------------------|--------------------------|
| REVENUES | | | | | | | |
| Taxes: | | | | | | | |
| Property | \$ 18,962,860 | \$ 4,740,659 | \$ - | \$ - | \$ - | \$ 8,174,363 | \$ 31,877,882 |
| Transient room | - | - | - | - | - | 1,061,288 | 1,061,288 |
| Construction excise taxes | - | - | - | - | - | 428,562 | 428,562 |
| Assessment collections | - | - | - | - | 2,614 | - | 2,614 |
| Franchise fees, privilege taxes, licenses, and permits | 5,802,535 | 14,000 | - | 1,218,574 | - | 1,764,222 | 8,799,331 |
| Intergovernmental | 4,607,693 | 21,003 | - | 3,403,177 | - | 3,016,079 | 11,047,952 |
| Charges for services | 4,240,067 | 907,132 | - | - | - | 2,334,283 | 7,481,482 |
| Fines and forfeitures | 61,362 | - | - | - | - | - | 61,362 |
| Land sales | - | - | - | - | - | - | - |
| Interest on investments | 93,244 | 40,308 | 31,825 | 78,319 | 161,130 | 161,891 | 566,717 |
| Miscellaneous | 140,944 | 907,600 | 9,552 | 970,375 | 37,199 | 678,913 | 2,744,583 |
| Total revenues | 33,908,705 | 6,630,702 | 41,377 | 5,670,445 | 200,943 | 17,619,601 | 64,071,773 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | 2,066,166 | - | 1,071,422 | - | 94,644 | 12,247,971 | 15,480,203 |
| Public safety | 31,766,663 | - | - | - | 120,832 | 504,443 | 32,391,938 |
| Highways and streets | - | - | - | 3,076,288 | - | - | 3,076,288 |
| Culture and recreation | 2,848,026 | 6,520,491 | - | - | - | 161,609 | 9,530,126 |
| Health | - | - | - | - | - | 151,939 | 151,939 |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | 1,052,140 | 1,052,140 |
| Interest | - | - | - | - | - | 1,304,598 | 1,304,598 |
| Capital outlay | 77,931 | 232,236 | - | 1,528,046 | 8,555,989 | 2,583,848 | 12,978,050 |
| Total expenditures | 36,758,786 | 6,752,727 | 1,071,422 | 4,604,334 | 8,771,465 | 18,006,548 | 75,965,282 |
| Excess (deficiency) of revenues over expenditures | (2,850,081) | (122,025) | (1,030,045) | 1,066,111 | (8,570,522) | (386,947) | (11,893,509) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Capital lease | - | - | - | - | - | 206,481 | 206,481 |
| Transfers in | 3,580,023 | 538,892 | 54,900 | 1,190,103 | 1,002,000 | 1,923,213 | 8,289,131 |
| Transfers out | (1,404,500) | (179,554) | - | (1,007,000) | (33,300) | (4,550,674) | (7,175,028) |
| Total other financing sources (uses) | 2,175,523 | 359,338 | 54,900 | 183,103 | 968,700 | (2,420,980) | 1,320,584 |
| SPECIAL ITEM | | | | | | | |
| Proceeds from sale of land | - | - | - | - | 836,387 | - | 836,387 |
| Net change in fund balances | (674,558) | 237,313 | (975,145) | 1,249,214 | (6,765,435) | (2,807,927) | (9,736,538) |
| Fund balance - beginning | 4,043,027 | 2,661,470 | 6,381,933 | 8,678,180 | 5,143,500 | 12,020,024 | 38,928,134 |
| Prior period adjustment | (252) | - | - | - | - | - | (252) |
| Fund balance - ending | \$ 3,368,217 | \$ 2,898,783 | \$ 5,406,788 | \$ 9,927,394 | \$ (1,621,935) | \$ 9,212,097 | \$ 29,191,344 |

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, 2018

Net change in fund balances - total Governmental funds (page 22). \$ (9,736,538)

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 | 19,689,879 | |
| Donated capital assets | 71,904 | |
| Depreciation for the current fiscal year | <u>(8,615,759)</u> | |
| Total capital outlay/depreciation adjustment | | 11,146,024 |

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. (7,230)

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 | 593,020 | |
| Principal portion of loan receipts | (214,837) | |
| Other fees and charges | 95,186 | |
| Total revenue adjustments | | 473,369 |

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. 975,480

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 | (23,522) | |
| Other postemployment benefits | (136,673) | |
| Accrued interest on long-term obligations | 4,470 | |
| Pension expense | <u>(2,755,795)</u> | |
| Total expense/expenditure adjustments | | (2,911,520) |

The net expense of certain activities of internal service funds is reported with governmental activities. (382,779)

Change in net position of Governmental Activities (pages 18-19) \$ (443,194)

CITY OF ALBANY, OREGON
GENERAL FUND
BUDGETARY COMPARISON STATEMENT

For the Year Ended June 30, 2018

| Revenues | Original Budget | Final Budget | Actual | Over (Under) |
|--|--------------------|-------------------|-------------------|------------------|
| Property taxes: | | | | |
| Current | \$ 18,138,600 | \$ 18,238,600 | \$ 18,518,560 | \$ 279,960 |
| Delinquent | 555,500 | 555,500 | 444,300 | (111,200) |
| Privilege tax: electric | 3,197,700 | 3,197,700 | 3,359,285 | 161,585 |
| Franchise fee: communications facilities | 50,100 | 50,100 | 54,061 | 3,961 |
| Franchise fee: telephone | 82,000 | 82,000 | 101,355 | 19,355 |
| Franchise fee: garbage collection | 544,200 | 544,200 | 598,184 | 53,984 |
| Privilege tax: natural gas | 626,800 | 626,800 | 590,933 | (35,867) |
| Franchise fee: cable television | 638,200 | 638,200 | 652,953 | 14,753 |
| Permit fees | 1,500 | 1,500 | 800 | (700) |
| Dog permit fees | 800 | 800 | 750 | (50) |
| Fire line fees | 62,000 | 62,000 | 60,858 | (1,142) |
| Licenses | 9,000 | 9,000 | 6,895 | (2,105) |
| Library fees | 73,100 | 73,100 | 64,723 | (8,377) |
| Planning fees | 155,600 | 155,600 | 297,380 | 141,780 |
| Alarm fees | 16,000 | 16,000 | 14,358 | (1,642) |
| Medical marijuana facility permit | 100 | 100 | - | (100) |
| State & city marijuana tax | - | - | 442,723 | 442,723 |
| DUII enforcement grant | 10,200 | 10,200 | 7,440 | (2,760) |
| State liquor taxes | 901,000 | 901,000 | 914,109 | 13,109 |
| State cigarette taxes | 63,000 | 63,000 | 64,945 | 1,945 |
| State revenue sharing | 695,600 | 695,600 | 560,594 | (135,006) |
| Conflagration response reimbursement | 50,000 | 520,000 | 807,729 | 287,729 |
| Workers' compensation wage subsidy reimbursement | 14,700 | 14,700 | 26,861 | 12,161 |
| Overtime reimbursement - DEA | 1,500.00 | 1,500.00 | - | (1,500) |
| Linn County | 13,200 | 13,200 | 14,412 | 1,212 |
| Albany Rural Fire Protection District | 1,083,600 | 1,083,600 | 1,113,693 | 30,093 |
| North Albany Rural Fire Protection District | 384,000 | 384,000 | 374,418 | (9,582) |
| Palestine Rural Fire Protection District | 176,400 | 176,400 | 178,131 | 1,731 |
| Greater Albany Public Schools police grant | 70,000 | 70,000 | 70,000 | - |
| Sungard outside agencies | 34,300 | 34,300 | - | (34,300) |
| State Department of Forestry | - | - | 3,221 | 3,221 |
| Single-role medic unit | - | - | 3,671 | 3,671 |
| OSFM/USAR team response reimbursement | 20,100 | 20,100 | 25,746 | 5,646 |
| Ambulance service fees | 2,918,200 | 3,318,200 | 3,106,824 | (211,376) |
| FireMed fees | 173,000 | 173,000 | 173,160 | 160 |
| Space rental charges | 197,900 | 197,900 | 197,900 | - |
| County Assessments | - | 25,000 | 28,952 | 3,952 |
| Parking violations | 5,500 | 5,500 | 4,247 | (1,253) |
| Municipal court fines | 625,700 | 700,700 | 762,183 | 61,483 |
| Nuisance vehicle administration fee | 1,600 | 1,600 | 10,150 | 8,550 |
| Dog control assessment | 3,300 | 3,300 | 1,411 | (1,889) |
| Damaged material fine | - | - | 5,903 | 5,903 |
| Delrelict structure fee | - | - | 22,260 | 22,260 |
| Delrelict structure interest | - | - | 528 | 528 |
| Gifts and donations | 2,900 | 2,900 | 5,890 | 2,990 |
| Restitution payments | - | - | 125 | 125 |
| Grass abatement fee principal | 800 | 800 | 17,338 | 16,538 |
| Grass Abatement Fee Interest | - | - | 1,178 | 1,178 |
| Miscellaneous | 58,500 | 58,500 | 71,832 | 13,332 |
| Albany economic improvement district principal | 25,200 | 25,200 | 31,574 | 6,374 |
| Albany economic improvement district interest | 500 | 500 | 268 | (232) |
| Club sales | 500 | 500 | 650 | 150 |
| Interest on investments | 18,000 | 18,000 | 93,244 | 75,244 |
| Total revenues | 31,700,400 | 32,770,400 | 33,908,705 | 1,138,305 |

Continued on next page

CITY OF ALBANY, OREGON
GENERAL FUND
BUDGETARY COMPARISON STATEMENT, continued
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) |
|---|----------------------|----------------------|---------------------|---------------------|
| Other financing sources | | | | |
| Transfer from Public Safety Levy Fund | \$ 3,464,600 | \$ 3,464,600 | \$ 3,419,423 | \$ (45,177) |
| Transfer from Building Inspection Fund | 60,000 | 60,000 | 60,000 | - |
| Transfer from CARA Fund | 50,000 | 50,000 | 50,000 | - |
| Transfer from Economic Development Fund | <u>50,600</u> | <u>50,600</u> | <u>50,600</u> | <u>-</u> |
| Total other financing sources | <u>3,625,200</u> | <u>3,625,200</u> | <u>3,580,023</u> | <u>(45,177)</u> |
| Fund balance, beginning | | | | |
| Unassigned | 3,583,500 | 3,583,500 | 4,043,027 | 459,527 |
| Prior period adjustment | <u>-</u> | <u>-</u> | <u>(252)</u> | <u>(252)</u> |
| Total Fund Balance, beginning | <u>3,583,500</u> | <u>3,583,500</u> | <u>4,042,775</u> | <u>459,275</u> |
| Amount available for appropriation | <u>\$ 38,909,100</u> | <u>\$ 39,979,100</u> | <u>41,531,503</u> | <u>\$ 1,552,403</u> |
| | | | | |
| | Original Budget | Final Budget | Actual | (Over) Under |
| Expenditures | | | | |
| Nondepartmental: | | | | |
| Materials and services | \$ 326,500 | \$ 326,500 | 301,727 | \$ 24,773 |
| General operating contingency | 1,604,800 | 1,583,200 | - | 1,583,200 |
| Municipal Court | 770,500 | 870,500 | 847,385 | 23,115 |
| Public Safety Levy - Fire | 1,315,000 | 1,315,000 | 1,297,297 | 17,703 |
| Fire and Life Safety | 972,100 | 972,100 | 922,260 | 49,840 |
| Fire Emergency Services | 13,166,100 | 13,636,100 | 13,793,421 | (157,321) |
| Police | 14,652,300 | 14,652,300 | 14,503,637 | 148,663 |
| Public Safety Levy - Police | 1,356,000 | 1,356,000 | 1,327,979 | 28,021 |
| Planning | 1,057,200 | 1,057,200 | 917,054 | 140,146 |
| Library | <u>2,805,700</u> | <u>2,805,700</u> | <u>2,848,026</u> | <u>(42,326)</u> |
| Total expenditures | 38,026,200 | 38,574,600 | 36,758,786 | 1,815,814 |
| Other financing uses | | | | |
| Transfers to other funds | <u>882,900</u> | <u>1,404,500</u> | <u>1,404,500</u> | <u>-</u> |
| Total other financing uses | <u>882,900</u> | <u>1,404,500</u> | <u>1,404,500</u> | <u>-</u> |
| Total expenditures and other financing uses | <u>\$ 38,909,100</u> | <u>\$ 39,979,100</u> | <u>38,163,286</u> | <u>\$ 1,815,814</u> |
| Fund balance, ending | | | <u>\$ 3,368,217</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, 2018

| Revenues | Original Budget | Final Budget | Actual | Over (Under) |
|--|--------------------|-----------------|--------------|-----------------|
| Property taxes: | | | | |
| Current | \$ 4,534,600 | \$ 4,534,600 | \$ 4,629,640 | \$ 95,040 |
| Delinquent | 88,000 | 88,000 | 111,019 | 23,019 |
| Financed park system development charges: | | | | |
| Principal | 2,000 | 2,000 | 4,081 | 2,081 |
| Interest | 200 | 200 | 2,405 | 2,205 |
| Park system development charges: | 275,000 | 275,000 | 469,425 | 194,425 |
| Street tree development fees | 25,000 | 25,000 | 14,000 | (11,000) |
| State Marine Board | 7,500 | 7,500 | 17,800 | 10,300 |
| Agricultural lease payments | 3,200 | 3,200 | 3,203 | 3 |
| Charges for services | 15,000 | 15,000 | 15,000 | - |
| SDC administrative charges | 32,000 | 32,000 | 35,000 | 3,000 |
| Children/youth/family recreation fees | 65,000 | 65,000 | 28,237 | (36,763) |
| Children/youth/family sponsorships | 8,000 | 8,000 | 9,986 | 1,986 |
| Adult recreation fees | 55,000 | 55,000 | 56,436 | 1,436 |
| Swimming pool | 81,000 | 81,000 | 96,066 | 15,066 |
| Senior Center rental fees | 15,000 | 15,000 | 21,624 | 6,624 |
| Maple Lawn preschool fees | 96,800 | 96,800 | 98,908 | 2,108 |
| Sports program fees | 132,000 | 132,000 | 104,502 | (27,498) |
| Waverly boat rentals | 5,000 | 5,000 | 8,726 | 3,726 |
| Park permits | 8,000 | 8,000 | 20,909 | 12,909 |
| Preschool materials and services fees | 4,900 | 4,900 | 5,797 | 897 |
| Senior program fees | 8,000 | 8,000 | 7,013 | (987) |
| Northwest Art and Air Festival fees | 11,200 | 11,200 | 11,905 | 705 |
| Hot air balloon rides | 7,200 | 7,200 | 11,925 | 4,725 |
| Senior newsletter | 10,000 | 10,000 | 10,722 | 722 |
| Gift shop | 10,000 | 10,000 | 14,201 | 4,201 |
| Trip | 60,000 | 60,000 | 97,145 | 37,145 |
| Merchandise sales - aquatics | 2,400 | 2,400 | 2,444 | 44 |
| Cool! Pool facility rental fees | 6,000 | 6,000 | 14,181 | 8,181 |
| Concession sales - sports | 2,000 | 2,000 | 757 | (1,243) |
| Concession sales - aquatics | 11,000 | 11,000 | 12,628 | 1,628 |
| Public arts | 1,000 | 1,000 | 318 | (682) |
| Track club | 2,500 | 2,500 | 75 | (2,425) |
| Facility enhancement fee | 6,800 | 6,800 | 1,575 | (5,225) |
| Albany Community Pool swimming pool | 140,000 | 140,000 | 152,046 | 12,046 |
| Albany Community Pool facility rental fees | 20,000 | 20,000 | 28,279 | 8,279 |
| Sport Camp Fees | 500 | 500 | - | (500) |
| Tournament rental Fees | 5,500 | 5,500 | 4,989 | (511) |
| Youth program user fees | 2,500 | 2,500 | - | (2,500) |
| Community garden | - | - | 250 | 250 |
| Pool room | 700 | 700 | 858 | 158 |
| River Rhythms Food Faire | 10,000 | 10,000 | 23,629 | 13,629 |
| NWAAF food vendors | 12,000 | 12,000 | 16,133 | 4,133 |
| River Rhythms souvenir sales | 2,400 | 2,400 | 1,514 | (886) |
| NWAAF souvenir sales | 1,500 | 1,500 | 370 | (1,130) |
| Summer Sounds - food vendors | 2,500 | 2,500 | 4,496 | 1,996 |
| Trolley rental charges | - | - | 1,280 | 1,280 |
| River Rhythms donations | 11,000 | 11,000 | 14,924 | 3,924 |
| NWAAF donations | 22,000 | 22,000 | 22,219 | 219 |
| Lumber to Legacy program revenue: | 2,000 | 2,000 | - | (2,000) |
| Summer Sounds - donations | 4,000 | 4,000 | 4,561 | 561 |
| Summer Sounds - sponsorships | 20,000 | 20,000 | 20,114 | 114 |
| Festival Latino sponsorships | 2,500 | 2,500 | 1,604 | (896) |
| Festival Latino food vendors | 200 | 200 | 300 | 100 |
| Festival Latino resource fair | 700 | 700 | 1,085 | 385 |
| Park maintenance revenue | - | - | 882 | 882 |
| Gifts and donations | 12,700 | 12,700 | 14,519 | 1,819 |
| Senior Center sponsorships | 10,000 | 10,000 | 9,317 | (683) |
| Children's Performing Arts Series sponsorships | 10,000 | 10,000 | 5,417 | (4,583) |

Continued on next page

CITY OF ALBANY, OREGON
PARKS AND RECREATION FUND
BUDGETARY COMPARISON STATEMENT (continued)
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) |
|---|---------------------|---------------------|---------------------|---------------------|
| Revenues, continued | | | | |
| River Rhythms sponsorships | \$ 85,000 | \$ 85,000 | \$ 110,071 | \$ 25,071 |
| NWAAF sponsorships | 95,000 | 95,000 | 81,378 | (13,622) |
| Aquatic sponsorship | 3,500 | 3,500 | 167 | (3,333) |
| Sports sponsorship | 2,000 | 2,000 | 3,596 | 1,596 |
| Aquatics donations | 67,000 | 67,000 | 70,000 | 3,000 |
| Albany GEMS | 11,000 | 11,000 | 12,953 | 1,953 |
| Miscellaneous | 9,000 | 9,000 | 44,431 | 35,431 |
| Brochure advertising | 2,500 | 2,500 | 1,359 | (1,141) |
| Interest on investments | <u>30,100</u> | <u>30,100</u> | <u>40,308</u> | <u>10,208</u> |
| Total revenues | <u>6,189,100</u> | <u>6,189,100</u> | <u>6,630,702</u> | <u>441,602</u> |
| Other financing sources | | | | |
| Transfer from General Fund | 187,200 | 187,200 | 187,200 | - |
| Transfer from Street Fund | 80,000 | 80,000 | 80,000 | - |
| Transfer from Economic Development Fund | 224,000 | 224,000 | 224,000 | - |
| Transfer from Senior Center Endowment | 52,400 | 52,400 | 47,692 | (4,708) |
| Transfer from Parks SDC Program | 50,000 | 50,000 | - | (50,000) |
| Intrafund Transfer from Parks Program | <u>60,000</u> | <u>60,000</u> | <u>9,442</u> | <u>(50,558)</u> |
| Total other financing sources | <u>653,600</u> | <u>653,600</u> | <u>548,334</u> | <u>(105,266)</u> |
| Fund balance, beginning | | | | |
| Unassigned | <u>2,602,400</u> | <u>2,602,400</u> | <u>2,661,470</u> | <u>59,070</u> |
| Total Fund Balance, beginning | <u>2,602,400</u> | <u>2,602,400</u> | <u>2,661,470</u> | <u>59,070</u> |
| Amount available for appropriation | <u>\$ 9,445,100</u> | <u>\$ 9,445,100</u> | <u>9,840,506</u> | <u>\$ 395,406</u> |
| Expenditures | | | | |
| Sports programs | \$ 308,000 | \$ 308,000 | 278,626 | \$ 29,374 |
| Children/youth/family recreation services | 419,500 | 419,500 | 330,434 | 89,066 |
| Resource development/marketing services | 359,000 | 359,000 | 249,800 | 109,200 |
| Park maintenance services | 1,655,600 | 1,655,600 | 1,619,012 | 36,588 |
| Park facilities repair & construction | 744,800 | 744,800 | 740,067 | 4,733 |
| Parks and Recreation administration | 1,314,800 | 1,364,800 | 1,432,133 | (67,333) |
| Aquatic services | 878,800 | 878,800 | 847,505 | 31,295 |
| Adult recreation and fitness services | 618,500 | 618,500 | 606,810 | 11,690 |
| Performance and cultural arts | 673,500 | 673,500 | 540,745 | 132,755 |
| Park system development charge projects | 1,801,900 | 1,801,900 | 85,412 | 1,716,488 |
| Senior Center Foundation | 70,300 | 70,300 | 12,741 | 57,559 |
| Parks capital improvement program | 110,000 | 110,000 | 9,442 | 100,558 |
| Contingency | <u>200,000</u> | <u>150,000</u> | <u>-</u> | <u>150,000</u> |
| Total expenditures | <u>9,154,700</u> | <u>9,154,700</u> | <u>6,752,727</u> | <u>2,401,973</u> |
| Other financing uses | | | | |
| Transfers to other funds | 180,400 | 180,400 | 179,554 | 846 |
| Intrafund Transfers out | <u>110,000</u> | <u>110,000</u> | <u>9,442</u> | <u>(100,558)</u> |
| Total other financing uses | <u>290,400</u> | <u>290,400</u> | <u>188,996</u> | <u>101,404</u> |
| Total expenditures and other financing uses | <u>\$ 9,445,100</u> | <u>\$ 9,445,100</u> | <u>6,941,723</u> | <u>\$ 2,503,377</u> |
| Fund balance, ending | | | <u>\$ 2,898,783</u> | |

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

CITY OF ALBANY, OREGON
RISK MANAGEMENT FUND
BUDGETARY COMPARISON STATEMENT
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues | | | | |
| Loan repayment - principal | \$ 9,100 | \$ 9,100 | \$ 9,216 | \$ 116 |
| Loan repayment - interest | 400 | 400 | 336 | (64) |
| Interest on investments | <u>16,500</u> | <u>16,500</u> | <u>31,825</u> | <u>15,325</u> |
| Total revenues | <u>26,000</u> | <u>26,000</u> | <u>41,377</u> | <u>15,377</u> |
| Other financing sources | | | | |
| Transfers from Capital Projects Fund | 33,300 | 33,300 | 33,300 | - |
| Transfers from General Fund | <u>-</u> | <u>-</u> | <u>21,600</u> | <u>21,600</u> |
| Total other financing sources | <u>33,300</u> | <u>33,300</u> | <u>54,900</u> | <u>21,600</u> |
| Fund balance, beginning | | | | |
| Unassigned | <u>3,032,700</u> | <u>3,032,700</u> | <u>2,922,956</u> | <u>(109,744)</u> |
| Total Fund Balance, beginning | <u>3,032,700</u> | <u>3,032,700</u> | <u>2,922,956</u> | <u>(109,744)</u> |
| Amount available for appropriation | <u>\$ 3,092,000</u> | <u>\$ 3,092,000</u> | <u>3,019,233</u> | <u>\$ (72,767)</u> |
| | | | | |
| | Original Budget | Final Budget | Actual | (Over) Under |
| Expenditures | | | | |
| Risk Management | \$ 1,099,200 | \$ 1,099,200 | 442,511 | \$ 656,689 |
| Litigation settlement projects | <u>1,992,800</u> | <u>1,992,800</u> | <u>628,911</u> | <u>1,363,889</u> |
| Total expenditures | <u>\$ 3,092,000</u> | <u>\$ 3,092,000</u> | <u>1,071,422</u> | <u>\$ 2,020,578</u> |
| Budgetary Fund Balance | | | 1,947,811 | |
| Adjustment for Interfund Loan | | | <u>3,458,977</u> | |
| Fund balance, ending | | | <u>\$ 5,406,788</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, 2018

| Revenues | Original Budget | Final Budget | Actual | Over (Under) |
|--|----------------------|----------------------|---------------------|---------------------|
| Financed transportation system development charges | | | | |
| Principal | \$ 3,300 | \$ 3,300 | \$ 6,813 | \$ 3,513 |
| Interest | 2,200 | 2,200 | 3,806 | 1,606 |
| Financed improvement assurance fees | | | | |
| Principal | 100 | 100 | - | (100) |
| Interest | 100 | 100 | - | (100) |
| Street connection fees | 7,500 | 7,500 | 66,532 | 59,032 |
| Transportation system development charges | 581,500 | 581,500 | 1,107,523 | 526,023 |
| Public facility construction permit | 15,000 | 15,000 | 33,900 | 18,900 |
| State gasoline tax | 3,000,000 | 3,000,000 | 3,394,968 | 394,968 |
| Surface transportation program | 980,000 | 980,000 | - | (980,000) |
| Workers Comp wage subsidy | - | - | 8,209 | 8,209 |
| Miscellaneous | 951,000 | 951,000 | 970,375 | 19,375 |
| Interest on investments | 36,200 | 36,200 | 78,319 | 42,119 |
| Total revenues | <u>5,576,900</u> | <u>5,576,900</u> | <u>5,670,445</u> | <u>93,545</u> |
| Other financing sources | | | | |
| Transfer from Economic Development Fund | 2,800 | 2,800 | 2,800 | - |
| Transfer from Sewer Fund | 596,100 | 621,100 | 615,423 | (5,677) |
| Transfer from Water Fund | 530,100 | 550,100 | 532,180 | (17,920) |
| Transfer from Stormwater Fund | 39,700 | 39,700 | 39,700 | - |
| Intrafund Transfer | 20,000 | 24,500 | 24,134 | (366) |
| Total other financing sources | <u>1,188,700</u> | <u>1,238,200</u> | <u>1,214,237</u> | <u>(23,963)</u> |
| Fund balance, beginning | | | | |
| Unassigned | 7,775,700 | 7,775,700 | 8,678,180 | 902,480 |
| Total Fund Balance, beginning | <u>7,775,700</u> | <u>7,775,700</u> | <u>8,678,180</u> | <u>902,480</u> |
| Amount available for appropriation | <u>\$ 14,541,300</u> | <u>\$ 14,590,800</u> | <u>15,562,862</u> | <u>\$ 972,062</u> |
| Expenditures | Original Budget | Final Budget | Actual | (Over) Under |
| Personnel services | \$ 832,800 | \$ 832,800 | 798,693 | \$ 34,107 |
| Materials and services | 2,367,700 | 2,367,700 | 2,277,595 | 90,105 |
| Capital | 9,934,700 | 9,979,700 | 1,528,046 | 8,451,654 |
| Contingencies | 379,100 | 379,100 | - | 379,100 |
| Total expenditures | <u>13,514,300</u> | <u>13,559,300</u> | <u>4,604,334</u> | <u>8,954,966</u> |
| Other financing uses | | | | |
| Transfers to other funds | 1,007,000 | 1,007,000 | 1,007,000 | - |
| Intrafund Transfers out | 20,000 | 24,500 | 24,134 | (366) |
| Total other financing uses | <u>1,027,000</u> | <u>1,031,500</u> | <u>1,031,134</u> | <u>(366)</u> |
| Total expenditures and other financing uses | <u>\$ 14,541,300</u> | <u>\$ 14,590,800</u> | <u>5,635,468</u> | <u>\$ 8,955,332</u> |
| Fund balance, ending | | | <u>\$ 9,927,394</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, 2018

| | Business-type Activities | | | Totals Enterprise Funds | Internal Service Funds |
|--|--------------------------|-----------------------|-------------------|-------------------------------|------------------------------|
| | Water | Sewer | Stormwater | | |
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 5,082,778 | \$ 8,846,048 | \$ 239,186 | \$ 14,168,012 | \$ 330,567 |
| Investments | 8,979,434 | 15,627,772 | 422,556 | 25,029,762 | 587,990 |
| Receivables: | | | | | |
| Property taxes | 38,585 | - | - | 38,585 | - |
| Accounts | 1,808,865 | 2,501,080 | 199,599 | 4,509,544 | 3,960 |
| Assessments | - | - | - | - | 3,804 |
| Accrued interest | 45,572 | 73,813 | 2,014 | 121,399 | - |
| Inventories | 688,630 | 373,876 | - | 1,062,506 | - |
| Prepaid items | 14 | 21 | - | 35 | 2,631 |
| Total current assets | <u>16,643,878</u> | <u>27,422,610</u> | <u>863,355</u> | <u>44,929,843</u> | <u>928,952</u> |
| Noncurrent assets: | | | | | |
| Other postemployment benefit asset | 5,208 | 4,526 | 566 | 10,300 | 25,126 |
| Loans receivable | - | 3,788,049 | - | 3,788,049 | - |
| Capital assets: | | | | | |
| Land and construction in progress | 2,126,712 | 7,930,895 | - | 10,057,607 | 31,260 |
| Other capital assets, net of depreciation | 86,163,258 | 126,333,157 | - | 212,496,415 | 2,134 |
| Total noncurrent assets | <u>88,295,178</u> | <u>138,056,627</u> | <u>566</u> | <u>226,352,371</u> | <u>58,520</u> |
| Total assets | <u>104,939,056</u> | <u>165,479,237</u> | <u>863,921</u> | <u>271,282,214</u> | <u>987,472</u> |
| Deferred Outflows of Resources | | | | | |
| Pension and other postemployment benefit related items | <u>907,817</u> | <u>831,392</u> | <u>69,154</u> | <u>1,808,363</u> | <u>4,128,122</u> |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 449,294 | 827,576 | 20,608 | 1,297,478 | 517,419 |
| Compensated absences | 68,317 | 55,906 | - | 124,223 | 342,457 |
| Interest payable | 374,206 | 339,077 | - | 713,283 | - |
| Refundable deposits | 133,536 | 809 | - | 134,345 | - |
| Loans payable, current portion | - | 4,150,054 | - | 4,150,054 | - |
| Bonds payable, current portion | 1,152,388 | - | - | 1,152,388 | - |
| Total current liabilities | <u>2,177,741</u> | <u>5,373,422</u> | <u>20,608</u> | <u>7,571,771</u> | <u>859,876</u> |
| Long-term obligations | | | | | |
| Compensated absences | 68,316 | 55,902 | - | 124,218 | 342,455 |
| Other postemployment benefits | 235,187 | 204,410 | 25,545 | 465,142 | 1,134,744 |
| Loans payable - long-term portion | - | 43,550,307 | - | 43,550,307 | - |
| Net pension liability | 2,628,715 | 1,829,593 | 128,347 | 4,586,655 | 10,579,670 |
| Bonds payable - long-term portion | 23,816,074 | - | - | 23,816,074 | - |
| Total long-term obligations | <u>26,748,292</u> | <u>45,640,212</u> | <u>153,892</u> | <u>72,542,396</u> | <u>12,056,869</u> |
| Total liabilities | <u>28,926,033</u> | <u>51,013,634</u> | <u>174,500</u> | <u>80,114,167</u> | <u>12,916,745</u> |
| Deferred Inflows of Resources | | | | | |
| Pension and other postemployment benefit related items | <u>141,415</u> | <u>127,177</u> | <u>16,001</u> | <u>284,593</u> | <u>716,055</u> |
| Net Position | | | | | |
| Net investment in capital assets | 61,194,796 | 78,632,796 | - | 139,827,592 | 33,394 |
| Restricted for capital construction | 1,251,115 | 2,723,082 | - | 3,974,197 | - |
| Restricted for debt service | 1,621,333 | 3,613,727 | - | 5,235,060 | - |
| Unrestricted | 12,712,181 | 30,200,213 | 742,574 | 43,654,968 | (8,550,600) |
| Total net position | <u>\$ 76,779,425</u> | <u>\$ 115,169,818</u> | <u>\$ 742,574</u> | <u>192,691,817</u> | <u>\$ (8,517,206)</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.

(5,294,108)

Net position of business-type activities (pages 18-19)

\$ 187,397,709

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, 2018

| | Business-type Activities | | | Totals Enterprise Funds | Internal Service Funds |
|--|--------------------------|-----------------------|-------------------|-------------------------------|------------------------------|
| | Water | Sewer | Stormwater | | |
| OPERATING REVENUES: | | | | | |
| Service charges and fees | \$ 13,227,212 | \$ 16,633,424 | \$ 2,035,666 | \$ 31,896,302 | \$ 14,229,731 |
| Miscellaneous | <u>527,268</u> | <u>144,318</u> | <u>-</u> | <u>671,586</u> | <u>69,269</u> |
| Total operating revenues | <u>13,754,480</u> | <u>16,777,742</u> | <u>2,035,666</u> | <u>32,567,888</u> | <u>14,299,000</u> |
| OPERATING EXPENSES: | | | | | |
| Salaries and wages | 2,440,085 | 2,105,303 | 271,053 | 4,816,441 | 11,617,479 |
| Contracted services | 519,303 | 1,463,470 | 55,241 | 2,038,014 | 649,552 |
| Operating supplies | 696,945 | 357,160 | 145,159 | 1,199,264 | 1,278,718 |
| Utilities | 520,516 | 625,473 | - | 1,145,989 | 225,654 |
| Depreciation and amortization | 3,265,897 | 4,775,886 | - | 8,041,783 | 15,720 |
| Repairs and maintenance | 467,075 | 455,811 | 94,761 | 1,017,647 | 276,451 |
| Charges for services | 3,287,035 | 3,696,392 | 1,024,824 | 8,008,251 | 1,445,104 |
| Miscellaneous | <u>-</u> | <u>37,538</u> | <u>-</u> | <u>37,538</u> | <u>2,841</u> |
| Total operating expenses | <u>11,196,856</u> | <u>13,517,033</u> | <u>1,591,038</u> | <u>26,304,927</u> | <u>15,511,519</u> |
| Operating income (loss) | <u>2,557,624</u> | <u>3,260,709</u> | <u>444,628</u> | <u>6,262,961</u> | <u>(1,212,519)</u> |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| Property taxes | 184 | - | - | 184 | - |
| Interest on investments | 138,183 | 220,680 | 522 | 359,385 | 10,147 |
| Miscellaneous | - | 2,894 | 4,788 | 7,682 | - |
| Interest | <u>(809,106)</u> | <u>(1,327,697)</u> | <u>-</u> | <u>(2,136,803)</u> | <u>-</u> |
| Total nonoperating revenues (expenses) | <u>(670,739)</u> | <u>(1,104,123)</u> | <u>5,310</u> | <u>(1,769,552)</u> | <u>10,147</u> |
| Income (loss) before capital contributions and transfers | 1,886,885 | 2,156,586 | 449,938 | 4,493,409 | (1,202,372) |
| Capital contributions | 554,126 | 1,042,357 | - | 1,596,483 | - |
| Transfers in | - | - | - | - | 148,200 |
| Transfers out | <u>(607,180)</u> | <u>(615,423)</u> | <u>(39,700)</u> | <u>(1,262,303)</u> | <u>-</u> |
| Change in net position | 1,833,831 | 2,583,520 | 410,238 | 4,827,589 | (1,054,172) |
| Prior period adjustment | (2,453,906) | (2,745,036) | (234,027) | - | (147,661) |
| Net position - beginning | <u>77,399,500</u> | <u>115,331,334</u> | <u>566,363</u> | <u>-</u> | <u>(7,315,373)</u> |
| Net position - ending | <u>\$ 76,779,425</u> | <u>\$ 115,169,818</u> | <u>\$ 742,574</u> | <u>\$ -</u> | <u>\$ (8,517,206)</u> |

Adjustment for the net effect of the current year activity
between the internal service funds and the enterprise funds (671,393)
Change in net position of business-type activities (pages 18-19) \$ 4,156,196

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, 2018

| | Business-type Activities | | | Governmental Activities | |
|--|--------------------------|---------------------|-------------------|-------------------------------|------------------------------|
| | Water | Sewer | Stormwater | Totals Enterprise Funds | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Cash received from customers | \$ 13,506,469 | \$ 16,724,866 | \$ 2,010,594 | \$ 32,241,929 | \$ 14,297,715 |
| Cash payments to suppliers of goods and services | (5,692,824) | (6,219,048) | (1,327,516) | (13,239,388) | (3,786,763) |
| Cash payments to employees for services | (2,261,053) | (1,946,173) | (252,252) | (4,459,478) | (10,724,347) |
| Other revenues | - | 2,894 | 4,788 | 7,682 | - |
| Net cash provided by (used in) operating activities | <u>5,552,592</u> | <u>8,562,539</u> | <u>435,614</u> | <u>14,550,745</u> | <u>(213,395)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Property taxes | 184 | - | - | 184 | - |
| Transfers in | - | - | - | - | 148,200 |
| Transfers out | (607,180) | (615,423) | (39,700) | (1,262,303) | - |
| Net cash provided by (used in) noncapital financing activities | <u>(606,996)</u> | <u>(615,423)</u> | <u>(39,700)</u> | <u>(1,262,119)</u> | <u>148,200</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Purchase of capital assets | (3,812,322) | (2,405,185) | - | (6,217,507) | - |
| System development charges collected | 499,898 | 938,915 | - | 1,438,813 | - |
| Principal paid on loan | - | (3,931,806) | - | (3,931,806) | - |
| Principal paid on bonds | (1,020,000) | - | - | (1,020,000) | - |
| Payment from City of Millersburg | - | 283,330 | - | 283,330 | - |
| Interest paid on long-term debt | (918,494) | (1,515,859) | - | (2,434,353) | - |
| Net cash (used in) capital and related financing activities | <u>(5,250,918)</u> | <u>(6,630,605)</u> | <u>-</u> | <u>(11,881,523)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Net (increase) decrease in investments | (36,508) | (1,210,575) | (254,797) | (1,501,880) | 31,282 |
| Interest on investments | 122,106 | 188,441 | (1,486) | 309,061 | 8,529 |
| Net cash provided by (used in) investing activities | <u>85,598</u> | <u>(1,022,134)</u> | <u>(256,283)</u> | <u>(1,192,819)</u> | <u>39,811</u> |
| Net increase (decrease) in cash and cash equivalents | (219,724) | 294,377 | 139,631 | 214,284 | (25,384) |
| Cash and cash equivalents, July 1, 2017 | <u>5,302,502</u> | <u>8,551,671</u> | <u>99,555</u> | <u>13,953,728</u> | <u>355,951</u> |
| Cash and cash equivalents, June 30, 2018 | <u>\$ 5,082,778</u> | <u>\$ 8,846,048</u> | <u>\$ 239,186</u> | <u>\$ 14,168,012</u> | <u>\$ 330,567</u> |

Continued on next page

CITY OF ALBANY, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

| | Business-type Activities | | | Governmental Activities | |
|---|--------------------------|---------------------|-------------------|-------------------------------|------------------------------|
| | Water | Sewer | Stormwater | Totals Enterprise Funds | Internal Service Funds |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | \$ 2,557,624 | \$ 3,260,709 | \$ 444,628 | \$ 6,262,961 | \$ (1,212,519) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation and amortization | 3,265,897 | 4,775,886 | - | 8,041,783 | 15,720 |
| Other revenues | - | 2,894 | 4,788 | 7,682 | - |
| Changes in assets, deferred outflows, liabilities and deferred inflows: | | | | | |
| Receivables | (227,100) | (52,876) | (25,072.00) | (305,048) | (1,285) |
| Inventories | (79,825) | (16,485) | - | (96,310) | - |
| Prepaid items | (14) | (21) | - | (35) | (2,521) |
| Net other postemployment benefit asset | (5,208) | (4,526) | (566) | (10,300) | (25,126) |
| Deferred outflows of resources | 491,263 | 427,996 | 53,162 | 972,421 | 2,334,620 |
| Accounts payable | (122,111) | 433,302 | (7,531) | 303,660 | 94,078 |
| Net pension liability | (304,322) | (264,495) | (33,046) | (601,863) | (1,468,283) |
| Compensated absences | 8 | 12,423 | - | 12,431 | 10,956 |
| Other postemployment benefits | 23,176 | (26,268) | (2,827) | (5,919) | (79,404) |
| Refundable deposits | (20,911) | - | - | (20,911) | - |
| Deferred inflows of resources | (25,885) | 14,000 | 2,078.00 | (9,807.00) | 120,369 |
| Total adjustments | <u>2,994,968</u> | <u>5,301,830</u> | <u>(9,014)</u> | <u>8,287,784</u> | <u>999,124</u> |
| Net cash provided by (used in) operating activities | <u>\$ 5,552,592</u> | <u>\$ 8,562,539</u> | <u>\$ 435,614</u> | <u>\$ 14,550,745</u> | <u>\$ (213,395)</u> |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Customer contributions of capital assets to the city | <u>\$ 54,228</u> | <u>\$ 103,442</u> | <u>\$ -</u> | <u>\$ 157,670</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, 2018

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, 2018

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, 2018

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, 2018

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.

Stormwater

All operating and capital construction activities of the City's stormwater 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 these funds 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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Cash and Cash Equivalents

The City's cash on hand and short-term investments are considered to be cash and cash equivalents. This includes state authorized investment in the State Treasurer's Local Government Investment Pool.

Investments

State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, and repurchase agreements.

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.

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 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

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables (continued)

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 |

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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 reports 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 and other postemployment benefits in the government-wide Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports 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 pensions and other postemployment benefits.

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, 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.”

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity (continued)

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.

New Accounting Standards

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures. This statement also identifies the actuarial methods and assumptions that are required to be used and enhances note disclosures and required supplementary information. The specific accounts impacting the City are detailed below.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Standards (continued)

Other postemployment benefit liability – Previous standards defined other postemployment benefit liabilities in terms of the Annually Required Contribution. Statement No. 75 defines the other postemployment benefit liability as the portion of projected benefit payments that is attributed to past periods of employee service provided through a defined benefit other postemployment benefit plan that is not administered through a trust.

Deferred inflows of resources and deferred outflows of resources – Statement No. 75 includes recognition of deferred inflows and outflows of resources associated with changes of assumptions. This difference is to be recognized in OPEB expense using a closed period equal to the average expected remaining service lives of all covered active and inactive participants.

Statement No. 75 is effective for financial statement periods beginning after June 15, 2017 with the effects of the accounting change to be applied retroactively by restating the financial statements. The City adopted this new pronouncement in the current year and, accordingly, has restated amounts of effected balances within the financial statements as of June 30, 2017 as discussed more fully in note 3.

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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

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 2017-2018 was \$3,117,913,054. 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.

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 | |
| Debt Service | |
| GO Debt Service | |

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

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 |
| | Stormwater |

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.

During the fiscal year ended June 30, 2018, the City made supplemental budget changes as outlined by fund in the following table:

| Fund | 2017-18 Original Budget | 2017-18 Final Budget | Changes |
|------------------------------|----------------------------|-------------------------|--------------|
| General | \$ 38,909,100 | \$ 39,979,100 | \$ 1,070,000 |
| Parks and Recreation | 9,445,100 | 9,445,100 | - |
| Risk Management | 3,092,000 | 3,092,000 | - |
| Street | 14,541,300 | 14,590,800 | 49,500 |
| Grants | 1,695,000 | 4,440,800 | 2,745,800 |
| Building Inspection | 2,890,800 | 2,890,800 | - |
| Economic Development | 2,309,500 | 2,309,500 | - |
| Public Transit | 3,339,700 | 3,339,700 | - |
| Public Safety Levy | 3,464,600 | 3,464,600 | - |
| Albany Revitalization Agency | 12,672,900 | 12,672,900 | - |
| Debt Service | 1,046,200 | 1,046,200 | - |
| GO Debt Service | 1,179,100 | 1,179,100 | - |
| Capital Projects | 14,772,000 | 14,772,000 | - |
| Capital Replacement | 8,437,700 | 8,837,700 | 400,000 |
| Senior Center Endowment | 52,400 | 52,400 | - |
| Library Trust | 84,300 | 84,300 | - |
| Water | 26,538,600 | 26,554,000 | 15,400 |
| Sewer | 39,835,100 | 39,893,400 | 58,300 |
| Stormwater | 2,191,100 | 2,191,100 | - |
| Central Services | 6,672,300 | 6,829,800 | 157,500 |
| Public Works Services | 8,649,000 | 8,649,000 | - |
| | \$ 201,817,800 | \$ 206,314,300 | \$ 4,496,500 |

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

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.

Excess of Expenditures over Appropriations

As a whole, the General Fund was within adopted budget; however, an excess of expenditures over appropriations occurred in Fire Emergency Services in the amount of \$157,321, and in the Library in the amount of \$42,326. Additionally, the Parks and Recreation Fund had an excess of expenditures over appropriation in Administration of \$67,333.

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 and investments included in the Statement of Net Position are as follows:

| | |
|--|----------------------|
| Cash on hand | \$ 33,840 |
| Cash with fiscal agents | 6,697 |
| Bank balances with financial institutions | (689,017) |
| State of Oregon Treasurer's short-term investment pool | 25,655,082 |
| Other investments | <u>45,501,350</u> |
| Total cash and investments | <u>\$ 70,507,952</u> |

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

| | |
|---------------------------------|----------------------|
| Cash and investments | \$ 70,418,251 |
| Cash with fiscal agents | 6,697 |
| Restricted cash and investments | <u>83,004</u> |
| Total cash and investments | <u>\$ 70,507,952</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 \$(689,017) and the bank balance was \$870,482.

State of Oregon Treasurer's short-term investment pool

The Oregon Short-Term Investment Pool 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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

3. DETAILED NOTES (continued)

Cash and Investments (continued)

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.

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, 2018, the City had the following recurring fair value measurements.

| Investments by fair value level | 6/30/2018 | Fair Value Measurements Using | | |
|--|----------------------|-------------------------------|----------------------|-------------|
| | | Level 1 | Level 2 | Level 3 |
| U.S. Government agency obligations: | | | | |
| US Treasury Notes | \$ 9,860,500 | \$ 9,860,500 | \$ - | \$ - |
| Federal Farm Credit Bank | 3,961,160 | - | 3,961,160 | - |
| Federal Home Loan Mortgage Corporation | 4,906,060 | - | 4,906,060 | - |
| Federal National Mortgage Association | 9,956,550 | - | 9,956,550 | - |
| Federal Home Loan Banks | 8,905,200 | - | 8,905,200 | - |
| Corporate Bonds | | | | |
| Apple | 1,965,220 | - | 1,965,220 | - |
| Microsoft | 2,952,930 | - | 2,952,930 | - |
| Toyota | 2,993,730 | - | 2,993,730 | - |
| Totals | <u>\$ 45,501,350</u> | <u>\$ 9,860,500</u> | <u>\$ 35,640,850</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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

3. DETAILED NOTES (continued)

Cash and Investments (continued)

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, 2018.

As of June 30, 2018, 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 | 9,860,500 | 0.26 | 22% |
| Federal Home Loan Mortgage Corporation | AAA | 4,906,060 | 0.16 | 11% |
| Federal National Mortgage Association | AAA | 9,956,550 | 0.08 | 22% |
| Federal Home Loan Banks | AAA | 8,905,200 | 0.28 | 20% |
| Federal Farm Credit Banks | AAA | 3,961,160 | 0.18 | 9% |
| Corporate Bonds | | | | |
| Microsoft | AAA | 2,952,930 | 0.07 | 6% |
| Apple | AA1 | 1,965,220 | 0.11 | 4% |
| Toyota | NR | <u>2,993,730</u> | 0.01 | 7% |
| Totals | | <u>\$ 45,501,350</u> | | <u>100%</u> |
| Portfolio weighted average maturity | | | <u>1.16</u> | |

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

3. DETAILED NOTES (continued)

Cash and investments (continued)

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, 2018, was 1.16 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.

Diversification constraints of the City's investment policy are:

| <u>Issuer Type</u> | <u>Percent of Total Portfolio</u> |
|--|---------------------------------------|
| 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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

3. DETAILED NOTES (continued)

Cash and investments (continued)

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, 2018, the City’s bank balance greater than \$250,000, \$620,482, 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.

Capital Assets

Governmental Activities

Capital asset activity for the year ended June 30, 2018, was as follows:

| | July 1, 2017 Balance | Additions | Deletions, Transfers in, Transfers out | June 30, 2018 Balance |
|--|-------------------------|----------------------|--|--------------------------|
| Non-depreciable capital assets | | | | |
| Land | \$ 13,854,274 | \$ - | \$ - | \$ 13,854,274 |
| Construction in progress | <u>16,898,127</u> | <u>3,227,929</u> | <u>(15,524,247)</u> | <u>4,601,809</u> |
| Total non-depreciable capital assets | <u>30,752,401</u> | <u>3,227,929</u> | <u>(15,524,247)</u> | <u>18,456,083</u> |
| Depreciable capital assets | | | | |
| Buildings and improvements | 21,030,973 | 6,607,560 | 15,448,836 | 43,087,369 |
| Intangible assets | 800,000 | - | - | 800,000 |
| Vehicles and equipment | 18,851,549 | 1,848,036 | (196,911) | 20,502,674 |
| Infrastructure | <u>142,159,350</u> | <u>8,078,258</u> | <u>75,411</u> | <u>150,313,019</u> |
| Total depreciable capital assets | <u>182,841,872</u> | <u>16,533,854</u> | <u>15,327,336</u> | <u>214,703,062</u> |
| Accumulated depreciation | | | | |
| Buildings and improvements | (6,418,464) | (429,197) | | (6,847,661) |
| Intangible asset | (190,226) | (39,973) | - | (230,199) |
| Vehicles and equipment | (12,757,865) | (1,517,051) | 196,911 | (14,078,005) |
| Infrastructure | <u>(79,282,525)</u> | <u>(6,629,538)</u> | <u>-</u> | <u>(85,912,063)</u> |
| Total accumulated depreciation | <u>(98,649,080)</u> | <u>(8,615,759)</u> | <u>196,911</u> | <u>(107,067,928)</u> |
| Depreciable capital assets net of depreciation | <u>84,192,792</u> | <u>7,918,095</u> | <u>15,524,247</u> | <u>107,635,134</u> |
| Governmental activities, capital assets, net | <u>\$ 114,945,193</u> | <u>\$ 11,146,024</u> | <u>\$ -</u> | <u>\$ 126,091,217</u> |

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

3. DETAILED NOTES (continued)

Capital assets (continued)

Depreciation expense for governmental activities has been charged as follows:

| | |
|------------------------|----------------|
| General government | \$ 2,710,168 |
| Public safety | 1,075,353 |
| Highways and streets | 3,953,079 |
| Culture and recreation | <u>877,159</u> |

| | |
|--|----------------------------|
| Total depreciation for governmental activities | <u><u>\$ 8,615,759</u></u> |
|--|----------------------------|

Business-type Activities

Capital asset activity for the year ended June 30, 2018, was as follows:

| | July 1, 2017 Balance | Additions | Deletions, Transfers in, Transfers out | June 30, 2018 Balance |
|--|------------------------------|------------------------------|--|------------------------------|
| Non-depreciable capital assets | | | | |
| Land | \$ 6,285,374 | \$ - | \$ - | \$ 6,285,374 |
| Construction in progress | <u>2,197,152</u> | <u>3,620,073</u> | <u>(2,013,732)</u> | <u>3,803,493</u> |
| Total non-depreciable capital assets | <u>8,482,526</u> | <u>3,620,073</u> | <u>(2,013,732)</u> | <u>10,088,867</u> |
| Depreciable capital assets | | | | |
| Land rights | 19,794 | - | - | 19,794 |
| Land improvements | 82,335 | - | - | 82,335 |
| Buildings and improvements | 155,608,967 | 5,530 | - | 155,614,497 |
| Vehicles and equipment | 9,287,623 | 788,726 | (31,440) | 10,044,909 |
| Infrastructure | <u>161,033,277</u> | <u>1,960,850</u> | <u>2,013,732</u> | <u>165,007,859</u> |
| Total depreciable capital assets | <u>326,031,996</u> | <u>2,755,106</u> | <u>1,982,292</u> | <u>330,769,394</u> |
| Accumulated depreciation | | | | |
| Land rights | (19,794) | - | - | (19,794) |
| Land improvements | (46,751) | (11,857) | - | (58,608) |
| Buildings and improvements | (42,868,509) | (4,037,846) | - | (46,906,355) |
| Vehicles and equipment | (7,155,196) | (306,740) | 15,720 | (7,446,216) |
| Infrastructure | <u>(60,154,532)</u> | <u>(3,685,340)</u> | <u>-</u> | <u>(63,839,872)</u> |
| Total accumulated depreciation | <u>(110,244,782)</u> | <u>(8,041,783)</u> | <u>15,720</u> | <u>(118,270,845)</u> |
| Depreciable capital assets net of depreciation | <u>215,787,214</u> | <u>(5,286,677)</u> | <u>1,998,012</u> | <u>212,498,549</u> |
| Business-type activities, capital assets, net | <u><u>\$ 224,269,740</u></u> | <u><u>\$ (1,666,604)</u></u> | <u><u>\$ (15,720)</u></u> | <u><u>\$ 222,587,416</u></u> |

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

3. DETAILED NOTES (continued)

Capital assets (continued)

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

| | |
|---|----------------------------|
| Water | \$ 3,265,897 |
| Sewer | <u>4,775,886</u> |
| Total depreciation for business-type activities | <u><u>\$ 8,041,783</u></u> |

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, 2018, amounted to \$84,262 which represented approximately 26 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, 2018. The ARA loans have been restated to show the division of regular and forgivable loans.

| | July 1, 2017 Balance | Increase | Decrease | June 30, 2018 Balance |
|--|----------------------------|-------------------------|----------------------------|----------------------------|
| Governmental Funds | | | | |
| Albany Revitalization Agency (ARA) Regular loans | \$ 1,213,164 | \$ 10,000 | \$ (274,836) | \$ 948,328 |
| Enterprise Fund - Sewer | <u>4,071,379</u> | <u>-</u> | <u>(283,330)</u> | <u>3,788,049</u> |
| Total government-wide loans | <u><u>\$ 5,284,543</u></u> | <u><u>\$ 10,000</u></u> | <u><u>\$ (558,166)</u></u> | <u><u>\$ 4,736,377</u></u> |

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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

3. DETAILED NOTES (continued)

Loans Receivable (continued)

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. As of June 30, 2018 only the forgivable loan has a remaining balance as the other was paid in full.

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 third of five payments (\$15,699.72 principal and interest) was paid, resulting in an outstanding balance of \$16,013 at June 30, 2018.

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. This loan was paid in full and does not have a balance owing at June 30, 2018.

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, 2018 totaled \$152,971.

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. Monthly payments of \$2,083.33 started in September 2016, resulting in an outstanding balance of \$454,167.

ARA converted a \$200,000 forgivable loan to R3 Development to repayable in July 2016. The twenty-year loan has zero interest and monthly payments of \$833.33. Payments began in August 2016, resulting in an ending balance of \$180,833 at June 30, 2018.

In fiscal year 2017 ARA approved a five-year loan to Dawson House. Annual interest only payments begin on May 22, 2018 with a balloon payment of principal and interest payable due on May 22, 2023. This \$42,666 loan is secured by a promissory note and trust deed.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

3. DETAILED NOTES (continued)

Loans Receivable (continued)

Signs of Victory received a five-year \$50,000 loan from ARA on April 28, 2017, and another \$50,000 loan that was finalized July 13, 2017. This loan is secured by a promissory note and trust deed. Annual payments of \$20,000 plus interest will begin on December 31, 2018.

3 Sheets Brewery was approved for a \$10,000 loan on July 7, 2017. This was originally going to be a storefront grant, but was later agreed upon as a loan with the first payment being due on September 1, 2017 and a maturity date of August 1, 2018.

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 to Date</u> | <u>Forgiven</u> | <u>Balance yet to be forgiven</u> |
|----------------------------|-------------------------------|-------------------|---------------------------------------|
| Flinn Block LLC - Manley | \$ 74,000 | \$ 74,000 | \$ - |
| CADD Connection - Yamamoto | 97,500 | 55,714 | 41,786 |
| Edgewater Village | 2,400,000 | 96,000 | 2,304,000 |
| Albany Carousel | 110,000 | 110,000 | - |
| Vaughan, Timothy | 28,900 | 23,120 | 5,780 |
| | <u>\$ 2,710,400</u> | <u>\$ 358,834</u> | <u>\$ 2,351,566</u> |

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 2017-18, Millersburg paid \$283,330 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. Within the current fiscal year, this loan was refinanced at a lower interest rate decreasing the interest owed; as of June 30, 2018, Millersburg's loan balance was \$3,788,049.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

3. DETAILED NOTES (continued)

Deferred Inflows of Resources

Governmental funds report unavailable 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 | \$ 1,948,413 |
| Parks and Recreation | 486,185 |
| Nonmajor governmental | 797,884 |
| Accounts | 853,047 |
| Assessments | 325,263 |
| Economic development loans | <u>948,328</u> |
| Total unavailable revenue | <u>\$ 5,359,120</u> |

Restricted Net Position

Total restricted net position of \$20,143,292 includes \$79,500 restricted for permanent endowments and \$20,063,792 restricted by enabling legislation as follows:

| | |
|--------------------------|----------------------|
| Governmental activities | \$ 10,934,035 |
| Business-type activities | <u>9,209,257</u> |
| Total | <u>\$ 20,143,292</u> |

Construction Commitments

The City has active construction projects as of June 30, 2018 as follows:

| Construction Project | Spent to Date | Remaining Commitment |
|------------------------------|------------------|-------------------------|
| Governmental Activities | | |
| Police and fire stations | \$ 21,733,714 | \$ 228,682 |
| Stormwater master plan | - | 148,841 |
| Downtown street improvements | 8,467,044 | 945,931 |
| Crocker Lane Reconstruction | 1,817,672 | 110,304 |
| Other street improvements | 533,390 | 1,877,047 |
| Water | | |
| Water treatment plant | 305,987 | 552,607 |
| Water improvement projects | 183,490 | 916,070 |
| Water canal diversion | 222,590 | 151,310 |
| Water reclamation projects | 595,055 | 443,799 |

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

3. DETAILED NOTES (continued)

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:

| | Activities |
|------------------------|------------|
| Vehicles and equipment | \$ 239,805 |

The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2018, were as follows:

| <u>Years ending June 30,</u> | Governmental Activities |
|------------------------------|----------------------------|
| 2019 | 75,325 |
| 2020 | 80,075 |
| 2021 | 41,204 |
| 2022 | 43,201 |
| Total | \$ 239,805 |

Operating Leases

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

Total costs for the lease were \$66,124 for the year ended June 30, 2018. The future minimum lease payments for these leases are as follows:

| <u>Years ending June 30,</u> | Governmental Activities |
|------------------------------|----------------------------|
| 2019 | \$ 124,744 |
| 2020 | 50,740 |
| Total | \$ 239,638 |

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

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 June 30, 2017 | Increase | Decrease | Ending Balance June 30, 2018 | Due Within One Year |
|--------------------------------------|---------------------------------------|-------------------|----------------------|------------------------------------|------------------------|
| Governmental Activities | | | | | |
| General obligation bonds, | | | | | |
| 2015 Public Safety Facilities Bonds | \$ 17,235,000 | \$ - | \$ 415,000 | \$ 16,820,000 | \$ 465,000 |
| Limited tax pension obligations, | | | | | |
| Series 2002 | 4,992,002 | - | 111,140 | 4,880,862 | 111,257 |
| General revenue obligations, | | | | | |
| Series 2004 | 500,000 | - | 160,000 | 340,000 | 165,000 |
| Urban Renewal Bonds | | | | | |
| 2007 CARA Series A Tax-exempt | <u>2,014,000</u> | <u>-</u> | <u>366,000</u> | <u>1,648,000</u> | <u>383,000</u> |
| Subtotal | 24,741,002 | - | 1,052,140 | 23,688,862 | 1,124,257 |
| Net pension liability | 39,952,971 | - | 5,184,359 | 34,768,612 | - |
| Other postemployment benefits | 4,062,241 | | 55,555 | 4,006,686 | - |
| Unamortized premium on debt issuance | 572,634 | - | 31,813 | 540,821 | 31,813 |
| Compensated absences | 3,044,307 | 65,897 | 39,983 | 3,070,221 | 1,535,113 |
| Capital leases | <u>131,334</u> | <u>206,481</u> | <u>98,008</u> | <u>239,807</u> | <u>75,325</u> |
| Total Governmental Activities | <u>72,504,489</u> | <u>272,378</u> | <u>6,461,858</u> | <u>66,315,009</u> | <u>2,766,508</u> |
| Business-type Activities | | | | | |
| Water revenue bonds | | | | | |
| 2013 Water Refunding Bonds | 24,595,000 | - | 1,020,000 | 23,575,000 | 1,060,000 |
| Loans payable | | | | | |
| 2018 SRF - WWTP | 48,717,571 | - | 3,390,390 | 45,327,181 | 3,590,981 |
| 2009 Wetland | 1,464,596 | - | 441,416 | 1,023,180 | 459,073 |
| 2012 SRF | <u>1,450,000</u> | <u>-</u> | <u>100,000</u> | <u>1,350,000</u> | <u>100,000</u> |
| Subtotal | 76,227,167 | - | 4,951,806 | 71,275,361 | 5,210,054 |
| Net pension liability | 12,250,443 | - | 1,452,830 | 10,797,613 | - |
| Other postemployment benefits | 1,223,694 | - | 100,901 | 1,122,793 | - |
| Unamortized premium on debt issuance | 1,485,850 | - | 92,388 | 1,393,462 | 92,388 |
| Compensated absences | <u>634,892</u> | <u>20,995</u> | <u>-</u> | <u>655,887</u> | <u>327,946</u> |
| Total Business-type Activities | <u>91,822,046</u> | <u>20,995</u> | <u>6,597,925</u> | <u>85,245,116</u> | <u>5,630,388</u> |
| Totals | <u>\$ 164,326,535</u> | <u>\$ 293,373</u> | <u>\$ 13,059,783</u> | <u>\$ 151,560,125</u> | <u>\$ 8,396,896</u> |

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

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 \$277,466 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, 2018, is \$16,820,000.

| For the year ending June 30, | Principal | Interest | Total |
|---------------------------------|----------------------|---------------------|----------------------|
| 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 | 625,000 | 544,275 | 1,169,275 |
| 2023 | 685,000 | 519,275 | 1,204,275 |
| 2024-2028 | 4,470,000 | 2,060,325 | 6,530,325 |
| 2029-2033 | 6,345,000 | 1,133,382 | 7,478,382 |
| 2034-2035 | 3,135,000 | 154,374 | 3,289,374 |
| Totals | <u>\$ 16,820,000</u> | <u>\$ 6,173,656</u> | <u>\$ 22,993,656</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, 2018, is \$4,880,862. 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, 2018

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Governmental Activities (continued)

| For the year ending June 30, | Principal | Interest | Total |
|---------------------------------|---------------------|---------------------|---------------------|
| 2019 | \$ 111,257 | \$ 593,980 | \$ 705,237 |
| 2020 | 159,605 | 580,634 | 740,239 |
| 2021 | 460,000 | 315,785 | 775,785 |
| 2022 | 530,000 | 284,275 | 814,275 |
| 2023 | 600,000 | 247,970 | 847,970 |
| 2024-2028 | <u>3,020,000</u> | <u>661,715</u> | <u>3,681,715</u> |
| Totals | <u>\$ 4,880,862</u> | <u>\$ 2,684,359</u> | <u>\$ 7,565,221</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, 2018, is \$340,000. Annual debt service requirements to maturity for the general revenue obligations are as follows:

| For the year ending June 30, | Principal | Interest | Total |
|---------------------------------|-------------------|------------------|-------------------|
| 2019 | \$ 165,000 | \$ 13,394 | \$ 178,394 |
| 2020 | <u>175,000</u> | <u>7,000</u> | <u>182,000</u> |
| Totals | <u>\$ 340,000</u> | <u>\$ 20,394</u> | <u>\$ 360,394</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, 2018, is \$1,648,000. 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, 2018

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Governmental Activities (continued)

| For the year ending June 30, | Principal | Interest | Total |
|---------------------------------|---------------------|-------------------|---------------------|
| 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>\$ 1,648,000</u> | <u>\$ 204,572</u> | <u>\$ 1,852,572</u> |

Oregon Infrastructure Authority (IFA) streetscape loan

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. Reimbursements will be requested, and a payment schedule will be determined when the project closes. As of June 30, 2018, no reimbursements have been requested. The first reimbursement is received in fiscal year 2018-19.

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, 2018, is \$23,575,000.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Business-type Activities (continued)

| For the year ending June 30, | Principal | Interest | Total |
|---------------------------------|----------------------|---------------------|----------------------|
| 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 | 1,195,000 | 730,794 | 1,925,794 |
| 2023 | 1,240,000 | 682,094 | 1,922,094 |
| 2024-2028 | 7,115,000 | 2,520,195 | 9,635,195 |
| 2029-2033 | 8,780,000 | 1,007,319 | 9,787,319 |
| 2034 | 1,945,000 | 30,387 | 1,975,387 |
| Totals | <u>\$ 23,575,000</u> | <u>\$ 7,464,571</u> | <u>\$ 31,039,571</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. In fiscal year 2017-18 the City refinanced and consolidated the two loans into one with a rate of 1.75 percent. The loan payment schedule includes a 0.5% loan fee, effectively increasing the loan rate to 2.25 percent. As of June 30, 2018, the balance outstanding is \$45,327,181. The final maturity date is October 1, 2029.

| For the year ending June 30, | Principal | Interest | Total |
|---------------------------------|----------------------|---------------------|----------------------|
| 2019 | \$ 3,590,981 | \$ 1,004,219 | \$ 4,595,200 |
| 2020 | 3,654,097 | 923,147 | 4,577,244 |
| 2021 | 3,718,324 | 840,651 | 4,558,975 |
| 2022 | 3,783,680 | 756,703 | 4,540,383 |
| 2023 | 3,850,184 | 671,281 | 4,521,465 |
| 2024-2028 | 20,290,121 | 2,021,583 | 22,311,704 |
| 2029-2030 | 6,439,794 | 156,051 | 6,595,845 |
| Totals | <u>\$ 45,327,181</u> | <u>\$ 6,373,635</u> | <u>\$ 51,700,816</u> |

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

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, 2018, the balance outstanding is \$1,023,180.

| For the year ending June 30, | Principal | Interest | Total |
|---------------------------------|--------------|-----------|--------------|
| 2019 | \$ 459,073 | \$ 40,927 | \$ 500,000 |
| 2020 | 477,436 | 22,564 | 500,000 |
| 2021 | 86,671 | 3,467 | 90,138 |
| | \$ 1,023,180 | \$ 66,958 | \$ 1,090,138 |

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, 2018, is \$1,350,000. 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 |
|---------------------------------|--------------|-----------|--------------|
| 2019 | \$ 100,000 | \$ 6,750 | \$ 106,750 |
| 2020 | 100,000 | 6,250 | 106,250 |
| 2021 | 100,000 | 5,750 | 105,750 |
| 2022 | 100,000 | 5,250 | 105,250 |
| 2023 | 100,000 | 4,750 | 104,750 |
| 2024-2028 | 500,000 | 16,250 | 516,250 |
| 2029-2032 | 350,000 | 4,000 | 354,000 |
| Totals | \$ 1,350,000 | \$ 49,000 | \$ 1,399,000 |

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

3. DETAILED NOTES (continued)

Interfund Transfers

| Transfers out | Transfers In | | | | | | | Total |
|---------------------------------|---------------------|----------------------|------------------|---------------------|---------------------|-----------------------|------------------------|---------------------|
| | General | Parks and Recreation | Risk Management | Street | Capital Projects | Nonmajor Governmental | Internal Service Funds | |
| Governmental funds | | | | | | | | |
| General | \$ - | \$ 187,200 | \$ 21,600 | \$ - | \$ - | \$ 1,095,700 | \$ 100,000 | \$ 1,404,500 |
| Parks and Recreation | - | - | - | - | - | 179,554 | - | 179,554 |
| Risk Management | - | - | - | - | - | - | - | - |
| Street | - | 80,000 | - | - | 927,000 | - | - | 1,007,000 |
| Capital Projects | - | - | 33,300 | - | - | - | - | 33,300 |
| Nonmajor governmental funds | 3,580,023 | 271,692 | - | 2,800 | - | 647,959 | 48,200 | 4,550,674 |
| Total governmental funds | 3,580,023 | 538,892 | 54,900 | 2,800 | 927,000 | 1,923,213 | 148,200 | 7,175,028 |
| Proprietary funds | | | | | | | | |
| Water | - | - | - | 532,180 | 75,000 | - | - | 607,180 |
| Sewer | - | - | - | 615,423 | - | - | - | 615,423 |
| Stormwater | - | - | - | 39,700 | - | - | - | 39,700 |
| Total proprietary funds | - | - | - | 1,187,303 | 75,000 | - | - | 1,262,303 |
| Total transfers | \$ 3,580,023 | \$ 538,892 | \$ 54,900 | \$ 1,190,103 | \$ 1,002,000 | \$ 1,923,213 | \$ 148,200 | \$ 8,437,331 |
| 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 \$1,404,500. 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, \$573,200 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 \$179,554 for the Parks and Recreation Fund share of the debt service requirement for the 2004 Revenue Obligations.

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. Additional amounts of \$927,000 the Capital Projects Fund.

Transfers from Capital Projects Fund

Transfers out of the Capital Projects Fund totaled \$33,300 from assessment payment proceeds to reimburse up-front costs paid from the Risk Management Fund.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

3. DETAILED NOTES (continued)

Interfund Transfers (continued)

Governmental Funds (continued)

Transfers from Other Governmental Funds

Public Safety Levy Fund

The amount of \$793,600 was transferred to the General Fund to offset inflationary costs in the Fire Suppression and Police programs. Other transfers to the General Fund included \$1,328,320 for Public Safety Levy - Police program, and \$1,297,503 for the Public Safety Levy - Fire program.

Albany Revitalization Agency Fund

To support the cost of personnel, \$210,000 was transferred to the Economic Development Fund. An additional \$50,000 was transferred to the General Fund for code enforcement.

Economic Development Fund

Total transfers of \$606,400 included \$50,600 to the General Fund for fire and police programs, \$189,800 to the Parks Fund in support of the Northwest Art & Air Festival, the Monteith House, and the trolley, \$266,000 to the Capital Replacement Fund; \$48,200 to the Central Service Fund; \$2,000 to the Grants Fund; and \$2,800 to the Street Fund.

Others

The Building Inspection Fund transferred \$60,000 to the General Fund for code enforcement.

Proprietary Funds

Transfers from Water Fund

A transfer of \$532,180 was made to the Street Fund as its in-lieu-of revenue, and \$75,000 to the Capital Projects Fund.

Transfer from Sewer Fund

The amount of \$615,423 was transferred to the Street Fund as its In-Lieu of revenue.

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.

Transfer from Stormwater

The amount of \$39,700 was transferred to the Street Fund as its share of related capital projects.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

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 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,697 | \$ 6,697 |
| Prepaid | 156 | 38,093 | - | 7 | - | 447 | 38,703 |
| Permanent fund principal | - | - | - | - | - | 79,500 | 79,500 |
| | <u>156</u> | <u>38,093</u> | <u>-</u> | <u>7</u> | <u>-</u> | <u>86,644</u> | <u>124,900</u> |
| Restricted for: | | | | | | | |
| Park and Recreation SDC's | - | 2,198,809 | - | - | - | - | 2,198,809 |
| Senior Center Foundation | - | 73,925 | - | - | - | - | 73,925 |
| Building Inspection | - | - | - | - | - | 2,035,948 | 2,035,948 |
| Electrical Inspection | - | - | - | - | - | 157,294 | 157,294 |
| Public Safety Levy | - | - | - | - | - | 713,589 | 713,589 |
| Transportation SDC Projects | - | - | - | 4,592,481 | - | - | 4,592,481 |
| Grants Fund | - | - | - | - | - | 166,841 | 166,841 |
| 2002 Limited Tax Pension Bonds | - | - | - | - | - | 185,499 | 185,499 |
| 2015 Public Safety Facilities | - | - | - | - | - | 208,489 | 208,489 |
| Library Programs | - | - | - | - | - | 3,816 | 3,816 |
| | <u>-</u> | <u>2,272,734</u> | <u>-</u> | <u>4,592,481</u> | <u>-</u> | <u>3,471,476</u> | <u>10,336,691</u> |
| Committed for: | | | | | | | |
| Park and Recreation Operations | - | 587,956 | - | - | - | - | 587,956 |
| Risk Management Reserve | - | - | 573,402 | - | - | - | 573,402 |
| SVC Litigation Projects | - | - | 4,833,386 | - | 836,387 | - | 5,669,773 |
| Street Operations | - | - | - | 771,383 | - | - | 771,383 |
| Street Capital & Restoration | - | - | - | 4,473,090 | - | - | 4,473,090 |
| ADA Capital Projects | - | - | - | 90,433 | - | - | 90,433 |
| Albany Municipal Airport | - | - | - | - | - | 203,824 | 203,824 |
| Municipal Airport Capital Projects | - | - | - | - | - | 270,567 | 270,567 |
| Target Utilities | - | - | - | - | - | 95 | 95 |
| Albany Transit | - | - | - | - | - | 208,545 | 208,545 |
| Paratransit System | - | - | - | - | - | 8,209 | 8,209 |
| Equipment Replacement | - | - | - | - | - | 5,120,621 | 5,120,621 |
| City Facilities Replacement | - | - | - | - | - | 42,058 | 42,058 |
| General Fund Facilities Maintenance | - | - | - | - | - | 42,979 | 42,979 |
| IT Equipment Replacement | - | - | - | - | - | 1,260,323 | 1,260,323 |
| Public Works Facilities | - | - | - | - | - | 253,054 | 253,054 |
| | <u>-</u> | <u>587,956</u> | <u>5,406,788</u> | <u>5,334,906</u> | <u>836,387</u> | <u>7,410,275</u> | <u>19,576,312</u> |
| Unassigned: | | | | | | | |
| General Fund | 3,368,061 | - | - | - | - | - | 3,368,061 |
| Capital Projects | - | - | - | - | (2,458,322) | - | (2,458,322) |
| CARA | - | - | - | - | - | (1,756,298) | (1,756,298) |
| | <u>3,368,061</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,458,322)</u> | <u>(1,756,298)</u> | <u>(846,559)</u> |
| Total Fund Balances | <u>\$ 3,368,217</u> | <u>\$ 2,898,783</u> | <u>\$ 5,406,788</u> | <u>\$ 9,927,394</u> | <u>\$ (1,621,935)</u> | <u>\$ 9,212,097</u> | <u>\$ 29,191,344</u> |

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

3. DETAILED NOTES (continued)

Prior Period Adjustments

The beginning net position of Governmental Activities and Business-type Activities has been restated for the implementation of GASB 75 and to correct errors from the prior year as follows:

| | <u>As Originally Reported</u> | <u>As Restated</u> | <u>Effect of Change</u> |
|--|---------------------------------------|------------------------|-----------------------------|
| <u>Governmental activities</u> | | | |
| Deferred outflows of resources related to OPEB | \$ -- | \$ 291,331 | \$ 291,331 |
| Other postemployment benefit liability | 3,384,539 | 4,062,241 | (677,702) |
| Correction of error | -- | -- | (31,962) |
| Net position | 106,784,704 | 106,366,367 | (418,333) |
| <u>Business-type activities</u> | | | |
| Deferred outflows of resources related to OPEB | \$ -- | 87,760 | 87,760 |
| Other postemployment benefit liability | 1,019,551 | 1,223,694 | (204,143) |
| Correction of error | -- | -- | (5,384,585) |
| Net position | 188,742,481 | 183,241,513 | (5,500,968) |

The beginning fund balance of the General fund has been restated to correct an error from the prior year in the amount of \$252.

A correction to the prior beginning net position in the proprietary funds were made to account for the previous year's overstatement of accrued revenues; the Water fund was adjusted \$2,398,230; the Sewer fund had a \$2,708,399 correction; and the Stormwater fund was adjusted \$224,032. The other correction of error in the proprietary funds are a correction to a system generated entry. The beginning net position of proprietary funds has been restated for the implementation of GASB 75 and to correct the errors as follows:

| | <u>Effect of Change</u> |
|--|-----------------------------|
| <u>Water Fund</u> | |
| Deferred outflows of resources related to OPEB | \$ 18,250 |
| Other postemployment benefit liability | (42,454) |
| Accounts receivable correction | (2,398,230) |
| Correction of error | <u>(31,472)</u> |
| | <u>\$ (2,453,906)</u> |
| <u>Sewer Fund</u> | |
| Deferred outflows of resources related to OPEB | \$ 16,543 |
| Other postemployment benefit liability | (38,484) |
| Accounts receivable correction | (2,708,399) |
| Correction of error | <u>(14,696)</u> |
| | <u>\$ (2,745,036)</u> |

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

3. DETAILED NOTES (continued)

Prior Period Adjustments (continued)

Stormwater Fund

| | |
|--|----------------|
| Deferred outflows of resources related to OPEB | \$ 2,036 |
| Other postemployment benefit liability | (4,729) |
| Accounts receivable correction | (224,032) |
| Correction of error | <u>(7,302)</u> |

\$ (234,027)

Internal Service Funds

| | |
|--|-----------------|
| Deferred outflows of resources related to OPEB | \$ 87,074 |
| Other postemployment benefit liability | (202,571) |
| Correction of error | <u>(32,164)</u> |

\$ (147,661)

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:

<http://www.oregon.gov/PERS/Documents/Financials/CAFR/2017-CAFR.pdf>, and
<http://www.oregon.gov/pers/Documents/Financials/Actuarial/2018/Actuarial-Valuation.pdf>

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

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

4. OTHER INFORMATION (continued)

Pension Plan (continued)

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.

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 an OPERS-covered job at the time of death.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

4. OTHER INFORMATION (continued)

Pension Plan (continued)

B. Description of benefit terms (continued)

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.

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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

4. OTHER INFORMATION (continued)

Pension Plan (continued)

B. Description of benefit terms (continued)

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.

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, 2015, actuarial valuation.

Tier 1/Tier 2 employer contribution rates are 21.87 percent and the OPSRP employer contribution rates are 12.79 percent for general service employees and 17.56 percent for public safety employees. Employer contributions for the year ended June 30, 2018, were \$5,202,374 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, 2018, the City of Albany reported a liability of \$45,566,225 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The City of Albany's proportion of the net

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

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)

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 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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

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 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.

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, 2017, the City of Albany’s proportion was 0.33802743 percent, which was decreased from its proportion of 0.34773710 percent measured as of June 30, 2016.

For the year ended June 30, 2018, the City of Albany recognized pension expense of \$9,229,469. At June 30, 2018, the City of Albany reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 2,203,602 | \$ - |
| Changes in assumptions | 8,305,910 | - |
| Net differences between projected and actual earnings on pension plan investments | 469,439 | - |
| Changes in proportion | 141,145 | 2,222,642 |
| Differences between City contributions and proportionate share of contributors | 798,354 | 389,610 |
| City contributions subsequent to the measurement date | 5,202,374 | - |
| Total | \$ 17,120,824 | \$ 2,612,252 |

\$5,202,374 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

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

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)

net pension liability in the year ended June 30, 2019.

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, | |
|----------------------|-------------|
| 2019 | \$1,641,280 |
| 2020 | 5,340,148 |
| 2021 | 3,505,818 |
| 2022 | (1,233,725) |
| 2023 | 52,677 |
| Thereafter | - |

E. Actuarial Valuations

The employer contribution rates adopted on December 31, 2015 by the PERS Board, and effective July 1, 2017, through June 30, 2019, 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, 2018

4. OTHER INFORMATION (continued)

Pension Plan (continued)

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

| <u>Actuarial Methods and Assumptions</u> | |
|---|---|
| | Pension |
| Valuation date | December 31, 2015 |
| Measurement date | June 30, 2017 |
| Experience Study | 2014, published September 23, 2015 |
| Actuarial assumptions: | |
| Actuarial cost method | Entry Age Normal |
| Inflation rate | 2.50 percent |
| Long-term expected rate of return | 7.50 percent |
| Discount rate | 7.50 percent |
| Projected salary increases | 3.50 percent |
| Cost of living adjustments (COLA) | Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service. |
| Mortality | <p><i>Healthy retirees and beneficiaries:</i> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><i>Disabled retirees:</i> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p> |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts 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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

4. OTHER INFORMATION (continued)

Pension Plan (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50 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 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, 2018

4. OTHER INFORMATION (continued)

Pension Plan (continued)

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

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 2015 the PERS Board reviewed long-term assumptions developed by both Milliman’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.

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.

| <u>Long-Term Expected Rate of Return</u> | | | | |
|---|---------------------------|---------------------------------|---|---------------------------|
| Asset Class | Target Allocation* | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
| Core Fixed Income | 8.00 % | 4.10 % | 4.00 % | 4.68 % |
| Short-Term Bonds | 8.00 | 3.65 | 3.61 | 2.74 |
| Bank/Leveraged Loans | 3.00 | 5.69 | 5.42 | 7.82 |
| High Yield Bonds | 1.00 | 6.67 | 6.20 | 10.28 |
| Large/Mid Cap US Equities | 15.75 | 7.96 | 6.70 | 17.07 |
| Small Cap US Equities | 1.31 | 8.93 | 6.99 | 21.35 |
| Micro Cap US Equities | 1.31 | 9.37 | 7.01 | 23.72 |
| Developed Foreign Equities | 13.13 | 8.34 | 6.73 | 19.40 |
| Emerging Market Equities | 4.12 | 10.56 | 7.25 | 28.45 |
| Non-US Small Cap Equities | 1.88 | 9.01 | 7.22 | 20.55 |
| Private Equity | 17.50 | 11.60 | 7.97 | 30.00 |
| Real Estate (Property) | 10.00 | 6.48 | 5.84 | 12.00 |
| Real Estate (REITS) | 2.50 | 8.74 | 6.69 | 22.02 |
| Hedge Fund of Funds – Diversified | 2.50 | 4.94 | 4.64 | 8.09 |
| Hedge Fund – Event-driven | 0.63 | 7.07 | 6.72 | 8.90 |
| Timber | 1.88 | 6.60 | 5.85 | 13.00 |
| Farmland | 1.88 | 7.11 | 6.37 | 13.00 |
| Infrastructure | 3.75 | 8.31 | 7.13 | 16.50 |
| Commodities | 1.88 | 6.07 | 4.58 | 18.40 |
| Assumed Inflation - Mean | | | 2.50 % | 1.85 % |

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 3, 2014. The revised allocation was adopted at the June 3, 2015 OIC meeting.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

4. OTHER INFORMATION (continued)

Pension Plan (continued)

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

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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

| | <u>1% Decrease (6.50%)</u> | <u>Discount Rate (7.50%)</u> | <u>1% Increase (8.50%)</u> |
|---|----------------------------|------------------------------|----------------------------|
| City's proportionate share of the net pension liability (asset) | \$ 77,653,168 | \$ 45,566,225 | \$ 18,735,599 |

Changes of Assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2016 Experience Study, which were published on July 26, 2017. This report can be found at: <http://www.oregon.gov/pers/Documents/2016-Exp-Study.pdf>

G. Changes in Plan Provisions During the Measurement Period

The discount rate used to measure the total pension liability did not change from 7.50%.

H. Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2017, 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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

4. OTHER INFORMATION (continued)

Defined Contribution Plan (continued)

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.

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, 2018, were \$1,786,701.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Other Post Employment Benefits

Oregon Public Employees Retirement System (PERS) Defined Benefit OPEB Plan

A. Plan description and Benefits Provided

The City contributes to the Oregon PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. The RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. Contributions are mandatory for each employer that is a member of PERS. The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the plan's fiduciary net position. The report can be found at: www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf

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

The RHIA is closed to new members hired on or after August 29, 2003.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

4. OTHER INFORMATION (continued)

Other Post Employment Benefits (continued)

Other Postemployment Healthcare benefits

Eligible retired members receive a monthly healthcare benefit for life up to \$60 toward the monthly cost health insurance.

To be eligible, the member must:

- 1) Have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS
- 2) Receive both Medicare Parts A and B coverage
- 3) Enroll in a PERS-sponsored health plan

Surviving spouse or dependent benefits

A surviving spouse or dependent of a deceased retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time the member died and the member retired before May 1, 1991.

B. 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.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The City contributed 0.07 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits and 0.43 percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability. For the year ended June 30, 2018, the City made contributions in the amount of \$138,625 to the RHIA.

C. Actuarial valuations

Except as outlined below, the December 31, 2015 actuarial valuation used the same actuarial methods and valuation procedures to determine contribution rates as the PERS Tier One and Tier Two defined benefit pension plan as discussed above.

Economic assumptions

A healthcare cost trend rate is not utilized in the actuarial valuation as statute stipulates a \$60 monthly payment for health insurance.

Retiree healthcare participation assumptions

Eligible retiring members are assumed to elect RHIA coverage 38% of the time for health retirees and 20% of the time for disabled retirees.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

4. OTHER INFORMATION (continued)

Other Post Employment Benefits (continued)

D. Net OPEB liability/(asset), pension expense and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits

Net OPEB liability (asset)

At June 30, 2018, the City reported a liability/(asset) of \$(113,583) for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability/(asset) was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year.

At June 30, 2017, the City's proportion was .27215793 percent, which was an increase (decrease) of (.01992056) percent from its proportion measured as of June 30, 2016.

OPEB expense

For the year ended June 30, 2018, the City recognized OPEB expense of \$46,543.

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2017, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Differences between projected and actual earnings

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Net difference between projected and actual | | |
| Earning on pension plan investments | \$ -- | \$ 52,605 |
| Changes in proportionate share | -- | 3,948 |
| Contributions subsequent to the measurement date | 138,625 | -- |
| Total | \$ 138,625 | \$ 56,553 |

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

4. OTHER INFORMATION (continued)

Other Post Employment Benefits (continued)

Deferred outflows of resources related to OPEB resulting from the City’s contributions subsequent to the measurement date in the amount of \$138,625 will be recognized as an adjust to the net OPEB (asset) / liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| | |
|--------------------|--------------------|
| Year ends June 30, | |
| 2019 | \$ (14,613) |
| 2020 | (14,613) |
| 2021 | (14,175) |
| 2022 | <u>(13,150)</u> |
| Total | <u>\$ (56,553)</u> |

E. Actuarial methods and assumptions used in developing total OPEB liability

Except as identified below, actuarial methods and assumptions used in developing the total OPEB liability are the same as those used to develop the total PERS pension liability as discussed above.

Healthcare cost trend rate

A healthcare cost trend rate is not utilized in the actuarial valuation as statute stipulates a \$60 monthly payment to retirees for health insurance.

Depletion date projection

GASB 75 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 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 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 75 (paragraph 82) 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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

4. OTHER INFORMATION (continued)

Other Post Employment Benefits (continued)

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS (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 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 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 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

F. Sensitivity of the proportionate share of the net OPEB liability/(asset) to changes in the discount rate

The following presents the proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

| | 1-Percentage Point Lower | Current Discount Rate | 1-Percentage Point Higher |
|--|--------------------------------|-----------------------------|---------------------------------|
| Proportionate share of net OPEB liability/(asset) | \$ 15,833 | \$ (113,583) | \$ (223,659) |

City of Albany Other Postemployment Benefit Plan

A. Plan Description and Benefits Provided

The City provides other postemployment 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 who were hired after July 1, 2003 are allowed to continue, at the retirees’ expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by the retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 75. The plan does not issue a separate stand-alone financial report.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

4. OTHER INFORMATION (continued)

Other Post Employment Benefits (continued)

B. Plan membership

The City's membership in the plan at July 1, 2016 (the date of the last actuarial valuation), consisted of the following:

| | | |
|---------------------------------|-----|-----|
| Active employees | 371 | |
| Retirees, spouses or dependents | 40 | 40 |
| Total | 411 | 411 |

C. 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 | \$ 553.95 | \$ 987.45 | \$ 1,193.12 | \$ 1,606.11 |
| Delta Dental | 63.19 | 131.46 | 111.85 | 180.15 |
| Willamette Dental | 43.49 | 76.97 | 94.06 | 126.66 |
| MODA Vision | 24.86 | 47.16 | 44.14 | 66.41 |
| <u>Fire Union</u> | | <u>All-Coverage</u> | | |
| Blue Classic, medical only | | \$ 1,465.60 | | |
| Blue Classic, medical/dental/vision | | 1,859.00 | | |
| <u>Fire Union COBRA & Retiree</u> | | <u>Employee</u> | <u>Two-Party</u> | <u>Family</u> |
| Blue Classic Medical | | \$ 720.40 | \$ 1,513.00 | \$ 2,089.20 |
| Blue Classic Medical/Dental/Vision | | 809.90 | 1,678.50 | 2,374.50 |

D. Total OPEB liability, changes in total OPEB liability, OPEB Expense, deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2018, the City of Albany reported a total OPEB liability of \$5,129,479. The total OPEB liability was measured as of June 30, 2017 and determined by an actuarial valuation as of that date.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

4. OTHER INFORMATION (continued)

Other Post Employment Benefits (continued)

Changes in the total OPEB liability is as follows:

| | Total OPEB Liability |
|--|-------------------------|
| Balance at June 30, 2017 | \$ 5,206,617 |
| Changes for the year: | |
| Service Cost | 350,006 |
| Interest | 154,972 |
| Changes in assumptions or other inputs | (342,432) |
| Benefit payments | (239,684) |
| Balance at June 30, 2018 | \$ 5,129,479 |

For the year ended June 30, 2018, the City of Albany recognized OPEB expense of \$469,308. At June 30, 2018, the City of Albany reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Changes in assumptions | \$ - | \$ 306,762 |
| City contributions subsequent to the measurement date | 241,660 | - |
| Total | \$ 241,660 | \$ 306,762 |

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date in the amount of \$241,660 will be recognized as an adjustment to the Total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ending June 30, | |
|----------------------|-------------|
| 2018 | \$ (35,670) |
| 2019 | (35,670) |
| 2020 | (35,670) |
| 2021 | (35,670) |
| 2022 | (35,670) |
| Thereafter | (128,412) |

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

4. OTHER INFORMATION (continued)

Other Post-Employment Benefits (continued)

E. Actuarial valuation

The City of Albany contributions are based on the accruing benefit costs measured using the individual entry age normal actuarial cost method. The present value of benefits is allocated over the service for each active employee from their date of hire to their expected retirement age, as a level percent of the employee's pay. This level percent times pay is referred to as the service cost and is that portion of the present value of benefits attributable to an employee's service in a current year. The service cost equals \$0 for retired members. The total OPEB liability is the present value of benefits less the actuarial present value of future normal costs and represents the liabilities allocated to service up to the valuation date. For retirees, the total OPEB liability is equal to the present value of benefits.

F. Actuarial methods and assumptions used in developing total OPEB liability

| | |
|----------------------------|---|
| Valuation Date | July 1, 2016 |
| Actuarial Cost Method | Entry Age Normal, Level Percent of Pay |
| Actuarial Assumptions: | |
| Inflation Rate | 2.5 percent |
| Projected Salary Increases | 3.5 percent |
| Mortality | Healthy retirees and beneficiaries: RP-2000 white collar male and female set back one year for male, generational per Scale BB for males and females |

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.

Discount rate

The discount rate used to measure the total OPEB liability was 3.58 percent. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 2.85 percent.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

4. OTHER INFORMATION (continued)

Other Post Employment Benefits (continued)

Healthcare cost trend rate

The assumed healthcare cost trend for medical and vision costs is as follows:

| Year | Pre-65 Trend |
|-----------|--------------|
| 2016 | 7.00% |
| 2017 | 7.50% |
| 2018 | 6.00% |
| 2019 | 5.50% |
| 2020-2025 | 5.25% |
| 2026 | 5.00% |
| 2027-2029 | 5.25% |
| 2030 | 5.75% |
| 2031-2035 | 6.25% |
| 2036-2040 | 6.00% |
| 2041-2043 | 5.75% |
| 2044-2052 | 5.50% |
| 2053-2063 | 5.25% |
| 2064+ | 5.00% |

Dental costs are assumed to increase 4.5 percent in all future years.

Sensitivity of the City of Albany total OPEB liability to changes in the discount and healthcare cost trend rate

The following presents the City of Albany total OPEB liability calculated using the discount rate of 7.50 percent, as well as what the City of Albany’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

| | 1-Percentage Point Lower | Current Discount Rate | 1-Percentage Point Higher |
|-----------------------------|---------------------------------|-----------------------------|---------------------------------|
| City's total OPEB liability | \$ 5,605,063 | \$ 5,219,479 | \$ 4,693,644 |
| | 1- Percentage Point Lower | Current Trend Rate | 1-Percentage Point Higher |
| City's total OPEB liability | \$ 4,537,830 | \$ 5,219,479 | \$ 5,831,435 |

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

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 28.19%. 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, 2018, the Linn Regional Fueling Facility's equity balance as reported in its audited financial statements totaled \$299,228. 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, 2018

4. OTHER INFORMATION (continued)

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 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.

City of Albany, Oregon
Notes to the Basic Financial Statements
for the year ended June 30, 2018

4. OTHER INFORMATION (continued)

Intergovernmental Agreements (continued)

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.

Tax Abatements

Linn County has established a tax abatement program for nonprofit low-income rental housing under ORS 307.541. As a result, the property taxes that the City of Albany will receive for the 2017-18 levy year has been reduced by \$37,045.

Linn County has established an enterprise zone under ORS 285C.175 that abates property taxes on new business development within zone. As a result, the property taxes that the City of Albany will receive for the 2017-18 levy year has been reduced by \$483,622.

Linn County has established a construction in process in enterprise zone under ORS 285C.170 that abates property taxes on new business construction within zone. As a result, the property taxes that the City of Albany will receive for the 2017-18 levy year has been reduced by \$4,894.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF ALBANY, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Last Five Fiscal Years

| Year Ended June 30, | (a) City's proportion of the net pension liability (asset) | (b) City's proportionate share the net pension liability (asset) | (c) City's covered payroll | (b/c) City's proportionate share the net pension liability (asset) as a percentage of its covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|---------------------------|--|--|-------------------------------------|---|--|
| 2018 | 0.3380274% | \$ 45,566,225 | \$ 28,831,758 | 158.04% | 83.12% |
| 2017 | 0.3477371% | 52,203,413 | 27,155,094 | 192.24% | 80.50% |
| 2016 | 0.3856173% | 22,140,067 | 24,999,736 | 88.56% | 91.90% |
| 2015 | 0.3705457% | (8,399,214) | 24,474,058 | -34.32% | 1.04% |
| 2014 | 0.3705457% | 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 Five Fiscal Years

| Year Ended June 30, | (a) Statutorily required contributions | (b) Contributions in relation to the statutorily required contributions | (a-b) Contribution deficiency (excess) | (c) City's covered payroll | (b/c) Contributions as a percent of covered payroll |
|---------------------|---|--|---|-------------------------------|--|
| 2018 | \$ 5,202,374 | \$ 5,202,374 | - | 28,831,758 | 18.04% |
| 2017 | 3,935,362 | 3,935,362 | - | 27,155,094 | 14.49% |
| 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.

CITY OF ALBANY, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
For the Last Two Fiscal Years

| Year Ended June 30, | (a) City's proportion of the net OPEB liability (asset) | (b) City's proportionate share the net OPEB liability (asset) | (c) City's covered payroll | (b/c) City's proportionate share the net OPEB liability (asset) as a percentage of its covered payroll | Plan fiduciary net position as a percentage of the total OPEB liability |
|---------------------------|---|---|-------------------------------------|--|---|
| 2018 | 0.2721579% | \$ (113,583) | \$ 28,831,758 | -0.39% | 108.9% |
| 2017 | 0.2721579% | 79,318 | 27,155,094 | 0.29% | 80.5% |

CITY OF ALBANY, OREGON
SCHEDULE OF OPEB CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Two 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 |
|---------------------------|--|--|---|-------------------------------------|---|
| 2018 | \$ 138,625 | \$ 138,625 | - | \$ 28,831,758 | 0.48% |
| 2017 | 137,431 | 137,431 | - | 27,155,094 | 0.51% |

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 CHANGES IN THE CITY'S TOTAL OTHER
POSTEMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS
Last Fiscal Year

| | <u>June 30, 2018</u> |
|--|----------------------|
| Service cost | \$ 350,006 |
| Interest on total OPEB liability | 154,972 |
| Effect of changes to benefit terms | - |
| Effect of economic/demographic gains or losses | - |
| Effect of assumptions changes or inputs | (342,432) |
| Benefit payments | <u>(239,684)</u> |
| Net change in total OPEB liability | (77,138) |
| Total OPEB liability - beginning of year | <u>5,206,617</u> |
| Total OPEB liability - end of year | <u>\$ 5,129,479</u> |
| Covered payroll | \$ 28,831,758 |
| Total OPEB liability as a percentage of covered payroll | 7.6% |

Information will be accumulated until 10 years are presented.

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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.

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CITY OF ALBANY, OREGON
CAPITAL PROJECTS FUND - A Major Fund
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

| Revenues | Original Budget | Final Budget | Actual | Over (Under) |
|---|----------------------|----------------------|-----------------------|-----------------------|
| Charges for services | | | | |
| Financed principal | \$ 30,000 | \$ 30,000 | \$ 987 | \$ (29,013) |
| Unfinanced principal | 40,000 | 40,000 | 1,627 | (38,373) |
| Financed assessments interest | 15,000 | 15,000 | 1,470 | (13,530) |
| Interest | 10,000 | 10,000 | 161,130 | 151,130 |
| Miscellaneous | - | - | 872,116 | 872,116 |
| Interest on investments | | | | |
| Total revenues | <u>95,000</u> | <u>95,000</u> | <u>1,037,330</u> | <u>942,330</u> |
| Other financing sources | | | | |
| Transfer from Street Fund | 927,000 | 927,000 | 927,000 | - |
| Transfer from Water Fund | 75,000 | 75,000 | 75,000 | - |
| Total other financing sources | <u>1,002,000</u> | <u>1,002,000</u> | <u>1,002,000</u> | <u>-</u> |
| Fund balance, beginning | | | | |
| Unassigned | 13,675,000 | 13,675,000 | 8,602,477 | (5,072,523) |
| Total Fund Balance, beginning | <u>13,675,000</u> | <u>13,675,000</u> | <u>8,602,477</u> | <u>(5,072,523)</u> |
| Amount available for appropriation | <u>\$ 14,772,000</u> | <u>\$ 14,772,000</u> | <u>10,641,807</u> | <u>\$ (4,130,193)</u> |
| Expenditures | Original Budget | Final Budget | Actual | (Over) Under |
| Albany Data Integration Project | \$ 500,000 | \$ 500,000 | 239,086 | \$ 260,914 |
| LID Construction Projects | 2,233,700 | 2,233,700 | 1,857,800 | 375,900 |
| Public Safety Facilities | 12,005,000 | 12,005,000 | 6,674,579 | 5,330,421 |
| Total expenditures | <u>14,738,700</u> | <u>14,738,700</u> | <u>8,771,465</u> | <u>5,967,235</u> |
| Other financing uses | | | | |
| Repayment of Interfund Loan to Risk Management Fund | 33,300 | 33,300 | 33,300 | - |
| Total other financing uses | <u>33,300</u> | <u>33,300</u> | <u>33,300</u> | <u>-</u> |
| Total expenditures and other financing uses | <u>\$ 14,772,000</u> | <u>\$ 14,772,000</u> | <u>8,804,765</u> | <u>\$ 5,967,235</u> |
| Budgetary Fund Balance | | | 1,837,042 | |
| Adjustment for Interfund Loans to Risk Management | | | <u>(3,458,977)</u> | |
| Fund Balance, ending | | | <u>\$ (1,621,935)</u> | |

CITY OF ALBANY, OREGON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2018

| | Special Revenue | Debt Service | Capital Projects Capital Replacement | Permanent Library Trust | Totals |
|--|---------------------|-------------------|---|-------------------------------|----------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 1,991,368 | \$ 383,473 | \$ 6,699,237 | \$ - | \$ 9,074,078 |
| Cash with fiscal agents | - | 6,697 | - | - | 6,697 |
| Receivables: | | | | | |
| Property taxes | 643,592 | 196,486 | - | - | 840,078 |
| Accounts | 1,077,830 | - | 47,933 | - | 1,125,763 |
| Interest | 12,951 | 4,070 | 20,601 | 312 | 37,934 |
| Loans | 948,328 | - | - | - | 948,328 |
| Prepaid items | 447 | - | - | - | 447 |
| Restricted cash and investments | - | - | - | 83,004 | 83,004 |
| Total assets | <u>\$ 4,674,516</u> | <u>\$ 590,726</u> | <u>\$ 6,767,771</u> | <u>\$ 83,316</u> | <u>\$ 12,116,329</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 1,106,709 | \$ - | \$ 48,736 | \$ - | \$ 1,155,445 |
| Deposits | 2,575 | - | - | - | 2,575 |
| Total liabilities | <u>1,109,284</u> | <u>-</u> | <u>48,736</u> | <u>-</u> | <u>1,158,020</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | <u>1,556,171</u> | <u>190,041</u> | <u>-</u> | <u>-</u> | <u>1,746,212</u> |
| FUND BALANCES | | | | | |
| Nonspendable | 447 | 6,697 | - | 79,500 | 86,644 |
| Restricted | 3,073,672 | 393,988 | - | 3,816 | 3,471,476 |
| Committed | 691,240 | - | 6,719,035 | - | 7,410,275 |
| Unassigned | <u>(1,756,298)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,756,298)</u> |
| Total fund balances | <u>2,009,061</u> | <u>400,685</u> | <u>6,719,035</u> | <u>83,316</u> | <u>9,212,097</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 4,674,516</u> | <u>\$ 590,726</u> | <u>\$ 6,767,771</u> | <u>\$ 83,316</u> | <u>\$ 12,116,329</u> |

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

| | Special Revenue | Debt Service | Capital Projects Capital Replacement | Permanent | Totals |
|---|---------------------|-------------------|---|------------------|---------------------|
| REVENUES | | | | | |
| Property taxes | \$ 7,089,116 | \$ 1,085,247 | \$ - | \$ - | \$ 8,174,363 |
| Transient room taxes | 1,061,288 | - | - | - | 1,061,288 |
| Construction excise taxes | 428,562 | - | - | - | 428,562 |
| Franchise fees, privilege taxes, licenses, and permits | 1,764,222 | - | - | - | 1,764,222 |
| Intragovernmental | 3,013,476 | - | 2,603 | - | 3,016,079 |
| Charges for services | 182,483 | 675,000 | 1,476,800 | - | 2,334,283 |
| Interest on investments | 86,963 | 16,368 | 56,558 | 2,002 | 161,891 |
| Miscellaneous | 451,503 | - | 227,410 | - | 678,913 |
| Total revenues | <u>14,077,613</u> | <u>1,776,615</u> | <u>1,763,371</u> | <u>2,002</u> | <u>17,619,601</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 11,573,418 | 750 | 673,803 | - | 12,247,971 |
| Public safety | 504,443 | - | - | - | 504,443 |
| Culture and recreation | 160,682 | - | - | 927 | 161,609 |
| Health | 151,939 | - | - | - | 151,939 |
| Debt service: | | | | | |
| Principal | 366,000 | 686,140 | - | - | 1,052,140 |
| Interest | 97,679 | 1,206,919 | - | - | 1,304,598 |
| Capital outlay | 1,602,774 | - | 981,074 | - | 2,583,848 |
| Total expenditures | <u>14,456,935</u> | <u>1,893,809</u> | <u>1,654,877</u> | <u>927</u> | <u>18,006,548</u> |
| Excess (deficiency) of revenues over expenditures | <u>(379,322)</u> | <u>(117,194)</u> | <u>108,494</u> | <u>1,075</u> | <u>(386,947)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Capital lease | - | - | 206,481 | - | 206,481 |
| Transfers in | 1,064,859 | 179,554 | 678,800 | - | 1,923,213 |
| Transfers out | <u>(4,345,823)</u> | <u>-</u> | <u>(157,159)</u> | <u>(47,692)</u> | <u>(4,550,674)</u> |
| Total other financing sources (uses) | <u>(3,280,964)</u> | <u>179,554</u> | <u>728,122</u> | <u>(47,692)</u> | <u>(2,420,980)</u> |
| Net change in fund balances | (3,660,286) | 62,360 | 836,616 | (46,617) | (2,807,927) |
| Fund balance - beginning | <u>5,669,347</u> | <u>338,325</u> | <u>5,882,419</u> | <u>129,933</u> | <u>12,020,024</u> |
| Fund balance - ending | <u>\$ 2,009,061</u> | <u>\$ 400,685</u> | <u>\$ 6,719,035</u> | <u>\$ 83,316</u> | <u>\$ 9,212,097</u> |

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

June 30, 2018

| | <u>Grants</u> | <u>Building Inspection</u> | <u>Economic Development</u> | <u>Public Transit</u> | <u>Public Safety Levy</u> |
|---|-------------------|--------------------------------|---------------------------------|---------------------------|-------------------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 97,604 | \$ 2,378,510 | \$ 334,754 | \$(267,148) | \$ 691,262 |
| Receivables: | | | | | |
| Property taxes | - | - | - | - | 339,383 |
| Accounts | 362,727 | - | 173,078 | 541,296 | - |
| Interest | 513 | 7,345 | 1,218 | 20 | 3,618 |
| Loans | - | - | - | - | - |
| Prepaid items | 426 | 6 | 1 | 14 | - |
| Total assets | <u>\$ 461,270</u> | <u>\$ 2,385,861</u> | <u>\$ 509,051</u> | <u>\$ 274,182</u> | <u>\$ 1,034,263</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 294,003 | \$ 192,613 | \$ 32,564 | \$ 56,839 | \$ - |
| Deposits | <u>-</u> | <u>-</u> | <u>2,000</u> | <u>575</u> | <u>-</u> |
| Total liabilities | <u>294,003</u> | <u>192,613</u> | <u>34,564</u> | <u>57,414</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>320,674</u> |
| FUND BALANCES | | | | | |
| Nonspendable | 426 | 6 | 1 | 14 | - |
| Restricted | 166,841 | 2,193,242 | - | - | 713,589 |
| Committed | - | - | 474,486 | 216,754 | - |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>167,267</u> | <u>2,193,248</u> | <u>474,487</u> | <u>216,768</u> | <u>713,589</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 461,270</u> | <u>\$ 2,385,861</u> | <u>\$ 509,051</u> | <u>\$ 274,182</u> | <u>\$ 1,034,263</u> |

| Albany Revitalization Agency | | Totals |
|------------------------------------|---------------------|--------|
| \$ (1,243,614) | \$ 1,991,368 | |
| 304,209 | 643,592 | |
| 729 | 1,077,830 | |
| 237 | 12,951 | |
| 948,328 | 948,328 | |
| - | 447 | |
| <u>\$ 9,889</u> | <u>\$ 4,674,516</u> | |

ASSETS

Cash and investments

Receivables:

Property taxes

Accounts

Interest

Loans

Prepaid items

Total assets

LIABILITIES

Accounts payable

Deposits

Total liabilities

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue

| | |
|--------------------|---------------------|
| <u>1,235,497</u> | <u>1,556,171</u> |
| - | 447 |
| - | 3,073,672 |
| - | 691,240 |
| <u>(1,756,298)</u> | <u>(1,756,298)</u> |
| <u>(1,756,298)</u> | <u>2,009,061</u> |
| <u>\$ 9,889</u> | <u>\$ 4,674,516</u> |

FUND BALANCES

Nonspendable

Restricted

Committed

Unassigned

Total fund balances

Total liabilities, deferred inflows of resources
and fund balances

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2018

| | <u>Grants</u> | <u>Building Inspection</u> | <u>Economic Development</u> |
|---|-------------------|--------------------------------|---------------------------------|
| REVENUES | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Transient room taxes | - | - | 1,061,288 |
| Construction excise taxes | - | 428,562 | - |
| Licenses and fees | - | 1,764,222 | - |
| Intergovernmental | 1,488,587 | - | - |
| Charges for services | - | - | 97,380 |
| Interest on investments | 1,286 | 15,960 | 6,628 |
| Miscellaneous | 87,174 | 3,225 | 13,631 |
| Total revenues | <u>1,577,047</u> | <u>2,211,969</u> | <u>1,178,927</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 236,583 | 1,580,872 | 993,119 |
| Public safety | 504,443 | - | - |
| Culture and recreation | 160,682 | - | - |
| Health | 151,939 | - | - |
| Debt service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Capital outlay | 515,889 | 60,469 | 16,694 |
| Total expenditures | <u>1,569,536</u> | <u>1,641,341</u> | <u>1,009,813</u> |
| Excess (deficiency) of revenues over expenditures | <u>7,511</u> | <u>570,628</u> | <u>169,114</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 2,000 | - | 210,000 |
| Transfers out | - | (60,000) | (606,400) |
| Total other financing sources (uses) | <u>2,000</u> | <u>(60,000)</u> | <u>(396,400)</u> |
| Net change in fund balances | 9,511 | 510,628 | (227,286) |
| Fund balances - beginning | 157,756 | 1,682,620 | 701,773 |
| Fund balances - ending | <u>\$ 167,267</u> | <u>\$ 2,193,248</u> | <u>\$ 474,487</u> |

| Public Transit | Public Safety Levy | Albany Revitalization Agency | Totals | |
|--------------------|-----------------------|------------------------------------|---------------------|---|
| \$ - | \$ 3,774,865 | \$ 3,314,251 | \$ 7,089,116 | REVENUES |
| - | - | - | 1,061,288 | Property taxes |
| - | - | - | 428,562 | Transient room taxes |
| - | - | - | 1,764,222 | Construction excise taxes |
| 1,524,889 | - | - | 3,013,476 | Licenses and fees |
| 85,103 | - | - | 182,483 | Intergovernmental |
| 3,468 | 18,465 | 41,156 | 86,963 | Charges for services |
| 980 | - | 346,493 | 451,503 | Interest on investments |
| <u>1,614,440</u> | <u>3,793,330</u> | <u>3,701,900</u> | <u>14,077,613</u> | Miscellaneous |
| | | | | Total revenues |
| | | | | EXPENDITURES |
| | | | | Current: |
| 1,797,682 | - | 6,965,162 | 11,573,418 | General government |
| - | - | - | 504,443 | Public safety |
| - | - | - | 160,682 | Culture and recreation |
| - | - | - | 151,939 | Health |
| | | | | Debt service: |
| - | - | 366,000 | 366,000 | Principal |
| - | - | 97,679 | 97,679 | Interest |
| 849,506 | - | 160,216 | 1,602,774 | Capital outlay |
| <u>2,647,188</u> | <u>-</u> | <u>7,589,057</u> | <u>14,456,935</u> | Total expenditures |
| <u>(1,032,748)</u> | <u>3,793,330</u> | <u>(3,887,157)</u> | <u>(379,322)</u> | Excess (deficiency) of revenues over expenditures |
| | | | | OTHER FINANCING SOURCES (USES) |
| 852,859 | - | - | 1,064,859 | Transfers in |
| - | (3,419,423) | (260,000) | (4,345,823) | Transfers out |
| <u>852,859</u> | <u>(3,419,423)</u> | <u>(260,000)</u> | <u>(3,280,964)</u> | Total other financing sources (uses) |
| (179,889) | 373,907 | (4,147,157) | (3,660,286) | Net change in fund balances |
| 396,657 | 339,682 | 2,390,859 | 5,669,347 | Fund balances - beginning |
| <u>\$ 216,768</u> | <u>\$ 713,589</u> | <u>\$ (1,756,298)</u> | <u>\$ 2,009,061</u> | Fund balances - ending |

CITY OF ALBANY, OREGON
GRANTS FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

| Revenues | Original Budget | Final Budget | Actual | Over (Under) |
|---|---------------------|---------------------|-------------------|-----------------------|
| Non-medical Medicaid | \$ 5,000 | \$ 5,000 | \$ - | \$ (5,000) |
| Centers for Medicare & Medicaid | 100,000 | 100,000 | - | (100,000) |
| Bureau of Justice | 6,500 | 6,500 | 4,133 | (2,367) |
| Public Safety Foundation | - | - | 5,791 | 5,791 |
| Federal Aviation Administration | 306,000 | 2,889,000 | 76,515 | (2,812,485) |
| Oregon Department of Aviation | 24,300 | 24,300 | - | (24,300) |
| InterCommunity Health | - | 170,000 | 155,833 | (14,167) |
| Community Development Block Grant | 832,100 | 832,100 | 550,536 | (281,564) |
| State of Oregon | 20,000 | 30,000 | 121,878 | 91,878 |
| Foster Grandparent Grant | - | 118,000 | - | (118,000) |
| Oregon Community Foundation | 90,000 | 90,000 | 85,731 | (4,269) |
| Oregon Emergency Management | 9,000 | 1,327,300 | 361,990 | (965,310) |
| Department of Justice Equitable Sharing | 20,000 | 20,000 | 78,941 | 58,941 |
| LINE task force | 80,000 | 80,000 | 47,239 | (32,761) |
| Gifts and donations | 14,000 | 14,000 | 87,174 | 73,174 |
| Interest on investments | <u>2,000</u> | <u>2,000</u> | <u>1,286</u> | <u>(714)</u> |
| Total revenues | <u>1,508,900</u> | <u>5,708,200</u> | <u>1,577,047</u> | <u>(4,131,153)</u> |
| Other financing sources | | | | |
| Transfer from Economic Development Fund | <u>2,700</u> | <u>289,700</u> | <u>2,000</u> | <u>(287,700)</u> |
| Total other financing sources | <u>2,700</u> | <u>289,700</u> | <u>2,000</u> | <u>(287,700)</u> |
| Fund balance, beginning | | | | |
| Unassigned | <u>183,400</u> | <u>183,400</u> | <u>157,756</u> | <u>(25,644)</u> |
| Total Fund Balance, beginning | <u>183,400</u> | <u>183,400</u> | <u>157,756</u> | <u>(25,644)</u> |
| Amount available for appropriation | <u>\$ 1,695,000</u> | <u>\$ 6,181,300</u> | <u>1,736,803</u> | <u>\$ (4,444,497)</u> |
| Expenditures | Original | Final Budget | Actual | (Over) Under |
| Personnel services | \$ 173,500 | \$ 1,474,300 | 586,438 | \$ 887,862 |
| Materials and services | 788,100 | 798,100 | 467,209 | 330,891 |
| Capital | <u>733,400</u> | <u>2,168,400</u> | <u>515,889</u> | <u>1,652,511</u> |
| Total expenditures | <u>\$ 1,695,000</u> | <u>\$ 4,440,800</u> | <u>1,569,536</u> | <u>\$ 2,871,264</u> |
| Fund balance, ending | | | <u>\$ 167,267</u> | |

CITY OF ALBANY, OREGON
BUILDING INSPECTION FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) |
|---|---------------------|---------------------|---------------------|---------------------|
| Revenues | | | | |
| Master electrical permit | \$ 2,000 | \$ 2,000 | \$ 1,031 | \$ (969) |
| Electrical minor labels | 6,600 | 6,600 | 5,925 | (675) |
| Residential building permits | 440,000 | 440,000 | 774,687 | 334,687 |
| Commercial building permits | 493,000 | 493,000 | 719,384 | 226,384 |
| Land use plan review fee | 4,000 | 4,000 | 6,968 | 2,968 |
| Manufactured home set-up fees | 2,500 | 2,500 | 4,400 | 1,900 |
| Fire sprinkler permits | 19,400 | 19,400 | 13,065 | (6,335) |
| GAPS construction excise tax | 320,000 | 320,000 | 428,562 | 108,562 |
| Parking lot permits | 9,000 | 9,000 | 7,736 | (1,264) |
| Residential electrical permits | 130,800 | 130,800 | 171,306 | 40,506 |
| Fire alarm permits | 6,000 | 6,000 | 10,556 | 4,556 |
| Sign permits | 6,500 | 6,500 | 11,877 | 5,377 |
| Document imaging fees | 25,200 | 25,200 | 36,112 | 10,912 |
| Electrical document imaging | 1,500 | 1,500 | 1,175 | (325) |
| Miscellaneous | - | - | 3,225 | 3,225 |
| Interest on investments | 8,400 | 8,400 | 15,960 | 7,560 |
| Total revenues | <u>1,474,900</u> | <u>1,474,900</u> | <u>2,211,969</u> | <u>737,069</u> |
| Fund balance, beginning | | | | |
| Unassigned | <u>1,415,900</u> | <u>1,415,900</u> | <u>1,682,620</u> | <u>266,720</u> |
| Total Fund Balance, beginning | <u>1,415,900</u> | <u>1,415,900</u> | <u>1,682,620</u> | <u>266,720</u> |
| Amount available for appropriation | <u>\$ 2,890,800</u> | <u>\$ 2,890,800</u> | <u>3,894,589</u> | <u>\$ 1,003,789</u> |
| | Original Budget | Final Budget | Actual | (Over) Under |
| Expenditures | | | | |
| Building Inspection | \$ 2,639,100 | \$ 2,639,100 | 1,493,809 | \$ 1,145,291 |
| Electrical Permit Program | <u>251,700</u> | <u>251,700</u> | <u>147,532</u> | <u>104,168</u> |
| Total expenditures | <u>\$ 2,890,800</u> | <u>\$ 2,890,800</u> | <u>1,641,341</u> | <u>\$ 1,249,459</u> |
| Other financing uses | | | | |
| Transfer to Police Code Enforcement | <u>-</u> | <u>-</u> | <u>60,000</u> | <u>60,000</u> |
| Total other financing uses | <u>-</u> | <u>-</u> | <u>60,000</u> | <u>60,000</u> |
| Total expenditures and other financing uses | <u>\$ 2,890,800</u> | <u>\$ 2,890,800</u> | <u>1,701,341</u> | <u>\$ 1,189,459</u> |
| Fund balance, ending | | | <u>\$ 2,193,248</u> | |

CITY OF ALBANY, OREGON
ECONOMIC DEVELOPMENT FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2018

| Revenues | Original Budget | Final Budget | Actual | Over (Under) |
|--|---------------------|---------------------|-------------------|---------------------|
| Transient room tax | \$ 1,237,400 | \$ 1,237,400 | \$ 1,061,288 | \$ (176,112) |
| Airport fuel | 2,400 | 2,400 | 2,621 | 221 |
| Airport tie down rentals | 600 | 600 | 300 | (300) |
| Airport lease | 47,900 | 47,900 | 43,469 | (4,431) |
| Fixed base operator | 18,000 | 18,000 | 22,090 | 4,090 |
| Space rental | 28,600 | 28,600 | 28,900 | 300 |
| Dayton Hudson Corp. (Target) | - | - | - | - |
| Miscellaneous | 6,100 | 6,100 | 13,631 | 7,531 |
| Interest on investments | 6,300 | 6,300 | 6,628 | 328 |
| Total revenues | <u>1,347,300</u> | <u>1,347,300</u> | <u>1,178,927</u> | <u>(168,373)</u> |
| Other financing sources | | | | |
| Transfer from Albany Revitalization Agency Fund | 210,000 | 210,000 | 210,000 | - |
| Intrafund Transfer from Transient Room Tax Program | 73,900 | 73,900 | 73,900 | - |
| Total other financing sources | <u>283,900</u> | <u>283,900</u> | <u>283,900</u> | <u>-</u> |
| Fund balance, beginning | | | | |
| Unassigned | 678,300 | 678,300 | 701,773 | 23,473 |
| Total Fund Balance, beginning | <u>678,300</u> | <u>678,300</u> | <u>701,773</u> | <u>23,473</u> |
| Amount available for appropriation | <u>\$ 2,309,500</u> | <u>\$ 2,309,500</u> | <u>2,164,600</u> | <u>\$ (144,900)</u> |
| Expenditures | Original Budget | Final Budget | Actual | (Over) Under |
| Economic Development Activity | \$ 1,042,500 | \$ 1,042,500 | 892,958 | \$ 149,542 |
| Albany Airport | 315,500 | 315,500 | 98,883 | 216,617 |
| Municipal Airport Capital Projects | 304,300 | 88,800 | 17,972 | 70,828 |
| Total expenditures | <u>1,662,300</u> | <u>1,446,800</u> | <u>1,009,813</u> | <u>436,987</u> |
| Other financing uses | | | | |
| Transfers out to other funds | 573,300 | 788,800 | 606,400 | 182,400 |
| Intrafund Transfers out | 73,900 | 73,900 | 73,900 | - |
| Total other financing uses | <u>647,200</u> | <u>862,700</u> | <u>680,300</u> | <u>182,400</u> |
| Total expenditures and other financing uses | <u>\$ 2,309,500</u> | <u>\$ 2,309,500</u> | <u>1,690,113</u> | <u>\$ 619,387</u> |
| Fund balance, ending | | | <u>\$ 474,487</u> | |

CITY OF ALBANY, OREGON
PUBLIC TRANSIT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

| Revenues | Original Budget | Final Budget | Actual | Over (Under) |
|--|---------------------|---------------------|-------------------|---------------------|
| FTA section 5307 grant | \$ 1,398,700 | \$ 1,398,700 | \$ 767,708 | \$ (630,992) |
| FTA grant 5310 | 95,800 | 95,800 | 90,852 | (4,948) |
| FTA grant 5309 | 348,600 | 348,600 | 348,600 | - |
| City of Millersburg | 1,200 | 1,200 | 1,443 | 243 |
| Oregon cigarette tax transit grant - Linn County | 42,000 | 42,000 | 40,836 | (1,164) |
| Oregon cigarette tax transit grant - Benton County | 27,000 | 27,000 | 25,750 | (1,250) |
| OSU pass program | 3,000 | 3,000 | 3,000 | - |
| LBCC pass program | 15,000 | 15,000 | 18,900 | 3,900 |
| LBCC partnership | 113,900 | 113,900 | 113,900 | - |
| OSU partnership | 113,900 | 113,900 | 113,900 | - |
| Bus fares | 47,000 | 47,000 | 52,657 | 5,657 |
| Call-a-Ride | 34,000 | 34,000 | 32,446 | (1,554) |
| Gifts and donations | 300 | 300 | 200 | (100) |
| Miscellaneous | - | - | 780 | 780 |
| Interest on investments | 1,200 | 1,200 | 3,468 | 2,268 |
| Total revenues | <u>2,241,600</u> | <u>2,241,600</u> | <u>1,614,440</u> | <u>(627,160)</u> |
| Other financing sources | | | | |
| Transfer from General Fund | 695,700 | 695,700 | 695,700 | - |
| Transfer from Capital Replacement Fund | 179,400 | 179,400 | 157,159 | (22,241) |
| Total other financing sources | <u>875,100</u> | <u>875,100</u> | <u>852,859</u> | <u>(22,241)</u> |
| Fund balance, beginning | | | | |
| Unassigned | 223,000 | 223,000 | 396,657 | 173,657 |
| Total Fund Balance, beginning | <u>223,000</u> | <u>223,000</u> | <u>396,657</u> | <u>173,657</u> |
| Amount available for appropriation | <u>\$ 3,339,700</u> | <u>\$ 3,339,700</u> | <u>2,863,956</u> | <u>\$ (475,744)</u> |
| Expenditures | Original Budget | Final Budget | Actual | (Over) Under |
| Albany Transit System | \$ 1,505,200 | \$ 1,505,200 | 1,097,290 | \$ 407,910 |
| Transit Loop System | 1,120,800 | 1,120,800 | 986,310 | 134,490 |
| Paratransit System | 713,700 | 713,700 | 563,588 | 150,112 |
| Total expenditures | <u>\$ 3,339,700</u> | <u>\$ 3,339,700</u> | <u>2,647,188</u> | <u>\$ 692,512</u> |
| Fund balance, ending | | | <u>\$ 216,768</u> | |

CITY OF ALBANY, OREGON
PUBLIC SAFETY LEVY FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

| Revenues | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under)</u> |
|------------------------------------|----------------------------|-------------------------|----------------------|-------------------------|
| Property taxes | | | | |
| Current | \$ 3,409,800 | \$ 3,409,800 | \$ 3,702,634 | \$ 292,834 |
| Delinquent | 50,000 | 50,000 | 72,231 | 22,231 |
| Interest on investments | <u>1,000</u> | <u>1,000</u> | <u>18,465</u> | <u>17,465</u> |
| Total revenues | <u>3,460,800</u> | <u>3,460,800</u> | <u>3,793,330</u> | <u>332,530</u> |
| Fund balance, beginning | | | | |
| Unassigned | <u>3,800</u> | <u>3,800</u> | <u>339,682</u> | <u>335,882</u> |
| Total Fund Balance, beginning | <u>3,800</u> | <u>3,800</u> | <u>339,682</u> | <u>335,882</u> |
| Amount available for appropriation | <u>\$ 3,464,600</u> | <u>\$ 3,464,600</u> | <u>4,133,012</u> | <u>\$ 668,412</u> |
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>(Over) Under</u> |
| Other financing uses | | | | |
| Transfers out | <u>\$ 3,464,600</u> | <u>\$ 3,464,600</u> | <u>3,419,423</u> | <u>\$ 45,177</u> |
| Total other financing uses | <u>\$ 3,464,600</u> | <u>\$ 3,464,600</u> | <u>3,419,423</u> | <u>\$ 45,177</u> |
| Fund balance, ending | | | <u>\$ 713,589</u> | |

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

For the Year Ended June 30, 2018

| Revenues | Original Budget | Final Budget | Actual | Over (Under) |
|------------------------------------|----------------------|----------------------|------------------|-----------------------|
| Property taxes - current | \$ 2,758,200 | \$ 2,758,200 | \$ 3,247,705 | \$ 489,505 |
| Property taxes - delinquent | 40,000 | 40,000 | 66,546 | 26,546 |
| Settlement proceeds | - | - | 1,200 | 1,200 |
| Miscellaneous | - | - | 32,573 | 32,573 |
| Property management | 18,500 | 18,500 | 33,973 | 15,473 |
| Loan repayment-principal | 87,500 | 87,500 | 270,580 | 183,080 |
| Loan repayment-interest | 4,200 | 4,200 | 8,167 | 3,967 |
| Interest on investments | 7,000 | 7,000 | 41,156 | 34,156 |
| Total revenues | <u>2,915,400</u> | <u>2,915,400</u> | <u>3,701,900</u> | <u>786,500</u> |
| Other financing sources | | | | |
| Issuance of short-term debt | 7,500,000 | 7,500,000 | - | (7,500,000) |
| Total other financing sources | <u>7,500,000</u> | <u>7,500,000</u> | <u>-</u> | <u>(7,500,000)</u> |
| Fund balance, beginning | | | | |
| Unassigned | 2,257,500 | 2,257,500 | 2,390,859 | 133,359 |
| Total Fund Balance, beginning | <u>2,257,500</u> | <u>2,257,500</u> | <u>2,390,859</u> | <u>133,359</u> |
| Amount available for appropriation | <u>\$ 12,672,900</u> | <u>\$ 12,672,900</u> | <u>6,092,759</u> | <u>\$ (6,580,141)</u> |

| Expenditures | Original Budget | Final Budget | Actual | (Over) Under |
|---|----------------------|----------------------|-----------------------|---------------------|
| ARA | 10,067,200 | 10,067,200 | 7,125,378 | \$ 2,941,822 |
| ARA Debt Service | 2,345,700 | 2,345,700 | 463,679 | 1,882,021 |
| Total expenditures | <u>12,412,900</u> | <u>12,412,900</u> | <u>7,589,057</u> | <u>4,823,843</u> |
| Other financing uses | | | | |
| Transfers to other funds | 260,000 | 260,000 | 260,000 | - |
| Total other financing uses | <u>260,000</u> | <u>260,000</u> | <u>260,000</u> | <u>-</u> |
| Total expenditures and other financing uses | <u>\$ 12,672,900</u> | <u>\$ 12,672,900</u> | <u>7,849,057</u> | <u>\$ 4,823,843</u> |
| Fund balance, ending | | | <u>\$ (1,756,298)</u> | |

**CITY OF ALBANY, OREGON
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS**

June 30, 2018

| | Debt Service | GO Debt Service | Totals |
|--|-----------------|-----------------------|------------|
| ASSETS | | | |
| Cash and Investments | \$ 183,506 | \$ 199,967 | \$ 383,473 |
| Cash with fiscal agents | 6,697 | - | 6,697 |
| Receivables: | | | |
| Property taxes | - | 196,486 | 196,486 |
| Interest | 1,993 | 2,077 | 4,070 |
| Total assets | \$ 192,196 | \$ 398,530 | \$ 590,726 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue | \$ - | \$ 190,041 | \$ 190,041 |
| FUND BALANCES | | | |
| Nonspendable | 6,697 | - | 6,697 |
| Restricted | 185,499 | 208,489 | 393,988 |
| Total fund balances | 192,196 | 208,489 | 400,685 |
| Total liabilities and fund balances | \$ 192,196 | \$ 398,530 | \$ 590,726 |

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Year Ended June 30, 2018

| | Debt Service | GO Debt Service | Totals |
|---|-------------------|-----------------------|-------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| REVENUES | | | |
| Property taxes | \$ - | \$ 1,085,247 | \$ 1,085,247 |
| Charges for services | 675,000 | - | 675,000 |
| Interest on investments | <u>3,264</u> | <u>13,104</u> | <u>16,368</u> |
| Total revenues | <u>678,264</u> | <u>1,098,351</u> | <u>1,776,615</u> |
| EXPENDITURES | | | |
| General government | 750 | - | 750 |
| Debt service: | | | |
| Principal | 271,140 | 415,000 | 686,140 |
| Interest | <u>583,644</u> | <u>623,275</u> | <u>1,206,919</u> |
| Total expenditures | <u>855,534</u> | <u>1,038,275</u> | <u>1,893,809</u> |
| Excess (deficiency) of revenues over expenditures | <u>(177,270)</u> | <u>60,076</u> | <u>(117,194)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | <u>179,554</u> | <u>-</u> | <u>179,554</u> |
| Net change in fund balances | 2,284 | 60,076 | 62,360 |
| Fund balance - beginning | <u>189,912</u> | <u>148,413</u> | <u>338,325</u> |
| Fund balance - ending | <u>\$ 192,196</u> | <u>\$ 208,489</u> | <u>\$ 400,685</u> |

CITY OF ALBANY, OREGON
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) |
|---|--------------------|-----------------|------------|-----------------|
| Revenues | | | | |
| Charges for services | \$ 675,000 | \$ 675,000 | \$ 675,000 | \$ - |
| Interest on investments | 2,200 | 2,200 | 3,264 | 1,064 |
| Total revenues | 677,200 | 677,200 | 678,264 | 1,064 |
| Other financing sources | | | | |
| Transfer from Parks and Recreation Fund | 180,400 | 180,400 | 179,554 | (846) |
| Total other financing sources | 180,400 | 180,400 | 179,554 | (846) |
| Fund balance, beginning | | | | |
| Unassigned | 188,600 | 188,600 | 189,912 | 1,312 |
| Total Fund Balance, beginning | 188,600 | 188,600 | 189,912 | 1,312 |
| Amount available for appropriation | \$ 1,046,200 | \$ 1,046,200 | 1,047,730 | \$ 1,530 |
| | | | | |
| Expenditures | | | | |
| 2002 Limited Tax Pension Obligations (PERS) | \$ 865,800 | \$ 865,800 | 675,230 | \$ 190,570 |
| 2004 Revenue Obligations | 180,400 | 180,400 | 180,304 | 96 |
| Total expenditures | \$ 1,046,200 | \$ 1,046,200 | 855,534 | \$ 190,666 |
| Fund balance, ending | | | \$ 192,196 | |

CITY OF ALBANY, OREGON
GO DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) |
|------------------------------------|--------------------|-----------------|---------------|-----------------|
| Revenues | | | | |
| Property taxes - current | \$ 1,038,300 | \$ 1,038,300 | \$ 1,054,386 | \$ 16,086 |
| Property taxes - delinquent | 33,200 | 33,200 | 30,861 | (2,339) |
| Interest on investments | 900 | 900 | 13,104 | 12,204 |
| Total revenues | 1,072,400 | 1,072,400 | 1,098,351 | 25,951 |
| Fund balance, beginning | | | | |
| Unassigned | 106,700 | 106,700 | 148,413 | 41,713 |
| Total Fund Balance, beginning | 106,700 | 106,700 | 148,413 | 41,713 |
| Amount available for appropriation | \$ 1,179,100 | \$ 1,179,100 | 1,246,764 | \$ 67,664 |
| Expenditures | | | | |
| 2015 Public Safety Facility Bonds | \$ 1,179,100 | \$ 1,179,100 | 1,038,275 | \$ 140,825 |
| Fund balance, ending | | | \$ 208,489 | |

CITY OF ALBANY, OREGON
CAPITAL REPLACEMENT FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2018

| Revenues | Original Budget | Final Budget | Actual | Over (Under) |
|--|---------------------|---------------------|-------------------------|---------------------|
| Equipment replacement charges | \$ 1,411,000 | \$ 1,517,000 | \$ 1,301,800 | \$ (215,200) |
| Departmental charges | 450,000 | 450,000 | 100,000 | (350,000) |
| Phone system charges | 75,000 | 75,000 | 75,000 | - |
| Oregon Community Foundation | 2,500 | 2,500 | 2,603 | 103 |
| Energy Trust of Oregon | 27,000 | 27,000 | - | (27,000) |
| Miscellaneous | 15,000 | 15,000 | 227,410 | 212,410 |
| Interest on investments | <u>35,800</u> | <u>35,800</u> | <u>56,558</u> | <u>20,758</u> |
| Total revenues | <u>2,016,300</u> | <u>2,122,300</u> | <u>1,763,371</u> | <u>(358,929)</u> |
| | | | | |
| Other financing sources | | | | |
| Transfer from General Fund | - | 400,000 | 400,000 | - |
| Transfer from Economic Development Fund | <u>278,800</u> | <u>278,800</u> | <u>278,800</u> | <u>-</u> |
| Total other financing sources | <u>278,800</u> | <u>678,800</u> | <u>678,800</u> | <u>-</u> |
| | | | | |
| Fund balance, beginning | | | | |
| Property management | 2,200 | 2,200 | 1,608 | (592) |
| Monteith House | 26,400 | 26,400 | 28,839 | 2,439 |
| Energy Trust | 23,900 | 23,900 | 48,694 | 24,794 |
| Unassigned | <u>6,090,100</u> | <u>5,984,100</u> | <u>5,803,278</u> | <u>(180,822)</u> |
| Total Fund Balance, beginning | <u>6,142,600</u> | <u>6,036,600</u> | <u>5,882,419</u> | <u>(154,181)</u> |
| Amount available for appropriation | <u>\$ 8,437,700</u> | <u>\$ 8,837,700</u> | <u>8,324,590</u> | <u>\$ (513,110)</u> |
| | | | | |
| Expenditures | Budget | Budget | Actual | Under |
| Equipment replacement | \$ 6,079,200 | \$ 6,479,200 | 1,038,716 | \$ 5,440,484 |
| City facilities replacement | 144,300 | 144,300 | 94,708 | 49,592 |
| General Fund building maintenance projects | 75,300 | 75,300 | 10,624 | 64,676 |
| Information technology equipment replacement | 1,490,400 | 1,490,400 | 252,277 | 1,238,123 |
| Public works facilities replacement | <u>648,500</u> | <u>648,500</u> | <u>52,071</u> | <u>596,429</u> |
| Total expenditures | <u>8,437,700</u> | <u>8,837,700</u> | <u>1,448,396</u> | <u>7,389,304</u> |
| | | | | |
| Other financing uses | | | | |
| Transfers to other funds | - | - | 157,159 | (157,159) |
| Total other financing uses | <u>-</u> | <u>-</u> | <u>157,159</u> | <u>(157,159)</u> |
| Total expenditures and other financing uses | <u>\$ 8,437,700</u> | <u>\$ 8,837,700</u> | <u>1,605,555</u> | <u>\$ 7,232,145</u> |
| Fund Balance, ending | | | <u>\$ 6,719,035</u> | |

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
For the Year Ended June 30, 2018

| | Senior Center Endowment | Library Trust | Totals |
|---|-------------------------------|------------------|------------------|
| REVENUES | | | |
| Interest on investments | \$ 670 | \$ 1,332 | \$ 2,002 |
| Total revenues | <u>670</u> | <u>1,332</u> | <u>2,002</u> |
| EXPENDITURES | | | |
| Culture and recreation | - | 927 | 927 |
| Total expenditures | <u>-</u> | <u>927</u> | <u>927</u> |
| Excess (deficiency) of revenues over expenditures | <u>670</u> | <u>405</u> | <u>1,075</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | <u>(47,692)</u> | - | <u>(47,692)</u> |
| Total other financing sources (uses) | <u>(47,692)</u> | - | <u>(47,692)</u> |
| Net change in fund balances | (47,022) | 405 | (46,617) |
| Fund balance - beginning | <u>47,022</u> | <u>82,911</u> | <u>129,933</u> |
| Fund balance - ending | <u>\$ -</u> | <u>\$ 83,316</u> | <u>\$ 83,316</u> |

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

For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) |
|------------------------------------|--------------------|-----------------|--------|-----------------|
| Revenues | | | | |
| Interest on investments | \$ - | \$ - | \$ 670 | \$ 670 |
| Total revenues | - | - | 670 | 670 |
| Fund balance, beginning | | | | |
| Unassigned | 52,400 | 52,400 | 47,022 | (5,378) |
| Total Fund Balance, beginning | 52,400 | 52,400 | 47,022 | (5,378) |
| Amount available for appropriation | \$ 52,400 | \$ 52,400 | 47,692 | \$ (4,708) |
| | Original Budget | Final Budget | Actual | (Over) Under |
| Other financing uses | | | | |
| Transfers to other funds | \$ 52,400 | \$ 52,400 | 47,692 | \$ 4,708 |
| Total other financing uses | \$ 52,400 | \$ 52,400 | 47,692 | \$ 4,708 |
| Fund Balance, ending | | | \$ - | |

CITY OF ALBANY, OREGON
LIBRARY TRUST FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under)</u> |
|------------------------------------|----------------------------|-------------------------|------------------|-------------------------|
| Revenues | | | | |
| Interest on investments | \$ 700 | \$ 700 | \$ 1,332 | \$ 632 |
| Total revenues | <u>700</u> | <u>700</u> | <u>1,332</u> | <u>632</u> |
| Fund balance, beginning | | | | |
| Unassigned | <u>83,600</u> | <u>83,600</u> | <u>82,911</u> | <u>(689)</u> |
| Total Fund Balance, beginning | <u>83,600</u> | <u>83,600</u> | <u>82,911</u> | <u>(689)</u> |
| Amount available for appropriation | <u>\$ 84,300</u> | <u>\$ 84,300</u> | <u>84,243</u> | <u>\$ (57)</u> |
| | | | | |
| | | | | |
| Expenditures | | | | <u>(Over)</u> |
| V. O. Torney Trust | \$ 13,600 | \$ 13,600 | - | \$ 13,600 |
| Manela Trust | <u>70,700</u> | <u>70,700</u> | <u>927</u> | <u>69,773</u> |
| Total expenditures | <u>\$ 84,300</u> | <u>\$ 84,300</u> | <u>927</u> | <u>\$ 83,373</u> |
| Fund Balance, ending | | | <u>\$ 83,316</u> | |

CITY OF ALBANY, OREGON
WATER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

| Revenues | Original Budget | Final Budget | Actual | Over (Under) |
|--|----------------------|----------------------|----------------------|----------------------|
| Property taxes: | | | | |
| Delinquent | \$ - | \$ - | \$ 184 | \$ 184 |
| Water service | | | | |
| Water service charges | 11,985,200 | 11,985,200 | 12,026,454 | 41,254 |
| Water service charges-Millersburg | 240,000 | 240,000 | 462,006 | 222,006 |
| Dumbeck Water District | 55,000 | 55,000 | 65,718 | 10,718 |
| North Albany capital charges | 109,800 | 109,800 | 109,800 | - |
| Collection agency payments | 7,500 | 7,500 | 11,121 | 3,621 |
| Charges for services | | | | |
| City of Lebanon | 383,000 | 383,000 | 386,059 | 3,059 |
| Hydropower | 70,000 | 70,000 | 97,245 | 27,245 |
| Equipment replacement charges | 117,500 | 117,500 | 117,500 | - |
| Financed system development charges | | | | |
| Principal | 1,500 | 1,500 | 4,441 | 2,941 |
| Interest | 200 | 200 | 1,618 | 1,418 |
| Financed connection fees | | | | |
| Principal | - | - | 1,281 | 1,281 |
| Interest | - | - | 1,451 | 1,451 |
| Water expansion | | | | |
| Public facility construction permits | 10,000 | 10,000 | 32,525 | 22,525 |
| Water connection fees | 20,000 | 20,000 | 74,090 | 54,090 |
| Water systems development charges: | 383,000 | 383,000 | 492,558 | 109,558 |
| Water service installation fee | 60,000 | 60,000 | 153,426 | 93,426 |
| Miscellaneous | 6,000 | 6,000 | 40,274 | 34,274 |
| Interest on investments | 64,400 | 64,400 | 138,183 | 73,783 |
| Total revenues | 13,513,100 | 13,513,100 | 14,215,934 | 702,834 |
| Other financing sources | | | | |
| Transfer from Water | - | 15,400 | 15,342 | (58) |
| Transfer from Water SDC Improvement Projects | 214,300 | 214,300 | 214,300 | - |
| Transfer from Water SDC Reimbursement Projects | 224,300 | 224,300 | 224,300 | - |
| Total other financing sources | 438,600 | 454,000 | 453,942 | - |
| Fund balance, beginning | | | | |
| Unassigned | 10,984,900 | 10,984,900 | 12,145,996 | 1,161,096 |
| Fund balance, beginning, designated for debt service | 1,602,000 | 1,602,000 | 1,613,091 | 11,091 |
| Prior period adjustment | - | - | (31,472) | (31,472) |
| Total Fund Balance, beginning | 12,586,900 | 12,586,900 | 13,727,615 | 1,172,187 |
| Amount available for appropriation | \$ 26,538,600 | \$ 26,554,000 | 28,397,491 | \$ 26,538,600 |
| Expenditures | Original Budget | Final Budget | Actual | (Over) Under |
| Personnel services | \$ 2,515,400 | \$ 2,515,400 | 2,261,052 | \$ 254,348 |
| Materials and services | 6,023,700 | 6,023,700 | 5,570,699 | 453,001 |
| Capital | 12,461,900 | 12,446,500 | 3,812,323 | 8,634,177 |
| Debt service | 3,538,600 | 3,538,600 | 1,938,494 | 1,600,106 |
| Contingencies | 955,300 | 950,700 | - | 950,700 |
| Total expenditures | 25,494,900 | 25,474,900 | 13,582,568 | 11,892,332 |
| Other financing uses | | | | |
| Transfers out | 829,400 | 864,800 | 846,822 | 17,978 |
| Intrafund transfers out | 214,300 | 214,300 | 214,300 | - |
| Total other financing uses | 1,043,700 | 1,079,100 | 1,061,122 | 17,978 |
| Total expenditures and other financing uses | \$ 26,538,600 | \$ 26,554,000 | 14,643,690 | \$ 11,910,310 |
| Budgetary fund balance, ending | | | \$ 13,753,801 | |

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, 2018

| | Revenues | Expenditures | Fund Balance/ Net Position |
|---|---------------|---------------|----------------------------------|
| Totals from prior page | \$ 14,215,934 | \$ 13,582,568 | \$ 13,753,801 |
| Reconciling items | | | |
| June 30, 2018, asset and liability balances: | | | |
| Capital assets, net | - | - | 88,289,970 |
| Other postemployment benefits asset | - | - | 5,208 |
| Accounts receivable | - | - | 1,618,617 |
| Loans receivable | - | - | - |
| Unamortized issue costs/loss on defeasance | - | - | (1,393,462) |
| Inventory balance | - | - | 688,630 |
| Salaries, withholdings, and vacations payable | - | - | (136,633) |
| Net pension liability | - | - | (2,628,715) |
| Deferred outflows - pension and other postemployment benefit related | - | - | 907,817 |
| Deferred inflows - pension and other postemployment benefit related | - | - | (141,415) |
| Other postemployment benefits liability | - | - | (235,187) |
| Interest payable | - | - | (374,206) |
| Bonds payable | - | - | (23,575,000) |
| Adjustments to current year revenues | | | |
| Change in accounts receivable | 176,811 | - | - |
| Adjustments to current year expenses | | | |
| Interest paid on long-term obligations | - | (918,494) | - |
| Eliminate principal paid on long-term obligations | - | (1,020,000) | - |
| Change in OPEB liability | - | (5,622) | - |
| Depreciation and amortization | - | 3,265,897 | - |
| Expenditures capitalized | - | (3,812,323) | - |
| Changes in inventories | - | (79,825) | - |
| Pension Expense | - | 184,655 | - |
| Other adjustments | | | |
| Nonoperating revenues | | | |
| Property taxes | (184) | - | - |
| Interest on investments | (138,183) | - | - |
| Miscellaneous | - | - | - |
| Capital contributions | (499,898) | - | - |
| Operating revenues, operating expenses, and ending net position from Statement of Revenues, Expenses, and Changes in Fund Net Position of Proprietary Funds (page 31) | \$ 13,754,480 | \$ 11,196,856 | \$ 76,779,425 |

CITY OF ALBANY, OREGON
SEWER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

| Revenues | Original Budget | Final Budget | Actual | Over (Under) |
|---|----------------------|----------------------|----------------------|----------------------|
| Sewer service charges | | | | |
| Albany sewer service charges | \$ 15,604,000 | \$ 15,604,000 | \$ 15,975,960 | \$ 371,960 |
| Charges collected through property taxes | 50,000 | 50,000 | 43,621 | (6,379) |
| Collection agency payments | 5,000 | 5,000 | 11,761 | 6,761 |
| Financed system development charges | | | | |
| Principal | 2,500 | 2,500 | 10,267 | 7,767 |
| Interest | 500 | 500 | 2,884 | 2,384 |
| Financed connection fees | | | | |
| Principal | 6,000 | 6,000 | 3,461 | (2,539) |
| Interest | 3,100 | 3,100 | 3,731 | 631 |
| Sewer oversizing and expansion | | | | |
| Public facility construction permits | 5,000 | 5,000 | 35,500 | 30,500 |
| Sewer system development charges | 715,000 | 715,000 | 928,648 | 213,648 |
| General sewer connection fees | 10,000 | 10,000 | 51,499 | 41,499 |
| Charges for services | | | | |
| Equipment replacement charges | 99,500 | 99,500 | 99,500 | - |
| Millersburg operation and maintenance charges | 175,000 | 175,000 | 221,323 | 46,323 |
| Wah Chang operation and maintenance charges | 140,000 | 140,000 | 110,598 | (29,402) |
| City of Lebanon | - | - | 846 | 846 |
| City of Millersburg | 413,900 | 413,900 | 438,104 | 24,204 |
| Miscellaneous | 25,000 | 25,000 | 19,418 | (5,582) |
| Interest on investments | 111,700 | 111,700 | 220,680 | 108,980 |
| Total revenues | <u>17,366,200</u> | <u>17,366,200</u> | <u>18,177,801</u> | <u>811,601</u> |
| Other financing sources | | | | |
| Transfer from SDC | 1,467,400 | 1,525,700 | 1,525,700 | - |
| Total other financing sources | <u>1,467,400</u> | <u>1,525,700</u> | <u>1,525,700</u> | <u>-</u> |
| Fund balance, beginning | | | | |
| Unassigned | 21,001,500 | 21,001,500 | 22,748,765 | 1,747,265 |
| Prior period adjustment | - | - | (14,696) | (14,696) |
| Total Fund Balance, beginning | <u>21,001,500</u> | <u>21,001,500</u> | <u>22,734,069</u> | <u>1,732,569</u> |
| Amount available for appropriation | <u>\$ 39,835,100</u> | <u>\$ 39,893,400</u> | <u>42,437,570</u> | <u>\$ 2,544,170</u> |
| Expenditures | Original Budget | Final Budget | Actual | (Over) Under |
| Personnel services | \$ 2,109,000 | \$ 2,109,000 | \$ 1,946,173 | \$ 162,827 |
| Materials and services | 6,655,800 | 6,855,800 | 6,614,791 | 241,009 |
| Capital | 19,001,700 | 18,943,400 | 2,405,186 | 16,538,214 |
| Debt service | 9,010,600 | 9,068,900 | 5,485,203 | 3,583,697 |
| Contingencies | 994,500 | 769,500 | - | 769,500 |
| Total expenditures | <u>37,771,600</u> | <u>37,746,600</u> | <u>16,451,353</u> | <u>21,295,247</u> |
| Other financing uses | | | | |
| Transfers out to other funds | 2,063,500 | 2,146,800 | 2,141,123 | 5,677 |
| Total other financing uses | <u>2,063,500</u> | <u>2,146,800</u> | <u>2,141,123</u> | <u>5,677</u> |
| Total expenditures and other financing uses | <u>\$ 39,835,100</u> | <u>\$ 39,893,400</u> | <u>18,592,476</u> | <u>\$ 21,300,924</u> |
| Budgetary fund balance, ending | | | <u>\$ 23,845,094</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, 2018

| | Revenues | Expenditures | Fund Balance/ Net Position |
|---|---------------|---------------|----------------------------------|
| Totals from prior page | \$ 18,177,801 | \$ 16,451,353 | \$ 23,845,094 |
| Reconciling items | | | |
| June 30, 2018, asset and liability balances: | | | |
| Capital assets, net | - | - | 134,264,052 |
| Accounts receivable | - | - | 2,375,255 |
| Loans receivable | - | - | 3,788,049 |
| Inventories | - | - | 373,876 |
| Net other postemployment benefit asset | - | - | 4,526 |
| Salaries, withholdings, and vacations payable | - | - | (111,808) |
| OPEB payable | - | - | (204,410) |
| Interest payable | - | - | (339,077) |
| Bonds payable | - | - | (47,700,361) |
| Net pension liability | - | - | (1,829,593) |
| Deferred outflows - pension and other postemployment benefit related | - | - | 831,392 |
| Deferred inflows - pension and other postemployment benefit related | - | - | (127,177) |
| Adjustments to current year revenues | | | |
| Change in accounts receivable | 45,760 | - | - |
| Adjustments to current year expenses | | | |
| Expenditures capitalized | - | (2,405,186) | - |
| Change in inventory | - | (16,485) | - |
| Interest expense | - | (1,515,859) | - |
| Change in compensated absences liability | - | 12,423 | - |
| Change in OPEB liability | - | (13,775) | - |
| Loan principal | - | (3,931,806) | - |
| Depreciation and amortization | - | 4,775,886 | - |
| Pension expense | - | 160,482 | - |
| Other adjustments | | | |
| Nonoperating revenues | | | |
| Interest on investments | (220,680) | | |
| Miscellaneous | (2,894) | | |
| Capital contributions | (938,915) | - | - |
| Millersburg loan reclassification | (283,330) | - | - |
| Operating revenues, operating expenses, and ending net position from Statement of Revenues, Expenses, and Changes in Fund Net Position of Proprietary Funds (page 31) | \$ 16,777,742 | \$ 13,517,033 | \$ 115,169,818 |

CITY OF ALBANY, OREGON
STORMWATER FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

| Revenues | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under)</u> |
|---|----------------------------|-------------------------|---------------------|-------------------------|
| Stormwater service charges | | | | |
| Albany stormwater service charges | \$ 1,740,000 | \$ 1,740,000 | \$ 1,740,505 | \$ 505 |
| Collection agency payments | - | - | - | - |
| Storm drain plan review/inspection fees | 10,000 | 10,000 | 8,883 | (1,117) |
| Stormwater quality permits | 10,000 | 10,000 | 13,393 | 3,393 |
| EPSC Permit Fees | 50,000 | 50,000 | 84,243 | 34,243 |
| Stormwater Capital | | | | |
| Albany stormwater service charges | 10,000 | 10,000 | 10,000 | - |
| Storm drain connection fees | 5,000 | 5,000 | 36,418 | 31,418 |
| Stormwater deferred planting | 5,000 | 5,000 | 61,452 | 56,452 |
| Stormwater in-lieu of planting | 5,000 | 5,000 | - | (5,000) |
| Charges for services | | | | |
| Equipment replacement charges | 55,700 | 55,700 | 55,700 | - |
| Miscellaneous | - | - | 4,788 | 4,788 |
| Interest on investments | 2,100 | 2,100 | 522 | (1,578) |
| Total revenues | <u>1,892,800</u> | <u>1,892,800</u> | <u>\$ 2,015,904</u> | <u>123,104</u> |
| Fund balance, beginning | | | | |
| Unassigned | 298,300 | 298,300 | 246,483 | (51,817) |
| Prior period adjustment | - | - | (7,302) | (7,302) |
| Total Fund Balance, beginning | <u>298,300</u> | <u>298,300</u> | <u>239,181</u> | <u>(59,119)</u> |
| Amount available for appropriation | <u>\$ 2,191,100</u> | <u>\$ 2,191,100</u> | <u>2,255,085</u> | <u>\$ 63,985</u> |
| | | | | |
| Expenditures | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>(Over) Under</u> |
| Personnel services | \$ 303,000 | \$ 303,000 | \$ 252,252 | \$ 50,748 |
| Materials and services | 1,590,700 | 1,590,700 | 1,319,985 | 270,715 |
| Capital | 200,400 | 200,400 | - | 200,400 |
| Contingencies | 57,300 | 57,300 | - | 57,300 |
| Total expenditures | <u>2,151,400</u> | <u>2,151,400</u> | <u>1,572,237</u> | <u>579,163</u> |
| Other financing uses | | | | |
| Transfers out to other funds | 39,700 | 39,700 | 39,700 | - |
| Total other financing uses | <u>39,700</u> | <u>39,700</u> | <u>39,700</u> | <u>-</u> |
| Total expenditures and other financing uses | <u>\$ 2,191,100</u> | <u>\$ 2,191,100</u> | <u>1,611,937</u> | <u>\$ 579,163</u> |
| Budgetary fund balance, ending | | | <u>\$ 643,148</u> | |

CITY OF ALBANY, OREGON
STORMWATER 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, 2018

| | Revenues | Expenditures | Fund Balance/ Net Position |
|--|--------------|--------------|----------------------------------|
| Totals from prior page | \$ 2,015,904 | \$ 1,572,237 | \$ 643,148 |
| Reconciling items | | | |
| June 30, 2018, asset and liability balances: | | | |
| Accounts receivable | - | - | 199,599 |
| Net other postemployment benefit asset | - | - | 566 |
| OPEB payable | - | - | (25,545) |
| Deferred outflows - pension and other postemployment benefit relatec | - | - | 69,154 |
| Deferred inflows - pension and other postemployment benefit relatec | - | - | (16,001) |
| Adjustments to current year revenues | | | |
| Change in accounts receivable | 25,072 | - | - |
| Adjustments to current year expenses | | | |
| Change in compensated absences liability | - | 20,050 | - |
| Change in OPEB liability | - | (1,249) | - |
| Other adjustments | | | |
| Nonoperating revenues | | | |
| Interest on investments | (522) | - | - |
| Miscellaneous | (4,788) | - | - |
| Operating revenues, operating expenses, and ending net position from Statement of Revenues, Expenses, and | | | |
| Changes in Fund Net Position of Proprietary Funds (page 31) | \$ 2,035,666 | \$ 1,591,038 | \$ 742,574 |

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

June 30, 2018

| | Central Services | Public Works Services | Totals |
|--|-----------------------|--------------------------|-----------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 184,864 | \$ 145,703 | \$ 330,567 |
| Investments | 330,323 | 257,667 | 587,990 |
| Accounts receivable | 175 | 3,785 | 3,960 |
| Accrued interest | 1,842 | 1,962 | 3,804 |
| Prepaid items | 2,590 | 41 | 2,631 |
| Total current assets | <u>519,794</u> | <u>409,158</u> | <u>928,952</u> |
| Noncurrent assets: | | | |
| Other postemployment benefit asset | 10,564 | 14,562 | 25,126 |
| Capital assets (net of depreciation) | - | 33,394 | 33,394 |
| Total noncurrent assets | <u>10,564</u> | <u>47,956</u> | <u>58,520</u> |
| Total assets | <u>530,358</u> | <u>457,114</u> | <u>987,472</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension and other postemployment benefit related items | <u>1,689,342</u> | <u>2,438,780</u> | <u>4,128,122</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 261,900 | 255,519 | 517,419 |
| Compensated absences | 138,734 | 203,723 | 342,457 |
| Total current liabilities | <u>400,634</u> | <u>459,242</u> | <u>859,876</u> |
| Long-term debt obligations | | | |
| Compensated absences | 138,732 | 203,723 | 342,455 |
| Other postemployment benefits | 477,093 | 657,651 | 1,134,744 |
| Net pension liability | 4,368,712 | 6,210,958 | 10,579,670 |
| Total long-term debt obligations | <u>4,984,537</u> | <u>7,072,332</u> | <u>12,056,869</u> |
| Total liabilities | <u>5,385,171</u> | <u>7,531,574</u> | <u>12,916,745</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension and other postemployment benefit related items | <u>297,853</u> | <u>418,202</u> | <u>716,055</u> |
| NET POSITION | | | |
| Investment in capital assets | - | 33,394 | 33,394 |
| Unrestricted | <u>(3,463,324)</u> | <u>(5,087,276)</u> | <u>(8,550,600)</u> |
| Total net position | <u>\$ (3,463,324)</u> | <u>\$ (5,053,882)</u> | <u>\$ (8,517,206)</u> |

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2018

| | Central Services | Public Works Services | Totals |
|-------------------------------|-----------------------|--------------------------|-----------------------|
| OPERATING REVENUES | | | |
| Service charges and fees | \$ 6,362,880 | \$ 7,866,851 | \$ 14,229,731 |
| Miscellaneous | 60,131 | 9,138 | 69,269 |
| Total operating revenues | <u>6,423,011</u> | <u>7,875,989</u> | <u>14,299,000</u> |
| OPERATING EXPENSES | | | |
| Salaries and wages | 4,889,966 | 6,727,513 | 11,617,479 |
| Contracted services | 334,881 | 314,671 | 649,552 |
| Operating supplies | 780,597 | 498,121 | 1,278,718 |
| Utilities | 95,034 | 130,620 | 225,654 |
| Depreciation | - | 15,720 | 15,720 |
| Repairs and maintenance | 171,824 | 104,627 | 276,451 |
| Charges for services | 761,659 | 683,445 | 1,445,104 |
| Miscellaneous | 2,841 | - | 2,841 |
| Total operating expenses | <u>7,036,802</u> | <u>8,474,717</u> | <u>15,511,519</u> |
| Operating income (loss) | (613,791) | (598,728) | (1,212,519) |
| NONOPERATING REVENUES: | | | |
| Interest on investments | 6,833 | 3,314 | 10,147 |
| Income before transfers | (606,958) | (595,414) | (1,202,372) |
| Transfers in | 148,200 | - | 148,200 |
| Change in net position | (458,758) | (595,414) | (1,054,172) |
| Prior period adjustment | (79,662) | (67,999) | (147,661) |
| Net position - beginning | <u>(2,924,904)</u> | <u>(4,390,469)</u> | <u>(7,315,373)</u> |
| Net position - ending | <u>\$ (3,463,324)</u> | <u>\$ (5,053,882)</u> | <u>\$ (8,517,206)</u> |

CITY OF ALBANY, OREGON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2018

| | Central Services | Public Works Services | Totals |
|--|-------------------|--------------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 6,425,511 | \$ 7,872,204 | \$ 14,297,715 |
| Cash payments to suppliers of goods and services | (2,120,659) | (1,666,104) | (3,786,763) |
| Cash payments to employees for services | (4,510,628) | (6,213,719) | (10,724,347) |
| Net cash provided by (used in) operating activities | <u>(205,776)</u> | <u>(7,619)</u> | <u>(213,395)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers in | <u>148,200</u> | <u>-</u> | <u>148,200</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Net (increase) decrease in investments | 27,918 | 3,364 | 31,282 |
| Interest on investments | 5,768 | 2,761 | 8,529 |
| Net cash provided by (used in) investing activities | <u>33,686</u> | <u>6,125</u> | <u>39,811</u> |
| Net increase (decrease) in cash and cash equivalents | (23,890) | (1,494) | (25,384) |
| Cash and cash equivalents, July 1, 2017 | <u>208,754</u> | <u>147,197</u> | <u>355,951</u> |
| Cash and cash equivalents, June 30, 2018 | <u>\$ 184,864</u> | <u>\$ 145,703</u> | <u>\$ 330,567</u> |

RECONCILIATION OF OPERATING INCOME TO

NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

| | | | |
|---|---------------------|-------------------|---------------------|
| Operating income | \$ (613,791) | \$ (598,728) | \$ (1,212,519) |
| 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 net other postemployment benefit asset | (10,564) | (14,562) | (25,126) |
| (Increase) decrease in accounts receivable | 2,500 | (3,785) | (1,285) |
| (Increase) decrease in prepaid items | (2,480) | (41) | (2,521) |
| (Increase) decrease in deferred outflows of resources | 981,087 | 1,353,533 | 2,334,620 |
| Increase (decrease) in net pension liability | (617,316) | (850,967) | (1,468,283) |
| Increase (decrease) in accounts payable | 28,657 | 65,421 | 94,078 |
| Increase (decrease) in accrued compensated absences | 2,392 | 8,564 | 10,956 |
| Increase (decrease) in other postemployment benefits | (26,868) | (52,536) | (79,404) |
| Increase (decrease) in deferred inflows of resources | 50,607 | 69,762 | 120,369 |
| Total adjustments | <u>408,015</u> | <u>591,109</u> | <u>999,124</u> |
| Net cash provided by operating activities | <u>\$ (205,776)</u> | <u>\$ (7,619)</u> | <u>\$ (213,395)</u> |

CITY OF ALBANY, OREGON
CENTRAL SERVICES FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

| Revenues | Original Budget | Final Budget | Actual | Over (Under) |
|---|---------------------|---------------------|-------------------|-------------------|
| Building maintenance charges | \$ 789,000 | \$ 789,000 | \$ 789,000 | \$ - |
| Administrative services charges | 3,485,500 | 3,485,500 | 3,485,500 | - |
| Information technology charges | 1,518,000 | 1,518,000 | 1,518,000 | - |
| GIS services charge | 457,400 | 457,400 | 457,400 | - |
| Permit Tracking services charge | 112,800 | 112,800 | 112,800 | - |
| GIS information sales | - | - | 180 | 180 |
| Miscellaneous | 40,000 | 40,000 | 60,131 | 20,131 |
| Interest on investments | 4,000 | 4,000 | 6,833 | 2,833 |
| Total revenues | <u>6,406,700</u> | <u>6,406,700</u> | <u>6,429,844</u> | <u>23,144</u> |
| Other financing source | | | | |
| Transfer from General Fund | - | 100,000 | 100,000 | - |
| Transfer from Economic Development Fund | 17,100 | 17,100 | 48,200 | 31,100 |
| Total other financing sources | <u>17,100</u> | <u>117,100</u> | <u>148,200</u> | <u>31,100</u> |
| Fund balance, beginning | | | | |
| Unassigned | 248,500 | 306,000 | 369,024 | 63,024 |
| Prior period adjustment | - | - | (31,710) | (31,710) |
| Fund balance, beginning | <u>248,500</u> | <u>306,000</u> | <u>337,314</u> | <u>31,314</u> |
| Amount available for appropriation | <u>\$ 6,672,300</u> | <u>\$ 6,829,800</u> | <u>6,915,358</u> | <u>\$ 85,558</u> |
| Expenditures | Original Budget | Final Budget | Actual | (Over) Under |
| Council and nondepartmental | \$ 205,400 | \$ 218,400 | \$ 210,537 | \$ 7,863 |
| City manager's office | 972,300 | 972,300 | 934,814 | 37,486 |
| Information technology services | 1,671,700 | 1,671,700 | 1,703,122 | (31,422) |
| Human resources | 838,900 | 915,900 | 788,231 | 127,669 |
| Facilities maintenance | 789,000 | 846,500 | 830,069 | 16,431 |
| Finance | 1,616,800 | 1,626,800 | 1,622,169 | 4,631 |
| GIS services | 457,400 | 457,400 | 449,368 | 8,032 |
| Permit tracking services | 120,800 | 120,800 | 119,154 | 1,646 |
| Total expenditures | <u>\$ 6,672,300</u> | <u>\$ 6,829,800</u> | <u>6,657,464</u> | <u>\$ 172,336</u> |
| Budgetary fund balance | | | <u>\$ 257,894</u> | |

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Position, see page 126.

CITY OF ALBANY, OREGON
PUBLIC WORKS SERVICES FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) |
|---|---------------------|---------------------|-------------------|---------------------|
| Revenues: | | | | |
| Charges for services - Water | \$ 2,566,600 | \$ 2,566,600 | \$ 2,452,004 | \$ (114,596) |
| Charges for services - Sewer | 2,864,200 | 2,864,200 | 2,764,814 | (99,386) |
| Charges for services - Stormwater | 1,237,900 | 1,237,900 | 925,986 | (311,914) |
| Charges for services - Streets | 634,600 | 634,600 | 786,653 | 152,053 |
| Charges for services - Airport | 10,800 | 10,800 | 9,682 | (1,118) |
| Charges for services - Transit | 114,800 | 114,800 | 102,695 | (12,105) |
| Charges for services - Building Inspection | 122,300 | 122,300 | 109,492 | (12,808) |
| Charges for services - Construction in Progress | 1,031,300 | 1,031,300 | 715,525 | (315,775) |
| Miscellaneous | - | - | 9,138 | 9,138 |
| Interest | 2,900 | 2,900 | 3,314 | 414 |
| Total revenues | <u>8,585,400</u> | <u>8,585,400</u> | <u>7,879,303</u> | <u>(706,097)</u> |
| Fund balance, beginning | | | | |
| Unassigned | 63,600 | 63,600 | 219,993 | 156,393 |
| Prior period adjustment | - | - | (454) | (454) |
| Fund balance, beginning | <u>63,600</u> | <u>63,600</u> | <u>219,539</u> | <u>155,939</u> |
| Amount available for appropriation | <u>\$ 8,649,000</u> | <u>\$ 8,649,000</u> | <u>8,098,842</u> | <u>\$ (550,158)</u> |
| Expenditures | Original Budget | Final Budget | Actual | (Over) Under |
| Public works administration | \$ 1,184,100 | \$ 1,184,100 | 1,039,363 | \$ 144,737 |
| Engineering services | 2,945,600 | 2,945,600 | 2,657,422 | 288,178 |
| Operations administration | 566,100 | 566,100 | 534,277 | 31,823 |
| Water quality control services | 523,700 | 523,700 | 443,208 | 80,492 |
| Public works customer service | 1,391,100 | 1,391,100 | 1,301,830 | 89,270 |
| Facilities and maintenance engineering | 2,038,400 | 2,038,400 | 1,969,103 | 69,297 |
| Total expenditures | <u>\$ 8,649,000</u> | <u>\$ 8,649,000</u> | <u>7,945,203</u> | <u>\$ 703,797</u> |
| Budgetary fund balance | | | <u>\$ 153,639</u> | |

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Position, see page 126.

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, 2018

| | <u>Central Services</u> | <u>Public Works Service</u> | <u>Totals</u> |
|---|-----------------------------|-------------------------------------|-----------------------|
| <u>REVENUES</u> | | | |
| Total revenues from Schedule of Revenues and Expenditures - Budget and Actual (pages 124 and 125) | \$ 6,429,844 | \$ 7,879,303 | \$ 14,309,147 |
| Reconciling item: | | | |
| Interest on investments | <u>(6,833)</u> | <u>(3,314)</u> | <u>(10,147)</u> |
| Operating revenues from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position (page 122) | <u>\$ 6,423,011</u> | <u>\$ 7,875,989</u> | <u>\$ 14,299,000</u> |
| <u>EXPENDITURES</u> | | | |
| Total expenditures from Schedule of Revenues and Expenditures - Budget and Actual (pages 124 and 125) | \$ 6,657,464 | \$ 7,945,203 | \$ 14,602,667 |
| Reconciling item: | | | |
| Depreciation | - | 15,720 | 15,720 |
| Change in compensated absences liability | 2,392 | 8,564 | 10,956 |
| Pension related expense | 374,555 | 516,321 | 890,876 |
| Other postemployment benefits expense | <u>2,391</u> | <u>(11,091)</u> | <u>(8,700)</u> |
| Operating expenses from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position (page 122) | <u>\$ 7,036,802</u> | <u>\$ 8,474,717</u> | <u>\$ 15,511,519</u> |
| <u>FUND BALANCE</u> | | | |
| Fund balance from Schedule of Revenues and Expenditures - Budget and Actual (pages 124 and 125) | \$ 257,894 | \$ 153,639 | \$ 411,533 |
| Reconciling item: | | | |
| Net other postemployment benefit asset | 10,564 | 14,562 | 25,126 |
| Deferred outflows - pension and other postemployment benefit related | 1,689,342 | 2,438,780 | 4,128,122 |
| Deferred inflows - pension and other postemployment benefit related | (297,853) | (418,202) | (716,055) |
| Capital assets, net | - | 33,394 | 33,394 |
| Compensated absences liability | (277,466) | (407,446) | (684,912) |
| Net pension liability | (4,368,712) | (6,210,958) | (10,579,670) |
| OPEB liability | <u>(477,093)</u> | <u>(657,651)</u> | <u>(1,134,744)</u> |
| Net Position from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position (page 122) | <u>\$ (3,463,324)</u> | <u>\$ (5,053,882)</u> | <u>\$ (8,517,206)</u> |

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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)

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental Activities | | | | | |
| Net investment in capital assets | \$ 86,710,887 | \$ 90,807,172 | \$ 93,826,390 | \$ 96,500,517 | \$ 95,848,731 |
| Restricted | 15,077,460 | 16,512,436 | 18,879,050 | 13,190,170 | 11,874,882 |
| Unrestricted | 8,520,075 | 18,722,132 | 17,145,209 | 19,611,140 | 20,901,108 |
| Total governmental activities net position | <u>110,308,422</u> | <u>126,041,740</u> | <u>129,850,649</u> | <u>129,301,827</u> | <u>128,624,721</u> |
| Business-type activities | | | | | |
| Net investment in capital assets | 125,267,350 | 127,645,184 | 130,139,819 | 134,559,041 | 136,828,820 |
| Restricted | 5,372,200 | 25,649,567 | 19,785,270 | 14,445,758 | 13,514,952 |
| Unrestricted | 26,596,746 | 12,174,097 | 22,808,687 | 26,930,801 | 28,978,037 |
| Total business-type activities net position | <u>157,236,296</u> | <u>165,468,848</u> | <u>172,733,776</u> | <u>175,935,600</u> | <u>179,321,809</u> |
| Total City of Albany | | | | | |
| Net investment in capital assets | 218,452,356 | 223,966,209 | 231,059,558 | 232,677,551 | 230,519,554 |
| Restricted | 42,162,003 | 38,664,320 | 27,635,928 | 25,389,834 | 27,222,390 |
| Unrestricted | 30,896,229 | 39,953,896 | 46,541,941 | 49,879,145 | 53,953,862 |
| Total net position | <u>\$ 291,510,588</u> | <u>\$ 302,584,425</u> | <u>\$ 305,237,427</u> | <u>\$ 307,946,530</u> | <u>\$ 311,695,806</u> |

Over the last ten years the net position of governmental activities decreased by just over 4 percent (\$4,385,000). Included in program revenues are \$1,231,951 of capital contributions in the form of systems development charges, connection fees, improvement assurance fees, and site improvements.

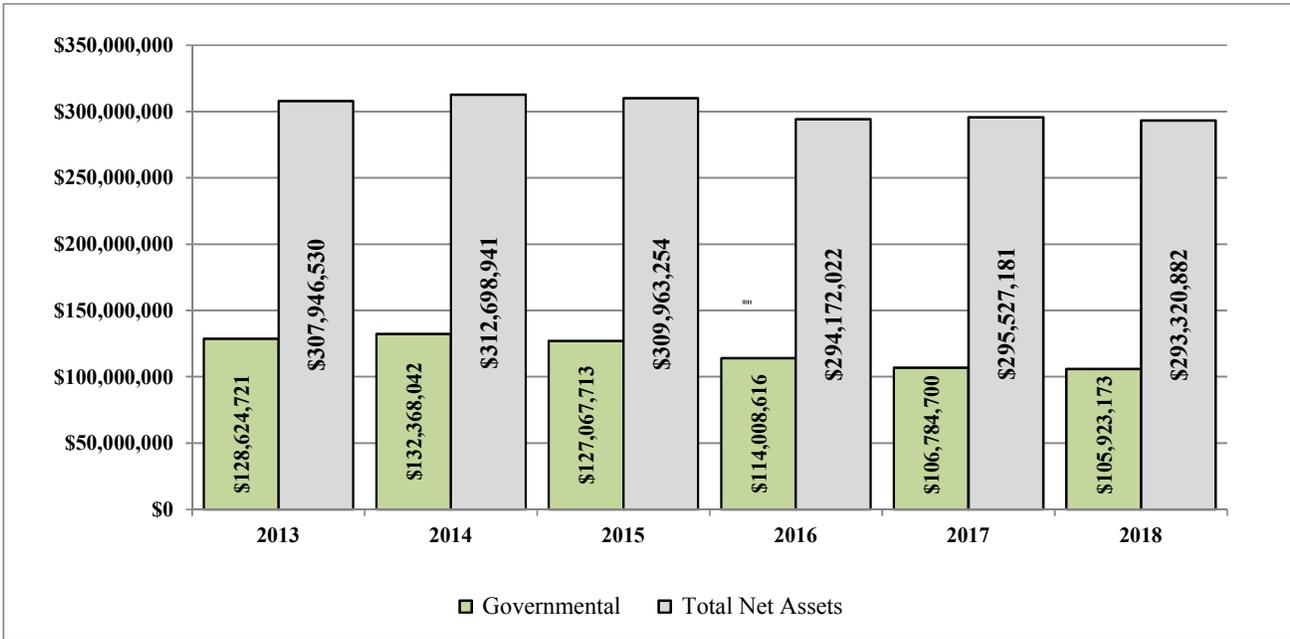
During the same time frame (ten years), the net position of the business-type activities has increased by 19 percent (\$30,161,000). The two major components of the increase have been operating income (\$70,966,000) and capital contributions (\$26,827,000), which consists of development fees (systems 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 2009-2018 Comprehensive Annual Financial Reports

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

| 2014 | 2015 | 2016 | 2017 | 2018 | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---|
| | | | | | Governmental Activities |
| \$ 90,297,428 | \$ 94,819,619 | \$ 75,708,533 | \$ 94,492,224 | \$ 106,976,281 | Net investment in capital assets |
| 16,359,363 | 11,071,442 | 27,479,252 | 11,226,820 | 10,934,035 | Restricted |
| 25,711,251 | 21,176,652 | 10,820,831 | 1,065,656 | (11,987,143) | Unrestricted |
| <u>132,368,042</u> | <u>127,067,713</u> | <u>114,008,616</u> | <u>106,784,700</u> | <u>105,923,173</u> | Total governmental activities net position |
| | | | | | Business-type activities |
| 140,222,126 | 140,997,807 | 145,243,974 | 146,556,723 | 149,918,593 | Net investment in capital assets |
| 10,863,027 | 10,717,596 | 10,115,449 | 9,490,275 | 9,209,257 | Restricted |
| 29,245,746 | 31,180,138 | 24,803,983 | 32,695,483 | 28,269,859 | Unrestricted |
| <u>180,330,899</u> | <u>182,895,541</u> | <u>180,163,406</u> | <u>188,742,481</u> | <u>187,397,709</u> | Total business-type activities net position |
| | | | | | Total City of Albany |
| 235,817,426 | 235,817,426 | 220,952,507 | 241,048,947 | 256,894,874 | Net investment in capital assets |
| 21,789,038 | 21,789,038 | 37,594,701 | 20,717,095 | 20,143,292 | Restricted |
| 52,356,790 | 52,356,790 | 35,624,814 | 33,761,139 | 16,282,716 | Unrestricted |
| <u>\$ 309,963,254</u> | <u>\$ 309,963,254</u> | <u>\$ 294,172,022</u> | <u>\$ 295,527,181</u> | <u>\$ 293,320,882</u> | 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)

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 7,813,659 | \$ 9,227,210 | \$ 5,512,747 | \$ 5,282,341 | \$ 6,998,687 |
| Public safety | 25,723,911 | 26,364,368 | 27,512,458 | 27,832,589 | 26,998,857 |
| Highways and streets | 6,794,651 | 6,927,620 | 7,098,212 | 5,964,162 | 7,165,295 |
| Culture and recreation | 8,238,041 | 8,372,888 | 8,035,033 | 9,300,151 | 8,548,521 |
| Interest on long-term debt | 1,202,841 | 1,138,531 | 1,074,180 | 972,088 | 880,010 |
| Total governmental activities expenses | <u>49,773,103</u> | <u>52,030,617</u> | <u>49,232,630</u> | <u>49,351,331</u> | <u>50,591,370</u> |
| Business-type activities | | | | | |
| Water | 11,495,380 | 11,445,203 | 11,252,016 | 11,239,646 | 10,970,041 |
| Sewer | 9,317,599 | 9,516,905 | 10,119,746 | 12,210,391 | 14,201,008 |
| Stormwater | - | - | - | - | - |
| Total business-type activities expenses | <u>20,812,979</u> | <u>20,962,108</u> | <u>21,371,762</u> | <u>23,450,037</u> | <u>25,171,049</u> |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General Government | 4,055,717 | 2,796,623 | 2,817,789 | 2,699,581 | 3,509,363 |
| Public Safety | 2,902,915 | 3,247,298 | 3,303,862 | 3,174,653 | 2,562,519 |
| Highways and Streets | - | - | - | 110,792 | - |
| Culture and recreation | 789,184 | 1,012,384 | 912,904 | 908,153 | 1,181,152 |
| Operating grants and contributions | 4,705,458 | 5,385,159 | 4,354,299 | 5,245,587 | 3,245,250 |
| Capital grants and contributions | 4,767,440 | 4,629,070 | 7,433,911 | 2,613,592 | 4,357,201 |
| Total governmental activities program revenues | <u>17,220,714</u> | <u>17,070,534</u> | <u>18,822,765</u> | <u>14,752,358</u> | <u>14,855,485</u> |
| Business-type activities | | | | | |
| Water | 12,906,796 | 12,003,928 | 11,520,604 | 11,873,787 | 12,338,047 |
| Sewer | 20,012,557 | 13,637,347 | 13,094,616 | 13,687,284 | 13,410,334 |
| Stormwater | - | - | - | - | - |
| Total business-type activities program revenues | <u>32,919,353</u> | <u>25,641,275</u> | <u>24,615,220</u> | <u>25,561,071</u> | <u>25,748,381</u> |
| Total program revenues | <u>50,140,067</u> | <u>42,711,809</u> | <u>43,437,985</u> | <u>40,313,429</u> | <u>40,603,866</u> |
| General Revenues | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Property taxes used for general purposes | 21,133,841 | 21,816,218 | 22,430,005 | 22,540,932 | 22,159,102 |
| Property taxes used for debt service | 2,317,806 | 3,099,335 | 3,849,690 | 3,303,218 | 3,430,326 |
| Transient room taxes used for general purposes | 478,150 | 382,054 | 655,879 | 715,865 | 754,585 |
| Transient room taxes used for debt service | 196,594 | 213,174 | - | - | - |
| Motor fuel | 2,674,179 | 2,029,262 | 2,365,624 | 2,746,350 | 2,764,402 |
| Marijuana, cigarette and alcoholic beverage | 1,023,060 | 624,444 | 651,683 | 699,755 | 1,213,099 |
| Privilege | 2,759,292 | 2,570,602 | 2,680,877 | 2,901,489 | 2,761,418 |
| Contributions to permanent funds | 133 | 160 | - | - | - |
| Grants and contributions not restricted to specific programs | 107,027 | - | - | - | - |
| Unrestricted interest earnings | 981,571 | 605,921 | 360,650 | 232,122 | 401,725 |
| Miscellaneous | 329,267 | 18,871,796 | 196,111 | 490,535 | 548,471 |
| Total governmental activities general revenues | <u>32,000,920</u> | <u>50,212,966</u> | <u>33,190,519</u> | <u>33,630,266</u> | <u>34,033,128</u> |
| Gain (Loss) on disposal of capital assets | - | - | - | - | - |
| Transfers | 203,748 | 480,438 | 1,028,256 | 419,885 | 1,025,651 |
| Total governmental activities | <u>32,204,668</u> | <u>50,693,404</u> | <u>34,218,775</u> | <u>34,050,151</u> | <u>35,058,779</u> |

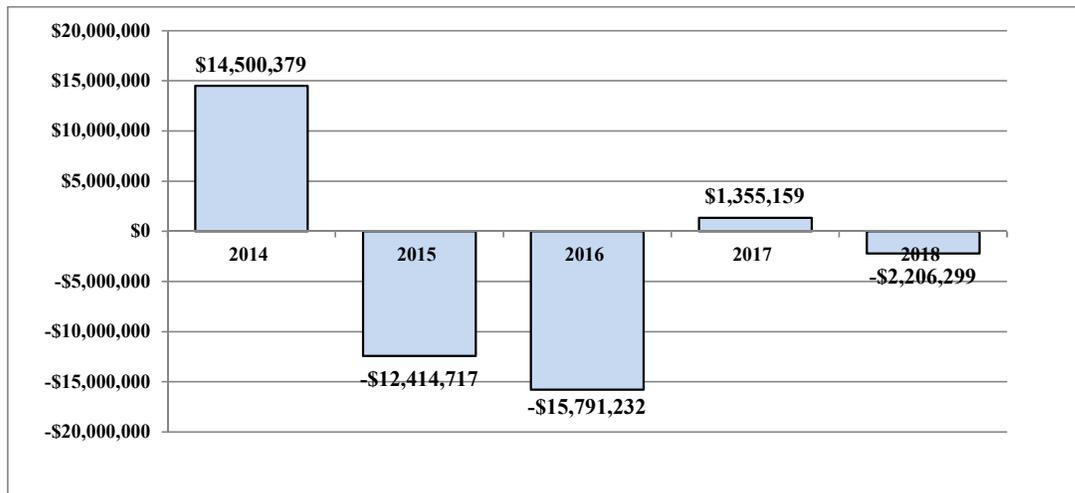
Schedule 2
CITY OF ALBANY, OREGON
CHANGE IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

| 2014 | 2015 | 2016 | 2017 | 2018 | |
|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| | | | | | Expenses |
| \$ 7,493,529 | \$ 7,667,638 | \$ 11,956,298 | \$ 11,627,250 | \$ 11,905,562 | Governmental activities: |
| 26,533,616 | 20,771,259 | 39,213,576 | 33,190,548 | 35,845,712 | General government |
| 7,015,625 | 6,577,224 | 5,926,402 | 6,116,216 | 4,468,119 | Public safety |
| 9,071,696 | 7,939,789 | 13,557,065 | 11,634,285 | 13,667,104 | Highways and streets |
| 728,980 | 710,061 | 1,240,044 | 1,295,382 | 1,279,266 | Culture and recreation |
| | | | | | Interest on long-term debt |
| <u>50,843,446</u> | <u>43,665,971</u> | <u>71,893,385</u> | <u>63,863,681</u> | <u>67,165,763</u> | Total governmental activities expenses |
| | | | | | Business-type activities |
| 12,281,328 | 11,524,422 | 14,550,636 | 12,640,992 | 12,267,390 | Water |
| 14,114,463 | 14,765,389 | 17,663,062 | 15,726,496 | 15,140,083 | Sewer |
| - | - | - | 1,095,648 | 1,708,963 | |
| <u>26,395,791</u> | <u>26,289,811</u> | <u>32,213,698</u> | <u>29,463,136</u> | <u>29,116,436</u> | Total business-type activities expenses |
| | | | | | Program Revenues |
| | | | | | Governmental activities: |
| | | | | | Charges for services: |
| 4,081,131 | 3,487,011 | 3,718,959 | 4,173,637 | 4,621,225 | General Government |
| 2,693,877 | 3,150,776 | 3,291,540 | 3,941,179 | 4,246,900 | Public Safety |
| 158,753 | 134,615 | 138,139 | 101,502 | 104,238 | Highways and Streets |
| 893,172 | 995,606 | 1,016,928 | 1,099,530 | 1,049,007 | Culture and recreation |
| 5,336,946 | 5,591,657 | 5,461,409 | 5,671,185 | 11,016,549 | Operating grants and contributions |
| 4,134,157 | 3,459,206 | 3,659,772 | 2,700,427 | 2,226,433 | Capital grants and contributions |
| <u>17,298,036</u> | <u>16,818,871</u> | <u>17,286,747</u> | <u>17,687,460</u> | <u>23,264,352</u> | Total governmental activities program revenues |
| | | | | | Business-type activities |
| 13,055,548 | 13,820,209 | 13,594,778 | 16,764,392 | 14,268,332 | Water |
| 15,524,322 | 29847180 | 16,645,445 | 20,963,015 | 17,675,781 | Sewer |
| - | - | - | 974,504 | 2,035,666 | |
| <u>28,579,870</u> | <u>13,820,209</u> | <u>30,240,223</u> | <u>38,701,911</u> | <u>33,979,779</u> | Total business-type activities program revenues |
| <u>45,877,906</u> | <u>30,639,080</u> | <u>47,526,970</u> | <u>56,389,371</u> | <u>57,244,131</u> | Total program revenues |
| | | | | | General Revenues |
| | | | | | Governmental activities: |
| | | | | | Taxes: |
| 25,857,223 | 26,146,965 | 27,578,824 | 29,075,234 | 31,312,153 | Property taxes used for general purposes |
| 1,346,036 | 1,305,558 | 1,036,443 | 1,083,756 | 1,158,749 | Property taxes used for debt service |
| 803,805 | 927,172 | 1,058,892 | 1,117,460 | 1,061,288 | Transient room taxes used for general purposes |
| - | - | - | - | - | Transient room taxes used for debt service |
| 2,913,483 | 2,899,968 | 3,046,727 | 3,120,603 | - | Motor fuel |
| 1,251,981 | 1,300,909 | 1,317,405 | 1,336,937 | 1,982,371 | Marijuana, cigarette and alcoholic beverage |
| 2,966,949 | 2,984,718 | 3,572,017 | 3,901,524 | 3,950,218 | Privilege |
| - | - | - | - | - | Contributions to permanent funds |
| - | - | - | - | - | Grants and contributions not restricted to specific programs |
| 273,722 | 200,035 | 463,554 | 334,206 | 573,550 | Unrestricted interest earnings |
| 186,145 | 901,434 | 1,246,118 | 967,589 | 1,321,198 | Miscellaneous |
| <u>35,599,344</u> | <u>36,666,759</u> | <u>39,319,980</u> | <u>40,937,309</u> | <u>41,359,527</u> | Total governmental activities general revenues |
| - | - | - | - | 836,387 | Gain (Loss) on disposal of capital assets |
| 1,689,391 | 1,083,453 | 1,196,104 | 1,076,350 | 1,262,303 | Transfers |
| <u>37,288,735</u> | <u>37,750,212</u> | <u>40,516,084</u> | <u>42,013,659</u> | <u>43,458,217</u> | Total governmental activities |

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

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|----------------------|-----------------------|----------------------|----------------------|-----------------------|
| General Revenues, continued | | | | | |
| Business-type activities | | | | | |
| Property taxes used for debt service | \$ 813,948 | \$ 660,343 | \$ (2,852) | \$ 8,655 | \$ 12,205 |
| Unrestricted investment earnings | 853,758 | 623,298 | 272,181 | 224,922 | 264,875 |
| Gain on disposal of real property | - | - | - | - | - |
| Miscellaneous | 663,492 | 3,159,835 | 6,858,672 | 2,998,110 | 5,785,325 |
| Total business-type activities general revenues | 2,331,198 | 4,443,476 | 7,128,001 | 3,231,687 | 6,062,405 |
| Transfers | (203,748) | (480,438) | (1,028,256) | (419,885) | (1,025,651) |
| Total business-type activities | 2,127,450 | 3,963,038 | 6,099,745 | 2,811,802 | 5,036,754 |
| Change in Net Position | | | | | |
| Governmental activities | 15,733,321 | 3,808,910 | (548,822) | (677,106) | 3,743,325 |
| Business-type activities | 8,642,205 | 9,343,203 | 4,922,836 | 5,614,086 | 903,110 |
| Total Change in net position | 24,375,526 | 13,152,113 | 4,374,014 | 4,936,980 | 4,646,435 |
| Net position - beginning | 253,807,744 | 267,544,716 | 291,510,587 | 302,584,425 | 304,234,292 |
| Prior period adjustments | - | - | - | - | (1,003,135) |
| Net position - ending | <u>\$278,183,270</u> | <u>\$ 280,696,829</u> | <u>\$295,884,601</u> | <u>\$307,521,405</u> | <u>\$ 307,877,592</u> |

Change in Net Position
last five years

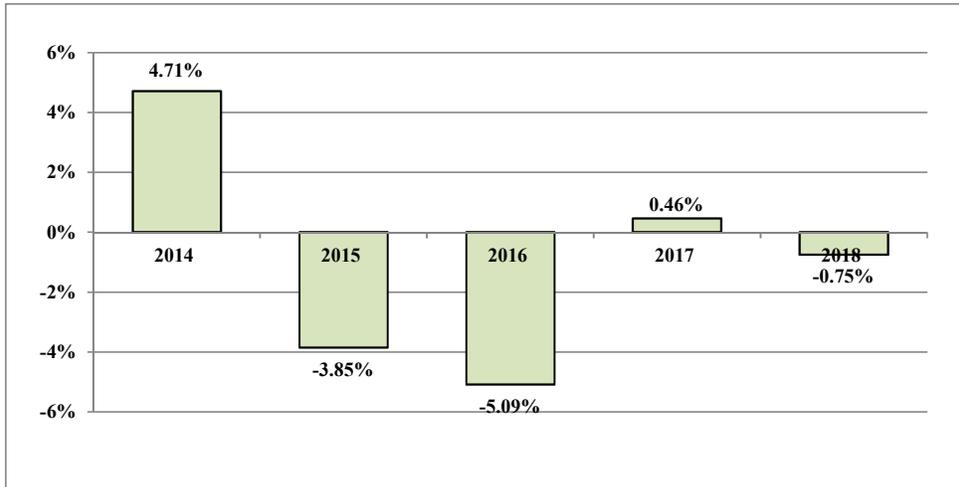


Source: City of Albany 2009-2018 Comprehensive Annual Financial Reports

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

| 2014 | 2015 | 2016 | 2017 | 2018 | |
|----------------------|----------------------|----------------------|----------------------|----------------------|---|
| | | | | | General Revenues, continued |
| | | | | | Business-type activities |
| \$ 2,298 | \$ 3,588 | \$ 263 | \$ 62 | \$ 184 | Property taxes used for debt service |
| 237,294 | 332,210 | 318,536 | 189,390 | 362,699 | Unrestricted investment earnings |
| - | - | - | - | - | Gain on disposal of real property |
| 168,830 | 62,372 | 52,702 | 227,198 | 192,273 | Miscellaneous |
| 408,422 | 398,170 | 371,501 | 416,650 | 555,156 | Total business-type activities general revenues |
| (1,689,391) | (1,083,453) | (1,196,104) | (1,076,350) | (1,262,303) | Transfers |
| (1,280,969) | (685,283) | (824,603) | (659,700) | (707,147) | Total business-type activities |
| | | | | | Change in Net Position |
| | | | | | Governmental activities |
| 10,903,112 | 10,903,112 | (14,090,554) | (4,162,562) | (443,194) | Business-type activities |
| 3,528,333 | 5,597,801 | (2,798,078) | 8,579,075 | 4,156,196 | Total Change in net position |
| 14,431,445 | 16,500,913 | (16,888,632) | 4,416,513 | 3,713,002 | Net position - beginning |
| 307,946,526 | 312,698,939 | 309,963,254 | 294,172,022 | 295,527,181 | Prior period adjustments |
| - | (19,236,598) | 1,097,400 | (3,061,354) | (5,919,301) | Net position - ending |
| <u>\$322,377,971</u> | <u>\$309,963,254</u> | <u>\$294,172,022</u> | <u>\$295,527,181</u> | <u>\$293,320,882</u> | |

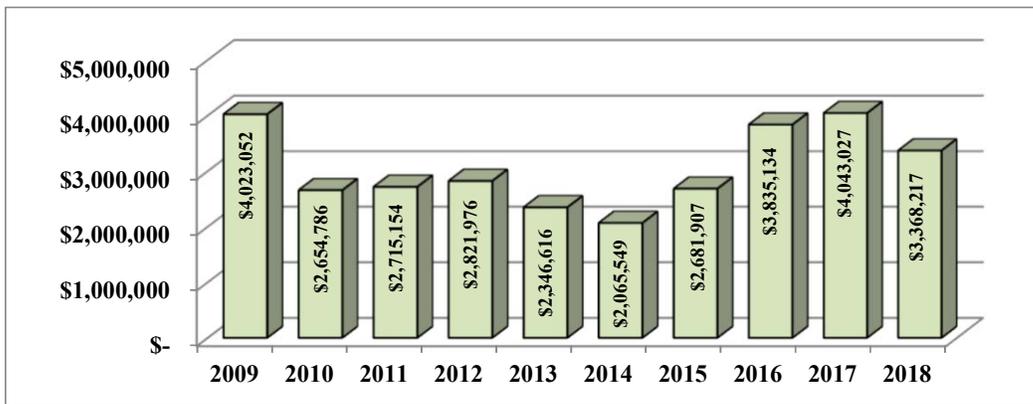
Year to Year Percentage Change in Net Position
 last five years



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

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | |
| Unreserved | \$ 4,023,052 | \$ 2,654,786 | \$ - | \$ - | \$ - |
| Nonspendable | - | - | 65,245 | 62,147 | 101,672 |
| Committed | - | - | 185,139 | 165,567 | 176,067 |
| Unassigned | - | - | 2,464,770 | 2,594,262 | 2,068,877 |
| Total General Fund | <u>4,023,052</u> | <u>2,654,786</u> | <u>2,715,154</u> | <u>2,821,976</u> | <u>2,346,616</u> |
| All other governmental funds | | | | | |
| Reserved for: | | | | | |
| Capital projects | 7,853,494 | 7,879,049 | - | - | - |
| Debt service | 931,686 | 874,973 | - | - | - |
| Library programs | 11,464 | 7,265 | - | - | - |
| Parks & Recreation programs | 11,079 | 11,733 | - | - | - |
| Perpetual care | 117,502 | 117,500 | - | - | - |
| Unreserved, reported in: | | | | | |
| Special revenue funds | 14,190,275 | 30,682,955 | - | - | - |
| Capital project fund | 488,673 | (2,046,965) | - | - | - |
| Nonspendable | - | - | 130,860 | 118,130 | 135,077 |
| Restricted | - | - | 14,739,849 | 10,972,119 | 9,537,754 |
| Committed | - | - | 23,279,884 | 21,519,026 | 21,919,612 |
| Unassigned | - | - | (2,782,392) | (298,795) | (2,778,516) |
| Total all other governmental funds | <u>23,604,173</u> | <u>37,526,510</u> | <u>35,368,201</u> | <u>32,310,480</u> | <u>28,813,927</u> |
| Total fund balances of governmental funds | <u>\$ 27,627,225</u> | <u>\$ 40,181,296</u> | <u>\$ 38,083,355</u> | <u>\$ 35,132,456</u> | <u>\$ 31,160,543</u> |

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 2009-2018 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)

| 2014 | 2015 | 2016 | 2017 | 2018 | |
|----------------------|----------------------|----------------------|----------------------|----------------------|---|
| | | | | | General Fund |
| \$ - | \$ - | \$ - | \$ - | \$ - | Unreserved |
| 9,764 | 9,634 | 41,153 | 32,515 | 156 | Nonspendable |
| 279,918 | - | - | - | - | Committed |
| 1,775,867 | 2,672,273 | 3,793,981 | 4,010,512 | 3,368,061 | Unassigned |
| <u>2,065,549</u> | <u>2,681,907</u> | <u>3,835,134</u> | <u>4,043,027</u> | <u>3,368,217</u> | 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 |
| 156,092 | 169,542 | 152,185 | 146,093 | 124,744 | Nonspendable |
| 13,663,170 | 12,565,772 | 27,479,252 | 14,991,430 | 10,336,691 | Restricted |
| 21,652,083 | 20,480,214 | 21,614,668 | 19,747,584 | 19,576,312 | Committed |
| (3,589,921) | (2,566,638) | - | - | (4,214,620) | Unassigned |
| <u>31,881,424</u> | <u>30,648,890</u> | <u>49,246,105</u> | <u>34,885,107</u> | <u>25,823,127</u> | Total all other governmental funds |
| <u>\$ 33,946,973</u> | <u>\$ 33,330,797</u> | <u>\$ 53,081,239</u> | <u>\$ 38,928,134</u> | <u>\$ 29,191,344</u> | 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 |
|-------------|--------------|----------|
| 2009 | \$ 4,023,052 | - |
| 2010 | 2,654,786 | -34.01% |
| 2011 | - | -100.00% |
| 2012 | 2,594,262 | 0.00% |
| 2013 | 2,068,877 | -20.25% |
| 2014 | 1,775,867 | -14.16% |
| 2015 | 2,672,273 | 50.48% |
| 2016 | 3,793,981 | 41.98% |
| 2017 | 4,010,512 | 5.71% |
| 2018 | 3,368,061 | -16.02% |

The General Fund unreserved fund balance has decreased by -16.28 percent over the last ten years. The 2017-18 unassigned fund balance of \$3,368,061 is 9.16 percent of total expenditures before transfers out, and 8.66 percent of the total General Fund 2017-18 budget.

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

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| Revenues | | | | | |
| Taxes | \$ 23,723,701 | \$ 25,163,569 | \$ 26,932,006 | \$ 26,567,049 | \$ 26,566,424 |
| Special assessments | 82,653 | 64,604 | 42,830 | 47,734 | 28,863 |
| Franchise fees, privilege taxes, licenses, and permits | 6,654,711 | 6,390,875 | 6,169,128 | 5,649,180 | 5,831,905 |
| Intergovernmental | 7,124,187 | 8,129,421 | 9,331,327 | 9,389,439 | 9,039,634 |
| Charges for services | 5,599,253 | 5,043,672 | 5,204,052 | 4,967,810 | 5,697,879 |
| Fines and forfeitures | 927,897 | 839,861 | 769,200 | 731,135 | 3,101 |
| Gifts and donations | - | - | - | - | - |
| Land sales | - | - | - | - | - |
| Interest on investments | 964,613 | 595,031 | 348,336 | 262,531 | 397,315 |
| Miscellaneous | 2,776,430 | 19,366,270 | 481,375 | 836,338 | 1,180,098 |
| Total revenues | <u>47,853,445</u> | <u>65,593,303</u> | <u>49,278,254</u> | <u>48,451,216</u> | <u>48,745,219</u> |
| Expenditures | | | | | |
| General government | 8,223,631 | 9,002,393 | 5,916,136 | 5,444,422 | 7,064,448 |
| Public safety | 23,932,216 | 24,225,530 | 25,218,770 | 25,643,030 | 24,762,823 |
| Highways and streets | 3,651,135 | 3,599,042 | 3,553,451 | 3,483,170 | 3,472,264 |
| Culture and recreation | 7,349,399 | 7,569,933 | 7,078,644 | 8,475,037 | 7,608,139 |
| Health | - | - | - | - | - |
| Capital outlay | 9,541,626 | 8,135,811 | 5,975,749 | 5,800,086 | 6,226,543 |
| Debt service | | | | | |
| Principal | 3,854,453 | 1,908,434 | 3,585,926 | 2,017,524 | 3,905,432 |
| Interest | 1,170,493 | 1,112,461 | 1,075,775 | 958,731 | 870,010 |
| Total expenditures | <u>57,722,953</u> | <u>55,553,604</u> | <u>52,404,451</u> | <u>51,822,000</u> | <u>53,909,659</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(9,869,508)</u> | <u>10,039,699</u> | <u>(3,126,197)</u> | <u>(3,370,784)</u> | <u>(5,164,440)</u> |
| Other financing sources (uses) | | | | | |
| Debt issuance | 2,102,500 | 1,958,800 | - | - | - |
| Capital lease | 352,395 | 75,139 | - | - | 166,876 |
| Sale of capital asset | - | - | - | - | - |
| Transfers in | 5,869,492 | 5,836,489 | 10,705,097 | 10,417,617 | 4,960,950 |
| Transfers out | (5,665,744) | (5,356,051) | (9,676,841) | (9,997,732) | (3,935,299) |
| Total other financing sources (uses) | <u>2,658,643</u> | <u>2,514,377</u> | <u>1,028,256</u> | <u>419,885</u> | <u>1,192,527</u> |
| Prior period adjustments | - | - | - | - | - |
| Net change in fund balances | <u>\$ (7,210,865)</u> | <u>\$ 12,554,076</u> | <u>\$ (2,097,941)</u> | <u>\$ (2,950,899)</u> | <u>\$ (3,971,913)</u> |

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. In Fiscal Year 2015-16, the City issued \$18,000,000 in general obligation bonds to finance the new public safety buildings.

Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures

| | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total debt service expenditures | \$ 5,024,946 | \$ 3,020,895 | \$ 4,661,701 | \$ 2,961,701 | \$ 2,976,255 |
| Total noncapital expenditures | <u>48,181,327</u> | <u>47,417,793</u> | <u>46,428,702</u> | <u>46,021,914</u> | <u>47,683,116</u> |
| Ratio of total debt service expenditures less refundings to total noncapital expenditures | <u>10.43%</u> | <u>6.37%</u> | <u>10.04%</u> | <u>6.44%</u> | <u>6.24%</u> |

Source: City of Albany 2009-2018 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)

| 2014 | 2015 | 2016 | 2017 | 2018 | |
|---------------|----------------|---------------|-----------------|----------------|--|
| | | | | | Revenues |
| \$ 27,416,529 | \$ 28,286,016 | \$ 29,897,203 | \$ 31,464,424 | \$ 33,367,732 | Taxes |
| 17,864 | 817,846 | 526,610 | 281,495 | 2,614 | Special assessments |
| | | - | - | - | Franchise fees, privilege taxes, licenses, and permits |
| 6,502,757 | 7,217,726 | 7,621,457 | 8,925,034 | 8,799,331 | Intergovernmental |
| 10,517,304 | 9,332,104 | 9,123,174 | 8,450,512 | 11,047,952 | Charges for services |
| 6,082,333 | 5,927,810 | 6,326,874 | 6,907,045 | 7,481,482 | Fines and forfeitures |
| 3,123 | 3,127 | 8,403 | 19,544 | 61,362 | Gifts and donations |
| | | - | - | - | Land sales |
| | | 11,496 | - | - | Interest on investments |
| 271,182 | 197,437 | 456,806 | 328,560 | 566,717 | Miscellaneous |
| 1,337,583 | 1,159,726 | 1,088,232 | 1,416,602 | 2,744,583 | Total revenues |
| 52,148,675 | 52,941,792 | 55,060,255 | 57,793,216 | 64,071,773 | |
| | | | | | Expenditures |
| 6,686,132 | 7,544,431 | 10,080,973 | 11,609,197 | 15,480,203 | General government |
| 25,595,092 | 25,997,415 | 27,404,433 | 28,332,212 | 32,391,938 | Public safety |
| 3,128,945 | 2,980,799 | 3,056,329 | 3,108,781 | 3,076,288 | Highways and streets |
| 8,056,710 | 8,368,902 | 8,779,572 | 9,158,782 | 9,530,126 | Culture and recreation |
| | | 125,745 | 130,621 | 151,939 | Health |
| 3,952,086 | 7,926,087 | 6,485,115 | 18,409,687 | 12,978,050 | Capital outlay |
| | | | | | Debt service |
| 2,237,146 | 1,741,794 | 1,016,605 | 983,483 | 1,052,140 | Principal |
| 755,175 | 714,071 | 1,212,756 | 1,315,505 | 1,304,598 | Interest |
| 50,411,286 | 55,273,499 | 58,161,528 | 73,048,268 | 75,965,282 | Total expenditures |
| | | | | | Excess (deficiency) of revenues over (under) expenditures |
| 1,737,389 | (2,331,707) | (3,101,273) | (15,255,052) | (11,893,509) | |
| | | | | | Other financing sources (uses) |
| | | 18,636,260 | - | - | Debt issuance |
| | 86,005 | 242,881 | - | 206,481 | Capital lease |
| | | 1,745,013 | - | 836,387 | Sale of capital asset |
| 6,660,676 | 6,577,243 | 12,316,154 | 6,913,140 | 8,289,131 | Transfers in |
| (4,995,277) | (5,493,790) | (11,120,050) | (5,876,890) | (7,175,028) | Transfers out |
| 1,665,399 | 1,169,458 | 21,820,258 | 1,036,250 | 2,156,971 | Total other financing sources (uses) |
| | (70,285) | 1,031,457 | 65,699 | (252) | Prior period adjustments |
| \$ 3,402,788 | \$ (1,232,534) | \$ 19,750,442 | \$ (14,153,103) | \$ (9,736,790) | Net change in fund balances |
| | | | | | - |
| \$ 2,992,321 | \$ 2,455,865 | \$ 2,229,361 | \$ 2,298,988 | \$ 2,356,738 | Total debt service expenditures |
| 46,459,200 | 44,350,115 | 51,002,132 | 51,671,259 | 56,275,403 | Total noncapital expenditures |
| 6.44% | 5.54% | 4.37% | 4.45% | 4.19% | 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

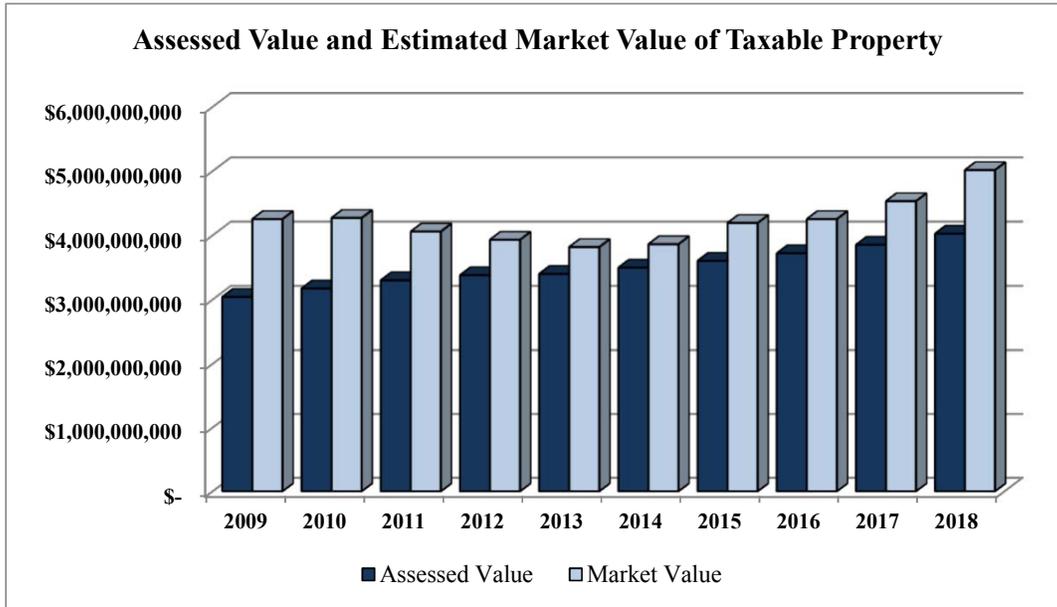
| Fiscal Year Ended June 30, | County | Taxable Assessed Value (1) | Direct Tax Rate Per \$1,000 of Assessed Value | Urban Renewal District Assessed Value (2) | Total Assessed Value | Estimated Market Value | Assessed Value as a % of Market Value |
|----------------------------|--------|----------------------------|---|---|----------------------|------------------------|---------------------------------------|
| 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% |
| 2017 | Linn | 2,909,474,715 | 8.15 | 187,383,932 | 3,096,858,647 | 3,642,062,176 | 85.03% |
| | Benton | 753,694,742 | 7.84 | - | 753,694,742 | 887,834,609 | 84.89% |
| | Total | 3,663,169,457 | | 187,383,932 | 3,850,553,389 | 4,529,896,785 | 85.00% |
| 2018 | Linn | 3,015,678,290 | 8.15 | 213,174,791 | 3,228,853,081 | 4,005,117,742 | 80.62% |
| | Benton | 795,173,155 | 7.84 | - | 795,173,155 | 1,009,149,143 | 78.80% |
| | Total | 3,810,851,445 | | 213,174,791 | 4,024,026,236 | 5,014,266,885 | 80.25% |

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

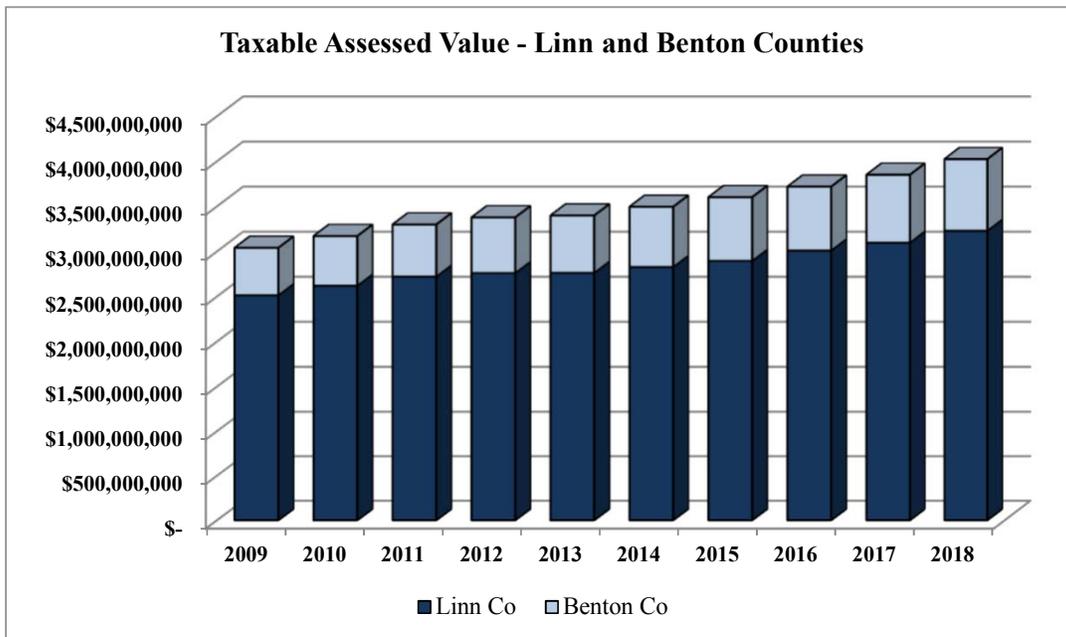
(2) Urban renewal district incremental amount.

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



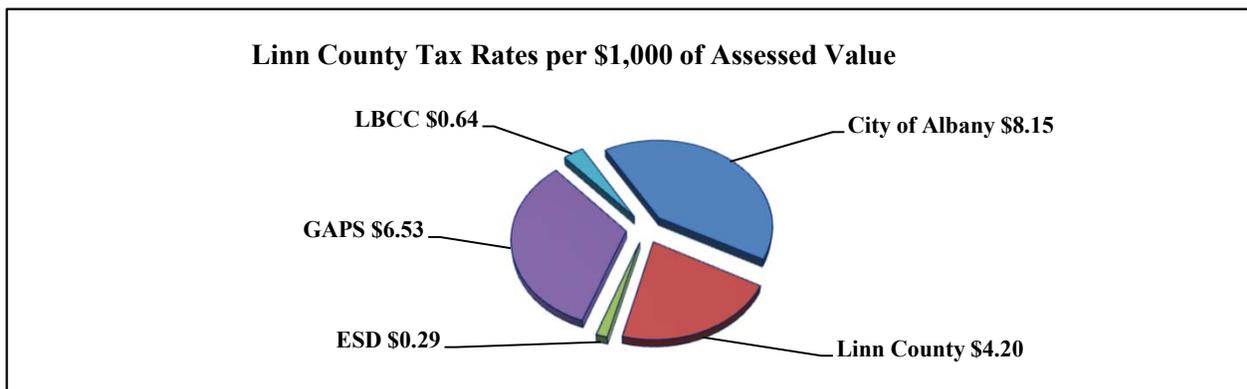
The "gap" between the market value and the assessed value is important to note. Oregon statutes allow the assessed value on a single piece of property to rise no more than three percent annually up to the market value, where the assessed value is capped. Currently, the assessed value is 80.25 percent of market value, leaving a \$990,240,649 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 |
|----------------------------|--------|------------|---------------------------------|---------------------------------|----------------------------|----------------------|-------------------|
| 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 |
| 2017 | Linn | 6.40 | 1.15 | 0.29 | 7.84 | 0.31 | 8.15 |
| | Benton | 6.40 | 1.15 | 0.29 | 7.84 | - | 7.84 |
| 2018 | Linn | 6.40 | 1.15 | 0.29 | 7.84 | 0.31 | 8.15 |
| | Benton | 6.40 | 1.15 | 0.29 | 7.84 | - | 7.84 |



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

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

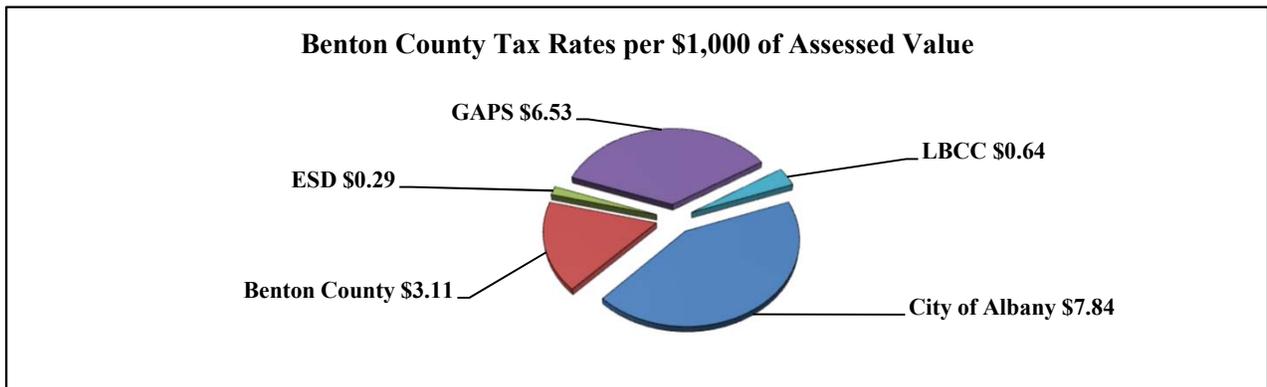
LBCC - Linn-Benton Community College
 NACSD - North Albany County Service District

Source: Linn and Benton County Tax Assessors

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

Overlapping Rates

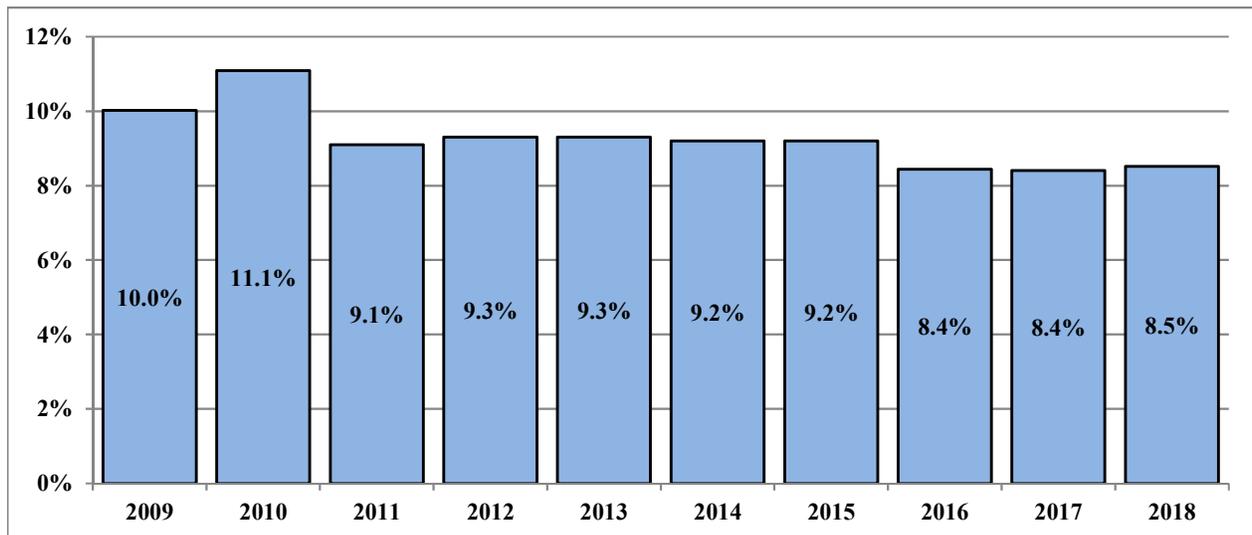
| Linn County | Benton County | 4H Extension District (2) | ESD(2) Linn/Benton Counties | Greater Albany Public School District | Linn-Benton Community College | North Albany County Service District | Total Direct & Overlapping Rates |
|-------------|---------------|---------------------------|-----------------------------|---------------------------------------|-------------------------------|--------------------------------------|----------------------------------|
| 3.51 | - | - | 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 | - | 19.03 |
| - | 2.94 | - | 0.29 | 5.98 | 0.66 | - | 17.87 |
| 3.86 | - | 0.05 | 0.29 | 5.97 | 0.65 | - | 19.05 |
| - | 3.02 | - | 0.29 | 5.97 | 0.65 | - | 17.97 |
| 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 |
| 4.21 | - | 0.07 | 0.29 | 5.79 | 0.64 | - | 19.14 |
| - | 3.11 | - | 0.29 | 5.79 | 0.64 | - | 17.66 |
| 4.20 | - | 0.07 | 0.29 | 6.53 | 0.64 | - | 19.87 |
| - | 3.11 | - | 0.29 | 6.53 | 0.64 | - | 18.40 |



Schedule 7
CITY OF ALBANY, OREGON
PRINCIPAL PROPERTY TAXPAYERS
 Fiscal Years 2008-2009 and 2017-2018

| Taxpayer | 2017-2018 | | % of Total Taxable Assessed Value | 2008-2009 | | % of Total Taxable Assessed Value |
|---|------------------------------|------|---|------------------------------|------|---|
| | Taxable Assessed Value | Rank | | Taxable Assessed Value | Rank | |
| Dayton Hudson Corporation | \$ 70,007,150 | 1 | 1.74% | \$ 79,508,329 | 1 | 2.91% |
| Oregon Freeze Dry Foods, Inc. | 41,266,780 | 2 | 1.03% | 32,227,813 | 3 | 1.05% |
| Comcast Corporation | 28,805,300 | 3 | 0.72% | | | |
| WR Grace & Co Conn | 28,355,010 | 4 | 0.70% | | | |
| Oregon Metallurgical Corporation | 25,408,136 | 5 | 0.63% | 45,023,195 | 2 | 1.15% |
| Pacific Cast Technologies | 23,796,670 | 6 | 0.59% | 18,508,291 | 6 | |
| Pacificorp (PP&L) | 21,575,000 | 7 | 0.54% | | | 2.31% |
| Energ2 Inc | 20,227,240 | 8 | 0.50% | | | |
| Northwest Natural Gas | 19,543,000 | 9 | 0.49% | | | 1.49% |
| Mennonite Home of Albany | 19,382,252 | 10 | 0.48% | 13,481,895 | 8 | 0.70% |
| Metropolitan Life Insurance | 18,120,240 | | | 15,938,280 | 7 | 0.56% |
| Costco Wholesale Corp | 14,690,370 | | | 12,362,375 | 9 | 0.49% |
| SVC Manufacturing | 11,854,860 | | | 10,329,765 | 10 | 0.49% |
| Waverly Land Management | | | | 22,608,520 | 5 | 0.80% |
| Steadfast Heritage, LLC | | | | 22,763,900 | 4 | 0.91% |
| Total | \$ 343,032,008 | | 8.52% | \$ 272,752,363 | | 12.86% |
| Total taxable assessed value, all properties | <u>\$ 4,024,026,236</u> | | | <u>\$ 3,039,853,252</u> | | |

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



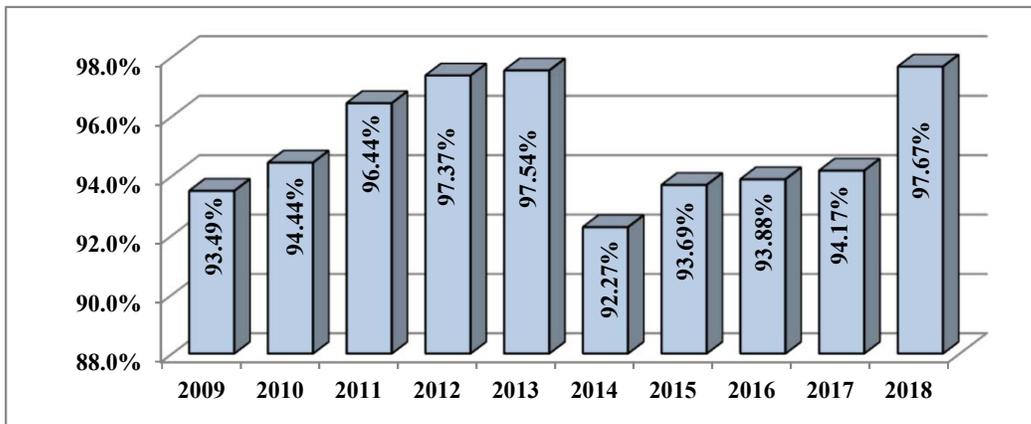
Source: Linn and Benton County Tax Assessors

(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 |
|----------------------------|--|--|----------------------|---------------------------------|---------------------------|--------------------------------|
| 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% | 1,354,298 | 25,666,227 | 99.70% |
| 2011 | 27,273,089 | 26,303,489 | 96.44% | 862,575 | 27,166,064 | 99.61% |
| 2012 | 26,575,455 | 25,877,086 | 97.37% | 463,582 | 26,340,668 | 99.12% |
| 2013 | 26,473,672 | 25,822,827 | 97.54% | 534,779 | 26,357,606 | 99.56% |
| 2014 | 27,562,841 | 25,431,964 | 92.27% | 1,948,149 | 27,380,113 | 99.34% |
| 2015 | 27,836,933 | 26,079,556 | 93.69% | 781,743 | 26,861,299 | 96.50% |
| 2016 | 29,171,625 | 27,387,358 | 93.88% | 567,162 | 27,954,520 | 95.83% |
| 2017 | 30,457,817 | 28,683,273 | 94.17% | 363,919 | 29,047,192 | 95.37% |
| 2018 | 32,499,303 | 31,741,907 | 97.67% | - | 31,741,907 | 97.67% |

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 95.13 percent of the levy as extended by the assessors.

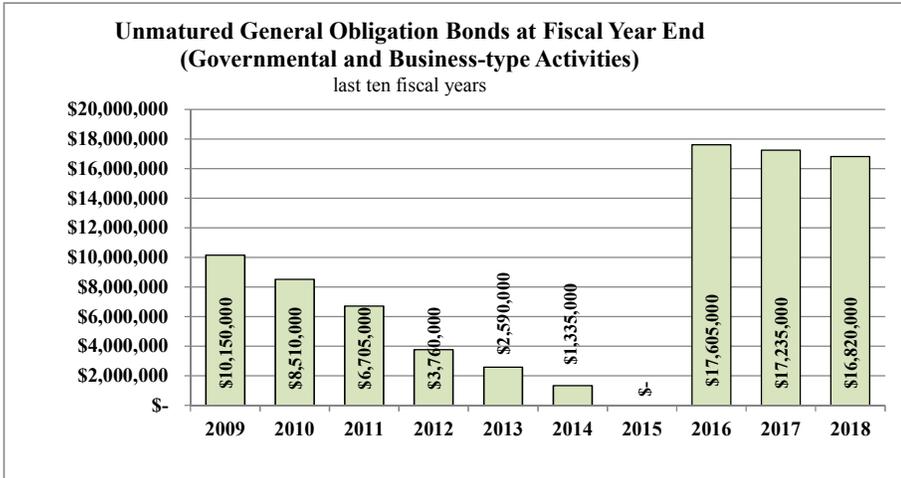
There are three ways in which property tax revenue can be adversely affected by a slowdown in the economy: 1) market value falls below assessed value; 2) assessed value falls; and 3) the rate of tax collection falls. Because of the healthy gap between market values and assessed values, there would be 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 2017-18 revenues. The tax collection rate will also be a factor in the preparation of the 2018-19 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

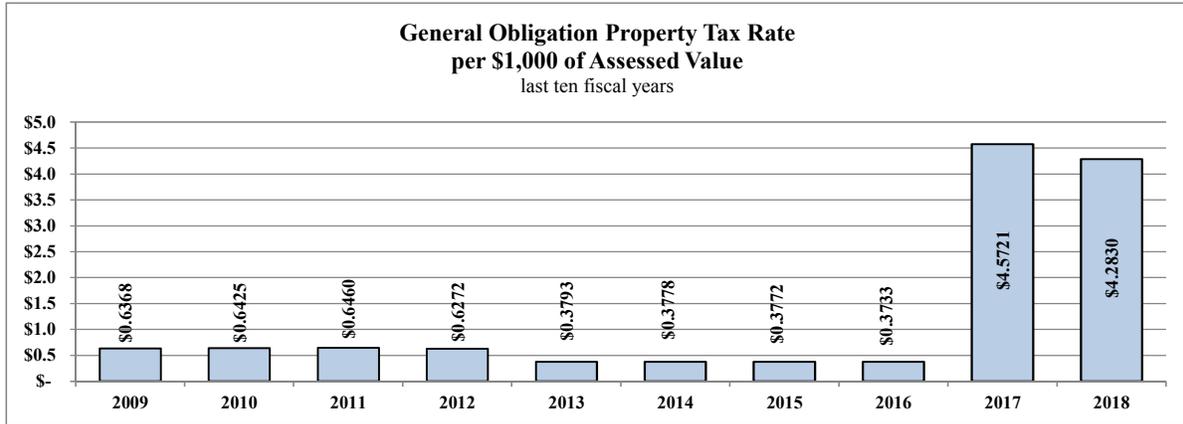
| Fiscal Year Ended June 30, | GOVERNMENTAL ACTIVITIES | | | | | | | |
|----------------------------|------------------------------|-----------------------------|---------------|---------------------------------|-----------------------------|----------------------------------|---------------|----------------|
| | General Obligation Bonds (5) | Special Assessment Debt (1) | Revenue Bonds | Limited Tax Pension Obligations | General Revenue Obligations | Urban Renewal (UR) TIF Bonds(2) | Notes Payable | Capital Leases |
| 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 |
| 2017 | 17,235,000 | - | - | 4,992,002 | 500,000 | 2,014,000 | - | 131,334 |
| 2018 | 16,820,000 | - | - | 4,880,861 | 340,000 | 1,648,000 | - | 239,805 |



The above chart reflects the issuance of general obligation bonds in FY 2015-16.

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

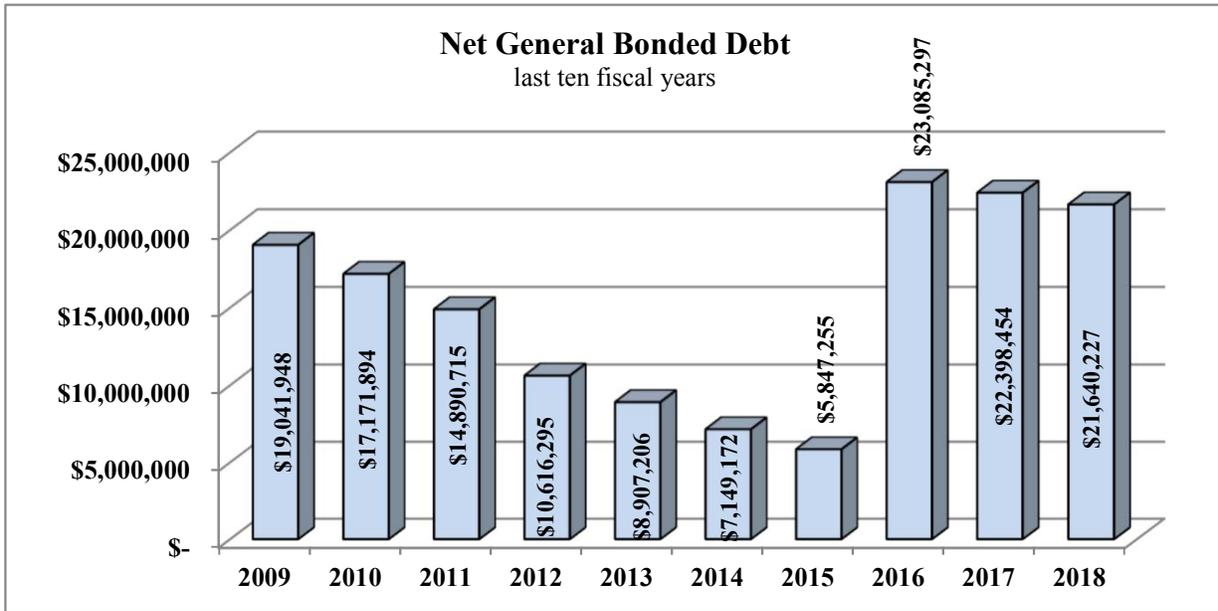
| BUSINESS-TYPE ACTIVITIES | | | | | | | |
|--------------------------------|-------------------------------|---------------------------|-------------------------------------|----------------------|------------------------------|----------------------------|-----------------------|
| General Obligation Bonds | Water Revenue Bonds (4) | Sewer Revenue Bonds | Certificates of Participation | Notes Payable (3) | Total Outstanding Debt | % of Personal Income | Debt per Capita |
| 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 | 2.56% | 1,858 |
| - | 25,570,000 | - | - | 55,321,160 | 106,824,386 | 2.83% | 2,106 |
| - | 24,595,000 | - | - | 51,632,167 | 101,099,503 | 2.40% | 1,972 |
| - | 23,575,000 | - | - | 47,700,361 | 95,204,027 | n/a | 1,843 |



The average annual increase in assessed value over the ten-year period is just under three percent, with a high of 5.8 percent in 2007 and a low of 0.63 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 | Limited Tax Pension Obligations | Certificates of Participation | General Revenue Obligations |
|----------------------------|------------|------------------|--------------------------|---------------------------------|-------------------------------|-----------------------------|
| 2009 | 49,165 | \$ 3,039,853,252 | \$10,150,000 | \$ 6,618,738 | \$ - | \$2,960,000 |
| 2010 | 49,530 | 3,170,419,070 | 8,510,000 | 6,545,507 | - | 2,645,000 |
| 2011 | 50,325 | 3,298,608,206 | 6,705,000 | 6,463,368 | - | 2,325,000 |
| 2012 | 50,520 | 3,377,298,176 | 3,760,000 | 5,513,557 | - | 1,660,000 |
| 2013 | 50,710 | 3,398,584,772 | 2,590,000 | 5,415,689 | - | 1,305,000 |
| 2014 | 50,720 | 3,495,260,256 | 1,335,000 | 5,314,001 | - | 940,000 |
| 2015 | 51,270 | 3,602,099,109 | - | 5,208,982 | - | 800,000 |
| 2016 | 51,670 | 3,718,890,337 | 17,605,000 | 5,101,484 | - | 655,000 |
| 2017 | 52,540 | 3,850,553,389 | 17,235,000 | 4,992,002 | - | 500,000 |
| 2018 | 52,710 | 4,024,026,236 | 16,820,000 | 4,880,861 | - | 340,000 |

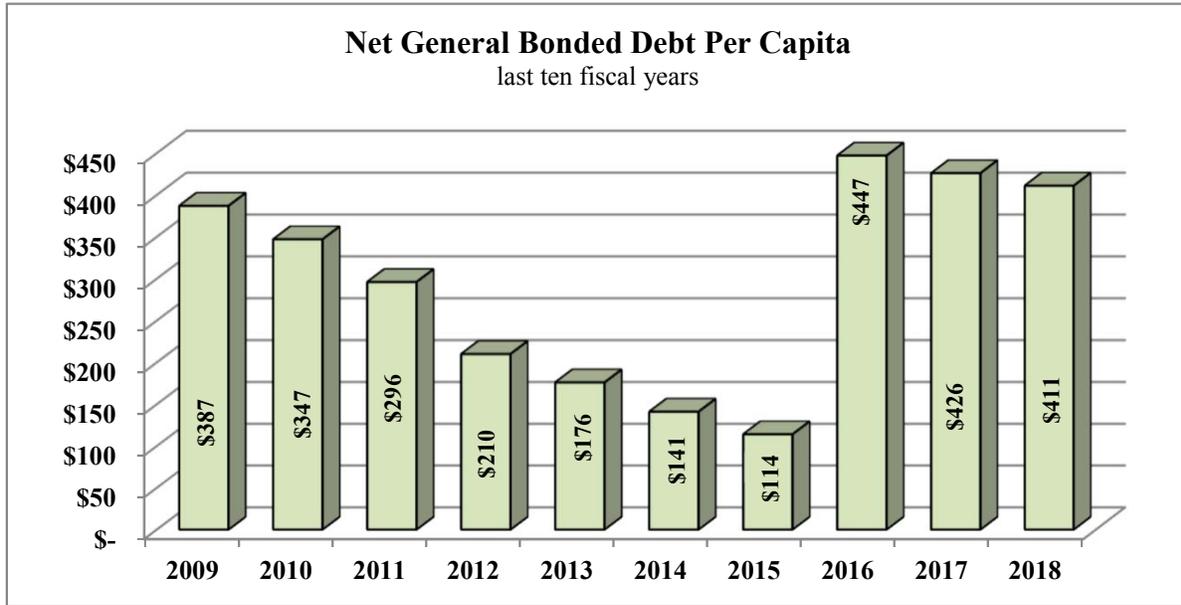


- (1) General bonded debt includes general obligation bonds and other bonded debt financed with any general governmental resources excluding special assessment bonds.
- (2) In March 1999, \$9,850,000 of general obligation bonds were issued to finance the reconstruction of four major arterial roads within the City.
- (3) Available for the 2002 Limited Tax Pension Bonds and the 2015 Public Safety Facility Bonds.

Source: City of Albany 2009-2018 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

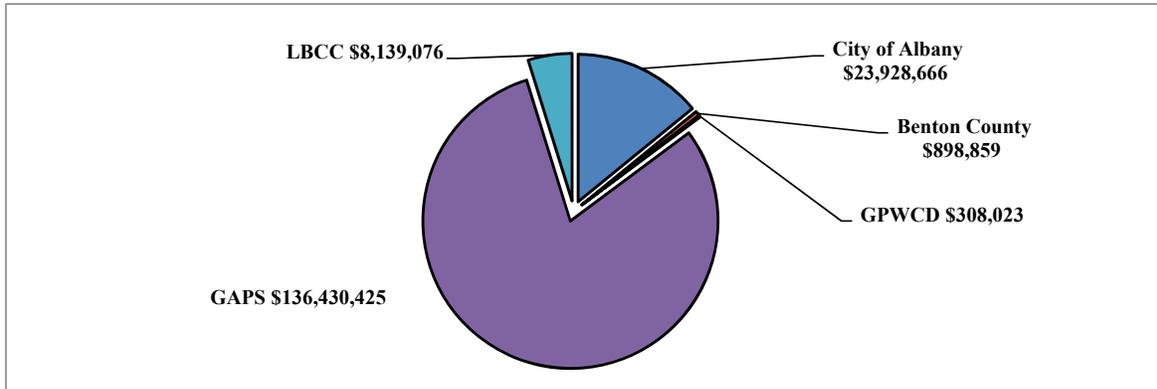
| Less: Amounts Available in Debt Service Fund (3) | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt Per Capita | Net Bonded Debt as a Percent of Personal Income |
|--|-----------------------|--|-------------------------------------|--|
| \$ 686,790 | \$ 19,041,948 | 0.6264% | \$ 387.31 | 0.59% |
| 528,613 | 17,171,894 | 0.5416% | 346.70 | 0.53% |
| 602,653 | 14,890,715 | 0.4514% | 295.89 | 0.44% |
| 317,262 | 10,616,295 | 0.3143% | 210.14 | 0.30% |
| 403,483 | 8,907,206 | 0.2621% | 175.65 | 0.24% |
| 439,829 | 7,149,172 | 0.2045% | 140.95 | 0.19% |
| 161,727 | 5,847,255 | 0.1623% | 114.05 | 0.14% |
| 276,187 | 23,085,297 | 0.6208% | 446.78 | 0.51% |
| 328,548 | 22,398,454 | 0.5817% | 426.31 | 0.48% |
| 400,634 | 21,640,227 | 0.5378% | 410.55 | n/a |



Schedule 11
CITY OF ALBANY, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
as of June 30, 2018

| 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) | \$ 23,928,666 | 100.0000% | \$ 23,928,666 |
| OVERLAPPING DEBT | | | |
| Benton County | 7,420,000 | 12.1140% | 898,859 |
| Grand Prairie Water Control District (GPWCD) | 391,960 | 78.5853% | 308,023 |
| Greater Albany Public School (GAPS) District 8J | 185,811,251 | 73.4242% | 136,430,425 |
| Linn Benton Community College (LBCC) | 35,223,574 | 23.1069% | 8,139,076 |
| Total overlapping debt | 228,846,785 | | 145,776,383 |
| Total direct and overlapping debt | \$ 252,775,451 | | \$ 169,705,049 |

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 | \$ 16,820,000 |
| 2002 Limited Tax Pension Obligations | 4,880,861 |
| Total City of Albany net outstanding debt - bonded | 21,700,861 |

(3) Remaining City of Albany net outstanding debt

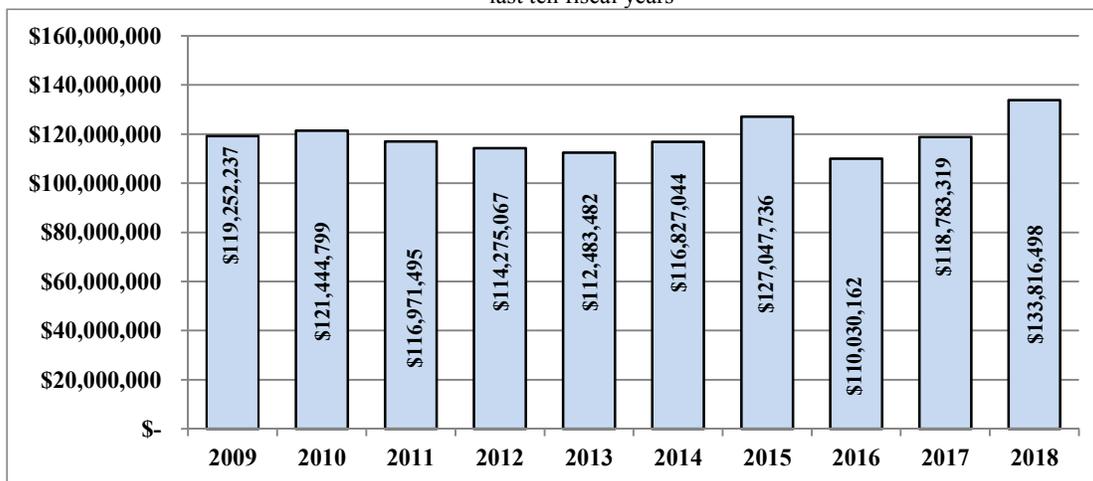
| | |
|--|----------------------|
| 2004 General Revenue Obligations | 340,000 |
| 2007 CARA Series A (Taxable) & B (Tax-exempt) UR Bonds | 1,648,000 |
| 2018 Capital Leases for City of Albany Police Cars | 239,805 |
| Total Remaining City of Albany net outstanding debt | 2,227,805 |
| Grand Total of City of Albany net outstanding debt | \$ 23,928,666 |

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

| | 2009 | 2010 | 2011 | 2012 |
|---|----------------------|-----------------------|-----------------------|-----------------------|
| Debt limitation | \$127,544,266 | \$ 128,080,822 | \$ 121,727,765 | \$ 117,889,589 |
| Total net debt applicable to limitation | 8,292,029 | 6,636,023 | 4,756,270 | 3,614,522 |
| Legal debt margin | <u>\$119,252,237</u> | <u>\$ 121,444,799</u> | <u>\$ 116,971,495</u> | <u>\$ 114,275,067</u> |
| Ratio of net debt applicable to the debt limitation | <u>6.50%</u> | <u>5.18%</u> | <u>3.91%</u> | <u>3.07%</u> |

Legal Debt Margin
 last ten fiscal years



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 12.21 percent (\$14,564,261) over the last ten years. During the same period, the City's true cash value increased by 17.94 percent (\$762,791,344) and the City's general obligation debt increased by 63.66 percent (\$6,461,509).

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

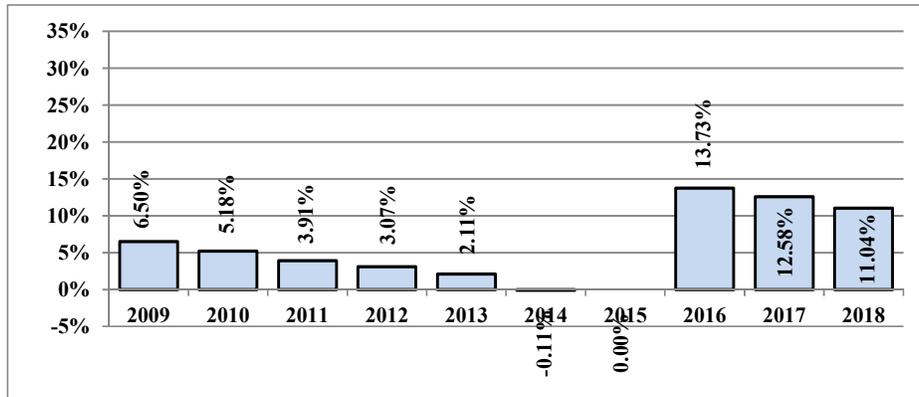
Schedule 12
CITY OF ALBANY, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
 Last Ten Fiscal Years

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---|
| \$114,909,144 | \$116,699,781 | \$127,047,736 | \$127,544,869 | \$135,869,904 | \$150,428,007 | Debt limitation |
| 2,425,662 | (127,263) | - | 17,514,707 | 17,086,585 | 16,611,509 | Total net debt applicable to limitation |
| <u>\$112,483,482</u> | <u>\$116,827,044</u> | <u>\$127,047,736</u> | <u>\$110,030,162</u> | <u>\$118,783,319</u> | <u>\$133,816,498</u> | Legal debt margin |
| <u>2.11%</u> | <u>-0.11%</u> | <u>0.00%</u> | <u>13.73%</u> | <u>12.58%</u> | <u>11.04%</u> | Ratio of net debt applicable to the debt limitation |

Legal debt margin calculation for Fiscal Year

| | |
|---|-----------------------|
| True cash value | \$ 5,014,266,885 |
| General obligation debt limit - 3% of true cash value | <u>3%</u> |
| General obligation debt limit | 150,428,007 |
| Gross general obligation bonded debt principal | |
| 2015 Public Safety Facility Bonds | \$ 16,820,000 |
| Less: Debt service monies available | |
| Debt Service Fund: | |
| 2015 Public Safety Facility Bonds | <u>208,491</u> |
| Net debt subject to the three percent limitation | 16,611,509 |
| Legal debt margin | <u>\$ 133,816,498</u> |

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
PLEGDED 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 | |
| 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% |
| 2017 | 13,714,532 | 11,404,150 | 3,129,376 | 5,439,758 | 975,000 | 958,394 | 1,933,394 | 281.36% |
| 2018 | 13,754,480 | 11,196,226 | 3,265,897 | 5,824,151 | 1,020,000 | 918,494 | 1,938,494 | 300.45% |

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 | |
| 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% |
| 2017 | 17,309,718 | 13,745,672 | 4,765,219 | 8,329,265 | 3,688,993 | 1,887,254 | 5,576,247 | 149.37% |
| 2018 | 16,777,742 | 13,525,374 | 4,775,886 | 8,028,254 | 3,931,806 | 1,757,604 | 5,689,410 | 141.11% |

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.

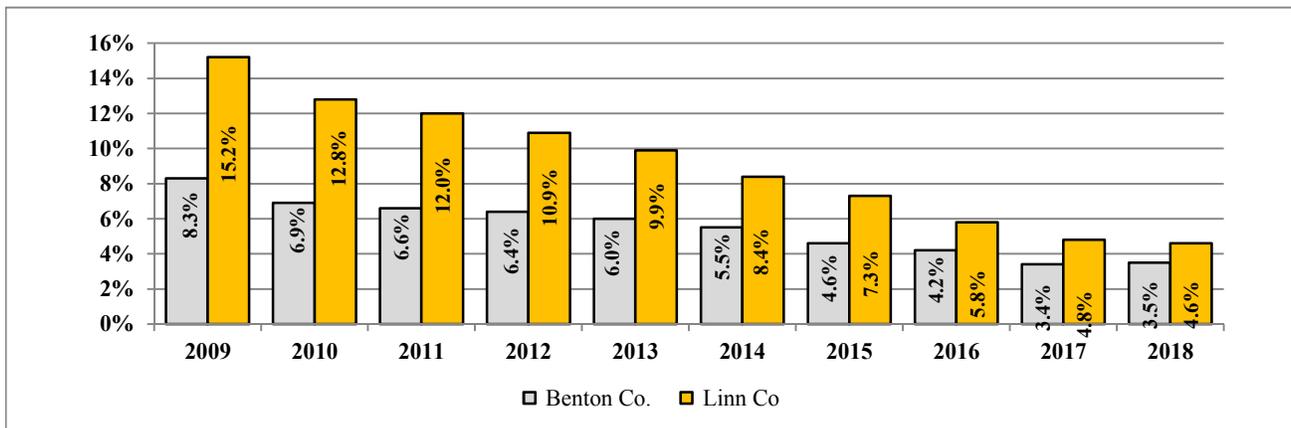
Source: City of Albany 2009-2018 Comprehensive Annual Financial Reports

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

| Fiscal Year Ended June 30, | City of Albany Population(1) | Albany-Lebanon Metropolitan Statistical Area | | Per Capita Personal Income(2) | Albany School Enrollment(3) | Unemployment Rate (4) | |
|----------------------------|------------------------------|--|--------------------|-------------------------------|-----------------------------|-----------------------|------------|
| | | Population(1) | Personal Income(2) | | | Linn Co. | Benton Co. |
| 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 | 4,219,670,000 | 34,379 | 9,985 | 7.3% | 4.6% |
| 2016 | 51,670 | 122,315 | 4,503,061,000 | 37,355 | 9,760 | 5.8% | 4.2% |
| 2017 | 52,540 | 125,547 | 4,713,141,000 | 38,365 | 9,530 | 4.8% | 3.4% |
| 2018 | 52,710 | 122,849 | n/a | n/a | 9,006 | 4.6% | 3.5% |

Over the last ten years, the City's population has increased by 7.21 percent (3,545). From 2008 to 2016 per capita personal income has risen by 31.06 percent (\$9,092) in the Albany-Lebanon metropolitan statistical area. Albany's city boundaries span two counties: Linn County (population 44,990) and Benton County (population 7,720). As of Fiscal Year 2016-17 (per capita data lags one year), per capita personal income was \$40,380 for Linn County, \$45,273 for Benton County, and \$45,482 for the state as a whole. For the ten-year period, enrollment in the Greater Albany Public School District increased by -2.08 percent (-191 students).

Unemployment Rates, Linn and Benton Counties
 last 10 fiscal years



Sources:

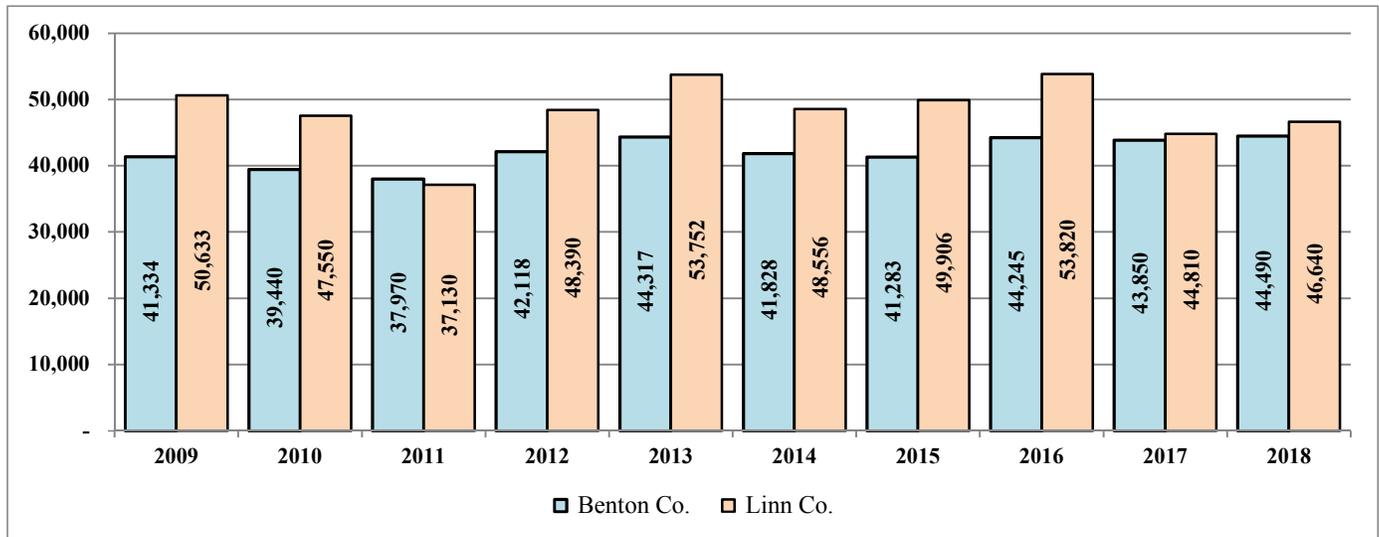
- (1) Portland State University, Population Research and Census Center
- (2) U. S. Department of Commerce, Bureau of Economic Analysis (2014 is the most current data available)
- (3) Greater Albany Public School District 8J
- (4) State of Oregon, Employment Department

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Schedule 15
CITY OF ALBANY, OREGON
ALBANY AREA PRINCIPAL EMPLOYERS
for the Fiscal Years ended June 30, 2009, and June 30, 2018

| Employer | June 30, 2018 | | | June 30, 2009 | | |
|---|---------------------|------|-----------------------|---------------------|------|-----------------------|
| | Number of Employees | Rank | % of Total Employment | Number of Employees | Rank | % of Total Employment |
| Oregon State University | 10,430 | 1 | 11.45% | 9,738 | 1 | 10.68% |
| Samaritan Health Services | 3,662 | 2 | 4.02% | 3,905 | 2 | 4.28% |
| ATI Wah Chang (Teledyne Wah Chang - 1997) | 1,600 | 3 | 1.76% | 1,195 | 4 | 1.31% |
| Hewlett Packard | 1,550 | 4 | 1.70% | 2,100 | 3 | 2.30% |
| Linn Benton Community College | 1,050 | 5 | 1.15% | 943 | 6 | 1.03% |
| Greater Albany Public School District 8J | 1,035 | 6 | 1.14% | 1,111 | 5 | 1.22% |
| Linn County | 700 | 7 | 0.77% | 782 | 7 | 0.86% |
| Dayton-Hudson Corporation (Target) | 500 | 8 | 0.55% | 591 | 9 | 0.65% |
| City of Albany | 424 | 9 | 0.47% | - | - | - |
| OFD Foods | 400 | 10 | 0.44% | - | - | - |
| Express Personnel | - | - | 0.00% | 400 | 10 | - |
| International Paper (Willamette Industries - 1997) | - | - | - | 765 | 8 | 0.84% |
| Totals | 21,351 | | 23.43% | 21,530 | | 23.61% |
| Total employment in Linn and Benton Counties | 91,130 | | | 91,187 | | |

Employment, Benton and Linn Counties
last ten fiscal years



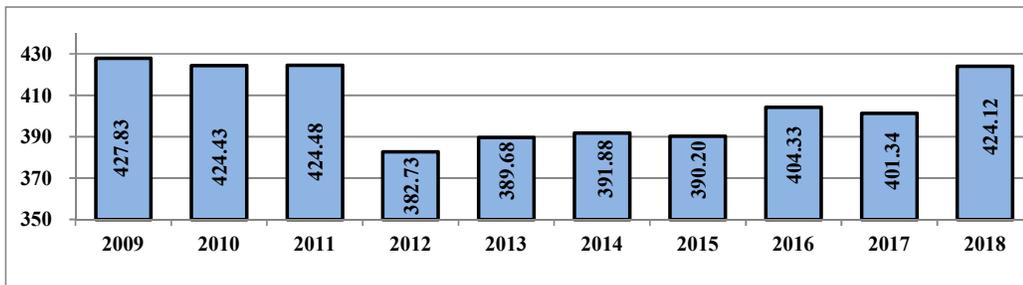
The percentage of top ten employers to total jobs for Linn and Benton Counties has been quite stable over the ten-year period. Total employment in Benton and Linn Counties has decreased by 2.79 percent (2,527 jobs) over the last ten years. For the ten-year period, the low point was 75,100 jobs in June 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

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

| Function | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|--------|--------|--------|--------|--------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| General Government | | | | | |
| Economic Development | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Public Transit | 11.68 | 10.68 | 10.35 | 10.63 | 10.63 |
| Planning | 9.50 | 9.50 | 9.50 | 7.50 | 8.25 |
| Building Inspection | 14.00 | 14.00 | 14.00 | 7.50 | 5.75 |
| Electrical Permit Program | 1.50 | 1.50 | 1.50 | 0.75 | 0.75 |
| Total General Government | 37.68 | 36.68 | 36.35 | 27.38 | 26.38 |
| Public Safety | | | | | |
| Fire | 80.00 | 79.60 | 79.60 | 73.60 | 79.20 |
| Police | 94.25 | 94.25 | 94.25 | 87.75 | 87.88 |
| Municipal Court | 5.38 | 5.38 | 5.38 | 4.38 | 4.38 |
| Total Public Safety | 179.63 | 179.23 | 179.23 | 165.73 | 171.45 |
| Highways and Streets | | | | | |
| Street Fund | 8.00 | 8.00 | 8.00 | 7.45 | 7.45 |
| Airport | - | 0.50 | 0.45 | 0.10 | 0.10 |
| Total Highways and Streets | 8.00 | 8.50 | 8.45 | 7.55 | 7.55 |
| Culture and Recreation | | | | | |
| Parks & Recreation | 35.95 | 35.95 | 35.95 | 26.43 | 26.53 |
| Library | 21.98 | 21.98 | 21.78 | 20.90 | 20.93 |
| Total Culture and Recreation | 57.93 | 57.93 | 57.73 | 47.33 | 47.45 |
| Total Governmental Activities | 283.23 | 281.83 | 281.30 | 247.88 | 252.73 |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Enterprise | | | | | |
| Water | 23.50 | 22.50 | 23.50 | 22.50 | 21.50 |
| Sewer | 21.50 | 21.50 | 21.50 | 22.50 | 23.50 |
| Total Enterprise | 45.00 | 44.00 | 45.00 | 45.00 | 45.00 |
| Internal Service | | | | | |
| Central Services | 43.60 | 43.60 | 43.80 | 39.85 | 40.95 |
| Public Works Services | 56.00 | 55.00 | 54.38 | 50.00 | 51.00 |
| Equipment Maintenance | - | - | - | - | - |
| Total Internal Service | 99.60 | 98.60 | 98.18 | 89.85 | 91.95 |
| Total Business-type Activities | 144.60 | 142.60 | 143.18 | 134.85 | 136.95 |
| Grand Total - All Full-time Equivalents | 427.83 | 424.43 | 424.48 | 382.73 | 389.68 |

Total Full-time Equivalents
 last ten fiscal years



Source: City of Albany Human Relations Department

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

| 2014 | 2015 | 2016 | 2017 | 2018 | |
|---------------|---------------|---------------|---------------|---------------|---|
| | | | | | GOVERNMENTAL ACTIVITIES |
| | | | | | General Government |
| 2.00 | 1.00 | 2.00 | 2.00 | 2.00 | Economic Development |
| 11.30 | 11.30 | 12.88 | 12.88 | 10.87 | Public Transit |
| 6.10 | 6.42 | 6.42 | 6.42 | 6.52 | Planning |
| 5.75 | 5.43 | 6.43 | 6.43 | 6.43 | Building Inspection |
| 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | Electrical Permit Program |
| <u>25.90</u> | <u>24.90</u> | <u>28.48</u> | <u>28.48</u> | <u>26.57</u> | Total General Government |
| | | | | | Public Safety |
| 78.40 | 75.60 | 79.40 | 79.40 | 86.91 | Fire |
| 87.88 | 88.88 | 92.25 | 92.25 | 98.25 | Police |
| 4.38 | 4.38 | 4.38 | 4.38 | 4.38 | Municipal Court |
| <u>170.65</u> | <u>168.85</u> | <u>176.03</u> | <u>176.03</u> | <u>189.54</u> | 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 |
| <u>7.55</u> | <u>7.55</u> | <u>7.55</u> | <u>7.55</u> | <u>7.55</u> | Total Highways and Streets |
| | | | | | Culture and Recreation |
| 26.65 | 26.78 | 28.15 | 31.65 | 34.56 | Parks & Recreation |
| 20.93 | 20.93 | 20.93 | 20.93 | 21.20 | Library |
| <u>47.58</u> | <u>47.70</u> | <u>49.08</u> | <u>52.58</u> | <u>55.76</u> | Total Culture and Recreation |
| <u>251.68</u> | <u>249.00</u> | <u>261.13</u> | <u>264.64</u> | <u>279.42</u> | Total Governmental Activities |
| | | | | | BUSINESS-TYPE ACTIVITIES |
| | | | | | Enterprise |
| 21.50 | 21.50 | 21.50 | 21.50 | 23.50 | Water |
| 23.50 | 23.50 | 23.50 | 23.50 | 23.50 | Sewer |
| <u>45.00</u> | <u>45.00</u> | <u>45.00</u> | <u>45.00</u> | <u>47.00</u> | Total Enterprise |
| | | | | | Internal Service |
| 41.20 | 41.20 | 41.20 | 37.70 | 40.70 | Central Services |
| 54.00 | 55.00 | 57.00 | 54.00 | 57.00 | Public Works Services |
| - | - | - | - | - | Equipment Maintenance |
| <u>95.20</u> | <u>96.20</u> | <u>98.20</u> | <u>91.70</u> | <u>97.70</u> | Total Internal Service |
| <u>140.20</u> | <u>141.20</u> | <u>143.20</u> | <u>136.70</u> | <u>144.70</u> | Total Business-type Activities |
| <u>391.88</u> | <u>390.20</u> | <u>404.33</u> | <u>401.34</u> | <u>424.12</u> | Grand Total - All Full-time Equivalents |

| Fiscal Year | Total FTE | Annual Percentage Change | Total Percentage Change from 2008 |
|-------------|-----------|--------------------------|-----------------------------------|
| 2009 | 427.83 | - | - |
| 2010 | 424.43 | -0.79% | -0.79% |
| 2011 | 424.48 | 0.01% | -0.78% |
| 2012 | 382.73 | -9.84% | -10.54% |
| 2013 | 389.68 | 1.82% | -8.92% |
| 2014 | 391.88 | 0.56% | -8.40% |
| 2015 | 390.20 | -0.43% | -8.79% |
| 2016 | 404.33 | 3.62% | -5.49% |
| 2017 | 401.34 | -0.74% | -6.19% |
| 2018 | 424.12 | 5.68% | -0.87% |

The average annual rate of change over ten year period is -0.01%.

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

| Function | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|---------|---------|---------|---------|---------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| General Government | | | | | |
| Planning and Community Development | | | | | |
| Number of planning applications | 96 | 108 | 134 | 143 | 62 |
| Total permits issued | 2,535 | 2,245 | 1,939 | 1,939 | 2,189 |
| New construction permits issued | 177 | 192 | 11 | 6 | 418 |
| Single-family permits issued | 97 | 156 | 76 | 80 | 128 |
| Electrical permits issued | 990 | 878 | 755 | 751 | 816 |
| Building Maintenance | | | | | |
| Square footage of buildings maintained | 220,000 | 206,780 | 206,780 | 233,780 | 233,780 |
| Work orders completed | 2,002 | 2,228 | 2,250 | 2,203 | 2,001 |
| Public Transit | | | | | |
| Total number of riders | 205,220 | 218,511 | 228,663 | 237,424 | 234,186 |
| Total annual route miles | 241,359 | 252,097 | 262,990 | 260,222 | 275,977 |
| Public Safety | | | | | |
| Municipal Court | | | | | |
| Number of warrants issued | 1,584 | 1,347 | 1,398 | 1,680 | 1,777 |
| Case numbers issued | 8,834 | 6,202 | 4,900 | 3,891 | 3,671 |
| Police | | | | | |
| Total arrests | 4,227 | 3,548 | 2,731 | 3,453 | 3,609 |
| Traffic citations issued | 6,097 | 5,851 | 4,681 | 4,120 | 3,315 |
| Animal and abandoned vehicle calls | 2,401 | 2,484 | 1,496 | 2,266 | 2,320 |
| Fire | | | | | |
| Total calls for emergency fire and EMS services | 6,410 | 6,049 | 6,388 | 6,432 | 6,448 |
| Full response structure fires | 85 | 67 | 91 | 113 | 53 |
| Highways and Streets | | | | | |
| Street Fund | | | | | |
| Miles of streets slurry-sealed annually | 6 | - | - | - | - |
| Customer service work order/complaint responses | 720 | 554 | 541 | 509 | 492 |
| Miles of painted paving marking | 46 | 52 | 51 | 65 | 55 |
| Culture and Recreation | | | | | |
| Parks & Recreation | | | | | |
| Number of participants in classes, Senior Center activities, sports programs, and aquatic programs | 112,150 | 172,630 | 184,154 | 187,261 | 186,401 |
| Annual performance series and Northwest Art and Air Festival attendance | 102,011 | 99,100 | 118,700 | 121,104 | 123,200 |
| Library | | | | | |
| Total number of library circulations ⁽¹⁾ | 696,327 | 773,960 | 780,163 | 730,222 | 709,004 |
| Total number of reference questions ⁽¹⁾ | 38,860 | 44,297 | 41,043 | 37,344 | 34,435 |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Sewer | | | | | |
| Dry tons of biosolids applied annually | 599 | 121 | - | - | 9 |
| Millions of gallons of wastewater treated annually | 2,708 | 2,697 | 3,300 | 3,094 | 2,842 |
| Sewer line locate requests | 2,979 | 2,836 | 4,307 | 3,319 | 2,920 |
| Water | | | | | |
| Millions of gallons of water treated annually | 2,911 | 2,847 | 2,865 | 2,449 | 2,755 |
| Miles of water pipe maintained annually | 271 | 281 | 283 | 290 | 292 |
| Number of fire hydrants maintained in the water system | 1,953 | 1,992 | 1,877 | 2,025 | 1,914 |

Source: City of Albany annual budget

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

| 2014 | 2015 | 2016 | 2017 | 2018 | |
|---------|---------|---------|---------|---------|--|
| | | | | | GOVERNMENTAL ACTIVITIES |
| | | | | | General Government |
| | | | | | Planning and Community Development |
| 132 | 138 | 197 | 57 | 140 | Number of planning applications |
| 2,332 | 2,359 | 2,549 | 2,570 | 3,041 | Total permits issued |
| 5 | 154 | 143 | 180 | 219 | New construction permits issued |
| 141 | 130 | 98 | 157 | 207 | Single-family permits issued |
| 905 | 910 | 1,011 | 1,007 | 1,085 | Electrical permits issued |
| | | | | | Building Maintenance |
| 296,233 | 317,366 | 317,366 | 323,933 | 443,337 | Square footage of buildings maintained |
| 1,886 | 1,627 | 1,725 | 1,702 | 2,447 | Work orders completed |
| | | | | | Public Transit |
| 231,224 | 214,865 | 209,595 | 200,910 | 200,738 | Total number of riders |
| 287,257 | 206,720 | 308,451 | 298,076 | 280,481 | Total annual route miles |
| | | | | | Public Safety |
| | | | | | Municipal Court |
| 2,516 | 3,102 | 2,970 | 2,686 | 2,879 | Number of warrants issued |
| 5,079 | 6,121 | 5,746 | 5,314 | 8,412 | Case numbers issued |
| | | | | | Police |
| 4,777 | 4,964 | 4,884 | 6,854 | 6,185 | Total arrests |
| 3,907 | 5,263 | 4,659 | 5,884 | 5,275 | Traffic citations issued |
| 2,288 | 2,513 | 2,349 | 2,498 | 2,855 | Animal and abandoned vehicle calls |
| | | | | | Fire |
| 7,133 | 7,511 | 8,029 | 9,038 | 9,341 | Total calls for emergency fire and EMS services |
| 49 | 42 | 53 | 83 | 61 | Full response structure fires |
| | | | | | Highways and Streets |
| | | | | | Street Fund |
| - | - | - | - | - | Miles of streets slurry-sealed annually |
| 461 | 382 | 392 | 433 | 474 | Customer service work order/complaint responses |
| 57 | 61 | 62 | 61 | 59 | Miles of painted paving marking |
| | | | | | Culture and Recreation |
| | | | | | Parks & Recreation |
| 188,102 | 196,005 | 202,155 | 208,912 | 205,492 | Number of participants in classes, Senior Center activities, sports programs, and aquatic programs |
| 122,206 | 131,209 | 137,211 | 138,200 | 131,190 | Annual performance series and Northwest Art and Air Festival attendance |
| | | | | | Library |
| 685,781 | 623,143 | 619,068 | 604,796 | 580,726 | Total number of library circulations ⁽¹⁾ |
| 33,338 | 33,193 | 33,581 | 30,331 | 29,225 | Total number of reference questions ⁽¹⁾ |
| | | | | | BUSINESS-TYPE ACTIVITIES |
| | | | | | Sewer |
| 25 | - | - | - | - | Dry tons of biosolids applied annually |
| 2,900 | 2,940 | 3,241 | 3,866 | 3,031 | Millions of gallons of wastewater treated annually |
| 3,458 | 3,732 | 3,829 | 3,522 | 4,405 | Sewer line locate requests |
| | | | | | Water |
| 2,660 | 2,853 | 2,809 | 2,752 | 2,825 | Millions of gallons of water treated annually |
| 282 | 283 | 287 | 289 | 291 | Miles of water pipe maintained annually |
| 1,740 | 1,970 | 1,816 | 2,040 | 2,069 | 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 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|---------|---------|---------|---------|---------|
| 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 | 160 | 163 | 165 | 165 | 166 |
| Miles of unimproved streets | 28 | 28 | 36 | 36 | 35 |
| Miles of gravel streets | 8 | 8 | 8 | 8 | 8 |
| Culture and Recreation | | | | | |
| Parks & Recreation | | | | | |
| Number of developed park sites | 33 | 33 | 33 | 36 | 36 |
| Acres of developed park land | 735 | 424 | 564 | 564 | 564 |
| Library | | | | | |
| Number of libraries | 2 | 2 | 2 | 2 | 2 |
| *Number of physical and digital units | 194,544 | 209,427 | 227,437 | 242,920 | 242,966 |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Enterprise | | | | | |
| Sewer | | | | | |
| Miles of sanitary sewer lines (6 inches or larger) | 222 | 227 | 223 | 223 | 223 |
| Miles of storm sewer lines (12 inches or larger) | 117 | 120 | 151 | 151 | 104 |
| Number of sewer hookups | 17,330 | 15,848 | 15,712 | 15,912 | 17,586 |
| Water | | | | | |
| Miles of water lines | 279 | 286 | 283 | 290 | 292 |
| Number of water hookups | 16,662 | 17,114 | 17,463 | 17,551 | 18,320 |
| 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

| 2014 | 2015 | 2016 | 2017 | 2018 | |
|---------|---------|---------|---------|---------|--|
| | | | | | GOVERNMENTAL ACTIVITIES |
| | | | | | Public Safety |
| 1 | 1 | 1 | 1 | 1 | Police Stations |
| 4 | 4 | 4 | 4 | 4 | Fire Stations |
| | | | | | Highways and Streets |
| 166 | 181 | 200 | 401 | 197 | Miles of improved streets |
| 35 | 14 | n/a | n/a | n/a | Miles of unimproved streets |
| n/a | n/a | 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 |
| 250,946 | 249,982 | 259,309 | 260,695 | 261,474 | *Number of physical and digital units |
| | | | | | BUSINESS-TYPE ACTIVITIES |
| | | | | | Enterprise |
| | | | | | Sewer |
| 230 | 230 | 201 | 203 | 203 | Miles of sanitary sewer lines (6 inches or larger) |
| 104 | 105 | 105 | 107 | 107 | Miles of storm sewer lines (12 inches or larger) |
| 16,556 | 16,187 | 16,292 | 16,590 | 17,154 | Number of sewer hookups |
| | | | | | Water |
| 276 | 261 | 264 | 264 | 264 | Miles of water lines |
| 18,000 | 17,079 | 17,105 | 17,777 | 17,898 | Number of water hookups |
| 2 | 2 | 2 | 2 | 1 | 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, 2018, and have issued our report thereon dated January 31, 2019.

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).

**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> |
|--|----------------------|---------------|-----------------|
| General Fund - Fire Emergency Services | \$ 13,636,100 | \$13,793,421 | \$ (157,321) |
| General Fund - Library | 2,805,700 | 2,848,026 | (42,326) |
| Parks and Recreation - Administration | 1,364,800 | 1,432,133 | (67,333) |
| Central Services - Information Technology Services | 1,671,700 | 1,703,122 | (31,422) |

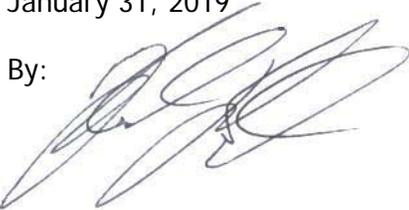
OAR 162-10-0230 Internal Control

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.

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 31, 2019

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 Member
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 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, 2018, 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 31, 2019

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 over financial reporting 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.

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*.

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)

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 31, 2019



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Honorable Mayor and Member
of the City Council
City of Albany
Albany, Oregon

Report on Compliance for Each Major Federal Program

We have audited the CITY OF ALBANY’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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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* (CFR) 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, the CITY OF ALBANY complied, in all material respects, with the types 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, 2018.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE (Continued)

Report on Internal Control over Compliance

Management of the CITY OF ALBANY 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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 31, 2019

CITY OF ALBANY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

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? No

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)? No

Identification of major federal programs:

| CFDA | |
|------------------|---|
| <u>Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
| 20.507, 20.526 | Federal Transit Cluster |

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

None

CITY OF ALBANY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

| <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> | | | |
| <i>Passed through Oregon Infrastructure Finance Authority</i> | | | |
| Community Development Block Grant | 14.218 | B-14-MC-41-0011 | \$ 550,536 |
| <i>Department of Interior</i> | | | |
| National Parks Service | | | |
| <i>Passed through Oregon Parks and Recreation Department</i> | | | |
| Historic Preservation Fund Grants-In-Aid | 15.904 | OR-16-01 | 12,000 |
| | | OR-18-01 | <u>2,026</u> |
| | | | <u>14,026</u> |
| <i>Department of Justice</i> | | | |
| Bureau of Justice Assistance | | | |
| Bulletproof Vest Partnership Program | 16.607 | | <u>4,133</u> |
| <i>Department of Transportation</i> | | | |
| Federal Aviation Administration | | | |
| Airport Improvement Program | 20.106 | | 76,515 |
| Federal Transit Administration | | | |
| Federal Transit Cluster | | | |
| Formula Grants - Urbanized Area Formula | 20.507 | | 767,708 |
| Bus and Bus Formula Program | 20.526 | | <u>348,600</u> |
| Subtotal Federal Transit Cluster | | | 1,116,308 |
| <i>Passed through Linn County, Oregon</i> | | | |
| Enhanced Mobility of Seniors and Individuals with Disabilities | 20.513 | 29313 | 90,852 |
| National Highway Traffic Safety Administration | | | |
| <i>Passed through Oregon Association of Chiefs of Police</i> | | | |
| State and Community Highway Safety | 20.600 | | <u>7,440</u> |
| Total Department of Transportation | | | <u>1,291,115</u> |
| <i>Department of Health and Human Services</i> | | | |
| Centers for Disease Control and Prevention | | | |
| National Bioterrorism Hospital Preparedness Program | 93.889 | | <u>3,920</u> |
| <i>Executive Office of the President</i> | | | |
| High Intensity Drug Trafficking Areas Program | 95.001 | | <u>16,342</u> |
| <i>Department of Homeland Security</i> | | | |
| Federal Emergency Management Agency | | | |
| <i>Passed through Oregon Emergency Management</i> | | | |
| Staffing for Adequate Fire and Emergency Response (SAFER) | 97.083 | | <u>358,070</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 2,238,142</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, 2018. 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.

CITY OF ALBANY

**SCHEDULE OF PRIOR FINDINGS
For the Year Ended June 30, 2018**

Finding 2017-001

U.S. DEPARTMENT OF TRANSPORTATION

20.507 Federal Transit - Formula Grants (Urbanized Area Formula Program)

Program years October 1, 2015 to September 30, 2016 and October 1, 2016 to September 30, 2017.

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

Effect:

Personnel costs charged to the program are not supported by documentation.

Questions costs:

\$21, 265 computed at 50 percent of the personnel costs charged to the program.

Perspective:

The questions costs represent the personnel costs of one split funded employee charged to the program.

Repeat finding:

This finding was reported for the immediately prior audit year.

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.

Views of responsible officials:

The City agrees with the finding and is taking corrective action.

Status:

The City has taken corrective action by reducing costs claimed in 2017-18 for the amount of questioned costs and is no longer including the costs of the split funded personnel in the costs claimed.

CITY OF ALBANY

**SCHEDULE OF PRIOR FINDINGS (Continued)
For the Year Ended June 30, 2018**

Finding 2017-002

U.S. DEPARTMENT OF TRANSPORTATION

20.507 Federal Transit - Formula Grants (Urbanized Area Formula Program)

Program years October 1, 2015 to September 30, 2016 and October 1, 2016 to September 30, 2017.

Criteria:

2 CFR Part 200.405(a)(1) established that costs are allocable to a particular Federal award if the cost is incurred specifically for the Federal award.

Condition:

During the year costs were charged to the program which were not incurred specifically for the Federal award. Included in these costs were 1) amounts transferred to another fund to be held for the acquisition of capital equipment and 2) accrual of costs for workers compensation in excess of actual amounts.

Cause:

In preparing the requests for reimbursement under the program the information was taken from summary general ledger information for the fund that operates the transit system. Included in this summary information were the transfers to another fund and excess accruals for workers compensation.

Effect:

Costs were charged to the program which did not comply with the requirements of 2 CFR Part 200 Subpart E Allowable Costs.

Questions Costs:

\$37,543 computed at 50 percent of the total of excess workers compensation costs in the amount of \$29,487 and transfers to another fund totalling \$45,600.

Perspective:

The noncompliance with allowable cost requirements was due to accounting errors in the excess accrual of workers compensation and the reliance on summary information in the City's general ledger.

Repeat finding:

This was not reported as a finding in the immediately prior audit.

Recommendations:

In preparing the request for reimbursement under the program the City should review the detail general ledger information to ensure that all costs claimed comply with the provisions of 2 CFR Part 200 Subpart E. Additionally, the balance sheet accounts should be reviewed to ensure accruals are appropriate.

Views of responsible officials:

The City agrees with the finding and is taking corrective action.

Status:

The City has taken corrective action to ensure only actual costs are claimed.