

YEAR ENDED **2007**
JUNE 30, 2007



COMPREHENSIVE
ANNUAL FINANCIAL REPORT

TO
PORTLAND
80 MILES

ALBANY
ELEVATION 213 FEET

TO
SAN FRANCISCO
690 MILES

Albany Station welcomes visitors by rail, by bike, and by foot to the renovated depot building and multimodal center.



Be civil to all; sociable to many; familiar with few, friend to one, enemy to none.
Benjamin Franklin

City of Albany, Oregon

**Comprehensive Annual Financial Report
for the Fiscal Year Ended**

June 30, 2007

* * * * *

Wes Hare, City Manager

Stewart Taylor, Finance Director

Prepared by:

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

Rest satisfied with doing well, and leave others to talk of you as they please.
Pythagoras (582 BC - 507 BC)

City of Albany, Oregon

Table of Contents

Page

INTRODUCTORY SECTION

List of Officers, Council Members, and Administrative Staff.....	i
Organization Chart.....	ii
Letter of Transmittal.....	iii
Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2006.....	ix

FINANCIAL SECTION

Report of Independent Auditors.....	1
Management's Discussion and Analysis.....	3

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Assets.....	13
Statement of Activities.....	14

Fund Financial Statements

Major Governmental Funds:

Balance Sheet.....	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Revenues and Expenditures, Budget and Actual General Fund.....	20
Parks & Recreation Fund.....	22
Street Fund.....	25

Proprietary Funds:

Statement of Net Assets.....	27
Statement of Revenues, Expenses, and Changes in Net Assets.....	28
Statement of Cash Flows.....	29

Notes to the Basic Financial Statements.....	31
--	----

Supplementary Data

GOVERNMENTAL FUNDS

Combining Statements - Nonmajor Governmental Funds

and Schedules of Revenues and Expenditures - Budget and Actual

Governmental Funds - Combining Balance Sheet.....	63
Governmental Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	64

Special Revenue Funds

Combining Balance Sheet.....	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	68

City of Albany, Oregon
Table of Contents, continued

	<u>Page</u>
Budgetary Comparisons	
Schedule of Revenues and Expenditures - Budget and Actual	
Grants.....	70
Building Inspection.....	71
Risk Management.....	72
Economic Development.....	73
Ambulance.....	74
Public Transit.....	75
Public Safety Levy.....	76
Capital Replacement.....	77
Central Albany Revitalization Area.....	78
Debt Service Fund	
Budgetary Comparison	
Schedule of Revenues and Expenditures - Budget and Actual	
Debt Service.....	80
Capital Project Fund	
Budgetary Comparison	
Schedule of Revenues and Expenditures - Budget and Actual	
Capital Projects.....	82
Permanent Funds	
Combining Balance Sheet.....	84
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	85
Budgetary Comparison	
Schedule of Revenues and Expenditures - Budget and Actual	
Senior Center Endowment.....	86
Library Trust.....	87
PROPRIETARY FUNDS	
Enterprise Funds	
Budgetary Comparison	
Schedule of Revenues and Expenditures - Budget and Actual	
Water.....	90
Sewer.....	92
Internal Service Funds	
Combining Statement of Net Assets.....	96
Combining Statement of Revenues, Expenses, and Changes in Net Assets.....	97
Combining Statement of Cash Flows.....	98
Budgetary Comparison	
Schedule of Revenues and Expenditures - Budget and Actual	
Central Services.....	99
Public Works Services.....	100

City of Albany, Oregon
Table of Contents, continued

Page

Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes in Net Assets of Internal Service Funds.....	101
---	-----

Capital Assets Used in the Operation of Governmental Funds

Schedule of Governmental Capital Assets - By Source.....	104
Schedule of Changes in Governmental Capital Assets.....	105
Schedule of Governmental Capital Assets - By Function and Activity.....	106
Schedule of Changes in Governmental Capital Assets - By Function and Activity.....	107

Other Financial Schedules

Schedule of Debt Principal Transactions.....	110
Schedule of Debt Interest Transactions.....	111
Schedule of Future Debt Principal and Interest Requirements - Governmental Activities.....	112
Schedule of Future Debt Principal and Interest Requirements - Business-Type Activities.....	114
Schedule of Property Tax Transactions and Outstanding Balances.....	116

STATISTICAL SECTION

Net Assets by Component.....	118
Change in Net Assets.....	120
Fund Balances of Governmental Funds.....	124
Change in Fund Balances of Governmental Funds.....	126
Assessed Values and Estimated Actual Value of Taxable Property.....	129
Direct Tax Rates.....	130
Principal Property Taxpayers.....	132
Property Tax Levies and Collections.....	133
Schedule of Debt Per Capita and Debt as a Percentage of Personal Income.....	134
Ratio of General Bonded Debt to Assessed Value.....	136
Computation of Direct and Overlapping Debt.....	139
Computation of Legal Debt Margin.....	140
Pledged Revenue Coverage.....	142
Demographic and Economic Statistics.....	145
Albany Area Principal Employers.....	147
Employee Full Time Equivalents by Function.....	148
Operating Indicators by Function.....	150
Capital Asset Statistics by Function.....	152

City of Albany, Oregon
Table of Contents, continued

Page

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE
REGULATIONS SECTION**

Disclosures and Independent Auditor's Comments Required by the Minimum
Standards for Audits of Oregon Municipal Corporations..... 156

Government Auditing Standards Reports

Report of on Compliance and Internal Control Over Fiscal Reporting Based
on an Audit of the Basic Financial Statements Performed in Accordance
with Government Auditing Standards..... 160

Report on Compliance with Requirements Applicable to Each Major Program and
on Internal Control Over Compliance in Accordance with OMB Circular A-133..... 162

Schedule of Findings and Questioned Costs..... 164

Schedule of Expenditures of Federal Awards..... 165

Note to Schedule of Expenditures of Federal Awards..... 166

Introductory Section

(page numbers in parentheses)

- **List of Officers, Council Members, and Administrative Staff (i)**
- **Organization Chart (ii)**
- **Letter of Transmittal (iii-ix)**
- **Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year Ended June 30, 2006 (x)**

There is really no fun in being sensible all of the time...

L. M. Montgomery (1874 - 1942)

City of Albany, Oregon

333 Broadalbin Street SW

Albany, Oregon 97321

www.cityofalbany.net

Officers, Council Members, and Administrative Staff

as of June 30, 2007

Council Members

Ward	Council	Years of Service	Term Expires
	Doug Killin, Mayor	11	December 31, 2008
I	Dick Olsen	9	December 31, 2010
I	Dan Bedore	1	December 31, 2010
II	Sharon Konopa	11	December 31, 2008
II	Ralph Reid, Jr., Council President	13	December 31, 2010
III	Bessie Johnson	5	December 31, 2010
III	Jeff Christman	3	December 31, 2008

Administrative Staff

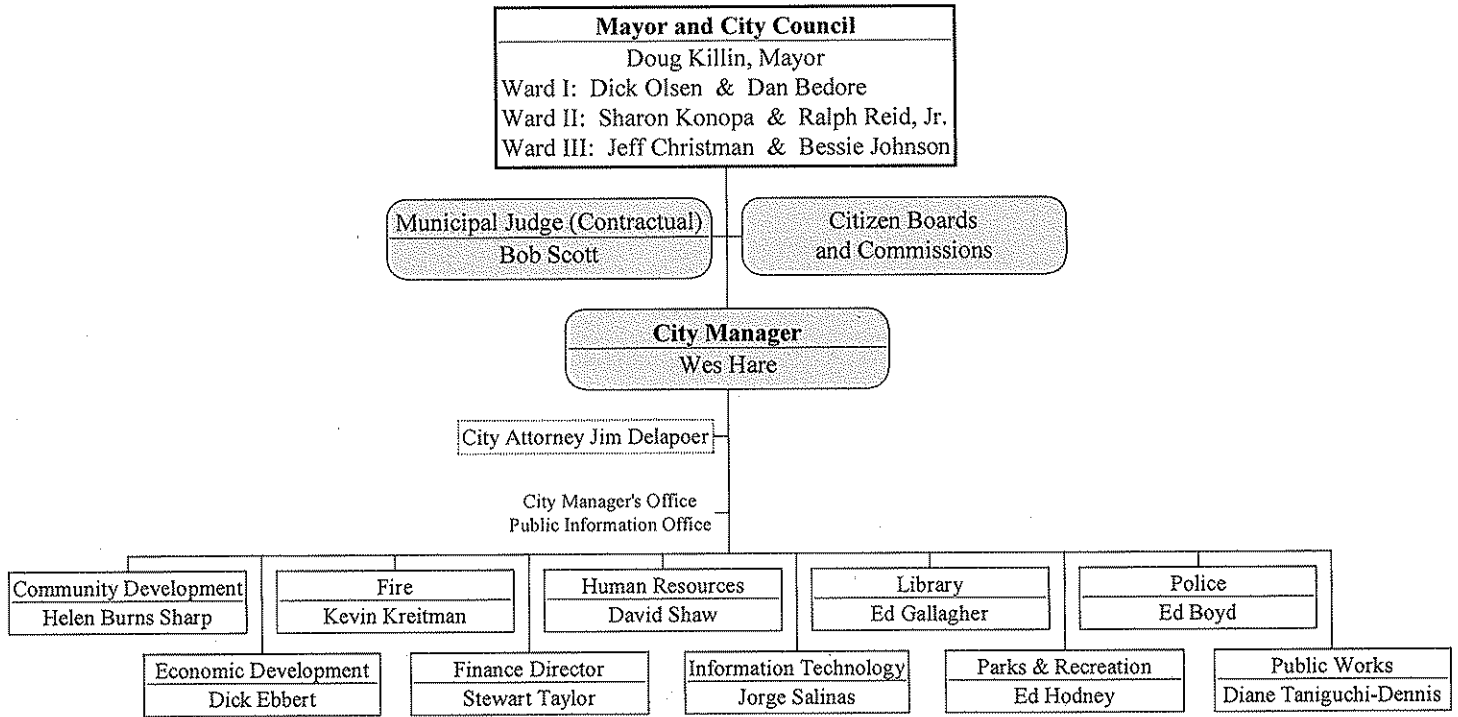
		Years in this Position	Years of Service with the City of Albany
City Manager	Wes Hare	2	1
Finance Director	Stewart Taylor	3 months	3 months
Public Works Director	Diane Taniguchi-Dennis	4	8
Community Development Director	Helen Burns Sharp	18	18
Parks Director	Ed Hodney	4	3
Library Director	Ed Gallagher	4	9
Police Chief	Ed Boyd	2	2
Fire Chief	Kevin Kreitman	8	26
Information Technology Director	Jorge Salinas	2	2
Human Resources Director	David Shaw	3	3

Principal Finance Staff

Finance Director
Stewart Taylor

Assistant Finance Director
John Stahl

Citizens of the City of Albany

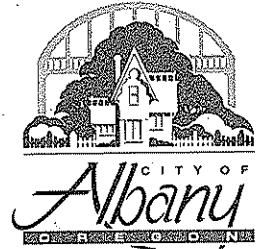


Elected

Appointed by Council

Recommended by City Manager and ratified by Council

Appointed by City Manager



December 4, 2007

Honorable Mayor Doug Killin
 Members of the Albany City Council
 City of Albany, Oregon

CITY HALL
 333 Broadalbin SW
 P.O. Box 490
 Albany, OR 97321-0144
 www.ci.albany.or.us

(541) 917-7500

ADMINISTRATIVE SERVICES
 City Manager/
 Human Resources
 (541) 917-7501
 FAX (541) 917-7511

Finance/Recorder
 (541) 917-7520
 FAX (541) 917-7511

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

Water/Sewer Billing
 (541) 917-7547
 FAX (541) 917-7511

COMMUNITY DEVELOPMENT
 Planning
 (541) 917-7550
 FAX (541) 917-7598

Building Inspection
 (541) 917-7553
 FAX (541) 917-7598

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

PARKS & RECREATION ADMINISTRATION
 (541) 917-7777
 FAX (541) 917-7776

PUBLIC WORKS
 Engineering
 (541) 917-7676
 FAX (541) 917-7573

Transit
 (541) 917-7667
 FAX (541) 917-7573
 TDD (541) 917-7678

The Comprehensive Annual Financial Report of the City of Albany, Oregon (the City) for the fiscal year ended June 30, 2007, together with the unqualified opinion therein of our independent certified public accountants, Boldt, Carlisle & Smith LLC, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. 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.

This report includes all funds of the City including the Central Albany Revitalization Area (CARA), an urban renewal district. Financial data for CARA is included in these statements as a blended component unit. The City provides a full range of services which include police and fire protection; sewer services; water services; construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events.

ABOUT ALBANY, OREGON

Albany is located in the heart of the Willamette Valley, 24 miles south of Salem, the state capital, and 40 miles north of Eugene, the state's second largest city. With a 2007 population of 46,610 Albany is the state's 12th largest city. It is the county seat and largest city in Linn County. It is the second largest city in Benton County.

Population: City of Albany, Linn and Benton Counties

Year	City of Albany	Linn County	Corvallis MSA*
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
2006 Estimated	46,610	108,250	84,125

*MSA-Metropolitan Statistical Area

The City was founded in 1848, incorporated in 1864, and adopted its first charter in 1891. A directly elected nonpartisan Mayor with a two-year term leads a six member City Council elected to four-year, overlapping terms. A full-time City Manager administers the affairs of the City for the Council, and supervises a staff of ten department directors and 385 permanent employees.

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

ECONOMIC OUTLOOK AND CONDITION

The City's economic base is one of diversity. Oregon State University in nearby Corvallis and Linn-Benton Community College in Albany, employ almost 11,000 people. In Corvallis, Hewlett Packard, a worldwide electronics manufacturing company, employs 2,500. The development of the U. S. Bureau of Mines in Albany in the 1940's led to the location in the Albany area of a significant rare metals industry. Today, Albany is known as the "Rare Metals Capital of the World" due to the production volume of specialized metals. Manufacturing firms, such as ALVAC Albany, create specialized products for the fields of aerospace, super conductivity, fiber optics, nuclear energy generation, and photography.

Although not as prominent as in the past, the nearby location of the Willamette National Forest still provides resources for the forest products sector in the area's economy. Timber harvesting, lumber and wood production, pulp and paper production, and secondary wood processing operations provide 1,000 jobs in the area.

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

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 with an area from the Interstate-5 corridor east to the crest of the Cascades. The Oregon Employment Department has published employment projections by industry for 2004-2014. Growth in the region (+12.1%) is expected to be roughly consistent with statewide growth, with 11,280 jobs to be added during the period. Most new jobs in the region are expected in nonmanufacturing sectors, led by education and health services (+2,870 jobs, +27.9% increase); trade, transportation, and utilities (+2,750 jobs, 17.7% increase); and professional and business services (1,930 jobs, 27.4% increase).

Although improving, unemployment rates continue to be a concern for the region. Statistics published by the Oregon Employment Department show that as of June 30, 2007, the unemployment rates for Linn County and the Corvallis Metropolitan Statistical Area (MSA) were 6.2% and 3.7%, respectively. These rates were 6.5% and 4.5% for June 30, 2006. Linn County's jobless rate, 0.3 percentage points below June of 2006, ranked 28th of Oregon's 36 counties. The Corvallis MSA's jobless rate of 3.7% was the lowest among the counties.

In Linn County, nonfarm employment increased over the past year by 960 jobs. Corvallis MSA gained 660 jobs compared with last year. The Corvallis MSA jobless rate dropped 0.8% since June, 2006.

Another factor in measuring the economic condition of a community is its overall real market value. For properties within the City, the real market value increased by 17.93 percent from \$3.012 billion to \$3.552 billion in the last fiscal year.

MAJOR INITIATIVES

Strategic Plan

The City of Albany Strategic Plan was first implemented in the 2005-2006 Adopted Budget. In that document, the plan was characterized as a way of taking traditional goal setting to the next level. The plan continues to evolve but has in a very meaningful way fulfilled that expectation by becoming the standard against which goals, objectives, strategies, and activities are measured. To a greater degree, each succeeding budget has incorporated references to the themes and objectives of the strategic plan.

The City Council has maintained the policy direction and leadership role in the strategic planning process by reviewing the plan on a regular basis. This year's review was conducted in work sessions on January 22, and February 26, 2007. The review was one of the first steps in the process to compile the 2007-2008 budget. Based on the direction given by the City Council, the staff and City Manager developed the proposed budget to present to the Budget Committee. Through this process, the budget effectively becomes the implementing document for the strategic plan.

Economic Development

On October 26, 2006, the City of Albany partnered with Linn County, the Albany Millersburg Economic Development Corporation, the Oregon Department of Transportation, and the State of Oregon, to enter into a Development Agreement with Stokely Van Camp Manufacturing (SVC) for the construction of a manufacturing and warehouse facility. Under the terms of the agreement, SVC is obligated to construct and equip an approximately 900,000 square foot manufacturing and warehouse facility and hire between 200 and 250 full-time employees at an annual compensation of at least 150 percent of the average wage in Linn County.

The Central Albany Revitalization Area funded fourteen projects to assist in the development and rehabilitation of buildings in the core of the city. The developments range from storefront rehabilitations on historic buildings in the downtown to townhouses and condominiums along the waterfront. The agency also adopted guidelines and bolstered its procedures for project application and review.

Public Works

During Fiscal Year 2006-2007, the City was proud to receive the national Environmental Protection Agency Award for Excellence for Biosolids Treatment, in addition to the same regional award. Albany's leadership in this important area of environmental stewardship is recognized by achieving Platinum Status, the highest level of certification, as reported by the National Biosolids Partnership.

During the past fiscal year, Public Works continued implementation of the City Council adopted Water Management Plan. Key indicators include a completed facility assessment of the Vine Street Treatment plant, a structure listed in the National Historic Register which still serves the community. In addition, progress continues to be realized in replacing aged, failing, water lines. Work has also proceeded on recapturing capacity and rehabilitating the Albany-Sanitam Canal which has suffered from decades of deferred maintenance dating back to before the City acquired the water system in the mid 1980's.

A major milestone was reached with the development of the Water Avenue Streetscape plan, a key component assisting in the revitalization of the Albany waterfront. Progress continued on the review of the Transportation System Plan which will guide the City's implementation efforts to secure better transportation infrastructure. Work also continues on infrastructure projects in the 53rd Avenue area which is critical to economic development efforts in that area.

Information Systems

The City completed the installation of all modules in the Eden financial information system. The new system replaced a twenty-nine year old legacy system that was no longer meeting the growing needs of the City. The Eden system provides functionality that should meet current and future needs for many years to come. The City Hall surveillance/security system was upgraded by converting from the standard one VHS camera at a time image recording system to a completely digital system that allows for simultaneous recording of all cameras.

Human Resources

Applying for employment with the City became more accessible with implementation of the NEOGOV on-line application system. All notices of job openings and applications are now available on the City's website. In addition, the City completed negotiations with the AFSCME and IAFF labor groups.

Parks & Recreation

The City secured a grant of \$21,960 from the State of Oregon Parks and Recreation Department to support the construction of a new Linn County Veterans Memorial in Timber Linn Park. The grant funds will be used to buy benches, trash receptacles, and landscape trees for the project. Construction began in May 2007 and will be completed in 2008.

The City successfully negotiated a donation of nine acres for a new neighborhood park adjacent to North Albany Village. The property, valued in excess of \$1,000,000, will be developed in Fiscal Year 2009-2010. Agreements with the YMCA were completed to jointly design, fund, and build a new YMCA and city gymnasium in Timber Linn Park. Pending final City Council approval in early 2008, the new facilities are expected to open in 2009.

Agreements with the YMCA were completed to jointly design, fund, and build a new YMCA and city gymnasium in Timber Linn Park. Pending final City Council approval in early 2008, the new facilities are expected to open in 2009.

FINANCIAL INFORMATION

Management of the City 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 the Government Finance Officers Association (GFOA) of the United States and Canada and the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. It presents fairly the financial position of the various funds of the City at June 30, 2007, 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.

Information Systems

The City completed the installation of all modules in the Eden financial information system. The new system replaced a twenty-nine year old legacy system that was no longer meeting the growing needs of the City. The Eden system provides functionality that should meet current and future needs for many years to come. The City Hall surveillance/security system was upgraded by converting from the standard one VHS camera at a time image recording system to a completely digital system that allows for simultaneous recording of all

Human Resources

Applying for employment with the City became more accessible with implementation of the NEOGOV on-line application system. All notices of job openings and applications are now available on the City's website. In addition, the City completed negotiations with the AFSCME and IAFF labor groups.

Parks & Recreation

The City secured a grant of \$21,960 from the State of Oregon Parks and Recreation Department to support the construction of a new Linn County Veterans Memorial in Timber Linn Park. The grant funds will be used to buy benches, trash receptacles, and landscape trees for the project. Construction began in May 2007 and will be completed in 2008.

The City successfully negotiated a donation of nine acres for a new neighborhood park in north Albany, adjacent to North Albany Village. The property, valued in excess of \$1,000,000, will be developed in Fiscal Year 2009-2010. Agreements with the YMCA were completed to jointly design, fund, and build a new YMCA and city gymnasium in Timber Linn Park. Pending final City Council approval in early 2008, the new facilities are expected to open in 2009.

Agreements with the YMCA were completed to jointly design, fund, and build a new YMCA and city gymnasium in Timber Linn Park. Pending final City Council approval in early 2008, the new facilities are expected to open in 2009.

FINANCIAL INFORMATION

Management of the City 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 the Government Finance Officers Association (GFOA) of the United States and Canada and the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. It presents fairly the financial position of the various funds of the City at June 30, 2007, 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.

The City adopted GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" and the related Omnibus Statement No. 37 beginning with the 2002-03 report. Implementation of these GASB statements has dramatically changed how the City's financial information is reported this year in comparison to prior years. Major changes include the following:

- A narrative introduction, overview, and analysis accompanies the basic financial statements in the form of "Management's Discussion and Analysis (MD&A)." This letter of transmittal is designed to complement the MD&A. The City's MD&A can be found starting on page 3.
- Government-wide financial statements are included to reflect the City as a single unified entity. The government-wide statements report information in a manner similar to that of for-profit business entities and include all long-term assets and liabilities of the City.
- Fund financial statements are presented in detail for significant (major) funds and as a total for nonmajor funds.

During Fiscal Year 2006-07, the City utilized a total of 20 funds, of which 16 are governmental fund types and four are proprietary fund types. The modified accrual basis of accounting is used for the governmental fund types (General Fund, Special Revenue funds, Debt Service funds, Capital Project funds, and Permanent funds). The accrual basis is used for the proprietary fund types.

Risk Management

The City is a member of the City/County Insurance Services Trust. This is a general liability and auto liability self-insurance pool set up for city and county entities in Oregon. The pool pays all claims up to \$500,000, and purchases insurance to cover excess liability up to a limit selected by the participating entity. Small losses for the City are those under \$5,000. Any claim over \$5,000 is shared with the pool's claims experience. In addition to the premium, the City is also obligated to pay annually up to \$75,000 in claims and settlement costs. As of June 30, 2007, \$26,859 was recorded as a liability for claims not yet reported and/or settled.

Debt Administration

As of June 30, 2007, the City had outstanding long-term debt totaling \$95,940,015, including \$11,625,000 of general obligation debt. Further details on outstanding long-term debt are presented in the notes to the financial statements, page 49.

Oregon Revised Statutes, Chapter 287, provides a debt limit for general obligation bonds of three percent (3%) of the true cash value of all taxable property within the City's boundaries. As of June 30, 2007, the City's net general obligation bonded debt, \$11,202,826 was well below the legal limit of \$106,555,821.

Cash Management

The City's investment transactions are governed by a written investment policy. The policy, which is reviewed annually by the City Council and the Oregon Short-Term Fund Board, regulates the City's investment objectives, diversification, limitations, and reporting requirements. The City contracts with US BANCORP FAF Advisors for the management of its investment portfolio.

The City ended the fiscal year with a total investment portfolio of \$66,827,025, earning a yield of 5.226% at year end. The majority of these idle funds are from capital project reserves and unspent bond proceeds.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Boldt, Carlisle & Smith LLC performed the audit for the fiscal year ended June 30, 2007. 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.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Albany for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. 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 Comprehensive Annual Financial Report, whose contents conform to program standards. Such a Comprehensive Annual Financial Report 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 23 consecutive years (fiscal years 1984-2006). We believe our current report continues to conform to the Certificate of Achievement standards.

Acknowledgements

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Office 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,



John Stahl
Assistant Finance Director

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, 2006

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



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

If a cluttered desk is a sign of a cluttered mind, just what does an empty desk mean?
Author Unknown

Financial Section

(page numbers in parentheses)

- Report of Independent Auditors (1-2)
- Management's Discussion and Analysis (3-12)
- Basic Financial Statements (13-59)
- Supplementary Data
 - Governmental Funds (63-88)**
 - Business-type Funds (90-102)**
 - Capital Assets Used in the Operation of Governmental Funds (104-108)**
 - Other Financial Schedules**
 - Schedule of Debt Principal Transactions (110)
 - Schedule of Debt Interest Transactions (111)
 - Schedule of Future Debt Principal and Interest Requirements - Governmental Activities (112)
 - Schedule of Future Debt Principal and Interest Requirements - Business-Type Activities (114)
 - Schedule of Property Tax Transactions and Outstanding Balances (116)

If you find yourself in a hole, stop digging.
Will Rogers



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **CITY OF ALBANY** as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 **CITY OF ALBANY**, as of June 30, 2007, the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Parks and Recreation, and Street Funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2007, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

www.bcsllc.com

Established - 1968

SALEM: 480 CHURCH STREET S.E. ■ SALEM, OR 97301 ■ PHONE: (503) 585-7751 ■ FAX: (503) 370-3781

STAYTON: 408 NORTH THIRD AVENUE ■ STAYTON, OR 97383 ■ PHONE: (503) 769-2186 ■ FAX: (503) 769-4312

ALBANY: 1205 9TH AVENUE S.E. ■ ALBANY, OR 97322 ■ PHONE: (541) 928-6500 ■ FAX: (541) 928-6501

INDEPENDENT AUDITOR'S REPORT (Continued)

The management's discussion and analysis on pages 1 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, the supplementary data, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards as listed in the Grant Compliance – Single Audit section of the table of contents is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of **CITY OF ALBANY**. The supplementary data and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Boldt, Carlisle & Smith, LLC

Certified Public Accountants

Salem, Oregon

December 4, 2007

By:



Douglas C. Parham, Member

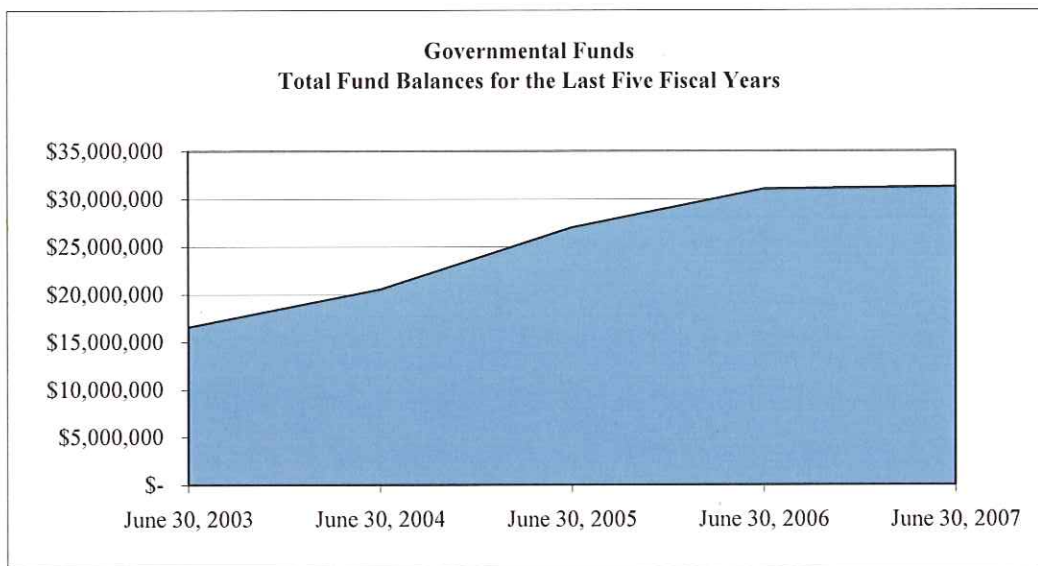
Management's Discussion and Analysis

As management of the City of Albany, Oregon, we offer the readers of the City's financial statements this narrative overview and analysis of the City for the fiscal year ended June 30, 2007. We encourage readers to consider the information here in conjunction with the additional information that we have furnished in our letter of transmittal which can be found starting on page iii.

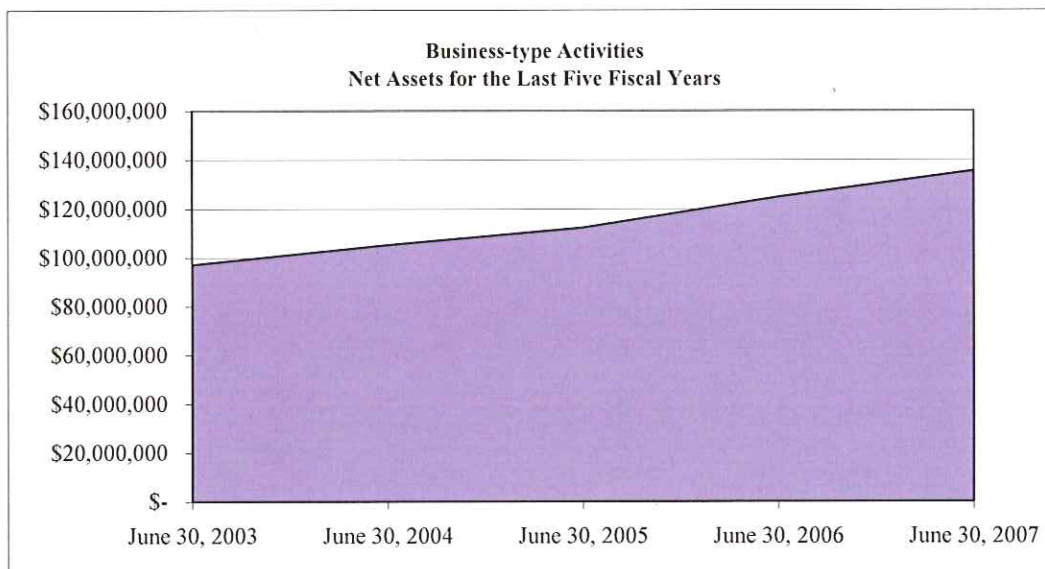
Financial Highlights

■-The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$242,487,225 (net assets). Of this amount, \$32,975,825 (unrestricted net assets) may be used to meet the city's ongoing obligations to citizens and creditors.

■-At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$31,272,455, an increase of \$238,325 in comparison with the previous year. Of the combined fund balances, \$20,396,578 is available for spending at the City's discretion. Due to a 6.7% increase in assessed value, property tax collections were \$675,000 more than anticipated in the General, Parks and Recreation, and Public Safety Levy Funds. Fund balances increased by a total of \$1,317,800 for the City's three major governmental operating funds: General, Street, and Parks & Recreation.



■-Business-type net assets increased \$10,770,078 (9 percent) for the 2006-07 fiscal year. Operating income for the Water and Sewer Funds was \$3,728,983. The increase to net assets from nonoperating revenues and expenses was \$346,140. Capital contributions from developer site improvements and development fees were \$7,240,110.



Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of 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.

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

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 of the 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 of the City 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 Central Albany Revitalization Area (CARA), for which the City is financially accountable and 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. CARA's complete financial statement may be obtained at the City's Administrative offices.

The government-wide financial statements can be found starting on page 13.

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. All of the funds of the City can be divided into two categories, governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide 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.

The City maintains 16 individual 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, Street, Parks and Recreation, and Debt Service Funds, all of which are considered to be major governmental funds. Data for the remaining governmental funds, (nonmajor governmental funds) are combined into a single aggregated presentation. Combining statements and budgetary comparisons for governmental and business-type funds can be found starting on page 63 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 are provided as necessary.

The basic governmental fund financial statements and respective reconciliations can be found starting on page 16.

Proprietary Funds

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

An internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses two internal service funds: Central Services and Public Works Services. Programs within the Central Services are City Council, Administrative Services, Employee Relations, Information Technology, GIS, and Permit Tracking. The Central Services Fund, which predominantly benefits governmental functions, has been included with the governmental activities in the government-wide financial statements. Engineering Services, Water Quality Control 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 27.

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 31.

Supplementary Data.

The combining statements, referred to earlier in connection with nonmajor governmental funds, can be found starting on page 63.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. The City's assets exceeded liabilities by \$242,487,225 at the close of the fiscal year.

At fiscal year end, June 30, 2007, the City had \$180,312,667 invested in capital assets, net of related debt, and an unrestricted net asset balance of \$32,975,825.

By far, the largest portion of the City's net assets is the investment in capital assets (e.g. land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, the assets are not available for future spending. Although the City's investment in its capital assets is reported net of the related debt, it should be noted that the 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 assets (\$29,198,733, 30 percent) represents resources that are subject to restrictions on how they may be used. In Governmental Activities, net assets restricted for capital projects, \$7,289,612 and debt service, \$7,005,471 account for nearly all of the restricted net assets.

**Table 1 - Net Assets Summary
Governmental and Business-type Activities
for the year ended June 30, 2007**

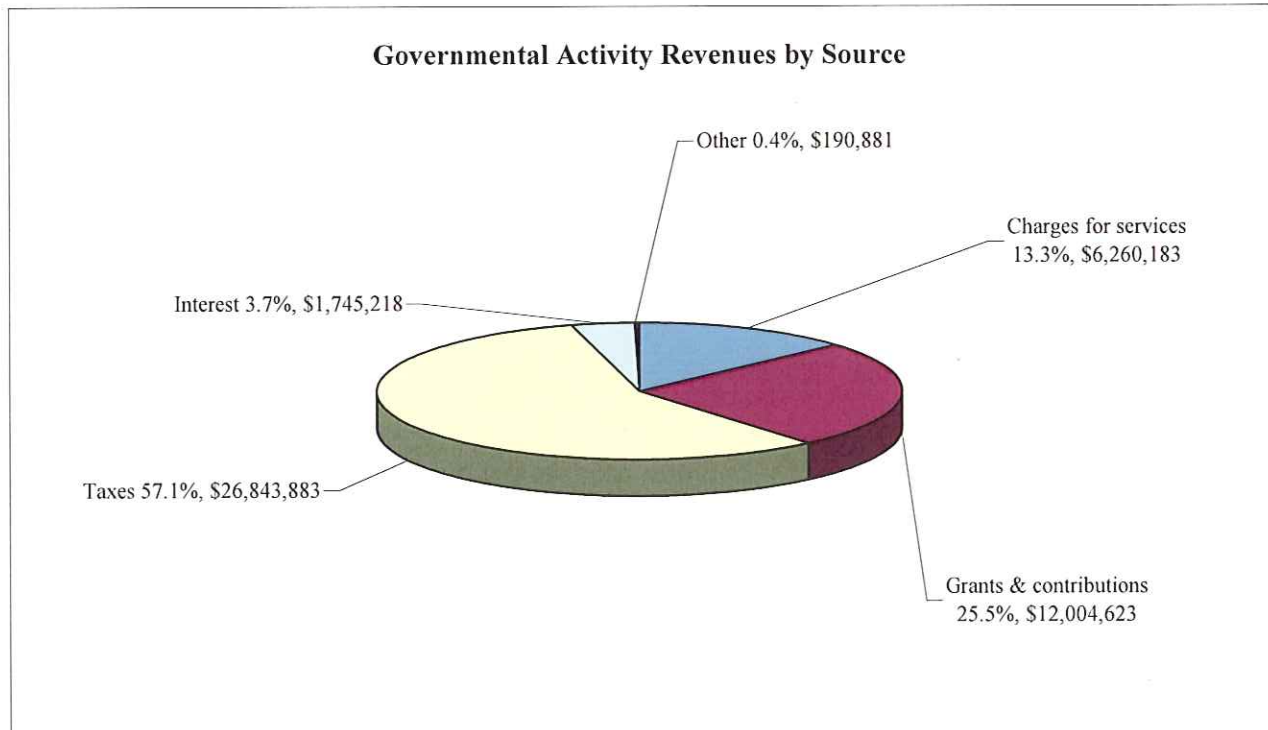
	Governmental Activities		Business-type Activities		Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Cash and investments	\$ 34,469,223	\$ 33,792,174	\$ 31,187,358	\$ 33,039,145	\$ 65,656,581	\$ 66,831,319
Other assets	10,795,348	10,941,633	8,011,927	4,172,141	18,807,275	15,113,774
Capital assets	90,316,952	87,643,480	174,004,626	135,182,816	264,321,578	222,826,296
Total assets	135,581,523	132,377,287	213,203,911	172,394,102	348,785,434	304,771,389
Other liabilities	4,060,508	3,775,638	6,297,687	2,685,196	10,358,195	6,460,834
Long term debt outstanding	24,523,780	26,663,734	71,416,235	44,988,995	95,940,015	71,652,729
Total liabilities	28,584,288	30,439,372	77,713,922	47,674,191	106,298,210	78,113,563
Net assets:						
Invested in capital assets, net of related debt	77,367,243	37,643,393	102,945,424	91,009,502	180,312,667	128,652,895
Restricted	14,434,391	52,678,448	14,764,342	14,984,960	29,198,733	67,663,408
Unrestricted	15,195,602	11,616,074	17,780,223	18,725,449	32,975,825	30,341,523
Total net assets	\$106,997,236	\$101,937,915	\$135,489,989	\$124,719,911	\$242,487,225	\$226,657,826

In the governmental funds, total assets increased by only 2.42 percent, while in the business-type activities, capital assets increased \$38,821,810 (23.67 percent). Construction costs for the new sewage treatment plant totaled \$31,431,700 for Fiscal Year 2006-07. The plant is scheduled to open in 2009-10. The increase in long-term debt is attributable to the State Revolving Fund loan for the new plant.

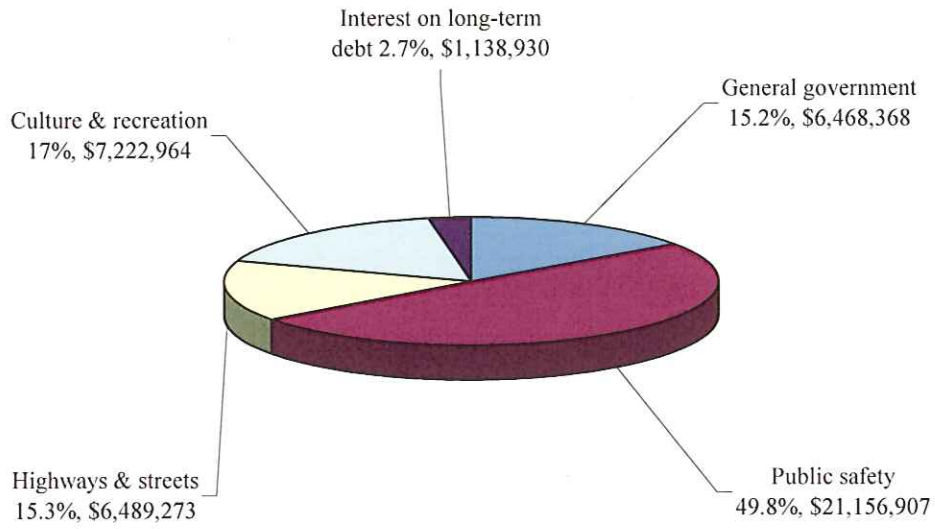
At the end of the current fiscal year, the City has positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's net assets increased by \$15,829,399 (6.98 percent) during the current fiscal year due primarily to increased tax revenues, water/sewer services charge increases in anticipation of utility capital construction; and capital contributions from systems development fees (streets, parks, water, and sewer), grants, and developer site improvements.

**Table 2 - Statement of Activities Summary
Governmental and Business-type Activities
for the year ended June 30, 2007**

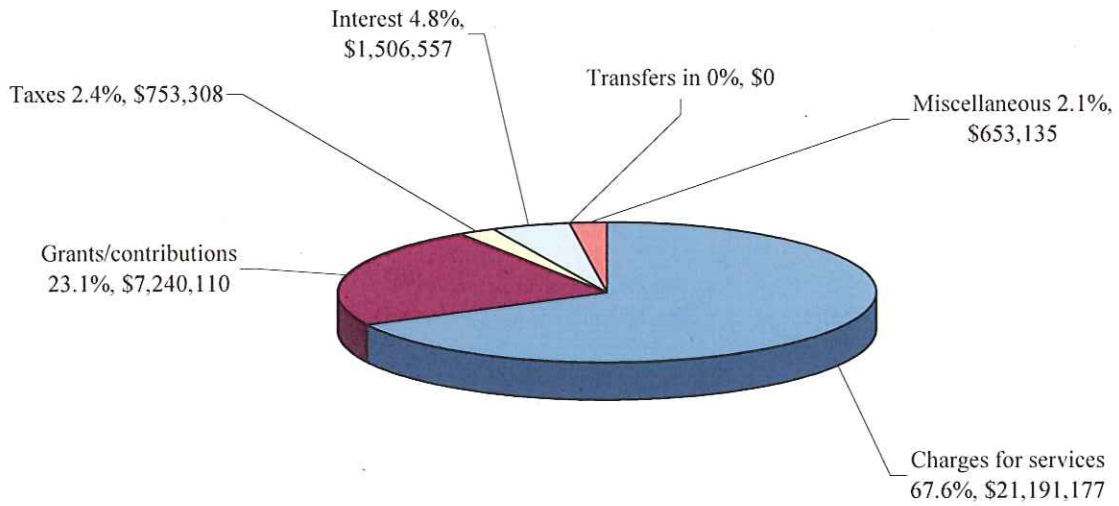
	Governmental Activities		Business-type Activities		Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
REVENUES						
Program revenues						
Charges for services	\$ 6,260,183	\$ 4,865,745	\$ 21,191,177	\$ 19,139,058	\$ 27,451,360	\$ 24,004,803
Grants and contributions	12,004,623	14,860,624	7,240,110	6,682,388	19,244,733	21,543,012
General revenues						
Taxes	26,843,883	24,984,183	753,308	759,865	27,597,191	25,744,048
Interest	1,745,218	1,303,367	1,506,557	1,240,546	3,251,775	2,543,913
Other	190,881	325,577	653,135	687,743	844,016	1,013,320
Total revenues	47,044,788	46,339,496	31,344,287	28,509,600	78,389,075	74,849,096
EXPENSES						
Governmental activities	42,476,442	37,500,793	-	-	42,476,442	37,500,793
Business-type activities	-	-	20,083,234	17,446,719	20,083,234	17,446,719
Total expenses	42,476,442	37,500,793	20,083,234	17,446,719	62,559,676	54,947,512
Increase in net assets before transfers	4,568,346	8,838,703	11,261,053	11,062,881	15,829,399	19,901,584
Transfers	490,975	373,918	(490,975)	(373,918)	-	-
Increase in net assets	5,059,321	9,212,621	10,770,078	10,688,963	15,829,399	19,901,584
Beginning net assets	101,937,915	92,725,294	124,719,911	114,030,948	226,657,826	206,756,242
Ending net assets	\$106,997,236	\$101,937,915	\$135,489,989	\$124,719,911	\$242,487,225	\$226,657,826



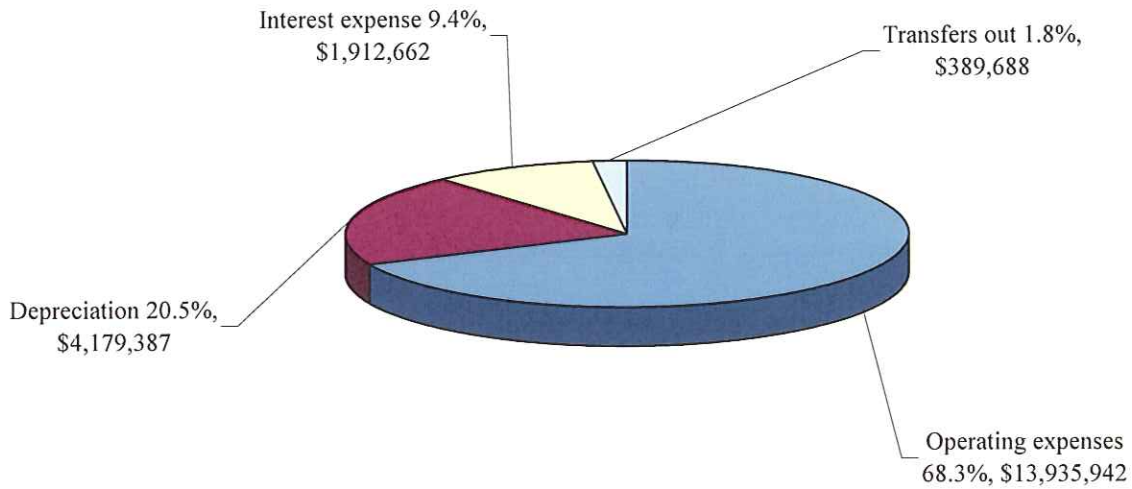
Governmental Activity Expenses by Program Area



Business-type Activity Revenues Enterprise and Internal Service Funds



**Business-type Activity Expenses
Enterprise and Internal Service Funds**



Significant Changes in Fund Balance or Fund Net Assets

Changes in Fund Balance: Governmental Funds

Fund	June 30, 2007 Fund Balance	June 30, 2006 Fund Balance	Increase (decrease)	Per cent Change
General Fund	\$ 4,681,943	\$ 4,103,125	\$ 578,818	14.11%
Parks & Recreation	3,907,092	3,506,420	400,672	11.43%
Grants	-	-	-	-
Building Inspection	938,672	896,754	41,918	4.67%
Risk Management	1,011,059	384,677	626,382	162.83%
Economic Development	682,085	417,909	264,176	63.21%
Ambulance	288,831	392,087	(103,256)	-26.33%
Public Transit	54,302	49,616	4,686	9.44%
Public Safety Levy	673,859	638,825	35,034	5.48%
Capital Replacement	6,862,864	6,466,119	396,745	6.14%
Street	9,472,507	9,134,197	338,310	3.70%
CARA	1,256,175	1,168,098	88,077	7.54%
Debt Service	241,343	241,343	-	0.00%
Capital Projects	106,666	902,205	(795,539)	-88.18%
Senior Center Endowment	49,056	47,608	1,448	3.04%
Library Trust	90,252	87,866	2,386	2.72%
Totals	\$ 30,316,706	\$ 28,436,849	\$ 1,879,857	6.61%

In the General Fund, a contingency of \$2.1 million was adopted by the City Council, which implies that if all other revenues were received and expenditures made as anticipated, the ending fund balance would have been \$2.1 million. In order to have a June 30 fund balance of \$4.681 million, there must have been a combination of higher than anticipated revenues and/or lower than anticipated expenditures. This was indeed the case as resources were six percent (\$1,579,650) more than expected. Property taxes, natural gas and electric privilege taxes, interest on investments, and beginning balance were the main contributors to the additional resources. Assessed values for 2006-07 were two percentage points higher than anticipated. A combination of rate increases and winter weather lead to higher privilege tax collections. An increase in interest rates resulted in higher interest earnings. On the expenditures side, after eliminating the contingency from consideration, actual expenditures were 96 percent of the adopted budget, yielding an additional \$1 million to ending fund balance.

In the Parks and Recreation Fund, the \$3.9 million ending fund balance was due mainly to the \$3.1 million balance in the Parks Systems Development Charge Projects program. Parks systems development charges (SDC) are collected and used for the acquisition and development of new park facilities within the City. SDC revenues have been held in reserve until completion of the Parks master plan. It is anticipated that with the completion of the plan, this program balance will decrease.

The purpose of the Risk Management Fund is to accumulate monies to mitigate risk factors and provide financial protection for deductible payments and liability exposure beyond that covered by insurance. For 2006-07, transfers in from other funds and interest earnings amounted to \$626,382. No expenditures were made from this fund during the fiscal year.

The fund balance in the Economic Development Fund increased by \$264,176 due primarily to the sale of property at the Albany Municipal Airport that was \$214,000 more than anticipated in the adopted budget. In addition, the sale of aviation fuel generated \$55,000 more than what was expected due partly to the general increase in the cost and subsequent sales price of petroleum products.

In the Capital Projects Fund, three projects begun in the Spring of 2007 contributed to the decrease in the fund balance: 53rd Avenue Bridge and Roadway, Ellingson Road Sewer Extension, and Ellingson Road Water Extension. Funding sources for these projects will consist of a combination of state loans, grants, and property owner assessments.

Changes in Net Assets: Business-type Funds

Fund	June 30, 2007	June 30, 2006	Increase (decrease)	Per cent Change
	Net Assets	Net Assets		
Water	\$ 61,254,379	\$ 56,318,968	\$ 4,935,411	8.76%
Sewer	74,384,892	68,394,758	5,990,134	8.76%
Central Services	128,386	297,219	(168,833)	-56.80%
Public Works Services	(51,182)	92,227	(143,409)	-155.50%
Totals	\$ 135,716,475	\$ 125,103,172	\$ 10,613,303	8.48%

The net assets for the Water and Sewer Funds both increased by a modest 8.76 percent. In the Central Services Fund, charges to other funds were reduced to limit the growth of the net assets balance. In the Public Works Services Fund, charges to other funds were not sufficient to provide for a positive net assets balance. Beginning in 2006-07, utilizing the project accounting module to generate service charge backs is anticipated to enhance the net assets balance.

BUDGETARY HIGHLIGHTS

The City Council approved 14 resolutions which changed the adopted 2006-07 Budget. Appropriations were increased in the General Fund by \$62,300 (0.24 percent). In the General Fund, after eliminating the \$2,060,900 Contingency, actual expenditures were 96 percent of the final budget yielding a favorable budget variance of \$1,041,393. General Fund revenues were \$1,579,650, six percent more than anticipated. Major contributions to the unanticipated excess were property taxes (\$448,321); electric privilege taxes (\$185,536); natural gas privilege taxes (\$144,554); interest on investments (\$118,651); and undesignated beginning balance (\$524,535).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2007, the City had invested \$264,321,578 in capital assets as reflected in the table below. Additional information concerning the City's capital assets can be found in the notes to the basic financial statements, starting on page 40.

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

	Governmental Activities		Business-type Activities		Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Land, land rights, & land improvements	\$ 6,205,353	\$ 5,927,255	\$ 2,243,060	\$ 2,113,510	\$ 8,448,413	\$ 8,040,765
Buildings and improvements	11,681,941	11,965,548	43,449,917	44,393,056	55,131,858	56,358,604
Vehicles and equipment	3,509,457	3,055,027	1,930,795	2,000,780	5,440,252	5,055,807
Infrastructure	66,849,292	60,317,356	77,430,730	75,060,248	144,280,022	135,377,604
Construction in progress	2,070,909	6,378,294	48,950,124	11,615,222	51,021,033	17,993,516
	<u>\$ 90,316,952</u>	<u>\$ 87,643,480</u>	<u>\$174,004,626</u>	<u>\$135,182,816</u>	<u>\$264,321,578</u>	<u>\$222,826,296</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 depreciation, disposition, and retirement of assets.

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

	Governmental Activities		Business-type Activities		Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Beginning Balance	\$ 87,643,480	\$ 81,250,492	\$135,182,816	\$121,239,496	\$222,826,296	\$202,489,988
Additions	7,023,046	10,376,786	42,953,852	17,712,083	49,976,898	28,088,869
Retirements	-	(5,500)	-	(5,669)	-	(11,169)
Depreciation	(4,349,574)	(3,978,298)	(4,132,042)	(3,763,094)	(8,481,616)	(7,741,392)
Ending balance	<u>\$ 90,316,952</u>	<u>\$ 87,643,480</u>	<u>\$174,004,626</u>	<u>\$135,182,816</u>	<u>\$264,321,578</u>	<u>\$222,826,296</u>

Governmental assets increased by \$2,673,472 net of accumulated depreciation. Included in the \$7 million of new construction are \$2.3 million of developer site improvement streets, \$2.8 million for street related construction (Thornton Lake Traffic Signal, Periwinkle Creek bridge, and the 53rd Avenue bridge and roadway project), and \$1 million for equipment purchases. Other capital items included improvements at the airport, land acquisition, and park development.

Business-type capital assets increased by \$38,821,810 net of accumulated depreciation. Included in the \$42,953,852 of new construction is \$31,431,700 for the new sewage treatment plant. In the Water Fund, \$3,207,669 was spent on new water line construction. Developer site improvement projects totaled \$4.3 million for water lines, sewer lines, and storm drains.

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

	2006-07	2005-06
Capital assets net of depreciation and related debt	180,312,667	163,611,597
Total net assets	242,487,225	226,657,826
Ratio of capital assets net of related debt to total net assets	<u>74.36%</u>	<u>72.18%</u>

Debt Outstanding

As of June 30, 2007, the City had \$95,940,015 in debt outstanding compared to \$71,652,729 on June 30, 2006. Of the amount outstanding as of June 30, 2007, \$5,597,178 is due within one year.

The total outstanding debt at June 30, 2007, was \$95,940,015. The debt consisted of outstanding bonds and certificates of participation, \$61,476,282; loans, \$31,712,418; compensated absences, \$2,510,119; claims and judgments, \$50,948; and capital leases, \$190,248. The ratio of the City's capital assets, net of related debt, as compared to total net assets is 74 percent. Details of long-term debt payable can be found in the notes to the basic financial statements beginning on page 49.

Table 5 - Outstanding Debt at Year End

	June 30, 2007	June 30, 2006
Governmental		
General obligation	\$ 9,235,000	\$ 9,710,000
Special assessment debt with governmental commitment	467,043	1,841,385
Limited tax pension	6,683,781	6,739,431
Revenue	830,000	1,030,000
General revenue	3,265,000	3,490,000
Oregon Economic Development Department note	259,461	283,197
CARA revenue note	1,389,213	1,459,399
Compensated absences	2,177,175	1,849,206
Claims and judgments	26,859	55,898
Capital Lease	190,248	205,218
Sub-total	\$ 24,523,780	\$ 26,663,734
Business-type		
Water revenue	\$ 36,790,000	\$ 38,040,000
Water general obligation	2,390,000	3,115,000
Water certificates of deposit	340,458	398,162
Sewer revenue	1,475,000	1,940,000
Oregon DEQ State Revolving Fund loan	30,063,744	966,481
Compensated absences	332,944	491,556
Claims and judgments	24,089	37,796
Sub-total	71,416,235	44,988,995
Total	\$ 95,940,015	\$ 71,652,729

Oregon Revised Statutes, Chapter 287, provides 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 \$90,355,908, which is well above the City's outstanding general obligation debt, \$12,825,000.

The City secured a \$60,000,000 loan from the Oregon DEQ State Revolving Fund to finance construction of a new wastewater treatment facility. At June 30, the loan balance was \$29,258,343.

Additional information on the City's long-term debt can be found in the notes to the basic financial statements, starting on page 49.

Key Economic Factors and Budget Information for the Future

At fiscal year end, Oregon's unemployment rate was 5.1 percent. The unemployment rate for Linn and Benton counties at the close of the fiscal year was 6.2 percent and 3.7 percent respectively. At the time of preparation of this report, the unemployment rates were 5.6 percent and 3.8 percent.

It is anticipated that the costs of providing medical insurance coverage to employees will rise by approximately 10 percent in the next fiscal year.

The state of Oregon's income tax receipts have been more than the amount it has budgeted to receive. The City does not believe that there will be a material impact on the financial condition of the City.

All of these factors were considered in preparing the City's budget for Fiscal Year 2007-08.

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 Office, City of Albany, Post Office Box 490, Albany, Oregon 97321.

I cannot call to mind a single instance where I have been irreverent, except toward the things
which were sacred to other people.

Mark Twain

CITY OF ALBANY, OREGON
STATEMENT OF NET ASSETS

June 30, 2007

	Govern- mental Activities	Business- type Activities	Total
ASSETS			
Cash and investments	\$ 23,284,899	\$ 16,423,016	\$ 39,707,915
Internal balances	98,100	(98,100)	-
Receivables:			
Property taxes	1,285,187	49,076	1,334,263
Accounts receivable	878,376	3,212,860	4,091,236
Assessments	369,630	205,249	574,879
Interest	276,361	232,746	509,107
Loans, net of allowance for uncollectible loans	689,726	3,070,345	3,760,071
Grants	111,372	-	111,372
Inventories	106,779	947,200	1,053,979
Other assets	158,454	25,058	183,512
Restricted cash and investments	11,184,324	14,764,342	25,948,666
Land and construction in progress	8,276,262	51,182,598	59,458,860
Other capital assets, net of depreciation	82,040,690	122,822,028	204,862,718
Prepaid pension contribution	6,578,285	-	6,578,285
Unamortized debt issuance costs and deferred charges	243,078	367,493	610,571
Total assets	<u>135,581,523</u>	<u>213,203,911</u>	<u>348,785,434</u>
LIABILITIES			
Accounts payable	2,343,675	5,100,491	7,444,166
Interest payable	219,637	1,047,830	1,267,467
Refundable deposits and advances	235,793	149,366	385,159
Due to other funds	-	-	-
Unearned revenue	1,091,741	-	1,091,741
Amount held in trust	53,494	-	53,494
Noncurrent liabilities:			
Due within one year:			
Special assessment debt with government commitment	62,377	-	62,377
All other debt	2,611,607	2,923,194	5,534,801
Due in more than one year:			
Special assessment debt with government commitment	404,666	-	404,666
All other debt	21,445,131	68,493,041	89,938,172
Unamortized premium on debt issuance	116,168	-	116,168
Total liabilities	<u>28,584,288</u>	<u>77,713,922</u>	<u>106,298,210</u>
NET ASSETS			
Invested in capital assets, net of related debt	77,367,243	102,945,424	180,312,667
Restricted for:			
Capital projects	7,289,612	14,119,487	21,409,099
Debt service	7,005,471	644,855	7,650,326
Other purposes - expendable	22,100	-	22,100
Other purposes - nonexpendable	117,208	-	117,208
Unrestricted	15,195,602	17,780,223	32,975,825
Total net assets	<u>\$ 106,997,236</u>	<u>\$ 135,489,989</u>	<u>\$ 242,487,225</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, 2007

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
FUNCTIONS				
Governmental activities				
General government	\$ 6,468,368	\$ 2,924,139	\$ 3,075,943	\$ 144,527
Public safety	21,156,907	2,607,728	2,168,022	835,481
Highways and streets	6,489,273	-	924,682	3,760,785
Culture and recreation	7,222,964	728,316	397,554	697,629
Interest on long-term debt	1,138,930	-	-	-
Total governmental activities	<u>42,476,442</u>	<u>6,260,183</u>	<u>6,566,201</u>	<u>5,438,422</u>
Business-type activities				
Water	11,253,334	11,635,389	-	2,461,068
Sewer	8,829,900	9,555,788	-	4,779,042
Total business-type activities	<u>20,083,234</u>	<u>21,191,177</u>	<u>-</u>	<u>7,240,110</u>
Total primary government	<u>\$ 62,559,676</u>	<u>\$ 27,451,360</u>	<u>\$ 6,566,201</u>	<u>\$ 12,678,532</u>

General revenues:
Property taxes
Transient room taxes
Motor fuel taxes
Cigarette and alcoholic beverage taxes
Privilege taxes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Miscellaneous
Contributions to permanent funds
Total general revenues and contributions
Transfers
Total general revenues, contributions and transfers
Change in net assets
Net assets - beginning, as restated
Net assets - ending

continued

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

CITY OF ALBANY, OREGON
STATEMENT OF ACTIVITIES, continued
for the year ended June 30, 2007

Net (Expense) Revenue and Change in Net Assets			
Govern- mental Activities	Business- type Activities	Total	
			Governmental activities
\$ (323,759)	-	\$ (323,759)	General government
(15,545,676)	-	(15,545,676)	Public safety
(1,803,806)	-	(1,803,806)	Highways and streets
(5,399,465)	-	(5,399,465)	Culture and recreation
(1,138,930)	-	(1,138,930)	Interest on long-term debt
(24,211,636)	-	(24,211,636)	Total governmental activities
			Business-type activities
-	\$ 2,843,123	2,843,123	Water
-	5,504,930	5,504,930	Sewer
-	8,348,053	8,348,053	Total business-type activities
<u>\$ (24,211,636)</u>	<u>\$ 8,348,053</u>	<u>\$ (15,863,583)</u>	Total primary government
			General revenues:
20,643,073	753,308	21,396,381	Property taxes
700,912	-	700,912	Transient room taxes
2,152,446	-	2,152,446	Motor fuel taxes
867,362	-	867,362	Cigarette and alcoholic beverage taxes
2,480,090	-	2,480,090	Privilege taxes
59,305	-	59,305	Grants and contributions not restricted to specific programs
1,745,218	1,506,557	3,251,775	Unrestricted investment earnings
130,653	653,135	783,788	Miscellaneous
923	-	923	Contributions to permanent funds
28,779,982	2,913,000	31,692,982	Total general revenues and contributions
490,975	(490,975)	-	Transfers
29,270,957	2,422,025	31,692,982	Total general revenues, contributions and transfers
5,059,321	10,770,078	15,829,399	Change in net assets
101,937,915	124,719,911	226,657,826	Net assets - beginning, as restated
<u>\$ 106,997,236</u>	<u>\$ 135,489,989</u>	<u>\$ 242,487,225</u>	Net assets - ending

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

CITY OF ALBANY, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2007

	General	Parks & Recreation	Street	Other Governmental	Total Governmental
ASSETS					
Cash and investments	\$ 4,618,142	\$ 757,643	\$ 3,772,148	\$ 13,560,464	\$ 22,708,397
Receivables:					
Property taxes	825,386	205,901	-	253,900	1,285,187
Accounts receivable	32,839	60,122	203,251	582,164	878,376
Assessments	-	-	-	369,630	369,630
Interest	46,200	32,165	73,617	121,428	273,410
Loans, net of allowance for uncollectible loans	58,909	-	-	630,817	689,726
Grants	-	-	-	111,372	111,372
Due from other funds	28,471	-	-	-	28,471
Other assets	61,989	6,728	26,556	59,364	154,637
Restricted cash and investments	482,598	3,361,663	5,978,302	1,361,761	11,184,324
Total assets	<u>\$ 6,154,534</u>	<u>\$ 4,424,222</u>	<u>\$ 10,053,874</u>	<u>\$ 17,050,900</u>	<u>\$ 37,683,530</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 595,708	\$ 274,302	\$ 377,116	\$ 795,738	\$ 2,042,864
Deposits	10,431	-	1,000	224,362	235,793
Due to other funds	-	-	-	28,471	28,471
Deferred/unearned revenue	812,958	242,828	203,251	2,791,416	4,050,453
Amounts held in trust	53,494	-	-	-	53,494
Total liabilities	<u>1,472,591</u>	<u>517,130</u>	<u>581,367</u>	<u>3,839,987</u>	<u>6,411,075</u>
Fund balances:					
Reserved for:					
Capital projects	-	3,430,820	5,978,301	106,666	9,515,787
Debt service	-	-	-	1,220,782	1,220,782
Library programs	-	-	-	11,799	11,799
Parks and Recreation programs	-	-	-	11,675	11,675
Perpetual care	-	-	-	115,834	115,834
Unreserved, reported in:					
General fund	4,681,943	-	-	-	4,681,943
Special revenue funds	-	476,272	3,494,206	11,744,157	15,714,635
Total fund balances	<u>4,681,943</u>	<u>3,907,092</u>	<u>9,472,507</u>	<u>13,210,913</u>	<u>31,272,455</u>
Total liabilities and fund balances	<u>\$ 6,154,534</u>	<u>\$ 4,424,222</u>	<u>\$ 10,053,874</u>	<u>\$ 17,050,900</u>	<u>\$ 37,683,530</u>

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

CITY OF ALBANY, OREGON
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2007

Total fund balances per Governmental Funds Balance Sheet (page 16)		\$ 31,272,455
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets - land	6,205,353	
Capital assets - construction in progress	2,070,909	
Capital assets - other	123,318,374	
Accumulated depreciation	(41,313,504)	
Capital assets, net		90,281,132
Other long-term assets are not available to pay current-period expenditures and, therefore, are deferred in the funds.		
Property taxes	1,314,402	
Accounts receivable	673,303	
Assessments	340,190	
Loans	630,817	
Total deferred revenue adjustments		2,958,712
Inventories of materials and supplies are capitalized on the Statement of Net Assets.		
		106,779
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. The assets and liabilities of these internal service funds are included in governmental activities in the Statement of Net Assets.		
Net assets reported as governmental activities	383,261	
(Profit)/loss reported as governmental activities	(156,775)	
Net adjustments for internal service funds		226,486
Long-term liabilities, including bonds payable, loans payable, and salaries, withholdings, vacations, and taxes payable are not due and payable in the current period and, therefore are not reported in the funds.		
Long-term debt	(22,319,746)	
Interest payable on long-term debt	(219,637)	
Claims and judgments	(24,100)	
Compensated absences	(1,990,040)	
Total long-term debt adjustments		(24,553,523)
Other adjustments		
Unamortized debt issuance costs	243,078	
Unamortized premium on debt issuance	(116,168)	
Net pension asset	6,578,285	
Total other adjustments		6,705,195
Net assets of governmental activities (page 13)		\$106,997,236

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

CITY OF ALBANY, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
for the year ended June 30, 2007

	General	Parks & Recreation	Street	Other Governmental	Total Governmental
REVENUES					
Taxes:					
Property	\$ 13,193,675	\$ 3,300,794	\$ -	\$ 4,174,052	\$ 20,668,521
Transient room tax	-	-	-	700,912	700,912
Assessment collections	-	-	-	284,316	284,316
Franchise fees, privilege taxes, licenses, and permits	3,872,497	675,304	1,875,141	1,750,803	8,173,745
Intergovernmental revenues	2,495,108	47,914	2,601,445	2,016,368	7,160,835
Charges for services	385,620	651,681	-	3,147,093	4,184,394
Fines and forfeitures	730,232	-	-	-	730,232
Gifts and donations	-	-	-	4,119	4,119
Interest on investments	217,751	194,362	461,464	803,910	1,677,487
Miscellaneous	268,651	292,527	9,837	737,162	1,308,177
Total revenues	21,163,534	5,162,582	4,947,887	13,618,735	44,892,738
EXPENDITURES					
Current:					
General government	1,416,949	-	-	4,869,681	6,286,630
Public safety	18,006,142	-	-	2,580,539	20,586,681
Highways and streets	-	-	3,494,426	5,000	3,499,426
Culture and recreation	1,848,977	4,548,210	-	249,494	6,646,681
Debt service:					
Principal	-	-	-	3,288,914	3,288,914
Interest	-	-	-	1,342,964	1,342,964
Capital outlay	165,047	279,653	1,075,138	3,166,004	4,685,842
Total expenditures	21,437,115	4,827,863	4,569,564	15,502,596	46,337,138
Excess (deficiency) of revenues over (under) expenditures	(273,581)	334,719	378,323	(1,883,861)	(1,444,400)
OTHER FINANCING SOURCES (USES)					
Debt issuance	-	-	-	9,065,000	9,065,000
Premium on debt issuance	-	-	-	121,060	121,060
Payment to escrow agent for refunded bonds	-	-	-	(8,200,000)	(8,200,000)
Capital lease	98,493	-	-	-	98,493
Transfers in	2,285,498	316,000	408,111	3,252,208	6,261,817
Transfers out	(1,531,592)	(250,047)	(448,124)	(3,433,882)	(5,663,645)
Total other financing sources (uses)	852,399	65,953	(40,013)	804,386	1,682,725
Net change in fund balances	578,818	400,672	338,310	(1,079,475)	238,325
Fund balance - beginning	4,103,125	3,506,420	9,134,197	14,290,388	31,034,130
Fund balance - ending	\$ 4,681,943	\$ 3,907,092	\$ 9,472,507	\$ 13,210,913	\$ 31,272,455

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

CITY OF ALBANY, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
for the year ended June 30, 2007

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

Net change in fund balances - total governmental funds (page 18).		\$ 238,325
<p>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 in the current period.</p>		
Capital outlay	4,677,434	
Depreciation for the current fiscal year	(4,335,944)	
Net capital outlay adjustment		341,490
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, disposals, and donations) is to increase net assets.</p>		
		8,408
<p>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.</p>		
		10,678
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes	(25,448)	
Capital asset donations	2,337,204	
Principal portion of loan receipts	(20,985)	
Other fees and charges	66,897	
Loans receivable	117,540	
Assessments	(225,123)	
Grants	-	
Total revenue adjustments		2,250,085
<p>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 assets. Also, governmental funds report the effect of issuance costs, 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.</p>		
		2,565,794
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated absences	(318,777)	
Accrued interest on long-term debt	99,975	
Net pension asset amortization	(6,794)	
Pending insurance claims	26,912	
Total adjustment		(198,684)
<p>The net expense of certain activities of internal service funds is reported with governmental activities.</p>		
Central Services Fund	(149,154)	
Public Works Services Fund	(7,621)	
Total internal service fund adjustments		(156,775)
Change in net assets of the governmental activities (pages 14-15)		<u>\$ 5,059,321</u>

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

CITY OF ALBANY, OREGON
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 12,340,900	\$ 12,340,900	\$ 12,789,221	\$ 448,321
Delinquent	460,000	460,000	404,455	(55,545)
Privilege tax: electric	1,400,000	1,400,000	1,585,536	185,536
Franchise fee: communications facilities	50,000	50,000	49,128	(872)
Franchise fee: telephone	185,000	185,000	262,395	77,395
Franchise fee: garbage collection	395,000	395,000	386,699	(8,301)
Privilege tax: natural gas	750,000	750,000	894,554	144,554
Franchise fee: cable television	350,000	350,000	397,307	47,307
Permit fees	-	-	2,025	2,025
Licenses	5,000	5,000	8,071	3,071
Library fees	60,000	60,000	74,132	14,132
Planning fees	210,000	210,000	190,107	(19,893)
Alarm fees	25,000	25,000	22,543	(2,457)
DUII enforcement grant	16,000	31,500	15,159	(16,341)
State liquor taxes	434,000	434,000	482,178	48,178
State cigarette taxes	80,000	80,000	83,460	3,460
State revenue sharing	270,000	301,800	301,724	(76)
Conflagration response reimbursement	-	-	68,128	68,128
EAIP Workers' Compensation wage subsidy reimbursement	-	-	2,172	2,172
Albany Rural Fire Protection District	1,170,200	1,170,200	1,171,959	1,759
North Albany Rural Fire Protection District	150,000	150,000	145,637	(4,363)
Palestine Rural Fire Protection District	119,300	119,300	120,314	1,014
Greater Albany Public Schools police grant	25,000	25,000	40,000	15,000
Gray Early Childhood Fund Grant	-	-	19,157	19,157
OSFM/USAR Team Response Reimbursement	-	-	37,750	37,750
Training	-	-	7,470	7,470
Space rental charges	385,000	385,000	385,620	620
Municipal Court fines	726,000	726,000	705,448	(20,552)
Parking violations	4,000	4,000	6,839	2,839
Nuisance vehicle administration fee	15,000	15,000	17,945	2,945
Gifts and donations	10,000	25,000	22,492	(2,508)
DARE donations	-	-	275	275
Restitution payments	-	-	1,843	1,843
CDBG Rehab Loan repayments	-	-	10,000	10,000
Rental Rehab Loan repayments	-	-	82,654	82,654
Miscellaneous revenues	40,000	40,000	67,201	27,201
AEID Principal	44,000	44,000	33,060	(10,940)
AEID Interest	900	900	225	(675)
Interest on investments	150,000	150,000	268,651	118,651
Total revenues	<u>19,870,300</u>	<u>19,932,600</u>	<u>21,163,534</u>	<u>1,230,934</u>
Other financing sources				
Capital lease	-	-	98,493	98,493
Transfer from Water Fund	49,800	49,800	49,800	-
Transfer from Public Safety Fund	621,600	621,600	621,600	-
Transfer from Public Safety Fund-Police	851,800	851,800	759,529	(92,271)

continued

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

CITY OF ALBANY, OREGON
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL, continued
for the year ended June 30, 2007

	Original Budget	Final Budget	Actual	(Over) Under
Other financing sources, continued				
Transfer from Public Safety Fund-Fire	890,600	890,600	804,769	(85,831)
Transfer from Sewer Fund	49,800	49,800	49,800	-
Total other financing sources	2,463,600	2,463,600	2,383,991	(79,609)
Fund balance				
Designated beginning balance for Housing	3,200,000	474,800	378,590	(96,210)
Undesignated beginning balance	474,800	3,200,000	3,724,535	524,535
Amount available for appropriation	\$26,008,700	\$26,071,000	\$27,650,650	\$ 1,579,650
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Nondepartmental:				
Materials and services	\$ 479,900	\$ 489,900	\$ 453,582	\$ 36,318
General operating contingency	2,195,900	2,060,900	-	2,060,900
Municipal Court	582,700	597,700	564,404	33,296
Code Enforcement	30,000	30,000	19,262	10,738
Fire Suppression	6,429,300	6,529,300	6,456,386	72,914
Public Safety Levy - Fire	890,600	890,600	804,769	85,831
Fire & Life Safety	559,400	559,400	439,773	119,627
Police	9,594,100	9,624,600	9,624,690	(90)
Public Safety Levy - Police	851,800	851,800	759,529	92,271
Planning	1,061,200	1,061,200	958,376	102,824
Housing	474,800	474,800	10,557	464,243
Library	1,910,700	1,920,700	1,898,145	22,555
Total expenditures	25,060,400	25,090,900	21,989,473	3,101,427
Other financing uses				
Transfers to other funds	948,300	980,100	979,234	866
Total expenditures and other financing uses	\$26,008,700	\$26,071,000	\$22,968,707	\$ 3,102,293
Fund balance, ending			\$ 4,681,943	

**Reconciliation of budgetary revenues, expenditures, and ending fund balance to
Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$21,163,534	\$21,989,473	\$ 4,681,943
Reconciling items:			
Reclassify PERS departmental debt service charges to transfers out	-	(552,358)	-
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (page 18)	\$21,163,534	\$21,437,115	\$ 4,681,943

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

CITY OF ALBANY, OREGON
PARKS AND RECREATION FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Property Taxes - Current	\$ 3,085,200	\$ 3,085,200	\$ 3,197,305	\$ 112,105
Property Taxes - Delinquent	105,300	105,300	103,489	(1,811)
Financed park system development charges				
Principal	1,600	1,600	6,031	4,431
Interest	300	300	2,066	1,766
Parks systems development charges	750,000	750,000	667,208	(82,792)
Land & Water Conservation Fund	-	37,000	36,963	(37)
State Marine Board	9,000	9,000	9,000	-
EAIP Workers' Compensation wage subsidy reimbursement	-	-	1,951	1,951
Linn County	17,500	17,500	-	(17,500)
Children/Youth/Family recreation fees	33,200	33,200	40,170	6,970
Children/Youth/Family sponsorships	4,000	4,000	3,512	(488)
Marketing fees	18,000	18,000	13,293	(4,707)
Adult recreation fees	20,000	20,000	30,028	10,028
Swimming pool receipts	241,000	241,000	174,081	(66,919)
Senior Center rental fees	40,000	40,000	29,031	(10,969)
Maple Lawn Preschool fees	61,000	61,000	55,106	(5,894)
Sports program fees	110,000	110,000	85,071	(24,929)
Children's Performing Arts Series	-	-	400	400
Waverly boat rentals	4,600	4,600	2,932	(1,668)
Park permits	18,600	18,600	17,060	(1,540)
Fitness program fees	40,000	40,000	33,740	(6,260)
Preschool materials & services fees	3,500	3,500	2,046	(1,454)
Senior program fees	6,000	6,000	15,313	9,313
Extreme sports entry fees	400	400	915	515
Children's art activities	2,000	2,000	-	(2,000)
Event Souvenir sales	8,600	8,600	6,403	(2,197)
Event Food Faire revenues	24,500	24,500	18,413	(6,087)
Preschool fundraising proceeds	5,700	5,700	4,922	(778)
Northwest Art & Air Festival fees	7,700	7,700	7,120	(580)
Hot air balloon rides	7,800	7,800	3,873	(3,927)
Senior newsletter	2,900	2,900	3,473	573
Gift shop revenues	6,500	6,500	5,054	(1,446)
Trip revenue	42,500	42,500	44,252	1,752
Merchandise sales - aquatics	14,000	14,000	3,556	(10,444)
Cool! Pool facility rental fees	2,000	2,000	24,237	22,237
Concession sales - aquatics	7,000	7,000	7,587	587
Concession sales - sports	17,300	17,300	7,991	(9,309)
Public arts	500	500	389	(111)
Swanson room rental fees	-	-	598	598
Track Club revenues	-	-	6,653	6,653
Facility enhancement fee	-	-	4,464	4,464
Pre-concert activity sponsorships	2,000	2,000	522	522
Fun in the Park sponsorships	-	-	2,000	2,000

Continued

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

CITY OF ALBANY, OREGON
PARKS AND RECREATION FUND (Continued)
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

	Original Budget	Final Budget	Actual	Over (Under)
Revenues, continued				
Gifts & donations	189,500	191,100	80,363	(110,737)
Monday night concert series	9,500	9,500	10,559	1,059
Pass-the-hat donations	19,000	19,000	10,602	(8,398)
Senior Center sponsorships	7,800	7,800	2,083	(5,717)
CPAS sponsorships	9,000	9,000	11,526	
River Rhythms sponsorships	101,500	101,500	67,675	
NWAAF sponsorships	62,500	62,500	100,425	
Miscellaneous revenue	3,800	3,800	3,016	(784)
Brochure advertising revenues	4,000	4,000	2,503	(1,497)
General fundraising	500	500	1,250	750
Interest on investments	49,600	55,400	194,362	138,962
Total revenues	<u>5,176,900</u>	<u>5,221,300</u>	<u>5,162,582</u>	<u>(58,718)</u>
Other financing sources				
Transfer from Parks Fund	23,000	23,000	-	(23,000)
Transfer from Water Fund	46,400	46,400	46,400	
Transfer from General Fund	133,600	133,600	133,600	
From Paratransit System	-	16,000	16,000	-
From Street Fund	120,000	120,000	120,000	-
Total other financing sources	<u>323,000</u>	<u>339,000</u>	<u>316,000</u>	<u>(23,000)</u>
Fund balance, beginning	3,059,100	3,312,100	3,506,420	194,320
Amount available for appropriation	<u>\$ 8,559,000</u>	<u>\$ 8,872,400</u>	<u>\$ 8,985,002</u>	<u>\$ 112,602</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Sports Programs	\$ 209,100	\$ 229,100	\$ 206,502	\$ 22,598
Children/Youth/Family Recreation Services	207,800	207,800	196,095	11,705
Resource Development/Marketing Services	169,300	169,300	107,734	61,566
Adult Recreation & Fitness Services	178,500	188,500	181,868	6,632
Park Maintenance Services	1,593,900	1,593,900	1,370,886	223,014
Parks & Recreation Administration	1,184,600	1,160,600	1,029,724	130,876
Senior Services	491,500	491,500	408,030	83,470
Aquatic Services	612,600	622,600	611,194	11,406
Northwest Art & Air Festival	146,400	146,400	125,132	21,268
Performance Series	160,800	160,800	135,187	25,613
Urban Forestry	224,100	224,100	224,906	(806)
Park System Development Charge Projects	3,366,400	3,366,400	236,477	3,129,923
Swanson Aquatic Facility	-	297,400	232,146	65,254
Senior Center Foundation	14,000	14,000	12,029	1,971
Total expenditures	<u>\$ 8,559,000</u>	<u>\$ 8,872,400</u>	<u>\$ 5,077,910</u>	<u>\$ 3,794,490</u>
Fund balance, ending			<u>\$ 3,907,092</u>	

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

Continued

CITY OF ALBANY, OREGON
PARKS AND RECREATION FUND (Continued)
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 for the year ended June 30, 2007

**Reconciliation of budgetary revenues, expenditures, and ending fund balance to
 Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total revenues, total expenditures, and fund balance from above	\$ 5,162,582	\$ 5,077,910	\$ 3,907,092
Reconciling items:			
Eliminate transfers out	-	(250,047)	-
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (page 18)	\$ 5,162,582	\$ 4,827,863	\$ 3,907,092

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

CITY OF ALBANY, OREGON
STREET FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Sewer in-lieu-of franchise fee	\$ 447,500	\$ 447,500	\$ 432,462	\$ (15,038)
Water in-lieu-of franchise fee	393,700	393,700	363,497	(30,203)
Financed street system development charges				
Principal	-	-	-	-
Interest	-	-	35	35
Financed transportation system development charges				
Principal	95,000	95,000	8,558	(86,442)
Interest	6,500	6,500	5,385	(1,115)
Financed improvement assurance fees				
Principal	11,700	11,700	4,882	(6,818)
Interest	4,500	4,500	12,117	7,617
Street connection fees	120,000	120,000	43,800	(76,200)
Transportation system development charges	625,000	625,000	885,568	260,568
Public facility construction permit	92,000	92,000	118,837	26,837
Federal Highway Administration	-	-	62,106	62,106
Oregon Department of Transportation	-	-	27,620	27,620
State of Oregon	200,000	200,000	13,013	(186,987)
State gasoline tax	2,066,400	2,066,400	2,151,490	85,090
Surface transportation program	340,000	340,000	346,260	6,260
EAIP Workers' Comp wage subsidy reimbursement	-	-	956	956
Miscellaneous	2,000	2,000	9,837	7,837
Interest on investments	250,000	250,000	461,464	211,464
Total revenues	<u>4,654,300</u>	<u>4,654,300</u>	<u>4,947,887</u>	<u>293,587</u>
Other financing sources				
Transfer from General Fund - Street lights	260,000	260,000	260,000	-
Transfer from Capital Projects Fund	-	150,000	148,111	(1,889)
Total other financing sources	<u>260,000</u>	<u>410,000</u>	<u>408,111</u>	<u>(1,889)</u>
Fund balance, beginning	<u>8,327,000</u>	<u>8,177,000</u>	<u>9,134,197</u>	<u>957,197</u>
Amount available for appropriation	<u>\$13,241,300</u>	<u>\$13,241,300</u>	<u>\$14,490,195</u>	<u>\$ 1,248,895</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 889,000	\$ 889,000	\$ 844,181	\$ 44,819
Materials and services	3,303,800	3,303,800	2,678,368	625,432
Capital	8,378,500	8,363,500	1,075,139	7,288,361
Transfers	420,000	435,000	420,000	15,000
Contingencies	250,000	250,000	-	250,000
Total expenditures	<u>\$13,241,300</u>	<u>\$13,241,300</u>	<u>\$ 5,017,688</u>	<u>\$ 8,223,612</u>
Fund balance, ending			<u>\$ 9,472,507</u>	

continued

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

CITY OF ALBANY, OREGON
STREET FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL, continued
for the year ended June 30, 2007

**Reconciliation of budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total revenues, total expenditures, and fund balance from above	\$ 4,947,887	\$ 5,017,688	\$ 9,472,507
Reconciling items:			
Eliminate transfers out	-	(448,124)	-
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (page 18)	\$ 4,947,887	\$ 4,569,564	\$ 9,472,507

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

CITY OF ALBANY, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2007

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 11,815,971	\$ 4,499,520	\$ 16,315,491	\$ 684,027
Receivables:				
Property taxes	49,076	-	49,076	-
Accounts receivable	1,441,312	1,771,548	3,212,860	-
Accrued interest	151,127	80,933	232,060	3,637
Inventories	793,397	153,803	947,200	-
Total current assets	<u>14,250,883</u>	<u>6,505,804</u>	<u>20,756,687</u>	<u>687,664</u>
Noncurrent assets:				
Other assets	486	13,770	14,256	14,619
Cash and investments restricted for debt service	7,666,572	7,097,770	14,764,342	-
Assessments receivable	-	205,249	205,249	-
SRF loan proceeds receivable	-	3,070,345	3,070,345	-
Capital assets (net)	80,503,391	93,327,303	173,830,694	209,752
Unamortized debt issuance costs and deferred charges	303,456	64,037	367,493	-
Total noncurrent assets	<u>88,473,905</u>	<u>103,778,474</u>	<u>192,252,379</u>	<u>224,371</u>
Total assets	<u>102,724,788</u>	<u>110,284,278</u>	<u>213,009,066</u>	<u>912,035</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,018,175	3,965,498	4,983,673	417,629
Compensated absences	38,583	67,633	106,216	413,863
Claims and judgments	8,457	15,051	23,508	3,339
Interest payable	735,370	312,460	1,047,830	-
Refundable deposits	149,366	-	149,366	-
Loan payable, current portion	-	161,080	161,080	-
Bonds payable, current portion	2,100,875	475,000	2,575,875	-
Total current liabilities	<u>4,050,826</u>	<u>4,996,722</u>	<u>9,047,548</u>	<u>834,831</u>
Noncurrent liabilities:				
Loan payable - long-term portion	-	29,902,664	29,902,664	-
Bonds payable - long-term portion	37,419,583	1,000,000	38,419,583	-
Total noncurrent liabilities	<u>37,419,583</u>	<u>30,902,664</u>	<u>68,322,247</u>	<u>-</u>
Total liabilities	<u>41,470,409</u>	<u>35,899,386</u>	<u>77,369,795</u>	<u>834,831</u>
NET ASSETS				
Invested in capital assets, net of related debt	40,982,933	61,788,559	102,771,492	209,752
Restricted for capital construction	7,480,657	6,638,830	14,119,487	-
Restricted for debt service	185,915	458,940	644,855	-
Unrestricted	12,604,874	5,498,563	18,103,437	(132,548)
Total net assets	<u>\$ 61,254,379</u>	<u>\$ 74,384,892</u>	<u>\$ 135,639,271</u>	<u>\$ 77,204</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(149,282)	
Net assets of business-type activities (page 13)			<u>\$ 135,489,989</u>	

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

CITY OF ALBANY, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
for the year ended June 30, 2007

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Total	
OPERATING REVENUES:				
Service charges and fees	\$ 11,635,389	\$ 9,555,788	\$ 21,191,177	\$ 8,566,200
Miscellaneous	510,038	143,097	653,135	77,211
Total operating revenues	12,145,427	9,698,885	21,844,312	8,643,411
OPERATING EXPENSES:				
Salaries and wages	2,030,868	2,070,825	4,101,693	5,969,894
Contracted services	1,857,537	924,844	2,782,381	616,692
Operating supplies	638,862	685,251	1,324,113	810,827
Utilities	403,694	413,745	817,439	113,687
Depreciation and amortization	2,049,219	2,130,168	4,179,387	20,671
Repairs and maintenance	449,958	714,490	1,164,448	169,990
Charges for services	1,917,668	1,796,660	3,714,328	1,035,900
Miscellaneous	31,114	426	31,540	30,076
Total operating expenses	9,378,920	8,736,409	18,115,329	8,767,737
Operating income (loss)	2,766,507	962,476	3,728,983	(124,326)
NONOPERATING REVENUES (EXPENSES):				
Property Taxes	753,308	-	753,308	-
Interest on investments	993,021	512,473	1,505,494	20,568
Interest expense	(1,845,566)	(67,096)	(1,912,662)	-
Total nonoperating revenues (expenses)	(99,237)	445,377	346,140	20,568
Income (loss) before capital contributions and transfers	2,667,270	1,407,853	4,075,123	(103,758)
Capital contributions	2,461,068	4,779,042	7,240,110	-
Transfers out	(192,927)	(196,761)	(389,688)	(208,484)
Change in net assets	4,935,411	5,990,134	10,925,545	(312,242)
Net assets - beginning, as restated	56,318,968	68,394,758		389,446
Net assets - ending	\$ 61,254,379	\$ 74,384,892		\$ 77,204
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.			(155,467)	
Change in net assets of business-type activities (pages 14-15)			\$ 10,770,078	

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

CITY OF ALBANY, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
for the year ended June 30, 2007

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 11,641,168	\$ 9,322,635	\$ 20,963,803	\$ 8,566,200
Cash payments to suppliers of goods and services	(5,223,997)	(1,887,032)	(7,111,029)	(2,672,286)
Cash payments to employees for services	(2,088,588)	(2,081,150)	(4,169,738)	(6,052,816)
Other operating revenues	510,037	142,943	652,980	77,211
Net cash provided by operating activities	<u>4,838,620</u>	<u>5,497,396</u>	<u>10,336,016</u>	<u>(81,691)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property Taxes	759,290	-	759,290	-
Transfers out	(192,927)	(196,761)	(389,688)	(208,484)
Net cash provided (used in) by noncapital financing activities	<u>566,363</u>	<u>(196,761)</u>	<u>369,602</u>	<u>(208,484)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(5,654,216)	(32,907,606)	(38,561,822)	(45,423)
Interest capitalized	-	286,105	286,105	-
Receipt of assessments and fees	88,020	442,535	530,555	-
Principal paid on loan	-	(161,080)	(161,080)	-
Principal paid on bonds	(1,975,000)	(465,000)	(2,440,000)	-
Principal paid on certificates of participation	(57,704)	-	(57,704)	-
Interest paid on long-term debt	(1,862,184)	(74,243)	(1,936,427)	-
System development charges collected	788,530	1,520,895	2,309,425	-
SRF loan proceeds	-	26,187,998	26,187,998	-
Net cash used in capital and related financing activities	<u>(8,672,554)</u>	<u>(5,170,396)</u>	<u>(13,842,950)</u>	<u>(45,423)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	1,047,893	536,650	1,584,543	22,807
Net increase (decrease) in cash and investments	<u>(2,219,678)</u>	<u>666,889</u>	<u>(1,552,789)</u>	<u>(312,791)</u>
Cash and investments, July 1, 2006	<u>21,702,221</u>	<u>10,930,401</u>	<u>32,632,622</u>	<u>996,818</u>
Cash and investments, June 30, 2007	<u>\$ 19,482,543</u>	<u>\$ 11,597,290</u>	<u>\$ 31,079,833</u>	<u>\$ 684,027</u>

Continued

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

CITY OF ALBANY, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (continued)
for the year ended June 30, 2007

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss) (page 28)	\$ 2,766,507	\$ 962,476	\$ 3,728,983	\$ (124,326)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,049,219	2,130,168	4,179,387	\$ 20,671
Changes in assets and liabilities:				
Receivables	4,211	(233,308)	(229,097)	-
Inventories	(183,015)	(15,380)	(198,395)	-
Other assets	(52)	(11,270)	(11,322)	(6,874)
Accounts payable	263,340	2,683,886	2,947,226	111,760
Salaries, withholdings, vacation, and taxes payable	(57,720)	(10,325)	(68,045)	(81,375)
Claims & judgments	(5,437)	(8,851)	(14,288)	(1,547)
Refundable deposits	1,567	-	1,567	-
Total adjustments	2,072,113	4,534,920	6,607,033	42,635
Net cash provided by (used in) operating activities	\$ 4,838,620	\$ 5,497,396	\$ 10,336,016	\$ (81,691)

STATEMENT OF NET ASSETS RECONCILIATION

Cash and investments from above	\$ 19,482,543	\$ 11,597,290	\$ 31,079,833	\$ 684,027
Less: restricted cash and investments	(7,666,572)	(7,097,770)	(14,764,342)	-
Cash and investments per Statements of Net Assets for Proprietary Funds (page 27)	\$ 11,815,971	\$ 4,499,520	\$ 16,315,491	\$ 684,027

NONCASH CAPITAL ACTIVITIES:

Amortization of bond issuance costs	\$ 20,556	\$ 6,674	\$ 27,230
Contribution of capital assets to government	\$ 2,461,068	\$ 4,779,042	\$ 7,240,110

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

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 financial statements have incorporated all applicable GASB pronouncements, as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principals Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict 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.

In June 1999, the GASB approved Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. GASB No. 34 provides for significant changes in financial reporting. A phased implementation based on the size of the government, started with fiscal years ending in 2002. As part of this statement, there is a new reporting requirement regarding local government's infrastructure (roads, streets, parks, etc.). The City of Albany's financial statements for the fiscal year ended June 30, 2007, comply with the requirements of GASB No. 34.

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 had a June 30 year end.

Blended Component Unit - The Central Albany Revitalization Area (CARA) serves the citizens of the City of Albany and is governed by a board comprised of the City's elected officials. CARA is reported as a governmental fund type. Its 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 primary 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 Assets and the Statement of Activities.

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*.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basic Financial Statements, continued

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 consolidated into a single column in the financial section of the basic financial statements and are detailed in the supplemental information. 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.

The City reports the following major governmental funds:

General Fund

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 (code enforcement, planning, and housing), public safety (municipal court, police, fire suppression, fire and life safety), and culture and recreation (library).

Parks and Recreation Fund

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

Street Fund

The major activities of the Street fund are pavement management, traffic control, storm drain maintenance, bridge maintenance, right-of-way maintenance, urban forestry, 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 systems development charges.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

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 Fund

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

Sewer Fund

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

Additionally, the City reports the following fund types:

Special Revenue Funds

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 Fund

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

Capital Project Fund

A governmental fund type used to account for the acquisition or construction of major capital facilities other than those financed by proprietary funds or in trust funds for individuals, private organizations, or other governments.

Permanent Funds

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 government's programs.

Internal Service Funds

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

As a general rule, the affect 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources, including all taxes, are reported as *general revenues* rather than program revenues.

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 sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Investments

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

It is the City's policy, as allowed by GASB Statement No. 31, Accounting and Financial Reporting of Certain Investments and for External Investment Pools, to report at amortized cost all short-term, highly liquid money market investments (including commercial paper, banker's acceptances, and U. S. Treasury and agency obligations) and participating interest-earning investment contracts with a remaining maturity at time of purchase of one year or less. Such investments are stated at amortized cost, increased by accretion of discounts and reduced by amortization of premiums, both computed by the straight-line method. Investments with a remaining maturity at time of purchase of more than one year are valued at fair value.

Restricted Assets

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

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. Uncollected 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 uncollected 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, accounts receivable for user charges, property assessments, and interest.

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

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

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

Receivables in the proprietary funds are recorded as 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.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

Compensated Absences

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

Long-term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. 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 debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period. 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.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to changes.

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 approved expenditures for each fund may not be increased by more than 10 percent by the City Council without returning to the Budget Committee for a second approval.

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

Budgetary Information, continued

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 detailed 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. A tax measure may only be passed at an election with at least a 50 percent voter turnout unless the election is held in November of an even numbered year. In the latter case, the tax measure will pass with a more than 50 percent favorable vote regardless of the voter turnout percentage. 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 2006-07 was \$2,657,492,144. 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 property is not sufficient to allow for an annual three percent increase in the assessed value.

The City budgets the following funds at the program level:

General Fund (except Nondepartmental)	Debt Service Funds:
Special Revenue Funds:	Debt Service
Parks & Recreation	Capital Project Funds:
Grants	Capital Projects
Building Inspection	Permanent Funds:
Economic Development	Library Trust
Public Transit	Internal Service Funds:
Capital Replacement	Central Services
Central Albany Revitalization Area (CARA)	Public Works Services

The budget is adopted for the following funds by total personnel services, materials and services, capital outlay, transfers out, and contingency.

General Fund	Permanent Funds:
Nondepartmental	Senior Center Endowment
Special Revenue Funds:	Enterprise Funds:
Street	Water
Risk Management	Sewer
Ambulance	
Public Safety Levy	

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

Budgetary Information, continued

During the fiscal year ended June 30, 2007, the City made supplemental budget changes amounting to \$148,700 in order to increase appropriations for unanticipated grant awards. Other supplemental budget changes resulted in a net increase of \$21,530,300 of authorized expenditures. The City refunded and advance refunded two general obligation bond issues in March, 2007, which required an \$8,551,000 increase in appropriations. The appropriation for capital construction in the Sewer Fund was increased by \$8,000,000 for the new sewage treatment plant. Appropriations in the Capital Projects Fund increased by \$3,282,500 for the Periwinkle Bridge, 53rd Avenue Bridge and Roadway, Ellingson Road Sewer Extension, and the Ellingson Road Water Extension projects. Expenditure appropriations may not be legally overspent, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted. The City currently uses encumbrances which lapse at the close of the fiscal year.

No new funds were established in Fiscal Year 2006-07.

Excess of Expenditures Over Appropriations

There were six instances where expenditures exceeded appropriations. In the General Fund, the Police program, with a budget of \$9,624,600 was overspent by \$90. In the Parks and Recreation Fund, the Urban Forestry program exceeded the adopted budget by \$806. The Capital category of the Ambulance fund was over budget by \$8,408, although as a whole, the fund was under budget by almost \$114,000.

In the Capital Projects Fund three programs exceeded the adopted budget. The 53rd Avenue Bridge/Roadway project exceeded the adopted budget by \$94,482; the Ellingson Road Sewer extension project was over by \$35,827; and the Ellingson Road Water Extension project was over by \$29,371. Measures have been taken, including closer monitoring of expenditures, to ensure that City programs remain within appropriations. In the future, the City will focus attention more closely to the levels at which the budget was adopted and make appropriate supplemental budget adjustments.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

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 Assets as 'Cash and investments' and 'Restricted cash and investments' (page 13).

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

Cash on hand	\$ 30,846
Bank balances with financial institutions	(1,201,290)
State of Oregon Treasurer's short-term investment pool	18,311,335
Other investments	48,515,690
Total cash and investments	<u>\$ 65,656,581</u>

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

Cash and investments	\$ 39,707,915
Restricted cash and investments	25,948,666
Total cash and investments	<u>\$ 65,656,581</u>

Deposits with financial institutions

Deposits with financial institutions are comprised of bank demand deposits and savings accounts. At year end, the carrying amount of the City's net balance was (\$1,201,290) and the bank balance was \$605,778. Of these deposits, \$122,316 was not covered by federal depository insurance. The Oregon Revised Statutes require the depository institution to maintain on deposit with a collateral pool manager securities having a value of not less than 25 percent of the outstanding certificates of participation issued by the pool manager.

INVESTMENTS

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 the Albany City Council, specifies the City's investment objectives, requires diversification with certain limitations, 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 carries all investments at amortized cost as is allowed by GASB No. 31. The implementation of GASB No. 31 was immaterial to the government-wide financial statements for the fiscal years ended June 30, 2006 and 2007.

As of June 30, 2007, the City had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (yrs)</u>	<u>Percent of Total Portfolio</u>
U.S. Government agency obligations:				
FFCB-Federal Farm Credit Bank	\$ 2,501,837	\$ 2,502,665	0.691	4%
FHLB-Federal Home Loan Bank	8,999,657	8,989,235	1.232	13%
FHLM-Federal Home Loan Mortgage Corporation	7,021,878	7,000,650	1.144	10%
FNMA-Federal National Mortgage Association	8,514,221	8,509,207	0.604	13%
Oregon Short-term Fund	18,311,335	18,274,713	0.003	27%
Corporate indebtedness	10,928,482	10,926,114	0.244	16%
Municipal bonds - Oregon	6,526,606	6,520,756	1.100	10%
Municipal bonds - Idaho, California, and Washington	4,041,009	4,039,126	0.700	6%
Accrued trust fees	(18,000)	(18,000)		
Totals	<u>\$66,827,025</u>	<u>\$66,744,466</u>		<u>100%</u>
Portfolio weighted average maturity			<u>0.579</u>	

**CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS**

3. DETAILED NOTES, continued

INVESTMENTS, continued

The Oregon Short-Term Fund is an external investment pool as defined in Statement No. 31 of the Governmental Accounting Standards Board. As of June 30, 2007, the market rate of the Oregon Short-term Fund investment pool was 99.8% as reported in the Oregon Short-Term Fund audited financial statements. It represents the City's market percentage of their investment in the investment pool as of that date. The Oregon Short-term Fund is not registered with the SEC as an investment company. The State's investment policies are governed by the Oregon Revised Statutes and the Oregon Investment Council.

Interest rate risk.

The City's investment policy does not allow investments of more than 36 months. At least 20 percent must mature in six months or less and at least 50 percent must mature in 18 months or less. The investment policy states that the weighted average maturity of the portfolio shall not exceed 18 months. The City's weighted average maturity as of June 30, 2007, was less than seven months.

Credit and concentration of credit risks.

State statutes 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. Limitations of the City's investment policy are recapped below.

<u>Investment Type</u>	<u>Minimum Credit Rating</u>	<u>Percent of Total Portfolio</u>	<u>Maximum Maturity</u>
U. S. Treasury bills, notes, strips, bonds, and obligations secured by the U. S. Treasury	n/a	100%	36 months
U. S. Government agency discount notes and bonds	n/a	50%	36 months
Oregon issued bankers acceptances	n/a	25%	6 months
Corporate indebtedness, national issuers (five percent maximum per single issuer)	Aa	35%	9 months
Corporate indebtedness, Oregon issuers (five percent maximum per single issuer)	A	35%	9 months
Commercial bank time certificates of deposit	n/a	25%	1 year
Repurchase agreements	n/a	25%	10 days
Oregon Short-term Fund	n/a	90%	Daily demand
Debt issued by the state of Oregon and its political subdivisions	A	10%	36 months
Debt issued by the states of Idaho, Washington, and California and their political subdivisions	AA	10%	36 months

Custodial risk.

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. All securities pledged to the City for certificates of deposit or demand deposits shall be held by an independent third-party bank. 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

3. DETAILED NOTES, continued

CAPITAL ASSETS

Governmental Activities

Capital activity for the year ended June 30, 2007, was as follows:

	July 1, 2006 Balance	Additions	Deletions, Transfers in, Transfers out	June 30, 2007 Balance
Non-depreciable capital assets				
Land	\$ 5,927,255	\$ 278,098	\$ -	\$ 6,205,353
Construction in progress	6,378,294	1,814,354	(6,121,739)	2,070,909
Total non-depreciable capital assets	<u>12,305,549</u>	<u>2,092,452</u>	<u>(6,121,739)</u>	<u>8,276,262</u>
Depreciable capital assets				
Buildings and improvements	15,549,128	19,375	-	15,568,503
Vehicles and equipment	8,725,691	1,078,252	(77,484)	9,726,459
Infrastructure	88,701,634	3,832,967	6,121,739	98,656,340
Total depreciable capital assets	<u>112,976,453</u>	<u>4,930,594</u>	<u>6,044,255</u>	<u>123,951,302</u>
Accumulated depreciation				
Buildings and improvements	(3,583,580)	(302,982)	-	(3,886,562)
Vehicles and equipment	(5,670,664)	(623,822)	77,484	(6,217,002)
Infrastructure	(28,384,278)	(3,422,770)	-	(31,807,048)
Total accumulated depreciation	<u>(37,638,522)</u>	<u>(4,349,574)</u>	<u>77,484</u>	<u>(41,910,612)</u>
Depreciable capital assets net of depreciation	75,337,931	581,020	6,121,739	82,040,690
Governmental activities, capital assets, net	<u>\$ 87,643,480</u>	<u>\$ 2,673,472</u>	<u>\$ -</u>	<u>\$ 90,316,952</u>

Depreciation expense for governmental activities has been charged as follows:

General government	\$ 413,320
Public safety	492,698
Highways and streets	2,831,183
Culture and recreation	598,743
Internal service funds reported as governmental activities:	
Central Services Fund	13,630
Total depreciation for governmental activities	<u>\$ 4,349,574</u>

Reconciliation of governmental capital assets to Schedule of Capital Assets - By Source

Total non-depreciable capital assets from above	\$ 8,276,262
Total depreciable capital assets from above	123,951,302
Internal service fund capital assets reported as governmental activities:	
Central Services Fund	<u>(632,928)</u>
Schedule of Governmental Capital Assets - By Source, Total investment in governmental capital assets (page 104).	<u>\$131,594,636</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES, continued

CAPITAL ASSETS, continued

Business-type Activities

Capital activity for the year ended June 30, 2007, was as follows:

	July 1, 2006 Balance	Additions	Deletions, Transfers in, Transfers out	June 30, 2007 Balance
Non-depreciable capital assets				
Land	\$ 2,101,781	\$ 130,693	\$ -	\$ 2,232,474
Construction in progress	11,615,222	37,419,991	(85,089)	48,950,124
Total non-depreciable capital assets	<u>13,717,003</u>	<u>37,550,684</u>	<u>(85,089)</u>	<u>51,182,598</u>
Depreciable capital assets				
Land rights	19,794	-	-	19,794
Land improvements	25,178	-	-	25,178
Buildings and improvements	55,043,905	542,419	85,089	55,671,413
Vehicles and equipment	6,677,141	253,590	(87,767)	6,842,964
Infrastructure	103,420,616	4,607,159	-	108,027,775
Total depreciable capital assets	<u>165,186,634</u>	<u>5,403,168</u>	<u>(2,678)</u>	<u>170,587,124</u>
Accumulated depreciation				
Land rights	(14,187)	(659)	-	(14,846)
Land improvements	(19,056)	(484)	-	(19,540)
Buildings and improvements	(10,650,849)	(1,570,647)	-	(12,221,496)
Vehicles and equipment	(4,676,361)	(323,575)	87,767	(4,912,169)
Infrastructure	(28,360,368)	(2,236,677)	-	(30,597,045)
Total accumulated depreciation	<u>(43,720,821)</u>	<u>(4,132,042)</u>	<u>87,767</u>	<u>(47,765,096)</u>
Depreciable capital assets net of depreciation	<u>121,465,813</u>	<u>1,271,126</u>	<u>85,089</u>	<u>122,822,028</u>
Business-type activities, capital assets, net, as restated	<u>\$135,182,816</u>	<u>\$38,821,810</u>	<u>\$ -</u>	<u>\$174,004,626</u>

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

Water Fund	\$ 2,018,535
Sewer Fund	2,106,466
Internal service fund reported as business-type activity:	
Equipment Maintenance Fund	7,041
Total depreciation for business-type activities	<u>\$ 4,132,042</u>

Reconciliation of business-type capital assets to the Statement of Net Assets of Proprietary Funds

Total business-type capital assets, net of depreciation, from above	\$174,004,626
Internal service fund capital assets reported as business-type activities:	
Public Works Services Fund	(173,932)
Capital assets (net), Statement of Net Assets of Proprietary Funds (page 27).	<u>\$173,830,694</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES, continued

ASSESSMENT LIENS RECEIVABLE

Assessment liens receivable represent the uncollected amounts levied against property for the cost of local improvements. Total delinquent assessments receivable at June 30, 2007, amounted to \$31,480, which represented approximately 5.5 percent of the outstanding 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 9 percent for unbonded assessments and the bond sale rate plus 1.5 percent for financed assessments.

LOANS RECEIVABLE

Community Development Block Grant Loans

In 1982, the City received a nearly \$500,000 Community Development Block Grant which was used to finance loans for remodeling and repairs to owner-occupied homes. The loans are interest free and are not due until ownership of the property changes. As of June 30, 2007, there were seven loans outstanding with a total balance of \$58,909.

Community Development Loan

In March 2005, the City Council approved a loan of \$75,829 from the Community Development Fund to the Helping Hands Community Shelter to pay for professional services to complete the dormitory and day care center buildings at the new shelter. The loan, secured by the property, was repaid with interest on January 8, 2007.

Economic Development Loan

In 1995, the City received a \$441,137 loan from the Oregon Economic Development Department to make infrastructure improvements for the planned Target Distribution Center. Target is wholly-owned subsidiary of the Dayton-Hudson Corporation. Dayton-Hudson Corporation agreed to reimburse the City for \$390,000 of the state loan. As of June 30, 2007, the balance of the receivable from the Dayton Hudson Corporation was \$229,384.

In August 2006, the City sold land near the Albany Municipal Airport to Bob G. Mitchell for \$315,000 in cash and a \$35,000 promissory note due 18 months after closing at six percent interest rate. If within the 18 months, the buyer meets the conditions outlined in the sale agreement regarding construction of a restaurant at the site, the promissory note will be cancelled. It is the belief of City officials that the buyer will fulfill the requirements and the note will be cancelled. For that reason, in the City's financial statements the \$35,000 promissory has been offset with an allowance for uncollectible accounts.

Central Albany Revitalization Area (CARA) Loans

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

On October 15, 2004, CARA loaned Willamette Community Bank \$200,000 for construction related costs of a new bank building. The loan, with an annual interest rate of three percent, is secured by a trust deed. The first payment is due on October 15, 2008, and the last payment is due on October 15, 2015.

In December, 2004, CARA approved a loan of \$82,500 to Allan and Jacqueline Swoboda to make improvements to property located in urban renewal district. The loan is payable in full by January 25, 2010, with interest accruing at the rate of four percent annually. As of June 30, 2007, the Swoboda's have drawn the full amount of the loan.

In September, 2005, CARA approved a loan of \$27,000 to Jeff and Robin Mexico to complete renovations to property located in the urban renewal district. The loan is payable in full by September 1, 2010, with interest accruing at the annual rate of 6.5 percent. As of June 30, 2007, the Mexico's have drawn the full amount of the loan.

In November, 2005, CARA approved a loan of \$255,000 to Shocknawe, LLC, David and Nancy Reece, and the Glen Rea Company, Glen Rea, to make improvements to the property generally known as the "Albany Iron Works." The loan, with a nine percent interest rate, will be due and payable on January 1, 2008. If all portions of the project are certified for occupancy before January 1, 2008, the loan will be declared satisfied. As of June 30, 2007, the project has drawn \$179,468 of the approved loan amount. It is the opinion of the City that conditions of the agreement will be met and the loan will be considered satisfied with no repayment.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES, continued

LOANS RECEIVABLE, continued

Central Albany Revitalization Area (CARA) Loans, continued

In October, 2006, CARA approved a ten year loan of \$42,500 to Allan and Jacqueline Swoboda to make improvements to the Frager Building. The loan, with an annual interest rate of 6.9 percent, is secured by a trust deed. The first payment is due on January 19, 2012, in the amount of \$14,365, principal and interest, with four similar payments due after that. As of June 30, 2007, the Swoboda's have drawn \$7,718 of the approved loan amount.

In November, 2006, CARA approved a ten year loan of \$122,000 to Flinn Block, LLC, Marc and Anni Manley, personally, to make improvements to the structure known as the Flinn and Ames Building. The loan has an annual interest rate of 6.9 percent. The first payment is due on November 6, 2011, in the amount of \$41,236, principal and interest, with four similar payments due annually after that. As of June 30, 2007, the Swoboda's have drawn \$87,053 of the approved loan amount.

	June 30, 2006			June 30, 2007
	Balance	Increase	Decrease	Balance
Governmental Funds				
General Fund	\$ 144,738	\$ -	\$ (85,829)	\$ 58,909
Economic Development Fund	250,369	-	(20,985)	229,384
Central Albany Revitalization Area	283,893	297,008	(179,468)	401,433
Total Loans Receivable	<u>\$ 679,000</u>	<u>\$ 297,008</u>	<u>\$ (286,282)</u>	<u>\$ 689,726</u>

DEFERRED/UNEARNED REVENUE

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

	Unavailable	Unearned
Delinquent property taxes receivable		
General Fund	\$ 744,356	\$ -
Parks & Recreation Fund	185,146	-
Public Safety Levy Fund	126,198	-
Central Albany Revitalization Area	43,074	-
Debt Service Fund	59,904	-
Accounts receivable	740,678	-
Assessments receivable	369,630	-
Community development loans	58,909	-
Economic development loans	630,817	-
Grants received but unspent	-	1,517,808
Total deferred revenue	<u>\$ 2,958,712</u>	<u>\$ 1,517,808</u>
Debt Service Fund		

CONSTRUCTION COMMITMENTS

The City has active construction projects as of June 30, 2007. Water and sewer capital projects include the Wastewater Treatment Plant Expansion, 34th Avenue and Oak Creek lift stations, hydroelectric plant refurbishment, and the Maple and Walnut area water line replacement. Street projects include the bridge over Periwinkle Creek at 2nd Avenue, the 53rd Avenue bridge and roadway improvement project.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES, continued

CONSTRUCTION COMMITMENT, continued

<u>Project</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
Water/Sewer Fund Capital Projects:		
Hydroelectric plant refurbishment	\$ 1,558,000	\$ 957,672
Maple & Walnut area water line	585,015	547,995
Wastewater Treatment Plant Expansion	64,731,043	30,822,581
34th Avenue and Oak Creek sanitary sewer lift station	207,913	204,418
Oak Creek lift station	541,622	259,219
53rd Avenue roadway & bridge improvement	702,312	363,911
Bridge over Periwinkle Creek at 2nd Avenue	987,397	701,935
Totals	<u>\$ 69,313,302</u>	<u>\$ 33,857,731</u>

The wastewater treatment plant expansion project is being fund by a State Revolving Fund loan. Repayment of the loan will be made from charges to the users of the sewer system. The remaining Water and Sewer capital projects are financed from capital project resources of the Water and Sewer Funds. An Oregon Transportation Investment Act (OTIA) grant is being used to fund the Periwinkle Creek bridge project. The North Albany Road LID is being financed through assessments to benefiting properties. The Central Albany Revitalization Area (CARA) is financing the Albany Downtown Streetscape project with urban renewal funds. The 53rd Avenue bridge and roadway project will be funded with federal, state, local contributions, and a loan from the state. Payments on the loan will be made from property owner assessments and urban renewal district tax revenues.

CAPITAL LEASES

The City has entered into lease agreements as lessee for financing the acquisition of police vehicles. The lease agreements qualify as capital leases for accounting purposes and therefore has been recorded at the present value of their future lease payments as of the inception date.

The assets acquired by a capital lease are as follows:

	<u>Governmental Activities</u>
Machinery and equipment (police vehicles)	<u>\$ 190,248</u>

The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2008	\$ 137,852
2009	44,710
2010	23,198
2011	8,135
Total minimum lease payments	213,895
Less: amount representing interest	(23,647)
Present value of minimum lease payments	<u>\$ 190,248</u>

SHORT-TERM DEBT ACTIVITY

In September, 2006, the Central Albany Revitalization Area, a blended component unit of the City of Albany, issued a short-term note at 7.5 percent interest in the amount of \$730,000. After one day, the note was repaid with interest amounting to \$608.33.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES, continued

PRIOR PERIOD ADJUSTMENTS

For 2005-06, accrued interest on outstanding debt and capital leases was miscalculated. The correction reduced governmental net assets by \$72,302.

The City regularly enters into its special assessments records assessments that have the potential of being recorded as a lien against the property. They are listed as a "pre-construction" assessments and are placed into the system as a notice to a potential buyer of an affected property that there will be an assessment in the future. Liens are not placed on the property until the construction has been completed and the City Council accepts the final engineer's report. Several years ago, a potential assessment on Columbus Street was listed as a proconstruction assessment and accounted for as an assessment receivable. Since it has been five years since the origin of this project, and in consideration that the project had not progressed, it was the City's determination that the receivable was not collectible and should have been written off prior to Fiscal Year 2006-07. The effect was to reduce governmental new assets by \$414,000.

The City's Public Works Department performed an inventory of parts and supplies on hand as of June 30, 2007. On previous financial statements, the City has not included such inventories at year end. To provide a more accurate presentation of 2006-07 activities, inventory balances were estimated for the June 30, 2006 year end and the change in inventory presented in the 2006-07 statements. The result of the adjustments for inventory resulted in an increase in governmental net assets by \$96,101 and an increase in business-type net assets of \$748,805.

Governmental activities	
As previously reported, net assets, June 30 2006	\$102,328,116
Adjustment for accrued interest	(72,302)
Adjustment uncollectible assessment	(414,000)
Adjustment June 30, 2006, estimated inventory balance	96,101
Net assets as of June 30, 2006, as restated	<u>\$101,937,915</u>
Business-type activities	
As previously reported, net assets, June 30 2006	\$123,971,106
Adjustment June 30, 2006, estimated inventory balance	748,805
Net assets as of June 30, 2006, as restated	<u>\$124,719,911</u>
Water Fund	
As previously reported, net assets, June 30 2006	\$55,708,586
Adjustment June 30, 2006, estimated inventory balance	610,382
Net assets as of June 30, 2006, as restated	<u>\$56,318,968</u>
Sewer Fund	
As previously reported, net assets, June 30 2006	\$68,256,335
Adjustment June 30, 2006, estimated inventory balance	138,423
Net assets as of June 30, 2006, as restated	<u>\$68,394,758</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES, continued

INTERFUND TRANSFERS

<u>Transfers out</u>	<u>Transfers In</u>						<u>Total</u>
	<u>General</u>	<u>Parks & Recreation</u>	<u>Street</u>	<u>Debt Service</u>	<u>Nonmajor Govern- mental</u>	<u>Business- type Activities</u>	
Governmental activities							
General Fund	\$ -	\$ 133,600	\$ 260,000	\$ 428,471	\$ 709,521	\$ -	\$ 1,531,592
Parks & Recreation Fund	-	-	-	211,372	38,675	-	250,047
Street Fund	-	120,000	-	13,194	314,930	-	448,124
Debt Service	-	-	-	-	294,688	-	294,688
Nonmajor governmental funds	2,185,898	16,000	148,111	52,538	736,647	-	3,139,194
Internal service funds related to governmental activities	-	-	-	50,291	56,906	-	107,197
Total governmental activities	<u>2,185,898</u>	<u>269,600</u>	<u>408,111</u>	<u>755,866</u>	<u>2,151,367</u>	<u>-</u>	<u>5,770,842</u>
Business-type activities							
Water Fund	49,800	46,400	-	33,650	63,077	-	192,927
Sewer Fund	49,800	-	-	33,760	113,201	-	196,761
Internal service funds related to business-type activities	-	-	-	47,518	53,769	-	101,287
Total business-type activities	<u>99,600</u>	<u>46,400</u>	<u>-</u>	<u>114,928</u>	<u>230,047</u>	<u>-</u>	<u>490,975</u>
Total transfers	<u>\$ 2,285,498</u>	<u>\$ 316,000</u>	<u>\$ 408,111</u>	<u>\$ 870,794</u>	<u>\$ 2,381,414</u>	<u>\$ -</u>	<u>\$ 6,261,817</u>

Reconciliation of transfers out of governmental activities:

Total governmental activities transfers out from above	\$ 5,770,842
Less internal service funds related to governmental activities	<u>107,197</u>
Total transfers out per Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 5,663,645</u>

Governmental Activities

Transfers from the General Fund

A transfer of \$93,600 to the Parks & Recreation Fund to support grants to outside agencies. A transfer of \$89,500 was made to the Equipment Replacement Fund to support building maintenance projects. There was a transfer of \$260,000 to the Street Fund to partially reimburse the cost of street lighting. A transfer of \$40,000 in support of the Urban Forestry Program was made to the Public Works Services Fund. The amount of \$301,800 was transferred to the Public Transit Fund to support operation of the City's transit systems. To support the cost of personnel, \$25,000 was transferred to the Economic Development Fund. The General Fund share of the debt service requirement for the 2004 Revenue Obligations, \$169,334, was transferred to the Debt Service Fund. The amount of \$259,137 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax

Transfers from the Parks & Recreation Fund

The Parks & Recreation Fund share of the debt service requirement for the 2004 Revenue Obligations, \$177,193, was transferred to the Debt Service Fund. The amount of \$34,179 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$38,675 was made to the Risk Management Fund.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES, continued

INTERFUND TRANSFERS, continued

Governmental Activities, continued

Transfers from the Street Fund

Funding support in the amount of \$120,000 was transferred to the Parks and Recreation Fund. Three transfers were made to programs in the Capital Projects Fund: \$40,000 to the Bicycle and Pedestrian Improvement program; \$150,000 to the North Albany Park & Ride program; and \$110,000 to the North Albany Park & Ride project. The amount of \$13,194 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$14,930 was made to the Risk

Transfers from the Debt Service Fund

The amount of \$294,688 was transferred to the Capital Replacement Fund to be reserved for the future construction or purchase of City facilities.

Transfers from the Capital Projects Fund

The amount of \$148,111 was transferred back to the Street Fund at the conclusion of the Highway20/99E project.

Transfers from the Grants Fund

The amount of \$315 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$357 was made to the Risk Management Fund. A transfer of \$3,550 was made from the State Historic Preservation Office grant to the Capital Projects fund for the Library renovation project.

Transfers from the Building Inspection Fund

The amount of \$15,386 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$17,410 was made to the Risk Management Fund.

Economic Development Fund

Resources totaling \$4,861 were transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$5,500 was made to the Risk Management Fund. The amount of \$5,952 was transferred as City matching funds for airport improvements funded by the FAA Annual Capital Grant program in the Grants Fund. A transfer of \$6,005 was made to the Albany Industrial Park North-South program in the Grants Fund. Within the fund, a transfer of \$50,000 for administrative support was made from the Albany Municipal Airport program to the Economic Development program.

Ambulance Fund

Resources totaling \$23,239 were transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$26,296 was made to the Risk Management Fund.

Public Transit Fund

Resources totaling \$8,737 were transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$9,887 was made to the Risk Management Fund. A transfer in the amount of \$16,000 was transferred to the Parks and Recreation Fund as a result of moving the Paratransit System to the Public Transit Fund.

Public Safety Levy Fund

The amount of \$621,600 was transferred to the General Fund to offset inflationary costs in the Fire Suppression and Police programs. A transfer of \$168,000 was made to the Ambulance Fund to provide support for operational costs. A transfer of \$759,529 was made to the General Fund to provide funding for the Public Safety Levy - Police program. A transfer of \$804,769 was made to the General Fund to provide funding for the Public Safety Levy - Fire program.

Capital Replacement Fund

The amount of \$34,690 was transferred to the Grants Fund as a match for the SCBA Homeland Security Grant. A transfer of \$23,600 was made to the Paratransit program in the Public Transit Fund. A transfer of \$270,000 was made to the Capital Projects Fund for the Albany Station REA Building project.

Central Albany Redevelopment Area

To support the cost of personnel, \$115,400 was transferred to the Economic Development Fund.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES, continued

INTERFUND TRANSFERS, continued

Business-type Activities

Water Fund

The amount of \$33,760 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$38,201 was made to the Risk Management Fund. A transfer of \$49,800 was made to the General Fund to support personnel costs in the Planning program. A transfer of \$46,400 was made to the Parks and Recreation Fund to support personnel costs in the Urban Forestry program. To support the cost of personnel, \$25,000 was transferred to the Economic Development Fund.

Sewer Fund

The amount of \$33,650 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$38,077 was made to the Risk Management Fund. A transfer of \$50,000 was made to the Albany Station REA Building program in the Capital Projects Fund. A transfer of \$49,800 was made to the General Fund to support personnel costs in the Planning program. To support the cost of personnel, \$25,000 was transferred to the Economic Development Fund.

Central Services Fund

The amount of \$50,291 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$56,906 was made to the Risk Management Fund.

Public Works Services Fund

The amount of \$47,518 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$53,769 was made to the Risk Management Fund.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES, continued

LONG-TERM DEBT

Below, long-term debt information is presented separately with respect to governmental and business-type activities. The table below presents current year changes in long-term debt, and the current portions due for each issue.

	Beginning Balance	Increase	Decrease	Ending Balance	Due in 2007/08
Governmental Activities					
Long-term debt payable:					
General obligation bonds					
Series 1996 Fire Substation	\$ 2,400,000	\$ -	\$ 2,400,000	\$ -	\$ -
Series 1999 Street Rehabilitation	7,310,000	-	6,410,000	900,000	440,000
Series 2007 Refunding	-	8,335,000	-	8,335,000	275,000
Special assessment debt with governmental commitment					
Series 1997	1,315,000	-	1,315,000	-	-
Series 2002	526,385	-	59,342	467,043	62,377
Revenue bonds					
Series 1995 Hotel/Motel Tax	1,030,000	-	200,000	830,000	200,000
Limited tax pension obligations					
Series 2002	6,739,431	-	55,650	6,683,781	65,043
General revenue obligations					
Series 2004	3,490,000	-	225,000	3,265,000	305,000
Notes payable					
OEDD-Target Infrastructure	283,197	-	23,736	259,461	23,925
CARA Revenue Note	1,459,399	-	70,186	1,389,213	71,624
Total long-term debt payable	24,553,412	8,335,000	10,758,914	22,129,498	1,442,969
Compensated absences	1,849,206	2,787,306	2,459,337	2,177,175	1,088,588
Claims and judgments	55,898	17,997	47,036	26,859	22,039
Capital leases	205,218	98,493	113,463	190,248	120,388
Total Governmental Activities	<u>\$26,663,734</u>	<u>\$11,238,796</u>	<u>\$13,378,750</u>	<u>\$24,523,780</u>	<u>\$ 2,673,984</u>
Business-type Activities					
General obligation bonds					
1998 Water Refunding	\$ 3,115,000	\$ -	\$ 725,000	2,390,000	\$ 760,000
Water revenue bonds					
2003 Water Revenue/Refunding	38,040,000	-	1,250,000	36,790,000	1,280,000
Sewer revenue bonds					
2004 Sewer Current Refunding	1,940,000	-	465,000	1,475,000	475,000
Certificates of participation					
Joint Water Project	398,162	-	57,704	340,458	60,875
Notes payable					
Oregon DEQ, North Albany	966,481	-	161,080	805,401	161,080
Oregon DEQ, New WWTP	-	29,258,343	-	29,258,343	-
Total long-term debt payable	44,459,643	29,258,343	2,658,784	71,059,202	2,736,955
Compensated absences	491,556	144,897	303,509	332,944	166,472
Claims and judgments	37,796	16,139	29,846	24,089	19,767
Total Business-type Activities	<u>\$44,988,995</u>	<u>\$29,419,379</u>	<u>\$ 2,992,139</u>	<u>\$71,416,235</u>	<u>\$ 2,923,194</u>
Totals	<u>\$71,652,729</u>	<u>\$40,658,175</u>	<u>\$16,370,889</u>	<u>\$95,940,015</u>	<u>\$ 5,597,178</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued

One of the City's two internal service funds, Central Services, serves primarily the governmental funds. At year end, long-term liabilities from the Central Service Fund, compensated absences (\$177,000) and claims and judgments (\$4,000), are included in the above totals for governmental activities. For governmental activities and business-type activities, claims and judgments and compensated absences are generally liquidated by the fund in which they were incurred, including the General, Parks & Recreation, Street, Building Inspection, Economic Development, Ambulance, and Public Transit funds.

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 \$9,850,000 in general obligation bonds in March 1999, to finance the reconstruction of portions of Santiam Road, 34th Avenue, Elm Street, and Salem Avenue. Interest rates range from 3.1 percent to 4.85 percent for the 20 year bonds. Final maturity is March 1, 2019. The balance outstanding at June 30, 2007, is \$900,000.

The City issued \$8,335,000 in general obligation bonds in March 2007, to refinance all of the City's outstanding General Obligation Bonds, Series 1996, and a portion of the City's General Obligation Bonds, Series 1999 that financed capital construction. The interest rate is 4 percent for the 9 year bonds. Final maturity is June 1, 2015. The balance outstanding at June 30, 2007, is \$8,335,000.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 715,000	\$ 371,700	\$ 1,086,700
2009	845,000	342,000	1,187,000
2010	970,000	307,000	1,277,000
2011	1,850,000	268,200	2,118,200
2012	1,095,000	194,200	1,289,200
2013-2015	3,760,000	307,400	4,067,400
Totals	\$ 9,235,000	\$ 1,790,500	\$ 11,025,500

Special Assessment Bancroft Bonds with Governmental Commitment

The City has established several Local Improvement Districts (LID's) to finance capital improvements in specific areas through the sale of special assessment bonds. Project costs are assessed to each property benefiting from the improvement, with payments then used to pay debt service on the bonds. In the event a deficiency exists because of unpaid or delinquent special assessments at the time debt service is due, the City must provide resources to cover the deficiency.

In June 2002, the City issued \$736,255 in limited tax assessment bonds to finance the following LID's: Alandale, Hickory Street, Marion Street, Riverside Drive, Timber Street, 12th Avenue, and Lehigh/Riderwood. The interest rate is 5.5 percent for the 10 year bonds. Final maturity is June 17, 2012. The balance outstanding at June 30, 2007, is \$467,043.

Annual debt service requirements to maturity for special assessment Bancroft bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 62,377	\$ 22,808	\$ 85,185
2009	65,567	19,618	85,185
2010	68,920	16,265	85,185
2011	72,444	12,741	85,185
2012	197,735	9,035	206,770
Totals	\$ 467,043	\$ 80,467	\$ 547,510

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued
Governmental Activities, continued

Revenue Obligations

The City issues revenue bonds and pledges income derived from the acquired or constructed assets to pay debt service. In August 1995, the City issued \$2,300,000 in hotel/motel tax revenue bonds to finance the City's share of the capital construction of a new Linn County Fairgrounds and Exposition Center. Debt service requirements will be met through the collection of hotel/motel taxes. Interest rates range from 3.9 percent to 5.75 percent for the 15 year bonds. Final maturity is August 1, 2010. The balance outstanding at June 30, 2007, is \$830,000.

Annual debt service requirements to maturity for governmental revenue obligations are as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 200,000	\$ 41,725	\$ 241,725
2009	210,000	30,188	240,188
2010	210,000	18,111	228,111
2011	210,000	6,039	216,039
<u>Totals</u>	<u>\$ 830,000</u>	<u>\$ 96,063</u>	<u>\$ 926,063</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 funds, including taxes and other funds. Interest rates range from 2 percent to 7.36 percent for the 26 year bonds. Final maturity is June 1, 2028. The balance outstanding at June 30, 2007, is \$6,683,781.

Annual debt service requirements to maturity for the limited tax pension obligations are as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 65,043	\$ 401,014	\$ 466,057
2009	73,231	412,827	486,058
2010	82,139	428,918	511,057
2011	86,861	444,197	531,058
2012	92,951	463,106	556,057
2013-2017	521,555	2,663,733	3,185,288
2018-2022	1,372,001	2,592,872	3,964,873
2023-2027	3,890,000	1,027,888	4,917,888
2028	500,000	34,250	534,250
<u>Totals</u>	<u>\$ 6,683,781</u>	<u>\$ 8,468,805</u>	<u>\$ 15,152,586</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued
Governmental Activities, continued

General Revenue Obligations

The City issued \$3,720,000 in revenue obligations bonds 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 2 percent to 5 percent for the 15 year bonds. Final maturity is January 1, 2020. The balance outstanding at June 30, 2007, is \$3,265,000.

Annual debt service requirements to maturity for general revenue obligations are as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 305,000	\$ 115,351	\$ 420,351
2009	315,000	107,726	422,726
2010	320,000	99,064	419,064
2011	325,000	88,664	413,664
2012	340,000	78,914	418,914
2013-2017	1,160,000	221,744	1,381,744
2018-2022	500,000	39,947	539,947
Totals	\$ 3,265,000	\$ 751,410	\$ 4,016,410

Note Payable

In 1995, the City borrowed \$441,137 from the Oregon Economic Development Department, Special Public Works Fund, to finance infrastructure (water, sewer, and street) improvements in the Linn-Benton Business Park to serve a 650,000 square foot Target Stores, Inc. regional distribution center. Dayton Hudson Corporation DBA Target Stores, Inc. is responsible for \$390,000. The remaining balance, \$51,137 is payable by the City from resources of the Economic Development Fund. The interest rate is 5.47 percent for the 20 year note. Final maturity is December 15, 2015. The balance outstanding at June 30, 2007, is \$259,461 (Dayton Hudson Corporation, \$229,384; City, \$30,077).

Annual debt service requirements to maturity for governmental notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 23,925	\$ 14,746	\$ 38,671
2009	24,155	13,436	37,591
2010	24,373	13,117	37,490
2011	24,619	10,753	35,372
2012	29,884	9,337	39,221
2013-2015	132,505	19,718	152,223
Totals	\$ 259,461	\$ 81,104	\$ 340,565

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued
Governmental Activities, continued

Central Albany Revitalization Area Tax-Exempt Revenue Note

In 2005, the Central Albany Revitalization Area issued debt in the amount of \$1,459,399 from Wells Fargo Bank to finance urban renewal projects authorized under its Urban Renewal Plan. Debt service requirements are payable from water system revenues. The principal and interest of the note are payable solely from the tax increment revenues generated by the urban renewal district. The interest rate is 4.85 percent for the 15 year note. Final maturity is October 15, 2020. The balance outstanding at June 30, 2007, is \$1,459,399.

Annual debt service requirements to maturity for governmental notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 71,624	\$ 67,377	\$ 139,001
2009	75,098	63,903	139,001
2010	78,741	60,261	139,002
2011	82,559	56,442	139,001
2012	86,563	52,438	139,001
2013-2017	500,015	194,991	695,006
2018-2020	494,613	61,392	556,005
Totals	\$ 1,389,213	\$ 556,804	\$ 1,946,017

Business-type Activities

General Obligation Bonds

In April 1998, the City issued \$7,865,000 in general obligation bonds to advance refund the Advance Refunding General Obligation Water Bonds, Series 1987. Debt service requirements are payable from a direct ad valorem tax upon all of the taxable property within the City. Interest rates range from 3.6 percent to 4.5 percent for the 12 year bonds. Final maturity is November 1, 2009. The balance outstanding of the bonds at June 30, 2007, is \$2,390,000.

Annual debt service requirements to maturity for business-type general obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 760,000	\$ 89,085	\$ 849,085
2009	795,000	55,065	850,065
2010	835,000	18,788	853,788
Totals	\$ 2,390,000	\$ 162,938	\$ 2,552,938

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued
Business-type Activities, continued

Revenue Bonds

In November 2003, the City issued \$40,485,000 in Water Revenue and Refunding Bonds, Series 2003, to refund the Second Lien Water Revenue Advance Refunding Bonds, Series 1993B, and to finance the costs of acquiring real and necessary equipment and appurtenances. Debt service requirements are payable from water system revenues. Interest rates range from 2.00 percent to 5.125 percent for the 30 year bonds. Final maturity is August 1, 2033. The balance outstanding of the bonds at June 30, 2007, is \$36,790,000.

In January 2004, the City issued \$2,835,000 in Sewer Current Refunding Bonds, Series 2004, to refund the 1993A Sewer Refunding Bonds. Debt service requirements are payable from water system revenues. The interest rate is 2.65 percent for the six year bonds. Final maturity is August 1, 2009. The balance outstanding of the bonds at June 30, 2007, is \$1,475,000.

Annual debt service requirements to maturity for business-type revenue bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 1,755,000	\$ 1,708,331	\$ 3,463,331
2009	1,805,000	1,630,729	3,435,729
2010	1,850,000	1,564,553	3,414,553
2011	1,055,000	1,521,203	2,576,203
2012	960,000	1,487,918	2,447,918
2013-2017	4,515,000	6,927,819	11,442,819
2018-2022	5,615,000	5,815,061	11,430,061
2023-2027	7,135,000	4,260,510	11,395,510
2028-2032	9,190,000	2,283,406	11,473,406
2033-2034	4,385,000	222,125	4,607,125
Totals	\$38,265,000	\$27,421,655	\$65,686,655

Certificates of Participation

In March 2002, the City issued \$600,000 in certificates of participation to finance the cost of the acquisition of real and personal property to be used as a City water intake, pumping station, and raw water transmission facility. Debt service requirements are payable solely from the net revenues of the City's water system. The interest rate is 5.5 percent for the 10 year certificates. Final maturity is March 1, 2012. The balance outstanding at June 30, 2007, is \$340,458.

Annual debt service requirements to maturity for business-type certificates of participation are as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 60,875	\$ 17,955	\$ 78,830
2009	64,316	14,514	78,830
2010	67,902	10,928	78,830
2011	71,687	7,141	78,828
2012	75,678	3,150	78,828
Totals	\$ 340,458	\$ 53,688	\$ 394,146

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued
Business-type Activities, continued

Loans Payable

In April 1992, the City borrowed \$5,202,059 from the Oregon Department of Environmental Quality State Revolving Fund to finance the collector sewers for the North Albany Health Hazard Abatement project. Loan repayment requirements are payable solely from the net revenues of the City's sewer system. The interest rate is 3 percent for the 20 year loan. Final maturity is February 1, 2012. The balance outstanding at June 30, 2007 is \$805,401.

Annual debt service requirements to maturity for business-type loans payable are as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 161,080	\$ 24,162	\$ 185,242
2009	161,080	19,330	180,410
2010	161,080	14,497	175,577
2011	161,080	9,665	170,745
2012	161,081	4,832	165,913
Totals	\$ 805,401	\$ 72,486	\$ 877,887

The City was approved for two loans totaling \$60,000,000 from the Oregon State Revolving fund to assist in the payment of construction costs to build a new wastewater treatment plant. Proceeds of the loan are received periodically by the City as construction of the plant progresses. The loan amounts are \$24,816,441 at 3.40% interest and \$35,183,559 at 3.64% interest. Interest accrues on the loan disbursements and will be payable when construction is completed in 2009. At that time a loan payment schedule will be prepared. As of June 30, 2007, the City had received loan proceeds totalling \$29,258,343. Accrued interest amounted to \$286,105.

Debt Refunding

In March, 2007, the City issued \$8,335,000 in General Obligation Refunding Bonds, Series 2007, the proceeds of which were used, along with other available funds of the City, to refinance all of the City's outstanding General Obligation Bonds, Series 1996, (\$2,215,000), and a portion of the City's outstanding General Obligation Bonds, Series 1999 (\$5,985,000). The City deposited \$8,328,450 into an irrevocable escrow account that, along with interest thereon, will provide amounts sufficient for the payment of principal and interest on the next redemption date. As a result of the in-substance defeasance, \$8,200,000 of the liability for these bonds has been removed from the Debt Service Fund. The refunding and advance refunding were undertaken to reduce the total General Obligation debt service payments by \$906,609 over the next 12 years and to obtain an economic gain of \$330,078.

Defeased Bonds

In prior years, the City defeased all or a portion of the 1993 Sewer Refunding Bonds, Series A; the 1994 City Hall Certificates of Participation; the General Obligation Bonds, Series 1996; and the General Obligation Bonds, Series 1999; by placing cash and investments in escrow in such amounts and at such interest rates that the required debt service will be fully paid off when first callable. The outstanding balance of the defeased bonds was \$11,460,000 at June 30, 2007.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION

PENSION PLAN

Employers that participate in cost-sharing multiple-employer defined benefit pension plans measure and disclose an amount for annual pension costs on the accrual basis of accounting, regardless of the amount recognized as pension expense/expenditures on the modified accrual basis. The Annual Required Contribution (ARC), defined as the employer's required contributions for the year, is calculated in accordance with certain parameters. The parameters include requirements for the frequency and timing of actuarial evaluations, as well as for the actuarial methods and assumptions that are acceptable for financial reporting.

When the methods and assumptions used in determining a plan's funding requirements meet the parameters, the same methods and assumptions are reported by both a plan and its participating employers. A Net Pension Obligation (NPO) is defined as the cumulative difference between the annual pension cost and the employer's contribution to a plan, including pension liability or asset at transition, if any.

Plan Description

The City's defined pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. The City is a participating employer in the state of Oregon Public Retirement System (PERS), a cost-sharing multiple employer retirement system that acts as a common investment and administrative agent for governmental units in the state of Oregon. All City full-time employees and part-time employees scheduled to work in excess of 600 hours for the fiscal year are eligible to participate in PERS.

Benefits generally vest after five years of continuous service. Retirement is allowed at age 58, but retirement is generally available after 55 with reduced benefits. These benefit provisions are established by state statutes, and contributions are made at an actuarially determined rate by the Public Employees Retirement Board. The Oregon Public Employees Retirement System, a component unit of the state of Oregon, issues a comprehensive annual report, which may be obtained by writing to Public Employees Retirement System, P.O. Box 73, Portland, Oregon 97207-0073.

Funding Policy

In response to increasing PERS costs to state and local governments, the 72nd Oregon Legislature created the Oregon Public Service Retirement Plan (OPSRP). Public employees hired on or after August 29, 2003, become part of OPSRP, unless membership was previously established in PERS. OPSRP is a hybrid (defined contribution/defined benefit) pension plan with two components: the Pension Program (defined benefit) and the Individual Account Program (defined contribution). A defined benefit plan is benefit-based and uses predictable criteria such as pension determined by salary times length of service times a factor. A defined contribution plan has no guarantees. At retirement, the member receives the contributions plus any earnings or losses that have accrued.

Members of PERS as of August 29, 2003, retained their existing PERS accounts, but beginning on January 1, 2004, member contributions were deposited in the member's Individual Account Program rather than the member's PERS account. OPSRP is administered by PERS. The PERS Board is directed to adopt any rules necessary to administer OPSRP, and such rules are to be considered part of the plan for IRS review purposes. The Oregon Investment Council will invest plan assets.

In March, 2002, the City of Albany, along with other cities, counties, and special districts issued \$228,615,266 of limited tax pension obligations. The City's share of the debt was \$6,851,826. Net proceeds of the issuance were used to finance a portion of the City's estimated unfunded actuarial liability (UAL) with the Oregon Public Employees Retirement System to affect a reduction in the City's rates. The amount, listed as "Prepaid pension contribution" on the Statement of Net Assets, is being amortized over the term of the debt based on the rate reduction benefit that the City receives annually.

Annual Pension Cost

Employer contributions are required by state statute and made at actuarially determined rates as adopted by the Public Employees Retirement Board. Covered employees are required by state statute to contribute six percent of their annual salary to the system, but the employer is allowed to make any or all of the employees' contribution in addition to the required employer contribution. In Fiscal Year 1980-81, the City elected to contribute the six percent "pick-up", \$1,287,444 (six percent of covered payroll), in lieu of a six percent pay increase.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

PENSION PLAN (continued)

Annual Pension Cost, continued

In addition, the City contributed \$2,825,192 based on actuarially determined requirements. OPSRP legislation calls for all employers to be pooled for the purposes of calculating contribution rates. For the City, OPSRP rates are 8.04 percent for general service employees and 11.65 percent for police and fire employees. The rate for PERS Tier I and Tier II employees is 14.04 percent.

Three-year Trend Information:

Year Ended June 30,	Employer Contributions		
	Annual Pension Cost (APC)	Amount of APC Contributed	Percentage of APC Contributed
2005	\$ 2,723,707	\$ 2,723,707	100%
2006	3,685,091	3,685,091	100%
2007	4,112,636	4,112,636	100%

Prepaid Pension Contribution

The City's prepaid pension contribution is being amortized over a period of 25 years. The City's prepaid pension contribution and amortization as of and for the year end June 30, 2007, was as follows:

Prepaid pension contributions, beginning of year	\$ 6,585,079
Decrease in prepaid pension contributions	(6,794)
Prepaid pension contributions, end of year	\$ 6,578,285

Asset Valuation Method

The fair market value of all PERS assets, reduced by the sum of all member contribution accounts (member reserves) and the value of all benefits currently being paid (benefit reserves), is allocated to all participating employers in proportion to the funds in each employer's account (employer reserves).

Economic Assumptions

Significant actuarial assumptions used in the calculation included (a) consumer price inflation rate of 3.5 percent per year, (b) an assumed earnings rate of 8 percent net of investment and administrative expenses, (c) wage growth of 4.25 percent annually, and (d) a post-retirement benefits increase of 2 percent per year.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

RISK MANAGEMENT

In February 1996, GASB issued Statement No. 30 (GASB No. 30), Risk Financing Omnibus, which amends GASB Statement No. 10, to require inclusion of specific, incremental claim adjustment expenses and estimated recoveries in the determination of the liability of unpaid claims. GASB No. 30 also requires disclosure of whether other claim adjustment expenses are included in the liability for unpaid claims.

The City participates in self-insurance pools of City/County Insurance Services for general, auto, and workers' compensation liability with self-insurance retention limits per occurrence. The pool pays all claims up to \$2,000,000 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 \$5,000,000. 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 of the fiscal years ended June 30, 2005, 2006, and 2007, the City was obligated to pay up to \$75,000 in claims and settlement costs. At June 30, 2006, amounts accrued as a liability for Fiscal Year 2005-06 was \$16,811 and for Fiscal Year 2006-07, \$34,136.

Amounts estimated to be payable, based on the estimated ultimate loss and actual claims incurred as of the balance sheet date, including "incurred but not reported" (IBNR) claims, are accounted for in the City's general purpose financial statements as Claims and Judgments in the various operating funds. Premium expenses and liabilities are reduced by amounts recovered or expected to be recovered through excess insurance. The following table shows claims liability in the current and previous fiscal years.

Fiscal Year Ended June 30,	Claims and Changes in Estimates	Claim Payments	Liability Balance at the End of the Year
2005	\$ 75,000	\$ 75,000	\$ -
2006	75,000	58,189	16,811
2007	75,000	40,864	34,136

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 City 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.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

JOINT VENTURE

In 1993, the City entered into an intergovernmental agreement to build, operate, and maintain the Linn Regional Fueling Facility (LRFF) along with Linn County, Greater Albany Public School District 8J, Linn-Benton Community College, and Linn-Benton-Lincoln Educational Service District. The agreement specifies that the land and improvements constituting the regional fueling facility shall be owned by Linn County and that 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 Linn Regional Fuel Facility Board.

At June 30, 2007, the Linn Regional Fueling Facility's equity balance as reported in its audited financial statements totaled \$482,650. A copy of the Linn Regional Fueling Facility audit report may be obtained from Linn County, P.O. Box 100, Albany, Oregon 97321.

INTERGOVERNMENTAL AGREEMENT

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.

When a true genius appears in the world, you may know him by this sign,
that the dunces are all in confederacy against him.

Jonathon Swift (1667 - 1745)

SUPPLEMENTARY DATA

Included in this section are the combining statements for nonmajor governmental funds and nonmajor proprietary funds. Budget and actual schedules for all other funds, except General, Street, and Parks & Recreation funds are included in this section. The General, Street, and Parks & Recreation funds budgetary comparisons are included as part of the basic statements. Schedules relating to bonds and property taxes are presented following the budgetary comparisons.

Wisdom is knowing what to do next; virtue is doing it.
David Starr Jordan (1851 - 1931)

CITY OF ALBANY, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2007

	General	Parks & Recreation	Street	Other Governmental	Total Governmental
ASSETS					
Cash and investments	\$4,618,142	\$ 757,643	\$ 3,772,148	\$13,560,464	\$22,708,397
Receivables:					
Property taxes	825,386	205,901	-	253,900	1,285,187
Accounts receivable	32,839	60,122	203,251	582,164	878,376
Assessments	-	-	-	369,630	369,630
Interest	46,200	32,165	73,617	121,428	273,410
Loans, net of allowance for uncollectible loans	58,909	-	-	630,817	689,726
Grants	-	-	-	111,372	111,372
Due from other funds	28,471	-	-	-	28,471
Other assets	61,989	6,728	26,556	59,364	154,637
Restricted cash and investments	482,598	3,361,663	5,978,302	1,361,761	11,184,324
Total assets	<u>\$6,154,534</u>	<u>\$4,424,222</u>	<u>\$10,053,874</u>	<u>\$17,050,900</u>	<u>\$37,683,530</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 595,708	\$ 274,302	\$ 377,116	\$ 795,738	\$ 2,042,864
Deposits	10,431	-	1,000	224,362	235,793
Due to other funds	-	-	-	28,471	28,471
Deferred/unearned revenue	812,958	242,828	203,251	2,791,416	4,050,453
Amounts held in trust	53,494	-	-	-	53,494
Total liabilities	<u>1,472,591</u>	<u>517,130</u>	<u>581,367</u>	<u>3,839,987</u>	<u>6,411,075</u>
Fund balances:					
Reserved for:					
Capital projects	-	3,430,820	5,978,301	106,666	9,515,787
Debt service	-	-	-	1,220,782	1,220,782
Library programs	-	-	-	11,799	11,799
Parks and Recreation programs	-	-	-	11,675	11,675
Perpetual care	-	-	-	115,834	115,834
Unreserved, reported in:					
General fund	4,681,943	-	-	-	4,681,943
Special revenue funds	-	476,272	3,494,206	11,744,157	15,714,635
Total fund balances	<u>4,681,943</u>	<u>3,907,092</u>	<u>9,472,507</u>	<u>13,210,913</u>	<u>31,272,455</u>
Total liabilities and fund balances	<u>\$6,154,534</u>	<u>\$4,424,222</u>	<u>\$10,053,874</u>	<u>\$17,050,900</u>	<u>\$37,683,530</u>

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

CITY OF ALBANY, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2007

	Special Revenue	Debt Service	Capital Projects	Permanent	Total
REVENUES					
Property taxes	\$ 3,185,100	\$ 988,952	\$ -	\$ -	\$ 4,174,052
Transient room taxes	459,569	241,343	-	-	700,912
Assessment collections	-	12,213	272,103	-	284,316
Franchise fees, privilege taxes, licenses, and permits	1,750,803	-	-	-	1,750,803
Intragovernmental revenues	1,444,196	-	572,172	-	2,016,368
Charges for services	3,147,093	-	-	-	3,147,093
Gifts and donations	-	-	3,196	923	4,119
Interest on investments	534,586	133,891	128,705	6,728	803,910
Miscellaneous	698,437	-	38,725	-	737,162
Total revenues	<u>11,219,784</u>	<u>1,376,399</u>	<u>1,014,901</u>	<u>7,651</u>	<u>13,618,735</u>
EXPENDITURES					
General government	4,468,793	127,559	273,329	-	4,869,681
Public safety	2,580,539	-	-	-	2,580,539
Highways and streets	5,000	-	-	-	5,000
Culture and recreation	104,590	-	141,087	3,817	249,494
Debt service:					
Principal	823,922	2,464,992	-	-	3,288,914
Interest	85,418	1,257,546	-	-	1,342,964
Capital outlay	1,298,091	-	1,867,913	-	3,166,004
Total expenditures	<u>9,366,353</u>	<u>3,850,097</u>	<u>2,282,329</u>	<u>3,817</u>	<u>15,502,596</u>
Revenues under (over) expenditures	<u>1,853,431</u>	<u>(2,473,698)</u>	<u>(1,267,428)</u>	<u>3,834</u>	<u>(1,883,861)</u>
OTHER FINANCING SOURCES (USES)					
Debt issuance	730,000	8,335,000	-	-	9,065,000
Premium on debt issuance	-	121,060	-	-	121,060
Payment to escrow agent for refunded bonds	-	(8,200,000)	-	-	(8,200,000)
Transfers in	1,761,414	870,794	620,000	-	3,252,208
Transfers out	(2,991,083)	(294,688)	(148,111)	-	(3,433,882)
Total other financing sources (uses)	<u>(499,669)</u>	<u>832,166</u>	<u>471,889</u>	<u>-</u>	<u>804,386</u>
Net change in fund balances	1,353,762	(1,641,532)	(795,539)	3,834	(1,079,475)
Fund balance - beginning	10,414,085	2,838,624	902,205	135,474	14,290,388
Fund balance - ending	<u>\$11,767,847</u>	<u>\$1,197,092</u>	<u>\$ 106,666</u>	<u>\$ 139,308</u>	<u>\$13,210,913</u>

Combining Statements and Schedules of Revenues and Expenditures - Budget and Actual Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

- **Grants**-receives monies from agencies of the state and federal governments as well as private organizations for various projects within the City.
- **Building Inspection**-conducts inspections, administers state building codes and the City's municipal code, and assists the public with information relating to building and development codes.
- **Risk Management**-provides an independent accounting of monies collected through the payroll system which are held in reserve pursuant to pending court litigation. This fund was formerly called the PERS Reserve Fund.
- **Economic Development**-receives proceeds from the City's hotel/motel tax to enhance economic development in the City. This fund also accounts for funds used for the maintenance of the Albany Municipal Airport.
- **Ambulance**-provides all emergency and nonemergency ambulance transportation for the City of Albany and portions of Linn, Benton, and Marion Counties.
- **Public Transit**-operates the Albany Transit System which transports customers to destinations in the City and the Linn-Benton Loop System which transports riders between the cities of Albany and Corvallis.
- **Public Safety Levy**-provides independent accounting of property tax revenues collected from the Public Safety Levy passed by the voters of the City in the November 2002 General Election.
- **Capital Replacement**-accounts for monies accumulated for the replacement of vehicles, computer equipment, and City facilities
- **Central Albany Revitalization Area (CARA)**-accounts for the projects funded through the CARA urban renewal district.

CITY OF ALBANY, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2007

	Grants	Building Inspection	Risk Management	Economic Development	Ambulance
ASSETS					
Cash and cash equivalents	\$ -	\$ 984,395	\$ 1,004,553	\$ 659,740	\$ 332,002
Receivables:					
Property Taxes	-	-	-	-	-
Accounts receivable	-	-	-	13,472	470,046
Interest	(726)	7,396	6,506	4,901	2,401
Loans	-	-	-	229,384	-
Grants	111,372	-	-	-	-
Other assets	-	1,530	-	158	-
Restricted cash and investments	-	-	-	23,690	-
Total assets	\$ 110,646	\$ 993,321	\$ 1,011,059	\$ 931,345	\$ 804,449
LIABILITIES					
Accounts payable	\$ 50,446	\$ 54,616	\$ -	\$ 17,876	\$ 45,566
Due to other funds	12,905	-	-	-	-
Refundable deposits and advances	-	33	-	2,000	-
Unearned revenue	47,295	-	-	229,384	470,052
Total liabilities	110,646	54,649	-	249,260	515,618
FUND BALANCES					
Reserved for debt service	-	-	-	23,690	-
Unreserved	-	938,672	1,011,059	658,395	288,831
Total fund balances	-	938,672	1,011,059	682,085	288,831
Total liabilities and fund balances	\$ 110,646	\$ 993,321	\$ 1,011,059	\$ 931,345	\$ 804,449

continued

CITY OF ALBANY, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET, continued
 June 30, 2007

Public Transit	Public Safety Levy	Capital Replacement	Central Albany Revitalization Area	Total	
\$ -	\$ 653,326	\$ 6,867,393	\$ 1,330,649	\$ 11,832,058	Cash and cash equivalents
-	140,281	-	46,906	187,187	Receivables:
98,646	-	-	-	582,164	Property taxes
-	6,450	50,180	9,931	87,039	Accounts receivable, net
-	-	-	401,433	630,817	Interest
-	-	-	-	111,372	Loans
-	-	-	-	1,688	Grants
-	-	-	-	23,690	Other assets
-	-	-	-	-	Restricted cash and investments
<u>\$ 98,646</u>	<u>\$ 800,057</u>	<u>\$ 6,917,573</u>	<u>\$ 1,788,919</u>	<u>\$ 13,456,015</u>	Total assets
\$ 28,778	\$ -	\$ 54,709	\$ 88,237	\$ 340,228	Liabilities:
15,566	-	-	-	28,471	Accounts payable
-	-	-	-	2,033	Refundable deposits and advances
-	126,198	-	444,507	1,317,436	Refundable deposits and advances
44,344	126,198	54,709	532,744	1,688,168	Deferred revenue
-	-	-	-	23,690	Total liabilities
54,302	673,859	6,862,864	1,256,175	11,744,157	Fund balances:
54,302	673,859	6,862,864	1,256,175	11,767,847	Reserved for debt service
\$ 98,646	\$ 800,057	\$ 6,917,573	\$ 1,788,919	\$ 13,456,015	Unreserved
					Total fund balances
					Total liabilities and fund balances

CITY OF ALBANY, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2007

	Grants	Building Inspection	Risk Management	Economic Development	Ambulance
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Transient room taxes	-	-	-	459,569	-
Licenses and fees	-	1,750,803	-	-	-
Intragovernmental revenues	988,878	-	-	-	-
Charges for services	-	-	-	178,097	1,764,024
Interest on investments	2,674	46,844	33,153	13,141	18,574
Miscellaneous	16,695	-	-	359,083	2,613
Total revenues	<u>1,008,247</u>	<u>1,797,647</u>	<u>33,153</u>	<u>1,009,890</u>	<u>1,785,211</u>
EXPENDITURES					
General government	73,939	1,722,933	-	874,065	-
Public safety	574,691	-	-	-	1,998,524
Highway and streets	5,000	-	-	-	-
Culture and recreation	11,106	-	-	-	-
Capital outlay	385,936	-	-	-	8,408
Debt service:					
Principal	-	-	-	23,736	-
Interest	-	-	-	15,995	-
Total expenditures	<u>1,050,672</u>	<u>1,722,933</u>	<u>33,153</u>	<u>913,796</u>	<u>2,006,932</u>
Revenues under (over) expenditures	<u>(42,425)</u>	<u>74,714</u>	<u>33,153</u>	<u>96,094</u>	<u>(221,721)</u>
OTHER FINANCING SOURCES (USES)					
Debt issuance	-	-	-	-	-
Transfers in	46,647	-	593,229	240,400	168,000
Transfers out	(4,222)	(32,796)	-	(72,318)	(49,535)
Total other financing sources (uses)	<u>42,425</u>	<u>(32,796)</u>	<u>593,229</u>	<u>168,082</u>	<u>118,465</u>
Net change in fund balances	-	41,918	626,382	264,176	(103,256)
Fund balance - beginning	-	896,754	384,677	417,909	392,087
Fund balance - ending	<u>\$ -</u>	<u>\$ 938,672</u>	<u>\$ 1,011,059</u>	<u>\$ 682,085</u>	<u>\$ 288,831</u>

continued

CITY OF ALBANY, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, continued
for the year ended June 30, 2007

Public Transit	Public Safety Levy	Capital Replacement	Central Albany Revitalization Area	Total	
\$ -	\$ 2,349,289	\$ -	\$ 835,811	\$ 3,185,100	REVENUES
-	-	-	-	459,569	Property taxes
-	-	-	-	1,750,803	Transient room taxes
455,318	-	-	-	1,444,196	Licenses and fees
104,272	-	1,100,700	-	3,147,093	Intragovernmental revenues
(1,977)	39,643	322,135	60,399	534,586	Charges for services
748	-	319,298	-	698,437	Interest on investments
558,361	2,388,932	1,742,133	896,210	11,219,784	Miscellaneous
					Total revenues
					EXPENDITURES
844,451	-	402,966	550,439	4,468,793	General government
-	-	7,324	-	2,580,539	Public safety
-	-	-	-	5,000	Highway and streets
-	-	93,484	-	104,590	Culture and recreation
-	-	901,062	2,685	1,298,091	Capital outlay
-	-	-	800,186	823,922	Debt service:
-	-	-	69,423	85,418	Principal
844,451	-	1,404,836	1,422,733	9,366,353	Interest
(286,090)	2,388,932	337,297	(526,523)	1,853,431	Total expenditures
					Revenues under (over) expenditures
					OTHER FINANCING SOURCES (USES)
-	-	-	730,000	730,000	Debt issuance
325,400	-	387,738	-	1,761,414	Transfers in
(34,624)	(2,353,898)	(328,290)	(115,400)	(2,991,083)	Transfers out
290,776	(2,353,898)	59,448	614,600	(499,669)	Total other financing sources (uses)
4,686	35,034	396,745	88,077	1,353,762	Net change in fund balances
49,616	638,825	6,466,119	1,168,098	10,414,085	Fund balance - beginning
\$ 54,302	\$ 673,859	\$ 6,862,864	\$ 1,256,175	\$11,767,847	Fund balance - ending

CITY OF ALBANY, OREGON
GRANTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

Revenues	Original Budget	Final Budget	Actual	Over (Under)
United States Department of Justice	\$ 3,400	\$ 3,400	\$ 6,480	\$ 3,080
Non-Medical Medicaid Grant	25,000	25,000	-	(25,000)
Title XIX Medical Assistance Grant	-	-	28,559	28,559
Federal Aviation Administration	600,000	600,000	360,856	(239,144)
Department of Homeland Security	283,400	288,800	288,739	(61)
State of Oregon	340,700	450,600	304,244	(146,356)
Gifts and donations	175,000	175,000	16,695	(158,305)
Interest on investments	900	1,100	2,674	1,574
Total revenues	<u>1,428,400</u>	<u>1,543,900</u>	<u>1,008,247</u>	<u>(535,653)</u>
Other financing sources				
Transfer from Albany Municipal Airport	32,000	32,000	5,952	(26,048)
Transfer from Economic Development Fund	-	7,100	6,005	(1,095)
Transfer from Equipment Replacment	31,500	34,700	34,690	(10)
Transfer from Street Capital	-	15,000	-	(15,000)
Total other financing sources	<u>63,500</u>	<u>88,800</u>	<u>46,647</u>	<u>(42,153)</u>
Fund balance, beginning	8,700	16,600	-	(16,600)
Amount available for appropriation	<u>\$ 1,500,600</u>	<u>\$ 1,649,300</u>	<u>\$ 1,054,894</u>	<u>\$ (594,406)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
911 Emergency Dispatch Grant	\$ 300,000	\$ 300,000	\$ 244,782	\$ 55,218
FAA Annual Capital Grant	632,000	632,000	366,808	265,192
Title XIX Grant	26,300	26,300	20,681	5,619
Albany Industrial Park North-South	-	47,000	36,548	10,452
SCBA Homeland Security	314,900	323,500	323,429	71
DOJ Bulletproof Vest Grant	7,800	7,800	6,480	1,320
Title XIX Grant	-	8,100	7,979	121
2005-06 SHPO Historic Preservation Grant	19,900	19,900	15,697	4,203
2006-07 SHPO Historic Preservation Grant	14,300	14,300	4,562	9,738
Library Foundation Grants	35,500	35,500	19,129	16,371
Oregon Community Foundation	140,000	140,000	-	140,000
State Library Grant	9,900	9,900	3,799	6,101
Traffic Safety Mini-Grant	-	5,000	5,000	-
ODOT Bike/Ped Improvement Grant	-	80,000	-	80,000
Total expenditures	<u>\$ 1,500,600</u>	<u>\$ 1,649,300</u>	<u>\$ 1,054,894</u>	<u>\$ 594,406</u>
Fund balance, ending			<u>\$ -</u>	

**Reconciliation of budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,008,247	\$ 1,054,894	\$ -
Reconciling items:			
Eliminate transfers out	-	(4,222)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 68-69)	<u>\$ 1,008,247</u>	<u>\$ 1,050,672</u>	<u>\$ -</u>

CITY OF ALBANY, OREGON
BUILDING INSPECTION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Building permit surcharge	\$ 116,400	\$ 116,400	\$ 91,765	\$ (24,635)
Master electrical permit	1,500	1,500	1,008	(492)
Electrical minor labels	1,500	1,500	3,225	1,725
Residential building permits	1,116,600	1,116,600	895,712	(220,888)
Commercial building permits	200,800	200,800	497,554	296,754
Land use plan review fee	20,800	20,800	13,100	(7,700)
Manufactured home set-up fees	5,000	5,000	3,674	(1,326)
Fire sprinkler permits	6,000	6,000	10,117	4,117
Fire sprinkler plan review	2,400	2,400	4,819	2,419
Parking lot permits	3,300	3,300	4,320	1,020
Parking lot plan review	1,200	1,200	2,530	1,330
Residential electrical permits	164,400	164,400	180,243	15,843
Fire alarm permits	3,100	3,100	4,280	1,180
Fire alarm plan review	1,200	1,200	1,680	480
Sign permits	2,400	2,400	3,844	1,444
Document imaging fees	18,300	18,300	32,932	14,632
Miscellaneous	200	200	-	(200)
Interest on investments	18,300	18,300	46,844	28,544
Total revenues	<u>1,683,400</u>	<u>1,683,400</u>	<u>1,797,647</u>	<u>114,247</u>
Fund balance, beginning	704,300	704,300	896,754	192,454
Amount available for appropriation	<u>\$ 2,387,700</u>	<u>\$ 2,387,700</u>	<u>\$ 2,694,401</u>	<u>\$ 306,701</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Building Inspection	\$ 2,200,300	\$ 2,200,300	\$ 1,589,412	\$ 610,888
Electrical Permit Program	187,400	187,400	166,317	21,083
Total expenditures	<u>\$ 2,387,700</u>	<u>\$ 2,387,700</u>	<u>\$ 1,755,729</u>	<u>\$ 631,971</u>
Fund balance, ending			<u>\$ 938,672</u>	

**Reconciliation of budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,797,647	\$ 1,755,729	\$ 938,672
Reconciling items:			
Eliminate transfers out	-	(32,796)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 68-69)	<u>\$ 1,797,647</u>	<u>\$ 1,722,933</u>	<u>\$ 938,672</u>

CITY OF ALBANY, OREGON
RISK MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interest on investments	\$ 35,000	\$ 35,000	\$ 33,153	\$ (1,847)
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>33,153</u>	<u>(1,847)</u>
Other financing source				
Transfers in	500,000	500,000	593,229	93,229
Fund balance, beginning	<u>500,000</u>	<u>500,000</u>	<u>384,677</u>	<u>(115,323)</u>
Amount available for appropriation	<u>\$ 1,035,000</u>	<u>\$ 1,035,000</u>	<u>\$ 1,011,059</u>	<u>\$ (23,941)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Materials and services	\$ 1,035,000	\$ 1,035,000	\$ -	\$ 1,035,000
Total expenditures	<u>\$ 1,035,000</u>	<u>\$ 1,035,000</u>	<u>\$ -</u>	<u>\$ 1,035,000</u>
Fund balance, ending			<u>\$ 1,011,059</u>	

**Reconciliation of budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 33,153	\$ -	\$ 1,011,059
Eliminate transfer out	<u>-</u>	<u>-</u>	<u>-</u>
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 68-69)	<u>\$ 33,153</u>	<u>\$ -</u>	<u>\$ 1,011,059</u>

CITY OF ALBANY, OREGON
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Transient room tax	\$ 338,900	\$ 435,900	\$ 459,569	\$ 23,669
Oregon Department of Aviation	-	6,600	-	(6,600)
Charges for services	-	-	12,300	12,300
Airport fuel	70,000	70,000	125,224	55,224
Airport tie down rentals	7,500	7,500	5,497	(2,003)
Airport lease	26,400	26,400	17,076	(9,324)
Fixed base operator revenues	18,000	18,000	18,000	-
Space rental	18,000	18,000	-	(18,000)
Gifts and donations	-	-	10,000	10,000
Dayton Hudson Corp. (Target)	35,200	35,200	35,125	(75)
Land sales	100,000	100,000	313,958	213,958
Interest on investments	6,500	9,000	13,141	4,141
Total revenues	<u>620,500</u>	<u>726,600</u>	<u>1,009,890</u>	<u>283,290</u>
OTHER FINANCING SOURCES:				
From General Fund	25,000	25,000	25,000	-
From Central Albany Revitalization Area	115,400	115,400	115,400	-
From Water Economic Development	25,000	25,000	25,000	-
From Sewer Economic Development	25,000	25,000	25,000	-
From Albany Municipal Airport	50,000	50,000	50,000	-
Total other financing sources	<u>240,400</u>	<u>240,400</u>	<u>240,400</u>	<u>-</u>
Fund balance, beginning	<u>305,200</u>	<u>369,400</u>	<u>417,909</u>	<u>48,509</u>
Amount available for appropriation	<u>\$ 1,166,100</u>	<u>\$ 1,336,400</u>	<u>\$ 1,668,199</u>	<u>\$ 331,799</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Target Utilities	\$ 63,000	\$ 63,000	\$ 39,731	\$ (23,269)
Economic Development Activity	611,000	774,700	709,158	(65,542)
Albany Airport	492,100	498,700	237,225	(261,475)
Total expenditures	<u>\$ 1,166,100</u>	<u>\$ 1,336,400</u>	<u>\$ 986,114</u>	<u>\$ 350,286</u>
Fund balance, ending			<u>\$ 682,085</u>	

**Reconciliation of budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,009,890	\$ 986,114	\$ 682,085
Reconciling items:			
Transfers out	-	(72,318)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 68-69)	<u>\$ 1,009,890</u>	<u>\$ 913,796</u>	<u>\$ 682,085</u>

CITY OF ALBANY, OREGON
AMBULANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Ambulance service fees	\$ 1,592,600	\$ 1,592,600	\$ 1,666,399	\$ 73,799
Ambulance subscription fees	95,000	95,000	97,625	2,625
Conflagration response reimbursement	-	-	-	-
Miscellaneous	-	-	2,613	2,613
Interest on investments	2,500	2,500	18,574	16,074
Total revenues	<u>1,690,100</u>	<u>1,690,100</u>	<u>1,785,211</u>	<u>95,111</u>
Other financing sources				
Transfer from Public Safety Levy Fund	168,000	168,000	168,000	-
Total other financial sources	<u>168,000</u>	<u>168,000</u>	<u>168,000</u>	<u>-</u>
Fund balance, beginning	24,300	312,300	392,087	79,787
Amount available for appropriation	<u>\$ 1,882,400</u>	<u>\$ 2,170,400</u>	<u>\$ 2,345,298</u>	<u>\$ 174,898</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Personnel services	\$ 1,514,000	\$ 1,554,000	\$ 1,486,896	\$ 67,104
Materials and services	368,400	616,400	561,163	55,237
Capital	-	-	8,408	(8,408)
Total expenditures	<u>\$ 1,882,400</u>	<u>\$ 2,170,400</u>	<u>\$ 2,056,467</u>	<u>\$ 113,933</u>
Fund balance, ending			<u>\$ 288,831</u>	

**Reconciliation of budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,785,211	\$ 2,056,467	\$ 288,831
Reconciling items:			
Eliminate transfers out	-	(49,535)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 68-69)	<u>\$ 1,785,211</u>	<u>\$ 2,006,932</u>	<u>\$ 288,831</u>

CITY OF ALBANY, OREGON
PUBLIC TRANSIT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Business Energy Tax Credit grant	\$ 22,000	\$ 22,000	\$ 21,776	\$ (224)
FTA Section 5311 grant	329,400	329,400	327,946	(1,454)
Oregon Department of Transportation	-	10,000	7,000	(3,000)
Local funds	48,000	48,000	57,900	9,900
Oregon cigarette tax transit grant - Linn County	38,000	38,000	36,096	(1,904)
Oregon cigarette tax transit grant - Benton County	4,600	4,600	4,600	-
Advertising revenues	200	200	11,982	11,782
Bus fares	27,500	27,500	43,218	15,718
Linn Benton Community College fare match program	34,800	34,800	35,700	900
Call-a-Ride revenues	16,000	16,000	11,897	(4,103)
Trolley rental charges	3,000	3,000	1,475	(1,525)
Gifts and donations	2,000	2,000	465	(1,535)
Miscellaneous revenue	100	100	283	183
Interest on investments	300	300	(1,977)	(2,277)
Total revenues	<u>525,900</u>	<u>535,900</u>	<u>558,361</u>	<u>22,461</u>
Other financing sources				
Transfer from General Fund	270,000	301,800	301,800	-
Transfer from Capital Equipment Fund	23,600	23,600	23,600	-
Total other financing sources	<u>293,600</u>	<u>325,400</u>	<u>325,400</u>	<u>-</u>
Fund balance, beginning	<u>57,300</u>	<u>57,300</u>	<u>49,616</u>	<u>(7,684)</u>
Amount available for appropriation	<u>\$ 876,800</u>	<u>\$ 918,600</u>	<u>\$ 933,377</u>	<u>\$ 14,777</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Albany Transit System	\$ 407,900	\$ 407,900	\$ 403,634	\$ 4,266
Transit Loop System	276,500	292,800	270,835	21,965
Paratransit System	192,400	217,900	204,606	13,294
Total expenditures	<u>\$ 876,800</u>	<u>\$ 918,600</u>	<u>\$ 879,075</u>	<u>\$ 39,525</u>
Fund balance, ending			<u>\$ 54,302</u>	

**Reconciliation of budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 558,361	\$ 879,075	\$ 54,302
Reconciling items:			
Eliminate transfers out	-	(34,624)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 68-69)	<u>\$ 558,361</u>	<u>\$ 844,451</u>	<u>\$ 54,302</u>

CITY OF ALBANY, OREGON
PUBLIC SAFETY LEVY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Revenues				
Property taxes				
Current	\$ 2,169,700	\$ 2,169,700	\$ 2,283,870	\$ 114,170
Delinquent	75,000	75,000	65,419	(9,581)
Interest on investments	20,000	20,000	39,643	19,643
Total revenues	<u>2,264,700</u>	<u>2,264,700</u>	<u>2,388,932</u>	<u>124,232</u>
Fund balance, beginning	<u>267,300</u>	<u>267,300</u>	<u>638,825</u>	<u>371,525</u>
Amount available for appropriation	<u>\$ 2,532,000</u>	<u>\$ 2,532,000</u>	<u>\$ 3,027,757</u>	<u>\$ 495,757</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Other financing use				
Transfers out	<u>\$ 2,532,000</u>	<u>\$ 2,532,000</u>	<u>\$ 2,353,898</u>	<u>\$ 178,102</u>
Fund balance, ending			<u>\$ 673,859</u>	

**Reconciliation of budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total revenues, total expenditures, and fund balance from above	\$ 2,388,932	\$ -	\$ 673,859
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 68-69)	<u>\$ 2,388,932</u>	<u>\$ -</u>	<u>\$ 673,859</u>

CITY OF ALBANY, OREGON
CAPITAL REPLACEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Charges for services	\$ 798,500	\$ 798,500	\$ 1,100,700	\$ 302,200
Gifts and donations	-	250,000	250,000	-
Miscellaneous revenue	21,000	25,500	69,297	43,797
Interest on investments	210,000	210,000	322,136	112,136
Total revenues	<u>1,029,500</u>	<u>1,284,000</u>	<u>1,742,133</u>	<u>458,133</u>
Other financing sources				
Transfer from General Fund	89,500	89,500	89,500	-
Transfer from Grants Fund (SHPO)	-	-	3,550	3,550
Transfer from Debt Service Fund	-	300,000	294,688	(5,312)
Total Other financing sources	<u>89,500</u>	<u>389,500</u>	<u>387,738</u>	<u>(1,762)</u>
Fund balance, beginning	<u>5,800,000</u>	<u>5,800,000</u>	<u>6,466,119</u>	<u>666,119</u>
Amount available for appropriation	<u>\$ 6,919,000</u>	<u>\$ 7,473,500</u>	<u>\$ 8,595,990</u>	<u>\$ 1,122,490</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Equipment Replacement	\$ 3,417,500	\$ 3,672,000	\$ 948,058	\$ 2,723,942
City Facilities Replacement	2,100,000	792,000	292,533	499,467
General Fund Building Maintenance Projects	609,500	2,400,000	270,000	2,130,000
Information Technology Equipment Replacement	792,000	609,500	222,535	386,965
	<u>\$ 6,919,000</u>	<u>\$ 7,473,500</u>	<u>\$ 1,733,126</u>	<u>\$ 5,740,374</u>
Fund balance, ending			<u>\$ 6,862,864</u>	

**Reconciliation of budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,742,133	\$ 1,733,126	\$ 6,862,864
Reconciling items:			
Eliminate transfers out	-	(328,290)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 68-69)	<u>\$ 1,742,133</u>	<u>\$ 1,404,836</u>	<u>\$ 6,862,864</u>

CITY OF ALBANY, OREGON
CENTRAL ALBANY REVITALIZATION AREA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes - current	\$ 793,800	\$ 793,800	\$ 815,481	\$ 21,681
Property taxes - delinquent	15,000	15,000	20,330	5,330
Interest on investments	20,000	20,000	60,399	40,399
Total revenues	<u>828,800</u>	<u>828,800</u>	<u>896,210</u>	<u>67,410</u>
Other financing sources				
Issuance of short-term debt	730,000	730,000	730,000	-
Total other financing sources	<u>730,000</u>	<u>730,000</u>	<u>730,000</u>	<u>-</u>
Fund balance, beginning	1,168,100	1,168,100	1,168,098	(2)
Amount available for appropriation	<u>\$ 2,726,900</u>	<u>\$ 2,726,900</u>	<u>\$ 2,794,308</u>	<u>\$ 67,408</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Materials and services	\$ 1,566,500	\$ 1,566,500	\$ 550,439	\$ 1,016,061
Capital	-	-	2,685	(2,685)
Debt service	1,045,000	1,045,000	869,609	175,391
Total expenditures	<u>2,611,500</u>	<u>2,611,500</u>	<u>1,422,733</u>	<u>1,188,767</u>
Other financing use				
Transfer to Economic Development Fund	115,400	115,400	115,400	-
Total expenditures and other financing use	<u>\$ 2,726,900</u>	<u>\$ 2,726,900</u>	<u>\$ 1,538,133</u>	<u>\$ 1,188,767</u>
Fund balance, ending			<u>\$ 1,256,175</u>	

**Reconciliation of budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Capital Project Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 896,210	\$ 1,422,733	\$ 1,256,175
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 68-69)	<u>\$ 896,210</u>	<u>\$ 1,422,733</u>	<u>\$ 1,256,175</u>

Schedule of Revenues and Expenditures - Budget and Actual

Debt Service Fund

Debt Service Funds accumulate resources and account for the payment of long-term debt principal and interest payments associated with governmental activities.

- **Debt Service Fund**-accounts for the repayment of general obligation and revenue bond debt issues financed by general property taxes and transient room tax revenues, the 2002 Limited Tax Pension Bonds whose debt service requirements are met through charges to other funds, and the 2004 Revenue Obligations whose debt service is provided through transfers from the General Fund and the Parks & Recreation Fund.

CITY OF ALBANY, OREGON
DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 940,000	\$ 980,000	\$ 951,815	(28,185)
Delinquent	41,500	52,500	37,137	(15,363)
Transient room tax	247,700	247,700	241,343	(6,357)
Bonded assessment collections:				
Principal	\$ 25,500	\$ 25,500	\$ 10,425	\$ (15,075)
Interest	4,000	4,000	1,788	(2,212)
Interest on investments	78,500	78,500	133,891	55,391
Total revenues	<u>1,337,200</u>	<u>1,388,200</u>	<u>1,376,399</u>	<u>(11,801)</u>
Other financing sources				
Issuance of long-term debt	-	8,500,000	8,456,060	(43,940)
Transfer from Parks Fund	177,100	177,100	177,193	93
Transfer from General Fund	170,200	170,200	169,334	(866)
PERS debt service transfers in	446,200	446,200	524,267	78,067
Total other financing sources	<u>793,500</u>	<u>9,293,500</u>	<u>9,326,854</u>	<u>33,354</u>
Fund balance, beginning	<u>2,693,900</u>	<u>2,693,900</u>	<u>2,838,624</u>	
Amount available for appropriation	<u>\$ 4,824,600</u>	<u>\$ 13,375,600</u>	<u>\$ 13,541,877</u>	<u>\$ 166,277</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Bancroft Bond Debt Service	\$ 2,139,700	\$ 2,139,700	\$ 1,756,171	\$ 383,529
1995 Fairgrounds Revenue Bonds	506,400	506,400	253,125	253,275
1996 Fire Substation General Obligation Bonds	393,100	393,100	249,888	143,212
1999 General Obligation Street Bonds	855,300	855,300	756,685	98,615
2002 Limited Tax Pension Obligations (PERS)	582,800	582,800	446,058	136,742
2004 Revenue Obligations	347,300	347,300	346,526	774
2007 General Obligation Refunding Bonds	-	8,551,000	8,536,332	14,668
Total expenditures	<u>\$ 4,824,600</u>	<u>\$ 13,375,600</u>	<u>\$ 12,344,785</u>	<u>\$ 1,030,815</u>
Fund balance, ending			<u>\$ 1,197,092</u>	

**Reconciliation of budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Debt Service Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,376,399	\$ 12,344,785	\$ 1,197,092
Eliminate transfers out	-	(294,688)	-
Eliminate payment to escrow agent for refunded bonds	-	(8,200,000)	-
Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Governmental Funds (page 64)	<u>\$ 1,376,399</u>	<u>\$ 3,850,097</u>	<u>\$ 1,197,092</u>

**Combining Statements and
Schedules of Revenues and Expenditures - Budget and Actual
Nonmajor Governmental Funds**

Capital Project Fund

Capital Project Funds are created to account for financial resources used for the acquisition or construction of major capital facilities. Projects financed by proprietary funds are not classified as Capital Projects Funds.

- **Capital Projects**-accounts for varied governmental capital projects including the Albany Data Integration Project, the Library reonvation project, and various public works projects.

CITY OF ALBANY, OREGON
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Amtrak Grant	\$ -	\$ -	\$ 158,970	\$ 158,970
Federal Transportation Equity Act (TEA) Grant	2,600,000	2,600,000	(150,176)	(2,750,176)
Oregon Transportation Investment Act (OTIA) Grant	-	296,000	332,181	36,181
Oregon Transportation Investment Act (OTIA) III Grant	-	-	231,197	231,197
Oregon Department of Transportation	400,000	400,000	-	(400,000)
Assessment collections:				
Principal	\$ 60,000	\$ 60,000	\$ 262,642	\$ 202,642
Interest	16,000	16,000	9,461	(6,539)
Gifts and donations	2,000,000	2,000,000	3,196	(1,996,804)
Charges for services	-	-	8,725	8,725
Miscellaneous revenue	-	30,000	30,000	-
Interest on investments	12,200	112,200	128,705	16,505
Total revenues	<u>5,088,200</u>	<u>5,514,200</u>	<u>1,014,901</u>	<u>(4,499,299)</u>
Other financing sources				
State Public Works Fund Loan	-	1,320,000	-	(1,320,000)
Transfer from Street Capital	260,000	260,000	260,000	-
Transfer from Street Fund	40,000	40,000	40,000	-
Transfer from Sewer Fund	50,000	50,000	50,000	-
Transfer from City Facilities Replacement	270,000	270,000	270,000	-
Total other financing sources	<u>620,000</u>	<u>1,940,000</u>	<u>620,000</u>	<u>(1,320,000)</u>
Fund balance, beginning, as restated	<u>1,090,000</u>	<u>2,626,500</u>	<u>902,205</u>	<u>(1,724,295)</u>
Amount available for appropriation	<u>\$ 6,798,200</u>	<u>\$10,080,700</u>	<u>\$ 2,537,106</u>	<u>\$ (7,543,594)</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Albany Data Integration Project	\$ 900,000	\$ 927,500	\$ 251,247	\$ 676,253
LID Construction Projects	277,000	277,000	-	277,000
Albany Station REA Building Project	1,600,000	1,600,000	-	1,600,000
Albany Station Pathway	630,000	630,000	-	630,000
North Albany Park & Ride	950,000	950,000	-	950,000
Library Renovation	2,000,000	2,000,000	141,333	1,858,667
Regional Multimodal Transportation Center	-	30,000	14,264	15,736
OTIA Projects	-	314,000	311,585	2,415
Periwinkle Creek Bridge	-	1,591,000	231,197	1,359,803
Bicycle/Pedestrian Improvements	441,200	441,200	1,133	440,067
ST-07-03 53rd Avenue Bridge/Roadway	-	400,000	494,483	(94,483)
SS-07-02 Ellingson Road Sewer Extension	-	400,000	435,827	(35,827)
WL-07-08 Ellingson Road Water Extension	-	520,000	549,371	(29,371)
Total expenditures	<u>\$ 6,798,200</u>	<u>\$10,080,700</u>	<u>\$ 2,430,440</u>	<u>\$ 7,650,260</u>
Fund balance, ending			<u>\$ 106,666</u>	

**Reconciliation of budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Capital Project Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,014,901	\$ 2,430,440	\$ 106,666
Eliminate transfers out	-	(148,111)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Governmental Funds (page 64)	<u>\$ 1,014,901</u>	<u>\$ 2,282,329</u>	<u>\$ 106,666</u>

**Combining Statements and
Schedules of Revenues and Expenditures - Budget and Actual
Nonmajor Governmental Funds**

Permanent Funds

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

- **Senior Center Endowment**-receives private gifts and donations which are pooled with the City's other investments. Interest earnings may be used for operation of the Senior Center.
- **Library Trust**-accounts for transactions of two trusts associated with the Albany Public Library. Interest earnings on the Veda O. Torney Trust (\$10,000) may be used to purchase children's picture books. Investment proceeds of the Manela Trust (\$69,429) may be used to purchase scientific, educational, and technical books.

CITY OF ALBANY, OREGON
NONMAJOR PERMANENT FUNDS
COMBINING BALANCE SHEET
 June 30, 2007

	<u>Senior Center Endowment</u>	<u>Library Trust</u>	<u>Total</u>
ASSETS			
Interest receivable	\$ 370	\$ 678	\$ 1,048
Restricted cash and investments	48,686	89,614	138,300
Total assets	<u>\$ 49,056</u>	<u>\$ 90,292</u>	<u>\$ 139,348</u>
 LIABILITIES			
Accounts payable	\$ -	\$ 40	\$ 40
Total liabilities	<u>-</u>	<u>40</u>	<u>40</u>
 FUND BALANCES			
Reserved for Library Programs	-	11,799	11,799
Reserved for Parks and Recreation Programs	11,675	-	11,675
Reserved for perpetual care	37,381	78,453	115,834
Total fund balances	<u>49,056</u>	<u>90,252</u>	<u>139,308</u>
Total liabilities and fund balances	<u>\$ 49,056</u>	<u>\$ 90,292</u>	<u>\$ 139,348</u>

CITY OF ALBANY, OREGON
NONMAJOR PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2007

	Senior Center Endowment	Library Trust	Total
REVENUES			
Interest on investments	\$ 2,379	\$ 4,349	\$ 6,728
Gifts and donations	923	-	923
Total revenues	<u>3,302</u>	<u>4,349</u>	<u>7,651</u>
EXPENDITURES			
Culture and recreation	<u>1,854</u>	<u>1,963</u>	<u>3,817</u>
Total expenditures	<u>1,854</u>	<u>1,963</u>	<u>3,817</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,448</u>	<u>2,386</u>	<u>3,834</u>
Fund balance - beginning	<u>47,608</u>	<u>87,866</u>	<u>135,474</u>
Fund balance - ending	<u>\$ 49,056</u>	<u>\$ 90,252</u>	<u>\$ 139,308</u>

CITY OF ALBANY, OREGON
SENIOR CENTER ENDOWMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Gifts and donations	\$ 4,000	\$ 4,000	\$ 923	\$ (3,077)
Interest on investments	2,400	2,400	2,379	(21)
Total revenues	6,400	6,400	3,302	(3,098)
Fund balance, beginning	47,500	47,500	47,608	108
Amount available for appropriation	<u>\$ 53,900</u>	<u>\$ 53,900</u>	<u>\$ 50,910</u>	<u>\$ (2,990)</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Materials and services	\$ 2,400	\$ 2,400	\$ 1,854	\$ 546
Unappropriated	51,500	51,500	-	51,500
Total expenditures	<u>\$ 53,900</u>	<u>\$ 53,900</u>	<u>\$ 1,854</u>	<u>\$ 52,046</u>
Fund balance, ending			<u>\$ 49,056</u>	

**Reconciliation of budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Permanent Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 3,302	\$ 1,854	\$ 49,056
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Permanent Funds, page 85)	<u>\$ 3,302</u>	<u>\$ 1,854</u>	<u>\$ 49,056</u>

CITY OF ALBANY, OREGON
LIBRARY TRUST FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Interest on investments	\$ 4,200	\$ 4,200	\$ 4,349	\$ 149
Fund balance, beginning	84,200	84,200	87,866	3,666
Amount available for appropriation	<u>\$ 88,400</u>	<u>\$ 88,400</u>	<u>\$ 92,215</u>	<u>\$ 3,815</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
V. O. Torney Trust	\$ 11,400	\$ 11,400	\$ -	\$ 11,400
Manela Trust	77,000	77,000	1,963	75,037
Total expenditures	<u>\$ 88,400</u>	<u>\$ 88,400</u>	<u>\$ 1,963</u>	<u>\$ 86,437</u>
Fund balance, ending			<u>\$ 90,252</u>	

**Reconciliation of budgetary revenues, expenditures, and fund balance to Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances of Nonmajor Permanent Funds**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 4,349	\$ 1,963	\$ 90,252
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Permanent Funds, page 85)	<u>\$ 4,349</u>	<u>\$ 1,963</u>	<u>\$ 90,252</u>

Never play leapfrog with a unicorn.
Benny Hill

Schedules of Revenues and Expenditures - Budget and Actual

Major Proprietary Funds

Enterprise Funds

A proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

- **Water**-accounts for all programs associated with provision of water to the citizenry of Albany. Activities include treatment, distribution, source (canal) maintenance, billing and collection, plant expansion, system improvements equipment replacement, economic development, and repayment of debt incurred to purchase and improve the water system.

- **Sewer**-accounts for all programs associated with the collection and treatment of wastewater in the City. Activities include collection, treatment, billing and collection, equipment replacement, plant expansion, system improvements, economic development, and repayment of debt incurred to make improvements to the sewer system

CITY OF ALBANY, OREGON
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 710,000	\$ 710,000	\$ 732,465	\$ 22,465
Delinquent	29,500	29,500	26,329	(3,171)
Water service revenues:				
Water service charges	10,658,400	10,658,400	10,805,657	147,257
Water service charges-Millersburg	202,300	202,300	156,664	(45,636)
Service restoration fees	10,000	10,000	-	(10,000)
User fee debt service charges	32,300	32,300	54,587	22,287
North Albany capital charges	69,300	69,300	69,300	-
Charges for services:				
City of Lebanon	77,000	77,000	95,171	18,171
Equipment replacement charges	70,500	70,500	70,600	100
Encroachment permits	10,000	10,000	1,440	(8,560)
Financed system development charges:				
Principal	28,900	28,900	33,755	4,855
Interest	4,500	4,500	2,102	(2,398)
Financed connection fees:				
Principal	2,500	2,500	3,622	1,122
Interest	600	600	1,214	614
Water expansion:				
Public facility construction permits	40,000	40,000	87,215	47,215
Administrative fees	2,500	2,500	3,952	1,452
Water connection fees	105,000	105,000	84,398	(20,602)
Water systems development charges	433,000	433,000	754,775	321,775
Water service installation fee	100,000	100,000	217,995	117,995
Department of Energy	128,500	128,500	130,018	1,518
Energy Trust of Oregon	475,000	475,000	-	(475,000)
VA-HUD Joint Water Project Grant	-	-	278,227	278,227
EAIP Workers' Comp wage subsidy reimbursement	-	-	4,208	4,208
Miscellaneous	10,000	10,000	23,669	13,669
Interest on investments	506,100	506,100	993,021	486,921
Total revenues	<u>13,705,900</u>	<u>13,705,900</u>	<u>14,630,384</u>	<u>924,484</u>
Fund balance, beginning	<u>16,309,100</u>	<u>16,309,100</u>	<u>21,273,031</u>	<u>4,963,931</u>
Amount available for appropriation	<u>\$ 30,015,000</u>	<u>\$ 30,015,000</u>	<u>\$ 35,903,415</u>	<u>\$ 5,888,415</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 2,383,700	\$ 2,383,700	\$ 2,160,056	\$ 223,644
Materials and services	5,492,700	5,492,700	5,487,544	5,156
Capital	17,479,200	17,479,200	5,654,216	11,824,984
Transfers out	121,200	121,200	121,200	-
Debt service	3,991,300	3,991,300	3,894,888	96,412
Contingencies	546,900	546,900	-	546,900
Total expenditures	<u>\$ 30,015,000</u>	<u>\$ 30,015,000</u>	<u>\$ 17,317,904</u>	<u>\$ 12,697,096</u>
Fund balance, ending			<u>\$ 18,585,511</u>	

Continued

**CITY OF ALBANY, OREGON
WATER FUND**

**RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS OF PROPRIETARY FUNDS
for the year ended June 30, 2007**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total revenues, total expenditures, and fund balance from above	\$ 14,630,384	\$ 17,317,904	\$ 18,585,511
Reconciling items:			
June 30, 2006, asset and liability balances:			
Capital assets, net	-	-	75,264,750
Accounts receivable	-	-	1,252,012
Unamortized issue costs/loss on defeasance	-	-	334,140
Inventory balance	-	-	793,397
Salaries, withholdings, and vacations payable	-	-	(96,303)
Claims and judgments	-	-	(13,894)
Interest payable	-	-	(751,988)
Bonds payable	-	-	(41,553,162)
Adjustments to current year revenues			
Property taxes	(758,794)	-	-
Interest on investments	(993,021)	-	-
System development charges	(788,530)	-	-
In-lieu-of assessment fees	(88,020)	-	-
Change in accounts receivable	143,408	-	-
Adjustments to current year expenses			
Interest expense	-	(1,862,184)	16,618
Eliminate transfers out	-	(121,200)	-
Change in vacations payable	-	(57,720)	-
Bond principal	-	(1,975,000)	1,975,000
Certificate of participation principal	-	(57,704)	57,704
Depreciation and amortization	-	2,049,219	(2,049,219)
Expenditures capitalized	-	(5,654,216)	5,654,216
Changes in Inventories	-	(183,015)	-
Change in insurance liability	-	(5,437)	5,437
Reclassify PERS departmental debt service charges to transfers out	-	(71,727)	-
Other adjustments			
Change in accounts receivable	-	-	119,480
Change in vacation accrual	-	-	57,720
Capital contributions	-	-	1,602,960
Operating revenues, operating expenses, and ending net assets from Statement of Revenues, Expenses, and Changes in Net Assets of Proprietary Funds (page 28)	<u>\$ 12,145,427</u>	<u>\$ 9,378,920</u>	<u>\$ 61,254,379</u>

CITY OF ALBANY, OREGON
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Sewer service charges:				
Albany sewer service charges	\$ 8,939,800	\$ 8,939,800	\$ 9,070,353	\$ 130,553
Millersburg sewer service charges	30,000	30,000	126,891	96,891
Wah Chang sewer service charges	-	-	84,405	84,405
Financed system development charges:				
Principal	100,000	100,000	40,397	(59,603)
Interest	10,200	10,200	6,118	(4,082)
Financed assessments:				
Principal	82,000	82,000	63,921	(18,079)
Interest	17,000	17,000	13,619	(3,381)
Financed connection fees:				
Principal	1,500	1,500	22,287	20,787
Interest	1,300	1,300	4,452	3,152
Sewer oversizing and expansion:				
Public facility construction permits	95,000	95,000	135,293	40,293
Sewer systems development charges	995,000	995,000	1,480,498	485,498
North Albany Sewer Connection Fees			16,176	16,176
General Sewer Connection Fees	200,000	200,000	66,145	(133,855)
Storm Drain Connection Fees	50,000	50,000	23,944	(26,056)
Sewer connection fees			123,199	123,199
Storm drain plan review/inspection fees			32,508	32,508
Charges collected through property taxes				-
Charges for services:				
Equipment replacement charges	73,900	73,900	85,800	11,900
Miscellaneous	130,000	130,000	33,080	(96,920)
Interest on investments	304,500	304,500	512,473	207,973
Total revenues	<u>11,030,200</u>	<u>11,030,200</u>	<u>11,941,559</u>	<u>911,359</u>
Other financing sources				
State Revolving Fund loan proceeds	18,230,000	26,230,000	29,258,343	3,028,343
From SDC Improvement Projects	1,068,000	1,068,000	1,068,000	-
Total other financing sources	<u>19,298,000</u>	<u>27,298,000</u>	<u>30,326,343</u>	<u>3,028,343</u>
Fund balance, beginning	<u>9,927,500</u>	<u>9,927,500</u>	<u>9,756,587</u>	<u>(170,913)</u>
Amount available for appropriation	<u>\$40,255,700</u>	<u>\$48,255,700</u>	<u>\$52,024,489</u>	<u>\$ 3,768,789</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Personnel services	\$ 2,232,100	\$ 2,232,100	\$ 2,152,999	\$ 79,101
Materials and services	4,647,300	4,647,300	4,559,759	87,541
Capital	30,716,500	38,716,500	32,621,501	6,094,999
Transfers out	1,192,800	1,192,800	1,192,800	-
Debt Service	1,161,000	1,161,000	700,323	460,677
Contingencies	306,000	306,000	-	306,000
Total expenditures	<u>\$40,255,700</u>	<u>\$48,255,700</u>	<u>\$41,227,382</u>	<u>\$ 7,028,318</u>
Fund balance, ending			<u>\$10,797,107</u>	

Continued

**CITY OF ALBANY, OREGON
SEWER FUND**

**RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS OF PROPRIETARY FUNDS
for the year ended June 30, 2007**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 11,941,559	\$ 41,227,382	\$ 10,797,107
Reconciling items:			
June 30, 2006, asset and liability balances:			
Capital assets, net	-	-	59,782,516
Accounts receivable	-	-	1,671,336
Unamortized issue costs/loss on defeasance	-	-	87,739
Inventory	-	-	153,803
Salaries, withholdings, and vacations payable	-	-	(77,958)
Claims and judgments	-	-	(23,902)
Interest payable	-	-	(33,502)
Bonds payable	-	-	(2,906,481)
SRF Loan payable	-	-	(29,258,343)
Adjustments to current year revenues			
Interest on investments	(512,473)	-	-
System development charges	(1,520,895)	-	-
In-lieu-of assessment fees	(378,642)	-	-
Change in accounts receivable	233,229	-	-
Sewer construction assessments	(63,893)	-	-
Adjustments to current year expenses			
Interest expense	-	(74,243)	7,147
Change in vacations payable	-	(10,325)	-
Bond principal	-	(465,000)	465,000
Loan principal	-	(161,080)	161,080
Depreciation and amortization	-	2,130,168	(2,130,168)
Expenditures capitalized	-	(32,621,501)	32,621,501
Change in insurance liability	-	(8,851)	8,851
Reclassify PERS departmental debt service charges to transfers out	-	(71,961)	-
Change in inventory	-	(15,380)	-
Eliminate transfers out	-	(1,192,800)	-
Other adjustments			
Change in accounts receivable	-	-	305,194
Change in vacation accrual	-	-	10,325
Capital contributions	-	-	2,743,647
Operating revenues, operating expenses, and ending net assets from Statement of Revenues, Expenses, and Changes in Net Assets of Proprietary Funds (page 28)	\$ 9,698,885	\$ 8,736,409	\$ 74,384,892

All general statements are false.
Unknown

**Combining Statements and
Schedules of Revenues and Expenditures - Budget and Actual
Nonmajor Proprietary Funds**

Internal Service Funds

Internal Service Funds are a proprietary fund type that may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis.

- **Central Service**-provides administrative services to all City departments. Services include Mayor and Council, City Manager's office, Finance office, Graphic Services, Human Resources, Information Technology Services, Geographic Information Systems Services, and Permit Tracking Services.
- **Public Works Services**-provides engineering, water quality and control, and facilities maintenance engineering services to all functions of Public Works.

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2007

	Central Services	Public Works Services	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 576,502	\$ 107,525	\$ 684,027
Accrued interest	2,951	686	3,637
Other assets	3,817	10,802	14,619
Total current assets	<u>583,270</u>	<u>119,013</u>	<u>702,283</u>
Capital assets (net)	<u>35,820</u>	<u>173,932</u>	<u>209,752</u>
Total assets	<u>619,090</u>	<u>292,945</u>	<u>912,035</u>
LIABILITIES			
Current liabilities:			
Accounts payable	300,811	116,818	417,629
Compensated absences	187,135	226,728	413,863
Claims & judgments	2,758	581	3,339
Total liabilities	<u>490,704</u>	<u>344,127</u>	<u>834,831</u>
NET ASSETS			
Invested in capital assets, net of related debt	35,820	173,932	209,752
Unrestricted	92,566	(225,114)	(132,548)
Total net assets	<u>\$ 128,386</u>	<u>\$ (51,182)</u>	<u>\$ 77,204</u>

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
for the year ended June 30, 2007

	Central Services	Public Works Services	Total
OPERATING REVENUES			
Service charges and fees	\$ 5,023,618	\$ 3,542,582	\$ 8,566,200
Miscellaneous	76,100	1,111	77,211
Total operating revenues	<u>5,099,718</u>	<u>3,543,693</u>	<u>8,643,411</u>
OPERATING EXPENSES			
Salaries and wages	3,120,605	2,849,289	5,969,894
Contracted services	528,431	88,261	616,692
Operating supplies	686,598	124,229	810,827
Utilities	96,219	17,468	113,687
Depreciation	13,630	7,041	20,671
Repairs and maintenance	150,465	19,525	169,990
Charges for services	554,900	481,000	1,035,900
Miscellaneous	30,011	65	30,076
Total operating expenses	<u>5,180,859</u>	<u>3,586,878</u>	<u>8,767,737</u>
Operating loss	<u>(81,141)</u>	<u>(43,185)</u>	<u>(124,326)</u>
NONOPERATING REVENUES			
Interest on investments	19,505	1,063	20,568
Loss before transfers	<u>(61,636)</u>	<u>(42,122)</u>	<u>(103,758)</u>
Transfers out	<u>(107,197)</u>	<u>(101,287)</u>	<u>(208,484)</u>
Change in net assets	<u>(168,833)</u>	<u>(143,409)</u>	<u>(312,242)</u>
Net assets, July 1, 2006	297,219	92,227	389,446
Net assets, June 30, 2007	<u>\$ 128,386</u>	<u>\$ (51,182)</u>	<u>\$ 77,204</u>

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
for the year ended June 30, 2007

	Central Services	Public Works Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,023,618	\$ 3,542,582	\$ 8,566,200
Cash payments to suppliers of goods and services	(1,915,418)	(756,868)	(2,672,286)
Cash payments to employees for services	(3,113,541)	(2,939,275)	(6,052,816)
Other operating revenues	76,100	1,111	77,211
Net cash provided by (used in) operating activities	<u>70,759</u>	<u>(152,450)</u>	<u>(81,691)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(107,197)	(101,287)	(208,484)
Net cash used in noncapital financing activities	<u>(107,197)</u>	<u>(101,287)</u>	<u>(208,484)</u>
CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	-	(45,423)	(45,423)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	22,645	162	22,807
Net decrease in cash and investments	(13,793)	(298,998)	(312,791)
CASH AND INVESTMENTS, July 1, 2006	590,295	406,523	996,818
CASH AND INVESTMENTS, June 30, 2007	<u>\$ 576,502</u>	<u>\$ 107,525</u>	<u>\$ 684,027</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating loss	\$ (81,141)	\$ (43,185)	\$ (124,326)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	13,630	7,041	20,671
Changes in assets and liabilities:			
Other assets	(1,074)	(5,800)	(6,874)
Accounts payable	132,280	(20,520)	111,760
Salaries, withholdings, vacations, and taxes payable	9,192	(90,567)	(81,375)
Claims & judgments	(2,128)	581	(1,547)
Total adjustments	<u>151,900</u>	<u>(109,265)</u>	<u>42,635</u>
Net cash provided by (used in) operating activities	<u>\$ 70,759</u>	<u>\$ (152,450)</u>	<u>\$ (81,691)</u>

CITY OF ALBANY, OREGON
CENTRAL SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Charges to other funds	\$ 5,050,700	\$ 5,050,700	\$ 5,022,682	\$ (28,018)
Bicycle/commuter map revenues	300	300	-	(300)
GIS information sales	500	500	936	436
Gifts and donations	-	-	2,300	2,300
Miscellaneous	100,000	100,000	73,800	(26,200)
Interest on investments	11,000	11,000	19,505	8,505
Total revenues	<u>5,162,500</u>	<u>5,162,500</u>	<u>5,119,223</u>	<u>(43,277)</u>
Fund balance, beginning	175,700	299,200	430,598	131,398
Amount available for appropriation	<u>\$ 5,338,200</u>	<u>\$ 5,461,700</u>	<u>\$ 5,549,821</u>	<u>\$ 88,121</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Council and Nondepartmental	\$ 251,000	\$ 251,000	\$ 240,057	\$ 10,943
Administrative Services	2,251,100	2,276,100	2,252,123	23,977
Information Technology Services	986,500	986,500	968,683	17,817
Human Resources	672,400	672,400	604,753	67,647
Facilities Maintenance	478,700	492,700	487,122	5,578
GIS Services	621,000	705,500	642,333	63,167
Permit Tracking Services	77,500	77,500	72,291	5,209
Total expenditures	<u>\$ 5,338,200</u>	<u>\$ 5,461,700</u>	<u>\$ 5,267,362</u>	<u>\$ 194,338</u>
Fund balance, ending			<u>\$ 282,459</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Assets of Internal Service Funds, see page 101.

CITY OF ALBANY, OREGON
PUBLIC WORKS SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2007

	Original Budget	Final Budget	Actual	Over (Under)
Revenues:				
Charges to other funds	\$ 3,751,900	\$ 3,751,900	\$ 3,542,582	\$ (209,318)
Miscellaneous revenue	-	-	1,111	1,111
Interest on investments	-	-	1,063	1,063
Total revenues	<u>3,751,900</u>	<u>3,751,900</u>	<u>3,544,756</u>	<u>(207,144)</u>
Fund balance, beginning	-	143,000	273,972	130,972
Amount available for appropriation	<u>\$ 3,751,900</u>	<u>\$ 3,894,900</u>	<u>\$ 3,818,728</u>	<u>\$ (76,172)</u>

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures				
Engineering Services	\$ 2,370,300	\$ 2,456,300	\$ 2,396,506	\$ 59,794
Water Quality Control Services	280,000	287,000	285,647	1,353
Facilities & Maintenance Engineering	1,101,600	1,151,600	1,134,380	17,220
Total expenditures	<u>\$ 3,751,900</u>	<u>\$ 3,894,900</u>	<u>\$ 3,816,533</u>	<u>\$ 78,367</u>
Fund balance, ending			<u>\$ 2,195</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Assets of Internal Service Funds, see page 101.

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, FUND BALANCE TO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS OF INTERNAL SERVICE FUNDS
for the year ended June 30, 2007

	Central Services	Public Works Services	Total Internal Service
<u>REVENUES</u>			
Total revenues from Schedule of Revenues and Expenditures - Budget and Actual	\$5,119,223	\$3,544,756	\$8,663,979
Reconciling item:			
Interest on investments	(19,505)	(1,063)	(20,568)
Operating revenues from Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets (page 28)	<u>\$5,099,718</u>	<u>\$3,543,693</u>	<u>\$8,643,411</u>
<u>EXPENDITURES</u>			
Total expenditures from Schedule of Revenues and Expenditures - Budget and Actual	\$5,267,362	\$3,816,533	\$9,083,895
Reconciling items:			
Depreciation	13,630	7,041	20,671
Expenditures capitalized	-	(45,423)	(45,423)
Change in vacations payable	9,192	(90,567)	(81,375)
Change in insurance liability	(2,128)	581	(1,547)
Reclassify PERS departmental debt service charges to transfers out	(107,197)	(101,287)	(208,484)
Operating expenses from Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets (page 28)	<u>\$5,180,859</u>	<u>\$3,586,878</u>	<u>\$8,767,737</u>
<u>FUND BALANCE</u>			
Fund balance from Schedule of Revenues and Expenditures - Budget and Actual	\$ 282,459	\$ 2,195	\$ 284,654
Reconciling items:			
June 30, 2006, asset balance:			
Capital assets, net	49,450	135,550	185,000
June 30, 2006, liability balances:			
Salaries, withholdings, and vacations payable	(177,943)	(317,295)	(495,238)
Insurance	(4,886)	-	(4,886)
Capital asset additions	-	45,423	45,423
Capital asset deletions	-	-	-
Depreciation	(13,630)	(7,041)	(20,671)
Change in vacation payable	(9,192)	90,567	81,375
Change in insurance liability	2,128	(581)	1,547
Net assets from Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets (page 28)	<u>\$ 128,386</u>	<u>\$ (51,182)</u>	<u>\$ 77,204</u>

Quality is never an accident. It represents the wise choice of many alternatives.
Will Foster

**Capital Assets Used in the Operation
of Governmental Funds**

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
as of June 30, 2007

	Balance <u>June 30, 2007</u>
Governmental capital assets	
Land	\$ 6,205,353
Buildings	15,568,503
Equipment	9,093,531
Infrastructure	98,656,340
Construction in process	<u>2,070,909</u>
Total governmental capital assets	<u>\$131,594,636</u>
Investment in fixed assets from:	
Balance as of June 30, 1993	\$ 5,022,808
Capital Project Funds:	
General Obligation Bonds	10,964,672
Certificates of Participation	3,075,143
Federal Grants	22,401,472
State Grants	576,730
Transfer from General Fund	2,204,527
Transfer from Special Revenue Funds	2,157,190
Other sources	881,258
General Fund	7,828,144
Special Revenue Funds	34,090,585
Local Improvement Districts	17,739,199
Urban Renewal Districts	3,580,680
Donations of capital assets	<u>21,072,228</u>
Total investment in governmental capital assets	<u>\$131,594,636</u>

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
for the fiscal year ended June 30, 2007

	Balances July 1, 2006	Additions	Deletions Transfers in, Transfers out	Balances June 30, 2007
<u>CAPITAL ASSETS:</u>				
Land	\$ 5,927,255	\$ 278,098	\$ -	\$ 6,205,353
Buildings and improvements	15,549,128	19,375	-	15,568,503
Machinery and equipment	8,092,763	1,078,252	(77,484)	9,093,531
Infrastructure	88,701,634	3,832,967	6,121,739	98,656,340
Construction in process	<u>6,378,294</u>	<u>1,814,354</u>	<u>(6,121,739)</u>	<u>2,070,909</u>
Total capital assets	<u>\$124,649,074</u>	<u>\$ 7,023,046</u>	<u>\$ (77,484)</u>	<u>\$131,594,636</u>

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
as of June 30, 2007

Function and Activity:	Land	Buildings	Equipment	Infrastructure	Construction in Process	Total
General Government:						
Municipal Court	\$ -	\$ -	\$ 23,571	\$ -	\$ -	\$ 23,571
Building Maintenance	-	-	113,952	-	-	113,952
Building Inspection	-	-	36,448	-	-	36,448
General Fund	3,065,010	4,819,724	357,848	8,700,296	-	16,942,878
Airport Maintenance	33,510	68,215	8,700	1,805,014	-	1,915,439
Public Transit	-	-	1,289,930	-	-	1,289,930
Total general government	3,098,520	4,887,939	1,830,449	10,505,310	-	20,322,218
Public Safety:						
Police	-	1,280,297	1,168,391	-	-	2,448,688
Fire	118,771	3,773,843	2,557,030	-	-	6,449,644
Ambulance	-	-	1,289,915	-	-	1,289,915
Total public safety	118,771	5,054,140	5,015,336	-	-	10,188,247
Culture and Recreation:						
Library	14,010	3,844,879	35,492	-	-	3,894,381
Parks & Recreation	2,311,753	1,743,611	1,093,089	9,808,864	-	14,957,317
Total culture and recreation	2,325,763	5,588,490	1,128,581	9,808,864	-	18,851,698
Highways and Streets:						
Street Maintenance	662,299	37,934	1,119,165	78,342,166	-	80,161,564
Total highways and streets	662,299	37,934	1,119,165	78,342,166	-	80,161,564
Construction in process	-	-	-	-	2,070,909	2,070,909
Total capital assets	\$ 6,205,353	\$ 15,568,503	\$ 9,093,531	\$ 98,656,340	\$ 2,070,909	\$ 131,594,636

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
for the fiscal year ended June 30, 2007

Function and Activity:	Capital Assets July 1, 2006	Additions	Deletions Transfers in, Transfers out	Capital Assets June 30, 2007
General Government:				
Municipal Court	\$ 23,571	\$ -	\$ -	\$ 23,571
Building Maintenance	67,994	45,958		113,952
Code Enforcement	36,448	-		36,448
General Fund	16,809,022	63,166	70,690	16,942,878
Economic Development (Airport)	1,404,919	366,808	143,712	1,915,439
Public Transit	1,289,930	-		1,289,930
Total general government	<u>19,631,884</u>	<u>475,932</u>	<u>214,402</u>	<u>20,322,218</u>
Public Safety:				
Police	2,284,587	198,076	(33,975)	2,448,688
Fire	6,410,687	38,957		6,449,644
Ambulance	759,288	530,627		1,289,915
Total public safety	<u>9,454,562</u>	<u>767,660</u>	<u>(33,975)</u>	<u>10,188,247</u>
Culture and Recreation:				
Library	3,866,645	27,736		3,894,381
Parks & Recreation	14,734,182	220,943	2,192	14,957,317
Total culture and recreation	<u>18,600,827</u>	<u>248,679</u>	<u>2,192</u>	<u>18,851,698</u>
Highways and Streets:				
Street Maintenance	70,583,507	3,716,421	5,861,636	80,161,564
Total highways and streets	<u>70,583,507</u>	<u>3,716,421</u>	<u>5,861,636</u>	<u>80,161,564</u>
Construction in process	<u>6,378,294</u>	<u>1,814,354</u>	<u>(6,121,739)</u>	<u>2,070,909</u>
Total capital assets	<u>\$124,649,074</u>	<u>\$ 7,023,046</u>	<u>\$ (77,484)</u>	<u>\$131,594,636</u>

More than ever, the creation of the ridiculous is almost impossible
because of the competition it receives from reality.

Robert A. Baker

OTHER FINANCIAL SCHEDULES

Schedule of Debt Principal Transactions

Schedule of Debt Interest Transactions

Schedule of Future Debt Principal and Interest Requirements - Governmental Activities

Schedule of Future Debt Principal and Interest Requirements - Business-type Activities

Schedule of Property Tax Transactions and Outstanding Balances

CITY OF ALBANY, OREGON
SCHEDULE OF DEBT PRINCIPAL TRANSACTIONS
for the fiscal year ended June 30, 2007

	Interest Rate	Date of Issue	Years of Maturity	Outstanding July 1, 2006	Issued During Year	Matured/ Defeased During Year	Outstanding June 30, 2007
GENERAL OBLIGATION AND OTHER LONG-TERM DEBT:							
1992 OEDD Notes Payable (1)	5.47	12/01/95	2015-2016	\$ 283,197	\$ -	\$ 23,736	\$ 259,461
1995 Motel/Hotel Tax Revenue	3.90-5.75	08/01/95	1996-2011	1,030,000	-	200,000	830,000
1996 Fire Substation Construction	4.50-5.50	12/01/96	1997-2014	2,400,000	-	2,400,000	-
1997 Limited Tax Assessment Bancroft	4.00-4.65	06/01/97	1998-2007	1,315,000	-	1,315,000	-
1998 Water Refunding	3.60-4.50	05/01/98	1999-2010	3,115,000	-	725,000	2,390,000
1999 General Obligation	3.10-4.85	03/01/99	2000-2019	7,310,000	-	6,410,000	900,000
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	2002-2028	6,739,431	-	55,650	6,683,781
2002 Limited Tax Assessment Bancroft	5.05	06/17/02	2003-2012	526,385	-	59,342	467,043
2004 General Revenue Obligations	2.50-4.00	12/15/04	2006-2020	3,490,000	-	225,000	3,265,000
2005 CARA Long-term Tax-exempt Note	4.85	10/15/05	2006-2020	1,459,399	-	70,186	1,389,213
2006 CARA Dujour Note				-	730,000	730,000	-
2007 General Obligation Refunding	4.00	06/01/15	2007-2015	-	8,335,000	-	8,335,000
Total general obligation and other long-term debt				<u>\$27,668,412</u>	<u>\$ 9,065,000</u>	<u>\$12,213,914</u>	<u>\$24,519,498</u>
REVENUE BONDS AND LONG-TERM NOTES RECORDED IN ENTERPRISE FUNDS:							
2002 Water Certificates of Participation	5.50	03/01/02	2002-2012	\$ 398,162	\$ -	\$ 57,704	\$ 340,458
2003 Series Water Bonds	2.00-5.125	08/01/03	2004-2033	38,040,000	-	1,250,000	36,790,000
2004 Sewer Current Refunding Bonds	2.65	02/01/04	2004-2010	1,940,000	-	465,000	1,475,000
1992 Oregon DEQ SRF Notes Payable (2)	3.00	04/01/92	2011-2012	966,481	-	161,080	805,401
2007 Oregon DEQ SRF Notes Payable (2)	3.40-3.64	09/21/06		-	29,258,343	-	29,258,343
Total revenue bonds and long-term notes recorded in Enterprise Funds				<u>\$41,344,643</u>	<u>\$29,258,343</u>	<u>\$ 1,933,784</u>	<u>\$68,669,202</u>

(1) Oregon Economic Development Department

(2) Department of Environmental Quality State Revolving Loans

CITY OF ALBANY, OREGON
SCHEDULE OF DEBT INTEREST TRANSACTIONS
for the fiscal year ended June 30, 2007

	Interest Rate	Date of Issue	Outstanding July 1, 2006	Unmatured Interest on Bonds Issued, Called, or Refunded During Year	Interest Retired/ Defeased During Year	Outstanding June 30, 2007
GENERAL OBLIGATION AND OTHER LONG-TERM DEBT:						
1992 OEDD Notes Payable (1)	5.47	12/01/95	\$ 97,099	\$ -	\$ 15,995	\$ 81,104
1994 Certificates of Participation	3.00-5.25	01/01/94	-	-	-	-
1995 Motel/Hotel Tax Revenue	3.90-5.75	08/01/95	148,688	-	52,625	96,063
1996 Fire Substation Construction	4.50-5.50	12/01/96	714,266	-	714,266	-
1997 Limited Tax Assessment Bancroft	4.00-4.65	06/01/97	61,146	-	61,146	-
1998 Water Refunding	3.60-4.50	05/01/98	283,959	-	121,021	162,938
1999 General Obligation	3.10-4.85	03/01/99	2,595,835	-	2,537,935	57,900
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	8,859,213	-	390,408	8,468,805
2002 Limited Tax Assessment Bancroft	5.05	06/17/02	106,311	-	25,844	80,467
2004 General Revenue Obligations	2.50-4.00	12/15/04	872,386	-	120,976	751,410
2005 CARA Long-term Tax-exempt Note	4.85	10/15/05	625,619	-	68,815	556,804
2006 CARA Dujour Note			-	608	608	-
2007 General Obligation Refunding	4.00	06/01/15	-	1,815,024	82,424	1,732,600
Total general obligation and other bonds			<u>\$14,364,522</u>	<u>\$ 1,815,632</u>	<u>\$ 4,192,063</u>	<u>\$11,988,091</u>
REVENUE BONDS AND OTHER LONG-TERM DEBT RECORDED IN ENTERPRISE FUNDS:						
2002 Water Certificates of Participation	5.50	03/01/02	\$ 74,813	\$ -	\$ 21,125	\$ 53,688
2003 Series Water Bonds	2.00-5.125	08/01/03	29,082,268	-	1,720,038	27,362,230
2004 Sewer Current Refunding	2.65	02/01/04	104,674	-	45,249	59,425
1992 Oregon DEQ SRF Notes Payable (2)	3.00	04/01/92	101,480	-	28,994	72,486
2007 Oregon DEQ SRF Notes Payable (2)	3.40-3.64	09/21/06	-	286,105	-	286,105
Total revenue bonds recorded in Enterprise Funds			<u>\$29,363,235</u>	<u>\$ 286,105</u>	<u>\$ 1,815,406</u>	<u>\$27,833,934</u>

(1) Oregon Economic Development Department

(2) Department of Environmental Quality State Revolving Loan

CITY OF ALBANY, OREGON
SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS
GOVERNMENTAL ACTIVITIES
June 30, 2007

Years of Maturity	Total Requirements			1995 Hotel/Motel Tax Revenue		1999 Street Reconstruction General Obligation		2002 Limited Tax Pension Obligations	
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Interest
2007-2008	\$ 1,442,969	\$ 1,034,721	\$ 2,477,690	\$ 200,000	\$ 41,725	\$ 440,000	\$ 38,300	\$ 65,043	\$ 401,014
2008-2009	1,608,051	989,698	2,597,749	210,000	30,188	460,000	19,600	73,231	412,827
2009-2010	1,754,173	942,736	2,696,909	210,000	18,111	-	-	82,139	428,918
2010-2011	2,651,483	887,036	3,538,519	210,000	6,039	-	-	86,861	444,197
2011-2012	1,842,133	807,030	2,649,163	-	-	-	-	92,951	463,106
2012-2013	1,743,794	757,651	2,501,445	-	-	-	-	97,868	483,189
2013-2014	1,847,311	709,924	2,557,235	-	-	-	-	101,687	504,371
2014-2015	1,715,572	667,248	2,382,820	-	-	-	-	105,019	531,038
2015-2016	393,223	629,573	1,022,796	-	-	-	-	107,498	558,560
2016-2017	374,175	643,187	1,017,362	-	-	-	-	109,483	586,575
2017-2018	386,152	658,460	1,044,612	-	-	-	-	111,140	614,918
2018-2019	396,847	676,605	1,073,452	-	-	-	-	111,257	644,800
2019-2020	461,043	651,016	1,112,059	-	-	-	-	159,604	631,454
2020-2021	592,572	373,035	965,607	-	-	-	-	460,000	366,605
2021-2022	530,000	335,095	865,095	-	-	-	-	530,000	335,095
2022-2023	600,000	298,790	898,790	-	-	-	-	600,000	298,790
2023-2024	685,000	257,690	942,690	-	-	-	-	685,000	257,690
2024-2025	770,000	210,767	980,767	-	-	-	-	770,000	210,767
2025-2026	865,000	159,947	1,024,947	-	-	-	-	865,000	159,947
2026-2027	970,000	100,694	1,070,694	-	-	-	-	970,000	100,694
2027-2028	500,000	34,250	534,250	-	-	-	-	500,000	34,250
	<u>\$22,129,498</u>	<u>\$11,825,153</u>	<u>\$33,954,651</u>	<u>\$ 830,000</u>	<u>\$ 96,063</u>	<u>\$ 900,000</u>	<u>\$ 57,900</u>	<u>\$6,683,781</u>	<u>\$8,468,805</u>

2002 Limited Tax Assessment Bancroft Bonds		Oregon Economic Development Department Notes Payable		2004 General Revenue Obligationse		Central Albany Revitalization Area 2005 Long-Term Tax-Exempt Revenue Note		General Obligation Refunding Series 2007		Years of Maturity
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
\$ 62,377	\$ 22,808	\$ 23,925	\$ 14,746	\$ 305,000	\$115,351	\$ 71,624	\$ 67,377	\$ 275,000	\$ 333,400	2007-2008
65,567	19,618	24,155	13,436	315,000	107,726	75,098	63,903	385,000	322,400	2008-2009
68,920	16,265	24,373	13,117	320,000	99,064	78,741	60,261	970,000	307,000	2009-2010
72,444	12,741	24,619	10,753	325,000	88,664	82,559	56,442	1,850,000	268,200	2010-2011
197,735	9,035	29,884	9,337	340,000	78,914	86,563	52,438	1,095,000	194,200	2011-2012
-	-	30,164	7,619	355,000	68,204	90,762	48,239	1,170,000	150,400	2012-2013
-	-	30,460	5,886	365,000	52,229	95,164	43,838	1,255,000	103,600	2013-2014
-	-	35,774	4,134	140,000	39,454	99,779	39,222	1,335,000	53,400	2014-2015
-	-	36,107	2,076	145,000	34,554	104,618	34,383	-	-	2015-2016
-	-	-	-	155,000	27,303	109,692	29,309	-	-	2016-2017
-	-	-	-	160,000	19,553	115,012	23,989	-	-	2017-2018
-	-	-	-	165,000	13,394	120,590	18,411	-	-	2018-2019
-	-	-	-	175,000	7,000	126,439	12,562	-	-	2019-2020
-	-	-	-	-	-	132,572	6,430	-	-	2020-2021
-	-	-	-	-	-	-	-	-	-	2021-2022
-	-	-	-	-	-	-	-	-	-	2022-2023
-	-	-	-	-	-	-	-	-	-	2023-2024
-	-	-	-	-	-	-	-	-	-	2024-2025
-	-	-	-	-	-	-	-	-	-	2025-2026
-	-	-	-	-	-	-	-	-	-	2026-2027
-	-	-	-	-	-	-	-	-	-	2027-2028
<u>\$467,043</u>	<u>\$ 80,467</u>	<u>\$259,461</u>	<u>\$ 81,104</u>	<u>\$3,265,000</u>	<u>\$751,410</u>	<u>\$1,389,213</u>	<u>\$556,804</u>	<u>\$8,335,000</u>	<u>\$1,732,600</u>	

CITY OF ALBANY, OREGON
SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS
BUSINESS-TYPE ACTIVITIES
June 30, 2007

Years of Maturity	Total Requirements			1998 Water General Obligation (1)		2002 Water COP	
	Principal	Interest	Total	Principal	Interest	Principal	Interest
2007-2008	\$ 2,736,955	\$ 1,839,533	\$ 4,576,488	\$ 760,000	\$ 89,085	\$ 60,875	\$ 17,955
2008-2009	2,825,396	1,719,638	4,545,034	795,000	55,065	64,316	14,514
2009-2010	2,913,982	1,608,766	4,522,748	835,000	18,788	67,902	10,928
2010-2011	1,287,767	1,538,009	2,825,776	-	-	71,687	7,141
2011-2012	1,196,759	1,495,900	2,692,659	-	-	75,678	3,150
2012-2013	830,000	1,455,556	2,285,556	-	-	-	-
2013-2014	865,000	1,422,694	2,287,694	-	-	-	-
2014-2015	900,000	1,387,394	2,287,394	-	-	-	-
2015-2016	940,000	1,350,594	2,290,594	-	-	-	-
2016-2017	980,000	1,311,581	2,291,581	-	-	-	-
2017-2018	1,025,000	1,269,587	2,294,587	-	-	-	-
2018-2019	1,070,000	1,221,056	2,291,056	-	-	-	-
2019-2020	1,120,000	1,166,306	2,286,306	-	-	-	-
2020-2021	1,170,000	1,109,056	2,279,056	-	-	-	-
2021-2022	1,230,000	1,049,056	2,279,056	-	-	-	-
2022-2023	1,290,000	986,056	2,276,056	-	-	-	-
2023-2024	1,355,000	921,625	2,276,625	-	-	-	-
2024-2025	1,420,000	855,719	2,275,719	-	-	-	-
2025-2026	1,495,000	786,488	2,281,488	-	-	-	-
2026-2027	1,575,000	710,622	2,285,622	-	-	-	-
2027-2028	1,655,000	630,956	2,285,956	-	-	-	-
2028-2029	1,740,000	550,325	2,290,325	-	-	-	-
2029-2030	1,835,000	463,125	2,298,125	-	-	-	-
2030-2031	1,930,000	369,000	2,299,000	-	-	-	-
2031-2032	2,030,000	270,000	2,300,000	-	-	-	-
2032-2033	2,135,000	165,875	2,300,875	-	-	-	-
2033-2034	2,250,000	56,250	2,306,250	-	-	-	-
	<u>\$41,800,859</u>	<u>\$27,710,767</u>	<u>\$69,511,626</u>	<u>\$ 2,390,000</u>	<u>\$ 162,938</u>	<u>\$ 340,458</u>	<u>\$ 53,688</u>

(1) Debt service on the 1998 Water Bonds is payable from a tax levied upon the taxable property within the City. Debt service on the remaining Enterprise Fund issues is payable from Water and Sewer revenues.

2003 Water		2004 Sewer		1992 Oregon DEQ State Revolving Fund Loan		Years of Maturity
Principal	Interest	Principal	Interest	Principal	Interest	
\$ 1,280,000	\$ 1,675,537	\$ 475,000	\$ 32,794	\$ 161,080	\$ 24,162	2007-2008
1,310,000	1,610,788	495,000	19,941	161,080	19,330	2008-2009
1,345,000	1,557,863	505,000	6,690	161,080	14,497	2009-2010
1,055,000	1,521,203	-	-	161,080	9,665	2010-2011
960,000	1,487,918	-	-	161,081	4,832	2011-2012
830,000	1,455,556	-	-	-	-	2012-2013
865,000	1,422,694	-	-	-	-	2013-2014
900,000	1,387,394	-	-	-	-	2014-2015
940,000	1,350,594	-	-	-	-	2015-2016
980,000	1,311,581	-	-	-	-	2016-2017
1,025,000	1,269,587	-	-	-	-	2017-2018
1,070,000	1,221,056	-	-	-	-	2018-2019
1,120,000	1,166,306	-	-	-	-	2019-2020
1,170,000	1,109,056	-	-	-	-	2020-2021
1,230,000	1,049,056	-	-	-	-	2021-2022
1,290,000	986,056	-	-	-	-	2022-2023
1,355,000	921,625	-	-	-	-	2023-2024
1,420,000	855,719	-	-	-	-	2024-2025
1,495,000	786,488	-	-	-	-	2025-2026
1,575,000	710,622	-	-	-	-	2026-2027
1,655,000	630,956	-	-	-	-	2027-2028
1,740,000	550,325	-	-	-	-	2028-2029
1,835,000	463,125	-	-	-	-	2029-2030
1,930,000	369,000	-	-	-	-	2030-2031
2,030,000	270,000	-	-	-	-	2031-2032
2,135,000	165,875	-	-	-	-	2032-2033
2,250,000	56,250	-	-	-	-	2033-2034
<u>\$36,790,000</u>	<u>\$27,362,230</u>	<u>\$ 1,475,000</u>	<u>\$ 59,425</u>	<u>\$ 805,401</u>	<u>\$ 72,486</u>	

CITY OF ALBANY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
for the year ended June 30, 2007

Tax Year	Taxes Receivable June 30, 2006	Levy as extended by assessor	Collections	Discounts & Adjustments	Taxes Receivable June 30, 2007
2006-07	\$ -	\$ 22,142,401	\$ (20,770,157)	\$ (607,168)	\$ 765,076
2005-06	712,420	-	(391,083)	(25,382)	295,955
2004-05	333,616	-	(146,875)	(20,147)	166,594
2003-04	191,786	-	(87,110)	(39,186)	65,490
2002-03	79,427	-	(25,306)	(36,857)	17,264
2001-02	20,591	-	(3,475)	(11,291)	5,825
2000-01	5,241	-	(2,095)	734	3,880
1999-00	1,320	-	(708)	1,429	2,041
1998-99	1,121	-	(329)	413	1,205
1997-98	422	-	(26)	289	685
1996-97	665	-	(105)	(166)	394
and prior	8,139	-	(46)	1,761	9,854
	<u>\$ 1,354,748</u>	<u>\$ 22,142,401</u>	<u>\$ (21,427,315)</u>	<u>\$ (735,571)</u>	<u>\$ 1,334,263</u>

COLLECTIONS AND BALANCES RECEIVABLE SUMMARY
BY FUND AND FUND TYPE

General Fund	\$ 13,193,675	\$ 825,386
Special Revenue Funds:		
Parks and Recreation	3,300,794	205,901
Public Safety Levy	2,349,289	140,281
Debt Service Funds:		
Debt Service	988,952	66,713
Capital Project Funds:		
Central Albany Revitalization Area	835,811	46,906
Enterprise Funds:		
Water	758,794	49,076
	<u>\$ 21,427,315</u>	<u>\$ 1,334,263</u>

	Collections from Above	Tax Accrual - Net Change	Total
General Fund	\$ 13,193,675	\$ (12,359)	\$ 13,181,316
Parks and Recreation	3,300,794	(10,043)	3,290,751
Public Safety Levy	2,349,289	9,405	2,358,694
Debt Service	988,952	(20,384)	968,568
Capital Projects	835,811	7,933	843,744
Water	758,794	(5,486)	753,308
Property taxes from Statement of Activities (pages 14-15)	<u>\$ 21,427,315</u>	<u>\$ (30,934)</u>	<u>\$ 21,396,381</u>

Total collections from above	\$ 21,427,315
Taxes collected in the Water Fund	(758,794)
Property taxes from Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (page 18)	<u>\$ 20,668,521</u>

STATISTICAL SECTION

Skiing combines outdoor fun with knocking down trees with your face.
Dave Barry

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 have 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 the 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 related to the services it provides and the activities it performs.

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports from the relevant fiscal years.

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

	<u>1997-1998</u>	<u>1998-1999</u>	<u>1999-2000</u>	<u>2000-2001</u>	<u>2001-2002</u>
Governmental Activities					
Invested in capital assets, net of related debt					
Restricted					
Unrestricted					
Total governmental activities net assets					
Business-type activities					
Invested in capital assets, net of related debt	\$ 28,159,965	\$ 32,470,615	\$ 35,685,402	\$ 53,201,540	\$ 68,145,259
Restricted	4,157,243	4,448,230	4,039,114	3,190,879	3,047,480
Unrestricted	22,018,880	22,088,350	23,838,669	22,182,351	20,330,802
Total business-type net assets	<u>54,336,088</u>	<u>59,007,195</u>	<u>63,563,185</u>	<u>78,574,770</u>	<u>91,523,541</u>
Total City of Albany					
Invested in capital assets, net of related debt	28,159,965	32,470,615	35,685,402	53,201,540	68,145,259
Restricted	4,157,243	4,448,230	4,039,114	3,190,879	3,047,480
Unrestricted	22,018,880	22,088,350	23,838,669	22,182,351	20,330,802
Total City of Albany net assets	<u>\$ 54,336,088</u>	<u>\$ 59,007,195</u>	<u>\$ 63,563,185</u>	<u>\$ 78,574,770</u>	<u>\$ 91,523,541</u>

continued

The City began reporting under GASB Statement No. 34 for the 2002-03 fiscal year.
 Net assets by component statistics are not available for governmental activities prior to Fiscal Year 2002-03.
 Source: City of Albany 1998-2007 Comprehensive Annual Financial Reports

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

2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	
					Governmental Activities
\$ 49,571,642	\$ 53,228,159	\$ 65,142,652	\$ 72,602,095	\$ 77,367,243	Invested in capital assets, net of related debt
15,685,834	8,702,535	3,325,861	17,719,746	14,434,391	Restricted
7,608,794	18,659,845	24,646,982	12,006,275	15,195,602	Unrestricted
<u>72,866,270</u>	<u>80,590,539</u>	<u>93,115,495</u>	<u>102,328,116</u>	<u>106,997,236</u>	Total governmental activities net assets
					Business-type activities
72,820,092	75,816,083	79,907,362	91,009,502	\$ 102,945,424	Invested in capital assets, net of related debt
9,056,486	9,401,040	15,860,141	14,984,960	14,764,342	Restricted
14,458,875	18,359,252	17,514,640	17,976,644	17,780,223	Unrestricted
<u>96,335,453</u>	<u>103,576,375</u>	<u>113,282,143</u>	<u>123,971,106</u>	<u>135,489,989</u>	Total business-type net assets
					Total City of Albany
122,391,734	129,044,242	145,050,014	163,611,597	180,312,667	Invested in capital assets, net of related debt
24,742,320	18,103,575	19,186,002	32,704,706	29,198,733	Restricted
22,067,669	37,019,097	42,161,622	29,982,919	32,975,825	Unrestricted
<u>\$ 169,201,723</u>	<u>\$ 184,166,914</u>	<u>\$ 206,397,638</u>	<u>\$ 226,299,222</u>	<u>\$ 242,487,225</u>	Total City of Albany net assets

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

	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002
Expenses					
Governmental activities:					
General government					
Public safety					
Highways and streets					
Culture and recreation					
Interest on long-term debt					
Total governmental activities expenses					
Business-type activities					
Water	\$ 5,097,789	\$ 5,818,404	\$ 5,931,533	\$ 6,069,353	\$ 6,550,448
Sewer	4,330,444	4,392,386	5,044,884	6,184,551	6,198,358
Total business-type activities expenses	<u>9,428,233</u>	<u>10,210,790</u>	<u>10,976,417</u>	<u>12,253,904</u>	<u>12,748,806</u>
Program Revenues					
Governmental activities:					
General government					
Public safety					
Highways and streets					
Culture and recreation					
Total governmental activities program revenues					
Business-type activities					
Water	5,862,191	6,474,301	7,148,200	7,605,090	7,560,718
Sewer	4,536,135	4,956,030	5,352,486	5,304,659	5,872,992
Total business-type activities revenues	<u>10,398,326</u>	<u>11,430,331</u>	<u>12,500,686</u>	<u>12,909,749</u>	<u>13,433,710</u>
Total primary government program revenues					
General Revenues					
Governmental activities:					
Taxes:					
Property					
Transient room					
Motor fuel					
Cigarette and alcoholic beverage					
Privilege					
Franchise fees					
Contributions to permanent funds					
Grants and contributions not restricted to specific programs					
Unrestricted interest earnings					
Premium on debt issuance					
Miscellaneous					
Total governmental activities general revenues					
Loss on disposal of capital assets					
Transfers					
Total governmental activities					

continued

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

2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	
					Expenses
					Governmental activities:
\$ 6,887,965	\$ 3,975,367	\$ 4,808,302	6,213,062	6,468,368	General government
14,262,937	16,138,117	17,344,947	18,484,074	21,156,907	Public safety
4,327,021	4,983,961	5,056,827	5,509,688	6,489,273	Highways and streets
5,391,355	5,633,112	5,905,119	6,387,685	7,222,964	Culture and recreation
1,265,139	1,317,826	1,190,214	1,296,485	1,138,930	Interest on long-term debt
<u>32,134,417</u>	<u>32,048,383</u>	<u>34,305,409</u>	<u>37,890,994</u>	<u>42,476,442</u>	Total governmental activities expenses
					Business-type activities
7,135,802	7,797,815	6,946,851	8,883,843	11,253,334	Water
7,186,899	7,637,300	7,436,459	7,814,071	8,829,900	Sewer
<u>14,322,701</u>	<u>15,435,115</u>	<u>14,383,310</u>	<u>16,697,914</u>	<u>20,083,234</u>	Total business-type activities expenses
					Program Revenues
					Governmental activities:
9,706,256	7,359,348	8,842,325	5,343,985	6,144,609	General government
3,777,644	3,768,134	3,883,415	4,198,040	5,611,231	Public safety
4,558,588	5,269,340	5,272,239	5,310,494	4,685,467	Highways and streets
1,704,413	1,869,460	2,819,363	4,873,850	1,823,499	Culture and recreation
<u>19,746,901</u>	<u>18,266,282</u>	<u>20,817,342</u>	<u>19,726,369</u>	<u>18,264,806</u>	Total governmental activities program revenues
					Business-type activities
9,222,539	11,801,915	12,462,668	13,071,306	14,096,457	Water
8,395,543	9,524,763	10,927,340	12,750,140	14,334,830	Sewer
<u>17,618,082</u>	<u>21,326,678</u>	<u>23,390,008</u>	<u>25,821,446</u>	<u>28,431,287</u>	Total business-type activities revenues
<u>37,364,983</u>	<u>39,592,960</u>	<u>44,207,350</u>	<u>45,547,815</u>	<u>46,696,093</u>	Total primary government program revenues
					General Revenues
					Governmental activities:
					Taxes:
14,532,724	17,057,229	18,169,530	19,388,773	20,643,073	Property
514,110	509,767	550,404	610,516	700,912	Transient room
-	-	2,119,250	2,170,883	2,152,446	Motor fuel
-	-	497,499	545,979	867,362	Cigarette and alcoholic beverage
2,834,061	2,875,905	2,099,290	2,268,032	2,480,090	Privilege
-	-	967,994	-	-	Franchise fees
3,828	454	3,042	2,414	923	Contributions to permanent funds
					Grants and contributions not restricted to specific programs
537,570	515,559	60,390	169,251	59,305	Unrestricted interest earnings
327,154	243,671	467,924	1,303,367	1,745,218	Premium on debt issuance
-	-	50,244	-	-	Miscellaneous
			153,912	130,653	Total governmental activities general revenues
<u>18,749,447</u>	<u>21,202,585</u>	<u>24,985,567</u>	<u>26,613,127</u>	<u>28,779,982</u>	Loss on disposal of capital assets
(1,018)	-	-	-	-	Transfers
95,049	303,785	1,027,456	373,918	490,975	Total governmental activities
<u>18,843,478</u>	<u>21,506,370</u>	<u>26,013,023</u>	<u>26,987,045</u>	<u>29,270,957</u>	

continued

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

	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002
General Revenues, continued					
Business-type activities					
Property taxes	892,910	897,446	302,509	748,849	761,583
Unrestricted investment earnings	1,369,652	1,296,878	1,434,253	1,470,360	731,136
Miscellaneous	490,202	593,840	442,127	285,258	306,549
Total business-type activities general revenues	<u>2,752,764</u>	<u>2,788,164</u>	<u>2,178,889</u>	<u>2,504,467</u>	<u>1,799,268</u>
Loss on disposal of capital assets	(53,560)	(5,555)	-	(5,088)	(102,034)
Transfers	183,517	73,016	17,488	16,265	(45,000)
Total business-type activities	<u>2,882,721</u>	<u>2,855,625</u>	<u>2,196,377</u>	<u>2,515,644</u>	<u>1,652,234</u>
Change in Net Assets					
Governmental activities					
Business-type activities	3,852,814	4,075,166	3,720,646	3,171,489	2,337,138
Total Change in net assets, Primary government	<u>3,852,814</u>	<u>4,075,166</u>	<u>3,720,646</u>	<u>3,171,489</u>	<u>2,337,138</u>
Net assets - beginning	23,451,218	27,304,032	31,379,198	35,099,844	38,271,333
Net assets - ending	<u>\$ 27,304,032</u>	<u>\$ 31,379,198</u>	<u>\$ 35,099,844</u>	<u>\$ 38,271,333</u>	<u>\$ 40,608,471</u>

continued

The City began reporting under GASB Statement No. 34 for the 2002-03 fiscal year.
 Change in net asset statistics are not available for governmental activities prior to Fiscal Year 2002-03.
 Source: City of Albany 1998-2007 Comprehensive Annual Financial Reports

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

2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	
					General Revenues, continued
					Business-type activities
778,058	787,570	782,683	759,865	753,308	Property taxes
377,023	286,658	488,123	1,240,546	1,506,557	Unrestricted investment earnings
352,592	578,916	455,720	687,743	653,135	Miscellaneous
<u>1,507,673</u>	<u>1,653,144</u>	<u>1,726,526</u>	<u>2,688,154</u>	<u>2,913,000</u>	Total business-type activities general revenues
(23,952)	-				Loss on disposal of capital assets
(95,049)	(303,785)	(1,027,456)	(373,918)	(490,975)	Transfers
<u>1,388,672</u>	<u>1,349,359</u>	<u>699,070</u>	<u>2,314,236</u>	<u>2,422,025</u>	Total business-type activities
					Change in Net Assets
6,455,962	7,724,269	12,524,956	8,822,420	5,059,321	Governmental activities
4,684,053	7,240,922	9,705,768	11,437,768	10,770,078	Business-type activities
<u>11,140,015</u>	<u>14,965,191</u>	<u>22,230,724</u>	<u>20,260,188</u>	<u>15,829,399</u>	Total Change in net assets, Primary government
158,061,708	169,201,723	184,166,914	206,397,638	226,657,826	Net assets - beginning
<u>\$169,201,723</u>	<u>\$184,166,914</u>	<u>\$206,397,638</u>	<u>\$226,657,826</u>	<u>\$242,487,225</u>	Net assets - ending

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

	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002
General Fund					
Unreserved	\$ 1,984,411	\$ 1,930,372	\$ 1,475,700	\$ 1,909,760	\$ 2,606,738
Total General Fund	<u>1,984,411</u>	<u>1,930,372</u>	<u>1,475,700</u>	<u>1,909,760</u>	<u>2,606,738</u>
All other governmental funds					
Reserved, reported in:					
Special Revenue	7,000	40,000	-	-	-
Debt Service	1,106,643	1,013,489	1,475,033	1,671,851	1,812,545
Capital Projects	-	-	-	-	-
Permanent	530,779	506,561	151,062	165,365	174,417
Unreserved, reported in:					
Special revenue	5,957,610	5,178,044	6,690,918	7,589,906	9,126,935
Capital projects	3,497,551	5,096,406	10,788,217	6,247,993	4,414,518
Total all other governmental funds	<u>11,099,583</u>	<u>11,834,500</u>	<u>19,105,230</u>	<u>15,675,115</u>	<u>15,528,415</u>
Total fund balances of governmental funds	<u>\$ 13,083,994</u>	<u>\$ 13,764,872</u>	<u>\$ 20,580,930</u>	<u>\$ 17,584,875</u>	<u>\$ 18,135,153</u>

continued

Source: City of Albany 1998-2007 Comprehensive Annual Financial Reports

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

2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	
					General Fund
\$ 2,714,477	\$ 2,290,356	\$ 2,733,586	\$ 4,103,125	\$ 4,681,943	Unreserved
<u>2,714,477</u>	<u>2,290,356</u>	<u>2,733,586</u>	<u>4,103,125</u>	<u>4,681,943</u>	Total General Fund
					All other governmental funds
					Reserved, reported in:
434,014	404,170	102,510	20,285	11,675	Special Revenue
2,179,270	2,616,579	2,877,865	2,865,706	1,220,782	Debt Service
2,755,767	6,012,244	8,248,404	15,591,619	9,515,787	Capital Projects
107,206	108,906	111,585	115,189	127,633	Permanent
					Unreserved, reported in:
5,795,739	8,021,014	8,744,939	8,338,206	15,714,635	Special revenue
2,578,524	1,162,841	3,169,042	-	-	Capital projects
<u>13,850,520</u>	<u>18,325,754</u>	<u>23,254,345</u>	<u>26,931,005</u>	<u>26,590,512</u>	Total all other governmental funds
<u>\$ 16,564,997</u>	<u>\$ 20,616,110</u>	<u>\$ 25,987,931</u>	<u>\$ 31,034,130</u>	<u>\$ 31,272,455</u>	Total fund balances of governmental funds

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

	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002
Revenues					
Taxes	\$ 11,452,307	\$ 10,425,555	\$ 12,417,367	\$ 13,151,492	\$ 14,053,132
Special assessments	2,081,112	614,436	604,826	533,127	831,361
Franchise fees, privilege taxes, licenses, and permits	4,045,026	4,463,958	4,963,837	5,356,917	5,787,913
Intergovernmental	4,081,580	3,919,176	4,394,900	4,622,000	5,188,361
Charges for services	4,867,356	5,031,850	4,831,553	5,037,361	5,531,010
Fines and forfeitures	514,375	599,080	645,140	576,427	597,223
Gifts and donations	-	-	-	-	-
Interest on investments	854,674	874,632	1,198,920	1,267,131	627,707
Miscellaneous	380,372	187,361	1,358,499	276,931	594,206
Total revenues	28,276,802	26,116,048	30,415,042	30,821,386	33,210,913
Expenditures					
General government	6,064,000	6,115,379	6,176,795	6,923,805	14,129,300
Public safety	9,429,253	10,146,996	10,917,763	11,418,871	12,157,504
Highways and streets	1,444,217	1,487,553	1,636,738	1,716,599	1,928,070
Culture and recreation	3,368,290	3,764,432	4,126,949	4,329,659	4,556,160
Capital outlay	7,248,150	6,090,408	5,143,791	7,633,500	5,635,038
Debt service					
Principal	530,000	525,000	830,000	875,000	949,913
Interest	684,471	547,868	904,262	918,045	946,783
Total expenditures	28,768,381	28,677,636	29,736,298	33,815,479	40,302,768
Excess (deficiency) of revenues over (under) expenditures	(491,579)	(2,561,588)	678,744	(2,994,093)	(7,091,855)
Other financing sources (uses)					
Debt issuance	-	9,850,000	-	-	7,588,081
Premium on debt issuance	-	-	-	-	-
Payment to escrow agent for refunded bonds	-	-	-	-	-
Capital lease	-	-	-	-	-
Transfers in	1,819,846	1,759,419	1,041,894	847,729	852,140
Transfers out	(2,033,363)	(1,832,434)	(1,059,382)	(863,994)	(807,140)
Total other financing sources (uses)	(213,517)	9,776,985	(17,488)	(16,265)	7,633,081
Net change in fund balances	(705,096)	7,215,397	661,256	(3,010,358)	541,226

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

Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures

Total debt service expenditures	\$ 1,214,471	\$ 1,072,868	\$ 1,734,262	\$ 1,793,045	\$ 1,896,696
Total noncapital expenditures	21,520,231	22,587,228	24,592,507	26,181,979	34,667,730
Ratio	5.64%	4.75%	7.05%	6.85%	5.47%
Debt refunding activity	\$ -	\$ -	\$ -	\$ -	\$ -
Ratio of total debt service expenditures less refundings to total noncapital expenditures	5.64%	4.75%	7.05%	6.85%	5.47%

Source: City of Albany 1998-2007 Comprehensive Annual Financial Reports

continued

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

2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	
					Revenues
\$ 14,981,840	\$ 17,604,792	\$ 18,460,938	\$ 20,225,202	\$ 21,369,433	Taxes
621,006	980,652	2,812,677	752,013	284,316	Special assessments
6,468,494	6,676,869	7,988,856	7,637,192	8,173,745	Franchise fees, privilege taxes, licenses, and permits
6,511,342	8,319,812	12,317,895	6,643,124	7,160,835	Intergovernmental
6,003,485	3,072,882	3,698,501	3,722,670	4,184,394	Charges for services
614,142	556,974	545,296	581,972	730,232	Fines and forfeitures
3,828	454	3,042	3,178,018	4,119	Gifts and donations
382,755	306,052	624,257	1,265,344	1,677,487	Interest on investments
460,850	573,834	764,322	653,788	1,308,177	Miscellaneous
<u>36,047,742</u>	<u>38,092,321</u>	<u>47,215,784</u>	<u>44,659,323</u>	<u>44,892,738</u>	Total revenues
					Expenditures
6,650,355	3,692,811	4,934,984	5,260,948	6,286,630	General government
13,844,935	15,577,882	16,809,154	18,302,131	20,586,681	Public safety
2,183,939	2,617,631	2,768,538	3,103,766	3,499,426	Highways and streets
4,987,709	5,231,589	5,831,360	6,093,309	6,646,681	Culture and recreation
7,777,230	5,000,187	13,033,514	7,871,125	4,685,842	Capital outlay
					Debt service
1,036,687	1,097,997	2,876,939	1,328,965	3,288,914	Principal
1,269,338	1,224,295	1,201,415	1,181,496	1,342,964	Interest
<u>37,750,193</u>	<u>34,442,392</u>	<u>47,455,904</u>	<u>43,141,740</u>	<u>46,337,138</u>	Total expenditures
<u>(1,702,451)</u>	<u>3,649,929</u>	<u>(240,120)</u>	<u>1,517,583</u>	<u>(1,444,400)</u>	Excess (deficiency) of revenues over (under) expenditures
					Other financing sources (uses)
-	-	3,720,000	1,459,399	9,065,000	Debt issuance
-	-	50,244	-	121,060	Premium on debt issuance
-	-	-	-	(8,200,000)	Payment to escrow agent for refunded bonds
-	-	162,060	151,360	98,493	Capital lease
1,341,168	3,484,872	6,968,005	14,248,234	6,261,817	Transfers in
(1,213,283)	(3,083,688)	(5,207,075)	(13,341,755)	(5,663,645)	Transfers out
<u>127,885</u>	<u>401,184</u>	<u>5,693,234</u>	<u>2,517,238</u>	<u>1,682,725</u>	Total other financing sources (uses)
<u>(1,574,566)</u>	<u>4,051,113</u>	<u>5,453,114</u>	<u>4,034,821</u>	<u>238,325</u>	Net change in fund balances

\$ 2,306,025	\$ 2,322,292	\$ 4,078,354	\$ 2,510,461	\$ 12,831,878	Total debt service expenditures
29,972,963	29,442,205	34,422,390	35,270,615	41,651,296	Total noncapital expenditures
<u>7.69%</u>	<u>7.89%</u>	<u>11.85%</u>	<u>7.12%</u>	<u>30.81%</u>	Ratio
\$ -	\$ -	\$ 1,700,000	\$ -	\$ 8,335,000	Debt refunding activity
<u>7.69%</u>	<u>7.89%</u>	<u>6.91%</u>	<u>7.12%</u>	<u>10.80%</u>	Ratio of total debt service expenditures less refundings to total noncapital expenditures

Imagination is more important than knowledge.
Albert Einstein

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

Fiscal Year Ended June 30,		Taxable Assessed Value (1)	Tax Rate Per \$1,000 of Assessed Value	Estimated Actual Value (Market Value)	Assessed Value as a % of Market Value
1998	Linn	\$ 1,349,112,229	7.74	n/a	n/a
	Benton	232,355,044	7.74	306,989,068	75.69%
	Total	1,581,467,273		306,989,068	515.15%
1999	Linn	1,419,222,880	6.70	1,799,742,420	78.86%
	Benton	247,421,535	6.70	303,141,992	81.62%
	Total	1,666,644,415		2,102,884,412	79.26%
2000	Linn	1,507,948,621	7.16	1,880,932,309	80.17%
	Benton	275,701,514	7.16	347,011,862	79.45%
	Total	1,783,650,135		2,227,944,171	80.06%
2001	Linn	1,614,022,242	7.36	1,997,950,898	80.78%
	Benton	297,794,824	7.36	357,214,360	83.37%
	Total	1,911,817,066		2,355,165,258	81.18%
2002	Linn	1,708,549,715	7.30	1,996,077,785	85.60%
	Benton	313,782,275	7.30	431,400,111	72.74%
	Total	2,022,331,990		2,427,477,896	83.31%
2003	Linn	1,752,832,617	7.41	2,092,129,723	83.78%
	Benton	334,249,796	7.41	395,820,350	84.44%
	Total	2,087,082,413		2,487,950,073	83.89%
2004	Linn	1,837,116,379	8.32	2,146,957,508	85.57%
	Benton	358,947,500	8.20	450,862,989	79.61%
	Total	2,196,063,879		2,597,820,497	84.53%
2005	Linn	1,947,576,161	8.30	2,333,811,851	83.45%
	Benton	395,736,624	8.25	505,905,627	78.22%
	Total	2,343,312,785		2,839,717,478	82.52%
2006	Linn	2,061,601,036	8.31	2,505,957,967	82.27%
	Benton	454,804,642	8.19	661,234,567	68.78%
	Total	2,516,405,678		3,167,192,534	79.45%
2007	Linn	2,202,687,502	8.36	2,887,626,123	76.28%
	Benton	487,155,971	8.13	718,378,931	67.81%
	Total	2,689,843,473		3,606,005,054	74.59%

(1) Includes the assessed value of the urban renewal district.

Source: Linn and Benton County Tax Assessors

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

City of Albany Direct Rates						
Fiscal Year Ended June 30,	County	Basic Rate	Local Option Public Safety Levy	General Obligation Debt Service	Albany Urban Renewal	Total Direct Rate
1999	Linn	\$ 6.03	\$ -	\$ 0.67	\$ -	\$ 6.70
	Benton	6.03	-	0.67	-	6.70
2000	Linn	6.40	-	0.76	-	7.16
	Benton	6.40	-	0.76	-	7.16
2001	Linn	6.40	-	0.96	-	7.36
	Benton	6.40	-	0.96	-	7.36
2002	Linn	6.40	-	0.90	-	7.30
	Benton	6.40	-	0.90	-	7.30
2003	Linn	6.40	-	0.83	0.18	7.41
	Benton	6.40	-	0.83	0.18	7.41
2004	Linn	6.40	0.95	0.77	0.20	8.32
	Benton	6.40	0.95	0.77	0.15	8.27
2005	Linn	6.40	0.95	0.69	0.27	8.31
	Benton	6.40	0.95	0.69	0.21	8.25
2006	Linn	6.40	0.95	0.61	0.30	8.26
	Benton	6.35	0.88	0.73	0.23	8.19
2007	Linn	6.40	0.95	0.51	0.42	8.28
	Benton	6.28	0.93	0.66	0.26	8.13

continued

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

Source: Linn and Benton County Tax Assessors

Schedule 6
CITY OF ALBANY, OREGON
DIRECT TAX RATES (1), continued
 Last Nine Fiscal Years

Overlapping Rates						
Linn County	Benton County	ESD Linn/ Benton Counties	Greater Albany Public School District	Linn- Benton Community College	North Albany Service District	Total Direct & Overlapping Rates
\$ 3.11	\$ -	\$ 0.31	\$ 5.23	\$ 0.72	\$ -	\$ 16.07
-	2.21	0.31	5.23	0.75	0.54	15.74
3.19	-	0.31	5.54	0.70	-	16.90
-	2.53	0.31	5.54	0.70	0.50	16.74
3.20	-	0.30	5.50	0.71	-	17.07
-	2.55	0.30	5.50	0.71	0.46	16.88
3.05	-	0.30	5.07	0.72	-	16.44
-	2.85	0.30	5.07	0.70	0.46	16.68
3.04	-	0.30	4.93	0.69	-	16.37
-	2.85	0.30	4.93	0.70	0.46	16.65
3.34	-	0.30	4.92	0.67	-	17.55
-	2.86	0.28	4.64	0.64	0.39	17.08
3.43	-	0.30	4.96	0.68	-	17.68
-	2.49	0.30	4.89	0.67	0.35	16.95
3.31	-	0.30	4.84	0.67	-	17.38
	2.54	0.30	4.84	0.67	0.33	16.87
3.60	-	0.30	6.03	0.66	-	18.87
-	2.51	0.30	6.03	0.66	0.31	17.94

Schedule 7
CITY OF ALBANY, OREGON
PRINCIPAL PROPERTY TAXPAYERS
 Fiscal Years 1997-1998 and 2006-2007

Taxpayer	2007 Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	1998 Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Dayton Hudson Corporation	\$ 76,737,235	1	2.85%	\$ 37,512,290	1	2.37%
Oregon Metallurgical Corporation	35,488,437	2	1.32%	23,527,180	4	1.49%
Oregon Freeze Dry Foods, Inc.	31,643,122	3	1.18%	27,463,680	2	1.74%
Waverly Land Management	20,161,347	4	0.75%	22,832,630	5	1.44%
Steadfast Heritage, LLC	19,999,640	5	0.74%	-	-	-
Metropolitan Life Insurance Company	15,023,363	6	0.56%	12,023,190	7	0.76%
Mennonite Home of Albany	11,991,161	7	0.45%	-	-	-
Costco Wholesale Corp	11,640,742	8	0.43%	-	-	-
Pacific Cast Technologies Inc	11,374,298	9	0.42%	-	-	-
SVC Manufacturing Inc	11,231,840	10	0.42%	-	-	-
Oak Tree Construction	-	-	-	24,949,610	3	1.58%
Roebbelen Engineering, Inc.	-	-	-	18,406,330	6	1.16%
Eugene Freezing and Storage Co.	-	-	-	11,874,580	8	0.75%
Panolam Industries	-	-	-	11,100,230	9	0.70%
National Frozen Foods	-	-	-	10,839,680	10	0.69%
Total	\$ 245,291,185		9.12%	\$ 200,529,400		7.46%
Utilities:						
Phone, electricity, natural gas	54,608,700		2.03%	53,761,280		3.40%
Total taxable assessed value, all properties	\$ 2,689,843,473			\$ 1,581,467,273		

Source: Linn and Benton County Tax Assessors

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

Fiscal Year Ended June 30,	Net Taxes Levied for the Fiscal Year(1)	Collected within the Fiscal Year of the Levy	Percentage Collected	Collections In Subsequent Years	Total Collections to Date	Percentage of Net Levy
1998	\$ 11,977,045	\$ 11,342,321	94.70%	\$ 633,940	\$ 11,976,261	99.99%
1999	10,983,511	10,468,911	95.31%	513,254	10,982,165	99.99%
2000	12,474,308	11,858,395	95.06%	613,395	12,471,790	99.98%
2001	13,683,864	12,926,133	94.46%	752,431	13,678,564	99.96%
2002	14,422,742	13,706,523	95.03%	704,599	14,411,122	99.92%
2003	15,337,118	14,569,267	94.99%	721,345	15,290,612	99.70%
2004	17,987,097	17,185,584	95.54%	718,856	17,904,440	99.54%
2005	18,861,217	18,066,785	95.79%	620,695	18,687,480	99.08%
2006	20,030,340	18,995,293	94.83%	391,083	19,386,376	96.79%
2007	21,535,233	20,770,157	96.45%	-	20,770,157	96.45%

Source: Linn and Benton County Tax Assessors

(1) Levy as extended by the county assessor less discounts and adjustments.

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

Fiscal Year Ended June 30,	GOVERNMENTAL ACTIVITIES							
	General Obligation Bonds	Special Assessment Debt (1)	Revenue Bonds	Limited Tax Pension Obligations	Certificates of Participation	General Revenue Obligations	Notes Payable	Capital Leases
1998	\$ 3,580,000	\$ 2,770,000	\$ 2,155,000	\$ -	\$ 2,595,000	\$ -	\$ 422,444	\$ -
1999	13,305,000	2,570,000	2,065,000	-	2,485,000	-	409,865	-
2000	12,850,000	2,415,000	1,960,000	-	2,370,000	-	392,177	-
2001	12,380,000	2,245,000	1,845,000	-	2,250,000	-	374,370	-
2002	11,885,000	2,806,255	1,715,000	6,826,913	2,125,000	-	356,433	-
2003	11,375,000	2,577,645	1,570,000	6,826,913	1,990,000	-	338,356	-
2004	10,845,000	2,341,549	1,410,000	6,813,236	1,850,000	-	320,132	-
2005	10,290,000	2,097,840	1,230,000	6,783,389	-	3,720,000	301,749	162,060
2006	9,710,000	1,841,385	1,030,000	6,739,431	-	3,490,000	1,742,596	205,218
2007	9,235,000	467,043	830,000	6,683,781	-	3,265,000	1,648,674	190,248

continued

(1) Special assessment debt with governmental commitment

(2) Includes \$29,258,343 State of Oregon Revolving Fund loan for the new sewage treatment plant

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

BUSINESS-TYPE ACTIVITIES							
General Obligation Bonds	Water Revenue Bonds	Sewer Revenue Bonds	Certificates of Participation	Notes Payable(2)	Total Outstanding Debt	% of Personal Income	Debt per Capita
\$ 7,637,683	\$ 6,631,307	\$ 7,354,506	\$ -	\$ 2,255,124	\$ 35,401,064	4.37%	\$ 936
7,148,371	6,365,085	6,941,661	-	2,094,044	43,384,026	5.24%	1,144
6,634,059	6,035,935	6,679,179	-	1,932,964	41,269,314	4.57%	1,031
6,099,747	5,659,804	6,209,489	-	1,771,883	38,835,293	4.00%	944
5,540,435	5,230,595	5,685,973	600,000	1,610,803	44,382,407	4.39%	1,066
4,961,123	4,770,995	5,127,458	553,550	1,449,723	41,540,763	4.08%	983
4,351,811	40,192,681	2,699,857	504,589	1,288,641	72,617,496	6.64%	1,666
3,712,499	38,987,677	2,278,559	452,819	1,127,561	71,144,153	n/a	1,616
3,053,187	37,767,673	1,852,261	398,162	966,481	68,796,394	n/a	1,517
2,390,000	36,790,000	1,475,000	340,458	30,063,744	93,378,948	n/a	2,003

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
1998	37,830	\$ 1,581,467,273	\$ 11,217,683	\$ -	\$ 2,595,000	\$ -
1999	37,925	1,666,644,415	20,453,371 (3)	-	2,485,000	-
2000	40,010	1,783,650,135	19,484,059	-	2,370,000	-
2001	41,145	1,911,817,066	18,479,747	-	2,250,000	-
2002	41,650	2,022,331,990	17,425,435	6,826,913	2,125,000	-
2003	42,280	2,087,082,413	16,336,123	6,826,913	1,990,000	-
2004	43,600	2,196,063,879	15,196,811	6,813,236	1,850,000	-
2005	44,030	2,343,312,785	14,002,499	6,783,389	-	3,720,000
2006	45,360	2,516,405,678	12,763,187	6,739,431	-	3,490,000
2007	46,610	2,689,843,473	11,625,000	6,683,781	-	3,265,000

continued

(1) General bonded debt includes general obligation bonds and other bonded debt financed with any general governmental resources excluding special assessment bonds.

(2) In December 1996, \$32,700,000 of general obligation bonds were issued to finance the construction and equipping of two new fire stations.

(3) In March 1999, \$9,850,000 of general obligation bonds were issued to finance the reconstruction of four major arterial road within the City.

(4) \$422,174 available for General Obligation Debt. \$238,855 available for the Limited Tax Pension Bonds.

Schedule 10

CITY OF ALBANY, OREGON

**RATIO OF GENERAL BONDED DEBT(1) TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA, continued**

Last Ten Fiscal Years

Less: Amounts Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
\$ 366,091	\$ 13,446,592	0.8503%	\$ 355.45
383,204	22,555,167	1.3533%	594.73
310,682	21,543,377	1.2078%	538.45
265,384	20,464,363	1.0704%	497.37
234,695	26,142,653	1.2927%	627.67
280,981	24,872,055	1.1917%	588.27
338,014	23,522,033	1.0711%	539.50
385,818	24,120,070	1.0293%	547.81
623,480	22,369,138	0.8889%	493.15
661,029 ⁽⁴⁾	20,912,752	0.7775%	448.68

Education is what survives when what has been learned has been forgotten.
B. F. Skinner

Schedule 11
CITY OF ALBANY, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
as of June 30, 2007

Jurisdiction	Net Outstanding Debt	Percentage Applicable to the City of Albany	Amount Applicable to the City of Albany
DIRECT DEBT			
City of Albany (2)	\$ 18,775,824	100.0000%	\$ 18,775,824
OVERLAPPING DEBT			
Benton County	17,545,709	7.8774%	1,382,146
Grand Prairie Water Control District	906,287	78.1072%	707,875
Linn County	1,095,000	31.5993%	346,012
Greater Albany Public School District 8J	102,005,000	68.9360%	70,318,167
Linn Benton Community College	45,279,514	21.3477%	9,666,135
North Albany County Service District	576,083	99.8400%	575,161
<u>Total overlapping debt</u>	<u>167,407,593</u>		<u>82,995,496</u>
<u>Total direct and overlapping debt</u>	<u>\$ 186,183,417</u>		<u>\$ 101,771,320</u>

(1) Source - State of Oregon, Treasury Department

(2) City of Albany net outstanding debt

General Obligation Bonds	\$ 11,625,000
2002 Limited Tax Assessment Bonds	467,043
Limited Tax Pension Obligations, Series 2002	6,683,781
<u>Total City of Albany net outstanding debt</u>	<u>\$ 18,775,824</u>

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

	<u>1997/1998</u>	<u>1998/1999</u>	<u>1999/2000</u>	<u>2000/2001</u>
Debt limitation	\$ 47,432,155	\$ 63,086,532	\$ 66,838,325	\$ 70,654,958
Total net debt applicable to limitation	<u>10,851,592</u>	<u>20,070,167</u>	<u>19,172,693</u>	<u>18,231,970</u>
Legal debt margin	<u>\$ 36,580,563</u>	<u>\$ 43,016,365</u>	<u>\$ 47,665,632</u>	<u>\$ 52,422,988</u>
Ratio of net debt applicable to limitation to the debt limitation	<u>22.88%</u>	<u>31.81%</u>	<u>28.69%</u>	<u>25.80%</u>

continued

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

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

<u>2001/2002</u>	<u>2002/2003</u>	<u>2003/2004</u>	<u>2004/2005</u>	<u>2005/2006</u>	<u>2006/2007</u>	
\$ 71,009,546	\$ 75,705,895	\$ 77,149,570	\$ 83,847,424	\$ 90,355,908	\$ 106,555,821	Debt limitation
<u>17,211,202</u>	<u>16,055,142</u>	<u>14,858,797</u>	<u>13,616,681</u>	<u>12,349,720</u>	<u>11,202,826</u>	Total net debt applicable to limitation
<u>\$ 53,798,344</u>	<u>\$ 59,650,753</u>	<u>\$ 62,290,773</u>	<u>\$ 70,230,743</u>	<u>\$ 78,006,188</u>	<u>\$ 95,352,995</u>	Legal debt margin
<u>24.24%</u>	<u>21.21%</u>	<u>19.26%</u>	<u>16.24%</u>	<u>13.67%</u>	<u>10.51%</u>	Ratio of net debt applicable to limitation to the debt limitation

Legal debt margin calculation for Fiscal Year 2006-2007

True cash value	\$ 3,551,860,690
General obligation debt limit - 3% of true cash value	<u>3%</u>
General obligation debt limit	106,555,821
Gross general obligation bonded debt principal	
1998 General Obligation Water Refunding Bonds	2,390,000
1999 Street Reconstruction General Obligation Bonds	900,000
2007 General Obligation Refunding Bonds	8,335,000
Less: Debt service monies available	
Debt Service Fund	
1999 GO Street construction bonds	150,874
2007 GO Refunding bonds	85,386
Water Fund	
1998 GO Water refunding bonds	<u>185,914</u>
Net debt subject to the three percent limitation	<u>11,202,826</u>
Legal debt margin	<u>\$ 95,352,995</u>

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

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses	Net Available Resources	Debt Service		Total	Coverage Percentage
				Principal	Interest		
1995 Fairgrounds Revenue Bonds							
1998	\$ 382,692	\$ 502	\$ 382,190	\$ 75,000	\$ 114,908	\$ 189,908	201.25%
1999	331,262	502	330,760	90,000	111,458	201,458	164.18%
2000	387,136	501	386,635	105,000	107,235	212,235	182.17%
2001	435,010	501	434,509	115,000	102,280	217,280	199.98%
2002	482,683	501	482,182	130,000	96,515	226,515	212.87%
2003	514,110	502	513,608	145,000	89,770	234,770	218.77%
2004	509,767	502	509,265	160,000	82,065	242,065	210.38%
2005	550,404	2,750	547,654	180,000	73,305	253,305	216.20%
2006	610,516	2,500	608,016	200,000	63,325	263,325	230.90%
2007	700,892	500	700,392	200,000	52,625	252,625	277.25%

Revenues from the City's transient room tax (hotel/motel room tax) are pledged to pay the annual debt service requirements. A reserve equal to the amount of the annual debt service requirement is maintained in the Debt Service Fund. Historically, 36 to 61 percent of the annual tax collections have been used for debt service. The remaining proceeds from the tax are used to fund tourist and economic development activities. In the table above, operating revenue is the total tax collected for the current year.

Special Assessment Debt

1998	\$ 861,683	\$ 202,503	\$ 659,180	\$ 230,000	\$ 123,025	\$ 353,025	186.72%
1999	871,562	150	871,412	200,000	125,418	325,418	267.78%
2000	957,800	150	957,650	155,000	117,218	272,218	351.80%
2001	1,197,613	150	1,197,463	170,000	110,708	280,708	426.59%
2002	1,368,102	151	1,367,951	175,000	103,397	278,397	491.37%
2003	1,708,342	150	1,708,192	228,610	132,272	360,882	473.34%
2004	2,099,195	839	2,098,356	236,096	121,687	357,783	586.49%
2005	2,557,698	150	2,557,548	243,709	110,564	354,273	721.91%
2006	2,466,355	150	2,466,205	256,455	99,077	355,532	693.67%
2007	2,213,706	150	2,213,556	1,374,342	86,990	1,461,332	151.48%

Proceeds from public improvement assessments are used to meet the debt service requirements of the City's special assessment debt. In addition, should assessment revenues not be sufficient to make debt service payments, the City may levy a tax on all taxable properties for the purpose of making the debt service payments. In the table above, operating revenues consist of assessment principal and interest, investment earnings, and the balance of available funds from the previous year.

continued

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

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses(1)	Net Available Resources	Principal	Debt Service Interest	Total	Coverage Percentage
Water Revenue Bonds and Certificates of Participation							
1998	\$ 6,838,151	\$ 3,288,124	\$ 3,550,027	\$ 360,000	\$ 358,186	\$ 718,186	494.30%
1999	7,519,056	4,145,996	3,373,060	385,000	336,292	721,292	467.64%
2000	7,230,308	4,338,526	2,891,782	400,000	312,611	712,611	405.80%
2001	7,637,079	4,549,613	3,087,466	425,000	289,525	714,525	432.10%
2002	7,585,884	5,062,456	2,523,428	450,000	267,614	717,614	351.64%
2003	8,257,944	5,381,957	2,875,987	470,000	246,368	716,368	401.47%
2004	11,204,936	5,967,770	5,237,166	543,960	254,876	798,836	655.60%
2005	10,726,171	5,419,770	5,306,401	1,266,770	1,796,347	3,063,117	173.24%
2006	11,081,731	6,551,248	4,530,483	1,284,657	1,769,010	3,053,667	148.36%
2007	12,145,427	7,329,701	4,815,726	1,307,704	1,741,163	3,048,867	157.95%

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.

Sewer Revenue Bonds

1998	\$ 4,851,266	\$ 3,154,384	\$ 1,696,882	\$ 355,000	\$ 315,931	\$ 670,931	252.91%
1999	5,318,793	3,238,113	2,080,680	375,000	296,518	671,518	309.85%
2000	5,646,483	3,898,738	1,747,745	210,000	275,360	485,360	360.09%
2001	5,507,676	5,050,361	457,315	400,000	261,235	661,235	69.16%
2002	6,111,911	4,996,186	1,115,725	430,000	241,515	671,515	166.15%
2003	6,785,751	5,119,861	1,665,890	430,000	241,600	671,600	248.05%
2004	7,572,603	5,450,680	2,121,923	475,000	208,854	683,854	310.29%
2005	8,053,255	5,376,739	2,676,516	445,000	64,431	509,431	525.39%
2006	8,745,070	5,917,711	2,827,359	450,000	57,373	507,373	557.25%
2007	9,685,266	6,606,241	3,079,025	465,000	45,249	510,249	603.44%

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.

continued

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

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses(1)	Net Available Resources	Principal	Debt Service Interest	Total	Coverage Percentage
North Albany Sewer Revenue Bonds and State Revolving Fund (SRF) Loan							
1998	\$ 2,689,611	\$ 1,778	\$ 2,687,833	\$ 246,080	\$ 170,559	\$ 416,639	645.12%
1999	2,845,741	1,882	2,843,859	251,080	160,537	411,617	690.90%
2000	2,789,027	1,831	2,787,196	261,080	150,379	411,459	677.39%
2001	2,872,038	1,056	2,870,982	266,080	139,605	405,685	707.69%
2002	2,716,172	1,394	2,714,778	271,080	128,399	399,479	679.58%
2003	2,541,464	878	2,540,586	281,080	118,782	399,862	635.37%
2004	2,363,233	-	2,363,233	281,081	108,550	389,631	606.53%
2005	803,344	150	803,194	161,080	38,659	199,739	402.12%
2006	739,730	-	739,730	161,080	33,827	194,907	379.53%
2007	649,015	-	649,015	161,080	28,994	190,074	341.45%

Principal and interest proceeds from the assessment of construction costs to benefited properties are pledged for debt service. Should the assessment proceeds not be sufficient, other sewer revenues would be used to fulfill the debt service obligation. In the table above, operating revenues include assessment principal and interest receipts, investment earnings, and the balance of available funds from the previous year. In 2004, the bonds were called leaving only the SRF loan outstanding. The SRF loan will be fully paid off in Fiscal Year 2011-2012.

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

Fiscal Year Ended June 30,	Population(1)	Personal Income	Per Capita Personal Income(2)	School Enrollment(3)	Unemployment Rate(4)
1998	37,830	\$ 810,848,220	\$ 21,434	7,983	8.3%
1999	37,925	828,699,175	21,851	8,060	7.5%
2000	40,010	903,825,900	22,590	8,015	6.3%
2001	41,145	970,610,550	23,590	8,075	7.6%
2002	41,650	1,010,887,150	24,271	8,235	8.9%
2003	42,280	1,018,863,440	24,098	8,438	11.4%
2004	43,600	1,093,967,600	25,091	8,517	9.7%
2005	44,030	1,183,086,100	26,870	8,721	8.1%
2006	45,360	n/a	n/a	8,972	6.5%
2007	46,610	n/a	n/a	9,169	6.2%

(1) Portland State University, Population Research and Census Center

(2) U. S. Department of Commerce, Bureau of Economic Analysis

(3) Greater Albany School District 8J

(4) State of Oregon, Employment division

Live in such a way that you would not be ashamed to sell your parrot to the town gossip.
Will Rogers

Schedule 15
CITY OF ALBANY, OREGON
ALBANY AREA PRINCIPAL EMPLOYERS
for the Fiscal Years ended June 30, 1998, and June 30, 2007

Employer	June30, 2007			June30, 1998	
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank
Oregon State University	9,264	1	10.03%	7,391	1
Samaritan Health Services (Albany General Hospital - 1998)	4,000	2	4.33%	750	7
Hewlett Packard	2,500	3	2.71%	5,450	2
Linn Benton Community College	1,100	4	1.19%	1,100	4
Greater Albany Public School District 8J	1,100	5	1.19%	1,017	5
ATI Wah Chang (Teledyne Wah Chang - 1997)	1,096	6	1.19%	1,800	3
Weyerhaeuser (Willamette Industries - 1997)	1,000	7	1.08%	959	6
Linn County	730	8	0.79%	700	8
Express Personnel	559	9	0.61%		
Dayton-Hudson Corporation (Target)	500	10	0.54%	420	10
Golden West	-	-		520	9
Totals	21,849		23.66%	20,107	
Total employment in Linn and Benton Counties	92,334				

Source: Employer personnel offices

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

Function	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002
GOVERNMENTAL ACTIVITIES					
General Government					
Building Maintenance	3.15	3.25	3.25	3.25	3.35
Economic Development	-	-	-	-	-
Public Transit	6.72	6.32	5.45	5.70	6.20
Planning	8.50	8.00	7.50	7.50	7.50
Building Inspection	5.00	7.50	8.50	8.75	8.25
Electrical Permit Program	-	1.00	1.00	0.75	1.25
Total General Government	<u>23.37</u>	<u>26.07</u>	<u>25.70</u>	<u>25.95</u>	<u>26.55</u>
Public Safety					
Fire	58.00	62.50	62.00	62.00	65.00
Police	64.25	74.25	75.25	76.25	76.25
Animal Control	1.00	1.00	1.00	1.00	1.00
Municipal Court	4.00	4.00	4.03	4.03	4.03
Total Public Safety	<u>127.25</u>	<u>141.75</u>	<u>142.28</u>	<u>143.28</u>	<u>146.28</u>
Highways and Streets					
Street Fund	<u>11.90</u>	<u>11.90</u>	<u>12.30</u>	<u>12.30</u>	<u>12.30</u>
Culture and Recreation					
Parks & Recreation	21.79	23.24	24.96	25.21	25.21
Library	17.71	16.71	18.59	19.59	19.59
Total Culture and Recreation	<u>39.50</u>	<u>39.95</u>	<u>43.55</u>	<u>44.80</u>	<u>44.80</u>
Total Governmental Activities	<u>202.02</u>	<u>219.67</u>	<u>223.83</u>	<u>226.33</u>	<u>229.93</u>
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Water	34.00	35.00	34.70	37.00	38.00
Sewer	32.00	36.50	34.20	35.50	37.50
Total Enterprise	<u>66.00</u>	<u>71.50</u>	<u>68.90</u>	<u>72.50</u>	<u>75.50</u>
Internal Service					
Administrative Services	21.63	22.60	23.40	23.40	22.90
Information Technology	5.00	6.00	6.00	6.00	6.00
Public Works Services	-	-	-	-	-
Equipment Maintenance	1.25	1.15	5.75	5.75	7.65
Geographic Information Systems Services	2.00	3.00	3.00	3.50	3.50
Total Enterprise	<u>29.88</u>	<u>32.75</u>	<u>38.15</u>	<u>38.65</u>	<u>40.05</u>
Total Business-type Activities	<u>95.88</u>	<u>104.25</u>	<u>107.05</u>	<u>111.15</u>	<u>115.55</u>
Grand Total - All Full-time Equivalents	<u>297.90</u>	<u>323.92</u>	<u>330.88</u>	<u>337.48</u>	<u>345.48</u>

continued

Source: City of Albany Human Relations Department

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

<u>2002/2003</u>	<u>2003/2004</u>	<u>2004/2005</u>	<u>2005/2006</u>	<u>2006/2007</u>	
					GOVERNMENTAL ACTIVITIES
					General Government
2.85	2.85	2.00	-	-	Building Maintenance
-	-	-	1.00	3.77	Economic Development
5.95	5.75	5.75	5.75	9.34	Public Transit
7.50	7.50	7.50	8.50	8.50	Planning
9.25	9.25	9.25	12.00	12.00	Building Inspection
1.25	1.25	1.25	1.50	1.50	Electrical Permit Program
<u>26.80</u>	<u>26.60</u>	<u>25.75</u>	<u>28.75</u>	<u>35.10</u>	Total General Government
					Public Safety
65.00	73.00	76.00	76.00	75.00	Fire
71.00	86.25	86.25	87.00	92.00	Police
1.00	-	-	-	-	Animal Control
4.03	4.05	4.05	4.05	4.05	Municipal Court
<u>141.03</u>	<u>163.30</u>	<u>166.30</u>	<u>167.05</u>	<u>171.05</u>	Total Public Safety
					Highways and Streets
12.30	11.50	10.65	8.00	10.20	Street Fund
					Culture and Recreation
25.21	25.21	26.36	29.94	30.98	Parks & Recreation
19.59	19.59	20.04	20.04	20.04	Library
<u>44.80</u>	<u>44.80</u>	<u>46.40</u>	<u>49.98</u>	<u>51.01</u>	Total Culture and Recreation
<u>224.93</u>	<u>246.20</u>	<u>249.10</u>	<u>253.78</u>	<u>267.36</u>	Total Governmental Activities
					BUSINESS-TYPE ACTIVITIES
					Enterprise
37.50	37.50	27.04	20.50	28.21	Water
38.00	38.00	26.31	21.50	29.59	Sewer
<u>75.50</u>	<u>75.50</u>	<u>53.35</u>	<u>42.00</u>	<u>57.80</u>	Total Enterprise
					Internal Service
22.90	22.90	25.30	27.00	27.60	Administrative Services
6.00	6.00	6.00	6.00	8.00	Information Technology
-	-	26.00	52.00	34.75	Public Works Services
7.65	7.65	6.00	-	-	Equipment Maintenance
3.50	3.50	4.00	4.00	5.00	Geographic Information Systems Services
<u>40.05</u>	<u>40.05</u>	<u>67.30</u>	<u>89.00</u>	<u>75.35</u>	Total Enterprise
<u>115.55</u>	<u>115.55</u>	<u>120.65</u>	<u>131.00</u>	<u>133.15</u>	Total Business-type Activities
<u>340.48</u>	<u>361.75</u>	<u>369.75</u>	<u>384.78</u>	<u>400.51</u>	Grand Total - All Full-time Equivalents

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

Function	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002
GOVERNMENTAL ACTIVITIES					
General Government					
Planning and Community Development					
Number of planning applications	245	175	123	130	120
Total permits issued	n/a	n/a	3,198	2,523	2,800
New construction permits issued	n/a	n/a	600	615	700
Single family permits issued	136	230	191	235	200
Electrical permits issued	1,250	1,180	1,311	1,300	1,100
Building Maintenance					
Square footage of buildings maintained	n/a	n/a	117,848	117,848	117,848
Work orders completed	539	530	530	1,150	570
Public Transit					
Total number of riders	52,520	60,029	58,698	67,181	65,000
Total annual route miles	71,252	71,458	74,480	73,080	76,850
Public Safety					
Municipal Court					
Number of warrants issued	2,815	2,132	2,814	3,237	2,561
Case numbers issued	5,333	6,041	6,116	4,841	5,193
Police					
Total arrests	n/a	n/a	2,116	2,267	2,123
Traffic citations issued	n/a	n/a	5,978	6,539	4,557
Animal and abandoned vehicle calls	n/a	n/a	1,564	1,524	1,654
Fire					
Overlapping calls for fire and EMS services	n/a	n/a	1,331	1,430	1,525
Total calls for emergency fire and EMS services	n/a	n/a	4,429	4,925	5,145
Full response structure fires	n/a	n/a	78	99	98
Highways and Streets					
Street Fund					
Miles of streets slurry-sealed annually	n/a	n/a	10	4	8
Customer service work order/complaint responses	322	610	568	589	600
Miles of painted paving marking	n/a	n/a	36	36	36
Culture and Recreation					
Parks & Recreation					
Number of participants in classes, Senior Center activities, sports programs, and aquatic programs	35,540	39,599	44,903	105,816	107,130
Annual performance series and Northwest Art and Air Festival attendance	n/a	n/a	n/a	n/a	n/a
Library					
Total number of library items borrowed	n/a	n/a	441,271	483,148	509,928
Total number of reference questions	n/a	n/a	44,151	57,653	68,976
BUSINESS-TYPE ACTIVITIES					
Sewer					
Dry tons of biosolids applied annually	705	680	600	758	750
Millions of gallons of wastewater treated annually	3,259	3,400	2,882	2,102	3,500
Sewer line locate requests	n/a	n/a	4,432	4,058	4,500
Water					
Millions of gallons of water treated annually	2,895	2,900	3,124	3,115	3,200
Miles of water pipe maintained annually	n/a	190	190	190	225
Number of fire hydrants maintained in the water system	n/a	n/a	n/a	n/a	1,330

* Estimated for 2006-2007

continued

Source: City of Albany annual budget

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

<u>2002/2003</u>	<u>2003/2004</u>	<u>2004/2005</u>	<u>2005/2006</u>	<u>2006/2007</u>	
					GOVERNMENTAL ACTIVITIES
					General Government
					Planning and Community Development
168	158	167	161	150	Number of planning applications
3,695	4,329	4,736	4,574	4,200	Total permits issued
692	714	617	476	430	New construction permits issued
427	404	558	417	400	Single family permits issued
1,340	1,337	1,558	1,423	1,600	Electrical permits issued
					Building Maintenance
117,848	143,000	167,020	167,020	217,020	Square footage of buildings maintained
1,425	1,540	1,649	1,680	1,804	Work orders completed
					Public Transit
72,008	74,035	69,973	72,936	75,000	Total number of riders
73,370	73,660	72,879	80,153	80,400	Total annual route miles
					Public Safety
					Municipal Court
2,811	2,566	2,265	1,892	2,500	Number of warrants issued
4,383	4,350	4,866	6,202	4,900	Case numbers issued
					Police
3,540	3,785	3,763	4,374	3,800	Total arrests
5,066	3,755	3,536	5,862	7,500	Traffic citations issued
1,858	2,349	3,365	3,160	3,300	Animal and abandoned vehicle calls
					Fire
1,454	1,748	1,818	1,962	1,980	Overlapping calls for fire and EMS services
4,895	5,343	5,594	5,995	6,200	Total calls for emergency fire and EMS services
101	258	82	71	88	Full response structure fires
					Highways and Streets
					Street Fund
8	8	6	5	8	Miles of streets slurry-sealed annually
562	735	735	540	600	Customer service work order/complaint responses
48	48	48	48	48	Miles of painted paving marking
					Culture and Recreation
					Parks & Recreation
106,942	89,223	95,000	106,500	108,900	Number of participants in classes, Senior Center activities, sports programs, and aquatic programs
n/a	72,011	103,300	85,000	102,000	Annual performance series and Northwest Art and Air Festival attendance
					Library
533,067	568,459	584,862	578,595	600,000	Total number of library items borrowed
15,773	17,601	27,863	36,541	35,000	Total number of reference questions
					BUSINESS-TYPE ACTIVITIES
					Sewer
723	665	648	681	650	Dry tons of biosolids applied annually
2,977	2,835	2,352	3,010	2,830	Millions of gallons of wastewater treated annually
4,050	4,279	4,298	4,000	4,400	Sewer line locate requests
					Water
3,105	3,146	2,644	1,645	1,650	Millions of gallons of water treated annually
225	234	234	245	255	Miles of water pipe maintained annually
1,330	1,550	1,550	1,670	1,670	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	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002
GOVERNMENTAL ACTIVITIES					
Public Safety					
Police stations	1	1	1	1	1
Fire Stations	2	4	4	4	4
Highways and Streets					
Miles of improved streets	133.8	135.4	137.3	140.4	147.6
Miles of unimproved streets	114.1	121.2	60.7	66.7	23.0
Miles of gravel streets	20.2	19.2	11.0	11.5	6.0
Culture and Recreation					
Parks & Recreation					
Number of developed park sites	25	27	28	26	26
Acres of developed park land	335	567	600	250	250
Library					
Number of libraries	2	2	2	2	2
Number of volumes	124,380	131,232	164,130	140,410	144,917
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Sewer					
Miles of sanitary sewer lines	178.4	181.6	175.6	176.9	196.3
Miles of storm sewer lines (12 inches or larger)	60.0	72.8	80.4	84.7	85.4
Number of sewer hookups	11,141	11,416	11,866	13,901	13,129
Water					
Miles of water lines	191	197	220	230	238
Number of water hookups	13,271	13,671	13,747	11,984	14,072
Number of water treatment plants	1	1	1	1	1

continued

Source: City of Albany departmental records

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

<u>2002/2003</u>	<u>2003/2004</u>	<u>2004/2005</u>	<u>2005/2006</u>	<u>2006/2007</u>	
					GOVERNMENTAL ACTIVITIES
					Public Safety
1	1	1	1	1	Police stations
4	4	4	4	4	Fire Stations
					Highways and Streets
150.4	152.0	157.0	157.0	157.84	Miles of improved streets
20.1	20.1	20.0	28.0	28.00	Miles of unimproved streets
7.4	7.7	8.1	8.0	7.58	Miles of gravel streets
					Culture and Recreation
					Parks & Recreation
29	29	29	30	33	Number of developed park sites
621	621	621	603	612.00	Acres of developed park land
					Library
2	2	2	2	2	Number of libraries
141,221	150,210	152,200	154,611	160,562	Number of volumes
					BUSINESS-TYPE ACTIVITIES
					Enterprise
					Sewer
198.7	200.0	210.0	212.4	217.2	Miles of sanitary sewer lines
85.0	85.1	92.0	97.1	100.4	Miles of storm sewer lines (12 inches or larger)
18,827	15,549	15,494	15,372	15,870	Number of sewer hookups
					Water
246	263	267	267	271.4	Miles of water lines
15,493	15,549	15,953	16,161	16,467	Number of water hookups
1	1	1	2	2	Number of water treatment plants

Always do right. This will gratify some people and astonish the rest.
Mark Twain

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS SECTION

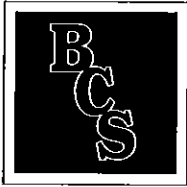
- Report of Independent Accountants
- Government Auditing Standards Reports

Once you replace negative thoughts with positive ones, you'll start having positive results.
Willie Nelson

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth in the following pages.

- *Accounting and Internal Controls*
- *Collateral*
- *Indebtedness*
- *Budget*
- *Insurance and Fidelity Bonds*
- *Programs Funded from Outside Sources*
- *Highway Funds*
- *Investments*
- *Public Contracts and Purchasing*



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

CITY OF ALBANY

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS Year Ended June 30, 2007

Accounting and Internal Controls

The broad objectives of internal accounting control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded from unauthorized use or disposition and that financial records are reliable to permit the preparation of financial statements. The following operative objectives are necessary to achieve the broad objectives:

- a. Transactions are executed in accordance with management's general or specific authorization.
- b. Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements and (2) to maintain accountability for assets.
- c. Access to assets is permitted only in accordance with management's authorization.
- d. The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. Any projection of a current evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with prescribed procedures may deteriorate.

The accounting records and internal controls are adequate considering the size and complexity of the municipal corporation's financial activities.

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

Collateral

ORS 295.015 requires collateral pool certificates of participation to be obtained from the pool manager of the depository in an amount equal to the funds on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation. Collateral pool certificates warrant that the pool manager holds custodian's receipts for eligible securities pledged by the depository bank to secure deposits of public funds of a value as the last calculation date of not less than 25 percent of the aggregate amount of certificates outstanding.

<u>Depository Bank</u>	<u>Pool Manager</u>	<u>Amount</u>
Key Bank, N.A.	Federal Home Loan Bank of Seattle	\$ 500,000

Deposits of the City were adequately secured in accordance with ORS 295.015.

Indebtedness

The legal debt limit has not been exceeded.

Budget

1. Preparation and adoption

The budgets for the years ended June 30, 2007 and 2006 were prepared and adopted in compliance with legal requirements.

2. Execution

The budget for the year ended June 30, 2007, was executed in compliance with legal requirements except that expenditures in excess of appropriation occurred as follows:

<u>Fund</u>	<u>Appropriation Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
General	Police	\$ 9,624,600	\$ 9,624,690	\$ 90
Parks and Recreation	Urban Forestry	224,100	224,906	806
Ambulance	Capital	--	8,408	8,408
Capital Projects	53 rd Ave Bridge / Roadway	400,000	494,483	94,483
	Ellingston Rd Sewer Extension	400,000	435,827	35,827
	Ellingston Rd Water Extension	520,000	549,371	29,371

Prior to over expending an appropriation category, the Board of Commissioners may, by resolution, transfer appropriations from other funds and/or appropriation categories.

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

Highway Funds

The City used revenue from taxes on motor vehicle use in compliance with ORS 373.240 to 373.250.

Investments

Funds of the City were invested in compliance with ORS 294.035.

Public Contracts and Purchasing

1. Awarding of public contracts:

The City awarded public contracts in accordance with ORS 279.

2. Construction of public improvements:

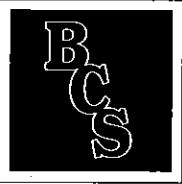
The City constructed public improvements in accordance with the requirements of ORS 279.

Boldt, Carlisle & Smith, LLC

Certified Public Accountants

Salem, Oregon

December 4, 2007



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **CITY OF ALBANY** as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 4, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

www.bcslc.com

Established - 1968

SALEM: 480 CHURCH STREET S.E. ■ SALEM, OR 97301 ■ PHONE: (503) 585-7751 ■ FAX: (503) 370-3781

STAYTON: 408 NORTH THIRD AVENUE ■ STAYTON, OR 97383 ■ PHONE: (503) 769-2186 ■ FAX: (503) 769-4312

ALBANY: 1205 9TH AVENUE S.E. ■ ALBANY, OR 97322 ■ PHONE: (541) 928-6500 ■ FAX: (541) 928-6501

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

**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)**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

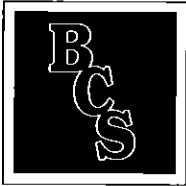
Compliance and Other Matters

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

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

Boldt, Carlisle & Smith, LLC

Certified Public Accountants
Salem, Oregon
December 4, 2007



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of **CITY OF ALBANY** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, **CITY OF ALBANY** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

www.bcslc.com

Established - 1968

SALEM: 480 CHURCH STREET S.E. ■ SALEM, OR 97301 ■ PHONE: (503) 585-7751 ■ FAX: (503) 370-3781

STAYTON: 408 NORTH THIRD AVENUE ■ STAYTON, OR 97383 ■ PHONE: (503) 769-2186 ■ FAX: (503) 769-4312

ALBANY: 1205 9TH AVENUE S.E. ■ ALBANY, OR 97322 ■ PHONE: (541) 928-6500 ■ FAX: (541) 928-6501

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 (Continued)**

Internal Control Over Compliance

The management of **CITY OF ALBANY** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Boldt, Carlisle & Smith, LLC

Certified Public Accountants
Salem, Oregon
December 4, 2007

CITY OF ALBANY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

Section I Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	<i>Unqualified</i>
Internal controls over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for major programs:	<i>Unqualified</i>
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major programs:

CFDA	
<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
97.044	Assistance to Firefighters Grant

Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000
Auditee qualified as a low-risk auditee:	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

CITY OF ALBANY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2007

<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 the Interior</i>			
National Park Service			
Passed through Oregon Department of Parks and Recreation Historic Preservation Fund Grants-In-Aid	15.904		<u>20,259</u>
<i>Department of Justice</i>			
Bureau of Justice Assistance			
Bulletproof Vest Partnership Program	16.607		<u>6,480</u>
<i>Department of Transportation</i>			
Federal Aviation Administration			
Airport Improvement Program	20.106		353,178
Federal Highway Administration			
Highway Planning and Construction	20.205		35,549
Federal Transit Administration			
Passed through Oregon Department of Transportation Formula Grants for Other Than Urbanized Areas	20.509		327,946
National Highway Traffic Safety Administration			
Passed through Oregon Department of Transportation State and Community Highway Safety	20.600		15,159
Passed through Alliance for Community Traffic Safety In Oregon State and Community Highway Safety	20.600		<u>5,000</u>
Total Department of Transportation			<u>736,832</u>
<i>General Services Administration</i>			
Passed through Oregon State Department of Administrative Services			
Donation of Federal Surplus Personal Property	39.003		<u>2,430</u>
<i>Environmental Protection Agency</i>			
Congressionally Mandated Projects			
	66.202		<u>278,227</u>
<i>Department of Homeland Security</i>			
Assistance to Firefighters Grant			
Commercial Equipment Direct Assistance Program	97.044		283,320
Passed through Oregon State Police Assistance to Firefighters Grant	97.096		15,500
	97.044		<u>5,420</u>
Total Department of Homeland Security			<u>304,240</u>
<i>Department of Health and Human Services</i>			
Passed through Oregon Department of Human Services			
Medical Assistance Program	93.778		<u>10,100</u>
Total Expenditures of Federal Awards			<u>\$ 1,358,568</u>

CITY OF ALBANY

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2007**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards is a summary of the City's federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.