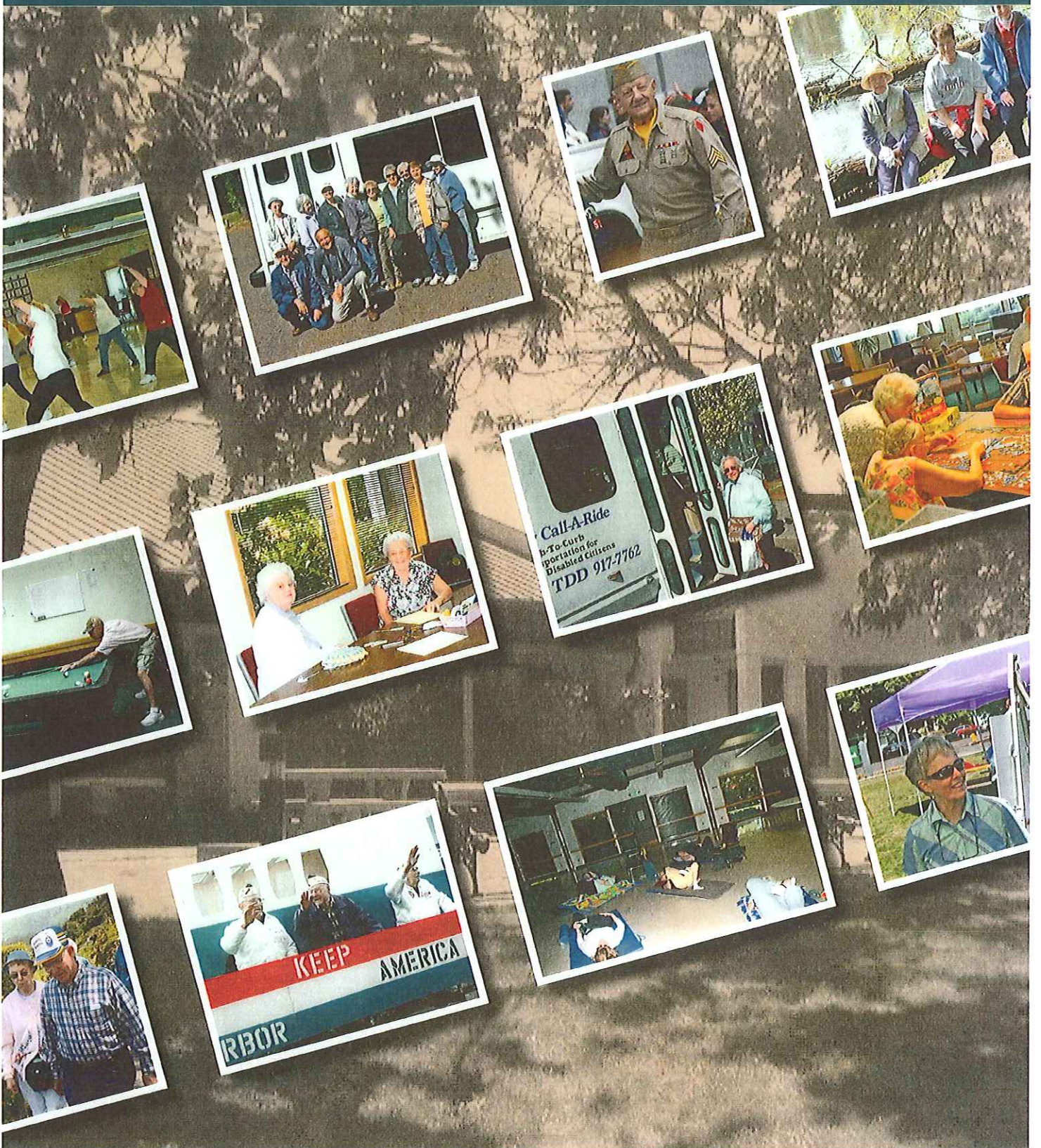


2008

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Hasten slowly.

Augustus Caesar

City of Albany, Oregon

Comprehensive Annual Financial Report

for the Fiscal Year Ended

June 30, 2008

*** * * * ***

Wes Hare, City Manager

Stewart Taylor, Finance Director

Prepared by:

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

You know you're getting old when the candles cost more than the cake.

Bob Hope

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, 2007.....	x

FINANCIAL SECTION

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

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Assets.....	15
Statement of Activities.....	16

Fund Financial Statements

Balance Sheet.....	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	19
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21

Major Governmental Funds:

Statement of Revenues and Expenditures, Budget and Actual

General Fund.....	22
Parks & Recreation Fund.....	24
Street Fund.....	27

Proprietary Funds:

Statement of Net Assets.....	29
Statement of Revenues, Expenses, and Changes in Net Assets.....	30
Statement of Cash Flows.....	31

Notes to the Basic Financial Statements.....	33
--	----

Supplementary Data

Governmental Funds

Combining Statements - Nonmajor Governmental Funds

Combining Balance Sheet.....	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	71

Special Revenue Funds

Combining Balance Sheet.....	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	76

City of Albany, Oregon
Table of Contents, continued

	<u>Page</u>
Budgetary Comparisons	
Schedule of Revenues and Expenditures - Budget and Actual	
Grants.....	78
Building Inspection.....	79
Risk Management.....	80
Economic Development.....	81
Ambulance.....	82
Public Transit.....	83
Public Safety Levy.....	84
Capital Replacement.....	85
Albany Revitalization Agency.....	86
Debt Service Fund	
Budgetary Comparison	
Schedule of Revenues and Expenditures - Budget and Actual	
Debt Service.....	88
Capital Projects Fund	
Budgetary Comparison	
Schedule of Revenues and Expenditures - Budget and Actual	
Capital Projects.....	90
Permanent Funds	
Combining Balance Sheet.....	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	93
Budgetary Comparison	
Schedule of Revenues and Expenditures - Budget and Actual	
Senior Center Endowment.....	94
Library Trust.....	95
Proprietary Funds	
Enterprise Funds	
Budgetary Comparison	
Schedule of Revenues and Expenditures - Budget and Actual	
Water.....	98
Sewer.....	100
Internal Service Funds	
Combining Statement of Net Assets.....	104
Combining Statement of Revenues, Expenses, and Changes in Net Assets.....	105
Combining Statement of Cash Flows.....	106
Budgetary Comparison	
Schedule of Revenues and Expenditures - Budget and Actual	
Central Services.....	107
Public Works Services.....	108

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.....	109
Capital Assets Used in the Operation of Governmental Funds	
Schedule of Governmental Capital Assets - By Source.....	113
Schedule of Changes in Governmental Capital Assets.....	114
Schedule of Governmental Capital Assets - By Function and Activity.....	115
Schedule of Changes in Governmental Capital Assets - By Function and Activity.....	116
Other Financial Schedules	
Schedule of Debt Principal Transactions.....	118
Schedule of Debt Interest Transactions.....	119
Schedule of Future Debt Principal and Interest Requirements - Governmental Activities.....	120
Schedule of Future Debt Principal and Interest Requirements - Business-type Activities.....	122
Schedule of Property Tax Transactions and Outstanding Balances.....	124

STATISTICAL SECTION

Net Assets by Component.....	126
Change in Net Assets.....	128
Fund Balances of Governmental Funds.....	132
Change in Fund Balances of Governmental Funds.....	134
Assessed Values and Estimated Market Value of Taxable Property.....	137
Direct Tax Rates.....	138
Principal Property Taxpayers.....	140
Property Tax Levies and Collections.....	141
Schedule of Debt Per Capita and Debt as a Percentage of Personal Income.....	142
Ratio of General Bonded Debt to Assessed Value.....	144
Computation of Direct and Overlapping Debt.....	147
Computation of Legal Debt Margin.....	148
Pledged Revenue Coverage.....	150
Demographic and Economic Statistics.....	153
Albany Area Principal Employers.....	155
Employee Full Time Equivalents by Function.....	156
Operating Indicators by Function.....	158
Capital Asset Statistics by Function.....	160

COMPLIANCE SECTION

Disclosures and Independent Auditor's Comments Required by the Minimum Standards for Audits of Oregon Municipal Corporations.....	165
--	-----

City of Albany, Oregon
Table of Contents, continued

Page

Government Auditing Standards Reports

Report Internal Control Over Fiscal Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with Government Auditing Standards.....	169
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	171
Schedule of Findings and Questioned Costs.....	173
Schedule of Expenditures of Federal Awards.....	174

Introductory Section

(page numbers in parentheses)

- **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, 2007 (x)**

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

City of Albany, Oregon

333 Broadalbin Street SW
Albany, Oregon 97321

www.cityofalbany.net

Officers, Council Members, and Administrative Staff
as of June 30, 2008

Council Members

<u>Ward</u>	<u>Council</u>	<u>Years of Service</u>	<u>Term Expires</u>
	Dan Bedore, Mayor	2	December 31, 2008
I	Dick Olsen	10	December 31, 2010
I	Floyd Collins	1	December 31, 2010
II	Sharon Konopa, Council President	12	December 31, 2008
II	Ralph Reid, Jr.	14	December 31, 2010
III	Bessie Johnson	6	December 31, 2010
III	Jeff Christman	4	December 31, 2008

Administrative Staff

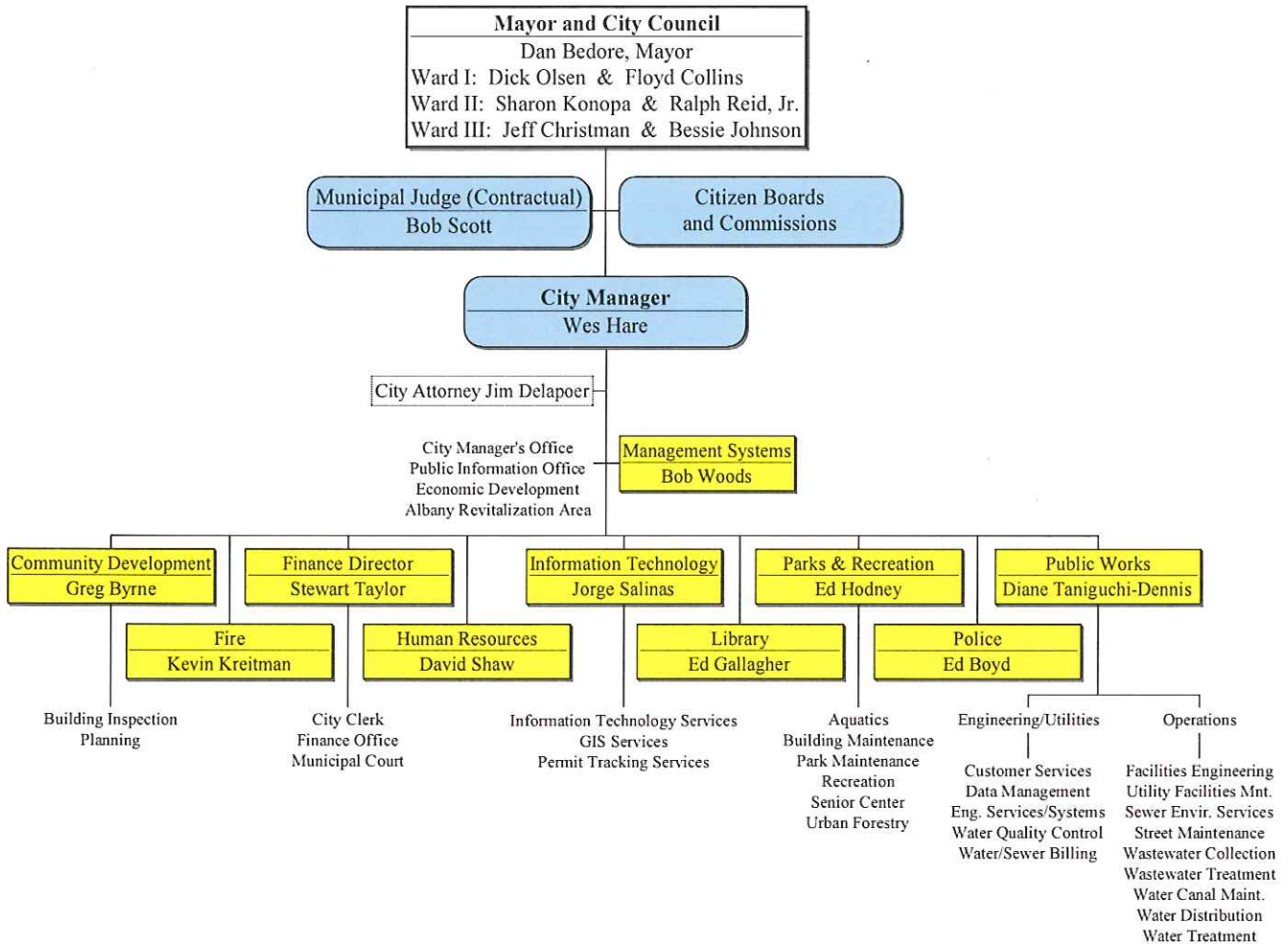
		<u>Years in this Position</u>	<u>Years of Service with the City of Albany</u>
City Manager	Wes Hare	3	3
Finance Director	Stewart Taylor	1	1
Public Works Director	Diane Taniguchi-Dennis	5	9
Community Development Director	Greg Byrne	less than 1 year	
Parks Director	Ed Hodney	5	5
Library Director	Ed Gallagher	5	10
Police Chief	Ed Boyd	3	3
Fire Chief	Kevin Kreitman	9	27
Information Technology Director	Jorge Salinas	3	3
Human Resources Director	David Shaw	4	4

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 1, 2008

Honorable Mayor Dan Bedore
 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, 2008, 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 Albany Revitalization Agency (ARA), an urban renewal agency. Financial data for ARA 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 2008 population of 47,470 Albany is the state's 12th largest city. The City's boundaries span Linn and Benton Counties with a population of 40,871 in Linn County and 6,599 in Benton County. 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	Benton County
1970 Census	18,181	71,914	53,776
1980 Census	26,678	89,495	68,211
1990 Census	29,540	91,227	70,811
2000 Census	40,010	103,069	78,153
2007 Estimated	47,470	109,320	85,300

The City was founded in 1848, incorporated in 1864, and adopted its first charter in 1891. A directly elected nonpartisan Mayor with a two-year term leads a six member City Council elected to four-year, overlapping terms. A full-time City Manager administers the affairs of the City for the Council, and supervises a staff of nine department directors and 398 permanent employees.

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

ECONOMIC OUTLOOK AND CONDITION

The City's economic base is one of diversity. Oregon State University in nearby Corvallis and Linn-Benton Community College in Albany, employ almost 10,500 people. In Corvallis, Hewlett Packard, a worldwide electronics manufacturing company, employs 2,200. 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 ATI Wah Chang, 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 continues to provide 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 1,970 jobs in the area.

Albany has the added benefit of being located in Oregon's Willamette Valley, one of the ten most productive agricultural areas of the world. The production, processing, and packaging of locally grown grass seeds, vegetable seeds, beans, corn, peas, strawberries, and many other crops 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 produce.

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

Unemployment rates continue to be a concern for the region. Statistics published by the Oregon Employment Department show that as of June 30, 2008, the unemployment rates for Linn County and Benton County were 6.5% and 3.8%, respectively. These rates were 6.4% and 4.0% for June 30, 2007. Linn County's jobless rate, 0.1 percentage point above June 2007, ranked 24th of Oregon's 36 counties. Benton County's jobless rate of 3.8% was the lowest among the counties. In Linn County, nonfarm employment decreased over the past year by 160 jobs (0.4 percent). Benton County lost 270 jobs (0.7 percent) since June 2007.

A factor in measuring the economic condition of a community is its overall real market value. For properties within the City, the real market value increased by 11.49 percent from \$3.552 billion to \$3.960 billion in the last fiscal year.

In November 2006, Albany voters approved the Public Safety Operating Levy effective July 1, 2008. This five-year, \$.95/1000 of assessed valuation special levy, will make available approximately \$2,500,000 each year for public safety purposes.

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 a work session on March 3, 2008. The review was one of the first steps in the process to compile the 2008-2009 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.

Fire

In Fiscal Year 2007-08, the City replaced aging emergency response equipment with the purchase of two new, state-of-the-art, fire engines and a rescue boat. The engines respond from Fire Station 12 on 34th Avenue SE and Fire Station 13 on Three Lakes Road SE. The rescue boat is located at Station 14 on Gibson Hill Road NW and provides quick response to local waterways. The new equipment provides increased operational capabilities and additional safety for emergency responders.

The City replaced other safety equipment by upgrading its inventory of portable radios, which are essential for fire and medical emergency communications. A majority of the radio equipment was in excess of 12 years old and was experiencing critical failures that needed to be addressed for firefighter safety. The new radios will support communications for all fire, medical, and rescue operations.

The City replaced non-compliant personal equipment with new helmets and leather boots providing additional safety and protection for firefighters during hazardous operations. A Training Lieutenant position was added to the Fire Department's Training Division to address regulatory mandates placed on the Fire Department and emergency responders. The new position will assist coordination of firefighter training to ensure that they are prepared to safely perform their duties.

Police

The Albany Police Department purchased new portable radios for the entire department in order to meet compliance standards for digital transmissions by 2013. In addition, the radios have updated technology and multiple channel options to allow interoperable communications with other law enforcement partners in the City's region. At the same time, several more radio towers were added to increase the transmission "footprint" and reception of radio signals in areas of the City that were not adequately covered with existing tower equipment. In conjunction with these changes, the department is in the process of receiving bids for upgraded dispatch communications equipment and consoles that are compliant digitally and will meet the needs of public safety communications for the next several years.

The Police Department and Municipal Court recently partnered in the acquisition of Electronic Ticketing (E-Ticketing). This purchase will improve efficiency, reduce redundancy of data entry, reduce errors, and reduce the time that officers and court clerks spend on processing traffic violations. Officers will use hand-held computers that auto-populate the violator's data from the driver's license, the vehicle information from DMV records, and violation information from drop-down boxes on the device. The officer will print the ticket on a printer located in the patrol vehicle and provide it to the violator. All ticket information will be downloaded into the department's computers and will be immediately available for Municipal Court personnel through their computer system. The elimination of data entry for both departments will save time and reduce errors that occur in the data entry process. Currently, the City has ten E-Ticketing devices but is working towards outfitting all of the patrol division.

Economic Development

In November 2008, Stokely Van Camp (SVC) met with city officials to announce that due to economic conditions, it was pulling out of a development agreement to build a manufacturing plant in Albany. At the date of this report, settlement negotiations are ongoing and details have not been finalized.

The Central Albany Revitalization Area funded eleven projects to assist in the development and rehabilitation of buildings in the core of the city. The developments include storefront rehabilitations on historic buildings, a four-story office building on the waterfront, and assistance for homeowners looking to rehabilitate their historic properties.

The City, the Albany Visitors' Association, and the Albany Downtown Association partnered in 2008 to apply for recognition from the Oregon Main Street Program. Albany, along with three other Oregon cities, was awarded the Performing Main Street designation in September, 2008. The Main Street Program, created by the National Trust for Historic Preservation, uses a comprehensive approach that emphasizes community organization, design, promotion, and economic restructuring to create healthy downtown commercial districts.

Public Works

During 2007-2008, the Public Works Department made significant progress in expanding the flow and pollution removal capability by installing modern technology and new structures at the Albany-Millersburg Water Reclamation Facility located on Davidson Street. This is a joint project between the cities of Albany and Millersburg, scheduled to be fully operational by December 2009. The Albany-Millersburg Water Reclamation Facility protects water quality in the Willamette River and provides capacity for future growth.

The second phase of the project will be construction of a 40-acre natural treatment wetland that will remove heat from the water and provide additional polishing of the reclaimed water from the Albany-Millersburg Reclamation Facility before it is released into the Willamette River. This project is necessary to meet water quality requirements to protect salmon species in the Willamette River. The Public Works Department won an award from the American Academy of Environmental Engineers for its efforts creating and restoring wetlands for Willamette River temperature reduction.

A new generator, installed at the historic Vine Street Water Treatment Plant, has successfully generated power. The City's Federal Energy Regulatory Commission license, issued in 1998, set a target date of October 23, 2008, and power was generated that week. Full operation will occur in December 2008.

The Albany Diversion Dam and Fish Screen Project provided innovative fish passage and fish screening facilities on the South Santiam River to prevent fish from straying out of the main passage. The project won an award from the Pacific Northwest Section - American Water Works Association, 2008 Excellence in Engineering Awards Association.

The City is currently updating its 1997 Transportation System Plan (TSP). The update will project transportation system needs for the next 20 years and beyond. The TSP will look at a wide range of projects including strengthening the road network and developing and encouraging the use of alternative transportation modes such as walking and biking.

Finance

The City participated with six other governmental agencies and service districts to request proposals for banking services. The competitive process resulted in a conversion from Key Bank to Wells Fargo Bank. In addition, the City implemented a purchase card system with Wells Fargo to provide employees greater flexibility in making small dollar purchases while maintaining appropriate internal controls.

The City's audit review committee requested proposals and selected Boldt, Carlisle & Smith, LLC, to conduct an audit of the transient room tax revenues. The contract included a review of the tax receipts from all hotels and motels in the community. The audit committee determined that a similar audit of a random sample of hotels and motels be performed on a regular basis.

Information Technology

Deployment of a video recording system has made it possible to view City Council meetings live on the internet and through cable television on the Sundays and Mondays following the bimonthly Wednesday night council meetings. Migration to a Citywide voice over IP (VoIP) phone system has enabled the City to take advantage of its existing fiber network infrastructure and reduce phone charges. As a part of this project, all phone service providers were consolidated to one. Regular phone maintenance responsibilities have been assumed by the Information Technology department.

Human Resources

A health risk assessment was implemented for employees to track their wellness and identify ways of improving healthy life style choices. The City's Affirmative Action Plan was updated. Negotiations with the Albany Police Association and AFSMCE were successfully completed. The City also completed negotiations for an initial bargaining agreement with the City's newest bargaining unit, AFSCME Transit employees.

Parks & Recreation

In August, 2007, the City secured a \$480,000 grant from the Oregon Parks and Recreation Department for the development of a new neighborhood park. Kinder Park, now under construction on a 12 acre site donated to the City by the Boys and Girls Club of Albany, will be completed by June, 2009. The total value of the project, including the land donation, is \$1.3 million. Cash from the City's Park System Development Charges and from private gifts comprise the required local match for the state grant.

Another new park, the Doug Killin Friendship Park, was completed and dedicated in June, 2008. The acquisition and development of this 1.8 acre park was funded with \$650,000 from Parks system development charges. The park is dedicated to the memory of former Albany Mayor Doug Killin.

At Riverview Heights Park in north Albany, new playground equipment was installed to replace 30 year old playground facilities. Park walks were renovated to eliminate hazards and improve accessibility.

Albany's major summer events, River Rhythms, Mondays at Monteith, the Northwest Art and Air Festival, and several other recreation programs are funded partially from cash donations and in-kind sponsorships from community organizations and businesses. In 2007-2008, Parks and Recreation staff secured cash gifts totaling \$233,400 and in-kind support (trade services and materials) estimated at \$250,000. Also, 23,000 volunteer hours were contributed toward these City programs, valued at over \$370,000.

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, 2008, 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.

For Fiscal Year 2007-08, the City has chosen early adoption of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. For additional information concerning the effects of implementation see the notes to the financial statements starting on page 31.

During Fiscal Year 2007/2008, the City utilized a total of 20 funds, of which 16 are governmental fund types and four are proprietary fund types. The modified accrual basis of accounting is used for the governmental fund types (General, Special Revenue, Debt Service, Capital Project, and Permanent). The accrual basis is used for the proprietary fund types (Enterprise and Internal Service).

Risk Management

The City is responsible for not only assuring the provision of basic, affordable public services, but also for protecting its capital assets, property, and employees. Further details concerning risk management are presented in the notes to the financial statements.

Debt Administration

As of June 30, 2008, the City had outstanding long-term debt totaling \$113,679,854, including \$10,150,000 of general obligation debt. Further details on outstanding long-term debt are presented in the notes to the financial statements, page 50.

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, 2008, the City's net general obligation bonded debt, \$9,731,563 was well below the legal limit of \$118,794,436.

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 periodically by the Oregon Short-Term Fund Board, regulates the City's investment objectives, diversification, limitations, and reporting requirements. The City contracts with D.A. Davidson & Co. for the management of its investment portfolio. Additional cash and investment information is included in the notes to the financial statements.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Boldt, Carlisle & Smith LLC performed the audit for the fiscal year ended June 30, 2008. 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, 2007. 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 24 consecutive years (fiscal years 1984-2007). 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 Department and the certified public accountants of Boldt, Carlisle & Smith LLC. Each has our sincere appreciation for the contributions made in the preparation of this report.

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

Respectfully submitted,



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, 2007

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.



Charles S. Cox

President

Jeffrey R. Emery

Executive Director

Financial Section

(page numbers in parentheses)

- Report of Independent Auditors (1-2)
- Management's Discussion and Analysis (3-14)
- Basic Financial Statements (15-68)
- Supplementary Data
 - Governmental Funds (69-96)
 - Proprietary Funds (97-112)
 - Capital Assets Used in the Operation of Governmental Funds (112-116)
 - Other Financial Schedules
 - Debt Principal Transactions (118)
 - Debt Interest Transactions (119)
 - Future Debt Principal and Interest Requirements - Governmental Activities (120)
 - Future Debt Principal and Interest Requirements - Business-Type Activities (122)
 - Property Tax Transactions and Outstanding Balances (124)

Never ask of money spent
Where the spender thinks it went.
Nobody was ever meant
To remember or invent
What he did with every cent.

Robert Frost



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, 2008, 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 the 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 the **CITY OF ALBANY**, as of June 30, 2008, the respective changes in financial position, and cash flows, where applicable, 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 1, 2008, 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 important for assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT (Continued)

The management's discussion and analysis on pages 3 through 13 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, supplementary data, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards 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.

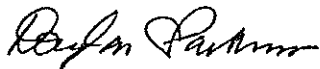
Boldt, Carlisle & Smith, LLC

Certified Public Accountants

Salem, Oregon

December 1, 2008

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, 2008. We encourage readers to consider the information here in conjunction with the additional information that we have furnished in our letter of transmittal (page iii) and in the Statistical Section (page 125).

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$253,807,744 (net assets). Of this amount, \$40,513,372 (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 \$34,838,090, an increase of \$3,565,635 in comparison with the previous year. Of the combined fund balances, \$22,964,437 are available for spending at the City's discretion. The General Fund ending fund balance increased modestly by \$289,195 (6.18 percent) to \$4,971,138. In the General Fund, the ratio of ending fund balance to total expenditures less capital is a healthy 19.92 percent.

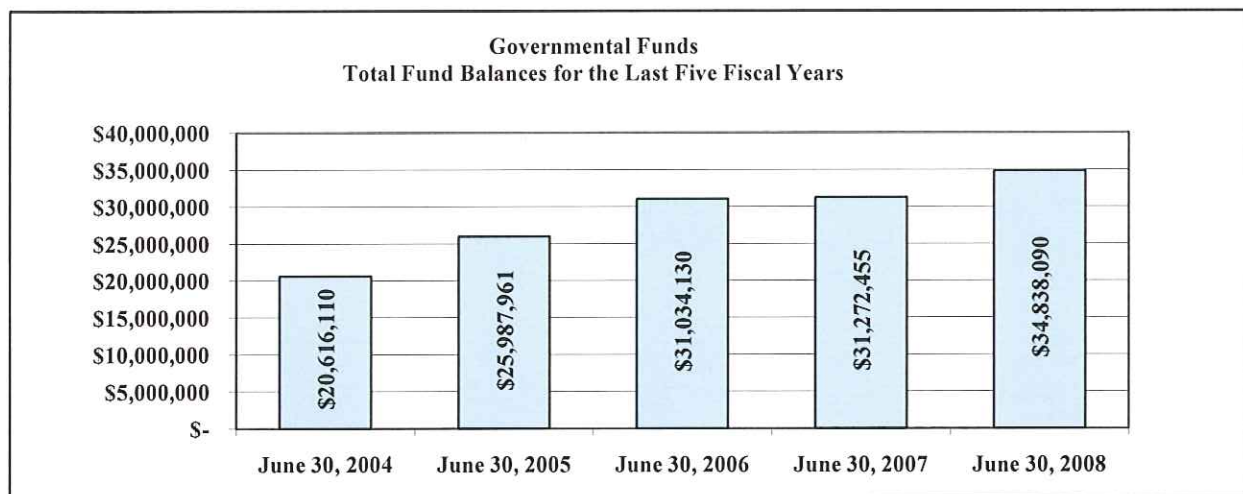
The Parks and Recreation ending fund balance fell by \$187,642 (4.8 percent). The reduction can be attributed to the increase in capital expenditures included in the ten-year Parks and Recreation Master Plan funded by Parks systems development charges. It is anticipated that the Parks and Recreation fund balance will decrease over the next several years as systems development fees collected in prior years are used for capital projects described in the master plan.

The Street Fund ending fund balance fell by \$419,646 (4.43 percent). The rising cost of transportation fuels had an adverse effect on the amount of fuel taxes collected. The City received \$175,000 less fuel tax revenue than anticipated. This situation will be monitored during the coming fiscal year and adjustments to expenditures may be required. Included in the Street Fund ending fund balance of \$9,052,861 is \$6,008,729 in the Transportation Systems Development Charges (SDC) Projects program. It is anticipated that the Street Fund ending fund balance will decrease over the next several years as the SDC monies are used for capital projects.

The City's Capital Projects Fund is a major fund for Fiscal Year 2007-2008. Significant capital outlays included the library building renovation project, completion of the Periwinkle Creek bridge, and the 53rd Avenue bridge/roadway project. The increase in fund balance was due primarily to unspent proceeds from the receipt of a large donation for the library project and a \$1,500,000 contribution from Linn County for the 53rd Avenue bridge/roadway project.

In the non-major funds, worth noting is the decrease in the ending fund balance of the Building Inspection Fund which fell by \$330,279 (35.19 percent). The decrease can be attributed to the slowdown in residential building in the area. This is a situation that will require close attention in Fiscal Year 2008-2009. On a positive note, while residential permit activity declined, commercial permits held steady.

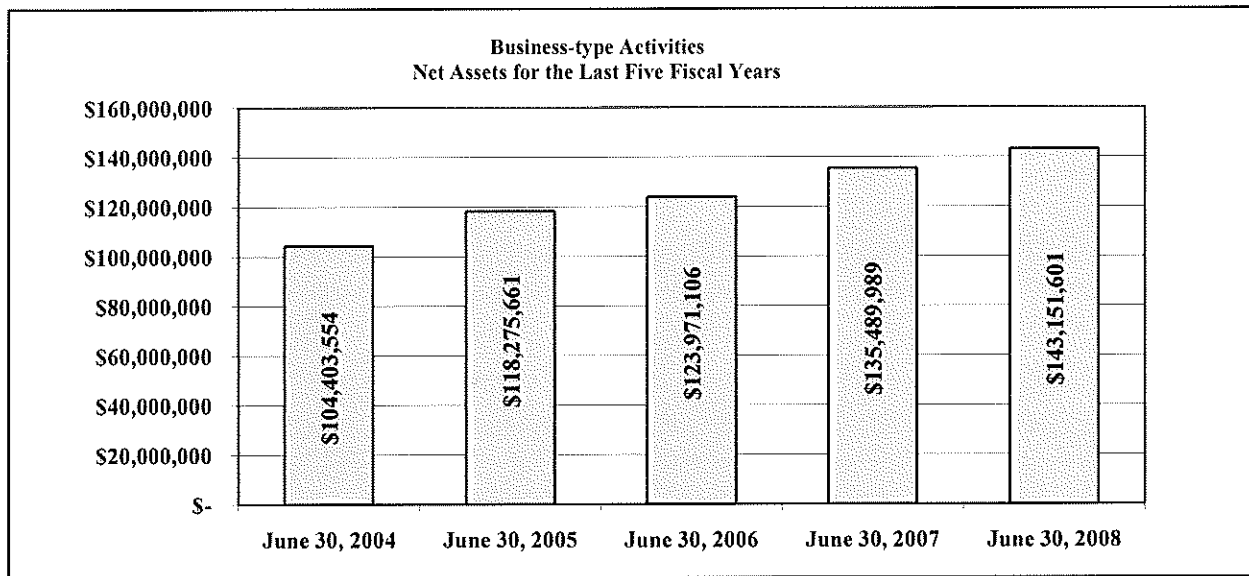
In the Risk Management Fund, the City has achieved its goal of accumulating \$1,500,000 reserve to mitigate risk factors. The Economic Development ending fund balance fell by \$219,755 (32.22 percent). A major factor in the decline in ending balance was in the Albany Municipal Airport program where expenditures exceed general revenues by \$142,907. No single factor was the cause of the deficit. Close monitoring of revenues and expenditures in 2008-2009 will be required. In the Public Safety Levy Fund, property taxes which were collected in prior years were used to augment the transfers to the General Fund and the Ambulance Fund. The Albany Revitalization Area (ARA) ending fund balance increased by \$1,580,858 (125.85 percent). The primary contributor to the increase were proceeds from the sale of long-term debt that were unspent at the end of the year.



Governmental Funds: Changes in Fund Balance

Fund	June 30, 2008	June 30, 2007	Increase (decrease)	Per cent Change
	Fund Balance	Fund Balance		
General Fund	\$ 4,971,138	\$ 4,681,943	\$ 289,195	6.18%
Parks & Recreation	3,719,450	3,907,092	(187,642)	-4.80%
Grants	113,749	-	113,749	-
Building Inspection	608,393	938,672	(330,279)	-35.19%
Risk Management	1,466,253	1,011,059	455,194	45.02%
Economic Development	462,330	682,085	(219,755)	-32.22%
Ambulance	288,761	288,831	(70)	-0.02%
Public Transit	75,749	54,302	21,447	39.50%
Public Safety Levy	316,802	673,859	(357,057)	-52.99%
Capital Replacement	7,070,515	6,862,864	207,651	3.03%
Street	9,052,861	9,472,507	(419,646)	-4.43%
ARA	2,837,033	1,256,175	1,580,858	125.85%
Debt Service	1,156,579	1,197,092	(40,513)	-3.38%
Capital Projects	2,557,413	106,666	2,450,747	2297.59%
Senior Center Endowment	49,947	49,056	891	1.82%
Library Trust	91,117	90,252	865	0.96%
Totals	\$ 34,838,090	\$ 31,272,455	\$ 3,565,635	11.40%

Business-type net assets increased \$7,661,612 (5.65 percent) for the 2007-08 fiscal year. Operating income for the Water and Sewer Funds was \$3,658,900. The net asset increase from nonoperating revenues and expenses was \$768,110. Capital contributions from developer site improvements and development fees were \$3,214,654. Construction of the new wastewater treatment plant continued in 2007-2008 with completion of the \$70 million project scheduled for December 2009. The combination of the new wastewater treatment plant and the new water supply system will satisfy water and sewer requirements for the foreseeable future providing capacity for growth in both residential and commercial customers.



Changes in Net Assets: Proprietary Funds

Fund	June 30, 2008	June 30, 2007	Increase (decrease)	Per cent Change
	Net Assets	Net Assets		
Water	\$ 64,800,565	\$ 61,254,379	\$ 3,546,186	5.79%
Sewer	78,340,963	74,384,892	3,956,071	5.32%
Central Services	122,724	128,386	(5,662)	-4.41%
Public Works Services	138,166	(51,182)	189,348	369.95%
Totals	\$143,402,418	\$135,716,475	\$ 7,685,943	5.66%

For Fiscal Year 2007-08 there was modest growth in net assets for the City's two enterprise funds where net assets increased 5.79 percent in the Water Fund and 5.32 percent in the Sewer Fund.

In Central Services, the June 30, 2008 ending net asset balance of \$122,724 is 2.23 percent of total operating expenses. This percentage is considered adequate and the City will limit growth beyond that level by reducing charges for services to other funds in future years. A similar situation exists in the Public Works Services Fund where the ending net asset balance of \$138,166 is 2.07 percent of total operating expenses. As with Central Services, this level is considered adequate and future charges to other funds will be calculated to maintain the percentage.

Overview of Financial Statements

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

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

The government-wide financial statements can be found starting on page 15.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

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

The City maintains 16 governmental funds. Information is presented separately on the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General, Street, Parks and Recreation, and Capital Projects Funds, all of which are considered to be major governmental funds. Financial information for the remaining governmental funds (other governmental funds) is combined into a single aggregated presentation. Combining statements and budgetary comparisons for governmental and business-type funds can be found starting on page 70 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 18.

Proprietary Funds

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

An internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses two internal service funds: Central Services and Public Works Services. Programs within the Central Services are City Council, Administrative Services, Employee Relations, Finance, Information Technology, Building Maintenance, 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

Public Works Administration, Engineering Services, Operations Administration, Water Quality Control Services, Public Works Customer Services, and Facilities and Maintenance Engineering are programs in the Public Works Services Fund. The Public Works Services Fund, which predominantly benefits business-type functions, has been included with the business-type activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found starting on page 29.

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 33.

Supplementary Data.

The combining statements, referred to earlier in connection with nonmajor governmental funds, can be found starting on page 69.

Statistical Information.

The City would like to direct the reader's attention to the Statistical Section, starting on page 125, for additional information including graphs, tables, and analysis of current and historical information.

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 \$253,807,744 at the close of the fiscal year, an increase of 4.67 percent from the previous year. At fiscal year end, June 30, 2008, the City had \$186,925,255 invested in capital assets, net of related debt, and an unrestricted net asset balance of \$40,513,372.

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

An additional portion of net assets (\$26,369,117, 10 percent) represents resources that are subject to restrictions on how they may be used. For Governmental Activities, net assets restricted for capital projects, \$10,610,220 and for debt service, \$7,122,972 account for nearly all of the restricted net assets.

Selected Financial Statistics:

Population	47,470
Assessed value per capita	\$ 59,220
Market value per capita	\$ 83,417
Long-term debt (bonds, notes, certificates of participation, capital leases)	\$110,712,220
Total long-term debt per capita	\$ 2,332
Total general obligation debt	\$ 10,150,000
General obligation debt per capita	\$ 214
General obligation debt per \$1,000 of assessed value	\$ 3.61
General obligation debt service for Fiscal Year 2007-08 per \$1,000 of assessed value	\$ 0.6867
Property taxes as a percentage of General Fund expenditures*	71%
Public safety expenditures as a percentage of General Fund expenditures	84%

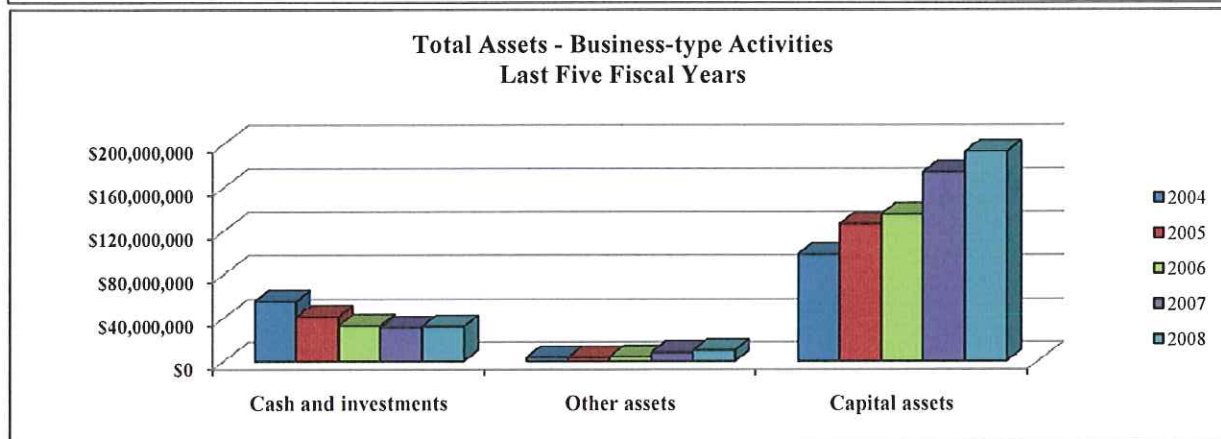
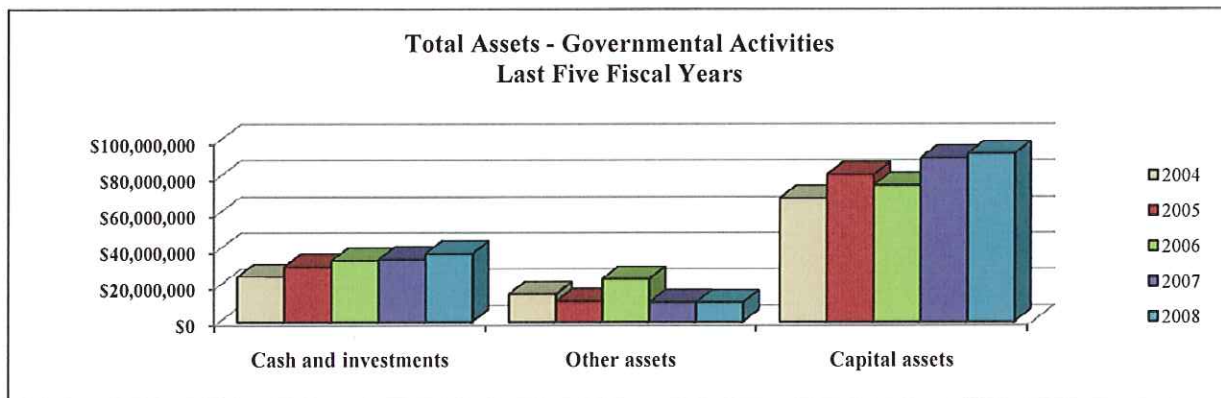
* Property taxes from the public safety levy are recorded as tax receipts in the Public Safety Levy Fund. In order to accurately reflect the significance of property taxes in the General Fund, transfers into the General Fund from the Public Safety Levy Fund have been included in total General Fund revenues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

**Table 1 - Net Assets Summary
Governmental and Business-type Activities
for the years ended June 30, 2008 and 2007**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Cash and investments	\$ 37,652,939	\$ 34,469,223	\$ 32,264,906	\$ 31,187,358	\$ 69,917,845	\$ 65,656,581
Other assets	10,717,622	10,795,348	10,075,934	8,011,927	20,793,556	18,807,275
Capital assets	92,817,507	90,316,952	193,024,230	174,004,626	285,841,737	264,321,578
Total assets	141,188,068	135,581,523	235,365,070	213,203,911	376,553,138	348,785,434
Other liabilities	3,755,813	4,060,507	5,309,727	6,297,687	9,065,540	10,358,194
Long term debt outstanding	26,776,112	24,523,780	86,903,742	71,416,235	113,679,854	95,940,015
Total liabilities	30,531,925	28,584,287	92,213,469	77,713,922	122,745,394	106,298,209
Net assets:						
Invested in capital assets, net of related debt	80,243,676	77,367,243	106,681,579	102,945,424	186,925,255	180,312,667
Restricted	17,874,256	14,434,391	8,494,861	14,764,342	26,369,117	29,198,733
Unrestricted	12,538,211	15,195,602	27,975,161	17,780,223	40,513,372	32,975,825
Total net assets	\$110,656,143	\$106,997,236	\$143,151,601	\$135,489,989	\$253,807,744	\$242,487,225

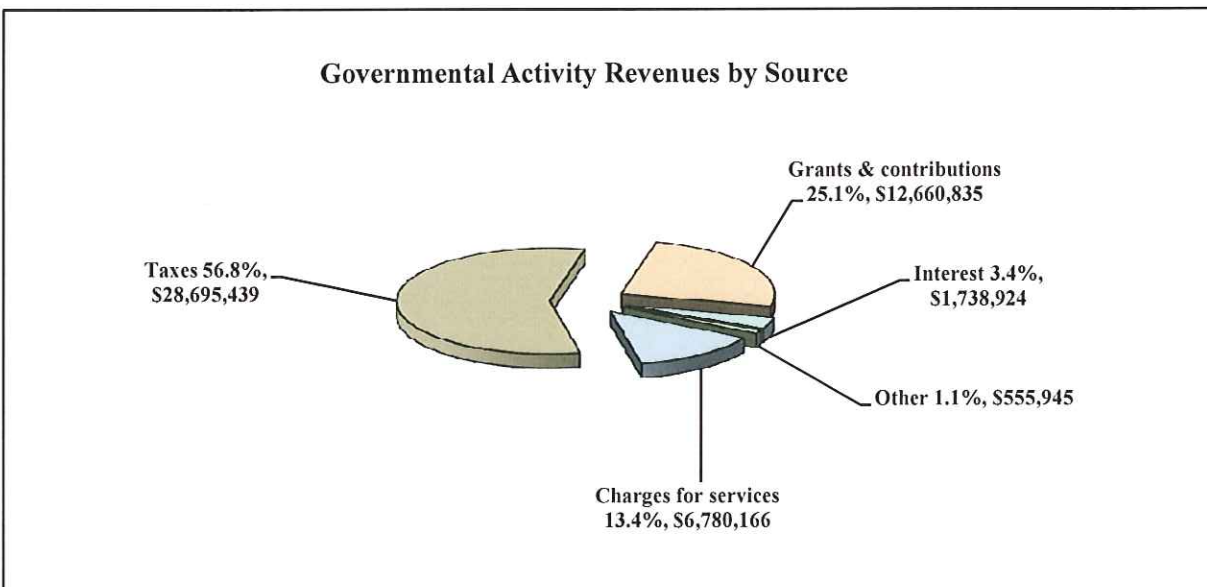
In the governmental activities, total assets increased by 4.14 percent, while in the business-type activities, capital assets increased \$19,019,604 (10.39 percent). Construction costs for the new sewage treatment plant totaled \$21,387,878 for Fiscal Year 2007-08. The plant is scheduled to open in December 2009. The increase in long-term debt is primarily attributable to the Clean Water State Revolving Fund loan for the new plant.

At the end of the fiscal year, the City had 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 \$11,320,519 (4.67 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.



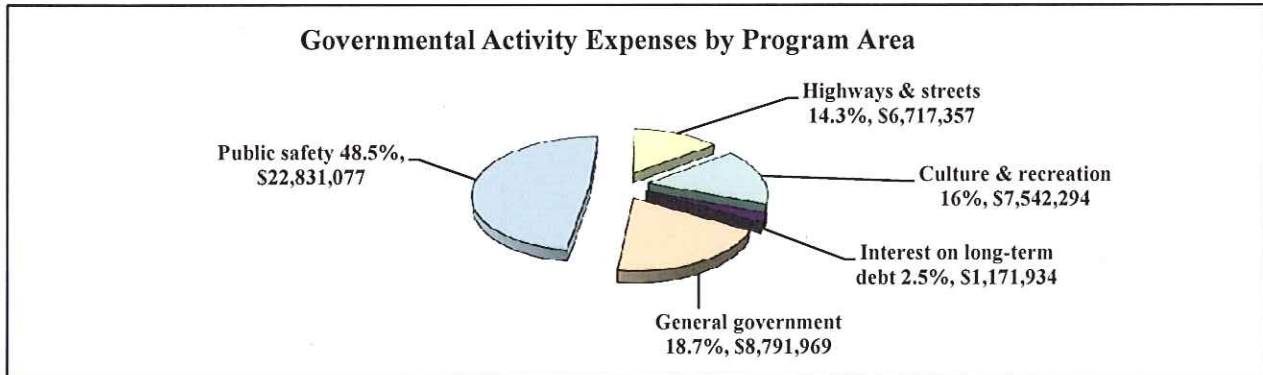
**Table 2 - Statement of Activities Summary
Governmental and Business-type Activities
for the years ended June 30, 2008 and 2007**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
REVENUES						
Program revenues						
Charges for services	\$ 6,780,166	\$ 6,260,183	\$ 22,062,411	\$ 21,191,177	\$ 28,842,577	\$ 27,451,360
Grants and contributions:						
Operating	5,242,275	6,566,201	-	-	5,242,275	6,566,201
Capital	7,418,560	5,438,422	3,214,654	7,240,110	10,633,214	12,678,532
General revenues						
Taxes	28,695,439	26,843,883	824,530	753,308	29,519,969	27,597,191
Interest	1,738,924	1,745,218	1,428,407	1,506,557	3,167,331	3,251,775
Other	555,945	190,881	907,749	653,135	1,463,694	844,016
Total revenues	50,431,309	47,044,788	28,437,751	31,344,287	78,869,060	78,389,075
EXPENSES						
Governmental activities:						
General government	8,791,969	6,468,368	-	-	8,791,969	6,468,368
Public safety	22,831,077	21,156,907	-	-	22,831,077	21,156,907
Highways and streets	6,717,357	6,489,273	-	-	6,717,357	6,489,273
Culture and recreation	7,542,294	7,222,964	-	-	7,542,294	7,222,964
Interest on long-term debt	1,171,934	1,138,930	-	-	1,171,934	1,138,930
Business-type activities:						
Water	-	-	11,495,380	11,253,334	11,495,380	11,253,334
Sewer	-	-	9,317,599	8,829,900	9,317,599	8,829,900
Total expenses	47,054,631	42,476,442	20,812,979	20,083,234	67,867,610	62,559,676
Increase in net assets before transfers and gain disposal of real property	3,376,678	4,568,346	7,624,772	11,261,053	11,001,450	15,829,399
Transfers	282,229	490,975	(282,229)	(490,975)	-	-
Gain on disposal of real property	-	-	319,069	-	319,069	-
Increase in net assets	3,658,907	5,059,321	7,661,612	10,770,078	11,320,519	15,829,399
Beginning net assets	106,997,236	101,937,915	135,489,989	124,719,911	242,487,225	226,657,826
Ending net assets	\$110,656,143	\$106,997,236	\$143,151,601	\$135,489,989	\$253,807,744	\$242,487,225

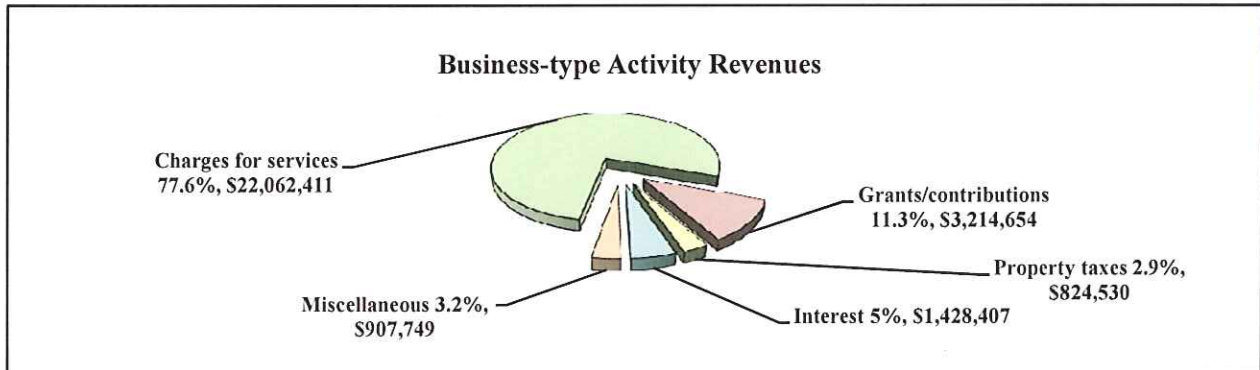


The previous chart indicates that 56.8 percent (\$28,695,439) of 2007-08 governmental activity revenues received by the City were taxes. Property taxes (\$22,184,738) represent the largest portion of total taxes received. Other major tax revenues were the City's share of state-wide fuel tax (\$2,056,995) and City privilege taxes for natural gas and electricity (\$2,717,412). The City also received \$995,174 for its share of state imposed liquor and cigarette taxes and \$741,120 for City imposed hotel/motel room taxes.

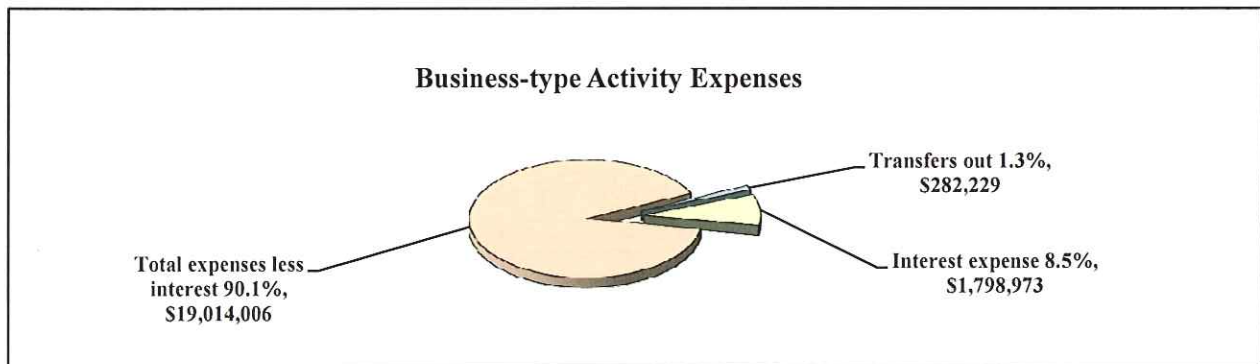
Grants and contributions accounted for 25.1 percent of governmental activity revenues. Major items included in the \$12,660,835 total for grants and contributions were: \$2,008,025 in donations for the library renovation project; \$1,500,000 from Linn County for the 53rd Avenue bridge and roadway project; \$1,730,503 from the local rural fire protection districts; and \$1,093,700 from developer donated street improvements.



Nearly one half of all governmental activity expenses were for public safety (48.5 percent). As an indication of the City's favorable debt position, interest on long-term debt accounted for only 2.5 percent of governmental activity total expenses.



As would be expected, charges for service accounted for the majority of revenues for business-type activities. Of note were property tax collections of \$824,530 used to pay debt service on the general obligation bonds originally issued in 1984 to purchase the water system from Pacific Power and Light. The bonds will be retired in Fiscal Year 2009-10.



Operating expenses for the Water and Sewer Funds have increased 31.6 percent over the last five fiscal years, a modest 6.3 percent per year. Depreciation expense will increase by more than \$1,000,000 per year with the completion the new sewage treatment plant in 2009-10.

BUDGETARY HIGHLIGHTS

The City Council approved 14 resolutions which changed the adopted 2007-08 budget by 6.06 percent (\$1,754,100). Appropriations were increased in the General Fund by \$41,600 (0.14 percent). In the General Fund, after eliminating the \$2,643,700 contingency, actual expenditures were 96 percent of the final budget yielding a favorable budget variance of \$3,747,016. General Fund revenues were four percent more than anticipated (\$1,224,122). Major contributors to the unanticipated excess were property taxes (\$239,405); electric privilege taxes (\$262,595); state shared revenues (\$120,174); and municipal court fines (\$208,468).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2008, the City had \$285,841,737 invested in capital assets as reflected in the table below. Additional information concerning capital assets can be found in the notes to the basic financial statements, starting on page 44.

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

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land, land rights, & land improvements	\$ 6,670,882	\$ 6,205,353	\$ 1,507,612	\$ 2,243,060	\$ 8,178,494	\$ 8,448,413
Buildings and improvements	12,154,947	11,681,941	42,320,904	43,449,917	54,475,851	55,131,858
Vehicles and equipment	4,450,753	3,509,457	1,707,385	1,930,795	6,158,138	5,440,252
Infrastructure	64,676,786	66,849,292	81,372,792	77,430,730	146,049,578	144,280,022
Construction in progress	4,864,139	2,070,909	66,115,537	48,950,124	70,979,676	51,021,033
	<u>\$ 92,817,507</u>	<u>\$ 90,316,952</u>	<u>\$193,024,230</u>	<u>\$174,004,626</u>	<u>\$285,841,737</u>	<u>\$264,321,578</u>

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

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

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Beginning Balance	\$ 90,316,952	\$ 87,643,480	\$174,004,626	\$135,182,816	\$264,321,578	\$222,826,296
Additions	7,292,699	7,023,046	24,065,549	42,953,852	31,358,248	49,976,898
Retirements	(170,285)	-	(775,591)	-	(945,876)	-
Depreciation	(4,621,859)	(4,349,574)	(4,270,354)	(4,132,042)	(8,892,213)	(8,481,616)
Ending balance	<u>\$ 92,817,507</u>	<u>\$ 90,316,952</u>	<u>\$193,024,230</u>	<u>\$174,004,626</u>	<u>\$285,841,737</u>	<u>\$264,321,578</u>

Governmental capital assets increased by \$2,500,555 net of accumulated depreciation. Additions to capital assets equalled \$7,277,549 for the year including: \$2,444,267 for street and bridge projects, \$1,093,700 for developer site improvement street projects, \$333,265 for community park land acquisition, \$720,358 for library building renovation, \$945,167 for major fire equipment, \$354,405 for the internet phone system project, and \$443,848 for Spring Meadows Park development.

Business-type capital assets increased by \$19,019,604 net of accumulated depreciation. Included in the \$24,065,549 of new capital assets was \$16,443,646 for Albany's share of the new sewage treatment plant. In the Water Fund, additions included \$2,025,439 for water lines construction, \$1,406,954 for water canal projects, and \$964,410 for hydroelectric improvements. Developer site improvement water lines, sewer lines, and storm drains amounted to \$1,333,500.

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

	2007-08	2006-07
Capital assets net of depreciation and related debt	\$186,925,255	\$180,762,376
Total net assets	253,807,744	242,487,225
Ratio of capital assets net of related debt to total net assets	<u>73.65%</u>	<u>74.55%</u>

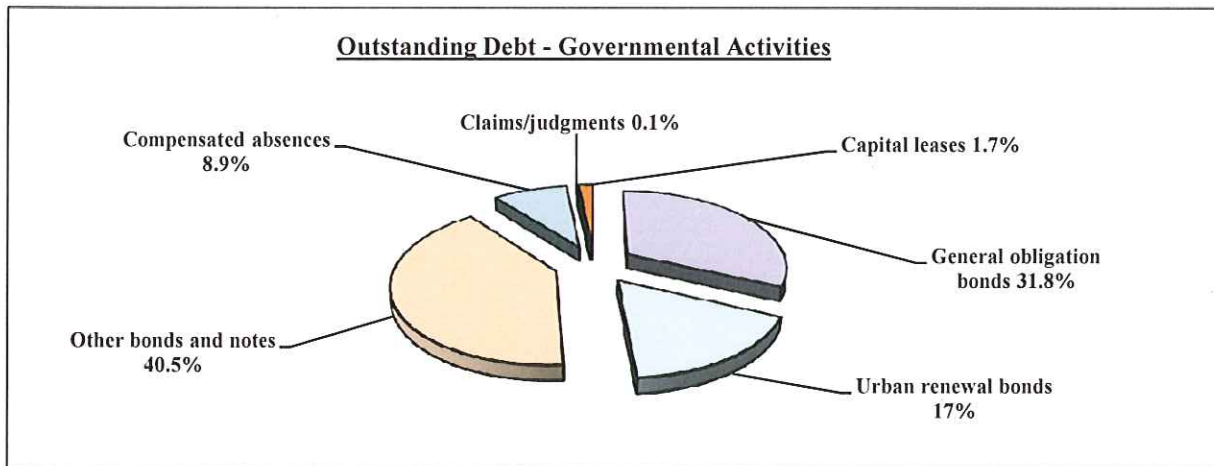
Debt Outstanding

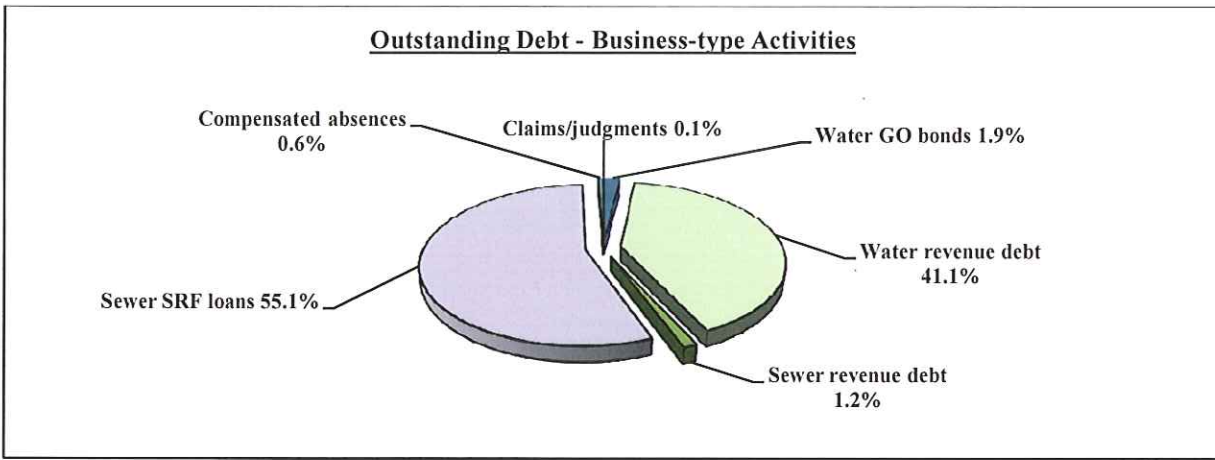
At June 30, 2008, the City had \$113,679,854 in debt outstanding compared to \$95,940,015 on June 30, 2007. Of the amount outstanding, \$6,217,418 is due within one year. Major additions to debt were urban renewal bonds totalling \$4,687,000 and an increase of \$18,020,404 in the Clear Water State Revolving Fund loan for the new sewage treatment plant.

The debt consisted of outstanding bonds and certificates of participation, \$62,099,987; loans, \$48,158,604; compensated absences, \$2,914,408; claims and judgments, \$53,226; and capital leases, \$453,629. 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 beginning on page 50 in the notes to the basic financial statements.

Table 5 - Outstanding Debt at Year End

	June 30, 2008	June 30, 2007
Governmental Activities		
General obligation	\$ 8,520,000	\$ 9,235,000
Special assessment debt with governmental commitment	404,666	467,043
Limited tax pension	6,618,738	6,683,781
Revenue	630,000	830,000
General revenue	2,960,000	3,265,000
Oregon Economic Development Department note	235,536	259,461
CARA revenue note	-	1,389,213
CARA bonds	4,547,000	-
Compensated absences	2,375,557	2,177,175
Claims and judgments	30,986	26,859
Capital leases	453,629	190,248
Sub-total	26,776,112	24,523,780
Business-type Activities		
Water revenue	35,510,000	36,790,000
Water general obligation	1,630,000	2,390,000
Water certificates of deposit	279,583	340,458
Sewer revenue	1,000,000	1,475,000
Oregon DEQ State Revolving Fund loan	47,923,068	30,063,744
Compensated absences	538,851	332,944
Claims and judgments	22,240	24,089
Sub-total	86,903,742	71,416,235
Total	\$113,679,854	\$ 95,940,015





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 \$109,062,873, which is well above the City's outstanding general obligation debt, \$10,150,000.

The City secured a \$67,961,876 loan from the Oregon DEQ Clean Water State Revolving Fund to finance construction of a new wastewater treatment facility. At June 30, the loan balance was \$47,278,747.

Additional information on the City's long-term debt can be found in the notes to the basic financial statements, starting on page 50.

Key Economic Factors and Budget Information for the Future

In November 2006, City voters passed a new five year, \$0.95 per \$1,000 of assessed value, public safety levy which will begin in Fiscal Year 2008-09. Fiscal Year 2007-08 was the final year of the five year levy passed in November 2002. Tax collections in 2007-08 were \$2,462,996. Annual collections are estimated to increase three to five percent annually for the life of the levy. A total of seventeen new positions were added to Police & Fire after the passage of the initial levy.

At fiscal year end, Oregon's unemployment rate was 5.5 percent. The unemployment rate for Linn and Benton counties at the close of the fiscal year was 6.5 percent and 3.8 percent respectively. At the time of preparation of this report, the unemployment rates were 7.7 percent and 4.5 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.

In preparing the City-wide budget for 2008-09, a 4.59 percent increase in assessed value and a 93.43 percent collection rate were used to estimate property tax revenues. Property tax revenues in the Public Safety Levy were estimated to be reduced by \$140,000 due to compression.

The 2008-09 budget was prepared in accordance with the City's Strategic Plan (the Plan). As such, the budget becomes the implementing document for the Plan. The four themes of the Plan are Great Neighborhoods, Safe City, Healthy Economy, and Effective Government. Specific goals, objectives, and activities are determined and incorporated in the budget in order to achieve each theme. The Strategic Plan is reviewed annually by the City Council.

All of these factors were considered in preparing the City's budget for Fiscal Year 2008-09.

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.

We must never forget that art is not a form of propaganda; it is a form of truth.

John Fitzgerald Kennedy

**CITY OF ALBANY, OREGON
STATEMENT OF NET ASSETS**

June 30, 2008

	Govern- mental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments	\$ 26,193,228	\$ 17,500,564	\$ 43,693,792
Internal balances	128,093	(128,093)	-
Receivables			
Property taxes	1,382,684	51,647	1,434,331
Accounts	788,540	3,834,919	4,623,459
Assessments	295,657	172,558	468,215
Interest	151,900	122,992	274,892
Loans, net of allowance for uncollectible loans	1,058,624	4,839,734	5,898,358
Grants	98,237	-	98,237
Inventories	107,344	838,788	946,132
Other	159,723	30,282	190,005
Restricted cash and investments	11,459,711	14,764,342	26,224,053
Land and construction in progress	11,535,021	67,613,658	79,148,679
Other capital assets, net of depreciation	81,282,486	125,410,572	206,693,058
Prepaid pension contribution	6,265,033	-	6,265,033
Unamortized debt issuance costs and deferred charges, net	281,787	313,107	594,894
Total assets	<u>141,188,068</u>	<u>235,365,070</u>	<u>376,553,138</u>
LIABILITIES			
Accounts payable	2,702,173	2,721,495	5,423,668
Interest payable	160,739	2,329,756	2,490,495
Other postemployment benefits	359,970	110,630	470,600
Refundable deposits and advances	298,674	147,846	446,520
Unearned revenue	97,921	-	97,921
Amount held in trust	34,844	-	34,844
Long-term debt			
Due within one year			
Special assessment debt with government commitment	65,567	-	65,567
All other debt	3,040,498	3,111,353	6,151,851
Due in more than one year			
Special assessment debt with government commitment	339,099	-	339,099
All other debt	23,330,948	83,792,389	107,123,337
Unamortized premium on debt issuance	101,492	-	101,492
Total liabilities	<u>30,531,925</u>	<u>92,213,469</u>	<u>122,745,394</u>
NET ASSETS			
Invested in capital assets, net of related debt	80,243,676	106,681,579	186,925,255
Restricted for:			
Capital projects	10,610,220	7,021,753	17,631,973
Debt service	7,122,972	1,473,108	8,596,080
Other purposes - expendable	23,562	-	23,562
Other purposes - nonexpendable	117,502	-	117,502
Unrestricted	12,538,211	27,975,161	40,513,372
Total net assets	<u>\$ 110,656,143</u>	<u>\$ 143,151,601</u>	<u>\$ 253,807,744</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, 2008

	Program Revenues				Total Program Revenues
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS					
Governmental activities					
General government	\$ 8,791,969	\$ 3,184,952	\$ 2,052,381	\$ 10,118	\$ 5,247,451
Public safety	22,831,077	2,776,588	2,065,204	-	4,841,792
Highways and streets	6,717,357	-	956,780	4,678,628	5,635,408
Culture and recreation	7,542,294	818,626	167,910	2,729,814	3,716,350
Interest on long-term debt	1,171,934	-	-	-	-
Total governmental activities	<u>47,054,631</u>	<u>6,780,166</u>	<u>5,242,275</u>	<u>7,418,560</u>	<u>19,441,001</u>
Business-type activities					
Water	11,495,380	12,073,266	-	1,168,238	13,241,504
Sewer	9,317,599	9,989,145	-	2,046,416	12,035,561
Total business-type activities	<u>20,812,979</u>	<u>22,062,411</u>	<u>-</u>	<u>3,214,654</u>	<u>25,277,065</u>
Totals	<u>\$ 67,867,610</u>	<u>\$ 28,842,577</u>	<u>\$ 5,242,275</u>	<u>\$ 10,633,214</u>	<u>\$ 44,718,066</u>

General revenues:

Property taxes used for general purposes
Property taxes used for debt service
Transient room taxes used for general purposes
Transient room taxes used for debt service
Motor fuel taxes
Cigarette and alcoholic beverage taxes
Privilege taxes
Grants and contributions not restricted to specific programs
Gain on disposal of real property
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
Net assets - ending

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

Net (Expense) Revenue and
Change in Net Assets

Govern- mental Activities	Business- type Activities	Totals	
			Governmental activities
\$ (3,544,518)	\$ -	\$ (3,544,518)	General government
(17,989,285)	-	(17,989,285)	Public safety
(1,081,949)	-	(1,081,949)	Highways and streets
(3,825,944)	-	(3,825,944)	Culture and recreation
(1,171,934)	-	(1,171,934)	Interest on long-term debt
<u>(27,613,630)</u>	<u>-</u>	<u>(27,613,630)</u>	Total governmental activities
			Business-type activities
-	1,746,124	1,746,124	Water
-	2,717,962	2,717,962	Sewer
<u>-</u>	<u>4,464,086</u>	<u>4,464,086</u>	Total business-type activities
<u>(27,613,630)</u>	<u>4,464,086</u>	<u>(23,149,544)</u>	Totals
			General revenues:
20,009,812	-	20,009,812	Property taxes used for general purposes
2,174,926	824,530	2,999,456	Property taxes used for debt service
510,037	-	510,037	Transient room taxes used for general purposes
231,083	-	231,083	Transient room taxes used for debt service
2,056,995	-	2,056,995	Motor fuel taxes
995,174	-	995,174	Cigarette and alcoholic beverage taxes
2,717,412	-	2,717,412	Privilege taxes
124,421	-	124,421	Grants and contributions not restricted to specific programs
-	319,069	319,069	Gain on disposal of real property
1,738,924	1,428,407	3,167,331	Unrestricted investment earnings
431,229	907,749	1,338,978	Miscellaneous
295	-	295	Contributions to permanent funds
<u>30,990,308</u>	<u>3,479,755</u>	<u>34,470,063</u>	Total general revenues and contributions
<u>282,229</u>	<u>(282,229)</u>	<u>-</u>	Transfers
<u>31,272,537</u>	<u>3,197,526</u>	<u>34,470,063</u>	Total general revenues, contributions and transfers
3,658,907	7,661,612	11,320,519	Change in net assets
106,997,236	135,489,989	242,487,225	Net assets - beginning
<u>\$ 110,656,143</u>	<u>\$ 143,151,601</u>	<u>\$ 253,807,744</u>	Net assets - ending

CITY OF ALBANY, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2008

	General	Parks and Recreation	Street	Capital Projects	Other Governmental	Totals
ASSETS						
Cash and investments	\$ 5,157,433	\$ 716,865	\$ 3,068,902	\$ 3,133,482	\$ 13,497,342	\$ 25,574,024
Receivables:						
Property taxes	880,934	218,751	-	-	282,999	1,382,684
Accounts	153,771	16,464	110,417	-	506,390	787,042
Assessments	-	-	-	272,320	23,337	295,657
Interest	25,560	16,403	37,392	10,894	59,484	149,733
Loans, net of allowance for uncollectible loans	149,678	-	-	-	908,946	1,058,624
Grants	-	-	-	-	98,237	98,237
Other	50,066	8,518	-	-	95,112	153,696
Restricted cash and investments	309,776	3,222,371	6,676,538	-	1,251,026	11,459,711
Total assets	\$ 6,727,218	\$ 4,199,372	\$ 9,893,249	\$ 3,416,696	\$ 16,722,873	\$ 40,959,408
LIABILITIES						
Accounts payable	\$ 671,381	\$ 278,458	\$ 729,572	\$ 325,251	\$ 511,807	\$ 2,516,469
Other postemployment benefits						
Deposits	33,962	-	1,000	261,712	2,000	298,674
Deferred/unearned revenue	1,015,893	201,464	109,816	272,320	1,671,838	3,271,331
Amounts held in trust	34,844	-	-	-	-	34,844
Total liabilities	1,756,080	479,922	840,388	859,283	2,185,645	6,121,318
FUND BALANCES						
Reserved for:						
Capital projects	-	3,222,371	5,885,246	1,448,175	-	10,555,792
Debt service	-	-	-	-	1,176,797	1,176,797
Library programs	-	-	-	-	11,688	11,688
Parks and Recreation programs	-	-	-	-	11,874	11,874
Perpetual care	-	-	-	-	117,502	117,502
Unreserved, reported in:						
General fund	4,971,138	-	-	-	-	4,971,138
Special revenue funds	-	497,079	3,167,615	-	13,219,367	16,884,061
Capital projects fund	-	-	-	1,109,238	-	1,109,238
Total fund balances	4,971,138	3,719,450	9,052,861	2,557,413	14,537,228	34,838,090
Total liabilities and fund balances	\$ 6,727,218	\$ 4,199,372	\$ 9,893,249	\$ 3,416,696	\$ 16,722,873	\$ 40,959,408

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, 2008

Total fund balances per Governmental Funds Balance Sheet (page 18)		\$ 34,838,090
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.		
Land	6,670,882	
Construction in progress	4,864,139	
Other	126,473,850	
Accumulated depreciation	<u>(45,232,804)</u>	
Capital assets, net		92,776,067
Other long-term assets are not available to pay current-period expenditures and, therefore, are deferred in the funds.		
Property taxes	1,256,533	
Accounts receivable	637,916	
Assessments	272,320	
Loans	<u>1,006,641</u>	
Total deferred revenue adjustments		3,173,410
Inventories of materials and supplies are capitalized on the Statement of Net Assets.		107,344
Internal service funds are used by management to charge the costs of information systems services, central services, and geographic information system services to individual funds. A portion of the assets and liabilities of the internal service funds is included in governmental activities in the Statement of Net Assets.		
Net assets reported as governmental activities	226,486	
(Profit)/loss reported as governmental activities	<u>24,331</u>	
Net adjustments for internal service funds		250,817
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	(24,369,569)	
Interest payable on long-term debt	(160,739)	
Claims and judgments	(28,310)	
Compensated absences	<u>(2,066,108)</u>	
Total long-term debt adjustments		(26,624,726)
Other adjustments		
Unamortized debt issuance costs	281,787	
Unamortized premium on debt issuance	(101,492)	
Net pension asset	6,265,033	
Other postemployment benefits	<u>(310,187)</u>	
Total other adjustments		6,135,141
Net assets of governmental activities (page 15)		<u>\$110,656,143</u>

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, 2008

	General	Parks and Recreation	Street	Capital Projects	Other Governmental	Totals
REVENUES						
Taxes:						
Property	\$ 13,989,405	\$ 3,498,175	\$ -	\$ -	\$ 4,628,743	\$ 22,116,323
Transient room	-	-	-	-	741,120	741,120
Assessment collections	-	-	-	88,560	3,761	92,321
Franchise fees, privilege taxes, licenses, and permits	4,101,940	394,751	1,975,060	-	1,281,046	7,752,797
Intergovernmental	2,829,028	9,428	2,167,269	2,462,164	835,795	8,303,684
Charges for services	456,400	748,485	-	-	3,403,496	4,608,381
Fines and forfeitures	988,983	-	-	-	-	988,983
Gifts and donations	-	-	-	2,008,025	295	2,008,320
Interest on investments	282,898	192,874	450,138	93,155	698,550	1,717,615
Miscellaneous	131,760	332,963	5,851	-	698,241	1,168,815
Total revenues	22,780,414	5,176,676	4,598,318	4,651,904	12,291,047	49,498,359
EXPENDITURES						
Current:						
General government	1,453,045	-	-	63,523	6,955,447	8,472,015
Public safety	19,808,122	-	-	-	2,232,753	22,040,875
Highways and streets	-	-	3,864,623	-	-	3,864,623
Culture and recreation	2,088,960	4,645,067	-	-	34,004	6,768,031
Debt service:						
Principal	-	-	-	-	2,900,558	2,900,558
Interest	-	-	-	-	1,203,625	1,203,625
Capital outlay	292,694	625,595	897,805	2,485,762	1,881,993	6,183,849
Total expenditures	23,642,821	5,270,662	4,762,428	2,549,285	15,208,380	51,433,576
Excess (deficiency) of revenues over (under) expenditures	(862,407)	(93,986)	(164,110)	2,102,619	(2,917,333)	(1,935,217)
OTHER FINANCING SOURCES (USES)						
Debt issuance proceeds	-	-	-	-	4,687,000	4,687,000
Capital lease proceeds	74,362	-	-	-	364,998	439,360
Transfers in	2,684,403	328,300	260,000	348,128	2,373,642	5,994,473
Transfers out	(1,607,163)	(421,956)	(515,536)	-	(3,075,326)	(5,619,981)
Total other financing sources (uses)	1,151,602	(93,656)	(255,536)	348,128	4,350,314	5,500,852
Net change in fund balances	289,195	(187,642)	(419,646)	2,450,747	1,432,981	3,565,635
Fund balance - beginning	4,681,943	3,907,092	9,472,507	106,666	13,104,247	31,272,455
Fund balance - ending	\$ 4,971,138	\$ 3,719,450	\$ 9,052,861	\$ 2,557,413	\$ 14,537,228	\$ 34,838,090

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, 2008

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

Net change in fund balances - total governmental funds (page 20).		\$ 3,565,635
<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 and disposals in the current period.</p>		
Capital outlay	6,183,849	
Depreciation for the current fiscal year	(4,612,329)	
Disposal of capital assets	(170,285)	
Net capital outlay adjustment		1,401,235
<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>		
		565
<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	68,415	
Capital asset donations	1,093,700	
Principal portion of loan receipts	(21,152)	
Other fees and charges	(161,671)	
Loans receivable	396,976	
Assessments	(67,870)	
Total revenue adjustments		1,308,398
<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>		
		(1,664,406)
<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	(76,068)	
Other postemployment benefit	(310,187)	
Accrued interest on long-term debt	58,898	
Net pension asset amortization	(313,252)	
Pending insurance claims	(336,242)	
Total adjustment		(976,851)
<p>The net expense of certain activities of internal service funds is reported with governmental activities.</p>		
Central Services Fund	(21,030)	
Public Works Services Fund	45,361	
Total internal service fund adjustments		24,331
Change in net assets of the governmental activities (pages 16-17)		\$ 3,658,907

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, 2008

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 13,400,000	\$ 13,400,000	\$ 13,566,905	\$ 166,905
Delinquent	350,000	350,000	422,500	72,500
Privilege tax: electric	1,570,000	1,570,000	1,832,595	262,595
Franchise fee: communications facilities	50,000	50,000	44,942	(5,058)
Franchise fee: telephone	270,000	270,000	228,462	(41,538)
Franchise fee: garbage collection	395,000	395,000	390,224	(4,776)
Privilege tax: natural gas	880,000	880,000	884,817	4,817
Franchise fee: cable television	400,000	400,000	436,050	36,050
Permit fees	-	-	3,500	3,500
Licenses	5,000	5,000	9,783	4,783
Library fees	80,000	80,000	65,382	(14,618)
Planning fees	150,000	150,000	185,593	35,593
Alarm fees	25,000	25,000	20,592	(4,408)
DUII enforcement grant	15,500	31,000	11,037	(19,963)
State liquor taxes	480,000	480,000	551,714	71,714
State cigarette taxes	85,000	85,000	78,850	(6,150)
State revenue sharing	310,000	310,000	364,610	54,610
Conflagration response reimbursement	-	-	14,312	14,312
Workers' Compensation wage subsidy reimbursement	-	-	9,108	9,108
Linn County	-	23,700	17,290	(6,410)
Albany Rural Fire Protection District	1,311,200	1,311,200	1,307,089	(4,111)
North Albany Rural Fire Protection District	244,300	244,300	298,838	54,538
Palestine Rural Fire Protection District	125,000	125,000	124,576	(424)
Greater Albany Public Schools police grant	40,000	40,000	40,000	-
Gray Early Childhood Fund Grant	19,200	19,200	-	(19,200)
OSFM/USAR Team Response Reimbursement	-	-	11,604	11,604
Space rental charges	456,400	456,400	456,400	-
Municipal Court fines	750,000	750,000	958,468	208,468
Parking violations	7,000	7,000	6,905	(95)
Nuisance vehicle administration fee	16,000	16,000	23,610	7,610
Gifts and donations	25,000	27,400	20,890	(6,510)
DARE program donations	1,000	1,000	3,350	2,350
Community Development Block Grant Rehab Loan repayments	-	-	6,926	6,926
Miscellaneous	65,000	65,000	68,595	3,595
Albany Economic Improvement District principal	44,000	44,000	31,685	(12,315)
Albany Economic Improvement District interest	900	900	314	(586)
Interest on investments	250,000	250,000	282,898	32,898
Total revenues	<u>21,820,500</u>	<u>21,862,100</u>	<u>22,780,414</u>	<u>918,314</u>
Other financing sources				
Capital lease proceeds	-	-	74,362	74,362
Transfer from Public Safety Levy	927,000	927,000	927,000	-
Transfer from Public Safety Levy-Police	912,100	912,100	882,220	(29,880)

Continued on page 23

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, 2008

	Original Budget	Final Budget	Actual	Over (Under)
Other financing sources, continued				
Transfer from Public Safety Levy-Fire	995,800	995,800	875,183	(120,617)
Total other financing sources	2,834,900	2,834,900	2,758,765	(76,135)
Fund balance				
Designated beginning balance for Housing	470,000	470,000	482,598	12,598
Undesignated beginning balance	3,830,000	3,830,000	4,199,345	369,345
Amount available for appropriation	\$28,955,400	\$28,997,000	30,221,122	\$ 1,224,122
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Nondepartmental:				
Materials and services	\$ 341,300	\$ 352,700	314,652	\$ 38,048
General operating contingency	2,943,800	2,643,700	-	2,643,700
Municipal Court	702,100	702,100	646,064	56,036
Code Enforcement	32,000	32,000	17,710	14,290
Fire Suppression	7,144,900	7,431,900	7,309,775	122,125
Public Safety Levy - Fire	995,800	995,800	875,251	120,549
Fire and Life Safety	570,200	571,200	491,522	79,678
Police	10,476,600	10,515,800	10,322,157	193,643
Public Safety Levy - Police	912,100	912,100	882,274	29,826
Planning	1,128,200	1,128,200	959,420	168,780
Housing	428,000	428,000	182,226	245,774
Library	2,138,200	2,138,200	2,124,671	13,529
Total expenditures	27,813,200	27,851,700	24,125,722	3,725,978
Other financing uses				
Transfers to other funds	1,142,200	1,145,300	1,124,262	21,038
Total expenditures and other financing uses	\$28,955,400	\$28,997,000	25,249,984	\$ 3,747,016
Fund balance, ending			\$ 4,971,138	

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

	Expenditures
Total expenditures from above	\$24,125,722
Budgetary expenditures reclassified as transfers out for the fund statements	(482,901)
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (page 20)	\$23,642,821

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, 2008

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Property Taxes - Current	\$ 3,350,000	\$ 3,350,000	\$ 3,391,726	\$ 41,726
Property Taxes - Delinquent	100,000	100,000	106,449	6,449
Financed park system development charges				
Principal	-	-	53,349	53,349
Interest	-	-	2,702	2,702
Park system development charges	1,000,000	1,000,000	328,200	(671,800)
Street tree development fees	-	30,000	10,500	(19,500)
Land and Water Conservation Fund	9,000	9,000	9,000	-
EAIP Workers' Compensation wage subsidy reimbursement	-	-	428	428
Children/Youth/Family recreation fees	40,000	40,000	54,878	14,878
Children/Youth/Family sponsorships	6,000	6,000	3,330	(2,670)
Marketing fees	16,000	16,000	18,032	2,032
Adult recreation fees	33,000	33,000	29,370	(3,630)
Swimming pool	90,800	90,800	81,257	(9,543)
Senior Center rental fees	40,000	40,000	29,874	(10,126)
Maple Lawn Preschool fees	61,000	61,000	58,035	(2,965)
Sports program fees	113,000	113,000	92,805	(20,195)
Waverly boat rentals	-	-	5,628	5,628
Park permits	17,000	17,000	18,027	1,027
Fitness program fees	42,000	42,000	35,057	(6,943)
Preschool materials and services fees	3,500	3,500	2,550	(950)
Senior program fees	26,000	26,000	12,751	(13,249)
Extreme sports entry fees	800	800	100	(700)
Event souvenir sales	8,000	8,000	8,631	631
Event Food Faire	24,500	24,500	26,015	1,515
Preschool fundraising proceeds	5,200	5,200	3,265	(1,935)
Northwest Art and Air Festival fees	9,300	9,300	9,421	121
Hot air balloon rides	9,000	9,000	19,377	10,377
Senior newsletter	4,000	4,000	1,889	(2,111)
Gift shop	6,500	6,500	4,759	(1,741)
Trip	46,500	46,500	43,239	(3,261)
Merchandise sales - aquatics	5,000	5,000	4,079	(921)
Cool! Pool facility rental fees	7,700	7,700	13,882	6,182
Concession sales - aquatics	12,000	12,000	14,052	2,052
Concession sales - sports	5,000	5,000	1,204	(3,796)
Public arts	400	400	430	30
Concession sales - fitness	500	500	205	(295)
Swanson room rental fees	800	800	2,008	1,208
Track Club	11,000	11,000	4,941	(6,059)
Facility enhancement fee	5,000	5,000	4,641	(359)
ACP swimming pool	134,000	134,000	124,674	(9,326)
ACP facility rental fees	7,800	7,800	18,091	10,291
Trolley rental charges	-	-	2,500	2,500

Continued on pages 25 and 26

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 (continued)
for the year ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under)
Revenues, continued				
Gifts and donations	247,900	247,900	58,256	(189,644)
Monday night concert series	10,000	10,000	18,179	8,179
Pass-the-hat donations	12,600	12,600	17,181	4,581
Park fixture donations	-	-	355	355
Senior Center sponsorships	8,000	8,000	1,800	(6,200)
Children's Performing Arts Series sponsorships	15,000	15,000	10,650	(4,350)
River Rhythms sponsorships	90,500	90,500	85,102	(5,398)
NWAAF sponsorships	75,000	75,000	45,860	(29,140)
Miscellaneous	4,300	4,300	15,287	10,987
Brochure advertising	3,500	3,500	4,245	745
General fundraising	500	500	536	36
Land sales	-	75,000	75,000	-
Interest on investments	135,100	135,100	192,874	57,774
Total revenues	<u>5,852,700</u>	<u>5,957,700</u>	<u>5,176,676</u>	<u>(781,024)</u>
Other financing sources				
Transfer from General	160,800	160,800	160,800	-
Transfer from Street	150,000	150,000	150,000	-
Transfer from Public Works Services	-	17,500	17,500	-
Total other financing sources	<u>310,800</u>	<u>328,300</u>	<u>328,300</u>	<u>-</u>
Fund balance, beginning	<u>2,069,800</u>	<u>2,069,800</u>	<u>3,907,092</u>	<u>1,837,292</u>
Amount available for appropriation	<u>\$ 8,233,300</u>	<u>\$ 8,355,800</u>	<u>9,412,068</u>	<u>\$ 1,056,268</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Sports Programs	\$ 203,500	\$ 203,500	201,021	\$ 2,479
Children/Youth/Family Recreation Services	219,400	219,400	196,470	22,930
Resource Development/Marketing Services	238,200	238,200	217,136	21,064
Adult Recreation and Fitness Services	192,800	192,800	187,120	5,680
Park Maintenance Services	1,494,500	1,463,100	1,263,421	199,679
Parks and Recreation Administration	1,369,000	1,445,000	1,302,233	142,767
Senior Services	420,500	440,900	439,376	1,524
Aquatic Services	669,800	669,800	598,251	71,549
Northwest Art and Air Festival	149,000	149,000	139,688	9,312
Performance Series	183,200	183,200	164,645	18,555
Urban Forestry	250,800	308,300	291,643	16,657
Park System Development Charge Projects	2,827,100	2,827,100	683,370	2,143,730
Senior Center Foundation	15,500	15,500	8,244	7,256
Total expenditures	<u>\$ 8,233,300</u>	<u>\$ 8,355,800</u>	<u>5,692,618</u>	<u>\$ 2,663,182</u>
Fund balance, ending			<u>\$ 3,719,450</u>	

Continued on page 26

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 (continued)
 for the year ended June 30, 2008

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

	Expenditures
Total expenditures from above	\$ 5,692,618
Budgetary expenditures reclassified as transfers out for the fund statements	(421,956)
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (page 20)	\$ 5,270,662

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, 2008

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Sewer in-lieu-of franchise fee	\$ 492,500	\$ 492,500	\$ 488,985	\$ (3,515)
Water in-lieu-of franchise fee	410,400	410,400	389,908	(20,492)
Financed transportation system development charges				
Principal	5,000	5,000	70,917	65,917
Interest	3,000	3,000	6,344	3,344
Financed improvement assurance fees				
Principal	7,500	7,500	25,516	18,016
Interest	2,500	2,500	6,206	3,706
Street connection fees	30,000	30,000	93,238	63,238
Transportation system development charges	505,000	505,000	816,059	311,059
Public facility construction permit	95,000	95,000	77,888	(17,112)
Federal Highway Administration	-	-	110,274	110,274
State of Oregon	32,000	32,000	-	(32,000)
State gasoline tax	2,253,100	2,253,100	2,056,994	(196,106)
Surface transportation program	646,500	646,500	-	(646,500)
Miscellaneous	5,000	5,000	5,851	851
Interest on investments	305,000	305,000	450,138	145,138
Total revenues	<u>4,792,500</u>	<u>4,792,500</u>	<u>4,598,318</u>	<u>(194,182)</u>
Other financing sources				
Transfer from General - street lights	260,000	260,000	260,000	-
Fund balance, beginning	<u>10,309,700</u>	<u>10,309,700</u>	<u>9,472,507</u>	<u>(837,193)</u>
Amount available for appropriation	<u>\$15,362,200</u>	<u>\$15,362,200</u>	<u>14,330,825</u>	<u>\$ (1,031,375)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 683,700	\$ 718,700	654,954	\$ 63,746
Materials and services	3,340,300	3,340,300	3,227,076	113,224
Capital	8,938,200	8,923,200	897,806	8,025,394
Transfers	2,150,000	2,165,000	498,128	1,666,872
Contingencies	250,000	215,000	-	215,000
Total expenditures	<u>\$15,362,200</u>	<u>\$15,362,200</u>	<u>5,277,964</u>	<u>\$10,084,236</u>
Fund balance, ending			<u>\$ 9,052,861</u>	

Continued on page 28

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, 2008

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

	<u>Expenditures</u>
Total expenditures from above	\$ 5,277,964
Budgetary expenditures reclassified as transfers out for the fund statements	<u>(515,536)</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (page 20)	<u>\$ 4,762,428</u>

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, 2008

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
ASSETS				
Current assets:				
Cash and investments	\$ 9,759,287	\$ 7,155,399	\$ 16,914,686	\$1,205,082
Receivables:				
Property taxes	51,647	-	51,647	-
Accounts	2,601,774	1,233,145	3,834,919	1,498
Accrued interest	66,733	54,513	121,246	3,913
Inventories	721,745	117,043	838,788	-
Total current assets	<u>13,201,186</u>	<u>8,560,100</u>	<u>21,761,286</u>	<u>1,210,493</u>
Noncurrent assets:				
Other	200	2,536	2,736	33,573
Cash and investments restricted for debt service	185,915	458,940	644,855	-
Cash and investments restricted for capital projects	7,480,657	6,638,830	14,119,487	-
Assessments receivable	-	172,558	172,558	-
Loan receivable	-	4,839,734	4,839,734	-
Capital assets (net of depreciation)	82,974,680	109,881,821	192,856,501	209,169
Unamortized debt issuance costs and deferred charges, net	272,772	40,335	313,107	-
Total noncurrent assets	<u>90,914,224</u>	<u>122,034,754</u>	<u>212,948,978</u>	<u>242,742</u>
Total assets	<u>104,115,410</u>	<u>130,594,854</u>	<u>234,710,264</u>	<u>1,453,235</u>
LIABILITIES				
Current liabilities:				
Accounts payable	914,289	1,591,461	2,505,750	401,449
Compensated absences	97,200	75,578	172,778	675,522
Claims and judgments	8,457	11,827	20,284	4,632
Other postemployment benefits	25,400	24,271	49,671	110,742
Interest payable	702,069	1,627,687	2,329,756	-
Refundable deposits	147,846	-	147,846	-
Loan payable, current portion	-	161,080	161,080	-
Bonds payable, current portion	2,169,316	495,000	2,664,316	-
Total current liabilities	<u>4,064,577</u>	<u>3,986,904</u>	<u>8,051,481</u>	<u>1,192,345</u>
Long-term debt				
Loan payable - long-term portion	-	47,761,987	47,761,987	-
Bonds payable - long-term portion	35,250,268	505,000	35,755,268	-
Total long-term debt	<u>35,250,268</u>	<u>48,266,987</u>	<u>83,517,255</u>	<u>-</u>
Total liabilities	<u>39,314,845</u>	<u>52,253,891</u>	<u>91,568,736</u>	<u>1,192,345</u>
NET ASSETS				
Invested in capital assets, net of related debt	45,555,096	60,958,754	106,513,850	209,169
Restricted for capital construction	2,589,059	4,432,694	7,021,753	-
Restricted for debt service	238,803	1,234,305	1,473,108	-
Unrestricted	16,417,607	11,715,210	28,132,817	51,721
Total net assets	<u>\$ 64,800,565</u>	<u>\$ 78,340,963</u>	<u>143,141,528</u>	<u>\$ 260,890</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			10,073	
Net assets of business-type activities (page 15)			<u>\$ 143,151,601</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, 2008

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
OPERATING REVENUES:				
Service charges and fees	\$ 12,073,266	\$ 9,989,145	\$ 22,062,411	\$ 12,497,808
Miscellaneous	54,391	853,358	907,749	69,328
Total operating revenues	<u>12,127,657</u>	<u>10,842,503</u>	<u>22,970,160</u>	<u>12,567,136</u>
OPERATING EXPENSES:				
Salaries and wages	1,810,157	1,553,137	3,363,294	8,115,313
Contracted services	1,174,025	924,315	2,098,340	696,690
Operating supplies	740,114	371,444	1,111,558	1,337,190
Utilities	381,446	405,268	786,714	215,275
Depreciation and amortization	2,124,833	2,186,620	4,311,453	22,817
Repairs and maintenance	434,356	467,274	901,630	286,041
Charges for services	3,194,120	3,484,618	6,678,738	1,500,062
Miscellaneous	37,661	21,872	59,533	1,428
Total operating expenses	<u>9,896,712</u>	<u>9,414,548</u>	<u>19,311,260</u>	<u>12,174,816</u>
Operating income	<u>2,230,945</u>	<u>1,427,955</u>	<u>3,658,900</u>	<u>392,320</u>
NONOPERATING REVENUES (EXPENSES):				
Property taxes	824,530	-	824,530	-
Interest on investments	819,778	603,706	1,423,484	26,451
Gain on disposal of real property	319,069	-	319,069	-
Interest	(1,749,276)	(49,697)	(1,798,973)	-
Total nonoperating revenues (expenses)	<u>214,101</u>	<u>554,009</u>	<u>768,110</u>	<u>26,451</u>
Income before capital contributions and transfers	2,445,046	1,981,964	4,427,010	418,771
Capital contributions	1,168,238	2,046,416	3,214,654	-
Transfers out	(67,098)	(72,309)	(139,407)	(235,085)
Change in net assets	<u>3,546,186</u>	<u>3,956,071</u>	<u>7,502,257</u>	<u>183,686</u>
Net assets - beginning	61,254,379	74,384,892		77,204
Net assets - ending	<u>\$ 64,800,565</u>	<u>\$ 78,340,963</u>		<u>\$ 260,890</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.			<u>159,355</u>	
Change in net assets of business-type activities (pages 16-17)			<u>\$ 7,661,612</u>	

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, 2008

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 10,886,954	\$ 10,383,080	\$ 21,270,034	\$ 12,496,310
Cash payments to suppliers of goods and services	(5,993,668)	(8,004,058)	(13,997,726)	(4,071,820)
Cash payments to employees for services	(1,726,140)	(1,520,921)	(3,247,061)	(7,741,619)
Other operating revenues	54,391	853,358	907,749	69,328
Net cash provided by operating activities	<u>3,221,537</u>	<u>1,711,459</u>	<u>4,932,996</u>	<u>752,199</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property Taxes	821,959	-	821,959	-
Transfers out	(67,098)	(72,309)	(139,407)	(235,085)
Net cash provided by (used in) noncapital financing activities	<u>754,861</u>	<u>(72,309)</u>	<u>682,552</u>	<u>(235,085)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(4,796,032)	(17,928,933)	(22,724,965)	(22,234)
Interest capitalized	-	1,322,486	1,322,486	-
Proceeds from sale of real property	1,081,024	-	1,081,024	-
Receipt of assessments and fees	107,311	388,953	496,264	-
Principal paid on loan	-	(161,080)	(161,080)	-
Principal paid on bonds	(2,040,000)	(475,000)	(2,515,000)	-
Principal paid on certificates of participation	(60,875)	-	(60,875)	-
Interest paid on long-term debt	(1,782,577)	(56,956)	(1,839,533)	-
System development charges collected	551,943	1,034,434	1,586,377	-
SRF loan proceeds	-	16,251,015	16,251,015	-
Loss on disposal of capital assets	1,952	11,684	13,636	-
Net cash provided by (used in) capital and related financing	<u>(6,937,254)</u>	<u>386,603</u>	<u>(6,550,651)</u>	<u>(22,234)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	904,172	630,126	1,534,298	26,175
Net increase (decrease) in cash and investments	(2,056,684)	2,655,879	599,195	521,055
Cash and investments, July 1, 2007	19,482,543	11,597,290	31,079,833	684,027
Cash and investments, June 30, 2008	<u>\$ 17,425,859</u>	<u>\$ 14,253,169</u>	<u>\$ 31,679,028</u>	<u>\$ 1,205,082</u>

Continued on page 32

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, 2008

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
RECONCILIATION OF OPERATING INCOME TO				
NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (page 30)	\$ 2,230,945	\$ 1,427,955	\$ 3,658,900	\$ 392,320
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	2,124,833	2,186,620	4,311,453	\$ 22,817
Changes in assets and liabilities:				
Receivables	(1,184,790)	393,935	(790,855)	(1,498)
Inventories	71,652	36,760	108,412	-
Other assets	286	11,234	11,520	(18,954)
Accounts payable	(103,886)	(2,374,037)	(2,477,923)	(16,180)
Compensated absences	58,617	7,945	66,562	261,659
Claims and judgments	-	(3,224)	(3,224)	1,293
Other postemployment benefits	25,400	24,271	49,671	110,742
Refundable deposits	(1,520)	-	(1,520)	-
Total adjustments	990,592	283,504	1,274,096	359,879
Net cash provided by operating activities	<u>\$ 3,221,537</u>	<u>\$ 1,711,459</u>	<u>\$ 4,932,996</u>	<u>\$ 752,199</u>

STATEMENT OF NET ASSETS RECONCILIATION

Cash and investments from above	\$ 17,425,859	\$ 14,253,169	\$ 31,679,028	\$ 1,205,082
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 29)	<u>\$ 9,759,287</u>	<u>\$ 7,155,399</u>	<u>\$ 16,914,686</u>	<u>\$ 1,205,082</u>

NONCASH CAPITAL ACTIVITIES:

Amortization of bond issuance costs	\$ 20,556	\$ 6,674	\$ 27,230
Contribution of capital assets to government	<u>\$ 1,168,238</u>	<u>\$ 2,046,416</u>	<u>\$ 3,214,654</u>

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

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, 2008, comply with the requirements of GASB No. 34.

In July 2004, the GASB approved Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 45 establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expense/expenditures and related liabilities, note disclosures, and if applicable, required supplementary information in the financial reports of state and local employers. The City has chosen early adoption of GASB 45. The City's financial statements for the fiscal year ended June 30, 2008, comply with the requirements of GASB No. 45. Further information is included in Note 4, Other Information, Other Post-employment Benefits.

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 Albany Revitalization Agency (ARA) serves the citizens of the City of Albany and is governed by a board comprised of the City's elected officials. ARA 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.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

for the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basic Financial Statements, continued

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*.

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.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

for the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

The City reports the following major governmental funds:

General

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

Parks and Recreation

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

Street

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

Capital Project

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

The City reports the following major proprietary funds:

Water

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

Sewer

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

Additionally, the City reports the following fund types:

Special Revenue

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

Debt Service

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

Permanent

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

for the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Internal Service

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

As a general rule, the 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 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.

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.

Inventories

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

for the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

for the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets, 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.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

for the year ended June 30, 2008

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.

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

An election must be held to approve general obligation debt pledging the full faith and credit of the City. 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 2007-08 was \$2,811,152,883. 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 (except Nondepartmental)	Debt Service
Special Revenue	Debt Service
Parks and Recreation	Capital Project
Grants	Capital Projects
Building Inspection	Permanent
Economic Development	Library Trust
Public Transit	Internal Service
Capital Replacement	Central Services
Albany Revitalization Agency (ARA)	Public Works Services

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

Budgetary Information, continued

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

General	Permanent
Nondepartmental	Senior Center Endowment
Special Revenue	Enterprise
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.

During the fiscal year ended June 30, 2008, the City made supplemental budget changes amounting to \$83,400 in order to increase appropriations for unanticipated grant awards. Other supplemental budget changes resulted in a net increase of \$1,670,700 of authorized expenditures which represents a less than one percent change from the adopted budget. Funds in which the budget increased by more than \$100,000 were Parks & Recreation (\$122,500), Economic Development (\$215,000), Public Transit (\$247,000), Capital Projects (\$498,000), Sewer (\$154,900), and Water (\$327,000). 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. For Fiscal Year 2007-08, there were no instances where expenditures exceeded appropriations.

No new funds were established in Fiscal Year 2007-08.

Excess of Expenditures Over Appropriations

There was one instance where expenditures exceeded appropriations. In the Sewer Fund, the appropriation for materials and services (\$5,572,020) was overspent by \$57,553.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

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 15).

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

Cash on hand	\$ 30,885
Cash held by the Department of Finance - Linn County	263,761
Bank balances with financial institutions	(1,975,805)
State of Oregon Treasurer's short-term investment pool	34,751,056
Other investments	36,800,752
Interest accrued on investments at time of purchase	47,196
Total cash and investments	<u>\$ 69,917,845</u>

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

Cash and investments	\$ 43,693,792
Restricted cash and investments	26,224,053
Total cash and investments	<u>\$ 69,917,845</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 (\$1,975,805) and the bank balance was \$665,216. 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, 2007 and 2008. The City's investments are summarized by type in the table on the following page.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

3. DETAILED NOTES, continued

INVESTMENTS, continued

As of June 30, 2008, the City had the following investments:

Investment Type	Amortized Cost	Fair Value	Weighted Average Maturity (yrs)	Percent of Total Portfolio
U.S. Government agency obligations:				
FFCB-Federal Farm Credit Bank	\$ 8,423,100	\$ 8,414,875	1.738	12%
FHLB-Federal Home Loan Bank	8,748,991	8,761,404	1.245	12%
FHLM-Federal Home Loan Mortgage Corporation	6,047,132	6,105,960	1.186	9%
FNMA-Federal National Mortgage Association	2,956,219	2,976,570	1.840	4%
Oregon Short-term Fund	34,751,056	34,681,554	0.003	48%
Corporate indebtedness	7,253,482	7,253,939	0.072	10%
Municipal bonds - Oregon	1,963,276	1,989,397	1.060	3%
Municipal bonds - Idaho, California, and Washington	1,410,636	1,417,573	0.341	2%
Accrued trust fees	(2,084)	(2,084)		
Totals	<u>\$71,551,808</u>	<u>\$71,599,188</u>		<u>100%</u>
Portfolio weighted average maturity			<u>0.577</u>	

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, 2008, 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, 2008, 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 in the table on the following page.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

3. DETAILED NOTES, continued

INVESTMENTS, continued

Credit and concentration of credit risks (continued)

<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	Aa	35%	9 months
Corporate indebtedness, Oregon issuers	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.

RESTRICTED NET ASSETS

Certain assets are classified on the Statement of Net Assets as restricted assets because their use is limited by applicable bond indentures or other legal provisions. Total restricted net assets of \$26,369,117 include \$141,064 restricted for permanent endowments and \$26,228,053 restricted by enabling legislation.

Governmental activities	\$17,874,256
Business-type activities	8,494,861
Total	\$26,369,117

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

3. DETAILED NOTES, continued

CAPITAL ASSETS

Governmental Activities

Capital activity for the year ended June 30, 2008, was as follows:

	July 1, 2007 Balance	Additions	Deletions, Transfers in, Transfers out	June 30, 2008 Balance
Non-depreciable capital assets				
Land	\$ 6,205,353	\$ 475,029	\$ (9,500)	\$ 6,670,882
Construction in progress	2,070,909	3,033,499	(240,269)	4,864,139
Total non-depreciable capital assets	<u>8,276,262</u>	<u>3,508,528</u>	<u>(249,769)</u>	<u>11,535,021</u>
Depreciable capital assets				
Buildings and improvements	15,568,503	777,171	-	16,345,674
Vehicles and equipment	9,726,459	1,764,543	(1,115,985)	10,375,017
Infrastructure	98,656,340	1,242,457	240,269	100,139,066
Total depreciable capital assets	<u>123,951,302</u>	<u>3,784,171</u>	<u>(875,716)</u>	<u>126,859,757</u>
Accumulated depreciation				
Buildings and improvements	(3,886,562)	(304,165)	-	(4,190,727)
Vehicles and equipment	(6,217,002)	(662,462)	955,200	(5,924,264)
Infrastructure	(31,807,048)	(3,655,232)	-	(35,462,280)
Total accumulated depreciation	<u>(41,910,612)</u>	<u>(4,621,859)</u>	<u>955,200</u>	<u>(45,577,271)</u>
Depreciable capital assets net of depreciation	<u>82,040,690</u>	<u>(837,688)</u>	<u>79,484</u>	<u>81,282,486</u>
Governmental activities, capital assets, net	<u>\$ 90,316,952</u>	<u>\$ 2,670,840</u>	<u>\$ (170,285)</u>	<u>\$ 92,817,507</u>

Depreciation expense for governmental activities has been charged as follows:

General government	\$ 458,905
Public safety	527,221
Highways and streets	3,027,055
Culture and recreation	608,678
Total depreciation for governmental activities	<u>\$ 4,621,859</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

3. DETAILED NOTES, continued

CAPITAL ASSETS, continued

Business-type Activities

Capital activity for the year ended June 30, 2008, was as follows:

	July 1, 2007 Balance	Additions	Deletions, Transfers in, Transfers out	June 30, 2008 Balance
Non-depreciable capital assets				
Land	\$ 2,232,474	\$ 27,602	\$ (761,955)	\$ 1,498,121
Construction in progress	48,950,124	21,034,374	(3,868,961)	66,115,537
Total non-depreciable capital assets	<u>51,182,598</u>	<u>21,061,976</u>	<u>(4,630,916)</u>	<u>67,613,658</u>
Depreciable capital assets				
Land rights	19,794	-	-	19,794
Land improvements	25,178	-	-	25,178
Buildings and improvements	55,671,413	155,160	307,562	56,134,135
Vehicles and equipment	6,842,964	104,601	(146,807)	6,800,758
Infrastructure	108,027,775	2,743,812	3,561,399	114,332,986
Total depreciable capital assets	<u>170,587,124</u>	<u>3,003,573</u>	<u>3,722,154</u>	<u>177,312,851</u>
Accumulated depreciation				
Land rights	(14,846)	(661)	-	(15,507)
Land improvements	(19,540)	(434)	-	(19,974)
Buildings and improvements	(12,221,496)	(1,591,735)	-	(13,813,231)
Vehicles and equipment	(4,912,169)	(314,375)	133,171	(5,093,373)
Infrastructure	(30,597,045)	(2,363,149)	-	(32,960,194)
Total accumulated depreciation	<u>(47,765,096)</u>	<u>(4,270,354)</u>	<u>133,171</u>	<u>(51,902,279)</u>
Depreciable capital assets net of depreciation	<u>122,822,028</u>	<u>(1,266,781)</u>	<u>3,855,325</u>	<u>125,410,572</u>
Business-type activities, capital assets, net	<u>\$174,004,626</u>	<u>\$19,795,195</u>	<u>\$ (775,591)</u>	<u>\$193,024,230</u>

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

Water Fund	\$ 2,100,888
Sewer Fund	2,169,466
Total depreciation for business-type activities	<u>\$ 4,270,354</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	\$193,024,230
Internal service fund capital assets reported as business-type activities:	
Public Works Services Fund	(167,729)
Capital assets (net), Statement of Net Assets of Proprietary Funds (page 29).	<u>\$192,856,501</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

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, 2008, amounted to \$51,076, which represented approximately 10.9 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 nine 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, 2008, there were six loans outstanding with a total balance of \$51,983.

Community Development Loans

In July, 2007, the City Council authorized a loan, not to exceed \$50,000, to the Albany Helping Hands Homeless Shelter to construct a second dormitory. The loan is interest free until July 31, 2008 at which time it is due. Interest will accrue at the rate of nine percent per annum after that date. The loan is secured by a trust deed.

Economic Development Loans

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 January 9, 2009 at six percent interest rate. If 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 seven 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. The full amount of the loan had been disbursed prior to June 30, 2007.

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. The full amount of the loan had been disbursed prior to June 30, 2007.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

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, 2008, the Swoboda's have drawn the full amount of the approved loan.

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, 2008, the full amount of the approved loan had been disbursed.

In October, 2007, CARA approved a ten year loan of \$250,000 3rd Avenue Townhomes, LCC, Timothy D. Smith, principal, to fully rehabilitate the structure at 222 3rd Street SE and construct a new building at 228 3rd Street SE. The loan, with an annual interest rate of 6.9 percent is secured by a trust deed. The first payment is due on October 12, 2012, in the amount of \$84,891, principal and interest, with four similar payments due annually after that. As of June 30, 2008, \$226,658 of the approved loan amount had been disbursed.

In February, 2008, CARA approved a ten year loan of \$148,000 to Flinn Block, LLC, Marc and Anni Manley, personally, to make improvements to the structure known as the Flinn and Ames Building. The loan, with an annual interest rate of 6.9 percent, is secured by a trust deed. The first payment is due on February 12, 2014, in the amount of \$50,255, principal and interest, with four similar payments due annually after that. As of June 30, 2008, \$56 of the approved loan amount had been disbursed.

Wastewater Treatment Plant Loan - City of Millsburg

In August, 2007, the cities of Albany and Millersburg approved an intergovernmental agreement for expansion and improvement of Albany's Davidson Street wastewater treatment plant. Costs of the project will be shared 90 percent for Albany and ten percent for Millersburg. The initial cost estimate is \$70 million. Millersburg made a scheduled down payment of \$1,000,000 in November 2007. There are additional \$1,000,000 payments due on October 15, 2009 and April 15, 2010. The remaining balance due to Albany will be paid back over a 19-year period at the same interest rate charged for the Albany loan from the Clean Water State Revolving Fund. As of June 30, 2008, Millersburg's loan balance was \$4,839,734. This amount represents ten percent of construction cost less the \$1,000,000 down payment.

	June 30, 2007			June 30, 2008
	Balance	Increase	Decrease	Balance
Governmental Funds				
General	\$ 58,909	\$ 97,695	\$ (6,926)	\$ 149,678
Economic Development	229,384	-	(21,152)	208,232
Albany Revitalization Agency	401,433	299,281	-	700,714
Total Governmental Funds	689,726	396,976	(28,078)	1,058,624
Enterprise Fund - Sewer	-	5,839,734	(1,000,000)	4,839,734
	<u>\$ 689,726</u>	<u>\$ 6,236,710</u>	<u>\$ (1,028,078)</u>	<u>\$ 5,898,358</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

3. DETAILED NOTES, continued

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	\$ 784,990	\$ -
Parks and Recreation	194,734	-
Other governmental	253,472	-
Accounts receivable	585,933	-
Assessments receivable	295,657	-
Community development loans	149,678	-
Economic development loans	908,946	-
Grants received but unspent	-	97,921
Total deferred revenue	\$ 3,173,410	\$ 97,921

CONSTRUCTION COMMITMENTS

The City has active construction projects as of June 30, 2008. Water and sewer capital projects include the wastewater treatment plant expansion project; 34th Avenue, Oak Creek, and North Albany lift stations; hydroelectric plant refurbishment; Calapooia interceptor; Madison Street and 12th Avenue waterline; water system seismic improvements; and the Santiam-Albany canal. The Waverly Drive rehabilitation project is the primary Street Fund outstanding commitment.

<u>Project</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
Water/Sewer Fund Capital Projects:		
Hydroelectric plant refurbishment	\$ 1,429,352	\$ 195,625
Calapooia interceptor	44,359	89,641
Wastewater treatment plant expansion	51,480,796	10,889,865
34th Avenue and Oak Creek sanitary sewer lift stations	335,214	1,833,308
Madison Street and 12th Avenue waterline	145,268	482,207
North Albany pump station	464,859	154,141
Water system seismic improvements	74,731	244,449
Santiam-Albany canal	47,641	71,759
Waverly Drive rehabilitation	272,116	785,854
Totals	\$ 54,294,336	\$ 14,746,849

The wastewater treatment plant expansion project is being funded by a Clean Water State Revolving Fund loan. Repayment of the loan will be made from Albany sewer systems development charges, charges to the users of the sewer system, and by the city of Millersburg. The remaining Water and Sewer capital projects are financed from capital project resources of the Water and Sewer Funds. Capital project resources of the Street Fund are financing the Waverly Drive rehabilitation project.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

3. DETAILED NOTES, continued

CAPITAL LEASES

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

The assets acquired by a capital lease are as follows:

	Governmental Activities
Machinery and equipment	\$ 453,629

The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

	Governmental Activities
Years ending June 30,	
2009	\$ 143,300
2010	121,789
2011	106,726
2012	90,923
2013	40,923
Total minimum lease payments	503,661
Less: amount representing interest	(50,032)
Present value of minimum lease payments	\$ 453,629

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

3. DETAILED NOTES, continued

LONG-TERM DEBT

Long-term debt information is presented separately for governmental and business-type activities. The table below presents current year changes and the current portions due for each issue.

	Beginning Balance	Increase	Decrease	Ending Balance	Due in 2008/09
Governmental Activities					
Long-term debt payable:					
General obligation bonds					
Series 1999 Street Rehabilitation	\$ 900,000	\$ -	\$ 440,000	\$ 460,000	\$ 460,000
Series 2007 Refunding	8,335,000	-	275,000	8,060,000	385,000
Special assessment debt with governmental commitment					
Series 2002	467,043	-	62,377	404,666	65,567
Revenue bonds					
Series 1995 Hotel/Motel Tax	830,000	-	200,000	630,000	210,000
Limited tax pension obligations					
Series 2002	6,683,781	-	65,043	6,618,738	73,231
General revenue obligations					
Series 2004	3,265,000	-	305,000	2,960,000	315,000
Urban Renewal Bonds					
2007 CARA Series A Tax-exempt	-	2,822,000	-	2,822,000	-
2007 CARA Series B Taxable	-	1,865,000	140,000	1,725,000	219,000
Notes payable					
OEDD-Target Infrastructure	259,461	-	23,925	235,536	24,155
CARA Revenue Note	1,389,213	-	1,389,213	-	-
Total long-term debt payable	22,129,498	4,687,000	2,900,558	23,915,940	1,751,953
Compensated absences	2,177,175	1,243,125	1,044,743	2,375,557	1,187,779
Claims and judgments	26,859	23,083	18,956	30,986	23,033
Capital leases	190,248	439,360	175,979	453,629	143,300
Total Governmental Activities	24,523,780	6,392,568	4,140,236	26,776,112	3,106,065
Business-type Activities					
General obligation bonds					
1998 Water Refunding	2,390,000	-	760,000	1,630,000	795,000
Water revenue bonds					
2003 Water Revenue/Refunding	36,790,000	-	1,280,000	35,510,000	1,310,000
Sewer revenue bonds					
2004 Sewer Current Refunding	1,475,000	-	475,000	1,000,000	495,000
Certificates of participation					
Joint Water Project	340,458	-	60,875	279,583	64,316
Notes payable					
Oregon DEQ, North Albany	805,401	-	161,080	644,321	161,080
Oregon DEQ, New WWTP	29,258,343	18,020,404	-	47,278,747	-
Total long-term debt payable	71,059,202	18,020,404	2,736,955	86,342,651	2,825,396
Compensated absences	332,944	469,482	263,575	538,851	269,426
Claims and judgments	24,089	17,066	18,915	22,240	16,531
Total Business-type Activities	71,416,235	18,506,952	3,019,445	86,903,742	3,111,353
Totals	\$95,940,015	\$24,899,520	\$ 7,159,681	\$113,679,854	\$ 6,217,418

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued

One of the City's two internal service funds, Central Services, serves primarily governmental activities. At year end, long-term liabilities from the Central Service Fund, compensated absences (\$309,449) and claims and judgments (\$2,676), 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.

Governmental Activities

General Obligation Bonds

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

The City issued \$9,850,000 of 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. In March 2007, the bonds were partially refunded. Final payment will be March 1, 2009. The balance outstanding at June 30, 2008, is \$460,000.

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 four percent for the nine year bonds. Final maturity is June 1, 2015. The balance outstanding at June 30, 2008, is \$8,060,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2009	\$ 845,000	\$ 342,050	\$ 1,187,050
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	1,170,000	150,400	1,320,400
2014-2015	2,590,000	157,000	2,747,000
Totals	\$ 8,520,000	\$ 1,418,850	\$ 9,938,850

Special Assessment Bancroft Bonds with Governmental Commitment

The City has established several Local Improvement Districts (LID) 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 local improvement districts: Alandale, Hickory Street, Marion Street, Riverside Drive, Timber Street, 12th Avenue, and Lehigh/Riderwood. The interest rate is 5.5 percent for the ten year bonds. Final maturity is June 17, 2012. The balance outstanding at June 30, 2008, is \$404,666.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued

Governmental Activities, continued

Special Assessment Bancroft Bonds with Governmental Commitment, continued

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

Year Ending June 30	Principal	Interest	Total
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	\$ 404,666	\$ 57,659	\$ 462,325

Revenue Obligations

In August 1995, the City issued \$2,300,000 of 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, 2008, is \$630,000. Annual debt service requirements to maturity for governmental revenue obligations are as follows:

Year Ending June 30	Principal	Interest	Total
2009	\$ 210,000	\$ 30,188	\$ 240,188
2010	210,000	18,111	228,111
2011	210,000	6,039	216,039
Totals	\$ 630,000	\$ 54,338	\$ 684,338

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 two percent to 7.36 percent for the 26 year bonds. Final maturity is June 1, 2028. The balance outstanding at June 30, 2008, is \$6,618,738. Annual debt service requirements to maturity for the limited tax pension obligations are as follows:

Year Ending June 30	Principal	Interest	Total
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	97,868	483,189	581,057
2014-2018	534,827	2,795,462	3,330,289
2019-2023	1,860,861	2,276,744	4,137,605
2024-2028	3,790,000	763,348	4,553,348
Totals	\$ 6,618,738	\$ 8,067,791	\$ 14,686,529

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued

Governmental Activities, continued

General Revenue Obligations

The City issued \$3,720,000 of general revenue obligations in December 2004, secured by and payable from any unobligated, non-property tax revenues legally available to the City, to finance the construction of a public swimming pool and repayment and/or defeasance of the City's Certificates of Participation, Series 1994. Interest rates range from two percent to five percent for the 15 year bonds. Final maturity is January 1, 2020. The balance outstanding at June 30, 2008, is \$2,960,000. Annual debt service requirements to maturity for the general revenue obligations are as follows:

Year Ending June 30	Principal	Interest	Total
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	355,000	68,204	423,204
2014-2018	965,000	173,093	1,138,093
2019-2020	340,000	20,394	360,394
Totals	\$ 2,960,000	\$ 636,059	\$ 3,596,059

Albany Revitalization Agency Urban Renewal Bonds

In October 2007, the Albany Revitalization Agency, an urban renewal district, issued bonds totalling \$4,687,000 to finance authorized projects in the urban renewal area. Debt service requirements are payable from tax increment revenues. Interest rates range from 4.85 percent to 6.25 percent for the 15 year bonds. Final maturity is June 15, 2022. The balance outstanding at June 30, 2008, is \$4,547,000. Annual debt service requirements to maturity for urban renewal bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2009	\$ 219,000	\$ 244,679	\$ 463,679
2010	233,000	230,992	463,992
2011	247,000	216,430	463,430
2012	262,000	200,992	462,992
2013	279,000	184,617	463,617
2014-2018	1,659,000	658,900	2,317,900
2019-2022	1,648,000	204,572	1,852,572
Totals	\$ 4,547,000	\$ 1,941,182	\$ 6,488,182

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued

Governmental Activities, continued

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, 2008, is \$235,536 (Dayton-Hudson Corporation, \$208,232; City, \$27,304). Annual debt service requirements to maturity for governmental activities notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
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	30,164	7,619	37,783
2014-2016	102,341	12,096	114,437
Totals	\$ 235,536	\$ 66,358	\$ 301,894

Business-type Activities

General Obligation Bonds

In April 1998, the City issued \$7,865,000 of 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, 2008, is \$1,630,000. Annual debt service requirements to maturity for business-type activities general obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2009	\$ 795,000	\$ 55,065	\$ 850,065
2010	835,000	18,788	853,788
Totals	\$ 1,630,000	\$ 73,853	\$ 1,703,853

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued

Business-type Activities, continued

Revenue Bonds

In November 2003, the City issued \$40,485,000 of 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 personal property, and additions, replacements, expansions, or improvements to the City's water system and all necessary equipment and appurtenances. Debt service requirements are payable from water system revenues. Interest rates range from two 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, 2008, is \$35,510,000.

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 sewer 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, 2008, is \$1,000,000. Annual debt service requirements to maturity for business-type revenue bonds are as follows:

Year Ending June 30	Principal	Interest	Total
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	830,000	1,455,556	2,285,556
2014-2018	4,710,000	6,741,850	11,451,850
2019-2023	5,880,000	5,531,530	11,411,530
2024-2028	7,500,000	3,905,410	11,405,410
2029-2033	9,670,000	1,818,325	11,488,325
2034	2,250,000	56,250	2,306,250
Totals	\$36,510,000	\$25,713,324	\$62,223,324

Certificates of Participation

In March 2002, the City issued \$600,000 of certificates of participation to finance the cost of 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 ten year certificates. Final maturity is March 1, 2012. The balance outstanding at June 30, 2008, is \$279,583. Annual debt service requirements to maturity for business-type activities certificates of participation are as follows:

Year Ending June 30	Principal	Interest	Total
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	\$ 279,583	\$ 35,733	\$ 315,316

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

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 collector sewers for the North Albany Health Hazard Abatement project. Loan repayment requirements are payable from the net revenues of the City's sewer system and revenues from assessments to benefited property. The interest rate is three percent for the 20 year loan. Final maturity is February 1, 2012. The balance outstanding at June 30, 2008 is \$644,321. Annual debt service requirements to maturity for business-type loans payable are as follows:

Year Ending June 30	Principal	Interest	Total
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	\$ 644,321	\$ 48,324	\$ 692,645

The City was approved for two loans totaling \$67,961,876 from the Clean Water 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 \$35,183,559 at a rate of 2.90 percent and \$32,778,317 at 3.14 percent. Interest accrues at the time of the loan disbursement and will be payable when construction is completed in 2009. At that time a loan payment schedule will be prepared which will include a 0.5% loan fee affectively increasing the loan rates to 3.40 percent and 3.64 percent. As of June 30, 2008, the City had received loan proceeds totalling \$47,278,747 with accrued interest of \$1,608,591.

Capitalized Interest

During Fiscal Year 2007/08, interest costs to the enterprise funds were \$3,121,459, of which \$1,322,486 has been capitalized.

Note Payoff

On October 15, 2007, the Central Albany Revitalization Area paid off the balance of the tax-exempt revenue note. The normal note payment due on October, 15, 2007 of \$71,624 principal and \$67,377 interest was made from tax increment revenues. The balance of the note, \$1,317,588, was paid off from proceeds of the CARA urban renewal bond sale on the same day.

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 \$10,030,000 at June 30, 2008.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

3. DETAILED NOTES, continued

INTERFUND TRANSFERS

Transfers out	Transfers In					Total
	General	Parks and Recreation	Street	Capital Projects	Nonmajor Governmental	
Governmental activities						
General	\$ -	\$ 160,800	\$ 260,000	\$ -	\$ 1,186,363	\$ 1,607,163
Parks and Recreation	-	-	-	-	421,956	421,956
Street	-	150,000	-	348,128	17,408	515,536
Nonmajor governmental funds	2,684,403	-	-	-	390,923	3,075,326
Internal service funds related to governmental activities	-	-	-	-	92,263	92,263
Total governmental activities	2,684,403	310,800	260,000	348,128	2,108,913	5,712,244
Business-type activities						
Water Fund	-	-	-	-	67,098	67,098
Sewer Fund	-	-	-	-	72,309	72,309
Internal service funds related to business-type activities	-	17,500	-	-	125,322	142,822
Total business-type activities	-	17,500	-	-	264,729	282,229
Total transfers	\$ 2,684,403	\$ 328,300	\$ 260,000	\$ 348,128	\$ 2,373,642	\$ 5,994,473

Reconciliation of transfers out of governmental activities:

Total governmental activities transfers out from above	\$ 5,712,244
Less internal service funds related to governmental activities	92,263
Total transfers out per Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 5,619,981</u>

Governmental Activities

Transfers from the General Fund

Transfers out of the General Fund totalled \$1,607,163 for Fiscal Year 2007-08. Major activity included a transfer of \$120,800 to the Parks & Recreation Fund to support grants to outside agencies. There was a transfer of \$260,000 to the Street Fund to partially reimburse the cost of street lighting. The amount of \$310,000 was transferred to the Public Transit Fund to support operation of the City's transit systems. The General Fund share of the debt service requirement for the 2004 Revenue Obligations, \$239,874, was transferred to the Debt Service Fund. The amount of \$237,932 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$244,969 was made to the Risk Management Fund.

Transfers from the Parks and Recreation Fund

Parks and Recreation transfers out totalled \$421,956. Major activity included a transfer to the Debt Service Fund for the Parks & Recreation Fund share of the debt service requirement for the 2004 Revenue Obligations, \$181,777. A transfer of \$175,000 was made to the Grants Fund for Oak Street Park and Teloh Calapooia Park playground equipment.

Transfers from the Street Fund

A total of \$515,536 was transferred from the Street Fund including funding support in the amount of \$150,000 to the Parks and Recreation Fund and a transfer of \$348,128 to the Capital Projects Fund for the 53rd Avenue Bridge/Roadway project.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

3. DETAILED NOTES, continued

INTERFUND TRANSFERS, continued

Governmental Activities, continued

Transfers from Non-major Funds

Public Safety Levy Fund

The amount of \$927,000 was transferred to the General Fund to offset inflationary costs in the Fire Suppression and Police programs. Other transfers included \$168,000 to the Ambulance Fund to provide support for operational costs, \$882,220 to the General Fund to provide funding for the Public Safety Levy - Police program, and \$875,183 to the General Fund to provide funding for the Public Safety Levy - Fire program.

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
for the year ended June 30, 2008

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 Employees 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.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

4. OTHER INFORMATION, continued

PENSION PLAN (continued)

Funding Policy, continued

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", \$1,358,834 (six percent of covered payroll), in lieu of a six percent pay increase.

In addition, the City contributed \$2,871,601 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
2006	\$ 3,685,091	\$ 3,685,091	100%
2007	4,112,636	4,112,636	100%
2008	4,230,435	4,230,435	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, 2008, was as follows:

Prepaid pension contributions, beginning of year	\$ 6,578,285
Decrease in prepaid pension contributions	(313,252)
Prepaid pension contributions, end of year	\$ 6,265,033

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

4. OTHER INFORMATION, continued

PENSION PLAN (continued)

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 two percent per year.

OTHER POST-EMPLOYMENT BENEFITS

For the year ended June 30, 2008, the City has implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* (GASB 45). This pronouncement requires the City to report a *net other post-employment benefit obligation* (NOPEBO) as of June 30, 2008. The City has implemented GASB 45 on a prospective basis. The NOPEBO is, in general, the cumulative difference between the actuarially required contributions and the actual contributions since August 1, 2006.

Plan Description and Benefits Provided

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

Membership

The City's membership in the plan at August 1, 2006, (the date of the first actuarial valuation) consisted of the following:

Active employees	374
Retirees, spouses, or dependents	56
<u>Total</u>	<u>430</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

4. OTHER INFORMATION, continued

OTHER POST-EMPLOYMENT BENEFITS, continued

Funding Policy and Contributions

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

	Employee	Employee + Child(ren)	Employee + Spouse	Employee + Family
Pacific Source PPO/Prime	\$ 389.72	\$ 690.05	\$ 842.25	\$ 1,133.87
ODS Dental/Vision	49.07	92.99	86.88	130.81
Blue Classic, medical/dental (Fire Union)	732.55	732.55	732.55	732.55
Fire Union COBRA & Retiree		Employee	Two-Party	Family
Blue Classic Medical		\$ 256.85	\$ 539.35	\$ 745.30
Blue Classic Medical/Dental/Vision		317.75	651.35	934.65

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

Annual OPEB Cost and Net OPEB Obligation

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

Normal Cost	\$ 310,577
Amortization of UAAL	316,012
<u>Annual required contribution (ARC)</u>	<u>\$ 626,589</u>

The net OPEB obligation as of June 30, 2008 was calculated as follows:

Annual required contribution	\$ 626,589
Implicit benefit payments	(155,989)
Increase in net OPEB obligation	\$ 470,600
Net OPEB at beginning of the year	-
<u>Net OPEB at end of the year</u>	<u>\$ 470,600</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

4. OTHER INFORMATION, continued

OTHER POST-EMPLOYMENT BENEFITS, continued

Annual OPEB Cost and Net OPEB Obligation, continued

The City's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2008, are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	\$ 626,589	24.89%	\$ 470,600

Annual OPEB costs are not available for fiscal years prior to the fiscal year ended June 30, 2008.

Funding Status and Funding Progress

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

As of August 1, 2006, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$4,144,477, and the actuarial value of assets was zero, resulting in an unfunded accrued liability of \$4,144,477.

Valuation Date	Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAL/ Payroll
August 1, 2006	\$ -	\$ 4,144,477	\$ 4,144,477	0.00%	\$ 23,268,266	17.81%

Actuarial Methods and Assumptions

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

In the August 1, 2006 actuarial valuation, the **Projected Unit Credit Cost Method** was used to determine contribution levels comprised of normal cost and amortized payments.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

4. OTHER INFORMATION, continued

OTHER POST-EMPLOYMENT BENEFITS, continued

Actuarial Methods and Assumptions, continued

The **discount rate** for unfunded liabilities is 4.5 percent, based on the expected long-term annual investment returns for Oregon's Local Government Investment Pool and comparable investment vehicles.

The **health cost trend** is ten percent in the first year, graded down 0.5 percent per year to five percent in the eleventh year and beyond. Health cost trend affects both the projected health care costs as well as the projected **annual payroll increases** are 3.5 percent annually, plus a merit component based upon duration of service and employment classification. These assumptions are based on the Oregon PERS valuation assumptions as of December 31, 2005.

It is assumed that 75 percent of active members will elect coverage upon retirement until age 65. Fifty percent of members who elect coverage upon retirement are also assumed to elect spouse coverage until the spouse reaches age 65.

The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a period of 15 years.

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, 2006, 2007, and 2008, the City was obligated to pay up to \$75,000 in claims and settlement costs. At June 30, 2008, amounts accrued as a liability for Fiscal Year 2006-07 was \$13,577 and for Fiscal Year 2007-08, \$39,649.

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.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

4. OTHER INFORMATION, continued

RISK MANAGEMENT, continued

Fiscal Year Ended June 30,	Claims and Changes in Estimates	Claim Payments	Liability Balance at the End of the Year
2006	\$ 75,000	\$ 75,000	\$ -
2007	75,000	61,423	13,577
2008	75,000	35,351	39,649

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.

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, 2008, the Linn Regional Fueling Facility's equity balance as reported in its audited financial statements totaled \$472,674. A copy of the Linn Regional Fueling Facility audit report may be obtained from Linn County, P.O. Box 100, Albany, Oregon 97321.

INTERGOVERNMENTAL AGREEMENTS

Water Supply System

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

4. OTHER INFORMATION, continued

INTERGOVERNMENTAL AGREEMENTS, continued

Water Supply System, continued

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

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

Wastewater Treatment Facility

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

The Davidson Plant improvements will be constructed in phases to meet the growing treatment needs of Albany and Millersburg. Phase I improvements are estimated to cost \$70 million, shared \$63 million by Albany and \$7 million by Millersburg. Completion of Phase I is expected in December 2009. Phase I improvements will provide an average dry weather flow capacity of 12.3 million gallons per day (MGD), maximum month wet weather flow capacity of 29 MGD, and peak wet weather flow of 68 MGD. Capacity of maximum month biochemical oxygen demand is 14,600 pounds per day. Capacity of maximum total suspended solids will be 19,100 pounds per day.

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

As of June 30, 2008, total cost of the Phase I project was \$58,397,334. Millersburg's share (ten percent) was \$5,839,734 leaving \$52,557,600 as Albany's capital share at year end. A loan receivable for Millersburg's share was recorded in Albany's accounting records. On November 30, 2007, Millersburg paid Albany \$1,000,000 which was reflected in the June 30, 2008 loan receivable balance of \$4,839,734.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2008

4. OTHER INFORMATION, continued

SUBSEQUENT EVENT

On November 20, 2008, representatives from PepsiCO, the parent company of SVC Manufacturing, Inc, notified City officials that they have decided not to proceed with development of the beverage and bottle manufacturing plants in the City of Albany. The company cited general economic conditions and reduced demand for their products as reasons for canceling the project.

The PepsiCo representatives said the company would reimburse the City for all of its costs related to water and sewer improvements and design of the 53rd Avenue overpass. The representatives also agreed to a mediation process if it is necessary to reach terms to terminate the contract with the City.

The cancelled project will require the City to reconsider its course of action regarding current LUBA appeals to creation of the Oak Creek Redevelopment Area and the timing of improvements to 53rd Avenue.

The nation behaves well if it treats the natural resources as assets which it must turn over to the next generation increased, and not impaired, in value.

Theodore Roosevelt

SUPPLEMENTARY DATA

Included in this section are:

- Combining statements for nonmajor governmental funds and nonmajor proprietary funds
- Budget and actual schedules for all other funds, except General, Street, and Parks and Recreation, are included in this section
- Schedules relating to bonds and property taxes

CITY OF ALBANY, OREGON
OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2008

	Special Revenue	Debt Service	Permanent	Totals
ASSETS				
Cash and investments	\$13,497,342	\$ -	\$ -	\$13,497,342
Receivables:				
Property taxes	214,379	68,620	-	282,999
Accounts	506,390	-	-	506,390
Assessments	-	23,337	-	23,337
Interest	53,470	5,473	541	59,484
Loans	908,946	-	-	908,946
Grants	98,237	-	-	98,237
Other	41,249	53,863	-	95,112
Restricted cash and investments	20,218	1,089,668	141,140	1,251,026
Total assets	<u>\$15,340,231</u>	<u>\$1,240,961</u>	<u>\$ 141,681</u>	<u>\$16,722,873</u>
LIABILITIES				
Accounts payable	\$ 511,190	\$ -	\$ 617	\$ 511,807
Due to other funds	2,000	-	-	2,000
Unearned revenue	1,587,456	84,382	-	1,671,838
Total liabilities	<u>2,100,646</u>	<u>84,382</u>	<u>617</u>	<u>2,185,645</u>
FUND BALANCES				
Reserved				
Debt service	20,218	1,156,579	-	1,176,797
Library programs	-	-	11,688	11,688
Parks and Recreation programs	-	-	11,874	11,874
Perpetual care	-	-	117,502	117,502
Unreserved	13,219,367	-	-	13,219,367
Total fund balances	<u>13,239,585</u>	<u>1,156,579</u>	<u>141,064</u>	<u>14,537,228</u>
Total liabilities and fund balances	<u>\$15,340,231</u>	<u>\$1,240,961</u>	<u>\$ 141,681</u>	<u>\$16,722,873</u>

CITY OF ALBANY, OREGON
OTHER GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2008

	Special Revenue	Debt Service	Permanent	Totals
REVENUES				
Property taxes	\$ 3,573,121	\$ 1,055,622	\$ -	\$ 4,628,743
Transient room taxes	510,037	231,083	-	741,120
Assessment collections	-	3,761	-	3,761
Franchise fees, privilege taxes, licenses, and permits	1,281,046	-	-	1,281,046
Intragovernmental	835,795	-	-	835,795
Charges for services	3,403,496	-	-	3,403,496
Gifts and donations	-	-	295	295
Interest on investments	618,643	73,384	6,523	698,550
Miscellaneous	698,241	-	-	698,241
Total revenues	<u>10,920,379</u>	<u>1,363,850</u>	<u>6,818</u>	<u>12,291,047</u>
EXPENDITURES				
General government	6,948,396	7,051	-	6,955,447
Public safety	2,232,753	-	-	2,232,753
Culture and recreation	28,942	-	5,062	34,004
Debt service:				
Principal	1,553,138	1,347,420	-	2,900,558
Interest	251,076	952,549	-	1,203,625
Capital outlay	1,881,993	-	-	1,881,993
Total expenditures	<u>12,896,298</u>	<u>2,307,020</u>	<u>5,062</u>	<u>15,208,380</u>
Revenues over (under) expenditures	<u>(1,975,919)</u>	<u>(943,170)</u>	<u>1,756</u>	<u>(2,917,333)</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance proceeds	4,687,000	-	-	4,687,000
Capital lease proceeds	364,998	-	-	364,998
Transfers in	1,470,985	902,657	-	2,373,642
Transfers out	<u>(3,075,326)</u>	-	-	<u>(3,075,326)</u>
Total other financing sources (uses)	<u>3,447,657</u>	<u>902,657</u>	<u>-</u>	<u>4,350,314</u>
Net change in fund balances	1,471,738	(40,513)	1,756	1,432,981
Fund balance - beginning	11,767,847	1,197,092	139,308	13,104,247
Fund balance - ending	<u>\$13,239,585</u>	<u>\$1,156,579</u>	<u>\$ 141,064</u>	<u>\$ 14,537,228</u>

The best time for you to hold your tongue is the time you feel you must say something or bust.

Josh Billings

**Combining Statements and
Schedules of Revenues and Expenditures - Budget and Actual
Other 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 accumulated to mitigate risk factors and provide financial protection for deductible payments and liability exposure.
- **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.
- **Albany Revitalization Agency (ARA)**-accounts for the projects funded through the City's urban renewal districts.

CITY OF ALBANY, OREGON
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2008

	Grants	Building Inspection	Risk Manage- ment	Economic Develop- ment	Ambulance
ASSETS					
Cash and investments	\$ 118,107	\$ 737,370	\$ 1,557,756	\$ 471,669	\$ 334,077
Receivables:					
Property taxes	-	-	-	-	-
Accounts	-	-	-	13,738	388,162
Interest	168	2,624	5,497	1,792	1,244
Loans	-	-	-	208,232	-
Grants	98,237	-	-	-	-
Other	675	1,246	-	9,158	8,809
Restricted cash and investments	-	-	-	20,218	-
Total assets	\$ 217,187	\$ 741,240	\$ 1,563,253	\$ 724,807	\$ 732,292
LIABILITIES					
Accounts payable	\$ 5,517	\$ 132,847	\$ 97,000	\$ 52,245	\$ 55,369
Refundable deposits and advances	-	-	-	2,000	-
Unearned revenue	97,921	-	-	208,232	388,162
Total liabilities	103,438	132,847	97,000	262,477	443,531
FUND BALANCES					
Reserved for debt service	-	-	-	20,218	-
Unreserved	113,749	608,393	1,466,253	442,112	288,761
Total fund balances	113,749	608,393	1,466,253	462,330	288,761
Total liabilities and fund balances	\$ 217,187	\$ 741,240	\$ 1,563,253	\$ 724,807	\$ 732,292

Public Transit	Public Safety Levy	Capital Replacement	Albany Revitalization Agency	Totals	
\$ 7,566	\$ 298,090	\$ 7,093,585	\$ 2,879,122	\$13,497,342	ASSETS
-	151,531	-	62,848	214,379	Cash and investments
104,490	-	-	-	506,390	Receivables:
91	2,393	26,294	13,367	53,470	Property taxes
-	-	-	700,714	908,946	Accounts
-	-	-	-	98,237	Interest
900	-	20,461	-	41,249	Loans
-	-	-	-	20,218	Grants
\$ 113,047	\$ 452,014	\$ 7,140,340	\$ 3,656,051	\$15,340,231	Other
					Restricted cash and investments
					Total assets
\$ 37,298	\$ -	\$ 69,825	\$ 61,089	\$ 511,190	LIABILITIES
-	-	-	-	2,000	Accounts payable
-	135,212	-	757,929	1,587,456	Refundable deposits and advances
37,298	135,212	69,825	819,018	2,100,646	Unearned revenue
					Total liabilities
-	-	-	-	20,218	FUND BALANCES
75,749	316,802	7,070,515	2,837,033	13,219,367	Reserved for debt service
75,749	316,802	7,070,515	2,837,033	13,239,585	Unreserved
\$ 113,047	\$ 452,014	\$ 7,140,340	\$ 3,656,051	\$15,340,231	Total fund balances
					Total liabilities and fund balances

CITY OF ALBANY, OREGON
OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2008

	Grants	Building Inspection	Risk Manage- ment	Economic Develop- ment	Ambulance
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Transient room taxes	-	-	-	510,037	-
Licenses and fees	-	1,281,046	-	-	-
Intragovernmental	347,284	-	-	-	-
Charges for services	-	-	-	307,081	1,848,903
Interest on investments	220	36,668	56,962	20,337	16,522
Miscellaneous	337,846	2,751	-	44,188	1,901
Total revenues	685,350	1,320,465	56,962	881,643	1,867,326
EXPENDITURES					
General government	28,551	1,656,896	97,000	1,240,276	-
Public safety	237,108	-	-	-	1,987,819
Culture and recreation	6,534	-	-	-	-
Capital outlay	479,628	-	-	-	-
Debt service:					
Principal	-	-	-	23,925	-
Interest	-	-	-	14,746	-
Total expenditures	751,821	1,656,896	97,000	1,278,947	1,987,819
Revenues over (under) expenditures	(66,471)	(336,431)	(40,038)	(397,304)	(120,493)
OTHER FINANCING SOURCES (USES)					
Debt issuance proceeds	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-
Transfers in	180,561	37,292	495,232	190,400	168,000
Transfers out	(341)	(31,140)	-	(12,851)	(47,577)
Total other financing sources (uses)	180,220	6,152	495,232	177,549	120,423
Net change in fund balances	113,749	(330,279)	455,194	(219,755)	(70)
Fund balance - beginning	-	938,672	1,011,059	682,085	288,831
Fund balance - ending	\$ 113,749	\$ 608,393	\$ 1,466,253	\$ 462,330	\$ 288,761

Public Transit	Public Safety Levy	Capital Replace- ment	Albany Revitalization Agency	Totals	
\$ -	\$ 2,462,996	\$ -	\$ 1,110,125	\$ 3,573,121	REVENUES
-	-	-	-	510,037	Property taxes
-	-	-	-	1,281,046	Transient room taxes
488,511	-	-	-	835,795	Licenses and fees
115,812	-	1,131,700	-	3,403,496	Intragovernmental
1,003	32,350	309,454	145,127	618,643	Charges for services
658	-	198,083	112,814	698,241	Interest on investments
605,984	2,495,346	1,639,237	1,368,066	10,920,379	Miscellaneous
					Total revenues
					EXPENDITURES
878,923	-	453,485	2,593,265	6,948,396	General government
-	-	7,826	-	2,232,753	Public safety
-	-	22,408	-	28,942	Culture and recreation
-	-	1,402,365	-	1,881,993	Capital outlay
-	-	-	1,529,213	1,553,138	Debt service:
-	-	-	236,330	251,076	Principal
878,923	-	1,886,084	4,358,808	12,896,298	Interest
(272,939)	2,495,346	(246,847)	(2,990,742)	(1,975,919)	Total expenditures
					Revenues over (under) expenditures
					OTHER FINANCING SOURCES (USES)
-	-	-	4,687,000	4,687,000	Debt issuance proceeds
-	-	364,998	-	364,998	Capital lease proceeds
310,000	-	89,500	-	1,470,985	Transfers in
(15,614)	(2,852,403)	-	(115,400)	(3,075,326)	Transfers out
294,386	(2,852,403)	454,498	4,571,600	3,447,657	Total other financing sources (uses)
21,447	(357,057)	207,651	1,580,858	1,471,738	Net change in fund balances
54,302	673,859	6,862,864	1,256,175	11,767,847	Fund balance - beginning
\$ 75,749	\$ 316,802	\$ 7,070,515	\$ 2,837,033	\$13,239,585	Fund balance - ending

CITY OF ALBANY, OREGON
GRANTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
United States Department of Justice	\$ 1,100	\$ 1,100	\$ -	\$ (1,100)
Title XIX Medical Assistance Grant	15,000	15,000	10,510	(4,490)
Federal Aviation Administration	182,000	182,000	74,226	(107,774)
State of Oregon	529,000	594,100	262,548	(331,552)
Land and Water Conservation Fund	47,000	47,000	-	(47,000)
Gifts and donations	270,000	270,000	337,846	67,846
Interest on investments	1,000	1,000	220	(780)
Total revenues	<u>1,045,100</u>	<u>1,110,200</u>	<u>685,350</u>	<u>(424,850)</u>
Other financing sources				
Transfer from Economic Development	18,000	18,000	3,765	(14,235)
Transfer from General	-	1,800	1,796	(4)
Transfer from Street	-	15,000	-	(15,000)
Transfer from Parks and Recreation	222,000	222,000	175,000	(47,000)
Total other financing sources	<u>240,000</u>	<u>256,800</u>	<u>180,561</u>	<u>(76,239)</u>
Fund balance, beginning	<u>50,000</u>	<u>51,500</u>	<u>-</u>	<u>(51,500)</u>
Amount available for appropriation	<u>\$ 1,335,100</u>	<u>\$ 1,418,500</u>	<u>865,911</u>	<u>\$ (552,589)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 15,100	\$ 15,100	10,610	\$ 4,490
Materials and services	290,200	293,600	261,924	31,676
Capital	1,029,800	1,064,800	479,628	585,172
Transfers	-	45,000	-	45,000
Total expenditures	<u>\$ 1,335,100</u>	<u>\$ 1,418,500</u>	<u>752,162</u>	<u>\$ 666,338</u>
Fund balance, ending			<u>\$ 113,749</u>	

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

Total expenditures from above	<u>Expenditures</u> \$ 752,162
Budgetary expenditures reclassified as transfers out for the fund statements	(341)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Other Special Revenue Funds (pages 76-77)	<u>\$ 751,821</u>

CITY OF ALBANY, OREGON
BUILDING INSPECTION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Building permit surcharge	\$ 98,800	\$ 98,800	\$ 85,157	\$ (13,643)
Master electrical permit	1,700	1,700	978	(722)
Electrical minor labels	4,000	4,000	1,931	(2,069)
Residential building permits	918,700	918,700	485,208	(433,492)
Commercial building permits	710,700	710,700	507,461	(203,239)
Land use plan review fee	13,300	13,300	7,850	(5,450)
Manufactured home set-up fees	1,800	1,800	5,177	3,377
Fire sprinkler permits	6,400	6,400	10,420	4,020
Fire sprinkler plan review	5,600	5,600	4,852	(748)
Parking lot permits	2,900	2,900	2,700	(200)
Parking lot plan review	1,200	1,200	2,388	1,188
Residential electrical permits	162,000	162,000	125,609	(36,391)
Fire alarm permits	3,700	3,700	4,500	800
Fire alarm plan review	1,600	1,600	2,330	730
Sign permits	2,800	2,800	2,338	(462)
Document imaging fees	27,200	27,200	32,147	4,947
Miscellaneous	200	200	2,751	2,551
Interest on investments	44,500	44,500	36,668	(7,832)
Total revenues	2,007,100	2,007,100	1,320,465	(686,635)
Other financing source				
Transfer from General	57,000	57,000	37,292	(19,708)
Fund balance, beginning	860,000	860,000	938,672	78,672
Amount available for appropriation	\$ 2,924,100	\$ 2,924,100	2,296,429	\$ (627,671)
Expenditures				
Building Inspection	\$ 2,684,800	\$ 2,684,800	1,483,344	\$ 1,201,456
Electrical Permit Program	182,300	182,300	167,400	14,900
ADA Code Enforcement	30,000	30,000	21,890	8,110
Development Code Enforcement	27,000	27,000	15,402	11,598
Total expenditures	\$ 2,924,100	\$ 2,924,100	1,688,036	\$ 1,236,064
Fund balance, ending			\$ 608,393	

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

Total expenditures from above	\$ 1,688,036
Budgetary expenditures reclassified as transfers out for the fund statements	(31,140)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Other Special Revenue Funds (pages 76-77)	\$ 1,656,896

CITY OF ALBANY, OREGON
RISK MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interest on investments	\$ 35,000	\$ 35,000	\$ 56,962	\$ 21,962
Other financing source				
Transfers in	500,000	500,000	495,232	(4,768)
Fund balance, beginning	920,000	920,000	1,011,059	91,059
Amount available for appropriation	<u>\$ 1,455,000</u>	<u>\$ 1,455,000</u>	<u>1,563,253</u>	<u>\$ 108,253</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	<u>\$ 1,455,000</u>	<u>\$ 1,455,000</u>	97,000	<u>\$ 1,358,000</u>
Fund balance, ending			<u>\$ 1,466,253</u>	

CITY OF ALBANY, OREGON
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Transient room tax	\$ 437,800	\$ 437,800	\$ 510,037	\$ 72,237
Pepsico	-	200,000	118,416	(81,584)
Airport fuel	110,000	110,000	122,365	12,365
Airport tie down rentals	7,000	7,000	10,609	3,609
Airport lease	27,000	27,000	17,799	(9,201)
Fixed base operator	18,000	18,000	16,760	(1,240)
Charges for services	-	-	3,132	3,132
Space rental	18,000	18,000	18,000	-
Gifts and donations	-	-	10,000	10,000
Dayton Hudson Corp. (Target)	34,200	34,200	34,188	(12)
Interest on investments	13,500	13,500	20,337	6,837
Total revenues	<u>665,500</u>	<u>865,500</u>	<u>881,643</u>	<u>16,143</u>
Other financing sources				
Transfer from General	25,000	25,000	25,000	-
Transfer from Albany Revitalization Agency	115,400	115,400	115,400	-
Transfer from Water Economic Development	25,000	25,000	25,000	-
Transfer from Sewer Economic Development	25,000	25,000	25,000	-
Transfer 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	469,300	484,300	682,085	197,785
Amount available for appropriation	<u>\$ 1,375,200</u>	<u>\$ 1,590,200</u>	<u>1,804,128</u>	<u>\$ 213,928</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Target Utilities	\$ 58,600	\$ 58,600	38,670	\$ 19,930
Economic Development Activity	793,200	1,008,200	946,821	61,379
Albany Airport	523,400	523,400	356,307	167,093
Total expenditures	<u>\$ 1,375,200</u>	<u>\$ 1,590,200</u>	<u>1,341,798</u>	<u>\$ 248,402</u>
Fund balance, ending			<u>\$ 462,330</u>	

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

Total expenditures from above	Expenditures \$ 1,341,798
Budgetary expenditures reclassified as transfers out for the fund statements	(12,851)
Intrafund transfer	(50,000)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Other Special Revenue Funds (pages 76-77)	<u>\$ 1,278,947</u>

CITY OF ALBANY, OREGON
AMBULANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2008

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Ambulance service fees	\$ 1,719,200	\$ 1,719,200	\$ 1,746,153	\$ 26,953
Ambulance subscription fees	95,000	95,000	102,750	7,750
Miscellaneous	-	-	1,901	1,901
Interest on investments	10,000	10,000	16,522	6,522
Total revenues	<u>1,824,200</u>	<u>1,824,200</u>	<u>1,867,326</u>	<u>43,126</u>
Other financing sources				
Transfer from Public Safety Levy	168,000	168,000	168,000	-
Fund balance, beginning	200,000	200,000	288,831	88,831
Amount available for appropriation	<u>\$ 2,192,200</u>	<u>\$ 2,192,200</u>	<u>2,324,157</u>	<u>\$ 131,957</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 1,692,500	\$ 1,692,500	1,678,649	\$ 13,851
Materials and services	387,600	387,600	356,747	30,853
Contingency	112,100	112,100	-	112,100
Total expenditures	<u>\$ 2,192,200</u>	<u>\$ 2,192,200</u>	<u>2,035,396</u>	<u>\$ 156,804</u>
Fund balance, ending			<u>\$ 288,761</u>	

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

Total expenditures from above	<u>\$ 2,035,396</u>
Budgetary expenditures reclassified as transfers out for the fund statements	<u>(47,577)</u>
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Other Special Revenue Funds (pages 76-77)	<u>\$ 1,987,819</u>

CITY OF ALBANY, OREGON
PUBLIC TRANSIT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2008

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Business Energy Tax Credit grant	\$ 132,400	\$ 132,400	\$ -	\$ (132,400)
FTA Section 5311 grant	363,100	363,100	358,480	(4,620)
FTA-ODOT biennial grant	-	240,100	13,460	(226,640)
Oregon Department of Transportation	6,000	12,400	9,644	(2,756)
Local funds	66,400	66,400	61,875	(4,525)
Oregon cigarette tax transit grant - Linn County	32,900	32,900	40,452	7,552
Oregon cigarette tax transit grant - Benton County	4,100	4,600	4,600	-
Advertising	1,500	1,500	11,816	10,316
Bus fares	25,500	25,500	42,597	17,097
Linn Benton Community College fare match program	50,500	50,500	46,000	(4,500)
Call-a-Ride	17,000	17,000	14,679	(2,321)
Trolley rental charges	-	-	720	720
Gifts and donations	1,200	1,200	450	(750)
Miscellaneous	100	100	208	108
Interest on investments	200	200	1,003	803
Total revenues	<u>700,900</u>	<u>947,900</u>	<u>605,984</u>	<u>(341,916)</u>
Other financing sources				
Transfer from General	310,000	310,000	310,000	-
Fund balance, beginning	<u>20,100</u>	<u>20,100</u>	<u>54,302</u>	<u>34,202</u>
Amount available for appropriation	<u>\$ 1,031,000</u>	<u>\$ 1,278,000</u>	<u>970,286</u>	<u>\$ (307,714)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Albany Transit System	\$ 480,800	\$ 516,300	406,330	\$ 109,970
Transit Loop System	330,100	487,800	305,190	182,610
Paratransit System	220,100	273,900	183,017	90,883
Total expenditures	<u>\$ 1,031,000</u>	<u>\$ 1,278,000</u>	<u>894,537</u>	<u>\$ 383,463</u>
Fund balance, ending			<u>\$ 75,749</u>	

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

Total expenditures from above	\$ 894,537
Budgetary expenditures reclassified as transfers out for the fund statements	(15,614)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Other Special Revenue Funds (pages 76-77)	<u>\$ 878,923</u>

CITY OF ALBANY, OREGON
PUBLIC SAFETY LEVY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes				
Current	\$ 2,398,900	\$ 2,398,900	\$ 2,389,959	\$ (8,941)
Delinquent	75,000	75,000	73,037	(1,963)
Interest on investments	40,000	40,000	32,350	(7,650)
Total revenues	<u>2,513,900</u>	<u>2,513,900</u>	<u>2,495,346</u>	<u>(18,554)</u>
Fund balance, beginning	489,000	489,000	673,859	184,859
Amount available for appropriation	<u>\$ 3,002,900</u>	<u>\$ 3,002,900</u>	<u>3,169,205</u>	<u>\$ 166,305</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Other financing use				
Transfers out	<u>\$ 3,002,900</u>	<u>\$ 3,002,900</u>	<u>2,852,403</u>	<u>\$ 150,497</u>
Fund balance, ending			<u>\$ 316,802</u>	

CITY OF ALBANY, OREGON
CAPITAL REPLACEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Equipment replacement charges	\$ 802,200	\$ 802,200	\$ 1,056,700	\$ 254,500
Phone system charges	75,000	75,000	75,000	-
Gifts and donations	-	-	13,535	13,535
Miscellaneous	21,000	21,000	184,548	163,548
Interest on investments	310,000	310,000	309,454	(546)
Total revenues	<u>1,208,200</u>	<u>1,208,200</u>	<u>1,639,237</u>	<u>431,037</u>
Other financing sources				
Capital lease proceeds	-	-	364,998	364,998
Transfer from General	89,500	89,500	89,500	-
Transfer from Grants-Library Foundation	-	45,000	-	(45,000)
Total Other financing sources	<u>89,500</u>	<u>134,500</u>	<u>454,498</u>	<u>319,998</u>
Fund balance, beginning	<u>6,648,000</u>	<u>6,603,000</u>	<u>6,862,864</u>	<u>259,864</u>
Amount available for appropriation	<u>\$ 7,945,700</u>	<u>\$ 7,945,700</u>	<u>8,956,599</u>	<u>\$ 1,010,899</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Equipment Replacement	\$ 4,235,200	\$ 4,235,200	1,453,208	\$ 2,781,992
City Facilities Replacement	1,980,000	1,980,000	254,399	1,725,601
General Fund Building Maintenance Projects	686,500	686,500	-	686,500
Information Technology Equipment Replacement	1,044,000	1,044,000	178,477	865,523
Total expenditures	<u>\$ 7,945,700</u>	<u>\$ 7,945,700</u>	<u>1,886,084</u>	<u>\$ 6,059,616</u>
Fund balance, ending			<u>\$ 7,070,515</u>	

CITY OF ALBANY, OREGON
ALBANY REVITALIZATION AGENCY
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2008

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes - current	\$ 977,000	\$ 355,800	\$ 1,084,990	\$ 729,190
Property taxes - delinquent	20,000	20,000	25,135	5,135
Pepsico	-	-	81,584	81,584
Miscellaneous	-	-	12	12
Loan repayment-principal	-	-	27,000	27,000
Loan repayment-interest	-	-	4,218	4,218
Interest on investments	60,000	70,000	145,127	75,127
Total revenues	<u>1,057,000</u>	<u>445,800</u>	<u>1,368,066</u>	<u>922,266</u>
Other financing sources				
Issuance of long-term debt	-	4,687,000	4,687,000	-
Issuance of short-term debt	4,100,000	1,916,100	-	(1,916,100)
Total other financing sources	<u>4,100,000</u>	<u>6,603,100</u>	<u>4,687,000</u>	<u>(1,916,100)</u>
Fund balance, beginning	<u>600,000</u>	<u>1,104,900</u>	<u>1,256,175</u>	<u>151,275</u>
Amount available for appropriation	<u>\$ 5,757,000</u>	<u>\$ 8,153,800</u>	<u>7,311,241</u>	<u>\$ (842,559)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
CARA	\$ 4,713,000	\$ 5,844,700	2,635,957	\$ 3,208,743
CARA Debt Service	1,044,000	2,309,100	1,838,251	470,849
Total expenditures	<u>5,757,000</u>	<u>8,153,800</u>	<u>4,474,208</u>	<u>3,679,592</u>
Fund balance, ending			<u>\$ 2,837,033</u>	

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

Total expenditures from above	\$ 4,474,208
Budgetary expenditures reclassified as transfers out for the fund statements	(115,400)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Other Special Revenue Funds (pages 76-77)	<u>\$ 4,358,808</u>

Schedule of Revenues and Expenditures - Budget and Actual

Other Governmental Fund

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, special assessment, and revenue bond debt issues financed by general property taxes, property assessments, and transient room tax revenues. Also included are 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 and Recreation Fund.

CITY OF ALBANY, OREGON
DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes - current	\$ 1,010,700	\$ 1,010,700	\$ 1,020,270	\$ 9,570
Property taxes - delinquent	10,000	10,000	35,352	25,352
Transient room tax	217,800	217,800	231,083	13,283
Bonded assessment collections:				
Principal	10,000	10,000	3,191	(6,809)
Interest	1,000	1,000	570	(430)
Interest on investments	33,500	33,500	73,384	39,884
Total revenues	<u>1,283,000</u>	<u>1,283,000</u>	<u>1,363,850</u>	<u>80,850</u>
Other financing sources				
Transfer from Parks	181,800	181,800	181,777	(23)
Transfer from General	239,900	239,900	239,874	(26)
PERS debt service transfers in	458,700	458,700	481,006	22,306
Total other financing sources	<u>880,400</u>	<u>880,400</u>	<u>902,657</u>	<u>22,257</u>
Fund balance, beginning	793,200	793,200	464,352	
Fund balance, beginning, designated for debt service	635,000	635,000	732,740	
Amount available for appropriation	<u>\$ 3,591,600</u>	<u>\$ 3,591,600</u>	<u>3,463,599</u>	<u>\$ (128,001)</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Bancroft Bond Debt Service	\$ 824,200	\$ 824,200	85,184	\$ 739,016
1995 Fairgrounds Revenue Bonds	483,800	483,800	242,225	241,575
1999 General Obligation Street Bonds	517,300	517,300	478,650	38,650
2002 Limited Tax Pension Obligations (PERS)	621,200	621,200	466,058	155,142
2004 Revenue Obligations	421,700	421,700	421,651	49
2007 General Obligation Refunding Bonds	723,400	723,400	613,252	110,148
Total expenditures	<u>\$ 3,591,600</u>	<u>\$ 3,591,600</u>	<u>2,307,020</u>	<u>\$ 1,284,580</u>
Fund balance, ending			<u>\$ 1,156,579</u>	

Schedule of Revenues and Expenditures - Budget and Actual

Major Governmental Fund

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 included in capital projects funds.

- **Capital Projects**-accounts for varied governmental capital projects including the Albany Data Integration Project, the Library renovation 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, 2008

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Federal Transportation Equity Act (TEA) Grant	\$ 2,600,000	\$ 2,601,000	\$ 914	\$ (2,600,086)
OTIA III Grant (Periwinkle Bridge)	-	-	961,250	961,250
ODOT Rail	250,000	250,000	-	(250,000)
Immediate Opportunity Fund (State)	1,000,000	1,000,000	-	(1,000,000)
Linn County	1,500,000	1,500,000	1,500,000	-
Union Pacific	250,000	250,000	-	(250,000)
Assessment collections				
Financed Principal	10,000	10,000	70,523	60,523
Unfinanced Principal	200,000	200,000	263	(199,737)
Interest	4,000	4,000	17,773	13,773
Gifts and donations	2,845,000	2,845,000	2,008,025	(836,975)
Sale of City-owned property	1,000,000	1,000,000	-	(1,000,000)
Miscellaneous	-	5,000	-	(5,000)
Interest on investments	23,500	25,800	93,156	67,356
Total revenues	<u>9,682,500</u>	<u>9,690,800</u>	<u>4,651,904</u>	<u>(5,038,896)</u>
Other financing sources				
State Public Works Fund Loan	10,011,000	10,011,000	-	(10,011,000)
Transfer from Street	2,000,000	2,000,000	348,128	(1,651,872)
Total other financing sources	<u>12,011,000</u>	<u>12,011,000</u>	<u>348,128</u>	<u>(11,662,872)</u>
Fund balance, beginning	<u>2,007,400</u>	<u>2,497,100</u>	<u>106,666</u>	<u>(2,390,434)</u>
Amount available for appropriation	<u>\$23,700,900</u>	<u>\$24,198,900</u>	<u>5,106,698</u>	<u>\$ (19,092,202)</u>
Expenditures				
Albany Data Integration Project	\$ 345,000	\$ 345,000	63,355	\$ 281,645
LID Construction Projects	215,000	215,000	29,846	185,154
Albany Station REA Building Project	1,600,000	1,600,000	4,031	1,595,969
Albany Station Pathway	630,000	630,000	1,455	628,545
North Albany Park & Ride	950,000	950,000	14,133	935,867
Library Renovation	4,000,000	4,000,000	720,357	3,279,643
Regional Multimodal Transportation Center	-	6,000	-	6,000
Oregon Transportation Investment Act Projects	-	1,000	914	86
Periwinkle Creek Bridge	949,900	1,399,900	1,147,552	252,348
Bicycle/Pedestrian Improvements	-	41,000	20,429	20,571
ST-07-03 53rd Avenue Bridge/Roadway	9,500,000	9,500,000	539,523	8,960,477
SS-07-02 Ellingson Road Sewer Extension	1,050,000	1,050,000	2,974	1,047,026
WL-07-08 Ellingson Road Water Extension	1,961,000	1,961,000	4,716	1,956,284
Stokely Van Camp Access Road	1,500,000	1,500,000	-	1,500,000
Stokely Van Camp Water Line	1,000,000	1,000,000	-	1,000,000
Total expenditures	<u>\$23,700,900</u>	<u>\$24,198,900</u>	<u>2,549,285</u>	<u>\$ 21,649,615</u>
Fund balance, ending			<u>\$ 2,557,413</u>	

**Combining Statements and
Schedules of Revenues and Expenditures - Budget and Actual
Other 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
OTHER PERMANENT FUNDS
COMBINING BALANCE SHEET**
June 30, 2008

	Senior Center Endowment	Library Trust	Total
ASSETS			
Interest receivable	\$ 194	\$ 347	\$ 541
Restricted cash and investments	50,211	90,929	141,140
Total assets	<u>\$ 50,405</u>	<u>\$ 91,276</u>	<u>\$ 141,681</u>
LIABILITIES			
Accounts payable	<u>\$ 458</u>	<u>\$ 159</u>	<u>\$ 617</u>
FUND BALANCES			
Reserved			
Library Programs	-	11,688	11,688
Parks and Recreation Programs	11,874	-	11,874
Perpetual care	38,073	79,429	117,502
Total fund balances	<u>49,947</u>	<u>91,117</u>	<u>141,064</u>
Total liabilities and fund balances	<u>\$ 50,405</u>	<u>\$ 91,276</u>	<u>\$ 141,681</u>

CITY OF ALBANY, OREGON
OTHER PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2008

	Senior Center Endowment	Library Trust	Totals
REVENUES			
Interest on investments	\$ 2,324	\$ 4,199	\$ 6,523
Gifts and donations	295	-	295
Total revenues	<u>2,619</u>	<u>4,199</u>	<u>6,818</u>
EXPENDITURES			
Culture and recreation	<u>1,728</u>	<u>3,334</u>	<u>5,062</u>
Excess of revenues over expenditures	891	865	1,756
Fund balance - beginning	49,056	90,252	139,308
Fund balance - ending	<u>\$ 49,947</u>	<u>\$ 91,117</u>	<u>\$ 141,064</u>

CITY OF ALBANY, OREGON
SENIOR CENTER ENDOWMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2008

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Gifts and donations	\$ 2,500	\$ 2,500	\$ 295	\$ (2,205)
Interest on investments	2,400	2,400	2,324	(76)
Total revenues	4,900	4,900	2,619	(2,281)
Fund balance, beginning	47,900	47,900	49,056	1,156
Amount available for appropriation	<u>\$ 52,800</u>	<u>\$ 52,800</u>	<u>51,675</u>	<u>\$ (1,125)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 2,400	\$ 2,400	1,728	\$ 672
Unappropriated	50,400	50,400	-	50,400
Total expenditures	<u>\$ 52,800</u>	<u>\$ 52,800</u>	<u>1,728</u>	<u>\$ 51,072</u>
Fund balance, ending			<u>\$ 49,947</u>	

CITY OF ALBANY, OREGON
LIBRARY TRUST FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2008

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Interest on investments	\$ 4,100	\$ 4,100	\$ 4,199	\$ 99
Fund balance, beginning	4,900	4,900	10,825	5,925
Fund balance, beginning, held in trust	79,500	79,500	79,427	(73)
Amount available for appropriation	<u>\$ 88,500</u>	<u>\$ 88,500</u>	<u>94,451</u>	<u>\$ 5,951</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
V. O. Torney Trust	\$ 11,900	\$ 11,900	-	\$ 11,900
Manela Trust	76,600	76,600	3,334	73,266
Total expenditures	<u>\$ 88,500</u>	<u>\$ 88,500</u>	<u>3,334</u>	<u>\$ 85,166</u>
Fund balance, ending			<u>\$ 91,117</u>	

The tendency of an event to occur varies inversely with one's preparation for it.

David Searles

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, 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, 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, 2008

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 790,000	\$ 790,000	\$ 797,470	\$ 7,470
Delinquent	27,000	27,000	25,333	(1,667)
Water service				
Water service charges	11,057,600	11,057,600	11,158,305	100,705
Water service charges-Millersburg	200,000	200,000	210,227	10,227
Dumbeck Water District	-	-	72,722	72,722
User fee debt service charges	38,000	38,000	48,371	10,371
North Albany capital charges	69,300	69,300	69,300	-
Collection agency payments	-	-	10,343	10,343
Charges for services				
City of Lebanon	77,000	77,000	40,584	(36,416)
Equipment replacement charges	77,600	77,600	127,600	50,000
Encroachment permits	5,000	5,000	-	(5,000)
Financed system development charges				
Principal	8,000	8,000	30,554	22,554
Interest	2,500	2,500	1,655	(845)
Financed connection fees				
Principal	1,000	1,000	-	(1,000)
Interest	500	500	-	(500)
Water expansion				
Public facility construction permits	90,000	90,000	45,430	(44,570)
Administrative fees	2,500	2,500	8,224	5,724
Water connection fees	50,000	50,000	107,311	57,311
Water systems development charges	594,100	594,100	521,389	(72,711)
Water service installation fee	240,000	240,000	135,877	(104,123)
Energy Trust of Oregon	475,000	475,000	-	(475,000)
FEMA Grant	914,800	914,800	33,222	(881,578)
Miscellaneous	10,000	10,000	19,514	9,514
Sale of City-owned real property	-	-	1,081,024	1,081,024
Interest on investments	587,000	587,000	819,778	232,778
Total revenues	<u>15,316,900</u>	<u>15,316,900</u>	<u>15,364,233</u>	<u>47,333</u>
Other financing source				
From Water SDC Improvement Projects	-	327,000	327,000	-
Fund balance, beginning	<u>15,145,100</u>	<u>15,145,100</u>	<u>18,404,512</u>	<u>3,259,412</u>
Fund balance, beginning, designated for debt service	<u>145,100</u>	<u>145,100</u>	<u>180,999</u>	<u>35,899</u>
Amount available for appropriation	<u>\$30,607,100</u>	<u>\$30,934,100</u>	<u>34,276,744</u>	<u>\$ 3,306,745</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Personnel services	\$ 1,807,500	\$ 1,857,500	1,768,236	\$ 89,264
Materials and services	5,962,600	5,962,600	5,888,120	74,480
Capital	17,985,000	17,985,000	4,796,032	13,188,968
Transfers out	25,000	352,000	352,000	-
Debt service	4,012,600	4,012,600	3,883,452	129,148
Contingencies	814,400	764,400	-	764,400
Total Expenditures	<u>\$30,607,100</u>	<u>\$30,934,100</u>	<u>16,687,840</u>	<u>\$ 14,246,260</u>
Fund balance, ending			<u>\$17,588,904</u>	

**CITY OF ALBANY, OREGON
WATER FUND**

**RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS OF PROPRIETARY FUNDS
for the year ended June 30, 2008**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance/ Net Assets</u>
Totals from page 98	\$15,364,233	\$16,687,840	\$ 17,588,904
Reconciling items:			
June 30, 2007, asset and liability balances:			
Capital assets, net	-	-	80,503,391
Accounts receivable	-	-	1,371,492
Unamortized issue costs/loss on defeasance	-	-	303,456
Inventory balance	-	-	793,397
Salaries, withholdings, and vacations payable	-	-	(38,583)
Claims and judgments	-	-	(8,457)
Interest payable	-	-	(735,370)
Bonds payable	-	-	(39,520,458)
Adjustments to current year revenues			
Property taxes	(822,803)	-	-
Interest on investments	(819,778)	-	-
System development charges	(551,943)	-	-
In-lieu-of assessment fees	(107,311)	-	-
Change in accounts receivable	146,283	-	-
Sale of City-owned real property	(1,081,024)	-	-
Adjustments to current year expenses			
Interest expense	-	(1,782,577)	33,301
Eliminate transfers out	-	(25,000)	-
Change in compensated absences liability	-	58,617	(58,617)
Change in OPEB obligation	-	25,400	(25,400)
Bond principal	-	(2,040,000)	2,040,000
Certificate of participation principal	-	(60,875)	60,875
Depreciation and amortization	-	2,124,833	(2,124,833)
Expenditures capitalized	-	(4,796,032)	4,796,032
Changes in inventories	-	71,652	(71,652)
Eliminate intrafund transfer	-	(327,000)	-
Reclassify PERS departmental debt service charges to transfers out	-	(42,098)	-
Net loss on the disposal of capital assets	-	1,952	(763,907)
Other adjustments			
Change in accounts receivable	-	-	123,681
Capital contributions	-	-	533,313
Operating revenues, operating expenses, and ending net assets from Statement of Revenues, Expenses, and Changes in Fund Net Assets of Proprietary Funds (page 30)	<u>\$12,127,657</u>	<u>\$ 9,896,712</u>	<u>\$ 64,800,565</u>

CITY OF ALBANY, OREGON
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2008

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Sewer service charges				
Albany sewer service charges	\$ 9,820,000	\$ 9,820,000	\$ 10,180,115	\$ 360,115
Millersburg sewer service charges	30,000	30,000	-	(30,000)
Wah Chang sewer service charges	-	123,200	85,000	(38,200)
Charges collected through property taxes	20,000	20,000	20,702	702
Collection agency payments	-	-	10,082	10,082
Financed system development charges				
Principal	15,000	15,000	10,562	(4,438)
Interest	3,000	3,000	4,971	1,971
Financed assessments				
Principal	62,000	62,000	32,691	(29,309)
Interest	14,000	14,000	9,515	(4,485)
Financed connection fees				
Principal	500	500	138,497	137,997
Interest	500	500	8,075	7,575
Sewer oversizing and expansion				
Public facility construction permits	135,000	135,000	71,863	(63,137)
Sewer system development charges	695,000	695,000	885,889	190,889
General Sewer Connection Fees	30,000	30,000	84,450	54,450
Storm Drain Connection Fees	10,000	10,000	50,568	40,568
Sewer connection fees	-	-	220,730	220,730
Storm drain plan review/inspection fees	33,000	33,000	15,933	(17,067)
Charges for services				
Equipment replacement charges	76,900	76,900	76,900	-
City of Millersburg	-	31,700	1,000,000	968,300
Pepsico	-	-	710,000	710,000
EAIP Workers' Comp wage subsidy reimbursement	-	-	1,383	1,383
Miscellaneous	50,000	50,000	42,514	(7,486)
Interest on investments	214,100	214,100	603,706	389,606
Total revenues	<u>11,209,000</u>	<u>11,363,900</u>	<u>14,264,146</u>	<u>2,900,246</u>
Other financing sources				
Clean Water State Revolving Fund loan proceeds	25,380,000	25,380,000	18,020,404	(7,359,596)
From SDC Improvement Projects	3,637,600	3,637,600	3,637,600	-
Total other financing sources	<u>29,017,600</u>	<u>29,017,600</u>	<u>21,658,004</u>	<u>(7,359,596)</u>
Fund balance, beginning	9,839,100	9,839,100	10,338,167	499,067
Fund balance, beginning, designated for debt service	472,000	472,000	458,940	(13,060)
Amount available for appropriation	<u>\$ 50,537,700</u>	<u>\$ 50,692,600</u>	<u>46,719,257</u>	<u>\$ (3,973,343)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Personnel services	\$ 1,816,900	\$ 1,816,900	1,568,231	\$ 248,669
Materials and services	5,486,900	5,572,020	5,629,573	(57,553)
Capital	38,140,400	38,210,180	22,446,178	15,764,002
Transfers out	3,662,600	3,662,600	3,662,600	-
Debt Service	1,076,900	1,076,900	693,036	383,864
Contingencies	354,000	354,000	-	354,000
Total expenditures	<u>\$ 50,537,700</u>	<u>\$ 50,692,600</u>	<u>33,999,618</u>	<u>\$ 16,692,982</u>
Fund balance, ending			<u>\$ 12,719,639</u>	

CITY OF ALBANY, OREGON
SEWER FUND
RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS OF PROPRIETARY FUNDS
for the year ended June 30, 2008

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance/ Net Assets</u>
Totals from page 100	\$ 14,264,146	\$ 33,999,618	\$ 12,719,639
Reconciling items:			
June 30, 2007, asset and liability balances:			
Capital assets, net	-	-	93,327,303
Accounts receivable	-	-	1,976,529
Unamortized issue costs/loss on defeasance	-	-	64,037
Inventory	-	-	153,803
Salaries, withholdings, and vacations payable	-	-	(67,633)
Claims and judgments	-	-	(15,051)
Interest payable	-	-	(312,460)
Bonds payable	-	-	(31,538,743)
Adjustments to current year revenues			
Interest on investments	(603,706)	-	-
System development charges	(1,034,434)	-	-
In-lieu-of assessment fees	(356,262)	-	-
Change in accounts receivable	(394,550)	-	-
Sewer construction assessments	(32,691)	-	-
City of Millersburg capital acquisition reimbursement	(1,000,000)	-	(1,000,000)
Adjustments to current year expenses			
Expenditures capitalized	-	(22,446,181)	22,446,181
Disposal of capital assets	-	11,684	(11,684)
Change in inventory	-	36,760	(36,760)
Interest expense	-	(56,956)	7,259
Change in compensated absences liability	-	7,945	(7,945)
Change in OPEB obligation	-	24,271	(24,271)
Bond principal	-	(475,000)	475,000
Loan principal	-	(161,080)	161,080
Depreciation and amortization	-	2,186,620	(2,186,620)
Change in insurance liability	-	(3,224)	3,224
Reclassify PERS departmental debt service charges to transfers out	-	(47,309)	-
Eliminate transfers out	-	(25,000)	-
Eliminate intrafund transfers	-	(3,637,600)	-
Other adjustments			
Change in accounts receivable	-	-	(571,708)
Capital contributions	-	-	800,187
Issuance of debt (SRF loan)	-	-	(18,020,404)
Operating revenues, operating expenses, and ending net assets from Statement of Revenues, Expenses, and Changes in Fund Net Assets of Proprietary Funds (page 30)	<u>\$ 10,842,503</u>	<u>\$ 9,414,548</u>	<u>\$ 78,340,963</u>

I always wanted to be somebody, but I should have been more specific.

Lily Tomlin, actress, author and comedian

Combining Statements and Schedules of Revenues and Expenditures - Budget and Actual

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, Graphic Services, Human Resources, Information Technology Services, Geographic Information Systems Services, Permit Tracking Services, and Facilities Maintenance.
- **Public Works Services**-provides administration, engineering, water quality and control, customer services, 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, 2008

	Central Services	Public Works Services	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 619,204	\$ 585,878	\$1,205,082
Accounts receivable	1,498	-	1,498
Accrued interest	2,167	1,746	3,913
Other	6,027	27,546	33,573
Total current assets	628,896	615,170	1,244,066
Capital assets (net of depreciation)	41,440	167,729	209,169
Total assets	670,336	782,899	1,453,235
LIABILITIES			
Current liabilities:			
Accounts payable	185,704	215,745	401,449
Compensated absences	309,449	366,073	675,522
Claims and judgments	2,676	1,956	4,632
Other postemployment benefits	49,783	60,959	110,742
Total liabilities	547,612	644,733	1,192,345
NET ASSETS			
Invested in capital assets, net of related debt	41,440	167,729	209,169
Unrestricted	81,284	(29,563)	51,721
Total net assets	\$ 122,724	\$ 138,166	\$ 260,890

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
for the year ended June 30, 2008

	Central Services	Public Works Services	Totals
OPERATING REVENUES			
Service charges and fees	\$ 5,514,546	\$ 6,983,262	\$12,497,808
Miscellaneous	57,574	11,754	69,328
Total operating revenues	<u>5,572,120</u>	<u>6,995,016</u>	<u>12,567,136</u>
OPERATING EXPENSES			
Salaries and wages	3,456,270	4,659,043	8,115,313
Contracted services	337,157	359,533	696,690
Operating supplies	781,834	555,356	1,337,190
Utilities	111,266	104,009	215,275
Depreciation	9,530	13,287	22,817
Repairs and maintenance	175,387	110,654	286,041
Charges for services	634,175	865,887	1,500,062
Miscellaneous	1,428	-	1,428
Total operating expenses	<u>5,507,047</u>	<u>6,667,769</u>	<u>12,174,816</u>
Operating income	65,073	327,247	392,320
NONOPERATING REVENUES			
Interest on investments	21,528	4,923	26,451
Income before transfers	86,601	332,170	418,771
Transfers out	(92,263)	(142,822)	(235,085)
Change in net assets	(5,662)	189,348	183,686
Net assets, July 1, 2007	128,386	(51,182)	77,204
Net assets, June 30, 2008	<u>\$ 122,724</u>	<u>\$ 138,166</u>	<u>\$ 260,890</u>

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
for the year ended June 30, 2008

	Central Services	Public Works Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,513,048	\$ 6,983,262	\$ 12,496,310
Cash payments to suppliers of goods and services	(2,158,564)	(1,913,256)	(4,071,820)
Cash payments to employees for services	(3,284,255)	(4,457,364)	(7,741,619)
Other operating revenues	57,574	11,754	69,328
Net cash provided by operating activities	<u>127,803</u>	<u>624,396</u>	<u>752,199</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(92,263)	(142,822)	(235,085)
CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(15,150)	(7,084)	(22,234)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	22,312	3,863	26,175
Net increase in cash and investments	<u>42,702</u>	<u>478,353</u>	<u>521,055</u>
CASH AND INVESTMENTS, July 1, 2007	<u>576,502</u>	<u>107,525</u>	<u>684,027</u>
CASH AND INVESTMENTS, June 30, 2008	<u>\$ 619,204</u>	<u>\$ 585,878</u>	<u>\$ 1,205,082</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 65,073	\$ 327,247	\$ 392,320
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	9,530	13,287	22,817
Changes in assets and liabilities:			
Accounts receivable	(1,498)	-	(1,498)
Other assets	(2,210)	(16,744)	(18,954)
Accounts payable	(115,107)	98,927	(16,180)
Compensated absences	122,314	139,345	261,659
Claims & judgments	(82)	1,375	1,293
Other postemployment benefits	49,783	60,959	110,742
Total adjustments	<u>62,730</u>	<u>297,149</u>	<u>359,879</u>
Net cash provided by operating activities	<u>\$ 127,803</u>	<u>\$ 624,396</u>	<u>\$ 752,199</u>

CITY OF ALBANY, OREGON
CENTRAL SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2008

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Building maintenance charges	\$ 564,000	\$ 564,000	\$ 534,201	\$ (29,799)
Administrative services charges	3,140,600	3,140,600	3,263,000	122,400
Information technology charges	1,078,600	1,078,600	1,101,600	23,000
GIS/Permit Tracking charges	612,700	612,700	615,100	2,400
Bicycle/commuter map	300	300	-	(300)
GIS information sales	500	500	645	145
Miscellaneous	90,000	90,000	57,574	(32,426)
Interest on investments	16,000	16,000	21,528	5,528
Total revenues	<u>5,502,700</u>	<u>5,502,700</u>	<u>5,593,648</u>	<u>90,948</u>
Fund balance, beginning	255,700	255,700	282,459	26,759
Amount available for appropriation	<u>\$ 5,758,400</u>	<u>\$ 5,758,400</u>	<u>5,876,107</u>	<u>\$ 117,707</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Council and Nondepartmental	\$ 281,200	\$ 281,200	268,947	\$ 12,253
City Manager's Office	975,100	975,100	973,175	1,925
Information Technology Services	1,128,000	1,128,000	1,120,558	7,442
Human Resources	702,800	702,800	612,026	90,774
Facilities Maintenance	563,000	578,000	575,812	2,188
Finance	1,438,400	1,423,400	1,357,834	65,566
GIS Services	579,200	579,200	445,421	133,779
Permit Tracking Services	90,700	90,700	79,142	11,558
Total expenditures	<u>\$ 5,758,400</u>	<u>\$ 5,758,400</u>	<u>5,432,915</u>	<u>\$ 325,485</u>
Fund balance, ending			<u>\$ 443,192</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 109.

CITY OF ALBANY, OREGON
PUBLIC WORKS SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under)
Revenues:				
Charges to other funds	\$ 6,935,300	\$ 6,988,000	\$ 6,983,262	\$ (4,738)
Miscellaneous	-	12,000	11,754	(246)
Interest on investments	-	-	4,923	4,923
Total revenues	<u>6,935,300</u>	<u>7,000,000</u>	<u>6,999,939</u>	<u>(61)</u>
Fund balance, beginning	<u>87,000</u>	<u>87,000</u>	<u>2,195</u>	<u>(84,805)</u>
Amount available for appropriation	<u>\$ 7,022,300</u>	<u>\$ 7,087,000</u>	<u>7,002,134</u>	<u>\$ (84,866)</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Public Works Administration	\$ 636,600	\$ 656,900	640,166	\$ 16,734
Engineering Services	2,663,000	2,663,000	2,485,601	177,399
Operations Administration	1,100,000	1,144,400	1,115,937	28,463
Water Quality Control Services	430,900	430,900	359,335	71,565
Public Works Customer Service	1,061,500	1,061,500	988,330	73,170
Facilities and Maintenance Engineering	1,130,300	1,130,300	1,013,340	116,960
Total expenditures	<u>\$ 7,022,300</u>	<u>\$ 7,087,000</u>	<u>6,602,709</u>	<u>\$ 484,291</u>
Fund balance, ending			<u>\$ 399,425</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 109.

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, FUND BALANCE TO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS OF INTERNAL SERVICE FUNDS
for the year ended June 30, 2008

	Central Services	Public Works Service	Totals
<u>REVENUES</u>			
Total revenues from Schedule of Revenues and Expenditures - Budget and Actual	\$ 5,593,648	\$ 6,999,939	\$ 12,593,587
Reconciling item:			
Interest on investments	(21,528)	(4,923)	(26,451)
Operating revenues from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 30)	<u>\$ 5,572,120</u>	<u>\$ 6,995,016</u>	<u>\$ 12,567,136</u>
<u>EXPENDITURES</u>			
Total expenditures from Schedule of Revenues and Expenditures - Budget and Actual	\$ 5,432,915	\$ 6,602,709	\$ 12,035,624
Reconciling items:			
Depreciation	9,530	13,287	22,817
Expenditures capitalized	(15,150)	(7,084)	(22,234)
Change in compensated absences liability	122,314	139,345	261,659
Change in insurance liability	(82)	1,375	1,293
Change in OPEB obligation	49,783	60,959	110,742
Eliminate transfers out	-	(17,500)	(17,500)
Reclassify PERS departmental debt service charges to transfers out	(92,263)	(125,322)	(217,585)
Operating expenses from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 30)	<u>\$ 5,507,047</u>	<u>\$ 6,667,769</u>	<u>\$ 12,174,816</u>
<u>FUND BALANCE</u>			
Fund balance from Schedule of Revenues and Expenditures - Budget and Actual	\$ 443,192	\$ 399,425	\$ 842,617
Reconciling items:			
June 30, 2007, asset balance:			
Capital assets, net	35,820	173,932	209,752
June 30, 2007, liability balances:			
Salaries, withholdings, and vacations payable	(187,135)	(226,728)	(413,863)
Insurance payable	(2,758)	(581)	(3,339)
Capital asset additions	15,150	7,084	22,234
Depreciation	(9,530)	(13,287)	(22,817)
Change in compensated absences liability	(122,314)	(139,345)	(261,659)
Change in insurance liability	82	(1,375)	(1,293)
Change in OPEB obligation	(49,783)	(60,959)	(110,742)
Net assets from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 30)	<u>\$ 122,724</u>	<u>\$ 138,166</u>	<u>\$ 260,890</u>

The difference between the right word and almost the right word is the difference between lightning and the lightning bug.

Mark Twain

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

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
as of June 30, 2008

	<u>Balance</u> <u>June 30, 2008</u>
Governmental capital assets	
Land	\$ 6,670,882
Buildings	16,345,674
Equipment	9,989,110
Infrastructure	100,139,066
Construction in progress	4,864,139
Total governmental capital assets	<u>\$138,008,871</u>
Investment in capital assets from:	
Balance as of June 30, 1993	\$ 5,022,808
Capital project funds:	
General obligation bonds	10,963,772
Certificates of participation	3,075,143
Federal grants	22,480,377
State grants	1,744,541
Transfer from General Fund	3,157,021
Transfer from special revenue funds	2,182,290
Other sources	1,269,284
General Fund	8,440,562
Special revenue funds	35,100,395
Local improvement districts	18,278,857
Urban renewal districts	4,127,893
Donations of capital assets	22,165,928
Total investment in governmental capital assets	<u>\$138,008,871</u>

The schedules of capital assets used in the operation of governmental funds differs from the governmental activities capital assets due to the capital assets in the Central Services Fund as follows:

Total investment in governmental capital assets from above	\$138,008,871
Capital assets of the Central Services Fund	385,907
Total capital assets of governmental activities	<u>\$138,394,778</u>

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
for the fiscal year ended June 30, 2008

	Balances July 1, 2007	Additions	Deletions, Transfers out, Transfers in	Balances June 30, 2008
<u>CAPITAL ASSETS:</u>				
Land	\$ 6,205,353	\$ 475,029	\$ (9,500)	\$ 6,670,882
Buildings and improvements	15,568,503	777,171	-	16,345,674
Machinery and equipment	9,093,531	1,749,393	(853,814)	9,989,110
Infrastructure	98,656,340	1,242,457	240,269	100,139,066
Construction in progress	2,070,909	3,033,499	(240,269)	4,864,139
Total capital assets	<u>\$131,594,636</u>	<u>\$ 7,277,549</u>	<u>\$ (863,314)</u>	<u>\$138,008,871</u>

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
as of June 30, 2008

Function and Activity:	Land	Buildings and Improvements	Machinery and Equipment	Infra- structure	Construction in Progress	Total
General Government:						
Building Maintenance	\$ -	\$ -	\$ 109,051	\$ -	\$ -	\$ 109,051
Building Inspection	-	-	28,192	-	-	28,192
General Fund	3,065,010	4,823,755	711,220	8,705,415	-	17,305,400
Airport Maintenance	33,510	68,215	8,700	1,805,014	-	1,915,439
Public Transit	-	-	1,135,894	-	-	1,135,894
Total general government	<u>3,098,520</u>	<u>4,891,970</u>	<u>1,993,057</u>	<u>10,510,429</u>	<u>-</u>	<u>20,493,976</u>
Public Safety:						
Municipal Court	-	-	23,571	-	-	\$ 23,571
Police	-	1,280,297	1,392,905	-	-	2,673,202
Fire	118,771	3,782,343	3,162,119	-	-	7,063,233
Ambulance	-	-	1,160,175	-	-	1,160,175
Total public safety	<u>118,771</u>	<u>5,062,640</u>	<u>5,738,770</u>	<u>-</u>	<u>-</u>	<u>10,920,181</u>
Culture and Recreation:						
Library	14,010	4,565,236	35,492	-	-	4,614,738
Parks and Recreation	2,635,518	1,743,611	1,150,349	10,026,312	-	15,555,790
Total culture and recreation	<u>2,649,528</u>	<u>6,308,847</u>	<u>1,185,841</u>	<u>10,026,312</u>	<u>-</u>	<u>20,170,528</u>
Highways and Streets:						
Street Maintenance	804,063	82,217	1,071,442	79,602,325	-	81,560,047
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,864,139</u>	<u>4,864,139</u>
Total capital assets	<u>\$ 6,670,882</u>	<u>\$ 16,345,674</u>	<u>\$ 9,989,110</u>	<u>\$ 100,139,066</u>	<u>\$ 4,864,139</u>	<u>\$ 138,008,871</u>

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
for the fiscal year ended June 30, 2008

Function and Activity:	Capital Assets July 1, 2007	Additions	Deletions Transfers in, Transfers out	Capital Assets June 30, 2008
General Government:				
Building Maintenance	\$ 113,952	\$ -	\$ (4,901)	\$ 109,051
Code Enforcement	36,448	-	(8,256)	28,192
General Fund	16,942,878	388,464	(25,942)	17,305,400
Economic Development (Airport)	1,915,439	-	-	1,915,439
Public Transit	1,289,930	-	(154,036)	1,135,894
Total general government	20,298,647	388,464	(193,135)	20,493,976
Public Safety:				
Municipal Court	23,571	-	-	23,571
Police	2,448,688	282,954	(58,440)	2,673,202
Fire	6,449,644	953,667	(340,078)	7,063,233
Ambulance	1,289,915	-	(129,740)	1,160,175
Total public safety	10,211,818	1,236,621	(528,258)	10,920,181
Culture and Recreation:				
Library	3,894,381	720,357	-	4,614,738
Parks and Recreation	14,957,317	454,964	143,509	15,555,790
Total culture and recreation	18,851,698	1,175,321	143,509	20,170,528
Highways and Streets:				
Street Maintenance	80,161,564	1,443,644	(45,161)	81,560,047
Construction in progress	2,070,909	3,033,499	(240,269)	4,864,139
Total capital assets	\$131,594,636	\$ 7,277,549	\$ (863,314)	\$138,008,871

Nations have recently been led to borrow billions for war; no nation has ever borrowed largely for education. Probably, no nation is rich enough to pay for both war and civilization. We must make our choice; we cannot have both.

Abraham Flexner

OTHER FINANCIAL SCHEDULES

Debt Principal Transactions

Debt Interest Transactions

Future Debt Principal and Interest Requirements - Governmental Activities

Future Debt Principal and Interest Requirements - Business-type Activities

Property Tax Transactions and Outstanding Balances

CITY OF ALBANY, OREGON
SCHEDULE OF DEBT PRINCIPAL TRANSACTIONS
for the fiscal year ended June 30, 2008

	Interest Rate	Date of Issue	Years of Maturity	Outstanding July 1, 2007	Issued During Year	Matured/ Defeased/ Paid off During Year	Outstanding June 30, 2008
GENERAL OBLIGATION BONDS AND OTHER LONG-TERM OBLIGATIONS:							
1992 OEDD Notes Payable (1)	5.47	12/01/95	2015-2016	\$ 259,461	-	\$ 23,925	\$ 235,536
1995 Motel/Hotel Tax Revenue	3.90-5.75	08/01/95	1996-2011	830,000	-	200,000	630,000
1998 Water Refunding	3.60-4.50	05/01/98	1999-2010	2,390,000	-	760,000	1,630,000
1999 General Obligation	3.10-4.85	03/01/99	2000-2019	900,000	-	440,000	460,000
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	2002-2028	6,683,781	-	65,043	6,618,738
2002 Limited Tax Assessment Bancroft	5.05	06/17/02	2003-2012	467,043	-	62,377	404,666
2004 General Revenue Obligations	2.50-4.00	12/15/04	2006-2020	3,265,000	-	305,000	2,960,000
2005 CARA Long-term Tax-exempt Note	4.85	10/15/05	2006-2020	1,389,213	-	1,389,213	-
2007 General Obligation Refunding	4.00	06/01/15	2007-2015	8,335,000	-	275,000	8,060,000
2007 Series A CARA Tax-exempt	4.85	10/15/07	2008-2022	-	2,822,000	-	2,822,000
2007 Series B CARA Taxable	6.25	10/15/07	2008-2015	-	1,865,000	140,000	1,725,000
Total general obligation bonds and other long-term obligations				<u>\$24,519,498</u>	<u>\$ 4,687,000</u>	<u>\$ 3,660,558</u>	<u>\$25,545,940</u>
REVENUE BONDS AND OTHER LONG-TERM NOTES RECORDED IN ENTERPRISE FUNDS:							
2002 Water Certificates of Participation	5.50	03/01/02	2002-2012	\$ 340,458	-	\$ 60,875	\$ 279,583
2003 Series Water Bonds	2.00-5.125	08/01/03	2004-2033	36,790,000	-	1,280,000	35,510,000
2004 Sewer Current Refunding Bonds	2.65	02/01/04	2004-2010	1,475,000	-	475,000	1,000,000
1992 Oregon DEQ SRF Notes Payable (2)	3.00	04/01/92	2011-2012	805,401	-	161,080	644,321
2007 Oregon DEQ SRF Notes Payable (2)	3.40-3.64	09/21/06		29,258,343	18,020,404	-	47,278,747
Total revenue bonds and other long-term notes				<u>\$68,669,202</u>	<u>\$18,020,404</u>	<u>\$ 1,976,955</u>	<u>\$84,712,651</u>

(1) Oregon Economic Development Department

(2) Department of Environmental Quality State Revolving Fund Loans

CITY OF ALBANY, OREGON
SCHEDULE OF DEBT INTEREST TRANSACTIONS
for the fiscal year ended June 30, 2008

	Interest Rate	Date of Issue	Outstanding July 1, 2007	Unmatured Interest on Debt Issued, Called, or Refunded During Year	Interest Retired/ Defeased During Year	Outstanding June 30, 2008
GENERAL OBLIGATION BONDS AND OTHER LONG-TERM OBLIGATIONS:						
1992 OEDD Notes Payable (1)	5.47	12/01/95	\$ 81,104	\$ -	\$ 14,746	\$ 66,358
1995 Motel/Hotel Tax Revenue	3.90-5.75	08/01/95	96,063	-	41,725	54,338
1998 Water Refunding	3.60-4.50	05/01/98	162,938	-	89,085	73,853
1999 General Obligation	3.10-4.85	03/01/99	57,900	-	38,250	19,650
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	8,468,805	-	401,014	8,067,791
2002 Limited Tax Assessment Bancroft	5.05	06/17/02	80,467	-	22,808	57,659
2004 General Revenue Obligations	2.50-4.00	12/15/04	751,410	-	115,351	636,059
2005 CARA Long-term Tax-exempt Note	4.85	10/15/05	556,804	(489,427)	67,377	-
2007 General Obligation Refunding	4.00	06/01/15	1,732,600	-	333,400	1,399,200
2007 Series A CARA Tax-exempt	4.85	10/15/07	-	1,596,927	91,245	1,505,682
2007 Series B CARA Taxable	6.25	10/15/07	-	513,208	77,708	435,500
Total general obligation and long-term other obligations			<u>\$11,988,091</u>	<u>\$ 1,620,708</u>	<u>\$ 1,292,709</u>	<u>\$12,316,090</u>
REVENUE BONDS AND OTHER LONG-TERM NOTES RECORDED IN ENTERPRISE FUNDS:						
2002 Water Certificates of Participation	5.50	03/01/02	\$ 53,688	\$ -	\$ 17,955	\$ 35,733
2003 Series Water Bonds	2.00-5.125	08/01/03	27,362,230	-	1,675,537	25,686,693
2004 Sewer Current Refunding	2.65	02/01/04	59,425	-	32,794	26,631
1992 Oregon DEQ SRF Notes Payable (2)	3.00	04/01/92	72,486	-	24,162	48,324
2007 Oregon DEQ SRF Notes Payable (2)	3.40-3.64	09/21/06	286,105	1,322,486	-	1,608,591
Total revenue bonds and other long-term notes			<u>\$27,833,934</u>	<u>\$ 1,322,486</u>	<u>\$ 1,750,448</u>	<u>\$27,405,972</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, 2008

Years of Maturity	Total Requirements			Oregon Economic Development Department Notes Payable		1995 Hotel/Motel Tax Revenue		1999 Street Reconstruction General Obligation		2002 Limited Tax Pension Obligations	
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2008-2009	\$ 1,751,953	\$ 1,170,524	\$ 2,922,477	\$ 24,155	\$ 13,436	\$ 210,000	\$ 30,188	\$ 460,000	\$ 19,650	\$ 73,231
2009-2010	1,908,432	1,113,467	3,021,899	24,373	13,117	210,000	18,111	-	-	82,139	428,918
2010-2011	2,815,924	1,047,024	3,862,948	24,619	10,753	210,000	6,039	-	-	86,861	444,197
2011-2012	2,017,570	955,584	2,973,154	29,884	9,337	-	-	-	-	92,951	463,106
2012-2013	1,932,032	894,029	2,826,061	30,164	7,619	-	-	-	-	97,868	483,189
2013-2014	2,048,147	833,265	2,881,412	30,460	5,886	-	-	-	-	101,687	504,371
2014-2015	1,930,793	776,706	2,707,499	35,774	4,134	-	-	-	-	105,019	531,038
2015-2016	621,605	725,946	1,347,551	36,107	2,076	-	-	-	-	107,498	558,560
2016-2017	613,483	728,484	1,341,967	-	-	-	-	-	-	109,483	586,575
2017-2018	637,140	732,150	1,369,290	-	-	-	-	-	-	111,140	614,918
2018-2019	659,257	738,122	1,397,379	-	-	-	-	-	-	111,257	644,800
2019-2020	736,604	699,806	1,436,410	-	-	-	-	-	-	159,604	631,454
2020-2021	881,000	408,460	1,289,460	-	-	-	-	-	-	460,000	366,605
2021-2022	972,000	356,532	1,328,532	-	-	-	-	-	-	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>\$23,915,940</u>	<u>\$12,242,237</u>	<u>\$36,158,177</u>	<u>\$235,536</u>	<u>\$ 66,358</u>	<u>\$ 630,000</u>	<u>\$ 54,338</u>	<u>\$ 460,000</u>	<u>\$ 19,650</u>	<u>\$6,618,738</u>	<u>\$8,067,791</u>

2002 Limited Tax Assessment Bancroft Bonds		2004 General Revenue Obligations		General Obligation Refunding Series 2007		Albany Revitalization Agency 2007 Series A Tax-Exempt Bonds		Albany Revitalization Agency 2007 Series B Taxable Bonds		Years of
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Maturity
\$ 65,567	\$ 19,618	\$ 315,000	\$107,726	\$ 385,000	\$ 322,400	\$ -	\$ 136,867	\$ 219,000	\$ 107,812	2008-2009
68,920	16,265	320,000	99,064	970,000	307,000	-	136,867	233,000	94,125	2009-2010
72,444	12,741	325,000	88,664	1,850,000	268,200	-	136,867	247,000	79,563	2010-2011
197,735	9,035	340,000	78,914	1,095,000	194,200	-	136,867	262,000	64,125	2011-2012
-	-	355,000	68,204	1,170,000	150,400	-	136,867	279,000	47,750	2012-2013
-	-	365,000	52,229	1,255,000	103,600	-	136,867	296,000	30,312	2013-2014
-	-	140,000	39,454	1,335,000	53,400	126,000	136,867	189,000	11,813	2014-2015
-	-	145,000	34,554	-	-	333,000	130,756	-	-	2015-2016
-	-	155,000	27,303	-	-	349,000	114,606	-	-	2016-2017
-	-	160,000	19,553	-	-	366,000	97,679	-	-	2017-2018
-	-	165,000	13,394	-	-	383,000	79,928	-	-	2018-2019
-	-	175,000	7,000	-	-	402,000	61,352	-	-	2019-2020
-	-	-	-	-	-	421,000	41,855	-	-	2020-2021
-	-	-	-	-	-	442,000	21,437	-	-	2021-2022
-	-	-	-	-	-	-	-	-	-	2022-2023
-	-	-	-	-	-	-	-	-	-	2023-2024
-	-	-	-	-	-	-	-	-	-	2024-2025
-	-	-	-	-	-	-	-	-	-	2025-2026
-	-	-	-	-	-	-	-	-	-	2026-2027
-	-	-	-	-	-	-	-	-	-	2027-2028
<u>\$404,666</u>	<u>\$ 57,659</u>	<u>\$2,960,000</u>	<u>\$636,059</u>	<u>\$8,060,000</u>	<u>\$1,399,200</u>	<u>\$2,822,000</u>	<u>\$1,505,682</u>	<u>\$1,725,000</u>	<u>\$ 435,500</u>	

CITY OF ALBANY, OREGON
SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS
BUSINESS-TYPE ACTIVITIES (1)
 June 30, 2008

Years of Maturity	Total Requirements			1998 Water General Obligation (2)		2002 Water COP	
	Principal	Interest	Total	Principal	Interest	Principal	Interest
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>\$39,063,904</u>	<u>\$25,871,234</u>	<u>\$64,935,138</u>	<u>\$ 1,630,000</u>	<u>\$ 73,853</u>	<u>\$ 279,583</u>	<u>\$ 35,733</u>

(1) The City secured two loans totaling \$67,961,876 from the Clean Water 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 as construction of the plant progresses. Interest accrues at the time of the loan disbursement and will be payable six months after construction is completed in 2009. At that time a loan payment schedule will be prepared.

(2) 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 Revenue/Refunding		2004 Sewer Current Refunding		1992 Oregon DEQ State Revolving Fund Loan		Years of Maturity
Principal	Interest	Principal	Interest	Principal	Interest	
\$ 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>\$35,510,000</u>	<u>\$25,686,693</u>	<u>\$ 1,000,000</u>	<u>\$ 26,631</u>	<u>\$ 644,321</u>	<u>\$ 48,324</u>	

CITY OF ALBANY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
for the year ended June 30, 2008

Tax Year	Taxes Receivable June 30, 2007	Levy as extended by assessor	Collections	Discounts & Adjustments	Taxes Receivable June 30, 2008
2007-08	\$ -	\$ 23,648,423	\$(22,251,321)	\$ (540,749)	\$ 856,353
2006-07	765,075	-	(405,528)	(46,189)	313,358
2005-06	295,955	-	(130,857)	(4,355)	160,743
2004-05	166,594	-	(109,388)	10,952	68,158
2003-04	65,492	-	(27,930)	(25,539)	12,023
2002-03	17,263	-	(10,537)	(1,174)	5,552
2001-02	5,825	-	(1,878)	(40)	3,907
2000-01	3,879	-	(1,474)	483	2,888
1999-00	2,040	-	(189)	(282)	1,569
1998-99	1,206	-	55	(385)	876
1997-98	685	-	(18)	(162)	505
and prior	10,249	-	(61)	(1,789)	8,399
	<u>\$ 1,334,263</u>	<u>\$ 23,648,423</u>	<u>\$(22,939,126)</u>	<u>\$ (609,229)</u>	<u>\$ 1,434,331</u>

SUMMARY OF COLLECTIONS AND BALANCES RECEIVABLE

Governmental funds		
General	\$ 13,989,405	\$ 880,934
Special Revenue		
Parks and Recreation	3,498,175	218,751
Public Safety Levy	2,462,996	151,531
Albany Revitalization Agency	1,110,125	62,848
Debt Service	1,055,622	68,620
Total governmental funds	<u>22,116,323</u>	<u>1,382,684</u>
Proprietary fund		
Water	822,803	51,647
Totals	<u>\$ 22,939,126</u>	<u>\$ 1,434,331</u>

RECONCILIATION OF TAX COLLECTIONS TO THE STATEMENT OF ACTIVITIES

	Collections from Above	Tax Accrual Net Change	Statement of Activities
General	\$ 13,989,405	\$ 40,634	\$ 14,030,039
Parks and Recreation	3,498,175	9,588	3,507,763
Public Safety Levy	2,462,996	9,014	2,472,010
Albany Revitalization Agency	1,110,125	14,141	1,124,266
Debt Service	1,055,622	(4,962)	1,050,660
Water	822,803	1,727	824,530
Totals	<u>\$ 22,939,126</u>	<u>\$ 70,142</u>	<u>\$ 23,009,268</u>

STATISTICAL SECTION

The statistical section comprises schedules presenting trend information about revenues and expenses, outstanding debt, economics and demographics, and other subjects. These schedules are intended to provide financial statement users with contextual information needed to assess the City's financial health.

A conclusion is the place where you got tired thinking.

Martin H. Fischer

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

	1999	2000	2001	2002	2003
Governmental Activities					
Invested in capital assets, net of related debt					\$ 52,149,287
Restricted					13,108,189
Unrestricted					7,608,794
Total governmental activities net assets					<u>72,866,270</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	72,820,092
Restricted	4,448,230	4,039,114	3,190,879	3,047,480	9,056,486
Unrestricted	26,930,968	31,060,730	35,080,454	37,560,991	14,458,875
Total business-type activities net assets	<u>31,379,198</u>	<u>35,099,844</u>	<u>38,271,333</u>	<u>40,608,471</u>	<u>96,335,453</u>
Total City of Albany					
Invested in capital assets, net of related debt	-	-	-	-	124,969,379
Restricted	4,448,230	4,039,114	3,190,879	3,047,480	22,164,675
Unrestricted	26,930,968	31,060,730	35,080,454	37,560,991	22,067,669
Total net assets	<u>\$ 31,379,198</u>	<u>\$ 35,099,844</u>	<u>\$ 38,271,333</u>	<u>\$ 40,608,471</u>	<u>\$ 169,201,723</u>

In the six years since the City began reporting under GASB Statement 34, net assets of governmental activities increased by just over 64 percent (\$42,513,000). Included in program revenues for the six year period are \$20,564,000 of capital contributions in the form of systems development charges, connection fees, improvement assurance fees, and site improvements. While program revenues have been flat, general revenues have been sufficient to offset increasing expenses such that the change in net assets for governmental activities has been positive for each of the years in the period. It is important to note that the increase in net assets for the most current year, 2007-08, was the lowest of the six year period. This situation bears careful attention since the trend is that the magnitude of the increase in net assets has fallen each year since 2004-05.

During the same time frame, the net assets of the business-type activities have increased by 61.7 per cent (\$56,572,000). The two major components of the increase have been operating income (\$21,266,000) and capital contributions (\$33,993,000). Capital contributions consist of development fees: systems development charges, in-lieu-of assessment charges, and improvement assurances; and developer constructed water, sewer, and storm drain site improvements donated to the City. The increase in net assets for 2007-08 was \$3,100,000 smaller than that of the previous year. The decrease can be tied directly to the level of capital contributions which fell more than \$4,000,000 from 2006-07 to 2007-08.

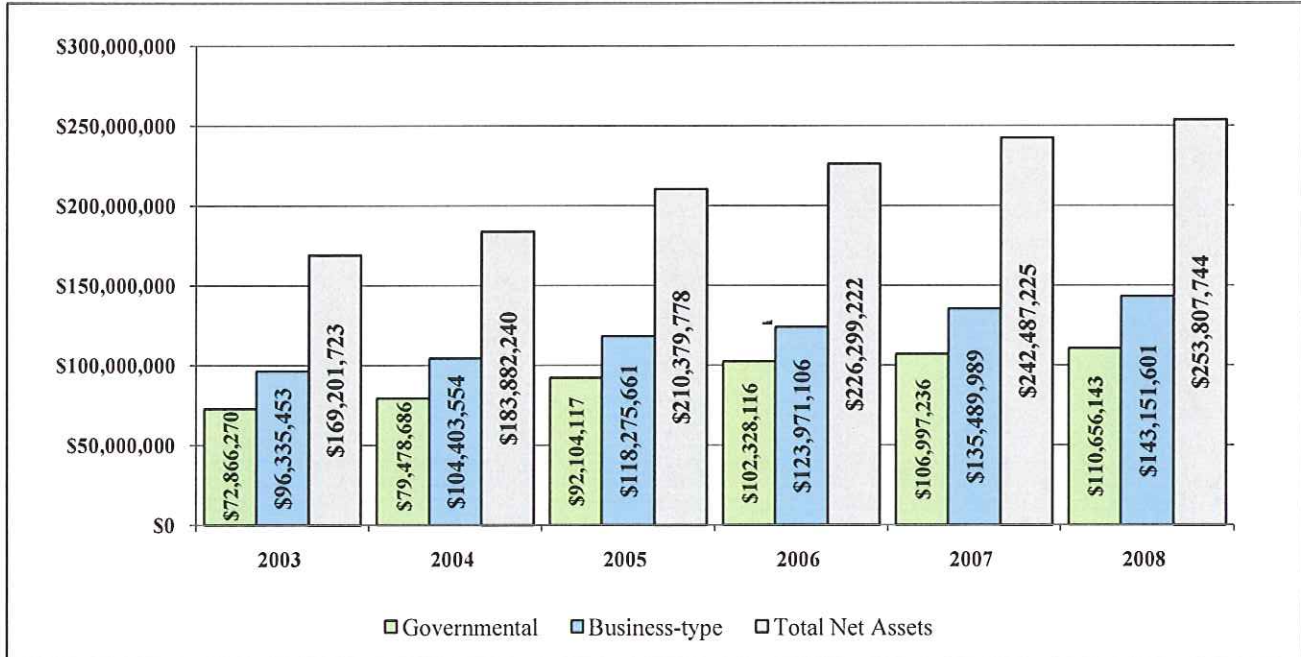
The City began reporting under GASB Statement No. 34 for the 2002-03 fiscal year.
 Net assets by component statistics are not available for governmental activities prior to Fiscal Year 2002-03.
 Source: City of Albany 1999-2008 Comprehensive Annual Financial Reports

continued

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

2004	2005	2006	2007	2008	
					Governmental Activities
\$ 55,569,708	\$ 64,678,843	\$ 72,113,680	\$ 77,816,952	\$ 80,243,676	Invested in capital assets, net of related debt
5,249,133	9,358,060	15,878,361	13,984,682	17,874,256	Restricted
18,659,845	18,067,214	14,336,075	15,195,602	12,538,211	Unrestricted
<u>79,478,686</u>	<u>92,104,117</u>	<u>102,328,116</u>	<u>106,997,236</u>	<u>110,656,143</u>	Total governmental activities net assets
					Business-type activities
76,643,262	84,900,880	91,009,502	102,945,424	\$ 106,681,579	Invested in capital assets, net of related debt
9,401,040	15,860,141	14,984,960	14,764,342	8,494,861	Restricted
18,359,252	17,514,640	17,976,644	17,780,223	27,975,161	Unrestricted
<u>104,403,554</u>	<u>118,275,661</u>	<u>123,971,106</u>	<u>135,489,989</u>	<u>143,151,601</u>	Total business-type activities net assets
					Total City of Albany
132,212,970	149,579,723	163,123,182	180,762,376	186,925,255	Invested in capital assets, net of related debt
14,650,173	25,218,201	30,863,321	28,749,024	26,369,117	Restricted
37,019,097	35,581,854	32,312,719	32,975,825	40,513,372	Unrestricted
<u>\$ 183,882,240</u>	<u>\$ 210,379,778</u>	<u>\$ 226,299,222</u>	<u>\$ 242,487,225</u>	<u>\$ 253,807,744</u>	Total net assets

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



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

	1999	2000	2001	2002	2003
Expenses					
Governmental activities:					
General government					\$ 6,887,965
Public safety					14,262,937
Highways and streets					4,327,021
Culture and recreation					5,391,355
Interest on long-term debt					1,265,139
Total governmental activities expenses					<u>32,134,417</u>
Business-type activities					
Water	\$ 5,818,404	\$ 5,931,533	\$ 6,069,353	\$ 6,550,448	7,135,802
Sewer	4,392,386	5,044,884	6,184,551	6,198,358	7,186,899
Total business-type activities expenses	<u>10,210,790</u>	<u>10,976,417</u>	<u>12,253,904</u>	<u>12,748,806</u>	<u>14,322,701</u>
Program Revenues					
Governmental activities:					
Charges for services					6,239,968
Operating grants and contributions					4,241,022
Capital grants and contributions					8,038,879
Total governmental activities program revenues					<u>18,519,869</u>
Business-type activities					
Water	6,474,301	7,148,200	7,605,090	7,560,718	9,222,539
Sewer	4,956,030	5,352,486	5,304,659	5,872,992	8,395,543
Total business-type activities revenues	<u>11,430,331</u>	<u>12,500,686</u>	<u>12,909,749</u>	<u>13,433,710</u>	<u>17,618,082</u>
Total program revenues					<u>36,137,951</u>
General Revenues					
Governmental activities:					
Taxes:					
Property taxes used for general purposes					13,512,030
Property taxes used for debt service					1,020,694
Transient room taxes used for general purposes					283,589
Transient room taxes used for debt service					230,521
Motor fuel					1,707,732
Cigarette and alcoholic beverage					456,965
Privilege					1,896,396
Contributions to permanent funds					3,828
Grants and contributions not restricted to specific programs					537,570
Unrestricted interest earnings					327,154
Premium on debt issuance					-
Miscellaneous					-
Total governmental activities general revenues					<u>19,976,479</u>
Loss on disposal of capital assets					(1,018)
Transfers					95,049
Total governmental activities					<u>20,070,510</u>

continued

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

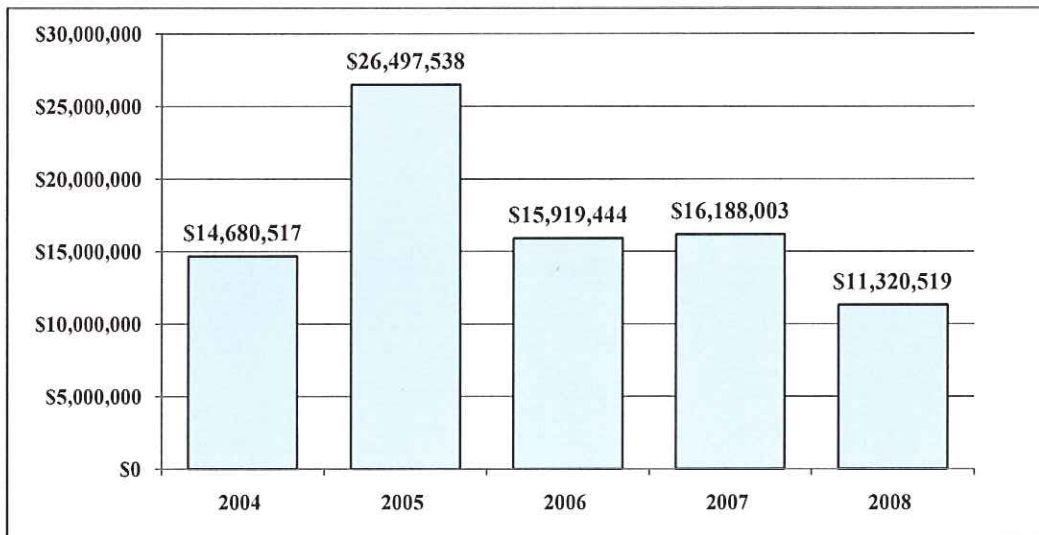
2004	2005	2006	2007	2008	
					Expenses
					Governmental activities:
\$ 3,975,367	\$ 4,808,302	5,799,062	6,468,368	8,791,969	General government
16,138,117	17,344,947	18,484,074	21,156,907	22,831,077	Public safety
4,983,961	5,056,827	5,605,789	6,489,273	6,717,357	Highways and streets
5,633,112	5,905,119	6,387,685	7,222,964	7,542,294	Culture and recreation
1,317,826	1,190,214	1,224,183	1,138,930	1,171,934	Interest on long-term debt
<u>32,048,383</u>	<u>34,305,409</u>	<u>37,500,793</u>	<u>42,476,442</u>	<u>47,054,631</u>	Total governmental activities expenses
					Business-type activities
7,797,815	6,946,851	9,494,225	11,253,334	11,495,380	Water
7,637,300	7,436,459	7,952,494	8,829,900	9,317,599	Sewer
<u>15,435,115</u>	<u>14,383,310</u>	<u>17,446,719</u>	<u>20,083,234</u>	<u>20,812,979</u>	Total business-type activities expenses
					Program Revenues
					Governmental activities:
3,297,211	3,481,479	4,865,745	6,260,183	6,780,166	Charges for services
4,166,669	5,583,570	8,964,353	6,566,201	5,242,275	Operating grants and contributions
8,210,768	11,708,909	5,896,271	5,438,422	7,418,560	Capital grants and contributions
<u>15,674,648</u>	<u>20,773,958</u>	<u>19,726,369</u>	<u>18,264,806</u>	<u>19,441,001</u>	Total governmental activities program revenues
					Business-type activities
12,629,094	17,456,186	13,071,306	14,096,457	13,241,504	Water
9,524,763	10,927,340	12,750,140	14,334,830	12,035,561	Sewer
<u>22,153,857</u>	<u>28,383,526</u>	<u>25,821,446</u>	<u>28,431,287</u>	<u>25,277,065</u>	Total business-type activities revenues
<u>37,828,505</u>	<u>49,157,484</u>	<u>45,547,815</u>	<u>46,696,093</u>	<u>44,718,066</u>	Total program revenues
					General Revenues
					Governmental activities:
					Taxes:
15,979,937	17,105,625	18,275,628	19,691,258	20,009,812	Property taxes used for general purposes
1,077,292	1,063,905	1,113,145	951,815	2,174,926	Property taxes used for debt service
270,227	299,200	354,502	459,569	510,037	Transient room taxes used for general purposes
239,540	251,204	256,014	241,343	231,083	Transient room taxes used for debt service
1,898,605	2,119,250	2,170,883	2,152,446	2,056,995	Motor fuel
469,130	497,499	545,979	867,362	995,174	Cigarette and alcoholic beverage
1,987,951	2,099,290	2,268,032	2,480,090	2,717,412	Privilege
454	3,042	2,414	923	295	Contributions to permanent funds
515,559	60,390	169,251	59,305	124,421	Grants and contributions not restricted to specific programs
243,671	467,924	1,303,367	1,745,218	1,738,924	Unrestricted interest earnings
-	50,244	-	-	-	Premium on debt issuance
-	-	153,912	130,653	431,229	Miscellaneous
<u>22,682,366</u>	<u>24,017,573</u>	<u>26,613,127</u>	<u>28,779,982</u>	<u>30,990,308</u>	Total governmental activities general revenues
-	-	-	-	-	Loss on disposal of capital assets
303,785	1,027,456	373,918	490,975	282,229	Transfers
<u>22,986,151</u>	<u>25,045,029</u>	<u>26,987,045</u>	<u>29,270,957</u>	<u>31,272,537</u>	Total governmental activities

continued

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

	1999	2000	2001	2002	2003
General Revenues, continued					
Business-type activities					
Property taxes	897,446	302,509	748,849	761,583	778,058
Unrestricted investment earnings	1,296,878	1,434,253	1,470,360	731,136	377,023
Gain on disposal of real property	-	-	-	-	-
Miscellaneous	593,840	442,127	285,258	306,549	352,592
Total business-type activities general revenues	2,788,164	2,178,889	2,504,467	1,799,268	1,507,673
Loss on disposal of capital assets	(5,555)	-	(5,088)	(102,034)	(23,952)
Transfers	73,016	17,488	16,265	(45,000)	(95,049)
Total business-type activities	2,855,625	2,196,377	2,515,644	1,652,234	1,388,672
Change in Net Assets					
Governmental activities					6,455,962
Business-type activities	4,075,166	3,720,646	3,171,489	2,337,138	4,684,053
Total Change in net assets	4,075,166	3,720,646	3,171,489	2,337,138	11,140,015
Net assets - beginning	27,304,032	31,379,198	35,099,844	38,271,333	158,061,708
Prior period adjustments	-	-	-	-	-
Net assets - ending	\$ 31,379,198	\$ 35,099,844	\$ 38,271,333	\$ 40,608,471	\$ 169,201,723

Change in Net Assets
last five years



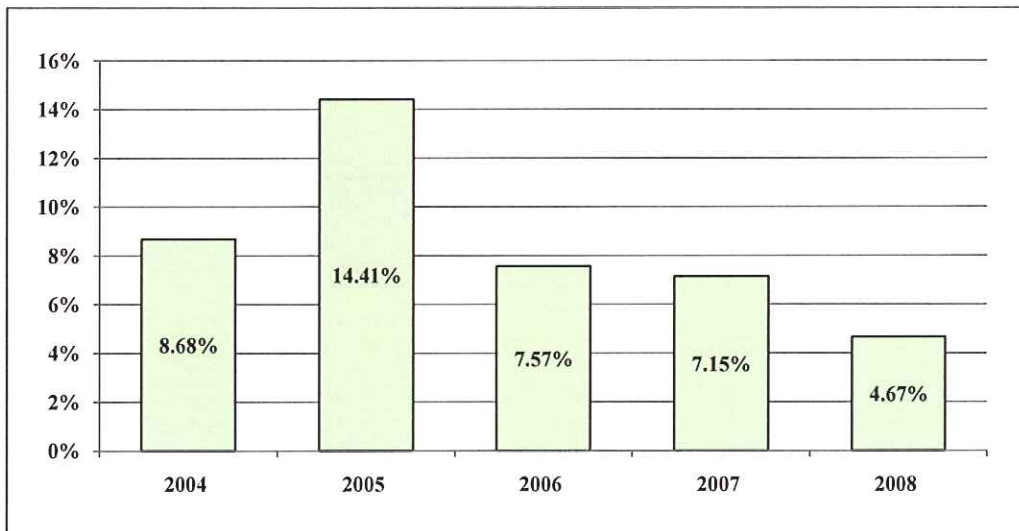
The City began reporting under GASB Statement No. 34 for the 2002-03 fiscal year. Change in net asset statistics are not available for governmental activities prior to Fiscal Year 2002-03. Source: City of Albany 1999-2008 Comprehensive Annual Financial Reports

continued

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

2004	2005	2006	2007	2008	
					General Revenues, continued
					Business-type activities
787,570	782,683	759,865	753,308	824,530	Property taxes used for debt service
286,658	488,123	1,240,546	1,506,557	1,428,407	Unrestricted investment earnings
-	-	-	-	319,069	Gain on disposal of real property
578,916	455,720	687,743	653,135	907,749	Miscellaneous
<u>1,653,144</u>	<u>1,726,526</u>	<u>2,688,154</u>	<u>2,913,000</u>	<u>3,479,755</u>	Total business-type activities general revenues
-					Loss on disposal of capital assets
(303,785)	(1,027,456)	(373,918)	(490,975)	(282,229)	Transfers
<u>1,349,359</u>	<u>699,070</u>	<u>2,314,236</u>	<u>2,422,025</u>	<u>3,197,526</u>	Total business-type activities
					Change in Net Assets
6,612,416	11,513,578	9,212,621	5,059,321	3,658,907	Governmental activities
8,068,101	14,699,286	10,688,963	10,770,078	7,661,612	Business-type activities
<u>14,680,517</u>	<u>26,212,864</u>	<u>19,901,584</u>	<u>15,829,399</u>	<u>11,320,519</u>	Total Change in net assets
169,201,723	183,882,240	210,379,778	226,299,222	242,487,225	Net assets - beginning
-	284,674	(3,982,140)	358,604	-	
<u>\$ 183,882,240</u>	<u>\$ 210,379,778</u>	<u>\$ 226,299,222</u>	<u>\$ 242,487,225</u>	<u>\$ 253,807,744</u>	Net assets - ending

Year to Year Percentage Change in Net Assets
 last five years

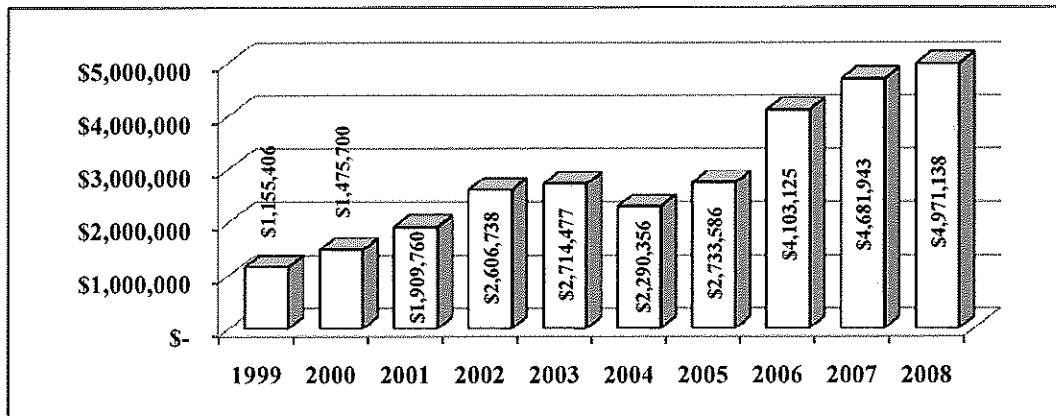


Schedule 3
CITY OF ALBANY, OREGON
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	1999	2000	2001	2002	2003
General Fund					
Unreserved	\$ 1,155,406	\$ 1,475,700	\$ 1,909,760	\$ 2,606,738	\$ 2,714,477
Total General Fund	<u>1,155,406</u>	<u>1,475,700</u>	<u>1,909,760</u>	<u>2,606,738</u>	<u>2,714,477</u>
All other governmental funds					
Reserved for:					
Capital projects	-	-	-	-	2,755,767
Debt service	1,303,571	1,475,033	1,671,851	1,812,545	2,179,270
Library programs	-	-	-	-	74,296
Parks & Recreation programs	-	151,062	165,365	174,417	359,718
Perpetual care	-	-	-	-	107,206
Unreserved, reported in:					
Special revenue funds	5,224,248	6,539,856	7,424,541	8,952,518	5,795,739
Capital project fund	12,085,387	10,788,217	6,247,993	4,414,518	2,578,524
Total all other governmental funds	<u>18,613,206</u>	<u>18,954,168</u>	<u>15,509,750</u>	<u>15,353,998</u>	<u>13,850,520</u>
Total fund balances of governmental funds	<u>\$ 19,768,612</u>	<u>\$ 20,429,868</u>	<u>\$ 17,419,510</u>	<u>\$ 17,960,736</u>	<u>\$ 16,564,997</u>

General Fund Unreserved Fund Balance

Last Ten Fiscal Years



Source: City of Albany 1999-2008 Comprehensive Annual Financial Reports

continued

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

2004	2005	2006	2007	2008	
					General Fund
\$ 2,290,356	\$ 2,733,586	\$ 4,103,125	\$ 4,681,943	\$ 4,971,138	Unreserved
<u>2,290,356</u>	<u>2,733,586</u>	<u>4,103,125</u>	<u>4,681,943</u>	<u>4,971,138</u>	Total General Fund
					All other governmental funds
					Reserved for:
6,012,244	8,248,404	15,591,619	9,515,787	10,555,792	Capital projects
2,616,579	2,877,865	2,865,706	1,220,782	1,176,797	Debt service
89,886	90,474	8,437	11,799	11,688	Library programs
314,284	12,036	11,848	11,675	11,874	Parks & Recreation programs
108,906	111,585	115,189	115,834	117,502	Perpetual care
					Unreserved, reported in:
8,021,014	8,744,939	8,338,206	15,714,635	16,884,061	Special revenue funds
1,162,841	3,169,042	-	-	1,109,238	Capital projects fund
<u>18,325,754</u>	<u>23,254,345</u>	<u>26,931,005</u>	<u>26,590,512</u>	<u>29,866,952</u>	Total all other governmental funds
<u>\$ 20,616,110</u>	<u>\$ 25,987,931</u>	<u>\$ 31,034,130</u>	<u>\$ 31,272,455</u>	<u>\$ 34,838,090</u>	Total fund balances of governmental funds

**General Fund Unreserved Fund Balance
and Annual Percentage Change**

Last Ten Fiscal Years

Fiscal Year	Fund Balance	% Change
1,999	\$ 1,155,406	-
2,000	1,475,700	27.72%
2,001	1,909,760	29.41%
2,002	2,606,738	36.50%
2,003	2,714,477	4.13%
2,004	2,290,356	-15.62%
2,005	2,733,586	19.35%
2,006	4,103,125	50.10%
2,007	4,681,943	14.11%
2,008	4,971,138	6.18%

The General Fund unreserved fund balance has increased by 330.25 percent over the last ten years. The 2007-2008 fund balance of \$4,971,138 is 21.03 percent of total expenditures before transfers out, 17.14 percent of the total General Fund 2007-2008 budget, and 16.34 percent of the 2008-2009 General Fund budget.

In the process of implementing new accounting software in 2005-06 and 2006-07, staff closely examined the functions of the City's funds. A number of funds were eliminated or combined with existing funds. Staff determined that several funds which had been reported as capital project funds did not conform to that definition and were more properly classified as special revenue funds. This reclassification accounts for the large swing in fund balance reserved for capital projects and unreserved fund balance reported in special revenue funds for Fiscal Years 2005-06 and 2006-07.

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

	1999	2000	2001	2002	2003
Revenues					
Taxes	\$ 10,425,555	\$ 12,417,367	\$ 13,151,492	\$ 14,053,132	\$ 14,981,840
Special assessments	614,436	604,826	533,127	831,361	621,006
Franchise fees, privilege taxes, licenses, and permits	4,463,958	4,963,837	5,356,917	5,787,913	6,468,494
Intergovernmental	3,919,176	4,394,900	4,622,000	5,188,361	6,511,342
Charges for services	5,031,850	4,831,553	5,037,361	5,531,010	6,003,485
Fines and forfeitures	599,080	645,140	576,427	597,223	614,142
Gifts and donations			-	-	3,828
Interest on investments	874,632	1,198,920	1,267,131	627,707	382,755
Miscellaneous	187,361	1,358,499	276,931	594,206	460,850
Total revenues	26,116,048	30,415,042	30,821,386	33,210,913	36,047,742
Expenditures					
General government	6,115,379	6,176,795	6,923,805	14,129,300	6,650,355
Public safety	10,146,996	10,917,763	11,418,871	12,157,504	13,844,935
Highways and streets	1,487,553	1,636,738	1,716,599	1,928,070	2,183,939
Culture and recreation	3,764,432	4,126,949	4,329,659	4,556,160	4,987,709
Capital outlay	6,090,408	5,143,791	7,633,500	5,635,038	7,777,230
Debt service					
Principal	525,000	830,000	875,000	949,913	1,036,687
Interest	547,868	904,262	918,045	946,783	1,269,338
Total expenditures	28,677,636	29,736,298	33,815,479	40,302,768	37,750,193
Excess (deficiency) of revenues over (under) expenditures	(2,561,588)	678,744	(2,994,093)	(7,091,855)	(1,702,451)
Other financing sources (uses)					
Debt issuance proceeds	9,850,000	-	-	7,588,081	-
Premium on debt issuance	-	-	-	-	-
Payment to escrow agent for refunded bonds	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-
Transfers in	1,759,419	1,041,894	847,729	852,140	1,341,168
Transfers out	(1,832,434)	(1,059,382)	(863,994)	(807,140)	(1,213,283)
Total other financing sources (uses)	9,776,985	(17,488)	(16,265)	7,633,081	127,885
Prior period adjustments	-	-	-	-	178,827
Net change in fund balances	\$ 7,215,397	\$ 661,256	\$ (3,010,358)	\$ 541,226	\$ (1,395,739)

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	\$ 1,072,868	\$ 1,734,262	\$ 1,793,045	\$ 1,896,696	\$ 2,306,025
Total noncapital expenditures	22,587,228	24,592,507	26,181,979	34,667,730	29,972,963
Ratio of total debt service expenditures less refundings to total noncapital expenditures	4.75%	7.05%	6.85%	5.47%	7.69%

Source: City of Albany 1999-2008 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)

2004	2005	2006	2007	2008	
					Revenues
\$ 17,604,792	\$ 18,460,938	\$ 20,225,202	\$ 21,369,433	\$ 22,857,443	Taxes
980,652	2,812,677	752,013	284,316	92,321	Special assessments
6,676,869	7,988,856	7,637,192	8,173,745	7,752,797	Franchise fees, privilege taxes, licenses, and permits
8,319,812	12,317,895	6,643,124	7,160,835	8,303,684	Intergovernmental
3,072,882	3,698,501	3,722,670	4,184,394	4,608,381	Charges for services
556,974	545,296	581,972	730,232	988,983	Fines and forfeitures
454	3,042	3,178,018	4,119	2,008,320	Gifts and donations
306,052	624,257	1,265,344	1,677,487	1,717,615	Interest on investments
573,834	764,322	653,788	1,308,177	1,168,815	Miscellaneous
38,092,321	47,215,784	44,659,323	44,892,738	49,498,359	Total revenues
					Expenditures
3,692,811	4,934,984	5,260,948	6,286,630	8,472,015	General government
15,577,882	16,809,154	18,302,131	20,586,681	22,040,875	Public safety
2,617,631	2,768,538	3,103,766	3,499,426	3,864,623	Highways and streets
5,231,589	5,831,360	6,093,309	6,646,681	6,768,031	Culture and recreation
5,000,187	13,033,514	7,871,125	4,685,842	6,183,849	Capital outlay
					Debt service
1,097,997	2,876,939	1,328,965	3,288,914	2,900,558	Principal
1,224,295	1,201,415	1,181,496	1,342,964	1,203,625	Interest
34,442,392	47,455,904	43,141,740	46,337,138	51,433,576	Total expenditures
3,649,929	(240,120)	1,517,583	(1,444,400)	(1,935,217)	Excess (deficiency) of revenues over (under) expenditures
					Other financing sources (uses)
-	3,720,000	1,459,399	9,065,000	5,051,998	Debt issuance proceeds
-	50,244	-	121,060	-	Premium on debt issuance
-	-	-	(8,200,000)	-	Payment to escrow agent for refunded bonds
-	162,060	151,360	98,493	74,362	Capital lease proceeds
3,484,872	6,968,005	14,248,234	6,261,817	5,994,473	Transfers in
(3,083,688)	(5,207,075)	(13,341,755)	(5,663,645)	(5,619,981)	Transfers out
401,184	5,693,234	2,517,238	1,682,725	5,500,852	Total other financing sources (uses)
-	(81,293)	1,011,378	-	-	
\$ 4,051,113	\$ 5,371,821	\$ 5,046,199	\$ 238,325	\$ 3,565,635	Net change in fund balances
\$ 2,322,292	\$ 2,378,354	\$ 2,510,461	\$ 4,631,878	\$ 4,104,183	Total debt service expenditures
29,442,205	34,422,390	35,270,615	41,651,296	45,249,727	Total noncapital expenditures
7.89%	6.91%	7.12%	11.12%	9.07%	Ratio

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

Fiscal Year Ended June 30,	County	Taxable Assessed Value (1)	Tax Rate Per \$1,000 of Assessed Value	Urban Renewal District Assessed Value	Total Assessed Value	Estimated Market Value	Assessed Value as a % of Market Value
1999	Linn	\$1,419,222,880	6.70	\$ -	\$1,419,222,880	\$1,799,742,420	78.86%
	Benton	247,421,535	6.70	-	247,421,535	303,141,992	81.62%
	Total	1,666,644,415		-	1,666,644,415	2,102,884,412	79.26%
2000	Linn	1,507,948,621	7.16	-	1,507,948,621	1,880,932,309	80.17%
	Benton	275,701,514	7.16	-	275,701,514	347,011,862	79.45%
	Total	1,783,650,135		-	1,783,650,135	2,227,944,171	80.06%
2001	Linn	1,614,022,242	7.36	-	1,614,022,242	1,997,950,898	80.78%
	Benton	297,794,824	7.36	-	297,794,824	357,214,360	83.37%
	Total	1,911,817,066		-	1,911,817,066	2,355,165,258	81.18%
2002	Linn	1,708,549,715	7.30	-	1,708,549,715	1,996,077,785	85.60%
	Benton	313,782,275	7.30	-	313,782,275	431,400,111	72.74%
	Total	2,022,331,990		-	2,022,331,990	2,427,477,896	83.31%
2003	Linn	1,752,832,617	7.23	22,646,610	1,775,479,227	2,092,129,723	84.86%
	Benton	334,249,796	7.23	-	334,249,796	395,820,350	84.44%
	Total	2,087,082,413		22,646,610	2,109,729,023	2,487,950,073	84.80%
2004 (2)	Linn	1,837,116,379	8.12	24,077,227	1,861,193,606	2,146,957,508	86.69%
	Benton	358,947,500	8.12	-	358,947,500	434,014,740	82.70%
	Total	2,196,063,879		24,077,227	2,220,141,106	2,580,972,248	86.02%
2005	Linn	1,913,454,224	8.04	34,121,937	1,947,576,161	2,333,811,851	83.45%
	Benton	395,736,624	8.04	-	395,736,624	472,209,130	83.81%
	Total	2,309,190,848		34,121,937	2,343,312,785	2,806,020,981	83.51%
2006	Linn	2,061,601,036	8.09	41,571,478	2,103,172,514	2,505,957,967	83.93%
	Benton	428,648,082	7.96	-	428,648,082	517,706,517	82.80%
	Total	2,490,249,118		41,571,478	2,531,820,596	3,023,664,484	83.73%
2007	Linn	2,202,687,502	8.02	50,945,385	2,253,632,887	2,887,626,123	78.04%
	Benton	454,804,642	7.87	-	454,804,642	664,234,567	68.47%
	Total	2,657,492,144		50,945,385	2,708,437,529	3,551,860,690	76.25%
2008	Linn	2,323,996,912	8.04	62,008,472	2,386,005,384	3,241,435,594	73.61%
	Benton	487,155,971	7.86	-	487,155,971	718,378,931	67.81%
	Total	2,811,152,883		62,008,472	2,873,161,355	3,959,814,525	72.56%

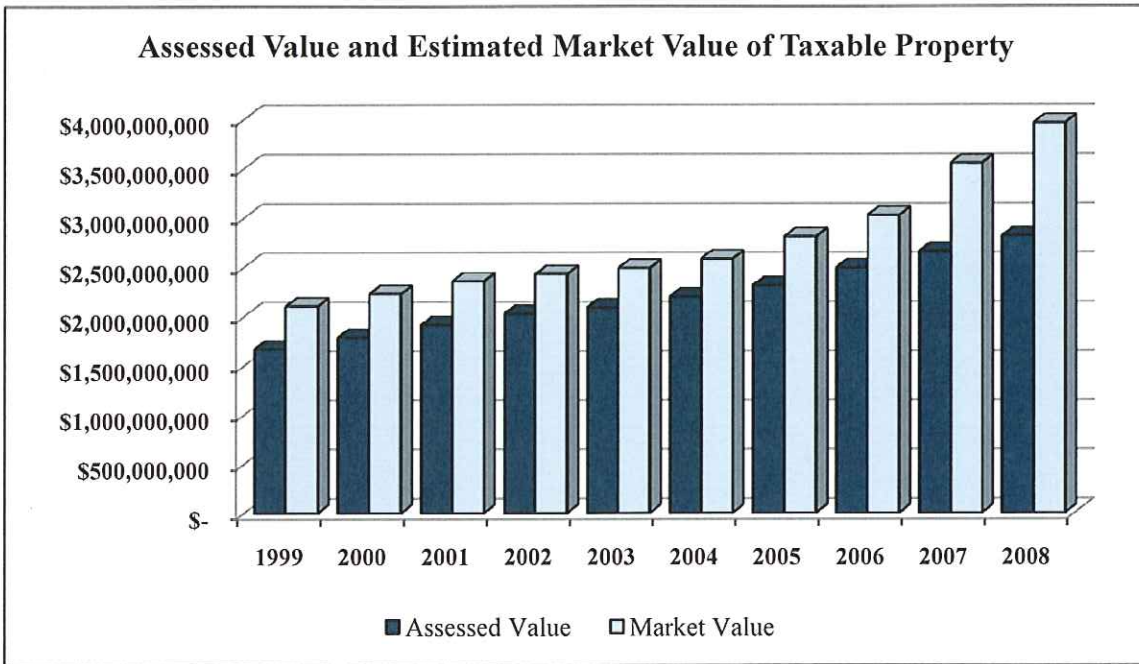
(1) Does not include the assessed value of the urban renewal district.

(2) In the November 2002, General Election, the voters of the City passed a five year, local option levy to provide additional public safety funding. The levy authorized by the voters was \$0.95 per \$1,000 of assessed value.

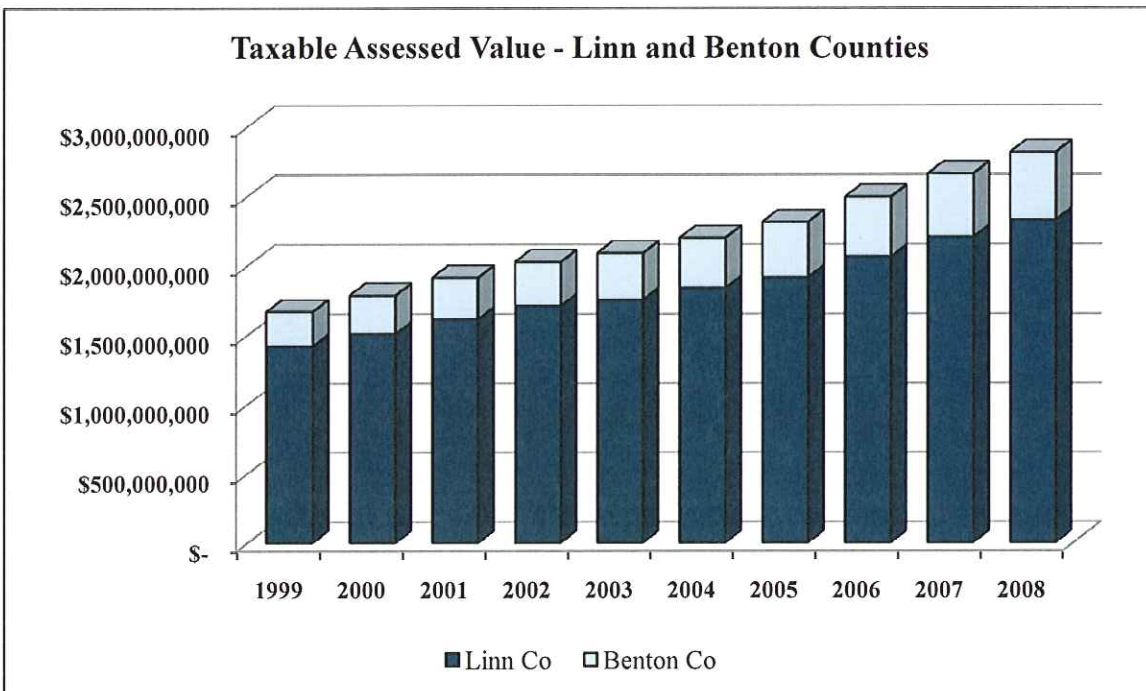
Source: Linn and Benton Counties Tax Assessor

continued

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



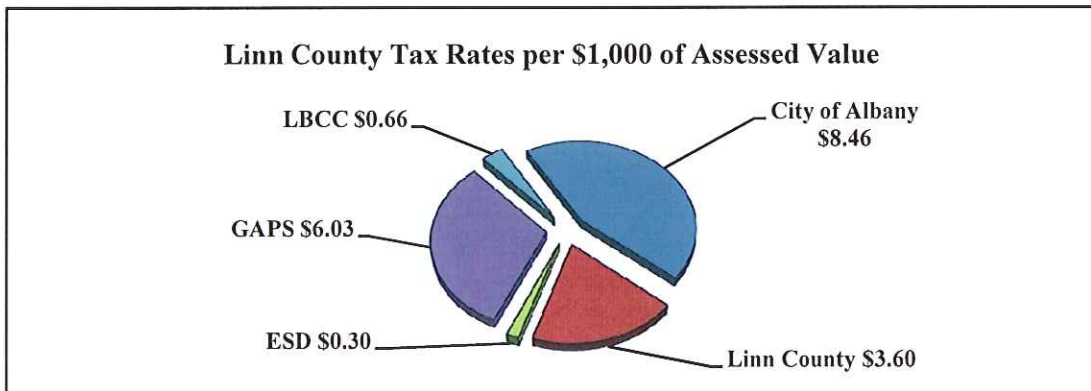
The "gap" between the market value and the assessed value is important to note. Oregon statutes allow the assessed value on a single piece of property to rise no more than three percent annually up to the market value where the assessed value is capped. Currently, the assessed value is 72.56 percent of market value leaving a \$1,086,653,170 gap. Current economic conditions will have an effect on the market value of properties, but the extent of the effect is not known at this time.



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

City of Albany Direct Rates

Fiscal Year Ended June 30,	County	Basic Rate	Local Option Public Safety Levy	General Obligation Debt Service	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	0.74	0.30	8.39
	Benton	6.35	0.88	0.73	0.23	8.19
2007	Linn	6.40	0.95	0.67	0.42	8.44
	Benton	6.28	0.93	0.66	0.26	8.13
2008	Linn	6.40	0.95	0.69	0.42	8.46
	Benton	6.26	0.93	0.67	0.33	8.19



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

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

LBCC - Linn-Benton Community College
 NASD - North Albany Service District

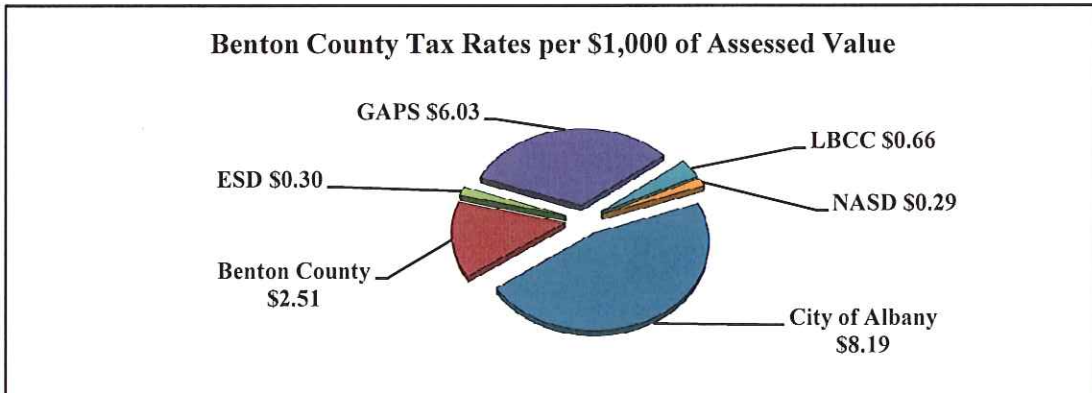
Source: Linn and Benton Counties Tax Assessor

continued

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

Overlapping Rates

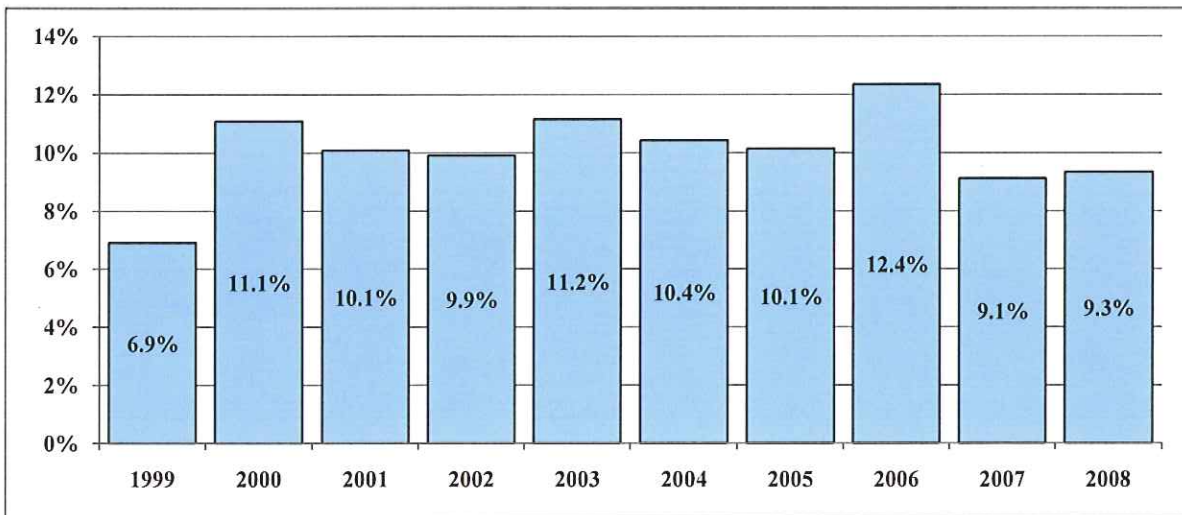
	Linn County	Benton County	ESD(2) Linn/ Benton Counties	Greater Albany Public School District	Linn- Benton Community College	North Albany Service District	Total Direct & Overlapping Rates
\$	3.11	\$ -	\$ 0.31	\$ 5.23	\$ 0.72	\$ -	\$ 16.07
	-	2.21	0.31	5.23	0.75	0.54	15.74
	3.19	-	0.31	5.54	0.70	-	16.90
	-	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	-	17.51
	-	2.54	0.30	4.84	0.67	0.33	16.87
	3.60	-	0.30	6.03	0.66	-	19.03
	-	2.51	0.30	6.03	0.66	0.31	17.94
	3.60	-	0.30	6.03	0.66	-	19.05
	-	2.51	0.30	6.03	0.66	0.29	17.98



Schedule 7
CITY OF ALBANY, OREGON
PRINCIPAL PROPERTY TAXPAYERS
 Fiscal Years 1998-1999 and 2007-2008

Taxpayer	2007-2008		% of Total Taxable Assessed Value	1998-1999		% of Total Taxable Assessed Value
	Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
Dayton Hudson Corporation	\$ 77,609,207	1	2.76%	\$ 38,557,720	1	2.31%
Oregon Metallurgical Corporation	40,179,355	2	1.43%	28,117,770	2	1.69%
Oregon Freeze Dry Foods, Inc.	31,360,924	3	1.12%	27,677,620	3	1.66%
Waverly Land Management	22,071,148	4	0.79%	23,013,320	4	1.38%
Steadfast Heritage, LLC	20,691,381	5	0.74%	-	-	-
Pacific Cast Technologies Inc	19,664,554	6	0.70%	-	-	-
Metropolitan Life Insurance Co.	15,474,060	7	0.55%	12,023,190	7	0.72%
Mennonite Home of Albany	12,319,048	8	0.44%	-	-	-
Costco Wholesale Corp	11,946,670	9	0.42%	-	-	-
SVC Manufacturing Inc	11,231,840	10	0.40%	-	-	-
National Health Properties	-	-	-	11,539,430	9	0.69%
Roebbelen Engineering, Inc.	-	-	-	18,406,330	5	1.10%
Eugene Freezing and Storage Co.	-	-	-	12,111,510	6	0.73%
Panolam Industries	-	-	-	11,135,940	10	0.67%
National Frozen Foods	-	-	-	11,798,220	8	0.71%
Total	\$ 262,548,187		9.34%	\$ 194,381,050		6.91%
Utilities:						
Phone, electricity, natural gas	\$ 66,235,820		2.36%	\$ 51,914,824		3.11%
Total taxable assessed value, all properties	\$ 2,811,152,883			\$ 1,666,644,415		

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

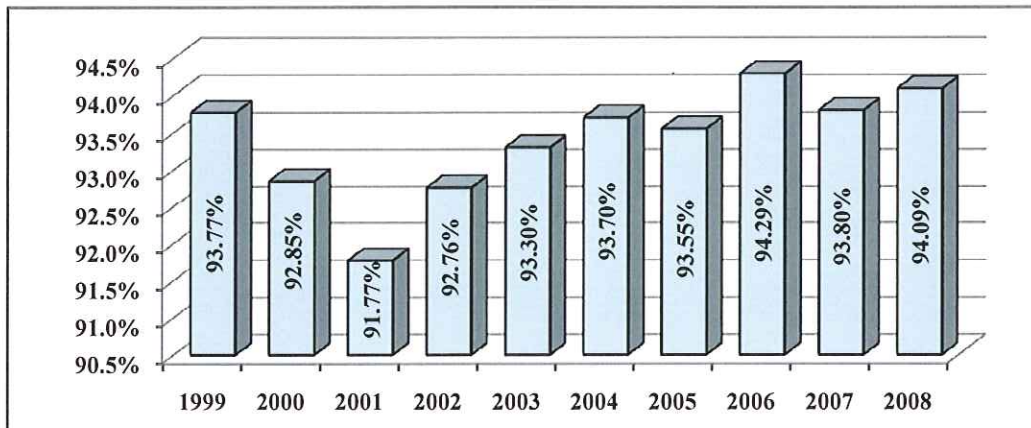


Source: Linn and Benton Counties Tax Assessor

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

Fiscal Year Ended June 30,	Tax Levy as Extended by the Assessor(1)	Collected within the Fiscal Year of the Levy	Percentage Collected	Collections In Subsequent Years	Total Collections to Date	Percentage of Levy as Extended
1999	\$ 11,164,764	\$ 10,468,911	93.77%	\$ 440,998	\$ 10,909,909	97.72%
2000	12,772,054	11,858,395	92.85%	598,580	12,456,975	97.53%
2001	14,085,001	12,926,133	91.77%	696,216	13,622,349	96.72%
2002	14,776,533	13,706,523	92.76%	652,750	14,359,273	97.18%
2003	15,615,495	14,569,267	93.30%	646,786	15,216,053	97.44%
2004	18,341,731	17,185,584	93.70%	650,553	17,836,137	97.24%
2005	19,312,644	18,066,785	93.55%	722,055	18,788,840	97.29%
2006	20,740,111	19,555,255	94.29%	521,940	20,077,195	96.80%
2007	22,142,401	20,770,157	93.80%	405,528	21,175,685	95.63%
2008	23,648,423	22,251,321	94.09%	-	22,251,321	94.09%

Percentage of Taxes Collected in the Year Assessed



The City has chosen to calculate the property tax collection rate based on the gross amount of the levy as extended by the Linn and Benton Counties Assessor. The resulting rate is a lower percentage but for comparative purposes it can be applied to future years' levies without having to estimate discounts and adjustments. This method of calculating the collection rate is the same one that is used for the budget. In past annual reports the collection percentage was based on a net levy which included discounts and adjustments. Using the new method, the ten-year average first year collection rate is 93.49 percent of the levy as extended by the assessors.

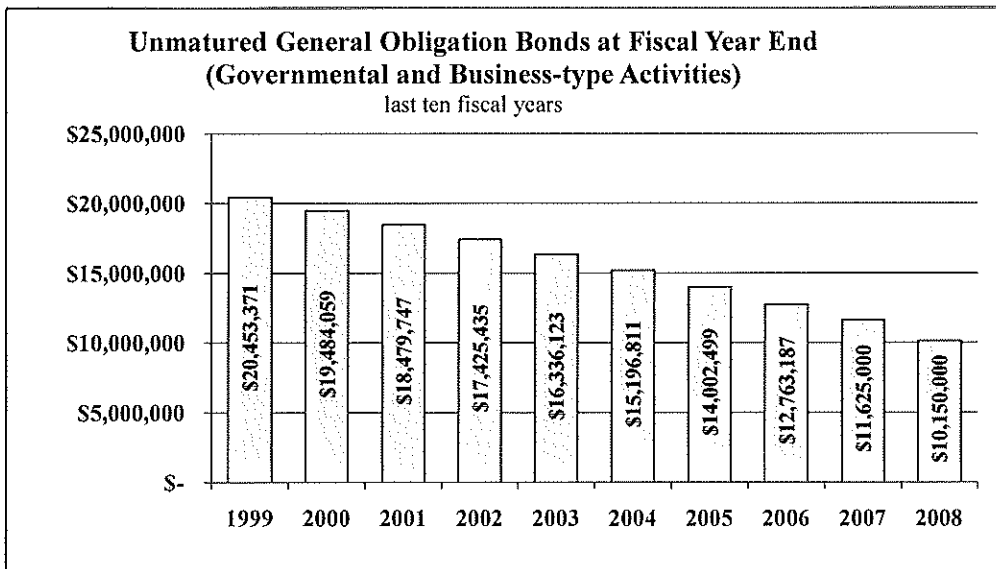
Three ways which property tax revenue can be adversely affected by a slowdown in the economy are: 1) market values fall below assessed value; 2) assessed value falls; and 3) the rate of tax collection falls. Because of the healthy gap between market values and assessed values, there would be lag time before a downturn would directly affect the market value limit on assessed value. In the second situation, assessed values will not tumble quickly. What is more likely is that the rate of growth of the assessed value will slow. The third factor has the potential to have a more immediate effect. A one percentage point drop in the tax collection rate would translate into a \$250,000 decrease in current tax revenues. The City will monitor the tax collection rate to gauge its effects the 2008-09 revenues. The tax collection rate will also be a factor in the preparation of the 2009-10 budget.

Sources: Linn and Benton Counties Tax Assessor

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

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

Fiscal Year Ended June 30,	GOVERNMENTAL ACTIVITIES								
	General Obligation Bonds	Special Assessment Debt (1)	Revenue Bonds	Limited Tax Pension Obligations	Certificates of Participation	General Revenue Obligations	Urban Renewal TIF Bonds(2)	Notes Payable	Capital Leases
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
2008	8,520,000	404,666	630,000	6,618,738	-	2,960,000	4,547,000	235,536	453,629

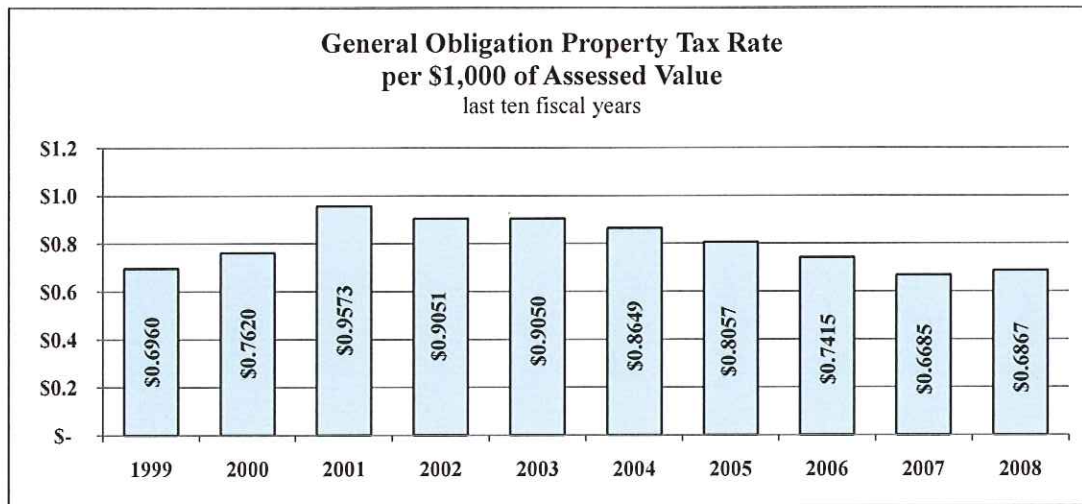


As the above chart indicates there has been a nearly linear reduction in the amount of the outstanding general obligation debt over the last ten years. The trend will continue as the existing bonds approach retirement. There are no plans to issue general obligation debt in the coming fiscal year.

- (1) Special assessment debt with governmental commitment
- (2) TIF-Tax Increment Financing
- (3) Includes \$47,278,747 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

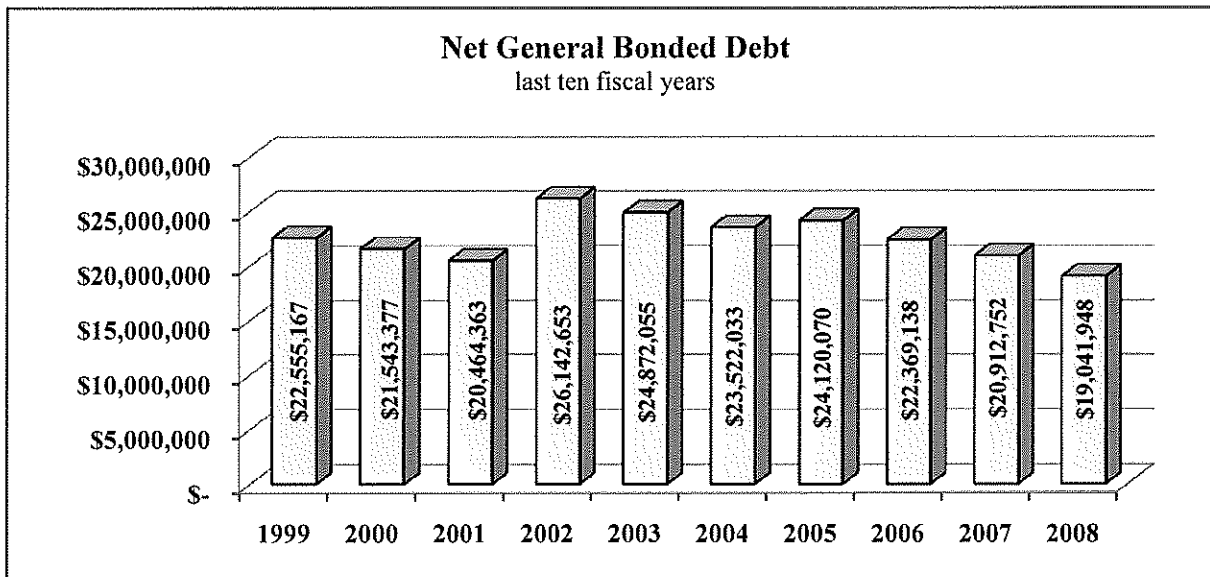
BUSINESS-TYPE ACTIVITIES					Total Outstanding Debt	% of Personal Income	Debt per Capita
General Obligation Bonds	Water Revenue Bonds	Sewer Revenue Bonds	Certificates of Participation	Notes Payable(3)			
\$ 7,148,371	\$ 6,365,085	\$ 6,941,661	\$ -	\$ 2,094,044	\$ 43,384,026	1.98%	\$ 1,144
6,634,059	6,035,935	6,679,179	-	1,932,964	41,269,314	1.84%	1,031
6,099,747	5,659,804	6,209,489	-	1,771,883	38,835,293	1.66%	944
5,540,435	5,230,595	5,685,973	600,000	1,610,803	44,382,407	1.81%	1,066
4,961,123	4,770,995	5,127,458	553,550	1,449,723	41,540,763	1.64%	983
4,351,811	40,192,681	2,699,857	504,589	1,288,641	72,617,496	2.83%	1,666
3,712,499	38,987,677	2,278,559	452,819	1,127,561	71,144,153	2.64%	1,616
3,053,187	37,767,673	1,852,261	398,162	966,481	68,796,394	2.50%	1,517
2,390,000	36,790,000	1,475,000	340,458	30,063,744	93,378,948	3.20%	2,003
1,630,000	35,510,000	1,000,000	279,583	47,923,068	110,712,220	n/a	2,332



The average annual increase in assessed value over the ten year period is just under six percent with a high of 7.84 percent in 2006 and a low of 3.20 percent in 2003. Assuming a modest three percent annual increase in assessed value and no new general obligation debt, the property tax rate per \$1,000 of assessed value will be \$0.69 to \$0.71 until fiscal 2011-12 when the rate will fall to \$0.41 per \$1,000 for four years until all current general obligation debt is retired at the end of fiscal 2014-15.

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
1999	37,925	\$ 1,666,644,415	\$20,453,371 ⁽²⁾	\$ -	\$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	2,309,190,848	14,002,499	6,783,389	-	3,720,000
2006	45,360	2,490,249,118	12,763,187	6,739,431	-	3,490,000
2007	46,610	2,657,492,144	11,625,000	6,683,781	-	3,265,000
2008	47,470	2,811,152,883	10,150,000	6,618,738	-	2,960,000



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

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

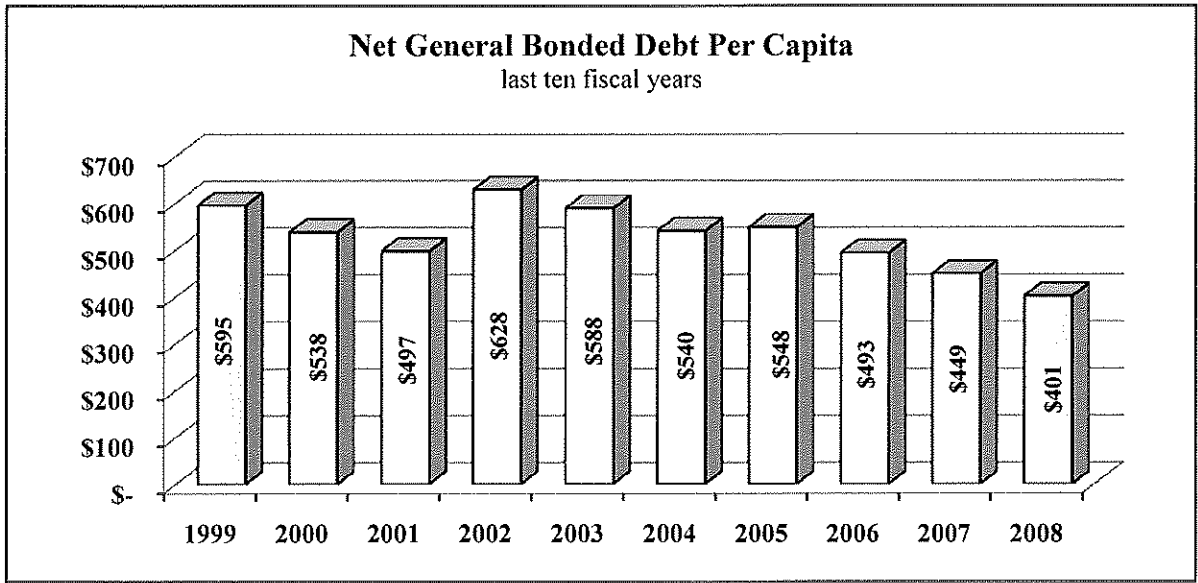
(3) \$418,437 available for General Obligation Debt. \$268,353 available for the Limited Tax Pension Bonds.

Source: City of Albany 1999-2008 Comprehensive Annual Financial Reports

continued

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	Net Bonded Debt as a Percent of Personal Income
\$ 383,204	\$ 22,555,167	1.3533%	\$ 594.73	1.03%
310,682	21,543,377	1.2078%	538.45	0.96%
265,384	20,464,363	1.0704%	497.37	0.88%
234,695	26,142,653	1.2927%	627.67	1.07%
280,981	24,872,055	1.1917%	588.27	0.98%
338,014	23,522,033	1.0711%	539.50	0.92%
385,818	24,120,070	1.0445%	547.81	0.90%
623,480	22,369,138	0.8983%	493.15	0.81%
661,029	20,912,752	0.7869%	448.68	0.72%
686,790 ⁽³⁾	19,041,948	0.6774%	401.14	n/a



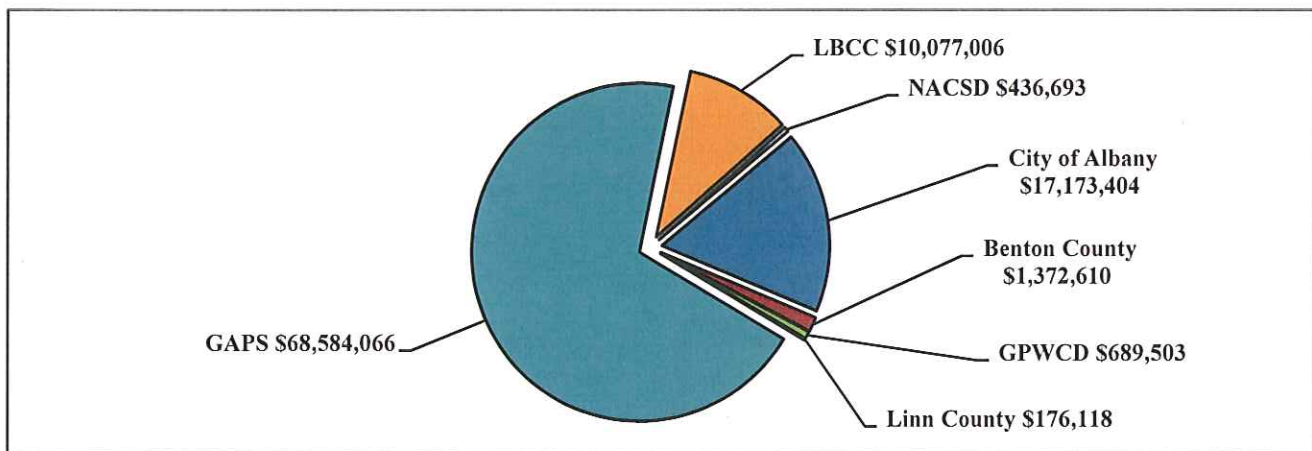
It takes less time to do a thing right, than it does to explain why you did it wrong.

Henry Wadsworth Longfellow

Schedule 11
CITY OF ALBANY, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
as of June 30, 2008

Jurisdiction	Net Outstanding Debt	Percentage Applicable to the City of Albany	Amount Applicable to the City of Albany
DIRECT DEBT			
City of Albany (2)	\$ 17,173,404	100.0000%	\$ 17,173,404
OVERLAPPING DEBT			
Benton County	17,436,163	7.8722%	1,372,610
Grand Prairie Water Control District (GPWCD)	873,933	78.8965%	689,503
Linn County	565,000	31.1713%	176,118
Greater Albany Public School District 8J (GAPS)	98,010,000	69.9766%	68,584,066
Linn Benton Community College (LBCC)	46,990,000	21.4450%	10,077,006
North Albany County Service District (NACSD)	437,337	99.8527%	436,693
<u>Total overlapping debt</u>	<u>164,312,433</u>		<u>81,335,996</u>
<u>Total direct and overlapping debt</u>	<u>\$ 181,485,837</u>		<u>\$ 98,509,400</u>

Direct and Overlapping Debt Applicable to the City of Albany



(1) Source - State of Oregon, Treasury Department

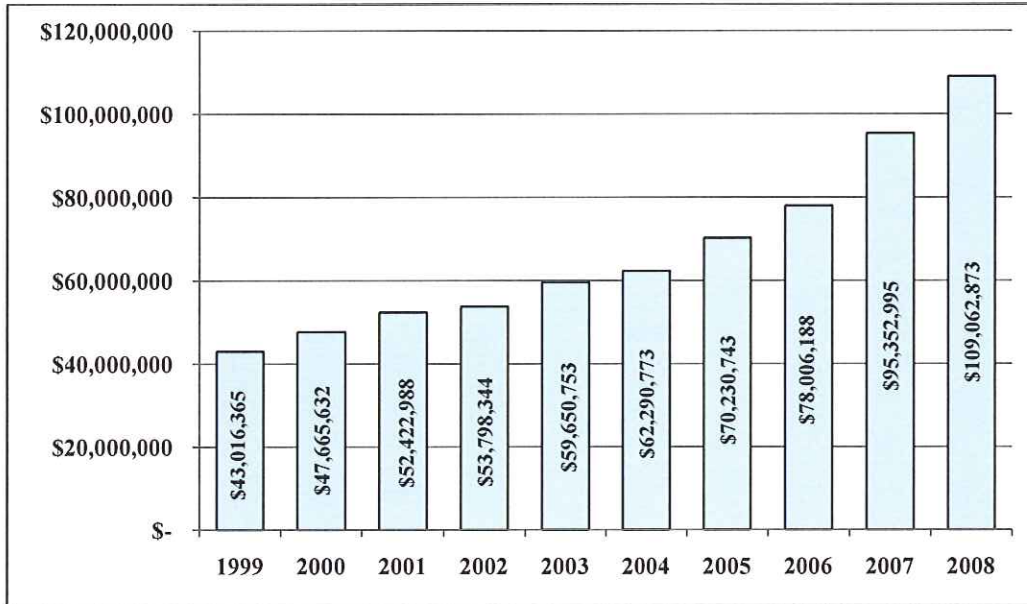
(2) City of Albany net outstanding debt

General Obligation Bonds	\$ 10,150,000
2002 Limited Tax Assessment Bonds	404,666
Limited Tax Pension Obligations, Series 2002	6,618,738
<u>Total City of Albany net outstanding debt</u>	<u>\$ 17,173,404</u>

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

	1999	2000	2001	2002
Debt limitation	\$ 63,086,532	\$ 66,838,325	\$ 70,654,958	\$ 71,009,546
Total net debt applicable to limitation	20,070,167	19,172,693	18,231,970	17,211,202
Legal debt margin	<u>\$ 43,016,365</u>	<u>\$ 47,665,632</u>	<u>\$ 52,422,988</u>	<u>\$ 53,798,344</u>
Ratio of net debt applicable to limitation to the debt limitation	<u>31.81%</u>	<u>28.69%</u>	<u>25.80%</u>	<u>24.24%</u>

Legal Debt Margin
 last ten fiscal years



The state mandated legal debt margin for general obligation debt is three percent of true cash value (market value). The legal debt margin is a direct function of the true cash value of properties in the City and the City's net general obligation debt. The City's legal debt margin has increased by 153.54 percent (\$66,046,508) over the last ten years. During the same period, the City's true cash value increased by 88.3 per cent (\$55,707,904) and the City's general obligation debt decreased by 51.51 percent (\$10,338,604). Current economic conditions will have an effect on the legal debt margin. At this time the extent of that effect is unknown.

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

continued

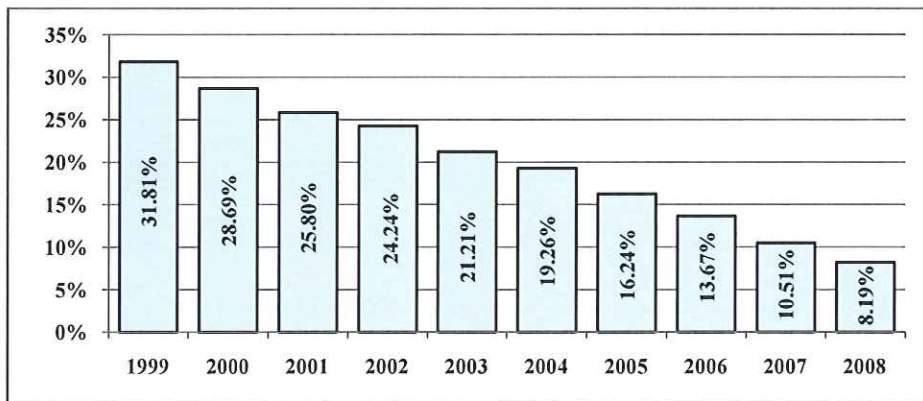
Schedule 12
CITY OF ALBANY, OREGON
COMPUTATION OF LEGAL DEBT MARGIN, continued
 Last Ten Fiscal Years

2003	2004	2005	2006	2007	2008	
\$ 75,705,895	\$ 77,149,570	\$ 83,847,424	\$ 90,355,908	\$ 106,555,821	\$ 118,794,436	Debt limitation
16,055,142	14,858,797	13,616,681	12,349,720	11,202,826	9,731,563	Total net debt applicable to limitation
<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>	<u>\$ 109,062,873</u>	Legal debt margin
21.21%	19.26%	16.24%	13.67%	10.51%	8.19%	Ratio of net debt applicable to limitation to the debt limitation

Legal debt margin calculation for Fiscal Year

True cash value	\$ 3,959,814,525
General obligation debt limit - 3% of true cash value	3%
General obligation debt limit	118,794,436
Gross general obligation bonded debt principal	
1998 General Obligation Water Refunding Bonds	1,630,000
1999 Street Reconstruction General Obligation Bonds	460,000
2007 General Obligation Refunding Bonds	8,060,000
Less: Debt service monies available	
Debt Service Fund:	
1999 GO Street construction bonds	115,189
2007 GO Refunding bonds	110,339
Water Fund:	
1998 GO Water refunding bonds	192,909
Net debt subject to the three percent limitation	<u>9,731,563</u>
Legal debt margin	<u>\$ 109,062,873</u>

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



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

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

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses	Net Available Resources	Debt Service		Total	Coverage Percentage
				Principal	Interest		
1995 Fairgrounds Revenue Bonds							
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%
2008	741,119	500	740,619	200,000	41,725	241,725	306.39%

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, 33 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

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%
2008	482,153	-	482,153	62,377	22,808	85,185	566.01%

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.

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

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses(1)	Net Available Resources	Debt Service		Total	Coverage Percentage
				Principal	Interest		
Water Revenue Bonds and Certificates of Participation							
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%
2008	12,127,657	7,771,879	4,355,778	1,340,875	1,693,492	3,034,367	143.55%

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 Debt

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	331,354	796,354	386.64%
2008	10,842,503	7,227,928	3,614,575	636,080	1,379,442	2,015,522	179.34%

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

During Fiscal Year 2006-07, the City began construction of a new wastewater treatment plant financed by a State Revolving Fund loan of \$63,886,440. Interest accrues with disbursement of the funds. In 2006-07, \$286,105 accrued by year end. The interest accrual for Fiscal Year 2007-08 was an additional \$1,322,486.

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

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses(1)	Net Available Resources	Debt Service			Coverage Percentage
				Principal	Interest	Total	
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%
2008	521,587	-	521,587	161,080	24,162	185,242	281.57%

In 1991, the City used a federal grant award, proceeds from the sale of sewer revenue bonds, and a state revolving fund loan to extend sewer service into the North Albany area. Principal and interest revenues from the assessment of construction costs to benefited properties were pledged for debt service of the bonds and the loan. In the case that the assessment proceeds are not sufficient for debt service requirements, other sewer revenues will 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.

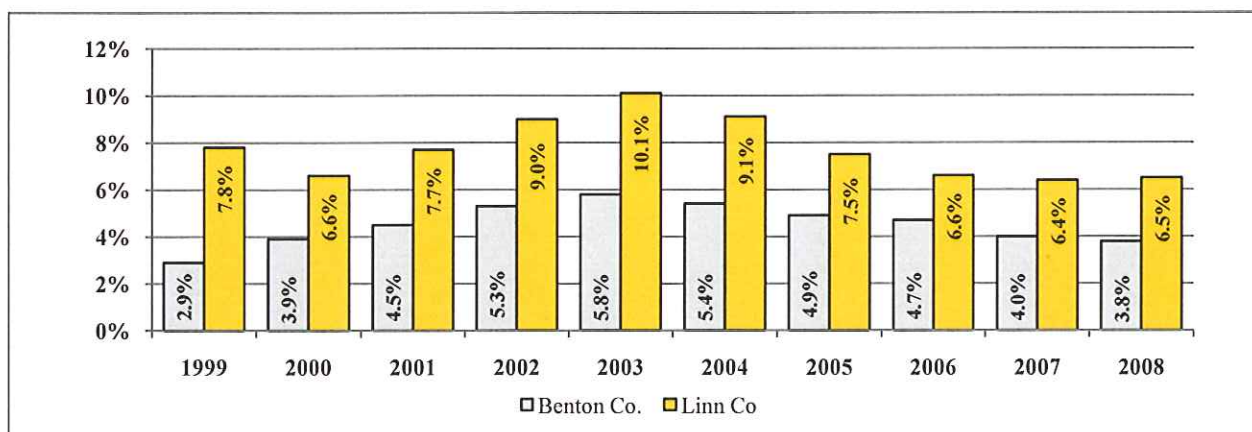
Source: City of Albany 1999-2008 Comprehensive Annual Financial Reports

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

Fiscal Year Ended June 30,	City of Albany Population(1)	Albany-Lebanon Micropolitan Statistical Area		Albany School Enrollment(3)	Unemployment Rate (4)		
		Population(1)	Personal Income(2)		Personal Income(2)	Linn Co.	Benton Co.
1999	37,925	102,140	\$2,189,268,760	\$ 21,434	8,060	7.8%	2.9%
2000	40,010	102,710	2,244,316,210	21,851	8,015	6.6%	3.9%
2001	41,145	103,350	2,335,503,300	22,598	8,075	7.7%	4.5%
2002	41,650	103,500	2,446,843,500	23,641	8,235	9.0%	5.3%
2003	42,280	104,000	2,533,232,000	24,358	8,438	10.1%	5.8%
2004	43,600	104,900	2,569,945,100	24,499	8,517	9.1%	5.4%
2005	44,030	106,350	2,694,909,000	25,340	8,721	7.5%	4.9%
2006	45,360	107,150	2,756,969,500	25,730	8,972	6.6%	4.7%
2007	46,610	108,250	2,913,657,000	26,916	9,169	6.4%	4.0%
2008	47,470	109,320	n/a	n/a	9,100	6.5%	3.8%

Over the last ten years, the City's population has increased by 25.17 percent (9,545). From 1999 to 2006 per capita personal income has risen by 25.58 percent (\$5,482) in the Albany-Lebanon micropolitan statistical area. Albany's city boundaries span two counties: Linn County (population 40,871) and Benton County (population 6,599). For Fiscal Year 2006-07, per capita personal income was \$26,916 for Linn County, \$35,722 for Benton County, and \$35,722 for the state as a whole. Of Oregon's 36 counties, Linn County ranked 24th and Benton County 4th in per capita personal income. For the ten year period, enrollment in the Greater Albany Public School District increased by 12.9 percent (1,040 students).

Unemployment Rates, Linn and Benton Counties
 last 10 fiscal years



Sources:

- (1) Portland State University, Population Research and Census Center
- (2) U. S. Department of Commerce, Bureau of Economic Analysis (2007 is the most current data available)
- (3) Greater Albany Public School District 8J
- (4) State of Oregon, Employment Department

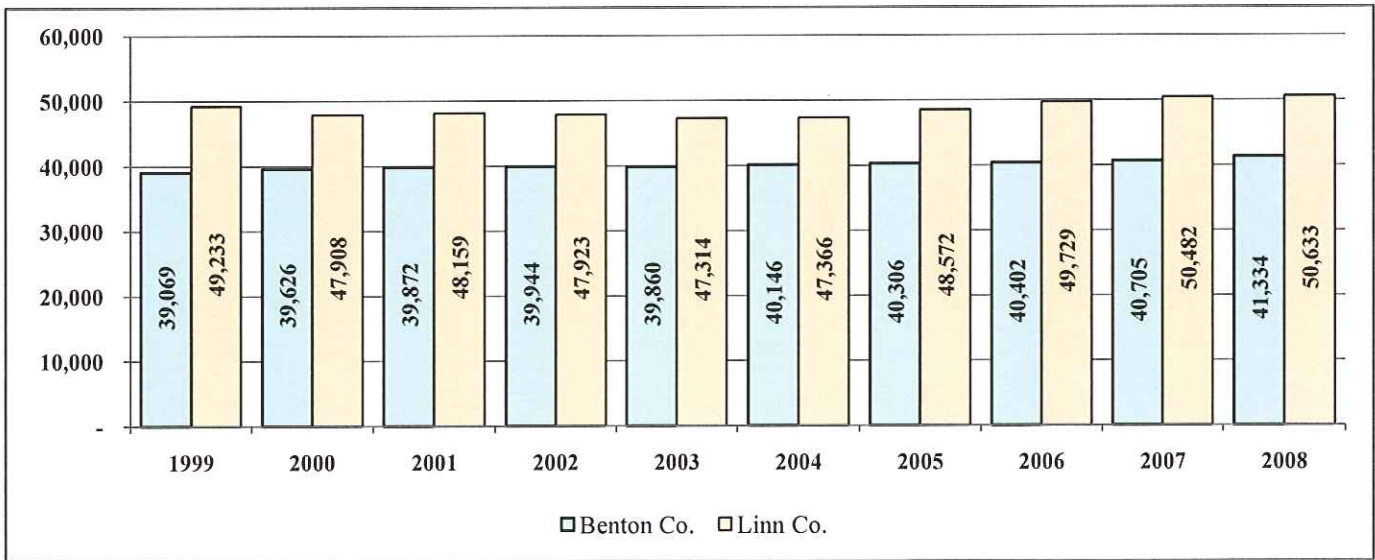
Sometimes I wonder whether the world is being run by smart people who are putting us on or by imbeciles who really mean it.

Mark Twain

Schedule 15
CITY OF ALBANY, OREGON
ALBANY AREA PRINCIPAL EMPLOYERS
for the Fiscal Years ended June 30, 1999, and June 30, 2008

Employer	June 30, 2008			June 30, 1999		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Oregon State University	9,371	1	10.19%	7,391	1	8.37%
Samaritan Health Services (Albany General Hospital - 1998)	4,025	2	4.38%	750	7	0.85%
Hewlett Packard	2,200	3	2.39%	5,450	2	6.17%
ATI Wah Chang (Teledyne Wah Chang - 1997)	1,544	4	1.68%	1,800	3	2.04%
Greater Albany Public School District 8J	1,134	5	1.23%	1,017	5	1.15%
Linn Benton Community College	1,124	6	1.22%	1,100	4	1.25%
International Paper (Willamette Industries - 1997)	760	7	0.83%	959	6	1.09%
Express Personnel	640	8	0.70%			
Dayton-Hudson Corporation (Target)	600	9	0.65%	420	10	0.48%
Linn County	562	10	0.61%	700	8	0.79%
Golden West	-	-		520	9	0.59%
Totals	21,960		23.88%	20,107		21.86%
Total employment in Linn and Benton Counties	91,967			88,302		

Employment, Benton and Linn Counties
last ten fiscal years



The percentage of top ten employers to total jobs for Linn & Benton Counties has been quite stable over the ten year period. The figures range from a low of 21.59 percent in 2006 to a high of 23.88 percent in 2008. Total employment in Benton and Linn Counties has risen by 4.15 percent (3,665 jobs) over the last ten years. For the ten year period, the low point was 87,174 jobs in June, 2003, and the high point was 91,967 jobs in June, 2008. National and international economic instability will likely have an adverse affect in the coming years although at this time the extent of effect is unknown.

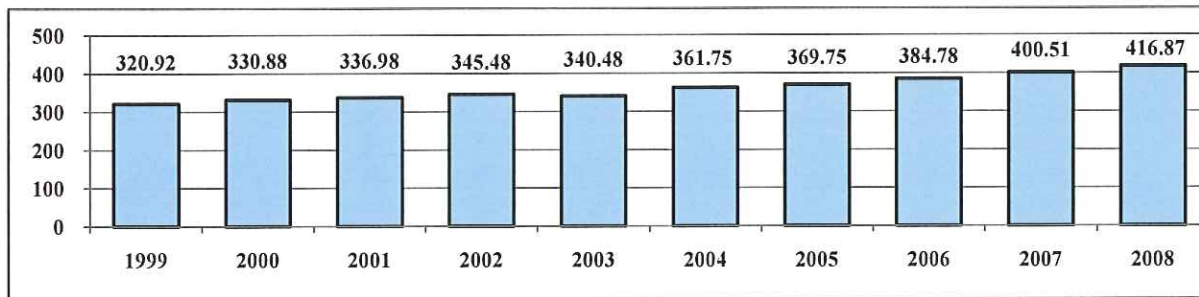
Sources:

- Employer personnel offices
- Oregon Employment Department

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

Function	1999	2000	2001	2002	2003
GOVERNMENTAL ACTIVITIES					
General Government					
Building Maintenance	3.25	3.25	3.25	3.35	2.85
Economic Development	-	-	-	-	-
Public Transit	6.32	5.45	5.70	6.20	5.95
Planning	8.00	7.50	7.50	7.50	7.50
Building Inspection	7.50	8.50	8.75	8.25	9.25
Electrical Permit Program	1.00	1.00	0.75	1.25	1.25
Total General Government	26.07	25.70	25.95	26.55	26.80
Public Safety					
Fire	62.50	62.00	62.00	65.00	65.00
Police	75.25	76.25	77.25	77.25	72.00
Municipal Court	4.00	4.03	4.03	4.03	4.03
Total Public Safety	141.75	142.28	143.28	146.28	141.03
Highways and Streets					
Street Fund	11.90	12.30	12.30	12.30	12.30
Culture and Recreation					
Parks & Recreation	23.24	24.96	25.21	25.21	25.21
Library	16.71	18.59	19.59	19.59	19.59
Total Culture and Recreation	39.95	43.55	44.80	44.80	44.80
Total Governmental Activities	219.67	223.83	226.33	229.93	224.93
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Water	35.00	34.70	37.00	38.00	37.50
Sewer	36.50	34.20	35.50	37.50	38.00
Total Enterprise	71.50	68.90	72.50	75.50	75.50
Internal Service					
Central Services	28.60	32.40	32.40	32.40	32.40
Public Works Services	-	-	-	-	-
Equipment Maintenance	1.15	5.75	5.75	7.65	7.65
Total Internal Service	29.75	38.15	38.15	40.05	40.05
Total Business-type Activities	101.25	107.05	110.65	115.55	115.55
Grand Total - All Full-time Equivalents	320.92	330.88	336.98	345.48	340.48

Total Full-time Equivalents
 last ten fiscal years



Source: City of Albany Human Relations Department

continued

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

2004	2005	2006	2007	2008	
					GOVERNMENTAL ACTIVITIES
2.85	2.00	-	-	-	General Government
-	-	1.00	3.77	3.00	Building Maintenance
5.75	5.75	5.75	9.34	10.18	Economic Development
7.50	7.50	8.50	8.50	9.00	Public Transit
9.25	9.25	12.00	12.00	14.50	Planning
1.25	1.25	1.50	1.50	1.50	Building Inspection
26.60	25.75	28.75	35.10	38.18	Electrical Permit Program
					Total General Government
					Public Safety
73.00	76.00	76.00	75.00	78.00	Fire
86.25	86.25	87.00	92.00	93.25	Police
4.05	4.05	4.05	4.05	5.13	Municipal Court
163.30	166.30	167.05	171.05	176.38	Total Public Safety
					Highways and Streets
11.50	10.65	8.00	10.20	8.00	Street Fund
					Culture and Recreation
25.21	26.36	29.94	30.98	31.98	Parks & Recreation
19.59	20.04	20.04	20.04	20.23	Library
44.80	46.40	49.98	51.01	52.21	Total Culture and Recreation
246.20	249.10	253.78	267.36	274.77	Total Governmental Activities
					BUSINESS-TYPE ACTIVITIES
					Enterprise
37.50	27.04	20.50	28.21	22.50	Water
38.00	26.31	21.50	29.59	21.50	Sewer
75.50	53.35	42.00	57.80	44.00	Total Enterprise
					Internal Service
32.40	35.30	37.00	40.60	44.10	Administrative Services
-	26.00	52.00	34.75	54.00	Public Works Services
7.65	6.00	-	-	-	Equipment Maintenance
40.05	67.30	89.00	75.35	98.10	Total Internal Service
115.55	120.65	131.00	133.15	142.10	Total Business-type Activities
361.75	369.75	384.78	400.51	416.87	Grand Total - All Full-time Equivalents

Fiscal Year	Total FTE	Annual Percentage Change	Total Percentage Change from 1999
1999	320.92	-	-
2000	330.88	3.10%	3.10%
2001	336.98	1.84%	5.00%
2002	345.48	2.52%	7.65%
2003	340.48	-1.45%	6.09%
2004	361.75	6.25%	12.72%
2005	369.75	2.21%	15.22%
2006	384.78	4.06%	19.90%
2007	400.51	4.09%	24.80%
2008	416.87	4.08%	29.90%

The average annual rate of change over ten year period is 2.55%.

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

Function	1999	2000	2001	2002	2003
GOVERNMENTAL ACTIVITIES					
General Government					
Planning and Community Development					
Number of planning applications	175	123	130	120	168
Total permits issued	n/a	3,198	2,523	2,800	3,695
New construction permits issued	n/a	600	615	700	692
Single family permits issued	230	191	235	200	427
Electrical permits issued	1,180	1,311	1,300	1,100	1,340
Building Maintenance					
Square footage of buildings maintained	n/a	117,848	117,848	117,848	117,848
Work orders completed	530	530	1,150	570	1,425
Public Transit					
Total number of riders	60,029	58,698	67,181	65,000	72,008
Total annual route miles	71,458	74,480	73,080	76,850	73,370
Public Safety					
Municipal Court					
Number of warrants issued	2,132	2,814	3,237	2,561	2,811
Case numbers issued	6,041	6,116	4,841	5,193	4,383
Police					
Total arrests	n/a	2,116	2,267	2,123	3,540
Traffic citations issued	n/a	5,978	6,539	4,557	5,066
Animal and abandoned vehicle calls	n/a	1,564	1,524	1,654	1,858
Fire					
Overlapping calls for fire and EMS services	n/a	1,331	1,430	1,525	1,454
Total calls for emergency fire and EMS services	n/a	4,429	4,925	5,145	4,895
Full response structure fires	n/a	78	99	98	101
Highways and Streets					
Street Fund					
Miles of streets slurry-scaled annually	n/a	10	4	8	8
Customer service work order/complaint responses	610	568	589	600	562
Miles of painted paving marking	n/a	36	36	36	48
Culture and Recreation					
Parks & Recreation					
Number of participants in classes, Senior Center activities, sports programs, and aquatic programs	39,599	44,903	105,816	107,130	106,942
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	441,271	483,148	509,928	533,067
Total number of reference questions	n/a	44,151	57,653	68,976	15,773
BUSINESS-TYPE ACTIVITIES					
Sewer					
Dry tons of biosolids applied annually	680	600	758	750	723
Millions of gallons of wastewater treated annually	3,400	2,882	2,102	3,500	2,977
Sewer line locate requests	n/a	4,432	4,058	4,500	4,050
Water					
Millions of gallons of water treated annually	2,900	3,124	3,115	3,200	3,105
Miles of water pipe maintained annually	190	190	190	225	225
Number of fire hydrants maintained in the water system	n/a	n/a	n/a	1,330	1,330

Source: City of Albany annual budget

continued

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

2004	2005	2006	2007	2008	
GOVERNMENTAL ACTIVITIES					
General Government					
Planning and Community Development					
158	167	161	150	181	Number of planning applications
4,329	4,736	4,574	4,200	3,285	Total permits issued
714	617	476	430	33	New construction permits issued
404	558	417	400	186	Single family permits issued
1,337	1,558	1,423	1,600	1,158	Electrical permits issued
Building Maintenance					
143,000	167,020	167,020	217,020	220,000	Square footage of buildings maintained
1,540	1,649	1,680	1,804	1,417	Work orders completed
Public Transit					
74,035	69,973	72,936	75,000	177,305	Total number of riders
73,660	72,879	80,153	80,400	264,591	Total annual route miles
Public Safety					
Municipal Court					
2,566	2,265	1,892	2,500	1,487	Number of warrants issued
4,350	4,866	6,202	4,900	8,174	Case numbers issued
Police					
3,785	3,763	4,374	3,800	4,406	Total arrests
3,755	3,536	5,862	7,500	11,303	Traffic citations issued
2,349	3,365	3,160	3,300	2,304	Animal and abandoned vehicle calls
Fire					
1,748	1,818	1,962	1,980	2,048	Overlapping calls for fire and EMS services
5,343	5,594	5,995	6,200	6,407	Total calls for emergency fire and EMS services
258	82	71	88	60	Full response structure fires
Highways and Streets					
Street Fund					
8	6	5	8	6	Miles of streets slurry-sealed annually
735	735	540	600	540	Customer service work order/complaint responses
48	48	48	48	46	Miles of painted paving marking
Culture and Recreation					
Parks & Recreation					
89,223	95,000	106,500	108,900	111,700	Number of participants in classes, Senior Center activities, sports programs, and aquatic programs
72,011	103,300	85,000	102,000	103,091	Annual performance series and Northwest Art and Air Festival attendance
Library					
568,459	584,862	578,595	600,000	609,273	Total number of library items borrowed
17,601	27,863	36,541	35,000	31,080	Total number of reference questions
BUSINESS-TYPE ACTIVITIES					
Sewer					
665	648	681	650	637	Dry tons of biosolids applied annually
2,835	2,352	3,010	2,830	3,156	Millions of gallons of wastewater treated annually
4,279	4,298	4,000	4,400	3,471	Sewer line locate requests
Water					
3,146	2,644	1,645	1,650	3,068	Millions of gallons of water treated annually
234	234	245	255	270	Miles of water pipe maintained annually
1,550	1,550	1,670	1,670	1,891	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	1999	2000	2001	2002	2003
GOVERNMENTAL ACTIVITIES					
Public Safety					
Police stations	1	1	1	1	1
Fire Stations	4	4	4	4	4
Highways and Streets					
Miles of improved streets	135	137	140	148	150
Miles of unimproved streets	121	61	67	23	20
Miles of gravel streets	19	11	12	6	7
Culture and Recreation					
Parks & Recreation					
Number of developed park sites	27	28	26	26	29
Acres of developed park land	567	600	250	250	621
Library					
Number of libraries	2	2	2	2	2
Number of volumes	131,232	134,130	140,410	144,917	141,221
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Sewer					
Miles of sanitary sewer lines	182	176	177	196	199
Miles of storm sewer lines (12 inches or larger)	73	80	85	85	85
Number of sewer hookups	11,416	11,866	13,901	13,129	18,827
Water					
Miles of water lines	197	220	230	238	246
Number of water hookups	13,671	13,747	11,984	14,072	15,493
Number of water treatment plants	1	1	1	1	1

Source: City of Albany departmental records

continued

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

2004	2005	2006	2007	2008	
					GOVERNMENTAL ACTIVITIES
					Public Safety
1	1	1	1	1	Police stations
4	4	4	4	4	Fire Stations
					Highways and Streets
152	157	157	158	160	Miles of improved streets
20	20	28	28	28	Miles of unimproved streets
8	8	8	8	8	Miles of gravel streets
					Culture and Recreation
					Parks & Recreation
29	29	30	33	31	Number of developed park sites
621	621	603	612	772	Acres of developed park land
					Library
2	2	2	2	2	Number of libraries
150,210	152,200	154,611	160,562	169,217	Number of volumes
					BUSINESS-TYPE ACTIVITIES
					Enterprise
					Sewer
200	210	212	217	219	Miles of sanitary sewer lines
85	92	97	100	105	Miles of storm sewer lines (12 inches or larger)
15,549	15,494	15,372	15,870	15,900	Number of sewer hookups
					Water
263	267	267	271	274	Miles of water lines
15,549	15,953	16,161	16,467	16,662	Number of water hookups
1	1	2	2	2	Number of water treatment plants

Sunshine is delicious, rain is refreshing, wind braces up, snow is exhilarating; there is no such thing as bad weather, only different kinds of good weather.

John Ruskin

COMPLIANCE SECTION

Audit Comments and Disclosures Required by State Regulations

- Report of Independent Accountants
- Government Auditing Standards Reports

The principles of a free constitution are irrecoverably lost, when the legislative power is nominated by the executive.

Edward Gibbon

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*

The world has arrived at an age of cheap complex devices of great reliability, and something is bound to come of it.

Vannevar Bush (1945)



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, 2008

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 City has complied with legal requirements relating to short-term and long-term debt including limitation on the amount of debt which may be incurred, liquidation of debt within prescribed period of time and compliance with provisions of bond indentures or other agreements.

Budget

1. Preparation and adoption

The budgets for the years ended June 30, 2008 and 2007 were prepared and adopted in compliance with legal requirements.

2. Execution

The budget for the year ended June 30, 2008, 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>
Sewer	Materials and services	\$ 5,572,020	\$ 5,629,573	\$ (57,553)

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)**

Insurance and Fidelity Bonds

The City's insurance agent has confirmed that the following insurance coverage was in force at June 30, 2008:

Company	Policy No.	Coverage	Limit	Term
City County Insurance	07PALB	General & Auto Liability	\$500,000 Occurance	07/01/07 - 08
			\$1,500,000 Aggregate	07/01/07 - 08
	07PALB	Auto Physical Damage	Actual Cash Value	07/01/07 - 08
	07PALB	Excess Liability	\$4,500,000 Occurance	07/01/07 - 08
Affiliated FM Insurance	TY981	Building	\$13,500,000 Aggregate	07/01/07 - 08
			Scheduled values	07/01/07 - 08
			Scheduled values	07/01/07 - 08
			Scheduled values	07/01/07 - 08
	TY981	Earthquake / Flood	\$100000000	07/01/07 - 08

ORS 210.120 to 220.150 establishes bonding requirements for County officials and employees. The City's has established the following bonds:

Public Employee Dishonesty	\$ 250,000
Finance Director – Stewart Taylor	300,000
City Manager – Wes Hare	300,000

Our audit did not include a determination as to the adequacy of insurance coverage since we are not professionally trained to make that determination. However, insurance coverage appears to comply with legal requirements.

Programs Funded From Outside Sources

The City operated various programs funded wholly or partially by governmental agencies. Our reports on compliance with laws and regulations and on internal controls used in administering federal financial assistance programs appear on pages 169 through 172 of this report. In addition to our audit, these grants and projects are subject to further review by federal audit agencies.

**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, except for the exemption from competitive bidding under ORS 279C.335 of the contract for the Albany Library Renovation project. The City solicited Requests for Proposal for the project estimated at a value of \$3,305,000. The basis for the exemption was that a) the exemption would not encourage favoritism or diminish competition and b) the alternative contracting method would minimize the cost and produce the greatest value for the City. Given the current economic environment, and specifically the construction industry in Oregon, it is our opinion that competitive bidding could have resulted in the submission of additional cost proposals with no additional cost to the City.

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 1, 2008



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 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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 1, 2008. 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

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 management, the City Council, others within the entity, 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 1, 2008



**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, 2008. 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, 2008.

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 management, the City Council, others within the entity, 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 1, 2008

CITY OF ALBANY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

Section I Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unqualified*

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: *Unqualified*

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 Number(s)	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

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, 2008

<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>16,772</u>
<i>Department of Transportation</i>			
Federal Aviation Administration			
Airport Improvement Program	20.106		74,226
Federal Highway Administration			
Passed through Oregon Department of Transportation Highway Planning and Construction	20.205		118,481
Federal Railroad Administration			
Passed through Oregon Department of Transportation High Speed Ground Transportation - Next Generation High Speed Rail Progra	20.312		914
Federal Transit Administration			
Passed through Oregon Department of Transportation Formula Grants for Other Than Urbanized Areas	20.509		371,940
National Highway Traffic Safety Administration			
Passed through Oregon Association of Chiefs of Police State and Community Highway Safety	20.601		7,040
Occupant Protection	20.602		<u>3,997</u>
Total Department of Transportation			<u>576,598</u>
<i>Environmental Protection Agency</i>			
Passed through the Oregon Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds	66.458		<u>1,099,521</u>
<i>Department of Homeland Security</i>			
Passed through Oregon Military Department Pre-Disaster Mitigation	97.047		<u>54,906</u>
Total Expenditures of Federal Awards			<u>\$ 1,747,797</u>

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.