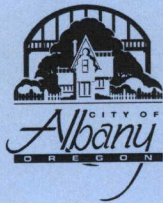




CITY OF ALBANY, OREGON

2009-2010



COMPREHENSIVE ANNUAL FINANCIAL REPORT

WWW.CITYOFALBANY.NET/FINANCE

FOR YEAR ENDED
JUNE 30, 2010



Photo courtesy of the Albany Democrat-Herald

Beware of little expenses. A small leak will sink a big ship.
Benjamin Franlin

City of Albany, Oregon

**Comprehensive Annual Financial Report
for the Fiscal Year Ended
June 30, 2010**

* * * * *

**Wes Hare, City Manager
Stewart Taylor, Finance Director**

Prepared by:

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

To be prepared for war is one of the most effective means of preserving peace.
George Washington

City of Albany, Oregon
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I wanted to have a career in sports when I was young, but I had to give it up. I'm only six feet tall, so I couldn't play basketball. I'm only 190 pounds, so I couldn't play football. And I have 20-20 vision, so I couldn't be a referee.

Jay Leno

City of Albany, Oregon

333 Broadalbin Street SW
Albany, Oregon 97321

www.cityofalbany.net

Officers, Council Members, and Administrative Staff
as of June 30, 2010

Council Members

<u>Ward</u>	<u>Council</u>	<u>Years of Service</u>	<u>Term Expires</u>
	Sharon Konopa, Mayor	14	December 31, 2010
I	Dick Olsen	12	December 31, 2010
I	Floyd Collins	3	December 31, 2012
II	Bill Coburn	2	December 31, 2012
II	Ralph Reid, Jr.	16	December 31, 2010
III	Bessie Johnson	8	December 31, 2010
III	Jeff Christman	6	December 31, 2012

Administrative Staff

		<u>Years in this Position</u>	<u>Years of Service with the City of Albany</u>
City Manager	Wes Hare	5	5
Finance Director	Stewart Taylor	3	3
Public Works Director	Diane Taniguchi-Dennis	7	11
Community Development Director	Greg Byrne	2	2
Parks Director	Ed Hodney	7	7
Library Director	Ed Gallagher	7	12
Police Chief	Ed Boyd	5	5
Fire Chief	John Bradner	2	21
Information Technology Director	Jorge Salinas	5	5
Human Resources Director	David Shaw	6	6

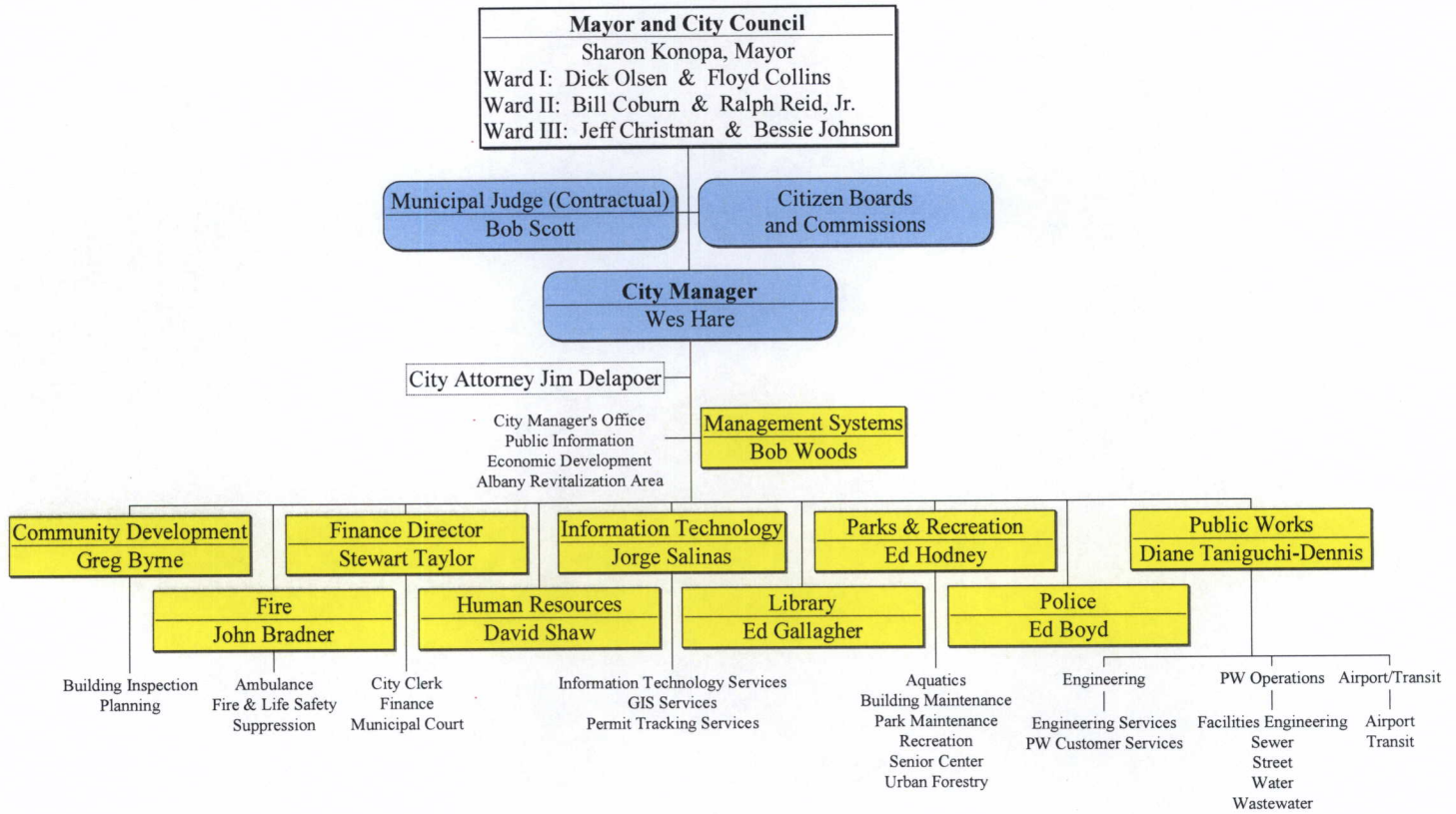
Principal Finance Staff

Finance Director
Stewart Taylor

Senior Accountant
Michael Murzynsky

Senior Accountant
Anne Baker

Citizens of the City of Albany



Elected

Appointed by Council

Recommended by City Manager and ratified by Council

Appointed by City Manager

December 10, 2010

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

The Comprehensive Annual Financial Report of the City of Albany, Oregon (City) for the fiscal year ended June 30, 2010, 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 are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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 40 miles north of Eugene, the state's second largest city and 24 miles south of Salem, the state capital. With a 2010 population of 49,165, Albany is the state's 11th largest city. The City's boundaries span Linn and Benton Counties with a population of 42,102 in Linn County and 7,063 in Benton County. It is the county seat and largest city in Linn County and the second largest city in Benton County.

Population: City of Albany, Linn, and Benton Counties

Year	City of Albany	Linn County	Benton County
1970 Census	18,181	71,914	53,776
1980 Census	26,678	89,495	68,211
1990 Census	29,540	91,227	70,811
2000 Census	40,010	103,069	78,153
2009 Estimated	49,165	110,865	86,725

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 425 permanent employees.

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

ECONOMIC OUTLOOK AND CONDITION

The City's economic base is one of diversity. Oregon State University and Hewlett Packard in nearby Corvallis and Samaritan Health Services in Albany, employ almost 16,300 people. The development of the U. S. Bureau of Mines in Albany in the 1940s led to the location in the Albany area of a significant rare metals industry. Today, Albany is known as the "Rare Metals Capital of the World" due to the production volume of specialized metals. Manufacturing firms, such as ATI Wah Chang (1,296 full-time employees), create specialized products for 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 1,580 jobs in the area. However, due to economic conditions, International Paper has closed down their pulp mill and this lead to a loss of over 750 jobs.

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

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

Unemployment rates continue to be a concern for the region. Statistics published by the Oregon Employment Department show that as of June 30, 2010, the unemployment rates for Linn County and Benton County were 12.8% and 6.9%, respectively. These rates were 15.4% and 8.4% for June 30, 2009. Linn County's jobless rate ranked 31st of Oregon's 36 counties. Benton County's jobless rate of 6.9% was the second lowest among the counties.

A factor in measuring the economic condition of a community is its overall real market value. For properties within the City, the real market value increased by 0.42 percent from \$4.251 billion to \$4.269 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's Strategic Plan was reformatted in Fiscal Year 2009 to increase transparency and accountability in managing long-term objectives. One of the key changes was to adjust the timetables from a calendar year to a fiscal year to coincide with the City's budget and financial reporting. Greater emphasis was also given to specific objectives and actions designed to support each of the four goals. All of the actions now have specific measures that clearly demonstrate the City's progress in completing the goals and objectives.

City Manager and Management Systems

A priority identified in the statement of City values is "Transparent, Open and Honest Government." During past year, the City has met that priority through expanded access to financial information on the City's website.

The question, "Where Does My Money Go?" is answered on the website in an innovative approach to provide increased understanding of city revenues and expenditures. The online resource presents traditional budget information in a simplified non-traditional format that makes the information much easier to understand. Each general revenue has a simplified explanation of how it is generated along with pie charts that show which operating departments benefit from that area of funding.

For example, the Property Tax Calculator allows property owners to enter their property address and run a calculator that shows them their property tax bill, how their bill is allocated to the various overlapping jurisdictions, and how the City's portion of the bill is allocated among various operating departments.

The Albany Dashboard is a separate on-line tool that provides daily updates of the City's expenditures and access to check register information searchable by date range and vendor.

These enhancements along with new and existing web links to financial policies, contracts, Freedom of Information requests, lobbying, and other types of expenditures resulted in the City being awarded an A+ perfect score on web-based governmental transparency by SunshineReview.org, an independent non-profit organization dedicated to transparent government. The City of Albany is one of only 25 governmental agencies nationwide to receive this level of recognition.

Public Information Office

In ongoing efforts to increase community awareness and public participation, the City created Facebook pages and Twitter accounts for the City of Albany and the Parks & Recreation Department. The same content is posted on the social media that is posted on the City Website in order to comply with Oregon public records laws. The hope is to reach people who might not be reached by more traditional news outlets.

Fire

A new fire engine was purchased and put into service on April 26, 2010 to replace a 1982 engine. The new addition removes an unsafe emergency response apparatus, improves firefighter safety, and provides a reliable, functional engine for emergency response to the community.

The department completed outfitting all firefighters with new personal protective turnout gear and removed all substandard turnouts from service. Half of the turnouts were purchased in Fiscal Year 2008-09 and the remaining in 2009-10. Turnout gear is the outer layer of protective safety clothing worn by firefighters during firefighting operations.

The department purchased five defibrillator/heart monitors to replace monitors that are now obsolete and no longer serviceable by the manufacturer and to provide like equipment on all frontline medic units. Defibrillator/heart monitors are used during cardiac emergencies, when familiarity and efficiency are paramount to live-saving medical care. Standardization of this equipment allows exchange of parts for maintenance and repair and provides interchangeable equipment at emergency scenes.

The Automatic Aid Agreement with Adair Rural Fire Protection District and the Inter-County Mutual Aid Agreement between Marion and Linn Counties were both updated for fire response. The department also participated in development of the Marion/Linn County Interagency Swiftwater Rescue Response Agreement to provide a coordinated multi-agency/multi-jurisdictional response to emergency incidents on major waterways in both counties.

Information Technology

The IT department completed a server virtualization project that virtualized 25 servers with the potential of that number going up to 40. This initiative will save the City around \$100,000 in future hardware replacement costs for the 25 servers. The new infrastructure will enable IT to virtualize other assets such as workstations (PCs) and will allow them to contribute to the City's green initiative by saving between \$6,000 to \$10,000 per year on energy consumption.

As part of their disaster recovery initiative and high availability requirements, IT upgraded the voice mail system by deploying an additional server at the police department. This will enable IT to reduce the recovery time objective (RTO) from 8 hours to only a few minutes in case of a failure on any of these voice-mail servers.

IT deploys a Help Desk system that enables users to submit on-line requests and to review the status of their calls. This solution will also help IT in the areas of software and hardware inventory management.

Community Development

The City Council authorized a new fee schedule for building permits, bringing Albany more in line with other Oregon cities and putting the Building Division operations on a healthier financial footing.

The Planning Division completed review and approvals for two superstores, a Wal-Mart with four additional in-line retail buildings, and a Lowe's Home Center. Both are expected to break ground in the coming months.

The City received a \$160,000 grant from the State of Oregon to fund an area plan for South Albany. The plan is expected to prepare the area for residential, commercial, and industrial development, with a transportation system adequate for this growth.

The Building Division processed permits with \$53,000,000 in valuation, from a wide variety of new construction and alterations. Commercial buildings accounted for 42% of the total, while 146 new single family residences added 51%, a 44% increase in single-family permits over the prior year.

Finance

For the second consecutive year, Finance presented financial indicators and a five-year forecast to the City's Budget Committee. The financial indicators are based on the International City Management Association's Financial Trends Monitoring System. The system identifies trends and analysis of several financial indicators that give an overview of the general financial health of the City.

The City continued to be recognized by the Government Finance Officers Association by receiving the Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation awards.

Human Resources

The department has updated the HIPPA Policy to comply with statutory changes. They have completed a pamphlet for employees contemplating retirement providing resources to assist in retirement planning. They also developed new wellness incentives to include lifestyles incentives and a Leadership Academy for new supervisors (not implemented due to budget). Finally, they have created an enhanced "report site" to enable department contacts to access more HR reports.

FINANCIAL INFORMATION

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

Financial and Accounting Policies

This report is prepared in conformance with the guidelines for financial reporting developed by 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, 2010, 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.

For Fiscal Year 2007-08, the City chose 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 33.

During the Fiscal Year 2009-2010, 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 ensuring the provision of basic, affordable public services, but also for protecting its capital assets, property, and employees. This protection is the insurance purchased according to the Risk Management policy. This policy is reviewed annually each fiscal year by the City Council and sets the parameters for the department's responsibilities, retention and transfer of risk, allocation of insurance to departments, and accident and loss reporting. Further details concerning risk management are presented in the notes to the financial statements.

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 Davidson Fixed Income Management for advice on the management of its investment portfolio. Additional cash and investment information is included in the notes to the financial statements.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Boldt, Carlisle & Smith, LLC performed the audit for the fiscal year ended June 30, 2010. 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, 2009. 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.

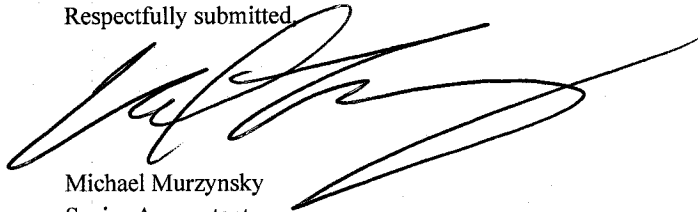
A Certificate of Achievement is valid for one year only. The City has received a Certificate of Achievement for the last 26 consecutive years (1984-2009). We believe our current report continues to conform to the Certificate of Achievement standards.

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,



Michael Murzynsky
Senior Accountant



Anne Baker
Senior Accountant

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, 2009

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.



President

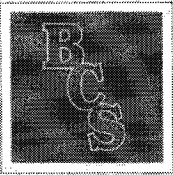
Executive Director

Take the first step in faith. You don't have to see the whole staircase, just take the first step.
Dr. Martin Luther King Jr

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We know nothing about motivation. All we can do is write books about it.
Peter F. Drucker



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **CITY OF ALBANY** as of and for the year ended June 30, 2010, 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, 2010, the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General, Parks and Recreation, Risk Management, and Street Funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT (Continued)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The supplementary data is presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards 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 financial statements. The supplementary data and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

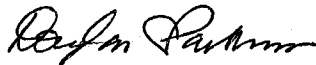
Boldt, Carlisle & Smith, LLC

Certified Public Accountants

Salem, Oregon

December 10, 2010

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 for the fiscal year ended June 30, 2010. We encourage readers to consider the information here in conjunction with the additional information in our letter of transmittal (page iii) and in the Statistical Section (page 122).

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$291,510,588 (net assets). Of this amount, \$30,896,229 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$40,181,296, an increase of \$12,554,076 in comparison with the previous year. Of the combined fund balances, \$31,290,776 are available for spending at the City's discretion. The General Fund ending fund balance decreased by \$1,368,265 (34.01 percent) to \$2,654,786. In the General Fund, the ratio of ending fund balance to total expenditures less capital is 9.79 percent.

The Parks and Recreation ending fund balance increased by \$237,616 (10.51 percent). The increase in fund balance was due to savings in expenditures; the department instituted cost savings which lead to an overall increase. 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.

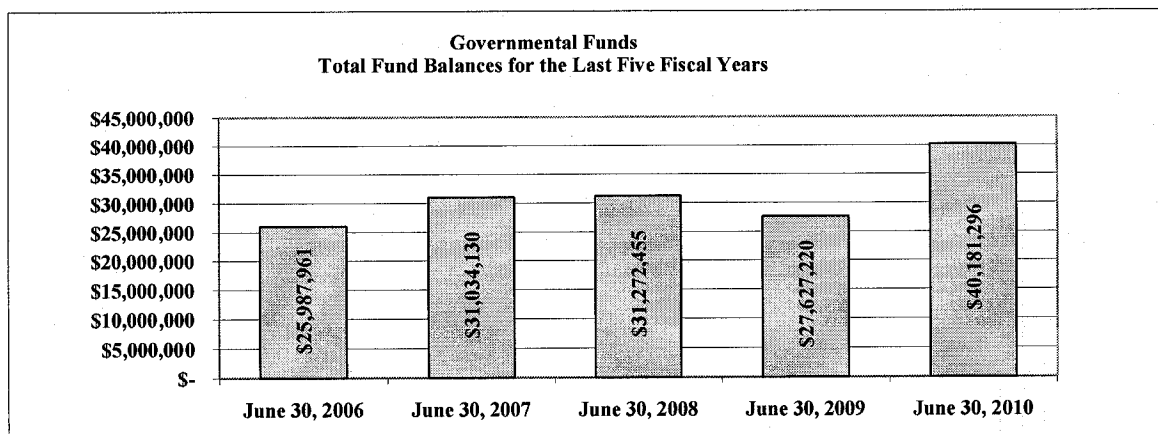
The Risk Management fund is a new addition to the major fund category due to the receipt and deposit of the settlement proceeds from the SVC Manufacturing (a wholly owned subsidiary of Pepsi) litigation. The proceeds of \$18,500,00 will be transferred to other City activities as directed by the City Council.

The Street Fund ending fund balance fell by \$36,134 (0.43 percent), as compared to the \$689,348 decrease from the 2008-09 fiscal year. The Street Fund ending fund balance of \$8,327,379 includes \$6,534,420 in the Transportation Systems Development Charges (SDC) Projects program. Also an increase of \$252,142 in Transportation SDC revenues helped to increase the overall Street ending fund balance. It is anticipated that the Street 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 ending fund balance decreased by \$2,643,063 (443.39 percent) to \$2,046,965. Significant capital outlays included the first phase of the Albany REA Building project, and two Local Improvement District road projects at the new Timber Ridge School. The decrease in fund balance was due primarily to two loans from the Sewer and Water Capital programs to fund the two road projects.

In the non-major funds, worth noting is the decrease in the ending fund balance of the Building Inspection Fund which fell by \$44,090 (28.07 percent). The decrease can be attributed to the continued slowdown in residential building in the area. This is a situation that will require close attention in the Fiscal Year 2010-11.

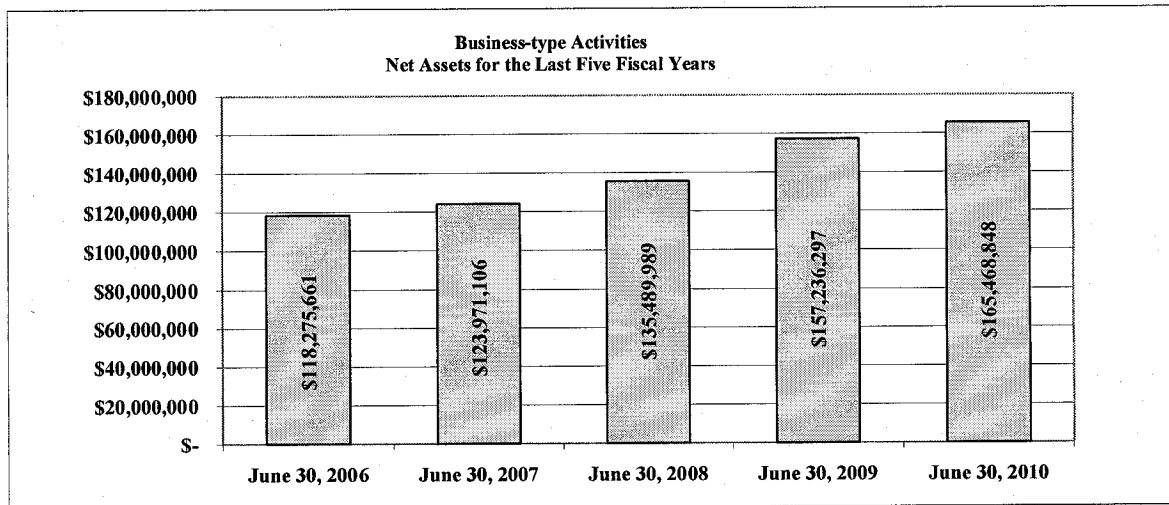
The Albany Revitalization Agency (ARA) ending fund balance decreased by \$484,244 (25.5 percent). The primary contributor to the decrease was the use of prior year proceeds to fund current year projects.



Governmental Funds: Changes in Fund Balance

Fund	June 30, 2010	June 30, 2009	Increase (decrease)	Per cent Change
	Fund Balance	Fund Balance		
General Fund	\$ 2,654,786	\$ 4,023,051	\$ (1,368,265)	-34.01%
Parks & Recreation	2,498,537	2,260,921	237,616	10.51%
Grants	-	113,749	(113,749)	-
Building Inspection	201,154	157,064	44,090	28.07%
Risk Management	19,187,810	1,088,744	18,099,066	1662.38%
Economic Development	377,762	391,367	(13,605)	-3.48%
Ambulance	68,383	75,215	(6,832)	-9.08%
Public Transit	149,353	15,671	133,682	853.05%
Public Safety Levy	413,926	291,092	122,834	42.20%
Capital Replacement	5,935,361	7,296,432	(1,361,071)	-18.65%
Street	8,327,379	8,363,513	(36,134)	-0.43%
ARA	1,414,622	1,898,866	(484,244)	-25.50%
Debt Service	862,690	915,393	(52,703)	-5.76%
Capital Projects	(2,046,965)	596,098	(2,643,063)	-443.39%
Senior Center Endowment	49,806	49,151	655	1.33%
Library Trust	86,692	90,893	(4,201)	-4.62%
Totals	\$ 40,181,296	\$ 27,627,220	\$ 12,554,076	45.44%

Business-type net assets increased \$8,232,551 (5.24 percent) for the 2009-10 Fiscal Year. Operating income for the Water and Sewer Funds was \$6,588,343. The net asset decrease from nonoperating revenues and expenses was \$548,626. Capital contributions from developer site improvements and development fees were \$2,612,802. Construction of the new Wastewater Treatment Plant continued in 2009 with completion of the \$69 million project scheduled for September 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, 2010	June 30, 2009	Increase (decrease)	Per cent Change
	Net Assets	Net Assets		
Water	\$ 70,507,412	\$ 68,166,650	\$ 2,340,762	3.43%
Sewer	95,192,560	89,361,241	5,831,319	6.53%
Central Services	260,037	61,632	198,405	321.92%
Public Works Services	(177,774)	(199,372)	21,598	10.83%
Totals	\$165,782,235	\$157,390,151	\$ 8,392,084	5.33%

For Fiscal Year 2009-10 there was modest growth in net assets for the City's two enterprise funds, where net assets increased 3.43 percent in the Water Fund and 6.53 percent in the Sewer Fund.

In Central Services, the June 30, 2010 ending net asset balance of \$260,037 is 4.39 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. The situation in the Public Works Services Fund, where the ending net asset balance of negative \$177,774 (which is -2.56 percent of total operating expenses) is opposite of Central Services; this level is not considered adequate so future charges to other funds will be calculated to correct the percentage to break even.

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 have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 and proprietary.

Governmental Funds

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

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

The City maintains 16 governmental funds. Information is presented separately on the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General, Parks and Recreation, Risk Management, Streets, and Capital Projects Funds, all of which are considered to be major governmental funds. Financial information for the remaining governmental funds (other governmental funds) is combined into a single aggregated presentation. Combining statements and budgetary comparisons for governmental and business-type funds can be found starting on page 66 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 government-wide statements. The City uses enterprise funds to account for its water and sewer systems.

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

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

The basic proprietary fund financial statements can be found starting on page 28.

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 66.

Statistical Information.

The City would like to direct the reader's attention to the Statistical Section, starting on page 122, 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 \$291,510,588 at the close of the fiscal year, an increase of 8.96 percent from the previous year. At fiscal year end, June 30, 2010, the City had \$218,452,356 invested in capital assets, net of related debt, and an unrestricted net asset balance of \$30,896,229.

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 (\$42,162,003 or 14 percent) represents resources that are subject to restrictions on how they may be used. For Governmental Activities, net assets restricted for capital projects, \$7,495,655, and for debt service, \$8,880,283, account for nearly all of the restricted net assets.

Selected Financial Statistics:

Population	49,165
Assessed value per capita	\$ 62,652
Market value per capita	\$ 86,837
Long-term debt (bonds, notes, certificates of participation, capital leases)	\$128,720,450
Total long-term debt per capita	\$ 2,618
Total general obligation debt	\$ 6,705,000
General obligation debt per capita	\$ 136
General obligation debt per \$1,000 of assessed value	\$ 2.18
General obligation debt service for Fiscal Year 2009-10 per \$1,000 of assessed value	\$ 0.6006
Property taxes as a percentage of General Fund expenditures*	69%
Public safety expenditures as a percentage of General Fund expenditures	84%

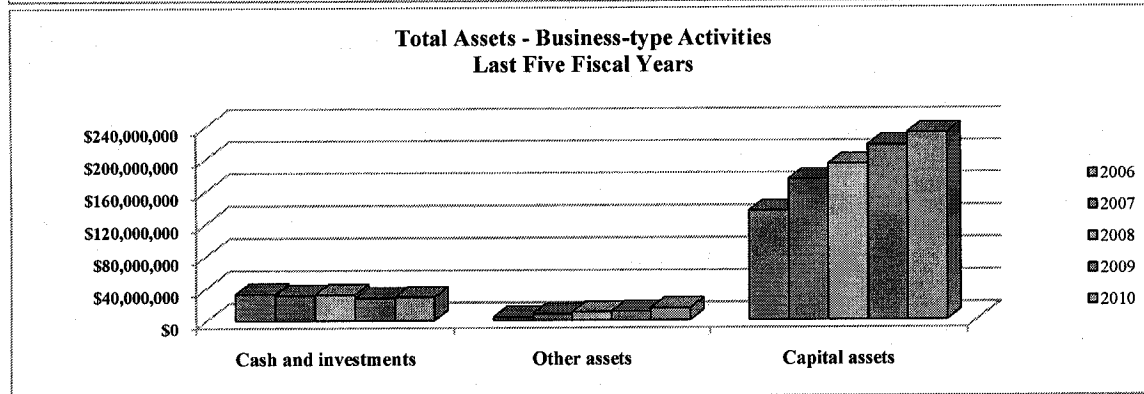
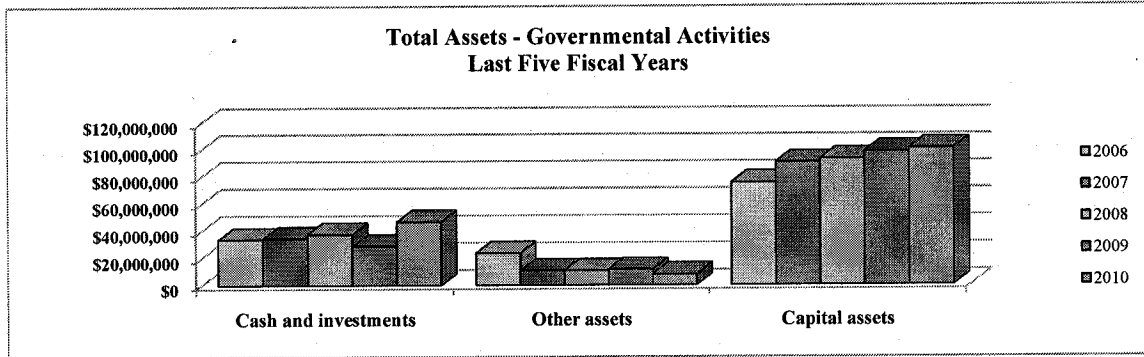
* Property taxes from the public safety levy are recorded as tax receipts in the Public Safety Levy Fund. In order to accurately reflect the significance of property taxes in the General Fund, transfers into the General Fund from the Public Safety Levy Fund have been included in total General Fund revenues 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, 2010 and 2009**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Cash and investments	\$ 46,713,047	\$ 28,798,068	\$ 28,846,428	\$ 27,718,460	\$ 75,559,475	\$ 56,516,528
Other assets	7,951,198	11,561,930	15,072,887	10,908,305	23,024,085	22,470,235
Capital assets	100,684,091	98,176,810	231,810,609	216,421,894	332,494,700	314,598,704
Total assets	155,348,335	138,536,808	275,729,924	255,048,659	431,078,259	393,585,467
Other liabilities	3,340,109	3,248,582	3,541,139	6,151,489	6,881,249	9,400,071
Long term debt outstanding	25,966,485	24,979,804	106,719,937	91,660,874	132,686,422	116,640,678
Total liabilities	29,306,595	28,228,386	110,261,076	97,812,363	139,567,671	126,040,749
Net assets:						
Invested in capital assets, net of related debt	90,807,172	86,710,884	127,645,184	125,267,350	218,452,356	211,978,234
Restricted	16,512,436	15,077,460	25,649,567	5,372,200	42,162,003	20,449,660
Unrestricted	18,722,132	8,520,075	12,174,097	26,596,746	30,896,229	35,116,821
Total net assets	\$126,041,740	\$110,308,419	\$165,468,848	\$157,236,296	\$291,510,588	\$267,544,715

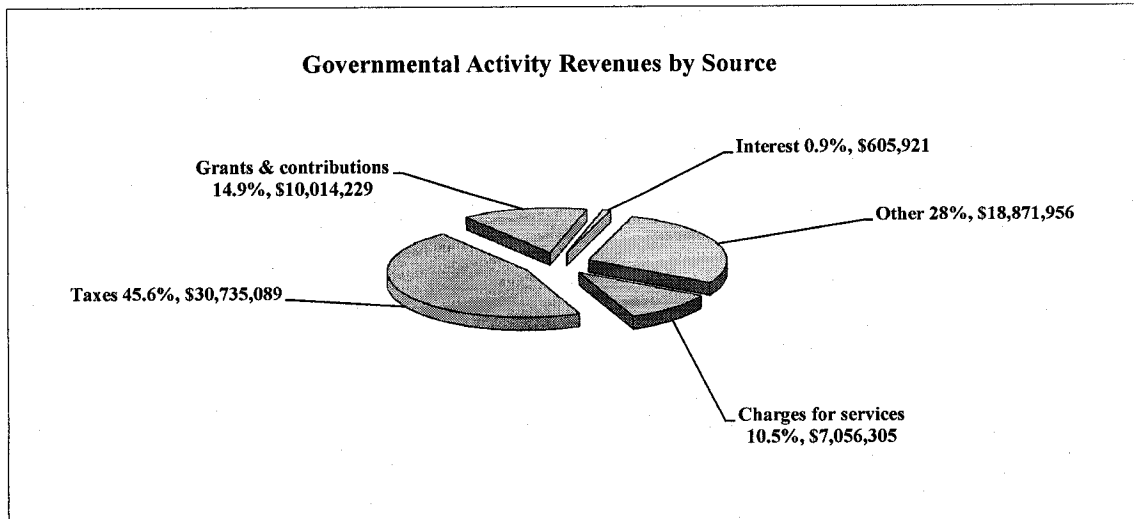
In the governmental activities, total assets increased by 12.14 percent, while in the business-type activities, capital assets increased \$15,388,715 (8.11 percent). Construction costs for the new sewage treatment plant totaled \$14,083,964 for Fiscal Year 2009-10. The increase in long-term debt is primarily 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 \$23,965,872 (8.96 percent) during the current fiscal year, primarily due 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.



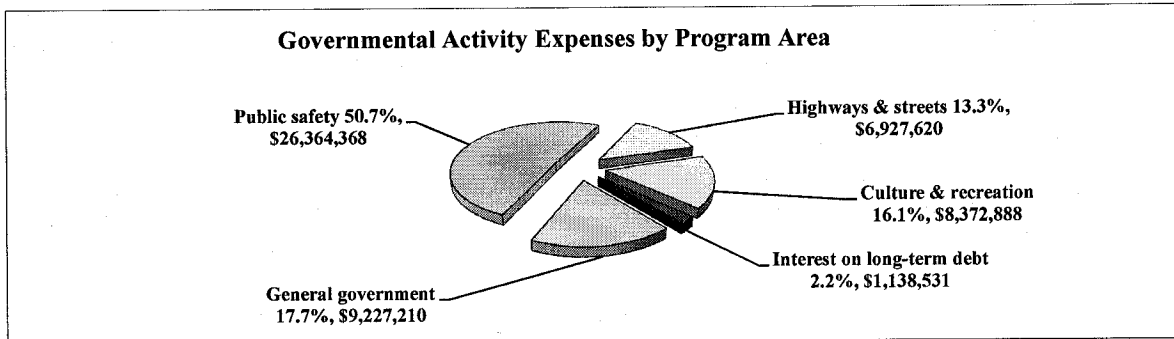
**Table 2 - Statement of Activities Summary
Governmental and Business-type Activities
for the years ended June 30, 2010 and 2009**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
REVENUES						
Program revenues						
Charges for services	\$ 7,056,305	\$ 7,747,816	\$ 23,028,473	\$ 23,143,503	\$ 30,084,778	\$ 30,891,319
Grants and contributions:						
Operating	5,385,159	4,705,458	-	-	5,385,159	4,705,458
Capital	4,629,070	4,767,440	2,612,802	9,775,850	7,241,872	14,543,290
General revenues						
Taxes	30,735,089	30,582,922	660,343	813,948	31,395,432	31,396,870
Interest	605,921	981,571	623,298	853,758	1,229,219	1,835,329
Other	18,871,956	436,427	3,159,835	663,492	22,031,791	1,099,919
Total revenues	67,283,500	49,221,634	30,084,751	35,250,552	97,368,251	84,472,186
EXPENSES						
Governmental activities:						
General government	9,227,210	7,813,659	-	-	9,227,210	7,813,659
Public safety	26,364,368	25,723,911	-	-	26,364,368	25,723,911
Highways and streets	6,927,620	6,794,652	-	-	6,927,620	6,794,652
Culture and recreation	8,372,888	8,238,042	-	-	8,372,888	8,238,042
Interest on long-term debt	1,138,531	1,202,842	-	-	1,138,531	1,202,842
Business-type activities:						
Water	-	-	11,252,016	11,445,203	11,252,016	11,445,203
Sewer	-	-	10,119,746	9,516,905	10,119,746	9,516,905
Total expenses	52,030,617	49,773,106	21,371,762	20,962,108	73,402,379	70,735,214
Increase (Decrease) in net assets before transfers and gain on disposal of real property	15,252,883	(551,472)	8,712,989	14,288,444	23,965,872	13,736,972
Transfers	480,438	203,748	(480,438)	(203,748)	-	-
Increase (Decrease) in net assets	15,733,321	(347,724)	8,232,551	14,084,696	23,965,872	13,736,972
Beginning net assets	110,308,419	110,656,143	157,236,297	143,151,601	267,544,716	253,807,744
Ending net assets	\$126,041,740	\$110,308,419	\$165,468,848	\$157,236,297	\$291,510,588	\$267,544,716

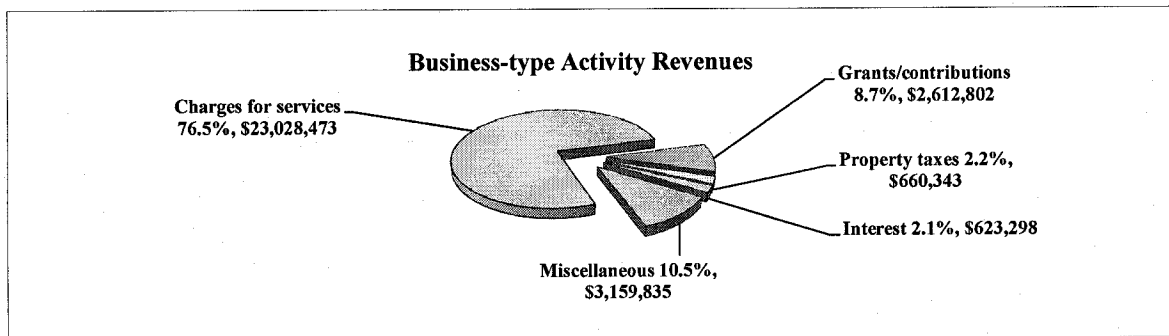


The previous chart indicates that 45.6 percent (\$30,735,089) of 2009-10 governmental activity revenues received by the City were taxes. Property taxes (\$24,915,553) represent the largest portion of total taxes received. Other major tax revenues were the City's share of state-wide fuel tax (\$2,029,262) and City privilege taxes for natural gas and electricity (\$2,570,602). The City also received \$624,444 for its share of state-imposed liquor and cigarette taxes and \$595,228 for City-imposed hotel/motel room taxes.

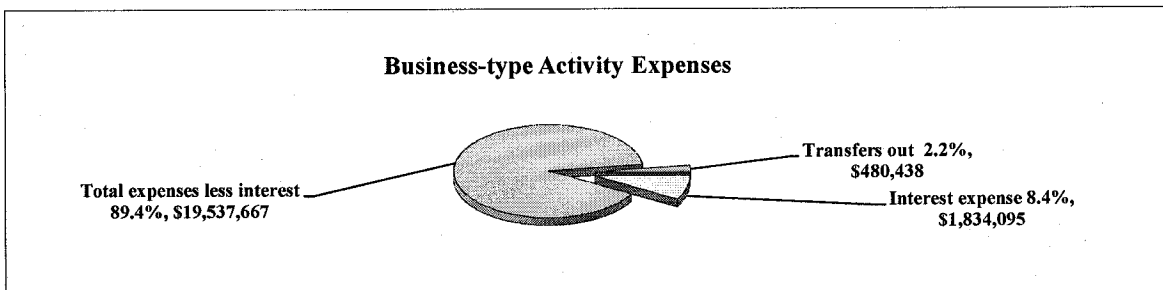
Grants and contributions accounted for 14.9 percent of governmental activity revenues. Major items included in the \$10,014,229 total for grants and contributions were: \$1,757,132 from the local rural fire protection districts; \$996,257 from City Building Division builder fees; and \$977,012 for Sewer and Water in-lieu-of Franchise Fees.



Nearly one half of all governmental activity expenses were for public safety (50.7 percent). As an indication of the City's favorable debt position, interest on long-term debt accounted for only 2.2 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 \$660,343 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 were retired in Fiscal Year 2009-10.



Operating expenses for the Water and Sewer Funds increased 1.30 percent between the 2008-09 and 2007-08 fiscal years, as compared to the previous two years, 2008-09 vs. 2007-08, (which increased 36.4 percent). Depreciation expense will increase by more than \$1,000,000 per year with the completion of the new sewage treatment plant in 2009-10.

BUDGETARY HIGHLIGHTS

The City Council approved resolutions which changed the adopted 2009-10 budget by 7.33 percent (\$14,294,100). Appropriations in the General Fund were increased by \$13,000 (0.04 percent). In the General Fund, after eliminating the \$1,645,600 contingency, actual expenditures were 95 percent of the final budget, yielding a favorable budget variance of \$3,218,847. General Fund revenues were two percent less than anticipated (\$564,061). However, we had total savings of \$3,218,847 and the major contributors to the savings were: Contingency savings (\$1,645,600); Fire Suppression (\$336,806); Police (\$610,269); and Housing (\$359).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2010, the City had \$332,494,699 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 42.

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

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land, land rights, & land improvements	\$ 9,788,184	\$ 8,657,683	\$ 6,223,362	\$ 1,584,997	\$ 16,011,546	\$ 10,242,680
Buildings and improvements	15,403,131	14,860,974	40,062,502	40,873,732	55,465,633	55,734,706
Vehicles and equipment	5,553,290	4,759,067	1,258,742	1,423,607	6,812,032	6,182,674
Infrastructure	61,677,498	65,644,570	87,932,944	85,560,946	149,610,442	151,205,516
Construction in progress	8,261,987	4,254,516	96,333,059	86,978,612	104,595,046	91,233,128
	<u>\$100,684,090</u>	<u>\$ 98,176,810</u>	<u>\$231,810,609</u>	<u>\$216,421,894</u>	<u>\$332,494,699</u>	<u>\$314,598,704</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	
	2010	2009	2010	2009	2010	2009
Beginning Balance	\$ 98,176,810	\$ 92,817,507	\$216,421,894	\$193,024,230	\$314,598,704	\$285,841,737
Additions	8,153,624	10,419,623	19,945,821	27,738,254	28,099,445	38,157,877
Retirements	-	(262,905)	-	-	-	(262,905)
Depreciation	(5,646,344)	(4,797,415)	(4,557,106)	(4,340,590)	(10,203,450)	(9,138,005)
Ending balance	<u>\$100,684,090</u>	<u>\$ 98,176,810</u>	<u>\$231,810,609</u>	<u>\$216,421,894</u>	<u>\$332,494,699</u>	<u>\$314,598,704</u>

Governmental capital assets increased by \$2,507,280 net of accumulated depreciation. Additions to capital assets equaled \$8,153,624 for the year including: \$2,179,706 for street and bridge projects, \$198,863 for Oak Street Park development, \$105,919 for Eades Park development, \$619,094 for Albany Station Park & Ride lot, \$444,155 for CARA: (Broadalbin Promenade), \$170,845 for Water Ave and Jackson Street intersection renovation, \$869,088 for new Police Station land acquisition, \$541,525 for fire truck and equipment, and \$739,211 for two new Transit buses and a Paratransit van.

Business-type capital assets increased by \$15,388,715 net of accumulated depreciation. Included in the \$19,945,821 of new capital assets was \$3,095,355 for Albany's share of the new sewage treatment plant and \$7,992,070 for land purchase and to start construction for the Wetlands Treatment Project. In the Water Fund, additions included \$2,356,634 for water line construction and \$2,455,353 for the 34th Street and North Albany pump stations.

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

	2009-10	2008-09
Capital assets net of depreciation and related debt	\$218,452,356	\$211,978,237
Total net assets	291,510,588	267,544,716
Ratio of capital assets net of related debt to total net assets	<u>74.94%</u>	<u>79.23%</u>

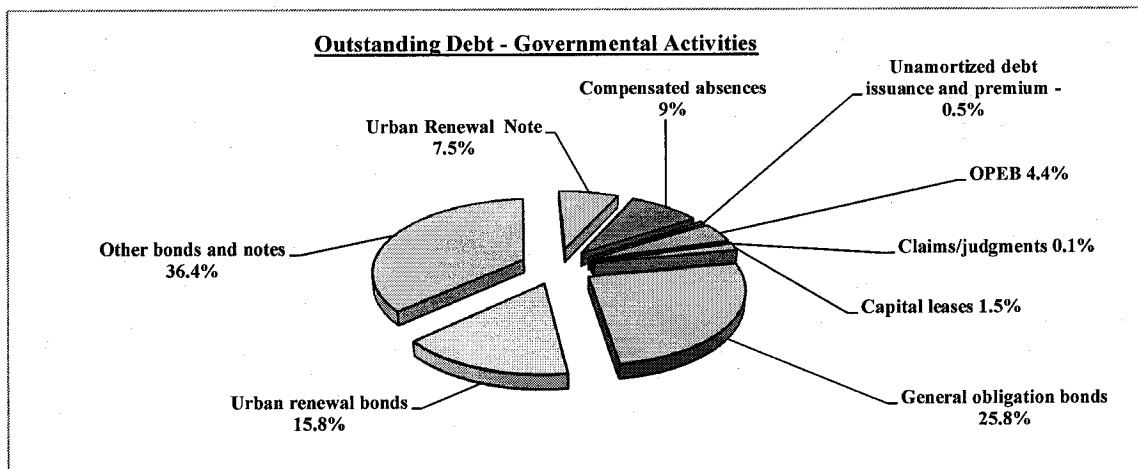
Debt Outstanding

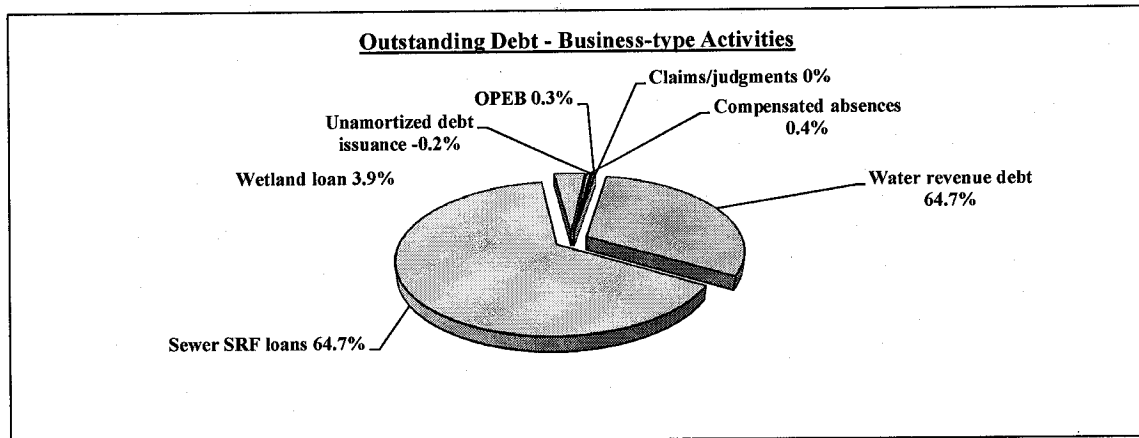
At June 30, 2010, the City had \$132,686,422 in debt outstanding compared to \$117,112,478 on June 30, 2009. Of the amount outstanding, \$8,612,649 is due within one year. A major addition to the debt was an increase of \$14,083,964 in the Clean Water State Revolving Fund loan for the new sewage treatment plant.

The debt consisted of outstanding bonds and certificates of participation, \$53,070,912; loans, \$69,187,008; compensated absences, \$2,773,683; claims and judgments, \$66,263; and capital leases, \$389,730. The ratio of the City's capital assets, net of related debt, as compared to total net assets is 75 percent. Details of long-term debt payable can be found beginning on page 48 in the notes to the basic financial statements.

Table 5 - Outstanding Debt at Year End

	June 30, 2010	June 30, 2009
Governmental Activities		
General obligation	\$ 6,705,000	\$ 7,675,000
Special assessment debt with governmental commitment	270,179	339,099
Limited tax pension	6,463,368	6,545,507
Revenue	210,000	420,000
General revenue	2,325,000	2,645,000
Oregon Economic Development Department note	187,008	211,381
CARA bonds	4,095,000	4,328,000
CARA Note	1,958,800	-
Other postemployment benefits	1,144,177	719,940
Unamortized debt issuance cost (net)	(210,471)	(313,876)
Unamortized premium on debt issuance	72,140	86,816
Compensated absences	2,326,492	2,221,620
Claims and judgments	30,062	36,570
Capital leases	389,730	557,626
Sub-total	25,966,485	25,472,683
Business-type Activities		
Water revenue	32,855,000	34,200,000
Water general obligation	-	835,000
Water certificates of deposit	147,365	215,267
Sewer revenue	-	505,000
Oregon DEQ State Revolving Fund loan	69,000,000	55,399,277
Wetland Loan	4,114,000	-
Other postemployment benefits	352,524	221,260
Unamortized debt issuance cost (net)	(232,343)	(242,339)
Compensated absences	447,190	480,520
Claims and judgments	36,201	25,810
Sub-total	106,719,937	91,639,795
Total	\$132,686,422	\$117,112,478





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 \$121,444,799, which is well above the City's outstanding general obligation debt, \$6,705,000.

In Fiscal Year 2009-10, the City completed construction of the new Wastewater Treatment Facility and secured a \$69,000,000 loan from the Oregon DEQ Clean Water State Revolving Fund. At June 30, the loan balance was \$69,000,000.

Additional information on the City's long-term debt can be found in the notes to the basic financial statements, starting on page 48.

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 2009-10 were \$2,628,400. Annual collections are estimated to increase three to five percent for the life of the levy. A total of seventeen new positions were added to Police and Fire after the passage of the initial levy.

At fiscal year end, Oregon's unemployment rate was 10.5 percent. The unemployment rates for Linn and Benton Counties at the close of the fiscal year were 12.8 percent and 6.9 percent respectively. At the time of preparation of this report, the unemployment rates were 12.7 percent and 6.7 percent.

It is anticipated that the costs of providing medical insurance coverage to employees will rise by approximately 12 percent in the next fiscal year.

In preparing the City-wide budget for 2009-10, a 3.00 percent increase in assessed value and a 93.47 percent collection rate were used to estimate property tax revenues. Property tax revenues in the Public Safety Levy were estimated to be reduced by \$150,000 due to compression.

The 2009-10 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 into the budget in order to achieve each theme. The Plan is reviewed annually by the City Council.

All of these factors were considered in preparing the City's budget for the Fiscal Year 2010-11.

Request for Information

This financial report is designed to provide a general overview of the City's finances and to demonstrate the City's accountability. Questions should be directed to the Finance Department, City of Albany, Post Office Box 490, Albany, Oregon 97321.

Champions aren't made in the gyms. Champions are made from something they have deep inside them -- a desire, a dream, a vision.

Muhammad Ali

CITY OF ALBANY, OREGON
STATEMENT OF NET ASSETS

June 30, 2010

	Govern- mental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments	\$ 36,218,904	\$ 9,062,783	\$ 45,281,687
Cash with Fiscal Agents	44,332	-	44,332
Internal balances	(3,945,465)	3,945,465	-
Receivables			
Property taxes	1,926,560	67,470	1,994,030
Accounts	881,958	4,933,106	5,815,064
Assessments	1,727,097	118,595	1,845,692
Interest	101,927	77,405	179,332
Loans, net of allowance for uncollectible loans	687,835	4,718,784	5,406,619
Grants	677,523	-	677,523
Inventories	91,497	1,198,341	1,289,838
Other	163,737	13,721	177,458
Restricted cash and investments	10,449,811	19,783,645	30,233,456
Prepaid pension contribution	5,638,529	-	5,638,529
Land and construction in progress	18,050,171	102,549,114	120,599,285
Other capital assets, net of depreciation	82,633,919	129,261,495	211,895,414
Total assets	<u>155,348,335</u>	<u>275,729,924</u>	<u>431,078,258</u>
LIABILITIES			
Accounts payable	2,946,539	1,969,428	4,915,967
Interest payable	133,737	1,419,567	1,553,304
Refundable deposits and advances	258,974	152,144	411,118
Amount held in trust	859	-	859
Long-term obligations			
Due within one year			
Special assessment debt with government commitment	72,444	-	72,444
All other debt	4,174,822	4,365,383	8,540,205
Due in more than one year			
Special assessment debt with government commitment	197,735	-	197,735
All other debt	21,521,484	102,354,554	123,876,038
Total liabilities	<u>29,306,595</u>	<u>110,261,076</u>	<u>139,567,670</u>
NET ASSETS			
Invested in capital assets, net of related debt	90,807,172	127,645,184	218,452,356
Restricted for:			
Capital projects	7,495,655	6,261,814	13,757,469
Debt service	8,880,283	19,387,753	28,268,036
Other purposes - expendable	18,838	-	18,838
Other purposes - nonexpendable	117,660	-	117,660
Unrestricted	18,722,132	12,174,097	30,896,229
Total net assets	<u>\$ 126,041,740</u>	<u>\$ 165,468,848</u>	<u>\$ 291,510,588</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, 2010

	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS					
Governmental activities					
General government	\$ 9,227,210	\$ 2,796,623	\$ 1,655,786	\$ 2,504,531	\$ 6,956,940
Public safety	26,364,368	3,247,298	2,203,954	226,517	5,677,769
Highways and streets	6,927,620	-	1,215,134	1,617,369	2,832,503
Culture and recreation	8,372,888	1,012,384	310,285	280,653	1,603,322
Interest on long-term obligations	1,138,531	-	-	-	-
Total governmental activities	52,030,617	7,056,305	5,385,159	4,629,070	17,070,534
Business-type activities					
Water	11,252,016	11,382,437	-	621,491	12,003,928
Sewer	10,119,746	11,646,036	-	1,991,311	13,637,347
Total business-type activities	21,371,762	23,028,473	-	2,612,802	25,641,275
Totals	\$ 73,402,379	\$ 30,084,778	\$ 5,385,159	\$ 7,241,872	\$ 42,711,809

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
- 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
\$ (2,270,270)	\$ -	\$ (2,270,270)	General government
(20,686,599)	-	(20,686,599)	Public safety
(4,095,117)	-	(4,095,117)	Highways and streets
(6,769,566)	-	(6,769,566)	Culture and recreation
(1,138,531)	-	(1,138,531)	Interest on long-term obligations
<u>(34,960,083)</u>	<u>-</u>	<u>(34,960,083)</u>	Total governmental activities
			Business-type activities
	751,912	751,912	Water
	3,517,601	3,517,601	Sewer
-	4,269,513	4,269,513	Total business-type activities
<u>(34,960,083)</u>	<u>4,269,513</u>	<u>(30,690,570)</u>	Totals
			General revenues:
21,816,218	-	21,816,218	Property taxes used for general purposes
3,099,335	660,343	3,759,678	Property taxes used for debt service
382,054	-	382,054	Transient room taxes used for general purposes
213,174	-	213,174	Transient room taxes used for debt service
2,029,262	-	2,029,262	Motor fuel taxes
624,444	-	624,444	Cigarette and alcoholic beverage taxes
2,570,602	-	2,570,602	Privilege taxes
605,921	623,298	1,229,219	Unrestricted investment earnings
18,871,796	3,159,835	22,031,631	Miscellaneous
160	-	160	Contributions to permanent funds
<u>50,212,966</u>	<u>4,443,476</u>	<u>54,656,442</u>	Total general revenues and contributions
480,438	(480,438)	-	Transfers
<u>50,693,404</u>	<u>3,963,038</u>	<u>54,656,442</u>	Total general revenues, contributions and transfers
15,733,321	8,232,551	23,965,872	Change in net assets
110,308,419	157,236,297	267,544,716	Net assets - beginning
<u>\$ 126,041,740</u>	<u>\$ 165,468,848</u>	<u>\$ 291,510,588</u>	Net assets - ending

CITY OF ALBANY, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2010

	General	Parks and Recreation	Risk Management	Street	Capital Projects	Other Governmental	Totals
ASSETS							
Cash and investments	\$3,039,132	\$ 676,872	\$ 19,156,798	\$ 1,331,590	\$ 2,558,156	\$ 8,642,955	\$35,405,503
Cash with Fiscal Agents	-	-	-	-	-	44,332	44,332
Receivables:							
Property taxes	1,207,138	301,784	-	-	-	417,638	1,926,560
Accounts	91,612	61,590	-	140,626	-	587,352	881,180
Assessments	-	-	-	-	1,711,912	15,185	1,727,097
Interest	11,181	6,774	32,387	20,813	2,385	26,617	100,157
Loans, net of allowance for uncollectible loans	200,066	-	-	-	-	487,769	687,835
Grants	-	-	-	-	-	677,522	677,522
Other	43,572	42,275	-	-	-	60,973	146,820
Restricted cash and investments	237,256	1,993,803	-	7,260,256	-	958,496	10,449,811
Total assets	\$4,829,957	\$3,083,098	\$ 19,189,185	\$ 8,753,285	\$ 4,272,453	\$11,918,839	\$52,046,817
LIABILITIES							
Accounts payable	\$ 791,300	\$ 247,685	\$ 1,375	\$ 287,193	\$ 376,992	\$ 1,023,615	\$ 2,728,160
Deposits	24,270	-	-	1,000	231,706	2,000	258,976
Deferred revenue	1,358,742	336,876	-	137,713	1,711,905	1,333,475	4,878,711
Amounts held in trust	859	-	-	-	-	-	859
Interfund loans payable	-	-	-	-	3,998,815	-	3,998,815
Total liabilities	2,175,171	584,561	1,375	425,906	6,319,418	2,359,090	11,865,521
FUND BALANCES							
Reserved for:							
Capital projects	-	1,993,803	-	5,885,246	-	-	7,879,049
Debt service	-	-	-	-	-	874,973	874,973
Library programs	-	-	-	-	-	7,265	7,265
Parks and recreation programs	-	-	-	-	-	11,733	11,733
Perpetual care	-	-	-	-	-	117,500	117,500
Unreserved, reported in:							
General fund	2,654,786	-	-	-	-	-	2,654,786
Special revenue funds	-	504,734	19,187,810	2,442,133	-	8,548,278	30,682,955
Capital projects fund	-	-	-	-	(2,046,965)	-	(2,046,965)
Total fund balances	2,654,786	2,498,537	19,187,810	8,327,379	(2,046,965)	9,559,749	40,181,296
Total liabilities and fund balances	\$4,829,957	\$3,083,098	\$ 19,189,185	\$ 8,753,285	\$ 4,272,453	\$11,918,839	\$52,046,817

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, 2010

Total fund balances per Governmental Funds Balance Sheet (page 18)		\$ 40,181,296
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	9,788,184	
Construction in progress	8,261,987	
Other	137,423,968	
Accumulated depreciation	<u>(54,811,765)</u>	
Capital assets, net		100,662,374
Other long-term assets are not available to pay current-period expenditures and, therefore, are deferred in the funds.		
Property taxes	2,006,435	
Accounts receivable	631,266	
Assessments	1,711,905	
Loans	<u>529,105</u>	
Total deferred revenue adjustments		4,878,711
Inventories of materials and supplies are capitalized on the Statement of Net Assets.		
		91,497
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	153,855	
(Profit)/loss reported as governmental activities	<u>159,534</u>	
Net adjustments for internal service funds		313,388
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 obligations	(21,494,898)	
Long-term obligations - loans payable	(1,958,800)	
Interest payable on long-term debt	(133,737)	
Claims and judgments	(28,774)	
Compensated absences	<u>(2,107,847)</u>	
Total long-term obligations adjustments		(25,724,056)
Other adjustments		
Net pension asset	<u>5,638,529</u>	
Total other adjustments		5,638,529
Net assets of governmental activities (page 15)		<u><u>\$126,041,740</u></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, 2010

	General	Parks and Recreation	Risk Management	Street	Capital Projects	Other Governmental	Totals
REVENUES							
Taxes:							
Property	\$15,223,744	\$3,806,005	\$ -	\$ -	\$ -	\$ 5,538,592	\$ 24,568,341
Transient room	-	-	-	-	-	595,228	595,228
Assessment collections	-	-	-	-	63,481	1,123	64,604
Franchise fees, privilege taxes, licenses, and permits	3,833,787	252,341	-	1,419,691	-	885,056	6,390,875
Intergovernmental	2,825,005	9,416	-	2,029,262	196,429	3,069,309	8,129,421
Charges for services	422,600	870,683	-	-	-	3,750,389	5,043,672
Fines and forfeitures	839,861	-	-	-	-	-	839,861
Interest on investments	74,289	44,185	99,006	149,867	13,965	213,719	595,031
Miscellaneous	149,548	303,165	18,500,000	5,814	7,816	399,927	19,366,270
Total revenues	<u>23,368,834</u>	<u>5,285,795</u>	<u>18,599,006</u>	<u>3,604,634</u>	<u>281,691</u>	<u>14,453,343</u>	<u>65,593,303</u>
EXPENDITURES							
Current:							
General government	1,448,741	-	399,940	-	2,639	7,151,073	9,002,393
Public safety	21,661,109	-	-	-	-	2,564,421	24,225,530
Highways and streets	-	-	-	3,470,300	-	128,742	3,599,042
Culture and recreation	2,529,453	4,973,685	-	-	-	66,795	7,569,933
Debt service:							
Principal	-	-	-	-	-	1,908,434	1,908,434
Interest	-	-	-	-	-	1,112,461	1,112,461
Capital outlay	37,405	181,697	-	349,568	3,213,286	4,353,855	8,135,811
Total expenditures	<u>25,676,708</u>	<u>5,155,382</u>	<u>399,940</u>	<u>3,819,868</u>	<u>3,215,925</u>	<u>17,285,781</u>	<u>55,553,604</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,307,874)</u>	<u>130,413</u>	<u>18,199,066</u>	<u>(215,234)</u>	<u>(2,934,234)</u>	<u>(2,832,438)</u>	<u>10,039,699</u>
OTHER FINANCING SOURCES (USES)							
Debt issuance	-	-	-	-	-	1,958,800	1,958,800
Capital lease	-	-	-	-	-	75,139	75,139
Transfers in	2,408,154	586,629	-	381,300	391,600	2,068,806	5,836,489
Transfers out	<u>(1,468,545)</u>	<u>(479,426)</u>	<u>(100,000)</u>	<u>(202,200)</u>	<u>(100,429)</u>	<u>(3,005,451)</u>	<u>(5,356,051)</u>
Total other financing sources (uses)	<u>939,609</u>	<u>107,203</u>	<u>(100,000)</u>	<u>179,100</u>	<u>291,171</u>	<u>1,097,294</u>	<u>2,514,377</u>
Net change in fund balances	<u>(1,368,265)</u>	<u>237,616</u>	<u>18,099,066</u>	<u>(36,134)</u>	<u>(2,643,063)</u>	<u>(1,735,144)</u>	<u>12,554,076</u>
Fund balance - beginning	<u>4,023,051</u>	<u>2,260,921</u>	<u>1,088,744</u>	<u>8,363,513</u>	<u>596,098</u>	<u>11,294,893</u>	<u>27,627,220</u>
Fund balance - ending	<u>\$ 2,654,786</u>	<u>\$2,498,537</u>	<u>\$ 19,187,810</u>	<u>\$8,327,379</u>	<u>\$(2,046,965)</u>	<u>\$ 9,559,749</u>	<u>\$ 40,181,296</u>

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, 2010

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

Net change in fund balances - total governmental funds (page 20).		\$ 12,554,076
<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	8,135,811	
Depreciation for the current fiscal year	<u>(5,636,483)</u>	
Net capital outlay adjustment		2,499,328
<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>		
		(6,800)
<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	347,212	
Capital asset donations	17,815	
Principal portion of loan receipts	(32,260)	
Other fees and charges	(161,403)	
Loans receivable	(467,159)	
Assessments	<u>(450,681)</u>	
Total revenue adjustments		(746,476)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		2,055,354
<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	(122,950)	
Other postemployment benefit	(367,572)	
Accrued interest on long-term debt	17,438	
Net pension asset amortization	(313,252)	
Pending insurance claims	<u>4,642</u>	
Total adjustment		(781,694)
<p>The net expense of certain activities of internal service funds is reported with governmental activities.</p>		
Central Services Fund	156,175	
Public Works Services Fund	<u>3,358</u>	
Total internal service fund adjustments		159,533
Change in net assets of the governmental activities (pages 16-17)		<u>\$ 15,733,321</u>

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

CITY OF ALBANY, OREGON
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2010

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 14,704,500	\$ 14,704,500	\$ 14,704,978	\$ 478
Delinquent	440,000	440,000	518,766	78,766
Privilege tax: electric	1,880,000	1,880,000	1,857,441	(22,559)
Franchise fee: communications facilities	50,000	50,000	41,262	(8,738)
Franchise fee: telephone	192,000	192,000	142,683	(49,317)
Franchise fee: garbage collection	406,000	406,000	408,980	2,980
Privilege tax: natural gas	885,000	885,000	713,161	(171,839)
Franchise fee: cable television	470,000	470,000	489,169	19,169
Permit fees	2,000	2,000	2,125	125
Permit fees	-	-	1,300	1,300
Licenses	6,000	6,000	10,350	4,350
Library fees	80,000	80,000	80,288	288
Planning fees	100,000	100,000	75,660	(24,340)
Alarm fees	20,000	20,000	11,368	(8,632)
DUII enforcement grant	16,000	16,000	13,510	(2,490)
DUII enforcement grant	-	5,300	3,758	(1,542)
State liquor taxes	571,100	571,100	552,894	(18,206)
State cigarette taxes	69,300	69,300	71,550	2,250
State revenue sharing	380,000	380,000	394,479	14,479
Conflagration response reimbursement	15,000	15,000	23,616	8,616
Workers' Compensation wage subsidy reimbursement	-	-	23,075	23,075
Linn County	35,000	40,000	26,365	(13,635)
Albany Rural Fire Protection District	1,227,200	1,227,200	1,229,756	2,556
North Albany Rural Fire Protection District	276,000	276,000	300,384	24,384
Palestine Rural Fire Protection District	138,500	138,500	140,458	1,958
Greater Albany Public Schools police grant	40,000	40,000	40,000	-
Linn County Victim Impact Panel Grant	5,000	5,000	5,160	160
OSFM/USAR Team Response Reimbursement	10,000	10,000	13,075	3,075
Space rental charges	422,600	422,600	422,600	-
Municipal Court fines	1,000,000	1,000,000	826,786	(173,214)
Parking violations	10,000	10,000	4,634	(5,366)
Nuisance vehicle administration fee	30,000	30,000	6,650	(23,350)
Nuisance vehicle administration fee	-	-	1,400	1,400
Gifts and donations	-	1,000	12,550	11,550
DARE program donations	1,000	1,000	2,031	1,031
Grass Abatement Fee Principal	-	-	276	276
Grass Abatement Fee Interest	-	-	39	39
Miscellaneous	80,000	81,700	75,660	(6,040)
Albany Economic Improvement District principal	44,000	44,000	32,422	(11,578)
Albany Economic Improvement District interest	600	600	536	(64)
Loan Repayment-Interest	-	-	13,350	13,350
Interest on investments	125,000	125,000	74,289	(50,711)
Total revenues	23,731,800	23,744,800	23,368,834	(375,966)
Other financing sources				
Transfer from Water Fund	50,000	50,000	50,000	-
Transfer from Public Safety Levy	530,800	530,800	530,800	-
Transfer from Public Safety Levy-Police	986,900	986,900	919,408	(67,492)

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, 2010

	Original Budget	Final Budget	Actual	Over (Under)
Other financing sources, continued				
Transfer from Sewer Fund	50,000	50,000	50,000	-
Transfer from Public Safety Levy-Fire	921,600	921,600	857,946	(63,654)
Total other financing sources	<u>2,539,300</u>	<u>2,539,300</u>	<u>2,408,154</u>	<u>(131,146)</u>
Fund balance				
Designated beginning balance for Housing	275,000	275,000	258,252	(16,748)
Undesignated beginning balance	3,805,000	3,805,000	3,764,799	(40,201)
Total Fund Balance	<u>4,080,000</u>	<u>4,080,000</u>	<u>4,023,051</u>	<u>(56,949)</u>
Amount available for appropriation	<u>\$30,351,100</u>	<u>\$30,364,100</u>	<u>\$29,800,039</u>	<u>\$ (564,061)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Nondepartmental:				
Materials and services	\$ 305,900	\$ 305,900	297,042	\$ 8,858
General operating contingency	1,645,600	1,645,600	-	1,645,600
Municipal Court	689,700	689,700	647,407	42,293
Code Enforcement	22,100	22,100	9,721	12,379
Fire Suppression	7,893,500	7,893,500	7,556,694	336,806
Public Safety Levy - Fire	921,600	921,600	862,276	59,325
Fire and Life Safety	701,300	701,300	632,106	69,194
Police	11,669,200	11,682,200	11,071,931	610,269
Public Safety Levy - Police	986,900	986,900	918,378	68,522
Planning	1,211,600	1,211,600	1,131,934	79,666
Housing	275,000	275,000	19,765	255,235
Library	2,564,100	2,564,100	2,529,453	34,647
Total expenditures	<u>28,886,500</u>	<u>28,899,500</u>	<u>25,676,708</u>	<u>3,222,792</u>
Other financing uses				
Transfers to other funds	1,464,600	1,464,600	1,468,545	(3,945)
Total expenditures and other financing uses	<u>\$30,351,100</u>	<u>\$30,364,100</u>	<u>27,145,253</u>	<u>\$ 3,218,847</u>
Fund balance, ending			<u>\$ 2,654,786</u>	

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, 2010

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Property Taxes - Current	\$ 3,676,000	\$ 3,676,000	\$ 3,676,239	\$ 239
Property Taxes - Delinquent	105,000	105,000	129,766	24,766
Financed park system development charges				
Principal	10,000	10,000	10,852	852
Interest	500	500	3,677	3,177
Park system development charges	220,000	220,000	231,581	11,581
Street tree development fees	5,000	5,000	6,231	1,231
State Marine Board	9,000	9,000	9,000	-
WC Wage Subsidy	-	-	416	416
Charges for Services	-	-	62,800	62,800
Children/Youth/Family recreation fees	50,000	50,000	32,331	(17,669)
Children/Youth/Family sponsorships	10,000	10,000	405	(9,595)
Marketing fees	16,500	16,500	4,233	(12,267)
Adult recreation fees	31,000	31,000	25,444	(5,556)
Swimming pool	81,500	81,500	76,224	(5,276)
Senior Center rental fees	42,500	42,500	29,284	(13,216)
Maple Lawn Preschool fees	60,000	60,000	68,776	8,776
Sports program fees	103,000	103,000	96,362	(6,638)
Waverly boat rentals	6,500	6,500	4,465	(2,035)
Park permits	27,000	27,000	26,118	(882)
Fitness program fees	40,000	40,000	62,147	22,147
Preschool materials and services fees	3,200	3,200	3,450	250
Senior program fees	24,000	24,000	18,037	(5,963)
Event souvenir sales	3,300	3,300	4,454	1,154
Event Food Faire	33,000	33,000	20,378	(12,622)
Preschool fundraising proceeds	5,200	5,200	2,123	(3,077)
Northwest Art and Air Festival fees	11,000	11,000	8,881	(2,119)
Hot air balloon rides	12,000	12,000	15,525	3,525
Senior newsletter	3,000	3,000	3,118	118
Gift shop	6,500	6,500	6,142	(358)
Trip	55,000	55,000	35,579	(19,421)
Merchandise sales - aquatics	7,000	7,000	4,139	(2,861)
Cool! Pool facility rental fees	10,000	10,000	7,094	(2,906)
Concession sales - aquatics	15,500	15,500	14,394	(1,106)
Concession sales - sports	2,500	2,500	1,770	(730)
Public arts	100	100	419	319
Concession sales - fitness	500	500	619	119
Swanson room rental fees	2,500	2,500	2,830	330
Track Club	4,900	4,900	3,971	(929)
Facility enhancement fee	6,000	6,000	5,815	(185)
ACP swimming pool	143,400	143,400	158,093	14,693
ACP facility rental fees	18,500	18,500	22,959	4,459
Sport Camp Fees	3,200	3,200	-	(3,200)
Tournament Rental Fees	2,200	2,200	5,033	2,833
Event Donations	45,000	45,000	28,932	(16,068)
Youth Program User Fees	3,800	3,800	5,139	1,339
Community Garden Revenues	-	-	654	654
Trolley rental charges	3,000	3,000	2,545	(455)

Continued on page 25

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, 2010

	Original Budget	Final Budget	Actual	Over (Under)
Revenues, continued				
Gifts and donations	13,000	13,000	63,255	50,255
Monday night concert series	13,000	13,000	17,833	4,833
Senior Center sponsorships	9,000	9,000	12,081	3,081
Children's Performing Arts Series sponsorships	15,000	15,000	9,450	(5,550)
River Rhythms sponsorships	65,000	65,000	45,935	(19,065)
NWAAF sponsorships	70,000	70,000	72,370	2,370
Aquatic Sponsorship	61,000	61,000	57,801	(3,199)
Adult Rec & Fitness Sponsorships	1,000	1,000	1,000	-
Sports Sponsorship	10,000	10,000	1,250	(8,750)
Miscellaneous Event Sponsorship/Donation	-	-	11,586	11,586
Miscellaneous	2,500	5,400	7,425	2,025
Brochure advertising	5,000	5,000	2,320	(2,680)
General fundraising	800	800	860	60
Interest on investments	92,600	92,600	44,185	(48,415)
Total revenues	<u>5,275,700</u>	<u>5,278,600</u>	<u>5,285,795</u>	<u>7,195</u>
Other financing sources				
Transfer from General Fund	187,200	187,200	187,200	-
Transfer from Capital Replacement	82,700	82,700	82,700	-
Transfer from Street	80,000	80,000	80,000	-
Transfer from Parks SDC Program	1,200,000	1,200,000	71,924	(1,128,076)
Transfer from Parks Operating Revenues	138,000	138,000	164,805	26,805
Total other financing sources	<u>1,687,900</u>	<u>1,687,900</u>	<u>586,629</u>	<u>(1,101,271)</u>
Fund balance, beginning	1,875,100	1,875,100	2,260,921	385,821
Amount available for appropriation	<u>\$ 8,838,700</u>	<u>\$ 8,841,600</u>	<u>8,133,345</u>	<u>\$ (708,255)</u>
Expenditures				
Sports Programs	\$ 250,900	\$ 250,900	210,204	\$ 40,696
Children/Youth/Family Recreation Services	254,900	254,900	222,755	32,145
Resource Development/Marketing Services	268,100	268,100	252,561	15,539
Adult Recreation and Fitness Services	188,100	188,100	187,905	195
Park Maintenance Services	1,436,200	1,436,200	1,342,256	93,944
Parks and Recreation Administration	1,056,600	1,059,500	1,013,184	46,316
Senior Services	473,200	473,200	448,382	24,818
Aquatic Services	718,200	718,200	693,247	24,953
Northwest Art and Air Festival	180,200	180,200	157,510	22,690
Performance Series	158,700	158,700	132,637	26,063
Urban Forestry	255,600	255,600	253,547	2,053
Park System Development Charge Projects	532,700	532,700	51,576	481,124
Senior Center Foundation	14,700	14,700	7,921	6,779
Parks Capital Improvement Program	1,338,000	1,338,000	181,697	1,156,303
Total expenditures	<u>\$ 7,126,100</u>	<u>\$ 7,129,000</u>	<u>5,155,382</u>	<u>\$ 1,973,618</u>
Other financing uses				
Transfers Out	1,629,800	1,629,800	479,426	1,150,374
Contingency	82,800	82,800	-	82,800
Total other financing uses	<u>1,712,600</u>	<u>1,712,600</u>	<u>479,426</u>	<u>1,233,174</u>
Total expenditures and other financing uses	<u>\$ 8,838,700</u>	<u>\$ 8,841,600</u>	<u>\$ 5,634,808</u>	<u>\$ 3,206,792</u>
Fund balance, ending			<u>\$ 2,498,537</u>	

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

CITY OF ALBANY, OREGON
RISK MANAGEMENT FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2010

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
PepsiCo Settlement Proceeds	\$ -	\$ -	\$ 18,500,000	\$ 18,500,000
Interest on investments	45,000	45,000	99,006	54,006
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>18,599,006</u>	<u>18,554,006</u>
Fund balance, beginning	1,500,000	1,500,000	1,088,744	(411,256)
Amount available for appropriation	<u>\$ 1,545,000</u>	<u>\$ 1,545,000</u>	<u>\$ 19,687,750</u>	<u>\$ 18,142,750</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 1,545,000	\$ 1,545,000	399,940	\$ 1,145,060
Total expenditures	<u>\$ 1,545,000</u>	<u>\$ 1,545,000</u>	<u>399,940</u>	<u>\$ 1,145,060</u>
Other financing uses				
Transfers out			100,000	
Total expenditures and other financing uses			<u>499,940</u>	
Fund balance, ending			<u>\$ 19,187,810</u>	

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, 2010

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Sewer in-lieu-of franchise fee	\$ 583,000	\$ 583,000	\$ 576,214	\$ (6,786)
Water in-lieu-of franchise fee	442,500	442,500	440,251	(2,249)
Financed transportation system development charges				
Principal	4,000	4,000	17,452	13,452
Interest	2,500	2,500	6,088	3,588
Financed improvement assurance fees				
Principal	5,000	5,000	2,599	(2,401)
Interest	5,000	5,000	4,225	(775)
Street connection fees	-	-	(1,123)	(1,123)
Transportation system development charges	86,000	86,000	338,143	252,143
Public facility construction permit	30,000	30,000	18,973	(11,027)
EPSC Permit	-	-	16,870	16,870
Federal Highway Administration	-	-	2,641	2,641
State gasoline tax	1,980,000	1,980,000	2,024,427	44,427
Workers Comp wage subsidy	-	-	2,195	2,195
Miscellaneous	5,000	5,000	5,812	812
Interest on investments	99,200	99,200	149,867	50,667
Total revenues	<u>3,242,200</u>	<u>3,242,200</u>	<u>3,604,634</u>	<u>362,434</u>
Other financing sources				
Transfer from General - street lights	260,000	260,000	260,000	-
Transfer from Sewer Capital	121,300	121,300	121,300	-
Total other financing sources	<u>381,300</u>	<u>381,300</u>	<u>381,300</u>	<u>-</u>
Fund balance, beginning	8,734,900	8,784,900	8,363,513	(421,387)
Amount available for appropriation	<u>\$12,358,400</u>	<u>\$12,408,400</u>	<u>12,349,447</u>	<u>\$ (58,953)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 757,200	\$ 757,200	718,724	\$ 38,476
Materials and services	3,211,400	3,211,400	2,751,576	459,824
Capital	8,187,600	8,237,600	349,568	7,888,032
Total expenditures	<u>\$12,156,200</u>	<u>\$12,206,200</u>	<u>3,819,868</u>	<u>\$ 8,386,332</u>
Other financing uses				
Transfers out	202,200	202,200	202,200	0
Total expenditures and other financing uses	<u>\$12,358,400</u>	<u>\$12,408,400</u>	<u>\$ 4,022,068</u>	<u>\$ 8,386,332</u>
Fund balance, ending			<u>\$ 8,327,379</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, 2010

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
ASSETS				
Current assets:				
Cash and investments	\$ 5,942,823	\$ 2,731,964	\$ 8,674,787	\$1,201,397
Receivables:				
Property taxes	67,470	-	67,470	-
Accounts	1,614,639	3,318,467	4,933,106	778
Accrued interest	38,161	38,499	76,660	2,516
Inventories	838,641	359,700	1,198,341	-
Total current assets	<u>8,501,734</u>	<u>6,448,630</u>	<u>14,950,364</u>	<u>1,204,691</u>
Noncurrent assets:				
Other	1,904	7,772	9,676	20,962
Cash and investments restricted for debt service	1,946,128	10,093,813	12,039,941	-
Cash and investments restricted for capital projects	6,443,551	1,300,153	7,743,704	-
Assessments receivable	-	118,595	118,595	-
Loans receivable	-	4,718,784	4,718,784	-
Capital assets (net of depreciation)	86,012,024	145,638,465	231,650,489	181,836
Unamortized debt issuance costs and deferred charges, net	232,343	2,047,874	2,280,217	-
Total noncurrent assets	<u>94,635,950</u>	<u>163,925,456</u>	<u>258,561,406</u>	<u>202,798</u>
Total assets	<u>103,137,684</u>	<u>170,374,086</u>	<u>273,511,770</u>	<u>1,407,489</u>
LIABILITIES				
Current liabilities:				
Accounts payable	620,124	1,120,891	1,741,015	446,794
Compensated absences	64,440	76,896	141,336	524,500
Claims and judgments	17,370	17,115	34,485	3,003
Other postemployment benefits	81,342	76,484	157,826	350,929
Interest payable	643,427	776,140	1,419,567	-
Refundable deposits	152,144	-	152,144	-
Loans payable, current portion	-	2,643,460	2,643,460	-
Bonds payable, current portion	1,126,687	-	1,126,687	-
Total current liabilities	<u>2,705,534</u>	<u>4,710,986</u>	<u>7,416,520</u>	<u>1,325,226</u>
Long-term debt				
Loans payable - long-term portion	-	70,470,540	70,470,540	-
Bonds payable - long-term portion	29,924,738	-	29,924,738	-
Total long-term debt	<u>29,924,738</u>	<u>70,470,540</u>	<u>100,395,278</u>	<u>-</u>
Total liabilities	<u>32,630,272</u>	<u>75,181,526</u>	<u>107,811,798</u>	<u>1,325,226</u>
NET ASSETS				
Invested in capital assets, net of related debt	54,960,599	72,524,465	127,485,064	181,836
Restricted for capital construction	2,623,930	3,637,884	6,261,814	-
Restricted for debt service	63,750	19,324,003	19,387,753	-
Unrestricted	12,859,133	(293,792)	12,565,341	(99,573)
Total net assets	<u>\$ 70,507,412</u>	<u>\$ 95,192,560</u>	<u>165,699,972</u>	<u>\$ 82,263</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(231,124)	
Net assets of business-type activities (page 15)			<u>\$ 165,468,848</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, 2010

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
OPERATING REVENUES:				
Service charges and fees	\$ 11,382,436	\$ 11,646,036	\$ 23,028,472	\$ 13,002,458
Miscellaneous	748,642	2,411,193	3,159,835	79,955
Total operating revenues	<u>12,131,078</u>	<u>14,057,229</u>	<u>26,188,307</u>	<u>13,082,413</u>
OPERATING EXPENSES:				
Salaries and wages	1,914,594	1,838,233	3,752,827	9,306,352
Contracted services	999,019	1,240,138	2,239,157	637,828
Operating supplies	506,967	115,106	622,073	1,025,564
Utilities	370,424	584,318	954,742	214,298
Depreciation and amortization	2,359,026	2,208,526	4,567,552	26,044
Repairs and maintenance	691,823	451,176	1,142,999	303,633
Charges for services	2,877,640	3,352,974	6,230,614	1,352,098
Miscellaneous	-	90,000	90,000	5,479
Total operating expenses	<u>9,719,493</u>	<u>9,880,471</u>	<u>19,599,964</u>	<u>12,871,296</u>
Operating income	<u>2,411,585</u>	<u>4,176,758</u>	<u>6,588,343</u>	<u>211,117</u>
NONOPERATING REVENUES (EXPENSES):				
Property taxes	660,344	-	660,344	-
Interest on investments	390,101	235,024	625,125	8,886
Interest	(1,563,248)	(270,847)	(1,834,095)	-
Total nonoperating revenues (expenses)	<u>(512,803)</u>	<u>(35,823)</u>	<u>(548,626)</u>	<u>8,886</u>
Net Income before capital contributions and transfers	1,898,782	4,140,935	6,039,717	220,003
Capital contributions	621,491	1,991,311	2,612,802	-
Transfers out	(179,511)	(300,927)	(480,438)	-
Change in net assets	2,340,762	5,831,319	8,172,081	220,003
Net assets - beginning	68,166,650	89,361,241		(137,740)
Net assets - ending	<u>\$ 70,507,412</u>	<u>\$ 95,192,560</u>		<u>\$ 82,263</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.			60,470	
Change in net assets of business-type activities (pages 16-17)			<u>\$ 8,232,551</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, 2010

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 11,519,507	\$ 11,582,838	\$ 23,102,345	\$ 13,002,005
Cash payments to suppliers of goods and services	(5,436,017)	(6,442,974)	(11,878,991)	(3,450,005)
Cash payments to employees for services	(1,909,842)	(1,808,238)	(3,718,080)	(9,206,669)
Other operating revenues	748,642	2,411,193	3,159,835	79,955
Net cash provided by (used in) operating activities	<u>4,922,290</u>	<u>5,742,819</u>	<u>10,665,109</u>	<u>425,286</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	657,130	-	657,130	-
Transfers out	(179,511)	(300,927)	(480,438)	-
Net cash provided by (used in) noncapital financing activities	<u>477,619</u>	<u>(300,927)</u>	<u>176,692</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(3,171,286)	(16,286,197)	(19,457,483)	-
Interest capitalized	-	(2,921,032)	(2,921,032)	-
Receipt of assessments and fees	80,563	35,067	115,630	-
Principal paid on loan	-	(483,241)	(483,241)	-
Principal paid on bonds	(2,180,000)	(505,000)	(2,685,000)	-
Principal paid on certificates of participation	(67,902)	-	(67,902)	-
Loan to Capital Project	(1,950,941)	(545,914)	(2,496,855)	-
Interest paid on long-term debt	(1,587,579)	493,676	(1,093,903)	-
System development charges collected	296,532	59,294	355,826	-
SRF loan proceeds	-	18,197,964	18,197,964	-
Net cash (used) in capital and related financing activities	<u>(8,580,613)</u>	<u>(1,955,383)</u>	<u>(10,535,996)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	435,977	251,035	687,012	10,901
Net increase (decrease) in cash and investments	<u>(2,744,727)</u>	<u>3,737,544</u>	<u>992,817</u>	<u>436,187</u>
Cash and investments, July 1, 2009	17,077,229	10,388,386	27,465,615	765,210
Cash and investments, June 30, 2010	<u>\$ 14,332,502</u>	<u>\$ 14,125,930</u>	<u>\$ 28,458,432</u>	<u>\$ 1,201,397</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 (continued)
for the year ended June 30, 2010

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
RECONCILIATION OF OPERATING INCOME TO TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (page 29)	\$ 2,411,585	\$ 4,176,758	\$ 6,588,343	\$ 211,117
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	2,359,027	2,208,526	4,567,553	\$ 26,044
Changes in assets and liabilities:				
Receivables	137,839	(63,198)	74,641	(453)
Inventories	(151,424)	(212,685)	(364,109)	-
Other assets	(1,171)	(3,448)	(4,619)	11,644
Accounts payable	155,036	(396,330)	(241,294)	77,251
Compensated absences	(25,790)	2,053	(23,737)	(27,672)
Claims and judgments	7,414	3,201	10,615	(2,090)
Other postemployment benefits	30,542	27,942	58,484	129,445
Refundable deposits	(768)	-	(768)	-
Total adjustments	<u>2,510,705</u>	<u>1,566,061</u>	<u>4,076,766</u>	<u>214,169</u>
Net cash provided by operating activities	<u>\$ 4,922,290</u>	<u>\$ 5,742,819</u>	<u>\$ 10,665,109</u>	<u>\$ 425,286</u>

STATEMENT OF NET ASSETS RECONCILIATION

Cash and investments from above	\$ 14,332,502	\$ 14,125,930	\$ 28,458,432	\$ 1,201,397
Less: restricted cash and investments	(8,389,679)	(11,393,966)	(19,783,645)	-
Cash and investments per Statements of Net Assets for Proprietary Funds (page 28)	<u>\$ 5,942,823</u>	<u>\$ 2,731,964</u>	<u>\$ 8,674,787</u>	<u>\$ 1,201,397</u>

NONCASH CAPITAL ACTIVITIES:

Amortization of bond issuance costs	<u>\$ 9,996</u>	<u>\$ 6,676</u>	<u>\$ 16,672</u>
Contribution of capital assets to government	<u>\$ 621,491</u>	<u>\$ 1,991,311</u>	<u>\$ 2,612,802</u>

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

There are always three speeches, for every one you actually gave. The one you practiced, the one you gave,
and the one you wish you gave.

Dale Carnegie

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

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 Principles 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.

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 has 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 activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

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

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

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.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The City reports the following major governmental funds:

General

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 Northwest Art and Air Festival, the summer concert series, and the Children Performing Art Series.

Risk Management

This fund accounts for the City's Risk Management exposure. Major sources of revenues are departmental charges, insurance refunds and for the fiscal year 2009-10, the settlement proceeds from the SVC litigation. Expenditures are for deductibles related to insurance claims and any self-insured situation that may arise.

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.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

for the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Capital Projects

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

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.

Internal Service

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

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

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.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Cash and Investments

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

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

Restricted Assets

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

Inventories

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

Receivables

Management has determined that the direct method of accounting for uncollectible accounts receivable approximates the GAAP allowance for uncollectible accounts method. Therefore, no allowance for uncollectible accounts receivable has been presented. 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.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets

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

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

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

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

Compensated Absences

It is the City's policy to permit employees to 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 obligations

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

for the year ended June 30, 2010

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

An election must be held to approve general obligation debt pledging the full faith and credit of the City. As a result of Ballot Measure 50 and subsequent legislation, the City's permanent tax rate has been set at \$6.3984 per \$1,000 of assessed value. The assessed value (not including the urban renewal district) for 2009-10 was \$3,080,261,259. 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 with the exception of contingency and transfer out:

General	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

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	

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

Budgetary Information, continued

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, 2010, the City made supplemental budget changes amounting to \$786,000 in order to increase appropriations for unanticipated grant awards. Other supplemental budget changes resulted in a net increase of \$13,508,100 of authorized expenditures, which represents a three percent change from the adopted budget. Funds in which the budget increased by more than \$100,000 were Public Transit (\$109,300), Economic Development (\$202,000), Capital Projects (\$2,470,500), Sewer (\$11,000,000) and Water (\$100,000). Expenditure appropriations may not legally be overspent, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted. The City currently uses encumbrances which lapse at the close of the fiscal year.

No new funds were established in Fiscal Year 2009-10.

Excess of Expenditures Over Appropriations

The City had three programs and one cost category where expenditures exceeded approved appropriations. In the Grant fund, three programs, Parks and Recreation Oak Street Park grant, 2008-09 SHPO Historic Preservation grant, and 2010-11 SHPO Historic Preservation grant exceeded approved appropriations by \$78,863, \$7,591, and \$397, respectively. Although as a whole the Sewer fund was well within the adopted budget, the Material and Services category was overspent by \$27,996. Measures have been taken, including closer monitoring of expenditures, to insure that all programs and budget categories remain with budgeted appropriations.

Deficit Fund Equity

For Fiscal Year 2009-10, the Capital Projects fund ended the year with a deficit fund equity due to the Interfund Loans which financed the two Local Improvement projects near the new Timber Ridge School.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

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	\$ 32,920
Cash with Fiscal Agents	44,332
Bank balances with financial institutions	(1,227,468)
State of Oregon Treasurer's short-term investment pool	22,391,197
Other investments	54,309,149
Interest accrued on investments at time of purchase	9,345
Total cash and investments	<u>\$ 75,559,475</u>

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

Cash and investments	\$ 45,326,019
Restricted cash and investments	30,233,456
Total cash and investments	<u>\$ 75,559,475</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 (\$1,227,468) and the bank balance was \$558,227.

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 adopted by the Albany City Council, specifies the City's investment objectives, requires diversification within certain limitations, and sets forth security safekeeping, and reporting requirements.

The equity position of each fund participating in an internal investment pool is reported as assets of those funds. The City 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, 2008, 2009, and 2010.

As of June 30, 2010, 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	\$14,530,426	\$14,594,210	1.414	19%
FHLB-Federal Home Loan Bank	20,635,721	20,771,610	1.444	27%
FHLM-Federal Home Loan Mortgage Corporation	3,018,018	3,023,430	1.463	4%
Oregon Short-term Fund	22,391,197	22,391,197	0.003	29%
Accrued trust fees	(13,000)	(13,000)		
Totals	<u>\$76,700,346</u>	<u>\$77,006,577</u>		<u>100%</u>
Portfolio weighted average maturity			<u>0.948</u>	

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

3. DETAILED NOTES, continued

INVESTMENTS, continued

Interest rate risk

The City's investment policy does not allow investments of more than five years. At least 25 percent of the total portfolio must mature in under one year. The weighted maturity of the total portfolio shall not exceed 1.5 years. The City's weighted average maturity as of June 30, 2009, was 1.1 years.

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. Diversification constraints of the City's investment policy are in the table on the following page.

Issuer Type	Percent of Total Portfolio
U. S. Treasury obligations	100%
GSE-Agency Securities	100%
Per Issuer	33%
FDIC - Temporary liquidity guarantee securities	30%
Commercial paper *	10%
Bankers Acceptance *	10%
Corporate indebtedness, Oregon issuers	10%
Local Government Investment Pool	ORS Limt 294.810
Certificates of Deposit/Bank Deposits/Savings *	10%
Obligations of the States (municipal securities) *	10%
* Shall be limited to 5% per issuer.	

Custodial risk

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

Custodial risk - deposits

This is the risk that in the event of a bank failure, the City of Albany's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City of Albany's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2010, \$308,222 of the City of Albany's bank balances were exposed to custodial credit risk as they were collateralized with securities held by the pledging financial institution's agent but not in the City of Albany's name.

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 \$42,162,003 include \$136,498 restricted for permanent endowments and \$42,025,505 restricted by enabling legislation as follows:

Governmental activities	\$16,512,436
Business-type activities	25,649,567
Total	\$42,162,003

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

3. DETAILED NOTES, continued

CAPITAL ASSETS

Governmental Activities

Capital activity for the year ended June 30, 2010, was as follows:

	July 1, 2009 Balance	Additions	Deletions, Transfers in, Transfers out	June 30, 2010 Balance
Non-depreciable capital assets				
Land	\$ 8,657,683	\$ 1,130,501	\$ -	\$ 9,788,184
Construction in progress	4,254,516	4,007,471	-	8,261,987
Total non-depreciable capital assets	<u>12,912,199</u>	<u>5,137,972</u>	<u>-</u>	<u>18,050,171</u>
Depreciable capital assets				
Buildings and improvements	18,857,206	900,553	-	19,757,759
Vehicles and equipment	11,081,935	1,766,586	-	12,848,521
Infrastructure	104,855,081	348,513	-	105,203,594
Total depreciable capital assets	<u>134,794,222</u>	<u>3,015,652</u>	<u>-</u>	<u>137,809,874</u>
Total capital assets	<u>147,706,421</u>	<u>8,153,624</u>	<u>-</u>	<u>155,860,045</u>
Accumulated depreciation				
Buildings and improvements	(3,996,232)	(358,396)	-	(4,354,628)
Vehicles and equipment	(6,322,868)	(972,363)	-	(7,295,231)
Infrastructure	(39,210,511)	(4,315,585)	-	(43,526,096)
Total accumulated depreciation	<u>(49,529,611)</u>	<u>(5,646,344)</u>	<u>-</u>	<u>(55,175,955)</u>
Depreciable capital assets net of depreciation	<u>85,264,611</u>	<u>(2,630,692)</u>	<u>-</u>	<u>82,633,919</u>
Governmental activities, capital assets, net	<u>\$ 98,176,810</u>	<u>\$ 2,507,280</u>	<u>\$ -</u>	<u>\$100,684,090</u>

Depreciation expense for governmental activities has been charged as follows:

General government	\$ 836,656
Public safety	691,959
Highways and streets	3,351,808
Culture and recreation	765,921
Total depreciation for governmental activities	<u>\$ 5,646,344</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

3. DETAILED NOTES, continued

CAPITAL ASSETS, continued

Business-type Activities

Capital activity for the year ended June 30, 2010, was as follows:

	July 1, 2009 Balance	Additions	Deletions, Transfers in, Transfers out	June 30, 2010 Balance
Non-depreciable capital assets				
Land	\$ 1,576,598	\$ 4,639,457	\$ -	\$ 6,216,055
Construction in progress	86,978,612	9,354,447	-	96,333,059
Total non-depreciable capital assets	88,555,210	13,993,904	-	102,549,114
Depreciable capital assets				
Land rights	19,794	-	-	19,794
Land improvements	25,178	-	-	25,178
Buildings and improvements	56,284,387	782,860	-	57,067,247
Vehicles and equipment	6,820,345	135,453	-	6,955,798
Infrastructure	120,956,057	5,033,604	-	125,989,661
Total depreciable capital assets	184,105,761	5,951,917	-	190,057,678
Total capital assets	272,660,971	19,945,821	-	292,606,792
Accumulated depreciation				
Land rights	(16,166)	(659)	-	(16,825)
Land improvements	(20,407)	(433)	-	(20,840)
Buildings and improvements	(15,410,655)	(1,594,090)	-	(17,004,745)
Vehicles and equipment	(5,396,738)	(300,318)	-	(5,697,056)
Infrastructure	(35,395,111)	(2,661,606)	-	(38,056,717)
Total accumulated depreciation	(56,239,077)	(4,557,106)	-	(60,796,183)
Depreciable capital assets net of depreciation	127,866,684	1,394,811	-	129,261,495
Business-type activities, capital assets, net	\$216,421,894	\$15,388,715	\$ -	\$231,810,609

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

Water Fund	\$ 2,356,623
Sewer Fund	2,200,483
Total depreciation for business-type activities	\$ 4,557,106

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	\$231,810,609
Internal service fund capital assets reported as business-type activities:	
Public Works Services Fund	(160,120)
Capital assets (net), Statement of Net Assets of Proprietary Funds (page 28)	\$231,650,489

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

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, 2010, amounted to \$72,811, which represented approximately 3.9 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

The listing which follows outlines the loans receivable as of June 30, 2010. The ARA loans have been restated to show the division of regular and forgivable loans.

	June 30, 2009			June 30, 2010
	Balance	Increase	Decrease	Balance
Governmental Funds				
General	\$ 200,066	\$ -	\$ -	\$ 200,066
Economic Development	186,877		(32,260)	154,617
Albany Revitalization Agency - Regular loans	449,277	74,705	(190,832)	333,150
Albany Revitalization Agency - Forgivable loans	281,850	1,867,148	(45,000)	2,103,998
Total Governmental Funds	1,118,070	1,941,853	(268,092)	2,791,831
Enterprise Fund - Sewer	6,220,744	498,040	(2,000,000)	4,718,784
	<u>\$ 7,338,814</u>	<u>\$ 2,439,893</u>	<u>\$ (2,268,092)</u>	<u>\$ 7,510,615</u>

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, 2010, 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 \$150,000, to the Albany Helping Hands Homeless Shelter to construct a second dormitory. The \$50,000 portion of the loan was interest free until July 31, 2008, at which time it was due. Interest accrues at the rate of nine percent per annum after that date. The \$100,000 portion of the loan was interest-free until January 1, 2009, at which time the loan was due. Interest accrues at the rate of nine percent per annum after that date. The loan is secured by a trust deed. As of June 30, 2010 Helping Hands is make interest only payments.

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 a 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, 2010, the balance of the receivable from the Dayton Hudson Corporation was \$186,008.

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. 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 note has been offset with an allowance for uncollectible accounts.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

3. DETAILED NOTES, continued

LOANS RECEIVABLE, continued

Albany Revitalization Area (ARA) Loans

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

On October 15, 2004, ARA 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 payment schedule calls for seven payments of \$34,905.82 and the last payment is due on October 15, 2015. During the fiscal 2009-10 Willamette Community Bank paid the loan in full.

In December 2004, ARA approved a loan of \$82,500 to Allan and Jacqueline Swoboda to make improvements to property located in the urban renewal district. The loan is payable in full by January 25, 2010, with interest accruing at the rate of four percent annually. The full amount of the loan was disbursed before June 30, 2007 and as of June 30, 2010 the balance outstanding was \$82,500.

In October 2006, ARA approved a ten-year loan of \$42,500 to Allan and Jacqueline Swoboda to make improvements to the Frager Building. The loan, with an annual interest rate of 6.9 percent, is secured by a trust deed. The first payment 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 Swobodas have drawn the full amount of the approved loan. As of June 30, 2010 the balance outstanding was \$42,500.00.

In March 2009, ARA approved a ten-year loan of \$307,500 to Cameron House, LLC, and Herb Yamamoto, Principal, to renovate the structure known as CADD Connection Building at 705 Lyon Street. The first loan amount of \$112,500, with an annual interest rate of 4.85 percent, is secured by a promissory note and trust deed. The principal and accrued interest are fully due and payable on March 13, 2016. The second and third loan amounts are each \$97,500, one of which is in the forgivable category, and are secured by a promissory note and trust deed. During Fiscal Year 2009-10, a loan of \$94,507 was forgiven so as of June 30, 2010 the loan balance outstanding was \$208,150.00.

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

	Loan Amount	Forgiven	Balance yet to be forgiven
Flinn Block LLC - Manley	\$ 157,857	\$ 122,000	\$ 35,857
3rd Avenue Townhouses - Smith	250,000	-	250,000
R3 Development - Mikesell	200,066	-	200,066
CADD Connection - Yamamoto	94,507	-	94,507
Jay Anunzio	45,000	45,000	-
Albany Redevelopment - Ward	23,568	-	23,568
Edgewater Village	1,500,000	-	1,500,000
	<u>2,270,998</u>	<u>167,000</u>	<u>2,103,998</u>

Wastewater Treatment Plant Loan - City of Millersburg

In August 2007, the cities of Albany and Millersburg approved an intergovernmental agreement for expansion and improvement of Albany's Davidson Street wastewater treatment plant. Costs of the project will be shared 90 percent for Albany and ten percent for Millersburg. The initial cost estimate was \$70 million. Millersburg made a scheduled down payment of \$1,000,000 in November 2007 and additional \$1,000,000 payments on October 15, 2009, and April 15, 2010. The remaining balance will be paid back over a 19-year period at the same interest rate charged for the Albany loan from the Clean Water State Revolving Fund. As of June 30, 2010, Millersburg's loan balance was \$4,718,784.00.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

3. DETAILED NOTES, continued

DEFERRED 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
Delinquent property taxes receivable	
General	\$ 1,111,445
Parks and Recreation	277,855
Other governmental	386,768
Accounts receivable	686,850
Assessments receivable	1,727,958
Community development loans	200,066
Economic development loans	487,769
Total deferred revenue	\$ 4,878,711

CONSTRUCTION COMMITMENTS

The City has active construction projects as of June 30, 2010. Water and sewer capital projects include the wastewater treatment plant expansion project; North Albany lift station; The City of Albany's Transportation System Plan update; Thorton Lake Flood Plain Analysis; Albany Transportation Center Multimodal; and Wetlands Treatment Project.

<u>Project</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
Water/Sewer Fund Capital Projects:		
Transportation System Plan Update	\$ 38,152	\$ 91,848
Thorton Lake Flood Plain Analysis	45,199	94,801
Albany Transportation Center Multimodal Site - Phase II	510,796	103,388
Albany Transportation Center Multimodal Site - Phase III	476,238	453,602
Wastewater Treatment Plant Expansion	9,479,260	400,423
Wetlands Treatment Project	2,428,734	5,035,326
North Albany pump station and force main	539,518	79,482
Totals	\$ 13,517,897	\$ 6,258,870

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.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

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	\$ 389,729

The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

	Governmental Activities
Years ending June 30,	
2010	\$ 259,658
2011	117,801
2012	40,923
Total minimum lease payments	418,382
Less: amount representing interest	(28,653)
Present value of minimum lease payments	\$ 389,729

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

3. DETAILED NOTES, continued

LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increase	Decrease	Ending Balance	Due in 2010/201
Governmental Activities					
Long-term debt payable:					
General obligation bonds					
Series 2007 Refunding	\$ 7,675,000	\$ -	\$ 970,000	\$ 6,705,000	\$ 1,850,000
Special assessment debt with governmental commitment					
Series 2002	339,099	-	68,920	270,179	72,444
Revenue bonds					
Series 1995 Hotel/Motel Tax	420,000	-	210,000	210,000	210,000
Limited tax pension obligations					
Series 2002	6,545,507	-	82,139	6,463,368	86,861
General revenue obligations					
Series 2004	2,645,000	-	320,000	2,325,000	325,000
Urban Renewal Bonds					
2007 CARA Series A Tax-exempt	2,822,000	-	-	2,822,000	-
2007 CARA Series B Taxable	1,506,000	-	233,000	1,273,000	247,000
Note payable					
2010 CARA Urban Renewal Revenue Note	-	1,958,800	-	1,958,800	-
OEDD-Target Infrastructure	211,381	-	24,373	187,008	24,619
Total long-term obligations	22,163,987	1,958,800	1,908,432	22,214,355	2,815,924
Other postemployment benefits	719,940	424,237	-	1,144,177	-
Unamortized debt issuance costs (net)	(313,877)	-	(103,405)	(210,472)	-
Unamortized premium on debt issuance	86,816	-	14,676	72,140	-
Compensated absences	2,221,621	2,584,412	2,479,540	2,326,493	1,163,247
Claims and judgments	36,570	30,062	36,570	30,062	30,062
Capital leases	557,626	75,139	243,035	389,730	238,033
Total Governmental Activities	25,472,683	5,072,650	4,578,848	25,966,485	4,247,266
Business-type Activities					
General obligation bonds					
1998 Water Refunding	835,000	-	835,000	-	-
Water revenue bonds					
2003 Water Revenue/Refunding	34,200,000	-	1,345,000	32,855,000	1,055,000
Sewer revenue bonds					
2004 Sewer Current Refunding	505,000	-	505,000	-	-
Certificates of participation					
Joint Water Project	215,267	-	67,902	147,365	71,687
Loans payable					
Oregon DEQ, North Albany	483,241	-	483,241	-	-
Oregon DEQ, New WWTP	54,916,036	14,083,964	-	69,000,000	2,643,460
Wetland Loan	-	4,114,000	-	4,114,000	335,440
Total long-term obligations	91,154,544	18,197,964	3,236,143	106,116,365	4,105,587
Other postemployment benefits	221,260	131,264	-	352,524	-
Unamortized debt issuance costs (net)	(242,339)	-	(9,996)	(232,343)	-
Compensated absences	480,520	258,704	292,034	447,190	223,595
Claims and judgments	25,810	36,201	25,810	36,201	36,201
Total Business-type Activities	91,639,795	18,624,133	3,543,991	106,719,937	4,365,383
Totals	\$ 117,112,478	\$ 23,696,783	\$ 8,122,839	\$ 132,686,422	\$ 8,612,649

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

3. DETAILED NOTES, continued

LONG-TERM OBLIGATIONS, continued

One of the City's two internal service funds, Central Services, serves primarily governmental activities. At year end, long-term liabilities from the Central Service Fund, compensated absences (\$218,646), and claims and judgments (\$1,287), 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 and 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 \$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, 2010, is \$6,705,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
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	1,255,000	103,600	1,358,600
2015	1,335,000	53,400	1,388,400
<u>Totals</u>	<u>\$ 6,705,000</u>	<u>\$ 769,800</u>	<u>\$ 7,474,800</u>

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, 2010, is \$270,179.

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

Year Ending June 30	Principal	Interest	Total
2011	72,444	12,741	85,185
2012	197,735	9,035	206,770
<u>Totals</u>	<u>\$ 270,179</u>	<u>\$ 21,776</u>	<u>\$ 291,955</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued

Governmental Activities, continued

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, 2010, is \$210,000. Annual debt service requirements to maturity for governmental revenue obligations are as follows:

Year Ending June 30	Principal	Interest	Total
2011	210,000	6,039	216,039

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 resources including property taxes. 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, 2010, is \$6,463,368. Annual debt service requirements to maturity for the limited tax pension obligations are as follows:

Year Ending June 30	Principal	Interest	Total
2011	86,861	444,197	531,058
2012	92,951	463,106	556,057
2013	97,868	483,189	581,057
2014	101,687	504,371	606,058
2015-2019	544,397	2,935,891	3,480,288
2020-2024	2,434,604	1,889,634	4,324,238
2025-2028	3,105,000	505,658	3,610,658
<u>Totals</u>	<u>\$ 6,463,368</u>	<u>\$ 7,226,046</u>	<u>\$ 13,689,414</u>

General Revenue Obligations

The City issued \$3,720,000 of general revenue obligations in December 2004, secured by and payable from any unobligated, non-property tax revenues legally available to the City, to finance the construction of a public swimming pool and repayment and/or defeasance of the City's Certificates of Participation, Series 1994. Interest rates range from two percent to five percent for the 15-year bonds. Final maturity is January 1, 2020. The balance outstanding at June 30, 2010, is \$2,325,000. Annual debt service requirements to maturity for the general revenue obligations are as follows:

Year Ending June 30	Principal	Interest	Total
2011	325,000	88,664	413,664
2012	340,000	78,914	418,914
2013	355,000	68,204	423,204
2014	365,000	52,229	417,229
2015-2019	940,000	141,258	1,081,258
<u>Totals</u>	<u>\$ 2,325,000</u>	<u>\$ 429,269</u>	<u>\$ 2,754,269</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued

Governmental Activities, continued

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, 2010, is \$4,095,000. Annual debt service requirements to maturity for urban renewal bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2011	247,000	216,430	463,430
2012	262,000	200,992	462,992
2013	279,000	184,617	463,617
2014	296,000	167,179	463,179
2015-2019	1,746,000	571,649	2,317,649
2020-2021	1,265,000	124,644	1,389,644
Totals	\$ 4,095,000	\$ 1,465,511	\$ 5,560,511

Notes Payable

In March 2010, the Albany Revitalization Agency in conjunction with Bank of America, created a \$5,000,000 Non-revolving Line of Credit to be used to provide financing or refinancing for projects within the Central Albany Revitalization Agency area. The interest rate is based on 63.5% the British Bankers Association LIBOR floating rate, plus 1.25% subject to an all-in floor of 1.73%. The interest accrued will be paid every quarter beginning June 1, 2010. The final maturity date is March 12, 2012. As of June 30, 2010, ARA has drawn \$1,958,800 of the line of credit.

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, 2010, is \$187,008 (Dayton-Hudson Corporation, \$165,330; City, \$21,678). Annual debt service requirements to maturity for governmental activities notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2011	24,619	10,753	35,372
2012	29,884	9,337	39,221
2013	30,164	7,619	37,783
2014	30,460	5,886	36,346
2014-2016	71,881	6,210	78,091
Totals	\$ 187,008	\$ 39,805	\$ 226,813

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued

Business-type Activities

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, 2010, is \$32,855,000.

Year Ending June 30	Principal	Interest	Total
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	865,000	1,422,694	2,287,694
2015-2019	4,915,000	6,540,212	11,455,212
2020-2024	6,165,000	5,232,099	11,397,099
2025-2029	7,885,000	3,534,110	11,419,110
2030-2034	10,180,000	1,324,250	11,504,250
Totals	\$ 32,855,000	\$ 22,518,042	\$ 55,373,042

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, 2010, is \$147,365. Annual debt service requirements to maturity for business-type activities certificates of participation are as follows:

Year Ending June 30	Principal	Interest	Total
2011	71,687	7,141	78,828
2012	75,678	3,150	78,828
Totals	\$ 147,365	\$ 10,291	\$ 157,656

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued

Loans Payable

The City was approved for two loans totaling \$69,000,000 from the Clean Water State Revolving Fund to assist in the payment of construction costs to build a new wastewater treatment plant. The loan amounts are \$35,183,559 at a rate of 2.90 percent and \$33,816,441 at 3.14 percent. The loan payment schedule includes a 0.5% loan fee effectively increasing the loan rates to 3.40 percent and 3.64 percent respectively. As of June 30, 2010, the City had received all loan proceeds so the balance outstanding is \$69,000,000. The final maturity date is October 1, 2029.

Year Ending June 30	Principal	Interest	Total
2011	2,643,460	2,410,626	5,054,086
2012	2,723,921	2,316,948	5,040,869
2013	2,806,835	2,220,414	5,027,249
2014	2,892,278	2,120,937	5,013,215
2015	2,980,325	2,018,428	4,998,753
2016-2020	16,319,214	8,441,747	24,760,961
2021-2025	18,959,887	5,367,479	24,327,366
2026-2030	19,674,080	1,794,980	21,469,060
<u>Totals</u>	<u>\$ 69,000,000</u>	<u>\$ 26,691,559</u>	<u>\$ 95,691,559</u>

On December 21, 2009 the City of Albany purchased land to be used in the Wetlands Talking Water Garden for a total cost of \$4,639,457 of which \$4,114,000 was financed by the seller. The interest rate for the loan is 4.0 percent and the final maturity is December 21, 2021.

Year Ending June 30	Principal	Interest	Total
2011	335,440	164,560	500,000
2012	348,858	151,142	500,000
2013	362,812	137,188	500,000
2014	377,324	122,676	500,000
2015	392,417	107,583	500,000
2016	408,114	91,886	500,000
2017	424,439	75,561	500,000
2018	441,416	58,584	500,000
2019	459,073	40,927	500,000
2020	477,436	22,564	500,000
2021	86,671	3,467	90,138
<u>Totals</u>	<u>\$ 4,114,000</u>	<u>\$ 976,138</u>	<u>\$ 5,090,138</u>

Capitalized Interest

During Fiscal Year 2008-09, interest costs to the enterprise funds were \$3,719,144, of which \$1,885,049 has been capitalized.

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 \$6,930,000 at June 30, 2010.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

3. DETAILED NOTES, continued

INTERFUND TRANSFERS

<u>Transfers out</u>	<u>Transfers In</u>					<u>Total</u>
	<u>General</u>	<u>Parks and Recreation</u>	<u>Street</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	
Governmental funds						
General	\$ -	\$ 187,200	\$ 260,000	\$ -	\$ 1,021,345	\$ 1,468,545
Parks and Recreation	-	236,729	-	25,000	217,697	479,426
Risk Management	-	-	-	-	100,000	100,000
Street	-	80,000	-	122,200	-	202,200
Capital Projects	-	-	-	-	100,429	100,429
Other governmental funds	2,308,154	82,700	-	-	614,597	3,005,451
Total governmental funds	2,308,154	586,629	260,000	147,200	2,054,068	5,356,051
Proprietary funds						
Water	50,000	-	-	122,200	7,311	179,511
Sewer	50,000	-	121,300	122,200	7,427	300,927
Total Proprietary funds	100,000	-	121,300	244,400	14,738	480,438
Total transfers	\$ 2,408,154	\$ 586,629	\$ 381,300	\$ 391,600	\$ 2,068,806	\$ 5,836,489

Interfund Loans:

Business-type activities

 Water

1,950,941

 Sewer

2,047,874

Total Interfund Loans

\$ 3,998,815

Governmental Funds

Transfers from the General Fund

Transfers out of the General Fund totalled \$1,468,545 for Fiscal Year 2009-10. Major activity included a transfer of \$187,200 to the Parks and Recreation Fund to support grants to outside agencies and the Urban Forestry program. A transfer of \$89,500 was made to the Capital Replacement Fund to support building maintenance projects. There was a transfer of \$260,000 to the Street Fund to partially reimburse the cost of street lighting. \$459,900 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, \$237,867, was transferred to the Debt Service Fund. The amount of \$17,829 and \$16,249 was transferred to the Building Inspection Fund for the ADA Code Enforcement and Development Code programs, respectively. A transfer of \$200,000 was also made to the Electrical Inspection program of the Building Fund.

Transfers from the Parks and Recreation Fund

Parks and Recreation transfers out totalled \$479,426. Major activity included a transfer to the Debt Service Fund for the Parks and Recreation Fund share of the debt service requirement for the 2004 Revenue Obligations, \$181,697. A transfer of \$61,000 was made to the Grants Fund for Oak Street Park (\$36,000) and the Capital Projects fund (\$25,000) for the Albany Station Pathway. The amount of \$236,729 was transferred to the Parks Capital Improvement Fund for phase I of the Timber Linn Improvements and to complete the Eades Park project.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

3. DETAILED NOTES, continued

INTERFUND TRANSFERS, continued

Governmental funds, continued

Transfers from the Risk Management Fund

This fund transferred \$100,000 to the Building Inspection fund to support ADA activities.

Transfers from the Street Fund

A total of \$122,200 was transferred from the Street Fund to the Capital Projects Fund for one-third of the cost the new Crew Pole building. The amount of \$80,000 was transferred to the Parks and Recreation department for the Urban Forestry program.

Transfers from the Capital Project Fund

A total of \$100,429 was transferred to the Capital Projects fund (\$80,000) for future projects and to the Grants fund (\$20,429) for the Bicycle/Pedestrian Improvement project.

Transfers from Other Governmental Funds

Public Safety Levy Fund

The amount of \$530,800 was transferred to the General Fund to offset inflationary costs in the Fire Suppression and Police programs. Other transfers included \$219,504 to the Ambulance Fund for operational costs, \$919,408 to the General Fund for the Public Safety Levy - Police program, and \$857,946 to the General Fund for the Public Safety Levy - Fire program.

Central Albany Redevelopment Area

To support the cost of personnel, \$102,000 was transferred to the Economic Development Fund.

Capital Replacement Fund

The amount of \$201,918 was transferred to the Albany Airport, the monies represented their accumulated equipment replacement dollars.

Proprietary funds

Transfers from Water fund

The amount of \$122,000 was transferred to the Capital Projects fund for their one-third cost of the new Crew Pole

Transfer from Sewer fund

The amount of \$122,000 was transferred to the Capital Projects fund for their one-third cost of the new Crew Pole building and a transfer of \$121,300 was made to the Street Capital program.

With the exception of the five major funds, General, Parks and Recreation, Risk Management, Streets and Capital Projects, transfers out less than \$100,000 are not disclosed.

INTERFUND LOANS

Business Activities

The Sewer and Water Capital programs of the Sewer and Capital funds have made an interfund loan of \$2,047,874 and \$1,950,940 respectively to the Capital Projects fund. The loans have been used to fund the construction of two infrastructure projects on each side of the New Timber Ridge Elementary school. The City's intentions are to reimburse the two funds in the 2010-11 fiscal year including interest.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

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, 2010

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 effect 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. Since Fiscal Year 1980-81, the City has elected to contribute the six percent "pick-up", \$1,550,393 (six percent of covered payroll, 2008-09), in lieu of a six percent pay increase.

In addition, the City contributed \$3,875,980 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 12.06 percent for general service employees and 15.33 percent for police and fire employees. The rate for PERS Tier I and Tier II employees is 12.51 percent.

Three-year Trend Information:

Year Ended June 30,	Employer Contributions		
	Annual Pension Cost (APC)	Amount of APC Contributed	Percentage of APC Contributed
2008	4,230,435	4,230,435	100%
2009	4,789,074	4,789,074	100%
2010	5,426,373	5,426,373	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, 2010, was as follows:

Prepaid pension contributions, beginning of year	\$ 5,951,781
Decrease in prepaid pension contributions	(313,252)
Prepaid pension contributions, end of year	\$ 5,638,529

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

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 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 post-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 insurance carrier for the coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare. The City does not pay for any retiree OPEB under GASB 45.

Membership

The City's membership in the plan at August 1, 2008 (the date of the last actuarial valuation), consisted of the following:

Active employees	391
Retirees, spouses, or dependents	50
Total	441

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

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 - Albany Police Association	\$ 534.49	\$ 953.11	\$ 1,133.83	\$ 1,541.92
Pacific Source PPO/Prime - All other Albany Employees	\$ 531.57	\$ 947.94	\$ 1,127.51	\$ 1,533.41
ODS Dental/Vision	54.31	102.94	96.17	144.80
Blue Classic, medical/dental (Fire Union)	961.25	961.25	961.25	961.25
Fire Union COBRA & Retiree		Employee	Two-Party	Family
Blue Classic Medical		\$ 354.36	\$ 743.90	\$ 1,028.15
Blue Classic Medical/Dental/Vision		417.15	859.65	1,229.00

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

Annual OPEB Cost and Net OPEB Obligation

The City had its first actuarial valuation performed as of August 1, 2006, to determine the *unfunded accrued actuarial liability* (UAAL), *annual required contribution* (ARC), and NOPEBO as of that date. The ARC is equal to the normal cost plus an amount to amortize the UAAL as a level percent of payroll over 15 years. The annual OPEB cost, as of June 30, 2010, is equal to the ARC as follows:

Normal Cost	\$ 422,089
Amortization of UAAL	395,162
<u>Annual required contribution (ARC)</u>	<u>\$ 817,251</u>

The net OPEB obligation as of June 30, 2009, was calculated as follows:

Annual required contribution	\$ 817,251
Implicit benefit payments	(231,589)
Interest on prior year Net OPEB Obligation	42,073
Adjustment to ARC	(65,996)
Adjustment to NET OPEB beginning balance	(6,238)
<u>Increase in net OPEB obligation</u>	<u>\$ 555,501</u>
Net OPEB at beginning of the year	941,200
<u>Net OPEB at end of the year</u>	<u>\$ 1,496,701</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2010

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, 2009, are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	\$ 626,589	28.34%	\$ 470,600
June 30, 2009	\$ 658,492	28.34%	\$ 934,962
June 30, 2010	\$ 793,328	18.17%	\$ 1,496,701

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, 2008, 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%
August 1, 2008	\$ -	\$ 5,182,523	\$ 5,182,523	0.00%	\$ 26,380,078	19.65%

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, 2010

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 and the projected health care premiums.

The **annual payroll increases** are 3.75 percent compounded annually for the purposes of amortizing the unfunded AAL. These assumptions are based on the Oregon PERS valuation assumptions as of December 31, 2007.

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 an open rolling 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, 2007, 2008, and 2009, the City was obligated to pay up to \$75,000 in claims and settlement costs. At June 30, 2010, amounts accrued as liabilities for Fiscal Year 2008-09, \$46,881, and for Fiscal Year 2008-09, \$19,382.

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, 2010

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
2009	\$ 75,000	\$ 28,119	\$ 46,881
2010	75,000	55,617	19,383

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, 2010, the Linn Regional Fueling Facility's equity balance as reported in its audited financial statements totaled \$482,322. 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, 2010

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

Leadership is the art of getting someone else to do something you want done because he wants to do it.
Dwight D. Eisenhower

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, Parks and Recreation Risk Management, and Street, are included in this section
- Schedules relating to bonds and property taxes

CITY OF ALBANY, OREGON
OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

June 30, 2010

	Special Revenue	Debt Service	Permanent	Totals
ASSETS				
Cash and investments	\$ 8,642,955	\$ -	\$ -	\$ 8,642,955
Cash with Fiscal Agents	-	44,332	-	44,332
Receivables:				
Property taxes	323,766	93,872	-	417,638
Accounts	587,352	-	-	587,352
Assessments	-	15,185	-	15,185
Interest	22,705	3,575	337	26,617
Loans	487,769	-	-	487,769
Grants	677,522	-	-	677,522
Other	60,973	-	-	60,973
Restricted cash and investments	12,283	809,050	137,163	958,496
Total assets	\$10,815,325	\$ 966,014	\$ 137,500	\$ 11,918,839
LIABILITIES				
Accounts payable	\$ 1,022,613	\$ -	\$ 1,002	\$ 1,023,615
Deferred revenue	1,230,151	103,324	-	1,333,475
Deposits	2,000	-	-	2,000
Total liabilities	2,254,764	103,324	1,002	2,359,090
FUND BALANCES				
Reserved for:				
Debt service	12,283	862,690	-	874,973
Library programs	-	-	7,265	7,265
Parks and Recreation programs	-	-	11,733	11,733
Perpetual care	-	-	117,500	117,500
Unreserved	8,548,278	-	-	8,548,278
Total fund balances	8,560,561	862,690	136,498	9,559,749
Total liabilities and fund balances	\$10,815,325	\$ 966,014	\$ 137,500	\$ 11,918,839

CITY OF ALBANY, OREGON
OTHER GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2010

	Special Revenue	Debt Service	Permanent	Totals
REVENUES				
Property taxes	\$ 4,244,175	\$1,294,417	\$ -	\$ 5,538,592
Transient room taxes	382,054	213,174	-	595,228
Assessment collections	-	1,123	-	1,123
Franchise fees, privilege taxes, licenses, and permits	885,056	-	-	885,056
Intragovernmental	3,069,309	-	-	3,069,309
Charges for services	3,233,718	516,671	-	3,750,389
Interest on investments	186,136	25,113	2,470	213,719
Miscellaneous	399,767	-	160	399,927
Total revenues	<u>12,400,215</u>	<u>2,050,498</u>	<u>2,630</u>	<u>14,453,343</u>
EXPENDITURES				
Current:				
General government	7,148,721	2,352	-	7,151,073
Public safety	2,564,421	-	-	2,564,421
Highway and streets	128,742	-	-	128,742
Culture and recreation	60,619	-	6,176	66,795
Debt service:				
Principal	257,373	1,651,061	-	1,908,434
Interest	243,109	869,352	-	1,112,461
Capital outlay	4,353,855	-	-	4,353,855
Total expenditures	<u>14,756,840</u>	<u>2,522,765</u>	<u>6,176</u>	<u>17,285,781</u>
Excess of Revenues over (under) expenditures	<u>(2,356,625)</u>	<u>(472,267)</u>	<u>(3,546)</u>	<u>(2,832,438)</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	1,958,800	-	-	1,958,800
Capital lease	75,139	-	-	75,139
Transfers in	1,649,242	419,564	-	2,068,806
Transfers out	(3,005,451)	-	-	(3,005,451)
Total other financing sources (uses)	<u>677,730</u>	<u>419,564</u>	<u>-</u>	<u>1,097,294</u>
Net change in fund balances	<u>(1,678,895)</u>	<u>(52,703)</u>	<u>(3,546)</u>	<u>(1,735,144)</u>
Fund balance - beginning	<u>10,239,456</u>	<u>915,393</u>	<u>140,044</u>	<u>11,294,893</u>
Fund balance - ending	<u>\$ 8,560,561</u>	<u>\$ 862,690</u>	<u>\$ 136,498</u>	<u>\$ 9,559,749</u>

An empty stomach is not a good political advisor.
Albert Einstein

**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.
- **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 2008 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 district.

CITY OF ALBANY, OREGON
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2010

	Grants	Building Inspection	Economic Develop- ment	Ambulance	Public Transit
ASSETS					
Cash and investments	\$ 47,200	\$ 250,673	\$ 336,022	\$ 129,035	\$ 76,628
Receivables:					
Property taxes	-	-	-	-	-
Accounts	-	-	36,383	443,753	107,216
Interest	49	655	589	225	77
Loans	-	-	154,618	-	-
Grants	677,522	-	-	-	-
Other	325	96	2,074	730	-
Restricted cash and investments	-	-	12,283	-	-
Total assets	\$ 725,096	\$ 251,424	\$ 541,969	\$ 573,743	\$ 183,921
LIABILITIES					
Accounts payable	\$ 725,096	\$ 50,270	\$ 7,589	\$ 61,607	\$ 34,568
Deferred revenue	-	-	154,618	443,753	-
Deposits	-	-	2,000	-	-
Total liabilities	725,096	50,270	164,207	505,360	34,568
FUND BALANCES					
Reserved for debt service	-	-	12,283	-	-
Unreserved	-	201,154	365,479	68,383	149,353
Total fund balances	-	201,154	377,762	68,383	149,353
Total liabilities and fund balances	\$ 725,096	\$ 251,424	\$ 541,969	\$ 573,743	\$ 183,921

Public Safety Levy	Capital Replacement	Albany Revitalization Agency	Totals
\$ 396,078	\$ 5,916,002	\$ 1,491,317	\$ 8,642,955
208,067	-	115,699	323,766
-	-	-	587,352
1,512	14,763	4,835	22,705
-	-	333,151	487,769
-	-	-	677,522
-	57,426	322	60,973
-	-	-	12,283
<u>\$ 605,657</u>	<u>\$ 5,988,191</u>	<u>\$ 1,945,324</u>	<u>\$10,815,325</u>
\$ -	\$ 52,830	\$ 90,653	\$ 1,022,613
191,731	-	440,049	1,230,151
-	-	-	2,000
<u>191,731</u>	<u>52,830</u>	<u>530,702</u>	<u>2,254,764</u>
-	-	-	12,283
413,926	5,935,361	1,414,622	8,548,278
<u>413,926</u>	<u>5,935,361</u>	<u>1,414,622</u>	<u>8,560,561</u>
<u>\$ 605,657</u>	<u>\$ 5,988,191</u>	<u>\$ 1,945,324</u>	<u>\$10,815,325</u>

ASSETS

Cash and investments
Receivables:
Property taxes
Accounts
Interest
Loans
Grants
Other
Restricted cash and investments
Total assets

LIABILITIES

Accounts payable
Deferred revenue
Deposits
Total liabilities

FUND BALANCES

Reserved for debt service
Unreserved
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, 2010

	Grants	Building Inspection	Economic Develop- ment	Ambulance	Public Transit
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Transient room taxes	-	-	382,054	-	-
Licenses and fees	-	885,056	-	-	-
Intragovernmental	2,296,297	10,257	-	-	747,408
Charges for services	-	5,795	206,457	1,912,918	147,440
Interest on investments	-	4,732	2,965	1,386	(177)
Miscellaneous	11,224	12,159	32,260	1,769	723
Total revenues	2,307,521	917,999	623,736	1,916,073	895,394
EXPENDITURES					
Current:					
General government	189,925	1,272,725	869,769	-	1,137,842
Public safety	401,630	-	-	2,142,409	-
Highways and streets	128,742	-	-	-	-
Culture and recreation	60,619	-	-	-	-
Debt service:					
Principal	-	-	24,373	-	-
Interest	-	-	12,117	-	-
Capital outlay	1,731,783	-	-	-	83,770
Total expenditures	2,512,699	1,272,725	906,259	2,142,409	1,221,612
Excess of Revenues over (under) expenditures	(205,178)	(354,726)	(282,523)	(226,336)	(326,218)
OTHER FINANCING SOURCES (USES)					
Debt issuance	-	-	-	-	-
Capital lease	-	-	-	-	-
Transfers in	91,429	404,991	303,918	219,504	459,900
Transfers out	-	(6,175)	(35,000)	-	-
Total other financing sources (uses)	91,429	398,816	268,918	219,504	459,900
Net change in fund balances	(113,749)	44,090	(13,605)	(6,832)	133,682
Fund balance - beginning	113,749	157,064	391,367	75,215	15,671
Fund balance - ending	\$ -	\$ 201,154	\$ 377,762	\$ 68,383	\$ 149,353

Public Safety Levy	Capital Replace- ment	Albany Revitalization Agency	Totals	
\$ 2,628,400	\$ -	\$ 1,615,775	\$ 4,244,175	REVENUES
-	-	-	382,054	Property taxes
-	-	-	885,056	Transient room taxes
-	15,347	-	3,069,309	Licenses and fees
-	961,108	-	3,233,718	Intragovernmental
22,092	113,876	41,262	186,136	Charges for services
-	139,674	201,958	399,767	Interest on investments
<u>2,650,492</u>	<u>1,230,005</u>	<u>1,858,995</u>	<u>12,400,215</u>	Miscellaneous
				Total revenues
				EXPENDITURES
				Current:
-	607,413	3,071,047	7,148,721	General government
-	20,382	-	2,564,421	Public safety
-	-	-	128,742	Highways and streets
-	-	-	60,619	Culture and recreation
				Debt service:
-	-	233,000	257,373	Principal
-	-	230,992	243,109	Interest
-	1,923,302	615,000	4,353,855	Capital outlay
<u>-</u>	<u>2,551,097</u>	<u>4,150,039</u>	<u>14,756,840</u>	Total expenditures
<u>2,650,492</u>	<u>(1,321,092)</u>	<u>(2,291,044)</u>	<u>(2,356,625)</u>	Excess of Revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES)
-	-	1,958,800	1,958,800	Debt issuance
-	75,139	-	75,139	Capital lease
-	169,500	-	1,649,242	Transfers in
(2,527,658)	(284,618)	(152,000)	(3,005,451)	Transfers out
<u>(2,527,658)</u>	<u>(39,979)</u>	<u>1,806,800</u>	<u>677,730</u>	Total other financing sources (uses)
122,834	(1,361,071)	(484,244)	(1,678,895)	Net change in fund balances
291,092	7,296,432	1,898,866	10,239,456	Fund balance - beginning
<u>\$ 413,926</u>	<u>\$ 5,935,361</u>	<u>\$ 1,414,622</u>	<u>\$ 8,560,561</u>	Fund balance - ending

CITY OF ALBANY, OREGON
GRANTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2010

Revenues	Original Budget	Final Budget	Actual	Over (Under)
FAA Entitlement	\$ 315,000	\$ 315,000	\$ -	\$ (315,000)
Non-Medical Medicaid	16,100	16,100	13,446	(2,654)
Bureau of Justice	-	14,800	10,960	(3,840)
US Department of Energy	-	601,500	226,168	(375,332)
US Department of Homeland Security	103,100	103,100	23,081	(80,019)
US Department of Justice - JaG Formula	-	120,700	90,450	(30,250)
Oregon Watershed Enhancement	2,564,000	2,564,000	1,393,610	(1,170,390)
American Recovery & Reinvestment Act	148,000	148,000	-	(148,000)
State of Oregon	360,200	392,700	512,554	119,854
Oregon Community Foundation	112,100	131,100	48,733	(82,367)
Oregon emergency Management	-	30,000	26,028	(3,972)
Albany Library Foundation	35,000	35,000	40,420	5,420
Gifts and donations	35,000	35,000	(77,929)	(112,929)
Interest on investments	4,100	4,100	-	(4,100)
Total revenues	<u>3,692,600</u>	<u>4,511,100</u>	<u>2,307,521</u>	<u>(2,203,579)</u>
Other financing sources				
Transfer from Parks and Recreation	85,000	85,000	36,000	(49,000)
Transfer from Albany Municipal Airport	35,000	35,000	35,000	-
Transfer from Capital Projects Fund	-	20,500	20,429	(71)
Total other financing sources	<u>120,000</u>	<u>140,500</u>	<u>91,429</u>	<u>(49,071)</u>
Fund balance, beginning	<u>230,500</u>	<u>177,500</u>	<u>113,749</u>	<u>(63,751)</u>
Amount available for appropriation	<u>\$ 4,043,100</u>	<u>\$ 4,829,100</u>	<u>2,512,699</u>	<u>\$ (2,316,401)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 25,700	\$ 25,700	27,778	\$ (2,078)
Materials and services	2,055,900	2,610,300	753,138	1,857,162
Capital	1,961,500	2,193,100	1,731,783	461,317
Total expenditures	<u>\$ 4,043,100</u>	<u>\$ 4,829,100</u>	<u>2,512,699</u>	<u>\$ 2,316,401</u>
Fund balance, ending			<u>\$ -</u>	

CITY OF ALBANY, OREGON
BUILDING INSPECTION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2010

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Building permit surcharge	\$ 52,000	\$ 52,000	\$ 71,524	\$ 19,524
Master electrical permit	1,500	1,500	1,458	(42)
Electrical minor labels	3,000	3,000	2,850	(150)
Residential building permits	200,000	200,000	417,567	217,567
Commercial building permits	314,200	314,200	233,673	(80,527)
Land use plan review fee	2,800	2,800	5,915	3,115
Manufactured home set-up fees	500	500	2,213	1,713
Fire sprinkler permits	19,400	19,400	14,680	(4,720)
Parking lot permits	4,600	4,600	10,971	6,371
Residential electrical permits	125,900	125,900	88,318	(37,582)
Fire alarm permits	9,500	9,500	6,322	(3,178)
Fire alarm plan review	-	-	70	70
Sign permits	2,300	2,300	2,331	31
Document imaging fees	24,500	24,500	25,539	1,039
Electrical Document Imaging	300	300	1,625	1,325
Workers' Comp Wage Subsidy	-	-	10,257	10,257
Charges for Services	20,000	20,000	5,795	(14,205)
Miscellaneous	-	-	12,159	12,159
Interest on investments	2,000	2,000	4,732	2,732
Total revenues	782,500	782,500	917,999	135,499
Other financing source				
Transfer from General	264,800	264,800	234,078	(30,722)
Transfer from CARA Program	50,000	50,000	50,000	-
Transfer from Water Economic Development	12,500	12,500	7,427	(5,073)
Transfer from Sewer Economic Development	12,500	12,500	7,427	(5,073)
Transfer from Risk Management Fund	100,000	100,000	100,000	-
Transfer from Building Inspection	10,200	10,200	6,059	(4,141)
Total other financing sources	450,000	450,000	404,991	(45,009)
Fund balance, beginning	150,000	150,000	157,064	7,064
Amount available for appropriation	\$ 1,382,500	\$ 1,382,500	1,480,054	\$ 97,554
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Building Inspection	\$ 1,131,100	\$ 1,131,100	1,104,308	\$ 26,792
Electrical Permit Program	141,200	141,200	113,515	27,685
ADA Code Enforcement	65,200	65,200	38,674	26,526
Development Code Enforcement	34,800	34,800	16,228	18,572
Total expenditures	\$ 1,372,300	\$ 1,372,300	1,272,725	\$ 99,575
Other financing uses				
Transfers out	10,200	10,200	6,175	4,025
Total expenditures and other financing uses	\$ 1,382,500	\$ 1,382,500	1,278,900	\$ 103,600
Fund balance, ending			\$ 201,154	

CITY OF ALBANY, OREGON
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2010

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Transient room tax	\$ 447,600	\$ 447,600	\$ 382,054	\$ (65,546)
Airport fuel	160,000	160,000	136,230	(23,770)
Airport tie down rentals	5,000	5,000	4,020	(980)
Airport lease	12,000	12,000	19,107	7,107
Fixed base operator	18,000	18,000	18,000	-
Space rental	27,000	27,000	29,100	2,100
Dayton Hudson Corp. (Target)	33,300	33,300	32,260	(1,040)
Interest on investments	11,900	11,900	2,965	(8,935)
Total revenues	<u>714,800</u>	<u>714,800</u>	<u>623,736</u>	<u>(91,064)</u>
Other financing sources				
Transfer from Albany Revitalization Agency	102,000	102,000	102,000	-
Transfer from Capital Replacement	-	202,000	201,918	(82)
Total other financing sources	<u>102,000</u>	<u>304,000</u>	<u>303,918</u>	<u>(82)</u>
Fund balance, beginning	<u>387,900</u>	<u>387,900</u>	<u>391,367</u>	<u>3,467</u>
Amount available for appropriation	<u>\$ 1,204,700</u>	<u>\$ 1,406,700</u>	<u>1,319,021</u>	<u>\$ (87,679)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Target Utilities	\$ 50,700	\$ 50,700	36,490	\$ 14,210
Economic Development Activity	607,000	607,000	575,380	31,620
Albany Airport	512,000	714,000	294,389	419,611
Total expenditures	<u>\$ 1,169,700</u>	<u>\$ 1,371,700</u>	<u>906,259</u>	<u>\$ 465,441</u>
Other financing uses				
Transfers out	35,000	35,000	35,000	-
Total expenditures and other financing uses	<u>\$ 1,204,700</u>	<u>\$ 1,406,700</u>	<u>941,259</u>	<u>\$ 465,441</u>
Fund balance, ending			<u>\$ 377,762</u>	

CITY OF ALBANY, OREGON
AMBULANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2010

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Ambulance service fees	\$ 1,800,000	\$ 1,800,000	\$ 1,791,473	\$ (8,527)
Ambulance subscription fees	95,000	95,000	121,445	26,445
Miscellaneous	-	-	1,769	1,769
Interest on investments	8,000	8,000	1,386	(6,614)
Total revenues	<u>1,903,000</u>	<u>1,903,000</u>	<u>1,916,073</u>	<u>13,073</u>
Other financing sources				
Transfer from Public Safety Levy	238,700	238,700	219,504	(19,196)
Fund balance, beginning	75,000	75,000	75,215	215
Amount available for appropriation	<u>\$ 2,216,700</u>	<u>\$ 2,216,700</u>	<u>2,210,792</u>	<u>\$ (5,908)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Personnel services	\$ 1,772,500	\$ 1,772,500	1,744,242	\$ 28,258
Materials and services	444,200	444,200	398,167	46,033
Total expenditures	<u>\$ 2,216,700</u>	<u>\$ 2,216,700</u>	<u>2,142,409</u>	<u>\$ 74,291</u>
Fund balance, ending			<u>\$ 68,383</u>	

CITY OF ALBANY, OREGON
PUBLIC TRANSIT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2010

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Business Energy Tax Credit grant	\$ 35,300	\$ 35,300	\$ 123,223	\$ 87,923
FTA Section 5311 grant	420,300	420,300	420,309	9
FTA-ODOT grant	-	109,300	37,078	(72,222)
FTA-ODOT biennial grant	49,600	49,600	81,655	32,055
City of Millersburg	4,200	4,200	709	(3,491)
Local funds	117,900	117,900	63,752	(54,148)
Oregon cigarette tax transit grant - Linn County	15,700	15,700	15,384	(316)
Oregon cigarette tax transit grant - Benton County	4,000	4,000	5,300	1,300
Advertising	13,000	13,000	13,967	967
Bus fares	38,000	38,000	41,004	3,004
Linn Benton Community College fare match program	81,600	81,600	73,900	(7,700)
Call-a-Ride	17,000	17,000	18,567	1,567
Gifts and donations	2,000	2,000	700	(1,300)
Miscellaneous	500	500	23	(477)
Interest on investments	300	300	(177)	(477)
Total revenues	<u>799,400</u>	<u>908,700</u>	<u>895,394</u>	<u>(13,306)</u>
Other financing sources				
Transfer from General	459,900	459,900	459,900	-
Fund balance, beginning	79,200	79,200	15,671	(63,529)
Amount available for appropriation	<u>\$ 1,338,500</u>	<u>\$ 1,447,800</u>	<u>1,370,965</u>	<u>\$ (76,835)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Albany Transit System	\$ 554,700	\$ 562,200	505,017	\$ 57,183
Transit Loop System	521,100	528,600	374,928	153,672
Paratransit System	262,700	357,000	341,667	15,333
Total expenditures	<u>\$ 1,338,500</u>	<u>\$ 1,447,800</u>	<u>1,221,612</u>	<u>\$ 226,188</u>
Fund balance, ending			<u>\$ 149,353</u>	

CITY OF ALBANY, OREGON
PUBLIC SAFETY LEVY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2010

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes				
Current	\$ 2,583,000	\$ 2,583,000	\$ 2,540,224	\$ (42,776)
Delinquent	75,000	75,000	88,176	13,176
Interest on investments	10,000	10,000	22,092	12,092
Total revenues	<u>2,668,000</u>	<u>2,668,000</u>	2,650,492	(17,508)
Fund balance, beginning	10,000	10,000	291,092	281,092
Amount available for appropriation	<u>\$ 2,678,000</u>	<u>\$ 2,678,000</u>	2,941,584	<u>\$ 263,584</u>
	Original Budget	Final Budget	Actual	(Over) Under
Other financing uses				
Transfers out	<u>\$ 2,678,000</u>	<u>\$ 2,678,000</u>	2,527,658	<u>\$ 150,342</u>
Fund balance, ending			<u>\$ 413,926</u>	

CITY OF ALBANY, OREGON
CAPITAL REPLACEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2010

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Business Energy Tax Credit	\$ -	\$ -	\$ 4,947	\$ 4,947
Gates grant	-	10,400	10,400	-
Equipment replacement charges	1,136,300	1,136,300	736,108	(400,192)
Departmental Charges	-	-	150,000	150,000
Phone system charges	75,000	75,000	75,000	-
Gifts and donations	-	-	73,099	73,099
Miscellaneous	101,000	101,000	66,575	(34,425)
Interest on investments	192,000	192,000	113,876	(78,124)
Total revenues	<u>1,504,300</u>	<u>1,514,700</u>	<u>1,230,005</u>	<u>(284,695)</u>
Other financing sources				
Capital lease proceeds	-	-	75,139	75,139
Transfer from Capital Projects	-	80,000	80,000	-
Transfer from General	89,500	89,500	89,500	-
Total Other financing sources	<u>89,500</u>	<u>169,500</u>	<u>244,639</u>	<u>75,139</u>
Fund balance, beginning	<u>7,970,000</u>	<u>7,890,000</u>	<u>7,296,432</u>	<u>(593,568)</u>
Amount available for appropriation	<u>\$ 9,563,800</u>	<u>\$ 9,574,200</u>	<u>8,771,076</u>	<u>\$ (803,124)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Equipment Replacement	\$ 4,755,700	\$ 4,766,100	1,351,812	\$ 3,414,288
City Facilities Replacement	2,330,000	2,330,000	931,081	1,398,919
General Fund Building Maintenance Projects	501,500	501,500	87,303	414,197
Information Technology Equipment Replacement	1,691,900	1,691,900	180,901	1,510,999
	<u>\$ 9,279,100</u>	<u>\$ 9,289,500</u>	<u>\$ 2,551,097</u>	<u>\$ 6,738,403</u>
OTHER FINANCING USES:				
To Parks and Recreation fund	82,700	82,700	82,700	-
To Economic Development fund	202,000	202,000	201,918	82
Total expenditures	<u>\$ 9,563,800</u>	<u>\$ 9,574,200</u>	<u>\$ 2,835,715</u>	<u>\$ 6,738,485</u>
Fund balance, ending			<u>\$ 5,935,361</u>	

CITY OF ALBANY, OREGON
ALBANY REVITALIZATION AGENCY
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2010

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes - current	\$ 1,313,700	\$ 1,313,700	\$ 1,573,452	\$ 259,752
Property taxes - delinquent	20,000	20,000	42,323	22,323
Loan repayment-principal	106,900	106,900	190,832	83,932
Loan repayment-interest	27,000	27,000	11,126	(15,874)
Interest on investments	70,000	70,000	41,262	(28,738)
Total revenues	<u>1,537,600</u>	<u>1,537,600</u>	<u>1,858,995</u>	<u>321,395</u>
Other financing sources				
Issuance of short-term debt	4,000,000	4,000,000	1,958,800	(2,041,200)
Fund balance, beginning	<u>977,600</u>	<u>977,600</u>	<u>1,898,866</u>	<u>921,266</u>
Amount available for appropriation	<u>\$ 6,515,200</u>	<u>\$ 6,515,200</u>	<u>5,716,661</u>	<u>\$ (798,539)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
ARA	\$ 4,545,500	\$ 4,545,500	3,672,792	\$ 872,708
ARA Debt Service	1,817,700	1,817,700	477,247	1,340,453
Total expenditures	<u>6,363,200</u>	<u>6,363,200</u>	<u>4,150,039</u>	<u>2,213,161</u>
Other financing uses				
Transfer to Building Inspection Fund	102,000	102,000	102,000	-
Transfer to Economic Development Fund	50,000	50,000	50,000	-
Total expenditures and other financing uses	<u>\$ 6,515,200</u>	<u>\$ 6,515,200</u>	<u>4,302,039</u>	<u>\$ 2,213,161</u>
Fund balance, ending			<u>\$ 1,414,622</u>	

Schedule of Revenues and Expenditures - Budget and Actual

Other Governmental Fund

Debt Service Fund

Debt Service Fund accumulates resources for 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 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, 2010

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes - current	\$ 1,277,000	\$ 1,277,000	\$ 1,274,236	\$ (2,764)
Property taxes - delinquent	15,000	15,000	20,181	5,181
Transient room tax	213,100	213,100	213,175	75
Charges for services	511,200	511,200	516,670	5,470
Bonded assessment collections:				
Principal	7,000	7,000	990	(6,010)
Interest	2,100	2,100	133	(1,967)
Interest on investments	24,800	24,800	25,113	313
Total revenues	<u>2,050,200</u>	<u>2,050,200</u>	<u>2,050,498</u>	<u>298</u>
Other financing sources				
Transfer from Parks	181,800	181,800	181,697	(103)
Transfer from General	238,000	238,000	237,867	(133)
Total other financing sources	<u>419,800</u>	<u>419,800</u>	<u>419,564</u>	<u>(236)</u>
Fund balance, beginning	<u>890,100</u>	<u>890,100</u>	<u>915,393</u>	<u>25,293</u>
Amount available for appropriation	<u>\$ 3,360,100</u>	<u>\$ 3,360,100</u>	<u>3,385,455</u>	<u>\$ 25,355</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Bancroft Bond Debt Service	\$ 342,900	\$ 342,900	85,185	\$ 257,715
1995 Fairgrounds Revenue Bonds	444,800	444,800	228,614	216,186
2002 Limited Tax Pension Obligations (PERS)	797,600	797,600	511,052	286,548
2004 Revenue Obligations	419,800	419,800	419,564	236
2007 General Obligation Refunding Bonds	1,355,000	1,355,000	1,278,350	76,650
Total expenditures	<u>\$ 3,360,100</u>	<u>\$ 3,360,100</u>	<u>2,522,765</u>	<u>\$ 837,335</u>
Fund balance, ending			<u>\$ 862,690</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, 2010

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Federal Transportation Equity Act (TEA) Grant	\$ 2,600,000	\$ 2,600,000	\$ 196,429	\$ (2,403,571)
Charges for Services	-	-	2,816	2,816
Financed Principal	40,000	40,000	51,811	11,811
Unfinanced Principal	3,500,000	1,850,000	86	(1,849,914)
Interest	15,000	15,000	11,584	(3,416)
Miscellaneous	-	-	5,000	5,000
Interest on investments	61,200	61,500	13,965	(47,535)
Total revenues	<u>6,216,200</u>	<u>4,566,500</u>	<u>281,691</u>	<u>(4,284,809)</u>
Other financing sources				
Transfer from Water	122,200	122,200	122,200	-
Interfund Loan from Sewer Capital	-	2,100,000	2,047,874	(52,126)
Interfund Loan from Water Capital	-	2,000,000	1,950,941	(49,059)
Transfer from Street	122,200	122,200	122,200	-
Transfer from Sewer	122,200	122,200	122,200	-
Transfer from Parks SDC	25,000	25,000	25,000	-
Total other financing sources	<u>391,600</u>	<u>4,491,600</u>	<u>4,390,415</u>	<u>(101,185)</u>
Fund balance, beginning	<u>3,143,200</u>	<u>3,163,400</u>	<u>596,098</u>	<u>(2,567,302)</u>
Amount available for appropriation	<u>\$ 9,751,000</u>	<u>\$ 12,221,500</u>	<u>5,268,204</u>	<u>\$ (6,953,296)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Albany Data Integration Project	\$ 235,000	\$ 235,000	2,639	\$ 232,361
LID Construction Projects	3,555,000	6,005,000	1,973,372	4,031,628
City Facility Projects	522,000	442,000	287,457	154,543
Albany Station REA Building Project	1,331,700	1,331,700	745,351	586,349
Albany Station Pathway	666,200	666,200	358	665,842
North Albany Park & Ride	853,400	853,400	95,807	757,593
ST-07-03 53rd Avenue Bridge/Roadway	2,587,700	2,587,700	110,941	2,476,759
Total expenditures	<u>9,751,000</u>	<u>12,121,000</u>	<u>3,215,925</u>	<u>8,905,075</u>
Other financing uses				
Transfer to Capital Replacement	-	80,000	80,000	-
Transfer to Grants	-	20,500	20,429	71
Total expenditures and other financing uses	<u>\$ 9,751,000</u>	<u>\$ 12,221,500</u>	<u>3,316,354</u>	<u>\$ 8,905,146</u>
Budgetary Fund Balance			<u>\$ 1,951,850</u>	
Adjustment for Interfund Loans			<u>(3,998,815)</u>	
Fund Balance - ending			<u>\$ (2,046,965)</u>	

No man will ever bring out of the Presidency the reputation which carries him into it.
Thomas Jefferson

**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
PERMANENT FUNDS
COMBINING BALANCE SHEET
June 30, 2010

	<u>Senior Center Endowment</u>	<u>Library Trust</u>	<u>Total</u>
ASSETS			
Interest receivable	\$ 122	\$ 215	\$ 337
Restricted cash and investments	50,069	87,094	137,163
Total assets	<u>\$ 50,191</u>	<u>\$ 87,309</u>	<u>\$ 137,500</u>
LIABILITIES			
Accounts payable	<u>\$ 385</u>	<u>\$ 617</u>	<u>\$ 1,002</u>
FUND BALANCES			
Reserved			
Library Programs	-	7,265	7,265
Parks and Recreation Programs	11,733	-	11,733
Perpetual care	38,073	79,427	117,500
Total fund balances	<u>49,806</u>	<u>86,692</u>	<u>136,498</u>
Total liabilities and fund balances	<u>\$ 50,191</u>	<u>\$ 87,309</u>	<u>\$ 137,500</u>

CITY OF ALBANY, OREGON
PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
for the year ended June 30, 2010

	Senior Center Endowment	Library Trust	Totals
REVENUES			
Interest on investments	\$ 880	\$ 1,590	\$ 2,470
Miscellaneous	160	-	160
Total revenues	<u>1,040</u>	<u>1,590</u>	<u>2,630</u>
EXPENDITURES			
Culture and recreation	<u>385</u>	<u>5,791</u>	<u>6,176</u>
Excess (deficiency) of revenues over (under) expenditures	655	(4,201)	(3,546)
Fund balance - beginning	49,151	90,893	140,044
Fund balance - ending	<u>\$ 49,806</u>	<u>\$ 86,692</u>	<u>\$ 136,498</u>

CITY OF ALBANY, OREGON
SENIOR CENTER ENDOWMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2010

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Gifts and donations	\$ 500	\$ 500	\$ 160	\$ (340)
Interest on investments	2,000	2,000	880	(1,120)
Total revenues	<u>2,500</u>	<u>2,500</u>	1,040	(1,460)
Fund balance, beginning	49,900	49,900	49,151	(749)
Amount available for appropriation	<u>\$ 52,400</u>	<u>\$ 52,400</u>	<u>50,191</u>	<u>\$ (2,209)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 2,000	\$ 2,000	385	\$ 1,615
Unappropriated	50,400	50,400	-	50,400
Total expenditures	<u>\$ 52,400</u>	<u>\$ 52,400</u>	385	<u>\$ 52,015</u>
Fund balance, ending			<u>\$ 49,806</u>	

CITY OF ALBANY, OREGON
LIBRARY TRUST FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2010

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Interest on investments	\$ 3,000	\$ 3,000	\$ 1,590	\$ (1,410)
Fund balance, beginning	90,200	90,200	90,893	693
Amount available for appropriation	<u>\$ 93,200</u>	<u>\$ 93,200</u>	<u>92,483</u>	<u>\$ (717)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
V. O. Torney Trust	\$ 12,700	\$ 12,700	-	\$ 12,700
Manela Trust	80,500	80,500	5,791	74,709
Total expenditures	<u>\$ 93,200</u>	<u>\$ 93,200</u>	<u>5,791</u>	<u>\$ 87,409</u>
Fund balance, ending			<u>\$ 86,692</u>	

I asked a ref if he could give me a technical foul for thinking bad things about him. He said, of course not. I said, well, I think you stink. And he gave me a technical. You can't trust em."

Jim Valvano

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, 2010

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 629,500	\$ 629,500	\$ 628,142	\$ (1,358)
Delinquent	23,500	23,500	28,445	4,945
Water service				
Water service charges	11,500,000	11,500,000	11,100,619	(399,381)
Water service charges-Millersburg	200,000	200,000	259,126	59,126
Dumbeck Water District	78,500	78,500	60,850	(17,650)
User fee debt service charges	23,000	23,000	23,793	793
North Albany capital charges	69,300	69,300	69,300	-
Collection agency payments	5,000	5,000	3,234	(1,766)
Charges for services				
City of Lebanon	77,000	77,000	77,000	-
Hydropower	120,000	120,000	16,549	(103,451)
Equipment replacement charges	55,500	55,500	55,500	-
Financed system development charges				
Principal	2,500	2,500	15,186	12,686
Interest	400	400	2,413	2,013
Financed connection fees				
Principal	-	-	199	199
Interest	-	-	301	301
Water expansion				
Public facility construction permits	20,000	20,000	7,857	(12,143)
Administrative fees	2,500	2,500	586	(1,914)
Water connection fees	5,000	5,000	80,363	75,363
Water systems development charges	101,200	101,200	281,346	180,146
Water service installation fee	50,000	50,000	58,048	8,048
FEMA Grant	900,000	900,000	297,699	(602,301)
Business Energy Tax Credit	-	-	351,415	351,415
Miscellaneous	10,000	10,000	24,804	14,804
Over & Short	-	-	(522)	(522)
Interest on investments	223,800	223,800	390,101	166,301
Total revenues	<u>14,096,700</u>	<u>14,096,700</u>	<u>13,832,354</u>	<u>(264,346)</u>
Other financing sources				
From Water	-	-	112,584	112,584
From Water SDC Improvement Projects	333,000	333,000	333,000	-
From Water Capital	-	50,000	49,192	(808)
Total other financing sources	<u>333,000</u>	<u>383,000</u>	<u>494,776</u>	<u>111,776</u>
Fund balance, beginning	14,045,800	14,095,800	14,842,016	746,216
Fund balance, beginning, designated for debt service	1,781,600	1,781,600	1,786,726	5,126
Amount available for appropriation	<u>\$ 30,257,100</u>	<u>\$ 30,357,100</u>	<u>30,955,872</u>	<u>\$ 593,646</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 2,005,000	\$ 2,005,000	1,909,842	\$ 95,158
Materials and services	6,344,900	6,344,900	5,589,883	755,017
Capital	15,450,200	13,500,200	3,171,286	10,328,914
Transfers out	517,700	2,567,700	2,625,228	(57,528)
Debt service	5,097,500	5,097,500	3,835,481	1,262,019
Contingencies	841,800	841,800	-	841,800
Total Expenditures	<u>\$ 30,257,100</u>	<u>\$ 30,357,100</u>	<u>17,131,720</u>	<u>\$ 13,225,380</u>
Budgetary fund balance			13,824,152	
Adjustment for interfund loan to Capital Project fund			1,950,941	
Fund balance, ending			<u>\$ 15,775,093</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, 2010**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance/ Net Assets</u>
Totals from page 94	\$ 13,832,354	\$ 17,131,720	\$ 15,775,093
Reconciling items:			
June 30, 2009, asset and liability balances:			
Capital assets, net	-	-	84,954,423
Accounts receivable	-	-	1,722,941
Loans Receivable			
Unamortized issue costs/loss on defeasance	-	-	242,339
Inventory balance	-	-	687,217
Salaries, withholdings, and vacations payable	-	-	(90,230)
Claims and judgments	-	-	(9,956)
OPEB Payable	-	-	(50,800)
Interest payable	-	-	(667,758)
Bonds payable	-	-	(35,250,268)
Adjustments to current year revenues			
Property taxes	(656,588)	-	-
Interest on investments	(390,101)	-	-
System development charges	(296,532)	-	-
In-lieu-of assessment fees	(80,562)	-	-
Change in accounts receivable	(277,493)	-	-
Adjustments to current year expenses			
Interest expense	-	(1,587,579)	24,331
Eliminate transfers out	-	(2,130,452)	-
Change in compensated absences liability	-	(25,790)	25,790
Change in OPEB obligation	-	30,542	(30,542)
Bond principal	-	(2,180,000)	2,180,000
Certificate of participation principal	-	(67,902)	67,902
Depreciation and amortization	-	2,359,026	(2,359,026)
Expenditures capitalized	-	(3,171,286)	3,171,286
Changes in inventories	-	(151,424)	151,424
Changes in insurance liability	-	7,414	(7,414)
Eliminate intrafund transfer	-	(494,776)	-
Other adjustments			
Change in accounts receivable	-	-	(264,685)
Interfund Loans			
Capital contributions	-	-	235,345
Operating revenues, operating expenses, and ending net assets from Statement of Revenues, Expenses, and Changes in Fund Net Assets of Proprietary Funds (page 29)	<u>\$ 12,131,078</u>	<u>\$ 9,719,493</u>	<u>\$ 70,507,412</u>

CITY OF ALBANY, OREGON
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2010

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Sewer service charges				
Albany sewer service charges	\$ 11,659,000	\$ 11,659,000	\$ 11,392,978	\$ (266,022)
ARRA: Wetlands-Albany	-	4,000,000	-	(4,000,000)
ARRA: Wetlands-Millersburg	-	4,000,000	-	(4,000,000)
Energy Trust of Oregon	260,000	260,000	1,000,000	740,000
Teledyne Industries	-	2,500,000	500,000	(2,000,000)
Charges collected through property taxes	20,000	20,000	25,291	5,291
Collection agency payments	-	-	1,749	1,749
Financed system development charges				
Principal	10,000	10,000	36,738	26,738
Interest	2,400	2,400	11,951	9,551
Financed assessments				
Principal	32,000	32,000	23,427	(8,573)
Interest	7,200	7,200	6,038	(1,162)
Financed connection fees				
Principal	1,500	1,500	16,181	14,681
Interest	900	900	6,082	5,182
Sewer oversizing and expansion				
Public facility construction permits	35,000	35,000	7,179	(27,821)
Sewer system development charges	128,000	128,000	409,471	281,471
General Sewer Connection Fees	500	500	5,022	4,522
Storm Drain Connection Fees	100	100	-	(100)
Sewer connection fees	-	-	2,296	2,296
Storm drain plan review/inspection fees	10,000	10,000	2,779	(7,221)
Charges for services				
Equipment replacement charges	70,900	70,900	70,900	-
Millersburg operation and maintenance charges	-	-	63,829	63,829
City of Millersburg	2,000,000	2,000,000	2,000,000	-
EAIP Workers' Comp wage subsidy reimbursement	-	-	1,619	1,619
Miscellaneous	10,000	10,000	6,430	(3,570)
Interest on investments	390,000	390,000	235,024	(154,976)
Total revenues	14,637,500	25,137,500	15,824,984	(9,312,516)
Other financing sources				
Clean Water State Revolving Fund loan proceeds	12,600,000	12,600,000	14,083,964	1,483,964
From SDC Improvement Projects	33,000	33,000	242,832	209,832
From Sewer Capital	-	-	75,681	75,681
From Wastewater Facilities Improvement	10,890,000	10,890,000	9,986,701	(903,299)
Total other financing sources	23,523,000	23,523,000	24,389,178	866,178
Fund balance, beginning	9,695,800	9,745,800	8,930,945	(814,855)
Amount available for appropriation	\$ 47,856,300	\$ 58,406,300	49,145,107	\$ (9,261,193)
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 1,853,300	\$ 1,853,300	1,808,238	\$ 45,062
Materials and services	6,015,200	6,015,200	6,043,194	(27,994)
Capital	11,828,600	20,278,600	10,287,148	9,991,452
Transfers out	11,229,000	13,329,000	12,654,016	674,984
Debt Service	16,178,000	16,178,000	5,300,646	10,877,354
Contingencies	752,200	752,200	-	752,200
Total expenditures	\$ 47,856,300	\$ 58,406,300	36,093,242	\$ 22,313,058
Budgetary fund balance			13,051,865	
Adjustment for interfund loan to Capital Project fund			2,047,874	
Fund balance, ending			\$ 15,099,739	

**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, 2010**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance/ Net Assets</u>
Totals from page 96	\$ 15,824,984	\$ 36,093,242	\$ 15,099,739
Reconciling items:			
June 30, 2009, asset and liability balances:			
Capital assets, net	-	-	131,291,169
Accounts receivable	-	-	1,728,959
Loans receivable	-	-	2,047,874
Unamortized issue costs/loss on defeasance	-	-	16,633
Inventory	-	-	147,015
Salaries, withholdings, and vacations payable	-	-	(74,843)
Claims and judgments	-	-	(13,914)
OPEB Payable	-	-	(48,542)
Interest payable	-	-	(11,617)
Bonds payable	-	-	(55,904,276)
Adjustments to current year revenues			
Interest on investments	(235,024)	-	-
System development charges	(59,294)	-	-
In-lieu-of assessment fees	(11,641)	-	-
Change in accounts receivable	63,590	-	-
Sewer construction assessments	(23,426)	-	-
Adjustments to current year expenses			
Expenditures capitalized	-	(10,287,148)	10,287,148
Change in inventory	-	(212,685)	212,685
Interest expense	-	(4,312,405)	(764,523)
Change in compensated absences liability	-	2,053	(2,053)
Change in OPEB obligation	-	27,942	(27,942)
Bond principal	-	(505,000)	505,000
Loan principal	-	(483,241)	483,241
Depreciation and amortization	-	2,208,526	(2,208,526)
Change in insurance liability	-	3,201	(3,201)
Eliminate transfers out	-	(2,348,801)	-
Eliminate intrafund transfers	-	(10,305,214)	-
Other adjustments			
Change in accounts receivable	(1,501,960)	-	6,426,332
Capital contributions	-	-	252,992
Issuance of debt (SRF loan)	-	-	(14,083,964)
Millersburg fixed asset adjustment	-	-	(162,824)
Operating revenues, operating expenses, and ending net assets from Statement of Revenues, Expenses, and Changes in Fund Net Assets of Proprietary Funds (page 29)	<u>\$ 14,057,229</u>	<u>\$ 9,880,471</u>	<u>\$ 95,192,560</u>

Fourscore and seven years ago our fathers brought forth upon this continent a new nation, conceived in liberty, and dedicated to the proposition that all men are created equal. . . . We here highly resolve that the dead shall not have died in vain, that this nation, under God, shall have a new birth of freedom; and that government of the people, by the people, and for the people, shall not perish from the earth

Abraham Lincoln

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 Services**-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, 2010

	Central Services	Public Works Services	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 813,401	\$ 387,996	\$1,201,397
Accounts receivable	778	-	778
Accrued interest	1,770	746	2,516
Total current assets	<u>815,949</u>	<u>388,742</u>	<u>1,204,691</u>
Noncurrent assets:			
Other	16,917	4,045	20,962
Capital assets (net of depreciation)	21,716	160,120	181,836
Total noncurrent assets	<u>38,633</u>	<u>164,165</u>	<u>202,798</u>
Total assets	<u>854,582</u>	<u>552,907</u>	<u>1,407,489</u>
LIABILITIES			
Current liabilities:			
Accounts payable	218,381	228,413	446,794
Compensated absences	218,646	305,854	524,500
Claims and judgments	1,287	1,716	3,003
Other postemployment benefits	156,231	194,698	350,929
Total liabilities	<u>594,545</u>	<u>730,681</u>	<u>1,325,226</u>
NET ASSETS			
Invested in capital assets, net of related debt	21,716	160,120	181,836
Unrestricted	238,321	(337,894)	(99,573)
Total net assets	<u>\$ 260,037</u>	<u>\$ (177,774)</u>	<u>\$ 82,263</u>

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
for the year ended June 30, 2010

	Central Services	Public Works Services	Totals
OPERATING REVENUES			
Service charges and fees	\$ 6,038,006	\$ 6,964,452	\$13,002,458
Miscellaneous	76,633	3,322	79,955
Total operating revenues	<u>6,114,639</u>	<u>6,967,774</u>	<u>13,082,413</u>
OPERATING EXPENSES			
Salaries and wages	4,066,822	5,239,530	9,306,352
Contracted services	297,161	340,667	637,828
Operating supplies	590,444	435,120	1,025,564
Utilities	97,452	116,846	214,298
Depreciation	9,862	16,182	26,044
Repairs and maintenance	203,463	100,170	303,633
Charges for services	656,264	695,834	1,352,098
Miscellaneous	5,479	-	5,479
Total operating expenses	<u>5,926,947</u>	<u>6,944,349</u>	<u>12,871,296</u>
Operating income	187,692	23,425	211,117
NONOPERATING REVENUES (EXPENSES)			
Interest on investments	10,713	(1,827)	8,886
Change in net assets	198,405	21,598	220,003
Net assets, July 1, 2009	61,632	(199,372)	(137,740)
Net assets, June 30, 2010	<u>\$ 260,037</u>	<u>\$ (177,774)</u>	<u>\$ 82,263</u>

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
for the year ended June 30, 2010

	Central Services	Public Works Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 6,037,553	\$ 6,964,452	\$ 13,002,005
Cash payments to suppliers of goods and services	(1,795,255)	(1,654,750)	(3,450,005)
Cash payments to employees for services	(4,030,102)	(5,176,567)	(9,206,669)
Other operating revenues	76,633	3,322	79,955
Net cash provided by operating activities	288,829	136,457	425,286
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	12,207	(1,306)	10,901
Net increase in cash and investments	301,036	135,151	436,187
CASH AND INVESTMENTS, July 1, 2009	512,365	252,845	765,210
CASH AND INVESTMENTS, June 30, 2010	<u>\$ 813,401</u>	<u>\$ 387,996</u>	<u>\$ 1,201,397</u>

**RECONCILIATION OF OPERATING INCOME
TO NET CASH PROVIDED BY
OPERATING ACTIVITIES**

Operating income	\$ 187,692	\$ 23,425	\$ 211,117
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	9,862	16,182	26,044
Changes in assets and liabilities:			
Accounts receivable	(453)	-	(453)
Other	11,569	75	11,644
Accounts payable	43,439	33,812	77,251
Compensated absences	(18,079)	(9,593)	(27,672)
Claims and judgments	(1,866)	(224)	(2,090)
Other postemployment benefits	56,665	72,780	129,445
Total adjustments	101,137	113,032	214,169
Net cash provided by operating activities	<u>\$ 288,829</u>	<u>\$ 136,457</u>	<u>\$ 425,286</u>

CITY OF ALBANY, OREGON
CENTRAL SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2010

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Building maintenance charges	\$ 669,500	\$ 669,500	\$ 669,600	\$ 100
Administrative services charges	3,456,500	3,456,500	3,456,500	-
Information technology charges	1,266,400	1,266,400	1,266,506	106
GIS Services Charge	550,500	550,500	550,700	200
Permit Tracking Services Charge	94,700	94,700	94,700	-
GIS information sales	500	500	174	(326)
Miscellaneous	82,700	82,700	76,459	(6,241)
Interest on investments	6,000	6,000	10,713	4,713
Total revenues	<u>6,126,800</u>	<u>6,126,800</u>	<u>6,125,352</u>	<u>(1,448)</u>
Fund balance, beginning	<u>370,400</u>	<u>370,400</u>	<u>369,498</u>	<u>(902)</u>
Amount available for appropriation	<u>\$ 6,497,200</u>	<u>\$ 6,497,200</u>	<u>6,494,850</u>	<u>\$ (2,350)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Council and Nondepartmental	\$ 278,500	\$ 278,500	251,945	\$ 26,555
City Manager's Office	1,241,900	1,241,900	1,074,254	167,646
Information Technology Services	1,266,400	1,266,400	1,212,611	53,789
Human Resources	801,300	801,300	594,503	206,797
Facilities Maintenance	669,500	669,500	654,813	14,687
Finance	1,502,900	1,502,900	1,501,262	1,638
GIS Services	642,000	642,000	502,417	139,583
Permit Tracking Services	94,700	94,700	88,560	6,140
Total expenditures	<u>\$ 6,497,200</u>	<u>\$ 6,497,200</u>	<u>5,880,365</u>	<u>\$ 616,835</u>
Fund balance, ending			<u>\$ 614,485</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 105.

CITY OF ALBANY, OREGON
PUBLIC WORKS SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2010

Revenues:	Original Budget	Final Budget	Actual	Over (Under)
WC Wage Subsidy	\$ -	\$ -	\$ 2,423	\$ 2,423
Charges to other funds	7,306,100	7,306,100	6,964,452	(341,648)
Miscellaneous	-	-	899	899
Interest on investments	2,500	2,500	(1,827)	(4,327)
Total revenues	<u>7,308,600</u>	<u>7,308,600</u>	<u>6,965,947</u>	<u>(342,653)</u>
Fund balance, beginning	100,000	100,000	63,559	(36,441)
Amount available for appropriation	<u>\$ 7,408,600</u>	<u>\$ 7,408,600</u>	<u>7,029,506</u>	<u>\$ (379,094)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Public Works Administration	\$ 703,100	\$ 703,100	531,995	\$ 171,105
Engineering Services	2,714,900	2,714,900	2,649,118	65,782
Operations Administration	1,170,200	1,170,200	1,116,620	53,580
Water Quality Control Services	475,000	475,000	419,774	55,226
Public Works Customer Service	1,076,400	1,076,400	910,910	165,490
Facilities and Maintenance Engineering	1,269,000	1,269,000	1,236,715	32,285
Total expenditures	<u>\$ 7,408,600</u>	<u>\$ 7,408,600</u>	<u>6,865,132</u>	<u>\$ 543,468</u>
Fund balance, ending			<u>\$ 164,374</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 105.

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, 2010

	Central Services	Public Works Service	Totals
<u>REVENUES</u>			
Total revenues from Schedule of Revenues and Expenditures - Budget and Actual	\$6,125,352	\$6,965,947	\$13,091,299
Reconciling item:			
Interest on investments	(10,713)	1,827	(8,886)
Operating revenues from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 101)	<u>\$6,114,639</u>	<u>\$6,967,774</u>	<u>\$13,082,413</u>
<u>EXPENDITURES</u>			
Total expenditures from Schedule of Revenues and Expenditures - Budget and Actual	\$5,880,365	\$6,865,132	\$12,745,497
Reconciling items:			
Depreciation	9,862	16,182	26,044
Change in compensated absences liability	(18,079)	(9,593)	(27,672)
Change in insurance liability	(1,866)	(224)	(2,090)
Change in OPEB obligation	56,665	72,780	129,445
Operating expenses from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 101)	<u>\$5,926,947</u>	<u>\$6,944,349</u>	<u>\$12,871,296</u>
<u>FUND BALANCE</u>			
Fund balance from Schedule of Revenues and Expenditures - Budget and Actual	\$ 614,485	\$ 164,374	\$ 778,859
Reconciling items:			
June 30, 2009, asset balance:			
Capital assets, net	31,578	176,302	207,880
June 30, 2009, liability balances:			
Salaries, withholdings, and vacations payable	(236,725)	(315,447)	(552,172)
Insurance payable	(3,153)	(1,940)	(5,093)
Depreciation	(9,862)	(16,182)	(26,044)
Change in compensated absences liability	18,079	9,593	27,672
Change in insurance liability	1,866	224	2,090
Change in OPEB obligation	(156,231)	(194,698)	(350,929)
Net assets from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 101)	<u>\$ 260,037</u>	<u>\$ (177,774)</u>	<u>\$ 82,263</u>

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

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
as of June 30, 2010

Governmental capital assets	
Land	\$ 9,788,184
Buildings	19,757,759
Equipment	12,462,614
Infrastructure	105,203,594
Construction in progress	8,261,987
Total governmental capital assets	<u>\$155,474,138</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	24,420,635
State grants	2,006,655
Transfer from General Fund	3,157,021
Transfer from special revenue funds	2,201,795
Other sources	1,438,357
General Fund	13,886,777
Special revenue funds	42,042,851
Local improvement districts	20,040,918
Urban renewal districts	4,155,666
Donations	23,061,740
Total investment in governmental capital assets	<u>\$155,474,138</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	\$155,474,138
Capital assets of the Central Services Fund	385,907
Total capital assets of governmental activities	<u>\$155,860,045</u>

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
for the fiscal year ended June 30, 2010

	<u>Balances</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions,</u> <u>Transfers out,</u> <u>Transfers in</u>	<u>Balances</u> <u>June 30, 2010</u>
<u>CAPITAL ASSETS:</u>				
Land	\$ 8,657,683	\$ 1,130,501	\$ -	\$ 9,788,184
Buildings and improvements	18,857,206	900,553	-	19,757,759
Machinery and equipment	10,696,028	1,766,586	-	12,462,614
Infrastructure	104,855,081	348,513	-	105,203,594
Construction in progress	4,254,516	4,007,471	-	8,261,987
Total capital assets	<u>\$147,320,514</u>	<u>\$ 8,153,624</u>	<u>\$ -</u>	<u>\$155,474,138</u>

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
as of June 30, 2010

<u>Function and Activity:</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Infra- structure</u>	<u>Construction in Progress</u>	<u>Total</u>
General Government:						
Building Maintenance	\$ -	\$ -	\$ 154,823	\$ -	\$ -	\$ 154,823
Building Inspection	-	-	28,192	-	-	28,192
General Fund	3,097,452	5,827,460	568,534	10,060,488	-	19,553,934
Airport Maintenance	33,510	68,215	8,700	1,906,071	-	2,016,496
Public Transit	-	-	1,797,821	-	-	1,797,821
Total general government	<u>3,130,962</u>	<u>5,895,675</u>	<u>2,558,070</u>	<u>11,966,559</u>	<u>-</u>	<u>23,551,266</u>
Public Safety:						
Municipal Court	-	-	23,571	-	-	\$ 23,571
Police	-	1,280,297	1,995,246	-	-	3,275,543
Fire	987,859	3,811,893	3,991,512	-	-	8,791,264
Ambulance	-	-	1,160,175	-	-	1,160,175
Total public safety	<u>987,859</u>	<u>5,092,190</u>	<u>7,170,504</u>	<u>-</u>	<u>-</u>	<u>13,250,553</u>
Culture and Recreation:						
Library	653,570	6,762,483	343,148	-	-	7,759,201
Parks and Recreation	3,946,728	1,743,611	1,257,560	10,611,715	-	17,559,614
Total culture and recreation	<u>4,600,298</u>	<u>8,506,094</u>	<u>1,600,708</u>	<u>10,611,715</u>	<u>-</u>	<u>25,318,815</u>
Highways and Streets:						
Street Maintenance	1,069,065	263,800	1,133,332	82,625,320	-	85,091,517
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,261,987</u>	<u>8,261,987</u>
Total capital assets	<u>\$ 9,788,184</u>	<u>\$ 19,757,759</u>	<u>\$ 12,462,614</u>	<u>\$ 105,203,594</u>	<u>\$ 8,261,987</u>	<u>\$ 155,474,138</u>

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
for the fiscal year ended June 30, 2010

Function and Activity:	Capital Assets July 1, 2009	Additions	Deletions Transfers in, Transfers out	Capital Assets June 30, 2010
General Government:				
Building Maintenance	\$ 116,028	\$ 38,795	\$ -	\$ 154,823
Code Enforcement	28,192	-	-	28,192
General Fund	18,419,256	1,134,678	-	19,553,934
Economic Development (Airport)	2,016,496	-	-	2,016,496
Public Transit	1,135,894	661,927	-	1,797,821
Total general government	<u>21,715,866</u>	<u>1,835,400</u>	<u>-</u>	<u>23,551,266</u>
Public Safety:				
Municipal Court	23,571	-	-	23,571
Police	3,004,230	271,313	-	3,275,543
Fire	7,342,089	1,449,175	-	8,791,264
Ambulance	1,160,175	-	-	1,160,175
Total public safety	<u>11,530,065</u>	<u>1,720,488</u>	<u>-</u>	<u>13,250,553</u>
Culture and Recreation:				
Library	7,715,775	43,426	-	7,759,201
Parks and Recreation	17,383,429	176,185	-	17,559,614
Total culture and recreation	<u>25,099,204</u>	<u>219,611</u>	<u>-</u>	<u>25,318,815</u>
Highways and Streets:				
Street Maintenance	84,720,863	370,654	-	85,091,517
Construction in progress	4,254,516	4,007,471	-	8,261,987
Total capital assets	<u>\$147,320,514</u>	<u>\$ 8,153,624</u>	<u>\$ -</u>	<u>\$155,474,138</u>

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, 2010

	Interest Rate	Date of Issue	Years of Maturity	Outstanding July 1, 2009	Issued During Year	Matured/ Defeased/ Paid off During Year	Outstanding June 30, 2010
GENERAL OBLIGATION BONDS AND OTHER LONG-TERM OBLIGATIONS:							
1992 OEDD Notes Payable (1)	5.47	12/01/95	2015-2016	\$ 211,381	\$ -	\$ 24,373	\$ 187,008
1995 Motel/Hotel Tax Revenue	3.90-5.75	08/01/95	1996-2011	420,000	-	210,000	210,000
1998 Water Refunding	3.60-4.50	05/01/98	1999-2010	835,000	-	835,000	-
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	2002-2028	6,545,507	-	82,139	6,463,368
2002 Limited Tax Assessment Bancroft	5.05	06/17/02	2003-2012	339,099	-	68,920	270,179
2004 General Revenue Obligations	2.50-4.00	12/15/04	2006-2020	2,645,000	-	320,000	2,325,000
2007 General Obligation Refunding	4.00	06/01/15	2007-2015	7,675,000	-	970,000	6,705,000
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	1,506,000	-	233,000	1,273,000
2010 CARA Urban Renewal Revenue Note				-	1,958,800	-	1,958,800
Total general obligation bonds and other long-term obligations				<u>\$22,998,987</u>	<u>\$ 1,958,800</u>	<u>\$ 2,743,432</u>	<u>\$ 22,214,355</u>
 REVENUE BONDS AND OTHER LONG-TERM NOTES							
2002 Water Certificates of Participation	5.50	03/01/02	2002-2012	\$ 215,267	\$ -	\$ 67,902	\$ 147,365
2003 Series Water Bonds	2.00-5.125	08/01/03	2004-2033	34,200,000	-	1,345,000	32,855,000
2004 Sewer Current Refunding Bonds	2.65	02/01/04	2004-2010	505,000	-	505,000	-
1992 Oregon DEQ SRF Notes Payable (2)	3.00	04/01/92	2011-2012	483,241	-	483,241	-
2007 Oregon DEQ SRF Notes Payable (2)	3.40-3.64	09/21/06	2029-2030	54,916,036	14,083,964	-	69,000,000
2009 Wetland Loans Payable	4.0	12/21/09	2019-2020	-	4,114,000	-	4,114,000
Total revenue bonds and other long-term notes				<u>\$90,319,544</u>	<u>\$18,197,964</u>	<u>\$ 2,401,143</u>	<u>\$106,116,365</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, 2010

	Interest Rate	Date of Issue	Outstanding July 1, 2009	Unmatured Interest on Debt Issued, Called, or Refunded During Year	Interest Retired/ Defeased During Year	Outstanding June 30, 2010
GENERAL OBLIGATION BONDS AND OTHER LONG-TERM OBLIGATIONS:						
1992 OEDD Notes Payable (1)	5.47	12/01/95	\$ 51,922	\$ -	\$ 12,117	\$ 39,805
1995 Motel/Hotel Tax Revenue	3.90-5.75	08/01/95	24,150	-	18,111	6,039
1998 Water Refunding	3.60-4.50	05/01/98	18,788	-	18,788	-
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	7,654,964	-	428,918	7,226,046
2002 Limited Tax Assessment Bancroft	5.05	06/17/02	38,041	-	16,265	21,776
2004 General Revenue Obligations	2.50-4.00	12/15/04	528,333	-	99,064	429,269
2007 General Obligation Refunding	4.00	06/01/15	1,076,800	-	307,000	769,800
2007 Series A CARA Tax-exempt	4.85	10/15/07	1,368,815	-	136,867	1,231,948
2007 Series B CARA Taxable	6.25	10/15/07	327,688	-	94,125	233,563
Total general obligation and long-term other obligations			\$11,089,501	\$ -	\$ 1,131,255	\$ 9,958,246
REVENUE BONDS AND OTHER LONG-TERM NOTES						
2002 Water Certificates of Participation	5.50	03/01/02	\$ 21,219	\$ -	\$ 10,928	\$ 10,291
2003 Series Water Bonds	2.00-5.125	08/01/03	24,075,905	-	1,557,863	22,518,042
2004 Sewer Current Refunding	2.65	02/01/04	6,690	-	6,690	-
1992 Oregon DEQ SRF Notes Payable (2)	3.00	04/01/92	28,994	-	15,901	-
2007 Oregon DEQ SRF Notes Payable (2)	3.40-3.64	09/21/06	2,921,032	28,060,340	4,289,813	26,691,559
2009 Wetland Loans Payable	4.0	12/21/09	-	976,138	-	976,138
Total revenue bonds and other long-term notes			\$27,053,840	\$29,036,478	\$ 5,881,195	\$ 50,196,030

(1) Oregon Economic Development Department

(2) Department of Environmental Quality State Revolving Loan

Note: 2010 CARA Urban Renewal Revenue Note of \$1,958,800 has no set maturity date as of June 30, 2010 so it is excluded from this schedule.

CITY OF ALBANY, OREGON
SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS
GOVERNMENTAL ACTIVITIES
 June 30, 2010

Years of Maturity	Total Requirements			Oregon Economic Development Department Notes Payable		1995 Hotel/Motel Tax Revenue		2002 Limited Tax Pension Obligations		2002 Limited Tax Assessment Bancroft Bonds	
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010-2011	\$ 2,815,924	\$ 1,047,024	\$ 3,862,948	\$ 24,619	\$ 10,753	\$ 210,000	\$ 6,039	\$ 86,861	\$ 444,197	\$ 72,444	\$ 12,741
2011-2012	2,017,570	955,584	2,973,154	29,884	9,337	-	-	92,951	463,106	197,735	9,035
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>\$20,255,555</u>	<u>\$ 9,958,246</u>	<u>\$30,213,801</u>	<u>\$187,008</u>	<u>\$ 39,805</u>	<u>\$ 210,000</u>	<u>\$ 6,039</u>	<u>\$6,463,368</u>	<u>\$7,226,046</u>	<u>\$270,179</u>	<u>\$ 21,776</u>

Note: the 2010 CARA Urban Renewal Revenue Note of \$1,958,800 listed on the Schedule of Debt Principal Transactions has no set maturity date as of June 30, 2010 so it has been excluded from this schedule.

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 Maturity
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
\$ 325,000	\$ 88,664	\$1,850,000	\$ 268,200	\$ -	\$ 136,867	\$ 247,000	\$ 79,563	2010-2011
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>\$2,325,000</u>	<u>\$429,269</u>	<u>\$6,705,000</u>	<u>\$ 769,800</u>	<u>\$2,822,000</u>	<u>\$1,231,948</u>	<u>\$1,273,000</u>	<u>\$ 233,563</u>	

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

June 30, 2010

Years of Maturity	Total Requirements			2007 Oregon DEQ State Revolving Fund Loan		2002 Water COP		2003 Water Revenue/Refunding	
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Interest
2010-2011	\$ 4,105,587	\$ 4,103,530	\$ 8,209,117	\$ 2,643,460	\$ 2,410,626	\$ 71,687	\$ 7,141	\$ 1,055,000	\$ 1,521,203
2011-2012	4,108,457	3,959,158	8,067,615	2,723,921	2,316,948	75,678	3,150	960,000	1,487,918
2012-2013	3,999,647	3,813,158	7,812,805	2,806,835	2,220,414	-	-	830,000	1,455,556
2013-2014	4,134,602	3,666,307	7,800,909	2,892,278	2,120,937	-	-	865,000	1,422,694
2014-2015	4,272,742	3,513,405	7,786,147	2,980,325	2,018,428	-	-	900,000	1,387,394
2015-2016	4,419,170	3,355,275	7,774,445	3,071,056	1,912,795	-	-	940,000	1,350,594
2016-2017	4,568,993	3,191,085	7,760,078	3,164,554	1,803,943	-	-	980,000	1,311,581
2017-2018	4,727,320	3,019,941	7,747,261	3,260,904	1,691,770	-	-	1,025,000	1,269,587
2018-2019	4,889,265	2,838,161	7,727,426	3,360,192	1,576,178	-	-	1,070,000	1,221,056
2019-2020	5,059,944	2,645,931	7,705,875	3,462,508	1,457,061	-	-	1,120,000	1,166,306
2020-2021	4,824,615	2,446,835	7,271,450	3,567,944	1,334,312	-	-	1,170,000	1,109,056
2021-2022	4,906,596	2,256,876	7,163,472	3,676,596	1,207,820	-	-	1,230,000	1,049,056
2022-2023	5,078,561	2,063,528	7,142,089	3,788,561	1,077,472	-	-	1,290,000	986,056
2023-2024	5,258,943	1,864,773	7,123,716	3,903,943	943,148	-	-	1,355,000	921,625
2024-2025	5,442,843	1,660,446	7,103,289	4,022,843	804,727	-	-	1,420,000	855,719
2025-2026	5,640,371	1,448,574	7,088,945	4,145,371	662,086	-	-	1,495,000	786,488
2026-2027	5,846,636	1,225,716	7,072,352	4,271,636	515,094	-	-	1,575,000	710,622
2027-2028	6,056,754	994,573	7,051,327	4,401,754	363,617	-	-	1,655,000	630,956
2028-2029	6,275,842	757,846	7,033,688	4,535,842	207,521	-	-	1,740,000	550,325
2029-2030	4,154,477	509,787	4,664,264	2,319,477	46,662	-	-	1,835,000	463,125
2030-2031	1,930,000	369,000	2,299,000	-	-	-	-	1,930,000	369,000
2031-2032	2,030,000	270,000	2,300,000	-	-	-	-	2,030,000	270,000
2032-2033	2,135,000	165,875	2,300,875	-	-	-	-	2,135,000	165,875
2033-2034	2,250,000	56,250	2,306,250	-	-	-	-	2,250,000	56,250
	<u>\$ 106,116,365</u>	<u>\$50,196,030</u>	<u>\$156,312,395</u>	<u>\$69,000,000</u>	<u>\$26,691,559</u>	<u>\$ 147,365</u>	<u>\$ 10,291</u>	<u>\$32,855,000</u>	<u>\$22,518,042</u>

(1) The City secured two loans totaling \$69,000,000 from the Clean Water State Revolving Fund to assist in the payment of construction costs to build a new Wastewater Treatment Plant. 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.

2010 Wetlands			Years of Maturity
Loan			
Principal	Interest		
\$ 335,440	\$ 164,560		2010-2011
348,858	151,142		2011-2012
362,812	137,188		2012-2013
377,324	122,676		2013-2014
392,417	107,583		2014-2015
408,114	91,886		2015-2016
424,439	75,561		2016-2017
441,416	58,584		2017-2018
459,073	40,927		2018-2019
477,436	22,564		2019-2020
86,671	3,467		2020-2021
-	-		2021-2022
-	-		2022-2023
-	-		2023-2024
-	-		2024-2025
-	-		2025-2026
-	-		2026-2027
-	-		2027-2028
-	-		2028-2029
-	-		2029-2030
-	-		2030-2031
-	-		2031-2032
-	-		2032-2033
-	-		2033-2034
<u>\$ 4,114,000</u>	<u>\$ 976,138</u>		

CITY OF ALBANY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
for the year ended June 30, 2010

Tax Year	Taxes Receivable June 30, 2009	Levy as extended by assessor	Collections	Discounts & Adjustments	Taxes Receivable June 30, 2010
2009-10	\$ -	\$25,743,434	\$(24,311,929)	\$ (347,269)	\$ 1,084,236
2008-09	1,081,085	-	(555,727)	(320)	525,038
2007-08	414,188	-	(196,885)	4,707	222,010
2006-07	186,171	-	(105,846)	18,404	98,729
2005-06	74,322	-	(48,719)	389	25,992
2004-05	19,397	-	(1,838)	(1,552)	16,007
2003-04	7,768	-	(1,491)	(818)	5,459
2002-03	-	-	-	-	-
2001-02	-	-	-	-	-
2000-01	-	-	-	-	-
1999-00	-	-	-	-	-
and prior	18,928	-	(2,493)	124	16,559
	<u>\$ 1,801,859</u>	<u>\$25,743,434</u>	<u>\$(25,224,928)</u>	<u>\$ (326,335)</u>	<u>\$ 1,994,030</u>

SUMMARY OF COLLECTIONS AND BALANCES RECEIVABLE

Governmental funds		
General	\$ 15,223,744	\$ 1,207,138
Special Revenue		
Parks and Recreation	3,806,005	301,784
Public Safety Levy	2,628,400	208,067
Albany Revitalization Agency	1,615,775	115,699
Debt Service	1,294,417	93,872
Total governmental funds	<u>24,568,341</u>	<u>1,926,560</u>
Proprietary fund		
Water	656,587	67,470
Totals	<u>\$ 25,224,928</u>	<u>\$ 1,994,030</u>

RECONCILIATION OF TAX COLLECTIONS TO THE STATEMENT OF ACTIVITIES

	Collections from Above	Tax Accrual Net Change	Statement of Activities
General	\$ 15,223,744	\$ 107,085	\$ 15,330,829
Parks and Recreation	3,806,005	33,932	3,839,937
Public Safety Levy	2,628,400	17,052	2,645,452
Albany Revitalization Agency	1,615,775	181,925	1,797,700
Debt Service	1,294,417	7,218	1,301,635
Water	656,587	3,756	660,343
Totals	<u>\$ 25,224,928</u>	<u>\$ 350,968</u>	<u>\$ 25,575,896</u>

The harder you work, the harder it is to surrender.
Vince Lombardi

STATISTICAL SECTION

The statistical section is comprised of 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.

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 relates 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)

	2001	2002	2003	2004	2005
Governmental Activities					
Invested in capital assets, net of related debt			\$ 52,149,287	\$ 55,569,708	\$ 64,678,843
Restricted			13,108,189	5,249,133	9,358,060
Unrestricted			7,608,794	18,659,845	18,067,214
Total governmental activities net assets			<u>72,866,270</u>	<u>79,478,686</u>	<u>92,104,117</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ -	\$ -	72,820,092	76,643,262	84,900,880
Restricted	3,190,879	3,047,480	9,056,486	9,401,040	15,860,141
Unrestricted	35,080,454	37,560,991	14,458,875	18,359,252	17,514,640
Total business-type activities net assets	<u>38,271,333</u>	<u>40,608,471</u>	<u>96,335,453</u>	<u>104,403,554</u>	<u>118,275,661</u>
Total City of Albany					
Invested in capital assets, net of related debt	-	-	124,969,379	132,212,970	149,579,723
Restricted	3,190,879	3,047,480	22,164,675	14,650,173	25,218,201
Unrestricted	35,080,454	37,560,991	22,067,669	37,019,097	35,581,854
Total net assets	<u>\$ 38,271,333</u>	<u>\$ 40,608,471</u>	<u>\$ 169,201,723</u>	<u>\$ 183,882,240</u>	<u>\$ 210,379,778</u>

In the eight years since the City began reporting under GASB Statement 34, net assets of governmental activities increased by just over 42 percent (\$53,175,000). Included in program revenues for the eight year period are \$21,175,000 of capital contributions in the form of systems development charges, connection fees, improvement assurance fees, and site improvements. For the fiscal year 2009-10, program revenues flattened while general revenues increased significantly, the net effect of these two revenues was sufficient to offset the increasing expenses.

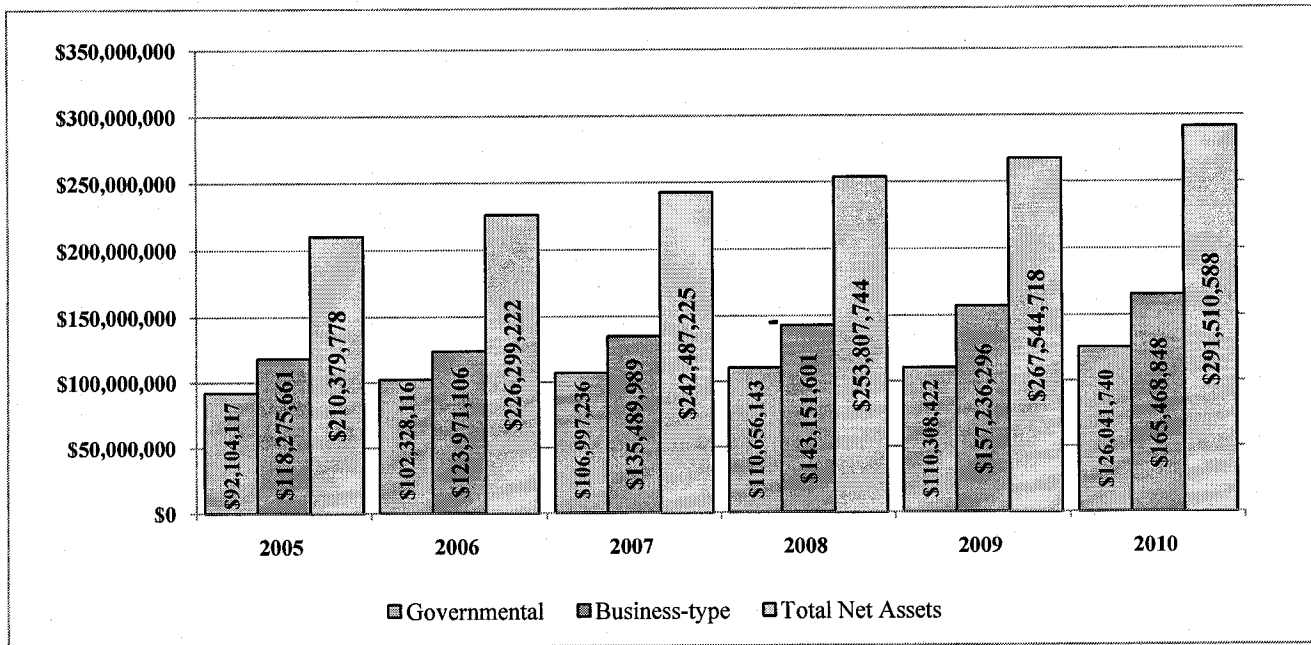
During the same time frame (eight years), the net assets of the business-type activities have increased by 42 percent (\$69,133,000). The two major components of the increase have been operating income (\$31,049,000) and capital contributions (\$43,491,000). Capital contributions consist of development 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 decrease of \$1,637,199 in net assets for 2009-10 can be tied directly to the level of capital contributions, it fell more that \$7,000,000 yet operating income rose \$1,737,00 to help offset the decrease.

The City began reporting under GASB Statement No. 34 for the Fiscal Year 2002-03.
 Net assets by component statistics are not available for governmental activities prior to Fiscal Year 2002-03.
 Source: City of Albany 2001-2010 Comprehensive Annual Financial Reports

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

2006	2007	2008	2009	2010	
\$ 72,113,680	\$ 77,816,952	\$ 80,243,676	\$ 86,710,887	\$ 90,807,172	Governmental Activities
15,878,361	13,984,682	17,874,256	15,077,460	16,512,436	Invested in capital assets, net of related debt
14,336,075	15,195,602	12,538,211	8,520,075	18,722,132	Restricted
102,328,116	106,997,236	110,656,143	110,308,422	126,041,740	Unrestricted
					Total governmental activities net assets
					Business-type activities
91,009,502	102,945,424	106,681,579	125,267,350	\$ 127,645,184	Invested in capital assets, net of related debt
14,984,960	14,764,342	8,494,861	5,372,200	25,649,567	Restricted
17,976,644	17,780,223	27,975,161	26,596,746	12,174,097	Unrestricted
123,971,106	135,489,989	143,151,601	157,236,296	165,468,848	Total business-type activities net assets
					Total City of Albany
163,123,182	180,762,376	186,925,255	211,978,237	218,452,356	Invested in capital assets, net of related debt
30,863,321	28,749,024	26,369,117	20,449,660	42,162,003	Restricted
32,312,719	32,975,825	40,513,372	35,116,821	30,896,229	Unrestricted
\$ 226,299,222	\$ 242,487,225	\$ 253,807,744	\$ 267,544,718	\$ 291,510,588	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)

	2001	2002	2003	2004	2005
Expenses					
Governmental activities:					
General government			\$ 6,887,965	\$ 3,975,367	\$ 4,808,302
Public safety			14,262,937	16,138,117	17,344,947
Highways and streets			4,327,021	4,983,961	5,056,827
Culture and recreation			5,391,355	5,633,112	5,905,119
Interest on long-term debt			1,265,139	1,317,826	1,190,214
Total governmental activities expenses			<u>32,134,417</u>	<u>32,048,383</u>	<u>34,305,409</u>
Business-type activities					
Water	\$ 6,069,353	\$ 6,550,448	\$ 7,135,802	7,797,815	6,946,851
Sewer	6,184,551	6,198,358	7,186,899	7,637,300	7,436,459
Total business-type activities expenses	<u>12,253,904</u>	<u>12,748,806</u>	<u>14,322,701</u>	<u>15,435,115</u>	<u>14,383,310</u>
Program Revenues					
Governmental activities:					
Charges for services (** See pages 126-127)			6,239,968	3,297,211	3,481,479
Operating grants and contributions			4,241,022	4,166,669	5,583,570
Capital grants and contributions			8,038,879	8,210,768	11,708,909
Total governmental activities program revenues			<u>18,519,869</u>	<u>15,674,648</u>	<u>20,773,958</u>
Business-type activities					
Water	7,605,090	7,560,718	9,222,539	12,629,094	17,456,186
Sewer	5,304,659	5,872,992	8,395,543	9,524,763	10,927,340
Total business-type activities revenues	<u>12,909,749</u>	<u>13,433,710</u>	<u>17,618,082</u>	<u>22,153,857</u>	<u>28,383,526</u>
Total program revenues			<u>36,137,951</u>	<u>37,828,505</u>	<u>49,157,484</u>
General Revenues					
Governmental activities:					
Taxes:					
Property taxes used for general purposes			13,512,030	15,979,937	17,105,625
Property taxes used for debt service			1,020,694	1,077,292	1,063,905
Transient room taxes used for general purposes			283,589	270,227	299,200
Transient room taxes used for debt service			230,521	239,540	251,204
Motor fuel			1,707,732	1,898,605	2,119,250
Cigarette and alcoholic beverage			456,965	469,130	497,499
Privilege			1,896,396	1,987,951	2,099,290
Contributions to permanent funds			3,828	454	3,042
Grants and contributions not restricted to specific programs			537,570	515,559	60,390
Unrestricted interest earnings			327,154	243,671	467,924
Premium on debt issuance			-	-	50,244
Miscellaneous			-	-	-
Total governmental activities general revenues			<u>19,976,479</u>	<u>22,682,366</u>	<u>24,017,573</u>
Loss on disposal of capital assets			(1,018)	-	-
Transfers			95,049	303,785	1,027,456
Total governmental activities			<u>20,070,510</u>	<u>22,986,151</u>	<u>25,045,029</u>

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

2006	2007	2008	2009	2010	
					Expenses
					Governmental activities:
5,799,062	6,468,368	8,791,969	7,813,659	9,227,210	General government
18,484,074	21,156,907	22,831,077	25,723,911	26,364,368	Public safety
5,605,789	6,489,273	6,717,357	6,794,651	6,927,620	Highways and streets
6,387,685	7,222,964	7,542,294	8,238,041	8,372,888	Culture and recreation
1,224,183	1,138,930	1,171,934	1,202,841	1,138,531	Interest on long-term debt
<u>37,500,793</u>	<u>42,476,442</u>	<u>47,054,631</u>	<u>49,773,103</u>	<u>52,030,617</u>	Total governmental activities expenses
					Business-type activities
9,494,225	11,253,334	11,495,380	11,445,203	11,252,016	Water
7,952,494	8,829,900	9,317,599	9,516,905	10,119,746	Sewer
<u>17,446,719</u>	<u>20,083,234</u>	<u>20,812,979</u>	<u>20,962,108</u>	<u>21,371,762</u>	Total business-type activities expenses
					Program Revenues
					Governmental activities:
4,865,745	6,260,183	6,780,166	7,747,816	7,056,305	Charges for services (** See pages 126-127)
8,964,353	6,566,201	5,242,275	4,705,458	5,385,159	Operating grants and contributions
5,896,271	5,438,422	7,418,560	4,767,440	4,629,070	Capital grants and contributions
<u>19,726,369</u>	<u>18,264,806</u>	<u>19,441,001</u>	<u>17,220,714</u>	<u>17,070,534</u>	Total governmental activities program revenues
					Business-type activities
13,071,306	14,096,457	13,241,504	12,906,796	12,003,928	Water
12,750,140	14,334,830	12,035,561	20,012,557	13,637,347	Sewer
<u>25,821,446</u>	<u>28,431,287</u>	<u>25,277,065</u>	<u>32,919,353</u>	<u>25,641,275</u>	Total business-type activities revenues
<u>45,547,815</u>	<u>46,696,093</u>	<u>44,718,066</u>	<u>50,140,067</u>	<u>42,711,809</u>	Total program revenues
					General Revenues
					Governmental activities:
					Taxes:
18,275,628	19,691,258	20,009,812	21,133,841	21,816,218	Property taxes used for general purposes
1,113,145	951,815	2,174,926	2,317,806	3,099,335	Property taxes used for debt service
354,502	459,569	510,037	478,150	382,054	Transient room taxes used for general purposes
256,014	241,343	231,083	196,594	213,174	Transient room taxes used for debt service
2,170,883	2,152,446	2,056,995	2,674,179	2,029,262	Motor fuel
545,979	867,362	995,174	1,023,060	624,444	Cigarette and alcoholic beverage
2,268,032	2,480,090	2,717,412	2,759,292	2,570,602	Privilege
2,414	923	295	133	160	Contributions to permanent funds
169,251	59,305	124,421	107,027	-	Grants and contributions not restricted to specific programs
1,303,367	1,745,218	1,738,924	981,571	605,921	Unrestricted interest earnings
-	-	-	-	-	Premium on debt issuance
153,912	130,653	431,229	329,267	18,871,796	Miscellaneous
<u>26,613,127</u>	<u>28,779,982</u>	<u>30,990,308</u>	<u>32,000,920</u>	<u>50,212,966</u>	Total governmental activities general revenues
-	-	-	-	-	Loss on disposal of capital assets
373,918	490,975	282,229	203,748	480,438	Transfers
<u>26,987,045</u>	<u>29,270,957</u>	<u>31,272,537</u>	<u>32,204,668</u>	<u>50,693,404</u>	Total governmental activities

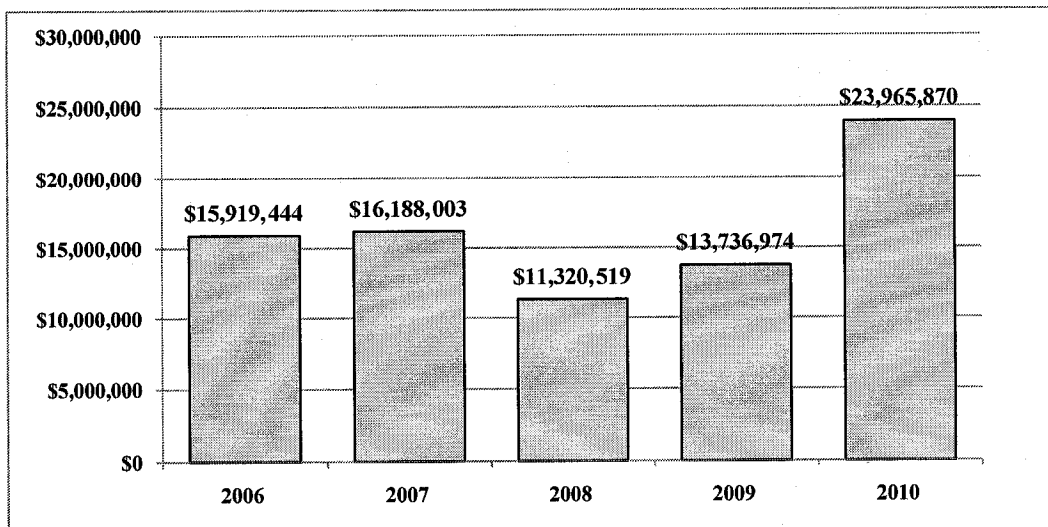
continued

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

	2001	2002	2003	2004	2005
General Revenues, continued					
Business-type activities					
Property taxes	748,849	761,583	778,058	787,570	782,683
Unrestricted investment earnings	1,470,360	731,136	377,023	286,658	488,123
Gain on disposal of real property	-	-	-	-	-
Miscellaneous	285,258	306,549	352,592	578,916	455,720
Total business-type activities general revenues	2,504,467	1,799,268	1,507,673	1,653,144	1,726,526
Loss on disposal of capital assets	(5,088)	(102,034)	(23,952)	-	-
Transfers	16,265	(45,000)	(95,049)	(303,785)	(1,027,456)
Total business-type activities	2,515,644	1,652,234	1,388,672	1,349,359	699,070
Change in Net Assets					
Governmental activities			6,455,962	6,612,416	11,513,578
Business-type activities	3,171,489	2,337,138	4,684,053	8,068,101	14,699,286
Total Change in net assets	3,171,489	2,337,138	11,140,015	14,680,517	26,212,864
Net assets - beginning	35,099,844	38,271,333	158,061,708	169,201,723	183,882,240
Prior period adjustments	-	-	-	-	284,674
Net assets - ending	<u>\$ 38,271,333</u>	<u>\$ 40,608,471</u>	<u>\$ 169,201,723</u>	<u>\$ 183,882,240</u>	<u>\$ 210,379,778</u>

** Charges for services - Major
 Ambulance Service Fee
 Equipment Replacement and Departmental Charges
 Franchise Fees
 Park Department Activity Fees

Change in Net Assets
 last five years



The City began reporting under GASB Statement No. 34 for the Fiscal Year 2002-03.
 Change in net asset statistics are not available for governmental activities prior to Fiscal Year 2002-03.
 Source: City of Albany 2001-2010 Comprehensive Annual Financial Reports

continued

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

2006	2007	2008	2009	2010
759,865	753,308	824,530	813,948	660,343
1,240,546	1,506,557	1,428,407	853,758	623,298
-	-	319,069	-	-
687,743	653,135	907,749	663,492	3,159,835
2,688,154	2,913,000	3,479,755	2,331,198	4,443,476
(373,918)	(490,975)	(282,229)	(203,748)	(480,438)
2,314,236	2,422,025	3,197,526	2,127,450	3,963,038
9,212,621	5,059,321	3,658,907	(347,721)	15,733,321
10,688,963	10,770,078	7,661,612	14,084,695	8,232,551
19,901,584	15,829,399	11,320,519	13,736,974	23,965,872
210,379,778	226,299,222	242,487,225	253,807,744	267,544,716
(3,982,140)	358,604	-	-	-
\$226,299,222	\$242,487,225	\$253,807,744	\$267,544,718	\$291,510,588

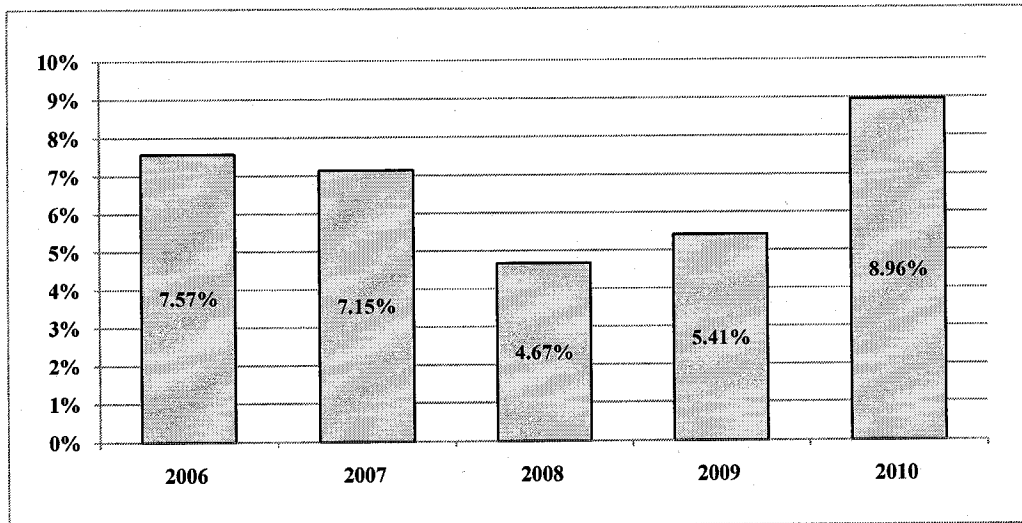
General Revenues, continued
 Business-type activities
 Property taxes used for debt service
 Unrestricted investment earnings
 Gain on disposal of real property
 Miscellaneous
 Total business-type activities general revenues
 Loss on disposal of capital assets
 Transfers
 Total business-type activities

Change in Net Assets
 Governmental activities
 Business-type activities
 Total Change in net assets
 Net assets - beginning
 Net assets - ending

1,953,553	1,912,918
2,139,050	2,198,779
1,197,872	1,082,094
716,585	865,357

** Charges for services - Major
 Ambulance Service Fee
 Equipment Replacement and Departmental Charges
 Franchise Fees
 Park Department Activity Fees

Year to Year Percentage Change in Net Assets
 last five years

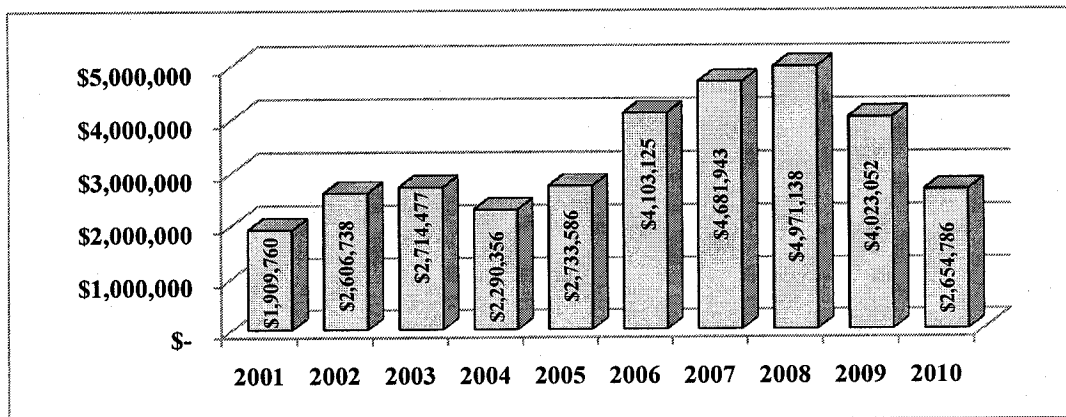


Schedule 3
CITY OF ALBANY, OREGON
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	2001	2002	2003	2004	2005
General Fund					
Unreserved	\$ 1,909,760	\$ 2,606,738	\$ 2,714,477	\$ 2,290,356	\$ 2,733,586
Total General Fund	<u>1,909,760</u>	<u>2,606,738</u>	<u>2,714,477</u>	<u>2,290,356</u>	<u>2,733,586</u>
All other governmental funds					
Reserved for:					
Capital projects	-	-	2,755,767	6,012,244	8,248,404
Debt service	1,671,851	1,812,545	2,179,270	2,616,579	2,877,865
Library programs	-	-	74,296	89,886	90,474
Parks & Recreation programs	165,365	174,417	359,718	314,284	12,036
Perpetual care	-	-	107,206	108,906	111,585
Unreserved, reported in:					
Special revenue funds	7,424,541	8,952,518	5,795,739	8,021,014	8,744,939
Capital project fund	6,247,993	4,414,518	2,578,524	1,162,841	3,169,042
Total all other governmental funds	<u>15,509,750</u>	<u>15,353,998</u>	<u>13,850,520</u>	<u>18,325,754</u>	<u>23,254,345</u>
Total fund balances of governmental funds	<u>\$ 17,419,510</u>	<u>\$ 17,960,736</u>	<u>\$ 16,564,997</u>	<u>\$ 20,616,110</u>	<u>\$ 25,987,931</u>

General Fund Unreserved Fund Balance

Last Ten Fiscal Years



Source: City of Albany 2001-2010 Comprehensive Annual Financial Reports

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

2006	2007	2008	2009	2010	
\$ 4,103,125	\$ 4,681,943	\$ 4,971,138	\$ 4,023,052	\$ 2,654,786	General Fund
4,103,125	4,681,943	4,971,138	4,023,052	2,654,786	Unreserved
					Total General Fund
					All other governmental funds
					Reserved for:
15,591,619	9,515,787	10,555,792	7,853,494	7,879,049	Capital projects
2,865,706	1,220,782	1,176,797	931,686	874,973	Debt service
8,437	11,799	11,688	11,464	7,265	Library programs
11,848	11,675	11,874	11,079	11,733	Parks & Recreation programs
115,189	115,834	117,502	117,502	117,500	Perpetual care
					Unreserved, reported in:
8,338,206	15,714,635	16,884,061	14,190,275	30,682,955	Special revenue funds
-	-	1,109,238	488,673	(2,046,965)	Capital projects fund
26,931,005	26,590,512	29,866,952	23,604,173	37,526,510	Total all other governmental funds
\$ 31,034,130	\$ 31,272,455	\$ 34,838,090	\$ 27,627,225	\$ 40,181,296	Total fund balances of governmental funds

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

Last Ten Fiscal Years

Fiscal Year	Fund Balance	% Change
2,001	\$ 1,909,760	-
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%
2,009	4,023,052	-19.07%
2,010	2,654,786	-34.01%

The General Fund unreserved fund balance has increased by 39.01 percent over the last ten years. The 2009-10 fund balance of \$2,654,786 is 10.34 percent of total expenditures before transfers out, 9.17 percent of the total General Fund 2009-10 budget, and 8.75 percent of the 2010-11 General Fund budget.

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

	2001	2002	2003	2004	2005
Revenues					
Taxes	\$ 13,151,492	\$ 14,053,132	\$ 14,981,840	\$ 17,604,792	\$ 18,460,938
Special assessments	533,127	831,361	621,006	980,652	2,812,677
Franchise fees, privilege taxes, licenses, and permits	5,356,917	5,787,913	6,468,494	6,676,869	7,988,856
Intergovernmental	4,622,000	5,188,361	6,511,342	8,319,812	12,317,895
Charges for services	5,037,361	5,531,010	6,003,485	3,072,882	3,698,501
Fines and forfeitures	576,427	597,223	614,142	556,974	545,296
Gifts and donations	-	-	3,828	454	3,042
Interest on investments	1,267,131	627,707	382,755	306,052	624,257
Miscellaneous	276,931	594,206	460,850	573,834	764,322
Total revenues	30,821,386	33,210,913	36,047,742	38,092,321	47,215,784
Expenditures					
General government	6,923,805	14,129,300	6,650,355	3,692,811	4,934,984
Public safety	11,418,871	12,157,504	13,844,935	15,577,882	16,809,154
Highways and streets	1,716,599	1,928,070	2,183,939	2,617,631	2,768,538
Culture and recreation	4,329,659	4,556,160	4,987,709	5,231,589	5,831,360
Capital outlay	7,633,500	5,635,038	7,777,230	5,000,187	13,033,514
Debt service					
Principal	875,000	949,913	1,036,687	1,097,997	2,876,939
Interest	918,045	946,783	1,269,338	1,224,295	1,201,415
Total expenditures	33,815,479	40,302,768	37,750,193	34,442,392	47,455,904
Excess (deficiency) of revenues over (under) expenditures	(2,994,093)	(7,091,855)	(1,702,451)	3,649,929	(240,120)
Other financing sources (uses)					
Debt issuance proceeds	-	7,588,081	-	-	3,720,000
Premium on debt issuance	-	-	-	-	50,244
Payment to escrow agent for refunded bonds	-	-	-	-	-
Capital lease proceeds	-	-	-	-	162,060
Transfers in	847,729	852,140	1,341,168	3,484,872	6,968,005
Transfers out	(863,994)	(807,140)	(1,213,283)	(3,083,688)	(5,207,075)
Total other financing sources (uses)	(16,265)	7,633,081	127,885	401,184	5,693,234
Prior period adjustments	-	-	178,827	-	(81,293)
Net change in fund balances	\$ (3,010,358)	\$ 541,226	\$ (1,395,739)	\$ 4,051,113	\$ 5,371,821

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	\$ 1,793,045	\$ 1,896,696	\$ 2,306,025	\$ 2,322,292	\$ 4,078,354
Total noncapital expenditures	26,181,979	34,667,730	29,972,963	29,442,205	34,422,390
Ratio of total debt service expenditures less refundings to total noncapital expenditures	6.85%	5.47%	7.69%	7.89%	11.85%

Source: City of Albany 2001-2010 Comprehensive Annual Financial Reports

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

2006	2007	2008	2009	2010	
\$ 20,225,202	\$ 21,369,433	\$ 22,857,443	\$ 23,723,701	\$ 25,163,569	Revenues
752,013	284,316	92,321	82,653	64,604	Taxes
					Special assessments
7,637,192	8,173,745	7,752,797	6,654,711	6,390,875	Franchise fees, privilege taxes, licenses, and permits
6,643,124	7,160,835	8,303,684	7,124,187	8,129,421	Intergovernmental
3,722,670	4,184,394	4,608,381	5,599,253	5,043,672	Charges for services
581,972	730,232	988,983	927,897	839,861	Fines and forfeitures
3,178,018	4,119	2,008,320	-	-	Gifts and donations
1,265,344	1,677,487	1,717,615	964,613	595,031	Interest on investments
653,788	1,308,177	1,168,815	2,776,430	19,366,270	Miscellaneous
<u>44,659,323</u>	<u>44,892,738</u>	<u>49,498,359</u>	<u>47,853,445</u>	<u>65,593,303</u>	Total revenues
					Expenditures
5,260,948	6,286,630	8,472,015	8,223,631	9,002,393	General government
18,302,131	20,586,681	22,040,875	23,932,216	24,225,530	Public safety
3,103,766	3,499,426	3,864,623	3,651,135	3,599,042	Highways and streets
6,093,309	6,646,681	6,768,031	7,349,399	7,569,933	Culture and recreation
7,871,125	4,685,842	6,183,849	9,541,626	8,135,811	Capital outlay
					Debt service
1,328,965	3,288,914	2,900,558	3,854,453	1,908,434	Principal
1,181,496	1,342,964	1,203,625	1,170,493	1,112,461	Interest
<u>43,141,740</u>	<u>46,337,138</u>	<u>51,433,576</u>	<u>57,722,953</u>	<u>55,553,604</u>	Total expenditures
1,517,583	(1,444,400)	(1,935,217)	(9,869,508)	10,039,699	Excess (deficiency) of revenues over (under) expenditures
					Other financing sources (uses)
1,459,399	9,065,000	5,051,998	2,102,500	1,958,800	Debt issuance proceeds
-	121,060	-	-	-	Premium on debt issuance
-	(8,200,000)	-	-	-	Payment to escrow agent for refunded bonds
151,360	98,493	74,362	352,395	75,139	Capital lease proceeds
14,248,234	6,261,817	5,994,473	5,869,492	5,836,489	Transfers in
(13,341,755)	(5,663,645)	(5,619,981)	(5,665,744)	(5,356,051)	Transfers out
<u>2,517,238</u>	<u>1,682,725</u>	<u>5,500,852</u>	<u>2,658,643</u>	<u>2,514,377</u>	Total other financing sources (uses)
1,011,378	-	-	-	-	
<u>\$ 5,046,199</u>	<u>\$ 238,325</u>	<u>\$ 3,565,635</u>	<u>\$ (7,210,865)</u>	<u>\$ 12,554,076</u>	Net change in fund balances
\$ 2,510,461	\$ 2,931,878	\$ 4,104,183	\$ 5,024,946	\$ 3,020,895	Total debt service expenditures
<u>35,270,615</u>	<u>41,651,296</u>	<u>45,249,727</u>	<u>48,181,327</u>	<u>47,417,793</u>	Total noncapital expenditures
<u>7.12%</u>	<u>7.04%</u>	<u>9.07%</u>	<u>10.43%</u>	<u>6.37%</u>	Ratio of total debt service expenditures less refundings to total noncapital expenditures

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

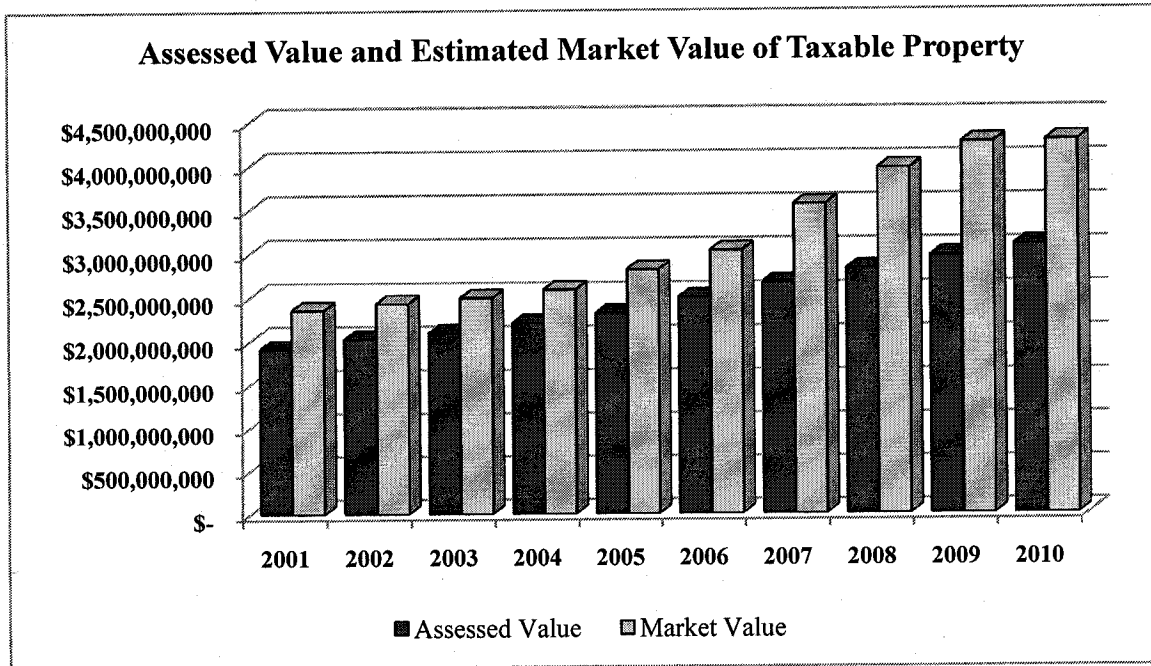
Fiscal Year Ended June 30,	County	Taxable Assessed Value (1)	Tax Rate Per \$1,000 of Assessed Value	Urban Renewal District Assessed Value	Total Assessed Value	Estimated Market Value	Assessed Value as a % of Market Value
2001	Linn	1,614,022,242	7.36	-	1,614,022,242	1,997,950,898	80.78%
	Benton	297,794,824	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	7.36	22,646,610	1,775,479,227	2,092,129,723	84.86%
	Benton	334,249,796	7.36	-	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	7.30	24,077,227	1,861,193,606	2,146,957,508	86.69%
	Benton	358,947,500	7.30	-	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	7.23	34,121,937	1,947,576,161	2,333,811,851	83.45%
	Benton	395,736,624	7.23	-	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	8.12	41,571,478	2,103,172,514	2,505,957,967	83.93%
	Benton	428,648,082	8.12	-	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	8.04	50,945,385	2,253,632,887	2,887,626,123	78.04%
	Benton	454,804,642	8.04	-	454,804,642	664,234,567	68.47%
	Total	2,657,492,144		50,945,385	2,708,437,529	3,551,860,690	76.25%
2008	Linn	2,323,996,912	8.04	62,008,472	2,386,005,384	3,241,435,594	73.61%
	Benton	487,155,971	7.86	-	487,155,971	718,378,931	67.81%
	Total	2,811,152,883		62,008,472	2,873,161,355	3,959,814,525	72.56%
2009	Linn	2,429,035,563	8.04	83,900,206	2,512,935,769	3,426,321,654	73.34%
	Benton	526,917,483	7.86	-	526,917,483	825,153,887	63.86%
	Total	2,955,953,046		83,900,206	3,039,853,252	4,251,475,541	71.50%
2010	Linn	2,529,699,882	7.99	90,157,811	2,619,857,693	3,433,300,300	76.31%
	Benton	550,561,377	7.78	-	550,561,377	836,060,448	65.85%
	Total	3,080,261,259		90,157,811	3,170,419,070	4,269,360,748	74.26%

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

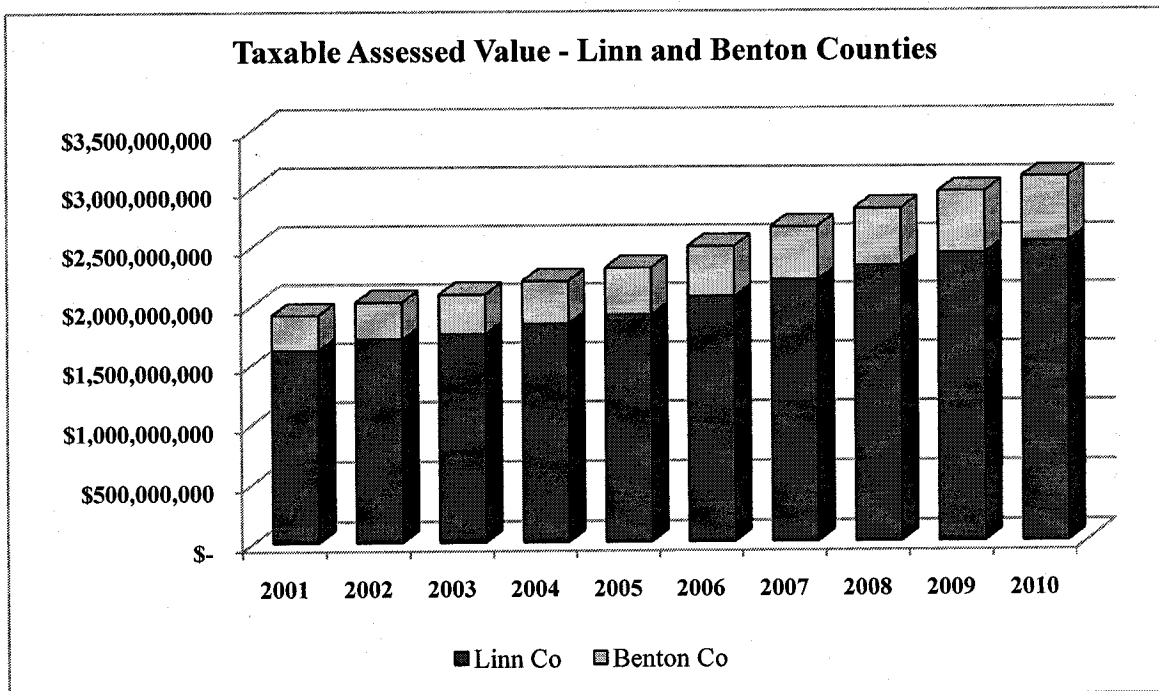
(2) In the November 2002, General Election, the voters of the City passed a five year, local option levy to provide additional public safety funding. The levy authorized by the voters was \$0.95 per \$1,000 of assessed value.

Source: Linn and Benton Counties Tax Assessor

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



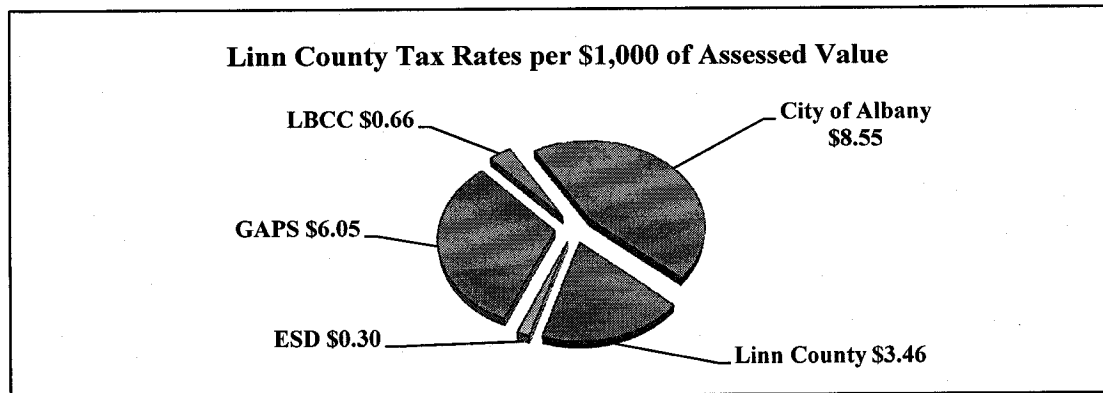
The "gap" between the market value and the assessed value is important to note. Oregon statutes allow the assessed value on a single piece of property to rise no more than three percent annually up to the market value where the assessed value is capped. Currently, the assessed value is 74.26 percent of market value leaving a \$1,098,941,678 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
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
2009	Linn	6.40	0.95	0.69	0.47	8.51
	Benton	6.25	0.95	0.64	0.36	8.20
2010	Linn	6.40	0.95	0.64	0.56	8.55
	Benton	6.22	0.92	0.64	0.44	8.22



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

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

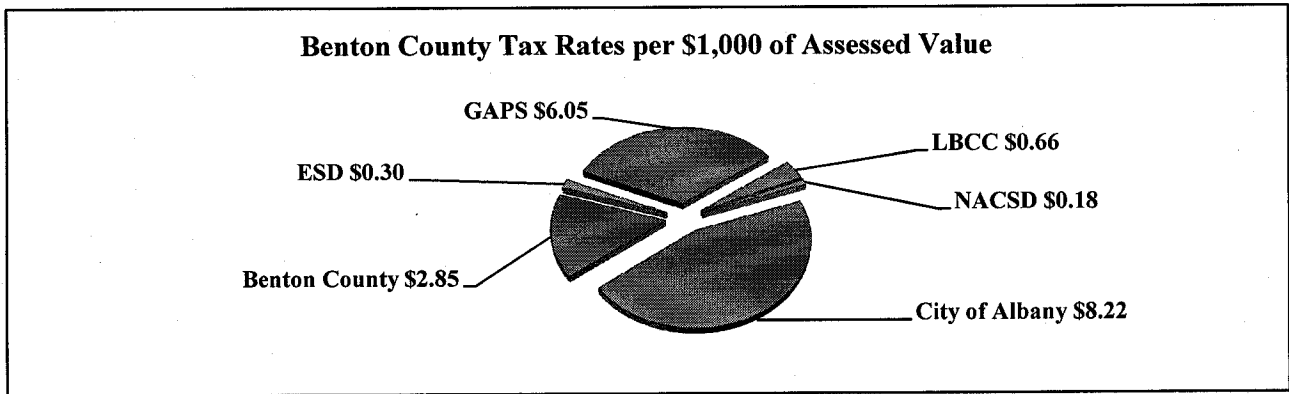
LBCC - Linn-Benton Community College
 NACSD - North Albany County Service District

Source: Linn and Benton County Tax Assessors

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

Overlapping Rates

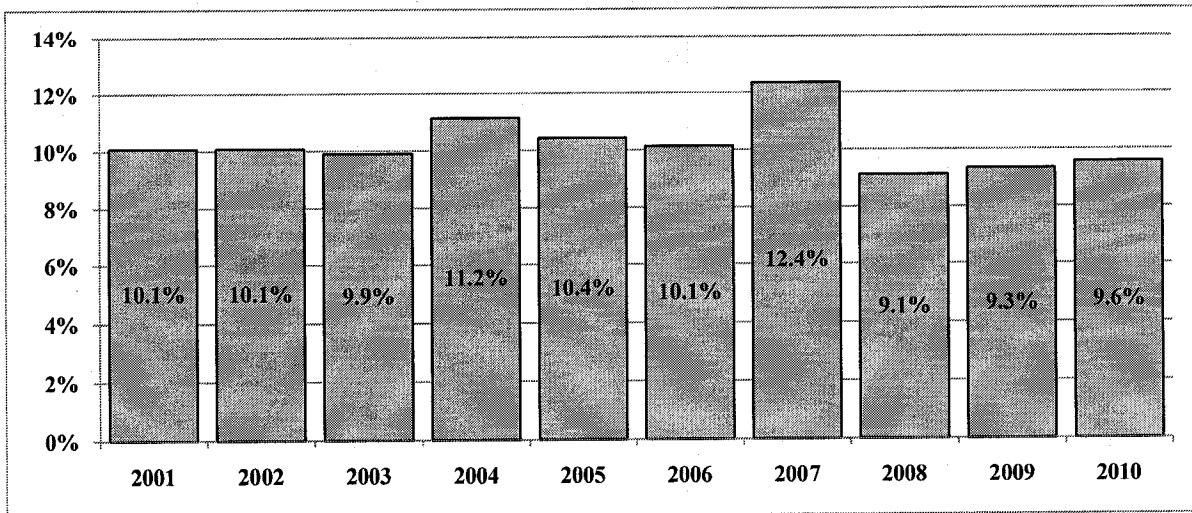
Linn County	Benton County	4H Extension District (2)	ESD(2) Linn/Benton Counties	Greater Albany Public School District	Linn-Benton Community College	North Albany County Service District	Total Direct & Overlapping Rates
3.20	-	-	0.30	5.50	0.71	-	17.07
-	2.55	-	0.30	5.50	0.71	0.46	16.88
3.05	-	-	0.30	5.07	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
3.51	-	-	0.30	6.03	0.66	-	19.01
-	3.16	-	0.30	6.03	0.50	0.18	18.37
3.46	-	0.05	0.30	6.05	0.66	-	19.07
-	2.85	-	0.30	6.05	0.66	0.18	18.25



Schedule 7
CITY OF ALBANY, OREGON
PRINCIPAL PROPERTY TAXPAYERS
 Fiscal Years 2000-2001 and 2009-2010

Taxpayer	2009-2010		% of	2000-2001		% of
	Taxable Assessed Value	Rank	Total Taxable Assessed Value	Taxable Assessed Value	Rank	Total Taxable Assessed Value
Dayton Hudson Corporation	\$ 76,356,580	1	2.48%	\$ 32,003,450	1	1.67%
Oregon Metallurgical Corporation	65,013,095	2	2.11%	26,268,610	2	1.37%
Oregon Freeze Dry Foods, Inc.	28,967,490	3	0.94%	26,783,250	3	1.40%
Steadfast Heritage, LLC	23,436,298	4	0.76%	-	-	0.00%
Waverly Land Management	23,156,806	5	0.75%	24,491,150	4	1.28%
Pacific Cast Technologies Inc	22,048,720	6	0.72%	-	-	-
Metropolitan Life Insurance Co.	16,416,410	7	0.53%	13,041,620	6	0.68%
Mennonite Home of Albany	14,026,125	8	0.46%	-	-	-
Costco Wholesale Corp	12,618,976	9	0.41%	-	-	-
Absorbent Technologies, Inc.	13,012,030	10	0.42%	-	-	-
National Health Properties	-	-	-	11,339,430	9	0.59%
Roebbelen Engineering, Inc.	-	-	-	19,448,710	5	1.02%
Eugene Freezing and Storage Co.	-	-	-	12,474,010	8	0.65%
Panolam Industries	-	-	-	11,292,220	10	0.59%
Synthetec	-	-	-	15,520,890	7	0.81%
Total	\$ 295,052,530		9.58%	\$ 192,663,340		10.08%
Utilities:						
Phone, electricity, natural gas	\$ 101,187,987		3.29%	\$ 61,817,940		3.23%
Total taxable assessed value, all properties	\$ 3,080,261,259			\$ 1,911,817,066		

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

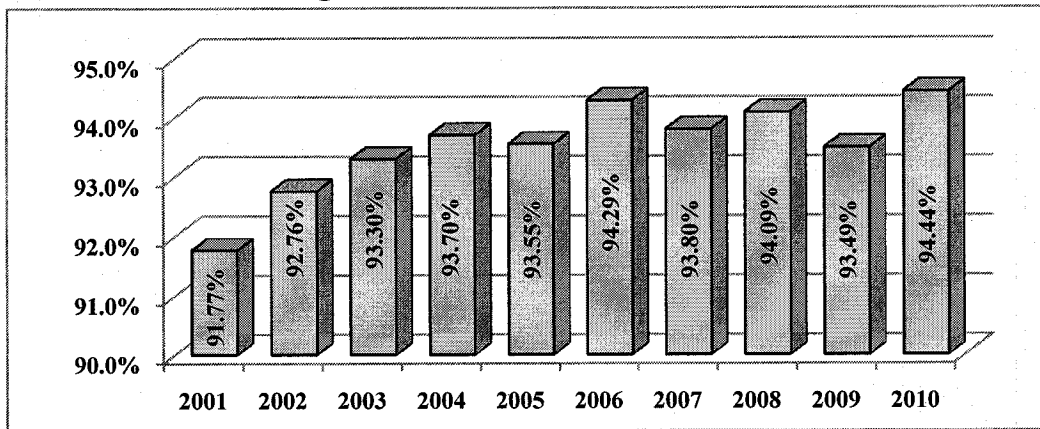


Source: Linn and Benton County Tax Assessors

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
2001	14,085,001	12,926,133	91.77%	696,806	13,622,939	96.72%
2002	14,776,533	13,706,523	92.76%	654,119	14,360,642	97.19%
2003	15,615,495	14,569,267	93.30%	649,180	15,218,447	97.46%
2004	18,341,731	17,185,584	93.70%	655,681	17,841,265	97.27%
2005	19,312,644	18,066,785	93.55%	753,240	18,820,025	97.45%
2006	20,740,111	19,555,255	94.29%	664,031	20,219,286	97.49%
2007	22,142,401	20,770,157	93.80%	627,933	21,398,090	96.64%
2008	23,648,423	22,251,321	94.09%	583,806	22,835,127	96.56%
2009	24,835,283	23,217,769	93.49%	555,727	23,773,496	95.72%
2010	25,743,434	24,311,929	94.44%	-	24,311,929	94.44%

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 93.64 percent of the levy as extended by the assessors.

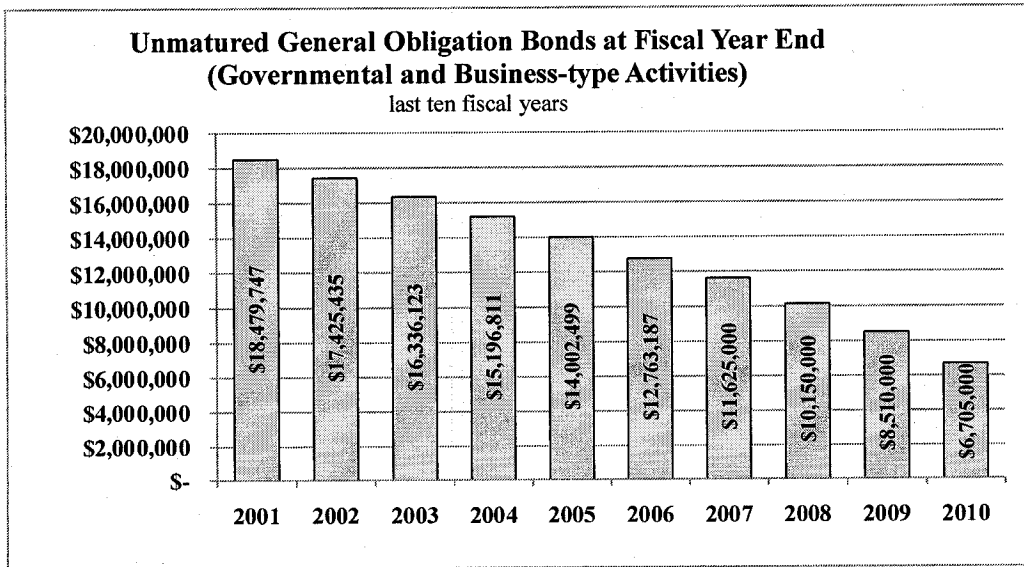
Three ways which property tax revenue can be adversely affected by a slowdown in the economy are: 1) market values fall below assessed value; 2) assessed value falls; and 3) the rate of tax collection falls. Because of the healthy gap between market values and assessed values, there would be lag time before a downturn would directly affect the market value limit on assessed value. In the second situation, assessed values will not tumble quickly. It is more likely that the rate of growth of the assessed value will slow. The third factor has the potential to have a more immediate effect. A one percentage point drop in the tax collection rate would translate into a \$250,000 decrease in current tax revenues. The City will monitor the tax collection rate to gauge its effect on 2009-10 revenues. The tax collection rate will also be a factor in the preparation of the 2010-11 and 2011-12 budgets.

Sources: Linn and Benton County Tax Assessors

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

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

Fiscal Year Ended June 30,	GOVERNMENTAL ACTIVITIES								
	General Obligation Bonds	Special Assessment Debt (1)	Revenue Bonds	Limited Tax Pension Obligations	Certificates of Participation	General Revenue Obligations	Urban Renewal TIF Bonds(2)	Notes Payable	Capital Leases
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
2009	7,675,000	339,099	420,000	6,545,507	-	2,645,000	4,328,000	211,381	557,626
2010	6,705,000	270,179	210,000	6,463,368	-	2,325,000	6,053,800	187,008	389,730



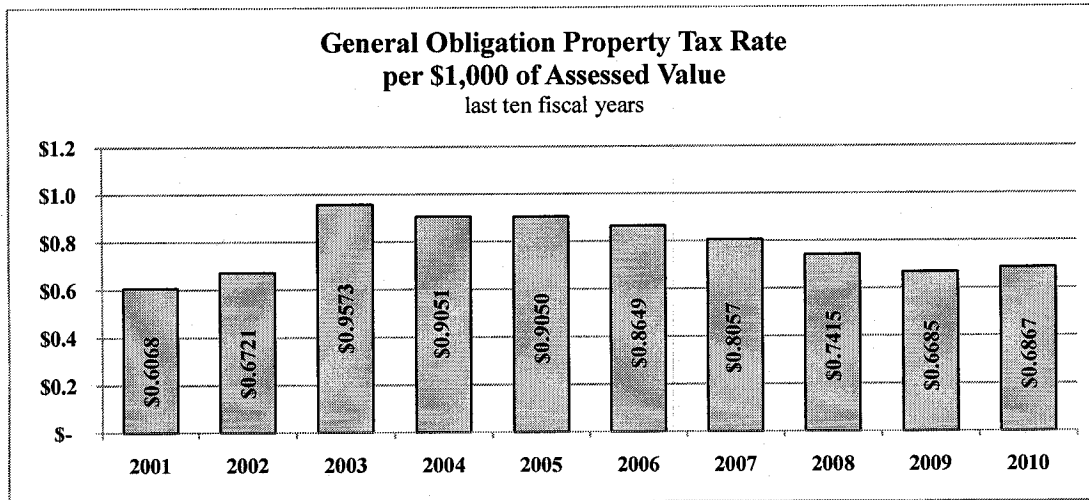
As the above chart indicates there has been a nearly linear reduction in the amount of the outstanding general obligation debt over the last ten years. The trend will continue as the existing bonds approach retirement. There are no plans to issue general obligation debt in the coming fiscal year.

- (1) Special assessment debt with governmental commitment
- (2) TIF-Tax Increment Financing
- (3) Includes \$69,000,000 State of Oregon Revolving Fund loan for the new sewage treatment plant

Source: City of Albany 2001-2010 Comprehensive Annual Financial Reports

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

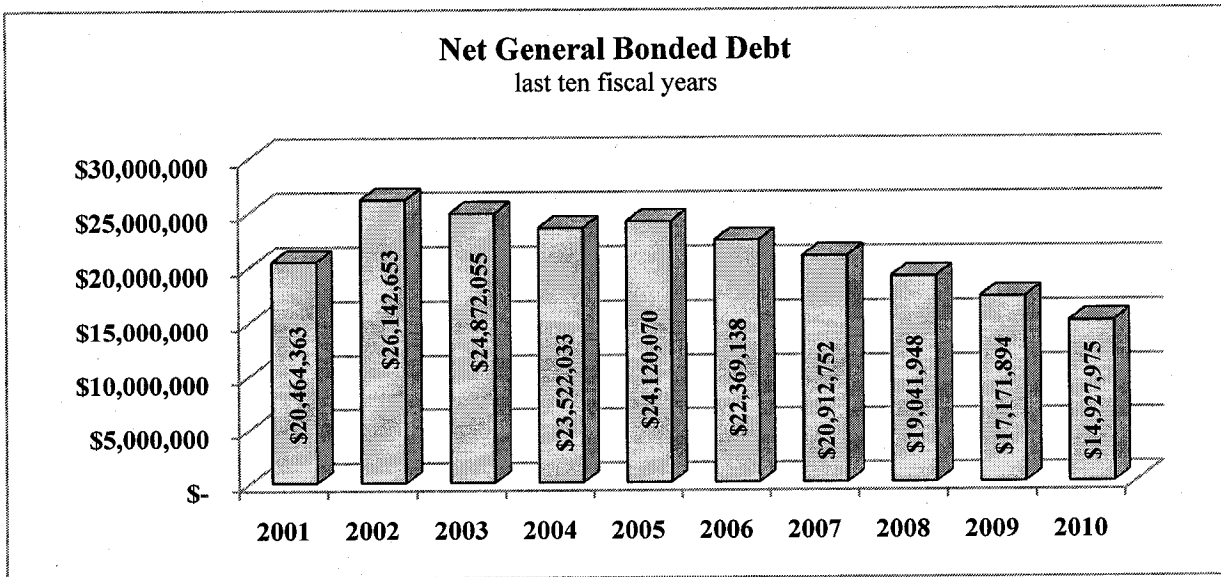
BUSINESS-TYPE ACTIVITIES							
General Obligation Bonds	Water Revenue Bonds	Sewer Revenue Bonds	Certificates of Participation	Notes Payable (3)	Total Outstanding Debt	% of Personal Income	Debt per Capita
6,099,747	5,659,804	6,209,489	-	1,771,883	38,835,293	1.66%	944
5,540,435	5,230,595	5,685,973	600,000	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	3.76%	2,332
835,000	34,200,000	505,000	215,267	55,399,277	113,876,157	3.51%	2,335
-	32,855,000	-	147,365	73,114,000	128,720,450	n/a	2,618



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 for debt service until Fiscal Year 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 Year 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
2001	41,145	\$ 1,911,817,066	\$18,479,747 (2)	\$ -	\$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
2009	48,770	2,955,953,046	8,510,000	6,545,507	-	2,645,000
2010	49,165	3,080,261,259	6,705,000	6,463,368	-	2,325,000



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

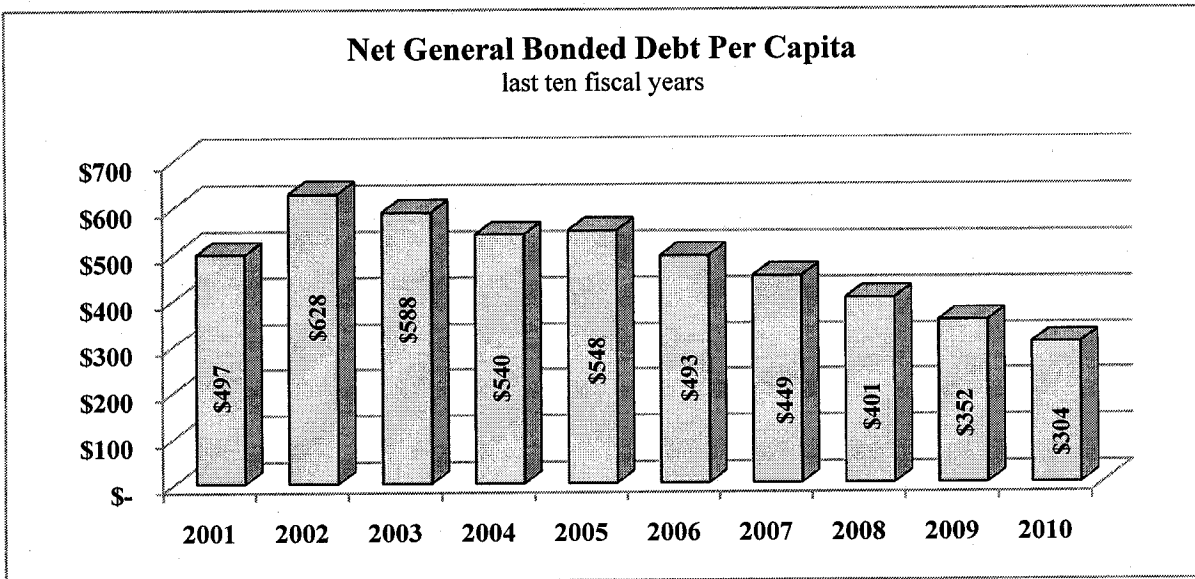
(2) In March 1999, \$9,850,000 of general obligation bonds were issued to finance the reconstruction of four major arterial roads within the City.

(3) \$241,913 available for General Obligation Debt. \$323,480 available for the Limited Tax Pension Bonds.

Source: City of Albany 2001-2010 Comprehensive Annual Financial Reports

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

Less: Amounts Available in Debt Service Fund	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
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	19,041,948	0.6774%	401.14	0.65%
528,613	17,171,894	0.5809%	352.10	0.53%
565,393 ⁽³⁾	14,927,975	0.4846%	303.63	n/a



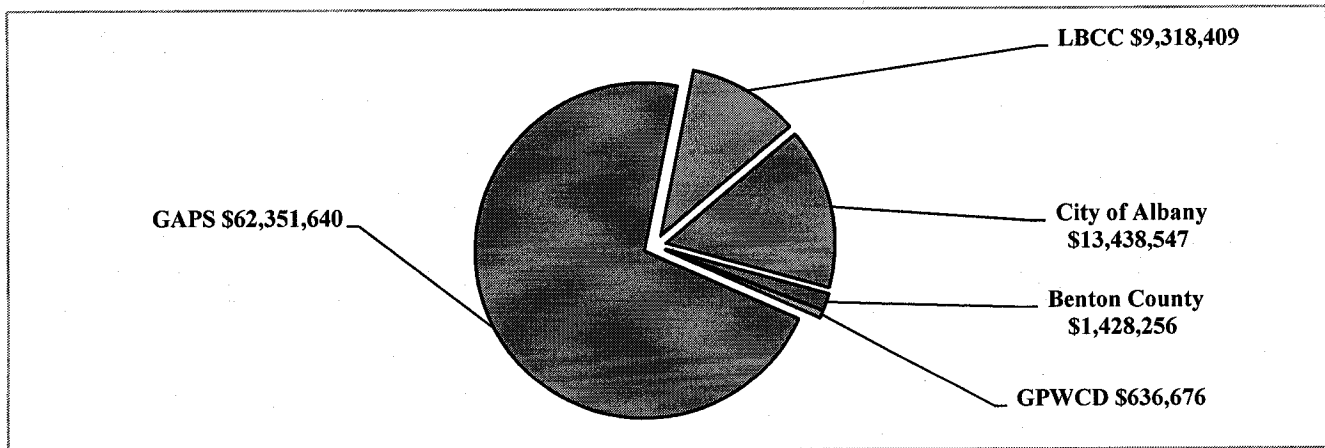
The one function that TV news performs very well is that when there is no news we give it to you with the same emphasis as if it were.

David Brinkley

Schedule 11
CITY OF ALBANY, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
as of June 30, 2010

Jurisdiction	Net Outstanding Debt	Percentage Applicable to the City of Albany	Amount Applicable to the City of Albany
DIRECT DEBT			
City of Albany (2)	\$ 13,438,547	100.0000%	\$ 13,438,547
OVERLAPPING DEBT			
Benton County	17,145,928	8.3300%	1,428,256
Grand Prairie Water Control District (GPWCD)	802,364	79.3500%	636,676
Greater Albany Public School District 8J (GAPS)	88,820,000	70.2000%	62,351,640
Linn Benton Community College (LBCC)	43,021,281	21.6600%	9,318,409
Total overlapping debt	149,789,573		73,734,981
Total direct and overlapping debt	\$ 163,228,120		\$ 87,173,528

Direct and Overlapping Debt Applicable to the City of Albany



(1) Source - State of Oregon, Treasury Department

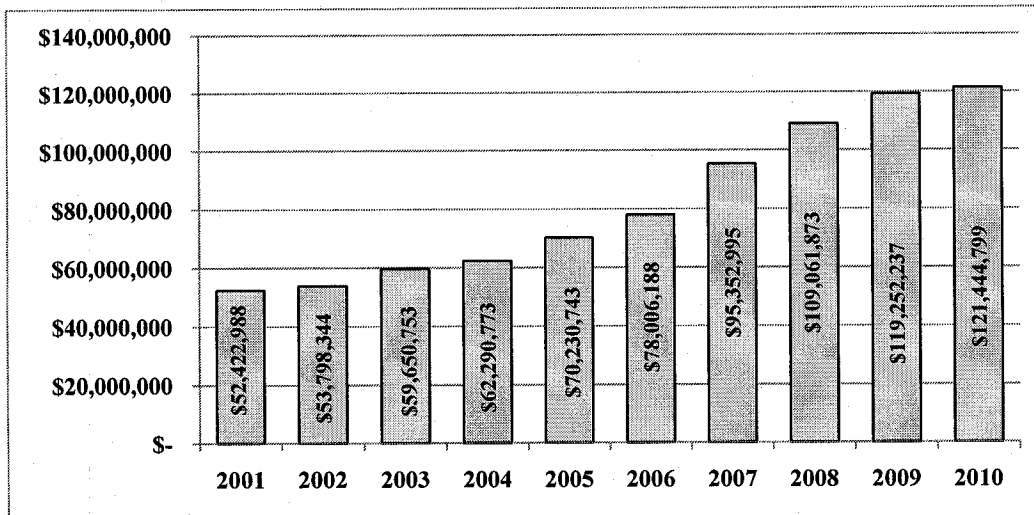
(2) City of Albany net outstanding debt

General Obligation Bonds	\$ 6,705,000
2002 Limited Tax Assessment Bonds	270,179
Limited Tax Pension Obligations, Series 2002	6,463,368
Total City of Albany net outstanding debt	\$ 13,438,547

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

	2001	2002	2003	2004
Debt limitation	\$ 70,654,958	\$ 71,009,546	\$ 75,705,895	\$ 77,149,570
Total net debt applicable to limitation	18,231,970	17,211,202	16,055,142	14,858,797
Legal debt margin	<u>\$ 52,422,988</u>	<u>\$ 53,798,344</u>	<u>\$ 59,650,753</u>	<u>\$ 62,290,773</u>
Ratio of net debt applicable to limitation to the debt limitation	<u>25.80%</u>	<u>24.24%</u>	<u>21.21%</u>	<u>19.26%</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 131.66 percent (\$69,021,811) over the last ten years. During the same period, the City's true cash value increased by 81.28 percent (\$57,425,864) and the City's general obligation debt decreased by 63.6 percent (\$11,595,947). 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 County Tax Assessors and Notes to the Basic Financial Statements

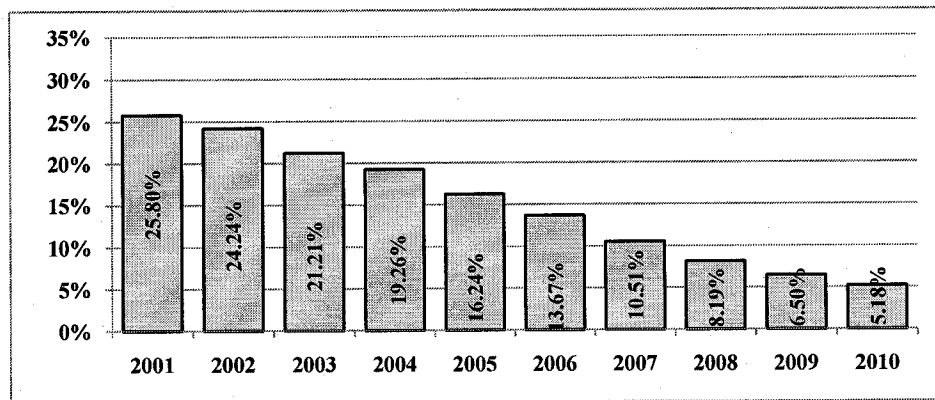
Schedule 12
CITY OF ALBANY, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
 Last Ten Fiscal Years

2005	2006	2007	2008	2009	2010	
\$ 83,847,424	\$ 90,355,908	\$ 106,555,821	\$ 118,794,436	\$ 127,544,266	\$ 128,080,822	Debt limitation
13,616,681	12,349,720	11,202,826	9,732,563	8,292,029	6,636,023	Total net debt applicable to limitation
<u>\$ 70,230,743</u>	<u>\$ 78,006,188</u>	<u>\$ 95,352,995</u>	<u>\$ 109,061,873</u>	<u>\$ 119,252,237</u>	<u>\$ 121,444,799</u>	Legal debt margin
16.24%	13.67%	10.51%	8.19%	6.50%	5.18%	Ratio of net debt applicable to the debt limitation

Legal debt margin calculation for Fiscal Year

True cash value	\$ 4,269,360,748
General obligation debt limit - 3% of true cash value	3%
General obligation debt limit	128,080,822
Gross general obligation bonded debt principal	
1998 General Obligation Water Refunding Bonds	-
1999 Street Reconstruction General Obligation Bonds	-
2007 General Obligation Refunding Bonds	6,705,000
Less: Debt service monies available	
Debt Service Fund:	
2007 GO Refunding bonds	68,977
Net debt subject to the three percent limitation	<u>6,636,023</u>
Legal debt margin	<u>\$ 121,444,799</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							
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%
2009	674,742	500	674,242	210,000	30,188	240,188	280.71%
2010	595,229	502	594,727	210,000	18,113	228,113	260.72%

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 50 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

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%
2009	417,353	-	417,353	65,607	19,578	85,185	489.94%
2010	338,833	-	338,833	68,922	16,263	85,185	397.76%

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.

Source: City of Albany 2001-2010 Comprehensive Annual Financial Reports

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		Total	Coverage Percentage
				Principal	Interest		
Water Revenue Bonds and Certificates of Participation							
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%
2009	12,496,597	7,444,753	5,051,844	1,374,316	1,625,302	2,999,618	168.42%
2010	12,131,078	7,360,467	4,770,611	1,412,902	1,568,791	2,981,693	160.00%

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

2001	5,646,483	5,050,361	596,122	400,000	261,235	661,235	90.15%
2002	5,507,676	4,996,186	511,490	430,000	241,515	671,515	76.17%
2003	6,111,911	5,119,861	992,050	430,000	241,600	671,600	147.71%
2004	6,785,751	5,450,680	1,335,071	475,000	208,854	683,854	195.23%
2005	7,572,603	5,376,739	2,195,864	445,000	64,431	509,431	431.04%
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%
2009	10,842,503	7,227,928	3,614,575	636,080	1,379,442	2,015,522	179.34%
2010	14,057,229	7,671,945	6,385,284	988,241	4,312,405	5,300,646	120.46%

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. In fiscal 2009-10 the construction was completed and the loan amount was finalized at \$69,000,000. In 2009-10, an interest only payment of \$4,289,813 was made which included interest accrued from 2006-07 \$2,921,032 plus the final amount of interest for the 2009-10 year of \$1,368,781.

Source: City of Albany 2001-2010 Comprehensive Annual Financial Reports

continued

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

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses(1)	Net Available Resources	Principal	Debt Service Interest	Total	Coverage Percentage
North Albany Sewer Revenue Bonds and State Revolving Fund (SRF) Loan							
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	281,080	108,550	389,630	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%
2009	415,347	-	415,347	161,080	19,330	180,410	230.22%
2010	499,141	-	499,141	483,241	15,901	499,142	100.00%

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 were fully paid off in Fiscal Year 2009-10.

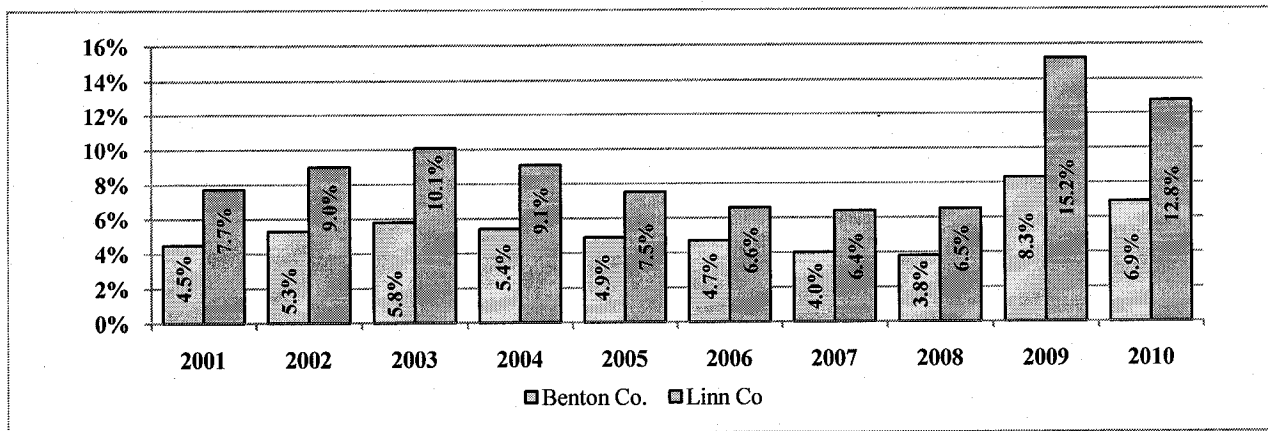
Source: City of Albany 2001-2010 Comprehensive Annual Financial Reports

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		Per Capita Personal Income(2)	Albany School Enrollment(3)	Unemployment Rate (4)	
		Population(1)	Personal Income(2)			Linn Co.	Benton Co.
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	2,942,457,120	26,916	9,100	6.5%	3.8%
2009	48,770	110,815	3,243,887,495	29,273	9,197	15.2%	8.3%
2010	49,165	110,185	n/a	n/a	9,213	12.8%	6.9%

Over the last ten years, the City's population has increased by 19.49 percent (8,020). From 2000 to 2008 per capita personal income has risen by 29.54 percent (\$6,675) in the Albany-Lebanon micropolitan statistical area. Albany's city boundaries span two counties: Linn County (population 42,102) and Benton County (population 7,063). For Fiscal Year 2008-09, per capita personal income was \$29,273 for Linn County, \$37,755 for Benton County, and \$35,143 for the state as a whole. Of Oregon's 36 counties, Linn County ranked 33rd and Benton County ranked 6th in per capita personal income. For the ten year period, enrollment in the Greater Albany Public School District increased by 14.09 percent (1,138 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 (2008 is the most current data available)
- (3) Greater Albany Public School District 8J
- (4) State of Oregon, Employment Department

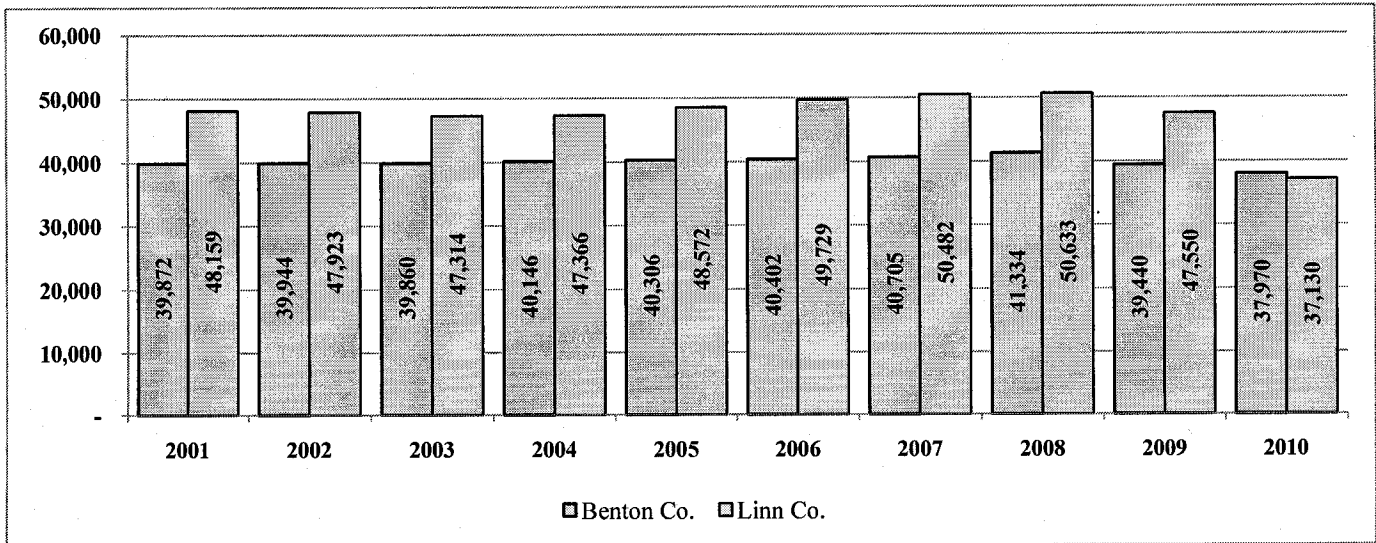
Be more concerned with your character than with your reputation. Your character is what you really are
while your reputation is merely what others think you are.

John Wooden

Schedule 15
CITY OF ALBANY, OREGON
ALBANY AREA PRINCIPAL EMPLOYERS
for the Fiscal Years ended June 30, 2001, and June 30, 2010

Employer	June 30, 2010			June 30, 2001		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Oregon State University	9,942	1	11.52%	7,564	1	8.59%
Samaritan Health Services (Albany General Hospital - 1998)	4,348	2	5.04%	793	7	0.90%
Hewlett Packard	2,000	3	2.32%	5,100	2	5.79%
ATI Wah Chang (Teledyne Wah Chang - 1997)	1,296	4	1.50%	1,600	3	1.82%
Greater Albany Public School District 8J	1,136	5	1.32%	956	6	1.09%
Linn Benton Community College	943	6	1.09%	1,142	4	1.30%
Linn County	731	7	0.85%	692	8	0.79%
Dayton-Hudson Corporation (Target)	560	8	0.65%	430	9	0.49%
Express Personnel	475	9	0.55%	-		0.00%
City of Albany	425	10	0.49%	330	10	0.37%
International Paper (Willamette Industries - 1997)	-	-		990	5	1.12%
Totals	21,856		25.33%	19,597		22.26%
Total employment in Linn and Benton Counties	86,283			88,031		

Employment, Benton and Linn Counties
last ten fiscal years



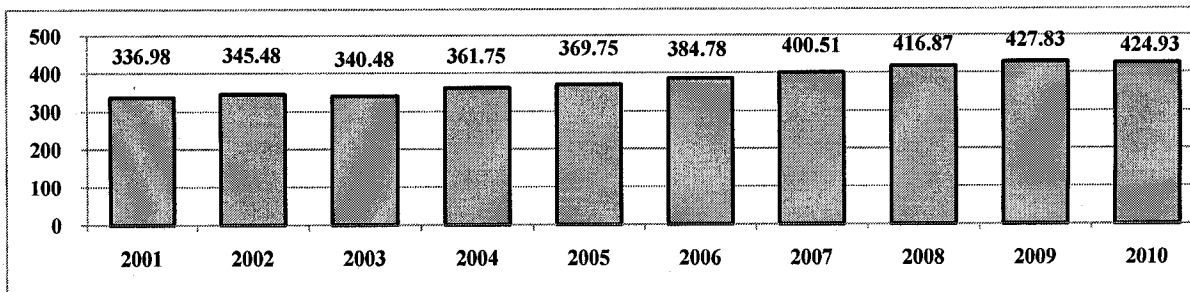
The percentage of top ten employers to total jobs for Linn and Benton Counties has been quite stable over the ten year period. The figures range from a low of 21.05 percent in 2006 to a high of 25.33 percent in 2010. Total employment in Benton and Linn Counties has decreased by -14.69 percent (12,931 jobs) over the last ten years. For the ten year period, the low point was 75,100 jobs in June, 2010, 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 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	2001	2002	2003	2004	2005
GOVERNMENTAL ACTIVITIES					
General Government					
Building Maintenance	3.25	3.35	2.85	2.85	2.00
Economic Development	-	-	-	-	-
Public Transit	5.70	6.20	5.95	5.75	5.75
Planning	7.50	7.50	7.50	7.50	7.50
Building Inspection	8.75	8.25	9.25	9.25	9.25
Electrical Permit Program	0.75	1.25	1.25	1.25	1.25
Total General Government	<u>25.95</u>	<u>26.55</u>	<u>26.80</u>	<u>26.60</u>	<u>25.75</u>
Public Safety					
Fire	62.00	65.00	65.00	73.00	76.00
Police	77.25	77.25	72.00	86.25	86.25
Municipal Court	4.03	4.03	4.03	4.05	4.05
Total Public Safety	<u>143.28</u>	<u>146.28</u>	<u>141.03</u>	<u>163.30</u>	<u>166.30</u>
Highways and Streets					
Street Fund	12.30	12.30	12.30	11.50	10.65
Airport	-	-	-	-	-
Total Highways and Streets	<u>12.30</u>	<u>12.30</u>	<u>12.30</u>	<u>11.50</u>	<u>10.65</u>
Culture and Recreation					
Parks & Recreation	25.21	25.21	25.21	25.21	26.36
Library	19.59	19.59	19.59	19.59	20.04
Total Culture and Recreation	<u>44.80</u>	<u>44.80</u>	<u>44.80</u>	<u>44.80</u>	<u>46.40</u>
Total Governmental Activities	<u>226.33</u>	<u>229.93</u>	<u>224.93</u>	<u>246.20</u>	<u>249.10</u>
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Water	37.00	38.00	37.50	37.50	27.04
Sewer	35.50	37.50	38.00	38.00	26.31
Total Enterprise	<u>72.50</u>	<u>75.50</u>	<u>75.50</u>	<u>75.50</u>	<u>53.35</u>
Internal Service					
Central Services	32.40	32.40	32.40	32.40	35.30
Public Works Services	-	-	-	-	26.00
Equipment Maintenance	5.75	7.65	7.65	7.65	6.00
Total Internal Service	<u>38.15</u>	<u>40.05</u>	<u>40.05</u>	<u>40.05</u>	<u>67.30</u>
Total Business-type Activities	<u>110.65</u>	<u>115.55</u>	<u>115.55</u>	<u>115.55</u>	<u>120.65</u>
Grand Total - All Full-time Equivalents	<u>336.98</u>	<u>345.48</u>	<u>340.48</u>	<u>361.75</u>	<u>369.75</u>

Total Full-time Equivalents
last ten fiscal years



Source: City of Albany Human Relations Department

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

2006	2007	2008	2009	2010	
					GOVERNMENTAL ACTIVITIES
					General Government
-	-	-	-	-	Building Maintenance
1.00	3.77	3.00	1.00	1.00	Economic Development
5.75	9.34	10.18	11.68	10.68	Public Transit
8.50	8.50	9.00	9.50	9.50	Planning
12.00	12.00	14.50	14.00	14.00	Building Inspection
1.50	1.50	1.50	1.50	1.50	Electrical Permit Program
<u>28.75</u>	<u>35.10</u>	<u>38.18</u>	<u>37.68</u>	<u>36.68</u>	Total General Government
					Public Safety
76.00	75.00	78.00	80.00	79.60	Fire
87.00	92.00	93.25	94.25	94.25	Police
4.05	4.05	5.13	5.38	5.38	Municipal Court
<u>167.05</u>	<u>171.05</u>	<u>176.38</u>	<u>179.63</u>	<u>179.23</u>	Total Public Safety
					Highways and Streets
8.00	10.20	8.00	8.00	8.00	Street Fund
-	-	-	-	0.50	Airport
<u>8.00</u>	<u>10.20</u>	<u>8.00</u>	<u>8.00</u>	<u>8.50</u>	
					Culture and Recreation
29.94	30.98	31.98	35.95	35.95	Parks & Recreation
20.04	20.04	20.23	21.98	21.98	Library
<u>49.98</u>	<u>51.01</u>	<u>52.21</u>	<u>57.93</u>	<u>57.93</u>	Total Culture and Recreation
<u>253.78</u>	<u>267.36</u>	<u>274.77</u>	<u>283.23</u>	<u>282.33</u>	Total Governmental Activities
					BUSINESS-TYPE ACTIVITIES
					Enterprise
20.50	28.21	22.50	23.50	22.50	Water
21.50	29.59	21.50	21.50	21.50	Sewer
<u>42.00</u>	<u>57.80</u>	<u>44.00</u>	<u>45.00</u>	<u>44.00</u>	Total Enterprise
					Internal Service
37.00	40.60	44.10	43.60	43.60	Administrative Services
52.00	34.75	54.00	56.00	55.00	Public Works Services
-	-	-	-	-	Equipment Maintenance
<u>89.00</u>	<u>75.35</u>	<u>98.10</u>	<u>99.60</u>	<u>98.60</u>	Total Internal Service
<u>131.00</u>	<u>133.15</u>	<u>142.10</u>	<u>144.60</u>	<u>142.60</u>	Total Business-type Activities
<u>384.78</u>	<u>400.51</u>	<u>416.87</u>	<u>427.83</u>	<u>424.93</u>	Grand Total - All Full-time Equivalents

Fiscal Year	Total FTE	Annual Percentage Change	Total Percentage Change from 1999
2001	336.98	-	-
2002	345.48	2.52%	2.52%
2003	340.48	-1.45%	1.04%
2004	361.75	6.25%	7.35%
2005	369.75	2.21%	9.72%
2006	384.78	4.06%	14.18%
2007	400.51	4.09%	18.85%
2008	416.87	4.08%	23.71%
2009	427.83	2.63%	26.96%
2010	424.93	-0.68%	26.10%

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

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

Function	2001	2002	2003	2004	2005
GOVERNMENTAL ACTIVITIES					
General Government					
Planning and Community Development					
Number of planning applications	130	120	168	158	167
Total permits issued	2,523	2,800	3,695	4,329	4,736
New construction permits issued	615	700	692	714	617
Single family permits issued	235	200	427	404	558
Electrical permits issued	1,300	1,100	1,340	1,337	1,558
Building Maintenance					
Square footage of buildings maintained	117,848	117,848	117,848	143,000	167,020
Work orders completed	1,150	570	1,425	1,540	1,649
Public Transit					
Total number of riders	67,181	65,000	72,008	74,035	69,973
Total annual route miles	73,080	76,850	73,370	73,660	72,879
Public Safety					
Municipal Court					
Number of warrants issued	3,237	2,561	2,811	2,566	2,265
Case numbers issued	4,841	5,193	4,383	4,350	4,866
Police					
Total arrests	2,267	2,123	3,540	3,785	3,763
Traffic citations issued	6,539	4,557	5,066	3,755	3,536
Animal and abandoned vehicle calls	1,524	1,654	1,858	2,349	3,365
Fire					
Overlapping calls for fire and EMS services	1,430	1,525	1,454	1,748	1,818
Total calls for emergency fire and EMS services	4,925	5,145	4,895	5,343	5,594
Full response structure fires	99	98	101	258	82
Highways and Streets					
Street Fund					
Miles of streets slurry-sealed annually	4	8	8	8	6
Customer service work order/complaint responses	589	600	562	735	735
Miles of painted paving marking	36	36	48	48	48
Culture and Recreation					
Parks & Recreation					
Number of participants in classes, Senior Center activities, sports programs, and aquatic programs	105,816	107,130	106,942	89,223	95,000
Annual performance series and Northwest Art and Air Festival attendance	n/a	n/a	n/a	72,011	103,300
Library					
Total number of library items borrowed	483,148	509,928	533,067	568,459	584,862
Total number of reference questions	57,653	68,976	15,773	17,601	27,863
BUSINESS-TYPE ACTIVITIES					
Sewer					
Dry tons of biosolids applied annually	758	750	723	665	648
Millions of gallons of wastewater treated annually	2,102	3,500	2,977	2,835	2,352
Sewer line locate requests	4,058	4,500	4,050	4,279	4,298
Water					
Millions of gallons of water treated annually	3,115	3,200	3,105	3,146	2,644
Miles of water pipe maintained annually	190	225	225	234	234
Number of fire hydrants maintained in the water system	n/a	1,330	1,330	1,550	1,550

Source: City of Albany annual budget

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

2006	2007	2008	2009	2010	
					GOVERNMENTAL ACTIVITIES
					General Government
					Planning and Community Development
					Number of planning applications
161	150	181	96	108	Total permits issued
4,574	4,200	3,285	2,535	2,245	New construction permits issued
476	430	33	177	192	Single family permits issued
417	400	186	97	156	Electrical permits issued
1,423	1,600	1,158	990	878	
					Building Maintenance
167,020	217,020	220,000	220,000	206,780	Square footage of buildings maintained
1,680	1,804	1,417	2,002	2,228	Work orders completed
					Public Transit
72,936	75,000	177,305	205,220	218,511	Total number of riders
80,153	80,400	264,591	241,359	252,097	Total annual route miles
					Public Safety
					Municipal Court
1,892	2,500	1,487	1,584	1,347	Number of warrants issued
6,202	4,900	8,174	8,834	6,202	Case numbers issued
					Police
4,374	3,800	4,406	4,227	3,548	Total arrests
5,862	7,500	11,303	6,097	5,851	Traffic citations issued
3,160	3,300	2,304	2,401	2,484	Animal and abandoned vehicle calls
					Fire
1,962	1,980	2,048	1,930	1,679	Overlapping calls for fire and EMS services
5,995	6,200	6,407	6,410	6,049	Total calls for emergency fire and EMS services
71	88	60	85	67	Full response structure fires
					Highways and Streets
					Street Fund
5	8	6	6	-	Miles of streets slurry-sealed annually
540	600	540	720	554	Customer service work order/complaint responses
48	48	46	46	52	Miles of painted paving marking
					Culture and Recreation
					Parks & Recreation
106,500	108,900	111,700	112,150	172,630	Number of participants in classes, Senior Center activities, sports programs, and aquatic programs
85,000	102,000	103,091	102,011	99,100	Annual performance series and Northwest Art and Air Festival attendance
					Library
578,595	600,000	609,273	696,327	773,960	Total number of library items borrowed
36,541	35,000	31,080	38,860	44,297	Total number of reference questions
					BUSINESS-TYPE ACTIVITIES
					Sewer
681	650	637	599	121	Dry tons of biosolids applied annually
3,010	2,830	3,156	2,708	2,697	Millions of gallons of wastewater treated annually
4,000	4,400	3,471	2,979	2,836	Sewer line locate requests
					Water
1,645	1,650	3,068	2,911	2,847	Millions of gallons of water treated annually
245	255	270	271	281	Miles of water pipe maintained annually
1,670	1,670	1,891	1,953	1,992	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	2001	2002	2003	2004	2005
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	140	148	150	152	157
Miles of unimproved streets	67	23	20	20	20
Miles of gravel streets	12	6	7	8	8
Culture and Recreation					
Parks & Recreation					
Number of developed park sites	26	26	29	29	29
Acres of developed park land	250	250	621	621	621
Library					
Number of libraries	2	2	2	2	2
Number of volumes	140,410	144,917	141,221	150,210	152,200
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Sewer					
Miles of sanitary sewer lines	177	196	199	200	210
Miles of storm sewer lines (12 inches or larger)	85	85	85	85	92
Number of sewer hookups	13,901	13,129	18,827	15,549	15,494
Water					
Miles of water lines	230	238	246	263	267
Number of water hookups	11,984	14,072	15,493	15,549	15,953
Number of water treatment plants	1	1	1	1	1

Source: City of Albany departmental records

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

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	
					GOVERNMENTAL ACTIVITIES
					Public Safety
1	1	1	1	1	Police Stations
4	4	4	4	4	Fire Stations
					Highways and Streets
157	158	160	160	163	Miles of improved streets
28	28	28	28	28	Miles of unimproved streets
8	8	8	8	8	Miles of gravel streets
					Culture and Recreation
					Parks & Recreation
30	33	31	33	33	Number of developed park sites
603	612	772	735	424	Acres of developed park land
					Library
2	2	2	2	2	Number of libraries
154,611	160,562	169,217	184,573	213,059	Number of volumes
					BUSINESS-TYPE ACTIVITIES
					Enterprise
					Sewer
212	217	219	222	227	Miles of sanitary sewer lines
97	100	105	117	120	Miles of storm sewer lines (12 inches or larger)
15,372	15,870	15,900	17,330	15,848	Number of sewer hookups
					Water
267	271	274	279	286	Miles of water lines
16,161	16,467	16,662	16,662	17,114	Number of water hookups
2	2	2	2	2	Number of water treatment plants

Disbelief in magic can force a poor soul into believing in government and business.
Tom Robbins

COMPLIANCE SECTION



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

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

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

We have audited the basic financial statements of the **CITY OF ALBANY** as of and for the year ended June 30, 2010, and have issued our report thereon dated December 10, 2010. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-240 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

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

Internal Control OAR 162-10-0230

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

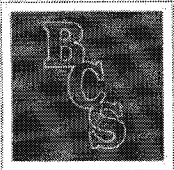
This report is intended solely for the information and use of the City Council members and management of the **CITY OF ALBANY** and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Boldt, Carlisle & Smith, LLC

Certified Public Accountants

Salem, Oregon

December 10, 2010



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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 10, 2010. 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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)**

Compliance and Other Matters

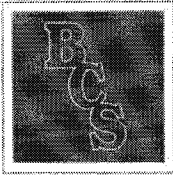
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

We noted certain matters that we reported to management of the City of Albany in a separate letter dated December 10, 2010.

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 10, 2010



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 City's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended June 30, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

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

Management of the **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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, City Council, others within the entity, 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 10, 2010

CITY OF ALBANY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

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
20.205	Highway Planning and Construction
20.509	Formula Grants for Other Than Urbanized Areas
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, 2010

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>Department of Housing and Urban Development</i>			
Community Development Block Grants / State's program and Non-Entitlement Grants in Hawaii	14.228		\$ 216,385
<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	08-09 09-10	7,591 2,000
Total Department of the Interior			9,591
<i>Department of Justice</i>			
Bureau of Justice Assistance			
Bulletproof Vest Partnership Program	16.607		10,529
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG)	16.804		120,600
Total Department of Justice			131,129
<i>Department of Transportation</i>			
Federal Aviation Administration			
Airport Improvement Program	20.106		156,409
Federal Highway Administration			
Highway Planning and Construction - ARRA	20.205		841,516
Passed through Oregon Department of Transportation Highway Planning and Construction - ARRA			44,766
Federal Transit Administration			
Passed through Oregon Department of Transportation Formula Grants for Other Than Urbanized Areas	20.509	25803 25825	236,070 175,105
Formula Grants for Other Than Urbanized Areas - ARRA		25615 25602 25708	702,008 576,420 4,885
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	26079	100,465
National Highway Traffic Safety Administration			
Passed through Oregon Department of Transportation State and Community Highway Safety	20.600		3,758
Passed through Oregon Association of Chiefs of Police State and Community Highway Safety	20.601		11,136
Occupant Protection	20.602		2,374
Total Department of Transportation			2,854,912

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

<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>Environmental Protection Agency</i>			
Passed through the Oregon Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds	66.458	R10511 R06105	\$ 698,864 <u>3,674,836</u>
Total Environmental Protection Agency			<u>4,373,700</u>
<i>Department of Energy</i>			
Energy Efficiency and Conservation Block Grant Program - ARRA	81.128		<u>46,231</u>
<i>Department of Homeland Security</i>			
Passed through Oregon Military Department Pre-Disaster Mitigation	97.047		367,865
State Homeland Security Program	97.073	08-201 08-202 09-201	11,859 3,601 <u>26,028</u>
Total Department of Homeland Security			<u>409,353</u>
Total Expenditures of Federal Awards			<u>\$ 8,041,301</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.

Many forms of Government have been tried, and will be tried in this world of sin and woe. No one pretends that democracy is perfect or all-wise. Indeed, it has been said that democracy is the worst form of Government except all those others that have been tried from time to time.

Winston Churchill