

CITY OF ALBANY, OREGON

2010

2011



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR YEAR ENDED JUNE 30, 2011

WWW.CITYOFALBANY.NET/FINANCE



Art is a reality, not a definition; inasmuch as it approaches a reality, it approaches perfection, and inasmuch as it approaches a mere definition, it is imperfect and untrue.

Benjamin Haydon

City of Albany, Oregon

**Comprehensive Annual Financial Report
for the Fiscal Year Ended
June 30, 2011**

*** * * * ***

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

Prepared by:

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

Don't take life too seriously. You'll never get out alive.

Bugs Bunny

City of Albany, Oregon

Table of Contents

Page

INTRODUCTORY SECTION

List of Officers, Council Members, and Administrative Staff.....	i
Organization Chart.....	ii
Letter of Transmittal.....	iii
Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2010.....	ix

FINANCIAL SECTION

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

Basic Financial Statements

Government-wide Financial Statements

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

Fund Financial Statements

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

Major Governmental Funds:

Statements of Revenues and Expenditures, Budget and Actual

General.....	22
Parks and Recreation.....	24
Risk Management.....	26
Street.....	27

Proprietary Funds:

Statement of Net Assets.....	28
Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	29
Statement of Cash Flows.....	30

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

Supplementary Data

Governmental Funds

Combining Statements - Nonmajor Governmental Funds

Combining Balance Sheet.....	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	69

Special Revenue Funds

Combining Balance Sheet.....	72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	74

City of Albany, Oregon
Table of Contents, continued

	<u>Page</u>
Budgetary Comparisons	
Schedule of Revenues and Expenditures - Budget and Actual	
Grants.....	76
Building Inspection.....	77
Economic Development.....	78
Ambulance.....	79
Public Transit.....	80
Public Safety Levy.....	81
Albany Revitalization Agency.....	82
Debt Service Fund	
Schedule of Revenues and Expenditures - Budget and Actual	
Debt Service.....	84
Capital Projects Fund	
Schedule of Revenues and Expenditures - Budget and Actual	
Capital Projects.....	86
Capital Replacement.....	87
Permanent Funds	
Combining Balance Sheet.....	90
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	91
Budgetary Comparison	
Schedules of Revenues and Expenditures - Budget and Actual	
Senior Center Endowment.....	92
Library Trust.....	93
Proprietary Funds	
Enterprise Funds	
Schedules of Revenues and Expenditures - Budget and Actual	
Water.....	96
Sewer.....	98
Internal Service Funds	
Combining Statement of Net Assets.....	102
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	103
Combining Statement of Cash Flows.....	104
Schedules of Revenues and Expenditures - Budget and Actual	
Central Services.....	105
Public Works Services.....	106

City of Albany, Oregon
Table of Contents, continued

Page

Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes in Fund Net Assets of Internal Service Funds.....	107
--	-----

Capital Assets Used in the Operation of Governmental Funds

Schedule of Governmental Capital Assets - By Source.....	110
Schedule of Changes in Governmental Capital Assets.....	111
Schedule of Governmental Capital Assets - By Function and Activity.....	112
Schedule of Changes in Governmental Capital Assets - By Function and Activity.....	113

Other Financial Schedules

Schedule of Debt Principal Transactions.....	116
Schedule of Debt Interest Transactions.....	117
Schedule of Future Debt Principal and Interest Requirements - Governmental Activities.....	118
Schedule of Future Debt Principal and Interest Requirements - Business-type Activities.....	120
Schedule of Property Tax Transactions and Outstanding Balances.....	122

STATISTICAL SECTION

Net Assets by Component.....	124
Change in Net Assets.....	126
Fund Balances of Governmental Funds.....	130
Change in Fund Balances of Governmental Funds.....	132
Assessed Values and Estimated Market Value of Taxable Property.....	134
Direct Tax Rates.....	136
Principal Property Taxpayers.....	138
Property Tax Levies and Collections.....	139
Schedule of Debt Per Capita and Debt as a Percentage of Personal Income.....	140
Ratio of General Bonded Debt to Assessed Value.....	142
Computation of Direct and Overlapping Debt.....	144
Computation of Legal Debt Margin.....	146
Pledged Revenue Coverage.....	148
Demographic and Economic Statistics.....	150
Albany Area Principal Employers.....	151
Employee Full-Time Equivalents by Function.....	152
Operating Indicators by Function.....	154
Capital Asset Statistics by Function.....	156

COMPLIANCE SECTION

Independent Auditor's Report Required by the Minimum Standards for Audits of Oregon Municipal Corporations.....	160
--	-----

City of Albany, Oregon
Table of Contents, continued

	<u>Page</u>
Government Auditing Standards Reports	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with Government Auditing Standards.....	162
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.....	164
Schedule of Findings and Questioned Costs.....	166
Schedule of Expenditures of Federal Awards.....	167

Introductory Section

List of Officers, Council Members, and Administrative Staff.....	i
Organization Chart	ii
Letter of Transmittal	iii
Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year Ended June 30, 2010.....	ix

This nation was founded by many men of many nations and backgrounds. It was founded on the principle that all men are created equal, and that the rights of every man are diminished when the rights of one man are threatened.

John F. Kennedy

City of Albany, Oregon

333 Broadalbin Street SW

Albany, Oregon 97321

www.cityofalbany.net

Officers, Council Members, and Administrative Staff
as of June 30, 2011

Council Members

Ward	Council	Years of Service	Term Expires
	Sharon Konopa, Mayor	15	December 31, 2012
I	Dick Olsen	13	December 31, 2014
I	Floyd Collins	4	December 31, 2012
II	Bill Coburn	3	December 31, 2012
II	Vacant	-	December 31, 2014
III	Bessie Johnson	9	December 31, 2014
III	Jeff Christman	7	December 31, 2012

Administrative Staff

		Years in this Position	Years of Service with the City of Albany
City Manager	Wes Hare	6	6
Finance Director	Stewart Taylor	4	4
Public Works Director	Diane Taniguchi-Dennis	8	12
Community Development Director	Greg Byrne	3	3
Parks Director	Ed Hodney	8	8
Library Director	Ed Gallagher	8	13
Police Chief	Ed Boyd	6	6
Fire Chief	John Bradner	3	22
Information Technology Director	Jorge Salinas	6	6
Human Resources Director	David Shaw	7	7

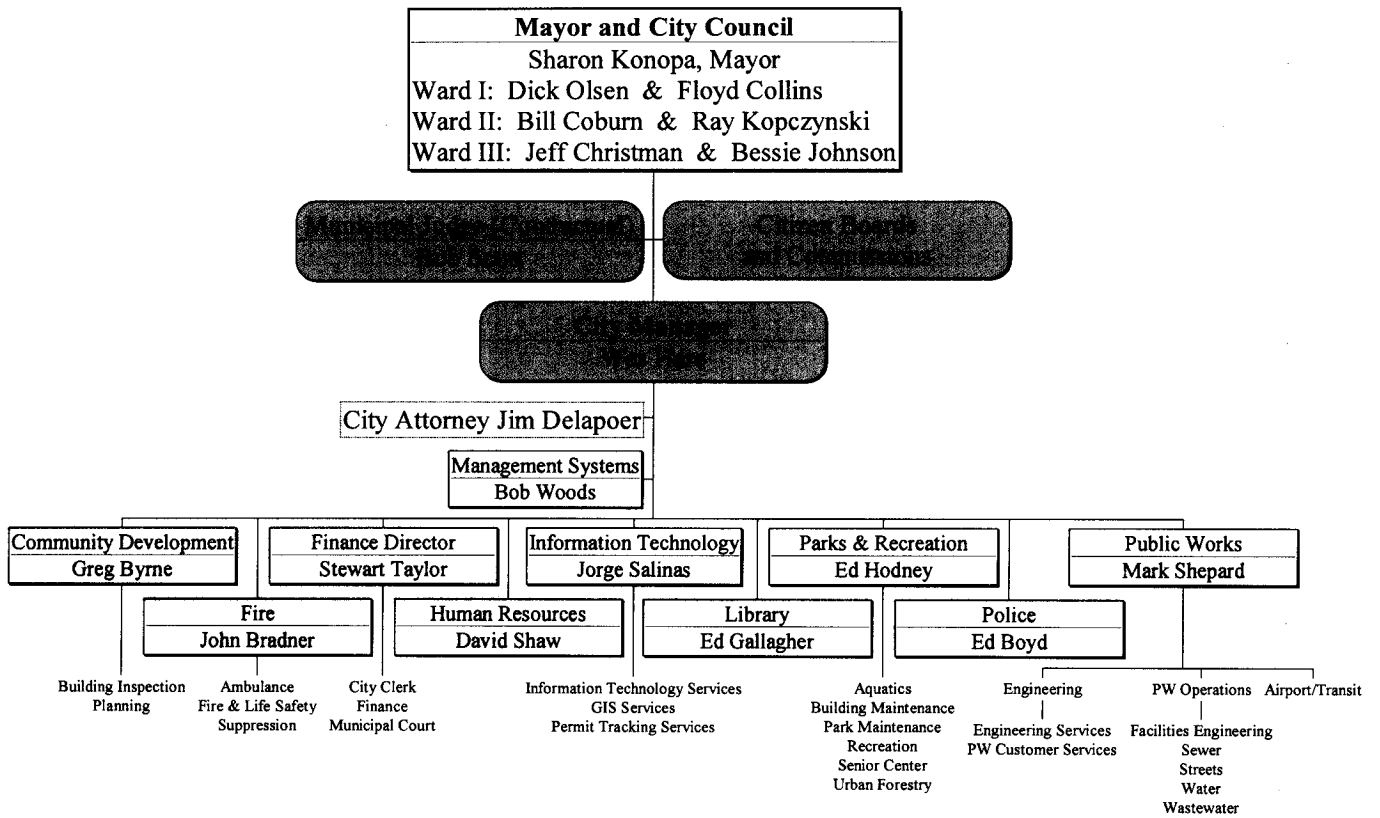
Principal Finance Staff

Finance Director
Stewart Taylor

Senior Accountant
Michael Murzynsky

Senior Accountant
Anne Baker

Citizens of the City of Albany



Elected



Recommended by City Manager and ratified by Council

Appointed by City Manager



December 21, 2011

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

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

541-917-7500

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

FINANCE
Finance/Recorder
 541-917-7500
 FAX 541-917-7511

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

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

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

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

HUMAN RESOURCES
 541-917-7500
 FAX 541-704-2324

INFORMATION TECHNOLOGY
 221 Third Avenue SW
 541-917-7500
 FAX 541-791-0075

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

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

Call-A-Ride
 541-917-7770
 FAX 541-812-2571
 TDD 541-917-7762

Transit
 541-917-7667
 FAX 541-812-2571

The Comprehensive Annual Financial Report of the City of Albany, Oregon (City) for the fiscal year ended June 30, 2011, 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 staff. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

This report includes all funds of the City including the Albany Revitalization Agency (ARA), an urban renewal agency. Financial data for ARA is included in these statements as a blended component unit.

The City provides a full range of services which include police and fire protection; sewer services; water services; construction and maintenance of highways, streets, and infrastructure; recreational activities; and cultural events.

ABOUT ALBANY, OREGON

Albany is located in the heart of the Willamette Valley 40 miles north of Eugene, the state's second largest city, and 24 miles south of Salem, the state capital. With a 2011 population of 50,518, Albany is the state's 11th largest city. The City's boundaries span Linn and Benton Counties with a population of 42,900 in Linn County and 7,258 in Benton County. It is the county seat and largest city in Linn County and the second largest city in Benton County.

Population: City of Albany, Linn, and Benton Counties

Year	City of Albany	Linn County	Benton County
1970 Census	18,181	71,914	53,776
1980 Census	26,678	89,495	68,211
1990 Census	29,540	91,227	70,811
2000 Census	40,010	103,069	78,153
2010 Census	50,518	111,355	87,000

The City was founded in 1848, incorporated in 1864, and adopted its first charter in 1891. A directly elected nonpartisan Mayor with a two-year term leads a six-member City Council elected to four-year overlapping terms. A full-time City Manager administers the affairs of the City for the Council, and supervises a staff of nine department directors 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 (estimated 1,100 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 an estimated 1,500 jobs in the area. However, due to economic conditions, International Paper has closed down their pulp mill and this led 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, 2011, the unemployment rates for Linn County and Benton County were 12 percent and 6.6 percent, respectively. These rates were 12.8 percent and 6.9 percent for June 30, 2010. Linn County's jobless rate ranked 31st of Oregon's 36 counties. Benton County's jobless rate of 6.6 percent 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 decreased by -4.56 percent from \$4.251 billion to \$4.058 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 2011 to strengthen the links between strategic goals and operating objectives. Greater emphasis was also given to specific actions designed to support each of the four goals. All of the goals now have specific actions that clearly demonstrate the City's progress in completing the objectives and goals.

City Manager and Management Systems

A priority identified in the statement of City values is "Transparent, Open and Honest Government." During the 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.

For example, the Property Tax Calculator invites property owners to enter their personal property address and run a calculator that displays their property tax bill, how their bill is allocated to the various overlapping taxing 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. The City was also recognized with the League of Oregon Cities Good Governance Award, and as one of the ten Great Public Sector Websites in the nation by Government Computer News.

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. To date, 28,977 people "like" the City on Facebook and 302 follow the City on Twitter.

Parks & Recreation

The City purchased property for the East Thornton Lake Natural Area in North Albany. The 27-acre acquisition preserves open space along Thornton Lake, the city's most significant natural resource. Future plans call for the restoration of wildlife habitat over most of the property and a small park for nature-based recreation, historical interpretation, and environmental education.

Teloh Calapooia Park was renovated, using a grant from Oregon State Parks and Recreation and money from the City's Parks Fund. A new playground was installed, a small wheelchair-accessible parking lot and connecting routes were built, and soft-surface walking paths were added.

Outfield fences at the Timber Linn Park softball complex were extended to meet the requirements of tournament sponsors. As a result, a number of regional and national softball tournaments have been secured in Albany over the next couple of years. The number of tournaments has increased significantly, resulting in more room nights in Albany motels generating transient room tax revenues.

Information Technology

The IT Department completed the second phase of the server virtualization project and virtualized an additional 15 servers for a total of 40 production servers now operating within our virtual infrastructure (or 72%). This initiative will save the City around \$240,000 in future hardware replacement costs for the 40 virtual servers. The IT department also virtualized 10 workstations and five of these have been assigned to the Police department to be used in the field by the Code Compliance officers.

The GIS division developed a replacement application for Cruiser which is used by the Police Department on their mobile data terminals located in their vehicles.

The IT department also upgraded multiple applications and systems including the financial, document management and utility billing systems. IT also deployed an intranet solution based on Microsoft SharePoint and supported the Utility Billing staff during the deployment of their online payment system.

Community Development

The Community Development Department greatly improved sustainability and efficiency while reducing office expenditures. Instead of printing and mailing large agenda documents, the Community Development Department created electronic distribution lists. Hardcopy mailings have been reduced by half.

The department received a \$178,000 grant from the Oregon Transportation and Growth Management Program to fund the South Albany Area Plan. Primary objectives of the plan include an analysis of infrastructure requirements and a fresh land use and zoning layout. The area contains the most significant natural resource area remaining within the UGB, the Oak Creek drainage.

The Building Division processed permits with \$44,000,000 in valuation from a wide variety of new construction and alterations. Commercial buildings accounted for 65% of the total, a valuation increase of 31% from the previous year, while 62 new single-family residences added 25%, a 58% decrease in single-family permits over the prior year.

The Building Division completed review of a new 187,000-square-foot Walmart building and began performing daily inspections. This new building is expected to be completed midway through the next fiscal year, with additional retail buildings within the development to be constructed at some point in the future.

The Planning Division streamlined the Site Plan Review process to make requirements and exemptions more clear. In addition, several minor amendments were made to the Albany Development Code. Some amendments will fix errors in the text while others will improve clarity and consistency between Code sections.

The Planning Division, working with several other departments and agencies, adopted new FEMA floodplain maps and completed a new floodplain ordinance as required by the federal government. This effort contributed to an improvement in the City's National Flood Insurance Program rating which will translate into lower insurance premiums for Albany property owners.

Finance

For the third 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. This year's forecast also included a ten-year history of revenues, expenditures and fund balance for all City funds.

The City continues 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

Employee health insurance plans were redesigned to achieve savings of approximately 8% (\$382,000) while maintaining high levels of benefit for employees and their families. The collective bargaining agreement with the Fire union was successfully negotiated and included a pay freeze during the first year. In addition, HR staffing was reduced by one position and duties were reorganized from specialists handling specific duties to generalists handling all HR issues for assigned departments.

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, 2011, 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 2010-11, the City implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. For additional information concerning the effects of implementation see the notes to the financial statements starting on page 33.

During the Fiscal Year 2010-2011, the City utilized a total of 20 funds, of which 16 are governmental fund types and four are proprietary fund types. The modified accrual basis of accounting is used for the governmental fund types (General, Special Revenue, Debt Service, Capital Project, and Permanent). The accrual basis is used for the proprietary fund types (Enterprise and Internal Service).

Risk Management

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

Cash Management

The City's investment transactions are governed by a written investment policy. This policy, like the Risk Management policy, is reviewed annually by the City Council and periodically by the Oregon Short-Term Fund Board; the policy regulates the City's investment objectives, diversification, limitations, and reporting requirements. The City contracts with 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, 2011. 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, 2010. 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.

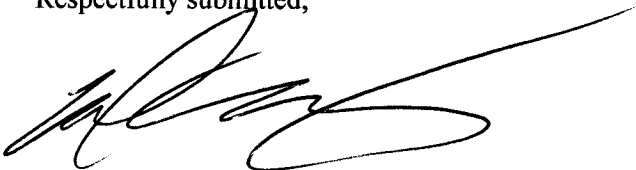
A Certificate of Achievement is valid for one year only. The City has received a Certificate of Achievement for the last 27 consecutive years (1984-2011). We believe our current report continues to conform to the Certificate of Achievement standards.

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, 2010

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

You can't just ask customers what they want and then try to give that to them. By the time you get it built, they'll want something new.

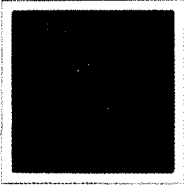
Steve Jobs

Financial Section

Report of Independent Auditors	1-2
Management's Discussion and Analysis.....	3-14
Basic Financial Statements	15-66
Supplementary Data	
Governmental Funds.....	68-93
Proprietary Funds.....	96-107
Capital Assets Used in the Operation of Governmental Funds.....	110-113
Other Financial Schedules.....	116-122

Above all, we must realize that no arsenal, or no weapon in the arsenals of the world, is so formidable as the will and moral courage of free men and women. It is a weapon our adversaries in today's world do not have.

Ronald Reagan



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, 2011, 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, 2011, 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 21, 2011, 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 13 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 introductory section, supplementary data and statistical section are 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. The introductory and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Boldt, Carlisle & Smith, LLC

Certified Public Accountants

Salem, Oregon

December 21, 2011

By:



Brad Bingenheimer, 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 analysis and overview for the fiscal year ended June 30, 2011. We encourage readers to review and consider the information here in conjunction with the additional information in our letter of transmittal (page iii) and in the Statistical Section (page 124).

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$302,584,425 (net assets). Of this amount, \$39,953,896 (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 \$38,083,355, a decrease of (\$2,097,941) in comparison with the previous year. The General Fund ending fund balance decreased by (\$60,368) (-2.27 percent) to \$2,715,154. In the General Fund, the ratio of ending fund balance to total expenditures less capital is 10.15 percent.

The Parks and Recreation ending fund balance increased by \$138,025 (5.52 percent). The increase in fund balance was due to savings in expenditures and increase in fees; the department continues to monitor all expenditures so the cost savings continue and this led 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.

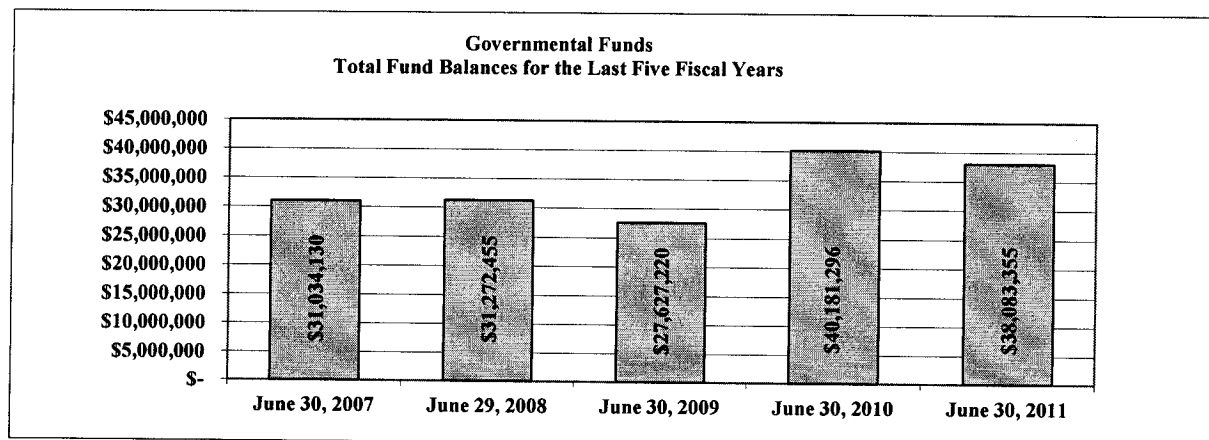
The Risk Management fund is the fund where the settlement proceeds from the SVC Manufacturing (a wholly owned subsidiary of Pepsi) litigation are stored. The proceeds will be transferred and committed to other City activities as directed by the City Council. As of June 30, 2011, the ending fund balance decreased from \$19,187,810 to \$16,182,645 or (-15.66 percent).

The Street Fund ending fund balance increased by \$1,642,322 (19.72 percent), as compared to the \$36,134 decrease from the 2009-10 fiscal year. The Street Fund ending fund balance of \$9,969,701 includes \$7,654,235 in the Transportation Systems Development Charges (SDC) Projects program. Also, an increase of \$579,000 in Transportation SDC revenues helped to increase the overall Street Fund ending fund balance. It is anticipated that the Street Fund ending fund balance will decrease over the next several years as the SDC monies are used for capital projects.

The City's Capital Projects Fund ending fund balance decreased by (\$1,215,327) (-34.27 percent), to (\$2,748,479). Significant capital outlays included the final phase of the Albany REA Building project, and completion of the Local Improvement District road project at the new Timber Ridge School.

In the non-major funds there are a few items worth noting. The Building Fund has stopped the decrease in the ending fund balance and it grew by \$31,465 (15.64 percent). The increase can be attributed to the increase in Building fees and slow but continuous home building in the area.

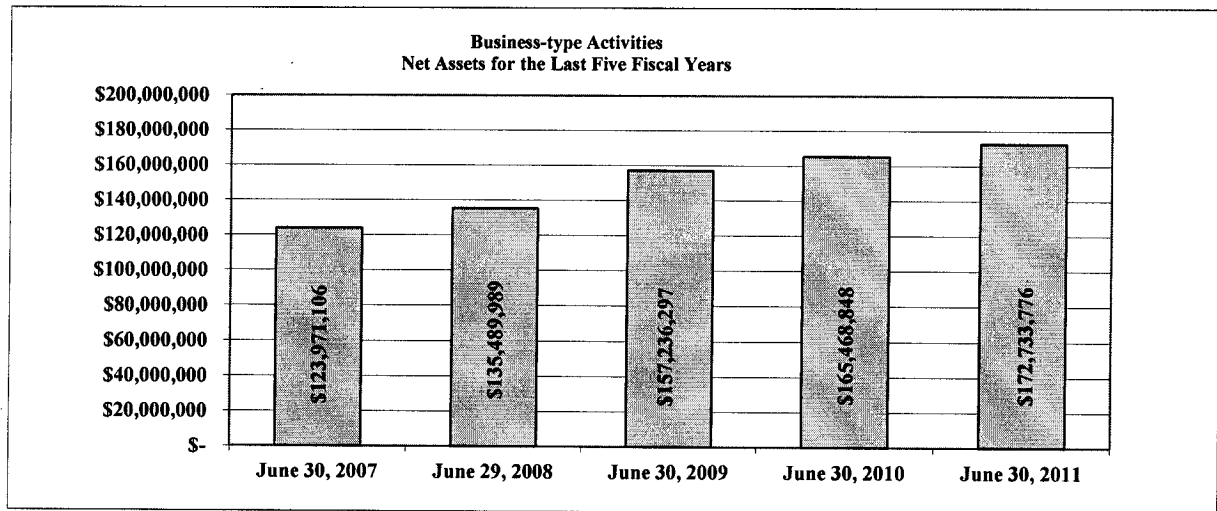
The Public Transit Fund ending fund balance fell from \$149,353 to \$58,180 (61.05 percent). The biggest factor in the decline was not receiving the annual Business Energy Tax Credit Grant of \$131,500. Subsequently, transit management was able to collect these revenues, but not in time for the 2010-11 fiscal year.



Governmental Funds: Changes in Fund Balance

Fund	June 30, 2011	June 30, 2010	Increase (decrease)	Per cent Change
	Fund Balance	Fund Balance		
General Fund	\$ 2,715,154	\$ 2,654,786	\$ 60,368	2.27%
Parks & Recreation	2,636,562	2,498,537	138,025	5.52%
Grants	(33,913)	-	(33,913)	-
Building Inspection	232,619	201,154	31,465	15.64%
Risk Management	16,182,645	19,187,810	(3,005,165)	-15.66%
Economic Development	408,678	377,762	30,916	8.18%
Ambulance	62,146	68,383	(6,237)	-9.12%
Public Transit	58,180	149,353	(91,173)	-61.05%
Public Safety Levy	216,893	413,926	(197,033)	-47.60%
Capital Replacement	5,843,677	5,935,361	(91,684)	-1.54%
Street	9,969,701	8,327,379	1,642,322	19.72%
ARA	1,666,428	1,414,622	251,806	17.80%
Debt Service	738,624	862,690	(124,066)	-14.38%
Capital Projects	(2,748,479)	(2,046,965)	(701,514)	34.27%
Senior Center Endowment	50,218	49,806	412	0.83%
Library Trust	84,222	86,692	(2,470)	-2.85%
Totals	\$ 38,083,355	\$ 40,181,296	\$ (2,097,941)	-5.22%

Business-type net assets increased \$7,264,928 (4.39 percent) for the 2010-11 Fiscal Year. Operating income for the Water and Sewer Funds was \$10,673,968. The net asset decrease from nonoperating revenues and expenses was \$3,722,823. Capital contributions from developer site improvements and development fees were \$1,414,854. Construction of the new Wastewater Treatment Plant continued and was completed in July 2010.



Changes in Net Assets: Proprietary Funds

Fund	June 30, 2011	June 30, 2010	Increase (decrease)	Per cent Change
	Net Assets	Net Assets		
Water	\$ 70,668,103	\$ 70,507,412	\$ 160,691	0.23%
Sewer	102,369,612	95,192,560	7,177,052	7.54%
Central Services	24,334	260,037	(235,703)	-90.64%
Public Works Services	(197,868)	(177,774)	(20,094)	-11.30%
Totals	\$ 172,864,181	\$ 165,782,235	\$ 7,081,946	4.27%

For Fiscal Year 2010-11 there was limited to modest growth in net assets for the City's two enterprise funds, where net assets increased 0.23 percent in the Water Fund and 7.54 percent in the Sewer Fund.

In Central Services, the June 30, 2011 ending net asset balance of \$24,334 is 0.43 percent of total operating expenses. This percentage is considered inadequate, so charges to other departments will have to increase in future years in order to have this fund break-even. The situation in the Public Works Services Fund, where the ending net asset balance is (\$197,868) (which is -2.93 percent of total operating expenses), is similar to 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 which functions for all practical purposes as a department of the City. Financial information for this blended component unit has been included as an integral part of the primary government. ARA's complete financial statement may be obtained at the City's Administrative offices.

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

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

Nonspendable - includes items not immediately converted to cash, such as prepaid items or inventories.

Restricted - includes items that are restricted by external creditors, grantors or contributors or by legal provisions.

Committed - includes items committed by City Council formal resolutions.

Assigned - includes items assigned for specific uses, authorized by the Director of Finance.

Unassigned - this is the residual classification used for those balances not assigned to another category or for a negative balance.

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

At June 30, 2011, the City's governmental funds reported ending fund balances by category of:

Nonspendable	\$	196,105
Restricted		14,739,849
Committed		23,465,023
Unassigned		(317,622)
	\$	<u>38,083,355</u>

The City maintains 16 governmental funds. Information is presented separately on the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General, Parks and Recreation, Risk Management, Streets, and Capital Projects Funds, all of which are considered to be major governmental funds. Financial information for the remaining governmental funds (other governmental funds) is combined into a single aggregated presentation. Combining statements and budgetary comparisons for governmental and business-type funds can be found starting on page 68 of this report.

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

The basic governmental fund financial statements and respective reconciliations can be found starting on page 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 68.

Statistical Information.

The City would like to direct the reader's attention to the Statistical Section, starting on page 124, 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 \$302,584,425 at the close of the fiscal year, an increase of 3.8 percent from the previous year. At fiscal year end, June 30, 2011, the City had \$223,966,209 invested in capital assets, net of related debt, and an unrestricted net asset balance of \$39,953,896.

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 (\$38,664,320, or 13 percent) represents resources that are subject to restrictions on how they may be used. For Governmental Activities, net assets restricted for capital projects, (\$10,182,745), and for debt service, (\$8,561,865), account for nearly all of the restricted net assets.

Selected Financial Statistics:

Population	50,518
Assessed value per capita	\$ 63,285
Market value per capita	\$ 80,320
Long-term debt (bonds, notes, certificates of participation, capital leases)	\$124,674,585
Total long-term debt per capita	\$ 2,468
Total general obligation debt	\$ 4,855,000
General obligation debt per capita	\$ 96
General obligation debt per \$1,000 of assessed value	\$ 1.52
General obligation debt service for Fiscal Year 2010-11 per \$1,000 of assessed value	\$ 0.3425
Property taxes as a percentage of General Fund expenditures*	74%
Public safety expenditures as a percentage of General Fund expenditures	89%

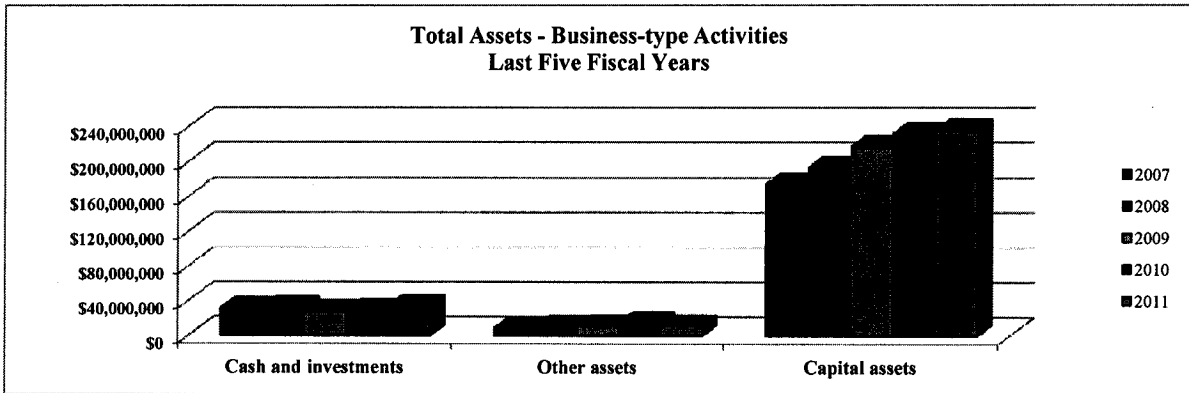
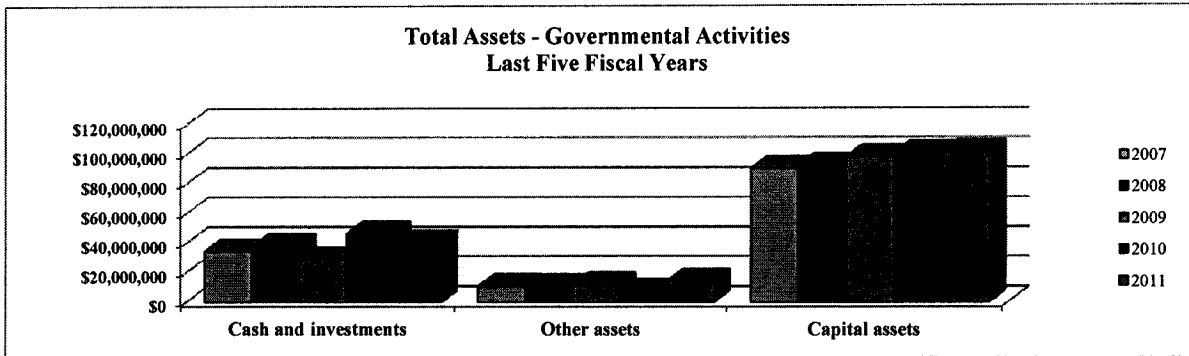
* Property taxes from the public safety levy are recorded as tax receipts in the Public Safety Levy Fund. In order to accurately reflect the significance of property taxes in the General Fund, transfers into the General Fund from the Public Safety Levy Fund have been included in total General Fund revenues 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, 2011 and 2010**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Cash and investments	\$ 40,282,941	\$ 46,713,047	\$ 34,560,923	\$ 28,846,428	\$ 74,843,864	\$ 75,559,475
Other assets	14,184,438	7,951,198	11,497,449	15,072,887	25,681,887	23,024,085
Capital assets	101,193,211	100,684,090	236,034,275	231,810,609	337,227,486	332,494,699
Total assets	155,660,590	155,348,335	282,092,647	275,729,924	437,753,237	431,078,259
Other liabilities	3,042,329	3,340,109	2,615,802	3,541,139	5,658,131	6,881,248
Long term debt outstanding	22,767,612	25,966,486	106,743,069	106,719,937	129,510,681	132,686,423
Total liabilities	25,809,941	29,306,595	109,358,871	110,261,076	135,168,812	139,567,671
Net assets:						
Invested in capital assets, net of related debt	93,826,390	90,807,172	130,139,819	127,645,184	223,966,209	218,452,356
Restricted	18,879,050	16,512,436	19,785,270	25,649,567	38,664,320	42,162,003
Unrestricted	17,145,209	18,722,132	22,808,687	12,174,097	39,953,896	30,896,229
Total net assets	\$129,850,649	\$ 126,041,740	\$172,733,776	\$165,468,848	\$302,584,425	\$291,510,588

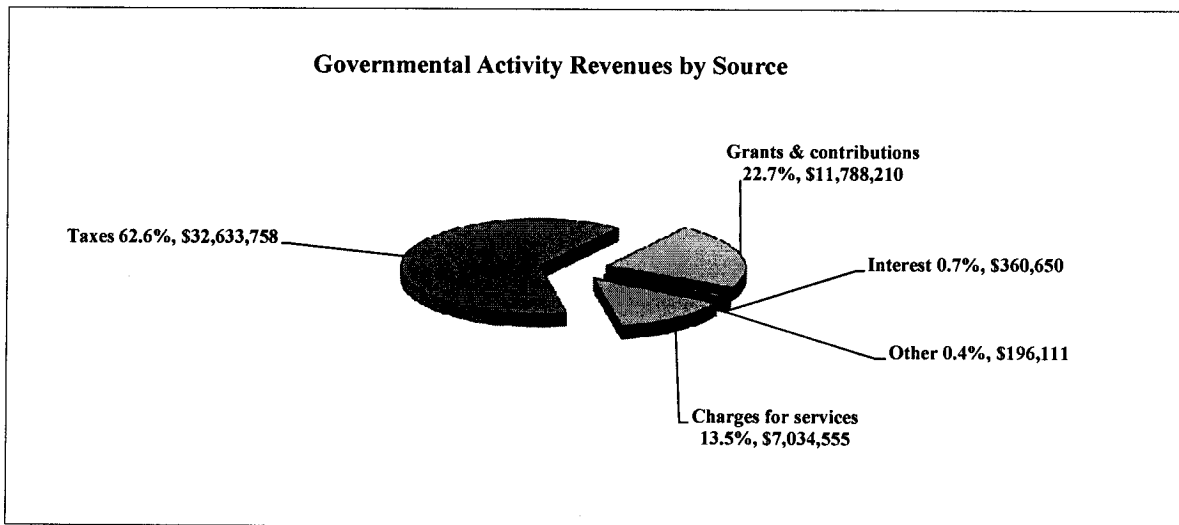
In the governmental activities, total assets increased by 0.2 percent, while in the business-type activities, capital assets increased \$4,223,666 (2.31 percent). The increase in long-term debt is primarily attributable to the Clean Water State Revolving Fund loan for the new Wastewater Treatment plant.

At the end of the fiscal year, the City had positive balances in all three categories of net assets, for the government as a whole as well as for its separate governmental and business-type activities. The City's net assets increased by \$11,073,838 (3.8 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.



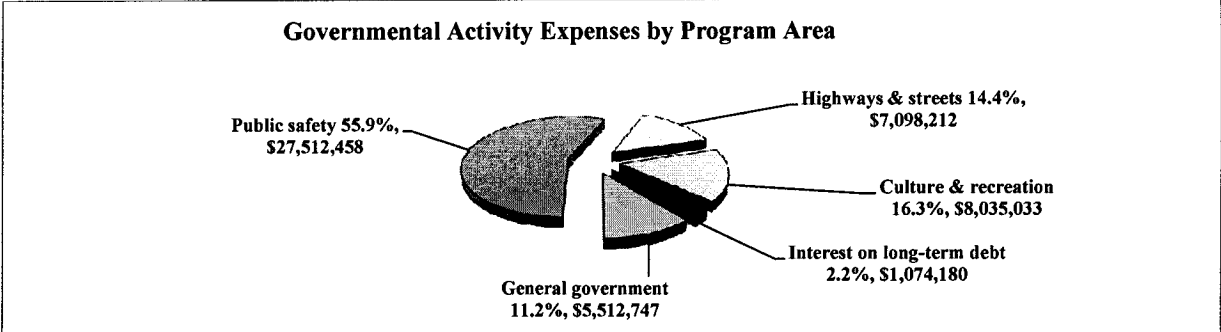
**Table 2 - Statement of Activities Summary
Governmental and Business-type Activities
for the years ended June 30, 2011 and 2010**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
REVENUES						
Program revenues						
Charges for services	\$ 7,034,555	\$ 7,056,305	\$ 23,200,366	\$ 23,028,473	\$ 30,234,921	\$ 30,084,778
Grants and contributions:						
Operating	4,354,299	5,385,159	-	-	4,354,299	5,385,159
Capital	7,433,911	4,629,070	1,414,854	2,612,802	8,848,765	7,241,872
General revenues						
Taxes	32,633,758	30,735,089	(2,852)	660,343	32,630,906	31,395,432
Interest	360,650	605,921	272,181	623,298	632,831	1,229,219
Other	196,111	18,871,956	6,858,672	3,159,835	7,054,783	22,031,791
Total revenues	52,013,284	67,283,500	31,743,221	30,084,751	83,756,505	97,368,251
EXPENSES						
Governmental activities:						
General government	5,512,747	9,227,210	-	-	5,512,747	9,227,210
Public safety	27,512,458	26,364,368	-	-	27,512,458	26,364,368
Highways and streets	7,098,212	6,927,620	-	-	7,098,212	6,927,620
Culture and recreation	8,035,033	8,372,888	-	-	8,035,033	8,372,888
Interest on long-term debt	1,074,180	1,138,531	-	-	1,074,180	1,138,531
Business-type activities:						
Water	-	-	11,239,646	11,252,016	11,239,646	11,252,016
Sewer	-	-	12,210,391	10,119,746	12,210,391	10,119,746
Total expenses	49,232,630	52,030,617	23,450,037	21,371,762	72,682,667	73,402,379
Increase (Decrease) in net assets before transfers and gain on disposal of real property	2,780,654	15,252,883	8,293,184	8,712,989	11,073,838	23,965,872
Transfers	1,028,256	480,438	(1,028,256)	(480,438)	-	-
Increase (Decrease) in net assets	3,808,910	15,733,321	7,264,928	8,232,551	11,073,838	23,965,872
Beginning net assets	126,041,739	110,308,419	165,468,848	157,236,297	291,510,587	267,544,716
Ending net assets	\$129,850,649	\$ 126,041,740	\$172,733,776	\$165,468,848	\$302,584,425	\$291,510,588

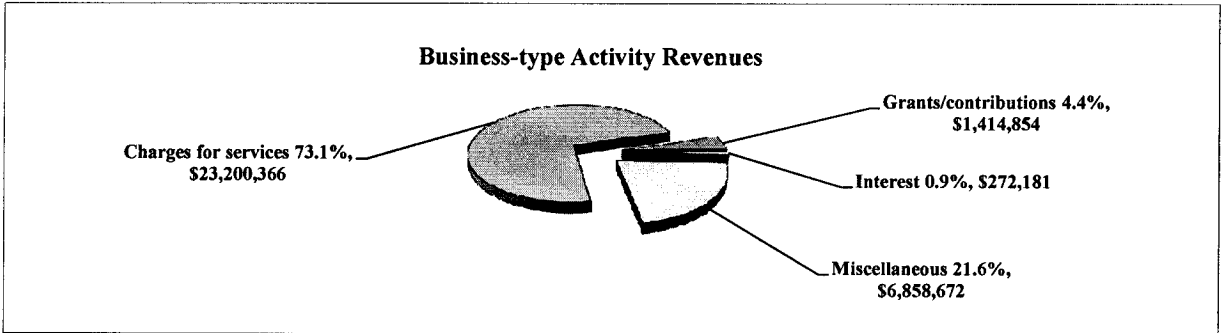


The previous chart indicates that 62.6 percent (\$32,633,758) of 2010-11 governmental activity revenues received by the City were taxes. Property taxes (\$26,279,695) represent the largest portion of total taxes received. Other major tax revenues were the City's share of state-wide fuel tax (\$2,365,624) and City privilege taxes for natural gas and electricity (\$2,680,877). The City also received \$651,683 for its share of state-imposed liquor and cigarette taxes and \$655,879 for City-imposed hotel/motel room taxes.

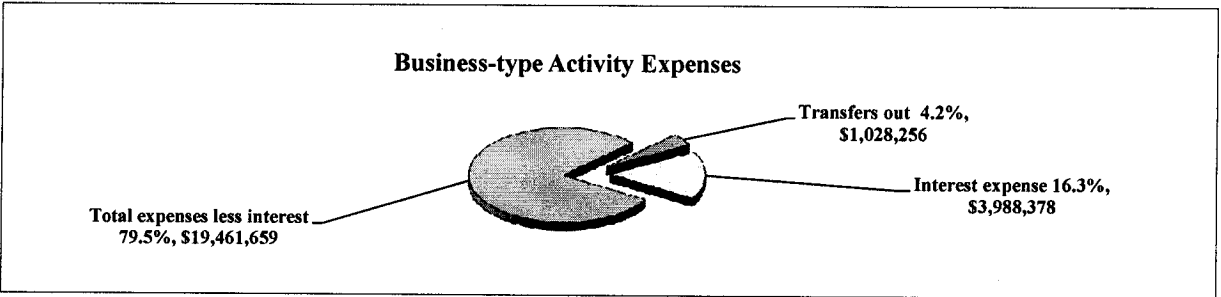
Grants and contributions accounted for 22.7 percent of governmental activity revenues. Major items included in the \$11,788,210 total for grants and contributions were: \$1,512,232 from the local rural fire protection districts; \$1,044,464 from City Building Division builder fees; and \$848,968 for Sewer and Water in-lieu-of Franchise Fees.



More than one-half of all governmental activity expenses were for public safety (55.9 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. Within this category are Water and Sewer charges which amount to 96.9 percent. Other charges included within this category are charges to the City of Millersburg for their share of the operating and maintenance of both Wastewater and Water Treatment Plants.



Operating expenses for the Water and Sewer Funds decreased (-0.39 percent) between 2010-11 and 2009-10 fiscal years, as compared to the previous two years, 2009-10 and 2008-09, where they increased by 1.30 percent.

BUDGETARY HIGHLIGHTS

The City Council approved resolutions which changed the adopted 2010-11 budget by 6.9 percent (\$13,732,778). Appropriations in the General Fund were increased by \$9,125 (0.03 percent). In the General Fund, after eliminating the \$1,350,300 contingency, actual expenditures were 95 percent of the final budget, yielding a favorable budget variance of \$2,664,606. Of this total savings of \$2,664,606 the major contributors to the savings were: Contingency savings (\$1,350,300); Fire Suppression (\$402,431); Police (\$567,559); and Housing (\$193,656).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2011, the City had \$337,227,486 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 43.

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

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land, land rights, & land improvements	\$ 11,052,594	\$ 9,788,184	\$ 6,222,270	\$ 6,223,362	\$ 17,274,864	\$ 16,011,546
Buildings and improvements	15,748,163	15,403,131	97,733,589	40,062,502	113,481,752	55,465,633
Vehicles and equipment	4,787,874	5,553,290	1,158,551	1,258,742	5,946,425	6,812,032
Infrastructure	61,515,904	61,677,498	87,725,395	87,932,944	149,241,299	149,610,442
Construction in progress	8,088,676	8,261,987	43,194,470	96,333,059	51,283,146	104,595,046
	<u>\$101,193,211</u>	<u>\$ 100,684,090</u>	<u>\$236,034,275</u>	<u>\$231,810,609</u>	<u>\$337,227,486</u>	<u>\$332,494,699</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	
	2011	2010	2011	2010	2011	2010
Beginning Balance	\$100,684,090	\$ 98,176,810	\$231,810,610	\$216,421,894	\$332,494,700	\$314,598,704
Additions	6,417,324	8,153,624	9,330,025	19,945,821	15,747,349	28,099,445
Retirements	-	-	-	-	-	-
Depreciation	(5,908,203)	(5,646,344)	(5,106,360)	(4,557,106)	(11,014,563)	(10,203,450)
Ending balance	<u>\$101,193,211</u>	<u>\$ 100,684,090</u>	<u>\$236,034,275</u>	<u>\$231,810,609</u>	<u>\$337,227,486</u>	<u>\$332,494,699</u>

Governmental capital assets increased by \$509,121 net of accumulated depreciation. Additions to capital assets equaled \$6,041,018 for the year including: \$2,357,721 for street and bridge projects, \$176,459 for park renovation and bridge projects, \$1,263,622 for East Thornton Lake land purchase, \$55,766 for Fire Station #12 seismic upgrade, \$127,083 for Teloh Calapooia playground equipment, \$150,386 for City Hall and Senior Center HVAC retrofit and replacement, \$1,325,263 and for Albany Airport runway improvements.

Business-type capital assets increased by \$4,223,666 net of accumulated depreciation. Included in the \$9,330,025 of new capital assets was \$260,587 for Sewer System capital projects and \$6,299,704 for construction of the Wetlands Treatment Project. In the Water Fund, additions included \$1,435,048 for water line construction and \$805,948 for Water System capital projects.

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

	2010-11	2009-010
Capital assets net of depreciation and related debt	\$223,966,209	\$218,452,356
Total net assets	302,584,425	291,510,587
Ratio of capital assets net of related debt to total net assets	<u>74.02%</u>	<u>74.94%</u>

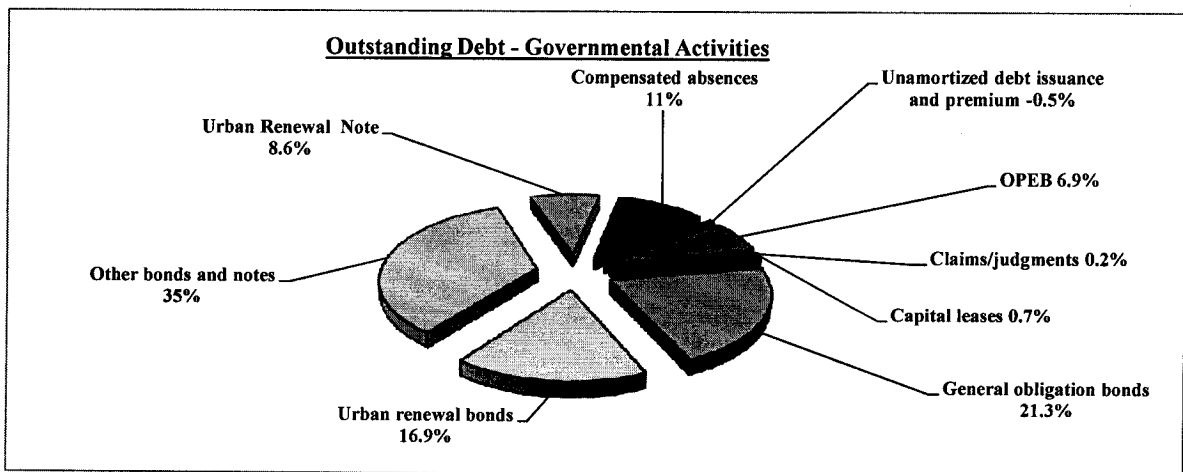
Debt Outstanding

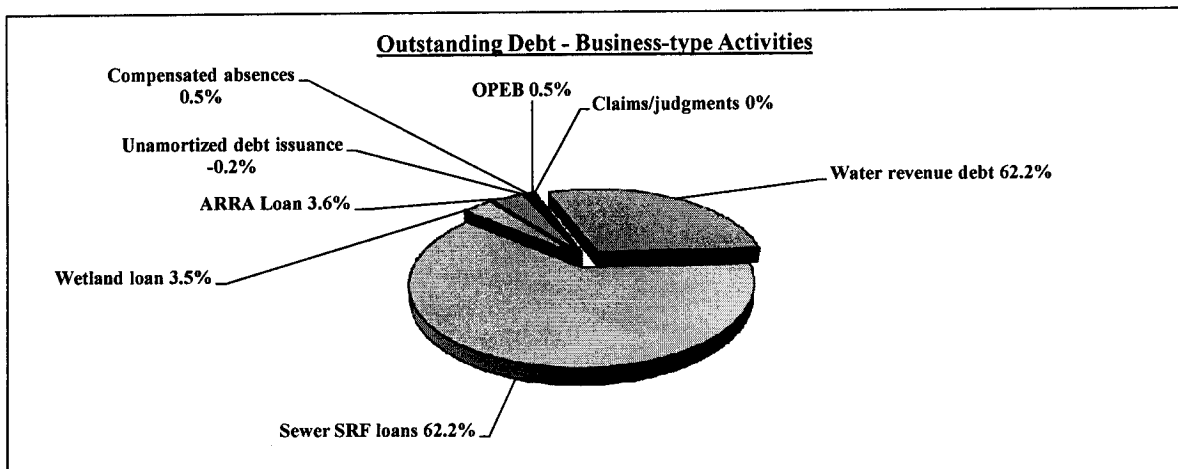
At June 30, 2011, the City had \$129,510,681 in debt outstanding compared to \$132,686,422 on June 30, 2010. Of the amount outstanding, \$7,834,041 is due within one year. Major additions to debt were ARRA loans for the Wetlands Project totalling \$3,883,700.

The debt consisted of outstanding bonds and certificates of participation, \$48,382,921; loans, \$66,518,929; compensated absences, \$3,046,509; claims and judgments, \$73,312; and capital leases, \$151,697. The ratio of the City's capital assets, net of related debt, as compared to total net assets is 74 percent. Details of long-term debt payable can be found beginning on page 48 in the notes to the basic financial statements.

Table 5 - Outstanding Debt at Year End

	June 30, 2011	June 30, 2010
Governmental Activities		
General obligation	\$ 4,855,000	\$ 6,705,000
Special assessment debt with governmental commitment	197,735	270,179
Limited tax pension	5,606,508	6,463,368
Revenue	-	210,000
General revenue	2,000,000	2,325,000
Oregon Economic Development Department note	162,389	187,008
CARA bonds	3,848,000	4,095,000
CARA Note	1,958,800	1,958,800
Other postemployment benefits	1,573,142	1,144,177
Unamortized debt issuance cost (net)	(174,808)	(210,471)
Unamortized premium on debt issuance	57,464	72,140
Compensated absences	2,493,107	2,326,492
Claims and judgments	38,578	30,062
Capital leases	151,697	389,730
Sub-total	22,767,612	25,966,485
Business-type Activities		
Water revenue	31,800,000	32,855,000
Water general obligation	-	-
Water certificates of deposit	75,678	147,365
Sewer revenue	-	-
Oregon DEQ State Revolving Fund loan	66,356,540	69,000,000
Wetland Loan	3,778,560	4,114,000
ARRA Loan	3,883,678	-
Other postemployment benefits	482,824	352,524
Unamortized debt issuance cost (net)	(222,347)	(232,343)
Compensated absences	553,402	447,190
Claims and judgments	34,734	36,201
Sub-total	106,743,069	106,719,937
Total	\$129,510,681	\$132,686,422





Oregon Revised Statutes, Chapter 287, provides for a debt limit of three percent of the true cash value of all property within the City. The current debt limitation for the City's general obligation debt is \$116,971,495, which is well above the City's outstanding general obligation debt, \$4,855,000.

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 began in Fiscal Year 2008-09. Tax collections in 2010-11 were \$2,571,987. 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 9.3 percent. The unemployment rates for Linn and Benton Counties at the close of the fiscal year were 12 percent and 6.6 percent respectively. At the time of preparation of this report, the unemployment rates were 10.9 percent and 6.5 percent.

Anticipated costs of providing medical insurance coverage to employees will decrease by approximately 4 percent in the next fiscal year.

In preparing the City-wide budget for 2010-11, a 3.50 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 2010-11 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 2011-12.

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.

We cannot always build the future for our youth, but we can build our youth for the future.

Franklin D. Roosevelt

CITY OF ALBANY, OREGON
STATEMENT OF NET ASSETS

June 30, 2011

	Govern- mental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments	\$ 28,409,139	\$ 16,779,099	\$ 45,188,238
Cash with fiscal agents	39,457	-	39,457
Internal balances	106,072	(106,072)	-
Receivables			
Property taxes	2,117,606	34,183	2,151,789
Accounts	1,164,211	4,928,635	6,092,846
Assessments	4,084,205	91,033	4,175,238
Interest	24,257	18,784	43,041
Loans, net of allowance for uncollectible loans	692,434	5,340,076	6,032,510
Grants	434,255	-	434,255
Inventories	116,811	1,186,506	1,303,317
Prepaid items	79,854	4,304	84,158
Restricted cash and investments	11,873,802	17,781,824	29,655,626
Prepaid pension contribution	5,325,277	-	5,325,277
Land and construction in progress	19,141,270	49,410,525	68,551,795
Other capital assets, net of depreciation	82,051,941	186,623,750	268,675,691
Total assets	<u>155,660,590</u>	<u>282,092,647</u>	<u>437,753,237</u>
LIABILITIES			
Accounts payable	2,439,382	1,077,893	3,517,275
Accrued interest payable	107,396	1,380,041	1,487,437
Refundable deposits and advances	461,688	157,868	619,556
Amount held in trust	33,863	-	33,863
Long-term obligations			
Due within one year			
Special assessment debt with government commitment	197,735	-	197,735
All other debt	3,216,414	4,419,892	7,636,306
Due in more than one year			
All other debt	19,353,463	102,323,177	121,676,640
Total liabilities	<u>25,809,941</u>	<u>109,358,871</u>	<u>135,168,812</u>
NET ASSETS			
Invested in capital assets, net of related debt	93,826,390	130,139,819	223,966,209
Restricted for:			
Capital projects	10,182,745	5,476,614	15,659,359
Debt service	8,561,865	14,308,656	22,870,521
Other purposes - expendable	16,780	-	16,780
Other purposes - nonexpendable	117,660	-	117,660
Unrestricted	17,145,209	22,808,687	39,953,896
Total net assets	<u>\$ 129,850,649</u>	<u>\$ 172,733,776</u>	<u>\$ 302,584,425</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, 2011

	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS					
Governmental activities					
General government	\$ 5,512,747	\$ 2,817,789	\$ 1,989,131	\$ 4,002,497	\$ 8,809,417
Public safety	27,512,458	3,303,862	1,985,760	286,215	5,575,837
Highways and streets	7,098,212	-	117,445	2,851,013	2,968,458
Culture and recreation	8,035,033	912,904	261,963	294,186	1,469,053
Interest on long-term obligations	1,074,180	-	-	-	-
Total governmental activities	49,232,630	7,034,555	4,354,299	7,433,911	18,822,765
Business-type activities					
Water	11,239,646	10,988,216	-	532,388	11,520,604
Sewer	12,210,391	12,212,150	-	882,466	13,094,616
Total business-type activities	23,450,037	23,200,366	-	1,414,854	24,615,220
Totals	\$ 72,682,667	\$ 30,234,921	\$ 4,354,299	\$ 8,848,765	\$ 43,437,985

General revenues:

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

Total general revenues

Transfers

Total general revenues 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	
\$ 3,296,670	\$ -	\$ 3,296,670	Governmental activities
(21,936,621)	-	(21,936,621)	General government
(4,129,754)	-	(4,129,754)	Public safety
(6,565,980)	-	(6,565,980)	Highways and streets
(1,074,180)	-	(1,074,180)	Culture and recreation
(30,409,865)	-	(30,409,865)	Interest on long-term obligations
			Total governmental activities
			Business-type activities
-	280,958	280,958	Water
-	884,225	884,225	Sewer
-	1,165,183	1,165,183	Total business-type activities
(30,409,865)	1,165,183	(29,244,682)	Totals
22,430,005	-	22,430,005	General revenues:
3,849,690	(2,852)	3,846,838	Property taxes used for general purposes
655,879	-	655,879	Property taxes used for debt service
2,365,624	-	2,365,624	Transient room taxes used for general purposes
651,683	-	651,683	Motor fuel taxes
2,680,877	-	2,680,877	Cigarette and alcoholic beverage taxes
360,650	272,181	632,831	Privilege taxes
196,111	6,858,672	7,054,783	Unrestricted investment earnings
33,190,519	7,128,001	40,318,520	Miscellaneous
1,028,256	(1,028,256)	-	Total general revenues
34,218,775	6,099,745	40,318,520	Transfers
3,808,910	7,264,928	11,073,838	Total general revenues and transfers
126,041,739	165,468,848	291,510,587	Change in net assets
\$ 129,850,649	\$ 172,733,776	\$ 302,584,425	Net assets - beginning
			Net assets - ending

CITY OF ALBANY, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2011

	General	Parks and Recreation	Risk Management	Street	Capital Projects	Other Governmental	Totals
ASSETS							
Cash and investments	\$2,943,320	\$ 689,494	\$ 12,207,120	\$ 1,457,130	\$ 1,733,336	\$ 8,689,384	\$27,719,784
Cash with Fiscal Agents	-	-	-	-	-	39,457	39,457
Receivables:							
Property taxes	1,302,610	319,935	-	-	-	495,061	2,117,606
Accounts	1,260	11,495	550,057	70,659	-	528,785	1,162,256
Assessments	22,876	-	-	-	4,047,054	14,275	4,084,205
Interest	2,524	1,748	7,076	5,168	883	6,487	23,886
Loans, net of allowance for uncollectible loans	200,066	-	-	-	-	492,368	692,434
Grants	-	-	-	-	-	434,255	434,255
Prepaid items	65,245	3,416	-	-	-	9,784	78,445
Interfund loan receivable from Grant fund	308,820	-	-	-	-	-	308,820
Interfund loan receivable from Capital Projects	-	-	3,458,977	-	-	-	3,458,977
Restricted cash and investments	185,139	2,135,651	-	8,719,626	-	833,386	11,873,802
Total assets	<u>\$5,031,860</u>	<u>\$3,161,739</u>	<u>\$ 16,223,230</u>	<u>\$10,252,583</u>	<u>\$ 5,781,273</u>	<u>\$11,543,242</u>	<u>\$51,993,927</u>
LIABILITIES							
Accounts payable	\$ 832,566	\$ 212,860	\$ 40,585	\$ 212,259	\$ 565,039	\$ 420,007	\$ 2,283,316
Deposits	-	-	-	1,000	458,688	2,000	461,688
Deferred revenue	1,450,277	312,317	-	69,623	4,047,048	1,484,643	7,363,908
Amounts held in trust	33,863	-	-	-	-	-	33,863
Interfund loans payable - General Fund	-	-	-	-	-	308,820	308,820
Interfund loans payable - Risk Management	-	-	-	-	3,458,977	-	3,458,977
Total liabilities	<u>2,316,706</u>	<u>525,177</u>	<u>40,585</u>	<u>282,882</u>	<u>8,529,752</u>	<u>2,215,470</u>	<u>13,910,572</u>
FUND BALANCES							
Nonspendable	65,245	3,416	-	-	-	127,444	196,105
Restricted	-	1,902,670	-	9,969,701	-	2,867,478	14,739,849
Committed	185,139	730,476	16,182,645	-	-	6,366,763	23,465,023
Unassigned	2,464,770	-	-	-	(2,748,479)	(33,913)	(317,622)
Total fund balances	<u>2,715,154</u>	<u>2,636,562</u>	<u>16,182,645</u>	<u>9,969,701</u>	<u>(2,748,479)</u>	<u>9,327,772</u>	<u>38,083,355</u>
Total liabilities and fund balances	<u>\$5,031,860</u>	<u>\$3,161,739</u>	<u>\$ 16,223,230</u>	<u>\$10,252,583</u>	<u>\$ 5,781,273</u>	<u>\$11,543,242</u>	<u>\$51,993,927</u>

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

CITY OF ALBANY, OREGON
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2011

Total fund balances per Governmental Funds Balance Sheet (page 18) \$ 38,083,355

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	11,052,594	
Construction in progress	8,088,676	
Other	142,750,194	
Accumulated depreciation	(60,710,106)	
Capital assets, net		101,181,358

Other long-term assets are not available to pay current-period expenditures and, therefore, are deferred in the funds.

Property taxes	2,010,003	
Accounts receivable	612,601	
Assessments	4,047,048	
Loans	694,256	
Total deferred revenue adjustments		7,363,908

Inventories of materials and supplies are capitalized on the Statement of Net Assets.

116,811

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	313,387	
Profit/(loss) reported as governmental activities	(182,982)	
Net adjustments for internal service funds		130,405

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	(18,063,513)	
Long-term obligations - loans payable	(1,958,800)	
Interest payable on long-term debt	(107,396)	
Claims and judgments	(37,151)	
Compensated absences	(2,183,605)	
Total long-term obligations adjustments		(22,350,465)

Other adjustments

Net pension asset	5,325,277	
Total other adjustments		5,325,277
Net assets of governmental activities (page 15)		\$ 129,850,649

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, 2011

	General	Parks and Recreation	Risk Management	Street	Capital Projects	Other Governmental	Totals
REVENUES							
Taxes:							
Property	\$ 15,811,249	\$3,952,833	\$ -	\$ -	\$ -	\$ 6,512,045	\$ 26,276,127
Transient room	-	-	-	-	-	655,879	655,879
Assessment collections	-	-	-	-	41,950	880	42,830
Franchise fees, privilege taxes, licenses, and permits	3,961,813	28,396	-	1,086,992	-	1,091,927	6,169,128
Intergovernmental	2,646,006	11,310	-	2,365,624	1,086,718	3,221,669	9,331,327
Charges for services	439,664	959,809	-	-	-	3,804,579	5,204,052
Fines and forfeitures	769,200	-	-	-	-	-	769,200
Interest on investments	28,981	22,281	127,817	72,038	12,852	84,367	348,336
Miscellaneous	121,301	239,200	-	3,119	5,000	112,755	481,375
Total revenues	<u>23,778,214</u>	<u>5,213,829</u>	<u>127,817</u>	<u>3,527,773</u>	<u>1,146,520</u>	<u>15,484,101</u>	<u>49,278,254</u>
EXPENDITURES							
Current:							
General government	519,604	-	184,853	-	67,814	5,143,865	5,916,136
Public safety	22,777,420	-	-	-	-	2,441,350	25,218,770
Highways and streets	-	-	-	3,495,048	-	58,403	3,553,451
Culture and recreation	2,317,695	4,733,468	-	-	-	27,481	7,078,644
Debt service:							
Principal	-	-	-	-	-	3,585,926	3,585,926
Interest	-	-	-	-	-	1,075,775	1,075,775
Capital outlay	-	1,405,897	-	63,688	2,294,033	2,212,131	5,975,749
Total expenditures	<u>25,614,719</u>	<u>6,139,365</u>	<u>184,853</u>	<u>3,558,736</u>	<u>2,361,847</u>	<u>14,544,931</u>	<u>52,404,451</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,836,505)</u>	<u>(925,536)</u>	<u>(57,036)</u>	<u>(30,963)</u>	<u>(1,215,327)</u>	<u>939,170</u>	<u>(3,126,197)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	3,027,773	1,387,117	1,068,600	1,753,285	1,158,129	2,310,193	10,705,097
Transfers out	(1,130,900)	(323,556)	(4,016,729)	(80,000)	(644,316)	(3,481,340)	(9,676,841)
Total other financing sources (uses)	<u>1,896,873</u>	<u>1,063,561</u>	<u>(2,948,129)</u>	<u>1,673,285</u>	<u>513,813</u>	<u>(1,171,147)</u>	<u>1,028,256</u>
Net change in fund balances	60,368	138,025	(3,005,165)	1,642,322	(701,514)	(231,977)	(2,097,941)
Fund balance - beginning	2,654,786	2,498,537	19,187,810	8,327,379	(2,046,965)	9,559,749	40,181,296
Fund balance - ending	<u>\$ 2,715,154</u>	<u>\$2,636,562</u>	<u>\$ 16,182,645</u>	<u>\$9,969,701</u>	<u>\$ (2,748,479)</u>	<u>\$ 9,327,772</u>	<u>\$ 38,083,355</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, 2011

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

Net change in fund balances - total governmental funds (page 20).		\$ (2,097,941)
<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	5,975,749	
Depreciation for the current fiscal year	(5,898,341)	
Net capital outlay adjustment		77,408
<p>The purchase of goods is shown as an expenditure in the governmental funds, but the cost of materials on hand at the end of the year is capitalized on the Statement of Activities.</p>		
		25,314
<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	3,568	
Capital asset donations	441,575	
Principal portion of loan receipts	(31,271)	
Other fees and charges	(18,665)	
Loans receivable	158,730	
Assessments	2,335,143	
Total revenue adjustments		2,889,080
<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>		
		3,840,662
<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	(75,758)	
Other postemployment benefit	(371,581)	
Accrued interest on long-term debt	26,341	
Net pension asset amortization	(313,257)	
Pending insurance claims	(8,376)	
Total adjustment		(742,631)
<p>The net expense of certain activities of internal service funds is reported with governmental activities.</p>		
Central Services Fund	(179,523)	
Public Works Services Fund	(3,459)	
Total internal service fund adjustments		(182,982)
Change in net assets of the governmental activities (pages 16-17)		<u>\$ 3,808,910</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, 2011

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 15,188,700	\$ 15,188,700	\$ 15,313,420	\$ 124,720
Delinquent	460,000	460,000	497,829	37,829
Privilege tax: electric	1,905,300	1,905,300	2,000,119	94,819
Franchise fee: communications facilities	50,000	50,000	39,346	(10,654)
Franchise fee: telephone	165,300	165,300	148,548	(16,752)
Franchise fee: garbage collection	432,600	432,600	397,376	(35,224)
Privilege tax: natural gas	886,700	886,700	680,758	(205,942)
Franchise fee: cable television	494,100	494,100	513,901	19,801
Permit fees	1,800	1,800	750	(1,050)
Dog Permit fees	1,500	1,500	900	(600)
Licenses	6,000	6,000	12,140	6,140
Library fees	75,200	75,200	83,831	8,631
Planning fees	69,500	69,500	70,186	686
Alarm fees	15,200	15,200	13,958	(1,242)
DUII enforcement grant	16,000	16,000	16,940	940
Federal grants and assistance	5,300	5,300	-	(5,300)
State liquor taxes	571,100	571,100	583,188	12,088
State cigarette taxes	68,600	68,600	68,495	(105)
State revenue sharing	417,200	417,200	393,452	(23,748)
Conflagration response reimbursement	30,000	30,000	2,707	(27,293)
Workers' Compensation wage subsidy reimbursement	5,600	5,600	3,614	(1,986)
Linn County	40,000	40,000	25,378	(14,622)
Albany Rural Fire Protection District	1,054,800	1,054,800	1,066,863	12,063
North Albany Rural Fire Protection District	281,400	281,400	300,722	19,322
Palestine Rural Fire Protection District	140,500	140,500	144,647	4,147
Greater Albany Public Schools police grant	40,000	40,000	40,000	-
Linn County Victim Impact Panel Grant	7,000	7,000	-	(7,000)
OSFM/USAR Team Response Reimbursement	12,000	12,000	28,264	16,264
Space rental charges	411,400	411,400	411,400	-
Municipal Court fines	854,900	854,900	769,200	(85,700)
Parking violations	4,600	4,600	3,436	(1,164)
Nuisance vehicle administration fee	9,100	9,100	1,450	(7,650)
Dog control assessment	1,300	1,300	2,862	1,562
Gifts and donations	6,000	6,700	20,634	13,934
DARE program donations	2,000	2,000	-	(2,000)
Grass Abatement Fee Principal	300	300	838	538
Grass Abatement Fee Interest	-	-	17	17
Miscellaneous	88,700	88,700	46,671	(42,029)
Albany Economic Improvement District principal	44,000	44,000	31,807	(12,193)
Albany Economic Improvement District interest	600	600	147	(453)
Loan Repayment-Interest	7,800	7,800	13,439	5,639
Interest on investments	75,000	75,000	28,981	(46,019)
Total revenues	<u>23,947,100</u>	<u>23,947,800</u>	<u>23,778,214</u>	<u>(169,586)</u>
Other financing sources				
Transfer from Water Fund	50,000	50,000	50,000	-
Transfer from Public Safety Levy	766,000	766,000	766,000	-
Transfer from Public Safety Levy-Police	1,016,400	1,016,400	986,606	(29,794)

Continued on page 23

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

CITY OF ALBANY, OREGON
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL, continued
for the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Over (Under)
Other financing sources, continued				
Transfer from Sewer Fund	50,000	50,000	50,000	-
Transfer from Capital Replacement	290,000	290,000	290,000	-
Transfer from Public Safety Levy-Fire	949,200	949,200	885,167	(64,033)
Total other financing sources	3,121,600	3,121,600	3,027,773	(93,827)
Fund balance, beginning				
Designated for Housing	260,300	260,300	237,256	(23,044)
Undesignated	2,072,100	2,080,525	2,417,530	337,005
Total Fund Balance, beginning	2,332,400	2,340,825	2,654,786	313,961
Amount available for appropriation	\$29,401,100	\$29,410,225	\$29,460,773	\$ 50,548
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Nondepartmental:				
Materials and services	\$ 277,300	\$ 277,300	271,515	\$ 5,785
General operating contingency	1,350,300	1,350,300	-	1,350,300
Municipal Court	628,300	628,300	617,773	10,527
Code Enforcement	20,900	20,900	14,539	6,361
Fire Suppression	7,998,000	8,006,425	7,669,397	337,028
Public Safety Levy - Fire	949,200	949,200	883,797	65,403
Fire and Life Safety	670,100	670,100	655,301	14,799
Police	11,598,000	11,598,700	11,061,190	537,510
Public Safety Levy - Police	1,016,400	1,016,400	986,351	30,049
Planning	1,134,400	1,134,400	1,070,517	63,883
Housing	260,300	260,300	66,644	193,656
Library	2,367,000	2,367,000	2,317,695	49,305
Total expenditures	28,270,200	28,279,325	25,614,719	2,664,606
Other financing uses				
Transfers to other funds	1,130,900	1,130,900	1,130,900	-
Total expenditures and other financing uses	\$29,401,100	\$29,410,225	26,745,619	\$ 2,664,606
Fund balance, ending			\$ 2,715,154	

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, 2011

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Property Taxes - Current	\$ 3,797,200	\$ 3,797,200	\$ 3,828,344	\$ 31,144
Property Taxes - Delinquent	104,000	104,000	124,489	20,489
Financed park system development charges				
Principal	6,000	6,000	49,465	43,465
Interest	2,500	2,500	2,203	(297)
Park system development charges	200,000	200,000	107,323	(92,677)
Street tree development fees	-	-	20,000	20,000
State Marine Board	9,000	9,000	9,000	-
WC Wage Subsidy	-	-	2,310	2,310
Charges for Services	-	-	2,096	2,096
Children/Youth/Family recreation fees	37,000	37,000	38,050	1,050
Children/Youth/Family sponsorships	6,500	6,500	4,500	(2,000)
Marketing fees	13,000	13,000	10,170	(2,830)
Adult recreation fees	26,000	26,000	5,744	(20,256)
Swimming pool	82,000	82,000	77,348	(4,652)
Senior Center rental fees	30,000	30,000	22,442	(7,558)
Maple Lawn Preschool fees	60,000	60,000	67,490	7,490
Sports program fees	82,000	96,000	95,630	(370)
Waverly boat rentals	4,500	4,500	5,380	880
Park permits	21,900	21,900	13,295	(8,605)
Fitness program fees	44,900	73,600	77,450	3,850
Preschool materials and services fees	3,000	3,000	4,261	1,261
Senior program fees	16,000	16,000	10,440	(5,560)
Event souvenir sales	3,000	3,000	3,045	45
Event Food Faire	30,000	30,000	21,368	(8,632)
Preschool fundraising proceeds	5,200	5,200	3,618	(1,582)
Northwest Art and Air Festival fees	11,100	11,100	9,853	(1,247)
Hot air balloon rides	11,900	11,900	11,775	(125)
Senior newsletter	3,000	3,000	2,717	(283)
Gift shop	6,500	6,500	6,697	197
Trip	42,000	42,000	47,818	5,818
Merchandise sales - aquatics	4,500	4,500	3,332	(1,168)
Cool! Pool facility rental fees	5,000	5,000	8,638	3,638
Concession sales - aquatics	16,000	16,000	12,729	(3,271)
Concession sales - sports	2,500	2,500	1,851	(649)
Public arts	100	100	4,371	4,271
Concession sales - fitness	500	500	-	(500)
Swanson room rental fees	2,700	2,700	595	(2,105)
Track Club	2,500	2,500	3,957	1,457
Facility enhancement fee	5,000	5,000	4,580	(420)
ACP swimming pool	148,700	148,700	159,135	10,435
ACP facility rental fees	20,000	20,000	27,375	7,375
Tournament Rental Fees	2,500	2,500	4,981	2,481
Event Donations	30,000	30,000	30,842	842
Youth Program User Fees	3,500	3,500	-	(3,500)
Community Garden	1,000	1,000	980	(20)
Pool Room	-	-	1,699	1,699
Trolley rental charges	3,000	3,000	3,070	70
Gifts and donations	15,300	10,300	22,419	12,119
Monday night concert series	15,000	15,000	11,575	(3,425)
Pass-the-hat donations	-	-	416	416
Park fixture donations	-	-	4,950	4,950
Senior Center sponsorships	7,000	7,000	6,625	(375)
Children's Performing Arts Series sponsorships	8,300	8,300	6,930	(1,370)

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, 2011

	Original Budget	Final Budget	Actual	Over (Under)
Revenues, continued				
River Rhythms sponsorships	55,000	55,000	38,370	(16,630)
NWAAF sponsorships	70,000	70,000	63,980	(6,020)
Aquatic Sponsorship	3,500	3,500	3,500	-
Adult Rec & Fitness Sponsorships	1,000	1,000	1,021	21
Sports Sponsorship	5,000	5,000	950	(4,050)
Miscellaneous Event Sponsorship/Donation	-	-	251	251
Aquatics Donations	118,000	118,000	56,698	(61,302)
East Thornton Lake Donations	-	-	1,200	1,200
Miscellaneous	2,000	2,000	17,267	15,267
Over & Short	-	-	19	19
Brochure advertising	2,500	2,500	2,095	(405)
General fundraising	800	800	826	26
Interest on investments	26,400	31,400	22,281	(9,119)
Total revenues	<u>5,235,500</u>	<u>5,278,200</u>	<u>5,213,829</u>	<u>(64,371)</u>
Other financing sources				
Transfer from General Fund	187,200	187,200	187,200	-
Transfer from Street	80,000	80,000	80,000	-
Transfer from Parks SDC Program	1,500,000	1,750,000	15,788	(1,734,212)
Transfer from Grants Fund	-	-	21,688	21,688
Transfer from Parks Operating Revenues	70,000	70,000	82,441	12,441
Transfer from Litigation Proceeds	-	1,000,000	1,000,000	-
Total other financing sources	<u>1,837,200</u>	<u>3,087,200</u>	<u>1,387,117</u>	<u>(1,700,083)</u>
Fund balance, beginning	<u>2,256,200</u>	<u>2,256,200</u>	<u>2,498,537</u>	<u>242,337</u>
Amount available for appropriation	<u>\$ 9,328,900</u>	<u>\$ 10,621,600</u>	<u>9,099,483</u>	<u>\$ (1,522,117)</u>
Expenditures				
Sports Programs	\$ 200,300	\$ 223,300	198,158	\$ 25,142
Children/Youth/Family Recreation Services	246,900	228,900	211,244	17,656
Resource Development/Marketing Services	282,800	282,800	266,264	16,536
Adult Recreation and Fitness Services	87,300	116,000	110,287	5,713
Park Maintenance Services	1,299,900	1,373,900	1,330,621	43,279
Parks and Recreation Administration	1,069,300	1,057,000	1,045,799	11,201
Senior Services	448,400	448,400	391,198	57,202
Aquatic Services	737,200	697,200	692,589	4,611
Northwest Art and Air Festival	184,300	184,300	149,866	34,434
Performance Series	162,200	162,200	127,384	34,816
Urban Forestry	240,300	240,300	226,180	14,120
Park System Development Charge Projects	316,500	66,500	38,113	28,387
Senior Center Foundation	19,600	19,600	9,473	10,127
Parks Capital Improvement Program	2,006,000	3,256,000	1,342,189	1,913,811
Total expenditures	<u>\$ 7,301,000</u>	<u>\$ 8,356,400</u>	<u>6,139,365</u>	<u>\$ 2,217,035</u>
Other financing uses				
Transfers Out	1,783,800	2,046,100	323,556	1,722,544
Contingency	244,100	219,100	-	219,100
Total other financing uses	<u>2,027,900</u>	<u>2,265,200</u>	<u>323,556</u>	<u>1,941,644</u>
Total expenditures and other financing uses	<u>\$ 9,328,900</u>	<u>\$ 10,621,600</u>	<u>\$ 6,462,921</u>	<u>\$ 4,158,679</u>
Fund balance, ending			<u>\$ 2,636,562</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, 2011

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interest on investments	\$ 1,000	\$ 151,000	\$ 127,817	\$ (23,183)
Total revenues	<u>1,000</u>	<u>151,000</u>	<u>127,817</u>	<u>(23,183)</u>
Other financing sources				
Transfers from Litigation Proceeds	612,000	1,068,600	1,068,600	-
Fund balance, beginning	<u>18,660,000</u>	<u>19,122,000</u>	<u>19,187,810</u>	<u>65,810</u>
Amount available for appropriation	<u>\$ 19,273,000</u>	<u>\$ 20,341,600</u>	<u>\$ 20,384,227</u>	<u>\$ 42,627</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Risk Management	\$ 613,000	\$ 1,613,000	42,625	1,570,375
Litigation Settlement Projects	\$ 18,660,000	\$ 9,692,000	132,484	9,559,516
HARP	\$ -	\$ 68,600	9,744	58,856
Total expenditures	<u>\$ 19,273,000</u>	<u>\$ 11,373,600</u>	<u>184,853</u>	<u>\$ 11,188,747</u>
Other financing uses				
Transfers Out	-	4,858,600	4,016,729	841,871
Interfund Loan to Capital Projects	-	4,109,400	3,458,977	650,423
Total expenditures and other financing uses	<u>19,273,000</u>	<u>20,341,600</u>	<u>7,660,559</u>	<u>12,681,041</u>
Budgetary Fund Balance			<u>12,723,668</u>	
Adjustment for Interfund Loan			<u>3,458,977</u>	
Fund balance, ending			<u>\$ 16,182,645</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, 2011

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Sewer in-lieu-of franchise fee	\$ 448,700	\$ 448,700	\$ -	\$ (448,700)
Water in-lieu-of franchise fee	460,000	460,000	-	(460,000)
Financed transportation system development charges				
Principal	10,000	10,000	74,691	64,691
Interest	6,000	6,000	5,975	(25)
Financed improvement assurance fees				
Principal	1,000	1,000	15,535	14,535
Interest	1,000	1,000	7,859	6,859
Street connection fees	-	-	560	560
Transportation system development charges	350,000	350,000	929,439	579,439
Public facility construction permit	20,000	20,000	22,258	2,258
EPSC permit	10,000	10,000	30,675	20,675
Federal Highway Administration	-	-	-	-
State gasoline tax	2,380,000	2,380,000	2,365,624	(14,376)
Workers Comp wage subsidy	-	-	-	-
Miscellaneous	5,000	5,000	3,119	(1,881)
Interest on investments	176,500	176,500	72,038	(104,462)
Total revenues	<u>3,868,200</u>	<u>3,868,200</u>	<u>3,527,773</u>	<u>(340,427)</u>
Other financing sources				
Transfer from General - street lights	260,000	260,000	260,000	-
Transfer from Sewer - ILFF	-	-	400,992	400,992
Transfer from Capital Projects	-	-	644,316	644,316
Transfer from Water - ILFF	-	-	447,977	447,977
Total other financing sources	<u>260,000</u>	<u>260,000</u>	<u>1,753,285</u>	<u>1,493,285</u>
Fund balance, beginning	<u>8,329,700</u>	<u>8,329,700</u>	<u>8,327,379</u>	<u>(2,321)</u>
Amount available for appropriation	<u>\$12,457,900</u>	<u>\$12,457,900</u>	<u>13,608,437</u>	<u>\$ 1,150,537</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 732,500	\$ 732,500	689,425	\$ 43,075
Materials and services	2,877,500	2,877,500	2,805,623	71,877
Capital	8,767,900	8,767,900	63,688	8,704,212
Total expenditures	<u>\$12,377,900</u>	<u>\$12,377,900</u>	<u>3,558,736</u>	<u>\$ 8,819,164</u>
Other financing uses				
Transfers out	80,000	80,000	80,000	-
Total expenditures and other financing uses	<u>\$ 12,457,900</u>	<u>\$ 12,457,900</u>	<u>\$ 3,638,736</u>	<u>\$ 8,819,164</u>
Fund balance, ending			<u>\$ 9,969,701</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, 2011

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
ASSETS				
Current assets:				
Cash and investments	\$ 8,621,718	\$ 7,674,604	\$ 16,296,322	\$1,172,132
Receivables:				
Property taxes	34,183	-	34,183	-
Accounts	1,533,553	3,393,382	4,926,935	3,654
Accrued interest	8,206	10,102	18,308	847
Inventories	773,818	412,688	1,186,506	-
Total current assets	<u>10,971,478</u>	<u>11,490,776</u>	<u>22,462,254</u>	<u>1,176,633</u>
Noncurrent assets:				
Other	585	2,550	3,135	2,578
Cash and investments restricted for debt service	1,592,979	10,179,968	11,772,947	-
Cash and investments restricted for capital projects	4,865,542	1,143,335	6,008,877	-
Assessments receivable	-	91,033	91,033	-
Loans receivable	-	5,340,076	5,340,076	-
Capital assets (net of depreciation)	86,188,880	149,701,457	235,890,337	155,792
Unamortized debt issuance costs and deferred charges, net	222,347	-	222,347	-
Total noncurrent assets	<u>92,870,333</u>	<u>166,458,419</u>	<u>259,328,752</u>	<u>158,370</u>
Total assets	<u>103,841,811</u>	<u>177,949,195</u>	<u>281,791,006</u>	<u>1,335,003</u>
LIABILITIES				
Current liabilities:				
Accounts payable	278,139	582,172	860,311	373,648
Compensated absences	53,462	52,615	106,077	325,374
Claims and judgments	16,588	16,136	32,724	3,437
Interest payable	628,365	751,676	1,380,041	-
Refundable deposits	157,059	809	157,868	-
Loans payable, current portion	-	3,072,779	3,072,779	-
Bonds payable, current portion	1,035,678	-	1,035,678	-
Total current liabilities	<u>2,169,291</u>	<u>4,476,187</u>	<u>6,645,478</u>	<u>702,459</u>
Long-term debt				
Compensated absences	53,462	52,616	106,078	325,375
Other postemployment benefits	110,955	104,781	215,736	480,703
Loans payable - long-term portion	-	70,945,999	70,945,999	-
Bonds payable - long-term portion	30,840,000	-	30,840,000	-
Total long-term debt	<u>31,004,417</u>	<u>71,103,396</u>	<u>102,107,813</u>	<u>806,078</u>
Total liabilities	<u>33,173,708</u>	<u>75,579,583</u>	<u>108,753,291</u>	<u>1,508,537</u>
NET ASSETS				
Invested in capital assets, net of related debt	54,313,202	75,682,679	129,995,881	155,792
Restricted for capital construction	2,428,394	3,048,220	5,476,614	-
Restricted for debt service	1,989,781	12,318,875	14,308,656	-
Unrestricted	11,936,726	11,319,838	23,256,564	(329,326)
Total net assets	<u>\$ 70,668,103</u>	<u>\$ 102,369,612</u>	<u>173,037,715</u>	<u>\$ (173,534)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(303,939)	
Net assets of business-type activities (page 15)			<u>\$ 172,733,776</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, 2011

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
OPERATING REVENUES:				
Service charges and fees	\$ 10,988,216	\$ 12,212,150	\$ 23,200,366	\$ 12,066,194
Miscellaneous	288,940	6,569,732	6,858,672	64,667
Total operating revenues	11,277,156	18,781,882	30,059,038	12,130,861
OPERATING EXPENSES:				
Salaries and wages	2,052,502	1,902,235	3,954,737	9,293,709
Contracted services	441,909	821,935	1,263,844	411,756
Operating supplies	673,580	440,731	1,114,311	1,081,222
Utilities	384,758	632,769	1,017,527	213,052
Depreciation and amortization	2,431,714	2,668,459	5,100,173	26,044
Repairs and maintenance	862,194	620,156	1,482,350	234,937
Charges for services	2,839,069	2,503,008	5,342,077	1,129,474
Miscellaneous	3,040	107,011	110,051	4,928
Total operating expenses	9,688,766	9,696,304	19,385,070	12,395,122
Operating income (loss)	1,588,390	9,085,578	10,673,968	(264,261)
NONOPERATING REVENUES (EXPENSES):				
Property taxes	(2,852)	-	(2,852)	-
Interest on investments	120,812	147,595	268,407	8,464
Interest	(1,513,283)	(2,475,095)	(3,988,378)	-
Total nonoperating revenues (expenses)	(1,395,323)	(2,327,500)	(3,722,823)	8,464
Income (loss) before capital contributions and transfers	193,067	6,758,078	6,951,145	(255,797)
Capital contributions	532,388	882,466	1,414,854	-
Transfers out	(564,764)	(463,492)	(1,028,256)	-
Change in net assets	160,691	7,177,052	7,337,743	(255,797)
Net assets - beginning	70,507,412	95,192,560		82,263
Net assets - ending	\$ 70,668,103	\$ 102,369,612		\$ (173,534)
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.			(72,815)	
Change in net assets of business-type activities (pages 16-17)			\$ 7,264,928	

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, 2011

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 11,045,698	\$ 12,180,836	\$ 23,226,534	\$ 12,063,318
Cash payments to suppliers of goods and services	(5,481,175)	(5,712,263)	(11,193,438)	(3,130,131)
Cash payments to employees for services	(1,980,405)	(1,845,603)	(3,826,008)	(9,037,252)
Other operating revenues	288,940	6,569,732	6,858,672	64,667
Net cash provided by (used in) operating activities	<u>3,873,058</u>	<u>11,192,702</u>	<u>15,065,760</u>	<u>(39,398)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	30,435	-	30,435	-
Transfers out	(564,764)	(463,492)	(1,028,256)	-
Net cash (used in) noncapital financing activities	<u>(534,329)</u>	<u>(463,492)</u>	<u>(997,821)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(2,310,797)	(6,076,349)	(8,387,146)	-
Interfund Loan to Capital Projects	1,950,941	-	1,950,941	-
Receipt of assessments and fees	38,967	69,322	108,289	-
Principal paid on loan	-	(2,978,900)	(2,978,900)	-
Principal paid on bonds	(1,055,000)	-	(1,055,000)	-
Principal paid on certificates of participation	(71,688)	-	(71,688)	-
Adjustment to Millersburg Loan	-	1,426,582	1,426,582	-
Interest paid on long-term debt	(1,528,345)	(2,499,559)	(4,027,904)	-
Contributed capital Millersburg	-	3,883,678	3,883,678	-
System development charges collected	234,163	142,001	376,164	-
Net cash (used) in capital and related financing activities	<u>(2,741,759)</u>	<u>(6,033,225)</u>	<u>(8,774,984)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	150,767	175,992	326,759	10,133
Net increase (decrease) in cash and investments	747,737	4,871,977	5,619,714	(29,265)
Cash and investments, July 1, 2010	<u>14,332,502</u>	<u>14,125,930</u>	<u>28,458,432</u>	<u>1,201,397</u>
Cash and investments, June 30, 2011	<u>\$ 15,080,239</u>	<u>\$ 18,997,907</u>	<u>\$ 34,078,146</u>	<u>\$ 1,172,132</u>

Continued on page 31

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, 2011

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss) (page 29)	\$ 1,588,390	\$ 9,085,578	\$ 10,673,968	\$ (264,261)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,431,714	2,668,459	5,100,173	\$ 26,044
Changes in assets and liabilities:				
Receivables	52,567	(31,313)	21,254	(2,876)
Inventories	64,823	(52,986)	11,837	-
Other assets	1,319	5,221	6,540	18,384
Accounts payable	(341,985)	(538,719)	(880,704)	(73,146)
Compensated absences	42,484	28,335	70,819	126,249
Claims and judgments	(782)	(979)	(1,761)	434
Other postemployment benefits	29,613	28,297	57,910	129,774
Refundable deposits	4,915	809	5,724	-
Total adjustments	<u>2,284,668</u>	<u>2,107,124</u>	<u>4,391,792</u>	<u>224,863</u>
Net cash provided by (used in) operating activities	<u>\$ 3,873,058</u>	<u>\$ 11,192,702</u>	<u>\$ 15,065,760</u>	<u>\$ (39,398)</u>

STATEMENT OF NET ASSETS RECONCILIATION

Cash and investments from above	\$ 15,080,239	\$ 18,997,907	\$ 34,078,146	\$ 1,172,132
Less: restricted cash and investments	(6,458,521)	(11,323,303)	(17,781,824)	-
Cash and investments per Statements of Net Assets for Proprietary Funds (page 28)	<u>\$ 8,621,718</u>	<u>\$ 7,674,604</u>	<u>\$ 16,296,322</u>	<u>\$ 1,172,132</u>

NONCASH CAPITAL ACTIVITIES:

Amortization of bond issuance costs	\$ 9,996	\$ -	\$ 9,996
Contribution of capital assets to government	<u>\$ 532,388</u>	<u>\$ 882,466</u>	<u>\$ 1,414,854</u>

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

Never spend your money before you have it.
Thomas Jefferson

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

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 City has elected to not apply FASB statements issued after November 30, 1989. 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, 2011

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's Performing Arts Series.

Risk Management

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

Street

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Capital Projects

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

Capital Projects

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

Permanent

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

Internal Service

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

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

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.

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

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, 2011

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 earn vacation and sick pay benefits. No liability is reported for 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.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

Equity

For the Government-wide financial statements equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law, through constitutional provisions or enabling legislation.

Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In February 2009, effective for reporting periods beginning after June 15, 2010, GASB approved Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement defines the different fund balance categories that a governmental entity must use for financial reporting purposes in its governmental fund types. It also provides additional classification based on the relative strengths of the constraints that control how specific monies can be spent. The Statement requires governmental fund balance amounts to be properly reported within one of the fund balance categories listed below:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Council has granted authority to the City's Finance Director to assign fund balance amounts.

Unassigned - the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements when an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

for the year ended June 30, 2011

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 2010-11 was \$3,197,043,335. Assessed value is calculated on a property-by-property basis and is limited to a three percent increase annually. Compression of tax revenues comes into play when the real market value of an individual residential property is not sufficient to allow for an annual three percent increase in the assessed value.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

Budgetary Information, continued

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

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

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
Grants	Water
Street	Sewer
Ambulance	
Public Safety Levy	

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

During the fiscal year ended June 30, 2011, the City made supplemental budget changes amounting to \$70,952 in order to increase appropriations for unanticipated grant awards. Other supplemental budget changes resulted in a net increase of \$13,732,778 of authorized expenditures, which represents a plus seven percent change from the adopted budget. Funds in which the budget increased by more than \$100,000 were Risk Management (\$1,068,600), Public Transit (\$131,200), Debt Service (\$790,000), Capital Projects (\$5,327,600), Sewer (\$2,992,600) and Water (\$2,004,600). 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 2010-11.

Excess of Expenditures Over Appropriations

The City had one cost category where expenditures exceeded approved appropriations. As a whole the Sewer fund was within the adopted budget, however the Materials and Services category was overspent by \$287,437. This overage is due to the fact that a process in the Waste Water Facility is not yet working up to the standards intended. Public Works is currently working with the City Consultant to remedy this situation. In the meantime, sludge must be hauled to the landfill, which leads to the cost overage in the Materials and Services Category.

Deficit Fund Equity

For Fiscal Year 2010-11, 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. Also, the Grants fund ended the 2010-11 Fiscal Year with a negative fund balance due to the timing of revenue receipts.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

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	\$ 33,590
Cash with fiscal agents	39,457
Bank balances with financial institutions	(753,054)
State of Oregon Treasurer's short-term investment pool	26,277,074
Other investments	49,280,591
Interest accrued on investments at time of purchase	5,663
Total cash and investments	\$ 74,883,321

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

Cash and investments	\$ 45,188,238
Cash with fiscal agents	39,457
Restricted cash and investments	29,655,626
Total cash and investments	\$ 74,883,321

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 (\$753,054) and the bank balance was \$188,721.

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 allowed by GASB No. 31. The implementation of GASB No. 31 is and has been immaterial to the government-wide financial statements since fiscal year end June 30, 2007.

As of June 30, 2011, 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	\$ 9,571,984	\$ 9,681,980	2.337	13%
FHLB-Federal Home Loan Bank	15,022,940	15,094,880	1.112	20%
FHLM-Federal Home Loan Mortgage Corporation	5,998,929	5,991,120	1.969	8%
Oregon Short-term Fund	26,277,074	26,277,074	0.003	35%
Accrued trust fees	2,000	2,000		
Totals	\$ 75,557,665	\$ 75,833,329		100%
Portfolio weighted average maturity			<u>1.102</u>	

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

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, 2011, 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.

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

* Shall be limited to 5% per issuer.

Custodial risk

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

Custodial risk - deposits

This is the risk that in the event of a bank failure, the City of Albany's deposits might not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City of Albany's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest-bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2011, the City of Albany's bank balance of \$188,721 was not exposed to custodial credit risk.

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 \$38,664,320 include \$134,440 restricted for permanent endowments and \$38,529,880 restricted by enabling legislation as follows:

Governmental activities	\$ 18,879,050
Business-type activities	19,785,270
Total	\$ 38,664,320

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

3. DETAILED NOTES, continued

CAPITAL ASSETS

Governmental Activities

Capital activity for the year ended June 30, 2011, was as follows:

	July 1, 2010 Balance	Additions	Deletions, Transfers in, Transfers out	June 30, 2011 Balance
Non-depreciable capital assets				
Land	\$ 9,788,184	\$ 1,264,410	\$ -	\$ 11,052,594
Construction in progress	8,261,987	-	(173,311)	8,088,676
Total non-depreciable capital assets	18,050,171	1,264,410	(173,311)	19,141,270
Depreciable capital assets				
Buildings and improvements	19,757,759	706,362	-	20,464,121
Vehicles and equipment	12,848,521	222,558	(376,306)	12,694,773
Infrastructure	105,203,594	4,223,994	173,311	109,600,899
Total depreciable capital assets	137,809,874	5,152,914	(202,995)	142,759,793
Total capital assets	155,860,045	6,417,324	(376,306)	161,901,063
Accumulated depreciation				
Buildings and improvements	(4,354,628)	(361,330)	-	(4,715,958)
Vehicles and equipment	(7,295,231)	(987,974)	376,306	(7,906,899)
Infrastructure	(43,526,096)	(4,558,899)	-	(48,084,995)
Total accumulated depreciation	(55,175,955)	(5,908,203)	376,306	(60,707,852)
Depreciable capital assets net of depreciation	82,633,919	(755,289)	173,311	82,051,941
Governmental activities, capital assets, net	\$100,684,090	\$ 509,121	\$ -	\$101,193,211

Depreciation expense for governmental activities has been charged as follows:

General government	\$ 867,141
Public safety	690,885
Highways and streets	3,532,994
Culture and recreation	817,183
Total depreciation for governmental activities	\$ 5,908,203

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

3. DETAILED NOTES, continued

CAPITAL ASSETS, continued

Business-type Activities

Capital activity for the year ended June 30, 2011, was as follows:

	July 1, 2010 Balance	Additions	Deletions, Transfers in, Transfers out	June 30, 2011 Balance
Non-depreciable capital assets				
Land	\$ 6,216,055	\$ -	\$ -	\$ 6,216,055
Construction in progress	96,333,059	6,011,858	(59,150,447)	43,194,470
Total non-depreciable capital assets	<u>102,549,114</u>	<u>6,011,858</u>	<u>(59,150,447)</u>	<u>49,410,525</u>
Depreciable capital assets				
Land rights	19,794	-	-	19,794
Land improvements	25,178	-	-	25,178
Buildings and improvements	57,067,246	628,961	59,150,447	116,846,654
Vehicles and equipment	6,955,798	191,192	-	7,146,990
Infrastructure	125,989,662	2,498,014	-	128,487,676
Total depreciable capital assets	<u>190,057,678</u>	<u>3,318,167</u>	<u>59,150,447</u>	<u>252,526,292</u>
Total capital assets	<u>292,606,792</u>	<u>9,330,025</u>	<u>-</u>	<u>301,936,817</u>
Accumulated depreciation				
Land rights	(16,825)	(659)	-	(17,484)
Land improvements	(20,840)	(433)	-	(21,273)
Buildings and improvements	(17,004,745)	(2,108,320)	-	(19,113,065)
Vehicles and equipment	(5,697,056)	(291,383)	-	(5,988,439)
Infrastructure	(38,056,716)	(2,705,565)	-	(40,762,281)
Total accumulated depreciation	<u>(60,796,182)</u>	<u>(5,106,360)</u>	<u>-</u>	<u>(65,902,542)</u>
Depreciable capital assets net of depreciation	<u>129,261,496</u>	<u>(1,788,193)</u>	<u>59,150,447</u>	<u>186,623,750</u>
Business-type activities, capital assets, net	<u>\$231,810,610</u>	<u>\$ 4,223,665</u>	<u>\$ -</u>	<u>\$236,034,275</u>

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

Water Fund	\$ 2,429,178
Sewer Fund	2,677,182
Total depreciation for business-type activities	<u>\$ 5,106,360</u>

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

Total business-type capital assets, net of depreciation, from above	\$236,034,275
Internal service fund capital assets reported as business-type activities:	
Public Works Services Fund	(143,938)
Capital assets (net), Statement of Net Assets of Proprietary Funds (page 28)	<u>\$235,890,337</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

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, 2011, amounted to \$202,528, which represented approximately 4.9 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, 2011. The ARA loans have been restated to show the division of regular and forgivable loans.

	June 30, 2010			June 30, 2011		
	Balance	Increase	Decrease	Balance		
Governmental Funds						
General	\$ 200,066	\$ -	\$ -	\$ 200,066		
Economic Development	154,617	28,187	(21,765)	161,039		
Albany Revitalization Agency - Regular loans	333,150	-	(1,821)	331,329		
Total Governmental Funds	<u>687,833</u>	<u>28,187</u>	<u>(23,586)</u>	<u>692,434</u>		
Enterprise Fund - Sewer	4,718,784	1,047,628	(426,336)	5,340,076		
Total government-wide loans	<u>\$ 5,406,617</u>	<u>\$ 1,075,815</u>	<u>\$ (449,922)</u>	<u>\$ 6,032,510</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, 2011, 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. The actual amount of the loan was \$148,083. 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, 2011, Helping Hands is making 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, 2011, the balance of the receivable from the Dayton Hudson Corporation was \$143,565.

During the fiscal year 2010-11, Quality Inn became in arrears with the City for its monthly Transient Room tax in the amount of \$17,474. During the month of June 2011 they agreed to pay off this balance in one year; this loan is part of the Economic Development fund.

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, 2011

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.

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, 2011 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, 2011 the balance outstanding was \$42,500.

In March 2009, ARA approved a ten-year loan of \$307,500 to Cameron House, LLC, and Herb Yamamoto, Principal, to renovate the structure known as CADD Connection Building at 705 Lyon Street. The first loan amount of \$112,500, with an annual interest rate of 4.85 percent, is secured by a promissory note and trust deed. The principal and accrued interest are fully due and payable on March 13, 2016. The second and third loan amounts are each \$97,500, one of which is in the forgivable category, and is secured by a promissory note and trust deed. A total of \$3,671 has been received against these loans, leading to a June 30, 2011 outstanding balance of \$206,329.

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

	Loan Amount	Forgiven	Balance yet to be forgiven
Flinn Block LLC - Manley	\$ 35,857	\$ -	\$ 35,857
3rd Avenue Townhouses - Smith	250,000	-	250,000
R3 Development - Mikesell	200,066	-	200,066
CADD Connection - Yamamoto	94,507	-	94,507
Albany Redevelopment - Ward	23,568	-	23,568
Edgewater Village	1,500,000	-	1,500,000
	<u>2,103,998</u>	<u>-</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. The project went online in 2010-11 and final project costs plus adjustments totaled \$1,047,628. Millersburg paid \$426,336 against the loan. The loan balance will be paid back over a 19-year period at the same interest rate charged for the Albany loan from the Clean Water State Revolving Fund. As of June 30, 2011, Millersburg's loan balance was \$5,340,076.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

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 were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable	
General	\$ 1,227,335
Parks and Recreation	301,122
Other governmental	467,265
Accounts receivable	611,377
Assessments receivable	4,064,375
Community development loans	200,066
Economic development loans	492,368
Total deferred revenue	\$ 7,363,908

CONSTRUCTION COMMITMENTS

The City has active construction projects as of June 30, 2011. The Water, Sewer, Streets and Parks Capital projects include the completion of the wastewater treatment plant expansion project; Periwinkle Path Replacement; the City of Albany's Transportation System Plan update; Wetlands Treatment Project; the City Airport Runway rehabilitation; Lawndale Sewer Extension; and the Columbus Street Bridge repair.

<u>Capital Projects</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
Transportation System Plan Update - Streets	\$ 49,431	\$ 80,569
Periwinkle Path Replacement - Parks	25,630	59,718
Wetlands Treatment Project - Sewer	9,416,229	200,806
Airport Runway Rehabilitation - Transit	1,175,118	93,931
Wastewater Treatment Plant Expansion	-	163,342
Lawndale Sewer Extension - Sewer	14,553	122,292
Columbus Street Bridge Repair - Streets	-	151,450
Totals	\$ 10,680,961	\$ 872,108

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, Sewer, Airport and Parks capital projects are financed from capital project resources of the Water and Sewer Funds or by resources provided by FAA grants.

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:

Machinery and equipment	Governmental Activities \$ <u>151,695</u>
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The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

Years ending June 30,	Governmental Activities
2011	117,801
2012	40,923
Total minimum lease payments	158,724
Less: amount representing interest	(7,029)
Present value of minimum lease payments	\$ 151,695

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

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 2011/2012
Governmental Activities					
Long-term debt payable:					
General obligation bonds					
Series 2007 Refunding	\$ 6,705,000	\$ -	\$ 1,850,000	\$ 4,855,000	\$ 1,095,000
Special assessment debt with governmental commitment					
Series 2002	270,179	-	72,444	197,735	197,735
Revenue bonds					
Series 1995 Hotel/Motel Tax	210,000	-	210,000	-	-
Limited tax pension obligations					
Series 2002	6,463,368	-	856,860	5,606,508	92,951
General revenue obligations					
Series 2004	2,325,000	-	325,000	2,000,000	340,000
Urban Renewal Bonds					
2007 CARA Series A Tax-exempt	2,822,000	-	-	2,822,000	-
2007 CARA Series B Taxable	1,273,000	-	247,000	1,026,000	262,000
Note payable					
2010 CARA Urban Renewal Revenue Note	1,958,800	-	-	1,958,800	-
OEDD-Target Infrastructure	187,008	-	24,619	162,389	29,884
Total long-term obligations	22,214,355	-	3,585,923	18,628,432	2,017,570
Other postemployment benefits	1,144,177	428,965	-	1,573,142	-
Unamortized debt issuance costs (net)	(210,472)	-	(35,664)	(174,808)	-
Unamortized premium on debt issuance	72,140	-	14,676	57,464	-
Compensated absences	2,326,493	2,763,518	2,596,904	2,493,107	1,246,554
Claims and judgments	30,062	38,578	30,062	38,578	38,578
Capital leases	389,730	-	238,033	151,697	111,447
Total Governmental Activities	25,966,485	3,231,061	6,429,934	22,767,612	3,414,149
Business-type Activities					
Water revenue bonds					
2003 Water Revenue/Refunding	32,855,000	-	1,055,000	31,800,000	960,000
Certificates of participation					
Joint Water Project	147,365	-	71,687	75,678	75,678
Loans payable					
Oregon DEQ, New WWTP	69,000,000	-	2,643,460	66,356,540	2,723,921
Wetland Loan	4,114,000	-	335,440	3,778,560	348,858
ARRA	-	3,883,678	-	3,883,678	-
Total long-term obligations	106,116,365	3,883,678	4,105,587	105,894,456	4,108,457
Other postemployment benefits	352,524	130,300	-	482,824	-
Unamortized debt issuance costs (net)	(232,343)	-	(9,996)	(222,347)	-
Compensated absences	447,190	394,476	288,264	553,402	276,701
Claims and judgments	36,201	34,734	36,201	34,734	34,734
Total Business-type Activities	106,719,937	4,443,188	4,420,056	106,743,069	4,419,892
Totals	\$ 132,686,422	\$ 7,674,249	\$ 10,849,990	\$ 129,510,681	\$ 7,834,041

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

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 (\$309,502), and claims and judgments (\$1,427), 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, 2011, is \$4,855,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
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>\$ 4,855,000</u>	<u>\$ 501,600</u>	<u>\$ 5,356,600</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, 2011, is \$197,735.

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

Year Ending June 30	Principal	Interest	Total
2012	197,735	9,035	206,770

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

3. DETAILED NOTES, continued

LONG-TERM OBLIGATIONS, 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. The final payment was made this past August 1, 2010.

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 City prepaid one bond in the amount of \$790,000, which led to interest being defeased in the amount of \$737,003. The balance outstanding at June 30, 2011, is \$5,606,508. Annual debt service requirements to maturity for the limited tax pension obligations are as follows:

Year Ending June 30	Principal	Interest	Total
2012	92,951	412,286	505,237
2013	97,868	432,369	530,237
2014	101,687	453,551	555,238
2015-2019	544,398	2,681,791	3,226,189
2020-2024	2,434,604	1,635,534	4,070,138
2025-2028	2,335,000	454,839	2,789,839
Totals	\$ 5,606,508	\$ 6,070,370	\$ 11,676,878

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, 2011, is \$2,000,000. Annual debt service requirements to maturity for the general revenue obligations are as follows:

Year Ending June 30	Principal	Interest	Total
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
Totals	\$ 2,000,000	\$ 340,605	\$ 2,340,605

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

3. DETAILED NOTES, continued

LONG-TERM OBLIGATIONS, 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, 2011, is \$3,848,000. Annual debt service requirements to maturity for urban renewal bonds are as follows:

Year Ending June 30	Principal	Interest	Total
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	\$ 3,848,000	\$ 1,249,081	\$ 5,097,081

Notes Payable

In March 2010, the Albany Revitalization Agency, in conjunction with Bank of Amercia, 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% of 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, 2011, 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, 2011, is \$162,389 (Dayton-Hudson Corporation, \$143,565; City, \$18,824). Annual debt service requirements to maturity for governmental activities notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
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	\$ 162,389	\$ 29,052	\$ 191,441

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

3. DETAILED NOTES, continued

LONG-TERM OBLIGATIONS, 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, 2011, is \$31,800,000.

Year Ending June 30	Principal	Interest	Total
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	\$ 31,800,000	\$ 20,996,839	\$ 52,796,839

Certificates of Participation

In March 2002, the City issued \$600,000 of certificates of participation to finance the cost of acquiring 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, 2011, is \$75,678. Annual debt service requirements to maturity for business-type activities certificates of participation are as follows:

Year Ending June 30	Principal	Interest	Total
2012	75,678	3,150	78,828

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

3. DETAILED NOTES, continued

LONG-TERM OBLIGATIONS, 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, 2011, the balance outstanding is \$66,356,540. The final maturity date is October 1, 2029.

Year Ending June 30	Principal	Interest	Total
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
Totals	\$ 66,356,540	\$ 24,280,933	\$ 90,637,473

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. As of June 30, 2011, the balance outstanding is \$3,778,560.

Year Ending June 30	Principal	Interest	Total
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
Totals	\$ 3,778,560	\$ 811,578	\$ 4,590,138

The City of Albany has received a four million dollar loan from the Special Public Works Revolving Fund (SPWRF) which was funded by American Recovery and Reinvestment Act (ARRA) and was used to fund a portion of the Talking Water Garden project. The City of Millersburg partnered with the City and they forwarded to City of Albany their four million dollar loan from SPWRF to use against the same project. These two loans are forgivable; 75% for the City of Millersburg and 50% for the City of Albany. As of June 30, 2011, the City of Albany has drawn its full loan amount and Millersburg will finish in the 2011-12 fiscal year. As of June 30, 2011 the City will disclose an estimated balance due of \$3,883,678, and in the 2011-12 Fiscal Year, will report the final amount with an amortization schedule.

Capitalized Interest

During Fiscal Year 2010-11, interest costs to the enterprise funds were \$4,064,005, none of which was capitalized.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

3. DETAILED NOTES, continued

LONG-TERM OBLIGATIONS, continued

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 \$5,955,000 at June 30, 2011.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

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>Risk Management</u>	<u>Street</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	
Governmental funds							
General	\$ -	\$ 187,200	\$ -	\$ 260,000	\$ -	\$ 683,700	\$ 1,130,900
Parks and Recreation	-	98,229	-	-	-	225,327	323,556
Risk Management	-	1,000,000	1,068,600	-	1,158,129	790,000	4,016,729
Street	-	80,000	-	-	-	-	80,000
Capital Projects	-	-	-	644,316	-	-	644,316
Other governmental funds	2,927,773	21,688	-	-	-	531,879	3,481,340
Total governmental funds	<u>2,927,773</u>	<u>1,387,117</u>	<u>1,068,600</u>	<u>904,316</u>	<u>1,158,129</u>	<u>2,230,906</u>	<u>9,676,841</u>
Proprietary funds							
Water	50,000	-	-	447,977	-	66,787	564,764
Sewer	50,000	-	-	400,992	-	12,500	463,492
Total Proprietary funds	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>848,969</u>	<u>-</u>	<u>79,287</u>	<u>1,028,256</u>
Total transfers	<u>\$ 3,027,773</u>	<u>\$ 1,387,117</u>	<u>\$ 1,068,600</u>	<u>\$ 1,753,285</u>	<u>\$ 1,158,129</u>	<u>\$ 2,310,193</u>	<u>\$ 10,705,097</u>

Interfund Loans:

Governmental Funds

Risk Management - Receivable

3,458,977

Capital Projects - Payable

(3,458,977)

Total Interfund Loans

\$ -

Governmental Funds

Transfers from the General Fund

Transfers out of the General Fund totalled \$1,130,900 for Fiscal Year 2010-11. 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. There was a transfer of \$260,000 to the Street Fund to partially reimburse the cost of street lighting. \$417,200 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, \$236,500, was transferred to the Debt Service Fund. The amount of \$30,000 was transferred to the Building Inspection Fund for the ADA Code Enforcement program.

Transfers from the Parks and Recreation Fund

Parks and Recreation transfers out totalled \$323,556. 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, \$177,800. A transfer of \$44,500 was made to the Grants Fund for the Henderson Playground project. The amount of \$101,256 was transferred to the Parks Capital Improvement Fund for future park projects.

Transfers from the Risk Management Fund

Risk Management transfers out totalled \$7,475,706. Major transfers included a transfer to the Debt Service Fund for prepayment of a Fiscal Year 2024-25 bond related to the Limited tax pension obligations, Series 2002, in the amount of \$790,000. A transfer of \$1,158,129 was made to the Capital Project Fund for the 53rd Avenue Road Extension project. The amount of \$1,000,000 was transferred to the Parks fund to purchase the land for the East Thornton Lake Habitat project. A transfer of \$1,000,000 was made within the Risk Management Fund for the reimbursement of legal fees related to the SVC Litigation. A transfer of \$3,458,977 was made to the Capital Projects Fund so the Interfund Loans from the Water and Sewer Capital could be repaid. A transfer of \$68,600 was made within the Risk Management Fund for the startup money for the Historic Albany Recovery Plan.

Transfers from the Street Fund

The amount of \$80,000 was transferred to the Parks and Recreation department for the Urban Forestry program.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

3. DETAILED NOTES, continued

INTERFUND TRANSFERS, continued

Governmental funds, continued

Transfers from the Capital Project Fund

A total of \$4,653,350 was transferred from the Capital Projects Fund for the following items: a transfer of \$4,009,034 was made to the Water and Sewer Fund (the Interfund Loans from the 2009-10 Fiscal Year were paid off plus related interest). A transfer of \$212,994 was made to the Streets Fund - Capital and a transfer of \$431,322 was made to the Streets Fund - Transportation SDC's - due to the completion of the 53rd Avenue Road Extension project.

Transfers from Other Governmental Funds

Public Safety Levy Fund

The amount of \$766,000 was transferred to the General Fund to offset inflationary costs in the Fire Suppression and Police programs. Other transfers included \$135,194 to the Ambulance Fund for operational costs, \$986,606 to the General Fund for the Public Safety Levy - Police program, and \$885,167 to the General Fund for the Public Safety Levy - Fire program.

Central Albany Redevelopment Area

To support the cost of personnel, \$103,900 was transferred to the Economic Development Fund.

Capital Replacement Fund

The amount of \$290,000 was transferred to the General Fund to help support Fire and Police Department operations.

Proprietary funds

Transfers from Water fund

This year Public Works is transferring the Sewer and Water In-Lieu of Franchise fees through interfund transfers. The amount of \$447,977 was transferred to the Streets fund as its In-Lieu of revenue.

Transfer from Sewer fund

This year Public Works is transferring the Sewer and Water In-Lieu of Franchise fees through interfund transfers. The amount of \$400,992 was transferred to the Streets fund as its In-Lieu of revenue.

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

In the 2009-10 fiscal year, the Sewer and Water Capital programs of the Sewer and Capital funds had made an interfund loan of \$2,047,874 and \$1,950,940 respectively to the Capital Projects fund. The City paid these loans back, with interest, by borrowing from the Risk Management Fund. The loan payback to the Risk Management from the Capital Projects fund will happen over time, as the payback mechanism is the revenue stream from LID assessments levied against the projects in the Timber Ridge School area.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

3. DETAILED NOTES, continued

Governmental Fund Balances - GASB 54

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

Fund Balances	General	Parks and Recreation	Risk Management	Street	Capital Projects	Other Governmental	Total
Nonspendable:							
Prepaid	\$ 65,245	\$ 3,416	\$ -	\$ -	\$ -	\$ 9,784	\$ 78,445
Permanent fund principal	-	-	-	-	-	117,660	117,660
	<u>65,245</u>	<u>3,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,444</u>	<u>196,105</u>
Restricted for:							
Park and Recreation SDC's	-	1,891,601	-	-	-	-	1,891,601
Senior Center Foundation	-	11,069	-	-	-	-	11,069
Building Inspection	-	-	-	-	-	214,161	214,161
Electrical Inspection	-	-	-	-	-	6,305	6,305
Target Utilities	-	-	-	-	-	8,287	8,287
Public Safety Levy	-	-	-	-	-	216,893	216,893
Street Operations	-	-	-	333,466	-	-	333,466
Street Capital & Restoration	-	-	-	849,621	-	-	849,621
North Albany Frontage Fee	-	-	-	755,391	-	-	755,391
Transportation SDC Projects	-	-	-	8,031,223	-	-	8,031,223
CARA	-	-	-	-	-	842,385	842,385
CARA Debt Service	-	-	-	-	-	824,043	824,043
Bancroft Debt Service	-	-	-	-	-	171,306	171,306
2002 Limited Tax Pension Bonds	-	-	-	-	-	468,143	468,143
2004 Revenue Obligations	-	-	-	-	-	445	445
2007 GO Refunding Bonds	-	-	-	-	-	98,730	98,730
Library Programs	-	-	-	-	-	4,795	4,795
Parks and Recreation Programs	-	-	-	-	-	11,985	11,985
	<u>-</u>	<u>1,902,670</u>	<u>-</u>	<u>9,969,701</u>	<u>-</u>	<u>2,867,478</u>	<u>14,739,849</u>
Committed for:							
Community Development Housing	185,139	-	-	-	-	-	185,139
Park and Recreation Operations	-	730,476	-	-	-	-	730,476
ADA Code Enforcement	-	-	-	-	-	12,103	12,103
Risk Management Reserve	-	-	1,573,997	-	-	-	1,573,997
SVC Litigation Projects	-	-	11,090,663	-	-	-	11,090,663
HARP	-	-	59,008	-	-	-	59,008
Economic Development	-	-	-	-	-	212,392	212,392
Albany Municipal Airport	-	-	-	-	-	187,833	187,833
Ambulance Fund	-	-	-	-	-	52,578	52,578
Albany Transit	-	-	-	-	-	36,710	36,710
Paratransit System	-	-	-	-	-	21,470	21,470
Equipment Replacement	-	-	-	-	-	2,869,764	2,869,764
City Facilities Replacement	-	-	3,458,977	-	-	452,379	3,911,356
General Fund Facilities Maintenance	-	-	-	-	-	354,626	354,626
IT Equipment Replacement	-	-	-	-	-	1,607,834	1,607,834
Public Works Facilities	-	-	-	-	-	559,074	559,074
	<u>185,139</u>	<u>730,476</u>	<u>16,182,645</u>	<u>-</u>	<u>-</u>	<u>6,366,763</u>	<u>23,465,023</u>
Unassigned:							
General Fund	2,464,770	-	-	-	-	-	2,464,770
Grants Fund	-	-	-	-	-	(33,913)	(33,913)
City Facilities Replacement	-	-	-	-	(2,748,479)	-	(2,748,479)
	<u>2,464,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,748,479)</u>	<u>(33,913)</u>	<u>(317,622)</u>
Total Fund Balances	<u>\$ 2,715,154</u>	<u>\$ 2,636,562</u>	<u>\$ 16,182,645</u>	<u>\$ 9,969,701</u>	<u>\$ (2,748,479)</u>	<u>\$ 9,327,772</u>	<u>\$ 38,083,355</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

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, 2011

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", \$1,541,390 (six percent of covered payroll for 2010-11), in lieu of a six percent pay increase.

In addition, the City contributed \$2,618,391 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 7.68 percent for general service employees and 10.39 percent for police and fire employees. The rate for PERS Tier I and Tier II employees is 10.45 percent. The decrease in rates is noted below in the APC cost and contribution for this fiscal year.

Three-year Trend Information:

Year Ended June 30,	Employer Contributions		
	Annual Pension Cost (APC)	Amount of APC Contributed	Percentage of APC Contributed
2009	4,789,074	4,789,074	100%
2010	5,426,373	5,426,373	100%
2011	4,159,781	4,159,781	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 ended June 30, 2011, was as follows:

Prepaid pension contributions, beginning of year	\$ 5,638,529
Decrease in prepaid pension contributions	(313,252)
Prepaid pension contributions, end of year	\$ 5,325,277

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

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 2.75 percent per year, (b) an assumed earnings rate of 8 percent net of investment and administrative expenses, (c) wage growth of 3.75 percent annually, and (d) a post-retirement benefits increase of seven 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, 2010 (the date of the last actuarial valuation), consisted of the following:

Active employees	395
Retirees, spouses, or dependents	60
<u>Total</u>	<u>455</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

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	\$ 561.94	\$ 994.96	\$ 1,214.31	\$ 1,635.07
Pacific Source PPO/Prime - All other Albany Employees	\$ 515.75	\$ 905.62	\$ 1,104.26	\$ 1,486.70
ODS Dental/Vision	54.31	102.94	96.17	144.80
Blue Classic, medical/dental (Fire Union)	1,137.35	1,137.35	1,137.35	1,137.35
Fire Union COBRA & Retiree		Employee	Two-Party	Family
Blue Classic Medical		\$ 439.80	\$ 923.30	\$ 1,276.10
Blue Classic Medical/Dental/Vision		496.10	1,027.55	1,455.47

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, 2011, is equal to the ARC as follows:

Normal Cost	\$ 443,193
Amortization of UAAL	427,341
<u>Annual required contribution (ARC)</u>	<u>\$ 870,534</u>

The net OPEB obligation as of June 30, 2011, was calculated as follows:

Annual required contribution	\$ 870,534
Implicit benefit payments	(272,974)
Interest on prior year Net OPEB Obligation	67,352
Adjustment to ARC	(105,647)
Adjustment to Net OPEB beginning balance	-
<u>Increase in net OPEB obligation</u>	<u>\$ 559,265</u>
<u>Net OPEB at beginning of the year</u>	<u>1,496,701</u>
<u>Net OPEB at end of the year</u>	<u>\$ 2,055,966</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2011

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, 2011, are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 658,492	28.34%	\$ 934,962
June 30, 2010	\$ 793,328	18.17%	\$ 1,496,701
June 30, 2011	\$ 832,239	24.67%	\$ 2,055,966

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, 2010, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$6,337,576, and the actuarial value of assets was zero, resulting in an unfunded accrued liability of \$6,337,576.

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%
August 1, 2010	\$ -	\$ 6,337,576	\$ 6,337,576	0.00%	\$ 26,237,320	24.15%

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, 2010, 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, 2011

4. OTHER INFORMATION, continued

OTHER POST-EMPLOYMENT BENEFITS, continued

Actuarial Methods and Assumptions, continued

The **discount rate** for unfunded liabilities is 4.0 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 8.5 percent in the first year, graded down one percent per year to .5 percent in the fourth 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, 2009.

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

The unfunded actuarial accrued liability is being **amortized** as a level percentage of payroll over a period not exceeding 30 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 fiscal year since June 30, 2007, the City is obligated to pay up to \$75,000 in claims and settlement costs. At June 30, 2011, amounts accrued as liabilities for Fiscal Year 2008-09 were \$36,468, for Fiscal Year 2009-10, \$18,104, and for Fiscal Year 2010-11, \$18,741.

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, 2011

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	\$ 38,532	\$ 36,468
2010	75,000	56,896	18,104
2011	75,000	56,259	18,741

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, 2011, the Linn Regional Fueling Facility's equity balance as reported in its audited financial statements totaled \$371,219. 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, 2011

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. Phase I was completed in December 2009. Phase I improvements will provide an average dry weather flow capacity of 12.3 million gallons per day (MGD), maximum month wet weather flow capacity of 29 MGD, and peak wet weather flow of 68 MGD. Capacity of maximum month biochemical oxygen demand is 14,600 pounds per day. Capacity of maximum total suspended solids will be 19,100 pounds per day.

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.

You know what your problem is, it's that you haven't seen enough movies - all of life's riddles are answered in the movies.

Steve Martin

SUPPLEMENTARY DATA

Included in this section are:

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

CITY OF ALBANY, OREGON
OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2011

	Special Revenue	Debt Service	Capital Replacement	Permanent	Totals
ASSETS					
Cash and investments	\$ 2,836,306	\$ -	\$ 5,853,078	\$ -	\$ 8,689,384
Cash with Fiscal Agents	-	39,457	-	-	39,457
Receivables:					
Property taxes	354,100	140,961	-	-	495,061
Accounts	528,785	-	-	-	528,785
Assessments	-	14,275	-	-	14,275
Interest	1,843	1,272	3,297	75	6,487
Loans	492,368	-	-	-	492,368
Grants	434,255	-	-	-	434,255
Prepaid items	9,784	-	-	-	9,784
Restricted cash and investments	8,287	690,432	-	134,667	833,386
Total assets	<u>\$ 4,665,728</u>	<u>\$ 886,397</u>	<u>\$ 5,856,375</u>	<u>\$ 134,742</u>	<u>\$ 11,543,242</u>
LIABILITIES					
Accounts payable	\$ 407,007	\$ -	\$ 12,698	\$ 302	\$ 420,007
Loan payable to General Fund	308,820	-	-	-	308,820
Deferred revenue	1,336,870	147,773	-	-	1,484,643
Deposits	2,000	-	-	-	2,000
Total liabilities	<u>2,054,697</u>	<u>147,773</u>	<u>12,698</u>	<u>302</u>	<u>2,215,470</u>
FUND BALANCES					
Nonspendable	9,784	-	-	117,660	127,444
Restricted	2,112,074	738,624	-	16,780	2,867,478
Committed	523,086	-	5,843,677	-	6,366,763
Unassigned	(33,913)	-	-	-	(33,913)
Total fund balances	<u>2,611,031</u>	<u>738,624</u>	<u>5,843,677</u>	<u>134,440</u>	<u>9,327,772</u>
Total liabilities and fund balances	<u>\$ 4,665,728</u>	<u>\$ 886,397</u>	<u>\$ 5,856,375</u>	<u>\$ 134,742</u>	<u>\$ 11,543,242</u>

CITY OF ALBANY, OREGON
OTHER GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2011

	Special Revenue	Debt Service	Capital Replacement	Permanent	Totals
REVENUES					
Property taxes	\$ 4,370,901	\$2,141,144	\$ -	\$ -	\$ 6,512,045
Transient room taxes	655,879	-	-	-	655,879
Assessment collections	-	880	-	-	880
Franchise fees, privilege taxes, licenses, and permits	1,091,927	-	-	-	1,091,927
Intragovernmental	3,220,318	-	1,351	-	3,221,669
Charges for services	2,394,812	636,288	773,479	-	3,804,579
Interest on investments	20,794	14,225	48,234	1,114	84,367
Miscellaneous	79,167	-	33,588	-	112,755
Total revenues	<u>11,833,798</u>	<u>2,792,537</u>	<u>856,652</u>	<u>1,114</u>	<u>15,484,101</u>
EXPENDITURES					
Current:					
General government	4,651,533	12,291	480,041	-	5,143,865
Public safety	2,441,350	-	-	-	2,441,350
Highway and streets	58,403	-	-	-	58,403
Culture and recreation	24,309	-	-	3,172	27,481
Debt service:					
Principal	271,619	3,314,307	-	-	3,585,926
Interest	281,470	794,305	-	-	1,075,775
Capital outlay	1,988,849	-	223,282	-	2,212,131
Total expenditures	<u>9,717,533</u>	<u>4,120,903</u>	<u>703,323</u>	<u>3,172</u>	<u>14,544,931</u>
Excess of Revenues over (under) expenditures	<u>2,116,265</u>	<u>(1,328,366)</u>	<u>153,329</u>	<u>(2,058)</u>	<u>939,170</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	778,769	1,204,300	327,124	-	2,310,193
Transfers out	(2,909,203)	-	(572,137)	-	(3,481,340)
Total other financing sources (uses)	<u>(2,130,434)</u>	<u>1,204,300</u>	<u>(245,013)</u>	<u>-</u>	<u>(1,171,147)</u>
Net change in fund balances	(14,169)	(124,066)	(91,684)	(2,058)	(231,977)
Fund balance - beginning	2,625,200	862,690	5,935,361	136,498	9,559,749
Fund balance - ending	<u>\$ 2,611,031</u>	<u>\$ 738,624</u>	<u>\$ 5,843,677</u>	<u>\$ 134,440</u>	<u>\$ 9,327,772</u>

All the world's a stage, and all the men and women merely players: they have their exits and their entrances; and one man in his time plays many parts, his acts being seven ages.

William Shakespeare

**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.
- **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, 2011

	Grants	Building Inspection	Economic Develop- ment	Ambulance	Public Transit
ASSETS					
Cash and investments	\$ -	\$ 314,583	\$ 424,620	\$ 113,057	\$ 82,541
Receivables:					
Property taxes	-	-	-	-	-
Accounts	-	-	1,755	508,907	18,118
Interest	-	97	215	84	32
Loans	-	-	161,039	-	-
Grants	434,255	-	-	-	-
Prepaid items	-	50	166	9,568	-
Restricted cash and investments	-	-	8,287	-	-
Total assets	\$ 434,255	\$ 314,730	\$ 596,082	\$ 631,616	\$ 100,691
LIABILITIES					
Accounts payable	\$ 159,348	\$ 82,111	\$ 24,365	\$ 60,563	\$ 42,511
Loan payable to General Fund	308,820	-	-	-	-
Deferred revenue	-	-	161,039	508,907	-
Deposits	-	-	2,000	-	-
Total liabilities	468,168	82,111	187,404	569,470	42,511
FUND BALANCES					
Nonspendable	-	50	166	9,568	-
Restricted	-	220,466	8,287	-	-
Committed	-	12,103	400,225	52,578	58,180
Unassigned	(33,913)	-	-	-	-
Total fund balances	(33,913)	232,619	408,678	62,146	58,180
Total liabilities and fund balances	\$ 434,255	\$ 314,730	\$ 596,082	\$ 631,616	\$ 100,691

Public Safety Levy	Albany Revitalization Agency	Totals	
\$ 204,189	\$ 1,697,316	\$ 2,836,306	ASSETS
			Cash and investments
			Receivables:
215,393	138,707	354,100	Property taxes
5	-	528,785	Accounts
268	1,147	1,843	Interest
-	331,329	492,368	Loans
-	-	434,255	Grants
-	-	9,784	Prepaid items
-	-	8,287	Restricted cash and investments
<u>\$ 419,855</u>	<u>\$ 2,168,499</u>	<u>\$ 4,665,728</u>	Total assets
			LIABILITIES
\$ -	\$ 38,109	\$ 407,007	Accounts payable
-	-	308,820	Loan payable to General Fund
202,962	463,962	1,336,870	Deferred revenue
-	-	2,000	Deposits
<u>202,962</u>	<u>502,071</u>	<u>2,054,697</u>	Total liabilities
			FUND BALANCES
-	-	9,784	Nonspendable
216,893	1,666,428	2,112,074	Restricted
-	-	523,086	Committed
-	-	(33,913)	Unassigned
<u>216,893</u>	<u>1,666,428</u>	<u>2,611,031</u>	Total fund balances
<u>\$ 419,855</u>	<u>\$ 2,168,499</u>	<u>\$ 4,665,728</u>	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, 2011

	Grants	Building Inspection	Economic Develop- ment	Ambulance	Public Transit
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Transient room taxes	-	-	655,879	-	-
Licenses and fees	-	1,091,927	-	-	-
Intragovernmental	2,681,632	-	-	-	538,686
Charges for services	-	77,269	147,606	2,008,138	161,799
Interest on investments	-	1,602	(173)	1,132	225
Miscellaneous	17,439	200	31,271	3,723	9,512
Total revenues	<u>2,699,071</u>	<u>1,170,998</u>	<u>834,583</u>	<u>2,012,993</u>	<u>710,222</u>
EXPENDITURES					
Current:					
General government	438,483	1,194,533	824,396	-	1,227,895
Public safety	332,315	-	-	2,109,035	-
Highways and streets	58,403	-	-	-	-
Culture and recreation	24,309	-	-	-	-
Debt service:					
Principal	-	-	24,619	-	-
Interest	-	-	10,752	-	-
Capital outlay	1,905,313	-	47,800	45,389	-
Total expenditures	<u>2,758,823</u>	<u>1,194,533</u>	<u>907,567</u>	<u>2,154,424</u>	<u>1,227,895</u>
Excess of Revenues over (under) expenditures	<u>(59,752)</u>	<u>(23,535)</u>	<u>(72,984)</u>	<u>(141,431)</u>	<u>(517,673)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	47,527	65,648	103,900	135,194	426,500
Transfers out	(21,688)	(10,648)	-	-	-
Total other financing sources (uses)	<u>25,839</u>	<u>55,000</u>	<u>103,900</u>	<u>135,194</u>	<u>426,500</u>
Net change in fund balances	<u>(33,913)</u>	<u>31,465</u>	<u>30,916</u>	<u>(6,237)</u>	<u>(91,173)</u>
Fund balance - beginning	-	201,154	377,762	68,383	149,353
Fund balance - ending	<u>\$ (33,913)</u>	<u>\$ 232,619</u>	<u>\$ 408,678</u>	<u>\$ 62,146</u>	<u>\$ 58,180</u>

Public Safety Levy	Albany Revitalization Agency	Totals	
			REVENUES
\$ 2,571,987	\$ 1,798,914	\$ 4,370,901	Property taxes
-	-	655,879	Transient room taxes
-	-	1,091,927	Licenses and fees
-	-	3,220,318	Intragovernmental
-	-	2,394,812	Charges for services
3,947	14,061	20,794	Interest on investments
-	17,022	79,167	Miscellaneous
<u>2,575,934</u>	<u>1,829,997</u>	<u>11,833,798</u>	Total revenues
			EXPENDITURES
			Current:
-	966,226	4,651,533	General government
-	-	2,441,350	Public safety
-	-	58,403	Highways and streets
-	-	24,309	Culture and recreation
			Debt service:
-	247,000	271,619	Principal
-	270,718	281,470	Interest
-	(9,653)	1,988,849	Capital outlay
-	<u>1,474,291</u>	<u>9,717,533</u>	Total expenditures
<u>2,575,934</u>	<u>355,706</u>	<u>2,116,265</u>	Excess of Revenues over (under) expenditures
			OTHER FINANCING SOURCES (USES)
-	-	778,769	Transfers in
<u>(2,772,967)</u>	<u>(103,900)</u>	<u>(2,909,203)</u>	Transfers out
<u>(2,772,967)</u>	<u>(103,900)</u>	<u>(2,130,434)</u>	Total other financing sources (uses)
(197,033)	251,806	(14,169)	Net change in fund balances
413,926	1,414,622	2,625,200	Fund balance - beginning
<u>\$ 216,893</u>	<u>\$ 1,666,428</u>	<u>\$ 2,611,031</u>	Fund balance - ending

CITY OF ALBANY, OREGON
GRANTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2011

Revenues	Original Budget	Final Budget	Actual	Over (Under)
FAA Entitlement	\$ 2,371,400	\$ 2,371,400	\$ 1,362,176	\$ (1,009,224)
Non-Medical Medicaid	16,000	16,000	10,342	(5,658)
Bureau of Justice	-	-	1,710	1,710
US Department of Energy	-	-	359,755	359,755
US Department of Homeland Security	83,800	115,700	32,655	(83,045)
Land and Water Conservation	74,800	74,800	-	(74,800)
American Recovery & Reinvestment Act	1,015,000	1,015,000	209,597	(805,403)
Community Development Block Grant	297,700	297,700	210,841	(86,859)
State of Oregon	387,000	417,752	342,397	(75,355)
Oregon Community Foundation	103,000	103,000	102,869	(131)
Oregon Emergency Management	280,100	280,100	15,829	(264,271)
Albany Library Foundation	-	-	50,900	50,900
Gifts and donations	3,000	3,000	-	(3,000)
Interest on investments	2,000	2,000	-	(2,000)
Total revenues	<u>4,633,800</u>	<u>4,696,452</u>	<u>2,699,071</u>	<u>(1,997,381)</u>
Other financing sources				
Transfer from Parks and Recreation	126,000	134,300	47,527	(86,773)
Total other financing sources	<u>126,000</u>	<u>134,300</u>	<u>47,527</u>	<u>(86,773)</u>
Fund balance, beginning	<u>401,000</u>	<u>401,000</u>	<u>-</u>	<u>(401,000)</u>
Amount available for appropriation	<u>\$ 5,160,800</u>	<u>\$ 5,231,752</u>	<u>2,746,598</u>	<u>\$ (2,485,154)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 84,000	\$ 100,200	30,091	\$ 70,109
Materials and services	1,076,500	1,122,952	986,464	136,488
Capital	4,000,300	3,986,900	1,742,268	2,244,632
Total expenditures	<u>\$ 5,160,800</u>	<u>\$ 5,210,052</u>	<u>2,758,823</u>	<u>\$ 2,451,229</u>
Other financing sources				
Transfer to Parks and Recreation	-	21,700	21,688	12
Fund balance, ending	<u>\$ 5,160,800</u>	<u>\$ 5,231,752</u>	<u>\$ 2,780,511</u>	<u>\$ 2,451,241</u>
			<u>\$ (33,913)</u>	

CITY OF ALBANY, OREGON
BUILDING INSPECTION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Building permit surcharge	\$ 76,000	\$ 76,000	\$ 72,203	\$ (3,797)
Master electrical permit	1,500	1,500	1,819	319
Electrical minor labels	3,000	3,000	3,450	450
Residential building permits	364,500	364,500	268,109	(96,391)
Commercial building permits	547,500	547,500	544,262	(3,238)
Land use plan review fee	5,000	5,000	5,328	328
Manufactured home set-up fees	1,500	1,500	2,200	700
Fire sprinkler permits	15,000	15,000	19,529	4,529
Parking lot permits	10,000	10,000	45,188	35,188
Residential electrical permits	127,700	127,700	104,503	(23,197)
Fire alarm permits	7,500	7,500	3,027	(4,473)
Sign permits	3,500	3,500	2,939	(561)
Document imaging fees	20,000	20,000	18,091	(1,909)
Electrical Document Imaging	1,600	1,600	1,279	(321)
Charges for Services	7,000	7,000	77,269	70,269
Miscellaneous	100	100	200	100
Interest on investments	5,000	5,000	1,602	(3,398)
Total revenues	<u>1,196,400</u>	<u>1,196,400</u>	<u>1,170,998</u>	<u>(25,402)</u>
Other financing sources				
Transfer from General	30,000	30,000	30,000	-
Transfer from Water Economic Development	12,500	12,500	12,500	-
Transfer from Sewer Economic Development	12,500	12,500	12,500	-
Transfer from Building Inspection	11,600	11,600	10,648	(952)
Total other financing sources	<u>66,600</u>	<u>66,600</u>	<u>65,648</u>	<u>(952)</u>
Fund balance, beginning	<u>150,000</u>	<u>150,000</u>	<u>201,154</u>	<u>51,154</u>
Amount available for appropriation	<u>\$ 1,413,000</u>	<u>\$ 1,413,000</u>	<u>1,437,800</u>	<u>\$ 24,800</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Building Inspection	\$ 1,185,000	\$ 1,185,000	1,024,684	\$ 160,316
Electrical Permit Program	149,800	149,800	116,310	33,490
ADA Code Enforcement	66,600	66,600	53,539	13,061
Total expenditures	<u>\$ 1,401,400</u>	<u>\$ 1,401,400</u>	<u>1,194,533</u>	<u>\$ 206,867</u>
Other financing uses				
Transfers out	11,600	11,600	10,648	952
Total expenditures and other financing uses	<u>\$ 1,413,000</u>	<u>\$ 1,413,000</u>	<u>1,205,181</u>	<u>\$ 207,819</u>
Fund balance, ending			<u>\$ 232,619</u>	

CITY OF ALBANY, OREGON
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Transient room tax	\$ 507,800	\$ 507,800	\$ 655,879	\$ 148,079
Airport fuel	132,000	132,000	118,529	(13,471)
Airport tie down rentals	4,400	4,400	375	(4,025)
Airport lease	18,000	18,000	35,822	17,822
Fixed base operator	18,000	18,000	(34,500)	(52,500)
Space rental	27,000	27,000	27,380	380
Dayton Hudson Corp. (Target)	31,300	31,300	31,271	(29)
Interest on investments	7,800	7,800	(173)	(7,973)
Total revenues	<u>746,300</u>	<u>746,300</u>	<u>834,583</u>	<u>88,283</u>
Other financing sources				
Transfer from Albany Revitalization Agency	103,900	103,900	103,900	-
Total other financing sources	<u>103,900</u>	<u>103,900</u>	<u>103,900</u>	<u>-</u>
Fund balance, beginning	354,400	354,400	377,762	23,362
Amount available for appropriation	<u>\$ 1,204,600</u>	<u>\$ 1,204,600</u>	<u>1,316,245</u>	<u>\$ 111,645</u>
Expenditures				
Target Utilities	\$ 44,600	\$ 44,600	35,371	\$ 9,229
Economic Development Activity	564,200	564,200	547,380	16,820
Albany Airport	505,800	505,800	324,816	180,984
Total expenditures	<u>\$ 1,114,600</u>	<u>\$ 1,114,600</u>	<u>907,567</u>	<u>\$ 207,033</u>
Other financing uses				
Transfers out	90,000	90,000	-	90,000
Total expenditures and other financing uses	<u>\$ 1,204,600</u>	<u>\$ 1,204,600</u>	<u>907,567</u>	<u>\$ 297,033</u>
Fund balance, ending			<u>\$ 408,678</u>	

CITY OF ALBANY, OREGON
AMBULANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2011

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Ambulance service fees	\$ 1,800,000	\$ 1,800,000	\$ 1,882,588	\$ 82,588
Ambulance subscription fees	102,500	102,500	125,550	23,050
Miscellaneous	-	-	3,723	3,723
Interest on investments	1,600	1,600	1,132	(468)
Total revenues	<u>1,904,100</u>	<u>1,904,100</u>	<u>2,012,993</u>	<u>108,893</u>
Other financing sources				
Transfer from Public Safety Levy	245,900	245,900	135,194	(110,706)
Fund balance, beginning	67,000	67,000	68,383	1,383
Amount available for appropriation	<u>\$ 2,217,000</u>	<u>\$ 2,217,000</u>	<u>2,216,570</u>	<u>\$ (430)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 1,892,800	\$ 1,847,400	1,801,944	\$ 45,456
Materials and services	324,200	324,200	307,091	17,109
Capital	-	45,400	45,389	11
Total expenditures	<u>\$ 2,217,000</u>	<u>\$ 2,217,000</u>	<u>2,154,424</u>	<u>\$ 62,576</u>
Fund balance, ending			<u>\$ 62,146</u>	

CITY OF ALBANY, OREGON
PUBLIC TRANSIT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2011

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Business Energy Tax Credit grant	\$ 131,500	\$ 131,500	\$ -	\$ (131,500)
FTA Section 5311 grant	430,600	430,600	389,258	(41,342)
FTA-ODOT grant	15,000	95,700	50,726	(44,974)
City of Millersburg	2,500	2,500	2,115	(385)
Local funds	77,700	74,950	74,002	(948)
Oregon cigarette tax transit grant - Linn County	16,100	21,100	18,587	(2,513)
Oregon cigarette tax transit grant - Benton County	4,000	9,000	4,000	(5,000)
Advertising	10,000	10,000	18,615	8,615
Bus fares	40,100	40,100	46,148	6,048
Linn Benton Community College fare match program	84,100	84,100	84,100	-
Call-a-Ride	-	19,000	12,936	(6,064)
Gifts and donations	500	500	425	(75)
Miscellaneous	500	500	5,040	4,540
Interest on investments	300	300	225	(75)
Total revenues	812,900	919,850	710,222	(209,628)
Other financing sources				
Transfer from General	417,200	417,200	417,200	-
Transfer from Capital Equipment Fund	-	9,300	9,300	-
Total other financing sources	417,200	426,500	426,500	-
Fund balance, beginning	43,200	58,200	149,353	91,153
Amount available for appropriation	<u>1,273,300</u>	<u>1,404,550</u>	<u>1,286,075</u>	<u>\$ (118,475)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Albany Transit System	\$ 530,000	\$ 561,250	531,338	\$ 29,912
Transit Loop System	459,700	469,700	433,637	36,063
Paratransit System	283,600	373,600	262,920	110,680
Total expenditures	\$ 1,273,300	\$ 1,404,550	1,227,895	\$ 176,655
Fund balance, ending			<u>\$ 58,180</u>	

CITY OF ALBANY, OREGON
PUBLIC SAFETY LEVY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes				
Current	\$ 2,623,300	\$ 2,623,300	\$ 2,491,905	\$ (131,395)
Delinquent	75,000	75,000	80,082	5,082
Interest on investments	5,000	5,000	3,947	(1,053)
Total revenues	<u>2,703,300</u>	<u>2,703,300</u>	<u>2,575,934</u>	<u>(127,366)</u>
Fund balance, beginning	274,200	274,200	413,926	139,726
Amount available for appropriation	<u>\$ 2,977,500</u>	<u>\$ 2,977,500</u>	<u>2,989,860</u>	<u>\$ 12,360</u>
	Original Budget	Final Budget	Actual	(Over) Under
Other financing uses				
Transfers out	<u>\$ 2,977,500</u>	<u>\$ 2,977,500</u>	<u>2,772,967</u>	<u>\$ 204,533</u>
Fund balance, ending			<u>\$ 216,893</u>	

CITY OF ALBANY, OREGON
ALBANY REVITALIZATION AGENCY
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2011

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes - current	\$ 1,465,200	\$ 1,465,200	\$ 1,747,603	\$ 282,403
Property taxes - delinquent	33,700	33,700	51,311	17,611
Miscellaneous	-	-	11,650	11,650
Loan repayment-principal	1,800	1,800	-	(1,800)
Loan repayment-interest	5,400	5,400	5,372	(28)
Interest on investments	30,000	30,000	14,061	(15,939)
Total revenues	<u>1,536,100</u>	<u>1,536,100</u>	<u>1,829,997</u>	<u>293,897</u>
Other financing sources				
Issuance of short-term debt	3,041,200	3,041,200	-	(3,041,200)
Fund balance, beginning	<u>670,300</u>	<u>670,300</u>	<u>1,414,622</u>	<u>744,322</u>
Amount available for appropriation	<u>\$ 5,247,600</u>	<u>\$ 5,247,600</u>	<u>3,244,619</u>	<u>\$ (2,002,981)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
ARA	\$ 3,966,300	\$ 3,966,300	956,573	\$ 3,009,727
ARA Debt Service	1,177,400	1,177,400	517,718	659,682
Total expenditures	<u>5,143,700</u>	<u>5,143,700</u>	<u>1,474,291</u>	<u>3,669,409</u>
Other financing uses				
Transfer to Economic Development Fund	103,900	103,900	103,900	-
Total expenditures and other financing uses	<u>\$ 5,247,600</u>	<u>\$ 5,247,600</u>	<u>1,578,191</u>	<u>\$ 3,669,409</u>
Fund balance, ending			<u>\$ 1,666,428</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, 2011

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes - current	\$ 2,118,200	\$ 2,118,200	\$ 2,121,854	\$ 3,654
Property taxes - delinquent	18,500	18,500	19,290	790
Charges for services	531,100	531,100	636,288	105,188
Bonded assessment collections:				
Principal	3,000	3,000	815	(2,185)
Interest	500	500	65	(435)
Interest on investments	18,500	18,500	14,225	(4,275)
Total revenues	<u>2,689,800</u>	<u>2,689,800</u>	<u>2,792,537</u>	<u>102,737</u>
Other financing sources				
Transfer from Parks	177,800	177,800	177,800	-
Transfer from General	236,500	236,500	236,500	-
Transfer from Litigation Proceeds	-	790,000	790,000	-
Total other financing sources	<u>414,300</u>	<u>1,204,300</u>	<u>1,204,300</u>	<u>-</u>
Fund balance, beginning	<u>852,000</u>	<u>852,000</u>	<u>862,690</u>	<u>10,690</u>
Amount available for appropriation	<u>\$ 3,956,100</u>	<u>\$ 4,746,100</u>	<u>4,859,527</u>	<u>\$ 113,427</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Bancroft Bond Debt Service	\$ 261,700	\$ 261,700	85,137	\$ 176,563
1995 Fairgrounds Revenue Bonds	216,600	216,600	216,585	15
2002 Limited Tax Pension Obligations (PERS)	854,800	1,644,800	1,285,467	359,333
2004 Revenue Obligations	414,300	414,300	413,664	636
2007 General Obligation Refunding Bonds	2,208,700	2,208,700	2,120,050	88,650
Total expenditures	<u>\$ 3,956,100</u>	<u>\$ 4,746,100</u>	<u>4,120,903</u>	<u>\$ 625,197</u>
Fund balance, ending			<u>\$ 738,624</u>	

Schedule of Revenues and Expenditures - Budget and Actual

Capital Projects 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.
- **Capital Replacement**-accounts for monies accumulated for the replacement of vehicles, computer equipment, and City facilities.

CITY OF ALBANY, OREGON
CAPITAL PROJECTS FUND - A Major Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2011

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Federal Transportation Equity Act (TEA) Grant	\$ 2,600,000	\$ 2,600,000	\$ 1,086,718	\$ (1,513,282)
Charges for Services				
Financed Principal	40,000	40,000	33,465	(6,535)
Unfinanced Principal	1,539,000	1,539,000	8,383	(1,530,617)
Interest	15,000	15,000	102	(14,898)
Interest	6,000	6,000	-	(6,000)
Miscellaneous	-	-	5,000	5,000
Interest on investments	26,000	26,000	12,852	(13,148)
Total revenues	<u>4,226,000</u>	<u>4,226,000</u>	<u>1,146,520</u>	<u>(3,079,480)</u>
Other financing sources				
Interfund Loan from Risk Management	-	4,109,400	3,458,977	(650,423)
Transfer from Risk Management	-	1,160,000	1,158,129	(1,871)
Total other financing sources	<u>-</u>	<u>5,269,400</u>	<u>4,617,106</u>	<u>(652,294)</u>
Fund balance, beginning	<u>1,160,600</u>	<u>1,218,800</u>	<u>1,951,850</u>	<u>733,050</u>
Amount available for appropriation	<u>\$ 5,386,600</u>	<u>\$ 10,714,200</u>	<u>7,715,476</u>	<u>\$ (2,998,724)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Albany Data Integration Project	\$ 153,000	\$ 153,000	56,850	\$ 96,150
LID Construction Projects	1,850,000	1,850,000	1,632,125	217,875
Albany Station REA Building Project	1,280,000	1,280,000	617,746	662,254
Albany Station Pathway	678,000	678,000	14,327	663,673
North Albany Park & Ride	832,000	832,000	33,442	798,558
ST-07-03 53rd Avenue Bridge/Roadway	593,600	7,400	7,357	43
SS-07-02 Ellingson Road Sewer Extension	-	515,000	-	
WL-07-08 Ellingson Road Water Extension	-	645,000	-	
Total expenditures	<u>5,386,600</u>	<u>5,960,400</u>	<u>2,361,847</u>	<u>3,598,553</u>
Other financing uses				
Repayment of Interfund Loan to Sewer Fund	-	2,104,800	2,047,874	56,926
Repayment of Interfund Loan to Water Fund	-	2,004,600	1,950,941	53,659
To Streets		644,400	644,316	84
Total other financing uses	<u>-</u>	<u>4,753,800</u>	<u>4,643,131</u>	<u>110,669</u>
Total expenditures and other financing uses	<u>\$ 5,386,600</u>	<u>\$ 10,714,200</u>	<u>\$ 7,004,978</u>	<u>\$ 3,709,222</u>
Budgetary Fund Balance			\$ 710,498	
Adjustment for Interfund Loans to Risk Management			(3,458,977)	
Fund Balance - ending			<u>\$ (2,748,479)</u>	

CITY OF ALBANY, OREGON
CAPITAL REPLACEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2011

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Oregon Community Foundation	\$ -	\$ 1,351	\$ 1,351	\$ -
Equipment replacement charges	689,400	689,400	548,700	(140,700)
Departmental Charges	-	-	149,779	149,779
Phone system charges	75,000	75,000	75,000	-
Miscellaneous	101,000	101,000	33,588	(67,412)
Interest on investments	105,000	105,000	48,234	(56,766)
Total revenues	<u>970,400</u>	<u>971,751</u>	<u>856,652</u>	<u>(115,099)</u>
Other financing sources				
Transfer from Equipment Replacement	-	-	272,837	272,837
Transfer from Water Fund	-	-	54,287	54,287
Total Other financing sources	<u>-</u>	<u>-</u>	<u>327,124</u>	<u>327,124</u>
Fund balance, beginning	6,040,400	6,040,400	5,935,361	(105,039)
Amount available for appropriation	<u>\$ 7,010,800</u>	<u>\$ 7,012,151</u>	<u>7,119,137</u>	<u>\$ 106,986</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Equipment Replacement	\$ 3,849,600	\$ 3,840,300	496,500	\$ 3,343,800
City Facilities Replacement	625,300	352,400	20,963	331,437
General Fund Building Maintenance Projects	387,500	388,851	52,602	336,249
Information Technology Equipment Replacement	1,858,400	1,858,400	133,258	1,725,142
Total expenditures	<u>\$ 6,720,800</u>	<u>\$ 6,439,951</u>	<u>\$ 703,323</u>	<u>\$ 5,736,628</u>
Other financing uses				
To General Fund	290,000	562,900	562,837	63
To Paratransit	-	9,300	9,300	-
Total other financing uses	<u>290,000</u>	<u>572,200</u>	<u>572,137</u>	<u>63</u>
Total expenditures and other financing uses	<u>\$ 7,010,800</u>	<u>\$ 7,012,151</u>	<u>\$ 1,275,460</u>	<u>\$ 5,736,691</u>
Fund balance, ending			<u>\$ 5,843,677</u>	

How does a kid from Coos Bay, with one leg longer than the other win races?
Steve Prefontaine

**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, 2011**

	Senior Center Endowment	Library Trust	Total
ASSETS			
Interest receivable	\$ 28	\$ 47	\$ 75
Restricted cash and investments	50,190	84,477	134,667
Total assets	<u>\$ 50,218</u>	<u>\$ 84,524</u>	<u>\$ 134,742</u>
LIABILITIES			
Accounts payable	\$ -	\$ 302	\$ 302
FUND BALANCES			
Nonspendable	38,233	79,427	117,660
Restricted - Library Programs	-	4,795	4,795
Restricted - Parks and Recreation Programs	11,985	-	11,985
Total fund balances	<u>50,218</u>	<u>84,222</u>	<u>134,440</u>
Total liabilities and fund balances	<u>\$ 50,218</u>	<u>\$ 84,524</u>	<u>\$ 134,742</u>

CITY OF ALBANY, OREGON
PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
for the year ended June 30, 2011

	Senior Center Endowment	Library Trust	Totals
REVENUES			
Interest on investments	\$ 412	\$ 702	\$ 1,114
Total revenues	412	702	1,114
EXPENDITURES			
Culture and recreation	-	3,172	3,172
Excess (deficiency) of revenues over (under) expenditures	412	(2,470)	(2,058)
Fund balance - beginning	49,806	86,692	136,498
Fund balance - ending	\$ 50,218	\$ 84,222	\$ 134,440

CITY OF ALBANY, OREGON
SENIOR CENTER ENDOWMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2011

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Gifts and donations	\$ 500	\$ 500	\$ -	\$ (500)
Interest on investments	1,500	1,500	412	(1,088)
Total revenues	2,000	2,000	412	(1,588)
Fund balance, beginning	51,400	51,400	49,806	(1,594)
Amount available for appropriation	<u>\$ 53,400</u>	<u>\$ 53,400</u>	<u>50,218</u>	<u>\$ (3,182)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 2,000	\$ 2,000	-	\$ 2,000
Unappropriated	51,400	51,400	-	51,400
Total expenditures	<u>\$ 53,400</u>	<u>\$ 53,400</u>	<u>-</u>	<u>\$ 53,400</u>
Fund balance, ending			<u>\$ 50,218</u>	

CITY OF ALBANY, OREGON
LIBRARY TRUST FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2011

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Interest on investments	\$ 1,300	\$ 1,300	\$ 702	\$ (598)
Fund balance, beginning	86,300	86,300	86,692	392
Amount available for appropriation	<u>\$ 87,600</u>	<u>\$ 87,600</u>	<u>87,394</u>	<u>\$ (206)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
V. O. Torney Trust	\$ 13,100	\$ 13,100	-	\$ 13,100
Manela Trust	74,500	74,500	3,172	71,328
Total expenditures	<u>\$ 87,600</u>	<u>\$ 87,600</u>	<u>3,172</u>	<u>\$ 84,428</u>
Fund balance, ending			<u>\$ 84,222</u>	

I firmly believe that any man's finest hour, the greatest fulfillment of all that he holds dear, is that moment when he has worked his heart out in a good cause and lies exhausted on the field of battle - victorious.

Vince Lombardi

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, 2011

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Delinquent	\$ -	\$ -	\$ 27,358	\$ 27,358
Water service				
Water service charges	11,200,000	11,200,000	10,514,490	(685,510)
Water service charges-Millersburg	200,000	200,000	123,903	(76,097)
Dumbeck Water District	72,000	72,000	42,552	(29,448)
User fee debt service charges	-	-	5,520	5,520
North Albany capital charges	69,300	69,300	98,200	28,900
Collection agency payments	4,000	4,000	2,718	(1,282)
Charges for services				
City of Lebanon	77,000	77,000	77,000	-
Hydropower	60,000	60,000	107,152	47,152
Equipment replacement charges	67,200	67,200	52,800	(14,400)
Water expansion				
Public facility construction permits	10,500	10,500	8,896	(1,604)
Administrative fees	-	-	404	404
Water connection fees	20,000	20,000	38,968	18,968
Water systems development charges	154,000	154,000	203,602	49,602
Water service installation fee	60,000	60,000	70,673	10,673
FEMA Grant	240,000	240,000	161,220	(78,780)
Workers' Comp Wage Subsidy	-	-	13,384	13,384
Private Foundation Grant	-	-	1,160	1,160
Miscellaneous	15,000	15,000	12,125	(2,875)
Over & Short	-	-	(349)	(349)
Interest on investments	213,000	213,000	120,812	(92,188)
Total revenues	<u>12,467,100</u>	<u>12,467,100</u>	<u>11,714,793</u>	<u>(752,307)</u>
Other financing sources				
Repayment of Interfund Loan From LID Construction Projects	-	2,004,600	1,950,941	(53,659)
From Water SDC Improvement Projects	338,000	338,000	338,000	-
Total other financing sources	<u>338,000</u>	<u>2,342,600</u>	<u>2,288,941</u>	<u>(53,659)</u>
Fund balance, beginning	13,833,000	13,833,000	11,882,682	(1,950,318)
Fund balance, beginning, designated for debt service	1,643,200	1,643,200	1,941,470	298,270
Amount available for appropriation	<u>\$ 28,281,300</u>	<u>\$ 30,285,900</u>	<u>27,827,886</u>	<u>\$ (2,756,284)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 2,144,300	\$ 2,144,300	1,980,405	\$ 163,895
Materials and services	7,123,500	6,663,500	5,140,509	1,522,991
Capital	13,870,300	15,820,600	2,310,797	13,509,803
Transfers out	400,500	914,800	902,764	12,036
Debt service	3,921,400	3,921,400	2,655,033	1,266,367
Contingencies	821,300	821,300	-	821,300
Total Expenditures	<u>\$ 28,281,300</u>	<u>\$ 30,285,900</u>	<u>12,989,508</u>	<u>\$ 17,296,392</u>
Budgetary fund balance			<u>14,838,378</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, 2011

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance/ Net Assets</u>
Totals from page 96	\$ 11,714,793	\$ 12,989,508	\$ 14,838,378
Reconciling items:			
June 30, 2010, asset and liability balances:			
Capital assets, net	-	-	86,012,024
Accounts receivable	-	-	1,458,256
Loans Receivable	-	-	-
Unamortized issue costs/loss on defeasance	-	-	232,343
Inventory balance	-	-	838,641
Salaries, withholdings, and vacations payable	-	-	(64,440)
Claims and judgments	-	-	(17,370)
OPEB Payable	-	-	(81,342)
Interest payable	-	-	(643,427)
Bonds payable	-	-	(33,002,366)
Adjustments to current year revenues			
Property taxes	(27,358)	-	-
Interest on investments	(120,812)	-	-
System development charges	(234,163)	-	-
In-lieu-of assessment fees	(38,968)	-	-
Change in accounts receivable	(16,336)	-	-
Adjustments to current year expenses			
Interest expense	-	(1,528,345)	15,062
Eliminate transfers out	-	(902,764)	-
Change in compensated absences liability	-	42,484	(42,484)
Change in OPEB obligation	-	29,613	(29,613)
Bond principal	-	(1,055,000)	1,055,000
Certificate of participation principal	-	(71,688)	71,688
Depreciation and amortization	-	2,431,714	(2,431,714)
Expenditures capitalized	-	(2,310,797)	2,310,797
Changes in inventories	-	64,823	(64,823)
Changes in insurance liability	-	(782)	782
Eliminate intrafund transfer	-	-	-
Other adjustments			
Change in accounts receivable	-	-	(75,066)
Capital contributions	-	-	287,777
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>\$ 11,277,156</u>	<u>\$ 9,688,766</u>	<u>\$ 70,668,103</u>

CITY OF ALBANY, OREGON
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2011

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Sewer service charges				
Albany sewer service charges	\$ 12,553,000	\$ 12,553,000	\$ 11,930,058	\$ (622,942)
ARRA: Wetlands-Albany	3,500,000	3,500,000	4,000,000	500,000
ARRA: Wetlands-Millersburg	3,500,000	3,500,000	3,767,357	267,357
Energy Trust of Oregon	1,200,000	-	94,507	94,507
Teledyne Industries	-	1,247,800	2,247,800	1,000,000
Charges collected through property taxes	20,000	20,000	30,797	10,797
Collection agency payments	-	-	2,718	2,718
Financed system development charges				
Principal	28,000	28,000	127,872	99,872
Interest	10,700	10,700	8,567	(2,133)
Financed assessments				
Principal	24,000	24,000	27,562	3,562
Interest	6,000	6,000	4,574	(1,426)
Financed connection fees				
Principal	15,500	15,500	4,547	(10,953)
Interest	1,300	1,300	581	(719)
Sewer oversizing and expansion				
Public facility construction permits	10,000	10,000	8,003	(1,997)
Sewer system development charges	479,000	479,000	332,696	(146,304)
General Sewer connection Fees	6,000	6,000	4,646	(1,354)
Storm Drain connection Fees	100	100	-	(100)
Sewer connection fees	-	-	37,921	37,921
Storm drain plan review/inspection fees	2,500	2,500	4,820	2,320
Charges for services				
Equipment replacement charges	90,600	90,600	70,900	(19,700)
Millersburg operation and maintenance charges	-	-	127,532	127,532
City of Millersburg	400,000	400,000	426,336	26,336
Miscellaneous	5,000	5,000	11,687	6,687
Interest on investments	296,400	296,400	147,595	(148,805)
Total revenues	<u>22,148,100</u>	<u>22,195,900</u>	<u>23,419,076</u>	<u>1,223,176</u>
Other financing sources				
Transfer from 2502	700,000	700,000	700,000	-
From Litigation Proceeds	-	840,000	-	(840,000)
Repayment of Interfund Loan From LID Construction Projects	5,341,500	2,104,800	2,047,874	(56,926)
Total other financing sources	<u>6,041,500</u>	<u>3,644,800</u>	<u>2,747,874</u>	<u>(896,926)</u>
Fund balance, beginning	<u>14,481,800</u>	<u>19,823,300</u>	<u>13,051,863</u>	<u>(6,771,437)</u>
Amount available for appropriation	<u>\$ 42,671,400</u>	<u>\$ 45,664,000</u>	<u>39,218,813</u>	<u>\$ (6,445,187)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 1,987,900	\$ 1,987,900	1,845,602	\$ 142,298
Materials and services	6,477,400	6,028,700	6,316,137	(287,437)
Capital	17,495,200	20,487,800	6,076,349	14,411,451
Transfers out	762,500	1,211,200	1,163,492	47,708
Debt Service	15,233,000	15,233,000	5,389,526	9,843,474
Contingencies	715,400	715,400	-	715,400
Total expenditures	<u>\$ 42,671,400</u>	<u>\$ 45,664,000</u>	<u>20,791,106</u>	<u>\$ 24,872,894</u>
Budgetary fund balance			<u>18,427,707</u>	

**CITY OF ALBANY, OREGON
SEWER FUND
RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS OF PROPRIETARY FUNDS
for the year ended June 30, 2011**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance/ Net Assets</u>
Totals from page 98	\$ 23,419,076	\$ 20,791,106	\$ 18,427,707
Reconciling items:			
June 30, 2010, asset and liability balances:			
Capital assets, net	-	-	145,638,465
Accounts receivable	-	-	3,436,507
Loans receivable			2,670,910
Inventory	-	-	359,702
Salaries, withholdings, and vacations payable	-	-	(76,896)
Claims and judgments	-	-	(17,115)
OPEB Payable	-	-	(76,484)
Interest payable	-	-	(776,140)
Bonds payable	-	-	(73,114,000)
Adjustments to current year revenues			
Interest on investments	(147,595)	-	-
System development charges	(142,001)	-	-
In-lieu-of assessment fees	(41,762)	-	-
Change in accounts receivable	31,740	-	-
Sewer construction assessments	(27,562)	-	-
Adjustments to current year expenses			
Expenditures capitalized	-	(6,076,349)	6,076,349
Change in inventory	-	(52,986)	52,986
Interest expense	-	(2,499,560)	2,499,560
Change in compensated absences liability	-	28,335	(28,335)
Change in OPEB obligation	-	28,297	(28,297)
Bond principal	-	-	-
Loan principal	-	(2,978,900)	2,978,900
Depreciation and amortization	-	2,668,459	(2,668,459)
Change in insurance liability	-	(979)	979
Eliminate transfers out	-	(1,163,492)	-
Other adjustments			
Change in accounts receivable	-	-	(3,718,792)
Capital contributions	-	-	655,102
Millersburg Loan Reclassification	(4,310,014)	(1,047,628)	76,965
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>\$ 18,781,882</u>	<u>\$ 9,696,304</u>	<u>\$ 102,369,612</u>

I don't want to play golf. When I hit a ball, I want someone else to go chase it.
Roger Hornsby

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, 2011

	Central Services	Public Works Services	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 689,355	\$ 482,777	\$1,172,132
Accounts receivable	1,955	\$ 1,699	3,654
Accrued interest	371	476	847
Total current assets	<u>691,681</u>	<u>484,952</u>	<u>1,176,633</u>
Noncurrent assets:			
Other	1,409	1,169	2,578
Capital assets (net of depreciation)	11,854	143,938	155,792
Total noncurrent assets	<u>13,263</u>	<u>145,107</u>	<u>158,370</u>
Total assets	<u>704,944</u>	<u>630,059</u>	<u>1,335,003</u>
LIABILITIES			
Current liabilities:			
Accounts payable	156,066	217,582	373,648
Compensated absences	309,502	341,247	650,749
Claims and judgments	1,427	2,010	3,437
Other postemployment benefits	213,615	267,088	480,703
Total liabilities	<u>680,610</u>	<u>827,927</u>	<u>1,508,537</u>
NET ASSETS			
Invested in capital assets, net of related debt	11,854	143,938	155,792
Unrestricted	12,480	(341,806)	(329,326)
Total net assets	<u>\$ 24,334</u>	<u>\$ (197,868)</u>	<u>\$ (173,534)</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, 2011

	Central Services	Public Works Services	Totals
OPERATING REVENUES			
Service charges and fees	\$ 5,341,242	\$ 6,724,952	\$12,066,194
Miscellaneous	56,892	7,775	64,667
Total operating revenues	<u>5,398,134</u>	<u>6,732,727</u>	<u>12,130,861</u>
OPERATING EXPENSES			
Salaries and wages	4,073,686	5,220,023	9,293,709
Contracted services	150,962	260,794	411,756
Operating supplies	635,003	446,219	1,081,222
Utilities	93,220	119,832	213,052
Depreciation	9,862	16,182	26,044
Repairs and maintenance	146,723	88,214	234,937
Charges for services	524,143	605,331	1,129,474
Miscellaneous	4,928	-	4,928
Total operating expenses	<u>5,638,527</u>	<u>6,756,595</u>	<u>12,395,122</u>
Operating loss	(240,393)	(23,868)	(264,261)
NONOPERATING REVENUES			
Interest on investments	4,690	3,774	8,464
Change in net assets	(235,703)	(20,094)	(255,797)
Net assets, July 1, 2010	260,037	(177,774)	82,263
Net assets, June 30, 2011	<u>\$ 24,334</u>	<u>\$ (197,868)</u>	<u>\$ (173,534)</u>

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
for the year ended June 30, 2011

	Central Services	Public Works Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,340,065	\$ 6,723,253	\$ 12,063,318
Cash payments to suppliers of goods and services	(1,601,786)	(1,528,345)	(3,130,131)
Cash payments to employees for services	(3,925,306)	(5,111,946)	(9,037,252)
Other operating revenues	56,892	7,775	64,667
Net cash provided by (used in) operating activities	(130,135)	90,737	(39,398)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	6,089	4,044	10,133
Net increase (decrease) in cash and investments	(124,046)	94,781	(29,265)
CASH AND INVESTMENTS, July 1, 2010	813,401	387,996	1,201,397
CASH AND INVESTMENTS, June 30, 2011	\$ 689,355	\$ 482,777	\$ 1,172,132

**RECONCILIATION OF OPERATING (LOSS)
TO NET CASH PROVIDED BY (USED IN)
OPERATING ACTIVITIES**

Operating (loss)	\$ (240,393)	\$ (23,868)	\$ (264,261)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	9,862	16,182	26,044
Changes in assets and liabilities:			
Accounts receivable	(1,177)	(1,699)	(2,876)
Other	15,508	2,876	18,384
Accounts payable	(62,315)	(10,831)	(73,146)
Compensated absences	90,856	35,393	126,249
Claims and judgments	140	294	434
Other postemployment benefits	57,384	72,390	129,774
Total adjustments	110,258	114,605	224,863
Net cash provided by (used in) operating activities	\$ (130,135)	\$ 90,737	\$ (39,398)

CITY OF ALBANY, OREGON
CENTRAL SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2011

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Building maintenance charges	\$ 636,200	\$ 636,200	\$ 636,100	\$ (100)
Administrative services charges	3,116,800	3,116,800	3,087,067	(29,733)
Information technology charges	1,199,500	1,199,500	1,178,574	(20,926)
GIS services charge	375,800	375,800	349,484	(26,316)
Permit Tracking services charge	94,800	94,800	90,017	(4,783)
GIS information sales	500	500	194	(306)
Miscellaneous	45,000	45,000	56,670	11,670
Interest on investments	6,000	6,000	4,718	(1,282)
Total revenues	<u>5,474,600</u>	<u>5,474,600</u>	<u>5,402,824</u>	<u>(71,776)</u>
Fund balance, beginning	<u>325,800</u>	<u>369,800</u>	<u>614,485</u>	<u>244,685</u>
Amount available for appropriation	<u><u>\$ 5,800,400</u></u>	<u><u>\$ 5,844,400</u></u>	<u><u>6,017,309</u></u>	<u><u>\$ 172,909</u></u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Council and Nondepartmental	\$ 261,500	\$ 261,500	245,009	\$ 16,491
City Manager's Office	1,112,400	1,112,400	1,043,628	68,772
Information Technology Services	1,199,500	1,199,500	1,170,299	29,201
Human Resources	681,500	681,500	542,347	139,153
Facilities Maintenance	636,200	636,200	625,621	10,579
Finance	1,373,200	1,373,200	1,316,754	56,446
GIS Services	441,300	485,300	447,364	37,936
Permit Tracking Services	94,800	94,800	89,263	5,537
Total expenditures	<u>\$ 5,800,400</u>	<u>\$ 5,844,400</u>	<u>5,480,285</u>	<u>\$ 364,115</u>
Fund balance, ending			<u><u>\$ 537,024</u></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 107.

CITY OF ALBANY, OREGON
PUBLIC WORKS SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2011

Revenues:	Original Budget	Final Budget	Actual	Over (Under)
Charges for services - Water	\$ 2,420,900	\$ 2,420,900	\$ 2,190,527	\$ (230,373)
Charges for services - Sewer	2,660,100	2,660,100	2,562,284	(97,816)
Charges for services - Streets	729,500	729,500	760,208	30,708
Charges for services - Airport	15,100	15,100	14,457	(643)
Charges for services - Transit	32,100	32,100	30,693	(1,407)
Charges for services - Construction in Progress	1,412,100	1,412,100	1,166,783	(245,317)
Miscellaneous	-	-	7,775	7,775
Interest	-	-	3,774	3,774
Total revenues	<u>7,269,800</u>	<u>7,269,800</u>	<u>6,736,501</u>	<u>(533,299)</u>
Fund balance, beginning	-	-	164,374	164,374
Amount available for appropriation	<u>\$ 7,269,800</u>	<u>\$ 7,269,800</u>	<u>6,900,875</u>	<u>\$ (368,925)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Public Works Administration	\$ 600,300	\$ 600,300	584,498	\$ 15,802
Engineering Services	2,701,800	2,701,800	2,514,057	187,743
Operations Administration	1,217,400	1,217,400	1,071,722	145,678
Water Quality Control Services	367,900	367,900	345,030	22,870
Public Works Customer Service	1,089,800	1,089,800	946,963	142,837
Facilities and Maintenance Engineering	1,292,600	1,292,600	1,170,066	122,534
Total expenditures	<u>\$ 7,269,800</u>	<u>\$ 7,269,800</u>	<u>6,632,336</u>	<u>\$ 637,464</u>
Fund balance, ending			<u>\$ 268,539</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 107.

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, 2011

	Central Services	Public Works Service	Totals
<u>REVENUES</u>			
Total revenues from Schedule of Revenues and Expenditures - Budget and Actual	\$ 5,402,824	\$ 6,736,501	\$ 12,139,325
Reconciling item:			
Interest on investments	(4,690)	(3,774)	(8,464)
Operating revenues from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 103)	<u>\$ 5,398,134</u>	<u>\$ 6,732,727</u>	<u>\$ 12,130,861</u>
<u>EXPENDITURES</u>			
Total expenditures from Schedule of Revenues and Expenditures - Budget and Actual	\$ 5,480,285	\$ 6,632,336	\$ 12,112,621
Reconciling items:			
Depreciation	9,862	16,182	26,044
Change in compensated absences liability	90,856	35,393	126,249
Change in insurance liability	140	294	434
Change in OPEB obligation	57,384	72,390	129,774
Operating expenses from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 103)	<u>\$ 5,638,527</u>	<u>\$ 6,756,595</u>	<u>\$ 12,395,122</u>
<u>FUND BALANCE</u>			
Fund balance from Schedule of Revenues and Expenditures - Budget and Actual	\$ 537,024	\$ 268,539	\$ 805,563
Reconciling items:			
June 30, 2010, asset balance:			
Capital assets, net	21,716	160,120	181,836
June 30, 2010, liability balances:			
Salaries, withholdings, and vacations payable	(218,646)	(305,854)	(524,500)
Insurance payable	(1,287)	(1,716)	(3,003)
Depreciation	(9,862)	(16,182)	(26,044)
Change in compensated absences liability	(90,856)	(35,393)	(126,249)
Change in insurance liability	(140)	(294)	(434)
Change in OPEB obligation	(213,615)	(267,088)	(480,703)
Net assets from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 103)	<u>\$ 24,334</u>	<u>\$ (197,868)</u>	<u>\$ (173,534)</u>

By three methods we may learn wisdom: First, by reflection, which is noblest; Second, by imitation, which is easiest; and third by experience, which is the bitterest.

Confucius

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

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
as of June 30, 2011

Governmental capital assets	
Land	\$ 11,052,594
Buildings	20,464,121
Equipment	12,308,866
Infrastructure	109,600,899
Construction in progress	8,088,676
Total governmental capital assets	<u>\$161,515,156</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	25,745,898
State grants	2,006,655
Transfer from General Fund	3,157,021
Transfer from special revenue funds	4,497,384
Other sources	1,438,357
General Fund	14,110,646
Special revenue funds	44,239,148
Local improvement districts	20,040,918
Urban renewal districts	4,155,666
Donations	23,061,740
Total investment in governmental capital assets	<u>\$161,515,156</u>

The schedule 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	\$161,515,156
Capital assets of the Central Services Fund	385,907
Total capital assets of governmental activities	<u>\$161,901,063</u>

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
for the fiscal year ended June 30, 2011

	Balances July 1, 2010	Additions	Deletions, Transfers out, Transfers in	Balances June 30, 2011
<u>CAPITAL ASSETS:</u>				
Land	\$ 9,788,184	\$ 1,264,410	\$ -	\$ 11,052,594
Buildings and improvements	19,757,759	706,362	-	20,464,121
Machinery and equipment	12,462,614	222,558	(376,306)	12,308,866
Infrastructure	105,203,594	4,223,994	173,311	109,600,899
Construction in progress	8,261,987	-	(173,311)	8,088,676
Total capital assets	<u>\$155,474,138</u>	<u>\$ 6,417,324</u>	<u>\$ (376,306)</u>	<u>\$161,515,156</u>

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
as of June 30, 2011

<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	592,567	10,360,876	-	19,878,355
Airport Maintenance	33,510	68,215	8,700	3,404,645	-	3,515,070
Public Transit	-	-	1,783,389	-	-	1,783,389
Total general government	<u>3,130,962</u>	<u>5,895,675</u>	<u>2,567,671</u>	<u>13,765,521</u>	<u>-</u>	<u>25,359,829</u>
Public Safety:						
Municipal Court	-	-	23,571	-	-	\$ 23,571
Police	-	1,313,228	1,805,998	-	-	3,119,226
Fire	987,859	3,867,658	3,991,512	-	-	8,847,029
Ambulance	-	-	1,149,535	-	-	1,149,535
Total public safety	<u>987,859</u>	<u>5,180,886</u>	<u>6,970,616</u>	<u>-</u>	<u>-</u>	<u>13,139,361</u>
Culture and Recreation:						
Library	653,570	6,763,764	343,148	-	-	7,760,482
Parks and Recreation	5,211,138	2,359,996	1,294,630	10,914,469	-	19,780,233
Total culture and recreation	<u>5,864,708</u>	<u>9,123,760</u>	<u>1,637,778</u>	<u>10,914,469</u>	<u>-</u>	<u>27,540,715</u>
Highways and Streets:						
Street Maintenance	1,069,065	263,800	1,132,801	84,920,909	-	87,386,575
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,088,676</u>	<u>8,088,676</u>
Total capital assets	<u>\$11,052,594</u>	<u>\$20,464,121</u>	<u>\$12,308,866</u>	<u>\$ 109,600,899</u>	<u>\$ 8,088,676</u>	<u>\$161,515,156</u>

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
for the fiscal year ended June 30, 2011

Function and Activity:	Capital Assets July 1, 2010	Additions	Deletions, Transfers in, Transfers out	Capital Assets June 30, 2011
General Government:				
Building Maintenance	\$ 154,823	\$ -	\$ -	\$ 154,823
Code Enforcement	28,192	-	-	28,192
General Fund	19,553,934	324,421	-	19,878,355
Economic Development (Airport)	2,016,496	1,325,263	173,311	3,515,070
Public Transit	1,797,821	-	(14,432)	1,783,389
Total general government	23,551,266	1,649,684	158,879	25,359,829
Public Safety:				
Municipal Court	23,571	-	-	23,571
Police	3,275,543	157,103	(313,420)	3,119,226
Fire	8,791,264	55,765	-	8,847,029
Ambulance	1,160,175	-	(10,640)	1,149,535
Total public safety	13,250,553	212,868	(324,060)	13,139,361
Culture and Recreation:				
Library	7,760,482	-	-	7,760,482
Parks and Recreation	17,558,333	2,238,150	(16,250)	19,780,233
Total culture and recreation	25,318,815	2,238,150	(16,250)	27,540,715
Highways and Streets:				
Street Maintenance	85,091,517	2,316,622	(21,564)	87,386,575
Construction in progress				
	8,261,987	-	(173,311)	8,088,676
Total capital assets	\$155,474,138	\$ 6,417,324	\$ (376,306)	\$161,515,156

Searching is half the fun: life is much more manageable when thought of as a scavenger hunt as opposed to a surprise party.

Jimmy Buffett

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, 2011

	Interest Rate	Date of Issue	Years of Maturity	Outstanding July 1, 2010	Issued During Year	Matured/ Defeased/ Paid off During Year	Outstanding June 30, 2011
GENERAL OBLIGATION BONDS AND OTHER LONG-TERM OBLIGATIONS:							
1992 OEDD Notes Payable (1)	5.47	12/01/95	2015-2016	\$ 187,008	\$ -	\$ 24,619	\$ 162,389
1995 Motel/Hotel Tax Revenue	3.90-5.75	08/01/95	1996-2011	210,000	-	210,000	-
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	2002-2028	6,463,368	-	856,860	5,606,508
2002 Limited Tax Assessment Bancroft	5.05	06/17/02	2003-2012	270,179	-	72,444	197,735
2004 General Revenue Obligations	2.50-4.00	12/15/04	2006-2020	2,325,000	-	325,000	2,000,000
2007 General Obligation Refunding	4.00	06/01/07	2007-2015	6,705,000	-	1,850,000	4,855,000
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	1,273,000	-	247,000	1,026,000
2010 CARA Urban Renewal Revenue Note				1,958,800	-	-	1,958,800
Total general obligation bonds and other long-term obligations				\$ 22,214,355	\$ -	\$ 3,585,923	\$ 18,628,432
REVENUE BONDS AND OTHER LONG-TERM NOTES							
2002 Water Certificates of Participation	5.50	03/01/02	2002-2012	\$ 147,365	\$ -	\$ 71,687	\$ 75,678
2003 Series Water Bonds	2.00-5.125	08/01/03	2004-2033	32,855,000	-	1,055,000	31,800,000
2007 Oregon DEQ SRF Notes Payable (2)	3.40-3.64	09/21/06	2007-2030	69,000,000	-	2,643,460	66,356,540
2009 Wetland Loans Payable	4.0	12/21/09	2010-2020	4,114,000	-	335,440	3,778,560
2011 ARRA Loan	4.0			3,883,678	-	-	3,883,678
Total revenue bonds and other long-term notes				\$110,000,043	\$ -	\$ 4,105,587	\$105,894,456

(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, 2011

	Interest Rate	Date of Issue	Outstanding July 1, 2010	Unmatured Interest on Debt Issued, Called, or Refunded During Year	Interest Retired/ Defeased During Year	Outstanding June 30, 2011
GENERAL OBLIGATION BONDS AND OTHER LONG-TERM OBLIGATIONS:						
1992 OEDD Notes Payable (1)	5.47	12/01/95	\$ 39,805	\$ -	\$ 10,752	\$ 29,053
1995 Motel/Hotel Tax Revenue	3.90-5.75	08/01/95	6,085	-	6,085	-
2002 Limited Tax Pension Obligations (2)	2.00-7.36	03/15/02	7,226,046	-	1,155,676	6,070,370
2002 Limited Tax Assessment Bancroft	5.05	06/17/02	21,726	-	12,691	9,035
2004 General Revenue Obligations	2.50-4.00	12/15/04	429,269	-	88,664	340,605
2007 General Obligation Refunding	4.00	06/01/07	769,800	-	268,200	501,600
2007 Series A CARA Tax-exempt	4.85	10/15/07	1,231,948	-	136,867	1,095,081
2007 Series B CARA Taxable	6.25	10/15/07	233,563	-	79,563	154,000
2010 CARA Urban Renewal Revenue Note (4)	4		-	-	54,288	-
Total general obligation and long-term other obligations			\$ 9,958,242	\$ -	\$ 1,812,786	\$ 8,199,744
REVENUE BONDS AND OTHER LONG-TERM NOTES						
2002 Water Certificates of Participation	5.50	03/01/02	\$ 10,291	\$ -	\$ 7,141	\$ 3,150
2003 Series Water Bonds	2.00-5.125	08/01/03	22,518,042	-	1,521,203	20,996,839
2007 Oregon DEQ SRF Notes Payable (3)	3.40-3.64	09/21/06	26,691,559	-	2,410,626	24,280,933
2009 Wetland Loans Payable	4.0	12/21/09	976,138	-	164,560	811,578
2011 ARRA Loan (5)	4		-	-	-	-
Total revenue bonds and other long-term notes			\$50,196,030	\$ -	\$ 4,103,530	\$ 46,092,500

(1) Oregon Economic Development Department

(2) 2002 Limited Tax Pension Obligation - during the 2010-11 year the City prepaid a bond due June 1, 2025, and subsequently retired a total of \$737,002 in interest cost.

(3) Department of Environmental Quality State Revolving Loan

(4) 2010 CARA Urban Renewal Revenue Note of \$1,958,800 has no set maturity date as of June 30, 2011, so it is excluded from this schedule. However there is a quarterly interest-only payment.

5) 2011 ARRA Loan of \$3,883,678 has no set amortization schedule as of June 30, 2011 so it is excluded from this schedule.

CITY OF ALBANY, OREGON
SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS
GOVERNMENTAL ACTIVITIES
 June 30, 2011

Years of Maturity	Total Requirements			Oregon Economic Development Department Notes Payable		2002 Limited Tax Pension Obligations		2002 Limited Tax Assessment Bancroft Bonds	
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Interest
2011-2012	2,017,570	904,764	2,922,334	29,884	9,337	92,951	412,286	197,735	9,035
2012-2013	1,932,032	843,209	2,775,241	30,164	7,619	97,868	432,369	-	-
2013-2014	2,048,147	782,445	2,830,592	30,460	5,886	101,687	453,551	-	-
2014-2015	1,930,794	725,886	2,656,680	35,774	4,134	105,020	480,218	-	-
2015-2016	621,605	675,127	1,296,732	36,107	2,077	107,498	507,740	-	-
2016-2017	613,483	677,664	1,291,147	-	-	109,483	535,755	-	-
2017-2018	637,140	681,330	1,318,470	-	-	111,140	564,098	-	-
2018-2019	659,257	687,302	1,346,559	-	-	111,257	593,980	-	-
2019-2020	736,604	648,986	1,385,590	-	-	159,604	580,634	-	-
2020-2021	881,000	357,640	1,238,640	-	-	460,000	315,785	-	-
2021-2022	972,000	305,712	1,277,712	-	-	530,000	284,275	-	-
2022-2023	600,000	247,970	847,970	-	-	600,000	247,970	-	-
2023-2024	685,000	206,870	891,870	-	-	685,000	206,870	-	-
2024-2025	0	159,947	159,947	-	-	-	159,947	-	-
2025-2026	865,000	159,947	1,024,947	-	-	865,000	159,947	-	-
2026-2027	970,000	100,695	1,070,695	-	-	970,000	100,695	-	-
2027-2028	500,000	34,250	534,250	-	-	500,000	34,250	-	-
	<u>\$16,669,632</u>	<u>\$ 8,199,744</u>	<u>\$24,869,376</u>	<u>\$162,389</u>	<u>\$ 29,053</u>	<u>\$5,606,508</u>	<u>\$6,070,370</u>	<u>\$197,735</u>	<u>\$ 9,035</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, 2011 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	
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
\$2,000,000	\$340,605	\$4,855,000	\$ 501,600	\$2,822,000	\$1,095,081	\$1,026,000	\$ 154,000	

CITY OF ALBANY, OREGON
SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS
BUSINESS-TYPE ACTIVITIES (1)
June 30, 2011

Years of Maturity	Total Requirements			2007 Oregon DEQ State Revolving Fund Loan		2002 Water COP		2011 ARRA Loans	
	Principal	Interest	Total	Principal	Interest	Principal	Interest		
2011-2012	4,203,109	4,114,506	8,317,615	2,723,921	2,316,948	75,678	3,150	94,653	155,347
2012-2013	4,098,086	3,964,719	8,062,805	2,806,835	2,220,414	-	-	98,439	151,561
2013-2014	4,236,979	3,813,930	8,050,909	2,892,278	2,120,937	-	-	102,377	147,623
2014-2015	4,379,214	3,656,933	8,036,147	2,980,325	2,018,428	-	-	106,472	143,528
2015-2016	4,529,901	3,494,544	8,024,445	3,071,056	1,912,795	-	-	110,730	139,270
2016-2017	4,684,152	3,325,926	8,010,078	3,164,554	1,803,943	-	-	115,160	134,840
2017-2018	4,847,086	3,150,175	7,997,261	3,260,904	1,691,770	-	-	119,766	130,234
2018-2019	5,013,822	2,963,604	7,977,426	3,360,192	1,576,178	-	-	124,557	125,443
2019-2020	5,189,483	2,766,392	7,955,875	3,462,508	1,457,061	-	-	129,539	120,461
2020-2021	4,959,336	2,562,114	7,521,450	3,567,944	1,334,312	-	-	134,721	115,279
2021-2022	5,046,705	2,366,767	7,413,472	3,676,596	1,207,820	-	-	140,109	109,891
2022-2023	5,224,275	2,167,814	7,392,089	3,788,561	1,077,472	-	-	145,714	104,286
2023-2024	5,410,485	1,963,231	7,373,716	3,903,943	943,148	-	-	151,542	98,458
2024-2025	5,600,447	1,752,842	7,353,289	4,022,843	804,727	-	-	157,604	92,396
2025-2026	5,804,279	1,534,666	7,338,945	4,145,371	662,086	-	-	163,908	86,092
2026-2027	6,017,100	1,305,252	7,322,352	4,271,636	515,094	-	-	170,464	79,536
2027-2028	6,234,037	1,067,290	7,301,327	4,401,754	363,617	-	-	177,283	72,717
2028-2029	6,460,216	823,472	7,283,688	4,535,842	207,521	-	-	184,374	65,626
2029-2030	4,346,226	568,038	4,914,264	2,319,477	46,662	-	-	191,749	58,251
2030-2031	2,129,419	419,581	2,549,000	-	-	-	-	199,419	50,581
2031-2032	2,237,396	312,604	2,550,000	-	-	-	-	207,396	42,604
2032-2033	2,350,692	200,183	2,550,875	-	-	-	-	215,692	34,308
2033-2034	2,474,320	81,930	2,556,250	-	-	-	-	224,320	25,680
2034-2035	233,292	16,708	-	-	-	-	-	233,292	16,708
2035-2036	184,397	7,376	-	-	-	-	-	184,397	7,376
	<u>\$ 105,894,456</u>	<u>\$48,400,595</u>	<u>\$153,853,278</u>	<u>\$66,356,540</u>	<u>\$24,280,933</u>	<u>\$ 75,678</u>	<u>\$ 3,150</u>	<u>\$ 3,883,678</u>	<u>\$ 2,308,095</u>

2003 Water Revenue/Refunding		2010 Wetlands Loan		Years of Maturity
Principal	Interest	Principal	Interest	
960,000	1,487,918	348,858	151,142	2011-2012
830,000	1,455,556	362,812	137,188	2012-2013
865,000	1,422,694	377,324	122,676	2013-2014
900,000	1,387,394	392,417	107,583	2014-2015
940,000	1,350,594	408,114	91,886	2015-2016
980,000	1,311,581	424,439	75,561	2016-2017
1,025,000	1,269,587	441,416	58,584	2017-2018
1,070,000	1,221,056	459,073	40,927	2018-2019
1,120,000	1,166,306	477,436	22,564	2019-2020
1,170,000	1,109,056	86,671	3,467	2020-2021
1,230,000	1,049,056	-	-	2021-2022
1,290,000	986,056	-	-	2022-2023
1,355,000	921,625	-	-	2023-2024
1,420,000	855,719	-	-	2024-2025
1,495,000	786,488	-	-	2025-2026
1,575,000	710,622	-	-	2026-2027
1,655,000	630,956	-	-	2027-2028
1,740,000	550,325	-	-	2028-2029
1,835,000	463,125	-	-	2029-2030
1,930,000	369,000	-	-	2030-2031
2,030,000	270,000	-	-	2031-2032
2,135,000	165,875	-	-	2032-2033
2,250,000	56,250	-	-	2033-2034
-	-	-	-	2034-2035
-	-	-	-	2035-2036
<u>\$31,800,000</u>	<u>\$20,996,839</u>	<u>\$ 3,778,560</u>	<u>\$ 811,578</u>	

CITY OF ALBANY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
for the year ended June 30, 2011

Tax Year	Taxes Receivable June 30, 2010	Levy as extended by assessor	Collections	Discounts & Adjustments	Taxes Receivable June 30, 2011
2010-11	\$ -	\$ 27,273,089	\$(25,267,324)	\$ (844,455)	\$ 1,161,310
2009-10	1,084,235	-	(533,499)	(24,774)	525,962
2008-09	525,039	-	(258,447)	28,166	294,758
2007-08	222,010	-	(144,162)	23,256	101,104
2006-07	98,730	-	(84,468)	12,094	26,356
2005-06	25,991	-	(7,459)	(7,837)	10,695
2004-05	16,007	-	(3,610)	(6,610)	5,787
2003-04	-	-	-	-	-
2002-03	-	-	-	-	-
2001-02	-	-	-	-	-
2000-01 and prior	22,018	-	(4,516)	8,315	25,817
	<u>\$ 1,994,030</u>	<u>\$ 27,273,089</u>	<u>\$(26,303,485)</u>	<u>\$ (811,845)</u>	<u>\$ 2,151,789</u>

SUMMARY OF COLLECTIONS AND BALANCES RECEIVABLE

Governmental funds		
General	\$ 15,811,249	\$ 1,302,610
Special Revenue		
Parks and Recreation	3,952,833	319,935
Public Safety Levy	2,571,987	215,393
Albany Revitalization Agency	1,798,914	138,707
Debt Service	2,141,144	140,961
Total governmental funds	<u>26,276,127</u>	<u>2,117,606</u>
Proprietary fund		
Water	27,358	34,183
Totals	<u>\$ 26,303,485</u>	<u>\$ 2,151,789</u>

RECONCILIATION OF TAX COLLECTIONS TO THE STATEMENT OF ACTIVITIES

	Collections from Above	Tax Accrual Net Change	Statement of Activities
General	\$ 15,811,249	\$ 115,891	\$ 15,927,140
Parks and Recreation	3,952,833	(33,186)	3,919,647
Public Safety Levy	2,571,987	11,231	2,583,218
Albany Revitalization Agency	1,798,914	(134,817)	1,664,097
Debt Service	2,141,144	44,449	2,185,593
Water	27,358	(30,210)	(2,852)
Totals	<u>\$ 26,303,485</u>	<u>\$ (26,642)</u>	<u>\$ 26,276,843</u>

STATISTICAL SCHEDULES

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

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City's financial performance and well-being 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 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)

	2002	2003	2004	2005	2006
Governmental Activities					
Invested in capital assets, net of related debt		\$ 52,149,287	\$ 55,569,708	\$ 64,678,843	\$ 72,113,680
Restricted		13,108,189	5,249,133	9,358,060	15,878,361
Unrestricted		7,608,794	18,659,845	18,067,214	14,336,075
Total governmental activities net assets		<u>72,866,270</u>	<u>79,478,686</u>	<u>92,104,117</u>	<u>102,328,116</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ -	72,820,092	76,643,262	84,900,880	91,009,502
Restricted	3,047,480	9,056,486	9,401,040	15,860,141	14,984,960
Unrestricted	37,560,991	14,458,875	18,359,252	17,514,640	17,976,644
Total business-type activities net assets	<u>40,608,471</u>	<u>96,335,453</u>	<u>104,403,554</u>	<u>118,275,661</u>	<u>123,971,106</u>
Total City of Albany					
Invested in capital assets, net of related debt	-	124,969,379	132,212,970	149,579,723	163,123,182
Restricted	3,047,480	22,164,675	14,650,173	25,218,201	30,863,321
Unrestricted	37,560,991	22,067,669	37,019,097	35,581,854	32,312,719
Total net assets	<u>\$ 40,608,471</u>	<u>\$ 169,201,723</u>	<u>\$ 183,882,240</u>	<u>\$ 210,379,778</u>	<u>\$ 226,299,222</u>

In the eight years since the City began reporting under GASB Statement 34, net assets of governmental activities increased by just over 39 percent (\$50,372,000). 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.

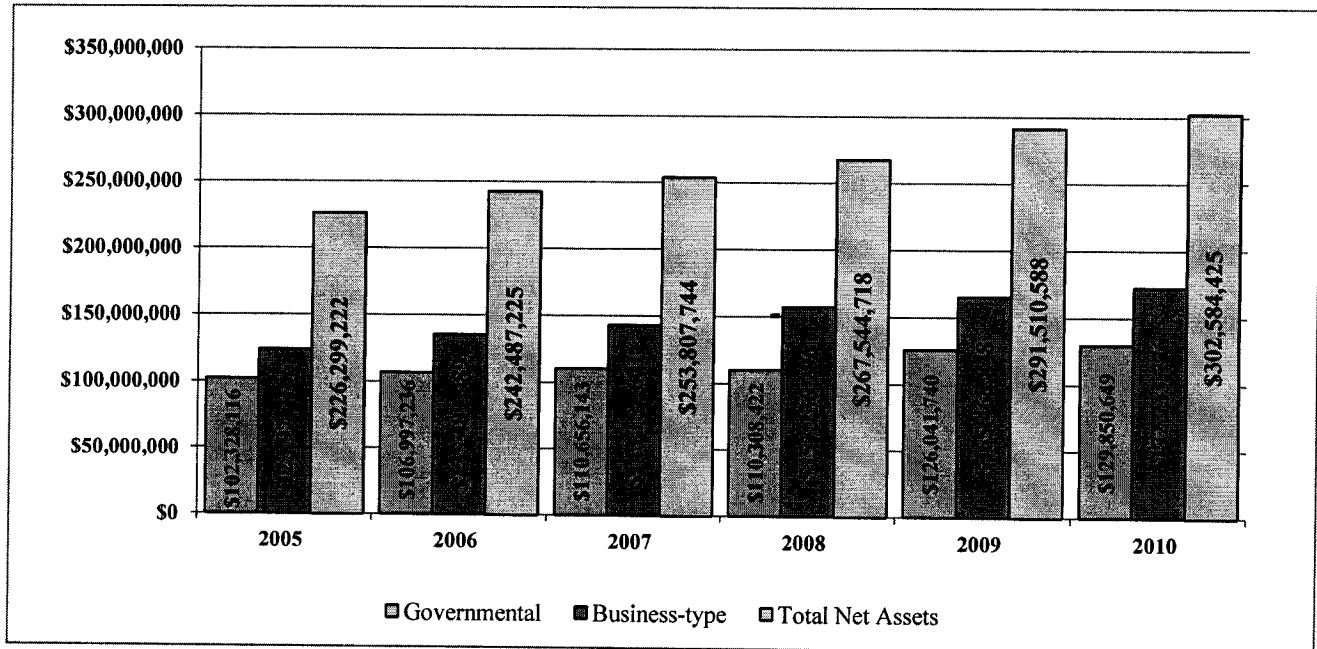
During the same time frame (eight years), the net assets of the business-type activities have increased by 40 percent (\$68,330,000). The two major components of the increase have been operating income (\$35,135,000) and capital contributions (\$42,293,000). Capital contributions consist of development 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 than \$7,000,000, yet operating income rose \$1,737,000 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 2002-2011 Comprehensive Annual Financial Reports

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

2007	2008	2009	2010	2011	
					Governmental Activities
\$ 77,816,952	\$ 80,243,676	\$ 86,710,887	\$ 90,807,172	\$ 93,826,390	Invested in capital assets, net of related debt
13,984,682	17,874,256	15,077,460	16,512,436	18,879,050	Restricted
15,195,602	12,538,211	8,520,075	18,722,132	17,145,209	Unrestricted
<u>106,997,236</u>	<u>110,656,143</u>	<u>110,308,422</u>	<u>126,041,740</u>	<u>129,850,649</u>	Total governmental activities net assets
					Business-type activities
102,945,424	106,681,579	125,267,350	127,645,184	\$ 130,139,819	Invested in capital assets, net of related debt
14,764,342	8,494,861	5,372,200	25,649,567	19,785,270	Restricted
17,780,223	27,975,161	26,596,746	12,174,097	22,808,687	Unrestricted
<u>135,489,989</u>	<u>143,151,601</u>	<u>157,236,296</u>	<u>165,468,848</u>	<u>172,733,776</u>	Total business-type activities net assets
					Total City of Albany
180,762,376	186,925,255	211,978,237	218,452,356	223,966,209	Invested in capital assets, net of related debt
28,749,024	26,369,117	20,449,660	42,162,003	38,664,320	Restricted
32,975,825	40,513,372	35,116,821	30,896,229	39,953,896	Unrestricted
<u>\$ 242,487,225</u>	<u>\$ 253,807,744</u>	<u>\$ 267,544,718</u>	<u>\$ 291,510,588</u>	<u>\$ 302,584,425</u>	Total net assets

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



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

	2002	2003	2004	2005	2006
Expenses					
Governmental activities:					
General government		\$ 6,887,965	\$ 3,975,367	\$ 4,808,302	5,799,062
Public safety		14,262,937	16,138,117	17,344,947	18,484,074
Highways and streets		4,327,021	4,983,961	5,056,827	5,605,789
Culture and recreation		5,391,355	5,633,112	5,905,119	6,387,685
Interest on long-term debt		1,265,139	1,317,826	1,190,214	1,224,183
Total governmental activities expenses		<u>32,134,417</u>	<u>32,048,383</u>	<u>34,305,409</u>	<u>37,500,793</u>
Business-type activities					
Water	\$ 6,550,448	\$ 7,135,802	7,797,815	6,946,851	9,494,225
Sewer	6,198,358	7,186,899	7,637,300	7,436,459	7,952,494
Total business-type activities expenses	<u>12,748,806</u>	<u>14,322,701</u>	<u>15,435,115</u>	<u>14,383,310</u>	<u>17,446,719</u>
Program Revenues					
Governmental activities:					
Charges for services (** See pages 126-127)		6,239,968	3,297,211	3,481,479	4,865,745
Operating grants and contributions		4,241,022	4,166,669	5,583,570	8,964,353
Capital grants and contributions		8,038,879	8,210,768	11,708,909	5,896,271
Total governmental activities program revenues		<u>18,519,869</u>	<u>15,674,648</u>	<u>20,773,958</u>	<u>19,726,369</u>
Business-type activities					
Water	7,560,718	9,222,539	12,629,094	17,456,186	13,071,306
Sewer	5,872,992	8,395,543	9,524,763	10,927,340	12,750,140
Total business-type activities revenues	<u>13,433,710</u>	<u>17,618,082</u>	<u>22,153,857</u>	<u>28,383,526</u>	<u>25,821,446</u>
Total program revenues		<u>36,137,951</u>	<u>37,828,505</u>	<u>49,157,484</u>	<u>45,547,815</u>
General Revenues					
Governmental activities:					
Taxes:					
Property taxes used for general purposes		13,512,030	15,979,937	17,105,625	18,275,628
Property taxes used for debt service		1,020,694	1,077,292	1,063,905	1,113,145
Transient room taxes used for general purposes		283,589	270,227	299,200	354,502
Transient room taxes used for debt service		230,521	239,540	251,204	256,014
Motor fuel		1,707,732	1,898,605	2,119,250	2,170,883
Cigarette and alcoholic beverage		456,965	469,130	497,499	545,979
Privilege		1,896,396	1,987,951	2,099,290	2,268,032
Contributions to permanent funds		3,828	454	3,042	2,414
Grants and contributions not restricted to specific programs		537,570	515,559	60,390	169,251
Unrestricted interest earnings		327,154	243,671	467,924	1,303,367
Premium on debt issuance		-	-	50,244	-
Miscellaneous		-	-	-	153,912
Total governmental activities general revenues		<u>19,976,479</u>	<u>22,682,366</u>	<u>24,017,573</u>	<u>26,613,127</u>
Loss on disposal of capital assets		(1,018)	-	-	-
Transfers		95,049	303,785	1,027,456	373,918
Total governmental activities		<u>20,070,510</u>	<u>22,986,151</u>	<u>25,045,029</u>	<u>26,987,045</u>

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

2007	2008	2009	2010	2011	
					Expenses
					Governmental activities:
6,468,368	8,791,969	7,813,659	9,227,210	5,512,747	General government
21,156,907	22,831,077	25,723,911	26,364,368	27,512,458	Public safety
6,489,273	6,717,357	6,794,651	6,927,620	7,098,212	Highways and streets
7,222,964	7,542,294	8,238,041	8,372,888	8,035,033	Culture and recreation
1,138,930	1,171,934	1,202,841	1,138,531	1,074,180	Interest on long-term debt
<u>42,476,442</u>	<u>47,054,631</u>	<u>49,773,103</u>	<u>52,030,617</u>	<u>49,232,630</u>	Total governmental activities expenses
					Business-type activities
11,253,334	11,495,380	11,445,203	11,252,016	11,239,646	Water
8,829,900	9,317,599	9,516,905	10,119,746	12,210,391	Sewer
<u>20,083,234</u>	<u>20,812,979</u>	<u>20,962,108</u>	<u>21,371,762</u>	<u>23,450,037</u>	Total business-type activities expenses
					Program Revenues
					Governmental activities:
6,260,183	6,780,166	7,747,816	7,056,305	7,034,555	Charges for services (** See pages 126-127)
6,566,201	5,242,275	4,705,458	5,385,159	4,354,299	Operating grants and contributions
5,438,422	7,418,560	4,767,440	4,629,070	7,433,911	Capital grants and contributions
<u>18,264,806</u>	<u>19,441,001</u>	<u>17,220,714</u>	<u>17,070,534</u>	<u>18,822,765</u>	Total governmental activities program revenues
					Business-type activities
14,096,457	13,241,504	12,906,796	12,003,928	11,520,604	Water
14,334,830	12,035,561	20,012,557	13,637,347	13,094,616	Sewer
<u>28,431,287</u>	<u>25,277,065</u>	<u>32,919,353</u>	<u>25,641,275</u>	<u>24,615,220</u>	Total business-type activities revenues
<u>46,696,093</u>	<u>44,718,066</u>	<u>50,140,067</u>	<u>42,711,809</u>	<u>43,437,985</u>	Total program revenues
					General Revenues
					Governmental activities:
					Taxes:
19,691,258	20,009,812	21,133,841	21,816,218	22,430,005	Property taxes used for general purposes
951,815	2,174,926	2,317,806	3,099,335	3,849,690	Property taxes used for debt service
459,569	510,037	478,150	382,054	655,879	Transient room taxes used for general purposes
241,343	231,083	196,594	213,174	-	Transient room taxes used for debt service
2,152,446	2,056,995	2,674,179	2,029,262	2,365,624	Motor fuel
867,362	995,174	1,023,060	624,444	651,683	Cigarette and alcoholic beverage
2,480,090	2,717,412	2,759,292	2,570,602	2,680,877	Privilege
923	295	133	160	-	Contributions to permanent funds
59,305	124,421	107,027	-	-	Grants and contributions not restricted to specific programs
1,745,218	1,738,924	981,571	605,921	360,650	Unrestricted interest earnings
-	-	-	-	-	Premium on debt issuance
130,653	431,229	329,267	18,871,796	196,111	Miscellaneous
<u>28,779,982</u>	<u>30,990,308</u>	<u>32,000,920</u>	<u>50,212,966</u>	<u>33,190,519</u>	Total governmental activities general revenues
-	-	-	-	-	Loss on disposal of capital assets
490,975	282,229	203,748	480,438	1,028,256	Transfers
<u>29,270,957</u>	<u>31,272,537</u>	<u>32,204,668</u>	<u>50,693,404</u>	<u>34,218,775</u>	Total governmental activities

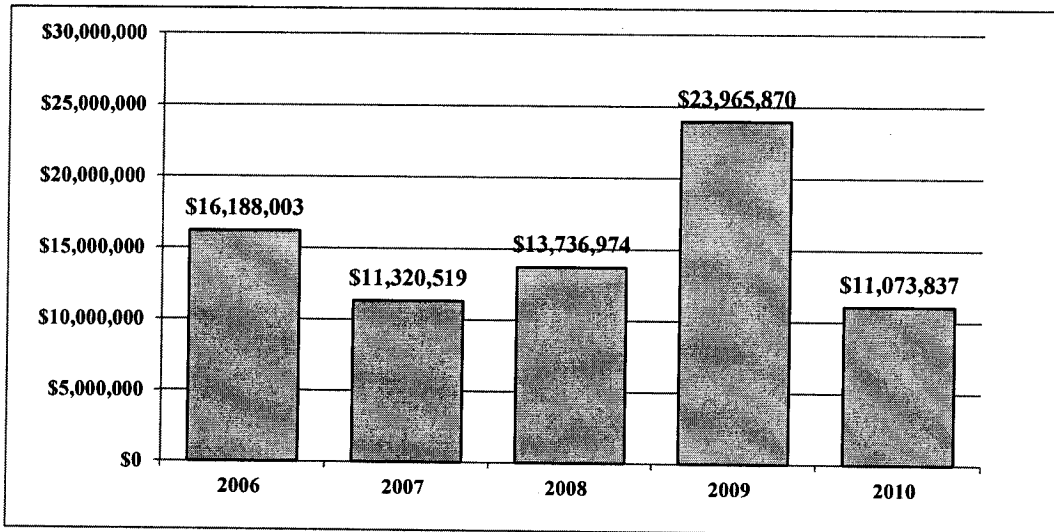
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Schedule 2
CITY OF ALBANY, OREGON
CHANGE IN NET ASSETS, continued
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2002	2003	2004	2005	2006
General Revenues, continued					
Business-type activities					
Property taxes used for debt service	761,583	778,058	787,570	782,683	759,865
Unrestricted investment earnings	731,136	377,023	286,658	488,123	1,240,546
Gain on disposal of real property	-	-	-	-	-
Miscellaneous	306,549	352,592	578,916	455,720	687,743
Total business-type activities general revenues	<u>1,799,268</u>	<u>1,507,673</u>	<u>1,653,144</u>	<u>1,726,526</u>	<u>2,688,154</u>
Loss on disposal of capital assets	(102,034)	(23,952)	-	-	-
Transfers	(45,000)	(95,049)	(303,785)	(1,027,456)	(373,918)
Total business-type activities	<u>1,652,234</u>	<u>1,388,672</u>	<u>1,349,359</u>	<u>699,070</u>	<u>2,314,236</u>
Change in Net Assets					
Governmental activities	-	6,455,962	6,612,416	11,513,578	9,212,621
Business-type activities	2,337,138	4,684,053	8,068,101	14,699,286	10,688,963
Total Change in net assets	<u>2,337,138</u>	<u>11,140,015</u>	<u>14,680,517</u>	<u>26,212,864</u>	<u>19,901,584</u>
Net assets - beginning	38,271,333	158,061,708	169,201,723	183,882,240	210,379,778
Prior period adjustments	-	-	-	284,674	(3,982,140)
Net assets - ending	<u>\$ 40,608,471</u>	<u>\$ 169,201,723</u>	<u>\$ 183,882,240</u>	<u>\$ 210,379,778</u>	<u>\$ 226,299,222</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 2002-2011 Comprehensive Annual Financial Reports

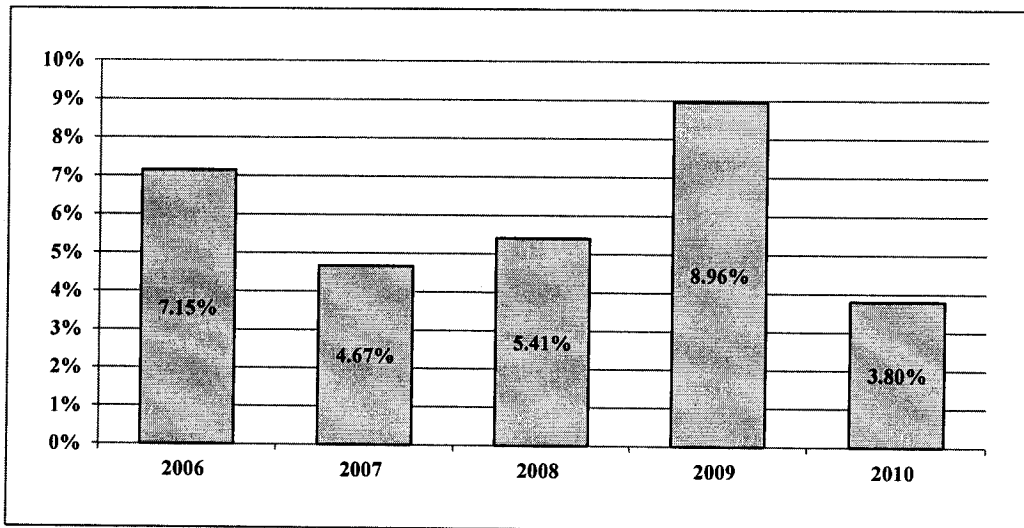
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Schedule 2
CITY OF ALBANY, OREGON
CHANGE IN NET ASSETS
 Last Ten Fiscal Years
 (accrual basis of accounting)

2007	2008	2009	2010	2011	
					General Revenues, continued
					Business-type activities
753,308	824,530	813,948	660,343	(2,852)	Property taxes used for debt service
1,506,557	1,428,407	853,758	623,298	272,181	Unrestricted investment earnings
-	319,069	-	-	-	Gain on disposal of real property
653,135	907,749	663,492	3,159,835	6,858,672	Miscellaneous
2,913,000	3,479,755	2,331,198	4,443,476	7,128,001	Total business-type activities general revenues
					Loss on disposal of capital assets
(490,975)	(282,229)	(203,748)	(480,438)	(1,028,256)	Transfers
2,422,025	3,197,526	2,127,450	3,963,038	6,099,745	Total business-type activities
					Change in Net Assets
					Governmental activities
5,059,321	3,658,907	(347,721)	15,733,321	3,808,910	Business-type activities
10,770,078	7,661,612	14,084,695	8,232,551	7,264,928	Total Change in net assets
15,829,399	11,320,519	13,736,974	23,965,872	11,073,838	Net assets - beginning
226,299,222	242,487,225	253,807,744	267,544,716	291,510,587	Prior period adjustments
358,604	-	-	-	-	Net assets - ending
<u>\$242,487,225</u>	<u>\$253,807,744</u>	<u>\$267,544,718</u>	<u>\$291,510,588</u>	<u>\$302,584,425</u>	

					** Charges for services - Major
		1,953,553	1,912,918	2,008,138	Ambulance Service Fee
		2,139,050	2,198,779	1,458,688	Equipment Replacement and Departmental Charges
		1,197,872	1,082,094	1,099,172	Franchise Fees
		716,585	865,357	809,323	Park Department Activity Fees

Year to Year Percentage Change in Net Assets
 last five years

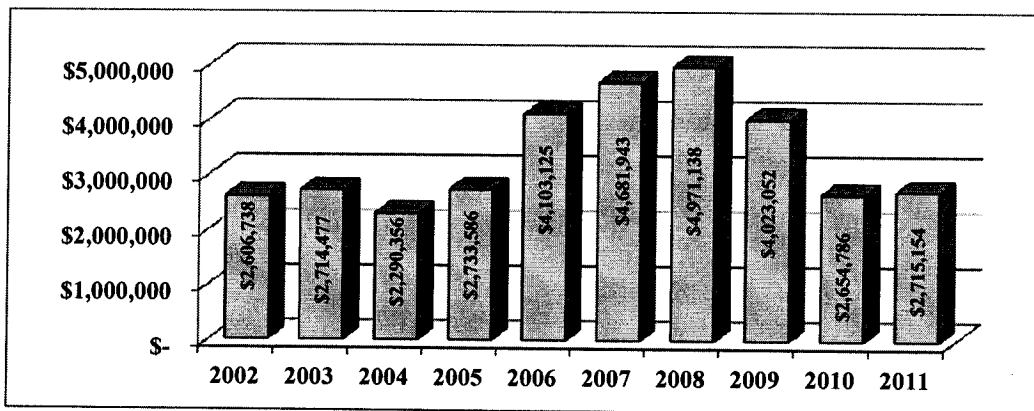


Schedule 3
CITY OF ALBANY, OREGON
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years (1)
 (modified accrual basis of accounting)

	2002	2003	2004	2005	2006
General Fund					
Unreserved	\$ 2,606,738	\$ 2,714,477	\$ 2,290,356	\$ 2,733,586	\$ 4,103,125
Nonspendable	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>2,606,738</u>	<u>2,714,477</u>	<u>2,290,356</u>	<u>2,733,586</u>	<u>4,103,125</u>
All other governmental funds					
Reserved for:					
Capital projects	-	2,755,767	6,012,244	8,248,404	15,591,619
Debt service	1,812,545	2,179,270	2,616,579	2,877,865	2,865,706
Library programs	-	74,296	89,886	90,474	8,437
Parks & Recreation programs	174,417	359,718	314,284	12,036	11,848
Perpetual care	-	107,206	108,906	111,585	115,189
Unreserved, reported in:					
Special revenue funds	8,952,518	5,795,739	8,021,014	8,744,939	8,338,206
Capital project fund	4,414,518	2,578,524	1,162,841	3,169,042	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>15,353,998</u>	<u>13,850,520</u>	<u>18,325,754</u>	<u>23,254,345</u>	<u>26,931,005</u>
Total fund balances of governmental funds	<u>\$ 17,960,736</u>	<u>\$ 16,564,997</u>	<u>\$ 20,616,110</u>	<u>\$ 25,987,931</u>	<u>\$ 31,034,130</u>

General Fund Unreserved Fund Balance

Last Ten Fiscal Years



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

Source: City of Albany 2002-2011 Comprehensive Annual Financial Reports

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

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

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

Last Ten Fiscal Years

Fiscal Year	Fund Balance	% Change
2002	\$ 2,606,738	-
2003	2,714,477	4.13%
2004	2,290,356	-15.62%
2005	2,733,586	19.35%
2006	4,103,125	50.10%
2007	4,681,943	14.11%
2008	4,971,138	6.18%
2009	4,023,052	-19.07%
2010	2,654,786	-34.01%
2011	2,715,154	2.27%

The General Fund unreserved fund balance has increased by 4.16 percent over the last ten years. The 2009-10 fund balance of \$2,715,154 is 10.6 percent of total expenditures before transfers out, 9.38 percent of the total General Fund 2009-10 budget, and 9.23 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)

	2002	2003	2004	2005	2006
Revenues					
Taxes	\$ 14,053,132	\$ 14,981,840	\$ 17,604,792	\$ 18,460,938	\$ 20,225,202
Special assessments	831,361	621,006	980,652	2,812,677	752,013
Franchise fees, privilege taxes, licenses, and permits	5,787,913	6,468,494	6,676,869	7,988,856	7,637,192
Intergovernmental	5,188,361	6,511,342	8,319,812	12,317,895	6,643,124
Charges for services	5,531,010	6,003,485	3,072,882	3,698,501	3,722,670
Fines and forfeitures	597,223	614,142	556,974	545,296	581,972
Gifts and donations	-	3,828	454	3,042	3,178,018
Interest on investments	627,707	382,755	306,052	624,257	1,265,344
Miscellaneous	594,206	460,850	573,834	764,322	653,788
Total revenues	<u>33,210,913</u>	<u>36,047,742</u>	<u>38,092,321</u>	<u>47,215,784</u>	<u>44,659,323</u>
Expenditures					
General government	14,129,300	6,650,355	3,692,811	4,934,984	5,260,948
Public safety	12,157,504	13,844,935	15,577,882	16,809,154	18,302,131
Highways and streets	1,928,070	2,183,939	2,617,631	2,768,538	3,103,766
Culture and recreation	4,556,160	4,987,709	5,231,589	5,831,360	6,093,309
Capital outlay	5,635,038	7,777,230	5,000,187	13,033,514	7,871,125
Debt service					
Principal	949,913	1,036,687	1,097,997	2,876,939	1,328,965
Interest	946,783	1,269,338	1,224,295	1,201,415	1,181,496
Total expenditures	<u>40,302,768</u>	<u>37,750,193</u>	<u>34,442,392</u>	<u>47,455,904</u>	<u>43,141,740</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,091,855)</u>	<u>(1,702,451)</u>	<u>3,649,929</u>	<u>(240,120)</u>	<u>1,517,583</u>
Other financing sources (uses)					
Debt issuance proceeds	7,588,081	-	-	3,720,000	1,459,399
Premium on debt issuance	-	-	-	50,244	-
Payment to escrow agent for refunded bonds	-	-	-	-	-
Capital lease proceeds	-	-	-	162,060	151,360
Transfers in	852,140	1,341,168	3,484,872	6,968,005	14,248,234
Transfers out	(807,140)	(1,213,283)	(3,083,688)	(5,207,075)	(13,341,755)
Total other financing sources (uses)	<u>7,633,081</u>	<u>127,885</u>	<u>401,184</u>	<u>5,693,234</u>	<u>2,517,238</u>
Prior period adjustments	-	178,827	-	(81,293)	1,011,378
Net change in fund balances	<u>\$ 541,226</u>	<u>\$ (1,395,739)</u>	<u>\$ 4,051,113</u>	<u>\$ 5,371,821</u>	<u>\$ 5,046,199</u>

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

Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures

Total debt service expenditures	\$ 1,896,696	\$ 2,306,025	\$ 2,322,292	\$ 4,078,354	\$ 2,510,461
Total noncapital expenditures	<u>34,667,730</u>	<u>29,972,963</u>	<u>29,442,205</u>	<u>34,422,390</u>	<u>35,270,615</u>
Ratio of total debt service expenditures less refundings to total noncapital expenditures	<u>5.47%</u>	<u>7.69%</u>	<u>7.89%</u>	<u>11.85%</u>	<u>7.12%</u>

Source: City of Albany 2002-2011 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)

2007	2008	2009	2010	2011	
					Revenues
\$ 21,369,433	\$ 22,857,443	\$ 23,723,701	\$ 25,163,569	\$ 26,932,006	Taxes
284,316	92,321	82,653	64,604	42,830	Special assessments
8,173,745	7,752,797	6,654,711	6,390,875	6,169,128	Franchise fees, privilege taxes, licenses, and permits
7,160,835	8,303,684	7,124,187	8,129,421	9,331,327	Intergovernmental
4,184,394	4,608,381	5,599,253	5,043,672	5,204,052	Charges for services
730,232	988,983	927,897	839,861	769,200	Fines and forfeitures
4,119	2,008,320	-	-	-	Gifts and donations
1,677,487	1,717,615	964,613	595,031	348,336	Interest on investments
1,308,177	1,168,815	2,776,430	19,366,270	481,375	Miscellaneous
<u>44,892,738</u>	<u>49,498,359</u>	<u>47,853,445</u>	<u>65,593,303</u>	<u>49,278,254</u>	Total revenues
					Expenditures
6,286,630	8,472,015	8,223,631	9,002,393	5,916,136	General government
20,586,681	22,040,875	23,932,216	24,225,530	25,218,770	Public safety
3,499,426	3,864,623	3,651,135	3,599,042	3,553,451	Highways and streets
6,646,681	6,768,031	7,349,399	7,569,933	7,078,644	Culture and recreation
4,685,842	6,183,849	9,541,626	8,135,811	5,975,749	Capital outlay
					Debt service
3,288,914	2,900,558	3,854,453	1,908,434	3,585,926	Principal
1,342,964	1,203,625	1,170,493	1,112,461	1,075,775	Interest
<u>46,337,138</u>	<u>51,433,576</u>	<u>57,722,953</u>	<u>55,553,604</u>	<u>52,404,451</u>	Total expenditures
(1,444,400)	(1,935,217)	(9,869,508)	10,039,699	(3,126,197)	Excess (deficiency) of revenues over (under) expenditures
					Other financing sources (uses)
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
98,493	74,362	352,395	75,139	-	Capital lease proceeds
6,261,817	5,994,473	5,869,492	5,836,489	10,705,097	Transfers in
(5,663,645)	(5,619,981)	(5,665,744)	(5,356,051)	(9,676,841)	Transfers out
<u>1,682,725</u>	<u>5,500,852</u>	<u>2,658,643</u>	<u>2,514,377</u>	<u>1,028,256</u>	Total other financing sources (uses)
-	-	-	-	-	Prior period adjustments
<u>\$ 238,325</u>	<u>\$ 3,565,635</u>	<u>\$ (7,210,865)</u>	<u>\$ 12,554,076</u>	<u>\$ (2,097,941)</u>	Net change in fund balances
\$ 4,631,878	\$ 2,404,183	\$ 5,024,946	\$ 3,020,895	\$ 4,661,701	Total debt service expenditures
<u>41,651,296</u>	<u>45,249,727</u>	<u>48,181,327</u>	<u>47,417,793</u>	<u>46,428,702</u>	Total noncapital expenditures
<u>11.12%</u>	<u>5.31%</u>	<u>10.43%</u>	<u>6.37%</u>	<u>10.04%</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

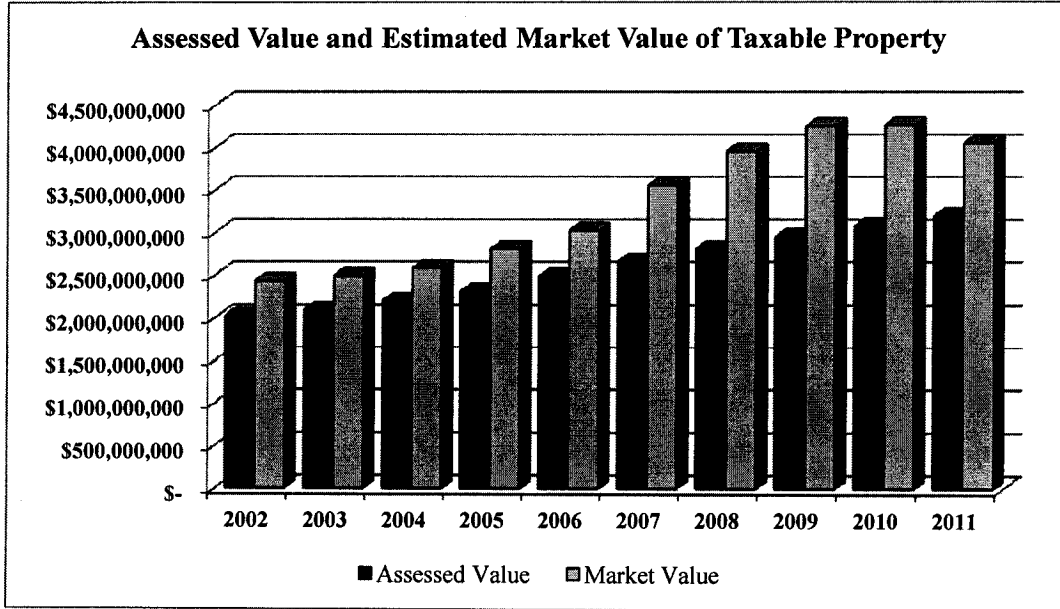
Fiscal Year Ended June 30,	County	Taxable Assessed Value (1)	Direct Tax Rate Per \$1,000 of Assessed Value	Urban Renewal Tax Rate Per \$1000 of AV	Urban Renewal District Assessed Value	Total Assessed Value	Estimated Market Value	Assessed Value as a % of Market Value
2002	Linn	1,708,549,715	7.30	-	-	1,708,549,715	1,996,077,785	85.60%
	Benton	313,782,275	7.30	-	-	313,782,275	431,400,111	72.74%
	Total	2,022,331,990				2,022,331,990	2,427,477,896	83.31%
2003	Linn	1,752,832,617	7.23	-	22,646,610	1,775,479,227	2,092,129,723	84.86%
	Benton	334,249,796	7.23	-	-	334,249,796	395,820,350	84.44%
	Total	2,087,082,413			22,646,610	2,109,729,023	2,487,950,073	84.80%
2004	Linn	1,837,116,379	8.12	-	24,077,227	1,861,193,606	2,146,957,508	86.69%
	Benton	358,947,500	8.12	-	-	358,947,500	434,014,740	82.70%
	Total	2,196,063,879			24,077,227	2,220,141,106	2,580,972,248	86.02%
2005 (2)	Linn	1,913,454,224	8.04	-	34,121,937	1,947,576,161	2,333,811,851	83.45%
	Benton	395,736,624	8.04	-	-	395,736,624	472,209,130	83.81%
	Total	2,309,190,848			34,121,937	2,343,312,785	2,806,020,981	83.51%
2006	Linn	2,061,601,036	8.09	-	41,571,478	2,103,172,514	2,505,957,967	83.93%
	Benton	428,648,082	7.96	-	-	428,648,082	517,706,517	82.80%
	Total	2,490,249,118			41,571,478	2,531,820,596	3,023,664,484	83.73%
2007	Linn	2,202,687,502	8.02	-	50,945,385	2,253,632,887	2,887,626,123	78.04%
	Benton	454,804,642	7.78	-	-	454,804,642	664,234,567	68.47%
	Total	2,657,492,144			50,945,385	2,708,437,529	3,551,860,690	76.25%
2008	Linn	2,323,996,912	8.04	-	62,008,472	2,386,005,384	3,241,435,594	73.61%
	Benton	487,155,971	7.86	-	-	487,155,971	718,378,931	67.81%
	Total	2,811,152,883			62,008,472	2,873,161,355	3,959,814,525	72.56%
2009	Linn	2,429,035,563	8.04	-	83,900,206	2,512,935,769	3,426,321,654	73.34%
	Benton	526,917,483	7.84	-	-	526,917,483	825,153,887	63.86%
	Total	2,955,953,046			83,900,206	3,039,853,252	4,251,475,541	71.50%
2010	Linn	2,529,699,882	7.99	-	90,157,811	2,619,857,693	3,433,300,300	76.31%
	Benton	550,561,377	7.78	-	-	550,561,377	836,060,448	65.85%
	Total	3,080,261,259			90,157,811	3,170,419,070	4,269,360,748	74.26%
2011	Linn	2,618,801,545	7.81	-	101,564,871	2,720,366,416	3,275,687,464	83.05%
	Benton	578,241,790	7.81	-	-	578,241,790	781,904,703	73.95%
	Total	3,197,043,335			101,564,871	3,298,608,206	4,057,592,167	81.29%

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

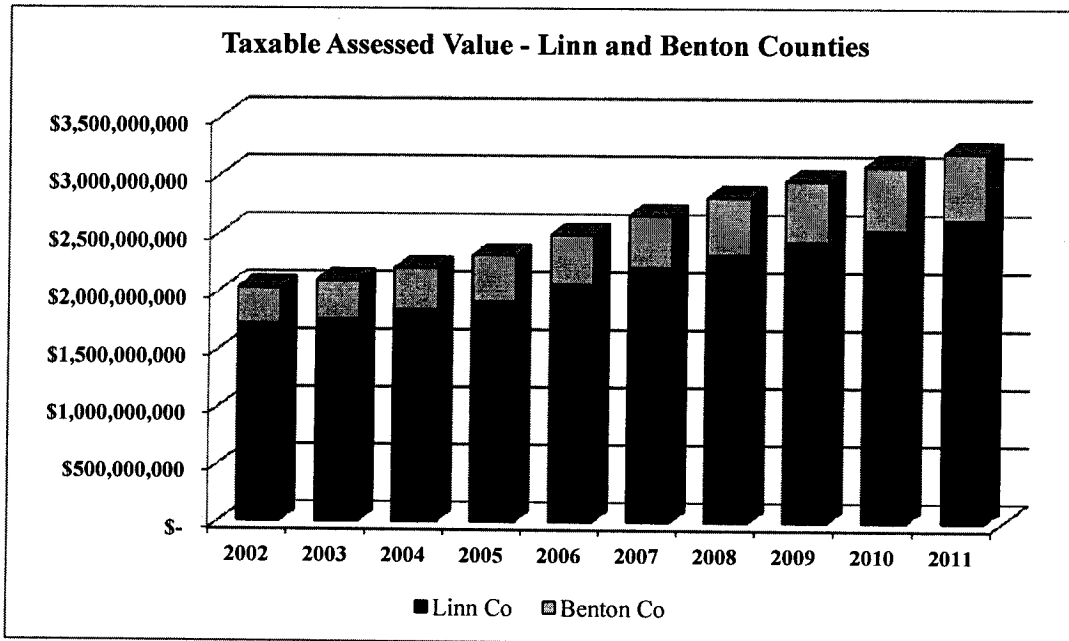
(2) In the November 2002, General Election, the voters of the City passed a five-year local option levy to provide additional public safety funding. The levy authorized by the voters was \$0.95 per \$1,000 of assessed value.

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 81.29 percent of market value, leaving a \$758,983,961 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.

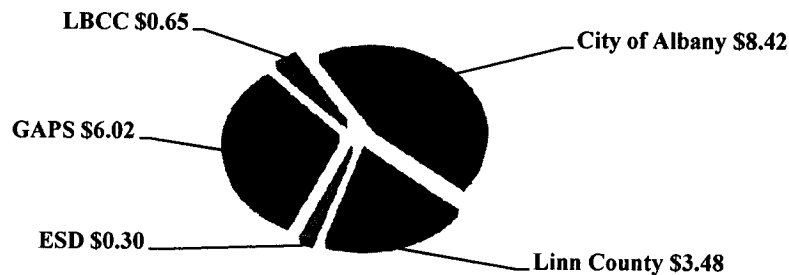


Schedule 6
CITY OF ALBANY, OREGON
DIRECT TAX RATES (1)
 Last Ten Fiscal Years

City of Albany Direct Rates

Fiscal Year Ended June 30,	County	Basic Rate	Local Option Public Safety Levy	General Obligation Debt Service	Total Before Urban Renewal	Albany Urban Renewal	Total Direct Rate
2002	Linn	6.40	-	0.90	7.30	-	7.30
	Benton	6.40	-	0.90	7.30	-	7.30
2003	Linn	6.40	-	0.83	7.23	0.18	7.41
	Benton	6.40	-	0.83	7.23	0.18	7.41
2004	Linn	6.40	0.95	0.77	8.12	0.20	8.32
	Benton	6.40	0.95	0.77	8.12	0.15	8.27
2005	Linn	6.40	0.95	0.69	8.04	0.27	8.31
	Benton	6.40	0.95	0.69	8.04	0.21	8.25
2006	Linn	6.40	0.95	0.74	8.09	0.30	8.39
	Benton	6.35	0.88	0.73	7.96	0.23	8.19
2007	Linn	6.40	0.95	0.67	8.02	0.42	8.44
	Benton	6.28	0.93	0.66	7.87	0.26	8.13
2008	Linn	6.40	0.95	0.69	8.04	0.42	8.46
	Benton	6.26	0.93	0.67	7.86	0.33	8.19
2009	Linn	6.40	0.95	0.69	8.04	0.47	8.51
	Benton	6.25	0.95	0.64	7.84	0.36	8.20
2010	Linn	6.40	0.95	0.64	7.99	0.56	8.55
	Benton	6.22	0.92	0.64	7.78	0.44	8.22
2011	Linn	6.20	0.92	0.69	7.81	0.61	8.42
	Benton	6.20	0.92	0.69	7.81	0.47	8.28

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



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

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

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

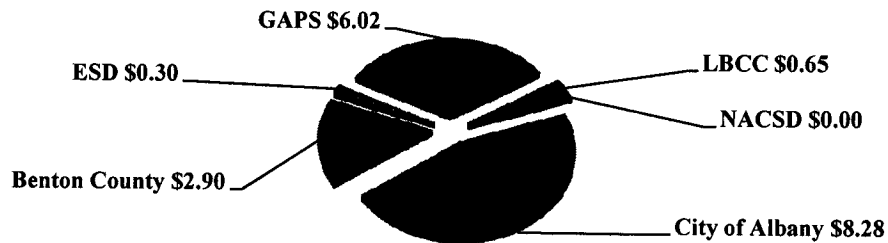
Source: Linn and Benton County Tax Assessors

Schedule 6
CITY OF ALBANY, OREGON
DIRECT 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
3.05	-	-	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
3.48	-	0.05	0.30	6.02	0.65	-	18.92
-	2.90	-	0.30	6.02	0.65	-	18.15

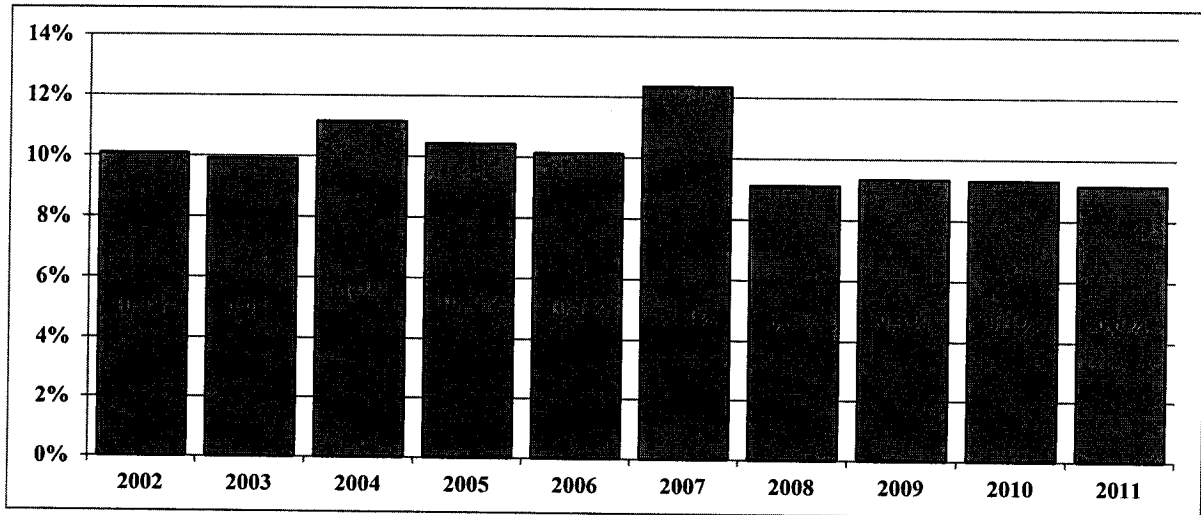
Benton County Tax Rates per \$1,000 of Assessed Value



Schedule 7
CITY OF ALBANY, OREGON
PRINCIPAL PROPERTY TAXPAYERS
 Fiscal Years 2001-2002 and 2010-2011

Taxpayer	2010-2011		% of	2001-2002		% of
	Taxable Assessed Value	Rank	Total Taxable Assessed Value	Taxable Assessed Value	Rank	Total Taxable Assessed Value
Dayton Hudson Corporation	\$ 76,459,190	1	2.39%	\$ 46,273,470	1	2.29%
Oregon Metallurgical Corporation	56,757,540	2	1.78%	24,055,020	3	1.19%
Oregon Freeze Dry Foods, Inc.	30,218,980	3	0.95%	25,816,890	2	1.28%
Waverly Land Management	23,792,930	4	0.74%	22,310,120		1.10%
Pacific Cast Technologies Inc	25,781,940	5	0.81%		4	0.00%
Wells Fargo Bank (1)	24,121,910	6	0.75%	-	-	-
Metropolitan Life Insurance	16,908,890	7	0.53%	12,000,650	7	0.59%
Mennonite Home of Albany Inc	14,946,240	8	0.47%	-	-	-
Costco	11,300,490	9	0.35%	-	-	-
Absorbent Technologies	12,349,400	10	0.39%	-	-	-
Synthetec	-	-	-	19,012,230	5	0.94%
Roebbelen Engineering, Inc.	-	-	-	17,310,060	6	0.86%
Eugene Freezing and Storage Co.	-	-	-	11,933,880	8	0.59%
National Health Properties	-	-	-	11,001,700	9	0.54%
Panolam Industries	-	-	-	10,619,490	10	0.53%
Total	\$ 292,637,510		9.15%	\$ 200,333,510		9.91%
Utilities:						
Phone, electricity, natural gas	\$ 104,223,626		3.26%	\$ 66,560,566		3.29%
Total taxable assessed value, all properties	\$ 3,197,043,335			\$ 2,022,331,990		

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



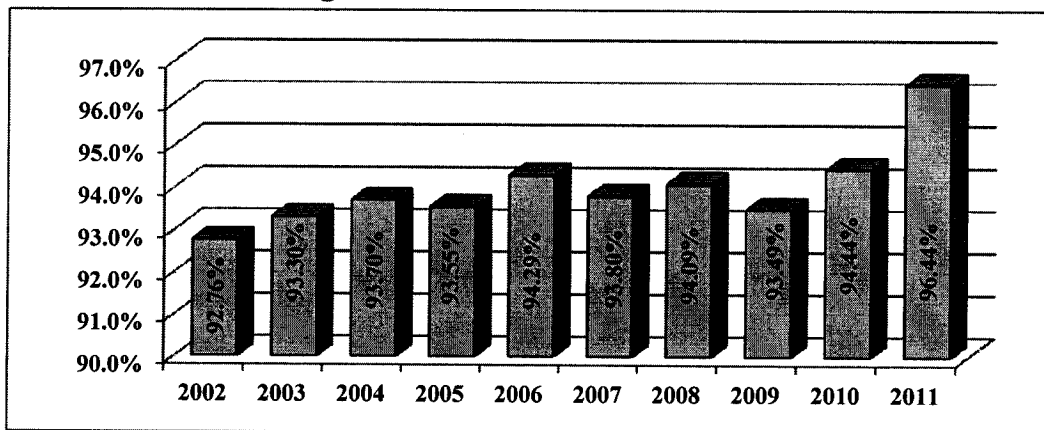
Source: Linn and Benton County Tax Assessors

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

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

Fiscal Year Ended June 30,	Tax Levy as Extended by the Assessor (1)	Collected within the Fiscal Year of the Levy	Percentage Collected	Collections In Subsequent Years	Total Collections to Date	Percentage of Levy as Extended
2002	14,776,533	13,706,523	92.76%	654,919	14,361,442	97.19%
2003	15,615,495	14,569,267	93.30%	650,735	15,220,002	97.47%
2004	18,341,731	17,185,584	93.70%	666,819	17,852,403	97.33%
2005	19,312,644	18,066,785	93.55%	756,850	18,823,635	97.47%
2006	20,740,111	19,555,255	94.29%	671,490	20,226,745	97.52%
2007	22,142,401	20,770,157	93.80%	712,401	21,482,558	97.02%
2008	23,648,423	22,251,321	94.09%	727,968	22,979,289	97.17%
2009	24,835,283	23,217,769	93.49%	814,174	24,031,943	96.77%
2010	25,742,434	24,311,929	94.44%	537,201	24,849,130	96.53%
2011	27,273,089	26,303,489	96.44%	-	26,303,489	96.44%

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 County Assessors. The resulting rate is a lower percentage, but for comparative purposes it can be applied to future years' levies without having to estimate discounts and adjustments. This method of calculating the collection rate is the same one used for the budget. In past annual reports the collection percentage was based on a net levy, which included discounts and adjustments. Using the new method, the ten-year average first-year collection rate is 94.12 percent of the levy as extended by the assessors.

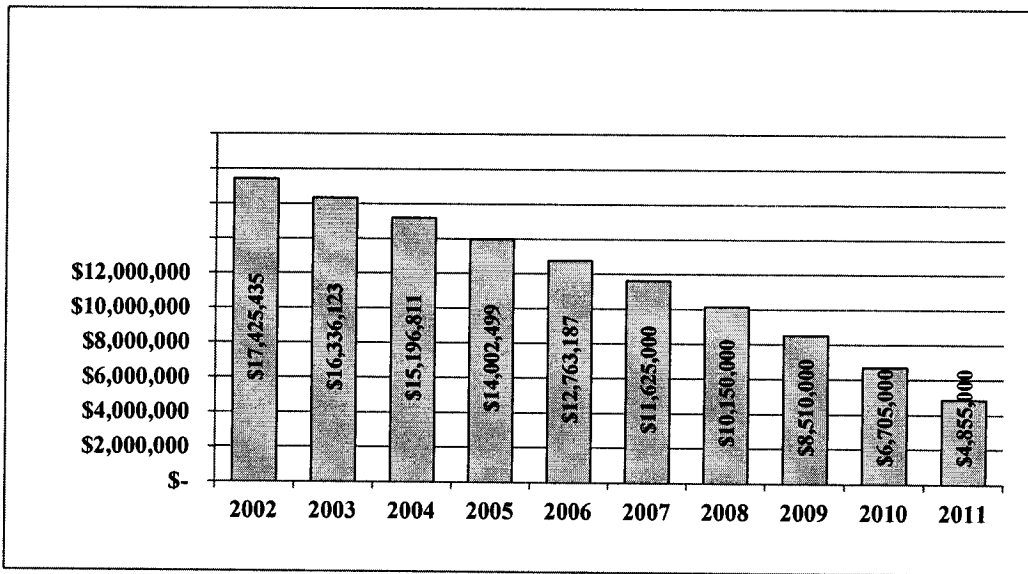
Three ways in which property tax revenue can be adversely affected by a slowdown in the economy are: 1) market value falls below assessed value; 2) assessed value falls; and 3) the rate of tax collection falls. Because of the healthy gap between market values and assessed values, there would be lag time before a downturn would directly affect the market value limit on assessed value. In the second situation, assessed values will not 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
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
2011	4,855,000	197,735	-	5,606,508	-	2,000,000	5,806,800	162,389	151,697



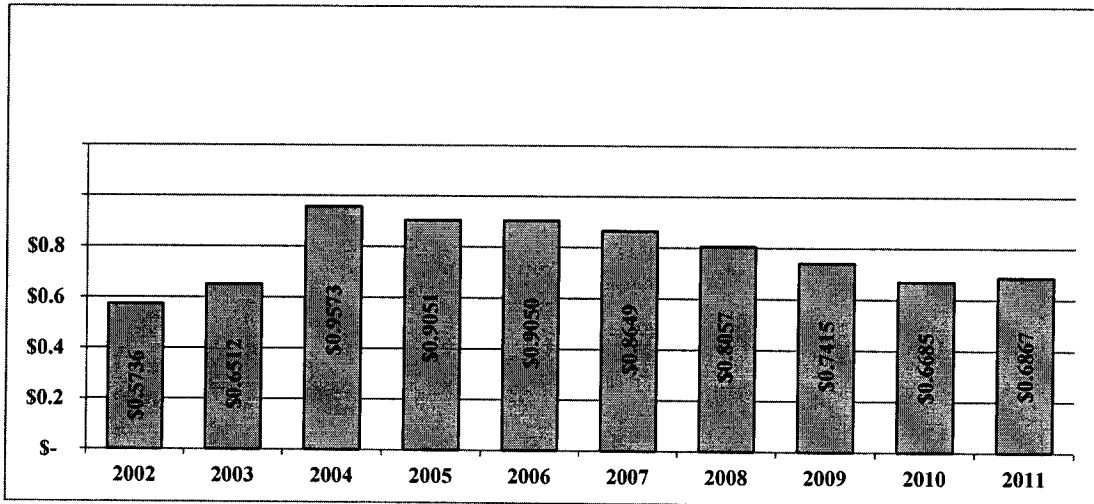
As the above chart indicates, there has been a nearly linear reduction in the amount of the outstanding general obligation debt over the last ten years. The trend will continue as the existing bonds approach retirement. There are no plans to issue general obligation debt in the coming fiscal year.

- (1) Special assessment debt with governmental commitment
- (2) TIF-Tax Increment Financing
- (3) Includes \$66,356,540 State of Oregon Revolving Fund loan for the new sewage treatment plant

Source: City of Albany 2002-2011 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

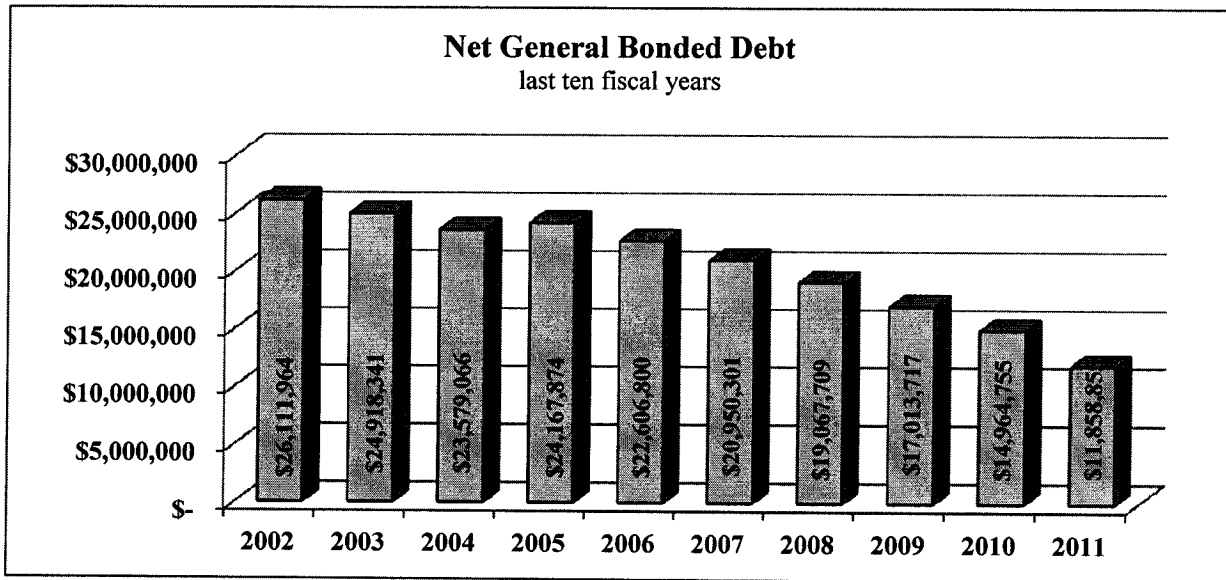
BUSINESS-TYPE ACTIVITIES					Total Outstanding Debt	% of Personal Income	Debt per Capita
General Obligation Bonds	Water Revenue Bonds	Sewer Revenue Bonds	Certificates of Participation	Notes Payable (3)			
5,540,435	5,230,595	5,685,973	600,000	1,610,803	44,382,407	1.66%	944
4,961,123	4,770,995	5,127,458	553,550	1,449,723	41,540,763	1.81%	1,066
4,351,811	40,192,681	2,699,857	504,589	1,288,641	72,617,496	1.64%	983
3,712,499	38,987,677	2,278,559	452,819	1,127,561	71,144,153	2.83%	1,666
3,053,187	37,767,673	1,852,261	398,162	966,481	68,796,394	2.64%	1,616
2,390,000	36,790,000	1,475,000	340,458	30,063,744	93,378,948	2.50%	1,517
1,630,000	35,510,000	1,000,000	279,583	47,923,068	110,712,220	3.20%	2,003
835,000	34,200,000	505,000	215,267	55,399,277	113,876,157	3.76%	2,332
-	32,855,000	-	147,365	73,114,000	128,720,450	3.97%	2,618
-	31,800,000	-	75,678	74,018,778	124,674,585	n/a	2,486



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
2002	41,145	\$2,022,331,990	\$17,425,435 (2)	\$ 6,826,913	\$2,125,000	\$ -
2003	41,650	2,087,082,413	16,336,123	6,826,913	1,990,000	-
2004	42,280	2,196,063,879	15,196,811	6,813,236	1,850,000	-
2005	43,600	2,309,190,848	14,002,499	6,783,389	-	3,720,000
2006	44,030	2,490,249,118	12,763,187	6,739,431	-	3,490,000
2007	45,360	2,657,492,144	11,625,000	6,683,781	-	3,265,000
2008	46,610	2,811,152,883	10,150,000	6,618,738	-	2,960,000
2009	47,470	2,955,953,046	8,510,000	6,545,507	-	2,645,000
2010	48,770	3,080,261,259	6,705,000	6,463,368	-	2,325,000
2011	50,518	3,197,043,335	4,855,000	5,606,508	-	2,000,000



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

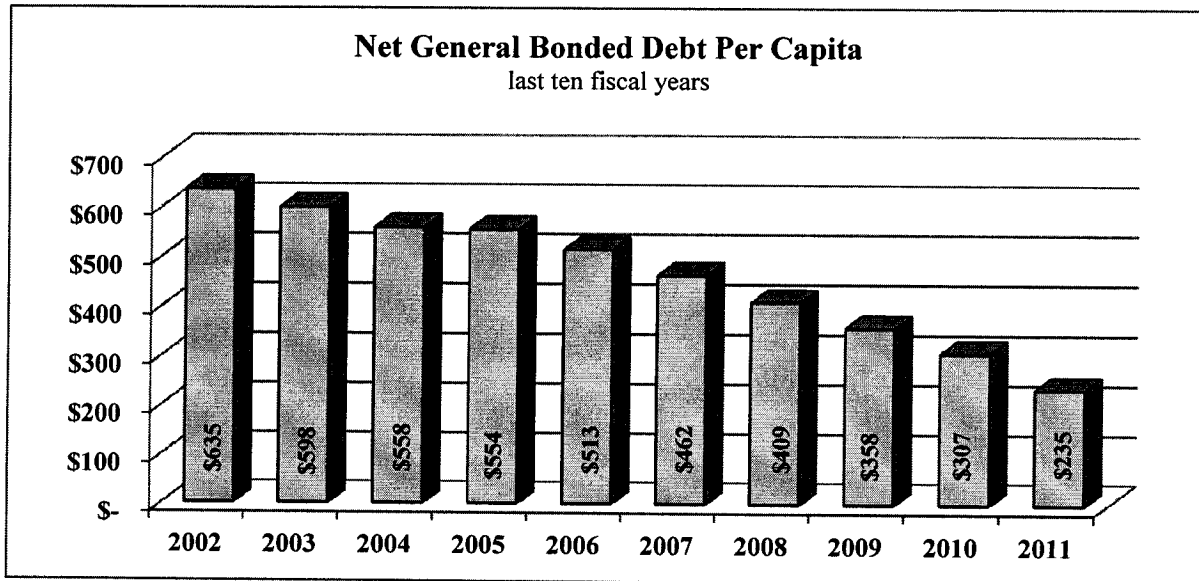
(2) In March 1999, \$9,850,000 of general obligation bonds were issued to finance the reconstruction of four major arterial roads within the City.

(3) \$134,510 available for General Obligation Debt. \$468,143 available for the Limited Tax Pension Bonds.

Source: City of Albany 2002-2011 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

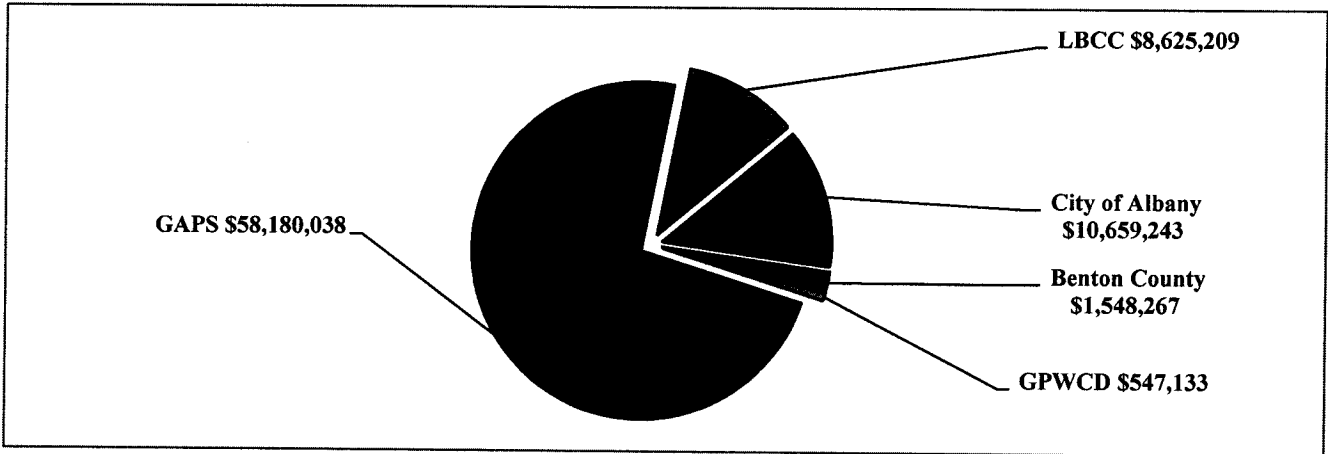
Less: Amounts Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Net Bonded Debt as a Percent of Personal Income
265,384	\$ 26,111,964	1.2912%	\$ 634.63	1.07%
234,695	24,918,341	1.1939%	598.28	0.98%
280,981	23,579,066	1.0737%	557.69	0.92%
338,014	24,167,874	1.0466%	554.31	0.90%
385,818	22,606,800	0.9078%	513.44	0.82%
623,480	20,950,301	0.7883%	461.87	0.72%
661,029	19,067,709	0.6783%	409.09	0.65%
686,790	17,013,717	0.5756%	358.41	0.52%
528,613	14,964,755	0.4858%	306.84	0.46%
602,653 (3)	11,858,855	0.3709%	234.75	n/a



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)	\$ 10,659,243	100.0000%	\$ 10,659,243
OVERLAPPING DEBT			
Benton County	18,586,636	8.3300%	1,548,267
Grand Prairie Water Control District (GPWCD)	720,102	75.9800%	547,133
Greater Albany Public School (GAPS) District 8J	83,580,000	69.6100%	58,180,038
Linn Benton Community College (LBCC)	40,935,969	21.0700%	8,625,209
Total overlapping debt	143,822,707		68,900,647
Total direct and overlapping debt	\$ 154,481,950		\$ 79,559,890

Direct and Overlapping Debt Applicable to the City of Albany



(1) Source - State of Oregon, Treasury Department

(2) City of Albany net outstanding debt

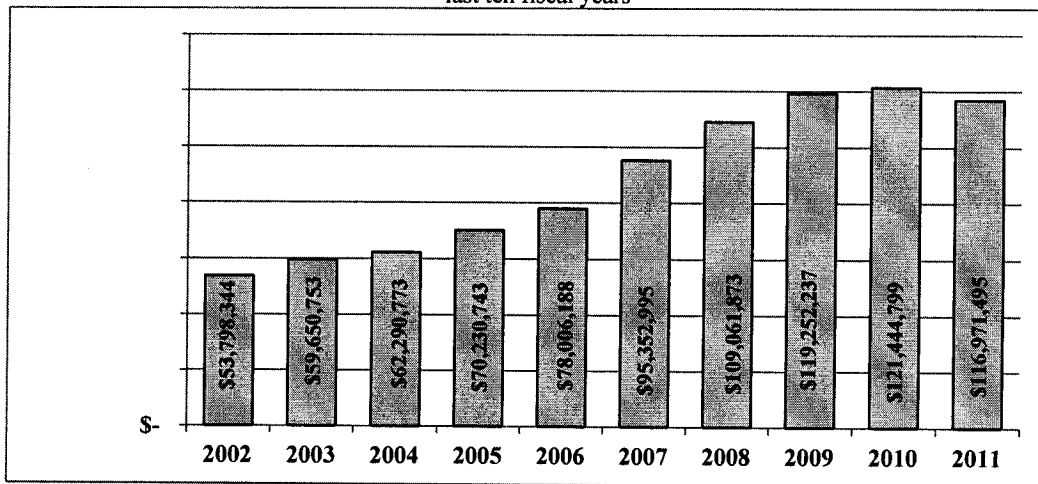
General Obligation Bonds	\$ 4,855,000
2002 Limited Tax Assessment Bonds	197,735
Limited Tax Pension Obligations, Series 2002	5,606,508
Total City of Albany net outstanding debt	\$ 10,659,243

You may not pump your own gas in service stations.
Oregon Revised Statutes 480.310 to 480.390

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

	2002	2003	2004	2005
Debt limitation	\$ 71,009,546	\$ 75,705,895	\$ 77,149,570	\$ 83,847,424
Total net debt applicable to limitation	<u>17,211,202</u>	<u>16,055,142</u>	<u>14,858,797</u>	<u>13,616,681</u>
Legal debt margin	<u>\$ 53,798,344</u>	<u>\$ 59,650,753</u>	<u>\$ 62,290,773</u>	<u>\$ 70,230,743</u>
Ratio of net debt applicable to the debt limitation	<u>24.24%</u>	<u>21.21%</u>	<u>19.26%</u>	<u>16.24%</u>

Legal Debt Margin
last ten fiscal years



The state-mandated legal debt margin for general obligation debt is three percent of true cash value (market value). The legal debt margin is a direct function of the true cash value of properties in the City and the City's net general obligation debt. The City's legal debt margin has increased by 117.43 percent (\$63,173,151) over the last ten years. During the same period, the City's true cash value increased by 71.42 percent (\$50,718,219) and the City's general obligation debt decreased by 72.37 percent (\$12,454,932). Current economic conditions will have an effect on the legal debt margin.

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

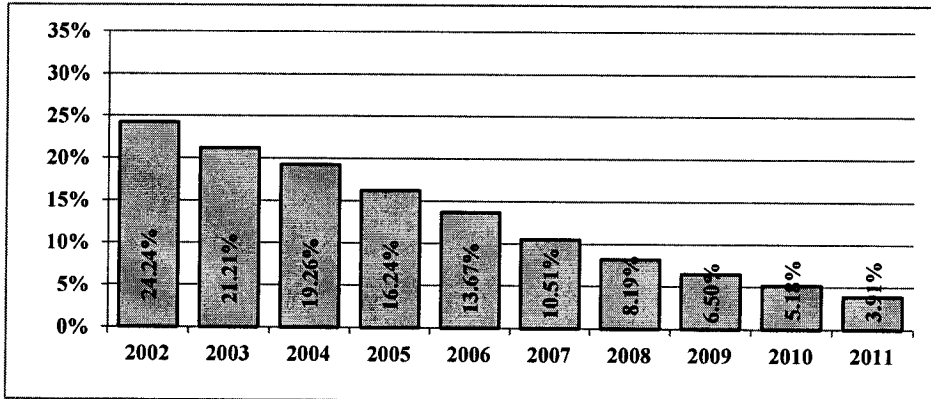
Schedule 12
CITY OF ALBANY, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
 Last Ten Fiscal Years

2006	2007	2008	2009	2010	2011	
\$ 90,355,908	\$106,555,821	\$118,794,436	\$ 127,544,266	\$128,080,822	\$ 121,727,765	Debt limitation
12,349,720	11,202,826	9,732,563	8,292,029	6,636,023	4,756,270	Total net debt applicable to limitation
<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>	<u>\$ 116,971,495</u>	Legal debt margin
<u>13.67%</u>	<u>10.51%</u>	<u>8.19%</u>	<u>6.50%</u>	<u>5.18%</u>	<u>3.91%</u>	Ratio of net debt applicable to the debt limitation

Legal debt margin calculation for Fiscal Year

True cash value	\$ 4,057,592,167
General obligation debt limit - 3% of true cash value	3%
General obligation debt limit	121,727,765
Gross general obligation bonded debt principal	
2007 General Obligation Refunding Bonds	4,855,000
Less: Debt service monies available	
Debt Service Fund:	
2007 GO Refunding bonds	98,730
Net debt subject to the three percent limitation	<u>4,756,270</u>
Legal debt margin	<u>\$ 116,971,495</u>

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



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

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

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses	Net Available Resources	Debt Service		Coverage Percentage
				Principal	Interest	
1995 Fairgrounds Revenue Bonds						
2002	482,683	501	482,182	130,000	96,515	212.87%
2003	514,110	502	513,608	145,000	89,770	218.77%
2004	509,767	502	509,265	160,000	82,065	210.38%
2005	550,404	2,750	547,654	180,000	73,305	216.20%
2006	610,516	2,500	608,016	200,000	63,325	230.90%
2007	700,892	500	700,392	200,000	52,625	277.25%
2008	741,119	500	740,619	200,000	41,725	306.39%
2009	674,742	500	674,242	210,000	30,188	280.71%
2010	595,229	502	594,727	210,000	18,113	260.72%
2011	216,585	500	216,085	210,000	6,085	100.00%

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. As of June 30, 2011, the revenue bonds have been paid in full.

Special Assessment Debt

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%
2011	256,443	-	256,443	72,446	12,691	85,137	301.21%

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 2002-2011 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		Coverage Percentage	
				Principal	Interest		
Water Revenue Bonds and Certificates of Participation							
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%
2011	11,277,156	7,257,052	4,020,104	1,126,688	1,528,345	2,655,033	151.41%

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

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	11,310,398	7,146,767	4,163,631	656,080	1,351,712	2,007,792	207.37%
2010	14,057,229	7,671,945	6,385,284	988,241	4,312,405	5,300,646	120.46%
2011	18,781,882	7,027,845	11,754,037	2,643,460	2,410,626	5,054,086	232.57%

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 2010-11, the City began to pay back the new SRF Loan.

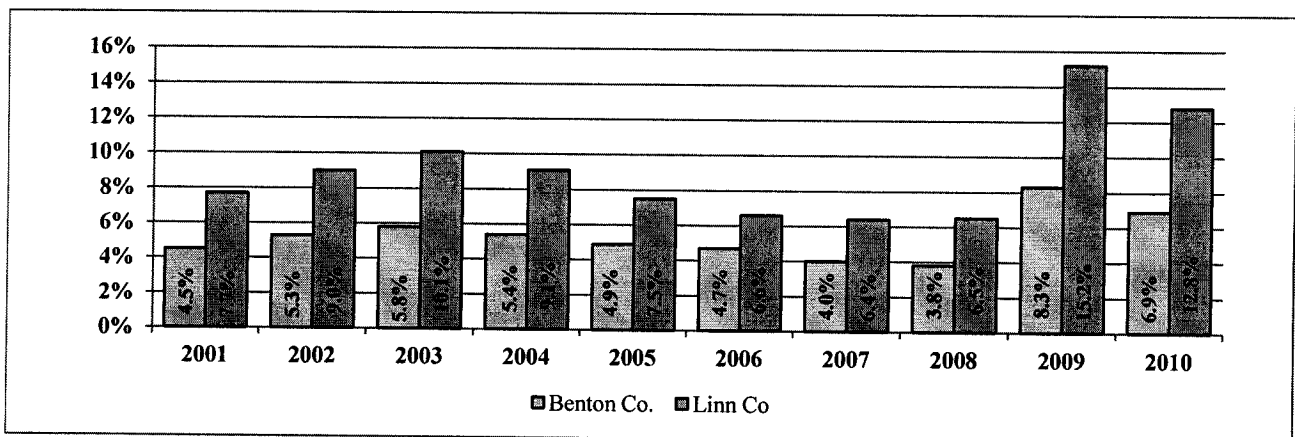
Source: City of Albany 2002-2011 Comprehensive Annual Financial Reports

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

Fiscal Year Ended June 30,	Albany-Lebanon Micropolitan Statistical Area						Unemployment Rate (4) Linn Co. Benton Co.	
	City of Albany Population(1)	Linn and Benton County Population(1)	Personal Income(2)	Per Capita Personal Income(2)	Albany School Enrollment(3)			
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	3,245,058,435	29,451	9,213	12.8%	6.9%	
2011	50,158	116,672	n/a	n/a	9,519	12.0%	6.6%	

Over the last ten years, the City's population has increased by 20.43 percent (8,508). From 2002 to 2010 per capita personal income has risen by 24.58 percent (\$5,810) in the Albany-Lebanon micropolitan statistical area. Albany's city boundaries span two counties: Linn County (population 42,900) and Benton County (population 7,258). As of Fiscal Year 2009-10 (per capita data lags one year), per capita personal income was \$29,451 for Linn County, \$37,922 for Benton County, and \$39,945 for the state as a whole. For the ten-year period, enrollment in the Greater Albany Public School District increased by 15.59 percent (1,284 students).

Unemployment Rates, Linn and Benton Counties
last 10 fiscal years



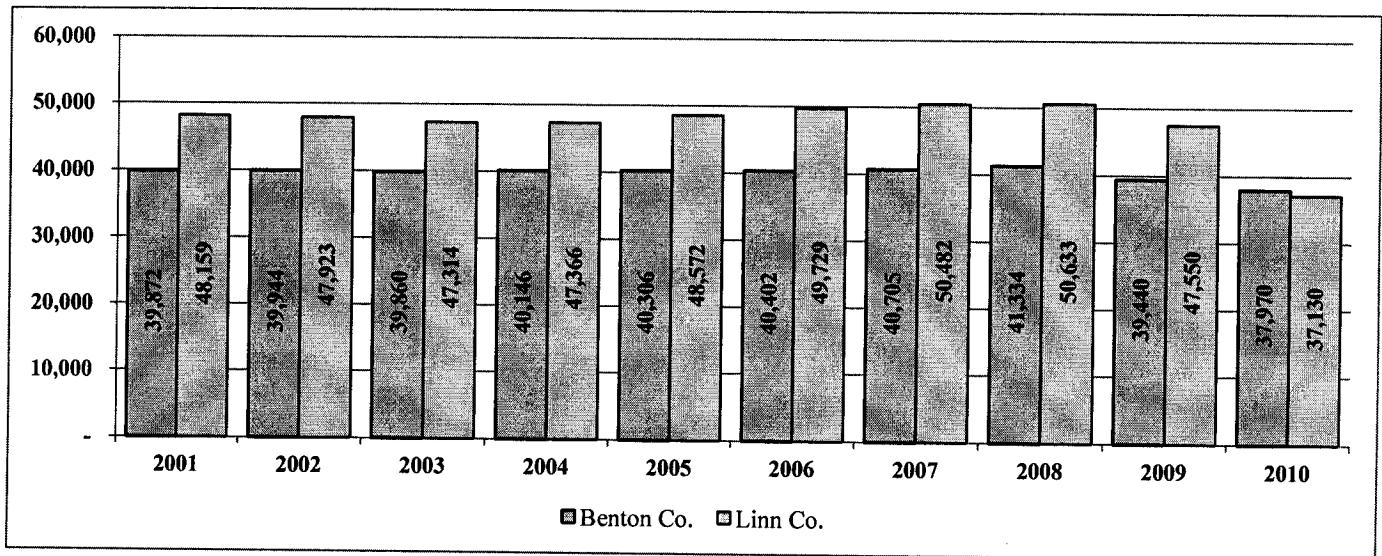
Sources:

- (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

Schedule 15
CITY OF ALBANY, OREGON
ALBANY AREA PRINCIPAL EMPLOYERS
for the Fiscal Years ended June 30, 2002, and June 30, 2011

Employer	June 30, 2011			June 30, 2002		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Oregon State University	8,200	1	9.50%	7,564	1	8.59%
Hewlett Packard	5,100	2	5.91%	5,100	2	5.79%
Samaritan Health Services (Albany General Hospital - 1998)	5,000	3	5.79%	793	7	0.90%
Linn Benton Community College	1,115	4	1.29%	1,142	4	1.30%
Greater Albany Public School District 8J	1,012	5	1.17%	956	6	1.09%
ATI Wah Chang (Teledyne Wah Chang - 1997)	1,000	6	1.16%	1,600	3	1.82%
Linn County	674	7	0.78%	692	8	0.79%
Dayton-Hudson Corporation (Target)	550	8	0.64%	430	9	0.49%
Express Personnel	535	9	0.62%	-		0.00%
City of Albany	425	10	0.49%	330	10	0.37%
International Paper (Willamette Industries - 1997)	-	-		990	5	1.12%
Totals	23,611		27.36%	19,597		22.26%
Total employment in Linn and Benton Counties	86,283			88,031		

Employment, Benton and Linn Counties
last ten fiscal years



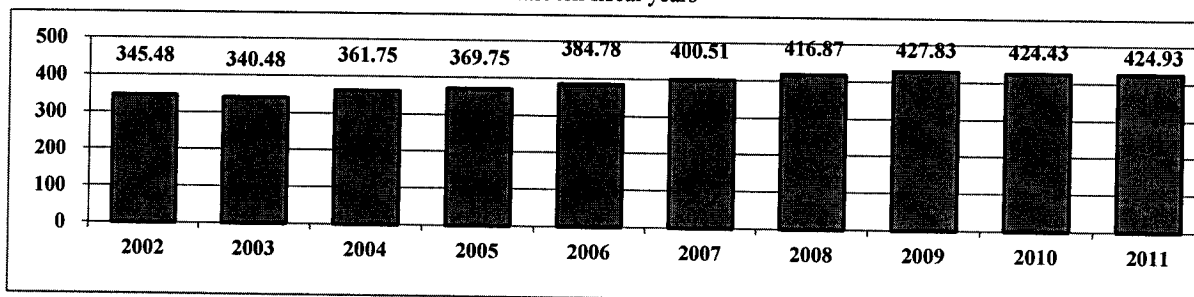
The percentage of top ten employers to total jobs for Linn and Benton Counties has been quite stable over the ten-year period. The figures range from a low of 21.05 percent in 2006 to a high of 27.36 percent in 2010. Total employment in Benton and Linn Counties has decreased by -14.69 percent (12,931 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 effect in the coming years, although at this time the extent is unknown.

Sources:
Employer personnel offices
Oregon Employment Department

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

Function	2002	2003	2004	2005	2006
GOVERNMENTAL ACTIVITIES					
General Government					
Building Maintenance	3.35	2.85	2.85	2.00	-
Economic Development	-	-	-	-	1.00
Public Transit	6.20	5.95	5.75	5.75	5.75
Planning	7.50	7.50	7.50	7.50	8.50
Building Inspection	8.25	9.25	9.25	9.25	12.00
Electrical Permit Program	1.25	1.25	1.25	1.25	1.50
Total General Government	<u>26.55</u>	<u>26.80</u>	<u>26.60</u>	<u>25.75</u>	<u>28.75</u>
Public Safety					
Fire	65.00	65.00	73.00	76.00	76.00
Police	77.25	72.00	86.25	86.25	87.00
Municipal Court	4.03	4.03	4.05	4.05	4.05
Total Public Safety	<u>146.28</u>	<u>141.03</u>	<u>163.30</u>	<u>166.30</u>	<u>167.05</u>
Highways and Streets					
Street Fund	12.30	12.30	11.50	10.65	8.00
Airport	-	-	-	-	-
Total Highways and Streets	<u>12.30</u>	<u>12.30</u>	<u>11.50</u>	<u>10.65</u>	<u>8.00</u>
Culture and Recreation					
Parks & Recreation	25.21	25.21	25.21	26.36	29.94
Library	19.59	19.59	19.59	20.04	20.04
Total Culture and Recreation	<u>44.80</u>	<u>44.80</u>	<u>44.80</u>	<u>46.40</u>	<u>49.98</u>
Total Governmental Activities	<u>229.93</u>	<u>224.93</u>	<u>246.20</u>	<u>249.10</u>	<u>253.78</u>
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Water	38.00	37.50	37.50	27.04	20.50
Sewer	37.50	38.00	38.00	26.31	21.50
Total Enterprise	<u>75.50</u>	<u>75.50</u>	<u>75.50</u>	<u>53.35</u>	<u>42.00</u>
Internal Service					
Central Services	32.40	32.40	32.40	35.30	37.00
Public Works Services	-	-	-	26.00	52.00
Equipment Maintenance	7.65	7.65	7.65	6.00	-
Total Internal Service	<u>40.05</u>	<u>40.05</u>	<u>40.05</u>	<u>67.30</u>	<u>89.00</u>
Total Business-type Activities	<u>115.55</u>	<u>115.55</u>	<u>115.55</u>	<u>120.65</u>	<u>131.00</u>
Grand Total - All Full-time Equivalents	<u>345.48</u>	<u>340.48</u>	<u>361.75</u>	<u>369.75</u>	<u>384.78</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

2007	2008	2009	2010	2011	
					GOVERNMENTAL ACTIVITIES
					General Government
-	-	-	-	-	Building Maintenance
3.77	3.00	1.00	1.00	1.00	Economic Development
9.34	10.18	11.68	10.68	10.73	Public Transit
8.50	9.00	9.50	9.50	9.50	Planning
12.00	14.50	14.00	14.00	14.00	Building Inspection
1.50	1.50	1.50	1.50	1.50	Electrical Permit Program
<u>35.10</u>	<u>38.18</u>	<u>37.68</u>	<u>36.68</u>	<u>36.73</u>	Total General Government
					Public Safety
75.00	78.00	80.00	79.60	79.60	Fire
92.00	93.25	94.25	94.25	94.25	Police
4.05	5.13	5.38	5.38	5.38	Municipal Court
<u>171.05</u>	<u>176.38</u>	<u>179.63</u>	<u>179.23</u>	<u>179.23</u>	Total Public Safety
					Highways and Streets
10.20	8.00	8.00	8.00	8.00	Street Fund
-	-	-	0.50	0.45	Airport
<u>10.20</u>	<u>8.00</u>	<u>8.00</u>	<u>8.50</u>	<u>8.45</u>	Total Highways and Streets
					Culture and Recreation
30.98	31.98	35.95	35.95	35.95	Parks & Recreation
20.04	20.23	21.98	21.98	21.78	Library
<u>51.01</u>	<u>52.21</u>	<u>57.93</u>	<u>57.93</u>	<u>57.73</u>	Total Culture and Recreation
<u>267.36</u>	<u>274.77</u>	<u>283.23</u>	<u>281.83</u>	<u>282.13</u>	Total Governmental Activities
					BUSINESS-TYPE ACTIVITIES
					Enterprise
28.21	22.50	23.50	22.50	23.50	Water
29.59	21.50	21.50	21.50	21.50	Sewer
<u>57.80</u>	<u>44.00</u>	<u>45.00</u>	<u>44.00</u>	<u>45.00</u>	Total Enterprise
					Internal Service
40.60	44.10	43.60	43.60	43.80	Central Services
34.75	54.00	56.00	55.00	54.00	Public Works Services
-	-	-	-	-	Equipment Maintenance
<u>75.35</u>	<u>98.10</u>	<u>99.60</u>	<u>98.60</u>	<u>97.80</u>	Total Internal Service
<u>133.15</u>	<u>142.10</u>	<u>144.60</u>	<u>142.60</u>	<u>142.80</u>	Total Business-type Activities
<u>400.51</u>	<u>416.87</u>	<u>427.83</u>	<u>424.43</u>	<u>424.93</u>	Grand Total - All Full-time Equivalents

Fiscal Year	Total FTE	Annual Percentage Change	Total Percentage Change from 1999
2002	345.48	-	-
2003	340.48	-1.45%	-1.45%
2004	361.75	6.25%	4.71%
2005	369.75	2.21%	7.03%
2006	384.78	4.06%	11.38%
2007	400.51	4.09%	15.93%
2008	416.87	4.08%	20.66%
2009	427.83	2.63%	23.83%
2010	424.43	-0.79%	22.85%
2011	424.93	0.12%	23.00%

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	120	168	158	167	161
Total permits issued	2,800	3,695	4,329	4,736	4,574
New construction permits issued	700	692	714	617	476
Single-family permits issued	200	427	404	558	417
Electrical permits issued	1,100	1,340	1,337	1,558	1,423
Building Maintenance					
Square footage of buildings maintained	117,848	117,848	143,000	167,020	167,020
Work orders completed	570	1,425	1,540	1,649	1,680
Public Transit					
Total number of riders	65,000	72,008	74,035	69,973	72,936
Total annual route miles	76,850	73,370	73,660	72,879	80,153
Public Safety					
Municipal Court					
Number of warrants issued	2,561	2,811	2,566	2,265	1,892
Case numbers issued	5,193	4,383	4,350	4,866	6,202
Police					
Total arrests	2,123	3,540	3,785	3,763	4,374
Traffic citations issued	4,557	5,066	3,755	3,536	5,862
Animal and abandoned vehicle calls	1,654	1,858	2,349	3,365	3,160
Fire					
Total calls for emergency fire and EMS services	5,145	4,895	5,343	5,594	5,995
Full response structure fires	98	101	258	82	71
Highways and Streets					
Street Fund					
Miles of streets slurry-sealed annually	8	8	8	6	5
Customer service work order/complaint responses	600	562	735	735	540
Miles of painted paving marking	36	48	48	48	48
Culture and Recreation					
Parks & Recreation					
Number of participants in classes, Senior Center activities, sports programs, and aquatic programs	107,130	106,942	89,223	95,000	106,500
Annual performance series and Northwest Art and Air Festival attendance	n/a	n/a	72,011	103,300	85,000
Library					
Total number of library items borrowed	509,928	533,067	568,459	584,862	578,595
Total number of reference questions	68,976	15,773	17,601	27,863	36,541
BUSINESS-TYPE ACTIVITIES					
Sewer					
Dry tons of biosolids applied annually	750	723	665	648	681
Millions of gallons of wastewater treated annually	3,500	2,977	2,835	2,352	3,010
Sewer line locate requests	4,500	4,050	4,279	4,298	4,000
Water					
Millions of gallons of water treated annually	3,200	3,105	3,146	2,644	1,645
Miles of water pipe maintained annually	225	225	234	234	245
Number of fire hydrants maintained in the water system	1,330	1,330	1,550	1,550	1,670

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
150	181	96	108	134	Number of planning applications
4,200	3,285	2,535	2,245	1,939	Total permits issued
430	33	177	192	11	New construction permits issued
400	186	97	156	76	Single-family permits issued
1,600	1,158	990	878	755	Electrical permits issued
					Building Maintenance
217,020	220,000	220,000	206,780	206,780	Square footage of buildings maintained
1,804	1,417	2,002	2,228	2,250	Work orders completed
					Public Transit
75,000	177,305	205,220	218,511	228,663	Total number of riders
80,400	264,591	241,359	252,097	262,990	Total annual route miles
					Public Safety
					Municipal Court
2,500	1,487	1,584	1,347	1,398	Number of warrants issued
4,900	8,174	8,834	6,202	4,900	Case numbers issued
					Police
3,800	4,406	4,227	3,548	2,731	Total arrests
7,500	11,303	6,097	5,851	4,681	Traffic citations issued
3,300	2,304	2,401	2,484	1,496	Animal and abandoned vehicle calls
					Fire
6,200	6,407	6,410	6,049	6,388	Total calls for emergency fire and EMS services
88	60	85	67	91	Full response structure fires
					Highways and Streets
					Street Fund
8	6	6	-	-	Miles of streets slurry-sealed annually
600	540	720	554	541	Customer service work order/complaint responses
48	46	46	52	51	Miles of painted paving marking
					Culture and Recreation
					Parks & Recreation
108,900	111,700	112,150	172,630	184,154	Number of participants in classes, Senior Center activities, sports programs, and aquatic programs
102,000	103,091	102,011	99,100	118,700	Annual performance series and Northwest Art and Air Festival attendance
					Library
600,000	609,273	696,327	773,960	780,188	Total number of library items borrowed
35,000	31,080	38,860	44,297	41,043	Total number of reference questions
					BUSINESS-TYPE ACTIVITIES
					Sewer
650	637	599	121	-	Dry tons of biosolids applied annually
2,830	3,156	2,708	2,697	3,300	Millions of gallons of wastewater treated annually
4,400	3,471	2,979	2,836	4,307	Sewer line locate requests
					Water
1,650	3,068	2,911	2,847	2,865	Millions of gallons of water treated annually
255	270	271	281	283	Miles of water pipe maintained annually
1,670	1,891	1,953	1,992	1,877	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	2002	2003	2004	2005	2006
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	148	150	152	157	157
Miles of unimproved streets	23	20	20	20	28
Miles of gravel streets	6	7	8	8	8
Culture and Recreation					
Parks & Recreation					
Number of developed park sites	26	29	29	29	30
Acres of developed park land	250	621	621	621	603
Library					
Number of libraries	2	2	2	2	2
Number of volumes	144,917	141,221	150,210	152,200	154,611
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Sewer					
Miles of sanitary sewer lines	196	199	200	210	212
Miles of storm sewer lines (12 inches or larger)	85	85	85	92	97
Number of sewer hookups	13,129	18,827	15,549	15,494	15,372
Water					
Miles of water lines	238	246	263	267	267
Number of water hookups	14,072	15,493	15,549	15,953	16,161
Number of water treatment plants	1	1	1	1	2

Source: City of Albany departmental records

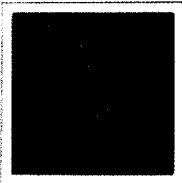
Schedule 18
CITY OF ALBANY, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

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

If lawyers are disbarred and clergymen defrocked, doesn't it follow that electricians can be delighted, musicians denoted?

George Carlin

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, 2011, and have issued our report thereon dated December 21, 2011. 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.

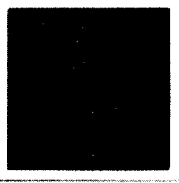
This report is intended solely for the information and use of the City Council members and management of the **CITY OF ALBANY** and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Boldt, Carlisle & Smith, LLC

Certified Public Accountants

Salem, Oregon

December 21, 2011



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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 21, 2011. 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)**

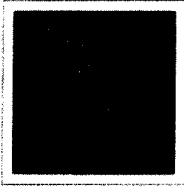
Compliance and Other Matters

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*.

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 21, 2011



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

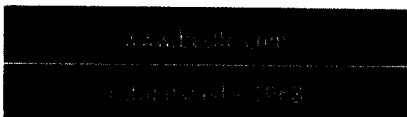
Honorable Mayor and Members
of the City Council
CITY OF ALBANY
Albany, Oregon

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, 2011. 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, 2011.



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 the 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 21, 2011

CITY OF ALBANY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

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
14.228	Community Development Block Grants / State's program and Non-Entitlement Grants in Hawaii
20.106	Airport Improvement Program
81.128	Energy Efficiency and Conservation Block Grant Program - ARRA

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, 2011

<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	HR901 HR101	\$ 128,681 210,841
Total Department of Housing and Urban Development			<u>339,522</u>
<i>Department of the Interior</i>			
National Park Service			
Passed through Oregon Department of Parks and Recreation Historic Preservation Fund Grants-In-Aid	15.904		<u>7,579</u>
<i>Department of Justice</i>			
Bureau of Justice Assistance			
Bulletproof Vest Partnership Program	16.607		<u>750</u>
<i>Department of Transportation</i>			
Federal Aviation Administration			
Airport Improvement Program	20.106		1,213,589
Federal Transit Administration			
Passed through Oregon Department of Transportation Formula Grants for Other Than Urbanized Areas	20.509	OPTC 26661 26660	826 168,927 220,331
Subtotal Formula Grants for Other Than Urbanized Areas			<u>390,084</u>
Formula Grants for Other Than Urbanized Areas - ARRA		25708 25602 25615	82,123 73,580 56,975
Subtotal Formula Grants for Other Than Urbanized Areas - ARRA			<u>212,678</u>
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	26079	14,190
National Highway Traffic Safety Administration			
Passed through Oregon Department of Transportation State and Community Highway Safety	20.600		30,000
Passed through Oregon Association of Chiefs of Police Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		9,490
Occupant Protection	20.602		<u>7,450</u>
Total Department of Transportation			<u>1,877,481</u>

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	R06105	<u>\$ 325,164</u>
<i>Department of Energy</i>			
Energy Efficiency and Conservation Block Grant Program - ARRA	81.128		<u>155,269</u>
<i>Department of Homeland Security</i>			
Passed through Oregon Military Department Pre-Disaster Mitigation	97.047		314,773
State Homeland Security Program	97.073	08-202	<u>20,865</u>
Total Department of Homeland Security			<u>335,638</u>
Total Expenditures of Federal Awards			<u>\$ 3,041,403</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.

If you're caught on a golf course during a storm and are afraid of lightning, hold up a 1-iron. Not even God can hit a 1-iron.

Lee Trevino