

COMPREHENSIVE ANNUAL FINANCIAL REPORT

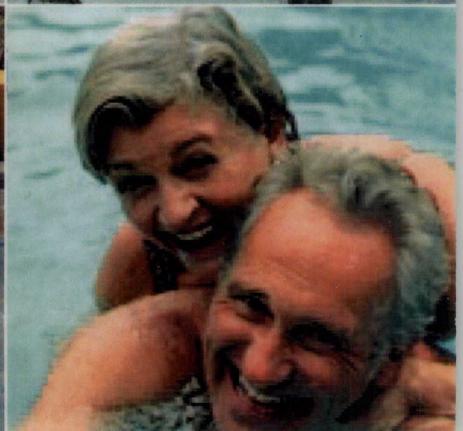
2006

Summer Fun!
YEAR ENDED
JUNE 30, 2006



Tommy Swanson

Swanson Pool returns as COOL! Swanson Park Action Center in the heart of Albany.



City of Albany, Oregon

Comprehensive Annual Financial Report

for the Fiscal Year Ended

June 30, 2006

*** * * * ***

Wes Hare, City Manager

Susan Busbice, Assistant City Manager/Chief Financial Officer

Prepared by:

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

A word to the wise ain't necessary -- it's the stupid ones that need assistance.
Bill Cosby

City of Albany, Oregon
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- **Organization Chart (ii)**
- **Letter of Transmittal (iii-ix)**
- **Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year Ended June 30, 2005 (x)**

If you don't learn to laugh at troubles, you won't have anything to laugh at when you grow old.
Edward W. Howe

City of Albany, Oregon

333 Broadalbin Street SW
Albany, Oregon 97321

www.cityofalbany.net

Officers, Council Members, and Administrative Staff
as of June 30, 2006

Council Members

Ward	Council	Years of Service	Term Expires
	Chuck McLaran, Mayor	12	December 31, 2006
I	Dick Olsen	8	December 31, 2006
I	Doug Killin	10	December 31, 2008
II	Sharon Konopa	10	December 31, 2008
II	Ralph Reid, Jr., Council President	12	December 31, 2006
III	Bessie Johnson	4	December 31, 2006
III	Jeff Christman	2	December 31, 2008

Administrative Staff

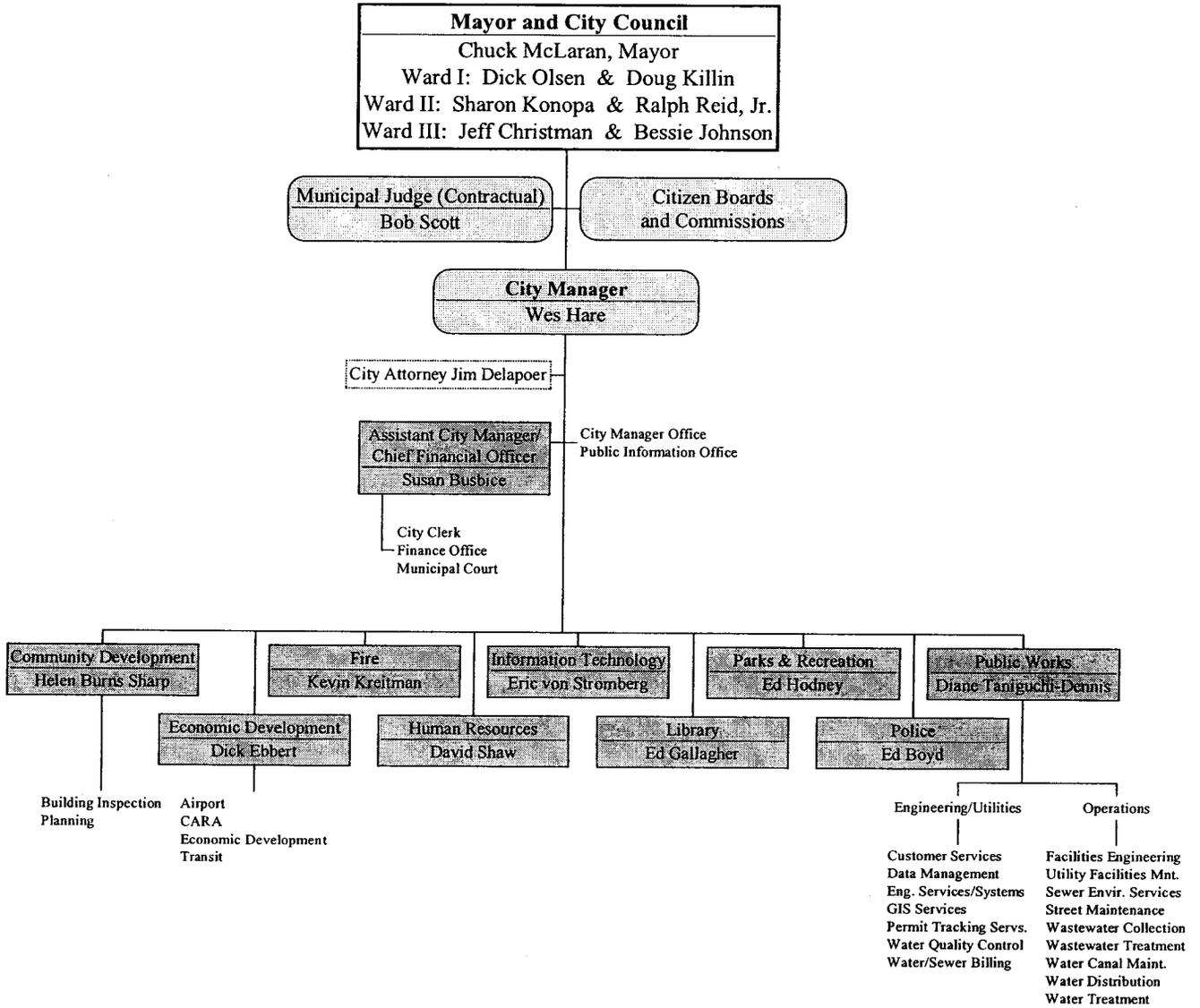
		Years in this Position	Years of Service with the City of Albany
City Manager	Wes Hare	1	1
Assistant City Manager/CFO	Susan Busbice	3	3
Public Works Director	Diane Taniguchi-Dennis	3	7
Community Development Director	Helen Burns Sharp	17	17
Parks Director	Ed Hodney	3	3
Library Director	Ed Gallagher	3	8
Police Chief	Ed Boyd	1	1
Fire Chief	Kevin Kreitman	7	25
Information Technology Director	Jorge Salinas	1	1
Human Resources Director	David Shaw	2	2

Principal Finance Staff

Assistant City Manager/CFO
Susan Busbice

Assistant Finance Director
John Stahl

Citizens of the City of Albany

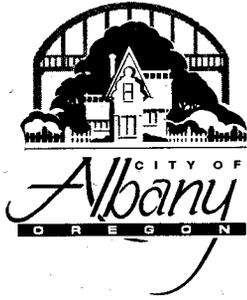


Elected

Appointed by Council

Recommended by City Manager and ratified by Council

Appointed by City Manager



November 13, 2006

Honorable Mayor Charles McLaran
Members of the Albany City Council
City of Albany, Oregon

CITY HALL

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

(541) 917-7500

ADMINISTRATIVE SERVICES

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

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

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

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

**COMMUNITY
DEVELOPMENT
Planning**

(541) 917-7550
FAX (541) 917-7598

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

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

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

**PUBLIC WORKS
Engineering**

(541) 917-7676
FAX (541) 917-7573

Transit

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

The Comprehensive Annual Financial Report of the City of Albany, Oregon (the City) for the fiscal year ended June 30, 2006, together with the unqualified opinion therein of our independent certified public accountants, Koontz & Perdue, P.C., is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Audit Comments. The Introductory Section includes the transmittal letter, the City organization chart, a list of principal officials, and a copy of the 2005 Certificate of Achievement for Excellence in Financial Reporting. The Financial Section includes the basic financial statements, management's discussion and analysis, and schedules. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The Audit Comment Section includes auditor disclosures required by state regulations and reports required by Government Auditing Standards. Please refer to the Management's Discussion and Analysis beginning on page three for a presentation of the City's overall financial position.

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

ABOUT ALBANY, OREGON

Albany is located in the heart of the Willamette Valley, 24 miles south of Salem, the state capital, and 40 miles north of Eugene, the state's second largest city. With a 2006 population of 45,460 Albany is the state's 12th largest city. It is the county seat and largest city in Linn County. It is the second largest city in Benton County.

Population: City of Albany, Linn and Benton Counties

<u>Year</u>	<u>City of Albany</u>	<u>Linn County</u>	<u>Corvallis MSA*</u>
1970 Census	18,181	71,914	53,776
1980 Census	26,678	89,495	68,211
1990 Census	29,540	91,227	70,811
2000 Census	40,010	103,069	78,153
2006 Estimated	45,460	107,150	82,835

*MSA-Metropolitan Statistical Area

The City was founded in 1848, incorporated in 1864, and adopted its first charter in 1891. A directly elected nonpartisan Mayor with a two-year term leads a six member City Council elected to four-year, overlapping terms. A full-time City Manager administers the affairs of the City for the Council, and supervises a staff of ten department directors and 356 permanent employees.

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

ECONOMIC OUTLOOK AND CONDITION

The City's economic base is one of diversity. Oregon State University in nearby Corvallis and Linn-Benton Community College in Albany, employ almost 11,000 people. In Corvallis, Hewlett Packard, a worldwide electronics manufacturing company, employs 3,400. The development of the U. S. Bureau of Mines in Albany in the 1940's led to the location in the Albany area of a significant rare metals industry. Today, Albany is known as the "Rare Metals Capital of the World" due to the production volume of specialized metals. Manufacturing firms, such as ALVAC Albany, create specialized products for the fields of aerospace, super conductivity, fiber optics, nuclear energy generation, and photography.

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

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

Announcement was made on October 30, 2006, that Pepsico, Inc. has agreed to build a 900,000 square foot production plant and a 400,000 square foot bottling plant on property within the City. The company will invest about \$250 million in the Albany plants which will employ at least 200 people. The plants plan to be operating by fall 2008.

Region 4, in which Albany is located, is one of the most varied of the state's workforce regions, ranging from the coast in Lincoln County, to Benton County with Oregon State University, to Linn County with an area from the Interstate-5 corridor east to the crest of the Cascades. The Oregon Employment Department has published employment projections by industry for 2004-2014. Growth in the region (+12.1%) is expected to be roughly consistent with statewide growth, with 11,280 jobs to be added during the period. Most new jobs in the region are expected in nonmanufacturing sectors, led by education and health services (+2,870 jobs, +27.9% increase); trade, transportation, and utilities (+2,750 jobs, 17.7% increase); and professional and business services (1,930 jobs, 27.4% increase).

Although improving, unemployment rates continue to be a concern for the region. Statistics published by the Oregon Employment Department show that as of June 30, 2006, the unemployment rates for Linn County and the Corvallis Metropolitan Statistical Area (MSA) were 6.5% and 4.5%, respectively. These rates were 8.1% and 5.3% for June 30, 2005. Linn County's jobless rate, 1.6 percentage points below June of 2005, ranked 29th of Oregon's 36 counties. The Corvallis MSA's jobless rate of 4.5% was the fourth lowest among the counties.

In Linn County, nonfarm employment increased over the past year by 570 jobs. Corvallis MSA lost 190 jobs compared with last year, due primarily to losses in manufacturing. The Corvallis MSA jobless rate dropped 0.8% since June, 2005.

Another factor in measuring the economic condition of a community is its overall real market value. For properties within the City, the real market value increased by 7.76 percent from \$2.795 billion to \$3.012 billion in the last fiscal year.

MAJOR INITIATIVES

Significant during Fiscal Year 2005-2006 was the announcement that Mr. Wes Hare, City Manager of La Grande, Oregon, was selected to fill the vacant City Manager position. He started employment in Albany on September 1, 2005. Major accomplishments included the completion and start up of the new Albany-Millersburg Water Treatment Plant in October, 2005. With a very generous donation, the City purchased the Unitrin building for use as a new library. Albany City Manager Wes Hare was appointed by Governor and legislative leaders to serve on a ten-member task force to help chart the future of Oregon's land use planning system. The City purchased and implemented a new financial management software system replacing the 30 year old legacy system.

Critical Opportunities and Achievements:

Council support and approval of the Strategic Plan

This plan will serve as a living document from which the entire organization will coalesce around the themes of Great Neighborhoods, A Safe City, A Healthy Economy, and An Effective Government. The objectives are both citywide and department specific and will enable staff to call on the resources of the community and their peers to achieve the goals that will take the City into the next level of accomplishment.

Public Works Projects

During the fiscal year, the City began construction of a fish screen at the canal diversion dam on the Sanitiam River. Construction was started to install hydraulic controls for the diversion dam and to install a fish ladder to improve fish passage.

Design Stage Planning for a Wastewater Treatment Plant Construction Project

Using State Revolving Loan funds, the City is planning for a \$60 million wastewater treatment plant construction project using new filter technology and wetland mitigation to decrease water temperature on the Willamette River. This innovative project will not only ensure that Albany is in compliance with state and federal wastewater requirements for many years in the future, but also provide the community with the highest level of wastewater operating and service levels.

Central Albany Revitalization Area (CARA) Urban Renewal District

The goals of the City's urban renewal district have always been to revitalize the Willamette River waterfront, the downtown core, and the surrounding area. A complete renovation of 1st Avenue in the City's historic downtown area was completed at cost of \$1.2 million. The project included new sidewalks, historic street lamps, pedestrian benches, and a drinking fountain. CARA also made grants and loans in excess of \$750,000 during the year to district building and property owners for historic building and new construction projects.

Economic Development

Wah Chang completed a titanium sponge manufacturing facility and worked closely with City staff to expedite permitting and inspections for the six new melt furnaces to supply the finished metal product to both Oremet and Wah Chang production plants. A total of 85 new jobs were created by the re-starting of this facility.

A \$10 million renovation project of the 1909 Albany train station was completed in November that included restoration of the depot, restrooms, and baggage area and the expansion, paving, and period lighting of the parking facilities.

Two new hangars were constructed at the Albany Municipal Airport adding an additional 10,000 square feet of leas able space for aircraft.

Community Development

Several years of planning and recruitment for a grocery store culminated in the opening of a new shopping center called North Albany Village.

The City Council adopted changes to Title 18 of the Albany Municipal Code, giving Community Development staff the tools to deal with enforcement of municipal code violations, with a focus on dangerous buildings and drug houses.

Planning staff made significant progress on preparing the Oak Creek Refinement Plan, a "blueprint" for future development in the largest undeveloped area in Albany. The plans looks at future land use, transportation and needed public facilities such as parks and schools while taking into account significant natural features.

Parks and Recreation

Parks and Recreation A new neighborhood park site was acquired to serve the residents in the 53rd Avenue area in southwest Albany. Park improvements will be completed and available to the public in spring 2007. A new master plan was completed and adopted by the City Council in March 2006 calling for \$11 million in improvements over the next 15 years, including a new YMCA to be opened in the park in 2008. The 2006-2010 Parks and Recreation Plan was adopted by the City Council in May 2006. It included a ten year capital improvements program of more than \$22 million for park renovations, new park acquisition, and new recreation facilities. Proposed Funding for the projects relies on existing revenue sources (systems development charges, annual appropriations, private gifts, and grants). More than 1,000 Albany residents participated in the planning process.

FINANCIAL INFORMATION

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

Financial and Accounting Policies

This report is prepared in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association (GFOA) of the United States and Canada and the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. It presents fairly the financial position of the various funds of the City at June 30, 2006, the results of operations of such funds, and cash flow of the proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

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

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

During Fiscal Year 2005-06, the City utilized a total of 33 funds, of which 27 are governmental fund types and seven are proprietary fund types. The modified accrual basis of accounting is used for the governmental fund types (General Fund, Special Revenue funds, Debt Service funds, Capital Project funds, and Permanent funds). The accrual basis is used for the proprietary fund types.

Risk Management

The City is a member of the City/County Insurance Services Trust. This is a general liability and auto liability self-insurance pool set up for city and county entities in Oregon. The pool pays all claims up to \$500,000, and purchases insurance to cover excess liability up to a limit selected by the participating entity. Small losses for the City are those under \$5,000. Any claim over \$5,000 is shared with the pool's claims experience. In addition to the premium, the City is also obligated to pay annually up to \$75,000 in claims and settlement costs. As of June 30, 2006, \$93,694 was recorded as a liability for claims not yet reported and/or settled.

Debt Administration

As of June 30, 2006, the City had outstanding long-term debt totaling \$71,230,850, including \$12,763,187 of general obligation debt. Further details on outstanding long-term debt are presented in the notes to the financial statements, page 47.

Oregon Revised Statutes, Chapter 287, provides a debt limit for general obligation bonds of three percent (3%) of the true cash value of all taxable property within the City's boundaries. As of June 30, 2006, the City's net general obligation bonded debt, \$12,362,816 was well below the legal limit of \$90,355,908.

Cash Management

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

The City ended the fiscal year with a total investment portfolio of \$68,383,835, earning a yield of 4.75% at year end. The majority of these idle funds are from capital project reserves and unspent bond proceeds.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Koontz & Perdue, P.C. performed the audit for the fiscal year ended June 30, 2006. 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, 2005. 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 22 consecutive years (fiscal years 1984-2005). We believe our current report continues to conform to the Certificate of Achievement standards.

Acknowledgements

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Office and the certified public accountants of Koontz & Perdue, P.C. 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,

A handwritten signature in black ink, appearing to read "J. Stahl", written in a cursive style.

John Stahl
Assistant Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Albany,
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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.



Carla E. Fudge

President

Jeffrey R. Emmer

Executive Director

Financial Section

(page numbers in parentheses)

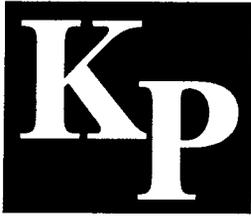
- **Report of Independent Auditors (1-2)**

- **Management's Discussion and Analysis (3-10)**

- **Basic Financial Statements (11-59)**

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 - Schedule of Future Debt Principal and Interest Requirements - Business-Type Activities (142)**
 - Schedule of Property Tax Transactions and Outstanding Balances (144)**

We are continually faced with a series of opportunities disguised as insoluble problems.
John W. Gardner



Koontz & Perdue, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Albany
Albany, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albany, Oregon as of and for the year ended June 30, 2006, 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 of Albany, Oregon management. Our responsibility is to express an opinion 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In addition, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albany, Oregon as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Parks & Recreation Fund, Street Fund, and Capital Projects Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

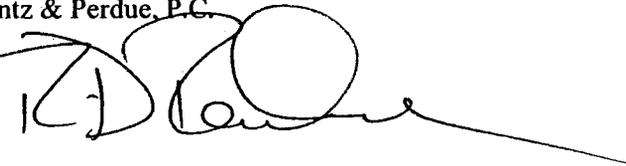
In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2006, on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 18 through 24 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Albany, Oregon basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, capital assets schedules, other financial schedules, and statistical tables are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Albany, Oregon. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Koontz & Perdue, P.C.

By:



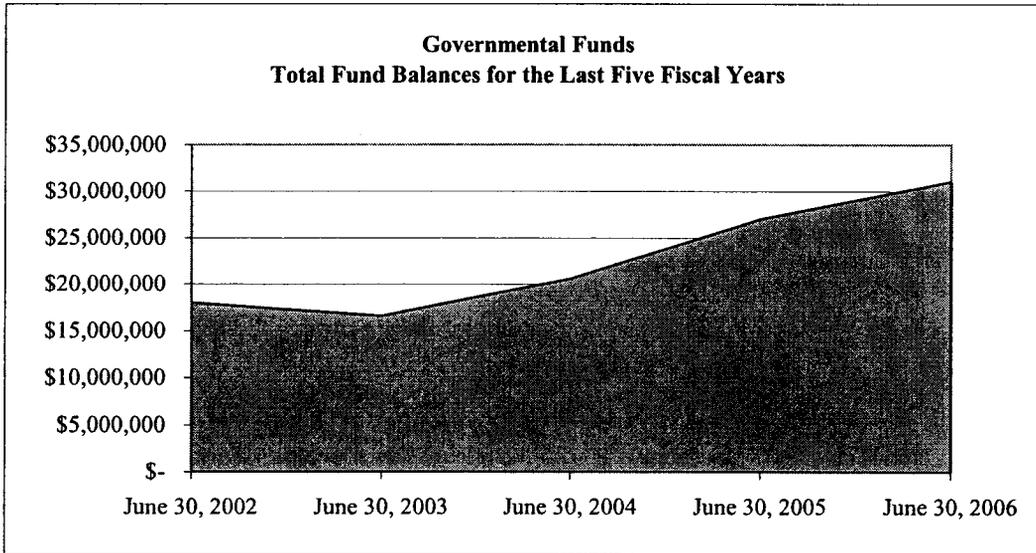
Albany, Oregon
November 13, 2006

Management's Discussion and Analysis

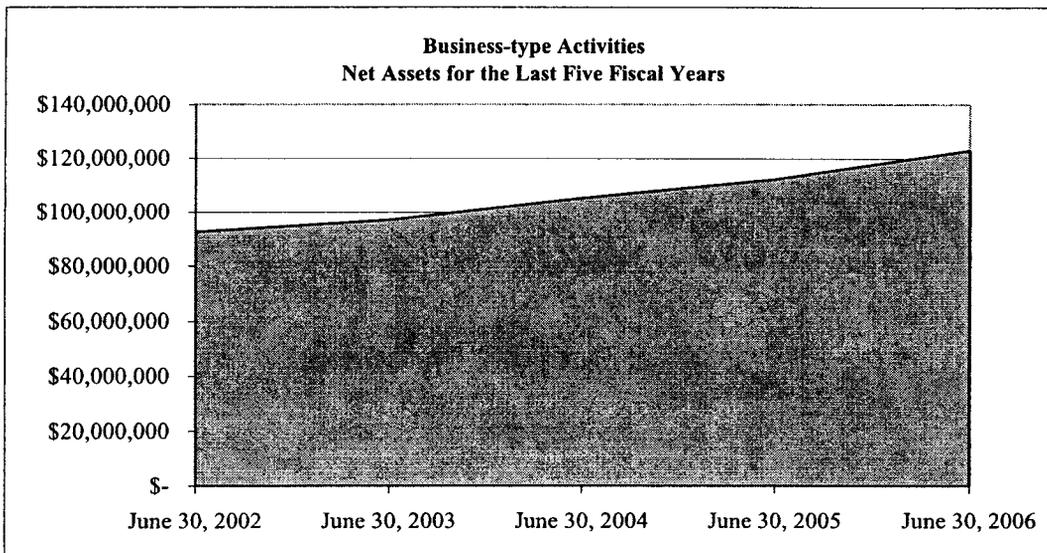
As management of the City of Albany, Oregon, we offer the readers of the City's financial statements this narrative overview and analysis of the City for the fiscal year ended June 30, 2006. We encourage readers to consider the information here in conjunction with the additional information that we have furnished in our letter of transmittal which can be found starting on page iii.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$226,299,222 (net assets). Of this amount, \$44,263,158 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$31,034,130, an increase of \$4,034,821 in comparison with the previous year. Of the combined fund balances, \$12,441,331 is available for spending at the City's discretion. Due to a 7.84% increase in assessed value, property tax collections were \$518,000 more than anticipated in the General, Parks and Recreation, and Public Safety Levy Funds. Fund balances increased by a total of \$1,891,500 for the City's three major governmental operating funds: General, Street, and Parks & Recreation.



- Business-type net assets increased \$10,688,963 (9 percent) for the 2005-06 fiscal year. Operating income for the Water and Sewer Funds was \$3,546,197. The increase to net assets from nonoperating revenues and expenses was \$582,855. Capital contributions from developer site improvements and development fees were \$6,682,388.



Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

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

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, streets and highways, and culture and recreation. The business-type activities of the City are water and sanitary sewer.

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

The Albany Public Library Foundation has been included as a discretely presented component unit. The foundation provides services and facilities for the Albany Public Library. It is governed by a board of four to seven members who have a current interest in the preservation of services at the Downtown Library.

The government-wide financial statements can be found starting on page 11.

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains 27 individual governmental funds. Information is presented separately on the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General, Street, Parks and Recreation, and Capital Projects Funds, all of which are considered to be major governmental funds. Data from the remaining governmental funds, (nonmajor governmental funds) are combined into a single aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements starting on page 61 of this report.

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

The basic governmental fund financial statements and respective reconciliations can be found starting on page 14.

Proprietary Funds

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

An internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for equipment maintenance, information systems services, central services, geographic information system services, and Public Works services. Equipment maintenance and Public Works services, which predominantly benefit business-type functions, have been included within business-type activities in the government-wide financial statements. Information systems services, central services, and geographical information system services, which predominantly benefit governmental functions, have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found starting on page 25.

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 30.

Supplementary Data.

The combining statements, referred to earlier in connection with nonmajor governmental funds, can be found starting on page 61.

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 \$226,299,222 at the close of the fiscal year.

At fiscal year end, June 30, 2006, the City had \$128,652,895 invested in capital assets, net of related debt, and an unrestricted net asset balance of \$29,982,919.

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

An additional portion of net assets (\$67,663,408, 22 percent) represents resources that are subject to restrictions on how they may be used. In Governmental Activities, net assets restricted for capital projects, \$44,205,801 and debt service, \$8,337,173, account for nearly all of the restricted net assets.

**Table 1 - Net Assets Summary
Governmental and Business-type Activities
for the year ended June 30, 2006**

	Governmental Activities		Business-type Activities		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
Cash and investments	\$ 33,792,174	\$ 30,419,968	\$ 33,039,145	\$ 41,167,966	\$ 66,831,319	\$ 71,587,934
Other assets	11,259,532	13,706,655	3,423,336	3,362,982	14,682,868	17,069,637
Capital assets	87,643,480	81,250,492	135,182,816	121,239,496	222,826,296	202,489,988
Total assets	132,695,186	125,377,115	171,645,297	165,770,444	304,340,483	291,147,559
Other liabilities	3,703,336	8,979,231	3,107,075	8,485,089	6,810,411	17,464,320
Long term debt outstanding	26,663,734	23,282,389	44,567,116	44,003,212	71,230,850	67,285,601
Total liabilities	30,367,070	32,261,620	47,674,191	52,488,301	78,041,261	84,749,921
Net assets:						
Invested in capital assets, net of related debt	37,643,393	38,046,254	91,009,502	79,907,362	128,652,895	117,953,616
Restricted	52,678,448	29,410,881	14,984,960	15,860,141	67,663,408	45,271,022
Unrestricted	12,006,275	25,658,360	17,976,644	17,514,640	29,982,919	43,173,000
Total net assets	\$102,328,116	\$ 93,115,495	\$123,971,106	\$113,282,143	\$226,299,222	\$206,397,638

The total outstanding debt at June 30, 2006, was \$71,230,850. The debt consists of outstanding bonds and certificates of participation, \$65,882,099; loans, \$2,709,077; compensated absences, \$2,340,762; claims and judgments, \$93,694; and capital leases, \$205,218. The ratio of the City's capital assets, net of related debt, as compared to total net assets is 57 percent. Details of long-term debt payable can be found in the notes to the basic financial statements beginning on page 47.

In the business-type activities, the decrease in cash and investments and increase in capital assets is primarily attributable to the use of funds provided by the 2003 Water Revenue bonds for the construction of the new Albany Millersburg Water Treatment Plant. The plant opened in November, 2005.

At the end of the current fiscal year, the City has positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's net assets increased by \$19,901,584 (10 percent) during the current fiscal year due primarily to increased tax revenues, water/sewer services charge increases in anticipation of utility capital construction; and capital contributions from systems development fees (streets, parks, water, and sewer), grants, and developer site improvements.

**Table 2 - Statement of Activities Summary
Governmental and Business-type Activities
for the year ended June 30, 2006**

	Governmental Activities		Business-type Activities		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
REVENUES						
Program revenues						
Charges for services	\$ 4,865,745	\$ 3,481,479	\$ 19,139,058	\$ 18,347,326	\$ 24,004,803	\$ 21,828,805
Grants and contributions	14,860,624	17,335,863	6,682,388	5,042,682	21,543,012	22,378,545
General revenues						
Taxes	24,984,183	23,435,973	759,865	782,683	25,744,048	24,218,656
Franchise fees	-	967,994	-	-	-	967,994
Interest	1,303,367	467,924	1,240,546	488,123	2,543,913	956,047
Other	325,577	113,676	687,743	455,720	1,013,320	569,396
Total revenues	46,339,496	45,802,909	28,509,600	25,116,534	74,849,096	70,919,443
EXPENSES						
Governmental activities	37,500,793	34,305,409	-	-	37,500,793	34,305,409
Business-type activities	-	-	17,446,719	14,383,310	17,446,719	14,383,310
Total expenses	37,500,793	34,305,409	17,446,719	14,383,310	54,947,512	48,688,719
Transfers	373,918	1,027,456	(373,918)	(1,027,456)	-	-
Increase in net assets	9,212,621	12,524,956	10,688,963	9,705,768	19,901,584	22,230,724
Beginning net assets	93,115,495	80,590,539	113,282,143	103,576,375	206,397,638	184,166,914
Ending net assets	\$102,328,116	\$ 93,115,495	\$123,971,106	\$113,282,143	\$226,299,222	\$206,397,638

Significant Changes in Fund Balance or Fund Net Assets

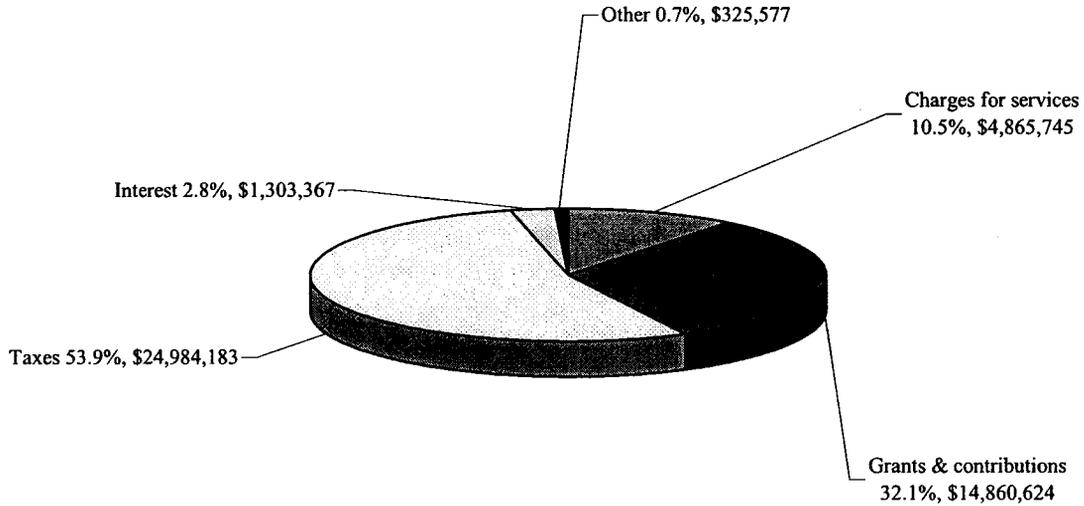
In the General Fund, the ending fund balance was higher by \$1.37 million due primarily to a \$1.54 million increase in revenues over what was anticipated and expenditures under the budget by 2.2 percent. Additional interest earnings, natural gas privilege tax, and property taxes accounted for \$804,000 of the increase in revenues. In the CARA Fund, the increase in fund balance was due to unspent debt proceeds. In the Debt Service Fund, the increase in fund balance was attributed to the consolidation of the Bancroft Debt Retirement Fund and the Debt Services Fund.

There was a \$10,688,963, 9.4 percent, increase in net assets of the proprietary funds. Capital contributions, primarily in the form of developer site improvements, accounted for \$6,682,388 of the increase.

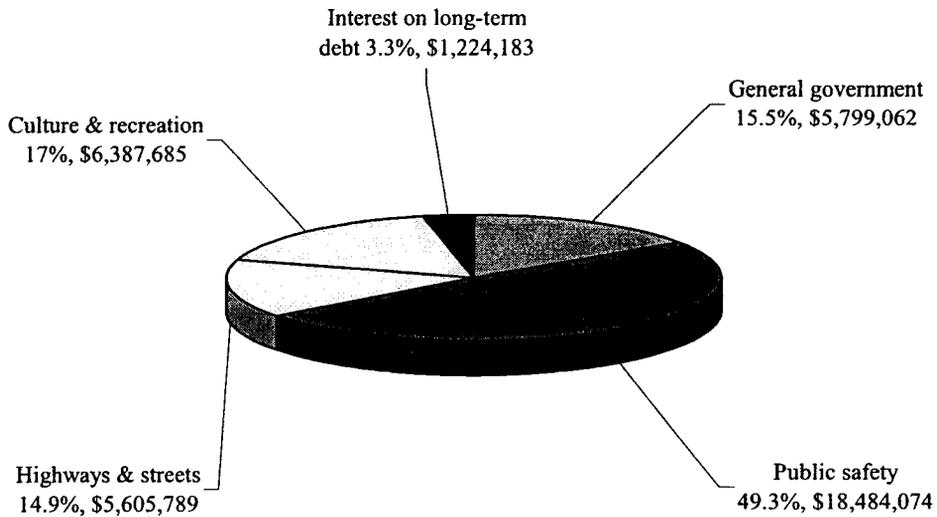
Governmental Activities

In the November, 2002 General Election, a five-year local option levy for public safety was passed by the voters of the City of Albany. Beginning with the 2003-04 fiscal year, properties within the City were assessed \$0.95 per \$1,000 of assessed value. During the fiscal year, current and delinquent taxes totaling \$2,171,708 were received by the City from the levy. In addition, general property taxes increased 9.3 percent, which generated \$1,326,000 of current tax revenues above the Fiscal Year 2004-05 level.

Governmental Activity Revenues by Source

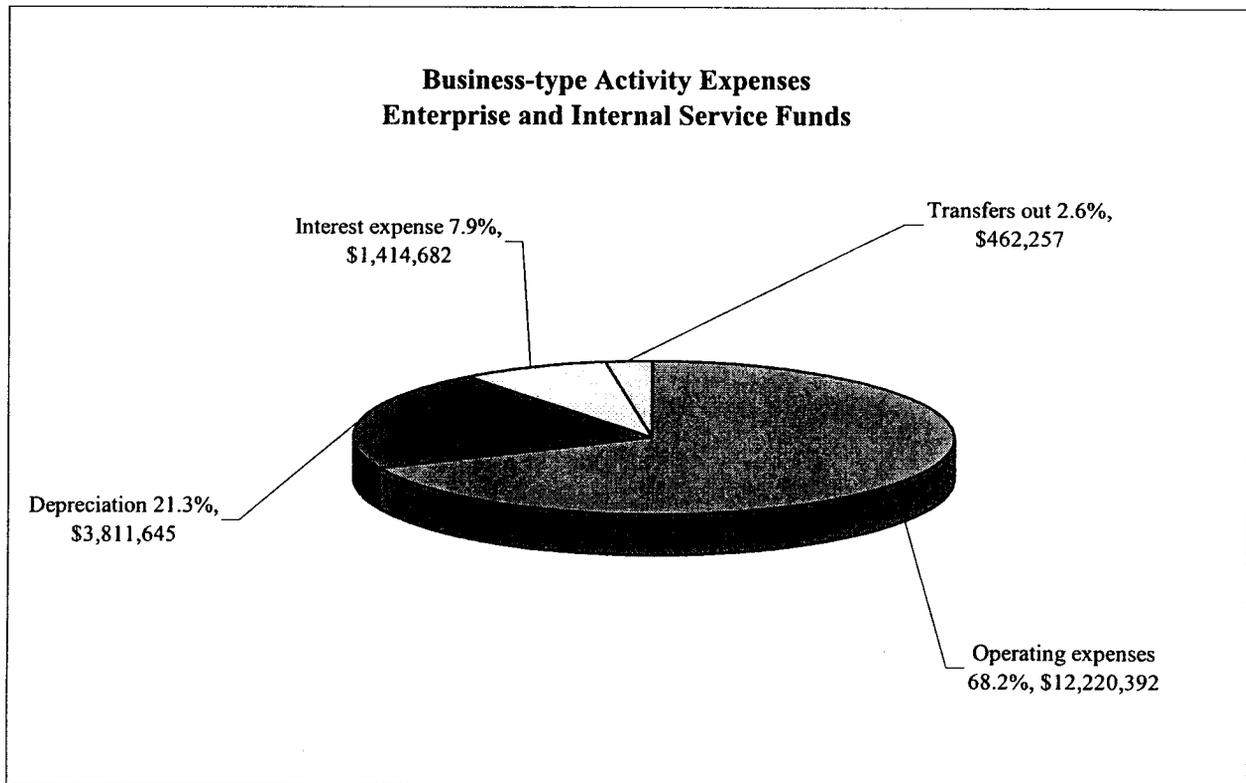
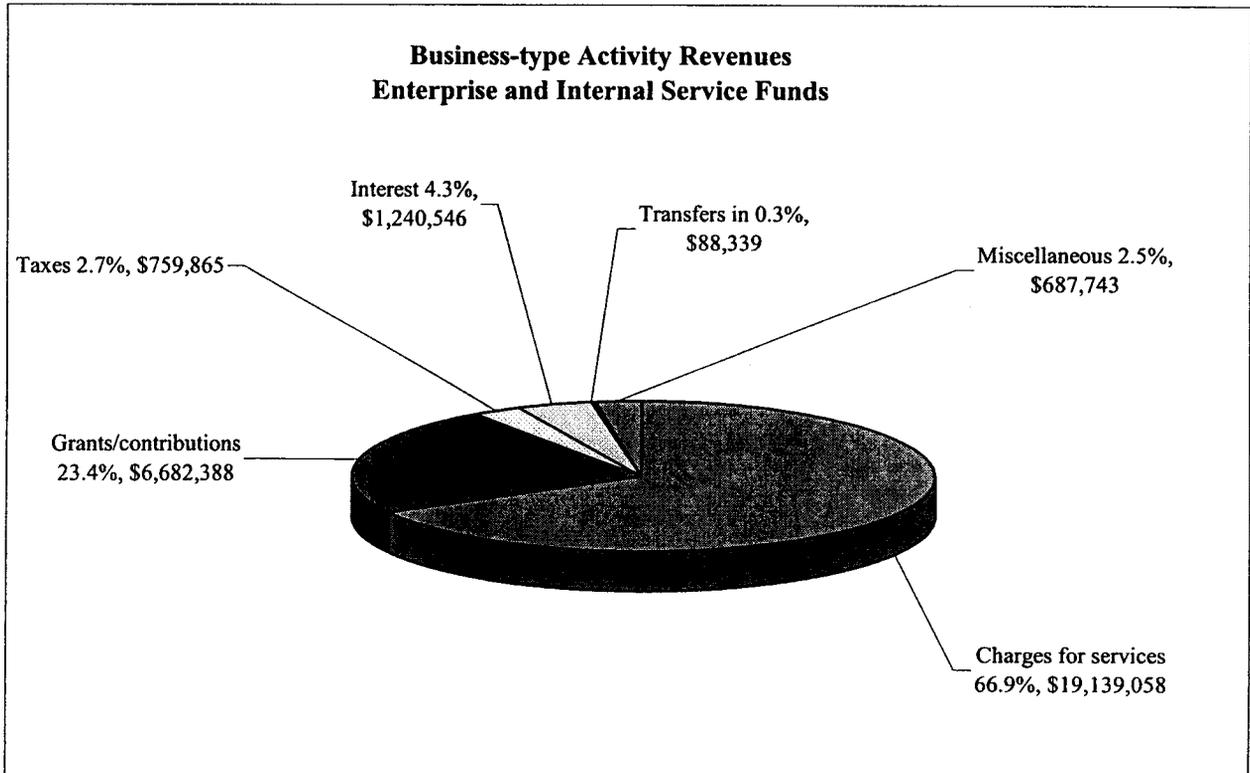


Governmental Activity Expenses by Program Area



Business-type Activities

The Albany Millersburg Water Treatment Plant was put into operation in November, 2005. In the Sewer Fund, a combination of grants, a state revolving fund loan, and City funds will be used to build a new wastewater treatment facility. The estimated cost is approximately \$65 million. Preliminary design began during 2004-05. The treatment plant is expected to be completed by 2009. Water rates increased by 2.5 percent in January 2006. Sewer rates increased by nine percent in July 2005.



BUDGETARY HIGHLIGHTS

The City Council approved 13 resolutions which changed the adopted 2005-06 Budget. Ten of the resolutions, totaling \$414,300 were to make appropriations for grant awards. There was one supplemental budget resolution increasing appropriations by \$16,441,500 (11.7 percent). The Capital Replacement Fund, a new special revenue fund, was established by transferring \$6,740,000 from the Improvement Fund, the Equipment Replacement Fund, and Information Technology Replacement program. A transfer of \$2,500,000 was used to consolidate the Bancroft Debt Retirement Fund and the Debt Service Fund. In the Capital Projects Fund, the budget was increased by \$4,208,300, \$4,070,000 of which was for the Library Renovation Project.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2006, the City had invested \$222,826,296 in capital assets as reflected in the table below. Additional information concerning the City's capital assets can be found in the notes to the basic financial statements, starting on page 44.

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

	Governmental Activities		Business-type Activities		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
Land, land rights, & land improvements	\$ 5,927,255	\$ 3,800,620	\$ 2,113,510	\$ 1,711,751	\$ 8,040,765	\$ 5,512,371
Buildings and improvements	11,965,548	9,181,106	44,393,056	14,026,247	56,358,604	23,207,353
Vehicles and equipment	3,055,027	3,311,297	2,000,780	2,089,098	5,055,807	5,400,395
Infrastructure	60,317,356	49,404,555	75,060,248	69,422,377	135,377,604	118,826,932
Construction in progress	6,378,294	15,552,914	11,615,222	33,990,023	17,993,516	49,542,937
	<u>\$ 87,643,480</u>	<u>\$ 81,250,492</u>	<u>\$135,182,816</u>	<u>\$121,239,496</u>	<u>\$222,826,296</u>	<u>\$202,489,988</u>

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

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

	Governmental Activities		Business-type Activities		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
Beginning Balance	\$ 81,250,492	\$ 69,457,854	\$121,239,496	\$ 98,446,736	\$202,489,988	\$167,904,590
Additions	10,376,786	15,199,504	17,712,083	26,069,412	28,088,869	41,268,916
Retirements	(5,500)	(6,078)	(5,669)	-	(11,169)	(6,078)
Depreciation	(3,978,298)	(3,400,788)	(3,763,094)	(3,276,652)	(7,741,392)	(6,677,440)
Ending balance	<u>\$ 87,643,480</u>	<u>\$ 81,250,492</u>	<u>\$135,182,816</u>	<u>\$121,239,496</u>	<u>\$222,826,296</u>	<u>\$202,489,988</u>

Governmental assets increased by \$6,392,988 net of accumulated depreciation. Major capital acquisitions for the year included the purchase a building for the library (\$3,035,582) and various street construction projects totaling \$3,309,547.

Business-type capital assets increased by \$13,943,320 net of accumulated depreciation. In the Sewer Fund, design and initial construction of the new treatment plant amounted to \$4,586,060. In the Water Fund, \$3,571,909 was spent constructing the diversion dam and fish screens in the Santiam River. In addition, \$1,837,100 was added to the cost of the new water treatment plant, and \$1,719,190 was spent on various waterline projects.

Debt Outstanding

As of June 30, 2006, the City had \$71,230,850 in debt outstanding compared to \$73,306,195 on June 30, 2005. Of the amount outstanding as of June 30, 2006, \$6,565,586 is due within one year.

Table 5 - Outstanding Debt at Year End

	June 30, 2006	June 30, 2005
Governmental		
General obligation	\$ 9,710,000	\$ 10,290,000
Special assessment debt with governmental commitment	1,841,385	2,097,840
Certificates of participation		
Limited tax pension	6,739,431	6,783,389
Revenue	1,030,000	1,230,000
General revenue	3,490,000	3,720,000
Oregon Economic Development Department note	283,197	301,749
CARA revenue note	1,459,399	
Compensated absences	1,849,206	1,721,819
Claims and judgments	55,898	25,747
Capital Lease	205,218	162,060
Sub-total	\$ 26,663,734	\$ 26,332,604
Business-type		
Water revenue	\$ 37,767,673	\$ 38,987,677
Water general obligation	3,053,187	3,712,499
Water certificates of deposit	398,162	452,819
Sewer revenue	1,852,261	2,278,559
Oregon DEQ State Revolving Fund loan	966,481	1,127,561
Compensated absences	491,556	396,675
Claims and judgments	37,796	17,801
Sub-total	44,567,116	46,973,591
Total	\$ 71,230,850	\$ 73,306,195

Oregon Revised Statutes, Chapter 287, provides a debt limit of three percent of the true cash value of all property within the City. The current debt limitation for the City's general obligation debt is \$90,355,908, which is well above the City's outstanding general obligation debt, \$12,362,816.

Additional information on the City's long-term debt can be found in the notes to the basic financial statements, starting on page 47.

Key Economic Factors and Budget Information for the Future

The unemployment rate for Linn and Benton counties at the close of the fiscal year was 6.5 percent and 4.5 percent respectively. At the time of preparation of this report, the unemployment rates were 5.5 percent and 3.5 percent.

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

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

All of these factors were considered in preparing the City's budget for Fiscal Year 2006-07.

Request for Information

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

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

June 30, 2006

	<u>Govern- mental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>	<u>Component Unit: Albany Public Library Foundation</u>
ASSETS				
Cash and investments	\$ 21,426,729	\$ 18,054,185	\$ 39,480,914	\$ 898,144
Internal balances	86,042	(86,042)	-	-
Receivables:				
Property taxes	1,299,690	55,058	1,354,748	-
Accounts receivable	833,470	2,866,348	3,699,818	-
Assessments	1,019,518	269,142	1,288,660	-
Interest	324,750	310,894	635,644	-
Loans	679,000	-	679,000	-
Grants	306,751	-	306,751	-
Other assets	125,232	7,936	133,168	-
Restricted cash and investments	12,365,445	14,984,960	27,350,405	-
Land and construction in progress	12,305,549	13,717,003	26,022,552	-
Other capital assets, net of depreciation	75,337,931	121,465,813	196,803,744	-
Net pension asset	6,585,079	-	6,585,079	-
Total assets	<u>132,695,186</u>	<u>171,645,297</u>	<u>304,340,483</u>	<u>898,144</u>
LIABILITIES				
Accounts payable	1,732,088	2,173,786	3,905,874	2,702
Interest payable	247,310	785,490	1,032,800	-
Refundable deposits and advances	134,213	147,799	282,012	-
Unearned revenue	1,536,392	-	1,536,392	-
Amount held in trust	53,333	-	53,333	-
Noncurrent liabilities:				
Due within one year				
Special assessment debt with government commitment	1,374,342	-	1,374,342	
All other debt	2,248,886	2,942,358	5,191,244	
Due in more than one year				-
Special assessment debt with government commitment	467,043	-	467,043	
All other debt	22,573,463	41,624,758	64,198,221	
Total liabilities	<u>30,367,070</u>	<u>47,674,191</u>	<u>78,041,261</u>	<u>2,702</u>
NET ASSETS				
Invested in capital assets, net of related debt	37,643,393	91,009,502	128,652,895	-
Restricted for:				
Capital projects	44,205,801	14,280,239	58,486,040	-
Debt service	8,337,173	704,721	9,041,894	-
Other purposes - expendable	19,189	-	19,189	200
Other purposes - nonexpendable	116,285	-	116,285	-
Unrestricted	12,006,275	17,976,644	29,982,919	895,242
Total net assets	<u>\$ 102,328,116</u>	<u>\$ 123,971,106</u>	<u>\$ 226,299,222</u>	<u>\$ 895,442</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, 2006

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS				
Primary government				
Governmental activities				
General government	\$ 5,799,062	\$ 1,646,172	\$ 2,833,016	\$ 864,797
Public safety	18,484,074	2,505,120	1,692,920	-
Highways and streets	5,605,789	-	989,686	4,320,808
Culture and recreation	6,387,685	714,453	3,448,731	710,666
Interest on long-term debt	1,224,183	-	-	-
Total governmental activities	37,500,793	4,865,745	8,964,353	5,896,271
Business-type activities				
Water	9,494,225	10,835,497	-	2,235,809
Sewer	7,952,494	8,303,561	-	4,446,579
Total business-type activities	17,446,719	19,139,058	-	6,682,388
Total primary government	\$ 54,947,512	\$ 24,004,803	\$ 8,964,353	\$ 12,578,659
Component Unit				
Albany Public Library Foundation	\$ 160,561	-	106,623	-

General revenues:
Property taxes
Transient room taxes
Motor fuel taxes
Cigarette and alcoholic beverage taxes
Privilege taxes
Contributions to permanent funds
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Miscellaneous
Total general revenues
Transfers
Change in net assets
Net assets - beginning, as restated
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			Component Unit Albany Public Library Foundation
Governmental Activities	Business- type Activities	Total	
\$ (455,077)	-	\$ (455,077)	\$ -
(14,286,034)	-	(14,286,034)	-
(295,295)	-	(295,295)	-
(1,513,835)	-	(1,513,835)	-
(1,224,183)	-	(1,224,183)	-
(17,774,424)	-	(17,774,424)	-
-	\$ 3,577,081	3,577,081	-
-	4,797,646	4,797,646	-
-	8,374,727	8,374,727	-
<u>\$ (17,774,424)</u>	<u>\$ 8,374,727</u>	<u>\$ (9,399,697)</u>	<u>-</u>
<u>(53,938)</u>	<u>-</u>	<u>-</u>	<u>(53,938)</u>
19,388,773	759,865	20,148,638	-
610,516	-	610,516	-
2,170,883	-	2,170,883	-
545,979	-	545,979	-
2,268,032	-	2,268,032	-
2,414	-	2,414	-
169,251	-	169,251	-
1,303,367	1,240,546	2,543,913	116,625
153,912	687,743	841,655	-
<u>26,613,127</u>	<u>2,688,154</u>	<u>29,301,281</u>	<u>116,625</u>
373,918	(373,918)	-	-
9,212,621	10,688,963	19,901,584	62,687
93,115,495	113,282,143	206,397,638	832,755
<u>\$ 102,328,116</u>	<u>\$ 123,971,106</u>	<u>\$ 226,299,222</u>	<u>\$ 895,442</u>

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

**CITY OF ALBANY, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET**

June 30, 2006

	General Fund	Parks & Recreation Fund	Street Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 3,812,328	\$ 930,103	\$ 3,153,836	\$ 2,555,262	\$ 10,384,905	\$ 20,836,434
Receivables:						
Property taxes	841,924	214,689	-	-	243,077	1,299,690
Accounts receivable	239,667	18,889	189,014	-	385,900	833,470
Assessments	-	-	-	979,313	40,205	1,019,518
Interest	48,207	36,083	86,631	25,753	121,985	318,659
Loans	144,738	-	-	-	534,262	679,000
Grants	-	-	-	150,176	156,575	306,751
Other assets	51,379	372	-	-	70,738	122,489
Restricted cash and investments	378,384	2,768,772	6,314,608	-	2,903,681	12,365,445
Total assets	\$ 5,516,627	\$ 3,968,908	\$ 9,744,089	\$ 3,710,504	\$ 14,841,328	\$ 37,781,456
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 445,726	\$ 260,474	\$ 419,878	\$ 227,260	\$ 210,219	\$ 1,563,557
Deposits	-	-	1,000	131,213	2,000	134,213
Deferred/unearned revenue	914,443	202,014	189,014	2,449,826	1,240,926	4,996,223
Amounts held in trust	53,333	-	-	-	-	53,333
Total liabilities	1,413,502	462,488	609,892	2,808,299	1,453,145	6,747,326
Fund balances:						
Reserved for:						
Capital projects	-	3,021,716	5,201,579	902,205	6,466,119	15,591,619
Debt service	-	-	-	-	2,865,706	2,865,706
Library programs	-	-	-	-	8,437	8,437
Parks and Recreation programs	-	-	-	-	11,848	11,848
Perpetual care	-	-	-	-	115,189	115,189
Unreserved, reported in:						
General fund	4,103,125	-	-	-	-	4,103,125
Special revenue funds	-	484,704	3,932,618	-	3,920,884	8,338,206
Total fund balances	4,103,125	3,506,420	9,134,197	902,205	13,388,183	31,034,130
Total liabilities and fund balances	\$ 5,516,627	\$ 3,968,908	\$ 9,744,089	\$ 3,710,504	\$ 14,841,328	\$ 37,781,456

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, 2006

Total fund balances per Governmental Funds Balance Sheet (page 14) \$ 31,034,130

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets - land	5,927,255	
Capital assets - construction in progress	6,278,266	
Capital assets - other	112,443,553	
Accumulated depreciation	<u>(37,055,044)</u>	
Capital assets, net		87,594,030

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

Property taxes	1,337,914	
Accounts receivable	568,137	
Assessments	1,019,518	
Loans	<u>534,262</u>	
Total deferred revenue adjustments		3,459,831

Internal service funds are used by management to charge the costs of information systems services, central services, and geographic information system services to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the Statement of Net Assets.

Net assets reported as governmental activities	563,961	
(Profit)/loss reported as governmental activities	<u>(180,700)</u>	
Net adjustments for internal service funds		383,261

Long-term liabilities, including bonds payable, loans payable, and salaries, withholdings, vacations, and taxes payable are not due and payable in the current period and, therefore are not reported in the funds.

Long-term debt	(18,173,551)	
Interest payable on long-term debt	(247,310)	
Claims and judgments	(214,484)	
Compensated absences	<u>(1,507,791)</u>	
Total long-term debt adjustments		(20,143,136)
Net assets of governmental activities (page 11)		<u>\$102,328,116</u>

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

CITY OF ALBANY, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
for the year ended June 30, 2006

	General Fund	Parks and Recreation Fund	Street Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$12,505,234	\$3,133,826	\$ -	\$ -	\$ 3,975,626	\$ 19,614,686
Transient room tax	-	-	-	-	610,516	610,516
Special assessments	-	-	-	-	752,013	752,013
Franchise fees, privilege taxes, licenses, and permits	3,581,401	710,666	1,852,271	-	1,492,854	7,637,192
Intergovernmental revenues	1,985,100	37,760	2,202,118	1,115,938	1,302,208	6,643,124
Charges for services	310,000	741,707	-	-	2,670,963	3,722,670
Fines and forfeitures	581,972	-	-	-	-	581,972
Gifts and donations	-	-	-	3,175,604	2,414	3,178,018
Interest on investments	203,238	145,513	345,795	63,735	507,063	1,265,344
Miscellaneous	102,169	303,103	26,392	21,727	200,397	653,788
Total revenues	19,269,114	5,072,575	4,426,576	4,377,004	11,514,054	44,659,323
EXPENDITURES						
Current:						
General government	1,463,158	-	-	842,654	2,955,136	5,260,948
Public safety	16,198,475	-	-	-	2,103,656	18,302,131
Highways and streets	-	-	3,103,766	-	-	3,103,766
Culture and recreation	1,716,040	4,230,750	-	-	146,519	6,093,309
Debt service:						
Principal	-	-	-	-	1,328,965	1,328,965
Interest	-	-	-	-	1,181,496	1,181,496
Capital outlay	215,788	687,069	761,532	4,399,879	1,806,857	7,871,125
Total expenditures	19,593,461	4,917,819	3,865,298	5,242,533	9,522,629	43,141,740
Excess (deficiency) of revenues over (under) expenditures	(324,347)	154,756	561,278	(865,529)	1,991,425	1,517,583
OTHER FINANCING SOURCES (USES)						
Debt issuance	-	-	-	-	1,459,399	1,459,399
Capital lease	151,360	-	-	-	-	151,360
Transfers in	2,787,449	203,550	260,000	428,873	10,568,362	14,248,234
Transfers out	(1,244,923)	(275,231)	(382,392)	(186,418)	(11,252,791)	(13,341,755)
Total other financing sources (uses)	1,693,886	(71,681)	(122,392)	242,455	774,970	2,517,238
Net change in fund balances	1,369,539	83,075	438,886	(623,074)	2,766,395	4,034,821
Fund balance - beginning, as restated	2,733,586	3,423,345	8,695,311	1,525,279	10,621,788	26,999,309
Fund balance - ending	\$ 4,103,125	\$3,506,420	\$9,134,197	\$ 902,205	\$ 13,388,183	\$ 31,034,130

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, 2006

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

Net change in fund balances - total governmental funds (page 16).		\$ 4,034,821
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay	7,871,125	
Depreciation for the current fiscal year	<u>(3,948,456)</u>	
Net capital outlay adjustment		3,922,669
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, disposals, and donations) is to decrease net assets.</p>		
		(3,957)
<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	(225,913)	
Capital asset donations	2,483,097	
Principal portion of loan receipts	(16,401)	
Other fees and charges	(86,131)	
Loans receivable	24,755	
Assessments	(1,394,200)	
Grants	<u>979,313</u>	
Total revenue adjustments		1,764,520
<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>		
		(173,592)
<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	(86,248)	
Accrued interest on long-term debt	(42,687)	
Net pension asset amortization	5,311	
Pending insurance claims	<u>(27,516)</u>	
Total adjustment		(151,140)
<p>The net expense of certain activities of internal service funds is reported with governmental activities.</p>		
Information Systems Fund	(415,140)	
Central Services Fund	205,684	
Geographic Information Systems Fund	(63,476)	
Public Works Services Fund	<u>92,232</u>	
Total internal service fund adjustments		(180,700)
Change in net assets of the governmental activities (pages 12-13)		<u><u>\$ 9,212,621</u></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, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 11,447,300	\$ 11,447,300	\$ 11,987,363	\$ 540,063
Delinquent	451,000	451,000	517,871	66,871
Privilege tax: electric	1,430,000	1,430,000	1,442,287	12,287
Franchise fee: communications facilities	50,000	50,000	46,320	(3,680)
Franchise fee: telephone	225,000	225,000	249,343	24,343
Franchise fee: garbage collection	340,000	340,000	356,122	16,122
Privilege tax: natural gas	684,000	684,000	825,745	141,745
Franchise fee: cable television	338,000	338,000	345,621	7,621
Licenses	5,000	5,000	8,470	3,470
Library fees	60,000	60,000	64,271	4,271
Planning fees	190,000	190,000	218,114	28,114
Alarm fees	20,000	20,000	25,108	5,108
DUII enforcement grant	7,000	21,500	15,848	(5,652)
State liquor taxes	400,200	400,200	465,208	65,008
State cigarette taxes	79,300	79,300	80,771	1,471
Conflagration response reimbursement	-	-	25,414	25,414
EAIP Workers' Compensation wage subsidy reimbursement	-	-	5,661	5,661
Albany Rural Fire Protection District	1,062,600	1,062,600	1,075,948	13,348
North Albany Rural Fire Protection District	211,600	211,600	179,502	(32,098)
Palestine Rural Fire Protection District	110,000	110,000	111,748	1,748
Greater Albany Public Schools police grant	25,000	25,000	25,000	-
Space rental charges	310,000	310,000	310,000	-
Municipal Court fines	550,000	550,000	560,266	10,266
Parking violations	4,000	4,000	4,315	315
Nuisance vehicle administration fee	10,000	10,000	17,390	7,390
Gifts and donations	-	-	11,868	11,868
DARE donations	-	-	24	24
Grass abatement fees	-	-	97	97
Grass abatement fees interest	-	-	32	32
Pay phones	-	-	52	52
Miscellaneous revenues	50,000	50,000	90,097	40,097
Interest on investments	80,000	80,000	203,238	123,238
Total revenues	18,140,000	18,154,500	19,269,114	1,114,614
Other financing sources				
Capital lease	-	-	151,360	151,360
Transfer from Community Development Fund	-	403,000	378,590	(24,410)
Transfer from Public Safety Fund	564,000	564,000	432,000	(132,000)
Transfer from Payroll Insurance Fund	410,000	410,000	408,972	(1,028)
Transfer from Public Safety Fund-Police	750,200	750,200	685,943	(64,257)
Transfer from Public Safety Fund-Fire	817,400	817,400	743,319	(74,081)
Transfer from Public Works Services Fund	92,000	92,000	92,000	-

continued

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

**CITY OF ALBANY, OREGON
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL, continued
for the year ended June 30, 2006**

	Original Budget	Final Budget	Actual	(Over) Under
Other financing sources, continued				
Transfer from State Revenue Sharing Fund	-	40,000	41,121	1,121
Transfer from Economic Improvement District Fund	-	5,000	2,987	(2,013)
Transfer from VALIANT Fund	-	25,000	1,633	(23,367)
Transfer from Environmental Safety Fund	-	20,000	884	(19,116)
Total other financing sources	<u>2,633,600</u>	<u>3,126,600</u>	<u>2,938,809</u>	<u>(187,791)</u>
Fund balance, beginning	2,506,100	2,506,100	2,733,586	227,486
Amount available for appropriation	<u>\$ 23,279,700</u>	<u>\$ 23,787,200</u>	<u>\$ 24,941,509</u>	<u>\$ 1,154,309</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Nondepartmental:				
Personal services	\$ 15,700	\$ 15,700	\$ 9,505	\$ 6,195
Materials and services	1,661,700	1,704,700	1,690,754	13,946
Capital	-	-	-	-
General operating contingency	2,156,500	2,425,500	-	2,425,500
Municipal Court	492,000	492,000	477,984	14,016
Code Enforcement	30,000	30,000	14,675	15,325
Fire Suppression	5,429,400	5,600,400	5,579,066	21,334
Public Safety Levy - Fire	817,400	817,400	743,319	74,081
Fire & Life Safety	521,100	521,100	460,655	60,445
Police	7,809,400	7,823,900	7,737,954	85,946
Public Safety Levy - Police	750,200	750,200	685,943	64,257
Planning	880,300	880,300	743,269	137,031
Library	1,597,800	1,607,800	1,569,892	37,908
Building Maintenance	393,500	393,500	401,014	(7,514)
Total expenditures	<u>22,555,000</u>	<u>23,062,500</u>	<u>20,114,030</u>	<u>2,948,470</u>
Other financing uses				
Transfers to other funds	724,700	724,700	724,354	346
Total expenditures and other financing uses	<u>\$ 23,279,700</u>	<u>\$ 23,787,200</u>	<u>\$ 20,838,384</u>	<u>\$ 2,948,816</u>
Fund balance, ending			<u>\$ 4,103,125</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 19,269,114	\$ 20,114,030	\$ 4,103,125
Reconciling items:			
Reclassify PERS departmental debt service charges to transfers out	-	(520,569)	-
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (page 16)	<u>\$ 19,269,114</u>	<u>\$ 19,593,461</u>	<u>\$ 4,103,125</u>

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

CITY OF ALBANY, OREGON
PARKS AND RECREATION FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Property Taxes - Current	\$ 2,861,900	\$ 2,861,900	\$ 2,996,600	\$ 134,700
Property Taxes - Delinquent	140,600	140,600	137,226	(3,374)
Financed park system development charges				
Principal	10,000	10,000	3,509	(6,491)
Interest	1,000	1,000	568	(432)
Parks systems development charges	750,000	750,000	706,589	(43,411)
Business Energy Tax Credit grant	-	44,000	-	(44,000)
State Marine Board	9,000	9,000	9,000	-
EALP Workers' Compensation wage subsidy reimbursement	-	-	4,666	4,666
Special transit fund: Linn County	24,600	24,600	24,094	(506)
Charges for services	-	15,000	12,108	(2,892)
Children/Youth/Family recreation fees	28,500	28,500	33,484	4,984
Children/Youth/Family sponsorships	1,500	1,500	1,630	130
Batting cage revenues	8,000	8,000	59	(7,941)
Marketing fees	18,000	18,000	11,395	(6,605)
Adult recreation fees	20,000	20,000	17,377	(2,623)
Swimming pool receipts	231,700	231,700	225,518	(6,182)
Senior Center rental fees	37,000	37,000	35,300	(1,700)
Maple Lawn Preschool fees	60,300	60,300	63,514	3,214
Sports program fees	126,000	126,000	97,836	(28,164)
Ski school fees/equipment rental	8,500	8,500	-	(8,500)
Children's Performing Arts Series	8,000	8,000	6,245	(1,755)
Waverly boat rentals	6,300	6,300	4,158	(2,142)
Park permits	18,000	23,000	28,544	5,544
Fitness program fees	23,000	38,000	44,888	6,888
Preschool materials & services fees	3,500	3,500	4,339	839
Senior program fees	4,800	10,800	17,463	6,663
Extreme sports entry fees	400	400	932	532
Children's art activities	1,500	1,500	-	(1,500)
Souvenir sales	10,700	10,700	7,670	(3,030)
Food Faire revenues	24,500	24,500	16,073	(8,427)
Preschool fundraising proceeds	5,500	5,500	5,773	273
Northwest Art & Air Festival fees	7,700	7,700	6,335	(1,365)
Hot air balloon rides	7,800	7,800	10,475	2,675
Senior newsletter	2,600	2,600	3,502	902
Trip revenue	42,500	42,500	38,554	(3,946)
Merchandise sales - aquatics	-	-	661	661
Swanson facility rental fees	4,500	4,500	9,315	4,815
Concession sales - aquatics	21,600	21,600	9,659	(11,941)
Concession sales - sports	30,000	30,000	12,459	(17,541)
Bicycle safety donations	-	-	28	28
Merchandise sales	-	-	5,005	5,005
Call-a-ride revenues	12,000	12,000	11,408	(592)
Northwest Art & Air Festival sponsorships	62,500	62,500	13,090	(49,410)
Current year sponsorships	15,500	15,500	62,005	46,505
Advance sponsorships	83,000	83,000	8,600	(74,400)
Pre-concert activity sponsorships	2,000	2,000	1,000	(1,000)
Fun in the Park sponsorships	-	2,500	2,500	-

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

Continued

CITY OF ALBANY, OREGON
PARKS AND RECREATION FUND (Continued)
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

	Original Budget	Final Budget	Actual	Over (Under)
Revenues, continued				
Gifts & donations	59,700	65,700	36,919	(28,781)
Monday night concert series	9,500	9,500	3,736	(5,764)
Pass-the-hat donations	20,900	20,900	17,726	(3,174)
Park fixture donations	38,000	38,000	-	(38,000)
Senior Center sponsorships	1,500	1,500	3,650	2,150
Miscellaneous revenue	6,900	15,100	151,935	136,835
Brochure advertising revenues	4,000	4,000	1,942	(2,058)
Interest on investments	32,200	32,200	145,513	113,313
Total revenues	<u>4,907,200</u>	<u>5,008,900</u>	<u>5,072,575</u>	<u>63,675</u>
Other financing sources				
Transfer from Parks Fund	23,000	23,000	23,000	-
Transfer from General Fund	90,000	90,000	90,000	
Transfer from State Revenue Sharing Fund	88,800	88,800	88,800	
Transfer from Payroll Insurance Fund	-	20,500	1,750	(18,750)
Transfer from Equipment Replacement Fund	-	1,000	-	(1,000)
Total other financing sources	<u>201,800</u>	<u>223,300</u>	<u>203,550</u>	<u>(19,750)</u>
Fund balance, beginning	920,400	1,132,900	3,423,345	2,290,445
Amount available for appropriation	<u>\$ 6,029,400</u>	<u>\$ 6,365,100</u>	<u>\$ 8,699,470</u>	<u>\$ 2,334,370</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Sports Programs	\$ 235,900	\$ 264,900	\$ 253,980	\$ 10,920
Children/Youth/Family Recreation Services	193,700	193,700	179,920	13,780
Resource Development/Marketing Services	98,900	98,900	84,858	14,042
Adult Recreation & Fitness Services	149,500	177,500	167,809	9,691
Park Maintenance Services	1,418,500	1,418,500	1,299,433	119,067
Parks & Recreation Administration	1,177,500	1,231,200	1,118,193	113,007
Senior Services	370,900	370,900	339,781	31,119
Aquatic Services	489,600	599,600	525,279	74,321
Park System Development Charge Projects	1,275,000	1,275,000	592,280	682,720
Performance Series	166,700	166,700	134,380	32,320
Paratransit System	127,500	171,500	141,177	30,323
Northwest Art & Air Festival	122,400	122,400	101,208	21,192
Swanson Aquatic Facility	203,300	273,300	254,752	18,548
Senior Center Foundation	-	1,000	-	1,000
Total expenditures	<u>\$ 6,029,400</u>	<u>\$ 6,365,100</u>	<u>\$ 5,193,050</u>	<u>\$ 1,172,050</u>
Fund balance, ending			<u>\$ 3,506,420</u>	

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

Continued

CITY OF ALBANY, OREGON
PARKS AND RECREATION FUND (Continued)
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total revenues, total expenditures, and fund balance from above	\$ 5,072,575	\$ 5,193,050	\$ 3,506,420
Reconciling items:			
Eliminate transfers out	-	(275,231)	-
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (page 16)	<u>\$ 5,072,575</u>	<u>\$ 4,917,819</u>	<u>\$ 3,506,420</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, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
State gasoline tax	\$ 2,052,000	\$ 2,052,000	\$ 2,170,883	\$ 118,883
Oregon Department of Transportation	-	-	12,373	12,373
State of Oregon	-	37,500	18,862	(18,638)
Surface transportation program	370,000	370,000	-	(370,000)
Sewer in-lieu-of franchise fee	407,000	407,000	387,404	(19,596)
Water in-lieu-of franchise fee	357,000	357,000	348,786	(8,214)
Street connection fees	50,000	50,000	156,052	106,052
Transportation system development charges	800,000	800,000	708,147	(91,853)
Financed improvement assurance fees				
Principal	-	-	28,709	28,709
Interest	-	-	6,711	6,711
Financed street system development charges				
Principal	-	-	2	2
Interest	100	100	14	(86)
Financed transportation system development charges				
Principal	40,000	40,000	117,651	77,651
Interest	7,500	7,500	5,726	(1,774)
Public facility construction permit	-	-	93,069	93,069
Gifts & donations	-	-	1,368	1,368
Miscellaneous	1,000	1,000	25,024	24,024
Interest on investments	109,500	109,500	345,795	236,295
Total revenues	<u>4,194,100</u>	<u>4,231,600</u>	<u>4,426,576</u>	<u>194,976</u>
Other financing sources				
Transfer from General Fund - Street lights	260,000	260,000	260,000	-
Total other financing sources	260,000	260,000	260,000	-
Fund balance, beginning	7,214,300	7,214,300	8,695,311	1,481,011
Amount available for appropriation	<u>\$11,668,400</u>	<u>\$11,705,900</u>	<u>\$13,381,887</u>	<u>\$ 1,675,987</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 631,700	\$ 631,700	\$ 652,678	\$ (20,978)
Materials and services	2,661,100	2,661,100	2,470,480	190,620
Capital	7,908,600	8,050,100	761,532	7,288,568
Transfers	363,000	363,000	363,000	-
Contingencies	104,000	-	-	-
Total expenditures	<u>\$11,668,400</u>	<u>\$11,705,900</u>	<u>\$ 4,247,690</u>	<u>\$ 7,458,210</u>
Fund balance, ending			<u>\$ 9,134,197</u>	

continued

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

CITY OF ALBANY, OREGON
STREET FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL, continued
for the year ended June 30, 2006

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 4,426,576	\$ 4,247,690	\$ 9,134,197
Reconciling items:			
Eliminate transfers out	-	(382,392)	-
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (page 16)	\$ 4,426,576	\$ 3,865,298	\$ 9,134,197

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

CITY OF ALBANY, OREGON
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Federal Transportation Equity Act (TEA) Grant	\$ 1,588,000	\$ 1,588,000	\$ 191,183	\$ (1,396,817)
Amtrak Grant	250,000	250,000	91,030	(158,970)
Oregon Transportation Investment Act (OTIA) Grant	1,150,000	1,150,000	735,368	(414,632)
Oregon Transportation Investment Act (OTIA) III Grant	1,589,000	1,589,000	98,357	(1,490,643)
Gifts & donations	-	4,000,000	3,175,604	(824,396)
Miscellaneous revenue	-	-	21,727	21,727
Interest on investments	17,000	37,000	63,735	26,735
Total revenues	<u>4,594,000</u>	<u>8,614,000</u>	<u>4,377,004</u>	<u>(4,236,996)</u>
Other financing sources				
From Library Memorial Fund	-	70,000	58,667	(11,333)
Transfer from Street Fund	363,000	363,000	363,000	-
From Improvement Fund	-	100,000	7,206	(92,794)
Total other financing sources	<u>363,000</u>	<u>533,000</u>	<u>428,873</u>	<u>(104,127)</u>
Fund balance, beginning, as restated	<u>1,674,200</u>	<u>1,692,500</u>	<u>1,525,279</u>	<u>(167,221)</u>
Amount available for appropriation	<u>\$ 6,631,200</u>	<u>\$ 10,839,500</u>	<u>\$ 6,331,156</u>	<u>\$ (4,508,344)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Albany Data Integration Project	\$ 1,415,000	\$ 1,442,500	\$ 891,448	\$ 551,052
Improvement Projects	-	100,000	31,777	68,223
Fire Substation Construction	129,200	140,000	133,718	6,282
Library Renovation	-	4,070,000	3,039,489	1,030,511
Regional Multimodal Transportation Center - Local Match	397,000	397,000	91,030	305,970
Regional Multimodal Transportation Center - Federal TEA Grant	1,588,000	1,588,000	207,764	1,380,236
OTIA Projects	1,350,000	1,350,000	935,368	414,632
Periwinkle Creek Bridge	1,752,000	1,752,000	98,357	1,653,643
Total expenditures	<u>\$ 6,631,200</u>	<u>\$ 10,839,500</u>	<u>\$ 5,428,951</u>	<u>\$ 5,410,549</u>
Fund balance, ending			<u>\$ 902,205</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 4,377,004	\$ 5,428,951	\$ 902,205
Eliminate transfers out	-	(186,418)	-
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (page 16)	<u>\$ 4,377,004</u>	<u>\$ 5,242,533</u>	<u>\$ 902,205</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, 2006

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 13,109,645	\$ 4,538,017	\$ 17,647,662	\$ 996,818
Receivables:				
Property taxes	55,058	-	55,058	-
Accounts receivable	1,463,965	1,402,383	2,866,348	-
Accrued interest	205,999	105,110	311,109	5,876
Total current assets	<u>14,834,667</u>	<u>6,045,510</u>	<u>20,880,177</u>	<u>1,002,694</u>
Noncurrent assets:				
Other assets	434	2,500	2,934	7,745
Cash and investments restricted for debt service	8,592,576	6,392,384	14,984,960	-
Assessments receivable	-	269,142	269,142	-
Capital assets (net)	75,264,750	59,782,516	135,047,266	185,000
Total noncurrent assets	<u>83,857,760</u>	<u>66,446,542</u>	<u>150,304,302</u>	<u>192,745</u>
Total assets	<u>\$ 98,692,427</u>	<u>\$ 72,492,052</u>	<u>\$ 171,184,479</u>	<u>\$ 1,195,439</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 754,835	\$ 1,281,613	\$ 2,036,448	\$ 305,869
Salaries, withholdings, vacations, and taxes payable	96,303	77,958	174,261	495,238
Claims and judgments	13,894	23,902	37,796	4,886
Interest payable	751,988	33,502	785,490	-
Loss on retirement of capital assets	147,799	-	147,799	-
Loan payable, current portion	-	161,080	161,080	-
Bonds payable, current portion	2,032,704	465,000	2,497,704	-
Total current liabilities	<u>3,797,523</u>	<u>2,043,055</u>	<u>5,840,578</u>	<u>805,993</u>
Noncurrent liabilities:				
Loan payable - long-term portion	-	805,401	805,401	-
Bonds payable - long-term portion	39,186,318	1,387,261	40,573,579	-
Total current liabilities	<u>39,186,318</u>	<u>2,192,662</u>	<u>41,378,980</u>	-
Total liabilities	<u>42,983,841</u>	<u>4,235,717</u>	<u>47,219,558</u>	<u>805,993</u>
NET ASSETS				
Invested in capital assets, net of related debt	34,045,728	56,963,774	91,009,502	185,000
Restricted for capital construction	8,432,678	5,847,561	14,280,239	-
Restricted for debt service	159,898	544,823	704,721	-
Unrestricted	13,070,282	4,900,177	17,970,459	204,446
Total net assets	<u>\$ 55,708,586</u>	<u>\$ 68,256,335</u>	<u>\$ 123,964,921</u>	<u>\$ 389,446</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			6,185	
Net assets of business-type activities (page 11)			<u>\$ 123,971,106</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, 2006

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Total	
OPERATING REVENUES:				
Service charges and fees	\$ 10,835,497	\$ 8,303,561	\$ 19,139,058	\$ 11,977,001
Miscellaneous	246,234	441,509	687,743	129,136
Total operating revenues	<u>11,081,731</u>	<u>8,745,070</u>	<u>19,826,801</u>	<u>12,106,137</u>
OPERATING EXPENSES:				
Salaries and wages	1,467,928	1,492,339	2,960,267	6,836,196
Contracted services	516,160	629,787	1,145,947	1,054,729
Operating supplies	607,592	281,019	888,611	903,687
Utilities	366,523	350,764	717,287	141,077
Depreciation and amortization	1,754,196	2,057,449	3,811,645	35,677
Repairs and maintenance	325,719	353,536	679,255	69,460
Charges for services	3,233,838	2,780,760	6,014,598	2,502,487
Miscellaneous	33,488	29,506	62,994	2,366
Total operating expenses	<u>8,305,444</u>	<u>7,975,160</u>	<u>16,280,604</u>	<u>11,545,679</u>
Operating income	<u>2,776,287</u>	<u>769,910</u>	<u>3,546,197</u>	<u>560,458</u>
NONOPERATING REVENUES (EXPENSES):				
Property Taxes	759,865	-	759,865	-
Interest on investments	800,898	436,774	1,237,672	42,844
Interest expense	(1,330,464)	(84,218)	(1,414,682)	-
Total nonoperating revenues	<u>230,299</u>	<u>352,556</u>	<u>582,855</u>	<u>42,844</u>
Income before capital contributions and transfers	3,006,586	1,122,466	4,129,052	603,302
Capital contributions	2,235,809	4,446,579	6,682,388	-
Transfers in	-	-	-	479,574
Transfers out	(69,038)	(70,863)	(139,901)	(1,246,152)
Change in net assets	5,173,357	5,498,182	10,671,539	(163,276)
Net assets - beginning, as restated	<u>50,535,229</u>	<u>62,758,153</u>		<u>552,722</u>
Net assets - ending	<u>\$ 55,708,586</u>	<u>\$ 68,256,335</u>		<u>\$ 389,446</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.			17,424	
Change in net assets of business-type activities (pages 12-13)			<u>\$ 10,688,963</u>	

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

CITY OF ALBANY, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
for the year ended June 30, 2006

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 10,637,380	\$ 8,242,103	\$ 18,879,483	\$ 11,977,001
Cash payments to suppliers of goods and services	(8,299,969)	(3,613,144)	(11,913,113)	(4,466,883)
Cash payments to employees for services	(1,459,436)	(1,489,930)	(2,949,366)	(6,708,591)
Other operating revenues	246,234	441,510	687,744	129,136
Net cash provided by operating activities	<u>1,124,209</u>	<u>3,580,539</u>	<u>4,704,748</u>	<u>930,663</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property Taxes	767,130	-	767,130	-
Transfers in	-	-	-	352,679
Transfers out	(69,038)	(70,863)	(139,901)	(1,119,257)
Net cash provided (used in) by noncapital financing activities	<u>698,092</u>	<u>(70,863)</u>	<u>627,229</u>	<u>(766,578)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(7,219,552)	(5,712,803)	(12,932,355)	(35,490)
Interest capitalized	(573,346)	-	(573,346)	-
Receipt of assessments and fees	99,600	397,465	497,065	-
Principal paid on loan	-	(161,080)	(161,080)	-
Principal paid on bonds	(1,910,000)	(450,000)	(2,360,000)	-
Principal paid on certificates of participation	(54,657)	-	(54,657)	-
Interest paid on long-term debt	(1,346,542)	(91,200)	(1,437,742)	-
System development charges collected	710,078	1,402,218	2,112,296	-
Capital grants and contributions	12,073	-	12,073	-
Loss on retirement of capital assets	-	5,669	5,669	1,543
Net cash used in capital and related financing activities	<u>(10,282,346)</u>	<u>(4,609,731)</u>	<u>(14,892,077)</u>	<u>(33,947)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	808,532	379,256	1,187,788	39,351
Net decrease in cash and investments	<u>(7,651,513)</u>	<u>(720,799)</u>	<u>(8,372,312)</u>	<u>169,489</u>
Cash and investments, July 1, 2005	<u>29,353,734</u>	<u>11,651,200</u>	<u>41,004,934</u>	<u>827,329</u>
Cash and investments, June 30, 2006	<u>\$ 21,702,221</u>	<u>\$ 10,930,401</u>	<u>\$ 32,632,622</u>	<u>\$ 996,818</u>

Continued

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

CITY OF ALBANY, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (continued)
for the year ended June 30, 2006

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Total	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (page 27)	\$ 2,776,287	\$ 769,910	\$ 3,546,197	\$ 560,458
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,754,196	2,057,449	3,811,645	\$ 35,677
Changes in assets and liabilities:				
Accounts receivable	(199,812)	(61,458)	(261,270)	-
Other assets	10,761	10,846	21,607	20,333
Accounts payable	(3,234,905)	788,490	(2,446,415)	186,834
Salaries, withholdings, vacation, and taxes payable	8,492	2,409	10,901	125,119
Claims & judgments	7,495	12,893	20,388	2,242
Refundable deposits	1,695	-	1,695	-
Total adjustments	(1,652,078)	2,810,629	1,158,551	370,205
Net cash provided by operating activities	<u>\$ 1,124,209</u>	<u>\$ 3,580,539</u>	<u>\$ 4,704,748</u>	<u>\$ 930,663</u>
 STATEMENT OF NET ASSETS RECONCILIATION				
Cash and investments from above	\$ 21,702,221	\$ 10,930,401	\$ 32,632,622	\$ 996,818
Less: restricted cash and investments	(159,898)	(544,823)	(704,721)	-
Cash and investments per Statements of Net Assets for Proprietary Funds (page 25)	<u>\$ 21,542,323</u>	<u>\$ 10,385,578</u>	<u>\$ 31,927,901</u>	<u>\$ 996,818</u>
 NONCASH CAPITAL ACTIVITIES:				
Amortization of bond issuance costs	<u>\$ 20,556</u>	<u>\$ 6,674</u>	<u>\$ 27,230</u>	
Contribution of capital assets to government	<u>\$ 2,235,809</u>	<u>\$ 4,446,579</u>	<u>\$ 6,682,388</u>	

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Albany (the City) have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements, as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principals Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

In June 1999, the GASB approved Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. GASB No. 34 provides for significant changes in financial reporting and is scheduled for phased implementation based on the size of the government, starting with fiscal years ending in 2002. As part of this statement, there is a new reporting requirement regarding local government's infrastructure (roads, streets, parks, etc.). The City of Albany's financial statements for the fiscal year ended June 30, 2006, comply with the requirements of GASB No. 34.

Reporting Entity

The City of Albany is a municipal corporation governed by an elected mayor and six member council. As required by GAAP, these financial statements present the City and its two component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and, therefore, data from these units are combined with the data of the City of Albany. The City's discretely presented component unit does not meet the requirement that the governing board is "substantially the same" as that of the City. The City's component units had a June 30 year end.

Blended Component Unit - The Central Albany Revitalization Area (CARA) serves the citizens of the City of Albany and is governed by a board comprised of the City's elected officials. CARA is reported as a governmental fund type. Its complete financial statement may be obtained at the City's Administrative offices, City of Albany, PO Box 490, Albany, OR 97321.

Discretely Presented Component Unit - The Albany Public Library Foundation (the Foundation) provides for services and facilities for the Albany Public Library, including the Albany Downtown Public Library as a specific funding objective. The Foundation is governed by a four to seven member board who have a current interest in the preservation of library services at the Downtown Library. The Foundation's complete financial statement may be obtained from the Albany Public Library, PO Box 490, Albany, OR 97321.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basic Financial Statements, continued

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the basic financial statements and are detailed in the supplemental information. The City does not have any fiduciary fund types.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The City reports the following major governmental funds:

General Fund

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

Parks and Recreation Fund

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

Street Fund

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

Capital Projects Fund

The City utilizes this fund to account for major governmental capital acquisition and capital contraction projects. Depending on the project, sources of revenues may come from debt issuance, grants, donations, and transfers from other City funds.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

The City reports the following major proprietary funds:

Water Fund

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

Sewer Fund

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

Additionally, the City reports the following fund types:

Special Revenue Funds

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

Debt Service Funds

A governmental fund type used to account for the accumulation of resources for, and payment of, general long-term debt principal and interest.

Capital Project Funds

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

Permanent Funds

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

Internal Service Funds

A proprietary fund type that 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.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sanitary sewer enterprise funds and the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Investments

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

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

Restricted Assets

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

Receivables

Management has determined that the direct method of accounting for uncollectible accounts receivable approximates the GAAP allowance for uncollectible accounts method. Therefore, no allowance for uncollectible accounts receivable has been presented. Uncollected property taxes receivable for the governmental fund types which are collected within 60 days following the year end are considered measurable and available and, accordingly, are recognized as revenues in the respective funds. All other uncollected property taxes receivable for the governmental fund types are offset by deferred revenues and, accordingly, have not been recorded as revenues. Uncollected property taxes, including delinquent accounts, are deemed to be substantially collectible or recoverable through foreclosure.

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

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

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

Receivables in the proprietary funds are recorded as revenues as they are earned, including services not yet billed.

Capital Assets

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

Compensated Absences

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

Long-term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period. The face amount of the debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

Budgetary Information, continued

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

An election must be held to approve general obligation debt pledging the full faith and credit of the City. A tax measure may only be passed at an election with at least a 50 percent voter turnout unless the election is held in November of an even numbered year. In the latter case, the tax measure will pass with a more than 50 percent favorable vote regardless of the voter turnout percentage. As a result of Ballot Measure 50 and subsequent legislation, the City's permanent tax rate has been set at \$6.3984 per \$1,000 of assessed value. The assessed value (not including the urban renewal district) for 2005-06 was \$2,490,249,118. Assessed value is calculated on a property by property basis and is limited to a three percent increase annually. Compression of tax revenues comes into play when the real market value of an individual property is not sufficient to allow for an annual three percent increase in the assessed value.

The City budgets the following funds at the activity level:

General Fund (except Nondepartmental)	Debt Service Funds:
Special Revenue Funds:	Debt Service
Parks & Recreation	Capital Project Funds:
Grants	Equipment Replacement
Building Inspection	Capital Projects
Community Development	Internal Service
Payroll Insurance	Information Technology
Economic Development	Central Services
Public Transit	Geographic Information Systems
Capital Replacement	Public Works Services

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

General Fund	Debt Service Fund:
Nondepartmental	Bancroft Bond Redemption
Special Revenue Funds:	CARA Debt Service
Street	Capital Project Fund:
Public Safety Levy	Improvement
Library Memorial	CARA Capital Projects
Environmental Safety	Permanent Funds:
Risk Management	Library Trust
VALIANT	Senior Center Endowment
Economic Improvement District	Enterprise Funds:
State Revenue Sharing	Water
Ambulance	Sewer
Senior Center Foundation	

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

Budgetary Information, continued

During the fiscal year ended June 30, 2006, the City supplemental budget changes in order to increase appropriations for unanticipated grant awards during the year amounted to \$414,300. Other supplemental budget changes resulted in a net increase of \$16,567,600 of authorized expenditures. The Capital Replacement Fund, a Special Revenue fund, was created during Fiscal Year 2005-06 by transferring \$6,740,000 from other funds. The Bancroft Debt Service Fund was combined with the Debt Service Fund through a transfer of \$2,500,000. In the Capital Projects Fund, appropriations were increased by \$4,070,000 to account for a large donation for the purchase and renovation of a building to house the main library. Expenditure appropriations may not be legally overexpended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted. The City currently use encumbrances which lapse at the close of the fiscal year.

The City established one new fund in Fiscal Year 2005-2006. Capital Replacement, a Special Revenue fund, was established to account for non-proprietary monies accumulated for the replacement of capital equipment and major City facilities.

At the end of Fiscal Year 2005-06, to reduce the number of funds in the City's accounting system, the City Council authorized a supplemental budget resolution which combined or closed several City funds. Balances in the following funds were transferred to the General Fund: Community Development, Environmental Safety, Library Memorial, VALIANT, Economic Improvement District, and State Revenue Sharing. The balance in the Senior Center Foundation Fund was transferred to the Parks & Recreation Fund. The balance in the Bancroft Debt Service Fund was transferred to the Debt Service Fund. The balance in the Improvement Fund was transferred to the Capital Projects Fund. The Payroll Insurance Fund was closed, requiring no transfer. Finally, the balances in the Information Technology and GIS Funds were transferred to the Central Services Fund.

Excess of Expenditures Over Appropriations

The City had three instances where expenditures exceeded approved appropriations. In the General Fund, actual expenditures exceeded appropriations in the Building Maintenance program by \$7,516. Measures have been taken, including closer monitoring of expenditures, to ensure that this program remains within budgeted appropriations. In the Central Albany Revitalization Area (CARA) Fund, retirement of the letter of credit resulted in an unbudgeted expenditure. Although as a whole the fund was well within the adopted budget, the Debt Service expenditure category was overspent by \$313,158. In the future, the City will focus attention more closely to the levels at which the budget was adopted. In the State Revenue Sharing Fund, the excess of actual expenditures over appropriations was \$1,021. State Revenue Sharing revenues and the resulting transfers out were slightly more than anticipated.

Deficit Fund Equity

For Fiscal Year 2005-06, there were no funds with a deficit fund equity.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS

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 11).

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

Cash on hand	\$ 2,682
Cash held by the Department of Finance - Linn County	208,494
Bank balances with financial institutions	(1,748,692)
State of Oregon Treasurer's short-term investment pool	20,179,414
Certificate of deposit	-
Other investments	48,189,421
Total cash and investments	<u>\$ 66,831,319</u>

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

Cash and investments	\$ 53,761,153
Restricted cash and investments	13,070,166
Total cash and investments	<u>\$ 66,831,319</u>

Deposits with financial institutions

Deposits with financial institutions are comprised of bank demand deposits and savings accounts. At year end, the carrying amount of the City's net balance was (\$1,748,692) and the bank balance was \$235,451. Of these deposits, \$47,504 was not covered by federal depository insurance. The Oregon Revised Statutes require the depository institution to maintain on deposit with a collateral pool manager securities having a value of not less than 25 percent of the outstanding certificates of participation issued by the pool manager.

INVESTMENTS

Equity in Pooled Cash and Investments

Oregon Revised Statutes, Chapter 294, authorize the City to invest in obligations of the U. S. Treasury, U. S. government agencies, bankers' acceptances issued by Oregon financial institutions, repurchase agreements, Oregon Short-term Fund, certain high grade commercial paper, and various interest bearing bonds of Oregon municipalities, among others. In addition, the City's investments are governed by written investment policy. The policy, which is reviewed by the Oregon Short-term Fund Board and the Albany City Council, specifies the City's investment objectives, requires diversification, and certain limitations, security safekeeping, and reporting requirements.

The equity position of each fund participating in an internal investment pool is reported as assets of those funds. The City carries all investments at amortized cost as is allowed by GASB No. 31. The implementation of GASB No. 31 was immaterial to the government-wide financial statements for the fiscal years ended June 30, 2005 and 2006.

As of June 30, 2006, the City had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (yrs)</u>	<u>Percent of Total Portfolio</u>
U.S. Government agency notes and bonds	\$38,564,882	\$38,457,549	0.440	56%
Oregon Short-term Fund	20,179,414	20,139,055	0.003	30%
Corporate indebtedness	7,876,774	7,866,150	0.413	12%
Taxable municipal bonds - Oregon	762,765	763,143	1.000	1%
Taxable municipal bonds - Idaho	1,000,000	998,760	0.082	1%
Totals	<u>\$68,383,835</u>	<u>\$68,224,657</u>		<u>100%</u>
Portfolio weighted average maturity			<u>0.309</u>	

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

INVESTMENTS, continued

The Oregon Short-Term Fund is an external investment pool as defined in Statement No. 31 of the Governmental Accounting Standards Board. As of June 30, 2006, the market rate of the Oregon Short-term Fund investment pool was 99.8% as reported in the Oregon Short-Term Fund audited financial statements. It represents the City's market percentage of their investment in the investment pool as of that date. The Oregon Short-term Fund is not registered with the SEC as an investment company. The State's investment policies are governed by the Oregon Revised Statutes and the Oregon Investment Council.

Interest rate risk.

The City's investment policy does not allow investments of more than 36 months. At least 20 percent must mature in six months or less and at least 50 percent must mature in 18 months or less. The investment policy states that the weighted average maturity of the portfolio shall not exceed 18 months. The City's weighted average maturity as of June 30, 2006, was less than four months.

Credit and concentration of credit risks.

State statutes authorize the City to invest primarily in general obligations of the U. S. Government and its agencies; certain bonded obligations of Oregon, Washington, Idaho, and California municipalities; bank repurchase agreements; bankers' acceptances; certain commercial papers; and the Oregon Short-term Fund investment pool. Limitations of the City's investment policy are recapped below.

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

As of June 30, 2006, investments in U. S. agency discounts notes and bonds were 54 percent of the total portfolio. During the next year, the City will ensure that its investment portfolio complies with the limits of the investment policy.

Custodial risk.

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2006, \$68,383,835, the City's total portfolio, was held by the City's counterparty in the City's name.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, 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, 2006, amounted to \$22,733, which represented approximately 1.8 percent of the outstanding receivables. Since assessments are liens against the benefited properties, an allowance for uncollectible accounts is not deemed necessary. Assessments are payable for a period of five to twenty years and bear an interest rate of 9 percent for unbonded assessments and the bond sale rate plus 1.5 percent for financed assessments.

LOANS RECEIVABLE

During the fiscal year, the Community Development Fund was consolidated into the General Fund. Prior to the time of consolidation a loan of \$38,400 had been repaid resulting in the balance of \$144,738 that was transferred to the General Fund.

In March 2005, the City Council approved a loan of \$75,829 from the Community Development Fund to the Helping Hands Community Shelter to pay for professional services to complete the dormitory and day care center buildings at the new shelter. The loan, secured by the property, was to be repaid by December 31, 2005. At the date of this report, the loan had not been repaid. Helping Hands Community Shelter was in the process of refinancing and expected to repay the loan plus interest by January of 2007.

In April 2005, the City Council approved a resolution providing a loan from the Economic Development Fund, secured by a trust deed, to the Albany Partnership for Housing and Community Development for site acquisition, moving a historical home to the site, and initial rehabilitation costs. The loan, \$38,400, is due within two years or when the property is sold, whichever comes first. Interest on the loan is nine percent per annum, commencing if the loan is unpaid after two years.

The Central Albany Revitalization Area (CARA) made one new loan during the year. On November 1, 2005, CARA loaned \$27,000 to Jeff and Robin Mexico to rehabilitate a building in the urban renewal district. The loan, with an annual interest rate of 6.5 percent, is secured by Hewlett Packard Drip-Common stock and Agilent Technologies common stock totaling \$29,464. The principal amount and accrued interest are fully due and payable five years from the date of the loan, November 1, 2005. In December 2004, CARA 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 annual rate of four percent. As of June 30, 2006, \$56,893 of the loan amount had been disbursed.

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental Funds				
General Fund	\$ -	\$ 144,738	\$ -	\$ 144,738
Community Development Fund	183,138	-	(183,138)	-
Economic Development Fund	266,770	-	(16,401)	250,369
Central Albany Revitalization Area	220,738	63,155	-	283,893
Total Loans Receivable	\$ 670,646	\$ 207,893	\$ (199,539)	\$ 679,000

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

DEFERRED/UNEARNED REVENUE

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable		
General Fund	\$ 759,415	\$ -
Parks & Recreation Fund	195,189	-
Public Safety Levy Fund	116,793	-
Central Albany Revitalization Area	35,141	-
Debt Service Fund	69,523	-
Accounts receivable	585,252	-
Assessments receivable	1,019,518	-
Community development loans	144,738	-
Economic development loans	534,262	-
Grants received but unspent	-	1,536,392
Total deferred revenue	<u>\$ 3,459,831</u>	<u>\$ 1,536,392</u>
Debt Service Fund		

PRIOR PERIOD ADJUSTMENTS

For Fiscal Year 2004-2005, in the Water Fund, the portion of the new water treatment plant that was attributable to the city of Millersburg was incorrectly recorded as a capital contribution and an increase to capital assets. To make the correction, capital contributions and capital assets were decreased resulting in a reduction of net assets in the business-type activities of \$5,986,861.

Business-type activities	
As previously reported, net assets, June 30, 2005	\$118,275,661
Adjustment for the city of Millersburg portion of the treatment plant	<u>(4,993,518)</u>
Net assets, June 30, 2005, as restated	<u>\$113,282,143</u>
Capital assets, business-type activities	
As previously reported, capital assets net, June 30, 2005	\$126,233,014
Adjustment for the city of Millersburg portion of the treatment plant	<u>(4,993,518)</u>
Capital assets, net, June 30, 2005, as restated	<u>\$121,239,496</u>
Net assets, Water Fund	
As previously reported, net assets, June 30, 2005	\$ 55,528,747
Adjustment for the city of Millersburg portion of the treatment plant	<u>(4,993,518)</u>
Net assets, Water Fund, June 30, 2005, as restated	<u>\$ 50,535,229</u>

Several of the construction projects in the Capital Projects Fund are financed with grants. As of June 30, 2005, unearned grant proceeds were not deferred and earned but unreceived grant proceeds were not accrued. As a result, the net assets of the governmental activities and the fund balance of the Capital Projects Fund were understated by \$1,011,378.

Governmental activities	
As previously reported, net assets, June 30, 2005	\$ 92,104,117
Adjustment to accrue earned revenues and defer unearned proceeds	<u>1,011,378</u>
Net assets, June 30, 2005, as restated	<u>\$ 93,115,495</u>
Fund balance, Capital Projects Fund	
As previously reported, fund balance, June 30, 2005	\$ 513,901
Adjustment to accrue earned revenues and defer unearned proceeds	<u>1,011,378</u>
Fund balance, June 30, 2005, as restated	<u>\$ 1,525,279</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

INTERFUND TRANSFERS

<u>Transfers out</u>	<u>Transfers In</u>						<u>Total</u>
	<u>General</u>	<u>Parks & Recreation</u>	<u>Street</u>	<u>Capital Projects</u>	<u>Nonmajor Govern-mental</u>	<u>Business-type Activities</u>	
Governmental activities							
General Fund	\$ -	\$ 90,000	\$ 260,000	\$ -	\$ 854,927	\$ 39,996	\$ 1,244,923
Parks & Recreation Fund	-	23,000	-	-	252,231	-	275,231
Street Fund	-	-	-	363,000	19,392	-	382,392
Capital Projects Fund	-	-	-	-	133,718	52,700	186,418
Nonmajor governmental funds	2,695,449	90,550	-	65,873	8,383,319	17,600	11,252,791
Internal service funds related to governmental activities	-	-	-	-	642,857	369,278	1,012,135
Total governmental activities	2,695,449	203,550	260,000	428,873	10,286,444	479,574	14,353,890
Business-type activities							
Water Fund	-	-	-	-	69,038	-	69,038
Sewer Fund	-	-	-	-	70,863	-	70,863
Internal service funds related to business-type activities	92,000	-	-	-	142,017	-	234,017
Total business-type activities	92,000	-	-	-	281,918	-	373,918
Total transfers	\$ 2,787,449	\$ 203,550	\$ 260,000	\$ 428,873	\$ 10,568,362	\$ 479,574	\$ 14,727,808

Reconciliation of transfers out of governmental activities

Total governmental activities transfers out from above	\$ 14,353,890
Less internal service funds related to governmental activities	1,012,135
Total transfers out per Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 13,341,755

Reconciliation of transfers into governmental activities

Total transfers out from above	\$ 14,727,808
Less total transfers from business-type activities	479,574
Total transfers in per Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 14,248,234

Governmental Activities

Transfers from the General Fund

A transfer of \$90,000 to the Parks & Recreation Fund to support grants to outside agencies. A transfer of \$89,496 was made to the Equipment Replacement Fund to support building maintenance projects. There was a transfer of \$260,000 to the Street Fund to partially reimburse the cost of street lighting. A transfer of \$39,996 in support of the Urban Forestry Program was made to the Public Works Services Fund. The amount of \$50,004 was transferred to the Equipment Replacement Fund for future Public Safety land acquisition. To support the cost of personnel, \$20,600 was transferred to the Economic Development Fund. The General Fund share of the debt service requirement for the 2004 Revenue Obligations, \$174,258, was transferred to the Debt Service Fund. The amount of \$219,618 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$300,951 was made to the Risk Management Fund.

Transfers from the Parks & Recreation Fund

The Parks & Recreation Fund share of the debt service requirement for the 2004 Revenue Obligations, \$182,342, was transferred to the Debt Service Fund. The amount of \$29,485 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$40,404 was made to the Risk Management Fund. A transfer of \$23,000 was made to support operating expenditures of the Art and Air Festival program.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

INTERFUND TRANSFERS, continued

Governmental Activities, continued

Transfers from the Street Fund

Funding support in the amount of \$200,000 was transferred to the OTIA Highway 20/99E project in the Capital Projects Fund. A transfer of \$163,000 was made to the Periwinkle Creek Bridge project in the Capitals Projects Fund. The amount of \$8,181 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$11,211 was made to the Risk Management Fund.

Transfers from the Capital Projects Fund

The amount of \$52,700 was transferred to the Geographic Information Systems (GIS) Fund to support the acquisition of computer hardware and software. A transfer of \$133,718 closing out the Fire Substation Construction program was made to the Capital Replacement Fund.

Transfers from the Payroll Insurance Fund

A transfer of \$408,972 was made to close this fund to the General Fund.

Transfers from the Grants Fund

The amount of \$770 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$1,055 was made to the Risk Management Fund. A transfer of \$1,750 was made to move the City Hall Arts program to the Parks and Recreation Fund.

Transfers from the Building Inspection Fund

The amount of \$12,619 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$17,292 was made to the Risk Management Fund. The amount of \$17,600 was transferred to the Geographic Information Systems (GIS) Fund to support the acquisition of computer hardware and software.

Transfer from the Community Development Fund

A transfer of \$378,590 was made to close this fund to the General Fund.

Environmental Safety Fund

A transfer of \$884 was made to close this fund to the General Fund.

Library Memorial Fund

A transfer of \$58,667 was made to close this fund to the Library Renovation program in the Capital Projects Fund.

Risk Management Fund

The amount of \$2,000,000 was transferred to the Capital Replacement Fund to hold in reserve for future City facilities replacement.

VALIANT Fund

A transfer of \$1,633 was made to close this fund to the General Fund.

Economic Improvement District Fund

A transfer of \$2,987 was made to close this fund to the General Fund.

Economic Development Fund

Resources totaling \$1,801 were transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$2,468 was made to the Risk Management Fund. The amount of \$1,077 was transferred as City matching funds for airport improvements funded by the FAA Annual Capital Grant program in the Grants Fund.

Ambulance Fund

Resources totaling \$20,906 were transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$28,649 was made to the Risk Management Fund.

Public Transit Fund

Resources totaling \$5,188 were transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$7,109 was made to the Risk Management Fund.

Public Safety Levy Fund

The amount of \$432,000 was transferred to the General Fund to offset inflationary costs in the Fire Suppression and Police programs. A transfer of \$168,000 was made to the Ambulance Fund to provide support for operational costs. A transfer of \$685,943 was made to the General Fund to provide funding for the Public Safety Levy - Police program. A transfer of \$743,319 was made to the General Fund to provide funding for the Public Safety Levy - Fire program.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

INTERFUND TRANSFERS, continued

Governmental Activities, continued

State Revenue Sharing Fund

A transfer of \$15,000 was made to the Public Transit Fund to provide support for the Albany Transit System program. Funds totaling \$182,100 were transferred to the Public Transit Fund to provide support for the Transit Loop System program. Funding support in the amount of \$88,800 was transferred to the Parks & Recreation Fund for the Paratransit System program. A transfer of \$41,121 was made to close this fund to the General Fund.

Central Albany Redevelopment Area

To support the cost of personnel, \$98,200 was transferred to the Economic Development Fund.

Equipment Replacement Fund

A transfer of \$3,710,413 was made to close this fund to the Capital Replacement Fund.

Improvement Fund

A transfer of \$7,206 was made to close this fund to the Capital Projects Fund.

Business-type Activities

Water Fund

The amount of \$20,435 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$28,003 was made to the Risk Management Fund. To support the cost of personnel, \$20,600 was transferred to the Economic Development Fund.

Sewer Fund

The amount of \$21,205 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$29,058 was made to the Risk Management Fund. To support the cost of personnel, \$20,600 was transferred to the Economic Development Fund.

Central Services Fund

The amount of \$26,273 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$36,003 was made to the Risk Management Fund.

Equipment Maintenance Fund

A transfer of \$88,339 was made to close this fund to the Public Works Services Fund.

GIS Fund

The amount of \$4,897 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$6,711 was made to the Risk Management Fund. A transfer of \$93,771 was made to close this fund to the Central Services Fund.

Public Works Services Fund

The amount of \$59,914 was transferred to the Debt Service Fund for debt service on the 2002 Limited Tax Pension Bonds. A transfer of \$82,103 was made to the Risk Management Fund. A transfer of \$92,000 was made to the General Fund to support personnel costs in the Planning program.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

CAPITAL ASSETS

Governmental Activities

Capital activity for the year ended June 30, 2006, was as follows:

	July 1, 2005 Balance (1)	Additions	Deletions, Transfers in, Transfers out	June 30, 2006 Balance
Land	\$ 3,800,620	\$ 300,331	\$ 1,826,304	\$ 5,927,255
Construction in progress	15,552,914	3,660,091	(12,834,711)	6,378,294
Total non-depreciable capital assets	19,353,534	3,960,422	(11,008,407)	12,305,549
Buildings and improvements	12,512,265	3,036,863	-	15,549,128
Vehicles and equipment	8,814,094	355,327	(443,730)	8,725,691
Infrastructure	74,669,053	3,024,174	11,008,407	88,701,634
Total depreciable capital assets	95,995,412	6,416,364	10,564,677	112,976,453
Total capital assets	115,348,946	10,376,786	(443,730)	125,282,002
Accumulated depreciation				
Buildings and improvements	(3,331,159)	(252,421)	-	(3,583,580)
Vehicles and equipment	(5,502,797)	(606,097)	438,230	(5,670,664)
Infrastructure	(25,264,498)	(3,119,780)	-	(28,384,278)
Total accumulated depreciation	(34,098,454)	(3,978,298)	438,230	(37,638,522)
Governmental activities, capital assets, net	\$ 81,250,492	\$ 6,398,488	\$ (5,500)	\$ 87,643,480

Depreciation expense for governmental activities has been charged as follows:

General government	\$ 390,463
Public safety	445,608
Highways and streets	2,568,962
Culture and recreation	543,423
Internal service funds reported as governmental activities:	
Information Systems Fund	28,570
Central Services Fund	1,272
Geographic Information Systems Fund	-
Total depreciation for governmental activities	<u>\$ 3,978,298</u>

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

Total capital assets from above	\$125,282,002
Internal service fund capital assets reported as governmental activities:	
Information Systems Fund	(536,746)
Central Services Fund	(22,282)
Geographic Information Systems Fund	(73,900)
Schedule of Governmental Capital Assets - By Source, Total investment in governmental capital assets (page 133).	<u>\$124,649,074</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

CAPITAL ASSETS, continued

Business-type Activities

Capital activity for the year ended June 30, 2006, was as follows:

	July 1, 2005 Balance	Additions	Deletions, Transfers in, Transfers out	June 30, 2006 Balance
Land	\$ 1,698,730	\$ 403,051	\$ -	\$ 2,101,781
Construction in progress	33,990,023	9,296,866	(31,671,667)	11,615,222
Total non-depreciable capital assets	<u>35,688,753</u>	<u>9,699,917</u>	<u>(31,671,667)</u>	<u>13,717,003</u>
Land rights	19,794	-	-	19,794
Land improvements	25,178	-	-	25,178
Buildings and improvements	23,345,061	1,742,555	29,956,289	55,043,905
Vehicles and equipment	6,500,324	231,277	(54,460)	6,677,141
Infrastructure	95,666,904	6,038,334	1,715,378	103,420,616
Total depreciable capital assets	<u>125,557,261</u>	<u>8,012,166</u>	<u>31,617,207</u>	<u>165,186,634</u>
Total capital assets	<u>161,246,014</u>	<u>17,712,083</u>	<u>(54,460)</u>	<u>178,903,637</u>
Accumulated depreciation				
Land rights	(13,528)	(659)	-	(14,187)
Land improvements	(18,423)	(633)	-	(19,056)
Buildings and improvements	(9,318,814)	(1,332,035)	-	(10,650,849)
Vehicles and equipment	(4,411,226)	(313,926)	48,791	(4,676,361)
Infrastructure	(26,244,527)	(2,115,841)	-	(28,360,368)
Total accumulated depreciation	<u>(40,006,518)</u>	<u>(3,763,094)</u>	<u>48,791</u>	<u>(43,720,821)</u>
Business-type activities, capital assets, net, as restated	<u>\$121,239,496</u>	<u>\$13,948,989</u>	<u>\$ (5,669)</u>	<u>\$135,182,816</u>

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

Water Fund	\$ 1,723,512
Sewer Fund	2,033,747
Internal service fund reported as business-type activity:	
Equipment Maintenance Fund	5,835
Total depreciation for business-type activities	<u>\$ 3,763,094</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	\$135,182,816
Internal service fund capital assets reported as business-type activities:	
Public Works Services Fund	(135,550)
Capital assets (net), Statement of Net Assets of Proprietary Funds (page 25).	<u>\$135,047,266</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

CONSTRUCTION COMMITMENTS

The City has active construction projects as of June 30, 2006. Water and sewer capital projects include the Albany/Millersburg Joint Water Project, Wastewater Treatment Plant Expansion, 34th Avenue and Oak Creek lift station, South Albany transmission main, and the Diversion Dam & Fish Screen project. Street projects include the Highway 20/99E Interchange improvements, the bridge over Periwinkle Creek at 2nd Avenue, the North Albany Road LID, the downtown Streetscape project, and the Marion Street reconstruction project.

<u>Project</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
Water/Sewer Fund Capital Projects:		
Albany/Millersburg Joint Water Project	\$ 476,584	\$ 831,215
Diversion Dam & Fish Screens	962,621	967,790
Wastewater Treatment Plant Expansion	2,473,490	1,818,326
34th Avenue and Oak Creek sanitary sewer lift station	18,804	131,374
Highway 20/99E Interchange	252,829	133,780
North Albany Road LID	285,701	74,430
Albany Downtown Streetscape	40,044	50,139
Regional Multimodal Transportation Center	201,800	146,491
Marion Street reconstruction	-	254,560
Bridge over Periwinkle Creek at 2nd Avenue	50,077	276,023
Totals	\$ 4,761,950	\$ 4,684,128

The Water and Sewer capital projects are financed from capital project resources of the Water and Sewer Funds. The commitment for the joint water project is being financed by revenue bonds secured by water revenues and a capital contribution from the city of Millersburg. An Oregon Transportation Investment Act (OTIA) grant is being used to fund the Highway 20/99E Interchange project and the Periwinkle Creek bridge project. The North Albany Road LID is being financed through assessments to benefiting properties. The Central Albany Revitalization Area (CARA) is financing the Albany Downtown Streetscape project with urban renewal funds. A combination of federal and state grants, City capital funds, and a grant from Amtrak are funding the Regional Multimodal Transportation Center. Street Fund resources are being used to finance the Marion Street reconstruction project.

SHORT-TERM DEBT

Non-revolving Line of Credit

In May 2004, the Central Albany Revitalization Area (Agency), a blended component unit of the City, issued a \$3,900,000 Non-Revolving Line of Credit (Bond Anticipation Line of Credit (BALC)), to be used to finance a number of approved projects in the Agency's Urban Renewal Plan. The BALC matured in October, 2005, when the Agency obtained long term financing. The outstanding balance of \$300,000 was paid off at that time.

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Central Albany Revitalization Area Non-revolving Line of Credit	\$ 300,000	\$ -	\$ 300,000	\$ -

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

LONG-TERM DEBT

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

	Beginning Balance	Increase	Decrease	Amortization of Discounts & Issue Costs	Ending Balance	Due in 2006/07
Governmental Activities						
Long-term debt payable:						
General obligation bonds						
Series 1996 Fire Substation	\$ 2,575,000	\$ -	\$ 175,000	\$ -	\$ 2,400,000	\$ 185,000
Series 1999 Street Rehabilitation	7,715,000	-	405,000	-	7,310,000	425,000
Special assessment debt with governmental commitment						
Series 1997	1,515,000	-	200,000	-	1,315,000	1,315,000
Series 2002	582,840	-	56,455	-	526,385	59,342
Revenue bonds						
Series 1995 Hotel/Motel Tax	1,230,000	-	200,000	-	1,030,000	200,000
Limited tax pension obligations						
Series 2002	6,783,389	-	43,958	-	6,739,431	55,650
General revenue obligations						
Series 2004	3,720,000	-	230,000	-	3,490,000	225,000
Notes payable						
OEDD-Target Infrastructure	301,749	-	18,552	-	283,197	23,736
CARA Revenue Note	-	1,459,399	-	-	1,459,399	70,186
Total long-term payable	24,422,978	1,459,399	1,328,965	-	24,553,412	2,558,914
Compensated absences	1,721,819	2,008,955	1,881,568	-	1,849,206	924,603
Claims and judgments	25,747	55,898	25,747	-	55,898	55,898
Capital leases	162,060	151,360	108,202	-	205,218	83,813
Total Governmental Activities	<u>\$26,332,604</u>	<u>\$ 3,675,612</u>	<u>\$ 3,344,482</u>	<u>\$ -</u>	<u>\$26,663,734</u>	<u>\$ 3,623,228</u>
Business-type Activities						
General obligation bonds						
1998 Water Refunding	\$ 3,712,499	\$ -	\$ 680,000	\$ 20,688	\$ 3,053,187	\$ 725,000
Water revenue bonds						
2003 Water Revenue/Refunding	38,987,677	-	1,230,000	9,996	37,767,673	1,250,000
Sewer revenue bonds						
2004 Sewer Current Refunding	2,278,559	-	450,000	23,702	1,852,261	465,000
Certificates of participation						
Joint Water Project	452,819	-	54,657	-	398,162	57,704
Notes payable						
Oregon DEQ, North Albany	1,127,561	-	161,080	-	966,481	161,080
Total bonds payable	46,559,115	-	2,575,737	54,386	44,037,764	2,658,784
Compensated absences	396,675	516,844	421,963	-	491,556	245,778
Claims and judgments	17,801	37,796	17,801	-	37,796	37,796
Total Business-type Activities	<u>\$46,973,591</u>	<u>\$ 554,640</u>	<u>\$ 3,015,501</u>	<u>\$ 54,386</u>	<u>\$44,567,116</u>	<u>\$ 2,942,358</u>

Three of the City's four internal service funds, Information Technology, Central Services, and Geographic Information Systems, serve primarily the governmental funds. At year end, long-term liabilities from the internal service funds, compensated absences (\$177,943) and claims and judgments (\$4,886), 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.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

LONG-TERM DEBT, continued

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 \$3,700,000 in general obligation bonds in October 1996, to finance the construction of two fire substations. Interest rates range from 4.5 percent to 5.5 percent for the 19 year bonds. Final maturity is December 1, 2015. The balance outstanding at June 30, 2006, is \$2,400,000.

The City issued \$9,850,000 in general obligation bonds in March 1999, to finance the reconstruction of portions of Santiam Road, 34th Avenue, Elm Street, and Salem Avenue. Interest rates range from 3.1 percent to 4.85 percent for the 20 year bonds. Final maturity is March 1, 2019. The balance outstanding at June 30, 2006, is \$7,310,000.

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

Year Ending June 30	Principal	Interest	Total
2007	\$ 610,000	\$ 455,435	\$ 1,065,435
2008	635,000	428,199	1,063,199
2009	665,000	399,197	1,064,197
2010	695,000	368,620	1,063,620
2011	735,000	336,312	1,071,312
2012-2016	4,260,000	1,115,643	5,375,643
2017-2019	2,110,000	206,695	2,316,695
Totals	\$ 9,710,000	\$ 3,310,101	\$13,020,101

Special Assessment Bancroft Bonds with Governmental Commitment

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

In June 1997, the City issued \$3,000,000 in limited tax assessment bonds to finance the following LID's: Springhill Sewer, 5th Street, Price Road, Pebblebrook, Howard Street, Timber Street/Dogwood Avenue, and Hickory Street. Interest rates range from 4 percent to 4.65 percent for the 10 year bonds. Final maturity is June 1, 2007. The balance outstanding at June 30, 2006, is \$1,315,000.

In June 2002, the City issued \$736,255 in limited tax assessment bonds to finance the following LID's: Alandale, Hickory Street, Marion Street, Riverside Drive, Timber Street, 12th Avenue, and Lehigh/Riderwood. The interest rate is 5.5 percent for the 10 year bonds. Final maturity is June 17, 2012. The balance outstanding at June 30, 2006, is \$526,385.

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

Year Ending June 30	Principal	Interest	Total
2007	\$ 1,374,342	\$ 86,989	\$ 1,461,331
2008	62,377	22,808	85,185
2009	65,567	19,618	85,185
2010	68,920	16,265	85,185
2011	72,444	12,741	85,185
2012	197,735	9,036	206,771
Totals	\$ 1,841,385	\$ 167,457	\$ 2,008,842

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

LONG-TERM DEBT, continued
Governmental Activities, continued

Revenue Obligations

The City issues revenue bonds and pledges income derived from the acquired or constructed assets to pay debt service. In August 1995, the City issued \$2,300,000 in hotel/motel tax revenue bonds to finance the City's share of the capital construction of a new Linn County Fairgrounds and Exposition Center. Debt service requirements will be met through the collection of hotel/motel taxes. Interest rates range from 3.9 percent to 5.75 percent for the 15 year bonds. Final maturity is August 1, 2010. The balance outstanding at June 30, 2006, is \$1,030,000.

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

Year Ending June 30	Principal	Interest	Total
2007	\$ 200,000	\$ 52,625	\$ 252,625
2008	200,000	41,725	241,725
2009	210,000	30,188	240,188
2010	210,000	18,111	228,111
2011	210,000	6,039	216,039
Totals	\$ 1,030,000	\$ 148,688	\$ 1,178,688

Limited Tax Pension Obligations

In March 2002, the City sold \$6,851,826 of Limited Tax Pension Obligations. Net proceeds in the amount of \$6,700,000 were used to finance a portion of the City's estimated unfunded liability in the Oregon Public Employees Retirement System. Debt service requirements are payable from available general funds, including taxes and other funds. Interest rates range from 2 percent to 7.36 percent for the 26 year bonds. Final maturity is June 1, 2028. The balance outstanding at June 30, 2006, is \$6,739,431.

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

Year Ending June 30	Principal	Interest	Total
2007	\$ 55,650	\$ 390,407	\$ 446,057
2008	65,043	401,015	466,058
2009	73,231	412,827	486,058
2010	82,139	428,918	511,057
2011	86,861	444,197	531,058
2012-2016	505,023	2,540,264	3,045,287
2017-2021	951,484	2,844,352	3,795,836
2022-2026	3,450,000	1,262,289	4,712,289
2027-2028	1,470,000	134,944	1,604,944
Totals	\$ 6,739,431	\$ 8,859,213	\$15,598,644

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

LONG-TERM DEBT, continued
Governmental Activities, continued

General Revenue Obligations

The City issued \$3,720,000 in revenue obligations bonds in December 2004, secured by and payable from any unobligated, non-property tax revenues legally available to the City, to finance the construction of a public swimming pool and repayment and/or defeasance of the City's Certificates of Participation, Series 1994. Interest rates range from 2 percent to 5 percent for the 15 year bonds. Final maturity is January 1, 2020. The balance outstanding at June 30, 2006, is \$3,490,000.

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

Year Ending June 30	Principal	Interest	Total
2007	\$ 225,000	\$ 120,976	\$ 345,976
2008	305,000	115,351	420,351
2009	315,000	107,726	422,726
2010	320,000	99,064	419,064
2011	325,000	88,664	413,664
2012-2016	1,345,000	273,355	1,618,355
2017-2021	655,000	67,250	722,250
Totals	\$ 3,490,000	\$ 872,386	\$ 4,362,386

Note Payable

In 1995, the City borrowed \$441,137 from the Oregon Economic Development Department, Special Public Works Fund, to finance infrastructure (water, sewer, and street) improvements in the Linn-Benton Business Park to serve a 650,000 square foot Target Stores, Inc. regional distribution center. Dayton Hudson Corporation DBA Target Stores, Inc. is responsible for \$390,000. The remaining balance, \$51,137 is payable by the City from resources of the Economic Development Fund. The interest rate is 5.47 percent for the 20 year note. Final maturity is December 15, 2015. The balance outstanding at June 30, 2006, is \$283,197 (Dayton Hudson Corporation, \$250,369; City, \$32,828).

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

Year Ending June 30	Principal	Interest	Total
2007	\$ 23,736	\$ 15,995	\$ 39,731
2008	23,925	14,746	38,671
2009	24,155	13,436	37,591
2010	24,373	13,117	37,490
2011	24,619	10,753	35,372
2012-2015	162,389	29,052	191,441
Totals	\$ 283,197	\$ 97,099	\$ 380,296

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

LONG-TERM DEBT, continued
Governmental Activities, continued

Central Albany Revitalization Area Tax-Exempt Revenue Note

In 2005, the Central Albany Revitalization Area issued debt in the amount of \$1,459,399 from Wells Fargo Bank to finance urban renewal projects authorized under its Urban Renewal Plan. Debt service requirements are payable from water system revenues. The principal and interest of the note are payable solely from the tax increment revenues generated by the urban renewal district. The interest rate is 4.85 percent for the 15 year note. Final maturity is October 15, 2020. The balance outstanding at June 30, 2006, is \$1,459,399.

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

Year Ending June 30	Principal	Interest	Total
2007	\$ 70,186	\$ 68,815	\$ 139,001
2008	71,624	67,377	139,001
2009	75,098	63,903	139,001
2010	78,741	60,261	139,002
2011	82,559	56,442	139,001
2012-2016	476,886	218,120	695,006
2017-2020	604,305	90,701	695,006
Totals	\$ 1,459,399	\$ 625,619	\$ 2,085,018

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

LONG-TERM DEBT, continued

Business-type Activities

General Obligation Bonds

In April 1998, the City issued \$7,865,000 in general obligation bonds to advance refund the Advance Refunding General Obligation Water Bonds, Series 1987. Debt service requirements are payable from a direct ad valorem tax upon all of the taxable property within the City. Interest rates range from 3.6 percent to 4.5 percent for the 12 year bonds. Final maturity is November 1, 2009. The balance outstanding of the bonds at June 30, 2006, is \$3,115,000.

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

Year Ending June 30	Principal	Interest	Total
2007	\$ 725,000	\$ 121,021	\$ 846,021
2008	760,000	89,085	849,085
2009	795,000	55,065	850,065
2010	835,000	18,788	853,788
Less - unamortized discounts and issuance costs and loss on refunding	(61,813)	-	(61,813)
<u>Totals</u>	<u>\$ 3,053,187</u>	<u>\$ 283,959</u>	<u>\$ 3,337,146</u>

Revenue Bonds

In November 2003, the City issued \$40,485,000 in Water Revenue and Refunding Bonds, Series 2003, to refund the Second Lien Water Revenue Advance Refunding Bonds, Series 1993B, and to finance the costs of acquiring real and necessary equipment and appurtenances. Debt service requirements are payable from water system revenues. Interest rates range from 2.00 percent to 5.125 percent for the 30 year bonds. Final maturity is August 1, 2033. The balance outstanding of the bonds at June 30, 2006, is \$38,040,000.

In January 2004, the City issued \$2,835,000 in Sewer Current Refunding Bonds, Series 2004, to refund the 1993A Sewer Refunding Bonds. Debt service requirements are payable from water system revenues. The interest rate is 2.65 percent for the six year bonds. Final maturity is August 1, 2009. The balance outstanding of the bonds at June 30, 2006, is \$1,940,000.

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

Year Ending June 30	Principal	Interest	Total
2007	\$ 1,715,000	\$ 1,765,286	\$ 3,480,286
2008	1,755,000	1,708,331	3,463,331
2009	1,805,000	1,630,729	3,435,729
2010	1,850,000	1,564,553	3,414,553
2011	1,055,000	1,521,203	2,576,203
2012-2016	4,495,000	7,104,156	11,599,156
2017-2021	5,365,000	6,077,586	11,442,586
2022-2026	6,790,000	4,598,944	11,388,944
2027-2031	8,735,000	2,724,028	11,459,028
2032-2034	6,415,000	492,125	6,907,125
Less - unamortized discounts, issuance costs, and loss on defeasance	(360,066)	-	(360,066)
<u>Totals</u>	<u>\$39,619,934</u>	<u>\$29,186,941</u>	<u>\$68,806,875</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

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

Certificates of Participation

In March 2002, the City issued \$600,000 in certificates of participation to finance the cost of the acquisition of real and personal property to be used as a City water intake, pumping station, and raw water transmission facility. Debt service requirements are payable solely from the net revenues of the City's water system. The interest rate is 5.5 percent for the 10 year certificates. Final maturity is March 1, 2012. The balance outstanding at June 30, 2006, is \$398,162.

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

Year Ending June 30	Principal	Interest	Total
2007	\$ 57,704	\$ 21,125	\$ 78,829
2008	60,875	17,955	78,830
2009	64,316	14,514	78,830
2010	67,902	10,928	78,830
2011	71,687	7,141	78,828
2012	75,678	3,150	78,828
Totals	\$ 398,162	\$ 74,813	\$ 472,975

Loans Payable

In April 1992, the City borrowed \$5,202,059 from the Oregon Department of Environmental Quality State Revolving Fund to finance the collector sewers for the North Albany Health Hazard Abatement project. Loan repayment requirements are payable solely from the net revenues of the City's sewer system. The interest rate is 3 percent for the 20 year loan. Final maturity is February 1, 2012. The balance outstanding at June 30, 2006 is \$966,482.

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

Year Ending June 30	Principal	Interest	Total
2007	\$ 161,080	\$ 28,994	\$ 190,074
2008	161,080	24,162	185,242
2009	161,080	19,330	180,410
2010	161,080	14,497	175,577
2011	161,080	9,665	170,745
2012	161,081	4,832	165,913
Totals	\$ 966,481	\$ 101,480	\$ 1,067,961

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

CAPITAL LEASES

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

The assets acquired by a capital lease are as follows:

	Governmental Activities
Machinery and equipment (police patrol cars)	\$ 205,218

The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2006, were as follows:

	Governmental Activities
Year Ending June 30,	
2007	\$ 108,202
2008	108,202
2009	15,063
2010	15,063
Total minimum lease payments	246,530
Less: amount representing interest	(41,312)
Present value of minimum lease payments	\$ 205,218

DISCRETELY PRESENTED COMPONENT UNIT

Activity for the Albany Public Library Foundation for the year ended June 30, 2006 , was as follows:

Condensed Statement of Net Assets

Assets:	
Cash and cash equivalents	\$ 11,026
Investments held by others	887,118
Total assets	898,144
Liabilities:	
Accounts payable and accrued liabilities	2,702
Total liabilities	2,702
Net Assets:	
Temporarily restricted	200
Unrestricted	895,242
Total Net Assets	\$ 895,442

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

DISCRETELY PRESENTED COMPONENT UNIT, continued

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

Operating revenues	\$ 106,623
Operating expenses	<u>(160,561)</u>
Operating loss	(53,938)
Nonoperating revenues:	
Investment income	<u>116,625</u>
Change in net assets	62,687
Beginning net assets	<u>832,755</u>
Ending net assets	<u><u>\$ 895,442</u></u>

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$ (36,103)
Noncapital financing activities	<u>45,706</u>
Net increase	9,603
Beginning cash and investments	<u>1,423</u>
Ending cash and investments	<u><u>\$ 11,026</u></u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION

PENSION PLAN

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

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

Plan Description

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

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

Funding Policy

In response to increasing PERS costs to state and local governments, the 72nd Oregon Legislature created the Oregon Public Service Retirement Plan (OPSRP). Public employees hired on or after August 29, 2003, become part of OPSRP, unless membership was previously established in PERS. OPSRP is a hybrid (defined contribution/defined benefit) pension plan with two components: the Pension Program (defined benefit) and the Individual Account Program (defined contribution). A defined 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.

Employer contributions are required by state statute and made at actuarially determined rates as adopted by the Public Employees Retirement Board. Covered employees are required by state statute to contribute six percent of their annual salary to the system, but the employer is allowed to make any or all of the employees' contribution in addition to the required employer contribution. In Fiscal Year 1980-81, the City elected to contribute the six percent "pick-up", \$1,141,412 (six percent of covered payroll), in lieu of a six percent pay increase.

In addition, the City contributed \$2,543,679 based on actuarially determined requirements. OPSRP legislation calls for all employers to be pooled for the purposes of calculating contribution rates. For the City, OPSRP rates are 8.04 percent for general service employees and 11.65 percent for police and fire employees. The rate for PERS Tier I and Tier II employees is 14.04 percent.

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

4. OTHER INFORMATION, continued

PENSION PLAN (continued)

Annual Pension Cost

All PERS and OPSRP participating employers are required by law to submit the contributions as adopted by the Retirement Board. For the fiscal year ended June 30, 2006, the City's annual pension expenditure/expenses exclusive of the six percent "pick-up" was \$1,141,412. This amount consisted of the annual required contribution of \$2,543,679 and (\$5,311) in amortization of pension assets. The City's annual pension cost and pension assets for the fiscal year ended June 30, 2006, were as follows:

Annual required contribution	\$ 2,543,679
Interest on pension assets	(526,381)
Adjustment to the annual required contribution	<u>521,070</u>
Annual pension cost	2,538,368
Contributions made	<u>2,543,679</u>
Increase in pension assets	5,311
Pension assets, beginning of year	<u>6,579,768</u>
Pension assets, end of year	<u>\$ 6,585,079</u>

Asset Valuation Method

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

Economic Assumptions

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

RISK MANAGEMENT

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

The City participates in self-insurance pools of City/County Insurance Services for general, auto, and workers' compensation liability with self-insurance retention limits per occurrence. The pool pays all claims up to \$2,000,000 and purchases insurance to cover any excess liability up to a limit selected by the participating entity. The City has increased its liability coverage to \$5,000,000. Small losses for the City are those under \$5,000. Any claim over \$5,000 is shared with the pool's experience.

The City is assessed an annual maximum premium for auto and workers' compensation liability. For each of the fiscal years ended June 30, 2004, 2005, and 2006, the City was obligated to pay up to \$75,000 in claims and settlement costs. At June 30, 2006, amounts accrued as a liability for Fiscal Year 2004-05 was \$45,585 and for Fiscal Year 2005-06, \$48,108.

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

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
2004	\$ 75,000	\$ 75,000	\$ -
2005	75,000	29,414	45,586
2006	75,000	26,892	48,108

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, 2006, the Linn Regional Fueling Facility's equity balance as reported in its audited financial statements totaled \$477,674. A copy of the Linn Regional Fueling Facility audit report may be obtained from Linn County, P.O. Box 100, Albany, Oregon 97321.

INTERGOVERNMENTAL AGREEMENT

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

INTERGOVERNMENTAL AGREEMENT (continued)

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.

CHANGE IN ACCOUNTING ESTIMATE

For Fiscal Year 2005-2006, the City changed from the method used in the prior fiscal year for calculating internal charges of the Public Works Internal Service Fund. With the help of an independent consultant, cost reimbursement rates were determined for the different programs in the fund. Reimbursement rates were also determined for 2006-2007 fiscal year. The City plans to examine the rates and make adjustments on an annual basis.

Tug on anything at all and you'll find it connected to everything else in the universe.
John Muir

SUPPLEMENTARY DATA

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

CITY OF ALBANY, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2006

	NONMAJOR GOVERNMENTAL FUNDS			
	Special Revenue	Debt Service	Permanent	Total
ASSETS				
Cash and cash equivalents	\$ 10,384,905	-	\$ -	\$ 10,384,905
Receivables:				
Property taxes	165,908	77,169	-	243,077
Accounts receivable	385,900	-	-	385,900
Assessments	-	40,205	-	40,205
Interest	92,620	28,120	1,245	121,985
Loans	534,262	-	-	534,262
Grants	156,575	-	-	156,575
Other assets	10,250	60,488	-	70,738
Restricted cash and investments	27,082	2,742,370	134,229	2,903,681
Total assets	<u>\$ 11,757,502</u>	<u>\$ 2,948,352</u>	<u>\$ 135,474</u>	<u>\$ 14,841,328</u>
LIABILITIES				
Accounts payable	\$ 210,219	\$ -	\$ -	\$ 210,219
Refundable deposits and advances	2,000	-	-	2,000
Unearned revenue	1,131,198	109,728	-	1,240,926
Total liabilities	<u>1,343,417</u>	<u>109,728</u>	<u>-</u>	<u>1,453,145</u>
FUND BALANCES				
Reserved for capital projects	6,466,119	-	-	6,466,119
Reserved for debt service	27,082	2,838,624	-	2,865,706
Reserved for Library programs	-	-	8,437	8,437
Reserved for Parks and Recreation programs	-	-	11,848	11,848
Reserved for perpetual care	-	-	115,189	115,189
Unreserved	3,920,884	-	-	3,920,884
Total fund balances	<u>10,414,085</u>	<u>2,838,624</u>	<u>135,474</u>	<u>13,388,183</u>
Total liabilities and fund balances	<u>\$ 11,757,502</u>	<u>\$ 2,948,352</u>	<u>\$ 135,474</u>	<u>\$ 14,841,328</u>

CITY OF ALBANY, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2006

<u>NONMAJOR GOVERNMENTAL FUNDS</u>				
	Special Revenue	Debt Service	Permanent	Total
REVENUES				
Taxes	\$ 3,216,983	\$ 1,369,159	\$ -	\$ 4,586,142
Special assessments	-	174,484	-	174,484
Licenses and fees	1,492,854	-	-	1,492,854
Intragovernmental revenues	1,302,208	-	-	1,302,208
Charges for services	2,134,639	-	-	2,134,639
Interest on investments	229,169	123,891	5,135	358,195
Miscellaneous	143,514	-	2,414	145,928
Total revenues	<u>8,519,367</u>	<u>1,667,534</u>	<u>7,549</u>	<u>10,194,450</u>
EXPENDITURES				
General government	2,828,814	9,225	-	2,838,039
Public safety	2,103,656	-	-	2,103,656
Culture and recreation	146,064	-	455	146,519
Capital outlay	1,341,454	-	-	1,341,454
Debt service:				
Principal	18,552	1,310,413	-	1,328,965
Interest	30,116	1,151,380	-	1,181,496
Total expenditures	<u>6,468,656</u>	<u>2,471,018</u>	<u>455</u>	<u>8,940,129</u>
Revenues under (over) expenditures	<u>2,050,711</u>	<u>(803,484)</u>	<u>7,094</u>	<u>1,254,321</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	1,459,399	-	-	1,459,399
Transfers in	7,523,767	2,905,095	-	10,428,862
Transfers out	(5,424,500)	(2,110,672)	-	(7,535,172)
Total other financing sources (uses)	<u>3,558,666</u>	<u>794,423</u>	<u>-</u>	<u>4,353,089</u>
Net change in fund balances	5,609,377	(9,061)	7,094	5,607,410
Fund balance - beginning, as restated	4,804,708	2,847,685	128,380	7,780,773
Fund balance - ending	<u>\$ 10,414,085</u>	<u>\$ 2,838,624</u>	<u>\$ 135,474</u>	<u>\$ 13,388,183</u>

Combining Statements

Nonmajor Governmental Funds

Special Revenue Funds

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

- **Payroll Insurance**-accounts for the expenditures relating to insurance for City personnel. This fund was closed in 2005-06 with a transfer to the General Fund.
- **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.
- **Community Development**-receives repayments on deferred payment loans and expends funds for community development projects and activities. This fund was consolidated into the General Fund as of June 30, 2006.
- **Environmental Safety Services**-conducts hazardous materials inspections; provides environmental safety training to outside entities; and provides information and education on the safe use, storage, and generation of hazardous materials. This fund was closed in 2005-06 with a transfer to the General Fund.
- **Library Memorial**-purchases books or materials with funds donated to the Library from individuals and organizations. The balances of this fund were transferred to the Library Renovation project in the Capital Projects Fund as of June 30, 2006.
- **Risk Management**-provides an independent accounting of monies collected through the payroll system which are held in reserve pursuant to pending court litigation. This fund was formerly called the PERS Reserve Fund.
- **VALIANT**-accounts for the activity of the multi-agency task force whose function is to interdict drug marketing and distribution in Linn and Benton Counties. This fund was closed in 2005-06 with a transfer to the General Fund.
- **Economic Improvement District**-collects fees assessed on properties in the Economic Improvement District which provides funding to operate the Albany Downtown Association. This fund was closed in 2005-06 with a transfer to the General Fund.
- **Economic Development**-receives proceeds from the City's hotel/motel tax to enhance economic development in the City. This fund also accounts for funds used for the maintenance of the Albany Municipal Airport.
- **Ambulance**-provides all emergency and nonemergency ambulance transportation for the City of Albany and portions of Linn, Benton, and Marion Counties.
- **Public Transit**-operates the Albany Transit System which transports customers to destinations in the City and the Linn-Benton Loop System which transports riders between the cities of Albany and Corvallis.
- **Senior Center Foundation**-accounts for the revenues and expenditures of the foundation which operates the gift shop at the Senior Center, conducts fund raising activities, and receives gifts and donations. This fund was closed in 2005-06 with a transfer to the Parks and Recreation Fund.

What we see depends on what we look for.
John Lubbock

Combining Statements

Nonmajor Governmental Funds

Special Revenue Funds, continued

- **Public Safety Levy**-provides independent accounting of property tax revenues collected from the Public Safety Levy passed by the voters of the City in the November 2002 General Election.
- **State Revenue Sharing**-receives funds from the state of Oregon which the City has elected to use to offset the operating costs of public transit (Paratransit System, Albany Transit System, and Linn-Benton Loop System). This fund was closed in 2005-06 with a transfer to the General Fund.
- **Capital Replacement**-accounts for monies accumulated for the replacement of vehicles, computer equipment, and City facilities
- **Central Albany Revitalization Area (CARA)**-accounts for the projects funded through the CARA urban renewal district.

CITY OF ALBANY, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (1)
June 30, 2006

	Payroll Insurance	Grants	Building Inspection	Community Development	Environ- mental Safety Services	Library Memorial	Risk Management
ASSETS							
Cash and cash equivalents	\$ -	\$ 141	\$ 918,448	\$ -	\$ -	\$ -	\$ 364,178
Receivables:							
Property Taxes	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Interest	-	-	7,875	-	-	-	20,499
Loans	-	-	-	-	-	-	-
Grants	-	156,575	-	-	-	-	-
Other assets	-	-	2,700	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 156,716</u>	<u>\$ 929,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 384,677</u>
LIABILITIES							
Accounts payable	\$ -	\$ 90,837	\$ 32,269	\$ -	\$ -	\$ -	\$ -
Refundable deposits and advances	-	-	-	-	-	-	-
Unearned revenue	-	65,879	-	-	-	-	-
Total liabilities		<u>156,716</u>	<u>32,269</u>				<u>-</u>
FUND BALANCES							
Reserved for capital projects	-	-	-	-	-	-	-
Reserved for debt service	-	-	-	-	-	-	-
Unreserved	-	-	896,754	-	-	-	384,677
Total fund balances	-	-	<u>896,754</u>	-	-	-	<u>384,677</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 156,716</u>	<u>\$ 929,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 384,677</u>

(1) During Fiscal Year 2005-06 the following funds were closed with transfers to the General Fund: Payroll Insurance, Community Development, Environmental Safety Services, VALIANT, Economic Improvement District, and State Revenue Sharing. The Library Memorial Fund was closed with a transfer to the Library Renovation program in the Capital Projects Fund. The Senior Center Foundation was closed with a transfer to the Parks & Recreation Fund.

VALIANT	Economic Improvement District	Economic Development	Ambulance	Public Transit	Senior Center Foundation	Public Safety Levy	State Revenue Sharing	Capital Replacement	Central Albany Revitalization Area	Total
\$ -	\$ -	\$ 385,935	\$ 408,369	\$ 63,529	\$ -	\$ 621,835	\$ -	\$ 6,464,580	\$ 1,157,890	\$ 10,384,905
-	-	-	-	-	-	127,426	-	-	38,482	165,908
-	-	6,782	379,118	-	-	-	-	-	-	385,900
-	-	3,492	4,076	406	-	6,357	-	38,989	10,926	92,620
-	-	250,369	-	-	-	-	-	-	283,893	534,262
-	-	-	-	-	-	-	-	-	-	156,575
-	-	50	7,500	-	-	-	-	-	-	10,250
-	-	27,082	-	-	-	-	-	-	-	27,082
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 673,710</u>	<u>\$ 799,063</u>	<u>\$ 63,935</u>	<u>\$ -</u>	<u>\$ 755,618</u>	<u>\$ -</u>	<u>\$ 6,503,569</u>	<u>\$ 1,491,191</u>	<u>\$ 11,757,502</u>
\$ -	\$ -	\$ 3,432	\$ 27,853	\$ 14,319	\$ -	\$ -	\$ -	\$ 37,450	\$ 4,059	\$ 210,219
-	-	2,000	-	-	-	-	-	-	-	2,000
-	-	250,369	379,123	-	-	116,793	-	-	319,034	1,131,198
		255,801	406,976	14,319		116,793		37,450	323,093	1,343,417
-	-	-	-	-	-	-	-	6,466,119	-	6,466,119
-	-	27,082	-	-	-	-	-	-	-	27,082
-	-	390,827	392,087	49,616	-	638,825	-	-	1,168,098	3,920,884
-	-	417,909	392,087	49,616	-	638,825	-	6,466,119	1,168,098	10,414,085
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 673,710</u>	<u>\$ 799,063</u>	<u>\$ 63,935</u>	<u>\$ -</u>	<u>\$ 755,618</u>	<u>\$ -</u>	<u>\$ 6,503,569</u>	<u>\$ 1,491,191</u>	<u>\$ 11,757,502</u>

CITY OF ALBANY, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2006

	Payroll Insurance	Grants	Building Inspection	Community Development	Environ- mental Safety Services	Library Memorial	Risk Management
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees	-	-	1,457,890	-	2,300	-	-
Intragovernmental revenues	-	605,427	-	-	72,269	-	-
Charges for services	-	-	-	-	37,802	-	-
Interest on investments	-	1,947	31,976	14,730	(95)	2,757	79,153
Miscellaneous	-	8,709	2,925	38,400	1,533	26,998	5,252
Total revenues		616,083	1,492,791	53,130	113,809	29,755	84,405
EXPENDITURES							
General government	-	15,361	1,423,680	12,778	-	-	-
Public safety	-	215,771	-	-	121,025	-	-
Culture and recreation	-	84,457	-	-	-	56,384	-
Capital outlay	-	297,996	8,771	28,000	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures		613,585	1,432,451	40,778	121,025	56,384	
Revenues under (over) expenditures		2,498	60,340	12,352	(7,216)	(26,629)	84,405
OTHER FINANCING SOURCES (USES)							
Debt issuance	-	-	-	-	-	-	-
Transfers in	-	1,077	-	-	-	-	599,967
Transfers out	(408,972)	(3,575)	(47,511)	(378,590)	(884)	(58,667)	(2,000,000)
Total other financing sources (uses)	(408,972)	(2,498)	(47,511)	(378,590)	(884)	(58,667)	(1,400,033)
Net change in fund balances	(408,972)	-	12,829	(366,238)	(8,100)	(85,296)	(1,315,628)
Fund balance - beginning	408,972	-	883,925	366,238	8,100	85,296	1,700,305
Fund balance - ending	\$ -	\$ -	\$ 896,754	\$ -	\$ -	\$ -	\$ 384,677

VALIANT	Economic Improvement District	Economic Development	Ambulance	Public Transit	Senior Center Foundation	Public Safety Levy	State Revenue Sharing	Capital Replacement	Central Albany Revitalization Area	Total
\$ -	\$ -	\$ 354,502	\$ -	\$ -	\$ -	\$ 2,171,708	\$ -	\$ -	\$ 690,773	\$ 3,216,983
-	32,664	-	-	-	-	-	-	-	-	1,492,854
-	-	-	8,065	318,860	-	-	297,587	-	-	1,302,208
-	-	146,019	1,810,590	59,512	5,716	-	-	75,000	-	2,134,639
4,051	203	11,201	11,835	659	16	28,166	1,101	-	41,469	229,169
884	-	31,510	16,473	5,113	5,717	-	-	-	-	143,514
4,935	32,867	543,232	1,846,963	384,144	11,449	2,199,874	298,688	75,000	732,242	8,519,367
-	32,664	550,999	-	542,631	15,894	-	-	-	234,807	2,828,814
35,548	-	-	1,731,312	-	-	-	-	-	-	2,103,656
-	-	-	-	-	-	-	-	5,223	-	146,064
-	-	-	-	-	-	-	-	1,281	1,005,406	1,341,454
-	-	18,552	-	-	-	-	-	-	-	18,552
-	-	16,959	-	-	-	-	-	-	13,157	30,116
35,548	32,664	586,510	1,731,312	542,631	15,894	-	-	6,504	1,253,370	6,468,656
(30,613)	203	(43,278)	115,651	(158,487)	(4,445)	2,199,874	298,688	68,496	(521,128)	2,050,711
-	-	-	-	-	-	-	-	-	1,459,399	1,459,399
-	-	160,000	168,000	197,100	-	-	-	6,397,623	-	7,523,767
(1,633)	(2,987)	(5,346)	(49,555)	(12,297)	-	(2,029,262)	(327,021)	-	(98,200)	(5,424,500)
(1,633)	(2,987)	154,654	118,445	184,803	-	(2,029,262)	(327,021)	6,397,623	1,361,199	3,558,666
(32,246)	(2,784)	111,376	234,096	26,316	(4,445)	170,612	(28,333)	6,466,119	840,071	5,609,377
32,246	2,784	306,533	157,991	23,300	4,445	468,213	28,333	-	328,027	4,804,708
\$ -	\$ -	\$ 417,909	\$ 392,087	\$ 49,616	\$ -	\$ 638,825	\$ -	\$ 6,466,119	\$ 1,168,098	\$ 10,414,085

Life is too important a thing ever to talk seriously about.
Oscar Wilde

Combining Statements

Nonmajor Governmental Funds

Debt Service Funds

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

- **Debt Service Fund**-accounts for the repayment of general obligation and revenue bond debt issues financed by general property taxes and transient room tax revenues, the 2002 Limited Tax Pension Bonds whose debt service requirements are met through charges to other funds, and the 2004 Revenue Obligations whose debt service is provided through transfers from the General Fund and the Parks & Recreation Fund.
- **Bancroft Bond Redemption**-accounts for the accumulation of resources and the payment of the debt related to completed special assessment projects. The benefited property owners chose to defer payment to the City for improvements, and the City sold limited assessment bonds backed by liens on the assessed property, under provisions of the State's Bancroft Bonding Act. This fund was closed in Fiscal Year 2005-06 with a transfer to the Debt Service Fund.

CITY OF ALBANY, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET (1)
June 30, 2006

	<u>Debt Service</u>	<u>Bancroft Bond Redemption</u>	<u>Total</u>
ASSETS			
Receivables:			
Property taxes	\$ 77,169	\$ -	\$ 77,169
Assessments	40,205	-	40,205
Interest	28,120	-	28,120
Other assets	60,488	-	60,488
Restricted cash and investments	2,742,370	-	2,742,370
Total assets	<u>\$ 2,948,352</u>	<u>\$ -</u>	<u>\$ 2,948,352</u>
LIABILITIES			
Deferred revenue	\$ 109,728	\$ -	\$ 109,728
Total liabilities	<u>109,728</u>	<u>-</u>	<u>109,728</u>
FUND BALANCES			
Reserved for debt service	2,838,624	-	2,838,624
Total fund balances	<u>2,838,624</u>	<u>-</u>	<u>2,838,624</u>
Total liabilities and fund balances	<u>\$ 2,948,352</u>	<u>\$ -</u>	<u>\$ 2,948,352</u>

(1) As of June 30, 2006, the Bancroft Bond Redemption Fund was consolidated with the Debt Service Fund.

CITY OF ALBANY, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2006

	Debt Service	Bancroft Bond Redemption	Total
REVENUES			
Property taxes	\$ 1,113,145	\$ -	\$ 1,113,145
Transient room taxes	256,014	-	256,014
Assessment collections	-	174,484	174,484
Interest on investments	35,295	88,596	123,891
Total revenues	<u>1,404,454</u>	<u>263,080</u>	<u>1,667,534</u>
EXPENDITURES			
Current:			
General government	9,075	150	9,225
Debt service:			
Principal	1,053,958	256,455	1,310,413
Interest	1,052,302	99,078	1,151,380
Total expenditures	<u>2,115,335</u>	<u>355,683</u>	<u>2,471,018</u>
Revenues under expenditures	<u>(710,881)</u>	<u>(92,603)</u>	<u>(803,484)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,905,095	-	2,905,095
Transfers out	-	(2,110,672)	(2,110,672)
Total other financing sources (uses)	<u>2,905,095</u>	<u>(2,110,672)</u>	<u>794,423</u>
Net change in fund balances	2,194,214	(2,203,275)	(9,061)
Fund balance - beginning	644,410	2,203,275	2,847,685
Fund balance - ending	<u>\$ 2,838,624</u>	<u>\$ -</u>	<u>\$ 2,838,624</u>

Eternity is a mere moment, just long enough for a joke.
Hermann Hesse

Combining Statements

Nonmajor Governmental Funds

Capital Project Funds

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

- **Equipment Replacement**-accumulates monies through charges to the various funds for the replacement of equipment. This fund was closed in Fiscal Year 2005-06 with a transfer to the Capital Replacement Fund.
- **Improvement**-accounts for the construction and financing of local improvement district projects benefiting properties within the City. This fund was closed in Fiscal Year 2005-06 with a transfer to the Capital Projects Fund.

CITY OF ALBANY, OREGON
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET (1)
June 30, 2006

	Equipment Replacement	Improvement	Totals
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Total assets	\$ -	\$ -	\$ -
 LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	-	-	-
 FUND BALANCES			
Reserved for capital assets	-	-	-
Total fund balances	-	-	-
Total liabilities and fund balances	\$ -	\$ -	\$ -

(1) As of June 30, 2006, the Equipment Replacement Fund was closed out with a transfer to the Capital Replacement Fund. The Improvement Fund was closed out with a transfer to the Capital Projects Fund. The Capital Projects Fund qualified as a major fund for the 2005-06 fiscal year.

CITY OF ALBANY, OREGON
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
for the year ended June 30, 2006

	Equipment Replacement	Improvement	Totals
REVENUES			
Special assessments	\$ -	\$ 577,529	\$ 577,529
Charges for services	536,324	-	536,324
Interest on investments	135,574	13,294	148,868
Miscellaneous	56,883	-	56,883
Total revenues	<u>728,781</u>	<u>590,823</u>	<u>1,319,604</u>
 EXPENDITURES			
Current:			
General government	117,097	-	117,097
Capital outlay	170,580	294,823	465,403
Total expenditures	<u>287,677</u>	<u>294,823</u>	<u>582,500</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>441,104</u>	<u>296,000</u>	<u>737,104</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	139,500	-	139,500
Transfers out	(3,710,413)	(7,206)	(3,717,619)
Total other financing uses	<u>(3,570,913)</u>	<u>(7,206)</u>	<u>(3,578,119)</u>
Net change in fund balances	(3,129,809)	288,794	(2,841,015)
Fund balance - beginning, as restated	3,129,809	(288,794)	2,841,015
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

If our actions stem from honesty, kindness, caring, and vision, then no matter what the result of our efforts, we have added something of value to our souls and to the world.

Joan Boysenko

Combining Statements

Nonmajor Governmental Funds

Permanent Funds

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

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

CITY OF ALBANY, OREGON
NONMAJOR PERMANENT FUNDS
COMBINING BALANCE SHEET
June 30, 2006

	Senior Center <u>Endowment</u>	Library Trust	<u>Total</u>
ASSETS			
Interest receivable	\$ 434	\$ 811	\$ 1,245
Restricted cash and investments	47,174	87,055	134,229
Total assets	<u>\$ 47,608</u>	<u>\$ 87,866</u>	<u>\$ 135,474</u>
 FUND BALANCES			
Reserved for Library Programs	-	8,437	8,437
Reserved for Parks and Recreation Programs	11,848	-	11,848
Reserved for perpetual care	35,760	79,429	115,189
Total fund balances	<u>47,608</u>	<u>87,866</u>	<u>135,474</u>
Total liabilities and fund balances	<u>\$ 47,608</u>	<u>\$ 87,866</u>	<u>\$ 135,474</u>

CITY OF ALBANY, OREGON
NONMAJOR PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2006

	Senior Center Endowment	Library Trust	Total
REVENUES			
Interest on investments	\$ 1,773	\$ 3,362	\$ 5,135
Gifts and donations	2,414	-	2,414
Total revenues	<u>4,187</u>	<u>3,362</u>	<u>7,549</u>
Fund balance - beginning	43,876	84,504	128,380
Fund balance - ending	<u>\$ 47,608</u>	<u>\$ 87,866</u>	<u>\$ 135,474</u>

If you smile when no one else is around, you really mean it.
Andy Rooney

Combining Statements

Nonmajor Proprietary Funds

Internal Service Funds

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

- **Central Service**-provides administrative services to all City departments. Services include Mayor and Council, City Manager's office, Finance office, Graphic Services, and Human Resources.
- **Information Systems**-assists the City's departments in responding to the needs of citizens by enabling City employees to quickly access vital information. This fund was closed in Fiscal Year 2005-06 with a transfer to the Central Service Fund.
- **Equipment Maintenance**-provides maintenance, repair, and minor construction for the Water and Sewer Funds. This fund was closed in Fiscal Year 2005-06 with a transfer to the Public Works Services Fund.
- **Geographical Information Systems (GIS)**-provides a planned implementation of a computerized system incorporating all components of the City's mapping efforts into an integrated geographic information system, accessible to all departments. This fund was closed in Fiscal Year 2005-06 with a transfer to the Central Service Fund.
- **Public Works Services**-provides management services to all functions of Public Works: utilities, public transit, street maintenance and capital construction, and geographic mapping activities.

An investment in knowledge still yields the best returns.
Benjamin Franklin

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2006

	Equipment Maintenance	Information Technology	Central Services	Geographic Information Systems Services	Public Works Services	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 590,295	\$ -	\$ 406,523	\$ 996,818
Accrued interest	-	-	6,091	-	(215)	5,876
Other assets	-	-	2,743	-	5,002	7,745
Total current assets			599,129		411,310	1,010,439
Capital assets (net)			49,450	-	135,550	185,000
Total assets	\$ -	\$ -	\$ 648,579	\$ -	\$ 546,860	\$ 1,195,439
LIABILITIES						
Current liabilities:						
Accounts payable	\$ -	\$ -	\$ 168,531	\$ -	\$ 137,338	\$ 305,869
Salaries, withholdings, vacations, and taxes payable	-	-	177,943	-	317,295	495,238
Claims & judgments	-	-	4,886	-	-	4,886
Total liabilities			351,360		454,633	805,993
NET ASSETS						
Invested in capital assets, net of related debt	-	-	49,450	-	135,550	185,000
Unrestricted	-	-	247,769	-	(43,323)	204,446
Total net assets	\$ -	\$ -	\$ 297,219	\$ -	\$ 92,227	\$ 389,446

As of June 30, 2006, the Information Technology and Geographic Information Systems Services Funds were closed to the Central Services Fund. The Equipment Maintenance Fund was consolidated into the Public Works Services Fund.

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
for the year ended June 30, 2006

	Equipment Maintenance	Information Technology	Central Services	Geographic Information Systems Services	Public Works Services	Total
OPERATING REVENUES						
Service charges and fees	\$ -	\$ 1,132,496	\$ 2,838,344	\$ 526,122	\$ 7,480,039	\$11,977,001
Miscellaneous	-	3,053	97,342	201	28,540	129,136
Total operating revenues		1,135,549	2,935,686	526,323	7,508,579	12,106,137
OPERATING EXPENSES						
Salaries and wages	-	432,272	1,860,396	312,111	4,231,417	6,836,196
Contracted services	-	84,744	201,959	161,437	606,589	1,054,729
Operating supplies	-	154,105	310,491	25,837	413,254	903,687
Utilities	-	11,592	12,651	1,835	114,999	141,077
Depreciation	-	28,570	1,272	-	5,835	35,677
Repairs and maintenance	-	5,099	5	1,539	62,817	69,460
Charges for services	-	102,112	572,114	55,396	1,772,865	2,502,487
Miscellaneous	-	-	2,366	-	-	2,366
Total operating expenses		818,494	2,961,254	558,155	7,207,776	11,545,679
Operating income (loss)		317,055	(25,568)	(31,832)	300,803	560,458
NONOPERATING REVENUES						
Interest on investments	-	23,946	12,589	3,435	2,874	42,844
Income (loss) before transfers	-	341,001	(12,979)	(28,397)	303,677	603,302
Transfers in	-	-	280,939	70,300	128,335	479,574
Transfers out	(88,339)	(756,141)	(62,276)	(105,379)	(234,017)	(1,246,152)
Change in net assets	(88,339)	(415,140)	205,684	(63,476)	197,995	(163,276)
Net assets, July 1, 2005	88,339	415,140	91,535	63,476	(105,768)	552,722
Net assets, June 30, 2006	\$ -	\$ -	\$ 297,219	\$ -	\$ 92,227	\$ 389,446

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
for the year ended June 30, 2006

	Equipment Maintenance	Information Technology	Central Services	Geographic Information Systems Services	Public Works Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ -	\$ 1,132,496	\$ 2,838,344	\$ 526,122	\$ 7,480,039	\$ 11,977,001
Cash payments to suppliers of goods and services		(363,535)	(965,258)	(224,814)	(2,913,276)	(4,466,883)
Cash payments to employees for services		(450,051)	(1,776,856)	(333,854)	(4,147,830)	(6,708,591)
Other operating revenues	-	3,053	97,342	201	28,540	129,136
Net cash provided by (used in) operating activities		321,963	193,572	(32,345)	447,473	930,663
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	242,383	70,300	39,996	352,679
Transfers out	-	(717,585)	(62,276)	(105,379)	(234,017)	(1,119,257)
Net cash used in noncapital financing activities	-	(717,585)	180,107	(35,079)	(194,021)	(766,578)
CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES:						
Purchase of capital assets	-	(22,564)	-	-	(12,926)	(35,490)
Loss on retirement of capital assets	-	-	1,543	-	-	1,543
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest on investments	-	25,444	7,228	3,714	2,965	39,351
Net increase (decrease) in cash and investments	-	(392,742)	382,450	(63,710)	243,491	169,489
CASH AND INVESTMENTS, July 1, 2005	-	392,742	207,845	63,710	163,032	827,329
CASH AND INVESTMENTS, June 30, 2006	\$ -	\$ -	\$ 590,295	\$ -	\$ 406,523	\$ 996,818

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

Operating income (loss)	\$ -	\$ 317,055	\$ (25,568)	\$ (31,832)	\$ 300,803	\$ 560,458
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	-	28,570	1,272	-	5,835	35,677
Changes in assets and liabilities:						
Other assets	-	3,004	(1,116)	21,343	(2,898)	20,333
Accounts payable	-	(8,643)	135,444	(113)	60,146	186,834
Salaries, withholdings, vacations, and taxes payable	-	(17,779)	80,498	(21,580)	83,980	125,119
Claims & judgments	-	(244)	3,042	(163)	(393)	2,242
Total adjustments	-	4,908	219,140	(513)	146,670	370,205
Net cash provided by (used in) operating activities	\$ -	\$ 321,963	\$ 193,572	\$ (32,345)	\$ 447,473	\$ 930,663

NONCASH ACTIVITIES

Transfers in to close Internal Service Funds	\$ -	\$ -	\$ 38,273	\$ -	\$ 88,339	\$ 126,612
Transfers out to close Internal Service Funds	\$ (88,339)	\$ (38,273)	\$ -	\$ -	\$ -	\$ (126,612)

Budgetary Comparison Schedules

Pursuant to the provisions of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires an individual schedule of revenues, expenditures/expenses, and changes in fund balances/net assets-budget and actual, be presented for each fund where legally adopted budgets are required.

In accordance with GASB Statement No. 34, the City's General Fund, and any major special revenue fund are presented in the basic financial statements. The City's has two major special revenue funds: Street and Parks & Recreation. All other fund budgetary comparisons are displayed in the following pages as supplementary information.

We are drowning in information and starved for information.
Unknown

Schedule of Revenues and Expenditures - Budget and Actual

(page numbers in parentheses)

Governmental Funds

Special Revenue Funds

Payroll Insurance (95)
Grants (96-97)
Building Inspection (98)
Community Development (99)
Environmental Safety (100)
Library Memorial (101)
Risk Management (102)
VALIANT (103)
Economic Improvement District (104)
Economic Development (105)
Ambulance (106)
Public Transit (107)
Senior Center Foundation (108)
Public Safety Levy (109)
State Revenue Sharing (110)
Capital Replacement (111)
Central Albany Revitalization Area (112)

Debt Service Funds

Debt Service (113)
Bancroft Bond Redemption (114)

Capital Project Funds

Equipment Replacement (115)
Improvement (116)

Permanent Funds

Senior Center Endowment (117)
Library Trust (118)

The Beatles, Paul, John, George, and Ringo have done more for the fall of Communism
than any other western institution.

Artemy Troitsky

CITY OF ALBANY, OREGON
PAYROLL INSURANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Fund balance, beginning	\$ 410,000	\$ 410,000	\$ 408,972	\$ (1,028)
Amount available for appropriation	<u>\$ 410,000</u>	<u>\$ 410,000</u>	<u>\$ 408,972</u>	<u>\$ (1,028)</u>

Expenditures	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Transfer out	\$ 410,000	\$ 410,000	\$ 408,972	\$ 1,028
Total expenditures	<u>\$ 410,000</u>	<u>\$ 410,000</u>	<u>\$ 408,972</u>	<u>\$ 1,028</u>
Fund balance, ending			<u>\$ -</u>	

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total revenues, total expenditures, and fund balance from above	\$ 408,972	\$ 408,972	\$ -
Reconciling item:			
Eliminate transfer out	-	(408,972)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 70-71)	<u>\$ 408,972</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ALBANY, OREGON
GRANTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
United States Department of Justice	\$ -	\$ 6,800	\$ 19,046	\$ 12,246
Title XIX Medical Assistance Grant	47,000	49,500	68,418	18,918
Federal Aviation Administration	450,000	450,000	142,636	(307,364)
Federal Emergency Management Agency	6,500	6,500	2,906	(3,594)
Department of Homeland Security	-	283,400	-	(283,400)
State of Oregon	343,900	439,300	364,659	(74,641)
Oregon Watershed Enhancement Board	52,000	52,000	-	(52,000)
Land & Water Conservation Fund	137,500	137,500	-	(137,500)
OHSU Office of Rural Health	-	-	-	-
Linn County	-	7,800	7,762	(38)
Gifts and donations	90,500	90,500	8,280	(82,220)
Miscellaneous revenue	-	-	429	429
Interest on investments	700	700	1,947	1,247
Total revenues	<u>1,128,100</u>	<u>1,524,000</u>	<u>616,083</u>	<u>(907,917)</u>
Other financing source				
Transfer from General Fund	50,000	57,100	1,077	(56,023)
Fund balance, beginning	69,800	111,000	-	(111,000)
Amount available for appropriation	<u>\$ 1,247,900</u>	<u>\$ 1,692,100</u>	<u>\$ 617,160</u>	<u>\$ (1,074,940)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
911 Emergency Dispatch Grant	\$ 220,000	\$ 220,000	\$ 186,057	\$ 33,943
FAA Annual Capital Grant	500,000	500,000	143,713	356,287
Albany Industrial Park North-South	-	47,000	3,487	43,513
FEMA Grant	6,500	6,500	2,906	3,594
SCBA Homeland Security	-	283,400	-	283,400
DOJ Bulletproof Vest Grant	4,600	4,600	-	4,600
2003 Law Enforcement Grant	13,100	13,100	12,339	761
Linn Co Victim Impact Panel	-	7,800	7,762	38
State Homeland Security Grant	-	7,300	-	7,300
2004 Law Enforcement Grant	-	6,800	6,707	93
City Hall Arts Grant	2,500	5,000	2,405	2,595
Title XIX Grant	63,600	104,800	69,957	34,843
Swanson Aquatic Facility Land Acquisition Grant	37,500	37,500	-	37,500
Swanson Aquatic Facility Construction Grant	100,000	100,000	-	100,000
2004-05 SHPO Historic Preservation Grant	6,900	10,100	9,638	462
2003-05 LCDC UGM Periodic Review	5,000	5,000	-	5,000
23rd Ave Infrastructure Grant	128,000	173,000	154,284	18,716
2005-06 SHPO Historic Preservation Grant	6,000	6,000	2,235	3,765
Library Foundation Grants	35,000	35,000	6,630	28,370
Oregon Community Foundation	55,000	55,000	-	55,000
State Library Grant	12,200	12,200	9,040	3,160
OWEB 2nd Ave Culvert Removal Grant	52,000	52,000	-	52,000
Total expenditures	<u>\$ 1,247,900</u>	<u>\$ 1,692,100</u>	<u>\$ 617,160</u>	<u>\$ 1,074,940</u>
Fund balance, ending			<u>\$ -</u>	

Continued

CITY OF ALBANY, OREGON
GRANTS FUND (Continued)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 616,083	\$ 617,160	\$ -
Reconciling items:			
Eliminate transfers out	-	(3,575)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 70-71)	\$ 616,083	\$ 613,585	\$ -

CITY OF ALBANY, OREGON
BUILDING INSPECTION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Building permit surcharge	\$ 116,200	\$ 116,200	\$ 64,933	\$ (51,267)
Master electrical permit	1,400	1,400	1,801	401
Electrical minor labels	1,400	1,400	3,422	2,022
Residential building permits	1,179,400	1,179,400	874,492	(304,908)
Commercial building permits	307,000	307,000	323,221	16,221
Land use plan review fee	20,000	20,000	13,225	(6,775)
Manufactured home set-up fees	4,800	4,800	1,670	(3,130)
Fire sprinkler permits	5,800	5,800	5,034	(766)
Fire sprinkler plan review	2,300	2,300	2,120	(180)
Parking lot permits	3,200	3,200	2,195	(1,005)
Parking lot plan review	1,200	1,200	980	(220)
Residential electrical permits	158,100	158,100	134,785	(23,315)
Fire alarm permits	3,000	3,000	2,415	(585)
Fire alarm plan review	1,200	1,200	1,190	(10)
Sign permits	2,300	2,300	2,200	(100)
Document imaging fees	17,600	17,600	24,207	6,607
Miscellaneous	200	200	2,925	2,725
Interest on investments	13,600	13,600	31,976	18,376
Total revenues	<u>1,838,700</u>	<u>1,838,700</u>	<u>1,492,791</u>	<u>(345,909)</u>
Fund balance, beginning	804,100	804,100	883,925	79,825
Amount available for appropriation	<u>\$ 2,642,800</u>	<u>\$ 2,642,800</u>	<u>\$ 2,376,716</u>	<u>\$ (266,084)</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Building Inspection	\$ 2,466,700	\$ 2,466,700	\$ 1,315,012	\$ 1,151,688
Electrical Permit Program	176,100	176,100	164,950	11,150
Total expenditures	<u>\$ 2,642,800</u>	<u>\$ 2,642,800</u>	<u>\$ 1,479,962</u>	<u>\$ 1,162,838</u>
Fund balance, ending			<u>\$ 896,754</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,492,791	\$ 1,479,962	\$ 896,754
Reconciling items:			
Eliminate transfers out	-	(47,511)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 70-71)	<u>\$ 1,492,791</u>	<u>\$ 1,432,451</u>	<u>\$ 896,754</u>

CITY OF ALBANY, OREGON
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Community Development Block Grant loan repayments:				
Principal	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Interest	3,000	3,000	-	(3,000)
HUD rental rehab loan repayments	-	40,000	38,400	(1,600)
Interest on investments	6,100	14,100	14,730	630
Total revenues	<u>19,100</u>	<u>67,100</u>	<u>53,130</u>	<u>(13,970)</u>
Fund balance, beginning	419,400	476,400	366,238	(110,162)
Amount available for appropriation	<u>\$ 438,500</u>	<u>\$ 543,500</u>	<u>\$ 419,368</u>	<u>\$ (124,132)</u>

Expenditures	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Community Development	\$ 431,000	\$ 533,000	\$ 411,809	\$ 121,191
Historic Preservation	7,500	10,500	7,559	2,941
Total expenditures	<u>\$ 438,500</u>	<u>\$ 543,500</u>	<u>\$ 419,368</u>	<u>\$ 124,132</u>
Fund balance, ending			<u>\$ -</u>	

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total revenues, total expenditures, and fund balance from above	\$ 53,130	\$ 419,368	\$ -
Reconciling item:			
Eliminate transfer out	-	(378,590)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 70-71)	<u>\$ 53,130</u>	<u>\$ 40,778</u>	<u>\$ -</u>

CITY OF ALBANY, OREGON
ENVIRONMENTAL SAFETY SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Permit fees	\$ 1,500	\$ 1,500	\$ 2,300	\$ 800
Conflagration response reimbursement	69,000	73,000	71,584	(1,416)
Oregon State Fire Marshall Hazmat reimbursement	10,000	10,000	685	(9,315)
Research and development revenues	5,000	5,000	2,300	(2,700)
Training	65,000	65,000	32,092	(32,908)
Water rescue training revenues	2,000	2,000	3,410	1,410
SCBA repair & maintenance	1,000	1,000	-	(1,000)
Gifts and donations	-	-	55	55
Miscellaneous revenue	1,000	1,000	1,478	478
Interest on investments	500	500	(95)	(595)
Total revenues	<u>155,000</u>	<u>159,000</u>	<u>113,809</u>	<u>(45,191)</u>
Fund balance, beginning	<u>2,000</u>	<u>12,000</u>	<u>8,100</u>	<u>(3,900)</u>
Amount available for appropriation	<u>\$ 157,000</u>	<u>\$ 171,000</u>	<u>\$ 121,909</u>	<u>\$ (49,091)</u>

Expenditures	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Environmental Safety Training	\$ 43,000	\$ 43,000	\$ 33,136	\$ 9,864
Fire Reimbursable Programs	114,000	128,000	88,773	39,227
Total expenditures	<u>\$ 157,000</u>	<u>\$ 171,000</u>	<u>\$ 121,909</u>	<u>\$ 49,091</u>
Fund balance, ending			<u>\$ -</u>	

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total revenues, total expenditures, and fund balance from above	\$ 113,809	\$ 121,909	\$ -
Reconciling items:			
Eliminate transfers out	-	(884)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 70-71)	<u>\$ 113,809</u>	<u>\$ 121,025</u>	<u>\$ -</u>

CITY OF ALBANY, OREGON
LIBRARY MEMORIAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Gifts and donations	\$ 15,000	\$ 15,000	\$ 26,998	\$ 11,998
Interest on investments	1,200	1,200	2,757	1,557
Total revenues	16,200	16,200	29,755	13,555
Fund balance, beginning	75,000	124,100	85,296	(38,804)
Amount available for appropriation	<u>\$ 91,200</u>	<u>\$ 140,300</u>	<u>\$ 115,051</u>	<u>\$ (25,249)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 91,200	\$ 70,300	\$ 56,384	\$ 13,916
Transfers out	-	70,000	58,667	11,333
Total expenditures	<u>\$ 91,200</u>	<u>\$ 140,300</u>	<u>\$ 115,051</u>	<u>\$ 25,249</u>
Fund balance, ending			<u>\$ -</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 29,755	\$ 115,051	\$ -
Eliminate transfers out	-	(58,667)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 70-71)	<u>\$ 29,755</u>	<u>\$ 56,384</u>	<u>\$ -</u>

CITY OF ALBANY, OREGON
RISK MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Revenues				
Interest on investments	\$ 23,000	\$ 23,000	\$ 79,153	\$ 56,153
Miscellaneous revenue	-	-	5,252	5,252
Total revenues	<u>23,000</u>	<u>23,000</u>	<u>84,405</u>	<u>61,405</u>
Other financing source				-
Transfers in	500,000	500,000	599,967	99,967
Fund balance, beginning	<u>1,929,300</u>	<u>1,929,300</u>	<u>1,700,305</u>	<u>(228,995)</u>
Amount available for appropriation	<u>\$ 2,452,300</u>	<u>\$ 2,452,300</u>	<u>\$ 2,384,677</u>	<u>\$ (67,623)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Expenditures				
Materials and services	\$ 2,452,300	\$ 452,300	\$ -	\$ 452,300
Transfers out	-	2,000,000	2,000,000	-
Total expenditures	<u>\$ 2,452,300</u>	<u>\$ 2,452,300</u>	<u>\$ 2,000,000</u>	<u>\$ 452,300</u>
Fund balance, ending			<u>\$ 384,677</u>	

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total revenues, total expenditures, and fund balance from above	\$ 84,405	\$ 2,000,000	\$ 384,677
Eliminate transfer out	-	(2,000,000)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 70-71)	<u>\$ 84,405</u>	<u>\$ -</u>	<u>\$ 384,677</u>

CITY OF ALBANY, OREGON
VALIANT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Philomath Police Department	\$ 500	\$ 500	\$ -	\$ (500)
Benton County Sheriff's Office	4,000	4,000	-	(4,000)
Albany Police Department	4,000	4,000	-	(4,000)
Lebanon Police Department	4,000	4,000	-	(4,000)
Sweet Home Police Department	4,000	4,000	-	(4,000)
Restitution payments	1,000	1,000	839	(161)
Miscellaneous	1,000	1,000	45	(955)
Interest on investments	1,000	1,000	4,051	3,051
Total revenues	<u>19,500</u>	<u>19,500</u>	<u>4,935</u>	<u>(14,565)</u>
Fund balance, beginning	<u>25,000</u>	<u>35,100</u>	<u>32,246</u>	<u>(2,854)</u>
Amount available for appropriation	<u>\$ 44,500</u>	<u>\$ 54,600</u>	<u>\$ 37,181</u>	<u>\$ (17,419)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 40,900	\$ 26,000	\$ 35,548	\$ (9,548)
Transfers out	-	25,000	1,633	23,367
Contingencies	3,600	3,600	-	3,600
Total expenditures	<u>\$ 44,500</u>	<u>\$ 54,600</u>	<u>\$ 37,181</u>	<u>\$ 17,419</u>
Fund balance, ending			<u>\$ -</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 4,935	\$ 37,181	\$ -
Reconciling items:			
Eliminate transfer out	-	(1,633)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 70-71)	<u>\$ 4,935</u>	<u>\$ 35,548</u>	<u>\$ -</u>

CITY OF ALBANY, OREGON
ECONOMIC IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Economic improvement district fees	\$ 50,000	\$ 43,400	\$ 32,171	\$ (11,229)
Economic improvement district fees - interest	900	900	493	(407)
Interest on investments	100	100	203	103
Total revenues	<u>51,000</u>	<u>44,400</u>	<u>32,867</u>	<u>(11,533)</u>
Fund balance, beginning	-	5,000	2,784	(2,216)
Amount available for appropriation	<u>\$ 51,000</u>	<u>\$ 49,400</u>	<u>\$ 35,651</u>	<u>\$ (13,749)</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Materials and services	\$ 51,000	\$ 44,400	\$ 32,664	\$ 11,736
Transfers out	-	5,000	2,987	
Total Expenditures	<u>\$ 51,000</u>	<u>\$ 49,400</u>	<u>\$ 35,651</u>	<u>\$ 13,749</u>
Fund balance, ending			<u>\$ -</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 32,867	\$ 35,651	\$ -
Eliminate transfers out	-	(2,987)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 70-71)	<u>\$ 32,867</u>	<u>\$ 32,664</u>	<u>\$ -</u>

CITY OF ALBANY, OREGON
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Transient room tax	\$ 288,900	\$ 288,900	\$ 354,502	\$ 65,602
Dayton Hudson Corp. (Target)	31,400	31,400	31,394	(6)
Airport fuel	55,600	55,600	87,868	32,268
Airport tie down rentals	8,500	8,500	7,538	(962)
Airport lease	19,000	19,000	14,518	(4,482)
Fixed base operator revenues	14,400	14,400	18,095	3,695
Miscellaneous revenue	-	-	116	116
Space rental	18,000	18,000	18,000	-
Land sales	100,000	100,000	-	(100,000)
Interest on investments	2,700	7,700	11,201	3,501
Total revenues	<u>538,500</u>	<u>543,500</u>	<u>543,232</u>	<u>(268)</u>
OTHER FINANCING SOURCES:				
From General Fund	20,600	20,600	20,600	-
From Central Albany Revitalization Area	98,200	110,000	98,200	(11,800)
From Water Economic Development	20,600	20,600	20,600	-
From Sewer Economic Development	20,600	20,600	20,600	-
Total other financing sources	<u>160,000</u>	<u>171,800</u>	<u>160,000</u>	<u>(11,800)</u>
Fund balance, beginning	<u>279,200</u>	<u>369,200</u>	<u>306,533</u>	<u>(62,667)</u>
Amount available for appropriation	<u>\$ 977,700</u>	<u>\$ 1,084,500</u>	<u>\$ 1,009,765</u>	<u>\$ (74,735)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Target Utilities	\$ 61,100	\$ 61,100	\$ 35,511	\$ (25,589)
Economic Development Activity	448,900	555,700	418,310	(137,390)
Albany Airport	467,700	467,700	138,035	(329,665)
Total expenditures	<u>\$ 977,700</u>	<u>\$ 1,084,500</u>	<u>\$ 591,856</u>	<u>\$ 492,644</u>
Fund balance, ending			<u>\$ 417,909</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 543,232	\$ 591,856	\$ 417,909
Reconciling items:			
Transfers out	-	(5,346)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 70-71)	<u>\$ 543,232</u>	<u>\$ 586,510</u>	<u>\$ 417,909</u>

CITY OF ALBANY, OREGON
AMBULANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Ambulance service fees	\$ 1,523,000	\$ 1,523,000	\$ 1,717,507	\$ 194,507
Ambulance subscription fees	100,000	100,000	93,083	(6,917)
Conflagration response reimbursement	-	-	8,065	8,065
Miscellaneous	1,000	1,000	16,473	15,473
Interest on investments	600	600	11,835	11,235
Total revenues	<u>1,624,600</u>	<u>1,624,600</u>	<u>1,846,963</u>	<u>222,363</u>
Other financing sources				
Transfer from Public Safety Levy Fund	168,000	168,000	168,000	-
Total other financial sources	<u>168,000</u>	<u>168,000</u>	<u>168,000</u>	<u>-</u>
Fund balance, beginning	-	40,000	157,991	117,991
Amount available for appropriation	<u>\$ 1,792,600</u>	<u>\$ 1,832,600</u>	<u>\$ 2,172,954</u>	<u>\$ 340,354</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 1,461,000	\$ 1,507,500	\$ 1,451,129	\$ 56,371
Materials and services	331,600	325,100	329,738	(4,638)
Total expenditures	<u>\$ 1,792,600</u>	<u>\$ 1,832,600</u>	<u>\$ 1,780,867</u>	<u>\$ 51,733</u>
Fund balance, ending			<u>\$ 392,087</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,846,963	\$ 1,780,867	\$ 392,087
Reconciling items:			
Eliminate transfers out	-	(49,555)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 70-71)	<u>\$ 1,846,963</u>	<u>\$ 1,731,312</u>	<u>\$ 392,087</u>

CITY OF ALBANY, OREGON
PUBLIC TRANSIT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
State of Oregon operating match grant	\$ 171,300	\$ 171,300	\$ 170,193	\$ (1,107)
Business Energy Tax Credit grant	108,000	108,000	84,557	(23,443)
Local funds	46,900	46,900	46,900	-
Oregon cigarette tax transit grant - Linn County	13,000	13,000	12,610	(390)
Oregon cigarette tax transit grant - Benton County	4,600	4,600	4,600	-
Linn Benton Community College fare match program	31,000	31,000	33,700	2,700
Bus fares	27,000	27,000	24,212	(2,788)
Trolley rental charges	3,500	3,500	1,600	(1,900)
Advertising revenues	10,500	10,500	-	(10,500)
Interest on investments	200	200	659	459
Miscellaneous revenue	-	-	5,113	5,113
Total revenues	<u>416,000</u>	<u>416,000</u>	<u>384,144</u>	<u>(31,856)</u>
Other financing sources				
Transfer from State Revenue Sharing Fund	197,100	197,100	197,100	-
Total other financing sources	<u>197,100</u>	<u>197,100</u>	<u>197,100</u>	<u>-</u>
Fund balance, beginning	<u>6,100</u>	<u>11,900</u>	<u>23,300</u>	<u>11,400</u>
Amount available for appropriation	<u>\$ 619,200</u>	<u>\$ 625,000</u>	<u>\$ 604,544</u>	<u>\$ (20,456)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Albany Transit System	\$ 385,000	\$ 385,000	\$ 322,496	\$ 62,504
Transit Loop System	234,200	240,000	232,432	7,568
Total expenditures	<u>\$ 619,200</u>	<u>\$ 625,000</u>	<u>\$ 554,928</u>	<u>\$ 70,072</u>
Fund balance, ending			<u>\$ 49,616</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 384,144	\$ 554,928	\$ 49,616
Reconciling items:			
Eliminate transfers out	-	(12,297)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 70-71)	<u>\$ 384,144</u>	<u>\$ 542,631</u>	<u>\$ 49,616</u>

CITY OF ALBANY, OREGON
SENIOR CENTER FOUNDATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Gift shop sales	\$ 6,500	\$ 6,500	\$ 5,716	\$ (784)
General fund raising	500	500	1,360	860
Gifts and donations	6,000	6,000	4,357	(1,643)
Interest on investments	100	100	16	(84)
Total revenues	<u>13,100</u>	<u>13,100</u>	<u>11,449</u>	<u>(1,651)</u>
Fund balance, beginning	4,000	5,000	4,445	(555)
Amount available for appropriation	<u>\$ 17,100</u>	<u>\$ 18,100</u>	<u>\$ 15,894</u>	<u>\$ (2,206)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 17,100	\$ 17,100	\$ 15,894	\$ 1,206
Transfers out	-	1,000	-	1,000
Total expenditures	<u>\$ 17,100</u>	<u>\$ 18,100</u>	<u>\$ 15,894</u>	<u>\$ 2,206</u>
Fund balance, ending			<u>\$ -</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 11,449	\$ 15,894	\$ -
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 70-71)	<u>\$ 11,449</u>	<u>\$ 15,894</u>	<u>\$ -</u>

**CITY OF ALBANY, OREGON
PUBLIC SAFETY LEVY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Revenues				
Property taxes				
Current	\$ 2,002,800	\$ 2,002,800	\$ 2,105,485	\$ 102,685
Delinquent	55,000	55,000	66,223	11,223
Interest on investments	12,000	12,000	28,166	16,166
Total revenues	<u>2,069,800</u>	<u>2,069,800</u>	<u>2,199,874</u>	<u>130,074</u>
Fund balance, beginning	229,800	229,800	468,213	238,413
Amount available for appropriation	<u>\$ 2,299,600</u>	<u>\$ 2,299,600</u>	<u>\$ 2,668,087</u>	<u>\$ 368,487</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Other financing use				
Transfers out	<u>\$ 2,299,600</u>	<u>\$ 2,299,600</u>	<u>\$ 2,029,262</u>	<u>\$ 270,338</u>
Fund balance, ending			<u>\$ 638,825</u>	

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total revenues, total expenditures, and fund balance from above	\$ 2,199,874	\$ -	\$ 638,825
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 70-71)	<u>\$ 2,199,874</u>	<u>\$ -</u>	<u>\$ 638,825</u>

CITY OF ALBANY, OREGON
STATE REVENUE SHARING FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
State revenue sharing entitlements	\$ 257,000	\$ 277,000	\$ 297,587	\$ 20,587
Interest on investments	-	-	1,101	1,101
Total revenues	<u>257,000</u>	<u>277,000</u>	<u>298,688</u>	<u>21,688</u>
Fund balance, beginning	<u>29,000</u>	<u>49,000</u>	<u>28,333</u>	<u>(20,667)</u>
Amount available for appropriation	<u>\$ 286,000</u>	<u>\$ 326,000</u>	<u>\$ 327,021</u>	<u>\$ 1,021</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 100	\$ 100	\$ -	\$ 100
Transfers out	285,900	325,900	327,021	(1,121)
Fund balance, ending	<u>\$ 286,000</u>	<u>\$ 326,000</u>	<u>\$ 327,021</u>	<u>\$ (1,021)</u>
			<u>\$ -</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 298,688	\$ 327,021	\$ -
Reconciling items:			
Transfers out	-	(327,021)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 70-71)	<u>\$ 298,688</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ALBANY, OREGON
CAPITAL REPLACEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Charges for services	\$ -	\$ -	\$ 75,000	\$ 75,000
Total revenues	-	-	75,000	75,000
OTHER FINANCING SOURCES:				
Transfer from Equipment Replacement Fund	-	4,000,000	3,710,413	(289,587)
Transfer from Risk Management Fund	-	2,000,000	2,000,000	-
Transfer from Capital Projects Fund	-	140,000	133,718	(6,282)
Transfer from Information Technology Equipment Replacement	-	600,000	553,492	(46,508)
Total Other financing sources	-	6,740,000	6,397,623	(342,377)
Fund balance, beginning	-	-	-	-
Amount available for appropriation	\$ -	\$ 6,740,000	\$ 6,472,623	\$ (267,377)

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Equipment Replacement	\$ -	\$ 3,300,000	\$ -	\$ 3,300,000
City Facilities Replacement	-	2,140,000	-	2,140,000
General Fund Building Maintenance Projects	-	700,000	-	700,000
Information Technology Equipment Replacement	-	600,000	-	600,000
	\$ -	\$ 6,740,000	\$ -	\$ 6,740,000
Fund balance, ending			<u>\$ 6,472,623</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 75,000	\$ -	\$ -
Reconciling items:			
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 70-71)	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ALBANY, OREGON
CENTRAL ALBANY REVITALIZATION AREA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes - current	\$ 547,200	\$ 547,200	\$ 670,000	\$ 122,800
Property taxes - delinquent	10,000	10,000	20,773	10,773
Interest on investments	10,000	10,000	41,469	31,469
Total revenues	<u>567,200</u>	<u>567,200</u>	<u>732,242</u>	<u>165,042</u>
Other financing sources				
Proceeds from the sale of long-term debt	2,500,000	2,500,000	1,459,399	(1,040,601)
Total other financing sources	<u>2,500,000</u>	<u>2,500,000</u>	<u>1,459,399</u>	<u>(1,040,601)</u>
Fund balance, beginning	<u>673,900</u>	<u>673,900</u>	<u>628,027</u>	<u>(45,873)</u>
Amount available for appropriation	<u>\$ 3,741,100</u>	<u>\$ 3,741,100</u>	<u>\$ 2,819,668</u>	<u>\$ (921,432)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 1,252,500	\$ 1,252,500	\$ 234,806	\$ 1,017,694
Capital	2,347,000	2,347,000	1,005,406	1,341,594
Debt service	-	-	313,158	(313,158)
Contingency	31,600	31,600		31,600
Total expenditures	<u>3,631,100</u>	<u>3,631,100</u>	<u>1,553,370</u>	<u>2,077,730</u>
Other financing use				
Transfer to Economic Development Fund	110,000	110,000	98,200	11,800
Total expenditures and other financing use	<u>\$ 3,741,100</u>	<u>\$ 3,741,100</u>	<u>\$ 1,651,570</u>	<u>\$ 2,089,530</u>
Fund balance, ending			<u>\$ 1,168,098</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 732,242	\$ 1,553,370	\$ 1,168,098
Less Letter of Credit repayment	-	(300,000)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds (pages 70-71)	<u>\$ 732,242</u>	<u>\$ 1,253,370</u>	<u>\$ 1,168,098</u>

CITY OF ALBANY, OREGON
DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 1,015,000	\$ 1,015,000	\$ 1,062,822	47,822
Delinquent	44,000	44,000	50,323	6,323
Transient room tax	259,300	259,300	256,014	(3,286)
Interest on investments	12,700	12,700	35,295	22,595
Total revenues	<u>1,331,000</u>	<u>1,331,000</u>	<u>1,404,454</u>	<u>73,454</u>
Other financing sources				
Transfer from Parks Fund	182,700	182,700	182,342	(358)
Transfer from General Fund	174,600	174,600	174,258	(342)
Transfer from Bancroft Debt Service Fund	-	2,500,000	2,110,672	(389,328)
PERS debt service transfers in	426,100	426,100	437,823	11,723
Total other financing sources	<u>783,400</u>	<u>3,283,400</u>	<u>2,905,095</u>	<u>(378,305)</u>
Fund balance, beginning	<u>579,300</u>	<u>579,300</u>	<u>644,410</u>	
Amount available for appropriation	<u>\$ 2,693,700</u>	<u>\$ 5,193,700</u>	<u>\$ 4,953,959</u>	<u>\$ (239,741)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Bancroft Bond Debt Service	\$ -	\$ 2,500,000	\$ -	\$ 2,500,000
1995 Fairgrounds Revenue Bonds	527,300	527,300	265,825	261,475
1996 Fire Substation General Obligation Bonds	432,100	432,100	312,063	120,037
1999 General Obligation Street Bonds	860,100	860,100	754,790	105,310
2002 Limited Tax Pension Obligations (PERS)	516,900	516,900	426,057	90,843
2004 Revenue Obligations	357,300	357,300	356,600	700
Total expenditures	<u>\$ 2,693,700</u>	<u>\$ 5,193,700</u>	<u>\$ 2,115,335</u>	<u>\$ 3,078,365</u>
Fund balance, ending			<u>\$ 2,838,624</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 1,404,454	\$ 2,115,335	\$ 2,838,624
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Debt Service Funds (page 76)	<u>\$ 1,404,454</u>	<u>\$ 2,115,335</u>	<u>\$ 2,838,624</u>

CITY OF ALBANY, OREGON
BANCROFT BOND REDEMPTION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Bonded assessment collections:				
Principal	\$ 500,000	\$ 500,000	\$ 162,087	\$ (337,913)
Interest	70,000	70,000	12,397	(57,603)
Interest on investments	35,000	85,000	88,596	3,596
Total revenues	<u>605,000</u>	<u>655,000</u>	<u>263,080</u>	<u>(391,920)</u>
Fund balance, beginning	<u>1,976,000</u>	<u>2,206,000</u>	<u>2,203,275</u>	<u>(2,725)</u>
Amount available for appropriation	<u>\$ 2,581,000</u>	<u>\$ 2,861,000</u>	<u>\$ 2,466,355</u>	<u>\$ (394,645)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 200	\$ 200	\$ 150	\$ 50
Transfers out	-	2,500,000	2,110,672	389,328
Debt service	2,580,800	360,800	355,533	5,267
Total expenditures	<u>\$ 2,581,000</u>	<u>\$ 2,861,000</u>	<u>\$ 2,466,355</u>	<u>\$ 394,645</u>
Fund balance, ending			<u>\$ -</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 263,080	\$ 2,466,355	\$ -
Eliminate transfers out	-	(2,110,672)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Debt Service Funds (page 76)	<u>\$ 263,080</u>	<u>\$ 355,683</u>	<u>\$ -</u>

CITY OF ALBANY, OREGON
EQUIPMENT REPLACEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Equipment replacement charges	\$ 461,300	\$ 461,300	\$ 461,300	\$ -
Telephone system replacement charges	75,000	75,000	75,024	24
Miscellaneous	20,000	20,000	56,883	36,883
Interest on investments	48,000	60,000	135,574	75,574
Total revenues	<u>604,300</u>	<u>616,300</u>	<u>728,781</u>	<u>112,481</u>
Other financing sources				
Transfer from General Fund	89,500	89,500	89,496	(4)
Transfer from General Fund - Public Safety Land Acquisition	50,000	50,000	50,004	4
Fund balance, beginning	<u>2,962,500</u>	<u>3,701,800</u>	<u>3,129,809</u>	<u>(571,991)</u>
Amount available for appropriation	<u>\$ 3,706,300</u>	<u>\$ 4,457,600</u>	<u>\$ 3,998,090</u>	<u>\$ (459,510)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Equipment Replacement	\$ 3,083,800	\$ 3,583,800	\$ 3,274,727	\$ 309,073
Building Maintenance Projects	622,500	873,800	723,363	150,437
Total expenditures	<u>\$ 3,706,300</u>	<u>\$ 4,457,600</u>	<u>\$ 3,998,090</u>	<u>\$ 459,510</u>
Fund balance, ending			<u>\$ -</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 728,781	\$ 3,998,090	\$ -
Eliminate transfers out	-	(3,710,413)	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Capital Projects Funds (page 80)	<u>\$ 728,781</u>	<u>\$ 287,677</u>	<u>\$ -</u>

CITY OF ALBANY, OREGON
IMPROVEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Financed assessment collections:				
Principal	\$ -	\$ -	\$ 34,337	\$ 34,337
Interest	-	-	5,434	5,434
Unbonded assessment collections:				
Principal	349,000	549,000	536,627	(12,373)
Interest	-	-	1,130	1,130
Interest on investments	1,000	1,000	13,294	12,294
Total revenues	<u>350,000</u>	<u>550,000</u>	<u>590,822</u>	<u>40,822</u>
Fund balance, beginning	-	-	(288,793)	(288,793)
Amount available for appropriation	<u>\$ 350,000</u>	<u>\$ 550,000</u>	<u>\$ 302,029</u>	<u>\$ (247,971)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Capital	\$ 350,000	\$ 450,000	\$ 294,823	\$ 155,177
Transfers out	-	100,000	7,206	92,794
Total expenditures	<u>\$ 350,000</u>	<u>\$ 550,000</u>	<u>\$ 302,029</u>	<u>\$ 247,971</u>
Fund balance, ending			<u>\$ -</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 590,822	\$ 302,029	\$ -
Eliminate transfers out	-	(7,206)	-
Rounding difference	1	-	-
Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Capital Projects Funds (page 80)	<u>\$ 590,823</u>	<u>\$ 294,823</u>	<u>\$ -</u>

CITY OF ALBANY, OREGON
SENIOR CENTER ENDOWMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Gifts and donations	\$ 3,000	\$ 3,000	\$ 2,414	\$ (586)
Interest on investments	400	400	1,773	1,373
Total revenues	<u>3,400</u>	<u>3,400</u>	<u>4,187</u>	<u>787</u>
Fund balance, beginning	43,300	43,300	43,876	576
Amount available for appropriation	<u>\$ 46,700</u>	<u>\$ 46,700</u>	<u>\$ 48,063</u>	<u>\$ 1,363</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 400	\$ 400	\$ 455	\$ (55)
Unappropriated	46,300	46,300	-	46,300
Total expenditures	<u>\$ 46,700</u>	<u>\$ 46,700</u>	<u>\$ 455</u>	<u>\$ 46,245</u>
Fund balance, ending			<u>\$ 47,608</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 4,187	\$ 455	\$ 47,608
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Permanent Funds (page 84)	<u>\$ 4,187</u>	<u>\$ 455</u>	<u>\$ 47,608</u>

CITY OF ALBANY, OREGON
LIBRARY TRUST FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Interest on investments	\$ 1,200	\$ 1,200	\$ 3,362	\$ 2,162
Fund balance, beginning	83,700	83,700	84,504	804
Amount available for appropriation	<u>\$ 84,900</u>	<u>\$ 84,900</u>	<u>\$ 87,866</u>	<u>\$ 2,966</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
V. O. Torney Trust	\$ 10,800	\$ 10,800	\$ -	\$ 10,800
Manela Trust	74,100	74,100	-	74,100
Total expenditures	<u>\$ 84,900</u>	<u>\$ 84,900</u>	<u>\$ -</u>	<u>\$ 84,900</u>
Fund balance, ending			<u>\$ 87,866</u>	

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

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 3,362	\$ -	\$ 87,866
No adjustments required	-	-	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Permanent Funds (page 84)	<u>\$ 3,362</u>	<u>\$ -</u>	<u>\$ 87,866</u>

Schedule of Revenues and Expenditures - Budget and Actual

(page numbers in parentheses)

Proprietary Funds

Enterprise Funds

Water (120-121)

Sewer (122-123)

Internal Service Funds

Central Services (124)

Information Systems (125)

Equipment Maintenance (126)

Geographic Information Systems (127)

Public Works Services (128)

Reconciliation of internal service
funds budgetary revenues and
expenditures to Statement of
Revenues, Expenses, and Changes in
Net Assets of Enterprise Funds (129)

CITY OF ALBANY, OREGON
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 700,000	\$ 700,000	\$ 732,984	\$ 32,984
Delinquent	26,500	26,500	36,959	10,459
Water service revenues:				
Water service charges	9,850,000	9,850,000	10,468,450	618,450
Water service charges-Millersburg	85,000	85,000	70,260	(14,740)
Service restoration fees	10,000	10,000	9,800	(200)
User fee debt service charges	30,000	30,000	35,257	5,257
North Albany capital charges	22,500	22,500	41,250	18,750
Financed system development charges:				
Principal	35,000	35,000	29,442	(5,558)
Interest	5,000	5,000	4,562	(438)
Financed connection fees:				
Principal	5,000	5,000	8,300	3,300
Interest	2,000	2,000	580	(1,420)
Water expansion:				
Public facility construction permits	100,000	100,000	40,418	(59,582)
Administrative fees	-	-	3,420	3,420
Water connection fees	75,000	75,000	91,300	16,300
Water systems development charges	456,000	456,000	680,636	224,636
Water service installation fee	100,000	100,000	154,622	54,622
Charges for services:				
City of Lebanon	77,000	77,000	58,644	(18,356)
Equipment replacement charges	77,600	77,600	77,592	(8)
Energy Trust of Oregon	475,000	475,000	12,073	(462,927)
City of Millersburg	2,580,000	2,580,000	-	(2,580,000)
VA-HUD Joint Water Project Grant	433,000	433,000	-	(433,000)
Encroachment permits	-	-	15,171	15,171
Miscellaneous	10,000	10,000	163,499	153,499
Interest on investments	361,400	361,400	883,657	522,257
Total revenues	<u>15,516,000</u>	<u>15,516,000</u>	<u>13,618,876</u>	<u>(1,897,124)</u>
Other financing source				
Transfer from Payroll Insurance Fund	-	-	-	-
Fund balance, beginning	<u>23,117,100</u>	<u>23,117,100</u>	<u>25,362,551</u>	<u>2,245,451</u>
Amount available for appropriation	<u>\$ 38,633,100</u>	<u>\$ 38,633,100</u>	<u>\$ 38,981,427</u>	<u>\$ 348,327</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 1,573,700	\$ 1,573,700	\$ 1,507,874	\$ 65,826
Materials and services	5,473,400	5,473,400	5,075,825	397,575
Capital	27,226,500	27,226,500	7,219,552	20,006,948
Transfers out	20,600	20,600	20,600	-
Debt service	3,978,900	3,978,900	3,884,545	94,355
Contingencies	360,000	360,000	-	360,000
Total expenditures	<u>\$ 38,633,100</u>	<u>\$ 38,633,100</u>	<u>\$ 17,708,396</u>	<u>\$ 20,924,704</u>
Fund balance, ending			<u>\$ 21,273,031</u>	

Continued

CITY OF ALBANY, OREGON
WATER FUND
RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS OF PROPRIETARY FUNDS
for the year ended June 30, 2006

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Total revenues, total expenditures, and fund balance from above	\$ 13,618,876	\$ 17,708,396	\$ 21,273,031
Reconciling items:			
June 30, 2005, asset and liability balances:			
Capital assets, net	-	-	67,839,531
Accounts receivable	-	-	1,348,418
Unamortized issue costs/loss on defeasance	-	-	364,824
Salaries, withholdings, and vacations payable	-	-	(87,811)
Claims and judgments	-	-	(6,399)
Interest payable	-	-	(768,066)
Bonds payable	-	-	(43,517,819)
Adjustments to current year revenues			
Property taxes	(769,943)	-	-
Interest on investments	(800,898)	-	-
Interest capitalized	(82,759)	-	-
System development charges	(710,078)	-	-
In-lieu-of assessment fees	(99,600)	-	-
Change in accounts receivable	(61,794)	-	-
Capital grants and contributions	(12,073)	-	-
Adjustments to current year expenses			
Interest expense	-	(1,346,542)	16,078
Eliminate transfers out	-	(20,600)	-
Interest capitalized	-	(573,346)	-
Change in vacations payable	-	8,492	-
Bond principal	-	(1,910,000)	1,910,000
Certificate of participation principal	-	(54,657)	54,657
Depreciation and amortization	-	1,754,196	(1,754,196)
Expenditures capitalized	-	(7,219,552)	7,219,552
Bond sale expenses	-	-	-
Change in insurance liability	-	7,495	(7,495)
Reclassify PERS departmental debt service charges to transfers out	-	(48,438)	-
Other adjustments			
Change in accounts receivable	-	-	(96,406)
Change in vacation accrual	-	-	(8,492)
Capital contributions	-	-	1,438,592
Net interest capitalized	-	-	490,587
Operating revenues, operating expenses, and ending net assets from Statement of Revenues, Expenses, and Changes in Net Assets of Proprietary Funds (page 27)	<u>\$ 11,081,731</u>	<u>\$ 8,305,444</u>	<u>\$ 55,708,586</u>

CITY OF ALBANY, OREGON
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Sewer service charges:				
Albany sewer service charges	\$ 8,368,000	\$ 8,368,000	\$ 8,119,810	\$ (248,190)
Millersburg sewer service charges	35,000	35,000		(35,000)
Financed system development charges:				
Principal	80,000	80,000	128,938	48,938
Interest	24,000	24,000	10,322	(13,678)
Financed assessments:				
Principal	88,000	88,000	95,804	7,804
Interest	25,000	25,000	16,211	(8,789)
Financed connection fees:				
Principal	4,000	4,000	15,885	11,885
Interest	2,000	2,000	2,036	36
Sewer oversizing and expansion:				
Public facility construction permits	40,000	40,000	107,474	67,474
Sewer systems development charges	1,050,000	1,050,000	1,273,280	223,280
North Albany Sewer Connection Fees				-
General Sewer Connection Fees	80,000	80,000	218,505	138,505
Storm Drain Connection Fees	20,000	20,000	37,539	17,539
Connection fees	-	-	29,732	29,732
Charges collected through property taxes	20,000	20,000	14,730	(5,270)
Charges for services:	-	-		
Equipment replacement charges	88,000	88,000	88,000	-
Miscellaneous	200,000	200,000	324,940	124,940
Interest on investments	150,200	150,200	436,774	286,574
Total revenues	<u>10,274,200</u>	<u>10,274,200</u>	<u>10,919,980</u>	<u>645,780</u>
Other financing sources				
From Systems Development Changes Improvement Projects	2,143,000	2,143,000	2,143,000	-
Total other financing sources	<u>2,143,000</u>	<u>2,143,000</u>	<u>2,143,000</u>	<u>-</u>
Fund balance, beginning	<u>10,488,500</u>	<u>10,488,500</u>	<u>11,219,293</u>	<u>730,793</u>
Amount available for appropriation	<u>\$ 22,905,700</u>	<u>\$ 22,905,700</u>	<u>\$ 24,282,273</u>	<u>\$ 1,376,573</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 1,620,900	\$ 1,620,900	\$ 1,540,193	\$ 80,707
Materials and services	4,516,300	4,516,300	4,406,810	109,490
Capital	13,035,100	13,035,100	5,712,803	7,322,297
Transfers out	2,163,600	2,163,600	2,163,600	-
Debt Service	1,263,800	1,263,800	702,280	561,520
Contingencies	306,000	306,000	-	306,000
Total expenditures	<u>\$ 22,905,700</u>	<u>\$ 22,905,700</u>	<u>\$ 14,525,686</u>	<u>\$ 8,380,014</u>
Fund balance, ending			<u>\$ 9,756,587</u>	

Continued

**CITY OF ALBANY, OREGON
SEWER FUND**

**RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS OF PROPRIETARY FUNDS
for the year ended June 30, 2006**

	Revenues	Expenditures	Fund Balance
Total revenues, total expenditures, and fund balance from above	\$ 10,919,980	\$ 14,525,686	\$ 9,756,587
Reconciling items:			
June 30, 2005, asset and liability balances:			
Capital assets, net	-	-	53,271,506
Accounts receivable	-	-	1,800,516
Unamortized issue costs/loss on defeasance	-	-	111,441
Salaries, withholdings, and vacations payable	-	-	(75,549)
Claims and judgments	-	-	(11,009)
Interest payable	-	-	(40,484)
Bonds payable	-	-	(3,517,561)
Adjustments to current year revenues			
Interest on investments	(436,774)	-	-
System development charges	(1,402,218)	-	-
In-lieu-of assessment fees	(301,661)	-	-
Change in accounts receivable	61,547	-	-
Sewer construction assessments	(95,804)	-	-
Adjustments to current year expenses			
Interest expense	-	(91,200)	6,982
Change in vacations payable	-	2,409	-
Bond principal	-	(450,000)	450,000
Loan principal	-	(161,080)	161,080
Depreciation and amortization	-	2,057,449	(2,057,449)
Expenditures capitalized	-	(5,712,803)	5,712,803
Change in insurance liability	-	12,893	(12,893)
Reclassify PERS departmental debt service charges to transfers out	-	(50,263)	-
Reclassify bond interest to unamortized loss on defeasance	-	-	-
Loss on disposal of capital assets	-	5,669	(5,669)
Eliminate transfers out	-	(2,163,600)	-
Other adjustments			
Change in accounts receivable	-	-	(129,180)
Change in vacation accrual	-	-	(2,409)
Capital contributions	-	-	2,837,623
Operating revenues, operating expenses, and ending net assets from Statement of Revenues, Expenses, and Changes in Net Assets of Proprietary Funds (page 27)	\$ 8,745,070	\$ 7,975,160	\$ 68,256,335

CITY OF ALBANY, OREGON
CENTRAL SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Charges to other funds	\$ 2,835,100	\$ 2,835,100	\$ 2,838,100	\$ 3,000
Bicycle/commuter map revenues	300	300	244	(56)
Miscellaneous	50,000	50,000	97,342	47,342
Interest on investments	1,000	1,000	12,589	11,589
Total revenues	2,886,400	2,886,400	2,948,275	61,875
Other financing source				
Transfer from Information Technology Fund	-	200,000	148,687	(51,313)
Transfer from GIS Fund	-	25,000	93,696	68,696
Fund balance, beginning	109,200	109,200	177,115	67,915
Amount available for appropriation	\$ 2,995,600	\$ 3,220,600	\$ 3,367,773	\$ 147,173
Expenditures				
Council and Nondepartmental	\$ 251,100	\$ 379,100	\$ 223,912	\$ 155,188
Administrative Services	2,053,100	2,150,100	2,121,086	29,014
Human Resources	691,400	691,400	592,177	99,223
Total expenditures	\$ 2,995,600	\$ 3,220,600	\$ 2,937,175	\$ 283,425
Fund balance, ending			\$ 430,598	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Assets of Enterprise Funds, see page 129.

CITY OF ALBANY, OREGON
INFORMATION SYSTEMS SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Charges to other funds:				
Information systems service charges	\$ 820,600	\$ 875,600	\$ 823,896	\$ (51,704)
Equipment replacement charges	308,600	308,600	308,600	-
Miscellaneous revenue	-	3,500	3,053	(447)
Interest on investments	6,500	23,500	23,946	446
Total revenues	<u>1,135,700</u>	<u>1,211,200</u>	<u>1,159,495</u>	<u>(51,705)</u>
Fund balance, beginning	339,800	429,600	388,601	(40,999)
Amount available for appropriation	<u>\$ 1,475,500</u>	<u>\$ 1,640,800</u>	<u>\$ 1,548,096</u>	<u>\$ (92,704)</u>
Expenditures	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Information Systems Services	\$ 820,800	\$ 925,800	\$ 872,501	\$ 53,299
Data Processing Equipment Replacement	654,700	715,000	675,595	39,405
Total expenditures	<u>\$ 1,475,500</u>	<u>\$ 1,640,800</u>	<u>\$ 1,548,096</u>	<u>\$ 92,704</u>
Fund balance, ending			<u>\$ -</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Assets of Enterprise Funds, see page 129.

CITY OF ALBANY, OREGON
EQUIPMENT MAINTENANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Charges to other funds:				
Sewer facility maintenance charges	\$ -	\$ -	\$ -	\$ -
Water facility maintenance charges				-
Total revenues	-	-	-	-
Fund balance, beginning				-
Amount available for appropriation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Personnel services	\$ -	\$ -	\$ -	\$ -
Materials and services				-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, ending			<u>\$ -</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Assets of Enterprise Funds, see page 129.

CITY OF ALBANY, OREGON
GEOGRAPHIC INFORMATION SYSTEMS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues:	Original Budget	Final Budget	Actual	Over (Under)
Charges to other funds				
GIS charges	\$ 538,100	\$ 538,100	\$ 525,300	\$ (12,800)
GIS Information sales	500	500	822	322
Miscellaneous revenues	-	-	201	201
Interest on investments	900	900	3,435	2,535
Total revenues	<u>539,500</u>	<u>539,500</u>	<u>529,758</u>	<u>(9,742)</u>
Other financing source				
Transfer from Albany Data Integration Project	-	52,700	52,700	-
Transfer from Building Inspection	-	17,600	17,600	-
Fund balance, beginning	<u>98,000</u>	<u>123,000</u>	<u>85,219</u>	<u>(37,781)</u>
Amount available for appropriation	<u>\$ 637,500</u>	<u>\$ 732,800</u>	<u>\$ 685,277</u>	<u>\$ (47,523)</u>

Expenditures	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
GIS Services	\$ 566,400	\$ 656,700	\$ 617,973	\$ 38,727
Permit Tracking Services	71,100	76,100	67,304	8,796
Total expenditures	<u>\$ 637,500</u>	<u>\$ 732,800</u>	<u>\$ 685,277</u>	<u>\$ 47,523</u>
Fund balance, ending			<u>\$ -</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Assets of Enterprise Funds, see page 129.

CITY OF ALBANY, OREGON
PUBLIC WORKS SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2006

Revenues:	Original Budget	Final Budget	Actual	Over (Under)
Charges to other funds	\$ 7,865,700	\$ 7,882,700	\$ 7,472,539	\$ (410,161)
Linn County	-	10,000	7,500	(2,500)
Miscellaneous revenue	-	-	28,540	28,540
Interest on investments	-	-	2,874	2,874
Total revenues	<u>7,865,700</u>	<u>7,892,700</u>	<u>7,511,453</u>	<u>(381,247)</u>
Other financing source				
Transfer from General Fund	40,000	40,000	39,996	(4)
Total other financing sources	<u>40,000</u>	<u>40,000</u>	<u>39,996</u>	<u>(4)</u>
Fund balance, beginning	<u>-</u>	<u>88,000</u>	<u>87,820</u>	<u>(180)</u>
Amount available for appropriation	<u>\$ 7,905,700</u>	<u>\$ 8,020,700</u>	<u>\$ 7,639,269</u>	<u>\$ (381,431)</u>

Expenditures	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Public Works Administration	\$ 2,543,400	\$ 2,628,400	\$ 2,592,455	\$ 35,945
Design & Construction Management Services	1,219,800	1,219,800	1,147,507	72,293
Public Works Systems Engineering Services	641,800	641,800	500,743	141,057
Operations Administration	729,800	729,800	660,764	69,036
Water Quality Control Services	130,000	130,000	104,189	25,811
Public Works Customer Services	1,091,700	1,091,700	855,155	236,545
Urban Forestry/Building Maintenance	412,700	442,700	421,759	20,941
Facilities Engineering	453,700	453,700	432,053	21,647
Utility Facilities Maintenance	511,600	511,600	491,197	20,403
Public Works Data Management Systems	171,200	171,200	159,475	11,725
Total expenditures	<u>\$ 7,905,700</u>	<u>\$ 8,020,700</u>	<u>\$ 7,365,297</u>	<u>\$ 655,403</u>
Fund balance, ending			<u>\$ 273,972</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes in Net Assets of Enterprise Funds, see page 129.

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, FUND BALANCE TO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS OF ENTERPRISE FUNDS
for the year ended June 30, 2006

	Equipment Maintenance	Information Systems	Central Services	Geographic Information Systems	Public Works Services	Total Internal Service
REVENUES						
Total revenues from Schedule of Revenues and Expenditures - Budget and Actual	\$ -	\$ 1,159,495	\$ 2,948,275	\$ 529,758	\$ 7,511,453	\$ 12,148,981
Reconciling item:						
Interest on investments	-	(23,946)	(12,589)	(3,435)	(2,874)	(42,844)
Operating revenues from Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets (page 27)	<u>\$ -</u>	<u>\$ 1,135,549</u>	<u>\$ 2,935,686</u>	<u>\$ 526,323</u>	<u>\$ 7,508,579</u>	<u>\$ 12,106,137</u>
EXPENDITURES						
Total expenditures from Schedule of Revenues and Expenditures - Budget and Actual	\$ -	\$ 1,548,096	\$ 2,937,175	\$ 685,277	\$ 7,365,297	\$ 12,535,845
Reconciling items:						
Depreciation	-	28,570	1,272	-	5,835	35,677
Eliminate transfers out	-	(702,104)	1,543	(93,771)	(92,000)	(886,332)
Expenditures capitalized	-	(22,564)	-	-	(12,926)	(35,490)
Change in vacations payable	-	(17,779)	80,498	(21,580)	83,980	125,119
Change in insurance liability	-	(244)	3,042	(163)	(393)	2,242
Reclassify PERS departmental debt service charges to transfers out	-	(15,481)	(62,276)	(11,608)	(142,017)	(231,382)
Operating expenses from Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets (page 27)	<u>\$ -</u>	<u>\$ 818,494</u>	<u>\$ 2,961,254</u>	<u>\$ 558,155</u>	<u>\$ 7,207,776</u>	<u>\$ 11,545,679</u>
FUND BALANCE						
Fund balance from Schedule of Revenues and Expenditures - Budget and Actual	\$ -	\$ -	\$ 430,598	\$ -	\$ 273,972	\$ 704,570
Reconciling items:						
June 30, 2005, asset balance:						
Capital assets, net	88,339	44,562	13,709	-	-	146,610
June 30, 2005, liability balances:						
Salaries, withholdings, and vacations payable	-	(17,779)	(97,445)	(21,580)	(193,588)	(330,392)
Capital asset additions	-	22,564	-	-	-	22,564
Capital asset deletions	-	-	(1,543)	-	12,926	11,383
Depreciation	-	(28,570)	(1,272)	-	(5,835)	(35,677)
Change in vacation payable	-	17,779	(80,498)	21,580	(83,980)	(125,119)
Change in insurance liability	-	(283)	(4,886)	-	393	(4,776)
Asset transfer to close funds	(88,339)	(38,273)	38,556	-	88,339	283
Net assets from Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets (page 27)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,219</u>	<u>\$ -</u>	<u>\$ 92,227</u>	<u>\$ 389,446</u>

Creativity is allowing yourself to make mistakes. Art is knowing which ones to keep.
Scott Adams

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

If everyone says you are wrong, you're one step ahead. If everyone laughs at you, you're two steps ahead.
Charles Chic Thompson

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
as of June 30, 2006

	<u>Balance</u> <u>June 30, 2006</u>
Governmental capital assets	
Land	\$ 5,927,255
Buildings	15,549,128
Equipment	8,092,763
Infrastructure	88,701,634
Construction in process	6,378,294
Total governmental capital assets	<u>\$124,649,074</u>
Investment in fixed assets from:	
Balance as of June 30, 1993	\$ 6,589,294
Capital Project Funds:	
General Obligation Bonds	11,166,539
Certificates of Participation	3,352,252
Federal Grants	22,527,198
State Grants	203,008
Transfer from General Fund	3,187,389
Transfer from Special Revenue Funds	2,536,360
Other sources	798,306
General Fund	5,683,388
Special Revenue Funds	30,276,851
Local Improvement Districts	17,461,101
Urban Renewal Districts	2,098,314
Donations of capital assets	18,769,074
Total investment in governmental capital assets	<u>\$124,649,074</u>

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
for the fiscal year ended June 30, 2006

	<u>Balances</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u> <u>Transfers in,</u> <u>Transfers out</u>	<u>Balances</u> <u>June 30, 2006</u>
<u>CAPITAL ASSETS:</u>				
Land	\$ 3,800,620	\$ 300,331	\$ 1,826,304	\$ 5,927,255
Buildings and improvements	12,512,265	3,036,863	-	15,549,128
Machinery and equipment	8,192,928	332,763	(432,928)	8,092,763
Infrastructure	74,669,053	3,024,174	11,008,407	88,701,634
Construction in process	15,552,914	3,660,091	(12,834,711)	6,378,294
Total capital assets	<u>\$114,727,780</u>	<u>\$ 10,354,222</u>	<u>\$ (432,928)</u>	<u>\$124,649,074</u>

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
as of June 30, 2006

Function and Activity:	Land	Buildings	Equipment	Infrastructure	Construction in Process	Total
General Government:						
Municipal Court	\$ -	\$ -	\$ 23,571	\$ -	\$ -	\$ 23,571
Building Maintenance	-	-	67,994	-	-	67,994
Building Inspection	-	-	36,448	-	-	36,448
General Fund	3,065,010	4,819,724	308,946	8,615,342	-	16,809,022
Airport Maintenance	33,510	68,215	8,700	1,294,494	-	1,404,919
Public Transit	-	-	1,289,930	-	-	1,289,930
Total general government	3,098,520	4,887,939	1,735,589	9,909,836		19,631,884
Public Safety:						
Police	-	1,280,297	1,004,290	-	-	2,284,587
Fire	118,771	3,773,843	2,518,073	-	-	6,410,687
Ambulance	-	-	759,288	-	-	759,288
Total public safety	118,771	5,054,140	4,281,651			9,454,562
Culture and Recreation:						
Library	14,010	3,825,504	27,131	-	-	3,866,645
Parks & Recreation	2,221,663	1,743,611	1,076,614	9,692,294	-	14,734,182
Total culture and recreation	2,235,673	5,569,115	1,103,745	9,692,294		18,600,827
Highways and Streets:						
Street Maintenance	474,291	37,934	971,778	69,099,504	-	70,583,507
Total highways and streets	474,291	37,934	971,778	69,099,504		70,583,507
Construction in process	-	-	-	-	6,378,294	6,378,294
Total capital assets	\$ 5,927,255	\$ 15,549,128	\$ 8,092,763	\$ 88,701,634	\$ 6,378,294	\$ 124,649,074

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
for the fiscal year ended June 30, 2006

Function and Activity:	Capital Assets July 1, 2005	Additions	Deletions Transfers in, Transfers out	Capital Assets June 30, 2006
General Government:				
Municipal Court	\$ 23,571	\$ -	\$ -	\$ 23,571
Building Maintenance	43,288	24,706		67,994
Code Enforcement	27,677	8,771		36,448
General Fund	7,121,185	298,795	9,389,042	16,809,022
Economic Development (Airport)	1,020,794	-	384,125	1,404,919
Public Transit	1,289,047	-	883	1,289,930
Total general government	9,525,562	332,272	9,774,050	19,631,884
Public Safety:				
Police	2,411,055	210,006	(336,474)	2,284,587
Fire	6,411,022	16,816	(17,151)	6,410,687
Ambulance	781,173	-	(21,885)	759,288
Total public safety	9,603,250	226,822	(375,510)	9,454,562
Culture and Recreation:				
Library	862,753	3,044,723	(40,831)	3,866,645
Parks & Recreation	11,315,134	579,288	2,839,760	14,734,182
Total culture and recreation	12,177,887	3,624,011	2,798,929	18,600,827
Highways and Streets:				
Street Maintenance	67,868,167	2,511,026	204,314	70,583,507
Total highways and streets	67,868,167	2,511,026	204,314	70,583,507
Construction in process	15,552,914	3,660,091	(12,834,711)	6,378,294
Total capital assets	\$114,727,780	\$ 10,354,222	\$ (432,928)	\$124,649,074

Other Financial Schedules

Schedule of Debt Principal Transactions

Schedule of Debt Interest Transactions

Schedule of Future Debt Principal and Interest Requirements - Governmental Activities

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

Schedule of Property Tax Transactions and Outstanding Balances

CITY OF ALBANY, OREGON
SCHEDULE OF DEBT PRINCIPAL TRANSACTIONS
for the fiscal year ended June 30, 2006

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Years of Maturity</u>	<u>Outstanding July 1, 2005</u>	<u>Issued During Year</u>	<u>Matured/ Defeased During Year</u>	<u>Outstanding June 30, 2006</u>
GENERAL OBLIGATION AND OTHER LONG-TERM DEBT:							
1992 OEDD Notes Payable (1)	5.47	12/01/95	2015-2016	\$ 301,749	\$ -	\$ 18,552	\$ 283,197
1994 Certificates of Participation	3.00-5.25	01/01/94	1995-2014	-	-	-	-
1995 Motel/Hotel Tax Revenue	3.90-5.75	08/01/95	1996-2011	1,230,000	-	200,000	1,030,000
1996 Fire Substation Construction	4.50-5.50	12/01/96	1997-2014	2,575,000	-	175,000	2,400,000
1997 Limited Tax Assessment Bancroft	4.00-4.65	06/01/97	1998-2007	1,515,000	-	200,000	1,315,000
1998 Water Refunding	3.60-4.50	05/01/98	1999-2010	3,795,000	-	680,000	3,115,000
1999 General Obligation	3.10-4.85	03/01/99	2000-2019	7,715,000	-	405,000	7,310,000
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	2002-2028	6,783,389	-	43,958	6,739,431
2002 Limited Tax Assessment Bancroft	5.05	06/17/02	2003-2012	582,840	-	56,455	526,385
2004 General Revenue Obligations	2.50-4.00	12/15/04	2006-2020	3,720,000	-	230,000	3,490,000
2005 CARA Long-term Tax-exempt Note	4.85	10/15/05	2006-2020	-	1,459,399	-	1,459,399
Total general obligation and other long-term debt				<u>\$28,217,978</u>	<u>\$ 1,459,399</u>	<u>\$ 2,008,965</u>	<u>\$27,668,412</u>
REVENUE BONDS AND LONG-TERM NOTES RECORDED IN ENTERPRISE FUNDS:							
2002 Water Certificates of Participation	5.50	03/01/02	2002-2012	\$ 452,819	\$ -	\$ 54,657	\$ 398,162
2003 Series Water Bonds	2.00-5.125	08/01/03	2004-2033	39,270,000	-	1,230,000	38,040,000
2004 Sewer Current Refunding Bonds	2.65	02/01/04	2004-2010	2,390,000	-	450,000	1,940,000
1992 Oregon DEQ SRF Notes Payable (2)	3.00	04/01/92	2011-2012	1,127,562	-	161,081	966,481
Total revenue bonds and long-term notes recorded in Enterprise Funds				<u>\$43,240,381</u>	<u>\$ -</u>	<u>\$ 1,895,738</u>	<u>\$41,344,643</u>

- (1) Oregon Economic Development Department
(2) Department of Environmental Quality State Revolving Loan

CITY OF ALBANY, OREGON
SCHEDULE OF DEBT INTEREST TRANSACTIONS
for the fiscal year ended June 30, 2006

	Interest Rate	Date of Issue	Outstanding July 1, 2005	Unmatured Interest on Bonds Issued, Called, or Refunded During Year	Interest Retired During Year	Outstanding June 30, 2006
GENERAL OBLIGATION AND OTHER LONG-TERM DEBT:						
1992 OEDD Notes Payable (1)	5.47	12/01/95	\$ 114,058	\$ -	\$ 16,959	\$ 97,099
1994 Certificates of Participation	3.00-5.25	01/01/94	-	-	-	-
1995 Motel/Hotel Tax Revenue	3.90-5.75	08/01/95	212,013	-	63,325	148,688
1996 Fire Substation Construction	4.50-5.50	12/01/96	847,329	-	133,063	714,266
1997 Limited Tax Assessment Bancroft	4.00-4.65	06/01/97	131,494	-	70,348	61,146
1998 Water Refunding	3.60-4.50	05/01/98	434,836	-	150,877	283,959
1999 General Obligation	3.10-4.85	03/01/99	2,943,725	-	347,890	2,595,835
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	9,241,312	-	382,099	8,859,213
2002 Limited Tax Assessment Bancroft	5.05	06/17/02	135,041	-	28,730	106,311
2004 General Revenue Obligations	2.50-4.00	12/15/04	998,311	-	125,925	872,386
2005 CARA Long-term Tax-exempt Note	4.85	10/15/05	-	625,619	-	625,619
Total general obligation and other bonds			\$15,058,119	\$ 625,619	\$ 1,319,216	\$14,364,522
REVENUE BONDS AND OTHER LONG-TERM DEBT RECORDED IN ENTERPRISE FUNDS:						
2002 Water Certificates of Participation	5.50	03/01/02	\$ 98,985	\$ -	\$ 24,172	\$ 74,813
2003 Series Water Bonds	2.00-5.125	08/01/03	30,827,106	-	1,744,838	29,082,268
2004 Sewer Current Refunding	2.65	02/01/04	162,047	-	57,373	104,674
1992 Oregon DEQ SRF Notes Payable (2)	3.00	04/01/92	135,307	-	33,827	101,480
Total revenue bonds recorded in Enterprise Funds			\$31,223,445	\$ -	\$ 1,860,210	\$29,363,235

- (1) Oregon Economic Development Department
(2) Department of Environmental Quality State Revolving Loan

CITY OF ALBANY, OREGON
SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS
GOVERNMENTAL ACTIVITIES
 June 30, 2006

Years of Maturity	Total Requirements			1996 Fire Substation Construction General Obligation		1995 Hotel/Motel Tax Revenue		1997 Limited Tax Assessment Bancroft Bonds	
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Interest
2006-2007	\$ 2,558,914	\$ 1,191,242	\$ 3,750,156	\$ 185,000	\$124,150	\$ 200,000	\$ 52,625	\$1,315,000	\$ 61,146
2007-2008	1,362,969	1,091,221	2,454,190	195,000	114,552	200,000	41,725	-	-
2008-2009	1,428,051	1,046,895	2,474,946	205,000	104,250	210,000	30,188	-	-
2009-2010	1,479,173	1,004,356	2,483,529	215,000	93,223	210,000	18,111	-	-
2010-2011	1,536,483	955,148	2,491,631	230,000	81,315	210,000	6,039	-	-
2011-2012	1,517,133	914,351	2,431,484	245,000	68,490	-	-	-	-
2012-2013	1,378,794	872,043	2,250,837	255,000	54,862	-	-	-	-
2013-2014	1,442,311	832,066	2,274,377	275,000	40,287	-	-	-	-
2014-2015	1,275,572	797,890	2,073,462	290,000	24,750	-	-	-	-
2015-2016	1,333,223	769,120	2,102,343	305,000	8,387	-	-	-	-
2016-2017	1,044,175	744,502	1,788,677	-	-	-	-	-	-
2017-2018	1,086,152	727,950	1,814,102	-	-	-	-	-	-
2018-2019	1,136,847	712,495	1,849,342	-	-	-	-	-	-
2019-2020	461,043	651,016	1,112,059	-	-	-	-	-	-
2020-2021	592,572	373,035	965,607	-	-	-	-	-	-
2021-2022	530,000	335,095	865,095	-	-	-	-	-	-
2022-2023	600,000	298,790	898,790	-	-	-	-	-	-
2023-2024	685,000	257,690	942,690	-	-	-	-	-	-
2024-2025	770,000	210,767	980,767	-	-	-	-	-	-
2025-2026	865,000	159,947	1,024,947	-	-	-	-	-	-
2026-2027	970,000	100,694	1,070,694	-	-	-	-	-	-
2027-2028	500,000	34,250	534,250	-	-	-	-	-	-
	<u>\$24,553,412</u>	<u>\$14,080,563</u>	<u>\$38,633,975</u>	<u>\$2,400,000</u>	<u>\$714,266</u>	<u>\$1,030,000</u>	<u>\$148,688</u>	<u>\$1,315,000</u>	<u>\$ 61,146</u>

1999 Street Reconstruction General Obligation		2002 Limited Tax Pension Obligations		2002 Limited Tax Assessment Bancroft Bonds		Oregon Economic Development Department Notes Payable		2004 General Revenue Obligationse		Central Albany Revitalization Area 2005 Long-Term Tax-Exempt Revenue Note	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 425,000	\$ 331,285	\$ 55,650	\$ 390,407	\$ 59,342	\$ 25,843	\$ 23,736	\$ 15,995	\$ 225,000	\$120,976	\$ 70,186	\$ 68,815
440,000	313,647	65,043	401,015	62,377	22,808	23,925	14,746	305,000	115,351	71,624	67,377
460,000	294,947	73,231	412,827	65,567	19,618	24,155	13,436	315,000	107,726	75,098	63,903
480,000	275,397	82,139	428,918	68,920	16,265	24,373	13,117	320,000	99,064	78,741	60,261
505,000	254,997	86,861	444,197	72,444	12,741	24,619	10,753	325,000	88,664	82,559	56,442
525,000	233,030	92,951	463,106	197,735	9,036	29,884	9,337	340,000	78,914	86,563	52,438
550,000	209,930	97,868	483,189	-	-	30,164	7,619	355,000	68,204	90,762	48,239
575,000	185,455	101,687	504,371	-	-	30,460	5,886	365,000	52,229	95,164	43,838
605,000	159,292	105,019	531,038	-	-	35,774	4,134	140,000	39,454	99,779	39,222
635,000	131,160	107,498	558,560	-	-	36,107	2,076	145,000	34,554	104,618	34,383
670,000	101,315	109,483	586,575	-	-	-	-	155,000	27,303	109,692	29,309
700,000	69,490	111,140	614,918	-	-	-	-	160,000	19,553	115,012	23,989
740,000	35,890	111,257	644,800	-	-	-	-	165,000	13,394	120,590	18,411
-	-	159,604	631,454	-	-	-	-	175,000	7,000	126,439	12,562
-	-	460,000	366,605	-	-	-	-	-	-	132,572	6,430
-	-	530,000	335,095	-	-	-	-	-	-	-	-
-	-	600,000	298,790	-	-	-	-	-	-	-	-
-	-	685,000	257,690	-	-	-	-	-	-	-	-
-	-	770,000	210,767	-	-	-	-	-	-	-	-
-	-	865,000	159,947	-	-	-	-	-	-	-	-
-	-	970,000	100,694	-	-	-	-	-	-	-	-
-	-	500,000	34,250	-	-	-	-	-	-	-	-
<u>\$7,310,000</u>	<u>\$2,595,835</u>	<u>\$6,739,431</u>	<u>\$8,859,213</u>	<u>\$526,385</u>	<u>\$106,311</u>	<u>\$283,197</u>	<u>\$ 97,099</u>	<u>\$3,490,000</u>	<u>\$872,386</u>	<u>\$1,459,399</u>	<u>\$625,619</u>

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

June 30, 2006

Years of Maturity	Total Requirements			1998 Water General Obligation (1)		2002 Water COP	
	Principal	Interest	Total	Principal	Interest	Principal	Interest
2006-2007	\$ 2,658,784	\$ 1,936,426	\$ 4,595,210	\$ 725,000	\$ 121,021	\$ 57,704	\$ 21,125
2007-2008	2,736,955	1,839,533	4,576,488	760,000	89,085	60,875	17,955
2008-2009	2,825,396	1,719,638	4,545,034	795,000	55,065	64,316	14,514
2009-2010	2,913,982	1,608,766	4,522,748	835,000	18,788	67,902	10,928
2010-2011	1,287,767	1,538,009	2,825,776	-	-	71,687	7,141
2011-2012	1,196,759	1,495,900	2,692,659	-	-	75,678	3,150
2012-2013	830,000	1,455,556	2,285,556	-	-	-	-
2013-2014	865,000	1,422,694	2,287,694	-	-	-	-
2014-2015	900,000	1,387,394	2,287,394	-	-	-	-
2015-2016	940,000	1,350,594	2,290,594	-	-	-	-
2016-2017	980,000	1,311,581	2,291,581	-	-	-	-
2017-2018	1,025,000	1,269,587	2,294,587	-	-	-	-
2018-2019	1,070,000	1,221,056	2,291,056	-	-	-	-
2019-2020	1,120,000	1,166,306	2,286,306	-	-	-	-
2020-2021	1,170,000	1,109,056	2,279,056	-	-	-	-
2021-2022	1,230,000	1,049,056	2,279,056	-	-	-	-
2022-2023	1,290,000	986,056	2,276,056	-	-	-	-
2023-2024	1,355,000	921,625	2,276,625	-	-	-	-
2024-2025	1,420,000	855,719	2,275,719	-	-	-	-
2025-2026	1,495,000	786,488	2,281,488	-	-	-	-
2026-2027	1,575,000	710,622	2,285,622	-	-	-	-
2027-2028	1,655,000	630,956	2,285,956	-	-	-	-
2028-2029	1,740,000	550,325	2,290,325	-	-	-	-
2029-2030	1,835,000	463,125	2,298,125	-	-	-	-
2030-2031	1,930,000	369,000	2,299,000	-	-	-	-
2031-2032	2,030,000	270,000	2,300,000	-	-	-	-
2032-2033	2,135,000	165,875	2,300,875	-	-	-	-
2033-2034	2,250,000	56,250	2,306,250	-	-	-	-
	<u>\$44,459,643</u>	<u>\$29,647,193</u>	<u>\$74,106,836</u>	<u>\$ 3,115,000</u>	<u>\$ 283,959</u>	<u>\$ 398,162</u>	<u>\$ 74,813</u>

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

2003 Water Revenue/Refunding		2004 Sewer Current Refunding		1992 Oregon DEQ State Revolving Fund Loan		Years of Maturity
Principal	Interest	Principal	Interest	Principal	Interest	
\$ 1,250,000	\$ 1,720,037	\$ 465,000	\$ 45,249	\$ 161,080	\$ 28,994	2006-2007
1,280,000	1,675,537	475,000	32,794	161,080	24,162	2007-2008
1,310,000	1,610,788	495,000	19,941	161,080	19,330	2008-2009
1,345,000	1,557,863	505,000	6,690	161,080	14,497	2009-2010
1,055,000	1,521,203	-	-	161,080	9,665	2010-2011
960,000	1,487,918	-	-	161,081	4,832	2011-2012
830,000	1,455,556	-	-	-	-	2012-2013
865,000	1,422,694	-	-	-	-	2013-2014
900,000	1,387,394	-	-	-	-	2014-2015
940,000	1,350,594	-	-	-	-	2015-2016
980,000	1,311,581	-	-	-	-	2016-2017
1,025,000	1,269,587	-	-	-	-	2017-2018
1,070,000	1,221,056	-	-	-	-	2018-2019
1,120,000	1,166,306	-	-	-	-	2019-2020
1,170,000	1,109,056	-	-	-	-	2020-2021
1,230,000	1,049,056	-	-	-	-	2021-2022
1,290,000	986,056	-	-	-	-	2022-2023
1,355,000	921,625	-	-	-	-	2023-2024
1,420,000	855,719	-	-	-	-	2024-2025
1,495,000	786,488	-	-	-	-	2025-2026
1,575,000	710,622	-	-	-	-	2026-2027
1,655,000	630,956	-	-	-	-	2027-2028
1,740,000	550,325	-	-	-	-	2028-2029
1,835,000	463,125	-	-	-	-	2029-2030
1,930,000	369,000	-	-	-	-	2030-2031
2,030,000	270,000	-	-	-	-	2031-2032
2,135,000	165,875	-	-	-	-	2032-2033
2,250,000	56,250	-	-	-	-	2033-2034
<u>\$38,040,000</u>	<u>\$29,082,267</u>	<u>\$ 1,940,000</u>	<u>\$ 104,674</u>	<u>\$ 966,481</u>	<u>\$ 101,480</u>	

CITY OF ALBANY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
for the year ended June 30, 2006

Tax Year	Taxes Receivable June 30, 2005	Levy as extended by assessor	Collections	Discounts & Adjustments	Taxes Receivable June 30, 2006
2005-06	\$ -	\$ 20,740,111	\$(19,555,255)	\$ (472,436)	\$ 712,420
2004-05	794,432	-	(465,792)	4,977	333,617
2003-04	349,440	-	(179,638)	21,985	191,787
2002-03	173,198	-	(123,210)	29,438	79,426
2001-02	66,305	-	(50,191)	4,478	20,592
2000-01	12,255	-	(6,071)	(945)	5,239
1999-00	5,544	-	(2,478)	(1,746)	1,320
1998-99	1,797	-	(497)	(179)	1,121
1997-98	1,211	-	(467)	(322)	422
1996-97	641	-	(139)	163	665
1995-96	675	-	(264)	(217)	194
and prior	8,619	-	(627)	(47)	7,945
	<u>\$ 1,414,117</u>	<u>\$ 20,740,111</u>	<u>\$(20,384,629)</u>	<u>\$ (414,851)</u>	<u>\$ 1,354,748</u>

COLLECTIONS AND BALANCES RECEIVABLE SUMMARY
BY FUND AND FUND TYPE

General Fund	\$ 12,505,234	\$ 841,924
Special Revenue Funds:		
Parks and Recreation	3,133,826	214,689
Public Safety Levy	2,171,708	127,426
Debt Service Funds:		
Debt Service	1,113,145	77,169
Capital Project Funds:		
Central Albany Revitalization Area	690,773	38,482
Enterprise Funds:		
Water	769,943	55,058
	<u>\$ 20,384,629</u>	<u>\$ 1,354,748</u>

	Collections from Above	Tax Accrual - Net Change	Total
General Fund	\$ 12,505,234	\$ (238,547)	\$ 12,266,687
Parks and Recreation	3,133,826	(22,913)	3,110,913
Public Safety Levy	2,171,708	1,725	2,173,433
Debt Service	1,113,145	28,602	1,141,747
Capital Projects	690,773	5,220	695,993
Water	769,943	(10,078)	759,865
Property taxes from Statement of Activities (pages 12-13)	<u>\$ 20,384,629</u>	<u>\$ (235,991)</u>	<u>\$ 20,148,638</u>

Total collections from above	\$ 20,384,629
Taxes collected in the Water Fund	(769,943)
Property taxes from Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (page 16)	<u>\$ 19,614,686</u>

**Setting a goal is not the main thing.
It is deciding how you will go about achieving it and staying with that plan.
Tom Landry**

STATISTICAL SCHEDULES

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

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY

These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.

DEBT CAPACITY

The schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Presented in these schedules are the demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

OPERATING INFORMATION

These schedules present service and infrastructure data to help the reader understand how the information in the City's financial report related to the services it provides and the activities it performs.

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

**There is nothing so eloquent as a rattlesnake's tail.
Navajo Proverb**

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

	<u>2002/2003</u>	<u>2003/2004</u>	<u>2004/2005</u>	<u>2005/2006</u>
Governmental Activities				
Invested in capital assets, net of related debt	\$ 44,220,359	\$ 43,651,379	\$ 39,057,632	\$ 37,643,393
Restricted	21,037,117	18,279,315	29,410,881	52,678,448
Unrestricted	7,608,794	18,659,845	24,646,982	12,006,275
Total governmental activities net assets	<u>72,866,270</u>	<u>80,590,539</u>	<u>93,115,495</u>	<u>102,328,116</u>
Business-type activities				
Invested in capital assets, net of related debt	72,820,092	75,816,083	79,907,362	91,009,502
Restricted	9,056,486	9,401,040	15,860,141	14,984,960
Unrestricted	14,458,875	18,359,252	17,514,640	17,976,644
Total business-type activities expenses	<u>96,335,453</u>	<u>103,576,375</u>	<u>113,282,143</u>	<u>123,971,106</u>
Primary Government				
Invested in capital assets, net of related debt	117,040,451	119,467,462	118,964,994	128,652,895
Restricted	30,093,603	27,680,355	45,271,022	67,663,408
Unrestricted	22,067,669	37,019,097	42,161,622	29,982,919
Total governmental activities program revenues	<u>\$ 169,201,723</u>	<u>\$ 184,166,914</u>	<u>\$ 206,397,638</u>	<u>\$ 226,299,222</u>
 Component Unit				
Albany Public Library Foundation				
Unrestricted		<u>\$ 786,171</u>	<u>\$ 833,853</u>	<u>\$ 895,442</u>

Source: City of Albany 2003-06 Comprehensive Annual Financial Reports

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

	2002/2003	2003/2004	2004/2005	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	32,134,417	32,048,383	34,305,409	37,500,793
Business-type activities				
Water	7,135,802	7,797,815	6,946,851	9,494,225
Sewer	7,186,899	7,637,300	7,436,459	7,952,494
Total business-type activities expenses	14,322,701	15,435,115	14,383,310	17,446,719
Program Revenues				
Governmental activities:				
General government	9,706,256	7,359,348	8,842,325	5,343,985
Public safety	3,777,644	3,768,134	3,883,415	4,198,040
Highways and streets	4,558,588	5,269,340	5,272,239	5,310,494
Culture and recreation	1,704,413	1,869,460	2,819,363	4,873,850
Total governmental activities program revenues	19,746,901	18,266,282	20,817,342	19,726,369
Business-type activities				
Water	9,222,539	11,801,915	12,462,668	13,071,306
Sewer	8,395,543	9,524,763	10,927,340	12,750,140
Total business-type activities expenses	17,618,082	21,326,678	23,390,008	25,821,446
Total primary government program revenues	37,364,983	39,592,960	44,207,350	45,547,815
General Revenues				
Governmental activities:				
Taxes:				
Property	14,532,724	17,057,229	18,169,530	19,388,773
Transient room	514,110	509,767	550,404	610,516
Motor fuel	-	-	2,119,250	2,170,883
Cigarette and alcoholic beverage	-	-	497,499	545,979
Privilege	2,834,061	2,875,905	2,099,290	2,268,032
Franchise fees	-	-	967,994	-
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	18,749,447	21,202,585	24,985,567	26,613,127
Loss on disposal of capital assets	(1,018)	-	-	-
Transfers	95,049	303,785	1,027,456	373,918
Total governmental activities	18,843,478	21,506,370	26,013,023	26,987,045

continued

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

	<u>2002/2003</u>	<u>2003/2004</u>	<u>2004/2005</u>	<u>2005/2006</u>
General Revenues, continued				
Business-type activities, continued				
Property taxes	778,058	787,570	782,683	759,865
Unrestricted investment earnings	377,023	286,658	488,123	1,240,546
Miscellaneous	352,592	578,916	455,720	687,743
Total business-type activities general revenues	<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	(23,952)	-		
Transfers	(95,049)	(303,785)	(1,027,456)	(373,918)
Total business-type activities	<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	7,724,269	12,524,956	9,212,621
Business-type activities	4,684,053	7,240,922	9,705,768	10,688,963
Total Change in net assets, Primary government	<u>11,140,015</u>	<u>14,965,191</u>	<u>22,230,724</u>	<u>19,901,584</u>
Net assets - beginning	158,061,708	169,201,723	184,166,914	206,397,638
Net assets - ending	<u>\$169,201,723</u>	<u>\$184,166,914</u>	<u>\$206,397,638</u>	<u>\$226,299,222</u>

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

	<u>2002/2003</u>	<u>2003/2004</u>	<u>2004/2005</u>	<u>2005/2006</u>
General Fund				
Unreserved	\$ 2,714,477	\$ 2,290,356	\$ 2,733,586	\$ 4,103,125
Total General Fund	<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, reported in:				
Special Revenue	434,014	404,170	102,510	20,285
Debt Service	2,179,270	2,616,579	2,877,865	2,865,706
Capital Projects	2,755,767	6,012,244	8,248,404	15,591,619
Permanent	107,206	108,906	111,585	115,189
Unreserved, reported in:				
Special revenue	5,795,739	8,021,014	8,744,939	8,338,206
Capital projects	2,578,524	1,162,841	3,169,042	-
Total all other governmental funds	<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>\$ 16,564,997</u>	<u>\$ 20,616,110</u>	<u>\$ 25,987,931</u>	<u>\$ 31,034,130</u>

Source: City of Albany 2003-06 Comprehensive Annual Financial Reports

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

	2002/2003	2003/2004	2004/2005	2005/2006
Revenues				
Taxes	\$ 14,981,840	\$ 17,604,792	\$ 18,460,938	\$ 20,225,202
Special assessments	621,006	980,652	2,812,677	752,013
Franchise fees, privilege taxes, licenses, and permits	6,468,494	6,676,869	7,988,856	7,637,192
Intergovernmental	6,511,342	8,319,812	12,317,895	6,643,124
Charges for services	6,003,485	3,072,882	3,698,501	3,722,670
Fines and forfeitures	614,142	556,974	545,296	581,972
Gifts and donations	3,828	454	3,042	3,178,018
Interest on investments	382,755	306,052	624,257	1,265,344
Miscellaneous	460,850	573,834	764,322	653,788
Total revenues	<u>36,047,742</u>	<u>38,092,321</u>	<u>47,215,784</u>	<u>44,659,323</u>
Expenditures				
General government	6,650,355	3,692,811	4,934,984	5,260,948
Public safety	13,844,935	15,577,882	16,809,154	18,302,131
Highways and streets	2,183,939	2,617,631	2,768,538	3,103,766
Culture and recreation	4,987,709	5,231,589	5,831,360	6,093,309
Capital outlay	7,777,230	5,000,187	13,033,514	1,328,965
Debt service				
Principal	1,036,687	1,097,997	2,876,939	1,181,496
Interest	1,269,338	1,224,295	1,201,415	7,871,125
Total expenditures	<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>(1,702,451)</u>	<u>3,649,929</u>	<u>(240,120)</u>	<u>1,517,583</u>
Other financing sources (uses)				
Debt issuance	-	-	3,720,000	1,459,399
Premium on debt issuance	-	-	50,244	-
Capital lease	-	-	162,060	151,360
Transfers in	1,341,168	3,484,872	6,968,005	14,248,234
Transfers out	(1,213,283)	(3,083,688)	(5,207,075)	(13,341,755)
Total other financing sources (uses)	<u>127,885</u>	<u>401,184</u>	<u>5,693,234</u>	<u>2,517,238</u>
Net change in fund balances	<u>(1,574,566)</u>	<u>4,051,113</u>	<u>5,453,114</u>	<u>4,034,821</u>

Source: City of Albany 2003-06 Comprehensive Annual Financial Reports

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

Fiscal Year Ended June 30,	County					Total Taxable Assessed Value (1)
		Residential	Manufactured Structure	Personal	Utilities	
1998	Linn	\$ 1,211,663,145	\$ 272,745,400	\$ 70,094,451	\$ 43,335,601	\$ 1,597,838,597
	Benton	219,200,016	658,144	911,988	5,449,563	226,219,711
	Total	1,430,863,161	273,403,544	71,006,439	48,785,164	1,824,058,308
1999	Linn	1,277,117,340	28,266,050	66,551,651	47,286,839	1,419,221,880
	Benton	234,874,137	713,186	920,692	4,626,985	241,135,000
	Total	1,511,991,477	28,979,236	67,472,343	51,913,824	1,660,356,880
2000	Linn	1,354,786,719	30,184,076	69,470,954	53,505,672	1,507,947,421
	Benton	261,582,121	797,025	967,259	5,466,168	268,812,573
	Total	1,616,368,840	30,981,101	70,438,213	58,971,840	1,776,759,994
2001	Linn	1,454,535,116	31,625,599	71,509,755	56,350,772	1,614,021,242
	Benton	283,021,606	820,661	845,690	5,892,413	290,580,370
	Total	1,737,556,722	32,446,260	72,355,445	62,243,185	1,904,601,612
2002	Linn	1,542,530,434	26,356,397	79,445,672	60,022,457	1,708,354,960
	Benton	298,133,758	87,453	843,700	6,463,713	305,528,624
	Total	1,840,664,192	26,443,850	80,289,372	66,486,170	2,013,883,584
2003	Linn	1,609,063,736	25,558,306	80,703,710	60,153,475	1,775,479,227
	Benton	318,356,428	1,013,314	867,517	6,866,341	327,103,600
	Total	1,927,420,164	26,571,620	81,571,227	67,019,816	2,102,582,827
2004	Linn	1,703,788,361	24,205,632	74,118,430	59,081,183	1,861,193,606
	Benton	342,141,399	990,799	1,289,729	5,921,671	350,343,598
	Total	2,045,929,760	25,196,431	75,408,159	65,002,854	2,211,537,204
2005	Linn	1,788,548,681	23,560,728	71,468,226	63,998,526	1,947,576,161
	Benton	376,493,813	896,512	1,218,484	8,003,088	386,611,897
	Total	2,165,042,494	24,457,240	72,686,710	72,001,614	2,334,188,058
2006	Linn	1,950,391,684	21,737,801	75,738,840	55,304,189	2,103,172,514
	Benton	408,983,189	831,025	1,245,503	7,879,210	418,938,927
	Total	2,359,374,873	22,568,826	76,984,343	63,183,399	2,522,111,441

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

Source: Linn and Benton County Tax Assessors

Direct Tax Rate Per \$1,000 of Assessed Value	Estimated Actual Value (Market Value)	Assessed Value as a % of Market Value
n/a	n/a	n/a
n/a	n/a	n/a
	n/a	n/a
6.70	1,834,437,710	77.37%
6.70	299,448,139	80.53%
	<u>2,133,885,849</u>	<u>77.81%</u>
7.16	1,884,542,586	80.02%
7.16	337,288,608	79.70%
	<u>2,221,831,194</u>	<u>79.97%</u>
7.36	2,001,795,739	80.63%
7.36	347,730,175	83.56%
	<u>2,349,525,914</u>	<u>81.06%</u>
7.30	1,999,819,328	85.43%
7.30	361,860,269	84.43%
	<u>2,361,679,597</u>	<u>85.27%</u>
7.41	2,096,480,472	84.69%
7.41	395,820,350	82.64%
	<u>2,492,300,822</u>	<u>84.36%</u>
8.32	2,151,734,538	86.50%
8.27	413,054,202	84.82%
	<u>2,564,788,740</u>	<u>86.23%</u>
8.31	2,335,780,677	83.38%
8.25	461,103,289	83.84%
	<u>2,796,883,966</u>	<u>83.46%</u>
8.25	2,511,219,742	83.75%
8.19	505,905,627	82.81%
	<u>3,017,125,369</u>	<u>83.59%</u>

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

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

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

Source: Linn and Benton County Tax Assessors

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

Schedule 7
CITY OF ALBANY, OREGON
PRINCIPAL PROPERTY TAXPAYERS
Fiscal Years 1996-1997 and 2005-2006

Taxpayer	2006 Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	1997 Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Dayton Hudson Corporation	\$ 73,319,010	1	2.91%	\$ -	-	-
Pacificorp	58,148,000	2	2.31%	-	-	-
Northwest Natural Gas Company	37,547,391	3	1.49%	-	-	-
Oregon Metallurgical Corporation	28,924,224	4	1.15%	14,343,980	4	0.80%
Oregon Freeze Dry Foods, Inc.	26,389,205	5	1.05%	25,177,010	1	1.40%
Qwest Corporation	22,942,200	6	0.91%	-	-	-
Waverly Land Management	20,161,347	7	0.80%	20,845,290	2	1.16%
Steadfast Heritage, LLC	17,617,387	8	0.70%	-	-	-
Metropolitan Life Insurance Company	14,160,965	9	0.56%	10,977,470	5	0.61%
National Frozen Foods Corporation	12,344,038	10	0.49%	8,827,800	6	0.49%
Roebbelen Engineering, Inc.	-	-	-	17,558,240	3	0.97%
DBSI Housing, Inc.	-	-	-	8,325,550	7	0.46%
Winmar, Oregon	-	-	-	7,127,930	8	0.40%
Nationwide Health Properties, Inc.	-	-	-	7,073,030	9	0.39%
Keller Development	-	-	-	6,605,490	10	0.37%
Total	\$ 311,553,767		12.35%	\$ 126,861,790		5.03%
Total taxable assessed value, all properties	\$ 2,522,111,441			\$ 1,803,942,045		

Source: Linn and Benton County Tax Assessors

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	Percentage Collected	Collections In Subsequent Years	Total Collections to Date	Percentage of Original Levy
1997	\$ 11,931,567	\$ 11,384,093	95.41%	\$ 546,940	\$ 11,931,033	100.00%
1998	11,977,045	11,342,321	94.70%	633,914	11,976,235	99.99%
1999	10,983,511	10,468,911	95.31%	512,925	10,981,836	99.98%
2000	12,474,308	11,858,395	95.06%	612,687	12,471,082	99.97%
2001	13,683,864	12,926,133	94.46%	750,336	13,676,469	99.95%
2002	14,422,742	13,706,523	95.03%	701,124	14,407,647	99.90%
2003	15,337,118	14,569,267	94.99%	696,039	15,265,306	99.53%
2004	17,987,097	17,185,584	95.54%	631,746	17,817,330	99.06%
2005	18,861,217	18,066,785	95.79%	473,820	18,540,605	98.30%
2006	20,030,340	18,995,293	94.83%	-	18,995,293	94.83%

Source: Linn and Benton County Tax Assessors

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

Fiscal Year Ended June 30,	GOVERNMENTAL ACTIVITIES							
	General Obligation Bonds	Special Assessment Debt (1)	Revenue Bonds	Limited Tax Pension Obligations	Certificates of Participation	General Revenue Obligations	Notes Payable	Capital Leases
1997	\$ 3,700,000	\$ 3,000,000	\$ 2,230,000	\$ -	\$ 2,700,000	\$ -	\$ 434,921	\$ -
1998	3,580,000	2,770,000	2,155,000	-	2,595,000	-	422,444	-
1999	13,305,000	2,570,000	2,065,000	-	2,485,000	-	409,865	-
2000	12,850,000	2,415,000	1,960,000	-	2,370,000	-	392,177	-
2001	12,380,000	2,245,000	1,845,000	-	2,250,000	-	374,370	-
2002	11,885,000	2,806,255	1,715,000	6,826,913	2,125,000	-	356,433	-
2003	11,375,000	2,577,645	1,570,000	6,826,913	1,990,000	-	338,356	-
2004	10,845,000	2,341,549	1,410,000	6,813,236	1,850,000	-	320,132	-
2005	10,290,000	2,097,840	1,230,000	6,783,389	-	3,720,000	301,749	162,060
2006	9,710,000	1,841,385	1,030,000	6,739,431	-	3,490,000	1,742,596	205,218

Source: Linn and Benton County Tax Assessors

(1) Special assessment debt with governmental commitment

BUSINESS-TYPE ACTIVITIES

General Obligation Bonds	Water Revenue Bonds	Sewer Revenue Bonds	Certificates of Participation	Notes Payable	Total Outstanding Debt	% of Personal Income	Debt per Capita
\$ 8,040,875	\$ 6,872,529	\$ 7,742,350	\$ -	\$ 2,416,204	\$ 37,136,879	4.76%	\$ 1,001
7,637,683	6,631,307	7,354,506	-	2,255,124	35,401,064	4.37%	936
7,148,371	6,365,085	6,941,661	-	2,094,044	43,384,026	5.24%	1,144
6,634,059	6,035,935	6,679,179	-	1,932,964	41,269,314	4.57%	1,031
6,099,747	5,659,804	6,209,489	-	1,771,883	38,835,293	4.00%	944
5,540,435	5,230,595	5,685,973	600,000	1,610,803	44,382,407	4.39%	1,066
4,961,123	4,770,995	5,127,458	553,550	1,449,723	41,540,763	4.08%	983
4,351,811	40,192,681	2,699,857	504,589	1,288,641	72,617,496	6.64%	1,666
3,712,499	38,987,677	2,278,559	452,819	1,127,561	71,144,153	n/a	1,616
3,053,187	37,767,673	1,852,261	398,162	966,481	68,796,394	n/a	1,517

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
1997	37,109	\$ 1,803,942,405	\$ 11,740,875 ⁽²⁾	-	\$ 2,700,000	-
1998	37,830	1,824,058,308	11,217,683	-	2,595,000	-
1999	37,925	1,660,356,880	20,453,371 ⁽³⁾	-	2,485,000	-
2000	40,010	1,776,759,994	19,484,059	-	2,370,000	-
2001	41,145	1,904,601,612	18,479,747	-	2,250,000	-
2002	41,650	2,013,883,584	17,425,435	6,826,913	2,125,000	-
2003	42,280	2,102,582,827	16,336,123	6,826,913	1,990,000	-
2004	43,600	2,211,537,204	15,196,811	6,813,236	1,850,000	-
2005	44,030	2,334,188,058	14,002,499	6,783,389	-	3,720,000
2006	45,360	2,522,111,441	12,763,187	6,739,431	-	3,490,000

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

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

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

(4) \$475,280 available for General Obligation Debt. \$148,200 available for the Limited Tax Pension Bonds.

Less: Amounts Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
\$ 408,710	\$ 14,032,165	0.7779%	\$ 378.13
366,091	13,446,592	0.7372%	355.45
383,204	22,555,167	1.3585%	594.73
310,682	21,543,377	1.2125%	538.45
265,384	20,464,363	1.0745%	497.37
234,695	26,142,653	1.2981%	627.67
280,981	24,872,055	1.1829%	588.27
338,014	23,522,033	1.0636%	539.50
385,818	24,120,070	1.0333%	547.81
623,480 ⁽⁴⁾	22,369,138	0.8869%	493.15

Obstacles are those frightful things you see when you take your eyes off your goal.
Henry Ford

Schedule 11
CITY OF ALBANY, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
as of June 30, 2006

Jurisdiction	Net Outstanding Debt	Percentage Applicable to the City of Albany	Amount Applicable to the City of Albany
DIRECT DEBT			
City of Albany (2)	\$ 21,405,816	100.0000%	\$ 21,405,816
OVERLAPPING DEBT			
Benton County	18,953,459	7.1640%	1,357,826
Grand Prairie Water Control District	936,305	77.0670%	721,582
Linn County	1,595,000	31.6460%	504,754
Greater Albany Public School District 8J	48,060,000	68.5490%	32,944,649
Linn Benton Community College	43,801,011	21.0780%	9,232,377
North Albany County Service District	712,786	99.8340%	711,603
Total overlapping debt	114,058,561		45,472,791
Total direct and overlapping debt	\$ 135,464,377		\$ 66,878,607

(1) Source - State of Oregon, Treasury Department

(2) City of Albany net outstanding debt

1996 General Obligation Fire Substation Construction Bonds	\$ 2,400,000
1998 General Obligation Water Refunding Bonds	3,115,000
1999 Street Reconstruction General Obligation Bonds	7,310,000
Limited Tax Pension Obligations, Series 2002	6,739,431
1997 Limited Tax Assessment Bonds	1,315,000
2002 Limited Tax Assessment Bonds	526,385
Total City of Albany net outstanding debt	\$ 21,405,816

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

	<u>1996/1997</u>	<u>1997/1998</u>	<u>1998/1999</u>
Debt limitation	\$ 54,118,261	\$ 47,432,155	\$ 63,086,532
Total net debt applicable to limitation	<u>11,333,165</u>	<u>10,851,592</u>	<u>20,070,167</u>
Legal debt margin	<u>\$ 42,785,096</u>	<u>\$ 36,580,563</u>	<u>\$ 43,016,365</u>
Ratio of net debt applicable to limitation to the debt limitation	<u>20.94%</u>	<u>22.88%</u>	<u>31.81%</u>

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

<u>1999/2000</u>	<u>2000/2001</u>	<u>2001/2002</u>	<u>2002/2003</u>	<u>2003/2004</u>	<u>2004/2005</u>	<u>2005/2006</u>
\$ 66,838,325	\$ 70,654,958	\$ 71,009,546	\$ 75,705,895	\$ 77,149,570	\$ 83,847,424	\$ 90,355,908
<u>19,172,693</u>	<u>18,231,970</u>	<u>17,211,202</u>	<u>16,055,142</u>	<u>14,858,797</u>	<u>13,616,681</u>	<u>12,349,720</u>
<u>\$ 47,665,632</u>	<u>\$ 52,422,988</u>	<u>\$ 53,798,344</u>	<u>\$ 59,650,753</u>	<u>\$ 62,290,773</u>	<u>\$ 70,230,743</u>	<u>\$ 78,006,188</u>
<u>28.69%</u>	<u>25.80%</u>	<u>24.24%</u>	<u>21.21%</u>	<u>19.26%</u>	<u>16.24%</u>	<u>13.67%</u>

Legal debt margin calculation for Fiscal Year 2005-2006

True cash value		\$ 3,011,863,594
General obligation debt limit - 3% of true cash value		<u>3%</u>
General obligation debt limit		90,355,908
Gross general obligation bonded debt principal		
1996 General Obligation Fire Substation Construction Bonds	2,400,000	
1998 General Obligation Water Refunding Bonds	3,115,000	
1999 Street Reconstruction General Obligation Bonds	7,310,000	
Less: Debt service monies available		
Debt Service Fund	315,382	
Water Fund	<u>159,898</u>	
Net debt subject to the three percent limitation		<u>12,349,720</u>
Legal debt margin		<u>\$ 78,006,188</u>

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

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses	Net Available Resources	Debt Service		Total	Coverage Percentage
				Principal	Interest		
1995 Fairgrounds Revenue Bonds							
1997	\$ 350,072	\$ 417	\$ 349,655	\$ 70,000	\$ 117,810	\$ 187,810	186.17%
1998	382,692	502	382,190	75,000	114,908	189,908	201.25%
1999	331,262	502	330,760	90,000	111,458	201,458	164.18%
2000	387,136	501	386,635	105,000	107,235	212,235	182.17%
2001	435,010	501	434,509	115,000	102,280	217,280	199.98%
2002	482,683	501	482,182	130,000	96,515	226,515	212.87%
2003	514,110	502	513,608	145,000	89,770	234,770	218.77%
2004	509,767	502	509,265	160,000	82,065	242,065	210.38%
2005	550,404	2,750	547,654	180,000	73,305	253,305	216.20%
2006	610,516	2,500	608,016	200,000	63,325	263,325	230.90%

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, 46 to 61 percent of the annual tax collections have been used for debt service. The remaining proceeds from the tax are used to fund tourist and economic development activities. In the table above, gross revenue is the total tax collected for the current year.

Special Assessment Debt

1997	\$ 31,963	\$ 1,959	\$ 30,004	\$ -	\$ -	\$ -	-
1998	861,683	202,503	659,180	230,000	123,025	353,025	186.72%
1999	871,562	150	871,412	200,000	125,418	325,418	267.78%
2000	957,800	150	957,650	155,000	117,218	272,218	351.80%
2001	1,197,613	150	1,197,463	170,000	110,708	280,708	426.59%
2002	1,368,102	151	1,367,951	175,000	103,397	278,397	491.37%
2003	1,708,342	150	1,708,192	228,610	132,272	360,882	473.34%
2004	2,099,195	839	2,098,356	236,096	121,687	357,783	586.49%
2005	2,557,698	150	2,557,548	243,709	110,564	354,273	721.91%
2006	2,466,355	150	2,466,205	256,455	99,077	355,532	693.67%

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, gross revenues consist of assessment principal and interest, investment earnings, and the balance of available funds from the previous year.

continued

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

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses(1)	Net Available Resources	Debt Service		Total	Coverage Percentage
				Principal	Interest		
Water Revenue Bonds and Certificates of Participation							
1997	\$ 6,830,630	\$ 3,218,882	\$ 3,611,748	\$ 345,000	\$ 378,283	\$ 723,283	499.35%
1998	6,838,151	3,288,124	3,550,027	360,000	358,186	718,186	494.30%
1999	7,519,056	4,145,996	3,373,060	385,000	336,292	721,292	467.64%
2000	7,230,308	4,338,526	2,891,782	400,000	312,611	712,611	405.80%
2001	7,637,079	4,549,613	3,087,466	425,000	289,525	714,525	432.10%
2002	7,585,884	5,062,456	2,523,428	450,000	267,614	717,614	351.64%
2003	8,257,944	5,381,957	2,875,987	470,000	246,368	716,368	401.47%
2004	11,204,936	5,967,770	5,237,166	543,960	254,876	798,836	655.60%
2005	10,726,171	5,419,770	5,306,401	1,266,770	1,796,347	3,063,117	173.24%
2006	11,081,731	6,551,248	4,530,483	1,284,657	1,769,010	3,053,667	148.36%

The amount of net available resources for bond coverage is determined by subtracting operating expenses from gross revenues. Operating expenses are reduced by the amount of depreciation expense for the fiscal year. In October, 2003, the City sold \$40,485,000 of 30 year water revenue bonds to finance the construction of a new water treatment plant, refund an existing water revenue bond issue, and make other capital improvements to the water system.

Sewer Revenue Bonds

1997	\$ 4,624,875	\$ 3,182,087	\$ 1,442,788	\$ 340,000	\$ 335,363	\$ 675,363	213.63%
1998	4,851,266	3,154,384	1,696,882	355,000	315,931	670,931	252.91%
1999	5,318,793	3,238,113	2,080,680	375,000	296,518	671,518	309.85%
2000	5,646,483	3,898,738	1,747,745	210,000	275,360	485,360	360.09%
2001	5,507,676	5,050,361	457,315	400,000	261,235	661,235	69.16%
2002	6,111,911	4,996,186	1,115,725	430,000	241,515	671,515	166.15%
2003	6,785,751	5,119,861	1,665,890	430,000	241,600	671,600	248.05%
2004	7,572,603	5,450,680	2,121,923	475,000	208,854	683,854	310.29%
2005	8,053,255	5,376,739	2,676,516	445,000	64,431	509,431	525.39%
2006	8,745,070	5,917,711	2,827,359	450,000	57,373	507,373	557.25%

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

continued

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

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses(1)	Net Available Resources	Debt Service		Total	Coverage Percentage
				Principal	Interest		
North Albany Sewer Revenue Bonds and State Revolving Fund (SRF) Loan							
1997	\$ 4,156,212	\$ 2,351	\$ 4,153,861	\$ 356,934	\$ 233,040	\$ 589,974	704.08%
1998	2,689,611	1,778	2,687,833	246,080	170,559	416,639	645.12%
1999	2,845,741	1,882	2,843,859	251,080	160,537	411,617	690.90%
2000	2,789,027	1,831	2,787,196	261,080	150,379	411,459	677.39%
2001	2,872,038	1,056	2,870,982	266,080	139,605	405,685	707.69%
2002	2,716,172	1,394	2,714,778	271,080	128,399	399,479	679.58%
2003	2,541,464	878	2,540,586	281,080	118,782	399,862	635.37%
2004	2,363,233	-	2,363,233	281,081	108,550	389,631	606.53%
2005	803,344	150	803,194	161,080	38,659	199,739	402.12%
2006	739,730	-	739,730	161,080	33,827	194,907	379.53%

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

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

Fiscal Year Ended June 30,	Population(1)	Personal Income(2)	Per Capita Personal Income	School Enrollment(3)	Unemployment Rate(4)
1997	37,109	\$ 780,476,488	\$ 21,032	7,770	6.1%
1998	37,830	810,848,220	21,434	7,983	8.3%
1999	37,925	828,699,175	21,851	8,060	7.5%
2000	40,010	903,825,900	22,590	8,015	6.3%
2001	41,145	970,610,550	23,590	8,075	7.6%
2002	41,650	1,010,887,150	24,271	8,235	8.9%
2003	42,280	1,018,863,440	24,098	8,438	11.4%
2004	43,600	1,093,967,600	25,091	8,517	9.7%
2005	44,030	n/a	n/a	8,721	8.1%
2006	45,360	n/a	n/a	n/a	6.5%

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

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

(3) Greater Albany School District 8J

(4) State of Oregon, Employment division

If we are on a path of getting nowhere fast, technology is allowing us to get nowhere faster and faster.
John Renesch

Schedule 15
CITY OF ALBANY, OREGON
ALBANY AREA PRINCIPAL EMPLOYERS
for the Fiscal Years ended June 30, 1997, and June 30, 2006

Employer	June30, 1997		June30, 2006	
	Number of Employees	Rank	Number of Employees	Rank
Oregon State University	9,091	1	7,564	1
Hewlett Packard	3,430	2	5,749	2
Alvac Albany (Teledyne Wah Chang - 1997)	1,199	3	1,100	4
Linn Benton Community College	1,069	4	1,100	4
Greater Albany Public School District 8J	952	5	913	6
Samaritan Health Services (Albany General Hospital - 1997)	870	6	1,275	3
Weyerhaeuser (Willamette Industries - 1997)	795	7	961	5
Linn County	782	8	625	8
Dayton-Hudson Corporation (Target)	574	9	425	10
National Frozen Foods	431	10	-	-
Oregon Metallurgical Corporation	-	-	652	7
Golden West	-	-	446	9
Totals	19,193		20,810	

Source: Employer personnel offices

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

Function	1996/1997	1997/1998	1998/1999	1999/2000
GOVERNMENTAL ACTIVITIES				
General Government				
Building Maintenance	3.15	3.15	3.25	3.25
Economic Development	-	-	-	-
Public Transit	6.77	6.72	6.32	5.45
Planning	8.00	8.50	8.00	7.50
Building Inspection	6.00	5.00	7.50	8.50
Electrical Permit Program	0.50	-	1.00	1.00
Total General Government	24.42	23.37	26.07	25.70
Public Safety				
Fire	56.50	58.00	62.50	62.00
Police	66.25	64.25	74.25	75.25
Animal Control	1.00	1.00	1.00	1.00
Municipal Court	4.00	4.00	4.00	4.03
Total Public Safety	127.75	127.25	141.75	142.28
Highways and Streets				
Street Fund	11.40	11.90	11.90	12.30
Culture and Recreation				
Parks & Recreation	20.59	21.79	23.24	24.96
Library	15.71	17.71	16.71	18.59
Total Culture and Recreation	36.30	39.50	39.95	43.55
Total Governmental Activities	199.87	202.02	219.67	223.83
BUSINESS-TYPE ACTIVITIES				
Enterprise				
Water	34.50	34.00	35.00	34.70
Sewer	34.50	32.00	36.50	34.20
Total Enterprise	69.00	66.00	71.50	68.90
Internal Service				
Administrative Services	21.20	21.63	22.60	23.40
Information Technology	4.00	5.00	6.00	6.00
Public Works Services	-	-	-	-
Equipment Maintenance	1.25	1.25	1.15	5.75
Geographic Information Systems Services	2.00	2.00	3.00	3.00
Total Enterprise	28.45	29.88	32.75	38.15
Total Business-type Activities	97.45	95.88	104.25	107.05
Grand Total - All Full-time Equivalents	297.32	297.90	323.92	330.88

Source: City of Albany Human Relations Department

<u>2000/2001</u>	<u>2001/2002</u>	<u>2002/2003</u>	<u>2003/2004</u>	<u>2004/2005</u>	<u>2005/2006</u>
3.25	3.35	2.85	2.85	2.00	-
-	-	-	-	-	1.00
5.70	6.20	5.95	5.75	5.75	5.75
7.50	7.50	7.50	7.50	7.50	8.50
8.75	8.25	9.25	9.25	9.25	12.00
0.75	1.25	1.25	1.25	1.25	1.50
<u>25.95</u>	<u>26.55</u>	<u>26.80</u>	<u>26.60</u>	<u>25.75</u>	<u>28.75</u>
62.00	65.00	65.00	73.00	76.00	76.00
76.25	76.25	71.00	86.25	86.25	87.00
1.00	1.00	1.00	-	-	-
4.03	4.03	4.03	4.05	4.05	4.05
<u>143.28</u>	<u>146.28</u>	<u>141.03</u>	<u>163.30</u>	<u>166.30</u>	<u>167.05</u>
12.30	12.30	12.30	11.50	10.65	8.00
25.21	25.21	25.21	25.21	26.36	29.94
19.59	19.59	19.59	19.59	20.04	20.04
44.80	44.80	44.80	44.80	46.40	49.98
<u>226.33</u>	<u>229.93</u>	<u>224.93</u>	<u>246.20</u>	<u>249.10</u>	<u>253.78</u>
37.00	38.00	37.50	37.50	27.04	20.50
35.50	37.50	38.00	38.00	26.31	21.50
<u>72.50</u>	<u>75.50</u>	<u>75.50</u>	<u>75.50</u>	<u>53.35</u>	<u>42.00</u>
23.40	22.90	22.90	22.90	25.30	27.00
6.00	6.00	6.00	6.00	6.00	6.00
-	-	-	-	26.00	52.00
5.75	7.65	7.65	7.65	6.00	-
3.50	3.50	3.50	3.50	4.00	4.00
<u>38.65</u>	<u>40.05</u>	<u>40.05</u>	<u>40.05</u>	<u>67.30</u>	<u>89.00</u>
<u>111.15</u>	<u>115.55</u>	<u>115.55</u>	<u>115.55</u>	<u>120.65</u>	<u>131.00</u>
<u>337.48</u>	<u>345.48</u>	<u>340.48</u>	<u>361.75</u>	<u>369.75</u>	<u>384.78</u>

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

Function	1996/1997	1997/1998	1998/1999	1999/2000
GOVERNMENTAL ACTIVITIES				
General Government				
Planning and Community Development				
Number of planning applications	231	245	175	123
Total permits issued	n/a	n/a	n/a	3,198
New construction permits issued	n/a	n/a	n/a	600
Single family permits issued	136	136	230	191
Electrical permits issued	1,160	1,250	1,180	1,311
Building Maintenance				
Square footage of buildings maintained	n/a	n/a	n/a	117,848
Work orders completed	n/a	539	530	530
Public Transit				
Total number of riders	70,304	52,520	60,029	58,698
Total annual route miles	63,754	71,252	71,458	74,480
Public Safety				
Municipal Court				
Number of warrants issued	2,612	2,815	2,132	2,814
Case numbers issued	5,419	5,333	6,041	6,116
Police				
Total arrests	n/a	n/a	n/a	2,116
Traffic citations issued	n/a	n/a	n/a	5,978
Animal and abandoned vehicle calls	n/a	n/a	n/a	1,564
Fire				
Overlapping calls for fire and EMS services	n/a	n/a	n/a	1,331
Total calls for emergency fire and EMS services	n/a	n/a	n/a	4,429
Full response structure fires	n/a	n/a	n/a	78
Highways and Streets				
Street Fund				
Miles of improved streets	n/a	n/a	n/a	n/a
Miles of streets slurry-sealed annually	n/a	n/a	n/a	10
Culture and Recreation				
Parks & Recreation				
Number of participants in classes, Senior Center activities, sports programs, and aquatic programs	34,816	35,540	39,599	44,903
Annual performance series attendance	n/a	n/a	n/a	n/a
Library				
Total number of library items borrowed	n/a	n/a	n/a	441,271
Total number of reference questions	n/a	n/a	n/a	44,151
BUSINESS-TYPE ACTIVITIES				
Sewer				
Dry tons of biosolids applied annually	633	705	680	600
Millions of gallons of wastewater treated annually	3,070	3,259	3,332	2,942
Water				
Millions of gallons of water treated annually	2,555	2,555	3,170	3,194
Miles of water pipe maintained annually	n/a	n/a	190	190
Number of fire hydrants maintained in the water system	n/a	n/a	n/a	n/a

* Estimated for 2005-2006

Source: City of Albany annual budget

2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006*
130	120	168	158	150	150
2,523	2,800	3,695	4,329	3,600	4,500
615	700	692	714	700	900
235	200	427	404	500	650
1,300	1,100	1,340	1,337	1,300	1,600
117,848	117,848	117,848	143,000	167,020	167,020
1,150	570	1,425	1,540	1,649	1,680
67,181	65,000	72,008	74,035	63,900	75,000
73,080	76,850	73,370	73,660	75,000	74,000
3,237	2,561	2,811	2,566	3,000	2,500
4,841	5,193	4,383	4,350	5,000	4,500
2,267	2,123	3,540	3,785	3,500	3,800
6,539	4,557	5,066	3,755	5,000	5,000
1,524	1,654	1,858	2,349	1,800	2,100
1,430	1,525	1,454	1,748	1,900	1,900
4,925	5,145	4,895	5,343	5,600	5,700
99	98	101	258	120	300
155,50	155,50	158,00	164,58	168,12	169,69
4	8	8	8	8	8
105,816	107,130	106,942	89,223	46,513	215,697
n/a	n/a	n/a	72,011	103,300	74,000
483,148	509,928	533,067	568,459	596,800	627,000
57,653	68,976	15,773	17,601	20,000	23,000
758	750	723	665	680	675
2,102	2,884	2,977	2,835	2,353	3,011
3,194	3,194	2,921	2,921	2,910	3,109
190	225	225	234	240	245
n/a	1,330	1,330	1,550	1,550	1,600

Schedule 16
CITY OF ALBANY, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

Function	<u>1996/1997</u>	<u>1997/1998</u>	<u>1998/1999</u>	<u>1999/2000</u>
GOVERNMENTAL ACTIVITIES				
Public Safety				
Police stations	1	1	1	1
Fire Stations	2	2	4	4
Highways and Streets				
Miles of improved streets	123.0	133.8	135.4	137.3
Miles of unimproved streets	120.2	114.1	121.2	60.7
Miles of gravel streets	19.8	20.2	19.2	11.0
Culture and Recreation				
Parks & Recreation				
Number of developed park sites	25	25	27	28
Acres of developed park land	335	335	567	600
Library				
Number of libraries	2	2	2	2
Number of volumes	125,051	124,380	131,232	164,130
BUSINESS-TYPE ACTIVITIES				
Enterprise				
Sewer				
Miles of sanitary sewer lines	158.4	178.4	181.6	175.6
Miles of storm sewer lines (12 inches or larger)	60.0	60.0	72.8	80.4
Number of sewer hookups	10,787	11,141	11,416	11,866
Water				
Miles of water lines	158.4	178.4	181.6	175.6
Number of water hookups	60.0	60.0	72.8	80.4
Number of water treatment plants	10,787	11,141	11,416	11,866

Source: City of Albany departmental records

<u>2000/2001</u>	<u>2001/2002</u>	<u>2002/2003</u>	<u>2003/2004</u>	<u>2004/2005</u>	<u>2005/2006</u>
1 4	1 4	1 4	1 4	1 4	1 4
140.4 66.7 11.5	147.6 23.0 6.0	150.4 20.1 7.4	152.0 20.1 7.7	157.0 20.0 8.1	157.0 28.0 0.0
26 250	26 250	29 621	29 621	29 621	30 603
2 140,410	2 144,917	2 141,221	2 150,210	2 152,200	2 154,611
176.9 84.7 13,901	196.3 85.4 13,129	198.7 85.0 18,827	200.0 85.1 15,549	210.0 92.0 15,494	212.4 97.1 15,372
176.9 84.7 13,901	196.3 85.4 13,129	198.7 85.0 18,827	200.0 85.1 15,549	210.0 92.0 15,494	212.4 97.1 15,372

**Small opportunities are often the beginning of great enterprises.
Demosthenes**

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

- Report of Independent Accountants
- Government Auditing Standards Reports

A ship is safe in port, but that is not what a ships are built for.
Grace Murray Hopper

CITY OF ALBANY, OREGON

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

For the Year Ended June 30, 2006

Oregon Administrative Rules 162-10-050 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures required in audit reports. The required comments and disclosures not included in preceding sections of this report are set forth as follows:

Statement of Accountability for Independently Elected Officials (OAR 162-10-140)

The City has no independently elected officials that receive cash.

Outstanding Warrants (OAR 162-10-230)

The City had no outstanding warrants at June 30, 2006.

Accounting and Internal Control Systems (OAR 162-10-230)

The condition of the accounting records and the accounting and internal control systems were adequate for audit purposes.

Collateral (OAR 162-10-240)

Our audit of the City disclosed no instances of noncompliance pertaining to the amount and adequacy of collateral pledged to secure the deposit of public funds.

Indebtedness (OAR 162-10-250)

The City has not exceeded its legal debt limitation as provided in ORS 440-375 and is in compliance with all provisions of bond indentures and other agreements.

Budget (OAR 162-10-260)

The City's compliance with the provisions of the Oregon Revised Statutes as they apply to the preparation, adoption, and execution of the annual budget for the 2005-2006 fiscal year and the preparation and adoption of the annual budget for the 2006-2007 fiscal year was reviewed. Except for those items listed below, our review showed there was substantial compliance with the statutes. Our review showed the following:

Execution

The City expended funds in excess of the amounts appropriated, which is in violation of ORS 294.100. The following appropriations were over expended for the fiscal year ended June 30, 2006.

<u>Fund</u>	<u>Appropriation</u>	<u>Overexpended</u>
General Fund	Building Maintenance	\$ 7,516
State Revenue Sharing Fund	State Revenue Sharing	1,021
Central Albany Revitalization Area	Debt Service	313,158

CITY OF ALBANY, OREGON

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

Insurance and Fidelity Bonds (OAR 162-10-270)

The City's insurance and fidelity bond coverage was reviewed and found to be in compliance with the Oregon Statutes relating thereto. We do not express an opinion as to the adequacy of insurance coverage, since we are not trained in this regard.

Programs Funded from Outside Sources (OAR 162-10-280)

Our audit of the City disclosed no material noncompliance with laws and regulations pertaining to programs funded from outside sources.

Highway Funds (OAR 162-10-295)

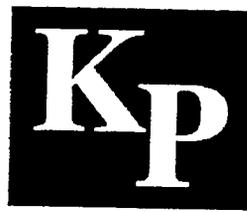
The City has complied with requirements related to dedicated state highway funds exclusively for road, footpath, and bike path improvements as provided in the Oregon Revised Statutes.

Investments (OAR 162-10-300)

Our audit of the City disclosed compliance with the statutes applicable to the investment of public funds.

Public Contracts and Purchasing (OAR 162-10-310)

The City is in compliance with the provisions of ORS 279 pertaining to the awarding of public contracts and the construction of public improvements.



Shareholders:

Fredrick M. Koontz, CPA
Richard D. Perdue, CPA
Debra L. Blasquez, CPA
Glen O. Kearns, CPA

Koontz & Perdue, P.C.
Certified Public Accountants

Staff:

Irina O. Stein, CPA
Kori L. Sarrett, CPA
Erin R. Reynolds
Deborah L. Wilbur

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

To the City Council
City of Albany
Albany, Oregon

We have audited the financial statements of the City of Albany, Oregon, as of and for the year ended June 30, 2006 and have issued our report thereon dated November 13, 2006. 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 of Albany, Oregon's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted certain matters that we have reported to management of the City of Albany in a separate letter dated November 13, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Albany, Oregon'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 for the information of management, the City Council, the Oregon Division of Audits, 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.

Koontz & Perdue, P.C.

Koontz & Perdue, P.C.

Albany, Oregon
November 13, 2006

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(541) 926-5543 • www.midvalleycpa.com • Fax (541) 967-9460

I trust that everything happens for a reason, even when we're not wise enough to see it.
Oprah Winfrey



Shareholders:

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Staff:

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

To the City Council
City of Albany
Albany, Oregon

Compliance

We have audited the compliance of the City of Albany, Oregon, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The City of Albany, Oregon'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 of Albany, Oregon's management. Our responsibility is to express an opinion on the City of Albany, Oregon'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 of Albany'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 of Albany, Oregon's compliance with those requirements.

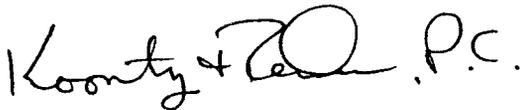
In our opinion, the City of Albany, Oregon, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the City of Albany, Oregon 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 of Albany, Oregon's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management, the City Council, the Oregon Division of Audits, 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.



Koontz & Perdue, P.C.

Albany, Oregon
November 13, 2006

CITY OF ALBANY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2006

Grant Title	Pass-through Agency	Federal CFDA Number	Program Expenditures
U. S. Department of Housing and Urban Development, Community Planning & Development			
Community Development Block Grants /Small Cities Program	Oregon Economic & Community Development Department	14.219	\$ 154,284
U. S. Department of the Interior			
Acquisition Development and Planning	Oregon Department of Parks & Recreation	15.905	9,638
Acquisition Development and Planning	Oregon Department of Parks & Recreation	15.905	2,234
Department of Justice			
2003 Law Enforcement Block Grant	Oregon Office of Homeland Security	16.592	12,339
2004 Law Enforcement Block Grant	Oregon Office of Homeland Security	16.592	6,707
Federal Aviation Administration			
Airport Improvement Program	direct	20.106	143,712
Department of Transportation, Federal Highway Administration			
High Speed Ground Transportation-Next Generation High Speed Rail Program	Oregon Department of Transportation	20.312	207,609 *
Department of Transportation			
UMTA Capital Assistance Grant	Oregon Department of Transportation	20.509	98,844 *
UMTA & FWHA Operating Grant	Oregon Department of Transportation	20.509	71,349 *
U. S. Department of Transportation			
State and Community Highway Safety	Oregon Department of Transportation	20.600	15,848
Federal Emergency Management Agency			
Pre-Disaster Mitigation Program	Oregon Department of Geology & Mineral Industries	83.557	2,906
U. S. Department of Health and Human Services			
Medical Assistance Program	Oregon Department of Human Services	93.788	23,122
TOTAL			<u>\$ 748,592</u>

* DENOTES MAJOR PROGRAM

CITY OF ALBANY, OREGON

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2006

NOTE A – ACCOUNTING POLICIES

General - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Albany, Oregon. The Schedule is a supplementary schedule to the City's financial statements and is presented for purposes of additional analysis. Financial assistance received directly from federal agencies as well as financial assistance passed through other government agencies is included in the accompanying schedule.

Basis of presentation – The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Basis of accounting – The accompanying Schedule of Expenditure of Federal Awards is presented using the accrual basis of accounting.

CITY OF ALBANY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Albany.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Albany were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the City of Albany expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs for the City of Albany are reported in this Schedule.
7. The programs tested as major programs include:

Department of Transportation, Federal Highway Administration
High Speed Ground Transportation-Next Generation High Speed Rail Program; CFDA No. 20.312.
UMTA Operating & Capital Assistance Grant; CFDA No. 20.509.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The City of Albany qualified as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

**You always pass failure on the way to success.
Mickey Rooney**



Government Finance Officers Association

203 North LaSalle Street, Suite 2700

Chicago, Illinois 60601-1210

312.977.9700 fax: 312.977.4806

December 14, 2006

Betty T. Langwell
City Clerk
City of Albany
333 Broadalbin Street, SW
Albany, OR 97321-0144

Dear Ms. Langwell:

Your request for an extension in submitting the June 30, 2006 comprehensive annual financial report (CAFR) to the Certificate of Achievement for Excellence in Financial Reporting program has been approved. Please send us three copies of your CAFR, application, responses to the prior year's comments and suggestions for improvement (if applicable) and the appropriate fee postmarked to our office by January 31, 2007. Please be aware that the results of the review will be delayed because of the lateness of the submission.

Because of the importance of timeliness to the quality of financial reporting, the Special Review Executive Committee, which is responsible for overseeing the Certificate Program, has adopted a formal program policy that does not permit participants to receive an extension two years in a row for essentially the same reason. Accordingly, please be sure to make whatever plans may be necessary to ensure that you will be able to submit your June 30, 2007 CAFR in time to meet the regular program deadline of six months following the close of the fiscal year.

If you have any questions regarding this matter, or if we may be of any further assistance, please do not hesitate to contact us.

Sincerely yours,

Stephen J. Gauthier
Director/Technical Services Center

SJG/ks