

2009

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

City of Albany, Oregon

**Comprehensive Annual Financial Report
for the Fiscal Year Ended
June 30, 2009**

*** * * * ***

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

Prepared by:

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

City of Albany, Oregon
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Introductory Section

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- **List of Officers, Council Members, and Administrative Staff (i)**
- **Organization Chart (ii)**
- **Letter of Transmittal (iii)**
- **Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year Ended June 30, 2008 (ix)**

People are always good company when they are doing what they really enjoy!
Samuel Butler

City of Albany, Oregon

333 Broadalbin Street SW
Albany, Oregon 97321

www.cityofalbany.net

Officers, Council Members, and Administrative Staff
as of June 30, 2009

Council Members

Ward	Council	Years of Service	Term Expires
	Sharon Konopa, Mayor	13	December 31, 2010
I	Dick Olsen	11	December 31, 2010
1	Floyd Collins	2	December 31, 2012
II	Bill Coburn	1	December 31, 2012
II	Ralph Reid, Jr.	15	December 31, 2010
III	Bessie Johnson	7	December 31, 2010
III	Jeff Christman	5	December 31, 2012

Administrative Staff

		Years in this Position	Years of Service with the City of Albany
City Manager	Wes Hare	4	4
Finance Director	Stewart Taylor	2	2
Public Works Director	Diane Taniguchi-Dennis	6	10
Community Development Director	Greg Byrne	1	1
Parks Director	Ed Hodney	6	6
Library Director	Ed Gallagher	6	11
Police Chief	Ed Boyd	4	4
Fire Chief	John Bradner	< 1 year	20
Information Technology Director	Jorge Salinas	4	4
Human Resources Director	David Shaw	5	5

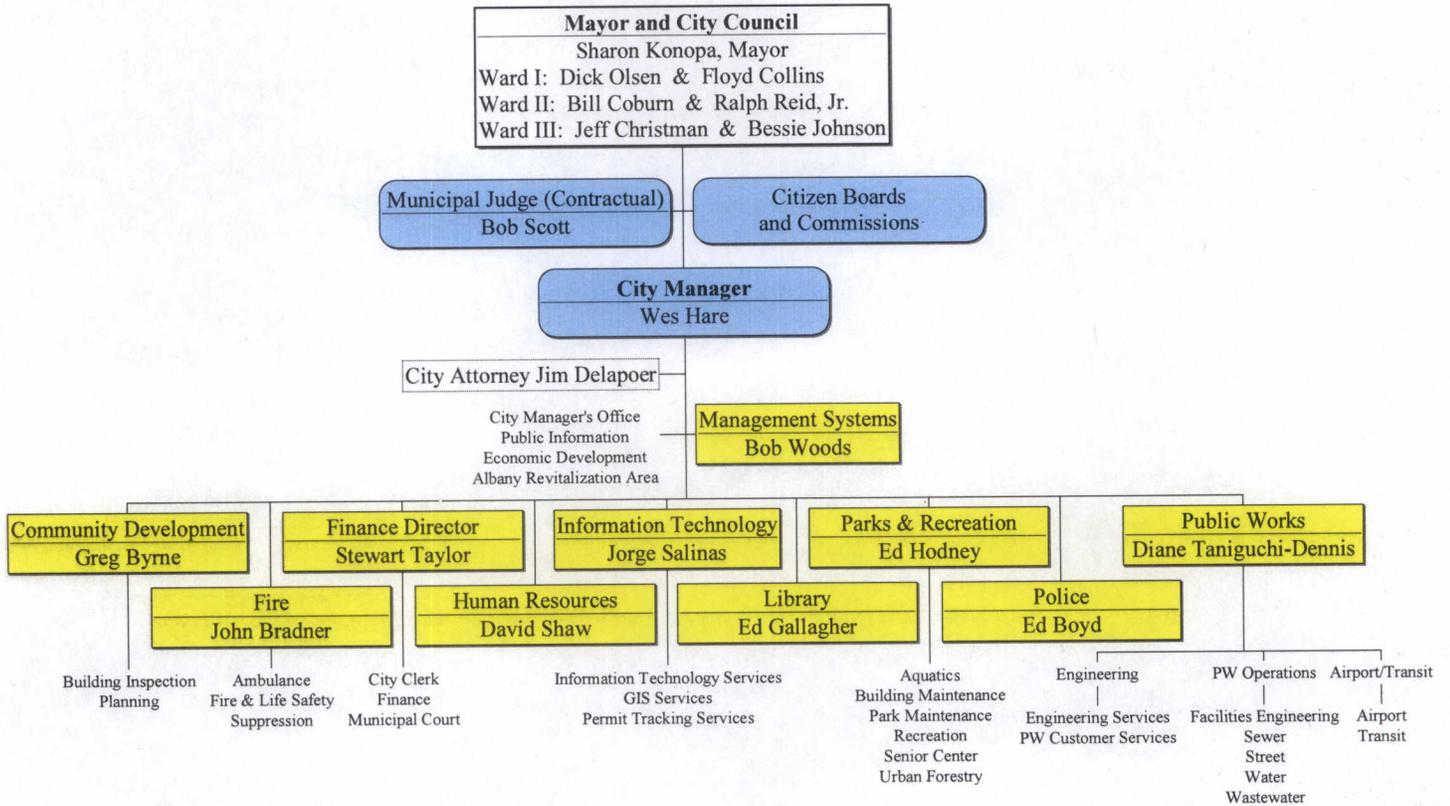
Principal Finance Staff

Finance Director
Stewart Taylor

Assistant Finance Director
John Stahl

Senior Accountant
Michael Murzynsky

Citizens of the City of Albany

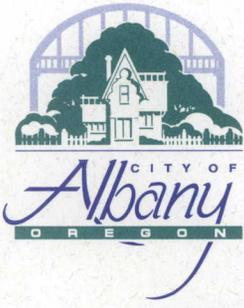


Elected

Appointed by Council

Recommended by City Manager and ratified by Council

Appointed by City Manager



December 8, 2009

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

CITY HALL

333 Broadalbin SW
 P.O. Box 490
 Albany, OR 97321-0144
 www.cityofalbany.net

(541) 917-7500

ADMINISTRATIVE SERVICES

City Manager's Office

(541) 917-7500

FAX (541) 917-7511

Finance/Recorder

(541) 917-7500

FAX (541) 917-7511

Municipal Court

(541) 917-7740

FAX (541) 917-7748

COMMUNITY DEVELOPMENT

Planning

(541) 917-7550

FAX (541) 917-7598

Building Division

(541) 917-7553

FAX (541) 917-7598

ECONOMIC DEVELOPMENT

(541) 917-7500

FAX (541) 917-7511

Call-A-Ride

(541) 917-7770

FAX (541) 917-7573

TDD (541) 917-7762

Transit

(541) 917-7667

FAX (541) 917-7573

TDD (541) 917-7678

FIRE ADMINISTRATION

(541) 917-7700

FAX (541) 917-7716

HUMAN RESOURCES

(541) 917-7500

FAX (541) 704-2324

INFORMATION TECHNOLOGY

221 Third Avenue SW

(541) 917-7500

FAX (541) 917-7511

PARKS & RECREATION ADMINISTRATION

(541) 917-7777

FAX (541) 917-7776

**Urban Forestry/
Building Maintenance**

(541) 917-7679

FAX (541) 917-7776

PUBLIC WORKS

Engineering

(541) 917-7676

FAX (541) 917-7573

Water/Sewer Billing

(541) 917-7547

FAX (541) 917-7511

The Comprehensive Annual Financial Report of the City of Albany, Oregon (City) for the fiscal year ended June 30, 2009, together with the unqualified opinion therein of our independent certified public accountants, Boldt, Carlisle & Smith, LLC, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

ABOUT ALBANY, OREGON

Albany is located in the heart of the Willamette Valley, 24 miles south of Salem, the state capital, and 40 miles north of Eugene, the state's second largest city. With a 2009 population of 48,770, Albany is the state's 12th largest city. The City's boundaries span Linn and Benton Counties with a population of 42,073 in Linn County and 6,697 in Benton County. It is the county seat and largest city in Linn County. It is the second largest city in Benton County.

Population: City of Albany, Linn, and Benton Counties

Year	City of Albany	Linn County	Benton County
1970 Census	18,181	71,914	53,776
1980 Census	26,678	89,495	68,211
1990 Census	29,540	91,227	70,811
2000 Census	40,010	103,069	78,153
2008 Estimated	48,770	110,185	86,120

The City was founded in 1848, incorporated in 1864, and adopted its first charter in 1891. A directly elected nonpartisan Mayor with a two-year term leads a six-member City Council elected to four-year overlapping terms. A full-time City Manager administers the affairs of the City for the Council, and supervises a staff of nine department directors and 428 permanent employees.

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

ECONOMIC OUTLOOK AND CONDITION

The City's economic base is one of diversity. Oregon State University and Hewlett Packard in nearby Corvallis and Linn-Benton Community College in Albany, employ almost 10,500 people. The development of the U. S. Bureau of Mines in Albany in the 1940s led to the location in the Albany area of a significant rare metals industry. Today, Albany is known as the "Rare Metals Capital of the World" due to the production volume of specialized metals. Manufacturing firms, such as ATI Wah Chang, create specialized products for aerospace, super conductivity, fiber optics, nuclear energy generation, and photography.

Although not as prominent as in the past, the nearby location of the Willamette National Forest continues to provide resources for the forest products sector in the area's economy. Timber harvesting, lumber and wood production, pulp and paper production, and secondary wood processing operations provide 1,580 jobs in the area.

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

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

Unemployment rates continue to be a concern for the region. Statistics published by the Oregon Employment Department show that as of June 30, 2009, the unemployment rates for Linn County and Benton County were 15.4% and 8.4%, respectively. These rates were 6.4% and 4.0% for June 30, 2008. Linn County's jobless rate ranked 31st of Oregon's 36 counties. Benton County's jobless rate of 8.4% was the second lowest among the counties. In Linn County, nonfarm employment decreased over the past year by 3,440 jobs (8.01 percent). Benton County lost 270 jobs (4.93 percent) since June 2008.

A factor in measuring the economic condition of a community is its overall real market value. For properties within the City, the real market value increased by 7.37 percent from \$3.552 billion to \$4.251 billion in the last fiscal year.

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

MAJOR INITIATIVES

Strategic Plan

The City's Strategic Plan went through a major reformatting in Fiscal Year 2008-09 designed to increase transparency and accountability in managing long-term objectives. One of the key changes was to adjust the timetables from a calendar year to a fiscal year to coincide with the City's budget and financial reporting. Greater emphasis was also given to specific objectives and actions designed to support each of the four goals. All of the actions now have specific measures that clearly demonstrate the City's progress in completing the goals and objectives.

Fire

A fourth medic unit was purchased and two day shift firefighter/emergency medical technician positions were added to increase response capabilities during peak demand call volume 12-hours per day, seven days per week. The additional resources provide increased emergency response coverage to the community. Bariatric stretcher equipment was also added to medical response to accommodate transport of large patients. The City now operates the only bariatric-capable medic unit in Linn and Benton Counties.

Albany is the primary responder to water rescue emergencies in Linn County and the surrounding area. Improvements were made to firefighter safety through the addition of a personal watercraft and replacement of dive equipment.

The Life Safety Division invested in MobileEyes, a computer occupancy inspection/data tracking system. The software provides improved efficiency and customer service by allowing Deputy Fire Marshals to enter inspection information directly into a mobile laptop and provide the customer with an immediate copy of the inspection report.

Information Technology

The Geographic Information Systems' staff developed a web application that provides current information about properties in the Albany city limits, and in Linn and Benton Counties: <http://infohub.cityofalbany.net>. InfoHub allows users to search for information about properties by tax lot number or street address. It draws from other databases to display each parcel's zoning, comprehensive plan designation, utility information, wetlands, school attendance area, City Council wards, property taxes, owner, and other facts. The staff also developed PermitHub to provide up-to-date building inspection information on-line.

The IT department developed an email archive solution that allows recovery of emails that have been deleted or misplaced with minimal assistance from the IT department. The program also reduces the time and cost of responding to public records requests.

The department also completed a firewall upgrade. The objectives were to deliver uninterrupted protection to our information assets while ensuring that a firewall redundancy system was in place. The project replaced a six-year old firewall that lacked a firewall redundancy system.

Code Enforcement

Staff from Police, Public Works, Building, Parks & Recreation, and the City Manager's Office worked with Allied Waste, the Salem/Harrison and Hackleman District Neighborhood Watch groups, and more than 300 volunteers to do The Big Pickup, Albany Community Action Day on Saturday, May 16, 2009. This was an expansion of last year's cleanup in the Hackleman neighborhood. The Big Pickup included citywide litter patrols, targeted cleanups in two neighborhoods, the semi-annual Down by the Riverside stream cleanup, cigarette butt removal in the downtown core, and individual work projects at residential properties.

Code Enforcement Team members from Police, the City Manager's Office, and the City Attorney's Office proposed revisions to the Albany Municipal Code, adopted by the City Council, to create an exemption to the City's long-standing two-dog-per-property limitation, and to require that adult dogs in Albany be licensed as per Oregon law.

The team began electronically tracking case data this year in keeping with the ICMA performance measurement project. The new database program provides team members ready access to case information.

Community Development

Development and building activity continued at a surprisingly healthy pace given the state of the economy. The Planning Division processed land use applications for several significant projects including: Oregon Youth Authority expansion; Brighton Place, with two office buildings and 45 town houses; a three-building retail complex in North Albany; Snotemp's 136,000-square-foot expansion; a new Red Canoe Credit Union branch office building; and, a 120,000-square-foot warehouse.

The Building Division processed \$68,000,000 in valuation for a wide variety of new construction and alterations. Commercial buildings accounted for 53% of the total (\$36,000,000), while 101 new single-family residences added 27% (\$18,500,000).

Public Works

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

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

Finance

The Finance Department completed an internal control documentation project and now has detailed written procedures for several key financial functions. The department conducted an internal audit of cash handling procedures related to petty cash, tills, Costco Cards, and purchase cards. Guidelines were established to document procedures and to share a common format for recording cash transactions.

In February 2009, the department presented financial indicators and a five-year forecast of the General Fund to the Budget Committee. Additional funds will be added to the presentation in future years.

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

Human Resources

The Human Resources Department restated its mission, vision, and values. A wellness incentive program was implemented for most employees, providing a discount in insurance premiums for employees who participate in specific health screenings. The department updated the City's Affirmative Action Plan, which was last adopted by the City Council in 1994. The department also created on-line access for departments to run certain employee reports.

Parks & Recreation

Work continued on Kinder Park, the City's newest neighborhood park. The 12-acre site was donated to the City by the Boys and Girls Club of Albany in 2007 and has been valued at \$2 million. Construction of improvements valued at \$850,000 was funded through a grant from Oregon State Parks, Parks System Development Charge revenues, and private donations. The project has been completed.

Albany's major summer events, River Rhythms, Mondays at Monteith, NW Art and Air, and several other recreation programs are funded partly through cash donations and in-kind sponsorships from community organizations and businesses. In 2008-2009, the Parks and Recreation staff secured cash gifts and grants totaling \$371,000 and in-kind support (trade services and materials) estimated at more than \$300,000. In addition, 29,000 volunteer hours, valued at over \$464,000, were contributed toward these City programs. Together, these voluntary contributions were valued at more than \$1.1 million.

In order to achieve cost recovery objectives a concerted effort was made to significantly increase revenues from charges for service. As a result, earned revenues increased by more than 7% over 2007-2008, while expenses for recreation programs actually decreased by 5% for the same period.

FINANCIAL INFORMATION

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

Financial and Accounting Policies

This report is prepared in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association (GFOA) of the United States and Canada and the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. It presents fairly the financial position of the various funds of the City at June 30, 2009, the results of operations of such funds, and cash flow of the proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

For Fiscal Year 2007-08, the City chose early adoption of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. For additional information concerning the effects of implementation see the notes to the financial statements starting on page 33.

During Fiscal Year 2008-2009, the City utilized a total of 20 funds, of which 16 are governmental fund types and four are proprietary fund types. The modified accrual basis of accounting is used for the governmental fund types (General, Special Revenue, Debt Service, Capital Project, and Permanent). The accrual basis is used for the proprietary fund types (Enterprise and Internal Service).

Risk Management

The City is responsible for not only ensuring the provision of basic, affordable public services, but also for protecting its capital assets, property, and employees. And this protection is the insurance purchased by a written Risk Management policy. This policy is reviewed annually each fiscal year by the City Council. It sets the parameters for the City Departments responsibilities, retention and transfer of risk, allocation of insurance to departments, and accident and loss reporting. Further details concerning risk management are presented in the notes to the financial statements.

Cash Management

The City's investment transactions are governed by a written investment policy. The policy, which is reviewed annually by the City Council and periodically by the Oregon Short-Term Fund Board, regulates the City's investment objectives, diversification, limitations, and reporting requirements. The City contracts with Davidson Fixed Income Management for advice on the management of its investment portfolio. Additional cash and investment information is included in the notes to the financial statements.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Boldt, Carlisle & Smith, LLC performed the audit for the fiscal year ended June 30, 2009. 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, 2008. 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 25 consecutive years (fiscal years 1984-2008). We believe our current report continues to conform to the Certificate of Achievement standards.

Acknowledgements

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department and the certified public accountants of Boldt, Carlisle & Smith, LLC. Each has our sincere appreciation for the contributions made in the preparation of this report.

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

Respectfully submitted,



John Stahl
Assistant Finance Director



Michael Murzynsky
Senior Accountant

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Albany
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



President

Executive Director

Financial Section

(page numbers in parentheses)

- Report of Independent Auditors (1-2)
- Management's Discussion and Analysis (3-14)
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- Supplementary Data
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 - Property Tax Transactions and Outstanding Balances (122)

I have six locks on my door all in a row. When I go out, I lock every other one. I figure no matter how long somebody stands there picking the locks, they are always locking three.

Elayne Boosler



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **CITY OF ALBANY** as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF ALBANY**, as of June 30, 2009, the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General, Parks and Recreation, and Street Funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT (Continued)

The management's discussion and analysis on pages 3 through 13 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Boldt, Carlisle & Smith, LLC

Certified Public Accountants

Salem, Oregon

December 8, 2009

By:



Douglas C. Parham, Member

Management's Discussion and Analysis

As management of the City of Albany, Oregon, we offer the readers of the City's financial statements this narrative overview and analysis for the fiscal year ended June 30, 2009. We encourage readers to consider the information here in conjunction with the additional information in our letter of transmittal (page iii) and in the Statistical Section (page 125).

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$267,544,718 (net assets). Of this amount, \$35,116,821 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$27,627,225, a decrease of \$7,210,865 in comparison with the previous year. Of the combined fund balances, \$18,702,000 are available for spending at the City's discretion. The General Fund ending fund balance decreased by \$948,086 (19.07 percent) to \$4,023,052. In the General Fund, the ratio of ending fund balance to total expenditures less capital is 15.25 percent.

The Parks and Recreation ending fund balance fell by \$1,458,527 (39.21 percent). The reduction can be attributed to the increase in capital expenditures included in the ten-year Parks and Recreation Master Plan funded by Parks systems development charges. It is anticipated that the Parks and Recreation fund balance will decrease over the next several years as systems development fees collected in prior years are used for capital projects described in the master plan.

The Street Fund ending fund balance fell by \$689,348 (7.61 percent). The rising cost of transportation fuels had an adverse effect on the amount of fuel taxes collected. Also, personnel costs continue to rise. The City received \$196,000 less fuel tax revenue than anticipated. This situation will be monitored during the coming fiscal year and adjustments to expenditures may be required. Included in the Street Fund ending fund balance of \$8,363,513 are \$6,008,729 in the Transportation Systems Development Charges (SDC) Projects program. It is anticipated that the Street Fund ending fund balance will decrease over the next several years as the SDC monies are used for capital projects.

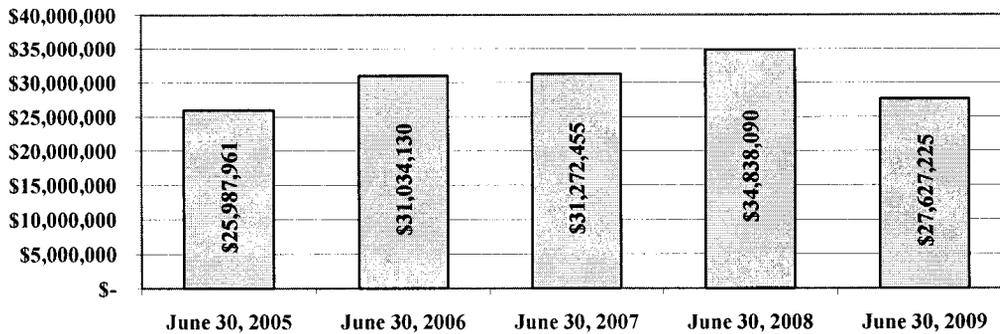
The City's Capital Projects Fund ending fund balance decreased by \$1,961,315 (76.69 percent) to \$596,098. Significant capital outlays included completion of the library building renovation project, completion of the 53rd Avenue bridge/roadway, and first phase of the Albany REA Building project.

In the non-major funds, worth noting is the decrease in the ending fund balance of the Building Inspection Fund which fell by \$451,330 (74.18 percent). The decrease can be attributed to the slowdown in residential building in the area. This is a situation that will require close attention in Fiscal Year 2009-2010.

The Risk Management ending fund balance fell by \$377,509 (25.75 percent). A big reason for the decrease is the legal fees and costs for the Pepsi/SVC case which are being paid out of this fund. The Ambulance Fund ending fund balance fell by \$213,546 (73.95 percent). expenditures exceed general revenues by \$142,907. No single factor was the cause of the deficit. In the Public Safety Levy Fund, property taxes which were collected in prior years were used to augment the transfers to the General Fund and the Ambulance Fund.

The Albany Revitalization Agency (ARA) ending fund balance decreased by \$938,167 (-33.07 percent). The primary contributor to the decrease was the use of prior year proceeds to fund current year projects.

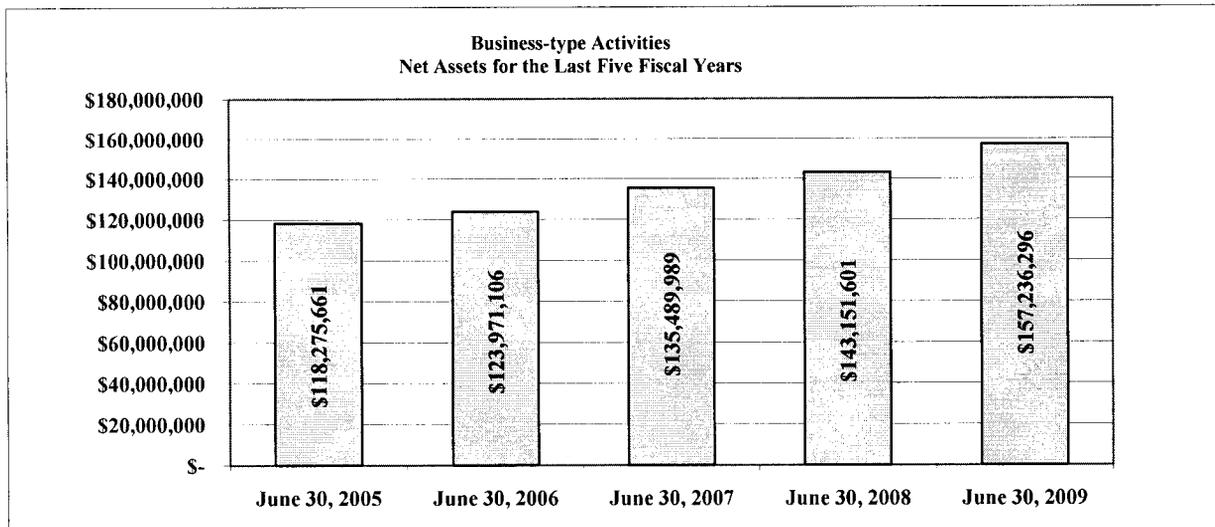
**Governmental Funds
Total Fund Balances for the Last Five Fiscal Years**



Governmental Funds: Changes in Fund Balance

Fund	June 30, 2009	June 30, 2008	Increase (decrease)	Per cent Change
	Fund Balance	Fund Balance		
General Fund	\$ 4,023,052	\$ 4,971,138	\$ (948,086)	-19.07%
Parks & Recreation	2,260,923	3,719,450	(1,458,527)	-39.21%
Grants	113,749	113,749	-	-
Building Inspection	157,063	608,393	(451,330)	-74.18%
Risk Management	1,088,744	1,466,253	(377,509)	-25.75%
Economic Development	391,368	462,330	(70,962)	-15.35%
Ambulance	75,215	288,761	(213,546)	-73.95%
Public Transit	15,671	75,749	(60,078)	-79.31%
Public Safety Levy	291,093	316,802	(25,709)	-8.12%
Capital Replacement	7,296,432	7,070,515	225,917	3.20%
Street	8,363,513	9,052,861	(689,348)	-7.61%
ARA	1,898,866	2,837,033	(938,167)	-33.07%
Debt Service	915,393	1,156,579	(241,186)	-20.85%
Capital Projects	596,098	2,557,413	(1,961,315)	-76.69%
Senior Center Endowment	49,152	49,947	(795)	-1.59%
Library Trust	90,893	91,117	(224)	-0.25%
Totals	\$ 27,627,225	\$ 34,838,090	\$ (7,210,865)	-20.70%

Business-type net assets increased \$14,084,695 (9.84 percent) for the 2008-09 fiscal year. Operating income for the Water and Sewer Funds was \$4,835,556. The net asset decrease from nonoperating revenues and expenses was \$21,296. Capital contributions from developer site improvements and development fees were \$9,775,850. Construction of the new wastewater treatment plant continued in 2008-2009 with completion of the \$70 million project scheduled for December 2009. The combination of the new wastewater treatment plant and the new water supply system will satisfy water and sewer requirements for the foreseeable future, providing capacity for growth in both residential and commercial customers.



Changes in Net Assets: Proprietary Funds

Fund	June 30, 2009	June 30, 2008	Increase (decrease)	Per cent Change
	Net Assets	Net Assets		
Water	\$ 68,166,649	\$ 64,800,565	\$ 3,366,084	5.19%
Sewer	89,361,241	78,340,963	11,020,278	14.07%
Central Services	61,632	122,724	(61,092)	-49.78%
Public Works Services	(199,372)	138,166	(337,538)	244.30%
Totals	\$ 157,390,150	\$ 143,402,418	\$ 13,987,732	9.75%

For Fiscal Year 2008-09 there was modest growth in net assets for the City's two enterprise funds, where net assets increased 5.19 percent in the Water Fund and 14.07 percent in the Sewer Fund.

In Central Services, the June 30, 2009 ending net asset balance of \$61,632 is 1.05 percent of total operating expenses. This percentage is considered adequate and the City will limit growth beyond that level by reducing charges for services to other funds in future years. The situation in the Public Works Services Fund, where the ending net asset balance of negative \$199,372 (which is -2.93 percent of total operating expenses) is opposite of Central Services. This level is not considered adequate so future charges to other funds will be calculated to correct the percentage to break-even.

Overview of Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains 16 governmental funds. Information is presented separately on the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General, Street, Parks and Recreation, and Capital Projects Funds, all of which are considered to be major governmental funds. Financial information for the remaining governmental funds (other governmental funds) is combined into a single aggregated presentation. Combining statements and budgetary comparisons for governmental and business-type funds can be found starting on page 69 of this report.

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

The basic governmental fund financial statements and respective reconciliations can be found starting on page 18.

Proprietary Funds

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

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

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 33.

Supplementary Data.

The combining statements, referred to earlier in connection with nonmajor governmental funds, can be found starting on page 68.

Statistical Information.

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. The City's assets exceeded liabilities by \$267,544,718 at the close of the fiscal year, an increase of 5.41 percent from the previous year. At fiscal year end, June 30, 2009, the City had \$211,978,237 invested in capital assets, net of related debt, and an unrestricted net asset balance of \$35,116,821.

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

An additional portion of net assets (\$20,449,660, 8 percent) represents resources that are subject to restrictions on how they may be used. For Governmental Activities, net assets restricted for capital projects, \$8,176,317, and for debt service, \$6,761,098, account for nearly all of the restricted net assets.

Selected Financial Statistics:

Population	48,770
Assessed value per capita	\$ 60,610
Market value per capita	\$ 87,174
Long-term debt (bonds, notes, certificates of participation, capital leases)	\$ 113,876,157
Total long-term debt per capita	\$ 2,335
Total general obligation debt	\$ 8,510,000
General obligation debt per capita	\$ 174
General obligation debt per \$1,000 of assessed value	\$ 2.88
General obligation debt service for Fiscal Year 2008-09 per \$1,000 of assessed value	\$ 0.6421
Property taxes as a percentage of General Fund expenditures*	67%
Public safety expenditures as a percentage of General Fund expenditures	84%

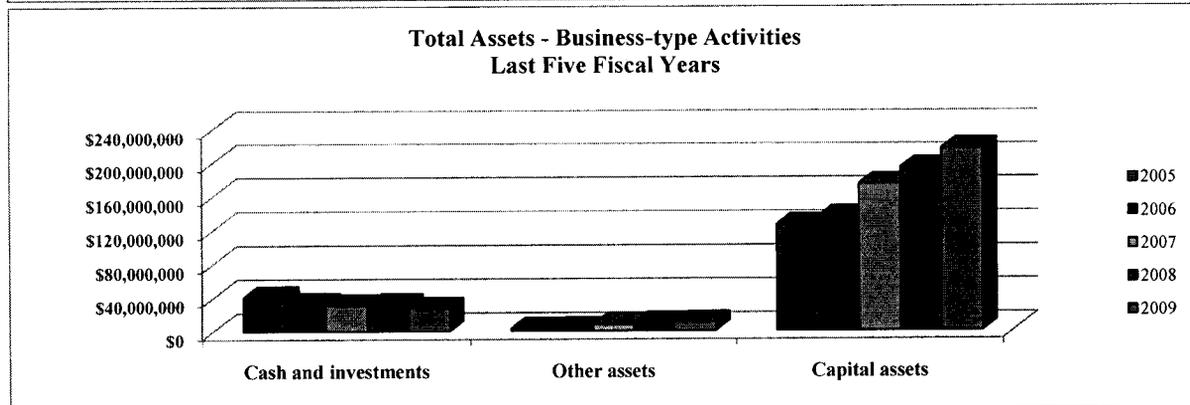
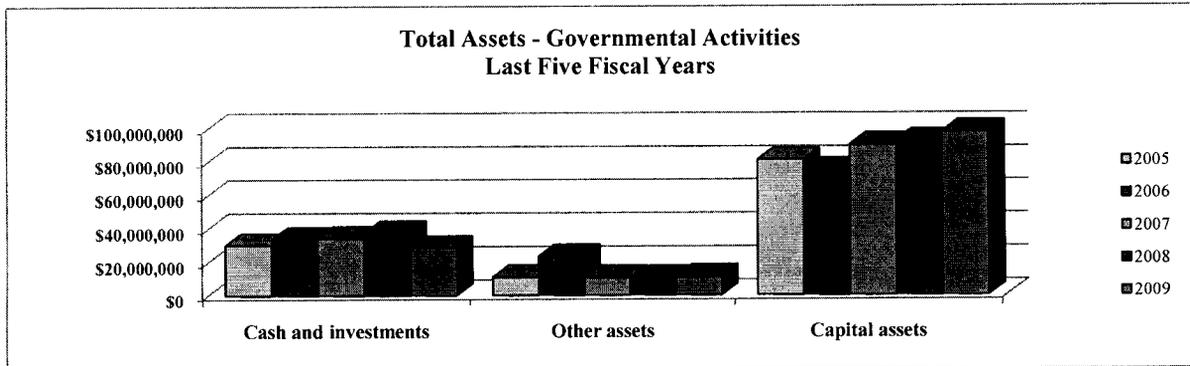
* Property taxes from the public safety levy are recorded as tax receipts in the Public Safety Levy Fund. In order to accurately reflect the significance of property taxes in the General Fund, transfers into the General Fund from the Public Safety Levy Fund have been included in total General Fund revenues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

**Table 1 - Net Assets Summary
Governmental and Business-type Activities
for the years ended June 30, 2009 and 2008**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Cash and investments	\$ 28,798,068	\$ 37,652,939	\$ 27,718,460	\$ 32,264,906	\$ 56,516,528	\$ 69,917,845
Other assets	11,561,930	10,717,622	10,908,305	10,075,934	22,470,235	20,793,556
Capital assets	98,176,810	92,817,507	216,421,894	193,024,230	314,598,704	285,841,737
Total assets	138,536,808	141,188,068	255,048,659	235,365,070	393,585,467	376,553,138
Other liabilities	3,248,582	3,755,813	6,151,489	5,309,727	9,400,071	9,065,540
Long term debt outstanding	24,979,804	26,776,112	91,660,874	86,903,742	116,640,678	113,679,854
Total liabilities	28,228,386	30,531,925	97,812,363	92,213,469	126,040,749	122,745,394
Net assets:						
Invested in capital assets, net of related debt	86,710,887	80,243,676	125,267,350	106,681,579	211,978,237	186,925,255
Restricted	15,077,460	17,874,256	5,372,200	8,494,861	20,449,660	26,369,117
Unrestricted	8,520,075	12,538,211	26,596,746	27,975,161	35,116,821	40,513,372
Total net assets	\$110,308,422	\$110,656,143	\$157,236,296	\$143,151,601	\$267,544,718	\$253,807,744

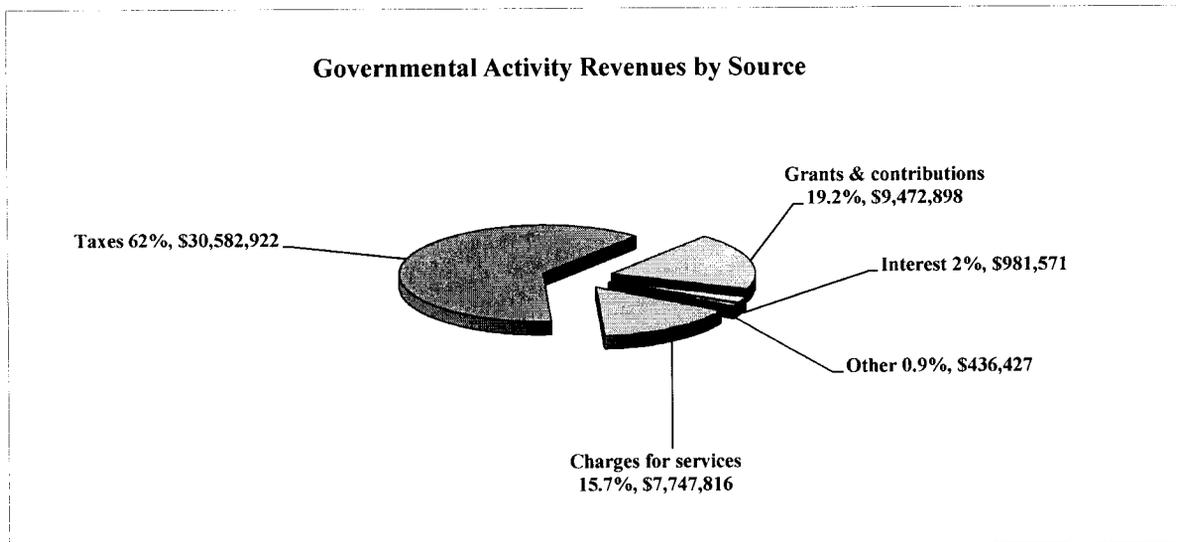
In the governmental activities, total assets decreased by 1.88 percent, while in the business-type activities, capital assets increased \$23,397,664 (8.36 percent). Construction costs for the new sewage treatment plant totaled \$21,387,878 for Fiscal Year 2008-09. The plant is scheduled to open in December 2009. The increase in long-term debt is primarily attributable to the Clean Water State Revolving Fund loan for the new plant.

At the end of the fiscal year, the City had positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental and business-type activities. The City's net assets increased by \$13,736,974 (5.41 percent) during the current fiscal year, primarily due to increased tax revenues; water/sewer services charge increases in anticipation of utility capital construction; and capital contributions from systems development fees (streets, parks, water, and sewer), grants, and developer site improvements.



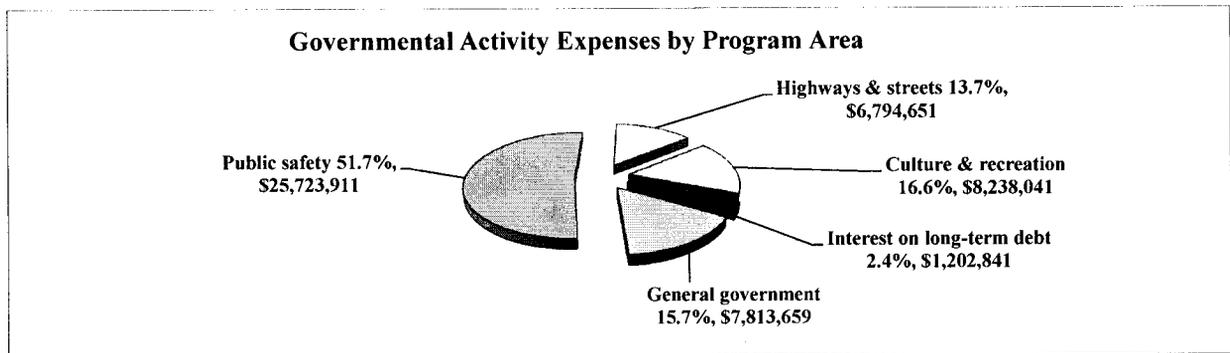
**Table 2 - Statement of Activities Summary
Governmental and Business-type Activities
for the years ended June 30, 2009 and 2008**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
REVENUES						
Program revenues						
Charges for services	\$ 7,747,816	\$ 6,780,166	\$ 23,143,503	\$ 22,062,411	\$ 30,891,319	\$ 28,842,577
Grants and contributions:						
Operating	4,705,458	5,242,275	-	-	4,705,458	5,242,275
Capital	4,767,440	7,418,560	9,775,850	3,214,654	14,543,290	10,633,214
General revenues						
Taxes	30,582,922	28,695,439	813,948	824,530	31,396,870	29,519,969
Interest	981,571	1,738,924	853,758	1,428,407	1,835,329	3,167,331
Other	436,427	555,945	663,492	907,749	1,099,919	1,463,694
Total revenues	49,221,634	50,431,309	35,250,551	28,437,751	84,472,185	78,869,060
EXPENSES						
Governmental activities:						
General government	7,813,659	8,791,969	-	-	7,813,659	8,791,969
Public safety	25,723,911	22,831,077	-	-	25,723,911	22,831,077
Highways and streets	6,794,651	6,717,357	-	-	6,794,651	6,717,357
Culture and recreation	8,238,041	7,542,294	-	-	8,238,041	7,542,294
Interest on long-term debt	1,202,841	1,171,934	-	-	1,202,841	1,171,934
Business-type activities:						
Water	-	-	11,445,203	11,495,380	11,445,203	11,495,380
Sewer	-	-	9,516,905	9,317,599	9,516,905	9,317,599
Total expenses	49,773,103	47,054,631	20,962,108	20,812,979	70,735,211	67,867,610
Increase (Decrease) in net assets before transfers and gain on disposal of real property	(551,469)	3,376,678	14,288,443	7,624,772	13,736,974	11,001,450
Transfers	203,748	282,229	(203,748)	(282,229)	-	-
Gain on disposal of real property	-	-	0	319,069	-	319,069
Increase (Decrease) in net assets	(347,721)	3,658,907	14,084,695	7,661,612	13,736,974	11,320,519
Beginning net assets	110,656,143	106,997,236	143,151,601	135,489,989	253,807,744	242,487,225
Ending net assets	\$110,308,422	\$110,656,143	\$157,236,296	\$143,151,601	\$267,544,718	\$253,807,744

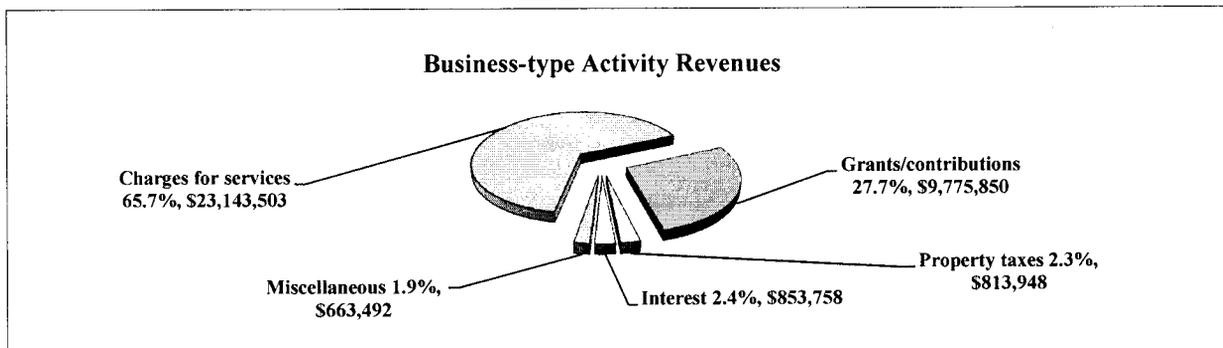


The previous chart indicates that 62 percent (\$30,582,922) of 2008-09 governmental activity revenues received by the City were taxes. Property taxes (\$23,451,647) represent the largest portion of total taxes received. Other major tax revenues were the City's share of state-wide fuel tax (\$2,674,179) and City privilege taxes for natural gas and electricity (\$2,759,292). The City also received \$1,023,060 for its share of state-imposed liquor and cigarette taxes and \$674,744 for City-imposed hotel/motel room taxes.

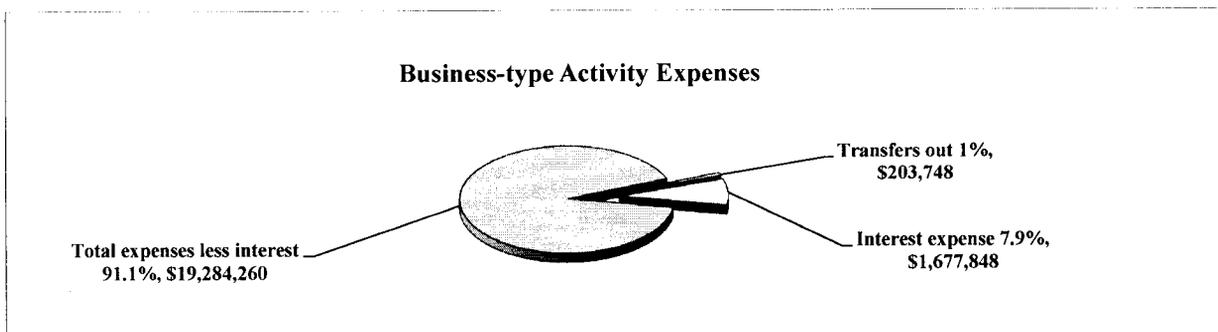
Grants and contributions accounted for 19.2 percent of governmental activity revenues. Major items included in the \$9,472,898 total for grants and contributions were: \$1,757,132 from the local rural fire protection districts; \$996,257 from City Building Division builder fees; \$977,012 for Sewer and Water in-lieu-of Franchise Fees.



Nearly one half of all governmental activity expenses were for public safety (51.7 percent). As an indication of the City's favorable debt position, interest on long-term debt accounted for only 2.4 percent of governmental activity total expenses.



As would be expected, charges for service accounted for the majority of revenues for business-type activities. Of note were property tax collections of \$813,948 used to pay debt service on the general obligation bonds originally issued in 1984 to purchase the water system from Pacific Power and Light. The bonds will be retired in Fiscal Year 2009-10.



Operating expenses for the Water and Sewer Funds increased 1.40 percent between the 2008-09 and 2007-08 fiscal years, as compared to the previous two years, 2007-08 vs. 2006-07, (which increased 36.4 percent). Depreciation expense will increase by more than \$1,000,000 per year with the completion of the new sewage treatment plant in 2009-10.

BUDGETARY HIGHLIGHTS

The City Council approved resolutions which changed the adopted 2008-09 budget by 4.04 percent (\$7,767,000). Appropriations in the General Fund were increased by \$8,500 (0.03 percent). In the General Fund, after eliminating the \$2,179,100 contingency, actual expenditures were 95 percent of the final budget, yielding a favorable budget variance of \$3,719,503. General Fund revenues were four percent more than anticipated (\$303,549). Major contributors to the unanticipated excess were property taxes (\$151,623); electric privilege taxes (\$53,115); state shared revenues (\$42,660); and municipal court fines (\$72,179).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2009, the City had \$314,598,704 invested in capital assets as reflected in the table below. Additional information concerning capital assets can be found in the notes to the basic financial statements, starting on page 44.

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

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land, land rights, & land improvements	\$ 8,657,683	\$ 6,670,882	\$ 1,584,997	\$ 1,507,612	\$ 10,242,680	\$ 8,178,494
Buildings and improvements	14,860,974	12,154,947	40,873,732	42,320,904	55,734,706	54,475,851
Vehicles and equipment	4,759,067	4,450,753	1,423,607	1,707,385	6,182,674	6,158,138
Infrastructure	65,644,570	64,676,786	85,560,946	81,372,792	151,205,516	146,049,578
Construction in progress	4,254,516	4,864,139	86,978,612	66,115,537	91,233,128	70,979,676
	<u>\$ 98,176,810</u>	<u>\$ 92,817,507</u>	<u>\$216,421,894</u>	<u>\$193,024,230</u>	<u>\$314,598,704</u>	<u>\$285,841,737</u>

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

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

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Beginning Balance	\$ 92,817,507	\$ 90,316,952	\$193,024,230	\$174,004,626	\$285,841,737	\$264,321,578
Additions	10,419,623	7,292,699	27,738,254	24,065,549	38,157,877	31,358,248
Retirements	(262,905)	(170,285)	-	(775,591)	(262,905)	(945,876)
Depreciation	(4,797,415)	(4,621,859)	(4,340,590)	(4,270,354)	(9,138,005)	(8,892,213)
Ending balance	<u>\$ 98,176,810</u>	<u>\$ 92,817,507</u>	<u>\$216,421,894</u>	<u>\$193,024,230</u>	<u>\$314,598,704</u>	<u>\$285,841,737</u>

Governmental capital assets increased by \$5,359,303 net of accumulated depreciation. Additions to capital assets equalled \$10,419,623 for the year including: \$2,008,431 for street and bridge projects, \$862,539 for Oak Street Park development, \$1,247,536 for community park land acquisition, and \$3,859,180 for library building renovation and equipment.

Business-type capital assets increased by \$23,397,664 net of accumulated depreciation. Included in the \$27,738,254 of new capital assets was \$18,041,241 for Albany's share of the new sewage treatment plant. In the Water Fund, additions included \$2,356,634 for water line construction, and \$3,241,180 for the 34th Street and North Albany pump stations.

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

	2008-09	2007-08
Capital assets net of depreciation and related debt	\$211,978,237	\$186,925,255
Total net assets	267,544,718	253,807,744
Ratio of capital assets net of related debt to total net assets	<u>79.23%</u>	<u>73.65%</u>

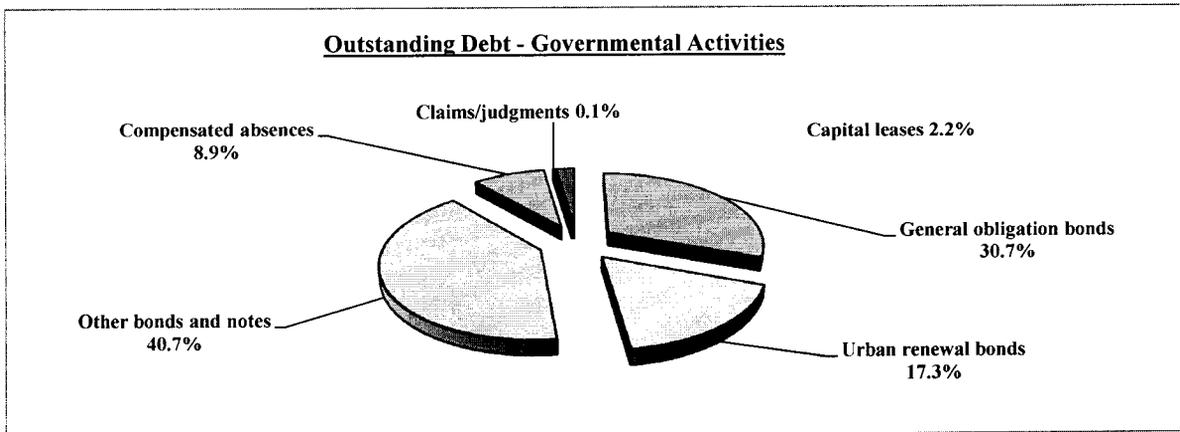
Debt Outstanding

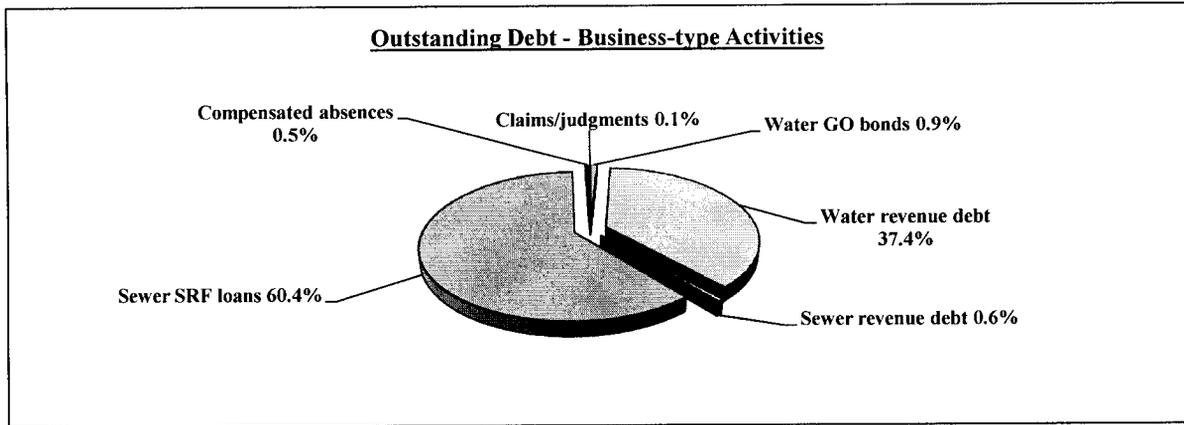
At June 30, 2009, the City had \$116,640,678 in debt outstanding compared to \$113,679,854 on June 30, 2008. Of the amount outstanding, \$6,442,002 is due within one year. A major addition to the debt was an increase of \$7,637,289 in the Clean Water State Revolving Fund loan for the new sewage treatment plant.

The debt consisted of outstanding bonds and certificates of participation, \$57,707,873; loans, \$55,610,658; compensated absences, \$2,702,141; claims and judgments, \$62,380; and capital leases, \$557,626. The ratio of the City's capital assets, net of related debt, as compared to total net assets is 79 percent. Details of long-term debt payable can be found beginning on page 50 in the notes to the basic financial statements.

Table 5 - Outstanding Debt at Year End

	June 30, 2009	June 30, 2008
Governmental Activities		
General obligation	\$ 7,675,000	\$ 8,520,000
Special assessment debt with governmental commitment	339,099	404,666
Limited tax pension	6,545,507	6,618,738
Revenue	420,000	630,000
General revenue	2,645,000	2,960,000
Oregon Economic Development Department note	211,381	235,536
CARA revenue note	-	-
CARA bonds	4,328,000	4,547,000
Compensated absences	2,221,621	2,375,557
Claims and judgments	36,570	30,986
Capital leases	557,626	453,629
Sub-total	24,979,804	26,776,112
Business-type Activities		
Water revenue	34,200,000	35,510,000
Water general obligation	835,000	1,630,000
Water certificates of deposit	215,267	279,583
Sewer revenue	505,000	1,000,000
Oregon DEQ State Revolving Fund loan	55,399,277	47,923,068
Compensated absences	480,520	538,851
Claims and judgments	25,810	22,240
Sub-total	91,660,874	86,903,742
Total	\$116,640,678	\$113,679,854





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 \$119,252,237, which is well above the City's outstanding general obligation debt, \$8,510,000.

The City secured a \$67,961,876 loan from the Oregon DEQ Clean Water State Revolving Fund to finance construction of a new wastewater treatment facility. At June 30, the loan balance was \$54,916,036.

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

Key Economic Factors and Budget Information for the Future

In November 2006, City voters passed a new five year, \$0.95 per \$1,000 of assessed value, public safety levy which will begin in Fiscal Year 2008-09. Fiscal Year 2007-08 was the final year of the five-year levy passed in November 2002. Tax collections in 2008-09 were \$2,547,957. Annual collections are estimated to increase three to five percent for the life of the levy. A total of seventeen new positions were added to Police & Fire after the passage of the initial levy.

At fiscal year end, Oregon's unemployment rate was 12 percent. The unemployment rates for Linn and Benton Counties at the close of the fiscal year were 15.2 percent and 8.2 percent respectively. At the time of preparation of this report, the unemployment rates were 15.5 percent and 8.2 percent.

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

In preparing the City-wide budget for 2009-10, a 3.77 percent increase in assessed value and a 93.47 percent collection rate were used to estimate property tax revenues. Property tax revenues in the Public Safety Levy were estimated to be reduced by \$150,000 due to compression.

The 2009-10 budget was prepared in accordance with the City's Strategic Plan (the Plan). As such, the budget becomes the implementing document for the Plan. The four themes of the Plan are Great Neighborhoods, Safe City, Healthy Economy, and Effective Government. Specific goals, objectives, and activities are determined and incorporated into the budget in order to achieve each theme. The Plan is reviewed annually by the City Council.

All of these factors were considered in preparing the City's budget for Fiscal Year 2009-010.

Request for Information

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

You were not born a winner, and you were not born a loser. You are what you make yourself be.

Lou Holt

CITY OF ALBANY, OREGON
STATEMENT OF NET ASSETS

June 30, 2009

	Govern- mental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments	\$ 18,841,739	\$ 16,883,006	\$ 35,724,745
Internal balances	92,222	(92,222)	-
Receivables			
Property taxes	1,737,723	64,257	1,801,980
Accounts	871,457	3,331,311	4,202,768
Assessments	230,978	142,021	372,999
Interest	164,659	139,814	304,473
Loans, net of allowance for uncollectible loans	1,118,072	6,220,744	7,338,816
Grants	694,013	-	694,013
Due from other funds	-	-	-
Inventories	98,297	834,232	932,529
Other	288,852	9,176	298,028
Restricted cash and investments	9,956,329	10,835,454	20,791,783
Land and construction in progress	12,912,199	88,555,210	101,467,409
Other capital assets, net of depreciation	85,264,611	127,866,684	213,131,295
Prepaid pension contribution	5,951,781	-	5,951,781
Unamortized debt issuance costs and deferred charges, net	313,876	258,972	572,848
Total assets	138,536,808	255,048,659	393,585,467
LIABILITIES			
Accounts payable	1,869,224	2,176,910	4,046,134
Interest payable	151,175	3,600,407	3,751,582
Due to other funds	-	-	-
Other postemployment benefits	719,940	221,260	941,200
Refundable deposits and advances	295,798	152,912	448,710
Unearned revenue	86,721	-	86,721
Amount held in trust	38,908	-	38,908
Long-term debt			
Due within one year			
Special assessment debt with government commitment	68,920	-	68,920
All other debt	3,197,176	3,175,906	6,373,082
Due in more than one year			
Special assessment debt with government commitment	270,179	-	270,179
All other debt	21,443,529	88,484,968	109,928,497
Unamortized premium on debt issuance	86,816	-	86,816
Total liabilities	28,228,386	97,812,363	126,040,749
NET ASSETS			
Invested in capital assets, net of related debt	86,710,887	125,267,350	211,978,237
Restricted for:			
Capital projects	8,176,317	4,028,478	12,204,795
Debt service	6,761,098	1,343,722	8,104,820
Other purposes - expendable	22,410	-	22,410
Other purposes - nonexpendable	117,635	-	117,635
Unrestricted	8,520,075	26,596,746	35,116,821
Total net assets	\$ 110,308,422	\$ 157,236,296	\$ 267,544,718

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, 2009

	Program Revenues				Total Program Revenues
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS					
Governmental activities					
General government	\$ 7,813,659	\$ 4,055,717	\$ 1,165,224	\$ 855,407	\$ 6,076,348
Public safety	25,723,911	2,902,915	2,107,892	-	5,010,807
Highways and streets	6,794,651	-	977,012	2,923,221	3,900,233
Culture and recreation	8,238,041	789,184	455,330	988,812	2,233,326
Interest on long-term debt	1,202,841	-	-	-	-
Total governmental activities	49,773,103	7,747,816	4,705,458	4,767,440	17,220,714
Business-type activities					
Water	11,445,203	11,949,044	-	957,752	12,906,796
Sewer	9,516,905	11,194,459	-	8,818,098	20,012,557
Total business-type activities	20,962,108	23,143,503	-	9,775,850	32,919,353
Totals	\$ 70,735,211	\$ 30,891,319	\$ 4,705,458	\$ 14,543,290	\$ 50,140,067

General revenues:

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

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

Net (Expense) Revenue and
Change in Net Assets

Govern- mental Activities	Business- type Activities	Totals	
			Governmental activities
\$ (1,737,311)	\$ -	\$ (1,737,311)	General government
(20,713,104)	-	(20,713,104)	Public safety
(2,894,418)	-	(2,894,418)	Highways and streets
(6,004,715)	-	(6,004,715)	Culture and recreation
(1,202,841)	-	(1,202,841)	Interest on long-term debt
<u>(32,552,389)</u>	<u>-</u>	<u>(32,552,389)</u>	Total governmental activities
			Business-type activities
-	1,461,593	1,461,593	Water
-	10,495,652	10,495,652	Sewer
<u>-</u>	<u>11,957,245</u>	<u>11,957,245</u>	Total business-type activities
<u>(32,552,389)</u>	<u>11,957,245</u>	<u>(20,595,144)</u>	Totals
			General revenues:
21,133,841	-	21,133,841	Property taxes used for general purposes
2,317,806	813,948	3,131,754	Property taxes used for debt service
478,150	-	478,150	Transient room taxes used for general purposes
196,594	-	196,594	Transient room taxes used for debt service
2,674,179	-	2,674,179	Motor fuel taxes
1,023,060	-	1,023,060	Cigarette and alcoholic beverage taxes
2,759,292	-	2,759,292	Privilege taxes
107,027	-	107,027	Grants and contributions not restricted to specific programs
981,571	853,758	1,835,329	Unrestricted investment earnings
329,267	663,492	992,759	Miscellaneous
133	-	133	Contributions to permanent funds
<u>32,000,920</u>	<u>2,331,198</u>	<u>34,332,118</u>	Total general revenues and contributions
203,748	(203,748)	-	Transfers
<u>32,204,668</u>	<u>2,127,450</u>	<u>34,332,118</u>	Total general revenues, contributions and transfers
(347,721)	14,084,695	13,736,974	Change in net assets
110,656,143	143,151,601	253,807,744	Net assets - beginning
<u>\$ 110,308,422</u>	<u>\$ 157,236,296</u>	<u>\$ 267,544,718</u>	Net assets - ending

CITY OF ALBANY, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2009

	General	Parks and Recreation	Street	Capital Projects	Other Governmental	Totals
ASSETS						
Cash and investments	\$ 3,607,268	\$ 578,963	\$ 1,764,596	\$ 984,115	\$ 11,394,432	\$ 18,329,374
Receivables:						
Property taxes	1,099,055	273,326	-	-	365,342	1,737,723
Accounts	148,052	55,758	138,352	-	528,970	871,132
Assessments	-	-	-	214,717	16,261	230,978
Interest	29,329	13,773	44,161	3,427	70,705	161,395
Loans, net of allowance for uncollectible loans	200,066	-	-	-	918,006	1,118,072
Grants	-	-	-	-	694,013	694,013
Due from other funds	505,959	-	-	-	-	505,959
Other	173,508	5,435	-	-	81,422	260,365
Restricted cash and investments	309,776	1,860,823	6,772,706	-	1,013,024	9,956,329
Total assets	<u>\$ 6,073,013</u>	<u>\$ 2,788,078</u>	<u>\$ 8,719,815</u>	<u>\$ 1,202,259</u>	<u>\$ 15,082,175</u>	<u>\$ 33,865,340</u>
LIABILITIES						
Accounts payable	\$ 696,041	\$ 223,904	\$ 218,299	\$ 120,562	\$ 435,476	\$ 1,694,282
Due to other funds	-	-	-	-	505,959	505,959
Deposits	21,891	-	1,000	270,907	2,000	295,798
Deferred/unearned revenue	1,293,121	303,251	137,003	214,692	1,755,101	3,703,168
Amounts held in trust	38,908	-	-	-	-	38,908
Total liabilities	<u>2,049,961</u>	<u>527,155</u>	<u>356,302</u>	<u>606,161</u>	<u>2,698,536</u>	<u>6,238,115</u>
FUND BALANCES						
Reserved for:						
Capital projects	-	1,860,823	5,885,246	107,425	-	7,853,494
Debt service	-	-	-	-	931,686	931,686
Library programs	-	-	-	-	11,464	11,464
Parks and Recreation programs	-	-	-	-	11,079	11,079
Perpetual care	-	-	-	-	117,502	117,502
Unreserved, reported in:						
General fund	4,023,052	-	-	-	-	4,023,052
Special revenue funds	-	400,100	2,478,267	-	11,311,908	14,190,275
Capital projects fund	-	-	-	488,673	-	488,673
Total fund balances	<u>4,023,052</u>	<u>2,260,923</u>	<u>8,363,513</u>	<u>596,098</u>	<u>12,383,639</u>	<u>27,627,225</u>
Total liabilities and fund balances	<u>\$ 6,073,013</u>	<u>\$ 2,788,078</u>	<u>\$ 8,719,815</u>	<u>\$ 1,202,259</u>	<u>\$ 15,082,175</u>	<u>\$ 33,865,340</u>

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

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

June 30, 2009

Total fund balances per Governmental Funds Balance Sheet (page 18)		\$ 27,627,225
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	8,657,683	
Construction in progress	4,254,516	
Other	134,408,315	
Accumulated depreciation	<u>(49,175,282)</u>	
Capital assets, net		98,145,232
Other long-term assets are not available to pay current-period expenditures and, therefore, are deferred in the funds.		
Property taxes	1,659,222	
Accounts receivable	724,915	
Assessments	214,692	
Loans	<u>1,017,618</u>	
Total deferred revenue adjustments		3,616,447
Inventories of materials and supplies are capitalized on the Statement of Net Assets.		98,297
Internal service funds are used by management to charge the costs of information systems services, central services, and geographic information system services to individual funds. A portion of the assets and liabilities of the internal service funds is included in governmental activities in the Statement of Net Assets.		
Net assets reported as governmental activities	250,817	
(Profit)/loss reported as governmental activities	<u>(96,963)</u>	
Net adjustments for internal service funds		153,854
Long-term liabilities, including bonds payable, loans payable, and salaries, withholdings, vacations, and taxes payable are not due and payable in the current period and, therefore, are not reported in the funds.		
Long-term debt	(22,721,612)	
Interest payable on long-term debt	(151,175)	
Claims and judgments	(33,417)	
Compensated absences	<u>(1,984,896)</u>	
Total long-term debt adjustments		(24,891,100)
Other adjustments		
Unamortized debt issuance costs	313,876	
Unamortized premium on debt issuance	(86,816)	
Net pension asset	5,951,781	
Other postemployment benefits	<u>(620,374)</u>	
Total other adjustments		5,558,467
Net assets of governmental activities (page 15)		<u>\$ 110,308,422</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, 2009

	General	Parks and Recreation	Street	Capital Projects	Other Governmental	Totals
REVENUES						
Taxes:						
Property	\$14,577,623	\$3,643,784	\$ -	\$ -	\$ 4,827,551	\$ 23,048,958
Transient room	-	-	-	-	674,743	674,743
Assessment collections	-	-	-	73,260	9,393	82,653
Franchise fees, privilege taxes, licenses, and permits	4,133,766	175,757	1,348,662	-	996,526	6,654,711
Intergovernmental	2,785,321	9,000	2,735,566	-	1,594,300	7,124,187
Charges for services	407,500	754,179	-	-	4,437,574	5,599,253
Fines and forfeitures	927,897	-	-	-	-	927,897
Interest on investments	156,328	81,838	259,884	51,540	415,023	964,613
Miscellaneous	114,495	295,047	10,596	1,593,586	762,706	2,776,430
Total revenues	<u>23,102,930</u>	<u>4,959,605</u>	<u>4,354,708</u>	<u>1,718,386</u>	<u>13,717,816</u>	<u>47,853,445</u>
EXPENDITURES						
Current:						
General government	1,511,939	-	-	248,392	6,463,300	8,223,631
Public safety	21,350,142	-	-	-	2,582,074	23,932,216
Highways and streets	-	-	3,608,964	-	42,171	3,651,135
Culture and recreation	2,354,223	4,874,543	-	-	120,633	7,349,399
Debt service:						
Principal	-	-	-	-	3,854,453	3,854,453
Interest	-	-	-	-	1,170,493	1,170,493
Capital outlay	330,670	1,373,228	1,606,165	4,143,525	2,088,038	9,541,626
Total expenditures	<u>25,546,974</u>	<u>6,247,771</u>	<u>5,215,129</u>	<u>4,391,917</u>	<u>16,321,162</u>	<u>57,722,953</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,444,044)</u>	<u>(1,288,166)</u>	<u>(860,421)</u>	<u>(2,673,531)</u>	<u>(2,603,346)</u>	<u>(9,869,508)</u>
OTHER FINANCING SOURCES (USES)						
Debt issuance	-	-	-	-	2,102,500	2,102,500
Capital lease	-	-	-	-	352,395	352,395
Transfers in	2,661,481	317,200	444,474	896,690	1,549,647	5,869,492
Transfers out	(1,165,523)	(487,561)	(273,401)	(184,474)	(3,554,785)	(5,665,744)
Total other financing sources (uses)	<u>1,495,958</u>	<u>(170,361)</u>	<u>171,073</u>	<u>712,216</u>	<u>449,757</u>	<u>2,658,643</u>
Net change in fund balances	<u>(948,086)</u>	<u>(1,458,527)</u>	<u>(689,348)</u>	<u>(1,961,315)</u>	<u>(2,153,589)</u>	<u>(7,210,865)</u>
Fund balance - beginning	4,971,138	3,719,450	9,052,861	2,557,413	14,537,228	34,838,090
Fund balance - ending	<u>\$ 4,023,052</u>	<u>\$ 2,260,923</u>	<u>\$ 8,363,513</u>	<u>\$ 596,098</u>	<u>\$ 12,383,639</u>	<u>\$ 27,627,225</u>

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

CITY OF ALBANY, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
for the year ended June 30, 2009

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

Net change in fund balances - total governmental funds (page 20).		\$ (7,210,865)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and disposals in the current period.</p>		
Capital outlay	9,541,626	
Depreciation for the current fiscal year	(4,787,553)	
Disposal of capital assets	(262,905)	
Net capital outlay adjustment		4,491,168
<p>The purchase of goods is shown as an expenditure in the governmental funds, but the cost of materials on hand at the end of the year is capitalized on the Statement of Activities.</p>		
		(9,047)
<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	402,689	
Capital asset donations	877,997	
Principal portion of loan receipts	(21,354)	
Other fees and charges	86,999	
Loans receivable	32,331	
Assessments	(57,628)	
Total revenue adjustments		1,321,034
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		1,798,718
<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	81,212	
Other postemployment benefit	(310,187)	
Accrued interest on long-term debt	9,564	
Net pension asset amortization	(313,252)	
Pending insurance claims	(109,103)	
Total adjustment		(641,766)
<p>The net expense of certain activities of internal service funds is reported with governmental activities.</p>		
Central Services Fund	(44,065)	
Public Works Services Fund	(52,898)	
Total internal service fund adjustments		(96,963)
Change in net assets of the governmental activities (pages 16-17)		\$ (347,721)

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, 2009

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 14,076,000	\$ 14,076,000	\$ 14,190,046	\$ 114,046
Delinquent	350,000	350,000	387,577	37,577
Privilege tax: electric	1,785,000	1,785,000	1,838,115	53,115
Franchise fee: communications facilities	50,000	50,000	97,559	47,559
Franchise fee: telephone	230,000	230,000	237,929	7,929
Franchise fee: garbage collection	395,000	395,000	398,630	3,630
Privilege tax: natural gas	913,600	913,600	921,177	7,577
Franchise fee: cable television	430,000	430,000	463,754	33,754
Permit fees	-	-	4,050	4,050
Licenses	6,000	6,000	10,590	4,590
Library fees	80,000	80,000	72,599	(7,401)
Planning fees	125,000	125,000	75,622	(49,378)
Alarm fees	25,000	25,000	13,741	(11,259)
DUII enforcement grant	15,500	15,500	17,010	1,510
State liquor taxes	583,000	583,000	578,057	(4,943)
State cigarette taxes	77,400	77,400	68,476	(8,924)
State revenue sharing	320,000	320,000	376,527	56,527
Conflagration response reimbursement	15,000	15,000	24,352	9,352
Workers' Compensation wage subsidy reimbursement	-	-	6,404	6,404
Linn County	35,000	35,000	23,168	(11,832)
Albany Rural Fire Protection District	1,253,400	1,253,400	1,191,449	(61,951)
North Albany Rural Fire Protection District	292,800	292,800	299,990	7,190
Palestine Rural Fire Protection District	130,700	130,700	134,388	3,688
Greater Albany Public Schools police grant	40,000	40,000	40,000	-
Linn County Victim Impact Panel Grant	-	5,000	5,000	-
OSFM/USAR Team Response Reimbursement	5,000	5,000	20,500	15,500
Space rental charges	407,500	407,500	407,500	-
Municipal Court fines	825,000	825,000	897,179	72,179
Parking violations	7,000	7,000	8,918	1,918
Nuisance vehicle administration fee	20,000	20,000	21,800	1,800
Gifts and donations	10,000	13,500	19,552	6,052
DARE program donations	1,000	1,000	1,275	275
Grass Abatement Fee Principal	-	-	390	390
Grass Abatement Fee Interest	-	-	9	9
Miscellaneous	65,000	65,000	61,884	(3,116)
Over & Short	-	-	225	225
Albany Economic Improvement District principal	44,000	44,000	30,918	(13,082)
Albany Economic Improvement District interest	900	900	242	(658)
Loan Repayment-Interest	-	-	7,126	7,126
Interest on investments	200,000	200,000	149,202	(50,798)
Total revenues	<u>22,813,800</u>	<u>22,822,300</u>	<u>23,102,930</u>	<u>280,630</u>
Other financing sources				
Transfer from Water Fund	49,800	49,800	49,800	-
Transfer from Public Safety Levy	597,100	597,100	597,100	-
Transfer from Public Safety Levy-Police	1,044,500	1,044,500	943,978	(100,522)

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

Continued on page 23

CITY OF ALBANY, OREGON
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL, continued
for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Over (Under)
Other financing sources, continued				
Transfer from Water Fund	49,800	49,800	49,800	-
Transfer from Public Safety Levy-Fire	1,033,500	1,033,500	1,020,803	(12,697)
Total other financing sources	<u>2,774,700</u>	<u>2,774,700</u>	<u>2,661,481</u>	<u>(113,219)</u>
Fund balance				
Designated beginning balance for Housing	470,000	470,000	309,776	(160,224)
Undesignated beginning balance	4,365,000	4,365,000	4,661,362	296,362
Total Fund Balance	<u>4,835,000</u>	<u>4,835,000</u>	<u>4,971,138</u>	<u>136,138</u>
Amount available for appropriation	<u>\$ 30,423,500</u>	<u>\$ 30,432,000</u>	<u>\$ 30,735,549</u>	<u>\$ 303,549</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Nondepartmental:				
Materials and services	\$ 398,200	\$ 398,200	382,405	\$ 15,795
General operating contingency	2,222,100	2,179,100	-	2,179,100
Municipal Court	698,700	698,700	632,679	66,021
Code Enforcement	22,100	25,100	24,819	281
Fire Suppression	8,015,700	8,015,700	7,755,176	260,524
Public Safety Levy - Fire	1,032,900	1,032,900	1,020,804	12,096
Fire and Life Safety	691,900	695,400	603,133	92,267
Police	11,271,400	11,276,400	10,700,224	576,176
Public Safety Levy - Police	1,040,600	1,040,600	943,977	96,623
Planning	1,144,500	1,129,700	1,093,545	36,155
Housing	303,300	303,300	35,989	267,311
Library	2,452,000	2,452,000	2,354,223	97,777
Total expenditures	<u>29,293,400</u>	<u>29,247,100</u>	<u>25,546,974</u>	<u>3,700,126</u>
Other financing uses				
Transfers to other funds	1,130,100	1,184,900	1,165,523	19,377
Total expenditures and other financing uses	<u>\$ 30,423,500</u>	<u>\$ 30,432,000</u>	<u>26,712,497</u>	<u>\$ 3,719,503</u>
Fund balance, ending			<u>\$ 4,023,052</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, 2009

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Property Taxes - Current	\$ 3,518,900	\$ 3,518,900	\$ 3,547,125	\$ 28,225
Property Taxes - Delinquent	104,800	104,800	96,659	(8,141)
Financed park system development charges				
Principal	-	-	4,359	4,359
Interest	100,000	100,000	1,807	(98,193)
Park system development charges	700,000	700,000	163,416	(536,584)
Street tree development fees	10,000	10,000	4,715	(5,285)
Land and Water Conservation Fund	9,000	9,000	9,000	-
Children/Youth/Family recreation fees	50,000	50,000	41,328	(8,672)
Children/Youth/Family sponsorships	10,000	10,000	2,198	(7,802)
Marketing fees	18,500	18,500	14,603	(3,897)
Adult recreation fees	34,000	34,000	23,567	(10,433)
Swimming pool	83,500	83,500	79,637	(3,863)
Senior Center rental fees	40,000	40,000	29,016	(10,984)
Maple Lawn Preschool fees	57,000	57,000	60,201	3,201
Sports program fees	124,300	124,300	90,683	(33,617)
Waverly boat rentals	6,200	6,200	5,886	(314)
Park permits	18,800	18,800	21,625	2,825
Fitness program fees	42,000	42,000	41,884	(116)
Preschool materials and services fees	3,900	3,900	2,367	(1,533)
Senior program fees	26,000	26,000	15,194	(10,806)
Extreme sports entry fees	-	-	138	138
Event souvenir sales	9,200	9,200	3,319	(5,881)
Event Food Faire	33,000	33,000	36,171	3,171
Preschool fundraising proceeds	5,200	5,200	4,166	(1,034)
Northwest Art and Air Festival fees	11,000	11,000	10,608	(392)
Hot air balloon rides	20,900	20,900	9,400	(11,500)
Senior newsletter	4,500	4,500	2,601	(1,899)
Gift shop	6,500	6,500	6,735	235
Trip	50,000	50,000	42,807	(7,193)
Merchandise sales - aquatics	4,200	4,200	6,814	2,614
Cool! Pool facility rental fees	11,000	11,000	8,444	(2,556)
Concession sales - aquatics	14,000	14,000	14,454	454
Concession sales - sports	1,800	1,800	2,236	436
Public arts	400	400	196	(204)
Concession sales - fitness	500	500	159	(341)
Swanson room rental fees	2,500	2,500	2,607	107
Track Club	7,500	7,500	5,553	(1,947)
Facility enhancement fee	5,500	5,500	4,238	(1,262)
ACP swimming pool	132,500	132,500	143,213	10,713
ACP facility rental fees	16,000	16,000	20,538	4,538
Sport Camp Fees	4,000	4,000	-	(4,000)
Tournament Rental Fees	-	-	1,060	1,060
Youth Program User Fees	-	-	400	400
Trolley rental charges	3,000	3,000	1,593	(1,407)

Continued on page 25

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

CITY OF ALBANY, OREGON
PARKS AND RECREATION FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (continued)
for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Over (Under)
Revenues, continued				
Gifts and donations	233,900	233,900	7,930	(225,970)
Monday night concert series	22,000	22,000	11,718	(10,282)
Pass-the-hat donations	18,800	18,800	26,186	7,386
Park fixture donations	-	-	770	770
Senior Center sponsorships	8,000	8,000	9,592	1,592
Children's Performing Arts Series sponsorships	15,000	15,000	11,650	(3,350)
River Rhythms sponsorships	100,000	100,000	56,795	(43,205)
NWAAF sponsorships	90,000	90,000	106,467	16,467
Aquatic Sponsorship	53,900	53,900	53,500	(400)
Adult Rec & Fitness Sponsorships	1,000	1,000	100	(900)
Sports Sponsorship	10,000	10,000	2,345	(7,655)
Miscellaneous	4,300	4,300	2,935	(1,365)
Over & Short	-	-	(8)	(8)
Brochure advertising	5,000	5,000	4,267	(733)
General fundraising	800	800	800	-
Interest on investments	25,100	25,100	81,838	56,738
Total revenues	<u>5,887,900</u>	<u>5,887,900</u>	<u>4,959,605</u>	<u>(928,295)</u>
Other financing sources				
Transfer from General Fund	187,200	187,200	187,200	-
Transfer from Street	130,000	130,000	130,000	-
Transfer from Parks SDC Program	1,100,000	2,400,000	1,247,723	(1,152,277)
Transfer from Parks Operating Revenues	67,000	67,000	67,000	-
Total other financing sources	<u>1,484,200</u>	<u>2,784,200</u>	<u>1,631,923</u>	<u>(1,152,277)</u>
Fund balance, beginning	<u>1,121,300</u>	<u>3,474,000</u>	<u>3,719,450</u>	<u>245,450</u>
Amount available for appropriation	<u>\$ 8,493,400</u>	<u>\$ 12,146,100</u>	<u>10,310,978</u>	<u>\$ (1,835,122)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Sports Programs	\$ 210,600	\$ 210,600	204,388	\$ 6,212
Children/Youth/Family Recreation Services	258,900	258,900	217,806	41,094
Resource Development/Marketing Services	261,300	261,300	235,418	25,882
Adult Recreation and Fitness Services	187,100	187,100	181,813	5,287
Park Maintenance Services	1,372,700	1,372,700	1,279,873	92,827
Parks and Recreation Administration	982,200	1,060,700	1,000,049	60,651
Senior Services	460,900	460,900	445,152	15,748
Aquatic Services	678,400	678,400	656,654	21,746
Northwest Art and Air Festival	172,600	172,600	134,075	38,525
Performance Series	190,700	190,700	164,316	26,384
Urban Forestry	326,800	326,800	293,544	33,256
Park System Development Charge Projects	192,300	945,000	51,629	893,371
Senior Center Foundation	16,300	16,300	14,345	1,955
Parks Capital Improvement Program	1,292,000	2,592,000	1,368,709	1,223,291
Total expenditures	<u>\$ 6,602,800</u>	<u>\$ 8,734,000</u>	<u>6,247,771</u>	<u>\$ 2,486,229</u>
Other financing uses				
Transfers Out	1,812,100	3,412,100	1,802,284	1,609,816
Contingency	78,500	0	-	-
Total other financing uses	<u>1,890,600</u>	<u>3,412,100</u>	<u>1,802,284</u>	<u>1,609,816</u>
Total expenditures and other financing uses	<u>\$ 8,493,400</u>	<u>\$ 12,146,100</u>	<u>\$ 8,050,055</u>	<u>\$ 4,096,045</u>
Fund balance, ending			<u>\$ 2,260,923</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, 2009

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Sewer in-lieu-of franchise fee	\$ 545,000	\$ 545,000	\$ 523,002	\$ (21,998)
Water in-lieu-of franchise fee	432,900	432,900	419,709	(13,191)
Financed transportation system development charges				
Principal	5,000	5,000	8,628	3,628
Interest	3,000	3,000	4,433	1,433
Financed improvement assurance fees				
Principal	10,000	10,000	13,861	3,861
Interest	3,000	3,000	4,557	1,557
Street connection fees	10,000	10,000	30	(9,970)
Transportation system development charges	500,000	500,000	340,142	(159,858)
Public facility construction permit	30,000	30,000	34,302	4,302
Federal Highway Administration	-	59,700	57,359	(2,341)
State of Oregon	-	-	-	-
State gasoline tax	2,175,000	2,175,000	1,857,307	(317,693)
Surface transportation program	817,000	817,000	816,871	(129)
Workers Comp wage subsidy	-	-	4,028	4,028
Miscellaneous	5,000	5,000	10,595	5,595
Interest on investments	330,000	330,000	259,884	(70,116)
Total revenues	<u>4,865,900</u>	<u>4,925,600</u>	<u>4,354,708</u>	<u>(570,892)</u>
Other financing sources				
Transfer from General - street lights	260,000	260,000	260,000	-
Transfer from Street	75,000	75,000	75,000	-
Transfer from Capital Projects	-	185,000	184,474	(526)
Total other financing sources	<u>335,000</u>	<u>520,000</u>	<u>519,474</u>	<u>(526)</u>
Fund balance, beginning	<u>7,486,600</u>	<u>7,486,600</u>	<u>9,052,861</u>	<u>1,566,261</u>
Amount available for appropriation	<u>\$12,687,500</u>	<u>\$12,932,200</u>	<u>13,927,043</u>	<u>\$ 994,843</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 736,200	\$ 786,200	757,087	\$ 29,113
Materials and services	3,297,500	3,307,200	2,851,877	455,323
Capital	8,382,100	8,443,100	1,606,165	6,836,935
Total expenditures	<u>\$12,415,800</u>	<u>\$12,536,500</u>	<u>5,215,129</u>	<u>\$ 7,321,371</u>
Other financing uses				
Transfers out	271,700	395,700	348,401	47,299
Total expenditures and other financing uses	<u>\$12,687,500</u>	<u>\$12,932,200</u>	<u>\$ 5,563,530</u>	<u>\$ 7,368,670</u>
Fund balance, ending			<u>\$ 8,363,513</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, 2009

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
ASSETS				
Current assets:				
Cash and investments	\$ 8,458,133	\$ 8,172,028	\$ 16,630,161	\$ 765,210
Receivables:				
Property taxes	64,257	-	64,257	-
Accounts	1,743,426	1,587,885	3,331,311	325
Accrued interest	84,037	54,510	138,547	4,531
Inventories	687,217	147,015	834,232	-
Total current assets	<u>11,037,070</u>	<u>9,961,438</u>	<u>20,998,508</u>	<u>770,066</u>
Noncurrent assets:				
Other	733	4,323	5,056	32,606
Cash and investments restricted for debt service	1,787,378	982,219	2,769,597	-
Cash and investments restricted for capital projects	6,831,718	1,234,139	8,065,857	-
Assessments receivable	-	142,021	142,021	-
Loans receivable	-	6,220,744	6,220,744	-
Capital assets (net of depreciation)	84,954,423	131,291,169	216,245,592	207,880
Unamortized debt issuance costs and deferred charges, net	242,339	16,633	258,972	-
Total noncurrent assets	<u>93,816,591</u>	<u>139,891,248</u>	<u>233,707,839</u>	<u>240,486</u>
Total assets	<u>104,853,661</u>	<u>149,852,686</u>	<u>254,706,347</u>	<u>1,010,552</u>
LIABILITIES				
Current liabilities:				
Accounts payable	465,088	1,517,221	1,982,309	369,543
Compensated absences	90,230	74,843	165,073	552,172
Claims and judgments	9,956	13,914	23,870	5,093
Other postemployment benefits	50,800	48,542	99,342	221,484
Interest payable	667,758	2,932,649	3,600,407	-
Refundable deposits	152,912	-	152,912	-
Loans payable, current portion	-	161,080	161,080	-
Bonds payable, current portion	2,247,902	505,000	2,752,902	-
Total current liabilities	<u>3,684,646</u>	<u>5,253,249</u>	<u>8,937,895</u>	<u>1,148,292</u>
Long-term debt				
Loans payable - long-term portion	-	55,238,196	55,238,196	-
Bonds payable - long-term portion	33,002,366	-	33,002,366	-
Total long-term debt	<u>33,002,366</u>	<u>55,238,196</u>	<u>88,240,562</u>	<u>-</u>
Total liabilities	<u>36,687,012</u>	<u>60,491,445</u>	<u>97,178,457</u>	<u>1,148,292</u>
NET ASSETS				
Invested in capital assets, net of related debt	49,704,155	75,386,893	125,091,048	207,880
Restricted for capital construction	2,600,438	1,428,040	4,028,478	-
Restricted for debt service	219,482	1,124,240	1,343,722	-
Unrestricted	15,642,574	11,422,068	27,064,642	(345,620)
Total net assets	<u>\$ 68,166,649</u>	<u>\$ 89,361,241</u>	<u>157,527,890</u>	<u>\$ (137,740)</u>

Adjustment to reflect the consolidation of internal service fund
activities related to enterprise funds (291,594)

Net assets of business-type activities (page 15) \$ 157,236,296

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, 2009

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
OPERATING REVENUES:				
Service charges and fees	\$ 11,949,044	\$ 11,194,459	\$ 23,143,503	\$ 12,185,527
Miscellaneous	547,553	115,939	663,492	56,879
Total operating revenues	<u>12,496,597</u>	<u>11,310,398</u>	<u>23,806,995</u>	<u>12,242,406</u>
OPERATING EXPENSES:				
Salaries and wages	1,835,375	1,777,379	3,612,754	8,793,090
Contracted services	991,951	1,031,254	2,023,205	713,058
Operating supplies	646,353	309,821	956,174	1,125,668
Utilities	373,691	630,322	1,004,013	199,973
Depreciation and amortization	2,191,108	2,188,811	4,379,919	24,668
Repairs and maintenance	557,654	433,745	991,399	288,343
Charges for services	3,002,100	2,964,246	5,966,346	1,520,809
Miscellaneous	37,629	-	37,629	4,263
Total operating expenses	<u>9,635,861</u>	<u>9,335,578</u>	<u>18,971,439</u>	<u>12,669,872</u>
Operating income (loss)	<u>2,860,736</u>	<u>1,974,820</u>	<u>4,835,556</u>	<u>(427,466)</u>
NONOPERATING REVENUES (EXPENSES):				
Property taxes	813,948	-	813,948	-
Interest on investments	481,578	361,026	842,604	28,836
Interest	(1,646,056)	(31,792)	(1,677,848)	-
Total nonoperating revenues (expenses)	<u>(350,530)</u>	<u>329,234</u>	<u>(21,296)</u>	<u>28,836</u>
Income (loss) before capital contributions and transfers	2,510,206	2,304,054	4,814,260	(398,630)
Capital contributions	957,752	8,818,098	9,775,850	-
Transfers out	(101,874)	(101,874)	(203,748)	-
Change in net assets	3,366,084	11,020,278	14,386,362	(398,630)
Net assets - beginning	64,800,565	78,340,963		260,890
Net assets - ending	<u>\$ 68,166,649</u>	<u>\$ 89,361,241</u>		<u>\$ (137,740)</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.			<u>(301,667)</u>	
Change in net assets of business-type activities (pages 16-17)			<u>\$ 14,084,695</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, 2009

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 12,833,417	\$ 10,917,240	\$ 23,750,657	\$ 12,186,700
Cash payments to suppliers of goods and services	(6,023,086)	(5,473,301)	(11,496,387)	(3,883,053)
Cash payments to employees for services	(1,816,945)	(1,753,843)	(3,570,788)	(8,805,237)
Other operating revenues	547,553	115,939	663,492	56,879
Net cash provided by (used in) operating activities	<u>5,540,939</u>	<u>3,806,035</u>	<u>9,346,974</u>	<u>(444,711)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	801,338	-	801,338	-
Transfers out	(101,874)	(101,874)	(203,748)	-
Net cash provided by (used in) noncapital financing activities	<u>699,464</u>	<u>(101,874)</u>	<u>597,590</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(3,564,538)	(22,467,822)	(26,032,360)	(23,379)
Interest capitalized	-	1,312,441	1,312,441	-
Receipt of assessments and fees	43,653	38,579	82,232	-
Principal paid on loan	-	(161,080)	(161,080)	-
Principal paid on bonds	(2,105,000)	(495,000)	(2,600,000)	-
Principal paid on certificates of participation	(64,316)	-	(64,316)	-
Interest paid on long-term debt	(1,680,367)	(39,271)	(1,719,638)	-
Contributed capital Millersburg	-	5,839,734	5,839,734	-
System development charges collected	317,261	405,156	722,417	-
SRF loan proceeds	-	7,637,289	7,637,289	-
Net cash used in capital and related financing activities	<u>(7,053,307)</u>	<u>(7,929,974)</u>	<u>(14,983,281)</u>	<u>(23,379)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	464,274	361,030	825,304	28,218
Net decrease in cash and investments	(348,630)	(3,864,783)	(4,213,413)	(439,872)
Cash and investments, July 1, 2008	<u>17,425,859</u>	<u>14,253,169</u>	<u>31,679,028</u>	<u>1,205,082</u>
Cash and investments, June 30, 2009	<u>\$ 17,077,229</u>	<u>\$ 10,388,386</u>	<u>\$ 27,465,615</u>	<u>\$ 765,210</u>

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

CITY OF ALBANY, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (continued)
for the year ended June 30, 2009

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss) (page 29)	\$ 2,860,736	\$ 1,974,820	\$ 4,835,556	\$ (427,466)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,191,108	2,188,811	4,379,919	\$ 24,668
Changes in assets and liabilities:				
Receivables	879,306	(277,220)	602,086	1,173
Inventories	34,528	(29,972)	4,556	-
Other assets	(533)	(1,787)	(2,320)	967
Accounts payable	(449,201)	(74,240)	(523,441)	(31,906)
Compensated absences	(6,970)	(735)	(7,705)	(123,350)
Claims and judgments	1,499	2,087	3,586	461
Other postemployment benefits	25,400	24,271	49,671	110,742
Refundable deposits	5,066	-	5,066	-
Total adjustments	<u>2,680,203</u>	<u>1,831,215</u>	<u>4,511,418</u>	<u>(17,245)</u>
Net cash provided by (used in) operating activities	<u>\$ 5,540,939</u>	<u>\$ 3,806,035</u>	<u>\$ 9,346,974</u>	<u>\$ (444,711)</u>

STATEMENT OF NET ASSETS RECONCILIATION

Cash and investments from above	\$ 17,077,229	\$ 10,388,386	\$ 27,465,615	\$ 765,210
Less: restricted cash and investments	(8,619,096)	(2,216,358)	(10,835,454)	-
Cash and investments per Statements of Net Assets for Proprietary Funds (page 28)	<u>\$ 8,458,133</u>	<u>\$ 8,172,028</u>	<u>\$ 16,630,161</u>	<u>\$ 765,210</u>

NONCASH CAPITAL ACTIVITIES:

Amortization of bond issuance costs	<u>\$ 15,276</u>	<u>\$ 6,674</u>	<u>\$ 21,950</u>
Contribution of capital assets to government	<u>\$ 957,752</u>	<u>\$ 8,818,098</u>	<u>\$ 9,775,850</u>

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

The ultimate measure of a man is not where he stands in moments of comfort and convenience
but where he stands at time of challenge and controversy.
Martin Luther King, Jr.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In June 1999, the GASB approved Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. GASB No. 34 provides for significant changes in financial reporting. A phased implementation based on the size of the government started with fiscal years ending in 2002. As part of this statement, there is a new reporting requirement regarding local government's infrastructure (roads, streets, parks, etc.). The City of Albany's financial statements for the fiscal year ended June 30, 2009, comply with the requirements of GASB No. 34.

In July 2004, the GASB approved Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 45 establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expense/expenditures and related liabilities, note disclosures, and if applicable, required supplementary information in the financial reports of state and local employers. The City's financial statements for the fiscal year ended June 30, 2009, comply with the requirements of GASB No. 45. Further information is included in Note 4, Other Information, Other Post-employment Benefits.

Reporting Entity

The City of Albany is a municipal corporation governed by an elected mayor and six-member council. As required by GAAP, these financial statements present the City and its one component unit, an entity for which the City is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the City's operations and, therefore, data from the unit is combined with the data of the City of Albany. The City's component unit has a June 30 year end.

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

Basic Financial Statements

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

for the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basic Financial Statements, continued

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

for the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

The City reports the following major governmental funds:

General

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

Parks and Recreation

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

Street

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

Capital Project

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

The City reports the following major proprietary funds:

Water

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

Sewer

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

Additionally, the City reports the following fund types:

Special Revenue

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

Debt Service

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

Permanent

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Internal Service

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

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

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

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

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

Cash and Investments

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

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

Restricted Assets

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

Inventories

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Receivables

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

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

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

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

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

Capital Assets

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

for the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets, continued

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

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

Compensated Absences

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

Long-term Debt

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

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

Fund Equity

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

An election must be held to approve general obligation debt pledging the full faith and credit of the City. 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 2008-09 was \$2,955,953,046. Assessed value is calculated on a property-by-property basis and is limited to a three percent increase annually. Compression of tax revenues comes into play when the real market value of an individual property is not sufficient to allow for an annual three percent increase in the assessed value.

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

Budgetary Information, continued

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

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

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

During the fiscal year ended June 30, 2009, the City made supplemental budget changes amounting to \$1,347,800 in order to increase appropriations for unanticipated grant awards. Other supplemental budget changes resulted in a net increase of \$6,419,900 of authorized expenditures, which represents a three percent change from the adopted budget. Funds in which the budget increased by more than \$100,000 were Parks and Recreation (\$3,652,700), Streets (\$244,700), Capital Projects (\$306,000), Water (\$1,625,000) and Albany Revitalization Agency (\$451,400). Expenditure appropriations may not legally be overspent, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted. The City currently uses encumbrances which lapse at the close of the fiscal year.

No new funds were established in Fiscal Year 2008-09.

Excess of Expenditures Over Appropriations

There was no instance where expenditures exceeded appropriations.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

3. DETAILED NOTES

CASH AND INVESTMENTS

The City pools virtually all funds for investment purposes. Each fund type's portion is displayed on the Statement of Net Assets as 'Cash and investments' and 'Restricted cash and investments' (page 15).

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

Cash on hand	\$ 31,425
Bank balances with financial institutions	(1,328,980)
State of Oregon Treasurer's short-term investment pool	17,619,579
Other investments	40,188,730
Interest accrued on investments at time of purchase	5,774
Total cash and investments	<u>\$ 56,516,528</u>

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

Cash and investments	\$ 35,724,745
Restricted cash and investments	20,791,783
Total cash and investments	<u>\$ 56,516,528</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 (\$1,328,980) and the bank balance was \$361,774.

INVESTMENTS

Equity in Pooled Cash and Investments

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

The equity position of each fund participating in an internal investment pool is reported as assets of those funds. The City carries all investments at amortized cost as is allowed by GASB No. 31. The implementation of GASB No. 31 was immaterial to the government-wide financial statements for the fiscal years ended June 30, 2007, 2008, and 2009. The City's investments are summarized by type in the table on the following page.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

3. DETAILED NOTES, continued

INVESTMENTS, continued

As of June 30, 2009, the City had the following investments:

Investment Type	Amortized Cost	Fair Value	Weighted Average Maturity (yrs)	Percent of Total Portfolio
U.S. Government agency obligations:				
FFCB-Federal Farm Credit Bank	\$ 7,959,958	\$ 8,138,790	2.446	14%
FHLB-Federal Home Loan Bank	7,760,236	7,903,213	1.685	14%
FHLM-Federal Home Loan Mortgage Corporation	9,010,110	9,082,980	1.640	16%
FNMA-Federal National Mortgage Association	7,063,513	7,169,370	2.025	12%
Oregon Short-term Fund	17,619,579	17,584,339	0.003	30%
Corporate indebtedness	8,020,075	8,124,480	2.613	14%
Municipal bonds - Oregon	381,089	390,503	1.797	1%
Municipal bonds - Idaho, California, and Washington	0	0		0%
Accrued trust fees	(6,250)	(6,250)		
Totals	<u>\$57,808,310</u>	<u>\$58,387,425</u>		<u>100%</u>
Portfolio weighted average maturity			<u>1.441</u>	

The Oregon Short-Term Fund is an external investment pool as defined in Statement No. 31 of the Governmental Accounting Standards Board. As of June 30, 2009, the market rate of the Oregon Short-term Fund investment pool was 99.11% 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 five years. At least 25 percent of the total portfolio must mature in under one year. The weighted maturity of the total portfolio shall not exceed 1.5 years. The City's weighted average maturity as of June 30, 2009, was 1.1 years.

Credit and concentration of credit risks

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

3. DETAILED NOTES, continued

INVESTMENTS, continued

Credit and concentration of credit risks (continued)

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

Custodial risk

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

RESTRICTED NET ASSETS

Certain assets are classified on the Statement of Net Assets as restricted assets because their use is limited by applicable bond indentures or other legal provisions. Total restricted net assets of \$20,449,660 include \$140,045 restricted for permanent endowments and \$20,309,615 restricted by enabling legislation.

Governmental activities	\$ 15,077,460
Business-type activities	5,372,200
Total	\$ 20,449,660

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

3. DETAILED NOTES, continued

CAPITAL ASSETS

Governmental Activities

Capital activity for the year ended June 30, 2009, was as follows:

	July 1, 2008 Balance	Additions	Deletions, Transfers in, Transfers out	June 30, 2009 Balance
Non-depreciable capital assets				
Land	\$ 6,670,882	\$ 2,000,801	\$ (14,000)	\$ 8,657,683
Construction in progress	4,864,139	2,655,771	(3,265,394)	4,254,516
Total non-depreciable capital assets	<u>11,535,021</u>	<u>4,656,572</u>	<u>(3,279,394)</u>	<u>12,912,199</u>
Depreciable capital assets				
Buildings and improvements	16,345,674	3,255,675	(744,143)	18,857,206
Vehicles and equipment	10,375,017	1,056,755	(349,837)	11,081,935
Infrastructure	100,139,066	1,450,621	3,265,394	104,855,081
Total depreciable capital assets	<u>126,859,757</u>	<u>5,763,051</u>	<u>2,171,414</u>	<u>134,794,222</u>
Total capital assets	<u>138,394,778</u>	<u>10,419,623</u>	<u>(1,107,980)</u>	<u>147,706,421</u>
Accumulated depreciation				
Buildings and improvements	(4,190,727)	(300,743)	495,238	(3,996,232)
Vehicles and equipment	(5,924,264)	(748,441)	349,837	(6,322,868)
Infrastructure	(35,462,280)	(3,748,231)	-	(39,210,511)
Total accumulated depreciation	<u>(45,577,271)</u>	<u>(4,797,415)</u>	<u>845,075</u>	<u>(49,529,611)</u>
Depreciable capital assets net of depreciation	<u>81,282,486</u>	<u>965,636</u>	<u>3,016,489</u>	<u>85,264,611</u>
Governmental activities, capital assets, net	<u>\$ 92,817,507</u>	<u>\$ 5,622,208</u>	<u>\$ (262,905)</u>	<u>\$ 98,176,810</u>

Depreciation expense for governmental activities has been charged as follows:

General government	\$ 549,427
Public safety	543,268
Highways and streets	3,075,362
Culture and recreation	629,358
Total depreciation for governmental activities	<u>\$ 4,797,415</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

3. DETAILED NOTES, continued

CAPITAL ASSETS, continued

Business-type Activities

Capital activity for the year ended June 30, 2009, was as follows:

	July 1, 2007 Balance	Additions	Deletions, Transfers in, Transfers out	June 30, 2008 Balance
Non-depreciable capital assets				
Land	\$ 1,498,121	\$ 78,477	\$ -	\$ 1,576,598
Construction in progress	66,115,537	23,811,575	(2,948,500)	86,978,612
Total non-depreciable capital assets	<u>67,613,658</u>	<u>23,890,052</u>	<u>(2,948,500)</u>	<u>88,555,210</u>
Depreciable capital assets				
Land rights	19,794	-	-	19,794
Land improvements	25,178	-	-	25,178
Buildings and improvements	56,134,135	13,811	136,441	56,284,387
Vehicles and equipment	6,800,758	23,379	(3,792)	6,820,345
Infrastructure	114,332,986	3,811,012	2,812,059	120,956,057
Total depreciable capital assets	<u>177,312,851</u>	<u>3,848,202</u>	<u>2,944,708</u>	<u>184,105,761</u>
Total capital assets	<u>244,926,509</u>	<u>27,738,254</u>	<u>(3,792)</u>	<u>272,660,971</u>
Accumulated depreciation				
Land rights	(15,507)	(659)	-	(16,166)
Land improvements	(19,974)	(433)	-	(20,407)
Buildings and improvements	(13,813,231)	(1,597,424)	-	(15,410,655)
Vehicles and equipment	(5,093,373)	(307,157)	3,792	(5,396,738)
Infrastructure	(32,960,194)	(2,434,917)	-	(35,395,111)
Total accumulated depreciation	<u>(51,902,279)</u>	<u>(4,340,590)</u>	<u>3,792</u>	<u>(56,239,077)</u>
Depreciable capital assets net of depreciation	<u>125,410,572</u>	<u>(492,388)</u>	<u>2,948,500</u>	<u>127,866,684</u>
Business-type activities, capital assets, net	<u>\$193,024,230</u>	<u>\$23,397,664</u>	<u>\$ -</u>	<u>\$216,421,894</u>

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

Water Fund	\$ 2,168,420
Sewer Fund	2,172,170
Total depreciation for business-type activities	<u>\$ 4,340,590</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	\$216,421,894
Internal service fund capital assets reported as business-type activities:	
Public Works Services Fund	(176,302)
Capital assets (net), Statement of Net Assets of Proprietary Funds (page 28)	<u>\$216,245,592</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

3. DETAILED NOTES, continued

ASSESSMENT LIENS RECEIVABLE

Assessment liens receivable represent the uncollected amounts levied against property for the cost of local improvements. Total delinquent assessments receivable at June 30, 2009, amounted to \$66,178, which represented approximately 17.7 percent of the outstanding receivables. Since assessments are liens against the benefited properties, an allowance for uncollectible accounts is not deemed necessary. Assessments are payable for a period of five to twenty years and bear an interest rate of nine percent for unbonded assessments and the bond sale rate plus 1.5 percent for financed assessments.

LOANS RECEIVABLE

Community Development Block Grant Loans

In 1982, the City received a nearly \$500,000 Community Development Block Grant which was used to finance loans for remodeling and repairs to owner-occupied homes. The loans are interest-free and are not due until ownership of the property changes. As of June 30, 2009, there were six loans outstanding with a total balance of \$51,983.

Community Development Loans

In July, 2007, the City Council authorized a loan, not to exceed \$150,000, to the Albany Helping Hands Homeless Shelter to construct a second dormitory. The \$50,000 portion of the loan was interest free until July 31, 2008, at which time it was due. Interest accrues at the rate of nine percent per annum after that date. The \$100,000 portion of the loan was interest-free until January 1, 2009, at which time the loan was due. Interest accrues at the rate of nine percent per annum after that data. The loan is secured by a trust deed.

Economic Development Loans

In 1995, the City received a \$441,137 loan from the Oregon Economic Development Department to make infrastructure improvements for the planned Target Distribution Center. Target is a wholly-owned subsidiary of the Dayton-Hudson Corporation. Dayton-Hudson Corporation agreed to reimburse the City for \$390,000 of the state loan. As of June 30, 2009, the balance of the receivable from the Dayton Hudson Corporation was \$186,878.

In August 2006, the City sold land near the Albany Municipal Airport to Bob G. Mitchell for \$315,000 in cash and a \$35,000 promissory note due January 9, 2009, at six percent interest. If the buyer meets the conditions outlined in the sale agreement regarding construction of a restaurant at the site, the promissory note will be cancelled. It is the belief of City officials that the buyer will fulfill the requirements and the note will be cancelled. For that reason, in the City's financial statements the \$35,000 promissory has been offset with an allowance for uncollectible accounts.

Albany Revitalization Area (ARA) Loans

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

On October 15, 2004, ARA loaned Willamette Community Bank \$200,000 for construction related costs of a new bank building. The loan, with an annual interest rate of three percent, is secured by a trust deed. The payment schedule calls for seven payments of \$34,905.82 and the last payment is due on October 15, 2015.

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

3. DETAILED NOTES, continued

LOANS RECEIVABLE, continued

Albany Revitalization Area (ARA) Loans, continued

In October 2006, ARA approved a ten-year loan of \$42,500 to Allan and Jacqueline Swoboda to make improvements to the Frager Building. The loan, with an annual interest rate of 6.9 percent, is secured by a trust deed. The first payment is due on January 19, 2012, in the amount of \$14,365 principal and interest, with four similar payments due after that. As of June 30, 2008, the Swobodas have drawn the full amount of the approved loan.

In October 2007, ARA approved a ten-year loan of \$250,000 to 3rd Avenue Townhomes, LCC, Timothy D. Smith, principal, to fully rehabilitate the structure at 222 3rd Avenue SE and construct a new building at 228 3rd Avenue SE. The loan, with an annual interest rate of 6.9 percent, is secured by a trust deed. The first payment is due on October 12, 2012, in the amount of \$84,891 principal and interest, with four similar payments due annually after that. As of June 30, 2009, the full loan amount had been disbursed.

In February 2008, ARA approved a ten-year loan of \$148,000 to Flinn Block, LLC, Marc and Anni Manley, personally, to make improvements to the structure known as the Flinn and Ames Building. The loan, with an annual interest rate of 6.9 percent, is secured by a trust deed. The first payment is due on February 12, 2014, in the amount of \$50,255 principal and interest, with four similar payments due annually after that. As of June 30, 2009, \$56 of the approved loan amount had been disbursed.

In March 2009, ARA approved a ten-year loan of \$307,500 to Cameron House, LLC, and Herb Yamamoto, Principal, to renovate the structure known as CADD Connection Building at 705 Lyon Street. The first loan amount of \$112,500, with an annual interest rate of 4.85 percent, is secured by a promissory note and trust deed. The principal and accrued interest are fully due and payable on March 13, 2016. The second and third loan amounts are each \$97,500 and are secured by a promissory note and trust deed. As of June 30, 2009, \$166,977 of the approved loan amount had been disbursed.

Wastewater Treatment Plant Loan - City of Millersburg

In August 2007, the cities of Albany and Millersburg approved an intergovernmental agreement for expansion and improvement of Albany's Davidson Street wastewater treatment plant. Costs of the project will be shared 90 percent for Albany and ten percent for Millersburg. The initial cost estimate is \$70 million. Millersburg made a scheduled down payment of \$1,000,000 in November 2007. There are additional \$1,000,000 payments due on October 15, 2009, and April 15, 2010. The remaining balance due to Albany will be paid back over a 19-year period at the same interest rate charged for the Albany loan from the Clean Water State Revolving Fund. As of June 30, 2009, Millersburg's loan balance was \$6,220,744. This amount represents ten percent of construction cost less the \$1,000,000 down payment.

	June 30, 2008			June 30, 2009
	Balance	Increase	Decrease	Balance
Governmental Funds				
General	\$ 149,678	\$ 300,000	\$ (249,612)	\$ 200,066
Economic Development	208,232		(21,354)	186,878
Albany Revitalization Agency	700,714	190,319	(159,905)	731,128
Total Governmental Funds	1,058,624	490,319	(430,871)	1,118,072
Enterprise Fund - Sewer	4,839,734	1,381,010	-	6,220,744
	<u>\$ 5,898,358</u>	<u>\$ 1,871,329</u>	<u>\$ (430,871)</u>	<u>\$ 7,338,816</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

3. DETAILED NOTES, continued

DEFERRED/UNEARNED REVENUE

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

	Unavailable	Unearned
Delinquent property taxes receivable		
General	\$ 1,004,358	\$ -
Parks and Recreation	250,369	-
Other governmental	338,227	
Accounts receivable	673,079	-
Assessments receivable	232,342	-
Community development loans	200,066	-
Economic development loans	918,006	-
Grants received but unspent	-	86,721
Total deferred revenue	\$ 3,616,447	\$ 86,721

CONSTRUCTION COMMITMENTS

The City has active construction projects as of June 30, 2009. Water and sewer capital projects include the wastewater treatment plant expansion project; Vine Street Seismic upgrade, 34th Avenue, Oak Creek, and North Albany lift stations; and water system seismic improvements.

Project	Spent to date	Remaining Commitment
Water/Sewer Fund Capital Projects:		
Vine Street Chemical Building seismic improvements	\$ 31,547	\$ 183,493
Wastewater treatment plant expansion	61,955,883	2,389,383
34th Avenue and Oak Creek sanitary sewer lift stations	1,909,305	387,712
Wetlands Treatment Project	694,120	727,700
North Albany pump station and force main	1,506,426	2,829,076
Water system seismic improvements	182,984	136,196
Totals	\$ 66,280,265	\$ 6,653,560

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

3. DETAILED NOTES, continued

CAPITAL LEASES

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

The assets acquired by a capital lease are as follows:

	Governmental Activities
Machinery and equipment	\$ 557,625

The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

	Governmental Activities
Years ending June 30,	
2010	\$ 247,843
2011	232,780
2012	90,923
2013	40,923
Total minimum lease payments	612,469
Less: amount representing interest	(54,844)
Present value of minimum lease payments	\$ 557,625

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

3. DETAILED NOTES, continued

LONG-TERM DEBT

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

	Beginning Balance	Increase	Decrease	Ending Balance	Due in 2009/2010
Governmental Activities					
Long-term debt payable:					
General obligation bonds					
Series 1999 Street Rehabilitation	\$ 460,000	\$ -	\$ 460,000	\$ -	\$ -
Series 2007 Refunding	8,060,000	-	385,000	7,675,000	970,000
Special assessment debt with governmental commitment					
Series 2002	404,666	-	65,567	339,099	68,920
Revenue bonds					
Series 1995 Hotel/Motel Tax	630,000	-	210,000	420,000	210,000
Limited tax pension obligations					
Series 2002	6,618,738	-	73,231	6,545,507	82,139
General revenue obligations					
Series 2004	2,960,000	-	315,000	2,645,000	320,000
Urban Renewal Bonds					
2007 CARA Series A Tax-exempt	2,822,000	-	-	2,822,000	-
2007 CARA Series B Taxable	1,725,000	-	219,000	1,506,000	233,000
Note payable					
OEDD-Target Infrastructure	235,536	-	24,155	211,381	24,373
Total long-term debt payable	23,915,940	-	1,751,953	22,163,987	1,908,432
Compensated absences	2,375,557	2,086,156	2,240,092	2,221,621	1,110,811
Claims and judgments	30,986	31,397	25,813	36,570	30,696
Capital leases	453,629	352,395	248,398	557,626	216,157
Total Governmental Activities	26,776,112	2,469,948	4,266,256	24,979,804	3,266,096
Business-type Activities					
General obligation bonds					
1998 Water Refunding	1,630,000	-	795,000	835,000	835,000
Water revenue bonds					
2003 Water Revenue/Refunding	35,510,000	-	1,310,000	34,200,000	1,345,000
Sewer revenue bonds					
2004 Sewer Current Refunding	1,000,000	-	495,000	505,000	505,000
Certificates of participation					
Joint Water Project	279,583	-	64,316	215,267	67,902
Notes payable					
Oregon DEQ, North Albany	644,321	-	161,080	483,241	161,080
Oregon DEQ, New WWTP	47,278,747	7,637,289	-	54,916,036	-
Total long-term debt payable	86,342,651	7,637,289	2,825,396	91,154,544	2,913,982
Compensated absences	538,851	222,289	280,620	480,520	240,260
Claims and judgments	22,240	22,434	18,864	25,810	21,664
Total Business-type Activities	86,903,742	7,882,012	3,124,880	91,660,874	3,175,906
Totals	\$ 113,679,854	\$ 10,351,960	\$ 7,391,136	\$ 116,640,678	\$ 6,442,002

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued

One of the City's two internal service funds, Central Services, serves primarily governmental activities. At year end, long-term liabilities from the Central Service Fund, compensated absences (\$236,725), and claims and judgments (\$3,153), are included in the above totals for governmental activities. For governmental activities and business-type activities, claims and judgments and compensated absences are generally liquidated by the fund in which they were incurred, including the General, Parks & Recreation, Street, Building Inspection, Economic Development, Ambulance, and Public Transit funds.

Governmental Activities

General Obligation Bonds

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

The City issued \$8,335,000 in general obligation bonds in March 2007, to refinance all of the City's outstanding General Obligation Bonds, Series 1996, and a portion of the City's General Obligation Bonds, Series 1999 that financed capital construction. The interest rate is four percent for the nine-year bonds. Final maturity is June 1, 2015. The balance outstanding at June 30, 2009, is \$7,675,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 970,000	\$ 307,000	\$ 1,277,000
2011	1,850,000	268,200	2,118,200
2012	1,095,000	194,200	1,289,200
2013	1,170,000	150,400	1,320,400
2014	1,255,000	103,600	1,358,600
2015	1,335,000	53,400	1,388,400
Totals	\$ 7,675,000	\$ 1,076,800	\$ 8,751,800

Special Assessment Bancroft Bonds with Governmental Commitment

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

In June 2002, the City issued \$736,255 in limited tax assessment bonds to finance the following local improvement districts: Alandale, Hickory Street, Marion Street, Riverside Drive, Timber Street, 12th Avenue, and Lehigh/Riderwood. The interest rate is 5.5 percent for the ten year bonds. Final maturity is June 17, 2012. The balance outstanding at June 30, 2009, is \$339,099.

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

Year Ending June 30	Principal	Interest	Total
2010	\$ 68,920	\$ 16,265	\$ 85,185
2011	72,444	12,741	85,185
2012	197,735	9,035	206,770
Totals	\$ 339,099	\$ 38,041	\$ 377,140

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued

Governmental Activities, continued

Revenue Obligations

In August 1995, the City issued \$2,300,000 of hotel/motel tax revenue bonds to finance the City's share of the capital construction of a new Linn County Fairgrounds and Exposition Center. Debt service requirements will be met through the collection of hotel/motel taxes. Interest rates range from 3.9 percent to 5.75 percent for the 15-year bonds. Final maturity is August 1, 2010. The balance outstanding at June 30, 2009, is \$420,000. Annual debt service requirements to maturity for governmental revenue obligations are as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 210,000	\$ 18,111	\$ 228,111
2011	210,000	6,039	216,039
Totals	\$ 420,000	\$ 24,150	\$ 444,150

Limited Tax Pension Obligations

In March 2002, the City sold \$6,851,826 of Limited Tax Pension Obligations. Net proceeds in the amount of \$6,700,000 were used to finance a portion of the City's estimated unfunded liability in the Oregon Public Employees Retirement System. Debt service requirements are payable from available general funds, including taxes and other funds. Interest rates range from two percent to 7.36 percent for the 26-year bonds. Final maturity is June 1, 2028. The balance outstanding at June 30, 2009, is \$6,545,507. Annual debt service requirements to maturity for the limited tax pension obligations are as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 82,139	\$ 428,918	\$ 511,057
2011	86,861	444,197	531,058
2012	92,951	463,106	556,057
2013	97,868	483,189	581,057
2014	101,687	504,371	606,058
2015-2019	544,397	2,935,891	3,480,288
2020-2024	2,434,604	1,889,634	4,324,238
2025-2028	3,105,000	505,658	3,610,658
Totals	\$ 6,545,507	\$ 7,654,964	\$ 14,200,471

General Revenue Obligations

The City issued \$3,720,000 of general revenue obligations in December 2004, secured by and payable from any unobligated, non-property tax revenues legally available to the City, to finance the construction of a public swimming pool and repayment and/or defeasance of the City's Certificates of Participation, Series 1994. Interest rates range from two percent to five percent for the 15-year bonds. Final maturity is January 1, 2020. The balance outstanding at June 30, 2009, is \$2,645,000. Annual debt service requirements to maturity for the general revenue obligations are as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 320,000	\$ 99,064	\$ 419,064
2011	325,000	88,664	413,664
2012	340,000	78,914	418,914
2013	355,000	68,204	423,204
2014	365,000	52,229	417,229
2015-2019	940,000	141,258	1,081,258
Totals	\$ 2,645,000	\$ 528,333	\$ 3,173,333

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued

Governmental Activities, continued

Albany Revitalization Agency Urban Renewal Bonds

In October 2007, the Albany Revitalization Agency, an urban renewal district, issued bonds totalling \$4,687,000 to finance authorized projects in the urban renewal area. Debt service requirements are payable from tax increment revenues. Interest rates range from 4.85 percent to 6.25 percent for the 15-year bonds. Final maturity is June 15, 2022. The balance outstanding at June 30, 2009, is \$4,328,000. Annual debt service requirements to maturity for urban renewal bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 233,000	\$ 230,992	\$ 463,992
2011	247,000	216,430	463,430
2012	262,000	200,992	462,992
2013	279,000	184,617	463,617
2014	296,000	167,179	463,179
2015-2019	1,746,000	571,649	2,317,649
2020-2021	1,265,000	124,644	1,389,644
Totals	\$ 4,328,000	\$ 1,696,503	\$ 6,024,503

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, 2009, is \$211,381 (Dayton-Hudson Corporation, \$186,878; City, \$24,503). Annual debt service requirements to maturity for governmental activities notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 24,373	\$ 13,117	\$ 37,490
2011	24,619	10,753	35,372
2012	29,884	9,337	39,221
2013	30,164	7,619	37,783
2014	30,460	5,886	36,346
2014-2016	71,881	6,211	78,092
Totals	\$ 211,381	\$ 52,922	\$ 264,303

Business-type Activities

General Obligation Bonds

In April 1998, the City issued \$7,865,000 of general obligation bonds to advance refund the Advance Refunding General Obligation Water Bonds, Series 1987. Debt service requirements are payable from a direct ad valorem tax upon all of the taxable property within the City. Interest rates range from 3.6 percent to 4.5 percent for the 12-year bonds. Final maturity is November 1, 2009. The balance outstanding of the bonds at June 30, 2009, is \$835,000. Annual debt service requirements to maturity for business-type activities general obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 835,000	\$ 18,788	\$ 853,788

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued

Business-type Activities, continued

Revenue Bonds

In November 2003, the City issued \$40,485,000 of Water Revenue and Refunding Bonds, Series 2003, to refund the Second Lien Water Revenue Advance Refunding Bonds, Series 1993B, and to finance the costs of acquiring real and personal property, and additions, replacements, expansions, or improvements to the City's water system and all necessary equipment and appurtenances. Debt service requirements are payable from water system revenues. Interest rates range from two percent to 5.125 percent for the 30-year bonds. Final maturity is August 1, 2033. The balance outstanding of the bonds at June 30, 2009, is \$34,200,000.

In January 2004, the City issued \$2,835,000 in Sewer Current Refunding Bonds, Series 2004, to refund the 1993A Sewer Refunding Bonds. Debt service requirements are payable from sewer system revenues. The interest rate is 2.65 percent for the six-year bonds. Final maturity is August 1, 2009. The balance outstanding of the bonds at June 30, 2009, is \$505,000. Annual debt service requirements to maturity for business-type revenue bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 1,850,000	\$ 1,564,553	\$ 3,414,553
2011	1,055,000	1,521,203	2,576,203
2012	960,000	1,487,918	2,447,918
2013	830,000	1,455,556	2,285,556
2014	865,000	1,422,694	2,287,694
2015-2019	4,915,000	6,540,212	11,455,212
2020-2024	6,165,000	5,232,099	11,397,099
2025-2029	7,885,000	3,534,110	11,419,110
2030-2034	10,180,000	1,324,250	11,504,250
<u>Totals</u>	<u>\$ 34,705,000</u>	<u>\$ 24,082,595</u>	<u>\$ 58,787,595</u>

Certificates of Participation

In March 2002, the City issued \$600,000 of certificates of participation to finance the cost of acquisition of real and personal property to be used as a City water intake, pumping station, and raw water transmission facility. Debt service requirements are payable solely from the net revenues of the City's water system. The interest rate is 5.5 percent for the ten-year certificates. Final maturity is March 1, 2012. The balance outstanding at June 30, 2009, is \$215,267. Annual debt service requirements to maturity for business-type activities certificates of participation are as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 67,902	\$ 10,928	\$ 78,830
2011	71,687	7,141	78,828
2012	75,678	3,150	78,828
<u>Totals</u>	<u>\$ 215,267</u>	<u>\$ 21,219</u>	<u>\$ 236,486</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

3. DETAILED NOTES, continued

LONG-TERM DEBT, continued

Business-type Activities, continued

Loans Payable

In April 1992, the City borrowed \$5,202,059 from the Oregon Department of Environmental Quality State Revolving Fund to finance collector sewers for the North Albany Health Hazard Abatement project. Loan repayment requirements are payable from the net revenues of the City's sewer system and revenues from assessments to benefited property. The interest rate is three percent for the 20-year loan. Final maturity is February 1, 2012. The balance outstanding at June 30, 2009 is \$483,241. Annual debt service requirements to maturity for business-type loans payable are as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 161,080	\$ 14,497	\$ 175,577
2011	161,080	9,665	170,745
2012	161,080	4,832	165,912
<u>Totals</u>	<u>\$ 483,241</u>	<u>\$ 28,994</u>	<u>\$ 512,235</u>

The City was approved for two loans totaling \$67,961,876 from the Clean Water State Revolving Fund to assist in the payment of construction costs to build a new wastewater treatment plant. Proceeds of the loan are received periodically by the City as construction of the plant progresses. The loan amounts are \$35,183,559 at a rate of 2.90 percent and \$32,778,317 at 3.14 percent. Interest accrues at the time of the loan disbursement and will be payable when construction is completed in 2009. At that time a loan payment schedule will be prepared which will include a 0.5% loan fee effectively increasing the loan rates to 3.40 percent and 3.64 percent. As of June 30, 2009, the City had received loan proceeds totalling \$54,916,036 with accrued interest of \$2,921,032.

Capitalized Interest

During Fiscal Year 2008-09, interest costs to the enterprise funds were \$2,990,289, of which \$1,312,441 has been capitalized.

Defeased Bonds

In prior years, the City defeased all or a portion of the 1993 Sewer Refunding Bonds, Series A; the 1994 City Hall Certificates of Participation; the General Obligation Bonds, Series 1996; and the General Obligation Bonds, Series 1999; by placing cash and investments in escrow in such amounts and at such interest rates that the required debt service will be fully paid off when first callable. The outstanding balance of the defeased bonds was \$8,515,000 at June 30, 2009.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

3. DETAILED NOTES, continued

INTERFUND TRANSFERS

<u>Transfers out</u>	<u>Transfers In</u>					<u>Total</u>
	<u>General</u>	<u>Parks and Recreation</u>	<u>Street</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	
Governmental activities						
General	\$ -	\$ 187,200	\$ 260,000	\$ -	\$ 718,323	\$ 1,165,523
Parks and Recreation	-	-	-	16	487,545	487,561
Street	-	130,000	-	103,401	40,000	273,401
Capital Projects	-	-	184,474	-	-	184,474
Other governmental funds	2,561,881	-	-	752,859	240,045	3,554,785
Total governmental activities	2,561,881	317,200	444,474	856,276	1,485,913	5,665,744
Business-type activities						
Water Fund	49,800	-	-	20,207	31,867	101,874
Sewer Fund	49,800	-	-	20,207	31,867	101,874
Total business-type activities	99,600	-	-	40,414	63,734	203,748
Total transfers	\$ 2,661,481	\$ 317,200	\$ 444,474	\$ 896,690	\$ 1,549,647	\$ 5,869,492

Governmental Activities

Transfers from the General Fund

Transfers out of the General Fund totalled \$1,165,523 for Fiscal Year 2008-09. Major activity included a transfer of \$187,200 to the Parks & Recreation Fund to support grants to outside agencies and the Urban Forestry program. There was a transfer of \$260,000 to the Street Fund to partially reimburse the cost of street lighting. \$320,000 was transferred to the Public Transit Fund to support operation of the City's transit systems. The General Fund share of the debt service requirement for the 2004 Revenue Obligations, \$243,270, was transferred to the Debt Service Fund. Other transfers totalled \$155,053.

Transfers from the Parks and Recreation Fund

Parks and Recreation transfers out totalled \$487,561. Major activity included a transfer to the Debt Service Fund for the Parks and Recreation Fund share of the debt service requirement for the 2004 Revenue Obligations, \$180,007. A transfer of \$300,000 was made to the Grants Fund for Oak Street Park and Teloh Calapooia Park playground equipment.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

3. DETAILED NOTES, continued

INTERFUND TRANSFERS, continued

Governmental Activities, continued

Transfers from the Street Fund

A total of \$273,401 was transferred from the Street Fund, including funding support in the amount of \$130,000 to the Parks and Recreation Fund and \$103,401 to the Capital Projects Fund for the 53rd Avenue Bridge/Roadway project and City Facility projects. A transfer of \$40,000 was made to the Grants Fund for the Bicycle Improvement Project.

Transfers from the Capital Project Fund

A total of \$184,474 was transferred to the Street Fund for Street Capital and Restoration projects.

Transfers from Other Governmental Funds

Public Safety Levy Fund

The amount of \$597,100 was transferred to the General Fund to offset inflationary costs in the Fire Suppression and Police programs. Other transfers included \$24,885 to the Ambulance Fund for operational costs, \$943,978 to the General Fund for the Public Safety Levy - Police program, and \$1,020,803 to the General Fund for the Public Safety Levy - Fire program.

Central Albany Redevelopment Area

To support the cost of personnel, \$115,400 was transferred to the Economic Development Fund, and \$83,793 was transferred to the Risk Management Fund for costs related to the Oak Creek Urban Development project.

Capital Replacement Fund

The amount of \$752,859 was transferred to the Library Renovation project.

Economic Development Fund

The amount of \$15,967 was transferred to the Grants Fund for the FAA Annual Capital Grant.

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

4. OTHER INFORMATION

PENSION PLAN

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

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

Plan Description

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

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

Funding Policy

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

4. OTHER INFORMATION, continued

PENSION PLAN (continued)

Funding Policy, continued

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

Annual Pension Cost

Employer contributions are required by state statute and made at actuarially determined rates as adopted by the Public Employees Retirement Board. Covered employees are required by state statute to contribute six percent of their annual salary to the system, but the employer is allowed to make any or all of the employees' contribution in addition to the required employer contribution. Since Fiscal Year 1980-81, the City has elected to contribute the six percent "pick-up", \$1,491,381 (six percent of covered payroll, 2008-09), in lieu of a six percent pay increase.

In addition, the City contributed \$3,297,693 based on actuarially determined requirements. OPSRP legislation calls for all employers to be pooled for the purposes of calculating contribution rates. For the City, OPSRP rates are 12.06 percent for general service employees and 15.33 percent for police and fire employees. The rate for PERS Tier I and Tier II employees is 12.51 percent.

Three-year Trend Information:

Year Ended June 30,	Employer Contributions		
	Annual Pension Cost (APC)	Amount of APC Contributed	Percentage of APC Contributed
2007	\$ 4,112,636	\$ 4,112,636	100%
2008	4,230,435	4,230,435	100%
2009	4,789,074	4,789,074	100%

Prepaid Pension Contribution

The City's prepaid pension contribution is being amortized over a period of 25 years. The City's prepaid pension contribution and amortization as of and for the year end June 30, 2009, was as follows:

Prepaid pension contributions, beginning of year	\$ 6,265,033
Decrease in prepaid pension contributions	(313,252)
Prepaid pension contributions, end of year	\$ 5,951,781

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

4. OTHER INFORMATION, continued

PENSION PLAN (continued)

Asset Valuation Method

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

Economic Assumptions

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

OTHER POST-EMPLOYMENT BENEFITS

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

Plan Description and Benefits Provided

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

Membership

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

4. OTHER INFORMATION, continued

OTHER POST-EMPLOYMENT BENEFITS, continued

Funding Policy and Contributions

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

	Employee	Employee + Child(ren)	Employee + Spouse	Employee + Family
Pacific Source PPO/Prime	\$ 441.17	\$ 781.11	\$ 953.37	\$ 1,283.59
ODS Dental/Vision	52.03	98.61	92.13	138.71
Blue Classic, medical/dental (Fire Union)	836.00	836.00	836.00	836.00
Fire Union COBRA & Retiree		Employee	Two-Party	Family
Blue Classic Medical		\$ 301.65	\$ 633.40	\$ 875.25
Blue Classic Medical/Dental/Vision		363.50	747.40	1,067.35

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

Annual OPEB Cost and Net OPEB Obligation

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

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

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

Annual required contribution	\$ 626,589
Implicit benefit payments	(155,989)
<u>Increase in net OPEB obligation</u>	<u>\$ 470,600</u>
<u>Net OPEB at beginning of the year</u>	<u>470,600</u>
<u>Net OPEB at end of the year</u>	<u>\$ 941,200</u>

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

4. OTHER INFORMATION, continued

OTHER POST-EMPLOYMENT BENEFITS, continued

Annual OPEB Cost and Net OPEB Obligation, continued

The City's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2009, are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	\$ 626,589	24.89%	\$ 470,600
June 30, 2009	\$ 626,589	24.89%	\$ 470,600

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

Funding Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

4. OTHER INFORMATION, continued

OTHER POST-EMPLOYMENT BENEFITS, continued

Actuarial Methods and Assumptions, continued

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

The **health cost trend** is ten percent in the first year, graded down 0.5 percent per year to five percent in the eleventh year and beyond. Health cost trend affects both the projected health care costs and the projected health care premiums.

The **annual payroll increases** are 3.5 percent annually, plus a merit component based upon duration of service and employment classification. These assumptions are based on the Oregon PERS valuation assumptions as of December 31, 2005.

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

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

RISK MANAGEMENT

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

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

The City is assessed an annual maximum premium for auto and workers' compensation liability. For each of the fiscal years ended June 30, 2007, 2008, and 2009, the City was obligated to pay up to \$75,000 in claims and settlement costs. At June 30, 2009, amounts accrued as liabilities for Fiscal Year 2006-07 was \$2,619, for Fiscal Year 2007-08, \$6,204, and for Fiscal Year 2008-09, \$53,558.

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

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
2007	\$ 75,000	\$ 72,381	\$ 2,619
2008	75,000	68,796	6,204
2009	75,000	21,442	53,558

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, 2009, the Linn Regional Fueling Facility's equity balance as reported in its audited financial statements totaled \$514,602. A copy of the Linn Regional Fueling Facility audit report may be obtained from Linn County, P.O. Box 100, Albany, Oregon 97321.

INTERGOVERNMENTAL AGREEMENTS

Water Supply System

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

4. OTHER INFORMATION, continued

INTERGOVERNMENTAL AGREEMENTS, continued

Water Supply System, continued

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

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

Wastewater Treatment Facility

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

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

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

CITY OF ALBANY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
for the year ended June 30, 2009

4. OTHER INFORMATION, continued

SUBSEQUENT EVENT

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

In February 2009, the City of Albany filed suit against SVC Manufacturing, Inc in Linn County Circuit Court to recover damages related to PepsiCo's failure to perform. On September 28, 2009, the court granted the City's request for summary judgement that PepsiCo breached the contract and the City was entitled to damages to be determined in trial. No trial date has been set yet.

SUPPLEMENTARY DATA

Included in this section are:

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

CITY OF ALBANY, OREGON
OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2009

	Special Revenue	Debt Service	Permanent	Totals
ASSETS				
Cash and investments	\$11,394,323	\$ -	\$ -	\$11,394,323
Receivables:				
Property taxes	281,801	83,541	-	365,342
Accounts	528,970	-	-	528,970
Assessments	-	16,261	-	16,261
Interest	63,521	6,479	705	70,705
Loans	918,006	-	-	918,006
Grants	694,013	-	-	694,013
Other	31,890	49,532	-	81,422
Restricted cash and investments	16,293	856,686	140,154	1,013,133
Total assets	<u>\$13,928,817</u>	<u>\$1,012,499</u>	<u>\$ 140,859</u>	<u>\$ 15,082,175</u>
LIABILITIES				
Accounts payable	\$ 433,662	\$ 1,000	\$ 814	\$ 435,476
Due to other funds	505,959	-	-	505,959
Deferred revenue	1,658,995	96,106	-	1,755,101
Deposits	2,000	-	-	2,000
Total liabilities	<u>2,600,616</u>	<u>97,106</u>	<u>814</u>	<u>2,698,536</u>
FUND BALANCES				
Reserved for:				
Debt service	16,293	915,393	-	931,686
Library programs	-	-	11,464	11,464
Parks and Recreation programs	-	-	11,079	11,079
Perpetual care	-	-	117,502	117,502
Unreserved	11,311,908	-	-	11,311,908
Total fund balances	<u>11,328,201</u>	<u>915,393</u>	<u>140,045</u>	<u>12,383,639</u>
Total liabilities and fund balances	<u>\$13,928,817</u>	<u>\$1,012,499</u>	<u>\$ 140,859</u>	<u>\$ 15,082,175</u>

CITY OF ALBANY, OREGON
OTHER GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2009

	Special Revenue	Debt Service	Permanent	Totals
REVENUES				
Property taxes	\$ 3,832,020	\$ 995,531	\$ -	\$ 4,827,551
Transient room taxes	478,150	196,593	-	674,743
Assessment collections	-	9,393	-	9,393
Franchise fees, privilege taxes, licenses, and permits	996,526	-	-	996,526
Intragovernmental	1,594,300	-	-	1,594,300
Charges for services	3,919,460	518,114	-	4,437,574
Gifts and donations	-	-	133	133
Interest on investments	371,479	39,416	4,128	415,023
Miscellaneous	762,573	-	-	762,573
Total revenues	<u>11,954,508</u>	<u>1,759,047</u>	<u>4,261</u>	<u>13,717,816</u>
EXPENDITURES				
Current:				
General government	6,460,897	2,403	-	6,463,300
Public safety	2,582,074	-	-	2,582,074
Highway and streets	42,171	-	-	42,171
Culture and recreation	115,353	-	5,280	120,633
Debt service:				
Principal	2,345,655	1,508,798	-	3,854,453
Interest	258,184	912,309	-	1,170,493
Capital outlay	2,088,038	-	-	2,088,038
Total expenditures	<u>13,892,372</u>	<u>2,423,510</u>	<u>5,280</u>	<u>16,321,162</u>
Revenues under expenditures	<u>(1,937,864)</u>	<u>(664,463)</u>	<u>(1,019)</u>	<u>(2,603,346)</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	2,102,500	-	-	2,102,500
Capital lease	352,395	-	-	352,395
Transfers in	1,126,370	423,277	-	1,549,647
Transfers out	(3,554,785)	-	-	(3,554,785)
Total other financing sources (uses)	<u>26,480</u>	<u>423,277</u>	<u>-</u>	<u>449,757</u>
Net change in fund balances	<u>(1,911,384)</u>	<u>(241,186)</u>	<u>(1,019)</u>	<u>(2,153,589)</u>
Fund balance - beginning	13,239,585	1,156,579	141,064	14,537,228
Fund balance - ending	<u>\$11,328,201</u>	<u>\$ 915,393</u>	<u>\$ 140,045</u>	<u>\$ 12,383,639</u>

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

Special Revenue Funds

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

- **Grants**-receives monies from agencies of the state and federal governments as well as private organizations for various projects within the City.
- **Building Inspection**-conducts inspections, administers state building codes and the City's municipal code, and assists the public with information relating to building and development codes.
- **Risk Management**-provides an independent accounting of monies accumulated to mitigate risk factors and provide financial protection for deductible payments and liability exposure.
- **Economic Development**-receives proceeds from the City's hotel/motel tax to enhance economic development in the City. This fund also accounts for funds used for the maintenance of the Albany Municipal Airport.
- **Ambulance**-provides all emergency and nonemergency ambulance transportation for the City of Albany and portions of Linn, Benton, and Marion Counties.
- **Public Transit**-operates the Albany Transit System which transports customers to destinations in the City and the Linn-Benton Loop System which transports riders between the cities of Albany and Corvallis.
- **Public Safety Levy**-provides independent accounting of property tax revenues collected from the Public Safety Levy passed by the voters of the City in the November 2008 General Election.
- **Capital Replacement**-accounts for monies accumulated for the replacement of vehicles, computer equipment, and City facilities.
- **Albany Revitalization Agency (ARA)**-accounts for the projects funded through the City's urban renewal district.

CITY OF ALBANY, OREGON
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2009

	Grants	Building Inspection	Risk Manage- ment	Economic Develop- ment	Ambulance
ASSETS					
Cash and investments	\$ -	\$ 279,206	\$ 1,131,976	\$ 377,787	\$ 122,580
Receivables:					
Property taxes	-	-	-	-	-
Accounts	-	-	-	30,389	395,886
Interest	(495)	1,547	7,216	1,611	1,060
Loans	-	-	-	186,878	-
Grants	694,013	-	-	-	-
Other	500	809	-	166	9,054
Restricted cash and investments	-	-	-	16,293	-
Total assets	\$ 694,018	\$ 281,562	\$ 1,139,192	\$ 613,124	\$ 528,580
LIABILITIES					
Accounts payable	\$ 42,006	\$ 124,499	\$ 50,448	\$ 32,878	\$ 57,479
Due to Other Funds	451,542	-	-	-	-
Deferred revenue	86,721	-	-	186,878	395,886
Deposits	-	-	-	2,000	-
Total liabilities	580,269	124,499	50,448	221,756	453,365
FUND BALANCES					
Reserved for debt service	-	-	-	16,293	-
Unreserved	113,749	157,063	1,088,744	375,075	75,215
Total fund balances	113,749	157,063	1,088,744	391,368	75,215
Total liabilities and fund balances	\$ 694,018	\$ 281,562	\$ 1,139,192	\$ 613,124	\$ 528,580

Public Transit	Public Safety Levy	Capital Replace- ment	Albany Revitalization Agency	Totals	
\$ -	\$ 272,765	\$ 7,272,206	\$ 1,937,803	\$11,394,323	ASSETS
-	190,696	-	91,105	281,801	Cash and investments
102,695	-	-	-	528,970	Receivables:
9	2,311	38,128	12,134	63,521	Property taxes
-	-	-	731,128	918,006	Accounts
-	-	-	-	694,013	Interest
900	-	20,461	-	31,890	Loans
-	-	-	-	16,293	Grants
\$ 103,604	\$ 465,772	\$ 7,330,795	\$ 2,772,170	\$13,928,817	Other
					Restricted cash and investments
					Total assets
\$ 33,516	\$ -	\$ 34,363	\$ 58,473	\$ 433,662	LIABILITIES
54,417	-	-	-	505,959	Accounts payable
-	174,679	-	814,831	1,658,995	Due to Other Funds
-	-	-	-	2,000	Deferred revenue
87,933	174,679	34,363	873,304	2,600,616	Deposits
					Total liabilities
-	-	-	-	16,293	FUND BALANCES
15,671	291,093	7,296,432	1,898,866	11,311,908	Reserved for debt service
15,671	291,093	7,296,432	1,898,866	11,328,201	Unreserved
\$ 103,604	\$ 465,772	\$ 7,330,795	\$ 2,772,170	\$13,928,817	Total fund balances
					Total liabilities and fund balances

CITY OF ALBANY, OREGON
OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2009

	Grants	Building Inspection	Risk Manage- ment	Economic Develop- ment	Ambulance
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Transient room taxes	-	-	-	478,150	-
Licenses and fees	-	996,526	-	-	-
Intragovernmental	1,041,555	4,469	-	-	-
Charges for services	-	-	221,136	221,034	1,953,553
Interest on investments	4,863	13,764	45,754	3,630	5,768
Miscellaneous	545,096	-	29,307	33,584	2,886
Total revenues	<u>1,591,514</u>	<u>1,014,759</u>	<u>296,197</u>	<u>736,398</u>	<u>1,962,207</u>
EXPENDITURES					
Current:					
General government	40,032	1,545,376	757,499	919,202	-
Public safety	350,761	-	-	-	2,200,638
Highways and streets	-	-	-	-	-
Culture and recreation	114,296	-	-	-	-
Debt service:					
Principal	-	-	-	24,155	-
Interest	-	-	-	13,436	-
Capital outlay	1,449,930	-	-	-	-
Total expenditures	<u>1,955,019</u>	<u>1,545,376</u>	<u>757,499</u>	<u>956,793</u>	<u>2,200,638</u>
Revenues over (under) expenditures	<u>(363,505)</u>	<u>(530,617)</u>	<u>(461,302)</u>	<u>(220,395)</u>	<u>(238,431)</u>
OTHER FINANCING SOURCES (USES)					
Debt issuance	-	-	-	-	-
Capital lease	-	-	-	-	-
Transfers in	363,505	79,287	83,793	165,400	24,885
Transfers out	-	-	-	(15,967)	-
Total other financing sources (uses)	<u>363,505</u>	<u>79,287</u>	<u>83,793</u>	<u>149,433</u>	<u>24,885</u>
Net change in fund balances	-	(451,330)	(377,509)	(70,962)	(213,546)
Fund balance - beginning	113,749	608,393	1,466,253	462,330	288,761
Fund balance - ending	<u>\$ 113,749</u>	<u>\$ 157,063</u>	<u>\$ 1,088,744</u>	<u>\$ 391,368</u>	<u>\$ 75,215</u>

Public Transit	Public Safety Levy	Capital Replace- ment	Albany Revitalization Agency	Totals	
\$ -	\$ 2,547,957	\$ -	\$ 1,284,063	\$ 3,832,020	REVENUES
-	-	-	-	478,150	Property taxes
-	-	-	-	996,526	Transient room taxes
512,225	-	36,051	-	1,594,300	Licenses and fees
123,937	-	1,399,800	-	3,919,460	Intragovernmental
418	13,100	202,878	81,304	371,479	Charges for services
2,623	-	114,171	34,906	762,573	Interest on investments
<u>639,203</u>	<u>2,561,057</u>	<u>1,752,900</u>	<u>1,400,273</u>	<u>11,954,508</u>	Miscellaneous
					Total revenues
					EXPENDITURES
					Current:
1,019,281	-	531,782	1,647,725	6,460,897	General government
-	-	30,675	-	2,582,074	Public safety
-	-	42,171	-	42,171	Highways and streets
-	-	1,057	-	115,353	Culture and recreation
-	-	-	2,321,500	2,345,655	Debt service:
-	-	-	244,748	258,184	Principal
-	-	610,334	27,774	2,088,038	Interest
<u>1,019,281</u>	<u>-</u>	<u>1,216,019</u>	<u>4,241,747</u>	<u>13,892,372</u>	Capital outlay
(380,078)	2,561,057	536,881	(2,841,474)	(1,937,864)	Total expenditures
					Revenues over (under) expenditures
					OTHER FINANCING SOURCES (USES)
-	-	-	2,102,500	2,102,500	Debt issuance
-	-	352,395	-	352,395	Capital lease
320,000	-	89,500	-	1,126,370	Transfers in
-	(2,586,766)	(752,859)	(199,193)	(3,554,785)	Transfers out
<u>320,000</u>	<u>(2,586,766)</u>	<u>(310,964)</u>	<u>1,903,307</u>	<u>26,480</u>	Total other financing sources (uses)
(60,078)	(25,709)	225,917	(938,167)	(1,911,384)	Net change in fund balances
75,749	316,802	7,070,515	2,837,033	13,239,585	Fund balance - beginning
<u>\$ 15,671</u>	<u>\$ 291,093</u>	<u>\$ 7,296,432</u>	<u>\$ 1,898,866</u>	<u>\$11,328,201</u>	Fund balance - ending

CITY OF ALBANY, OREGON
GRANTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2009

Revenues	Original Budget	Final Budget	Actual	Over (Under)
FAA Entitlement	\$ 340,000	\$ 340,000	\$ 184,616	\$ (155,384)
Non-Medical Medicaid	16,000	16,000	8,867	(7,133)
Bureau of Justice	12,500	12,500	12,237	(263)
Federal Transit Administration	-	-	74,525	74,525
Land and Water Conservation Fund	195,000	195,000	-	(195,000)
US Department of Homeland Security	-	103,100	6,988	(96,112)
Oregon Department of Transportation	-	74,600	-	(74,600)
Oregon Cascades West Council of Government	-	6,800	-	(6,800)
State of Oregon	1,178,000	1,595,900	754,322	(841,578)
Oregon Community Foundation	-	352,800	-	(352,800)
Private Foundation	-	54,000	-	(54,000)
Pacific Power	-	3,500	-	(3,500)
Albany Library Foundation	-	50,000	-	(50,000)
Gifts and donations	650,000	508,000	545,096	37,096
Interest on investments	2,100	2,100	4,863	2,763
Total revenues	<u>2,393,600</u>	<u>3,314,300</u>	<u>1,591,514</u>	<u>(1,722,786)</u>
Other financing sources				
Transfer from Parks and Recreation	90,000	90,000	7,538	(82,462)
Transfer from Street Capital	-	40,000	40,000	-
Transfer from Albany Municipal Airport	38,000	38,000	15,967	(22,033)
Transfer from Parks and Recreation	350,000	650,000	300,000	(350,000)
Total other financing sources	<u>478,000</u>	<u>818,000</u>	<u>363,505</u>	<u>(454,495)</u>
Fund balance, beginning	<u>83,100</u>	<u>83,100</u>	<u>113,749</u>	<u>30,649</u>
Amount available for appropriation	<u>\$ 2,954,700</u>	<u>\$ 4,215,400</u>	<u>2,068,768</u>	<u>\$ (2,146,632)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 16,000	\$ 25,600	9,451	\$ 16,149
Materials and services	340,100	547,500	495,638	51,862
Capital	2,598,600	3,642,300	1,449,930	2,192,370
Total expenditures	<u>\$ 2,954,700</u>	<u>\$ 4,215,400</u>	<u>1,955,019</u>	<u>\$ 2,260,381</u>
Fund balance, ending			<u>\$ 113,749</u>	

CITY OF ALBANY, OREGON
BUILDING INSPECTION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Building permit surcharge	\$ 74,000	\$ 74,000	\$ 72,718	\$ (1,282)
Master electrical permit	1,700	1,700	1,430	(270)
Electrical minor labels	4,000	4,000	2,775	(1,225)
Residential building permits	501,000	501,000	329,377	(171,623)
Commercial building permits	414,900	414,900	390,408	(24,492)
Land use plan review fee	9,300	9,300	5,295	(4,005)
Manufactured home set-up fees	1,200	1,200	1,502	302
Fire sprinkler permits	4,500	4,500	18,553	14,053
Fire sprinkler plan review	3,900	3,900	7,020	3,120
Parking lot permits	2,000	2,000	9,461	7,461
Parking lot plan review	900	900	8,315	7,415
Residential electrical permits	160,800	140,800	100,673	(40,127)
Fire alarm permits	2,500	2,500	6,825	4,325
Fire alarm plan review	1,100	1,100	3,160	2,060
Sign permits	1,900	1,900	2,629	729
Document imaging fees	21,900	21,900	29,178	7,278
Electrical Document Imaging	-	-	7,207	7,207
Workers' Comp Wage Subsidy	-	-	4,469	4,469
Miscellaneous	200	200	-	(200)
Interest on investments	13,600	13,600	13,764	164
Total revenues	<u>1,219,400</u>	<u>1,199,400</u>	<u>1,014,759</u>	<u>(184,641)</u>
Other financing source				
Transfer from General	64,800	84,800	65,553	(19,247)
Transfer from Water Economic Development	12,500	12,500	6,867	(5,633)
Transfer from Sewer Economic Development	12,500	12,500	6,867	(5,633)
Transfer from Building Inspection	12,900	12,900	6,867	(6,033)
Total other financing sources	<u>102,700</u>	<u>122,700</u>	<u>86,154</u>	<u>(36,546)</u>
Fund balance, beginning	<u>481,500</u>	<u>481,500</u>	<u>608,393</u>	<u>126,893</u>
Amount available for appropriation	<u>\$ 1,803,600</u>	<u>\$ 1,803,600</u>	<u>1,709,306</u>	<u>\$ (94,294)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Building Inspection	\$ 1,505,900	\$ 1,505,900	1,319,045	\$ 186,855
Electrical Permit Program	182,100	182,100	160,178	21,922
ADA Code Enforcement	67,900	67,900	37,078	30,822
Development Code Enforcement	34,800	34,800	29,075	5,725
Total expenditures	<u>\$ 1,790,700</u>	<u>\$ 1,790,700</u>	<u>1,545,376</u>	<u>\$ 245,324</u>
Other financing uses				
Transfers out	12,900	12,900	6,867	6,033
Total expenditures and other financing uses	<u>\$ 1,803,600</u>	<u>\$ 1,803,600</u>	<u>1,552,243</u>	<u>\$ 251,357</u>
Fund balance, ending			<u>\$ 157,063</u>	

CITY OF ALBANY, OREGON
RISK MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Departmental Charges for services	\$ 430,000	\$ 430,000	\$ 221,136	\$ (208,864)
Miscellaneous	0	0	29,306	29,306
Interest on investments	60,000	60,000	45,755	(14,245)
Total revenues	490,000	490,000	296,197	(193,803)
 Other financing sources				
Transfer in from Oak Creek URD	-	84,000	83,793	(207)
Fund balance, beginning	1,500,000	1,500,000	1,466,253	(33,747)
Amount available for appropriation	\$ 1,990,000	\$ 2,074,000	\$ 1,846,243	\$ (227,757)
 Expenditures				
Materials and services	\$ 1,990,000	\$ 2,074,000	757,499	\$ 1,316,501
Fund balance, ending			\$ 1,088,744	

CITY OF ALBANY, OREGON
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2009

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Transient room tax	\$ 519,200	\$ 519,200	\$ 478,150	\$ (41,050)
Airport fuel	138,100	138,100	138,292	192
Airport tie down rentals	12,000	12,000	11,100	(900)
Airport lease	24,000	24,000	17,921	(6,079)
Fixed base operator	18,000	18,000	18,000	-
Charges for services	-	-	6,922	6,922
Space rental	27,000	27,000	28,800	1,800
Dayton Hudson Corp. (Target)	33,300	33,300	33,233	(67)
Miscellaneous	-	-	350	350
Interest on investments	13,300	13,300	3,630	(9,670)
Total revenues	<u>784,900</u>	<u>784,900</u>	<u>736,398</u>	<u>(48,502)</u>
Other financing sources				
Transfer from Albany Revitalization Agency	115,400	115,400	115,400	-
Transfer from Water Economic Development	25,000	25,000	25,000	-
Transfer from OCRA Program	25,500	25,500	-	(25,500)
Transfer from Sewer Economic Development	25,000	25,000	25,000	-
Transfer from Albany Municipal Airport	50,000	50,000	50,000	-
Total other financing sources	<u>240,900</u>	<u>240,900</u>	<u>215,400</u>	<u>(25,500)</u>
Fund balance, beginning	<u>605,900</u>	<u>605,900</u>	<u>462,330</u>	<u>(143,570)</u>
Amount available for appropriation	<u>\$ 1,631,700</u>	<u>\$ 1,631,700</u>	<u>1,414,128</u>	<u>\$ (217,572)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Target Utilities	\$ 54,100	\$ 54,100	37,591	\$ 16,509
Economic Development Activity	887,600	887,600	735,200	152,400
Albany Airport	602,000	602,000	184,002	417,998
Total expenditures	<u>\$ 1,543,700</u>	<u>\$ 1,543,700</u>	<u>956,793</u>	<u>\$ 586,907</u>
Other financing uses				
Transfers out	88,000	88,000	65,967	22,033
Total expenditures and other financing uses	<u>\$ 1,631,700</u>	<u>\$ 1,631,700</u>	<u>1,022,760</u>	<u>\$ 608,940</u>
Fund balance, ending			<u>\$ 391,368</u>	

CITY OF ALBANY, OREGON
AMBULANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Ambulance service fees	\$ 1,805,200	\$ 1,805,200	\$ 1,827,111	\$ 21,911
Ambulance subscription fees	95,000	95,000	126,442	31,442
Miscellaneous	-	-	2,886	2,886
Interest on investments	10,000	10,000	5,768	(4,232)
Total revenues	1,910,200	1,910,200	1,962,207	52,007
Other financing sources				
Transfer from Public Safety Levy	188,000	188,000	24,885	(163,115)
Fund balance, beginning	274,000	274,000	288,761	14,761
Amount available for appropriation	\$ 2,372,200	\$ 2,372,200	2,275,853	\$ (96,347)
Expenditures				
Personnel services	\$ 1,933,900	\$ 1,933,900	1,812,482	\$ 121,418
Materials and services	438,300	438,300	388,156	50,144
Total expenditures	\$ 2,372,200	\$ 2,372,200	2,200,638	\$ 171,562
Fund balance, ending			\$ 75,215	

CITY OF ALBANY, OREGON
PUBLIC TRANSIT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2009

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Business Energy Tax Credit grant	\$ 75,400	\$ 75,400	\$ -	\$ (75,400)
FTA Section 5311 grant	392,900	392,900	392,992	92
FTA-ODOT biennial grant	75,800	75,800	10,433	(65,367)
Workers' Comp wage subsidy	-	-	1,280	1,280
Oregon Department of Transportation	6,000	6,000	-	(6,000)
Local funds	116,400	116,400	64,500	(51,900)
Oregon cigarette tax transit grant - Linn County	34,900	34,900	38,420	3,520
Oregon cigarette tax transit grant - Benton County	5,600	5,600	4,600	(1,000)
Advertising	7,500	7,500	14,504	7,004
Bus fares	34,000	34,000	44,495	10,495
Linn Benton Community College fare match program	58,400	58,400	48,500	(9,900)
Call-a-Ride	14,000	14,000	16,438	2,438
Gifts and donations	500	500	1,355	855
Miscellaneous	100	100	1,268	1,168
Interest on investments	300	300	418	118
Total revenues	<u>821,800</u>	<u>821,800</u>	<u>639,203</u>	<u>(182,597)</u>
Other financing sources				
Transfer from General	320,000	320,000	320,000	-
Fund balance, beginning	125,000	125,000	75,749	(49,251)
Amount available for appropriation	<u>\$ 1,266,800</u>	<u>\$ 1,266,800</u>	<u>1,034,952</u>	<u>\$ (231,848)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Albany Transit System	\$ 504,900	\$ 504,900	427,520	\$ 77,380
Transit Loop System	520,700	520,700	355,398	165,302
Paratransit System	241,200	241,200	236,363	4,837
Total expenditures	<u>\$ 1,266,800</u>	<u>\$ 1,266,800</u>	<u>1,019,281</u>	<u>\$ 247,519</u>
Fund balance, ending			<u>\$ 15,671</u>	

CITY OF ALBANY, OREGON
PUBLIC SAFETY LEVY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Revenues				
Property taxes				
Current	\$ 2,478,100	\$ 2,478,100	\$ 2,480,352	\$ 2,252
Delinquent	75,000	75,000	67,605	(7,395)
Interest on investments	25,000	25,000	13,100	(11,900)
Total revenues	<u>2,578,100</u>	<u>2,578,100</u>	<u>2,561,057</u>	<u>(17,043)</u>
Fund balance, beginning	<u>285,000</u>	<u>285,000</u>	<u>316,802</u>	<u>31,802</u>
Amount available for appropriation	<u>\$ 2,863,100</u>	<u>\$ 2,863,100</u>	<u>2,877,859</u>	<u>\$ 14,759</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Other financing uses				
Transfers out	<u>\$ 2,863,100</u>	<u>\$ 2,863,100</u>	<u>2,586,766</u>	<u>\$ 276,334</u>
Fund balance, ending			<u>\$ 291,093</u>	

CITY OF ALBANY, OREGON
CAPITAL REPLACEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2009

Revenues	Original Budget	Final Budget	Actual	Over (Under)
FTA Section 5311 grant	\$ -	\$ -	\$ 36,051	\$ 36,051
Equipment replacement charges	1,273,800	1,273,800	1,224,800	(49,000)
Departmental Charges	-	-	100,000	100,000
Phone system charges	75,000	75,000	75,000	-
Miscellaneous	21,000	36,600	114,172	77,572
Interest on investments	270,000	270,000	202,877	(67,123)
Total revenues	<u>1,639,800</u>	<u>1,655,400</u>	<u>1,752,900</u>	<u>97,500</u>
Other financing sources				
Capital lease proceeds	-	-	352,395	352,395
Transfer from General	89,500	89,500	89,500	-
Total Other financing sources	<u>89,500</u>	<u>89,500</u>	<u>441,895</u>	<u>352,395</u>
Fund balance, beginning	<u>6,997,200</u>	<u>6,997,200</u>	<u>7,070,515</u>	<u>73,315</u>
Amount available for appropriation	<u>\$ 8,726,500</u>	<u>\$ 8,742,100</u>	<u>9,265,310</u>	<u>\$ 523,210</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Equipment Replacement	\$ 4,357,200	\$ 4,372,800	770,096	\$ 3,602,704
City Facilities Replacement	2,284,000	2,284,000	785,522	1,498,478
General Fund Building Maintenance Projects	619,500	619,500	176,272	443,228
Information Technology Equipment Replacement	1,465,800	1,465,800	236,988	1,228,812
Total expenditures	<u>\$ 8,726,500</u>	<u>\$ 8,742,100</u>	<u>1,968,878</u>	<u>\$ 6,773,222</u>
Fund balance, ending			<u>\$ 7,296,432</u>	

CITY OF ALBANY, OREGON
ALBANY REVITALIZATION AGENCY
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2009

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes - current	\$ 1,350,700	\$ 1,116,500	\$ 1,255,866	\$ 139,366
Property taxes - delinquent	20,000	20,000	28,197	8,197
Unbonded assessments: principal	155,900	-	-	-
Loan repayment-principal	24,400	24,400	10,906	(13,494)
Loan repayment-interest	10,500	10,500	24,000	13,500
Interest on investments	75,000	75,000	81,304	6,304
Total revenues	<u>1,636,500</u>	<u>1,246,400</u>	<u>1,400,273</u>	<u>153,873</u>
Other financing sources				
Issuance of short-term debt	2,281,000	2,103,000	2,102,500	(500)
Fund balance, beginning	<u>1,394,700</u>	<u>2,414,200</u>	<u>2,837,033</u>	<u>422,833</u>
Amount available for appropriation	<u>\$ 5,312,200</u>	<u>\$ 5,763,600</u>	<u>6,339,806</u>	<u>\$ 576,206</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
ARA	\$ 3,185,600	\$ 2,992,500	1,671,201	\$ 1,321,299
ARA Debt Service	1,986,200	2,571,700	2,570,546	1,154
Total expenditures	<u>5,171,800</u>	<u>5,564,200</u>	<u>4,241,747</u>	<u>1,322,453</u>
Other financing use				
Transfer to Economic Development Fund	140,400	199,400	199,193	207
Total expenditures and other financing use	<u>\$ 5,312,200</u>	<u>\$ 5,763,600</u>	<u>4,440,940</u>	<u>\$ 1,322,660</u>
Fund balance, ending			<u>\$ 1,898,866</u>	

Schedule of Revenues and Expenditures - Budget and Actual

Other Governmental Fund

Debt Service Fund

Debt Service Fund accumulates resources and are used for payment of long-term debt principal and interest payments associated with governmental activities.

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

CITY OF ALBANY, OREGON
DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes - current	\$ 983,100	\$ 983,100	\$ 966,495	\$ (16,605)
Property taxes - delinquent	28,500	28,500	29,036	536
Transient room tax	193,800	193,800	196,593	2,793
Charges for services	486,200	486,200	518,114	31,914
Bonded assessment collections:				
Principal	6,000	6,000	7,137	1,137
Interest	1,000	1,000	2,256	1,256
Interest on investments	54,200	54,200	39,416	(14,784)
Total revenues	<u>1,752,800</u>	<u>1,752,800</u>	<u>1,759,047</u>	<u>6,247</u>
Other financing sources				
Transfer from Parks	180,100	180,100	180,007	(93)
Transfer from General	243,400	243,400	243,270	(130)
Total other financing sources	<u>423,500</u>	<u>423,500</u>	<u>423,277</u>	<u>(223)</u>
Fund balance, beginning	<u>1,091,600</u>	<u>1,091,600</u>	<u>1,156,579</u>	<u>64,979</u>
Amount available for appropriation	<u>\$ 3,267,900</u>	<u>\$ 3,267,900</u>	<u>3,338,903</u>	<u>\$ 71,003</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Bancroft Bond Debt Service	\$ 399,100	\$ 399,100	85,185	\$ 313,915
1995 Fairgrounds Revenue Bonds	468,900	468,900	240,689	228,211
1999 General Obligation Street Bonds	480,600	480,600	479,550	1,050
2002 Limited Tax Pension Obligations (PERS)	752,000	752,000	486,058	265,942
2004 Revenue Obligations	423,500	423,500	423,276	224
2007 General Obligation Refunding Bonds	743,800	743,800	708,752	35,048
Total expenditures	<u>\$ 3,267,900</u>	<u>\$ 3,267,900</u>	<u>2,423,510</u>	<u>\$ 844,390</u>
Fund balance, ending			<u>\$ 915,393</u>	

Schedule of Revenues and Expenditures - Budget and Actual

Major Governmental Fund

Capital Project Fund

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

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

CITY OF ALBANY, OREGON
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2009

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Federal Transportation Equity Act (TEA) Grant	\$ 2,600,000	\$ 2,600,000	\$ -	\$ (2,600,000)
ODOT Rail	250,000	250,000	-	(250,000)
Immediate Opportunity Fund (State)	1,000,000	1,000,000	-	(1,000,000)
Linn County	500,000	500,000	-	(500,000)
Union Pacific	250,000	250,000	-	(250,000)
Assessment collections				
Financed Principal	50,000	50,000	58,302	8,302
Unfinanced Principal	2,500,000	2,500,000	93	(2,499,907)
Interest	15,000	15,000	14,865	(135)
Gifts and donations	890,000	190,000	80,826	(109,174)
Sale of City-owned property	1,000,000	1,000,000	1,512,760	512,760
Interest on investments	26,200	26,200	51,540	25,340
Total revenues	<u>9,081,200</u>	<u>8,381,200</u>	<u>1,718,386</u>	<u>(6,662,814)</u>
Other financing sources				
State Public Works Fund Loan	9,543,000	9,459,000	-	(9,459,000)
Transfer from Water	66,700	66,700	20,207	(46,493)
Transfer from Street	66,700	150,700	103,401	(47,299)
Transfer from Sewer	66,700	66,700	20,207	(46,493)
Transfer from Parks SDC	25,000	25,000	16	(24,984)
Transfer from City Facilities Replacement	-	800,000	752,859	(47,141)
Total other financing sources	<u>9,768,100</u>	<u>10,568,100</u>	<u>896,690</u>	<u>(9,671,410)</u>
Fund balance, beginning	<u>3,034,900</u>	<u>3,240,900</u>	<u>2,557,413</u>	<u>(683,487)</u>
Amount available for appropriation	<u>\$21,884,200</u>	<u>\$22,190,200</u>	<u>5,172,489</u>	<u>\$ (17,017,711)</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Albany Data Integration Project	\$ 282,000	\$ 282,000	123,343	\$ 158,657
LID Construction Projects	2,909,000	2,909,000	100,368	2,808,632
City Facility Projects	200,100	200,100	60,553	139,547
Albany Station REA Building Project	1,589,000	1,589,000	139,229	1,449,771
Albany Station Pathway	648,900	648,900	514	648,386
North Albany Park & Ride	942,200	942,200	17,662	924,538
Library Renovation	3,620,000	3,720,000	3,720,000	-
Bike/Pedestrian Improvement Project	-	21,000	1,329	19,671
ST-07-03 53rd Avenue Bridge/Roadway	7,785,000	7,785,000	227,122	7,557,878
SS-07-02 Ellingson Road Sewer Extension	50,000	50,000	1,797	48,203
WL-07-08 Ellingson Road Water Extension	1,358,000	1,358,000	-	1,358,000
Stokely Van Camp Access Road	1,500,000	1,500,000	-	1,500,000
Stokely Van Camp Water Line	1,000,000	1,000,000	-	1,000,000
Total expenditures	<u>21,884,200</u>	<u>22,005,200</u>	<u>4,391,917</u>	<u>17,613,283</u>
Other financing uses				
Transfer to Street Fund	-	185,000	184,474	526
	<u>\$ 21,884,200</u>	<u>\$ 22,190,200</u>	<u>4,576,391</u>	<u>\$ 17,613,809</u>
Fund balance, ending			<u>\$ 596,098</u>	

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

Permanent Funds

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

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

CITY OF ALBANY, OREGON
PERMANENT FUNDS
COMBINING BALANCE SHEET
June 30, 2009

	<u>Senior Center Endowment</u>	<u>Library Trust</u>	<u>Total</u>
ASSETS			
Interest receivable	\$ 252	\$ 453	\$ 705
Restricted cash and investments	49,350	90,804	140,154
Total assets	<u>\$ 49,602</u>	<u>\$ 91,257</u>	<u>\$ 140,859</u>
 LIABILITIES			
Accounts payable	<u>\$ 450</u>	<u>\$ 364</u>	<u>\$ 814</u>
 FUND BALANCES			
Reserved			
Library Programs	-	11,464	11,464
Parks and Recreation Programs	11,079	-	11,079
Perpetual care	38,073	79,429	117,502
Total fund balances	<u>49,152</u>	<u>90,893</u>	<u>140,045</u>
Total liabilities and fund balances	<u>\$ 49,602</u>	<u>\$ 91,257</u>	<u>\$ 140,859</u>

CITY OF ALBANY, OREGON
PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
for the year ended June 30, 2009

	Senior Center Endowment	Library Trust	Totals
REVENUES			
Interest on investments	\$ 1,472	\$ 2,656	\$ 4,128
Miscellaneous	133	-	133
Total revenues	<u>1,605</u>	<u>2,656</u>	<u>4,261</u>
EXPENDITURES			
Culture and recreation	<u>2,400</u>	<u>2,880</u>	<u>5,280</u>
Deficiency of revenues under expenditures	(795)	(224)	(1,019)
Fund balance - beginning	<u>49,947</u>	<u>91,117</u>	<u>141,064</u>
Fund balance - ending	<u>\$ 49,152</u>	<u>\$ 90,893</u>	<u>\$ 140,045</u>

CITY OF ALBANY, OREGON
SENIOR CENTER ENDOWMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2009

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Gifts and donations	\$ 500	\$ 500	\$ 133	\$ (367)
Interest on investments	2,400	2,400	1,472	(928)
Total revenues	2,900	2,900	1,605	(1,295)
Fund balance, beginning	49,400	49,400	49,947	547
Amount available for appropriation	<u>\$ 52,300</u>	<u>\$ 52,300</u>	<u>51,552</u>	<u>\$ (748)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Materials and services	\$ 2,400	\$ 2,400	2,400	\$ -
Unappropriated	49,900	49,900	-	49,900
Total expenditures	<u>\$ 52,300</u>	<u>\$ 52,300</u>	<u>2,400</u>	<u>\$ 49,900</u>
Fund balance, ending			<u>\$ 49,152</u>	

CITY OF ALBANY, OREGON
LIBRARY TRUST FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interest on investments	\$ 4,100	\$ 4,100	\$ 2,656	\$ (1,444)
Fund balance, beginning	86,200	86,200	91,117	4,917
Amount available for appropriation	<u>\$ 90,300</u>	<u>\$ 90,300</u>	<u>93,773</u>	<u>\$ 3,473</u>
Expenditures				(Over) Under
V. O. Torney Trust	\$ 12,200	\$ 12,200	-	\$ 12,200
Manela Trust	78,100	78,100	2,880	75,220
Total expenditures	<u>\$ 90,300</u>	<u>\$ 90,300</u>	<u>2,880</u>	<u>\$ 87,420</u>
Fund balance, ending			<u>\$ 90,893</u>	

Do not worry if others do not understand you. Instead worry if you do not understand others.
Confucius

Schedules of Revenues and Expenditures - Budget and Actual

Major Proprietary Funds

Enterprise Funds

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

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

CITY OF ALBANY, OREGON
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2009

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Property taxes:				
Current	\$ 790,000	\$ 790,000	\$ 777,899	\$ (12,101)
Delinquent	22,000	22,000	22,851	851
Water service				
Water service charges	11,506,300	11,506,300	11,084,135	(422,165)
Water service charges-Millersburg	200,000	200,000	152,333	(47,667)
Dumbeck Water District	33,000	33,000	50,042	17,042
User fee debt service charges	43,000	43,000	38,565	(4,435)
North Albany capital charges	69,300	69,300	69,300	-
Collection agency payments	-	-	7,827	7,827
Charges for services				
City of Lebanon	77,000	77,000	154,000	77,000
Hydropower	-	-	36,839	36,839
Equipment replacement charges	123,100	123,100	61,100	(62,000)
Financed system development charges				
Principal	9,000	9,000	3,830	(5,170)
Interest	1,500	1,500	1,126	(374)
Water expansion				
Public facility construction permits	35,000	35,000	21,616	(13,384)
Administrative fees	2,500	2,500	4,263	1,763
Water connection fees	15,000	15,000	43,653	28,653
Water systems development charges	202,300	202,300	313,430	111,130
Water service installation fee	100,000	100,000	75,413	(24,587)
Energy Trust of Oregon	475,000	475,000	475,000	-
FEMA Grant	747,000	747,000	31,754	(715,246)
Pacific Power	-	25,000	26,600	1,600
Miscellaneous	11,000	11,000	13,085	2,085
Over & Short	-	-	(11)	(11)
Interest on investments	521,200	521,200	481,578	(39,622)
Total revenues	<u>14,983,200</u>	<u>15,008,200</u>	<u>13,946,228</u>	<u>(1,061,972)</u>
Other financing sources				
From Water Capital	-	522,000	522,000	-
From Water SDC Improvement Projects	327,000	327,000	327,000	-
From Water Administration	-	1,078,000	1,078,000	-
Total other financing sources	<u>327,000</u>	<u>1,927,000</u>	<u>1,927,000</u>	<u>-</u>
Fund balance, beginning	<u>14,571,600</u>	<u>14,571,600</u>	<u>17,588,904</u>	<u>3,017,304</u>
Amount available for appropriation	<u>\$ 29,881,800</u>	<u>\$ 31,506,800</u>	<u>33,462,132</u>	<u>\$ 1,955,332</u>
Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Personnel services	\$ 1,953,600	\$ 1,953,600	1,816,945	\$ 136,655
Materials and services	6,374,300	6,374,300	5,573,352	800,948
Capital	16,242,900	16,267,900	3,564,538	12,703,362
Transfers out	481,000	2,081,000	2,028,874	52,126
Debt service	4,015,600	4,015,600	3,849,681	165,919
Contingencies	814,400	814,400	-	814,400
Total Expenditures	<u>\$ 29,881,800</u>	<u>\$ 31,506,800</u>	<u>16,833,390</u>	<u>\$ 14,673,410</u>
Fund balance, ending			<u>\$ 16,628,742</u>	

**CITY OF ALBANY, OREGON
WATER FUND
RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS OF PROPRIETARY FUNDS
for the year ended June 30, 2009**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance/ Net Assets</u>
Totals from page 96	\$ 13,946,228	\$ 16,833,390	\$ 16,628,742
Reconciling items:			
June 30, 2008, asset and liability balances:			
Capital assets, net	-	-	82,974,679
Accounts receivable	-	-	1,495,174
Unamortized issue costs/loss on defeasance	-	-	272,772
Inventory balance	-	-	721,745
Salaries, withholdings, and vacations payable	-	-	(97,200)
Claims and judgments	-	-	(8,457)
OPEB Payable	-	-	(50,800)
Interest payable	-	-	(702,069)
Bonds payable	-	-	(37,419,584)
Adjustments to current year revenues			
Property taxes	(800,750)	-	-
Interest on investments	(481,578)	-	-
System development charges	(317,261)	-	-
In-lieu-of assessment fees	(43,653)	-	-
Change in accounts receivable	193,611	-	-
Adjustments to current year expenses			
Interest expense	-	(1,680,367)	34,311
Eliminate transfers out	-	(101,873)	-
Change in compensated absences liability	-	(6,970)	6,970
Change in OPEB obligation	-	25,400	-
Bond principal	-	(2,105,000)	2,105,000
Certificate of participation principal	-	(64,316)	64,316
Depreciation and amortization	-	2,191,108	(2,191,108)
Expenditures capitalized	-	(3,564,538)	3,564,538
Changes in inventories	-	34,528	(34,528)
Changes in insurance liability	-	1,499	(1,499)
Eliminate intrafund transfer	-	(1,927,000)	-
Other adjustments			
Change in accounts receivable	-	-	227,767
Capital contributions	-	-	575,880
Operating revenues, operating expenses, and ending net assets from Statement of Revenues, Expenses, and Changes in Fund Net Assets of Proprietary Funds (page 29)	<u>\$ 12,496,597</u>	<u>\$ 9,635,861</u>	<u>\$ 68,166,649</u>

CITY OF ALBANY, OREGON
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Sewer service charges				
Albany sewer service charges	\$ 10,820,000	\$ 10,820,000	\$ 10,861,376	\$ 41,376
Millersburg sewer service charges	30,000	30,000	-	(30,000)
Wah Chang sewer service charges	500,000	500,000	-	(500,000)
Millersburg Wetland payment	460,000	460,000	-	(460,000)
Charges collected through property taxes	20,000	20,000	19,788	(212)
Collection agency payments	-	-	2,389	2,389
Financed system development charges				
Principal	15,000	15,000	15,967	967
Interest	1,900	1,900	8,177	6,277
Financed assessments				
Principal	40,000	40,000	30,536	(9,464)
Interest	5,000	5,000	7,506	2,506
Financed connection fees				
Principal	5,400	5,400	4,303	(1,097)
Interest	1,000	1,000	1,024	24
Sewer oversizing and expansion				
Public facility construction permits	75,000	75,000	24,971	(50,029)
Sewer system development charges	237,400	237,400	389,189	151,789
General Sewer Connection Fees	25,000	25,000	1,455	(23,545)
Storm Drain Connection Fees	7,000	7,000	160	(6,840)
Sewer connection fees	-	-	2,125	2,125
Storm drain plan review/inspection fees	10,000	10,000	11,170	1,170
Charges for services				
Equipment replacement charges	110,500	110,500	79,900	(30,600)
Miscellaneous	16,000	16,000	16,943	943
Interest on investments	351,400	351,400	361,026	9,626
Total revenues	<u>12,730,600</u>	<u>12,730,600</u>	<u>11,838,005</u>	<u>(892,595)</u>
Other financing sources				
Clean Water State Revolving Fund loan proceeds	5,448,400	5,448,400	7,637,289	2,188,889
From SDC Improvement Projects	2,131,500	2,131,500	2,131,500	-
Total other financing sources	<u>7,579,900</u>	<u>7,579,900</u>	<u>9,768,789</u>	<u>2,188,889</u>
Fund balance, beginning	<u>14,938,300</u>	<u>14,938,300</u>	<u>12,719,639</u>	<u>(2,218,661)</u>
Amount available for appropriation	<u>\$ 35,248,800</u>	<u>\$ 35,248,800</u>	<u>34,326,433</u>	<u>\$ (922,367)</u>
Expenditures				
Personnel services	\$ 1,932,200	\$ 1,932,200	1,753,845	\$ 178,355
Materials and services	6,002,600	6,002,600	5,397,272	605,328
Capital	22,881,700	22,881,700	15,315,646	7,566,054
Transfers out	2,285,500	2,285,500	2,233,374	52,126
Debt Service	1,792,800	1,792,800	695,351	1,097,449
Contingencies	354,000	354,000	-	354,000
Total expenditures	<u>\$ 35,248,800</u>	<u>\$ 35,248,800</u>	<u>25,395,488</u>	<u>\$ 9,853,312</u>
OTHER FINANCING USES:				
	<u>\$ 35,248,800</u>	<u>\$ 35,248,800</u>	<u>\$ 25,395,488</u>	<u>\$ 9,853,312</u>
Fund balance, ending			<u>\$ 8,930,945</u>	

CITY OF ALBANY, OREGON
SEWER FUND
RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, AND FUND BALANCE TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS OF PROPRIETARY FUNDS
for the year ended June 30, 2009

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance/ Net Assets</u>
Totals from page 98	\$ 11,838,005	\$ 25,395,488	\$ 8,930,945
Reconciling items:			
June 30, 2008, asset and liability balances:			
Capital assets, net	-	-	109,881,821
Accounts receivable	-	-	1,404,821
Unamortized issue costs/loss on defeasance	-	-	40,335
Inventory	-	-	117,043
Salaries, withholdings, and vacations payable	-	-	(75,578)
Claims and judgments	-	-	(11,827)
OPEB Payable	-	-	(48,542)
Interest payable	-	-	(1,627,687)
Bonds payable	-	-	(48,923,067)
Adjustments to current year revenues			
Interest on investments	(361,026)	-	-
System development charges	(405,156)	-	-
In-lieu-of assessment fees	(8,043)	-	-
Change in accounts receivable	277,154	-	-
Sewer construction assessments	(30,536)	-	-
Adjustments to current year expenses			
Expenditures capitalized	-	(15,315,647)	15,315,647
Change in inventory	-	(29,972)	29,972
Interest expense	-	(39,271)	7,479
Change in compensated absences liability	-	(735)	735
Change in OPEB obligation	-	24,271	-
Bond principal	-	(495,000)	495,000
Loan principal	-	(161,080)	161,080
Depreciation and amortization	-	2,188,811	(2,188,811)
Change in insurance liability	-	2,087	(2,087)
Eliminate transfers out	-	(101,874)	-
Eliminate intrafund transfers	-	(2,131,500)	-
Other adjustments			
Change in accounts receivable	-	-	5,163,872
Capital contributions	-	-	2,487,645
Issuance of debt (SRF loan)	-	-	(7,637,289)
Millersburg fixed asset adjustment	-	-	5,839,734
Operating revenues, operating expenses, and ending net assets from Statement of Revenues, Expenses, and Changes in Fund Net Assets of Proprietary Funds (page 29)	<u>\$ 11,310,398</u>	<u>\$ 9,335,578</u>	<u>\$ 89,361,241</u>

I can't understand why I flunked American history, when I was a kid there was so little of it.
George Burns

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

Internal Service Funds

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

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

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2009

	Central Services	Public Works Services	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 512,365	\$ 252,845	\$ 765,210
Accounts receivable	325	-	325
Accrued interest	3,264	1,267	4,531
Total current assets	<u>515,954</u>	<u>254,112</u>	<u>770,066</u>
Noncurrent assets:			
Other	28,486	4,120	32,606
Capital assets (net of depreciation)	31,578	176,302	207,880
Total assets	<u>576,018</u>	<u>434,534</u>	<u>1,010,552</u>
LIABILITIES			
Current liabilities:			
Accounts payable	174,942	194,601	369,543
Compensated absences	236,725	315,447	552,172
Claims and judgments	3,153	1,940	5,093
Other postemployment benefits	99,566	121,918	221,484
Total liabilities	<u>514,386</u>	<u>633,906</u>	<u>1,148,292</u>
NET ASSETS			
Invested in capital assets, net of related debt	31,578	176,302	207,880
Unrestricted	30,054	(375,674)	(345,620)
Total net assets	<u>\$ 61,632</u>	<u>\$ (199,372)</u>	<u>\$ (137,740)</u>

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
for the year ended June 30, 2009

	Central Services	Public Works Services	Totals
OPERATING REVENUES			
Service charges and fees	\$ 5,725,993	\$ 6,459,534	\$12,185,527
Miscellaneous	56,653	226	56,879
Total operating revenues	<u>5,782,646</u>	<u>6,459,760</u>	<u>12,242,406</u>
OPERATING EXPENSES			
Salaries and wages	3,874,614	4,918,476	8,793,090
Contracted services	346,316	366,742	713,058
Operating supplies	642,301	483,367	1,125,668
Utilities	98,521	101,452	199,973
Depreciation	9,862	14,806	24,668
Repairs and maintenance	191,266	97,077	288,343
Charges for services	694,277	826,532	1,520,809
Miscellaneous	4,263	-	4,263
Total operating expenses	<u>5,861,420</u>	<u>6,808,452</u>	<u>12,669,872</u>
Operating loss	(78,774)	(348,692)	(427,466)
NONOPERATING REVENUES			
Interest on investments	17,682	11,154	28,836
Change in net assets	(61,092)	(337,538)	(398,630)
Net assets, July 1, 2008	122,724	138,166	260,890
Net assets, June 30, 2009	<u>\$ 61,632</u>	<u>\$ (199,372)</u>	<u>\$ (137,740)</u>

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
for the year ended June 30, 2009

	Central Services	Public Works Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,727,166	\$ 6,459,534	\$ 12,186,700
Cash payments to suppliers of goods and services	(2,010,165)	(1,872,888)	(3,883,053)
Cash payments to employees for services	(3,897,078)	(4,908,159)	(8,805,237)
Other operating revenues	56,653	226	56,879
Net cash (used in) operating activities	(123,424)	(321,287)	(444,711)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	-	(23,379)	(23,379)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	16,585	11,633	28,218
Net (decrease) in cash and investments	(106,839)	(333,033)	(439,872)
CASH AND INVESTMENTS, July 1, 2008	619,204	585,878	1,205,082
CASH AND INVESTMENTS, June 30, 2009	<u>\$ 512,365</u>	<u>\$ 252,845</u>	<u>\$ 765,210</u>

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

Operating (loss)	\$ (78,774)	\$ (348,692)	\$ (427,466)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:			
Depreciation	9,862	14,806	24,668
Changes in assets and liabilities:			
Accounts receivable	1,173	-	1,173
Other	(22,459)	23,426	967
Accounts payable	(10,762)	(21,144)	(31,906)
Compensated absences	(72,724)	(50,626)	(123,350)
Claims and judgments	477	(16)	461
Other postemployment benefits	49,783	60,959	110,742
Total adjustments	(44,650)	27,405	(17,245)
Net cash (used in) operating activities	<u>\$ (123,424)</u>	<u>\$ (321,287)</u>	<u>\$ (444,711)</u>

CITY OF ALBANY, OREGON
CENTRAL SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2009

Revenues	Original Budget	Final Budget	Actual	Over (Under)
Building maintenance charges	\$ 656,100	\$ 656,100	\$ 664,000	\$ 7,900
Administrative services charges	3,494,600	3,494,600	3,339,389	(155,211)
Information technology charges	1,231,500	1,231,500	1,242,700	11,200
GIS/Permit Tracking charges	629,200	629,200	479,601	(149,599)
Bicycle/commuter map	300	300	-	(300)
GIS information sales	500	500	303	(197)
Miscellaneous	60,000	92,000	56,653	(35,347)
Interest on investments	16,000	16,000	17,682	1,682
Total revenues	<u>6,088,200</u>	<u>6,120,200</u>	<u>5,800,328</u>	<u>(319,872)</u>
Fund balance, beginning	<u>304,900</u>	<u>304,900</u>	<u>443,192</u>	<u>138,292</u>
Amount available for appropriation	<u>\$ 6,393,100</u>	<u>\$ 6,425,100</u>	<u>6,243,520</u>	<u>\$ (181,580)</u>

Expenditures	Original Budget	Final Budget	Actual	(Over) Under
Council and Nondepartmental	\$ 286,100	\$ 286,100	258,960	\$ 27,140
City Manager's Office	1,268,200	1,300,200	1,094,785	205,415
Information Technology Services	1,231,500	1,231,500	1,230,309	1,191
Human Resources	780,200	780,200	630,661	149,539
Facilities Maintenance	665,100	665,100	664,833	267
Finance	1,471,300	1,471,300	1,413,525	57,775
GIS Services	599,500	599,500	495,178	104,322
Permit Tracking Services	91,200	91,200	85,771	5,429
Total expenditures	<u>\$ 6,393,100</u>	<u>\$ 6,425,100</u>	<u>5,874,022</u>	<u>\$ 551,078</u>
Fund balance, ending			<u>\$ 369,498</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Assets of Internal Service Funds, see page 107.

CITY OF ALBANY, OREGON
PUBLIC WORKS SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Over (Under)
Revenues:				
Charges to other funds	\$ 7,334,600	\$ 7,334,600	\$ 6,459,534	\$ (875,066)
Miscellaneous	1,000	1,000	226	(774)
Interest on investments	2,500	2,500	11,154	8,654
Total revenues	<u>7,338,100</u>	<u>7,338,100</u>	6,470,914	(867,186)
Fund balance, beginning	10,600	10,600	399,425	388,825
Amount available for appropriation	<u>\$ 7,348,700</u>	<u>\$ 7,348,700</u>	<u>6,870,339</u>	<u>\$ (478,361)</u>

	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Public Works Administration	\$ 744,200	\$ 744,200	477,274	\$ 266,926
Engineering Services	2,552,600	2,552,600	2,476,928	75,672
Operations Administration	1,170,200	1,170,200	1,159,076	11,124
Water Quality Control Services	472,400	472,400	454,087	18,313
Public Works Customer Service	1,127,000	1,127,000	1,033,182	93,818
Facilities and Maintenance Engineering	1,282,300	1,282,300	1,206,161	76,139
Total expenditures	<u>\$ 7,348,700</u>	<u>\$ 7,348,700</u>	<u>6,806,708</u>	<u>\$ 541,992</u>
Fund balance, ending			<u>\$ 63,631</u>	

For the Reconciliation of Budgetary Revenues, Expenditures, Fund Balance to Statement of Revenues, Expenses, and Changes In Net Assets of Internal Service Funds, see page 107.

CITY OF ALBANY, OREGON
INTERNAL SERVICE FUNDS
RECONCILIATION OF BUDGETARY REVENUES, EXPENDITURES, FUND BALANCE TO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS OF INTERNAL SERVICE FUNDS
for the year ended June 30, 2009

	Central Services	Public Works Service	Totals
<u>REVENUES</u>			
Total revenues from Schedule of Revenues and Expenditures - Budget and Actual	\$ 5,800,328	\$ 6,470,914	\$ 12,271,242
Reconciling item:			
Interest on investments	(17,682)	(11,154)	(28,836)
Operating revenues from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 103)	\$ 5,782,646	\$ 6,459,760	\$ 12,242,406
<u>EXPENDITURES</u>			
Total expenditures from Schedule of Revenues and Expenditures - Budget and Actual	\$ 5,874,022	\$ 6,806,708	\$ 12,680,730
Reconciling items:			
Depreciation	9,862	14,806	24,668
Expenditures capitalized	-	(23,379)	(23,379)
Change in compensated absences liability	(72,724)	(50,626)	(123,350)
Change in insurance liability	477	(16)	461
Change in OPEB obligation	49,783	60,959	110,742
Operating expenses from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 103)	\$ 5,861,420	\$ 6,808,452	\$ 12,669,872
<u>FUND BALANCE</u>			
Fund balance from Schedule of Revenues and Expenditures - Budget and Actual	\$ 369,498	\$ 63,631	\$ 433,129
Reconciling items:			
June 30, 2008, asset balance:			
Capital assets, net	41,440	167,729	209,169
June 30, 2008, liability balances:			
Salaries, withholdings, and vacations payable	(309,449)	(366,073)	(675,522)
Insurance payable	(2,676)	(1,956)	(4,632)
Capital asset additions	-	23,379	23,379
Depreciation	(9,862)	(14,806)	(24,668)
Change in compensated absences liability	72,724	50,626	123,350
Change in insurance liability	(477)	16	(461)
Change in OPEB obligation	(99,566)	(121,918)	(221,484)
Net assets from Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 103)	\$ 61,632	\$ (199,372)	\$ (137,740)

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
as of June 30, 2009

Governmental capital assets	
Land	\$ 8,657,683
Buildings	18,857,206
Equipment	10,696,028
Infrastructure	104,855,081
Construction in progress	4,254,516
Total governmental capital assets	<u>\$147,320,514</u>
Investment in capital assets from:	
Balance as of June 30, 1993	\$ 5,022,808
Capital project funds:	
General obligation bonds	10,963,772
Certificates of participation	3,075,143
Federal grants	22,887,716
State grants	1,867,121
Transfer from General Fund	3,157,021
Transfer from special revenue funds	2,201,795
Other sources	1,343,000
General Fund	12,001,699
Special revenue funds	37,818,451
Local improvement districts	19,782,397
Urban renewal districts	4,155,666
Donations	23,043,925
Total investment in governmental capital assets	<u>\$147,320,514</u>

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

Total investment in governmental capital assets from above	\$147,320,514
Capital assets of the Central Services Fund	385,907
Total capital assets of governmental activities	<u>\$147,706,421</u>

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
for the fiscal year ended June 30, 2009

	Balances July 1, 2008	Additions	Deletions, Transfers out, Transfers in	Balances June 30, 2009
<u>CAPITAL ASSETS:</u>				
Land	\$ 6,670,882	\$ 2,000,801	\$ (14,000)	\$ 8,657,683
Buildings and improvements	16,345,674	3,255,675	(744,143)	18,857,206
Machinery and equipment	9,989,110	1,056,755	(349,837)	10,696,028
Infrastructure	100,139,066	1,450,621	3,265,394	104,855,081
Construction in progress	4,864,139	2,655,771	(3,265,394)	4,254,516
Total capital assets	<u>\$ 138,008,871</u>	<u>\$ 10,419,623</u>	<u>\$ (1,107,980)</u>	<u>\$ 147,320,514</u>

CITY OF ALBANY, OREGON
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
as of June 30, 2009

<u>Function and Activity:</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Infra- structure</u>	<u>Construction in Progress</u>	<u>Total</u>
General Government:						
Building Maintenance	\$ -	\$ -	\$ 116,028	\$ -	\$ -	\$ 116,028
Building Inspection	-	-	28,192	-	-	28,192
General Fund	3,065,010	5,082,109	542,347	9,729,790	-	18,419,256
Airport Maintenance	33,510	68,215	8,700	1,906,071	-	2,016,496
Public Transit	-	-	1,135,894	-	-	1,135,894
Total general government	<u>3,098,520</u>	<u>5,150,324</u>	<u>1,831,161</u>	<u>11,635,861</u>	<u>-</u>	<u>21,715,866</u>
Public Safety:						
Municipal Court	-	-	23,571	-	-	\$ 23,571
Police	-	1,280,297	1,723,933	-	-	3,004,230
Fire	118,771	3,782,343	3,440,975	-	-	7,342,089
Ambulance	-	-	1,160,175	-	-	1,160,175
Total public safety	<u>118,771</u>	<u>5,062,640</u>	<u>6,348,654</u>	<u>-</u>	<u>-</u>	<u>11,530,065</u>
Culture and Recreation:						
Library	653,570	6,762,483	299,722	-	-	7,715,775
Parks and Recreation	3,883,054	1,743,611	1,145,049	10,611,715	-	17,383,429
Total culture and recreation	<u>4,536,624</u>	<u>8,506,094</u>	<u>1,444,771</u>	<u>10,611,715</u>	<u>-</u>	<u>25,099,204</u>
Highways and Streets:						
Street Maintenance	903,768	138,148	1,071,442	82,607,505	-	84,720,863
Construction in progress	-	-	-	-	4,254,516	4,254,516
Total capital assets	<u>\$ 8,657,683</u>	<u>\$18,857,206</u>	<u>\$10,696,028</u>	<u>\$ 104,855,081</u>	<u>\$ 4,254,516</u>	<u>\$147,320,514</u>

CITY OF ALBANY, OREGON
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
for the fiscal year ended June 30, 2009

Function and Activity:	Capital Assets July 1, 2008	Additions	Deletions Transfers in, Transfers out	Capital Assets June 30, 2009
General Government:				
Building Maintenance	\$ 109,051	\$ 18,931	\$ (11,954)	\$ 116,028
Code Enforcement	28,192	-	-	28,192
General Fund	17,305,400	354,369	759,487	18,419,256
Economic Development (Airport)	1,915,439	85,810	15,247	2,016,496
Public Transit	1,135,894	-	-	1,135,894
Total general government	<u>20,493,976</u>	<u>459,110</u>	<u>762,780</u>	<u>21,715,866</u>
Public Safety:				
Municipal Court	23,571	-	-	23,571
Police	2,673,202	391,591	(60,563)	3,004,230
Fire	7,063,233	317,139	(38,283)	7,342,089
Ambulance	1,160,175	-	-	1,160,175
Total public safety	<u>10,920,181</u>	<u>708,730</u>	<u>(98,846)</u>	<u>11,530,065</u>
Culture and Recreation:				
Library	4,614,738	3,859,180	(758,143)	7,715,775
Parks and Recreation	15,555,790	1,252,055	575,584	17,383,429
Total culture and recreation	<u>20,170,528</u>	<u>5,111,235</u>	<u>(182,559)</u>	<u>25,099,204</u>
Highways and Streets:				
Street Maintenance	<u>81,560,047</u>	<u>1,484,777</u>	<u>1,676,039</u>	<u>84,720,863</u>
Construction in progress	<u>4,864,139</u>	<u>2,655,771</u>	<u>(3,265,394)</u>	<u>4,254,516</u>
Total capital assets	<u>\$138,008,871</u>	<u>\$ 10,419,623</u>	<u>\$ (1,107,980)</u>	<u>\$147,320,514</u>

The heart of the fool is in his mouth, but the mouth of the wise man is in his heart.
Benjamin Franklin

OTHER FINANCIAL SCHEDULES

Debt Principal Transactions

Debt Interest Transactions

Future Debt Principal and Interest Requirements - Governmental Activities

Future Debt Principal and Interest Requirements - Business-type Activities

Property Tax Transactions and Outstanding Balances

CITY OF ALBANY, OREGON
SCHEDULE OF DEBT PRINCIPAL TRANSACTIONS
for the fiscal year ended June 30, 2009

	Interest Rate	Date of Issue	Years of Maturity	Outstanding July 1, 2008	Issued During Year	Matured/ Defeased/ Paid off During Year	Outstanding June 30, 2009
GENERAL OBLIGATION BONDS AND OTHER LONG-TERM OBLIGATIONS:							
1992 OEDD Notes Payable (1)	5.47	12/01/95	2015-2016	\$ 235,536	\$ -	\$ 24,155	\$ 211,381
1995 Motel/Hotel Tax Revenue	3.90-5.75	08/01/95	1996-2011	630,000	-	210,000	420,000
1998 Water Refunding	3.60-4.50	05/01/98	1999-2010	1,630,000	-	795,000	835,000
1999 General Obligation	3.10-4.85	03/01/99	2000-2019	460,000	-	460,000	-
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	2002-2028	6,618,738	-	73,231	6,545,507
2002 Limited Tax Assessment Bancroft	5.05	06/17/02	2003-2012	404,666	-	65,567	339,099
2004 General Revenue Obligations	2.50-4.00	12/15/04	2006-2020	2,960,000	-	315,000	2,645,000
2007 General Obligation Refunding	4.00	06/01/15	2007-2015	8,060,000	-	385,000	7,675,000
2007 Series A CARA Tax-exempt	4.85	10/15/07	2008-2022	2,822,000	-	-	2,822,000
2007 Series B CARA Taxable	6.25	10/15/07	2008-2015	1,725,000	-	219,000	1,506,000
Total general obligation bonds and other long-term obligations				<u>\$25,545,940</u>	<u>\$ -</u>	<u>\$ 2,546,953</u>	<u>\$22,998,987</u>
 REVENUE BONDS AND OTHER LONG-TERM NOTES							
2002 Water Certificates of Participation	5.50	03/01/02	2002-2012	\$ 279,583	\$ -	\$ 64,316	\$ 215,267
2003 Series Water Bonds	2.00-5.125	08/01/03	2004-2033	35,510,000	-	1,310,000	34,200,000
2004 Sewer Current Refunding Bonds	2.65	02/01/04	2004-2010	1,000,000	-	495,000	505,000
1992 Oregon DEQ SRF Notes Payable (2)	3.00	04/01/92	2011-2012	644,321	-	161,080	483,241
2007 Oregon DEQ SRF Notes Payable (2)	3.40-3.64	09/21/06		47,278,747	7,637,289	-	54,916,036
Total revenue bonds and other long-term notes				<u>\$84,712,651</u>	<u>\$ 7,637,289</u>	<u>\$ 2,030,396</u>	<u>\$90,319,544</u>

(1) Oregon Economic Development Department

(2) Department of Environmental Quality State Revolving Fund Loans

CITY OF ALBANY, OREGON
SCHEDULE OF DEBT INTEREST TRANSACTIONS
for the fiscal year ended June 30, 2009

	Interest Rate	Date of Issue	Outstanding July 1, 2008	Unmatured Interest on Debt Issued, Called, or Refunded During Year	Interest Retired/ Defeased During Year	Outstanding June 30, 2009
GENERAL OBLIGATION BONDS AND OTHER LONG-TERM OBLIGATIONS:						
1992 OEDD Notes Payable (1)	5.47	12/01/95	\$ 66,358	\$ -	\$ 13,436	\$ 52,922
1995 Motel/Hotel Tax Revenue	3.90-5.75	08/01/95	54,338	-	30,188	24,150
1998 Water Refunding	3.60-4.50	05/01/98	73,853	-	55,065	18,788
1999 General Obligation	3.10-4.85	03/01/99	19,650	-	19,650	-
2002 Limited Tax Pension Obligations	2.00-7.36	03/15/02	8,067,791	-	412,827	7,654,964
2002 Limited Tax Assessment Bancroft	5.05	06/17/02	57,659	-	19,618	38,041
2004 General Revenue Obligations	2.50-4.00	12/15/04	636,059	-	107,726	528,333
2007 General Obligation Refunding	4.00	06/01/15	1,399,200	-	322,400	1,076,800
2007 Series A CARA Tax-exempt	4.85	10/15/07	1,505,682	-	136,867	1,368,815
2007 Series B CARA Taxable	6.25	10/15/07	435,500	-	107,812	327,688
Total general obligation and lomg-term other obligations			<u>\$12,316,090</u>	<u>\$ -</u>	<u>\$ 1,225,589</u>	<u>\$11,090,501</u>
REVENUE BONDS AND OTHER LONG-TERM NOTES						
2002 Water Certificates of Participation	5.50	03/01/02	\$ 35,733	\$ -	\$ 14,514	\$ 21,219
2003 Series Water Bonds	2.00-5.125	08/01/03	25,686,693	-	1,610,788	24,075,905
2004 Sewer Current Refunding	2.65	02/01/04	26,631	-	19,941	6,690
1992 Oregon DEQ SRF Notes Payable (2)	3.00	04/01/92	48,324	-	19,330	28,994
2007 Oregon DEQ SRF Notes Payable (2)	3.40-3.64	09/21/06	1,608,591	1,312,441	-	2,921,032
Total revenue bonds and other long-term notes			<u>\$27,405,972</u>	<u>\$ 1,312,441</u>	<u>\$ 1,664,573</u>	<u>\$27,053,840</u>

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

CITY OF ALBANY, OREGON
SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS
GOVERNMENTAL ACTIVITIES
 June 30, 2009

Years of Maturity	Total Requirements			Oregon Economic Development Department Notes Payable		1995 Hotel/Motel Tax Revenue		2002 Limited Tax Pension Obligations		2002 Limited Tax Assessment Bancroft Bonds	
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009-2010	1,908,432	1,113,467	3,021,899	24,373	13,117	210,000	18,111	82,139	428,918	68,920	16,265
2010-2011	2,815,924	1,047,024	3,862,948	24,619	10,753	210,000	6,039	86,861	444,197	72,444	12,741
2011-2012	2,017,570	955,584	2,973,154	29,884	9,337	-	-	92,951	463,106	197,735	9,035
2012-2013	1,932,032	894,029	2,826,061	30,164	7,619	-	-	97,868	483,189	-	-
2013-2014	2,048,147	833,265	2,881,412	30,460	5,886	-	-	101,687	504,371	-	-
2014-2015	1,930,793	776,706	2,707,499	35,774	4,134	-	-	105,019	531,038	-	-
2015-2016	621,605	725,946	1,347,551	36,107	2,076	-	-	107,498	558,560	-	-
2016-2017	613,483	728,484	1,341,967	-	-	-	-	109,483	586,575	-	-
2017-2018	637,140	732,150	1,369,290	-	-	-	-	111,140	614,918	-	-
2018-2019	659,257	738,122	1,397,379	-	-	-	-	111,257	644,800	-	-
2019-2020	736,604	699,806	1,436,410	-	-	-	-	159,604	631,454	-	-
2020-2021	881,000	408,460	1,289,460	-	-	-	-	460,000	366,605	-	-
2021-2022	972,000	356,532	1,328,532	-	-	-	-	530,000	335,095	-	-
2022-2023	600,000	298,790	898,790	-	-	-	-	600,000	298,790	-	-
2023-2024	685,000	257,690	942,690	-	-	-	-	685,000	257,690	-	-
2024-2025	770,000	210,767	980,767	-	-	-	-	770,000	210,767	-	-
2025-2026	865,000	159,947	1,024,947	-	-	-	-	865,000	159,947	-	-
2026-2027	970,000	100,694	1,070,694	-	-	-	-	970,000	100,694	-	-
2027-2028	500,000	34,250	534,250	-	-	-	-	500,000	34,250	-	-
	<u>\$22,163,987</u>	<u>\$11,071,713</u>	<u>\$33,235,700</u>	<u>\$211,381</u>	<u>\$ 52,922</u>	<u>\$ 420,000</u>	<u>\$ 24,150</u>	<u>\$6,545,507</u>	<u>\$7,654,964</u>	<u>\$339,099</u>	<u>\$ 38,041</u>

2004 General Revenue Obligations		General Obligation Refunding Series 2007		Albany Revitalization Agency 2007 Series A Tax-Exempt Bonds		Albany Revitalization Agency 2007 Series B Taxable Bonds		Years of Maturity
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
320,000	99,064	970,000	307,000	-	136,867	233,000	94,125	2009-2010
325,000	88,664	1,850,000	268,200	-	136,867	247,000	79,563	2010-2011
340,000	78,914	1,095,000	194,200	-	136,867	262,000	64,125	2011-2012
355,000	68,204	1,170,000	150,400	-	136,867	279,000	47,750	2012-2013
365,000	52,229	1,255,000	103,600	-	136,867	296,000	30,312	2013-2014
140,000	39,454	1,335,000	53,400	126,000	136,867	189,000	11,813	2014-2015
145,000	34,554	-	-	333,000	130,756	-	-	2015-2016
155,000	27,303	-	-	349,000	114,606	-	-	2016-2017
160,000	19,553	-	-	366,000	97,679	-	-	2017-2018
165,000	13,394	-	-	383,000	79,928	-	-	2018-2019
175,000	7,000	-	-	402,000	61,352	-	-	2019-2020
-	-	-	-	421,000	41,855	-	-	2020-2021
-	-	-	-	442,000	21,437	-	-	2021-2022
-	-	-	-	-	-	-	-	2022-2023
-	-	-	-	-	-	-	-	2023-2024
-	-	-	-	-	-	-	-	2024-2025
-	-	-	-	-	-	-	-	2025-2026
-	-	-	-	-	-	-	-	2026-2027
-	-	-	-	-	-	-	-	2027-2028
<u>\$2,645,000</u>	<u>\$528,333</u>	<u>\$7,675,000</u>	<u>\$1,076,800</u>	<u>\$2,822,000</u>	<u>\$1,368,815</u>	<u>\$1,506,000</u>	<u>\$ 327,688</u>	

CITY OF ALBANY, OREGON
SCHEDULE OF FUTURE DEBT PRINCIPAL AND INTEREST REQUIREMENTS
BUSINESS-TYPE ACTIVITIES (1)
June 30, 2009

Years of Maturity	Total Requirements			1998 Water General Obligation (2)		2002 Water COP		2003 Water Revenue/Refunding	
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Interest
2009-2010	2,913,982	1,608,766	4,522,748	835,000	18,788	67,902	10,928	1,345,000	1,557,863
2010-2011	1,287,767	1,538,009	2,825,776	-	-	71,687	7,141	1,055,000	1,521,203
2011-2012	1,196,759	1,495,900	2,692,659	-	-	75,678	3,150	960,000	1,487,918
2012-2013	830,000	1,455,556	2,285,556	-	-	-	-	830,000	1,455,556
2013-2014	865,000	1,422,694	2,287,694	-	-	-	-	865,000	1,422,694
2014-2015	900,000	1,387,394	2,287,394	-	-	-	-	900,000	1,387,394
2015-2016	940,000	1,350,594	2,290,594	-	-	-	-	940,000	1,350,594
2016-2017	980,000	1,311,581	2,291,581	-	-	-	-	980,000	1,311,581
2017-2018	1,025,000	1,269,587	2,294,587	-	-	-	-	1,025,000	1,269,587
2018-2019	1,070,000	1,221,056	2,291,056	-	-	-	-	1,070,000	1,221,056
2019-2020	1,120,000	1,166,306	2,286,306	-	-	-	-	1,120,000	1,166,306
2020-2021	1,170,000	1,109,056	2,279,056	-	-	-	-	1,170,000	1,109,056
2021-2022	1,230,000	1,049,056	2,279,056	-	-	-	-	1,230,000	1,049,056
2022-2023	1,290,000	986,056	2,276,056	-	-	-	-	1,290,000	986,056
2023-2024	1,355,000	921,625	2,276,625	-	-	-	-	1,355,000	921,625
2024-2025	1,420,000	855,719	2,275,719	-	-	-	-	1,420,000	855,719
2025-2026	1,495,000	786,488	2,281,488	-	-	-	-	1,495,000	786,488
2026-2027	1,575,000	710,622	2,285,622	-	-	-	-	1,575,000	710,622
2027-2028	1,655,000	630,956	2,285,956	-	-	-	-	1,655,000	630,956
2028-2029	1,740,000	550,325	2,290,325	-	-	-	-	1,740,000	550,325
2029-2030	1,835,000	463,125	2,298,125	-	-	-	-	1,835,000	463,125
2030-2031	1,930,000	369,000	2,299,000	-	-	-	-	1,930,000	369,000
2031-2032	2,030,000	270,000	2,300,000	-	-	-	-	2,030,000	270,000
2032-2033	2,135,000	165,875	2,300,875	-	-	-	-	2,135,000	165,875
2033-2034	2,250,000	56,250	2,306,250	-	-	-	-	2,250,000	56,250
	<u>\$36,238,508</u>	<u>\$24,151,596</u>	<u>\$60,390,104</u>	<u>\$ 835,000</u>	<u>\$ 18,788</u>	<u>\$ 215,267</u>	<u>\$ 21,219</u>	<u>\$34,200,000</u>	<u>\$24,075,905</u>

(1) The City secured two loans totaling \$67,961,876 from the Clean Water State Revolving Fund to assist in the payment of construction costs to build a new Wastewater Treatment Plant. Proceeds of the loan are received periodically as construction of the plant progresses. Interest accrues at the time of the loan disbursement and will be payable six months after construction is completed in 2009. At that time a loan payment schedule will be prepared.

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

2004 Sewer Current Refunding		1992 Oregon DEQ State Revolving Fund Loan		Years of Maturity
Principal	Interest	Principal	Interest	
505,000	6,690	161,080	14,497	2009-2010
-	-	161,080	9,665	2010-2011
-	-	161,081	4,832	2011-2012
-	-	-	-	2012-2013
-	-	-	-	2013-2014
-	-	-	-	2014-2015
-	-	-	-	2015-2016
-	-	-	-	2016-2017
-	-	-	-	2017-2018
-	-	-	-	2018-2019
-	-	-	-	2019-2020
-	-	-	-	2020-2021
-	-	-	-	2021-2022
-	-	-	-	2022-2023
-	-	-	-	2023-2024
-	-	-	-	2024-2025
-	-	-	-	2025-2026
-	-	-	-	2026-2027
-	-	-	-	2027-2028
-	-	-	-	2028-2029
-	-	-	-	2029-2030
-	-	-	-	2030-2031
-	-	-	-	2031-2032
-	-	-	-	2032-2033
-	-	-	-	2033-2034
<u>\$ 505,000</u>	<u>\$ 6,690</u>	<u>\$ 483,241</u>	<u>\$ 28,994</u>	

CITY OF ALBANY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
for the year ended June 30, 2009

Tax Year	Taxes Receivable June 30, 2008	Levy as extended by assessor	Collections	Discounts & Adjustments	Taxes Receivable June 30, 2009
2008-09	\$ -	\$24,835,283	\$(23,217,769)	\$ (536,428)	\$ 1,081,086
2007-08	856,351	-	(386,921)	(55,242)	414,188
2006-07	313,358	-	(116,559)	(10,628)	186,171
2005-06	160,743	-	(93,371)	6,950	74,322
2004-05	68,158	-	(29,347)	(19,558)	19,253
2003-04	12,022	-	(3,637)	(425)	7,960
2002-03	5,553	-	(1,246)	(858)	3,449
2001-02	3,908	-	(576)	237	3,569
2000-01	2,888	-	(82)	(163)	2,643
1999-00	1,570	-	(70)	(325)	1,175
1998-99	875	-	(41)	(152)	682
and prior	8,905	-	(89)	(1,334)	7,482
	<u>\$ 1,434,331</u>	<u>\$24,835,283</u>	<u>\$(23,849,708)</u>	<u>\$ (617,926)</u>	<u>\$ 1,801,980</u>

SUMMARY OF COLLECTIONS AND BALANCES RECEIVABLE

Governmental funds		
General	\$ 14,577,623	\$ 1,099,055
Special Revenue		
Parks and Recreation	3,643,784	273,326
Public Safety Levy	2,547,957	190,696
Albany Revitalization Agency	1,284,063	91,105
Debt Service	995,531	83,541
Total governmental funds	<u>23,048,958</u>	<u>1,737,723</u>
Proprietary fund		
Water	800,750	64,257
Totals	<u>\$ 23,849,708</u>	<u>\$ 1,801,980</u>

RECONCILIATION OF TAX COLLECTIONS TO THE STATEMENT OF ACTIVITIES

	Collections from Above	Tax Accrual Net Change	Statement of Activities
General	\$ 14,577,623	\$ 219,369	\$ 14,796,992
Parks and Recreation	3,643,784	105,641	3,749,425
Public Safety Levy	2,547,957	39,467	2,587,424
Albany Revitalization Agency	1,284,063	26,488	1,310,551
Debt Service	995,531	11,724	1,007,255
Water	800,750	13,198	813,948
Totals	<u>\$ 23,849,708</u>	<u>\$ 415,887</u>	<u>\$ 24,265,595</u>

STATISTICAL SECTION

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

Yesterday's the past, tomorrow's the future, but today is a gift. That's why it's called the present.
Bill Keane

STATISTICAL SCHEDULES

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

FINANCIAL TRENDS

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

REVENUE CAPACITY

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

DEBT CAPACITY

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

OPERATING INFORMATION

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

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

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

	2000	2001	2002	2003	2004
Governmental Activities					
Invested in capital assets, net of related debt				\$ 52,149,287	\$ 55,569,708
Restricted				13,108,189	5,249,133
Unrestricted				7,608,794	18,659,845
Total governmental activities net assets				<u>72,866,270</u>	<u>79,478,686</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	72,820,092	76,643,262
Restricted	4,039,114	3,190,879	3,047,480	9,056,486	9,401,040
Unrestricted	31,060,730	35,080,454	37,560,991	14,458,875	18,359,252
Total business-type activities net assets	<u>35,099,844</u>	<u>38,271,333</u>	<u>40,608,471</u>	<u>96,335,453</u>	<u>104,403,554</u>
Total City of Albany					
Invested in capital assets, net of related debt	-	-	-	124,969,379	132,212,970
Restricted	4,039,114	3,190,879	3,047,480	22,164,675	14,650,173
Unrestricted	31,060,730	35,080,454	37,560,991	22,067,669	37,019,097
Total net assets	<u>\$ 35,099,844</u>	<u>\$ 38,271,333</u>	<u>\$ 40,608,471</u>	<u>\$ 169,201,723</u>	<u>\$ 183,882,240</u>

In the seven years since the City began reporting under GASB Statement 34, net assets of governmental activities increased by just over 34 percent (\$37,442,000). Included in program revenues for the seven year period are \$19,713,000 of capital contributions in the form of systems development charges, connection fees, improvement assurance fees, and site improvements. For the fiscal year 2008-09, program revenues decreased significantly while general revenues increased significantly, the net effect of these two revenues were not sufficient to offset the increasing expenses so for the first time in six years the change in net assets was negative as compared to the previous five fiscal years. This situation warrants careful attention since the trend is that the magnitude of the increase in net assets has decreased each year since 2004-05.

During the same time frame, the net assets of the business-type activities have increased by 39 percent (\$60,901,000). The two major components of the increase have been operating income (\$24,461,000) and capital contributions (\$40,878,000). Capital contributions consist of development fees (systems development charges, in-lieu-of assessment charges, and improvement assurances), and developer constructed water, sewer, and storm drain site improvements donated to the City.

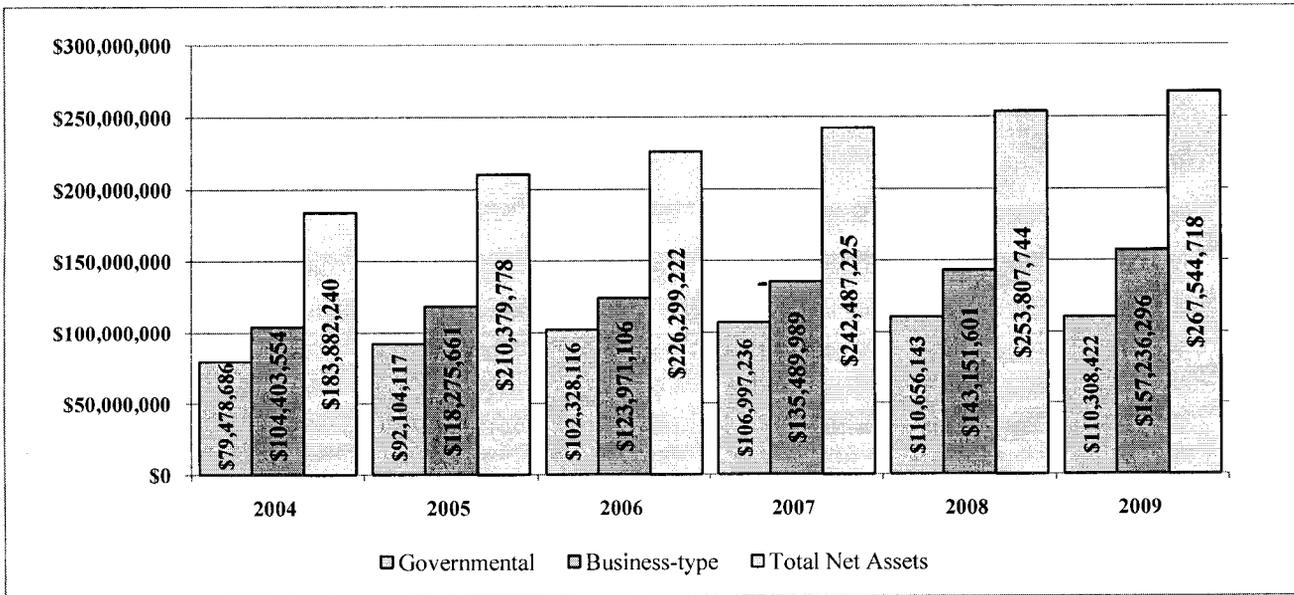
The City began reporting under GASB Statement No. 34 for the Fiscal Year 2002-03.
 Net assets by component statistics are not available for governmental activities prior to Fiscal Year 2002-03.
 Source: City of Albany 2000-2009 Comprehensive Annual Financial Reports

continued

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

2005	2006	2007	2008	2009	
					Governmental Activities
\$ 64,678,843	\$ 72,113,680	\$ 77,816,952	\$ 80,243,676	\$ 86,710,887	Invested in capital assets, net of related debt
9,358,060	15,878,361	13,984,682	17,874,256	15,077,460	Restricted
18,067,214	14,336,075	15,195,602	12,538,211	8,520,075	Unrestricted
<u>92,104,117</u>	<u>102,328,116</u>	<u>106,997,236</u>	<u>110,656,143</u>	<u>110,308,422</u>	Total governmental activities net assets
					Business-type activities
84,900,880	91,009,502	102,945,424	106,681,579	\$ 125,267,350	Invested in capital assets, net of related debt
15,860,141	14,984,960	14,764,342	8,494,861	5,372,200	Restricted
17,514,640	17,976,644	17,780,223	27,975,161	26,596,746	Unrestricted
<u>118,275,661</u>	<u>123,971,106</u>	<u>135,489,989</u>	<u>143,151,601</u>	<u>157,236,296</u>	Total business-type activities net assets
					Total City of Albany
149,579,723	163,123,182	180,762,376	186,925,255	211,978,237	Invested in capital assets, net of related debt
25,218,201	30,863,321	28,749,024	26,369,117	20,449,660	Restricted
35,581,854	32,312,719	32,975,825	40,513,372	35,116,821	Unrestricted
<u>\$ 210,379,778</u>	<u>\$ 226,299,222</u>	<u>\$ 242,487,225</u>	<u>\$ 253,807,744</u>	<u>\$ 267,544,718</u>	Total net assets

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



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

	2000	2001	2002	2003	2004
Expenses					
Governmental activities:					
General government				\$ 6,887,965	\$ 3,975,367
Public safety				14,262,937	16,138,117
Highways and streets				4,327,021	4,983,961
Culture and recreation				5,391,355	5,633,112
Interest on long-term debt				1,265,139	1,317,826
Total governmental activities expenses				<u>32,134,417</u>	<u>32,048,383</u>
Business-type activities					
Water	\$ 5,931,533	\$ 6,069,353	\$ 6,550,448	7,135,802	7,797,815
Sewer	5,044,884	6,184,551	6,198,358	7,186,899	7,637,300
Total business-type activities expenses	<u>10,976,417</u>	<u>12,253,904</u>	<u>12,748,806</u>	<u>14,322,701</u>	<u>15,435,115</u>
Program Revenues					
Governmental activities:					
Charges for services **				6,239,968	3,297,211
Operating grants and contributions				4,241,022	4,166,669
Capital grants and contributions				8,038,879	8,210,768
Total governmental activities program revenues				<u>18,519,869</u>	<u>15,674,648</u>
Business-type activities					
Water	7,148,200	7,605,090	7,560,718	9,222,539	12,629,094
Sewer	5,352,486	5,304,659	5,872,992	8,395,543	9,524,763
Total business-type activities revenues	<u>12,500,686</u>	<u>12,909,749</u>	<u>13,433,710</u>	<u>17,618,082</u>	<u>22,153,857</u>
Total program revenues				<u>36,137,951</u>	<u>37,828,505</u>
General Revenues					
Governmental activities:					
Taxes:					
Property taxes used for general purposes				13,512,030	15,979,937
Property taxes used for debt service				1,020,694	1,077,292
Transient room taxes used for general purposes				283,589	270,227
Transient room taxes used for debt service				230,521	239,540
Motor fuel				1,707,732	1,898,605
Cigarette and alcoholic beverage				456,965	469,130
Privilege				1,896,396	1,987,951
Contributions to permanent funds				3,828	454
Grants and contributions not restricted to specific programs				537,570	515,559
Unrestricted interest earnings				327,154	243,671
Premium on debt issuance				-	-
Miscellaneous				-	-
Total governmental activities general revenues				<u>19,976,479</u>	<u>22,682,366</u>
Loss on disposal of capital assets				(1,018)	-
Transfers				95,049	303,785
Total governmental activities				<u>20,070,510</u>	<u>22,986,151</u>

continued

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

2005	2006	2007	2008	2009	
					Expenses
					Governmental activities:
\$ 4,808,302	5,799,062	6,468,368	8,791,969	7,813,659	General government
17,344,947	18,484,074	21,156,907	22,831,077	25,723,911	Public safety
5,056,827	5,605,789	6,489,273	6,717,357	6,794,651	Highways and streets
5,905,119	6,387,685	7,222,964	7,542,294	8,238,041	Culture and recreation
1,190,214	1,224,183	1,138,930	1,171,934	1,202,841	Interest on long-term debt
<u>34,305,409</u>	<u>37,500,793</u>	<u>42,476,442</u>	<u>47,054,631</u>	<u>49,773,103</u>	Total governmental activities expenses
					Business-type activities
6,946,851	9,494,225	11,253,334	11,495,380	11,445,203	Water
7,436,459	7,952,494	8,829,900	9,317,599	9,516,905	Sewer
<u>14,383,310</u>	<u>17,446,719</u>	<u>20,083,234</u>	<u>20,812,979</u>	<u>20,962,108</u>	Total business-type activities expenses
					Program Revenues
					Governmental activities:
3,481,479	4,865,745	6,260,183	6,780,166	7,747,816	Charges for services **
5,583,570	8,964,353	6,566,201	5,242,275	4,705,458	Operating grants and contributions
11,708,909	5,896,271	5,438,422	7,418,560	4,767,440	Capital grants and contributions
<u>20,773,958</u>	<u>19,726,369</u>	<u>18,264,806</u>	<u>19,441,001</u>	<u>17,220,714</u>	Total governmental activities program revenues
					Business-type activities
17,456,186	13,071,306	14,096,457	13,241,504	12,906,796	Water
10,927,340	12,750,140	14,334,830	12,035,561	20,012,557	Sewer
<u>28,383,526</u>	<u>25,821,446</u>	<u>28,431,287</u>	<u>25,277,065</u>	<u>32,919,353</u>	Total business-type activities revenues
<u>49,157,484</u>	<u>45,547,815</u>	<u>46,696,093</u>	<u>44,718,066</u>	<u>50,140,067</u>	Total program revenues
					General Revenues
					Governmental activities:
					Taxes:
17,105,625	18,275,628	19,691,258	20,009,812	21,133,841	Property taxes used for general purposes
1,063,905	1,113,145	951,815	2,174,926	2,317,806	Property taxes used for debt service
299,200	354,502	459,569	510,037	478,150	Transient room taxes used for general purposes
251,204	256,014	241,343	231,083	196,594	Transient room taxes used for debt service
2,119,250	2,170,883	2,152,446	2,056,995	2,674,179	Motor fuel
497,499	545,979	867,362	995,174	1,023,060	Cigarette and alcoholic beverage
2,099,290	2,268,032	2,480,090	2,717,412	2,759,292	Privilege
3,042	2,414	923	295	133	Contributions to permanent funds
60,390	169,251	59,305	124,421	107,027	Grants and contributions not restricted to specific programs
467,924	1,303,367	1,745,218	1,738,924	981,571	Unrestricted interest earnings
50,244	-	-	-	-	Premium on debt issuance
-	153,912	130,653	431,229	329,267	Miscellaneous
<u>24,017,573</u>	<u>26,613,127</u>	<u>28,779,982</u>	<u>30,990,308</u>	<u>32,000,920</u>	Total governmental activities general revenues
-	-	-	-	-	Loss on disposal of capital assets
1,027,456	373,918	490,975	282,229	203,748	Transfers
<u>25,045,029</u>	<u>26,987,045</u>	<u>29,270,957</u>	<u>31,272,537</u>	<u>32,204,668</u>	Total governmental activities

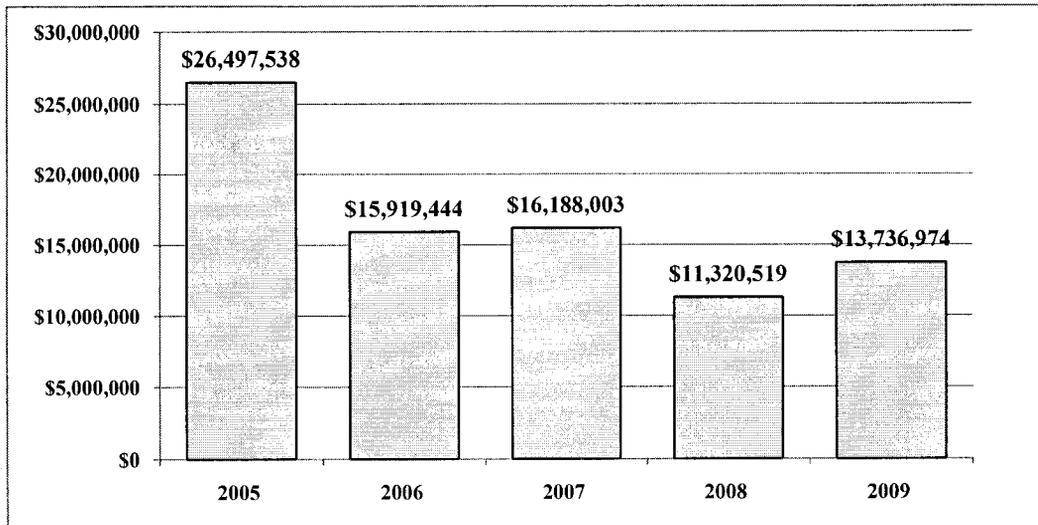
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Schedule 2
CITY OF ALBANY, OREGON
CHANGE IN NET ASSETS, continued
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2000	2001	2002	2003	2004
General Revenues, continued					
Business-type activities					
Property taxes	302,509	748,849	761,583	778,058	787,570
Unrestricted investment earnings	1,434,253	1,470,360	731,136	377,023	286,658
Gain on disposal of real property	-	-	-	-	-
Miscellaneous	442,127	285,258	306,549	352,592	578,916
Total business-type activities general revenues	<u>2,178,889</u>	<u>2,504,467</u>	<u>1,799,268</u>	<u>1,507,673</u>	<u>1,653,144</u>
Loss on disposal of capital assets	-	(5,088)	(102,034)	(23,952)	-
Transfers	17,488	16,265	(45,000)	(95,049)	(303,785)
Total business-type activities	<u>2,196,377</u>	<u>2,515,644</u>	<u>1,652,234</u>	<u>1,388,672</u>	<u>1,349,359</u>
Change in Net Assets					
Governmental activities				6,455,962	6,612,416
Business-type activities	3,720,646	3,171,489	2,337,138	4,684,053	8,068,101
Total Change in net assets	<u>3,720,646</u>	<u>3,171,489</u>	<u>2,337,138</u>	<u>11,140,015</u>	<u>14,680,517</u>
Net assets - beginning	31,379,198	35,099,844	38,271,333	158,061,708	169,201,723
Prior period adjustments	-	-	-	-	-
Net assets - ending	<u>\$ 35,099,844</u>	<u>\$ 38,271,333</u>	<u>\$ 40,608,471</u>	<u>\$ 169,201,723</u>	<u>\$ 183,882,240</u>

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

Change in Net Assets
 last five years



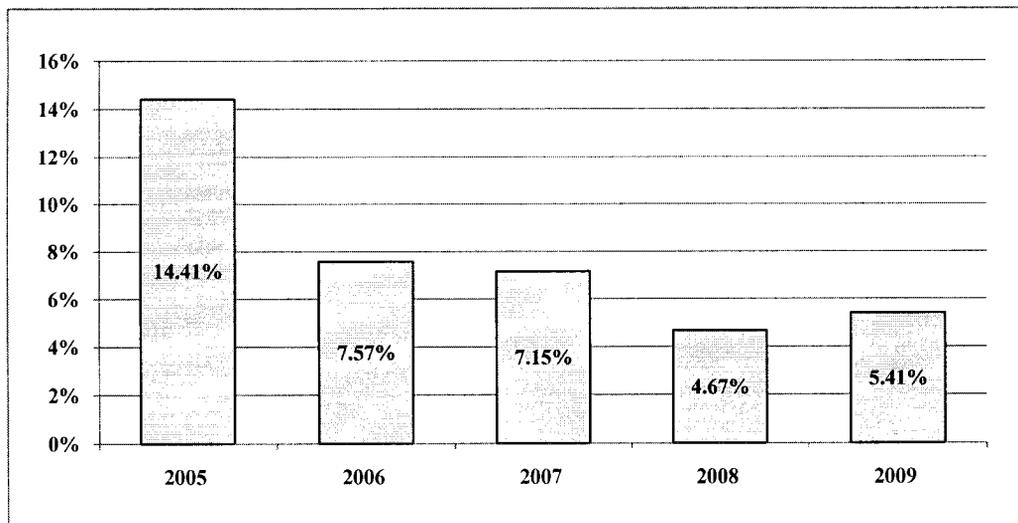
The City began reporting under GASB Statement No. 34 for the Fiscal Year 2002-03.
 Change in net asset statistics are not available for governmental activities prior to Fiscal Year 2002-03.
 Source: City of Albany 2000-2009 Comprehensive Annual Financial Reports

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

2005	2006	2007	2008	2009	
					General Revenues, continued
					Business-type activities
782,683	759,865	753,308	824,530	813,948	Property taxes used for debt service
488,123	1,240,546	1,506,557	1,428,407	853,758	Unrestricted investment earnings
-	-	-	319,069	-	Gain on disposal of real property
455,720	687,743	653,135	907,749	663,492	Miscellaneous
1,726,526	2,688,154	2,913,000	3,479,755	2,331,198	Total business-type activities general revenues
					Loss on disposal of capital assets
(1,027,456)	(373,918)	(490,975)	(282,229)	(203,748)	Transfers
699,070	2,314,236	2,422,025	3,197,526	2,127,450	Total business-type activities
					Change in Net Assets
11,513,578	9,212,621	5,059,321	3,658,907	(347,721)	Governmental activities
14,699,286	10,688,963	10,770,078	7,661,612	14,084,695	Business-type activities
26,212,864	19,901,584	15,829,399	11,320,519	13,736,974	Total Change in net assets
183,882,240	210,379,778	226,299,222	242,487,225	253,807,744	Net assets - beginning
284,674	(3,982,140)	358,604	-	-	
<u>\$210,379,778</u>	<u>\$226,299,222</u>	<u>\$242,487,225</u>	<u>\$253,807,744</u>	<u>\$267,544,718</u>	Net assets - ending

** Charges for services - Major
 1,953,553 Ambulance Service Fee
 2,139,050 Equipment Replacement and Departmental Charges
 1,197,872 Franchise Fees
 716,585 Park Department Activity Fees

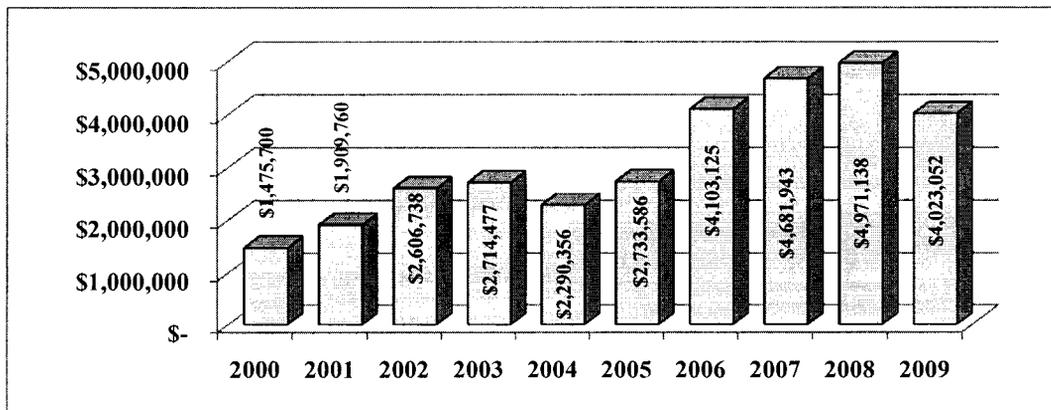
Year to Year Percentage Change in Net Assets
 last five years



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

	2000	2001	2002	2003	2004
General Fund					
Unreserved	\$ 1,475,700	\$ 1,909,760	\$ 2,606,738	\$ 2,714,477	\$ 2,290,356
Total General Fund	<u>1,475,700</u>	<u>1,909,760</u>	<u>2,606,738</u>	<u>2,714,477</u>	<u>2,290,356</u>
All other governmental funds					
Reserved for:					
Capital projects	-	-	-	2,755,767	6,012,244
Debt service	1,475,033	1,671,851	1,812,545	2,179,270	2,616,579
Library programs	-	-	-	74,296	89,886
Parks & Recreation programs	151,062	165,365	174,417	359,718	314,284
Perpetual care	-	-	-	107,206	108,906
Unreserved, reported in:					
Special revenue funds	6,539,856	7,424,541	8,952,518	5,795,739	8,021,014
Capital project fund	10,788,217	6,247,993	4,414,518	2,578,524	1,162,841
Total all other governmental funds	<u>18,954,168</u>	<u>15,509,750</u>	<u>15,353,998</u>	<u>13,850,520</u>	<u>18,325,754</u>
Total fund balances of governmental funds	<u>\$ 20,429,868</u>	<u>\$ 17,419,510</u>	<u>\$ 17,960,736</u>	<u>\$ 16,564,997</u>	<u>\$ 20,616,110</u>

General Fund Unreserved Fund Balance
 Last Ten Fiscal Years



Source: City of Albany 2000-2009 Comprehensive Annual Financial Reports

continued

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

2005	2006	2007	2008	2009	
\$ 2,733,586	\$ 4,103,125	\$ 4,681,943	\$ 4,971,138	\$ 4,023,052	General Fund
<u>2,733,586</u>	<u>4,103,125</u>	<u>4,681,943</u>	<u>4,971,138</u>	<u>4,023,052</u>	Unreserved
					Total General Fund
					All other governmental funds
					Reserved for:
8,248,404	15,591,619	9,515,787	10,555,792	7,853,494	Capital projects
2,877,865	2,865,706	1,220,782	1,176,797	931,686	Debt service
90,474	8,437	11,799	11,688	11,464	Library programs
12,036	11,848	11,675	11,874	11,079	Parks & Recreation programs
111,585	115,189	115,834	117,502	117,502	Perpetual care
					Unreserved, reported in:
8,744,939	8,338,206	15,714,635	16,884,061	14,190,275	Special revenue funds
3,169,042	-	-	1,109,238	488,673	Capital projects fund
<u>23,254,345</u>	<u>26,931,005</u>	<u>26,590,512</u>	<u>29,866,952</u>	<u>23,604,173</u>	Total all other governmental funds
<u>\$ 25,987,931</u>	<u>\$ 31,034,130</u>	<u>\$ 31,272,455</u>	<u>\$ 34,838,090</u>	<u>\$ 27,627,225</u>	Total fund balances of governmental funds

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

Last Ten Fiscal Years

Fiscal Year	Fund Balance	% Change
2,000	\$ 1,475,700	-
2,001	1,909,760	29.41%
2,002	2,606,738	36.50%
2,003	2,714,477	4.13%
2,004	2,290,356	-15.62%
2,005	2,733,586	19.35%
2,006	4,103,125	50.10%
2,007	4,681,943	14.11%
2,008	4,971,138	6.18%
2,009	4,023,052	-19.07%

The General Fund unreserved fund balance has increased by 172.62 percent over the last ten years. The 2008-2009 fund balance of \$4,023,052 is 15.75 percent of total expenditures before transfers out, 13.89 percent of the total General Fund 2008-2009 budget, and 13.22 percent of the 2009-2010 General Fund budget.

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

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

	2000	2001	2002	2003	2004
Revenues					
Taxes	\$ 12,417,367	\$ 13,151,492	\$ 14,053,132	\$ 14,981,840	\$ 17,604,792
Special assessments	604,826	533,127	831,361	621,006	980,652
Franchise fees, privilege taxes, licenses, and permits	4,963,837	5,356,917	5,787,913	6,468,494	6,676,869
Intergovernmental	4,394,900	4,622,000	5,188,361	6,511,342	8,319,812
Charges for services	4,831,553	5,037,361	5,531,010	6,003,485	3,072,882
Fines and forfeitures	645,140	576,427	597,223	614,142	556,974
Gifts and donations	-	-	-	3,828	454
Interest on investments	1,198,920	1,267,131	627,707	382,755	306,052
Miscellaneous	1,358,499	276,931	594,206	460,850	573,834
Total revenues	<u>30,415,042</u>	<u>30,821,386</u>	<u>33,210,913</u>	<u>36,047,742</u>	<u>38,092,321</u>
Expenditures					
General government	6,176,795	6,923,805	14,129,300	6,650,355	3,692,811
Public safety	10,917,763	11,418,871	12,157,504	13,844,935	15,577,882
Highways and streets	1,636,738	1,716,599	1,928,070	2,183,939	2,617,631
Culture and recreation	4,126,949	4,329,659	4,556,160	4,987,709	5,231,589
Capital outlay	5,143,791	7,633,500	5,635,038	7,777,230	5,000,187
Debt service					
Principal	830,000	875,000	949,913	1,036,687	1,097,997
Interest	904,262	918,045	946,783	1,269,338	1,224,295
Total expenditures	<u>29,736,298</u>	<u>33,815,479</u>	<u>40,302,768</u>	<u>37,750,193</u>	<u>34,442,392</u>
Excess (deficiency) of revenues over (under) expenditures	<u>678,744</u>	<u>(2,994,093)</u>	<u>(7,091,855)</u>	<u>(1,702,451)</u>	<u>3,649,929</u>
Other financing sources (uses)					
Debt issuance proceeds	-	-	7,588,081	-	-
Premium on debt issuance	-	-	-	-	-
Payment to escrow agent for refunded bonds	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-
Transfers in	1,041,894	847,729	852,140	1,341,168	3,484,872
Transfers out	(1,059,382)	(863,994)	(807,140)	(1,213,283)	(3,083,688)
Total other financing sources (uses)	<u>(17,488)</u>	<u>(16,265)</u>	<u>7,633,081</u>	<u>127,885</u>	<u>401,184</u>
Prior period adjustments	-	-	-	178,827	-
Net change in fund balances	<u>\$ 661,256</u>	<u>\$ (3,010,358)</u>	<u>\$ 541,226</u>	<u>\$ (1,395,739)</u>	<u>\$ 4,051,113</u>

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

Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures

Total debt service expenditures	\$ 1,734,262	\$ 1,793,045	\$ 1,896,696	\$ 2,306,025	\$ 2,322,292
Total noncapital expenditures	<u>24,592,507</u>	<u>26,181,979</u>	<u>34,667,730</u>	<u>29,972,963</u>	<u>29,442,205</u>
Ratio of total debt service expenditures less refundings to total noncapital expenditures	<u>7.05%</u>	<u>6.85%</u>	<u>5.47%</u>	<u>7.69%</u>	<u>7.89%</u>

Source: City of Albany 2000-2009 Comprehensive Annual Financial Reports

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

2005	2006	2007	2008	2009	
					Revenues
\$ 18,460,938	\$ 20,225,202	\$ 21,369,433	\$ 22,857,443	\$ 23,723,701	Taxes
2,812,677	752,013	284,316	92,321	82,653	Special assessments
					Franchise fees, privilege taxes, licenses, and permits
7,988,856	7,637,192	8,173,745	7,752,797	6,654,711	Intergovernmental
12,317,895	6,643,124	7,160,835	8,303,684	7,124,187	Charges for services
3,698,501	3,722,670	4,184,394	4,608,381	5,599,253	Fines and forfeitures
545,296	581,972	730,232	988,983	927,897	Gifts and donations
3,042	3,178,018	4,119	2,008,320	-	Interest on investments
624,257	1,265,344	1,677,487	1,717,615	964,613	Miscellaneous
764,322	653,788	1,308,177	1,168,815	2,776,430	Total revenues
<u>47,215,784</u>	<u>44,659,323</u>	<u>44,892,738</u>	<u>49,498,359</u>	<u>47,853,445</u>	
					Expenditures
4,934,984	5,260,948	6,286,630	8,472,015	8,223,631	General government
16,809,154	18,302,131	20,586,681	22,040,875	23,932,216	Public safety
2,768,538	3,103,766	3,499,426	3,864,623	3,651,135	Highways and streets
5,831,360	6,093,309	6,646,681	6,768,031	7,349,399	Culture and recreation
13,033,514	7,871,125	4,685,842	6,183,849	9,541,626	Capital outlay
					Debt service
2,876,939	1,328,965	3,288,914	2,900,558	3,854,453	Principal
1,201,415	1,181,496	1,342,964	1,203,625	1,170,493	Interest
<u>47,455,904</u>	<u>43,141,740</u>	<u>46,337,138</u>	<u>51,433,576</u>	<u>57,722,953</u>	Total expenditures
					Excess (deficiency) of revenues over (under) expenditures
<u>(240,120)</u>	<u>1,517,583</u>	<u>(1,444,400)</u>	<u>(1,935,217)</u>	<u>(9,869,508)</u>	
					Other financing sources (uses)
3,720,000	1,459,399	9,065,000	5,051,998	2,102,500	Debt issuance proceeds
50,244	-	121,060	-	-	Premium on debt issuance
-	-	(8,200,000)	-	-	Payment to escrow agent for refunded bonds
162,060	151,360	98,493	74,362	352,395	Capital lease proceeds
6,968,005	14,248,234	6,261,817	5,994,473	5,869,492	Transfers in
<u>(5,207,075)</u>	<u>(13,341,755)</u>	<u>(5,663,645)</u>	<u>(5,619,981)</u>	<u>(5,665,744)</u>	Transfers out
5,693,234	2,517,238	1,682,725	5,500,852	2,658,643	Total other financing sources (uses)
<u>(81,293)</u>	<u>1,011,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>\$ 5,371,821</u>	<u>\$ 5,046,199</u>	<u>\$ 238,325</u>	<u>\$ 3,565,635</u>	<u>\$ (7,210,865)</u>	Net change in fund balances
\$ 4,078,354	\$ 810,461	\$ 4,631,878	\$ 4,104,183	\$ 5,024,946	Total debt service expenditures
<u>34,422,390</u>	<u>35,270,615</u>	<u>41,651,296</u>	<u>45,249,727</u>	<u>48,181,327</u>	Total noncapital expenditures
					Ratio of total debt service expenditures less refundings to total noncapital expenditures
<u>11.85%</u>	<u>2.30%</u>	<u>11.12%</u>	<u>9.07%</u>	<u>10.43%</u>	

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

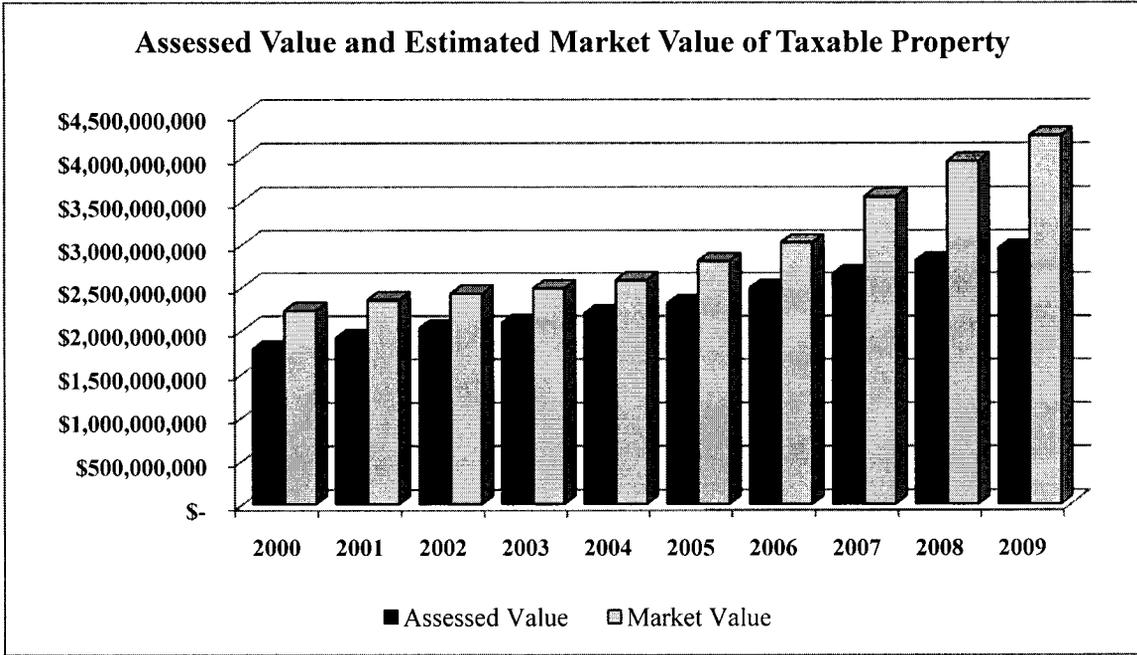
Fiscal Year Ended June 30,	County	Taxable Assessed Value (1)	Tax Rate Per \$1,000 of Assessed Value	Urban Renewal District Assessed Value	Total Assessed Value	Estimated Market Value	Assessed Value as a % of Market Value
2000	Linn	1,507,948,621	7.16	-	1,507,948,621	1,880,932,309	80.17%
	Benton	275,701,514	7.16	-	275,701,514	347,011,862	79.45%
	Total	1,783,650,135		-	1,783,650,135	2,227,944,171	80.06%
2001	Linn	1,614,022,242	7.36	-	1,614,022,242	1,997,950,898	80.78%
	Benton	297,794,824	7.36	-	297,794,824	357,214,360	83.37%
	Total	1,911,817,066		-	1,911,817,066	2,355,165,258	81.18%
2002	Linn	1,708,549,715	7.30	-	1,708,549,715	1,996,077,785	85.60%
	Benton	313,782,275	7.30	-	313,782,275	431,400,111	72.74%
	Total	2,022,331,990		-	2,022,331,990	2,427,477,896	83.31%
2003	Linn	1,752,832,617	7.30	22,646,610	1,775,479,227	2,092,129,723	84.86%
	Benton	334,249,796	7.30	-	334,249,796	395,820,350	84.44%
	Total	2,087,082,413		22,646,610	2,109,729,023	2,487,950,073	84.80%
2004 (2)	Linn	1,837,116,379	7.23	24,077,227	1,861,193,606	2,146,957,508	86.69%
	Benton	358,947,500	7.23	-	358,947,500	434,014,740	82.70%
	Total	2,196,063,879		24,077,227	2,220,141,106	2,580,972,248	86.02%
2005	Linn	1,913,454,224	8.12	34,121,937	1,947,576,161	2,333,811,851	83.45%
	Benton	395,736,624	8.12	-	395,736,624	472,209,130	83.81%
	Total	2,309,190,848		34,121,937	2,343,312,785	2,806,020,981	83.51%
2006	Linn	2,061,601,036	8.04	41,571,478	2,103,172,514	2,505,957,967	83.93%
	Benton	428,648,082	8.04	-	428,648,082	517,706,517	82.80%
	Total	2,490,249,118		41,571,478	2,531,820,596	3,023,664,484	83.73%
2007	Linn	2,202,687,502	8.09	50,945,385	2,253,632,887	2,887,626,123	78.04%
	Benton	454,804,642	7.96	-	454,804,642	664,234,567	68.47%
	Total	2,657,492,144		50,945,385	2,708,437,529	3,551,860,690	76.25%
2008	Linn	2,323,996,912	8.04	62,008,472	2,386,005,384	3,241,435,594	73.61%
	Benton	487,155,971	7.86	-	487,155,971	718,378,931	67.81%
	Total	2,811,152,883		62,008,472	2,873,161,355	3,959,814,525	72.56%
2009	Linn	2,429,035,563	8.04	83,900,206	2,512,935,769	3,426,321,654	73.34%
	Benton	526,917,483	7.86	-	526,917,483	825,153,887	63.86%
	Total	2,955,953,046		83,900,206	3,039,853,252	4,251,475,541	71.50%

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

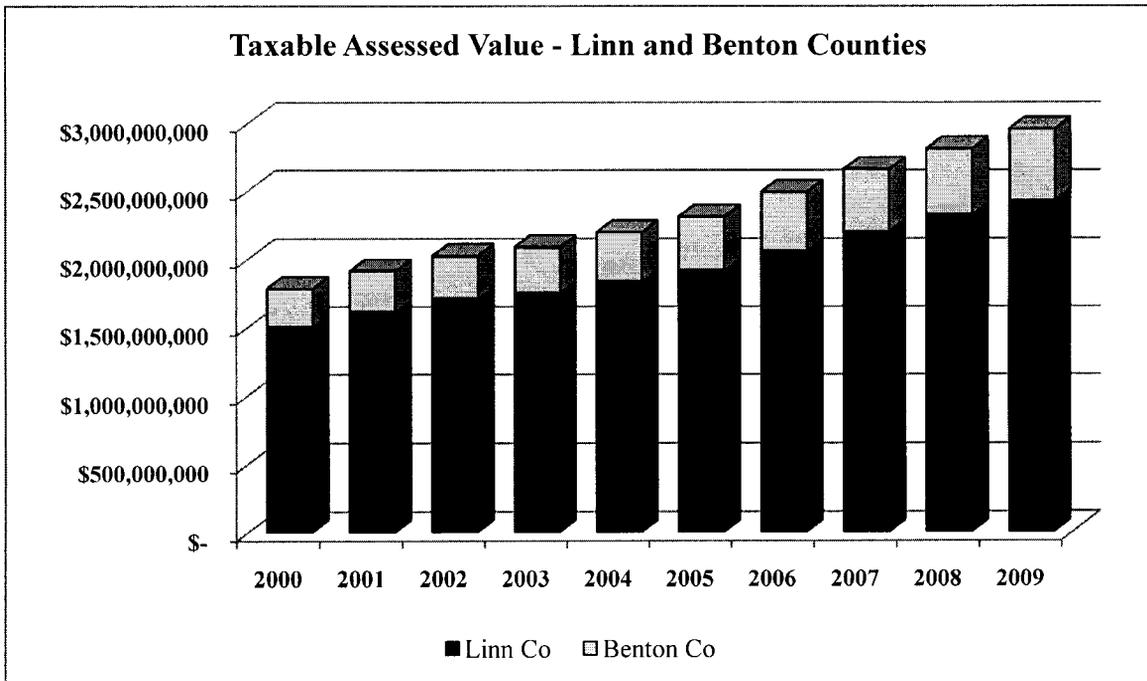
(2) In the November 2002, General Election, the voters of the City passed a five year, local option levy to provide additional public safety funding. The levy authorized by the voters was \$0.95 per \$1,000 of assessed value.

Source: Linn and Benton Counties Tax Assessor

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



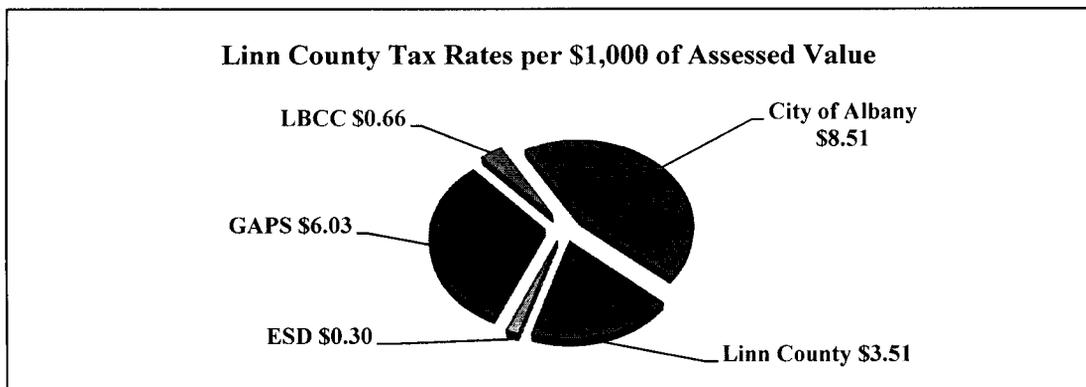
The "gap" between the market value and the assessed value is important to note. Oregon statutes allow the assessed value on a single piece of property to rise no more than three percent annually up to the market value where the assessed value is capped. Currently, the assessed value is 71.5 percent of market value leaving a \$1,211,622,289 gap. Current economic conditions will have an effect on the market value of properties, but the extent of the effect is not known at this time.



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

City of Albany Direct Rates

Fiscal Year Ended June 30,	County	Basic Rate	Local Option Public Safety Levy	General Obligation Debt Service	Albany Urban Renewal	Total Direct Rate
2000	Linn	6.40	-	0.76	-	7.16
	Benton	6.40	-	0.76	-	7.16
2001	Linn	6.40	-	0.96	-	7.36
	Benton	6.40	-	0.96	-	7.36
2002	Linn	6.40	-	0.90	-	7.30
	Benton	6.40	-	0.90	-	7.30
2003	Linn	6.40	-	0.83	0.18	7.41
	Benton	6.40	-	0.83	0.18	7.41
2004	Linn	6.40	0.95	0.77	0.20	8.32
	Benton	6.40	0.95	0.77	0.15	8.27
2005	Linn	6.40	0.95	0.69	0.27	8.31
	Benton	6.40	0.95	0.69	0.21	8.25
2006	Linn	6.40	0.95	0.74	0.30	8.39
	Benton	6.35	0.88	0.73	0.23	8.19
2007	Linn	6.40	0.95	0.67	0.42	8.44
	Benton	6.28	0.93	0.66	0.26	8.13
2008	Linn	6.40	0.95	0.69	0.42	8.46
	Benton	6.26	0.93	0.67	0.33	8.19
2009	Linn	6.40	0.95	0.69	0.47	8.51
	Benton	6.25	0.95	0.64	0.36	8.20



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

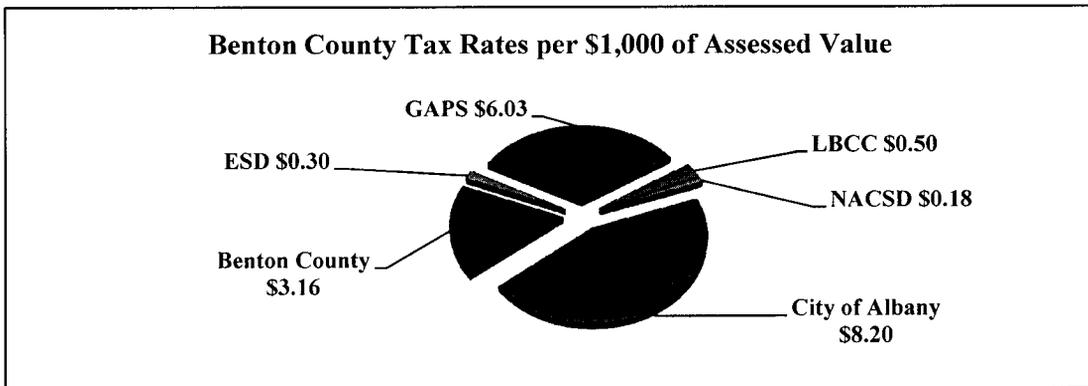
ESD - Educational Service District
 GAPS - Greater Albany Public School District

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

Source: Linn and Benton County Tax Assessors

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

Overlapping Rates						
Linn County	Benton County	ESD(2) Linn/Benton Counties	Greater Albany Public School District	Linn-Benton Community College	North Albany County Service District	Total Direct & Overlapping Rates
3.19	-	0.31	5.54	0.70	-	16.90
-	2.53	0.31	5.54	0.70	0.50	16.74
3.20	-	0.30	5.50	0.71	-	17.07
-	2.55	0.30	5.50	0.71	0.46	16.88
3.05	-	0.30	5.07	0.72	-	16.44
-	2.85	0.30	5.07	0.70	0.46	16.68
3.04	-	0.30	4.93	0.69	-	16.37
-	2.85	0.30	4.93	0.70	0.46	16.65
3.34	-	0.30	4.92	0.67	-	17.55
-	2.86	0.28	4.64	0.64	0.39	17.08
3.43	-	0.30	4.96	0.68	-	17.68
-	2.49	0.30	4.89	0.67	0.35	16.95
3.31	-	0.30	4.84	0.67	-	17.51
-	2.54	0.30	4.84	0.67	0.33	16.87
3.60	-	0.30	6.03	0.66	-	19.03
-	2.51	0.30	6.03	0.66	0.31	17.94
3.60	-	0.30	6.03	0.66	-	19.05
-	2.51	0.30	6.03	0.66	0.29	17.98
3.51	-	0.30	6.03	0.66	-	19.01
-	3.16	0.30	6.03	0.50	0.18	18.37

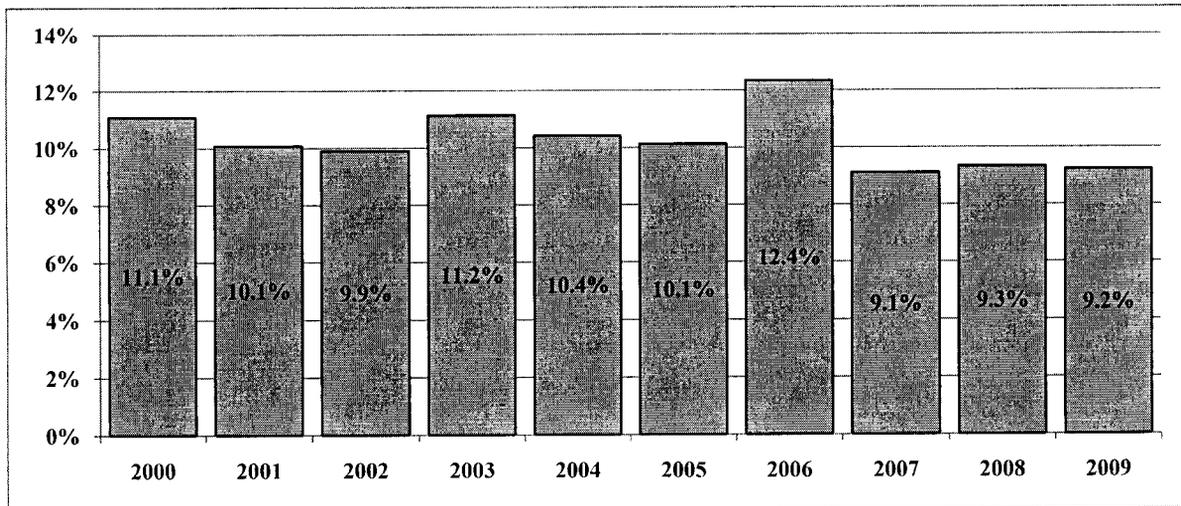


Schedule 7
CITY OF ALBANY, OREGON
PRINCIPAL PROPERTY TAXPAYERS
 Fiscal Years 1999-2000 and 2008-2009

NEED TO UPDATE

Taxpayer	2008-2009		% of	1999-2000		% of
	Taxable Assessed Value	Rank	Total Taxable Assessed Value	Taxable Assessed Value	Rank	Total Taxable Assessed Value
Dayton Hudson Corporation	\$ 79,508,329	1	2.69%	\$ 39,452,530	1	2.21%
Oregon Metallurgical Corporation	45,023,195	2	1.52%	28,074,090	2	1.57%
Oregon Freeze Dry Foods, Inc.	32,227,813	3	1.09%	26,862,980	3	1.51%
Steadfast Heritage, LLC	22,763,900	4	0.77%	-	-	0.00%
Waverly Land Management	22,608,520	5	0.76%	23,981,190	4	1.34%
Pacific Cast Technologies Inc	18,508,291	6	0.63%	-	-	-
Metropolitan Life Insurance Co.	15,938,280	7	0.54%	12,797,030	6	0.72%
Mennonite Home of Albany	13,481,895	8	0.46%	-	-	-
Costco Wholesale Corp	12,362,375	9	0.42%	-	-	-
SVC Manufacturing Inc	10,329,765	10	0.35%	-	-	-
National Health Properties	-	-	-	11,546,680	9	0.65%
Roebbelen Engineering, Inc.	-	-	-	19,653,410	5	1.10%
Eugene Freezing and Storage Co.	-	-	-	12,108,310	8	0.68%
Panolam Industries	-	-	-	11,095,360	10	0.62%
Synthetec	-	-	-	12,280,120	7	0.69%
Total	\$ 272,752,363		9.23%	\$ 197,851,700		11.09%
Utilities:						
Phone, electricity, natural gas	\$ 99,600,020		3.37%	\$ 61,817,940		3.47%
Total taxable assessed value, all properties	\$ 2,955,953,046			\$ 1,783,650,135		

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

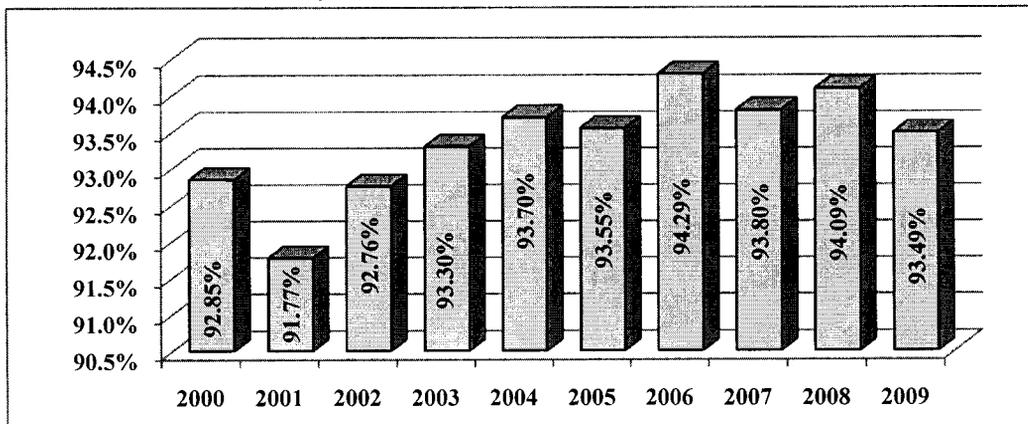


Source: Linn and Benton County Tax Assessors

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

Fiscal Year Ended June 30,	Tax Levy as Extended by the Assessor(1)	Collected within the Fiscal Year of the Levy	Percentage Collected	Collections In Subsequent Years	Total Collections to Date	Percentage of Levy as Extended
2000	12,772,054	11,858,395	92.85%	598,650	12,457,045	97.53%
2001	14,085,001	12,926,133	91.77%	696,298	13,622,431	96.72%
2002	14,776,533	13,706,523	92.76%	653,326	14,359,849	97.18%
2003	15,615,495	14,569,267	93.30%	648,032	15,217,299	97.45%
2004	18,341,731	17,185,584	93.70%	654,190	17,839,774	97.26%
2005	19,312,644	18,066,785	93.55%	751,402	18,818,187	97.44%
2006	20,740,111	19,555,255	94.29%	615,311	20,170,566	97.25%
2007	22,142,401	20,770,157	93.80%	522,087	21,292,244	96.16%
2008	23,648,423	22,251,321	94.09%	386,921	22,638,242	95.73%
2009	24,835,283	23,217,769	93.49%	-	23,217,769	93.49%

Percentage of Taxes Collected in the Year Assessed



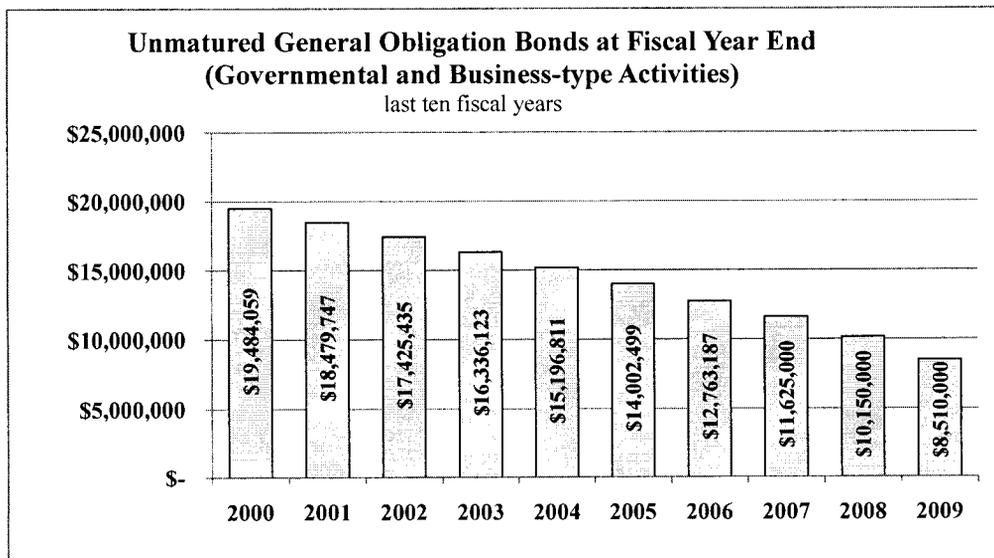
The City has chosen to calculate the property tax collection rate based on the gross amount of the levy as extended by the Linn and Benton Counties Assessor. The resulting rate is a lower percentage but for comparative purposes it can be applied to future years' levies without having to estimate discounts and adjustments. This method of calculating the collection rate is the same one that is used for the budget. In past annual reports the collection percentage was based on a net levy which included discounts and adjustments. Using the new method, the ten-year average first year collection rate is 93.47 percent of the levy as extended by the assessors.

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

Sources: Linn and Benton County Tax Assessors
 (1) Levy as extended by the Linn and Benton Counties Assessor.

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

Fiscal Year Ended June 30,	GOVERNMENTAL ACTIVITIES								
	General Obligation Bonds	Special Assessment Debt (1)	Revenue Bonds	Limited Tax Pension Obligations	Certificates of Participation	General Revenue Obligations	Urban Renewal TIF Bonds(2)	Notes Payable	Capital Leases
2000	12,850,000	2,415,000	1,960,000	-	2,370,000	-	-	392,177	-
2001	12,380,000	2,245,000	1,845,000	-	2,250,000	-	-	374,370	-
2002	11,885,000	2,806,255	1,715,000	6,826,913	2,125,000	-	-	356,433	-
2003	11,375,000	2,577,645	1,570,000	6,826,913	1,990,000	-	-	338,356	-
2004	10,845,000	2,341,549	1,410,000	6,813,236	1,850,000	-	-	320,132	-
2005	10,290,000	2,097,840	1,230,000	6,783,389	-	3,720,000	-	301,749	162,060
2006	9,710,000	1,841,385	1,030,000	6,739,431	-	3,490,000	-	1,742,596	205,218
2007	9,235,000	467,043	830,000	6,683,781	-	3,265,000	-	1,648,674	190,248
2008	8,520,000	404,666	630,000	6,618,738	-	2,960,000	4,547,000	235,536	453,629
2009	7,675,000	339,099	420,000	6,545,507	-	2,645,000	4,328,000	211,381	557,626



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

- (1) Special assessment debt with governmental commitment
- (2) TIF-Tax Increment Financing
- (3) Includes \$54,916,036 State of Oregon Revolving Fund loan for the new sewage treatment plant

Source: City of Albany 2000-2009 Comprehensive Annual Financial Reports

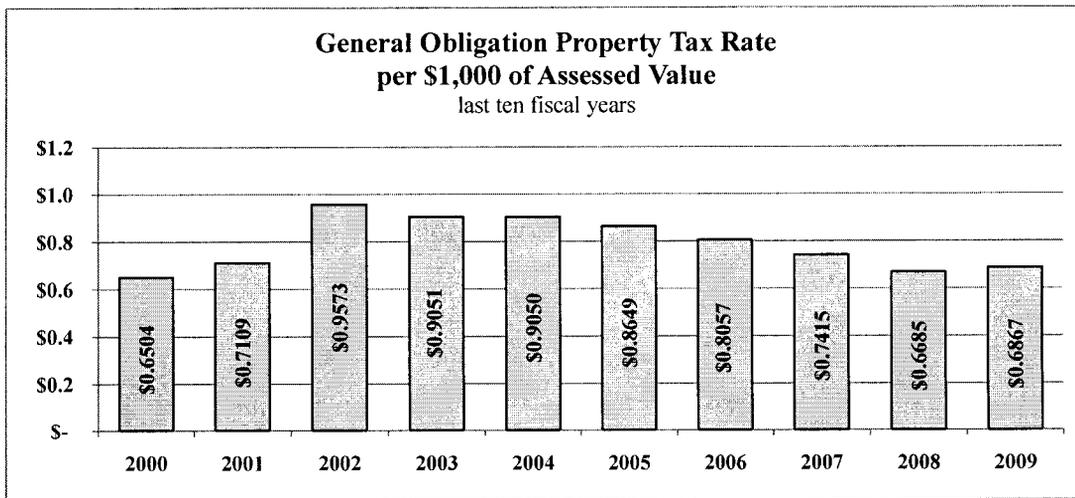
Schedule 9

CITY OF ALBANY, OREGON

SCHEDULE OF DEBT PER CAPITA AND DEBT AS A PERCENTAGE OF PERSONAL INCOME, continued

Last Ten Fiscal Years

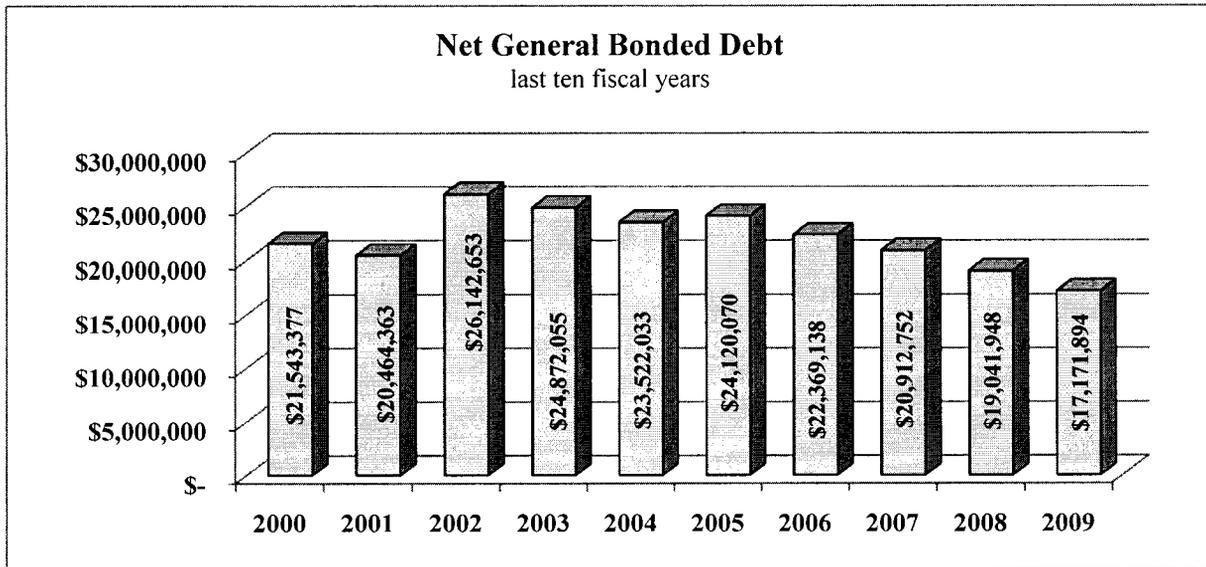
BUSINESS-TYPE ACTIVITIES							
General Obligation Bonds	Water Revenue Bonds	Sewer Revenue Bonds	Certificates of Participation	Notes Payable(3)	Total Outstanding Debt	% of Personal Income	Debt per Capita
6,634,059	6,035,935	6,679,179	-	1,932,964	41,269,314	1.84%	1,031
6,099,747	5,659,804	6,209,489	-	1,771,883	38,835,293	1.66%	944
5,540,435	5,230,595	5,685,973	600,000	1,610,803	44,382,407	1.81%	1,066
4,961,123	4,770,995	5,127,458	553,550	1,449,723	41,540,763	1.64%	983
4,351,811	40,192,681	2,699,857	504,589	1,288,641	72,617,496	2.83%	1,666
3,712,499	38,987,677	2,278,559	452,819	1,127,561	71,144,153	2.64%	1,616
3,053,187	37,767,673	1,852,261	398,162	966,481	68,796,394	2.50%	1,517
2,390,000	36,790,000	1,475,000	340,458	30,063,744	93,378,948	3.20%	2,003
1,630,000	35,510,000	1,000,000	279,583	47,923,068	110,712,220	3.76%	2,332
835,000	34,200,000	505,000	215,267	55,399,277	113,876,157	n/a	2,335



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

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

Fiscal Year Ended June 30,	Population	Assessed Value	General Obligation Bonds	Limited Tax Pension Obligations	Certificates of Participation	General Revenue Obligations
2000	40,010	\$ 1,783,650,135	\$19,484,059 ⁽²⁾	\$ -	\$2,370,000	\$ -
2001	41,145	1,911,817,066	18,479,747	-	2,250,000	-
2002	41,650	2,022,331,990	17,425,435	6,826,913	2,125,000	-
2003	42,280	2,087,082,413	16,336,123	6,826,913	1,990,000	-
2004	43,600	2,196,063,879	15,196,811	6,813,236	1,850,000	-
2005	44,030	2,309,190,848	14,002,499	6,783,389	-	3,720,000
2006	45,360	2,490,249,118	12,763,187	6,739,431	-	3,490,000
2007	46,610	2,657,492,144	11,625,000	6,683,781	-	3,265,000
2008	47,470	2,811,152,883	10,150,000	6,618,738	-	2,960,000
2009	48,770	2,955,953,046	8,510,000	6,545,507	-	2,645,000



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

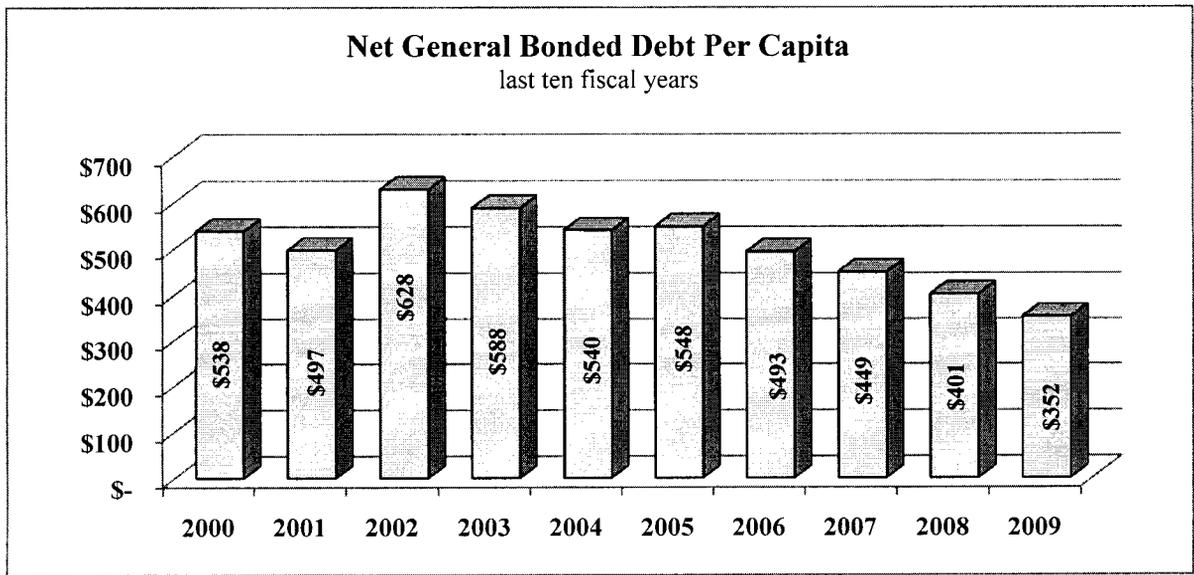
(2) In March 1999, \$9,850,000 of general obligation bonds were issued to finance the reconstruction of four major arterial roads within the City.

(3) \$217,972 available for General Obligation Debt. \$310,641 available for the Limited Tax Pension Bonds.

Source: City of Albany 2000-2009 Comprehensive Annual Financial Reports

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

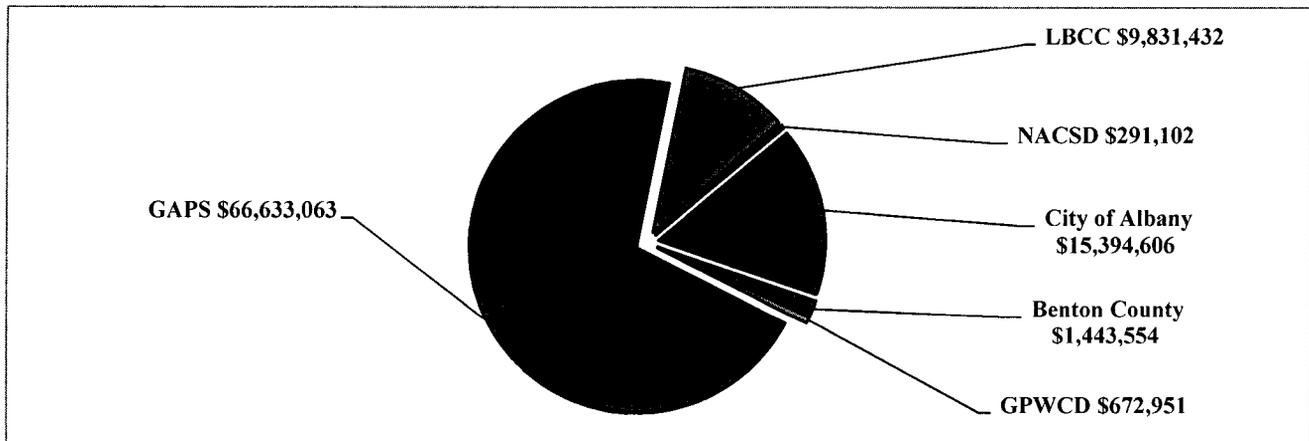
Less: Amounts Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Net Bonded Debt as a Percent of Personal Income
310,682	\$ 21,543,377	1.2078%	\$ 538.45	0.96%
265,384	20,464,363	1.0704%	497.37	0.88%
234,695	26,142,653	1.2927%	627.67	1.07%
280,981	24,872,055	1.1917%	588.27	0.98%
338,014	23,522,033	1.0711%	539.50	0.92%
385,818	24,120,070	1.0445%	547.81	0.90%
623,480	22,369,138	0.8983%	493.15	0.81%
661,029	20,912,752	0.7869%	448.68	0.72%
686,790	19,041,948	0.6774%	401.14	0.65%
528,613 ⁽³⁾	17,171,894	0.5809%	352.10	n/a



Schedule 11
CITY OF ALBANY, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
as of June 30, 2009

Jurisdiction	Net Outstanding Debt	Percentage Applicable to the City of Albany	Amount Applicable to the City of Albany
DIRECT DEBT			
City of Albany (2)	\$ 15,394,606	100.0000%	\$ 15,394,606
OVERLAPPING DEBT			
Benton County	17,308,805	8.3400%	1,443,554
Grand Prairie Water Control District (GPWCD)	839,394	80.1711%	672,951
Greater Albany Public School District 8J (GAPS)	93,705,000	71.1094%	66,633,063
Linn Benton Community College (LBCC)	45,038,194	21.8291%	9,831,432
North Albany County Service District (NACSD)	291,654	99.8108%	291,102
<u>Total overlapping debt</u>	<u>157,183,047</u>		<u>78,872,102</u>
<u>Total direct and overlapping debt</u>	<u>\$ 172,577,653</u>		<u>\$ 94,266,708</u>

Direct and Overlapping Debt Applicable to the City of Albany



(1) Source - State of Oregon, Treasury Department

(2) City of Albany net outstanding debt

General Obligation Bonds	\$ 8,510,000
2002 Limited Tax Assessment Bonds	339,099
Limited Tax Pension Obligations, Series 2002	6,545,507
<u>Total City of Albany net outstanding debt</u>	<u>\$ 15,394,606</u>

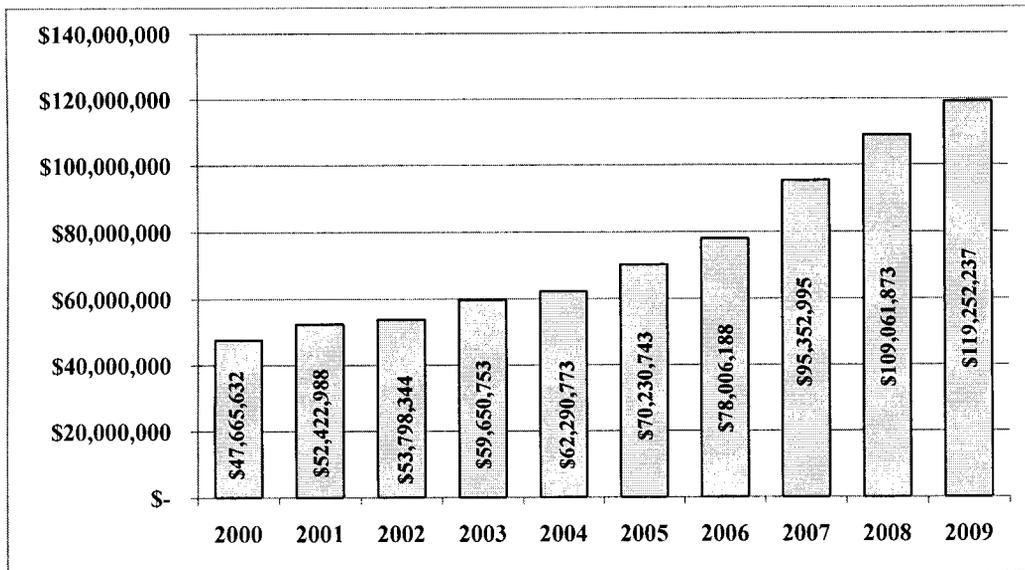
To the optimist, the glass is half full. To the pessimist, the glass is half empty. To the project manager, the glass is twice as big as it needs to be.

Unknown

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

	2000	2001	2002	2003
Debt limitation	\$ 66,838,325	\$ 70,654,958	\$ 71,009,546	\$ 75,705,895
Total net debt applicable to limitation	19,172,693	18,231,970	17,211,202	16,055,142
Legal debt margin	<u>\$ 47,665,632</u>	<u>\$ 52,422,988</u>	<u>\$ 53,798,344</u>	<u>\$ 59,650,753</u>
Ratio of net debt applicable to limitation to the debt limitation	<u>28.69%</u>	<u>25.80%</u>	<u>24.24%</u>	<u>21.21%</u>

Legal Debt Margin
 last ten fiscal years



The state mandated legal debt margin for general obligation debt is three percent of true cash value (market value). The legal debt margin is a direct function of the true cash value of properties in the City and the City's net general obligation debt. The City's legal debt margin has increased by 150.18 percent (\$71,586,605) over the last ten years. During the same period, the City's true cash value increased by 90.83 percent (\$60,705,941) and the City's general obligation debt decreased by 56.75 percent (\$10,880,664). Current economic conditions will have an effect on the legal debt margin. At this time the extent of that effect is unknown.

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

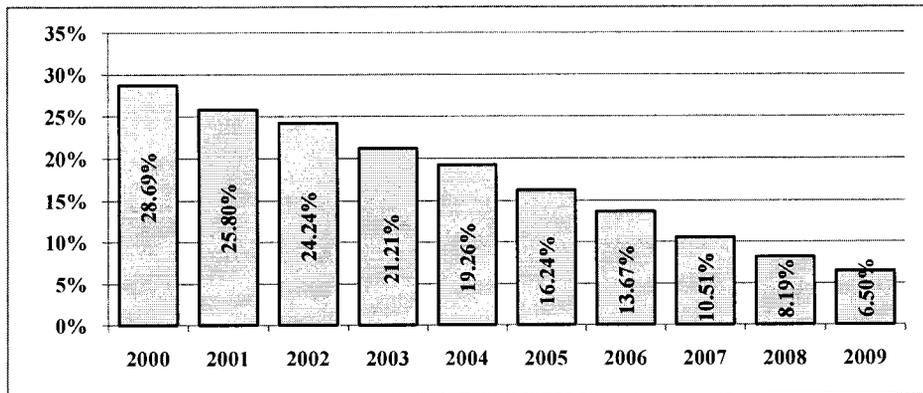
Schedule 12
CITY OF ALBANY, OREGON
COMPUTATION OF LEGAL DEBT MARGIN, continued
 Last Ten Fiscal Years

2004	2005	2006	2007	2008	2009	
\$ 77,149,570	\$ 83,847,424	\$ 90,355,908	\$ 106,555,821	\$ 118,794,436	\$ 127,544,266	Debt limitation
14,858,797	13,616,681	12,349,720	11,202,826	9,732,563	8,292,029	Total net debt applicable to limitation
<u>\$ 62,290,773</u>	<u>\$ 70,230,743</u>	<u>\$ 78,006,188</u>	<u>\$ 95,352,995</u>	<u>\$ 109,061,873</u>	<u>\$ 119,252,237</u>	Legal debt margin
19.26%	16.24%	13.67%	10.51%	8.19%	6.50%	Ratio of net debt applicable to limitation to the debt limitation

Legal debt margin calculation for Fiscal Year

True cash value	\$ 4,251,475,541
General obligation debt limit - 3% of true cash value	3%
General obligation debt limit	127,544,266
Gross general obligation bonded debt principal	
1998 General Obligation Water Refunding Bonds	835,000
1999 Street Reconstruction General Obligation Bonds	-
2007 General Obligation Refunding Bonds	7,675,000
Less: Debt service monies available	
Debt Service Fund:	
2007 GO Refunding bonds	44,383
Water Fund:	
1998 GO Water refunding bonds	<u>173,588</u>
Net debt subject to the three percent limitation	8,292,029
Legal debt margin	<u>\$ 119,252,237</u>

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



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

Schedule 13
CITY OF ALBANY, OREGON
PLEDGED 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							
2000	387,136	501	386,635	105,000	107,235	212,235	182.17%
2001	435,010	501	434,509	115,000	102,280	217,280	199.98%
2002	482,683	501	482,182	130,000	96,515	226,515	212.87%
2003	514,110	502	513,608	145,000	89,770	234,770	218.77%
2004	509,767	502	509,265	160,000	82,065	242,065	210.38%
2005	550,404	2,750	547,654	180,000	73,305	253,305	216.20%
2006	610,516	2,500	608,016	200,000	63,325	263,325	230.90%
2007	700,892	500	700,392	200,000	52,625	252,625	277.25%
2008	741,119	500	740,619	200,000	41,725	241,725	306.39%
2009	674,742	500	674,242	210,000	30,188	240,188	280.71%

Revenues from the City's transient room tax (hotel/motel room tax) are pledged to pay the annual debt service requirements. A reserve equal to the amount of the annual debt service requirement is maintained in the Debt Service Fund. Historically, 33 to 61 percent of the annual tax collections have been used for debt service. The remaining proceeds from the tax are used to fund tourist and economic development activities. In the table above, operating revenue is the total tax collected for the current year.

Special Assessment Debt

2000	957,800	150	957,650	155,000	117,218	272,218	351.80%
2001	1,197,613	150	1,197,463	170,000	110,708	280,708	426.59%
2002	1,368,102	151	1,367,951	175,000	103,397	278,397	491.37%
2003	1,708,342	150	1,708,192	228,610	132,272	360,882	473.34%
2004	2,099,195	839	2,098,356	236,096	121,687	357,783	586.49%
2005	2,557,698	150	2,557,548	243,709	110,564	354,273	721.91%
2006	2,466,355	150	2,466,205	256,455	99,077	355,532	693.67%
2007	2,213,706	150	2,213,556	1,374,342	86,990	1,461,332	151.48%
2008	482,153	-	482,153	62,377	22,808	85,185	566.01%
2009	417,353	-	417,353	65,607	19,578	85,185	489.94%

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

Source: City of Albany 2000-2009 Comprehensive Annual Financial Reports

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							
2000	7,230,308	4,338,526	2,891,782	400,000	312,611	712,611	405.80%
2001	7,637,079	4,549,613	3,087,466	425,000	289,525	714,525	432.10%
2002	7,585,884	5,062,456	2,523,428	450,000	267,614	717,614	351.64%
2003	8,257,944	5,381,957	2,875,987	470,000	246,368	716,368	401.47%
2004	11,204,936	5,967,770	5,237,166	543,960	254,876	798,836	655.60%
2005	10,726,171	5,419,770	5,306,401	1,266,770	1,796,347	3,063,117	173.24%
2006	11,081,731	6,551,248	4,530,483	1,284,657	1,769,010	3,053,667	148.36%
2007	12,145,427	7,329,701	4,815,726	1,307,704	1,741,163	3,048,867	157.95%
2008	12,127,657	7,771,879	4,355,778	1,340,875	1,693,492	3,034,367	143.55%
2009	12,496,597	7,444,753	5,051,844	1,374,316	1,625,302	2,999,618	168.42%

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

Sewer Revenue Debt

2000	5,318,793	3,898,738	1,420,055	210,000	275,360	485,360	292.58%
2001	5,646,483	5,050,361	596,122	400,000	261,235	661,235	90.15%
2002	5,507,676	4,996,186	511,490	430,000	241,515	671,515	76.17%
2003	6,111,911	5,119,861	992,050	430,000	241,600	671,600	147.71%
2004	6,785,751	5,450,680	1,335,071	475,000	208,854	683,854	195.23%
2005	7,572,603	5,376,739	2,195,864	445,000	64,431	509,431	431.04%
2006	8,745,070	5,917,711	2,827,359	450,000	57,373	507,373	557.25%
2007	9,685,266	6,606,241	3,079,025	465,000	331,354	796,354	386.64%
2008	10,842,503	7,227,928	3,614,575	636,080	1,379,442	2,015,522	179.34%
2009	11,310,398	7,146,767	4,163,631	656,080	1,351,712	2,007,792	207.37%

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

During Fiscal Year 2006-07, the City began construction of a new wastewater treatment plant financed by a State Revolving Fund loan of \$63,886,440. Interest accrues with disbursement of the funds. In 2006-07, the total accrued was \$286,105; for Fiscal Year 2007-08 an additional \$1,322,486 was accrued; and for Fiscal Year 2008-09, an additional \$1,312,441 was accrued.

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		
North Albany Sewer Revenue Bonds and State Revolving Fund (SRF) Loan							
2000	\$ 2,845,741	\$ 1,882	\$ 2,843,859	\$ 251,080	\$ 160,537	\$ 411,617	690.90%
2001	2,789,027	1,831	2,787,196	261,080	150,379	411,459	677.39%
2002	2,872,038	1,056	2,870,982	266,080	139,605	405,685	707.69%
2003	2,716,172	1,394	2,714,778	271,080	128,399	399,479	679.58%
2004	2,541,464	878	2,540,586	281,080	118,782	399,862	635.37%
2005	2,363,233	-	2,363,233	281,081	108,550	389,631	606.53%
2006	803,344	150	803,194	161,080	38,659	199,739	402.12%
2007	739,730	-	739,730	161,080	33,827	194,907	379.53%
2008	649,015	-	649,015	161,080	28,994	190,074	341.45%
2009	521,587	-	521,587	161,080	24,162	185,242	281.57%
2010	415,347	-	415,347	161,080	19,330	180,410	230.22%

In 1991, the City used a federal grant award, proceeds from the sale of sewer revenue bonds, and a state revolving fund loan to extend sewer service into the North Albany area. Principal and interest revenues from the assessment of construction costs to benefited properties were pledged for debt service of the bonds and the loan. In the case that the assessment proceeds are not sufficient for debt service requirements, other sewer revenues will be used to fulfill the debt service obligation. In the table above, operating revenues include assessment principal and interest receipts, investment earnings, and the balance of available funds from the previous year. In 2004, the bonds were called leaving only the SRF loan outstanding. The SRF loan will be fully paid off in Fiscal Year 2011-2012.

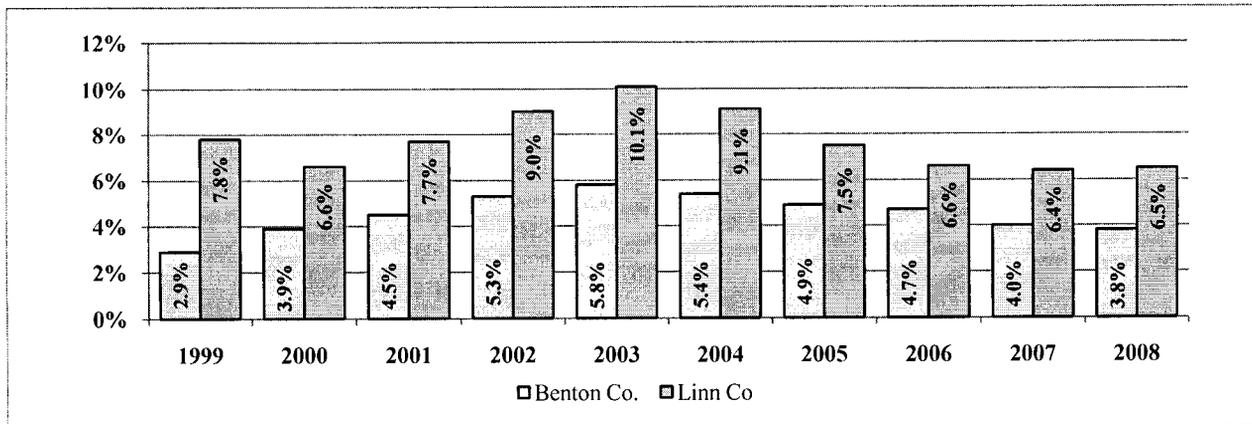
Source: City of Albany 2000-2009 Comprehensive Annual Financial Reports

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

Fiscal Year Ended June 30,	City of Albany Population(1)	Albany-Lebanon Micropolitan Statistical Area		Per Capita Personal Income(2)	Albany School Enrollment(3)	Unemployment Rate (4)	
		Population(1)	Personal Income(2)			Linn Co.	Benton Co.
2000	40,010	102,710	2,244,316,210	21,851	8,015	6.6%	3.9%
2001	41,145	103,350	2,335,503,300	22,598	8,075	7.7%	4.5%
2002	41,650	103,500	2,446,843,500	23,641	8,235	9.0%	5.3%
2003	42,280	104,000	2,533,232,000	24,358	8,438	10.1%	5.8%
2004	43,600	104,900	2,569,945,100	24,499	8,517	9.1%	5.4%
2005	44,030	106,350	2,694,909,000	25,340	8,721	7.5%	4.9%
2006	45,360	107,150	2,756,969,500	25,730	8,972	6.6%	4.7%
2007	46,610	108,250	2,913,657,000	26,916	9,169	6.4%	4.0%
2008	47,470	109,320	2,942,457,120	26,916	9,100	6.5%	3.8%
2009	48,770	110,185	n/a	n/a	9,197	15.2%	8.3%

Over the last ten years, the City's population has increased by 21.89 percent (8,760). From 2000 to 2008 per capita personal income has risen by 23.18 percent (\$5,065) in the Albany-Lebanon micropolitan statistical area. Albany's city boundaries span two counties: Linn County (population 42,073) and Benton County (population 6,697). For Fiscal Year 2008-09, per capita personal income was \$28,153 for Linn County, \$36,398 for Benton County, and \$35,143 for the state as a whole. Of Oregon's 36 counties, Linn County ranked 33rd and Benton County ranked 6th in per capita personal income. For the ten year period, enrollment in the Greater Albany Public School District increased by 14.75 percent (1,182 students).

Unemployment Rates, Linn and Benton Counties
last 10 fiscal years



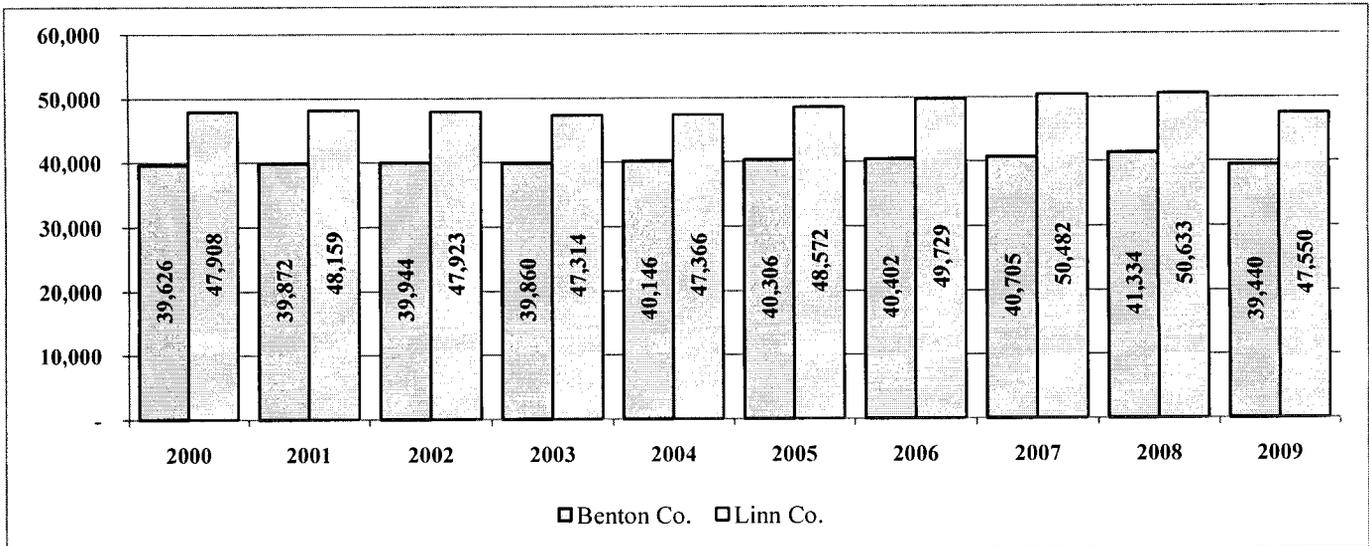
Sources:

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

Schedule 15
CITY OF ALBANY, OREGON
ALBANY AREA PRINCIPAL EMPLOYERS
for the Fiscal Years ended June 30, 2000, and June 30, 2009

Employer	June 30, 2009			June 30, 2000		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Oregon State University	9,738	1	11.19%	7,908	1	9.03%
Samaritan Health Services (Albany General Hospital - 1998)	3,905	2	4.49%	850	7	0.97%
Hewlett Packard	2,100	3	2.41%	4,800	2	5.48%
ATI Wah Chang (Teledyne Wah Chang - 1997)	1,195	4	1.37%	1,530	3	1.75%
Greater Albany Public School District 8J	1,111	5	1.28%	955	5	1.09%
Linn Benton Community College	943	6	1.08%	1,100	4	1.26%
Linn County	782	7	0.90%	748	8	0.85%
International Paper (Willamette Industries - 1997)	765	8	0.88%			
Dayton-Hudson Corporation (Target)	591	9	0.68%	947	6	1.08%
Express Personnel	400	10	0.46%	700	8	0.80%
Golden West	-	-		520	9	0.59%
City of Albany	-	-		320	10	0.37%
Totals	21,530		24.75%	20,058		22.91%
Total employment in Linn and Benton Counties	86,990			87,534		

Employment, Benton and Linn Counties
last ten fiscal years



The percentage of top ten employers to total jobs for Linn and Benton Counties has been quite stable over the ten year period. The figures range from a low of 21.29 percent in 2006 to a high of 24.75 percent in 2009. Total employment in Benton and Linn Counties has decreased by -0.62 percent (-544 jobs) over the last ten years. For the ten year period, the low point was 86,990 jobs in June, 2003, and the high point was 91,967 jobs in June, 2008. National and international economic instability will likely have an adverse affect in the coming years although at this time the extent is unknown.

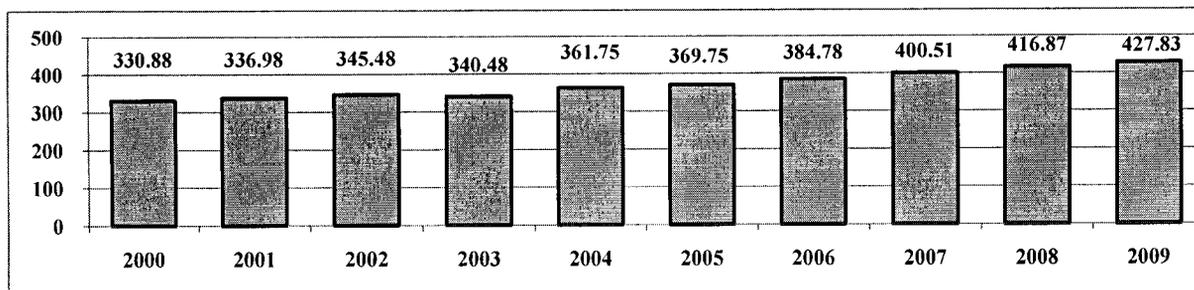
Sources:
Employer personnel offices
Oregon Employment Department

That some achieve great success, is proof to all that others can achieve it as well.
Abraham Lincoln

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

Function	2000	2001	2002	2003	2004
GOVERNMENTAL ACTIVITIES					
General Government					
Building Maintenance	3.25	3.25	3.35	2.85	2.85
Economic Development	-	-	-	-	-
Public Transit	5.45	5.70	6.20	5.95	5.75
Planning	7.50	7.50	7.50	7.50	7.50
Building Inspection	8.50	8.75	8.25	9.25	9.25
Electrical Permit Program	1.00	0.75	1.25	1.25	1.25
Total General Government	25.70	25.95	26.55	26.80	26.60
Public Safety					
Fire	62.00	62.00	65.00	65.00	73.00
Police	76.25	77.25	77.25	72.00	86.25
Municipal Court	4.03	4.03	4.03	4.03	4.05
Total Public Safety	142.28	143.28	146.28	141.03	163.30
Highways and Streets					
Street Fund	12.30	12.30	12.30	12.30	11.50
Culture and Recreation					
Parks & Recreation	24.96	25.21	25.21	25.21	25.21
Library	18.59	19.59	19.59	19.59	19.59
Total Culture and Recreation	43.55	44.80	44.80	44.80	44.80
Total Governmental Activities	223.83	226.33	229.93	224.93	246.20
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Water	34.70	37.00	38.00	37.50	37.50
Sewer	34.20	35.50	37.50	38.00	38.00
Total Enterprise	68.90	72.50	75.50	75.50	75.50
Internal Service					
Central Services	32.40	32.40	32.40	32.40	32.40
Public Works Services	-	-	-	-	-
Equipment Maintenance	5.75	5.75	7.65	7.65	7.65
Total Internal Service	38.15	38.15	40.05	40.05	40.05
Total Business-type Activities	107.05	110.65	115.55	115.55	115.55
Grand Total - All Full-time Equivalents	330.88	336.98	345.48	340.48	361.75

Total Full-time Equivalents
last ten fiscal years



Source: City of Albany Human Relations Department

continued

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

2005	2006	2007	2008	2009	
					GOVERNMENTAL ACTIVITIES
					General Government
2.00	-	-	-	-	Building Maintenance
-	1.00	3.77	3.00	1.00	Economic Development
5.75	5.75	9.34	10.18	11.68	Public Transit
7.50	8.50	8.50	9.00	9.50	Planning
9.25	12.00	12.00	14.50	14.00	Building Inspection
1.25	1.50	1.50	1.50	1.50	Electrical Permit Program
<u>25.75</u>	<u>28.75</u>	<u>35.10</u>	<u>38.18</u>	<u>37.68</u>	Total General Government
					Public Safety
76.00	76.00	75.00	78.00	80.00	Fire
86.25	87.00	92.00	93.25	94.25	Police
4.05	4.05	4.05	5.13	5.38	Municipal Court
<u>166.30</u>	<u>167.05</u>	<u>171.05</u>	<u>176.38</u>	<u>179.63</u>	Total Public Safety
					Highways and Streets
10.65	8.00	10.20	8.00	8.00	Street Fund
					Culture and Recreation
26.36	29.94	30.98	31.98	35.95	Parks & Recreation
20.04	20.04	20.04	20.23	21.98	Library
<u>46.40</u>	<u>49.98</u>	<u>51.01</u>	<u>52.21</u>	<u>57.93</u>	Total Culture and Recreation
<u>249.10</u>	<u>253.78</u>	<u>267.36</u>	<u>274.77</u>	<u>283.23</u>	Total Governmental Activities
					BUSINESS-TYPE ACTIVITIES
					Enterprise
27.04	20.50	28.21	22.50	23.50	Water
26.31	21.50	29.59	21.50	21.50	Sewer
<u>53.35</u>	<u>42.00</u>	<u>57.80</u>	<u>44.00</u>	<u>45.00</u>	Total Enterprise
					Internal Service
35.30	37.00	40.60	44.10	43.60	Administrative Services
26.00	52.00	34.75	54.00	56.00	Public Works Services
6.00	-	-	-	-	Equipment Maintenance
<u>67.30</u>	<u>89.00</u>	<u>75.35</u>	<u>98.10</u>	<u>99.60</u>	Total Internal Service
<u>120.65</u>	<u>131.00</u>	<u>133.15</u>	<u>142.10</u>	<u>144.60</u>	Total Business-type Activities
<u>369.75</u>	<u>384.78</u>	<u>400.51</u>	<u>416.87</u>	<u>427.83</u>	Grand Total - All Full-time Equivalents

Fiscal Year	Total FTE	Annual Percentage Change	Total Percentage Change from 1999
2000	330.88	-	-
2001	336.98	1.84%	1.84%
2002	345.48	2.52%	4.41%
2003	340.48	-1.45%	2.90%
2004	361.75	6.25%	9.33%
2005	369.75	2.21%	11.75%
2006	384.78	4.06%	16.29%
2007	400.51	4.09%	21.04%
2008	416.87	4.08%	25.99%
2009	427.83	2.63%	29.30%

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

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

Function	2000	2001	2002	2003	2004
GOVERNMENTAL ACTIVITIES					
General Government					
Planning and Community Development					
Number of planning applications	123	130	120	168	158
Total permits issued	3,198	2,523	2,800	3,695	4,329
New construction permits issued	600	615	700	692	714
Single family permits issued	191	235	200	427	404
Electrical permits issued	1,311	1,300	1,100	1,340	1,337
Building Maintenance					
Square footage of buildings maintained	117,848	117,848	117,848	117,848	143,000
Work orders completed	530	1,150	570	1,425	1,540
Public Transit					
Total number of riders	58,698	67,181	65,000	72,008	74,035
Total annual route miles	74,480	73,080	76,850	73,370	73,660
Public Safety					
Municipal Court					
Number of warrants issued	2,814	3,237	2,561	2,811	2,566
Case numbers issued	6,116	4,841	5,193	4,383	4,350
Police					
Total arrests	2,116	2,267	2,123	3,540	3,785
Traffic citations issued	5,978	6,539	4,557	5,066	3,755
Animal and abandoned vehicle calls	1,564	1,524	1,654	1,858	2,349
Fire					
Overlapping calls for fire and EMS services	1,331	1,430	1,525	1,454	1,748
Total calls for emergency fire and EMS services	4,429	4,925	5,145	4,895	5,343
Full response structure fires	78	99	98	101	258
Highways and Streets					
Street Fund					
Miles of streets slurry-sealed annually	10	4	8	8	8
Customer service work order/complaint responses	568	589	600	562	735
Miles of painted paving marking	36	36	36	48	48
Culture and Recreation					
Parks & Recreation					
Number of participants in classes, Senior Center activities, sports programs, and aquatic programs	44,903	105,816	107,130	106,942	89,223
Annual performance series and Northwest Art and Air Festival attendance	n/a	n/a	n/a	n/a	72,011
Library					
Total number of library items borrowed	441,271	483,148	509,928	533,067	568,459
Total number of reference questions	44,151	57,653	68,976	15,773	17,601
BUSINESS-TYPE ACTIVITIES					
Sewer					
Dry tons of biosolids applied annually	600	758	750	723	665
Millions of gallons of wastewater treated annually	2,882	2,102	3,500	2,977	2,835
Sewer line locate requests	4,432	4,058	4,500	4,050	4,279
Water					
Millions of gallons of water treated annually	3,124	3,115	3,200	3,105	3,146
Miles of water pipe maintained annually	190	190	225	225	234
Number of fire hydrants maintained in the water system	n/a	n/a	1,330	1,330	1,550

Source: City of Albany annual budget

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

2005	2006	2007	2008	2009	
GOVERNMENTAL ACTIVITIES					
General Government					
					Planning and Community Development
					Number of planning applications
167	161	150	181	96	Total permits issued
4,736	4,574	4,200	3,285	2,535	New construction permits issued
617	476	430	33	177	Single family permits issued
558	417	400	186	97	Electrical permits issued
1,558	1,423	1,600	1,158	990	
Building Maintenance					
					Square footage of buildings maintained
167,020	167,020	217,020	220,000	220,000	Work orders completed
1,649	1,680	1,804	1,417	2,002	
Public Transit					
					Total number of riders
69,973	72,936	75,000	177,305	205,220	Total annual route miles
72,879	80,153	80,400	264,591	241,359	
Public Safety					
Municipal Court					
					Number of warrants issued
2,265	1,892	2,500	1,487	1,584	Case numbers issued
4,866	6,202	4,900	8,174	8,834	
Police					
					Total arrests
3,763	4,374	3,800	4,406	4,227	Traffic citations issued
3,536	5,862	7,500	11,303	6,097	Animal and abandoned vehicle calls
3,365	3,160	3,300	2,304	2,401	
Fire					
					Overlapping calls for fire and EMS services
1,818	1,962	1,980	2,048	1,930	Total calls for emergency fire and EMS services
5,594	5,995	6,200	6,407	6,410	Full response structure fires
82	71	88	60	85	
Highways and Streets					
Street Fund					
					Miles of streets slurry-sealed annually
6	5	8	6	6	Customer service work order/complaint responses
735	540	600	540	720	Miles of painted paving marking
48	48	48	46	46	
Culture and Recreation					
Parks & Recreation					
					Number of participants in classes, Senior Center activities, sports programs, and aquatic programs
95,000	106,500	108,900	111,700	112,150	Annual performance series and Northwest Art and Air Festival attendance
103,300	85,000	102,000	103,091	102,011	
Library					
					Total number of library items borrowed
584,862	578,595	600,000	609,273	696,327	Total number of reference questions
27,863	36,541	35,000	31,080	38,860	
BUSINESS-TYPE ACTIVITIES					
Sewer					
					Dry tons of biosolids applied annually
648	681	650	637	599	Millions of gallons of wastewater treated annually
2,352	3,010	2,830	3,156	2,708	Sewer line locate requests
4,298	4,000	4,400	3,471	2,979	
Water					
					Millions of gallons of water treated annually
2,644	1,645	1,650	3,068	2,911	Miles of water pipe maintained annually
234	245	255	270	271	Number of fire hydrants maintained in the water system
1,550	1,670	1,670	1,891	1,953	

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

Function	2000	2001	2002	2003	2004
GOVERNMENTAL ACTIVITIES					
Public Safety					
Police Stations	1	1	1	1	1
Fire Stations	4	4	4	4	4
Highways and Streets					
Miles of improved streets	137	140	148	150	152
Miles of unimproved streets	61	67	23	20	20
Miles of gravel streets	11	12	6	7	8
Culture and Recreation					
Parks & Recreation					
Number of developed park sites	28	26	26	29	29
Acres of developed park land	600	250	250	621	621
Library					
Number of libraries	2	2	2	2	2
Number of volumes	134,130	140,410	144,917	141,221	150,210
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Sewer					
Miles of sanitary sewer lines	176	177	196	199	200
Miles of storm sewer lines (12 inches or larger)	80	85	85	85	85
Number of sewer hookups	11,866	13,901	13,129	18,827	15,549
Water					
Miles of water lines	220	230	238	246	263
Number of water hookups	13,747	11,984	14,072	15,493	15,549
Number of water treatment plants	1	1	1	1	1

Source: City of Albany departmental records

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

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	
					GOVERNMENTAL ACTIVITIES
					Public Safety
1	1	1	1	1	Police Stations
4	4	4	4	4	Fire Stations
					Highways and Streets
157	157	158	160	162	Miles of improved streets
20	28	28	28	28	Miles of unimproved streets
8	8	8	8	8	Miles of gravel streets
					Culture and Recreation
					Parks & Recreation
29	30	33	31	33	Number of developed park sites
621	603	612	772	735	Acres of developed park land
					Library
2	2	2	2	2	Number of libraries
152,200	154,611	160,562	169,217	184,573	Number of volumes
					BUSINESS-TYPE ACTIVITIES
					Enterprise
					Sewer
210	212	217	219	222	Miles of sanitary sewer lines
92	97	100	105	117	Miles of storm sewer lines (12 inches or larger)
15,494	15,372	15,870	15,900	17,330	Number of sewer hookups
					Water
267	267	271	274	279	Miles of water lines
15,953	16,161	16,467	16,662	16,662	Number of water hookups
1	2	2	2	2	Number of water treatment plants

COMPLIANCE SECTION

Audit Comments and Disclosures Required by State Regulations

- Report of Independent Accountants
- Government Auditing Standards Reports

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS
AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162
[SECRETARY OF STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM
STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS]**

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

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



BOLDT, CARLISLE & SMITH LLC

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CITY OF ALBANY

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS
AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF
STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF
OREGON MUNICIPAL CORPORATIONS]**

For the Year Ended June 30, 2009

162-10-0230 – ACCOUNTING RECORDS AND INTERNAL CONTROLS

1. Accounting records

The City's accounting records were reasonably maintained and adequate to support our audit of the basic financial statements.

Through other reports and communications to management and those charged with governance, we have identified situations or practices that could be improved.

2. Internal control

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS
AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF
STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF
OREGON MUNICIPAL CORPORATIONS] (Continued)**

162-10-0230 - ACCOUNTING RECORDS AND INTERNAL CONTROLS (continued)

2. Internal control (continued)

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

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

162-010-0240 – COLLATERAL

ORS 295 requires deposits with financial institutions in excess of the amount insured by the Federal Deposit Insurance Corporation be held at qualifying institutions under the Public Funds Collateralization Program and that public officials provide the Office of the Oregon State Treasurer with the names of all bank depositories in which the City currently deposits public funds.

The City has complied with the provisions of ORS 295 as it pertains to the collateralization of public funds.

162-010-0250 – INDEBTEDNESS

1. Limitations on the amount incurred

The general obligation bonded debt of the entity is in compliance with the limitation imposed by ORS.

2. Liquidation provisions, debt agreement provisions, and restricted assets

We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of the entity's long-term debt issues, and no breach of the debt agreements at June 30, 2009.

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS
AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF
STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF
OREGON MUNICIPAL CORPORATIONS] (Continued)**

162-010-0260 – BUDGET

1. Current year

A. Preparation and adoption

The budget was prepared and adopted in compliance with legal requirements.

B. Execution

The budget was executed in compliance with legal requirements,

2. Subsequent year

The budget was prepared and adopted in compliance with legal requirements.

3. Financial or organizational level of appropriations

The City established the levels of budgetary control by department for the General fund, by program for the Parks and Recreation, Building Inspection, Economic Development, Public Transit, Capital Replacement and Capital Projects funds and the objects of personal services, materials and services, capital outlay, debt service, transfers out and contingency for all other funds.

162-010-0270 – INSURANCE AND FIDELITY BONDS

1. Insurance

The City's insurance agent has confirmed that the following insurance coverage was adequate and in force at June 30, 2009:

Company	Policy No.	Coverage	Limit	Term
City County Insurance	08LALB	General & Auto Liability	\$ 500,000	7/1/08 - 6/30/09
	08LALB	Auto Physical Damage	500,000	7/1/08 - 6/30/09
	08LALB	Excess Liability	13,500,000	7/1/08 - 6/30/09
	08LALB	Employment Practices	1,500,000	7/1/08 - 6/30/09
Affiliated FM Insurance	PB 136	Building & Personal Property	Scheduled Amounts	7/1/08 - 6/30/09
	PB 136	Earthquake	100,000,000	7/1/08 - 6/30/09
ACE	AP 3790753-01	Airport Liability	5,000,000	7/1/08 - 6/30/09

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS
AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF
STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF
OREGON MUNICIPAL CORPORATIONS] (Continued)**

162-010-0270 – INSURANCE AND FIDELITY BONDS (continued)

2. Fidelity bonds

ORS 221.903 establishes bonding requirements for City officials and employees. The City Council has established the following bonds:

City Manager	\$ 300,000
Finance Director	300,000
Public Employee Dishonesty Bond	250,000

162-010-0280 – PROGRAMS FUNDED FROM OUTSIDE SOURCES

1. General compliance

The City operates various programs funded wholly or partially by governmental agencies. In addition to our audit, these grants and projects are subject to further review by federal audit agencies.

2. Single Audit Act Compliance

Our reports on compliance with laws and regulations and on internal controls used in administering federal financial assistance programs appear on pages 168 through 171 of this report.

162-010-0300 – INVESTMENTS

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

162-010-0295 – HIGHWAY FUNDS

1. Revenue from taxes on motor vehicle use and fuel

The City has complied with the legal requirements contained in Article IX, section 3a of the Oregon Constitution pertaining to the use of revenue from taxes on motor vehicle use and fuel.

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS
AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF
STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF
OREGON MUNICIPAL CORPORATIONS] (Continued)**

162-010-0310 – PUBLIC CONTRACTS AND PURCHASING

1. Awarding of public contracts

The City properly awarded public contracts during the year as defined by ORS 279.

2. Construction of public improvements

The City properly constructed public improvements during the year as defined by ORS 279.

Boldt, Carlisle & Smith, LLC
Certified Public Accountants
Salem, Oregon
December 8, 2009



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **CITY OF ALBANY** as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

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

Compliance and Other Matters

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

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

Boldt, Carlisle & Smith, LLC

Certified Public Accountants
Salem, Oregon
December 8, 2009



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

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

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

Compliance

We have audited the compliance of **CITY OF ALBANY** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, **CITY OF ALBANY** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

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

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

Internal Control Over Compliance

The management of **CITY OF ALBANY** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

Boldt, Carlisle & Smith, LLC

Certified Public Accountants
Salem, Oregon
December 8, 2009

CITY OF ALBANY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009**

Section I Summary of Auditors' Results

Financial Statements

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

Federal awards

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

CFDA		
<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
20.509		Formula Grants for Other Than Urbanized Areas
97.047		Pre-Disaster Mitigation

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

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

CITY OF ALBANY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>Department of the Interior</i>			
National Park Service			
Passed through Oregon Department of Parks and Recreation Historic Preservation Fund Grants-In-Aid	15.904		<u>6,166</u>
<i>Department of Justice</i>			
Bureau of Justice Assistance			
Bulletproof Vest Partnership Program	16.607		<u>12,237</u>
<i>Department of Transportation</i>			
Federal Aviation Administration			
Airport Improvement Program	20.106		184,616
Federal Highway Administration			
Passed through Oregon Department of Transportation Highway Planning and Construction	20.205		51,506
Federal Transit Administration			
Passed through Oregon Department of Transportation Formula Grants for Other Than Urbanized Areas	20.509		403,425
National Highway Traffic Safety Administration			
State Traffic Safety Information System Improvement Grants	20.610		74,525
Passed through Oregon Association of Chiefs of Police State and Community Highway Safety	20.601		7,460
Occupant Protection	20.602		<u>9,550</u>
Total Department of Transportation			<u>731,082</u>
<i>Environmental Protection Agency</i>			
Passed through the Oregon Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds	66.458		<u>750,218</u>
<i>Department of Homeland Security</i>			
Passed through Oregon Military Department			
Pre-Disaster Mitigation	97.047		127,218
State Homeland Security Program	97.073		<u>6,988</u>
Total Department of Homeland Security			<u>134,206</u>
Total Expenditures of Federal Awards			<u>\$ 1,633,909</u>

Note 1. Basis of Presentation

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