

**GOVERNMENT-WIDE
FINANCIAL
STATEMENTS**

CITY OF ALBANY
STATEMENT OF NET ASSETS
JUNE 30, 2008
(With Comparative Totals for June 30, 2007)

| | Governmental Activities | Business-Type Activities | Totals | |
|---|----------------------------|-----------------------------|----------------------|----------------------|
| | | | 2008 | 2007 |
| ASSETS | | | | |
| Current assets: | | | | |
| Operating cash and investments | \$ 37,068,351 | \$ 6,987,720 | \$ 44,056,071 | \$ 32,020,253 |
| Debt service reserves held with trustee | 198,145 | - | 198,145 | 200,457 |
| Receivables: | | | | |
| Taxes | 636,539 | 14,575 | 651,114 | 748,136 |
| Accounts | 965,343 | - | 965,343 | 428,942 |
| Interest | 297,734 | 6,903 | 304,637 | 409,395 |
| Current portion of note receivable | 8,650 | - | 8,650 | 8,263 |
| Prepaid expenses | 429,534 | - | 429,534 | - |
| Total current assets | <u>39,604,296</u> | <u>7,009,198</u> | <u>46,613,494</u> | <u>33,815,446</u> |
| Noncurrent assets: | | | | |
| Deposits | 15,400 | - | 15,400 | 15,400 |
| Note receivable, net | 344,253 | - | 344,253 | 352,702 |
| Deferred charges, net | 394,011 | 162,130 | 556,141 | 311,949 |
| Capital assets: | | | | |
| Nondepreciable assets | 14,552,662 | - | 14,552,662 | 11,202,586 |
| Depreciable assets, net | 14,052,647 | 12,601,347 | 26,653,994 | 26,230,689 |
| Total capital assets, net | <u>28,605,309</u> | <u>12,601,347</u> | <u>41,206,656</u> | <u>37,433,275</u> |
| Total noncurrent assets | <u>29,358,973</u> | <u>12,763,477</u> | <u>42,122,450</u> | <u>38,113,326</u> |
| Total assets | <u>68,963,269</u> | <u>19,772,675</u> | <u>88,735,944</u> | <u>71,928,772</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 829,631 | 67,895 | 897,526 | 1,047,260 |
| Accrued salaries & benefits | 512,762 | - | 512,762 | 417,127 |
| Accrued liabilities | 879,373 | 105,267 | 984,640 | 486,428 |
| Compensated absences | 2,000 | - | 2,000 | 1,737 |
| Claims liabilities | 309,526 | - | 309,526 | 445,511 |
| Deferred revenue | 871,171 | - | 871,171 | 454,449 |
| Current portion of long-term debt | 730,000 | 340,000 | 1,070,000 | 870,000 |
| Total current liabilities | <u>4,134,463</u> | <u>513,162</u> | <u>4,647,625</u> | <u>3,722,512</u> |
| Noncurrent liabilities: | | | | |
| Compensated absences | 1,242,152 | - | 1,242,152 | 1,035,260 |
| Claims liabilities | 1,895,879 | - | 1,895,879 | 1,987,628 |
| Long-term debt, net | 20,796,261 | 7,226,989 | 28,023,250 | 17,272,800 |
| Total noncurrent liabilities | <u>23,934,292</u> | <u>7,226,989</u> | <u>31,161,281</u> | <u>20,295,688</u> |
| Total liabilities | <u>28,068,755</u> | <u>7,740,151</u> | <u>35,808,906</u> | <u>24,018,200</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 21,475,878 | 7,262,591 | 28,738,469 | 26,968,943 |
| Restricted for: | | | | |
| Capital projects | 9,480,477 | 2,164,251 | 11,644,728 | 12,102,142 |
| Debt service | 1,237,759 | - | 1,237,759 | 404,071 |
| Other purposes | 3,730,164 | - | 3,730,164 | 2,621,275 |
| Unrestricted | 4,970,236 | 2,605,682 | 7,575,918 | 5,814,141 |
| Total net assets | <u>\$ 40,894,514</u> | <u>\$ 12,032,524</u> | <u>\$ 52,927,038</u> | <u>\$ 47,910,572</u> |

See accompanying notes to basic financial statements.

CITY OF ALBANY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2008
(With Comparative Totals for the Fiscal Year Ended June 30, 2007)

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Change in Net Assets | | | |
|---|------------------|----------------------|------------------------------------|--|-------------------------|--------------------------|----------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Total |
| | | | | | Governmental Activities | Business-type Activities | |
| PRIMARY GOVERNMENT | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 3,330,151 | \$ 99,586 | | | \$ (3,230,565) | \$ (3,230,565) | \$ (2,404,425) |
| Police | 5,318,974 | 326,035 | 99,013 | | (4,893,926) | (4,893,926) | (4,943,224) |
| Fire and emergency medical services | 4,220,435 | 653,902 | 120,452 | | (3,446,081) | (3,446,081) | (3,432,310) |
| Community development and environmental resources | 4,121,912 | 567,604 | 803,672 | 772,629 | (1,978,007) | (1,978,007) | (2,632,518) |
| Recreation and community services | 2,527,959 | 857,881 | 61,537 | | (1,608,541) | (1,608,541) | (1,386,832) |
| Interest on long-term debt | 855,504 | | | | (855,504) | (855,504) | (398,238) |
| Total governmental activities | 20,374,935 | 2,505,008 | 1,084,674 | 772,629 | (16,012,624) | (16,012,624) | (15,197,547) |
| Business-type activities: | | | | | | | |
| Sewer | 686,487 | 1,986,934 | - | - | 1,300,447 | 1,300,447 | 1,136,964 |
| Total business-type activities | 686,487 | 1,986,934 | - | - | 1,300,447 | 1,300,447 | 1,136,964 |
| Change in net assets: | | | | | | | |
| Net (expense) revenue | \$21,061,422 | \$4,491,942 | \$ 1,084,674 | \$ 772,629 | (16,012,624) | (14,712,177) | (14,060,583) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | | 11,166,306 | 11,166,306 | 9,761,603 |
| Sales taxes | | | | | 2,182,934 | 2,182,934 | 2,242,377 |
| Franchise and other taxes | | | | | 4,134,888 | 4,134,888 | 4,317,435 |
| Earnings on investments | | | | | 1,467,529 | 262,459 | 1,562,413 |
| Unrestricted revenues from other agencies | | | | | 182,894 | 182,894 | 281,474 |
| Other revenue | | | | | 331,633 | 331,633 | 341,716 |
| Transfers | | | | | 879,353 | (879,353) | - |
| Total general revenues and transfers | | | | | 20,345,537 | (616,894) | 19,728,643 |
| Change in net assets | | | | | 4,332,913 | 683,553 | 4,446,435 |
| Net assets, beginning of year | | | | | 36,561,601 | 11,348,971 | 47,910,572 |
| Net assets, end of year | | | | | \$ 40,894,514 | \$ 12,032,524 | \$ 52,927,038 |

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FUND
FINANCIAL
STATEMENTS

CITY OF ALBANY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008
(With Comparative Totals for June 30, 2007)

| | Major Funds | | | | Total Governmental Funds | | |
|---|---------------------|------------------------------|--------------------------|----------------------------|--------------------------|----------------------|----------------------|
| | General Fund | General Obligation Bond 2003 | Civic Center Improvement | General Obligation Bond II | Other Governmental Funds | 2008 | 2007 |
| ASSETS | | | | | | | |
| Operating cash and investments | \$ 3,385,748 | \$ 3,220,040 | \$ 5,149,342 | \$ 6,694,079 | \$ 15,016,753 | \$ 33,465,962 | \$ 21,619,853 |
| Debt service reserves held with trustee | - | - | - | - | 198,145 | 198,145 | 200,457 |
| Receivables: | | | | | | | |
| Taxes | 418,800 | - | - | - | 217,739 | 636,539 | 748,136 |
| Accounts | 200,621 | - | - | - | 763,260 | 963,881 | 422,067 |
| Interest | 181,180 | - | 39,689 | 51,596 | 25,269 | 297,734 | 409,395 |
| Note | 352,903 | - | - | - | - | 352,903 | 360,965 |
| Prepaid expenses | 129,560 | - | - | - | - | 129,560 | - |
| Deposits | 15,400 | - | - | - | - | 15,400 | 15,400 |
| Due from General Fund | 359,761 | - | - | - | - | 359,761 | - |
| Due from Internal Service Fund | 88,162 | - | - | - | - | 88,162 | 436,435 |
| Advances to other funds | 686,203 | - | - | - | - | 686,203 | 786,203 |
| Total assets | \$ 5,818,338 | \$ 3,220,040 | \$ 5,189,031 | \$ 6,745,675 | \$ 16,221,166 | \$ 37,194,250 | \$ 24,998,911 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 292,599 | \$ 249,215 | \$ - | \$ - | 176,832 | \$ 718,646 | \$ 1,028,075 |
| Accrued salaries & benefits | 497,527 | - | 372 | - | 14,863 | 512,762 | 417,127 |
| Accrued liabilities | 30,179 | 151,171 | - | - | 317,601 | 498,951 | 227,440 |
| Due to other funds | - | - | - | - | 359,761 | 359,761 | 436,435 |
| Deferred revenue | 219,331 | - | - | - | 651,840 | 871,171 | 454,449 |
| Advances from other funds | - | - | - | - | 686,203 | 686,203 | 786,203 |
| Total liabilities | 1,039,636 | 400,386 | 372 | - | 2,207,100 | 3,647,494 | 3,349,729 |
| Fund balances | | | | | | | |
| Reserved for prepaid expenses | 129,560 | - | - | - | - | 129,560 | - |
| Reserved for long-term note receivable | 352,903 | - | - | - | - | 352,903 | 360,965 |
| Reserved for interfund receivable | 686,203 | - | - | - | - | 686,203 | 786,203 |
| Reserved for capital projects | - | 2,819,654 | 5,188,659 | 6,745,675 | 9,046,143 | 23,800,131 | 13,865,203 |
| Reserved for debt service | - | - | - | - | 1,237,759 | 1,237,759 | 655,474 |
| Unreserved: | | | | | | | |
| Designated - General Fund-equipment replacement | 400,550 | - | - | - | - | 400,550 | 272,741 |
| Designated - Special Revenue Funds (Note 9) | - | - | - | - | 3,730,164 | 3,730,164 | 2,621,275 |
| Undesignated - General Fund | 3,209,486 | - | - | - | - | 3,209,486 | 3,182,581 |
| Unreserved (deficit) - Debt Service Funds | - | - | - | - | - | - | (95,260) |
| Total fund balances | 4,778,702 | 2,819,654 | 5,188,659 | 6,745,675 | 14,014,066 | 33,546,756 | 21,649,182 |
| Total liabilities and fund balances | \$ 5,818,338 | \$ 3,220,040 | \$ 5,189,031 | \$ 6,745,675 | \$ 16,221,166 | \$ 37,194,250 | \$ 24,998,911 |
| Total fund balances | | | | | | \$ 33,546,756 | \$ 21,649,182 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | | | | | | |
| Bond premium recognized as other financing sources in government funds statement. | | | | | | (301,261) | - |
| Deferred charges for debt issuance expensed in government funds statement. | | | | | | 394,011 | 139,686 |
| Net capital assets not reported in government funds statements. | | | | | | 28,605,309 | 24,934,633 |
| Net assets and liabilities not requiring current resources; therefore not included in government funds statement. | | | | | | (380,422) | (156,143) |
| Long-term liabilities not due within one year; therefore not included in government funds statement. | | | | | | (21,225,000) | (10,265,000) |
| Net assets of internal service funds not included in government funds statement. | | | | | | 255,121 | 259,243 |
| Net assets of governmental activities | | | | | | \$ 40,894,514 | \$ 36,561,601 |

* See page D3 for schedule of funds.

** See page D5 for details of the Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets.

CITY OF ALBANY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

(With Comparative Totals for the Fiscal Year Ended June 30, 2007)

| | Major Funds | | | | | Total Governmental Funds | |
|---|--------------------|------------------------------|--------------------------|----------------------------|--------------------------|--------------------------|---------------------|
| | General Fund | General Obligation Bond 2003 | Civic Center Improvement | General Obligation Bond II | Other Governmental Funds | 2008 | 2007 |
| REVENUES | * | ** | ** | *** | **** | | |
| Property taxes | \$4,794,633 | \$ - | \$ - | \$ - | \$ 6,371,673 | \$11,166,306 | \$ 9,761,603 |
| Sales taxes | 2,182,934 | - | - | - | - | 2,182,934 | 2,242,377 |
| Franchise and other taxes | 4,079,219 | - | - | - | 55,669 | 4,134,888 | 4,317,435 |
| Licenses and permits | 175,866 | - | - | - | 1,309 | 177,175 | 154,028 |
| Fines and forfeitures | 268,989 | - | - | - | - | 268,989 | 188,961 |
| Earnings on investments | 504,524 | 173,470 | 189,031 | 245,675 | 384,816 | 1,497,516 | 1,369,677 |
| Revenues from other agencies | 161,268 | 383,541 | - | - | 1,394,497 | 1,939,306 | 2,468,194 |
| Current services charges | 1,332,128 | - | - | - | 726,716 | 2,058,844 | 1,816,051 |
| Other revenue | 378,051 | - | - | - | 54,473 | 432,524 | 354,783 |
| Total revenues | 13,877,612 | 557,011 | 189,031 | 245,675 | 8,989,153 | 23,858,482 | 22,673,109 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | 1,973,817 | - | - | - | 547,923 | 2,521,740 | 2,012,690 |
| Police | 4,882,681 | - | - | - | 325,455 | 5,208,136 | 5,105,964 |
| Fire and emergency medical services | 3,886,042 | - | - | - | 303,320 | 4,189,362 | 4,012,777 |
| Community development and environmental resources | 2,510,146 | 19,412 | 372 | - | 1,524,773 | 4,054,703 | 3,732,634 |
| Recreation and community services | 1,711,290 | - | - | - | 707,650 | 2,418,940 | 2,129,736 |
| Capital outlay | - | 2,526,076 | - | - | 1,805,571 | 4,331,647 | 4,025,147 |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | 540,000 | 540,000 | 551,063 |
| Interest | - | - | - | - | 670,707 | 670,707 | 446,623 |
| Total expenditures | 14,963,976 | 2,545,488 | 372 | - | 6,425,399 | 23,935,235 | 22,016,634 |
| REVENUES OVER (UNDER) EXPENDITURES | (1,086,364) | (1,988,477) | 188,659 | 245,675 | 2,563,754 | (76,753) | 656,475 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Debt proceeds | - | - | 5,000,000 | 6,500,000 | - | 11,500,000 | - |
| Bond premium | - | - | - | - | 310,756 | 310,756 | - |
| Transfers in | 3,038,052 | - | - | - | 1,572,277 | 4,610,329 | 4,867,586 |
| Transfers out | (1,775,476) | - | - | - | (2,671,282) | (4,446,758) | (4,741,078) |
| Total other financing sources (uses) | 1,262,576 | - | 5,000,000 | 6,500,000 | (788,249) | 11,974,327 | 126,508 |
| Net change in fund balances | 176,212 | (1,988,477) | 5,188,659 | 6,745,675 | 1,775,505 | 11,897,574 | 782,983 |
| Fund balances, beginning of year | 4,602,490 | 4,808,131 | - | - | 12,238,561 | 21,649,182 | 20,866,199 |
| Fund balances, end of year | \$4,778,702 | \$2,819,654 | \$5,188,659 | \$ 6,745,675 | \$ 14,014,066 | \$33,546,756 | \$21,649,182 |

* See page B6 for budget comparisons.

** See page D45 for budget comparisons.

*** See page D46 for budget comparisons.

**** See page D4 for schedule of funds.

CITY OF ALBANY

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

(With Comparative Totals for the Fiscal Year Ended June 30, 2007)

| | <u>2008</u> | <u>2007</u> |
|---|---------------------|---------------------|
| Net Changes in Fund Balances - Total Governmental Funds | 11,897,574 | \$ 782,983 |
| <p>Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets are different because:</p> | | |
| <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> | | |
| Capitalized expenditures | 4,331,648 | 3,053,018 |
| Depreciation expense | (656,847) | (672,071) |
| <p>Losses on the disposal of capital assets are reported in the Statement of Activities and Changes in Net Assets, but do not require the use of current financial resources. Therefore, it is not reported as an expenditure in the Statement of Revenues, Expenditures and Changes in Fund Balances.</p> | | |
| | (4,124) | (10,061) |
| <p>Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Costs and bond premiums associated with the issuance of long-term debt are reported as expenditures and other finance sources in the governmental funds, but deferred and amortized throughout the period during which the related debt is outstanding. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Assets.</p> | | |
| Issuance of long-term debt | (11,500,000) | - |
| Bond premiums | (310,756) | - |
| Bond issuance costs | 277,360 | - |
| Principal repayments on long-term debt | 540,000 | 551,063 |
| <p>Some expenses reported in the Statement of Activities and Changes in Net Assets do not require the use of current financial resources and therefore are not reported as expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances.</p> | | |
| Amortization of bond premium | 9,495 | - |
| Amortization of bond issuance costs | (23,035) | (14,560) |
| Change in accrued interest payable | (224,280) | 8,210 |
| <p>Some interest revenues due from other funds reported in the governmental funds are not reported in the Statement of Activities and Changes in Net Assets.</p> | | |
| | (29,987) | (135,370) |
| <p>Some interest expenses due to other funds reported in the governmental funds are not reported in the Statement of Activities and Changes in Net Assets.</p> | | |
| | 29,987 | 40,175 |
| <p>Internal service funds are used by management to charge the costs of certain activities, such as equipment replacement, to individual funds. The net revenue (expense) of the internal service funds is reported in the Statement of Activities and Changes in Net Assets but not in the Statement of Revenues, Expenditures and Changes in Fund Balances.</p> | | |
| | (4,122) | 245,118 |
| Total Changes in Net Assets of Governmental Activities | <u>\$ 4,332,913</u> | <u>\$ 3,848,505</u> |

CITY OF ALBANY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive/ (Negative) |
|--|---------------------|--------------------|---------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 4,040,725 | \$ 4,593,805 | \$ 4,794,633 | \$ 200,828 |
| Sales taxes | 2,147,383 | 2,132,924 | 2,182,934 | 50,010 |
| Franchise and other taxes | 4,507,645 | 3,888,410 | 4,079,219 | 190,809 |
| Licenses and permits | 183,030 | 166,279 | 175,866 | 9,587 |
| Fines and forfeitures | 171,000 | 217,832 | 268,989 | 51,157 |
| Earnings on investments | 213,590 | 375,823 | 504,524 | 128,701 |
| Revenues from other agencies | 183,740 | 148,932 | 161,268 | 12,336 |
| Current services charges | 1,194,286 | 1,287,302 | 1,332,128 | 44,826 |
| Other revenue | 203,706 | 255,817 | 378,051 | 122,234 |
| Total revenues | <u>12,845,105</u> | <u>13,067,124</u> | <u>13,877,612</u> | <u>810,488</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 2,670,440 | 2,148,288 | 1,973,817 | 174,471 |
| Police | 5,301,520 | 5,011,167 | 4,882,681 | 128,486 |
| Fire and emergency medical services | 4,048,930 | 3,860,578 | 3,886,042 | (25,464) |
| Community development and environmental resources | 2,365,940 | 2,480,392 | 2,510,146 | (29,754) |
| Recreation and community services | 1,676,178 | 1,764,107 | 1,711,290 | 52,817 |
| Total expenditures | <u>16,063,008</u> | <u>15,264,532</u> | <u>14,963,976</u> | <u>300,556</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(3,217,903)</u> | <u>(2,197,408)</u> | <u>(1,086,364)</u> | <u>1,111,044</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 2,931,233 | 2,831,416 | 3,038,052 | 206,636 |
| Transfers out | (102,537) | (606,871) | (1,775,476) | (1,168,605) |
| Total other financing sources (uses) | <u>2,828,696</u> | <u>2,224,545</u> | <u>1,262,576</u> | <u>(961,969)</u> |
| (Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing uses | <u>\$ (389,207)</u> | <u>\$ 27,137</u> | <u>176,212</u> | <u>\$ 149,075</u> |
| Fund balances, beginning of year | | | <u>4,602,490</u> | |
| Fund balances, end of year | | | <u>\$ 4,778,702</u> | |

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PROPRIETARY FUNDS

FINANCIAL

STATEMENTS

CITY OF ALBANY
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2008

(With Comparative Totals for June 30, 2007)

| | 2008 | | 2007 | |
|---|---|--|---|--|
| | Business-Type Activities- Enterprise Fund Sewer Fund | Governmental Activities- Internal Service Funds | Business-Type Activities- Enterprise Fund Sewer Fund | Governmental Activities- Internal Service Funds |
| ASSETS | | | | |
| Current assets: | | | | |
| Operating cash and investments | \$ 6,987,720 | \$ 3,602,389 | \$ 6,654,850 | \$ 3,745,550 |
| Receivables: | | | | |
| Other taxes | 14,575 | - | - | - |
| Accounts | - | 1,462 | - | - |
| Interest | 6,903 | - | 6,875 | - |
| Prepaid expenses | - | 299,974 | - | - |
| Total current assets | <u>7,009,198</u> | <u>3,903,825</u> | <u>6,661,725</u> | <u>3,745,550</u> |
| Noncurrent assets: | | | | |
| Deferred charges, net | 162,130 | - | 172,263 | - |
| Capital assets, net | 12,601,347 | - | 12,494,519 | 4,123 |
| Total noncurrent assets | <u>12,763,477</u> | <u>-</u> | <u>12,666,782</u> | <u>4,123</u> |
| Total assets | <u>19,772,675</u> | <u>3,903,825</u> | <u>19,328,507</u> | <u>3,749,673</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 67,895 | 110,985 | 2,835 | 16,350 |
| Accrued liabilities | 105,267 | - | 98,901 | 3,944 |
| Due to General Fund | - | 88,162 | - | - |
| Compensated absences | - | 2,000 | - | 1,737 |
| Claims liabilities | - | 309,526 | - | 445,511 |
| Current portion of long-term debt | 340,000 | - | 330,000 | - |
| Total current liabilities | <u>513,162</u> | <u>510,673</u> | <u>431,736</u> | <u>467,542</u> |
| Noncurrent liabilities: | | | | |
| Compensated absences | - | 1,242,152 | - | 1,035,260 |
| Claims liabilities | - | 1,895,879 | - | 1,987,628 |
| Long-term debt | 7,226,989 | - | 7,547,800 | - |
| Total noncurrent liabilities | <u>7,226,989</u> | <u>3,138,031</u> | <u>7,547,800</u> | <u>3,022,888</u> |
| Total liabilities | <u>7,740,151</u> | <u>3,648,704</u> | <u>7,979,536</u> | <u>3,490,430</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 7,262,591 | - | 7,190,702 | 4,123 |
| Restricted for capital projects | 2,164,251 | - | 3,040,947 | - |
| Unrestricted | 2,605,682 | 255,121 | 1,117,322 | 255,120 |
| Total net assets | <u>\$ 12,032,524</u> | <u>\$ 255,121</u> | <u>\$ 11,348,971</u> | <u>\$ 259,243</u> |

CITY OF ALBANY
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

(With Comparative Totals for the Fiscal Year Ended June 30, 2007)

| | 2008 | | 2007 | |
|---|---|--|---|--|
| | Business-Type Activities- Enterprise Fund Sewer Fund | Governmental Activities- Internal Service Funds | Business-Type Activities- Enterprise Fund Sewer Fund | Governmental Activities- Internal Service Funds |
| OPERATING REVENUES | | | | |
| Services charges | \$ 1,986,934 | \$ - | \$ 1,838,255 | \$ - |
| Total operating revenue | <u>1,986,934</u> | <u>-</u> | <u>1,838,255</u> | <u>-</u> |
| OPERATING EXPENSES | | | | |
| Expenses for reserve accrual | - | 208,892 | - | 160,434 |
| Materials, supplies and other | 49,037 | 1,032 | 84,635 | - |
| Claims expenses | - | 506,890 | - | 329,249 |
| Amortization | 29,323 | - | 29,323 | - |
| Depreciation | 314,724 | 3,090 | 289,547 | 3,090 |
| Total operating expenses | <u>393,084</u> | <u>719,904</u> | <u>403,505</u> | <u>492,773</u> |
| Operating income (loss) | <u>1,593,850</u> | <u>(719,904)</u> | <u>1,434,750</u> | <u>(492,773)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest income | 262,459 | - | 325,365 | - |
| Interest expense | (293,403) | - | (297,786) | - |
| Net nonoperating revenues (expenses) | <u>(30,944)</u> | <u>-</u> | <u>27,579</u> | <u>-</u> |
| Income (loss) before transfers | 1,562,906 | (719,904) | 1,462,329 | (492,773) |
| Transfers in | - | 715,782 | - | 737,891 |
| Transfers out | (879,353) | - | (864,399) | - |
| Net transfers | <u>(879,353)</u> | <u>715,782</u> | <u>(864,399)</u> | <u>737,891</u> |
| Changes in net assets | 683,553 | (4,122) | 597,930 | 245,118 |
| Net assets, beginning of year | <u>11,348,971</u> | <u>259,243</u> | <u>10,751,041</u> | <u>14,125</u> |
| Net assets, end of year | <u>\$ 12,032,524</u> | <u>\$ 255,121</u> | <u>\$ 11,348,971</u> | <u>\$ 259,243</u> |

CITY OF ALBANY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for the Fiscal Year Ended June 30, 2007)

| | 2008 | | 2007 | |
|---|---|--|---|--|
| | Business-Type Activities- Enterprise Fund Sewer Fund | Governmental Activities- Internal Service Funds | Business-Type Activities- Enterprise Fund Sewer Fund | Governmental Activities- Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers | \$ 1,972,331 | \$ - | \$ 1,841,324 | \$ - |
| Cash paid to suppliers | - | - | - | - |
| Cash received (payments to) from others | 22,388 | (858,943) | (137,069) | (598,305) |
| Net cash provided by (used by) operating activities | <u>1,994,719</u> | <u>(858,943)</u> | <u>1,704,255</u> | <u>(598,305)</u> |
| CASH FLOWS FROM NO CAPITAL FINANCING ACTIVITIES | | | | |
| Transfers in from other funds | - | 715,782 | - | 737,891 |
| Transfers out to other funds | (879,353) | - | (864,399) | - |
| Net cash provided by (used by) no capital financing activities | <u>(879,353)</u> | <u>715,782</u> | <u>(864,399)</u> | <u>737,891</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets | (421,552) | - | (1,134,624) | - |
| Principal payments - bonds | (330,000) | - | (325,000) | - |
| Interest paid | (293,403) | - | (297,786) | - |
| Net cash provided by (used by) capital and related financing activities | <u>(1,044,955)</u> | <u>-</u> | <u>(1,757,410)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received | 262,459 | - | 325,365 | - |
| Decrease in restricted investments | - | - | - | - |
| Net cash provided by investing activities | <u>262,459</u> | <u>-</u> | <u>325,365</u> | <u>-</u> |
| Net change in cash and cash equivalents | 332,870 | (143,161) | (592,189) | 139,586 |
| Cash and cash equivalents at beginning of year | 6,654,850 | 3,745,550 | 7,247,039 | 3,605,964 |
| Cash and cash equivalents at end of year | <u>\$ 6,987,720</u> | <u>\$ 3,602,389</u> | <u>\$ 6,654,850</u> | <u>\$ 3,745,550</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | \$ 1,593,850 | \$ (719,904) | \$ 1,434,750 | \$ (492,773) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Increase (decrease) in compensated absences | - | 207,155 | - | 129,788 |
| Increase (decrease) in claims expense reserve | - | (227,734) | - | (258,704) |
| Depreciation and amortization expense | 344,047 | 3,090 | 318,868 | 3,090 |
| Miscellaneous non-operating revenue (expense) | - | 1,034 | - | - |
| Changes in assets and liabilities: | | | | |
| Decrease (increase) in accounts receivable and prepaid items | (14,604) | (301,437) | 3,069 | - |
| Increase (decrease) in accounts payable and accrued liabilities | 71,426 | 178,853 | (52,432) | 20,294 |
| Net cash provided by (used by) operating activities | <u>\$ 1,994,719</u> | <u>\$ (858,943)</u> | <u>\$ 1,704,255</u> | <u>\$ (598,305)</u> |

FIDUCIARY FUNDS

FINANCIAL

STATEMENTS

CITY OF ALBANY
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008
(With Comparative Totals for June 30, 2007)

| | 2008 | | 2007 | |
|---|---|--------------|---|--------------|
| | Pension Trust Fund (Police and Fire Pension) | Agency Funds | Pension Trust Fund (Police and Fire Pension) | Agency Funds |
| ASSETS | | | | |
| Operating cash and investments | \$ 8,114 | \$ 651,715 | \$ 4,812 | \$ 697,280 |
| Debt service reserves held with trustee | - | 483,107 | - | 488,764 |
| Receivables: | | | | |
| Interest | 1,904 | - | 106,868 | - |
| Other | - | 59,771 | 851 | 111,776 |
| Investments, at fair value: | | | | |
| U.S. government securities | - | - | 1,032,620 | - |
| Mortgage related securities | - | - | 3,252,992 | - |
| Corporate notes and bonds | - | - | 2,865,358 | - |
| Corporate securities | - | - | 6,512,347 | - |
| Local Agency Investment Fund | 101,576 | - | 159,862 | - |
| Money market funds | - | - | 976,405 | - |
| Mutual funds | 12,306,684 | - | - | - |
| Total investments, fair value | 12,408,260 | - | 14,799,584 | - |
| Total assets | 12,418,278 | 1,194,593 | 14,912,115 | 1,297,820 |
| LIABILITIES | | | | |
| Accounts payable | 5,250 | 23,259 | 19,835 | 76,791 |
| Due to bondholders | - | 866,259 | - | 861,770 |
| Member deposits | - | 63,945 | - | - |
| Refundable deposits | - | 241,130 | - | 359,259 |
| Total liabilities | 5,250 | 1,194,593 | 19,835 | 1,297,820 |
| NET ASSETS | | | | |
| Assets held in trust for pension benefits | 12,413,028 | - | 14,892,280 | - |
| Total net assets | \$ 12,413,028 | \$ - | \$ 14,892,280 | \$ - |

* See page D54 for schedule of funds.

CITY OF ALBANY
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

(With Comparative Totals for the Fiscal Year Ended June 30, 2007)

| | <u>2008</u> | <u>2007</u> |
|---|------------------------------|------------------------------|
| | Pension Trust Fund | Pension Trust Fund |
| | (Police and Fire Pension) | (Police and Fire Pension) |
| ADDITIONS | | |
| Contributions: | | |
| Employer | \$ - | \$ - |
| Plan members | - | - |
| Total contributions | <u>-</u> | <u>-</u> |
| Investment income: | | |
| Net appreciation in fair value of investments | (1,527,808) | 1,177,628 |
| Interest | 240,982 | 485,012 |
| Dividends | 262,539 | 125,449 |
| Total investment income | <u>(1,024,287)</u> | <u>1,788,089</u> |
| Less investment expenses | 108,860 | 139,352 |
| Net investment income | <u>(1,133,147)</u> | <u>1,648,737</u> |
| Other: | | |
| Property tax override | <u>-</u> | <u>-</u> |
| Total additions to net assets | <u>(1,133,147)</u> | <u>1,648,737</u> |
| DEDUCTIONS | | |
| Benefits paid | 1,319,843 | 1,274,936 |
| Administrative expenses | 21,462 | 20,764 |
| Other expenses | 4,800 | 9,100 |
| Total deductions from net assets | <u>1,346,105</u> | <u>1,304,800</u> |
| Changes in net assets | (2,479,252) | 343,937 |
| Net assets, beginning of year | 14,892,280 | 14,548,343 |
| Net assets, end of year | <u>\$ 12,413,028</u> | <u>\$ 14,892,280</u> |

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**NOTES TO
BASIC FINANCIAL
STATEMENTS**

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2008

NOTE 1 – Background

The City of Albany is a largely residential community located on San Francisco Bay in Alameda County, California. The City was incorporated in 1908. The population as of January 2008, as estimated by the California Department of Finance was 16,877.

The City operates under the Council-Administrator form of government, with a full-time City Administrator. The governing body is a five-member council, with one council member serving as mayor. Other elected officials are the City Treasurer and the City Attorney.

In addition to finance and administrative functions, the City Administrator oversees 106 fulltime-equivalent employees in the functions of:

- *Police services* - the Police Department is composed of a Chief, 27 sworn officers and 10 unsworn personnel. A force of 5 reserve officers augments the fulltime police force. In addition to enforcement of laws and protection of life and property, the department supports the Albany Police Activities League (APAL) and numerous other community service programs.
- *Fire and Emergency Medical Services* - the Fire and Emergency Medical Services Department is composed of a Chief, a Battalion Chief, and 18 fire fighters and paramedic personnel. The Fire Department is responsible for operation of the City's Emergency Operations Center. Department personnel perform numerous services to benefit the community, such as Christmas toy drives, sale of low cost bicycle helmets and conducting CPR courses.
- *Recreation and Community Services* - the City provides many recreational activities for its citizens, with emphasis on services to youth and seniors. City owned recreational facilities operated by the department are:
 - Community Center,
 - Senior Center,
 - Memorial Park Child Care Center, and
 - Albany Teen Center.
- *Community Development* - the functions of City infrastructure maintenance and administration of licensing, permit and zoning activities are assigned to this department. The department is composed of the following three divisions:
 - Planning and Building,
 - Public Works, and
 - Environmental Resources.
- *Finance and Administration* – performs financial accounting, budgeting, insurance administration, investment management, capital projects accounting, and other finance and administrative tasks, as required.

CITY OF ALBANY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 – Summary of Significant Accounting Policies

The following is a summary of the accounting policies of the City, which conform with accounting principles generally accepted in the United States of America as applicable to governments.

A. Reporting Entity

The financial statements of the City include the financial activities of the City as well as separate legal entities, called component units, which are controlled by or dependent on the City. While these are separate legal entities, the City Council may serve, in separate session, as their governing body and their financial activities are integral to those of the City. Their financial activities have been aggregated and merged (termed "blending") with those of the City, in the accompanying financial statements except for the Pension Trust.

- *The City of Albany Police and Fire Relief and Pension Plan (Trust)* is a separate legal trust whose purpose is to provide pension benefits for certain City employees. The Trust's governing board is composed of the Mayor, City Treasurer, City Clerk, and two members of the Trust. All accounting and administrative functions are performed by the City. The activities of the Trust have been included in the Police and Fire Relief and Pension Trust Fund. Separate financial statements for the Pension Trust may be obtained from the City of Albany administrative offices located at 405 Kains Avenue, Albany, CA 94706.
- *The City of Albany Public Facilities Financing Authority* is a financing authority whose purpose is to provide financing assistance to the City for acquiring real property and improvements for the benefit of the City and surrounding areas. The Authority's board is composed of the City Council, and all accounting and administrative functions are performed by City staff. The Authority is dependent upon the City for its cash flows, and the activities of the Authority have been recorded in the Public Facilities Financing Authority Debt Service Fund of the City. Separate financial statements are not issued for this entity.
- *The City of Albany Reinvestment Agency (Agency)* was activated in the 1998-99 fiscal year pursuant to the State of California Health and Safety Code Section 33000, entitled "Community Redevelopment Law." Its purpose is to prepare and carry out plans for improvements, rehabilitation, and redevelopment of blighted areas with the territorial limits of the City of Albany. The Agency meets the definition of a "component unit", and is presented on a "blended" basis, as if part of the primary government. Although it is a legally separate entity, the governing board of the Agency is comprised of the same membership as the City Council. The City may impose its will on the Agency, including the ability to appoint, hire, reassign, or dismiss management. There is also a financial benefit/burden relationship between the City and the Agency. Separate financial statements for the Agency can be obtained from the City of Albany administrative offices located at 405 Kains Avenue, Albany, CA 94706.
- *Albany Municipal Services Joint Powers Authority (Authority)* was established by the City of Albany and the Albany Reinvestment Agency to employ management employees of the City that are not members of an organized bargaining unit. Members of the City Council serve on the governing board, and the City reimburses the Authority for all expenses. Because the Authority's financial activities are related solely to those of the City, they are included in the City's financial statements. Separate financial statements are not issued for this entity.